



Getting the price you deserve:

3 Pricing Models To Explore



Determining how to price new technology back to your clients is something many firms struggle with. In order to determine the best way to do this for your firm, it is important to first understand the difference between billing and pricing:

Billing is reactionary, occurring after the service or sale whereas pricing is typically offered before you start work and after discussing a client’s goals and vision.

From there, think of these pricing models as a journey, with value-based pricing the end goal. However, there is no one-size-fits-all approach and many firms even use more than one model. Use this as a guide for determining which is best for you.

3 Pricing models to explore

Hourly Billing 	Fixed Pricing 	Value-based Pricing 
What it is: Cost determined after service is completed, based on hourly rates and time spent	What it is: Pre-set price applied to all services, no matter who is being served or time required	What it is: Pre-set strategic pricing that is specific to each client and service
Pros <ul style="list-style-type: none"> • Can be determined by anyone in the company • Onboarding clients is very speedy • Can be listed on your website 	Pros <ul style="list-style-type: none"> • Designed to cover costs and provide profit • Anyone can set this price • Offers price certainty for clients and firm • Once price is determined, future pricing conversations are instant. 	Pros <ul style="list-style-type: none"> • Removes income ceiling • It separates time from profit, while covering the costs of automation technology • Creates pricing collaboratively with each customer
Cons <ul style="list-style-type: none"> • Requires hourly tracking system • Income is limited by time • Hard to raise rates • Revenue harmed if efficiency increases and saves time 	Cons <ul style="list-style-type: none"> • Need to scope out jobs precisely to determine how much time it will take and ensure costs are covered • No opportunity to tailor to what client values 	Cons <ul style="list-style-type: none"> • Potential bottleneck to the speed of client onboarding since pricing is typically only done by firm leaders • Some clients don't know what they value
When to use it: If you have only tax prep clients and don't intend to offer additional services, or if you don't have a technology stack that cuts down on time	When to use it: If you have implemented systems to standardize job lengths and costs	When to use it: If you want to maximise each client's potential revenue and focus on value-based relationships



“
**The more value
you create for
your clients,
the more of that
value you
get to capture
in the form of a
price**
”

Jason Blumer, CEO
and Founder
Thriveal

Understanding value-based pricing

In order to price your services accordingly, it is important to understand that client “wants” often have a higher value than their “needs”. While Value-Based Pricing is the goal, it is difficult for many firms to implement. However, it can be implemented if you are committed to transforming your firm and bear in mind the following:

- Pricing helps us assign value and make a purchase decision
- Humans have a need to attach value to an object with upfront pricing
- Your mission is to understand what your client places value on and then add that value for them
- There is a difference between value and needs - eg: your client may need a tax return, but perhaps they place high value on peace of mind it is done correctly
- The more value you can create, the more you can charge
- Communicating the value of your service is key to successful implementation

First steps to implementing value-based pricing

- 1 Determine your unique selling point (USP) - why does the market need your services?
- 2 Have a value conversation with your clients and determine what they place value on
- 3 Set your price based on your value to each client individually
- 4 Dedicate hours saved with automation from Dext towards adding new layers to your services and increase your value-added services even more

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