

Value Conversation Cheat Sheet (Updated 11/01/2022)

STEP 1 (*Ron Baker Question*)

“Mr. Customer, we will only undertake this engagement if we can agree, to our mutual satisfaction, that the value we are creating is greater than the price we are charging you. Is that acceptable?”

STEP 2 (*Hector Garcia Permission Question*)

“In order to provide the best possible service, it is important for us to meet or exceed every expectation you have about having a relationship with a new accountant. I would like to ask you a set of questions that will allow me to understand how your business operates, what you expect from our services, and what your goals are; so, we can tailor our services to your needs. Is that ok?”

STEP 3 (*Alan Weiss’ WHY Questions, modified by Kirk Bowman*)

- Why Me? - *Why are you talking to me and/or our firm about this solution?*
- Why This? - *Why is this specific solution important to you?*
- Why Now? - *Why not do it before or in the future?*
- Why Not? - *What would happen if you don’t do anything?*

Optional **STEP 3.5** (*Dan Sullivan Question*)

“If we were having this discussion three years from today, and you were to look back over those three years to today, what has to have happened, both personally and professionally, for you to feel happy about your progress?””

STEP 4 (*Hector’s Value Conversation Questions*)

- Is there a narrowly defined and objectively measurable result to be achieved by the firm? Or is the engagement very broad/dynamic?
- What is the specific result the firm is guaranteeing?
- In the event of an Audit (Internal, Government, Financial, or other 3rd party) What is the firm guaranteeing? Do you need us to be 100% Independent and Objective?
- Will the firm refund the client if result is not achieved? If so, how much?
- If you have an accounting/tax question for us, how quickly do you EXPECT an answer? And HOW do you want that answer? e. fully disclaimed but brief e-mail, opinion memo (with court cases / code section citations), phone conversation, and/or combination of any?
- How important is it to you that we guarantee our results (and give a 100% money back guarantee)?
- Do you want a specific list of extremely narrowly defined sets of services of us to provide or are you looking for broad/dynamic scope of work?

- Ideally, when do you want us to START working? and by when do you expect to see either work in progress reports or final completed work? Is there a deadline?
- How do you want to pay? Upfront 100% or at the end? (maybe something in between? like 50/50)
- Are there users of my work, reports, etc. outside your organization? How involved do you need me to be if a 3rd party inquiry about my work (like banks, investors, etc....)?
- What are some things that we can do (or forget to do) that would be deal breakers for our relationship?
- How would you define a successful relationship?
- Do you want a transactional relationship (call me when you need me, and we will work and charge you then)? or a proactive relationship (you expect me to alert you of industry/tax updates, remind you of important deadline, warn you about obvious risks to your business, etc.)?
- If price wasn't an issue, how would you describe our ideal role in your organization?
- How much budget have you allocated to "Business Growth"?
- What is the cost of ALL the technologies you are currently using internally?
- Is your business currently setup to allow you to "disconnect? or take a vacation?
- What does a typical purchase and sales process look like?
- How do you manage documents?
- What is the best way we can learn your business processes in-depth?
- What does your cash flow look like and/or how do you think we can help you improve it?
- What could we take "off your plate" immediately, that will free you up to spend more time doing what matter most for your business?
- What do you think we could do to help you reduce your expenditures, increase your sales, and/or increase the value of your business?
- Is your business on track for an exit strategy? (To be able to be sold or for succession)
- Is your business attractive enough for external investors? Is it bankable (banks would easily lend to it at prime market rates)?
- Does the business produce enough to fund your retirement plan?

Optional STEP 4.5 (Ed Kless' Mother of all questions, paraphrased)

"Which is the question that if I were to have the answer to, I would make everything better?"

STEP 5 *(Some from Ron Baker)*

Clients will never give a numerical representation of value, but the conversation can lead to the discovery of it; some of the key questions to ask yourself after the WHY & Value Conversations to help you determine the potential value on behalf of your customer:

- How much the value working with our firm specifically?
- What is the cost to the customer if the firm does NOT solve your issue at hand?
- What are the reasons this client is even considering us to do this service or WHY are they switching from another provider?
- How much have they paid in the past? If less, what did they not get before?

- What is the economic benefit that derives from the service provided?
- Internally consider the actual scope and risk transference effect of the job: What exactly will be done by the firm? Who will be the potential 3rd party user(s) of the financial statements?
- What is the required level of detail? Cash or Accrual?
- How will the firm do it? <- Only client-facing processes matter
- What will the client do or be responsible for doing? (And do they have the capacity to even do it right without causing you re-work) <- Collaboration?
- How much access will the client have to Add, Edit, Delete, or View your work?
- Is there any additional “support” included with the service?
- What deadlines does the firm have to comply?
- Which risks is the firm mitigating for the customer?
- What is the tail-end responsibilities the firm will have post-engagement?
- Are there external factors that can affect the firms’ capacity to do the work accurately or timely?
- Who is responsible for correcting client-created errors?

STEP 6

Finally give 3 pricing options:

1. Bare minimum client needs to solve the most basic issue and be compliant (walk-way price)
2. Covers the minimum plus a few extras that makes your service unique enough (this is the most common service)
3. Covers most of what they asked for, plus some high satisfaction services

I like to see the options at .70, 1, and 1.75 factors... for example:

- Bronze: \$700
- Silver \$1,000
- Gold \$1,750

But this should be totally customized, options should be based on these 7 elements (Ron Baker’s 7 T’s):

- Tailoring or customizing the service: Redesigning firm’s workflow to conform to client’s needs. Performing non-standard or unique tasks that may not be automated. Preparing special or highly customized/dynamic reports. Storing or retrieving documents on client’s system
- Talent: Client requests that a specific person perform or supervise the work. Client requests to speak to a specific question when contacting the firm or asking questions. Client wanting to use that person as their “accounting contact” to 3rd parties
- Technology: Desktop vs. Cloud-Hosted vs. Self-Hosted vs. Online. Non-Hosted Desktop: Remote Access to client’s computer vs. Remote Access to dedicated computer vs. “Accountant’s Copy”. Working with low-tech banks with no access to check/deposit

images or other transaction details. Working with banks that facilitate bank feeds
Working with Apps that reduce double data entry vs. working with apps that require a lot of cleanup or adjustments

- Terms: Payment form: Cash, Credit Card, Check, Wire, Bitcoin, etc...Payment Timing: In advanced vs. In arrears. Prepayment of long-term services. Penalties for late or non-payment. Forbearance options. Service interruption policy due to payment issues
- Timing: When does the work need to be completed by? When can the firm start the work? How quickly will the client respond to questions? At which times can the firm work? Is the client willing to do extensions? Is the client hiring the firm during peak season?
- Transference: Will the client require training or education? How much explaining or hand holding does the client need when navigating financial statements or reports? How often will the client have “accounting” questions that are not really related to the scope of work? How detailed does the client need the firm to be when answering questions or giving an accounting/tax opinion?

References:

Ronald Baker – [Implementing Value Pricing & Time's Up](#)

Ed Kless – [The Soul of Enterprise](#)

Kirk Bowman – [The Art of Value](#)

Alan Weiss – [Value Based Fees](#)