

Michelle (Golden) River, CPF, is a growth and profitability strategist who has worked with accounting and advisory firms for nearly 30 years helping them implement new business and revenue models based upon outcomes. River's Advanced Pricing Methods® (APM) are in use at CPA firms of all sizes. An AAM Hall of Fame inductee, River also has been named among the Top 100 Most Influential People in Accounting by Accounting Today and among the 25 Most Powerful Women in Accounting by CPA Practice Advisor.

### On your website you use the phrase “anticipate tomorrow.” Are accounting firms getting better at that as they shift to more consultative advisory services?

“Anticipate tomorrow” refers to being proactive versus reactive as an organization. Firms can introduce structure into their operations that move them to be anticipatory, first as a habit, then eventually as a culture. Start this industry by industry and let this inform strategic planning.

The anticipatory firm (a term coined by author Daniel Burrus) looks at hard trends and creates solutions and products around what others aren't addressing yet.

I suspect the shift to formally selling advisory services has been more reactionary than anticipatory, thus far. Only a handful of firms stretch and create a service before it's in demand, which is what being truly “anticipatory” gets us to.

### You are well-known for helping firms transition to a value pricing model. How do firms build strategic plans around value pricing?

I think the term “value pricing” is often misunderstood. The word “value” has come to be associated with cheap or low cost. Instead, I describe the end goals as worth-based pricing and pricing in advance — both of which are core to my Advanced Pricing Methods®.

Worth-based means worth it to the buyer and worth it to the firm. We shouldn't propose our bottom-dollar price or a price at a buyer's max ROI level. An optimal price is somewhere in between. Most importantly, while our bottom-dollar amount certainly takes our time commitment into consideration, our actual price is predicated on the buyer's perceived ROI, which has nothing at all to do with how long it takes to do the work. Customers deserve to know prices up front, and we can give them this trust-building courtesy.

Routinely arriving at prices ahead of doing the work is new territory for most practitioners. Experimenting is great but when

firms want to adopt the approach firm-wide, buy-in is important. They achieve this by aligning the initiative with strategic-plan objectives, vision and brand commitments.

### Is the shift to worth-based pricing usually part of a larger evolution in a firm?

Yes! Changing the revenue model changes the business model. Firms see positive culture shifts and deeper, more trusting client relationships as well as improved financial performance. The holistic approach of packaging increases collaboration across service lines which breaks down silos and strengthens industry niches.

### What else changes when a firm transitions to a worth-based pricing model?

Self-worth increases dramatically. Today's CPAs are the fourth or fifth generation of accountants taught that they sell their time, which is false. They sell outcomes and results: dreams achieved and problems resolved. Both are far more valuable than an hour is. Their confidence grows as they start to secure work at prices related to ROI instead of time, plus they feel more valued and appreciated by clients.

Another huge change is viewing what they do from the client's perspective. Many CPAs have told me the new focus on their works' purpose — what it accomplishes for the buyer — has reinvigorated their passion for their careers.

### How do you quantify the value of a service?

Value is subjective and the only relevant judge of your service's worth is your buyer. To complicate things, the value is fluid—it's worth more one day than it is another. And if you have multiple decision-makers, they likely view the value differently.

As sellers, we can raise the perception of value by providing context, telling stories about similar clients in similar situations and helping them see their issues differently. Don't price your product, price the customer. That is the secret behind worth-based pricing.

