The ALTAccountant workshop on positioning, pricing, and innovation

Hector Garcia, CPA
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- Be sure to sign in or scan your badge for this session
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- This session is eligible for 2 hours of CPE
- CPE certificates are emailed directly to you within 4 weeks of the conference date to the same email address you used to register
Today’s speaker

Hector Garcia, CPA
CEO of Garcia & Company, PA
@QBKaccounting
Agenda

1. The four legs of stool: Quality, pricing, positioning, and innovation (5 mins)
2. Typical accountant stereotypes vs. The ALT Accountant (10 mins)
3. Workshop: Create Unique Positioning (30 mins)
4. Workshop: Price on Purpose (30 mins)
5. Homework Innovation workshops (10 mins)
6. Q&A (10 Minutes)
7. Final words (5 Minutes)
Introduction

From quality, positioning, pricing, and innovation to advisory
Accounting is about measuring the past

Advisory is about shaping the future
From “Art of Advisory” to The ALTAccountant
The Four Legs of the Stool for a successful “alternative” practice
Why focus on positioning, pricing, and innovation

Unique Positioning will help you stand out from the everyone else and make you incomparable; which will de-commoditize your services.

When you learn to Price on Purpose, you focus on what the customer values… which more often than not, it is not the actual accounting or bookkeeping work.

When you practice Disruptive Innovation, you will challenge your self to think about new problems to solve in unique ways. Create a monopoly in your market.
Why focus on positioning, pricing, innovation

**Quality** of work is a given, your customers need to always assume that you will deliver accurate accounting work.

**Advisory:** this is the ultimate service you can perform for your customer; help them make better decisions to grow their business. Help them become better business owners and leaders. Help them own their future.
The ALTtidote to accountant stereotypes
Boring / dull / technical

Generalist

Cheap / frugal
ALTTidote to accountant stereotypes

**Boring/Dull/Technical**

Use laymen terms, terms the customer will understand based on their industry, and talk about their needs, NOT accounting concepts.

**Generalist**

Specialize, go deep in a narrow skillset, become authority on something very specific. Be known as an “expert”.

**Cheap/Frugal**

Spend time with your customers. Be “generous” with your time and knowledge, free resources.
The problem with zero sum
Typical accountant stereotypes

In an accountant’s brain: debits always equals credits

Debits and Credits is a zero-sum game

“In the real world debits do not equal credits”
- Ron Baker, Co-Host of the The Soul of Enterprise Podcast

Entrepreneurs (our customers) do not have the spirit of zero-sum, they usually work (or feel that) much harder than what they get in return. And yet, they get up every morning to do it again.
Mindset of abundance vs. scarcity
From a scarcity to abundance mindset

**Positioning, focus, specialization**

"Less total number of potential customers for me"

"More services I can perform for my niche customer base"

**Pricing your services**

"I better charge for my hard work and clients are too cheap"

"I will charge a fraction for the value I create, my clients will pay for more value"

**Disruptive Innovation**

"Why change something that works and take unnecessary risks?"

"A new product/service will provide my customers choices and open new opportunities"
“All transformation is linguistic”
– Werner Erhard
The ALTAccountant checklist

✓ Is hyper focused on becoming best in class in a narrow category, becomes an authority in area of specialization, leverages knowledge
✓ Markets to a niche group
✓ Is hired as “the subject-matter expert”
✓ Is focused in creating value, and charges as faction of the value created.
✓ Takes risks alongside their customers
✓ Constantly innovates with new products, services, and processes
✓ Uses language/communications to drive change
✓ Designs their present and owns their future
What role do you play?

• **Pair of hands:** The pair of hands mindlessly follows the client's instructions regardless of whether they actually make sense — *gets paid for effort*

• **Collaborator:** The collaborator partners with the client to define the problem and create and implement the solution.

• **Expert:** The expert swoops in, solves a problem for the client, and then leaves them to move forward on their own — *gets paid for results*
Workshop: Unique positioning
Unique positioning
What is positioning?

Your positioning strategy is best described as what you **do not do**

The customers you **don’t take** say a lot more about your firm that then customers you do take

Positioning is about building expertise and being well known as a **master of your craft**
What is positioning?

Positioning is the space you occupy in your customer’s mind

Positioning is how your brand goes from being “different” to being unique
Types of positioning

Vertical: industry, size, entity type, partnership composition.

Horizontal: type of problem, current unwanted state, future desired state. Specialized or Unique Skill: speed, finding errors, adjusting inventory, presentation/reporting

Vertex: where you well known for your expertise or specialized skill focused on the vertex of the vertical and horizontal

(AKA: The expensive problem)
Paul Neal “Red” Adair

“If you think it's expensive to hire a professional to do the job, wait until you hire an amateur.”
Evolving positioning statement

“I am an accountant for manufacturing companies”
Evolving positioning statement

“I am an inventory accountant for manufacturers”
Evolving positioning statement

“I am an accountant that specializes in inventory workflow management for manufacturers”
Evolving positioning statement

“I specialize in inventory accounting workflow for manufacturers needing to better understand their margins”
Evolving positioning statement

“I specialize in accounting for Wholesale and Manufacturing businesses”
My current in-person positioning statement

“I help the owners of busy manufacturing businesses take more vacations…”

“…by implementing effective inventory workflows that the entire organization follows in real time and produce reports that the business owners can trust”
Components of a positioning statement

“I help the owners of busy manufacturing businesses take more vacations…”

“...by implementing effective inventory workflows that the entire organization follows in real time and produce reports that the business owners can trust”
My story behind my positioning statement

But why “take more vacations”?  

“When my practice started to get busy, the hardest thing for me was to take a vacation, so I implemented an internal accounting workflow that allowed me to delegate and leverage my team to get more work done without me managing every aspect of the operation…”

“… and manufacturers, like accountants, are in the transformation business – so I naturally, love them”
My current social media UPS

“I am a QuickBooks Consultant for Manufacturers with messy Inventory”
My current social media UPS

“I am a QuickBooks Consultant for Manufacturers with messy Inventory”

Undesired Current State

Horizontal Focus

Vertical Focus
Composition of a unique positioning statement

Target customer (vertical)

Specific problems (horizontal)

Current undesired state or pain point

Desired Future State or outcome

Specialized skill (or quick “how”)
The positioning statement formula
Unique positioning statement examples

I am the \textit{X} for \textit{Y}

\textit{X} = Your role or specialty
\textit{Y} = Your target customer (vertical)

\textit{I am the cloud accountant for dentists}
Unique positioning statement examples

I am the X for H Y

X = Your role or specialty
H = Current problem or structure/status
Y = Your target customer (vertical)

I am the cloud accountant for fast growing multi-location dental practices
Unique positioning statement examples

I am the X for Y that wants Z

X = Your role or specialty

Y = Your target customer (vertical and/or horizontal)

Z = Desired Future State

I am the cloud accountant for dentists that are looking to expand to multiple locations
Unique positioning statement examples

I am the HX for Y with U

HX = Horizontal problem you solve as a specialist
Y = Your target customer (vertical)
U = Undesired Current State

I am the cash-flow advisor for dentists with messy books
Unique positioning statement examples

I solve $U$ for $Y$ as their $X$ by doing $H$

$U =$ Undesired Current State

$Y =$ Your target customer (vertical)

$X =$ Your role or specialty

$H =$ Specialty/problem to solve

I solve cash flow issues for dentists as their Virtual CFO that provides real-time reports
Unique positioning statement examples

I bring $Z$ to $U$ $Y$ through $H$

$Z$ = Desired Future State

$U$ = Undesired Current State

$Y$ = Your target customer (vertical)

$H$ = Current problem/status (horizontal)

*I bring order & clarity to multi-location dental practices with real-time accounting reports*
Unique positioning statement examples

I help \textbf{U Y} with \textbf{H} so they can \textbf{Z}

\textbf{U} = Undesired Current State

\textbf{Y} = Your target customer (vertical)

\textbf{H} = Current problem/status (horizontal)

\textbf{Z} = Desired Future State

I help fast growing \textbf{dental practices} with their \textbf{real-time accounting reports} so they can focus on \textbf{making their patients smile}
Unique positioning statement tips

Your customer is the hero and you are their guide
Tell the journey of transformation
Your belief system and brand must be felt
Your expertise should be obvious
You love what you do, so it should come from a place of passion
Your customer’s needs are most important to you
Desired outcomes should be understood
Must stand for something of high value for you and your customer -> FOCUS ON THE EXPENSIVE PROBLEMS
Unique positioning statement formula legend

H = Current problem to solve or structure/status

X = Your role or specialty

Y = Your target customer (vertical)

U = Undesired Current State

Z = Desired Future State
Workshop
30 mins

1. Draft your own UPS, try 2-3 different options
2. Get together in group of 3 people and practice it
3. Give each other feedback
Workshop: Price on purpose
Price on purpose
Keys to pricing

Confidence in your own abilities

Reputation and brand

Understanding the source of value with the Value Conversation

Price as fraction of the value you can create

Offer a guaranteed outcome
Value conversation

Asking the initial key WHY’s:
Why Me?
Why Now?
Why This?
Why Not?

From “Value-Based Fees” by Alan Weiss
The ultimate value-based question:

“Imagine If we were having this discussion 3 years from today, and you were looking back over those 3 years, what has to have happened in your life both personally and professionally, for you to feel happy with your progress?”
The ultimate value-based question:

“Imagine If we were having this discussion 3 years from today, and you were looking back over those 3 years, what has to have happened in your life both personally and professionally, for you to feel happy with your progress?”
“If you can dream it, you can build it”
– Walt Disney
The value conversation
Peeling the onion
Understanding source of value

I need you to fix my inventory

1. What makes you say that? – My inventory QTY’s are all wrong

2. Why is that a priority? – Because my Inventory Asset and COGS is wrong

3. Why is it so important to fix? – Because I need to know my gross margins

4. And how will accurate margins help you? – I can pay my sales commissions accurately and on time

5. And what kind of issues have that caused? – I lost my top sales person last month and I suspect is because we always had errors in the commissions and took forever to reconcile
“Prescription without diagnosis is malpractice” – Dr. Nancy Snyderman
Understanding source of value

So what is the cost of losing your top sales person?

“20% decrease in sales and $10,000 less bottom line”

“Training new sales people: $5,000”

“Anxiety about losing more customers to the competition” (priceless)
Five golden questions
Measuring the VALUE of the solution

Mahan Khalsa’s 5 Golden Questions:

How do you measure the problem?
What is it now?
What would you like it to be?
What is the value of the difference?
What is the value over time (typically 2-3 years)?
Workshop
30 mins

1. Get together in group of 3 people
2. Each of you think of a typical customer’s first request like “I need you to reconcile my banks, how much are your fees?”
3. Ask 2 to 5 ”Why Questions” to get to the bottom line pain point
4. Once the pain point is identified; go through the Mahan Khalsa 5 Golden Questions to identify the value from the results of your work
Home workshops on innovation
Disruptive innovation
Disruptive innovation workshops

Productized services
Leveraging the subscription model
Homework innovation
Workshop: Productized service
Build a productized service

Think of the most common (medium complexity) services you perform for most your clients during the first year of working with them

Think about the hardest (high complexity) services to predict how long it will take

Think about the top things (easy wins) you do for clients that makes them feel great and are not time consuming to your firm

Pick the ones with the most relevancy and pick it as your next productized service
# Productized service brainstorming

<table>
<thead>
<tr>
<th>Complex Services</th>
<th>Most Common Services</th>
<th>Easy Wins</th>
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### Productized service brainstorming

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<td>Clean-up the whole year of accounting</td>
<td>Organize Chart of Accounts</td>
<td>Find useless/redundant expenses</td>
</tr>
<tr>
<td>Training an internal bookkeeper</td>
<td>Clean up A/R Aging, A/P Aging, and Inventory Valuation</td>
<td>Customize Invoice (colors &amp; logo)</td>
</tr>
<tr>
<td>Move operations to the cloud</td>
<td>Analyze entity choice (Corp, LLC, Partnership, Sole Prop, S-Corp vs. C-Corp, State Nexus, etc.)</td>
<td>Connect their banks to QuickBooks Online</td>
</tr>
<tr>
<td>Build an auditable document archive</td>
<td>Educate owner on what they need to do in QuickBooks and/or record keeping</td>
<td>E-sign / E-File tax returns</td>
</tr>
<tr>
<td>Representation or support during an audit</td>
<td>Teach client how to read financial reports</td>
<td>E-mailing documents they requested immediately</td>
</tr>
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**Notes:**
- **Easy Wins**:
  - Registering a fictitious name
  - Identify top items sold or top customer sales
  - Answer an e-mail with a phone call immediately
  - Summarize results from phone conversation
Optimal productized service
Productized service brainstorming

Describe what your most happy clients feel great about using of your services

Peace of mind about accurate books

Peace of mind that there will be no penalties from compliance

Increase effectiveness because they have better decisions support data

Transformed client to focus on profit, save money long-term goals, reinvest profits into high ROI expenses

Improved cashflow from improved pricing, invoicing presentation, and collections process

Relief from tedium of bookkeeping

Feeling of ready to take over the books
Identify “Job to be done”

A productized service needs to have a defined “job to be done”
It is beyond what the customer communicates to be what they want/need
“Job Done” is the desired and guaranteed outcome
Build your productized service

1. Select 3 to 6 items from Complex/ Common/ Easy Boxes (at least 1 from each)
   - Clean-up whole year of books
   - Organize Chart of Accounts
   - Clean-up A/R and A/P
   - Find useless/ redundant expenses

2. Pick top 2 feelings from happy clients after your services
   - Increase effectiveness because they have better decisions support data
   - Feeling of ready to take over the books

3. Give it a unique name
Go to market with your offer

## Total Quality Cleanup Service for Manufacturers

With this service **you will have** totally clean books* up to the current month, an organized Chart of Accounts, accurate accounts receivables and accounts payables, and in-depth analysis of all your expenses/purchases by category and payees.

Guaranteed to make you most effective by giving you accurate financial reports so you can make better and more timely decisions. And be 100% ready to take over the books with moving forward.

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*See our project scope guideline for details*

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$899
Homework Workshop

1. Draft your own productized service offering that is for a **one-time service** with a finite target / “job to be done”
2. Give it a unique name
3. List the scope limitations (what is NOT included)
4. Get with a friend or colleague to discuss ideas
*Build Your project scope guidelines*

We must have discreet access to QuickBooks file 24/7 during project.

Customer must provide all requested documents before we commence the work.

Data entry for missing transactions will be created by customer (we will send you that list and guidelines).

We will delete all redundant transactions and provide accompanying report, it will be the customer’s job to reconstruct any relevant information from those deleted transactions if they need it.

We will use banks and credit cards to reconcile accounts, customer is responsible for entering/reconcile cash-based transactions.

No training or user support will be included during the clean-up project.

We will be closing the periods as we complete and customer will not be able to modify those transactions.

Price based on 6 months of data.
Homework innovation workshop: Subscription service options
Create a subscription service

This is the second step after successfully completed/delivered Productized Service

Create a maintenance/support plan to service the productized service year long

Build a list of the 10-15 things you to best for your customers and could do it periodically

Create 3 possible prices you want to charge and give each option a unique name
Build your 3 subscription options with prices

Build backwards:
- Create your 3 tiers first (desired prices to charge)
- Name the services
- Then figure out the scope/offering

<table>
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<th>All Access Accounting &amp; Advisory Service</th>
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<tbody>
<tr>
<td>$500</td>
<td>$900</td>
<td>$1,500</td>
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Brainstorm top services included in monthly subscription

- Answer any of you accounting questions
- Correct errors you create
- Making adjusting journal entries at end of period
- Reconcile account statements you couldn’t get to
- Spot check (another word for “Audit”) the source documents to determine correct categorization

- Visit with you in person to discuss numbers
- Prepare Sales Tax Returns
- Verify Payroll forms before filing
- Discuss your financials with 3rd parties
- Deductions and Taxable Income Planning
- Update Budget and Forecast – Monitor Budget vs. Actual Reports
**Put services and variations in buckets**

<table>
<thead>
<tr>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Name:</td>
<td>Service Name:</td>
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<tr>
<td>Answer all your questions via e-mail within 3 biz days</td>
<td>Answer all your questions via e-mail by next business day</td>
<td>Answer all your questions via phone within 2 days (if requested)</td>
</tr>
<tr>
<td>Make adjusting entries annually</td>
<td>Make adjusting entries quarterly</td>
<td>Make adjusting entries Monthly</td>
</tr>
<tr>
<td>Reconcile client prepared payroll and sales tax to books</td>
<td>Assist with preparing sales tax forms and payroll tax forms</td>
<td>Prepare sales tax forms and payroll tax forms, guaranteed penalty-free</td>
</tr>
<tr>
<td>Annual meeting to review accounting</td>
<td>Quarterly meeting to review accounting and forecast tax estimates</td>
<td>Monthly meeting to review accounting, budgets, and estimated taxes</td>
</tr>
</tbody>
</table>

|$500 | $900 | $1,500 |
Homework Workshop

1. Draft 3 service offerings with different scope and outcomes for ongoing services
2. Give each one unique name
3. Think of price ranges for each one with scaling values
4. Get with a friend or colleague to brainstorm on your offerings
Value pricing vs. Productized services vs. Subscriptions

Value pricing is about customizing the price of every custom job/project based on the value we provide to the customer AFTER a Value Conversation.

Productized Services is about getting new clients in the door based on a predetermined “job to be done” (quick outcomes) BEFORE a Value Conversation.

Subscription is about merging the two concepts to build a portfolio.

Subscribed customers you be the only one with access to the most valuable resource you can offer:

Ongoing Transformative Advisory
Positioning, pricing, and innovation in summary

Define the focused target market where you want specialize in

Create your unique positioning statement will help you communicate what you do, how you do it, who you do it for and the value you create

For custom projects, price your services AFTER you know what is value you are going to create (price on purpose)

Create a productized service to get your customers quickly “in the door”

Offer an ongoing subscription to maintain/grow the value created via the productized service

Provide Advisory services only to your subscribed customers either as an added value or add-on
“The opposite of a good idea could also be a good idea”

– Rory Sutherland author of Alchemy
Questions
The ALTAccountant manifesto

We are uniquely positioned to help your target customers
We are known as the experts in our specialty
We strive to understand why and desired outcomes
We price below the value we provide
We give our customers choices
We strive to be effective even at the risk of being inefficient
We believe that there is always more…

We control our present, so we can own our future
Additional resources:

HectorGarcia.com/QBC19
Books on positioning

Positioning for Professionals by Tim Williams
Win Without Pitching Manifesto by Blair Enns
The Business of Expertise by David. C Baker
Books on pricing

Implementing Value Pricing by Ron Baker
Pricing Value by Rhondalynn Korolak
Price: The fastest way to change profits by Mark Wickersham
Books on innovation

Zero to One by Peter Thiel
The Innovator’s Dilemma by Clayton Cristensen
The Experience Economy by Joseph Pine
My favorite Podcasts

AltAccountant Podcast

Friday Night Live with Accountants *(Live on FB on Fridays @11:30pm EST)*

Art of Value Show

The Soul of Enterprise

Cloud Accounting Podcast

2Bobs

Pricing is Positioning Podcast

Ditching Hourly

The Business of Authority
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