

# TRANSFORMING ACCOUNTING WITH TRANSPARENT BILLING: LEVERAGING VOLUMETRIC PRICING

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## Improving on Traditional Accounting Pricing Models

In the accounting industry, various pricing structures cater to diverse client needs and service types. Here, we explore the three most common models: Hourly Billing, Fixed Fee Pricing, and Value-Based Pricing, along with the pros and cons of each model. Finally, we introduce Bookminders' proprietary Volumetric Pricing, a transparency-grounded model that ensures clients receive the highest quality services at the lowest possible cost.

**Hourly Billing** is a traditional pricing model where clients are charged based on the amount of time the accountant spends on their tasks. Benefits of this model include easy-to-understand invoices and the ability to set a clear budget cap. However, costs under this model can be unpredictable, hourly rates for top talent can be steep, and the structure can incentivize longer work hours instead of efficiency and productivity.

**Fixed Fee Pricing**, which involves charging clients a predetermined fee for a specific service or set of services regardless of the time it takes to complete, has several variations including retainers or subscription services and project-based pricing. This model should encourage efficiency since the fee is independent of the time it will take, however, scope creep and the potential for underpricing can result in higher overall costs for the client. Service providers may be forced to build in additional costs to cover unknowns or limit services.

**Value-Based Pricing** is a hot topic in the industry but not necessarily for the right reasons. This model allows service providers to set fees based on the perceived value to the client rather than the actual costs and required markup. While this can be lucrative for providers, increasing revenue potential and allowing pricing flexibility per client, there are significant drawbacks for clients. The perceived value can vary greatly between providers, making it difficult for clients to compare and assess the best value. This model requires clients to trust that providers price fairly across their client base without overly emphasizing profit.

## Revolutionizing Billing with Volumetric Pricing

At Bookminders, we strongly believe that transparency and fairness in billing are paramount in all accounting

services. Given the significant cons to clients of subscribing solely to hourly or fixed fee pricing, we've redefined the standard with our innovative approach that leverages the pros of traditional models while mitigating the drawbacks – Volumetric Pricing. Our clients attest that this method is not just transparent but also the fairest way to pay for the services they receive.





**Volumetric Pricing** is based on the actual services provided and leverages a carefully designed mix of hourly, fixed-fees, and transactional pricing. This approach allows us to deliver superior, cost-effective services and avoid the inefficiencies and hidden costs of relying solely on traditional models.

We delve deeply to build a comprehensive understanding of the client's financial landscape. We meticulously analyze reports and statements spanning multiple months to quantify the average number of transactions and their complexity. This data forms the foundation of our monthly fee estimate, ensuring that it is based on concrete metrics rather than guesstimates.

While understanding how an organization's operating activities affect its transaction count is crucial, some essential activities cannot be directly quantified in this way. These include month-end reconciliation of bank accounts, management oversight, software licensing, and IT support. To best support these types of activities, we apply fixed fees, ensuring that these vital services are accounted for without ambiguity.

Furthermore, certain specialized services may not apply to all organizations and cannot be categorized by transaction count or through fixed fees. For these, hourly fees are the most appropriate. Examples of activities billed hourly include researching, grant management, payroll service submissions, and expense allocations. This type of billing is our least preferred, so we continually streamline our services to provide maximum value to clients without sacrificing service.



The significant benefits of Volumetric Pricing—transparency, fairness, cost-efficiency, service excellence, predictability, and flexibility—make it worth the initial time it takes for Bookminders to complete the client business analysis and for our clients to be educated on this billing method. Through a blended approach tailored to each organization’s activities, Volumetric Pricing ensures clients regularly receive far more value than what they are paying for.