



PAY
EVO

Welcome!

Value-based pricing (part 2)

Let us know in the chat – where are you joining from?

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Meet Our Host



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Workshop Objectives

- **Transition Strategies:**
 - Learn how to shift from per-payroll to value-based pricing.
- **Communicate Value:**
 - Discover ways to showcase the full value of payroll services.
- **Actionable Steps:**
 - Get practical steps to implement tiered services.

Understanding Value-Based Pricing

- Value-based pricing means you price for value and outcomes, not hours or tasks.
- Why it works:
 - Aligns your pricing with the client's perceived value.
 - Differentiates your services in a competitive market.
- **90% of employees** feel that timely and accurate payroll is crucial to their job satisfaction.



Why Traditional Payroll Pricing Falls Short

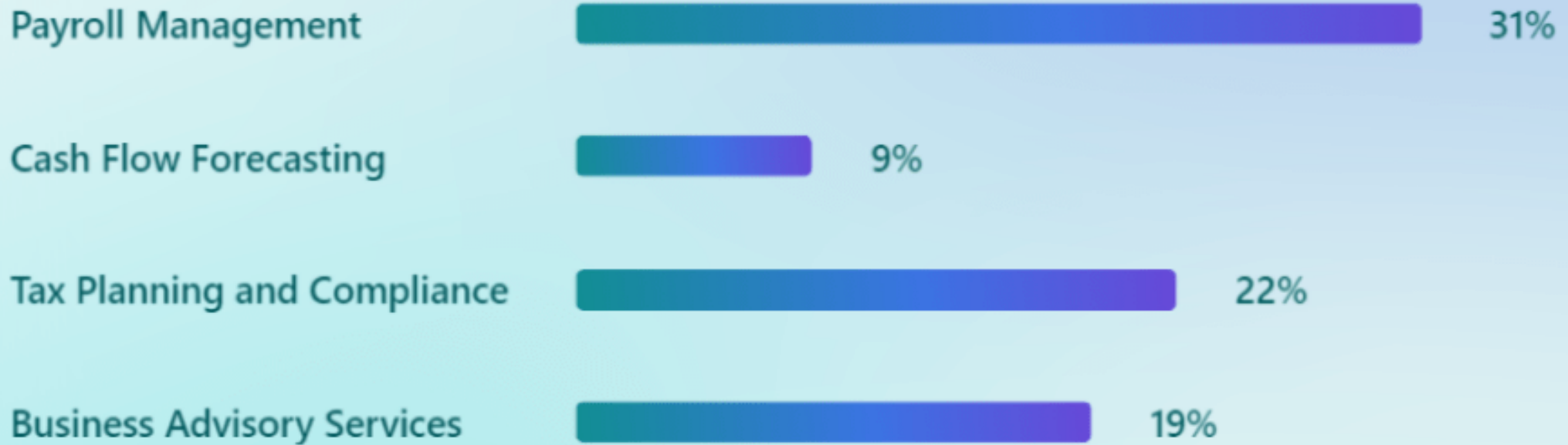
- Payroll errors cost businesses **\$291 per incident.**
- Challenges:
 - **Undervalues Expertise:** *Focuses on quantity, not quality.*
 - **Revenue Limitations:** *Income is tied to payroll frequency.*
 - **Growth Constraints:** *Difficult to scale your business.*
- **New perspective:** Move to value-based pricing to unlock growth.



Payroll as a Core Service

- Over half of Canadian businesses see potential to improve payroll processes.
- **Strategic Shift:**
 - *Integrate payroll with advisory services to enhance client value.*
 - *Position yourself as a strategic partner, not just a service provider.*

What Additional Services Are You Currently Offering Alongside Bookkeeping?



Communicating the Full Value of Payroll

- Payroll impacts employee satisfaction and retention.
- 83% of Canadian employees feel the need for self-service portals.
- **Benefits to Highlight:**
 - **Cost Savings:** Automation reduces errors and saves time.
 - **Efficiency:** Streamlined operations improve decision-making.
- Shift the conversation from compliance to strategic business insights.

The Payroll Client's Perspective

- **Top Challenges:**

- **Time Consumption:** *Manual corrections are time-consuming.*
- **Compliance Worries:** *Fear of penalties due to mistakes.*
- **Trust Issues:** *Errors can erode employee trust.*

- Nearly **30% of small businesses** in Canada find payroll to be their most significant accounting challenge.
- We'll explore how one firm overcame these challenges.

Making the Shift to Value-Based Pricing

- **How to Transition:**
 - **Bundle Services:** Combine payroll with advisory offerings.
 - **Offer Guarantees:** Provide compliance assurances.
 - **Automate Processes:** Increase efficiency through technology.
- *Clients invest in outcomes that drive their business forward.*

Helping Clients Embrace Value-Based Pricing

- **Educate:** Explain the benefits of value-based pricing.
- **Demonstrate Success:** Share success stories and case studies.
- **Empathize:** Address their pain points directly.

Which of the following is most important to your clients?

46%
Cost savings

26%
Compliance
Assurance

19%
Expert Advice

Service Tiers Step-by-Step

Creating Service Tiers for Added Value

- **Service Levels:**

- **Basic:** Essential payroll processing and compliance support.
- **Standard:** Includes employee self-service and basic advisory.
- **Premium:** Offers full advisory services and strategic planning

Building Your Service Tiers

Feature	Basic	Standard	Premium
Payroll Processing	✓	✓	✓
Compliance Support	✓	✓	✓
Employee Self-Service		✓	✓
Tax Planning		✓	✓
HR Advisory			✓
Strategic Planning			✓

Pricing Your Service Tiers

Feature	Basic	Standard	Premium
Price	\$200/mo	\$350/mo	\$500/mo
Payroll Processing	✓	✓	✓
Compliance Support	✓	✓	✓
Employee Self-Service		✓	✓
Tax Planning		✓	✓
HR Advisory			✓
Strategic Planning			✓

Real-Life Example: Maple Grove Café

- **Meet Jane -**
 - Owner of Maple Grove Café in Toronto with 10 employees.
 - Struggling with manual payroll and compliance issues.
- **Tier Comparison:**
 - **Basic (\$200/month):** Handles payroll processing and compliance support.
 - **Standard (\$350/month):** Adds employee self-service and quarterly financial insights.
 - **Premium (\$500/month):** Includes HR advisory and monthly strategic planning.
- *Which tier offers the best value for Jane?*

Upselling and Transitioning Clients

- **Offer Trials**

- Let clients experience higher-tier services.

- **Highlight Benefits**

- Showcase how higher tiers solve specific pain points.

- **Use Metrics**

- Present data on time saved and risks avoided.

Payroll Transition Success

- A firm transitioned to value-based payroll pricing, resulting in **35% revenue growth** within 6 months.
- Strategies used:
 - Bundled payroll with **advisory services**.
 - Repositioned payroll as a **strategic service**.
- **Key takeaway:** The shift to value-based pricing leads to increased revenue and client satisfaction.



The Role of Technology in Value-Based Payroll

1. **Automation:** Reduces errors and saves time.
 2. **Real-Time Reporting:** Provides clients with up-to-date insights.
 3. **Integration:** Seamlessly connects payroll with accounting and HR systems.
- Technology amplifies the value you deliver.



How Comfortable Are You with Your Current Payroll Pricing? (per client)



Your Step-by-Step Guide to Value-Based Pricing

- 1. Understand Client Needs:** Focus on desired outcomes.
- 2. Quantify Your Value:** Highlight compliance, risk reduction, and advisory benefits.
- 3. Develop Flexible Models:** Create scalable pricing that grows with clients.

Addressing Client Concerns

- **Common Objections:**
 - It's too expensive.
 - Why should I pay more?
- **Your Responses:**
 - **Highlight ROI:** Demonstrate long-term savings and benefits.
 - **Empathize:** Understand their challenges and offer solutions.
- *Payroll errors reduce employee trust by 32%.*

Using Empathy to Build Trust in Payroll Pricing

- Run an **Empathy Builder** exercise:
 - Ask clients about their biggest payroll frustrations.
 - Show how accurate payroll management and advisory services solve their problems.
- Trust builds loyalty, and loyalty leads to long-term revenue.

Effectively Communicating Your Value

- **Use Real Examples:** Share tangible results you've achieved for clients.
- **Quantify Benefits:** Show metrics like time saved and penalties avoided.
- **Ask Impactful Questions:** E.g., 'What would avoiding a CRA fine mean for your business?'

Scaling Your Firm with Value-Based Services

- **Growth Strategies:**

- **Tiered Offerings:** Meet diverse client needs effectively.
- **Advisory Services:** Provide high-value insights.
- **Client Retention:** Build long-term relationships through added value.

Leveraging Compliance for Competitive Advantage

- Ontario alone saw **11,718 ESA violation** investigations in the 2022-23 fiscal year.
- Compliance services can be part of your **premium tier**.
- **Key takeaway:** Keeping clients compliant adds significant value and reduces their risk.

Actionable Steps for Implementing Value-Based Payroll Pricing

- 1. Evaluate Current Pricing:** Identify areas for improvement.
- 2. Develop Service Tiers:** Align offerings with client needs.
- 3. Train Your Team:** Ensure consistent communication of value.

Summary and Next Steps

- **Shift from Tasks to Value:** Focus on outcomes, not hours.
- **Enhance Client Relationships:** Offer strategic insights.
- **Implement and Grow:** Use value-based pricing to scale your firm.

Questions and Discussion