

## **What Do Accounting Services Cost?**

**"Only accountants can save the world - through peace, goodwill and reconciliations." The Alternative Accountant**

The age old question of cost is particularly perplexing when it comes to accounting services. The answer to the question "What do accounting services cost?" normally evokes the dreaded answer: it depends.

Price is only meaningful relative to value. The cost of accounting services is a function of the amount and complexity of the work required.

**We find a more valuable question for a business owner than the cost is how will the new accounting services you are considering contribute to the growth and profitability of your business?**

There are four main pricing models for accounting services. They are startup pricing, hourly based, fixed cost and project fee applications.

### **Startup Pricing**

Businesses just getting started are much more price sensitive than most organizations. This is for a very good reason. Their main objective is to become profitable as soon as possible. They will need several different types of support services to get off the ground. Many times accounting service providers are willing to supply customized growth services to a new business especially if it has a solid business plan.

We believe the main focus for startup businesses should be on the type of business structure it will be using. Will the business be a partnership, corporation or nonprofit entity?

If you are planning on buying an existing business, due diligence must be done before it is purchased. Services should include pricing your products and services, budgeting, cash flow management, guidance in creating systems to scale the company's growth and proper tax planning.



## **Hourly Based**

Costs tend to be lower in months when there are not as many services required; however, expenses can skyrocket to meet tight or unforeseen deadlines. The hourly based pricing model is not recommended because businesses cannot accurately forecast their annual costs when they are experiencing uncontrolled fluctuations in expenditures. In addition, there is a higher risk the company may be paying for services it does not really need or could be performed more efficiently and therefore less expensively.

## **Fixed Cost**

This is a very efficient model for firms that have consistent needs. Businesses that benefit most from these services generally have systems in place that are well documented and repeatable. Payment plans are agreed on in advance such as monthly, quarterly or annually. Many service providers will charge less if they can work remotely and communicate via email, phone conferencing or cloud services. You should have a prearranged service agreement in place that allows the services to be re-evaluated at agreed upon intervals.

## **Project Fee**

The success of this model depends on having a very clear and well-defined scope of work. This arrangement can be very valuable for companies that have their own accounting departments and need specific or highly skilled work done to fulfill precise objectives in relatively short periods of time.

## **The Bottom Line**

When you negotiate pricing for your accounting services, you should have an explicit understanding of where your company is going and how the services you are buying will contribute to the expansion of your business. Like any business expense, it must yield a measurable return on your investment.

## **How We Can Help You**

[Pacific Crest Group](#) (PCG) provides professional services that keep your business focused on your critical objectives. We provide strategic Accounting and Human Resource (HR) services created specifically to help you meet your goals. Through exemplary customer service, clearly defined policies and procedures as well as a forward looking perspective, we provide the outsourced solutions your business needs to grow. A PCG professional is happy to meet with you to discuss solutions for your unique requirements designed to maximize all of your business opportunities.