

# THE FINANCIAL EDGE

September 2015



## School is in Session!

*Personal comments by Mary*

Who hoo! The kids are back in school. Today, this time of year is anticlimactic for me. Between Steve and I, our 5 kids, have 10 degrees - 5 bachelors, 3 masters and 2 doctorate degrees. Our kids are finally done with their formal education.

Personally my last college class was in 1980, right after the dinosaur age, according to my kids. However, my education didn't end there. Just to keep my memberships in my professional associations I need 40 hours of continuing education per year. In addition to the classes - every day I read at least 3 email newsletters. I squeeze in about 5 monthly magazines and at least one business book. All this education is a labor of love for me. I have been rewarded with untold riches and opportunities for my business with this education.

Reading for me is like going to school, but I choose the teacher, the class and subject based on my current needs. I am blessed that there are so many excellent authors available. I continually uncover golden nuggets of knowledge.

*"Successful people have libraries. The rest have big screen TV's." Jim Rohn*

If you do read please stop by the office and pick up a FOCUS CPA bookmark, along with a free copy of Darin Spindler's marketing book "5 Ways to Generate Cash Fast For Your Business".

**Mary Guldán-Lindstrom**

*"Improving the lives of small business owners"* **FOCUS\$CPA Inc**



## LAST CALL!!

**NOT** for a drink - but to **continue your education...**




Join us for a business series workshop - 6 sessions available. Sessions start on October 1, and are held every Thursday in October and on November 12. All sessions are from 8:00am to 11:00am.

Call 920-351-4842 or go to [www.focus-cpa.com/workshops](http://www.focus-cpa.com/workshops) for more information.



## Spread the Word...

**Help another business owner by...**

-  Forwarding your newsletter copy;
-  Calling our office at 920-351-4842;
-  Visiting [www.focus-cpa.com](http://www.focus-cpa.com) to sign up or;
-  Sending an e-mail to [Mary@focus-cpa.com](mailto:Mary@focus-cpa.com)

**We just need the name, mailing address and to receive the monthly blog your e-mail address.**

# The Book Review

**Title:** Implementing Value Pricing

**Author:** Ronald J. Baker

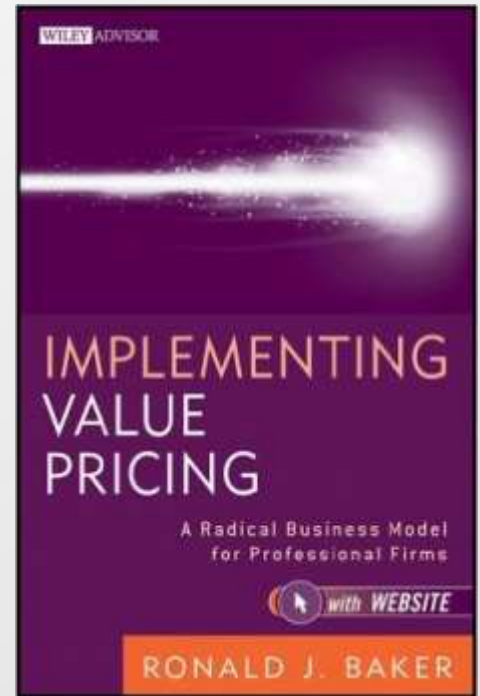
**Topic:** Pricing

**Easy to Read:** \$\$\$\$ (4 out of 5 dollars)

**Applicable to small business:** \$\$\$\$\$ (5 out of 5 dollars for service businesses)

**Summary:** This book establishes a more skillful method to price professional services. It presents a strong argument to change from hourly pricing to value pricing. Starts with the theory and ends with practical application.

**My recommendation:** This book brought me back to school. It is part college course and part practical application. An excellent and thorough presentation of pricing theory and how to use it. Includes a great section on capturing intellectual capital. I found it refreshing.



Pages: 335 | Published: 2011



## REMINDER: Football Stadium Tax Ends— Last Day September 30, 2015

Taxable sales in Brown County will now be subject only to the State 5% sales rate beginning October 1, 2015. The Green Bay/Brown County Professional Football Stadium District has fully funded a reserve to pay for maintenance and operating costs at Lambeau Field and administrative expenses. Those funds will be used to pay for costs through January 1, 2031.

### The football stadium tax will no longer apply to:

- Sales and purchases made after September 30, 2015
- Services billed after September 30, 2015\*
- The lease, rental, or license of taxable products billed after September 30, 2015\*

**There are special sunset rules** – For customer invoices issued on or after October 1, 2015 for services or for the lease, rental, or license of taxable products should not include football stadium tax, regardless of whether the services are furnished or the taxable products are leased, rented, or licensed to the customer **before that date.**

Make sure you adjust your accounting software!



## Setting Prices: Is it Enough or too Little?

By Mary Guldán-Lindstrom, CPA

As a business owner we struggle with setting prices. If we set it too high - will customers walk away? If we set it too low - will we leave money on the table? The two most common ways I see it done is to; base your price on what everyone else is charging or charge based on your cost. However as a customer we really don't care what your cost is - we pay for something based on the value that we believe we are receiving.

Even though accountants help guide businesses through the financial processes, we have an unusual habit in how we bill. Many firms bill the client based on the number of hours it took to complete or incurred. At this time the client either pays the bills or confronts the person who billed it. Thus we "agree" upon a price with the Client after the service is provided. In most situations the buyer decides on a more definite price before purchasing.

In setting prices, there is a hierarchy of how much leniency you have in setting your price based on what you are selling. So the first step is determining what you are charging for?

- If you charge for *stuff*, then you are in the *commodity* business
- If you charge for *tangible* things, then you are in the *goods* business
- If you charge for the *activities* you execute, then you are in the *service* business
- If you charge for the *time customers spend with you*, then you are in the experience business

If you charge for the *demonstrated outcome the customer achieves*, then you are in the *transformation* business- effectual and lasting.

If you are charging for commodities, goods or services - there is little difference as to who provides it. Thus pricing is very competitive and the lowest price usually wins. If the customer is paying for the time they spend with you or your product, such as a rental or employees then the value is set by the hourly, weekly or monthly rate. Majority of these items have a limited value. They are very competitive and don't provide the "priceless" element. However, if you are charging for the customer transformation, the price can become unique or "priceless". This depends on the perceived value of the transformation to the buyer.

Remember people buy emotionally and justify intellectually. Emotions such as pain and pleasure move people to buy, whereas reason leads to conclusion that it is in their best interest to buy, but it doesn't necessarily move them to action.

A product or service needed is worth more when it is desired or needed than when it is delivered. Think about buying a bottle of water when you are thirsty. Will you pay more for it before you receive it or after? Chances are you will pay even more if you are walking in a very hot desert for hours. You want to agree upon a price at the time the product or service is of the highest value to the customer, when they want it not when they receive it.

As you can tell - Setting prices is an art not a science.

If you would like to refine your pricing and determine the financial impact on your business, we can help rework your masterpiece. For more information contact [Mary@focus-cpa.com](mailto:Mary@focus-cpa.com).

**Business Owners –  
Need help  
maximizing your  
financial success?**

**At FOCUS CPA we are  
accepting new clients.**

Contact Mary at 351-4842  
or [Mary@focus-cpa.com](mailto:Mary@focus-cpa.com) to  
set up a free initial  
appointment to see how we  
can improve your situation.



## September 2015

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## Did You Know About... Fun with Puns

A cartoonist was found dead in his home. Details are sketchy.

I used to be a banker, but then I lost interest.

England has no kidney bank, but it does have a Liverpool .

I tried to catch some fog, but I mist.

They told me I had type-A blood, but it was a Type-O.

I changed my iPod's name to Titanic. It's syncing now.

Jokes about German sausages are the wurst.

I know a guy who's addicted to brake fluid, but he says he can stop any time.

I stayed up all night to see where the sun went, and then it dawned on me.

This girl said she recognized me from the vegetarian club,  
but I'd never met herbivore.