A free chapter

Chapter 7 — Your Service Offer and Pricing Model

This is one complete chapter from Big 4 to Boutique, unedited. It is the chapter readers tell me changed how they thought about what to charge — so it is the one worth reading before you decide whether the rest is for you.

Getting pricing right in year one is the difference between a firm that quietly compounds into six figures of profit and a firm that fails because the founder is working eighty-hour weeks at an effective rate of sixty dollars an hour. This chapter is the most important chapter in the book.

The fundamental pricing mistake

Almost every new firm owner makes the same pricing mistake in year one. They take the billable rate the firm was charging for their time, apply a modest discount to it (because they are, after all, a new firm without the brand), and charge that rate by the hour. A senior manager billing out at four hundred and fifty dollars an hour at the firm sets their new firm's rate at two-fifty an hour and feels like they have priced generously.

This is wrong in three separate ways. First, it misunderstands what the client is buying. Second, it caps your income at the rate times the hours you personally can work. Third, it creates perverse incentives for both sides — you to inflate hours, the client to minimize the time you spend thinking about their situation, which is precisely the time where you add the most value.

The fix is to price in packages, by outcome and scope, not by hour.

The three-tier recurring model

The cleanest model for a boutique tax or advisory practice is a three-tier recurring retainer. Each client pays a fixed monthly amount that covers a defined scope of services. The tiers might look like this, calibrated to your target market:

Foundation tier. Annual tax return, quarterly check-ins, reactive email and phone access. Appropriate for simpler clients who want a trusted advisor on call.

Advisory tier. Everything in Foundation, plus proactive tax planning, entity-level strategy, estimated tax management, and limited representation support.

Partnership tier. Everything in Advisory, plus CFO-style financial oversight, compensation planning, multi-entity coordination, and specific technical specialties relevant to the client's situation.

For each tier, set a monthly number that you can say out loud without flinching. For a specialty tax practice serving small business owners and professionals, a reasonable starting structure in most markets is approximately six hundred, twelve hundred, and twenty-five hundred dollars per month for the three tiers. If your market is more premium (family offices, complex investors, high-income professionals in expensive cities), multiply everything by one and a half to two. If your market is simpler, divide by two.

The specific numbers matter less than the structure. What matters is that the client understands exactly what they are buying, for a price that is predictable for them and profitable for you, and that the relationship is ongoing rather than transactional.

Why recurring beats project

Early-stage firms often default to project pricing: "I'll do your return for fifteen hundred dollars." Project pricing is simpler, and for some edge-case engagements it is appropriate. But as the backbone of a firm it has three fatal weaknesses.

Cash flow is lumpy. You are feast-or-famine, season-to-season, with terrible visibility into next quarter's revenue.

Every new year begins at zero. You re-sell every relationship annually. This is exhausting and capped in a way recurring revenue is not.

The client is conditioned to think of you as a transaction. They do not call you between tax seasons. They do not ask your advice on the decisions that actually matter, because they do not want to "use the meter." You are underutilized, which means under-valued, which means easier to replace.

Recurring revenue fixes all three. It smooths your cash flow, it compounds year over year, and it trains the client to actually use your brain — which is what makes them stick around.

How to land on specific numbers

Start from your required revenue, not from competitor pricing. Calculate the annual revenue you need to replace your salary plus your desired profit margin, plus health insurance, retirement contributions, and taxes. Call that number R. Divide R by the number of clients you can reasonably serve at a high quality. For a solo practitioner in a recurring-advisory model, that is typically forty to sixty clients. R divided by clients is your average annual revenue per client.

Example: you need two hundred and fifty thousand dollars of revenue. You want fifty clients. Your average annual revenue per client needs to be five thousand dollars, or roughly four hundred and twenty per month. That tells you what your middle tier has to be. Work the other two tiers outward from there.

Now sense-check the result against your market. If four hundred and twenty a month feels impossibly high to the small-business clients in your city, you either need a different niche, a different city (most of your clients can be remote), or a different revenue target. If four hundred and twenty feels embarrassingly low — if you would blush quoting it to the clients you actually want — raise it.

The client you are uncomfortable quoting the price to is almost always the client you should not be taking. This is a hard lesson that new firm owners learn repeatedly in year one. Your pricing is your filter. Set it at the level your best clients will pay, not the level your worst clients will tolerate.

The first-proposal psychology

When you quote a price to a prospect in year one, you will want to under-price, because you will be nervous. Do not. Quote the price you have pre-decided in your pricing tiers. Say the number. Stop talking. Let the silence sit. Then let them respond.

Half of the time, they will simply say yes. You will be shocked by how often this happens, and you will realize in retrospect that you were charging far less than you should have been. The other half, they will ask a question or push back. That is fine. Answer calmly, referring to the scope of what is included. Do not discount to close. Discounting signals that your price was made-up; holding your price signals that your service is valued-based.

If you do eventually decide to flex on price for a specific client, never give the discount without removing scope. "I can get to nine hundred a month, but that version is Foundation tier — quarterly check-ins only, no proactive planning." This preserves the integrity of your pricing for every future client.

Raising prices

Every twelve months, raise your pricing on new clients by ten to twenty percent. Every twenty-four months, raise pricing on existing clients, with advance notice and a clear rationale. Clients expect this. The only firms that do not raise prices are ones that are either dying or run by founders who are afraid to have the conversation. Raising prices is how you continuously upgrade your client base: the ones who balk are usually the ones you were already going to outgrow.

Your price is a signal. Below a certain threshold, you are signaling that you are a commodity, and price-sensitive clients will treat you that way. Above it, you are signaling that you are a specialist, and specialist-seeking clients will find you.

That's the chapter.

The other twelve cover the mental shift from employee to owner, financial runway, what skills actually transfer, licensing and structure, your technology stack, where the first ten clients come from, client operations, marketing that works for CPAs, scaling past solo, and the real math on replacing a Big 4 salary.

The book is $79. It comes with five bonuses — the 90-day pre-launch checklist, the three-tier pricing calculator, a proposal and engagement letter template, a 30-day LinkedIn content calendar, and the software stack matrix. Thirty-day money-back guarantee, no questions asked.

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