



CHANGE
GPS

Growth | Profit | Systems

Better Billing Bootcamp

David Boyar & Timothy Munro

Monday 4 September 2023

Timothy Munro

1990 Founded Accounting Firm at age 19



2008 Created "ChangeGPS" in a JV with Count Financial



2011 Established "Change Accountants & Advisors"



2015 Xero Australian Partner of the Year



2016 IPA National Member of the Year, IPA Qld Member of the Year + IPA QLD Practice of the Year



2021 Xero App Partner of the Year – ChangeGPS



2021 + 2022 + 2023 AFR Top 100 Accounting Firms



Former Board Member of IPA + IPA QLD President



Board Member of SAPEPAA

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David Boyar – CEO ChangeGPS



Host of "From The Trenches – Real Life in the Accounting Industry "



Fellow CA



NAB Business Banker



Co-founded the Virtual CFO Association



TEDxMelbourne Talk on "Why people should listen to Accountants"



World Congress of Accountants Global Ambassador



CAANZ Catalyst Innovation Advisor

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Div7A Loan Elimination Tax Advice

DIV7A COMPANY LOAN ELIMINATION PLAN TAX ADVICE

Prepared for
[Client Group Name]

Date Prepared
9 August 2023



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DIV7A COMPANY LOAN ELIMINATION PLAN TAX ADVICE

Hello [Casual Name]

We refer to our recent discussions with you about the various loans made by your companies to shareholders and associates. These are known as "Division 7A Loans".

From 1 July 2023, the ATO has increased the interest rate on these loans from 4.77% to 8.27%, an increase of 73%. This interest rate is the highest it has been in the past 15 years!

As a result of this increase in the Div7A interest rate:

- Your annual interest payable on your Div7A loans will increase; and
- Your annual minimum required repayment on your Div7A loans will increase.

The purpose of this document is to outline our advice in relation to your options for you to either plan for larger repayments or to quickly eliminate these Division 7A company loans.

The key question is this: **How much additional tax are you prepared to pay this year to repay these Division 7A loans faster, and therefore reduce the overall interest you are required to pay over the entire term of each loan?**

Background Information and Assumptions

We understand that as at [DATE], the following companies in your family group have made the Div7A Loans listed below:

*** COPY AND REPEAT TABLE BELOW FOR MULTIPLE COMPANIES***

[Company Name]

Loan Made to:	Amount of Loan	Tax Deductible?
John Smith	\$200,000	No
	\$	Yes / No
	\$	Yes / No

What is "Division 7A"?

A payment or other benefit provided by a private company to a shareholder, or their associate can be treated as a dividend for income tax purposes under Division 7A even if the participants treat it as some other form of transaction such as a loan, advance, gift or writing off a debt.

Division 7A can also apply when a private company provides a payment or benefit to a shareholder or associate through another entity, or if a trust has allocated income to a private company but has not actually paid it, and the trust has provided a payment or benefit to the company's shareholder or their associate.

Available soon
in TAXPLAN
ADVANCED

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Today's Agenda

- Billing + Pricing Starts with YOU
- Boosting YOUR and your Team's CONFIDENCE so you can start charging what you're worth
- How to Analyse Clients and Re-Price them
- Your Better Billing Action Plan
 - 15 Actions Your Firm can take immediately!



Boosting Your Confidence

- Better Billing STARTS with **YOUR MINDSET**
- What is Your **VALUE** to your clients?
 - Do you **TRULY BELIEVE** this?



What is the value YOU provide?

One or a combination

1. Increase in **Profits**
2. Reduction in **Tax**
3. Increase in **Wealth**
4. **Time back** with family / personally
5. **Peace of Mind**



Price:

2 Approaches are needed:

1. Price for **NEW** client
2. Price for **EXISTING** client

Different ways are needed to **CONNECT** with different clients



How do you 'Connect' with a client?

Your client must:

- **TRUST** you
- **BELIEVE** you can do the job the way *they need it done*
- Understand the **VALUE** you will create for them



The only billing question that matters

**How do you
communicate *VALUE* to
your clients?**



The only billing question that matters

V – Value – More Profit, Less Tax, More Wealth, Time Back with Family, Peace of Mind

P – Plan – the story about what you need to do

P – Price



VPP Master Email

Hello **First Name**

[PROJECT NAME] RECOMMENDATION

I refer to our **[meeting / phone discussion]** today where we discussed **[project work]** that would result in **[list out key benefits]**.

[INSERT background story for Project – explain why!]

This email is to explain in more detail the way that you will be better off with my recommendation.

VALUE TO YOU (Benefit)

By **[insert a summary of the actions you want to recommend]**, **[insert benefits]**.

The overall estimated benefit to you is **[insert \$amount or other benefits]**.

THE PLAN (Work Involved)

To achieve this extra benefit for you, we will need to:

- **Action 1**
- **Action 2**
- **Action 3**

All up it will be an extra **[insert number]** day's work for us.

PRICE

We estimate that our price for this recommendation will be **[\$amount]** + GST.

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VPP Master Email

We estimate that you will be about **[\$amount]** better off after our project costs if you agree to implement this recommendation.

This additional work is entirely optional, but we strongly recommend it.

NEXT STEPS

Simply email back confirming that you are happy for us to do this project work for you, and that you agree to this email. Please phone or email us if you have any further questions about this recommendation.

We look forward to receiving your instructions!

Kind regards



How to Work Out Your Price

- Hourly Rates – “x” hours X Hourly Rate
- Last Year’s price increased by x%
- What did the previous accountant charge?
- Fixed Up Front Price



New Large Client Group

"Large Client" Group

Proposal Estimates - Accounting Services

1 July 2021 to 30 June 2022

Entity	In XYZ Quote	Annual Prices						
		BAS Monthly	IAS Monthly	BAS Quarterly	ASIC Service	Tax Returns & Fin Stats	Trust Dist Res	Other Services
Company 1 Pty Ltd	Yes				250			
- Trust 1	Yes					2,500	250	
- Trust 2						2,500	250	
Company 2 Pty Ltd					250			
Trust 3				2,800		7,650	250	
Company 3 Pty Ltd	Yes				250			
- Trust 4	Yes					1,500	250	
- Trust 5 *** Not Yet Set Up***	Yes							
Company 4 Pty Ltd	Yes		2,800	2,800	250	6,750		
Company 5 Pty Ltd	Yes		2,800	2,800	250	5,400		
Partnership 1	Yes			1,400		2,500		
Company 6 Pty Ltd - Finished Trading 1 Aug 2021	Yes				250	4,500		
Company 7 Pty Ltd	Yes			2,800	250	4,950		
Company 8 Pty Ltd	Yes				250			
- Trust 6	Yes			2,800		4,500		
Company 9 Pty Ltd					250			
- Trust 7								
- Trust 8	Yes							
Company 10 Pty Ltd	Yes				250			
- Trust 9	Yes			2,800		4,500	250	

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New Large Client Group

Company 14 Pty Ltd	Yes				250			
- Trust 13	Yes			1,400		2,500	250	
Company 15 Pty Ltd	Yes	2,800	2,800	250	4,950			
Company 16 Pty Ltd	Yes		4,200	250	7,650			
Company 17 Pty Ltd	Yes	2,800	2,800	250	4,500			
Company 18 Pty Ltd	Yes	2,800	2,800	250	4,500			
Individual 1	Yes					350		
Individual 2	Yes					350		
Individual 3	Yes					350		
Individual 4	Yes					350		
Requested Services								
Tax Planning for Group - May 2022	No							7,500
Quarterly Progress Meeting	No							5,400
Fringe Benefits Tax Return	Yes							5,000
One Page Diagram Summary for 2021 Results	Yes							1,000
Updated Business Structure Diagram as needed	Yes							1,000
Brief phone calls + emails from office, Directors to Timothy	No							5,400
Brief phone calls + emails from office, Office staff to Accountants	Yes							8,400
Bookkeeping - \$95 per hour								
Total		16,800	14,000	42,000	4,500	116,050	1,750	33,700
Annual Total of all Services		228,800						

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New Large Client Group

Other Separately Invoiced Entities

	In XYZ Quote	Annual Prices						
		BAS Monthly	IAS Monthly	BAS Quarterly	ASIC Service	Tax Returns & Fin Stats	Trust Dist Res	Other Services
Company A	Yes	6,300			250	5,400		
Individual A	Yes					350		
Individual B	Yes					350		
SMSF 1				1,400	250	3,500		

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Repricing Existing Clients

- Why Reprice?
 - Change in Scope
 - More transactions
 - More complexity
 - Your costs of running your accounting firm are higher
 - You deserve to be paid more



Repricing Existing Clients

- The “Lazy Accountant” avoids the repricing conversation
 - Why?
 - Scared of losing the client
 - Don't like having a “negative” conversation
- You MUST HAVE an annual reprice for ALL clients
 - Build this into your systems
 - Make it the first item in your Annual Financial Statements + Tax Returns job checklist



Repricing Existing Clients

- Full **transparency** is the key
- Use this as an opportunity to **EDUCATE** your clients about your work needed for their current situation
- ***If you don't clearly explain what you need to do (or what has changed) – then your clients will NEVER properly VALUE what you do for them!***



You can be a Re-Pricing Guru!

- Focus on **increase** in client **transactions** – not hours work for you
- Explain increase in **your client's language** – e.g. Doctor – Patients taking 30 min instead of 15 min – lose profitability, need to put rates up – Just like us as your Accountants!
- Be **upfront** with your clients that your costs have gone up – rent, wages (and explain the war for talent!)
- Or ask: **What would you like us to leave out?** Say nothing, WAIT for your client to suggest something (have the awkward silence!)
- Have Standard CPI Increase client in Engagement Letter



How to Analyse Your Clients

THE CHANGEGPS
Post Job Review
Help you to manage Scope Creep

Client Name:	
Job Type:	Eg. Tax Return / Annual Financial Statements / BAS etc

How did you find this job? Easier or more difficult than usual?

What made this job easier or more difficult?

What question would you ask a client next time to prevent the job being more difficult?

Did we charge the correct price for this job? If not, what should we change for next time and why?

Please Rate the following:	1	2	3	4	5
Do you enjoy working with this client + do you like them? (1 is not much and 5 is great)					
Is this client low or high maintenance? (1 is high maintenance and 5 is low)					
Are they stable and likely to be a client for many years? (1 is no and 5 is yes)					
Does this client accept advice from us? (1 is no and 5 is yes)					
Does this client share our values? (1 is no and 5 is yes)					
Does this client pay on time? (1 is rarely and 5 is yes)					
Do they (or will they) buy additional services from us? (1 is no and 5 is yes)					
Should we keep working with this client? (1 is no, 3 is "don't know" and 5 is yes)					

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How to Analyse Your Clients

- Use the **Post Job Review** form for EVERY completed Job
 - Keep Client?
 - If Yes – what Re-Pricing is Needed?
 - If No – how do we Dis-engage?



Fee Scale that's Profitable

- Changes according to:
 - Numbers of:
 - Monthly transactions (bank account)
 - Monthly invoices issued
 - Number on employees
 - Frequency of:
 - Payroll
 - Reporting
 - Bank Reconciliations
 - Quality of Bookkeeping
 - Complexity



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Fee Scale that's Profitable

- DEMO – ChangeGPS Fee Quote Calculator
- Explain how prices can go up or come down depending on transactions numbers
 - This proves you are trustworthy. (Clients love it when you say this!)



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Transparency is the Key!



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Client Communication Plan

- VPP Client email – Repricing Existing Client Simple 2023
- VPP Client email – Repricing Existing Client Detailed 2023
- Repricing Template for Annual Work
- VPP Client email – Fee Quote for New Structure Setup
- Client email – Price Quote for Out of Scope Work



Scope Creep – The **CANCER** in your Firm

- A clear **Engagement Letter** is the Key

 - Have you got the key clauses in your Engagement Letter?
- Train your team WEEKLY to **be aware** of Scope Creep
- IMMEDIATELY discuss the situation with your client
 - Don't leave this to the end of the job
 - Issue a **Price Variation**
 - Have **Roll Plays** with your Team so they feel confident having the discussion
- Have a weekly “Success Story” meeting with your team where they share their success stories – build your team confidence!



Success Stories

- A Sole Practitioner in Northern Suburbs Melbourne made an additional \$280,000 by using the ChangeGPS Fee Quote Calculator
- A 3 Partner firm in Adelaide recovered \$90,000 from out of scoped delivered (but not engaged) projects
- An Eastern Suburbs Sydney Firm increased fees by a blanket 10% and with only 5 clients choosing to leave for a cheaper service.....
3 of the 5 were in 90+ days debtors



Better Billing Action Plan

THE CHANGEGPS

Better Billing Action Plan

15 Proven Ways to Increase your Billings + have Happy Clients + a Happy Team!

Use this Action Plan to review your firm's billing processes and implement 15 key actions to help you bill more, have your clients love your billing transparency, and to give your team the confidence about what to say when a client asks for a discount.

Action	ChangeGPS Resource
2023/2024 Capacity Crisis	
1 Review your prices and raise them by at least 10% immediately.	Engage App Fee Quote Calculator Fee Proposal with Terms
2 Ensure you invoice FBT / BAS Amendments / Trust Distribution Resolutions / Dividend Statements SEPARATELY from your year end work invoice.	Engage App Fee Proposal with Terms
3 Stop giving the "quick advice over the phone". Use VPP emails to easily educate your clients and price for your work.	VPP Client emails - various
4 Show your Value and work to your clients.	TaxPlan App – Scenarios Progress App – Year end summary
5 Quote then Invoice UP FRONT for all work from now on.	Engage App Fee Proposal with Terms
6 Have a 15 min Team Meeting to remind each other of the IMMENSE VALUE you assist your clients with. Be SUPER PROUD of what you do!	Video Recordings of Better Billing Week: Day 1-5
New Clients Pricing	
7 Start using a Fee Scale that's Profitable for your quotes.	Fee Quote Calculator
8 Price for your previous free advice by including an "Unlimited Tax Advice" service in your overall bundle.	Engage App Fee Proposal with Terms
9 Use TRANSPARENCY in your quotes to help your clients trust you and make an easy decision to accept your quote.	VPP Client email - Fee Quote for Small Client
Existing Client Repricing	
10 Ensure you reprice all clients annually using transparent fee increases. VERY IMPORTANT: Send VPP Repricing email FIRST before you send your Engagement Letter for signing.	Engage App VPP Client email - Repricing Fee Quote Calculator Fee Proposal with Terms
11 Run ROLE PLAYS with your team to practice explaining in your client's language why their quote has gone up. Have a weekly "Success Story" team meeting to build your team's confidence.	Transcript of Dave and Tim Role Play
Special Projects Pricing	
12 Use VPP Method to clearly explain your value and the price for special projects, using a price range and work stages approach.	VPP Client emails - various
13 Always invoice separately for Business Structure Advice before you invoice again for setting up the structure. Don't ever give structure advice away for free or over the phone.	VPP Client email – Business Structure Advice Structure App + Blueprint App
Avoid Scope Creep	
14 Ensure your Engagement Letters have the correct clauses to PRE-EMPT scope creep and reminder your team weekly to contact their client at first instance of scope creep with a VARIATION PRICE.	Engage App Fee Proposal with Terms
15 Always create and send your clients a meeting Agenda with specific discussion points and record the actionable outcomes	Core Pro Actions App
What to say when a Client asks for a Discount	
15 "No, but I don't blame you for asking!"	Transcript of Dave and Tim Role Play



The Secret Silver Bullet:

Key strategy for accountants:

Use every opportunity to **REMIN**D your
Clients of your **VALU**E for them



Your Next Steps:

Not a Core Pro member?

See the “Core Pro” product webinar this Thursday at 1pm!



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