

Accountants moving to fixed fees

Mark Fenton-Jones

More accounting clients are asking their accountants to consider a fixed-fee method of billing as a means of gaining certainty on professional fees, a survey shows.

The survey of more than 200 firms from accounting and legal software supplier Advanced Professional Solutions (APS) showed a trend away from time based billing to fixed fees.

According to the survey, accountants want to move away from time-based billing “perhaps reflecting the

difficulty surrounding the accurate capture and recording of time in traditional six-minute or 15-minute units”.

The survey asked accountants what method they used to bill fees. Within practices, a mixture of billing methods are used comprising fixed fee, time-based and value billing.

But on average, about a fifth of accountants used fixed-fee billing while time-based is the overwhelming preferred method for nearly three-quarters.

Asked to forecast the likely position in five years, fixed fees increased sig-

nificantly to account for just over a third of accountants, while time based was about a half and the remainder value billing.

Also in the past year, more than 70 per cent of accounting and legal fee-earners were asked to discount their fees by clients.

While 33 per cent of accountants and 38 per cent of lawyers were asked to move to fixed fee billing, the survey found a significant divergence between the two professions on the issue of absorbing disbursements.

Clients asked only 14 per cent of

accountants to absorb disbursements compared with 63 per cent of lawyers.

Sydney-based APS Group chief executive officer Brian Armstrong said the results showed the pressure was definitely on from clients of both lawyers and accountants when it came to, variously, fees, disbursements and cost-containment generally.

“We’ve heard a great deal about this from our legal and accounting clients and it’s a strong matter of debate,” he said.

“This survey provides some science to that debate.”