



10 Quick Tips to a Successful AE Pricing Strategy



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Increasing your prices is never very popular with clients and you may even risk losing a small percentage of your client base. If you are a bureau, deciding what to charge for auto enrolment services can be a daunting task. Your client will want to know what they are getting in return for the additional fee, therefore, communication will be fundamental to your success. If you do get your pricing strategy right, your clients will thank you for taking the automatic enrolment duties off their hands.

Many business owners, particularly small and micro employers, may undervalue the services bureaus offer. One of the first things you need to consider when increasing your charges is to be confident and positive about the price increases. You must make it clear that the services you provide are worth the amount you are charging. To achieve this, many bureaus are arranging automatic enrolment consultations which clients pay to attend. During these consultations, bureaus can explain each of the steps involved in the AE process and what their service offering is.

Best practice is to clarify the new pricing structure, specify the date at which it will come into effect and explain the benefits. Transparency is the key and you will find your clients less likely to complain if you are clear. It is natural for clients to be cautious when they are told that the prices are increasing, however you must be confident in outlining the additional work and expertise required to process automatic enrolment.

In this guide, we will examine various strategies and tips for communicating the price increase to clients in a way that maximizes their understanding and acceptance of the process.

1.

Communication

The way in which you communicate with clients about your AE services will play a big part of your success strategy. By explaining your price increase and justifying the benefits for your client you will naturally be more successful. Clients will accept the change if they understand the reasoning behind the price increase. A good idea would be to send clients [pre-assessment overview](#) or report in advance which details each employee's pensionable pay, assessment work category and employee and employer



contributions. This tool is available free of charge with innovative payroll software. View sample pre-assessment report [here](#).

2. Customer Feedback



Customers will be loyal to you if you engage with them on a personal level and ask for their feedback. They want to know that they are important and that you care about them and their business. On a one-to-one level you should seek advice from your best customers and explain how your business is adapting to the new auto enrolment obligations. Make it clear that you need to cater to their needs and handle these new

AE tasks whilst still being fair to your clients. If you have actively sought their input, they are less likely to complain as they will feel they are being listened to. This approach will let clients understand that you are trying to be honest and fair. A good exercise would be to ask yourself as a customer how you would like to learn about a price increase.

3. Value Proposition

Be sure to convey the client benefits of outsourcing AE tasks to you. If you take the opportunity to inform clients about the added value, they are more likely to remember and understand your service offering. It will be important to also explain the value proposition to your staff. They will be on the frontline dealing with queries and questions about the price hike. If your staff understand the change, they can appease clients by relaying the benefits. Make every effort to be positive by reassuring your clients that they will get the best quality service. Be confident and do not apologise for the price increase.

4. Charging Hourly?

Charging by the hour is best avoided if possible. Remember, as a bureau you are selling your expertise. If you are using software tools that allow the automation of AE, it is inevitable that you will become more efficient in AE processing. If you choose to charge by the hour, you will naturally work less efficiently compared with charging per AE job /client. Realistically, there are only a certain number



of hours in each day so you will want to maximise your earning potential by charging per client. Fortunately with automation, [AE technology](#) you can work more productively than ever and increase profits.

5.

Cover Costs

Naturally, you will want your increased prices to at least cover any additional costs incurred for processing AE. Some software providers have decided to charge separately for AE modules or add-on's. It is important that bureaux shop around for payroll software that offers automated AE functionality at no extra cost. There are few solutions on the market that offer just that for under [£200](#), with no restrictions on the number of employers or employees that can be set up on the system. Good [payroll tools](#) will



include AE functionality for free and automate AE tasks including employee assessment, communications/letters, handle opt-in and opt-out requests, automate postponement & postponement letter, batch process multiple tasks, include a payslip facility, and offer direct integration with leading pension providers. Ensure that your pricing structure exceeds your operational costs.

6.

Automate & Streamline

In the last few years, technology has changed the nature of handling payroll for your clients. Recent developments in [payroll](#) have allowed bureaux to seamlessly process RTI and now technological advancements are doing the same for automatic enrolment tasks. Automating AE tasks provides a massive competitive advantage for bureaux in today's payroll world. The faster you process each client through AE, the more you will increase productivity and revenue. AE can be automated by [payroll software](#) which should be included as a standard free feature in your current payroll package.

Automation reduces processing time, increases accuracy and reduces human error. To fully capitalise on profits, ensure your payroll has no limitations when it comes to the number of employees or employers that can be added. Free support will also reduce operational overheads. [Pre-assessment](#) and post-assessment reporting functionality will be useful tools to help you clearly communicate with clients. This report should detail each employees worker category, their qualifying earnings, and include employee and employer contribution figures.

7. Discount

Some payroll bureaus have increased their prices but offered a discount if their clients sign up before a specific date. For example, you could offer a 20% discount if the client signs up one month before their staging date. Remember everyone loves a bargain. By outlining a savings opportunity, clients are much more likely to focus on how much they save rather than how much extra they need to pay. It will be important to remember your loyal customers and it would be worth considering promoting a reduced rate for this client segment. For example, if you decide to increase your charges by 25%, you could then offer a 10% discount to valued customers who may perhaps refer you a lot of business. Successful bureaus use this discount window as a method of increasing early adoption rates.

8. Various Pricing Options

By offering a range of pricing packages, clients can evaluate each one and choose the package that most suits their needs. One example is a [tiered based pricing structure](#), where clients can choose from a menu of pricing options. By offering different pricing options, your clients will feel like they are in control. Clients can choose what they want to pay for and what they would like to outsource to you. Keep in mind that the Pensions Regulator states that 78% of employers will look to a payroll professional to assist with AE. The majority of these employers will want their accountant, bookkeeper or bureau to look after all of the AE tasks. Be sure to increase your prices enough so that you won't have to do it a second time in the following year.



9. Cross Selling Opportunity

If you are a company that offers other services such as tax returns, bookkeeping, audits, tax planning, HR services, etc. you will have an opportunity to cross-sell these services, especially to new clients. By offering a related service as an upsell or cross-sell, it can become part of your strategic growth plan, as employers will want to consolidate all of their outsourced services to one person. This is a great way of increasing revenue from the same number of clients. Basically you will be a one stop shop as you will be solving more than one problem for the client.

10. Just do it!!



Nike's motto speaks for itself. Get out there and make sure your clients know you are providing [automatic enrolment](#) as a chargeable service. Your clients will be surprised if you don't increase your charges, especially with the additional setup time initially required. If you are still reluctant to increase your prices, you could decide to only increase your charges for new clients. Try testing it on one or two clients to

find out what the potential sales barriers may be. It would be advisable to look at free and paid CPD [events](#) that bureaus can attend to make sure they are up to speed with automatic enrolment. Find out more [here](#).

To wrap up

There are many key factors to consider in order to take full advantage of this unique opportunity. Don't forget to let your clients know well in advance that auto enrolment will result in an increase in pricing. Early and clear communication is key to successfully increasing prices. Your customers will take the news a lot more graciously compared with suddenly springing it on them.

Expect clients to nitpick because some people like to complain. People find fault because they want validation for their thinking and viewpoint. Listen to their concerns but explain again why you are increasing your prices by outlining the benefits to them. If you undercharge your clients and operate a low profit margin you will run the risk of losing business. By clearly outlining the additional benefits that you bring to the table, clients will readily accept the service offering and you will ultimately succeed.

You may lose one or two clients along the way, however you will make room for new clients to come on board who will value your service offering. Get organised and start engaging with your clients today! Decide on a pricing structure that suits your business. Another useful guide published on AccountingWEB examines [Three unique auto enrolment profitable pricing strategies](#).



Auto Enrolment Pricing Webinar

24th March: 3 unique Auto Enrolment pricing strategies

With the added workload required to process AE, it is inevitable that clients should expect to pay more for the extra work provided. However, finding the right pricing strategy will be a key factor to increasing profits. If the price is set too high, clients may go elsewhere. If the price is set too low, the opportunity to increase revenue may be missed. Fundamentally, the price a bureau charges will need to cover any additional investment in software and additional hours involved in processing AE.



Discover three simple but effective pricing plans that allow bureaus to offer auto enrolment as a chargeable and profitable service.

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Full Agenda

AE Webinars

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