



# How to get the best out of Xero for your practice



# If you want to grow a thriving accounting or bookkeeping practice, embracing technology is non-negotiable.

But that doesn't just mean setting up cloud bookkeeping software and cracking on as usual. Beyond the initial software installation, there's so much more you can do to increase efficiencies and boost profitability with technology.

For starters, you could explore [compliance](#) and [practice management](#). Then there's [ecosystem](#) functionality that fosters collaboration with clients, automates manual tasks, and equips them with reliable and accurate data.

Instead of treating your software package like a single tool, you can fully integrate and connect it so your teams aren't duplicating efforts across multiple platforms.

In this guide, we explore how you can evolve from a practice experimenting with digital tools, to one that is fully integrated and connected through an end-to-end solution. We look at the challenges many practices face on their digitalisation journey, and how you can get the best out of Xero.

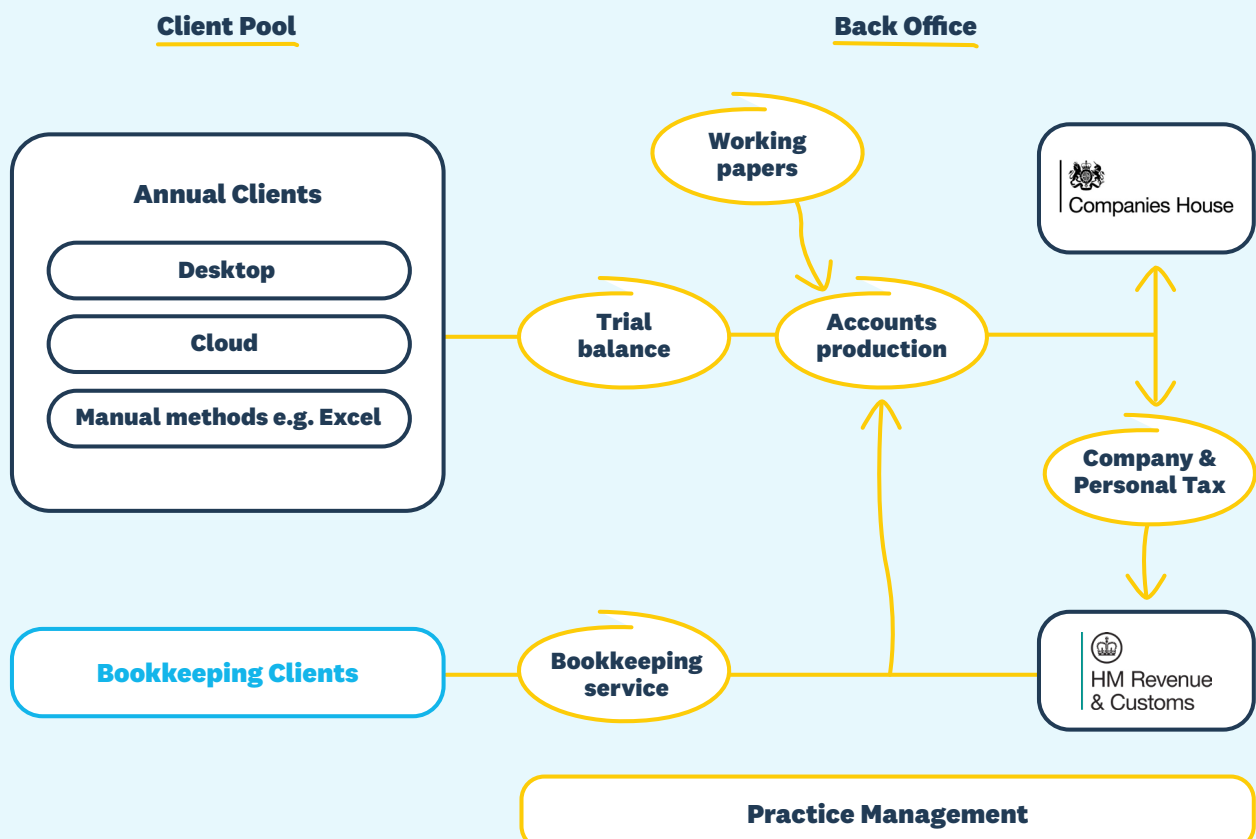


# The traditional workflow: A snapshot

Even if you're using cloud-based software, such as Xero, it can be hard to shake off some of the traditional habits and processes. You might still be manually uploading transaction data from a spreadsheet to software, or spending hours chasing up clients for records, even though these tasks could be automated.

As a result, you might face a half-in half-out situation: You've adopted cloud-based software, but you're not benefiting from the full functionality. Disconnected systems, manual processes, and client dependencies result in a fragmented workflow that's tricky – or impossible – to scale.

To understand the limitations of traditional habits and processes, **let's look at an example workflow.**



# Stages of a traditional workflow

Using cloud-based software to its full potential means you can do away with additional programmes and complicated systems. As you move along your digitalisation journey, you may find that old habits are limiting your growth. Maybe you recognise these workflow examples in your practice:

**1. Data gathering** is sporadic. Your practice relies on clients to send information, which can often be up to a year's worth of paper records in one go. Then, you manually sort and input the data into multiple disconnected systems. If data is incomplete or missing, it's back to the client before you can finish the job.

**2. Data processing and reconciliation** are time-consuming. You use spreadsheets or desktop software to manually reconcile and fix transactions. Coding is cleaned up, and a trial balance is produced based on your data inputs.

**3. Preparing deliverables** involves multiple programmes. You generate year-end reports and tax returns based on manually inputted data – and there's no access to live data to guide advisory.



## Obstacles to a practice's success

To meet the needs of various client types, your practice might opt for a variety of standalone tools and systems instead of optimising your cloud-based software. But this can mean you lose precious time to manual data entry, chasing up clients, and duplicating work across systems – all things that could be handled with one centralised solution.

Ultimately, this convoluted workflow limits client and practice growth. **Perhaps you've faced obstacles like these in your practice:**



## Impact on a practice

With countless hours dedicated to manual data entry and hopping between systems, there's little time left for learning new skills or providing advisory services. Instead of working on stimulating strategic projects and taking full advantage of cloud-based software, teams are trapped duplicating each other's work, often resulting in errors being made, and only scratching the surface of digitalisation.

These limitations don't go unnoticed by clients, either. They could perceive the practice as capable of compliance only. Strategic advisory and personalised business support will be off the table.

The upshot? You're stuck being reactive instead of proactive. There's no time for improving client services or growing your practice.



# The alternative: A single platform solution



Keeping track of multiple software programmes and systems is a full-time job. But a single fully-optimised cloud-based software package can do the work of many tools – without the need for multiple subscriptions. Using cloud-based software to its full potential eliminates the need for isolated tools and outdated processes.

Combining the inbuilt cloud software features with apps and integrations means you can manage your clients and practice in one place. Automation that alleviates manual data entry and pulls in live account data means you have a comprehensive view of your practice and your clients' accounts.

You don't have to walk the tightrope between multiple programmes and tools. Instead, one software package that's fully optimised can be an end-to-end workflow solution for your practice.

**1**

Transaction data is collected, organised, and entered into an accounting system

## Data gathering

Collect transactions

Client collaboration

**2**

Reconciliation activities are completed, coding is cleaned up, and a trial balance is produced

## Data processing and reconciliation

Reconcile and fix

**3**

Leverage data to prepare reports, use templates, and submit tax returns

## Prepare deliverables

Year end deliverables

# What does an end-to-end platform look like?

**1. Data gathering** is more organised and requires fewer back-and-forths with clients compared with a traditional workflow. [Integrated apps](#), such as [Hubdoc](#), allow you to extract information from invoices and upload it directly to your accounting software.

**2. Data processing and reconciliation** are fast and automated. Bank rules and cash coding [automate reconciliation](#) to lift the burden of manual data entry. You can easily search and recode historic transactions, ironing out errors in a few clicks.

**3. Preparing deliverables** is less time intensive since cloud-based software can [compile reports](#) and generate submissions based on your digital records. Practices can send client [tax returns](#) directly to HMRC from within the platform.

**4. Managing the practice** can be done with greater control, with a [central place](#) to manage clients and jobs as well as to complete the work. Practices will have the right level of visibility across their staff and clients in order to collaborate effectively.



# Advantages of an end-to-end platform



## **By fully integrating your cloud-based software, you can go beyond the basic bookkeeping and accounts features.**

With connected data improving your efficiency, practices can save more time – with workflows for VAT, accounts production, tax, and payroll and reporting all in one place. Workflows can be tracked and managed with powerful cloud practice management functionality.

More automation means less manual entry – saving time and increasing accuracy. Instead of you manually coding, matching, and reconciling transactions, the software can give you a helping hand. With less time spent on admin, you can commit to offering high-value advisory services or upskilling your practice.

Integrated workflows ease the pressure on your team by swapping outdated legacy programmes for one single system. With the right app integrations, you can customise your workflows so that every aspect of your practice management is covered.

Clients can be given access as needed to upload documents or view reports – meaning you won't need to spend as much time chasing them up. Everyone gets the right level of transparency – so clients can share information seamlessly, and staff can pick up jobs and see the work completed. Clients can even provide data and access through the mobile app.

With the [next phase of Making Tax Digital \(MTD\)](#) on the horizon, advancing your digitalisation journey could free up some much-needed capacity in your practice. Your employees can focus on delivering MTD-compliant services, educating clients, and developing digital skills.

But perhaps most importantly, an end-to-end platform can help you deliver tailored services to your clients. With live accounts data at your fingertips, you can generate reports in a few clicks and help keep clients on top of their cash flow. Instead of just using cloud-based software for compliance, you can use it to guide your clients on [strategic financial decisions](#), positioning you as their trusted advisor.



# The long-term benefits of an end-to-end platform

**Having an end-to-end platform enables you to be proactive with your clients. You spend less time balancing multiple tools and systems, and more time enhancing your client services. With access to reliable and timely data from across the business, you and your clients get insights from one connected system.**

The work stays interesting for you and your employees too, with new tech opportunities to explore and a library of integrations to experiment with. As your practice grows, you can continue adding new integrations and workflows to your existing software package.

Practices are future-proofed, with [HMRC-recognised MTD software](#) that promises to get the job done now and [in the future](#).

Without an endless stream of admin, you can grow your services and client base, as well as your profit margin. Plus, teams can choose to [work from anywhere](#) and collaborate with clients remotely and internationally.

As your practice grows, you can stick with the same core software. Once customised with apps and integrations, the same platform can work for clients of all sizes and industries. And you'll finally have time to onboard them, thanks to the increased workflow efficiency.





Sach Yadav, Pennyhills & Marcus Bambridge, Xero

# Optimising your use of Xero

Digital practices thrive on Xero. A bundle of disconnected tools can be replaced by a seamless, scalable workflow that runs on a single cloud platform and ecosystem of apps to customise your operations.

You can shape Xero to fit your practice perfectly – whatever stage you and your clients are at.

While you might already be using some of the inbuilt features, **here's some functionality you might not have discovered yet:**

- ✦ [Bank feeds](#) and bank rules automation
- ✦ Library of other tools like [Xero HQ](#), Xero [Practice Manager](#), Xero [Workpapers](#), and [Xero Tax](#) that use connected data and a single platform, increasing your efficiency
- ✦ Connected tools like [Hubdoc](#) that speed up data entry
- ✦ [Xero Go](#) – a free business tracking app for your smallest clients. Transition price-conscious clients from paper to digital with our free-to-use mobile app.

# Can Xero grow with me?

**Absolutely.**

**We know that as you develop your practice you could be taking on larger clients with complex business models.**

The way you're using Xero today might not be the answer tomorrow – but with a library of [app integrations](#) to fulfil every practice and client need, additional functionality is already at your fingertips.

Because Xero has a variety of different subscription types and a suite of practice tools, it doesn't matter what records your clients give you, your workflows can be standardised across the Xero platform into an easy, streamlined process.

Xero software helps you create capacity within your practice enabling you to do more, whether you want to scale and grow, take on new clients, or offer additional high-value services like advisory.





# The Xero practice workflows

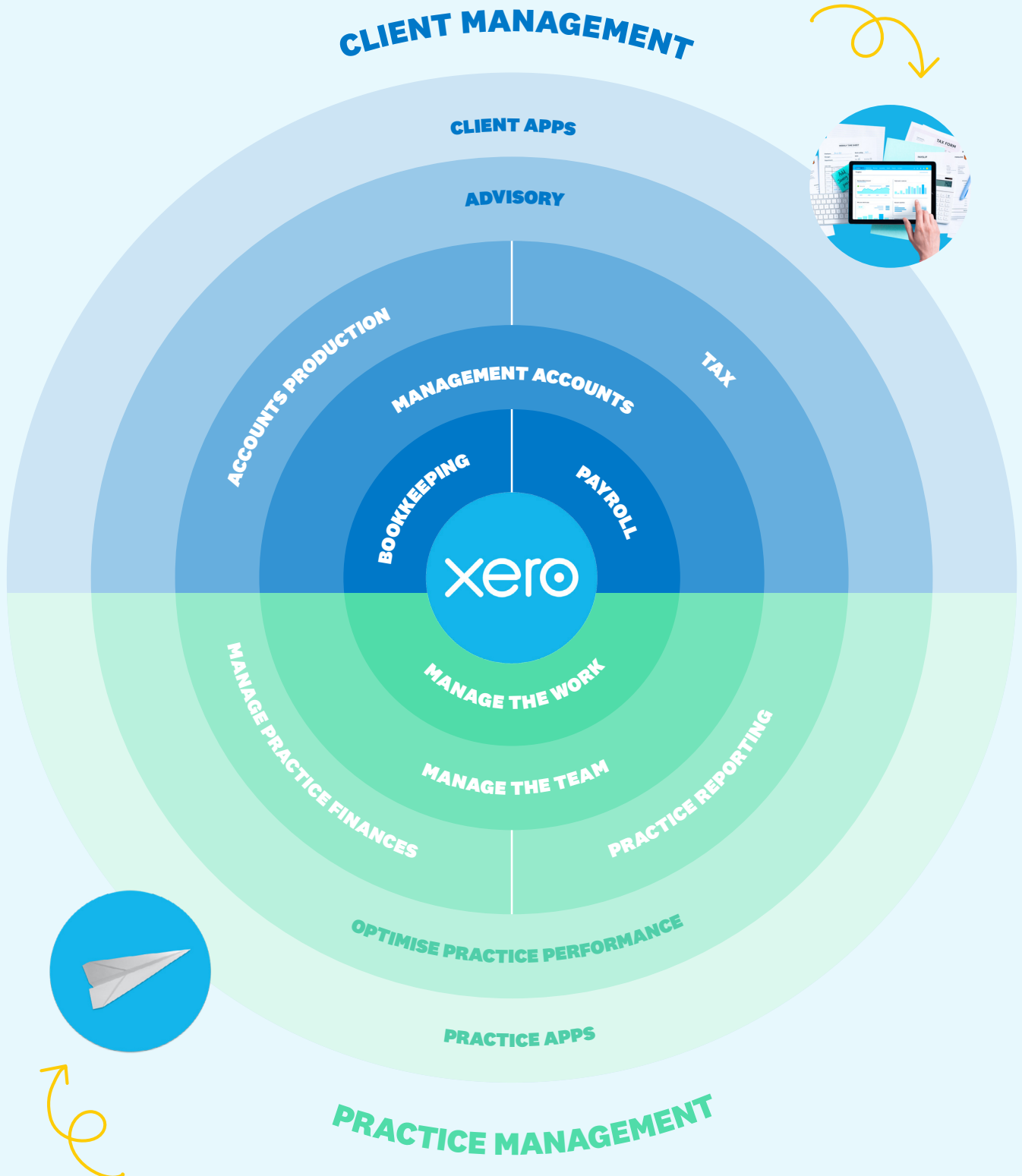


Xero houses multiple tools under one roof for you to use with clients and your practice. Some you'll be familiar with, but others you might not be utilising to their full potential. Let's revisit each one, so you can learn how they increase your practice efficiency.



Emma Reid, Cottons Group & Marcus Bambridge, Xero

# Xero: one connected platform





# Client management:

## Software fit for every client need

**Whatever tasks clients send your way, you can be confident you have the tools for the job with Xero. Our features cover the entire client workflow, so your practice can team up with Xero to support clients every step of the way. Let's explore how.**

### Centralised client management

Think of [Xero HQ](#) as the digital headquarters for your practice. Use the single contacts list to manage all of your clients in one place, assign staff members to clients, craft your own practice report templates, and connect with new clients through the advisor directory.

We hear from a lot of practices that getting client records is a time-consuming, manual process with lots of back and forth communication. Contacting clients happens on a one-to-one basis, which is virtually impossible to scale. [Xero HQ Ask](#) lets you request exactly what you need in a secure way that makes it easy for clients to respond.



### Bookkeeping

Xero's bookkeeping software can help you manage client data and encourage good record keeping habits, whether your clients are the shoebox-full-of-receipts type, or seasoned cloud software users.

Using Hubdoc, clients can share invoices and receipts with you in Xero. Hubdoc automatically extracts the data from these items so you have less manual data entry on your plate, and fewer back and forths with clients.

Set up bank rules and automatic coding to quickly reconcile transactions. Meanwhile, the real-time dashboard and live bank feeds give you a glimpse of your client's financial picture at any time, so you can help them keep on top of cash flow.

### Payroll

Tax, pay, and pensions are easily automated with Xero's integrated payroll software – so clients never have to worry about whether the right contributions are made.

You can complete pay runs in a few clicks, and make HMRC-compliant RTI submissions all from the platform. And for clients curious about the granular details of transactions, contributions, and remuneration – payroll reports gives them deeper access to insights about staff compensation.

## Accounts production and tax

Disconnected bookkeeping, accounts and tax software often require typing data across multiple places. Manual data entry is prone to human error, and could affect the reports and tax returns you submit on behalf of clients.

Data held in Xero connects to [Xero Tax](#) - our solution for accounts production, company tax, as well as personal tax. All you need to do is hit refresh in Xero Tax to see up-to-date accounts data, which can be directly pulled from your accounts into the tax return.

[Fixed Assets](#) is built to save you time preparing accounts and tax returns. When you add and dispose of assets within Xero, those movements pull into the capital allowances schedules and ensure you don't miss any allowances.

The review process can be completed in the Xero Tax, meaning less time following up to find out job status.

## Management accounts and advisory reports

Using Xero analytics and [report templates](#), you can build a customised set of professional reports that inform and enlighten clients about their finances. With data drawn from Xero, you can be confident reports are accurate and reliable.

Draw up annual accounts, see future cash flow, check financial health and track metrics. Upgrade from Xero Analytics to Analytics Plus for more.

## Client apps

Ecosystem apps and integrations supplement Xero's core functionality, so you can customise and tailor the software to your needs. Build a tech stack fit for the future of your practice.



Dan Crowther, Thorne Widgery & Kat Bond, Xero

# Practice management:

## Implementing Xero in your practice

The Xero functionality you're already familiar with is available for your practice – not just your clients. With access to your own free practice organisation, you can manage workloads and staff, generate reports, and optimise your workflows to be more consistent and efficient. Let's explore how you can take advantage of the full suite of Xero practice tools.

### Manage the work

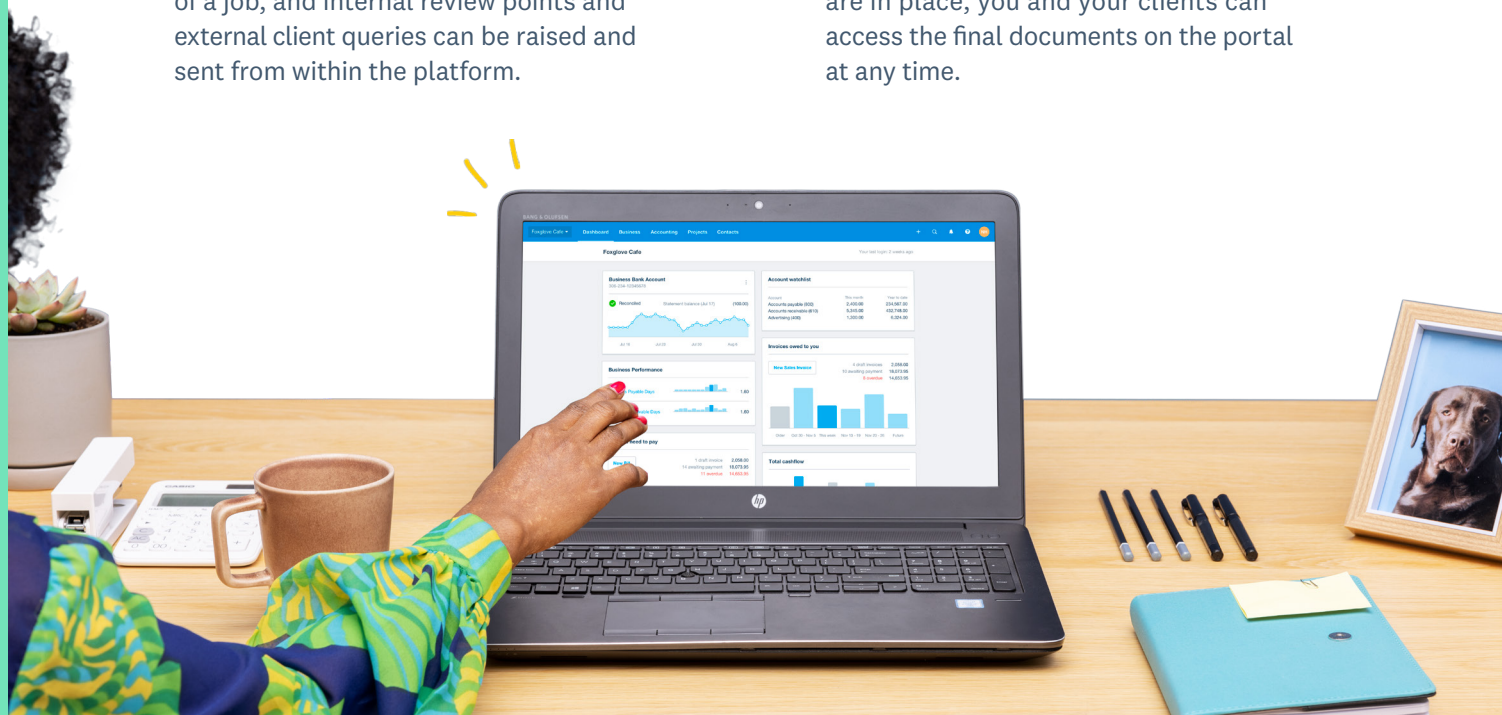
Historically, practices have used spreadsheets and disconnected software to manage jobs. Timesheets are also handled separately, and completing them is often left until the end of the week. This makes it difficult to accurately track workload and keep on top of deadlines.

[Xero Practice Manager](#) lets you create job templates from quotes and invoice clients directly using your timesheets. It's easy to assign and delegate jobs, track upcoming work, bill accurately, and view practice performance data. With Xero Practice Manager, create better timesheet habits, and track staff capacity and KPIs easily.

**Here are some additional Xero features that help you manage the work in your practice:**

✦ **Workpapers:** Many practices host their workpapers in spreadsheets – but these are hard to update when accounts figures change, and formulas are prone to breaking. [Xero Workpapers](#) use data that's already in the platform. So if you're keeping Xero up to date, your workpapers will always be correct too. Workpapers show you the status of a job, and internal review points and external client queries can be raised and sent from within the platform.

✦ **Document packs:** Getting documents signed off can be a convoluted process. Do you send them via post? Pop them in an email? Or meet with clients in person? With [Document packs](#), the process is simple. Pin where you need signatures and by whom, then send all the documents securely for the client to e-sign. Once the signatures are in place, you and your clients can access the final documents on the portal at any time.



## Manage practice finances

Simplify your internal bookkeeping with your [free practice](#) subscription. Send invoices with a 'Pay now' button, issue statements and automatic invoice reminders, and quickly reconcile client payments with their invoices. Using your practice's free subscription can help you get to grips with Xero for clients much quicker too.

## Practice reporting & optimisation

Using Xero's practice management software, you can run standard reports, customise reports, or build your own from scratch. You decide what you want to measure in your practice – like productivity, jobs, time, and costs. Xero generates reports that deliver reliable data insights, including charts that are easy to understand at a glance.

Understanding your team's performance is essential for improving efficiency. Xero practice management software equips you with management reports that allow you to see how profitable and productive your practice is. Work In Progress reports show you the billable value of uninvoiced time and costs – so you can spot potential losses.

## Practice apps

Every practice has unique needs, and your tech stack should reflect this. Our app library is home to a variety of additional tools that help you keep the cogs turning in your practice. **Here are two workflow examples:**

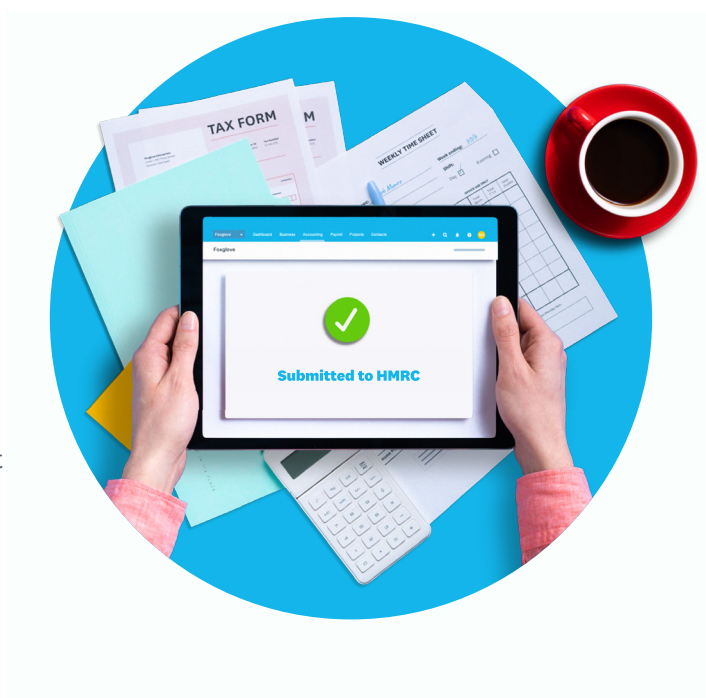
### ✦ Proposals

Combine Xero Practice Manager with [Ignition](#), and send professional proposals in minutes. With Ignition and Xero Practice Manager, you can clearly define the services you offer, the scope of work, and pricing.

Information in your proposals is automatically transferred to your invoices, so billable items are neatly recorded as line items.

## Tax for practices

Generate practice accounts in a flash, and submit returns with Xero Tax. Instead of manually transferring data between platforms, you can manage all of your accounts and tax return processes from within Xero Tax. Data travels seamlessly between the books, accounts and tax, so you can be confident your returns are completed correctly – with the most up-to-date information.



### ✦ Document management, onboarding, and client communications

Combine Xero Practice Manager with [FYI](#) to make sure you never lose sight of a client email, document, or spreadsheet. The app is purpose-built for accountants as one secure system that links resources back to relevant clients and jobs.

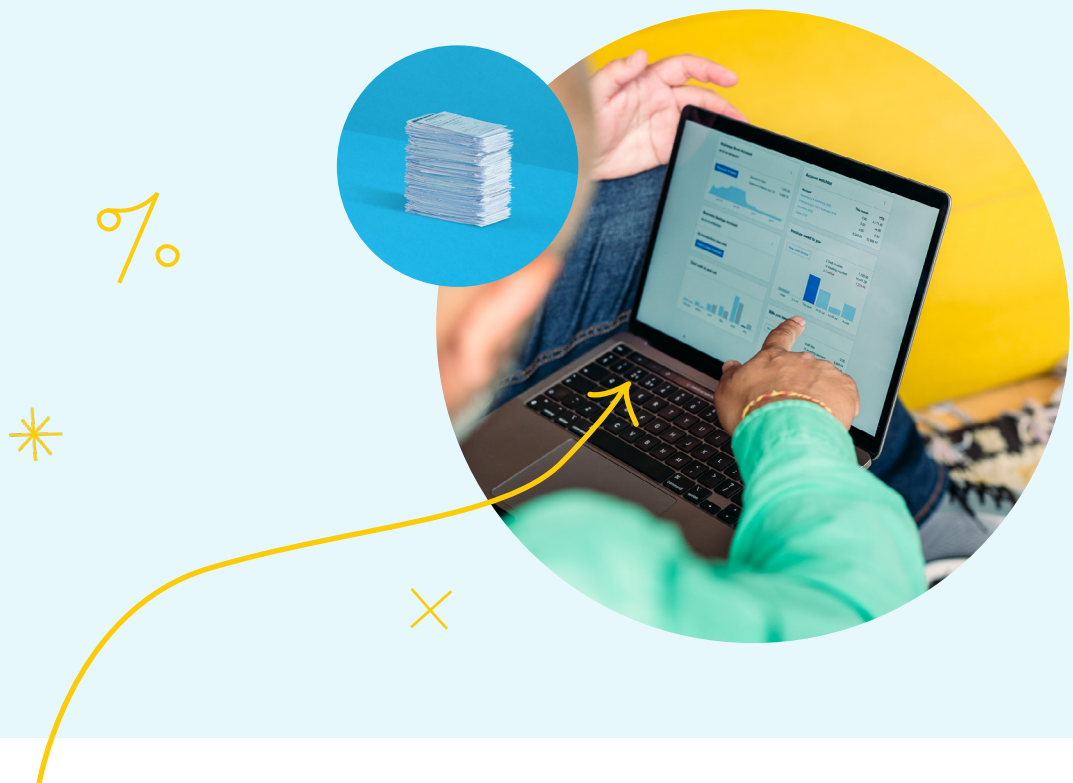
Xero Practice Manager is your single source of truth, while apps like FYI save your practice valuable time by using information stored in Xero to generate email and document templates.



# Practices that want to future proof use Xero

With a streamlined end-to-end workflow on a single platform, Xero enables you to add more value to your practice.

- ✦ **Bookkeeping** automation allows you to further reduce manual inputs and claim back hours in your workday. You gain access to real-time bank feeds and live data to bolster your advisory services. VAT returns can be prepared and filed online securely to HMRC.
- ✦ **Practice management** capabilities mean Xero's user-friendly platform can be applied to your practice. This means you can reduce the risk of missing deadlines, create better timesheet habits, and track staff capacity and KPIs easily.
- ✦ **Compliance** is simplified with accounts production, company tax and personal tax solutions all in one place, with connected bookkeeping data.
- ✦ **Ecosystem** apps and integrations supplement Xero's core functionality, so you can customise and tailor the software to your needs. Build a tech stack fit for the future of your practice.







**Curious** about how you can  
continue optimising and integrating  
Xero into your practice?

**Check out our Practice Efficiency Hub,  
or get in touch with your  
dedicated account manager**

