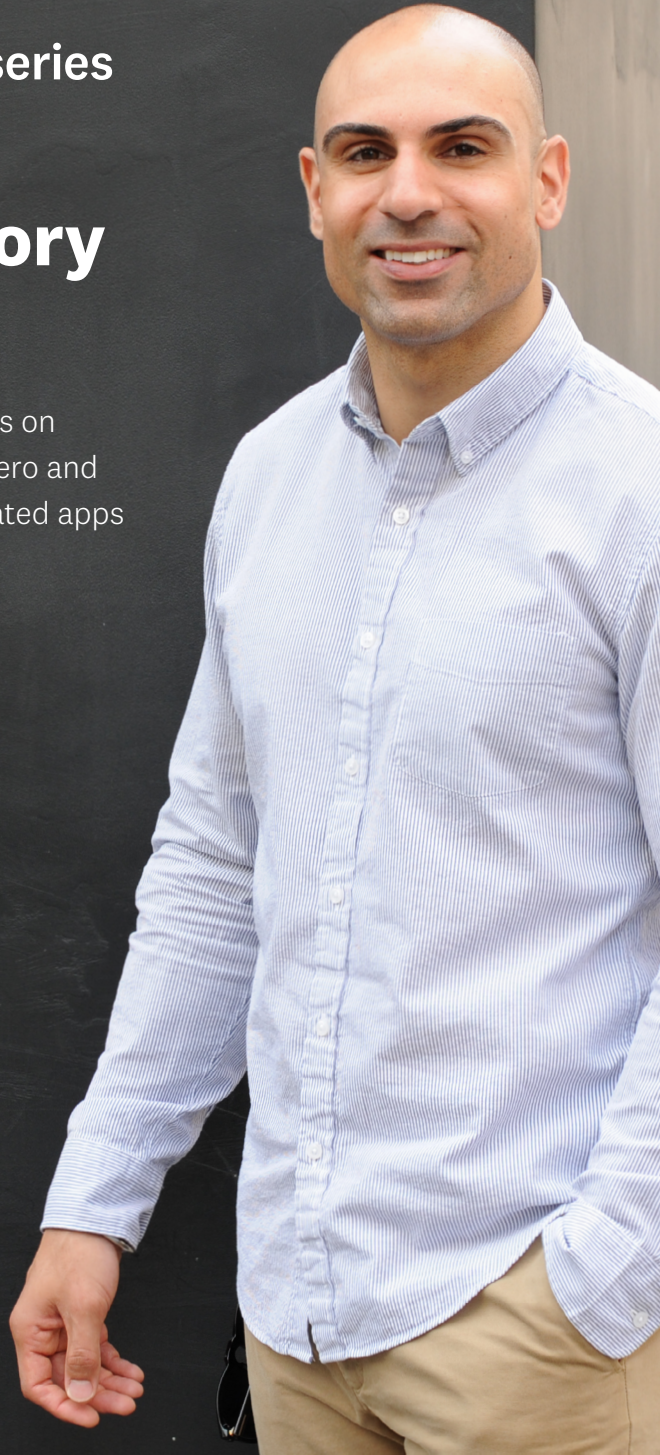**App playbook series**

Cash flow app advisory playbook

How to advise your clients on getting the most out of Xero and choosing the right integrated apps

xero

Contents

Who the cash flow apps are for

Healthy cash flow is the lifeline of any business, regardless of the industry or size. Without it, the most promising ideas or firms will fail.

Yet, it's an area many businesses need help with. Our research shows that, as of July 2018, just over half of businesses are cash flow positive.* As an advisor, you can help your clients improve the health of their cash flow while developing the value of your advisory services.

This playbook sets out the three key areas of cash flow app advisory and the corresponding technology stacks to help your clients succeed.
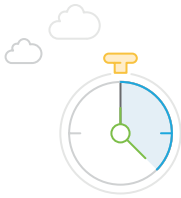
Improving efficiency   Cash flow insights   Cash flow action plan

Buchule Sibaca, SMTAX, South Africa | Xero partner

Understanding your client's business

Build a business profile

The first step to getting started with successful cash flow advisory is learning more about your client's business.

We recommend building a business profile covering the areas in the table below.

Financial health	Is your client's business cash flow positive or negative?
	If negative, is this putting their long-term viability at risk?
Goals	What is your client's business trying to achieve over the short and long-term? Do they want to increase efficiency, grow their business, or do both?
	Does your client have a plan to achieve their goals (including access to the capital required)? Does their current financial health restrict or enable their goals?
Business data and tools	Which version of Xero does your client use? Are they trying to manage incoming or outgoing cash flow, or both?
	How much of your client's data entry into Xero is automated?
	Are there any areas of your client's revenue and expenses that aren't effectively accounted for?
Cash flow pain points	Are your clients struggling with late payments?
	Are your clients looking to gain access to capital?
Number of employees	How many employees do they have? Are they looking to grow their employee numbers or stay the same?
Technology proficiency	How experienced is your client and their team with using apps and other software?

You could consider applying this lens across all your clients. It will show you where the greatest need is and help you decide whether to focus your advisory services on a particular aspect of cash flow management.

Alex Falcon Huerta (left) and client, Soaring Falcon Accountancy, United Kingdom | Xero partner

Key focus areas for cash flow advisory

Key focus areas

Below are the key focus areas that underpin a successful plan for improving the cash flow health of most businesses. This playbook looks at each of these areas.

Focus area	Improving efficiency	Cash flow insights	Cash flow action plan
Objectives	• Achieve compliance • Drive efficiency within the business and in your practice • Create a platform of rich data	Create a clear understanding of current and future cash flow	Create a roadmap to achieve cash flow objectives
Client outcome	• Reduce time spent on collating and submitting bills and expenses • Create a baseline of data to better understand cash flow	Understand the cash flow impact of different business scenarios	Have a clear action plan and use the right technology to improve cash flow
Practice efficiency	• Reduce time spent on data entry	Reduce time spent on complex manual forecasts	Redistribute some of the time spent by advisors on compliance to outcome-oriented business advisory

Prioritising the key focus areas

Once you've profiled your client's business, use the client scenarios below to prioritise which areas to focus on first.

Each focus area builds on the next. So if your client requires help in multiple areas, we recommend you work through this playbook step by step, in the order presented.

Client scenario	Focus area/s
• Client is cash flow negative • Current cash flow does not facilitate reaching their goals and/or puts longevity at risk • Client requires access to additional capital to achieve their goals	• Improving efficiency • Cash flow insights • Cash flow action plan
• Client requires optimisation of cash flow due to missed or unaccounted for data • Client has little or no automation of data entry into Xero	• Improving efficiency
• Client requires a deeper understanding of their cash flow to plan for new scenarios	• Cash flow insights
• Client is looking at implementing new processes to improve cash flow performance and/or efficiency	• Cash flow action plan

Cheat sheets

for each focus area

Improving efficiency

Improving efficiency through data automation

Efficient compliance is about more than getting a tax return in on time. It's the foundation for advisory and plays a critical role in cash flow forecasting.

When your client has mastered efficiency with the help of automation, full and accurate data for their business will be available in Xero without time-consuming data entry. For your practice, it means less time spent on repetitive tasks, which frees up time for higher value activities.

This section uses insights from your client's business profile to:

• make sure your client is set up to get the most value from Xero

• explore the online interactions between Xero and other areas of your client's business, including banks and payment merchants

• assess the opportunity for further data automation and match your client's requirements to the right tools

Choosing the right Xero plan

Xero offers three key plans to serve small businesses, Xero Ledger, Xero Cashbook and Xero Business Edition (starter, standard and premium). Compare the benefits in this chart, and view the features of each plan in the table below.

	Xero Ledger	Xero Cashbook*	Xero Business Edition		
			Starter*	Standard	Premium
Prepare annual accounts	✔	✔	✔	✔	✔
Practice staff can set up, code and manage client accounts	✔	✔	✔	✔	✔
Manually import client bank transactions	✔	✔	✔	✔	✔
Allow clients to view their data and reports	✔	✔	✔	✔	✔
Allow clients to code transactions		✔	✔	✔	✔
Daily bank feeds of client bank transactions		✔	✔	✔	✔
Reconcile bank transactions			✔ (20)	✔	✔
Enter bills, including document automation			✔	✔	✔
Send invoices and quotes			✔	✔	✔
Integrate with leading business apps for retail, trade, construction, professional services, property and others			✔	✔	✔
Handle multiple currencies					✔

Note: Plans vary by region; please visit xero.com to view further details.

Which plan is right for my client?

Xero Ledger is a great value tool to process annual accounts and provide your clients with visibility into their financial data. However, it relies on manual imports and coding so doesn't offer the level of automation or transaction detail to efficiently manage cash flow.

For successful cash flow advisory, we recommend your client upgrades to Xero Cashbook or Xero Business Edition.

Xero Cashbook

Xero Cashbook offers the first step towards the automation required for effective cash flow advisory. Bank transactions flow directly from your client's bank accounts, so accurate reliable data is available in Xero automatically. It's available only through Xero partners.

Xero Business Edition

Xero Business Edition offers the most extensive features for improving cash flow management. In addition to those offered by Xero Cashbook, they include:

- in-app invoicing, bill management and inventory which allow clients to take a proactive approach to their day-to-day cash flow
- Xero's mobile app, allowing clients to check the status of their financials on the go
- the option to use Xero add-ons for managing projects, expenses and payroll, which provide integrated business management tools
- over 1,000 connected apps in the Xero ecosystem, many of these in the Xero App Store

Automating reconciliation

Using the right transaction codes is crucial to understanding the true drivers of cash flow performance. If coding is done manually, it can be a long and error-prone task.

Xero Cashbook and Xero Business Edition allow your clients to automate entering and reconciling data via bank feeds (refer to the table above).

Setting up bank feeds

Xero Cashbook and Xero Business Edition allow you or your client to set up feeds from multiple banks and any number of bank accounts. Direct bank feeds are automatic, secure, accurate and reliable, so there's no need to do manual imports.

You can search for banks that integrate with Xero directly within Xero and on the website. Find out more about bank feeds here.
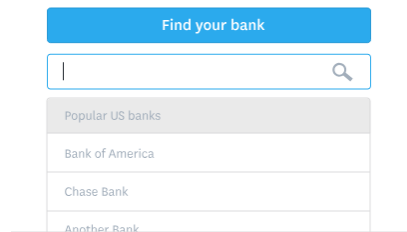
Setting up bank rules

Bank rules make reconciliation even faster. Once set up, Xero uses bank rules to create suggested transactions for bank statement lines.

For more information on bank rules, visit Xero Central.

Automated transaction matching

Xero quickly learns from what's gone before, matching and coding bank transactions even when no bank rule has been set up; all that's needed is to confirm the suggested matches.
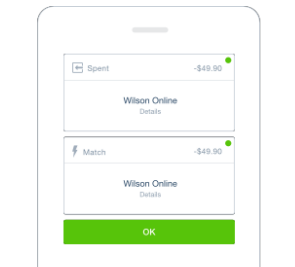
Automating bill and expense data

Bills and day-to-day expenses have a significant impact on cash flow. Having up-to-date and accurate bill and expense data is critical to efficient cash flow advisory.

The choice of tool that works best for you and your client will depend on the features and value you want to deliver. Your client needs to be clear on what is expected of them, and we recommend you review each tool against your current processes.

Bill automation scenarios

Refer to these scenarios to decide which type of bill automation app is right for you and your clients.

Practice employees	Cash flow advisory plans	Current tool/workflow	Bill type	Recommendation	Reason
How many employees in your practice?	Which cash flow advisory approach are you looking to adopt?	Do you currently use a bill automation or practice workflow tool other than Xero?	What type of bills do you generally process for your client?	Here's what we recommend	And here's why
< 3	Improving efficiency only	None	Scan PDF / Online PDF	Xero Business Edition	With low usage and no workflow overlap, Xero features such as email to bills may fit your requirements.
< 3	Improving efficiency, cash flow insights and action plan	None	Various	Bill automation tools or apps	Despite having no current tool or workflow overlap, it's important to ensure you review the benefits of a dedicated bill automation tool. The efficiency benefits will ensure you are able to maximise your time.
> 3	Improving efficiency only	None	Various	Bill automation tools or apps	If you have more than three employees, it's likely that you'll benefit from a tool that lets you process documents at scale.
> 3	Improving efficiency, cash flow insights and action plan	Yes	Various	Bill automation tools or apps	With a current tool in place, it's worth revisiting, with your existing bill automation app provider, that you're set up for cash flow advisory in the best way.

Bill automation: comparison of apps

This matrix will help you compare bill automation apps that integrate with Xero so you can make the right choice.

	Xero	Hubdoc	Dext Prepare	AutoEntry	Datamolino	ApprovalMax
Overview	Online accounting	Bill automation	Bill & expense automation	Bill automation	Bill automation	Approval management
Availability	Worldwide	AU, UK, IRE, US, CA, SA, SGP, HK	NZ, AU, UK, IRE, US, CA, SA, SGP, HK	NZ, AU, UK, IRE, US, CA, SA, SGP, HK	AU, UK, IRE, US, CA, SA, SGP, HK	AU, NZ, US, CA, UK, IRE, SA, HK, SGP,
Onboarding and support	✔ Online help centre ✔ Email support ✔ Video tutorials ✔ Partner training available	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials ✔ Partner training available	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials ✔ Partner training available	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials ✔ Partner training available	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials ✔ Partner training available
More information	Find out more about Xero	Find out more about Hubdoc	Find out more about Dext Prepare	Find out more about AutoEntry	Find out more about Datamolino	Find out more about ApprovalMax

		App features					
		Xero	**Hubdoc**	**Dext Prepare**	**AutoEntry**	**Datamolino**	**ApprovalMax**
Submit	Send documents to Xero	✔	✔	✔	✔	✔	
	View side by side in Xero	✔	✔	✔	✔	✔	
	Send data directly to Xero	✔	✔	✔	✔	✔	
	Email submission to Xero	✔	✔	✔	✔	✔	
	Automatically submit documents to Xero		✔	✔	✔	✔	
	Source bills directly from common suppliers		✔	✔			
	Source bills directly from bank statements	✔	✔	✔			
	PDF	✔	✔	✔	✔	✔	
	Other files*		✔	✔	✔	✔	
Extract	Line item extraction**		✔	✔	✔	✔	
	Advanced line item extraction***	✔	✔	✔	✔	✔	
	Auto currency exchange	✔		✔	✔	✔	
Practice management	Single approval workflow	✔	✔	✔	✔	✔	✔
	Auto-locate bank statement information		✔	✔			
	Bespoke payment approval process						✔
	Client communication			✔ ^			

		App features					
		Xero	Hubdoc	Dext Prepare	AutoEntry	Datamolino	ApprovalMax
Practice management	HQ Integration	✔	✔	✔	✔	✔	
	Auto archive		✔	✔	✔	✔	
	Auto archive to leading storage providers		✔				
	Archive reporting	✔	✔	✔	✔	✔	✔
	Team efficiency/workload analysis			✔ ^			
Client management	Create and approve purchase orders	✔					✔
	Purchase order sync	✔	✔		✔		✔
	Mobile application	✔	✔	✔	✔	✔	✔
	Submit and upload bills on the move	✔	✔	✔	✔	✔	
	Submit and review purchase orders on the move						✔
	Submission reminders			✔			✔
	Bespoke approval processes (multi-step, multi-approval)						✔
	Exception handling (delegation, forced approval)						✔
	Fraud detection policy management						✔

*   Other files include scanned paper documents, PDFs, and photos sent through email (including HTML receipts), web, or app

**   Basic line item extraction includes total, date and supplier

*** Advanced line item extraction includes additional information.

^   Available on selected plans only

Expense automation scenarios

Refer to these scenarios to help decide which type of tool is right for you and your client. And make sure that the tool you choose is consistent with your current approval workflows.

Scenario	Recommendation
Client requires the ability to submit expense receipts into Xero	Client may benefit from using a bill automation or expense management tool
Client requires an expense management tool for use by members of their firm	Client would benefit from a bespoke expense management app
Client requires a tool that enables management and reporting on expense policies	
Client requires a workflow for both submitting and approving expenses	
Client requires a bespoke or complex multi-level approval workflow system	Review the workflow management capabilities of each expense management tool. An approval tool such as ApprovalMax may also be of benefit.

Expense automation: comparison of apps

This matrix will help you compare expense automation apps that integrate with Xero so you can make the right choice.

	Xero Expenses	Expensify
Overview	Expense claims and management within Xero	Expense management
Availability	Worldwide	NZ, AU, UK, US, CA, SA, SGP, HK
Onboarding and support	✔ Online help centre ✔ Email support ✔ Video tutorials ✔ Partner training available	✔ Online help centre ✔ Email support ✔ Video tutorials ✔ Partner training available
More information	Find out more about Xero	Find out more about Expensify

		App features	
		Xero Expenses	**Expensify**
Submit	Submit report via a scan (desktop)	✔	✔
	Submit report via a mobile app	✔	✔
	Allocate to billable time within Xero Projects	✔	
	Automatically create an expense via postal mail	✔	✔
	Auto-import from leading business travel service providers (eg, Uber)		✔
	Auto-import from leading business travel management providers		✔
	Automatically import expenses from company or personal cards		✔
	Extract vendor, date and currency	✔	✔
	Full line-item extraction		✔
Manage	Create an expense account code within Xero	✔	✔
	Multi-user permissions	✔	✔
	Multi-currency conversion	✔	✔
	Expense approval directly within Xero	✔	✔
	Expense reporting	✔	✔
	Immediate job applicant reimbursement		✔
	Automatically archive an expense via a third-party storage solution		✔
	Create approval rules to remove unnecessary delays and admin		✔
	Integration with Xero HQ		✔

Delivering action-oriented cash flow insights

Once your client has the right data in Xero, it's simple to turn it into actionable business insights to improve cash flow performance.

This section shows how to use Xero most effectively alongside other integrated apps to improve reporting. It covers:

- **understanding your client's current cash flow performance**
- **identifying the right tools to monitor and model different cash flow scenarios**
- **creating a baseline for improving cash flow**

Jonathan Bareham, Raedan, United Kingdom | Xero partner

Cash flow insights

Using insights within Xero

One of the key benefits of Xero is the ability it gives you to collaborate with your clients on making sure the data for their financial reporting is accurate and up to date. It's then easy to review how the business is performing together using the dashboard in Xero Business Edition alongside your choice of Xero reports.

This table gives an overview of the cash flow insights available within Xero.

Source	Metric	Benefits
Xero Business Edition dashboard	Total cash flow (monthly trend)	View total money in and out, compared by month
	Income and expense accounts	Monitor specific income or expenses identified in a client's chart of accounts
	Bank activity	Monitor bank account activity
	Outstanding invoices (receivables)	View a summary of the invoices owing to your client and how long they've been owed, based on the due dates of sales invoices sent out (essentially an aged debtors/sales snapshot)*
	Outstanding bills (payables)	See an overview of the bills that need to be paid and when they're due
Cash flow statement in Xero	Statement of cash flows	Generate a statement of cash flows based on the client's chart of accounts (COA). Summarise or separate debits and credits to create a view to match your client's business focus, including loans and other forms of credit.

*Covers invoices sent from Xero and selected integrated apps

Before you get started, ensure your report codes are up to date for the metrics you want to report on.

Cash flow forecasting

Cash flow forecasts, which show projections of money in and money out, are crucial for your clients to understand how their cash flow impacts their business's performance, financial health and ability to reach their goals.

Manual cash flow forecasts (for example, those created with tools like Microsoft Excel) are commonly used, but have many limitations. They require manual entry, are prone to human error, quickly become out of date – and building in complex calculations can be time-consuming.

Cash flow forecasting apps solve these challenges, while delivering deeper insights into your client's business and saving you precious time.

Cash flow forecasting apps can be divided into two methodologies: direct and indirect.

Direct

Best for short to medium-term cash flow forecasting

The direct method of cash flow forecasting focuses on operational expenses and uses actuals as a basis for forecasts.

Indirect

Best for long-term cash flow forecasting

The indirect method of cash flow forecasting uses the profit and loss statement and balance sheet as a basis for forecasting.

Additional tips for getting started
Explore the KPIs you can build within each app to deliver maximum insights. Alerts within the app and Xero HQ can help make this more efficient. If you need more info, get in touch with the app provider to find out more.

Each app offers a free trial period. Use the trial to check your client has the right data within Xero to make the most of the app's functionality. If not, revisit the cheat sheet on improving efficiency in this playbook.

Cash flow forecasting scenarios

Use the client scenarios to decide which type of forecasting app is right for your client's needs.

	Scenario	Recommendation
Client considerations	Client wishes to understand their current cash flow position and view summaries of monthly incomings and outgoings	Use the statement of cash flow and dashboard within Xero Business Edition. If this is their only requirement, it's unlikely that you'll get value from an additional forecasting tool.
	Client wishes to view weekly cash flow performance	Consider using a direct cash flow tool.
	Client wishes to create a detailed view of their cash flow over the next three months	
	Following poor sales in the previous year, the client wishes to create a scenario for hiring contract staff to boost performance over a key sales period	
	Client wishes to receive a daily update of performance against their budget	
	Client wants to understand the impact of various capital investments on achieving a three-year growth goal	Consider using a tool that covers both direct and indirect methods (including loan amortisation if applicable).

	Scenario	Recommendation
Client considerations	Client holds a franchise or group business and wants an amalgamated cash flow forecast	Consider using a tool that covers both direct and indirect methods (including multi-currency if applicable).
	Client wishes to delve deeper into their business to cover non-financial information such as online traffic and project management performance	Consider using a tool that covers both direct and indirect methods (including automated integration with non-financial tools).
Practice considerations	Your clients have a mixture of short and long-term (3+ year) forecasting requirements	Consider a tool that includes both direct and indirect methods.
	Your firm is looking to grow its advisory business	Consider using a tools for both direct and indirect cash flow forecasting, including bespoke branding templates and customisable dashboards.
Revenue considerations	You're deciding on a tool	Make sure that the cost of tool you choose provides value against the revenue you expect to receive from your client.

Cash flow forecasting: comparison of apps

This matrix helps you compare forecasting apps that integrate with Xero so you can make the right choice.

	Xero	Float	Fluidly	Futrli	Spotlight reporting	Fathom
Forecasting type		Direct	Direct	Direct and indirect	Direct and indirect	Indirect
Overview	Cash flow visibility within Xero	Real-time cash flow forecasting, management and reporting	Real-time cash flow forecasting and automated credit control	Platform for all small businesses. AI powered cash flow forecasting & real time alerts.	Reporting, forecasting and business planning platform	Reporting, analysis, consolidations and business insights
Availability	Worldwide	AU, NZ, US, CA, UK, IRE, SA, HK, SGP,	UK	Worldwide	AU, NZ, US, CA, UK, IRE, SA, HK, SGP,	AU, NZ, US, CA, UK, IRE, SA, HK, SGP,
Onboarding and support	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials ✔ Partner training available	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials ✔ Partner training available	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials ✔ Partner training available ✔ CPD-certified training ✔ Free lite-version	✔ Onboarding & Support ✔ No set up required ✔ Hands off ✔ 24/7 support ✔ Freemium option ✔ Partner training available	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials ✔ Partner training available	✔ Online help centre ✔ Phone support ✔ Email support ✔ Video tutorials ✔ Partner training available
More information	Find out more about Xero	Find out more about Float	Find out more about Fluidly	Find out more about Futrli	Find out more about Spotlight reporting	Find out more about Fathom

		App features					
		Xero	**Float**	**Fluidly**	**Futrli**	**Spotlight**	**Fathom**
Current cash flow position	Statement of cash flow (from COA)	✔	✔	✔	✔	✔	✔
	Monitor specific income or expenses in a client's chart of accounts	✔	✔	✔	✔	✔	✔
	Monitor nominated bank account activity	✔	✔	✔	✔	✔	✔
	Summary of the invoices owing to your client and how long they've been owed	✔	✔	✔	✔	✔	
	An overview of the bills you need to pay and when they need to be paid	✔	✔	✔	✔	✔	
	Create a budget		✔	✔	✔	✔	
	Xero data sync: accounts		Daily + user-refreshed import	Hourly	Daily	User-refreshed import	Daily
	Xero data sync: journals		Daily + user-refreshed import	Hourly	Auto generated	User-refreshed import	Auto generated
Forecast (based on Xero sync)	Daily		✔ *	✔ *	✔ Cash flow only		
	Monthly		✔	✔	✔	✔	
	Quarterly		✔	✔	✔	✔	
	Annually		✔	✔	✔	✔	
	3+ years				✔	✔	
Scenario planning	Increase/decrease in sales		✔	✔	✔	✔	✔
	Additional employees		✔	✔	✔	✔	
	Additional costs		✔	✔	✔	✔	
	Seasonal planning		✔	✔	✔	✔	

App features						
	Xero	**Float**	**Fluidly**	**Futrli**	**Spotlight**	**Fathom**
Analysis and advisory — 3-way forecast (P&L, balance sheet and cash flow)				✔	✔	
View performance vs. budget		✔	✔	✔	✔	✔
COA category analysis	✔	✔	✔	✔	✔	✔
Loan amortisation				✔	✔	
Import non-financial data			✔	✔	✔	✔
Non-financial data integrations (automated)				✔	✔ ^^^^	
Benchmark reporting (financial and non-financial data)				✔	✔ ^^^^	
Group business and franchise reporting				✔	✔	✔ ^^
Client dashboard		✔	✔	✔		✔
Multi-level access permissions	✔		✔	✔	✔	✔
Multi-currency consolidation		✔	✔		✔	✔
Client-level report extract (PDF)		✔		✔	✔	✔
Branded reports (PDF)				✔	✔	✔
Consolidated forecasting and reporting				✔		
Additional features — Debtor management features (see below)	✔	✔	✔	✔	✔	✔
Activity warning thresholds		✔	✔	✔	✔ ^^^	✔

* Syncs with Xero each hour; manual update also available
^ Benchmarks created against nominated organisations
^^ Up to 200 companies

^^^ Includes overdue reports and new templates
^^^^ Spotlight Multi only
^^^^^ Conversion to GBP only

Sian Kelly, Inform Accounting, United Kingdom | Xero partner

Cash flow action plan

Building a cash flow action plan

Once you've improved efficiency and gained cash flow insights, you're ready to start developing an action plan to improve cash flow performance and set your clients up for success over the short and long-term.

This section covers the three key components that make up a cash flow action plan.

Accounts receivable   Accounts payable   Access to capital

Cash flow scenarios

It's unlikely your client will have time to focus on all three areas at once. Use the following client scenarios to prioritise the area/s to focus on.

Scenario	Recommendation
Client mostly sends invoices and is experiencing delays in payment	Accounts receivable
Client is paying high fees for current payment solutions	
Client operates subscription or recurring bills to single clients	
Client currently operates multiple similar payment methods	
Client uses a gateway payment solution	
Client has no consistent way of managing payments	Accounts payable
Client has poor cash flow and requires additional access to capital	Access to capital
Client requires access to capital to follow a new strategy	

Accounts receivable

Using digital payment services and debtor management apps are two of the main ways you can help your clients run a more efficient accounts receivables process and get paid faster.

Digital payment services

Digital payment services enable fast and efficient payment in a variety of client scenarios and for different types of business.

Xero partners with three of the world's leading payment providers. Each payment service seamlessly reconciles in Xero, in a similar way to bank feeds. Our research shows clients get paid anywhere between 10 and 20 days faster by using these services.*

* Average improvement for Xero users who had either PayPal and/or Stripe enabled as their payment provider between 1 July 2016 and 31 January 2018. This information is general in nature. Average invoice payment times may vary for each business using the service. Standard merchant fees apply.

Payment services scenarios

Use the scenarios in the table below to find the right payment services for your clients.

Scenario	Recommendation
Client bills largely via invoice	Consider a payment solution that allows integration with Xero invoices, such as PayPal, Stripe or GoCardless.
Client operates subscription or recurring bills to single clients	Consider a payment solution that provides direct debit services, such as GoCardless.
Client is seeing high fees for current payment solutions	Review their current provider against PayPal, Stripe or GoCardless. If your client is looking to pass charges on to their customers, they may wish to consider Stripe.**
Client currently operates multiple similar payment methods	Review their current providers against PayPal, Stripe or GoCardless. It's likely your client will be able to consolidate under just one or two gateways.
Client bills largely via invoice and is experiencing significant delays in payment (often outside of payment terms)	Consider a payment solution that allows integration with Xero invoices, such as PayPal, Stripe or GoCardless. The client may also benefit from debtor management.

**Note that in some jurisdictions it is prohibited to charge processing fees to customers. It is your responsibility to comply with applicable laws concerning surcharging.

Payment services: comparison of apps

This matrix helps you compare the payment service providers that integrate with Xero so you can make the right choice.

	stripe	**GO**CARDLESS	**P** PayPal
	Stripe	GoCardless	PayPal
Overview	Accept credit and debit card payments as well as other online payments such as Apple Pay	Get your invoices paid automatically via direct debit with GoCardless	Accept invoice payments in over 200 countries, including debit and credit cards, Paypal, PayPal Credit, Venmo and more
Availability	See availability here	UK, AU, NZ	See availability here
Onboarding and support	✔ Set up direct from Xero ✔ Online help centre ✔ Email, phone, chat support (24/7)	✔ Set up direct from Xero ✔ Online help centre ✔ Phone support ✔ Setup via app	✔ Set up direct from Xero ✔ Phone, email and chat support ✔ Online help centre
More information	Find out more about Stripe	Find out more about GoCardless	Find out more about PayPal

	App features		
	Stripe	**GoCardless**	**PayPal**
Invoice 'pay now'	✔	✔	✔
Debit card	✔		✔
Credit card	✔		✔
ACH^	✔	✔	
Direct debit		✔	
Bank account		✔	✔
PayPal account			✔
Apple Pay	✔		
Automate payment collection	✔	✔	
Create client surcharge*	✔		
Currency options	✔ All major global currencies**	✔ GBP, EUR, AUD, NZD	✔ All major global currencies**
Create standalone fee account in Xero	✔	✔	✔
Auto match for reconciliation with Xero	✔	✔	✔
Reconciliation feed available in Xero	✔		✔
Automate payment collection	✔		✔

* Note that in some jurisdictions it is prohibited to charge processing fees to your customer. It is your responsibility to comply with applicable laws concerning surcharging
** Check with provider for full list
^ US only

Debtor management

Depending on the type of business your client runs, online payment services may not be enough to ensure all customers pay promptly.

Debtor management scenarios

In these cases, your clients may benefit from additional processes to encourage payment. Use the scenarios in the table to find the best approach for them to take.

Scenario	Recommendation
Client experiences late payment from a proportion of their customer base. Typically these are not followed up by the client until they are overdue.	Set up payment reminders within Xero Business Edition
The client currently uses a cash flow forecasting tool, which has identified the clients that have an adverse effect on future cash flow.	Explore features within the cash flow forecast tool, including debtor CRM
The client has many customers who often go outside their payment terms.	Consider implementing a dedicated debtor management tool
The client has some customers whose non-payments are defined as bad debt.	

Debtor management: comparison of apps

This matrix helps you compare debtor management apps that integrate with Xero so you can make the right choice.

	Xero	Debtor Daddy	InvoiceSherpa	Chaser
Overview	Set and send reminders directly from Xero Business Edition	Manage debtors and personalise communication with reminders, call and collection services, including access to receivables specialists	Automate Invoice reminders and accelerate your cashflow. Give clients an easy to use portal to view their full account balances	Use Chaser to offer your clients Virtual Credit Control, including debtor management, rich insights and communication tracking
Availability	Worldwide	UK, US, CA, NZ, AU, HGK, SGP, SA	UK, US, CA, NZ, AU, EU, HGK, SGP	UK, US, CA, NZ, AU, HGK, SGP, SA
Onboarding and support	✔ Help centre ✔ Email support ✔ Training resources available	✔ Help centre ✔ Phone support ✔ Training available	✔ Training available ✔ Online portal ✔ Dedicated onboarding Specialists ✔ Email Support ✔ Phone Support ✔ Video Tutorial	✔ Training available ✔ Help centre ✔ Email support
More information	Find out more about Xero	Find out more about Debtor Daddy	Find out more about InvoiceSherpa	Find out more about Chaser

App features			
	Xero Business Edition	Debtor Daddy	InvoiceSherpa	Chaser
---	---	---	---	---
View a summary of amount owed by each account	✔	✔	✔	✔
Set invoice reminders	✔	✔	✔	
Consolidate and chase multiple invoices in one email		✔	✔	✔
Set payment date and threshold	✔			✔
Exclude specific customers from debtor management process		✔	✔	✔
View a history of reminders sent to a client	✔	✔	✔	✔
Automatically send bespoke email follow-up		✔		✔
Automatically send bespoke SMS follow-up			✔	
Schedule follow-up emails to align with reconciliation process		✔	✔	✔
Select from numerous pre-populated email templates		✔	✔	✔
Integrate email reminders with leading CRM systems		✔		
Online customer portal (including payment gateway)			✔	
Follow up phone call service		✔		
Escalate to a professional debt collection service		✔ *		
Monitor call notes and recordings		✔ *		
Manage outdated credit card records (prior to expiry)			✔	

* Not available in all Xero regions. Check provider website for details.

Olly Evans, Evans & Partners, United Kingdom | Xero partner

Access to capital

Helping your business clients access additional funds when they need it, to either improve short-term cash flow management or achieve longer-term business goals, is an important part of a broader cash flow advisory service.

Xero partners with financial institutions – banks and alternative lenders – to provide your clients with an easier way to apply for business finance. If you and your client decide that one of these lenders fits their needs, your client can then choose to share their business's financial information in Xero directly with the lender, making their application process faster and easier. Just make sure your client's financial data in Xero is correct, complete and up to date – refer to the cheat sheet on improving efficiency if necessary.

Access to capital scenarios

Here are some options available both from Xero's lending partners, or other lenders, that you may like to discuss with your clients to assist with their business financing needs:

Short-term financing solutions

Customer scenario example*	Financial product example^	How does it work?	Why use it??**
Client issues invoices but doesn't get paid within the standard 30 days, or their customers' terms are longer than 30 days. They may need to be paid sooner so there's more cash flowing into the business to purchase stock, cover expenses, or simply run the business.	Invoice finance	Use issued invoices as security to receive a loan up to a specified discounted amount of the invoice, instead of waiting 30 days or longer for customers to pay an invoice.	• Increases working capital • Receive payment for invoices straight away • Only repay the lender when the customer has paid the invoice
Client needs the option to access funds immediately when their bank account balance is low (near zero).	Business overdraft	Borrow up to a certain limit and only pay interest on the amount drawn. It's the same as a line of credit, just attached to a bank transaction account.	• Acts as a safety net for seasonal or unexpected business expenses • Immediate access to funds once bank account balance drops below zero • Only pay interest on the amount of credit used
Client often needs credit for in-store and online business transactions, as well as ad hoc business expenses.	Business credit card	Apply for credit up to an approved limit on a business credit card to purchase goods and services.	• Good for transactional use • Only pay interest on the amount of credit used • Additional reporting provided (by cardholder, category etc) • Some cards come with additional benefits such as reward points

Long-term financing solutions

Customer scenario example*	Financial product example^	How does it work?	Why use it??**
Client needs additional funds to support ongoing cash flow and smooth out seasonality in their business.	Line of credit	Borrow up to a certain limit and only pay interest on the amount of money borrowed.	• Access funds at any time, up to the approved limit • Once the credit facility is in place, there's no need to renegotiate or reapply for finance when it's needed • Only pay interest on the amount of credit used
Client needs a set amount of investment in order to meet business goals (eg, buying new equipment, opening a new facility or storefront).	Business loan	Borrow a lump sum of money, to be paid back over an agreed time period in a series of repayments.	• Get an instant injection of funds into the business • Structured repayment plan means client knows exactly how much they need to repay and when

*These scenarios are examples only and are not the only scenarios where financial products are appropriate.

^Listed products are examples only and other products may be available that are suitable for the scenario.

**It is important for you and your clients to gain an understanding of the fees, costs, and other obligations associated with a financial product when deciding whether it is suitable.

Learn more about financing solutions
See which lenders Xero partners with in your region

Accounts payable

The final element of an effective cash flow action plan is ensuring your client has the right approach to managing their outgoings and expenses. These elements are covered in earlier sections of this playbook. Here are the key areas to recap to ensure efficient accounts payables.

Data automation

Make sure invoices and bills are entered into Xero in the fastest and most accurate way, including account codes and purchase orders, where relevant. See page 14.

Capture bills from regular online suppliers to ensure your client always has the most up-to-date view of their outgoings. See the feature comparison on page 15.

Managing expenses

Use a dedicated expense management tool to capture and maintain ad hoc employee expenses. See the feature comparison on pages 24 and 25.

If your client is using a bill automation app, consider whether it could also be used to help improve the submission of employee expenses. See the feature comparison on pages 21 and 22.

Additional resources

for mastering app advisory

Additional resources

This playbook focuses on improving cash flow performance for businesses across all industries. We also have playbooks and learning resources available to deepen your app advisory knowledge generally, as well as for specific industries.

Industry app playbook series

View the entire app playbook series.

App advisory courses in Xero U

Check out the app advisory training courses.

Matthew Li, Nova, Hong Kong | Xero partner

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