



November 2005 Newsletter

Cold weather special.



Book of the month

"The discipline of market leaders" by Michael Tracey & Fred Wiersema. I rolled into work one morning and found this book sitting in splendid isolation in the middle of my desk. It was a present from the Boyscout. Perhaps he's trying to tell me something? Anyway, the book itself is a masterclass on the American way: lots of pictures of reactive change curves and worthy chapter headings ("The discipline of customer intimacy") and not a smirk in sight.

Keith's baton

Having praised Keith Antoine's book in last month's newsletter, I jumped at the opportunity to go and see him in the flesh (even if it did involve getting out of bed at an uncivilised hour.) I'm pleased to be able to report that it was worth the effort. So much so, that I'm working on a plan to get him to speak in Hereford. His key analogy is that a business can only succeed if the baton gets passed efficiently from one team member to the next. The problem (in business) is usually that everybody has a different idea of what constitutes the baton. That must lead me to a proper consulting protocol: "First step - define your baton"? And is that before getting on the bus?

Flat tax

Now the various political parties have got hold of the idea of a flat rate of tax, there's been lots of speculation about it in the technical press. Most of it wondering what the country would do with all the redundant tax specialists (Armageddon Day?). What the politicians haven't considered is that whilst income/corporation tax could be simplified, VAT is a pan-European deal and will inevitably get even more complex. So, all we have to do is retrain the tax specialists as VAT specialists. Problem solved.

www.adamsmith.org/pdf/flattax.pdf

Consulting skills

One of the advantages of having lots of clients doing different things is that I get to see lots of services that I might like to indulge in. So, when I complained to Ady Watts (our personal fitness trainer client) that I had a bad back, he offered to sort me out. On the "prescription without diagnosis is malpractice" principal (much loved by consultants), he measured my posture and informed me that I'm a sick man. [We've got a problem – good empathy.] In reality, I've been doing a desk job for the last 15 years and my body has adjusted accordingly. Of course, the cure is an exercise program that will keep me hooked for years (lifetime value). But, I must be 2 inches taller already www.chekinstitute.com or try Ady direct on info@adywatts.com

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There's been a huge scrap with the Revenue over the adoption of accounting rules for tax purposes. [The fact that there are 2 entirely different sets of rules baffles most people, but stick with it.] Anyway, as previously discussed, UITF40 had the effect of bringing profits forward, so the Revenue decided that it (and all such edicts) should be adopted for tax purposes. Now the standard setters have created FRED39 which effectively allows you to dream up spurious provisions and report much lower profits (on the grounds of "prudence"). I feel an exemption coming on, don't you? Incidentally, anybody wondering what these initials stand for should try to get out more. Whilst we're on initials, the FATF has removed the Pacific Island of Nauru from its anti-money laundering blacklist. Apparently, this was the result of the closure of the island's offshore banking industry by virtue of parking a US warship in one of the bays (to stop islanders selling their passports to the highest bidder). The island is now set to become a penal colony for disgraced accountants.

No merger mania

I've long since accepted the fact that, whilst accountants actually come in different flavours, nobody else cares. A Chartered Accountant is tarred with the same brush as a Chartered Certified Accountant. The vote on the merger between the ICAEW and CIPFA was (predictably) a complete non-event. I was, however, surprised to learn that whilst William Hill will give odds on a Martian invasion, they had insufficient data to make an adequate risk assessment for the odds for the merger. And, of course, nothing happened.

Fit or sexy?

[Or short, fat & bald?] Apparently, consultants have concluded that you can't be both. The story that proves this particular rule is that of Parker Pens. By the mid-80s, PP had been successful for a long time, but were facing big challenges from other types of pen and from cheap imports and had effectively lost their way. So they had a strategy meeting and asked the question (much loved by the Boyscout): "What market are we in?". They concluded that they were in the gift market, rather than the stationery market. So, rather than cutting costs (and quality), they spent more: on redesign, repackaging and advertising (60% more). Prices were increased to gain the cachet of gifts for "style conscious and affluent people". Despite a world recession, the company increased its turnover by 50% in the last half of the 80s. It's a shame the article doesn't tell us what happened to the profit. Incidentally, this is an example of "sexy". Marks & Spencer appears to be the example of "short, fat & bald". www.karaokecapitalism.com/frame.asp?page=about.asp

Women down under

Having spent acres of print extolling the virtues of male Australian business thinking, it appears that behind every good Bruce is a (much brighter) Sheila. Whilst the males are rugged and iconoclastic, the females all compare one another's employers and network religiously. Rather like funnel web spiders?

www.wherewomenwanttowork.com

What is "gender capital management". Should I feel threatened or excited?

Spreadsheet errors

Forget calculators, these days you can't separate a good accountant (or a bad one) from his spreadsheet. Whereas once we had Supercalc (v5B was the best – but you had to be on your toes), Excel is now all-powerful. So, I was somewhat bemused to find a website that collects spreadsheet errors. Some of the reported errors are big enough to bring down big companies (eg Kodak) www.eusprig.org/stories.htm They probably sued the auditor anyway.

Arctic answer

The "husband & wife" tax case is being heard in the Court of Appeal at the end of the month. The case was listed for the New Year, but in burst of urgency, it's been moved forward, presumably so that nobody has any time to think about the judgement before the Tax Returns have to go in at the end of January. The general view seems to be that the Taxpayer will lose and the Revenue will get their way. The problem is likely to be that the ruling is so narrow that it will be impossible to tell who it should apply to. This, presumably, guarantees years of aggravation.

Mobile Solicitors

The majority of traditional firms work on the basis that profit is directly related to the time spent at your desk. I was therefore surprised to come across an IT case study featuring a firm of solicitors. Basically, they can pick up e.mail and check their diaries using (cheap) hand held wireless devices rather than laptops. The main advantage appears to be that even IT illiterate solicitors can cope with the system.

www.ada.co.uk/uploaded_files/ASBLawApro5.pdf

CIS scheme delayed

In an attempt to avert the next IT- based tax disaster, the Revenue has delayed the introduction of the new Construction Industry scheme by 12 months. This was the master-plan to get all sub-contractors converted to employees (to increase the NI yield). The previous plan has now officially failed, but the Revenue is making ominous noises about "operating a light touch" for the first 6 months of the tax year. This implies a "heavy touch" for the second half? I took particular exception to the explanatory leaflet which the Revenue issued proclaiming that "employment status is not a matter of choice". Is this a free country? How can the Revenue tell you how much risk to accept? In fact, I got so indignant I won a "grumpy old git" badge. Let's hope Whiplash can be persuaded to pin it on.

Competition from afar

In my humble opinion, the Chris Duckett Business Development Club is the only networking event you need ever go to. It's got excitement (what's for tea?) and suspense (when will it arrive?) to spare. However, various national firms have set up in imitation. Try:

www.sixdegreesnetwork.co.uk

Darth Vader or Yoda? Do the test.

Disclaimer

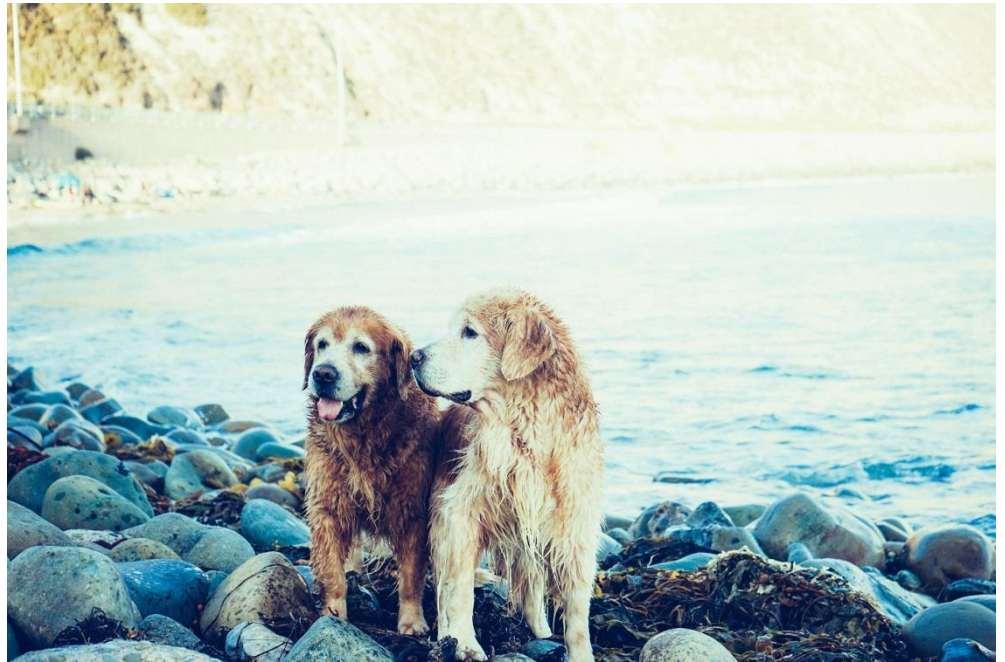
The spreadsheet never lies; what profit figure did you want?





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