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DUCKETTS
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 Newsletter

Global trends special.



Book of the month

The Rise of the Creative Class by
 Richard Florida

At first sight, this is a spin-off text on the global knowledge economy band wagon; it starts by defining creative workers and telling you how many there are in the US economy [so what?]. Then slowly the author starts to roll out intriguing stories and the book becomes a cultural/economic analysis of the second half of the 20th Century leading up to the Dotcom boom. I was particularly excited by the question as to how to motivate creative workers – money, praise, challenge? => Treat them as though they

are charity workers – whatever makes the difference, it isn't money. The ability of a town/region to attract creative people and generate a booming economy is dependent on 3 main factors (as measured by a variety of obtuse indexes), not simply on whether it has high tech industries. Naturally, Hereford falls down on all fronts, (but you would have guessed that) and I'm still wondering where we'd score on the Bohemian Index?

As an appendix, the book features the "Memphis Manifesto", which gives a flavour of the thinking. Rather than reproduce it here, I've stuck it on the website
www.chrisduckett.co.uk/memphis.html
 Comments?

The author's website is not very accessible to UK readers - it has a strong US focus, despite the (almost) universal message www.creativeclass.org/



What cost illness?

As the working population ages, the issue of health is likely to become more significant. Academics are busy trying to work out a “well-being index”. The problem is that a sick day results in disruption (particularly to teams) and lost production. So the real cost is somewhere in the order of 1.5 times the lost wage cost. Looked at the other way, if you’ve invested lots of money in training a person, you want the maximum output for your investment. Most employers would be only too happy to adjust wages to reflect the productivity of individual employees and, at least in small organisations, they do exactly that in an informal way. Apparently, big companies are looking at illness prevention (“intervention” – sounds very sinister), although I can’t quite see how that’s going to work. Maybe a pay rise for those who exercise more than 3 times a week? A pay cut for smokers? Genetic screening? And then there’s that wonderful term “impaired presenteeism” which (I think) is HR speak for somebody who turns up with a hangover and can’t do any work anyway. Actually, the thought of a sweat soaked, tightly toned, lycra clad workforce could be quite inspiring, depending on your selection process, of course. www.planetk2.com/ An idea to watch.

Let’s all go mad together

According to Nietzsche (hearsay), madness is the exception in individuals, but the rule in groups. Your ability to question stupidity is seriously inhibited in a group situation and this leads to over optimistic thinking. According to the Institute (which specialises in group thinking), this presents the ideal opportunity for the Accountant to step in with the trade mark “we can’t afford that”. No wonder Sales won’t speak to us.

The 7 failings of really useless leaders

I know this idea has done the rounds several times, but Steven Sonsino has put a new spin on the idea www.icaew.co.uk/index.cfm?route=136485 This is a 45 minute webcast of a talk delivered to the Institute. It takes him a while to relax, (some good jokes up front) before he hits his stride and gets passionate. Certainly kept my attention on a wet Saturday afternoon. The 4 personal failings (the 4 E’s) are more interesting:
Kill enthusiasm – hire good people and tell them how to do their job
Kill emotion - banish passion
Kill explanation – just don’t bother to explain
Kill engagement – by micro managing

The business failings are:
Kill culture – climate of fault/blame
Kill reward – reward dysfunctional behaviour
Kill awareness – they simply aren’t fair

You can even get a free bonus report on the subject on www.leadership.fm. Incidentally, this site is a good example of the current “podcasting” craze.

Talk to me?

We are now used to the idea that computer software now does what it says on the tin (subject to the odd bug). However, different packages frequently fail to communicate sensibly unless somebody takes the trouble to ensure that they are set up correctly. We come across this problem when operational control software (e.g. a hotel front office system) is asked to talk to a standard accounting package, usually Sage. Sue now has considerable experience in making such systems work. The problem is always that the guys installing the operational software want to dump the data across into Sage without any understanding of where exactly the data needs to go. As long as their system works, the accounts are not their problem. So, be warned. Sue can only fix the problem if she is on hand at the start up.

Positive deviants

This is the latest management idea (from the US, naturally) to solve all problems. The concept is that somebody, somewhere, is doing any given job better than the majority. If you can identify the positive deviant and then roll this out across the work force, then everything is better. The example that is given is the case of malnourishment in children in Vietnam in the early 1990s. Aid workers noticed that, in any poor population, 10% of children were not malnourished. They discovered that these children were receiving extra protein in the form of shrimps gathered by their parents. Local culture determined that shrimps were not good for you, but 10% of parents (the “deviants”) ignored this view and went their own way. I’m sure it wasn’t as easy as it sounds, but the rest of the population was encouraged to become shrimp-friendly and the problem went away. This type of idea has also worked for control of MRSA in hospitals. But, isn’t this the same as consultants identifying best practice(?) in one organisation and selling it to as many other organisations as they can? Capitalist survival of the fittest? With a sexier title.

Holiday warnings

Whilst I am happy to take all my holidays in Scotland (Mrs D is not impressed), I have to concede that midges are something of a problem. Thank goodness for technology: <http://www.midgeforecast.co.uk>

Stuck in a rut

Happiness is a state of mind and humans adopt routines very quickly. Put the 2 together and you can get stuck in a rut in no time at all. [Entrepreneurs don’t have this particular problem.] You could even write a book about it: <http://www.changeyourstate.com/home> I know this is pretty lightweight, but any site with a Mojo has got to be worth a look. Perhaps we should have one too?

Felix Dennis on start ups

The Sunday Times has run a series of very entertaining articles by Felix Dennis, a man who made his fortune (in publishing) and then threw it away (as a true entrepreneur must). He makes the point that the desire to be rich is clearly a major psychotic hang-up: normal people need not apply. And his tips for managing cash flow appeal to the accountant in me:

- Never indulge in fancy office furniture
- Pay yourself just enough to eat
- Do not be shy to call customers who owe you money
- Check expense claims with an eagle eye
- Issuing staff credit cards, mobile phones or cars is the road to ruin
- Get used to grovelling
- Suppliers want your business. Play one off against another – ruthlessly

<http://www.timesonline.co.uk/article/0,,2095-2300301.html>

The following week's article on negotiation is also good.

When did you last see your Bonus?

The latest bit of tinkering by the Taxman as a result of the new accounting rules has led to the concept that a bonus can only be accrued at the year end if it's a liability at the year end. Previously, as long as the PAYE was accounted for within 9 months, then the bonus was allowable. The advice is therefore to hold a meeting, pre-year end, and vote a bonus for the year with the amount to be determined at a later date. And minute the decision. What's the (practical) difference?

No more allowances

There was a bizarre ruling at the Appeal Court last month when it was decided that capital allowances (the Taxman's version of depreciation) don't count when determining income for Child Support Agency (CSA) purposes. There may have been some special circumstances in this case, but even their Lordships would have trouble finding kit that never went down in value.

Presumably, the various other agencies will now follow suit and incomes will rocket. Perhaps this is a new way of raising tax?

The Benefit of sexual harassment

Firing people is always tricky and the outgoing employee frequently has an axe to grind. In one particular client-related incident, the direct result was a sexual-harassment claim against the general manager of the business. The claim came to nothing, but substantial solicitor's fees

were incurred by the business in defending the employee. Given that sexual harassment is a criminal offence, is there a taxable benefit in kind on the employee? Answers by next 5 July, please.

Usury

I could never understand why money lending had such a bad reputation, particularly in the Middle Ages. Apparently, it's because interest is "unearned income" (Taxman still defines it as such) and the Church considered that income should be the result of direct labour. Nowadays, monopoly profits fit the same bill and government is happy to take its slice of the action. Mind you, I could probably make a strong case for burning bank managers (and solicitors?) at the stake.

Back me up

I know I regularly chunter-on about backing up computer systems, but we're always coming across incidents where the backup doesn't work when it's actually needed. Twin drive servers and offsite data transfer systems work, but you need to pay attention to them.

Interestingly, loss of profits insurance policies frequently stipulate secure back-ups. Watch what you are doing.

Whilst we're on doom-alert, it appears that the events that give professional contingency planners sleepless nights are:

- A flu pandemic. Watch for press frenzy as they track down the first Avian Flu fatality in the UK, probably in late December
- Asteroid strike. All we have to do is slow it down a bit. I'm not sure how?

Invasion by aliens is not on the list as we would simply sent for Doctor Who or Tom Cruise. Once the emergency has arrived, the planners' major fear is indecision in government, as we had with the Foot & Mouth debacle of 2001.

Disclaimer

If fear is your dividend, your shareholders always reinvest? (US origin)

Definition of a brave man: Come home drunk and covered in lipstick, smack wife on backside and say "OK fatty, your turn next." (UK origin)



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