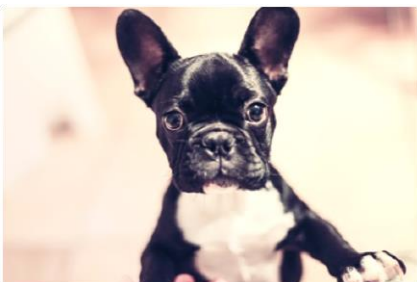




February 2006 Newsletter

Anybody worrying that they've been removed from the Newsletter circulation list can rest easy: there wasn't one in December or January. We got badly bogged-down with Tax Returns. I can report that y/ours all went in on time. Now all we have to do is sit back and wait for the flack.



Marketing madness

People even write books and weblogs on the subject. Try this for size.

www.sutherlandsurvey.com

All about the psychology of buying and what really clinches the deal.

The new language of implementation

Continuous change is now firmly imbedded in the toolkits of big business consultants and this has led to a whole new series of acronyms:

- KICC – keep it complicated and confusing
- NATO – no action, talk only
- SSDD – same shit, different day
- TINA – there is no alternative

All from frustrated members of staff subject to such initiatives. However, the one I like best is BOHICA and (naturally) there is a prize for guessing what this stands for enemas@chrisduckett.co.uk

Incidentally, I didn't make this up; its in the current ICAEW Finance & Management newsletter (the equivalent of the Sunday Sport?).

Time management

The main complaint of those who run small businesses is that they don't have enough time to do everything. The Boyscout recently made me listen to a CD from John Niland on the subject of Attention Management (you can't manage time; just attention). Whilst the nuggets of wisdom from Mr Niland range from blindingly obvious to borderline weird, at least he runs through the problems – and he's got a wonderful Oirish accent into the bargain. But, just what are the 5 rules of attention?

www.success121.com/

Boyscout pocket money cut

Accountants have always understood cost control, which is why Tax Returns are filed in January (Christmas is cancelled?). I was particularly impressed with the idea of issuing shares in my son's violin and then giving him a few shares every year for Christmas for the next 10 years. However, I discover that bank managers are as bad. The Boyscout is, of course, from a long line of said professionals and was recently telling the story of how he got a cut in pocket money when sterling came off the Gold Standard (or something like that). I'm sure we must be able to build in a similar (dis)incentive scheme at work.

Tinkering on

The technical press has had a huge amount to say about the Chancellor's Pre Budget Report (that was issued before Christmas). His approach to tax mirrors his approach to the economy: it's all gone wrong, but it's somebody else's fault. The oddest thing (apart from the pensions debacle) is the story on Corporation Tax:

- A nil rate band of £10k was introduced in 2003 to "encourage enterprise"
- Loads of low-profit sole traders formed companies to take advantage of the effective £15k nil rate band this created (corporate + personal)
- The Treasury realised what it had done and called this tax evasion
- It then introduced the Non-Corporate Distribution (NCD) rules to fix the "problem". These rules are so obtuse, I never understood them.
- The PBR then abolishes the £10k band, making the NCD rules irrelevant, and putting tax back to 19% for profits up to £300k. Where it was before.
- As a random give-away, we go back to 50% First Year Allowances for plant and equipment from 1.4.06 (compared to 40% this year).

He's also had a fiddle with the Pre Owned Asset rules, but these are simply unworkable. Can anybody explain the logic of this to me? Or is that my mistake?

The Ipod Generation

I get confused by all these names and where exactly they start and finish. The Baby Boomers must start in 1945, but where exactly in the 1960s this period ends is a matter of debate. Anyway, the Boomers

have done well on free education and rising house prices, but pensions are now looking unhappy and healthcare is a lottery so somebody needs to fund the grey economy over the next 20 years. On past experience, those currently entering the workforce are the ones that will have to do the paying; the Ipod Generation:

- Insecure
- Pressurised
- Overtaxed
- Debt ridden

They've never had it so good. Don't let them forget.

1974 and all that

As those who have attended our seminars will know, I regard 1974 as a tipping point in the UK's economy: the last tax and spend Labour Government came to power and we ended up begging money from the IMF a couple of years later. Under Open Government, the paperwork is now available for inspection:

www.hm-treasury.gov.uk/about/information/foi_disclosures/foi_dis_imf_091205.cfm

All beautifully typed and annotated; I think it's fascinating, but maybe I've been working too hard. Are we heading the same way again?

The Sage strikes first

I was hoping to announce the launch of our new website in this edition of the Newsletter, but we've been pipped at the post by the Sage of Bishopswood:

<http://www.thestrengthsway.com/>

There's enough reading material on here to keep me amused for months. And some of the links are really good.

Bullitt points

The US car industry has proved a microcosm of western business thinking over the last 50 years. I've waxed lyrical about the Chrysler turnaround of the early 80s and the death of cost plus pricing in the early 60s (Ford Mustang v. GM Corvette). The contest I have so far ignored was the US muscle car phenomenon of the late 60s where the Ford Mustang GT 390 appeared in the film Bullitt and proceeded to knock spots off the Dodge Charger 440 Magnum. One of the motoring columns recently compared the actual performance of the 2 cars and concluded that the Ford was a lacklustre lump held together by pop rivets and paint. The Dodge was the real thing (but ugly looking) and lost hands down in the sales race, thanks largely to Steve McQueen and the cool factor (pose value = coolness x no. of onlookers). The lesson, as always, is that whilst marketing is a triumph of substance over form, it makes all the difference to your profit.

Tax disc on line

We get to fight with government IT systems on a daily basis, so it was a revelation when I successfully taxed my car on line. All I needed was the car's registration number and reference (from the front of the log book) and the system knew that it had been insured and MOTd. The tax disc arrived in the post 3 days later. That's how it's supposed to be in the brave new world of e.government.

Business cycles

With the stock market rising almost as fast as it did before the Dotcom crash, there is (again) some talk about the end of boom and bust. The real lesson to be learned from previous cycles seems to be that British industry is far too slow to invest on the way up and then too keen to indulge in massive cost cutting on the way down. Finance directors are always happy to prune away discretionary spending on things like marketing and training, but these are the very things that generate future sales/wealth. Given that the current surge is dominated by big business, the small business economy is downright patchy. Now is the time to get your marketing strategy moving, particularly as most small businesses regard it as a luxury. And talk to your customers. Get the Boyscout to help.

SA by Internet

After the payroll year-end electronic filing debacle, I was expecting the Revenue's system to file Tax Returns over the internet to fall over. In the event, we filed about 240 Returns down the wire, although I think it got very hard to get onto the system during office hours in the last 2 weeks in January. The Revenue is expecting agents to file all their Returns on line by 2008, which may mean that any really complex Returns will have to be done by hand? Is that progress? The old ELS system was incredibly secure, but filing by internet certainly isn't. The system holds bank details for repayment purposes, so stand by for a major breach sometime soon.

Your computer or mine?

Bill Gates is so wealthy that his local tax office in the States has had to have a special computer to deal with his affairs alone. Presumably, it runs on Windows? There is some natural justice after all?

Disclaimer

Inspectors' mantra: It's your dooty to please my booty?

- Be in control: the job does not control you – because you set your own boundaries
- Create time to think
- Don't be fazed by uncertainty and ambiguity
- Recognise when you're running on empty and give yourself time to recover

Solid advice.

http://business.timesonline.co.uk/tol/business/movers_and_shakers/executive_movers/article2948591.ece

Arctic again

The Court of Appeal presented us with the Christmas present we all wanted when the Revenue were ridiculed in the Arctic (husband & wife dividend) case. The Court told the Revenue (in no uncertain terms) that digging up legislation from the 1930s and then bullying taxpayers with it was no way to behave. Furthermore, the Revenue was refused leave to appeal to the House of Lords. Secure in its arrogance, the Revenue regards the decision as anomalous, and has indeed applied to the Lords for leave to appeal. This could take years?





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