



## August 2003 Newsletter

### *Heat wave special =>short, but bad tempered. Apparently, the heat upsets testosterone levels*

#### Whiplash finally replaced

Whilst Ms Whiplash may be irreplaceable in the hearts(?) of local solicitors, bank managers and magistrates, I am pleased to announce that her (daytime) position has been filled: by Miss Sparkle. She performed superbly at interview. When asked, "How would you handle a client complaining about his tax bill?" she talked about empathy and understanding, rather than the whiplashian response:

"You've had the money, now pay the tax."

And, of course, the Boyscout is in love already.

#### Seminars

Risk, as defined by the Sage of Bishopswood, is "working for an idiot". The self-employed are therefore risk averse? Or maybe they just accept different risks. I suggest that the biggest

risks are running out of customers and losing your health. The latter is insurable (this is not advice), and the former requires building reputation and the right customer base. Tim Kidson has the course on this: "How to market your business effectively". 16<sup>th</sup> September at Network House. All day course starting at 9.30. Anybody interested should contact [bullybroad@chrisduckett.co.uk](mailto:bullybroad@chrisduckett.co.uk). Then you are truly risk aware.

#### Book of the month

"[On Form: Achieving High Energy Performance Without Sacrificing Health, Happiness and Life Balance](#)" by Jim Loehr & Tony Schwartz.

The basic premise of this book is that you need to manage your energy levels in order to make the working day more productive (cause it can't get any longer). If you find that you are drinking coffee (or tea) all day (to wind yourself up) and red wine all night (to wind yourself back down), then this is the book for you. The way to achieve this is

remarkably/deceptively simple (but not necessarily easy):

- Eat breakfast (and lunch)
- Take regular breaks to refocus your energy
- Give up caffeine and other stimulants
- Be nice to people – talk to them (even bank managers & solicitors?)
- Take exercise at least 3 times a week

I gave up coffee and promptly suffered a splitting headache for 3 days. I'm working on the other points (item 4 being a particular stumbling block). The aim of all this self-discipline is to help you to become more "engaged" at work. Naturally, there is a way to measure your level of engagement – take the web-test on [www.poweroffullengagement.com/](http://www.poweroffullengagement.com/). I scored a pathetic 58% (must try harder), whilst Sue got a mind-blowing 88%, pushing the Boyscout into the number 2 slot.

## VAT on car leasing

On a technical point, you may be aware that when you lease a car, only 50% of the VAT on the rental is reclaimable. This has been challenged in Europe and it looks like Customs may have to allow a 100% reclaim. With VAT, you can only go back 3 years from the date of the claim, so protective claims may make sense. Good first job for Miss Sparkle? [Sparkle@chrisduckett.co.uk](mailto:Sparkle@chrisduckett.co.uk)

## Pensions and risk

Pensions have had very poor press of late and the performance of the stock market has meant that many people are discovering that their pensions are unlikely to be big enough. Frequently, the only thing left to do is to work longer, which is not always possible. Against this background of gloom, the regulators are busy moving the goal posts to cap the amount you can have in a scheme, whilst allowing large single premiums without regard to earned income. All very random and I'm glad I don't give advice in this area. Another good reason to maximise the profitability and value of your business. Whilst pension schemes provide a valuation every year, most of us just hope that the value of our business is bigger this year than it was last. The Boyscout has actually developed a model to value businesses (and therefore identify the things to improve to drive the value upwards) and would be overjoyed to run this model for you [Boyscout@chrisduckett.co.uk](mailto:Boyscout@chrisduckett.co.uk)

Whilst we're on the subject of risk, I found this natty little paragraph to motivate me:

*"Make fear work for you.*

*Work your fear. Let it sharpen your focus. Arouse your spirit. And fuel your ability to take and even enjoy the risk. Find the right balance of fear—more than too little and less than too much - and transform your fear into action."* As you might guess, this was not on a UK web site.

## Vultures not ready to fly

I often thought that a career in insolvency would be quite exciting, but I was ruled out for having too sunny a disposition. However, bankruptcy specialists are getting very excited about the gradual uplift in the position and are really looking forward to some kind of economic crash (caused by an interest rate rise). They are even warning that the courts and the receiver's offices will be inundated with cases and unable to cope. "Happy vultures" is the phrase that springs to mind.

Incidentally, 1,777 directors were disqualified in 2002/03 as against 1,929 the previous year. The most common alleged misconduct was fraudulent trading. This is against the background of the new Enterprise Act 2002 and the loss of preferential status by Customs and the Revenue.

[www.timesonline.co.uk/enterprise](http://www.timesonline.co.uk/enterprise)

## Changing planes

There is a whole section of the consulting world dedicated to change management and the acknowledged head guru is John Kotter. Fortunately, he knows the value of a good story: The C-17 is one of those very large planes that only the Americans can build. Traditionally, this is done in a huge hangar that takes 3 planes at a time (and 1,500 people) and the planes are moved from one location to the next as each stage of the construction is completed. Received wisdom was that each plane should move at a determined speed through this process. Therefore, if any job couldn't be completed on time, the job was held over until the end. This could cause serious quality control issues, but that's the way it was done in the industry.

One fine day, a bright spark in management determined that the plane would only move to the next position when the previous task was completed. If quality was indeed the company's main focus, then the process they were using was compromising this and they needed to do something different. As ever with change, resistance was stubborn. Senior management stuck to their guns and gradually working practices changed to accommodate the new approach. In particular, people were keen that their task was not the one that slowed the plane down. Departments started to cooperate with suppliers to get the right thing to the right place at the right time.

The net result was that planes actually started to come off the production line quicker than they had and with significantly lower quality control costs. All done without financial bonuses of any sort.

[www.theheartofchange.com](http://www.theheartofchange.com)

## Revenue & Customs to merge

I've never been quite sure how much Customs and the Revenue talk to one another in practice. They've created lots of joint notification forms, but the attitude of front line inspectors tends to be to ignore the other's rules if it suits them. VAT on horses is the classic example (HMCE=>business: IR=>hobby). In principal, a merger should resolve such issues. However, the real thrust behind the merger must be to collect more tax. Allegedly, Customs envies the Revenue's taxpayer data, whilst the Revenue envies Customs' access to police-held criminal data. Either way, big brother is certainly alive and growing.

## Tax man and tax credits

There's been a wave of Revenue related stories due to the tax credit fiasco:

- Revenue personnel have been forbidden to check the progress of their own claims
- Everybody at the Revenue is being given an extra days holiday due to the stress
- Bungled tax credit claimants are receiving compensation at an average of £70 per claim
- An attack on late filers (of tax returns) is due in October with fines of £60 per day likely
- The Revenue has implemented a centralised call system (just like Lloyds)

No comment required?

## IT corner

I now know all sorts of useless facts about ADSL. For instance, the issue on Rotherwas is that most of the cabling is aluminium rather than copper. This causes problems with signal noise. BT have a new gadget to make broadband viable as long as you are less than 7kms from the exchange. We are 3kms. When can I start? What difference will it make? Is wireless better? What about security? Remember, whenever talking about broadband, be sure to throw in the acronym VPN (virtual private network). Always gets the techies excited.

I can also report that the Blaster Worm has caused a deal of trouble amongst newsletter readers. As I never usually worry about repeating myself, don't forget to update your virus definitions and make sure your backups really work. By all means send backups to us for safe-keeping.

We also came across our first case of industrial espionage when one of our clients had his hard drive (but nothing else) stolen from his house. As it happened, the client had just given us his backup disks to start to do the accounts, so the system was easily restored. I guess we'll never know what use the stolen data will be put to. I feel a "data security review" coming on.

## Pride not money

Pride is not a concept that gets used much these days, but it can certainly motivate people more effectively than money. As ever, the case study is from the US, although I imagine a similar story in this country would talk about "bloody-mindedness".

In the early 1990's, suffering badly from Japanese competition, General Motors decided to start closing under-performing factories. A group from head office went down to the Wilmington plant in Delaware, called all 3,500 employees together and told them that the plant would close in 1996. Most importantly, there was nothing anybody could do to get the decision changed. The plant manager was appalled by the decision and also addressed the meeting, suggesting that if nothing else, they could show head office just how good they really were. So, to cut a long story short, everybody started working together. In 2 years the plant was the lowest cost producer in GM and also had the lowest warranty claims. Car dealers were requesting units made by the plant as the build quality was that much higher. By 1996, head office did indeed have to change its mind and the plant was not closed. Having made their point, the workers did not rest on their laurels and GM has since used the plant to develop production methods for new models.

## Humour failure?

I followed a web link onto an American site about team building. 12 bullet points. Lots of sensible stuff. Until I came to this:

"Start a meeting with a relevant joke or funny story, show a clip of a comedy video tape (or sports bloopers) that pertains to a current challenge; buy everyone a pair of Groucho Marx style nose and glasses."

Surely not?

## Always complaining

One of our clients, who operates as a consultant, was trying to arrange professional indemnity insurance through his usual broker. The broker insisted on our client completing a full application form and was generally obstructive and difficult. Our client therefore complained to the MD at the broker. A flurry of e-mails later and our client had secured a consultancy fee to deal with the broker's customer handling issues. I use the same broker. Wonder if it would work like that for me?

## The da Vinci principals

I've always been an admirer of Machiavelli rather than Leonardo da Vinci, but apparently the latter was the true genius. Da Vinci lived by 7 principals:

- **Curiosita** – an insatiably curious approach to life and an unrelenting quest for continuous learning
- **Sesazione** – the continual refinement of the senses, especially sight, as a means to enliven experience
- **Sfumato** – a willingness to embrace ambiguity, paradox and uncertainty (particularly useful for those seeking a career in tax).
- **Arte/scienza** – the development of the balance between science & art, logic & imagination. Whole brain thinking.
- **Corporalita** – the cultivation of grace, ambidexterity, fitness & poise.

- **Connessione** – a recognition and appreciation of the interconnectedness of all things and phenomena. Systems thinking.

The application of these ideas gives you a remarkably similar list to the energy book, which shows that there really are no new ideas. [The Greeks always got there first anyway.] Mind you, putting them into Italian certainly makes them more exotic. I learnt all my Italian in a winery in Australia. Turn off the pump => pompa whoa. Easy.

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

## Wedding equation

The national press carried a fascinating article on the ability of psychologists to predict divorce using mathematical equations based on observing a couple for 15 minutes. Perhaps I could try this out in client interviews (checklist required) and advise accordingly. Definitely not an insurable risk (yet).

## Disclaimer

Accountancy: a testament to man's indulgent pursuit of the insignificant. Bit like high diving?



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