




DUCKETTS
 TRUSTED ADVISORS

March 2003
 Newsletter

Budget special? The end of the world is NI? Maybe, but postponed to April.

Book of the month

"The Experience Economy – work is theatre and every business a stage" by Joseph Pine (II) & James Gilmour. If the last 20 years have been about the service economy, how do company's differentiate themselves once they all deliver the same (outstanding) service? The answer appears to be to elevate service to theatre. [More Music Hall than High Art in our case.]

Henceforth, I shall refer to all team members by their cast names. We'll skip costumes for the time being on the grounds that this could be seriously distracting.

www.fastcompany.com/online/15/rftf.html#

The Whiplash Chronicles

Ms Whiplash was created on the back of a report that an ex-Dotcom employee had started a business as a dominatrix and was having a good deal more job satisfaction in the process. I concluded that if it works in Silicon Valley then it works in Hereford(?) – and Ms Whiplash arrived.

Initially, I was rather bemused to find clients poking around at the back of the office looking for her. Bank managers (mostly) phoned to speak to her.

A steady stream of third dimension marketing ideas then developed to "reinforce the brand":

- The Whiplash Guide to Tax Investigations
- The Whiplash Guide to Identifying the Ideal Man (part of our divorce service)
- The usual (wet) tee shirts, pencil cases, rulers etc (targeted at bank managers & solicitors)
- Pensions Illustrated- Swimsuit Edition (the only way to get

anybody to pay attention to the subject)

I even had fun with headlines. "Whiplash bares all" being particularly memorable, if somewhat sensationalist.

But all good things must come to an end and I feel its time to pension-off the joke. If we were a soap opera, Ms Whiplash could be killed in a car crash, marry an actuary, or come to some equally sticky end. But this is proper accountancy/tax and nothing exciting ever goes on. So, I leave it to you, the reader, to tell me what should happen next. whiplash@chrisduckett.co.uk



Publicity machine

You may have noticed that, thanks to The Boy Scout's efforts, we got onto the Business Page in the Hereford Times 3 weeks in a row. Well, the name didn't actually appear on the third occasion, but I know it was us. The Boy Scout is therefore something of an expert on writing Press Releases and is keen to assist clients who would like access to the Hereford Times. Don't forget that the sure-fire way to get into the HT is to actually pay for an advert.

boyscout@chrisduckett.co.uk

Money laundering

As if the banks aren't already making enough fuss about money laundering, new legislation due in the summer is expected to make all cash transactions in excess of £10,000 reportable offences. Petty cash controls in the office (The Traffic Warden?) are designed to make all cash transactions in excess of £100 impossible, so I don't foresee a problem.

Revenue threatens from cyberspace

Before her untimely demise, Ms Whiplash was getting quite excited about the Revenue's extended website. I understand that it now gives huge amounts of detail about exactly how they can make your life a misery and which fines, penalties and rates of interest you are likely to experience. For the bold/reckless only www.inlandrevenue.gov.uk featured areas- compliance.

Car size

Popular (female) mythology has long since established a link between the size of a man's car and his stature. The psychoanalysts have now proved the case. [Beware Mercedes drivers – power obsessed] Apparently, the act of driving involves a high degree of sensory coordination – frequently a flow experience. Driving very quickly on an empty road (when you don't particularly want to get anywhere) is one of the few liberating experiences still available. Hence the emasculating effect of speed cameras.

Cars also bring out male autistic tendencies. That's why car models are identified by numbers. Why else would the sequence 911 (US readers please bear with me) conjure up visions of awesome power and a twitchy back end?

It used to be that safe sex was not leaving your phone number. Now its dreaming about a company car with the performance (and looks?) of a Ferrari, that runs on LPG with the tax cost of a tandem powered by Ukrainian. Who says man can't change?

Marketing in colour

There are also supposedly five Ps in marketing: product, pricing, promotion, positioning, publicity, packaging, pass along and permission (don't tell me). Given that all businesses are capable of reading the same books on marketing, surely this means that they will all come to the same answer? Hence the need for the sixth P – the Purple Cow – the one that stands out from the herd. 5 (really) ways to raise a purple cow:

- Differentiate your customers. Cater to those that you would chose if you could pick your customers.
- Get into the habit of doing the unsafe thing every time you have the opportunity. What works?
- Think small. Think of the smallest conceivable market and then overwhelm it.
- Find things that are "just not done" in your industry and then do them anyway.
- What could you do for the top 20% of customers that really love you?

www.fastcompany.com/online/67/purplecow.html

Reasons to be cheerful, Part 2

The economists have noticed that rich people tend to be more happy than poor ones (at least statistically). Studies on the effects of cash windfalls indicate that it would take about £1m to convert a really miserable person into an outstandingly happy one. Money aside, the following factors are essential for happiness:

- invest in good health
- find a spouse (cohabitees are not as effective)
- keep your job
- don't commute too far
- maintain an active circle of friends

Did it really take an economist to figure this out?

Red tape

It doesn't get much drier than this. Thou shalt keep your Employer's Liability certificates for 40 years. And, of course, there is a business opportunity in doing this for other people. But it doesn't set my pulse racing.

Babylon's burning

As the Stock Market continues to rest, new ways to lose money are being invented all the time. Allegedly, there is a solid trade in (mint condition) punk records. I reckon the office must have a fair selection of such records. [It's an age thing] Maybe we could even have a "punk" dress down day. The thought of The Bully Broads with orange mohicans might bring our professional standards into question? Are these the same heavenly bodies as above?

Super teams – the 5 Ps

Assuming you have assembled your team, what next? The team can only work if you've got the 5 Ps right:

- Product – are we doing the right thing for our customers? (Should we get new customers?)
- People – are the right people on the bus?
- Principles – is the strategy correct?
- Performance/profitability - what do we need to achieve? Will we know when we've achieved it?
- Professional standards – can we do the above and maintain our professional standards?

Cluetrain

Whilst the internet may be keeping a fairly low profile these days, it certainly hasn't gone away. Just before the collapse, a group of genuine enthusiasts produced a damning indictment of why big business had got the internet hopelessly wrong – The Cluetrain Manifesto. The point is that the internet allows people to communicate and interact in a manner totally alien to the mass media of the last 50 years. Vent your spleen:

"And the first bit of news is that this isn't about us and them. It's about us. Them don't exist. Not really. Corporations are legal fictions, willing suspensions of disbelief. Pry the roof off any company and what do you find inside? The Cracker Jack prize is ourselves, just ordinary people. We come in all flavors: funny, cantankerous, neurotic, compassionate, avaricious, generous, scheming, lackadaisical, brilliant, and a million other things. It's true that the higher up the food chain you go, the more likely you are to encounter the arrogant and self-deluded, but even top management types are mostly harmless when you get to know them. Given lots of love, some even make good pets."

www.cluetrain.com

If you like this type of thing, try www.rageboy.com/index2.html



Situational leadership

One of the interesting ideas to come out of the "Leading teams" day was the concept of situational leadership. This works on the basis that there are 4 different styles of management:

- telling – do it this way
- selling – this is the way to do it
- consulting – what shall we do
- delegating – do what you like

Everybody on the course turned out to follow the "sell" style, but this may be due to the way the questions were asked. In practice, you have to give people as much responsibility as you think they can handle – and then hope for the best.

Example of a question:

"You stepped into an efficiently run organisation. The previous administrator tightly controlled the situation. You want to maintain a productive situation, but would like to begin humanising the environment. What would you do?"
Other than look for another job.

Read the notes

My daughter (18 with a 2 new pairs of shoes a week habit) is convinced that only sad gits read (business) books. She would be truly appalled to learn that I even read the notes and references at the end. But look what I found at the back of the Entertainment Economy book:

"Life is a (sales) pitch, and then you buy"

More repeats than the BBC

One of the more avid readers (really) of the newsletter (and, worse still, a solicitor) recently accused me of using the same material over and over again. I hope he pays as much attention to his conveyancing. Unfortunately, there are not that many new ideas in business, but if the theory is unchanged, the stories still abound. I therefore make no apologies for giving the following concept a rerun.

The Fly Wheel and the Doom Loop

The Fly Wheel is Jim Collins' analogy for the observation that stunningly successful companies just keep on doing the right things (pushing the Fly Wheel), often for many years, until momentum builds and breakthrough is achieved. To the outside world, the company appears to have come from nowhere. To those on the inside, the question is "why did it take so long?". Interestingly, this is usually achieved without worrying about business school concepts such as "alignment with the vision". People like to be successful [winners are grinners - in Australian] and are quite capable of getting behind a business that works without having it endlessly spelt out to them.

So, the text book example (from the US again) is Circuit City, which the CEO, Alan Wurtzel, had inherited from his father in 1973 in a state of virtual bankruptcy. First, Wurtzel rebuilt his executive team and confronted the brutal facts. The following year, still struggling with a huge burden of debt, the company started to experiment with a warehouse style of retailing. By 1976, the company was selling consumer electronics using this style and the first

"Circuit City" store appeared in 1977. The whole business was converted to this approach by 1982. From 1982 (the breakthrough point) to 1999, the company generated returns to shareholders 22 times better than the market, beating the likes of Wal-Mart and Coca Cola. Clearly, the company had been pushing the Fly Wheel from 1973 to 1982, but nobody took any notice. It seems that business (like life) is mostly a test of stamina.

Naturally, the Doom Loop is the effect you get if you leap from one idea to the next, looking for "the killer application" and never building momentum in any direction.

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The Question

Things must be serious if US journalists are beginning to question the meaning of life. Or, more accurately, "What should I do with my life". The Dotcom bubble generated 4 beliefs that simply don't hold up anymore:

- Money funds dreams – if you put your dream on hold while you make enough money to be able to afford it, the dream has gone by the time you get to it. The act of making money changes people.
- Intelligence can answer the Question – it can't. You have to try different things.
- Place doesn't define you – respect and status are local. They don't go with you if you move. If you're successful at the wrong thing, the mix of praise and opportunity can lock you in forever.
- Attitude isn't the biggest obstacle – keeping your options open indefinitely means that you never actually do anything.

www.fastcompany.com/online/66/mylife.html

I think the Newsletter got here first. Remember "Divorce your wife, sell your kids, follow your dreams"?

Disclaimer

We've had a request, but we're going to play on anyway.



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