



DUCKETTS
 TRUSTED ADVISORS

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 2005
 Newsletter

Recruitment special.



Book of the month

““What the CEO wants you to know” by Ram Charan. This is the “everything you ever wanted to know about business” book by an extremely successful consultant. Simple, obvious stuff, but still everybody has trouble getting it right.

“Baghdad Business School” by Heyrick Bond Gunning has been recommended by one of our less inhibited correspondents. Anybody else read it? Comments?

On being institutionalised

I’ve been trying to recruit somebody with accountancy experience to support both me and the Boyscout on the Business Development front. This is not an easy task and it is apparent that a lot of people (but especially accountants) are institutionalised to a greater or lesser extent. At worst, this translates into the “not paid to think” syndrome. Most people are resistant to change and there’s lots of debate over whether change should be huge (then called “innovation”) or merely incremental (continuous improvement). The Dotcom Bubble was all about changing the face of business. Since then, incrementalism has been back in favour (TQM/BS5750/ISO9000 etc). Given that none of us is likely to change the face of business, it’s got to be worth plugging away at doing things better (whilst ignoring the consulting bandwagons). This brings me to the Japanese concept of “Kaisen” as explored by Ken Lewis in his excellent book “How to improve your

business”. The example he gave was of a bumper-car ride at a fair. The bumping means that cars are inclined to lose nuts and bolts, which are then extremely hard to find on the track. Reporting the “fault” to the manufacturer is not going to get a speedy response. For this particular business, the Kaisen-inspired solution was to paint the nuts and bolts a bright colour, thereby making them easy to find. This saved considerable time and effort, but didn’t solve the problem of identifying which car they had come from. Second Kaisen solution was to paint each car a different colour, thereby colour coding the bolts. Any business will have all sorts of minor problems like this which can be resolved by the people on the ground. The motivation for providing a (workable) solution is usually a payment of £5 or £15, depending on the scope of the idea. This, of course, is below the Revenue’s limit for such awards. Apart from Ken Lewis, I’ve never come across a business that runs such a scheme. Have you?

On line payroll

Much to my surprise, Sparkle and her Oppo are successfully filing PAYE year-end returns. Getting on the site can be tricky, but thereafter, it's easy. I stand corrected.

Extreme accounting

My journalistic sources tell me that this concept first appeared in the Sun. As with extreme ironing, the idea is to do accountancy work in silly places. Somebody even got a suitable quote from one of the Institutes (CIMA): "It's a phenomenon that pushes accountants to their limits - and beyond."

More interestingly, if you follow the obvious web-link

www.extremeaccounting.com/index.html all you get is a very sober site for interim accountants.

I once did some extreme auditing. They put us in a very small caravan in the car park of one engineering factory (making saucepans) and the lights dimmed and the caravan shook every time a train went past. My boss indicated that things could have been worse, although he didn't actually say the words "luxury" in a northern accent. He told me that if I was ever obliged to work in a toilet, I should chose the ladies. It's a lot quieter.



Working together

You may (not) be surprised to learn that the more prestigious members of the profession (locally) get to attend regular meetings with the Revenue. This is a really useful opportunity to whinge and the notes of the meeting get circulated so that we can all feel the benefit.

Key issues from the last meeting:

- The Hereford enquiry desk shut 3 minutes early one night as the Revenue's clock was fast
- Accountants are not submitting the appropriate forms to advise the Revenue that Directors' Loan Accounts were overdrawn at the year-end. This is culpable negligence in the Revenue's eyes.
- Company accounts are prepared to a level of accuracy in keeping with the scale of operations; a concept known as "materiality". The Revenue doesn't like/understand this concept, so it will be ignored by Inspectors. This is despite the fact that the Revenue has embraced all other accounting concepts, particularly if they accelerate tax (as mentioned last month with regard to professional services and work in progress).

In other words, business (tax) as usual.

Is Miss Sparkle trying to tell me something?

"In Tax Careers (really) there's an article about recruiting and keeping good people.

It seems there's a shortage of tax pros and so competition to offer more and better packages is getting ridiculous. The cash deal is clearly important, but as well as that there's happiness (a relative term in tax).

The big firms are looking at flexible benefits, flexible working and physically interesting environment.

In a nutshell, they are paying these guys to go off and 'find themselves' for 12 weeks: go on life-enhancing courses (Buddhist chanting) and generally turn up when they feel like it.

The employer should have posh coffee machines, fruit bowls and a fully equipped kitchen so the tax pro feels loved up.

They also need to be able to discuss any problem with you or an assigned 'buddy'."

Do I need to make Sparkle feel "loved-up"? Ideas for a suitable incentive scheme to

harassment@chrisduckett.co.uk

Random IT story – big disks are coming

HVD stands for Holographic Versatile Disc. It is a technology that is expected to deliver 200 times the storage capacity of today's DVDs on a similarly sized disc. And they're faster. That means a disc the size of a DVD could store more than a terabyte (TB) of data. [A terabyte is (apparently) 1,024 gigabytes (GB)]. Are you impressed? Or is this a "so what" moment?

Critical Eye

Not to be outdone by the Americans, the Europeans have launched their own version of Harvard Business Review called "Critical Eye". As an avid reader of management journals, I can't say this really inspired me. However, the Sage of Bishopswood pointed me at an article by a one-time colleague of his, Larry Hochman. In fact, you can (Broadband permitting) listen to him on his site:

<http://www.larryhochman.com/contact.html>

If you like big thinkers, Tom Canon is also worth a look on

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

VAT on mileage

This has been rumbling on for some time, but the gist of it is that Europe won't allow an input VAT reclaim on the fuel element of mileage claims (ie 7/47 x 12-14p per mile). This suits HMCE (although its contrary to UK practice), so they are going to accept the ruling without a fight. Carry on as you were for the time being. Any attempt to go round the VAT rules looks set to cause benefit in kind problems. I stand by for inspiration.

DTI website

Having recently recommended the DTI's website as an afterthought, I thought I ought to have a good look at it. The main sections are loaded with good, but generic (and therefore useless), advice, so I followed up some of the case studies. Again, nothing particularly stunning, but the websites of the case study companies are good examples of modern sites with stories to tell.

www.geckoheadgear.co.uk

Obviously the company of a surfing nut. The guy in charge started to manufacture helmets for surfers (including himself) to protect against "ice-cream headaches". The surfer market is far too small, but the company realised that the RNLI were still using (totally unsuitable) motorcycle crash helmets ("bucket effect"). Once the RNLI was on board(?), it was a relatively easy sell to the MOD etc and the company was away. They are now the market leader in headgear for extreme sports (but still only employ 8 people). A real niche business.

www.victoriaplumb.com

This is the opposite end of the spectrum; a company selling a completely generic product (bathroom fittings) off the back of an existing family plumbing business. The site was launched in July 2001 and now takes over 400 orders per week generating revenue of £4m a year and growing. This is a business with 17 employees in Hull. The website is smart enough and uses standard e-commerce technology (ask John Shaw www.getme.co.uk), so why is it so successful? The DTI suggests it's all about service and support, but doesn't really explain.

More Money Laundering

With the departure of our previous MLO, Sue and I had to go on the update course. I came away deeply depressed (and I didn't even stay till the end). Whatever happens, I go to jail. Arguably, I shouldn't even admit to going on the course. However, I have a useful questionnaire, which you may wish to use with your own staff. Copy from ml@chrisduckett.co.uk

Some relevant general info:

- Burma is now called Myanmar and you can't trade with it, Nigeria or Mahu
- Stop using cash altogether
- Never make a mistake with your VAT or PAYE Returns and don't tell me if you have

I'm going to write a book: "Accountancy: Relevance lost".

More tax investigations

Having recently sent out letters inviting clients to subscribe for our tax investigation scheme, I can advise that the cost to yield ratios (the only thing the Revenue is interested in), per Taxation Magazine, were as follows last year:

- Income tax 1 to 1.3
- Corporation Tax 1 to 5.9

These costs don't include fees for accountancy help, but if accountancy fees are included, cost exceeds yield for Income Tax enquiries. The obvious conclusion by the magazine (with which we whole-heartedly agree) was 'why bother?'. I assume the official argument is that there is a deterrent factor. And all those tax inspectors would be unemployed?

Clearly, the results will inspire the Revenue to transfer more resources to Corporation Tax investigations. By the way, the new Civil Partnerships get the same tax advantages (and disadvantages) as marriage with effect from 2006.

The perfect employee

I recently got invited to go on a course to learn how to deal with difficult employees. I thought that the following definitions were really quite useful:

- **Antagonist:** Is rude and unpleasant to co-workers, suppliers and customers.
- **Blameless Bob:** Always has an excuse for everything.
- **Whiner:** Complains no matter what he or she is asked to do.
- **Thumb-Twiddler:** Lacks motivation and initiative.
- **Insubordinate Subordinate:** Challenges you in front of other workers and managers.
- **Tortoise:** Shows up late or not at all.
- **Amy Attitude:** Has negative attitude that brings everybody down.
- **Hand-Holder:** Needs constant supervision.
- **Early Retiree:** Has been around a while and is beginning to practise at-work retirement.
- **Worrywart:** Has personal problems that infringe on the working day.
- **Clock-Watcher:** Refuses to work weekends or even a minute beyond "quitting time" – even during deadline crunches.

Remember, you can't actually fire any of these people. These are the good ones. I stand by for nominations to each category.

Toothpaste?

Welcome to the world's most dynamic e.business marketing, design and consulting agency. We provide distinct clients with ground-breaking strategies. And our website will make you think we know what we're doing. Our consulting ideas will entice and excite you. Our professional design solutions will give you the confidence to succeed. Our marketing solutions are newer than anyone else's and have cool titles like "Global Awareness Paradigms". And our creative team will come up with design and marketing ideas you never even thought of. How could you? You don't have the talent we do. Don't take it personally. That's our job. We do stuff.

Sometimes, despite stupid rules, difficult tax inspectors and ungrateful clients, I think how lucky I am that I don't work in marketing.

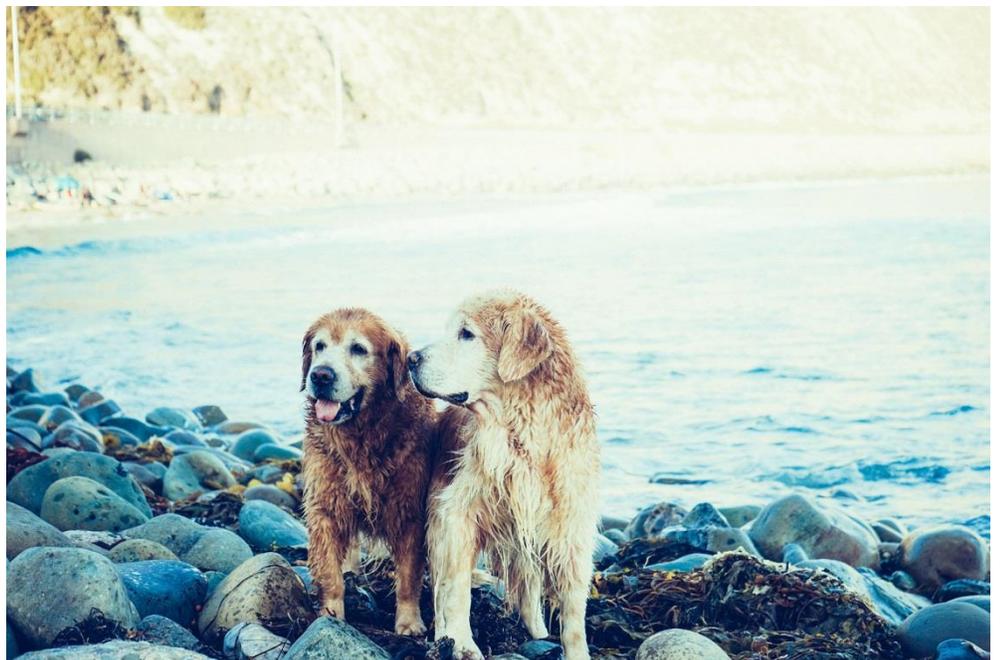
Disclaimer

I didn't do it, but if I did, I didn't mean to. And it wasn't my fault, anyway.



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