



**DUCKETTS**  
TRUSTED ADVISORS

**April  
2008  
Newsletter**

*Capital taxes avoidance special – I’m strenuously avoiding thinking about them, in case the rules change again.*



## Book of the month

“The power of story” by Jim Loehr.

This is the guy who concluded that you should stop for lunch (amongst other things).

The “story” idea is another way of framing the concept that you should do what you’re good at because you’ll do it better and enjoy it. Beware of self-delusion. This is spelt out (even) more explicitly in

### “Strengths Finder 2.0” by Tom Rath

The Gallup Organisation came up with 34 strengths (I’m a Leo, fly me?) some years ago

and this book refines the theme. And you can take the new test

<http://sf2.strengthsfinder.com/content/25186/about-the-book.aspx>

As a management team exercise, we took the old test and concluded that we were all risk averse control freaks, eminently suited to accountancy. It’s the ones with empathy you’ve got to watch.

## Innocent drinks

The Boyscout reckons this is the website that shows how it should be done.

<http://www.innocentdrinks.co.uk/>

Do you agree? Competition for your favourite?

Incidentally, (and talking of favourite websites) I’ve been moved to write another article on sales

<http://www.chrisduckett.co.uk/8mistakes.html>

## Last event

I rarely comment on BD events that have actually happened, because they are no longer news. However, the last one, about managing sales teams, was interesting in a number of ways:

- We tried out a new venue – The Verzons. I thought “pretentious”, but maybe I’ve grown to like gruel. Comments, anybody?
- The speaker wasn’t very good, but some of his ideas were. He had bought the US “Sandler Sales Institute” franchise and this was his pitch.

Let me expand:

### Yes, no, but not maybe

I’ve sat through countless Board meetings where the sales manager presents a huge list of potential sales, blames somebody else for his abysmal performance last month and promises that everything will come right next month. He then appears to do nothing (useful) for a month and we re-run the Board meeting pantomime. Apparently, part of the

problem is that the salesman wastes huge amounts of time dealing with “maybe”s. If he can get every maybe to say yes or no, sales will improve.

## Recruitment pipeline

We all tend to recruit new people when we have a problem and the result is usually that we panic and grab the first person that walks past. Then we wonder why they aren't actually very good and have to “free-up their career opportunities” before we get to 11 months. Salesmen keep “Prospect” lists: we should keep a “Talent” list. In other words, rather than just keeping in touch with prospects and referrers, you need to pay attention to possible employees too. Everybody does this as a matter of course on an informal basis, but it works better if you have a system.

We are constantly asked to find good bookkeepers for clients, but our ability to help has always been patchy. So, Sue set out to fix the problem by placing an advert in the paper (HT) and then interviewing the applicants to build a bank of potential bookkeepers. We've placed 3 so far (and charged for it) and taken on a new member of the team (Alex). I suspect the hard bit will be to keep the bank up to date.

## Toxic arguers (as reframed by the Sage of Bishopwood)

Plenty of people refuse to take responsibility for their own actions (psychotic), but a particular subset always blame you for whatever goes wrong, particularly when you challenge them to be accountable. The classic business example is the salesman who would have done better if only he'd had the glossy brochure you'd promised him. [Children/addicts are often really good at this.] Since we put the “toxic arguer” label on such people, I've found them easier to identify. The best way to deal with them is to keep debate focussed on their responsibilities. Whose problem is it?

## Dawn raids

The technical press is outraged at the proposal to give Revenue officers the same powers as Customs officers as far as smashing their way into business premises is concerned. This has been on the cards since the 2 departments merged (to form that great big happy family at HMRC), although it was, of course, denied at the time. After all, if you're not guilty, you've got nothing to fear? My experience may be warped, but HMRC seems to spend most of its time persecuting people who are trying to play by the (incredibly complicated) rules. If it's too hard, they leave you alone.

## More car tax

Sparkle tells me that the Taxman is in the process of reducing capital allowances for cars based on emissions. This is an extension of the Benefit in Kind rules and will affect sole traders and partnerships too. I suspect that, eventually, allowances for cars will be phased out completely. But, vans are still OK.



## Yet more new Companies Act

Another triumph of administrivia. Lots more rules came into effect from 6<sup>th</sup> April, but it's impossible to remember which ones start when. The most significant change is the shortening of the filing deadline for small company accounts from 10 months to 9. Naturally, there is a £100 fine for getting it wrong. I've got lots of audit changes to worry about, but that's my problem.



## Questions that will lead you to break through performance

I have recently had the enthusiasm to wade through an HBR article dealing with the problems faced by a CEO on taking over at a new company. The strategic approach that comes out is nothing new, but it is interesting in where it starts. The object is to get results quickly (before you get fired) and it is therefore relevant to our world:

- Costs of prices almost always decline (i.e. where is your profit being made?)
- Your competitive position determines more options – what's everybody else up to?
- Customers and profit pools don't stand still – focus (resources) in profitable products/services and customers ([segmentation](#))
- Simplicity gets results – make sure your systems deliver what customers want and chuck out what you can.

Try

<http://www.chrisduckett.co.uk/performance.html>

## Clear desk

The Boyscout, who always has a tidy desk, has nagged me into an office tidy up. First, he made me complete a questionnaire on the subject (<http://selling.indicator.co.uk SL 06.22.08>).

Then he accused me of being in denial because I answered the question:

"Are there more than 3 items on your desk waiting to be filed away?"

with the answer:

"No, I put them on the floor".

So, if I owe you a reply on anything, please ask again – whatever it was has been filed.

### Maybe the "Manifesto of the Idle Parent" is a suitable response?:

"We reject the idea that parenting requires hard work. We pledge to leave our children alone. That should mean that they leave us alone, too. We reject the rampant consumerism that invades children from the moment they are born. We read them poetry and fantastic stories without morals. We drink alcohol without guilt. We reject the inner Puritan. We fill the house with music and laughter. We don't waste money on family days out and holidays. We lie in bed for as long as possible. We try not to interfere. We push them into the garden and shut the door so that we can clean the house. We both work as little as possible, particularly when the kids are small. Time is more important than money. Happy mess is better than miserable tidiness. Down with school. We fill the house with music and merriment."

<http://idler.co.uk>

<http://www.telegraph.co.uk/education/main.jhtml?view=DETAILS&grid=&xml=/education/2008/02/16/faidle116.xml&DCMP=ILC-traffdrvo7053100>



## Potential books of the month

In other words, I haven't read them, but you might like too:

### [Carl Honore - Under Pressure](#)

His latest, about creating a more relaxed life for children.  
<http://www.telegraph.co.uk/education/main.jhtml?xml=/education/2008/03/24/ftparentin g124.xml>

### [Adrian Gostick and Chester Elton - The](#)

[Carrot Principle](#): How the Best Managers Use

Recognition to Engage Their Employees, Retain Talent, and Drive Performance.

How companies can use encouragement in a 'systematic' way – clearly not accountants. But, see below.



## Brainwashing

Jim Loehr's book has a fascinating chapter on brain washing. Your personal "story" can be manipulated, with relative ease, by other people. This is endemic with religious cults (by definition), but not that uncommon in large organisations ("aligning values"). The Chinese Communists managed to change the behaviour of a whole (large) country. Watch out for:

- Idea training - Vision/mission statements based on superior ethics and products
- Leadership training – lectures and small group discussions about the party line
- Peer support – mentoring and peer pressure
- Chief Learning (indoctrination?) Officers
- Corporate retreats – repetition, role play and bonding

- Daily diaries – entries to be reviewed by corporate coaches
- And don't drink the Cool Aid.



## Not My Space

"White space" is the term used to describe the blank pages on a tax return where we've been encouraged to give additional information to prevent the crime of "under-disclosure". After a recent enquiry started where we'd already answered (via white space) all the questions in the enquiry letter, the Revenue actually admitted (nationally) that they don't "capture" white space information. Does that mean under-disclosure is no more?

## Croc O'Dentist

Just occasionally, a small firm takes on a multinational and wins. Nick Rumney's brother is a dentist in Cheltenham. His practice had gone for a smiling crocodile as their logo, but Lacoste cried breach of IP. Good story on

[http://women.timesonline.co.uk/tol/life\\_and\\_style/women/fashion/article3123569.ece](http://women.timesonline.co.uk/tol/life_and_style/women/fashion/article3123569.ece)

## Offset VAT against direct tax [hard tax point]

The case of *Burton v Mellham Ltd*, heard in the House of Lords, considered the right to offset overpayments of one tax against demands for another - equitable set off. HMRC like to use the case to justify non-repayment of VAT to cover a potential corporation tax liability. But, it can be used against them to prevent demands for immediate payment of one tax when a repayment, or indeed potential repayment, of another exists. Could be handy in a cash flow crisis.



## Spoil sports

Tax authorities are the same the world over. The Norwegian government abolished a regulation that had allowed strip-clubs to claim exemption from sales tax (VAT) on the grounds that their performances were an art form.

## Disclaimer

*Salmon day:*

The experience of spending an entire day swimming upstream only to get screwed and die.





## Chris Duckett Limited

Network House , Thorn  
Office Centre  
Rotherwas  
Hereford  
HR2 6JT



Telephone 01432 370 572

Email: [clients@chrisduckett.co.uk](mailto:clients@chrisduckett.co.uk)

Website [www.chrisduckett.co.uk](http://www.chrisduckett.co.uk)