



## May 2003 Newsletter

*The usual sickness that afflicts us at this time of the year. Sophie Williams, our favourite employment law specialist, will be on honeymoon by now. Our very own Nicki is to be married at the end of June. To add insult to injury, she wants time off for honeymoon too.*

*Whilst nobody ever does ask for my advice on the subject, the issue was covered at accountant's school by the law lecturer, an (unmarried) litigation specialist.*

*His advice to those contemplating matrimony was the same as to those contemplating litigation: Don't do it. But, if you must, make sure the opposition is wealthy.*

*Is this the right time to flag our divorce service*

### French kissing in the USH

It's not surprising that the Post Office is in trouble. Too busy conducting surveys. Their latest office "rage" survey (among 1,000 workers) showed that 90% thought (cheek/air) kissing (in the French style) inappropriate. They prefer to shake hands. Then 11% admitted to kissing one cheek and 9% both? [the beauty of statistics]

Fortunately, very few people expect to kiss their accountant, so I'm not going to get too worried about it.



### Mission (statement) control, we have a problem

You may remember that when we first swallowed the consulting guide we got (very) excited about mission statements. Our own statement goes on at some length about adding value etc. Allegedly, the Swiss bankers acting for that well known ex-leader of Iraq have the following mission statement: "Our aim is to make our clients

sufficiently wealthy to be able to retire early and spend more time with their money.”

I don't see why we shouldn't adopt this. Nobody will complain.

### Licenced to extort?

Clearly, the Revenue are being asked to increase their yields from investigations and one way of doing this is to go back and attack planning schemes that have subsequently been outlawed. The classic case is the NI avoidance scheme that used the fact that (initially) NI only applied to payments of cash. Therefore, if you paid an employee in gold bullion, fine wines etc, no NI was payable. Every year the Revenue changed their definition of what they thought was included by the rules, and every year some bright spark in the Big 5 came up with a new idea. Eventually, the Revenue (rather unsportingly) managed to get in a catch-all rule. Now they can rely on the principal that any scheme to reduce the tax payable is potentially illegal and retrospective challenges are increasingly likely. One to watch.

### BPO gets dirty

The phenomenon of setting up call centres in India (Business Process Outsourcing) has progressed from technical business journals all the way to the weekend glossies, subject to a change in emphasis. Indian employees not only need accent coaching, they also need culture reorientation. This is achieved by showing them the TV Royale family series. Those dealing with the Scots get to watch Braveheart. So, next time you ring Director of Enquiries, don't be surprised if the operator sounds concerned for your mental state of health.

### Nappies

I'm always going on about the need for companies to be innovative, but there is, of course, a very large gap between having a good idea and creating a real business. The Dotcom fiasco proved this. There is a good story to this effect on the DTI innovation website – about disposable nappies

One fine day somebody realised that the technology to make joke disintegrating tea bags could also be applied to making biodegradable nappies. [I don't quite see the connection either]. Apparently, 70,000 tonnes of used nappies go into landfill sites in the US every year.

Skipping ahead, BioProgress Technology was duly launched and funded to pursue the idea and directed its attention at the UK market. As is frequently the case, the big players in the existing nappy market (Proctor & Gamble) were not keen to be pushed aside. They had no difficulty stopping the company getting into the supermarkets, leaving it to struggle with mail order and small pharmacies.

Inevitably, the high bulk/low value of the nappies made them fairly unattractive products in pharmacies. However, a white knight was at hand in the shape of a Canadian company producing sanitary towels for the North American market. It seems that the Canadians are more environmentally aware than we are and marketing rights were sold for \$5m plus royalties. Along the way, the company has also developed new technology to replace the gelatin capsules currently used to coat tablets. Gelatin capsules have been around since 1935 and, until now, nobody has come up with anything better. We can also look forward to fully “flushable” colostomy bags. All this from a team of 9 people who work no more than 48 hours a week. Well, that's what they told the DTI.

### Backups – only the paranoid survive

We are reliant on computers and this has been made worse by my drive towards “paperlessness”. Even so, the whole issue of backups is totally uninspiring, yet causes endless problems whenever something goes wrong. Our backups are handled by the z-box (it mirrors the data to the second drive every night) and I dutifully swap drives every week and take the backup home. For no apparent reason, we suffered data corruption in our ACT files and the solution was to restore from the backup. This was duly achieved. No problem. However, it occurs to me that having the data is not enough. It is not beyond my imagination to see a situation (fire or theft) where the physical system is wiped out. Just how quickly could you get new PCs, get them networked and the data restored? It's not surprising that the majority of businesses do not survive such disasters. In principal, a formal disaster recovery plan is the answer and we can certainly help with that.

I hope technology is going to come to the rescue. Broadband is probably not the answer to backup issues as it would take 24 hours to transmit all of our data. However, broadband does allow you to relocate the (backed up) server and get everybody working from home. That, of course, assumes that the “Telephone Exchange at the Edge of the World” will get broadband in the foreseeable future. Even then, check your insurance policy – and speak to an expert, such as Matthew Price on GHERES@nfumutual.co.uk

## Is your boss from Saturn?

We've had a continuous flow of books in the past couple of years explaining how men and women are different. The current state of play seems to classify being male as a form of autism.

Allegedly, all men share 4 basic psychological needs:

- the need to be special
- the need to travel light
- the need for loyalty
- the need to be close emotionally

This may well explain the normal characteristics of the average male managing director/CEO:

Direct, Decisive, Determined, Dominant. According to psychometric tests, that is.

## Not my client

There is currently a fuss in audit circles about the difficulty in finding an auditor for Huntingdon Lifesciences, the company involved in live animal experimentation. Basically, nobody will do it. This is probably the most extreme example of the concept that the value of a business reflects the quality of its customers. Lifetime value etc. It's one thing to identify ideal customers and set a strategy to get more, but what do you do with the "not good" ones you've already got. By definition, such customers have the following characteristics:

- they never listen to your advice
- they complain about everything
- they quibble the fee
- you have to drop everything to deal with their problem whenever they want you to
- when something inevitably goes wrong, it's your fault not theirs
- they take ages to pay

If this reminds you of all of your customers, you've got a big problem. In my experience, the classic approach of raising the fee/price doesn't work very well as this simply gives them something

to argue about. Much better to just tell them that you don't want to work with them anymore. A hollow victory, but at least the message is clear.

## Leadership

The first engagement between the Russians and the Germans in 1914 was the battle of Tannenberg and the Germans won comprehensively. The Field Marshall in charge, von Hindenburg, became a German hero. A little later it became known that the victory was, in fact, down to a general, and he became the hero. Later still, a tactician was given the credit.

At a dinner party after the war, a woman asked the Field Marshall exactly who had won the battle. He replied, "Madam, I have no idea who won the battle, but I do know who would have lost it."

Anybody in the office seeking to take credit for anything will be shot at dawn.

## Workaholic or visionary?

Allegedly, running your own business is the only true test for the proper workaholic. Signs that you might be overdoing it:

- You fall asleep on the couch with the TV on every night, after hours of insomnia.
- You start complaining about each and every one of the employees. Not one of them is performing at an adequate level.
- You feel guilty if you're not in the office by 8.30 on a Saturday morning
- Your laptop is your most prized possession. It certainly goes on holiday with you
- The dog is no longer pleased to see you. He's nervous of strangers.

Is there a cure? I don't know, but the problem is beautifully defined on

[www.e-myth.com/learn/spouse\\_money.htm](http://www.e-myth.com/learn/spouse_money.htm)

## Too much hard work

More in hope than in expectation, I recently rang my favorite estate planning solicitor, at a margin after 5pm, only to be told that (surprise, surprise) he wasn't there. I duly left a message and was bemused when he called me back, 5 minutes later, on his mobile. Where was he? On the golf course. More accurately, in the bar. Having established this important fact, the line went dead. Must have fallen off his barstool?

No, contact was restored and we spent 20 minutes actually working. Then he hit me with his next revelation. Not only had he been to the races the day before, but his new (Irish) secretary had given him a tip which had come in first at 14 to one. At least one of us has got this work thing right.

## Trust me, I'm an accountant

"Selling" is almost a dirty word in professional circles. Accountants, in particular, always perceive salesmen with a deep sense of mistrust. And, anyway, accountants make lousy salesmen. Quite by accident, I came across an American site on selling professional services. One article hits the nail on the head. Selling things is all about demonstrating the need for the product and then going on to establish that your product can do the job. Selling professional services requires that the prospective client trusts you and this is tricky to establish in a relatively short interview. Perhaps we should chant the following mantra every morning:

- The only win worth winning is win-win
- The only way I win is if my client wins
- Winning a win-lose proposition is losing
- I will always and only do well by doing good
- If I focus on helping my client, it will always eventually pay off for us both

The Bully Broad can let you have the relevant articles in Acrobat, or visit the site yourself on [www.trustedadvisor.com/](http://www.trustedadvisor.com/)

## Economists finally agree

The UK economy must be in trouble (still/again) as the economists are beginning to agree, although the depth of their gloom does vary a bit. It appears that we can look forward to interest rates at 3% by the middle of next year and a leveling off (but not a collapse) in the housing market. Tax and spend leads to disaster in 2005, but that's a long way ahead at the moment.

## Values at work

I am obliged to spend significant chunks of my life being lectured at, so (apart from sleeping with my eyes open) the only gesture of defiance is to pick particularly esoteric seminars. => Is there a link between the value of a business and the values of its personnel? Common sense says there must be, but then some accountant tries to measure it on the basis that directors will soon be sued for failing to drive value.

At our end of the spectrum, the reality is that we have very little control over most external factors and building a successful business has a lot to do with being in the right place at the right time. We do have the luxury of choosing our own values and the seminar quoted Stephen Covey's:

- Be proactive
- Begin with the end in mind
- Put first things first
- Think win/win
- Seek first to understand, then be understood
- Synergise
- Practice the first 6

The last time I mentioned Covey, I had to advise that his suggestion of spending 3 hours a day talking to your wife was causing me some difficulty. The time deficit is still rising, but maybe I could adapt the "sleeping with eyes open" technique?

## Circulation

The new anti-spam rules will make it almost impossible to send anything to anybody. This may be your last chance to forward this newsletter to somebody who might like to read it.

## Disclaimer

The author asserts his moral right. But he'd be happy to assert his immoral rights, given half a chance.



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