

DUCKETTS

 TRUSTED ADVISORS

November
 2006
 Newsletter

Warmth & darkness special.



Book of the month

Christmas reading ideas, anybody?

Status enquiries

Sparkle asked me to raise this point yet again. If you deal with anybody who is self-employed, on a regular basis, there is the possibility that the Revenue will determine this person to be an employee of yours. Standard contracts for the provision of services have been effective in the past, but may be less so in the future as the goalposts are moved. We've dealt with a couple of these quite recently and the situation gets bad tempered very quickly. The officers involved are very good at asking questions in a particular way and then recording the answer they like best. Nothing unusual in this, but a central directive means that all cases are taken back the full six years with interest and penalties. There is no room for negotiation, making this a win/lose deal. The only solution is often to take the case to Commissioners. This is a good advert for investigation insurance. Please watch out.

Late filing fines

Current idea from HMRC's yield raising group is to increase the late filing fine from £100 to £250. Apparently, fines are covered by criminal legislation, so there's nothing to stop you appealing against the fine under the Human Rights rules. That should slow things down a bit.

The professional tax press has been having a field day showing how much the tax take has been increased by not increasing allowances in line with inflation. For instance, benefits in kind were originally assessable on higher paid employees; those earning over £8,500 pa. The limit is unchanged, although Sparkle tells me that the rules have now dropped the term "higher paid". "Expensive cars" still start at £12k. I could go on.

After sales

Another day, another seminar. This time, the Boy Scout and I went to see Andy Bounds, courtesy of HSBC. I'd never heard of the guy, but he's a professional speaker focussing on sales. His big concept is that customers are only interested in what happens after you've delivered your product/service => the "Afters". In other words, you need to be very clear about the benefits to the customer. His website is also well worth a look www.andybounds.com

EPA feedback

Having run an article on the changes to the Powers of Attorney rules (EPA to LPA), I had some interesting feedback from Nick Honeyman Brown: "LPA is not finally settled as guidance is still sought. If we assume that the Government wants people to use the LPA, why have they made it so hard? At present, the process of setting up an LPA is full of beartraps and snakepits and not for the faint-hearted. Moral so far is - get your EPA done. It will only act over your financial affairs, but if the moment when capacity departs does arrive for you, it will be better (after April) to be running under an EPA than not to have done anything. If you've done nothing, you WILL be referred to the Court of Protection and suffer all the delays, costs and frustrations we have come to know so well. Worse still, the Court of Protection has got/is getting a new computer system and this is going to be under pressure due to the new procedures and the volumes of cases. Avoid it all with an EPA; get yours here and get it now!" Presumably, Nick is looking for a new career as a market trader? nick@regencylegal.com

97: A good year?

It's a well known fact that accountants love their spreadsheets. Not a day goes by without the urge to total a column of numbers. However, we've been using Excel 97 for the last 8+ years and I thought we ought to check out recent changes. So, we went all the way to Birmingham to attend an Institute course. Readers, I can happily report that Excel 2003 will do all sorts of things. Unfortunately, as there are so many (complex) possibilities, I can't actually remember any of them. However, summing columns of numbers hasn't changed.

Whilst we're in IT corner, don't forget that the Open Source movement is still alive and well (and as anti Microsoft as ever). The Thunderbird e.mail system is arguably worth a look:

<http://www.mozilla.com/en-US/thunderbird/>

You might want to speak to Richard Zybert first Richard.Zybert@zybert.co.uk

EI go home?

Emotional intelligence is apparently the buzz-concept of the moment in big company HR departments. There's even an institute (in Cheltenham) to promote it:

- We are each of us in control of and responsible for our own actions
- Nobody else can control our feelings
- People are different: they experience the world differently: they feel different things: they want different things
- That's not a problem
- Feelings and behaviour are separate
- Feelings are self-justified
- Change is possible
- All people have a natural tendency towards growth and health

This looks a bit touchy feely, but apparently there is some hard science behind it, particularly with regard to brain function. The champion of the

concept is Daniel Goleman and his books are worth reading. It may be the Type 1 intelligence bursting out of me, but the whole thing seems stunningly obvious <http://www.emotionalintelligence.co.uk/>

Hedgehogs galore

When Jim Collins wrote "Good to great" in 2001, I don't think he appreciated just how far his ideas would permeate management consultancy. For instance, somebody recently suggested I focus on my "Hedgehog concept". Having checked the book, the concept turns on the following 3 questions:

- What can you be the best in the world (or maybe Herefordshire) at?
- What drives your economic engine? (What makes the most profit)
- What are you deeply passionate about?

Your strategy should be to follow the route that allows you to do all 3 simultaneously. Significantly, you should stop doing things that you are not very good at, even if (especially if?) you've been doing them for a long time.

Collins's example came from the drugs industry: Abbot v. Upjohn. In the early 60s, the 2 companies were the same size and their main products were antibiotics. Abbott realised that it couldn't compete with the big players in R&D, but it could be the best in the world in health care products. Upjohn, meanwhile, continued to live with the delusion that it could compete with the big boys. Belatedly, it attempted to diversify, but into areas where it still couldn't be the best in the world. After 25 years of poor performance (compared to Abbott) Upjohn was acquired in 1995.

We all work in small, fragmented industries where the chance of being best in the world is entirely irrelevant. However, as long as you concentrate on being better than the competition, the concept still works.



On the edge

There is an online magazine called "The Edge" which sets out its stall as follows: "To arrive at the edge of the world's knowledge, seek out the most complex and sophisticated minds, put them in a room together and have them ask each other the question they are asking themselves":

<http://www.edge.org/>

Most of the stuff on the site involves heavy-duty discussions on religion or science, but I thought some of the thinking could be applied to business. For instance:

What is your dangerous (business) idea?

Answers to edge@chrisduckett.co.uk

My contribution: producing accounts, that somebody reads and finds useful, but which may not comply with all of the accounting standards?

Of course, if you put a bunch of accountants in a room together, they wouldn't speak to one another anyway.

Tired & emotional?

Sleep deprivation is a big problem (particularly for those with young children). Research shows that if you miss 2 hours sleep a night, by day 5 your general performance (attention, reaction speed etc) is worse than somebody who is over the alcohol limit. I am now able to bore for England on the subject and keep telling everybody I meet about the implications. Sooner or later the Government will get round to regulating it. The original article (absolutely fascinating) featured in October's HBR.

sleep@chrisduckett.co.uk

Yet another survey

This year's Institute survey examines how UK business is taking advantage of globalisation, reports on future growth plans and discusses the barriers to that growth.

The research revealed that:

- banks are seen as obstructive (nothing new here then)
- regulatory costs to business continue to intensify - with the burden increasingly falling on small and medium sized businesses (or here)
- over the next five years we will see a major shift up the value chain of business activity being purchased from abroad
- the lack of high level skills is impacting on business growth.

The 2006 ICAEW Enterprise Survey is now available online.

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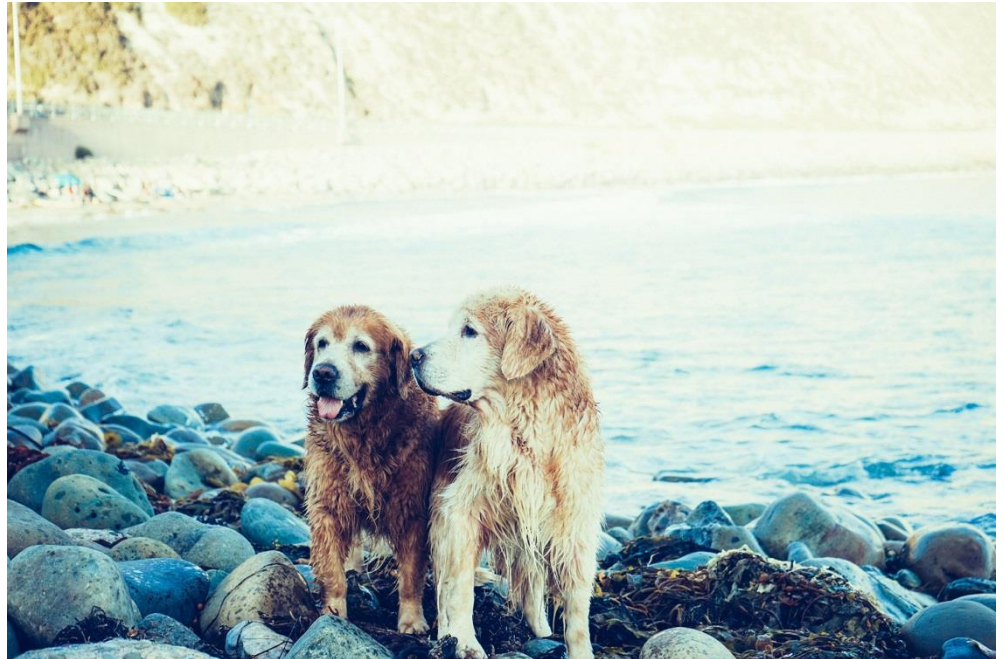
"It's no longer enough simply to outperform the competition; to thrive in a world of ceaseless and rapid change, businesspeople have to out-imagine the competition as well. They must begin to think -- to become (wait for it) -- more like designers."

Could be worse. What if we all had to become advertising executives?



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