

September
2006
Newsletter

Global trends special. Part 2.



Celluloid leadership

I've been nosing around Steven Sonsino's website again, considering his competition for the top leadership film of all time. His vote goes to "The Matrix" because:

- Morpheus selects his replacement (Neo) very carefully
- He then trains him properly
- And then he lets him get on with the job
- With a spot of light mentoring along the way

The result being that when Morpheus is killed (resigns/retires?), Neo takes over without fuss.

So, my list of the films that have inspired my leadership approach:

- The Hereford Chainsaw Massacre (customer complaint handling)
- Calamity Jane (substitute client name)
- Mutiny on the Bounty (classic HR text)
- Where Accountants Dare
- The Wild Bunch (Tax Office cut)

By all means let me have your nominations.

Changes in scale charges

Both the Revenue and Customs (I know they are supposed to be the same organisation now) have slipped through fuel related changes in the summer. A half-hearted nod at the increase in the fuel price, but watch out.



Titles are important

It's recently come to our notice that an Inspector of Taxes has been given the job title "Driving Up Performance Project Compliance Pacesetter". Punctuate as you will, but it still looks pretty menacing.



Speeding fines

The Revenue has always taken the view that there should be no tax relief for breaking the law. Therefore, speeding fines are always added back in a tax computation. However, a client has recently argued that speeding fines are actually about raising revenue and not about law enforcement at all. During a particularly rapid dash around Abergavenny, he was zapped twice. The extra points would have lost him his licence, but he was given the option to pay a bigger fine and receive less points. His view is therefore that the fine should not be disallowed in the computation and there should be no Benefit in Kind (as he was trying to get to a business meeting). Comments anybody?

Complementors

Another US term to describe businesses that sell a product that your customer must buy to be able to use your product. The textbook example is Intel (the chip maker) and Microsoft ("Wintel"). Such relationships are a bit like partnerships where the partners have completely different views of the world but have to get along. Inevitably, one complementor (in this case Microsoft) has more clout than the other. During the 1990s, Intel produced a succession of ever more powerful chips and Microsoft brought

out new versions of Windows in order to make the most of these new chips. The problem arose when Intel pulled ahead of the rest of the chip world with MMX technology which required some minor adjustments to Windows. Faced with having to market different versions of Windows for different chip manufacturers, Microsoft made Intel give the MMX technology to rival AMD to level the (chip) playing field. Intel had spent millions developing MMX and thought they had a clear lead over all competitors. They were not happy and looked for ways to reduce their dependence on Microsoft; mainly by investing in rival operating systems. The other industry giant, IBM, had got its fingers burnt when it tried to launch the PS/2 operating system in competition with Windows. That left Linux as the only other player in town. As you will remember, Linux is not actually owned by anybody and is an "open source" system; rallying point for the "anything but Microsoft" cause. Had IBM tried to pull rank in the Linux community, it would simply have been sidelined. Instead, IBM sunk huge resources into improving and promoting Linux for network systems without attempting to take control. Interestingly, both Intel and IBM had invested in Redhat, one of the first commercial incarnations of Linux which was successfully floated. Microsoft remains all powerful at the PC level (think Word, Excel and XP), but Linux is a big player in servers. For example, our Z1 server is a Linux system. Futurists have long been speculating that Microsoft will eventually be forced to publish its source code, thereby making it open source. Who knows what will happen then? As extracted from a long, serious HBR article.

Top 10 Ways to Motivate Geeks

I don't think I know any proper geeks, but if I did, apparently this is what I would need to do to keep them happy <http://blogs.msdn.com/steveclao1/archive/2006/08/21/711351.aspx>:

- Geeks are curious. Let them feed their desire to learn things
- Geeks like to be self-sustaining. Let them figure things out on their own.
- Geeks are creative even if they don't know it. Give them a chance.
- Geeks need tools, good ones. Give them more than they need.
- Private, yet collaborative. Geeks need to be left alone, but not too alone.
- Free stuff. T-shirts, food, desktop widgets, whatever.
- Control
- Geeks need recognition
- Freedom
- Compensation - Saved this for last, but geeks gotta live too

Sounds familiar?

Allegedly, blogging is the way forward. I'm sorry, I don't get it?





XBRL?

You may be forgiven for thinking that Lord Carter's recent report was about moving the filing deadline for tax returns. In fact, it was about electronic filing in general: his basic conclusion was that we should move to doing everything by XBRL as quickly as possible. In fact, the XBRL concept is nothing clever. All accountancy is about putting numbers into boxes. XBRL is simply the protocol that decides what the box is called (electronically). The problem is that everybody has developed their own version and it's taking a huge amount of negotiation to bring everybody into line, particularly at the international level. Companies House now allows you to file dormant company accounts on line using XBRL, but such accounts usually only have 2 figures on them. Bigger sets of accounts are on the way and the plan is to be able to file one set of accounts, using XBRL, for both the Registrar and HMRC by 2010. Surely, this is just administrative trivia to reduce Government costs? I suggest that this is the basis of a change to taxation based on transactions rather than profit. And it's automated. HMRC has just lost a case where Cadbury's have sheltered profits from tax in a foreign, low tax, subsidiary. Stamp Duty was the original transaction tax. Soon, the government will simply take x% of Box 43?

HMRC interventions (straight from somebody else's newsletter)
The Revenue is trying a new approach with its customers (taxpayers), the stated objectives being:

- a review of current record keeping, to make sure they meet HMRC standards.
- a short risk review.
- self audit of tax returns, i.e. phone calls or letters requiring taxpayers to consider changes to their returns.
- correction challenges - where the Revenue have good quality information, from banks etc, they will simply change your return and ask you why the information returned was incorrect.

Initial contact may be by letter or a telephone call. We would strongly advise all clients to contact us immediately should an approach be made. We would also advise against entering into a dialogue with HMRC - simply advise them that you will refer their enquiry to your accountant. It is by no means certain that we will receive copies of correspondence, or notification that calls will be made.

It is also worth mentioning that under current legislation the Revenue have no powers to carry out these interventions - they can only do so with your agreement and co-operation. The Revenue are recently quoted as saying:

"...the pilots are purely voluntary and there is no question of any customers being compelled to take part."

Alpha males in trouble again

They seem to take this alpha male stuff very seriously in the States. Research identifies 4 basic types:

- Commanders - These are intense and magnetic. They push people hard to reach their goals but can end up bulldozing people, are free and loose with the rules and create an atmosphere of fear.
- Visionaries - Creative, curious, inspiring, they can see the future. On the downside, they ignore reality, are closed to input and spin the truth.
- Strategists - Quick, analytical and objective, they find opportunities others miss. But they can also be smug, opinionated know-alls, lacking in team spirit and unable to admit mistakes.
- Executors - Tireless doers with an eye for detail, they are excellent problem-solvers who get the job done. But they can be unreasonable micromanagers who burn out employees and are overcritical.

[I can't decide which one to use as the role model.]

Alpha males may end up playing several roles, and vary from "sweeties who everyone wants to work for to absolute bullies". But even at the nicer end of the scale, alpha males can hide deep-seated faults that are brought out by stress.

<http://www.alphamalesyndrome.com/index.asp>

For a non-US view, try

<http://business.timesonline.co.uk/article/0,,8213-2339712.html>

Technological change - TV style

Cable company NTL Telewest recently published a future-gazing report taking a look at where it thinks TV viewing might be in the year 2020. The report pools the views of various people with an eye on the future from both within the industry and outside it. 2020 is not very far away, but the kind of things the company anticipates being around then might sound rather far fetched to some:

- TV screens all over the place including attached to walls, mirrors and windows and any other kind of flat surface.
- TV delivered via 'video tiles' combined to make large or small screens. You could watch the news on a single tile while taking a shower or connect several video tiles together to turn the whole wall of a house into a giant movie screen
- High definition TV will be the norm, and broadcast of 3D holographic images will be starting to take place
- TV schedules will be no more. You will be able to watch what you want, when you want
- Two people will be able to watch different things on the same screen thanks to its ability to send images to different viewing angles (ditto sound).

http://www.telewest.co.uk/pdfs/future_vision_report.pdf

X or Y?

In the course of some seriously esoteric reading whilst on holiday, I came across the startlingly cynical view that there are really only 2 types of people:

- Mediocre realists
- Mediocre dreamers

Where does this fit in the great scheme of management thinking? Which would you rather be?

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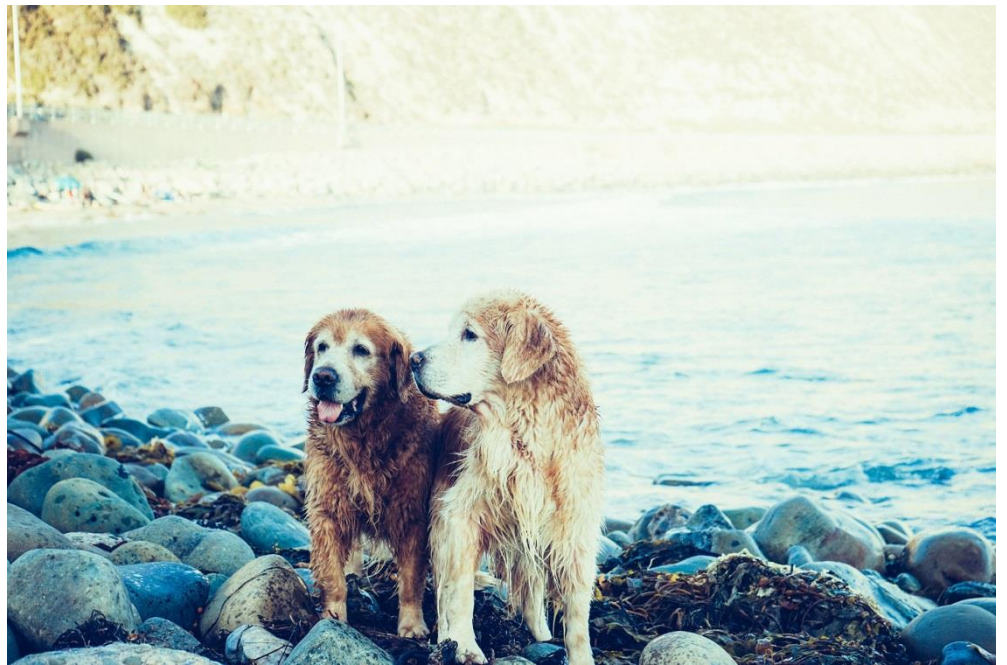
Chaos is changing shape.





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