



November 2009 Newsletter

Future-gazing special. I've been on a course. It may all be hot air, but I need to share. Normal stuff towards the back.



The future is paperless

I've been persuaded to bite the bullet and invest in a paperless system. Allegedly, all the best accountants are doing it. Whilst the office is knee deep in paper, most of it has been printed by us in the first place. I can see the logic for an accounts department where bits of paper (invoices) are coming in and need to be processed. However, what we do is move a document (a set of accounts, for example) around the office with different people doing different things to that document and only the finished article is important. I'm looking forward to dual screens on every desk – one to work on and one to hold the document that would have been a piece of paper. Scanner technology is also improving and "automated capture" is the buzzword. This simply means that an

incoming invoice is scanned and posted to the accounts without human input. IBM has turned the idea round and if you work for them you have to remotely post your sales invoice onto their purchase ledger for them. Assuming you've got the right purchase order number, the invoice is approved and paid. We'll see what happens.



The future is in the cloud

This concept has been around for a long time as the Software as a Service (SaaS) model. The idea is that you don't have your own server/system, but do everything on the net. This is how Google mail works, for instance. Apparently, server farms are springing up all

over the place. Each farm has up to 30,000 servers, each server the size of a fridge-freezer. A farm this big can store 6.75 trillion photos. I guess the security issues are no worse than having your own server permanently plugged into the net, but the concept of having your data held somewhere else (who knows where?) will take some getting used to. Furthermore, if your broadband connection goes down (not unknown on Rotherwas, particularly after heavy rain), then you're stuck. The end position is that service companies won't need an office at all (everybody will work from home) and businesses will save a fortune on office space. Maybe.

www.epayslips.com is an interesting idea.

http://business.timesonline.co.uk/tol/business/industry_sectors/technology/article6907877.ece

The future is in portals

We all communicate quite happily by e.mail, but other parts of the world, particularly the US, have started to restrict the information you can transmit by e.mail. A solution is the use of a portal. This is effectively a page on

the back of your website to which a client has secure access. Rather than sending e-mails, messages are posted onto the page from either side. Just think of the trouble we're going to have with passwords. Again, it all goes wrong if your broadband falls over.

The future is in Generation Y

That is, those born after 1976 (currently under 34). I've considered Generational Theory before and concluded that, whilst it's an interesting idea, the average attitudes of a whole generation make very little difference when you are managing a single youngster in a sea of vested interests (specially mine). Jim Collins still hits the nail on the head with the concept of getting the wrong people off the bus and then the right ones onto it. Get the wrong ones and the Gen Y stereotype fits:

- Lazy (or at least not work obsessed)
- Disloyal (keep their options open/defer responsibility)
- In need of instant gratification (or at least feedback)
- Spoiled (by over protective parents)
- Self-centred (placing a high priority on friends and family)

Suggested strategies for managing such people are therefore:

- Ensure that the work is challenging enough and they can see progress
- Have up to date technology
- Promote quality of life (no stress/no overtime)
- Outsource the grunt work where possible
- Make sure they understand how and where the different parts of the business fit together

Which doesn't sound all that different from managing anybody else?

<http://www.strengthsacademy.com/3-tips-for-choosing-your-attitude>

The future is in start-ups

As unemployment is a lag indicator, the experts are expecting it to carry on rising well into 2010. The knock on effect is that those with redundancy money will start up their own businesses, particularly as government incentives to do so kick in. As always, industries with a low barrier to entry (like catering) will see the most new players. The problem we usually find with new businesses is that they don't understand how the greater business game is played and it usually takes 3 or 4 years for them to learn the rules. So, dealing with a start up is hard work. Be warned.

The future is in one-stop shops

The Legal Services Act 2007 will allow people who are not solicitors to own businesses selling legal services (from 2011, I think). Whilst this may mean accountants and solicitors getting together, the more exciting idea is the prospect of Tesco doing conveyancing (alongside house insurance and mortgages). Who'd have thought Big Brother was actually a grocer?

If you've had enough blue sky thinking, this is the usual nitty gritty:

Forthcoming events

We're working on an extravaganza for January. If only we could decide what/where/when.

Companies House falls over

Yes, the all singing and dancing new system collapsed on Day 1. However, you still get fined if documents are late due to the postal strike (the website says so, even if it won't do much else). This leaves a trip to Cardiff by a real person as the only safe alternative. Doesn't seem to be much of a step forward then.

Directors' loan accounts (DLAs)

The launch of the new Companies House system was timed to coincide with the introduction of the last bits of the Companies Act 2006. These new rules are designed to tidy up completely irrelevant bits of the 1985 (and 1948) Acts and are not going to cause anybody (but lawyers) sleepless nights. However, there is some fine print we need to be aware of:

- The disclosures on overdrawn directors' loan accounts are going to be tighter. The Revenue has already started a war on beneficial interest (on overdrawn DLAs), mainly so that they can get penalties for incorrect P11Ds, so the (upgraded) disclosures will hand them the data on a plate. We've got to manage the build-up of drawings/dividends rather than just the year end position.
- Everything can be done by written resolution (by the shareholders) which effectively ends the distinction between "final" and "interim" dividends. In other words, we don't need to move money back and forwards between bank accounts in order to demonstrate that an interim dividend has been paid. This is probably the "get out of jail card" for the above.
- Subject to changing your company's Articles of Association (your company's constitution), the Act invents the concept of the "Associate Director". This is somebody who calls himself a director, but doesn't have either the authority or responsibility of a full director. I see this as particularly useful in bringing in people who you want to try out, but without giving them the ability to screw up the business. Such people are normally known as sons/daughters.

Stress

I thought stress had disappeared from the workplace, as a result of the recession, and been replaced by survivor-guilt. Peninsula still see employers getting sued for it

<http://www.thebottomlineonline.co.uk/masterclass/stress2.asp>

What price success?

Whilst I've buried the point in a sea of compliance angst, the stand out article of the last 6 months is all about pricing. Given that somebody has to actually create value before the vultures can argue about how it is to be confiscated, this is the real point of being in business.

Talk to the Boyscout.

www.pricingpsychology.com. Remember "3" and be afraid.

Electronic asbos

Having decried the broadband speeds in this part of the world, I'm bemused to note that the Government is considering viewing excessive downloading as piracy and slapping the electronic equivalent of an asbo on repeat offenders. Chance would be a fine thing.

The Journey to Finding a Personal Hedgehog

This is a good video short, despite the title

<http://www.jimcollins.com/media.html>

Well worth 1 minute & 9 seconds of your life.



Some interesting links

Seth Godin has a new book out:

<http://www.sethgodin.com/sg/>

As do Katie Ledger + Barrie Hopson

<http://portfoliocareers.net/blog/>

I was once a biochemist: gene therapy is a long time coming

<http://www.fastcompany.com/magazine/140/the-gene-bubble.html>

PO Bronson's new book (on tough love)

www.nurtureshock.com

Tax investigation update

Whiplash and I have been on a course again: and we're depressed as usual. To cut a long story short, the new system relies on Revenue officers behaving with restraint (there's no method of appeal) but being rewarded for raising money any way they can. The new concept of "compliance checks" means that Inspectors have carte blanche to go on fishing expeditions across all taxes (income/PAYE/VAT) without ever starting a formal enquiry. Given the current decline in profits (and therefore tax), it's all about (non-negotiable) penalties.

Happiness stats

This may not surprise you:

"Happiness turns out to be higher among women, married people, the highly educated, the religious, those politically on the right wing, the healthy, the non-obese, those with high income, non-smokers, the self-employed, the sexually active, those with one sexual partner and those without children. Happiness is U-shaped in age, with people feeling at their happiest when young or old."

<http://business.timesonline.co.uk/tol/business/economics/article6907769.ece>

Which probably explains why middle aged male accountants are a miserable bunch.

Disclaimer

Now listen to me, all of you. You are all condemned men. We keep you alive to serve this office. So work hard, and live.

(More or less) Quintus Arrius, Ben Hur.
Further evidence that nothing changes.



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