



June 2010 Newsletter

World Cup Special. Or Emergency Budget Special. Makes no real difference.



Book of the month

"The Silent State: Secrets, Surveillance and the Myth of British Democracy" by Heather Brooke (the investigative talent behind the MP expenses scandal). It would appear that HMRC is relatively benign by the standards of other government departments. Great foreword: "Do not attempt to read this book illegally as this may result in prosecution and/or imprisonment." The rest isn't bad either, if a bit depressing.

"The Age of Instability: the Global Financial Crisis and What Comes Next" by David Smith (Economics Editor of the Sunday Times). A good, clear explanation of why we really should lynch the bankers. The "Paradox of Stability" says it all.

Lucey: not a Russian hooker (but a short Irishman)

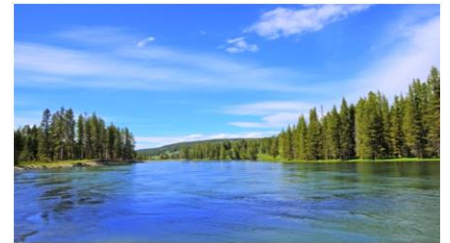
As you will appreciate by now, I'm always keen for the firm to embrace technology, even if I have to overcome/ignore staff/customer revolt along the way. I'm being told that e.mail is chronically insecure and 41 out of 50 states in the US now forbid you to send out Tax Returns by this method. The only possible solution is a portal system. A portal is basically a website onto which I can upload information for a client to download it. And vice versa.. You can even sign off Tax Returns electronically. So, I've bought in the Lucey system and I'm beating everybody into using it. Some clients love it: some hate it. Whiplash is in denial. We will all get used to it together (like e.mail itself). If you've no idea what I'm talking about, stand by. Or expect your Tax Return in the post.

www.luceytechnology.com

Social media

If I'm struggling to get everybody to embrace portals, what chance do I have with social media? You may remember that I ran an article on the interview between Guy Kawasaki and Steve Balmer of Microsoft. He had the temerity to ask Balmer why Vista didn't work and has been a hero of mine ever since. Kawasaki's explanation of what you should do with social media (specifically LinkedIn) is the best there is. The technical term "arsehole" features prominently

http://blog.guykawasaki.com/2007/04/linkedin_and_th.html#axzzogNvz2Ck



We're all footballers now

Football teams, like businesses, come and go. Some clubs are far more resilient over time than others. In principal, it should be possible to select and groom new players in order to achieve ongoing success. The Dutch club, Ajax, set out to identify the key characteristics of good players so that they could create a steady pipeline of such players to feed from youth teams into the senior game. What they found was that there were 3 basic elements of a player's game:

- Technique (talent)
- Insight (intelligence)
- Personality & speed

Whilst the first 2 items can be learned/improved, you've either got speed and personality or you haven't. I'm sure this concept must be transferable to accountancy, but what about "personality"?

<http://www.strengthsacademy.com/3-tips-for-using-the-ajax-tips-model>

When values and image diverge

The Boy Scout really enjoys monitoring non-financial information. It's what he does best. Imagine his concern when a sound, stable business started to show a reduction in both conversion rate (people coming into the business buying something) and average transaction value (ATV). The effect on profitability when both indicators head south is significant and he quickly established that customer service/handling had not changed dramatically. However, he did find out that the owner of this business had decided to do the marketing himself to save cost in the face of recession. The owner's marketing said "cheap and nasty", whereas business itself was based on high levels of customer service. Low price customers were being brought into the business by the marketing only to be turned away by the high value/high service nature of the products on offer. Hence the decline in conversion rates and ATV. The solution in this case was simple: get the owner to go away for a while and allow the business to get back to normal. It really is very important to get the marketing message in line with the culture of the business.

Webinars galore

The accountancy industry has recently woken up to the uses of webinars for imparting technical information and we now get offered at least one a week. Some are better than others in both content terms and method of delivery (internet only or internet + phone?). Effectively, a lecturer talks to a web-cam rather than a room full of people. The viewer has the option of whether to pay attention or do something else (rather like working in front of the TV). This may prove a good way of talking to customers (or potential customers) in most industries – effectively a new type of marketing. As ever, your elevator pitch needs to be up to speed.

Faster broadband must result in proper video-conferencing too. This should make life easier for those who perform better in person than on the phone.

Ash clouds with silver lining

Anybody claiming to be not resident will know that keeping out of the UK for more than 90 days on average per tax year is one of the fundamental requirements for success. HMRC are extremely tense about the calculation, so I suspect anybody marooned in the UK by the Icelandic ash cloud and resultant air travel chaos expected the worst. Surprisingly, the disruption amounts to "exceptional circumstances" and doesn't count.



Compliance Process Re-engineering

HMRC has got management speak. The following is deeply worrying (I think): "HMRC are undertaking structured reviews of the traditional methods of carrying out compliance checks with the aim of cutting out waste for both them and the customer. A review of Employer Compliance processes has been completed and pilot activity is being analysed, prior to adoption. VAT and Income Tax Self Assessment re-engineering is now underway."

Anybody any idea what this might mean?

Organisational behaviour

I expend huge amounts of emotional energy fighting with HMRC about extraordinarily obtuse points of tax law. The Inspector with whom I'm arguing always expects to win, because the big stick is in his hand, but he isn't going to lose his job if he doesn't. Some Inspectors are keener/more confrontational than others, but, at the end of the day, they're all civil servants paid to do a job. They are part of a system:

<http://www.harehall.co.uk/cvo.html>

Don't shoot the FD

Now we have a new government (and, indeed, a new budget), some interesting viewpoints have emerged about the old one. Blair the CEO: Brown the CFO. Never put the analysts in charge of the vision?

http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6870228.ece

Not sure what that means for Dave, Nick and George, but we'll find out soon enough.

Apps for Geeks

I don't have an iPhone, so the whole "apps" thing has passed me by. [I'm told that apps are gumming up the mobile phone networks and making the operators very unhappy, but who cares?]. One story I picked up on an accountants' seminar was about a geek who downloaded an app which allowed him to scan the bar code of goods in a shop and e.mail the code to a comparison website. The site would then tell him the cheapest place to buy this particular item. The app was intended for white goods. One Saturday morning, whilst out shopping with his wife, the Geek decided to use this app on everything in the supermarket. He hasn't been taken shopping since. Maybe I should get an iPhone after all.

HMRC locks up

I trust everybody is now filing their VAT returns on line. Naturally, HMRC chose to bring this requirement in at the same time as the PAYE year-end returns were due, so the help lines simply locked. Heaven help you if a paper return got lost in the post; getting a duplicate was nigh on impossible. On one occasion we managed to get through at 6.50 in the evening and asked the Inspector if he was busy. Not at all, he replied, shielded from the knowledge that the phone system tells people to call back later if it starts to overload. Technology: the great customer avoidance tool.

Associate directors

This is the only apparently useful feature to come out of the new Companies Act. I went on about it at some length last time and I'm leading by example: David & Sue are now associate directors of Chris Duckett Ltd. Pay cuts to follow.

Cultural style

I'm not quite sure how this might be useful, but I came across a piece in one of the very worthy Institute magazines I (have to) read about influencing styles in different cultures. Three broad ways of dealing with the world:

- Status cultures are all about job title – you do not talk business until your host does (S. America and the Middle East)
- Autonomy cultures are about reputation – job title gets you compliance not co-operation (N. America and N Europe)
- Consensus cultures are about team – the team has to agree before anything happens (Japan and China)

Whereas culture in Hereford is best described as a virtuous circle of nobody paying attention?

My server is bigger than yours

I always think that, unlike ex-wives, a man can never have too many servers. If leaving your laptop on the train is old hat, just think about the trouble you could get into if your backup disks get misplaced. The answer is (apparently) encrypted disks and a cipher key (?)

<http://www.zybert.co.uk/gem-s.html>

Newsletter feedback

The last newsletter featured an item about my father keeping a cow on Hearsall Common (in Coventry). I was inundated by expressions of concern for the cow's health. Rest assured; it was a virtual cow. Such an outpouring of emotion is not an atypical response and you may be surprised to discover that the newsletter has been

running for 10 years (although we only go back to 2004 on the website). I thought I could feature an article from one of the early newsletters to show how things have moved on. Actually, you might as well read the whole thing

<http://www.chrisduckett.co.uk/Newsletters/july2004.html>

The disclaimer was:

"Accountancy is like music. It makes you want to dance, forget, fornicate, rage, rebel or cry? And never be bored."

So, nothing much has changed.

Cry me a river

The Boyscout and I went on an Institute course about influencing skills. I knew we were in trouble when he kept trying to talk to people (ie accountants). Accountants never talk to one another. I got told off for staring when I was trying to show I was paying attention. The lecturer kept talking about a "burning platform". I didn't want to show my ignorance, but can anybody tell me what he was talking about?

Be very afraid

This is an official warning from HMRC

www.hmrc.gov.uk/compliance/factsheets.htm

Disclaimer

Power is lust?

To be uncertain is to be uncomfortable, but to be certain is ridiculous – Chinese proverb



Chris Duckett Limited

Network House , Thorn
Office Centre
Rotherwas
Hereford
HR2 6JT



Telephone [01432 370 572](tel:01432370572)

Email: clients@chrisduckett.co.uk

Website www.chrisduckett.co.uk