



September
2015
Newsletter

*As is traditional, a Back to School Special.
Head down till Christmas (or 31st January in our case).*



Dividend tax

Some 2 months after the Budget, HMRC has issued a worksheet telling us how the thing is going to work. Basically, its far more complicated than anyone could have guessed (or I can explain here) and adds credence to the view that the Chancellor dreamed it up at the last minute. However you cut it, dividends are less tax efficient than they were.

Article of the month

Is in the New Yorker magazine:

<http://www.newyorker.com/magazine/2012/05/14/when-giants-fail>

It's an interview with Clay Christensen, the guy who came up with the concept of Disruptive Technology. His analysis is as follows:

<http://www.claytonchristensen.com/key-concepts/>

In short, his best known example of a disruptive technology is from the steel industry.

Low cost producers fought over the bottom end of the market for years and were ignored by the bigger, more profitable players. However, these low cost producers gradually moved up market until the incumbents were destroyed. The fact that the established

players produce a much better quality product seems to be irrelevant. Cheap and nasty wins in the end. We're seeing a similar effect in the battle of the supermarkets with Lidl and Aldi being the low cost producers.

Strangely enough, another article in the same magazine casts considerable doubt on the idea:

<http://www.newyorker.com/magazine/2014/06/23/the-disruption-machine>

Christensen's other example of disruptive technology in action comes from the world of computer discs with the low cost producers knocking spots off the big players, notably Seagate. However, 20 years down the road and Seagate is still the dominant force in disc drives and the small producers have all disappeared. Always pick your examples with hindsight.

And, Christensen famously advised Apple that the iPhone would never catch on.



Big data

HCR have put a distinctly technical view of the big data issues on their website:

<https://www.hcrlaw.com/blog/big-data-is-it-always-beautiful/>

"Gartner have defined big data as "high-volume, high-velocity and high-variety information assets that demand cost effective, innovative forms of information processing for enhanced insight and decision making." Translated, this means the ability to make a variety of uses of large data sets by using new technological methods – think about more targeted advertising and marketing, more bespoke customer journeys and the like."

As I understand it, this boils down to knowing as much as possible about people (ie customers) so that you can anticipate their buying habits and sell them more. Maybe, Big Brother does Retail? Supermarket loyalty cards are the obvious example: if you buy dog food, you must have a dog and this info can therefore be sold to somebody selling dog insurance. [In the 1990s, the banks tried to know stuff and ended up wrecking relationships. But they still make loads of money.]

I'm not sure that this really equates to the approach of the Singularity (too many SiFi films), but it must be a (small) step in that direction.

More EI

Given the trouble I've had explaining the concept of emotional intelligence to people (in advance of the BD event on the subject), then this summary in (the once mighty) FastCo might help:

<http://www.fastcompany.com/3049913/know-it-all-7-habits-of-tough-minded-leaders>

Book of the month

"Fast after 50: How to race strong for the rest of your life" by Joe Friel. Not a business book as such, but given the shift in the effective retirement age towards 70, is there a way of not dying within a year of retiring? The answer appears to involve doing more or less what you should have been doing before 50:

- strength work to promote hormone release and therefore prevent muscle loss
- high intensity intervals rather than long and slow (the default as you age)
- more protein and less carbohydrate to deter The Belly
- but take longer recovery periods

Simple? But not necessarily easy.

Is passion enough?

We're talking about work rather than marriage guidance.

This is a reworking of the work/life balance question. As they used to say at Microsoft, you can have both, but not necessarily in the same week.

Throw together US style self-help with a lashing of theatrics and this is what you get:

<http://www.marieforleo.com/2014/04/find-your-passion/>

Surprisingly, the English translation comes through that bastion of accountancy, the AAT (Association of Accounting Technicians):

<http://www.aatcomment.org.uk/aat-developing-your-career/why-following-your-passion-might-not-make-you-happy>

Work harder?

Teamwork in action

Planet K2 have recently had some interesting things to say about teamwork, particularly with respect to the Tour de France, where teamwork is everything:

<http://planetk2.com/blog/2015/07/could-you-ride-the-tour-de-france/>

Or, rather more analytically:

<http://planetk2.com/blog/wp-content/uploads/2015/08/characteristics-of-high-performing-teams-3.pdf>

Australian pensions

Most Australian business laws were shipped out of the UK after the war. The 1948 Companies Act being a good example. However, since then the Australians have made it up as they've gone along, often from first principals, and the 2 codes have diverged significantly. It should come as no surprise that the Australian pension system is "upside down": no tax relief on the way in and no tax charge on the way out. The UK government is therefore considering the impact of doing it the same way, particularly as withdrawing the tax saving on the way in would fix the budget shortfall in one fell swoop. Pensions as a savings vehicle rather than for tax management? What a novel idea.

Some more positivity

I enjoyed Martin Seligman's book, Authentic Happiness, which concluded that happiness is relative and tends to be more or less constant in a given individual over time. "I chose to be happy" just about sums it up. Good video to this effect on the Sage's site:

<http://www.thepositiveapproach.global/s-martin-seligman-work-positive-psychology/>

TAS on the ropes

Back in the early 2000s, Sue and I set out to computerise as many client as possible using the TAS Books system. TAS stood head and shoulders above everything else in terms of flexibility and functionality and made the market leader, Sage, look clumsy. Sage obviously saw it that way too and bought TAS to take it out of the picture. Ever since then, we've been expecting Sage to close TAS down completely. It looks like the end of TAS is now in sight (a new version of Windows will finish it off) and we need to start thinking about alternatives. The disruptive offering in the market place is undoubtedly Xero, which is distinctly shaky in accounting terms and exclusively cloud based, but will take and analyse data direct from electronic bank statements. So, it appeals to the time pressured and is attracting a lot of whiz-bang apps. Buy shares if you can.

The old guard (Sage/Quickbooks and, to a lesser extent, Farmplan) are trying to catch up with lost ground and develop suitable web offerings, but it's an uphill battle.

Watch this space?

Avatars in action

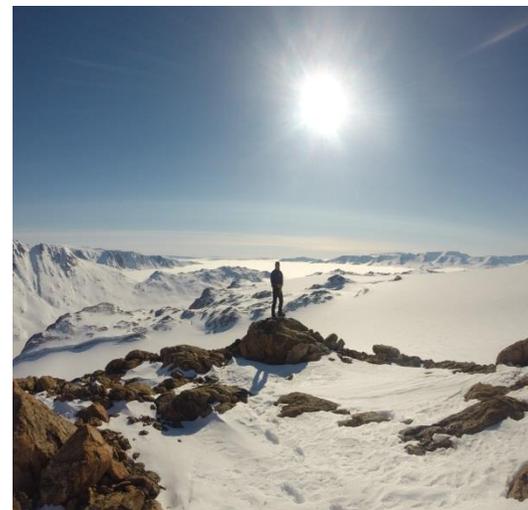
The Boyscout has been raving about his favourite business book: "The Coffee Boys' Step-by-Step guide to Setting up and Managing Your Own Coffee Bar". One particularly exciting section involves customer avatars. Businesses traditional grade their customer quality as A, B, C & D (or maybe Bronze, Silver & Gold). [Ds always get fired.] This is all a bit generic, and doesn't work in a retail environment (until Big Data solves this issue). A customer avatar is then shorthand for a series of behaviours that describes a particular customer type. The avatar gets a name to make it more fluffy, so in principle you can even assign a lifetime value. Back to coffee bars, and avatar "Mike" is a businessman on his way to work who buys a coffee at 8.30 every morning (for consumption later in the day). He's always in a hurry and will never buy anything else (like high margin food). His primary concern is to get in and out of the bar at maximum speed and he won't appreciate being engaged in dialogue. Customer training to handle Mike is then very specific.

Disclaimer

As they say on Canadian TV:

This Newsletter contains coarse language and mature subject matter (and the odd puerile pun).

Reader discretion is advised."





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