

Have you ever thought about...

... 'cooking' the books?

FINANCE DIRECTORS and CEOs keen to report favourable figures should invest in the development of a good corporate governance regime rather than bow to the pressure of presenting company performance in a good light.

According to Richard Nadin, a partner at accountancy firm Dean Statham, directors, management and auditors who cave in to commercial and economic pressure to show a company's results in a certain way are storing up trouble for the future and giving the industry a bad name.

Nadin said: "In recent years it has become widely accepted that pressure is felt by various personnel involved in the financial reporting process to present figures in the right way.

Pressure

"This pressure can be felt though bonus levels being heavily dependent on the results or through the desire to reduce tax liabilities by understating profits and achieving forecasts. And as economic conditions decline, this inevitably becomes worse.

"This practice is totally unacceptable. It can lead to serious criticism of a company's financial policies and a general mistrust of financial reports.

"As accountants for businesses without their own Finance Directors, the temptation to give in is always there and has to be resisted.

Positive action

"Positive action taken early can save the life of a business. Time and energy spent 'cooking the books' is far better spent on inspiration and perspiration to solve the problem.

"I would urge all Finance Directors to review existing accounting policies and look at them annually.

"Best practice is not a one-off solution. It needs to be incorporated as an ongoing process to ensure that risk is effectively managed."

AGGRESSIVE EARNINGS MANAGEMENT has been the subject of an Audit Practice Board consultation paper, which highlights the need for impartial financial reporting.

While the consultation paper acknowledges that there is no right performance result, it suggests that requirements to produce true and fair accounts should be the first priority for directors and auditors.

This means that financial reporting doesn't have to err on the side of caution – but it should seek to avoid aggressive earnings management. **BAI**

Sourcenote: For further information, please contact: Richard Nadin, Dean Statham 01782 614618

BUSINESS

ALERT!

"Practical Advice That Works" Vol 5 No 4

How to make time to do everything

Your time is much too valuable to waste on non-essentials.

CAUGHT BETWEEN the ever-present demands of work and family, and seduced by television, trendy magazines, etc, more and more people feel as if their lives are out of their control.

The resulting psychological strain can leave you stressed out — and that's unhealthy. Fortunately, there are some surprisingly simple ways to carve out a little breathing room...

• **Know your priorities** — and stick to them. Buy a stack of index cards.. and jot down your real priorities.

Examples: Educating your children... achieving financial independence... maintaining a loving, happy marriage.

Refer to your cards at least once every six months. Compare how you *are* spending your time with how you think you *should be* spending your time. Drop any activity that doesn't lead toward your goals.

• **Do one thing at a time.** Modern society encourages us to accomplish several things at once. We dictate memos while driving...listen to music while jogging...read or watch television while eating.

Sticking to one thing at a time inevitably improves the quality of your work and gives you peace of mind.

• **Rethink rituals.** Many activities that we do every day and that seem to be essential really are not that important.

Examples: Opening a piece of mail when you know its contents are unimportant.. having a second cup of coffee when you can get by with one ...waiting until the top of the hour to begin a task...watching TV news when you've already read the newspaper.

It's amazing how much you can accomplish if you make it a point to use a

few spare minutes here and there.

• **Tackle chores right away.**

Whenever possible, take care of work responsibilities, household chores, etc., as they arise. If a colleague asks to schedule a meeting with you, for example, have it right then and there.

Trap: If you schedule a meeting for another time, you and your colleague may wind up playing phone tag if either of you has to reschedule.

• **Don't be a slave to the past.**

Cancel subscriptions to periodicals that you no longer read. Resign from organisations in which you no longer participate.

• **Get off mailing and phone-solicitation lists.**

Write to the Mail Preference Service, Direct Marketing Association (DMA). Ask that your name be removed from direct-mail lists; to have your name removed from phone-solicitation lists, contact the DMA's Telephone Preference Service.

• **Practise good filing "hygiene."**

Don't let papers pile up around your office

or home. File what you need to keep, and toss the rest. If the information is available elsewhere or online, don't add it to your files. If you're unsure of where to file something, consider creating new, whimsical files.

• **Avoid interruptions.** At work, set aside "telephone-free" time every day. and close your office door. If necessary, find a place where you won't be disturbed—a colleague's office, a park bench, the library.

• **Don't worry about looking busy.** The most important job of the moment may be staring out the window lost in thought, or reading the paper at your desk.

• **Don't feel guilty about not getting everything done.** No one can possibly accomplish all the interesting, useful, profitable activities that are available to us. **BAI**

SOURCENOTE: Business Alert interviewed Jeff Davidson, president of Breathing Space Institute, time-management consultants., and author of 25 books, including BREATHING SPACE.



BEING A perfectionist can make life very complicated, for one is ever seeking to attain the unattainable.

Perfectionists often find it difficult to contemplate being otherwise, and yet the fear of not doing things perfectly can paralyze us.

Here are some thoughts and questions for people suffering from perfectionism.

• **How much does your perfectionism interfere with your life as you would like to live it?**

Does it make you happy?

• **You know that you cannot really be perfect.**

Do you know that fear of not being perfect can lead to procrastination so intense that it may become paralysis? Even if not that extreme, it can lead to the inability to start projects, and the inability to finish them.

• **Did you know that the makers of traditionally superb Persian rugs always added a flaw to each carpet?**

They believed that only the Creator can create perfection, and for them to try to do so would be unduly arrogant. The deliberately added-flaw was an admission of their humanity and their humility.

• **What would happen if you chose not to be perfect**

- to accept minor imperfections in yourself and your work? Would the sky fall? Would there be serious consequences? What would they be?

• **Who originally told you that everything you do has to be perfect?**

Does the opinion of that person still have the right to run your life? To ruin your life?

• **We are in control of our lives to the extent that we make choices.**

Do you *choose* perfectionism, or does it feel more like a compulsion? If perfectionism is not your choice, how can you move toward the acceptance of yourself as you are, including minor imperfections, as a conscious choice? **BAI**

SOURCENOTE: Submitted by Diana Robinson, Ph.D., who can be reached at Choices4U@ChoiceCoach.com



Chris Nabavi

The way I see it...

THANK YOU for calling the CUSTOMERS DON'T MATTER UNLIMITED FREEPHONE HOTLINE.

If you would like to speak to someone, please wait until I have listed our loads of other irrelevant options and then press a number that I won't tell you before you've heard all this rubbish, to be put on hold and listen to a very poor electronic keyboard version of 'Don't leave me hangin' on the telephone, whilst being reminded that *"all our operators are temporarily unavailable"* for at least the next 5 minutes and if you are really lucky we will inform you just how many other callers in front of you have been as patient as you and gone through the exact same process of boredom therapy called screening.

One positive aspect

I suppose there is one positive aspect to this all-too-familiar scenario.

At least the operator who does eventually 'delight their customer' by answering in a children's TV presenter voice will *know* the mood of the incoming caller.

I don't have government statistics on this (I tried, but my mobile phone ran out of batteries whilst on hold) but in my personal experience nine calls out of ten that I make to these automated call centre numbers requires my waiting for the last option of talking to the operator anyway.

Nobody likes them. Even if you actually ask the operator at the other end of the phone they will wax lyrical about tedious experiences they have encountered in their own personal life.

My favourite

I think my favourite call was an out-of-office-hours call to a 24-hour hotline. After about 6 button presses through all the options I was given a different number to ring.

Unfortunately they didn't tell me that this wasn't a 24-hour number.

On getting *straight through* to the answer machine they asked me to dial the 24-hotline number.

Second verse, same as the first. *And* I was trying my *hardest* to spend some money with this company!

So why do companies do it? Simple. Because they have short-sightedly put activity cost control before (harder to measure) soft benefits, such as customer satisfaction and long-term value creation.

Have they forgotten, or just disregarded, the age old adage of *'It costs ten times more to win a customer, than to retain one'*?

Incentivised?

No. The people implementing these wonderful, technically-advanced systems are simply being incentivised on the wrong things.

And boy, don't we just love to measure things in this country to 'incentivise' people on?

The problem with being so 'Key Performance Indicator'- focused is that 'we don't know what we don't know', and we

certainly don't measure it.

We simply measure everything we possibly *can* measure, and forget about the rest and the implications.

What is the cost-benefit of operator cost reductions over customer irritation? Recent surveys show that customers have to be 'delighted' in order to have *any* loyalty to staying with a supplier.

Doesn't cut the mustard

Being 'satisfied' just doesn't cut the mustard. Annual budget cycles just add to a company's short-term view.

Budget gaming, top-down targets, unit cost reductions year-on-year, capital expenditure approvals, long-winded procedures and authorisation required to spend anything that wasn't predicted 18 months ago.

This is where the owner of a small- or medium-sized enterprise (SME) can step back and breathe a sigh of relief.

Delight in the knowledge that you are not shackled by the corporate chains of indecision.

You have the opportunity to be flexible... to respond to the here and now;

...to take advantage of opportunities with 'internet speed' without the need for expensive decision-support systems;

...to be able to act on threats immediately;

...to make 'common sense' decisions without a forty-three page business plan and cost benefit analysis to back it up;

...as long as you know your game plan;

...as long as you understand what truly adds value to your customer, your prospective customer and to your business;

...as long as you have decided what level of risk you can afford to take;

...as long as you run a well-oiled machine;

...as long as you know where you are going.

The 'Small' in SME doesn't have to refer to the size of your vision, ambition or success.

Take heed, corporate giants, David is just round the corner and he is 'the real thing' and he *will* 'just do it!' **BAI**

SOURCENOTE: I am indebted to Stephen Adams AInst.LB, Managing Director of Davis Adams Limited, based in Godalming, Surrey where they focus on managing for value and linking strategic plans to operational actions, for these succinct and pithy observations on Call Centres.

Computer comfort

Sitting at a computer for hours can create physical discomfort. To avoid problems: Avoid bending your wrists. Take a break every 30 minutes. Avoid using a laptop as your main machine —they're not designed for extended use. Position the screen 20 inches from your eyes at a 15-degree angle. Avoid bright lights in the room. Blink regularly. Do eye exercises when working extended periods. Example: Trace a figure eight with your eyes, first in one direction and then the other.

SOURCENOTE: Ronald Harwin, DC, and Colin Haynes, coauthors of HEALTHY COMPUTING quoted in LET'S LIVE.



Tips on requesting help from people

REMEMBER, if you don't make the request, it will NEVER happen. American basketball star Wayne Gretzky once said, "One hundred percent of the shots I don't make don't go in." Likewise, the unasked question is never answered.

● **Don't beat around the bush.** Just ask!

● **If it's an extraordinary request, say so.** BIG requests are often the best requests. Be 100% upfront and honest about what you want and what's involved.

● **If the request is work that YOU normally (or should) do, explain why you can't.** You don't need to provide tons of detail, but again, be honest with the person you're making the request of (and with yourself).

● **Don't assume you know what the answer will be.** Maybe they'll say "No." Of course, they might say "Yes."

● **Recognize that the person can say "No."** You may not like it, but it will happen from time to time. Accept it and move on.

● **Make one request at a time.** Asking for help, assistance, changes, etc., is fine, but don't overwhelm a person with multiple requests all at once.

● **Make the request clear and distinct.** If there's an exact way it needs to be done, let the person know. Give them all the information to make a good decision, but also so they can really do what you need them to do.

● **Trust the person to do the right thing.** If you've made your request clear and the person has said that they'll do it, expect they'll do it correctly. Don't follow them around and hound them about it.

• Say "Thank you." (Even if they turn you down.) **BAI**

SOURCENOTE: Submitted by Jim Allen, a personal & business success coach, who can be reached at Jim@CoachJim.com, or visited on the web at <http://www.CoachJim.com>

Productivity

Are you getting the best from your staff?

Poor management skills limit the potential of employees and leave the UK trailing competitors' productivity.

FAILURE TO FOSTER the genuine staff involvement and trust necessary to adopt new working practices is causing low economic productivity in the UK and threatening the success of government programmes, according to a TUC report.

Performance has not improved because of low management skill levels and the failure of businesses to consult their staff.

The report says that the low quality of managers in UK businesses is the most significant barrier to the effective staff involvement required in a high performance workplace.

The TUC has called on the government to ensure that business is aware of the clear link between employee involvement and high performance workplace practices and cites the implementation of the EU Information and Consultation directive as the most likely catalyst for such change.

Significant factors arising from the report include:

- UK firms have failed to adopt high performance reforms common amongst their competitors. Productivity in foreign-owned manufacturing firms in the UK is far higher than in British-owned firms.

- UK managers are a barrier to high performance because they are low skilled, use outdated strategies and cannot trust workers with decisions, as they do not respect the people they manage.

Most managers claim to consult staff but most employees do not feel consulted.

- More decision-making by front-line workers increases the pace of innovation, raises morale and increases the likelihood of support for workplace change.

Brendan Barber, TUC General Secretary, said: "Involving staff in the business is not an unnecessary burden, or 'red tape'.

"High-performance, productive workplaces need strong, responsible unions and managers who are skilled and trusted enough to communicate with staff individually and collectively."

This raises productivity because employees are free to make decisions about their work and provide vital feedback on the business to management. Management in turn is freed from a 'command and control' supervisory role to a

strategic, leadership role.

So, check our top 10 tips below to see if you can improve your communication and trust with your staff:

1. Treat people as individuals: listen to them, get to know them better and remain aware of their concerns as well as their ideas.

2. Set objectives that have clear outcomes and keep careful records if you have any concerns about the individual's ability to manage flexible working effectively.

If they fail to deliver, then you are justified in refusing another request until they demonstrate their abilities.

3. It's OK to say 'no' to flexible working sometimes, for example, if there are issues around performance or there is a genuinely negative impact on operational needs.

4. Put your trust in people: be as open as possible and practical and be prepared to take risks occasionally.

5. Deal with individual concerns and disciplinary issues promptly — the whole of your team will respect you for this.

6. Make sure that your communications are effective and hold regular team meetings.

7. Treat people as you would want to be treated: think back to your own experiences — both positive and negative — of managers that have supervised you in the past. Take note of their successes and try to avoid the pitfalls that they fell into.

8. Keep people fresh and motivated by promoting training and development opportunities and goals. **BAI**

SOURCENOTE: NEW BUSINESS MAGAZINE

UK Sole traders to be exempt from liability insurance

FROM EARLY 2005, companies that employ only their owner will be exempt from purchasing employers' liability compulsory insurance. The decision, announced by Minister for Work Jane Kennedy, follows a wide-ranging consultation on whether or not to remove the requirement. She said the move could benefit "hundreds of thousands of limited companies where the owner is the sole employee". The Government estimates that there are around 300,000 such companies across the country. The increasing cost of employers' liability insurance premiums — some have risen by 50% in 2002 and a further 20% in 2003 — have threatened small firms with closure.

"Removing this requirement will help many small businesses whose owners have told us they cannot afford to buy this compulsory insurance. We have given everyone the chance to have their say in the matter and listened to their views," commented Kennedy. She added that the change will bring small companies that have a single employee who owns the company into line with similar unincorporated businesses. **BAI**

Words of Wisdom

"He can compress the most words into the smallest ideas of any man I ever met."
— Abraham Lincoln

The Institute for Independent Business

FOUNDED IN 1984 in the UK the Institute for Independent Business (IIB) is now one of the world's largest international networks of business advice providers.

As of 1 October 2004, 2543 carefully-selected men and women had been accredited as IIB Associates.

Experienced professionals

Experienced senior business people in their own right, who have elected to become self-employed business advisers, Associates and Fellows of the IIB have received additional training to enable them to focus accurately and cost-effectively on the needs of clients and prospects.

This ensures that Associates' clients receive the "practical advice and hands-on help that works"—the Institute's motto in every country in which the Institute operates. **BAI**

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I wish I'd said that...

"First there is a time when we believe everything, then for a little while we believe with discrimination, then we believe nothing whatever, and then we believe everything again — and, moreover, give reasons why we believe."

— G C Lichtenberg

Selling

Telephone tips to win business

The telephone is still most business' primary point of contact with customers. Make sure your staff is up to speed on today's telephone-answering techniques

THE WAY YOUR STAFF answers your company's phone will form your customer's first impression of your business.

These telephone tips will ensure that callers know they're dealing with a winning business:

- Answer all incoming phone calls before the third ring.

- When you answer the phone, be warm and enthusiastic.

Your voice at the end of the telephone line is sometimes the only impression of your company a caller will get.

- When answering the phone, welcome callers courteously and identify yourself and your organization.

Say, for instance, "Good morning. Cypress Technologies. Susan speaking. How may I help you?"

No one should ever have to ask if they've reached such and such a business.

- Enunciate clearly, keep your voice volume moderate, and speak slowly and clearly when answering the phone, so your caller can understand you easily.

- Control your language when answering the phone. Don't use slang or jargon.

Instead of saying, "OK", or "No problem", for instance, say "Certainly", "Very well", or "All right".

If you're a person who uses fillers when you speak, such as "uh huh", "um", or phrases such as "like" or "you know", train yourself carefully not to use these when you speak on the phone.

- Train your voice and vocabulary to be positive when phone answering, even on a "down" day.

For example, rather than saying, "I don't know", say, "Let me find out about that for you."

- Take telephone messages completely and accurately. If there's something you don't understand or can't spell, such as a person's

surname, ask the caller to repeat it or spell it for you. Then make sure the message gets to the intended recipient.

- Answer all your calls within one business day.

I can't emphasize this one enough.

Remember the early bird? The early caller can get the contract, the sale, the problem solved... and reinforce the favorable impression of your business that you want to circulate.

- Always ask the caller if it's all right to put her on hold, and don't leave people on hold.

Provide callers on hold with progress reports every 30 to 45 seconds.

Offer them choices if possible, such as "That line is still busy. Will you continue to hold or should I have _____ call you back?"

- Don't use a speaker phone unless absolutely necessary.

Speaker phones give the caller the impression that you're not fully concentrating on his call, and make him think that his call isn't private.

The only time to use a speaker phone is when you need more than one person to be in on the conversation at your end.

- If you use an answering machine to answer calls when you can't, make sure that you have a professional message recorded and gives callers any other pertinent information before it records their messages.

Update your answering machine message as needed.

For instance, if your business is going to be closed for a holiday, update your recorded message to say so and to say when your business will reopen.

- Train everyone else who answers the phone to answer the same way, including other family members if you're running a home-based business.

Check on how your business' phone is being answered by calling in and seeing if the phone is being answered in a professional manner.

If they don't pass the test, go over this telephone tips list with them. **BAI**

SOURCENOTE: Susan Ward, in BusinessGO



Successful CEOs never promise more than they can deliver

For more information, please call Chris Nabavi on 01628 782 892