The Institute of Chartered Accountants in England & Wales

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Ranking the top business gurus

A new study reveals the favourite choices of the experts

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THE NEW AGE

Horses, musicals and management

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How accountants became managers – IFAC study

A new publication from the Financial and Management Accounting Committee (FMAC) of the International Federation of Accountants (IFAC) offers a global perspective on the transformation of the accounting profession to a ‘management profession’.

The study, entitled ‘A profession transforming: from accounting to management’, focuses on both the causes and effects of this movement by presenting the perspectives and experiences of a dozen professional associations from around the world – including the ICAEW.

IFAC believes that this study can help a wide group of audiences, including educators who are preparing the next generation of accountants, employers of management accountants, and professional associations who effectively serve an increasing number of members who are not employed in public practice.

“Currently, IFAC has 153 member bodies servicing 2.5 million accountants. More than 60% of these accountants are employed in business and this number continues to rise everyday,” points out Bill Connell, FMAC chairman. “The study can be enlightening for many of these accountants who are coping with a business environment far different from that of the last century.”

The study points out that two parallel movements seem to be driving change in the accounting profession. First, there is a movement to reform corporate governance as the underpinning of global capital markets, with consequent changes in financial reporting and auditing standards and processes for institutional oversight and assurance. Second, there is a less visible but equally powerful movement for accounting work to be absorbed into the management processes of organisations, not only altering the competences expected of practitioners but also making such work accessible to non-accountants.

The study was edited for the FMAC by Professor William Birkett of the University of New South Wales, Sydney, Australia and a technical advisor for the FMAC, and Associate Professor Chris Poullaos of the University of Wollongong, Wollongong, Australia. Twelve professional associations in Australia, Canada, Italy, Malaysia, the UK, and USA contributed chapters.

‘A profession transforming: from accounting to management’ is available in both print ($25) and online ($22) formats. It can be ordered through the IFAC online bookstore (www.ifac.org/store) or by faxing the IFAC publications coordinator at +1-212-286-9570.

Faculty faces

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Comments and suggestions about FINANCE & MANAGEMENT should be addressed to Chris Jackson BA FCA, Head of the Faculty (see left).

EDWARDS WELCOMES NEW COMMITTEE MEMBERS AT AGM

At the Faculty’s annual general meeting on 13 June, chairman John Edwards welcomed newly-elected committee members Peter Franklin of Nationwide Group Treasury and Geoffrey Seeff of Currie & Brown Widnell Ltd, along with re-elected members Charles Bartholomew, Ruth Bender, John Tranter and Colin Whipp. They will all serve until the 2004 AGM.

The chairman went on to describe the Faculty’s various initiatives during the accounting year 2000, including the decision, based on members’ feedback, to hold a smaller number of events but on a larger scale, concentrating on cutting-edge topics. The three regional half-day conferences on Activity Based Management indicated the popularity of this different form, which is being followed in the current calendar year. Another success story has been the *Management Quarterly* publication, which although only scheduled to be published until mid 2001, will now continue as a result of its popularity with members.

Assessing the top management gurus

A recent survey of management gurus suggests that it is the 'old economy' experts who are still held in the highest esteem by business. **Helen Fearnley** reports.

In the first ranking of the world's management gurus, a survey published earlier this year shows that digital experts are exposed as exerting surprisingly little influence on global business.

Other findings in this survey are:

- 92 year-old Peter Drucker ranks top, as the most influential;
- seven out of 10 top places are taken by academics rather than practitioners;
- US and Canadian gurus represent 80% of the top 50 management thinkers; and
- Dilbert (the cartoon character) ranks higher than Sir John Harvey-Jones

The innovative global ranking of gurus was developed by media business consulting company Suntop Media, published by the business and management portal FT Dynamo, and is the result of nominations from some 400 business people, consultants, academics and MBA students throughout the world.

From those votes a short-list of 68 was compiled, and the candidates ranked by an expert panel on 10 criteria: originality of ideas; practicality of ideas; presentation style; written communication; loyalty of followers; business sense; international outlook; rigour of research; impact of ideas; and 'guru' factor.

The consequent ranking shows the enduring popularity of some of the longer-established gurus.

Not only is Peter Drucker the most highly rated, but Irish-born Charles Handy, nearing 70, takes the number two slot (planting a European flag in a largely American dominated table).

Next, in a closely fought battle among the strategy gurus, Harvard's Michael Porter takes third place overall, with Gary Hamel immediately behind, followed by former McKinsey consultant Tom Peters ranked fifth.

South African statesman Nelson Mandela, secures 43rd place; Scott Adams, the creator of the Dilbert cartoons, ranks 31st; and Alan Greenspan comes 28th for his skills as chairman of the Board of Governors of the Federal Reserve.

The compilers say their 'Thinkers 50' survey, the first such ranking, is a useful benchmark of who's 'in' and who's 'out' in this multi million dollar business.

Old economy rules

The resounding finding of the survey is that old economy thinking still exerts most influence, with new economy gurus failing to topple their more senior rivals. Also, academics dominate the top of the table taking seven of the first 10 places.

However, a few technology gurus made the top 50 with MIT Media Lab founder Nicholas Negroponte (16) topping the rankings amongst new economy thinkers.

Business practitioners feature strongly in the total ranking, with Jack Welch and Bill Gates in the top 10, hotly pursued by a pack of CEOs and former CEOs from the IT industry. Intel's Andy Grove, (24), comes in just ahead of Michael Dell (25), and Amazon's Jeff Bezos (30).

European practitioners also do well, with former Asea Brown Boveri boss Percy Barnevik, at 19th, and Virgin boss Richard Branson 29th. Another colourful leader, Southwest Airline's Herb Kelleher, is 49th.

The media content, concepts and consulting company Suntop Media Limited was founded in 1999 by business writers Des Dearlove and Stuart Crainer. Clients include FT.com, the American Management Association, FT Knowledge and the Economist Intelligence Unit.
E-mail: www.suntopmedia.com.

FT Dynamo, a business and management portal, is part of FT Knowledge, the business education and training company. Subsidiaries of FT Knowledge include The Forum Corp. and The New York Institute of Finance (NYIF).
E-mail: www.FTdynamo.com.

The survey, which was published earlier this year, can be seen in full on the Suntop Media web site: www.thinkers50.com. Free copies of the survey are also available from www.FTdynamo.com.

A working brief on the top five gurus

1

Peter Drucker (born 1909)

Austrian-born Peter Drucker, the son of an economist, was a journalist in London before moving to the US in 1937. His enthusiasms include Jane Austen, Anthony Trollope, and the works of Freud. He also lectures in oriental art.

His first management book, 'Concept of the Corporation' (1946) examined the internal workings of General Motors. Of his 29 books to date, the most outstanding are 'The Practice of Management' (1954) and 'Management: Tasks, Responsibilities, Practices' (1973), which seem to encapsulate the essence of management thinking and practice.

Alongside his writings Drucker is also an academic and sometime consultant. After being Professor of Philosophy and Politics at Bennington College (1942-1949) he was appointed the world's first Professor of Management (New York University, 1950). Since 1971 he has been a Professor at Claremont Graduate School in California.

Drucker's most recent publications are 'Management Challenges for the 21st Century' (1999) and 'Peter Drucker on the Profession of Management' (1998).

2

Charles Handy (born 1932)

Charles Handy is an oil executive turned academic and, latterly, social philosopher. Irish-born Handy worked for Shell until, at 40, he left to teach at the London Business School. He also spent time at MIT, coming into contact with many leading thinkers in the human relations school.

His first book, 'Understanding Organisations' (1976), was conventional. In later works, though, his ideas became more wide-ranging and philosophical in nature. 'The Age of Reason', and 'The Empty Raincoat', for example, explored such ideas as the shamrock organisation and federalism, with an attractive simplicity. He now limits his audiences to a maximum of 12, and determinedly practises what he preaches in the new world of work.

Handy's most recent books are 'Twenty-One Ideas for Managers: Practical Wisdom for Managing Your Company and Yourself' (2000), and 'The New Alchemists: How Visionary People Make Something Out of Nothing' (1999).

3

Michael Porter (born 1947)

Michael Porter has excelled in producing brilliantly researched and cogent models of competitiveness at a corporate, industry-wide and national level.

In the process he has succeeded in combining high academic credibility (being an aeronautical engineer, economist, best-selling author, and one of Harvard's youngest tenured professors) with the building of a successful consulting business (Monitor, launched in 1983 and now, reputedly, among the largest fifty consulting firms worldwide).

Porter took an industrial economics framework – the structure-conduct-performance paradigm (SCP) – and translated it into the context of business strategy. Out of this emerged his best known model – the five forces framework – now standard business school fodder and part of every MBA programme.

Porter was one of the first gurus to refer to himself as a brand – essentially comprising his academic reputation, best-selling books, and high credibility.

His books include 'Competitive Strategy – Techniques for analysing

Industries and Competitors' (1980), 'Competitive Advantage' (1985), and 'Can Japan Compete?' (with Hirotaka Takeuchi and Mariko Sakakibara, 2000).

4

Gary Hamel (born 1954)

Gary Hamel's is the voice of contemporary strategy, and his reputation looks set to match that of Porter in terms of combining intellectual ability with empire building skills. A fan of upsizing rather than downsizing, he also writes in a refreshingly energetic aphoristic style ("get off the treadmill of incrementation,", "heretics, not prophets, create revolutions").

He deplores what he considers the complacency and cynicism endemic in management today.

California-based, Hamel is a visiting professor at both the Harvard and London business schools. He is also chairman of the worldwide strategic consulting company Strategos (dedicated to "helping clients get to the future first").

Strategos runs the Strategos Institute ('a client-sponsored, multi-disciplinary research programme') and the Strategos Practice ('a partner, not a consulting company'), the key selling point being the quality of ideas produced, and access to big hitting intellectuals. The organisation's clients include Royal Dutch/Shell,

Emerson Electric and Nokia.

He has co-authored 'Competing for the Future' and, more recently, 'Leading the Revolution' (2000).

5

Tom Peters (born 1942)

Though his initial impact came through 'In Search of Excellence' (1982), Tom Peters' most powerful book to date came a decade later: 'Liberation Management'. Irrepressible and charismatic, some regard Peters as having virtually invented the concept of the modern business guru.

Baltimore-born, he studied engineering at Cornell University, served in Vietnam, and worked for the drug enforcement agency in Washington. After gaining an MBA and PhD from Stanford, he joined McKinsey & Co, leaving before the publication of 'In Search of Excellence' to work independently.

Critics of Peters cite a tendency to pander to the masses, relying on empty phrase-making rather than implementation detail. His ideas are also sometimes subject to significant overhaul, if not reinvention.

His business record is also mixed. The Tom Peters Group has largely failed to cash in on the Peters brand, starting off as a consulting business before metamorphosing into a

commercial hotch potch. However, having now used his adaptive abilities to reintroduce himself as tompeters.com, the master of reinvention is now seeing the plaudits roll in once more.

Managing enterprise performance through the balanced scorecard

Recent stock market events have demonstrated the difficulty of creating and sustaining value. **Robin Bellis-Jones**, of management consultancy and software company Bellis-Jones, Hill & Prodacapo Ltd, discusses how such value creation can be achieved.

In turbulent times even large and well-established organisations can face harsh treatment at the hands of the financial markets. Survival for many is about shareholder confidence in the ability of the management team to create and sustain value.

The nature of value

Put simply, market value added is created when market value (based on the share price) exceeds the invested capital required to fund the existence and operation of the organisation. Similarly, economic profit is created when profit before interest and after tax exceeds the cost of funding the capital required to generate that profit. In short, both of these measures take account of the balance sheet effect of the business.

What has excited extensive management interest in recent years is the growing belief that there is a strong relationship between the creation of economic profit within a business and the market value added that benefits shareholders. For some it is akin to the holy grail of management and has led entire organisations to embrace the notion of value based management (VBM). UK examples include, Boots, Lloyds Bank TSB and Unilever.

At the heart of VBM is the recognition of the key drivers of value in the business, the identification of which is sometimes referred to as economic discovery. These value drivers include the following seven:

- revenue growth;
- operating margin;
- cash taxes;
- incremental working capital investment;
- incremental fixed asset investment;
- cost of capital; and
- growth duration.

Certain software products can help managers to visualise the extent to which their decisions could either create or destroy value.

However, knowing that a given increase in, say, operating margin, would have a particular effect on economic profit, while helpful, does not, of itself, tell managers how to generate that increase in operating margin. For that, managers have to truly understand the business.

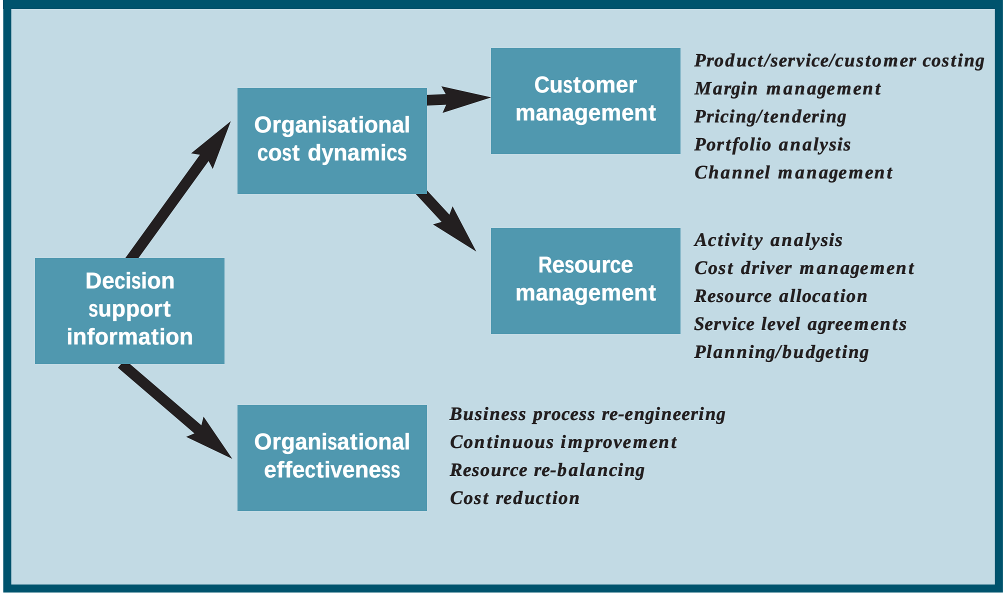
Understanding the business and where it is going

Organisations and markets are becoming progressively more complex and difficult for any one individual to understand. Managers usually do have an intuitive feel for the overall business, however – and it is therefore reasonable to ask the following of any senior manager:

- which products, customers and channels are profitable and which are not, and what explains the difference between them?
- what characterises a 'good' product/customer?
- what characterises 'good' value for money?
- are our business processes quiet and efficient?
- do all our activities add value and support our strategy?
- what are our key value drivers and are they embedded in our strategy?

The fact of the matter is that value is created at the point where a decision is made. It therefore follows that value is more likely to be created

FIGURE 1 THE WIDE RANGE OF MANAGEMENT DECISIONS



in a business where management decision-making is better-informed and better-aligned at all levels.

And what is the role of the finance function if not to assist their management colleagues in the provision of information that directly supports better-informed decision-making?

The provision of better decision support information to the business has to be a tremendous opportunity for the finance function to be seen as much more than 'bean counters' and 'gatekeepers'. The finance function should exist to help all managers to understand better what makes their business tick, and to make better-informed business decisions.

However, there is a wide range of different types of management decision to be informed (see Figure 1 opposite)

The approach that can best support such a wide range of management decisions is activity based cost (ABC) information. ABC is at its most effective when managers are prepared to use it 'in anger' to support business decisions. For this to be the case, ABC information must be credible with managers and reflect the 'cause and effect' relationships of what is really happening in the business.

However, while its power to inform key management decisions in the pursuit of value creation is undisputed, it is still expressed in financial terms, and so the question arises as to whether ABC information by itself is enough?

Establishing control and alignment

Direction, alignment and control are essential to the achievement of any business objective and the balanced scorecard (BSC) has become the preferred approach of meeting this requirement for many businesses over recent years.

The BSC has been successful because it addresses two failings common to many performance management systems. It ensures:

- strategic alignment between what the organisation wants to achieve, how it intends to achieve it and how it measures its performance; and
- performance measurement across different but interrelated perspectives, not just the financial one.

The former requirement is achieved by deploying the corporate scorecard that describes the strategy of the business down through either the organisation structure, or the key processes of the business. All managers can then have a clear 'line of sight' between what they do, and how that supports the strategy of the overall business.

The latter need is met by grouping the strategic objectives of the business, with their associated measures of performance, by each of the perspectives against which the performance of the business is to be assessed. A typical balanced scorecard has four perspectives, each of which should prompt the accompanying question (see Figure 2):

FIGURE 2 A TYPICAL SCORECARD

	Perspective and question
People:	to achieve our strategic objectives, how must we learn and improve?
Processes:	to satisfy our customers, what must we be good at?
Customer:	to achieve our vision, how must we look to our customers?
Financial:	if we succeed, how will we look to our shareholders?

Enterprise performance management

In recent years, many organisations have invested heavily in new enterprise resource planning (ERP) and customer relationship management (CRM) systems. However, there has often been little improvement in the quality of the decision-support information generated.

What many are now recognising is the need for other systems to translate the transactional data into forms that are better suited and more meaningful to the support of management decision-making. These analytical, decision-support systems include: ABC, process management, balanced scorecard and business planning.

Activity based management (ABM) information provides a cornerstone to better-informed management decision-making and the BSC creates a coherent framework by which to direct, co-ordinate, focus and control the business.

Creating visibility of the 'cause-and-effect' relationships of what drive performance and the need for resource within a business, and how processes and activities add value is at the foundation of better-informed management decision-making.

Until recently, systems that could support the provision of such management information were available only as 'point solutions', each addressing a particular need, the problem being that they were not designed to integrate with each other to provide a coherent, comprehensive, user-friendly source of information easy to update, analyse and disseminate.

Enterprise performance management systems address this problem by creating 'One solution, bring it all together'. Managers throughout the business can then access an integrated management information database where internally consistent information appropriate to a wide range of management decisions can be accessed easily, on demand. Software suppliers such as SAP, Prodacapo, Oracle and Peoplesoft have led the way in the development of such systems.

In their day the dinosaurs may well have understood that the world in which they were living was going through a period of major change; their problem was that they were not able to adapt fast enough.

There are strong parallels in this for management in the current period of turmoil.

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TAX **UPDATE**

IR35 lives on

In her latest Update column **Francesca Lagerberg** considers the impact of the recent judicial review decision on the legality of the rules affecting the provision of personal services via an intermediary.

Francesca Lagerberg is the senior technical manager to the Tax Faculty of the ICAEW (www.taxfac.co.uk).

On 2 April 2001, the judgement was handed down in the Judicial Review case concerning the legality of the rules affecting the provision of personal services via an intermediary (IR35). The judge held that in the case of R and another v Professional Contractors Group Ltd and Others those seeking the relief did not succeed and IR35 breached neither human rights nor European law.

The Revenue's press release on the judgement said: 'The IR35 legislation is the law of the land, as enacted by Parliament and upheld by the Court. Individuals affected by it will need to make sure they take the necessary actions to ensure they comply with their obligations under this law.'

In other words anyone who had been hanging on for the outcome of this case should now start complying. This means undertaking deemed payment calculations on relevant engagements and paying any tax and NICs due on those payments.

The main point arising out of the case is that little has changed. Those that were clearly within IR35 before the case will be so now. Those that were outside will remain outside. What is likely to result from the case is that the Revenue may revisit some of its guidance and produce greater clarity for those unsure of whether they are within or outside of IR35.

How will you know if you are caught by IR35?

You need to determine if someone is working through an intermediary which is caught by IR35. If so, it is necessary to determine, if that intermediary were taken out of the picture and a notional or hypothetical contract placed between worker and client, whether it would be one of employment or self employment.

As the test is whether or not the worker is effectively an 'employee', you need to apply the traditional Schedule D/Schedule E tests. The overall picture is the important factor and whatever the contract says, the reality of the situation takes precedence. Lots of factors can be important such as the financial risk undertaken by a worker or whether he is able to send a substitute in his place (both of which might point to self employment).

Some useful points in relation to employment status were mentioned in the IR35 Judicial Review case on this issue. The Judge – Mr Justice Burton – criticised various aspects of the guidance offered in the Revenue's Employment Status Manual (ESM), in particular its playing down of the importance of the mutual obligations between the relevant parties and the value to place on a substitution clause as mentioned above. The Judge also states explicitly that it is 'essential to any consideration of the common law test as to whether an individual is trading as an employee or as an independent contractor, that consideration should be given to whether he is in business on his own account'.

What if I make the wrong status case decision?

There is real concern about what happens if you wrongly decide you are outside of IR35 when you are later held to be within the rules. The case provides two crumbs of comfort.

Firstly, it noted an Inland Revenue penalty statement issued on 13 March 2001 which states that although penalties may be sought for an incorrect return (under the normal PAYE rules) an 'employer might fail to meet its obligations to file a correct return because of a genuine misunderstanding about the rules caused by their newness. This would be taken into account, along with the effort made by the employer to establish whether a contract is subject to the new (IR35) rules, when considering penalties'.

Secondly, the Judge referred to the Revenue's leaflet IR109 (www.inlandrevenue.gov.uk/pdfs/ir109.htm) which expressly states: 'if you have taken all reasonable care, we do not seek penalties'.

Tax advisers would be wise to make a clear file note of what factors they took into account in reaching decisions on status issues.

What now?

For information about the more detailed workings of IR35 see the special section on IR35 on the Revenue's web site (www.inlandrevenue.gov.uk) or the free guide and general information on the Tax Faculty's site (www.taxfac.co.uk).

TREASURY **UPDATE**

When a centralised treasury can help

Chris Mansell puts the case for centralising treasury services within a group of companies; and looks at the latest pioneering 'whole business' securitisation by the British foods group RHM.

The speed and effectiveness of modern communications is giving another twist to the old debate about whether to centralise or decentralise treasury management within a group of companies.

In parallel is the steady improvement in the capability of individual commercial banks in handling businesses' world-wide needs. The benefits of centralisation apply to companies of all sizes, even though the dominant philosophy behind profit responsibility among operating managers is that of decentralisation.

The advantages are:

i) *economic* – improved access to cash which serves to reduce borrowings and increase investment. Streamlining the account structure and reducing cash flow can save transaction costs, while the chances of establishing an optimal tax structure are greatly enhanced;

ii) *control* – a globally centralised treasury function ensures a consistent approach to liquidity management and money movement. Standardisation meshes with centrally determined policies;

iii) *risk management* – financial risks, notably in foreign exchange and interest rate area, can only ever be managed effectively if overseen from one point. Opportunities to offset risk through netting exposures can openly be achieved from a central point; and

iv) *debt management* – patterns of fund raising are changing. Commercial banks, the traditional source of credit, are expected to decline in importance to companies looking for debt – one estimate indicates from about half to just over a third. It is important therefore for the corporate treasurer to allocate non-credit services appropriately among the banking group and to seek out new sources of liquidity.

Successful centralisation depends on four factors:

- the full involvement of local finance personnel, utilising especially the knowledge of local requirements and markets and the particular needs of the business;
- executive support at all levels, especially where centralisation faces cultural and organisational hurdles;
- the right banking capabilities which may well involve hard decisions regarding some long-term relationships; and
- the right people in the right place. Centralisation does not negate the requirement for a team effort with highly professional individuals.

Chris Mansell is a former treasurer and is now a director of several companies.

Major deal breaks new ground

'Securitisation' has that flavour of jargon which puts off so many finance managers who treat treasury management as occasional and unnecessarily complicated.

In fact, the notion is fairly straightforward and one that any profit-responsible operating manager will recognise. Certain assets generate predictable cash flow – similar assets generate similar cash flows – lenders lend against cash flow and security. Pool the assets and issue debt to the market against (in effect) the cash flow and security. Get the rating agencies alongside and you have securitisation.

Traditional candidates for this process have been mortgages and credit card debt, but more exotic assets have included pubs, gate receipts for a football club and even the future income from a pop star's recordings. Amongst the regular practitioners of securitisation are the private equity firms who leverage (apply gearing to) their equity investments to factor up their returns.

Now the process has been taken a step further in the case of Ranks Hovis McDougall (RHM) with what JP Morgan, the bank, and Doughty Hanson, the private equity firm, call 'whole business securitisation'. RHM are of course large operators in the relatively stable food processing sector. But a trading company is a long way from a financial institution in terms of categories of risk and there was nothing like the asset support that mortgages and credit card receivables offer. The debt refinancing was worth £650 million.

The process required detailed and lengthy investigation into what makes RHM tick and the environment in which it is trading. Of necessity managers as well as those on the finance side were heavily involved. Both the promoters and the credit rating agencies participated, as the final denouement was marketing the bonds to the wider investment community. This would not have been achieved without a rating. The bulk of the debt achieved BAA2 with maturities not starting until 2013. There will be more such opportunities.

FEEDBACK

The costs and benefits of training

Contributing to our debate about the merits of professional education, **Anita Monteith** argues that appropriate training *does* add value when properly planned.

Anita Monteith BSc FCA ATII is technical consultant to the Tax Faculty at ICAEW.

In his Comment article 'Gen e and the high cost of training' (*F&M, June 2001)* Jeff Wooller raises a number of issues in relation to the costs and benefits of training.

In my experience, proper training always adds value, but this only works if sufficient thought and planning is undertaken first. The content, style, appropriateness, timing and type of training medium are all important factors – but then so is the individual's own willingness to learn.

On the more specific matter of training for the ACA qualification, it is apathy rather than dearth of ideas that is our biggest threat.

Does Dr Wooller not recall the recent attempts to reduce the breadth of the syllabus using a main core with optional choice papers in specialist areas? This should have had us all cheering, but sadly failed to canvass sufficient support.

The ever-expanding syllabus has always been a problem, but one which affects all professional exam syllabuses, not just the ACA. Yes, giving study leave is a relatively expensive option for employers, but consider the student, often a graduate who already has the burden of a student loan. Surely it is better to have proper, structured, study leave with financial support built around a proper system of articles. I have encountered many non-ACA students struggling to cope without such help. The phrase 'slave labour' has often sprung to mind. And newly qualified accountants only move on for a reason. If this is a problem for an employer – which it isn't always – then the reasons need to be addressed.

As to the matter of what makes a competent tax professional, a number of factors are usually relevant; understanding the legislation; understanding its context, eg the accounts supporting tax computations; and of course practical experience.

The ACA qualification provides a good starting point. An individual can, of course, qualify with minimal tax exposure, but if he or she is interested in tax, then tax articles are possible. In contrast, the ATII qualification can be studied as a purely academic exercise.

And, for Dr Wooller's information, most new tax legislation is in addition to the old. The annual Budget merely adds to our knowledge – so hang on to those old text books, they may come in handy yet!

ABSTRACTS – LIBCAT

Gamble A – Shareholder value and the stakeholder debate in the UK
Corporate Governance, Vol.9. No.2. April 2001: p110-117 (8 pages)
● *Shareholder value is assumed to be the ruling idea in Anglo-American corporate governance. This paper first reviews the historical origins of the ideas of shareholder value in the UK and the particular theoretical assumptions about the company which underpin it. It assesses the reasons why it was subjected to so little subsequent political challenge, and contrasts this with US experience. The paper concludes with an assessment of the political and legal pressures for reform of the UK model of corporate governance and the prospects for any significant change.*

Garner J – Who are your customers?
Journal of the Chartered Insurance Institute, March 2001: p17-18 (2 pages)
● *Customer relationship management (CRM) means providing as good a service as possible to the customer, while protecting the interests of the organisation for which you are working. The first step in CRM is to decide who are your customers. In this article the author discusses how organisations that can integrate multiple channels of distribution into a single CRM strategy will be the winners.*

Phillips D – Assessment revolution
Professional Investor, Vol.11. No.3. April 2001: p10-12 (3 pages)
● *The author outlines the thinking behind his book 'The Value Reporting revolution – moving beyond the earnings game'. The Value Reporting model, developed by PricewaterhouseCoopers, is a set of financial and non-financial measures to provide indicators of shareholder value. The author discusses how service and customer satisfaction are as important as earnings indicators.*

Hayward J – Simplification – is this the right way?
Tax Journal, No.598. 28 May 2001: p9-11 (3 pages)
● *On 15 March 2001, the Inland Revenue issued a press release entitled, 'Cutting red tape for pension schemes'. The author explains why this may not achieve the simplification of pensions legislation that is so badly required.*

www.icaew.co.uk/library.htm

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FORTHCOMING FACULTY EVENTS – 2001

To attend any Faculty event, please fill out the form which adjoins this page, remove it by tearing along the perforation, and mail it or fax it to Jacquie Lee at the Faculty's address given on the bottom of the form. If you have any queries relating to these or other events please contact Jacquie Lee on 020 8953 0758.

● 3 July EVENING LECTURE (Chartered Accountants' Hall, London)	*'INTELLECTUAL CAPITAL – THE BASIS FOR SHAREHOLDER VALUE: MEASUREMENT AND VALUATION ISSUES' – GÖRAN ROOS, CHAIRMAN OF INTELLECTUAL CAPITAL SERVICES (ICS) LTD AND VISITING PROFESSOR AT THE HELSINKI SCHOOL OF ECONOMICS AND JOE PEPPARD, SENIOR RESEARCH FELLOW, CRANFIELD SCHOOL OF MANAGEMENT.* The purpose is to familiarise delegates with issues and methodologies relating to intangible resources (or 'intellectual capital') with emphasis on linking strategy, intellectual capital, business logic, cost drivers, value drivers and revenue with market valuation. The main presentation will focus on introducing concepts as methodologies and there will be some case studies. Registration and coffee 5.45pm; lectures with case studies 6.00pm; and buffet and networking 7.30pm-8.30pm.
● 18 September EVENING LECTURE (Chartered Accountants' Hall, London)	*'THE BALANCED SCORECARD' – ROBIN BELLIS-JONES, MANAGING DIRECTOR, BELLIS-JONES, HILL & PRODACAPO LIMITED.* The balanced scorecard has established itself as a definitive management tool of the 21st century enabling the vision of a strategy-focused organisation to become a reality. The lecture will begin with a short introduction, moving on to discuss implementation issues and then concentrating on maintaining momentum and the areas of difficulty commonly encountered. Registration 5.45pm; lecture 6.00pm; buffet and networking 7.00pm.
● 16 October BREAKFAST SEMINAR (London – venue TBC)	*'BUDGETING AND PLANNING FOR THE 21ST CENTURY' – JOHN MCKENZIE, ARMSTRONG LAING* This seminar looks at the increasing inability of budgets to deliver, and explores ways for companies to develop more dynamic budgeting processes that go beyond numbers and tie in with the way businesses consume resources whilst still providing appropriate controls in today's changing business environment. Registration/Breakfast 8.00am; seminar 8.30am-9.30am.
● 25 October ONE DAY CONFERENCE (Chartered Accountants' Hall, London)	*'SHAREHOLDER VALUE – FROM MEASUREMENT TO MANAGEMENT' – SPEAKERS FROM SHAREVALUER, ATC, MARCONI, CADBURY SCHWEPPES PLC, BAE SYSTEMS, KEPLER ASSOCIATES, AND VALUE PARTNERSHIP LTD.* This conference considers both the 'measurement' as well as broader aspects related to the 'management' of value creation. Specifically the conference will cover issues such as: understanding the investors' perspective on value creation; identifying appropriate performance measures to guide value creation; using software tools to support value creation; and understanding and overcoming the implementation challenges inherent in 'managing for value'. Registration 9.00am; conference 9.30am-4.25pm.
● 20 November EVENING LECTURE (Chartered Accountants' Hall, London)	*'INTANGIBLE VALUATION – AN INCREASING CHALLENGE TO SENIOR MANAGEMENT' – PAUL ORMEROD, DIRECTOR, CEST.* CEST recently completed a project where they asked the City and FDs of large corporations what they thought about intangibles and their valuation. The aim is to develop and deliver techniques for senior management (particularly financial management), permitting them to generate metrics to track internal investment. Registration 5.45pm; Lecture 6.00pm, 7.00pm Buffet and networking.

RECORDINGS OF FACULTY LECTURES

Recordings of the London lectures are available, in both **audio** and **video** format. To obtain a recording, please tick the audio and/or video box on the tear-off response form opposite.
There is a charge of £5.00 for audio recordings and £10.00 for video.

THIS MONTH

DYNAMIC STRATEGY – CREATING SHAREHOLDER VALUE THROUGH STAKEHOLDER MANAGEMENT
Mark Thomas of PA Consulting Group illustrates how companies which adopt this approach obtain superior returns.

Horses, musicals and management

Stuart Crainer explores some of the novel approaches to management and leadership programmes being offered by business schools keen to 'connect' with their students.

Management writer Stuart Crainer is co-founder of Suntop Media. His latest book is 'Firestarters!' (with Des Dearlove), to be published in August by FT/Prentice Hall priced £18.

Today, management lessons are drawn from a cornucopia of sources. Recent examples include literature, pop songs and even horse whispering. The novelty of the substance is sometimes matched by a presentational style more showbiz than educational.

To be heard, sometimes you have to shout – literally. But when it comes to novel ways of presenting to management audiences, the American business author Dorothy Marcic is in a class of her own. Marcic, a serious writer, has a string of journal articles and books to her name. They include the best-selling book 'Understanding Management: Managing With The Wisdom Of Love' and 'Organisational Behaviour'.

Marcic, also a published novelist, is the first management diva – she delivers her message by singing. She uses pop songs (with music accompaniment and costumes) to show how managers have been moving from command-and-control to more democratic forms of management.

Management

Her first foray into musical management was an unlikely one. The guinea pigs were 200 bankers at an American Banking Institute event. And on the day, she almost chickened out.

"Participants later told the organiser it was the most incredible thing they had ever experienced in a training programme. After a few times, I started getting volunteers to come up and do one song with me and wear costumes. A surprising number were eager to let loose in a socially acceptable format. It has turned out to be one of the most popular parts of my presentation."

Not to be outdone, business schools are also turning to alternative sources of inspiration. Manchester Business School, for example, is giving new meaning to the phrase 'horses for courses'. In February this year, it offered a programme using 'horse whispering' ('intelligent horsemanship') for executives.

The practice, immortalised in the film 'The Horse Whisperer' – based on Nicholas Evans's novel – may have seemed pure escapism, but is taken seriously in the equestrian world. Sylvia Arnold, wife of MBS dean and director John Arnold, has been studying intelligent horsemanship with UK professional equestrian and horse trainer Kelly Marks. The techniques include establishing leadership, sending clear signals, building trust and turning individuals into team players – all essential to good leadership.

Communication

Working on plans for leadership programmes at the School, the dean saw an immediate connection. "Intelligent horsemanship involves communication and leadership concepts that can be learned and applied to successful management of people". MBS plans to extend the practice to a range of development programmes for executives and MBA students.

Other business schools, too, are using alternative approaches. Cranfield School of Management, for example, runs management development programmes with the Globe Theatre that draw on the works of Shakespeare.

Naturally, there is a danger that the healthy search for new ways to connect could descend into farce. "There are times when I wonder what the heck I am doing", admits Marcic. Then again, that's a feeling many executives can identify with, singing or not.

For more about the musical approach to management, visit www.marcic.com.

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