BUSINESS & MANAGEMENT FACULTY PUBLICATION

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Business & Management

PURSUIT OF HAPPINESS
EXPLORING THE PROS AND CONS OF HAVING A FOUR-DAY WEEK

ANCHORS AWEIGH
EXPORT SUCCESSES OF COMPANIES IN MANUFACTURING

RELIEF AVAILABLE
WHAT YOU NEED TO KNOW ABOUT NEW R&D TAX RULES

Getting the message

Why FDs need to take note of how social media affects business reputation

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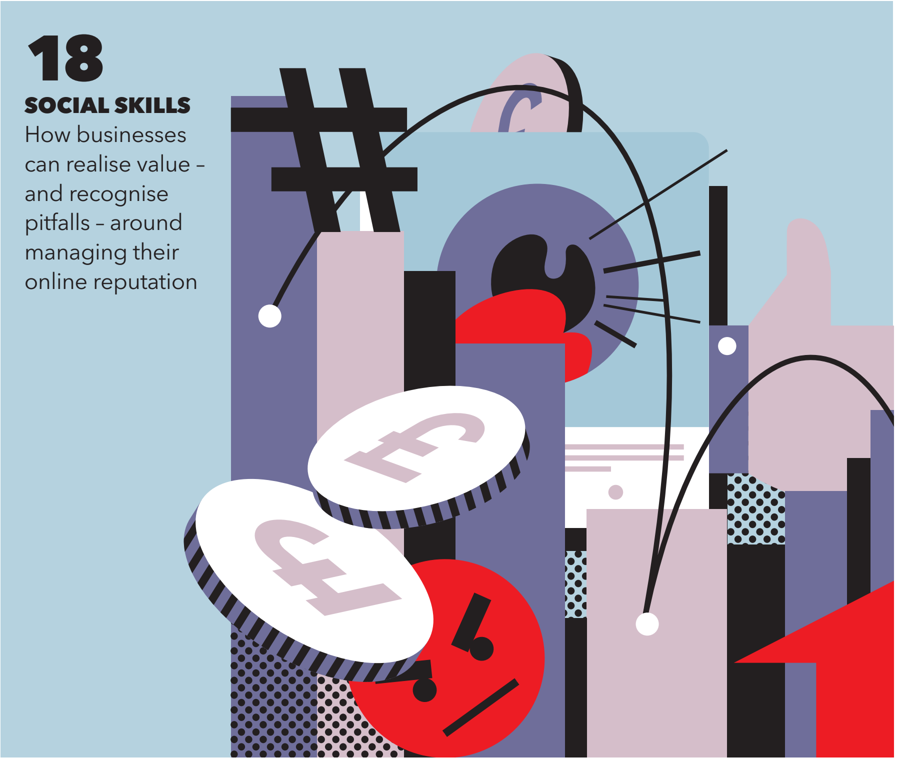

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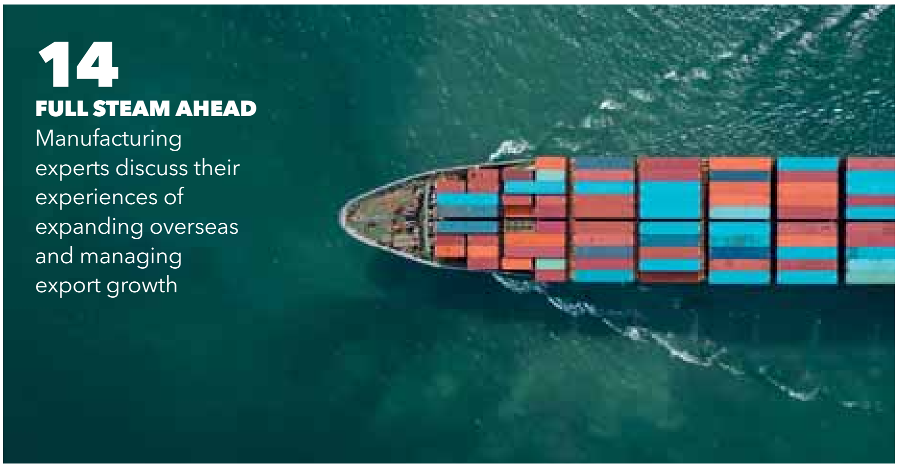
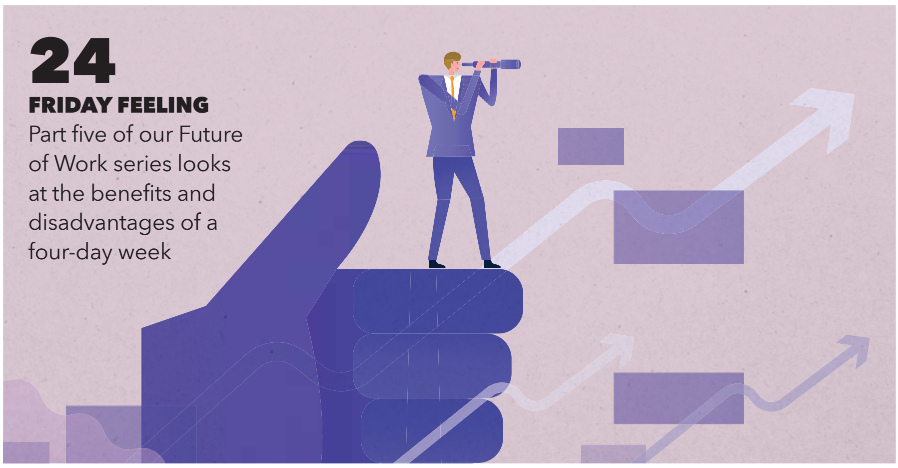




Length of service

We tend to be surprised and disappointed when hard-working people move on to new employers, focusing on our loss rather than their gain.

There are socially acceptable minimum stays of employment that are fairly well known, although there is no universal rule for the maximum time to spend in any one role. *Forbes* believes that 15 months is the minimum, as long as this period spans three calendar years, but otherwise 18 months. This amount of time means that you've passed probation and stayed more than a year, but will not receive full credit for the job, as this apparently only kicks in if you stay more than three or four years, which is the optimum amount of time to stay.

The Office for National Statistics found that the average length of time spent in any one job in the UK has fallen from an average of five years in 1996 to just over four years by 2010. The US Bureau of Labor Statistics reported a drop from 4.6 years in 2017 to 4.2 years in 2018. Indeed, an online recruitment firm conducted research to find out why. The older the individual, the longer the tenure, so it is no surprise that career advancement is the top reason for moving, with some 64% citing this as their primary motivation to change jobs, followed by skills development (42%). Pay rise was only mentioned by 38% of respondents.

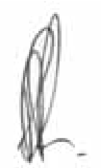
Forbes believes that those staying for more than six years in the same job, without promotion, might be seen as lacking ambition when they do apply for another position, but then pay rises often operate as effectively as a promotion, especially if you are already at a senior level. It also regards seven years as the maximum amount of time senior staff should stay with the same employer, arguing that CEOs, for example, are only effective for five or six years. After this, they allegedly stop listening to advice and start to embark on unacceptably risky ventures to alleviate their boredom.

Equilar Inc, a US benchmarking firm, found that the average CEO in Standard & Poor 500 companies extended from 6.6 years in 2004 to 8.1 years in 2015, with a range from less than one year to more than 20, which would imply that S&P 500 CEOs are high-risk taking non-listening people.

The problem with these averages, of course, is that they are just that. Clearly those CEOs who have managed to remain in their post for 20 years do so by being effective and efficient, but the trend is clear – those at the top stay on for longer and those further down move more often. And on that note, I should inform you that this is my last magazine for the Business & Management Faculty. After six years at ICAEW, I am off to pastures new in the charity sector. Please do look me up on LinkedIn if you would like to connect.

Please contact matthew.rideout@icaew.com or dipak.vashi@icaew.com if you have any comments or suggestions about the faculty or its output.

I hope that you all have a wonderful Christmas and new year.



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FACULTY EVENTS AND WEBINARS
Events and webinars are listed in this publication; details can be found on page 7

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NEWS

PRIVATE JET AIRLINE GROUNDS EUROPE OPERATIONS

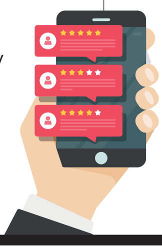
Airline Surf Air, which offered an 'all-you-can-fly' private jet service, has put its European arm into liquidation with reported debts of around £3m.

The move comes hot on the vapour trail of a series of aviation troubles including the sale of airline Flybe owing to financial distress, the bankruptcy of Alitalia, the collapse of Monarch and Air Berlin, and mounting losses at Wow and Icelandair.

Surf Air's decision comes less than two years after launching its unlimited European private jet flights service for £1,750 a month. A Surf Air spokesman confirmed that the company had closed its European operation to focus on its US service. It had expected around a fifth of its business to come from Europe.

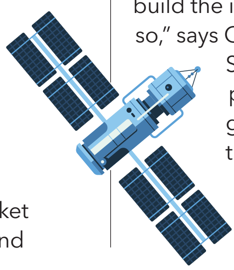
CLAIMS CRYPTOCURRENCIES BOLSTERED BY PAID-FOR WEB REVIEWS

Consumers have long been cautious of rave website reviews promoting brands to unwary customers. Now, Reuters has published evidence that a "pay-for-play" promotion machine may have unduly influenced the cyptocurrency bubble. The news agency reported in November that social media personalities have been charging thousands in exchange for positive video reviews. The crypto bubble peaked in December 2017 when bitcoin, the original cryptocurrency, was selling for nearly $20,000. As of 29 November 2018, it was trading for $4,296. The total value of all virtual coins is about $121bn, down from around $830bn at the start of 2018.



AMAZON LAUNCHES SATELLITE SERVICE SPACE RACE

Amazon has unveiled a new business service – a satellite connection service to upload and download data around the world. The idea is to lure more customers to Amazon.com Inc's services and make data transfers to and from satellites cheaper and easier. It comes as Amazon now dominates the cloud services market, managing to grab more market share than Microsoft Azure and Google Cloud. "Satellite data is incredibly useful for building a wide range of important applications, but it's super complex and expensive to build the infrastructure needed to do so," says Charlie Bell, Amazon Web Services senior vice president. "Today, we are giving satellite customers the ability to dynamically scale their ground station antenna use based on actual need."



£1,750

THE MONTHLY COST OF SURF AIR'S UNLIMITED PRIVATE JET FLIGHTS SERVICE

$121bn

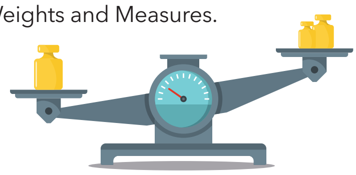
THE VALUE OF ALL VIRTUAL COINS, DOWN FROM $830BN AT THE START OF 2018

ALL CHANGE FOR WEIGHTS AND MEASURES DEFINITIONS

The iconic platinum alloy cylinder 'le Grand K' will no longer be used to define the kilogram. Instead, the General Conference of Weights and Measures voted to redefine how the unit of mass is quantified.

From 20 May 2019, the kilo will be defined by Planck's constant – and not the alloy at the International Bureau of Weights and Measures in France. Additionally, the ampere, kelvin and mole will now be defined by the elementary electric charge carried by one proton, Boltzmann's constant and Avogadro's constant respectively.

The decision brings an end to the use of physical objects to define units of measurement. "We will no longer be bound by the limitations of objects in our measurement of the world, but have universally accessible units that can pave the way to even greater accuracy," says Barry Inglis, director of the International Committee for Weights and Measures.



EVENTS & WEBINARS

ALL WEBINARS AND EVENTS ARE FREE FOR FACULTY MEMBERS

EVENTS
ICAEW.COM/BAMEVENTS

WHY DON'T STAFF DO WHAT I ASK OF THEM? MANAGING PERFORMANCE IN A FINANCE FUNCTION
23 April 2019 18:00
How can we improve the performance of our teams? How can we make those tricky conversations a little easier for us and them? In this lecture, Angus Farr will identify the three underlying reasons why staff don't always do what you want them to do. He'll suggest tactics to tackle each one and suggest an approach to motivation that gets us beyond Maslow's hierarchy of needs. This session is aimed at finance managers and directors who are, or are becoming, responsible for staff management. See icaew.com/bamaprevent

WEBINARS
ICAEW.COM/BAMWEBINARS

10-MINUTE UPDATES

NEW WEBINAR SERIES
11 February (every Monday for six weeks) 12:00
These new 10-minute webinars are being used to deliver a series of "what you need to know" bite-sized sessions on best practice for employment issues presented by ACAS, the employment relations specialists. The six webinars contain the level of knowledge required by FDs on employment topics including recruitment, redundancy, managing leave and diversity rules.
icaew.com/bamtenacas

20-MINUTE LUNCH WEBINARS

NEGOTIATING AND PERSUADING
23 January 2019 12:30 – 12:50
We all negotiate on a much more frequent basis than we realise and some of us are better than others at winning the argument. David Gillespie, professional actor and coach, is well-versed in how people win favour through behaviour. He gives some practical tips on how to be more persuasive and better at negotiation in this punchy 20-minute webinar.
icaew.com/lunchjan

GDPR UPDATE
17 April 2019 12:30 – 12:50
More than one year on from the introduction of the General Data Protection Regulations, Louise Marshall, solicitor and data compliance expert, provides us with an update on where the legislation now sits. It will cover what actions are still required to ensure compliance and what case law exists on file so that we can ensure compliance and minimise disruption to business.
icaew.com/lunchapr

60-MINUTE WEBINARS

EMPLOYMENT LAW UPDATE
27 February 2019 10:00 – 11:00
This webinar will cover all the essential aspects of employment law that an FD needs to know. Beth Hale, of CM Murray solicitors, runs through the most crucial aspects any FD should know about.
icaew.com/bamfebwebinar

BUSINESS VAT UPDATE
20 March 2019 10:00 – 11:00
Neil Warren takes the chair for his annual update on business VAT. It will cover changes to VAT rules, potential changes from Brexit and Making Tax Digital, a requirement for all VAT-registered businesses.
icaew.com/bammarwebinar

PUTTING A PRICE ON CREATIVITY

Sarah Goodman discusses the changes to the R&D tax relief for SMEs announced in the Budget 2018

The government has a stated ambition within its industrial strategy to make the UK the destination of choice for innovative and high-tech industries. To achieve this they have committed to offering generous and competitive support in the form of innovation grants, research and development (R&D) tax incentives, and a reduction in the effective corporation tax rate on profits generated from patented intellectual property.

The recent Budget announcements regarding the proposed changes to the repayment of R&D tax credits for small and medium-sized enterprises (SMEs) signals the Treasury's intention to ensure that R&D support remains targeted at those businesses creating jobs and innovative activity in the UK.

Ahead of the period of consultation and introduction of the change in April 2020, we consider whether the new measure will meet this objective and highlight some potentially unintended consequences for certain claimants.

CASH CREDIT CAP

Non tax-paying SMEs are currently able to claim an unrestricted cash credit under the R&D SME scheme by surrendering their tax losses, receiving up to 33.35% of the qualifying R&D spend. It is now proposed that this cash credit will be capped at three times the amount paid to HMRC in respect of the Pay As You Earn (PAYE) and National Insurance Contributions (NICs) liabilities for the accounting period. The proposed cap is more generous than the one abolished in 2012, which only included the actual PAYE and NIC.

The Budget documentation explained that the cap is required to counteract fraudulent R&D claims and instances of repayments being made to companies where minimal R&D activities take place in the UK. The measure does not intend to affect legitimate R&D credit claims and HMRC estimates that there will be no impact for 95% of SME claimants.

So which companies will be affected? Reinstating a PAYE/NIC cap means that only SME companies that employ UK staff will be able to claim R&D cash credits as the measure looks to deny relief to those companies with no real UK presence.

Claimants that sub-contract the majority of their R&D activities outside the UK may find repayments restricted.

There are, however, other circumstances where R&D claimants may also be adversely affected by the change. For example, industries such as biotech and life sciences may find that payroll costs are a relatively small part of their total R&D spend. The balance of the qualifying expenditure may relate to third party resources – for example, payments to clinical research organisations for trials and the cost of expensive consumables – all of which may be taking place in the UK.

Similarly, many tech companies undertake development activities using a mix of employees and contractors, particularly where specialised skills are only needed for a short period of time. Where these third party resources undertake the majority of the eligible activity, the R&D credit payment will be restricted.

For SME companies, where the R&D cash benefit is restricted by the new cap, the excess losses that cannot be surrendered can be carried forward to offset against future taxable profits. In the case of many start-ups, it may be some time before these companies return a profit, so the benefit of the R&D relief will be deferred.

HMRC ensuring that abusive or fraudulent R&D cash credit claims are not made is a positive step, but it is important that the measure is introduced in a way that does not have an adverse impact on legitimate claimants. The consultation process and the involvement of those who may be affected by the cap is therefore important. ●

Sarah Goodman, associate director within the global investment and innovation incentives group, Deloitte

PATRIC SANDRI/IKON

THE ART OF DELEGATING

David Parmenter explores the benefits of good delegation for managers, employees and businesses as a whole

I was once a contractor for a CEO, let's call him Chris, who had to be the worst CEO I have ever worked for. Chris was a trained lawyer and, stereotypically, one who thought their way of writing was the best. That is why there are so many rewrites when you get two lawyers engaged in a divorce agreement, and why the bills are so exorbitant.

Chris would receive a draft report written by an employee who, at the very least, had three years of tertiary experience and perhaps even a doctorate. No matter how knowledgeable they were, or how well the report was written, Chris would revise it, often into the early hours of the morning. As a consequence, staff started to ease up on their standards as they knew the rewrite was a foregone conclusion. Chris was always taking care of the monkey.

In 1999, Oncken and Wass wrote one of the most read *Harvard Business Review* papers titled *Management Time: Who's got the Monkey?* In the paper they had a lovely story about a manager (Paul) who, while walking down the corridor, was met by Sam, his subordinate. "Paul, we have a problem with the report," explains Sam, who details the issues. And because Paul is very busy, he says: "Let me have a look at it, send me an email with your work to date and I will get back to you."

This process continues through the week with Paul's other subordinates until they all start popping around Paul's door on Friday asking, "How is it going? I can't make much progress until you have made a decision."

On a beautiful sunny Saturday morning, Paul goes into the office to look at all the monkeys he has willingly collected during the week. Meanwhile, on a

picturesque laid out and manicured golf course a four is about to tee-off. The four are Paul's subordinates, without a care in the world, as they have offloaded their monkeys to their workaholic boss.

EXPERTLY ORGANISED

Just recently my wife was diagnosed with an inoperable but curable brain tumour. During this time, I noticed how exceptionally well the local city hospital was run. We are talking about an organisation that is perpetually underfunded, as public funding cannot keep pace with the rising costs of new treatments and the health demands of a growing population. A common problem worldwide.

In this difficult situation I observed some marvellous lessons in the art of delegation. The brilliant brain surgeon, who took a biopsy of the tumour, was a master at explaining to us what was to happen, the risks and the next steps. When he was on the ward speaking to patients, three young doctors were shadowing him. In the theatre they would have assisted in the easier tasks, leaving the surgeon to demonstrate how to take a sample of the cancer without damaging any other part of the brain.

Everywhere I looked there was evidence that the hospital was operating at a very high level of competence. It was clear that there had been a substantial investment into recruiting the right people all the time, a commitment to training them and a high level of trust required so that they could perform the important delegated tasks.

Delegating is crucial as without its proper use the manager will have less time available in the long run, have demotivated staff as they don't get the chance to advance and learn, and the organisation has increased operational risk as there is too much reliance on a single person. As Peter Drucker, the father of modern management, reminds us: "The more the individual in an organisation grows as a person, the more the organisation can accomplish."

> **As Peter Drucker reminds us, "The more the individual in an organisation grows as a person, the more the organisation can accomplish"**

THE THREE Ts OF DELEGATION

These three different observations led me to believe that time management, training and trust are at the core of delegation. The American Nurses Association described delegation as the "transfer of responsibility for the performance of an activity from one person to another with the former retaining accountability of the outcome".

Time management is so important as the manager needs time to recruit properly, time to assess the task for delegation, time to set up the right person for the task, and time to monitor and give feedback to subordinates when they are undertaking a delegated task.

The problem with delegation is that there is a classic Catch-22 operating within it. You cannot delegate properly or successfully if you are time poor and yet time poor managers need the benefits of delegation the most. I would go on to say that managers of large teams need to be on top of time management or they should have their responsibility downsized.

Training of staff is required so there is a common understanding of how the team writes reports, delivers presentations, researches projects and undertakes quality assurance exercises to ensure that the final product is grammatically up to standard and the logic of the report is evident.

Some of the best training a subordinate can get is when the manager invests time in one-to-one training and allows staff to shadow them in areas they need exposure to, just like the medical model. In this area we will also need to spend time thinking about the rotation of staff so that they become more valuable to the organisation as they become cross trained.

The importance of training and delegation was shown to me recently with the birth of my nephew's daughter. After the birth, the mother had a massive haemorrhage. The midwife calmly explained: "I am about to press this red button, please do not be alarmed, 12 medics will be here within 20 seconds and take over". They came and all knew their role. There was no discussing who should do what today; that had been worked out in relentless practice sessions. Just like a Formula One team, they were practiced perfect. They went to their area and began their task, relaying information on. Without this level of training, the mother's outcome would have been entirely different. This commitment to training is why hospitals function at a level that other organisations can only dream about.

Trusting staff to deliver a product that is fit for purpose. In the first observation we had a lawyer who thought his way was the only right way. He would trust only himself and his work. The key to trust is to acknowledge that there is more than one way for the task to be done. Unlike a maths exercise at school, there are many ways to write a report that will guide the decision-makers effectively. In addition, even if the task is not

performed to the manager's standards, fit for purpose is good enough and is a small price to pay for a great learning opportunity.

Training helps trust to grow. If the reports that arrive on Chris's desk are match ready, error free and written in an agreed style, Chris will only need to add a brief paragraph stating his support for the conclusions and recommendations, leaving the subordinate's name on the front page of the report. It would also help Chris if he could say to the report writer: "Since it is your report, I want you to present it to the board," knowing that they will deliver well as they have attended the same presentation training course.

In order to trust staff, you need to know them inside-out, having invested time in one-to-one sessions so that you know about their current workload, their abilities and their preparedness to take the required action.

Lord Horatio Nelson, in his pursuit of the French Mediterranean fleet, used to get the captains together every lunchtime to talk about a possible new scenario. "What if we meet the French at dusk and they are tied up in shallow water, do we attack or wait for daylight?" he would have asked. The captains would discuss and agree on a way forward so, over time, they became a band of brothers, clones of Nelson, so much so that during the battle of the Nile, Nelson did not give one command when they saw the French tied up in shallow water with their washing hanging over their gun ports.

By not trusting, you will be willingly taking the monkey off your subordinates' backs. In fact, you are encouraging your subordinates to pass the responsibility back to you. Oncken and Wass found that there was a transfer of control, as the subordinates were managing Paul by asking "How are you getting on with my report, Paul?" In other words, by stepping in you are allowing your subordinates to step out.

In the end some managers will never be able to trust their team adequately. I suspect they are also time poor like Chris. These managers need to be moved to more specialist roles or out of the organisation.

You have only really mastered these three Ts - time management, training and trusting your staff - when your team can carry on without you, like Nelson's captains did during the Battle of Trafalgar.

THE FIVE RULES FOR DELEGATION

In the Nursing Council of New Zealand's guidelines on delegation there are five rules, which I would like to share with you:

1

Right activity

Here, the manager needs to ensure that the activity needs to be done now by the team. Before this decision the manager should ask, "could this activity be abandoned?" and "should this activity be carried out by another department?" Having determined that it is an appropriate activity the manager is then required to divide the activity into manageable tasks.

2

Right circumstances

This means the manager ensures that the timing is right. There is no point writing a report that management is not ready to decide on. Nor is it appropriate to delegate a task that the manager themselves has not done or had exposure to. In addition, the resources required for the task should be at hand.

3

Right person

The manager selects the right person, ensuring that they have the ability to do the task and that they are prepared to accept their output. You can delegate tasks that will challenge staff, but the task should be within their capability. Drucker warned us never to give a new recruit a new project, one which was new to the organisation's staff and thus creating concern and instability. He referred to these jobs as "widow makers", jobs where an external appointment did not have a chance to succeed as it was high risk and required a well-liked and trusted inhouse project leader.

4

Right communication

Here, the manager invests time giving a clear description of the task, in an unhurried manner. Quite the reverse of the time poor manager's delegation that is a brief incoherent instruction. The right communication involves a clear understanding of the objectives and expected outcomes of the task, the expected depth of research and liaison with stakeholders, the start and expected end date, a guideline of the significance of the activity to the team and organisation, and finally the budget constraint. At this point we need to explain what degree of autonomy the subordinate has with decision-making. Leadership development architect Susan Scott's decision tree model can be used to make it clear what are the:

- **Leaf Decisions:** decisions they can make without having to account for them.
- **Branch Decisions:** decisions they can make but need to comment on in the next one-to-one session with you.
- **Trunk Decisions:** decisions they need to discuss with you before they take action.
- **Root Decisions:** decisions that you need to be informed about early on so you are part of the decision process, eg, decisions that, if poorly made and implemented, could cause major harm to the organisation.

5

Right monitoring and feedback

Here, the manager will, during walkabouts, pop into the subordinate's work area and see how things are progressing, having time to talk about problems and making sure the monkey stays with the subordinate. Jack Welch, Peter Drucker and Jim Collins have all talked about the importance of recognition and celebration. Welch went on to say: "Work is too much a part of life not to recognise moments of achievement." It is worth remembering recognitions are more powerful if they are given publicly, whereas reprimands should always be done privately.

NEXT STEPS

Print off the five decision rules and stick them on the wall.

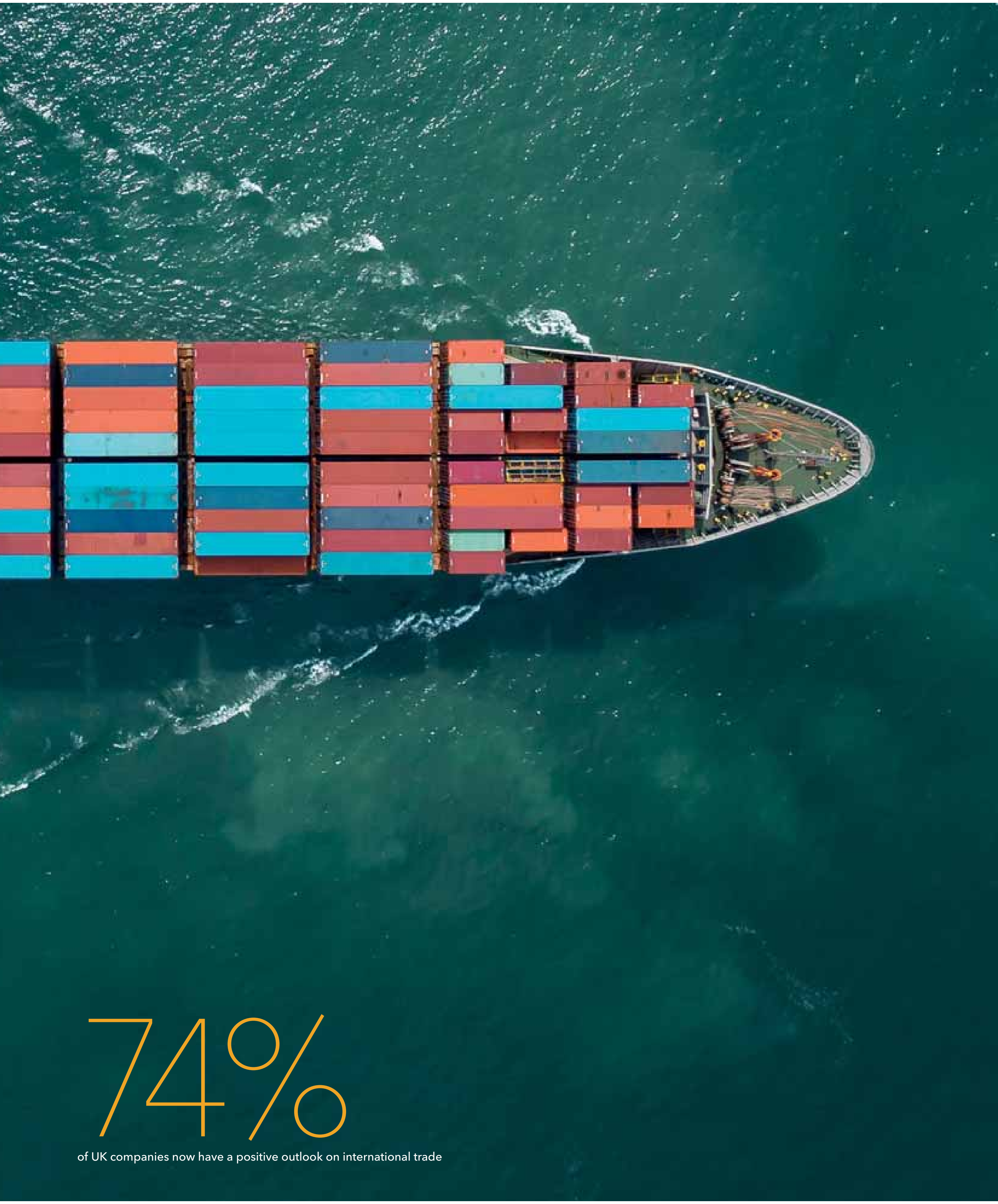
If time management is an issue, listen to a recorded webinar I delivered for the Business & Management Faculty on the topic. For without mastery of time management you will always be on the back foot.

Recognise the team members who have performed well in the past fortnight.

List at least five tasks you do that you can now delegate.

Collect all your monkeys and hand them back to their rightful owners. ●

David Parmenter is an expert in KPIs, quarterly rolling forecasting and planning. He is an international presenter of workshops and the author of four books



74%

of UK companies now have a positive outlook on international trade

Mark Blayney Stuart talks to manufacturing experts to find out about their experiences of expanding overseas and managing export growth

FULL STEAM AHEAD: ACHIEVING EXPORT SUCCESS

Exporters are contributing significantly to the UK's return to growth. The latest figures from the Office for National Statistics (ONS) show exports contributing a change in real GDP of +2.7% in Q2-Q3 2018 – part of the highest increase in growth since Q4 2016. Recent research from HSBC shows that 74% of UK companies now have a positive outlook on international trade – driven in part by expectations of global economic growth (27%) and buyer/supplier relationships (24%).

SMEs are demonstrating this bullish approach to export, regardless of Brexit concerns, and capitalising on the weaker pound. But how are manufacturing companies succeeding?

Luxury children's clothes and accessories manufacturer Britannical has developed both a short-term and a long-term export strategy. "Short term, we're focusing on the US and Western Europe," says managing director Rachael Attwood Hamard. "Long term, we're looking at Asia Pacific, particularly South Korea, China and Japan."

"We've built up revenue from exporting to territories that culturally and economically are easier for us to access. Then we invested the revenue from those exports in reaching markets that are more difficult and time-consuming to enter."

Export sales are higher than at home by quite a margin, she explains: "Our overseas customers are more inclined to buy at full price than UK customers. We suspect this is due to the culture of heavy discounting in the domestic childrenswear market."

In fact, the company's export turnover has increased hugely over the past year, by around 700% to 800%, as it gained a major US stockist as well as several individual customers across North America. "We hope to see a similar increase next year when we start to make more inroads into Japan and South Korea," Attwood Hamard adds.

While emphasising the Britishness of the brand is helpful in conveying the quality of the products, it is not enough in itself to sell them, she adds. "The childrenswear market is image- and trend-driven. If we didn't produce designs that appealed to parents it wouldn't matter how British our coats are."

But creating a good export strategy doesn't have to break the bank. "Our export strategy hasn't cost a great deal more than the price of stands at trade shows and effective social media management," says Attwood Hamard, who argues that there are economical ways to build your export strength. She recommends a number of cost-effective ways to build up revenue to invest in export, including selling on commission in target territories; being listed on international trade directories; gaining sales in English-speaking countries where similar British brands have already made headway; and trialling affiliate marketing and territory-specific social media campaigns.

FAVOURABLE MARKETS

Weedingtech, a company making non-chemical weedkillers and street cleaning products, developed a three- to five-year business plan to identify staggered growth based on criteria specific to the nature of the product. For example, locations that have legislation stating agrichemicals are no longer in favour or where public pressure is particularly strong.

As well as political considerations, there are economic ones too, explains Thomas Hamilton, commercial director: "Crudely speaking, they need to be relatively rich municipalities and they also need to be verdant, high-vegetation areas."

With this in mind, the business started in the UK before expanding to Scandinavia and then wider Europe. "That allowed us to move to Canada where the high-population densities on the east and west coast make the

85%

of Fuzzy Brush's business is now international

decision-making easy. In the US we've taken a state-by-state approach and will continue to grow there on that basis," says Hamilton. As the product is in many ways a seasonal one, the business has started to think about the need in some southern hemisphere countries, and Hamilton is investigating the opportunities in Australia and New Zealand.

Weedingtech's growth is now largely based on its export capabilities, says Hamilton: "Our UK revenue is only 15% of our total. We're building the UK market rapidly – we'll be looking at more of a 30/70 split in future – but for a long time, the UK wasn't sufficiently interested in anything green. The official line was that traditional products carried no risk."

He notes that it was welcomed in Benelux, France and Scandinavia, where the combination of legislation and public pull was strong. The product is a premium one: "It's as effective as using chemicals, but takes longer to put down. You can get cheaper non-chemical alternatives, but the weeds will grow back after a short period. So part of the sales skill is to communicate that the total cost of ownership is a good investment."

Despite it's global reach, Weedingtech doesn't have international offices. Instead it sells through distributors, with two overlapping approaches. The simplest is through turf machinery distributors, such as the US dealership John Deere. Alternatively, in countries like France the company uses agricultural conglomerates, because the agricultural machinery market there is declining.

Selling across Europe also raises the challenge of language, so the company has a multilingual technical support team of mobile mechanics who are responsible for fixing machinery and training customers in usage.

The company's growth figures are now very impressive. "In the past three years we've doubled revenue growth each year," says Hamilton. "This year won't be quite as spectacular, but we're looking at around £4m-£4.5m revenue.

"In any growth story there's a year when you breathe a bit – it's really good now to be able to look at the long term and we'll be looking at big increases again next year."

CLEAR OFFERING

"Our product is niche," says George Ponsford, managing director at Kestrel Medical, makers of Vocalzone, a throat pastille lauded by singers, musicians and actors. The product has been around for a long time – more than a century, in fact – but was ticking along without much input when Ponsford moved back to the UK from Australia to focus on it. "What got me excited in Sydney was that I saw rapper Snoop Dogg carrying Vocalzone around with him – that means there's an export market," he says.

The barrier for export, which Ponsford has now overcome, was that Kestrel Medical had a medical licence in the UK – purely because it had been around for so long. "This meant that any country we went to wanted a certificate of free sale. But we were classed as a pharma product, with documentation from the 1940s."

Having spoken at length with the Medicines and Healthcare products Regulatory Agency, it has now been agreed that the pastilles can be produced as unlicensed, although they are still manufactured with the same diligence. "As a result, the export market has exploded," Ponsford explains.

The fastest-growing market is Turkey and the company has recently launched in Romania, with plans to expand into Russia. Ponsford is also in discussions with distributors in Malta and Spain, with another 30 countries lined up.

Just a decade ago, about 5% of Kestrel Medical's business was exports, but now it's nearer 45%. The company has had a 60% increase in unit sales this year to date. "If we carry on at the same rate it will be a 100% increase," Ponsford predicts, with 90% of that increase being in exports.

Again the model is distributor-focused and growth is incremental. "Everything is made in the UK. There are very few factories left in Europe that can make these products," he says. "Sometimes we're approached by distributors, sometimes by the Department for International Trade introduces us and sometimes we go directly. We're restrained to an extent by resources, so the key is to get a distributor who knows what works."

However, Ponsford outlines the problems that can arise when working with very large distributors, one of which spent a huge amount of money but quickly moved onto other things when the launch wasn't as successful as hoped and sales didn't take off quickly enough. "The lesson is to always keep an eye on advertising, promotion and artwork. I trusted them because I thought they would know what they were doing; if I had seen it, I would have known it wouldn't work in the market," he says.

Now Ponsford makes an effort to stay on top of the distributor relationship: "A phone call once a month to be updated on sales means you can keep an eye on stock; it also keeps the distributor motivated because they know you're interested. It's important to have a visit once a year to keep the relationship going. Keeping contact is the key."

While the company is making great strides, Ponsford recognises that there will still be challenges in future. "However long you think something will take, double it," he says with a smile. "But we have some amazing stories. Tom Jones is a big fan. He has used Vocalzone since the 1960s and I now have a huge picture in the office of him chatting with my mother and sister – he wanted to meet us. It has been a great experience."

OVERCOMING BARRIERS

Jim Drew, director at Fuzzy Brush – the chewable toothbrushes widely found in transit locations – sees exporting as a far more appetising model than UK markets. "85% of my business is now abroad because businesses in the UK are so hard to deal with in the retail sector," he explains.

Drew mentions a major UK retailer who wanted a £20,000 listing fee, which was nowhere near sufficient coverage for its first order of 1,300 stock. "A few months later, our products were still only in 30% of the stores. Buyers changed all the time and no one sorted the problem," he says.

Instead, Drew wants to focus on 18 product lines in various languages and a new range of products in 17 countries such as South Korea, India, Turkey and China.

Legislation is often considered the biggest barrier to exporting, but Drew explains that every country is different: "On average it takes between four and 24 months to get all the paperwork done. Indonesia took two years, but Malaysia only took two to three months. All countries want the same thing – to know what the product is, what's in it and to have the right paperwork. I spend a lot of time providing documents to people who work in food administration."

Fuzzy Brush produces chewable toothbrushes

Investment into overseas growth has been incremental and organic. "We send samples worldwide and usually get two or three enquiries from various countries. I've dealt with about 65 countries over the past five years. But 99% of enquiries go nowhere. The key is to find the 1% who have the time and money to do the product justice," he says. "I have a distributor in each country, bar China, which has two as it's so large. I use distributors instead of international offices, but that might change if I duplicate my factory (currently in Durham) elsewhere."

"This year's profits will be lower as I've invested in machinery; but I'm hoping to do a deal with airlines soon. If that happens the business will take off hugely – the brushes are perfectly suited." New products include Fuzzy Rock: "We have six different flavours and are about to do a grapefruit flavour especially for South Korea."

ONLINE PRESENCE

Tempest Designs, a jewellery designer and wholesaler, also uses trade shows to help build its export strategy. "Through those, we get international customers and from there, we work out whether there's strong interest from a particular country or region and can do more targeted trade shows," explains Tempest Designs' director, Lawrence Webster. The next steps are to find a distributor in the region. "Sometimes we might try to piggyback a bigger brand like TK Maxx. We'll put some products out into the market, build a database, get data on how quickly things sold and go from there," he says.

For Webster, successful exporting starts with the website: "It's obvious that it has to look good, but it also has to work well. Try to remove as many barriers for the customer as possible. Display prices in different currencies – don't make the customer do the work."

The company has a policy that if a customer returns something, the company pay for the postage: "That keeps us focused on ensuring quality."

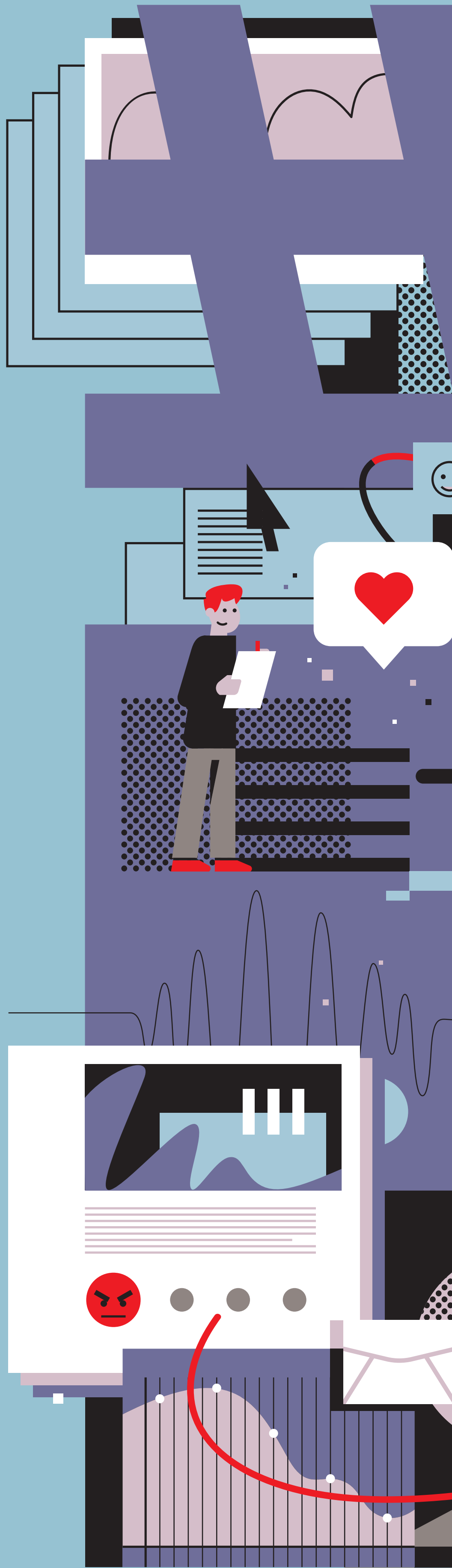
The website also contributes directly to growth because it encourages repeat orders, he says. "Customers need the 'touch and feel' of the product at the trade show, but once they know it's good, they'll reorder through the site – as long as they can use their own currency. We make sure we facilitate that."

The company exports to Ireland, Germany, Italy, Spain and Poland, and is also pushing towards the USA, Australasia, South Africa and the Middle East. "We are focusing a lot on the handbag range and new lines in Sarah Tempest jewellery. Sales in the UK are greater, but our presence overseas is growing," says Webster.

He recommends companies looking to grow their exports ensure they do their research and get support, including talking to the Department for International Trade. "But crucially, don't rely on them – do the groundwork yourself, look at the target market, contact some of your potential large customers and liaise with them before they go to a show. Invite them along and create a rapport – don't expect them to just turn up. If you are proactive, you will get results," he concludes. ●

ON THE LINE

Years spent building a reputation can be wiped out in a social media moment. Nina Bryant explores how online customer engagement can be a force for success rather than disaster



Fifteen years ago, the phrases 'causing a Twitterstorm' and 'going viral' had no meaning. Today, C-suite executives who don't know what these social media terms mean have a steep learning curve ahead. According to analysts at We Are Social, global internet users total four billion – with nearly 3.2 billion using social media at least monthly. Applications including Facebook, Twitter and Instagram allow individuals to directly praise and damn companies' products and services. And social media also puts business leaders on the front line as brand representatives. Businesses can easily be wrong-footed by the mishandling of their online presence.

VIRTUAL MINEFIELD

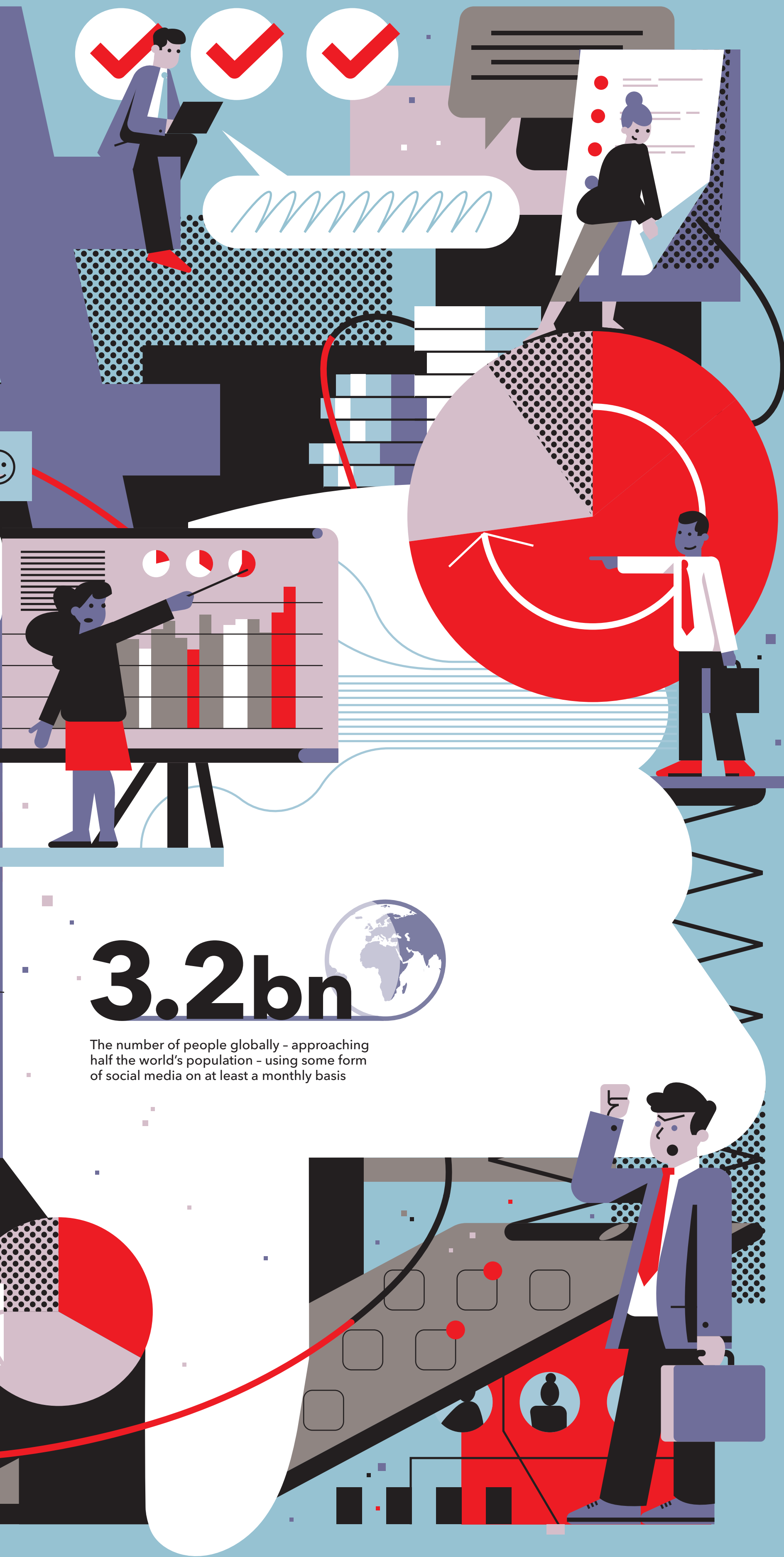
Media storms are not a new phenomenon, but social media makes them more immediate. In 1991, high street jewellery-chain owner Gerald Ratner jokingly referred to some of his stock as "total crap" during a speech. Reporting of the gaffe eventually led to £500m being wiped off the value of his business group. Fast forward to 6 August this year, when Tesla boss Elon Musk came under fire for a tweet he allegedly sent about taking the electric car business private. He was pursued by the US Securities and Exchange Commission on 27 September and personally hit with a $20m fine – while he admitted no liability, he stepped down as chairman for three years. The Tesla share price also fell by 10% in that timeframe, reported Reuters.

To imagine then that a social media calamity couldn't befall a business of any size – let alone have an impact on its value – is naïve. "All businesses are vulnerable to online reputation damage; it's just a review, blog post or tweet away," says Tony McChrystal, managing director for EMEA at ReputationDefender, a company advising businesses on how to prevent and repair damage caused online.

CEOs' online activity can pose particular risks. "Negative material appearing online about them can have a devastating impact, from shareholders losing confidence to damaging the company's ability to attract new investors," he explains. This is especially worrying now that businesses are starting to be valued on the strength of their data, including from social media.

But attempting to avoid awkward moments by shunning social media isn't the answer. McChrystal says: "If a company doesn't have access to social media it has no way of knowing what customers are saying. If you're not replying or giving people a channel to communicate with you, the message is either 'we don't care' or 'we aren't up to date'. The negative feedback is more likely to spiral out of control and damage your reputation irrevocably."

Another reason to establish a social media presence is to ensure that no one else is doing so maliciously in your name to commit fraud, tarnish your reputation or hijack causes (no matter how noble). A man created a fake Facebook account



The number of people globally – approaching half the world's population – using some form of social media on at least a monthly basis

to pose as a customer service rep for US chain store Target for 16 hours in 2015. His aim was to send abusive messages to ex-customers boycotting Target over its toy department's gender-neutral labelling policy. Taking a vigilant stance and commanding a strong online presence is the only way to exert a measure of control over your company's narrative.

MANAGING EMOTIONS

McChrystal admits that businesses with the toughest job managing their social media are in the B2C space, especially where there is "an emotional purchase". He says it is becoming more common for people to complain via Twitter when let down "in the hope of getting a faster and more personal response".

Companies that market themselves well on social media, however, will be recognised and can be rewarded by the sector. A nominee in 2018's Drum Social Buzz Awards and UK Social Media Communication Awards was the Twitter activity of the London North Eastern Railway during the spring snowstorms. Using the hashtag #BeastFromTheEast, the social media team gave a 750% uplift in public and direct responses to its 163,000 customers, engaging in order to protect the brand from escalating complaints at a time of high anxiety.

Retail delivery companies also experience serious online pummelling, but it's possible to turn things around with a well-managed response to failure. Courier business DPD has experimented with surprise apologies to those it has let down. One customer who resolved a delivery issue using Twitter direct messages said he received another package a week later. "It was a cookie with DPD's logo in icing, my name and a note apologising for the mistake. It was really nice." He said the unexpected nature of the gift left him feeling more positive towards DPD than previously.

Such kindnesses create double-positives for brands when customers post pictures of the gifts on social media – as has happened in the case of DPD.

To imagine that a social media calamity couldn't befall a business of any size – let alone have an impact on its value – is naïve

POWER AND PERCEPTION

Staff are just as likely – if not more so than customers – to put business reputations on the line. In November, a Hawaii-based burger chain was forced to close for a deep clean after a video emerged on Snapchat of employees apparently griddling a rat. While such social media exposure highlights poor practices that could otherwise go unnoticed, the damage can be hard to weigh up. Also difficult to emerge from are the actions of rogue employees, such as the case of a newly-redundant HMV social media manager in 2013 – armed with company log-in details – who posted tweets alleging human resources violations.

In addition, negative posts on company review sites, such as Glassdoor, can affect long-term ability to hire the best talent.

On these grounds alone, social media deserves a place on a company's risk register. Nicole Matejic, military information operations adviser, social media crisis communicator and author of *Social Media Rules of Engagement*, has created risk register templates for planning social media risk strategy. She says it's important to think beyond the communications team needs. "You need to wear your whole-of-organisation hat to identify your risks, and wear your crisis communicator's hat only when applying risk mitigation strategies and tactics.

"Draw on the knowledge of experts in the workplace: they know better than anyone what their risks are and how you can help them manage any communications crisis that arises."

Adopting best practice across the organisation in the form of a social media usage policy, as well as giving appropriate crisis training to social media staff, will be needed as part of a unified strategy. At ReputationDefender a social media meeting is held weekly to discuss the company's planned output. Given the nature of its business, it requires all Twitter posts to have the unanimous approval of three senior managers.

AUTHENTIC VALUE

Finding ways to assess and shore up your reputation before it is damaged may hold the key to mitigating future disaster. "We've seen many a business crippled by a negative news story from 10 years ago, where that news story or incident isn't representative of the company as it is today," McChrystal says.

US company Harris Insights & Analytics has created a reputation quotient (RQ) that it uses to assess cultural perception of the top brands in the Harris Poll. The dimensions that make up the RQ can prove insightful for creating key performance indicators in social media. How well you represent your business interests online in the areas of social responsibility, products and services, vision and leadership, emotional appeal, financial performance and workplace environment all matter. Each RQ dimension speaks to the value of establishing brand authenticity.

Coming across as real, even if social media includes paid-for as well as organic posts (those created in-house that rise up search engine ranks naturally), is vital for the ongoing ability to capitalise on social presence. Content should be established across a range of social media, and can include blog posts, videos, pictures and tweets. The greater the volume of insightful content, the more likely it will rank above negative content, old or new. This kind of action takes long-term planning and cannot be created during the middle of a social media crisis. McChrystal says: "There is a widespread misconception that no content/neutral content appearing in the search results is a good thing, when this couldn't be further from the truth.

"Businesses in this position will quickly find negative content dominating their search results during a crisis, as there will be no pre-existing positive content to displace the negatives. Any subsequent positive content that is created will take significant time to rank. Proactivity goes hand-in-hand with having a detailed crisis document in place."

ENTER ANALYTICS

Online marketing influencer Jeff Bullas finds that authentic knowledge transfer on social media is adding value to people's personal and professional lives. He references a McKinsey study that claims the value of knowledge sharing in four industries – consumer packaged goods, financial services, professional services and advanced manufacturing – is worth $1.3trn. Bullas argues this remains a largely untapped resource but believes social media is helping to add business value to demand forecasting and lead generation.

Policy alone cannot help business to track this kind of opportunity. Analytics software packages track positive social media engagement that identifies where profit is to be made. Famous free and low-cost tools, some of which are built into services, such as Twitter or add-ons

"Draw on the knowledge of experts in the workplace: they know better than anyone what their risks are and how you can help manage a communication crisis"

via Google, remain popular. Companies are also turning to proprietary technology to crunch big data, created by the likes of media analytics and social management agency Sprout Social and ReputationDefender. Sprout Social says that in the past "vanity metrics", such as numbers of followers and likes, were popular, but more sophisticated analysis brings into play shares, mentions, clicks on web URLs and other activity to see how, where and when social converts to cash. The Drum's 2017 Social Buzz Awards highly commended a Lastminute.com campaign by Immediate Future. It was devised to promote music festivals overseas, based on an analysis of booking trends over the previous two years. The £202,000 spend gave rise to £2.3m in sales traced directly back to social media engagement.

THE GREATER GOOD?

Only planning and collaboration can help CFOs absorb the tangible ongoing cost of social metrics tools to reach the underlying ROI. But Sprout Social states that based on its last social index, "60% of marketers aren't having regular conversations about social ROI with their higher-ups". An Altimeter Group and HootSuite study, *Beyond ROI: Unlocking the Business Value of Social Media*, found that while 84% of those interviewed were tracking and measuring the effectiveness of social media, 29% "were still trying to prove its value".

Whatever the difficulties of achieving big-spend on social marketing, the likes of SmartData Collective recognise the transformative capabilities for SMEs in using analytics tools. "Big data solutions make the data sets visual, due to which business owners start asking pertinent questions. As a result, they are able to make right decisions based on genuine results rather than speculation."

Although Altimeter and Hootsuite concluded that organisations have started to see social media as a driver of customer insight, and the resulting data actionable, companies will always need to balance that reward with the potential risks. As well as those outlined above, the bigger a personality or a business, the greater the likelihood of a hacking incident or other malicious activity. However, with the employment of tracking technologies, creation of meaningful content, and genuine engagement with customers and clients, businesses can learn how to ride out the worst Twitterstorms. ●

SOCIAL MEDIA FAIL?

Once you take stock of the ways in which a business can fall foul of social media, it becomes evident that robust policies and planning are needed if product boycotts are to be avoided. Here are some areas to consider.

Staff error
If handled well, staff errors can be quickly forgiven if not forgotten – but it depends on the level of seriousness. Typical errors include featured image fails, where a picture of someone appears with the wrong caption, or typos that unintentionally spell offensive and rude words. Missing disclaimers and incorrectly posted prices can lead to a cost for business under certain consumer protection laws. Using tools to manage several social media streams at once can cause problems when posts are made public that were supposed to be private – as Twitter's own CFO found in 2014 when he published a note about potential M&A activity.

Political awareness
Coming down hard on a political point can cause activists of all stripes to weigh in and fill up your timeline. Natural toiletries brand Lush (described by business magazine *Campaign* as having an "activist spirit") decided it was in line with its brand values to run an in-store campaign in support of women who had unwittingly had families with undercover police officers during a covert operation. The Lush Twitter timeline was bombarded by people who felt the campaign lacked nuance and targeted all police. Lush ended up issuing a clarification statement.

Automated posts
Content prepped for automation should be rigorously sense-checked in advance, but automated reposting software should also be assessed for robustness. The New England Patriots' plans to thank their millionth follower backfired when its software failed to detect racially prejudiced content in the Twitter handle of the winning account.

Hashtag fails
Requesting that followers use hashtags to collate responses to certain themes frequently backfires due to unforeseen circumstances. The Australian airline Qantas found that its #QantasLuxury marketing tag was used by customers to air grievances during an airline workers' industrial dispute. Care must also be taken when choosing hashtags that they do not accidentally hijack those being used to promote other companies or emotive causes.

Misjudged campaigns
Big brands can expect a backlash if seemingly jokey content appears to critique 'the little guy' or people's lifestyle choices. And the global nature of online is such that campaigns reach far and wide very quickly. The dangers of causing cultural misunderstanding or offence with poorly-judged content are also high in this landscape. Reputational recovery is particularly difficult if a business unwittingly plays into gender and race stereotypes by not giving video and poster campaigns a wide enough 'sniff-test' before publishing.

ALEKSANDAR SAVIC

BRICKS AND MORTAR TAX BREAK

Steven Bone explores the unexpected tax relief for buildings unveiled in the 2018 budget

The chancellor, Philip Hammond, introduced a new capital allowance for construction expenditure on non-residential structures and buildings - and significantly increased the annual investment allowance available for plant and machinery - in a two-pronged attempt to boost investment in the autumn budget.

For expenditure incurred from 29 October 2018, the new structures and buildings allowance (SBA) gives 2% flat-rate tax relief for building, altering or refurbishing most commercial structures and buildings, whether they be in the UK or abroad.

USE IT OR LOSE IT

The SBA looks like an adapted throwback to industrial buildings allowance (IBA). However, there are marked differences, not least that although SBAs will be available for a wider range of properties, the tax relief will be given half as quickly.

Available for both corporation and income tax, SBAs will give a 2% straight line writing-down allowance over 50 years for expenditure on the majority of non-residential structures and buildings, excluding land. Importantly, SBAs will operate on a use-it-or-lose-it principle - if allowances are not taken in any particular year, they will vanish because there is no carry-forward to later years.

PLANT AND MACHINERY RELIEF

Alongside the introduction of SBAs, the budget announced an increase in the annual investment allowance (AIA) for expenditure on plant and machinery - from £200,000 to £1m a year. This is initially intended to apply from 1 January 2019 for two years.

In effect, this means that each year a taxpayer can spend up to £1m on plant and machinery and get 100% immediate AIA relief. This relief also applies to plant and machinery within a building, such as electrics, water, heating and so on. If the relevant expenditure on these can be identified, relief can potentially be given in the first year, rather than over 50 years as is intended with the SBA.

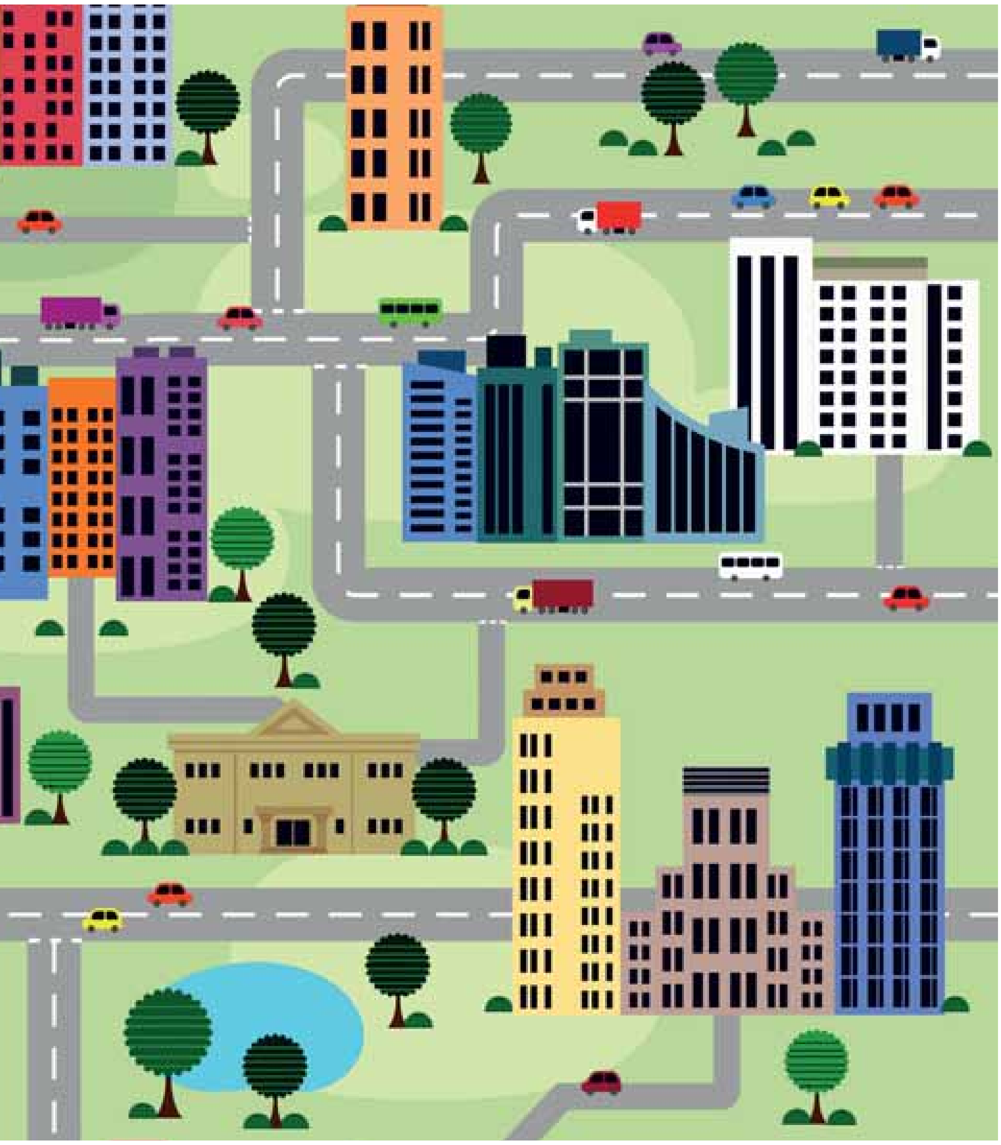
SBAs will not qualify for 100% of the AIA, nor will SBAs be claimable on plant. Additionally, plant and machinery, including fixtures and integral features, will continue to qualify for plant and machinery allowances (PMAs) as well as the AIA. So, it is still vital to separately identify the cost of plant when it is acquired; more so as the AIA has increased so much.

SBAs will use a slightly different list of capital allowances qualifying activities than PMAs and omit holiday lettings.

QUALIFYING EXPENDITURE

Qualifying works will include new-builds, extensions, alteration and refurbishment

SBAs will operate on a use-it-or-lose-it principle – if allowances are not taken in any particular year, they will vanish



ADE AKINRUJOMU/IKON

projects. Among others, they will include offices, retail and wholesale premises, walls, bridges, tunnels, factories, warehouses, care homes and hotels. The expenditure must be incurred on or after 29 October 2018. In borderline cases, written construction contracts (not just intentions to enter into contracts) must be in place at that date. Separate assets and tranches of expenditure (eg, future additions) will have their own 50-year lives.

SBAs will not be available for dwellings (including university or school accommodation, military accommodation and prisons); common areas outside dwellings; home offices; or residential parts of mixed developments, which will require apportioning, with relief only being due if the qualifying parts are more than 10%.

If, later in the life of the property, its use changes to that of a dwelling, then the SBA will end. Relief will be based on the original 'net direct cost' to construct the qualifying asset plus expressly linked site clearance and preparatory works. If a business buys an unused asset from a developer, and the developer does not disclose its construction costs, then an apportionment valuation will be needed to strip out the value of the land.

Claims begin when the asset first comes into business use, as long as no more than seven years has passed since the money was spent. The government proposes a 24-month grace period where allowances continue during temporary disuse, after which time SBAs stop until qualifying use begins again. This will be extended to five years if the building has suffered such extensive damage that it effectively no longer exists.

If a property is owned at any time in the first 50 years by the Crown, or non-taxpayer, notional allowances must be deducted during the ownership period.

LEASED PROPERTY

Following the tax tribunal's decision in *David Wellstead v HMRC Comrs* [2016] UKFTT 492 (TC), where granting an underlease was tantamount to transferring all of the valuable interest, government has accepted that the granting of a long lease for a premium can be akin to the sale of the property.

Therefore, it is proposed that, unusually for capital allowances, SBAs may sometimes be transferred from lessor to lessee where a capital sum is paid for the grant of a lease. If the lease is for 35 years or less, the allowances will stay with the lessor (generally the freeholder). However, for leases longer than this, where the capital sum paid is at least 75% of the total value of the property, then the lessee will receive the tax relief.

LATER SALES

A taxpayer must hold a legal interest in the land (eg, a leasehold or freehold) that the building or structure sits on, and SBAs will be available in future to whoever has that interest.

There will be no adjustments on sale. Buyers will inherit the written-down value for tax and claim at 2% a year. Unlike PMAs, making a claim for SBA will reduce the taxpayer's base cost for capital gains purposes (ie, SBAs are a timing benefit, rather than an absolute tax saving). This is unlike plant, where it has long been permissible and uncontroversial for a seller to sidestep a clawback by negotiating a low joint fixtures election with the buyer under section 198 of the Capital Allowances Act.

So, while the budget headline looks good, the small print is that government is not so much giving tax relief, as lending it, until such time as the property is sold at a profit. This reinforces the fact that PMAs should still be claimed wherever possible. ●

Steven Bone, director, The Capital Allowances Partnership

THAT FRIDAY FEELING

Calls to shorten the working week to four days are growing louder, with more and more people pushing for change. Alison Coleman looks at the benefits and disadvantages of a four-day week

The fourth part of our future of work series is available to read in the November issue of *Business & Management*

New technologies, such as artificial intelligence (AI) and robotics, are becoming increasingly prevalent in the workplace and have the potential to significantly boost UK output. For workers, the potential reward of this technological revolution is more freedom, more control over their time and, if many employees had their way, a four-day working week.

And it could be a great move for business. Earlier this year in a landmark experiment, a New Zealand trust, wills and estate planning firm spent two months testing a four-day working week for its employees, with no reduction in pay. The results? Sense of work-life balance for workers at Perpetual Guardian went from 54% to 78%. Stress went down. And the missed hours didn't affect job performance, which actually slightly improved. Now they're making the change permanent.

But it does depend on the business. An experiment at Svartedalens retirement home in Gothenburg, Sweden, last year saw employee hours reduced from eight hours a day to six, with no pay cut. While it was concluded that shorter working hours did indeed have positive benefits for employee health, happiness and productivity, it was too expensive to implement. This was mainly due to extra positions having to be created to make up for the lost working time.

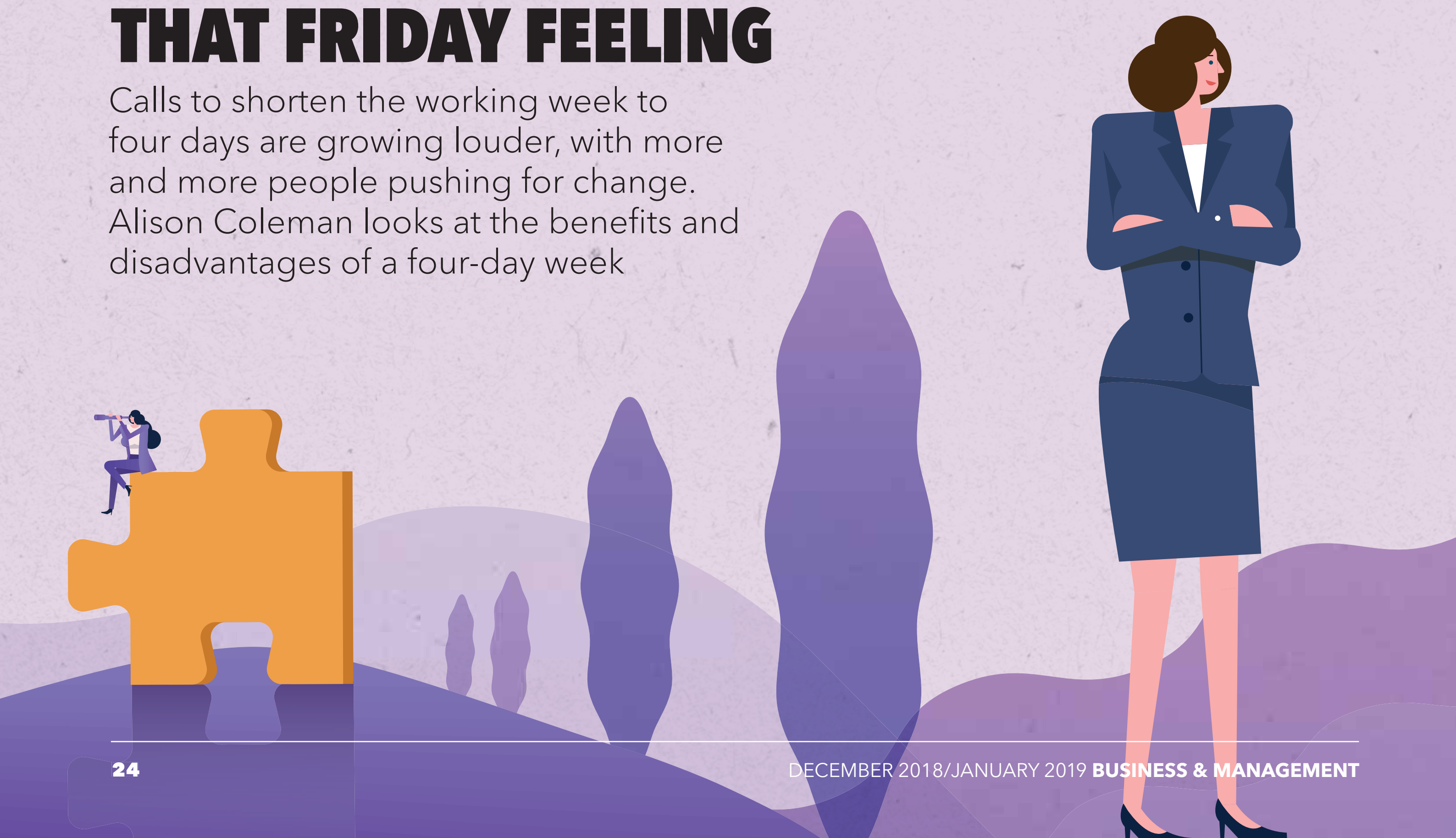
Would it work in the UK where, according to research by Vouchercloud, the average British employee is productive only three hours a day? Many are convinced that it would, including Frances O'Grady, leader of the UK's trade union movement. She claims that, with advances in technology, a four-day working week is a realistic goal for most people by the end of this century. The Labour Party recently announced that it would consider introducing a four-day week following a general election.

On the face of it, making this work requires a 20%-plus productivity gain to equal what a business can achieve in five days in just four. An obvious worry for businesses is financial loss although, as Brian Kropp, group vice president of Gartner's HR practice, points out, trials have shown it hasn't necessarily had a detrimental impact on worker productivity.

"With the incentive of an extra free day, distractions, such as noise and water cooler discussions, and stress-related sick days are cut considerably," he says. As such, businesses might not lose as much through absenteeism and drops in motivation as was previously feared.

STAYING COMPETITIVE

In reality, closing down one day in five and simply reducing overhead and running costs is not that straightforward, and can be to the detriment of the customer, says Amanda Moore, IT programme director at specialist payroll and accountancy services provider Workr Group. "No business wants to make it harder to compete with its competitors and be perceived as offering less than they do," she says.



The financial case does become more viable with automation of physical manufacturing and, with the flexibility enabled by the internet and online services, the battle can be won.

So how are business leaders responding to the idea? As regional CEO at global customer agency C Space, Felix Koch says it isn't a case of whether he likes the idea, but how he reacts and takes measures to stay competitive in a world where four-day weeks will be more prevalent in the war for talent.

"I don't believe this will result in a productivity loss, but it will be a case of people having to work smarter and be more 'laser-focused'," he says. "We have a few young parents at C Space with family commitments who have learned to be much more precious with their time at work. The potential productivity losses will be made up by the general higher degree of job satisfaction, so the payoffs are clear."

Not all business leaders accept the inevitability of a four-day working week. In manufacturing, the loss of one working day could impact productivity far more than a marketing company.

Jane Campbell is founder and managing director of PCL Corporatewear, a leading supplier of corporate clothing based in Tring, Hertfordshire. The company has a turnover of just over £2m. She agrees that a four-day working week is a possibility, but doesn't believe it would be realistic for every business, or even something that everyone would want.

"With the incentive of an extra free day, distractions, such as noise and water cooler discussions, and stress-related sick days are cut considerably"

"We operate a 35-hour working week. We don't expect our team to work outside their contracted hours and we provide part-time work and flexibility as far as possible. Rather than be satisfied with achieving the same amount in less time, I'd use the time available to be more productive," Campbell says.

The company is in the process of installing a new software system to cover all operations, from receiving sales enquiries to production, invoice and despatch. This will free up team members to do the same amount of work in fewer hours. However, the plan is to use this time to better engage with customers and grow the business further.

"There are many aspects of our business that cannot be automated, which would be problematic should a four-day working week be introduced as the norm," adds Campbell. "Our branding department is open from 8am to 8pm each day and at weekends, depending on the workload, so we have to be flexible. During busy periods, the longer we are open the better for business."

She feels that more availability and better acceptance of flexible working patterns together with technological advances should mean greater choice for everyone, and is therefore the logical way forward.

WIDER BENEFITS

Although a four-day working week is unlikely to work well for all jobs or industries, there are many contexts in which a reduced working week strategy could be a competitive advantage. This

includes recruitment, retention, employee wellbeing and even reduced operational costs, says Amy Pytlovany, a research scientist at SAP SuccessFactors.

"Fewer commuters on the road provide an additional social benefit in terms of traffic congestion and vehicle emissions," she says. "A reduced working week is not going to be a one-size-fits all solution, but with some creativity many organisations can find themselves benefiting from a four-day work week strategy."

But whether it presents any financial advantages for a business will depend on its competitive environment and employee preferences, as Dr Shainaz Firfiray, associate professor at Warwick Business School, explains.

"A four-day work week could lead to an accumulation of missed deadlines and increased costs for businesses as they may need to outsource some tasks or hire additional staff to ensure work gets completed on time.

"In organisations that place excessive work demands on their employees, doing the work of five days in four days would seem an impossible task. And in client-focused businesses, introducing a four-day work week may prove to be very challenging and reduce competitiveness."

But some industry sectors could do very well out of a shorter working week, says business and innovation expert Erica Wolfe-Murray, who has worked as a creative head and financial director of a number of companies.

"If we are going to move towards a four-day working week, it means the leisure and hospitality industry will go into overdrive to cater for all our downtime needs," she says. "Those running experiential and education ventures will have more customers, and so will have to up the supply to meet the demand."

Then there is the impact of a shorter working week on talent acquisition and retention, both a top priority and major concern for organisations. Considering the changing needs of next generation talent, businesses need to think about how these workers will likely adapt to such a major shift.

Millennials generally aspire to a different professional life than their predecessors. According to Gallup, 21% of millennials in 2016 reported switching jobs within the past year, compared with only 7% of generation X and other non-millennials. They are largely driven by purpose over economics and attracted to opportunities that make them feel inspired rather than having a fixed working week.

"Those running experiential and education ventures will have more customers and so will have to up the supply to meet the demand"

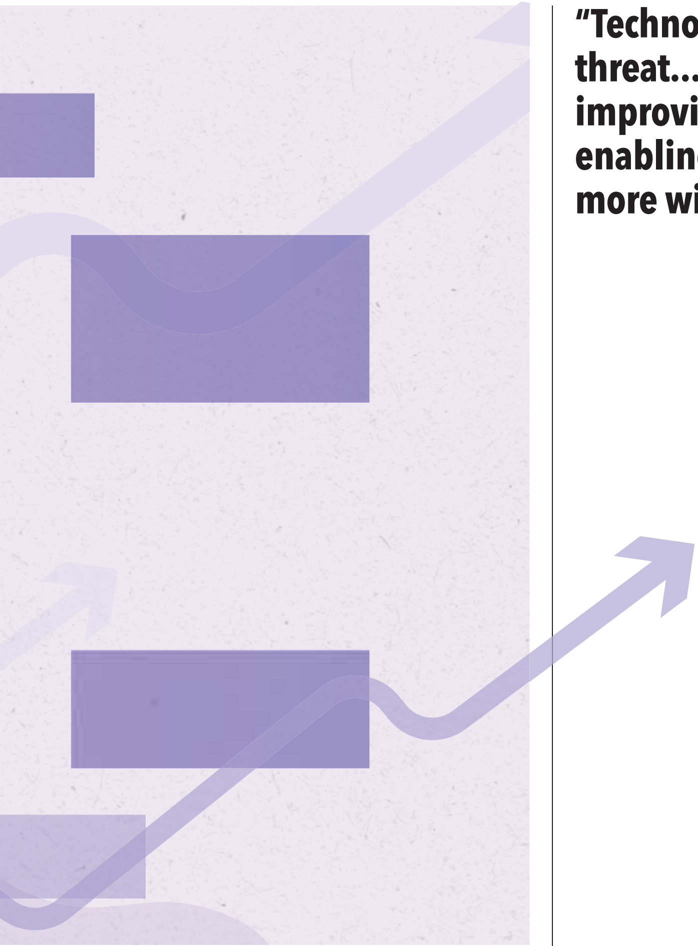
"A four-day work week won't necessarily do it for them," says Morten Petersen, co-founder and CEO at Worksome, a platform for independent consultants and freelancers. "Therefore companies should focus on how they can create an attractive workspace and help further their careers and goals.

"The key is flexibility and trusting that employees can decide on the schedule that allows them to perform the best."

BOOSTING MORALE

Communications agency McOnie has come up with a compromise that gives staff better quality time off without losing actual working hours. They work a nine day fortnight, five days one week and then four days the next, in a working pattern that has helped to increase creativity in the office.

Managing director Sarah McOnie introduced the initiative five years ago, with the aim of promoting a healthier



"Technology is not a threat... It is just improving the toolkit and enabling us to achieve more with our time"

work-life balance for her teams and boosting creativity and productivity. The new schedule has gone down well with the staff and, since its introduction, there have been no direct costs or financial implications for the business.

"This is because, in spite of having every other Friday off, in reality the teams work their contracted hours through an extended working day, which runs from 08.30 to 17.45," she explains.

"The Friday off allows everyone to slow down and unwind, and regain their mojo after a busy week. An added benefit of the regular break is low sickness absence and improved employee physical and mental health and wellbeing."

The financial benefit from an increase in employee motivation can be difficult to calculate but should not be underestimated, says Moore. "Most of us will work even harder and with increased focus if we know the upside is more leisure time with family and friends and more freedom to do what we want.

The bottom line is that productivity has to increase if costs do not fall, as staff will still need the same salary and are unlikely to accept earning less."

So four-day working weeks and flexible hours can work but there has to be an equitable compromise and it can't just be at the expense of the business. There needs to be a balance. Key to this will be education so that future generations can harness and use the technology to lead better, more fulfilling and economically sustainable lives.

"Technology is not a threat, whether it's robotics, AI, machine learning or basic online services, it is just improving the toolkit and enabling us to achieve more with our time," adds Moore. "Ultimately the financial benefits will flow if management teams partner with the workforce and employees take on board the need to sustain and increase productivity." ●

BUSINESS CASE STUDY – LAB

Digital agency Lab recently introduced a four-day working week for all 50 of its staff in an effort to boost creativity and productivity. So far the results have been positive – productivity has remained constant and there have been no financial implications, while staff get a bank holiday weekend feeling every week.

Founder and CEO Jonny Tooze says the initiative, which began last August, was sparked by the company's core vision of creating a world where everyone is free to do what they love.

"We see the replacement of human workers with technology as inevitable and not necessarily a bad thing: freeing the human race of the shackles of labour," he says. "Without a doubt it's something that we need to get ready for, as it's coming."

The new system, he says, works on the premise that they shift from "pretending we were working seven-and-a-half hours a day, five days a week" to actually working nine hours a day, four days a week.

Staff can choose to take a Monday or a Friday off, but are asked to stick to their days in order to facilitate the planning of service levels for clients. As Tooze points out, this is by far the biggest concern when thinking about implementing such a change. And the shift was not without its challenges.

"Your week feels 20% busier, however, you end up cutting a lot of nonsense out of your diary and simply re-prioritising your days," says Tooze. "Handling that new stress and taking control of your own week is pretty important."

In terms of maintaining productivity in a shorter week, communication is by far the biggest thing. "The pressure created from a four-day week means that we need to be more precise with our communications," he adds.

INFLUENCING PEOPLE: PERCEPTUAL STATUS

Communication is a big part of our lives, but how can we get better at it? David Gillespie recaps a talk he gave to ICAEW

Recently, I had the pleasure of delivering a talk on influence, persuasion and negotiation at the Great Hall at ICAEW. When Robert Russell asked me to give this talk it occurred to me that we can only influence, persuade and negotiate well if people have bought into us in some way. After all, people buy into people before information, and if we haven't got that right we stand little or no chance of having the effect we desire.

So, how do we control the way others think and feel about us when we interact with them? Well, it all comes down to one little word - status. The sort of status I am talking about here has nothing to do with power, position, wealth or social standing. It is entirely down to perception. How we perceive people and how they perceive us. And this is physical, vocal and emotional.

If we had a scale of perceptual status from one to 10, one wouldn't be the worst and 10 wouldn't be the best. In fact, they are both as bad as each other. One is the timid apology that closes us off from any meaningful communication and 10 is the aloof arrogance that pushes people away. The area of the scale we need to inhabit is in the middle. Living in the five to seven territory allows us to be open, accessible, warm, approachable and strong; all of the qualities people like to associate with.

CLEAR, OPEN COMMUNICATION

When we walk into a room full of people and see someone on the far side, long before we hear the sound of their voice or make eye contact with them, we make a judgement on what we see – we can't help it. If their body language is closed off, we are unlikely to approach them. If their posture, gesture and expressions are in the five to seven neutral zone, we will feel comfortable and happy to engage with them. It is speculated that 50% of communication is non-verbal. Get that wrong and you are playing catch-up from the very beginning.

The way we sound also affects the way people feel about what we have to say. Roughly speaking, 40% of communication is in the sound we make. My maths skills aren't as good as those from ICAEW, but I make that just 10% left for the words. The words are, of course, very important but the way we sound when we say those words is perhaps more so. "I don't like your tone, young man," my mother used to say to me. It's not what you say, it's how you say it.

Nowadays, when the conference call is almost becoming the preferred way of holding meetings, the way we sound is very important indeed. Taking away half of communication leaves us guessing and playing detective about what we are hearing and the intention behind the words. Even more reason to examine our vocal status and the vocal status of those we are interacting with.

Good vocal production is a key component of great communication. Getting the best out of how we sound comes down to three factors:

1. Breathing. Being able to maintain the energy behind the voice with proper breathing rather than snatching breaths from the top of the chest.

2. Giving a full and rounded sound to the voice with a variety of pitch and tone. We generally use around three to four notes either side of the optimum pitch when we speak – we have about 30 we could use. We will do it for the children when we read them a story, so why short-change the adults?

3. Clarity and dexterity of speech. The last thing we want to be doing is stumbling over our words. Those fabulous old tongue-twisters should be a major part of our vocal warm-up. We should all pay more attention to our vocal image.

MAKE IT PERSONAL

Our emotional status is the way we feel about what we have to say. The way we want other people to feel about what we have to say. It's all about feelings. Business is about feelings.

I once worked with a very senior figure from an investment bank who assured me that people in his world made decisions based on facts and figures alone. I asked him if the way we could make people feel about those facts and figures might influence the decisions they make. He said no. I don't know about you but I think people can get emotional about their money and how it is being used, and quite rightly so.

Great leaders understand the importance of emotional status. That is because they are attuned to the needs, desires and concerns of the people they lead

Maybe feelings of being assured and safe with a little dash of excitement can be part of an investment decision. I think he was missing a major part of effective communication.

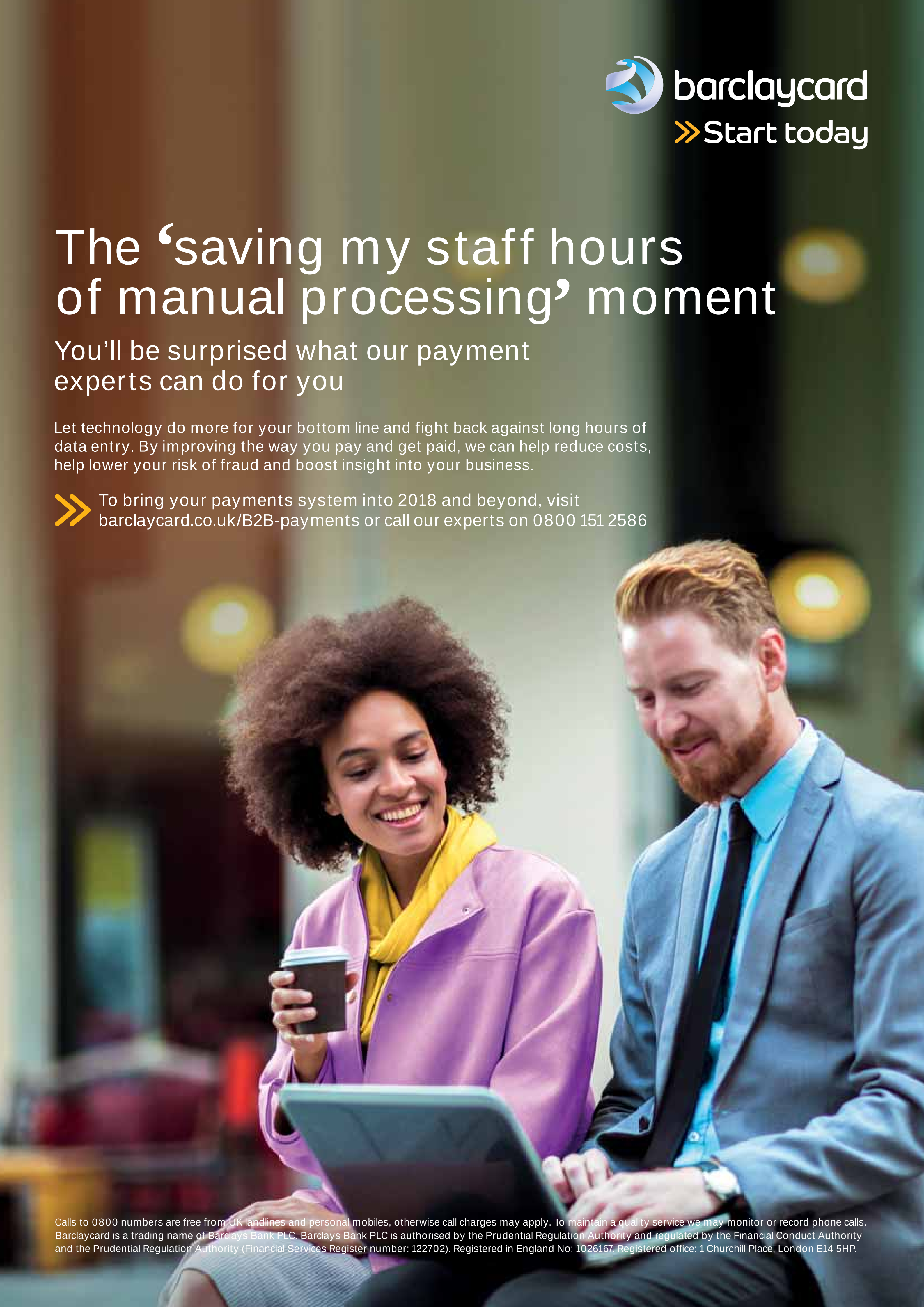
Great leaders understand the importance of emotional status. That is because they are attuned to the needs, desires and concerns of the people they lead. People are interested in great leaders because great leaders are interested in people. It doesn't take a lot to show genuine interest in the people we wish to persuade and influence.

In his book, *How to Win Friends and Influence People*, Dale Carnegie demonstrated the art of helping people to feel good about themselves with story after story. He realised that if we are able to do that we will create strong relationships and people will want to associate with us, trade more with us or work well for us.

Carnegie's theory reminds me of a story about a woman who had dinner with William Gladstone one night and Benjamin Disraeli the following night. After having dinner with Gladstone, she thought that he was the most intelligent man in the country. After having dinner with Disraeli, she felt that she was the most intelligent woman in the country. Queen Victoria absolutely loathed one of these men and adored the other – no prizes for guessing which was which. We could examine the status levels of our current leaders around the world and determine who is in danger of going off the scale but that is probably best left to another day when we have the spirit for debate and a little more time.

If we wish to get the very best from our communication and allow others to buy into us, we need to constantly monitor how we are perceived physically, vocally and emotionally. Let's think about that strange perceptual status scale and check where we are on it with every piece of communication we engage in. Let's examine how we look, how we sound and how we feel. Most of all, let's take more interest in others and make them feel good about themselves. Happy communicating to you all! ●

MITCH BLUNT/IKON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TECHNICAL UPDATES

Our regular roundup of legal and regulatory change

TAX

NEWS AND UPDATES FROM THE TAX FACULTY WEEKLY NEWSWIRE. VISIT ION.ICAEW.COM/TAXFACULTY AND CLICK THE SIGN-UP LINK TO SUBSCRIBE FOR FREE

HMRC BEGINS WRITING TO BUSINESSES ABOUT MTD

In July 2018, ICAEW found that 42% of businesses required to submit their VAT returns using software or an app from April 2019 were unaware of the change.

While ICAEW and other professional bodies have been making members aware of Making Tax Digital (MTD) and its impact on how businesses keep their accounting records and file their VAT returns, neither the government nor HMRC has done much at all to make businesses aware of what to do.

The publicity campaign has now begun. HMRC advised ICAEW that it has started issuing letters to 200,000 businesses that are currently eligible to join the MTD VAT pilot.

HMRC also said it is testing the effectiveness of the information campaign by using two different letters in the first wave, and taking this opportunity to monitor the effectiveness of content. "Which version a customer receives will be selected at random to ensure the results can be assessed impartially," said HMRC.

HMRC TO REFUND PENALTIES IN SOME HIGH INCOME CHILD BENEFIT CHARGE CASES

HMRC is to review cases where penalties were charged for failing to notify a liability to the High Income Child Benefit Charge (HICBC) for the tax years 2013/14, 2014/15 and 2015/16. Alongside this, HMRC is writing to taxpayers who may be liable to the HICBC for 2016/17 and/or 2017/18.

HMRC is proactively reviewing the penalties charged for 2013/14 to 2015/16 where the following circumstances apply:

- the claim for child benefit was made before the HICBC was introduced in January 2013, and
- one partner's income subsequently increased to over £50,000 in or after the 2013/2014 tax year, and
- the individual liable to the charge

received no communications from HMRC about HICBC or claiming child benefit after the charge's introduction.

It is unusual and welcome that HMRC has accepted ignorance of the law can provide grounds for reasonable excuse. From the outset, the tax profession has made strong representations that the charge was not the best way to achieve the policy objective.

Given the complexity, particularly the fact that the individual liable to the charge may not be related to the children concerned and is liable only because they are the partner of a parent of the children, it does seem reasonable that HMRC should waive the failure to notify penalties. The refunds are to be made automatically.

Having made this concession, HMRC is likely to take a hard line for 2016/17 and subsequent tax years and it is advisable for taxpayers and advisers to check whether they may be liable to the charge. HMRC provides a calculator for this purpose.

NO CORRECTIONS TO DEEMED DOMICILE TRUST PROTECTIONS IN THE BUDGET

The government has decided not to amend the legislation affecting non-UK domiciliaries (non-doms) and offshore trusts. This relates to an aspect of the 'trust protections' introduced when the domicile rules changed in 2017.

From April 2017 non-doms who have been in the UK for 15 out of the last 20 years are treated as deemed domiciled in the UK for all taxes. The changes were made by Finance (No 2) Act 2017 and Finance Act 2018. As part of this change, the government introduced trust protections to ensure that income and gains in trusts set up before the individual became deemed domiciled would not be taxed if they were retained in the trust and the individual was not born in the UK with a UK domicile of origin.

However, there seems to be a defect in the legislation in that offshore income gains are not included in the protections and are therefore taxable, regardless of whether or not they are retained in the trust.

In June, we requested information from offshore trustees regarding the preponderance of non-reporting funds in offshore trusts that now fall to be within the protected trusts regime as the settlor has become deemed domiciled since 6 April 2017. We presented the information from the survey to HMRC in the hope that changes would be introduced in the autumn budget, but there is no change.

HMRC said in a statement: "The current demands placed on parliamentary resource make it difficult for the government to justify returning to the legislation at this time to add to the generous package of protections which the government has already legislated for in the extensive reform of the non-dom rules last year."

As such, currently there will be no changes made to the legislation with effect for 2017/18 or 2018/19.

IR35 TAX MEASURES TO THE PRIVATE SECTOR DELAYED UNTIL 2020

Philip Hammond announced during the autumn budget the roll-out of IR35 tax measures to the private sector will be delayed until April 2020. The measures, originally expected to be extended to the sector in 2019, will only target large and medium-sized organisations. The extra revenue this measure will bring in is estimated at more than £3bn over the five years to 2023/24.

EMPLOYMENT LAW

THIS SECTION IS SUMMARISED FROM THE BULLETINS OF VARIOUS LAW FIRMS AND ASSOCIATIONS. NONE OF THE INFORMATION IN THIS UPDATE SHOULD BE TREATED AS LEGAL ADVICE

CORRECTION: ACAS

In the November issue of *Business & Management*, it was incorrectly stated that the Employer Service 24-hour hotline was run by Acas. It should have stated that the service gives advice based on the Acas code of practice.

Acas does, however, have its own separate helpline, though this is not 24-hour. The number is 0300 123 1100. Its web address is acas.org.uk/helpline

We apologise for any confusion caused.

DELIVERING COLLECTIVE DEFINED CONTRIBUTION PENSION SCHEMES

The Department for Work and Pensions has launched a consultation on the government's proposals for collective defined contribution (CDC) pension schemes (tinyurl.com/BAM-PensCDC).

CDC pension schemes allow contributions to be pooled and invested to give members a target benefit level.

The government recognises there is growing interest in CDC schemes, and the Work and Pensions Select Committee recently recommended that the government should act quickly to legislate to allow the schemes.

This consultation sets out proposals as to how a particular form of CDC scheme might work in the UK, and the legislative and regulatory regime that would be needed to support any such scheme. It gives an indication of the government's policy intentions and likely focus of the legislation.

The consultation ends on 16 January 2019. Send responses to caxtonhouse.cdcconsultation@dwp.gsi.gov.uk

RIGHTS OF EU CITIZENS WILL STAY PROTECTED IN NO-DEAL BREXIT

The Home Office has confirmed that employers will not have to conduct right-to-work checks on EU citizens immediately after Brexit, regardless of a deal or a no-deal scenario.

Immigration minister Caroline Nokes recently suggested that employers will be required to check whether EU citizens working for them have the right to work in the UK, in case of a no deal, from April 2019.

But the Home Office has since advised that the current checks will not change next March, and that EU citizens would still be able to prove their right to work by showing a passport or national identity card.

COURT OF APPEAL JUDGES UPHOLD RULING IN WHISTLEBLOWING CASE

Court of Appeal judges have upheld an Employment Appeal Tribunal (EAT) ruling that awarded £2m to Alexander Osipov for unfair dismissal and victimisation on the grounds he was a whistleblower.

Judges ruled unanimously that the decision in favour of Osipov, former chief executive of International Petroleum (IPL), had been correctly applied (tinyurl.com/BAM-TimOsp).

Osipov was fired in October 2014 after a series of disagreements between himself, chairman Antony Sage and IPL shareholder Frank Timis over the business's operations. In 2016, the tribunal ruled Osipov had been unfairly dismissed for making protected disclosures under whistleblowing legislation.

The tribunal awarded him damages of more than £1.7m. Timis and Sage appealed the ruling to the EAT, which upheld the ruling in 2017 and increased the payout to £2m. The two directors escalated it to the Court of Appeal, which dismissed the appeal and upheld the EAT's ruling.

It is the first time directors have been held personally responsible and sued for unfairly dismissing an employee.

FINANCIAL REPORTING

YOU CAN FIND OUT MORE ON THE LATEST FROM THE FINANCIAL REPORTING FACULTY AT ICAEW.COM/FRF

2018/19 REPORTING

With the annual financial reporting season nearly upon us, the Financial Reporting Council (FRC) has provided UK companies with advice on how to improve the quality of their corporate reporting. Much of the guidance is aimed at listed companies and IFRS reporters, but non-listed companies and UK GAAP reporters might also benefit from some of the hints and tips.

ANNUAL REVIEW OF CORPORATE GOVERNANCE AND REPORTING

The FRC has again highlighted the importance of the disclosure of key judgement and estimates. The report includes a case study to illustrate what the FRC expects to see by way of informative disclosures.

IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* are effective for accounting periods beginning on or after 1 January 2018. The FRC reviewed the quality of the disclosures and the impact of the new standards within June 2018 interim statements and has highlighted areas for potential improvement for the year-end accounts.

More detailed reports of the findings have been published separately.

The report also takes a look at the Strategic Report and how the implications of the UK's decision to leave the EU have been reported, with indications of what it considers to be good (and bad) practice.

An open letter to Audit Committee Chairs and Finance Directors provides a summary of the key developments for 2018/19 annual reports.

Read the full report and the open letter on the FRC's website at tinyurl.com/BAM-CGRep

SMALLER LISTED AND AIM COMPANIES

The FRC has also published the results of thematic corporate reporting review of smaller listed and AIM companies with a focus on: APMs and the strategic report; pension disclosures; accounting policies, including critical judgements and estimates; cash flow statements; and tax disclosures.

This report includes several illustrative examples of good practice and a decision tree for determining disclosure requirements for judgements and estimates.

Read the full report at tinyurl.com/BAM-SmallAIM

FINANCIAL REPORTING LAB

The FRC's Financial Reporting Lab has published guidance for companies on the presentation of performance metrics in their reporting following calls for clarity from investors. The report highlights the importance of presenting performance metrics that are aligned to strategy, transparent, in context, reliable and consistent. It aims to provide practical guidance and examples of how this can be achieved and how reporting of performance metrics can better meet investors' needs.

Read the full report at tinyurl.com/BAM-FRLab

TRIENNIAL REVIEW PODCASTS

The Financial Reporting Faculty has recorded two short podcasts on recent changes to UK GAAP.

The first podcast, *FRS 102: Understanding the triennial review amendments*, provides an overview of the changes.

The second podcast, *FRS 102: Accounting for investment properties*, drills down into the specific changes relating investment properties and the accounting policy choices available.

You can listen to the podcasts at tinyurl.com/BAM-TriPods

ICAEW PUBLISHES BREXIT GUIDANCE

You can find a range of resources, including our latest guide *Government guidance on Brexit*, on ICAEW's Brexit hub (icaew.com/brexit). This guide includes a summary of the recent BEIS Technical Notice on the corporate reporting implications of a 'no-deal' Brexit. See tinyurl.com/BAM-BrexGuide

IFRS RECENT AMENDMENTS: DEFINITION OF MATERIAL

The International Accounting Standards Board (IASB) has issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarifying its definition of material.

It now reads: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which prove financial information about a specific reporting entity."

The changes are effective from 1 January 2020, but companies can decide to apply them earlier.

Read the press release at tinyurl.com/BAM-NewDef

BUSINESS COMBINATIONS

The IASB has also issued narrow-scope amendments to IFRS 3 *Business Combinations* to improve the definition of a business. The aim of the amendments is to help companies determine whether an acquisition made is of a business or a group of assets.

The new definition reads: "An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities."

Companies are required to apply the amended definition of a business to acquisitions that occur on or after 1 January 2020. Earlier application is permitted. ●

ON A LIGHTER NOTE

DISGUSTINGFOODMUSEUM.COM

FOUL FOOD FANS CAN DELIGHT IN MORE THAN JUST DESSERTS

The residents of Malmö, Sweden, have a new attraction that opened in October – the Disgusting Food Museum. Many exhibits would appear to be justified – the dead mice in wine from China, maggot-infested cheese from Sardinia and fermented shark from Iceland. But other entries might raise eyebrows, such as root beer, Spam and haggis. The collection aims to challenge perceptions of taste and disgust, but some visitors have found it too much. Museum curator Samuel West gleefully told reporters that two visitors have been physically sick in the opening weeks. "It's OK to vomit," he added. "Our entry tickets are printed on vomit bags."

GRUB'S UP

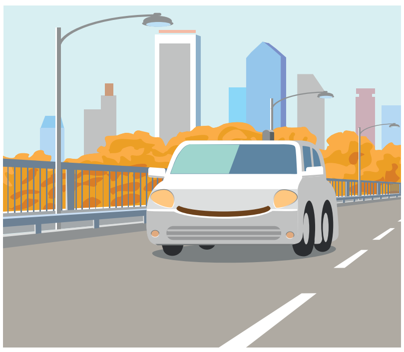
Supermarket giant Sainsbury's has taken the plunge and joined competitor Ocado in selling insects for consumption in 250 of its stores.

Eat Grub's BBQ crickets are described as "crunchy in texture with a rich smoky flavour".

Sainsbury's and Eat Grub say insects are more popular than might be expected. A survey found that more than 5% of Britons have enjoyed eating them.

Eat Grub says dried crickets contain more protein a gram than beef, chicken or pork – with 68g of protein in every 100g of crickets, compared with 31g in beef.

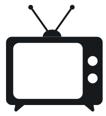
VILLAGE WANTS TO PUT BRAKES ON SPEEDING DRIVERS



Alessandro Alessandri, the mayor of Acquetico, a village of 120 people in northern Italy, was shocked that a temporary speed camera recorded 58,568 speeding offences in a fortnight. He now wants the camera, by a crossing in a 50kph (31mph) zone, to be permanent. "It's madness, considering that we have inhabitants who regularly move within the village and cross the road," Alessandri told Italy's Ansa news agency.

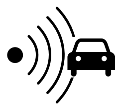
5%

NUMBER OF BRITONS FOUND TO ENJOY EATING INSECTS



7,161

NUMBER OF HOUSEHOLDS IN THE UK WHERE BLACK AND WHITE TV IS THE PREFERRED OPTION



58,568

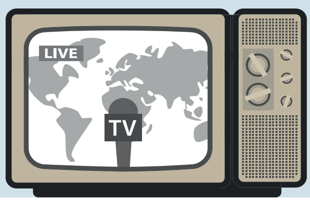
NUMBER OF SPEEDING OFFENCES IN A FORTNIGHT IN ACQUETICO

PENSIONER BATTLES TO BE AS OLD AS HE FEELS

A 69-year-old Dutch pensioner who says he has the body of a 45-year-old has failed in a legal bid to change his age to improve his job prospects and general appeal. Entrepreneur Emile Ratelband hoped to change his date of birth from 11 March 1949 to 11 March 1969 after doctors said he had the body of someone more than 20 years younger. Ratelband told *De Telegraaf*: "You can change your name. You can change your gender. Why not your age? Nowhere are you so discriminated against as with your age." Ratelband, who is a media personality in the Netherlands, vowed to forego his pension if the courts ruled in his favour. He plans to appeal.

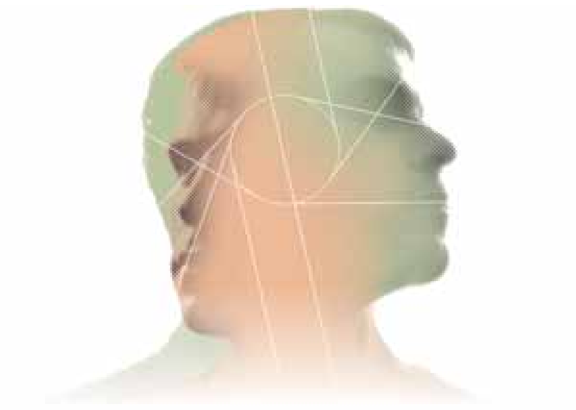
7,000 FIND COLOUR TELLY A TURN OFF

A total of 7,161 UK households prefer to watch black and white TVs despite the affordability of large colour screens. Regular colour broadcasts began more than 50 years ago with the Wimbledon tennis tournament on BBC2 in July 1967. The number of black and white licences issued each year has been in steady decline since. Jason Hill, spokesman for TV Licensing, said: "Over half of the UK's TVs now connect to the internet so it's interesting that more than 7,000 households still choose to watch their favourite shows on a black and white telly."



STAY AHEAD WITH ICAEW THOUGHT LEADERSHIP

ICAEW is required by its Royal Charter to advance the theory and practice of accountancy in all its aspects. One way we do this is through papers published in our ICAEW Thought Leadership series. Some papers are more practical in nature and aimed at helping members do their work, others consider how law and standards might develop for the future professional.



Business performance management

WORKING WITH TENSIONS

Driving business performance is one of the biggest challenges for senior finance professionals. Confronted with tensions, such as conflicting stakeholder needs, honing your judgement is essential. Help is at hand.

icaew.com/BPMtensions

Finance business partnering

PROVIDING PRACTICAL ADVICE

For many years finance professionals and finance departments have been looking to become genuine business partners. This guide focuses on how to do so by discussing how you develop the skills, structures and processes required.

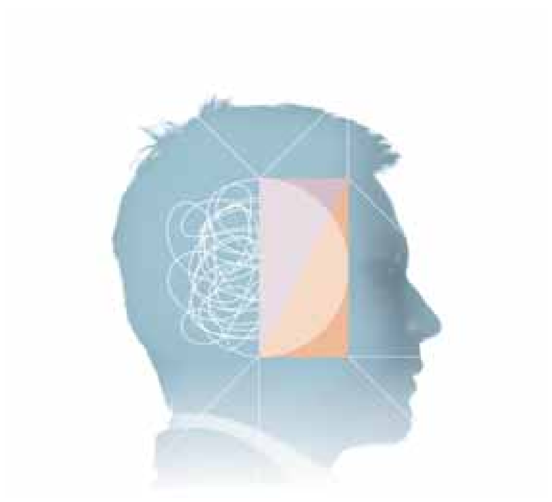
icaew.com/businesspartneringguide

The finance function: a framework for analysis

CONTRIBUTING TO ORGANISATIONAL SUCCESS

The many and varied solutions suggested to develop effective finance functions can make selecting the best course of action intimidating. Our careful and thorough analysis helps to inspire confidence in your decisions.

icaew.com/financefunction



The CFO and business strategy – Part one

BALANCING PLANNING WITH AGILITY

Vision, mission, strategy – what do they all mean? Reflecting on them will help finance professionals make a greater contribution to business strategy. The paper explores the concepts, based on interviews with CFOs.

icaew.com/CFOstrategy