

**CHRISTOPHER MILLER CONSULTING
EXCELLENCE IN MANAGEMENT ACCOUNTING**

OBSERVATIONS AND REFLECTIONS

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ACCOUNTING

Costing Information	Costing information that is not in the context of overall profit and loss information can be downright misleading.
Credit Balances in Brackets	<i>Not</i> displaying credit balance in brackets in management financial systems increases set-up and maintenance times by 40% and doubles error rates.
Double Entry Bookkeeping	Double entry bookkeeping is the under-appreciated intellectual foundation of all first world economies, the essential point of distinction between them and third world economies.
Excel	Excel has become the language of finance.
Expert Intervention	No accounting system will operate satisfactorily without expert intervention.
Format	The format in which management financial information is presented, if well designed, becomes an intangible asset of a business.
GST	The GST quadruples accounting systems' complexity.
Management Financial Information	Most management financial information is far too detailed.
Presentation	Presentation matters: it and accuracy go hand-in-hand. (I never saw a neatly written cheque bounce.)
Timeliness	Paradoxically, management accounts and costing reports produced to a demanding time-table are more accurate.

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BUSINESS

Airlines	Making money in the airline business couldn't be simpler; all you need is a monopoly.
Beer	No useful business was ever done after the second beer.
Big Ticket Marketing	In big ticket marketing, all your red hot leads will lead nowhere and your success will come from where you least expect it.
Break-Even	In a competitive market, break-even is commonly as high as 85% of normal capacity.
Budgeting	A mature business should be able to budget its sales within 3%.
Business Partnerships	Succeed if and only if the partners have a genuine concern for each other's financial wellbeing.
Cafes	Any mug can make money in a café or restaurant on Friday and Saturday nights, and in summer. The trick is to make money on a Tuesday night, and in winter.
Competence	The hallmark of competence is making the difficult appear simple.
Concept of the Business	The concept of the business is the foundation of first world economic success yet it is possible to get a Master of Business Administration degree without being able to define it.
Corporate Structures	No-one has a complex corporate structure by accident or for fun.
Decision by Committee	A committee, or board of directors, can make a decision and pass a resolution with which no single member actually agrees.
Deep Seated Problem	I have never seen a deep seated business problem solved short of two years.
Effective Delegation	If you want to have something done, always delegate it to the busiest person.
Executive Honeymoon	Executives have a two year honeymoon because, by then, every file on their desk will have originated on their watch, eliminating the ability to avoid blame.
Executive Succession	When taking over an executive job, there is never any need to meet your predecessor. If they were any good, it will all be laid out for you. If they were no good, they will never help you.
Exporting	It's all about the currency.

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Finance Director	The finance director should be able to present his or her report to the board from memory and without any board papers.
Financial Markets	Financial markets are defined by their source of finance. Corollary: they crash when the source dries up.
Financial Objectives	Key financial objectives, even in major organisations, are commonly either irrational or simply non-existent.
First Duty of a Board	The first duty of a board of directors is to define what represents good, bad and indifferent financial performance.
Forward Position	Buying a forward position buys certainty of outcome. This has nothing to do with desirability of outcome.
Functional vs Dysfunctional Management	Functional management is characterised by a primary flow of command downwards and a secondary flow of feedback upwards. Dysfunctional management is characterised by a primary flow of problems upwards in search of the level of authority that can deal with them.
Good Management	Good management is financial management, it is done with numbers.
Group Discussion of Financial Information	A group can only effectively discuss summarised financial information. It cannot effectively discuss detailed information.
IT Systems	People are part of every IT system.
Litigation	A satisfactory legal settlement is one that both parties think is unsatisfactory.
Making Money	No-one makes money by accident.
Marketing	The hardest marketing target is a very large number of very small sales in a very large market. Coca-Cola do it; many others have tried and failed. The next hardest is a small number of very large sales in in very large market.
Miller's Law of Recruitment	People recruit in their own image.
Miller's Law of Staffing	Bad staff drive out good. The corollary does not hold.
Mis-Management	I've seen very little mis-management. However, I've seen lots of non-management.
Non-Disclosure	Over-disclosure trends towards non-disclosure. Thus, the 2006 annual report of the NAB ran to 288 pages, BHP Billiton 260, Westpac 255 and CBA 243.

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Non-Payment	There's only one reason people don't pay you: they haven't got the money.
Fundamentals of an Organisation	In any organisation, not more than three people will understand the fundamentals.
Over-Night Success	What the world sees as overnight success has commonly been preceded by 10 years of hard work, often by 20.
Over-Talking	Over-talking destroys insight.
Priorities	The tasks you most want to put off are, in fact, your priorities.
Property Development	Looks so simple. In fact it is that hardest way known to man to make money.
Property Developments	All property developments make money. The question is when? And, therefore, for whom?
Purpose of a Meeting	The primary purpose of a meeting is to define who is excluded.
Retailing	It's not about selling; it's all about buying.
Staff Appraisals	Tell little about the appraisee, much about the appraiser.
Staff Morale	Is a function of profitability.
Time Management	Everything always takes longer to do than you would think.
Waking in the Night	If you always wake in the night worrying about business, you will never be a successful manager. But, if you never do, neither will you.
What Managers Hate	There are two things that every manager hates: raising selling prices and terminating employees. Unfortunately, they are two fundamental profit drivers.
What People Do	People do what you pay them to do, not what you ask them to do.
Work Load	Nothing saves work like simply not doing it. (And there are many tasks that really don't <i>have</i> to be done.)
Work Overload	In the short term, a 10% overload on a work group (factory, administration, information systems) will be hard to discern. Within six months, it will lead to chaos. (See also Working Week .)

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Work Pressure

Different structures impose work pressure from quite different sources. However, all structures tend to maximise work pressure because this bestows competitive advantage - on someone.

Working Hours

It's one thing to be first to work, or last to leave. However, it's a mug's game to try and be both.

Working Week

If working under any load, the working week has to be thought of as being ten half days, not five days. Loss of 10% of a week's output may be recoverable; loss of 20% is not.

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GOVERNMENT

Bureaucracy	Process is everything. Outcome is irrelevant.
File	The file, a concept that has been at the heart of public administration for 200 years, is a set of actions whose objective is closure, that being the end point of the quest to avoid responsibility.
Objectives	A government organisation will adopt objectives that fit its competences.
Problems in the Public Domain	Problems in the public domain will take as long to fix as they took to arise.
Purpose of the Department	The basic purpose of a government department is to protect the minister in parliament.
Stress	There are three basic sources of stress in any workplace: unremitting deadlines, a job description with irreconcilably diverse elements and a systemic lack of appreciation of individual contribution. Government applies these: a little, a lot and universally.

LIFE GENERALLY

Best	The best is the enemy of the good.
Information	If you try to tell me everything, you will finish up telling me nothing.
Lists	Lists trivialise skill. Thus "The Seven Habits of Highly Effective People". Hence a trained chimpanzee, given a step-by-step list, can do open heart surgery, or so an eminent surgeon has told me.
Nostalgia	Nostalgia is so attractive because we humans have poor memories for stress and anxiety.
Professional Advice	Effective taking of professional advice is, in itself, a skill.
Professional Strictures	Instead of admitting when it does not have a solution for its clients' problems, a profession will apply strictures and blame the clients for failing to apply them rigorously enough.

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VERY GENERALLY

Analytical Ability

The acid test of analytical ability is written expression.

Between People's Ears

The real world impels us to look and act alike. In fact, what is going on between people's ears could scarcely be more different.

FAVORITES FROM OTHER PEOPLE

Financial Genius

Is a rising market. (JK Galbraith)

First Rate Intellect

The test of a first rate intellect is the ability to keep two conflicting ideas in mind and still retain the capacity to function. (F Scott Fitzgerald)

Public Taste

No-one ever went broke under-estimating the public's taste. (Sam Goldwyn)

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