

# Management Control Systems and the Crafting of Strategy: A Practice-Based View

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Managing their relationships with customers is a vital capability of organizations. Even though the role of accounting and management control systems (MCS) in this process has long been conceptualized under the label of strategic management accounting (Simmonds 1981, 1982), recent studies found it difficult to trace the influence of this concept on strategic organizational practices (Tomkins and Carr 1996, Guilding et al. 2000; Roslender and Hart 2003). This chapter draws on practice theory as a way of understanding the strategic potential of MCS. It focuses specifically on the day-to-day uses of MCS for the management of customer relationships in head office (HO) and local units.

In strategy literature, the relationship between strategy-making by senior management and the day-to-day activities of operational management is only beginning to be systematically explored (Whittington 2002; Johnson et al. 2003), despite the much earlier notion of ‘crafting strategy’ (Mintzberg 1987). The resource-based view of strategy has proved an important development in the attempt to relate organizational missions with organizational capabilities through the notion of routines (Johnson et al. 2003). Strategic capabilities and resources are thus grounded in day-to-day organizational action (Feldman 2004). In organization studies, the interest in hypercompetitive environments has resulted in a reconceptualization of the strategy-making process from an episodic to a continuous endeavour (Brown and Eisenhardt 1997).

In MCS literature we have witnessed two related developments. The balanced scorecard (BSC) originated as a relatively straightforward call for greater levels of non-financial performance measurement (Kaplan and Norton 1992). Subsequent developments sought to position the BSC at the heart of organizational strategy-making—in terms of strategy development, implementation, and refinement (Kaplan and Norton 1996, 2000). A difficulty in working with such ideas is the complex nature of the relationship between strategy, MCS, and operational

management (e.g; Roberts 1990; Simons 1990; Ahrens 1997; Mouritsen 1999; Ahrens and Chapman 2002, 2004*a, b*).

In this chapter we suggest a form of analysis that may provide new insights into the nature of management control and strategy, and the relationship between the two. We seek to understand the relationship between management control and strategy through the detailed examination of management practice (Ahrens and Chapman 2004*b*). Practice theorists share a concern over the neglect of action in social theory (Schatzki et al. 2001). A practice perspective would seek to foreground the roles of individual organizational members in the context of the webs of organizational routines, none of which can typically pre-empt strategic choice (Child 1972).

In this way our practice perspective on the crafting of strategy through MCS can begin to address the ways in which the efforts of local managers might be harnessed to pursue continuously the agendas of the organizational centre. MCS hold out the promise of measuring out small achievable steps throughout an organization's operations that give local managers a sense of their contribution to organizational strategies. This is important because apart from very simple and stable situations, the conceptual linkages between organizational strategy and operational action cannot rely on mechanical cause-and-effect relationships. In relating MCS and strategy it would thus be important for the organizational centre to avoid simply replacing local efforts with their central instructions. In many organizations the significance of local information and local autonomy means that strategy as organizational practice only comes into its own through the day-to-day activities of individual managers. Whether the strategic tasks lie in customer selection and the active shaping of their preferences, or in identifying what the customer wants, the crafting of strategy benefits from a detailed understanding of the financial implications of strategic choices through MCS.

## **Practice theory**

Even though there are almost as many practice theories as practice theorists, a shared concern has been the relationship between action and the systematic properties of its contexts (Schatzki et al. 2001). According to Ortner (1984) practice theory explains 'the relationship(s) that obtain between human action, on the one hand, and some global entity which we call "the system" on the other', where the system can be

analysed as political, economic, cultural, or combinations between these.

Its concern with volition makes practice theory of immediate interest to strategy theorists. For practice theorists, as much as for other social scientists, volition is conditioned by aspects of 'the system' as well as by extant action, especially routines. Importantly, however, practice theory introduces a concern with the moment of action in which the actor is showing a certain knack, an immediate familiarity with the situation and the possibilities that it presents. For Bourdieu (1992) the 'sens pratique' shows itself for example in the timing of action to convey urgency, commitment, loyalty, distance, aloofness, etc., in just the right measures.

Compared with the actor's unspoken mastery of certain situations, explicit decision rules seem unwieldy and, very often, unrealistic. At the individual level, expert actors tend not to articulate explicit decision rules and 'apply' them to situations like a novice would (Dreyfus and Dreyfus 1988). Experienced drivers, for example, understand traffic situations holistically and act immediately. There is, literally, 'no time to think'. Novice drivers who get caught up in chains of reasoning lose control of the situation and crash. Novice management accountants tend to lack the ability to think through organizational situations with the conceptual schemes that they studied during their training (Ahrens and Chapman 2000). The usefulness of those schemes for practice only becomes apparent through experience.

Cognition in practice is thus not the application of 'thought tools' to certain situations to achieve certain ends, because in practice the processes in which situated actors come to know involves simultaneous changes of context, knowledge, and ends. Cognition becomes a process that is 'distributed—stretched over, not divided among—mind, body, activity and culturally organized settings (which include other actors)' (Lave 1988:1). It can generate new organizational strategies as much as it is informed by existing strategies that give it certain ends and context descriptions to work with. Conceptualized as distributed across different organizational elements, cognition is implicated in the ways in which the different ends of many actors intermingle with their various actions.

The notion of strategy as organizational practice is also highlighted in the dynamics between formal power and the resistance of those who are to be co-opted into an organizational strategy. de Certeau (1988) based his scheme of practices on the distinction between powerful actors who could rely on recognized power bases, such as governments, scientific

institutions, wealthy corporations, etc., and the powerless to whom they addressed themselves through laws, scientific advice, consumer products, services, and advertisements. For de Certeau, strategy was the province of the powerful who could afford to develop and impress them on a public whose only recourse lay in mobile tactics to variously circumvent strategies or absorb them into temporary arrangements with the powers that be. An important implication of this distinction between strategy and tactics is to highlight the significance of the opportunities for adjustment and resistance within strategies and the manner in which those opportunities are seized by organizational members.

This is not to appeal to a stereotype of grass-roots resistance to top-down strategies but to open up for detailed investigation the spectrum of possible local responses and accommodations to central strategies, many of which may be spurred on by strategic ignorance of local circumstances and, conversely, local ignorance of central strategic priorities. Rather than see tactics as nested snugly within layers of overarching strategies, a practice view would emphasize the potential innovations of skilful situated actors and their subsequent impact on organizational strategy.

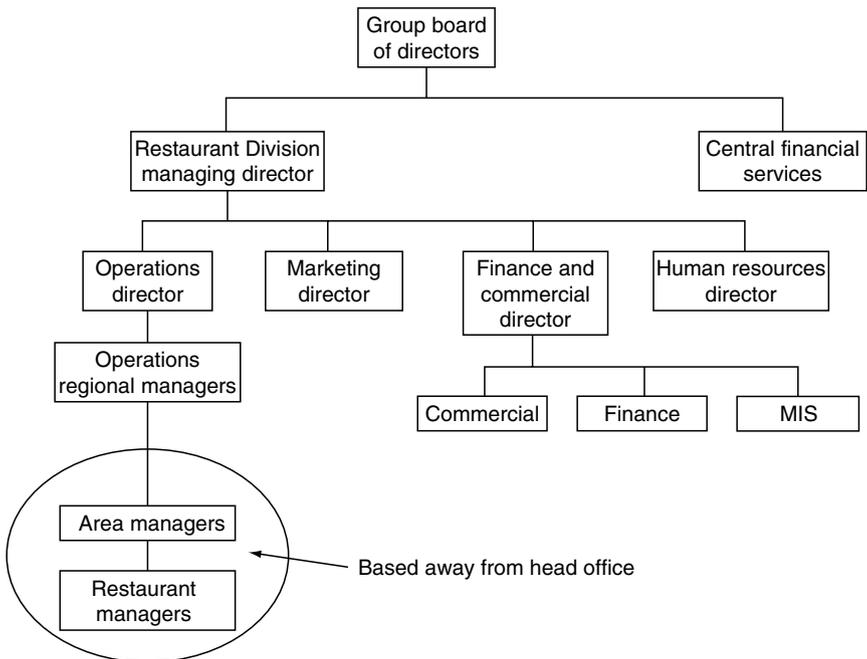
## **Research design**

Our analysis is grounded in an in-depth longitudinal field study of MCS in Restaurant Division, a UK-based restaurant chain. In order to demonstrate the potential of a practice approach in helping to develop our understanding of the relationship between MCS and strategy, this chapter analyses the ways in which strategic resources for identifying, understanding, and satisfying the customer were constructed in Restaurant Division. First, we will analyse the ways in which customer relationships were analysed and managed in individual restaurants. We will then explore the ways in which HO marketing analysts and operations staff sought to draw on MCS as a way of engendering strategically informed routine behaviours in restaurants.

We approached fieldwork with the aim of developing a comprehensive view of the nature and role of MCS in one of the largest full-service restaurant chains in the UK. All restaurants were wholly owned by the company and were run by salaried managers. Restaurant Division had enjoyed substantial returns on sales and sales growth over a period of years. This growth had been attained partly through acquisition of

smaller chains but mainly through addition of new units. More than 200 restaurants were organized as profit centres, which reported into areas and then regions of operational management. Restaurant Division was wholly owned by and reported to a leisure group quoted on the London Stock Exchange, but it was also registered as a company with limited liability and had its own board of directors (Figure 6).

Our fieldwork over a period of a little over two years involved interviews, examination of archival records, and direct observation of meetings and workshops. Table 3 details what might be thought of as formal data collection. Starting from a definition of MCS as ‘the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities’ (Simons 1995: 5), we carried out a series of semi-structured interviews aimed at building a general picture of how the interviewees, from waiters to the managing director, thought about their roles, and what, if any, part was played by formal information and control systems in supporting these roles.



**Figure 6** Restaurant Division organization chart

**Table 3** Information on formal fieldwork activity

<b>Functional breakdown of interviews carried out</b>	
Central financial services	1
Head office—Commercial	6
Head office—Finance	11
Head office—HR	4
Head office—Managing Director	1
Head office—Marketing	5
Head office—MIS	2
Head office—Operations	4
Area managers	2
Restaurant managers	9
	45
<b>Observations and attendance at meetings</b>	
Area business development meetings	2
Cross-functional meeting to discuss the food margin	1
Eating of 'control' 3 course meals by both researchers	2
Area manager—restaurant manager performance reviews (held at individual restaurants)	6
Observation of kitchen operation	2
Residential control workshops	2
Various finance meetings	4
	19

These interviews lasted about seventy minutes on average. Most of them took place with both researchers present, were tape-recorded, and subsequently transcribed. Where this was not possible notes were taken during the interview, and more detailed notes were written up afterwards as soon as possible. Over the course of the study we interviewed the entire divisional board and executive committee, together with various other HO managers and staff specialists across all functions. In the operations hierarchy we interviewed both regional and area managers, and restaurant managers.

We reviewed internal planning, control and financial documents, materials used in internal training, computer data entry and reporting screens, etc. These materials were often presented and discussed during interviews, giving interviewees opportunities for talking to us through their work.

We carried out observations at the HO and in restaurants, as well as several residential training sessions. We made visits to fifteen restaurants, sometimes more than once, where we either observed performance reviews between restaurant managers and their area manager or interviewed restaurant managers and had shorter meetings with various assistant managers, chefs, and waiting staff. We also took the opportunity to observe restaurants (including kitchens) during opening hours. On two occasions we ordered the same three-course meals in order to assess the standardized nature of portions and presentation.

Informally, our presence at coffee breaks and meals during and after our formal observations and interviews meant that we could listen to participants' observations of, and, reactions to, the meetings. On such occasions we also learned about a rich stream of organizational gossip, jokes, and stories, which we used to test our developing understanding of the role of MCS in Restaurant Division.

An important issue in qualitative fieldwork is knowing when to exit the field (Miles and Huberman 1994). Qualitative research aims for deep contextual understanding of the kind that enables the researcher to gradually become able to predict organizational members' responses to certain kinds of issues. This is known as theoretical saturation (Glaser and Strauss 1967; Strauss and Corbin 1990). Depending on the issues under study and the complexity of the organization studied, saturation is achieved over varying lengths of time. We decided to terminate our fieldwork after we felt that we had developed a clear sense of the role of MCS within Restaurant Division. Formal feedback on our understanding was provided through discussions of a report on our findings with the divisional financial controller and the divisional finance director.

Analysis of rich field material is a creative ongoing process. As such various modes of analysis were overlapping and iterative (Ahrens and Dent 1998). Interview transcripts and field notes were organized chronologically, and the common issues in the material were analysed to understand areas of agreement and disagreement between organizational actors and groups. Findings that did not appear to fit emerging patterns identified in this process were marked for subsequent discussion as the research continued. Archival records were used to elaborate and confirm issues that arose in interviews and observations. We also dissected and reorganized the original transcripts around emerging issues of significance to our understanding of MCS.

## **The construction and management of the customer in restaurants**

For the restaurant managers a key task was to mesh their understanding of customers with HO's strategy as communicated through MCS. The achievement of targets in individual restaurants required the continuous reconciliation of central expectations with the local situation. Customer satisfaction was a key non-financial performance measure for restaurants. Understanding how to achieve high customer satisfaction within budget constraints was an important skill of restaurant managers. For the individual managers this was not a matter of simply balancing satisfaction with costs. Rather, to make the central strategy work in their outlet they needed to understand the priorities of their particular clientele through their financial implications. MCS were used to structure the customer relationship in ways that allowed them to retain flexible control over it.

Taken together, Restaurant Division's performance measurement systems described a model of restaurant operation that balanced economic efficiency (such as customers per waiter or ingredients per dish) with service-level expectations according to centrally determined standards. Given this organizational set-up the overall balance of control in the organization might appear highly centralized, with restaurant managers expected to simply implement HO standards. This would however be too static a view. The implementation of standards in an actual restaurant required the continuous reconciliation of central expectations with the local situation. In the context of a full-service restaurant this turned out to be a complex task. In order to illustrate this point we offer the following stylization of the challenges of restaurant management during a single serving session.

Based on their current performance against budget, managers planned their restaurant's operational resources before each session. With a budget surplus, it would be possible to plan for generous staffing levels that might translate into improved customer service, greater customer satisfaction, and enhanced spend-per-head. Likewise, certain pre-prepared food items, e.g. baked potatoes, allowed for faster service, but might ultimately go to waste. A deficit against budget would suggest a different operational set-up. The restaurant manager might fill in as grill chef or help the waiting staff. There would be only minimal pre-preparation of food.

During each session these decisions could be finessed as the session unfolded. For instance, could the restaurant accommodate a large party without a reservation? The restaurant manager needed to consider the

operational readiness of the restaurant. Was the kitchen in danger of getting overwhelmed by too many simultaneous orders? Were there too few waiting staff on shift? Did they have enough experience? Did kitchen and waiting cooperate or antagonize each other under pressure?

These questions of operational readiness were moderated by managers' perceptions of the characteristics of their guests. Would an arriving party be happy to have a drink in the bar before their meal? Did parties prefer a faster service to cover embarrassing lapses in conversation, or was a relaxed, slower service more appropriate? Could spending per head be increased by maintaining a constant supply of drinks to lively office parties? What concessions would restore customer satisfaction when a table had become dissatisfied?

Considerable effort and discussion went into constructing legitimate management as an ongoing dialogue between restaurant managers and their area managers (Ahrens and Chapman 2002). Central to this dialogue were these questions: 'What market are we in?', and 'Who are our customers?'. At the restaurant level they had obvious answers—whoever walks through the door. From the point of view of the strategists at the HO, the answers were much more complicated because they were tied up with more general processes of strategizing. For HO these questions formed the starting point for detailed processes through which various managers and directors sought to develop the strategic resources of Restaurant Division such that the overall strategy of growth might be systematically supported without ignoring the skills, experience, and knowledge of the local staff who ultimately would serve their particular customers.

## **The construction and management of the customer in the HO**

The newly appointed marketing director was very clear that her role and that of her team was to enhance the financial performance of Restaurant Division, supporting the strategy of growth.

I see the role of the marketing department in driving the sales, driving the top line—inevitably making sure whatever we do, it doesn't drive the top line to the detriment of profit. (Marketing Director)

The starting point in achieving this goal was to establish agreement on Restaurant Division's brand. It was well understood that the restaurant business involved managing certain key hygiene factors.

Any piece of market research will tell you customer wants high standards, safe, clean. (HR Director)

Long-term success, however, depended on the development of a distinctive brand.

The brand's important at the moment because it gives the customer a certain minimum standard and a reassurance of what they're gonna get when they go through the door. (Regional General Manager)

... you come into a [Restaurant Division restaurant], you feel, immediately the anxiety is de-stressed from you by the way that we're going to deal with you as you come through the door. And you sit down and you get an informal, quality meal, which is our brand position. We're not there yet, that's the big task for next year. (Marketing Director)

But beyond being 'relaxing', 'informal', 'accommodating', and 'friendly', what should be key to the vision of Restaurant Division's brand image? There was agreement amongst senior management that without a more distinctive customer proposition Restaurant Division's growth strategy would be difficult to achieve.

I mean we are perceived as an undifferentiated brand in an undifferentiated market. So, you know, I mean you could ask anybody what we were about [laughs] they wouldn't answer in a line. I couldn't find anything, in any document I read, I couldn't find a succinct line. I could find a mission statement which was ... I think it was '[to be] the first choice in every local area for a proper restaurant.' [...] but we don't have anything that's consumer orientated at all. (Marketing Director)

The marketing director's frustration with the mission statement was driven by the fundamental problem of aligning strategic and operational management. How could she harness the efforts of local managers without a brand vision that was more clearly related to the day-to-day management of restaurants? And how could she do so without stifling restaurant managers' desire to contribute their specific knowledge and experience? The mission statement as it stood struck a balance that placed the emphasis firmly at the local level. 'How to make each individual restaurant first choice in its own area' opened up a very large range of equally valid actions, and the mission statement itself provided little guidance for choosing between alternatives. In the eyes of the marketing director the brand value of informality was convenient for an organization with restaurants all over the country, but it did not offer a coherent concept.

For a chain organization, the absence of some central theme to the mission was particularly vexing because it undermined the potential

advantages that Restaurant Division could derive from its size. How exactly were HO's considerable conceptual and technical resources to be deployed for the practical tasks of addressing and attracting new and repeat customers?

So on the one hand we, we've got to retain a national identity to get the benefit out of things like TV advertising, but at the same time research is telling us that people want it to be less formal as a brand, in other words, more informal and with more local taste, so there'll be certain elements of the brand that are fixed and they tend to be the things you can't touch really. (Operations Director)

Despite this trend towards the flexible and less uniform, the marketing director was at pains to point out that developing the brand concept and then fostering appropriate local actions required a significant analytical effort at the HO. She related the processes of strategic analysis and communication to key financial and non-financial information. Such information was a central plank in developing a sense of accountability for the actions of her subordinates and herself.

I want [my marketing analyst's work] to be measurable, I want to be able to turn round at the end of every piece of activity and say 'this has worked or it hasn't worked and this is why.' And you can't do that if you don't set yourself proper objectives in the first place. (Marketing Director)

[Corporate head office executive] said to me yesterday 'Okay, Judy, if I gave you a million pounds can you do some marketing activity which would give me two million pounds?' And I had to say, 'No I can't.' Now I'd like to be able to turn round and say, 'Yes I can, and it's this, and this is why I know'—and I can't. So I find that frustrating. (Marketing Director)

But as well as fostering a greater sense of accountability the marketing team clearly felt that better management information would play a vital role in developing practical lines of action to support the divisional strategy. For example, it might help decide which groups of existing customers and non-users to target with what kinds of one-off or long-term discount schemes, as well as which categories of restaurants to earmark for different kinds of refurbishment and alterations.

I think you've got to clearly define who you're targeting towards and you, you can either target people who are currently going in there [the restaurants], but they know you anyway and are turning up, so the cost effectiveness of that would be questionable [...] Or you can target people who, who have maybe not any perception of what you're about. But if you do that you've got to give them a reason to turn up, a reason to re-evaluate, and a reason to say, well, why didn't

you go somewhere else. And that's the trick in getting that mix right basically. (Marketing Analyst)

You know, nineteen per cent of our family users never go back. They've got the [family discount] card, [but] never go back in because they haven't got [an outlet] near them, 'cos they've been travelling or whatever. And so we were just giving away discount on them and, and you know it should be an incentive for people to come back again. (Marketing Director)

[Better information would] enable me to understand what percentage of our market would be using it how often. And [...] if it's easier to get people moving from two to four [restaurant visits per year], or is it easier for some people to move from four to eight? And I don't know that. Then I could say, 'All right, well, the easiest to get my first slot of activity would be to get people to move from four to six visits a year, right.' Well, I can mail them and I know that a mailing is going to cost me 48 pence. I know their names and addresses and I can target my offer to them, 'cos I know they like this, um, I can say, you know, 'If you spend ten pounds you get this,' you know. I can do all sorts. (Marketing Director)

I'd like to have some more segmentation by [restaurant], so, you know, I'd like to be saying with all the restaurants with gardens in summer, which ones aren't performing? Of those where we've just done refurbishment, which ones aren't and which ones are, which ones do we need to do activity and which ones don't need to do activity. And I'd like the regional marketing manager to take responsibility for being able to be proactive and analysing the information. (Marketing Director)

What connected those ideas for the management of marketing activity was that they relied on strategic uses of financial and non-financial management information.

The marketing director regarded more detailed management information as absolutely essential to her work. She felt that restaurant managers based their judgements all too often on 'anecdotal' information and might be dismissive of requests she might make of them to systematically collect more reliable information. Nevertheless, she and other senior HO managers were keen to avoid constructing analytical models of restaurant operations that sought to simply overwrite local knowledge and conditions.

I see next year very much about national activity [...] establishing what the brand is about, which is run by my trial group [...] and then underneath we've got, and quite down near the bottom we've got a whole load of local activity, which is the manager knowing his area, knowing the garages, knowing the schools, knowing the cubs,<sup>1</sup> knowing the scouts, and building from the local information base around his [restaurant], direct mail, um, doing local promo-

<sup>1</sup> Junior scouts.

tions with local papers, um, and then tailoring his outlook much more to a local community. And that's in terms of how the [restaurant] looks and in terms of what he actually does. (Marketing Director)

On the brand positioning? [...] it's being led by our marketing department. I've got two of my area managers sitting on the working parties 'cos their areas will be in the trial for it, so they will have some influence on what goes into that in the detailed stuff rather than the directional stuff. The directional stuff is coming from the marketing department supported by the board. The detailed stuff's coming into the sub-working parties which will have operational representatives on, and assistant people on and HR people on, to try and give it real flesh around the bones. (Regional General Manager)

In relation to the brand value of informality the operations director explained how this process of giving it 'real flesh', or introducing it to specific restaurant contexts, worked in relation to a particular aspect of service standards for waiting staff.

We have a thing called a check-back, in other words within two minutes a waitress has to check-back with the customer on the main course: 'Is everything all right, Sir?' That will be measured if the mystery diner goes in. Now that, that is a good example of formality, so you and I could be talking like this, obviously we're happy because we're talking and she'll come up, interrupt you... Now what we really want them to do is to just look and observe, and you can, if you and I sat there like this, you know [leans forward, frowns], she, she, she'll know there's an issue, assuming it's not an argument. But if you say that to a waitress 'Well you know, show your own judgement,' so what you're actually doing is looking to catch my eye and going, 'Okay?' before long, because we've got ten thousand people in our business, it's becoming that when two guys come in in a suit, obviously talking about business, you don't need to check-back. And that is the challenge. How do we not lose all that good work... Very difficult and I don't know the answer other than through education. And of course everybody will say, 'Well that's easy. It's obvious'. But in reality, I promise you now, it won't be long before that's what would happen: You don't need to check-back if it's two guys in a suit [...] The way we build up all these things is to involve waitresses, managers. Umpteen people now have been put together in groups to describe how best we do it [...] There's got to be some system but at the same time it's not got to appear as formal as you [as a customer] feel like you're being processed. (Operations Director)

## Discussion

In Restaurant Division, MCS informed various processes of strategizing. To achieve the targets for its strategy of growth, the marketing director

sought to develop an initially undifferentiated brand concept in ways that would enable her to harness the efforts of individual restaurant managers for specific HO initiatives, each one of which would be targeted at specific strategic objectives. For example, with respect to the management of customers, she systematically segmented customers into groups with specific consumption profiles for whom particular offerings, membership cards, and other incentive schemes were designed to increase customer spending. Spending increase was analysed as a combination of repeat custom and spending per visit. This allowed not only for the evaluation of operational management but also generated information that could be used to refine the customer profiles. With respect to the management of restaurants she categorized them according to the facilities that they offered to customers and the revenue effects of different kinds of enhancements to those facilities.

From a marketing point of view MCS was thus central to enabling the marketing department to work towards Restaurant Division's strategy of growth through small measurable steps. In this way, the growth strategy could be related to specific marketing activities intended to link to patterned but not predetermined local activity in restaurants. The strategy of trying to be the 'first choice in every local area', left the marketing team initially frustrated because it simply sought to leave the local local, and did not provide a brief for HO marketing. It gave no direction for action. The tailoring of local offerings in terms of service or marketing incentives was regarded as important, but it was also acknowledged that it ought to be based on some core strategic proposition without, importantly, simply replacing local efforts with central instructions. The examples of the working parties on brand positioning and the check-back initiative showed the perceived advantages of seeking to develop service elements jointly between the HO and restaurants in order to achieve the desired effects on restaurant operations.

Herein, we believe, lies an important contribution of a practice perspective on MCS and strategy. Traditionally, management control studies have highlighted the problems arising from local resistance to HO strategies, or contrasted HO with grass-roots strategies. Vaivio (1999) for example, emphasized the initially disciplining effects of central financial and non-financial management information on local sales managers and the subsequent reinterpretation of that information in an emerging sales discourse that placed local over central insights. By contrast, a practice perspective makes visible the potential for management control information to become tied up in a productive local-central interaction. Strategy formulation becomes a process that

reckons with local resistance (de Certeau 1988). Management control information offers a way of not only gauging the effects of different strategic designs but also pursuing different degrees of flexibility enjoyed by restaurants that operate within that overall design (Ahrens and Chapman 2004a).

Our analysis of managers in Restaurant Division recognized that strategy as an encompassing organizational phenomenon ultimately comes to life in the actions of individual managers (Ortner 1984), which would suggest that management control as a practice is far from the exclusive domain of accountants. In this chapter we sought to explore the ways in which HO marketing staff and various managers from the operations hierarchy sought to draw on performance information in their efforts to draw together diverse facts, aspirations, and routine actions in the construction of Restaurant Division's strategy. Managers throughout the organization sought to distribute the cognitive processes of strategy formation across the organization rather than centralize them at the HO (Lave 1988). The processes of management control—the collection of information for mapping organizational action as well as the dissemination of performance information—formed one of the ways in which they sought to bring about this 'distribution-across'.

In this sense our analysis connects with process-oriented strategy studies. What we seek to add is an understanding of how processes of strategizing come to be constructed through MCS as well as non-financial management information. For example, in terms of Restaurant Division's relationship with its customers, the strategic task lay as much in customer selection and moulding as in identifying what the customer wants. With the help of different kinds of management information the process of strategizing became a process of discovering what the company wanted the customer to want and develop processes to deliver according to those aspirations.

Our study of the practices surrounding the strategic uses of management control information in Restaurant Division thus occupies a middle ground between emphasizing the structuring powers of MCS and their deconstruction into the actions of networks of individuals. Management control as 'action at a distance' emphasizes its colonizing qualities, the ways in which the uses of MCS are meant to reproduce centrally conceived designs of operation across diverse locales (Robson 1992). Actor-network theory, by contrast, emphasizes the constitution of management control and other organizational systems through networks of individuals (and non-humans) (e.g. Briers and Chua 2001; Jones and

Dugdale 2002; Dechow and Mouritsen 2003; Quattrone and Hopper, *In Press*). The shifting nature of those networks opens up the possibility of deconstructing management control, through either change or disintegration, because the networks tend to be characterized by a lack of durable and overarching motives, such as the commercial motive in the case of Restaurant Division. Our study emphasizes the ongoing construction of the commercial motive through highly varied uses of MCS. Rather than an instrument of power at a distance or the seed of organizational deconstruction, MCS functioned as an interactive bridge between diverse operational and strategic resources.

## Conclusions

By focusing on the routines and practices surrounding the strategic uses of performance information both in the HO and in restaurants we were able to more clearly demonstrate the ways in which strategy and operational management interact. This relationship lies at the heart of what makes the functioning of MCS so hard to understand. It frequently appears that all the finely designed ‘tie-ins’ between high-level strategic planning and detailed operational control seem to disintegrate as soon as a large organization tries to actually use its MCS. Complex management control innovations that promised to ‘drill down’ corporate objectives into the last manufacturing cost centre and the farthest sales district end up falling into disuse.

In the past, the response from the proponents of activity-based costing (ABC), the BSC, or Economic Value Added to critics of those systems was simple: Use it more strategically! ABC becomes activity-based management. The BSC stops being a high-level performance measurement system for non-financial performance measures and becomes instead a cornerstone of strategic management—as does Economic Value Added. However, understanding the implications of such exhortations requires a more detailed understanding of the ways in which MCS might support the crafting of strategy (Mintzberg 1987).

In practice, the usefulness of MCS depends on whether managers with sufficient experience of their organization and industry are given the time to model the interdependencies between organizational processes, strategic priorities, and financial outcomes. In our case organization we observed the ways in which this process of modelling became a routine part of day-to-day management, spilling over into attempts to

engender the development of new ways of interacting with customers. Performance information was to play a central role in shaping wide-ranging discussions that drew together many interfunctional relationships (Chapman 1998).

We saw, however, that performance information was not in and of itself strategic, but opened up possibilities for managers to model the business for themselves. The emphasis was not on MCS and techniques as such but on the ways in which they were linked to operational and strategic issues. This was because, apart from very simple and stable situations, the conceptual linkages between organizational strategy and operational action cannot rely on mechanical cause-and-effect relationships. In competitive markets such relationships are short-lived.

For management control to function strategically it is best used as a framing device, not an 'answer machine' (Burchell et al. 1980). Otherwise strategy mapping may come to be mistaken for the organization's 'actual' business model rather than a process that was meant to support modelling the business. In this sense the criticisms that are often levelled at MCS with strategic potential, such as the BSC or ABC, are confusing the systems design with its use. When the causal maps on which those systems are based are not updated, financial analysis easily ossifies into a routine of its own, instead of engendering routines of financial analysis for better understanding the organization.

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