Aalto University
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Management accounting change.
Case: Finlayson Pop Up -Shops

Accounting

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Abstract

This case study aims to describe the management accounting change taking place at a Finnish home textile company Finlayson Oy. The focus of the study is on the development and adoption of a new business model for Pop Up -Shops business area as part of renewing the retail strategy and analyzing how the changes in management accounting systems linked to the new business model took place. Furthermore, the nature of the management accounting change as a phenomenon at the case company is discussed.

In the literature review the following areas are covered: retail as business; management accounting practices such as management accounting systems, performance measurement and management accounting tools; and management accounting change. The management accounting change is analyzed in accord to the management accounting change models provided by Innes & Mitchell (1990), Cobb et al (1995) and Kasurinen (2002). Furthermore, scholars such as Burns & Vaivio (2001) provide further framework by which management accounting change as a phenomenon can be perceived and analyzed.

This research was conducted as a longitudinal single case study. The study took place from June 2014 to February 2016. During this time new strategy was introduced at Finlayson including also a new strategy for Retail business division where the developments of the Pop Up -Shops business area took place. During the study period the company developed reporting and introduced new type of ad hoc analysis that supported the development and evaluation of the new Pop Up -Shops business model. Different data sources including documentation, archival records, 13 interviews, direct observations and participant-observation were used.

In the findings such changes in the management accounting systems took place as a change in the role of a management accountant; new organizational and accounting structures; new style of reporting; and an introduction of internal benchmarking practice that was new to the company. The factors advancing the change included competition in the markets, organizational structure, culture of "measurement", availability of resources, a leader for the changes and recent experience of organizational changes endorsing momentum of change in the process of management accounting change. Barriers of change included the uncertain role of the new Pop Up –Shops business model, increased certainty about the future in the business operations, lack of resources in the accounting staff and inadequate IT systems.

Overall, the management accounting change at Finlayson could be perceived as a centrally driven effort with some informal elements. The developments in the management accounting systems raised also questions about the role of non-financial measurement at Finlayson and whether the management systems were focused in the right areas in the company.

Keywords management accounting, management accounting change, management accounting systems, case study

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Tämä tutkimus pyrkii kuvaamaan johdon laskentatoimen muutosta suomalaisessa kodintekstiiliyrityksessä Finlayson Oy. Tutkimuksen kohteena on uuden Pop Up –Shops liiketoiminta-alueen liiketoimintamallin kehitys ja käyttöönotto osana retail-strategian uusimista sekä analysoida, millaisia muutoksia Pop Up -Shops liiketoiminta-alueen johdon laskentatoimen järjestelmissä ilmeni. Lisäksi, johdon laskentatoimen muutosta analysoidaan kokonaisuutena.

Kirjallisuuskatsauksessa käsitellään seuraavat alueet: retail liiketoimintana, johdon laskentatoimen järjestelmät, suorituksenmittaus, johdon laskentatoimen työkalut ja johdon laskentatoimen muutos. Johdon laskentatoimen muutos analysoidaan hyödyntäen Innes & Mitchellin (1990), Cobbin et al (1995) ja Kasurisen (2002) muutosmalleja hyödyntäen. Lisäksi esimerkiksi Burns & Vaivion (2001) viitekehystä hyödynnetään johdon laskentatoimen muutoksen havainnoimisessa ja analysoimisessa ilmiönä.

Tutkimus toteutettiin pitkäaikaisena yhden yrityksen case-tutkimuksena. Tutkimusjakso alkoi kesäkuussa 2014 ja päättyi helmikuussa 2016. Tänä aikana Finlayson otti käyttöön uuden strategian ja samalla Retail-toiminnot mukaan lukien Pop Up –Shops liiketoiminta-alue uudistettiin. Tutkimusjakson aikana yritys kehitti raportointia ja otti käyttöön sisäisen benchmarking –toiminnon, joiden avulla pyrittiin kehittämään ja arvioimaan uutta Pop Up –Shops liiketoimintamallia. Eri tietolähteitä hyödynnettiin tässä tutkimuksessa kuten yrityksen sisäistä dokumentaatiota, arkistotietoja, 13 haastattelua yrityksen henkilöstön kanssa, suoraa havainnointia sekä havainnointia toimintaan osallistumisen muodossa.

Tuloksissa havaittiin sellaiset johdon laskentatoimen järjestelmien muutokset kuten muutokset työrooleissa, uudet rakenteet niin organisaatiokaaviossa kuin laskentatoimen järjestelmissä, uusi raportointityyli ja sisäisen benchmarking –toiminnon käyttöönotto uutena järjestelmänä yrityksessä. Tekijät, jotka edesauttoivat muutosta, olivat kilpailu markkinoilla, organisaation rakenteet, “mittaamisen” kulttuuri, resurssien saatavuus, muutoksen johtaja sekä lukuisien aiempien muutosten myötä tuoma ”muutoksen liikevoima” (momentum of change). Esteinä muutokselle olivat epäselvyys Pop Up –Shops liiketoimintamallin roolista ja tulevaisuudesta yrityksessä, lisääntynyt epävarmuus liiketoiminta-alueiden tulevaisuudesta, resurssien puute talousosastolla sekä puutteet IT-järjestelmissä.

Kaiken kaikkiaan, johdon laskentatoimen muutoksen voidaan sanoa olleen keskitetysti johdettu prosessi, jossa ilmeni lisäksi joitain epämuodollisia elementtejä. Muutokset johdon laskentatoimen järjestelmissä herätti myös kysymyksiä liittyen ei-taloudellisten mittarien rooliin yrityksessä sekä siihen, keskittyvätkö johdon laskentatoimen järjestelmät oikeisiin asioihin yrityksessä.

Avainsanat johdon laskentatoimi, johdon laskentatoimen muutos, johdon laskentatoimen järjestelmät, case-tutkimus

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1. Introduction

This longitudinal single case study aims to describe the management accounting change (later MA change) taking place at a Finnish home textile company Finlayson Oy (Scapens, 1990; Yin, 2008). The focus of the study is on the development and adoption of a new business model in the Pop Up -Shops business area as part of renewing the retail strategy and analyzing how the changes in management accounting systems (later MA systems) linked to the new business model took place. Furthermore, the nature of the MA change as a phenomenon at the case company is discussed.

The study takes place from June 2014 when in the process of a mergers and acquisition (M&A) Finlayson got new owners that started to develop Retail business division and the Pop Up -Shops as part of renewing the company to February 2016 when the implementation of a new Pop Up –Shops business model and the best practices between Pop Up -Shops and Own Shops business areas were reviewed in an internal benchmarking exercise.

During the study period the company developed reporting and introduced new type of ad hoc analysis that supported the development and evaluation of the new Pop Up -Shops business model. These changes in the MA systems were influenced by the company management's needs to gather timely and relevant information about how to plan Pop Up –Shops operations, assess their operations and learn best practices within the Retail business division (e.g. Cobb et al, 1995).

The MA change is to be analyzed in accord to the MA change models provided by Innes & Mitchell (1990), Cobb et al (1995) and Kasurinen (2002). Furthermore, scholars such as Burns & Vaivio (2001) provide a framework by which MA change can be perceived and analyzed for a deeper analysis about MA change as a phenomenon at Finlayson. Hence, in regard to MA change the study focus will be on uncovering not only the factors influencing the MA change but also on describing and illustrating the change in the MA systems of the case organization and the MA change as a phenomenon in the company. (Scapens, 1990; Vaivio, 1999).

1.1. Literature review

In regard to previous accounting literature this study is to be seen as a MA change study as the focus of this study is on understanding the underlying factors influencing the MA change in regard to the developments in the Pop Up –Shops business area at Finlayson. (Innes & Mitchell, 1990; Cobb et al, 1995; Vaivio, 1999; Burns & Vaivio, 2001; Kasurinen, 2002)

The literature review begins with a brief review about retail as business where some key issues regarding financial control in retail companies are pointed out. In chapter 3 literature regarding management accounting (later MA) practices such as MA systems, performance measurement and MA tools such as budgeting, cost accounting and key ratios in retail are reviewed.

As for MA change the motivation to study MA change as phenomenon is covered. Furthermore, the study by Burns & Vaivio (2001) is reviewed in more detail to serve as a basis for further analysis of MA change as a phenomenon. After that the three well recognized models of MA change, Innes & Mitchell (1990), Cobb et al (1995) and Kasurinen (2002), that are also used as a the main basis to analyze MA change at the case company, are presented.

1.2. The research questions

As the aim of this study is to illustrate MA change linked to the developments in the Pop Up -Shops business areas both the developments in the business and in the MA systems are covered in this study. The focus of studying MA change is furthermore linked to those MA systems that were affected by the development of the new business model for Pop Up -Shops.

As to covering and understanding the nature of MA change the MA change models by Innes & Mitchell (1990), Cobb et al (1995), and Kasurinen (2002) are used as frameworks in this study. In their studies the MA change is analyzed by recognizing the factors influencing the change, and hence, alike factors are to be recognized and analyzed as well in this study. To provide more insight about the MA change in the case company the nature of the MA change is finally discussed in the study.

Hence, the research questions are formed in the following manner:

1. How did the new business model for Pop Up -Shops affect MA systems at Finlayson?

2. What are the factors influencing the change and what can they tell about MA change as a phenomenon at Finlayson?

1.3. Structure of the study

The study begins with literature review beginning with a brief overview of retail as business in the chapter 2. After that in the chapter 3. an overview of MA as an organizational practice is provided with a special focus on performance measurement and different MA tools relevant in this study. The literature review is concluded in the chapter 3. with notions regarding MA change, and in this part the three MA change models also used in this study by Innes & Mitchell (1990), Cobb et al (1995) and Kasurinen (2002) are presented.

In the chapter 5 the methodology of this study is introduced. The issues regarding qualitative research and the research methods used in this study are covered in the chapters 5.1. “Qualitative research methods” and 5.2. “Choice of research methods”. The limitations of the study are reviewed in the chapter 5.3.

In The chapter 6 the case company and the developments with its business and MA systems with a special focus on the Pop Up -Shops are illustrated. The changes taking place on a general level are narrated first in the chapters 6.1. ”Finlayson Oy history to this date”, 6.2. “Organizational structure”, 6.3. “New Finlayson strategy”, 6.4. “Overview of the management accounting systems at Finlayson”, and 6.5. “Information systems supporting management accounting”. These narrations provide context to the developments with the Pop Up -Shops and the MA systems linked to them. Especially, the context of the overall developments in the MA systems helps the reader to understand the environment in which the MA change is to be analyzed.

The case description is concluded with the illustration of the developments with the Pop Up - Shops and the MA systems linked to them. In the chapter 6.6. the Retail operations with the focus on the launching the new Pop Up –Shops strategy are presented. In accord with the Cobb et al (1995) study the developments in the case presented in a chronological order (see also Yin, 2008). The developments in the MA system relating the new Pop Up –Shops business model are illustrated in the chapters 6.7. “Development of Pop Up –Shops reporting “ and 6.8. “Benchmarking the Pop Up –Sales”.

The analysis of MA change in regard to the Pop Up -Shops is provided in the chapter 7. The changes that took place with the MA systems linked to Pop Up -Shops are narrated in chapter 7.1. after which the factors influencing the MA change are reviewed in the chapters 7.2. “Advancing forces of change” and 7.3. “Barriers of change”. The findings of the study are concluded in the chapter 7.4. where also the nature of MA change at Finlayson is discussed.

Finally, the study is concluded by the last chapter 8. “Discussion”.

2. Retail as business

According to Kautto et al (2008) there are two types of business models in retail: *wholesale* and *retail chain*. In wholesale each store has their own way to operate and image in their market; there is no common concept for the stores and the operations are largely un-coordinated. In retail chain however, the stores are coordinated and managed with a uniform concept. The individual stores and the central management in the retail chain form together a network where the work and responsibilities are coordinated jointly.

In this study the main focus is on understanding the developments in the Pop Up –Shops strategy and operations as part of the Finlayson retail chain so the key issues regarding the successful management of retail chain are narrated briefly in the this section. Kautto & Lindblom (2005) recognize four areas of operative processes in retail chain: category management, marketing, purchases and order + delivery. Category management is defined as coordinated collaboration between the retail chain and the supply network with the aim of managing the different product categories as strategic units: the aim of this process is to create value to customers and to maximize sales and profits (McGoldrick 2002; Kautto & Lindblom 2005, 94).

Efficiency in the retail operations is tightly linked to their productivity (see McGoldrick, 2002). Kautto et al (2008, 72) conclude that the efficiency in the retail chain operations are achieved with the following factors:

- A retail chain concept that is strong and appealing to the customers.
- Centralized purchases.
- A business model and information flow that integrates all the processes in the retail chain.
- Efficient and simple organization, decision-making and management system.
- Economy of scale that enables efficient operations and cost structure that is relatively low.

Also the role of financial control is essential for retail companies as *"it is very easy to spend money in the pursuit of increased market share or in the implementation of a new market* *strategy"* (McGoldrick 2002, 217). The business growth in retail can be achieved through adaption of competitive pricing and/or competitive product/service mix. The growth in sales volume would in turn aid the company to achieve economies of scale in their operations and better buying power which would both help the company improve the profit margins. (McGoldrick 2002, 43-44) Moreover, Horngren et al (2005) note that significant percentage increases in net income can also be achieved by better management of purchasing and managing of goods for sales such as cost management and stock management of the goods. This is because the cost of goods sold (COGS) is often the largest single cost item for most retailers.

More relevant issues related to financial control are reviewed in the chapter 3 where topics such as accounting's role in an organization, management accounting as an organizational practice, performance measurement and different management accounting tools relevant to the case company are presented.

3. What is management accounting?

In general, accounting as a practice is concerned with such organizational activities such as assessing the costs and benefits of organizational actions, the setting of financial standards and norms, the representation and reporting of organizational performance, and financial planning and control. (Hopwood, 1983)

Accounting is furthermore divided into two separate although overlapping practices: *financial accounting* (FA) and *management accounting* (MA). FA is responsible for producing periodic and other type of financial reporting to different stakeholders of the organization, and each of these stakeholders may have different needs. For example, in the case of small companies the stakeholders may be limited to tax authorities and possibly to providers of finance. Larger companies may have a number of shareholders and lenders who have an interest receiving periodic reports at least annually. (Gowthorpe 2008) MA on the other hand, aims to help manage business opportunities MA by providing financial, non-financial and qualitative information to the managers in the company in their pursuit of organizational and other goals (Horngren et al, 2005).

Although FA and MA typically use the same sources of data and the same accounting system may be used to provide much of the information it is essential to note that the difference between FA and MA lies in the terms of consumer, style and content. Hence, MA is defined as *"accounting carried out within a business for its own internal users, to assist management in controlling the business and in making business decisions"*. (Gowthorpe 2008, 2) Moreover, MA can be seen as an integral part of management: according to Chartered Institute of Management Accountants in the UK (CIMA 2005, 54) MA as an organizational practice "*requires the identification, generation, presentation, interpretation and use of relevant information to:*

- *Inform strategic decisions and formulate business strategy.*
- *Plan long, medium and short-run operations.*
- *Determine capital structure and fund that structure.*
- *Design reward strategies for executives and shareholders.*
- *Inform operational decisions.*
- *Control operations and ensure the efficient use of resources.*
- *Measure and report financial and non-financial performance to management and other stakeholders.*
- *Safeguard tangible and intangible assets.*
- *Implement corporate governance procedures, risk management and internal controls."*

Typical everyday needs that the managers have are thereby, on a general level, related to decision-making, planning and management control. The common methods, known as *MA systems and tools*, include measurement and reporting which interact with many facets of the organizational environment. As such the MA systems and tools help managers to anticipate problems, provide information to investigate variations and take steps to eliminate or reduce their severity. (Hopwood, 1983; Burns & Scapens, 2000; Horngren et al, 2005; Burns & Baldvinsdottir, 2007)

MA systems in this study are defined in a similar way as Cobb et al (1995, 156) whose MA change model is further illustrated in the chapter 4.2.2.: *"the term management accounting systems is used to describe the system in practice which includes the Financial (Control) department staff as well as the technology, resources and procedures employed by them"*. In this sense the MA systems can be seen both as rules and routines that take place in the organization’s MA practice Burns & Scapens (2000, 7): they define rules as formalized statement of procedures, such as the formal management accounting systems, and routines as the procedures, such as the accounting practices, actually in use.

Gowthorpe (2008) defines *management accountant* as a specialist in the provision of financial information for use within the business. However, as MA as a practice is also linked to non-financial and qualitative information, in this study management accountant is defined as *“a specialist in the provision of financial, non-financial and qualitative information to assist management in controlling the business and in making business decisions”* (Horngren et al, 2005; Gowthorpe, 2008).

As MA is part of the information used within an organization we can also see that MA is involved in how different matters are identified and communicated within the organization. For instance, Atkinson et al (1997) note that MA can be viewed as an information support system that best facilitates communication, motivation and performance evaluation within *the organizational structures*. In their paper, they define organizational structures as the ways in which organizations organize their resources to achieve some end and the same definition is also used in this paper.

Moreover, Hopwood (1990) noted that accounting practices can help make certain areas in a company visible that would not otherwise be readily seen. This is due to their ability to conceptualize and quantify abstract things such as cost and profit, and for instance reporting by business areas or by products would serve as an example of how accounting helps make abstract matters more visible. In regard to choice of performance measures and MA change, topics that will be covered in chapter 3.1 and chapter 4 respectively, Hopwood (1990) notes that accounting help an organization to shape organizational agendas, concerns and choices by enabling a better economic knowledge and understanding of different areas inside the organization.

3.1. Issues in performance measurement

Performance measurement on a general level is related to providing relevant measures for decision-making and what different sub-units in business need for resources as well as providing information about how different sub-units of an organization are performing and how they can be motivated (Horngren et al, 2005). The emergence and development of different performance measures such as non-financial measures is related to the need for more timely and in-depth information about the processes within an organization (e.g. Ittner & larcker, 1998; Chenhall & Langfield-Smith, 1998; Vaivio, 1999). Thus, the development of performance measures is tightly linked to how MA systems take place in organizations.

There are some general ways to understand why and how an organization benefits from MA tools and systems as contrast to relying only to the bookkeeping and other financial accounting practices and figures. After all, maintaining MA systems takes a lot of work and there usually are no legal requirements for an organization to have such systems. To understand this issue one needs to ask what exactly motivates an organization to gather, analyze and develop financial and other type of information that is not readily found in the financial accounting figures? After all, the accounting figures from bookkeeping can also provide information about the costs and profits within the organization.

This general question has motivated many MA researchers for decades in trying to understand the role of performance measurement as part of accounting and organization studies. For instance, Ittner & Larcker (1998), and Kaplan & Johnson (1987) have noted that the traditional accounting-based measures have their limitations due to a number of reasons: Firstly, the accounting figures are historical and ”backward-looking”, and secondly, due to the backward-looking nature of traditional accounting-based measures it is very difficult to make decisions for the future based on figures that have no ability to show estimates or predictions about future performance. Thirdly, the accounting figures do not help with solving the problems they show as they can provide only little information about the root causes.

To overcome these aforementioned issues different MA practices have emerged to provide a broader focus on evaluating the effectiveness of processes, and to relate activities and processes to strategic outcomes (Chenhall & Langfield-Smith 1998). New and improved types of MA techniques and MA systems are continuously being developed by academics, accountants in business and consultants that try to make MA organizational practices to meet the many demands of businesses operating in today’s global and technology-driven world (Burns & Vaivio, 2001) As a result, many organizations have implemented a variety of financial and non-financial performance measures to support the traditional accounting-based measures to provide more timely and in-depth information about the processes within an organization (e.g. Ittner & Larcker, 1998).

The choice of performance measurement can be seen as one the biggest challenges a company can face as they have a key role in developing strategic plans, evaluating the achievement of organizational objectives and compensating managers (Ittner & Larcker 1998, 205). The differences in which performance measures different companies use and how can be due to advances in information technology, more competitive markets, different organizational structures, and emergence of new MA practices. Hence, MA as a practice looks different in different organizations as the needs the managers have and the organizational environment are different for each organization at each given time (see e.g. Hopwood, 1983; Burns & Scapens, 2000).

Some scholars have also noted that the choice of performance measures may depend on the level of hierarchy within the organization: Atkinson et al (1997, 92) note that the performance measurement in many organizations seems to shift from financial metrics to non-financial indicators of performance, such as quality, timeliness, or production rate, as one moves down the hierarchy.

In the process of choosing the performance measures an organizations should pay attention to how the measures implemented to the organization. The implementation process of a performance measurement system may hold many challenges for both the management accountants creating the measures and for the managers trying to follow the measure targets in their daily work (Ittner & Larcker 1998). For instance, Markus & Pfeffer (1983, 215) have noted that the contextual factors in the organization such as power distributions and organizational culture should be considered in the process of implementation as they may otherwise hinder the practice of designing and implementing the systems.

Also while creating the measures it is important to be mindful of both the needs of an organization and the managers' ability to integrate the measures to their decision-making. The organization may have many expectations but on the other hand, there cannot be too many differing goals either as this might cause an ”information overload” or reduced performance due to the number of measures exceeding the managers' mental processing capabilities when making decisions and judgments (Ittner & Larcker 1998).

An example of different practical issues within the implementation of performance measurement system is provided by Shields & Young's (1989) who studied the implementation of cost management systems. They conclude in their research that seven following behavioral and organizational variables are important to the implementation:

- Top management support
- Linkage of the cost management system to competitive strategies, particularly quality and speed strategies
- Linkage of the cost management system to performance evaluation and compensation
- Sufficient internal resources (e.g., employee time)
- Training in designing, implementing and using cost management systems
- Non-accounting ownership
- Consensus about and clarity of the objectives of the cost management systems.

There may also be barriers of change in the implementation process, typically related to the attitudes and skills of the accountants and non-accountants as well as technical issues such as inadequate information systems (Shields, 1995; Kasurinen, 2002). Kasurinen (2002, 325) notes that aside from the two aforementioned issues "*the difficulties in implementing a change have also been related to structural barriers, which can be defined as organizational structures that once (may) have served as an efficient way of managing a company.*"

Performance measures can also be used in relative performance evaluation called *benchmarks* or *benchmarking*. Benchmarks by definition, represent best practices that may be available inside or outside the organization. A company or a sub-unit of the company can be benchmarked to similar companies or to other sub-units in the company. It is desirable to benchmark companies or units that are of similar size and influenced by the same uncontrollable factors as the differences in performances should occur only because of differences in the actual performances, not because of random factors. (Horngren et al, 2005)

The choice and use of MA systems would differ between firms with different strategy (e.g. Simons, 1987; Davila et al, 2009). The case company of this study adopted a new growth orientated strategy during the study period in which such organizational capabilities as market orientation, entrepreneurship, innovativeness and organizational learning, as in Henri (2006) study, gain a new focus in supporting the company goals. In such setting, an organization might benefit from MA systems that differ from established companies and stable settings (Burns & Vaivio, 2001; Davila et al 2009, 281). For instance, Davila et al (2009) note that in the case where a company promotes entrepreneurship and innovation the organizational focus is on activities such as experimenting, failing and succeeding, and adapting to unforeseen opportunities. They also see that uncertainty, volatility and inefficiencies can, and perhaps need to take place, in such organizations. Moreover, Burns & Vaivio (2001) note that in the organizational cultures of "The New Economy", characterized by innovations, a fast pace of operations, informal practices, and an entrepreunial spirit, MA should accompany growth.

As for MA systems in such environment, where also the case company Finlayson operates, Davila et al (2009, 282) note that "*tools designed to eliminate variation and control routine activities have little role*". This notion is in line with Henri (2006) study results where he concluded that MA systems that create constraints to ensure compliance with orders has negative effects on capabilities of market orientation, entrepreneurship, innovativeness and organizational learning. According to Davila et al (2009) however, some MA systems, such as objective-setting processes, performance measurement and composition schemes, can help create motivation in creative processes such as identifying an idea or a new product.

3.2. Management accounting tools

In the following three subchapters the practices of budgeting, cost accounting and typical ratios in retail are presented. Budgeting is related to the planning and monitoring of the company while cost accounting and typical ratios in retail as non-financial measures in the company provide information for performance evaluation and decision-making (Ittner & Larcker, 1998; Vaivio, 1999; Horngren et al, 2005)

The aim is to provide the reader of this study hands-on understanding of the basic MA systems and tools that are used also in the case company of this study. After that, in the chapter 4 previous research about MA change as a phenomenon as well three most well regarded MA change models are presented and discussed.

3.2.1. Budgeting

Budgeting is one of the most important and traditional types of MA tools used by organizations in practice (e.g. Burns & Vaivio, 2001; Hansen, 2011). Horngren et al (2005, 487) define budget in the following manner: *"a quantitative expression of a proposed plan of action by management for a future time period and an aid to the coordination and implementation of the plan"*. Both financial and non-financial aspects can be covered in the budget. Budget is typically set in advance for a fixed time period, most commonly 12 months from January to December as this coincides with the business' typical annual reporting period. The budget can be further split into shorter periods such as quarters and months. (Horngren et al 2005; Gowthorpe, 2008)

The need for an organization to anticipate and respond to opportunities is widely recognized in the accounting literature. For instance, Abernethy & Brownell (1999) recognize the value of budgets in management control as they are used in coordinating and communicating strategic priorities and, if they are used in conjunction with reward systems, the budgets can also be used to facilitate lower-level managers' commitment to these priorities. Moreover, Otley (1999) sees budgeting process as a way to keep the two elements contributing to the performance of the budgeted unit in balance: with the combination of output measure (revenue/sales) and input measure (cost) the profitability of the budgeted unit can be perceived.

Gowthorpe (2008) notes that the starting point for budgets in most commercial organizations is the sales budget as the sales volume is usually determines the scale of business' activities and such essential costs as direct materials and direct labor are directly dependent upon projected sales volumes. Budget figures such as sales targets mentioned above are typically prepared by business managers themselves so that they can use the process of setting target figures to plan their activities and then use budget figures to manage and assess their activities.

The usefulness of a budget comes from the using the budgeted figures as a reference and investigating the occurring variations from the budgeted plan (e.g. Davila et al, 2009). The purpose of using budget figures as a way of managing and monitoring the business activities is taken into account in the following model by Horngren et al (2005, 487) where they present the type of budgeting cycle many organizations adopt:

1. *Planning the performance of the organization* as a whole as well as its subunits. The entire management team agrees upon what is expected.
2. *Providing a frame of reference*, a set of specific expectations against which actual results can be compared.
3. *Investigating variations from plans*. If necessary, corrective action follows investigation.
4. *Planning again*, considering feedback and changed conditions.

Gowthorpe (2008, 195) notes that in order for this type of monitoring to be effective it should be carried out on a regular basis; the actual data should be collected and reviewed against budget as soon as possible so that effective action can be taken quickly; comparison of budget and actual information should be clearly presented in a summary form that is likely to be read, and that can be understood, where necessary, by non-financial managers and managers should be held accountable only for those variations between actual and budget that they can control.

Some organizations also adopt a system of *rolling budgeting* in which the budgeted figures are updated every month so that at any given point in time there is full 12 month budget ahead. (Gowthorpe, 2008) Rolling budgeting can also be complemented or replaced by *rolling forecast* where the new figures are entered for the new periods and all the figures already in place from earlier forecasts are updated. In the rolling forecast the forecast horizon is extended so that the number of periods included in the forecast remains the same. (Clarke, 2007)

The advantages of rolling forecast are related to how they direct the managers' attention beyond the annual finishing line drawing their focus to look at risks and opportunities further in the future (Clarke, 2007). For instance, Granlund & Lukka (1997) and Burns & Baldvinsdottir (2007) have noted that especially for business managers, forecasts can be more important than the comparison of actuals against budgets. Moreover, Burns & Baldvinsdottir (2007, 125) recount that in their case where the forecasts were generated internally rather than imposed from outside there was a greater feeling of ownership of this information and stronger commitment to its achievement.

3.2.2. Cost accounting

Cost accounting measures and reports financial and other information related to the organization's acquisition or consumption of resources. It provides information for both MA and FA. (Horngren et al 2005, 950) As the CFO concluded that the business of Finlayson is break-even business the basics of cost-volume-profit analysis covered briefly next.

Horngren et al (2005, 232-235; 952; 961) defines cost-volume-profit analysis as an examination of behavior of total revenues, total costs and operating profit as changes occur in the output level, selling price, variable costs or fixed costs. Revenues are inflows of assets received in exchange for products or services provided to customers; operating profit is total revenues from operations minus total costs from operations (excluding income taxes); variable costs are costs that change in total in proportion to changes in a cost driver; and fixed costs are costs that do not change in total despite changes in a cost driver. The breakeven point is that quantity of output where total revenues and total costs are equal, i.e. where the operating profit is zero.

In retail organization the cost of goods sold (COGS) is often the largest single cost item. In regard to managing the stocks and goods for sales the following cost categories are important: *purchasing costs* that consist of the costs of goods acquired from suppliers including freight and transportation costs, *ordering costs* from preparing and issuing a purchase order, *carrying costs* from holding stocks of goods for sale, *stockout costs* from running out of a particular item for which there is customer demand and *quality costs* from the conformance with a preannounced or prespecified standard. It is pointed out that *opportunity costs*, the contribution to income that is forgone by not using a limited resource in its best alternative use, are also an important component in several of the aforementioned cost categories even if they are not recorded in the accounting systems. (Horngren et al, 2005)

At Finlayson, the COGS consisted of only the purchasing costs. The rest of the costs listed above were recorded to the fixed costs to either a sales division or to the administration division. The opportunity costs were recognized mainly in the ad hoc analyses.

3.2.3. Typical ratios in retail

When measuring the operations or financial performance in retail business many typical financial ratios such as gross profit margin and operating profit margin are widely used. However, there also some ratios specific to retail business that are used to measure the productivity or the efficiency of the retail operations. For productivity the most typical measures are *sales per square meter of selling space* and *sales per employee*. In assessing the meaning and significance of these ratios one needs to consider the relative differences in the qualities of the selling environments and in the staff. (McGoldrick, 2002) These ratios can be seen as non-financial measures employed by a retail company as part of their MA systems (e.g. Cobb et al, 1995; Ittner & larcker, 1998; Chenhall & Langfield-Smith, 1998).

McGoldrick (2002, 212) also notes that the productivity measures can be used to identify critical success factors so that the best practices can be identified, described and used as benchmarks for other stores in the chain. The productivity ratios and the costs can also be benchmarked with industry norms (McGoldrick 2002, 218; Horngren et al, 2005).

4. Management accounting change

”Whether management accounting has not changed, has changed, or should change, have all been discussed.” (Burns & Scapens 2000, 3)

The research on MA change relates to studying the changes in how and why the financial and other type of information of MA practice is created, analyzed and shared. (Innes & Mitchell, 1990; Cobb et al, 1995; Atkinson et al, 1997; Burns & Vaivio, 2001; Kasurinen, 2002) Furthermore, e.g. Hopwood (1990) remarks that it should be recognized that accounting should not be seen as an independent phenomenon as there are social, political and economic factors that can provide basis for accounting change, and these factors often have a significant role in influencing the way accounting practices change in an organization. Also Burns & Scapens (2000) argue that by recognizing (or assuming) MA systems and practices as organizational rules and routines that can change MA as an organizational practice the concept and phenomenon of MA change can be understood better (see also Scapens, 1994).

The need to study MA change as phenomenon in commercial organizations is supported by many scholars (e.g. Atkinson et al, 1997; Burns & Vaivio, 2001). Atkinson et al (1997) note in their work that as change has become essential part of today's business environment it is important to study how MA information can help an organization to identify the need for, and the way to, change, and also to understand how the changes in the business environment affect the needs for information. Also Shields (1997) has suggested that the environmental changes cause changes in organization which in turn causes changes in MA practices. For instance, Waweru et al (2004) have noted in their study that competition was identified as a major trigger for MA change as the increased competition in the market had the impact on how the organizations needed to rely on information about customers and markets more. Also Innes & Mitchell (1990), Cobb et al (1995) and Vaivio (1999) found competition in the market as a great motivator for changes in the companies' MA systems.

Atkinson et al (1997) also recognize that as an organization changes its structures to meet a new strategy the information the organization needs and how the information is used to measure and motivate performance changes as well (see also Dent, 1991; Burns & Vaivio, 2001). They believe that changes in the type of information and use of information in decision-making follow up from changes in both environment and organization itself.

Also many management accountants face the questions of MA change in their work as they are expected to involve themselves in such business management areas as strategy, information systems implementation and change management. This development is largely due to the change in the role of a management accountant to be more business-orientated mainly because the advancements in information technology have released accounting staff resources from "bean-counting" activities to more that of a "business partner". (Burns & Vaivio, 2001; Järvenpää, 2001; Burns & Baldvinsdottir, 2007) Moreover, some accountants may face an expectation to combine their accounting knowledge with a detailed understanding of the business processes in which they work. Such accountants can be called *hybrid accountants.* (Burns & Vaivio, 2001; Burns & Baldvinsdottir, 2007)

The need for recognizing MA change is further noted by Atkinson et al (1997, 86) who argue that *"just as spoken languages respond to cultural and societal changes, accounting systems must respond to organizational and environmental change"*.

4.1. How to analyze change in management accounting systems?

To help categorize and contrast the possibly ambiguous characteristics of MA change Burns & Vaivio (2001) provide three perspectives to help with the analysis of MA change: the "epistemological nature" of change, the logic of change and the management of change. These three perspectives are further illustrated below.

The first perspective is called the epistemological nature of change by which the nature of change itself is questioned. The writers note that at closer examination what first appears to be change may reduce into a non-phenomenon, an illusion of the observer, and that the "cosmetic changes" in MA phenomena may become confused with substantive ones. Hence, what looks like a change on the surface, may only be rearticulation of the old. Hence, the writers suggest that "normative claims of change" and change as an evidenced "empirical phenomenon" should be told apart. They also recognize how change can take the place of progress and/or regression in an organization. One is easily tempted to conceive MA change leading to something better but change can have also negative implications: instead of pursued improvement MA change can introduce substantial problems. It is also worth paying attention to whether MA change is a distinct, observable episode or continuous organizational progress. (Burns & Vaivio, 2001)

The second perspective is the logic of change where the change is presented as a managed and formal organizational event or process. In this view, change is designed and carried out in a premeditated way; actively steered towards an objective, away from the potential obstacles. (Burns & Vaivio, 2001) This perspective may also be recognized by Kasurinen (2002) who developed the Cobb et al (1995) MA change model to be more agile in recognizing the possible "barriers to change" before and during the introduction of new MA tool or system. However, Burns & Vaivio (2001) further note that the MA change can also take place as an unmanaged phenomenon as the change may not be consciously planned and rationally executed part of organization's reality. MA change may also have political implications in an organization when new areas are made visible and the resources may be redistributed duly. As Burns & Vaivio (2001, 395) note: *"How is the new accounting visibility exposing functional performance; are traditional winners becoming future losers?"*

The third perspective reviews MA change in regard to how it is managed. In this view, change can be seen as a "centrally driven effort" where the top management plays a key role or as a “local concern” where the local actors within larger, decentralized structures re-evaluate the established routines in MA. (Burns & Vaivio, 2001) In regard to how change is managed, Burns & Vaivio (2001) draw the focus on how MA change is intertwined with a changing organizational culture transforming organization’s core values, beliefs and ways of operating. An example of such case can be provided by Dent (1991) who illustrated in his work the evolutionary change of the outlook of the case organization from “public service” to “product markets” in the course of the introduction of new accounting practices.

Furthermore, in regard to the management of change, Burns & Vaivio (2001) point out the diffusion of MA expertise: with this notion MA is no longer discrete knowledge of the few specialists but becoming dispersed knowledge within the organization. Moreover, “hybrid accountants” may be born in the field: the product designer, the customer team manager or the sales representative is often familiar with at least the basics of the MA thinking (see also Burns & Baldvinsdottir, 2007).

Also Atkinson et al (1997, 86) have reflected on the topic of MA change. They noted that the concept of change itself implies that the organization must unlearn or forget some routines while learning new ones. Hence, they conclude that any theory of MA change is likely to involve aspects of organizational learning. However, as Burns & Vaivio (2001) pointed out that MA change may not always have positive and desirable outcomes, when analyzing MA change in an organizational context it is worth paying attention to the nature of the organizational learning transpiring in and from the process of MA change: are the right routines changing and are they improving?

As for the mechanisms of MA change Vaivio (1999) pointed out the importance of understanding how the underlying forces of change operate; he emphasized the significance of identifying the forces of change in an empirical context, describing their dynamic workings and examining their interlinkages with time. The accounting literature recognizes such studies and three most well-known of them are presented in this study. Innes & Mitchell (1990) were the first to identify the firm-specific origins such as the firm’s environment, its technology and its organizational structure, in the way MA change would take place within the particular organizational context. In that sense, their model is known to be one of the first ones that could be used to understand MA change in practice in the firms. Innes & Mitchell’s (1990) model was further developed by Cobb et al (1995) and Kasurinen (2002). All three models can help provide an explanation and means to understand why and how change has come about within a particular firm at a particular point of time.

The three aforementioned MA change models by Innes & Mitchell (1990), Cobb et al (1995), and Kasurinen (2002) will be presented in further depth in the next section.

4.2. Three management accounting change models

4.2.1. Innes & Mitchell (1990)

In the time before Innes & Mitchell (1990) study there had been conducted only little research about the process by which MA has changed within firms. This motivated them to develop their MA change model based on seven field studies of practical MA change in the electronics sector. In the results they saw MA change appearing to be a complex process involving the interaction of several variables. Many of these variables were of a continuous nature, existing before and after the change, while others were discerned more temporary and their occurrence coincided with and was related more closely with the change.

They divided the factors associated with change into three categories on the basis of the nature and timing of their influence:

Motivators were related to change in a general manner for example, a competitive market, organizational structure and production technology. Cobb et al (1995) add that the rate of product innovation can also be seen as general motivator. The motivators can further be divided into general motivators and company specific motivators as in Kasurinen (2002) study.

Catalysts could be directly associated with the change such as, poor financial performance, loss of market share and the launch of a competing product. In their study Cobb et al (1995) pointed out that catalysts are factors associated particularly with the timing of the change and in their study saw that aside from external organizational factors also certain individuals in the organization could act as catalysts in the change.

Facilitators were necessary but not sufficient, per se, to result in the change. These could include accounting staff resources, accounting computing resources and the degree of autonomy from the parent company. Also the general IT support could be seen as being a facilitator in MA change (Cobb et al, 1995).

Innes & Mitchell (1990) conclude that it is the existence of an interaction of all three types of variables which promotes and determines the nature of practical development in discipline. Cobb et al (1995) that five years later provided an update to their model regarded the Innes & Mitchell’s (1990) model strong on the external elements but weak on how the process of change occurs within the organization and in particular, on the influence of individuals. Furthermore, Kasurinen (2002) noted that most of the motivators, facilitators and catalysts were related to the analysis of the business environment and they did not support enough the original goals of the Balanced Scorecard introduction in his study.

4.2.2. Cobb et al (1995)

Cobb et al (1995) provide an update to the Innes & Mitchell’s (1990) model presented in the previous subchapter. They conducted their research as a longitudinal case study where the changes and developments in MA techniques and in particular, the MA reports within the Division of a large multinational bank, were studied. They also examined how the accountants and managers' perceptions of why the changes happened took place and how these changes related to the context and process of change.

Over the study period the Division saw many changes in the MA systems, such as the new cost allocation methodology, value-for-money exercise, new cost reports, competitive benchmarking and more participative budgeting process which all increased the communication between managers and management accountants. These changes were initiated by the pressures the bank was facing, however, also some internal factors were seen as important factors. The results from this study provide an update to the Innes & Mitchell's (1990) MA change model's motivators, catalysts and facilitators with the following factors:

Barriers to change are factors that could hinder, delay, and even prevent change. In their study Cobbs et al (1995) the attitude of staff to change, changes in accounting staff, and changing priorities acting as barriers to change in their study.

Leaders are individuals in the organization who as catalysts, directly associated with the change as in Innes & Mitchell's (1990) model, initiated the change process but the change process may have faltered in the face of the barriers without their leadership role.

Momentum for change is a perception of expectation of continuing change, and in Cobbs et al (1995) study this was regarded as an important factor driving change within the Bank.

Cobb et al (1995) emphasized that while motivators, catalysts and facilitators in the Innes & Mitchell's (1990) model may be necessary to create *a potential for change* it is the action by individuals that is needed to overcome the barriers to change. Without the necessary action by the individuals in the organization the change initiative could be deflected by the barriers. The pace of change is furthermore maintained by a sufficient momentum. The Cobb et al (1995) model is presented in the Figure 1.

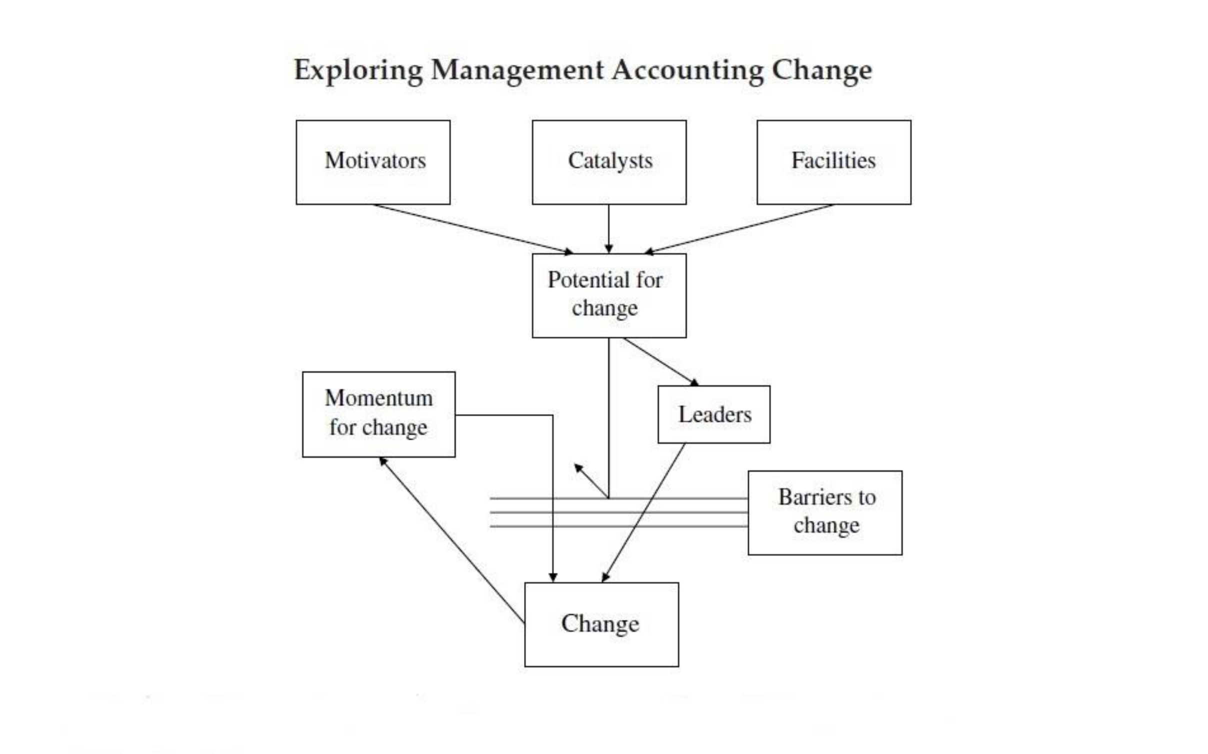

Figure 1 Accounting change model by Cobb et al (1995, 173)

In their study Cobb et al (1995) saw also a change in the way people communicated inside the organization. In the process of MA change both accountants and managers agreed that the level of discussion and greater informal contacts between managers and management accountants, i.e. the boundary of MA systems, had expanded. For instance, the accountants at the bank undertook an educational role by visiting all the managers to explain the MA report and answer any questions. Though when interviewed, the managers claimed they understood what costs to expect every month and investigated only when the numbers looked unusual. The Financial Controller noted that in the earlier years the managers would not have any idea about what costs to expect each month. Hence, this was one measure where the change had taken place.

The MA change model revised by Cobb et al (1995) acted also as the basis for Kasurinen's (2002) study where he collectively defines the factors behind MA change introduced by Innes & Mitchell (1990) and Cobb et al (1995) (motivators, catalysts, facilitators, leaders and momentum) as *advancing forces of change*. Kasurinen (2002) studied a Balanced Scorecard implementation project at a Finnish based metal company, and his findings about which components acted as the advancing forces of change in his case study are presented in the Figure 2.

Motivators	Facilitators	Catalysts
- Globalisation of markets - Complex business environment - Mature stage of the products' life-cycle - Problems with financial measures	- Earlier balanced scorecard introduction - Strategically well-structured situation	- Business unit general manager's experience in strategy work - Conducted strategic analyses

Momentum	Leaders
- Strategy analysis process - Partnership project	- Division general manager

Figure 2 Summary of advancing forces in the case project (Kasurinen 2002, 336)

Kasurinen (2002) further developed the model by Cobb et al (1995) by focusing on understanding the barriers of change better. The study by Kasurinen (2002) is presented in the next chapter.

4.2.3. Kasurinen (2002)

Kasurinen's (2002) study examines factors influencing MA change in a strategic business unit of a multinational Finnish based metals group with a focus on Balanced Scorecard implementation. Kasurinen (2002) utilizes the MA change models by Innes & Mitchell (1990) and Cobb et al (1995) and in his study he collectively defines the factors behind MA change introduced in the two latter study (motivators, catalysts, facilitators, leaders and momentum) as *advancing forces of change*. Kasurinen (2002) developed the accounting change model of Cobb et al (1995) by dividing barriers of change into the following three subcategories:

Confusers in Kasurinen’s (2002) study were linked to the confusion about the “real owner” and goals of the case unit Balanced Scorecard: uncertainty about the project’s future role in the organization and different views on change.

Frustrators are factors that seem to “suppress” the change attempt in the organization, and in Kasurinen’s (2002) study they were related to the “engineering culture” of the case organization as the role of Balance Scorecard seemed to be diminished to a diagnostic type of measurement instead of being regarded as a tool for linking performance measures to company strategy. On a general level, frustrators can be seen related to existing reporting systems and organizational culture

Delayers are “technical” and temporary by nature. In Kasurinen’s (2002) study they could be seen in the Balanced Scorecard context as lack of clear-cut strategies and inadequate information systems.

Kasurinen (2002) states that the aforementioned subcategories seemed to make the recognition of their role in the change process easier, and thus help explain the change. The deeper understanding of MA change could help analyze the influencing forces of change at the early stage and thus, help organizations in their attempts to circumvent the barriers in practice as they may hinder, delay or even prevent the process of MA change in practice.

He further notes that the types of barriers organization has for the change are related to the structure and culture of the organization in question (Kasurinen, 2002). To understand structural barriers better he refers to the Markus & Pfeffer (1983, 216) study where the case examples implied that resistance of change is mainly due to structural factors such as power distributions and organizational cultures rather than a result of processual factors such as the strategy and tactics of the system implementation. Kasurinen (2002) furthermore agreed with Markus & Pfeffer (1983) in their observation that the resistance to change is result of these structural factor rather than procedural factors.

5. Methodology

MA change as a study subject is widely noted in MA literature and many illustrations of practice and models that may help in designing and monitoring MA change can be found (Innes & Mitchell, 1990; Cobb et al, 1995; Atkinson et al, 1997; Burns & Scapens, 2000; Vaivio, 1999; Burns & Vaivio, 2001; Kasurinen, 2002) Despite the number of previous research and case studies scholars such Burns & Vaivio (2001, 3-4) have called out for the need to understand change in management accounting better: they consider that *"rather less research has investigated why and how an organization's management accounting becomes what it is, or is not, over time, i.e. management accounting as a process"*.

As in this study the aim is to uncover and understand the MA change taking place in the case company as a phenomenon with an attempt to describe how and why Finlayson's MA becomes what it is and is not the qualitative research methods suit this study well (Gummesson, 1988; Scapens, 1990; Ghauri et al, 1995; Yin, 2008). The further notions regarding qualitative research and the choice of research methods are discussed in the chapters 5.1. "Qualitative research methods" and chapter 5.2 "Choice of research methods". The methodology part is concluded in chapter 5.3. "Limitations of the study".

5.1. Qualitative research methods

Ghauri et al (1995, 83) defines research methods as systematic, focused and orderly collection of data for the purpose of obtaining information from it and to answer the research question. They furthermore, note that the methods are different from the techniques of data collection: the methods refer to data collection through historical review and analysis, surveys, field experiments and case studies and techniques refer to a step-by-step procedure by which data is gathered analyzed to find the answers to the research questions. The methods used in this study are further illustrated in chapter 5.2.

The motivation to conduct qualitative research in MA can be assessed from three key perspectives provided by Vaivio (2008). Firstly, qualitative research gives a broader view about the MA phenomenon than what is provided in the accounting textbooks. As the MA systems and tools such as cost allocations and profitability analyses are conducted by people in often unpredictable conditions qualitative research can give a further understanding of MA in practice. Secondly, qualitative research protects from the "general theory", a perspective in which MA is explained in abstract and often mathematically modeled terms that defy the constraints of time and place. Thirdly, qualitative research is able to critically observe MA as a phenomenon instead of seeing it as a set of normative prescription. At best, qualitative research can provide theoretically valuable interpretations.

Moreover, Ghauri et al (1995) recommend qualitative research methods when the research problem is focused on uncovering a person's experience or behavior or when a phenomenon about which little is known is wanted to be uncovered and understood. They also note that the qualitative methods are most suitable when the objectives in the study demand in-depth insight into a phenomenon. Yin (2008) notes that in general, case studies are preferred when the aim of the study is to find out "how" or "why" something happens.

Case study as a research method relies on empirical material collected from a single or more organizations (Vaivio, 2008). As to what type of case study should one choose for as their research method Scapens (1990, 265) provides the following five perspectives. *Descriptive case studies* describe accounting systems, techniques and procedures currently used in practice. *Illustrative case studies* attempt to illustrate new and possibly innovative practices developed by the companies observed in the study. In that sense, this type of case studies provide an illustration of what has been achieved in practice. *Experimental case studies* can be used to examine new accounting procedures and techniques provided by MA literature but which have not been implemented in practice yet. *Exploratory case studies* represent preliminary investigations which are intended to generate ideas and hypotheses for rigorous empirical testing at a later stage with the objective to produce generalizations about the reasons for particular accounting practices. *Explanatory case studies* explain reasons for accounting practices and in this type of study theory is used in order to understand and explain the specific, rather than to produce generalizations.

5.2. Choice of research methods

This research is conducted as a longitudinal single case study where the aim is to examine the MA change and the factors influencing the MA change taking place at Finlayson (Yin, 2008). The focus is on understanding the changes and developments in MA system and the factors behind these changes during and after the introduction of new Pop Up -Shop business model. The study took place from June 2014 to February 2016. During this time the new owners of the company introduced themselves with the company and started to develop a new strategy including a new strategy for Retail business division where the developments of the Pop Up -Shops -business area also took place. Understanding the context in which the changes in the MA systems take place as accounting practices evolve with the development of the business (Scapens, 1990).

According to Vaivio (2008, 74) in a single case study the phenomenon of interest is examined in its detailed context, against a rich background of organizational processes, tensions and competing sectional interests, which are reflected in MA calculations and practices. Also in this study the developments in both the company and in its MA systems are illustrated inclusively so that they can provide the context in which the MA change is studied.

As MA systems are defined in this study as *"the system in practice which includes the Financial (Control) department staff as well as the technology, resources and procedures employed by them"* (Cobb et al 1995, 156) it is worth paying attention to that the aim of this study is to understand the nature of MA in practice, both in terms of the techniques, procedures, systems, etc. which are used and the way they are used. In this sense, one aim of this study is to distinguish the formal accounting systems which senior managers believe are used and the ways in which they are really used. (Scapens 1990, 264) Also Vaivio (2008) notes that it is good to maintain a critical view when conducting research on change in business practices such as in management accounting as in practice change might remain at the level of top management intention. As such the findings of the study may diminish to "uncritical empirical illustrations of popular management products" (Vaivio 2008, 78) As most interviews in regard to developments of the MA systems are conducted with the top management of the company more information about the actual use of the MA systems is found out by observations, participant-observations and by interviewing the mid-level managers at the company (Yin, 2008).

The developments in the company and in its MA systems are illustrated in a chronological order to help trace the events over time (Cobb et al, 1995; Vaivio, 2008; Yin, 2008). MA change is viewed and examined mainly through the well-reviewed MA change models provided by Innes & Mitchell (1990), Cobb et al (1995) and Kasurinen, (2002). In this sense this study is testing a well-formulated theory: studying the factors influencing MA change in an organization. Also the method of longitudinal case fits well to the aim of the study as the changes in the company and in its MA systems can be observed at different points in time. (Yin, 2008)

As in this study the aim is to find out how things are taking place within the case company in its own organizational context it can be said that this study in Scapens' (1990) categorization is a descriptive study. However, from an analytical perspective the work also has some illustrative and interpretative qualities (Scapens, 1990; Ghauri et al, 1995).

Actors in different levels of organization (accounting staff, business managers, and top management) were interviewed and their intentions and perspectives were analyzed. Interviews were semi-structured with room for open discussion about relevant topics to each interviewee. Altogether 13 interviews were conducted with 11 people in 2015 and 2016, and the duration for interviews varied between half an hours to one hour. The new CFO was interviewed altogether three times as his involvement in both developing finance procedures and developing business operations in Retail business division made his inputs, experience and insights substantial for the study. As with the Kasurinen (2002) study more time for open discussion came about in the last two interviews with the CFO and this provided the researcher more in-depth understanding about the changes taking place at the case company.

As the researcher was employed as controller at the company during the time of observation, from the beginning of year 2014 to December 2015, the MA reports, ad hoc analyses, researcher's participation in reporting system projects, and general observations from within the finance department are also included as case material in the study. In this sense this study can be seen as a longitudinal case study which Kasurinen (2002) points out seems as a study approach to *"provide a potentially fruitful method for studying influencing forces in a change* *project"* (see also Yin, 2008). Moreover, Gummesson (1988, 53) notes that having worked in within the case company provides preunderstanding of the case in form of having become "familiar with the actual processes of change and decision-making in the company". The researcher has also gained a good understanding of the industry the company operates in and thus, has information that may not be obtainable outside the company.

In sum, different data sources, documentation, archival records, interviews, direct observations and participant-observation, could be utilized in this study. Altogether the use of multiple sources of evidence provide triangulation to the study and thus, increase the reliability of the evidence. (Scapens, 1990; Ghauri et al, 1995; Yin, 2008)

5.3. Limitations of the study

The limitations of this study are related the choice of single case study, the researcher participating in the development of the MA systems she also aims to study and the lack of observations in the Pop Up -Shops selling spaces.

The choice of single case study method brings out the question of the limitations of this study in regard to external validity: are the study's findings generalizable beyond the immediate case study? Overall, it can be said that single case studies provide a poor basis of generalizing. However, case study can try to generalize findings to the theory and thus, provide deeper understanding of the theories that were the basis for the study. (Yin, 2008)

The researcher participating in the development of the MA systems in the company also raises some questions about the quality of the evidence collected. For instance, Innes & Mitchell (1990) had noted that the lack of direct observation was a limitation to their study. However, Cobb et al (1995, 156) recognize that their visits and interviews while increasing the amount of direct observation had also effects on the MA systems being investigated. Also in this study it cannot be ignored that the participation to not only to the development but also discussion about the MA systems used at the company may have had an influence in how the changes in them took place and how the staff viewed the systems. As the researcher was employed in the company in the role of a controller during the study period there is also the question if the researcher was able to cultivate "lack of bias", the ability to avoid substantiating a preconceived position (Yin, 2008).

The lack of observations in the Pop Up -Shops selling space is related to the analysis of the MA change as phenomenon in Finlayson. As the developments of the company were observed only in the main office and only the Retail head were interviewed, there is very little observational evidence about how for instance, the linkage between shop specific sales and productivity ratios occurred in practice. This type of observation may have been fruitful in assessing the results from the internal benchmarking between Pop Up -Shops and Own Shops retail chains. These issues are related to the choice of single case study as it has only one single unit of analysis (Scapens, 1990). Overall, the further developments in the practices of the two retail chains and how their performance and operations are evaluated in the main office should provide an interesting ground for deeper analysis in how MA systems are used and developed in practice.

6. Case company

6.1. Finlayson Oy history to this date

Finlayson's history begins in 1820 when a Scotsman James Finlayson founded a cotton factory in Tampere, Finland. When he sold the factory 16 years later the new owners wanted to preserve the Finlayson's name as it had already gained fame in the industry. In the early 1800s the company developed further, and in 1839 the first weaving machines were introduced to the company. During the 1860s Finlayson grew and became the biggest employer in Tampere and the biggest industrial company in the Nordic countries. The products produced in the Finlayson factory were widely recognized for their high quality. The first electric lights in the Nordic countries were lit in the factory hall of Finlayson in 1882 and by the change of century Finlayson had over 3000 different types of fabrics in their collections.

The first Finlayson shops was founded in 1923 to Tampere and the shop was renovated to its original form in the 2000s. In 1932 the marketing department was founded to Finlayson and advertisements of the company's products showed up in Finnish magazines and city space. In 1934 the business was expanded to include also print and coated fabrics by buying a factory in Forssa, Finland. In 1951 an ateljé was founded in the Forssa factory where designers employed by Finlayson started to design new fabrics. As a result, many classic designs by Finlayson such as “Olga” and “Elefantti” were born during the 1950s - 1970s and Finlayson gained a strong market leader position in the Finnish and Nordic home textile markets.

During the 1980s bathroom textiles such as towels were included into the product category. Also a number of changes in the ownership of the company took place in this decade and by the late 1990s Finlayson was bought by a Norwegian textile company Saga-tex. In 2001 Finnish private equity fund manager CapMan Oyj bought Finlayson to include it to the Espe Group Oy and hence, in that year, Finlayson was combined with Familon Oy that produced mattresses, blankets and pillows. During the 1990s and 2000s Finlayson started to also face more competition as many foreign brands entered the Finnish markets and tightened the competition in the traditionally strong market area. Also the sales in the international markets diminished, and by 2010s export constituted only 5 % of Finlayson's total revenue.

In 2010s the name of the business group changed into Finlayson Group Oy. By the time the researcher joined the company in the beginning of the year 2014 Finlayson Group consisted of three business divisions: Finlayson for home textiles and the two Familon division for blankets and mattresses. The two latter business divisions had two factories in Finland while all of the Finlayson's products are produced by two separate subcontractors in Belgium and Turkey. In June 2014 a buy-out from the CapMan’s portfolio took place, and a result of the M&A the Finlayson business group was split in two. The blankets and mattresses divisions were sold in June 2014 to an Estonian business group Wendre OÜ and home textile division, the company known today as Finlayson, was bought by three individual business men.

As from July 2014 onwards the Finlayson known today comprises of a business group called Kuusvooninkinen. In this business group the company focusing on operational activities is Finlayson Oy that is owned by 100 % by Finlayson & Co Oy, the administrative company for Finlayson Oy. Finlayson & Co Oy is owned by 100 % by Kuusvooninkinen Oy, whose owners, the three individual business persons, are each owning three equal shares of the company.

6.2. Organizational structure

As a home textile company Finlayson has the following product lines: bed, bathroom, kitchen and home decoration products. During the study period 95 % of the sales came from Finnish markets and 5 % from international markets. The main office is in Helsinki where the observations and interviews of this study also took place. The current organization of Finlayson Oy, taking place from January 2015, consists of the following five divisions:

Wholesale sells Finlayson products to different size of retail businesses in Finland and to travel retail such as airlines and cruise companies. Wholesales makes 40-50 % of Finlayson's total sales.

Retail consists of Own Shops, Pop Up –Shops and Partner Shops, each selling Finlayson's home textile products directly to the end-customer. Retail makes around 40 % of Finlayson's total sales.

E-tail, business division for E-commerce, consists of three webstores. The Finnish webstore "finlayson.fi" makes 95 % of the business division's sales as well as around 10 % of the company's total sales as the two other webstore "finlayson.com" and "byfinlayson.com" were established only in the end of the year 2014 and during the time of study did not make notable sales.

Export consists of direct selling of products and the license to use the design by Finlayson in other companies' products to international markets. The share of export in Finlayson's total sales is only around 5 %, however, from 2016 onwards a significant growth is expected.

Administration has the Finlayson Oy's marketing, IT management, stocks and purchases personnel and other administrative areas. Administration in other words shows all the common costs related to making business, and during the study period these costs were not allocated to the aforementioned four business divisions.

Before the current organizational structure E-tail operated as a business area under Retail and Export as part of two business areas under Wholesale. E-tail and Export were separated into individual business divisions because the new owners expected growth or wanted to develop operations in E-tail, Pop Up -Shops and in Export. Thus, it made sense to make the three aforementioned areas more visible in the organizational structure and in that way more visible in the company profit and loss reports (see e.g. Hopwood, 1990). The mother company

Finlayson & Co Oy in which the top management and the accounting staff were employed does not have sub-divisions.

6.3. New Finlayson strategy

Right after the M&A in summer 2014 the new owners as new top managers took active roles in building a new strategy for Finlayson. All three owners took active roles in top management as Chief Executive Officer (CEO), Chief Operative Officer (COO), and Head of Design. By becoming active in the daily operational management the owners not only communicated their will to steer the company to a new direction but also wanted to show “a new way of doing things”. The new way of doing things was demonstrated also in a very visible manner: instead of taking the corner office that had belonged to the previous CEO the new owners occupied the open lobby in the office floor to be more available to the Finlayson staff. In this way they wanted the employees feel they could include the new owners in their daily work. The new owners wanted to get to know the Finlayson employees well as they had no previous experience in the home textile industry and they felt that by participating in the daily work at Finlayson they could learn the industry best.

Aside from introducing a more participative organizational culture the new owners introduced a new vision for the company: to become an expert and fore-runner in the field of home textile design. The new owners wanted to shift the organizational focus from the process of producing home textiles to the market to providing solutions and expertise in the textile design to the customers. The success of the new strategy was to be measured mainly with how the company will grow both in regards to the rate of sales growth and market share.

As the new owners took active roles in the operational management of the company they were also able to focus on recognizing and pointing out different issues in the organization. According to them the will to implement a new way of doing things to the company stemmed from the observation that many activities and processes inside the organization were deemed too static or irrelevant in regard to the organizational goal. Also many of the employees agreed that the organizational culture at Finlayson had become stagnant over the years when the company had been waiting for a buy-out from the CapMan’s portfolio.

According to the CEO, he saw many of the Finlayson's previous short comings such as weakening profit and loss of market share stemming also from the assessment that the company had not been innovating and renewing itself for a long time. As an anecdote he reminded that the latest innovation in the field of home textiles is from 1964 when the current style of duvet used in Finland was invented.

So in practice, the new way of doing things started with a new design strategy. The new owners deemed that the process of designing new products was in bad state as it was not managed properly: according to them no one made a clear vision about what should be designed, what was the Finlayson concept, how should the next collection look like or which products the collection should include and how many of each type of products should there be. Focusing on these issues was among the first process developments the new owners participated in. The success of the new design strategy was tested with the launching of the Finnish gay icon Tom of Finland collection to both Finnish and international markets for the Christmas 2014 season. The collection gained a lot of publicity both in Finland and internationally and helped Finlayson to become more visible actor in the Nordic textile markets. One half years after joining the company the CEO concluded that developing the product design was the right step and he further noted that he tends to trust in his 25 years of experience in the field of creative design:

"I claim that already in one year the overall look of our collection(s) has improved. Now it meets the needs of the customer better. I have heard this from our customers and from the journalists from the top of their field." (CEO, Finlayson & Co Oy)

The publicity gained from the launch of Tom of Finland product line gave the company a boost to start developing the marketing and PR activities as well. Especially the CEO started to direct his efforts to promoting the company leaving the rest of the top managers proportionally more in charge of the business operations.

"The job of the CEO is to build desirability in the markets: it takes a lot of representation and attending events, talking with people, and a lot of time spent with the customers. We have to choose the wars we want to win. Acting in the publicity, such as giving interviews, talking on TV and advertising in the front page of Helsingin Sanomat[1], is marketing, and we need to meet the promises we make with our brand." (CEO, Finlayson & Co Oy)

1 *Helsingin Sanomat* is the most widely spread newpaper in Finland with over 600 000 readers (KMT 2015).

As the amount of PR and marketing activities rose, and more effort was directed to developing also other business processes and business areas there started to arise some concern among the staff whether all of the activities would be profitable or “wise”. This matter was discussed between the owners and the business managers responsible in the marketing campaigns and product launches, and this type of business need later acted both as a motivator and catalyst to introduce new types of ad hoc analysis as part of the company’s MA systems (Innes & Mitchell, 1990; Vaivio, 1999). However, for the owners, worrying about the costs of new operations or cutting costs per se was never the main issue. For instance, in the first six months as new top managers the new owners closed down two unprofitable shops in Retail but at the same time they increased the amount of resources used in marketing and marketing research. The COO concluded the way they wanted to measure the performance and development in the company in the following manner:

“We make PR or other activities, and pretty soon after that we can see the results in the sales. It may not be scientific, you may not even know the slope; the main thing is you know the direction, will it (sales or market share) go up or down.” (COO, Finlayson & Co Oy)

The new attitude in marketing and PR activities affected also the selling strategies. With the guidance of the CEO the Key Account Managers (KAM) in Wholesale business division adopted a more solution and expertise orientated type of selling within the year the new owners took their roles in the operational management of the company.

”We no longer sell patterns, fabrics, colorings, terms of delivery, terms of invoicing – we sell solutions, and we sell future and growth to our customers. Our customers have noticed how our style of selling has changed. I am proud with what an ease our style of selling has changed to so much better. We have done deeds that can be seen as marketing, that can be seen as a brand and part of the way we, the new owners, see things.” (CEO, Finlayson & Co Oy)

The new owners brought in also a new way of doing things which was widely noted and accepted inside the organization. The new way of doing things was also seen in the way customers took in the new Finlayson:

”In the beginning we have succeeded well. When we came in we were about to lose 1 or 2 big customers and we started to turn the ship around. Currently we are viewed by our customers a

leader in our category (home textiles). We have increased sales floor[2] *cover and sales without exception in almost all our customers' sales." (COO, Finlayson & Co Oy)*

All while the new Finlayson started to change its course towards its new strategy and new way of doing things the need for staff had become smaller as the new Finlayson had only home textiles in its product lines and operations only in product design, sales and administration. Also as the new owners had taken in active roles in operational management of the company there was no need for the two business division directors at Wholesale and Retail anymore and a few other members of staff were laid off as well in July-August 2014. The lay-offs of the two business division directors and the IT manager had most effect in the remaining staff as much of the work belonging to these laid off managers was reorganized to the remaining parts of the organization.

As result, many staff members saw that they needed to take over responsibilities that they did not have before the M&A, the lay-offs and the reorganization of work. For instance, the managerial work including the financial focus was reorganized to the remaining managers and the more junior level staff in the organization. This way many junior level managers gained more independence and responsibility about business control and development compared to the times before the M&A. Due to these changes some employees also left voluntarily the organization in the following few months, including the original CFO who had been employed at the company for ten years.

Most of the staff saw the changes as an opportunity for professional growth, and the need for learning a new role was supported and encouraged by top management. The new owners emphasized the fact that failures would be partly unavoidable: the key was to learn from them and avoid repeating them. Aside from emphasizing learning and encouraging to try new things, the new owners accentuated the role of uncertainty and risk in business: to them, all business decisions are made in midst of some level uncertainty.

Aside from professional growth the staff members at Finlayson started to face a more open and communicative organizational culture. The changes in the work roles and the top management participating in the daily work encouraged the staff to discuss their work with co-workers and

[2] *Sales floor* is the location of a retail store where goods are displayed and sales transactions take place.

learn from each other. By summer and autumn 2015 the new owners saw that they had succeeded in bringing a new way of doing things to the company and it had made the company transform in to a better direction in their view due the success stories made with better processes in product design and new sales strategy. For instance, CEO noted the following about the changes in the organizational culture at Finlayson:

"Let's think about things through the lenses of the old Finlayson. That is when we had the culture of fear, people were afraid to communicate with each other, they were worried about getting caught from something. In a way the personal relations among the members of staff were not very good, there was no common mission, people felt they were only doing their job. Now I feel we are making a change together, that we can communicate freely with each other." (CEO, Finlayson & Co Oy)

6.4. Overview of the management accounting systems at Finlayson

"Still around year ago so many details were analyzed and followed. I don't want to develop that part. I would rather focus on the growth of the company, and in order for the growth to be sustainable we need financial discipline and financial knowledge about where we are going. Also after we have made something new we need financial information about how it did and for the future we need tools to understand the outlines of something new and unforeseen." (CEO, Finlayson & Co Oy)

The MA systems at Finlayson are reviewed in line with Cobb et al (1995) definition according to which MA systems comprise of the system in practice which includes the staff of the finance department as well as the technology, resources and procedures employed by them. In this chapter the finance department with their duties and tasks as well the development in the performance measures and MA tools are presented. The issues regarding the information systems supporting and acting as part of the MA systems are narrated after that in the chapter 6.5.

The accounting staff, all employed by the mother company Finlayson & Co Oy, faced relatively little organizational changes during the study period. A new CFO was hired in February 2015, and he later took over also the development of Retail and supply network during the spring and summer 2015. This was due to the need for business development in those areas, and the fact that other top managers were too busy to focus on those areas. The new CFO also had previous professional experience from enterprise and market analysis which was seen as useful skills for business development. In this sense, it can be seen that the CFO developed into a type of hybrid-accountant, combining MA knowledge with business expertise (Burns & Vaivio, 2001; Burns & Baldvinsdottir, 2007). CFO noted in one interview that in 2015 each of these work areas, CFO duties, Retail development and supply network development, took one third of his working time. Other members of finance department were controller, head of bookkeeping and an accounting assistant. The CFO and controller both acted as management accountants in the company.

At Finlayson both the CFO and controller are responsible for producing and interpreting MA information. In time before the new CFO joined the company in February 2015 MA at Finlayson was involved mainly with sales and financial results reporting, budgeting and providing financial input for product and customer analyses that were conducted by managers in the Retail and Wholesale business divisions. As the changes in the personnel took place in late summer 2014 the KAMs in Wholesale and the lower level managers in Retail became more involved with preparing all the necessary analyses themselves. For instance, for the monthly sales meetings the KAMs started to prepare the material about their sales areas by themselves.

The analysis of financial figures was crucial also for the purpose of category management: in practice, the business managers, such as the shop managers, needed detailed information about sales, such as sales per product and product group or a top ten list of most products sold and least products sold per sales area, for making purchases and planning promotions. The input for these analysis was provided by the sales reporting systems used by the company and the management accountants at finance department.

Finlayson uses also a number of non-financial measures as well, especially in the Retail business division. On the company level the main non-financial measure followed on a regular basis was the number of staff by function. Retail however, utilized a much larger number of non-financial measures: *square meters per shops*, *sales per square meter*, *customers per month*, *customers cumulative*, *sales per customer* (period and cumulative), *visitors per month*, *visitors cumulative* and *customers per visitors*, also known as *customer conversion*, (period and cumulative). Upon joining the company the new owners started to focus mainly on the number of customers as they thought that was the main indicator for the development in sales. For instance, in the sales meetings with the shops managers of the Own Shops the number of customers and visitors were the only non-financial measures they wanted to see. Despite the top management's disinterest to follow all the aforementioned measures they were continued to be included in the monthly Retail reports.

During the study period the new CFO took the charge of developing the MA systems. He wanted to increase the forward-looking practices so that finance department could communicate better to the top management where the company was going and to other stakeholders, such as bank that was partly financing the Finlayson operations, about the financial performance of the company. He also wanted to change the design and interpretation of different MA tools more analytical so that the finance department could give better answers about why something had happened.

Also the company the new owners encouraged the development of MA systems at Finlayson: as the new owners wanted to shift the organizational focus from managing the existing processes to become more innovative and growth-orientated they wanted to also shift the focus of the MA practices to seek trends instead of analyzing the details in the processes. The main focus was put on measuring the stability of growth and viability of business areas. The detailed-orientated focus of the previous management was criticized by the new owners, for instance the CEO noted about the previous director of Retail business division:

"The amount of time the previous manager of the Retail business division used with the excels instead of working in the field to make the business grow and to think what the shops look like and what needs to happen there and what you need to say to customers there. I say that we are focusing on growth now better than when analyzing those excels." (CEO, Finlayson & Co Oy)

As the new Finlayson strategy was heavily inclined to growth the performance measures related to both the sales and the market share were in new focus. For sales the main need from the MA systems was the up-to-date understanding of the development in the sales. The main information that the new owners of the company wanted to know whether the direction was good:

"It is important to know how the sales is doing on a daily basis as the current top management

has a very operational role. ... It is crucial to be able to build an overall picture of a certain business area or customer to know whether they will be profitable or not that year." (COO, Finlayson & Co Oy)

The overall sales of the company was seen as the main measurement but aside from that up-to-date information about sales per business division, business area, customer group, and customer was needed too for basis analysis in case the finance department needed to provide answers for questions that could arise in regard to the daily sales report or company monthly results. The volatility of business was seen as normal, and in interpreting the sales and profitability figures the focus was more on understanding the whole picture and the changes that take place over time.

"We choose the measures we take based on what will increase our visibility, profitability and sales growth. ... The projected sales for 2016 is 34 MEUR while the sales for 2014 and 2015 was in around 20 MEUR. The aim is to gain enough stability and growth so that the years 2017 and 2018 can be planned." (COO, Finlayson & Co Oy)

In an interview, the CFO noted that result and relative profitability were the main motivators for developing MA systems at Finlayson. He viewed the relative profitability as means to gain understanding of how the company made its profit:

"The whole company, what are the components, how they affect the gross margin[3] and EBIT[4]. They can be benchmarked against each other, why is it that this is making this much profit and does it tell the whole truth and should we invest more to it or should we copy something from there that they are doing well to another area... so we can increase our profitability." (CFO, Finlayson & Co Oy)

The stability of growth was measured with such profitability figures as EBIT and bottom line result. The change in the EBIT in the short and long run was seen as the best measure in telling whether the business was going in the right direction. Furthermore, in one ad hoc practice benchmarking Finlayson's EBIT to that of the competitors' was seen as way of measuring

3 Gross margin = Revenue – Cost of goods sold (COGS)
4 EBIT = Earnings Before Interest and Taxes = Revenue – Operating expenses + Non-operating income

whether the company's business was in a healthy state compared to the line of business or industry (see e.g. Cobb et al, 1995).

As a new type of focus in regard to the stability of growth took place in the company more focus was put on assessing the working capital. The new CFO noted that in the process of growth it was critical to keep a good track in the development of working capital as failing in this matter might bring problems with financing to the company. He concluded that there were many areas in the company where there was room for development:

"We have followed the stock turnovers before but the keeping track with the total stock turnover has been missing[5]*. What sells, what doesn't sell, what do we need to do – this has been pretty weak. Why? There's no system and no process, it hasn't been that high in the priorities. " (CFO, Finlayson & Co Oy)*

The first step that the finance department needed to take to meet those goals was to update the out-of-date reporting systems that required the finance department to do extra manual work to keep to reporting up to date. Also the practice of rolling reporting was introduced in the spring 2015 to make the process of sales and profit forecasting more efficient and up-to-date making the direction of the company more visible to the top management. As the top management emphasized the meaning of learning this focus was introduced to the finance department as well (see e.g. Henri, 2006). Hence, the practice of *internal benchmarking* was introduced in autumn and Christmas season 2015 as part of the ad hoc analyses. The practices of rolling reporting and ad hoc analyses are narrated in the following to chapters 6.4.1. and 6.4.2 respectively.

6.4.1. Rolling reporting

Aside from exact figures per day the new top management was interested in knowing to which direction the company was heading. To meet this need, the new CFO implemented rolling reporting in spring 2015 where the sales forecasts for the rest of the year were updated after the actual figures of each month were published. Before the current type of rolling reporting sales

[5] The stock turnovers of individual shops and the central stockrooms could be tracked separately but there was no system that could combine the separate systems as of beginning 2016.

forecasts were conducted for every quarter. Hence, the frequency of forecasting increased as the forecasts were updated every month. From the theoretical point of view, the form of the rolling reporting at Finlayson seems to be a combination of “traditional” budgeting model and of rolling forecasting (Horngren et al 2005; Clarke, 2007) as the forecasts were made on a monthly basis but the horizon of the rolling reporting model extended in a fixed manner only to the December of the reporting period.

The new CFO also saw that the role of finance department should be more proactive in analyzing the activities and being on track what is happening in the company. The CFO emphasized the importance of being able to analyze the possible questions, such as variances from budget, where need be. For this purpose, the business hierarchies, such as adding the number of profit centers in the Pop Up –Shops business area, were updated to meet the business needs:

”What is important? Monitoring the profitability, and next we implement it on the customer group level. We want to widen our understanding of how we make the profit, from which business areas, of which components, and how do these contribute to the company result.” (CFO, Finlayson & Co Oy)

A new structure of measuring different business units was introduced also to the rolling reporting. The CFO regarded the monitoring of profitability, especially by customer and business areas important as they would aid understanding of how the company makes the profit: how each business division contributes to the company result and out of which components. To each business area, such as individual KAM under Wholesale or Pop Up –Shops under Retail, only the direct costs were reported. The administration costs were not allocated to the business areas for two reasons: firstly, it was seen as a mere number crunching and secondly, the allocation of administration costs to the business areas would not help in decision-making regarding those business areas as the administration costs would be the same regardless of the sales the business areas would make.

The adoption of the rolling reporting also changed the way actual figures were analyzed: The COO had noted that before the M&A the budgeted figures had served little purpose in steering the business and they were used mostly as a way to allocate resources for different business areas. During this time the actual figures were compared against the previous year figures to see which direction the company was taking. The new owners wanted a better tool to analyze the direction they were taking and thus, the latest estimate figures in sales and gross margins provided in the rolling report became the new benchmarks for the actual figures. At the same time the actual figures were benchmarked also against both the budgeted and previous year figures. The CFO noted in one interview that it would take trial and error type of approach to find the suitable way to analyze the company profit:

"We follow the company result and if it is different from the forecast we find out why. At the same time we see how different components are performing in relation to the forecast." (CFO, Finlayson & Co Oy)

6.4.2. Ad hoc analyses

"Talking about the project organization we have now... We are going to have a lot of new projects, product launches, etc. and finance should have a stronger role in these. Until now we haven't had that and to be honest, some of our new project launches have failed. It is part of the process development that in the future we build a business case from all these new projects. That is how see our need of ad hoc -reporting." (CFO, Finlayson & Co Oy)

The planning of future project in the form of ad hoc analyses stemmed from the will to ensure that all new projects and product launches would have a sufficient amount of resources and that they could be profitable to the company in the end. The role of innovation and entrepreneurship was getting bigger in the company, and the top management wanted to ensure the sustainability of new operations (see Henri, 2006; Davila et al, 2009). Two types of ad hoc analyses taken in use at Finlayson are presented in this chapter: business case and internal benchmarking.

In summer 2015 the top management with the lead of the new CFO introduced the concept of "*business case*" in which the person in charge of a project or product launch would check the necessary issues in beforehand. The role of finance department was to provide financial information regarding the projects and product launches. To create a successful business case CFO concluded that information needed to be gathered from different systems and from different people inside and outside of Finlayson so that the quality and quantity of the information would meet the needs of necessary analysis. Also the CEO noted that making a good business case takes more than one person so that the new and unforeseen could be understood and managed. The design of the new Pop Up –Shops business model acted as revised model of this type of business case:

"When we look for information for decision-making we need to seek that information from inside the organization, from our business partners and from our customers. For development of sales, we need to understand the market we want to enter, and for that it helps to have a sales organization who can understand their customer. If we cannot understand the customer, we conduct a market research so that we can get outlines of what are the volumes in the said market. To understand the costs we need to know what we it takes from us to get there and what costs generate from external partners because we might need them too. This is not exact science, it's about making a stance and making the best estimate. The information is out there but you have to get it, analyze it and put it in a clear form." (CEO, Finlayson & Co Oy)

Business case was also seen as part of project management and development of business processes overall. The challenge would be in assuring the adequate quality of data and the ability to comprehend what are the goals in the business case. CFO noted that it takes a strong "business mind" to create a good business case. Aside from the professional requirements to create a business case also the amount of work making one was noted:

"Ad hocs are difficult and slow... It is difficult to get information spontaneously, if for planning our next collection I need to know which products sold poorly and which sold well. I feel like a huge process starts just to get that type of information. I wish the systems were more agile so I could look at those things at home if I want to." (CEO, Finlayson & Co Oy)

As another form of ad hoc analysis the CFO introduced the idea of internal benchmarking of similar type of business units in the summer/autumn 2015. According to him, the idea of internal benchmarking is to compare relevant measures of the two or more activities against each other for learning purposes. The aim is to analyze how the results and operations of the activities differ from each other, and how the different ways of doing things in the operations are linked to the result and how they differ from each other. The CFO furthermore noted that the practice of internal benchmarking is a continuous process by which the processes can be made better on a continuous manner. Also in order for the practice of internal benchmarking to be useful the data needs to be correct, timely and consistent.

Internal benchmarking was taken in practice for the first time for Christmas season 2015 when Pop Up -Shops were benchmarked with Own Shops. Inside the company, this was seen as the first ”real try” in trying to understand how two separate activities within the company compare and what they can learn from each other.

6.5. Information systems supporting management accounting

The development of information systems supporting MA is tightly linked to the quality of MA information that could be produced. Historically the role of a management accounting has changed a lot at Finlayson: still to the early 2000s the accounting practices at Finlayson could be described as a “bean counting” as most of finance department's work was related to more or less standard financial reporting with little focus to business support. This was due to mainly technical issues: the IT systems at that time did not support financial reporting very well, and this changed only when the new ERP system Z was implemented in 2008 with more automation to financial reporting. The automatization of standard financial reporting allowed the management accounting practices at Finlayson to take a more business-orientated role. This type of role fit the needs of Finlayson very well as the company started to face more competition in the home textile markets during the 2000s when international competitors started to enter the Finnish markets and thus, the need for detailed information about product and customer cost increased. (Cobb et al, 1995; Järvenpää, 2001; Burns & Baldvinsdottir, 2007)

Management accountants at the company gained more responsibility in supporting and developing the IT systems aside from providing and developing measurements and reports in financial and other type of information to the business and top managers. The management accountants are further expected to take a business partner type of active role in business planning, a change which was facilitated by IT projects that took place in 2015 and 2016: the projects are expected to help automatize standard reporting and partly outsource the development of financial reporting systems releasing more resources for more analytical and business orientated work (see e.g. Järvenpää, 2001; Burns & Baldvinsdottir, 2007). However, there has been substantial difficulties with the implementation processes of the new It systems, and for instance, due to lack of system integrations much of the reporting in Retail business division is needed to be prepared manually.

During the study period a number of information and reporting system projects were started to help automatize further the standard financial reporting. Many of the processes in the finance department had become out-of-date as very little development had been made to the information systems supporting the finance department. One major change was when in autumn 2014 a new electronic system for purchase to pay and e-invoicing was introduced. This made tracking down costs and checking whether all invoices belonging to a reporting period were paid easier. Before the electronic system these type of things needed to be checked manually so the new system saved working time at finance department.

6.5.1. Sales reporting systems

Also systems supporting sales and financial reporting were updated. In summer 2014 new cash registers to Own Shops and online shop system to E-tail were introduced. The new cash registers however had integration problems with the existing reporting system X so a lot of manual work by controller and IT specialist of the company were needed to make the sales reporting work properly. X was seen also as too heavy system for the current organization as it had been optimized for multiple product lines in the time when it was implemented. Partly as an attempt to overcome the aforementioned problems a new sales reporting system, Y, was introduced during summer and autumn 2015 to replace X. Y was more affordable system and optimized for retail organizations and so it was introduced as the new main sales reporting system for Finlayson in early autumn 2015. Integration problems however, continued to exist in some form throughout the study period and beyond.

The reports from both reporting system X and Y provided information on sales, the number of products sold and gross margin information by products, product groupings and other type of information. Both reporting systems would automatically send a sales report to the e-mail of the relevant members of staff on a daily, weekly and monthly basis. The adaption of Y improved the availability of this type of MA information among the staff by being able to have an unlimited number of users. Hence, all head office and shop managers were trained and encouraged to use the system.

Staff considered the new reporting system Y more visual although only few employees started utilize the analyzing features of the system during the study period. This was largely because the full adaption of the new system was hindered with the continuing technical problem with systems integration, and the fact that some of the sales made by Pop Up –Shops or special projects in Wholesale could not be transferred to the system leaving them out of the sales figures shown by the system.

With the new Pop Up -Shops for summer and Christmas seasons in 2015 new types of cash registers were also introduced to sales reporting. Many of these cash registers were to be used by Finlayson only for a short period of time, so finance department had to make decision which cash register reports they wanted to automatize and which they would enter to the relevant systems manually. The question of new types of cash registers is to be included in the launching of new ERP system in 2016. Especially the Christmas season 2015 was seen as a time when the finance department spent time checking which systems and integration platforms needed further development to make the Pop Up -Shops sales reporting more automatized.

6.6. Retail operations

The traditional wisdom at Finlayson notes that the business logic for successful Retail operations was that the location, appearance and the size of the store should be attractive to the local population, and the right products should be available to the customers at the right time (see “category management”) (also Kautto & Lindblom, 2004; Kautto et al, 2008). The main fixed costs for the shops come from *rents* and *personnel expenses*: according to the CFO the location and size of the shop affect the rental rate and the amount of employees and the shop opening hours affect the personnel expenses. All shop employees at Finlayson have the same Finnish collective labor agreement for retail[6] according to which differences in salary per hour or per month will depend on only work experience and/or education of the employee. Hence, the salaries in the shops would be at similar rates in all locations.

At Finlayson the Retail business division is divided to the following business areas:

Own Shops consists of Finlayson shops in Finland where all products by Finlayson are sold.

6 Finnish collective labor agreement for retail is an English translation from the Finnish title “Kaupan työehtosopimus”

Each shop has their own shop manager, full-time and part-time employees and a profit center in the Finlayson accounting systems.

Pop Up –Shops are fixed-term sales of Finlayson products either as part of another shop, an event or in a rented place where they act as if they were a Finlayson's own shop. Pop up -shops can have a manager responsible for the sales, and the manager can be a shop manager at a Finlayson own shop or someone who is hired for a fixed term period. The employees at pop up -shops can be either Finlayson's own employees or employees hired to Finlayson for the fixed-term period of the pop up -sales. During 2015 the pop up –sales were divided into two groups: pop up –sales organized by Own Shops and Pop Up –Shops retail chain separate from Own Shops.

Partner Shops are long-term partners for Finlayson's products; they have an agreement on selling Finlayson's products under their own shop brand. The shops' managers and sales employees are not on Finlayson's pay roll, and the commission fee is the only regular cost coming from the Partner Shops.

With Own Shops and Pop Up -shops Finlayson could control best how an individual shop was run: the locations and the rent rates are negotiable and the product mix and the amount of personnel can both be controlled by Finlayson staff. With Partner Shops Finlayson pays a commission for sales and running the everyday operations of the shops was in practice out of Finlayson's control.

Each shop manager at Own Shops would track the costs in their shops with the reporting provided by the finance department: what was the cost structure, personnel costs and marketing. The head of retail chain management would track the overall development of the Own Shops as well as the rest of the business areas in Retail. She however noted that she did not have the time to go any deeper with business analysis, and in the interview she concluded that she would investigate only when she saw something alarming. Due to the personnel changes in the company she had been given many of the responsibilities that used to belong to her superior. The shop managers however, were active in reviewing the cost structure in their shops and contacted the finance department on a regular basis with possible questions they would have about the sales figures or monthly result reports.

In regard to controlling the working capital at Retail the stock turnover was tracked well in the Own Shops and Partner Shops but occasionally the stock figures from Pop Up –Shops would need to be estimated as there was no automatized stock reporting from the occasional pop up -sales locations. Due to the aforementioned organizational changes and the reorganization of workload in the company the head of retail chain management noted that she did not have the time to do all the product and shop analyses she used to do. For instance, she pointed out that the stock turnover had become slower in the shops as she did not have enough time to analyze which products sold best in which locations:

"We want to get rid of the products that don't sell well especially from the small shops. Now that we have everything everywhere the stock turnover is slower. We could plan our purchases better and I guess for new product design we should know what we need, what we don't need, we could see what sold 1000 pieces but was it when it was -60 % or at normal price." (Head of retail chain management, Finlayson Oy)

Aside from the shop managers, sales employees and Partner Shops contact persons a number of other retail professionals were working for the Retail business division: each of the business areas, Own Shops, Pop Up -shops and Partner Shops, are supported in the main office by Head of retail chain management, Retail marketing manager, the new CFO and controller. The managers of the Retail business division, CFO, Head of retail chain management and Retail marketing manager are later referred as *Retail head*.

6.6.1. Towards the new Retail strategy

"In Retail the big changes we made have been closing down the unprofitable (Own) Shops and adding the number of Pop Up -Shops. It was actually the simplest observation to see from the monthly P&L figures that we make the sales in two seasons, in summer and at around Christmas. If we build a network of Own Shops we have the same fixed costs every month. You don't have to be a rocket scientist to realize that when we have the seasons for strong sales, that is the time when we need to create an extensive coverage of Pop Up -Shops. That is the strategy in all its simplicity." CEO, Finlayson & Co Oy

In the home textile industry the best months for business are July and December: July is the summer holiday month in Finland when a lot of people will renew their home decoration and December is the season for Christmas shopping. Since the M&A and the new owners taking on as new top managers took place in June 2014 the new owners saw the month of July 2014, summer season, as a great time to oversee the Retail operations and see which areas of Retail business division were healthy and which areas needed business development.

Among the first things the new owner wanted to develop in Retail was more coherent strategy about the shop locations, their appearance and the total amount of Own Shops vs. Pop Up -Shops. The overall aim was to unify the concept of "Finlayson shop" and optimize the number and type of shops in the Retail chain. The new owners visited each Own Shop and familiarized themselves with the sales figures and cost structures each shop. As a result, two unprofitable Own Shops were closed by the beginning of year 2015. The CEO noted, that since those two shops were making profit only during the two seasons, it made no sense in keeping a shop there full year and instead the utilization of pop up –sales as a replacing business model was better idea. The development of the new Pop Up –Shops business model is illustrated in the chapter 6.6.2.

The first experience of success in the development of Retail chain was achieved already in the spring/summer 2015 when in May 2015 Own Shop in the Espoo shopping center Sello was moved to a new location in the shopping center where more people would pass by and the shop layout was redesigned. The Sello shop was able to increase both the sales and the profitability at very quick rate and as a result, the May-December 2015 turnover rose by 130 % compared to same time period in the previous year.

The top management wanted to also extend the shops network in Finland to locations where it would be possible to make a good profit. So during spring-summer 2015 a consult was hired to get more information about the desirable shop locations for Finlayson. According to the CFO, the consultant was mainly able to provide more information about the micro locations within shopping centers, i.e. the locations with the most stream of people. CFO concluded that the consultant's report helped directing the resources to the right direction:

"Now we have a clear strategy about how to look for shop locations. There is a clear vision about where we want to be and how many shops we have." (CFO, Finlayson & Co Oy)

The CFO also developed a new MA tool to assess whether a certain location with the offered rent rate was attractive for business. The tool is based on the fixed costs of a shop and hence, it could be used only for negotiations for new Own Shops. The tool will show what sale is needed in order for the shop to meet target result, and together with Head of retail chain management CFO will assess whether the figures are reasonable and attainable.

6.6.2. New Pop Up -Shops business model

In the summer and Christmas seasons 2014 the pop up –sales were organized by the Head of retail chain management and individual shop managers. Before the more centralized manner of organizing pop up –sales their role was seen as shop managers organizing events and sales promotions, meaning that most sales cumulating from the Pop Up –sales was seen as part of the Own Shops business area and only a few of the pop up –sales were reported under the Pop Up –Shops business area.

The process of developing and launching the new Pop Up -Shop business model began after the summer season 2014 when the new owners noted that Own Shops made considerably better profit during the two best season: summer and Christmas. The new owners saw that pop up –sales had a great business opportunity, and during the summer 2015 season the business opportunities of pop up –sales were analyzed. As the top management wanted to increase the amount of sales locations during the times of good sales they started to look for ways to increase the amount of shops without unnecessary costs.

"This is break-even business, you have the certain amount of fixed costs, and when you generate enough sales in the topline, you make money. We play off the risks of the bad months and we don't have to be that critical about the shop locations because during the seasons it sells ok everywhere." (CFO, Finlayson & Co Oy)

Also:

I expect that the pop ups this Christmas bring a nice add to the sales that month. It think it (the new Pop Up -Shops strategy) is a smart move. We make the sales when the pop ups are out there and the costs are running when we make good sales and not when we make bad sales."

(CEO, Finlayson & Co Oy)

Hence, a new way of organizing pop up -sales was designed. In this model all the Pop Up -Shops in the Pop Up -Shops business area were managed in a centralized way. As there was not enough personnel resources to build and run the Pop Up -Shops inside the company two external retail professionals were hired as Project Manager and Project Coordinator in autumn 2015 for a fixed time period to plan and execute the Christmas 2015 pop up –sales. The Project Manager took the charge of all the daily routines typically belonging to the shop manager, planning the rote lists, making orders for product and conducting all the administrative work, with the Project Coordinator. At the same time also the shop managers at Own Shops business area continued organizing their own pop up -sales.

The planning of how the sales and costs would be reported in each Pop Up-Shop started as well as the CFO wanted to gather information about the performance in each store to see how they were contributing to the company result and what could be learned from the new business model. These issues are narrated more in-depth in the chapter 6.7. and chapter 6.8.

The top management of Finlayson wanted the Pop Up –Shop network to be as extensive as possible as they were expecting great sales figures from the Christmas 2015 season. During the autumn 2015 the CFO was negotiating with the Project Manager for over 20 shop locations, and in the end the agreements were made for 15 locations throughout Finland. CFO noted that the main criteria for shop locations were the quality of the shop location and its availability during the Christmas season. Most shops locations were in shopping centers and CFO assessed each location by himself before signing a rental contract.

"The rents for Pop Up –Shops were relatively cheap and during the business negotiations we could intuitively tell what was the reasonable rate of rent price in that area. Also we could take more risk on the case of pop ups as the shops would be open there for a shorter period of time. We also could utilize the weak economic situation in a way that there were more commercial properties available. To the estate renters the opportunity cost was always more than zero because even if they couldn't get any money from us they would benefit from the increased stream of people." (CFO, Finlayson & Co Oy)

The company started to hire sales personnel to the Pop Up –Shops in the autumn 2015. Largely due to the positive publicity Finlayson had achieved in the past year the Head of retail chain management in charge of the hiring process saw nearly one hundred applications for the different fixed time period jobs in the Pop Up –Shops. CFO noted that Finlayson had managed to get relatively well experienced personnel to the shops, and that the salary rates had been around the same in the Pop Up –Shops and Own Shops during the Christmas 2015 season. Each Pop Up –Shop had a sales person responsible for the shop but no shop manager as the Project Manager of Pop Up –Shops took care of most managerial work involving in the shop operations. Many of the Pop Up –Shops opened already during October and November 2015 to meet the needs of Christmas shoppers and they were closed by the end of January 2016. After that, in the beginning of 2016 the operations of the Pop Up-Shops were benchmarked against Own Shops to review the operations in each Pop Up –Shops and as part of the new business model. The timeline of the development and adoption of the Pop Up –Shops business model is presented below in the Figure 3.

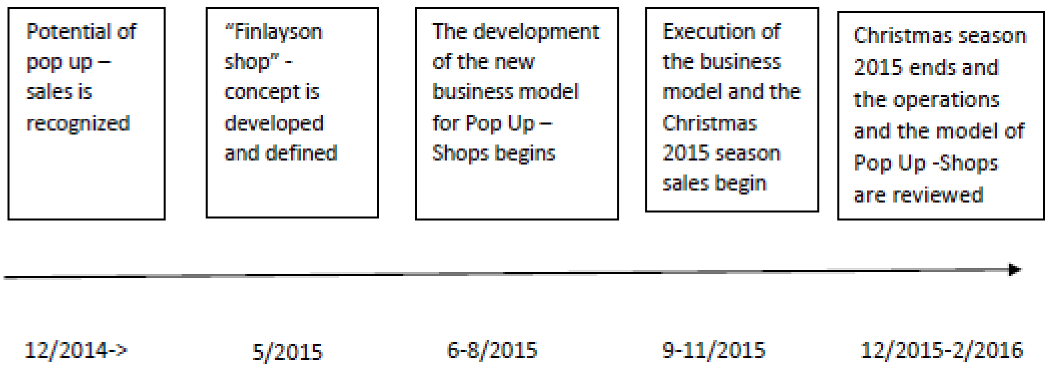

Figure 3 Timeline of development and adaption of the new Pop Up -Shops business model from July 2014 to February 2016

Overall, the financial results from the Pop Up –Shops Christmas 2015 season were considered great: the sales from the Pop Up-Shops retail chain from October to December 2015 contributed 6 % to the total revenue of the company and their profitability was considered competitive to that of the Own Shops'. Altogether Finlayson managed to raise its revenue in 2015 by 23 % from previous year[7] while the average for textile industry was -14 % (Kaupan Vuosi 2015).

[7] The total revenue for Finlayson Oy was 22.3 MEUR and profit before extraordinary items was 0.3 MEUR in 2015

The CFO and the rest of the Retail head noticed also some shortcomings in the Pop Up –Shops' business model. Due to the fast pace of launching the Pop Up -Shops the extra products for the pop up sales were ordered too late. The product orders were done without analyzing the previous Christmas sales or the pop up -sales in the summer 2015 season. It was widely perceived in the company that there was not enough of certain products that had high demand for sale, and this was seen as the result of not analyzing the previous sales and making product order accordingly. According to the CFO, this was an example how a better result could be achieved with better planning.

"Location and the right set of products in the shops made the result (for the Pop Up -Shops). Analyzing the desirable location is now in order but we need to further develop the product analysis. The Project Manager and Project Coordinator do not have the expertise, and the head of retail chain management and Retail marketing manager (who have the expertise) did not have the time." (CFO, Finlayson & Co Oy)

The setting up of the Pop Up –Shops was organized by the cooperation of Retail head, the two external retail professional and the finance department. Many issues were noted with the information flow in regard to the new business model: the CFO concluded that it was due to the facts that the Pop Up –Shops was a separate retail chain and that it had a separate management team. For instance, many issues regarding the communications were improved: which information needs to be delivered to the finance department and at which frequency to make the Pop Up –Shops processes as smooth as possible.

Hence, the Retail heads noted that there was room for development in the business model of the Pop Up -Shops. As the chain of Pop Up –Shops was managed by temporary duo the main issue was with figuring out how to create a more stable business model. The more stable business model was seen as a way to develop the sharing of work load so that the company could prepare for the next season earlier:

"The Christmas season pop up –sales was too disconnected from the Own Shops network. When we took off with a tight schedule the pop ups formed as their own entity. One area for further development for summer 2016 is to hone the Pop Up –Shops entity and Own Shops' cooperation so that we could manage them as one chain and not as two separate chains. In the eyes of our customers we are one and the same (retail) chain so then the customer experience should be

similar in the both types of shops." (CFO, Finlayson & Co Oy)

In the spring 2016 interview the CFO noted that many Pop Up –Shops locations were transformed into Own Shops during 2016. He considered it as one of the benefits in the Pop Up –Shops' business model: their roles as test new shop locations and not just make profit.

6.7. Development of Pop Up –Shops reporting

"Overall, I wish we could track down the costs of the pop up -sales better so that we would know how profitable they are. I would like to plan and monitor new things better: what should be the rate of sales that a shop is profitable? Then (while looking for new places for Pop Up and Own -Shops) we would know if we want to start the new shop or not." (Head of retail chain management, Finlayson Oy)

Retail reporting at Finlayson consists of monthly reports compiled by finance department and reports provided by the two reporting systems used in Finlayson, X until summer 2015 and Y after that. The monthly reports include sales reports by business areas, profit and loss (P&L) calculations by business areas (Monthly Retail Report) and by business areas with their own individual shops (Own Shops, Pop Up –Shops and Partner Shops), and a "profit center cost report" from the company ERP system showing individual costs of the profit center by an account and groupings of costs.

Before 2015 pop up sales were not reported (or benchmarked) on a regular and systematic basis. Each pop up sale in Summer season 2014 and earlier were part of an individual Own Shop's sale or organized by Retail heads, and they were reported either under the Own Shop responsible for organizing the pop up –sales or under Pop Up -sales common profit center. Sometimes the costs related to the Pop Up –Shops such as marketing costs were reported also under the Retail business division's common cost center because Retail head would check their invoices only weeks or months after receiving them and could not remember afterwards if the cost had incurred from Pop Up –Shops or from something else.

There was also no special need to have a clear breakdown between costs from Pop Up –Shops and from other Retail supporting activities. Hence, before the launch of the new Pop Up -Shops business model there was no consistent way of reporting the pop up-sales and the reporting of costs related to pop up –sales was insufficient for assessing their profitability. The inconsistence of the sales and costs reporting of pop up -sales resulted from a number of reasons: they were regarded as occasional events, the sales reports from the cash registers used in the pop up -sales might give only sales figures and no gross margins and both the manager of Retail business division and the top management of that time were not interested in a more in-depth monitoring of the pop up -sales.

Because of the inconsistencies in reporting style it was difficult to get to know the total amount of the sales contributed by the pop up –sales and in order to do that a separate ad hoc -analysis had to be conducted. Also, the comparison of different pop up –sales or season was practically impossible because of this varying style of reporting.

Typically, only the Head of retail chain management and the shop manager who were in charge of organizing the pop up -sales were interested in the daily or weekly sales of the pop up -sales. To know the total amount of pop up -sales in one period the individual sales reports needed to be checked manually. The finance department took care of adding the sales to the right profit center number for the bookkeeping and monthly reporting. Hence, the readers of Retail monthly report would see the pop up -sales only as part of the Own Shops' or Pop Up -Shops- sale depending on how they were reported that month.

The costs of Pop Up –sales were also reported in unsystematically: typically the costs regarding the organizing pop up -sales were reported either in the profit center of the Own Shop in charge of the pop up -sales, Pop Up -Shops common or Retail common. Hence, the costs could not be tracked down afterwards, there was no way of knowing the exact amount of costs of organizing pop up –sales in one season or per individual shop.

The turning point for the will to report also the costs per shop properly stemmed from the summer 2015 season when the pop up -sales made very good sales: for instance, 5 Pop Up -Shops organized by Retail head in July 2015 made 12 % of Finlayson’s total revenue that month. As two cash registers used in the summer’s pop up -sales were integrated to the sales reporting system the new owners noticed the great sales in the daily sales reports sent to their e-mail and wanted to know how much the rest of the shop locations were making with the pop up -sales. They also started ask for other type of figures related to the pop up –sales:

“How did the sales go, what was our margin... I started to write down the daily sales so that I could stay in track. With summer's 8 pop up's[8] *we made big sales.” (Head of retail chain management, Finlayson Oy)*

As it came clear that the summer 2015 pop up -sales were contributing significantly to the company’s total revenue during the months they operated the new owners wanted to change the way the pop up –sales would be reported. They wanted to change the inconsistent practices of pop up –sales and costs contributing to either Own Shops or Pop Up –Shops business areas without the further deliberation as it was done before. Instead, they wanted to know exactly how much the pop up -sales were contributing to each of the Own Shops' sales and how much the Pop Up –Shops organized by Retail head were making in total and each shop individually. In this way, also the “normal” sales in an Own Shop and the share of pop up -sales contributing to the total sales of the shop and the sales of individual Pop Up –Shops could be told apart.

Both the Head of retail chain management and the controller also faced a lot of questions about the pop up -sales from COO and CEO. The top management was unsatisfied with the facts that no detailed data about the pop up -sales from the previous months and that there was next to no data about the gross margins or how much there were fixed costs.

“We should know in advance how the costs are reported. During the summer some costs from the pop up -sales were reported to the shop that organized the pop up -sales. For example sales from the pop up -sales in Hyvinkää were reported under Sello and the personnel costs went directly under Sello. The separate pop ups (not organized by an Own Shop) went under pop up profit center xx and we can see that as part of Pop Up -Shops sales in the Retail report. So what did we learn from this? Every Pop Up -Shops should have their own profit center number from the autumn 2015 onwards.“ (Head of retail chain management, Finlayson Oy)

During the summer season 2015 the top management concluded that the pop up –sales should be regarded as a strategically significant area for business growth, and so the new CFO started to develop both a new business model for the Pop Up –Shops and reporting that would support the needs of the business model and the concerns of the top management. As result, for

[8] In the summer 2015 season 3 Own Shops organized their own pop up –sales and the Retail Head organized 5 Pop Up -Shops

Christmas 2015 season a new business model of a Pop Up –Shops retail chain was introduced and each Pop Up –Shop got an individual profit center number. Together all the 15 individual Pop Up-Shops that were opened for Christmas season and the Pop Up –Shops common cost center formed the “new” business area of Pop Up –Shops.

Aside from typical costs in a shop the Pop Up –Shops had a lot of extra costs from the set up and accessories that were needed for the 15 new shops. The CFO conducted a post calculation as an ad hoc analysis for the purchases as they were so called “hidden costs” for the Pop Up –Shops and needed to be included in the profitability analysis.

In the spring 2016 interview the CFO and Business Controller noted in retrospect, that the motivation to give every Pop Up –Shop their own profit center number stemmed from two observations. Firstly, in the Christmas season there would be so many Pop Up –Shops that it would be impossible to estimate their individual result intuitively, and secondly, the sales figures and cost structure of each shop wanted to be made visible so that their relative cost structures could be compared and the “good shop locations” could be recognized:

“All the pop ups are reported individually so that we can see how each of the contributed to the pop up entity and we get to learn at which rental rates and personnel costs we can make the shops profitable and which shop locations are good.” (CFO, Finlayson & Co Oy)

At the time of the pop up –sales the finance department needed to make sure that the invoices registered to the right profit center number in the company ERP system. There were issues also with the sales reporting as the cash registers used by the Pop Up –Shops were only being test integrated with the new sales reporting system Y. Hence, maintaining the sales and cost reporting of the Pop Up –Shops took more effort and manual work than that of the more established business areas:

“The information systems bring in their challenges as we have no clear processes with them. So there are limitations to what we can monitor and report. It has increased the amount of manual work, and we needed to build new temporary processes to support the reporting so that we could make the reporting run in a smart way. The system with the profit centers and what costs should be registered to which one is a process that hones itself while we are working with it. People are learning all the time how to e.g. break down marketing expenses so that we can

report the Pop Up -Shops chain as correctly as possible." (CFO, Finlayson & Co Oy)

The CFO expected however, that the adoption of the new ERP system during 2016 would partly help fix some of these issues for the future. He also concluded that as the Pop Up –Shops business model would be further developed the reporting of Pop Up –Shops should support all these further changes also in the future.

Aside from the changes in reporting and the introduction of internal benchmarking the new business structure and reporting style of Pop Up –Shops had other implications as well. Due to the launch of new Pop Up –Shops business model the pop up –sales were also forecasted for the first time in a systematic manner. Before the launching of the new business model The Pop Up –Shops were not systematically forecasted and the pop up –sales organized by individual Own Shops were included in the said shop's own figures. Hence, autumn 2015 was the time when the forecasted sales and gross margins by each individual Pop Up –Shop was also included in the rolling reporting at Finlayson.

Hence, it can be concluded that the reporting of Pop Up –Shops was brought closer to that of the Own Shops. The aim for the future Retail reporting was that the reporting of two business areas could be harmonized that there would be little to no difference in the way the Pop Up –Shops and Own Shops are reported. The development of Pop Up –Shops in Finlayson MA systems is presented as timeline in the Figure 4 below.

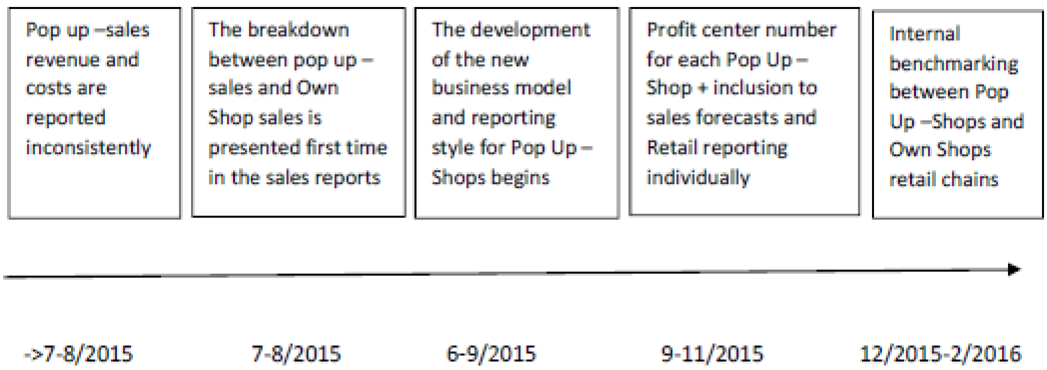

Figure 4 Pop Up -sales in Finlayson MA systems from July 2014 to February 2016

As the Pop Up –Shops were expected to be organized also in 2016 the number of Pop Up –Shops as well as their sales and cost structures for summer and Christmas 2016 seasons were estimated already during autumn 2015 for the 2016 budget. The budgeting of the Pop Up -Shops chain was done in two parts: the sales of the Pop Up -Chain and the EBITDA[9] per shop was budgeted according to the number and average sales/opening time the Pop Up -Shops and together with the common costs such as set up costs they formed the budgeted sales and profit for the Pop Up -Shops business area.

6.8. Benchmarking the Pop Up –Sales

For summer 2015 season the contribution of each individual Pop Up -Shops and Own Shop organizing pop up -sales could be tracked on the revenue level to the level of individual contributor. The gross margins would be missed from the share of pop up –sales in some of the summer's locations. So it was only for the Christmas 2015 season when also the costs of individual Pop Up -Shops could be reported to their individual profit center numbers, and as of the end of year 2015 Pop Up -Shops could be internally benchmarked only in the two following ways:

- December 2015 Pop Up Shops -Shops vs. December 2014 Pop Up -Shops (in December 2014 also Own Shops contributed to pop up -sales)
- December 2015 Pop Up -Shops results vs. December 2015 Own Shops results

The top management and the Retail head were interested mainly in the latter as they wanted to cumulate information about what makes a shop "a good one" in terms of location and operations. As in the Christmas season 2015 all Pop Up -Shops and Own Shops were reported individually to EBIT level it was possible to compare the sales and cost structures of the two business areas and the individual shops in them. The Christmas season 2015 was also the launch of the new Pop Up -Shops business model so the top management and the Retail head were curious to see how the Pop Up -Shops did and if their business differed from that of Own Shops'. The material for the internal benchmarking between Pop Up -Shops and Own Shops was prepared by the Project Manager and finance department. The results were analyzed and

9 EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

discussed together with the top management and the Retail head:

”The Pop Up -Shops chain was widely benchmarked with Own Shops: how do they differ with their cost structure and sales. The figures were viewed from different points of view, how many hours, how many visitors, how much were the rents per sales, sales per shop square meter, sales per personnel cost – so we were assessing also the efficiency of the use of the sales personnel in the shops.” (CFO, Finlayson & Co Oy)

In regard to profitability, CFO noted that the new business model of Pop Up –Shops has added the relative significance of the seasons (summer and Christmas). In other words, the revenue had increased during the time that would anyway be the time when the company makes the profit. The productivity ratios used in the analysis did not change from those of before, except that there would be more attention paid on the *number of visitors* and the *customer conversion* (visitors/customers). As before the benchmarking session these two measures were considered most important non-financial measures in the Retail business division. The CFO also noted that it would be a mistake to only look at the sales in each shop as it needed to be put into perspective of the costs the shops had:

“Each shop has a different cost structure, different rent, different amount of square meters in the selling space, different amount of sales people, different opening hours… All these add to the personnel costs and put demand on the sales they should make so that it would be profitable. Little by little we learn at which rental rate and how much a pop up should generate (in sales) so that pop up would be smart to have.” (CFO, Finlayson & Co Oy)

Compared to Own Shops there were no significant differences in the way the Pop Up –Shops made business. In total the profitability of the two business areas was similar during the seasons: where Pop Up –Shops could save with personnel costs due to the smaller number of staff per shop and the rents there were additional expenses generating from setting up the shops and logistics. Only few Pop Up –Shops could make a significantly better profit than the rest, but on average the two business areas were deemed to be at same level in regard to profitability.

As for the development of the business model or in the business processes the CFO did not think that there could made costs savings. However, by putting more effort on marketing and on starting the set up process earlier he thought more sales could be made. Also, as there were still challenges with category management and planning the purchases he further concluded, that by improving those processes the revenue could be grown in both business areas Pop Up – Shops and Own Shops.

CFO considered that the main challenge with the Pop Up –shops business model was in how to bring the Pop Up –Shops retail chain closer to the regular business of Finlayson and how to integrate the permanent shops with it. The benchmarking session made the top management also take a look on how Own Shops business area could be improved and what would be the role of pop up –sales organized by individual Own Shops.

In regard to improving the Own Shops business area there were questions about if there was room for better efficiency for instance, with the use of personnel as there was a big difference in the hours used and sales per hour between Own Shops and Pop Up –Shops. Hence, the CFO wondered if the Own Shops were doing the right things. Also the evaluation and compensation of the Own Shops' shop managers was one question: the CFO though that they should be encouraged to organize their own pop up –sales as they have a strong expertise about the micro locations[10]. But on the other hand, it may prove to be a challenge to motivate the shop managers during the seasons as they may feel that good locations are taken for the Pop Up –Shops retail chain and thus, they lose sales because of that.

[10] During summer 2015 one of the most successful pop up –sales stand in terms of sales and profit was organized by a shop manager from Own Shops business area.

7. Analyzing management accounting change at Finlayson

In the analysis of MA change taking place at Finlayson it should be noted that the development of the new business model for Pop Up –Shops as well as the changes in the MA systems related to the Pop Up –Shops were tightly interconnected. The very reason to assign an individual profit center number to each Pop Up –Shop in the new retail chain stemmed from the will to not only measure the sales and profit at each shop but also from the need to gather information about the new business model's operations so that it could be analyzed with the internal benchmarking -tool: how successful is the new business model, how could it be further developed, and what could the Pop Up –Shops and Own Shops learn from each other.

Hence, we can see that a new type of need for information regarding the Pop Up -Shops was emerged within the company and the need for changes in the MA systems stemmed from the observation that there was a mismatch between the MA systems and the information needs of management (Cobb et al 1995, 170).

As to answering the question, how did the new business model for Pop Up -Shops affect MA systems at Finlayson, it is reminded that the MA systems are defined in this study in line with Cobb et al (1995) as the system in practice which includes the staff of the finance department as well as the technology, resources and procedures employed by them. The changes in the MA systems at Finlayson illustrated in the chapter 7.1. are hence, categorized in accordance with the aforementioned definition: staff of the finance department, technology, resources and procedures.

7.1. Changes in the management accounting system

While the number of staff at the finance department stayed the same the two persons involved with MA at the company, CFO and controller, became more involved with business practices over the study period. Firstly, there was the appointment of CFO to be responsible also for the development in Retail business division and supply network. Secondly, the Pop Up –Shops retail chain was built in cooperation with finance department as the development of Pop Up –Shops' reporting practices was tightly interconnected with the development of the Pop Up –

Shops business model.

These changes imply that the role of a management accountant at Finlayson was further developed to that of a “business partner”, a change that had started out in the beginning of 2000s when the developments in the IT systems of that time released resources from standard reporting to business support such as developing the business area reporting and supporting product analyses. Also, in the interview the CFO he had noted that the work of a management accountant should be proactive in analyzing the activities and being on track what is happening in the company. (Järvenpää, 2001) Also the “dual-role” of the CFO as in charge of finance and business development in both Retail and supply network reminds that of a “hybrid-accountant”, a type of a business manager with a focus on MA thinking and knowledge (Burns & Vaivio, 2001).

The development process of the reporting practices to support the new business model for Pop Up –Shops required resources from the IT systems supporting the MA systems and from the staff of Finlayson in a way that was new to the Pop Up –Shops business area. The number of profit center number increased in the company ERP system and thus, more attention was required from the Retail head and finance department that the invoices regarding the Pop Up –Shops would be registered correctly. Hence, better promptness and accuracy was needed in the purchases invoicing process affecting staff in both Retail business division and finance department. This type of need partly influenced the way the new Pop Up -Shops retail chain was seen also as “a hassle” inside the company and also the CFO noted that it takes time to learn new routines.

The changes in the reporting of the Pop Up -Shops are presented below:

Firstly, there were the developments in the Pop Up -Shops' sales reporting and the shop specific P&L calculations by month from the Pop Up –Shops. In the sales reporting the individual shop focus was introduced as an ad hoc analysis which later underlaid the frames to include also the cost structures to the reporting. The P&L report showing individual Pop Up -Shops was also conducted as an ad hoc analysis and there were unanswered questions about how to create reporting templates for a business area that had a different number of profit centers with each having a new profit center number every season. Christmas 2015 season was the first attempt ever to show also the cost structure in individual Pop Up –Shops. As for the future, the CFO wanted to bring the reporting of Pop Up -Shops closer to the Own Shops chain.

Secondly, as the Pop Up -Shops could be identified better due to the separate profit center numbers individual Pop Up -Shops were included for the first time in the budget and forecasts of the company. As the set up for each season begins only at maximum of six months before the sales begin the exact number of Pop Up -Shops can only be known in the autumn that year at earliest and, thus the figures of those sales and costs could be estimated only in the forecasts. In this sense setting the budgeted figures for Pop Up -Shops was more demanding than to other business areas at Retail. However, also Wholesale business division had special campaigns that would be decided upon only during the same year so in that sense the nature of budgeting Pop Up -Shops was not that different from that of Wholesale's. Hence, it could be said that the introduction of the new Pop Up -Shops business model brought the reality of budgeting and forecasting in Retail business division closer to that of Wholesale's.

The developments in the reporting practices brought in also new questions regarding the cash registers, mainly about the possible need to integrate them with the company sales reporting system and ERP system. This issue was also discussed during the implementation of the Pop Up –Shops business model and in the internal benchmarking session. These issues were included in the process of acquiring a new ERP for the company but it is to be expected that the integration problems remain as a problem in Retail's reporting at some level also in the future.

As to the implementation of internal benchmarking practice a number of people from different company hierarchy levels were included: the CFO and new Business Controller represented finance department, CFO and COO the top management and the Retail head with the Project Manager from the Pop Up –Shops temporary management Retail business division. They were all included either in the preparation of the benchmarking material or in the hearing sessions about the results. Furthermore, the best practice discussion about the efficient use of personnel is expected to be taken further to the Own Shops' shop managers. Hence, it can be said that the new business model of Pop Up -Shops had influence on increasing communication in regard to the productivity of the retail operations among different level people in the company.

The benchmarking session can also be seen as a first formal process of try to evaluate a new business practice. After all, there were many uncertainties in the Pop Up -Shops business model: it was a “temporary” form of business with a temporary management and it was a new type of organizing pop up -sales that was tested in practice for the first time. The main motivator to develop the new business model was the top management's assessment that it was a way to avoid the main issue of the Own Shops' retail chain: fixed costs occurring also during the months when the sales was not strong enough to cover the operating costs.

As to what are the factors influencing these changes in Finlayson's MA systems the MA change models by Innes & Mitchell (1990), Cobb et al (1995) and Kasurinen (2002) are used in the analysis. All three models have a slightly different way of representing the factors influencing change and for this study the partition between advancing forces of change and barriers of change is made in line with Kasurinen's (2002) study. The advancing forces and barriers of MA change at Finlayson are presented in the chapters 7.2. and 7.3. respectively.

Further analysis of what can be said about MA change as a phenomenon at Finlayson, is covered in the chapter 7.4. The study ends with discussion about the implications about this study and its results in the chapter 8.

7.2. Advancing forces of change

In his study Kasurinen (2002) grouped the factors that advanced MA change presented in the earlier works by Innes & Mitchell (1990) and Cobb et al (1995) as advancing forces of change: motivators are related to change in a general manner; catalysts could be directly associated with the change; facilitators were necessary but not sufficient, per se, to result in the change; leaders are individuals who act as catalysts but without whom the change process may falter; and momentum of change refers to a expectation of continuing change. These factors were introduced in the chapters 4.2.1. and 4.2.2. The factors that hindered the MA change, barriers of change, at the case company are reviewed in the chapter 7.3.

Pop Up -Shops were regarded as a significant component in gaining growth in business for the company and thus, the recognition of business potential was the main **motivator** to start developing the reporting practices at Finlayson: in summer 2015 it came clear that pop up -sales would bring in a lot of revenue but just how much? This served also as the motivator to develop the practice of internal benchmarking as the top managers' wanted to know if the new business model for Pop Up -Shops was good business and how could the business of Pop Up -

Shops be further developed. The competition in the home textile markets further motivated to measure each shop also by their individual EBIT as the top management and the finance department wanted to see how profitable the new shops would be. (Innes & Mitchell, 1990; Cobb et al, 1995; Vaivio, 1999; Waweru et al, 2004)

Overall, we can also see that the need for business development in the company stemming from the competitive market environment and top management's pressures to grow the business in the company served also as a great motivator to broaden the responsibilities of the CFO to cover also business development. The CFO was also a natural choice to develop business in the company as he had a long experience in management consulting before joining the company. (Burns & Vaivio, 2001; Burns & Baldvinsdottir, 2007)

It was also easy for the new owners to pick up the opportunities of pop up -sales as the Pop Up -Shops was a business area within Retail business division in the organization structure at Finlayson. Hence, the accounting structures that follow the organizational structures served also as a motivator for the MA change. The accounting structures can also be seen acting as a **facilitator** to the changes as despite all the inconsistencies and shortcomings in the reporting of pop up -sales there was "an easy place to start" looking for solution for better reporting practices.

There was also an organizational culture supporting both financial and non-financial measurement of the business operation within the Retail business division that also can be seen as a facilitator to such changes in the MA systems as "more reporting" and the utilization of benchmarking tool to learn more about business development. This finding is line with Markus & Pfeffer's (1983) study where they had noted that when the system matches with the existing organizational culture it may help the success of implementation.

Also the "availability" of the CFO to start developing the MA systems supporting Pop Up -Shops and their new business model as well as his "low threshold" to start the development work acted as both as facilitators and as **catalysts** in the Finlayson's MA change. During the time when the development of new Pop Up -Shops business model began in summer 2015 the CFO was participating in development of three business functions, finance, Retail and supply network, where also such ad hoc analysis as business case was introduced. It was summer 2015 when also the top management recognized the potential of pop up -sales business when they noticed the daily figures of two individual Pop Up -Shops' sales in the daily sales reports. As there were also sales missing from the Pop Up -Shops in the sales reporting system and in the Retail reports there were inconsistencies with how Pop Up -Shops were reported it was clear that the MA systems supporting Pop Up -Shops needed to be developed.

The “dual-role” of the CFO in both finance and business development can also be seen as catalyst for both development of Pop Up -Shops business model and the MA systems, such as new accounting structures within the Pop Up -Shops business area and the purchases invoicing process accordingly, supporting the Pop Up -shops business area. It is a good question to ask that would the development of the business model and the MA systems supporting it have been as integrated if it was not for the “hybrid-accountant” role the CFO had. (Burns & Baldvinsdottir, 2007)

Also, having a separate cash register and management team for the Pop Up -Shops chain caused challenges in how the sales reports and non-financial information about the individual Pop Up -Shops performance were able to be collected in due time. The separation of the Pop Up -Shops chain and the need to improve it acted as a catalyst for the benchmarking practice as the CFO wanted to find out how the shops could be run more efficiently and what type of shops should they.

The inclusion of ad hoc analysis such as business cases to support the planning and evaluation of other business functions acted also as a facilitator to the MA change. As the concept of how to analyze business as a case had become familiar to the staff it was easier to introduce the process of internal benchmarking to them. As the cost structures and non-financial measures of individual shops in Retail had been monitored a long time at Finlayson it can be said that the also the wider organizational culture supporting “learning from the numbers” also facilitated the MA change in Pop Up -Shops for the practice of benchmarking the operations between Pop Up -Shops and Own Shops chains.

The CFO who had a leadership role in both finance and Retail took the charge of overlooking that all the processes in both functions are run properly acted as the **leader** of the MA change. As there were many obstacles on the way related to staff resources, information systems and to underdeveloped processes it became apparent at Finlayson in accord to Cobb et al (1995, 172) without the CEO's leadership role the change process may have faltered in the face of the barriers.

Also the **momentum for change** could be easily perceived in the company. In regard to the changes in reporting practices there were many changes initiated already in 2014 when the new organizational structure and then company financial reporting structure respectively were introduced. There were also changes in the cash registers and sales reporting systems with the accompanying problems in regard to systems integration taking place before the changes in the Pop Up -Shops reporting were introduced. In retrospect, it can be seen that problem related to the Pop Up -Shops reporting were a continuum to the problems already faced in 2014 in regard to the integration of new Own Shops' cash registers.

Also the Finlayson's staff's inquiries about the profitability of all the marketing activities and business development projects acted as both an early catalyst and a factor creating momentum of change to introduce such practices of ad hoc analysis as business case or internal benchmarking in the company.

7.3. Barriers of change

By barriers of change Cobb et al (1995) refer to factors that can hinder, delay or even prevent change. Kasurinen (2002) furthermore, categorized the barriers of change to three subcategories: confusers are linked to the confusion about the ownership and the goals within the MA change, frustrators seem to "suppress" the change attempt in the organization and delayers are technical and temporary in nature. The barriers of change are introduced in the chapters 4.2.2. and 4.2.3.

The **confusers** in the MA change at Finlayson were linked to the traditionally ambiguous nature of pop up -sales in Finlayson. Before the implementation of the new Pop Up -Shops business model pop up -sales organized by individual Own Shops shop managers and Retail head were all called "Pop Up -Shops" or just "pop ups". Hence, the during the implementation of the new business model in the autumn and Christmas 2015 finance department needed to clarify to the staff of Finlayson the difference between the new Pop Up -Shops retail chain and the pop up -sales organized by Own Shops shop managers.

Also the separity of the new Pop Up -Shops retail chain acted as a confuser as there was uncertainty about how the business model would develop in the future (see also Kasurinen, 2002). The CFO aims to develop the Pop Up -Shops chain to be as much similar as that of the Own Shops' but many issues regarding the management of the Pop Up -Shops chain remain unanswered as of the time of writing this study. This type of uncertainty about the future affects both on how to develop the reporting of the Pop Up -Shops and at what priority level the Pop Up -Shops' cash registers should be integrated to the sales reporting systems and possibly to the new ERP system. This way the uncertainty about the business model's future may act as a confuser also in the future.

Also some very detailed issues such as the breakdown of marketing costs related to Pop Up -Shops acted as a confuser as there were some varying views about what are common costs and what are shop specific costs and in which shop within the new Pop Up -Shops chain. This type of confusion about registering invoices according to a new accounting structure serves also as an example of how accounting practices may be different in reality than what are the top management's intentions (Vaivio, 2008).

The CFO noticed also some resistance in the staff including the Retail head upon introducing the rolling reporting practice with monthly forecasts during spring and summer 2015 which he concluded was due to the difficulties in changing the way they worked. In Retail the introduction of increasing pop up -sales in the future and being able to “put something” in the forecasts was faced with fear. He concluded that forecasting seems always difficult as people cannot tolerate uncertainty and fear taking “a stance” (about the future developments in business). Hence, the introduction of more uncertainty in the business of Retail and the increased frequency of forecasting the sales acted as **frustrators** when the rolling reporting was introduced for the first time in the company.

As many other changes were taking place in the company in summer 2015 the fear of being overloaded with work acted a frustrator for the MA change in the beginning. Many of the issues proved to be delayers later on, such as the need to contact ERP System's customer support to get a sufficient number of profit center numbers in the system and the increased need for internal control to see that the invoices would be registered correctly.

Also the need for extra manual work was a frustrator in the development of the Pop Up -Shops' reporting. The cash registers were not integrated to the company's sales reporting systems and there were points of break in the information flow between the Pop Up -Shops' external management and the finance department. Both of these issues created limitations to the quality and quantity of MA information that could be produced about the Pop Up -Shops and as the CFO noted the work load in the finance department needed to be prioritized so that they could be able to complete the reporting.

The implications the new Pop Up -Shops chain has for the Own Shops' shop managers reward system may also prove to be a frustrator in the future. As the pop up -sales organized by the Own Shops' shop managers are also good business the CFO was worried about the competition that might take place between Own Shops and Pop Up -Shops during the seasons and the possible unmotivating affects it would have on the Own Shops' shop managers. This type of frustrator is linked also the organizational culture of Finlayson where the Own Shops' shop managers have traditionally been relatively independent in managing their shops and organizing events such as pop up -sales.

The **delayers** in Finlayson's MA change are related to the limitations in the IT systems as mentioned above. Some of these issues seemed to act also as frustrators as there was some uncertainty whether they would be able to get fixed "in time". The lapses in the information flow from the Pop Up -Shops to the finance department increased the need for both manual work and further development of the business model.

7.4. Conclusions

The changes in the MA systems linked to the development of Pop Up -Shops were mainly related in reporting and ad hoc analyses. The introduction of the more structured form of reporting the sales and costs of the Pop Up –Shops, and their inclusion to the budgeting and forecasting practices by individual shop shaped the way the different businesses were seen within the Retail business division: pop up –sales became more clearly recognized as a component contributing to the sales in Retail instead of being an ambiguous part of how Retail can make more money in some months. This can be seen stemming from "a management interest in a more penetrating visibility into critical functions" (Vaivio 1999, 429). Also, as the individual Pop Up -Shops received each their own profit center number in the accounting systems it helped highlighting the Pop Up -Shops' position within Retail business division as a "legitimate" business area. Altogether, these changes helped shaping the Pop Up -Shops business area more discernible in Finlayson. This can be seen as an example of how accounting practices make new areas visible. (Hopwood, 1990; Burns & Vaivio, 2001)

As there were limitations in both time and staff resources regarding the implementation of the new Pop Up -Shops business model there were also pressures to keep the quality of reporting in check. The finance department observed an increase in the amount of work especially with advising the other members of staff about the new invoicing practices and in the amount of manual work. In this sense the developments within the process of MA change had also a number of informal elements as the unofficial MA routines in the process of reporting the Pop Up -Shops' sales and costs during the Christmas 2015 season (Burns & Vaivio, 2001).

However, the process of the introduction of internal benchmarking to the company can be seen more formal. Internal benchmarking was introduced as a new practice in the company when the Pop Up -Shops chain was compared with Own Shops chain in the Christmas 2015 season. The aim of that benchmarking session was to see how the new Pop Up -Shops business model had taken off and what could be further improved in the business model. Even though there were challenges in gathering all the data from the Pop Up -Shops the process of benchmarking otherwise went forward as in "the management accounting textbooks". (Scapens, 1990; Burns & Vaivio, 2001; Vaivio, 2008)

The results from the benchmarking session were aimed to be used also in the development of the Own Shops. After the internal benchmarking session e.g. re-evaluating the efficiency of personnel was one of the focus areas pointed out. This raises a few questions regarding the use of non-financial measurements in the Retail business division. Firstly, it is to be noted that by focusing on the productivity measures the top management imperceptibly "brought back" the utilization of other non-financial measures than the ones measuring the customer flow to the Retail management. It remains to be seen if the productivity ratios for efficiency in the use of personnel will be added as "new" key non-financial measures in the Retail management by e.g. re-introducing them in the sales meetings with the shop managers. (Burns & Vaivio, 2001)

Secondly, there may be changes taking place in the Own Shops' chain as their specific productivity ratios might be examined more in-depth also in the future. As the CFO noted there may also be issues with how to motivate the Own Shops' shop managers during the seasons as the pop up -sales organized by Own Shops are also good business. Hence, changes in the “political environment” of the company may take place if the Own Shops are made compete with the Pop Up -Shops. (Burns & Vaivio, 2001)

Overall, the MA change in Finlayson can be seen as a centrally driven effort, where the top management played a key role (Burn & Vaivio 2001, 395). As Finlayson is a relatively small company the needs for one business area can also be seen as a local concern. However, as the main motivator to develop the MA systems in regard to be able to learn more about the Pop Up -Shops business model came from the top management it can be seen that at least the introduction of the internal benchmarking practice was a “clear-cut” case of centrally driven effort where the top management recognized the need to change, planned, organized and oversaw the change. (Burns &Vaivio, 2001)

Also, as CFO concluded that learning needs to be an ongoing process and the MA systems need to be improved on continuously to meet the ever-changing needs from the business it can be said that the MA change in Finlayson is a continuous organizational process. However, whether the changes in the MA systems, such as more reporting in the Pop Up -Shops business area or the “re-introduction” of productivity measures in the Own Shops business area, are to be considered as a progress or expected to cause more problems than the benefits they bring in another question remains unanswered. (Burns & Vaivio, 2001)

8. Discussion

The use of MA change models by Innes & Mitchell (1990), Cobb et al (1995) and Kasurinen (2002) reminded of some general issues regarding the implementation of MA systems. For instance, Shields & Young (1989) had noted in their study that such factors as top management support, sufficient internal resources, non-accounting ownership and a consensus about and clarity of the objectives of the systems were important to the implementation. In many ways the aforementioned factors were important in the Finlayson's MA change as well. If it had not been for the leadership role the CFO had the MA change would not probably been as successful as it was. As in the study findings of the Cobb's et al (1995) study, without the CFO as leader, the change process may have faltered in the face of the barriers stemming from such issues as insufficient internal resources and inclarity and uncertainty about the role of the new Pop Up -Shops chain in the Retail business division.

It can be also asked if the MA systems linked to Pop Up -Shops were focusing on the right issues. The aforementioned MA change models do not directly answer that question. Firstly, the introduction of internal benchmarking was probably for the good of the company in the way it endorsed organizational learning. The focus on learning had been introduced by the new top management when they had wanted to learn about the business within Finlayson themselves as they had bought and joined the company without previous experience of the industry. Also, as there were a number of uncertainties related to the new Pop Up –Shops business model it can be concluded that the internal benchmarking as “a tool of learning” was of a right kind to the company. (Burns & Vaivio, 2001; Henri, 2006; Davila et al, 2009)

Secondly, as the changes in MA systems linked to Pop Up -Shops covered only the operations in the shops there was no mentionable improvement made with the MA systems supporting such areas as category management, product analysis to plan the purchases or planning the shop-specific stock levels during the study time. All the three aforementioned areas are important to both increasing the sales in the shops and in managing their profitability. In that sense it should be asked if the MA systems at Finlayson are sufficient in supporting the development of the business: especially with the product analyses of previous seasons and sales the purchases of the Pop Up –Shops could be planned to meet the needs of the customers better.

Moreover, it might be detrimental for the business operations at Retail if the shops are managed by the numbers provided in the current reporting practices instead of focusing on the issues under the surface such as the workload with the Retail head, problems with the sales reporting systems debilitating the quality of sales data per product and customer and inadequate information systems supporting the stock reporting and management of working capital. From this point of view, it can be suggested that the MA systems linked to Pop Up –Shops may not cover enough many functional areas to provide information that can help the company to recognize the areas where the Pop Up -Shops need to change (Atkinson et al, 1997).

Hence, it can be concluded that the MA systems linked to Pop Up –Shops need further improvement to meet the business needs such as better product planning and management of stock levels. As the resources in both finance department and Retail head as well as with the information systems are limited it is worth asking if it would benefit the company to reduce the amount of reporting within the business areas and concentrate more focus on product analyses and management of working capital.

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Appendixes

Interview structure for non-accountants

1. Interviewee's background

2. The responsibilities of the interviewee and how they have changed during the study period

3. The goals and the duties of finance department and management accounting
-From their own point of view
-How they think other departments might have their point of view
-Have the goals and duties remained the same over the years or have there been changes
-Are they noticing any changes in the goals and duties at the moment?
-Do they think there might be or should be changes in the goals and duties in the future

Interview structure for accountants

1. Interviewee's background

2. The responsibilities of the interviewee and how they have changed during the study period
-Have the goals and duties remained the same over the years or have there been changes
-Are they noticing any changes in the goals and duties at the moment?
-Do they think there might be or should be changes in the goals and duties in the future

3. How do they see the MA systems at the company?
-How have they taken place during the time of their employment at the company?
-Do they see a change in the MA systems?
-Do they see a need for change in the MA systems?

4. How they would want to develop the finance department’s practices?

Interview structure for 3rd interview with CFO and Business Controller, 17.5.2016

1. How did the reporting of the pop up –sales change?

- Did the reporting of Own Shops' pop up –sales change?

- The reporting of Pop Up –Shops business model

2. The challenges in implementing the new reporting style

3. How would they describe the implementation of "internal benchmarking"?

- How was it organized?

- What were the objectives?

- What were the challenges?

- What were the main findings and implications?

3. Other open issues

List of interviews

CFO, 19.10.2015	47:38
Head of bookkeeping, 21.10.2015	25:53
IT Manager, 21.10.2015	25:00
Key Account Manager 1, 22.10.2015	30:22
Head of retail chain management 26.10.2015	39:29
Development Manager, 28.10.2015	39:15
Head of purchases, 29.10.2015	52:13
Key Account Manager 2, 29.10.2015	44:55
Key Account Manager 3, 30.10.2015	59:41
COO, 6.11.2015	55:52
CEO, 27.11.2015	44:51
CFO (second interview), 11.12.2015	57:10
CFO & Business Controller, 17.5.2016	1:08:55