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MANAGING PERFORMANCE IN RETAIL OPERATIONS:
THE STORE MANAGER VIEW

by

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ABSTRACT

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Performance in retail operations is about delivering service to customers efficiently and effectively. In a competitive world, there is a constant pressure to improve performance. Retailers are not alone in believing that it is not possible to manage performance without trying to measure it. Supplied with indications of performance, retail managers will be influenced and their behaviours will change in pursuit of improvement.Whilst much academic attention has been devoted to performance "management", most of it is focused on measuring performance rather than how performance information is actually used. Comparatively little is known about how retail operations managers draw on performance information and then what they do with it.

This study uses a qualitative methodology to explore retail store manager perceptions of performance management. The approach is careful not to assume that this population relies upon corporate systems and measures. It is possible that store managers have their own informal measures. Critical Incident Technique is adopted as a protocol to interview twelve store managers from a single retail organisation. This generates fifty-one examples of strong and weak performance, and captures how store managers first became aware of the situation and the actions or decisions that they took in response. The findings are evaluated using thematic content analysis to provide insight to performance management from the perspective of these front-line managers.

In this study, financial performance indicators and particularly sales, dominate the corporate measurement system. The limited corporate use of more qualitative measures has weak influence on performance management in the view of store level respondents. There is a frustration that the corporate system provides only
a partial view of the realities of managing retail operations. The study finds that there are useful non-corporate sources of performance information. Staff disposition is seen as linked to productivity, availability, customer satisfaction, customer loyalty and financial performance. There is potentially a cyclical effect that can be positive or negatively directed. The store manager in turn, can affect staff disposition. This has particular implications during periods of poor performance.
DECLARATION OF ORIGINALITY

I declare that my thesis entitled Managing Performance in Retail Operations: The Store Manager View and the work to which it refers are the results of my own efforts. Any ideas, data, images or text resulting from the work of others (whether published or unpublished) are fully identified as such within the work and attributed to their originator in the text or bibliography. This thesis has not been submitted in whole or in part for any other academic degree or professional qualification. I agree that the University has the right to submit my work to the plagiarism detection service, TurnitinUK, for originality checks. Whether or not drafts have been so-assessed, the University reserves the right to require an electronic version of the final document (as submitted) for assessment as above.

Signature:

James R Bell

31 August 2010
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ABBREVIATIONS

BSC  Balanced Scorecard
CC  Consumer Co-operative – the host organisation
CD  Commercial Director
CIT  Critical Incident Technique
CPI  Corporate Performance Indicator
CSIU  Customer Satisfaction Information Utilisation
CX  Food retail business recently acquired by CC
ECR  Efficient Consumer Response
EDI  Electronic Data Interchange
EPoS  Electronic Point of Sale
KPI  Key Performance Indicator
MPI  Manager's Performance Indicator
QR  Quick Response
PI  Performance Indicator
PFP  Pay For Performance
PVT  Purchases Versus Turnover
ROD  Regional Operations Director
CHAPTER 1: INTRODUCTION

CONTEXT FOR THIS STUDY

This research project has been conducted in the UK food retail sector during 2010. The grocery market in the UK was valued at £146.3 billion in 2009 and can be regarded as mature on the basis that year-on-year growth has remained below 5% in recent years (IGD, 2009). The market exhibits concentration on the basis of format type where larger supermarkets are dominant in terms of turnover and retailer type with ‘multiples’ representing the largest share of business (IGD, 2009). The largest four grocery retailers currently represent over 70% of the total market (Kantar Worldpanel, 2010). Large retail organisations are interesting in structural terms, for the spread of their stores from each other and from the central location of head office. The study relates to operations management, which is organised locally and overseen remotely by a field team.

The host organisation in this study is a large consumer co-operative (hereafter referred to as “CC”) with interests including food retailing. There are currently twenty-seven consumer co-operatives in the UK with a combined membership of approximately 9.5 million and turnover exceeding £16 billion (Co-operatives UK, 2010).

RATIONALE

The motivation for this study stems from my professional interests. Before joining academia, I spent several years working in food retail operations management and the U.K.'s co-operative sector (1975-1986). I am now the longest standing member of the retail management team at the University of Surrey, where my expertise has been in retail operations and supply chain management from a retail perspective.

Operations management is a key management discipline. Services and hence service operations management have become increasingly significant (Johnston, 1999), both in terms of the economic activity that they represent and the academic interest that they attract. What is now recognised as the retail sector
has become very substantial and leaders in the industry are amongst the world's largest business organisations. Retail activities and retail operations now extend across national boundaries and in many cases have a truly global reach, either in terms of serving their customers or because the right goods for their customers are sourced from across the world. Nor are retail operations limited to the retail sector. Many other sectors and the organisations within them, incorporate very significant retail operations. Examples of this would include the hospitality, tourism, leisure and travel industries. In many cases retailing is vital to the viability of the business model, even if it is not regarded as a core activity.

To fulfill the requirements of the DBA, the primary objective here, the research project needs to be of an applied nature. Typically a DBA candidate would select a topic from their own employment context. In my own case, a focus on retail operations management and more specifically performance in that context is a most suitable choice from the perspective of developing a professional interest. However, this has introduced greater distance between the researcher and the focus of interest. This can be very positive if the co-operation of an industry partner can be relied upon for the purpose of data collection. Such co-operation requires a level of trust and confidence between the researcher and the retailers in question. Organisations may be wary of investigation into their performance even if the outcome was of practical benefit.

The planned outcomes for this research project on a personal level are the achievement of a recognised academic credential, along with the profile that this would bring. The process will also extend personal knowledge and understanding, whilst developing research skills and providing a foundation upon which further academic studies can be pursued. More tangibly, it is envisaged that this project will generate academic papers of a publishable quality.

The University of Surrey has invested substantial resource into this project and similarly will enjoy the benefits of a strengthened academic profile. It is anticipated that the research will contribute in a wider sense to ongoing developments in this field and will be of interest to current and future industry partners.
RESEARCH OBJECTIVES

The aim of this project is to explore the use of performance information by store managers in the food retailing industry. There is a substantial literature on the measurement of performance generally, but much less on performance management (Radnor and Barnes, 2007). There are some practical explanations for this emphasis. Firstly, performance practice is potentially sensitive and commercial organisations may be reluctant to permit access for the purpose of data collection. If this can be resolved there remains the very real problem of capturing “management” activity data for the purpose of study. Part of the rationale for adopting corporate performance measures is that they should encourage positive changes in manager behaviour (Neely et al 1995, Waal 2003, Franco-Santos and Bourne, 2005). To develop a stronger understanding of the use of performance information is therefore of both academic interest and practical relevance.

This study will explore the use of performance information from the perspective of the store managers themselves. Qualitative data from interviews will be analysed to address the following specific research objectives:

- To explore where retail store managers draw performance information from
- To explore what retail store managers actually do with performance information

The first of these objectives refrains from assuming that these managers are entirely reliant on the corporate system. It is possible that a store manager makes use of their own informal or unofficial indicators of performance. This is plausible if hard, quantitative measures dominate the corporate system.

OUTLINE STRUCTURE

To achieve the above research objectives, this dissertation will first review the literature relating to the measurement and management of performance generally, but with emphasis on the perspective of the operations management
discipline. This will be followed by a brief account of the generic role of retail store managers in the food sector.

The literature review will be followed by the methodology chapter. This will start by establishing the philosophical assumptions that underpin the interpretive research approach adopted for this study. The specific research objectives stated above, will then be explored in greater depth along with an account of the research design adopted. The methodology chapter will be concluded with a treatment of the specific methods applied in this study and of the process of data collection and analysis.

Chapter four will present the findings. In summary these are the analysis of the fourteen interviews conducted for this research. It will start with the two senior manager interviews, which will provide context for the main study. It will then present the findings from the store manager interviews, from which over fifty critical incidents were isolated.

In the following chapter, the research findings will be further analysed in the light of the existing literature, to establish and explore principal areas of convergence and divergence. A full discussion of the substantive findings of this study will be presented, along with conclusions and practical implications. Limitations will be considered and avenues for further research identified.

The dissertation will conclude with a reflection on the entire DBA project as a learning experience.
CHAPTER 2: LITERATURE REVIEW

RELATIONSHIP BETWEEN PERFORMANCE INDICATORS AND PERFORMANCE

Introduction

Retail operations are processes that combine resources and deliver outputs. In this context performance is relative to the capability of the operation. A strong performance by implication is one that realises most or all of the operations capability, efficiently and effectively. A weak performance is one that falls short in some respect. A performance indicator (PI) is an individual measure or metric, designed to capture the state of the process at a particular moment in time. Most business enterprises use performance indicators as management tools. These performance indicators serve a number of purposes, but this research is concerned with how they influence the behaviour (Neely et al 1995, Waal 2003, Franco-Santos and Bourne, 2005) in this case, of retail operations managers. The underpinning logic is that managers receive either an early confirmation that business is progressing satisfactorily towards a desired outcome, or conversely an early warning that there is some problem and that without intervention the desired outcome will not be realised. In the absence of performance indicators it would be possible to be unaware of an impending unsatisfactory outcome, until it was too late to remedy the situation. Beyond company-selected key performance indicators (KPIs), it is also possible that retail operations managers make some use of their own unofficial performance indicators (MPIs). Indeed, there is some indication in the literature that this is the case. This research is further concerned with the adoption of MPIs. Beyond the performance indicators provided by the company, what do retail operations managers use? In what circumstances are these MPIs used? How do MPIs function in practice?

In order to answer these questions it is necessary to understand how business enterprises generally and retailers specifically, seek to measure and manage performance. It is important to understand why companies measure performance, to see what gets measured and how it gets measured. There is
extensive academic work that looks at measuring performance. It is not a new area of academic study, but has received substantial attention over the last 20 years (Radnor and Barnes, 2007). That operations managers might use their own performance indicators may reflect perceived inadequacies in the corporate performance indicators (CPIs). A review of the literature follows, starting with the rationale behind measuring performance from the organisation's perspective. This will be followed by exploring what is measured. Having established the formal view of measuring performance, the review will develop the context in which managers might develop their own performance indicators.

Why do companies measure performance?

This research project is concerned with the relationship between the information available to operations managers with regard to performance, its influence on behaviour and subsequent performance. According to Franco-Santos and Bourne (2005, p.114) in their comprehensive and systematic review of the literature, “Performance measurement is a fundamental cornerstone of modern management.” It is common practice for business organisations to adopt formal measures of performance or performance indicators (PIs). To an extent the chosen formal measures will reflect performance and the view presented here recognises that managers may from experience, also have their own informal performance indicators. There are other benefits that accrue from the adoption of formal performance measures (Johnston and Clarke, 2005), but a significant part of the rationale stems from the potential to influence the behaviour of managers.

The logic of having company performance indicators in this context, is that managers can use the information to guide decision-making and actions in pursuit of stronger performance outcomes in the future (Neely et al 1995, Waal 2003, Franco-Santos and Bourne, 2005). By way of introduction, Figure 1 presents a view of performance indicators, whether formally adopted by the company or not, and how they link to operations manager behaviours and decisions, within the context of ongoing performance. This link is contingent on manager perceptions and interpretations. Further, the model recognises the potential for other extraneous factors that the link between performance indicators and behaviours may also be contingent upon. March and Sutton
(1997) from an organisational behaviour perspective, reflect on the many problems with "identifying the true causal structure of organisational performance" and caution against "simple models of complex worlds." There is indeed ample complexity and this diagram is too simple. The following sections will seek to explore the many dimensions involved, as a foundation for this research project.

Figure 1: Measuring and managing performance (JRB/DBA Revised 25/08/2010)
What gets measured?

(Performance measurement and management) PMM is a tool and means and not an end in itself and although understanding effectiveness and efficiency are important, the extent at which they are measured, analysed and reported should be balanced with the need to manage and deliver improved goods and services.

Radnor and Barnes 2007, p.394

Operations managers have responsibility for controlling resources and processes in pursuit of objectives. According to Laitinen (2002), "performance can be defined as the ability of an object to produce results in a dimension determined a priori, in relation to a target." An operation can be viewed as combining a number of inputs via a process and yielding an output. Performance can therefore be described in terms of efficiency. Wasted resources (for example, stock losses in retailing) are examples of poor efficiency. Innovations, or better ways of doing things, or achieving the same output whilst using fewer resources, are examples of good performance. Traditionally, accountants have been very good at providing a basis for evaluating performance. Accounting records of inputs and outputs facilitate this. However, performance has another dimension that is less easy to capture and quantify; namely effectiveness. Neely et al (1995), review a "revolution" in the field. They define performance measurement as the process of quantifying the efficiency and effectiveness of action; a performance measure as a single metric used for this purpose, and a performance measurement system as a set of metrics used for this purpose. To use retail operations examples, the rate of stock-turn is an efficiency measure using stockholding (the input) and the sales level (the output). The greater the sales level in proportion to the stockholding, the more efficient the operation. Moving to effectiveness, an important measure in retailing is that of customer satisfaction. These are pertinent examples to use as in this example the retail operations manager would find low stockholding would flatter the rate of stock-turn and make the business look very efficient, whilst increasing the risk of poor availability damaging the
shopping experience and in turn, generating poor customer satisfaction. It is precisely this type of interrelationship that performance measurement systems are designed to address.

There is a burgeoning literature, both academic and professional, addressing the design of performance measurement systems. Neely (1999) writes that a key question is "what are the determinants of business performance?" and notes that the answer has "Holy Grail" status. As dissatisfaction grew with having to rely on financial indicators, Fitzgerald et al (1991) recognised that "to be of use, feedback control must be a stimulus to appropriate action at the appropriate level of the organisation and stage of decision-making process." Fitzgerald et al (1991) categorised performance dimensions in terms of results and determinants. Kaplan and Norton (1992, 1996, 2001) have attracted more attention than anyone else in the field (Neely, 2005) with their balanced scorecard which "keeps companies looking and moving, forward instead of backward"; a fundamental shift, in the modest opinion of the authors. Kaplan and Norton's (1992) balanced scorecard incorporated non-financial measures with, it was claimed, greater capacity for predicting future performance. The balanced scorecard has been widely adopted but there remains little evidence of its impact on performance (Neely, 2005). There have been other similar tools proposed (e.g. Heskett et al 1997, Laitinen, 2002). In turn, there have been some tests of whether indicators really have "lead" properties and of causal relationships within these models. The results have been mixed. Ittner and Larcker (1998) conducted rigorous and substantial hypotheses testing. They found some support for the claim that measures of customer satisfaction were leading indicators i.e. that there was a positive relationship between customer satisfaction and subsequent financial performance. Ittner and Larcker (1998) deserve credit for explicit recognition of the limitations of their study; including endogeneity concerns, the somewhat arbitrary properties of some measures, a potential error component and the low explanatory power of customer satisfaction measures. Whilst adopting a rigorous, quantitative technique their study is a good example of measuring inputs and outputs, with relatively little regard for what is happening in the "black-box" between (Figure 2). Davis and Albright (2004) provide empirical support from the banking sector that implementing a balanced scorecard had a positive
impact on financial performance. The authors recognise the possibility that a "Hawthorne" effect could explain this outcome, but on the basis that performance improvements persisted for at least two years, they did not believe this could be the case (Silvestro and Cross, 2000).

The service profit chain proposed by Heskett et al (1997) included the concept of a satisfaction "mirror". Concisely, their model identified that satisfied, productive employees encouraged satisfied customers and vice versa. Satisfied customers were more loyal. Loyal customers would increase sales revenue and profitability. Silvestro and Cross (2000) attempted to test these links in a UK grocery store setting and had problems supporting the mirror concept. However, Silvestro and Cross (2000) recognised concerns over the suitability of some of the performance measures that they adopted and that theirs was another 'simple correlation analysis.' Empirical testing of the service profit chain remains fragmented. The study produced mixed results.

How is performance measured?

Making use of performance measures in this context, takes this discussion into performance management as an activity. Waal (2003) defines a performance management system as "the formal, information-based routines and procedures managers used to maintain all patterns in organisational activities (adapted from Simons, 2000)" and identifies significant behavioural factors that impact on their use. Such systems should create value by encouraging particular behaviours which in turn improve performance outcomes (Franco-Santos and Bourne, 2005). There remain relatively few studies of the use of performance measures (as

![Performance Measurement Diagram]

Figure 2: View of performance measurement and performance management, with emphasis on the measurement
observed by Kaplan and Norton 2001, Bourne et al 2005, Franco-Santos and Bourne 2005, Ukko et al, 2007), but this may be improving (Bourne et al, 2007). Cohen (1998) perceived a "performance paradox" where managers can know what the problem is and how to make improvements, but still not actually do anything. Pfeffer and Sutton (1999) in a similar vein, identify a "knowing/doing" gap which they perceive as a bigger problem than not knowing in the first place. Franco and Bourne (2003) assert that "many organisations struggle to transform their information into accurate understanding that helps to inform effective actions." Waal and Counet (2009) observe that the literature lacks a rigorous consideration of the issues surrounding the implementation and use of performance measurement systems. However, it is perhaps difficult to envisage performance management without using performance measures. Indeed, there is little in the academic literature to challenge the prevailing view of Kaplan and Norton (2001) and others, that if you cannot measure, then you cannot manage.

Summary

This overview provided a brief introduction to some of the complexity behind the simple presentation of the role of performance measures in managing performance (Figure 1). It has recognised that most companies make use of performance indicators on a regular basis and that a key part of the rationale for this is to influence the behaviour of managers in pursuit of desired performance outcomes. The managers may adopt the company performance indicators or may have their own which they prefer to use, or indeed may use a combination of the two. This review will now go on to explore this particular aspect of performance measurement and management in greater detail.

This introduction is not comprehensive. For example it has not addressed the use of performance measures at different levels of the organisation and for different purposes. Neither has it explored performance measurement at the individual level. These considerations will be included at a later stage. The following sections will adopt the structure of the diagram (Figure 1). Firstly, the impact of performance information and performance indicators, on performance will be developed further. The focus here will be on measures of performance
formally adopted by the business. This will be followed by a presentation of the treatment in the literature of informal performance measures; those measures that a manager might adopt for themselves based on experience, that are not explicitly recognised by the business. As noted above, there is only limited treatment in the literature of what managers actually do with performance information, but this will be reviewed in the following section. Next there will be a review of existing work on manager perceptions of performance indicators. It might be anticipated that the effect of performance measures on performance would be contingent on these perceptions. This will be followed by an account of “gaming” and unintended behaviours arising from the use of performance information. Finally, the diagram recognises the potential for extraneous factors that may mitigate the effect of using performance information on performance. Such factors are an important dimension of this study. They add significant complexity to the context and may account for the diversity of findings in existing studies.

THE RELATIONSHIP BETWEEN PERFORMANCE INDICATORS AND PERFORMANCE

An emphasis on studying performance measurement rather than performance management?

The previous section defined performance, performance measurement and performance management. These concepts are significant, not least for the review of academic work in this area. As noted by leading writers in the field attention in the literature is biased towards the relationship between measurement and performance, as noted by Neely (2005) in his extremely comprehensive review of the research over the previous ten years. There has been very little focus on management practice using performance measures. A number of studies seek to capture the measurement of performance and subsequent performance for a business enterprise, and then using quantitative techniques, test for a relationship between the two (see for example, Ittner and Larcker 1998, Silvestro and Cross, 2000). That the results of these studies have been mixed is perhaps not surprising. As Figure 1 illustrates, there are a number
of phenomena with the potential to influence the management of performance, including the use of performance information, which might also explain some diversity in findings. These include management perceptions of performance indicators, managers' powers of interpretation, management behaviours including decision-making, and other extraneous factors. In a retail study, Ghosh and Lusch (2000) write of a 'plethora of variables' to contend with. Further, some variety in the quality of individual research projects would seem likely. Indeed, there has been a suggestion that the more rigorous the study the less likely a positive relationship between measurement systems and performance (Franco and Bourne 2004, cited in Bourne et al, 2005). Further complexity will come from variety in chosen performance measures selected and how appropriate the chosen measures are at capturing performance. There is a substantial literature on the design of performance measurement systems, much of which emphasises the need for alignment with strategy (for example Kaplan and Norton 1992, 1996.). There is further academic work on the maintenance of performance measurement systems, drawing attention to the fact that nobody operates in a static environment; strategies change and measures need updating (Neely 1999, Kennerley and Neely, 2002, 2003). Finally, most studies measure performance as an outcome in purely financial terms, which has advantages but might seem rather narrow. As has already been noted, performance outcomes included dimensions that are less easily quantified. Further, there is an endogeneity issue to contend with. The cause and effect links in the chain may well extend across more than one accounting period. For example, it is well recognised that exerting too great a pressure on efficiency can be at the expense of the customer experience. In such a case, a financial target might be reached in the short term, but this might be at the expense of customer loyalty in the longer-term. Conversely, with different actions it would be possible to generate short-term and/or long-term benefits in terms of performance outcomes. A number of studies recognise this issue (see for example, Ittner and Larcker, 1998). Essentially, this is the concept of a "leading" indicator.

The paucity of academic research into the management of performance in the wider sense can be partially explained by practical issues. The subject matter by its very nature is commercially sensitive and this will present difficulties gaining
access for data collection. Assuming that an industry partner is prepared to cooperate, capturing management action in itself is very challenging. Many studies rely on recall and perceptions, which depending on the philosophical view of the researcher could be seen as a strength or a weakness.

Performance measurement has evolved over time. In their comprehensive account of the development of performance measurement and management practice in operations, Radnor and Barnes (2007) note that measurement was key to the work of Frederick Taylor in the early 20th century with his emphasis on efficiency as key to success in Scientific Management. These authors identify a shift away from a narrow focus on efficiency towards a broader definition of performance and explicitly to include measuring effectiveness, in the intervening 100 years. More recently this broadening trend manifests itself in scorecards, of which Kaplan and Norton’s visionary Balanced Scorecard (1992) has the highest profile. These scorecards also reflect a perceived limitation in the traditional use of financial measures, seen as having relatively weak determinant properties. In a balanced scorecard, financial measures are augmented by non-financial measures, sometimes referred to as the lead indicators. This is not to suggest that efficiency is no longer relevant (Radnor and Barnes, 2007); rather that performance is not adequately captured using financial measures alone.

**Hawthorne effect**

As noted above, it is a weakness of quantitative techniques that seek to establish statistical correlations, that alternative phenomena may provide the genuine explanation for an apparent link. In this context it is appropriate to acknowledge the Hawthorne experiments of Elton Mayo (cited in Radnor and Barnes, 2007). These were the origin of the so-called “Hawthorne effect.” Could it be that a focus on improving performance, either by management or by academic researchers or both and articulated by some use of performance indicators, was the driver of future performance outcomes? The presence of a Hawthorne effect would suggest that similar results could be generated with different performance indicators. So for example, a performance measurement system could be revised, new indicators introduced, old indicators dropped and this might
generate better future performance. One explanation for this could be that the old indicators were now redundant because the competitive environment had moved on, and that the new ones are more appropriate. Alternatively, the improvement could be explained by a Hawthorne effect. In this scenario it is not the performance indicators themselves that have driven the improvement. Rather, the change to the measures has signalled a focus of attention on future performance and it is this that has generated stronger outcomes. A number of academic studies in this field have acknowledged the potential for a Hawthorne effect (e.g. Ittner and Larcker, 1998, Davis and Albright, 2004).

**Pay for performance**

Many organisations link measuring performance to rewards for their employees. Rynes et al (2005), note that this practice appears to be growing, can produce 'serious, unintended negative results,' but crucially, can generate powerful improvements in performance. Pay for performance (PFP) will be explored more fully in a later section. However, it is worth noting at this stage as PFP systems often include a mix of objective and subjective measures. Objective or results based measures are often seen as fairer by employees, but if relied upon exclusively tend to have a relatively narrow view of performance, which in turn can encourage strange behavioural effects. It is therefore common to include subjective measures, typically evaluations conducted by senior managers. Unsurprisingly, these can be perceived as having less credibility than objective measures, which in turn can compromise the incentive power intended. Academic studies have confirmed the existence of an "outcome effect" in this context. Subjective evaluations tend to be biased by knowledge of results based measures. This hypothesis was confirmed in a study by Ittner et al (2003), who on this basis suggest that psychology based studies may be more useful in offering an explanation, than those based on economics. However, some caution is appropriate as this research was based within a single US retail banking business who abandoned the balanced scorecard model under scrutiny, shortly afterwards. Further support for an outcome effect comes from Ghosh and Lusch (2000), in another quantitative study of significant size. Again the research is based in a single organisation; a US retail chain store. The findings showed that
failure for a store to hit target results negatively biased the subsequent performance evaluation of the store manager. Ghosh and Lusch (2000) explicitly recognise the 'plethora of variables' present, which it is not possible to adequately control for, and that management decisions are 'rarely context-free'. Care should therefore be exercised in generalising this finding, particularly beyond the retail sector.

The balanced scorecard

Balanced scorecards as exemplified by Kaplan and Norton (1992) have been in vogue for the last twenty years. They were developed in this most recent incarnation in response to the perceived limitations of financial outcomes in the context of managing performance (Eccles, 1991). Financial measures were historic by nature and offered poor indications of future outcomes. Scorecards typically include hard measures, but also qualitative indications to redress this balance and make explicit the contribution of softer dimensions such as service quality and customer satisfaction, to on-going financial outcomes.

Kaplan and Norton's (1992) balanced scorecard is not the only performance measurement system developed in the last 20 years, but by some margin enjoys the highest profile; both in terms of adoption by industry and by academic attention (Marr and Schiuma 2003, Neely, 2005). Kaplan and Norton's (1992) paper and others that have followed (Kaplan and Norton, 1996, 2001), lack formal substantiation but have credibility as informed pitches to a professional audience under the auspices of the Harvard Business Review. Organisations across the world have been willing to implement the balanced scorecard. Given the diversity in the performance management field, the balanced scorecard is alone in having such a significant influence. Marr and Schiuma (2003) conduct a citation analysis with over 4000 references included at intervals between 1998 and 2002, to review development of the Business Performance Measurement literature. Whilst these authors recognise the general criticisms of this method, such as authors having ulterior motives for citations and that citations are much less likely to be for the purpose of criticism, they believe the scale of their analysis offsets these flaws. They reflect that the Balanced Scorecard whilst
dominant, may not strictly have been a late twentieth century innovation. It has strong similarity with the Tableau de Bord, which originated in France at least a hundred years previously. Marr and Schiuma (2003) note the evolution of the BSC from measurement (1992) through management (1996) and on to 'organisation and change' (2000), and that this broadening has inevitably widened its appeal.

Academics have sought to empirically test the claims of the originators, Kaplan and Norton for their balanced scorecard. The results are inconclusive. Hoque and James (2000) tested hypotheses in a postal survey of Australian manufacturing companies. The survey enjoyed a 35% response rate, but as the authors note, the study offers no explanation of how scorecards are used. Furthermore, as the respondents were all finance bosses, some bias may be present. The Hoque and James (2000) study found that greater scorecard usage is associated with increased organisational performance. The same study found support for greater scorecard usage being associated with larger organisation size and with businesses where products are at the early/growth stage of the product life cycle. In another study, Braam and Nijssen (2004) tested hypotheses with a sample of 100 Dutch business-to-business companies; a response rate of over 40%. They drew a distinction between measurement-focused and strategy-focused use of the scorecard. This distinction represents a tentative recognition that "use of scorecards" in such a research approach has limited explanatory value. Their tests found support for a positive relationship between strategy-focused use and company performance, but the same was not true for measurement-focused use of the scorecard. A study based on regression analysis and with limited explanatory power, found some support for financial measures being poor indicators of subsequent performance (Evans, 2004). The same study identified a positive relationship between performance measurement system maturity and subsequent performance. The more established the system was, the greater the impact on performance. This finding is supported by the qualitative study of Ukko et al (2007), which sought to capture the perceptions of managers and employees at business unit level. According to Davis and Albright (2004) and based on a single case organisation, the balanced scorecard is effective in improving financial performance. Lipe and Salterio (2002) found that
the balanced scorecard had a "priming" effect. Their study used experiments based on decision scenarios of divisional managers evaluating the performance of business unit managers. The structure of the balanced scorecard categorising performance measures in four groups, produced a bias in subjective performance evaluations. However, some caution should be exercised here as the respondents in this study were MBA students rather than retail managers.

Summary

This section has reviewed the academic work looking at the relationship between performance measurement and the subsequent performance of the business. Various empirical studies over the last 15 years have endeavoured to find support for a positive relationship between the two. The results are inconclusive. Most of the studies cited in this section do not concern themselves with what managers actually do with performance measurements (an important exception here is from Bourne et al 2005). As previously noted, the logic of a performance measurement system is that it will change behaviours of managers in a manner that will positively affect subsequent performance. Just how this works in practice remains unanswered at this point. As Olson and Slater (2002) ask: "What are the intervening steps between measuring performance and excelling?"

Performance measures are adopted by business organisations primarily as a foundation for managing performance. This section has noted that "scorecards" have enjoyed attention from both professionals and academics. Part of the rationale for a scorecard is that it better reflects the breadth, depth and diversity of desired performance by including a selection of measures. However, the use of performance measures is not perfect, even in a scorecard. Some dimensions of performance are less tangible and identifying suitable measures can be challenging. Conducting 'suitable' measurement can be expensive. As previously noted, desired performance is prescribed by a strategy and in a dynamic environment will require constant revision. Businesses therefore exercise degrees of pragmatism when measuring performance.
EVIDENCE THAT MPIS EXIST

Tacit knowledge: a measurement challenge

This section will consider the potential use of informal indicators of performance that managers may make use of and which may influence subsequent actions by those managers. This has received relatively little attention in the academic literature. Support for the existence of Manager Performance Indicators (MPIs in Figure 1) is implied by some writers in the field. Kaplan and Norton (1996) point out that disappointing results, rather than necessarily being indicative of poor performance, might be an early indication of a dated strategy, and therefore the adopted measures no longer being appropriate. Exercising that judgement may imply an intuitive feel for performance. Pfeffer and Sutton (1999) in a commentary aimed at a professional audience, imply that managers will use their own measures of performance. These authors focus on the intangible nature of knowledge, pointing out that tacit knowledge is not captured by the company system. Cohen (1998) in a paper with a similar pitch, makes the claim that managers often know what the problem is, even if they do not act accordingly. There are however, relatively few explicit examples in the literature of managers using informal measures or their own information. Wilson (2000) studied four service delivery cases, each a strong performer from different sectors. This study was heavily based on the perceptions of both senior managers and unit level managers. Only in one of these companies was there evidence of managers using their own performance indicators. Ittner et al’s (2003) statistical analysis of the outcome effect, found some examples of managers incorporating other factors in performance evaluation.

Bourne et al (2005) are unusual in seeking to establish what managers actually do with performance information. Their case study research was based on a UK service organisation with a branch network of repair shops. As such, the findings of the study from a rather specific sector may not have wider application. The research identified high-performing and average-performing business units, with the aim of discovering what was different about managing performance between the two. Further consideration will be given to this study later. Crucially however,
it found that the managers of high performing business units made significant use of their own performance information, with the formal performance measures adopted by the company having a secondary role in confirming to these managers what they already knew (Bourne et al, 2005). The basis for the managers' own performance information came from their own experience and insight into what the true drivers of performance really were. This use of other performance indicators was not so apparent in the average-performing business units.

"Gut feel": the role of intuition in the mind of the manager

It could be that a manager using their own performance information is best described as "intuitive" behaviour.

> Intuition is a capacity for attaining direct knowledge or understanding without the apparent intrusion of rational thought or logical inference.

Sadler-Smith and Shefy (2004), p 77

In this context, intuition and rationality are both cognitive processes, operating alongside each other, in the mind of the manager. In situations where the volume and complexity of information is very substantial, and where there is pressure on time and finite processing capacity, it may not be feasible to rely on purely rational decision-making. Sadler-Smith and Shefy (2004) note that senior managers are more likely to be intuitive, but speculate that "closet intuition" may be prevalent at more junior levels. These authors regard intuitive and rational cognitive processes as complementary to one another. They point out that intuition has risks associated with it and that in "many routine situations is probably inadvisable" (Sadler-Smith and Shefy, 2004). If so, intuition may be less relevant to this study's focus on retail store managers.

Summary

This section has briefly explored a rationale for managers adopting their own performance indicators (MPIs), rather than relying exclusively on those
nominated by the company. Logic would also suggest that if the company performance indicators were inappropriate or inadequate in some way, that this would give rise to this informal practice. There is very little support for this in the existing literature, but this may well be due to the paucity of studies focusing on how performance information is actually used. The work of Bourne et al (2005) is a notable exception to the rule. This section finished with a brief reference to academic work on the intuitive mind of the manager, as compared to rational thought processes.

MANAGEMENT BEHAVIOUR AS A RESULT OF USING PERFORMANCE INFORMATION

What managers actually do with performance information

There are very few academic studies that focus on what managers actually do with performance measures to manage performance. Of those that do, the study from Bourne et al (2005) deserves particular attention. This case study research is hosted by a multiple outlet, repair shop business in the UK, using five high performing business units and five units identified as having average-performance. Given the practical problems associated with observing decision-making, this behaviour is subsumed into a broader “taking action” category. To what extent could high performers be differentiated from average performers on the basis of the actions of their branch managers? The study found that relatively:

High performing business units:

• were differentiated from others by their branch managers’ use of simple mental models, for day-to-day management. These managers described how they use their own indicators rather than the company ones to manage. These unofficial indicators came from experience or insight into what the true drivers of business performance were. The paper does not specifically identify these unofficial indicators, beyond saying that many related to handling volume and that some related to individual and team working skills development.
their managers collected additional data from meetings, conversations and observations of activity. Company scorecard results were not then a surprise. This was much less apparent in average performing units.

- the managers were making light use of the facility in the company system, to analyse data at a more detailed level. The researchers concluded that the scorecard data was just being used to check the manager's own assumptions "and not as a fundamental tool for managing the business". There was evidence that managers were using their own systems to manage. Examples of this included instances where there were specific problems that needed to be overcome.

- the managers ignored inappropriate targets, and use their own targets, sometimes higher than national figures.

- the researchers found that the intensity of communication within the unit was much greater. There was evidence of a "perpetual performance dialogue" in high performing units, and in the view of the researchers this was the most significant differentiator.

Bourne et al (2005)

Managers in high performing units were making sophisticated use of performance information that was not reliant on the company systems. They had their own systems for analysing performance information and this was used in intensive communication within the business unit (Bourne et al, 2005). Superficially all units were conducting basic measurement and management of performance. However, the average performers were driven by the company performance measurement system, whilst their smarter colleagues drew on other information such as trends, local conditions and people issues, and used the company generated read-outs to confirm what they already knew (Bourne et al, 2005). Essentially, the higher achieving managers were proactive in their orientation to performance, whereas their average achieving colleagues were relatively reactive. Interaction and engagement with the performance information were the key to better results. The researchers acknowledge the caution required in making wider generalisations for a case study, particularly when this industry
sector may have its own peculiarities. However, the results are interesting and would benefit from further research.

A more recent study provides insight to the world of UK supermarket managers and what they do (Grugulis et al, 2010). This found that the work tasks and routines of store managers were both heavily prescribed and then heavily monitored by company systems. Any freedom enjoyed was described as trivial. Managers were expected to inspire and enthuse those working for them, whilst being driven by challenging performance targets over which they themselves exercised no influence. Even the softer people management dimensions of their role were very constrained. For example, company policy dictated daily "caucus-style" meetings in part to motivate the management team and head office produced templates to set the agenda for these. In the analysis of these researchers, there was a leadership "rhetoric" that was adopted by senior executives, permeated the language of lower ranks, and effectively "bought into" by store managers. For example, there was a wide perception that unplanned events could and would affect performance, but could also be used to excuse poor leadership. Such unplanned events (late deliveries, staff absentees, etc.) could be overcome by the drive of the manager inspiring the team to push themselves to cope with the adversity. (Grugulis et al, 2010)

The case for prescribing management actions on the basis of performance indicators

In a substantial case study of a high performing UK restaurant chain, Ahrens and Chapman (2007) observed failed attempts by senior managers over a four-year period, to "tighten up" performance measurement within their business. It was felt that performance could be further improved by developing rules and prescriptions for what restaurant managers should be doing in particular instances on the basis of performance measurements. These researchers concluded that, "the complexity and interdependence of factors that impact on restaurant performance in the case company meant that specific metrics could not be tightly coupled to simple prescriptions for management action" (Ahrens and Chapman, 2007). The sales growth metric is used as an example. If
performance is below expectation on this basis, there are a number of potential strategies to employ, that are open to the manager. A choice is best made based on the local context. Prescription directed by head office would not be appropriate. This is not to suggest that the performance measurement system did not or should not engender any management response. It can also be noted that in hospitality there may well be more scope for the unit manager to customise the service than in other sectors. Similar to the Bourne et al (2005) case, the metrics promoted communication across the management hierarchy with a focus on managing performance. "By treating performance information as equivocal rather than concrete, the output of performance measurement systems triggered beneficial discussions and explorations of restaurant operation." (Ahrens and Chapman, 2007 p 490.)

**To coerce or to enable?**

Other studies that specifically address manager behaviour in this context are limited. Wilson’s (2000) four case studies from various service sector industries find no consistent use of performance information and little apparent guidance from within the organisations either. Ukko et al (2007) find support for a link between increased interactivity between management and employees at the business unit level, and higher levels of performance. Their study deserves attention for its focus on this level of the organisation. Melnyk et al (2005) identify a “metrics tension” - if metrics are changed, users show a tendency to stick to existing metrics which they understand better. Morgan et al (2005) find a potential for tensions between using customer satisfaction information for control purposes and the same measures as a basis for organisational learning. Whilst not addressing performance measurement specifically, Adler and Borys (1996) make theoretical comparison between coercive versus enabling characteristics of bureaucratic controls. "Middle managers can coerce compliance and intensify work or they can provide guidance, support, and coordination" (Adler and Borys, 1996). Following this lead, Wouters (2009) reports on a longitudinal case study on the implementation and use of a performance measurement system using an enabling approach. From this study, employee beliefs in the system and their
commitment to improving performance apparently benefit, but the impact on
performance itself is only implied.

Away from empirical research on performance management, there are a number
avovates incremental action over radical change. Managers’ action should yield
benefits in time, but as March and Sutton (1997) are keen to emphasise results
may be short-term or long-term. Pfeffer and Sutton (1999) advocate trial and
error, rather than meticulous planning in advance. Given that the business
environment is not static, it is better to act sooner, than spend too long in
preparation.

Negative implications of performance measurement

The influence on behaviour from performance measurement information may not
be entirely positive. Sobotka and Platts (2009) cite Franco and Bourne (2003) in
recognising the negative effects that “tedious” performance measurement
activities can have. There is speculation as to whether performance
measurement and management processes can interfere with innovation and
dampen creativity (Radnor and Barnes, 2007). These authors in their analysis of
existing literature, trace the development of the field and would like to see more
focus on the “software” of performance measurement and management systems
rather than just the systems themselves, but recognise the “great challenges” this
involves.

Summary

This section has addressed the limited treatment in the academic literature of
note a continuing debate in the literature as to whether performance
measurement has a positive impact on business performance or not and that
evidence is mixed. It may well be that a focus on measurement is misplaced.
Rather, the influence of measures and performance information on manager
behaviours may be of greater significance. ‘If action doesn’t follow measurement
... most of the efforts ... will be wasted’ (Franco and Bourne 2005 p115). Radnor
and Barnes (2007) are not alone in wanting to see more focus on the “software” of performance measurement and management systems rather than just the systems themselves, but recognise the “great challenges” this involves.

**MANAGER PERCEPTIONS AND INTERPRETATIONS OF PERFORMANCE INDICATORS**

In the opinion of the manager

Having established that a significant element of the rationale for performance measurement systems is to influence the behaviour of managers, this section considers the mitigating effect that manager perceptions of measures may have on this relationship. Interest in this area stems from the likelihood that the commitment or motivation of the manager will be affected by their perception of the measure. For example, if an indicator is perceived as beyond the control of the manager or is in some way unfair, then this might have a negative impact on the influence i.e. the relationship will become weaker. Conversely, there may be instances of favourable perceptions of measures accentuating the effect that they wield over behaviour. Academic attention to manager perceptions of performance measures has focused on three areas: issues associated with the use of subjective evaluations, plausibility of the measures and linking measurement to rewards. Each of these areas can affect the commitment or motivation of the manager. The effects of pay for performance will be considered in the section on dysfunctional behaviours.

**Subjectivity, the “outcome” effect and equity issues**

Subjective measures or ratings, as has already been noted, are used by companies endeavouring to capture the full breadth of performance. As noted previously, several studies have found support for an outcome effect, where ratings are influenced by knowledge of objective measures (e.g. Ghosh and Lusch, 2000). It would perhaps be not unusual for a business unit to fail to hit a target described with an objective measure, but for a manager to have performed well in other dimensions. The Ghosh and Lusch (2000) study is based on developing and testing hypotheses and provides limited explanation, particularly
when as the authors note, there is a plethora of other variables present, which are difficult to control for. They call for further research to test:

- Whether better communicating the decision process mitigates against the outcome effect?
- Whether training could reduce bias in the evaluators and reduce the outcome effect?
- Whether conducting ratings in advance would mitigate against outcome effect?
- How organisational or industry factors might influence level of outcome effect?

Ittner et al (2003) in another hypothesis-testing study confirming the outcome effect, found that subjectivity in the performance measurement system led to perceptions of inequity amongst branch managers. This led the authors to believe that psychology-based explanations may be as important as economic ones.

Webb (2004) found that the commitment of managers was greater when the cause and effect links in the performance measurement system were perceived as plausible. As financial goal achievement is at least partially contingent on achieving the non-financial goals, if the non-financial goals are seen as achievable, then the financial goals are also likely to be seen as achievable. This study tested hypotheses within an experimental design, which may not adequately reflect the complexity present when managers make decisions and take actions in a real world context.

The Ahrens and Chapman (2007) case study of the UK restaurant chain serves to reveal something of operations managers' perceptions of company performance measures. The study, conducted over a period of four years, identifies a conflict of views between senior management and branch managers. Whilst the chain is reported as consistently successful, the senior management perceived potential for improvement in performance from tightening measurement and devising protocols to govern operations responses. Unsurprisingly, these were consistently resisted by the restaurant managers who
did not wish to become ‘glove puppets’; acting on behalf of head office without discretion of their own. "Restaurant managers were well aware of the drivers of performance within their businesses, but conceived of the various metrics as contributing to performance by setting out a framework within which managers could determine appropriate trade-offs in the light of emerging contingencies" (Ahrens and Chapman, 2007). Again, it could be that unit managers in this type of hospitality operation (full-service restaurants) enjoy greater degrees of discretion over operations than do their counterparts elsewhere in the service sector.

Whilst most academic attention has been devoted to perceptions of performance measures in the context of manager commitment and motivation, the literature includes a number of other perspectives. There is some support for recognition of the underlying logic for using performance measures. Morgan et al (2005) in a major qualitative study, identified a perception amongst managers that effective customer satisfaction information usage is associated with supporting business performance. This study is interesting for its focus on a commercially sensitive activity. Most of the 142 interviews upon which it was based, were recorded by hand rather than being taped. This may have increased the error rate and bias potential in the post-graduate student interviewers used by the researchers. The paper provides little on the analytical techniques adopted to process the interview scripts. Ukko et al (2007), in another qualitative study, found a shared view amongst managers and the employees that they were managing, that performance measures had a positive impact on performance. Similar to the Morgan et al (2005) study, Ukko et al (2007) collected more than one perspective in each of the respondent organisations, which should serve to reduce the bias potential. In case studies of service sector organisations, some performance measures were perceived as systems-led indicators rather than needs-based (Wilson, 2000). These measures existed because it was relatively easy for the system to generate them, rather than being selected for their utility. However, this was only found in two out of the four cases presented, and therefore should be treated with some caution.
In this research the focus is on the performance of the retail store as a business unit. There is an issue in this context, in that store managers effectively share responsibility for retail service delivery with other functions in the wider retail business. For example, a customer's experience of poor product availability could be attributable to store level, but could as easily be the responsibility of buying or supply chain managers. The problem is identified by Ghosh and Lusch (2000) previously cited, in their study of retail store managers. A UK food retail study found performance measures that were seen as inappropriate at store level on account of the inability of managers to influence outcomes (Wilson, 2000). Some care should be exercised in making wider generalisations from this study.

Summary

This section has explored performance indicators from the perspective of the manager whose behaviour is the focus of interest. The logic of performance indicators is that they will trigger changes in behaviour in pursuit of desired performance outcomes. The perception of manager is important because a positive view of the utility of the indicator is more likely to instigate the desired change in behaviour. Conversely, a negative view of its utility will weaken its impact on behaviour.

“GAMING”: UNINTENDED OR DYSFUNCTIONAL BEHAVIOURS ARISING FROM USE OF PERFORMANCE INFORMATION

Quantitative measures of performance are tools, and are undoubtedly useful. But research indicates that indiscriminate use and undue confidence and reliance in them result from insufficient knowledge of the full effects and consequences. Judicious use of a tool requires awareness of possible side effects and reactions. Otherwise, indiscriminate use may result in side-effects and reactions outweighing the benefits, as was the case when penicillin was first hailed as a wonder drug. The cure is sometimes worse than the disease.

Ridgeway 1956 p.240
The limitations of objective measurement

As has already been noted, performance is multi-dimensional. It is not possible to capture the intangible realms of performance using exclusively objective quantitative measures. Attempts have been made to reflect this in performance measurement, through the use of scorecards which incorporate subjective metrics or ratings. These scorecards may also adopt weightings of individual metrics, in pursuit of “balance” to better reflect the complexity of the performance vision. In practice this is imperfect. Kaplan and Norton (1996) recognise the potential for unintended behaviour if rewards are linked to scorecard measures. Ittner and Larcker (1998) are not alone in suggesting that objective measures are more likely to encourage gaming. On this basis the authors identify that theoretically, weighting of individual measures could help to address this and an argument for subjective measures could be to design out gaming.

Recognition of the potentially negative effects of human behaviour in this context is not new. Ridgeway (1956) identified the existence of a ratchet principle where an improvement in performance leads to target measures being increased. In such cases deliberate restriction of output is common. Employees recognise that exceeding a target can lead management to increase targets in future periods. In this situation workers enter a tacit agreement not to exceed quotas. Sobotka and Platts (2009) cite Smith 1993, to summarise the negative effects of performance measurement:

- myopia: a concentration on short-term issues at the expense of long-term outcomes
- Convergence: a tendency to stay within recognised limits. This is the response to Ridgeway’s (1956) ratchet effect. No motivation to be outstanding.
- Ossification: disinclination to experiment or be innovative
- Gaming: manipulating behaviour to generate another outcome
- Misrepresentation: generating false indications. Would include fraud and creative accounting.
Unrealistically high targets may not have the desired effect either. In such cases, rather than make any attempt to reach the set target, managers may decide at the outset that figure was unattainable and consequently, there is no influence on behaviour. The Bourne et al (2005) study, for example, reports managers ignoring “inappropriate” targets.

As already noted, the rationale for having performance measures is in part to influence behaviour and in doing so, improve performance. Radnor (2008) points out that gaming is essentially behaviour influenced by performance measures, but with an ulterior motive. Gaming activity consumes the energy of those involved and misleads others. At best it is inefficient and at worst it is fraudulent. The challenge is to design systems that generate appropriate influences on behaviour. Radnor’s (2008) paper develops a typology of gaming behaviours, and focuses on the public sector where performance measurement is part of a significant politically charged accountability agenda, but this observation clearly has wider application.

Linking rewards to performance

The logic of linking rewards to performance measurement is that the individual will be motivated to behave in a manner that will deliver improvements for the business. There is a very substantial literature on motivation extending back a long way. To start with there are issues of practicality in administering the link between performance and reward. For simple tasks where performance can be defined in a relatively narrow dimension, the activity of operatives in a distribution centre for example, there is evidence to suggest that piece-rates are effective. However in contexts where performance is multidimensional and more complex, and the activity of most managers would fit this description, a debate continues as to whether pay for performance really works (Osterloh and Frey, 2007).

Intrinsic motivation stems from the activity itself; from finding some value from better performance for its own sake. On the other hand extrinsic motivation is external to the activity itself; where the activity is a means to an end, rather than an end in itself. Arguably, there is little intrinsic motivation inherent in the work of a distribution centre operative and performance can be defined relatively easily
by breaking activity into small units set against the clock. Motivation is extrinsic and stems from earning bonus payments for achieving preset targets. For most managers, this would not be so easy. Rynes et al (2005) in a comprehensive review of the recent literature, conclude that monetary rewards and intrinsic motivation do not generally work against each other. They note however, that money is a very powerful motivator. It is therefore important to ensure that rewards do not encourage the wrong kind of behaviour (Rynes et al, 2005). Others urge more caution in the use of incentives. Webb (2004) identifies goal attractiveness as a source of intrinsic motivation; “the anticipated satisfaction from goal attainment” and that this has a positive association with goal commitment. Webb’s (2004) experimental research design may however, not adequate reflect the complexity of the context. Osterloh and Frey (2007) identify “crowding out effects”. In their view the introduction of rewards as a device to increase extrinsic motivation, has the effect of compromising intrinsic motivation. The benefits are not clear-cut and nor is the academic conclusion. “Monetary incentives are entangled in an extensive web of psychological contracts, cognitive self-evaluation and fairness considerations” (Osterloh and Frey, 2007, p444). Bourne et al (2005) in their qualitative study of high performing and average performing branches in a repair business, identified incentives for both branch managers and operatives. Branch managers were paid an annual bonus for hitting profit target. Operatives were paid productivity bonuses, with penalties designed to maintain attendance and protect quality. The incentive for managers did not appear to generate unintended behaviours, whilst there were examples of dysfunctional behaviour amongst operatives.

**Summary**

Performance measures are used by business in part because they will influence the behaviour of managers and this in turn will have a positive effect on performance. Measures are believed to be a useful tool in driving performance. However, there is evidence that the influence on behaviour may not be entirely positive and indeed could be counter-productive. In such cases businesses will have wasted resource in designing and implementing systems, as well as bearing the cost of the outcomes of dysfunctional behaviour. According to Radnor and
Barnes (2007) in their comprehensive review of the development of the operations management perspective towards performance management, further research in this area is needed.

**EXTRANEOUS FACTORS THAT MAY MITIGATE THE EFFECT OF USING PERFORMANCE INFORMATION ON PERFORMANCE**

The view presented here is of performance information’s impact on manager behaviours being mediated by the perceptions and interpretations of those managers (Figure 1). It is appropriate at this point to acknowledge the potential for other factors to have a mediating influence on manager behaviour. Numerous academic studies recognise that whether performance improves or not, is indeed contingent on a broad range of internal and external factors. This section will provide a brief review.

March and Sutton (1997) in their cautionary paper observe the effects of competition. Strong performance promotes imitation and therefore more competition, diluting the benefit. Weak performance has the reverse effect and direct competition weakens as a result. According to March and Sutton (1997) these effects become institutionalised through pursuance of “best practice’ and...the activities of managerial media and consultants.”

**External Factors**

Bourne et al (2005), (citing Smith and Goddard 2002, and Waggoner et al, 1999) in their review of existing literature suggest market uncertainty, supplier characteristics, and the economic situation as external factors, all affect the success of performance measurement. Morgan et al (2005) studied contingencies affecting customer satisfaction information utilisation (CSIU) and concluded that the more intense the competitive environment, the more and wider use is made of customer satisfaction information. These authors also found that contingencies affecting relationships between CSIU and firm performance as follows:
- Customer homogeneity - in a highly heterogeneous customer market
  CSIU “distinguishes a firm’s ability to understand and effectively segment
  its markets and deliver higher satisfaction levels to different groups of
  customers.”
- Market dynamism - How rapidly are customers and preferences
  changing? If slowly - all firms can achieve similar understanding. CSIU
  may offer less competitive advantage. (Morgan et al, 2005)

Whilst the Morgan et al (2005) study is relatively narrow in its focus, it would
perhaps not be surprising if these findings hold more generally in performance
measurement terms. Hoque and James (2000) found that greater scorecard
usage is associated with increased organisational performance, with larger
organisation size and with businesses where products are at the early/growth
stage of the product life cycle. However, no association was found between
scorecard usage and market position. Respondents in this study were senior
financial managers within sample organisations and this may have created a bias
potential.

Internal Factors

There appears to be more academic studies of the internal factors that
performance may be contingent upon. Some of these are summarised neatly in
Table 1 taken from Bourne et al (2005).
Table 1: Internal contextual factors impacting performance measurement effectiveness. (Reproduced from Bourne et al 2005, p376)

<table>
<thead>
<tr>
<th>Internal context</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>more mature systems are more effective</td>
<td></td>
</tr>
<tr>
<td>Importance of aligning structure and measurement</td>
<td></td>
</tr>
<tr>
<td>Organisational size:</td>
<td>Hoque and James 2000, Hudson 2001a, 2001b</td>
</tr>
<tr>
<td>measurement is easier in larger organisations and more problematic in smaller ones</td>
<td></td>
</tr>
<tr>
<td>alignment between the cultural elements embedded in the measurement system and the users' cultural preference is beneficial</td>
<td></td>
</tr>
<tr>
<td>appropriate style is important, appropriate style may be different in different settings and phrases of implementation and use</td>
<td></td>
</tr>
<tr>
<td>measures should be aligned to strategy</td>
<td></td>
</tr>
<tr>
<td>Resources and capabilities:</td>
<td>Bourne 2004, Kennerley and Neely 2002</td>
</tr>
<tr>
<td>companies need resources and capabilities to implement and refresh their measurement systems</td>
<td></td>
</tr>
<tr>
<td>high data integrity and a low burden of data capture are important</td>
<td></td>
</tr>
<tr>
<td>there should be alignment between measurement and other systems (e.g. budgeting, compensation)</td>
<td></td>
</tr>
</tbody>
</table>

Bititci et al (2006), identify from the literature a likely relationship between organisational culture, management style and performance measurement systems. To better understand the causal links between these phenomena, their chosen method is action research, conducted within five UK manufacturing case
studies. Wider generalisation of case study findings should be treated with some caution and the authors note that there is some potential for bias created by the selection criteria for the cases. Their key finding is that the links between performance management, organisational culture and management style are bi-directional; that they are “interdependent during the life cycle of the PMS” (Bititci et al, 2006 p. 1344). For example, they found some suggestion that successful implementation and use of a performance management system may lead to “a more participative and consultative management style” and that successful implementation and use of a performance management system may lead to “a change towards an achievement culture”. The authors call for more research.

Expert opinion from 24 respondents was captured in a 2002 study that yielded nine factors which “seem to have a greater impact on the way organisations manage through measures” (Franco and Bourne, 2003). Of these nine factors, organisational culture stood out as having the greatest influence. The other factors were management leadership and commitment, compensation link to the strategic performance management system, education and understanding (need for training), communication and reporting, review and update of the system, data process and IT support, business and industry, performance management system framework (Franco and Bourne, 2003). It should be noted that this study took a strategic review of performance management and that there is potential for some bias in the sample drawn from amongst delegates at a performance measurement conference. However, its findings were consistent with existing work in this field.

Writing for a practitioner audience, Cohen (1998) identifies the scope for a “performance paradox”; a situation where managers may know what the problem is, and what needs to happen to act in the organisation’s best interests and yet fail to take appropriate action. On the basis of considerable if relatively unsubstantiated experience, the author believes that such situations are not unusual (Cohen, 1998). Others have developed this theme, arguing that whilst there will be differences in what organisations know, the gap between knowing and doing is more important. In their words, “a much larger source of variation in performance stems from the ability to turn knowledge into action” (Pfeffer and
Sutton, 1999). This is another conceptual paper aimed at a practitioner audience, but this time with greater substantiation. The authors cite evidence that transferring knowledge across firms and within firms does not happen as might be expected. Pfeffer and Sutton (1999) go on to point out that knowledge management systems can actually serve to exacerbate the knowing/doing problem identified above. Such systems have an emphasis on technology and the transfer of codified information. Therefore, they are not good at coping with tacit knowledge, which by implication is not easily described or codified.

Ukko et al (2007) conducted case study research, founded on hermeneutics to gain a deeper understanding of performance management practice. The eight case studies included interviews with senior managers, and notably a focus on employee experience at the business unit level of the organisation. The principal finding was that the interactivity between managers and employees, spurred by performance information was crucial to the future success of the organisation. Extraneous factors identified from the eight case studies included in the study were the maturity of the PMS, links with rewards, and education levels of the employees (Ukko et al, 2007). Lipe and Salterio (2000) found "cognitive difficulties" amongst users as an issue for the effective use of performance information. Wilson (2000), again conducting multiple case study research, identifies management training related to use of performance indicators and the timeliness of reporting as extraneous factors.

Morgan et al’s (2005) previously cited study of the use of customer satisfaction information, found also that the "cultural orientation of the firm" was influential. Businesses with a stronger customer or competitor orientation were more likely to make greater conceptual and instrumental use of customer satisfaction information across a broader range of decisions than were firms with a technological orientation.

A summary table of relevant performance measurement and management studies is presented in Appendix A.
RETAIL SERVICE OPERATIONS

Generic service operations/service delivery systems

The study of service operations management has been extended from the foundation of operations management, originally grounded in manufacturing activity. Services have intangibility, heterogeneity, simultaneity, perishability and in some cases customer production as distinguishing features. Sampson and Froehle (2006) provide a contemporary review of these service characteristics and note that the existence of each is rooted in the customer input to service delivery. Intangible elements of service defy precise specification and measurement. Customer perceptions and judgements become extremely important. Heterogeneity refers to the uniqueness of individual customers and therefore service encounters. To be affected at all, service delivery requires at least some customer presence during the process; hence simultaneity.

Perishability as a service characteristic refers to the providers' facility or capacity to deliver the service. The management challenge here arises from the degree of match between facility on the one hand and customer uptake on the other. All of these four characteristics are present to some degree and are what differentiate service operations management from operations management in a manufacturing context. In some service delivery systems customer participation in terms of additional inputs is also identifiable. "Service processes are distinguished from non-service processes only by the presence of customer inputs and implications thereof" (Sampson and Froehle, 2006, p334).

Service delivery systems can be presented as diagrams depicting inputs being fed into processes with ensuing outcomes (see for example Figure 3). Essentially, service providers combine a number of inputs to create a facility to delivery the service. Take-up of the service reflected by sales to customers is a measure of output. Beyond this, there are a number of potential outcomes in terms of impacts on those customers.
Performance of service delivery systems is reflected in three key areas; productivity, capacity, and quality. Service providers combine a number of inputs to create their facility to deliver with varying degrees of productivity. Johnston and Jones (2004) provide a useful clarification of the dimensions of service productivity. Issues of capacity management are concerned with the match or mismatch between facility to deliver, supplied by the service provider and demand from customers. In simple terms, excess capacity implies wasted resources and insufficient capacity implies lost business or disappointed customers; none of which is sustainable in the long-term. Service quality is concerned with the outcomes of the service delivery system. Customers make comprehensive judgements about the extent to which their perceptions of what should have been delivered compares with what was delivered. Intangibility and heterogeneity as characteristics of services, both make managing quality a challenge. Finally, these dimensions of performance in service delivery do not exist in isolation. A myopic pursuit of performance improvement in one domain, is likely to have undesirable implications in another. Cutting back on inputs to the point where in the perception of the customer, the service experience suffers, is a
common example. So a balance is required and the interrelationships are more complex than this example reflects. Roth and Menor (2003, p.146) in their review of service operations management research, note that “many service management problems are fuzzy and unstructured; are multidimensional and complex; and less conducive to normative, analytical modelling.”

Retail service delivery

Having outlined the generic principles of service delivery, it is now appropriate to reflect on how these apply to the retail sector. The core of retail service is about providing the customer with the right goods, in the right place, at the right price, at the right time, in the right quantity, at the right quality, and all at the right cost to the retailer. Note that all but the very last of these “rights” of retailing are in the perception of the customer, fitting with the previous more general observation of services. What is right for the customer is of course a moving target and retailers have to keep up. Further, it is worth noting that customer expectations can now extend well beyond the core availability of the right merchandise and into a range of service enhancements.

Davies (1994, p.6) provides a more academic definition of retailing as the “the management of resources to supply the product and service needs of the end consumer, encompassing the supply chain of any physical products and the exchange processes involved.” This usefully includes the supply chain dimension. As John Kay (1996) concisely observed from his economic view, “retailing exists because consumers are small, ignorant and immobile.” So retailers can be seen as supply chain intermediaries, whose practical function is to help close gaps between production activity and the act of consumption. “In our modern economy, the distribution network makes possible specialized mass production on the one hand and the satisfaction of the differentiated tastes of consumers on the other” (Alderson 1954, p14 cited in Svensson 2002). The significance of retailers in the supply chain has increased dramatically over the last century. Not only have they become larger in absolute terms, but many have taken over the role of other former intermediaries upstream in the supply chain and perform wholesaler functions. In relative terms, many retail sectors are now
concentrated, with relatively few organisations representing a large proportion of the market. UK grocery retailing would be a case in point, with the market share of the top four retailers now exceeding 70 percent (Kantar Worldpanel, 2010). Retailers have become more powerful as a result.

**Performance dimensions in retail**

Traditionally, retail activity has been concerned with trading; buying and selling merchandise at prices that generate sufficient surplus to cover expenses and generate profits. Accordingly, performance has been measured through sales figures, cost control and achieved gross margin. The focus here is on productivity, and is very immediate. There are established input-output ratios for the purpose.

In reality retail performance is wider than mere trading (Dobson, 2005). Retailers provide services beyond just having the right goods, in the right place, at the right time to affect a sales transaction. Customers have evolving expectations that extend beyond merchandise availability. The quality of the retail service in terms of the extent to which it meets these expectations, is also an element of overall performance.

**Retail Organisation**

This study focuses on large scale retailers with multiple outlets. These businesses are characterised by centralised buying and marketing functions, and geographically dispersed store operations. Providing the right goods consistently is a complex activity. The various functions within a multiple retailer effectively share responsibility and accountability for service delivery. For example, a customer's experience of poor product availability could arise from poor execution in buying, in distribution, in store operations or indeed, in any combination of the three.

**Retail Store Operations**

The in-store retail operation is all about trading; facilitating transactions with customers. The principle retail-specific activities can be identified as follows:
- Transaction processing
- Merchandising
- Replenishment
- Inventory Management
- Wastage control
- Security/Shrinkage control
- Customer Service
- House-keeping

Transaction processing in the food retail context, is handled by the checkout operation which covers the scanning of customer purchases, payment and bag packing. Recent advances include self-scanning systems. In service delivery terms, there is scope to match labour resource with sales activity as a capacity management technique. Perceptions of queuing remain sensitive for customers.

In terms of product merchandising, the presentation of goods for resale is typically predetermined centrally by the retailer. Stores are expected to conform to plans or for assortment or range selection, space allocation, floor layouts and shelf layouts. In-store replenishment concerns the physical activity of ensuring the on-shelf availability of merchandise to customers and is a key responsibility for the store. Some stock reserve may be held in back-up storage, but contemporary distribution systems have moved towards more frequent delivery of smaller quantities, reducing the need to hold stock at store level that is not on the sales floor. The scope for store management to influence inventory management is again relatively limited. Stock control systems are typically automated with forecasts built into algorithms that govern re-ordering. Some local intervention by the store management is normally possible, but not likely to be on a significant scale. It is normal for a store to have a level of recordable stock loss, such as for breakages or mark-downs on merchandise that is past its prime condition, and this element of loss is normally referred to as waste. Poor working practices at store level will generate high wastage. From a management perspective, identified policies and procedures should be followed to avoid excessive waste. There is an accountability problem with wastage, in that poor decisions in central functions or the supply chain can contribute. For example, perishable product
can arrive at store with relatively short shelf life, through a distribution function error. Store management can perceive this as unfair, as the resulting loss will be added to the store's waste record. The retailer may include an allowance for such losses in the budget, but in practice, preserving accountability is an issue. Shrinkage is unrecordable stock loss, such as from theft. Again, from a management perspective there are established techniques which will minimise losses of this type. Consumer expectations of retail service extend beyond the core of product availability and stores are responsible for the delivery of a level of customer service determined by the retailer's offer. In competitive strategy terms this is important as a means for differentiating the retail brand. Customer service will include service recovery for example. Store managers have responsibility for housekeeping, or maintaining threshold operating standards. Some of this is enshrined in legal obligations, such as the duty of care to staff and customers under health and safety legislation, or the requirements under trading standards. Also within housekeeping, managers are responsible for the local compliance with company policies and procedures, typically presented in store manuals for easy reference.

In addition to the retail-specific activities that store managers are accountable for, their other significant responsibility is for managing people. The front-line labour resource in much of retailing is low-paid and part-time. Most retail stores have supervisory teams to cover the breadth of in-store departments and the extended trading hours. Larger units typically operate twenty-four hours a day, even if their trading day is shorter. Effective management of people is a key element of ensuring that the retail-specific responsibilities are discharged effectively. At the basic level this means scheduling appropriate cover to match task requirements of retail operations on an hour-by-hour basis. The appropriate service experience has to be delivered for the customer, without unnecessary overspend on wages. This is no mean feat in itself as unplanned events can place additional demands with little or no notice. Staff training and development need planning to ensure that the appropriate skills resource is available on an ongoing basis. There will be a constant pressure to motivate staff to get the immediate job done and to accept changes to working practice when sometimes there will be resistance (Varley and Rafiq 2004, p97). Store managers need to enthuse the
people working for them (Grugulis et al, 2010), whilst being prepared to administer disciplinary procedures as the situation requires.

There has been some academic attention given to the leadership qualities of store managers. Lusch and Serpkencl (1990) sought to measure, using self-perceptions, the personal traits of store managers and explore the relationship these might have with the performance of the store. Similarly, Koene et al (2002) looked for correlations between leadership traits in store managers and store performance. The following quote is drawn from this paper:

> When asked about supermarket managers in fact, employees recounted very concrete actions and behaviours of managers that had influenced employee attitudes and store performance in the first months after the new managers arrived in their stores. These actions ranged from firing underperforming employees and motivating store employees by setting, checking, and rewarding clear and interesting daily, weekly, or monthly objectives, to inspiring the store’s staff by clearly translating corporate objectives to goals for the stores and individual employees. At the same time, such interviews suggest that changes in store outcomes are frequently impacted by changes in store managers.


Duckett and Macfarlane (2003) linked emotional intelligence with transformational leadership qualities in store managers and then with store performance. Hales (2005) reflected on the argument that organisational change trends had led to a shift in the role of “first-line” managers towards team leadership at the expense of the supervisory capacity traditionally held. In this large study that included retailers, he found that the supervision function within the job-role of this population was stronger than ever. More recently still, Grugulis et al (2010) in a study of supermarket managers within two major UK chains find a ‘discrepancy between the rhetoric of leadership’ adopted by senior retail executives and the in-
store reality. They found the scope for the store managers to show leadership to be very limited.

To summarise, store managers are responsible for the efficient and effective delivery of retail service delivery. The creation of physical store capacity imposes financial thresholds that dictate minimum levels of sales activity if the location is to be sustainable. Commercial pressures dictate the store managers are expected to maximise sales and trading profit by minimising costs and losses. It is normal to set targets for sales and for this to be the primary measure of performance. Budgets for costs and stock losses are often expressed as percentages of sales (Cox and Brittain, 2004). Good practice would be for store managers to be held accountable only for those costs and losses which they can influence. If sales exceed budget, it is easier for a manager to meet targets for costs and stock losses.

**Information Systems Development**

Retail operations generate massive volumes of data. Innovations in information technology and systems have revolutionised practice over the last twenty five years, including a massive impact on store management. Whilst the industry could be seen as relatively slow to adopt new systems which emerged during the 1980's, enabling technologies such as Electronic Point of Sale (EPoS) became almost universal as the new millennium arrived (McGoldrick, 2002). The impact has been dramatic and has facilitated re-organisation of the entire supply chain.

McGoldrick (2002) identifies the efficiency gains and therefore cost reduction from less administration, lower stockholding and therefore better stockturn, and associated lower levels of waste. In-store productivity is boosted by faster checkouts, lower labour costs, improved labour scheduling, the scope to monitor individual staff performance in quantitative terms, more accurate space planning and removal of the requirement to price-mark individual items. Sales were boosted by better assortment and availability, along with the ability to respond more quickly to trends and changes in consumer demand (McGoldrick, 2002). Customer service has benefited from improved assortments and better availability, shorter checkout queues and itemised receipts with fewer errors.
(McGoldrick, 2002). Enabling technologies, notably EPoS, Electronic Data Interchange (EDI) and internet based communication have transformed supply chain organisation and underpinned major initiatives such as Quick Response (QR) and Efficient Consumer Response (ECR) (Fernie and Sparks, 2004). These initiatives are based substantially on the automation of inventory management, which would not be possible without the enabling technologies. This automation has relieved retail store managers of a very significant and time-consuming stock control burden, previously conducted manually.

Information systems development continues to impact on working practices in retail stores. Grugulis et al (2010) note the increasing levels of “close prescription and standardisation of work tasks” for store managers, accompanied by “far greater surveillance in terms of observable results” in the two UK supermarket chains that they studied. Insofar as it is quantifiable, the information system facilitates monitoring of performance in highly structured terms defined by head office. For the store manager, the scope to exercise discretion is diminishing.

In summary, this section has provided generic retail context for this study. It has presented service delivery as a system before developing an overview of operations in retail stores and outlining the breadth of responsibilities typically held by the store manager. The section concluded with a brief overview of the impact that information systems development have had in this context.

**Literature review - Conclusions**

This chapter started with a vision of the role of information in the management of performance (Figure 1). In simple terms performance information is available to operations managers either via the corporate system or conceivably, via other less formal sources. The rationale for a corporate system is to encourage subsequent behaviours that will positively affect future performance outcomes. Managers using performance indicators will have their own perceptions or interpretations which will mediate their subsequent behaviours and decisions. There may also be other extenuating factors that will influence behavioural outcomes. The model recognises that management behaviours take varying degrees of time before being reflected in future performance outcomes. Using the
principal elements of the model in Figure 1, the key findings from this literature review can be presented as follows;

Corporate performance indicators and scorecards

1. Most companies use performance indicators, providing ample support for the claim that if you cannot measure, then you cannot manage (Kaplan and Norton, 2001).
3. To be effective performance measurement and management systems need to be aligned with the strategy of the organisation. As strategy changes, then so must the performance measurement system.
4. Financial indicators of performance have strict limitations. They are not very good at capturing intangibles and they are not sufficiently predictive. There is therefore a role for non-financial performance indicators.
5. Kaplan and Norton's (1992) balanced scorecard, which includes non-financial performance indicators, enjoys the widest adoption by industry and the greatest academic attention. There is however, mixed evidence from empirical tests of the balanced scorecard. There are a number of positivist studies of its "use", but these do not explain what managers actually do with the information.

Managers' performance indicators

6. There is very little evidence of managers adopting their own informal performance indicators (MPI's). One study suggests that this practice might be associated with the managers of higher performing business units (Bourne et al, 2005).

Manager perceptions and interpretations

7. There is a consensus that perceptions and interpretations of performance indicators can influence subsequent behaviour of managers, and that this can be either positive or negative.
8. The literature recognises that there may be a Hawthorne effect to consider. However, existing studies provided no conclusive response to this.

Extenuating factors

9. Many business organisations link rewards for managers to corporate performance indicators. The intention here is to provide extrinsic motivations for operations managers to pursue particular outcomes.  
10. There is a risk of performance indicators triggering unintended or dysfunctional behaviours. This risk can be exacerbated by a link with rewards.

Manager behaviours/decisions


Outcomes and timeframes.

12. Several writers note that in researching the relationship between performance indicators, management action and subsequent performance outcomes, there is an endogeneity issue to consider. The benefits accruing from management action may extend over more than one future accounting period.

As Ghosh and Lusch (2000) note, in the retail performance management context, there are a "plethora" of variables to contend with. On the basis of this literature review there is ample justification for a study that seeks to better understand how managers collect, assimilate and use performance information in a retail operations context.
CHAPTER 3: METHODOLOGY

INTRODUCTION

This chapter will present an account of the execution of this research project, starting with the philosophical underpinnings of the approach and extending through to an account the precise methods and processes adopted.

PHILOSOPHICAL UNDERPINNINGS

The broad context for this research project is the world of business management, comprising much complexity and intangible as well as tangible elements. There is an existing body of knowledge available to practitioners and academics and a very generic aim of any doctoral thesis in this domain is to extend our understanding of this theory. It is appropriate in the first instance to reflect on my epistemology, or assumptions concerning the nature of knowledge.

Epistemology extends from an objective view of reality at one end of the spectrum (positivist), through to a subjective view at the other (interpretivist or phenomenological). Positivists see the business management world as a separate, observable reality from which the researcher remains independent. Similar to the physical sciences, knowledge and understanding from this perspective can be extended by developing laws or law-like generalisations, by focusing on relationships between variables. The complexity in the business management world is a challenge for positivists, who seek to reduce and simplify as a strategy (Remenyi et al, 1998). This will run the risk that some other variable not recognised in the current analysis is pertinent to apparently direct relationships. Evidence is collected in quantitative form and emphasis is placed on reliability and validity measured by statistical techniques. Positivist research studies are limited in terms of the insight that they provide.

At the subjective end of the epistemology continuum, interpretivists believe that the world of business management is one that is socially constructed. The researcher is not independent of the subject being studied and believes in the "primacy of subjective consciousness" (Remenyi et al, 1998). Qualitative studies yield rich descriptions and are used as the basis for developing arguments, to
which the researcher contributes interpretations. Interpretivist studies treat the business management world holistically, which is a strength where insight and explanatory power are concerned, but complexity makes replication more challenging. This is an issue as single qualitative research projects are “not readily conducive to generalisations” (Remenyi et al, 1998). These commentators note further that under pressure to defend themselves against the accusation that interpretivist studies are somehow less scientific, researchers have devoted much attention to accounting for their methods.

Remenyi et al (1998) observe that knowledge and understanding take time to develop and that researchers with varying epistemological assumptions help this process by challenging existing theory and then proposing and defending new findings. As has been noted, business management is complex and has intangible elements that are not easily susceptible to quantitative measurement. Rather than suggesting that a positivist orientation is fundamentally flawed, I find it is less suitable in pursuit of the research findings in this study. The topic here is performance management, a complex field where experts contend that we know comparatively little (Johnston 1999, Bititci et al 2006, Ukko et al 2007). The research objectives are exploratory and to this end, I believe that an interpretivist study offers the best chance of insight to this phenomenon. When greater knowledge and understanding of performance management has been developed, and it will take more than this one project, then positivist studies will be better placed to make a contribution.

RESEARCH OBJECTIVES

As has been noted previously, DBA research projects are typically applied to the researcher’s own employment context. In this instance, I have chosen to conduct my research in the field of my professional interest, but not within my employer’s organisation. My field of interest is that of retail operations management and the specific research objectives are as follows:

- To explore where retail store managers draw performance information from
To explore what retail store managers actually do with performance information.

There is no initial presumption that store managers rely on the corporate system for indications of performance and that they might have their own unofficial performance indicators. The literature review has included reference to limited examples of this. As has been noted, whilst the academic literature on performance is extensive (Neely 2005) it is biased towards measurement rather than management. This is apparent in Appendix A, which summarises 59 papers mostly from the operations management discipline and many based on positivist assumptions. It is argued here that an interpretivist study has much to offer in terms of understanding what happens between measuring performance and subsequent performance outcomes. Indeed, if our knowledge of how performance information is used is currently limited, then a qualitative approach to seeking insight and understanding would seem most appropriate. I am not aware of CIT being used elsewhere in a performance management research context. Whilst not without its limitations, the use of a different method augurs well for expanding knowledge in this field.

**RESEARCH DESIGN**

In order to achieve the research objectives this study was organised in the following manner. The first step was conceptualising the use of performance information by retail store managers (Figure 4). This was then used as a framework to conduct a comprehensive review of the literature pertaining to performance measurement and management in retail service operations. This review provides the theoretical basis informing the primary research in this study.
Having adopted an interpretivist perspective for this project, it was important for me to understand the context in which the store managers in the main study have to operate. Therefore, I set up preliminary interviews with senior managers from CC. This was designed to provide an insight to the corporate view of performance management within the business. It could have been used to adapt the proposed methods of data collection for the main study, but in the event no
such adjustment was made. The views of these senior managers were used to inform the analysis of the main study.

Store managers were then interviewed using a critical incident technique protocol and this will be detailed later in this chapter. Interviews were piloted and small adjustments made to subsequent data collection. These store manager interviews form the largest component of this study.

The role of the researcher is integral to each step in the research process and comprehensive treatment of my contribution to the outcomes of this study is provided in the final chapter.

Due consideration was given to the ethical guidelines for research produced by the University and Faculty. In consultation with my supervisor it was decided that there were no specific issues created by the design of this project and that no formal permissions to proceed were needed. As far as the industry partner is concerned, the purpose of the research was made explicit. In line with normal practice, the organisation has not been formally identified in this thesis and all respondents have been anonymised.

Industry partner

The primary research for this study was conducted within the food retailing business of the CC in the UK. This very large consumer co-operative is owned by its customer members and with substantial other interests including financial services, travel agency and funeral care.

Initial access was achieved through a senior member representative, who provided contacts with the Commercial Director for Food Retail and with the South-East Regional Operations Director. Both of these senior managers agreed to recorded interviews for the purpose of conducting this academic research project. The Commercial Director was interviewed at the corporate head office on 8 April 2010, for approximately forty minutes. The interview with the Regional Operations Director was conducted 25 February 2010, in his car, en-route between London and Manchester, with the respondent driving. The interview
lasted for approximately ninety minutes. In both cases, the quality of the recordings was very good, with very little inaudible material.

The interview with the Commercial Director - Food Retail, provides the strategic perspective of performance management across the business. For trading purposes the CC is organised into regions, each with its own operations director. The interview with the Regional Operations Director for the South East (London and the Home Counties) retains some strategic perspective, but provides insight to how strategies and policies to manage performance are operationalised within the CC. Together, these two views provide context for the main study.

Table 2: Store Locations. (*Denotes pilot) The stores in this study are identified by their physical location.

<table>
<thead>
<tr>
<th>Code</th>
<th>Location</th>
</tr>
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<tbody>
<tr>
<td>AF</td>
<td>Aperfield</td>
</tr>
<tr>
<td>AR</td>
<td>Guildford*</td>
</tr>
<tr>
<td>C</td>
<td>Cranleigh*</td>
</tr>
<tr>
<td>FC</td>
<td>Farncombe*</td>
</tr>
<tr>
<td>HG</td>
<td>Hamsey Green</td>
</tr>
<tr>
<td>MB</td>
<td>Maidenbower</td>
</tr>
<tr>
<td>Rof</td>
<td>Roffey</td>
</tr>
<tr>
<td>RH</td>
<td>Rose Hill</td>
</tr>
<tr>
<td>SW</td>
<td>Southwater</td>
</tr>
<tr>
<td>TC</td>
<td>Tattenham Corner</td>
</tr>
<tr>
<td>WL</td>
<td>Warlingham</td>
</tr>
<tr>
<td>WT</td>
<td>Wallington</td>
</tr>
</tbody>
</table>

The Regional Operations Director facilitated access to conduct interviews with twelve store managers (Table 2). These were selected by the CC as reflecting the range of store sizes, formats and locations operated by the business. Table 3 summarises these interviews in terms of duration and word count. Store manager interviews were piloted with three of the twelve respondents. Minor additions were made to the subsequent interview structures. All interviews were...
conducted at the manager's base store, with the exception of Cranleigh, Farncombe and Wallington. For these three, interviews were held at neighbouring stores, on the occasion of a manager's meeting. All store manager respondents agreed to audio-recording of the dialogue. The stores were located in an area covering outer, south west London and Surrey including Rose Hill, Biggin Hill, Southwater and Guildford. The CC selected the stores to be included, as broadly representative of the range of size, format and locality that the retailer operates. The interviews were substantially based around CIT technique (Flanagan, 1954). The pilot study comprising interviews with three store managers in the Guildford area was conducted on the 6 April 2010. On this basis, some adjustments were made to the interview protocol for the remaining nine interviews in the study, conducted in early May 2010. Table 3 presents a summary description of the interviews in numbers. Appendix B presents a specimen interview transcript.

Table 3: Summary of interviews with store managers

<table>
<thead>
<tr>
<th>Interviews</th>
<th>Respondents</th>
<th>12</th>
</tr>
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<tbody>
<tr>
<td>Total Interviews duration</td>
<td>3h 43m 17s</td>
<td></td>
</tr>
<tr>
<td>Average interview duration</td>
<td>18m 45s</td>
<td></td>
</tr>
<tr>
<td>Shortest Interview duration</td>
<td>8m 23s</td>
<td></td>
</tr>
<tr>
<td>Longest interview duration</td>
<td>33m 28s</td>
<td></td>
</tr>
<tr>
<td>Total words in interview transcripts</td>
<td>45 202</td>
<td></td>
</tr>
<tr>
<td>Average length of interview by word count</td>
<td>3 767</td>
<td></td>
</tr>
<tr>
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<td></td>
</tr>
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<td></td>
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<tr>
<td>Longest incident description by word count</td>
<td>2066</td>
<td></td>
</tr>
</tbody>
</table>

The interviews were prefaced by a brief preamble which included a personal introduction and an imprecise account of the purpose of the research.
Specifically, respondents were told that the objective was to develop understanding of the store manager perspective and that there was no interest in eliciting commercially sensitive information. The respondents were given assurance that their anonymity would be preserved and all of them gave their permission for the interview to be recorded. It is at this point that the recorder was switched on. The interviews for the three pilot stores are all relatively short. This may be inexperience on the part of the interviewer and that points of enquiry were added to the protocol following the pilot phase.

I conducted all interviews in this study. All interviews with the exception of the Hamsey Green store manager were transcribed by myself, using Dragon voice-recognition software. I checked the transcription of the Hamsey Green interview.

The conduct of Interviews

Qualitative interviews have the advantage of being flexible; suitable whether the subject is very specific or more general (King, 2004). This includes coping with topics where there are likely to be very different levels and perspectives of meaning. McCracken (1988) advocates taking advantage of the contingency that interviewing as a technique allows. On a very practical level, the interview as a research technique enjoys a certain familiarity beyond the academic world. King (2004a) notes that this makes the initial request more acceptable and less intimidating. In his experience, the majority have a positive view of being invited to talk about their work, either out of enthusiasm for what they do, or having the opportunity to vent frustrations. On the negative side, interviewing is a relatively time-consuming activity, that can be wearing for both parties and can generate a daunting volume of raw data (King 2004a).

Qualitative interviews are widely recognised as having the potential to generate a rich data source. For this to be realised the respondent needs to feel sufficiently comfortable (Myers, 2009). The interviewer will need to build a rapport with the respondent but without compromising their neutrality with the subject matter (Patton, 2002).
The goal of any qualitative research is ... to see the research topic from the perspective of the interviewee, and to understand how and why they come to this particular perspective.

King 2004

To this end, McCracken (1988) identifies the need for obtrusive/unobtrusive balance and counsels against what he calls "active listening" or too much engagement with the content by the interviewer. There is a need for the researcher to deliberately "manufacture distance" during the interview and to maintain proper critical awareness of any preconceptions concerning the meanings behind the subject being related (McCracken 1988). Indeed, the need for reflexivity or recognition of the role played by the researcher in participating and shaping the process and outcomes of the study, is an important consideration (King 2004a). Too many preconceived ideas can "create a treacherous sense of familiarity" and blind the researcher to the perspective of the respondent (McCracken 1988). This must not be allowed to compromise the conduct of the interviews or the subsequent analysis.

In this study, the researcher had no first hand, prior experience of qualitative interviewing. Having been appraised of the need to be an "active listener" (McCracken 1988), and have critical awareness of the researcher role, the critical incident technique (CIT) pilot study interviews provided a useful experience. It is fair to reflect that the level of personal anxiety in the interviewer, reduced thereafter. The pilot respondents were probably less comfortable than their colleagues in subsequent interviews and probably less forthcoming as a result. Having listened through each recording and reflected on the performance of the interviewer, it is possible to identify some transgressions of the active listener ideal, but these are not sufficient to unduly compromise the analysis. It could further be argued that the use of the CIT technique for this study is actually helpful to preserving the neutrality of the interviewer.

McCracken (1988) asks, "Who does the respondent think the investigator is?" and makes the point that this can have a significant impact on the responses.
In this study, both senior managers were accessed via the same contact, a very senior representative of the CCs membership. It is plausible that both respondents felt some pressure to give some acknowledgement to, and say "the right things" about the mutual ownership of the business to meet a perceived expectation on the part of the researcher. Whether such a bias is present in the responses is difficult to judge and probably not fundamental to the research objectives. For the store managers in this study, who were selected by their senior managers to participate in this study it is not easy to gauge what they thought of having to be interviewed by the researcher from the "University of Surrey". One respondent made reference to previous experience of being interviewed by a researcher from another institution, but generally it is likely that these respondents did not have to deal with at all frequently. McCracken (1988) advocates having regard for the perceived risks and costs to the respondent, whilst agreeing with King (2004) that there are benefits too. It is important to control the available cues. In each of the interviews, the interviewer wore jacket and slacks, with an open necked-shirt. It was hoped that this smart, casual appearance would appear professional without being too formal and conform to general perceptions of academics. In the view of McCracken (1988), the promise of anonymity promotes candour, but that this effect is reduced as rapport increases. Each respondent in this study was promised anonymity.

Interview Protocol

Prior to the interviews with senior managers, and following their agreement to be involved there were email exchanges to arrange convenient times and venues. Some indication of the line of enquiry was provided in advance. The emails referred to the "retail operations research project" being conducted and more specifically the focus on "how retail operations managers use performance information."

The interviews themselves were preceded by personal introductions and permission was sought to record the proceedings. The protocol for the interviews with the Commercial Director and the Regional Operations Director follows Patton's (2002, p343) convention as follows:
Preamble

Thanks for giving me your time.

As I have already indicated, I am interested in the way that retailers manage their performance. I am going to start with very broad questions, with the idea that I should not presume anything about the way that the CC approach this.

It is also possible that your practice is ahead of what I have read in academic papers.

Can you start by telling me in broad terms, about performance at the CC?

What does the CC do well, compared to the competition?

How does the CC go about managing performance?

How is performance measured?

What is a store manager expected to do?

What is the area manager expected to do?

Supplementary prompts:

- How/where does the store manager get performance information?
- Is it possible for the store manager to use their own performance indicators (i.e. not the company scorecard?) If so, what are these likely to be? And explore this further . . . !
- Are store manager rewards linked to performance?
- What do store managers think of the company/scorecard system? Is it perceived as fair?
- Are there any situations where the company/scorecard system, encourages behaviour in store managers that was not intended? Examples?
In your view, what does a high-performing manager do in terms of using performance information that doesn't happen with weaker managers?

It was envisaged that the first question ("... in broad terms") would initiate a dialogue and discussion that could be coaxed from general performance management and measurement in the CC observations through to a more specific view of operations in a store level context. Therefore the above questions that followed were seen as providing a checklist rather than as being a prescription (Patton, 2002).

CIT Interviews

The twelve store manager interviews in this study were conducted using a CIT protocol. The Critical Incident technique was adapted for this research context. The key questions were to ask the respondents to recall a recent occasion when business in their retail store environment had been going particularly well or not well, and to describe this situation. Opportunity was provided to start responding either positive or negatively. The word "performance" was deliberately omitted from the initial question. If necessary, prompts were then used to elicit a sufficient understanding of the situation to support subsequent CIT analysis. Key to the research questions in this study, respondents were prompted to identify the first indications of strong or weak performance pertaining to the situation. Finally, prompts were used to elicit the actions taken by the manager in the light of the stated performance indicators, if this was not forthcoming in the first description of events. Each respondent was then given further opportunity to identify and describe such occasions. Following the conduct of the pilot study, it was felt appropriate to add two further questions at the end of the interview. The first was to ask whether in the view of manager, the corporate performance measurement system was fair. The second was to establish whether in their perception, the measurement system could encourage behaviours that the organisation had not intended.
Critical Incident Technique

Flanagan's (1954) seminal paper is acknowledged as the origin of Critical Incident Technique (CIT). The early development of this research tool took place during the 1940's and early 1950's in occupational settings; specifically the US military. Significantly, CIT is a qualitative method that emerged during a period in which the underpinnings of most scientific research were set firmly in the positivist paradigm (Butterfield et al, 2005). In simple language, CIT is based on collecting, analysing and classifying separate accounts of human behaviour in specific situations (Gremler, 2004). Resource constraints have meant that data collection for CIT normally means self-reporting. Respondents are asked to select significant occasions or critical incidents for themselves and then provide a descriptive account in sufficient detail for the researcher to fully understand the event and crucially, the meanings that the respondent ascribes to the key elements that comprise the situation. Critical incidents can have positive or negative polarity. Analysis of CIT data starts by seeking to identify underlying themes or factors that can be used as a basis for developing a classification scheme for the incidents. Ultimately, the aim is to have a set of categories that are both mutually exclusive and comprehensive. Once all incidents have been categorised, the final stage of analysis seeks to gain insight from the patterns evident in the resulting classification.

CIT has been adapted over the 50 years since its original development, something that perhaps Flanagan himself envisaged:

(CIT) does not consist of a single rigid set of rules governing such data collection. Rather it should be thought of as a flexible set of principles that must be modified and adapted to meet the specific situation at hand.

Flanagan 1954 cited by
Butterfield et al, 2005

Notably, Bitner et al (1990) applied CIT to analysing service encounters in their seminal paper. Elsewhere, Chell (2004) provides an account of her development
of interpretive or phenomenological approaches using the technique for the purpose of organisational analysis, with some similarity to this study. This brings CIT well away from the positivist climate within which it was originally based. The technique has now been adopted across a diverse range of academic disciplines and industries (Butterfield et al, 2005).

The primary virtue of CIT is that the qualitative data that it generates is distinctly the respondent's perspective (Gremler, 2004). The respondent enjoys a freedom to identify the significant occasion or critical incident, unfettered by researcher bias. The interview question should prompt recall of a situation of some import to the respondent, but otherwise there is no precondition or restriction of choice. Significance is a subjective judgement by the respondent and by implication will be relative to other potential options in the perception of the individual. "Critical" as an adjective does not have an absolute meaning. The focus on a situation in the interview protocol is a neat device for neutralising the line of questioning. The respondent is asked to describe the situation, which can in itself provide a wealth of detail for the researcher. Prompts can then be used to fill in any gaps and to ensure that the researcher has properly understood, including the meanings that the respondent assigns to the situation. Given that the report is self selected, if prompts are necessary they should not have to unduly lead the respondent.

Another benefit of the open nature of the CIT interview proposition is claimed to be as a "culturally neutral method" (Gremler, 2004). As the respondent is asked to choose and relay a story in their own words, this should not skew the data on the basis of personal background. Respondents in this study were not asked to identify cultural origin, but a diversity was present amongst the sample of store managers interviewed.

The absence of preconceptions, for example from existing theory, creates the potential for inductive analysis. Whilst the researcher may be guided by the existing literature in analysing CIT data, there remains scope for patterns to emerge without. Extant theory is not a prerequisite for applying CIT. This makes the technique very suitable for exploratory research where existing theory and knowledge is relatively insubstantial (Gremler, 2004). As has been noted,
previous studies of performance indicators and associated management behaviour in a retail operations context, are strictly limited, and in this context CIT is very appropriate as a method.

CIT has the potential to generate a very rich level of detail, which in turn improves prospects for insight from the analysis (Gremler, 2004). Flanagan’s 1954 paper proposed that accuracy will be improved by collecting more detail (cited by Butterfield et al, 2005). CIT can be a very powerful tool (Gremler, 2004).

For a more interpretative approach, sufficient detail will be very important to the analysis. The level of detail should be enough to yield the meanings assigned by the respondent to events in the report of the incident. By implication, less detail in the report would require greater input from the researcher in the classification stage of the analysis. According to Gremler (2004), most CIT studies in services are at the latter end of this spectrum and this author suggests greater use of the interpretive approach. In this study, there is a wide variation in terms of detail provided to describe each incident.

Chell (2004) uses a phenomenological approach and teases out what the incident really means to the respondent and extols the virtues of CIT for this purpose. In her view the technique is very good in organisational analysis for identifying patterns and developing understanding of the relationship between “context, strategy and outcomes.” Chell (2004) specifically identifies a strength of CIT as being where interviews are conducted across multiple sites within an organisation. Themes that emerge from such a study have a stronger basis for generalisation.

CIT is not without its limitations. Fundamentally the data is generated from self-reported incidents. The implication here is that it is based on perception and it is retrospective (Gremler, 2004). Accuracy in reporting will be reliant on memory and if the occasion was back in time, the respondent’s assessment of the meanings involved may have changed. Chell (2004) believes that this recall bias problem is alleviated to some degree by seeking incidents that are critical, which by implication should enjoy the sharpest recollection in the mind of the respondent. In this study, respondents were asked for “recent” occasions. Some
examples were indeed very recent, being within the previous week. Others were more than twelve months old.

Chell (2004) emphasises the need to establish "a rapport of trust and confidence" between the interviewer and the respondent as a foundation for a detail-rich report. In this study, there were varying degrees of anxiety apparent in the respondents. In the preamble to each interview and before the audio-recorder was activated, there was a personal introduction, including reference to the researcher's experience of working in food retail operations over 25 years previously. The purpose here was to try and break down barriers and empathise with the lot of the store manager, whilst recognising that this work experience was very dated now. The respondents in the pilot interviews seemed the most anxious, suggesting that the interviewing technique improved with experience. Chell (2004) implies that an effective rapport is crucial if sufficient detail to facilitate understanding the respondent's perspective, is to be forthcoming.

Gremler (2004) suggests that poor response rates can arise because the question is asking too much. As can be seen in the findings of this study, respondents reported negative to positive incidents in a ratio of approximately three to one. The willingness to recall positive accounts was much weaker. This has to be seen as a limitation.

CIT also attracts criticisms on the basis of reliability and validity (Gremler 2004, Chell 2004, Butterfield et al, 2005). Butterfield et al (2005) note that many and particularly older CIT studies cite Andersson and Nilsson (1964) and Ronan and Lathan (1974) to allay reliability and face validity concerns with the method. It is possible for stories to be misinterpreted, which again can be addressed by emphasising attention to sufficient detail. The development of the classification scheme is not without difficulty. Ambiguity in the identified categories is an issue (Gremler 2004). This can be off-set by using expert judges working independently in both the initial development phase, and then to check that incidents can be consistently allocated to categories. CIT studies need to be sufficiently "exhaustive" (Butterfield et al, 2005). They should reach the point beyond which no new categories emerge through the process of collecting
additional incidents. In large scale studies with numerous incidents, it may be easier to demonstrate adequate coverage. In studies with relatively few incidents, and this study is at this end of the scale, then there may remain a concern over "exhaustiveness". In turn this could undermine any basis for generalisation. Chell (2004) cites concerns over generalisation of CIT study findings particularly from her favoured interpretive approach, but believes that rigorous application with a focus on properly establishing the respondents perspective, offers some safeguard.

This section has explained CIT as a qualitative research method, noting its origin in an occupational setting and its adaptability. It is particularly suitable as an exploratory tool, as data collection requires little preconception of meanings in the context being studied.

Data Analysis

The primary data in this study is in the form of interview transcripts and has been analysed using two approaches. Firstly, for the store manager interviews, and following CIT principles (Flanagan, 1954), the text relating to individual incidents was identified and concise descriptions for each were prepared using the following headings;

- Cause
- Implication
- Action
- Initial Performance indicator

The 51 incidents are presented using this format in Appendix D. I then classified all incidents by manually sorting paper copies on a desk-top. This process took three iterations, each reducing the number of categories. Expert opinion was sought from two retail academic colleagues from another University in refining the classification system to the five categories presented in the next chapter. These colleagues were given the summary information and initially worked independently to categorise incidents. The results provide one insight to the
perspective of store managers; an insight which is not dependant on any preconceptions or existing theory.

In addition to the CIT process described above, all interview scripts were subjected to a thematic content analysis (King 2004b). The principal codes for this analysis were drawn from the literature and were as follows;

- Financial performance indicators
- Non-financial performance indicators
- Managers' performance indicators
- What do managers do with performance information

Sub-codes were then developed under each heading.

It is argued that by conducting the interviews in the workplaces of store managers, personally transcribing most of the interviews and then analysing the data using the two approaches outlined above, I have created the basis for a rigorous interpretivist study which yields insight and a depth of understanding. This is valuable in a context where existing research is relatively sparse.

**CHAPTER SUMMARY**

This chapter has provided a treatment of the methodology and then specific methods adopted in this study. It has considered the philosophical assumptions adopted, as they compare to alternative perspectives. The rationale for the research design has been outlined along with the principal methods adopted. A detailed treatment of the processes involved has been included; specifically including interviewing technique and CIT.
CHAPTER 4: FINDINGS

INTRODUCTION

This chapter presents the findings from the primary data collected for this study. The data comes from interviews with managers within the CC. Firstly, two senior managers were interviewed to help understand the organisational context. Interviews with twelve store managers from the South East trading region of the CC, provide the data for the main study. CIT protocols were used to structure the front end of these interviews. This provides insight to a store manager perspective of performance management.

THE VIEW FROM HEAD OFFICE - INTERVIEW WITH THE COMMERCIAL DIRECTOR (CD) - FOOD RETAIL - 8 APRIL 2010

The Respondent

No direct questions addressed the personal profile of the respondent and little information in this regard was volunteered. He has worked for the co-operative sector for about 10 years in a variety of positions, and has worked previously for CX, a business that the CC has acquired recently. The respondent has previous experience at store manager level, presumably with the CX organisation.

The CC's Food Retail Business

This organisation operates approximately 3000 individual retail outlets each with a sales area of between 600 and 22,000 square feet. Many of these units can be described as neighbourhood convenience stores, operating extended trading hours across seven days of the week. Staffing is arranged in shifts to cover the trading hours. Normal staffing cover in smaller outlets at any one time, can be a manager plus two members of staff. These stores do not enjoy the scale advantages of the UK's standard, superstore format. Such relatively small stores, as the respondent notes in this interview, are vulnerable to changes in trading conditions. New competitor activity can compromise the viability of a
store, where a superstore could be expected to remain sustainable, on a lower level of turnover.

Stores are supported by a network of field or “operations” managers. Each operations manager is responsible for fourteen stores.

Co-operative organisation and the membership

The respondent identifies the mutual ownership of the organisation, as important to understanding the context for measuring and managing performance. As a consumer co-operative, the business is owned by its member customers. Following co-operative principles, it is controlled democratically on a one member one vote basis. Members elect representatives to sit on the board of directors, who determine policy and hire executive managers to run the business. So there is a fundamental difference between co-operative business organisation and private enterprise, which the CD believes permeates down to store level:

So values, the values of our organisation, the place that the store has in the community, the place that the store has with membership, is obviously far higher up on the agenda of the store manager in the co-operative world, than it ever was in a plc world....

CD

According to this senior manager, customers that are members tend to spend more and be more loyal, and are therefore important to the long term strength of each store. Members are issued with swipe cards which are then presented at the point of sale, as the means of recording patronage. Similar to other store cards, these members are guaranteed a minimum retrospective discount on their purchases. Unlike other store cards, the CC uses the card-based record of patronage as a basis for distributing dividend; a share of any profits that the business makes. Penetration rates for sales to members are captured on a store by store basis. Nationally, the highest penetration rates running between 50 and 60% are achieved in rural Welsh communities. Whilst this measure could be
seen as a soft performance indicator, the respondent believes that the link with the financial performance of the store is actually quite strong. He reports success from membership drives, launched in stores acquired from the CX business.

**The role of the store manager, as viewed from head office**

This respondent was asked to talk about performance in the context of the manager at the store level. The following quote captures the fundamental role and goes on to recognise that with such a large population of store managers, there is some variation in terms of achievement:

*The purpose in life is about serving ... giving great customer service, developing great people ... delivering a great store for my customers, driving our membership agenda, and being at the heart of the community. If we could get 3000 store managers being like that, I think we are in a really good place. We are a long, long way from that.*

CD

The respondent also gives consideration to what he regards as retail instinct, suggesting that a good store manager has an intuitive feel for the operation they are running. This is an interesting concept, given the focus in this study on where a store manager draws performance information from.

*I would have known, when I was a store manager, what was going on in my competitors. I would have known without anyone having to tell me, whether my store was in good order, was punching its weight for the store and I would know the level of service I was giving. Would I have needed really detailed and articulate reports to know whether actually I was punching my weight? ... No.*

CD
The respondent is a strong advocate of this opinion, claiming "this retail nous thing you know, its really important. Retailers are an individual breed in my opinion ... I think you can sniff a good retailer." Before going on to talk about key performance indicators, this was his attempt to describe what a good manager would be like:

How do I get to what is a good store manager overall? For me, a store manager that is very visible, a really great communicator with his team and with his customers and a good retailer. You know, those things are critically important for me...

CD

There is an explicit recognition in the respondent's responses, that a good store manager does not need the KPIs provided by the corporate system in order to do their job effectively.

Development of key performance indicators (KPIs)

The respondent was keen to stress that the current set of KPIs in use, were under development. Over the last 10 years efforts have been made to rationalise the measures used, and particularly to exclude those that the store manager was not able to influence. Managers receive a weekly confirmation of sales:

... sales performance will always be the number one measure of what they're doing ...

CD

A full profit and loss account for the store is circulated on a monthly basis. Availability is gauged on a daily basis, with the system calculating a theoretical score, which is then compared with the gap check conducted by store personnel as part of the early morning routine. These KPIs are then supported by softer measures. Labour turnover is gauged, focusing on what is controllable by the store manager. There is a measure for team development and the system produces a "stability" index, by calculating absenteeism levels and producing a
score. Membership card presentation rates are logged. On a quarterly basis, there is a mystery shopper program in operation, recently improved to include qualitative as well as quantitative feedback. Store managers are then charged with posting this feedback on to staff notice boards, along with agreed actions reached at team meetings. Finally, an "engagement" score is calculated from an annual staff feedback form, which includes a section on the individual's line manager.

The next stage of evolution for corporate KPIs within the CC will be to develop a balanced scorecard. The respondent believes that the necessary components have been identified. The demands from the CX acquisition have slowed down the development process. A balanced scorecard accessible by all levels of management including the store, should be up and running by spring 2011.

**Role of the field manager**

Having identified what he calls the "interdependencies" between hard and soft KPIs, this respondent goes on to observe that a proportion of the store managers will have limited capacity for understanding these relationships. The role of the field manager is therefore to guide and support "store managers to see through that sometimes myriad of information." The company policy is to have a maximum of 14 stores to a field manager, to prevent this resource being too thinly spread.

In addition to regular monitoring provided by KPIs, field managers have access to an information repository called the "In centre". This is designed to facilitate an on-the-spot investigation of particular circumstances, giving the field manager the tools to drill down through a company database.

**Is the measurement system fair?**

In response to this question, the CD observed that the company system may still be a little crude. Specifically, he felt that where the local competitive environment was tough and changeable, then the measurement system needed to do more to reflect this.
So, I think if you talk to a store manager in what I call is a stable store, it's a lot more joined up than it's ever been. But if you talk to a store manager that went through a Tesco opening up next door to me, I think they'd find it a little bit tough ... what's the business doing to help support me through that? ... The business probably could be doing more.

**Dysfunctional behaviour**

In the view of this respondent, the CC has no serious problem with corporate KPIs encouraging behaviours in store managers that were not intended. Arguably, the system could still be seen as too complicated, but this is where the support of the field manager would help. Whilst store managers have not been asked directly for their view of this, the respondent felt that a positive trend in engagement scores (staff feedback) suggested that the current development of corporate KPIs was moving in the right direction.

Rewards for store managers are linked to the corporate measures of performance. The initial threshold for this is to achieve a profit target. Once the profit target has been reached, a further bonus is then available for achieving a target engagement score. The rationale for this is to preserve the balance between financial performance in the short term and promoting engagement from staff, perceived as likely to yield longer term benefits.

**Summary**

This interview provides an interesting overview from a head office perspective of performance measurement and management within the CC. It portrays an evolving system, still relatively crude but one that recognises interrelationships between hard financial measures and softer indicators. Current sales levels are explicitly recognised as the primary key performance indicator. For a good store manager, somebody with retail nous, the corporate performance measurement system is confirming something that is known already. However, given the large
estate of smaller stores, the system is providing valuable support for a significant proportion of managers.

INTERVIEW WITH REGIONAL OPERATIONS DIRECTOR (ROD) SOUTH-EAST

Moving down the organisational hierarchy, the next interview is with the Regional Operations Director in the south-east of England. The respondent has been with the CC for over 3 1/2 years, having been headhunted from another major food retailer. Prior to this his experience included working with BandQ in the DIY sector.

Performance management

In his reflection of the development of performance management within the CC, this respondent used the label "comfy co-op" to describe where they had come from in a comparatively short time. In his view the CC had not traditionally been very good at managing performance, in effect fostering a culture of accepting poor performance. This was not good for poorly performing individuals, who by implication needed help. It was also not good for wider morale and motivation within the business. Passive acceptance of poor performance in the view of this respondent could be seen as the opposite of the "engagement" in individuals and teams, now seen as a priority. This situation has changed dramatically. A talent and resources director has been appointed at senior level. There is now a new corporate view of, and support for training, coaching, counselling, and mentoring, each as key to effective performance management. The CC now has a large-scale performance improvement process (PIP). As the name would suggest it has a positive orientation and is measured, time-bound and targeted in its approach. Each manager now has four or five key objectives, which are designed to sharpen expectations and reduce ambiguity. The PIP programme is underpinned by personal development plans. Calibre analysis is conducted for each manager every six months. In the view of the respondent, the programme is well-established, but has further to go to become fully embedded across the organisation.
The individual performance of managers is assessed on a regular basis as being threshold, target or stretch in terms of level. The assessment is made on the basis of hard measures and measures of behaviour to do with engagement and service. This is then developed using a simple traffic light or colour code labelling system (Table 4).

### Table 4: Colour code labelling system

<table>
<thead>
<tr>
<th>Colour</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>Outperforming. Ready for the next job. Reward with promotion and pay rise.</td>
</tr>
<tr>
<td>Green</td>
<td>Acceptable. Meeting targets.</td>
</tr>
<tr>
<td>Amber</td>
<td>Improving. 60% of the store manager population</td>
</tr>
<tr>
<td>Red</td>
<td>Underperforming. Needs lots of help. 20% of the store manager population</td>
</tr>
</tbody>
</table>

The respondent described these categories as rather ambiguous, particularly Amber and noted that the degree of challenge involved was always a function of the individual capability.

A store manager in a small branch (Sales floor - 600 ft²), would be paid modestly (circa £25 K pa.) According to the respondent expectations of managers at this end of the spectrum should be similarly modest. The likelihood was that managers of small stores would be closely managed by the field team (immediately by an "operations manager"). All store managers are asked to do "a hell of a lot" on a task by task basis, and this is followed-up by a system check to see that the job has been done.

**Performance Indicators and targets**

The respondent provides a broad perspective of performance indicators. He recognises the wealth and therefore formidable volume of performance
information available to managers at all levels. However, there is an issue with being able to effectively use the information with limited resources. He sees a danger in managers not being able to see the obvious. Aggregating data illustrates this point. A score produced by some kind of weighted average can mask real issues that need dealing with.

The ROD believes that budgets themselves are fair. So for example, waste budgets for all stores would include an allowance for markdowns that could be attributed to central decision-making, beyond the control of store managers. In situations where circumstances might be unique to the store, such as the arrival of new competition, then adjustments to the budget would be made in advance. According to the respondent, "there's nothing more demoralising than having unfair budgets and targets to perform against if ... you don't stand a cat in hell's chance of getting near them." His claim is that the budgets are "decoupled" to reflect the store manager’s accountability. The example he provides of this is when earlier in 2010, winter weather caused severe disruption to distribution. In the circumstances, performance targets were relaxed out of fairness.

If you make it too unattainable, people will cheat. People will be forced into... their livelihoods are on the line and their family, and this and that. People will find a way to massage, cheat and get to the final result.

Rod

The respondent recognises that on occasion, the budgets are too soft or insufficiently challenging. However, this can be a virtue from a management perspective. In his view such a situation will highlight those that "inevitably over-deliver a soft budget and those that believe they can coast because it's a soft budget and that's all that is required."

The respondent believes that the CC is right to develop the existing framework of performance indicators into a balanced scorecard. A relatively crude version of this exists currently, as developed by the region and is used by the senior management team in the south-east. This provides an opportunity to "knit"
performance measurement and management together in a coherent manner that will emphasise those areas that require priority in terms of attention. However, he expresses some scepticism where the balanced scorecard is concerned, "because scorecards in themselves are just another version of performance management; a technique." Reducing the volume of information that is already available by making it more accessible is a desirable outcome, but there would be dangers in formalising it too quickly, as it could lead to dysfunctional behaviour.

Currently in the south-east, the CC operates a system of "Model stores." Stores that are identified as exemplary in terms of compliance with company standards, play host to visits from groups of other store managers in the area. This mechanism has replaced large-scale manager conferences previously held in the region. The broad aim of the model store is to improve compliance. Other benefits have accrued from the challenge that it introduces. Stores can aspire to be the model. The showcase sessions are interactive and operational problems can be discussed. The engagement of store managers with improving standards has increased over the last three or four years.

Retail Instinct

Concurring with the view of the CD, this respondent recognises the innate sense that a good store manager will have for their retail operation:

*I think a good, a good store manager always ... still relies on gut and ... Yeah, I think a good store manager intuitively knows if something is right or wrong ...*  

ROD

*a store manager really shouldn't need ... a talkback survey once a year to tell them that ... if their team ... think they're doing a very great job in being their manager.*

ROD

76
Engagement

The respondent is keen to focus on the extent to which store managers and store teams are actively engaged in the process of improving performance. He cites the "employee profit chain thing" as something he believes in.

*Store teams hate the fact that their store manager doesn't communicate with them and it is the biggest thing you hear time and time again. So, working on improving that is an ongoing challenge for us*

**ROD**

He endeavours to get out and visit stores every week, and would normally visit unannounced. His interest is in "high-level performance indicators" such as engagement, and checking to see whether decisions at a senior level within the region are filtering through to stores. The focus on indications of engagement is interesting because, by implication this is not a corporate KPI. His judgement of engagement is much more subjective and extremely intangible.

*... if I go in and I think this store doesn't feel right. Why is that? And if it is in the atmosphere, you start talking to the team and the availability is not right and ... you can have an absolute availability measure. It will tell you that the shelves are pretty empty, but that doesn't tell you why.*

**ROD**

This quote reflects the limitations of quantitative scores. The respondent goes on to say that it is not difficult to investigate by talking to the store team and identifying the underlying cause of the problem.

**Dysfunctional behaviour**

In the view of the respondent, the corporate KPIs will generate some unintended behaviours and it will not be possible to make the system foolproof. Amongst a
large population of store managers there will always be some dishonesty. Some dysfunctional behaviour will arise from individuals being led by poor example.

The bigger issue for managing retail operations, will be to reduce the overall burden on store managers. In the view of this respondent, store managers are asked to do too much and that the organisation is not sufficiently coordinated in this regard. There are too many bright ideas flowing out from head office, each worthy in its own right, but collectively close to being overwhelming:

"It's completely unreasonable therefore to continue to throw stuff down the funnel (the intranet) ... if they (the store manager) are maxed out in terms of there is one of them, they get X hours to do this, this and this, and so therefore you will force a culture of making choices, or choosing to do everything and fudging most of it. I think we are acutely aware of that."

ROD

The respondent believes that the business needs to address the sheer volume of different demands placed on store managers. A failure to do this will promote a perception of unfairness amongst store managers and risk higher levels of unintended behaviours.

"I think they find it very difficult to get it all done ... because I think there's too much put on them, and I think that's what we must work to improve."

ROD

Summary

This respondent provides a strategic overview of the development of performance measurement and management in the south-east region of the CC. This view recognises the deep-seated cultural force that has traditionally tolerated under-performance and the on-going shift to towards actively engaging with performance improvement. The ROD believes that the CC has some way to go
in refining its performance measurement system to enhance easy access to key information from the substantial volume of material available. The business is moving towards a balanced scorecard.

Given the relatively small scale of the CC's stores, the calibre of many of their store managers is modest. This population is closely managed by the field team.

In the view of the regional operations director, too much is expected of store managers.

FINDINGS FROM INTERVIEWS WITH STORE MANAGERS

CIT findings

The twelve interviews yielded a total of 51 incidents. Of these 38 were negative, and the remaining 13 were positive. A summary table of all incidents identified in this study appears in Appendix C. These store managers appear to find the recall of poor performance, easier than that of positive experiences.

The 51 incidents collected were categorised into five groups (see Table 5).

<table>
<thead>
<tr>
<th>Incidents arising from:</th>
<th>Positive</th>
<th>Negative</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>2</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Support systems</td>
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<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Customers</td>
<td>1</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Senior Management</td>
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<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Target-related</td>
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<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>38</td>
<td>51</td>
</tr>
</tbody>
</table>

Key to Table 1

Staff Occasions When members of the store staff subordinate to the manager, are the source of the performance implication (e.g. Incident 31a, absenteeism).
Support Systems  Incidents generated by failure (all instances collected are negative) of the support systems. This includes Distribution (e.g. Incident 29a, late delivery), Information Systems (e.g. Incident 3, EDN failure).

Customers  Situations that are directly attributable to customers (e.g. incident 29, positive feedback. Incident 14, "Drive-off" theft.)

Senior Management  Performance-related occasions that are triggered by input from above store level in the management hierarchy (e.g. Incident 7, positive feedback).

Target-related  Occasions where a disparity exists actual performance and company targets. (e.g. Incident 13, the "joy" of exceeding target. Incident 34, stock losses beyond acceptable limits).

Financial performance indicators

Most of the managers in this study explicitly recognise the measures adopted by the company to capture financial performance. Specifically, these are sales, waste, leakage and personnel costs. Sales or turnover is a gross figure for each store, captured at the point of sale and available to managers on demand. Waste is the cash value of "markdowns", or stock losses that can be accounted for. Examples of this retail phenomenon would be breakages, which have to be disposed of completely and their entire value written off, and the reduction of merchandise approaching the end of its shelf life, very often characterised in supermarkets by adhesive yellow labels. Stock losses that cannot be accounted for at the time of the loss, such as theft, are referred to within the CC as "leakage". Poor inventory management practice is likely to lead to higher levels of waste and leakage. Leakage is accounted for periodically by physical stock checks. The store manager can influence the outcome of these four financial measures of performance, but ultimately shares responsibility, notably with the buying department at head office and the food distribution function. Where responsibility is shared, this gives rise to issues around accountability and some frustration with this is reflected in these interviews. Personnel costs are a function of pay rates and hours. These managers have no direct control of the rates paid for the job, but have some influence over the volume of labour resource consumed (and therefore cost) through the use of some part-time staff. Sales, waste, and personnel costs are key elements of the calculation of trading profit for the store, along with other overheads such as rent and rates, and that
the store manager is not able to influence. These other overheads are not recognised explicitly in any of the interviews conducted.

The role of sales as a performance measure

Sales emerge from this study as the most influential corporate performance indicator in the perception of these store managers. Almost without exception, the sales or turnover of the store is explicitly recognised by the respondents.

I can see from today's two o'clock report, I can... what will be my end-of-day today.

Incident No. 13

it works from the top line down, so obviously if you are, if you are not able to meet your sales, and we've got an 11 point... 11% increase, up on last year's sales... That's a big bloody jump in a recession ... or just on the arse-end of a recession. So, there's a lot of pressure going on, on that.

General comment – MB

Both of these illustrative quotes reflect the importance of the sales level for the store manager. Incident 13 above recognises a focus of interest during the trading day for sales achieved and knowing from experience what that indication suggests about the likely prospects for the whole day. The perception has a very immediate perspective. The interviews then provide an insight to the interpretation by store managers of the sales level. A single absolute measure of sales has limited value. Meaning is assigned to the measure in the eyes of the manager through comparison with other points of reference, of which company determined budgets are a leading example in this context. The general comment above, is just one example of a store manager perception of the sales budget as a target along with his rationalisation for the company's increase relative to the previous year.
A number of the respondents appear to be under pressure from having what they would perceive as very demanding sales budgets which they are struggling to achieve.

And there were times when I actually come in and I'd look at the sales on the system and I couldn't actually see where we were going to get customers from ... how are we going to take this extra 15 grand a week?

Incident no. 44

This pressure is further illustrated by the following quote where the manager is not achieving the budget set for him, and chooses an alternative point of reference with which to compare his current sales level:

I mean, last couple of weeks ... this week, we are slightly down on last week, but we're still going to do about thirty four ... about thirty-four, thirty-five ... which is good in terms of what we were doing last year. Cos, what it was, the company set us a high budget. Err ... no-one's hitting that budget. So, what they are looking at, they're looking at like-for-like sales on last year and we are actually starting to get positive growth, on, on last year's sales

Incident No. 21

As previously identified, sales, waste, leakage and personnel costs each contribute to the profit calculation for the store. There is a strong perception amongst managers that achievement of the budgeted level of sales will make achieving targets for the other three financial measures, that much easier. It is standard practice for retailers to express targets for waste, leakage and personnel costs as a percentage of sales.

the first thing was to put a ... to get sales good. When you have sales, the costs will take care of themselves.
Incident No. 32

our performance ... is based on sales and in relation ... how your waste are doing, how your personnel ..., that sort of thing ... I mean if your sales aren't quite there, then you won't have quite as much of a budget for everything else

Incident No. 27

If your sales increase... your wastage normally decreases, it's like a correlation, a negative correlation, if you like? And as that happens, the bottom line, the margins will increase. You'll, you will make more profit. Basically. So ... and you will not be wasting personnel in a store that is budgeted to do say 50,000 ... that's doing 45, you're still using £50,000 worth of personnel ... when you're doing 45,000. Underperforming.

Incident No. 37

The latter quote reflects the understanding that additional sales on top of the budgeted level will be more profitable, as by implication a number of costs will not increase in line with sales activity.

That sales are underpinned by availability is explicitly recognised by most of the respondents in this study. The CC has KPIs that are specifically focused on availability (see later section on non-financial performance indicators). It is well established that relying on the record of store stockholding as a guide to the customer experience of availability is extremely crude. These managers clearly recognise the importance of having the right product in the right place, to support sales.

... sales increase because you got more availability on the shelf

General Comment/HG
As previously noted, some managers make temporal comparisons as the point of reference for current sales. This can be with last week, or with this week last year, sometimes referred to as a like-for-like comparison. Like-for-like comparisons appear here in the context of stores that have been converted from the old CX format to the new CC format (see for example, quote from incident number 21 above). Also reflected in these transcripts is the company's use of benchmarking techniques to compare store performance across the CC. League tables are produced on a regular basis. Some managers referring to this practice may do so out of a sense of injustice, as they do not fare very well and feel that the measures do not reflect the unique circumstances of their store.

The respondents in these interviews clearly perceive sales budgets as very challenging. Some refer to what they see as substantial increases in sales targets compared to the previous year. Some respondents rationalise demanding targets either in terms of recessionary economic climate and even a pressure on the business brought about by the recent acquisition of the CX business and having to service the loans to pay for it. This implies a vision of significant factors at work, which are beyond the control of a store manager. Of the 51 critical incidents collected in this study, the source of the situation described was beyond the control of the store manager on 23 occasions. All of these 23 incidents described situations where performance was suffering. An example of this would be the information systems failure described in incidents 3, 29A, 31B, and 47. Briefly, when a delivery arrives from the distribution centre, the system should generate an "electronic delivery note" (EDN) and a record of delivery quantities by SKU, should be transferred to the stock record for the store. When the EDN fails, inventory management is compromised. The physical merchandise is delivered to the store and is turned over in the normal way, but the automated ordering system reads the order as yet to be delivered. So, despite their merchandise selling through, no subsequent re-order is generated. This quickly manifests itself over the following few days as a poor availability problem, which in turn negatively impacts on sales. There is a clear perception that store managers need support from other functions within the organisation if they are to realise the level of sales demanded. When that support is not
forthcoming or breaks down, these managers feel exposed. This is apparent in several of the interviews.

*I mean at the end of the day you know, we’re here for the community to provide good service and availability, and in a sense the depot is there to provide us with that service and availability, but ... we don’t always ... get that.*

Incident No. 29A

Perceptions of fairness will be tackled separately in a later section. However, it is appropriate to note here that there is little perception of these budgets as being so challenging as to be inappropriate.

**Waste**

In a retail operations context, it is likely that a proportion of the merchandise will not realise its full retail price. Examples of this could be damaged goods, which could either be disposed of completely or reduced in price. Either way, it is possible to record the loss involved. Store managers exercise discretion over price reductions or "markdowns". In this food retail environment, a significant proportion of markdowns are likely to be short coded fresh product. Procedures are in place to monitor stock holdings in support of timely mark down decisions.

Like other financial performance measures there is a budget for waste, primarily to act as a target. Minimising waste is the desirable outcome, as like other stock losses it has a direct impact on store profitability.

*... and how do I know if I’m doing well on my waste? Because I going I get my report sent down on my system. I check that, on a daily basis.*

Incident No. 35

In reality some level of waste is inevitable. However there are examples in these transcripts of managers having to bear charges for waste which they do not
perceive as problems of their making. At a basic level, if merchandise arrives at the store having been damaged in transit, this is then charged to the store. Similarly, stocks of promotional lines are allocated to the stores. At the end of the promotional period, the stores may be left with some residual stocks. There are situations where this residual stock has to be marked down to clear and again the store is expected to bear the associated waste charge.

so that waste, even it wasn't my fault ... is still counted as waste, and I think it's really unfair

General Comment/HG

Leakage

Stock losses that cannot be accounted for at the time are referred to by these CC managers as leakage, which again has a direct impact on profitability. Such losses are accounted for retrospectively by a physical count. Stock checks are relatively infrequent. Store managers develop their own means of monitoring likely stock losses and these are dealt with in another section.

we had horrendous stock results where I think the stock result was about 2.5% ... loss and budget was 0.5%, so that flagged up to me that obviously we had a problem ...

Incident No. 23

Summary

Corporate financial KPIs form a significant focus of attention for store managers within the CC on the basis of these interviews. Sales levels enjoy pre-eminent status in this regard. There is a keen appreciation of relationships which underpin or affect sales. A sense of the pressure from higher up the organisation to deliver performance as measured by financial outcomes comes through very strongly. In turn, managers are very aware of factors beyond their control that can have a negative impact on the financial performance for which they are held accountable. Similarly, the limited nature of financial key performance indicators
for capturing the full picture of what store managers deliver also provides a basis for perceived injustice. Such equity issues will be explored more fully later.

... when it's on the downturn and you're having a really poxoy time, all of a sudden that's a major problem. The world is going to end. Yeah? And you get phone calls left, right and centre from everyone.

Incident No. 24

NON-FINANCIAL PERFORMANCE INDICATORS

In addition to the financial performance indicators, the corporate system includes other measures which in turn were identified by store manager respondents in this survey. These non-financial measures focus on availability, customer service and feedback from store staff.

Obviously you get a lot of reports down, saying how well you are doing and availability scores and stuff like that... as long as I'm hitting those kind of targets, I'm very happy. I know things are going well then.

Incident No. 30

Availability

As has been noted, high levels of availability in terms of what the customer actually experiences are a precondition for achieving sales targets. This is clearly recognised by these store managers. All bar two of them make specific reference to the importance of improving availability. It would appear that the corporate system succeeds in reinforcing this emphasis. Electronic point-of-sale technology and database systems facilitate the tracking of merchandise by stock-keeping unit (SKU). In turn, it is possible to monitor the sales behaviour of individual lines, along with in-store stockholding to identify products that are probably not currently available on the shelf in store. This availability check is conducted for a selected number of key lines from the total stock range, where
non-availability could be expected to be particularly sensitive. The system compiles a report on this basis and gives the store a score. The gap list that this generates provides a basis for a physical check by store staff, as an early morning routine. At minimum, this promotes some engagement with what needs to be addressed to improve availability. In the words of one respondent:

They'll scan in the morning. ... this will go on and hit the head office computer and it will work out what's a gap ... why the gaps are there ... So then we have to action that report.

Incident No. 15

The corporate system is therefore providing an initial and perhaps crude indication of availability, followed by taking the store's gap check data and producing a further score for the accuracy of the store input. This is all happening in the early part of the trading day. There are some claims that it is possible for store managers to "play the system" by manually inputting false data. Such dysfunctional behaviour will be addressed in a later section.

Another manager provides a sense of the significance he affords this performance measure:

Our gap compliant ... basically ... we achieved 97.23% the week before, and this week has been nearly 98%. Basically, that tells me that my store ... is full ... my gap compliance is the most important as a store manager.

Incident No. 39

In a grocery retail environment, maintaining availability is central to providing customer service and depending on the capacity constraints of the store in question, can be a constant challenge for the operations managers. There was no suggestion in these responses that availability measures were inappropriate and this implies that the corporate system is genuinely helpful to store managers seeking to improve performance.
... well you've got your gap check, exception counts, your stock counts, your negatives ... there's lots of different ... low lines and stuff like that. There's lots of stuff to actually pick up on things ...

General Comment/TC

Customer Promises in Action

The CC conduct a mystery shopper survey in all of their stores on a quarterly basis. This is a check on customer service standards. A checklist is conducted to produce a score for the store and more recently, some qualitative feedback has been included.

... there's a "customer promises and action" survey. There's a person comes and ... so, when I get 100%, so I'm over the moon. ... When I get 60 ... nasty day. Then I have to investigate and action plan ...

Incident No. 13

The profile of the mystery shopper survey in this study is limited, perhaps because of its relatively low frequency. The quote above is from the only incident where the mystery shopper is mentioned. The following observation was in the context of considering dysfunctional behaviour, where the manager appears to believe that this measure has more integrity than some others.

Well I mean, the thing is with the customer, the mystery shopper ... the mystery shopper one where they do the customer focus audit, you don't know it's going on ... and there's no way you can really cheat that.

General Comment/WL
Talk-Back

The remaining corporate measure of performance for store managers, that gets a brief mention in these transcripts, is that of a staff survey. This is conducted on an annual basis and is only two years old. There is little to gauge the store manager perceptions of this feedback. It is however an interesting development, given some of the later findings in this study.

Summary

Of the non-financial corporate KPIs recognised in these interviews, those associated with product availability appear to have the greatest significance. Whilst availability is not a financial measure, it is still calculated in quantitative form and can be regarded as a "hard" measure. Once again, managers are very aware that availability is afforded significant emphasis by the business. On this basis they are sensitive to factors that impact availability and yet are perceived as beyond their control.

MANAGER'S PERFORMANCE INDICATORS – MPI'S

One of the principal research objectives for the study was to establish whether retail operations managers relied entirely on the corporate system, or whether indeed they made use of their own informal performance indicators to some extent. The respondents do make reference to other sources of performance information. There appear to be two main categories. Firstly, those of a functional nature derived from the manager's experience of retail operations. Secondly, a number of the respondents identify picking up on staff disposition as a useful guide in this context.

Retail Operations

Store managers report being able to gauge short-term performance prospects from visual cues, but qualify this by recognising the potential fallibility of such indicators. In this first example, the manager is talking about the visual appearance of the shelves in the store, on his arrival first thing in the morning.
However, it is possible to replenish shelves with stock and "face up" product, making the shelves appear fully stocked, when that may not be the case.

I don't know, you never really know when things are going well, because the shop can look amazing at 7am in the morning and by 10am it can look like a complete pigsty, just by customers coming in and appearances can often be deceptive.

Incident No. 5

In a similar vein, several managers refer to being able to crudely gauge likely sales from a visual check of checkout activity, but again this is not infallible:

... it depends on your tills. I've got nine tills here, and if all nine are manned ... for good six, seven hours. That tells me ... wow ... yeah? You'll walk down there and see that happening ... so, you know automatically your sales is going to be good. You know, but having said that ... from past experience, when I was managing little stores, ... your tills could be ringing, customer count is high ... but the average basket spend is ... very low.

Incident No. 32

A number of stores in this study are constrained by physical capacity. This applies to both the sales floor and any backup storage area. Managing capacity is particularly difficult when bulk quantities of stock are delivered. From a security perspective (avoiding unnecessary stock losses), it is not desirable to have merchandise left outside of the building. Typically, stock will arrive on roll cages and where possible retained within the backup storage area. When space is at a premium this is a real challenge. Workspace becomes clogged, normal processes are obstructed and there are attendant health and safety issues. Incident number 40, describes a situation where this type of situation was exacerbated by staff shortages and a consignment of chilled product was left out of the temperature controlled environment that should be maintained and had to
be written-off. Elsewhere amongst the transcripts, there are a number of other references to having the backup storage sorted out as a positive indicator.

*Your warehouse and your sales are very good. It's pretty much a good time.*

**Incident No. 30**

There is one example of a manager exercising judgement from experience and recognising that a stock range introduced following a store refit was not appropriate. This is an interesting case, in that ranging decisions are normally beyond the remit of the manager, but does reflect the store manager's focus on improving performance:

...we just had so much stock coming in and ... it was just the wrong lines ...and everything was going wrong... in terms of sales and waste.

**Incident No. 21**

As has already been noted, unplanned events are a problem when it comes to managing performance. By definition there is little notice given, but the retail operations manager knows immediately that short-term performance is going to be more difficult to maintain:

*if the delivery has come late, that automatically throws a lot of people off their tracks... and to me that's what causes a lot of friction ... in stores.*

**Incident No. 1**

*Last Tuesday, for example, they phoned me at 10 o'clock in the morning, and they said "We are running about forty/fifty-five minutes late" ... and delivery came at quarter-to-ten at night ... so ... there is nothing you can do, unfortunately ...*
Late deliveries as illustrated by the two quotes above, can be expected to disrupt operations and staffing schedules, having a negative impact on availability and then sales.

Staff absences represent another immediate indicator of short-term performance prospects.

*I mean they don't really have to tell us until ... 10am. So it only gives us so many hours to find a replacement and if you've already got someone off on sick ... that can be a very stressful day.*

Incident No. 4

The last source of unplanned events that recurs frequently in these transcripts is that of information systems breakdowns. The following quote is one of several describing the failure of the inventory management system to update the book stock at store level, following a delivery. The manager receives no prior warning of this failure and as the quote reflects, he knows that it will have a negative impact on availability and therefore sales over the coming week. However, systems glitches in this study are not limited to this particular scenario:

*Now, if you are missing an EDN (electronic delivery note), it all sits on the on order column...which means it knows it's coming, but doesn't know when it's coming. So, as a result... if I miss the Saturday one, most of the time I probably won't get it sent down 'til Tuesday. On Wednesday, the counters out there are empty. Nothing left.*

Incident No. 47

**Staff Disposition**

*...it's not just sales and things as well, I've got to be honest. I think that if you've got a happy workforce... I think everything else in the store can change... just through that little thing.*
Incident No. 25

The retail operations MPIs described above, are all relatively tangible. Several of the respondents in this study make significant reference to the disposition of their staff as a powerful performance indicator. This is clearly much less tangible.

... normally it is from what the staff say to me in the morning, normally gives me an idea of what kind of day I'm going to have. If they are all very quiet, I know something's gone wrong, but it might not be easy to see. If they are very excited or they are not really doing very much, if they are standing around chatting and things, that's normally a sign that everything is done and the shop is running well.

Incident No. 2

In the perception of a number of these managers there are causal links in a chain which starts with staff disposition. Expressed positively, this would suggest that happy staff tend to be more industrious, and are more likely to have a positive effect in their direct dealings with customers. Greater industry leads to better availability, which is also going to please customers. If this is working, then customers will be loyal and sales will increase over time. This is how one manager describes this effect:

*We (my staff) always laughing and joking but then the job has to be done ... you see because ... the customer happy; ... the customer are laughing; you can hear when ... the team is ... led into the business ... the chatting at the check-out and, believe it or not, sales increase... sales increase because you got more availability on the shelf ... the customer is tantalised when he come into the store - he sees this marvellous atmosphere in here ... and it does make a difference. At the end of the day, you wouldn't go shopping anywhere you would feel uncomfortable...*
Another manager reflects on the same causal chain factor in the following quote, but this time in a negative context:

... you get subliminal indicators that things are going wrong, in terms of staff motivation and it’s not so easy, ... but there is like an internal mechanism ... most people are aware of it. Not everyone picks up on it, but you can see people’s body language and expressions and the negativity — you can almost smell it. ... Or this person ... and they start bickering amongst each other. It’s amazing that once things start to take a downward turn, there’s a lot of internal struggles that start to come to the surface ...

Incident No. 37

For the most part the indications are extremely intangible; they are "subliminal", until they manifest themselves in individuals actively blaming each other. Not everybody can recognise it, but it is there in the atmosphere and in the body language of the staff. You can almost smell the negativity. For this individual, this is a powerful performance indicator. A number of the other respondents make reference to the atmosphere in store as an intangible performance indicator.

Yet another manager is again very clear about the causal links in the chain and goes on to suggest a cyclical effect. It is interesting to note that he describes the effect here as being initiated by happy staff delivering a shopping experience that leaves customers happy and friendly, which in turn feeds back to the staff to close the loop:

... if your team are happy and good you know, it means they’re going to be working hard ... it’s just getting into a cycle ... virtuous. ... if the shop looks good and ... the customers are happy and they’re friendly, then it rubs off on the staff, so they are happy and friendly. They tend to work a bit better and ... that
helps the customer again. So, it's just trying to get in that ... routine really

Incident No. 29

Summary

These interview transcripts reflect two groups of MPIs. The first have to do with what can be described as retail operational issues and are relatively tangible. Late deliveries and systems malfunctions both illustrate operational situations where managers know there will be an ensuing performance implication. The second group is less tangible, whilst still being influential. Indications of staff disposition are recognised by several managers as important. Several respondents identify causal links through productivity and customer service and on to financial outcomes. Some note a cyclical effect, either vicious or virtuous depending on the direction of travel.

WHAT MANAGERS ACTUALLY DO WITH PERFORMANCE INFORMATION

Introduction

... my role within the store is part court jester, part judge and jury ... because obviously I've ... it's my job to maintain discipline. I mean obviously, make sure the store's legal, make sure the store's running, obviously people can't take the Michael, ... but I think you have to make a good balance of picking people up when they're down and pushing them down when they are getting a little bit too up, ... I think that if you've got good people communications and you can create a good team around you, you create loyalty and you can't buy that. You just can't ...
One of the principal research objectives of this study was to explore just what retail operations managers did with performance information. These interviews provide a rich variety of store manager perceptions of their own actions in this context. The quote above provides a good example, capturing as it does the retail specific activities and those relating to the management of people, which have a more generic feel to them. The following sections will explore firstly retail management actions in this context, and then those related to people. The treatment of what managers actually do with performance information will be concluded with a focus on behavioural self perceptions. Again the quote above gives a flavour of how one manager saw his own inter-personal behaviour with staff, and why this was important.

Retail Operations

Store managers bear responsibility for ensuring that the retail operation is conducted within the regulatory framework. A number of the respondents referred to their obligations to maintain a safe working environment. Also explicit are the requirements of the trading legislation. There is a single incident (number 24) that concerns a legal infringement. On this occasion, the licensing laws governing the sale of intoxicating liquor are broken by the store on two consecutive occasions. This led to a temporary withdrawal of the alcohol licence at this location and a major inquisition on the part of the company. The loss of the licence led to an immediate drop in sales and to dissatisfied customers. Aside from incident number 24, the legal responsibilities of these store managers have a low profile in these interviews. Similarly, there is relatively little reference to complying with company policies and procedures. One respondent (AF) refers to a store manual, which includes the details. Other managers make reference to improving compliance with company policies and procedures, usually in the context of them taking up a new store manager role (e.g. Rof); the implication being that practice had become relatively lax before they arrived. For example, if compliance with stock handling procedures is weak, then stock losses both as waste or leakage, would be expected to rise and profitability decline. A store with a strong performance is likely to have a manager with a firm grip on ensuring staff follow procedures.
There are references by respondents in this study to their responsibility for inventory management. In practice this means actively monitoring stockholding levels and composition. Information systems glitches feature as a problem and generate a number of negative incidents. Some manual interventions are possible and the store manager perspective appears to be that the more accurate the stock records in the system, the better the retail operation will function. This will be enhanced by actively monitoring stock and where possible making adjustments to keep the record up to date. This problem is illustrated by the failure of electronic delivery notes to update the system automatically in a number of the incidents, creating ongoing problems.

A number of the incidents collected in this study relate to situations where unplanned events have occurred and require actions and resources to address the consequences. As a manager of one of the larger stores in this study puts it:

   I could have my plan for the day ...and I'll get into the store...
   totally different. Typical working day is determined by events.

   General comment/RH

In service operations terms, a constant level of activity would be relatively easy to manage. In reality, retailing and many other service operations are made more challenging to deliver by the occurrence of unforeseen issues. Examples such as the staff absentees, late deliveries, and information systems glitches are a recurring theme through the transcripts in this study. It follows that some of the actions that managers recognise are specifically focused on dealing with these situations. So it is possible to identify what might be regarded as a "fire-fighting" category of responses to performance information. The following quote from incident number four, illustrates the somewhat ad hoc nature of having to deal with staff absentees where there is little or no notice available:

   So it only gives us so many hours to find ...a replacement and if you've already got someone off on sick, that can be a very stressful day.
Incident No. 4

Fire-fighting actions are characterised by being reactive in nature, requiring additional time and/or resources on top of normal process activity and making the best of the situation, which may have sub-optimal short-term outcomes. Late deliveries are a good example of an event that will require a response from store management. All of the store locations in the study are in residential areas with restrictions on out of hours delivering. The CC is therefore obliged to make drops during the daytime from its distribution centres at Thurrock, close to the Thames River Crossing on the M25. Traffic congestion is common in this area. Stores are given delivery “windows” to aid with staff scheduling. Several of these managers complain about late deliveries. If the delivery misses the window, then there will be underutilised staff for a period, followed by a delivery at a time when the staff resource is inadequate. There are significant physical capacity issues in some of these stores, and this will be exacerbated if there is insufficient labour resource to handle the goods received. The respondents in this study are particularly sensitive to issues that require firefighting responses, as they know that this will almost inevitably have a detrimental impact on performance and be reflected in the corporate KPIs.

If management responses to unplanned events are inevitably reactive in nature, these interviews also provide insight to store manager actions using performance information that are much more proactive. Some of these respondents make detailed reference to investigating, analysing and planning activities, using performance information.

So you've got all different departments. You look at areas where you've under-traded for the week and that's what drives your priority for the next week. Why were we down? Got to investigate why ... whether you didn't order enough or what's gone wrong. ... but in terms of personnel ... because we are over-spending, we have people in the wrong places.

Incident No. 32
The incident above describes one manager's approach to using performance information from the corporate system as a basis for taking action and changing behaviour. In the first instance, sales for the store are down; it has underperformed or "under traded" in the language of the manager. This needs investigating. The sales figure is broken down by department, to facilitate a focus on the problem. Why were sales down in this department? Perhaps insufficient stock created an availability problem. Increase the orders for next week. In the second instance, if the wage bill is too high then the response should be to check first whether the right people are in the right place at the right time, as opposed to crudely cutting back on labour hours. Such an investigation may lead to identifying the need for restructuring staff across departments and trading hours to better match process activity. This manager concedes that such a restructuring can be challenging in itself.

The following quote, from another manager, provides more detail. The store in question was formerly part of the CX portfolio. It has been refitted and rebranded to the CC format. These changes include adjustments to the stock range on offer, the merchandising and space allocation; decisions normally made by head office and implemented by the store operations team. Having reopened for business, the store is failing to meet its sales target. The manager provides an insight to the approach adopted to address the identified underperformance:

...we looked at sales, we looked at the range, we looked at our availability, we were looking at the availability. We're doing a gap-walk, every single morning... and identifying if it is in stock. Why isn't it... and get it onto the shelf. If not, we're correcting the book stock and bringing the stock... in terms of sales, we looked at range as well. I called in through the regional space-planning manager and we walked round the store and we decided that certain departments weren't working for us. So, we've actually done some merchandising moves, around the whole store... and its really getting behind every sales opportunity we get, and really going for it.
Incident No. 21

This respondent has first hand experience of managing the store as a CX unit and therefore some knowledge of the local market. Using this knowledge he was able to negotiate with range and space planning functions within the organisation to affect fine tuning of the store merchandising. The implication here is that having the right product (a decision normally made by a central marketing function), in the right place is key to supporting sales. The "right place" here can be seen as a shared responsibility. The central marketing function are making decisions about where to merchandise in-store store and the store operations team have responsibility for ensuring that replenishment maintains availability in terms of the customer experience. As noted elsewhere, maintaining availability comes through as a key focus of attention for the retail operations manager, in most of these interviews.

People Management

In addition to those management actions that are peculiar to the retail operations context, these interview transcripts provide a very rich perspective of practical people management with a more general feel to it. Several of the respondents acknowledge the store "team" without which the operation could not function. Developing, training, coaching, and engaging individuals to work as a team is another key focus for store managers. Developing an effective team is a complex business and they will be factors that obstruct or mitigate against the building effort. Teams by implication have to communicate with one another:

Communication is the key of any business; people have to communicate ...

General comment/HG

... and really, really good communication in the store team and this is my expectation... and then you can achieve whatever you wanted.
A number of managers provide insight to practical communication. Team meetings clearly feature in most stores. There is the perception that proper time should be given to support full explanation and clarify any misunderstandings, as a means of promoting engagement. The following quotation recognises the potential barriers involved:

So if you don’t communicate with your people .. give them information, you will get resistance. Cos people don’t like change. Cos they’re happy in their comfort zones. The only way you can get them out is by getting them engaged, ... They might buy into it and that will help you achieve your change.

Incident No. 33

Team meetings can be used as a forum for building peer pressure into a team whilst fostering a mutual spirit of support. The department managers can present their financial results for the week to their colleagues, to engender a competitive rivalry. However, this should not be allowed to reach a level where it inhibits individual members of the team from helping a colleague with a problem. This is a delicate balance to strike. Team meetings should have a learning dimension included and avoid unrelenting recrimination, even in difficult times. One manager’s technique for teambuilding was to present the team with the problem of the moment and then seek to elicit a group solution. In his view, this was a powerful means of enlisting support and ownership of initiatives to improve performance.

... and what I did to eradicate the problem was ... training, coaching, information. I have my team meeting every Monday, where they all know by ten o’clock they’re in my training room, meeting room, ready with their figures,... So, they come with them, their sales, their wastage, their losses for the week and their personnel cost, for the week. So, we’ll discuss it then, ... the department manager that’s not doing well, he knows that come next meeting, oh no! I don’t want to share my sales with all my colleagues and they do better.
A number of the respondents emphasised their own role in coaching staff to achieve better results. This reflects a recognition on their part that a positive disposition is important to a process of development. Having identified weaknesses, it is important in the first instance to establish that the relevant staff have the appropriate skills and competence to execute the task effectively. It is too easy, and some managers suggested rather lazy to seek to blame staff, when this may not be very fair.

In the following quote, the manager of one of the larger stores provides detail on how he delegates responsibilities and duties to members of his staff, if somewhat immodestly. Significantly, it includes how he follows up to ensure that the task was done properly. Again it illustrates his approach to dealing with the situation. His method can be seen as having lasting benefits and is more than just an immediate remedy. The role of effective communication can be identified.

*How do you manage your people? Like you've got ten people working for you, how do you delegate? So when you delegate, what do you do?... I also make sure you know, I follow up. I go back, check if it's been done... thank you very much. Well done. Or, if it's not good enough, ... give them instant feedback*

*...this is not good enough ... what's happening? Oh, I don't know how. Okay, I'll show you how. You know, and, and,... so all those things put together, ... You'll have a successful business. So, I think the key thing is people management and that's what's helped me.*

General Comment/RH

**Personal Behaviour**

A large component of the perceptions found in this study with regard to managing people, relate to the respondents' view of their own personal behaviour. There is a clear implication that because the store manager is a focus of attention for all
employees that work in store and that employee behaviour is susceptible to their influence, then it is important to get this right. At a basic level, a number of respondents referred to their physical profile. The following quote suggests a very clear idea about the difference that it makes:

If I'm around, if I'm talking to people, it (the task in hand) can start at quarter to seven; if I'm not around, it can start at quarter to nine. My ...the difference is ... in any business I have been, the role or the figure as a store manager is vital

General comment/HG

All of these stores in this study trade for extended hours, typically from 7am until 10pm, and for seven days a week. For even the smallest stores this requires staff working different shift patterns to cover the trading hours. If the manager is to maintain a visible profile to all staff in the store, this is a challenge in itself.

... I used to work mornings a lot and now, I try and do a couple of nights a week, because it's a completely different shop and well it looks lovely in the mornings, but in the evening after a whole day of people shopping, you can be a bit like that (laughs). Well ... the evening staff don’t see any difference. They kind of see that as a norm. So ... that kind of helped me get the store better, just realising that.

Incident No. 5

Another manager summarises the balance to strike between having a profile on the shop floor and the other demands of running the store as follows:

Two types of manager. Manager that’s ... likes to work, work, work, stack shelves, stack shelves, stack shelves. The modern retail manager don’t do that. ... you buy-in say 50-50. Obviously, you want to work with your staff to show leadership. The other 50% is analysing the information.
Incident No. 34

Beyond maintaining a presence, being seen on the shop floor, these interviews capture a number of examples of managers being self-conscious about their type of behaviour, when their staff can see them. The implication here is that they ought to be leading by example and conversely being careful not to let negative inferences have a "knock on" effect on the staff. There is a strong perception that managers should accentuate the positive and share a laugh on occasion, but that this should be moderated so as not to compromise on the working relationship.

I don't fear or threaten my staff at all ... I have a very positive approach with them - I'm very laid-back; we always laughing and joking but then the job has to be done ... OK

General comment/HG

There is a perceived danger that negative behaviour, for example aggression, can "rub off" on the staff. This is particularly important during periods of under performance, as the manager will be the bearer of bad news in this context.

I'll be aware. ... if I'm being negative and it's rubbing off on people, and I think I'll probably be more aware of things that are more ambiguous. But it's not so easy to define... or to give evidence for

General comment WT

This respondent went on to speak of the realisation that he was allowing his frustration to manifest itself in the aggressive handling of shoplifters. He recognises this as poor personal behaviour that could have a negative impact on his own staff who were witness to these events. The following quote is from another manager who also recognises this danger in his own behaviour. The quote is interesting for starting with a reflection on the need to be self-critical in the context of managing store performance. It captures something of the wrath of his own manager holding him to account and the subsequent need to moderate
his own behaviour when trying to improve the performance of the store through his team:

*Obviously, as a store manager, we are a KPI of our self as well... we have to measure our self... Obviously, the figure of the store manager has got an important role... a vital role... in terms of team work and team player... I tend... 99% of the time - to come into the store and basically ignore anything bad that could possibly affect me, like my mood... if I'd... rowed with my boss on the phone before I come here, for example. I tend to hide the bad things away from my team - even if I get a gap result bad one day, I'm not the sort of person who goes straight away outside and say: "No guys - this is no good"... I always give time to my team... I think it would be very very unprofessional and unfair if something goes wrong to attack the team straight away, because... I think... I we all make mistake; we all human being, and mistakes are part of the human life. The majority of them knows when it's actually it's very good and when it's not.*

General comment/HG

The quote reflects the need for sensitivity and a recognition of the human dimension, where mistakes are possible and a degree of tolerance is appropriate. Again, there is a balance involved. The same manager elsewhere in his interview speaks of the need to have high expectations.

Reference is made in other interviews to the significance of personal confidence for the manager. This is neatly summarised by the following quote:

*... a lot of it is confidence as well... I need to be confident and where I am confident I perform very well. If my confidence gets knocked, my performance takes a downward turn.*

Incident No. 37
Some of the respondents spoke of situations where the store was underperforming and in response they sought to pick their moment, take a risk and then really push hard to make it come right. The manager, from whom the following quote is taken, reflected that this probably was dependent on the personal motivation of the manager:

*Although it's not a huge team, we still have regular meetings. And I put to them ... that we don't sell enough fresh foods. There's always gaps. It always looks, not quite right. Why don't we increase the profiles, which will tell the computer we are going to want more stock.... Let's gamble, because what we are doing now is not helping. So, we increased this. I passed it through my area manager. He didn't think it was such a clever idea, but he said just to try it for a week or two, and if the waste starts to build up, you know, we'd better reanalyse things and but, it's your store*

Incident No. 38

This quote details the adjustment made to the automated replenishment built into the inventory management system. The store manager was able to increase the stock levels of fresh foods held in store. If successful, this would improve the availability for the customer and then sales levels. However, it carried a significant risk that waste levels would increase dramatically because the sales would not be realised. It is an interesting example because on the one hand there is a distinctly retail-specific feel to it, but it also reflects a very personal willingness to take a bold step and bear the associated risk, to address an ongoing situation where performance was deteriorating. There are other examples of actions that represent more of a step change to practice, than mere incremental adjustments.

To finish with, one manager is clearly driven to stay one step ahead of his field manager, when it comes to managing performance:

*I don't like my boss coming in every five minutes, you haven't done this, you haven't done that. What I do is, I go out and get information*
General comment/RH

In summary, these interviews provide insight to the actions taken by managers in response to performance information, as perceived by the managers themselves. These can be categorised as retail specific actions and those that are more generally associated with people management. There is significant reflection on the extent to which the store managers own personal behaviour impacts on their staff and through to the likely impact that will have on store performance.

I say ... there is ... let's say ... the operational side, which is ...
like ... the stock, the compliance, and everything else ... and the team side - but, as a store manager, I personally feel it's the team is what make the business ... it's what drives the business forward ...

General comment/HG

Perceptions of time

Operational

The transcripts were analysed to explore respondent perceptions of time in the context of their use of performance information. Once again, it is appropriate to distinguish between the management of retail operations and the management of people. In terms of retail operations there is a very strong sense that product availability underpins sales and that the effects can be very immediate. Poor availability will have a prompt and negative effect on sales performance. However, there is also a recognition that sales can build over a longer period, if there is a sustained effort to improve and maintain availability, as illustrated by the quotes from incident numbers 39 and 45 below. As already noted, unplanned events can compromise availability. A single late delivery can have an effect that is short-term and has little lasting impact. The inventory management glitches such as the failing electronic delivery note can create availability problems over
the ensuing week, but again is relatively short time. However, inadequate stock profiles in the automated ordering system as illustrated by incident number 38, can have a more enduring effect.

So then you know that it's going to generate another repeat order, which is obviously going to be not what you want. It's just going to be what you had last week. So that's going to have a knock-on effect on the waste. ... it goes on from there really....

Incident No. 8

... and you can see throughout, week after week, there has always been increasing ... I say, even this morning ... I've got the latest one ... we are again top of the region again for the week

Incident No. 39

there was like a catalyst for me of, of.... as it started to improve, you really get behind it and then, you really get on top of it. You get the stock in, you keep pumping it in all the time and it just went... you know, then it just went on its own.

Incident No. 45

A number of the store managers refer to sales budgets/targets and their role in motivating or driving performance improvement. This implies a longer term view of managing performance; one that extends well beyond a delivery being several hours late.

People

As was noted in the section on store managers' use of their own informal indicators, several respondents perceive a number of causal links in a chain that comprise performance improvement through people management. In summary, the store manager has a role to play in promoting a happy working environment
for staff. Happy staff will be more productive and availability will improve as a result. Customers will be happy as a result of being able to find what they were looking for and from the cheerful interactions with store staff. Happy customers will become more loyal. Sales and profitability both increase over time. Some respondents saw this as either a virtuous or vicious circle, depending on the direction of travel. This can be illustrated with the following quote:

... if you're not aware of your emotions, you can find that your negative approach starts to manifest itself in physical form and that rubs off on your management team and hence... therefore, it will rub off on to the staff... and probably rub off onto the customer's perception, so... it has a doubling effect of negativity. I mean it can become a vicious circle, if you are not aware of what's going on.

Incident No.37

A number of the respondents regard the resolution of people related problems as key to addressing underperformance. Given the causal links described here, the implication is that performance management has a much longer term perspective when it comes to managing people.

Perceptions of Fairness

Having conducted pilot interviews, minor changes were made to the protocol. One of these was to add a question to the end of the interview, after the critical incidents had been elicited, asking whether respondents felt the company system for measuring store performance was a fair one. Analysing the transcripts on this basis, most but not all of the relevant material identified is in response to this question. It should be noted that the bias potential is much greater than with the CIT technique adopted for the front end of the interview.

There is a pervasive sense through these interviews that broadly the budgets and targets used by the CC are challenging, in what is seen as a difficult trading environment, but essentially fair. Most of these managers do believe that setting
targets is an appropriate tool for higher management to use in pursuit of stronger performance. This is captured in the following quotation forming part of the answer to the direct question:

I think it is (fair), because they monitor you on sales. Customer focus is another one um... where they come round and do the mystery shop. ... when we was in CX, we had a similar thing ... where we had about eight objectives we were being managed on and the co-op now are going down to... I think it’s about five... main ones that they’re looking at. ... it’s a pretty fair system, because you’ve always got to have something that you’ve got to be able to shoot for

General Comment/WL

However, whilst the system is broadly seen as fair, it does generate an adverse reaction from some store managers. The CC uses the information in the corporate system to benchmark stores against each other. The principle behind this is that stores of a similar size ought to be comparable to each other. However, for some managers in the study, this was perceived as distinctly unfair in that it failed to take account of the unique constraints present in their store environment. This particular manager was passionate about it:

So, I am being judged against a manager who might have an enormous warehouse, with all the facilities, and they can manoeuvre their store, however it’s going to suit them. I think that’s very unfair. ... why would I bother? ... they will say to me, this manager can. Ah but it’s not that store.

General Comment/MB

Another manager reflects on whether the pressure placed on managers to achieve targets. In his view it is entirely appropriate to use “surveillance”, his language for the corporate monitoring system as a performance management
technique, but is very conscious of the negative impact that using poor performance figures to chastise store managers and staff, could have.

Several of the respondents reflect on what they perceive as the limited picture of store operations that the selected corporate measures convey to head office. In their view, there is a lack of understanding or appreciation by both field managers and senior management within the organisation, of the true reality of managing retail operations at the front line. Relying on a relatively small number of quantitative KPIs, presents a very partial view of what store managers and their staff are doing in pursuit of stronger performance. There is a clear sense of resentment and injustice over this. The corporate system is seen as somewhat crude.

*They haven't got to worry about somebody phoning in sick and there's only two people on the checkouts, and the customers have just thrown a basket at one of my checkout operators, because they couldn't get served in time. Another person has just kicked a stand down and I know my area manager is going to come in the next day and look at that stand and say why is it a mess? And there is no point in telling him because... it sounds like the dog ate my homework. ... coz as I say, it's no quantitative evidence in there.*

**General comment/WT**

*I think people in higher management have got this idea that everything should be right and perfect.... and in an ideal world that could, could happen.*

**General Comment/Rof**

A similar lack of appreciation for what goes on at store level is reflected in the following quote. In the view of this manager the expectation to deliver new initiatives was too great. He spoke of frustration with demands on him to attend meetings and then to implement changes to working practices back at store, at
frequent intervals. He was keen to point out that making such changes, with staff that work across different shifts during the trading week, was especially demanding.

In his view, introducing new initiatives was taking him away from what he should be doing i.e. running the store. He felt that some of these changes sometimes compromised his own credibility when dealing with staff who were being paid a little more than the national minimum wage. As this quote suggests, a store manager's enthusiasm for implementing new initiatives, is not helped by a failure to abort the scheme promptly when it fails:

*Unfortunately, when they (senior managers) have an idea, it's majored to work, whether it's good, bad or ugly. And I think that demoralises staff... we're standing there saying, but it don't bloody work, and they are like, well it's their idea and it's going to work.*

**Incident No. 26**

As has already been noted, a number of the incidents related to situations or events caused by factors beyond the control of the store manager. There is an underlying implication running through the transcripts that it is unfair when the corporate performance measurement system reflects the negative impact of these events without recognising this perceived lack of control. The following quotes explicitly recognised the frustration. The first of these relate to problems with the punctuality of deliveries:

*... it is pointless for us, or pointless to go on the phone ... because you're not gonna change it.*

**General Comment/HG**

*it is still counted as waste .... even it wasn't my fault ... you're still charged ... and I think it's really unfair ... OK*

**General Comment/HG**

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In summary, the broad perception of these store managers is that budgets were tough but fair. Perhaps unsurprisingly, issues of accountability do generate a sense of injustice. This may be accentuated by conducting the survey at a time when sales targets were perceived as difficult to achieve. There is some suggestion that the corporate KPI system is relatively crude and that it does not help senior managers understand the reality of retail operations.

**Unintended behaviour**

The final question in the store manager interviews, added after the pilot, was to ask respondents whether in their opinion the corporate management system could encourage any behaviours that were not intended by the CC. Some caution should be exercised in analysing the findings. Whilst by the end of the interview respondents could be expected to be more relaxed and have developed some sort of rapport with the interviewer, it is reasonable to assume that they may have been somewhat wary of this line of questioning.

Most responses reflect some consideration given to the scope that store managers might have to abuse the system, either by circumventing it or by some other creative means. The answers include a wide range, extending from a flat denial that cheating the system was possible, through to the assertion that cheating was widespread amongst colleagues. This first quote represents the view that it is not possible to get round the system:

> ... no we can't trick the system because this is what our... the system I am following is a very, very advanced system...

*Even the, ... when I say system, whatever I am wasting, the system knows it.*

**General comment/AF**

In the subsequent dialogue, this respondent appeared to soften the rather unequivocal position reflected in this quote. Rather less explicitly he subsequently appears to accept that it might be possible, if not the right thing to
do. At the other end of the spectrum, some respondents believed that cheating the system was rife. The following quotes illustrate this perception:

"but a lot of stores .. used to go round and put one in their book stocks and all that so it never showed on their report. ...you are always going to get people that will try and buck that system"

General comment/WL

But apparently, if you waste one a day, you still hit that availability. Whether you bake it or not. Whether you sell it or not. If you are wasting one a day you can hit your availability. So, managers could be just going "I'll waste that, even if it doesn't exist". Just to hit their scores. Which obviously will go onto either their wastage or leakage. So there are flaws in the system, but it all depends how honest and... motivated the manager is at the time.

General comment/SW

Between these two positions, several respondents recognised the possibility that store managers could cheat the system, by making manual adjustments to stock records for example. Some felt that the system did not encourage dysfunctional behaviour, but that such behaviour was nonetheless possible. These respondents held the view that cheating the system required a sustained effort and was not therefore worthwhile.

As previously noted a strong sense of the pressure on these managers to improve performance runs across most of these transcripts. The popular perception is that underperformance is reflected in the corporate KPIs and this is then used by senior managers as a "stick" with which to beat the store manager. As the following example illustrates, it is entirely possible that such pressure on the individual could manifest itself in behaviours that were not intended:

"I've become more aware of the shoplifters entering the store. And my approach, whereas it was always very measured,"

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...started to become a touch more erratic and desperate and aggressive if you like.

Incident No. 37

This store manager could recognise more aggression building up in his own behaviour and his concern with this, was the effect that would have on his own team.

As has already been noted, the corporate KPIs are perceived as being relatively crude and yet they form the basis for management by a higher level, remote from the realities of retail store operations. In the view of some of these respondents there is a danger of encouraging unintended behaviours by exerting too much pressure on the basis of underperformance, as captured by the corporate KPIs. Firstly, this can engender negative behaviours in the manager, which then rubs off on the management team, staff and can impact customer perceptions. There is then a danger of a vicious circle. In a similar vein such pressure can compromise self-confidence, which is seen as important to being a leader and effective coach. Last but not least, it can cause stress and frustration. One manager describes the issue as follows

... the powers that be don't see that sort of thing, they don't capture that... they don't realise and I think they are, quite often, too separate from the reality of retail and trade, and they're looking only at the quantitative... things. They are looking at the KPIs, the figures and the profit drivers and they don't see the amount of good relationship, communal spirit that goes on within the co-op. But this... only happens, when people are happy and if you are pushing them too hard... people react very strange ways under pressure.

... too much emphasis on results and targets, sometimes detracts from things that are not seen like good management behaviour and .... the way we are dealing with customers.
Arguably, it is the way that the measures are being used that is the source of the problem here, rather than the existence of the measure itself. Another manager complains that a great deal is expected of store managers by way of achieving targets, without continual additional demands being placed on them. In these somewhat irreverent words of this respondent, speaking about his regional director:

*So ROD farts, and everyone else worries about it. Which fair enough, at the end of the day, he’s the boss. But sometimes … sometimes I think it can be counter productive. It takes us away from what we are actually here to do.*

**Incident No.26**

To conclude, the critical incident front-end of this interview protocol did not reveal any strong examples of dysfunctional behaviour. When respondents were asked directly about the subject, there were a range of responses forthcoming. Most managers appeared to be aware of how they could mislead the information system, for example in its assessment of availability. However, it is not possible to gauge the true level of incidence where this type of dysfunctional behaviour is concerned.

Some of these respondents believe that it is possible for managers to generate unintended behaviours through their use of KPIs. The perception is that in a situation where the store is underperforming, too much pressure on individuals can create negative behaviours, which may just exacerbate the problem. This is underpinned by the belief that happy staff are more productive, dealt with in an earlier section of these findings.

**Chapter Conclusions**

Two senior managers from CC were interviewed to help understand the context in which these store managers have to function. These senior managers provide an outline of the corporate performance indicators in operation and confirm the
pre-eminence of sales above all other measures in use. They share the view that a good store manager has a retail instinct that means they are not reliant upon the corporate system to know how the store is performing. The interviews with store managers in this study appear to support this view.

The key findings from the review of the literature were presented in the conclusions to chapter two, using the model of performance measurement and management in Figure 1, as a framework. The key findings from the analysis of CIT interviews in this research project are now presented using the same format:

Corporate performance indicators and scorecards

1. Sales levels dominate store manager perceptions of performance. Store managers are very sensitive to sales in relation to budgets and other benchmarks. This is articulated relative to other financial performance indicators; specifically waste, leakage and personnel costs. Other financial targets are more achievable if sales levels are meeting budgets. The direct relationship between availability and sales is explicitly recognised.
   Negative influences affecting sales and perceived as beyond the control of store managers, create a strong sense of injustice.

2. Corporate measures of availability appear very effective in influencing manager behaviours in pursuit of stronger performance. All other non-financial performance indicators have a low profile in store manager responses, raising possible concerns about their effectiveness.

3. Store managers expressed concerns that the corporate reliance on financial performance indicators provides only a partial view of the reality of managing performance at store level. There is a significant qualitative dimension to managing performance that is not captured by the system.

Managers' performance indicators

4. Store managers use visual cues as indicators of prospective performance, but recognise their fallibility. Unplanned events, of which late deliveries, systems failures and staff absences are frequent examples, typically have a negative impact on performance.
5. The disposition of store staff is perceived as linked to performance. Happy staff will be more productive and provide a better customer service interaction. More productive staff will improve availability. Customers will be more loyal to a store with high levels of availability and a positive atmosphere. In turn, financial performance will improve. The reverse effect is also possible, through the same causal links between unhappy staff and poor financial performance. Some managers saw this effect as cyclical.

Manager behaviours/decisions

6. In terms of what is actually done with performance information, these managers recognise the basic requirements to operate a legal and safe store that complies with company standards, policies and procedures. It is then possible to identify reactive actions in response to unplanned events and more proactive use of performance information via a range of analytical techniques. Actions to maintain availability in support of sales come through very strongly.

7. Store managers own the responsibility for the development of store staff. The need for effective communication and the promotion of teamwork come through very strongly as prerequisites of high-performance.

8. Store managers recognise the potential for their own personal demeanour to "rub off" on their staff. This is an important precursor to the chain effect identified above. It also represents a particular challenge during periods when the manager is under pressure because the store is performing below expectations. In these circumstances, if the individual allows frustration to manifest itself in negative behaviours, then this can further exacerbate the performance problem.

These findings from the research will be analysed using the previously reviewed existing literature, in the following chapter.
CHAPTER 5: ANALYSIS AND CONCLUSION

UNDERSTANDING THE CONTEXT

The research approach for this study is seeking to understand performance management from the perspective of store managers. Insight stems from exploring the meanings assigned by these respondents to the constituent parts of their world; in this case the food retail stores in which they work and the structures that connect them to the larger business organisation. Key to this interpretivist approach is to devote proper attention to the context in which the study is conducted.

The CC’s food retail operation is broadly similar in key respects to the standard model of retail organisational structure in the UK. The CC operates a vertically integrated supply chain, in some instances extending further backwards than their competitors. It operates multiple outlets that are geographically dispersed and centrally controlled via a field management team. This is similar to the market leading UK food retailers (Grugulis et al, 2010). However, the store portfolio is mostly convenience stores and small supermarkets, and therefore lacks some scale advantages enjoyed by superstores. These stores are more vulnerable to changing local trading conditions, such as new competitors. The business has invested in enabling technologies to support automated inventory management and facilitate store operations (McGoldrick, 2002), but systems are not at the leading edge of practice, as has been highlighted by the recent CX acquisition. Relative to the hierarchy within CC’s food retail operation, store managers are junior managers and as such are modestly remunerated. Senior management’s expectations of store-level management are similarly modest. According to the Regional Operations Director a mere 20% of this population in the South East warrant a Green rating (Acceptable/meeting targets) or above. There is also a perception from some of the store manager respondents in this study that some colleagues are of limited calibre. As reported by Grugulis et al (2010) most front line retail staff are paid little more than statutory minimum wage levels, and the CC is no different in this respect. In the view of some managers in
this study, the expectation to continually change working practices of poorly paid front-line staff was unreasonable.

There is a shared perception from all levels of respondent in this study that managing performance has not always enjoyed the emphasis that it justified and that this is changing. The Regional Operations Director described the cumulative negative effects that ignoring a performance issue could have on the individuals concerned and on the wider organisational culture (his label was the "comfy" coop). The historical explanation for this is beyond the remit of this study. It may be that it is rooted in a consumer co-operative's raison d'être as service to its consumer members, rather than a more narrowly defined profit maximisation, as for private enterprise. It could be that the less tangible provision of service to the membership deeply embedded in the organisational culture, introduces a degree of ambiguity to the performance management agenda. Whilst ultimately the sustainability of the business is dependent on financial outcomes, there could be some trade-off between profit maximisation as the imperative and service provision. Again, some store manager respondents observe a lack of performance orientation in some of their colleagues. The extent to which this could be embedded in the culture of the organisation is a consideration. Bititci et al's 2006 case study based on action research, found that organisational culture, coupled with management style could influence performance management outcomes and vice versa. They found that implementing new performance management systems could positively influence management style and foster an "achievement culture". Findings from this study would suggest that store managers recognise a stronger emphasis on performance generally and that some use performance information to promote participation in a performance agenda amongst their staff. It is however, not possible to gauge how new this store level activity is.

The respondents identify a development of the performance management system over time. Whilst financial measures of performance continue to dominate, there is growing recognition of non-financial indicators. According to the senior managers interviewed, the elements for a balanced scorecard are all present and a new "dashboard" should be ready for introduction in 2011. Arguably, this is well
behind the widespread adoption elsewhere (Marr and Schiuma 2003, Neely 2005, Witcher and Chau, 2008). Even without a fully developed balance scorecard, performance management is firmly on the agenda for CC store managers and they are aware of increasing emphasis on a wider range of measures. In the view of the ROD, store managers are closely managed by the field teams.

The use of information systems by central management to prescribe tasks for the store manager and then monitor execution, is certainly apparent in this study, which supports the findings of Grugulis (2010) in larger food retail outlets. The internal debate that this generates is whether store managers are asked to do too much. There appears to be some consensus between store managers and their bosses, that indeed the added burden is too great and that some tasks take the recipients away from what they should be focussing on. The senior view is that the list of demands or tasks could be streamlined, to make the store manager’s job simpler. The remote prescription and monitoring regime reported in the Grugulis (2010) does not appear to meet resistance from store managers, despite the limits to discretion that it imposed. This contrasts with recent research in the hospitality sector however, where Ahrens and Chapman (2007) found strong objections from restaurant managers to attempts by senior management to prescribe actions at unit level.

Corporate KPIs

The CC provide a number of KPIs for use by store managers. Of these, hard financial measures predominate and sales receive the greatest attention. The financial logic that store profitability is a function of sales revenue and cost expenditure, emerges very strongly in this study. The store manager respondents almost universally acknowledge their focus on sales as the means of keeping their finger on the pulse of store performance. The senior managers interviewed confirm the primary status of sales for this purpose. As reported by the CD in this study, rewards in the form a bonus paid on top of salary, are linked to performance for a store manager, and this is the case in competing retailers (Grugulis, 2010). For a CC store manager the bonus is triggered by achieving
sales targets. Further enhancements are then possible for achievement against other performance measures, but not without reaching the sales target first. The corporate reward system reinforces the primary status of sales as the measure of store performance. The logic here would be to provide extrinsic motivation to drive store sales. There is some disagreement in the literature as to the effect that linking rewards to performance might have on intrinsic motivation. In the comprehensive review of Rynes et al (2005), they do not necessarily see a conflict, but do caution that monetary rewards are powerful and should be administered carefully to avoid unintended behaviours. Osterloh and Frey (2007) argue however, that bonuses will have a "crowding out" effect on intrinsic motivations. From this study it is not possible to judge whether the reward for achieving sales has any detrimental effects on other motivations. However, the bonus system does serve to emphasise the importance of driving sales.

The store managers have another rationale for a focus on sales which they explicitly recognise. From an accounting perspective, stores are profit centres. It is easier to achieve cost expenditure targets if the budgeted sales volume is being achieved. This does not mean that targets for waste, leakage and personnel will be realised just by achieving sales; rather that it will be more difficult without. Extending this cost-volume-profit relationship further, a small minority of store managers explicitly recognised that sales achieved above the budgeted level were likely to have a disproportionately positive effect on profitability. This again supports the logic of driving sales.

The financial measures discussed so far, are recognised in the literature as having limited capability to indicate future performance (Eccles, 1991) and this is a key rationale behind the development of the balanced scorecard (Kaplan and Norton, 1992). Whilst the development of such a scorecard is still limited to the higher levels of the regional operations team and has not reached store level, the CC has started to adopt non-financial measures as KPIs. Arguably, the availability of product is the core expectation of the grocery shopper. Effective retail service delivery is built around being able to find your food requirements on a shopping trip. Until relatively recently, it has not been easy to capture the real customer experience of availability. It is now possible for automated monitoring
in the inventory management system to produce exception reports of product lines that appear to be unavailable in-store, based on their sales pattern, or lack of it. This report can then be used as a checklist for the store to follow up on. The follow-up is a prescribed task, which in turn can be monitored. The system will know whether the "gap-check" has been conducted within the prescribed time limit. This has become standard practice in food retailing (see Grugulis et al, 2010) and is an example of a non-financial performance indicator with a link to future financial outcomes in the form of sales revenue. Webb (2004) found higher levels of commitment from managers when the cause and effect links in the system were perceived as plausible. This study supports that finding.

The role of product availability as a prerequisite for achieving sales, is a pervasive theme that emerges from the store manager interviews. The gap check routines prescribed by the system oblige a daily engagement with in-store availability, but do not generate any negative reactions or frustrations. In the perceptions of these managers, offering availability or service capacity to the customer is a key responsibility and the system provides positive support in achieving this. In Webb's (2004) language, the causal link is indeed plausible in the view of the store managers. To be critical, it could be argued that availability and sales are very closely aligned and that there is little scope to dispute the relationship between the two. Further, whilst this measure is not financial, the system is still generating a hard, quantitative score which may be a crude indication of a more qualitative assessment that the customer might provide. Finally, the system provides a partial view of availability, to be pragmatic. Whilst the availability principle applies to every stock line carried by the store, the system is set up to monitor a selected core range which would include key commodities and promotional lines. It could be that the focus on core line availability is at the expense of availability in the non-core range, but there is no suggestion of this from this study.

The other non-financial corporate KPIs that are identified in this study, appear to have a relatively limited profile in the perception of the store managers. The CC use mystery shoppers in every store on a quarterly basis. Fundamentally, this is a covert, checklist approach designed to reflect customer experience. They
generate a score. However, a more recent addition has been to include some more subjective, qualitative feedback. Managers are required to post up the scores and feedback on staff notice-boards, along with appropriate actions in response. There is little to suggest that this performance measurement has much additional influence. Similarly, a staff survey introduced two years ago and conducted annually to produce an “engagement” score, finds very little profile in the responses from store managers in this study. This could be a lack of perceived plausibility (Webb, 2004) in the link between softer measures such as the mystery shopper feedback or staff perceptions, and financial performance outcomes. It could be that the relative infrequency of these measures has the effect of reducing their priority. It is also possible that in the store managers’ perception, these measures offer little for the purpose of managing performance.

According to the Commercial Director in this study, there are other softer corporate KPIs that are calculated on a store-by-store basis. These include membership card presentation rates, labour turnover adjusted to reflect store manager accountability and a “stability” index based on staff absentee rates. It is not clear whether these are available directly to store managers or are for the use of field management. None of these measures surface in any of the store manager interviews in this study. This is perhaps surprising. Given that for example, staff absentees generate a number of negative incidents in this study, this would suggest that the plausibility of the causal link was well-recognised. However, a stability index is retrospective and perhaps therefore a poor indicator of future performance.

The corporate KPIs adopted by the CC’s food retail operations division are dominated by sales-led financial measures which in themselves are poor predictors of future outcomes (Eccles 1991, Kaplan and Norton, 1992). The only non-financial measure that appears to enjoy a real and shared recognition is that of availability. Another recent qualitative study sought to establish that different levels of employees shared a view that performance indicators had a positive influence on performance (Ukko et al, 2007). In this study, availability is the only indicator that is legitimised by such a shared vision. Both senior managers describe a broader list of corporate KPIs than store managers appear to find
useful for managing performance. To be critical of availability as an indicator, its outlook is very short-term or even immediate. Poor availability now, is early warning of depressed sales over the next few trading hours. However, its power as an indicator stems from identifying the preceding links in the chain that drive it and directing management attention to maintaining acceptable availability.

Whilst there is a well supported theme that endorses the use of the adopted corporate KPIs within the business, there was a view, well-articulated by one store manager in this study, that the reliance on quantitative indicators in the corporate system provided a limited view of what goes on at store level. This accords with rationale for the development of balanced scorecards (Kaplan and Norton, 1992). From this perspective, there was a more qualitative, less tangible dimension to the reality of food retailing that was not susceptible to capture by the corporate KPIs. This one respondent gave the example of a violent incident at the checkout, which took time to deal with and caused distress amongst the staff on duty, effectively distracting them from their normal duties and with implications for subsequent performance. The manager’s impatience stemmed from the failure of the corporate system to reflect this worldly disruption. Other managers, less articulate in criticising the dependence on quantitative indicators, nonetheless endorse this view and express frustration. In their view, unplanned events such as systems failures, for which they had limited responsibility, would still be reflected in quantitative measures of outcomes. Store managers also recognised a positive side to this qualitative dimension, such as good management practice in customer service, which again was not captured by the corporate system.

The senior managers interviewed for this study implied that some margin or allowance is built into quantitative measures of performance to cover for the realities of store operations, recognising that all stores will experience unplanned events from time to time. Some store managers would appear to accept this holistic view by showing little or no sense of frustration with the system. For others, it appears to be much more sensitive. For example, for this latter category, the use of benchmarking comparisons between stores that are quantitatively similar in the way they are measured by the system, is extremely
crude. Less tangible factors such as delivery schedule reliability or stock-room layout can have a significant influence on retail operations and can make such comparisons difficult.

There is nothing in this study to suggest that the indicators adopted are “systems-led” or generated because the system has the capability, as opposed to having performance management utility (Wilson, 2000).

Financial KPIs may be historic in nature and have limited direct predictive value, but they remain a potential source of useful information to facilitate understanding and inform performance management actions. They are headline figures; usually aggregates with several elements. The senior managers perceive a danger in this as an acceptable KPI reading can be masking a problem within, that is offset by other stronger contributions. More positively however, several store manager respondents reported the facility within the system to disaggregate KPIs into separate components as a first step towards understanding the true nature of an issue and doing something about it. In such a situation, the store arrived at a particular result and the financial KPIs can be analysed to discover how that happened. Financial KPIs may be historic, but they are not without utility in proactive performance management.

In summary, the corporate KPIs in this study are dominated by financial measures, perceived as appropriate at both store level and by senior managers. The development of softer qualitative measures is recognised, but as yet appears to have a relatively weak profile in performance management activity. There is a recognisable prescribe and monitor regime at store level, similar to elsewhere in this retail sector (Grugulis et al, 2010), even if the scale of operations is much smaller.

Managers’ Performance Indicators

One of the principal research objectives in this study was to explore where retail store managers drew performance information from. Whilst most commercial organisations operate formal performance measurement (Franco-Santos and Bourne, 2005), this research project has been careful not to assume that the
corporate system provides the only performance information used by these managers. Specifically, the research design adopted here was developed to allow the source of performance information used by store managers to emerge from the data collected without prejudice from the instrument. Respondents could choose to identify the corporate indicators, but equally might select an informal one of their own. Given the limitations of the corporate KPIs explored in the previous section, it would perhaps be surprising if experienced store managers did not draw on their experience and tacit knowledge in specific situations to use other sources of information to influence performance management decisions. As Pfeffer and Sutton (1999) observe, this is not something the corporate system could capture. On this basis, it is perhaps surprising that more academic attention has not devoted to managers using their own performance indicators.

To start with the views of the senior managers interviewed for this study, both expressed the view that effective store managers did not need a corporate system to tell them how the store was performing. The CD used the expression “retail nous” to describe this quality in a retail operations manager. Both senior managers had worked at store level, implied that they themselves possessed this faculty and claimed to be able to detect it very quickly by visiting stores and interacting with store managers. The Regional Operations Director described being able to pick-up signs of a problem from the store atmosphere and then following this up by questioning store staff to discover the specific detail of the case.

Notably, the interviews with store managers in this study yield strong examples of informal performance indicators being used; those other than from the corporate system. Bourne et al (2005) in their study, found evidence of managers of higher-performing units making use of their own performance information, with the company system having a secondary role in confirming what was known already, but there is little other previous research that identifies such behaviour. It is not possible from the findings of this study to conclude that the use of managers’ own performance indicators is limited to managers in higher-
performing stores. However, this study would suggest that performance information from outside of the corporate system is used by store managers.

The first category of managers' PIs can be labelled as relating to retail operations specifically. From these, managers draw on their experience and tacit knowledge to recognise a performance implication. Most unplanned events create distractions or obstructions for what might be regarded as normal processes, come into this category but it is wider than just these. So when the system fails to log the Electronic Delivery Note, the manager can see straight away that there will be a negative effect on inventory management in the coming days. This will culminate in an availability problem, followed closely by depressed sales and disappointed customers. It is useful to reflect on what the corporate system is doing in this situation. The manager is aware of the performance issue well before the system flags it up, but is sensitive because when it does appear as a performance issue and is followed up by the field manager, it will need explaining. In such cases the corporate system has a retrospective monitoring role rather than itself offering any predictive insight, but in doing so should still encourage timely action from the store manager. This pressure exerted by the monitoring role, is reflected in the findings from this study.

Arguably, the more powerful finding in this part of the study is the significance afforded to the disposition of the store staff by their manager in this context. As might be expected there are varying degrees to which this is articulated by the respondents, but it remains a strong theme across the interview scripts. Staff disposition is key to getting the job done, and therefore to performance outcomes. Essentially, in the perception of store managers, if staff are happy then they will be more productive. In turn, availability will improve and customers will be happy on two counts; they can find the merchandise they are looking for and they will enjoy interacting with the staff. In turn, customers that are happy are more likely to be loyal. This will all benefit sales and therefore be reflected in the financial performance of the store. Some respondents recognised a bi-directional force between staff and customers, with a mutual effect. Customers enjoy the positive experience of interacting with happy staff, but equally staff enjoy dealing with happy customers. Some respondents recognise a cyclical
effect. This study therefore finds store managers identifying the disposition of their staff as crucial to performance outcomes and going on to identify a series of causal links along the way. The potential for a virtuous cycle is perceived alongside the potential for reverse polarity and a ‘vicious’ circle of unhappy staff having a negative influence on customers, and driving them away, along with poor financial outcomes. One further causal link in this chain is provided by the influence that the manager has over staff disposition. Whilst there are many other contributory factors, a number of the respondents recognise their own part in promoting and maintaining a happy crew. This calls for self-awareness. The store manager’s disposition can “rub-off” on subordinates. Again, respondents recognise the potential for both positive and negative forces where this is concerned.

That store managers in this study perceive a chain of causal links that culminate in financial outcomes of performance, does of course find resonance with existing literature. Firstly, Fitzgerald et al (1991) identify “quality of service” as a performance dimension of a “determinant” type. Determinant performance dimensions combine to deliver financial outcomes; a “result” category of performance (Fitzgerald et al, 1991). This simple relationship is supported by the store manager perception of causal links emerging from this study. Fitzgerald et al (1991), classified services on the basis of customer volume and the degree of customisation required for each service encounter. It should be noted that self-service, food retailing is close to the “mass service” end of Fitzgerald et al’s (1991) spectrum. The service delivery is relatively low involvement as far as the customer is concerned. However, the customer interaction that does exist provides some opportunity to differentiate the service offering in a context where other options are relatively limited.

The store managers in this study appear to recognise much of the logic behind the “service profit chain” as developed by Heskett et al (1997). In the language of these authors, employee satisfaction will engender customer satisfaction, through improved productivity and infectious enthusiasm communicated during the service encounter. Customer satisfaction is positively related to customer loyalty and repeat patronage. Satisfied, loyal customers will result in improving sales
and profitability. At the heart of this model, Heskett et al (1997) propose a "satisfaction mirror" where both employee and customer benefit from their experience of the service encounter, which creates a two-way virtuous cycle. The customer is encouraged to come again and the employee to serve the next customer.

The rationale for each of these causal links emerges from the perceptions of the store managers in this study. Least explicit in terms of the breadth of support, are the influence of customers on staff and the relationship between customer satisfaction and customer loyalty. However, whilst no store manager refers explicitly to this academic model, there is recognition for its underlying logic. The service profit chain has been challenged elsewhere for empirical support being fragmented (Silvestro and Cross, 2000). These authors tested the model at store level in UK grocery retailing and did not find support for the link between employee satisfaction and store financial performance. The complexity of the inferred relationships means that there is a high prospect of failure and performance is contingent on 'many environmental and operational variables, which cannot all be captured in a model as simplistic as the service profit chain' (Silvestro and Cross, 2000). Care should be exercised with the apparent support that this study finds for the Heskett et al (1997) model. It offers nothing to test or prove the existence of the causal links. However, there is strong support here for the belief in its existence by store managers. As a footnote, the Regional Operations Director explicitly cites the model in his interview and identifies himself as a strong believer in its efficacy.

It is appropriate at this point to pay attention to the temporal dimension. Implied in the causal links identified in the preceding discussion, is the notion that performance effects take time to materialise. The benefits of a management action or decision may take time to work their way through the chain and manifest themselves as financial outcomes. This presents an endogeneity issue, particularly evident in positivist studies that attempt to capture and measure performance outcomes, that may extend across accounting periods (see for example, Ittner and Larckner, 1998). In this study, the store manager perspective is dominated by a short term trading perspective. As noted, there is an acute
awareness of the links between for example, unplanned events through to availability and then to sales, but the time-frame is extremely short. There is limited insight to longer-term perspectives. Similarly, my sense of the store manager view of staff disposition is related heavily to prospects for today’s trading. There is little explicit recognition of the need to promote a longer term, underlying staff satisfaction to generate stronger ‘stability’; the senior management term for low absenteeism. This is perhaps surprising when the negative downside of staff absenteeism on operations comes through very strongly and some managers recognise their own influence over staff disposition. It could be that this finding illustrates the danger of ‘myopia’ (Smith 1993, cited by Sobotka and Platts, 2009); a concentration on short-term issues at the expense of long-term outcomes. Senior management clearly believes that store managers can influence stability, but there is no explicit reflection of this view from the store managers themselves. Further, this appears to suggest the corporate use of mystery shoppers and the ‘talk back’ staff survey is relatively weak when it comes to influencing store manager thinking and behaviour.

The other insight in terms of time that this study generates, stems from situations such as new store openings, major refurbishments or format conversions. In these particular instances, a longer term perspective on the part of the store manager emerges. Performance improvement takes longer to affect than in normal day-to-day operations. The insight is limited as these situations are infrequent. In a new store context where the opening was in one of several phases of building development that included residential properties, the manager had to contend with building the customer base and training staff, most of whom were unfamiliar with retail operations. Performance eventually came up to and beyond the target level, but only slowly over a period of several months. In a format conversion, the store performance initially fell well short of target. The manager’s investigation led him to identify range and layout to be the problem. These merchandising decisions are made centrally and the store manager had to negotiate changes with head office decision makers. Performance improved, but again this trend extended over several months.
What managers actually do with performance information

The second principal research objective in this study was to explore the use that store managers, responsible for front-line retail operations, made of the performance information available to them. As previously noted, part of the rationale for corporate KPIs is to have an influence over behaviour in pursuit of stronger performance outcomes (Franco and Bourne, 2005). Logic would suggest that measurement is not an end in itself. This second research objective was seeking insight to how measurements and indicators are used, whether they came from the corporate system or the manager’s own source of information. Radnor and Barnes (2007) call for research beyond measures adopted, and this study is addressing this demand.

Existing research on performance management as opposed to just measurement is relatively sparse. Bourne et al (2005) found all unit managers in their study using corporate information at a basic level to manage. However, what differentiated managers of higher performing units was that they actively drew on information from outside of the corporate system including from team meetings (but no further detail provided), made light use of facilities to analyse company data, used their own simple mental models on a day-to-day basis and promoted a “perpetual performance dialogue” (Bourne et al 2005). This does perhaps accord with the CC’s CD and his view of the retail "nous" that he would expect strong store managers to possess. At store level, this study cannot discriminate the higher performing stores or managers, from the remainder. All store managers were making use of the corporate system to manage performance. Unlike the Bourne et al (2005) findings, several of the respondents were making ample use of the facility to drill into the corporate data and analyse. It could be that the complexity of the operation in the repair shop (Bourne et al, 2005) was much less than in the food retailing context. Reference to the use of the manager’s own calculations is identifiable in only a small minority of interviews.

The “perpetual performance dialogue” identified above (Bourne et al, 2005) is supported by the findings of Ukko et al (2007) that higher levels of interactivity at unit level were associated with better performance. The need for effective
communication is universally recognised by respondents of all levels in this study. The senior managers expect store managers to communicate. They explicitly recognise both strong communication skills as a quality of the good manager, and lack of communication as a cause of staff dissatisfaction. This view is endorsed to varying degrees by many of the store managers. In their perception, the job cannot be done without effective communication. The form that communication takes is development, training and coaching of individuals, along with overt monitoring and clear feedback. There is a clear recognition that team-working requires effective communication. A number of managers spoke of their promotion of team work. In this regard, performance management appears to feature as a significant part of the agenda in regular team meetings, as identified in other studies (Bourne et al 2005, Ukko et al 2007, Grugulis, 2010). With proper communication, it is possible to achieve a great deal. Without it, staff will lack engagement with the performance agenda and resist demands to respond and change.

The recent study in a UK food superstore environment by Grugulis et al (2010) found that front-line managers, had work tasks and routines that were heavily prescribed and monitored, were driven by challenging performance targets, enjoyed 'trivial freedoms' outside of centralised controls and yet were expected to "enthusiasm" and inspire those working for them. These researchers identify a "leadership" rhetoric permeating the organisations studied, which store managers adopted. The ability of the individual manager to "lead" others would take care of unplanned events that threatened store performance outcomes. A failure to overcome the adversity of the unplanned event at store level, was recognised by management including those at store level, as a failure of leadership. In the Grugulis et al (2010) study the corporate prescription and monitoring regime extended beyond the quantitative measures of retail operations and into the more qualitative dimensions, for example by providing team meeting agenda templates. Given that this study has been conducted in the same retail sector, albeit on a much smaller store scale, it is perhaps not surprising that similar findings emerge. The task prescription and surveillance regime is certainly recognisable, if limited to the very quantitative perspective of the corporate system. As previously noted, it could be that the CC has been relatively slower in
developing its performance management priorities. The rhetoric within the business is built around the word 'engagement' with less use of the word 'leadership'. There appears to be a broad acceptance at store level of the corporate performance management systems in the Grugulis et al (2010) study, maybe reflecting the extensive use of rewards linked to performance, whilst in this study there is some dissent apparent. Ahrens and Chapman (2007) report strong resistance from restaurant managers in the hospitality sector to attempts by senior management to prescribe actions that should be taken. In this study, the resistance does not emerge as strongly. The situation is more that some managers reflect what they perceive as imperfections in the system.

There is a perception amongst store managers that their own profile and behaviour has an influence over the staff that work for them. At a very basic level there is consensus that the store manager should have shop-floor visibility, and not be shut away in an office. This has some very practical constraints. In the smallest stores, the manager is obliged to be hands-on and provide input to store processes beyond mere supervision. However, given the extended hours that all these stores operate, it can be difficult to maintain visibility in the eyes of all staff. There is some reflection that managers can become too immersed in the operations processes themselves, to the detriment of a more objective overview of the store. Equally, some respondents observed that productivity slows dramatically without a visible presence from the store manager. There is a balance to strike.

The influence of the store manager is perceived as particularly important in seeking to maintain a positive disposition amongst the staff. The store manager respondents in this study recognise causal links in a chain extending from happy staff through to financial performance outcomes for the store, as explored in the previous section. Some managers then go on to identify the potential for their own disposition to "rub off" on the staff. There is explicit recognition of the need to remain cheerful and positive, whilst maintaining discipline and getting the job done. This supports the findings in the Grugulis et al (2010) study, in which store managers were expected to inspire and enthuse staff to achieve targets, often in challenging circumstances. Some respondents in this study also saw a potential
issue in situations where performance was not up to expectations. Pressure would be exerted on the store manager from the field team above, but great care should be taken not simply to cascade bad news straight down to store staff. There was a significant prospect that doing so would just exacerbate the problem. Disillusionment amongst staff would increase and this would have negative repercussions along the causal links in the chain. This finding would appear to endorse ‘enabling’ rather than ‘coercive’ use of bureaucratic controls, identified as options for ‘middle managers’ in the conceptual work of Adler and Borys (1996). Empirical research to test this link in similar environments is limited. Wouters (2009) found increased commitment from employees under an enabling regime, but the link to performance was only implied.

The impact of store manager disposition on staff disposition should perhaps not be overstated. It is rather a sensitive matter and some individuals might be naturally reticent to reflect on more personal issues. In this study it is only articulated by two of the respondents, both of whom had a more out-going personality. These individuals elected to provide more personal perspectives that extend across all their observations, than others who gave accounts that were more focused on the staff and operations that they were responsible for. Given that the interview protocol made no attempt to probe or elicit the influence of store manager disposition, it could well be that this view whilst appearing nominally to be a minority view, could actually enjoy more widespread support.

Another perspective that emerges from a small number of respondents in this study, is the need on occasion to be bold and to take a step change in operating practice, in order to achieve an improvement in performance. These managers noted that in situations where there was an apparent drift in performance, it was necessary to plan a significant shift in the operation of the store. This would mean taking a risk and then being prepared to follow through and ‘get behind’ the plan. A few of the respondents report successes from this type of initiative. In the context of the traditional ‘comfy’ co-op previously identified, there would perhaps seem little incentive for a store manager to adopt such a strategy. Amongst respondents who advocate this approach, there are observations that a manager lacking motivation is likely to be risk averse and disinclined to make
step changes. One manager reported lukewarm support from his field manager, which presumably would be a further disincentive to risk-taking. Again, studies elsewhere provide limited basis for comparison. Radnor and Barnes (2007) speculate that corporate systems can interfere with innovation and dampen creativity. Similarly, Sobotka and Platts (2009) cite Smith’s (1993) ‘convergence’ and ‘ossification’ risks as the negative effects of performance measurement. Convergence is identified as a response to Ridgeway’s (1956) ‘ratchet’ effect, where targets are hiked in response to strong performance achievements, a disincentive to go beyond acceptable levels. As previously noted, the Grugulis et al (2010) study, describes ‘trivial’ freedoms enjoyed by store managers to act outside of the prescribe-and-monitor regime policed by the corporate systems in UK superstores. This study is in a similar environment in this respect, but whilst the scope to act outside of the system prescription may be trivial in comparison to other contexts, perhaps it has greater significance in the perception of food retail store managers.

This study has provided an insight to store manager perceptions of performance measurement and management. Other studies (e.g. Silvestro and Cross, 2000) have recognised a potential for a Hawthorne effect to be influencing performance management. On this basis, a code was created for use in the qualitative analysis of the interview scripts in this study. Despite careful scrutiny, I could not identify any relevant material. There is some reference to changes in the corporate measures used by the business. The Commercial Director refers to rationalising and streamlining corporate PIs that would be fed to store managers, in a bid to make their accountabilities more explicit and make performance management easier. There is limited reference by store managers to the recent introduction of staff surveys, but their significance appears to be weak. This study provides a view at a single moment in time. As Silvestro and Cross (2000) note, data collection over a more extended period might provide greater insight. On the basis of the current study, there is no suggestion of the presence or absence of a Hawthorne effect.

This study has provided some insight to the respondents’ perceptions of unintended or dysfunctional behaviour. As previously noted, part of the rationale
for using performance measures is to influence behaviours. There will always be the risk of influencing behaviour in a manner not congruent with the business strategy and objectives (Radnor, 2008). Some of these negative consequences have been discussed above. There is also a risk of "gaming" where behaviours are manipulated to generate an alternative outcome and "misrepresentation", which includes fraudulent activity of varying degrees (Smith 1993, cited by Sobotka and Platts, 2009). In the view of the Regional Operations Director, it is not possible to design out scope and motivation for dysfunctional behaviour, from the corporate system. Further, there will always be a minority of maverick individuals who will attempt to circumvent the company PI's. However, he did not perceive any significant issue of abuse with the current set-up and this view was endorsed by the Commercial Director. The Regional Operations Director described an incremental approach to developing a balanced scorecard for company-wide use. From his previous experience in other contexts, he was wary of the potential for dysfunctional behaviour, a view expressed by Kaplan and Norton (1996) if scorecard use was linked to rewards.

In terms of unintended behaviours, some caution needs to be exercised with the responses of store managers in this study. Whilst some insight emerges from the relatively unstructured, CIT front-end of the interviews, much of the data collected was in response to a direct question about this aspect of performance management. This question was de-personalised by asking whether in the opinion of the manager, it was possible that the corporate measurement system could generate behaviours that were not intended. However, it has to be recognised that there is much scope for bias in a question like this, even scheduled at the end of the interview. Individual responses range from a denial that it is even possible, through identifying examples of what is possible, through to perceptions that it is endemic in other stores. The examples cited were all of what might be described as petty misrepresentation, rather than significant fraud. An example would be the false manual input of waste information to corrupt the system measurement of availability. On this level, such malpractice is almost as labour-intensive as making sure the task is completed as intended, a view expressed by several of these managers.
Management Implications

The previous section provided an analysis of findings from this study in the light of existing academic literature. From this, there are a number of implications that can be identified that would be relevant to practising managers and specifically those from the host organisation. These implications will be addressed as three distinct groups; corporate measures of performance, issues related to managing people and finally workload. The following treatment addresses these issues from the perspective of managing performance and as such can be regarded as partial. Other factors, not captured by this study may also need to be considered.

The corporate system at store level serves to reinforce the pre-eminence of sales as the key performance indicator for retail operations within the CC. There is no ambiguity about this in the minds of the store managers. Other financial measures for which the store manager is responsible follow closely behind in their perception, as the key determinants of store profitability. Financial measures, whilst historic in themselves, do serve a purpose in supporting pro-active performance management. Given appropriate tools, managers can disaggregate and analyse financial information to better understand performance and make more informed operating decisions. Managers can be further supported in pro-active performance management through more help with interrogating and analysing financial information. This may be particularly appropriate in smaller stores where the manager provides significant input to shop-floor processes.

Contemporary availability measures such as those in operation in this study, are extremely effective in supporting the management of in-store, replenishment processes. Store managers clearly recognise the causal link between this non-financial measure and subsequent outcomes in terms of sales. ‘Gap’ measures help to make this link more explicit and in turn encourage store managers to give more attention to ‘up-stream’ variables that have causal links with availability. One qualification would be to ensure that availability in the core range kept under surveillance is not at the expense of the non-core stock range that is not monitored.
The remaining non-financial corporate measures that are identified do not appear to be so important to the store managers. A minority identify the mystery shopper and the staff survey, both of which are conducted infrequently and include qualitative components. The senior managers have by implication endorsed the adoption of these and other measures, such as membership penetration rates and staff stability. However it would appear from the responses from store managers that these measures are seen as having a relatively low profile. This raises doubts over the effectiveness of these softer measures to influence behaviour. This will be linked to a discussion around managing people below. If these softer measures are ineffectual at influencing store manager behaviour, they are by default further encouraging a very short term view of performance. The pursuit of sales and operating efficiency in the short-term unmoderated by any balance in the corporate system, may well be detrimental to longer term objectives in dimensions such as staff satisfaction, and customer service and loyalty.

Some store managers expressed frustration with what they perceived as the relatively crude or limited capability of the corporate system. In basic form this means a failure of the system to make allowance for factors that are beyond the control of the manager. Unplanned events or the actions of other functions such as distribution or central marketing have a negative impact on store level performance, illustrate this issue. A smaller minority of store manager respondents go on to articulate what they perceive as a dependence on quantitative measures in the corporate system that communicate a very partial view of the reality of operations to field managers and head office, who are monitoring store performance from a distance. This would appear to suggest that there is scope to improve the corporate measures to better reflect the more qualitative dimensions of retail operations. In the meantime, greater sensitivity could be exercised in the interpretation and performance management actions of field managers. To use one example, this might include more judicious use of benchmarking comparisons between stores that appear very similar on a purely quantitative basis.
Store managers are clear in recognising the intangible input to retail operations contributed by their staff. In this respect, the disposition of staff is extremely important. If staff are happy, then getting the job done and achieving performance targets should not be a problem. The benefits from having satisfied staff are perceived as being short and long term, with an apparent emphasis on the former. This is perhaps reinforced by the corporate system which does not capture intangible indicators such as staff disposition in the short-term and instead relies heavily on quantitative measures, with sales predominant. This may be a virtuous dynamic at times when performance is meeting targets. Positive feelings can permeate down the management hierarchy in warm approval of strong sales, etc. However, as a number of the store managers point out, great care needs to be exercised with communicating under-performance down through the structure of the organisation. This is a real challenge for the store managers, whose own confidence and sense of well-being can suffer in these circumstances. Negative feelings can be transferred onto store personnel, and can aggravate the existing performance trend. Field managers need to understand this relationship and exercise care in their own use of corporate performance measures.

Finally, this study has found a common theme amongst store managers that they are expected to do too many tasks that they regard as peripheral to the main business of running retail operations. Whilst they recognise that the corporate performance measurement system provides a necessary focus, and that targets are challenging but fair, they are much more resistant to what they see as additional demands placed upon them. The information system facilitates swift communication between central functions in the business and the store network. This allows a range of head office departments to despatch new initiatives very quickly into the field. Whilst in isolation these may not be unreasonable, collectively they place a considerable burden on store managers, by asking more of them and effectively making the existing performance targets more difficult to achieve. In particular changes to company trading policies place a considerable burden on store managers, who become responsible for the implementation and training of all members of staff across the extended hours of operation. This is how a sense of injustice manifests itself in this study. It is exacerbated by
instances of new initiative failure, where the store manager perceives wasted effort. To be fair, both senior managers that were interviewed here recognised that this is a real issue and one that needs addressing. More attention is needed to coordinate the communication of changes and new plans to store level. This needs to address volume and the apparent lack of support for new initiatives.

Chapter 5 - Conclusion

Key findings from the literature were presented at the end of Chapter Two, using the framework in Figure 1. The same format was adopted to present the key findings from this research, in Chapter Four. I will now conclude this Chapter, which has analysed the findings in the light of the existing literature, using the same convention (drawn from Figure 1). Under each sub-heading, I will reflect on the extent to which this study’s findings appear to concur or conflict with previous studies and then identify the new insight, as analysed earlier in this chapter.

Corporate performance indicators and scorecards.

1. Sales figures enjoy universal recognition as the performance indicator in this retail operations environment. Financial PI’s and particularly sales, may in themselves be historic and of limited predictive value, but their use as a corporate measure helps attune manager attention to those factors that will over time have an impact on financial outcomes (e.g. Availability, unplanned events).

2. The apparent effectiveness of availability as a PI, supports the existing proposition that there is a role for corporate non-financial measures.

3. Store managers in this study perceived the inability of financial PI’s to adequately capture intangible dimensions as a weakness, in line with existing theory.

Managers’ Performance Indicators

4. One of the principal objectives of this study was to establish whether retail operations managers adopted informal, non-corporate PI’s. There is little
existing literature that identifies this and the study does provide some insight. Visual cues are available, but are seen as fallible. Unplanned events attract attention from operations managers, not least because of their likely impact on performance.

5. A significant finding of this research has been the managers' sense of the disposition of their staff, as an important guide to performance outcomes. Intriguingly, a perception of casual links not dissimilar to those in the service profit chain (Heskett, et al 1997) is evident. The service profit chain was identified within the literature review, but at that stage, not as a key finding. No store manager explicitly recognised Heskett et al's (1997) chain in this study and it would seem unlikely that they would have any prior exposure to it. Whilst an academic debate remains as to whether the links in the chain truly exist as proposed, it would seem that in the mind of these front-line managers, staff disposition is linked ultimately to performance outcomes.

Manager perceptions and indications.

6. Previous work has suggested that perceptions and interpretations of performance indicators can influence subsequent behaviour of managers, either positively or negatively. In this study, a number of respondents were clearly under pressure from the experience of performance being below target. In this context, some managers noted that there was a danger that poor performance figures could negatively influence their own personal behaviours. In turn, this could negatively affect the disposition of their staff, with an ensuing negative effect on performance (as above).

7. Existing literature suggests that there may be a "Hawthorne" effect to consider. This study was not designed to address this, but the CIT approach may have yielded relevant perceptions. As far as I can establish, this research offers no further insight on this.
Extenuating factors

8. This study has found that there is a risk of unintended behaviours and dysfunctional behaviour as a result of using corporate PI’s, in line with existing research.

Management Behaviours/Decisions

9. Previous research into what operations managers actually do with performance information is rather sparse. The findings in this study that effective communication and the promotion of teamwork are prerequisites for strong performance, are congruent with existing research. There is much evidence of reactive responses to unplanned events, along with more analytical use of corporate information, both being used as techniques to manage performance.

10. Store manager respondents in this study recognise the need to maintain a profile with their staff and that their own demeanour can impact on the disposition of staff. These factors are perceived as pertinent to managing performance.

Outcomes and timeframes

11. This study illustrates the range of potential time intervals between manager behaviour/decision interventions and performance outcomes. Much of the focus is very short term in nature, e.g. Maintaining availability in support of sales of the next few trading hours. At the other extreme, there is a recognition that some outcomes are only built slowly over time, e.g. Loyalty-building in the service profit chain. As other writers have suggested, there is an endogeneity issue to consider in managing performance.
LIMITATIONS

This has been an exploratory study, where it has been argued that existing knowledge and understanding of where operations managers actually get performance information from and what they then do with it, has been limited.

In such a context a qualitative study of performance management as perceived by the store managers in question would seen very appropriate. However, it has to be recognised that a study of perceptions will be viewed as being rather limited. The bias potential is great, particularly with a topic that is sensitive to the enterprise concerned and to the individual respondent. Whilst this research design has sought to minimise this factor, it will not have been eradicated. This study has explored the topic through the meanings associated with it by front line store managers. It offers no proof of the relationships it has found, and will be discounted by some on that basis. It has offered some insight to performance management in this context and by doing so has fulfilled its exploratory justification.

This study has been conducted within a single retail organisation. Such a case study approach is very suitable for exploratory research. However, great care should be exercised with suggesting that its findings are generalisable beyond the context in which the research was conducted. The danger is that the findings can be explained by unique contextual factors, not present in the wider world. For example, in this instance the organisation was a co-operative and for reasons previously explored, the dynamics of performance management may be very different than for other types of business enterprise.

This study adopted CIT as the principal method for the main study in this research. This has some key strengths, but is not without limitations. Notably, there is a distinct bias towards the recollection of negative incidents in this study. Arguably, the study provides better insight into situations where performance is deteriorating. Respondents often struggled to recall positive incidents and some of those identified are weaker in terms of credibility. Consequently, insight to management during periods of strong performance is not as great.
The twelve store manager respondents in this study were selected by a field manager, as representing the range of format type and size run by the business, and being in reasonable proximity to Guildford. I had no further influence over the selection. It is likely that stronger candidates were put forward, but I see no validity concerns in a study of this type. From a CIT perspective, the study should have sufficient incidents such that further collection does not add to the categories generated. It is difficult to judge this saturation point and it could be argued that fifty incidents are towards the bottom end of acceptability.

The role of the researcher in a qualitative study of this kind is significant and the subjectivity that this introduces can be viewed as much a weakness as it is a strength, depending on philosophical persuasion. Great care has been exercised here with disciplined reflexivity and this is documented in full in the following chapter.

FURTHER RESEARCH

The insight provided by this study, invites further investigation. In the first instance the research could be usefully extended within the CC context. As has been noted, the business is developing its performance management system over time. To introduce a longitudinal dimension would add to the depth of this study. For example, the forthcoming implementation of a balanced scorecard at store level could then be studied. Other perspectives not included in this study could be researched. Notably, the perspective of the field managers is a notable opportunity to better understand performance management in this organisation. Similarly, store staff perspectives could be explored.

I plan to report the key findings of this research to the senior managers in the CC and seek to extend a dialogue with them on this basis. Assuming that support from the organisation is forthcoming, the study could be extended by exploring what differentiates above-average performing stores from the rest, as has been attempted elsewhere. It could be possible to set up observational techniques or action research approaches, as a means of extending a study based up until this point, on perception and recall.
Developing a stream of research in this field, would definitely benefit from replication of this method in other multiple retailer settings and perhaps other sectors with a higher customer service element. I have started this process and intend to continue, when this project is complete.
CHAPTER 6: REFLECTION

INTRODUCTION

This thesis is tendered in part-fulfilment of the requirements for the achievement of the DBA award from the University of Surrey. I will now reflect on my learning experience as a student on the programme in pursuit of the following generic aims that graduates will be able to demonstrate:

- The creation and interpretation of new knowledge, through original research, or other advanced scholarship, of a quality to satisfy peer review, extend the forefront of the discipline, and merit publication;
- A systematic acquisition and understanding of a substantial body of knowledge which is at the forefront of an academic discipline or area of professional practice;
- The general ability to conceptualise, design and implement a project for the generation of new knowledge, applications or understanding at the forefront of the discipline, and to adjust the project design in the light of unforeseen problems;
- A detailed understanding of applicable techniques for research and advanced academic enquiry.

DBA student handbook and regulations.
University of Surrey. 2010

I will consider first the research project element of the DBA programme which incorporates the synthesis and application of learning from the earlier taught modules. The thesis has the following more specific learning outcomes:

- To demonstrate through the compilation of a thesis, an original contribution to knowledge; through an advanced level of research and improved understanding in the practice of management within a clearly defined context.
- To be better able to make informed judgements and decisions and communicate these effectively.
This consideration will be followed by a reflection on the taught modules on the programme.

**REFLEXIVITY**

In an interpretivist study such as this, an underlying assumption is the absence of a single external reality that can be objectively captured and measured (Remenyi et al, 1998). As the researcher, I am integral to the research process, rather than a separate entity (Brannick and Coghlan, 2006). The research findings will need the interpretation that I provide to extract the full potential of their meaning. Assuming that I am well trained, suitably experienced and capable of astute observation, then this contribution will be a real strength of the research project (Patton, 2002). If I fall down in any of these respects, then I become a weakness in the endeavour. Reflexivity is the social scientific concept of exploring and then accounting for the relationship between the researcher and their research focus (Brannick and Coghlan, 2006). Reflexivity is described by Patton (2002) as “a way of emphasising the importance of self-awareness, political/cultural consciousness, and ownership of one’s perspective.” Patton (2002) cites the Hertz (1997) notion of a ‘conversation’ between experience and current events as the means “to undertake an on-going examination of what I know and how I know it," that should persist throughout the research process. Reflexive questions should be asked by the researcher, of themselves, of those being studied and of the intended recipients of the research (Patton, 2002). Self-awareness is therefore an important consideration in an interpretive study, to avoid ‘abdication of intellectual responsibility which results in poor research practice’ (Johnson and Duberley, 2003). However, it is possible to have too much reflexivity. As Brannick and Coghlan (2006) point out, there is a danger in being self-indulgent, and in ‘an inability to stop the regress of doubting the doubting and the doubts ... because self-consciousness is paralysing.’ An increased fear of making mistakes is possible. Brannick and Coghlan (2006) go on to point out that reflexivity on the part of the researcher is not neutral. There is a balance to strike in demonstrating
self-awareness whilst being realistic. Patton (2002) advocates writing in the first person to convey self-awareness, but notes that there is more to the expression of researcher 'voice' than grammar alone.

Kolb's experiential learning cycle (Figure 5) as cited by Remenyi et al (1998), provides a framework for reflection upon the DBA process. My interpretation would be that I have been inspired by the "concrete experience" of working in food retail operations and that the DBA project has facilitated a complete iteration of the cycle and into a second loop, as I consider the learning outcomes from a further "concrete experience" out in the field collecting and analysing data. Remenyi et al (1998) argue that it is not a closed loop and I would agree. In my own case, concrete experience of conducting research has been very limited.

I will now proceed by providing a brief account of my own answers to the reflexive questions posed by Patton (2002) to me as a qualitative inquirer; principally, in the context of this study "what do I know?" and "how do I know it?"
THE PRIOR EXPERIENCE OF THE RESEARCHER

Before embarking on the DBA, my work experience includes two significant elements. The first was approximately eleven years of food retail operations management experience until 1986 with the Brighton Co-operative Society, which no longer exists as a separate entity. This was followed by a move into academia, initially with the London Institute until 1994 and latterly with the University of Surrey as a lecturer in retail management. These elements of work experience, whilst very different, have both informed the role of researcher in this project. In addition, I spent approximately ten years from 1994, being actively involved in the co-operative movement. This included spells as an elected member on firstly the board of directors of the former Brighton Co-operative Society and then on local and regional committees of a larger consumer co-operative, and approximately two years as editor of the Journal of Co-operative Studies, a publication seeking to appeal to academic and practitioner interests. Again these experiences are likely to have informed my perspective to this study.

My experience with Brighton Co-operative Society started when I left school as a trainee manager. I worked in a range of junior positions, in a number of locations and progressed to store manager level. My training included periods for full-time college courses on a block release basis, back in the days when retailers could draw on public funding for this purpose. In 1983, I commenced a part-time degree course at evening classes. By this time support from my employer for such endeavour, was very limited.

Whilst the basic trading activity remains very similar, information systems innovation has revolutionised food retailing operations in the twenty five years since I left my employment with the co-operative movement. My recollections are of long hours and low pay in a sector with a poor image, where co-operatives were losing out to competition from conforming superstores on the by-pass operated by multiple retailers such as Sainsbury (then market leader) and Tesco. Store managers were typically male and shop-floor workers predominantly female. The absence of information systems meant that inventory management
was devolved to store managers and that local deal-making was common. Store stock levels were relatively high.

My recollection of managers both at store level and in the higher levels, was of individuals who had mostly worked their way up through the ranks, having left school with little educational qualification. Such people were often scornful and suspicious of my plan to pursue higher education at evening classes. Equally, I grew frustrated with what I perceived as a limited career path and with a family started, little prospect of improvement to a poor work-life balance.

During my time working in food retailing, I became increasingly interested by the co-operative model of business organisation, despite its apparent decline. This was probably influenced by the distinctly left-of-centre political persuasion present in my early conditioning. For example, to this day I can recall my mother’s seven-digit co-operative dividend number, because it was quoted every time I went grocery shopping as a small child. As a young adult, I started attending member’s meetings and later stood, initially unsuccessfully, to be elected to the board of directors of my former employer. Board directors were lay-representatives responsible for hiring executives to run the business and holding them to account on policy matters. Once elected, this experience provided a new perspective of managing the food retail stores operated by the business, from a more strategic level. Performance was monitored by the board on a store-by-store basis, based on headline figures. The board did not become involved in the day-to-day management of the business, which remained the responsibility of hired executives. My recollection of performance measurement is exclusively around financial outcomes. However, there was always a member service dimension that drove board decisions, even if there were no explicit measures available to inform decisions. Whilst the positive side of this meant that the business was prepared to invest in new stores and refurbishments, managing performance in its existing stores did not enjoy the priority that perhaps it should have done or would have been evident in competitor organisations. For example, poor performance was effectively tolerated, with unprofitable stores being allowed to continue trading because they provided a service to the members. This probably contributed to the demise of the Brighton Co-operative Society and
other smaller co-ops, up and down the country. In summary, I still hold an interest and belief in the co-operative model of business enterprise as a viable alternative to private enterprise. Whilst the fortunes of co-operatives in UK retailing have declined over the last fifty years, mutual organisations still contribute substantially to this country's economy. There is even cause for some optimism as trading has improved during the last five years and recent economic turbulence across the world has challenged public perception to review the sanctity of the private enterprise model.

My academic career to date has been dominated by teaching and teaching-related duties. My teaching has been in focused in the vocational area of retail operations, informed by my industry experience. I have actively drawn on industry links whilst employed by the University. In practice this has included taking student groups on visits to retailer-operated distribution centres across the south-east, arranging speakers from the retail industry to contribute to teaching programmes and acting as tutor to students whilst on retail industry placements. I have also led major projects with three very different large retailers to develop bespoke undergraduate degree programmes in retail management. These substantial industry links have given me first hand experience of dealing with retail organisations at different levels. Typically, the more junior contacts lack formal educational experience and qualification, have a lack of understanding of what a university represents and does, and are wary as a result. Some but not all of the more senior managers would have a better idea of the university perspective. On the bespoke degree projects for example, each had a project champion leading from the retailer side. These champions all recognised that the University would contribute a wider perspective that the retailer did not have for themselves, which was really at the heart of the rationale for the degree programme. Other team members did not always share this understanding. This provided a useful insight to the challenges to expect as an academic dealing with retail industry partners.

My previous experience of academic research is very limited and as such, the DBA represents a very powerful professional development experience. Specifically, I have some experience of using CIT in a retail setting (Bell et al
These studies were designed to explore the customer experience of retail service delivery. By comparison to the current study, the individual incidents were numerous but short on descriptive detail, and were recorded by hand rather than being taped. These studies provided some insight to the use of this particular research method. However, my experience of conducting and analysing qualitative interviews must be seen as very limited.

THE DBA EXPERIENCE

The University's DBA programme is targeted at practicing managers who will pursue their studies on a part-time basis. I joined the second cohort with six other participants, another one of whom was a colleague here in the School at that time. The front-end of the programme comprises four taught modules arranged in a sequential structure. Each module included an intensive weekend of study, followed by self-directed learning and completion of an assessment designed to provide evidence that the learning outcomes had been achieved. My previous experience of part-time study at undergraduate and postgraduate level probably helped me and the structured nature of the programme imposed a discipline that was useful. The intensive weekend mode was a new experience for me, which I found challenging. There were occasions when I experienced a sense of saturation in terms of what I could absorb from such intense delivery. However, my colleagues responsible for contributing to the DBA teaching used a range of techniques to enrich the learning. The class-room experience was extremely stimulating. There was a certain intimacy stemming from the relatively small size of the group. This facilitated a relaxed interaction amongst students and with facilitating colleagues. I suppose there is some peculiarity that stems from being a student in a group being taught by my own work colleagues, but I would not wish to overstate this. Without exception, my colleagues were completely professional and supportive, and I have a very high regard for the quality of the teaching that I was exposed to on this programme. Coupled with the experience of being part of a diverse and intellectually challenging peer group, I would describe my classroom experience as exhilarating. Such excitement helped motivate me to complete the self-directed study and gave me an appetite for the next taught session.
The structured front end of the DBA has been a very effective learning experience for me. The taught modules provided a valuable insight and understanding to academic research which I previously lacked. As well as forming a basis for conducting the research project, I have been able to apply the learning in my professional practice, most notably in the supervision of postgraduate students conducting their own research projects. I feel that the taught programme has helped me develop a more rigorous academic approach to my work. However, this is a challenge in itself. For example, one assessment was based around a critical analysis of two contrasting journal papers. Whilst this was extremely beneficial in developing powers of discrimination and challenging my own writing skills, it was extremely time consuming in itself. Subsequently, I have sought to apply rigorous assessment to the secondary sources in this research project but feel that I took too long over it. As I go beyond the DBA, I will seek to be more pragmatic without compromise to my academic integrity.

Completing this research project has less externally imposed structure than following the taught element of the DBA. Initially, I struggled to make the progress with the project that I would have liked. Despite the design of the programme to introduce structure by requiring students to present work-in-progress at recognisable stages, I fell behind with this. It is human nature to rationalise in terms of external factors and I can do this. Principally in my view, the programme director role that I was fulfilling became progressively larger over the duration of my tenure, effectively excluding the scope to pursue part-time study. To a lesser degree, I was allocated supervisors in the first instance who lacked expertise in service operations management. Whilst I have no grounds for complaint over my treatment by either individual, I do wonder whether this contributed to my slow start. Whilst these external factors may be contributory, I would also recognise that as personal characteristics maybe I lack sufficient confidence and are too prone to prevarication and the ‘paralysis’ of self-consciousness noted by Brannick and Coghlan (2006). It would be my anticipation that completing the DBA will help to address these development needs.
To address the situation described above and facilitate completion, I was granted a 12-month sabbatical leave period to commence in summer 2009. At the same time, I was allocated new supervisors. My lead supervisor has expertise in service operations management. During my sabbatical, we have met approximately once a month. The meetings have provided invaluable help and support. The research project is an individual endeavour of very substantial proportion. I have experienced a sense of isolation with it at times and on these occasions, my self-confidence has suffered and progress with it. A lack of perceived progress can quickly cause frustration and other negative sensations. I suspect that these are not unusual experiences. As a relative novice to research on this scale, the support of my supervisor has been invaluable.

Completion of the research project in this form was entirely dependent on the cooperation of industry partners, without whom it would not have been possible. Their input in terms of access permission and then willingness on the part of individual participants was vital. The apparent completeness of the single case presented here might suggest that this was straightforward. In practice it was more difficult. Before soliciting industry co-operation, I was quietly confident that it would be forthcoming. My previous experience is that help is usually forthcoming if you can get to speak to the right person. With hindsight, I should have started the process sooner. In the first instance and in consultation with my supervisor, I had held back so as to be very informed about what I wanted from the retailer before entering any dialogue. In November 2009 I made a request to my contact for the organisation in this study. My contact was well-placed to help and I was confident on this basis. At the same time I wrote to the senior operations directors of the four largest food retailers in the UK. I was aware that the pre-Christmas trading period would not be the time to conduct data collection, but even the set-up proved too onerous for the retailers in question. My eventual partner for this project agreed in February 2010 and data collection had been completed within three months. This has been later, relative to the sabbatical leave timing, than would have been ideal. Of the other four cold calls that I made, only one responded positively. Again this response did not come through until February 2010. The retailer provided access to, and an interview with, a senior manager who in turn promised access to store managers to mirror this study.
However, this has since stalled and has necessitated dropping this second retailer case from this DBA study. Needless to say, I have invested a great deal of time in setting up the access and success has been mixed. This has been very stressful at times because time is distinctly finite, even with an apparently generous study leave period. I would hope to retrieve and pursue the research that I started with the second retailer, after the DBA. To reflect on the access issues above, my prior optimism now looks a little misplaced. Performance management has a certain commercial sensitivity. Why would a retailer want to allow an academic access to study this phenomenon? What is in it for them? Whilst I can answer these questions, the retailer might take some convincing. From this perspective, it is perhaps not surprising that managers’ use of performance information is not well researched. Whilst a modest study, I should be pleased that this industry partner was prepared to co-operate.

**CONCLUDING REMARKS**

The DBA’s programme aims were reproduced at the beginning of this reflection. In my opinion, I have demonstrated these outcomes. It is now my intention to extract two or three papers from my performance management study and seek publication in suitably ranked academic journals. This will further endorse the doctoral level of the work and meet the expectations of the University. I also intend to extend the research as described in the previous chapter.
REFERENCES


Franco-Santos M and Bourne M (2005) An examination of the literature relating to issues affecting how companies manage through resources *Production Planning and Control* Vol 16(2) pp.114-124.


BIBLIOGRAPHY


## APPENDIX A: PMM STUDIES – SUMMARY TABLE

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Journal</th>
<th>Objective</th>
<th>PMM Focus</th>
<th>Method(s)</th>
<th>Findings</th>
<th>Specific Limitations</th>
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<tbody>
<tr>
<td>Adler P S and Borys (1996)</td>
<td>Administrative Science Quarterly</td>
<td>To assess coercive and enabling bureaucracies/Management styles</td>
<td>Workflow formalization</td>
<td>Conceptual</td>
<td>Enabling procedures help committed employees do their jobs more effectively and reinforce their commitment.</td>
<td>Not specifically focused on PMM, but performance measurement would be part of the bureaucracy addressed here.</td>
</tr>
<tr>
<td>Ahrens and Neely A (Ed) Chapman (2007)</td>
<td>Business performance measurement: unifying theory and integrating practice (2nd Ed) Cambridge University Press, Cambridge</td>
<td>To explore the use of performance information by service operations managers</td>
<td>Organisation/unit level</td>
<td>Qualitative study based on interviews. Observations of meetings and company training sessions</td>
<td>It is not appropriate to prescribe specific management action to readings of perf indicators say, retail?</td>
<td>Case. Arguably, unit managers have more influence over customer experience than retail?</td>
</tr>
<tr>
<td>Arnold et al (2009)</td>
<td>J Retailing</td>
<td>To explore the influence of retail chain level activities and store manager behaviours on the sale of products and the sale of services</td>
<td>Retail stores Single organisation US car-parts.</td>
<td>Hypotheses testing. Retail managers self report perceptions of “chain” activities including use of goal setting.</td>
<td>Different behaviours support performance in sales of products compared to services</td>
<td>Measures qualities or traits rather than actual behaviour. Same respondent for two sets of variables.</td>
</tr>
<tr>
<td>Author(s) (Date)</td>
<td>Journal</td>
<td>Objective</td>
<td>PMM Focus</td>
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<tr>
<td>Arvey R D and Murphy K R (1996)</td>
<td>Annual Review of Psychology</td>
<td>To provide recent review of Performance measurement studies</td>
<td>Job performance/evaluation</td>
<td>Secondary research</td>
<td>&quot;There is increased recognition that subjectivity does not automatically translate into rater error or bias and that ratings are most likely valid reflections of true perf and represent a low-cost mechanism for evaluating employees.&quot;</td>
<td>No mention of pay for performance, as noted by Rynes et al (2005)</td>
</tr>
<tr>
<td>Bilbiti et al (2005)</td>
<td>Journal of Operations and Production Management</td>
<td>To demonstrate how measurement can be used for PMM in extended enterprises</td>
<td>Organisation</td>
<td>One case study. Semi-structured interviews and workshops. Hypothesis testing</td>
<td>Structural and operational differences between extended and traditional Orgs! - proposes complex model for ext orgs.</td>
<td>Authors qualify this research based on extended enterprises as initial. No account of analytical techniques adopted.</td>
</tr>
<tr>
<td>Bourne et al (2005)</td>
<td>Journal of manufacturing technology management</td>
<td>To understand the use that unit managers make of measures in pursuit of improvement</td>
<td>Organisation/unit level</td>
<td>One org. 10 units. Case study, Interviews at H/O, region and unit level.</td>
<td>High performing managers; -used their own PI’s. -collected additional data -made light use of BSc -exhibited greater intensity of communication</td>
<td>One case from a specific sector. No specific identification of unofficial indicators.</td>
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<tr>
<td>Author(s) (Date)</td>
<td>Journal</td>
<td>Objective</td>
<td>PMM Focus</td>
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<tr>
<td>Braam and Nijssen (2004)</td>
<td>Long Range Planning</td>
<td>To help with understanding the effective use of the BSC.</td>
<td>Organisation</td>
<td>Hypotheses testing, Sample of 100 B2B companies in Holland.</td>
<td>Measurement-focused use of scorecard is not positively related to company performance.</td>
<td>Despite rhetoric - still a black box study</td>
</tr>
<tr>
<td>Chenhall R</td>
<td>European</td>
<td>Review of developing Broad</td>
<td>Review of</td>
<td></td>
<td>Limited conclusion</td>
<td>Little by way of analysis.</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Journal</td>
<td>Objective</td>
<td>PMM Focus</td>
<td>Method(s)</td>
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<tr>
<td>Davis S and Albright T (2004)</td>
<td>Management Accounting Research</td>
<td>to investigate effectiveness of BSC</td>
<td>Organisation</td>
<td>quasi experimental longitudinal dimension financial performance.</td>
<td>positive relationship between BSC implementation and financial performance.</td>
<td>Authors recognise problems generalising findings. Discussion is limited</td>
</tr>
<tr>
<td>De Toni A and Tonchia S (2001)</td>
<td>Int. J. Operations and Production Management</td>
<td>To assess use of PMS measurement systems at org. level. Italian manufacturing sector</td>
<td>Performance Case study Principal components analysis, Survey - 115 medium and large Italian manufacturing co's. Two questionnaires</td>
<td>Conceptual distinction between cost and non-cost measures. 3 types of PMS use.</td>
<td>Q's include total of 228 items</td>
<td></td>
</tr>
<tr>
<td>De Waal A (2003)</td>
<td>Management Decision</td>
<td>Examines role of behavioural factors in PMS implementation and use</td>
<td>Three Dutch orgs. A hospital A multinational corp.</td>
<td>Case study research + questionnaire</td>
<td>Concludes that use stage is most important to the success of the PMS.</td>
<td>Bias potential from means of case selection. Limited basis for pattern</td>
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<thead>
<tr>
<th>Author(s)</th>
<th>Journal</th>
<th>Objective</th>
<th>PMM Focus</th>
<th>Method(s)</th>
<th>Findings</th>
<th>Specific Limitations</th>
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<tbody>
<tr>
<td>Duckett and Macfarlane (2003)</td>
<td>Leadership and organization development Journal</td>
<td>To examine the relationship between emotional intelligence and transformational leadership in the context of a UK retail organisation</td>
<td>Organisation/retail stores</td>
<td>Hypothesis testing uses established instrument to capture emotional intelligence</td>
<td>Supports link between emotional intelligence and transformational leadership</td>
<td>Only 13 store manager respondents.</td>
</tr>
<tr>
<td>Evans (2004)</td>
<td>J Operations Management</td>
<td>To understand the scope of measurements or how orgs analyse measures &quot;to support decisions and planning&quot;</td>
<td>Organisations</td>
<td>Regression analysis</td>
<td>Some suggestion that financial indicators have a weak relationship with actual performance. A positive relationship between the maturity of the performance measurement systems and performance in terms of customer financial and market</td>
<td></td>
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<tr>
<td>Fitzgerald</td>
<td>Text</td>
<td>To present case for balanced</td>
<td>Generic. Performance in</td>
<td>Conceptual</td>
<td>Identify six generic</td>
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<td>Author(s)</td>
<td>Journal</td>
<td>Objective</td>
<td>PMM Focus</td>
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<tr>
<td>Franco and</td>
<td>Management Decision</td>
<td>To understand the critical factors that enable organisations to effectively use strategic performance measurement systems</td>
<td>Strategic / Organisation</td>
<td>24 semi-structured interviews, Analysed using Nvivo software</td>
<td>&quot;seem to have a greater impact on the way organisations manage through measures” Most significant factor; organisational culture</td>
<td>Ambitious. Superficial. E.g. Culture – huge concept. Respondents all expert delegates from PM conference. Bias potential</td>
</tr>
<tr>
<td>et al (1991)</td>
<td></td>
<td>range of &quot;leading&quot; measures.</td>
<td>Services</td>
<td></td>
<td>performance dimensions, categorised as either results or determinants</td>
<td></td>
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<tr>
<td>Franco and</td>
<td>Production Planning and</td>
<td>To contribute to a better understanding of BPM systems use</td>
<td>Generic</td>
<td>Systematic Literature review, Thematic analysis. 1663 studies, Reduced to 337 and then 73</td>
<td>Identifies gaps. Lit on Use of BPM systems not as extensive as for design of BPM. “A BPM system is thought to create value through the encouragement of certain behaviours, which are in turn supposed to improve performance outcomes” Only recently that this assumption (or parts of) has been tested. Existing Studies based on manager/ employee perceptions of</td>
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<td>Bourne M (2005)</td>
<td>Control</td>
<td></td>
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<td>Author(s)</td>
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<td>Franco-Santos et al (2007)</td>
<td>International Journal of Operations and Production Management</td>
<td>Identify key characteristics of a BPM system, when definitions vary</td>
<td>Generic</td>
<td>Systematic literature review. 205 papers</td>
<td>achieved outcomes or are limited in scope. These issues limit &quot;ability to place substantive interpretations on their results&quot;</td>
<td>17 definitions. Authors propose five categories of BPM roles; Measure performance</td>
</tr>
<tr>
<td>Ghosh and Luch (2000)</td>
<td>Accounting, Organisations and Society</td>
<td>To test for outcome effect</td>
<td>Organisation/Unit level</td>
<td>Quantitative study Hypotheses tests</td>
<td>Finds support for outcome effect; &quot;plethora&quot; of other variables</td>
<td>Not possible to control for</td>
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<tr>
<td>Gosselin (2005)</td>
<td>Int J Productivity and Performance Management</td>
<td>Aims to find evidence for the switch to non-fin measures and scorecard approaches</td>
<td>Canadian Manufacturing sector</td>
<td>Survey of 200 companies 50% response rate. Users asked to rank frequency of use</td>
<td>Financial measures are ranked as most important. Equates frequency of PM use with importance?</td>
<td>Lack of substantiation.</td>
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<tr>
<td>Author(s) (Date)</td>
<td>Journal</td>
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<td>Heskett et al (1997)</td>
<td>Text</td>
<td>To present case for the service profit chain</td>
<td>Generic services. Causal links in the chain towards performance outcomes</td>
<td>Conceptual</td>
<td>&quot;satisfaction mirror&quot;</td>
<td>Assumes link between employee and customer satisfaction – but recognises that this will vary with the service.</td>
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<tr>
<td>Ittner and Larcker (1998)</td>
<td>Journal of Accounting Research</td>
<td>To test relationship between Non-Fin PM's and Fin Outcomes</td>
<td>Organisation</td>
<td>Statistical analysis</td>
<td>Some support for customer satisfaction as Lead indicator</td>
<td>Endogeneity measures with arbitrary properties Measure error low explanatory power</td>
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<tr>
<td>Ittner and Larcker (1998)</td>
<td>Journal of Management Accounting Research</td>
<td>to foster research on recent innovations in measurement by providing a rich description of emerging practice and make suggestions.</td>
<td>Generic</td>
<td>Survey, Respondents; 27 VP's</td>
<td>Critical analysis of the current state of research on PM, BSc,</td>
<td>Described by the authors as selective review rather than comprehensive.</td>
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<td>Author(s)</td>
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<td>PMM Focus</td>
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<td>Ittner</td>
<td>Accounting Review</td>
<td>To test for outcome effect in subjective measures</td>
<td>Organisation</td>
<td>Hypothesis testing</td>
<td>Finds support for the outcome effect</td>
<td>Does not address what managers actually do with performance information.</td>
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<td>Author(s)</td>
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<tr>
<td>Kaplan and</td>
<td>Accounting Horizons</td>
<td>To show how BSc can be customised to individual company, thus moving emphasis from measurement to management of performance</td>
<td>Financial and non-financial measures</td>
<td>Conceptual. Theory building.</td>
<td>has a role to play in the determination of incentive compensation. if you can't measure, you cannot manage.</td>
<td>Substantiation: implied only.</td>
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<td>Norton 2001</td>
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<tr>
<td>Kennerley and Neely 2002</td>
<td>Int J Operations and Production Management</td>
<td>To describe the forces that shape evolution of PM systems</td>
<td>Generic, Mix of sectors. Evolution of PMS.</td>
<td>7 case studies. Semi-structured interviews with 26 managers</td>
<td>Identifies evolutionary stages, along with facilitating and inhibiting factors.</td>
<td>Authors note caution needed in generalising - but proceed to attempt generalisation. Face Validity strengthened by the expert status of the authors from their substantial experience.</td>
</tr>
<tr>
<td>Lattinen 2002</td>
<td>Scandinavian Journal of management</td>
<td>To present new dynamic integrated perf mrm system, along with empirical evidence</td>
<td>PM system Finnish technology companies</td>
<td>Postal survey - 93 respondent co's</td>
<td>Proposes new &quot;integrated&quot; PMS. Builds on causal relationships. Notes lack of grounding in previous PMS</td>
<td>Sector specific?</td>
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<tr>
<td>Lebas and</td>
<td>Book chapter in</td>
<td>To define and explore performance and PMM in an operations context</td>
<td>Generic</td>
<td>Conceptual</td>
<td>Nine key propositions</td>
<td>Novice participants (MBA students) - both in terms of BSC and industry sector. Actually recognises the potential for problems with controlling variables.</td>
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<tr>
<td>Euske</td>
<td>Neely (Ed.) (2007)</td>
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<tr>
<td>Lipe and</td>
<td>Accounting</td>
<td>To Examine the judgemental effects of the BSC</td>
<td>Generic</td>
<td>Experimental</td>
<td>Finds that senior managers use common measures and disregard unique measures. Identifies a &quot;cognitive difficulty in using the BSC.&quot; Claims that this research finding, &quot;defeats the purpose&quot; of the BSC.</td>
<td>Respondents were MBA students - i.e. surrogates for retail managers.</td>
</tr>
<tr>
<td>Saltierio</td>
<td>Review (2000)</td>
<td></td>
<td>BSc</td>
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<tr>
<td>Lipe and</td>
<td>Accounting, Organisations</td>
<td>To test for outcome effect in subjective judgements</td>
<td>Organisation</td>
<td>Experimental Case of a large women's fashion retailer</td>
<td>The BSC has a &quot;priming&quot; effect.</td>
<td>Self-reported perceptions of personal qualities or traits. Subjective ratings from area managers to capture performance.</td>
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<tr>
<td>Saltierio</td>
<td>and Society (2002)</td>
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<td>Lusch and</td>
<td>J Marketing (1990)</td>
<td>To investigate the relationships between four personal difference variables and job outcomes of retail store managers</td>
<td>Organisation/retail stores</td>
<td>Hypothesis testing, US variety retailer 182 store manager responses</td>
<td>Some support for conventional wisdom.</td>
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<td>Lynch and</td>
<td>Text (1995)</td>
<td>To address the hierarchy of performance dimensions within organisations</td>
<td>Organisation</td>
<td>Conceptual</td>
<td>The performance pyramid, linking operational through to strategic performance.</td>
<td>Substantiation/grounding?</td>
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<tr>
<td>Marr B and Schläma G (2003)</td>
<td>Management Decision</td>
<td>Review performance measurement 1996 and 2000 and 2002. &quot;to illuminate the internal processes by which firms monitor and use CSL.&quot;</td>
<td>Organisation</td>
<td>Citation analysis 4464 citations. Qualitative Inductive field research to develop conceptual framework. 142 Interviews. + focus group</td>
<td>Few frequently cited authors. Kaplan and Norton are most cited CSIU systems are widespread. Basic sub-processes are often well executed. CSIU implementation often reflects the purpose of the system in a particular firm and the key contingency factors. There are possible tensions between CSIU for control purposes and as a basis for organisational learning. Can lead to myopia.</td>
<td>Very strong, but; Most Interview records by hand (not taped). Little on how interviews are analysed.</td>
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<td>Author(s)</td>
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<td>Neely</td>
<td>International Journal of Operations and Production Management</td>
<td>Seeks to explain contemporary interest in performance measurement</td>
<td>Generic</td>
<td>Conceptual, Literature review</td>
<td>Identifies factors which have increased interest. Reviews various academic perspectives</td>
<td>Given the extremely contemporary promise of the title, very few of the refs cited are from the five years immediately prior to publication of this paper.</td>
</tr>
<tr>
<td>(1999)</td>
<td></td>
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<td>As recognised by the author, this excludes management</td>
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<td>Neely</td>
<td>Int Journal of Operations and Production Management</td>
<td>To provide update on ten years since previous performance measurement lit review</td>
<td>Academic study of measurement. Generic.</td>
<td>Citation/co-citation analysis. 1,352 papers in 546 journals. 84% since 1995.</td>
<td>Whilst study of ops and production exhibits maturity, this is yet true of performance measurement</td>
<td>Problems with surrogate/dubious indicators</td>
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<td>Pritchard</td>
<td>Int J Service Industry Management</td>
<td>To test the Haskett et al service profit chain in a single retail organisation</td>
<td>Organisation/retail stores</td>
<td>Statistical analysis. One division of a UK home improvement retailer, covering 75 stores</td>
<td>No support for Mirror effect. There are other relationships than those spelled out in the original model. The model requires careful use if it is not to constrain understanding of a particular context.</td>
<td>Problems with surrogate/dubious indicators</td>
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<td>Silvestro</td>
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<td>Pfeffer and</td>
<td>California Management Review</td>
<td>To present a case that „ a much larger source of variation in performance stems from the ability to turn knowledge into action. „</td>
<td>Generic</td>
<td>Conceptual</td>
<td>&quot; the formal systems can't store knowledge that isn't easily described or codified but is nonetheless essential for doing the work, called tacit</td>
<td>Aimed at practising managers</td>
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<td>Sutton</td>
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<td>Author(s)</td>
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<td>Radnor</td>
<td>International Journal of productivity and performance management</td>
<td>To develop a typology of gaming behaviour</td>
<td>Dysfunctional behaviour</td>
<td>Conceptual</td>
<td>Gaming is behaviour influenced by performance measures. At best it is inefficient and at worst it is fraudulent, systems should generate appropriate influences on behaviour.</td>
<td>The extent to which findings are specific to the public sector.</td>
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<td>Radnor and Barnes</td>
<td>J Productivity and Performance Management</td>
<td>Review development of PMM in org. mgt.</td>
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<td>Literature review</td>
<td>More work needed! -on software of managing performance</td>
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<td>Rynes et al</td>
<td>Annual Review of Psychology</td>
<td>Review of literature on Performance evaluation and pay for performance</td>
<td>The Individual</td>
<td>Lit rev.</td>
<td>Money is a very powerful motivator – important to ensure that rewards do not encourage the wrong kind of behaviour, monetary rewards and intrinsic motivation do not generally</td>
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<td>Said et al</td>
<td>Journal of Management</td>
<td>To test link between non-financial measure use and financial performance</td>
<td>Generic. 1982-99.</td>
<td>Hypothesis testing.</td>
<td>“Overall, the results indicate that the association between the use of non-financial measures and firm performance is contingent on the firm’s operational and competitive characteristics.”</td>
<td>Quality of the data. Non-financial measures are represented in aggregate terms. Relatively crude?</td>
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<td>(2003)</td>
<td>Accounting Research</td>
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<td>1,441 “firm-year” observations</td>
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<td>Silvestro</td>
<td>Int J Operations and</td>
<td>To present empirical findings testing relationship between employee</td>
<td>Specific</td>
<td>15 branches from</td>
<td>That employee satisfaction and loyalty are not necessarily driving productivity, efficiency and profit.</td>
<td>Relatively small sample</td>
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<td>measures. UK</td>
<td>Statistical analysis of hard and soft measures.</td>
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<td>Silvestro and Cross</td>
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<td>To test Heskett et al’s service profit chain</td>
<td>Service Org/branches</td>
<td>“Exploratory” Case study</td>
<td>Heskett service profit chain does not have universal application. Performance is contingent on many environmental and operational variables, which cannot all be</td>
<td>Sample size. Stores. Choice of PI’s adopted – appropriate?? 'Simple correlation analysis'</td>
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<td>Sobotka and Platts (2009)</td>
<td>PMA conference proceedings</td>
<td>To present case study of company managing without individual measures</td>
<td>Performance management without performance measurement. German energy distribution co.</td>
<td>Case study</td>
<td>Four mechanisms that contributed to the success of the business without a formal performance measurement at the individual level; widespread understanding and acceptance of company values close personal contact with superiors and peers extensive provision of training, coaching and mentoring simple standards consistently applied</td>
<td>Exceptional case?</td>
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<td>Ukko J Tenhunen J and Rantanen H (2007)</td>
<td>International Journal of Research in Production and Economics</td>
<td>to explore the impact that performance measurement has on leadership, management and to see the extent to which management and employee perceptions are different.</td>
<td>Business Unit level</td>
<td>8 Finnish case studies (one in food retail) all operating the BSc. 24 semi-structured interviews. Qualitative study to capture perceptions</td>
<td>performance measurement systems increase interactivity between management and employees, leading to higher performance.</td>
<td>Tries to draw broad conclusions from eight very different case studies/sectors. Very broad concepts – management and leadership. Over-ambitious?</td>
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<td>Webb A R (2004)</td>
<td>Contemporary Accounting Research</td>
<td>To assess the relationship between structure of SPMS, managers’ goal commitment and manager performance</td>
<td>Organisation/Strategic Financial services</td>
<td>Experimental. Respondents are managers. Hypothesis testing</td>
<td>commitment is higher when casual links/model are stronger.</td>
<td>Experimental design cannot adequately reflect complexity of management decision making</td>
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<td>Wilcox M and Bourne M (2003)</td>
<td>Management Decision</td>
<td>To present accounting view of performance measurement</td>
<td>Predictive measures. Statistical process control/work of Shewart in the 1920’s.</td>
<td>Review. Conceptual. Theory development</td>
<td>Within control limits, there is no point in setting arbitrary targets or &quot;tampering&quot; (pulling levers when system is in control). Future performance can then be predicted, within certain parameters.</td>
<td>Needs testing</td>
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<td>Wilson A</td>
<td>Marketing Intelligence and Planning</td>
<td>to explore how leading service organisations develop and use performance measures</td>
<td>Organisation/ Service Operations</td>
<td>4 UK cases. banking grocery retail public transport retail opticians Group discussions with senior managers. Interviews with unit managers</td>
<td>clear vertical link between strategy and operations in all cases. Numerous other more minor observations</td>
<td>Lacks substantiation from service ops lit. Difficult to draw broad conclusions/generalisations Draws on perceptions and this is understated.</td>
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APPENDIX B: CIT SPECIMEN INTERVIEW
TRANSCRIPT/CC/WARLINGHAM

Note: This store is ex-CX, and has been refitted in the CC format.

JB. OK, so I don't mind which way we start. Probably ... let's start negatively and get ... and then have a look at the positive side. If you can for me, try and think of an occasion, or situation where err ... things were, were not going well and just tell me a little bit ... describe what was going on ...

WL. Yeah, recently err ... coming out, coming out of our refit um ... when we first launched as a co-op, it was all sort of singing and dancing ... But then like, after a few weeks um ... it's, it's taken a lot of time. We've had to adjust to like different order systems. Um ... the way stuff comes. In the CX group um ... stuff would be centrally ordered for us and we just monitor that. In the co-op, we have to set it up and we have to um ... you know, drive the orders in ourselves. Otherwise if we don't, then the stock doesn't come in um ... we've gone into ... where we were competing against, when we were a CX, um ... we were taking 36,000 a week and when we came out of the refit, we were only taking like 29 - 30,000 a week as the Co-op. um ... so that flagged up to me that you know, obviously that, the sales weren't doing very well. On the back of that, um ... we had the wastage, which is our reductions and like the stuff that we throw away.

JB. So, the accountable ...?

WL. Yeah, all the accountable waste and all that. We're set a budget, I think it's thirteen ... about thirteen hundred per week and we were hitting like ... when we first come out of the refit, it was about five and a half grand, in the first week. It was then about £4 000 and we were regularly hitting about two and a half thousand pounds. So we were targeted err ... umm ... our target to store, to like
keep those budgets ... um and over the last few um ... you know, over the last few weeks. I mean, what we done, we just had so much stock coming in and like um ... it was just like the wrong lines were coming in and it was just basically like you know, everything was going wrong ... in terms of sales and waste. Um store ... it's a lovely new store. There's a lot of focus on the store um ... so we had to like, get a handle on it quite quick. Sort of start turning it around ...

JB. Right. So can you... so what ... moving on from that, can you say a bit about how you did that ...

WL. Yeah. So what we done, the first thing we looked at, I mean, we looked at sales, we looked at the range, we looked at our availability, we were looking at the availability. We started challenging a lot more on the actual gaps every day err... the co-op run a gaps system where you actually go round and scan the gaps, get a report off, and then you check into the book stocks, but it wasn't inaccurate at all, but what we've done .. and we started targeting ..um.. like every day. We're doing a gap-walk, every single morning.. um .. and identifying if it is in stock. Why isn't it .. and get it onto the shelf. If not, we're correcting the book stock and bringing the stock in. um ... in terms of sales, we looked at range as well. We did ... I called in through um.. Rob Tippett, I had a word with Rob Tippett and he got in the regional space-planning manager for me. And we walked round the store and we decided that certain departments weren't working for us. Um ... previously we'd have had like a um.. sixteen-foot drinks section, a cold drinks section um ... and we'd gone down to about eight foot, with the co-op. So, we've actually done some merchandising moves, around the whole store err.. to actually give us that sort of space back again. Err.. and its really getting behind every sales opportunity we get, you know, picking lines and really going for it. In terms of... so sales... we've turned out... um.. with our sales, we were like last week I think we were.. not hitting our budget, but our sales had gone up to about thirty-five thousand now, so they've gradually gone up to virtually three... in fact, the week before we did £36 500, which was err.. three and a half grand up on last year. So, that showed me that you know, what we were doing on terms of sales, was going in the right direction.
JB. That's the trend, is it?

WL. Yeah. It's going up. I mean, last couple of weeks... this week, we are slightly down on last week, but we're still going to do about thirty four... about thirty-four, thirty-five. Um... which is good in terms of what we were doing last year. Cos, what it was, the company set us a high budget. Err... no-one's hitting that budget. So, what they are looking at, they're looking at like-for-like sales on last year and we are actually starting to get positive growth, on, on last year's sales.

JB. Right. And last year, was it a CX?

WL. It was a CX business unit so... you know, for us to start hitting... like coming above CX, it shows us that we are going in the right direction. Err... in terms of wastage, um... we did, I done the same thing. I done a lot of work around the range... um... got lines cut out. I've had like um... permission to... I've gone up to head office and we've got like um... permission to take a lot of shelving out and drop the ranges down and change the ranges slightly and err..

JB. Which would otherwise be determined by head office?

WL. Yeah. It would be determined, but we've actually... we've been able to go to them and say like you know, this ain't working for us. Um... produce for arguments sake, we had far too much range um... and it was costing us a fortune um... so... each week... so, what we've done, we've...

JB. In waste?

WL. Yeah. In waste. So what we've done, We've re-ranged the whole produce department and I think we gone from like two and a half grand, um... in the last... the last... say, six weeks ago, to the last four weeks, we've actually come under our budget. We achieved our budget. 1300. So, we've actually gone from like, really bad to really poor (?) and like you know, year-on-year we're starting to improve that as well.

(5.40)
JB. Right. No. That's a ... that's a very good example. Ok. Give you the opportunity... are there... can you think of other occasions, either positive or negative.. ?

WL. Yeah. Positive. I mean, during the actual refit um... we were given, I was given a package, but the actual refit, the actual launch of the store, we launched quite successfully.

JB. Right.

WL. Umm... that went really well. We had very tight window. Um.. shut on the 25th of um... 25th November.. and re-opened on the 3rd December um..

JB. Busy time of year for that.

WL. Yeah. The plans were... the plans for us were, we were going to ... we were going to like bring... the first weekend when we shut on the Thursday. Friday, we were going to have staff out training, up 'til the Monday. And then we were coming back into store on the Monday, um.. but what happened, err.. Addington store relaunched the week .. they were doing a remodel of the Addington store, and they launched a week early. So, the stock that we'd taken out of the building here, to go to Hamsey Green, you know, had to come back in two days before. So, it had to come in on the Sunday. Um.. which meant we relied.. you know, put under pressure, but what we did, what worked really well cos being able to plan... being able to like ... soon as they told us, I was able to get hold of staff, get the staff in, then we plan... they all came and helped. And we basically... what we did, we came in two days before we should of done, we re-ticketed up the whole store err... we got every single plan and then we actually got the delivery from Hamsey Green with all our old stock, and we got that out before the new ... before the delivery started. Consequently, that helped us when we actually.. the week of launch, when all the co-op new stock started coming in, we was actually ahead of the game and we ended up, opening up with .. on the, on the actually opening morning all singing and dancing. It was really good.
JB. Right.

WL. Yeah, so we had you know, but it... to do that, it took a lot of planning. You know, I had to spend a lot of time....

JB. Right. So, planning is the key to that?

WL. Yeah. For me, it was like me spending time planning and what we were going to do each day. Also, resourcing my staff. Um.. you know, making the calls and getting staff involved.

JB. ... At the right time. Yeah. Yeah. Ok. No that's good

WL. Yeah. Adversely another time... err .... Bad experiences, bad experiences. A lot would be around ... it was the same's um... ‘suppose, stock results. Be a big one.. um...you know, ‘been in store where we had, we had horrendous stock results where um.. this store we I first come here, I think the stock result was about 2.5% err... loss and budget was sort of 0.5%, so that flagged up to me that obviously we had a problem um...

JB. Was That ... would that include the waste?

WL. Yeah that... no, that was.. that was unknown loss, yeah it was like, that's with the waste taken off. So, the idea with that was for me to sit down and err... and obviously when you are in a situation that ... you know, you are getting a bad stock result. You are getting a lot of visits. Different things and it just snowballs. Um ... but same thing. We got out of that ... you know, by breaking it down um.. bit by bit by component... looking at the worst departments um.... Investigating why that was happening, and we turned it in, I think the next .. you know, after about the next stock take we turned like 0.6% loss. So, we actually clawed back a lot of that money. Because a lot of it was in processes in store, they weren’t working. So, we set-up a lot of new processes like the code checking, um .. obviously a lot on security as well. Beefed up security by getting people more aware that if they see someone in store, they call someone.

JB. Right
WL. And that was another time when it went really well.

JB. Right. And um... just curious in... what... I mean, clearly the physical stock check, you get, you then get... there’s a delay and you get a report back saying...

WL. ... yeah, you get a report saying what you’ve lost over the weeks, so you’ve got to look then, analyse, which your worst departments are and then start you know, working on that. One of my worst departments was cigarettes so, with cigarettes now they either don’t get delivered, so it’s making 100% sure they were checked off when they came in, or it was staff theft. So, the only way we did it... what we did was set-up like stock counts every week, we were counting like the top twenty lines and like we used to count those lines, every single week. So, that if any of those went missing I knew that I had a problem on that.

JB. Right. So, that was where I was heading. So, before the stock-check, did you have the idea that it was going to be a .. bad result, or..?

WL. Err ... not .... Yeah, it was showing. It was coming out saying we had um.. We had like a tracker that was coming out saying we were going to lose this.. X amount of money... but with so many weeks down the line ... and then it was a matter of just grabbing hold..

< interview briefly interrupted by a shop query >

WL. But.. that was a ...

JB. You had an indication in advance...

WL. Yeah, we had an indication in advance that it was going... so, it was basically then going in and setting up systems that we were going to use, to like track, you know, to rectify it... and we did turn it around.

JB. OK. No, that’s extremely helpful. Two last questions for you.

WL. Yeah.
JB. The co-op's got a system ... err, for monitoring how the store... um, you know, KPIs if you like..

WL. Yeah

JB. ... that you're measured by, if you like. Or, the store is measured by. In you view, is that... is it a fair system?

(10:57)

WL. Um... yeah, I think it is yeah, because they have like err... you know, they monitor you on sales. Customer focus is another one um... where they come round and do the mystery shop. Um. Yeah I think it is, I think because we came from... when we was in CX, we had a similar thing

JB. sure

WL. ... where we had about eight objectives we were being managed on and the co-op now are going down to... I think it's about five... main ones that they're looking at. Err... availability being one of them, errr... but yeah, I do think that... do agree with that... it's a pretty fair system, because you've always got to have something that you've got to be able to shoot for

JB. Sure. Yeah, yeah

WL. So,

JB. Um... and one last question. Do you think the err..um.. co-op group’s system for measuring um... is it... how do I say this, ... um .. is it possible for a store manager or does it encourage a store manager to behave in a way that wasn't really intended? Do you see what I mean? Not necessarily fraudulent, but..

WL. Oh what. Yeah, if he's ... I mean, what with the fact that..

JB. Well you're ... clearly you're being measured by this, this and this...
WL. Yeah, you're measured..

JB. ..is there... do... you know, can a store manager look at it and say well if I... if I do this I'll make that look good, when actually it's not so good or...

WL. Yeah, I think they can, yeah. Yeah. I think, I think the problem is we yeah... the problem is when they measure .... We used to have it in CX, where they'd measure gaps. Now I've always believed that you know, when we've measured the gaps, I rather walk in and have 200 gaps and know that I have 200 gaps um .. and that, you know, .. that was .. you know... that was... um .. that was what I had to aim for. Say.. my target was fifty and I had 200, then I'd rather walk in, I'd rather know that I had 200 ... um... but a lot of stores .. I know for a fact (laughs) .. I know it happens and it does... I (?) used to go round and put one in their book stocks and all that so it never showed on their report.

JB. Well that's the sort of thing, yeah...

WL. Yeah, you know, which I don't think is helpful. I've always.. I think... it's a good system providing everyone uses it correctly. I think it is, I mean, you know, you are always going to get people that will try and buck that system and like there is, you know, there's loads of things. They used to take it off a report the night before, which helped them like identify things and they'd put one in the book stocks and all this sort of thing, but at the end of the day, all they were doing was masking the gaps. And I know when we first came over.. um ...and this is something I... something I observed in a lot of the co-op stores that I worked in, that .. when we first came over... if they had a visit, they'd take... and they had a gap,... they'd take the ticket off and like you know, .. and merchandise out the gap. Well, the thing is, that's fine, providing that ticket goes back. But... and basically what it does, it makes a better visit but at the end of the day, you are just fooling yourself, cos at the end-of the day you.. you know, if that ticket doesn't go back, you are not going to notice the gap... and you always going to have a gap,so I tend, we tend, we use these blue tickets, which we got from CX, it's the same. Our bosses bought in and we've launched this and I think it's going all the way round the co-op now.. co-op now.. um
WL. Um... And then basically, if you've got something that's out of stock, you put that on it, with the day's date, that you've investigated it and then, when it comes in, you take the ticket off.

JB. Right.

WL. So, you know.. um.. and I know a few of the co-op managers, they used to think that if they hid the gaps then people wouldn't you know,... they'd walk round the store and think oh, store looks marvellous, you know.... Doesn't work.

JB. Right. But it's still possible to do that now is it?

WL. Yeah. It is still.. they can still do it, they can.. there are ways around their system that they can get. With us, I tend to... try and stick to the line.. you know, if they say I've got to do all the gaps by half past eight, I try and get it all done by half past eight, just stick to it. But there are a few people, as you go on.. you know, like um..

JB. Well there is no perfect system is there?

WL. Well I mean, the thing is with the customer, the mystery shopper... the mystery shopper one where they do.. they do the customer focus audit, you don't know it's going on and they come round and they do it, and there's no way you can really cheat that. You know, unless you know the person who is doing it. And like you know, but you know, in that respect I think it's quite fair. Um... and I think... you know, it all depends on ... they judge you on your sales which is.. sometimes that's fine, but then we don't write the budgets. So, that again (14:47) is you know, they put us a whacking great budget and it looks like we are not achieving our sales. In fact, we are doing quite well, because we are like..., we are actually building sales up you know, on.. and on the terms of whoever has written the sales up in head office, it doesn't look very good on us, because it looks like we are losing it. Then, the whole company at the moment is going through that position, where they did... they did expect you like to do this amount and they are doing that amount. But, like for like and against some of the
competition, they are doing rather well so... that's the message we've been given so...

JB. You are not the only one to tell me that.

WL. Yeah. Yeah. I know. They are saying we are having such a wonderful year but we are not going to hit where we need to hit so... you know, but err... in the main yeah, but like all these things, it's like all systems, there are ways and you will get people out there will try... you know,... I've known people used to go around like, with a gun in one of these... you can check to see whether it is gap anyway, and I used to walk around with one of these and an enquiry screen... scan it... so go, all no, it's got stock in it... so they wouldn't put it on the gap sheet and they'd be doing it holding two guns while they were doing the gap checks. So, I just don't understand why they do it... or people used to... say they get a report off at night and they used to scan it all in and put one in their book stocks. But I mean, they had to sit there for half an hour doing that. What's the point of that? I don't know. It's like with everything. All these things they bring out you know, like Chip and pin, people get round these things and there are... but in the main, I think it's a very good system

JB. Thank you very much for your time.

WL. Okay

JB. You've been very helpful.

WL. Alright.

JB. I appreciate that you're very busy,...

WL. It's fine

JB. ... but you've been extremely helpful to me.

WL. Yeah.

JB. Pop this off.
Ends.
Coding Warlingham

Financial v Non-financial PI’s. Role of non-financial measures?

Codes: FPI

where we were competing against, when we were a CX, um ... we were taking 36,000 a week and when we came out of the refit, we were only taking like 29 - 30,000 a week as the Co-op. um.. so that flagged up to me that you know, obviously that, the sales weren't doing very well. On the back of that, um.. we had the wastage, which is our reductions and like the stuff that we throw away.

JB. So, the accountable ... ?

WL. Yeah, all the accountable waste and all that. We're set a budget, I think it's thirteen.. about thirteen hundred per week and we were hitting like ... when we first come out of the refit, it was about five and a half grand, in the first week. It was then about £4 000 and we were regularly hitting about two and a half thousand pounds. So we were targeted err... umm .. our target to store, to like keep those budgets... um and over the last few um.. you know, over the last few weeks.. I mean, what we done, we just had so much stock coming in and like um... it was just like the wrong lines were coming in and it was just basically like you know, everything was going wrong... in terms of sales and waste. Um store.. it's a lovely new store. There's a lot of focus on the store um ... so we had to like, get a handle on it quite quick. Sort of start turning it around...

I think we were.. not hitting our budget, but our sales had gone up to about thirty-five thousand now, so they've gradually gone up to virtually three... in fact, the week before we did £36 500, which was err.. three and a half grand up on last year. So, that showed me that you know, what we were doing on terms of sales, was going in the right direction.

JB. That's the trend, is it?
WL. Yeah. It's going up. I mean, last couple of weeks... this week, we are slightly down on last week, But we're still going to do about thirty four... about thirty-four, thirty-five. Um... which is good in terms of what we were doing last year. Cos, what it was, the company set us a high budget. Err... no-one's hitting that budget. So, what they are looking at, they're looking at like-for-like sales on last year and we are actually starting to get positive growth, on, on last year's sales.

JB. Right. And last year, was it a CX?

WL. It was a CX business unit so... you know, for us to start hitting... like coming above CX, it shows us that we are going in the right direction. Err... in terms of wastage, um... we did, I done the same thing. I done a lot of work around the range.. um... got lines cut out.

Um.. produce for arguments sake, we had far too much range um... and it was costing us a fortune um... so.. each week.. so, what we've done, we've..

JB. In waste?

WL. Yeah. In waste. So what we've done, We've re-ranged the whole produce department and I think we gone from like two and a half grand, um.. in the last.. the last.. say, six weeks ago, to the last four weeks, we've actually come under our budget. We achieved our budget. 1300. So, we've actually gone from like, really bad to really poor (?) and like you know, year-on-year we're starting to improve that as well.

WL. Yeah. Adversely another time... err .... Bad experiences, bad experiences. A lot would be around ... it was the same's um... 'suppose, stock results. Be a big one.. um...you know, 'been in store where we had, we had horrendous stock results where um.. this store we I first come here, I think the stock result was about 2.5% err... loss and budget was sort of 0.5%, so that flagged up to me that obviously we had a problem um..

JB. Was That ... would that include the waste?
WL. Yeah, that... no, that was... that was unknown loss, yeah it was like, that's with the waste taken off. So, the idea with that was for me to sit down and err... and obviously when you are in a situation that... you know, you are getting a bad stock result.

WL. ... yeah, you get a report saying what you've lost over the weeks, so you've got to look then, analyse, which your worst departments are and then start you know, working on that.

WL. Err ... not .... Yeah, it was showing. It was coming out saying we had um.. We had like a tracker that was coming out saying we were going to lose this.. X amount of money... but with so many weeks down the line ... and then it was a matter of just grabbing hold..

< interview briefly interrupted by a shop query >

In fact, we are doing quite well, because we are like..., we are actually building sales up you know, on.. and on the terms of whoever has written the sales up in head office, it doesn't look very good on us, because it looks like we are losing it. Then, the whole company at the moment is going through that position, where they did... they did expect you like to do this amount and they are doing that amount. But, like for like and against some of the competition, they are doing rather well so.... that's the message we've been given so...

Sales - against last year, budgets. Trends.

Wastage. Explicit treatment of having too many stock lines with poor turnover.

Leakage/stock result.

Each of these three elements are key dimensions of performance No explicit mention of the wage bill.

NFPI
Yeah. So what we done, the first thing we looked at, I mean, we looked at sales, we looked at the range, we looked at our availability, we were looking at the availability. We started challenging a lot more on the actual gaps every day err... the co-op run a gaps system where you actually go round and scan the gaps, get a report off, and then you check into the book stocks, but it wasn't inaccurate at all, but what we've done .. and we started targeting ..um .. like every day. We're doing a gap-walk, every single morning.. um .. and identifying if it is in stock. Why isn't it .. and get it onto the shelf. If not, we're correcting the book stock and bringing the stock in.

WL. ... where we had about eight objectives we were being managed on and the co-op now are going down to... I think it's about five... main ones that they're looking at. Err ... availability being one of them, errr .. but yeah, I do think that.. do agree with that... it's a pretty fair system, because you've always got to have something that you've got to be able to shoot for

Customer focus is another one um... where they come round and do the mystery shop.

WL. Well I mean, the thing is with the customer, the mystery shopper... the mystery shopper one where they do.. they do the customer focus audit, you don't know it's going on and they come round and they do it, and there's no way you can really cheat that.

Availability/gaps. Availability features as very significant in this transcript.

Mystery shopper. Seen as measure with integrity.

What do managers do with information?

From company

From other sources

Code: Act
So we were targeted err... umm .. our target to store, to like keep those budgets... um and over the last few um.. you know, over the last few weeks.. I mean, what we done, we just had so much stock coming in and like um... it was just like the wrong lines were coming in and it was just basically like you know, everything was going wrong... in terms of sales and waste. Um store.. it's a lovely new store. There's a lot of focus on the store um ... so we had to like, get a handle on it quite quick. Sort of start turning it around...

JB. Right. So can you.. so what... moving on from that, can you say a bit about how you did that...

WL. Yeah. So what we done, the first thing we looked at , I mean, we looked at sales, we looked at the range, we looked at our availability, we were looking at the availability. We started challenging a lot more on the actual gaps every day err.. the co-op run a gaps system where you actually go round and scan the gaps, get a report off, and then you check into the book stocks, but it wasn't inaccurate at all, but what we've done .. and we started targeting ..um.. like every day. We're doing a gap-walk, every single morning.. um .. and identifying if it is in stock. Why isn't it .. and get it onto the shelf. If not, we're correcting the book stock and bringing the stock in. um ... in terms of sales, we looked at range as well. We did ... I called in through um.. Rob Tippett, I had a word with Rob Tippett and he got in the regional space-planning manager for me. And we walked round the store and we decided that certain departments weren't working for us. Um ... previously we'd have had like a um.. sixteen-foot drinks section, a cold drinks section um ... and we'd gone down to about eight foot, with the co-op. So, we've actually done some merchandising moves, around the whole store err.. to actually give us that sort of space back again. Err.. and its really getting behind every sales opportunity we get, you know, picking lines and really going for it. In terms of... so sales... we've turned out... um.. with our sales, we were like last week I think we were.. not hitting our budget, but our sales had gone up to about thirty-five thousand now, so they've gradually gone up to virtually three... in fact, the week before we did £36 500, which was err.. three and a half grand up on last year. So, that showed me that you know, what we were doing on terms of sales, was going in the right direction.
... in terms of wastage, um... we did, I done the same thing. I done a lot of work around the range.. um... got lines cut out. I've had like um.. permission to.. I've gone up to head office and we've got like um.. permission to take a lot of shelving out and drop the ranges down and change the ranges slightly and err..

JB. Which would otherwise be determined by head office?

WL. Yeah. It would be determined, but we've actually.. we've been able to go to them and say like you know, this ain't working for us. Um.. produce for arguments sake, we had far too much range um.. and it was costing us a fortune um.. so.. each week.. so, what we've done, we've..

JB. In waste?

WL. Yeah. In waste. So what we've done, We've re-ranged the whole produce department and I think we gone from like two and a half grand, um.. in the last.. the last.. say, six weeks ago, to the last four weeks, we've actually come under our budget. We achieved our budget. 1300. So, we've actually gone from like, really bad to really poor (?) and like you know, year-on-year we're starting to improve that as well.

WL. Yeah. The plans were.. the plans for us were, we were going to ... we were going to like bring... the first weekend when we shut on the Thursday. Friday, we were going to have staff out training, up 'til the Monday. And then we were coming back into store on the Monday, um.. but what happened, err..

Addington store relaunched the week.. they were doing a remodel of the Addington store, and they launched a week early. So, the stock that we'd taken out of the building here, to go to Hamsey Green, you know, had to come back in two days before. So, it had to come in on the Sunday. Um.. which meant we relied.. you know, put under pressure, but what we did, what worked really well cos being able to plan... being able to like ... soon as they told us, I was able to get hold of staff, get the staff in, then we plan... they all came and helped. And we basically... what we did, we came in two days before we should of done, we re-ticketed up the whole store err... we got every single plan and then we actually got the delivery from Hamsey Green with all our old stock, and we got that out
before the new ... before the delivery started. Consequently, that helped us when we actually... the week of launch, when all the co-op new stock started coming in, we was actually ahead of the game and we ended up, opening up with .. on the, on the actually opening morning all singing and dancing. It was really good.

JB. Right.

WL. Yeah, so we had you know, but it... to do that, it took a lot of planning. You know, I had to spend a lot of time....

JB. Right. So, planning is the key to that?

WL. Yeah. For me, it was like me spending time planning and what we were going to do each day. Also, resourcing my staff. Um... you know, making the calls and getting staff involved.

So, the idea with that was for me to sit down and err... and obviously when you are in a situation that ... you know, you are getting a bad stock result. You are getting a lot of visits. Different things and it just snowballs. Um ... but same thing. We got out of that ... you know, by breaking it down um... bit by bit by component... looking at the worst departments um.... Investigating why that was happening, and we turned it in, I think the next .. you know, after about the next stock take we turned like 0.6% loss. So, we actually clawed back a lot of that money. Because a lot of it was in processes in store, they weren't working. So, we set-up a lot of new processes like the code checking, um .. obviously a lot on security as well. Beefed up security by getting people more aware that if they see someone in store, they call someone.

JB. Right

WL. And that was another time when it went really well

WL. ... yeah, you get a report saying what you've lost over the weeks, so you've got to look then, analyse, which your worst departments are and then start you know, working on that. One of my worst departments was cigarettes so, with
cigarettes now they either don’t get delivered, so it’s making 100% sure they were checked off when they came in, or it was staff theft. So, the only way we did it... what we did was set-up like stock counts every week, we were counting like the top twenty lines and like we used to count those lines, every single week. So, that if any of those went missing I knew that I had a problem on that.

WL. Err ... not .... Yeah, it was showing. It was coming out saying we had um.. We had like a tracker that was coming out saying we were going to lose this.. X amount of money... but with so many weeks down the line ... and then it was a matter of just grabbing hold..

< interview briefly interrupted by a shop query >

WL. But.. that was a ...

JB. You had an indication in advance...

WL. Yeah, we had an indication in advance that it was going... so, it was basically then going in and setting up systems that we were going to use, to like track, you know, to rectify it .. and we did turn it around.

This store was post-refit.

To address the availability/waste problem; analyse range and availability. Pay close attention to individual gaps to establish the causes. Brought in the regional space planning manager to look at both the range and space planning. The implication is that some of the changes from the old CX layout work to radical. Changes were then made to the merchandising to address this. Efforts were made to get behind every sales opportunity. To address waste the range was analysed. With head office permission, some lines were delisted, to reduce the range on offer and some shelving removed.

In the context of the refit process itself, much attention was given to the planning and to resourcing staff and getting them involved.
To address a poor stock result. Analyse the result. Breakdown to identify source of problem. Beef up security. Staff training/awareness. Ensure goods received a cheque was effective. Setup weekly stock checks on 20 top-selling lines and track progress.

Instigate/improve processes e.g. code checking.

There is an endogeneity issue to consider?

Code: T - for time!

I mean, what we done, we just had so much stock coming in and like um... it was just like the wrong lines were coming in and it was just basically like you know, everything was going wrong... in terms of sales and waste. Um... store. It's a lovely new store. There's a lot of focus on the store um... so we had to like, get a handle on it quite quick. Sort of start turning it around...

JB. Right. So can you. so what... moving on from that, can you say a bit about how you did that...

WL. Yeah. So what we done, the first thing we looked at, I mean, we looked at sales, we looked at the range, we looked at our availability, we were looking at the availability. We started challenging a lot more on the actual gaps every day err... the co-op run a gaps system where you actually go round and scan the gaps, get a report off, and then you check into the book stocks, but it wasn't inaccurate at all, but what we've done... and we started targeting...um.. like every day. We're doing a gap-walk, every single morning... um... and identifying if it is in stock. Why isn't it... and get it onto the shelf. If not, we're correcting the book stock and bringing the stock in. um... in terms of sales, we looked at range as well. We did... I called in through um... Rob Tippett, I had a word with Rob Tippett and he got in the regional space-planning manager for me. And we walked round the store and we decided that certain departments weren't working for us. Um... previously we'd have had like a um... sixteen-foot drinks section, a cold drinks section um... and we'd gone down to about eight foot, with the co-op. So, we've actually done some merchandising moves, around the whole store err...
to actually give us that sort of space back again. Err.. and its really getting behind every sales opportunity we get, you know, picking lines and really going for it. In terms of... so sales... we've turned out... um.. with our sales, we were like last week I think we were.. not hitting our budget, but our sales had gone up to about thirty-five thousand now, so they've gradually gone up to virtually three... in fact, the week before we did £36 500, which was err.. three and a half grand up on last year. So, that showed me that you know, what we were doing on terms of sales, was going in the right direction.

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I've had like um.. permission to.. I've gone up to head office and we've got like um.. permission to take a lot of shelving out and drop the ranges down and change the ranges slightly and err..

JB. Which would otherwise be determined by head office?

WL. Yeah. It would be determined, but we've actually.. we've been able to go to them and say like you know, this ain't working for us. Um.. produce for arguments sake, we had far too much range um.. and it was costing us a fortune um.. so.. each week.. so, what we've done, we've..

JB. In waste?
Yeah. In waste. So what we've done, We've re-ranged the whole produce department and I think we gone from like two and a half grand, um.. in the last .. the last.. say, six weeks ago, to the last four weeks, we've actually come under our budget. We achieved our budget. 1300. So, we've actually gone from like, really bad to really poor (?) and like you know, year-on-year we're starting to improve that as well.

So, the idea with that was for me to sit down and err... and obviously when you are in a situation that ... you know, you are getting a bad stock result. You are getting a lot of visits. Different things and it just snowballs. Um ... but same thing. We got out of that .. you know, by breaking it down um.. bit by bit by component... looking at the worst departments um.... Investigating why that was happening, and we turned it in, I think the next .. you know, after about the next stock take we turned like 0.6% loss. So, we actually clawed back a lot of that money. Because a lot of it was in processes in store, they weren't working. So, we set-up a lot of new processes like the code checking, um .. obviously a lot on security as well. Beefed up security by getting people more aware that if they see someone in store, they call someone.

Right

And that was another time when it went really well

Evidence that having the wrong range on offer leads to poor sales and high levels of waste. Whilst this is true in the very short term, it also has an effect on customer perceptions and therefore longer term sales.

Ample evidence that maintaining availability is key to supporting sales.

Waste can be reduced by instigating or improving existing processes and procedures, such as code checking

Is there a Hawthorne effect to consider?

Code: Haw
No material.

There is very limited evidence of managers adopting their own informal performance indicators (MPI's). One study suggests that this practice might be associated with the managers of higher performing business units.

**Code: MPI**

I mean, what we done, we just had so much stock coming in and like um... it was just like the wrong lines were coming in and it was just basically like you know, everything was going wrong... in terms of sales and waste. Um store.. it's a lovely new store. There's a lot of focus on the store um ... so we had to like, get a handle on it quite quick. Sort of start turning it around...

JB. Right. So can you.. so what... moving on from that, can you say a bit about how you did that...

WL. Yeah. So what we done, the first thing we looked at, I mean, we looked at sales, we looked at the range, we looked at our availability, we were looking at the availability. We started challenging a lot more on the actual gaps every day err.. the co-op run a gaps system where you actually go round and scan the gaps, get a report off, and then you check into the book stocks, but it wasn't inaccurate at all, but what we've done .. and we started targeting ..um.. like every day. We're doing a gap-walk, every single morning.. um .. and identifying if it is in stock. Why isn't it .. and get it onto the shelf. If not, we're correcting the book stock and bringing the stock in. um ... in terms of sales, we looked at range as well. We did ... I called in through um.. Rob Tippett, I had a word with Rob Tippett and he got in the regional space-planning manager for me. And we walked round the store and we decided that certain departments weren't working for us. Um ... previously we'd have had like a um.. sixteen-foot drinks section, a cold drinks section um ... and we'd gone down to about eight foot, with the co-op. So, we've actually done some merchandising moves, around the whole store err.. to actually give us that sort of space back again. Err.. and its really getting behind every sales opportunity we get, you know, picking lines and really going for it. In terms of... so sales... we've turned out... um.. with our sales, we were like last
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*Manager could say that the range was not appropriate for the store and that this would cause problems in terms of sales and waste.*

Manager perceptions and interpretations of performance indicators can influence their subsequent behaviour either positively or negatively. Any evidence of negative influence? Is the system fair?

**Code: Fair**

WL. Um... yeah, I think it is yeah, because they have like err... you know, they monitor you on sales. Customer focus is another one um... where they come round and do the mystery shop. Um. Yeah I think it is, I think because we came from... when we was in CX, we had a similar thing

JB. sure

WL. ... where we had about eight objectives we were being managed on and the co-op now are going down to... I think it's about five... main ones that they're looking at. Err... availability being one of them, errr... but yeah, I do think that... do agree with that... it's a pretty fair system, because you've always got to have something that you've got to be able to shoot for.

WL. Well I mean, the thing is with the customer, the mystery shopper... the mystery shopper one where they do... they do the customer focus audit, you don't know it's going on and they come round and they do it, and there's no way you can really cheat that. You know, unless you know the person who is doing it. And like you know, but you know, in that respect I think it's quite fair. Um... and I think... you know, it all depends on... they judge you on your sales which is... sometimes that's fine, but then we don't write the budgets. So, that again (14:47) is you know, they put us a whacking great budget and it looks like we are not
achieving our sales. In fact, we are doing quite well, because we are like..., we are actually building sales up you know, on.. and on the terms of whoever has written the sales up in head office, it doesn't look very good on us, because it looks like we are losing it. Then, the whole company at the moment is going through that position, where they did... they did expect you like to do this amount and they are doing that amount. But, like for like and against some of the competition, they are doing rather well so.... that's the message we've been given so...

Target setting is the right thing to do. Availability is a considerable focus on the mystery shopper has integrity, as you can't cheat it. The manager feels that the sales budget has been increased significantly (perhaps not surprising, given the refit). So, whilst the store is trading ahead of last year's figures and comparably with the competition, there is an implied unfairness about somebody in head office setting a very challenging target, which now seems to reflect badly on the store (actual sales being currently lower than the target). However, all stores have challenging budgets, and not just this one.

There is a risk of performance indicators triggering unintended or dysfunctional behaviours. This risk can be exacerbated by a link with rewards.

Code: UB

WL. Yeah, I think they can, yeah. Yeah. I think, I think the problem is we yeah... the problem is when they measure .... We used to have it in CX, where they'd measure gaps. Now I've always believed that you know, when we've measured the gaps, I rather walk in and have 200 gaps and know that I have 200 gaps um .. and that, you know, .. that was .. you know... that was... um .. that was what I had to aim for. Say.. my target was fifty and I had 200, then I'd rather walk in, I'd rather know that I had 200 ... um... but a lot of stores .. I know for a fact (laughs) .. I know it happens and it does... I (?) used to go round and put one in their book stocks and all that so it never showed on their report.

JB. Well that's the sort of thing, yeah...
WL. Yeah, you know, which I don’t think is helpful. I’ve always... I think... it’s a good system providing everyone uses it correctly. I think it is, I mean, you know, you are always going to get people that will try and buck that system and like there is, you know, there’s loads of things. They used to take it off a report the night before, which helped them like identify things and they’d put one in the book stocks and all this sort of thing, but at the end of the day, all they were doing was masking the gaps. And I know when we first came over... um ...and this is something I... something I observed in a lot of the co-op stores that I worked in, that... when we first came over... if they had a visit, they’d take... and they had a gap,... they’d take the ticket off and like you know, .. and merchandise out the gap. Well, the thing is, that’s fine, providing that ticket goes back. But... and basically what it does, it makes a better visit but at the end of the day, you are just fooling yourself, cos at the end-of the day you... you know, if that ticket doesn’t go back, you are not going to notice the gap... and you always going to have a gap, so I tend, we tend, we use these blue tickets, which we got from CX, it’s the same. Our bosses bought in and we’ve launched this and I think it’s going all the way round the co-op now... co-op now... um

JB. Right.

WL. Um... And then basically, if you’ve got something that’s out of stock, you put that on it, with the day’s date, that you’ve investigated it and then, when it comes in, you take the ticket off.

JB. Right.

WL. So, you know ... um .. and I know a few of the co-op managers, they used to think that if they hid the gaps then people wouldn’t you know,... they’d walk round the store and think oh, store looks marvellous, you know.... Doesn’t work.

JB. Right. But it’s still possible to do that now is it?

WL. Yeah. It is still .. they can still do it, they can .. there are ways around their system that they can get. With us, I tend to... try and stick to the line.. you know, if they say I’ve got to do all the gaps by half past eight, I try and get it all
done by half past eight, just stick to it. But there are a few people, as you go on. you know, like um..

JB. Well there is no perfect system is there?

WL. Well I mean, the thing is with the customer, the mystery shopper... the mystery shopper one where they do... they do the customer focus audit, you don't know it's going on and they come round and they do it, and there's no way you can really cheat that. You know, unless you know the person who is doing it. And like you know, but you know, in that respect I think it's quite fair.

WL. Yeah. Yeah. I know. They are saying we are having such a wonderful year but we are not going to hit where we need to hit so... you know, but err in the main yeah, but like all these things, it's like all systems, there are ways and you will get people out there will try... you know,... I've known people used to go around like, with a gun in one of these... you can check to see whether it is gap anyway, and I used to walk around with one of these and an enquiry screen... scan it... so go, all no, it's got stock in it... so they wouldn't put it on the gap sheet and they'd be doing it holding two guns while they were doing the gap checks. So, I just don't understand why they do it... or people used to... say they get a report off at night and they used to scan it all in and put one in their book stocks. But I mean, they had to sit there for half an hour doing that. What's the point of that? I don't know. It's like with everything. All these things they bring out you know, like Chip and pin, people get round these things and there are... but in the main, I think it's a very good system.

This manager believes that not only is it possible to abuse the gaps measurement system, but that this abuse is prevalent in other food stores in the co-operative group. Believes that this doesn't really achieve anything. Approves of the mystery shopper, because the measure is not possible to abuse.
## APPENDIX D: CIT DATA/INCIDENT SUMMARY

Bold type indicates incidents with a greater depth of description evident from the dialogue.

<table>
<thead>
<tr>
<th>No.</th>
<th>Store</th>
<th>+/-</th>
<th>Incident</th>
<th>Implication</th>
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<td>1</td>
<td>AR</td>
<td>-</td>
<td>Late Delivery</td>
<td>Disruption to work schedules/staffing resource</td>
<td>Try to change staff schedules/&quot;get more people in&quot;</td>
<td>&quot;half the time we don't know, unless they actually phone you up so ... but that's very rare.&quot;</td>
</tr>
<tr>
<td>1a</td>
<td>AR</td>
<td>+</td>
<td>Being ready to trade</td>
<td>Not playing catch-up</td>
<td>Concentrate on normal processes</td>
<td>Visual cues on arrival first thing in the morning.</td>
</tr>
<tr>
<td>2</td>
<td>FC</td>
<td>+</td>
<td>Positive disposition of staff</td>
<td>Clear indication of the current state of play and likely prospects for trading</td>
<td></td>
<td>Initial impression of staff attitude on Manager's arrival.</td>
</tr>
<tr>
<td>3</td>
<td>FC</td>
<td>-</td>
<td>EDN failure. A system error</td>
<td>Compromise automated inventory management &gt; Availability suffers for up to one week &gt; Corporate Pls will subsequently reflect poor availability &gt; sense of injustice because poor availability reflects on manager</td>
<td>Some manual intervention possible, but not practical for 100's of lines.</td>
<td>Queues at the checkout Delivers running late systems crashing - orders haven't dispatched</td>
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<tr>
<td>No.</td>
<td>Store</td>
<td>Incident</td>
<td>Implication</td>
<td>Action</td>
<td>Initial PI</td>
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<tr>
<td>4</td>
<td>FC</td>
<td>Staff absenteeism</td>
<td>Insufficient staff resource, with little or no prior warning</td>
<td>Sometimes possible to draw on staff to &quot;cover&quot; but problem exacerbated in multiple instances</td>
<td>&quot;like let's say they are starting at three in the afternoon, they wouldn't have to tell us until 10 AM&quot;</td>
<td></td>
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<tr>
<td>5</td>
<td>FC</td>
<td>Inadequate night fill</td>
<td>Availability issue</td>
<td>Manager changed his own working pattern to improve productivity of night shift</td>
<td>&quot;by 10 AM it can look like a complete pigsty&quot;</td>
<td></td>
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<tr>
<td>6</td>
<td>C</td>
<td>Disposition of staff</td>
<td>Absence of issues, generally a strong indicator of state of play and prospects for trading</td>
<td>Can concentrate on normal processes</td>
<td>On arrival of manager</td>
<td></td>
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<tr>
<td>7</td>
<td>C</td>
<td>Visit from senior manager</td>
<td>Positive, &quot;complimentary&quot; feedback, later reinforced by immediate line manager</td>
<td>No further scrutiny from above - implied. Can concentrate on normal processes</td>
<td>No suggestion that manager sensed in advance what the outcome would be.</td>
<td></td>
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<tr>
<td>8</td>
<td>C</td>
<td>Major system breakdown</td>
<td>Tills could not accept payment cards &gt; upset customers. Orders failed to transmit &gt; excess supplies &gt; waste problem. Payroll system compromised &gt; wrong payments &gt; dissatisfied staff</td>
<td>Introduce signs in-store to inform and apologise to customers.</td>
<td>On manager's arrival at the store</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>C</td>
<td>Staff absenteeism</td>
<td>Insufficient staff resource</td>
<td>Seek to find cover. Manager reported that generally &quot;somebody else will volunteer&quot;</td>
<td>with little or no prior warning</td>
<td></td>
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<tr>
<td>10</td>
<td>C</td>
<td>Customer accident in-store</td>
<td>Substantial additional workload. &quot;Paperwork. CCTV to look out. Training records to find ...&quot;</td>
<td>Provide customer service. Follow company policy and procedure</td>
<td>No prior warning</td>
<td></td>
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<tr>
<td>11</td>
<td>AF</td>
<td>-</td>
<td>Staff Absenteeism</td>
<td>Insufficient staff resource, with little or no prior warning. Added pressure on remaining staff. Affect on availability. Delay to work schedules. Sales will suffer. Worst case: no show or late arrival of second staff member to open premises.</td>
<td>Ring around for replacements. Failure to source cover, exacerbates problem</td>
<td>with little or no prior warning, but then manager is aware that day will be difficult Phone call.</td>
</tr>
<tr>
<td>12</td>
<td>AF</td>
<td>+</td>
<td>Everything going to plan</td>
<td>Absence of problems/issues. “Right people, right time and right place”. Very significant at peak times e.g. Promo - changeover. System generated tasks can be demanding when planning fails.</td>
<td>- The interview contains much material on negative impact of work processes not going to plan. Planning, communication and teamwork all evident. “... and then you can achieve whatever you wanted.”</td>
<td>Absence of negative indicators - especially staff absentees.</td>
</tr>
<tr>
<td>13</td>
<td>AF</td>
<td>+</td>
<td>Hitting or exceeding co. targets</td>
<td>Personal satisfaction. “...that is joyful ...” System generated targets such as sales, availability and mystery shopper results</td>
<td>More bad days than good days – because of constant pressure for improvement.</td>
<td>Sales at mid-point in trading day give first indication. Availabilty daily. M Shopper results quarterly.</td>
</tr>
<tr>
<td>14</td>
<td>AF</td>
<td>-</td>
<td>“Drive-off”</td>
<td>Significant Stock-loss &gt; risk that target for this type of loss will be exceeded. &gt; reduced profitability. Mgt time</td>
<td>Extract CCTV evidence and pursue.</td>
<td>Almost immediately after “Drive-off” the cashier is alerted, who will then call manager.</td>
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<td>15</td>
<td>AF</td>
<td>- Failure to complete &quot;gap check&quot; on time.</td>
<td>System identifies store as &quot;defaulter&quot;</td>
<td>Manager has to provide explanation</td>
<td>Immediately - later confirmed by the system.</td>
<td></td>
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<tr>
<td>16</td>
<td>AF</td>
<td>- New competition opens up &quot;on the doorstep&quot;</td>
<td>Store takings down £7/8K or approx 12%</td>
<td>Store remains profitable.</td>
<td>Several months.</td>
<td></td>
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<tr>
<td>17</td>
<td>AF</td>
<td>- System breakdown at Prom change-over</td>
<td>Upload of new promotional prices into the store EPOS system fails &gt; Changing PoS material very quickly to remain legal &gt; Irate customers. Repeat process of changing shelf-edge labels.</td>
<td>Secure IT support. Significant additional workload. Fire-fighting.</td>
<td>Little or no notice</td>
<td></td>
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<tr>
<td>19</td>
<td>AF</td>
<td>- Fraudulent claim for damages following incident with petrol</td>
<td>Difficult customer. Paperwork burden.</td>
<td>Deal with customer. Extract CCTV footage. File report</td>
<td>No prior warning</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>AF</td>
<td>- Customer fall on shop premises</td>
<td>Minor injury to customer. No claim for negligence</td>
<td>Administer first aid and TLC-takes 45 mins. File report.</td>
<td>No prior warning</td>
<td></td>
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<tr>
<td>21</td>
<td>WL</td>
<td>- Poor post refit performance</td>
<td>Sales below target, waste above target</td>
<td>Review range, Focus on availability, Review space allocation and merchandising</td>
<td>A few weeks after refit, Sales as primary indicator.</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>WL</td>
<td>+ Smooth refit</td>
<td>Refit process – effective and to a very tight schedule.</td>
<td>Effective planning, Opened on time – “all singing and dancing”</td>
<td>Positive staff response during refit week, when schedule was brought forward.</td>
<td></td>
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<tr>
<td>23</td>
<td>WL</td>
<td>- “horrendous” stock result</td>
<td>Stock losses too high</td>
<td>Breakdown loss, Analyse components, Review in-store processes, Improve security</td>
<td>Manager at store with this level of high leakage.</td>
<td></td>
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<td>24</td>
<td>MB</td>
<td>- Failure of licensing test purchase</td>
<td>Loss of licence, turnover, and customer goodwill, High Pressure from different senior mgrs</td>
<td>Retraining, Respond to variations imposed on the terms of the licence following second offence</td>
<td>No notice of test purchases, which occurred late in the evening. Call to manager at home.</td>
<td></td>
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<tr>
<td>25</td>
<td>MB</td>
<td>+ Performance improvement since mgr appointment</td>
<td>Sales up, Wastage levelling, Personnel cost levelling</td>
<td>Managing people is the key, “my role within the store is part court jester, part judge and jury” Good communication Promote Teamwork to encourage loyalty</td>
<td>Corporate Pi's</td>
<td></td>
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<tr>
<td>26</td>
<td>MB</td>
<td>-</td>
<td>Roll out new initiatives.</td>
<td>Significant added burden in training staff, on top of normal work processes. Requires that each staff member is briefed – sometimes difficult when they work different shift patterns. Demoralises staff.</td>
<td>Manager sceptical of value. There are too many. One or two a week. “It takes us away from what we are actually here to do.” New ideas from store level can be tested and quickly dropped if ineffective. Ideas from higher up the org, have to be made to work or are not dropped sufficiently quickly when they fail.</td>
<td>Instruction comes via system. Supported by Manager meetings, either off-site or via conference call.</td>
</tr>
<tr>
<td>27</td>
<td>Rof</td>
<td>+</td>
<td>Refit and new mgr appointment</td>
<td>Sales improvement &gt; waste and personnel costs fall. “... It kind of gives you that bit of freedom to ... sort of really push everything else as well.” Turnover has increased 50% in a two year period, followed by additional boost from refit.</td>
<td>Install procedures, policies and standards. Improvements to customer service. Refit has improved customer experience.</td>
<td>Sales as key initial indicator. Other KPIs follow as improved sales make waste and personnel targets easier to achieve. Implication that regular shop-floor presence gives manager sense of trading level. Shop had a reputation for “loose” procedures and a high theft rate. Stock result was not a surprise.</td>
</tr>
<tr>
<td>28</td>
<td>Rof</td>
<td>-</td>
<td>Poor stock result</td>
<td>Stock losses too high &gt; impact on profitability. “obviously that then comes down on us quite heavy, because we’ve got to sort of look into why there’s problems.”</td>
<td>Tighten procedures. Introduce checks. Improve stock control.</td>
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<tr>
<td>29</td>
<td>Rof</td>
<td>+</td>
<td>Customer feedback</td>
<td>customers are happy &gt; staff happy &gt; staff &quot;work a bit better&quot; &gt; customers benefit</td>
<td>Seek to establish and promote this &quot;cycle&quot;</td>
<td>&quot;So, you can gauge things like ... get a feel of the store ... from the customers and from the staff as well. If they ... if they are happy and in a good mood, you sort of know that ...&quot;</td>
</tr>
<tr>
<td>29a</td>
<td>Rof</td>
<td>-</td>
<td>Distribution systems failure</td>
<td>Replenishment systems failure, perceived as IT issues obstructing DC from functioning properly &gt; replenishment compromised &gt; availability problem in-store &gt; poor &quot;gaps&quot; check result on corporate system &gt; reflects on store &gt; damage to staff morale.</td>
<td>Seen as beyond control of store manager. Replenishment systems are seen as improving, but still requiring major investment to resolve problems.</td>
<td>On-going problem, with little prior warning of each instance.</td>
</tr>
<tr>
<td>30</td>
<td>TC</td>
<td>+</td>
<td>Store is &quot;up to scratch&quot;</td>
<td>Standards are met. Customers get what they need. Staff are happy. Sales are up. Customers are getting availability. Targets are being met.</td>
<td>&quot;... as long as I'm hitting those kind of targets, I'm very happy. I know things are going well then.&quot;</td>
<td>First indication is the visual presentation of the store as the manager arrives. This is followed by reports from the system, e.g. availability scores.</td>
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<tr>
<td>31</td>
<td>TC</td>
<td>-</td>
<td>Late delivery - 4/5 hours</td>
<td>Compromises staff scheduling. Excess staff at planned time and staff either not available or committed elsewhere when delivery arrives. Physical capacity issues with merchandise on cages conflicting with trading activity.</td>
<td>Perceived as beyond manager’s control. Manager was not clear what the delivery window should be, but observed that most were in the middle of the day, when traffic congestion inside the M25 made schedule less predictable (relative to early morning slot). Problem perceived as exacerbated by common practice of splitting orders across multiple vehicles.</td>
<td>“Sometimes” warning is telephoned the day before. By implication, there is often no warning.</td>
</tr>
<tr>
<td>31a</td>
<td>TC</td>
<td>-</td>
<td>Staff Absenteeism</td>
<td>Small store. So a single absentee can be significant. In order to maintain immediate customer service, check-outs are maintained at the expense of in-store replenishment &gt; Gaps. Availability problem. Catch-up issue the following day. Recurring problem. Could cite very recent example.</td>
<td>Try to ring around to source cover – not always possible at short notice.</td>
<td>Little prior warning. Usually by phone, a couple of hours before shift starts.</td>
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<tr>
<td>31b</td>
<td>TC</td>
<td>-</td>
<td>System failure to record delivery (EDN)</td>
<td>System fails to update store's inventory file following delivery. &quot;So, we've had it manually but not electronically ...&quot; &gt; compromises re-ordering &gt; gaps. Customer service and sales suffer. Gaps KPI deteriorates &gt; reflects unfairly on the store. Recurring problem. &quot;it's pretty much every week.&quot;</td>
<td>Some manual adjustment possible, time consuming but fraught.</td>
<td>Little prior warning implied.</td>
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<tr>
<td>32</td>
<td>RH</td>
<td>-</td>
<td>Poor Sales</td>
<td>Underperforming store not hitting targets. Impact on profitability. Impact on related KPIs</td>
<td>Analyse information to understand the complexity. Seek out departments that have under-traded during the week and prioritise for next week. Staff Training. Coaching. Engage staff as a means of changing behaviour. Re-structure staffing to match departmental trade. Hire more staff to cover delivery periods. Refine ordering procedures.</td>
<td>Company KPI — daily/weekly. Sometimes possible to gauge Sales by visual sense of checkout usage, but can be misleading.</td>
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- Restructure work patterns.
- Liaise with trade union.
- Identify weaknesses of current staff. Staff Training. Coaching.
- Engage staff as a means of changing behaviour.
- Improve communication as means of reducing resistance to changes.
- Coach staff to help embed learning in work experience.
- Delegate > follow-up > feedback.
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<th>No.</th>
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<tbody>
<tr>
<td>34</td>
<td>RH</td>
<td></td>
<td>Stock-Losses too high. Store had stock loss of £300k pa when manager arrived.</td>
<td>Impact on profitability. Compromises inventory management &gt; impact on availability.</td>
<td>Analyse information. Train/coach staff. Weekly team meeting to support and create peer pressure to perform. Promote store team ethos. Ensuring that company policies and procedures are being followed. Ensure department managers are monitoring PvT on weekly basis.</td>
<td>First indication comes from Purchases versus Turnover (PvT) monitoring. This is combination of information from the system and a manual check on closing stock at the end of the week. (confirmed by physical stock check three times a year) KPI from the company system. Daily or more frequently.</td>
</tr>
<tr>
<td>35</td>
<td>RH</td>
<td></td>
<td>Waste too high. Sales volatility</td>
<td>Impact on profitability – but a balance to strike between this and maintaining availability.</td>
<td>Apply “zero tolerance” to following company procedures and training/coaching. Some waste inevitable to maintain availability and sales &gt; Target excess waste Be decisive in making mark-down. i.e. promptly apply 50% discount, rather than risk having to throw out 19 cases.</td>
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<tr>
<td>36</td>
<td>RH</td>
<td></td>
<td>20 cases of short-code product</td>
<td>Potential excessive waste. Impact on profit. Potential for disciplinary action</td>
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231
<table>
<thead>
<tr>
<th>No.</th>
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<tbody>
<tr>
<td>37</td>
<td>WT</td>
<td>+/- Sales not achieving budget affecting morale</td>
<td>Pressure from higher mgt &gt; effect on confidence and personal disposition &gt; negative impact on staff morale &gt; Damage to customer perceptions. “a vicious circle”. Manager experienced stress from perceived lack of control. Manager became more “erratic and desperate and aggressive” with shop-lifters.</td>
<td>Analyse evidence. Identify underperformance in fresh foods. Devise plan. Hold Mgt team meeting. Target sales. &gt; Improve availability by increasing stock cover &gt; monitor waste level. Moderate personal behaviour. Communicate with team. Engage team. Get “standards up to scratch.” “now I’m above the panic”</td>
<td>System generated KPIs. Body language of staff. Increase in level of complaints from customers.</td>
</tr>
<tr>
<td>38</td>
<td>WT</td>
<td>+/- Sales uplift</td>
<td>Improved sales &gt; sales exceed budget &gt; reduce wastage and wage % &gt; improve profitability</td>
<td></td>
<td>System KPI versus budget</td>
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<tr>
<td>39</td>
<td>HG</td>
<td>+/-</td>
<td>Poor gap compliance</td>
<td>Poor availability for customers &gt; poor sales</td>
<td>Re-instate company procedure for gaps check. Coach staff to overcome resistance to new working practice.</td>
</tr>
<tr>
<td>40</td>
<td>HG</td>
<td>-</td>
<td>Large single waste item from stock handling error.</td>
<td>Quantity of chilled stock left at ambient temperature beyond safe limits. Write-off stock as waste &gt; reduced profit.</td>
<td>Investigation identified lack of sufficient staff as contributory to the error. Team meeting to ensure that problem does not get repeated</td>
</tr>
<tr>
<td>41</td>
<td>HG</td>
<td>-</td>
<td>Late delivery</td>
<td>Lack of staff. Problems maintaining chill chain.</td>
<td>Firefighting. Store manger has little influence over late deliveries - complaining is ineffectual. Store has to bear any loss. Under CX processes, this stock was returned to DC.</td>
</tr>
<tr>
<td>42</td>
<td>HG</td>
<td>-</td>
<td>Promotion Stock allocations</td>
<td>Unsold stock at end of promo period, remains at store level, does not sell through, dogs up the back of house storage.</td>
<td></td>
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<tr>
<td>43</td>
<td>HG</td>
<td>-</td>
<td>Weakness in the IT system</td>
<td>Jobs take too long to process. Staff get held up/ diverted from other duties. Information does not arrive at the DC on time &gt; inventory mg problems.</td>
<td>Beyond control of the manager. Requires upgrade.</td>
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<tr>
<td>44</td>
<td>SW</td>
<td>-</td>
<td>New store opening; fails to hit sales target</td>
<td>Very difficult trading period. Negative impact on morale. Problems with waste and leakage. Particular issue with securing credit for unsold papers from distributor. Impact on profitability</td>
<td>Difficult to respond to because of inexperienced staff. Difficulty sorting out availability</td>
</tr>
<tr>
<td>45</td>
<td>SW</td>
<td>+</td>
<td>Sales uplift</td>
<td>Improved availability, lead to improved sales &gt; then sales exceed budget</td>
<td>a concerted effort to lever benefits from promotional activity</td>
</tr>
<tr>
<td>46</td>
<td>SW</td>
<td>-</td>
<td>System malfunction</td>
<td>Inventory mgt glitch, leading to repeat orders and excess stock &gt; capacity and waste issues implied. Takes more time.</td>
<td>Not possible to prevent. Coping strategy.</td>
</tr>
<tr>
<td>47</td>
<td>SW</td>
<td>-</td>
<td>EDN failure</td>
<td>Delivery note fails to log into the system &gt; This then blocks the reorder &gt; availability over following week is affected.</td>
<td>Not possible to prevent. Unfair that availability shows up as week in the corporate system</td>
</tr>
</tbody>
</table>