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Case study on Performance Management. A comprehensive approach.

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13 **ABSTRACT**
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Aims: The aim of this article is twofold; analyze a performance management system (PMS) in a holistic manner, and evaluate the goodness of this PMS based in its ability to create the ex ante conditions to achieve organizational objectives.

Study design: Case study research.

Place and Duration of Study: Field work took place at the premises of the company between January and July 2011.

Methodology: The research relies on deeply conducted case study on a sports retailer and merchandiser using a comprehensive framework to describe its PMS and the connections among the different areas.

Conclusion: Our research contributes to literature by showing how the strength and coherence of the links between the components of the performance management system of the case company was able to create the ex ante conditions that increase the likelihood of achieving organizational objectives. The study shows that weaknesses in one area of the PMS can be, at least partly, compensated for by strengths in other areas.

15
16 *Keywords: Performance management, Management control, Retailing, Strategy*
17 *implementation.*
18

1. INTRODUCTION

Performance management systems (PMS) embody the set of organizational activities employed by managers to focus employee attention and motivate behavior for the ultimate purpose of implementing the organization's strategy [1]. PMSs consist of several interrelated but often loosely organizational practices, typically strategic planning, budgeting, incentive compensation design, and organizational structuring. Much of the early literature on this topic has been categorized under the heading of management control systems, following the seminal work of Robert Anthony [2]. However, in our view, this has become a more restrictive term than was the original intention and we prefer to use the more general descriptor of PMSs to capture a holistic approach to the management and control of organizational performance.

This article builds on the view that too much attention in the performance management literature has been given to the analysis of control tools in isolation in opposition to a comprehensive discussion. Additionally, literature has focused on ex post measurement of performance while ignoring the analysis of the ex ante setting needed to create the conditions that increase the likelihood of achieving that performance [3].

The purpose of this study is twofold; first analyze a PMS in a holistic manner, and evaluate the goodness of this PMS based in its ability to create the ex ante conditions to achieve organizational objectives. Since it is virtually impossible to fully guarantee the achievement of organizational objectives, perfect control is not a realistic expectation; however PMS does enable organizations to influence the behaviour of its members to increase the likelihood of achieving organizational objectives. A PMS creates the ex ante conditions when its components, not only are individually well designed, but also they are coherently linked to each other [1]. Like any other system, a PMS is greater than the sum of its parts and there is a need for alignment and coordination between the different components for the whole to deliver efficient and effective outcomes.

Consequently, research would benefit from studies providing a broader view of PMSs. The article uses Ferreria & Otley's framework [4] as a research tool for describing the structure and operation of performance management and control systems of the case company in a holistic manner. The case company is a retail and merchandising business incorporated as a result of the agreement between a leading global merchandising and image rights management company and a major European football club.

Our research contributes to literature by showing how the strength and coherence of the links between the components of the PMS of the case company was able to create the ex ante conditions that increase the likelihood of achieving organizational objectives. The study also shows that weaknesses in one area of the PMS can be, at least partly, compensated for by strengths in other areas. Finally, practitioners can use the framework as a guideline in assessing the coherence of their PMSs.

The article is structured as follows: the first section defines performance management and control and presents the framework used. Next section describes the research methodology used and data gathering techniques. The data collected through research on the case company is then presented and the strength and coherence of the system is discussed. The final section provides conclusions and limitations of the research.

2. PERFORMANCE MANAGEMENT AND CONTROL

The purpose of performance management systems is to influence the behaviour of people as members of a formal organization to increase the probability that they will achieve organizational goals [5]. Therefore, a fundamental requisite for PMSs is defining objectives and key success factors, which are then used to assess performance [6]. Thompson and Strickland [7] define key success factors as those activities, competencies, and capabilities that are seen as critical pre-requisites for success. These key success factors need to be attained for the organisation to accomplish its objectives [8].

The strategy literature suggests that an organisation needs to develop strategies and plans that address its key success factors [9]. Previous control literature has highlighted the need for expressing strategic goals into operational goals to attain alignment [10,11]. These operational goals usually take the form of a budgetary planning that defines acceptable outcomes and results [12] or performance indicators [10]. According to literature, an organisation needs to have performance indicators for each of the key success factors linked to corporate strategy [13,14].

Setting targets for performance indicators and budgets is a critical aspect in performance management [15]. Research has found that perceived difficulty of the target affects performance, with moderately difficult goals enhancing group performance [16] and aggressive target setting not necessarily leading to higher performance [17].

To motivate managers to consistently meet strategic corporate objectives, it is important to have performance-based incentives linked to the accomplishment of these objectives [18]. It is widely accepted that incentive systems are used to motivate individuals and align the goals of the managers with those of the organisation [19] and that when expected behaviours are not rewarded, they tend to be overlooked [20].

Finally, feedback and feed-forward information flows are essential enabling mechanisms to any PMS [1]. They are directly related to learning [21] and provide a communication channel for inculcating changes facilitating discussion of issues, and improving knowledge for decision making [22].

PMS do not operate in isolation. While much of the PMS research considers single themes or practices, such as activity-based costing/management, the balanced scorecard or value-based management, that are seemingly unconnected from each other and the context in which they operate, these invariably sit within a broader control system [11]. There is a widespread acceptance of the need for performance management to adopt a comprehensive approach to its study [11,23], taking research beyond specific aspects of control systems [24]. Alternative conceptual frames available for studying control elements as a package are: Levers of control framework [25,26], Performance Management framework [1], or Performance Management Control framework [4]. This article uses Ferreira & Otley's framework [4] as a research tool since, not only it is the latest, but also it builds on the other two.

The framework aims to reflect the interdependency between different control mechanisms operating at the same time in the same organization, a shift from compartmentalised approaches to a broader perspective in managing organizational performance.

This framework was developed to provide a comprehensive description of an overall control system rather than normative or prescriptive. The framework is organized in twelve areas providing a powerful means of outlining the main features of a PMS and the ways in which it is used in the context of a specific organization. The areas of the framework are:

- (1) What is the vision and mission of the organization and how is this brought to the attention of managers and employees? The first step in analysing the PMC is to establish the broad orientation and the overall direction that an organization wishes to follow
- (2) What are the key factors that are believed to be central to the organization's overall future success and how are they brought to the attention of managers and employees? Key Success Factors are those activities, attributes, competencies, and capabilities that are seen as critical pre-requisites for the success, they are a codification of the vision and mission in more concrete terms and in a more compressed timeframe.
- (3) What is the organization structure and what impact does it have on the design and use of the PMSs? Organisation structure essentially determines the responsibilities

and accountabilities of organizational participants and it also defines activities that individuals with specific roles should not pay attention to.

(4) What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to ensure its success? Strategy is the direction the organization chooses to pursue over the long term as means of achieving organizational objectives.

(5) What are the organization's key performance measures deriving from its objectives, key success factors, and strategies and plans? Are there significant omissions? Key Performance Measures are the financial or non-financial measures used by organizations at different levels to evaluate success in achieving their objectives, key success factors, strategies and plans

(6) What level of performance does the organization need to achieve for each of its key performance measures? The issue of setting targets and using them for evaluating and rewarding performance has been the subject of discussion in the literature.

(7) What processes, if any, does the organization follow for evaluating individual, group, and organizational performance? It is an essential issue in because managers will pay more attention to areas that senior managers have pointed out as being important to them

(8) What rewards will managers and other employees gain by achieving performance targets or other assessed aspects of performance? This is the next step in the cycle of performance management, given that rewards are the final outcome of performance evaluations.

(9) What specific information flows, systems and networks has the organization in place to support the operation of its PMS? Information flows are critical to make any performance management system possible; it is the connexion that holds the entire system together.

(10) What type of use is made of information and of the various control mechanisms in place? The use made of feedback and feed-forward information flows and the various control mechanisms in place can be predominately diagnostic, interactive, or a combination of both

(11) How has the PMS changed in light of the change dynamics of the organization and of its environment? Performance management systems need to change in order to sustain their relevance and usefulness.

(12) How strong and coherent are the links between the components of the PMS and the ways in which it is used? Strength and coherence between the links of a performance management system are a crucial aspect of its design. Although the individual components of the control system might be well-designed, when they do not fit together well (either in design or use), control failures can occur.

3. RESEARCH METHODOLOGY

The justification for case-based research in the area of accounting and control systems is now widely recognised. Otley and Berry [27] hold that the nature of controls requires their study within the particular settings in which they are used. They maintain that case study research makes possible a comprehensive approach to the study of controls in use. Moreover, they encourage the pursuit of exploratory studies as means of capturing the richness of accounting and control systems when examined within organisational contexts. A case study is a research option that is used to gather intimate and sensitive contextualised information concerning real management practices [28]. This case study aims to analyse how a PMS is used to create ex ante conditions to achieve organizational objectives at a sport retailer. According to Yin [29], case study research enables investigating a contemporary

phenomenon, within its real context when the limits between the phenomenon and the context are not clear and when the main questions that need to be answered are 'how' or 'why'.

For this research, data were collected by means of open questionnaires and semi-structured questionnaires, internal documents and meeting observations.¹ Separate face-to-face interviews with the people who were in charge of the management of the company were carried out from January to July 2011. Interviews strictly lasted for 1½ hours each and were recorded for further reference. They took the form of open questionnaires and included a component of semi-structured questions developed from the performance management and control framework and existing literature on performance management and control in retail. Report was produced from the analysis of transcribed recordings and the notes taken by the interviewers.

Triangulation of the information was achieved by interviewing individuals at different levels of the organisation. Further triangulation was achieved by observing meetings and studying internal company documents. All interviews were recorded for later reference and a final interview with the General Manager was conducted in order to confirm the accuracy of the information and clarify any possible discrepancies.

4. RESULTS AND DISCUSSION

AU Merchandising was incorporated in 2002 following an agreement between a leading global merchandising and image rights management company and Athletic United Football Club with the aim of "(...) *managing the merchandising rights while respecting the historical values of the Club*" (General Manager). Athletic United is located in a major tourist-oriented European city (8 million visitors in 2009) and it is recognized as one of the most important football clubs in the world. Through its history it has long been associated with patriotic values and 'fair play' and it has a strong media resonance.

AU Merchandising commercializes Club kits and sports apparel as well as other sundry third party licensed merchandise (e.g. key rings, mugs, etc.) of Athletic United. Products are sold, through 7 stores in the city (one of which is located at the Athletic United stadium, contributing 70% to total turnover), two more stores are placed outside the city in strongly tourist-oriented locations. Sales in this business have a strong correlation not only to tourism flow to the city, but to Athletic United's performance in competitions and the popularity of star players.

Vision and Mission

The first step in analysing the performance management and control is to establish the orientation and the direction that an organization wishes to follow. The mission of AU Merchandising is: "(...) *the exploitation of the merchandising rights and all other forms of the image of the Club*" (General Manager), and its vision "*We aim to reach every corner of the world in commercializing the brand Athletic United*" (Retail Manager). All this, "(...) *having in mind that we are not only a sport apparel retailer, we are also souvenir shop*" (Retail Manager), while not forgetting that organizations have different key stakeholders with multiple and sometimes competing expectations:

"Our business is addressed to tourists, but also always mindful of local supporters. Therefore we need to be aware of the historical values of Athletic United, patriotism, star players, old glories, supporter's clubs, fair play tradition, and the Clubs' social responsibility" (Retail Manager).

Despite not being articulated in explicit statements or formalised in a document, the mission, vision and values of Athletic United were clear to managers at different levels, and mentioned in internal communications.

¹ APPENDIX 1 presents a description of the fieldwork. APPENDIX 2 lists the internal documents analyzed.

252 *"Managerial decisions are mediated by the fact that any transgression of the*
 253 *values of the Club has a notorious media impact, it goes in the news right away*
 254 *getting everyone on their nerves" (Retail Manager).*
 255
 256 *"Everyone knows the values of this Club and how careful we need to be"*
 257 *(Sales Floor Manager).*

258 *Key Success Factors*

259 Key success factors are a codification of the vision and mission in more concrete terms and in
 260 a more compressed timeframe, recognizing that control measures need to be reported on a
 261 routine basis. Although not formally articulated, three key success factors were mentioned
 262 repeatedly or recognised by all interviewed managers: (1) Stores' traffic, (2) Product
 263 availability and (3) Check-out speed:

264
 265 *"Most important thing is traffic" (General Manager).*

266
 267 *"We need to avoid cues, encourage impulse buying with appropriate store lay-*
 268 *out and wide range of products" (Sales Floor Manager).*

269
 270 *"During rush time, we must speed up check-out and restocking and make sure*
 271 *there are no empty shelves" (Stadium Store Manager).*

272
 273 *"Product must be permanently on display, specially the most expensive one,*
 274 *Club's shirts" (Stock Room Manager).*

275 *Organization Structure*

276 Although organizational structure tends to be assumed, it is a key control element to be
 277 defined. The research found that there were managers accountable for each one of the key
 278 success factor, so that no key success factor was left without supervision. Table 1 shows
 279 which managers were responsible for the key success factor and their scope of decision.

280
 281 **Table 1. Key success factor and the organizational chart**

POSITION		ACCOUNTABLE FOR	KEY SUCCESS FACTOR
General Manager		Marketing campaigns, advertising, promotion among tour operators.	Store traffic
Inventory Planner		Stock Management and Purchase forecasting.	Product availability
Store Manager	Stock Room Manager	Shelf restocking, clothes alarming and labelling.	
	Sales Floor Manager	Number of check-out counters opened; Alarm tag removal, and credit card charging process.	Check-out speed

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 283 Stores behave as profit centres, so managers are given responsibility for sales and expenses,
 284 and they are required to meet profit objectives of their stores. Within this decentralized
 285 structure, managers are given the capacity to hire/fire store staff or make decisions such as
 286 product mix or work schedules. On the other hand they must follow parent company
 287 guidelines such as the Store Style Book regarding decoration, lay out, or workers uniforms.

288 *Strategies and Plans*

289 Despite AU Merchandising having clear goals and objectives; as the business is highly
 290 dependant on strong uncertainties (e.g. club and player performance in competitions or
 291 signing of star players), there was no formal strategic plan in place. Strategic planning was
 292 believed to be so unreliable that the company adopted a more flexible and adaptive approach
 293 to respond to such uncertainties, *"(...) we think it is better to be able to promptly react to the*
 294 *turn of the events than blindly follow a plan" (Retail Manager).* The actions believed to be

necessary to quickly adapt to the events, and that are thought likely to help in achieving the key success factor are presented in table 2:

Table 2. Key success factor and associated processes and activities

KEY SUCCESS FACTOR	PROCESSES AND ACTIVITIES
Store traffic	– “(...) we make marketing campaigns in foreign countries” (General Manager) – “(...) advertisements in travel guides or city sight-seeing buses to attract more people” (Commercial Manager)
Check-out speed	– “We try to speed up the process of credit card charging and de-alarining of shirts” (Stadium Store Manager) – “I must assign cashiers to the counter as required by the number of customers so as not to have long lines” (Sales Floor Manager) – “We required all store floor employees to be able to communicate in English not to slow down sales to tourists” (Sales Floor Manager)
Product availability	– “(...) at rush time, everyone must be at the check-out counter or restocking shelves” (Sales Floor Manager) – “(...) we work in the backroom alarining and tagging prices for products, so they are ready when needed” (Stadium Store Manager)

Key Performance Measures

Key performance measures are the financial or non-financial measures used by organizations at different levels to evaluate success in achieving their objectives, key success factors, strategies and plans. Research found one key performance measure, Number of visitors, evaluating the first identified key success factor, Traffic. No measures were found for appraising Check-out speed and Product availability, or the processes and activities necessary to achieve them.

The company made use of five more measures: Sales (Total sales and sales by product class), Contribution Margin (Total and per product class), Average Basket (Average amount per sale), Conversion Rate (Sale transactions / total visitors), Units Per Transaction (Average number of products per sale transaction). These indicators measure the achievement of sales objectives, but not of success factors believed to be critical to achieve those sales.

Target Setting

Target setting process starts eight months before the beginning of the season with a brainstorming by the General Manager, the Retail Manager and the Authorised Products Manager on preliminary sales targets. This meeting not only considers marketing initiatives, the tournaments the Club expects to win or participate in, but also the possible impact of signing new players, and anticipated tourist flow. Even though “(...) forecasting sales in our business is too complicated but it is necessary for placing purchase orders” (Financial Manager), a similar procedure is used to set key performance measures objectives. No formal previous indications are received from the parent company on setting these targets.

These first targets from AU Merchandising are then discussed with the managers of the parent company, in “(...) a bottom up process, taking four rounds of negotiations which review ‘why a certain amount’ or ‘what impact this new player’ or ‘that initiative’ will have on sales” (General Manager).

Once the sales figures are agreed upon, they become the main input to plan the purchases of shirts, other textiles, and sport apparel, which must be ordered six months ahead of the beginning of the league competition to be available for sale.

Performance Evaluation

Evaluation of performance is a formal process at AU Merchandising “(...) that attempts to have a low degree of subjectivity” (General Manager). Employees hold quarterly Appraisal

333 Meetings with their supervisor to evaluate performance based on the achievement of
334 budgetary objectives (sales, margins and profit) and key performance measures. In addition,
335 non-financial ratings jointly determined in face to face meetings between each manager and
336 their subordinates, based on proactive efforts, attitudes, and involvement in the company, are
337 assessed by filling in the so-called Employee Coaching Form. This is a standard form from
338 the parent company, although the dimensions evaluated vary depending on the position and
339 responsibilities of the employee.

340 *Reward Systems*

341 AU Merchandising's incentive system is defined centrally by the parent company for all
342 companies and stores worldwide and differentiated by the employee's position. Store
343 employees (including managers) get a quarterly incentive with two components: the first
344 based on achievement of budgeted sales and expenses of the store (2% of annual salary)
345 and the second based on the quarterly qualitative coaching assessment of the employee
346 (additional 2%). For all other managers the bonus ranges between 5% and 10% of the annual
347 salary, one half based on the accomplishment of the company/stores budgeted quarterly
348 profit, and the other half on the quarterly qualitative coaching assessment of their
349 performance.

350 *Information Flows, Systems and Networks*

351 Three formal meetings are scheduled periodically. First, the Board of Directors² once-a-week
352 meeting discusses the 'Board of Directors Weekly Report' that covers budgeted financial and
353 performance measures. Estimates are reconsidered in view of unplanned up-coming events
354 (e.g. important matches, new signing, or the progress of the Club in the competitions).
355 Decisions such as acceptance of new licensees and new authorised products, investments in
356 premises, and equipment, changes in store lay out are usually analyzed in this meeting, as
357 well as ensuring compliance of the values of the Athletic United or the 'Store Style Book'.
358

359 The second meeting is the weekly Retail Committee.³ Sales and performance measures per
360 store and product line are compared to the budget and store managers are expected to
361 explain any deviations and actions taken to reduce variances. Store managers present their
362 news and initiatives (e.g. availability of products, stock outs or possible clearance sales). In
363 order to ensure compliance with the established guidelines, the Retail Manager visits the
364 stores without previous notice once every three or four months.
365

366 Finally, every store manager holds a Daily Store Meeting, a fifteen-minute meeting with the
367 entire store staff. This meeting is used to inform them about relevant events of the day and to
368 reinforce guidelines regarding operation (e.g. theft prevention, application of discount policies
369 or product display).

370 *Performance Management System Use*

371 The use made of feedback and feed-forward information flows and the various control
372 mechanisms in place can be predominately diagnostic, interactive, or a combination of both
373 [26]. Diagnostic management control systems are used to monitor goals; managers are
374 expected to adjust inputs and processes so that future outputs will more closely match goals,
375 without direct involvement of top management in subordinate decisions [30]. A diagnostic use
376 of the key performance measures and budget figures took place at the Retail Committee and
377 the Board of Directors where follow up was made by briefly highlighting the main variances
378 from forecast.
379

380 *"Store income statements are compared to budget and we need to explain*
381 *deviations to the Retail Committee, when there are no deviations the process is*
382 *fast"* (Store Manager).
383

384 Interactive management control systems are those that managers use to involve themselves
385 regularly and personally in the decisions made by subordinates and to focus organizational

² Attended by the General Manager, the Financial Manager, the Retail Manager, the Stadium Shop Manager, the Inventory Planner, the Authorised Products Manager, and the External Legal Advisor of the company.

³ Attended by the Retail Manager and all Store Managers.

attention on key strategic issues. The high dependence of the business on strong uncertainties, such as Club or player performance in competitions, or the strong media reaction to a managerial decision contradicting the historic values of Athletic United is significant enough to demand frequent and regular exchange of information between top management and operating managers at all levels of the organization, as well as with Athletic United managers. This information is interpreted and discussed in face-to-face meetings of superiors (Board of Directors), subordinates (Daily Store Meeting, Appraisal Meeting), and peers (Retail Committee) where data, assumptions, action plans and potential strategic risks are debated.

Performance Management System Change

Except for the incentive system of store staff, considered not to be motivational enough by the General Manager, he considered that other elements of the PMS were appropriate and no changes were planned in the near future.

Strength and Coherence

Following the order of the areas in the framework, the coherence of the PMS was reflected by the fact that the three key success factor mentioned by the managers interviewed were clearly in line with the vision and mission defined by top management. Likewise, analysis of the organizational chart showed that there was at least one manager accountable for each one of the key success factor (shown in table 1), and the plans and actions that were thought likely to help achieve the key success factor had been identified and responsibility for fulfilment allocated to specific managers (shown in table 2).

Despite the consistency between mission, vision and key success factor, only one key success factor (Store traffic) was directly evaluated through a measures while the other five performance measures in place were sales related, and consequently, oriented to measure the outcome, but not the processes that were presumed to lead to those sales (Check-out speed and Product availability).

The performance evaluation was based on a combination of financial measures (budget variances and key performance measures), and formal qualitative coaching oriented to reinforce the values of Athletic United and key success factors. The reward system, while aligned with the performance evaluation, becomes ineffective as motivational tool due to the small amounts in Euros that the percentages represent on store staff salaries. Both the General Manager and the Retail Manager expressed his dissatisfaction with the current system, "(...) they [store staff] don't value the quarterly bonus, the system was designed for managers (...) the incentive system is not working well in the stores" (Retail Manager). **This is because of the specificities of the store staff, students with high rotation.**

Finally, the unpredictability of Athletic United's performance in competitions rendered plans and forecasts so unreliable that a permanent flow of information was required to maintain flexibility and respond to the circumstances. The meetings were a fundamental connexion that held the entire system together and the tool top management used to interactively involve themselves, on a regular and personal basis, in the decisions of subordinates, they focus the attention of managers, and comply with the mentioned need for information flow and flexibility.

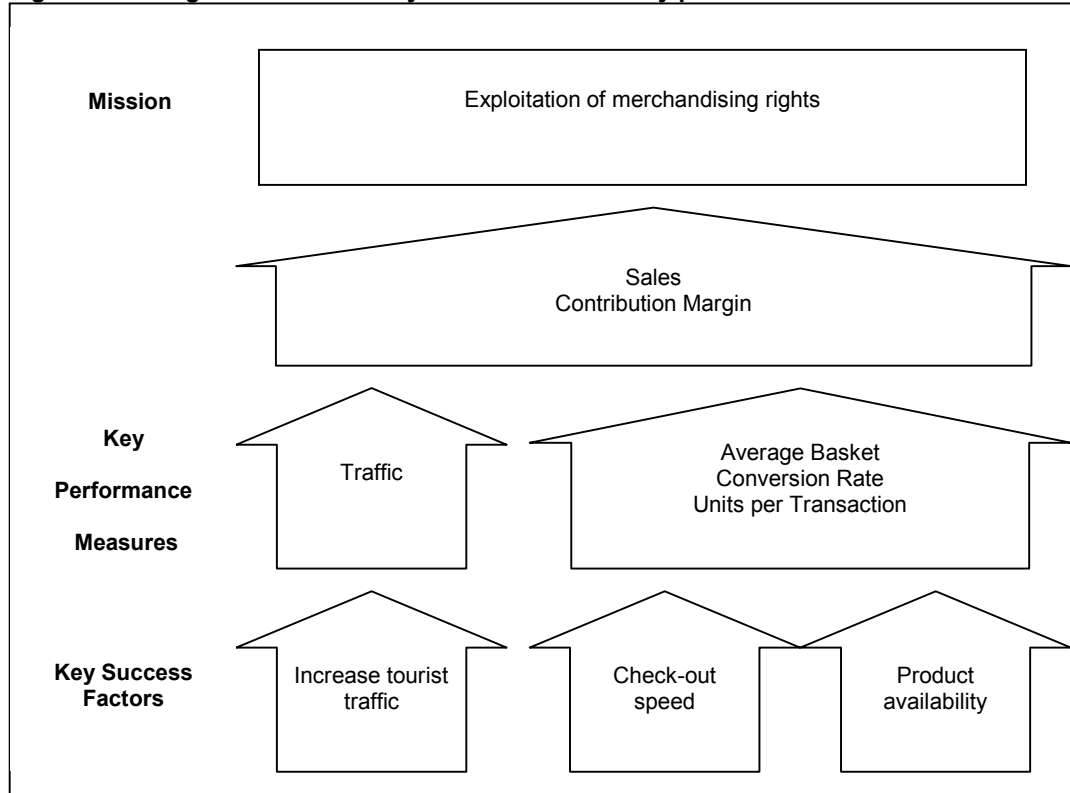
5. CONCLUSION

A review of literature in the area of performance management and control systems shows that research is based on simplified and partial settings [31] and we argued the need to adopt a more comprehensive approach to the study of performance management by taking research beyond specific tools. The findings of the case study can be summarized in three points. First, the mission and vision of the organization, together with the values of Athletic United, were clearly know by managers at all levels, and this was accomplished despite the fact that they were not articulated in explicit statements or formalized in a document, and consequently were conveyed in less formal ways. These long term purposes and believes were discussed and reinforced through regular and frequent meetings among mangers and with the rest of the staff. In a similar way, even though AU Merchandising's key success factors (Traffic,

Product availability and Check-out speed) were not formalised in a document as such, they were repeatedly mentioned or acknowledged by all managers interviewed. In a business environment mediated by the results of sport competitions that made planning uncertain, sharing values and beliefs provides managers with an overarching perspective to all their decisions.

Secondly, the evidence suggests an explicit development of causal relationship among performance measures. These causal relationships are shown in Figure 1.

Figure 1. Linkage of Mission - Key success factor - Key performance measures.



The measures related to two of the key success factor: Check-out speed and Product availability, were actually assessing Sales or Contribution Margin (the expected outcome) instead of measuring the critical factors in themselves (Speed and Availability) that were leading those financial results.⁴ An organisation needs to have performance measures for all the key success factors linked to corporate strategy. Not having measures for these key success factor implies the risk of managers finding alternative ways of achieving sales levels, while not focusing on the critical factors. When performance includes financial and non-financial measures, managers have fewer alternative ways to achieve performance because they have to perform within the dimensions specified by top management.

Finally, the study found a strong interactive use of information flows. Information generated by the PMS was an important and recurring item on the agenda of meetings addressed by the highest management levels, with pervasiveness of face-to-face challenges and debate.

Previous research investigated particular problems or mechanisms in isolation –ignoring the interdependency between different control mechanisms operating at the same time in the same organization– leading to fragmented conclusions [11]. A complete control system involves different elements, both separately and in combination, and it is important to note that successful PMSs are unlikely to result from the use of just one type of control tool alone.

⁴ Actual measures for the key success factors instead of the results could be: 'Average waiting time at the cashier' for Speed factor, or 'Number of stockouts per day' for Availability.

It is the main contribution to demonstrate how the strength and coherence of the links between the components of the performance management system of AU Merchandising were able to create the ex ante conditions to achieve organizational objectives. In AU Merchandising that was accomplished by (i) being able to transmit mission, vision and the values of Athletic United to the whole organization through the use of meetings as an interactive tool; (ii) using performance measures to focus managers' attention on key success factors; (iii) basing employee performance appraisal on key success factor and using it to reinforce the values of Athletic United; (iv) aligning rewards system to that employee appraisal; and finally, in the sport environment where AU Merchandising's managers make decisions, (v) interactive use of meetings was found more suitable than strictly following plans or budgets. This study also shows that the weaknesses in one area of the PMS can be, at least partly, compensated for by strengths in other areas. While key success factors were not formalized in any document, no formal budget was in place, and rewards were not significant, it was compensated by a strong interactive use of information flows and widespread organizational values. Only through the use of a comprehensive framework that allows the analysis of all areas of the PMS could these conclusions be reached.

A contribution to practice is that retail managers can benefit from the successful application of the framework in this environment by using it as guideline to follow in assessing the coherence of their PMSs, and to introduce improvements aimed to create the conditions for successful implementation of actions to reach the objectives and targets. It is the first time a complete description of the totality of a PMS is carried out in retail setting.

As with all other empirical studies, this one is also subject to potential limitations. The study used Ferreira & Otley's framework, which focuses on formal PMSs, while this was not necessarily a limitation, the authors recognise that organisation control also involves more subtle ways of motivating and coordinating organisational behaviour –such as creating a sense of belonging, positive public recognition or be a business to be proud of– not included in the framework. Finally, the method chosen limited the general applicability of the findings; additional in-depth case studies would be required to assess whether the insights provided by this study have normative implications. Through an in-depth analysis of the PMS, this article has sought to stimulate and encourage further interest and debate among other researchers regarding PMSs.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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APPENDIX 1. DESCRIPTION OF FIELDWORK

Date 2011	Fieldwork
January 14	Interview with General Manager
January 26	Interview with Retail Manager
January 26	Interview with Stadium Store Manager
February 6	Interview with Financial Manager
February 9	Interview with Retail Manager
February 9	Interview with Store Room Manager
February 9	Interview with Sales Floor Manager
March 5	Observation of Daily Store Meeting
March 5	Interview with Commercial Manager
March 17	Observation of Retail Committee weekly meeting
March 31	Observation of Retail Committee weekly meeting
April 8	Observation of Daily Store Meeting
May 11	Observation of Board of Directors weekly meeting
July 6	Interview with General Manager

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APPENDIX 2. INTERNAL DOCUMENTS ANALYSED

Doc no.	Document
1	Athletic United Merchandising agreement
2	Board of Directors Weekly Report
3	Retail Meeting Weekly ReportH'H8
4	Organizational Chart
5	Annual Report to Athletic United
6	Employee Coaching Form
7	Store Style Book

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