Sustaining innovation and the search for value creation: Accounting, inscriptions and the mediation of ‘in-tensions’

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Abstract

This paper combines insights from the literature on accounting inscriptions with studies on rhetoric to explore why and how accounting sustains processes of innovation and value creation. In doing so, we build on previous studies that have explored the transformative capacities of accounting in action to further investigate the fine line between the enabling power of accounting and the incompleteness of its representations. To achieve this objective, we draw on the case of Monnalisa, a medium-sized Italian enterprise operating in the fashion industry. The case provides material for reflection on how the ongoing search for the ‘magic formula to square the circle’, which combines both creativity and efficiency, is mediated through accounting inscriptions – such as the Provisional Budget, cost cards and the Balanced Scorecard – as they participate in the continuous re-definition and questioning into what counts as innovation and value creation. The evidence we provide shows how value becomes sustainable particularly because this sustainability is never fully defined and captured within a ‘perfect garment’, but, rather, is constantly searched for within recurrent processes – such as the collection in Monnalisa – by a number of heterogeneous participants motivated by different purposes, interests and concerns which are always ‘in-tensions’, i.e. never fully defined. We, therefore, contribute to the existing literature regarding ‘accounting in action’ by unveiling how the interplay between accounting’s ability, which keeps users engaged and enables organizational action in practice, and its incomplete representational capability is sustained by a structure of “hope and belief” in the unfulfilled possibility of producing the ‘perfect garment’ within a collective and ritualized journey in search for innovation and value creation.

1. Introduction

Far from being treated as a mere tool for representing financial transactions, it is recognized that accounting plays multiple roles in organizations and societies (Burchell et al., 1980; Hopwood, 1987). The literature has emphasised how accounting constructs realities (Hines, 1988), constitutes a technology of government and governmentality (Miller, 1990; Miller and Rose, 1991), and is a key element for the rationalization of organizations, societies, and whole economies (e.g., Miller and O’Leary, 1987; Suzuki, 2003a; 2003b). This is especially true when reality seems to be uncertain and opaque, with accounting able to act as an instrument for legitimising organizational and social behaviour thanks to the apparent rationality of its calculations (Meyer, 1986; Carruthers and Espeland, 1991; Carruthers, 1995). Therefore, accounting, as much as finance, is an engine for, and not merely a camera of the economy (McKenzie, 2006).

In order to illustrate this performative ability of accounting, a growing number of authors have drawn on the notion of “inscription” to move beyond a representational understanding of accounting

1 An inscription is a sign, a trace that refers to a given entity without being able to fully represent it (see Latour, 1987; Fabbri, 1998).
practices. Drawing on studies exploring the construction of scientific knowledge ‘in action’ (e.g. Latour, 1987), a series of seminal papers (e.g. Briers and Chua, 2001; Preston et al., 1992; Robson, 1992) examined the fragile nature of accounting inscriptions and explored their role as instruments for acting at a distance, which both enable control in large organizations and build an economic logic into management. More recent works have illustrated how these inscriptions become powerful systems of performance measurement, not because of their supposedly representational ability, but because of their opacity (Dambrin and Robson, 2011), as well as the power relations they enact (Qu and Cooper, 2011), and also due to the organizational actions that their incompleteness generates (Busco and Quattrone, 2014). These articles contribute to the literature that emphasises the intrinsically incomplete nature of accountability (Messner, 2009; Roberts, 2009), management controls (Quattrone and Hopper, 2005), and performance measurement systems (Wouters and Wilderom, 2008).

Accounting in action (Preston et al., 1992) moves along the fine line that unites the enabling power of accounting (Ahrens and Chapman, 2004; Abernethy et al., 2004) and the ambiguity and incompleteness of its representations (e.g. Dambrin and Robson, 2011).

On the one hand, its enabling power places accounting amongst those boundary objects (Star and Greismar, 1989; Star, 2011) that allow organizations and its members to act. So, for instance, Briers and Chua (2001) showed how accounting is crucial in the mediation and stabilization of different interests within a manufacturing enterprise. Similarly, Wouters and Wilderom (2008) illustrated how the design of performance management systems allows accountants and other professional figures to work together, moving from different interests and organisational views towards convergence.

On the other hand, the incompleteness of accounting as technology of representation makes it an epistemic object (Knorr Cetina, 1997), that is, a supposedly scientific representation that provides imperfect but powerful definitions of knowledge and social beliefs. It is because of the realization of this imperfection that, for instance, in the realm of accountability (Roberts, 2009), a desire for improvement towards perfection is generated in those who use accounting. It is in the space left empty by this incompleteness and imperfection that structures of “wanting and desire” for perfection can be erected (Knorr Cetina, 1997). Although perfection often remains an impossible dream to realise (Messner, 2009), these structures prompt an appetite for improvement.

Despite the richness of the research referred to above, the theorization of the interplay between accounting capacity to keep users engaged and enable organizational action in practice and its incomplete representational capability has only minimally been explored and deserves further investigation. Drawing on field work done in a medium-sized Italian enterprise (Monnalisa) operating in the fashion industry, we focus on the collection as a “motivating ritual” (Busco and Quattrone, 2014) in order to explore how accounting incomplete inscriptions sustain a continuous, albeit unfulfilled, search for sustainable value. The field study provides material for reflection on how the ongoing search for the ‘perfect garment’, which combines both creativity and efficiency, happens thanks to accounting reports – such as the Provisional Budget, cost cards and the Balanced Scorecard, which participate in a continuous re-definition and questioning of what counts as ‘innovation’ and ‘value creation’. This search is performed within the collection, which is a recursive collective experience where meanings, interests and concerns are constantly mediated through an “ecology of objects” (e.g. accounting inscriptions, garment prototypes, technical cards, etc., see Nicolini et al., 2012), which never lead to a finite definition of what counts as ‘value’.

The evidence we provide shows how the search for value becomes sustainable particularly because this sustainability is never fully defined and, instead, it is constantly searched for within
recurrent processes – such as the collection in Monnalisa – by a number of heterogeneous participants, motivated by different interests and concerns. This heterogeneity leaves gaps and, consequently, scope for further action and engagement of users whose purposes are always multiple and therefore remain ‘in-tensions’, which unfold within the ritualized process of innovation that takes place in the annual collection cycle.

Inspired by studies on visual rhetoric (e.g. Carruthers, 2013), we theorise Monnalisa’s motivating rituals to act as a rhetorical ductus – i.e., a collective journey that constitutes structures that we label as being of ‘hope and belief’ as they engage users in a collective effort to construct visions that are, however, never fully realised. In the context of our case, this journey is punctuated and sustained by a series of practices that constitute hope and beliefs in the possibility of gaining knowledge and constructing meanings – such as ‘sustainable value’. This, in turn, takes place thanks to a continuous mediation of the different interests and concerns across professional boundaries in a recursive process that continuously questions such knowledge, meanings and interests.

The paper is organised as follows. In the next section we review the literature on accounting ‘in action’ and illustrate how the engaging power of accounting inscriptions is not produced by their abilities to represent but, rather, by the forces and effects that they generate. With a view to generate some theoretical insights on why and how this engagement happens, we survey the literature on rhetoric and provide the ground for interpreting accounting as a ritualized practice in which knowledge is created, mediated, and questioned. We then move to the section on methodology, which provides details on the empirical context, in addition to the data collection and analysis. Next, case material is presented and then discussed in an attempt to shed light on the way in which accounting practices encompass a motivating ritual performed by users as they collectively search for innovation and value creation. Here we focus on the functioning of this ritual, where multiple ‘in-tensions’ are sustained in practice through an ecology of reporting objects. Finally, the conclusion summarizes the findings and delineates an agenda for further research.

2. Literature review

2.1 Accounting ‘in action’: between incomplete representations and the enabling power of inscriptions

It is at least since Burchell et al. (1980) identified multiple roles for budgeting beyond representation that the study of accounting ‘in action’ has lead to the exploration of its enabling power (e.g. Ahrens and Chapman, 2004). Several studies have stressed how accounting facilitates managers’ involvement in the design of a performance measurement system (Ahrens and Chapman, 2004; Abernethy et al, 2004). This involvement makes the system’s functioning transparent so that it can be tailored to users’ needs (Wouters and Roijmans, 2010) and, in turn, align these needs to organizational goals (Adler and Borys, 1996). Thus performance measurement systems can prompt experimentation and act as a system for sharing different knowledge bases (see Carlile, 2002; Bechky, 2003). They enhance communication and horizontal linkages across professional boundaries (Dent, 1991), and offer a means through which a variety of groups’ interests can be represented (Carlile, 2004).

These studies have increased our understanding of the use of accounting in practice. They have confirmed similar findings in cognate areas of accounting such as that found in occupational communities and cross-disciplinary collaborations (Bechky, 2003a; 2003b; Carlile, 2002; 2004), on
strategy-making and innovation (Kaplan, 2011; Doganova and Eyquem-Renault, 2009) and on sensemaking (Whiteman and Cooper, 2011). This research has often drawn on the notion of boundary objects (Star and Greisemer, 1989; Star 2010) to illustrate how various material artifacts, from power point slides (Kaplan, 2011) to engineering drawings and machines (Bechky, 2003b; Carlile, 2004) have an active role in creating “a shared body of knowledge that allows for communication between actors” (Carlile, 2004; p. 566, endnote 1) and a common ground between different communities. These material artifacts are seen as platforms that link “different addresses of a narrative to a larger scheme that [social actors] all share”, making it “understandable by individuals coming from different economic settings” (Doganova and Eyquem-Renault, 2009, p. 1562).

The notion of boundary objects (see Star and Griesemer, 1989; Star, 2010)² has helped a great deal in our understanding of the nature of accounting and its roles in these situations of agreement and sharing. It has often been employed in accounting research to make sense of the nature and roles of accounting and performance measurement systems in organizations and societies (e.g. Briers and Chua, 2001; Wouters and Roijmans, 2010). A boundary object provides a common language that enables organisational actors to communicate and act. Wouters and Roijmans, for example, describe performance measurement systems as prototypes that favour experimentation, thus allowing participants to “discover and agree on ways to resolve” differences of opinion about new performance measures, prompting “a political process of negotiating and defining common interests” (2010, p. 9). They highlighted how performance measurement systems act as knowledge integrators thus focusing on the features of the system, rather than on contextual or agency variables, to explain the adoption of performance metrics (see also Ditillo, 2004).

However, Star herself, in assessing how this concept was mobilized following the publication of her seminal article (with Griesemer), stressed how it was originally considered as an explanation of how certain artefacts “allow different groups to work together without consensus” (2010, p. 603, emphasis added). She continued by saying that her “initial framing of the concept was motivated by a desire to analyse the nature of cooperative work in the absence of consensus”, for in the case studies she observed that “consensus was rarely reached [...] but co-operation continued, often unproblematically” (2011, p. 606, emphasis added). This seems to be an interesting statement that brings us back to the problem of reconciling the persistent inadequacy of accounting’s representational power and its persistent use within organisations in situations where agreement, alignment, and transparency are the norm, creating room for accounting’s nature and roles to unfold and change, rather than reaching stability and being ‘black-boxed’.

Research shows that situations in which managers share transparent information and reach agreement are the exception, rather than the rule (Cohen, et al. 1972). Organizations are often characterised by knowledge opaqueness where links between information, actions and results are not clear (Jørgensen and Messner, 2010). In practice, one often observes situations where both individual and collective objectives, needs and interests, as well as the means for achieving and satisfying them, are not well understood, are highly uncertain and always in the making, as well as being diverse and in conflict (see Cooper, et al. 1981). In this context, some studies have looked at how the incompleteness

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² A boundary object “ties together actors with different goals because it is common to multiple groups but it is capable of taking on different meaning with each of them [. It stores] data in such a way as to enable different groups to use and reconfigure the information differently [for it is] well-understood by different groups” (Briers and Chua, 2001, pp. 241-2).
of performance measurement systems (Wouters and Wilderom, 2008) always leaves room for disagreement over strategic courses of action due to the high uncertainty (Jørgensen and Messner, 2010), opacity (Dambrin and Robson, 2011), and fragility (Chua, 1995; Qu and Cooper, 2011) that surrounds accounting numbers (Meyer, 1986). In these situations, accounting plays roles other than knowledge production (Burchell, et al., 1980) and always acquires new features as a managerial practice.

The literature on accounting inscriptions (for a review, see Dambrin and Robson, 2011; Qu and Cooper, 2011) has investigated how accounting calculations are always incomplete and ambiguous while, at the same time, are also strongly convincing. For instance, Qu and Cooper (2011) stress the fragile nature of the Balanced Scorecard, which always requires the exercise of power from various external and organizational actors (e.g., management consultants, clients) in order to continue to be a workable practice. Busco and Quattrone (2014) have shown how it is the ambiguity of measures of the Balanced Scorecard that makes it practiced, calling for further studies on the engagement power of accounting calculations. This literature suggests that the engaging power of the accounting inscription does not, and cannot, come from its (incomplete and imperfect) representational capability.

If the accounting sign is instead purged of a residual referral to the world, it can instead be conceived of as a force and as a process. It is an action itself (Fabbri 1998), which, in the process of referencing, always generates further meanings, associations and, above all, effects and engagement. An accounting inscription, for example, a performance indicator, can therefore be conceived of as an action. This is, in a nutshell, what can be inferred from the studies of Lipe and Salterio (2000), and Cardinaels and van Veen-Dirks (2010) when they stress how different visual arrangements of performance measures generate different effects on users.

These studies call for more research to be carried out to show not only how visual representations produce information, but also the effects produced by these representations on the users. In fact, if, on the one hand, it is because of the space that remains empty due to this incompleteness that users are engaged by accounting in practice, on the other hand, why and how this does happen deserve further investigation. Next, we review the literature on rhetoric and the concept of motivating rituals as key constructs for shedding light on the way in which accounting contributes to the construction, persistence, and re-invention of structures of “hope and belief” that sustain users as they engage with processes of innovation.

2.2 Rhetoric, rituals and construction of ‘hope and belief’ in action

Busco and Quattrone (2014) have built on studies of rhetoric to interpret the notion and the power of accounting inscriptions beyond their simple representational functionality. In particular, they developed a theoretical framework that articulates the power of inscriptions into a series of features that explains how, ultimately, visual inscriptions – such as, in this case, the Balanced Scorecard – create a space in which order and knowledge can be classified, different interests can be accommodated through a constant process of interrogation and re-invention, and engagement can be sustained through participation in a series of recurrent activities. In order to explain how incomplete accounting practices engage and sustain users over time, Busco and Quattrone (2014) introduce the concept of motivating ritual, that is, a recurrent path of actions that aids the construction and sustainment of beliefs with the possibility of figuring out the right solution to organizational issues and concerns without, however, fulfilling this promise (see also, Ezzamel, 2012). Despite the introduction of this concept, the
functioning of these rituals, i.e. *why* and *how* they contribute to the construction, persistence, and re-invention of structures of “hope and belief” that sustain precarious structures of “wanting and desire” (Knorr Cetina, 1997) is still far from clear.

Although often relied upon to highlight persuasion within language and discourse (Carruthers and Espenland 1991), studies in the field of Medieval and Early Modern Literature (see Bolzoni 1995; Carruthers 1998; Yates 1966) stress how rhetorical techniques leverage a significant amount of written and mental visual images in processes of knowledge construction and communication. As noted by Bolzoni (1995 p. xvi-ii), rhetoric and the related art of memory, which helps orators to remember their speeches (Yates 1966; Carruthers 1990), uses “three essential components: places (*loki*), order, and images (*imagines agentes*). The idea [is] to establish an ordered route of places in the mind. To each [is] assigned, through an interplay of associations, an image related to the thing to be remembered”.

*Imagines agentes* were not to be seen as memories stored in our minds. Instead they were images constructed in the process of remembering which facilitated the composition and the establishment of new connections between the elements inventoried through a web of techniques, practices, and artefacts (Bolzoni 2002; see also Carruthers 1998, pp. 198-199). These *imagines agentes* could take the most diverse material forms: trees (such as hierarchical diagrams organized in dichotomies), logical maps (e.g. grids and matrixes), wheels but also manuscripts, books and analytical spaces (e.g. churches and oratories, see Bolzoni, 1995). They resemble more recent theorizations of knowledge producing devices as objects (see Knorr Cetina, 1997) that assume a stable identity and functionality not because they produce neutral representations but because they produce effects (Thrift, 2007). This is why these images were also called “machines” (Bolzoni 1995), in which the Latin term *machina* was not synonymous with ‘mechanical’ and ‘predictable movements’, as we now would conceive it, but addressed anything that helped the construction of something, be this a building or a thought.

Each locus in this ordered route (be this in a visual representation or a chapel in a physical space such as a church), constituted a *punctus*, that is, a point, which marked the composition process of knowledge and beliefs in what could be defined as a ritual. Not by chance, these machines (churches, for example) were used in the context of religious practices, where going through this route represented a *ductus*, i.e. a way, a flow and a movement, that begins with the realization of being in perdition and eventually ends with the possibility of making the right choice, of finding salvation and realising a vision of God and truth. Interestingly, in Medieval Latin this vision was called a *theoria*, (i.e., a theory, from *theós*, ‘God’ in ancient Greek). Divine truth was supposed to be achieved by experiencing a defined set of rituals (see Carruthers 1998, pp. 254-276; Bell 1997; pp. 191-209) and, therefore, such truth was renewed and translated each time the ritual was performed.

Rhetorical machines – such as the Balanced Scorecard in Busco and Quattrone (2014) – were, therefore, meant to mobilise action and not represent memories or stored knowledge. They constituted “a supporting structure within which [this] compositional memory work” could take place (Carruthers 1998, p. 255), and enabled the user to develop an associative ability which ultimately ordered and

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3 This reference to the Latin term *machina* inspired Busco and Quattrone (2014) to conceptualize the Balanced Scorecard as a “rhetorical machine”.

4 By ritual we mean a sequence of activities establishing a relationship between objects, spaces, images, words, and texts resulting in a continuous enactment of knowledge and beliefs (see also the notion of ‘orthopraxis’, which stresses “a set of experiences and techniques, conceived as a “way” to be followed, leading one to [a] path to enlightenment”, Carruthers 1998, p. 1; see also Bell 1997, p. 191). In accounting, the notion of ritual in relation to the role of accounting in generating order has been explored by Ezzamel 2009.
created knowledge and beliefs by establishing, and reordering, relations between texts and images (see also Czarniawska 1998). While rhetorical machines facilitated orators in organising and delivering their speech, they went well beyond the creation and maintenance of an inventory of arguments to be dealt with. Significantly, the Latin word *inventio*, which is also the first canon of classical rhetoric, is the base for two different words in many contemporary languages: ‘inventory’ (where “[i]nventoried materials are counted and placed in locations within an overall structure which allows any item to be retrieved easily and at once”, Carruthers 1998, p. 11), and ‘invention’. As noted by Carruthers (1998, p. 9), memory practices were not simply aimed at providing orators with a prodigious memory but also at equipping them with the means for inventing material to be discussed in speeches, and more importantly, on the spot. For Carruthers, memory practices encapsulated and generated “the qualities we now revere as ‘imagination’ and ‘creativity’” (Carruthers 1998, p. 9).

The *inventio* is, therefore, the precondition for inventing new knowledge and developing innovative arguments. It makes the theme at the centre of the speech always fluid, as its meaning depends on what content is drawn upon in the process of knowledge creation, and in what order. The definition of content always occurs in practice, while a speech is being delivered, and can take different routes from those originally planned and designed. If, while delivering the speech, the audience raises an unexpected question, the orator can go back (physically or mentally) to the inventoried material and choose an appropriate topic that can replace, or be added to, the existing ones.

Conceived as orthopraxis, this form of constructing knowledge was to be adapted to different situations and intentions (*intentiones*). *Intentio*, as Carruthers noted (1990, p. 15), evoked the attitude, the aims, and the inclinations of a person who remembers and decides where to place these memories and construct knowledge. And, given that memory, as well as epistemic objects (Knorr Cetina, 1997) and accounting, is about “what is no longer present” (Carruthers, 1990) and what is ambiguous and uncertain (Meyer, 1986), re-presentation requires a purpose which is constantly classified, scrutinized and reinvented. Therefore, it is the *intentio* (the end) that drives the *inventio* (the means) within processes in which order and knowledge are classified, different interests are mediated through interrogation and re-invention, and engagement is sustained through participation in a series of recurrent activities. And again, as the etymology of the words reveals, these *intentiones* are always ‘in-tension’, thus constituting the precondition for new inventions.

The literature surveyed in this section suggests that we focus on rhetoric and the concept of ‘motivating rituals’ as key constructs for interpreting how accounting contributes to the construction, persistence, and re-invention of structures of “hope and belief” that support users as they generate action and engage with processes of innovation. This requires an understanding of the way in which intentions are sustained in practice. Furthermore, this helps us in framing empirical material and selecting particular pieces of evidence that we found useful in relation to the theoretical issues we wanted to address.

Next, we provide details on the empirical context, as well as on data collection and analysis.

### 3. Research methodology and case study details

#### 3.1 Case study details
The case focuses on Monnalisa⁵, a medium-sized company located in Arezzo⁶, Italy, operating in the fashion industry. Founded in 1968, Monnalisa designs and sells garments and accessories for children⁷. To distinguish the company from the main competitors, the founder decided to focus on a high-quality segment of the market, offering coordinated articles of clothing. For this reason, creativity and invention have been considered essential for the survival and growth of the company since its foundation. Therefore, its collections and lines of products have been characterized by a continuous search for high levels of style, differentiation and production quality.

Monnalisa is totally owned by the founder’s family. Since February 2010, when the founder formally retired, the company has been managed through a Management Committee, which is chaired by the Managing Director and includes all heads of operations. The committee meets every Monday and its purpose is to execute the strategy formulated by the Board of Directors (chaired by the founder, who retained the position as President of the company). The strategic plan has a five year horizon, and is based on two annual collections. Since 2009, inter-functional workgroup meetings are organized every week to discuss coordination across the internal functions of the company’s value chain. Finally, *ad hoc* focus group meetings, with the relevant stakeholders, have been held throughout the last decade to receive feedback from external and internal stakeholders on specific issues and concerns.

The company’s *mission* is to create value and values over time by offering a fashionable, high quality, high identity product for both clients (the retailers) and consumers (see Monnalisa 2011 Annual Report, p. 10). According to the company’s Annual Report this mission should be fulfilled through a flexible, reliable and customized service; a dynamic and challenging work environment; an ongoing and profitable relationship with suppliers; and a sustainable company policy for the territory⁸. Despite the increasing turbulence of the fashion market, during the past ten years, Monnalisa has experienced considerable growth in turnover (from 2000 to 2010 Monnalisa’s revenues tripled), which reached about 41 million Euros in 2011. As for the markets, 90% of their customers are from Europe (54% from Italy). In 2012, the company employed about 65 people but it also relies on a large number of contractors, as illustrated later in the paper.

The case provides insights on the way in which accounting, performance measurement and reporting engage with innovation processes within Monnalisa. In particular, we offer a detailed illustration of the tools and mechanisms that participate in the cross-disciplinary collaboration underpinning the creation of the collections along the company’s value chain. In so doing, we describe the capacity that accounting, performance measurement and reporting practices have to engage users in a dialogue that attempts to address all the interests at stake.

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⁵ Monnalisa is both the name of the company, and the brand name of clothes designed and sold by the company. For the web site of the company please see [www.monnalisa.eu](http://www.monnalisa.eu). During the last few years there have been a number of contributions that refer to Monnalisa in case studies (see Giovannoni and Maraghini, 2013; Busco et al., 2012a/b). While some of the background information on the company is unavoidably similar, the purpose and the empirical evidence this paper draws on is novel.

⁶ The clothing sector has always played an important role in the economy of the region surrounding the city of Arezzo. This has provided significant opportunities for Monnalisa in terms of networking and available know-how.

⁷ Monnalisa bases its business on four long-established brands: *Monnalisa Bebé*, suitable for ages 3 to 6 months; *Monnalisa Girls*, for ages 2 to 12 years; *Chic Monnalisa*, for 4 to 16 years of age; *Jakioo*, a trendy brand for 6 to 16 years. Two newer brands were added recently: *Nylon* a sportswear brand for 3 months to 16 years of age, and *Hitch-Hiker* for boys from 3 months to 12 years of age. Currently, Monnalisa has diversified its business by partnering with furniture and accessories manufacturers to market products for little girls’ bedrooms, such as white-washed bed frames and furniture with a vintage flavour, cabinets with soft spirals, and sinuous chairs and lamps.

⁸ See Monnalisa 2012 Annual Report.
The choice of Monnalisa as a case study for this paper was driven by many variables, some of which are serendipitous (such as the access granted, see Hirsch and Gellner, 2001) and others are practical (the premises of the company were very close to the place where one of the two researcher resided at the time, see Marshall and Rossman, 1999). As for access to data, the company provided us with substantial access to written material and internal documents that were crucial in exploring how and why accounting inscriptions participate within processes of business and social innovation. This was complemented by a series of interviews that spanned over a decade, and was facilitated by the close location of one of the researchers to the company site.

3.2 Data collection and analysis

The case of Monnalisa is inherently longitudinal (Scapens, 1990). From March 2004 to July 2013 empirical evidence for this study was collected through multiple sources including semi-structured interviews, written and electronic documentation, informal discussions, and participation in internal workshops and public presentations. We relied on the interviews and on the documentation collected as the main source of data, and drew on the other sources of information mainly for triangulation and supplementary sources for our understanding. The interviews (45 in total, with 13 different informants) were conducted over a decade at the firm’s headquarters and occasionally in other locations such as conference locations or university premises. Table A offers a detailed account of the interviews conducted, illustrating the positions of the interviewees, the department they belonged to, and the number of interviews over the last decade.

The research began in 2004 when one of the authors met with the founder of Monnalisa and the CFO (who is also in charge of Social Responsibility) to discuss the performance measurement systems (the Balanced Scorecard, in particular) and corporate social responsibility within medium-sized enterprises operating in creative industries. In order to gather more information and triangulate data, additional interviews were held with other key informants from various Departments participating in the cross-disciplinary research, design and development of the collection. In particular, interviews were conducted with managers and employees from Design, Sales and Marketing, Finance and Production. The interviews were conducted periodically throughout the decade, with the last group taking place in July 2013.

The content of the interviews and the issues discussed have varied throughout the years. Although the context and background has always been determined by the role of accounting, budgeting and performance measurement in Monnalisa’s processes of innovation and change, the specific focus of the discussions ranged from issues of coordination and integration to the role played by formal and informal control systems in dealing with creativity and innovation, as well as from financial and non-financial indicators used to monitor the collection to the emergence of new form of reporting. A number of interviews also focused on understanding specific tools, such as the Provisional Budget, cost cards and technical cards, or learning the functions of Monnalisa’s management systems, such as the Board of Directors, the Management Committee, inter-functional workgroups and the focus groups with relevant stakeholders. More recently, a number of meetings have concentrated on the structure and content of Monnalisa’s new form of corporate reporting.

The interviews were open-ended. They typically lasted between one and two hours. The majority of interviewees were interviewed more than once in order to clarify key issues that emerged as the study progressed. Often, different informants were asked very similar questions, in order to acquire different
perspectives on the same issues and/or to confirm individual accounts. Most of the interviews were recorded and transcribed into electronic files.

Table A – Schedule of interviews (2004 - 2013)

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Monnalisa Departments (in alphabetic orders)</th>
<th>Number of Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Founder</td>
<td>n/a</td>
<td>9</td>
</tr>
<tr>
<td>2 Current Managing Director</td>
<td>n/a</td>
<td>3</td>
</tr>
<tr>
<td>3 Design Manager 1</td>
<td>Design</td>
<td>6</td>
</tr>
<tr>
<td>4 Design Manager 2</td>
<td>Design</td>
<td>2</td>
</tr>
<tr>
<td>5 Stylist 1</td>
<td>Design</td>
<td>2</td>
</tr>
<tr>
<td>6 Stylist 2</td>
<td>Design</td>
<td>1</td>
</tr>
<tr>
<td>7 CFO (and head of Sustainability)</td>
<td>Finance</td>
<td>9</td>
</tr>
<tr>
<td>8 Accountant</td>
<td>Finance</td>
<td>3</td>
</tr>
<tr>
<td>9 Marketing and Sales Manager</td>
<td>Marketing and Sales</td>
<td>3</td>
</tr>
<tr>
<td>10 Production Manager 1</td>
<td>Production</td>
<td>3</td>
</tr>
<tr>
<td>11 Production Manager 2</td>
<td>Production</td>
<td>2</td>
</tr>
<tr>
<td>12 Retailer</td>
<td>n/a</td>
<td>1</td>
</tr>
<tr>
<td>13 Supplier</td>
<td>n/a</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>45</strong></td>
</tr>
</tbody>
</table>

4. The case of Monnalisa

4.1. The collection: actors and phases of Monnalisa’s “delicate balancing act”

Similar to the majority of the companies operating in the fashion industry, Monnalisa’s business model and value chain are structured and managed around two collections of clothes per year, one for the autumn-winter season, and the other for the spring and summer. Each collection kicks-off with a collection briefing (see point [7] in the collection’s business model and value chain represented in Figure 1), a meeting in which the heads of the Design, Sales and Marketing, Production, and Finance Departments identify and finalize the broad plan for the collection by listing the number of lines, as well
as the categories of products (for example shirts, skirts or shoes) that will be featured in the forthcoming collection. Next, within Monnalisa, (2) research and design of the collection, preparation of the prototypes and development of the samples are carried out by the Design Department in strict collaboration with the other functions.

Garment samples are then presented to retailers through (3) show rooms and fashion shows, as well as through a network of independent sales agents who sell for Monnalisa during the two main sales campaigns, allowing (4) the collection of orders and the first feedback on the creations. In this context, a key role is played by the Sales and Marketing Department, which is responsible for providing accurate sales forecasts for the sales campaigns, and for collecting feedback and comments from customers (retailers) and (final) consumers on the style, quality and overall value of the clothes. This information is communicated by the Sales and Marketing Department to the Design Department (for style projects), as well as to the Production Department for production planning.

Like a number of other companies of a comparable size operating in the fashion industry, Monnalisa has a flexible production structure. The purchases and storage of raw materials (5), as well as the fabric cutting (6) are carried out internally by the Production Department. In contrast, all the

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9 Traditionally, Monnalisa sold its products through independently owned single-brand and multi-brand shops, and department stores. Only recently has Monnalisa started to sell its products directly to the final consumer through its web site and the first company store in Arezzo.

10 Production is planned according to the orders received during sales campaigns.
transformation phases (7) from raw materials to work-in-progress, and occasionally to finished products, are outsourced to small suppliers (referred to as façonists\(^{11}\)) mostly located in central Italy. Components, work-in-progress and finished products are then delivered to Monnalisa’s premises in Arezzo, where the Production Department is responsible for the control and management of the logistic flow (8), the assembly of components and work-in-progress (9), the quality and safety control of the garments (10), and their storage and distribution to national and international markets (11). All post-sales activities (12) are carried out by the Sales and Marketing Department. As suggested by the founder, the collection develops around a series of connected phases that require balancing throughout:

“The collection represents the very centre of our business model; it is a recurrent process encompassing a number of inter-connected phases that dictate the rhythm and the contents of value creation within the company […] overall, the collection is a delicate balancing act [emphasis added] that call for confrontation and cooperation among the different parties and interests at stake. Ultimately it is a balance between creativity and efficiency that we ought to achieve, at our best, every six-months if we intend to survive and, possibly, grow in the current market conditions”.

Notably, the phases of different collections overlap at each point in time. As stressed by the founder:

“Our employees need to be skilled and flexible enough to manage, at the same point in time, the different issues, concerns and fundamental milestones of multiple collections: for example, as we speak, we are delivering the 2012 Spring/Summer collection to stores and shops, gathering orders for the 2012 Fall/Winter collection and, finally, working on the initial briefing for the 2013 Spring/Summer collection. And again, this aspect calls for balancing not only within a single collection, but also across time and succeeding collections”.

In the following section, we focus on the early and fundamental phases of the collection’s value chain. Within these phases a number of functions, professionals and stakeholders engage in an ongoing process of cross-disciplinary collaboration that start with the collection briefing and continues throughout the research, design and development of the collection (points 1 and 2 in the circle in Figure 1). As we illustrate below, although the parties involved in this process are called upon to collaborate on achieving common strategic objectives clearly identified by the mission, vision and strategic drivers of the company, they are motivated by different understandings, interests and concerns that affect their attitudes and ideas. For this reason, the research, design and development of the collection is also characterised by confrontation on what it takes, in practice, to be innovative and create sustainable value for the company and its stakeholders.

4.2 The journey towards sustainable value creation: innovating across boundaries

4.2.1 In search of innovation and value creation: the collection briefing

\(^{11}\) The relationship with suppliers (of fabric and accessories) and façonists is managed by the Production Department (although suppliers and façonists are not involved in cross-functional teams). Around 50% of the suppliers have long-term relationships with Monnalisa, which are renewed collection by collection. This percentage increases to up to 90% for the façonists.
Channelling creativity and efficiency into sustainable value creation for a number of stakeholders was presented as the key challenge throughout the process of research, design and development of the collection. It is a challenge that requires cooperation among the different parties involved. As suggested by the Chief Financial Officer (CFO) of Monnalisa:

“The need to preserve and promote continuous product innovation is a strategic priority for high end fashion companies such as Monnalisa. Indeed, no one doubts that the inspiration of our stylists is the main resource for our competitive advantage but I am also certain that this resource would have already dried up without the efforts made by the rest of us in transforming innovative ideas into sustainable value”.

Despite the awareness that the company’s founder shows about issues such as production efficiency, financial sustainability as well as social and environmental impact, his entrepreneurial gut and strong passion for the style and identity of Monnalisa’s creations makes compromise always the last possible solution. A few hours before a collection briefing was about to take place he emphasised:

“Sure, we want our stakeholders to be proud of Monnalisa’s way of running the business. We want our reputation to be solid [...] this is why sustainable value creation is at the centre of our strategy and business model. However, we simply cannot afford that the search for an obsessive level of operational efficiency or bottom line contribution ends up damaging the creative potential of the company. If the inspiration of our stylists suggests using ribbons, pearls or glitter in their designs, we need to strive to accommodate that as much as we can. Before any compromise is eventually searched for, each collection must be seen as a unique opportunity to wander around a space of endless possibilities. And the briefing kicks this process off”.

As recalled earlier, work on new collections begins with the collection briefing. As suggested above, cross-disciplinary collaboration is at the very centre of this meeting where the heads of the Design, Sales and Marketing, Production, and Finance Departments discuss and identify the main features of the forthcoming collection, and decide the number of lines and categories of products to be included. Although this is not always the case, Sales and Marketing, Production and Finance tend to collide with Design during the briefing. This meeting is often the place where the delicate balancing act (see the words of the founder above), that requires confrontation and cooperation among the different parties involved, actually begins. As illustrated by a Sales and Marketing manager:

“The early meetings held for structuring the new collection are generally opportunities for intense discussion. We all go there with strong ideas and feelings. We have clearly in mind what has happened or what is happening with previous collections, what has worked and what has not, which target has been achieved and which one has been missed. From a Sales and Marketing point of view we often talk over ways to understand consumers’ tastes with the stylists. We rely on both the analysis of past data and the future outlook to prepare solid numbers concerning the possible right mix of lines and products for the basis of the meeting. Conversely, stylists build their arguments on their own feelings and ideas rather than on facts. I am not saying this is wrong, as ultimately this is where their creativity comes from, but there are times where it is definitely challenging to reconcile the data we have on spreadsheets with the aspirations of thrilled designers”.

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Overall, the collection briefing is an attempt to achieve a series of compromises that facilitate the
definition of the broad objectives of the collection in terms of what to create (and its quality standards),
when to create it (at the shops, fashion weeks and availability for the beginning of the season determine
the timing of the various phases of the design, development and production processes), and at what
target cost. In particular, Monnalisa has recently introduced a new software program that, following the
discussions and decisions made in the collection briefing, enables the stylists to monitor the
consequences of the creative process in financial terms (as well as through cost cards – to which we will
return later in the paper) and in terms of product development (through technical cards). “With this tool
we do not want to limit creativity. Actually, we want to maximize our creative potential [...] but we hope
to minimize the problems we have sometimes had in the past when collections ended up incomplete on
the shop shelves because we decided not to list and produce some low margin prototypes”, emphasizes
Monnalisa’s CFO.

4.2.2 Research, design and development: exploring intentions and inventions in the making

Monnalisa’s product innovation process is kicked-off by the Design Department. The research,
design and development of the collection entail a number of activities structured around the following
five phases: research, design, paper pattern drafting, prototyping, and sampling. The research phase
informs the way in which stylists approach the collection briefing. They rely on a variety of sources
ranging from their own ideas to inspirations coming from the market, and from their independent
research to industry trend reports. The main purpose is to try to anticipate where fashion will be going
during the next season, as well as the styles, colours, fabrics and accessories that are likely to be
popular. “The research phase is the cradle of our inventions”, suggests a designer at Monnalisa.
However, high degrees of innovativeness in this phase can lead to discussions in the collection briefing,
as well as in the weekly management committees and inter-functional workgroups. In contrast to the
Sales and Marketing manager quoted above who was talking about the research phase of the collection,
a designer pointed to the mission and strategic drivers of the company in order to “defend” the need to
create value through creativity and innovativeness:

“Excelling in creativity and innovation is part of what we are and what we strive for. I
understand that financial numbers and production concerns are important, but if this
company has grown for so many years it is because we often had the courage to do things
differently from the others, to follow the instinct, our inventiveness. In this way, we have
developed and sustained a brand over time by offering a fashionable and high quality
product, a brand that retailers and consumers appreciate and trust since it combines beauty
and innovativeness with the traditional values of our territory”.

Within the research phase, the type of fabrics and accessories to be used in the collection
stimulates the discussion too. As illustrated by a Production manager, “it has happened that in the past
our designers visited textile and accessories manufacturers to observe and evaluate the possible fabrics,
colours and models to be used in the collection, and came back quite enthusiastic about specific
components that they already pictured on the final garment. But unfortunately, we had to stop them”.
The specific reasons for preventing designers from purchasing and using specific materials range from
poor quality standards of the material itself to a lack of transparency in the policies, standards and code
of conduct of the suppliers, and furthermore, from pricing issues to regulatory and legal issues. As added by the Production manager, currently risk management and traceability plays a central role in dealing with suppliers:

“During the last decade risk has progressively acquired central space in our management systems. And this is crucial for sourcing and supply management. We now identify risks, measure them, and put in place a series of actions to reduce their potential impact. With the current level of competition we cannot really afford that our customers have any doubts about Monnalisa as a brand. For these reasons we now take extra care with the quality and safety of our raw materials, and we check them both internally and at the suppliers’ premises. Full traceability of the garments is a priority for us. And sometimes, in spite of the requests of the designers, or the willingness to maintain a certain level of business continuity with our suppliers, we have to pull the plug”.

The research phase is followed by design. Once stylists have selected fabrics and accessories the actual design phase starts. In this phase, the stylists sketch preliminary designs. Initially, designers use pencils for their sketches, but then translate them into digital blueprints through computer-aided design systems. The use of digital blueprints allows stylists to observe sketched designs of garments on virtual models, and in different colours and shapes. This enables them to potentially reduce the time for adjustments in the later phases of the collection development. Next, the paper pattern drafting phase addresses the technical aspects of the designs, which will be extremely important in preparing for the production stage, and for instructing the façonists, i.e. the suppliers to whom the actual production of the collection is outsourced. Consequently, the paper pattern is then cut to shape and placed on the fabric to guide the cutting.

Even if described as linear, the research, design and development process of the collection is extremely iterative. Fabrics, accessories and patterns are constantly re-assessed in light of new information generated throughout the various phases of the process or collected from other internal and external sources. Notably, as the creative process unfolds, the Design Department constantly interacts with Sales and Marketing, Production, and Finance, which participate to the development of the collection by monitoring the impact on the company’s performance of what is being developed. Next, we illustrate the role of the Provisional Budget, a fundamental tool used within Monnalisa to monitor the development of the collection and mediate among the different users and interests at stake.

4.3 Mediating multiple concerns: the Provisional Budget as a “magnet” for engagement

The main tool used to monitor the development of the collection from a financial point of view is the Provisional Budget, which includes the contribution margin of each collection (see Figure 2). The Provisional Budget attracts the interest of the majority of the participants to the development of the collection since it includes a number of critical items, such as the number and type of units to be produced, the variable costs for fabric and accessories, the costs associated with the internal and external production phases, as well as the budgeted gross sales revenues, and the contribution margin by collection or by product type. Both internal (see the oval shaped forms in Figure 2) and external (see the rectangle shaped forms in Figure 2) stakeholders – such as suppliers, façonists, agents and customers – are impacted by the construction and use of the Provisional Budget. As illustrated by the CFO, the
Provisional Budget plays a significant role within the Management Committees and the inter-functional workgroups:

“When the provisional budget of the collection is presented and, then, discussed, the atmosphere of the meetings suddenly changes. People remove the pencil from their ears, and wear their glasses instead. Patterns, colours, stripes or ribbons suddenly disappear from the tables leaving space for the budget figures. Although many are not finance experts, they are aware of the underlying processes and challenges that the budget illustrates in financial terms, and so they want to make sure they do not miss anything from the spreadsheets. Collection after collection, Department representatives have learned to focus on the measures to be checked first. Measures that are deeply embedded in the provisional budget and that are likely to constrain the work and affect the performance of the various departments in the months to come. Additionally, the provisional budget is likely to have an impact on the performance of external stakeholders, whose voice, although silent in the meeting, is like a sort of background music that we have to take into account if we aim to create and deliver sustainable value”.

![Figure 2 – The Provisional Budget of the collection and the multiple interests to be mediated in practice](image)

The Provisional Budget acquires prominence as the collection enters the *prototyping* stage. In this phase a number of prototypes are built using different fabrics and accessories to experiment with various alternatives and styles. These prototypes are then tried on a human model for the first time. This process
leads to the selection of the models that will be actually listed and offered for sale. At the end of this phase there is an important cost-driven gate: only models that are able to stay within, (or reasonably close to) the budget limits decided during the collection briefing, will be listed and will make it to the shop shelves. Since prototyping is reasonably close to the end of the development of the collection, during this phase designers tend to collide with the parties that challenge the feasibility of the garments. Interestingly, the Provisional Budget is a document that attracts and engages, rather than divides, the different parties in a dialogue. “Even if it is owned by Finance, each collection’s budget is very much co-created; it is not just about numbers, rather, it synthesizes much more than that. It captures what we are and what we do, and that’s why it is signed off by all members of the management committee”, suggested a stylist in the Design Department, who then added:

“I become nervous when others start to question the feasibility of our prototypes. I do not feel comfortable when they begin to do our job by suggesting how models might be modified, pointing fingers at the creations with the intention of cutting costs or simplify production [...] Sure, I understand their rationale for cost cutting. I can read the Provisional Budget. I know where all of this is coming from. Nevertheless, I am not comfortable when this is done at the expense of our inventiveness and, ultimately, identity. I do not like it when our style is superseded by numbers, when the search for attractiveness and beauty is sacrificed or postponed until the next collection”.

During the prototyping phase, a significant number of discussions are centred on trade-offs between the wishes of the stylists, the cost of finalizing a garment and the complexity of production. The inter-functional workgroups enable participants to exchange views and try to find a workable solution. As emphasized by a production manager, “recently, during our weekly meeting, the creative director used a prototype to illustrate the most appropriate combinations of straps, colours and accessories for the next collection [...] it is always fascinating to listen to stylists sharing their ideas and discussing their sources of inspiration, however, after few minutes, I could not stop thinking about the production challenges associated with those new creations”.

Within the inter-functional workgroups, or even as part of the informal discussions along the corridors of Monnalisa, the Provisional Budget represents a key source of leveraging as the collection develops. “It is like a magnet; it is a tool that attracts everybody’s attention”, claims a member of the Sales and Marketing Department, “it summarizes the expectation of so many parties who are both internal and external to the company [...] you look at that sheet and you can picture your boss at the end of the collection period either smiling at you or, well, let’s say, giving you hard time”. As emphasized by the CFO:

“The content of the Provisional Budget sustains the conversations and empowers the different parties in practice, offering a base for discussions to reinforce specific points of view and to challenge others. For example, sales revenues often represent a powerful figure where the different perspectives between Sales and Marketing, Production and the designers collide. The different views on quantities to be produced per line item and the respective selling prices come to the forefront. I sometimes try to facilitate the discussion by offering middle-ground opportunities, but it is not always easy since everybody is coming to the meetings with their homework done, having learned the lessons from previous collections and with pretty solid grounds for their claims [...] Another common debate regards the variable costs for accessories. What the designer would call the final
touch on the garment or the cherry on the cake for me or for production is often everything but that. So, often it takes a while before we come to an agreement and the document is signed by all of us.”

Monnalisa relies on cost-cards to monitor the variable costs of production and the contribution margin of the multiple garments to be offered within the collection. As illustrated in Figure 2, the manufacturing variable costs for producing, among other items, jackets, dresses or skirts are related to fabrics, accessories and façonists (outsourced production). As suggested above, the contribution margins by product type included in the provisional budget represent major cost-driven gates, since only models that are able to respect, or be close to, the budget limits have the certainty of being “listed” and, therefore, produced and commercialized.

Once the final adjustments and the selections of the models have been made, the development of the collection ends with the sampling phase, where multiple sizes of samples for the same article are produced. This activity is complex in that not all the elements of an article grow in the same proportion and in predetermined ways for the development of the different sizes. Next, various samples of the articles are produced and marketed to retailers directly through fashion and trade shows, as well as through independent sales agents. Additional analyses of the contribution margin of the overall collection, and of the different typologies of articles classified by brand, are then undertaken at the end of the sales campaign (contribution margin “as sold”) and at the end of the process of distribution to stores and shops (contribution margin “as distributed”).

4.4 Wandering around a collective space of possibilities: accounting and the collection ritual

In the previous sections we have presented empirical material from the case of Monnalisa to portray the early phases of the collection (from briefing to sampling) as a ritual that is recurrently and collectively experienced by a number of heterogeneous actors as they engage, collaborate and confront each other in the process of developing innovative garments. There are multiple views and interests at stake that affect the underlying intentions (the intentiones) of the actors participating in the development of the collection, and determine their perception in what value creation means to them in practice. As the collection ritual unfolds, the aesthetic of the garments, the understanding of the customers’ tastes, the financial return of the collection, the complexity of production, the quality standards of accessories and fabric, as well as the policies and codes of conduct of the suppliers, agents and retailers are only some examples of the possible interests and concerns that are likely to affect the processes of innovation.

Within this ritual, accounting inscriptions, such as the Provisional Budget (see Figure 2) or the connected cost cards\textsuperscript{12}, represent graphical and schematic visualizations that contribute to construct the architecture of a space in which the different users can perform a compositional work aimed at imagining multiple alternative ways of conceiving the collection. This compositional work is intrinsically narrative (Czarniawska, 1997) for it enables users to build a plot, i.e. a series of links connecting the mission, the vision and values of the company, the other organizational members and the diverse management practices or artefacts used in the process, such as computer-aided design systems,

\textsuperscript{12} Cost cards will be illustrated and drawn upon in the next section.
technical cards, prototypes and the like. Within the collection ritual, accounting reports such as budgets or a cost cards are worth not so much because of the content they carry, but rather due to the actions they enable by providing users with ways of defining and establishing logical connections amongst the various concepts and concerns – being them the aesthetic of the garments, the understanding of the customers’ tastes, the financial return of the collection or the complexity of production – that these representations help make more concrete.

Described as a “magnet” (see the previous section), the Provisional Budget plays a significant role in the early phases of the collection ritual. It acts as a boundary object by attracting different internal and external stakeholders and engaging them in an ongoing dialogue through both formal meetings, such as the management committee or the inter-functional workgroups, and informal conversations that feature the collection ritual. From the very start of the collection, the Provisional Budget informs the discussion that kicks off with the collection briefing by offering a space in which critical items such as the number and type of units to be produced, the cost of fabric and accessories, the production costs and the contribution margin of each collection become present in the conversation.

The conversations generated and maintained through the Provisional Budget are not intended to generate consensus. Instead, this is a collective space where different concerns, interests and perceptions are voiced. The Provisional Budget in practice, therefore, mediates between the multiple expectations, desires and hopes in place – ultimately, it is an inscriptions that sustains informed participation and engagement. Although its ultimate purpose is to offer a direction, a way forward for the collection, the Provisional Budget does so by opening up a range of possibilities in different directions. It is a “tool that attracts the attention of everybody” because of its capacity to steer the collection from research to development, from a quite open and rich ‘inventory’ of possibilities to a final, supposedly innovative and cost effective, “invention”. Ultimately, and irrespective of the multiple ideas, aspirations and concerns that have come out in the collection ritual, only the models that are able to respect or be relatively close to the budget limits will be produced and commercialized. However, for the other ideas, and their proponents, the ambitions and hopes are merely postponed, since a new collection ritual is about to start “just around the corner”.

In this sense, accounting inscriptions do not provide definitions of innovativeness or sustainable value but, rather, they are only incomplete representations that act as pathways for performing these definitions. They sustain participants within the research, design and development of the collection and enable them as they act in a collective ritual that offers endless possibilities for the multiple concerns and interests that are at stake.

But how does accounting do this? In the next section we continue to rely on examples from the case of Monnaisa to further address this question. In particular, we will illustrate how the different intensions that underpin the collection ritual are recursively mediated, in practice, by accounting as participants perform the recurrent search for the “perfect one”.

4.5 The search for the “perfect one” as creativity engages with numbers

Although officially retired, the founder, as President of Monnalisa, is still very much involved in the development of the collection. Thus, even though he progressively became fully aware of the current uncertainties and increasing challenges that characterize the industry and the market, he continues to lead Monnalisa’s employees urging them to live by the company’s values in the attempt to fulfil the mission that, he claims, “enabled Monnalisa to prosper in the first forty years since its inception”. “I still
attend collections’ meetings, especially the initial briefing; I still enjoy watching a bunch of professionals eager to come up with the perfect one [garment]”, states the founder of Monnalisa, who, a few days before the kick-off of a new collection cycle, added:

“To be a leader in the clothing sector, innovation and creativity must precede consumers’ tastes and not simply follow them. […] That’s the way to create value, through the development of a unique brand such as I believe Monnalisa is today […] Sometimes, if you present a highly innovative style in your collection, nonetheless, this may not be immediately appreciated by the retailers, since shops and stores are afraid of being unable to sell more innovative products. For this reason, you may face situations in which you have to make a trade off between the creativity of your stylists and short-term customer satisfaction […] Definitely, this is not something we aim for or like to do, but increasingly we need to do it and accept it with no regrets. […] Therefore, I am afraid that there is not only one magic recipe for success, but we have the experience and, most importantly, the systems in place to make sure we keep searching for the perfect one”.

“Within Monnalisa we all dream about the perfect one, but I do sometimes wonder if it is possible to accomplish this dream, if such an item exists at all”, suggests a production manager, who then continues by adding:

“I have seen several designers throughout the years entering meetings by waving their drawings and claiming that their latest idea has fulfilled the magic formula of maximizing the garment’s beauty and quality, while minimizing the associated costs and the complexity of manufacturing. But unfortunately it never happens. There are so many elements in the puzzle that I suspect that everyone in Monnalisa has a different idea of what makes a garment the perfect one. That’s possibly the reason why we never quite get there”.

The founder does acknowledges that, in practice, creativity and efficiency tend to collide during the research, design and development of a collection, but he insists that

“they [creativity and efficiency] need to be managed all the time. It is an ongoing trade-off that we have to reconcile continuously among stylists, marketers, product managers and, indeed, finance experts. Each group has different ideas about what terms such as performance or efficiency actually mean to them, no question about that. […] But they, as a team, need to find a way through this together. They have everything in place to square the circle, and I make sure to remind them about it as a new collection cycle begins”.

Aiming to reduce conflict, guarantee the smooth implementation of operations and improve overall performance and value created, during the last decade the management of Monnalisa has progressively introduced a number of tools, among them the Balanced Scorecard. However, as suggested by the CFO:

“Paradoxically, instead of reducing and managing discussions, the Balanced Scorecard has sustained them. When we introduced it in 2005, the Balanced Scorecard led to greater awareness throughout the company. New opportunities for discussions followed shortly. Suddenly perceptions and expectations were there on paper as specific targets to be achieved. They were formalized in a new system where colours were worth more than a thousand words. When performance indicators were red or amber, for many colleagues it
meant there was no additional time to lose, it was a wake-up call for them to stand up and argue for an immediate change either in the same or the next collection”.

The black and white olive dress reproduced in Figure 3 (see the upper section of the figure) offers an interesting example in this respect. A designer proudly introduced this dress as an excellent article from a stylistic point of view, but suggested that concerns about the complexity of its production, as well as its overall cost had potentially threatened its development. In particular, she emphasized:

“I had to fight hard for this dress. And I believe the overall result could have been even better if they [pointing to the Production Department box in the organizational chart attached to the wall] hadn’t convinced me at the last minute to modify a couple of things in the design”.

![Figure 3 – Examples of creative style and production complexity in Monnalisa](image)

The main problems and grounds for confrontation with production managers were the challenges in the acquisition of the accessories from a particular supplier and, more importantly, the complexity of production. Interestingly, the designer points to the role of the Balanced Scorecard as an indirect source of tension. In particular, because during previous years Production had struggled to maintain a good level of performance in terms of delivery time (see the red indicators displayed in the circle in Figure 4),
in the following collection, production managers took a very conservative attitude, trying to keep the complexity of the supply chain at the very minimum. As claimed by the designer:

“I am sure you appreciate the beauty of the satin bow on the neck with diamond detailing and the large oval olive print in pearl surrounded by “chic” written in glitter [see Figure 3, point 1 and 2]. Sure, possibly sourcing and production methods could have been simplified and costs could have been reduced if I had eliminated the satin bow or even the oval olive print in pearl, but would I have satisfied my clientele in that way? I believe that sometimes it is better to delay the delivery by a week, but deliver what is expected from a brand such as Monnalisa. I guess I did my job by helping creativity triumph over a bunch of indicators that I am not sure were able to satisfy the customer more than I was.”

Figure 4 – The Balanced Scorecard in Monnalisa

Despite the triumph of creativity for the black and white olive dress, the head of the Design Department admits that often a compromise needs to be reached. “We are not inclined to limit our stylists and look for the middle ground between creativity and efficiency, but in some cases there are no other options. With the time constraint we have for the development of the collection, concessions become part of the game”, suggests the head of the Design Department. During the collection briefing, the management committees and the inter-functional workgroup representatives of Production, Sales and Marketing and Finance rely on tools such as the Provisional Budget, cost cards and broader systems of performance measures to make sure that product innovation is channelled into value creation.
An additional interesting example of this process of mediation is offered by the founder, who was called upon for arbitration on the red and white floral dress reproduced in Figure 3 (see the lower section). He attended an inter-functional workgroup in which a final decision on this garment had to be made.

“When I joined the meeting there was an intense discussion going on regarding this red and white floral dress. I knew the stylists were particularly keen to see it on the shelves, since they believed, like I did, that this dress was perfectly in line with Monnalisa’s style and customers’ expectations at the time. However, representatives from Sales and Finance were concerned about the overall cost of the garment, and production managers about the impact of a number of accessories on the management of operations, both internally and externally with the façonists. Cost and technical cards were constantly referred to in the discussion, with a number of copies of the Provisional Budget for the garment placed in the centre of the table, just on top of the prototypes of the dress, fabrics and accessories”.

Cost cards translate the technical features of the garment into financial terms (see figure 5). Together with the clothing prototypes and the Provisional Budget, the cost cards enable the discussion, as they are constantly relied upon by the different parties involved to support their interest at stake [see the round shapes in Figure 5]. “As for the red and white floral dress recalled by [the founder] while remembering that early in the development of the collection, the stylist was very determined to include a 4 euro belt in the design of the garment [see Figure 5, point 1]”, recalled the CFO, who then added, “We did not like the idea because the dress was already quite expensive and we believed that the red check hem and bow [see Figure 4 – point 3] were enough to justify the inclusion of the garment in the Chic Monnalisa brand”. The CFO stated that, with the help of the founder, a solution was found and the belt was left out of the design and removed from the subsequent versions of the budget”. As she claimed:

“The founder and the stylist looked at the numbers in the budget, and challenged their validity. They even questioned the inclusion of the garment within the brand Chic Monnalisa before realizing, eventually, that there was no space to add other accessories in this occasion. They were happy with the red check hem and bow [see Figure 5 – point 2] and the red grosgrain ribbon waistband as the distinguishing features of the dress. […] However, we knew that this was only a truce, and that the belt that we left out of the dress design in this occasion would come back in future designs. And, it actually did”.

Previously, we illustrated Monnalisa’s collection ritual. In particular, we have focused on the process of cross-functional collaboration that characterises the briefing as well as the research, design and development of the collection. The case provides material for reflection on how the ongoing search for the perfect garment, which combines both creativity and efficiency, is mediated by accounting reports – such as the Provisional Budget, cost cards and the Balanced Scorecard – as inscriptions that participate in the continuous re-definition and questioning of what counts as innovation and value creation. In the next section we analyze this further, and discuss the role that accounting plays in sustaining motivating rituals as collective spaces, in which the mediation of the multiple in-tensions that characterize the processes of innovation and value creation actually happen, in practice.
4.6 Sustaining innovation through the ductus: accounting and the mediation of ‘in-tensions’

The empirical material collected from Monnalisa focuses on the collection ritual, i.e. a recurrent process of product innovation performed twice a year with the objective of creating sustainable value through “a delicate balancing act” (the founder, as quoted earlier in the paper) that requires both creativity and efficiency. Within this ritual, the meaning of innovation and what counts as sustainable value is never fully defined but, rather, it must be constantly searched for by those participating in the collection. The search for the “perfect one” is a good example in this respect, as it is ongoing and never fulfilled, thus leaving gaps and potential for further action and engagement.

In Monnalisa, the collection ritual is sustained by a number of accounting inscriptions – such as the Provisional Budget, cost cards and the Balanced Scorecard. They construct, and not merely represent, what sustainable value means, and enable it to be the end result of a collective enterprise. In so doing, accounting reports become recursively implicated with the production of knowledge, and supplement their incompleteness with a structured path that reinforces the structures of ‘hope and belief’ that underpin participants’ intentions. It is, therefore, the collective experience of practicing this path that enables the participants to construct, sustain and question intensions.

This structured path resembles the rhetorical figure of the ductus where the path is punctuated by certain spaces in which specific activities of image composition need to be made if a vision of truth is to emerge (Carruthers, 1990). It is a journey that begins with the realization of facing a significant challenge, and ends with the possibility of making the right choice, of finding a way forward and...
realising a vision of truth. Within Monnalisa, professionals from the Design, Sales and Marketing, Production, and Finance departments are called upon to go through the ductus and cooperate together to “square the circle” in spite of their different interests and backgrounds.

As the new collection ritual is about to kickoff, the Founder of Monnalisa uses all of his leadership qualities to set up a ‘burning platform’ for stimulating cooperation and confrontation across departments and functions. He is well aware that creativity and efficiency tend to collide during the research, design and development of a collection. He knows about the different interests and concerns at stake. However, he is experienced enough to acknowledge that the collection is a collective experience in which different intensions can be mediated and where the “team need to find a way […] to square the circle”.

Figure 6 summarizes the early part of the collection ritual, from the briefing to the development of samples. Within this journey, the Provisional Budget (as well as the cost cards and the balanced scorecard) sustain the conversations among the different participants and mediate their multiples interest and concerns. Budget and cost cards are constantly redefined as participants engage in practice with the aesthetic of the garments, the understanding of the customers’ tastes, the financial return of the collection, the complexity of production, as well as the quality standards of accessories and fabrics. Budget and cost cards provide participants with a space in which they can compose their view of innovation and value creation through a rich inventory of possibilities. At the same time, this space is available to the different parties involved for finding a workable compromise between their views and intensions. Therefore, both the possibility of and the hope for mediation, called for by the founder, enable the development of a collection in which the different points of view are valued, while maintaining a certain degree of unity.

Within the ductus, achieving a certain degree of unity for finding a way forward does not necessarily mean aligning actors around the same perspective, but, instead, addressing their concerns by problematizing certainties and engaging them in dialogue. This is done through a language of interrogation supported by the budget, cost cards and the balanced scorecard. These accounting inscriptions never lead to a closure. Rather, they seem to offer mechanisms that generate questions and maintain diversity while, at the same time, offering a possibility for moving things forward.

The examples related to the black and white olive dress, as well as those of the white floral dress reproduced in Figure 3 illustrate this path and progression. Both dresses had proponents and advocates throughout the process. Both were supported and challenged by leveraging accounting inscriptions during the management committees or the inter-functional workgroups, as well as the many informal conversations that feature the collection ritual. At the end, both products made it successfully to the shops’ shelves through a series of decisions that enable them to materialize in practice as sustainable innovation for Monnalisa.

Within the collection ritual, innovation and value creation is searched for through a recursive collective experience where meanings, interests and concerns are mediated through an ecology of objects (see Nicolini et al., 2012). In the case of the red and white floral dress (see Figure 3), for examples, cost cards played a significant role. During an inter-functional workgroup, they enable the CFO to challenge the stylists (and the founder) over the introduction of a 4 euro belt in the design of the garment. Additional objects were dragged into the conversations to problematize the contents and engage user in a dialogue. The red check hem and bow, as well as the red grosgrain ribbon waistband recalled by the CFO (see section 4.5), featured the technical card for the garment and helped to visualize the innovation as it was being developed.
5. Conclusions

This paper aims to explore why and how accounting sustains processes of innovation and value creation. In doing so, we build on previous studies that have explored the transformative capacities of accounting in action to further investigate the fine line between the enabling power of accounting and the incompleteness of its representations. We suggest that it is in the space left empty by this incompleteness and imperfection that structures of “wanting and desire” for perfection can be erected (Knorr Cetina, 1997) and are complemented by structures of ‘hope and belief’, which sustain a continuous search for perfection.

Thanks to the empirical evidence offered in our study (the case of Monnalisa, which we develop in this paper), we focus on the collection as a “motivating ritual” (Busco and Quattrone, 2014) in order to explore how the incomplete inscriptions of accounting sustain a continuous, albeit an unfulfilled, search for sustainable value. The field study provides material for reflection on how the ongoing search for the ‘perfect garment’, which combines both creativity and efficiency, happens thanks to accounting reports. These include the Provisional Budget, cost cards and the Balanced Scorecard, which participate in a continuous re-definition and questioning of what counts as ‘innovation’ and ‘value creation’. This search is performed within the collection, which is a recursive collective experience where meanings, interests and concerns are constantly mediated through an “ecology” of accounting reporting objects.
Our paper contributes to the literature on accounting ‘in action’ in two ways. Firstly, we suggest how accounting inscriptions are not worth so much because of the content they carry, but instead, due to the actions they enable by providing users with ways of defining and establishing logical connections amongst the various concepts and concerns that these representations help make more concrete. Thus, for example, in the case of Monnalisa accounting reports do not provide definitions of innovativeness or sustainable value but, rather, they are only incomplete representations that act as pathways for performing these definitions. They sustain participants within the research, design and development of the collection and enable them as they act in a collective ritual that offers endless possibilities for the multiple concerns and interests that are at stake. This heterogeneity leaves gaps and, consequently, scope for further action and engagement of users whose purposes are always multiple and, therefore, represent ‘in-tensions’. But how does accounting do this?

To answer this question we then illustrate how the different ‘in-tensions’ that underpin the collection ritual are recursively mediated, in practice, by accounting as participants perform the recurrent search for the “perfect one”. Building on studies of visual rhetoric (e.g. Carruthers, 2010), we theorize that Monnalisa’s motivating rituals act as a rhetorical ductus – i.e., a collective journey that is made up of structures, which here we label as being of ‘hope and belief’ – as they engage users in a collective effort to construct visions that are, however, never fully realized. In the context of our case study, this journey is punctuated and sustained by a series of practices that sustain hopes and beliefs in the possibility of gaining knowledge and constructing meanings, such as ‘sustainable value’. This, in turn, takes place thanks to a continuous mediation of different interests and concerns across professional boundaries in a recursive process that continuously questions such knowledge, meanings and interests.

The findings of this paper have implications for further research into the role of accounting signs in the formation and sustainment of visions and beliefs (Boedker and Chua, forthcoming). If these signs have power to make “people do things” (Latour, 1987) it is important to understand not only how they engage the user (Knorr Cetina, 1997) but also how this engagement is sustained outside of contextual, functional and rational explanations that posit this sustainability in abstract spaces, such as ‘society’, in difficult to grasp entities such as ‘purposes’, or fictitious dreams such as ‘utility’. We believe that, outside any remnant of positive rationalism, there is an unexplored space where beliefs need to be further explored thanks to the tools that such beliefs have contributed to for centuries. This space is populated by disciplines and practices such as rhetoric, theology and the social studies of religion and divinity. If accounting is the space in which the God of capitalism, i.e. profit, was made visible and then was ready to be praised, accounting has to do with religion as much as with economics. We hope this paper takes a step towards the exploration of this new territory.
References


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