



UNIVERSITA' DEGLI STUDI DI PADOVA
DIPARTIMENTO DI SCIENZE ECONOMICHE ED AZIENDALI
"M.FANNO"

CORSO DI LAUREA MAGISTRALE IN
BUSINESS ADMINISTRATION

TESI DI LAUREA

**"THE BALANCED SCORECARD IN THE FASHION COMPANIES:
IMPLEMENTATION PROCESS AND ISSUES.
THE CASES OF DIESEL AND PINKO"**

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ANNO ACCADEMICO 2015 – 2016

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INTRODUCTION

The Balanced Scorecard and the fashion industry constitute two broad and interesting topics but even more interesting can be understanding how they can meet. The purpose of this thesis is exactly the investigation of the suitability of the BSC model to be adopted by the fashion companies.

In Chapter 1 will be presented a general picture of the fashion system; this will focus on the transformations that the industry has experienced so far and is still experiencing nowadays, being a world in a continuous evolution. Then, the attention will move to the various segmentations of the market, based on different criteria, proposed in literature, which will reveal the existence of difficulties in the definition of clear and distinct segments. The last part of the chapter will be dedicated to the particular characteristics of the management of the fashion firms that has to collaborate with the styling area in order to find a successful balance between creativity and efficiency.

The second chapter concentrates on the Balanced Scorecard, which will be briefly presented together with some general critiques about the instrument that can be found in literature and also a representative six-steps process of implementation; for each phase of this process will be highlighted the relative potential issues that could constitute possible causes of failure of the BSC adoption. In the final part will be reported the successful experiences known so far regarding the utilization of the scorecard by some companies working in the fashion system, comprehending also a specific case presenting the example of Monnalisa, an international brand in the sector of children's fashion that managed to implement the BSC into its organization.

In Chapter 3 will be shown the questionnaire used for collecting the necessary information to elaborate the two following cases about Diesel and Pinko, which constitute the fourth and fifth chapter of this script. The analysis of the companies has the purpose to understand their corporate culture and organization, the competitive context, the instrument adopted for measuring and managing the performance and, finally, their experience with the BSC model. The fact that the fashion firms have very different characteristics will favour the comparison between the two realities and will permit the elaboration of some observation relatively to the suitability of the Balanced Scorecard in the fashion industry.

ACKNOWLEDGEMENTS

I would like to thank everyone who supported me during the making of this thesis and also during my entire career as a student, which finds, with this work, its conclusion. First of all, I would like to thank professor Antonella Cugini, my supervisor, who guided me in the elaboration of the script with patience and attention. Then, my thanks goes to the two companies, Diesel and Pinko, that kindly agreed to participate to my analysis and to provide all the information necessary for the development of the cases. In particular, I would like to thank Mr Pierantonio Serafini, manager of Pinko, for his courtesy and disposability. I would like also to thank Mr Federico Tognetti, manager of Diesel, and Jacopo Giovanni Zannier for providing me the interview supporting the creation of the Diesel case in my thesis.

A heartfelt thank goes to all the new people that I met during my two-year experience in Padua, in particular to Sofia, fellow student and real friend, and also to all my roommates, Laura, Sara, Giulia and Lisa, that shared with me a lot of unforgettable moments. But a sincere thank goes also to the old friends for making my path more light-hearted and joyful, especially to the oldest one, Giulia, who has always sustained and encouraged me. Finally, the most important thought goes to my family that has proved once again to be the most important support in my life. Thanks to my grandmother, my uncles and aunts and to my cousins, especially to Angela and Alessandra. But the biggest thank you of all is dedicated to my brother Federico and my parents, Donatella and Giuseppe, always present to help me overcome the obstacles and to celebrate the important achievements, as this one.

Chapter 1

A FOCUS ON THE FASHION INDUSTRY

1. AN INSIGHT INTO THE FASHION INDUSTRY

The fashion industry is one of the most dynamic and fast mutable. The definition of fashion itself is based on the concept of rapid and continuous change, which is also what distinguishes fashion from the more general terms of apparel and costume. (Ironico, 2014)

The scholars Christopher, Lawson and Peck (2004) sustain that the term “*typically encompasses any product or market where there is an element of style that is likely to be short-lived.*”.

Therefore, fashion has a wide meaning, which consists in being a phenomenon of a reliable duration easily observable and recognizable, which is not universal but deeply rooted in a specific context, matching needs, tastes, and culture of a particular group of people. (Saviolo & Testa, 2000) As these factors change, consequently so does fashion.

At the beginning clothes were created for a mere functional and practical reason but after realizing its potential as a means of nonverbal communication fashion became the answer to another type of need, that of showing lifestyle, tastes and the belonging to a certain kind of cultural, political, religious or social group.

Originally, the word “fashion” was used only in reference to the women’s high fashion industry; nowadays, the term has been extended to a broader group of consumer goods and more; for example, we can talk about fashion even considering management, performance measurement techniques or academic theories.

The realization of fashion products requires the combination of both creative and industrial processes, because the novelty characterizing each collection must follow a business and market logic in order to effectively reach the customers with the right item, at the right time.

Therefore, the fashion system differs from the others mostly because of this duality, creativity and management, which require the development of innovative and proper business models.

1.1 Focus on the terminology

The premise that follows has the purpose to identify the proper meaning of the terms that will be used in this text, which is essential in order to clarify and understand what type of market we are referring.

In the last decades, the fashion industry has opened to new segments, arriving to include also accessories, shoes, cosmetics, eyewear, perfumes, etc. In this thesis, we will primarily focus on the biggest part of the market concerning clothes and, therefore, on companies whose core business is apparel; but of those we will consider only a part. In fact, there's a substantial difference between fashion and apparel in terms of logic of the market, consideration and management of goods, business models, strategies and production chain. High volumes of sales and a focus on store distribution and communication characterize the apparel market. We can identify it roughly with the *mass-market* sector that will be presented later with the segmentation of the industry. In this category, we find the low cost and mass collection of the industrial brand and also the unbranded products, which are all considered, and so managed, as other consumer goods. However, in the last years this segment has been the protagonist of a global transformation with the raise of fast fashion, which revolutionised the entire system and shrank the distance between the great distribution and the fashion industry. The element that mostly distinguishes fashion from apparel is the concept of continuous change. (Ironico, 2014) The fashion market is very fast and trend-driven, constantly trying to anticipate the future tastes of customers. Companies are guided by innovation, creativity and art that must be combined with a proper management. The fashion product has a strong symbolic connotation and an evident power of self-expression. Fashion companies can be divided into different segments, the ones remaining after the exclusion of the *mass market* and that will be presented later on.

1.2 The fashion industry transformation

The fashion industry is one of the biggest and most complex global markets, in which a large number of companies work at different stages of the production chain to satisfy the customers' wants and needs. This complexity is the result of the phase of transition experienced by the market in the last decades pushed by several factors. (Nenni, Giustiniano, & Pirolo, 2013) First

of all, there are two forces that revolutionised almost all the markets and the society in the world, which are globalization and technology. On one hand, these phenomena have brought a lot of new resources and innovation possibilities to companies, like creating websites and online shops, improving the capability of collecting and using data for decision-making as well as sharing them within the chain. On the other hand, these factors created new and more sophisticated customers' requirements, as now people can easily get all the information about the new trends and brands. Globalization opened the barriers between nations, increasing competition to such an extent as to reach the level of hyper-competition. Fashion companies today have to deal with potentially any other fashion firm in the world operating globally. Consequently, if they want to survive, they must develop international strategy in terms of expansion but also of fashion tastes of the collections. Difference in customers' tastes and limits among nations are smoother than before but not eliminated; therefore, firms should think internationally without forgetting the diversity between markets. (Nenni, Giustiniano, & Pirolo, 2013) The technological innovations together with globalization permitted fashion companies to satisfy new rising desires characterizing demand, such as low prices and shorter lead times. Nowadays, customers prefer having more fashionable product with a wide variety of choice rather than good quality (OECD, 2009) and require those items to be delivered shortly after their first appearance on the catwalk at affordable prices. The rise of these needs gave birth to the segment of fast fashion, whose companies developed an innovative system to satisfy those new requests.

The pressure for lower costs and time pushed firms to improve efficiency and become leaner but also to develop an international supply network either delocalizing the production or buying directly raw materials from countries with lower labour costs.

Another important role is played by the communication both within the production chain and with the customer, which has been improved due to innovative technological tools. The complexity of this industry is mostly due to the irregularity and unpredictability of customers' behaviour, creating great uncertainty and difficulty in forecasting the demand. Therefore, the capability of getting information about trends and of quickly sharing them among the chain constitutes a great advantage for companies in order to deal with this volatility.

1.3 The time variable

Today, everything has become so dynamic, fast and temporary to be defined, using the words of the philosopher Bauman, “liquid”.

“ ‘Liquid modern’ is a society in which the conditions under which its members act change faster than it takes the ways of acting to consolidate into habits and routines. Liquidity of life and that of society feed and reinvigorate each other. Liquid life, just like liquid modern society, cannot keep its shape or stay on course for long.”¹

Contemporary fashion industry is characterized mainly by continuous change. Thus, the time variable is considered a strong weapon in such a competitive market, as the fundamental problem of fashion companies is the large gap between the time it takes to create the product and make it saleable and the time the customer is willing to wait. (Čiarnienė & Vienažindienė, 2014)

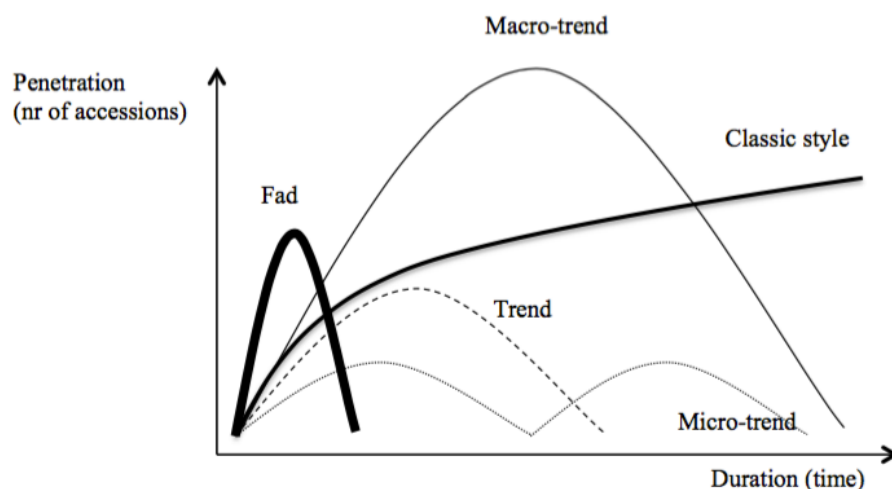
1.3.1 The fashion cycle

The period of time in which a fashion product is saleable, before it's replaced by another one, is shorter if compared to the past and to other industries. The objective of fashion firms is to forecast and anticipate the trends of the market, in order to be able to have the product in the right place at the right time. A trend becomes a fashion only if it's largely accepted for a consistent period of time. Hence, the process of diffusion and adoption is essential to the fashion product and is carried out by several different actors. Fashion innovators usually launch the trend, which is firstly adopted by opinion leaders, such as VIPs or small groups of innovative consumers, then by the masses, reaching the volume sales peak. The last ones joining the fashion are the late adopters and the laggards, which sign the decline of that particular fashion. (Corbellini & Saviolo, 2009)

The lifecycle of a fashion product is composed, like for the other goods, by four stages: introduction, growth, maturity and decline. Nevertheless, the evolution of fashion items is not always the same in terms of duration and penetration. Trends can be classified according to these two variables and they generally assume the normal bell-shaped distribution (Figure 1), except those regarding evergreen products (like polo t-shirt, jeans, sneakers, etc.) and classic styles, which can have a slow or fast diffusion but a long lasting time of persistence in the market. (Ironico, 2014). The decline of these products is normally due to slow but strong and permanent changes in people's lifestyle and tastes. (Corbellini & Saviolo, 2009)

¹ (Bauman, 2005)

Figure 1 Trend curves



Source: Ironico, S. (2014) *Fashion Management. Mercati, consumatori, tendenze e strategie di marca nel settore moda*, pg. 93

Macro-trends are general phenomenon that can last even decades and can give birth to other trends or micro-trends influencing not only fashion but also different areas like technology, food, music, architecture. A recent example is the environmental sustainability fashion, which is highly affecting the society and changing the point of view in every field, introducing new variables to take into account when we design something innovative or rethink something that already exists. On the opposite side we find micro-trends, which have a short lifecycle and can even revive cyclically at different points in time, such as vintage or ethnic influences, and also the so-called fads, ephemeral fashions that don't keep customers' attention for very long.

The forecast of trends is not a random activity but a quite structured process based on both the sharing of information across the chain and the firm's own interpretation. (Saviolo & Testa, 2000) Several scholars proposed a very interesting metaphor about fashion, which can be represented as an ocean, continuously moving in waves that, like the trend curves, have a beginning, a peak and a collision point. The waves are different in scale and moment of existence, some of them are big and long lasting and some are short, and together generate a dynamic intersection. (Ironico, 2014)

However, change is driven not only by trends, assuring variety and variability of items, but also by seasonality, which has mainly functional reasons but it guarantees also some product turnover. This type of change involves all the apparel industry and operates as a periodical stimulus for the demand. (Corbellini & Saviolo, 2009)

Clothing companies used to adopt the traditional manufacturing process, programming their operations (purchase of raw materials, production, sale) considering as final term the beginning of the season and using sales forecasts as a basis. But today, in order to satisfy the more demanding customers, firms must overcome the concept of seasonality in favour of a higher number of collections, which requires a flexible structure and a strong integration in the supply chain, developed through the establishment of a solid network of relationships into the market. (Arrigo, 2015)

1.3.2 Fast Fashion

Fast fashion describes the retail strategy of adapting merchandise assortments to current and emerging trends as quickly and effectively as possible. The raise of new customers' requirements and the transformation of the industry allowed the birth of the innovative segment of fast fashion. This completely revolutionized the whole global apparel market and contributed significantly to its growth, selling huge volumes of items. (Arrigo, 2015) It constitutes the end of an era of absolute "dominance of the institutional fashion system"² where designers were deciding the trends, in favour of a much more democratic market, in which customers, more aware and independent, pull the products from companies within just few weeks. Clients are more active than before in creating their own style, mixing different brands and products. They require low lead times and a great variety of trendy clothes at affordable prices.

The fashion industry has been in a period of transition in the last decades due to the factors we explained before. Companies working in this sector started adopting new business models that better fit into this fresh and dynamic environment, focusing on just-in-time and on a flexible organization. Firms in the fast fashion, through low inventory and short lifecycle can now better manage unpredictability and instability of demand. The global fast fashion companies, like the Spanish Industria De Diseño Textil S.A. (Inditex) and the Swedish Hennes & Mauritz AB (H&M), are characterized by common features such as a large organization structured as a network, global expansion and the focus on the fashion contents of the products. They adopted international strategies able to develop an important level of control of the supply chain, a strong innovation management capability and a consistent multi-brand portfolio, offering diversified products in many segments delivered through several channels, such as stores and online shops. (Arrigo, 2015) The control of the supply chain is particularly significant for this kind of companies and it's possible through a process of vertical integration in order to regulate the activities from the design to the distribution of the clothes. The integration permits firms to

² (Corbellini & Saviolo, 2009)

have also a higher profitability, as net margins (15-20%) are no more shared by manufacturer and retailer, the minimization of the risks linked to sales and of the Time-to-React³ ratio due to a quick communication throughout the chain. (Corbellini & Saviolo, 2009)

However, we can find also some negative aspects about fast fashion. The huge amount of products is saturating the market making clients move towards new types of products. In addition, sensitivity about environment and ethics is rising as people started wondering about how clothes can have such low prices. (Corbellini & Saviolo, 2009) For these reasons, companies developed policies of environmental sustainability and social responsiveness though the elaboration of some codes of conduct shared also with suppliers. Nevertheless, some people, part of a phenomenon called “slow fashion movement”, are already opposing the fast fashion model, which, in their opinion, cannot be a sustainable business as it stimulates a lot of waste by virtue of a momentary desire. (Arrigo, 2015)

1.3.3 Demand Forecasting

The process of demand forecasting is essential in the operation planning of fashion companies but it's very challenging to realize it properly. Almost any rising trend is completely new, meaning that there are no historical data to support plans and even if there were they would not be very useful as the environment would not be the same anymore. Although in many other industries companies can count on robust demand forecasts, in the fashion market predictions result inaccurate as it's characterized by highly volatile and unpredictable requests, short lifecycle but long replenishment lead times. (Nenni, Giustiniano, & Pirolo, 2013) The creative and artistic nature of the fashion product itself represents an obstacle for the forecasting process. But, above all, future sales depends on customers, whose tastes continuously change, making demand particularly hard to foresee and unstable. In addition, the client has a high purchasing impulse, meaning that he/she makes the decision to buy only once confronted with the product itself. (Nenni, Giustiniano, & Pirolo, 2013)

Wrong or inaccurate forecasts constitute a cost for the firm and should, therefore, be lowered at the minimum possible with apposite systems. Some scholars presented a method for the reduction of costs associated to forecasting errors, which is called “accurate response”. (Fisher, Hammond, Obermeyer, & Raman, 1994) According to this approach, manager should re-design the planning and production processes in a fast and flexible way. First of all, the company should separate its products into two main categories, the ones whose sales are predictable and those unpredictable. To each group of item the management can decide to adopt different

³ (Čiarnienė & Vienažindienė, 2014)

strategies and manufacturing processes. Then, the method suggests that all the choices regarding the most unpredictable products should be postponed to the time when some signals arrive from the market. In this way, a company should improve its forecasting capabilities and learn to better keep track and control errors.

Anyway, the important thing is the acquisition of a deep knowledge and understanding of the market, especially the consumers, which can only be created through the analysis and segmentation of both the demand and the supply side.

2. THE MARKET SEGMENTATION

When we talk about fashion is more correct to consider it as a real complex system, composed by several segments as textile, clothing, footwear, eyewear, leatherwear and more. They can also be decomposed into others smaller segments. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009) In the thesis, the focus will be on the apparel segment and, in particular, on the part of it that follows the logic of fashion.

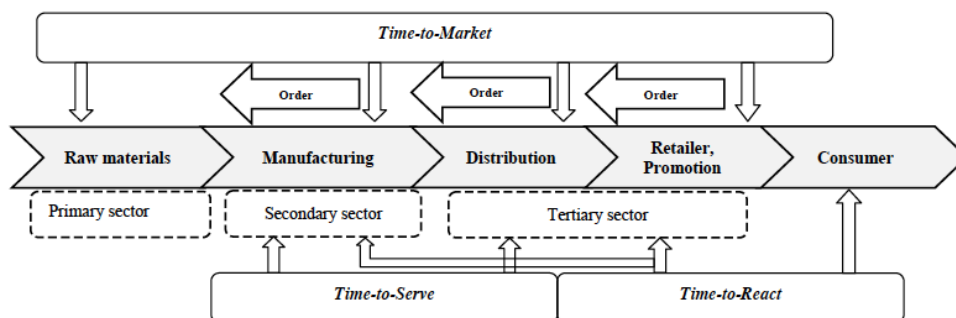
The process of segmentation of the apparel industry results especially difficult thanks to the complexity of the market itself, which is constituted by an intricate network of relationships. However, the fragmentation of the fashion world is fundamental for companies in order to understand the market and the consumers, and decide in which part of it operate. Thus, firms are forced to recognize themselves and their positioning, which should be unique for the purpose of differentiating from competitors and providing competitive advantage.

The analysis of the apparel market can be driven by several criteria and points of view. Here we will try to present the most important ones, covering both the offer and the demand. In doing so, we will refer to the whole apparel market, comprehending also the fashion sector.

2.1 The Pipeline

The first way of categorising apparel companies is to think about the chain of activities to carry out before the sale. Customers often don't realize the process behind a product, made of many steps, contracts, relationships and competition.

Figure 2 Fashion Supply Chain Management Model



Source: Čiarnienė & Vienažindienė (2014), *Management of contemporary fashion*, pg. 66

The success of the final product mainly depends on the interactions across the phases of the chain, from the ideation to the distribution. A fashion creation is not the result of a single operation but of a combination of activities, each one adding value and innovation to the item.

It's possible to identify four main stages (Figure 2):

1. Production of raw materials
2. Manufacturing of fashion products
3. Distribution and Sales
4. Promotion and advertising

The old traditional structure of the pipeline created long cycles due to its long lead-times, complexity and inflexibility. It was primarily driven by forecasts and inventory-based, resulting inappropriate for today's market, which has become very volatile and hardly predictable. (Christopher, Lawson, & Peck, 2004)

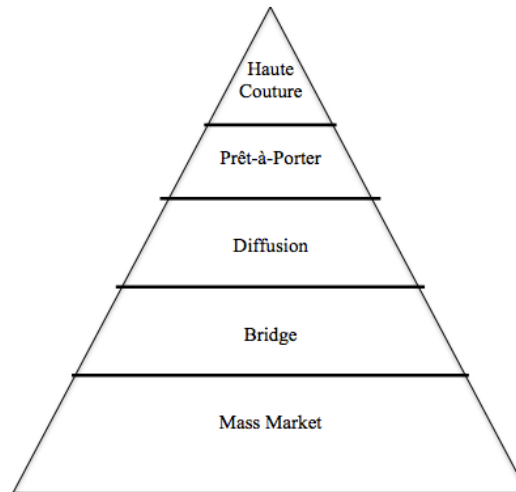
In the last years, managers have grown interests about the development of an agile and integrated supply chain, driven by real-time demand and based on information, providing short cycles that can easily react to demand changes. This can be created only through the establishment of strong partnership relationships able to stimulate the generation of a shared knowledge and a collaborative behaviour that will bring innovation and a sustainable competitive advantage to the whole chain.

2.2 Industry Segmentation

Each step of the pipeline can be further divided in several segments and from now on we will focus only on the downstream part of the chain, comprehending the companies operating in the manufacturing, distribution, sale and promotion processes.

The global apparel market can be represented as a pyramid (Figure 3), whose bottom is constituted by firms with high sales volumes and low margins and at the top we can find high fashion companies, with very low volumes but great variety and personalization of products and consistent margins. (Arrigo, 2015) This kind of segmentation was originally based on prices, considered not as absolute values but as a multiple of the average price of the market. However, segments show other differences besides prices, like the selling volume, innovation, quality, creative content, supply and distribution strategies. It represents mainly the women apparel market, but can be applied also to the men's world with just few adjustments. (Saviolo & Testa, 2000)

Figure 3 The pyramid of the apparel market



Source: personal elaboration on the description in Arrigo (2015), *Market-driven Management e Imprese Globali del Fast Fashion*

The *haute couture* companies occupy the summit of the pyramid because they realize unique fashion creations, which are considered more pieces of art than products. The price is extremely high (almost ten times the average price of the market) due to its significant crafted and artistic component as well as to its exclusivity, which makes the creation affordable to only a few. *Haute couture* is a protected name in France and only firms that reach the strict standards imposed for products and brands can use it. Today this segment doesn't have the same value it had in the past. Once again the transformation of the market plays a key role in shaping the structure of the industry. Nowadays consumers prefer variety, speed and low cost, the complete opposite of what *couture* offers. While this one is becoming a creative laboratory inside the multi-branded companies, the segment immediately below in the pyramid, the *prêt-à-porter* or also called *ready-to-wear*, is moving toward a higher price range and a more consistent creativity content than the past. In this way, the two worlds meet generating a brand new segment named *demi couture*, whose aim is to preserve the high standards and uniqueness of *couture* but adapting them to the new environment, with different needs in terms of price and time. (Corbellini & Saviolo, 2009) *Ready-to-wear* segment derives from the desire of democratization of the *couture* creations, targeting a wider group of people but maintaining the distance from lower ranges with high level of price and quality. Here we can find the first lines of companies like Prada, Gucci or Giorgio Armani⁴, whose success depends mostly on the designer's figure and the market's opinion about him/her. The stylist is in charge of managing

⁴ (Arrigo, 2015)

the creation of the collection and the communication strategy, which is focused mostly on fashion shows.

In the *diffusion* range the prices further decrease and the number of people targeted increases. The most prestigious industrial firms and the minor lines of stylists are located here. These minor lines, like Miu Miu of Prada, Versus of Versace and D&G of Dolce&Gabbana, were created as a cheaper version of the top ones but now they have become independent lines with their own style and target.

The fourth segment is called *bridge* because it represents the part of the market connecting the mass market to the first and second lines of designers. Here, the realization of fashion products is more focused on image and style but above all on right time to serve the market. Companies in this sector, like Calvin Klein and Patrizia Pepe, are trying to become a global brand by strengthening their identities and change positioning strategy to approach the above range. This is the case of the fashion firms we're going to analyse later on.

The bottom of the pyramid is occupied by the *mass market*, in which the focus is on great volumes and low prices. This is the only segment in the apparel market where clothes are treated as consumer goods; therefore firms cannot follow the fashion logic, except for the communication, and they differentiate from each other not on the basis of price but through brand diffusion, price-quality ratio and shop location and distribution. It's possible to partition this sector into three groups: better, moderate and popular, which comprehends all the *fast fashion* companies.

The distinction between companies working in the apparel industry is not only in terms of prices and volumes, which is a transversal segmentation to the other criteria defined in literature. Clothes are fundamental in everyday life and so the market is extremely fragmented in order to cover all the possible kind of apparel that a person might need in different occasions. Hence, it's possible to identify groups of items depending on their functionality. The immediate visible distinction is between external clothing, underwear and swimwear. The segmentation can continue for the first sector identified if we consider the different occasions of life, those formal, informal and also those linked to free-time and sport. (Corbellini & Saviolo, 2009)

Apparel can also be classified in terms of material used (knitwear, cloth, leather) or considering the typology of the product (shirt, jacket, pants, dress), which require very different manufacturing processes.

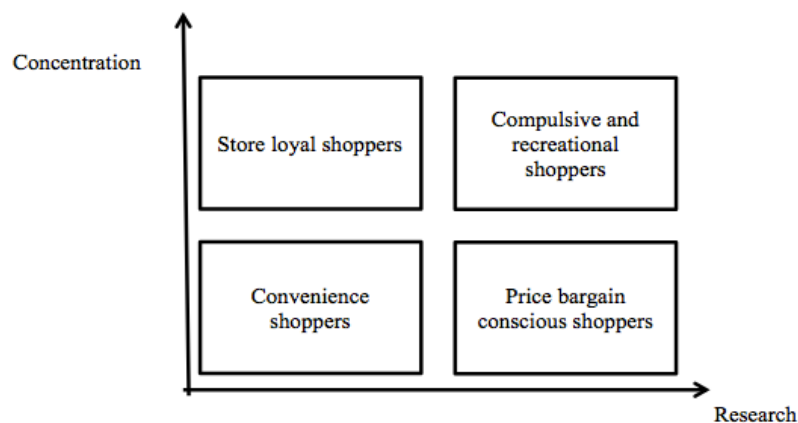
2.3 Consumer segmentation

A firm cannot have success until it has acquired a deep knowledge of the market and especially of the demand. Knowing the customers means providing what they want and also forecasting their future needs. The segmentation of the apparel demand is as difficult as the one about the industry, if not even more. In fact, while for companies it's hard, long and complex to change position and strategy, for customers change is a habit. The definition of the categories of consumers is an important tool for understanding the market but it does not describe reality because people move from one segment to the other, in a continuous and dynamic mutation of needs and tastes.

The first way to differentiate consumers is through objective data, like geographic location and socio-demographic variables, which constitute a true representation of reality but don't consider the behaviour of consumers and therefore tell nothing about their preferences. This descriptive segmentation alone is not enough for depicting the apparel market and other information must be collected. For this purpose, a segmentation based on buying behaviour and lifestyle is helpful to understand how people act in the market and why. If we consider purchasing behaviour as a criterion, it's possible to classify individual buyers on the basis of three variables. The first is the user status, describing if and how much the consumer uses the product, the second is the occasion of use and the third is the brand loyalty. A very important analysis, especially for fast and dynamic industries with strong customer involvement, is carried about the lifestyle, identified by profession, personal interests and opinions. (Corbellini & Saviolo, 2009)

Other scholars proposed an interesting segmentation of general consumers based on two variables: the research, counting the number of shop visited, and the concentration, described by the number of items considered. (Figure 4)

Figure 4 Consume styles



Source: : Ironico, S. (2014) *Fashion Management. Mercati, consumatori, tendenze e strategie di marca nel settore moda*, pg. 42

The *price bargain conscious shopper* spends a lot of time in looking for the most economic choice, confronting the prices found in several shops. In this case the decision is not about what to buy, which is already defined, but on where to buy it considering the cost. When we visit many shops but without a precise idea of what to buy, we become *compulsive shoppers* that enjoy the shopping experience itself. Sometimes, consumers search for several kinds of clothes but in just few or even one single shop and so develop a sort of loyalty towards that point of sale. If the client knows exactly what to buy and where to buy it, he becomes a *convenience shopper* guided by routine and comfort. We can notice that in describing these segments we used words as sometimes, if and when; this because more than categories they are consumption styles which can be adopted by the same person according to the product, the mood and even to the season of the year. (Ironico, 2014)

The segmentation process resulted complex as expected and many more criteria could be used for the analysis. The deep transformation faced by the apparel market in the last decades doesn't really help companies in this examination of the demand.

2.4 Countries like systems

Many brands try to incorporate the main traits of their country of origin in order to export them and differentiate globally from the others. It's possible to define a meta-brand for the nation exporting fashion, which is the result of a specific historic, economical and cultural heritage. (Ironico, 2014) Although globalization and technology favoured the lowering of barriers among countries, some differences still exist between national apparel markets in terms of labour costs, internalization, vertical integration, segmentation and concentration level. (Saviolo & Testa, 2000) These variables show which stage of the evolution process each market is going through. Once again, we reason in terms of apparel production chains but on a national level and in comparison to the others globally. The classification uses as main criterion the phase of development of the chain.

The evolution process is composed by five stages, recalling the ones identified for products: embryonic, growth, development, maturity and decline. The first phase regards those developing countries, like the African ones, which usually have no textile production, exporting what is needed, and whose apparel manufacturing is mainly handicraft. When a consistent improvement of textile and manufacturing occurs, the chain becomes emerging. The development of a market comes with the deeper sophistication of the industry and the products. After reaching the maturity (Italy, USA, Japan), the chain starts to decline, as it's already happened in France, UK and Germany, activating a process of de-industrialization, which provides the reduction of both occupation and number of firms. The opportunities in this last

group of markets (Italy, USA, Japan, Western Europe) are decreasing as they reached the saturation of supply and demand. The emerging markets, characterized by higher growth of population and lower average age, constitute the answer to this situation. (Ironico, 2014) In particular the BRIC countries (Brazil, Russia, India, China) represent a big opportunity especially for the luxury and high fashion industry due to the high rate of income growth and to the presence of rich groups of consumers.

2.4.1 *The Italian market*

The Italian industry has been one of the main protagonists of the global fashion world for many years, favoured by a strong competitive advantage brought by the coexistence of three elements: the textile industry, the Italian stylists and entrepreneurs. (Corbellini & Saviolo, 2009) The approach of these three kinds of actors, at first highly distinct and distant, pushed the development process that determined the international success of Italian fashion and the rise of the *Made in Italy* denomination.

Essential was the detachment from the high fashion of the French *couturier*, which was intended for a restrict group of wealthy consumers. In the late 1970s, after the oil crisis and its relative recession, society underwent great transformations, the rising stability, the recovery of growth and the phenomenon of consumerism brought to enhance the pleasures of life and the desire of people to express themselves in a creative and personal way. Therefore, fashion needed to be democratized and opened to the middle class; from this derived the necessity to shrink the distance between designers and industry. The revolutionary collection of the stylist Albini of 1969, realized in collaboration of a manufacturing company, spread the interest toward efficiency and organization. The concretization of this phenomenon is represented by the creation of third lines of designers, which were the basis for the development of the new segment called *diffusion*. Both sides got benefit from their collaboration. On one side, the stylist ensured firms a certain level of innovation and the capacity of trend forecasting, so as to sell always the proper products in line with the needs of the moment; on the other side, the industrial know-how helped designer in facing the market which was becoming more and more demanding and dynamic. The stylist got directly in contact also with the textile producers, favouring innovation and the adoption of new technologies.

A high level of fragmentation has always characterized the Italian environment. Since 1970s, a great number of small-medium sized firms has composed the industry, guaranteeing great flexibility and innovation but also representing an obstacle to the internationalization. Their success was due to the establishment of industrial districts, formed by a group of independent companies of different size located in the same area that work in partnership. The strength of

these networks lies in the possibility to count on the advantages of both the small and the big dimension. The most famous Italian districts, like Biella, Prato and Como, are international leaders competing in different stages of the production chain. (Saviolo & Testa, 2000)

The fragmentation not only affected the production side of the market but also the distribution; in fact, legal and fiscal policies together with the particular conformation of the Italian cities favoured the small businesses at the expense of the great distribution.

In a period dominated by the propensity to delocalize the production in countries with lower labour costs, Italy decided not to follow this trend maintaining all the manufacturing process in the nation in order to protect the *Made in Italy* denomination. Unfortunately, that position was not sustained for long, giving origin to a real paradox. *Made in Italy* is not a label defining the country of origin or of manufacturing but it's more a concept related to the quality, innovation and creativity inside the product. In fact, according to the legislation, not all of the processes need to be done in Italy but just two of them. Moreover, often for people it's enough to know that the brand or the idea of the item is Italian. The fashion companies, those that so strongly try to keep the whole process within the national boundaries, feel denigrated, as they are part of a heterogeneous group, which comprehends also those firms that opted for the delocalization. For this reason, the denomination *styled in Italy* for those firms employing consistent foreign production, leaving the original term for the big companies of the higher ranges of the pyramid, which are the only ones able to afford the significant costs of maintaining the artisanship culture that made the Italian industrial district so successful. Small and medium-sized firms are almost forced to move the production outside the country if they want to survive to such a competitive and complex industry. (Ironico, 2014)

The deep transformation of the market, occurred in the last decades hit Italian companies, generated two phenomena that changed the structure of the relationships between firms working at different stages of the production chain and between firms and customers. The first is the tendency to concentrate the market resulting in many multi-brand groups formed with fusions and acquisitions, especially at the luxury level. The aim is to develop a shared know-how and economies of scale to help managing costs, as well as stimulating innovation and technological progress, operating in several segments of the market with the different labels. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009)

The Valentino Fashion Group Spa was created in 2005 to separate the fashion brands of the Marzotto Group from the textile ones. The holding works in 90 countries around the world and comprehends several label such as Valentino, Hugo Boss and, on licence, also Marlboro Classis and M Missoni.

The propensity towards the creation of multi-business realities is due to the advantages that it can bring to the whole group. First of all, the availability of more financial resources and the access to the capital market. Moreover, the possibility to control part or even the entire value chain, from the textile to the sale, and the creation of a strong image able to attract designers, both experienced or new, and high quality international management. Finally, firms in a group can benefit from global production and distribution structures, consequently gaining more bargaining power within the market. The second phenomenon in the Italian apparel market is strictly related to this last point because it regards the transformation process of the distribution sector of the industry. Since 2000, Italian clothing firms, especially those belonging to the lowest ranges of the pyramid, started to integrate vertically, both downstream and upstream. In particular, industrial brands are opening their own stores in order to control the distribution and strengthen their image. Therefore, in the future the market will surely be more concentrated into few big industrial groups, leaving less space for the independent retailers, which will eventually be excluded. The trend will be the reinforcement of the chain through the development of proper business models and platforms able to improve the coordination and communication. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009)

The Italian fashion system is mature but it still has the potential to survive into the new global environment so fast and complex. Hence, Italian companies must find the right way to exploit their strengths in order to gain the competitive advantage that determined the great international success of the Italian creativity and entrepreneurship.

3. MANAGEMENT OF FASHION

Fashion companies must find a way to adapt to the new unstable and chaotic market, if they want to survive. The term fashion has been extended also to the lower ranges of the offer, except for the mass market, ending the past dominance of the *haute couture*. Today the trends are set by consumers and not anymore by the system, therefore firms must follow the needs and wants of the demand and their quick changes. Moreover the fashion products are particular and different from the others, as they are a synthesis of the clothing functional purpose and an artistic and innovative content. All these elements brought the necessity to develop new proper business models able to handle the fashion processes.

3.1 Combining creativity with management

All the trends coming up are completely new, unique and characterized by diverse needs, which can be satisfied only by the creativity developed in fashion companies. Each collection offers different products in terms of style, colour and material, but still in line with the image of the brand.

The growing relevance of intangible assets in companies is even stronger in the fashion ones, as the competitive advantage is mainly due to the know-how and to the ability of the designers, which always need a constant improvement. This is particularly true for the *haute couture* and *prêt-à-porter* segments, where the creative director has the control of the entire ideation and production of the collections. But at lower ranges of the pyramid (Figure 3), firms, which are closer to the market's dynamics, need to conciliate the creative processes, with a proper managerial dimension. Therefore, in this case the determinants of the success are the coordination and collaboration of the styling department and the management, as well as the efficient creation of an environment able to support and spur creativity. Continuous stimuli are essential to improve the know-how and foster innovation and they can be brought in many ways, such as acquisitions of other firms, and consequently of their competencies, partnerships and scouting of new talents. (Saviolo & Testa, 2000)

Two main processes form the creation of the fashion products. The first is the aesthetic stage led by the fashion designers, in charge of the recognition, analysis and interpretation of the new trends as well as the ideation and creation of the prototypes of the new collections. The second process is focused on economic and competitive variables conducted by the managers, which looking at the socio-cultural trends and at the market analysis, must decide the technical aspects of the offer, like the number of collections, the timing and the costs.

Fashion companies require a specific type of management able to deal with the trade-off between artistic freedom and business structures, between creativity and efficiency. Hence,

high flexibility and interdisciplinary competencies are required as well as the ability to understand the fashion language in order to facilitate both internal and external communication, which is important in any industry and here is even fundamental.

Therefore, the environment should allow the appropriate freedom and support to the styling department, while considering the cost limits that permits to sell the product at a price in line with the range in which the company is positioned. (Mora, 2006)

3.2 The importance of the brand

In a market characterized by high levels of competition, as is that of fashion, the processes of positioning and differentiation from the other actors are imperative for the success of each company. All the relative choices must converge into a single image, the brand, used in the communication with suppliers and customers. The main attributed, images and ideas of a firm are represented by the brand through a name, a symbol, a design or various combinations of these. (Oliver, Schab, & Holweg, 2007) Hence, it is characterized by a dual nature: one tangible, embodied in the concrete sign of the label composed by a combination of shapes, colours, names and even music, the other intangible, related to the firm's values which are perceived by the consumers. (Saviolo & Testa, 2000)

The creation of a strong and attractive brand brings many advantages, both emotional and rational, with the consequence of lowering the risk for customers related to the buying-decision. It permits an easier and faster identification by the client and provides the guarantee of a certain level of production and service quality; but most of all, the brand allows the development of a long-lasting fidelity relationship with the satisfied consumer, which acts as a protection against competitors and guarantees incoming flows. (Parment, 2007) (Schocker, Srivastava, & Ruekert, 1994) For this purpose, it's important to gain a unique position in the clients' minds through a clear brand identity, facilitating the recognition of the firm into the crowded market. (Kotler, Kartajaya, & Setiawan, 2010) However, in such a dynamic and continuously changing environment as the fashion system, the relationship with consumers cannot be based on the product but should rely on something stable and durable as the brand. Thus, the distinction between the product and the label is more and more significant with the reduction of the items' lifecycle because the second one can remain unchanged for a long period, becoming a real asset for the company. Therefore, both management and styling department should embody in each collection a balance between innovation and continuity (Mora, 2006), providing different products in order to renovate the offer but maintaining recognizable and stable values collected by the brand.

3.2.1 Focus on Premium Brands

The firms that most of all attribute value to the brand are the ones owning a *premium brand*, which position themselves at the top of their category, establishing a strong distinction from competitors of the same segments based on the creation of a diffuse and highly recognizable label.

Although it's a wide and quite heterogeneous group in the fashion market, as it comprehends all the firms from the *bridge* to the *diffusion* segment, some common attributes are noticeable. Premium brands companies, like Diesel and Max Mara, were originally created mainly for industrial and commercial purposes, and were producing one type of product. As the segments reached a stage of maturity, these firms started to open to new productions and to enter new fashion sectors, under the same label or using the new ones acquired. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009)

The management of premium brands is highly complex and difficult because companies try to gain and maintain leadership in the segment while offering quality products and services at an affordable price, exploiting economies of scale. The premium strategy, therefore, involves many variables like price, quality, innovation, style and communication, through which firms attempt to build a sustainable competitive advantage.

The image of the brand has to be transmitted clearly to the external suppliers and to the distribution channels in order to express to the final customer what are the values embodied in the product and why they should be the tops in the market. Hence, many of the fashion premium companies created chains of mono-brand shops through which develop a real shopping experience for the consumers. The aim of the concept store is not simply to provide a place for sales but to create a unique and stimulating atmosphere able to engage the client emotionally, establishing a relationship with him/her and attracting more people through consumers' word of mouth.

3.3 Fashion Operative Processes

The element that mostly characterizes the fashion system is its offer, which is based on collections, a group of homogeneous products with the same style and target. The control of the processes for the ideation and production of each collection is very complex due to the high number of players involved and the need to manage the time efficiently in order to bring the products on the shelves at the right moment. (Ironico, 2014)

Generally, a fashion company works on three collections at the same time but in different ways; in fact, while monitoring the current collection, it analyses the results of the previous one and elaborates the concept and the realization of the next one.

The concept of the collection derives from the high fashion and it was originally based on seasonality. Today for many firms, especially those in the *fast fashion*, the number of collections has increased so much as to cause the overcoming of the concept of seasonality in favour of an approach to the logic of flow. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009) Companies adopted distinctive business models with different management of time and speed of product creation and delivery, according to the segments in which they operate. The timing variable can be crossed with the segmentation based on price identifying the typical approaches of each segment. (Table 1)

Table 1 Price segmentation and business models in the fashion sector

	Mass	Bridge	Diffusion	Pret-a-porter	Haute Couture
Programmed					
Programmed with flashes					
Semi-programmed					
Fast Fashion					

Source: Ironico, S. (2014) *Fashion Management. Mercati, consumatori, tendenze e strategie di marca nel settore moda*, pg.125

The programmed method is the most traditional and used although it requires long lead times, from 6 to 12 months, to bring the product from the idea to the sale, mostly due not to the working processes but to the waiting times between them. (Ironico, 2014) In this case, the production is planned on the basis of actual orders, lowering the risks and reducing inventories of raw materials and finished goods to the minimum. This approach permits easier and accurate programming, but does not allow following the trends' dynamics. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009) For this reason, some fashion firms introduce parallel flash collections with the aim of satisfying temporary needs or trends or of providing an innovation sensation to the consumers. An example of flash offers are the capsule collections, composed by few items and an underlying concept, which sometimes are developed in collaboration with artists or famous stylists like H&M did in the last years with stylists coming from the luxury world. However, some companies, especially in the *mass market*, have developed an offer composed mainly by several flash collections, which can appear as a *fast fashion* behaviour to the outside, even if it's just an imitation of it. In fact, the production is planned with the timing of the programmed approach but the products are sold to the final client at different points in time. Instead, with the *fast fashion* method, the manufacturing process of the collection is launched almost every week. In the production of the small volumes for each collection, there

is little or no planning based on future sales forecasts, guaranteeing the speed and efficiency of the processes. Nevertheless, this kind of management of the production chain doesn't allow realizing high volumes of sales, delocalizing or using materials that require more elaborate processing, causing the limitation of the variety of the offer. Therefore, many companies moved and are moving to a semi-programmed logic, which is similar to the programmed, able to exploit large economies of scale and to benefit from the advantages of the delocalization of production in countries with lower labour costs, but reduces the time-to-market to two months. In the following paragraph, we will analyse the steps of the creation of programmed collections, whose approach is the most general and traditional one and is used by most of the companies.

3.3.1 The development of collections

Creativity and innovation can't be the only forces guiding the ideation of a collection; this process must be structured and rationalised as it involves also economic variables such as time and costs. Managers have to plan in advance what are the limitation for the styling department for guaranteeing the delivery of the items at the right moment and the respect of the principal trends of the season. This can happen only after elaborating all the data collected with a deep analysis of the market.

In the segments positioned in the middle of the pyramid, the collection is, therefore, the sum of all the decisions made by the firm and not only of the wills of the designer. The inputs for the creation of new products come from different part of the organization, whose influence can determine the success of the collection. (Mora, 2006) We can distinguish three main types of influence:

1. Strategic
2. Technical
3. Procedural

The management exerts the strategic influence on the collection and it has to deal with almost three areas of the company: style, product and marketing. Before the elaboration of the creative inputs, it's important for the company to deeply analyse the market and identify the incoming trends, which will be interpreted and developed according to the company's identity and position in the market. Then the commercial office should establish and provide to the stylists the resources' limitations, in terms of cost and time, which will permit to sell the products at a price appropriate to the segment to which the company belongs. (Mora, 2006)

Changes in the offer composition are the main sources of costs' variation. Increasing or decreasing the variability, so the level of innovation compared to the previous season, and the variety, namely the number of different items, of collections as well as the production volumes

of each product influence the level of costs. In particular, this one is higher when several types of products compose the collection; instead, if we raise the volumes, the generation of economies of scale will lower the unitary cost. These two effects meet in one point, which represents the optimum of the trade-off.

All the inputs and the data converge in the styling department for the development of a strategic plan of the collection. This unit is not composed only by stylists and designers, but it involves the competencies of technicians, who have the experience and the know-how for improving the efficiency of the production, giving indications about materials and working processes. These people constitute the technical influence on the collection development and are the ones in charge to create the prototypes of the products after the elaboration of the merchandise planning.

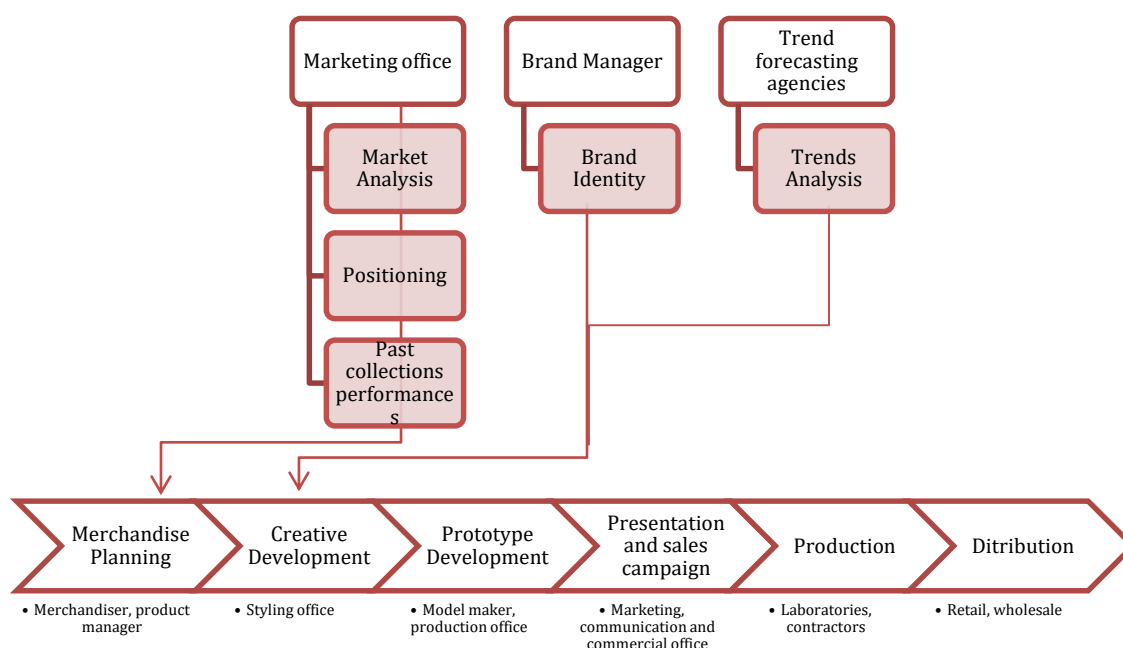
Another important figure is the product manager, which collaborates transversely with all the processes of creation of the collection from the styling to the commercial area. This person exerts a procedural influence and is responsible for the coordination of all the functions in such a way as to ensure that the right image of the brand arrives to the final customer. The product manager is called also merchandiser and his/her main responsibility is to check that each working process follows correctly the time schedule and that the products meet the quality standards required.

As we can notice from the chart (Figure 5), these are just the first few steps of the chain, which necessitates of more processes and time to arrive to the final customer.

All the information acquired until here and the definition of the products' guiding lines should be merged to develop a real collection plan, which contains all the quantitative and qualitative details of the offer, like the prices and the type of apparel. In addition, the plan provides the definition of the time schedule and the proper sequence of activities for the creation of the entire collection as well as the professional figure involved and the resources needed.

The collection plan, together with the ones about the distribution and communication processes, is the basis for the elaboration of a first rough budget, using the prices established, the expected costs and an early forecasting of sales' volumes. Although this kind of budget is not accurate, it can help management setting some objectives and realizing if the estimated revenues are able to cover the variable and fixed costs. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009)

Figure 5 The development processes of the programmed collections



Source: Ironico, S. (2014) *Fashion Management. Mercati, consumatori, tendenze e strategie di marca nel settore moda*, pg.137

Once all the elements of the collection have been defined, the realization of the prototypes will begin. Each model is usually created using several different materials in order to understand which is the best for the product in terms of style, manufacturing and costs.

When all the prototypes are ready, the collection is presented through fashion shows, exhibitions and showrooms, then the sales campaign starts and so also the arrival of the orders. After the collection of all the orders is completed, which can take even months, usually the firm elaborates a preliminary income statement, estimating the contribution margin of the collection to be confronted with the budget created at the beginning. In this statement, the use of the cost of goods sold can create the illusion of higher revenues, which are only hypothetical because nobody knows in advance how many products the final customer will buy and at the end of the season there could be unsold products that constituted anyway a cost for the company. Therefore, it could be useful to build two statements, one based on the cost of goods sold and the other on the cost of goods produced. The difference between the results of both calculations represents another proxy for the evaluation of the collection. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009)

3.3.2 The production and distribution of fashion products

Before the launch of the production, it's fundamental the creation of detailed cards for each item, containing all the information about labels, materials, costs, cuts, sizes, etc.

The data coming from these sheets are inserted in the firm's information system, in order to have an efficient access to them with different level of detail and to calculate the resources

needed for the working processes on the basis of the actual orders. Then, to these cards will be added the description of the working cycle with the specification of all the phases, the times and the skills required.

The distribution of fashion product can be developed through different channels, direct or indirect, depending on the type of sale that the firm wants to provide to the customer. The long-lasting process of creation of the collection arrives at its final phase with the selling of the items to the final client and the choice of the distribution mix will have great influence on the brand identity communication.

In the case of the direct channel, the company itself manages the sales to the final customers and develops a network of places where shop sign and brand coincide. (Saviolo & Testa, 2000) Previously, we affirmed that one strong and effective way to establish an interactive relationship of loyalty and to transmit the firm's values is to transform the sale in a real experience, involving the client emotionally into the shopping act. The flagship store has precisely this as main objective; its breadth and variety of fashion products offer a total brand experience but constitute also a consistent investment for the company, which can be afforded only by international global labels or by the ones belonging to the upper categories in the pyramid. Instead, all the apparel companies use self-standing stores, which have a more commercial purpose and which are surely less costly and more profitable than flagship stores but without losing the experiential and communicative vein.

Into the group of direct distribution channels, we comprehend also the newest models of the online shopping and temporary stores. (Corbellini & Saviolo, 2009)

If the firm decides to rely on an intermediary in the selling process, then it's opting for wholesale indirect channels like shop-in-shop, corner and wall of unit. In this category, the leaders are department stores and concept stores. The first is constituted by large spaces where many different types of product are placed. Department stores can offer collections of distinct price ranges, targeting a broad group of customers with different preferences and willingness to pay. On the contrary, concept stores comprise high fashion collections together with other several product categories that share the same underlying idea. The focus on the experience and on the creation of a certain atmosphere makes these shops similar to the flagship stores but with the difference of the number of brands represented.

Chapter 2

THE BSC: IMPLEMENTATION PROCESS AND ISSUES

1. THE BALANCED SCORECARD

The Balanced Scorecard is a management tool implemented by companies in order to convert better their strategy into concrete actions. This instrument derived from the necessity to overtake the old systems for evaluating the performance based mostly on quantitative economic-financial measures and with a predominant short-term view. In fact, managers realized that the balance sheet is not able to tell everything about the company, especially those information regarding the intangible assets, which constitute, more every day, the most important source of competitive advantage. As the rise of technology and globalization made resources more easily accessible, the only way to differentiate from competitors in the market is to develop unique features that cannot be replicated, like the know-how of personnel, the organizational management and the relationships with customers and suppliers.

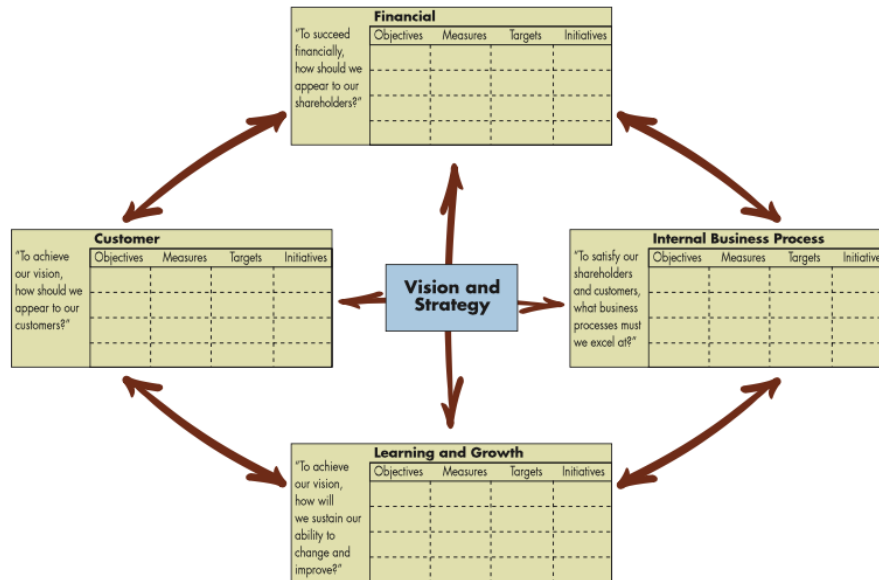
The concept of the Balanced Scorecard was developed in 1992 when Robert Kaplan and David Norton published an article entitled “The Balanced Scorecard – Measures that Drive Performance”, explaining their innovative framework. As the authors say, “the Balanced Scorecard allows managers to look at the business from four important perspectives” (Norton & Kaplan, 1992), helping the company answer the four correspondent questions:

- Customer perspective: how should customers see us?
- Learning and Growth perspective: how do we add and create value?
- Internal perspective: in which process should we excel?
- Financial perspective: how should shareholders see us?

(Norton & Kaplan, 1992).

Figure 6 The Balanced Scorecard: from strategy to action

Translating Vision and Strategy: Four Perspectives



Source: Kaplan and Norton, 2007, *Using the Balanced Scorecard as a Strategic Management System*, pg. 153

The information resulting from the answers to these questions should give the management a global idea of the company's performance and how it should be improved in order to achieve the *vision*. Although Kaplan and Norton introduced it as a performance measurement system, the scorecard showed a much bigger potential after its adoption by numerous organizations in the private, public and non-profit sectors. (Kaplan, 2010) Therefore, the tool evolved into a framework for describing, communicating and implementing strategy, capable of concretely help managers and employees in linking long-term objectives with short-term actions through the triggering of new processes.

In Figure 6 is represented the typical structure of a Balanced Scorecard, in which for each perspective the organization have to identify the most important measures and their relative targets, according to the strategic objectives set for each area. The next step is the definition of specific actions that should permit the achievement of the goals.

In the second part of this chapter, we will analyse more deeply the designing and implementation processes as well as their relative potential issues that can cause the failure of the project and so the decision of non-adopting the scorecard as a strategic management system.

1.1 The four processes supporting management

The companies that decided to adopt the Balanced Scorecard can count on the support of mainly four processes for managing the implementation of their long-term strategy. Those processes are:

1. Translating the Vision
2. Communicating and Linking
3. Business Planning
4. Feedback and Learning

The first process supports managers to fill the gap between the *mission* of the organization and the actions that should be carried out in order to achieve it. In many companies employees don't know how they can contribute to the accomplishment of the vision with their behaviour. The creation of the scorecard permits to express the strategic objectives in quantitative terms and concrete short-term actions, agreed by the senior executives, comprehensible by everybody in the organization and, so, capable of rising commitment to the project.

The second process allows the firm to share the strategy across the different hierarchical levels to align all the initiatives undertaken toward the same objectives. For this purpose, three activities are involved: communication improvement, not only downward to employees but also upward, education to the new framework and its benefits, goals setting and the development of a link between performance measures and reward. All these actions not only would provide the alignment of the organization but would also increase and strengthen the commitment and the trust into the new system.

Other activities triggered by the adoption of the Balanced Scorecard are related to Business Planning. The tool requires the establishment of targets and milestones that are able to direct the behaviour of the organization towards the desired results. Moreover, it enables the integration between strategic goals and financial budgets and also between different changing plans carried out by the company at the same time.

The last process is about Feedback and Learning, which allow the firm to understand where the company is and where it should be according to the strategic plans. The Balanced Scorecard is not an autonomous system, which, once implemented, works by itself but needs continuous improvement and control following the mutation of the strategy, the company or even the market. Therefore, the measures must periodically be revised and, if necessary, corrected to evaluate the quality and validity of the strategy used.

1.2 Who use the BSC?

After understanding what a Balanced Scorecard basically is, it's interesting to have a look at the analyses on the level of its adoption by Italian companies. One of these is the research carried out in 2007 through the proposal of a questionnaire to a sample of 200 Italian firms, representative of the national reality.⁵ The aim of the analysis was regarding not only the scorecard but also, more generally, the level of implementation of any sort of management and control instrument. Among the selected companies, 71 organizations (35%) decided to answer and actively collaborate with the research; those companies can be divided into two groups of equal size based on their revenue: the small/medium-sized ones (0-100 millions euro) represent the 38%, instead the big firms (more than 100 millions euro) are the 39.4%.

The majority of the interviewed entities (76,06%) are Banks and Insurance Companies, Manufacturing and Services firms, while the others work in the Pharmaceutical, Public or Trade sector.

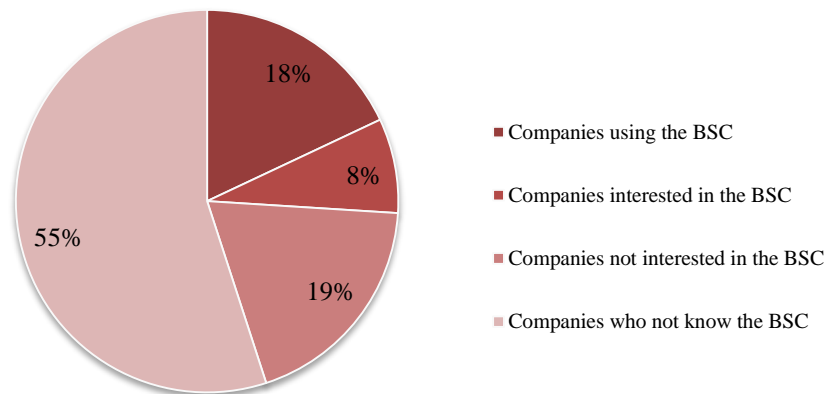
The results regarding the utilization of performance measurement systems shows that Italian firms have already realized the importance of a tool for supporting the implementation and management of the strategy, able to align the employees' behaviour with the organizational objectives and to help the decision-making processes. Although such systems are claimed to be used by almost all the interviewed companies (92,9%), the majority of the frameworks are based exclusively on economic and financial indicators. Only the 22,5% affirms to have implemented the Balanced Scorecard, showing still a low uptake of the tool but with an increase of 4,5% compared to 2004.

Although the interest in the Balanced Scorecard in Italy is increasing, the research shows that around the three-quarters of the collaborating companies still don't know the system or aren't interested in implementing it, most of them are small and medium-sized organizations, which are characterized by a lower managerial culture. (Busco, Riccaboni, & Saviotti, 2007)

For this reason, another research developed by the Carlo Cattaneo University in 2004 focused mainly on big companies, of which 92% report revenues for more than 125 millions euro. The questionnaire was given to a group of 250 companies and among the 106 who answered only about a half (54 firms) actively participated in the research while the others were only interviewed by telephone. (Bubbio, 2004)

⁵ Research developed by the CRESCO Centre of the University of Siena and by Knowità and reported in the book: Busco, Riccaboni, & Saviotti, 2007, *Governance, Strategia e Misurazione delle Performance. Le nuove frontiere della Balanced Scorecard*"

Chart 1 Level of diffusion of the BSC in Italy in 2004



Source: Bubbio, *Il grado di diffusione della Balanced Scorecard nelle imprese italiane: i risultati di una ricerca, 2004*

The results show that the 18% of the 106 firms adopted the Balanced Scorecard and 8% were interested in its implementation. However, these last ones were just a small part (30%) of the companies who knew the instrument but were not using it at that time, because most of the firms did not consider the scorecard as a suitable model that could support their management. Once again, also this analysis indicates that more than a half of the companies was totally ignoring the existence of the system and this is also the main reason supporting the decision of not adopting the model.

Anyway, part of the interviewed companies, who were not using the BSC, was already employing some non-financial measures as they recognized the limitations of the traditional indicators and the growing importance of intangible assets into the definition of a sustainable competitive advantage. According to the research, the sectors displaying the highest rates of firms using the Balanced Scorecard are those that mostly value non-financial aspects, like Services and Trade. Consequently, rises the hypothesis of the existence of some internal and external factors that can constitute the determinants of the firms' decision about the implementation of the model.

1.2.1 Factors influencing the adoption

The influence exerted by some features characterizing the company and its environment on the selection of a suitable management control system (MCS) has not yet been analysed by the literature very broadly and deeply, although its existence is shown by empirical evidence. This

is true in particular regarding the impact of those factors on the decision of implementing the Balanced Scorecard.

However, some scholars tried to examine these internal and external variables through some contingency-based studies realized analysing both the existing literature on managerial instruments and the results of surveys. Summarizing the principal findings on the argument, the adoption of the BSC seems to be related mainly to three factors (Hendricks, Menor, & Wiedman, 2004):

1. Firm strategy
2. Firm size
3. Environmental uncertainty

As regards the corporate strategy, Hendricks, Menor and Wiedman (2004) analysed the typologies of firms suggested by Miles and Snow in 1987, which identifies four different adoptable strategical approaches: Prospector, Analysers, Defenders and Reactors.

According to the study (Hendricks, Menor, & Wiedman, 2004), the adopters of the BSC are more likely to be Prospector or Analysers. A high level of innovation and development of new products characterize both typologies. Prospectors are always looking for new market and product opportunities, reacting to the environmental uncertainty and dynamism with continuous change in order to maintain domain in the sector. To achieve this the firm should adopt a flexible and technological structure and largely invest into market research.

Also Analysers are interested in new opportunities but at the same time they try to maintain their present situation stable. Therefore, this kind of firms needs to manage and balance stable and dynamic areas. Hence, the implementation of the BSC is critical for these two types of companies in order to align quickly and efficiently the strategic actions and decision with the requirements of the environment. (Hendricks, Menor, & Wiedman, 2004)

Defenders and Reactors, instead, are not able to respond efficiently to the changes of the market and invest a low level of effort in searching for new opportunities.

Another important variable to consider is the firm size, which seems to be positively related to the decision of adopting the model. As communication and control problems usually increase with organizational growth, the management would need a coordinating and stabilizing instrument such as the Balanced Scorecard. This kind of management system is particularly significant also for those firms operating in an uncertain environment, whose adoption of the model would provide a consistent support in dealing with inaccurate or even absent predictions. The scholars, in fact, realized that generally the companies utilizing the BSC operate in market with a highly volatile demand, which varies continuously and consistently through the years.

However, Chenhall (2003), analysing the reasons behind the decision of the suitable management control system, considered a limitation the fact of defining the external environment only on the basis of the level of uncertainty and so he added other variables suggested in literature in order to obtain a more comprehensive picture of the background of the company. In fact, he considered also factors such as risk, turbulence, hostility, diversity, complexity and dynamism, that shape the environment determining the impact on the decisions about the kind of system to adopt. Moreover, the scholar involved in the analysis also some elements describing the internal side of the company, like the strategy, the level of technology and the organizational structure. The conclusion was that all the variables considered seem to have an impact of the selection of the system implemented and on its typology.

Further research needs to be developed in this field as the pressure from the external environment will be more relevant and impacting on the decision-making process of firms; “the boundaries between what is internal and external become blurred” (Chenhall, 2003), global competition strengthens, as well as social, ecological and institutional requirements, and that is determining a consistent change in the role of management control system.

1.3 General critiques about the Balanced Scorecard

The Balanced Scorecard is considered by many a clear and direct system but also flexible and easily adaptable as required by the organization implementing it. (Busco, Riccaboni, & Saviotti, 2007) During the last twenty years, the Balanced Scorecard has been deeply analysed and adopted by many organizations with differences in terms of size and industry. Its application has been extended to several purposes and to different hierarchical levels. (Agostino & Arnaboldi, 2012)

Although the benefits brought by the scorecard are evident and several, many are also its limitations, which led scholars to publish some critiques regarding the model itself and its foundations. First of all, many authors highlighted some shortcomings of the BSC, like, for example, the lack of a time dimension. In fact, measures are calculated without regarding the cause-effect relationships between them, which requires taking into account the subsistence of a time lag. (Norreklit, 2000) Moreover, the gap between actions and relative effects is never the same but it varies with the measures involved, making the identification of the relationships among measure quite difficult. A way to overcome this obstacle can be the creation of a temporal database relative to the indicators used in the Balanced Scorecard, which can help observing their effects over time on many factors. Unfortunately, this system is no longer useful for companies based on innovation and new products' development as they have to constantly adapt to new situations and can't have the support of historical data.

Therefore, the scorecard doesn't seem to be a good instrument for monitoring changes and uncertainties because the absence of the time variable makes it static rather than dynamic. Due to its rigidity, the BSC model doesn't consider the risks connected to the implementation of a strategy that can be represented by some external factors that could threaten the processes and provoke shocks. This brings to light another limitation of the instrument that is the excessive focus toward the internal part of the organization. The four perspectives do not take into account significant elements like environmental variables that may influence the performance and also all the people directly interested in the company's results. The Balanced Scorecard approach assumes the firm adopting as the only actor, neglecting the presence of the other companies in the market, whose collaborative or competitive behaviours surely influence the performances' results, and also the existence of political institutions and communities. Some scholars suggested the inclusion of social and environmental factors in the BSC as a useful improvement of the framework, even if it would mean rising the complexity of an already complex situation. (Brignall, 2002) In fact, this would mean considering an additional stakeholder in the company, which would acquire a significant power over the decisions of the organization and on its performance and whose interrelations with the other measures would be highly articulated and complicated. Atkinson *et al.* (1997) argues that when talking about the measures related to stakeholders, customers are not the only ones that should be considered, but also employees, suppliers and communities, which influence and contribute to the firm's performance. Other studies suggested, having regard to the lack of people orientation of the model, the introduction of a new perspective dedicated to Human Resources, as the fifth one associated with the other four (Olive, Petri, Roy, & Roy, 2003) or even as alternative to the Learning and Growth section (Maisel, 1992). The control and implementation processes linked to the Balanced Scorecard don't ensure the rooting toward the people that will be actually using the framework, whose commitment is essential for the success of the project. (Norreklit, 2000) The main reason is the establishment of a top-down approach prevalently mechanical and hierarchical, which imposes the model to the lower levels and doesn't permit the involvement of the entire organization for its creation. Braam and Nijssen (2008) found formal procedures and rules being an obstacle for the implementation of the Balanced Scorecard as a Strategic Management System, because they may demotivate managers in the process of customization and alignment of the framework to the strategy of the company. Moreover, Mathys and Thompson (2008) argued that the model doesn't focus enough on processes, which play a significant role in the organization but in the BSC framework are treated equally to the other perspectives.

All the criticisms that have been presented so far are related to the framework itself, but many other issues have been identified associated to the process required to implement the model and incorporate it into the organization.

2. THE ISSUES ABOUT IMPLEMENTATION OF THE BSC

The Balanced Scorecard was born as a performance measurement tool but until now it has experienced a significant evolution becoming an instrument for management and strategic alignment of organizations. (Papalexandris, Ioannou, Prastacos, & Soderquist, 2005) This transformation has brought many new opportunities of implementation, increasing the potential of the approach, which now it's considered flexible enough for almost all the organizations, both in the public and private sector. (Cugini & Michelon, 2007)

However, as we have already seen in the previous paragraph, the criticisms about the scorecard are several and numerous are also the ones about its creation and utilization processes. Although some success stories are reported, the majority of the attempts to adopt the BSC fail, making the companies lose the time and the money they invested.

The fact is that this instrument is not a pre-set and already-made tool that can be adopted by every kind of organization as it is, but the measures and targets are customized according to vision, mission, values, strategy and market of the company. (Kaplan & Norton, 1993)

The only parts already structured are the four views, which are not mandatory but represent a suggestion considering the traditional arrangement of a firm. For this reason many scholars proposed alternative perspectives, in addition or replacement of the ones proposed by Kaplan and Norton, which may fit better to certain market segments.

Each adopter is unique and so develops its own implementation process, whose stages can vary in terms of number, content and sequence. (Papalexandris, Ioannou, Prastacos, & Soderquist, 2005) On one hand, this can leave the organization the proper level of freedom for managing the adoption of the scorecard, but, on the other hand, it does not provide enough support and guidelines for a successful project development. The experience and knowledge about the BSC concept are essential to overcome the main barriers of implementation and if the company is not enough qualified, it should hire some well-selected external consultants with knowledge and experience about the system.

Although the main reasons for the failure of the scorecard implementation derive from behavioural factors, some companies don't accomplish the integration of the framework because of some changes in the organizational structure. In fact, the managers should individuate the right time to start the project otherwise the risk is that the responsibility of the system adoption will shift to people different from the ones who started it and that are not interested in the Balanced Scorecard, deciding to abandon it. For example, during mergers and acquisitions the model can result useful for the process but most of the time the organization gives it low priority and set it aside. (Wagner & Kaufmann, 2004) The same thing can happen if some key leadership figures change. The most suitable style of leadership for the scorecard

is the one that favours innovation, participation and creativity; a completely different manager, who privileges control through formal and hierarchical planning processes, may replace such person and therefore constitute an obstacle to the adoption of the model. (Kaplan & Norton, 2001) In fact, the BSC system works better if constitutes a key channel of communication of vision and strategy rather than when its purpose is to control the actions of employees.

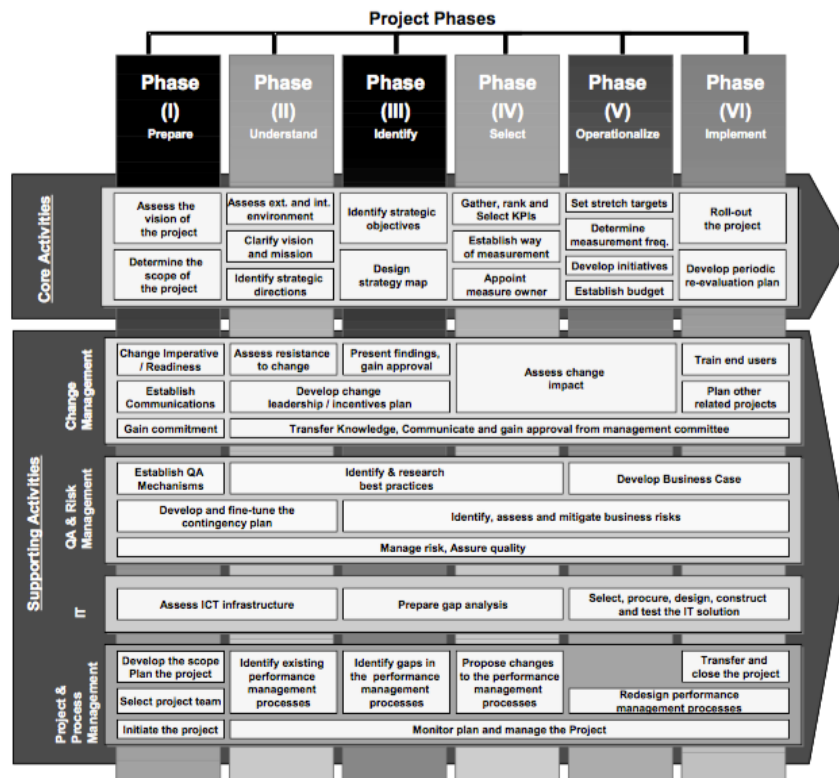
The implementation of the BSC framework requires the time and the effort of the entire organization. Time is the essential commitment of employees and, especially, managers, which should dedicate between 50% and 90% of their working time to the project. (Papalexandris, Ioannou, Prastacos, & Soderquist, 2005) However, many companies, both successful and unsuccessful, expressed the difficulty in finding time and effort for the project, sometimes to the point of interrupting the implementation and deciding not to continue it anymore. The adoption of a Balanced Scorecard should be a relatively short process, lasting between four and six months. (Papalexandris, Ioannou, Prastacos, & Soderquist, 2005) Many organizations believe that the use of the model should take place in a single moment and that, when the integration process starts, the scorecard must be complete of all the measures and data. In this way, the firms wait for too long to have everything needed for the implementation of the framework without starting to actually use it. (Kaplan & Norton, 2001) Hence, the company will slowly forget the BSC and the project will be lost even before starting. On the contrary, the implementation should be a learning-by-doing activity, which may begin with missing measures, data and objectives that will be refined during the usage of the scorecard. The majority of the successful processes started with an incomplete framework and in any case the BSC has been integrated as a continuous management activity, giving all the people of the organization the possibility to get familiar with it and to start using it in the everyday actions as a routine. Only with time the system has been perfected through reviews and improvements.

2.1 A six-steps process

In order to present the principal issues about the implementation we will follow the six phases suggested by Papalexandris *et al.* (2005), because their aim was to elaborate a general universal model applicable in many situations. Through the analysis of the steps required to adopt the Balance Scorecard, it will be possible to easily identify the critical points of the process and so to distinguish which actions need to be done and which ones to avoid.

In the study, the scholars specified the activities necessary for every phase and presented them divided in two groups, core activities and support activities. The firsts are the classical activities presented many times in literature, which characterize every phase of the project. Instead, the second ones support the organization during the whole process, specifying the skills required in each stage and represent, as we will see, important determinants of the success or failure of the implementation.

Figure 7 Breakdown of Phases and Activities Inherent in the BSC Methodology



Source: Papalexandris *et al.* (2005), *An Integrated Methodology for Putting the Balanced Scorecard into Action*, pg.223

As it's noticeable from the chart (Figure 3), each phase implies few core activities, which can be effectively carried out only thanks to many underlying support activities. The latter can be grouped into four general operations:

1. Change management
2. Risk Management and Quality Assurance
3. Information Technology
4. Project and Process Management

Every person of the organization needs to understand that the implementation of a new measurement and strategic tool will require and imply some big changes in terms of structure, dynamics and behaviours. Without a clear awareness of the reasons of the transformation, any

effort would be worthless and would generate a real resistance to change by employees and even by managers, often resulting in a failure for the whole process. The early stages of the project of implementation of the Balanced Scorecard are critical for the change management and represent the moment that requires the strongest concentration of efforts to guide the organization to the new level. As the scholar Kurt Lewin affirmed in 1951, usually the system is in a state of inertia that needs to be broken down in order to unfreeze the organization and persuade it to change. A sense of urgency for transformation should be spread at all levels to make employees and managers comprehend why and how a new situation is required. (Kotter, 1995) In this way, the forces that push the resistance are lowered and made weaker than the willingness to change.

The vision must be clear to everybody through efficient communication and education about the new strategy. Once the desired level is acquired, the new approach must be institutionalized to become part of the routine and then the organization should be brought back to the initial state of inertia but at a completely new level.

The activity that most of all should be able to prevent errors in the process is the Risk Management. This includes some important tasks, such as the constant analysis of risks and uncertainties during the whole project, the control of the progress and the development of plans to manage possible emerging problems. At the same time, Quality Assurance activity should check that the framework created meets the requirements in terms of quality. Therefore, the deployment of these two functions would permit the organization to prevent and manage all the critical factors that can cause the failure of the implementation.

The contents of the scorecard are mainly measures, which are calculated starting from collected data. Hence, companies need an IT system that can help them in the management of those data and in the efficiently control of the BSC. Every organization must accurately choose the most appropriate IT solution able to monitor the measures and collect and elaborate information, so to provide quick analysis that can support the decision-making process. Some difficulties can rise if the data are not accurate and/or accessible. (Bourne, Neely, Platts, & Mills, 2002)

The last support activity is Project and Process Management, which requires the collaboration of people coming from different part of the organization. They are in charge of planning and controlling the process from the beginning until the end, ensuring the respect of the time and budget constraints. Without this activity, some time and cost issues may rise during the implementation.

2.2 Implementation phases and possible emerging issues

Now, will be presented the description of all the six phases to perform for the implementation of the Balanced Scorecard in an organization and the relative problems that can occur during the execution of the activities, potentially determining the failure of the entire process.

The phases are:

1. Project Planning
2. Vision and Strategy
3. Strategy Map
4. Performance Measures
5. Activate the Project
6. System Implementation

2.2.1 Planning the Project and Understanding Vision and Strategy

In this first phase, the project of the Balanced Scorecard should be planned and prepared to begin. As Kotter suggests (1995), a cross-functional team should lead the change and be in charge of the design and implementation task. Sometimes the measures and the targets are entirely decided by a single senior manager, which may be able to develop a proper system for the company but surely doesn't trigger the transformation process through the organization, making his/her efforts quite useless. (Kaplan & Norton, 2001) The project team should be formed by several members coming from different hierarchical levels and functional areas in order to favour discussion and integration of different points of view. Although Papalexandris *et al.* (2005) indicate the involvement of no more than eight employees, we can remain in a more general view considering the participation of the number of people appropriate for each organization, so as to allow efficient and effective discussions and the fluent achievement of a consensus. On the other side, the firm must be careful in not including exclusively the project team into the process. In fact, as everybody are going to use the system once implemented, it's essential that every member of the organization understands the new approach and contributes to its incorporation. (Kaplan & Norton, 2001)

The mistake of not involving enough people might convert into some risky issues like the lack of communication and commitment, causing in turn a stronger resistance to change.

The lack of commitment is one of the main reasons for failure of organizational change, especially if related to the top level of management. (Schneiderman, 1999) Only the senior managers are able to articulate the strategy and guide all the organization through the implementation of new systems, so they must deeply commit to the project in terms of time, effort and also confidence in the success. However, once again, the top managers are not the

only actors in the process; there must also be a commitment on the part of all the employees, gained through the building of a strong understanding of the scorecard and of the realization of the weight of their personal contribution to the project, which can be achieved thanks to solid and efficient communication mechanisms.

Communication represents a consistent lever for the success of the implementation process and, in general, of the organization. Hence, the company should educate the employees and verify, through questionnaires and interviews, if they understood properly and if they are convinced that the change will lead to an improvement.

In the second phase of the implementation the project team begins to collaborate and to create the foundations on which the Balanced Scorecard will be built. But first some analyses need to be carried out regarding the internal and external situation of the company and what needs to be done in order to reach the future desired state. The organization should not develop a single and unique action plan but many different alternatives linked to all the situations that might arise due to issues and obstacles in the process, so as to not overcome the time and budget constraints. (Papalexandris, Ioannou, Prastacos, & Soderquist, 2005)

After these activities, the project team can finally start designing the framework with the establishment of the mission, the vision and the strategy of the company, that is achieved through several workshops and interviews with the senior management involved in the process.

2.2.2 Strategy Map

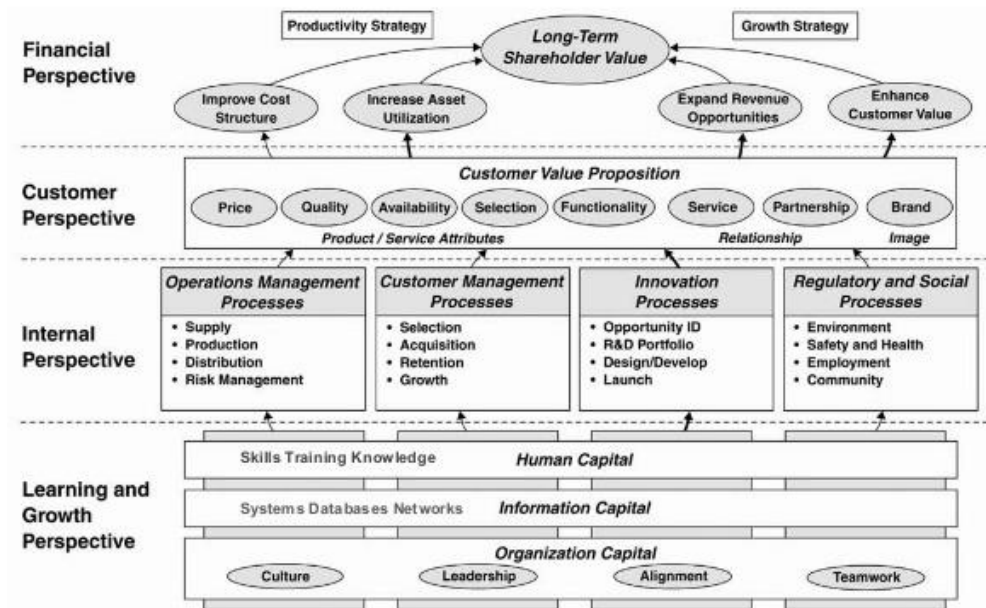
This phase includes the identification of the major strategic objectives and the existing relationships among them, which, once formulated and agreed by all members of the project team, will be used to design the Strategy Map (SM). Its creation is one of the most critical tasks of the process but is important to have a better understanding of the complex system managed with the Balanced Scorecard. In fact, as a graphical representation, the map summarizes the information, providing an overall perspective of the strategy and so improving the decision-making process. It also helps the transmission and comprehension of the direction taken by the company by all the people of the organization. (Banker, Chang, & Pizzini, 2011)

The two main elements composing the Strategy Map, the strategic objectives and the relationships, require a deep analysis and fragmentation of the strategy and can threaten the rising of some issues in the project.

The project team have to identify all the objectives and rank them according to some criteria. As they will be the basis for the creation of the SM, the objectives should be as much suitable as possible to be integrated into its structure. Therefore, when selecting the top strategic goals, the team should consider their importance in achieving the overall strategy and if they have

potential for improvement, as well as their predisposition to be measured and to be correlated with the other objectives. While trying to decide the objectives to select, disagreements between the team members may rise, mostly because they come from different areas of the company and so have different agendas and priorities.

Figure 8 The Strategy Map



Like for the members of the project team, the number of objectives to choose has been differently suggested in the literature, some scholars recommend 10-15 goals (Papalexandris, Ioannou, Prastacos, & Soderquist, 2005) and others even 20-25 (Wagner & Kaufmann, 2004). Once again, we can say that the amount of strategic objectives depends on the organization; the important point is that the firm should be able to handle easily all the goals selected and these should facilitate the creation of the map.

The second step is the identification of the existing relationships among the objectives and measures. Many companies don't put enough effort into the investigation of these links, which, according to them, are clear and evident by themselves. (Ittner & Larcker, 2003) Doing so, most of the time organizations fail in finding the real performance drivers and so they end up measuring negligible aspects, still convinced, but without evidence, that investments in some factors would lead to certain results. However, checking the correlations is not a simple and well-defined task. Kaplan and Norton describe only a general chain of relationships among the four perspectives (Learning and Growth → Internal Business

Processes→Customers→Financials) but without clearly stating the nature of those relations. (Norreklit, 2000) They are defined as causal connection between an action and consequent financial results, which can be proved only empirically, but they also require the establishment of a mathematical equation that is based on logical assumptions and can't be proved with empirical observation. Norreklit (2000) argued the lack of clarity on whether the relationships, that the company should analyse, are causal or logic, but surely they can't be both. The scholar, through the investigation of the link between customer satisfaction and financial success, can affirm that there's not enough empirical evidence for assuming the existence of causal relationships into the Balanced Scorecard. Therefore, we should consider the hypothesis of a logical nature more conceivable. Instead, another supposition states that what Kaplan and Norton originally claimed to be a cause-and-effect relation, in reality is nothing more than a finality relationship. This kind of linkage is based on human believe that certain actions are the right means to get to certain ends. Many indicators suggest the idea that, actually, the authors wanted to refer to finality rather than causality, but if so, the scorecard would not differentiate much from many other models. At the end, Norreklit proposes the establishment of a strong coherence between actions and results, which means being able to use and control input factors with a high potential of realizing a certain end. The concept of coherence should be extended to the entire strategy, whose harmonization would help achieving the desired objectives.

Regardless of their nature, the relationships between strategic objectives are difficult to identify correctly and may constitute an obstacle to the design of a proper Strategy Map. The major reason is that the connections are not always linear and one-way, as assumed in the original presentation of the model, but instead they constitute a chaotic web of unclear interdependences. (Brignall, 2002) Some relationships can even create a feedback loop, in which more variables influence each other in a circular way. (Busco, Riccaboni, & Saviotti, 2007) This doesn't mean that the firm implementing the Balanced Scorecard shouldn't even try to analyse those link, on the contrary the organization should understand that the effort in creating the SM will later result in a solid and reliable instrument for supporting the managerial decisions and in a more feasible success of the BSC implementation.

2.2.3 Selecting Performance Measures

The next step is the identification and selection of the major performance measure related to the four perspectives of the scorecard, called also Key Performance Indicators, which will be balanced and used to monitor the state of the process of achievement of the strategic objectives.

Usually, 15-25 measures are chosen among already existing or completely new ones and can be of two kinds: performance drivers or outcome measures. Performance drivers are internal leading indicators of the strategy and of the ability of achieving short-term operational improvements; instead outcome measures show the final results of the performance. (Laung, Lam, & Cao, 2006)

The collection of KPIs should be defined through some criteria that help to detect what are the most suitable measures for the organization. These have to fit into the model and so they should be feasible for measurement and well correlated to the relative strategic objectives. Good metrics are easily understandable and accessible; they should be able to support the identification of the causes of the gap between the actual and the desired results, together with an efficient data system, and to estimate the level of stakeholder satisfaction. (Schneiderman, 1999)

The process of selection is critical and important for the successful creation of the scorecard and threatens the rising of several significant issues. Primarily, the risk embodied in the whole project is the origin of conflicts among the team members with diverse agendas that can lower their commitment to the model and to the process. The ranking of the measures according to the criteria presented before can be a method for easily reaching a consensus.

The collection of too many or too few indicators as well as of the ones not relevant for the performance evaluation could compromise the effectiveness of the BSC and the success of the strategy. Sometimes the measures selected result not exploitable and disconnected from the strategic objectives, mostly because of the lack of a process combining top-down and bottom-up procedures that are able to merge the general view of the management with the detailed knowledge of employees. (Schneiderman, 1999)

Once the group of measures is formed, starts the determination of the mathematical formulas representing the relationships among the indicators and then their first calculation, whose results will show the current situation of the firm and the distance from the desired future status. Based on those information the managers can formulate the actions to be taken in order to change the condition of the organization and to fulfil the strategy. However, the utilization of the metrics is not limited to a single episode, but instead they require developing a formal process for their periodical review and improvement. For these reason, the literature suggests the assignment of each measure to an employee who is able to monitor and control it and so becomes a performance measure owner. (Papalexandris, Ioannou, Prastacos, & Soderquist, 2005)

As the scorecard is defined balanced, the KPIs must be balanced among the four perspectives, especially between quantitative and qualitative ones. Although many firms expressed the

difficulty in managing and measuring quantitative measures, they have significant importance in achieving a comprehensive picture of the firm's performance. Moreover, the use of different measurement techniques hinders managers in the analysis and comparison of results and may lead them to wrong or inappropriate decisions. (Ittner & Larcker, 2003)

2.2.4 Operationalization of the Project and Final Implementation

This constitutes the last step in the designing of the Balanced Scorecard and comprehends a set of activities that many companies decide not to carry out.

The phase must begin with the establishment of the targets related to each measure that represent the desired future situation of the organization and guide the actions needed to achieve the strategic objectives. Target setting is a difficult task, mainly due to the lack of experience of the company; therefore, goals should be defined gradually with practice until reaching the final ones also because some actions could take some time before showing performance improvements. (Ittner & Larcker, 2003)

Then, the firm should determine the frequency of measurement for each indicator according to their nature, to the availability of data and to the existence of some influencing factors, like seasonality, that can affect the final results. Usually, the interval is between one and five months. (Papalexandris, Ioannou, Prastacos, & Soderquist, 2005)

The last activities of the fifth phase are the development of strategic initiatives and the budgeting of the resources required. The project team should first analyse the already existing initiatives and then adding the ones proposed by the rest of the organization through questionnaires and suggestion boxes. Also in this case, for the selection it may be useful to rank the actions according to some principles. The companies should not be impatient to have immediate results favouring mostly short-term initiatives but should balance the actions according to their timing, keeping in mind that after all some long-term ones can bring higher returns. The creation of the budget is based on the strategic objectives and should be transmitted to the whole organization in order to align the efforts of the employees. It can happen that the team modifies the decision made during the previous phases because of some resources constraints identified at this time.

Finally, in anticipation of the upcoming implementation of the BSC the organization should start evaluating the IT system requirements and the future change impact of the project in order to begin the arrangement of effective training programs.

In the last phase of the project, the team should transfer the Balanced Scorecard designed to the whole company in order to begin its utilization in the shortest possible time in order to avoid the rising of resistance to change and consequently the abandonment of the project. For this

reason, the decision of the type of IT system required by the system should consider the length of its implementation as well as its appropriateness to the organizational structure.

The project team should also establish procedures for periodic re-evaluation of the framework and of all its elements to guarantee improvement and adaptation to future changes of the firm, the strategy or the market.

The final part of the phase is constituted by the planning of other projects that will help the organization with the integration of the new BSC framework. One of those can be the automation of the measurement of KPIs and of their resulting reports through the acquisition of complex data warehousing. Another project is the execution of the training programs elaborated in the previous phase, which will educate the employees in the utilization and improvements of the model.

After the Balanced Scorecard has reached a stable arrangement, the reward system can be connected to the framework, increasing the commitment of employees and their understanding about the importance of the measures relative to each area of the company.

The phases that we have analysed so far are proposed in general terms but can consistently vary considering specific factors characterizing each organization. Anyway, in each step a high level of attention must be always kept in order to prevent the origin of critical issues that can cause the failure of the whole process.

2.3 Supporting Tools

In the growing complexity and speed of markets, companies must be able to deal with continuous change and therefore they need appropriate systems for measuring performance and managing strategy. The frameworks suggested in literature, like the Balanced Scorecard, have been widely criticized due to their static nature and inability to identify the relationships among measures properly, which most of the time are not linear and unidirectional, as assumed in the strategy map, but a chaotic web of interdependences and interactions. (Brewer, 2003) For these reasons and many others, several scholars proposed methodologies to support the principal model during its process of design, implementation and use. These instruments jointly operating with the BSC should be able to develop a more robust, coherent and integrated management system with an actual long-lasting impact on the firm's routine. (Busco, Riccaboni, & Saviotti, 2007)

We will consider and analyse three of these supporting tools:

1. Value Dynamics Framework
2. System Dynamics
3. Proactive Balanced Scorecard

The first approach provides a structured method to translate the strategy statements into specific measures, while the others are focused on the correct identification of the relationships among indicators.

The Value Dynamic Framework helps the organization in the selection of the BSC metrics on the basis of the identification of the critical assets that permit the achievement of the strategic objectives. The framework is composed by a list of assets that support the firm's strategy and the explanation of the unique network of relationships among them that enable the company to deliver value to customers and to achieve sustainable competitive advantage. Then, the organization has to detect the critical success factors of its strategy and to identify for each of them a supportive combination of assets. The dynamic of the model is provided by a SWOT analysis, which enables the firm to forecast future opportunities or threats as well as to analyse the weak points on which to base the improvement process. Finally, the VDF should be connected to the BSC, providing a rich set of information for each of the four perspectives and, consequently, helping the selection of the relevant indicators of the performance.

The second method is called System Dynamic and it enables the company to analyse and interpret the relationships among the measures of the scorecard; in particular, the framework focuses on the comprehension of the feedback loops, observing the dynamism of the structure through IT simulation instruments. (Busco, Riccaboni, & Saviotti, 2007) To begin, the approach requires the definition of the link between variables and of their polarity, which can be positive, if the rising of the first indicator causes an increase also in the other, or negative, if the variables move in opposite directions. These connections will be used to create a map as a first logical-qualitative representation of the model and often they create closed cycles of relationships (loop) that show the possible levers to use for achieving certain strategic results and thus provide support for the management decision-making process. The feedback loops are divided into two groups according to their flow; positive or reinforcing loops are composed by relationships of the same polarity that enhance the changes of the variables with no limitation. Instead a negative or balancing loop comprehend link with opposite directions, moving the indicators toward a sort of static equilibrium in which the forces offset each other.

However, this is only the qualitative part of the System Dynamic model, in fact the next step will be to establish mathematical relationships to include into a simulation process. Therefore, the whole model will be automatized through IT systems that will permit the organization to validate the link assumed previously, to check if the correct measures have been selected, and to quickly and efficiently interact with the framework. Furthermore, the approach allow to use the simulation process to elaborate some "what if" analyses and so to forecast and study the

results of the strategic initiatives in different scenarios, which can constitute an important tool for managers' and employees' training programs.

The last methodology suggests the construction of a proactive Balanced Scorecard, which represents multi-directional causal relations and feedback loops through a fuzzy cognitive map (FCM). (Chytas, Glykas, & Valiris, 2011) The fuzzy logic technique is linguistic instead of numerical and it's used to manage complex systems with confusing data. The design process is almost identical to the one for the creation of a regular scorecard, except for the final part. In fact, after the identification of KPIs and their interdependences, a team of experts must define the influences among variables in terms of sign, positive or negative, and grade of intensity with some linguistic variables that form a measurement scale. In this way, the proactive Balanced Scorecard fills the typical gaps of the original framework that considers the relationships as always linear and one-way and all the measures with the same weight but that also shows the lack of a correct representation of the dynamics in the system. In any case, the scorecard needs continuous improvement and, to this purpose, the proactive version can count on the periodical simulation of the FCM, carried out to test the validity and effectiveness of the elements composing the framework.

3. THE BSC IN THE FASHION SYSTEM

As we observed in the first chapter, the fashion market is a complex and dynamic system in which companies produce a wide range of products. The brand represents the heart of the business model and the major competitive asset, containing all the intangible values that characterize the items offered by the firm and providing the customer a unique shopping experience which will likely turn into a loyalty relationship. Therefore, the fashion product embodies both a productive process, aimed at efficiently realizing the outcome, and a creative activity, with the purpose of interpreting and satisfying the customers' emotional desires.

In this final part of the chapter, will be presented the examples of the successful implementation of a Balanced Scorecard by some fashion companies reported in literature. On one hand, those cases represents sign of a possible adoption of the instrument in the fashion industry; on the other hand, they are just a few due to the still little research conducted on this topic.

3.1 An example of BSC for the fashion companies

The identification of a general business model for the fashion companies is almost impossible, considering the variety and heterogeneity of the ones already existing in the market, but surely there are some common elements, like high complexity and the need to reconcile efficiency and creativity. For this reason, organizations in the fashion system look for an instrument like the Balanced Scorecard, able to help managing and balancing the different aspects involved and to translate the strategy into simple and understandable terms. Fazzini and Terzani (2006) presented a model elaborated on the basis of interviews and questionnaires addressed to some Italian fashion companies. Among the 70 firms selected for the research, only 19 decided to provide information and most of them (10) come from the intermediate segment of the market defined as "Fashion" in the paper.

Table 2 Research Sample

Market Segments	Firms Selected	Firms Interviewed	Answer Rate
High Fashion	17	5	29%
Fashion	37	10	27%
Casual	16	4	25%
Total	70	19	27%

Source: Fazzini & Terzani (2006), *Una proposta di balanced scorecard nelle imprese del sistema moda*, pg. 48

The justification for the selection of the segments (Table 2) is the similarity of processes and logics as well as the rising consideration of the casual apparel as fashion products. (Fazzini & Terzani, 2006)

3.1.1 The structure of the framework

In the research, the authors, thanks to the firms interviewed, have been able to suggest a hypothetical structure of the Balanced Scorecard created for a fashion company, which constitute only an example that may not be suitable for all the organization in that market.

The Customer Perspective is surely one of the most important because consumers are the major determinant of the firm's success. After the fall of the high-fashion domination, the real power has shifted into the hands of customers whose desires must be anticipated by the companies in order to deliver, at the right time, the collection of products that better satisfies their requirements. The problem is that those customers' needs change continuously, making the forecasting process really difficult. When elaborating this part of the BSC, the team must establish the major value drivers of each segment in which the company operates. The segmentation process can be the starting point of the definition of the measures with the aim of stating the sales structure and so the profitability of each sector identified using different criteria, like geography, brand, collection, type of product, etc. Other indicators should help analysing the customers' behaviours toward the company and the products. Understanding the NPV (Net Present Value) of a client, namely the total expected profit coming from him/her, enable the firm to verify the level of customer satisfaction and the loyalty to the brand. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009) These concepts are consistently related to the level of appeal and position of the brand in the market, which should also be monitored with the BSC. Another way for communicating the image of the company is through the points of sale that represent an important direct connection with the final customers, whose shopping behaviours provide quick and reliable information about their requirements and about the trend of the collections sold. The ability of a fashion firm to satisfy customers and to efficiently use the resources is showed by the Internal Perspective. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009) The scholars decided to consider the most critical processes according to the organizational structure generally adopted in the fashion system. The heart of the operations is represented by the production, which often is transferred to an external company. On one hand the outsourcing option provides benefits in terms of lower costs and higher flexibility, but on the other hand it can constitute a serious risk for the quality of the products. The company can recover the control over the manufacturing process through the nomination of supervisors in charge of checking that materials and processing meet the standard required and that these are

not utilized for selling directly the products. Therefore, the selection of the external suppliers and the development of a solid relationship with them are crucial for guaranteeing the realization of a proper outcome in line with the brand and the style of the firm. In fact, the suppliers in general should represent a trustworthy source for innovation, especially regarding raw materials, and problem-solving, whose collaboration can translate into lower time and costs involved in the processes. The last process included in the BSC is the distribution, which varies according to the kind of channels used by the firm for reaching the final client. The Learning and Growth Perspective highlights the ability of a firm for making the main intangible assets grow. These mainly comprehend innovation, human resources, information and organizational capital that represent the major foundations of the competitive advantage of a company. The creation and success of a fashion product requires the efficient and effective collaboration of two very different groups of people, the managers and the stylists. Both these figures, according to the interviews, are subject to a certain level of turnover in a fashion firm, probably for guaranteeing the introduction of new fresh ideas and experiences, although the establishment of a balanced coordination between the logical and the creative part of the organization is a long and laborious process. Even though the human resources play a key role in the development process, the increasing complexity of markets and of firms' structure makes technology almost as much important. The information capital includes databases, information systems, networks and technology infrastructure that are effective tools for the communication and the management of the huge amount of internal and external data collected. The last category of the perspective is represented by the organizational capital that comprehends three concepts: team work, corporate culture and employees' motivation. Finally, the Financial Perspective constitutes a point of connection for the different areas of the firm and is used to evaluate the economic and financial performance in terms of value creation for shareholders. Although in a fashion company the non-financial measure play a fundamental role for determining its success, the importance of financial indicators is not diminished, as they represent a reliable and objective picture of the organization and generate the boundaries for the creative dimension. (Fazzini & Terzani, 2006) The measures suggested for this section have been divided into three groups. The category of value creation is composed only by the Economic Value Added index (EVA), which evaluates the financial performance on the basis of what remains of the net operating profit after the deduction of the total cost of capital. If used by a fashion company, it may be necessary to measure the index for each collection produced and sold. The second group is formed by several economic measures about sales and costs. The indicators analysing sales are useful for stating the efficiency of the firm and its position in the market; the most common are Return on Investment (ROI), Return on Sales (ROS) and Capital

Turnover (CT). From the interviews, emerged some difficulties in computing and monitoring the costs, mostly because of the speed of the collection renovation and the problem of separating the costs for the creation of the prototypes and the costs of production. The last category in the perspective is the financial one that permits to manage the fluctuating cash flows due to the short lifecycle of collections. The following table (Table 3) reports some measure of the framework suggested by the authors of the research.

Table 3 A model of BSC for the fashion companies

FINANCIAL PERSPECTIVE		INTERNAL PERSPECTIVE	
Category	Measures	Category	Measures
Value creation	EVA	Relationships with suppliers	Suppliers rating Time between order and entry into warehouse On-time orders Defective products rate Number of innovations from suppliers
Economic	ROI-ROS-CT Sales Sales per employee Sales per square meter of POS Costs Collection costs Advertising costs POS rental costs	Production	Cost per unit Defectiveness rate Performance rate Inspection and control costs Quality costs Average time of production cycle Turnover rate of warehouse Number of outsourcing relationships Performance benchmark of outsourcing partners
Financial	Net assets Warehouse Warehouse turnover Warehouse per square meter of POS Working capital Debt structure Cash flow	Distribution	Average transportation cost per unit Average time between order and delivery On-time delivery rate Number and frequency of customers' complaints
CUSTOMER PERSPECTIVE		LEARNING AND GROWTH PERSPECTIVE	
Category	Measures	Category	Measures
Sales structure	Revenues and margin by brand Revenues and margin by collection Revenues and margin by region Revenues and margin by product	Human capital	Key personnel turnover Number of realized projects Number of new creations Average revenue per stylist/manager Average age of stylists/managers
Customer profile	External market research Sale prices Average amount of the receipt Items per receipt Conversion rate	Information capital	Rate of stakeholders involved in processes Number of complaints among divisions Inefficiency costs Rate of divisions connected by IT
Customer loyalty	Number of fidelity cards and registered customers Numbers of invitation to fashion shows	Organizational capital	Rate of employees working on interdisciplinary projects Number of new ideas from external sources Number of patents
Brand appeal	External market research Market share		
POS performance	Seasonal sell-through Quality of sales Depth of liquidations		

Source: Fazzini & Terzani (2006), *Una proposta di balanced scorecard nelle imprese del sistema moda*, pp 50,52,54,55

3.2 The implementation process

Bubbio, Cacciamani, Rubello and Solbiati (2009) described in their book an example of the process of implementation of the Balanced Scorecard for fashion companies, which traces the steps presented previously but includes also some specific elements that generally characterizes the organizations in the market. Primarily, the project team should involve professional figures typical of the sector like the style manager as well as more common employees coming from different functions like marketing, supply chain and quality management, administration, etc. The important point is to include all the people influencing the performance even though they work in different areas and have different priorities. Their meetings and discussions provide occasions for nurturing the collaboration across the organization through the common effort in developing solutions for the critical problems identified and in reaching a consensus for the selection of the elements of the scorecard. (Bubbio, Cacciamani, Rubello, & Solbiati, 2009)

After forming the team, the project can start following the typical phases of the process for elaborating a unique tailored framework suitable for the company adopting it.

In the last part of the implementation, two important activities must be carried out. The first is the decision regarding the intervals of measurement of the indicators, which is particularly critical for a fashion company whose performance is not regular and constant but entirely subject to the timing of collections. These usually follow the logic of seasonality, especially in the highest ranges of the market, but many firms are following the trend of raising the number and the speed of collections consequently increasing the frequency of measurements.

The second significant activity is the budgeting of all the initiatives established to achieve the strategic objectives and is important because it provides the boundaries for the creativity of designers and stylists.

3.3 Monnalisa, a successful case

A valid example of a successful BSC implementation in a fashion company is represented by the case of Monnalisa Spa proposed by Busco, Riccaboni and Saviotti (2007). The firm decided to adopt the framework in 2004 in order to improve its planning and control systems, which were resulting no more appropriate to the evolution experienced by the organization and the market. The old model, based solely on financial measures, didn't allow the company to direct the correct drivers to improve the performance and to effectively implement the planned strategy.

3.3.1 The company

Monnalisa S.p.A is one of the main players in the higher ranges of the children fashion market. Founded in 1958 by Piero Iacomoni and Barbara Bertocci, the company now records revenues for 39 million euro, of which 67% realized abroad, gaining a market share of more than 74%. (Monnalisa Spa, 2015) Until 2014, the group was formed by five firms, each one responsible for some processes of the chain, like style and realization of the prototypes, cutting and control of raw materials, management of the direct flagship stores or administration and human resources services. During 2015 the structure has been revolutionised in favour of a higher simplicity through internalization of processes and mergers.

The production provides for the realization of two collections per year, programmed on the basis of the results of the selling campaign, and is completely externalized to small independent laboratories. Monnalisa distributes its products in 60 countries through a combination of different channels, as flagship stores, corner and shop in shop located in the more exclusive department stores and boutiques.

3.3.2 The implementation of the BSC by Monnalisa

The control system used by the company has evolved during the years, from a framework entirely composed by economic-financial indicators to a model supported also by some non-financial measures, like for example the analysis of sales and customers. (Busco, Riccaboni, & Saviotti, 2007) However, the result was the creation of a high number of indicators, which were often not relevant for the performance evaluation and disconnected among each other, hence not permitting the identification of the causes of the outcomes. In order to overcome these issues, the company decided to implement the Balanced Scorecard, starting from the integration and balancing of the measures already existing by establishing the relationships among them. Monnalisa chose to follow the traditional setting both in terms of structure, using the four perspectives suggested by Kaplan and Norton, and in terms of process, which can be separated in two moments. In the first occurred the development of the logical model and the implementation of the executives' scorecard, while during the second the elaboration of the framework was extended to all the functions and the BSC was also integrated into the IT system. (Busco, Riccaboni, & Saviotti, 2007)

The designing process of the scorecard began with the definition of the mission and the critical aspects that enable the firm to achieve it, the critical success factors (CSF). The results of the analysis are shown in Table 4.

Table 4 Mission Statements and CSF of Monnalisa

Mission Statements	CSF
<ul style="list-style-type: none"> • Creativity • Quality of product • Product and process innovation 	<ul style="list-style-type: none"> • Invest in R&D • Create collections in line with the style of the company • Use innovative and excellent materials • Be the first in shop delivering • Monitor the customer turnover focusing on leader customers

Source: Busco, Riccaboni, Saviotti (2007), *Governance, Strategia e Misurazione delle Performance. Le nuove frontiere della Balanced Scorecard*, pg. 306

The definition of the structure of the framework provided an opportunity of meeting and discussion for the members of the project team coming from different functions and hierarchical levels, favouring dialogue and integration in the organization. The next step was the creation of the strategy map, an instrument that enables the translation of the strategy into correlated objectives and measures. It's the graphical representation of all the value drivers of the company and their influence on each other, so they can be managed correctly with the aim of achieving the strategic goals.

Then, the team focused on the identification of the proper measures for each perspective and their relative mathematical formula. Moreover, to each indicator has been assigned a target and a weight according to the relative strengths and weaknesses.

Some measures can't be calculated because of the lack of necessary data, but this does not mean that they will never be used in the Balanced Scorecard in the future when more information will be available. In fact, once designed and implemented, the system doesn't remain the same forever, but instead it will be modified according to the requirements of the company. The process of monitoring and improvement of the BSC is almost as important as its creation and integration into the organization because it gives the opportunity to solve some issues and critical aspects observed only after the completion of the implementation.

In Table 5 is represented the first example of the framework developed by Monnalisa, in which each result of the measurement is marked by a colour (green, yellow or red) showing the progress in the achievement of the target assigned and so in the accomplishment of the strategic objectives.

Table 5 The BSC of Monnalisa

ECONOMIC AND FINANCIAL PERSPECTIVE		RESOURCES AND ORGANIZATION PERSPECTIVE	
	ACTUAL VALUE		ACTUAL VALUE
OPERATIVE MARGIN	43%	SUITABLE ORGANIZATIONAL STRUCTURE	100%
Maintain Revenues	5%	% covering firm's need	100%
% value shipped/value confirmed	98%	Average delay release of intervention requests	3 days
Deviation AC/PV cancelled orders value	-5%		
Costs control	99%		
% variable costs/net revenues	61%		
% fixed costs/ net revenues	23,76%		
CLIENTS PERSPECTIVE		PROCESSES PERSPECTIVE	
	ACTUAL VALUE		ACTUAL VALUE
CUSTOMER SATISFACTION	54%	EFFECTIVENESS	82,00%
SERVICE OFFERED	45%	STYLING AND PATTERN BOOK	42%
Average deviation actual delivery – planned delivery (Italy)	17,1%	Number of cards passed per day	10
Average deviation actual delivery – planned delivery (Abroad)	27,24 days	PURCHASES	90%
HIGH QUALITY OF PRODUCT	63%	Deviation delivery actual – confirms	0,03 days
% returned defective products/ total products shipped	1,5%	COMMERCIAL	100%
“Right product”	40%	% deviation AC/PV products ordered by loyal customers	9%
% replenishment requests/ total orders	10%	PRODUCTION AND QUALITY CONTROL	80%
		% defective products/total products produced	2,61%
		WAREHOUSE	92%
		Number of bills/ total number of orders	2,39
		POST SALE MANAGEMENT	100%
		% replenished products/ total commercial returns	5,40%

Source: Busco, Riccaboni, Saviotti (2007), Governance, Strategia e Misurazione delle Performance. Le nuove frontiere della Balanced Scorecard, pg. 313

The framework developed by Monnalisa showed some limitations, like the excessive number of indicators to manage, the slow maintenance of the system and the impossibility or difficulty

for some managers to use the instrument. In addition, due to the numerous measures, the executive managers were not able to use the information coming from the BSC for taking quick and efficient decisions, as it should be. For these reasons, the company started a process for making the model leaner and so more efficient and fast. It consisted in the creation of multiple different scorecards for each functional area using specific indicators removed from the BSC of top managers, who could focus only on some major general measures. In this way, each manager in the organization could pay attention only on the value drivers, which are the determinants of the macro indicators managed by executives, influenced by his/her actions and could assume a higher managerial responsibility on those indicators. Hence, in addition to the principal general framework, Monnalisa designed also a scorecard for the commercial area, one for production and one for the style function. In this way, the organization lowered the number of indicators, improving immediacy and simplicity of the instrument.

Another big improvement of the Balanced Scorecard was brought by the employment of a specific software able to manage all the data and the elements of the system more quickly and efficiently than the Excel files used previously. The new software permits to have immediate access to all the information of the framework with the desired level of details and to elaborate reports and analysis showing the results of performance for supporting the decision-making process of the managers.

The BSC has been able to describe, measure and manage the strategy of Monnalisa, aligning the whole organization toward the achievement of the mission. The framework will never be perfect but there will be always margins of improvements following the continuous mutation of the market and the organization. The raising of some issues should not frighten the company or constitute obstacles to the implementation process; instead they should represent an opportunity for analyses, discussions, collaboration and for the development of the firm itself. Surely, Monnalisa succeeded in the project thanks to presence of some fundamental elements, like:

- The strong commitment of the top management
- The active participation of the managers responsible for different areas
- The creation of an instrument simple, flexible and strongly supported by a continuous improvement process.

Chapter 3

PRESENTATION OF THE QUESTIONNAIRE

In this chapter of the thesis will be presented the questionnaire elaborated for the analysis of the two firms, Diesel and Pinko. The aim of the set of questions is the investigation of the major elements characterizing the two organization that could potentially influence the decision of adopting the Balanced Scorecard as well as their experience with the managerial instrument itself. The final purpose is to understand if the suitability or not of the BSC model is due to some specific characteristics of the firms or to the features of the fashion industry in which they work.

The original interview relative to Diesel was realized in 2014 by a student of the University of Padua in occasion of the elaboration of his thesis. Therefore, in order to favour the comparison between the two companies the questionnaire developed is similar to the one used for the analysis of Diesel and that was proposed together with another questionnaire created by SDA Bocconi in collaboration with the University of Pisa, which is reported in Appendix A. The answers provided by Pinko in the original version of the questionnaire in Italian are reported entirely in Appendix B and the ones requiring a deepening are inserted also in the cases composing chapter 5 of this script.

Section A: Personal Data and Context of the Company

A.1 PERSONAL DATA OF THE COMPANY

Business name and legal form:

.....

Registered office:

Web site:

Working sectors (most significant ones):

.....

If it belongs to a group, specify the role of the Italian company in the group

.....

(From now on we refer to the Italian company)

Organizational structure of the company:

<input type="checkbox"/> Functional	<input type="checkbox"/> Divisional by type of client
<input type="checkbox"/> Divisional by product	<input type="checkbox"/> Process
<input type="checkbox"/> Divisional by geographical area	<input type="checkbox"/> Matrix
<input type="checkbox"/> Other (specify)	

During the period 2010-2014 were implemented initiatives of:

<input type="checkbox"/> Business Process Reengineering	<input type="checkbox"/> Simultaneous Engineering
<input type="checkbox"/> Environmental Certification	<input type="checkbox"/> Target Costing
<input type="checkbox"/> Cost Management	<input type="checkbox"/> Total Quality Management
<input type="checkbox"/> Empowerment	<input type="checkbox"/> Value Based Management
<input type="checkbox"/> Just in Time	<input type="checkbox"/> Other (specify)

	2010	2011	2012 (estimate)
Revenue			
Nr. employees			

A.2 DATA ABOUT THE COMPILER OF THE QUESTIONNAIRE

Surname and name.....

Phone:

E-mail:

Organizational Position:

Object of the compilation of the questionnaire is:

- The whole company
- A division/business unit? (indicate the name):
.....

Why this division/business unit was chosen?

- It has the higher revenue;
- It has the higher competitive critical issues
- It's developing a project of revision of the reporting/performance measurement systems
- It was the only available
- Other:
.....

...

Section B: Characteristics of the competitive context

B.1 Product lines					
What is the level of diversity among the product lines respect to the factors listed? (1: maximum homogeneity; 5: total differentiation)					
Basic technologies in the product	1	2	3	4	5
Production process technologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raw materials employed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Type of clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Type of market/sector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution channels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitive situation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return on Sales (ROS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Innovation Rate of the offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B.2 The offer	
Respect to the features of the sector in which the company operates, which is the most important factor that characterized your offer in the last 5 years?	
<input type="checkbox"/> Cost advantage <input type="checkbox"/> Product differentiation <input type="checkbox"/> Offer differentiation through the level of service <input type="checkbox"/> Offer extension through additional services <input type="checkbox"/> Other (specify)	

B.3 The stakeholders						
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	What is the level of involvement of clients in the processes of production/delivery of products/services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	What is the level of involvement of suppliers in the business processes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B.5 Some indicators						
a.	Nr. of products sold					
b.	% weight of the products introduced in the market in the last three years on revenues	<5 <input type="checkbox"/>	5-10 <input type="checkbox"/>	11-15 <input type="checkbox"/>	16-20 <input type="checkbox"/>	>20 <input type="checkbox"/>
c.	Average time to market: nr. of months from the ideation to the launch of product	<6 <input type="checkbox"/>	6-12 <input type="checkbox"/>	13-18 <input type="checkbox"/>	19-24 <input type="checkbox"/>	>24 <input type="checkbox"/>
d.	Average stay (in months) of the products on the catalogue	<12 <input type="checkbox"/>	12-24 <input type="checkbox"/>	25-36 <input type="checkbox"/>	37-48 <input type="checkbox"/>	> 48 <input type="checkbox"/>
e.	% average effect of R&D employees on total HR	<5 <input type="checkbox"/>	5 - 7 <input type="checkbox"/>	8-10 <input type="checkbox"/>	11-13 <input type="checkbox"/>	> 13 <input type="checkbox"/>
f.	% average effect of the R&D costs on revenues	< 1 <input type="checkbox"/>	1 -4 <input type="checkbox"/>	5 – 8 <input type="checkbox"/>	9 – 12 <input type="checkbox"/>	> 12 <input type="checkbox"/>

Section C: Corporate culture profile

C1.	Strategy definition and sharing	YES	NO	Partly
a.	The <i>mission</i> of the company – which defines the reason for existence of the company and its main purpose – is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The values, which determines the conduct and the behavioural rules for the company are defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The <i>vision</i> of the company that determines its objectives in the medium-long term (3-5 years) is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	The strategy, which identifies the elements of differentiation for the value creation for customers in time, is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C. 2	About the decision-making processes of the company...					
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	There is a climate of collaboration between the top management and the lower level of the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	There is a level of sharing of the managerial decisions between the top management and the lower levels of the organization so to favour the discussion and increase the level of consensus in the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	Ad-hoc periodical meetings for the alignment on the major strategic themes stimulate the collaboration between top management and the lower levels of the organization in order to favour the level of consensus.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Frequency of the meetings (ex. annual, monthly):					
d.	The climate of consensus and collaboration is stimulated/favoured through occasional ad-hoc events, also outside work, in which participate the top management and the lower levels of the organization (ex. Off-site meetings, team-building activities).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e.	There are issues of misalignment among functions and/or business units due to a suboptimal climate of consensus and collaboration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f.	The current climate of consensus and collaboration of the company is in favour of the definition and review of the control system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C.3 Management style in the organization				
a.	The company adopts a management style that is mainly:	TOP-DOWN	BOTTOM-UP	
		<input type="checkbox"/>	<input type="checkbox"/>	
b.	<ul style="list-style-type: none"> Autocratic: provides clear indications about objectives, modalities and timing of the work to be done and doesn't allow any sort of participation in the decision-making process Democratic: represents a guide, shares responsibilities, encourages participation and discussion, while maintaining the last say on the decision-making process Laissez-faire: allows a high level of freedom in the setting of the work and of deadlines, provides support only if necessary and delegates decisional responsibilities 			
	Define which profile, among the ones presented, best describes the management style of the organization.	AUTOCRATIC	DEMOCRATIC	LAISSEZ-FAIRE
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	Describe briefly the intensity of the style adopted and the modalities of the execution of decision-making processes across the organizational structure:			

C.4 Transformation/Renovation				
		YES	NO	Partly
a.	The company is facing a moment of strong transformation and/or renovation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	Recently (2-3 years) the company faced a moment of strong transformation/renovation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	If YES to a. or b., that transformation led/is leading to the implementation and use of new management instruments related to the performance measurement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	If YES to c., was/is considered the Balanced Scorecard as an appropriate instrument for the new managerial structure?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	If NO to c., why?			

Section D – Corporate Organization

D.1 Level of coordination		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	It's believed that the level of coordination between managers of the different functions and business units plays an important role in the definition of the company performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	There is a level of coordination between managers suitable for the management and the proper execution of the activities of the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The level of coordination among functions, departments and business units is suitable for the management and the proper execution of the activities of the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	Activities to stimulate the coordination among functions, departments and business units are executed frequently in order to favour the operations of the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frequency:.....						

D.2 Conflicts resolution		YES	NO	Partly
a.	The corporate strategy and the strategic objectives are clearly defined in order to reduce the creation of conflicts between business units and functions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The emerging conflicts among business units and functions are managed quickly and efficiently in order to favour the operations of the company and a climate of collaboration among functions and business units.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D.3 Level of communication		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	It is believed that the communication at the lower levels of the company is an important element for the proper execution of the corporate strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The strategy identified (or changes of it) and the strategic objectives defined for the functions and business units are communicated to the lower levels of the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The process considered for the answer to a. is sufficiently effective for the orientation of the employees' performance toward the achievement of the strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D.4 The role of the medium-level manager						
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	The medium-level manager collaborates with the responsible of functions/business units in the definition of the strategic objectives for the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The medium-level manager plays an active role in the translation of the strategic objectives defined by the company at the lower levels of the organization, increasing the awareness of the objectives to achieve.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	(Answer only if to b. was answered 3,4 or 5) A higher responsibility of the medium-level manager in the definition and achievement of the strategic objectives can give origin to a climate of higher creativity and motivation at lower levels of the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		YES		NO		Partly
d.	Special programs or training courses are executed to increase the management capabilities and the leadership of the medium-level manager in the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D.5 Role of Finance function (Strategic Control)				
		YES	NO	Partly
a.	The Finance function (Strategic Control) is responsible of the reporting systems and the performance measurement of the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	All the economic-financial information are certified by the Finance function (Strategic Control).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The Finance function (Strategic Control) has the authority necessary to support the top management in the execution of the strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	The Finance function (Strategic Control) actively participates to the definition of the corporate strategy and of the strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e.	The Finance function (Strategic Control) plans the execution of the strategy defining and financially evaluating the strategic initiatives necessary to its execution.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f.	The Finance function (Strategic Control) has the responsibility of aligning the strategy identified with the functions and business units.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g.	The Finance function (Strategic Control) is responsible for the strategic communication inside the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h.	The Finance function (Strategic Control) is the head of the review of the strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i.	The Finance function (Strategic Control) is responsible of signalling to the top management eventual internal issues of execution or needs to redefine the strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I.	The Finance function (Strategic Control) collaborates with the HR function in order to define the program of incentives and compensation of the employees oriented to the achievement of the strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Section E: Measurement and Management of Performance

E.1	Managerial instruments
a.	Which of the managerial instruments listed below does the company use? <input type="checkbox"/> Strategic Planning <input type="checkbox"/> Customer Relationships Management <input type="checkbox"/> Employee Engagement Surveys <input type="checkbox"/> Benchmarking <input type="checkbox"/> Balanced Scorecard <input type="checkbox"/> Core Competencies <input type="checkbox"/> Change Management Programs <input type="checkbox"/> Supply Chain Management <input type="checkbox"/> Mission and Vision Statements <input type="checkbox"/> Customer Segmentation <input type="checkbox"/> Total Quality Management <input type="checkbox"/> Satisfaction and Loyalty Management <input type="checkbox"/> Business Process Reengineering <input type="checkbox"/> Strategic Alliances <input type="checkbox"/> Big Data Analytics <input type="checkbox"/> Open Innovation <input type="checkbox"/> Reporting
b.	Which of the instruments, among the ones selected, does the company use for monitoring and evaluating the performance?
c.	Which instruments does the company use for orientation of the performance toward the strategy defined?

E.2	Which measures are elaborated in a continuous and formal way?	
	Economic-financial area	Customer area
	<input type="checkbox"/> Net Revenues <input type="checkbox"/> Contribution Margin <input type="checkbox"/> EBITDS <input type="checkbox"/> Operating Income <input type="checkbox"/> Net Income <input type="checkbox"/> Residual Income <input type="checkbox"/> ROI <input type="checkbox"/> ROE <input type="checkbox"/> EVA <input type="checkbox"/> EPS <input type="checkbox"/> Cash Flow <input type="checkbox"/> CCN <input type="checkbox"/> Other	<input type="checkbox"/> Sales Increase <input type="checkbox"/> Market Share <input type="checkbox"/> Coverage Ratios <input type="checkbox"/> Rate of acquisition of new clients <input type="checkbox"/> Customer Satisfaction <input type="checkbox"/> Trade Partner Satisfaction <input type="checkbox"/> Indicators of the level of service <input type="checkbox"/> Quality Indicators <input type="checkbox"/> Price Control Capabilities <input type="checkbox"/> Other
	Internal processes area	Learning and Growth area
	<input type="checkbox"/> Total cost of processes <input type="checkbox"/> Indicators of quality of internal processes <input type="checkbox"/> Cycle Time <input type="checkbox"/> Productivity ratios <input type="checkbox"/> Flexibility Ratios <input type="checkbox"/> Internal client satisfaction <input type="checkbox"/> Other	<input type="checkbox"/> % R&D costs on revenues <input type="checkbox"/> % sales from new products, patents, licenses <input type="checkbox"/> Time to market <input type="checkbox"/> Level of innovation of the development projects portfolio <input type="checkbox"/> Investments in training of employees <input type="checkbox"/> Personnel learning index <input type="checkbox"/> Employee satisfaction <input type="checkbox"/> Personnel productivity indexes <input type="checkbox"/> Other

E.3		Limitations and critical aspects of the managerial instruments used		
a.	What are the limitations and the critical aspects of the performance measurement methods currently used by the company?			
b.	What are the limitation and the critical aspects of the methods currently used for orienting the performance toward the strategy defined?			
		YES	NO	Partl y
c.	The company is thinking /has the need of adopting new managerial instruments considered more effective than the current ones. If YES, which ones:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	The company knows the Balanced Scorecard and the Strategy Map as an instrument for the strategy implementation in addition to the purpose of performance measurement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section F – The Balanced Scorecard

F.1	The potential of the Balanced Scorecard instrument
a.	<p>Which are considered as advantages linked to the implementation of the Balanced Scorecard?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Alignment between corporate strategy and operational activities <input type="checkbox"/> Sharing of the strategy across the organization <input type="checkbox"/> Achievement of the objectives and the improvement of performance <input type="checkbox"/> Monitoring of the multiple profiles of the corporate performance <input type="checkbox"/> Higher focus on the long-term <input type="checkbox"/> Other <p>.....</p>
b.	<p>Which are considered as critical issues of the model?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Too high time and resources requirements <input type="checkbox"/> Lack of dynamics <input type="checkbox"/> Mainly inward-looking <input type="checkbox"/> Lack of a time dimension <input type="checkbox"/> Incompleteness of the set of perspectives <input type="checkbox"/> Structure rigidity <input type="checkbox"/> The impossibility of utilization in certain sectors <input type="checkbox"/> Other <p>.....</p>

F.2	The implementation process of the Balanced Scorecard			
		YES	NO	Partly
a.	<p>Does the company ever decided to start a process of adoption of the Balanced Scorecard?</p> <p>If YES, specify how many times and when (year/s):</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	<p>In the implementation process of the Balanced Scorecard the company was supported by carefully selected consultants.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	<p>The company considered using the four perspectives forming the classical model of the Balanced Scorecard (Clients, Financial, Internal Processes, Growth and Development).</p> <p>If No, which perspectives were considered:</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	<p>Rough estimate of the time employed for the process:</p> <p>.....</p>			

e.	Identified which activities of the process were realized: <ul style="list-style-type: none"> <input type="checkbox"/> Project Planning <input type="checkbox"/> Project team creation <input type="checkbox"/> Vision and strategy understanding <input type="checkbox"/> Identification of the major strategic objectives <input type="checkbox"/> Identification of the relationships among the strategic objectives <input type="checkbox"/> Construction of the Strategy Map <input type="checkbox"/> Selection of performance indicators <input type="checkbox"/> Setting of targets <input type="checkbox"/> Setting of the frequencies of calculation and revision of the indicators <input type="checkbox"/> Definition of the necessary actions for achieving the objectives <input type="checkbox"/> Budgeting <input type="checkbox"/> Evaluation of IT systems required <input type="checkbox"/> Establishment of formal process for the review and improvement of the Balanced Scorecard <input type="checkbox"/> Establishment of training programmes <input type="checkbox"/> Linkage of the Balanced Scorecard with the reward system of the company <input type="checkbox"/> Other (specify) <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>			
		YES	NO	Partly
f.	The company successfully concluded the process of implementation and started using the instrument in the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

F.3	The causes of failure of the implementation process		
a.	The company believes that the causes of the failure of the adoption of the Balanced Scorecard are mainly:	INTERNAL	EXTERNAL
		<input type="checkbox"/>	<input type="checkbox"/>
b.	Among the ones listed, identify the critical issues noticed during the process of implementation of the Balanced Scorecard: <ul style="list-style-type: none"> <input type="checkbox"/> Too much time and resources required <input type="checkbox"/> Difficulty in the identification of the relationships among the strategic objectives <input type="checkbox"/> Too many indicators <input type="checkbox"/> Low commitment of the top management <input type="checkbox"/> Conflicts among the project team members due to divergent priorities <input type="checkbox"/> Lack of a proper communication <input type="checkbox"/> Difficulty in measuring the indicators <input type="checkbox"/> Difficulty in selecting the relevant indicators <input type="checkbox"/> Cultural limitations of the company and poor strategic vision <input type="checkbox"/> Lack of a proper leadership to stimulate the adoption <input type="checkbox"/> Not consolidated management control activity <input type="checkbox"/> Inappropriate IT systems <input type="checkbox"/> Other (specify) <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>		

Chapter 4

DIESEL CASE

In this chapter, will be presented the case of Diesel, a multinational company operating in the fashion market, which registered in 2012 more than 400 million euro. The analysis of the company was originally realized in 2014 by a student of the University of Padua, Jacopo Giovanni Zannier, through a series of interviews to the responsible for the strategic planning of Diesel, Mr Federico Tognetti, in occasion of the elaboration of his thesis with the purpose of investigating the main reasons why the company was not able to implement the Balanced Scorecard in its organization. To investigate such reasons we will analyse the results of the framework used by the student, which was very similar to the one considered to elaborate the other following case in order to facilitate the comparison between the firms and their experiences with the BSC system.

1. THE COMPETITIVE CONTEXT

Diesel was founded in 1978 by Renzo Rosso and rapidly became an international leader in the production of denim into the world of the premium casual wear through the development of a strong brand, which, still today, encloses all the values behind the company's success.

During the years, it has experienced consistent phases of growth and transformation, until becoming the head of the group Only the Brave (OTB), owned by Rosso and comprehending

several different brands such as Maison Mariangela, Marni, Viktor&Rolf, Brave Kid and Staff International. Moreover, the firm extended its range of products, selling not only denim and apparel but also bags, shoes, accessories, underwear and beach-wear, which are all collected in the three major lines of the brand: Diesel, Diesel Black Gold and Diesel Kid. This was mainly due to the trade-up process undertaken by the company in 2011 in order to raise the positioning in the market and thus becoming a premium lifestyle brand. For this reason, Diesel decided to further enlarge its offer by producing many items through licenses, like watches and jewellery (licensed by Fossil), eyewear (licensed by Marcolin), headphones (licensed by Monster), perfumes (licensed by L'Oréal), helmets (licensed by AGV), bikes (licensed by Pinarello), strollers (licensed by Bugaboo) and also a home collection (licensed by Foscarini, Moroso, Zucchi, Seletti and Scavolini).

The delineation of such a wide and varied range of products allowed the entrance of the company into several sectors in which to compete, making the definition and implementation of the corporate strategy much more complex. This is also caused by the difficulties in the establishment of a determinate target client, toward which direct the efforts of the company.

In the fashion industry, the identification of clear and stable customers' profiles is a really difficult, though fundamental, task, mostly because of the unpredictable and continuously changing demand. In addition, considering that Diesel operates directly in 19 countries and indirectly in more than 80 countries worldwide, the strategy should take into account the dissimilarities among markets in terms of tastes and behaviours of clients. Today, thanks to the effects of globalization, these differences are much less marked than before but still significant in the description of a country.

Mr Tognetti affirms that, in the fashion industry, a good indicator of the perceived image and values of the company and of its success is the level of "coolness" of the brand. This can be calculated through the analysis of some variables like the appreciation by the press of the sector and the investment of the firm in marketing. The manager of Diesel highlights the importance for a fashion brand to be "cool", adding that whenever the level of "coolness" shows a decrease or a weakening the company should intervene elaborating a revamping project. This is exactly what happened to Diesel in 2013, which decided to re-launch the brand, starting from the unique style and values established in 1978, through the development of important marketing initiatives forming the "Diesel Reboot" campaign. The revamping project regarded not only the communication of the brand but also the planning of the corporate strategy. In fact, together with the presentation of a fresh and coherent image, the company decided to improve the distribution channels through the restyling of the major stores and the enhancement of the penetration in some key areas, like China, USA, Brasil, Russia and Australia.

The identification of the competitors is also a problematic operation for Diesel, as it is very hard to find other companies offering the same range of products at the same price to the same target of customers. The strategy planning process finds here another obstacle because of the complex definition of a proper pool of fashion firms to use as a benchmark for the evaluation of the business performance and of the positioning in the market. Mr Tognetti affirms that some companies, which are not actual direct competitors, could result comparable to Diesel, like Ralph Lauren, for example, which produces mainly polo t-shirt, and not denim, but is considered a strong model of lifestyle brand with a highly diversified offer. For this reason, Diesel chose Ralph Lauren as one of the four “Inspiring Cases” that constituted the basis for the elaboration of the new strategy in 2011. The others cases were Burberry, Coach and Prada. Although these companies show significant differences if compared to Diesel, mostly in terms of products and customer target, they were used as existing models of success in the premium and luxury market during the development of the trade-up process previously mentioned. But after the definition of the strategy, Diesel needed an instrument for continuously monitoring its performance in comparison with the results of similar companies; therefore, in 2013 the firm implemented a framework, called “Competitive Assessment Tool” through which evaluate a group of comparable companies, selected according to some set criteria and their relative value ranges (Table 6).

Table 6 Criteria and ranges for the selection of competitors

Criterion	Value Range
a. Company dimension in terms of revenues	€ 1 billion – 4 billion
b. Core sector	Apparel and Accessories
c. Average price positioning	Average price < € 1.500
d. Geographical coverage	Significant International Presence
e. Distribution model	Direct + Indirect

Source: courtesy of Diesel S.p.a.

At the end of the selection process, were chosen 11 companies out of the 20 considered; four of them were the firms representing the “Inspiring Cases” (Ralph Lauren, Burberry, Coach, Prada), and, in addition, were considered proper comparable brands also Philippe Van Hausen, Michael Kors, Guess, Hugo Boss, Abercrombie & Fitch, Levi’s Strauss and True Religion. The purpose of the “Competitive Assessment Tool” is to evaluate not only the competitors’ results but also the environment in which they operate, with the support of several investigation tools, such as the SWOT and Porter analyses, Key Success Factors and databases. As we can notice

the companies selected as benchmarks are not directly competing with Diesel but they represent a relevant basis for performance evaluation.

Adding the information of the interview analysed so far to the ones presented in the first chapter of this thesis, we can understand the significant complexity of the fashion market and the consequently difficulties that fashion companies face in the development of a successful strategy. The size, heterogeneity and dynamism of the sector make very arduous the attempts of having a clear and defined picture of it.

Although the variables regarding the environment and the competitors are not involved in the construction of the Balanced Scorecard, they represent, as we saw in Chapter 2, consistent factors influencing the decision of adopting it. The fashion market shows an important level of uncertainty, since its performance is strictly related to the customer behaviour, which results being quite unpredictable. Hendricks, Menor and Wiedman (2004) affirmed that the implementation of the BSC seems to be positively correlated with the fact of working in an uncertain environment, as the system is able to provide support in dealing with inaccurate forecasts. Instead, according to Chenhall (2003), companies surrounded by uncertainty show the need for more open, externally focused and non-financial management control systems. The problem is that the scorecard involves also non-financial indicators but is surely more focused on the internal side of the organization.

The changing nature of the fashion market can represent a significant obstacle for the creation of a functional and effective BSC, whose rigidity could not be able to quickly adapt to the continuous transformation of the significant indicators of the performance. Moreover, the difficulties encountered in the customer segmentation process and in the identification of the target can make the definition of a proper customer perspective quite hard and uncertain, as its measures should be constantly revised and updated according to the needs and behaviours of clients.

As we previously said, the literature regarding this topic is still limited and more research needs to be carried out to deeply analyse how the characteristics of the environment affects the adoption of different typologies of MCS and in particular of the Balanced Scorecard.

2. CORPORATE CULTURE PROFILE

The following paragraphs have the purpose to understand and evaluate the corporate culture of Diesel. In particular, we would like to analyse the internal climate of the organization, focusing on the level of consensus and collaboration, the style of the management and of the decision-making process. The information deriving from this investigation could bring out reasons and issues explaining the decision of not adopting the BSC framework.

2.1 Strategy definition and sharing

The aim of the following framework (Table 7) is to understand the level of sharing of the corporate values into the company. Since Diesel answered “Partly” to all the questions presented, it was necessary to deepen the topic during the interview.

From the explanation has emerged that the reason beneath the partial sharing of mission, vision, values and strategy was not related to a particular behaviour embodied in the organization, but rather to the transitional phase that the firm was experiencing at that time. In 2013, the decision of Diesel to develop a revamping project was taken with the arrival of the new CEO, Alessandro Bogliolo, and involved the revision and redefinition of all the corporate values, which were still shared only at the top levels of the company structure.

Table 7 Strategy definition and sharing of Diesel

C1.	Strategy definition and sharing	YES	NO	Partly
a.	The <i>mission</i> of the company – which defines the reason for existence of the company and its main purpose – is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X
b.	The values, which determines the conduct and the behavioural rules for the company are defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X
c.	The <i>vision</i> of the company that determines its objectives in the medium-long term (3-5 years) is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X
d.	The strategy, which identifies the elements of differentiation for the value creation for customers in time, is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

The sharing of the new proposition with all the levels of the organization is a long process and it needs to be supported by specific communication channels and instruments, which, Mr Tognetti affirms, will be implemented by the firm later on in order to guarantee the complete and clear spreading of the values.

Anyway, some mechanisms of diffusion of the corporate culture already exists in Diesel, like the periodical overall meetings (four each year) in the auditorium of the headquarters where the CEO shows the results achieved and the future direction of the company to all the employees. Moreover, there can be a sharing of values inside each operative and functional area depending on the decision of the relative responsible figures that directly participated to the planning of the strategy at the top levels. Therefore, the level of diffusion is not uniform across the organization due to the lack of a single formal process and the discretion left to function managers, which can decide the level of involvement of employees and the level of details of the information shared with them.

The context just described could be favourable for the implementation of the Balanced Scorecard, which may provide a single uniform framework for translating the strategy into concrete actions and thus helping the value sharing process across all the levels and function in the company. The adoption of the system could trigger the development of processes able to support the management in the definition and communication of the strategy, as well as in the raising of employees' commitment and collaboration.

However, as Kaplan and Norton (2001) pointed out, the delicate transition phase experienced by Diesel doesn't represent the best moment to implement the BSC, primarily because it involves also the changing of such an important figure in the organization as the CEO, which exerts strong influence on the corporate climate according to his/her style of management. This concept will be more deeply analysed in the following paragraphs.

2.2 Climate of consensus and collaboration

The following table (Table 8) reports the answer provided by Diesel concerning the climate of consensus and collaboration in the organization and the characteristics of the usual decision-making process.

The foundations of the answer to the first question resume the previous discussion about the sharing of values and strategy inside the organization. The almost absent climate collaboration between top management and the lower hierarchical levels is mainly due to the transformation phase of the company, which is still in the early stages and thus the strategy is still developed and shared only at the top levels. In the interview Mr Tognetti specifies that collaboration exists across the organization but only as a support of operations and strategies implementation and not of the decision-making process. This happens because of the formation of a new management and of the development of consistent projects, like the "Reboot Diesel", but also because of the believed impossibility for the company to be excessively democratic due to the complexity of the environment in which it operates. Managerial decisions are not shared on purpose following the mainly autocratic style of management adopted by the executives and, in particular, by the new CEO to deal with the high levels of dynamism and competition of the fashion industry. A democratic system would not be efficient in such an unstable market. Therefore, the prevailing top-down approach means that decisions are taken by the CEO, shared with the top managers, who can provide feedbacks, and then sent down across all the level of the organization.

Table 8 The decision-making process in Diesel

C.2 About the decision-making processes of the company...						
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	There is a climate of collaboration between the top management and the lower level of the organization.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
b.	There is a level of sharing of the managerial decisions between the top management and the lower levels of the organization so to favour the discussion and increase the level of consensus in the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
c.	Ad-hoc periodical meetings for the alignment on the major strategic themes stimulate the collaboration between top management and the lower levels of the organization in order to favour the level of consensus.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frequency of the meetings (ex. annual, monthly): 4 TIMES A YEAR						
d.	The climate of consensus and collaboration is stimulated/favoured through occasional ad-hoc events, also outside work, in which participate the top management and the lower levels of the organization (ex. Off-site meetings, team building activities).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
e.	There are issues of misalignment among functions and/or business units due to a suboptimal climate of consensus and collaboration.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
f.	The current climate of consensus and collaboration of the company is in favour of the definition and review of the control system.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

The manager interviewed affirms that some issues about the misalignment among functions and business units exist, mainly because a strong and stable climate of collaboration and consensus has not yet been established; the intention of the firm is to face these problems with some long-lasting projects. In this case, the Balanced Scorecard could support the firm in the process of alignment of the organization, providing an opportunity for collaboration, discussion and consensus about some peculiar aspects of the corporate strategy. In fact, as we said in Chapter 2, the BSC designing process requires the involvement and collaboration of managers coming from different areas of the firm, which should agree on the measures composing the framework. However, the top-down approach doesn't favour the adopted of the scorecard because it doesn't allow the involvement of the lower levels of the organization in the process of creation of the managerial tool that will be used also by them. In this way, the commitment of employees is not much stimulated and this can constitute an obstacle for the implementation

process; in fact, as Schneiderman (1999) affirmed, one of the major causes of failure of organizational change is the lack of commitment, especially if it regards the top management. Mr Tognetti points out that often it is more difficult to maintain a proper level of focus from top managers while the company deals with management control rather than when it faces strategy planning, which involves managers directly.

2.3 Management style

From the previous part of the interview, it's possible to easily understand the management style adopted by Diesel. The concentration of the decisions to the summit of the organization results in an approach that is mainly autocratic with a low level of participation. The reasons for the utilization of a top-down management style have already been exposed relatively to the previous framework of the questionnaire and seem to be related to the structural features of the fashion industry.

Table 9 Management style in Diesel

C.3 Management style in the organization				
a.	The company adopts a management style that is mainly:	TOP-DOWN	BOTTOM-UP	
		X	<input type="checkbox"/>	
b.	<ul style="list-style-type: none"> Autocratic: provides clear indications about objectives, modalities and timing of the work to be done and doesn't allow any sort of participation in the decision-making process Democratic: represents a guide, shares responsibilities, encourages participation and discussion, while maintaining the last say on the decision-making process Laissez-faire: allows a high level of freedom in the setting of the work and of deadlines, provides support only if necessary and delegates decisional responsibilities 			
	Define which profile, among the ones presented, best describes the management style of the organization.	AUTOCRATIC	DEMOCRATIC	LAISEZ-FAIRE
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	Describe briefly the intensity of the style adopted and the modalities of the execution of decision-making processes across the organizational structure:			

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

In order to answer to the questions b. and c., Diesel proposed a concrete example of the decision-making process carried out in 2014 to define the new strategic plan for the following 5 years. The process was developed in 5 stages:

1. The first step was the definition of the trade-up brand plan through a series of focus group involving the CEO and the top management, who organized the future company structure capable of supporting the new positioning of the brand.

2. The second phase provided the sharing of the new strategy with the regional manager and the collection of their potential feedbacks and suggestions.
3. According to the suggestions received during the second step, the strategy was revised and, only then, translated into written guidelines to be sent to every regional area.
4. Following the guidelines provided, each region formulated specific strategies and data forecasts, which were later discussed and shared with the CEO and the other managers, but still maintaining an autocratic approach in the decision process.
5. In the last step, the final decisions were inserted in the new strategic system in order to define the official strategy to be presented to the OTB Holding and to the founder Renzo Rosso.

The process concretely shows that decisions are discussed and shared but in the end they are kept only at the top levels of the organization and they are mainly responsibilities of the CEO. The top-down management style can constitute a problem for the implementation of a Balanced Scorecard. In fact, Kaplan and Norton (2001) affirm that formal and hierarchical planning processes are not suitable for the adoption of the framework, which is rather favoured by an approach based on innovation, creativity and participation. The selection of the indicators composing the BSC should consider the feedback coming from the lower levels of the organization, mainly because those measures will be used also by them and if they don't fit the work of employees, they could be useless and misleading. Schneiderman (1999) affirms that metrics should be identified and maintained with a process joining both top-down and bottom-up approaches, allowing the combination of the big picture perspective of top managers with the detailed knowledge of process executors. However, Diesel is convinced that a more democratic management style would not be efficient in such a complex and dynamic environment as the fashion market.

2.4 Possible transformation/renovation situation of the company

It's already clear, from what Mr Tognetti affirmed so far, that Diesel was experiencing a phase of significant transformation in 2014, due to the revamping and trade-up project developed. However, this transitional phase didn't lead to the implementation of new instruments related to management and performance measurement, like the Balanced Scorecard. This one, in particular, was not considered suitable for the prospective company's structure and for the market in which it operates. The reasons for this consideration refer to three main critical features identified by Diesel: the characteristics of the fashion market, the BSC structure and the corporate structure.

Table 10 Transformation/Renovation in Diesel

C.4 Transformation/Renovation		YES	NO	Partly
a.	The company is facing a moment of strong transformation and/or renovation.	<input type="checkbox"/>	<input type="checkbox"/>	X
b.	Recently (2-3 years) the company faced a moment of strong transformation/renovation.	<input type="checkbox"/>	<input type="checkbox"/>	X
c.	If YES to a. or b., that transformation led/is leading to the implementation and use of new management instruments related to the performance measurement.	<input type="checkbox"/>	X	<input type="checkbox"/>
d.	If YES to c., was/is considered the Balanced Scorecard as an appropriate instrument for the new managerial structure?	<input type="checkbox"/>	X	<input type="checkbox"/>
	If NO to c., why? Too rigid instrument for the company's needs that requires too much maintenance, planning and designing. It is not suitable in the fashion sector. Diesel necessitates of minor and leaner management instruments.			

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

Mr Tognetti underlines that the dynamic nature of the fashion industry doesn't allow its translation into concrete measures grouped in the four, already defined, perspectives. Strategy and performance measures should adapt to the constant changes of a fashion company and especially of the market; the Balanced Scorecard seems to not correspond to such a description, as the framework is considered by some scholars more static and rigid rather than dynamic. (Norrekilt, 2000) In order to follow the changing market, the perspectives, especially the one relative to customers, should be continuously adjusted causing the incomparableness of the indicators among different times. Moreover, due to the intricate context, the number of indicators required to monitor properly the performance would be too high to allow a good management. Following too many measures could bring more costs than benefits, as well as the effort employed to balance them.

Finally, concerning the corporate structure, the manager affirms that Diesel created a complex organizational structure suitable for the industry in which it operates that cannot be bowed according to the requirements of a BSC system. The translation of the structure of the company into a set of measures would need the involvement of too many specific indicators, as it would be very difficult to identify few general measures able to summarize the performance but potentially unsuitable and misleading.

The observations formulated by Mr Tognetti lead us to some considerations based on the presentation of the BSC and its relative critical issues made in Chapter 2.

Selecting good and proper metrics is fundamental for the creation of a reliable scorecard and failing to do so can turn into a failure for the whole framework. But if the identification of appropriate measures means the creation of a huge set of indicators then the failure of the Balanced Scorecard can be caused by the too high number of metrics involved that would be difficult to handle and monitor.

In the Monnalisa case, we saw how the company succeeded in reducing the excessive number of indicators identified through the design of multiple scorecard related to the different functional areas and hierarchical levels. The BSC of top managers became leaner and more efficient after the substitution of specific measures, monitored through the scorecards used by the lower levels, with more general indicators that were able to provide a summary picture of the company performance.

“The balanced scorecard should not be a straitjacket inhibiting the management’s strategic thinking” (Norreklit, 2000) but should constitute a useful instrument for translating the strategy into concrete actions and metrics, customized for the needs of the company. Therefore, the organizational structure should not be modified according to the requirements of the framework, but is the scorecard itself that should be shaped according to the firm’s characteristics. Even the set of the four perspectives is not fixed but can be adapted to the organization through their substitution with more relevant ones or the integration of some missing points of view. (Olve, Petri and Roy, 2003; Maisel, 1992)

3. CORPORATE ORGANIZATION

In the following section, will be presented the organizational structure of Diesel and the analysis of the answer given by the firm to some relative topics.

3.1 Level of coordination

The following table (Table 11) shows the answer given by Diesel concerning the level of coordination among managers, functions and business units.

We can observe that a level of coordination exists among the different parts of the organizations with both vertical and horizontal direction. Mr Tognetti explains that the alignment mechanisms adopted derived from the autocratic management style and thus it consists in a series of directives and orders that come from the CEO and then descend across the hierarchical structure.

Table 11 Level of coordination in Diesel

D.1		Level of coordination				
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	It's believed that the level of coordination between managers of the different functions and business units plays an important role in the definition of the company performance.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	There is a level of coordination between managers suitable for the management and the proper execution of the activities of the company.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The level of coordination among functions, departments and business units is suitable for the management and the proper execution of the activities of the company.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
d.	Activities to stimulate the coordination among functions, departments and business units are executed frequently in order to favour the operations of the company.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Frequency: AT LEAST MONTHLY WITH THE LEADERSHIP TEAM				

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

In this way, the company tries to maintain the speed and the efficiency of the decision-making process in a complex matrix structure that doesn't favour coordination. However, there is not a univocal style of coordination because, like it happens for the management style, this mainly depends on the attitudes of employees in the organization but also on the function and on the type of project developed. For example, a manager, usually adopting an autocratic approach, may switch to a more participative style during the process of implementation of a particular project that requires the active involvement of employees.

The presence of a good level of coordination favours the creation of an environment suitable for the implementation of a Balanced Scorecard and alignment could be further improved with the utilization of such framework. Anyway, as we said before, the centralization of decisions doesn't allow the stimulation of employees and top managers commitment, which is fundamental for the creation of a useful BSC.

3.2 Conflicts resolution

The answers given by Diesel to the part of the questionnaire regarding conflicts resolution are these:

Table 12 Conflicts resolution in Diesel

D.2 Conflicts resolution		YES	NO	Partly
a.	The corporate strategy and the strategic objectives are clearly defined in order to reduce the creation of conflicts between business units and functions.	<input type="checkbox"/>	<input type="checkbox"/>	X
b.	The emerging conflicts among business units and functions are managed quickly and efficiently in order to favour the operations of the company and a climate of collaboration among functions and business units.	<input type="checkbox"/>	<input type="checkbox"/>	X

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

The manager interviewed affirms that, despite the complex matrix structure of the company, the management style adopted and the good level of coordination contribute to the creation of an environment without many conflicts and problems. The autocratic approach tends to bring the raising issues to the upper levels of the organization where they are discussed and solved. The low number of conflicts is a favourable factor for the implementation of the Balanced Scorecard, but the fact that they are managed only at the top levels doesn't encourage the involvement of employees and thus their understanding of the causes originating the conflicts.

3.3 Level of communication

From the following table (Table 13), we can observe that Diesel understands the importance of the establishment of a proper level of communication inside the organization.

Mr Tognetti asserts that the level of communication in the organization seems adequate to ensure the effective operations of the company. At the time of the interview, in 2014, Diesel just finished elaborating the new strategy for the following 5 years, which was shared and discussed at the top levels but not communicated to the lower part of the firm yet. This process involves the overall events and also the single managers of the different functions and business units. Thus, the communication mechanisms of each area of the company depend mainly on the figure responsible for the area, with his/her own management style and judgment. We can observe that Diesel developed an appropriate level of communication, which can represent an element contributing to the creation of a favourable environment for the implementation of a Balanced Scorecard.

Table 13 Level of communication in Diesel

D.3		Level of communication				
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	It is believed that the communication at the lower levels of the company is an important element for the proper execution of the corporate strategy.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The strategy identified (or changes of it) and the strategic objectives defined for the functions and business units are communicated to the lower levels of the organization.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The process considered for the answer to a. is sufficiently effective for the orientation of the employees' performance toward the achievement of the strategic objectives.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

3.4 Medium-level manager role

Mr Tognetti, explaining the role of the “middle manager” in Diesel, highlights the fact that it depends on the type and the content of the functions. There are coordinating figures performing routinized actions but also medium-level managers that have to take rapid and autonomous decisions without involving the top management. We can observe, according to the answers reported on this topic, that the “middle managers” don’t play a significant role in the definition of the strategy and also in the translation of the strategic objectives for the lower levels of the organization. However, the company is convinced that a higher responsibility of the medium-level managers would favour creativity and motivation at the lower levels of the structure.

The lack of involvement of the medium-level managers can constitute a serious obstacle to the implementation of the strategy and also of a possible Balanced Scorecard, as they should actively participate to the process. In Chapter 2, we saw that, in order to be effective, the project team leading the process should include people coming from different hierarchical levels and functions of the company, so to consider all the issues and needs related to the different area of the organization. Therefore, also the “middle manager” should be involved in the translation of the strategy into concrete action and performance measures.

Table 14 The role of the medium-level manager in Diesel

D.4 The role of the medium-level manager		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	The medium-level manager collaborates with the responsible of functions/business units in the definition of the strategic objectives for the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
b.	The medium-level manager plays an active role in the translation of the strategic objectives defined by the company at the lower levels of the organization, increasing the awareness of the objectives to achieve.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
c.	(Answer only if to b. was answered 3,4 or 5) A higher responsibility of the medium-level manager in the definition and achievement of the strategic objectives can give origin to a climate of higher creativity and motivation at lower levels of the company.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		YES		NO		Partly
d.	Special programs or training courses are executed to increase the management capabilities and the leadership of the medium-level manager in the company.	<input type="checkbox"/>	<input type="checkbox"/>	X		

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

3.5 The role of the Finance function (Strategic Control)

The table (Table 15) shows the answers of Diesel to the sentences analysing the role of the Finance function inside the organizational structure.

The Finance function in Diesel is in charge of managing the systems of reporting and of performance measurement, as well as of certifying all the economic-financial information. It actively participates to the definition of the strategy and of the strategic objectives and supports the top management in their execution. Instead, regarding the execution of the strategy and the process of alignment of functions and business units, the guidance is entrusted to the strategic control only in case of some big projects and macro-actions that require the data and the analyses managed by the Finance function. Mr Tognetti underlines that in these occasions the function is in charge of defining the objectives, the timing and resources constraints, and of analysing the feasibility, profitability and return of the investment related to the project to be implemented.

Table 15 The role of the Finance function in Diesel

D.5	Role of Finance function (Strategic Control)	YES	NO	Partly
a.	The Finance function (Strategic Control) is responsible of the reporting systems and the performance measurement of the company.	X	<input type="checkbox"/>	<input type="checkbox"/>
b.	All the economic-financial information is certified by the Finance function (Strategic Control).	X	<input type="checkbox"/>	<input type="checkbox"/>
c.	The Finance function (Strategic Control) has the authority necessary to support the top management in the execution of the strategy.	X	<input type="checkbox"/>	<input type="checkbox"/>
d.	The Finance function (Strategic Control) actively participates to the definition of the corporate strategy and of the strategic objectives.	X	<input type="checkbox"/>	<input type="checkbox"/>
e.	The Finance function (Strategic Control) plans the execution of the strategy defining and financially evaluating the strategic initiatives necessary to its execution.	<input type="checkbox"/>	<input type="checkbox"/>	X
f.	The Finance function (Strategic Control) has the responsibility of aligning the strategy identified with the functions and business units.	<input type="checkbox"/>	<input type="checkbox"/>	X
g.	The Finance function (Strategic Control) is responsible for the strategic communication inside the company.	<input type="checkbox"/>	X	<input type="checkbox"/>
h.	The Finance function (Strategic Control) is the head of the review of the strategy.	<input type="checkbox"/>	X	<input type="checkbox"/>
i.	The Finance function (Strategic Control) is responsible of signalling to the top management eventual internal issues of execution or needs to redefine the strategy.	<input type="checkbox"/>	X	<input type="checkbox"/>
l.	The Finance function (Strategic Control) collaborates with the HR function in order to define the program of incentives and compensation of the employees oriented to the achievement of the strategic objectives.	X	<input type="checkbox"/>	<input type="checkbox"/>

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

Aspects that never represent a responsibility for the strategic control are the communication and revising of the strategy, as well as the identification of possible issues to be reported to the top management. Finally, it's important to highlight the collaboration between the Finance function and the one managing Human Resources with the aim of elaborating an incentives program able to orientate the actions of employees toward the achievement of the strategic objectives.

Therefore, the Finance function could be a valid support for the implementation of a Balanced Scorecard, since it is involved in the definition of the strategy and is in charge of managing the reporting and performance measurement systems. Moreover, the function actively collaborates with the top management and help developing the incentives programs, which are all elements that favour the designing process of the BSC.

4. MEASUREMENT AND MANAGEMENT OF PERFORMANCE

The purpose of this part of the questionnaire is the observation of what was the current situation of Diesel in 2014 according to the instrument used to measure and manage performance.

Table 16 Managerial instruments in Diesel

E.1	Managerial instruments			
a.	Which of the managerial instruments listed below does the company use?			
	<input checked="" type="checkbox"/> Strategic Planning <input checked="" type="checkbox"/> Customer Relationships Management <input type="checkbox"/> Employee Engagement Surveys <input checked="" type="checkbox"/> Benchmarking <input type="checkbox"/> Balanced Scorecard <input type="checkbox"/> Core Competencies <input type="checkbox"/> Outsourcing <input type="checkbox"/> Change Management Programs <input type="checkbox"/> Supply Chain Management <input checked="" type="checkbox"/> Mission and Vision Statements <input checked="" type="checkbox"/> Customer Segmentation <input type="checkbox"/> Total Quality Management <input type="checkbox"/> Satisfaction and Loyalty Management <input type="checkbox"/> Business Process Reengineering <input type="checkbox"/> Strategic Alliances <input checked="" type="checkbox"/> Big Data Analytics <input type="checkbox"/> Open Innovation <input checked="" type="checkbox"/> Reporting			
b.	Which of the instruments, among the ones selected, does the company use for monitoring and evaluating the performance? MAINLY PERIODICAL REPORT			
c.	Which instruments does the company use for orientation of the performance toward the strategy defined? VISION AND MISSION DEFINITION + STRATEGIC PLANS			
E.3 Limitations and critical aspects of the managerial instruments used				
The company is thinking /has the need of adopting new managerial instruments considered more effective than the current ones.		YES <input type="checkbox"/>	NO <input type="checkbox"/>	Partly <input checked="" type="checkbox"/>
If YES, which ones: CONTROL MODEL UPDATE				
The company knows the Balanced Scorecard and the Strategy Map as an instrument for the strategy implementation in addition to the purpose of performance measurement.		YES <input type="checkbox"/>	NO <input type="checkbox"/>	Partly <input checked="" type="checkbox"/>

Source: Answers of Diesel S.p.a to the questionnaire presented in Chapter 3

The answers given in the E.3 framework show the need for the company to improve the managerial instruments already in use without the implementation of new systems. Mr Tognetti affirms that the real change shouldn't be the adoption of new instruments but it should happen in the people's mind so to permit a better utilization of the existing tools. A review of the control

model was necessary due to the increasing focus on the commercial area, which required a more detailed analysis of the sales channels.

The decision of Diesel of not implementing the Balanced Scorecard is based on the conviction about the inefficacy of such system in the fashion industry. This incompatibility was observed also by a consultant agency collaborating with the company on this aspect, which evaluated the scorecard as not suitable for the complex and dynamic fashion market. Moreover, Diesel had the impression that the creation of a BSC would have implied the bending of the business processes to the instrument's requirements. This was one of the major determinants of the choice of not adopting the framework, considering that the tool should adapt to the organization and not vice versa.

The attitude of Diesel concerning the Balance Scorecard doesn't encourage at all its implementation. The lack of predisposition toward the system is based on the consideration of the BSC as an inappropriate instrument for measuring and managing performance and on the will of only improving the tools already in use, without implementing any other new.

5. THE BALANCED SCORECARD AND ITS IMPLEMENTATION

Because of the consistency of the information about the approach of Diesel to the Balanced Scorecard and its implementation process, it was decided to face the topic entirely through the direct interview with Mr Tognetti.

The company tried twice to adopt the BSC system without success, the first time proposed by a famous consulting company and the second in the context of a case study of a MBA master. In both cases the model was considered inappropriate to the requirements of Diesel according to the complexity of the implementation, the laborious maintenance and the necessity of identifying objectives and indicators resulting ineffective for the firm. In addition, the impression of Diesel itself about the BSC was not positive and led the company to consider the instrument as not enough flexible, lean and effective for the structure and the competitive context of the firm. This view is supported by several considerations that Mr Tognetti identified relation to three main themes, previously presented:

1. The characteristics of the fashion industry
2. The BSC structure
3. The organizational structure of Diesel

Mr Tognetti affirms that the tool has the tendency to confine the complexity of the organization into reductive and static indicators, which don't fit with the creativity and innovation characterizing the fashion industry. Each collection is different from the others in terms of style

and products and this continuous change make the fashion companies performance very difficult to translate into specific measures.

In his analysis, the manager of Diesel considered also the model of Balanced Scorecard proposed by Fazzini and Terzani (2006) that was presented in the last part of Chapter 2. In his opinion the indicators suggested often result ineffective and not suitable for managing the dimension and complexity of the company, derived principally from the wide range of types of products sold, of clients targeted and of distribution channels used.

Even the four perspectives of the BSC seem to have many critical aspects, in particular three of them excluding the economic-financial one, which is the only one already used in the company for measuring performance. Mr Tognetti underlines the particular complexity of the Customer perspective in an environment characterized by continuous evolutions, where the behaviours are not stable and hardly predictable. Thus translating the highly mutable segments of the fashion clients targeted into reliable measures would be really difficult and would need continuous revision and maintenance as the key for success changes from one collection to the other. The Internal Processes perspective seems to set the company on a single point of view when instead they should be multiple according to the products and the distribution channels. Finally, the manager affirms that the Learning and Growth perspective leads the company to understand and to maintain the concepts risking the creation of a burden in a sector where renovation and innovation are dominant. In Diesel the stylists are all hired as freelance in order to stimulate creativity and to avoid the accumulation of previous not-indispensable competences, which would represent only a limitation for the creation of future collections and for the management of all the other corporate functions supporting the sale experience, like shop design, merchandise and marketing. Moreover, the company considers learning more as a qualitative process, carried out with the diffusion of a certain corporate culture, rather than one managed through some quantitative and qualitative measures. For these reasons the Learning and Growth perspective is considered completely inadequate and inapplicable to a situation as the one of Diesel. Then, the solution, affirms Mr Tognetti, would be to create a Balanced Scorecard without that perspective and with all the problems related to the other ones that would lead to the development of a framework based mainly on financial measures, therefore excluding some fundamental concepts characterizing the BSC.

The model considers the business processes in a mechanistic way, on the contrary of what are the requirements of a fashion firm like Diesel, such as the flexibility of adapting to the new trends and opportunities of the market and the ability to easily renovate its offer. In fact, the Balanced Scorecard is regarded as a rigid instrument, constituted by a set of static indicators necessitating a lot of maintenance and confining the company toward a certain direction. The

manager points out the uselessness of identifying a huge number of measures, which would be hardly manageable and should be modified or reviewed each year, removing the ability to compare the performance among years. Another issue highlighted by the manager is relative to the development of a proper know-how for the people that in case will manage the BSC in the different areas of the company. The planning and supervision of training programs should rely on an entity belonging to the higher levels of the organization like the Finance function, previously analysed, which would be distracted from its core competencies generating inefficiency in the structure. Therefore, according to Diesel, the cost related to formation and inefficiency would overcome the benefits coming from the implementation of the Balanced Scorecard. Moreover, the process of adoption itself together with the maintenance lack of a clear definition and understanding in the literature, leaving companies without a proper guidance that could help them avoiding some mistakes and problems related to the implementation and the structure of the framework. The same consideration was made by Norreklit (2000), who expressed the existence of a lack of clarity in the model proposed by Kaplan and Norton.

Chapter 5

PINKO CASE

In this chapter will be presented the case of Pinko, a contemporary fashion brand operating in the women's sector. The interview with Mr Pierantonio Serafini, who is a member of the group responsible for the strategic control in the company, has the purpose of better analysing the business reality and its suitability to implement the Balanced Scorecard, going to deepen the answers given to the questionnaire proposed.

1. THE COMPANY AND THE COMPETITIVE CONTEXT

Pinko was created in the early 80s by Pietro Negra and Cristina Rubini, as flagship brand of the Cris Conf S.p.a. group. Through the years it has experienced a consistent growth and extension of the range of products, becoming a very successful label the women's apparel *bridge* segment and representing a valid alternative to the high fashion with competitive prices and a particular attention to the price/quality ratio. But the focus of Pinko is also on contemporaneity, technological innovation, spirit of sharing and the idea of a transversal style in order to originate always creative and successful collections.⁶ The target client of Pinko is a modern, ironic and dynamic woman with a sophisticated and up-to-date style.

In 2015 the company registered globally revenues of 174 million euro realized through a very accurate sales network developed not only in European countries, like Italy, France, UK, Belgium, Holland, Greece, Spain, but also in other important markets, such as China and, more

⁶ www.pinko.com

recently, Japan and USA. Pinko is distributed in the various realities with 170 points of sale, comprehending both mono-brand and franchising, and 970 wholesale; moreover, the company is present in the major international Department Stores and opened 10 points of sales with the aim of expanding also in the Travel Retail sector. The offer of Pinko doesn't include only apparel but also shoes, bags and accessories, all accurately designed by a permanent team of stylists and proposed in three collections each season:

- Pinko Grey, a sort of pre-collection dedicated to the more informal occasions;
- Pinko Black, the main collection;
- Pinko White, a semi-programmed collection with the aim of refreshing and updating the products in the stores with the latest trends.

Soon, with the collection relative to the season spring/summer 2016, the firm is going to introduce its first line of sunglasses realized in collaboration with Italia Independent, famous for being the first sunglasses manufacturer to use carbon fiber for fashion purposes.

Mr Serafini affirms that the major competitors identified are Liu Jo and Patrizia Pepe, but Pinko tries to position itself in a slightly higher level in terms of price and price/quality ratio, always respecting the consideration of the brand in the market. Frameworks of benchmarking for the monitoring of the performance of competitors are not used by the Finance function of the company, but instead they are employed at the merchandising level mostly in order to set prices of the products adequate to ensure a good profitability but still conform to the segment.

2. CORPORATE CULTURE PROFILE

The following part of the questionnaire has the purpose of investigating the corporate culture developed by Pinko to understand if it would be suitable for the implementation of the Balanced Scorecard.

2.1 Strategy definition and sharing

In the following table (Table 17) are shown the answers given by Mr Serafini relative to the analysis of the level of definition and sharing of the mission, vision and values in the organization.

The manager of Pinko affirms that mission, vision and values are defined and shared prevalently at the higher level of the company, where we can find the owners and the top executives. Therefore, the strategy is not sent down much across the organization, causing the lack of a complete image of the strategy in the other hierarchical levels.

Table 17 Strategy definition and sharing in Pinko

C1.	Strategy definition and sharing	YES	NO	Partly
a.	The <i>mission</i> of the company – which defines the reason for existence of the company and its main purpose – is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X
b.	The values, which determines the conduct and the behavioural rules for the company are defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X
c.	The <i>vision</i> of the company that determines its objectives in the medium-long term (3-5 years) is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X
d.	The strategy, which identifies the elements of differentiation for the value creation for customers in time, is defined in an explicit way and shared by all.	X	<input type="checkbox"/>	<input type="checkbox"/>

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

Anyway, some principal values are perceived like the high standards of quality and the importance of the customer service in order to drive the behaviours of the employees. Formal occasions for the sharing of the strategy are not established, if not at the end of the year during a global meeting in which the owners shows the results achieved over the year and the objective to pursue in the following one.

In a situation such as the one described, the implementation of a Balanced Scorecard could bring significant improvements in the process of strategy sharing, providing a formalised instrument able to support the alignment of the actions of all the members of the organization toward the strategic objectives defined.

2.2 Climate of collaboration and management style

In Table 18 are reported the answers of Pinko to the analysis of the decision-making process- Mr Serafini describes the decision-making process as being partly top-down but with a significant bottom-up component, involving the employees, whose contribution is required in several different cases, like the opening of a store, the entrance in a new market or the definition of new suppliers. The participation of the lower levels of the organization, however, is not formalized and fixed, but it's established occasionally when the situation demands it.

The processes of ideation and realization of each collection are never the same and require the development of new know-how, skills and competencies but they trigger also the rising of different new problems. Consequently, the contribution of everybody in the organization is necessary in order to originate the best possible proposals, to make the best strategic decisions and to develop adequate solutions to the issues that the company has to face.

Table 18 The decision-making process in Pinko

C.2 About the decision-making processes of the company...		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	There is a climate of collaboration between the top management and the lower level of the organization.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	There is a level of sharing of the managerial decisions between the top management and the lower levels of the organization so to favour the discussion and increase the level of consensus in the company.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	Ad-hoc periodical meetings for the alignment on the major strategic themes stimulate the collaboration between top management and the lower levels of the organization in order to favour the level of consensus.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frequency of the meetings (ex. annual, monthly): annual/ monthly						
d.	The climate of consensus and collaboration is stimulated/favoured through occasional ad-hoc events, also outside work, in which participate the top management and the lower levels of the organization (ex. Off-site meetings, team building activities).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
e.	There are issues of misalignment among functions and/or business units due to a suboptimal climate of consensus and collaboration.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
f.	The current climate of consensus and collaboration of the company is in favour of the definition and review of the control system.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

The management style used in Pinko (Table 19) is described as informal, flexible and open. The procedures are not fixed and formalized but rather follow the day-by-day requirements. In some cases the decisions and the resolution of issues are carried out at the top levels of the organization but in other situations the solutions to some problems can come from the lower part of the hierarchical structure.

Table 19 The management style in Pinko

C.3 Management style in the organization				
a.	The company adopts a management style that is mainly:	TOP-DOWN	BOTTOM-UP	
		X	X	
b.	<ul style="list-style-type: none"> Autocratic: provides clear indications about objectives, modalities and timing of the work to be done and doesn't allow any sort of participation in the decision-making process Democratic: represents a guide, shares responsibilities, encourages participation and discussion, while maintaining the last say on the decision-making process Laissez-faire: allows a high level of freedom in the setting of the work and of deadlines, provides support only if necessary and delegates decisional responsibilities 			
	Define which profile, among the ones presented, best describes the management style of the organization.	AUTOCRATIC	DEMOCRATIC	LAISSEZ-FAIRE
		<input type="checkbox"/>	X	<input type="checkbox"/>
c.	Describe briefly the intensity of the style adopted and the modalities of the execution of decision-making processes across the organizational structure: Occasions of strategy definition involving the managers but the last word is left to the owners			

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

The approach of the company seems to favour the creation of an environment in which a BSC system could be adopted. In fact, the combination of top-down and bottom-up procedures can benefit the implementation of the instrument, as the involvement of the lower levels of the organization permits the integration of the general view of the management and the top executives with the more operative perspective of the employees. (Schneiderman, 1999)

Braam and Nijssen (2008) sustain that formal procedures can constitute a serious obstacle for the adoption of the Balanced Scorecard, demotivating managers and lowering their essential commitment to the project. However, the final decision is often left to the owners and the top executives, which is the sign that Pinko adopts a prevalently centralized approach, with low levels of delegation.

2.3 Transformation/renovation phase

The following part of the questionnaire (Table 20) has the purpose of understanding if the company has recently experienced significant moments of transformation or renovation, which could have brought the necessity to introduce new managerial instruments.

Table 20 Transformation/renovation in Pinko

C.4 Transformation/Renovation		YES	NO	Partly
a.	The company is facing a moment of strong transformation and/or renovation.	<input type="checkbox"/>	<input type="checkbox"/>	X
b.	Recently (2-3 years) the company faced a moment of strong transformation/renovation.	<input type="checkbox"/>	<input type="checkbox"/>	X
c.	If YES to a. or b., that transformation led/is leading to the implementation and use of new management instruments related to the performance measurement.	<input type="checkbox"/>	<input type="checkbox"/>	X
d.	If YES to c., was/is considered the Balanced Scorecard as an appropriate instrument for the new managerial structure?	<input type="checkbox"/>	X	<input type="checkbox"/>
If NO to c., why? Focus on other issues and not enough knowledge of the instrument				

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

Mr Serafini explains that the major transformation that the company is experiencing relates to its continuous growth and expansion towards new markets, like Japan and USA. For these reasons Pinko, when facing the new markets, requires the development of the proper know-how, which often can be achieved through the collaboration with expert consultants of the new environment. In addition, another transformation carried out by the company is the enlargement of the offer with the introduction of new lines of products, like the one of sunglasses mentioned before, with the objective of intensifying the weight of all the products that aren't apparel. The entrance in a new market or segment always demands to acquire new competencies, skills and knowledge in order to be successful.

All these transformations partly originated the need of new managerial instruments but didn't lead to the consideration of the Balanced Scorecard, which, according to the words of the manager, is known only in the financial area and not in the rest of the organization, probably included also the owners and the CEO. The lack of knowledge of the model together with the fact that currently Pinko is focusing on other important improvements are the major factors causing the absence of proposals relative to the BSC implementation. Anyway, the company already felt the urgency of using some non-financial indicators in its analyses due to their ability of providing timely information about the performance management that can be found only later in the financial measures and of analysing some efficiencies or inefficiencies otherwise unobservable.

3. CORPORATE ORGANIZATION

In this paragraph will be analysed the part of the questionnaire dedicated to the internal organization of Pinko, considering the type of climate developed and the level of collaboration between different functions or business units. Moreover, some questions have the purpose of understanding the role of two different entities inside the company, the first is the figure of the middle-manager and the second is the Finance function.

3.1 Level of coordination and communication

The table (Table 21) shows the answers given by Mr Serafini about the level of coordination in Pinko.

Table 21 Level of coordination in Pinko

D.1	Level of coordination	1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	It's believed that the level of coordination between managers of the different functions and business units plays an important role in the definition of the company performance.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	There is a level of coordination between managers suitable for the management and the proper execution of the activities of the company.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The level of coordination among functions, departments and business units is suitable for the management and the proper execution of the activities of the company.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
d.	Activities to stimulate the coordination among functions, departments and business units are executed frequently in order to favour the operations of the company.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
	Frequency: monthly/weekly					

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

The manager explains that a good level of coordination in a company as Pinko is fundamental to successfully run the business. A fashion company works with a very tight timetable in order to have the products in the market at the right moment. In a certain time the collection must be defined, then the production and the sales campaign must be started; if the organization doesn't

work as an efficient machine, the performance suffers. However, the coordination seems to be more consistent among managers than among the different areas of the company.

Table 22 Level of communication in Pinko

D.3	Level of communication	1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	It is believed that the communication at the lower levels of the company is an important element for the proper execution of the corporate strategy.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The strategy identified (or changes of it) and the strategic objectives defined for the functions and business units are communicated to the lower levels of the organization.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The process considered for the answer to a. is sufficiently effective for the orientation of the employees' performance toward the achievement of the strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

The organization shows a consistent level of communication especially regarding the transmission of the strategic objectives, favoured by the relatively small dimension that allows a fast and efficient exchange of information mostly through personal contact and periodical meetings. However, the communication mechanisms, constituted mainly by the reporting system developed by the Finance function with the collaboration of the responsible of the various business units and function, don't seem to be much effective in moving the behaviours of employees. Mr Serafini himself realized that sometimes the risk is to elaborate an excellent set of indicators, which, however, remains unused or not considered as much as it should. The functional structure of Pinko, in which each function tends to work focusing exclusively on its area of competence, could represent an obstacle to the establishment of an effective collaboration and communication. In fact, each function independently develops a series of indicators, analyses and reports specific on their sector that are not shared with the rest of the organization.

3.2 The role of the middle manager

The table (Table 23) reports the answers regarding the role of the medium-level managers in Pinko.

Table 23 The role of the middle manager in Pinko

D.4 The role of the medium-level manager		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	The medium-level manager collaborates with the responsible of functions/business units in the definition of the strategic objectives for the company.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The medium-level manager plays an active role in the translation of the strategic objectives defined by the company at the lower levels of the organization, increasing the awareness of the objectives to achieve.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	(Answer only if to b. was answered 3,4 or 5) A higher responsibility of the medium-level manager in the definition and achievement of the strategic objectives can give origin to a climate of higher creativity and motivation at lower levels of the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		YES		NO		Partly
d.	Special programs or training courses are executed to increase the management capabilities and the leadership of the medium-level manager in the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

According to the answers and the information given by Mr Serafini during the interview, the middle managers play an active role in Pinko, representing the entity connecting the top levels with the lower part of the organization, especially for the definition and communication of the strategic objectives. The medium-level managers are often involved in the decision-making process, which takes place through several meetings quite extended to different managerial figures. It's clear that the fact of being a family-owned company determinates the presence of the owners as fundamental figures into the strategic development and decisions of the firm. However, the middle managers play an important role in the translation of these strategic decisions to the lower levels of the organization, whose behaviour must be aligned toward the achievement of the long-term strategic objectives. Mr Serafini adds that the predominant informal nature of the corporate culture allows the discussion and sharing of doubts and perplexities coming from the middle managers in order to guarantee the understanding of the critical points of the strategy.

The involvement of the middle managers in the process of definition and communication of the strategy constitutes a good assumption for the creation of a Balanced Scorecard. In fact, at the process of implementation of the BSC should participate people of the company coming from different areas and hierarchical levels. Moreover, the active role of the middle managers already

existing in Pinko favours the translation of the strategy from the top to the lower levels, anticipating one of the functions of the scorecard.

3.3 The Finance function

In this paragraph, we will focus on the Finance function, in particular the Strategic Control, in Pinko with the aim of understanding the role that plays in the organization and for what it is responsible.

Table 24 The role of Finance function in Pinko

D.5	Role of Finance function (Strategic Control)			
		YES	NO	Partly
a.	The Finance function (Strategic Control) is responsible of the reporting systems and the performance measurement of the company.	X	<input type="checkbox"/>	<input type="checkbox"/>
b.	All the economic-financial information are certified by the Finance function (Strategic Control).	<input type="checkbox"/>	<input type="checkbox"/>	X
c.	The Finance function (Strategic Control) has the authority necessary to support the top management in the execution of the strategy.	X	<input type="checkbox"/>	<input type="checkbox"/>
d.	The Finance function (Strategic Control) actively participates to the definition of the corporate strategy and of the strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	X
e.	The Finance function (Strategic Control) plans the execution of the strategy defining and financially evaluating the strategic initiatives necessary to its execution.	<input type="checkbox"/>	<input type="checkbox"/>	X
f.	The Finance function (Strategic Control) has the responsibility of aligning the strategy identified with the functions and business units.	<input type="checkbox"/>	<input type="checkbox"/>	X
g.	The Finance function (Strategic Control) is responsible for the strategic communication inside the company.	<input type="checkbox"/>	X	<input type="checkbox"/>
h.	The Finance function (Strategic Control) is the head of the review of the strategy.	<input type="checkbox"/>	X	<input type="checkbox"/>
i.	The Finance function (Strategic Control) is responsible of signalling to the top management eventual internal issues of execution or needs to redefine the strategy.	<input type="checkbox"/>	<input type="checkbox"/>	X
l.	The Finance function (Strategic Control) collaborates with the HR function in order to define the program of incentives and compensation of the employees oriented to the achievement of the strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	X

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

Mr Serafini, being part of the Finance function, specifies that their main responsibility is relative to the reporting system of the company, which they define, utilize and then spread through the organization. During the ideation phase of the reporting system, which is

continuously evolving, the Finance function collaborates with the responsible for the other areas in the definition of the significant measures to control and the timing of their upgrade. Once the set of indicators is ready, the managers proceed with the calculations and the elaboration of the required reports that will be sent by email to the rest of the organization. Then, the Finance function organizes periodical meetings during which the reports are explained and deeply analysed in order to assure their understanding by all the other managers. On the basis of the collective examination of the results of the measures and of their deviations from the targets, some decisions are taken relatively to the actions to be carried out to improve the performance. However, the Finance function is not in charge of revising and improving the strategy but provides support to the top managers through the creation of some business plans, depicting ways to obtain the expected results. After the definition of the measures, the Strategic Control keeps monitoring them and showing their trends while giving advices regarding the variables that could affect the achievement of the strategic objectives.

Relatively to the last question about the role of the Finance function, Mr Serafini affirms that there is collaboration between the responsible of the Human Resources area, the CFO and the owners with the aim of defining the objectives to accomplish and the linked rewards for each managerial figure of the company. At the end of the year, according to the outcomes of the performance measurement, will be decided how much of the reward will be paid to each manager.

The active role of the Finance function in supporting the strategic decisions would be favourable in the case of the implementation of a Balanced Scorecard. The same is true relatively to the process employed for creating and sharing the reporting system, during which the Strategic Control collaborates with the different areas of the company in order to guarantee the agreement and understanding of the indicators chosen by everybody.

4. THE MEASUREMENT AND MANAGEMENT OF PERFORMANCE

The next part of the analysis focuses on the systems adopted by Pinko for measuring and managing performance. Mr Serafini sustains that the organization is still in the earlier stages in this field, having adopted until now only two main managerial instruments: the Customer Relationship Management and the Reporting, which is used both for measuring and orientating the performance of the company.

4.1 The indicators used by Pinko

As affirmed before, Pinko has already recognized the limitation of a system based entirely on economic and financial variables and therefore the importance of monitoring also non-financial indicators.

Table 25 Indicators used by Pinko

E.2	Which measures are elaborated in a continuous and formal way?	
	Economic-Financial area	Customer area
	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Net Revenues <input checked="" type="checkbox"/> Contribution Margin <input checked="" type="checkbox"/> EBITDS <input checked="" type="checkbox"/> Operating Income <input checked="" type="checkbox"/> Net Income <input type="checkbox"/> Residual Income <input checked="" type="checkbox"/> ROI <input checked="" type="checkbox"/> ROE <input type="checkbox"/> EVA <input type="checkbox"/> EPS <input checked="" type="checkbox"/> Cash Flow <input checked="" type="checkbox"/> Net Working Capital <input type="checkbox"/> Other 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Sales Increase <input type="checkbox"/> Market Share <input type="checkbox"/> Coverage Ratios <input checked="" type="checkbox"/> Rate of acquisition of new clients <input type="checkbox"/> Customer Satisfaction <input type="checkbox"/> Trade Partner Satisfaction <input type="checkbox"/> Indicators of the level of service <input type="checkbox"/> Quality Indicators <input type="checkbox"/> Price Control Capabilities <input checked="" type="checkbox"/> Other Analysis of returns
	Internal Processes area	Learning and Growth area
	<ul style="list-style-type: none"> <input type="checkbox"/> Total cost of processes <input type="checkbox"/> Indicators of quality of internal processes <input type="checkbox"/> Cycle Time <input type="checkbox"/> Productivity ratios <input type="checkbox"/> Flexibility Ratios <input type="checkbox"/> Internal client satisfaction <input checked="" type="checkbox"/> Other Analysis of returns Number of products in the collection 	<ul style="list-style-type: none"> <input type="checkbox"/> % R&D costs on revenues <input type="checkbox"/> % sales from new products, patents, licenses <input type="checkbox"/> Time to market <input type="checkbox"/> Level of innovation of the development projects portfolio <input type="checkbox"/> Investments in training of employees <input type="checkbox"/> Personnel learning index <input type="checkbox"/> Employee satisfaction <input type="checkbox"/> Personnel productivity indexes <input type="checkbox"/> Other

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

The majority of the indicators of the reporting system of Pinko are included in the economic-financial area, as can be noticed in the table (Table 25). The Finance function realizes the cost analysis segmenting the company into several cost centres, for which is provided a specific budget. The same function organizes meetings with the managers of the cost centres with the aim of evaluating the actual expenditure in respect to the budget and to the costs realized the previous year. Mr Serafini affirms that this process has the only purpose of controlling the costs, without deriving some efficiency or productivity indicators. This choice, explains the manager, was made prevalently because the majority of the production is committed to external laboratories. However, an evaluation of the internal processes is carried out during the phase of

ideation of the collection and creation of the pattern book. Before starting the designing process of the collection, the styling office together with the merchandising and commercial area defines the number of products for each category to insert in the collection. Though the stylists have the tendency to exceed the threshold decided during the briefing. This on one side leads to the creation of a broader collection that, from the point of view of the styling area, allows to better follow the several trends of the next season and so to satisfy more the customers; on the other side, this behaviour heavily affects the costs of realization of the collection. The expenditure is further influenced by the number of models that are cancelled from the collection at the launch of the pattern book creation or after the sale campaign and for which some costs are already realized. Therefore, the number defined at the beginning help the management, on one hand, to restrict the decision of the styling area and so to monitor the relative costs and, on the other hand, to analyse the effectiveness of the decisions of the styling office in identifying the products that will actually be successful in the sale campaign and be produced.

Another evaluation representing an indicator relative to the internal process is the analysis of returns, but, Mr Serafini affirms, it regards only some typologies of return. An example are the returns of defective products, which can be sign of a problem in the production process and so meaning that deeper analysis should be carried out relatively to some specific category of products or to certain suppliers. Other kinds of returns, instead, linked to commercial agreements, like returns at the end of the season or due to an exchange of item, are more related to the customer area.

These are the main indicators composing the reporting system elaborated by the Finance function; however, as we previously said, a series of measures and reports are independently developed by each area of the company according to their specific needs.

4.2 The limitations of the managerial instruments

Although Pinko is currently using few and simple managerial instruments, we asked to Mr Serafini if those tools present some limitation and critical issues leading the company to improve them or to adopt new ones.

The manager sustains that there are two main limitations linked to the reporting system used. First of all, the limited capabilities of the current IT system used for the reporting, which is based entirely on the elaboration of Excel files.

Table 26 Limitations and critical aspects of the managerial instruments used by Pinko

E.3		Limitations and critical aspects of the managerial instruments used		
a.	What are the limitations and the critical aspects of the performance measurement methods currently used by the company? Limited capabilities of the current IT system (Excel) Limited effectiveness of reports in moving employees' behaviour			
b.	What are the limitations and the critical aspects of the methods currently used for orienting the performance toward the strategy defined? Limited capabilities of the current IT system (Excel) Limited effectiveness of reports in moving employees' behaviour			
		YES	NO	Partly
c.	The company is thinking /has the need of adopting new managerial instruments considered more effective than the current ones. If YES, which ones: automation of IT system	X	<input type="checkbox"/>	<input type="checkbox"/>
d.	The company knows the Balanced Scorecard and the Strategy Map as an instrument for the strategy implementation in addition to the purpose of performance measurement.	<input type="checkbox"/>	<input type="checkbox"/>	X

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

The manual creation of worksheets containing the calculation of the indicators is time consuming and requires a lot of work from the Finance function, also in terms of solution of issues that can rise due to the insertion of incorrect data, which often happens because of the system's inability to detect errors instantly. The current commitment of Pinko is, therefore, the improvement of the IT infrastructure in order to develop a proper and more automatized system, which allows the direct participation of the different areas of the company to the realization of the budget, thus relieving the Finance function, and permits a rapid and automatic elaboration of the final balance.

The second critical aspect about the reporting system regards its effectiveness in moving the behaviour of the people recipient of the reports. Often these are not considered as they should and are likely to remain unused, despite the great importance and attention from the Strategic Control.

We have already seen the significant role played by the Information Technology in the adoption and utilization of the Balanced Scorecard. Papalexandris *et al.* (2005) even proposed the IT system as one of the support activities for the process of implementation of the BSC model, highlighting the importance for the company of having an appropriate IT solution able to collect and elaborate information, monitor the measures and manage the consistent amount of data required by the framework in order to provide rapid analyses to support the decision-making process. A tangible example was provided by the Monnalisa case, in which the fashion firm realized the limitations of an IT system based exclusively on Excel files that was making the

management of the numerous indicators very difficult. The solution of the company was to adopt a specific software, also capable of elaborating reports and analyses quickly and efficiently. However, Monnalisa noted this critical aspect only after implementing and start using the Balanced Scorecard; it was not at all discouraged by the fact of not having the proper tools required to manage such instrument but solved the issue with time, during the continuous process of improvement and maintenance necessary for keeping the BSC efficient and effective. The project of implementation of the scorecard itself can provide an occasion for the company to evaluate its IT system and the gap existing between the current infrastructure and the one needed after the management of the indicators and the data composing the model. The same is true for the improvement of the consideration of the reporting systems by the organization; the process of creation of the Balanced Scorecard requires the commitment of everybody in the firm to guarantee that the tool will be actually used.

Finally, Mr Serafini affirms that the consideration of a possible improvement of the reporting system itself could happen in the future when the company will have enough time to focus on it. Anyway, this process will probably concern the already existing framework and not the adoption of a new one.

5. THE BALANCED SCORECARD

Although Pinko doesn't use the Balanced Scorecard and its knowledge about the instrument is quite limited, we asked Mr Serafini to evaluate it and to express his opinion about its suitability to the company and to the fashion sector. Table 27 shows the advantages and limitation of the BSC system identified by the manager.

Mr Serafini sustains that the major advantage relative to the implementation of a Balanced Scorecard is the support in sharing the strategy across the organization. The utilization of the instrument can, instead, be problematic if it requires too much time and resources and also if the recipients of the measures are not properly trained. A fashion company, such as Pinko, bases all its work on the time variable and therefore it doesn't have much time to dedicate to other issues. As Papalexandris *et al.* (2005) said, the process of implementation of a BSC necessarily requires time and effort (50-90% of working time), which often are difficult to find by the organization, and their lack represents the main cause of failure of the project.

Table 27 The potential of the BSC for Pinko

F.1	The potential of the Balanced Scorecard instrument
a.	<p>Which are considered as advantages linked to the implementation of the Balanced Scorecard?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Alignment between corporate strategy and operational activities <input checked="" type="checkbox"/> Sharing of the strategy across the organization <input type="checkbox"/> Achievement of the objectives and the improvement of performance <input type="checkbox"/> Monitoring of the multiple profiles of the corporate performance <input type="checkbox"/> Higher focus on the long-term <input type="checkbox"/> Other
b.	<p>Which are considered as critical issues of the model?</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Too high time and resources requirements <input type="checkbox"/> Lack of dynamics <input type="checkbox"/> Mainly inward-looking <input type="checkbox"/> Lack of a time dimension <input type="checkbox"/> Incompleteness of the set of perspectives <input type="checkbox"/> Structure rigidity <input type="checkbox"/> The impossibility of utilization in certain sectors <input type="checkbox"/> Other

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

In addition, more time is needed for the maintenance and update of the model once successfully integrated into the organization. So a company that doesn't have much time and resources to dedicate to the creation and utilization of the instrument is likely to fail and to abandon it. The same could happen if the people in the organization have a scarce knowledge and understanding of the instrument and on its measures. As we saw in Chapter 2, after the designing process of the BSC it's necessary to organize training programs with the purpose of teaching the employees about the new system introduced, what is it and how is it used, and its indicators. Mr Serafini sustains that, once the reporting system is defined and sent to the rest of the organization, is fundamental to arrange several meetings to analyse and discuss all the elements in order to guarantee the actual sharing, understanding and agreement of the indicators chosen to measure and manage the performance.

Even if the company has never tried to implement the Balanced Scorecard, the interviewed manager decided to fill in also the part of the questionnaire regarding the causes of failure of the process (Table 28).

Table 28 The causes of failure of the implementation process for Pinko

F.3 The causes of failure of the implementation process			
a.	The company believes that the causes of the failure of the adoption of the Balanced Scorecard are mainly:	INTERNAL	EXTERNAL
		<input type="checkbox"/>	<input type="checkbox"/>
b.	Among the ones listed, identify the critical issues noticed during the process of implementation of the Balanced Scorecard: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Too much time and resources required <input type="checkbox"/> Difficulty in the identification of the relationships among the strategic objectives <input type="checkbox"/> Too many indicators <input checked="" type="checkbox"/> Low commitment of the top management <input type="checkbox"/> Conflicts among the project team members due to divergent priorities <input type="checkbox"/> Lack of a proper communication <input checked="" type="checkbox"/> Difficulty in measuring the indicators <input type="checkbox"/> Difficulty in selecting the relevant indicators <input type="checkbox"/> Cultural limitations of the company and poor strategic vision <input type="checkbox"/> Lack of a proper leadership to stimulate the adoption <input type="checkbox"/> Not consolidated management control activity <input checked="" type="checkbox"/> Inappropriate IT systems <input type="checkbox"/> Other (specify) 		

Source: Answers given by Pinko to the questionnaire presented in Chapter 3

The aim of the identification of the critical issues was to highlight once again the major factors currently present in Pinko that could constitute obstacles to a potential implementation of the Balanced Scorecard. As explained before, the inadequacy of the IT system, which is making the company focus on its improvement to increase the computerization of processes, and the lack of the time and effort to be dedicated to the BSC are important impediments for the adoption of the instrument. But also the absence of a real proposal of implementation and of a consistent sponsorship by the top executives represents a significant factor explaining why Pinko hasn't adopted the scorecard yet. Mr Serafini sustains that removed these problems and developed a real commitment by the top levels and a concrete proposal, the company could introduce the new tool into the organization.

At the end, the manager affirms that he considers the Balanced Scorecard a suitable instrument for Pinko and, more generally, for the fashion industry. According to him, also the four perspectives of the classical model seem appropriate; the economic-financial area is easily covered by the indicators that, supposedly, the majority of the fashion companies already use. The other perspectives are also important but maybe more difficult to define. For sure the part of the BSC dedicated to customers is essential for a fashion firm and needs to be deeply measured and analysed. But Mr Serafini sustains that there are other important factors that

should be considered and so included in the scorecard, like the suppliers. Therefore according to him, some indicators in the system should refer to the external environment surrounding the company and also to the time, a crucial variable having great impact on the performance.

CONCLUSION

The instrument of the Balanced Scorecard has experienced, from the moment of its elaboration and publication in 1992, a wide diffusion among companies with different structure and size and working in different industries. The purpose of its creation was to overcome the limitations of the traditional measurement performance systems based almost entirely on economic and financial indicators, which however don't seem to provide a complete picture of the organization. In fact, the BSC model comprehends also non-financial measures grouped into four perspectives: Customer perspective, Financial perspective, Internal Processes perspective, Learning and Growth perspective. During the years, was recognized the great potential of the instrument, not only for performance measurement but also for the definition, communication and implementation of the strategy.

This thesis has the purpose of investigating the possible utilization of the Balanced Scorecard in the companies working in the fashion industry. The analysis is supported by the presentation of the cases relative to two Italian fashion companies operating in the international market, Diesel and Pinko.

In the first chapter, is presented an introduction to the complex and heterogeneous world of fashion, highlighting its major characteristics and issues in order to provide a complete general picture of the market and of its dynamics. The difficulties encountered in literature in developing a clear and well-defined segmentation show the great effort required by the companies for having success in such a competitive and continuously evolving environment. The last paragraph is dedicated to the management of the fashion companies, a subject that is not so studied in literature, which mainly focuses on the marketing and brand side, but surely

constitutes an attractive topic. Fashion firms, in fact, are characterized by a duality represented by creativity and efficiency and therefore it's interesting understand how these two elements are combined and balanced in order to achieve competitive advantage and success in the industry.

The second chapter focuses on the Balanced Scorecard itself, starting with a brief presentation of the model and the level of diffusion of the instrument in Italy. Then, the attention is given to the several critiques on the BSC model expressed by the scholars during the last decades and on the analysis of a general six-steps process of implementation of the framework. For each phase of the process are defined the potential mistakes and obstacles that a company can face and that can possibly lead to the failure of the entire adoption project. The final part of the chapter, instead, reports the known application of the BSC system in the fashion industry, which is also an issue not much discussed in literature. The argument is therefore presented through the analysis of two publications regarding the topic; the first is the model of scorecard specific for fashion companies suggested by Fazzini and Terzani (2006) and which is based on a research conducted interviewing several firms. The second element is the Monnalisa case, which represents a valid example of a company that successfully implemented the Balanced Scorecard in its organization.

In order to investigate the predisposition of Diesel and Pinko toward the BSC model, a very similar framework is employed to favour the comparison between the two cases. The questionnaire proposed to the fashion companies is reported and explained in Chapter 3.

The final part of the thesis is, therefore, dedicated to the presentation of the cases, starting from the one about Diesel. The multinational fashion company tried twice to implement the Balanced Scorecard unsuccessfully and with the conclusion that the instrument is not suitable to the structure and situation of Diesel basically because it is not enough flexible, lean and effective. This consideration derives from some opinions developed by the manager of the firm regarding three main topics:

- The characteristics of the fashion industry, whose dynamic and complex nature doesn't meet the rigid and static one of the BSC;
- The structure of the BSC, which has the tendency to trap a continuously evolving reality into a great number of indicators that would result ineffective, hardly manageable and even misleading;
- The organizational matrix structure of Diesel, adopted with the purpose of facing the complex and dynamic environment in which the company operates in the most flexible way; therefore this fundamental structure cannot be folded to the requirements of a managerial instrument.

These are the main ideas beneath the decision of the company of not adopting the BSC model but the information coming from the interview reveals other elements related to the culture and organization of Diesel. First of all, the delicate phase of transition, which involved the revamping of the brand and the formulation of a new corporate strategy, experienced by the firm doesn't favour the creation of a stable climate in the organization. Moreover, the change of such an important figure as the CEO can have a significant impact on the dynamics and management style of the company according to the characteristics of the new person at the head of the structure. On the other side the scorecard could represent a mean of communication for spreading the new strategy across the organization, which at the time of the interview was still developed and shared only at the top levels. Another factor that could represent a potential obstacle to the implementation of the BSC is the style of management prevalently top-down and autocratic. Diesel considers this type of approach the most efficient in facing the highly competitive and dynamic fashion industry. The fact that the company works in a complex and continuously changing segment is reflected above all in the decision of adopting a matrix structure, which can easily and quickly adapt to frequent mutations of an instable environment. The lack of a hierarchical separation in the organization levels, compensated by the autocratic/top-down approach, implies that a different BSC should be developed for each junction of the matrix, a decision resulting too complex and costly in terms of time and resources. Diesel strongly necessitates a flexible and adaptable structure and is convinced that it cannot be modified because of the requirements of a managerial instrument, which should be itself to adapt to the company's needs. However, at the basis of this idea, there is the conviction of the management that the Balanced Scorecard represents a sort of straitjacket for the company, whereas the instrument should be more a sewn dress tailored depending on the requirements of the organization. (Norreklit, 2000) The BSC framework should, therefore, be shaped in terms of indicators and also of perspectives on the needs of the firm adopting it, but being careful not to denaturalize the basic foundations of the model.

The company expressed the difficulties encountered in the definition of the target clients, which directly affects how the firm operates in its sector. Diesel, in fact, focuses on the continuous renovation of the styles of its collections, therefore serving a type of customer whose tastes and behaviours continuously change among the seasons. The success of the firm in managing this situation is embodied in the creation of a complex integration of tools able to collect all the information that will constitute the basis of the decision of the most appropriate analyses to develop in order to run the business. Therefore, the introduction of a Balanced Scorecard would stiffen the delicate and agile structure of the company, which doesn't have the need. The framework would require the identification of a set of indicators too big to be efficiently

managed; moreover, those measures would need constant maintenance and renovation according to the changes of the market that would result in too much costs and time-spending processes. On the other hand, the limitation of the number of indicators could lead to misleading assumptions and wrong decisions. Therefore, the implementation of a BSC by Diesel seems to bring much more costs and disadvantages than benefits due to the unsuitability of the model to integrate with the organizational structure and the dynamics of the company, which were developed according to the necessities determined by the highly complex, competitive, mutable and fast sector in which it works.

The study case relative to Pinko provides the description of a company very different from Diesel in terms of structure, culture and management. The management style adopted by Pinko combines elements of the top-down and bottom-up approaches, involving also the lower levels in several occasions, but which are not formalized and prearranged. This allows to integrate the general vision of the management with the detailed and more operative knowledge of the lower levels of the organization and favours the adoption of the BSC. The same thing is true for the good level of involvement of the middle manager for the translation of the corporate strategy to concrete actions for the lower levels of the organization.

Anyway, Pinko has never tried to design a BSC model for several reasons:

- a relative proposal has never been developed, probably due to the scarce knowledge of the instrument comprehending also the head of the organization;
- the conviction that the tool would require too much time and resources for its integration and subsequent utilization and maintenance;
- an inadequate IT system still based on the elaboration of Excel worksheets, which would probably not be able to properly manage the big amount of data required for the calculation of the indicators.

The last point represents a significant issue for the company, which is currently focusing on the development of a more automatic, efficient and quick IT support for the processes in order to reduce the time spent for the creation of analyses and for the correction of errors mainly due to the manual entry of the data.

However, there exist also elements in the corporate organization of Pinko that could represent critical points in the potential implementation of the BSC. In fact, the manager interviewed expresses the presence of good levels of communication and collaboration, but these seem to be more relative to the relationships among managers at the top levels of the structure rather than the ones between different functions and business units. This issue is further emphasized by the fact that the communication mechanisms seem to not guarantee a proper effective alignment of the employees toward the achievement of the strategic objectives. Moreover, from

the interview emerges that the reporting systems elaborated by the Finance function sometimes are not considered as much as they should with the risk of remaining unused and of not moving effectively the behaviour of employees and managers toward the improvement of the performance. In addition, Pinko results having a prevalently centralized organization, where the majority of the decisions are kept at the vertex without empowering the lower levels but involving them only for consultation.

Thus, the implementation of a Balanced Scorecard could be threatened by these issues but could also provide the occasion for Pinko of revising itself and improving its weaknesses. One of the major benefits that the BSC model could bring into the organization is the strengthen of the poor set of managerial instruments currently adopted. In fact, in Pinko the scorecard would face fewer difficulties in its integration with the small number of tools utilized than in the case of Diesel, where a complex and delicate “ecosystem” of instruments and mechanisms was developed. Other advantages coming with the adoption of the BSC could be related to a better and more sharing of the strategy, a quality of the tool recognized also by the manager himself, especially with the lower levels of the organization, which is not much currently carried out. In effect, while in Diesel some institutionalized moments are established in order to diffuse the corporate culture, like the four overall meetings, in Pinko there is only one fixed occasion at the end of the year in which the strategic objectives to be achieved in the following year are presented to the whole company.

The functional structure of Pinko could favour the adoption of the BSC at different hierarchical levels. As it happened for Monnalisa, the company could develop multiple scorecards, with more or less details according to its application and customized on the basis of the specific needs of the different functions. In this way, the reduction of the set of indicators for each BSC should be favoured, as the definition of a big amount of measures, like it happened for Diesel, could create problems in its management and maintenance.

Moreover, the scorecard implementation could create an opportunity to improve the effectiveness of the indicators on the alignment of the actions toward the fulfilment of the strategy. This could be true also relatively to the level of communication and collaboration, since the designing process of a proper BSC, able to provide a complete picture of the firm, requires the support and involvement of all the areas of the company.

Therefore, at the end we can sustain that a potential implementation of the Balanced Scorecard by Pinko should bring several benefits to the organization, even going to improve its weak points. It didn't emerge so far any consistent factor representing a serious obstacle to the adoption of the instrument in relation with the fashion segment in which the firm operates.

The two fashion companies, Pinko and Diesel, represent two different approaches to the world of fashion, probably due to the characteristics of the specific segment that they serve.

Diesel represent an important Lifestyle brand offering a very wide range of products and has to deal with a very dynamic and mutable environment; in order to do so it adopted a flexible matrix structure that can easily react to the continuous changes of the market. Although this kind of structure is suitable for such an instable context, it can give rise to some inefficiencies that are managed by the firm through the adoption of a prevalently top-down and autocratic management style. Moreover, Diesel has already developed a complex integration between several managerial instruments suitable for its structure and mechanisms and able to provide the proper support to the managerial decisions.

Pinko represent a growing brand dedicated to the world of women's fashion, which is expanding through the entry into new geographical markets and the extension of the typologies of products offered. The company decided to adopt a highly centralized and hierarchical functional structure, whose nature is characterized by rigidity and not much suitable for change. The features of the functional structure seem to encounter the rigid and stable nature of the Balanced Scorecard on the contrary of the matrix structure, which represents one of the main reason that led Diesel to consider the instrument as unsuitable for its organization. In addition, the system of managerial instruments of Pinko results still quite simple and not so much developed, as it is based mainly on reporting.

Therefore, the suitability of the BSC in those two firms may depend on their organizational structure and on the level of complexity of the internal mechanisms and systems developed , which represent their decision about how to approach the fashion market.

Anyway, some examples of successful implementation of the Balanced Scorecard in the fashion industry exist, as it is reported by the research of Fazzini and Terzani (2006) and by the case of Monnalisa, and they constitute the sign that the adoption of the instrument by fashion firms it's possible. However, the heterogeneity of business models developed by the fashion companies doesn't allow to affirm generally that the BSC is suitable or unsuitable for all. In literature, several scholars stated the existence of some internal and external factors influencing the selection of a suitable management control system and in particular the decision of adopting the BSC model. Hendricks, Menor and Wiedman (2004) identified three factors influencing the implementation of the instrument: the firm strategy, the firm size and the environmental uncertainty. So, also in the specific fashion system there could be some elements making some companies more appropriate for the utilization of the scorecard than others. But, surely, this suitability or unsuitability cannot be extended to the whole industry, which is composed by a great amount of different realities.

The determination of those influencing factors is still not so much studied both in general and in the specific case of the fashion industry. So, further research is needed about this topic but also about the current utilization of the Balanced Scorecard by the fashion firms in order to better understand what are the elements distinguishing those companies that successfully implemented the instrument from those that, instead, failed or decided to not adapt it.

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Websites

- www.pinko.com
- www.diesel.com

APPENDIX A

Questionnaire of Diesel

Sezione A: Dati Anagrafici e Contesto Aziendale

A.1 DATI RELATIVI ALL'AZIENDA

Ragione sociale e forma giuridica: DIESEL SPA

Sede legale: BREGANZE (VI) Sito web: www.diesel.com

Settore in cui opera (quelli più significativi): AABIGLIAMENTO, ACCESSORI

Se appartenente ad un gruppo, specificare la posizione dell'Azienda Italiana (capogruppo, consociata, divisione, società operativa, etc.): OTB GROUP - consociata

a) Da qui in poi ci si riferisce all'Azienda Italiana:

Struttura organizzativa dell'Azienda:

<input type="checkbox"/> Funzionale	<input type="checkbox"/> Divisionale per tipologia di clientela
<input type="checkbox"/> Divisionale per prodotto	<input type="checkbox"/> Per processi
<input type="checkbox"/> Divisionale per area geografica	X Matriciale
<input type="checkbox"/> Altro (specificare)	

Nel triennio 2010-2012 sono state attuate iniziative di:

<input type="checkbox"/> Business Process Reengineering	<input type="checkbox"/> Simultaneous Engineering
<input type="checkbox"/> Certificazione Ambientale	<input type="checkbox"/> Target Costing
<input type="checkbox"/> Cost Management	<input type="checkbox"/> Total Quality Management
<input type="checkbox"/> Empowerment	<input type="checkbox"/> Value Based Management
<input type="checkbox"/> Just in Time	X Altro (specificare): PROCESS IMPROVEMENT

	2010	2011	2012 (stima)
Fatturato	403 m€	412 m€	442 m€
N. dipendenti	616	639	681

A.2 DATI RELATIVI AL COMPILATORE DEL QUESTIONARIO

Cognome e nome SACCARDO MATTEO

N. di telefono: 0424-377254

E-mail: matteo_saccardo@diesel.com Posizione organizzativa: RETAIL COTROLLER

Oggetto della compilazione di questo questionario è:

X l'azienda Italiana nel suo complesso

una sua divisione/business unit? (indicare il nome):
.....

Per quale ragione è stata scelta questa divisione/business unit?

- Ha il maggior fatturato;
- Presenta una più elevata criticità competitiva
- Che sta sviluppando un progetto di revisione dei sistemi di reporting/misurazione della performance
- Era l'unica disponibile

Altro:

.....

Sezione B: Caratteristiche del contesto competitivo

B1 Qual è il grado di diversità esistente tra le diverse linee di prodotto rispetto ai fattori elencati? (1: omogeneità massima; 5: differenziazione totale):

	1	2	3	4	5
Tecnologie di base contenute nel prodotto	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Tecnologie di processo produttivo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X
Materie prime impiegate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X
Tipologie di clienti	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Tipologie di mercati/settori di sbocco	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Canali distributivi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
Situazione competitiva	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Livello di redditività delle vendite (ROS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
Tasso di innovazione dell'offerta	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

B2 Rispetto alle caratteristiche del settore nel quale opera l'azienda, qual è il più importante fattore che ha caratterizzato la vostra offerta negli ultimi 5 anni?:

<input type="checkbox"/> Vantaggio di costo	<input type="checkbox"/> Differenziazione dell'offerta tramite livello di servizio
X Differenziazione di prodotto	<input type="checkbox"/> Ampliamento dell'offerta tramite servizi aggiuntivi
Altro (indicare)	

B3 Qual è il grado di coinvolgimento dei clienti nei processi di produzione/erogazione dei prodotti/servizi?

1 (molto)	2 (abbastanza)	3 (poco)	4 (per niente)	5 (non saprei)
<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

B4 Qual è il grado di coinvolgimento dei fornitori nei processi aziendali?

1 (molto)	2 (abbastanza)	3 (poco)	4 (per niente)	5 (non saprei)
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B5 Si possono indicare anche valori di massima e/o lasciare in bianco le caselle per le quali non si dispone delle informazioni:

a) N. di prodotti a listino (o commercializzati)	> 100				
b) Peso % sul fatturato dei prodotti introdotti sul mercato negli ultimi tre anni	<5 <input type="checkbox"/>	5-10 <input type="checkbox"/>	11-15 <input type="checkbox"/>	16-20 <input type="checkbox"/>	>20 X
c) Time to market medio: n.mesi dalla ideazione del prodotto al lancio sul mercato	<6 <input type="checkbox"/>	6-12 <input type="checkbox"/>	13-18 <input type="checkbox"/>	19-24 X	>24 <input type="checkbox"/>
d) Permanenza media (in mesi) dei prodotti a catalogo.	<12 <input type="checkbox"/>	12-24 <input type="checkbox"/>	25-36 <input type="checkbox"/>	37-48 <input type="checkbox"/>	> 48 <input type="checkbox"/>
e) Incidenza media % dipendenti impiegati nell'attività di R&S sul totale organico	<5 <input type="checkbox"/>	5 - 7 <input type="checkbox"/>	8-10 <input type="checkbox"/>	11-13 <input type="checkbox"/>	> 13 <input type="checkbox"/>
f) Incidenza media % dei Costi di Ricerca e Sviluppo sul Fatturato	< 1 <input type="checkbox"/>	1 -4 <input type="checkbox"/>	5 - 8 <input type="checkbox"/>	9 - 12 <input type="checkbox"/>	> 12 <input type="checkbox"/>

Sezione C: La Strategia

C1 Definizione della strategia		SI	NO	In parte
a)	La mission dell'azienda - che definisce la ragione dell'esistenza dell'azienda e lo scopo fondamentale perseguito dalla stessa – è definita in modo esplicito e condivisa da tutti?	<input type="checkbox"/>	<input type="checkbox"/>	X
b)	I valori, che stabiliscono la condotta e le norme di comportamento cui l'azienda e i suoi collaboratori si rifanno, sono definiti in modo esplicito e condivisi da tutti?	<input type="checkbox"/>	<input type="checkbox"/>	X
c)	la vision dell'azienda che stabilisce gli obiettivi della stessa nel medio e lungo termine è definita in modo esplicito e condivisa da tutti (3-5 anni)?	<input type="checkbox"/>	<input type="checkbox"/>	X
d)	La strategia aziendale che individua gli elementi di differenziazione con cui l'azienda vuole creare valore nel tempo per i suoi clienti target è definita in modo esplicito e condivisa da tutti?	<input type="checkbox"/>	<input type="checkbox"/>	X

C2 Sviluppo della strategia:

C2a Vengono effettuate analisi specifiche per sviluppare/ridefinire la strategia? SI X NO

Se SI, quali?

analisi PESTEL: riguardante i fattori politici, economici, sociali, tecnologici, ambientali e legali che possono influenzare il business dell'azienda?

Analisi delle 5 forze di Porter?

X Analisi SWOT (punti di forza, punti di debolezza, opportunità e minacce)?

Altro (specificare):

C2b Vengono utilizzate delle metodologie specifiche per introdurre innovazione nella strategia ? SI NO X

Se SI, quali?

Blue Ocean Strategy; Experience Co-Creation; Disruptive Innovation; Altro, (specificare)

C2c Viene definita un'agenda del cambiamento strategico che confronta l'attuale strategia con la nuova e definisce le iniziative messe in atto per attuare la nuova strategia? SI NO in parte X

C2d Vengono organizzate delle riunioni ad hoc per la revisione della strategia? SI X NO

Con quale cadenza viene riverificata la strategia aziendale abitualmente? (1,3,5 anni,etc): 1 ANNO

C3 Execution Premium

	SI	NO	In parte
a) Viene utilizzata una "mappa strategica" per rappresentare la strategia come un processo di creazione di valore che si ottiene tramite relazioni causa-effetto nelle quattro prospettive (finanziaria, cliente, processi, apprendimento e crescita)?			X
b) Vengono individuati i temi strategici, come insieme di macro obiettivi cui l'azienda deve tendere?	X		
c) Vengono specificati gli obiettivi target da raggiungere per i temi strategici e i KPI per misurarli?			X
d) Viene utilizzato un sistema di Balanced Scorecard come sistema di controllo del raggiungimento dei target?		X	
e) Gli indicatori principali sono normalmente utilizzati per guidare il processo decisionale?			X
f) Vengono individuate le iniziative strategiche che rappresentano progetti e programmi che devono permettere il cambiamento all'azienda?	X		
g) Le iniziative strategiche sono gestite separatamente rispetto all'attività ordinaria?			X

Sezione D: Il Sistema di Misurazione delle Performance

D1 Nel vostro sistema di reporting/misurazione delle performance, quali sono le aree di misurazione, i destinatari delle misurazioni e la frequenza con la quale ricevono le informazioni?

Area economico-finanziaria

Chi sono i destinatari di queste misurazioni? (si possono indicare più destinatari) e con quale frequenza ricevono queste informazioni?

- | | |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> X Amministratore Delegato | X mensile; X trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> X Direttore Generale | X mensile; X trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> X Responsabili di Divisione/Business | X mensile; X trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> X Responsabili di Funzione | X mensile; X trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Altri (specificare) | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |

Area cliente/mercato

Chi sono i destinatari di queste misurazioni? (si possono indicare più destinatari) e con quale frequenza ricevono queste informazioni?

- | | | |
|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------|
| <input type="checkbox"/> Amministratore Delegato | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; X altro (specificare) | SETTIMANA |
| <input type="checkbox"/> Direttore Generale | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; X altro (specificare) | SETTIMANA |
| <input type="checkbox"/> Responsabili di Divisione/Business | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; X altro (specificare) | SETTIMANA |
| <input type="checkbox"/> Responsabili di Funzione | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; X altro (specificare) | SETTIMANA |
| <input type="checkbox"/> Altri (specificare) | | |

Area efficacia/efficienza dei processi interni

Chi sono i destinatari di queste misurazioni? (si possono indicare più destinatari) e con quale frequenza ricevono queste informazioni?

- | | |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Amministratore Delegato | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Direttore Generale | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Responsabili di Divisione/Business | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Responsabili di Funzione | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Altri (specificare) | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |

Area crescita/sviluppo/apprendimento

Chi sono i destinatari di queste misurazioni? (si possono indicare più destinatari) e con quale frequenza ricevono queste informazioni?

- | | |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Amministratore Delegato | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Direttore Generale | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Responsabili di Divisione/Business | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Responsabili di Funzione | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Altri (specificare) | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |

Altre aree (specificare):

Chi sono i destinatari di queste misurazioni? (si possono indicare più destinatari) e con quale frequenza ricevono queste informazioni?

- | | |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Amministratore Delegato | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Direttore Generale | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Responsabili di Divisione/Business | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Responsabili di Funzione | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Altri (specificare) | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |

Altre aree (specificare):

Chi sono i destinatari di queste misurazioni? (si possono indicare più destinatari) e con quale frequenza ricevono queste informazioni?

- | | |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Amministratore Delegato | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Direttore Generale | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Responsabili di Divisione/Business | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Responsabili di Funzione | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |
| <input type="checkbox"/> Altri (specificare) | <input type="checkbox"/> mensile; <input type="checkbox"/> trimestrale; <input type="checkbox"/> altro (specificare) |

D2 Quali misure vengono elaborate in modo continuativo e formalizzato? (si forniscano, se del caso, adeguate specificazioni)

AREA ECONOMICO FINANZIARIA		AREA CLIENTE/MERCATO	AREA PROCESSI INTERNI
<input type="checkbox"/> X Ricavi Netti <input type="checkbox"/> X Margine di Contribuzione <input type="checkbox"/> X Margine Operativo Lordo <input type="checkbox"/> X Reddito Operativo <input type="checkbox"/> Reddito Netto <input type="checkbox"/> Reddito Residuale <input type="checkbox"/> ROI <input type="checkbox"/> ROE <input type="checkbox"/> EVA	<input type="checkbox"/> EPS <input type="checkbox"/> X Cash Flow <input type="checkbox"/> X CCN <input type="checkbox"/> Altro: <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> X Incremento Vendite <input type="checkbox"/> Quota di mercato <input type="checkbox"/> Indici di copertura / penetrazione del mercato <input type="checkbox"/> Tasso di acquisizione nuovi clienti <input type="checkbox"/> Tasso di ritenzione clienti Customer satisfaction <input type="checkbox"/> Trade partner satisfaction <input type="checkbox"/> X Indicatori di livello di servizio <input type="checkbox"/> Indicatori di qualità <input type="checkbox"/> Capacità di price control <input type="checkbox"/> Altro: KEY PERFORMANCE INDICATORS RETAIL E OUTLET (SCONTRINO MEDIO, % SCONTRINI SU ENTRANTI IN NEGOZIO, FLUSSO DI PERSONE GIORNALIERO)	<input type="checkbox"/> Costo totale dei processi <input type="checkbox"/> Indicatori di qualità dei processi interni <input type="checkbox"/> Tempo di ciclo <input type="checkbox"/> Indicatori di produttività <input type="checkbox"/> Indicatori di flessibilità <input type="checkbox"/> Soddisfazione dei clienti interni <input type="checkbox"/> Altro: <input type="checkbox"/>
AREA SVILUPPO E INNOVAZIONE		AREA SOCIAL AND ENVIRONMENTAL SUSTAINABILITY	AREA
<input type="checkbox"/> % Costi R&S su fatturato <input type="checkbox"/> % vendite da nuovi prodotti, brevetti, licenze <input type="checkbox"/> Time to market <input type="checkbox"/> Grado di innovatività del portafoglio progetti di sviluppo <input type="checkbox"/> Investimenti in formazione del personale <input type="checkbox"/> Indici di apprendimento del personale <input type="checkbox"/> Employee satisfaction <input type="checkbox"/> Indici di produttività del personale <input type="checkbox"/> Altro:		<input type="checkbox"/> Investimenti di formazione su temi di etica <input type="checkbox"/> N. di fornitori con certificazione di sostenibilità (ISO 14001 etc) <input type="checkbox"/> Risorse dedicate ad iniziative filantropiche <input type="checkbox"/> Q.tà di rifiuti speciali/pericolosi <input type="checkbox"/> Volumi degli imballaggi <input type="checkbox"/> Multe per non conformità agli standard ambientali e di sicurezza <input type="checkbox"/> Premi ricevuti per best practices ambientali e di sicurezza <input type="checkbox"/> Ricavi da vendita di rifiuti riciclabili <input type="checkbox"/> Altro:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

D3 Qual è il grado di autonomia delle diverse divisioni/business unit nella definizione del proprio sistema di Reporting?

	1 (elevato)	2 (discreto)	3 (basso)	4 (nullo)	5 (non so)
Indicatori Area economico-finanziaria				X	
Indicatori Area Cliente-Mercato	X				
Indicatori Area Efficienza e Efficacia Processi interni					X
Indicatori Area Crescita, Sviluppo, Apprendimento					X

D4 Con riferimento alla vostra esperienza degli ultimi anni riguardante l'utilizzo congiunto di misure economico-finanziarie e non, esprima un giudizio sulle seguenti affermazioni

L'integrazione tra misure economico-finanziarie e misure non monetarie ha migliorato:	1 (molto)	2 (abbastanza)	3 (poco)	4 (per nulla)	5 (non so)
1. le modalità di comunicazione dei risultati all'interno della divisione/business	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

2. le modalità di comunicazione dei risultati <u>tra divisioni/business e la corporate</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. le modalità di comunicazione dei risultati di prestazione <u>tra divisioni/business</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. i rapporti con i clienti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. i rapporti con i fornitori	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. il controllo del capitale circolante	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. il controllo dei costi di produzione	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8. il controllo dei costi dei finanziamenti (capitale proprio e di terzi)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. la flessibilità nella capacità di introduzione di nuovi prodotti sul mercato	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10. la flessibilità nella capacità di modificare volumi, qualità, consegna dei prodotti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. la capacità di affrontare situazioni critiche relative al prodotto	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. la capacità di affrontare situazioni critiche relative al processo produttivo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. la facilità di introduzione/implementazione di nuovi modelli di gestione (es.Total Quality Management, EFQM, certificazione ambientale, Value based mgnt)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14. l'attività di team interfunzionali a livello di middle management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. l'attività di team interfunzionali a livello operativo	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. le capacità di valutazione delle prestazioni attuali del business	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. le capacità di previsione dei risultati futuri del business	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. La capacità di ridisegno del processo di pianificazione del business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19. La definizione degli obiettivi di business	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. La definizione di obiettivi e di responsabilità manageriali	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21. La condivisione degli obiettivi di business tra i diversi responsabili	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
22. la riduzione dei tempi di definizione e approvazione di nuove iniziative	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L'integrazione delle misure genera:					
23. Aumento dei tempi di redazione e comunicazione dei report	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. Difficoltà di comunicazione e comprensione dei risultati	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
25. Conflittualità all'interno della divisione/business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
26. Conflittualità fra divisione/business e corporate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
27. Conflittualità fra divisioni/business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
28. Varietà e difformità di valutazione delle prestazioni	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
29. Distanza cognitiva tra i responsabili	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
30. Utilizzo improprio delle informazioni disponibili	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

D5. In quale anno è stato introdotto – o in quale anno è stato cambiato significativamente - il Vostro sistema di reporting/misurazione della performance? 2004

D6. Chi ha richiesto/proposto il cambiamento?

Amministratore Delegato; Direttore Generale; Responsabili di Divisione/Business; Responsabili di Funzione;
 Responsabile Funzione AFC; Altri (specificare)

.....

D7. Sono previsti o si stanno attuando dei progetti di cambiamento del sistema di misurazione della performance? SI NO

Se SI, ci può brevemente accennare di cosa si tratta?

.....
.....
.....

D8. Vengono definiti formalmente dei livelli di performance obiettivo (target)? SI NO

SE SI: solo sulle misure financial; solo su misure non financial; su misure financial e non financial

D9. Come vengono definiti i target?

Tramite benchmarking con competitors

Tramite benchmarking con unità interne

Tramite tassi di miglioramento sulle performance passate

Tramite negoziazione

Altro (specificare)

Sezione E: Il Sistema di Incentivazione

E1 Nella vostra realtà Italiana considerata nel suo complesso esiste un sistema di incentivazione formalizzato legato al raggiungimento dei risultati di Budget/Reporting?

- No
 X Sì. In tal caso, quali sono i livelli organizzativi attualmente incentivati in maniera formalizzata?

<input type="checkbox"/> X Amministratore Delegato	<input type="checkbox"/> X Responsabili di Divisione/Business
<input type="checkbox"/> X Direttore Generale	<input type="checkbox"/> X Responsabili di funzione
<input type="checkbox"/> Tutti i livelli organizzativi	<input type="checkbox"/>

Di seguito si fa riferimento alla valutazione delle performance dei responsabili di divisione/business(nel caso di struttura organizzativa funzionale si considerino il responsabile commerciale e il responsabile di produzione)

E2 Qual è la natura degli incentivi previsti dal vostro sistema?

<i>INCENTIVI ECONOMICI</i>	<i>INCENTIVI SOCIALI</i>	<i>ALTRI INCENTIVI</i>
<input type="checkbox"/> Incrementi salariali	<input type="checkbox"/> Opportunità di promozione	<input type="checkbox"/>
<input type="checkbox"/> X Incrementi nella quota di retribuzione variabile	<input type="checkbox"/> Concessione di maggiore autonomia decisionale	<input type="checkbox"/>
<input type="checkbox"/> Benefici accessori	<input type="checkbox"/> Incremento delle responsabilità	<input type="checkbox"/>
<input type="checkbox"/> Altri:	<input type="checkbox"/> Altri:	

E3 Qual è l'incidenza % della retribuzione variabile (incentivi) sulla retribuzione complessiva? 15-20%

E4 La valutazione della performance individuale si basa su:

<input type="checkbox"/> X rilevazioni oggettive di fatti, fenomeni, comportamenti	<input type="checkbox"/> X valutazioni soggettive
<input type="checkbox"/> algoritmi o formule di varia natura	<input type="checkbox"/> altro (specificare).....

E5 Gli incentivi si basano:

- Solo sui risultati aziendali
 Solo sui risultati di divisione/business
 X Su entrambi: in tal caso, qual è l'incidenza % sulla retribuzione complessiva annua:
 - degli incentivi aziendali?%
 - degli incentivi di divisione/business? %

E6 Gli incentivi fanno riferimento:

- Solo a risultati economici
 Solo a risultati non di natura economica
 X Ad entrambi, e l'incidenza % di quelli di natura economica è del%

E7 Quali sono i risultati presi a riferimento per l'incentivazione?

	<i>RISULTATI ECONOMICI</i>			<i>RISULTATI NON ECONOMICI</i>	
	<i>Azienda le</i>	<i>di Business</i>		<i>Azienda le</i>	<i>di Business</i>
Fatturato	X	X	Tasso di Incremento Fatturato	<input type="checkbox"/>	<input type="checkbox"/>
Margine di contribuzione	<input type="checkbox"/>	<input type="checkbox"/>	Quota di Mercato	<input type="checkbox"/>	<input type="checkbox"/>
Margine Operativo Lordo	X	X	Customer Satisfaction	<input type="checkbox"/>	<input type="checkbox"/>
Reddito Netto	<input type="checkbox"/>	<input type="checkbox"/>	Indicatori di livello di servizio	X	X
Reddito Residuale	<input type="checkbox"/>	<input type="checkbox"/>	Indicatori di Qualità	X	<input type="checkbox"/>
ROI	<input type="checkbox"/>	<input type="checkbox"/>	Indicatori di apprendimento	<input type="checkbox"/>	<input type="checkbox"/>
EVA	<input type="checkbox"/>	<input type="checkbox"/>	Indicatori di Sviluppo	<input type="checkbox"/>	<input type="checkbox"/>
Cash Flow	<input type="checkbox"/>	<input type="checkbox"/>	Indicatori di Produttività	<input type="checkbox"/>	X
Capitale Circolante Netto	<input type="checkbox"/>	<input type="checkbox"/>	Indicatori di Flessibilità	<input type="checkbox"/>	X
Altro: REDDITO ANTE IMPOSTE	X	X	Altro:		

Sezione F: Il Ruolo del Controller

F1 Chi provvede all'elaborazione delle misure fisico-tecniche?

<input checked="" type="checkbox"/> X Controller	<input type="checkbox"/> Product manager
<input type="checkbox"/> Responsabile della qualità	Altro (specificare)

F2 Chi propone il loro aggiornamento o sostituzione?

<input checked="" type="checkbox"/> X Controller	<input type="checkbox"/> Product manager
<input type="checkbox"/> Responsabile della qualità	Altro (specificare) RESPONSABILI DI FUNZIONE

Qualsiasi documento o informazione che possa essere utile per comprendere le caratteristiche del Vostro sistema di misurazione delle performance sarebbe di grande aiuto.

A norma del Dlgs 196/2003 viene garantita la più completa riservatezza dei dati ricevuti.

APPENDIX B

Questionnaire of Pinko

Section A: Personal Data and Context of the Company

A.1 PERSONAL DATA OF THE COMPANY

Business name and legal form:

Cris Conf S.p.a

Registered office: **Fidenza**

Web site: **www.crisconf.it / www.pinko.it**

Working sectors (most significant ones):

APPAREL

If it belongs to a group, specify the role of the Italian company in the group :

HEAD

(From now on we refer to the Italian company)

Organizational structure of the company:

<input checked="" type="checkbox"/> Functional	<input type="checkbox"/> Divisional by type of client
<input type="checkbox"/> Divisional by product	<input type="checkbox"/> Process
<input type="checkbox"/> Divisional by geographical area	<input type="checkbox"/> Matrix
<input type="checkbox"/> Other (specify)	

During the period 2010-2014 were implemented initiatives of:

<input type="checkbox"/> Business Process Reengineering	<input type="checkbox"/> Simultaneous Engineering
<input type="checkbox"/> Environmental Certification	<input type="checkbox"/> Target Costing
<input checked="" type="checkbox"/> Cost Management	<input type="checkbox"/> Total Quality Management
<input type="checkbox"/> Empowerment	<input type="checkbox"/> Value Based Management
<input type="checkbox"/> Just in Time	<input type="checkbox"/> Other (specify)

	2010	2011	2012 (estimate)
Revenue	159.5 million	167.5 million	174 million
Nr. employees	816	773	tbd

A.2 DATA ABOUT THE COMPILER OF THE QUESTIONNAIRE

Surname and name: Serafini Pierantonio

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Organizational Position: FINANCIAL CONTROLLER

Object of the compilation of the questionnaire is:

The whole company

A division/business unit? (indicate the name):

.....

Why this division/business unit was chosen?

It has the higher revenue;

It has the higher competitive critical issues

It's developing a project of revision of the reporting/performance measurement systems

It was the only available

Other:

Section B: Characteristics of the competitive context

B.1 Product lines					
What is the level of diversity among the product lines respect to the factors listed? (1: maximum homogeneity; 5: total differentiation)					
	1	2	3	4	5
Basic technologies in the product	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Production process technologies	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Raw materials employed	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Type of clients	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Type of market/sector	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Distribution channels	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitive situation	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return on Sales (ROS)	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Innovation Rate of the offer	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B.2 The offer	
Respect to the features of the sector in which the company operates, which is the most important factor that characterized your offer in the last 5 years?	
<input type="checkbox"/> Cost advantage <input type="checkbox"/> Product differentiation <input checked="" type="checkbox"/> Offer differentiation through the level of service <input type="checkbox"/> Offer extension through additional services <input type="checkbox"/> Other (specify)	

B.3 The stakeholders						
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	What is the level of involvement of clients in the processes of production/delivery of products/services?	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
b.	What is the level of involvement of suppliers in the business processes?	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

B.5 Some indicators						
a.	Nr. of products sold	1000 products per season				
b.	% weight of the products introduced in the market in the last three years on revenues	<5 X	5-10 <input type="checkbox"/>	11-15 <input type="checkbox"/>	16-20 <input type="checkbox"/>	>20 <input type="checkbox"/>
c.	Average time to market: nr. of months from the ideation to the launch of product	<6 <input type="checkbox"/>	6-12 X	13-18 <input type="checkbox"/>	19-24 <input type="checkbox"/>	>24 <input type="checkbox"/>
d.	Average stay (in months) of the products on the catalogue	<12 X	12-24 <input type="checkbox"/>	25-36 <input type="checkbox"/>	37-48 <input type="checkbox"/>	> 48 <input type="checkbox"/>
e.	% average effect of R&D employees on total HR	<5 <input type="checkbox"/>	5 - 7 <input type="checkbox"/>	8-10 X	11-13 <input type="checkbox"/>	> 13 <input type="checkbox"/>
f.	% average effect of the R&D costs on revenues	< 1 <input type="checkbox"/>	1 -4 <input type="checkbox"/>	5 – 8 X	9 – 12 <input type="checkbox"/>	> 12 <input type="checkbox"/>

Section C: Corporate culture profile

C1.	Strategy definition and sharing	YES	NO	Partly
a.	The <i>mission</i> of the company – which defines the reason for existence of the company and its main purpose – is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X
b.	The values, which determines the conduct and the behavioural rules for the company are defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X
c.	The <i>vision</i> of the company that determines its objectives in the medium-long term (3-5 years) is defined in an explicit way and shared by all.	<input type="checkbox"/>	<input type="checkbox"/>	X
d.	The strategy, which identifies the elements of differentiation for the value creation for customers in time, is defined in an explicit way and shared by all.	X	<input type="checkbox"/>	<input type="checkbox"/>

C.2	About the decision-making processes of the company...	1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	There is a climate of collaboration between the top management and the lower level of the organization.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	There is a level of sharing of the managerial decisions between the top management and the lower levels of the organization so to favour the discussion and increase the level of consensus in the company.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	Ad-hoc periodical meetings for the alignment on the major strategic themes stimulate the collaboration between top management and the lower levels of the organization in order to favour the level of consensus.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Frequency of the meetings (ex. annual, monthly): annual/ monthly					
d.	The climate of consensus and collaboration is stimulated/favoured through occasional ad-hoc events, also outside work, in which participate the top management and the lower levels of the organization (ex. Off-site meetings, team building activities).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
e.	There are issues of misalignment among functions and/or business units due to a suboptimal climate of consensus and collaboration.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
f.	The current climate of consensus and collaboration of the company is in favour of the definition and review of the control system.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C.3	Management style in the organization					
a.	The company adopts a management style that is mainly:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">TOP-DOWN</td> <td style="text-align: center;">BOTTOM-UP</td> </tr> <tr> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> </table>	TOP-DOWN	BOTTOM-UP	X	X
TOP-DOWN	BOTTOM-UP					
X	X					
b.	<ul style="list-style-type: none"> • Autocratic: provides clear indications about objectives, modalities and timing of the work to be done and doesn't allow any sort of participation in the decision-making process 					

	<ul style="list-style-type: none"> Democratic: represents a guide, shares responsibilities, encourages participation and discussion, while maintaining the last say on the decision-making process Laissez-faire: allows a high level of freedom in the setting of the work and of deadlines, provides support only if necessary and delegates decisional responsibilities 			
	Define which profile, among the ones presented, best describes the management style of the organization.	AUTOCRATIC	DEMOCRATIC	LAISSEZ-FAIRE
		<input type="checkbox"/>	X	<input type="checkbox"/>
c.	Describe briefly the intensity of the style adopted and the modalities of the execution of decision-making processes across the organizational structure:			
	Occasions of strategy definition involving the managers but the last word is left to the owners			

C.4 Transformation/Renovation				
		YES	NO	Partly
a.	The company is facing a moment of strong transformation and/or renovation.	<input type="checkbox"/>	<input type="checkbox"/>	X
b.	Recently (2-3 years) the company faced a moment of strong transformation/renovation.	<input type="checkbox"/>	<input type="checkbox"/>	X
c.	If YES to a. or b., that transformation led/is leading to the implementation and use of new management instruments related to the performance measurement.	<input type="checkbox"/>	<input type="checkbox"/>	X
d.	If YES to c., was/is considered the Balanced Scorecard as an appropriate instrument for the new managerial structure?	<input type="checkbox"/>	X	<input type="checkbox"/>
	If NO to c., why?			
	Focus on other issues and not enough knowledge of the instrument			

Section D – Corporate Organization

D.1 Level of coordination						
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	It's believed that the level of coordination between managers of the different functions and business units plays an important role in the definition of the company performance.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	There is a level of coordination between managers suitable for the management and the proper execution of the activities of the company.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The level of coordination among functions, departments and business units is suitable for the management and the proper execution of the activities of the company.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
d.	Activities to stimulate the coordination among functions, departments and business units are executed frequently in order to favour the operations of the company.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Frequency: monthly/weekly						

D.2 Conflicts resolution				
		YES	NO	Partly
a.	The corporate strategy and the strategic objectives are clearly defined in order to reduce the creation of conflicts between business units and functions.	<input type="checkbox"/>	<input type="checkbox"/>	X
b.	The emerging conflicts among business units and functions are managed quickly and efficiently in order to favour the operations of the company and a climate of collaboration among functions and business units.	<input type="checkbox"/>	<input type="checkbox"/>	X

D.3 Level of communication						
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	It is believed that the communication at the lower levels of the company is an important element for the proper execution of the corporate strategy.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The strategy identified (or changes of it) and the strategic objectives defined for the functions and business units are communicated to the lower levels of the organization.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	The process considered for the answer to a. is sufficiently effective for the orientation of the employees' performance toward the achievement of the strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

D.4 The role of the medium-level manager						
		1 (very much)	2 (fairly)	3 (little)	4 (none)	5 (don't know)
a.	The medium-level manager collaborates with the responsible of functions/business units in the definition of the strategic objectives for the company.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	The medium-level manager plays an active role in the translation of the strategic objectives defined by the company at the lower levels of the organization, increasing the awareness of the objectives to achieve.	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	(Answer only if to b. was answered 3,4 or 5) A higher responsibility of the medium-level manager in the definition and achievement of the strategic objectives can give origin to a climate of higher creativity and motivation at lower levels of the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		YES		NO		Partly
d.	Special programs or training courses are executed to increase the management capabilities and the leadership of the medium-level manager in the company.	<input type="checkbox"/>		<input type="checkbox"/>		X

D.5 Role of Finance function (Strategic Control)				
		YES	NO	Partly y
a.	The Finance function (Strategic Control) is responsible of the reporting systems and the performance measurement of the company.	X	<input type="checkbox"/>	<input type="checkbox"/>
b.	All the economic-financial information are certified by the Finance function (Strategic Control).	<input type="checkbox"/>	<input type="checkbox"/>	X
c.	The Finance function (Strategic Control) has the authority necessary to support the top management in the execution of the strategy.	X	<input type="checkbox"/>	<input type="checkbox"/>
d.	The Finance function (Strategic Control) actively participates to the definition of the corporate strategy and of the strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	X
e.	The Finance function (Strategic Control) plans the execution of the strategy defining and financially evaluating the strategic initiatives necessary to its execution.	<input type="checkbox"/>	<input type="checkbox"/>	X
f.	The Finance function (Strategic Control) has the responsibility of aligning the strategy identified with the functions and business units.	<input type="checkbox"/>	<input type="checkbox"/>	X
g.	The Finance function (Strategic Control) is responsible for the strategic communication inside the company.	<input type="checkbox"/>	X	<input type="checkbox"/>
h.	The Finance function (Strategic Control) is the head of the review of the strategy.	<input type="checkbox"/>	X	<input type="checkbox"/>
i.	The Finance function (Strategic Control) is responsible of signalling to the top management eventual internal issues of execution or needs to redefine the strategy.	<input type="checkbox"/>	<input type="checkbox"/>	X
l.	The Finance function (Strategic Control) collaborates with the HR function in order to define the program of incentives and compensation of the employees oriented to the achievement of the strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	X

Section E: Measurement and Management of Performance

E.1	Managerial instruments
a.	Which of the managerial instruments listed below does the company use? <input type="checkbox"/> Strategic Planning <input checked="" type="checkbox"/> Customer Relationships Management <input type="checkbox"/> Employee Engagement Surveys <input type="checkbox"/> Benchmarking <input type="checkbox"/> Balanced Scorecard <input type="checkbox"/> Core Competencies <input type="checkbox"/> Change Management Programs <input type="checkbox"/> Supply Chain Management <input type="checkbox"/> Mission and Vision Statements <input type="checkbox"/> Customer Segmentation <input type="checkbox"/> Total Quality Management <input type="checkbox"/> Satisfaction and Loyalty Management <input type="checkbox"/> Business Process Reengineering <input type="checkbox"/> Strategic Alliances <input type="checkbox"/> Big Data Analytics <input type="checkbox"/> Open Innovation <input checked="" type="checkbox"/> Reporting
b.	Which of the instruments, among the ones selected, does the company use for monitoring and evaluating the performance? REPORTING
c.	Which instruments does the company use for orientation of the performance toward the strategy defined? REPORTING

E.2	Which measures are elaborated in a continuous and formal way?	
	Economic-financial area	Client/market area
	<input checked="" type="checkbox"/> Net Revenues <input checked="" type="checkbox"/> Contribution Margin <input checked="" type="checkbox"/> EBITDS <input checked="" type="checkbox"/> Operating Income <input checked="" type="checkbox"/> Net Income <input type="checkbox"/> Residual Income <input checked="" type="checkbox"/> ROI <input checked="" type="checkbox"/> ROE <input type="checkbox"/> EVA <input type="checkbox"/> EPS <input checked="" type="checkbox"/> Cash Flow <input checked="" type="checkbox"/> Net Working Capital <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Sales Increase <input type="checkbox"/> Market Share <input type="checkbox"/> Coverage Ratios <input checked="" type="checkbox"/> Rate of acquisition of new clients <input type="checkbox"/> Customer Satisfaction <input type="checkbox"/> Trade Partner Satisfaction <input type="checkbox"/> Indicators of the level of service <input type="checkbox"/> Quality Indicators <input type="checkbox"/> Price Control Capabilities <input checked="" type="checkbox"/> Other Analysis of returns
	Internal processes area	Development and innovation area
	<input type="checkbox"/> Total cost of processes <input type="checkbox"/> Indicators of quality of internal processes <input type="checkbox"/> Cycle Time <input type="checkbox"/> Productivity ratios <input type="checkbox"/> Flexibility Ratios <input type="checkbox"/> Internal client satisfaction <input type="checkbox"/> Other	<input type="checkbox"/> % R&D costs on revenues <input type="checkbox"/> % sales from new products, patents, licenses <input type="checkbox"/> Time to market <input type="checkbox"/> Level of innovation of the development projects portfolio <input type="checkbox"/> Investments in training of employees <input type="checkbox"/> Personnel learning index <input type="checkbox"/> Employee satisfaction

		<input type="checkbox"/> Personnel productivity indexes <input type="checkbox"/> Other
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E.3	Limitations and critical aspects of the managerial instruments used			
a.	<p>What are the limitations and the critical aspects of the performance measurement methods currently used by the company?</p> <p>Limited capabilities of the current IT system (Excel) Limited effectiveness of reports in moving employees' behaviour</p>			
b.	<p>What are the limitations and the critical aspects of the methods currently used for orienting the performance toward the strategy defined?</p> <p>Limited capabilities of the current IT system (Excel) Limited effectiveness of reports in moving employees' behaviour</p>			
		YES	NO	Partly
c.	<p>The company is thinking /has the need of adopting new managerial instruments considered more effective than the current ones.</p>	X	<input type="checkbox"/>	<input type="checkbox"/>
<p>If YES, which ones: automation of IT system</p>				
d.	<p>The company knows the Balanced Scorecard and the Strategy Map as an instrument for the strategy implementation in addition to the purpose of performance measurement.</p>	<input type="checkbox"/>	<input type="checkbox"/>	X

Section F – The Balanced Scorecard

F.1	The potential of the Balanced Scorecard instrument
a.	<p>Which are considered as advantages linked to the implementation of the Balanced Scorecard?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Alignment between corporate strategy and operational activities <input checked="" type="checkbox"/> Sharing of the strategy across the organization <input type="checkbox"/> Achievement of the objectives and the improvement of performance <input type="checkbox"/> Monitoring of the multiple profiles of the corporate performance <input type="checkbox"/> Higher focus on the long-term <input type="checkbox"/> Other <p>.....</p>
b.	<p>Which are considered as critical issues of the model?</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Too high time and resources requirements <input type="checkbox"/> Lack of dynamics <input type="checkbox"/> Mainly inward-looking <input type="checkbox"/> Lack of a time dimension <input type="checkbox"/> Incompleteness of the set of perspectives <input type="checkbox"/> Structure rigidity <input type="checkbox"/> The impossibility of utilization in certain sectors <input type="checkbox"/> Other <p>.....</p>

F.2	The implementation process of the Balanced Scorecard			
		YES	NO	Partly
a.	<p>Does the company ever decided to start a process of adoption of the Balanced Scorecard?</p> <p>If YES, specify how many times and when (year/s):</p> <p>.....</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b.	<p>In the implementation process of the Balanced Scorecard the company was supported by carefully selected consultants.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c.	<p>The company considered using the four perspectives forming the classical model of the Balanced Scorecard (Clients, Financial, Internal Processes, Growth and Development).</p> <p>If No, which perspectives were considered:</p> <p>.....</p> <p>.....</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	<p>Rough estimate of the time employed for the process:</p> <p>.....</p>			

e.	<p>Identified which activities of the process were realized:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Project Planning <input type="checkbox"/> Project team creation <input type="checkbox"/> Vision and strategy understanding <input type="checkbox"/> Identification of the major strategic objectives <input type="checkbox"/> Identification of the relationships among the strategic objectives <input type="checkbox"/> Construction of the Strategy Map <input type="checkbox"/> Selection of performance indicators <input type="checkbox"/> Setting of targets <input type="checkbox"/> Setting of the frequencies of calculation and revision of the indicators <input type="checkbox"/> Definition of the necessary actions for achieving the objectives <input type="checkbox"/> Budgeting <input type="checkbox"/> Evaluation of IT systems required <input type="checkbox"/> Establishment of formal process for the review and improvement of the Balanced Scorecard <input type="checkbox"/> Establishment of training programmes <input type="checkbox"/> Linkage of the Balanced Scorecard with the reward system of the company <input type="checkbox"/> Other (specify) <p>.....</p> <p>.....</p>			
		YES	NO	Partly
f.	The company successfully concluded the process of implementation and started using the instrument in the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

F.3	The causes of failure of the implementation process		
a.	The company believes that the causes of the failure of the adoption of the Balanced Scorecard are mainly:	INTERNAL	EXTERNAL
		<input type="checkbox"/>	<input type="checkbox"/>
b.	<p>Among the ones listed, identify the critical issues noticed during the process of implementation of the Balanced Scorecard:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Too much time and resources required <input type="checkbox"/> Difficulty in the identification of the relationships among the strategic objectives <input type="checkbox"/> Too many indicators <input checked="" type="checkbox"/> Low commitment of the top management <input type="checkbox"/> Conflicts among the project team members due to divergent priorities <input type="checkbox"/> Lack of a proper communication <input checked="" type="checkbox"/> Difficulty in measuring the indicators <input type="checkbox"/> Difficulty in selecting the relevant indicators <input type="checkbox"/> Cultural limitations of the company and poor strategic vision <input type="checkbox"/> Lack of a proper leadership to stimulate the adoption <input type="checkbox"/> Not consolidated management control activity <input checked="" type="checkbox"/> Inappropriate IT systems <input type="checkbox"/> Other (specify) <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>		

THANKS FOR THE COLLABORATION

