Management Accounting Research 35 (2017) 47–55

Contents lists available at ScienceDirect

Management Accounting Research

journal homepage: www.elsevier.com/locate/mar

The relevance of strategic management accounting to popular culture: The world of West End Musicals

Irvine Lapsley[a,*], Josephine V. Rekers[b]

[a] IPSAR University of Edinburgh Business School, 29 Buccleuch Place, Edinburgh EH8 9JS, Scotland, United Kingdom
[b] Department of Human Geography, Lund University, Sölvegatan 10, 22362 Lund, Sweden

ARTICLE INFO

Article history:
Accepted 9 January 2017
Available online 22 January 2017

Keywords:
Strategic management accounting
Popular culture
West End Musicals
Strategy as practice

ABSTRACT

The study of accounting and popular culture presents an exciting new research agenda for management accountants. This study examines this development from a strategy perspective. Specifically, this paper adds to our knowledge of the potential for Strategic Management Accounting in action by studying the novel setting of the world of West End Musicals. Using a case study approach, this study challenges conventional SMA thinking from a 'strategy-as-practice' perspective, using the process of developing a popular theatre portfolio of activities. Findings indicate that strategy is a complex practice which is an inherently social process: Theatre producers negotiate a route to the market that is mediated by validating intermediary organizations that contribute and communicate the reputation of new cultural products and thereby support the strategic process.

© 2017 Elsevier Ltd. All rights reserved.

1. Introduction

This paper contributes to the emergent field of accounting and popular culture (Jeacle, 2012) by its focus on musical theatre; by its contribution to the literature on Strategic Management Accounting (SMA), by extending our understanding of how SMA might apply in popular culture; and to the Strategy as Practice (SAP) literature by underlining the importance of the practice turn in understanding the enactment of strategy in a novel setting. In particular, we extend existing literature on accounting and popular culture by studying the process of selecting and launching musical theatre productions, which reveals a variety of extra-organizational activities in which strategic actions occur. This research examines the applicability of SMA, taking an SAP perspective. Empirically, this argument is supported by case study research of musical theatre in New York City and Toronto, Canada, employing a variety of research methods, including observations and interview data, to investigate the practices involved in bringing new theatrical productions to market. The particular focus on the strategic decision to initiate and launch new shows has been called the 'fuzzy front end' of product innovation (Alam, 2006; Carlsson-Wall and Kraus, 2015; Frishammar et al., 2013), which is about judgement and is informal, approximate and interpretive (Alam, 2006; Frishammar et al., 2013). However, this 'fuzzy front end' is ignored in the accounting literature, even though it is essential to successful product innovation (Carlsson-Wall and Kraus, 2015).

In order to address the 'fuzzy front end' in the study of strategy by management accountants in the world of theatre we take the perspective of 'strategy as practice' (SAP). In contrast to more traditional discussions of strategy in the management accounting literature, this study aims to extend our understandings of what strategy means in practice and how this might inform the practice of strategic management accounting. Popular culture, in this case musical theatre productions, takes us beyond the confines of the typical industrial setting found in most of the literature on strategic management accounting, and thereby offers alternative perspectives on strategizing in organizations.

This paper's contribution adds to an increasing number of studies by SAP scholars in settings which are wider than in more conventional studies (Vaara and Whittington, 2012). Using an unconventional study setting offers a more nuanced understanding of strategy and what strategic management accounting could be. Specifically, the empirical material presented below offers insights into the sophisticated manner in which popular theatres enact their strategies. The world of popular theatre is intensely competitive and strategising extends beyond the confines of the organization in a manner which displays a preoccupation with the quality of new offerings or products and their customers' *perceptions* of these new offerings in the market place. This attribute – the perceived

* Corresponding author.
E-mail addresses: Irvine.Lapsley@ed.ac.uk (I. Lapsley), Josephine.Rekers@KEG.lu.se (J.V. Rekers).

http://dx.doi.org/10.1016/j.mar.2017.01.001
1044-5005/© 2017 Elsevier Ltd. All rights reserved.

product quality – has primacy in enacting a strategy for successful theatre productions. This finding offers a distinct contrast with extant literature on 'the customer' in management accounting literature. Within industrial economics, the customer who is willing to pay the asking price for a product is represented by that willingness to pay. However, in seeking to go beyond prices for goods and services there is an accounting literature in which the customer has been described as a centre of calculative practice (Cuganesan, 2008; Vaivio, 1999), but 'the customer' has more frequently been depicted by the proxy of customer services (Cuganesan, 2008; Ma and Tayles, 2009; Ogden, 1997). Neither of the aforementioned offerings has the subtlety of a more nuanced intermediate market such as that found in the world of theatre products. Indeed, the operationalization of the concept of 'the customer' has proved complex for manufacturing enterprises and other industrial organisations (Perera et al., 1997; McManus, 2011). This paper offers an alternative route to analyzing and understanding the customer in strategic thinking.

The paper is organized in the following sections. We begin by examining ideas of strategising and strategic management accounting in Section 2. Next we examine cultural industries as a research setting (Section 3) and explain the research approach used in this study (Section 4). We then examine the experiences of musical theatre and present empirical material in Section 5. Finally, we offer a concluding discussion of our findings (Section 6).

2. Theorising strategy in management accounting

Strategic Management Accounting (SMA) continues to be an accepted tool within the extant literature on what constitutes the contemporary portfolio of management accounting techniques (see e.g. Carlsson-Wall et al., 2015). This circumstance is despite a number of studies over the past 20 years which challenged whether SMA ever existed. An important challenge from Lord (1996) suggested that strategic management accounting is a 'figment of the academic imagination' (p. 364). She justified this stance based on her case study research which revealed that what is often referred to as strategic management accounting in the accounting literature was actually undertaken by a range of middle managers. These activities were undertaken without a detailed accounting input and so-called strategic management accounting information was not quantified in accounting figures, nor was it collected and used by management accountants. A survey by Langfield-Smith (2008) revealed that SMA has not been accepted as an accounting practice and that its language is in use by other professions. This study also found little evidence of SMA:

> Overall, the clear message that emerges from empirical studies is that there is no compelling evidence that SMA, in the form envisaged by Simmonds, is used widely in practice. The normative papers extolling the benefits of SMA and early conceptual development have not led to widespread adoption of SMA, and the lack of widespread adoption also makes it difficult to determine the success or otherwise of SMA implementations. Also, the term SMA is not well organised by researchers, or in practice, and in some cases the term is not even recognised. (Langfield-Smith, 2008, p. 221)

Most recently, it has been re-affirmed that SMA has no agreed definition, conceptual framework or set of practices (Malleret, 2015). How has this arisen?

Since the initial case of the need for a strategic turn in management accounting (Simmonds, 1981, 1982), the interest in strategic management accounting has continued. However, much of the early research on SMA has sought to build on a particular concept of strategy. The concept of strategy with which these scholars have sought to align ideas of management accounting in SMA is a deterministic, instrumental concept of strategising in organisations. This is despite critiques within the strategy literature which question the merits of developing strategy based on a rationalistic, objective tradition which views strategy as essentially top-down action in which practice flows from strategic policies (Balogun and Johnson, 2005).

This alignment by management accounting scholars with a normative, managerialist view of the world has resulted in many SMA papers which are overly preoccupied with 'shoehorning' strategy into management accounting. Early examples of this include the work by Shank and Govindarajan (1988, 1992) in which they advocate a strategic approach to costing, based on Porter's (1980, 1985) formulation of strategy using value chain and cost-driver analyses, and also including investment appraisal as an SMA tool (Tomkins and Carr, 1996). A further example of this approach is the study by Cadez and Guilding (2008) which examines a variety of management accounting practices including attribute costing, life cycle costing, performance measurement and benchmarking, and extends to the labelling of existing techniques as 'strategic' as in 'strategic cost management' and 'strategic pricing'. This is a kind of reverse thinking whereby techniques which are regarded by management accountants as 'strategic' are enshrined in this new practice of SMA. However, there are distinct contributions to the SMA literature which promote the idea of an outward-looking practice rather than an internal preoccupation with making existing techniques 'strategic' (Anderson and Dekker 2009a,b; Bromwich, 1990; Lord, 1996), but these contributions to the SMA literature fit within the schema of highly rational, top down practices.

Nevertheless, there are scholars who have challenged this prevailing view of what strategic management accounting is, or might become. An early contribution by Roslender (1995) challenged the capacity of management accountants to engage in sophisticated management accounting with soft accounting numbers, given their training and preoccupation with number-crunching and bean-counting. In another example, Roslender and Hart (2003) identified synergistic relationships between finance experts and marketing colleagues rather than the prevailing toolbox approach found in the extant SMA literature. Furthermore, Roslender and Hart (2015) argued that SMA is not what accountants would regard as management accounting, and Nixon and Burns (2012) observe that conventional portrayals of SMA do not resonate with managerial discourses and practices. Indeed, it has been suggested that strategy is such a vibrant area of study that early work has fastened onto somewhat dated or restrictive work on the nature of strategy. Indeed, it has been suggested that the lack of a commonly agreed definition of 'what strategy is' has confounded attempts to develop a meaningful SMA (Nixon and Burns, 2012).

An alternative perspective has recognised that strategy has developed in new ways. In particular, the 'Strategy-as-Practice' (SAP) cohort within strategy scholars has emerged with a more nuanced understanding of what strategy is (Carter et al., 2010; Sarhan and McDonagh, 2014; Vaara and Whittington, 2012; Whittington, 2003, 2006). The SAP approach is concerned with situated, concrete activities (Whittington, 2003). The actual practice of strategising may entail skilled in situ improvisation (Chia, 2004) or 'artful interpretation' (Whittington, 2006). Fundamentally, the SAP scholars decentre the preoccupation with the organization in traditional strategic management. Whittington (2006) places SAP at the heart of both internal strategic thinking and practices and external perspectives of organisations. Whittington (2006) reminds SAP researchers to be vigilant in the study of internal routines and practices, but to also look beyond the organisation for practices which are shaped across organisational boundaries where a wide range of actors across organisations may be involved in strategy work. Thus strategizing is reoriented as an activity located within larger fields

or systems in which particular organisations are embedded (Vaara and Whittington, 2012; Whittington, 2006).

As Carter et al. (2010) elaborate, much of the early strategy literature has been dominated by industrial economics thinking and in a way which generates simple practices which do not capture the complexity of organisational life. This has been described by Whittington (2004) as strategy being trapped by the modernist assumptions of its birthplace in the US. But Whittington (2004) has remarked that SAP is located 'after modernism' – not caught in postmodern scepticism but in a world where strategic practices can be viewed more critically. In this 'practice turn', Whittington (2004) observed that the academy's knowledge of strategy would benefit from studies of practices of new tools and of marketing and testing new ideas.

Fundamentally, SAP researchers focus on what strategists actually do in organisations (Whittington, 2006) and this recognises that strategic practices are not a deliberate mechanical act. Indeed, Carter et al. (2008) indicate that strategy is always a work in process, in which there is an indetermination of strategies. In this view, the practice of strategising is social construction in which discourses may shift strategic positioning and priorities (Mirabeau and Maguire, 2014; Carter et al., 2008). In the study of strategy-as-practice, Carter et al. (2008) caution against a focus on what is described (especially by top management) as strategic and instead advocate the study of the practices and rituals which determine strategic behaviour. This may entail observing the capacity for change and the potential significance of silent voices and omissions. In this strategising, the symbols, artefacts and language used are important facets of strategy as practice (Carter et al., 2008; Suddaby et al., 2013). In these processes of strategising there is space for multiple actors to perform, including middle managers who are traditionally seen as operational rather than strategic in their orientation (Lavarda et al., 2010). Ultimately, understanding strategy as practice entails an immersion in the field to understand the many actors and facets of strategising activity (Herepath, 2014). In this activity, strategy-as-practice scholars have rich opportunities to further develop their field and emphasise their critical, alternative interpretation of the nature of strategising (Rouleau, 2013).

This is a refocusing of what strategy means by studying practices in, by, and around organisations. It opens up the space for an understanding of how management accounting might mobilise ideas from 'strategy as practice' to develop a more meaningful concept of strategic management accounting.

3. Research context: cultural industries

In this paper, we research a different setting, namely West End Musicals[1] offered by commercial theatre, which is a typical example of a cultural and experience-based good. Cultural product industries produce goods and services whose value is based on subjective meaning (Scott, 2004) and that are bought for reasons other than pure utility, such as aesthetics (Caves, 2000; Power, 2002). They are instead "consumed in an act of interpretation" (Lawrence and Phillips, 2002, p. 431). Examples include fashion, music and the performing arts. Taken together, cultural product industries represent an economic growth sector in terms of their output as well as employment (Currid, 2007; Scott, 2004) and are therefore a legitimate industrial setting for investigation in their own right. Furthermore, some scholars argue that cultural industries provide valuable insights into industrial dynamics broadly defined, as we are witnessing a rise in cultural content in products across many different industries (Power, 2002), where "products traditionally sold on the basis of practical usefulness develop an important element of style" (Lawrence and Phillips, 2002, p. 431). Cultural industries are thereby a window on the activities through which firms across many different industries seek to compete in the marketplace based on cultural content (Scott, 2004).

This study focusses on two major cities in North America and their experiences of musical theatre. This fits the prevailing view that cultural product industries are found predominantly in urban areas, and in particular in large and dense city-regions (Power, 2002; Pratt, 1997; Scott, 1997). Why this might be the case is the subject of a great body of work by economic geographers (e.g., Power and Scott, 2004; Scott, 2000), whose findings suggest there is a tight interweaving of both place and production system, which is confirmed by, for example, the experiences of Broadway in New York.

Spatial concentrations of cultural product industries and their industrial atmosphere also constitute a shared context which leads to a common cultural framework and set of references that allow for efficient and effective communication among the creatives. Such a shared context also produces place-specific images, symbols and associations ('cultural content') that become part of products themselves (Molotch, 2002), such as Danish furniture. These place-specific qualities set these products apart from others in the marketplace and thereby provide a source of competitive advantage. What becomes clear is that such products are particularly embedded in their urban environment. This also makes the study of theatre productions particularly interesting.

There are, for example, particular questions concerning how such cultural industry products are able to escape their urban milieu and spread to more distant markets. Successful cultural products are found far from their place of origin, while still retaining meaning and value in the marketplace. Examples include high-end fashion but also television series such as the recent wave of Scandinavian productions, such as *The Killing* (*Forbrydelsen*) or *The Bridge* (*Broen*). If a product high in cultural content is tightly tied to local cultural frameworks and interpretive strategies, how can more distant consumers absorb, accept and appreciate this cultural content? How does cultural content as a source of competitive advantage, transfer and translate into value in marketplaces?

One way of looking at this process is to see the route to market as being mediated by organizations that help to raise awareness and certify new products in the eyes of potential consumers (sometimes referred to as being 'curated' in the field of cultural industries). Such processes of intermediation are the subject of a growing body of research in creativity, innovation and organization studies, particularly with a focus on the 'input' boundary of organizations, such as the work done by technology transfer offices, trade associations and incubators (Harada, 2003; Howells, 2006). In those situations, intermediaries bridge gaps between different actors (Hirsch, 1972), where gaps take the form of differences in goals and incentives, as well as differences in prior experiences and reference frameworks. Such frameworks contrast markedly with the standard concept of the customer in industrial economics and in SMA thinking (see, for example, Ma and Tayles, 2009).

In the industry context of this study, the strategic decision to launch a new cultural product such as a musical theatre production involves a gap between producers and consumers. They are unlikely to share the same cultural reference framework, particularly when the product is intended to spread far from its place of origin. Organizations such as theatres and theatre production companies must therefore rely on intermediaries on this output boundary in order to bridge the gap between cultural reference frameworks on the production side and on the consumption side. In the absence of inherent value and certain satisfaction, consumers must turn to what they perceive to be credible intermediaries in

[1] The term West End Musicals is used to refer to the large-scale, capital intensive and commercial theatrical productions, which characterise London's West End and New York City's Broadway.

order to estimate the likelihood they will value a product once they have purchased it.

In this paper, the empirical material illustrates that strategy is a practice which is inherently a social process. Producers must negotiate a route to the market that is mediated by validating intermediary organizations that are able to contribute to and communicate the reputation of new cultural products and thereby support the strategic process. The empirical questions examined in this paper are the key strategic questions confronting companies in the world of musical theatre: Which organizations help to ensure acceptance amongst potential consumers, and how?

4. Research design

The paper uses a case study and inter-disciplinary perspective to identify the intermediaries and mechanisms that underlie the process of strategy as practice (Eisenhardt, 1989; Flyvbjerg, 2006; Yin, 2003). The use of multiple methods employed in this research is consistent with the SAP cohort of strategy researchers (Vaara and Whittington, 2012). This section details the study settings, sources of information and the analysis of data.

4.1. The study settings

The two primary research sites, New York and Toronto, are symbiotically related (Rekers, 2012). New York City's Broadway is the established 'cultural capital' in North America, where local market success is able to trigger diffusion to many and distant markets. Interviews as well as media coverage in the UK suggest a similar relationship can be found between London's West End and 'beta' cities in a UK context such as Manchester (BBC, 2011). Toronto (which has been referred to as 'Broadway North') is not as prestigious or lucrative as New York's Broadway, but has been a prominent site of new product development, try-out as well as presentation of Broadway shows. The two theatre scenes differ in size. Broadway has 39 theatres and a market of around 25 million, with an additional tourist base of several million every year. Toronto's theatre scene is much smaller. There are 57 theatre venues, but only four that are large enough to host large commercial theatrical productions, and a market of roughly seven million people. In terms of ticket sales, theatres on Broadway sold 12.3 million tickets in the 2006–2007 season (The League of American Theatres and Producers, 2007), while Toronto's opera, dance, and theatre companies combined sold a total of 2.4 million tickets in the 2007–08 season (TAPA, 2009). This paper examines the practices which enable strategising in these two contexts.

4.2. Sources of information

Three particular sources of information inform this study: publicly available documents, attendance at trade events, and interviews with key informants, as set out below.

First, publicly available documentation on theatres and productions was scrutinised. This included examining industry websites, blogs, trade journals and newspapers to trace the development of major productions.

Second, a member of the research team attended key events. The study of events within cities has gained in importance as a location in which to study organizational behaviour (Czarniawska, 2002), accounting (Lapsley et al., 2010) and the practice of strategy (Kornberger and Carter, 2010). These events included annual awards shows, theatre season announcements, opening nights of major new productions, and profiling events by industry associations. These forums facilitated learning, observation and conversations with the organizers, participants, and the public, which yielded a deep understanding of the main practices, strategies, and vocabularies in this industry.

Third, data were collected through semi-structured interviews with key informants. Publicly available documents and participation in events helped to identify key themes and key informants for formal in-depth interviews. The research presented here draws on 10 expert informants. The key informants were selected by combining a sample of the most prominent individuals and organizations in the theatre community and coverage of a range of perspectives on the issues in question. The interviews were conducted with people in theatres and production companies (2), marketing (3), media (2), and industry organizations (3). Interviews lasted an average of 50 min and as long as two hours, and covered the organizations' objectives, challenges, strategies and networks.

Interviews were coded on the practices and motivations of organizations, and transcripts were used to verify the extent to which these were shared across the experts. Illustrative examples used by expert informants were verified using publicly available documents and observation material to the extent possible.

4.3. Analysis of data

A SAP perspective was obtained by meeting and observing those engaged in strategising at a variety of settings and by scrutinising events and interactions for connections and relationships, for embeddedness, for taken for granted practices, for problematic performance issues and for continuities (Whittington, 2007). The case study of commercial theatre production that is presented below is structured around the questions: (1) who are the primary participants in the key strategic practice of new product development and launch? and (2) what do they do to increase the likelihood that new products are perceived as valuable and worthwhile in the marketplace? Intermediating organizations are identified, some more closely associated with the production unit (such as marketing partners), and others closer to the consumer (such as media, industry associations and opinion-leading peers). These multiple dimensions give the research a nuanced understanding of strategy as practice in theatres.

5. Musical theatre: an example of 'strategy as practice'

Well-known examples of capital intensive musical theatre productions include *The Phantom of the Opera* and *Wicked*. The major financial focus of musical theatre producers, as commercial entities, is their bottom line as expressed by their profit and loss account. Many productions do not run long enough to generate the revenues needed to cover the large up-front investments (upwards from US$15 million) and weekly running costs (which can be US$ 1 million) (Colbert, 2003; Throsby, 1994). From a management accounting perspective, the major strategic decision they face is the selection and launch of new shows which will be of interest to the theatre-going public, so that audiences purchase full priced tickets (even before the show opens) and theatres are full. The goal is to present a new production in as many markets as possible, either as a sit-down production or as a tour, in order to maximize what is known in the industry as 'bums-on-seats'. In order to reach this, however, there are a number of critical moments at which strategy plays a crucial role, including the selection of the production team and test-site, and the subsequent development of the market through interaction with other organizations.

To summarize the process briefly: the major effort of producers of musical theatre productions is on devising a product which will be of sustained interest for a lengthy run. Strategic decisions during product development of new shows include the selection of the creative team, actors, investors, theatre owners and sites for

Table 1
Networking Activities in New Product Strategies.

Activity	Organization	Output	Practice
Market Access	Production company and theatre owner		Assess the production's familiarity/novelty
Product Awareness	Marketing Partners (advertising and PR)	Advertising campaign and press coverage	Ensure cultural content is matched to local context and culture
Evaluation and Validation by Industry	Industry Associations	Award nomination, performance during awards show, and award wins	Recognize excellence based on industry experience, relative to alternative productions in the marketplace
Evaluation and Validation by Expert	Theatre critics	Critical review in major newspapers	Codify symbolic value based on experience and expertise
Evaluation and Validation by Peers	Theatre-goers	Word-of-mouth, recommendation, blog	Spread the word based on theatre-going experience

product testing. By the time theatrical productions reach a paying audience in the target market, they have passed through several development stages that include readings, workshops and possibly try-outs. A strategic decision during product development, for example, concerns the selection of a test market, where the audience is "savvy and understands theatre" (industry association 3[2]). Subscription audiences in particular, who purchase tickets as a season package long before the run, rather than single tickets during the run, provide a savvy, intelligent and loyal audience base necessary to introduce new and often unfamiliar works:

> *"You want people who are used to going to the theatre so you don't have to sell single tickets. . .it doesn't matter they've never heard of it before, they are going to show up"* (marketing 3).

Around the time a show opens in the target market, strategic decisions focus on market development, rather than product development, which also involves a number of external actors. Table 1 presents an overview of the complexity of the processes at work as producers of musical theatre employ their networks to increase the likelihood their product will be a success in the marketplace.

After market access has been secured (row 1), a variety of actors are engaged in market development (see the column 'organization'), when strategising and practices routinely cut across organizations. As Table 1 shows (see the column 'practice'), strategy as practice in the theatre industry is process driven, with extensive networking and an overall focus on perceptions of how distinctive, yet appealing, the new production will be viewed in the market place.

The empirical material below is presented from those activities most closely associated with the production-side (top row), to activities more closely tied to the consumption-side (bottom row). This is done for the sake of clarity; in practice these activities tend to overlap.

Producers, investors, theatre-owners and presenters make strategic decisions in terms of product selection to secure market access. While novelty and originality are important assets in the cultural industries, these have to be balanced with a certain degree of familiarity in order to manage the risk profile of commercial theatre and reduce uncertainty. Highly original, creative and unusual productions might offer high risks-high rewards, but producers and presenters interviewed for this work assert that the more familiar a product is, the easier it will be to find an audience. This can come in a familiar story or title, a creative team's reputation, or a star, *"so that audiences at least have something to go on"* (producer 1).

> *"'Legally Blonde', everyone knows that. . .there is name recognition. When you go out with a show like 'Spring Awakening', people go 'what?'. . .these shows are going to be really hard sells"* (industry association 1).

Familiarity cuts risk, also from the point of view of consumers:

> *"I know the story, so I'm a little more certain about what I'm going to get and that's comforting me"* (marketing 1).

In other words, originality needs to be balanced with familiarity in order to cope with the risk profile of musical theatre:

> *"Most people don't feel comfortable until they know enough about the product or event"* (producer 1),

> *"People want information. . .it's a lot of money and people want to know, 'what is this thing?'"* (marketing 1).

When the show is less familiar, for example when it is not based on a recent movie or featuring a star, a marketing campaign is particularly important to raise awareness:

> *"It may not be a household name, so we need to invest in education and marketing material, which also includes samples, to give a 'taste' of the show"* (producer 2).

Samples such as song downloads, photographs of the set and cast and videos are particularly important for experience-goods:

> *"[Potential theatre-goers] want things that cut their risk. All branding is risk aversion"* (marketing 1).

These materials are carefully designed by the internal marketing department or a separate marketing agency, in close collaboration with the production company:

> *"Our job is to create momentum and a kind of personality around the show so you have a feeling of what it is. . .it's not so much what's going to happen, but we're selling much more 'how it will feel to go'"* (marketing 1).

Clearly, marketing strategy is much more than deciding "*how many ads to run, where to run them, when, what language you should use*" (producer 1) and requires intimate knowledge of the marketplace.

Additional media coverage in newspapers, talk-shows on television and radio features that include background articles and interviews with the cast serve to ensure a match between the cultural content of the show and the local context. As this information does not come directly (or obviously) from the theatre producers, potential theatre-goers consider it to be a source of less biased third-party information. Therefore, production companies send out press releases such as casting announcements, but they also actively try to control this process by managing which cast members and creatives are interviewed and when and where coverage

[2] Quotations from interviews are identified by the type of organization the interviewee comes from and a number to indicate which out of the two or three interviewees at that type of organization said this.

appears in the newspapers. Each commercial theatre production has a publicist (also known as press agents or public relations departments), who will actively mediate between the production company and the media and generate awareness (for example by trying *"to get feature articles on the production, on the actors"* (media 1), or by acting as gate-keeper and turning down interview requests from members of the media that have not written favourable articles about the production company in the past).

The following statement is typical and illustrates how the relationship between the production company and media is negotiated:

> "*Everyone usually wants [to interview] the star of the show. So I said, 'if you give me the star before anyone else, I will make it the front section of our Saturday entertainment section', which is our top prize because it is read by 800,000 people, a big deal. You have something to give in return"* (media 2).

In addition to developing awareness of the product in the market, the likelihood of success (and making a return on investment and profit) is also highly dependent on market validation. As stated earlier, theatre is an experience-based good, meaning that one has to purchase the good before being able to assess the quality and level of satisfaction. Theatre-goers therefore search for third-party validation of product quality. Several organizations and individuals external to the production company (such as professional or industry associations, the theatre critic and peers) provide potential ticket buyers with indicators of value and prompt them to attend a show.

Industry associations such as the Broadway League and the American Theatre Wing in New York arrange events throughout the theatre season, culminating in the annual Tony awards ceremony. On Broadway (and far beyond), it is a strong endorsement and sign of approval to be nominated for a Tony award and to perform during the broadcast performance, and theatre-goers use this as an indicator of value: 14.2% of attendees surveyed at musical shows on Broadway during the 2008–2009 season cited this as an important factor influencing their ticket purchasing decision (The League of American Theatres and Producers, 2009). Award nominations and wins therefore serve as a third-party validator, increasing the likelihood of financial success in the marketplace:

> *"the awards were a marketing tool, that had a big selling power"* (marketing 2).

As these awards are given by a jury of theatre professionals, potential consumers perceive this as less biased than marketing materials. However, a lot of strategic decisions are adapted to the logic of the award season. For example, shows are compared within the context of a single season, so if possible, the timing of a show's launch can be influenced by the award season's schedule (just before the cut-off) and the competition (to avoid competing with other shows that are generating a great deal of industry 'buzz').

Theatre critics, such as Ben Brantley from *The New York Times* or Michael Billington from *The Guardian*, write critical reviews of theatrical productions, which are cited by 18% of theatre-goers in the abovementioned survey as an influential factor in deciding to attend a show:

> *"people reading the review care 'is this a good or a bad show and should I go and see it'"* (media 2).

Although the creative team and performers eagerly await the review as an evaluation of their work, it is primarily written for the sake of the theatre-going public. The reputation and perceived expertise of the critic as 'authorized reader' allows him or her to be a source of information for potential ticket buyers on the perceived quality of the show, which reduces the ticket buyers' uncertainty and risk. The weight of this endorsement is based on the reputation of both the individual critic as well as the source. Individual critics build up experience, a perspective and a taste that readers come to trust through reading them regularly. Some sources, in particular newspapers such as the *New York Times*, still carry significant prestige providing source credibility (reported as the most trusted source of opinion by 44% of theatre-goers), despite the rise in availability of online sources (reported by only 3% as their most trusted source) (The Guardian, 2010, reporting on a survey by The Stage in the UK). Moreover, prestigious newspapers reach distant marketplaces, important when a production goes on tour:

> *"A review in the New York Times carries weight, also outside of New York"* (industry association 2).

While production companies might try to charm critics, critics' reputation is built on their unbiased opinion. Nevertheless, reviews come out on opening night and have immediate impact on ticket sales and therefore on the strategic decision to keep the show running (or not), and accruing weekly running costs.

In addition to media coverage, awards and reviews, it is unsurprising that theatre-goers turn to their circle of friends and family for recommendations on whether to see a show or not. Word-of-mouth is therefore of great importance in generating early ticket sales and a so-called 'buzz' early in the show's run. Production companies try to influence this process by cultivating a loyal following that act as early adopters and opinion leaders, using subscription audience events and community building newsletters:

> *"early adopters are theatrically inclined...I want those early adopters"* (producer 2).

When potential ticket-buyers search for information about a new and unfamiliar show, they also trust those they can see face-to-face when they share their experience of going to the theatre. Ticket outlets such as the half-price ticket booths in Leicester Square (London) or Times Square (New York) provide ample opportunity for such exchanges:

> *"People get on that line, waiting to see what's up at the front, hoping to gather knowledge from people around them on the line as to what show they're going to see"* (marketing 1).

Production companies actively try to feed into these conversations, by employing street teams of promotion workers as well as discreetly inviting hotel concierges and taxi drivers to the show gratis.

As shown in this section, the key strategic decision of theatre companies is the selection of a new show or product. This strategic decision is made in a context where theatres have little discretion over ticket prices in a competitive market. This is clearly a management preoccupation. But it does not relate to conventional or traditional concepts of what strategic management accounting is. One particular facet of this is the attempt to construct the customer as a centre of calculative practice (Cuganesan, 2008; Vaivio, 1999), which is in marked contrast to the findings presented here. Furthermore certain elements of this literature revert to depicting 'the customer' by using the somewhat dubious proxy of customer services (Cuganesan, 2008; Ma and Tayles, 2009; Ogden, 1997). While the use of the concept of 'the customer' has proved both elusive and complex for manufacturing enterprises and other industrial organisations (Perera et al., 1997; McManus, 2011), this research offers an alternative way to embed ideas of the customer in strategic thinking. This overview illustrates the range of organizations involved in preparing the marketplace, and raising awareness of and validating new theatrical productions. The networking activities of the production company are not only engaged in product development, marketing and promotion activities, but also in main-

taining close ties to members of the media, industry associations and user-groups. All of this is indicative of a rather sophisticated but somewhat messy process in which conventional management accounting practice is of marginal interest.

6. Discussion and conclusion

This study has focused on the launch of new commercial theatrical productions, West End Musicals. Their development is expensive and involves readings, workshops and try-outs before a production officially opens in a major target market such as Broadway in New York City, or the West End in London. As product development is lengthy and costly, theatre owners and producers strategically select the shows they invest in to increase the likelihood of positive returns. In addition, however, as findings presented in this paper demonstrate, theatre owners and producers must also strategically manage the route-to-market which, in the case of theatre, involves managing the creation of expectations. Cultural product industries, including commercial theatre, compete in the market based on product differentiation. Novelty and originality are therefore desired qualities in a show, but these also generate uncertainty. Such uncertainty and unfamiliarity potentially pose a hindrance to successful acceptance in the marketplace, which must be overcome.

Furthermore, theatre is an experience-based good, and the decision-to-adopt therefore carries risk for the consumer. Consumers are required to make a purchasing decision about experience-based goods before they know whether or not they will be satisfied. In order to reduce the risk of disappointment, they will therefore seek out third-party validations and recommendations in order to estimate quality and the likelihood they will enjoy it. In other words, both producers as well as consumers rely on intermediaries; the former to generate awareness, the latter to indicate quality and value. This dual feature of the theatre products market contrasts with the extant management accounting literature on how to incorporate the customer into strategic thinking (Cuganesan, 2008; Ma and Tayles, 2009; McManus, 2011; Ogden, 1997; Perera et al., 1997; Vaivio, 1999).

What does the case study of musical theatre suggest about the social organization of strategy as practice? The findings presented above suggest that in order to be successful at bringing novel-cultural-content intensive products to the market, producers not only focus on product development, but also try to shape market development.

> *"The quality of the product must be excellent, but the 'package' must capture demand"* (producer 2).

When products are new and unfamiliar, it is especially important for producers to focus on increasing product awareness and they rely on various forms of endorsement and sources of credible validation in order to offset the inherent uncertainty. In the case of musical theatre presented above, intermediaries play important roles in this process of market development by publishing interviews with the actors, by writing reviews, by nominating productions for annual awards, and by talking about their experience with friends and family.

The strategic role of intermediaries in the market development process that is documented in this paper thereby also helps to shine light on the question raised early on in the paper, of how cultural industry products are able to escape the particular urban milieus of their origin and spread to more distant markets. Even though a product high in cultural content is tightly tied to local cultural frameworks and interpretive strategies, it is due to the activities of some market intermediaries (those with perceived expertise and network positions) that cultural content is able to be dis-embedded and translated into value. When the industry association on Broadway nominates a show for a Tony award, this increases interest in markets elsewhere.

By examining strategy as practice as an interpretive and communicative process, these findings suggest that the likelihood of a cultural product's success in the marketplace is shaped in large part by the organizational structures of the communities that create as well as consume cultural content. Conversations and soft information are central and crucial to the process of curation (Obrist, 2015). In all of this, accounting is secondary, almost fulfilling the role of historian in setting prices and recording annual financial results. This is consistent with that strand of management literature which suggests that conventional accounting practices are inhibitors of product innovation at the 'fuzzy front end' of product development and obstacles to creativity (Abernethy and Lillis, 1995; Amabile, 1998; Tushman and O'Reilly, 1997), in contrast to situations in which decisions have already been made on strategic choices and new products are subsequently costed (Jorgensen and Messner, 2010).

The nature of the process by which new products emerge and theatres embark on new product strategies presented a very distinct model of strategy as practice in the world of theatre management, one in which the role of accounting is both ex post and limited. This perspective is also confirmed by the views of leading industry experts, who relegate return on investment and a preoccupation with the bottom line in an end of year review process, so that costs and costings are not intrusive in the creative process (Clement, 2015). This is contrary to the established literature on SMA which contrives to locate management accounting practices into rather dated and instrumental concepts of what constitutes strategic thinking with strategic costing, strategic planning, strategic pricing – a preoccupation with existing accounting models rather than strategic practices.

These findings relate to the very specific context of popular theatre. There is scope for investigations of the existence or otherwise of strategic management accounting in other spheres of popular culture. In particular, where popular culture has creative industries which operate within market settings, there is a case for further research into the manner and shape of such markets and the role of accounting within them and the distinctive nature of the customer in such markets. Furthermore, the idea of strategizing as a process which is socially constructed and takes meaning from the networks within which it operates presents an interesting research challenge for management accountants.

Furthermore, from a practice perspective, the findings of this paper on the multiplicity of actors engaged in strategising, the cross-organizational interactions and the variety of extra-organizational activities in which strategic actions occur, offers a challenging insight into strategy as practice for would-be *strategic* management accountants engaging in this field. This can be seen as presenting an opportunity for a fresh approach to SMA. Most importantly, in terms of practice, if management accountants in theatre-land are to act strategically, they need to connect with the wider social and institutional setting. They need to redefine themselves not as isolated accountants but as part of a family of strategisers who work across organizational boundaries to create a vision and perception of new theatre shows for the market. These activities will require 'artful interpretation' (Whittington, 2006). This differs from the strained depiction in conventional SMA, of strategy as a straightforward application of a toolkit. This 'artful interpretation' will involve dealing with softer data than conventional accounting, but there may be scope for the gathering of some harder data such as product rankings, ex post analysis of successful runs and short (failed) production runs with benchmarking of the costs of shows. But all of this must be in the context of multiple actors across a range of social space, with the organization

de-centred – a bracing, unfamiliar, uncomfortable and challenging activity for aspiring *strategic* management accountants.

Funding

Josephine V. Rekers was at the University of Toronto when the empirical material was collected and this work was supported by the Social Sciences and Humanities Research Council of Canada (SSHRC).

Acknowledgments

The authors thank Ingrid Jeacle, the participants at the workshop "Managing Popular Culture", and three anonymous referees for valuable comments.

References

Abernethy, M., Lillis, A., 1995. The impact of manufacturing flexibility on management control systems design. Account. Org. Soc. 20, 241–258.
Alam, I., 2006. Removing the fuzziness from the fuzzy front end of service innovations through customer interactions. Ind. Mark. Manag. 35, 468–480.
Amabile, T.M., 1998. A model of creativity and innovation in organizations. In: Staw, B., Cummings, L. (Eds.), Research in Organizational Behavior. JAI Press, Connecticut, pp. 123–167.
Anderson, S.W., Dekker, H., 2009a. Strategic cost management in supply chains, part 1: structural cost management. Account. Horiz. 23, 201–220.
Anderson, S.W., Dekker, H., 2009b. Strategic cost management in supply chains, part 2: executional cost management. Account. Horiz. 23, 289–305.
BBC, 2011. Entertainment and Arts 17 May: Manchester to Test West End Shows, http://www.bbc.com/news/entertainment-arts-13422977 (Accessed 19 July 2016).
Balogun, J., Johnson, G., 2005. From intended strategies to unintended outcomes: the impact of change recipient sensemaking. Org. Stud. 26 (11), 1573–1601.
Bromwich, M., 1990. The case for strategic management accounting: the role of accounting information for strategy in competitive markets. Account. Org. Soc. 15, 27–46.
Cadez, S., Guilding, C., 2008. An exploratory investigation of an integrated contingency model of strategic management accounting. Account. Org. Soc. 33, 836–863.
Carlsson-Wall, M., Kraus, K., 2015. Opening the black box of the role of accounting practices in the fuzzy front end of product innovation. Ind. Market. Manag. 45, 184–194.
Carlsson-Wall, M., Steijvers, T., Lind, J., 2015. Strategic management accounting in close inter-organisational relationships. Account. Bus. Res. 45 (1), 27–54.
Carter, C., Clegg, S., Kornberger, M., 2008. Strategy as practice. Strateg. Org. 6, 83–99.
Carter, C., Clegg, S., Kornberger, M., 2010. A Very Short, Fairly Interesting and Reasonably Cheap Book About Studying Strategy. Sage, London.
Caves, R.E., 2000. Creative Industries: Contracts Between Art and Commerce. Harvard University Press, Cambridge, MA and London, UK.
Chia, R., 2004. Strategy-as-practice: reflections on the research agenda. Eur. Manag. Rev. 1, 29–34.
Clement, A., 2015. Managing popular culture: a practitioner perspective. In: Presentation at the workshop Managing Popular Culture, University of Edinburgh Business School, 27 April.
Colbert, F., 2003. Entrepreneurship and leadership in marketing the arts. Int. J. Arts Manag. 6, 30–39.
Cuganesan, S., 2008. Calculating customer intimacy: accounting numbers in a sales and marketing department. Account. Audit. Account. J. 21, 78–103.
Currid, E., 2007. How art and culture happen in New York: implications for urban economic development. J. Am. Plann. Assoc. 73 (4), 454–467.
Czarniawska, B., 2002. A Tale of Three Cities: On the Globalization of City Management. Oxford University Press, Oxford.
Eisenhardt, K.M., 1989. Building theories from case study research. Acad. Manag. Rev. 14, 532–550.
Flyvbjerg, B., 2006. Five misunderstandings about case-study research. Qual. Inq. 12 (2), 219–245.
Frishammar, J., Lichtenhaler, U., Richner, A., 2013. Managing process development: key issues and dimensions in the front end. R&D Manag. 43, 213–226.
Harada, T., 2003. Three steps in knowledge communication: the emergence of knowledge transformers. Res. Policy 32, 1737–1751.
Herepath, A., 2014. In the loop: a realist approach to structure and agency in the practice of strategy. Org. Stud. 35 (6), 857–879.
Hirsch, P.M., 1972. Processing fads and fashions: an organization-set analysis of cultural industry systems. Am. J. Sociol. 77 (4), 639–659.
Howells, J., 2006. Intermediation and the role of intermediaries in innovation. Res. Policy 35, 715–728.
Jeacle, I., 2012. Accounting and popular culture: framing a research agenda. Account. Audit. Account. J. 25 (4), 580–601.
Jorgensen, B., Messner, M., 2010. Accounting and strategising: a case study from new product development. Account. Org. Soc. 35, 184–204.
Kornberger, M., Carter, C., 2010. Manufacturing competition: how accounting practices shape strategy making in cities. Account. Audit. Account. J. 23 (3), 325–349.
Langfield-Smith, K., 2008. Strategic management accounting: how far have we come in 25 years? Account. Audit. Account. J. 21 (2), 204–228.
Lapsley, I., Miller, P., Panozzo, F., 2010. Accounting for the city. Account. Audit. Account. J. 23 (3), 305–324.
Lavarda, R.A.B., Canet-Giner, M., Peris-Bonet, F., 2010. How middle managers contribute to strategy formation process: connection of strategy processes and strategy practices. Rev. Adm. Empresas 50 (4), 358–370.
Lawrence, T.B., Phillips, N., 2002. Understanding cultural industries. J. Manag. Inq. 11 (4), 430–441.
Lord, B., 1996. Strategic management accounting: the emperor's new clothes? Manag. Account. Res. 7, 347–366.
Ma, Y., Tayles, M., 2009. On the emergence of strategic management accounting: an institutional perspective. Account. Bus. Res. 39, 473–495.
Malleret, V., 2015. Revisiting 30 years of SMA literature: a focus on cost, price and value. In: European Accounting Association, Annual Congress, Glasgow 28–30 April.
McManus, L., 2011. Accounting for Customers: The Impact of Contextual Factors and Implications for Management Accounting. Griffith Business School, Discussion Papers in Accounting, No. 2011-01.
Mirabeau, L., Maguire, S., 2014. From autonomous strategic behaviour to emergent strategy. Strateg. Manag. J. 35, 1202–1229.
Molotch, H., 2002. Place in product. Int. J. Urban Reg. Res. 26 (4), 665–688.
Nixon, B., Burns, J., 2012. The paradox of strategic management accounting. Manag. Account. Res. 23, 229–244.
Obrist, H.U., 2015. Ways of Curating. Penguin, London.
Ogden, S., 1997. Accounting for organizational performance: the construction of the customer in the privatized water industry. Account. Org. Soc. 22, 529–556.
Perera, S., Harrison, G., Poole, M., 1997. Customer-focused manufacturing strategy and the use of operations-based non-financial performance measures: a research note. Account. Org. Soc. 22, 557–572.
Porter, M.E., 1980. Competitive Strategy: Techniques for Analyzing Industries and Competitors. Free Press, New York.
Porter, M.E., 1985. Competitive Advantage. Free Press, New York.
Power, D., Scott, A.J., 2004. Cultural Industries and the Production of Culture. Routledge, New York.
Power, D., 2002. Cultural industries in Sweden: an assessment of their place in the Swedish economy. Econ. Geogr. 78 (2), 103–127.
Pratt, A.C., 1997. The cultural industries production system: a case study of employment change in Britain, 1984–91. Environ. Plann. A 29, 1953–1974.
Rekers, J.V., 2012. We're number two! Beta cities and the cultural economy. Environ. Plann. A 44, 1912–1929.
Roslender, R., Hart, S., 2003. In search of strategic management accounting: theoretical and field study perspectives. Manag. Account. Res. 14 (3), 255–279.
Roslender, R., Hart, S., 2015. Strategic Management Accounting: Lots in a Name? University of Dundee, mimeo.
Roslender, R., 1995. Accounting for strategic positioning: responding to the crisis in management accounting. Br. J. Manag. 6, 45–57.
Rouleau, L., 2013. Strategy-as-practice research at a crossroads. M@n@gement 16 (5), 574–592.
Sarhan, M., McDonagh, J., 2014. The practice turn in strategic alignment research: fostering a strategy-as-practice perspective. UK Academy for Information Systems Conference Proceedings 2014, Paper 37 http://aisel.aisnet.org/ukais2014/37.
Scott, A.J., 1997. The cultural economy of cities. Int. J. Urban Reg. Res. 21 (2), 323–339.
Scott, A.J., 2000. The Cultural Economy of Cities: Essays on the Geography of Image-producing Industries. Sage, London and Thousand Oaks.
Scott, A.J., 2004. Cultural-products industries and urban economic development: prospects for growth and market contestation in global context. Urban Aff. Rev. 39 (4), 461–490.
Shank, J.K., Govindarajan, V., 1988. Making strategy explicit in cost analysis: a case study. Sloan Manag. Rev. 29, 19–30.
Shank, J.K., Govindarajan, V., 1992. Strategic cost management and the value chain. J. Cost Manag. 5, 5–21.
Simmonds, K., 1981. Strategic management accounting. Manag. Account. UK 59, 26–29.
Simmonds, K., 1982. Strategic management accounting for pricing: a case example. Account. Bus. Res. 47, 206–214.
Suddaby, R., Seidl, D., Lê, J.K., 2013. Strategy-as-practice meets neo-institutional theory. Strateg. Org. 11 (3), 329–344.
TAPA (Toronto Alliance for the Performing Arts), 2009. Show Business Is Big Business: A Snapshot of Toronto's Live Performing Arts Industry Phase Two. TAPA, Toronto.
The Guardian, 2010. Guardian Theatre Critics Are UK's Best, Says the Stage. May 6, https://www.theguardian.com/stage/2010/may/06/stage-survey-theatre-critics (Accessed 19 July 2016).
The League of American Theatres, Producers, 2007. The Demographic of the Broadway Audience 2006–2007. The League of American Theatres and Producers, Inc., New York.

The League of American Theatres, Producers, 2009. The Demographic of the Broadway Audience 2008–2009. The League of American Theatres and Producers, Inc., New York.
Throsby, D., 1994. The production and consumption of the arts: a view of cultural economics. J. Econ. Lit. 32, 1–29.
Tomkins, C., Carr, C., 1996. Reflections on the papers in this issue and a commentary on the state of strategic management accounting. Manag. Account. Res. 7, 271–280.
Tushman, M., O'Reilly, C., 1997. Writing Through Innovation: A Practical Guide to Leading Significant Change and Renewal. Harvard Business School Press, Harvard.
Vaara, E., Whittington, R., 2012. Strategy-as-practice: taking social practices seriously. Acad. Manag. Ann. 6, 285–336.
Vaivio, J., 1999. Examining the quantified customer. Account. Org. Soc. 24, 689–715.
Whittington, R., 2003. The work of strategising and organizing for a practice perspective. Strateg. Org. 1, 117–125.
Whittington, R., 2004. Strategy after modernism: recovering practice. Eur. Manag. Rev. 1, 62–68.
Whittington, R., 2006. Completing the practice turn in strategy research. Org. Stud. 27, 613–634.
Whittington, R., 2007. Strategy practice and strategy process: family differences and the sociological eye. Org. Stud. 28, 1575–1586.
Yin, R.K., 2003. Case study research: design and methods. Applied Social Research Methods Series, vol. 5., third ed. Sage Publications, London and Thousand Oaks.