

Imprinting Founders' Blueprints on Management Control Systems

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Abstract

In this paper we seek to understand the influence of founders on the design and use of management control systems (MCS) through a theoretical lens known as imprinting. The organizational literature shows that founders are a source of imprinting, since their unique background informs the blueprint for their organization, which can affect patterns of organizational design and development. We undertake a case study of an innovative early-stage growth-focused manufacturing firm established by founders who espoused a commitment blueprint (one of five possible blueprints). Founders who have a commitment blueprint aim to establish a workplace where employees feel an intense emotional attachment to each other and the firm and are passionate about the firm's vision. We examine how founders' commitment blueprint influences the design and use of MCS. We show that the imprint of a founder's commitment blueprint is reflected in the design and use of cultural controls and employee selection to establish a workplace that fosters an intense emotional attachment and identification comparable to a family's, with an organizational culture where employees are committed and passionate about the firm. While these controls have previously been shown to make up the central components of a commitment blueprint, our results reveal a reliance on cultural controls and employee selection is not exclusive, but supported and reinforced through managers' design and use of personnel controls, results controls, action controls, penalties, and informal controls. We also find a reluctance to implement controls that are seen as bureaucratic, since it is felt they would negatively influence the organizational culture.

Keywords: Management control systems, imprinting, founder blueprint, commitment, culture, early-stage firm

1. Introduction

In this paper we seek to understand the influence founders have on the design and use of management control systems (MCS) in early-stage firms. Studying the MCS of early-stage firms is an important yet under-researched area of management accounting (Davila and Foster, 2009; Davila et al., 2009). Early-stage firms contribute significantly to economic prosperity and job growth (e.g., Åstebro et al., 2014; Decker et al., 2014; Kane, 2010). For example, in the United States, over 6 million new business ventures are started each year (Fairlie et al., 2017), with more than 500,000 of them hiring employees (Åstebro et al., 2014). Within the United States, firms in their first year are the primary driver of jobs growth, creating, on average, approximately 3 million jobs per year (Decker et al., 2014; Kane 2010). Without these new enterprises, there would be no net job growth (Kane, 2010). However, despite this large number of new enterprises, the majority fail within the first five years (Åstebro et al., 2014; DeSantola and Gulati, 2017). We know that, if designed appropriately, MCS facilitate growth (Davila, 2005; Davila and Foster 2007). However, a lack of MCS or inappropriately designed MCS will likely inhibit growth. This is because MCS are a key element in managing the conflict that growth imposes on young firms (Davila, 2005; Davila and Foster, 2009).

It has been shown in both the entrepreneurship and family business literature that founders play an important role in early-stage firms (Barringer et al., 2005; Bayon et al., 2015; Cardinal et al., 2004). In this paper, our focus is on the blueprint that founders bring to an organization and how it influences the MCS of early-stage firms. A founder's blueprint describes how the organization should look and feel, including the manner in which employment relations are organized and personnel are managed (Baron and Hannan, 2002; Baron et al., 2001). As stated by Baron et al. (2001), founders' "blueprints represent part of the 'hard wiring' of an enterprise" (p. 963) and "guide subsequent organizational evolution" (p. 961).

We undertake a case study of HRV, an innovative early-stage growth-focused manufacturing firm, established by two founders following a commitment blueprint (one of five possible founder blueprints; see Baron et al., 1999a). Founders with a commitment blueprint aim to establish a workplace where employees feel an intense emotional attachment to each other and the firm and are passionate about the firm's vision (Baron and Hannan, 2002; Baron et al., 1996; Grant, 2016). This is substantially different from

the four other blueprints, where attachment is based on the underlying work (engineering, star, and bureaucracy blueprints) or the financial rewards (autocracy blueprint). It is typical for founders with a commitment blueprint to use words such as *love* and *family* to describe the camaraderie within the firm (Grant, 2016).

Examining the design and use of the MCS of firms established by founders following a commitment blueprint is important because these firms have been found to be more successful than firms established by founders following other blueprints (Baron and Hannan, 2002; Fuhrmans, 2017; Hannan et al., 2005). In a study of Silicon Valley firms, those founded under a commitment blueprint were found to be the least likely to fail (Baron and Hannan, 2002; Fuhrmans, 2017) and the fastest to go public (Hannan et al., 2005). Consequently, gaining an understanding of the influence of a founder's commitment blueprint on the design and use of MCS of early-stage firms would appear warranted.

To undertake this research, we employ imprinting theory (Spalding, 1873; Stinchcombe, 1965). Although the imprinting literature initially focused on the environment's influence on the organization, research has subsequently examined founders as a source of imprinting (e.g., Beckman and Burton, 2008; Fauchart and Gruber, 2011; Gruber, 2010; Johnson, 2007; Kimberly and Bouchikhi, 1995; Leung et al., 2013). Consequently, we use the theoretical lens of imprinting to examine our research question of how founders' commitment blueprint influences the design and use of MCS.

Our findings reveal that the imprint of the HRV founders' commitment blueprint is reflected in the design and use of cultural controls and employee selection to establish a workplace that fostered an intense emotional attachment and identification comparable to a family's, with an organizational culture where employees were committed and passionate about the firm. While these controls formed the basis of the MCS, other controls, such as rewards, penalties, induction and training programs, meetings, an operations manual, and franchise audits, were designed and used by managers to support and reinforce employee attachment and the organizational culture. These were accompanied with the use of informal controls, as well as a reluctance to implement controls that were seen as bureaucratic, such as budgets and job descriptions, since it was believed they would negatively affect the organizational culture.

This paper contributes to the management accounting literature by adding to the growing body of research on the MCS of early-stage firms by highlighting how the imprint of a founder's commitment blueprint is reflected in the design and use of MCS. To date, the management accounting literature has identified a number of reasons why firm growth influences the adoption of MCS in early-stage firms, including externally focused reasons, such as legitimization and contracting, and internal reasons, such as the need to reduce chaos and increase learning (Davila and Foster, 2009; Davila et al., 2009; Davila et al., 2010). While this literature has enabled a better understanding of how firm growth influences MCS, there is also a need to understand the impact of the entrepreneur/founder and the mechanisms that define organizational design in early-stage firms, since they are likely to influence MCS (Davila and Foster, 2009). We show that it is important to consider the blueprint that founders bring to an organization and how it is reflected in the design and use of MCS. Besides contributing to the academic literature, we believe this paper can also assist entrepreneurs and practitioners engaged in early-stage firms by highlighting how a founder's commitment blueprint influences the design and development of a new venture.

The remainder of this paper is structured as follows. Section 2 introduces our theoretical framework based on imprinting. Section 3 describes our case study research approach and the case site. Section 4 presents our findings. Section 5 discusses these findings in relation to the literature. Section 6 concludes the paper with a summary of the findings, contributions, research limitations, and avenues for future research.

2. Theoretical framework

Imprinting theory originates from research relating to animal behavior, initially documenting how domestic birds tend to follow the first moving object they see (Spalding, 1873: 287):

Chickens as soon as they are able to walk will follow any moving object. And, when guided by sight alone, they seem to have no more disposition to follow a hen than to follow a duck, or a human being. Unreflecting on-lookers, when they saw chickens a day old running after me, and older ones following me miles and answering to my whistle, imagined that I must have some occult power over the creatures, whereas I simply allowed them to follow me from the first.

This imprinting, where an early experience influences subsequent behavior, is conceptually different from other learning processes because it only occurs during relatively short, critical periods of heightened susceptibility (Immelmann, 1975; Lorenz, 1937; Marquis and Tilcsik, 2013). The concept of imprinting was introduced into the organizational literature by Stinchcombe (1965), who showed how organizations were “‘imprinted’ by the conditions existing in the industry to which they belong at the time the industry is ‘born’” (Miles et al., 1974: 259):

The kernel of the imprinting hypothesis, first advanced by Stinchcombe (1965), is that characteristics of an entity shaped during a sensitive moment of its existence can persist for decades, in spite of subsequent environmental changes. (Simsek et al., 2015: 289)

Imprinting has since been used in organizational research as a theoretical lens for a historically embedded understanding of a diverse range of organizational phenomena (Simsek et al., 2015). Research has established that initially imprinted organizational philosophies, policies, strategies, and structures all persist, even in changing environments (Boeker, 1989; Burton and Beckman, 2007; Harris and Ogbonna, 1999; Johnson, 2007). At the center of imprinting theory is the idea that the time of founding constitutes an important period in an organization’s life (DeSantola and Gulati, 2017; Johnson, 2007; Marquis, 2003).

Five factors can leave an imprint on an organization when it is initially founded: founders, teams, organizations, networks, and the environment/industry/community (Simsek et al., 2015). Research shows that founders imprint their organizations with their unique background (Boeker, 1989; Johnson, 2007; Kimberly, 1979; Kimberly and Bouchikhi, 1995). In this vein, a stream of literature argues that founders leave an imprint that can influence the means used to coordinate and control organizations as they grow (Baron et al., 1996; Johnson, 2007; Kimberly, 1979; Kimberly and Bouchikhi, 1995).

Research has found that a founder’s background and the initial decisions on core values and hiring can have effects on organizational actions, strategies, structures, and performance (Gao et al., 2010; Kimberly, 1979; Kimberly and Bouchikhi, 1995; Zheng, 2012). This initial imprint persists even when there are organizational pressures to change (Burton and Beckman, 2007; Johnson, 2007; Marquis, 2003).

Founders' blueprints have been operationalized into a typology based on data collected from the Stanford Project on Emerging Companies (Baron and Hannan, 2002; Baron et al., 1996, 1999a, 1999b, 2001; Burton, 2001).¹ This research identifies five different blueprints used by founders in early-stage technology firms:² star, commitment, bureaucracy, engineering, and autocracy blueprints. These are derived from three organizational dimensions that emerged from this research: employee attachment, employee selection, and the means of coordination and control. The labels selected for each blueprint are considered "fairly evocative of their character" (Baron and Hannan, 2002: 12). We summarize the five founder blueprints below in Table 1, including quotes to better illustrate what each blueprint embodies.

We believe the founder's blueprint typology provides a good way to systematically categorize the characteristics that founders bring to a new venture and can facilitate our understanding of the influence founders have on MCS, similar to how the conceptualization of strategy of Miles and Snow (1978) and Porter (1980) allows researchers to study the association between strategy and MCS (e.g., Abernethy and Brownell, 1999; Kober et al., 2007). The categorization of founder blueprints into a typology will allow future research on the impact of different founder blueprints on MCS to advance more systematically.

The organizational literature shows that founders' blueprints have implications for how they build their firms, with the amount of attention given to organization building in the initial years differing for each of the blueprints (Baron and Hannan, 2002; Baron et al.,

¹ The Stanford Project on Emerging Companies (Baron et al., 1996, 1999a, 1999b, 2001; Burton, 2001; Baron and Hannan, 2002) examines the evolution of 154 high-tech early-stage firms. The firms examined were no more than 10 years old when visited (the typical firm was six years old), and all had at least 10 employees (Baron et al., 2001).

² Similar to how the theoretical framework of strategic typologies developed by Miles and Snow (1978) is applicable to firms outside the four industries they sampled (college textbook publishing, electronics, food processing, and hospitals), we believe the typology of the founder blueprint is applicable to firms from outside the sample from which the framework was developed. The founder's blueprint framework is a theoretical framework and Silicon Valley's high-growth environment provides an excellent setting in which to develop such a framework. Baron et al. (1999a: 30) argue that these firms are subject in their early years to very turbulent environments, intense product and labor market competition, strong selection pressure, and numerous influences that should encourage structural isomorphism. Baron et al. (1999b: 542) add that the diversity found in these studies seems at odds with accounts that assume a dominant organizational logic within a particular industry. The ability to generate theoretical insights from this sample of Silicon Valley firms is further evidenced by the fact that this is also the sample used by Davila and Forster (2005, 2007) to generate insights into the emergence of MCS in early-stage startup firms.

1996, 1999a, 2001). For example, of the founders who had an engineering blueprint (one-third of the Stanford Project sample), not one drafted a mission or vision statement. This is in contrast to founders with a star, bureaucracy, or commitment blueprint, who engaged in this organization design activity (Baron and Hannan, 2002).

Table 1: Founder blueprint typology

<i>Blueprint</i>	<i>Attachment</i>	<i>Selection</i>	<i>Mode of control</i>	<i>Illustrative quote</i>
Star	Work	Potential	Professional control	We only recruit top talent, pay them top wages, and give them the resources and autonomy they need to do their job.
Engineering	Work	Skills	Peer group control	We were very committed. It was a skunkworks mentality and the binding energy was very high.
Commitment	Familial	Fit	Cultural control	I wanted to build the kind of firm where people would only leave when they retired.
Bureaucracy	Work	Skills	Process control	We make sure things are documented, have job descriptions for people, project descriptions, and pretty rigorous project management techniques.
Autocracy	Money	Skills	Direct control	You work, you get paid.

Source: Adapted from Baron and Hannan (2002).

The research shows that founders with a commitment blueprint view their employees as part of a family and are thus much slower at hiring their first employees. These founders “devoted more effort up front to designing their cultures and employment practices” (Baron and Hannan, 2002: 15). This suggests that the design and use of MCS will differ for early-stage firms based on the blueprint of the firm founders.

3. Research approach

3.1 Case study method

We undertook a case study of HRV, an innovative early-stage technology-focused manufacturing firm, to examine the MCS it implemented. The research design involved

data triangulation (Modell, 2005) through the collection of a wide variety of evidence from interviews, observations, firm documents, and business press articles. The collection of data from a wide spectrum of sources enhances data reliability and, thus, our ability to understand and interpret our findings (Denzin, 2012; Fusch and Ness, 2015).

The study commenced with a meeting in August 2007 with the general manager and the financial controller of HRV. This scoping meeting, which lasted three hours, provided us with an understanding of the evolution that HRV had undergone since its founding in 2003 to 2007. To enhance our understanding of the organizational context, we were then given a tour of HRV's main offices and warehouse facilities. Based on the initial meeting and tour of the firm's operations, we developed questions that formed the basis of our semi-structured interviews. We interviewed a total of 14 people, including one of the founders, the general manager, the financial controller, two franchisees, and nine middle- and lower-level managers.³

Since individuals tend to impose order retrospectively on phenomena, we undertook several measures to reduce potential bias. In terms of the interview protocol, this included allowing interviews to flow so that the interviewees could tell their stories from their perspective, and then confirming these accounts by asking similar questions to multiple interviewees. Furthermore, managers from different organizational levels were interviewed to gain multiple perspectives on the design and use of MCS at HRV. Additional perspectives were gained through interviewing managers who had been internally promoted and consequently had an understanding of how the firm had developed. Other interviewees included those who had recently joined the firm and could provide a newcomer's perspective. The participation of managers from various levels and of different tenures within the firm helped ensure the robustness of the data. Furthermore, we intentionally scheduled our interview with the founder last, so that we could appreciate the employee perspective without being influenced by preconceived notions that could have developed had we interviewed the founder at the start. The interviews were also supplemented with four visits to the business headquarters, two visits to

³ The general manager and financial controller were each interviewed twice, once together, as part of the initial scoping meeting, and then again separately. We also conducted a follow-up interview with one of the managers in May 2019 to gain reflections on the changes that occurred to the MCS after the founders sold the firm.

franchises, a review of internal documents requested from the firm, and articles from the business press (see Table 2).

Table 2: Case study data

<i>Interviewee position</i>	<i>Time at HRV</i>	<i>Hours</i>
General manager and financial controller	–	3
Financial controller	1 year 4 months	1
General manager	1 year 7 months	1
Franchise support manager	1 year 8 months	1
National communication manager	11 months	1
Customer service manager	3 months	1
Direct marketing manager	8 months	1
Commercial business manager	3 years 5 months	1
Warehouse/production manager	1 year 5 months	1
Accounts manager	2 years 9 months	1
National installation manager	1 year 9 months	1
National operations manager	1 year	1
Franchisee	2 years	1
Franchisee	3 years 2 months	1
Founder of HRV	4 years 8 months	1
Follow-up interview		1
Total interviewee hours		18

<i>Other data sources</i>	<i>Number</i>	<i>References</i>
HRV documents	7	Vision, company purpose, core values, eight steps to success, 2007 organizational chart, operations manual, customer relationship management report
Business press articles	5	<i>National Business Review, Unlimited Magazine, Building Today Magazine, Sunday Star Times, Deloitte Fast 50</i>
Corporate website		http://www.hrv.co.nz
Visits	6	4 visits to HRV, 2 visits to HRV franchisees

Notes: 1) Interviews are shown in the order in which they were conducted. 2) All interviews, except one, occurred between August and November 2007. One manager was interviewed again in a follow-up interview in May 2019 to gather opinions on what happened to the MCS in the years following our initial interviews. To ensure the anonymity of this manager, we cannot reveal the position the manager held or the manager's tenure at HRV. 3) This table was adapted from Akroyd et al. (2019).

The interviews were audio recorded,⁴ and the transcripts were analyzed by the researchers and organized into themes. Our reading of the transcripts and coding for themes led to the realization that the founders had a commitment blueprint and that imprinting theory could provide a valuable lens for understanding how this blueprint is reflected in the design and use of MCS. Hence, we read and reanalyzed the transcripts in

⁴ Except for the initial meeting with the general manager and financial controller that set the parameters for the case study.

light of imprinting theory. The final storyline (Dent, 1991) emerged from the authors' continued reflections and discussions on the fieldwork, resulting in frequently revisiting the interview transcripts and the literature. The results of this analysis were then linked to HRV's documents, business press articles, and observations made during our site visits. To provide contextual richness while maintaining the anonymity of the respondents, we attribute the interview quotes by referring to the co-founder as the founder, the general manager and financial controller as senior managers, the middle- and lower-level managers as managers, and the franchisees as franchisees.

3.2 Case study site

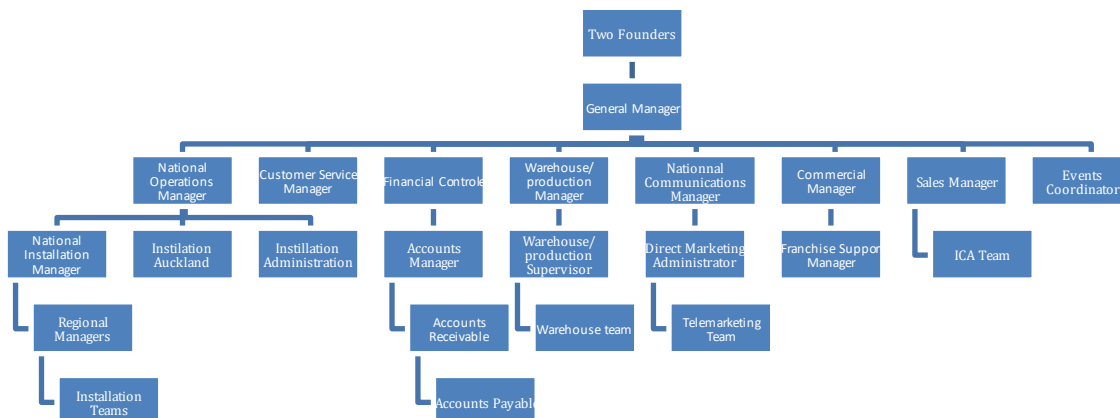
HRV manufactures, sells, and installs highly innovative home ventilation systems that pump filtered air from the roof cavity into the home. It is 100% owned by its parent firm Cristal Air International, which is owned by the two founders of HRV. The firm commenced operations in the western suburbs of Auckland in March 2003, achieving revenues of approximately NZ\$100,000 in its first year. By the end of 2008, HRV had 19 franchises covering all regions of New Zealand, with revenues of approximately NZ\$19 million, excluding franchise revenues, which totaled approximately NZ\$70 million. Over its first six years, HRV often experienced revenue growth rates of over 100% per annum. In 2006, HRV was recognized at the Deloitte's Fast 50 Awards as the fastest growing firm in New Zealand, having achieved a revenue growth of 732% in the past three years. In 2008, it was again in the top 50 of the fastest growing New Zealand companies, this time placing 22nd in the Deloitte Fast 50 Awards, with a revenue growth of 261% in the prior three years.

During the first six years of its existence, HRV also moved its headquarters to larger premises on several occasions, due to the rapid expansion in its employee numbers. Having started in 2003, with only the two founders, within a year HRV had hired 10 employees. This number doubled to 20 by the end of 2004. By the end of 2006, HRV's employee numbers had increased to 60. By the end of 2008, HRV directly employed approximately 200 people, with an additional 280 people employed through the 19 franchises. The franchising of HRV commenced in 2004 and continued until the end of 2008, by which time HRV had issued 19 franchise licenses, each covering a distinct region of New Zealand. This geographic segmentation was to ensure that HRV businesses did not compete against each other. Despite having moved to larger premises

on several occasions, HRV’s headquarters were still located in the western suburbs of Auckland and, at the time the research was conducted, were located at the site of the manufacturing plant that assembled all of HRV’s units. From its headquarters, HRV ran a national call center that booked in-home demonstrations, oversaw the installation process for all of New Zealand, and continued to cover the western suburbs of Auckland.

The organizational structure for HRV at the time this research was conducted is illustrated in Figure 1. There was a general manager who reported to the two founders, with eight managers reporting, in-turn, to the general manager, namely, a commercial business manager, a customer service manager, an events coordinator, a financial controller, a national communications manager, a national operations manager, a sales manager, and a warehouse/production manager. Most of these managers, in turn, had one lower-level manager reporting to them, although some, such as the national operations manager, had three managers reporting to them, and there was no lower-level manager reporting to the event’s coordinator. However, as discussed later, this organizational structure was not adhered to in terms of lines of communication.

Figure 1: HRV’s organizational chart



HRV’s successful execution of such a high-growth strategy makes it, as Cooper and Morgan (2008) call it, an extreme case. Consequently, it is an ideal early-stage firm to study and from which to gain new theoretical insights. Growth creates increased management challenges for early-stage firms, accelerating the adoption of MCS (Davila et al., 2010; Demir et al., 2017) and thus facilitating our understanding of how a

founder’s commitment blueprint is reflected in the design and use of MCS. Table 3 summarizes HRV’s growth milestones during its first six years.

Table 3: HRV growth milestones

<p>2003</p> <ul style="list-style-type: none"> • HRV founded in Auckland, New Zealand, in March 2003. • The founders exhibited a commitment blueprint, informed by their unique background. • The founders developed a vision statement, seven core values, and eight steps to success. • The founders sold door to door during the evening and installed systems during the day. • A direct marketing call center was established. • Started to hire salespeople and direct marketers and, by the end of the year, they had hired 10 employees. • A commission-based remuneration system was introduced for the salespeople. • Three sales meetings per week that emphasized organizational culture. • First year revenues of approximately NZ\$100,000. <p>2004</p> <ul style="list-style-type: none"> • Formalized business and training processes based on organizational culture. • Hired approximately 10 more employees, including an accounts manager, bringing the total number of employees to approximately 20. • Started to sell franchises to current employees. • Revenue increased to approximately NZ\$1 million. <p>2005</p> <ul style="list-style-type: none"> • Hired approximately 10 more employees (total 30). • Continued to sell franchises. • Revenue increased to approximately NZ\$2 million. <p>2006</p> <ul style="list-style-type: none"> • Hired 30 more employees (total 60), including department managers, a general manager, and a financial controller. • Developed a formal franchise operations manual. • Expanded to 14 franchises operating across New Zealand. • A pipeline customer relationship management system was launched. • Revenue increased to approximately NZ\$7.23 million (<i>Unlimited Magazine</i>). • Won the Deloitte Fast 50 New Zealand, with revenue growth of 723% from 2004 to 2006 (<i>Unlimited Magazine</i>). <p>2007</p> <ul style="list-style-type: none"> • Moved operations to a larger location within Auckland. • Started a bonus system for senior managers. • Hired about 40 more employees (total 100). • Hired an external accountant to produce financial reports on past performance. • Carried out initial financial analysis, including ratios and benchmarking. • Revenue increased to approximately NZ\$13.5 million. <p>2008</p> <ul style="list-style-type: none"> • Number 22 in Deloitte Fast 50 New Zealand, with revenue growth of 260% from 2006 to 2008 (<i>Unlimited Magazine</i>). • 19 franchises plus HRV central operations (headquarters) covering Western Auckland. • HRV revenues increased to approximately NZ\$19 million (<i>Unlimited Magazine</i>), not including franchisee revenues, which totaled about NZ\$70 million (Bridgeman, 2009). • 480 people employed across all franchises and HRV central operations (Bridgeman, 2009).
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This table was adapted from Akroyd et al. (2019).

HRV's product was designed to deliver a ventilation system to meet the financial and environmental needs of the New Zealand market. While the underlying concept of HRV's ventilation system was quite simple—based on positive air pressure that moved moist air out of the home to keep the inside air fresh—the technology used to regulate both the airflow and air temperature was very innovative. This resulted in HRV's ability to claim two major benefits and was the basis for its product promotion. First, it is a cheap and energy-efficient method of heating a house in winter and cooling a house in summer. The air in the roof cavity, which is warmer than the air in the house during a winter's day, is filtered and purified and then circulated throughout the house, thus heating it during winter. During summer, the ventilation system helps cool the house, since, on summer nights, the air in the roof cavity is cooler than the air in the house, and is circulated throughout the house during the night. This method of circulating air through a house is extremely energy efficient.

Second, and of increasing importance, are the health benefits claimed by the ventilation system. Due to New Zealand's high rainfall and being at the forefront of environmental issues, new homes are built to be weather tight to stop the ingress of water and the loss of heat. However, it appears this weather sealing of houses could have led to the unintended problem of "sick homes" (TVNZ, 2002), which occurs because of houses becoming so airtight that they limit the airflow throughout the house, resulting in 1) mold due to the buildup of moisture,⁵ 2) the buildup of airborne dust mite waste,⁶ and 3) high levels of airborne volatile organic compounds.⁷ Mold spores, dust mite waste, and volatile organic compounds have been linked with various illnesses and medical conditions. HRV claims that their ventilation system can help alleviate these problems by better ventilating houses and thus decreasing the buildup of these elements. HRV argues this improvement is possible because its system purifies the air coming from the roof cavity, then pumps it into the home to replace stale indoor air two to four times per hour, on average. By providing benefits addressing these two issues for homes, HRV created a new market for home ventilation that did not exist before their product was developed.

⁵ Moisture within a house comes from people (it is estimated the average adult releases two liters of moisture into the atmosphere daily), cooking, cleaning, gas heaters, and tumble dryers.

⁶ This is due to a combination of the increased moisture within a house and increased levels of dust from human skin and hair and decaying textiles.

⁷ These come from household chemicals (e.g., air fresheners, glass cleaners, bathroom cleaners, kitchen cleaners), paint, and cigarette smoke.

4. Findings

Research shows that founders are a source of imprinting and that their unique background can influence patterns of organizational design and development (e.g., Beckman and Burton, 2008; Fauchart and Gruber, 2011; Gruber, 2010; Johnson, 2007; Kimberly and Bouchikhi, 1995; Leung et al., 2013). Consequently, we present our findings starting with the unique background that informed the founders' commitment blueprint, and then show how the blueprint is reflected in the design and use of MCS at HRV.

4.1 Founders' background

This section presents the education, business experience, and other unique aspects of the HRV founders' background that formed the basis of their commitment blueprint. While one founder never attended university, the other dropped out in his final year of a business degree:⁸

Although I went to university, I soon found that I preferred working in marketing to studying it. Just two months before graduating with a double degree, I stepped away from studying and entered the high-energy world of sales. The pull of sales was simply this—I cannot help but look for ways to improve things.... How can I make this approach, this company, or product better? This desire to improve everything was key in building HRV. [Co-founder] and I challenged everything in pursuit of our vision.... I gravitate first to people with ideas to make the world a better place. The profit comes later. (Founder)

Both founders obtained their initial business experience in sales and marketing. HRV was the third business the two founders had cooperated in establishing. Each had also worked with other people on business ventures. As noted by the founder, both he and his co-founder had had mixed success in their prior business ventures:

There were several businesses, good, bad, and ugly, along the way. There were a couple of jobs, fabulous, and terrible. (Founder)

Immediately prior to the founding of HRV, one of the founders was a highly successful executive at one of New Zealand's largest firms:

At the time I was a very highly paid executive with the commercial and corporate sales teams at [XXX] and I had enormous budgets and no accountability. It was fabulous. No KPIs. Just an end result. They didn't measure us on closed business. They measured us on the size of our prospect list. It was the dream job... so there

⁸ Co-founder's LinkedIn page, accessed October 20, 2018.

I was, very cushy and to have a call from [co-founder] saying, “Hey, would you like to start all over again and knock on doors in the rain in Ranui [western suburbs of Auckland]?” It was very, very tough but I can certainly tell you now I’m very glad I did that, very glad indeed. (Founder)

Both founders had previously been employed in firms where they felt the employer demonstrated a lack of concern for the well-being of the employees. This was summarized by one of the founders in reflecting on a past job:

The CEO of the company was visiting, he was introduced to me. My scores were introduced to him, and he asked me about support. And my sales manager said right in front of the CEO, in front of me, if he wants support he can buy a jock strap. Such was the lack of care.

Since the founders had both previously worked in the western suburbs of Auckland, they had a good understanding of “Westie” working class West Auckland, subculture. A description of this culture was given by a participant in Calvert’s (2010; 136) examination of a public library in West Auckland: a Westie is “not just a culture but a whole identity. We are Westies. It is gum boots and black jeans. We follow the vision set by the Mayor and the Council CEO.” This cultural understanding proved to be important, since it allowed the founders of HRV to envision a caring organizational culture that would connect with their West Auckland employees.

The founders also believed that commitment was an important trait that they wanted to develop at HRV. One of the founders argued that

Businesses fail because the people that own them and run them are lazy and that’s it. Not that they haven’t instituted controls... it’s about dedication, responsibility and all of those things, tenacity, perseverance, work ethic, and then at the very end, after all that is skill level, right down at the end of the list, it’s skill level.

The founders’ experiences in their prior businesses, as well as their education and employment histories, influenced the manner in which they wanted to operate their business. Based on these experiences, the founders’ believed that a clear vision and the development of a caring organizational culture that was committed to its employees were important aspects of operating a firm. They believed that these aspects together with their own dedication, responsibility, tenacity, perseverance, and work ethic would lead to employees reciprocating the commitment, and thus working hard for the firm.

4.2 Attachment based on familial feel

The imprint of a commitment blueprint is first reflected in the HRV founders' intent to establish a workplace that fostered an intense emotional attachment and identification comparable to a family's, where employees would feel a deep commitment to each other and were passionate about the firm. From the start of the venture, the founders aimed to ingrain a sense of family throughout the firm:

Well, it's been very much a family... oriented business, always very family oriented, and now [the founders] refer to the team as their family. They look after their people. (Senior manager)

You know they've always said we're one family. The company is a family and that's the way [the founders] treat it. (Manager)

Based on the founders' previous employment experiences at firms that demonstrated a lack of care for their employees, they were determined to do things differently when they established HRV. They demonstrated their commitment to and concern for their employees by focusing on both the financial and physical well-being of the staff. They did this by paying higher commissions than was considered standard practice in their industry, resulting in their top salespeople earning well over NZ\$100,000 per annum (over double the average wage in NZ at the time):⁹

Some people may say how can you justify giving your salespeople XX% of the purchase price of the system. My answer is simple.... We look after our people, and if you've got a problem with that, then I've got a problem with you. (Founder)

In terms of the employees' physical well-being, the founders created operational policies that went beyond the legal requirements. Two examples of this were the health and safety policies and a program aimed at helping employees who smoked to quit:

Our health and safety policy isn't a regulation imposed on us that we must put on the wall.... It's not something that we did in order to conform, or avoid non-compliance fines. We just did it because it was the best for our people. There are air conditioning companies in New Zealand that you could work for, and you crawl around in the roof in the summer at 60 degrees Celsius. They will give you a t-shirt in the winter and a singlet in the summer and that's it. We do dehydration training, heat stress training, micro breaks, camel packs with electrolytes, sugar

⁹ While the commission paid to the salespeople was generous, the salaries paid to the other staff were comparable to those paid for similar positions in other firms.

salts, we do ice packs, ice singlets for cooling down, we have air conditioning in the vans at extra expense, and all of that type of thing. When the health and safety guy came in... he was like, well, you're already doing 10 times more than what other people are doing, at enormous cost, but it was about retention, reputation... and actually caring for people. (Founder)

We're not paying for people to quit smoking because it's a PR stunt that we hope is going to reach [the nightly] news. I won't even put a media release out.... We're paying because we don't believe our people should smoke. (Founder)

The founders also showed they cared by creating an attractive workplace for their employees:

This building, we didn't buy it for me and [other founder]. We bought it for our team.... We bought it because our people deserved a fabulous working space. (Founder)

The founders' commitment to their employees extended to the level where they would do what was best for their staff's careers, promoting them even when it cost the firm in terms of sales:

We promote people regardless of the consequences.... We promoted XXXX, regardless of what happened here. Because that was best for the individual, and the company did burn a little bit. (Founder)

This point is further illustrated by an example one of the founders gave of promoting someone who came from a disadvantaged background, lacked education, and, prior to joining HRV, had no notable work experience:

[The employees] work here because, I just promoted a 24-year-old... with no experience and a messed-up life, and multiple challenges... to the Waikato office to run a team of seven people and she'll be on \$45,000. Her other alternative would be packing groceries at the supermarket, or checkout girl at McDonalds. That would be it. She would be lucky actually holding those jobs, given she had no job-holding skills before she arrived here. So that's why [the employees] are here. (Founder)

This combination of people's passion for the firm, as well as the care and commitment the firm had for them, led to people wanting to work for the firm:

It's the level of communication that [the founders] have with us. It's the passion for us, not just HRV. They are very passionate about the people that work here,

and they're very loyal to their employees, their family,¹⁰ and that just breeds. You get it, you know, whatever you dish out you get back, and people here are just very committed to [Founder 1] and [Founder 2], besides HRV as a product and as a brand. (Manager)

4.3 Organizational culture

Organizational culture comprises the shared traditions, values, beliefs, and social norms of organizational members that influence their thoughts and actions (Flamholtz et al., 1985; Merchant, 1985; Schein, 1990) and has been viewed as the starting point for the design of MCS (Flamholtz, 1996). In line with other conceptualizations of MCS (e.g., Malmi and Brown, 2008; Merchant and Van der Stede, 2017; Simons, 1995), we view culture as a form of control used to communicate a firm's core values, inspire and motivate its employees, and regulate employee behavior (Heinicke et al., 2016; Simons, 1995; Widener, 2004, 2007).

The imprint of the HRV founders' commitment blueprint is reflected in the development of a culture that was repeatedly referred to as "the HRV way" in interviews. The culture was seen as familial, fun, unique, and different from anything that anyone had previously experienced. It was not at all like the culture at other corporations. One manager even likened the culture to the buzz of "a bee going towards the honey":

I will guarantee to you, you won't come across another company like us in New Zealand. (Manager)

I tell you what the most fun thing in here is: the culture of this company. This company has got an awesome culture. (Manager)

It's pretty much like in a family dynamic. It's a feeling which is much more personal. It's a hell of a lot more tangible. (Manager)

The founders influenced the establishment of the HRV way through their belief that culture would play a central role in the firm's success. Consequently, soon after its formation, even before hiring a single employee, the founders hired a business coach (who later became their general manager) to help them develop a vision that reflected their commitment blueprint for the firm:

In the early stages [the founders] were two guys operating out of the garage. I worked with them getting the foundations in their business nice and strong, which is obviously the introduction of a vision. (Senior manager)

¹⁰ The reference to family in this quote was clearly directed at the employees and how the two founders considered them family.

The vision stated what the business would be and how it would evolve. The vision the founders developed (see Figure 2) in 2003 has clear statements about the firm's structure, revenue expectations, customers, alliances, and, importantly, the firm's commitment to its employees and subsequent expectations of reciprocity. For example, the vision encouraged employees to make the most of opportunities provided to them to grow themselves and the business. The importance of employees being aligned with the firm's culture is also mentioned in the vision statement. The importance attributed to creating a vision as the firm's first formal document is evident in a statement by one of the founders' that they did not have much, but they did have "a garage as a storeroom, [a] strategy, [and a] vision."

Figure 2: HRV's vision

Vision

"Remember, our vision is our dream – Stay true to our dream and never lose sight of it. Keep it in view and it will keep us on track."

- Cristal Air International Limited is first and foremost an international franchise organisation with representation in many major markets around the world. Our Head Office is based in Auckland, New Zealand and our revenues exceed 75 million dollars per annum.
- We have built a worldwide network of licensed "HRV" franchisee's who are dedicated and committed to providing their customers with the very same solutions we do.
- Our unique combination of HRV products and services are designed around creating healthier more comfortable environments for both families and their homes.
- We have the premium product which enables us to dominate the markets in which we compete. Our unique combination of control filtration and airflow systems keep us and our franchisee's at the forefront of our industry.
- We continue to grow our business by developing key business alliances with those who can add value to our business and at the same time can in some way contribute to the realisation of our vision.
- We also focus on new product developments which in turn, provides our franchisee's with future add-on sale opportunities - For when our franchisee's prosper, so do we.
- As for our team – they are always professional, friendly and aligned with our company's culture and vision. Each team member is provided the necessary training and support through our "educate to motivate" induction program which is designed to create productive, profitable members of our team.
- Everyone understands the importance of delivering quality solutions and systems on time, every time. Our team are also dedicated and committed to providing our customers and our valued franchisee's with the very best.
- We expect everyone to take responsibility for their actions and contribute where possible to the overall success of the business.
- We encourage our team to make the most of any opportunities to grow themselves as well as our business.
- We are genuinely interested in all our stakeholders as our success will be measured by how successful we make others.

Source: Internal HRV document.

While the vision presented a generic outline of the culture the founders wished to nurture, they believed it was important to have more granular documents that emphasized the firm's core values and how they expected employees to conduct themselves.

Consequently, two further documents were developed that, it was hoped, would communicate the values and beliefs of the firm to employees in a simple yet powerful manner. The two documents were the core values (Figure 3) and the eight steps to success (Figure 4).

Those [core values and eight steps to success] simply support that vision.... So everything that we've developed supports that vision. (Senior manager)

Figure 3: HRV's core values

Core Values

- People
 - We value our Team.
- Honesty
 - We expect open and direct communication.
- Integrity
 - We do what we say.
- Commitment
 - We are committed to achieving our vision.
- Innovation
 - We are always looking for ways to improve.
- Excellence
 - Be the best – always.
- Customer Service
 - Make sure we leave our customers excited!

Source: Internal HRV document.

Figure 4: HRV's eight steps to success

8 Steps to Success

- Have a Great Attitude
- Maintain your Attitude
- Be On Time
- Be Prepared
- Work your full 8 hours or until you reach your goals
- Work your Territory correctly
- Know why you are here and where you are going
- Take Control

Source: Internal HRV document.

The first four of the seven core values—especially the fact that the first core value is the value the firm places on its employees—highlight the essence of the founders’ commitment blueprint: people (we value our team), honesty (we expect open and direct communication), integrity (we do what we say), and commitment (we are committed to achieving our vision). The eight steps to success show employees how to be successful in their jobs and are equally applicable to their daily lives:

The root of what every single person within HRV does is [based on] the eight steps [to success]. (Manager)

They’re [the eight steps] not just for work. They’re for life. They’re mostly commonsense things but actually applying them is great. (Franchisee)

The eight steps to success stress the importance of attitude, punctuality, and proper preparation, working a full eight hours or until you reach your goals, working your territory correctly, knowing why you are here and where you are going, and taking control. Together, the core values and eight steps to success became a central part of the HRV way that managers used to influence behavior. This can be seen in the following franchisee’s description of the HRV way:

So, the HRV way is about doing something and something will happen. So, if you have got an appointment and the customer’s not home, you are left with two choices. Choice A, you go home; Choice B, you go and knock on some doors and generate another appointment. The HRV way is to go knock on some doors to get another appointment, and there’s an amazing number of stories that come when you do something. Something actually happens to you.

Another HRV principle is do what you say you’re going to do when you say you’re going to do it. So, if we say we’re going to be there at 9:00 to install your system, we’ll be there at 9:00 to install your system.

We tend to take the hardest road all the time. It could be easier to lie to customers and take half an hour on a presentation. Our presentations take an average of two hours, which is a hell of a long time to put on a presentation... but you walk away with customers then fully educated.

Managers recognized that organizational culture reflects the beliefs internalized by staff. Therefore, developing and reinforcing an appropriate culture requires more than formal documents stating the firm’s vision statement and core values. For the vision to be realized, HRV needed to establish a culture where the employees were committed and passionate about the firm:

It's what happens in the mind of the employers, employees, and the leaders in the group and behind closed doors that matters the most. (Founder)

People get very passionate about our business. It's because we inject a lot of passion.... It is all about the passion the people have for the product. About how we do things.... (Manager)

Therefore, actions were taken to support familial attachment and the organizational culture. The actions included ingraining the core values and eight steps to success (the HRV way) through visual reinforcement by placing posters with the seven core values and eight steps to success on the walls in all the offices and meeting rooms at HRV and in all of the franchises. This was done because it was felt that, to establish the desired culture, it was important to continually communicate the firm's values. This commitment to HRV's values was further supported by the managers:

We don't just put [the core values and eight steps to success] on the wall; we put them in our pocket and take them with us. (Founder)

Secondly, the managers put in place MCS to support and strengthen familial attachment and the organizational culture. These controls included employee selection, an induction program, training sessions, regular meetings, rewards, penalties, an operations manual, and franchise audits.

4.4 Personnel controls

Personnel controls involve the need for firms to employ people that fit their values, upgrade their capabilities through mechanisms such as induction and training programs, as well as improving communications through the use of meetings (Merchant, 1985). The main challenge with using personnel controls is to find the right people, whose goals are congruent with those of the firm (Merchant and Van der Stede, 2017).

4.4.1 Employee selection based on fit

Employee selection is part of the personnel controls available to a firm (Abernethy et al., 2015; Campbell, 2012; Merchant and Van der Stede, 2017). Employee selection processes enable firms to attract and recruit employees who they believe will fit the firm's values, that is, those with similar values or beliefs as the firm (Abernethy et al., 2015; Campbell, 2012; Van den Steen, 2010). This is an important management control,

since a firm's employees can have a substantial impact on the manner in which it operates (Roberts, 2004).

The imprint of the HRV founders' commitment blueprint is reflected in the hiring of staff based on an assessment of fit. Initially, employees who were perceived would fit with the desired values were hired. As HRV grew, the importance of a perceived fit to these values increased. As noted in interviews, employees' perceived fit with the firm's values was the predominate criteria for hiring decisions and of far greater importance than qualifications or previous experience:

My actual hiring has gotten a little more selective now. (Franchisee)

We bring them in for an interview. You can't tell from any qualifications whether they're going to be any good. That's the first thing about call center people, that generally the ones that we really value have never done call center work before.... The same with sales, to be honest. Generally, somebody who might be a shit, or a bloody courier driver, they might be better than anything else. So, you've got to make sure that your recruitment advertising encourages a lot of character types, but not necessarily the experienced types. When they come through the door, you're screening them, you're meeting them, you're getting a feel for them. (Franchisee)

Friends of employees and customers were initially hired. It was felt that, given their prior experience or interaction with HRV (e.g., as part of the sale process for customers) and desire to join the firm, they would be more likely to be passionate about the firm and fit with the values:

I've employed customers, friends of other people who are already part of the team... or there's customers who see our ads and think, "Wow, yeah, I love my HRV, I'd love to go and do that!" (Franchisee who initially worked at HRV)

The importance of hiring employees who would be committed to HRV's values and would reinforce attachment based on the familial feel created by the founders, including reciprocity shown to the founders, was nicely summarized by a manager as follows:

[T]here's a very close-knit family here and the people that we bring on now are handpicked. We just will not allow anyone into a business that's not going to be as committed and as supportive as we are. It's a very loyal business.... People feel a sense of duty and a sense of "I wouldn't want to do anything wrong because I don't want to hurt [Founder 1] and [Founder 2]." You know? Because they understand it's [Founder 1] and [Founder 2]'s business. So there's a certain level

of care. I've never seen it before anywhere, where there's a personal commitment.
(Manager)

4.4.2 Induction program, training, and meetings

The imprint of the HRV founders' commitment blueprint is reflected in HRV managers' belief that, even though employee selection was based on perceived fit with the firm's values, it was necessary to constantly communicate with and engage staff in discussions surrounding the core values and eight steps to success to maintain the firm's culture. This began with an induction program held at the HRV head office. This program covered product and procedural training, but also heavily emphasized the organizational culture. The immersion of new staff into the HRV culture was considered the most important aspect of the induction program:

Our... induction to HRV is to get that culture. Because that really is the most important thing.... You can easily teach somebody to press this button on a computer.... That's easy. But it's not so easy, it's very hard, to train somebody in culture.... Essentially you just have to get people in amongst it and get them to feel and feed off it themselves and, and pick it up that way. And then hopefully take it back and get that culture going into the office. (Manager)

It was really the product training and how the HRV way, per say, works and the culture of the business and.... They're sort of philosophies that get drilled into you.... You're completely brainwashed by the time you get out of there.
(Franchisee)

Given the central role that the conveyance of HRV's culture played in the induction program, the induction was always held at HRV's head office in West Auckland. This way new staff and especially new franchisees could become immersed in the culture:

They come here to [HRV]... no matter where they are from and it's all about immersion. They simply are immersed in the [HRV] culture. (Manager)

It's a weeklong training by [one of the founders]... the general manager, and the franchise manager. And they all come in and give you a talk.... And they sort of teach you everything about HRV, the culture.... I think that's a very good thing, because that's what the company's all about.... It was an intensive week, it was just so full on... Yeah, but it was really good. Very rewarding. (Manager)

In addition to the induction program, a heavy emphasis was also placed on ongoing training for all staff across the entire firm. Given the central importance of the sales and direct marketing staff to HRV's success, special training sessions were provided to staff

involved in these functions. For example, one manager noted how, when they started, they designed a training program for the direct marketing managers from the various franchises. Again, this training's central focus was on the HRV culture and it was used to ensure that all the franchises were maintaining this culture, which would be subsequently verified by the manager by on-site visits:

The first thing I did when I came on board was get a direct marketing manager training set up. They come here to West Auckland for three days, no matter where in the country they're originating. They come here for three days and it's all about immersion. They simply are immersed in West Auckland and the culture, and then they are to take that back and, then, of course, I go and visit and have a catch-up with them on the phone. (Manager)

In addition to this, whenever new sales or direct marketing staff commenced employment, they received formal training, which was based around the eight steps of success:

It's our world-famous educate to motivate sales training program based on the eight steps... and it's the HRV way.... It's been the backbone of our business, those things, and they're fantastic. (Franchisee)

I'm sure you've heard of the eight steps.... What we do is train on that... we nurture what it would mean to that individual for the eight steps of success in their personal life and in their professional life. (Manager)

As indicated in the quote and highlighting the founders' commitment to their employees, the training that employees received not only related to their jobs, but also applied to their lives outside their job, so that they could make the most of their lives.

Training through the use of the eight steps to success did not stop once an employee started working, but was continually reinforced and built upon through regular meetings. Meetings also formed a mechanism through which organizational expectations were set and the culture reinforced. Consequently, the different parts of the organization met frequently. Of particular note is the fact that there were two to three sales team meetings a week. This was because the salespeople were the face of HRV and, therefore, it was vitally important they be fully immersed in the HRV way of doing things:

Our direct sales team meets twice a week, our direct marketing team meets twice a week, our sales team meets three times a week, our warehouse people meet two times a week, and our [installers] meet two times a week. (Senior manager)

These meetings often incorporated sessions on the core values and eight steps to success. For example, some meetings would focus on a work scenario and how this could be addressed by applying the eight steps of success, while other meetings would focus in-depth on one particular step or one of the three core values. As evidenced by the second of the following quotes, if a team or an individual was “falling down” in a certain area, this would be discussed with reference to the eight steps to success to find ways of increasing performance:

Yeah, every single meeting I remind them, “Guess what, men? If you don’t have [the eight steps to success], you’ll never succeed in anything.” (Manager)

Whenever we have a management meeting, the vision or... the eight steps [to success] are often brought up. Especially if we are falling down in a key area. It’s like, guys, go back and look at the... eight steps. And is it number 1? Or is it number 2? (Senior manager)

This continual reinforcement of the eight steps to success resulted in all employees being fully aware of them. As noted by a manager,

Everybody, whether they are an installer or a sales rep or a direct marketer or someone in a management team, knows the eight steps [to success].

4.5 Results controls

Results controls are designed to enforce target achievement by monitoring and rewarding outputs (Merchant and Van der Stede, 2017). An important part of results control is reward and compensation systems designed and used to motivate effort and to evaluate and reward performance (Malmi and Brown, 2008).

4.5.1 Reward systems

The imprint of the HRV founders’ commitment blueprint is reflected in the reward system, which comprised both financial and non-financial rewards that reinforce and support the cultural controls. Financial rewards in the form of commission-based wages were aimed at ensuring financial goal congruence between the telemarketing and sales

employees and the firm.¹¹ Sales employees who visited a potential customer's home to deliver the sales pitch received a commission percentage considerably higher than the average for the industry. This meant that successful sales employees earned in excess of NZ\$100,000, which was more than double the average wage. Telemarketing employees were also remunerated based on commission. Their commission was based on a formula that included the number of appointments booked and the number of resulting sales. The formula also included deductions for appointments that did not result in sales if the dwelling of the potential customer was not suited for an HRV system installation and it was felt that the telemarketer should have been able to ascertain this over the phone when making the booking. Both commission systems were designed and used to incentivize employees to sell as many HRV systems as possible, since it was recognized that sales drove the growth of the business. The remainder of the HRV staff received salaries at levels comparable to those of other firms. As the founder noted:

[The employees] don't work here for the money.

The main non-financial reward system in place at HRV was the Person of the Month Award. The Person of the Month Award supported the firm's familial feel and organizational culture. Once a month, all the employees got together for a meal where the Person of the Month Award was presented. Of note is the award's reference to the Person of the Month and not the Employee of the Month. This reflects the fact that the award is based not on criteria such as which salesperson sold the most HRV systems, but rather on who was upholding HRV's values, was perceived to be doing a good job or assisting other employees, or any number of things that the senior managers felt contributed to HRV's family atmosphere and organizational culture. The award was therefore open to all employees and past recipients came from different areas of the organization. Recipients of the Person of the Month Award received a gift of their choosing, with a value of up to \$500. The decision not to give the award recipient \$500 in cash was a conscious one, since it was felt that a \$500 gift or experience would be better remembered by the staff, increase their loyalty to the firm, and thus help build a family focused culture aligned to the founders' commitment blueprint:

¹¹ For confidentiality reasons, we are unable to disclose the commission percentage for the sales employees or the formula for calculating the commission for the telemarketing employees.

[T]he Person of the Month Award is a way of acknowledging somebody's good doings. That's a reinforcement of the culture. (Senior manager)

So the Person of the Month is very important. And do we just go through the motions? No! We put on a wonderful feed. Practical though. You know? Sausages are practical. Not champagne and spending more and trying to over-impress people and box outside our weight. We just know who we are and where we are and where we're going. So Person of the Month. Culture! (Founder)

In addition to the Person of the Month Award, there was a specific award for the installers called the Golden Diffuser. This award was awarded every two or three months to the regional team that had the highest number of installations per van with the least amount of damages or complaints. The Golden Diffuser Award was presented at a fun activity that the firm organized but which the installers selected, such as the previous examples of go-karting and paintball. This reward system was devised and instituted by the managers, since the installers were paid a fixed wage, irrespective of the number of installations they completed. The purpose of this reward system was twofold: first, to provide an incentive to increase the number of installations per day, thus increasing revenues. Given installers were paid a fixed wage, irrespective of the number of installations they completed per day, it was recognized some form of incentives were required to increase the number of installations:

[The installers] fit in five installs for eight hours of the day, or they have three installs for eight hours a day. They're still getting paid eight hours of the day, so they don't get any more money. There's no incentive for them to work... and try and get more installs done. So, we thought how can we kind of make it so that they can, you know, get that whole attitude of let's chuck a few more in if we finish early. (Manager)

The second purpose of the Golden Diffuser Award was to ensure a positive familial working environment that made people want to work for HRV. Therefore, it was considered important to make the award non-financial and fun based. This was considered especially important, given the nature of the installation side of the business:

Crawling through ceilings and installing ventilation systems isn't exactly, you know, a glamorous job, so you've got to try and keep it interesting for the guys. (Manager)

We try and keep it interesting. To make sure that they're working with a good bunch of guys. There's nothing worse than turning up to a job and you're working

with the grumpiest guy in the install team. So, we've got to try and manage that as well. (Manager)

Managers noted that the Golden Diffuser had been extremely successful in creating a positive familial feeling within installation teams, as well as increasing the number of installations per day, with installers now calling in and asking for more work, even though it did not increase their pay. This success was attributed to the reward system being non-financial, fun based, and benefiting the entire installation team, which engendered a friendly level of competition among the installation teams.

In addition to positive rewards, such as the Person of the Month and the Golden Diffuser, HRV also had strong penalties for employees who violated firm policies or culture. These were considered extremely important for two reasons. First, recognizing that there was a great deal of pressure on sales employees to close sales, the penalties acted as a counterbalance to the commission-based financial incentives. While HRV recognized the importance of sales, it did not wish to promote a "sell at all costs" approach. Second, there was a fundamental belief in the importance of organizational culture as central to the long-term success of the business. Therefore, it was felt that people who violated the culture were placing this success in jeopardy. Consequently, HRV would fire successful salespeople who did not adhere to the organization's values. It was felt that the organizational values were important to adhere to, without exception, since the short-term costs the firm could suffer in terms of lost sales were far lower than the long-term costs associated with negatively affecting the culture by allowing exceptions. This no-exception rule was not only applied by the head office, but also adopted by franchises and was believed to be different from what took place in most organizations:

You write down that the customer was not home. I'm going to ring the customer and ask them why they weren't home. And if they tell me, "I was home, the lady was here for an hour and a half—she was very, very good, we're going to buy one next year," I now know that, instead of ticking the sale pending box, you ticked the Not Home box to improve your numbers. That means all the information... you've given me is incorrect. Untruthful. That means that we no longer have a business relationship. But wait one minute. You've done \$100,000 worth of sales in the month, so surely I should treat you differently? Not! Some of our [franchises]... get rid of very, very high-yielding salespeople that are breaching their culture, their values. We literally do that, and I know there isn't another business on the planet that does it. (Founder)

Many businessmen that I meet finish that statement with this word here: *except*. No compromise, except if the guy's [earning us] \$150,000 per year. No compromise, except if we need to improve the bottom line. (Founder)

4.5.2 Performance measurement systems

In addition to the rewards and penalties detailed above, managers implemented a customer relationship management (CRM) system. As noted by Merchant and Van der Stede (2017: 37), one role of results control is to “inform employees as to what is expected of them and encourage them to do what they can to produce the desired results.” This was the role fulfilled by the CRM system. While this system started as a way for HRV to collect and organize non-financial customer focused information, it developed into a comprehensive performance measurement system that provided managers with the ability to monitor and compare the performance of individual salespeople, sales teams, and franchises across several metrics. A comprehensive report was distributed every four weeks:

All the country's figures go out at the end of every sales period. So, every four weeks, all the figures go out with what everyone sold, what revenue per household, our territory, how many salespeople we've got on, what our conversion rates are. So, we all know what each other's business in the group is doing. (Franchisee)

In addition to these four weekly reports, the CRM system was open to all managers and franchise owners. The CRM system was a live system with all data relating to the prior day, entered into the system by 10 a.m. the following day. This allowed managers and franchise owners to track on a daily basis the performance of their salespeople, as well as others across HRV, thus allowing them to benchmark performance relative to other sales teams or franchises. Managers and franchise owners were encouraged to use the functionality of the CRM system to promote a dialog about performance with the salespeople:¹²

We can get a breakdown of your performance. We can get percentage ratings. We can get a national review. It's all those things that are designed to measure your performance on a day-by-day basis. These figures are live, so at any stage, if I'm meeting with you today, then I'll go to our CRM system and I'll produce your performance for the last three sales periods, or whatever the case may be, and we can track your performance. (Senior manager)

¹² We were shown a CRM report during a site visit and given a demonstration of the CRM system's capabilities.

Unlike the reward system and penalties, the CRM system was not designed to link to HRV's organizational culture. Instead, it was implemented with a focus on driving sales growth. The complete transparency afforded by the CRM system created pressure among the salespeople to continuously strive to increase their sales. Recognizing that this pressure could result in some salespeople deviating from HRV's values or culture resulted in strict adherence to the penalties described above. It was felt that only through this strict adherence could HRV ensure that their values and organizational culture would not be compromised.

4.6 Action controls

Action controls comprise the behavioral constraints (physical and administrative), action accountability (work rules, policies, procedures, and codes of conduct), and pre-action review (direct supervision, approval limits, and budget reviews) designed and used to motivate specific actions being taken within the firm (Malmi and Brown, 2008). That is, action controls directly control employees' behavior by ensuring that they "perform (or do not perform) certain actions that are known to be beneficial (harmful) to the organization" (Merchant and Van der Stede, 2017: 86).

4.6.1 Action control supporting organizational culture

The imprint of the HRV founders' commitment blueprint is reflected in the only substantial action control we observed at HRV, which was the use of an operations manual for franchisees that was associated with regular contact with the franchises and franchise audits. This control was put in place because it was recognized that the actions of a franchisee in one region could lead to the loss of firm reputation, likely to adversely affect HRV operations across the entire country. However, far from being solely an action control, the operations manual and regular contact from the head office were designed and used by managers to ensure the continuation and spread of HRV's distinctive familial feel and organizational culture. The ingraining of these elements into the operations manual was due to the belief within HRV that stronger attachment to HRV and its organizational culture resulted in better financial results for the franchises. This belief stemmed from the fact that the franchises producing the best financial performance were those that were felt to epitomize the HRV culture:

[If a franchise is] following the HRV way, you're a phenomenally successful business. If you're not, you will still be very successful, but just not to the level that you could be. Without a doubt. I see that every day. (Manager)

Consequently, the policies and procedures that senior managers felt contributed to the HRV familial feel and organizational culture were embedded within the operations manual during its development. The operations manual was thus used to help ensure that all franchises remained true to the HRV culture. Therefore, in addition to drilling down into the important operational areas of the firm, the operations manual focused on ensuring that the HRV culture was maintained, by specifically emphasizing the firm background, vision, and core values and embedding the use of the eight steps into training and meetings:¹³

Our operations manual.... It takes you through everything from how we answer the phones here, through to how we sell here, our franchise operations... [it includes the] company background, philosophy, corporate identity, legal, administration, accounting, business plan, personnel training, health and safety, franchisees, support sales, administration, independent commissions. This is basically how a HRV business needs to work. (Senior manager)

The operations manual was accompanied by regular contact with a manager from the head office to ensure that the franchises were maintaining the HRV culture. The following quote stresses the importance of constant communication with the franchises, since there was a risk that, without this constant reinforcement of the HRV way of doing things, the culture could be diluted:

My role is on the phone all the time. If I'm not in the franchise, I'm on the phone to them, and it's simply just reminding them every day of the HRV way. And it gets diluted, it does. But it's so concentrated and so powerful that, even when you dilute it by 5%, it's still very effective, let me tell you. (Manager)

This constant emphasis of the importance of the culture was also supplemented by franchise audits two to three times a year. These audits served two primary purposes. The more rudimentary purpose was to ensure that the records were accurate and up-to-date. Managers within HRV recognized that, due to the high growth rate experienced by the firm, franchises could overlook the recordkeeping side of things. Therefore, one of the

¹³ While we were shown a copy of the operations manual and allowed to look through it, due to confidentiality reasons, we are not allowed to provide specific examples or quotes.

focuses of the franchise audit was the auditing of the records and recommending how business processes could be improved:¹⁴

I put more of a business improvement theme to the audits. It's not necessarily designed for me to come down to your business and bloody rattle your cage and hit you with a big stick because you're not [keeping records]. Because we understand that you should primarily be focused on selling more....The audits are simply designed to help you with any of the hundred little things in your business that fall through the cracks and some of those little things can impact on somebody's experience that they have within the HRV environment. So, it's important that there is somebody checking that [stuff] for the business owner. (Senior manager)

These audits appeared to be welcomed by the franchisees:

I think the audits are good. It's a control mechanism to make sure all the little things are being done right in terms of the paperwork, following up customer complaints, service register, and things like that.... I'm sure there'd be places where I fall down. I think every business does to a certain extent. In some things, if I'm just trying to focus on more sales, I'm sure some of the admin processes won't get ticked off every single time. (Franchisee)

The second purpose served by the franchise audits was to ensure that the franchises were doing things the HRV way, that is, following the aspects of the franchise manual that ensured that HRV's culture was being embedded in all aspects of franchise operations:

Which is why the auditing facet of what we do is important, because three times a year I'll be visiting your business to make sure that you haven't dropped back into your old ways and picked up things.... One of the unique things about HRV is that we just don't do things normal. That's what I think differentiates us from any other business out there. (Senior manager)

Thus, while the operations manual enabled consistent operational processes to protect the HRV brand image, it was also designed and used to influence the spread of the familial feel and organizational cultural across the firm. The importance associated with following the policies and procedures within the operations manual and the belief that doing so ensured the continuation of the HRV culture is evidenced by the regular managerial contact to remind franchises of the importance of following the operations manual, as well as franchise audits to ensure its policies and procedures were being followed. It is

¹⁴ The audit protocol was shown to the authors. However, due to confidentiality reasons we are not allowed to provide the protocol.

therefore clearly evident that these action controls are linked back to supporting and reinforcing HRV's organizational culture.

4.6.2 Unimplemented action controls

In addition to being reflected in the action controls that were implemented, the imprint of the HRV founders' commitment blueprint is also evident in the action controls that were not implemented. While an emphasis was placed on following the operations manual, since it linked back to HRV's culture, there was a reluctance to implement other action controls that could not be linked to the firm's culture. The managers felt that the introduction of actions controls that did not relate to HRV's culture would increase bureaucracy and thus be detrimental to the organizational culture:

There isn't any red tape... or any micromanaging. (Manager)

We don't need, we've never needed a lot of documents." (Manager)

As noted previously, the commitment shown by the founders to their employees was reciprocated. This resulted in employees also trying things that could improve firm performance in terms of sales, processes, or any other aspect. The managers felt that the introduction of rules regulations would diminish the freedom given to employees to try new things:

If you make a mistake, you make a mistake and you learn from it and you don't dwell on it and it's not even an issue. It's just, you tried something, it didn't work, no problem. Everything we do is "Let's pilot that," "Let's try that," "Let's do that," "Great idea, let's do that." "Oh, that didn't work. Alright, we'll do something else." (Manager)

Specific examples that were cited in the managers' interviews were the absence of budgets and lack of job descriptions. Given all the information contained within the CRM system, HRV had the capability to introduce budgets. However, they decided not to, since the managers believed that doing so could create a bureaucratic working environment, giving rise to dysfunctional behaviors:¹⁵

[With budgets] you get tied up in so much bureaucracy and so much business case. You need to write to get this signed off and a budget to spend, not

¹⁵ The lack of budgets could also be due to the lack of external pressure, since the firm did not need venture capital to scale up its business, choosing to grow through franchising.

necessarily for the right reasons you know.... But nothing actually gets done.
(Manager)

Thus, the HRV managers did not feel it was necessary to establish goals and standards. In a way, the HRV vision statement acted as a de facto goal, since it clearly stated the founders' long-term goal of becoming an international firm with revenues exceeding NZ\$75 million. With the mix of organizational culture and reward and compensation controls that aligned the interests of employees with those of the firm, the managers did not need to spend much time planning:

We are stuck on our vision and we've been true to that all the time. All the way along, and still to this day, and will continue to be. (Senior manager)

Attempts were made to write job descriptions for advertised positions. However, given HRV's rate of growth, the nature of the job would change from the original job description. This was not seen as a problem per se, since the firm relied less on job description statements as a form of control and more on the culture of the firm to control employee behavior:

By the time we've placed a person, the original job description that we were seeking the employee for [the job] has completely changed.... So a lot of things are cultural. (Founder)

Consequently, many positions within the firm did not have up-to-date job descriptions, and many had no job description at all. One manager even joked about when these job descriptions would be written. The lack of job descriptions was not considered a problem and was even viewed as a positive, since job descriptions were seen as a form of bureaucratic control that would detract from the culture that had been created. As opposed to employees doing what was listed on their job description, they just did what was required:

We don't want to create an environment where a fellow workmate, like, just says, "Oh, look, so-and-so needs a hand with this. Can you give them a call?"... And that person's saying, "Oh, hold on a minute, I'll just get my job description out."
(Manager)

We don't want to get to the stage where everybody's sitting like clones at their desks. (Manager)
I don't have any actual set responsibilities. They're all more high level.... I just get chucked stuff and I do it. (Manager)

Furthermore, HRV's reliance on organizational culture created an environment in which its managers did not feel the need to implement further action controls. As noted by the founder, due to the culture, "the controls haven't had to be put in place."

However, the lack of action control came at a price. For example, the managers were unaware at one point that HRV systems were being stolen from the warehouse. The firm only became aware of this when the police returned a stolen boxed HRV unit that they had found in the back of a stolen car. At the time of completing our interviews, HRV was in the process of implementing inventory controls to monitor warehouse stock. Prior to this, no inventory controls had been in place at the warehouse:

We're just getting a better inventory control going that will record the receipting and issuing of stock, and then eventually we will be using scanners. (Senior manager)

4.7 Informal controls

We use the term *informal controls* (Anthony et al., 1989; Tucker, 2019) to describe the informal and flexible communications within HRV. These controls are less objective, uncodified, not consciously designed, and include the firm's unwritten policies (Cardinal et al., 2004; Langfield-Smith, 1997). They emerge through face-to-face personal contacts and experiences (Cardinal et al., 2018) and are influenced by common values, beliefs, group norms, and traditions (Collier, 2005; Ouchi, 1980; Tucker, 2019). Included within informal controls are the different lines of communication that can occur in an informal organization (Anthony and Govindarajan, 2007), as opposed to the formal relationships depicted in an organizational chart. In this regard, these controls are similar to what Ouchi (1979) terms clan controls that derive from or are an artifact of the organizational culture. Thus, informal controls differ from formal controls based on 1) the extent to which they are explicitly designed or planned and 2) the extent to which they depend on the people involved (Stouthuysen et al., 2017; Tucker, 2019). Informal controls are thus different from formal controls that are consciously designed and/or persist independently of the people involved (Stouthuysen et al., 2017; Tucker, 2019).

The imprint of the HRV founders' commitment blueprint is reflected in a number of informal controls within the firm. Within management levels, there was an open-door policy, and any manager could pop into another manager's or even either of the founders' office. The founders themselves were known for "popping by" other managers' offices and welcoming staff to pop into their office. There was no hierarchal protocol to which lower-level managers had to adhere, which reflected the familial feel and organizational culture of the firm. Any manager could go straight to the general manager or one of the founders, if they thought this the most appropriate course of action. Similarly, franchisees were free to call any manager or the founders at any time of day:

I'd have to say the informal communication certainly outdoes the formal communication. (Senior manager)

There's not really a strict kind of hierarchy that you've got to go through... to speak to [one of the founders]. You don't have to go to [the general manager] and see whether it's okay.... It's a fairly relaxed kind of business relationship that everyone has. (Manager)

If I have to ask a question or we need information or [either of the founders] needs something, they just pop down and we speak. There's no... "I'll wait and I'll talk to them in the meeting about that," or "I'll put that in my monthly report and flag that as an issue." (Manager)

This open-door policy of informal communication was not limited to management but was extended to all employees. All employees were free to call any manager or the founders at any time. The following specific example was given with regard to the installers and electricians:

That's something that we stressed with our guys.... Even the installers... or the [electricians]... they don't have to ring their manager and then their manager gets in touch with us to try and... answer any questions or anything like that. If they've got a question, our phones are always on. So just ring us straight away. (Manager)

These informal management controls were seen as essential in ensuring quick resolutions to matters, as well as the maintenance of the firm's familial feel and organizational culture. It was felt that a more formal style of management would result in the firm becoming bureaucratic, which would impede the quick resolution of matters and thus hamper firm performance. The firm's success was specifically attributed to the informal controls, which allowed direct and timely communications:

It's an informal management style. But as I said before, it's trying to face up to issues quickly before they grow. (Senior manager)

That's why HRV is successful. We have a huge amount of just ad hoc communication going on. (Manager)

We've grown because of that, you know. Because there is communication all the time. Because there are no secrets. Because there is transparency in everything we do. Because everyone is always communicating. (Manager)

5. Discussion

According to Baron and Hannan (2002), a founder's blueprint describes how the firm should look and feel, including the manner in which employment relations are organized and personnel are managed. Founders who apply a commitment blueprint to their ventures aim to establish a workplace where employees feel an intense emotional attachment to each other and the firm and are passionate about the firm's vision (Baron and Hannan, 2002; Baron et al., 1996; Grant, 2016). This is substantially different from the four other blueprints, where attachment is based on the underlying work, as in the engineering, star, and bureaucracy blueprints, or on financial rewards, as in the autocracy blueprint (see Table 1).

Our findings confirm those of the Stanford Project on Emerging Companies (Baron and Hannan, 2002; Baron et al., 1996, 1999a, 1999b, 2001; Burton, 2001), which show that founders following a commitment blueprint rely on cultural controls and select employees based on fit. We show that, from the start of the venture, the founders of HRV aimed to establish a workplace with an intense emotional attachment and an ingrained feeling of family throughout the firm. This was because the founders believed that emphasizing organizational culture was important in communicating values, motivating employees, and giving direction to the firm. The design and use of cultural controls at HRV began with the development of formal documents outlining the vision, core values, and eight steps to success. As the firm grew, cultural controls continued to be emphasized, as managers introduced controls specifically designed to be linked to the organizational culture. To ensure the development and maintenance of the desired organizational culture, the founders initially focused on hiring employees who would be committed to HRV's values and reinforce the familial feeling. The founders then demonstrated commitment to their employees by taking care of their financial and

physical well-being and providing them a great workplace. This approach to attachment formed the underlying basis for the organizational culture the founders aimed to develop within the firm. This led to reciprocity, with employees wanting to work for the firm and to do what was best for it. This solidified the commitment each party had for the other and created an intense emotional sense of belonging and identification with the firm:

They trust in you and you do the job, and that's why I say I've never worked in a company like this. (Manager)

In addition to confirming the central components of a commitment blueprint determined by the Stanford Project (Baron and Hannan, 2002; Baron et al., 1996, 1999a, 1999b, 2001; Burton, 2001), we provide additional insights into the MCS within a firm established by founders following a commitment blueprint. First, we show that the founders imprinted their commitment blueprint on the MCS of HRV. In addition to the controls they initially established when they started the firm, their commitment blueprint is reflected in the subsequent design and use of MCS that supported and reinforced the organizational culture. This can be seen from the fact that managers realized the importance of the organizational culture for “indoctrinating” (a term used by a senior manager) employees into the firm and inspiring them about the firm’s vision. It was therefore extremely important that any controls introduced reinforce the organizational culture. Thus, when managers designed controls, there were explicit links to the organizational culture. Examples evidencing this were the direct marketing manager training, which centered on immersing participants in the organizational culture, the operations manual (which focused on the importance of organizational culture), and the franchise audits, which, in addition to procedural matters, were designed to ensure the franchises were adhering to the HRV culture. Similarly, the franchises did not wish to jeopardize this reliance on cultural control and, consequently, would fire employees who did not adhere to HRV’s values. This imprinting of the commitment blueprint is further evidenced by the increasing importance placed on employee selection as HRV grew. Managers did not wish to jeopardize the familial feeling that had been created and became even more selective in their hiring, placing greater emphasis on perceived fit, compared to experience or qualifications.

Our findings also highlight that HRV’s cultural controls were supported by strict adherence to penalties. Given the pressure on the salespeople to increase sales, it was

important to balance these pressures with penalties for employees who breached HRV's values. Consequently, managers did not hesitate to fire successful employees who deviated from HRV's values. Given that research highlights the fact that penalties induce greater effort than rewards (Hannan et al., 2005; Hossain and List, 2012; Van der Stede et al., 2018), the visible enforcement of values by firing staff for not adhering to the organizational culture is likely to reinforce employee conformance to the organizational culture.

In addition to the formal controls (cultural controls, personnel controls, results controls, action controls) discussed previously, our findings reveal the extensive use of informal controls. Informal controls were seen as a critical part of HRV's success, allowing employees to resolve situations in a timely manner without having to worry about formal policies and procedures. It was acceptable for any employee to talk directly with either of the founders or any manager within HRV. In terms of communication, the managers and employees were not concerned about formal lines of responsibility. The use of informal controls was possible because of the organizational culture.

Our findings on the role played by informal controls within HRV are consistent with those of other studies that show the importance of informal controls within firms (Busco et al., 2008; Cardinal et al., 2004, 2018; Sandelin, 2008; Ströbele and Wentges, 2018; Tucker, 2019). Informal controls have been argued to be beneficial. They increase employees' efforts by raising intrinsic motivation levels, because an informal approach signals management's trust in the employees' capabilities (Davis et al., 1997; Merchant et al., 2003). Informal controls are also argued to facilitate organizational learning (Simons, 1991) through the fostering of communication, thus encouraging employees to access and transfer knowledge across the firm (Auh and Mengue, 2007; Sørensen, 2002; Turner and Makhija, 2006). Furthermore, a recent stream of research argues that reliance on informal controls is a way of promoting an ethical culture within firms (e.g., Goebel and Weißenberger, 2017). The findings of this stream of research imply that, if firms wish to create a certain culture, they should emphasize informal controls. It is also argued that informal controls support the establishment of a guiding philosophy concerning the sorts of behaviors expected within the firm (Falkenberg and Herremans, 1995; Goebel and Weißenberger, 2017). This has been critical for HRV in promoting its culture, since the

behaviors of salespeople and call center personnel have largely determined the firm's success.

However, our findings do not highlight an exclusive reliance on informal controls but, instead, the support of these controls with cultural controls, which, in turn, guide and are supported by personnel controls, results controls, and action controls. Thus, our results present a more nuanced picture of the interplay between organizational culture and informal controls. Highlighting that, while informal controls could reinforce the existing culture, that culture needs to be established or at least supported by formal controls, since informal controls rely on all the firm's members understanding its underlying values (Alvesson and Kärreman, 2004). This supports the notion of an interaction between formal and informal controls (Collier, 2005) and their complementarity rather than substitutability (Poppo and Zenger, 2002), such that both formal and informal controls facilitate organizational objectives (Cardinal et al., 2010; Kreutzer et al., 2016).

In addition to highlighting what controls are used within a firm established by founders following a commitment blueprint, we also provide preliminary evidence of a reluctance to implement controls that were seen as bureaucratic and that would detract from the organizational culture. While HRV did use certain results, personnel, action, and informal controls that reflected the imprint of its founders' commitment blueprint, it did not implement any form of budgetary control, normally one of the first formal MCS used in early-stage firms (Davila and Foster, 2005, 2007; Moores and Yuen, 2001; Sandino, 2007). The continual reinforcement of organizational culture supported by other formal controls and visible penalties for deviating from organizational values enabled HRV to reduce reliance on other forms of control to guide behavior:

They don't believe in the corporate thing. They believe in the culture. (Manager)

So, you know, when you have these values and you stick to them, the controls, the formal controls, and so forth aren't as necessary. (Founder)

This reduced reliance on other forms of control to guide behaviors supports the findings of Akerlof and Kranton (2005), Campbell (2012), and Van den Steen (2010), who show the reduced need to monitor employees hired based on their fit with an organization's cultural values. This could explain why HRV did not have many action controls,

including budgets, or could at least delay their implementation. As noted by Henderson and Van den Steen (2015), the initial use of cultural controls, such as those designed and used at HRV, makes economic sense, in increasing the goal congruence between the owners and the employees (Kennedy and Widener, 2019). Supporting Fisher's (1995) arguments that a strong organizational culture can reduce the need for other management controls, one of the founders stated,

That's why I keep on coming back to culture. I keep on going away from the importance of controls, because... the controls are just written. (Founder)

While we examine only one example of a commitment blueprint, this case demonstrates that, while MCS are required to manage the pressures associated with growth (Davila and Foster, 2007, 2010), the manner in which this is done can vary. This finding supports the results of Bedford et al. (2016), who show that different configurations of controls can effectively support a firm in achieving its strategy. In the case of HRV, the pressures associated with growth are managed through the design and use of cultural controls reinforced by other formal and informal controls. This setting suggests a potentially larger role for cultural control than previously suggested in the literature (e.g., Merchant and Van der Stede, 2017; Ouchi, 1977). In addition to situations in which there is a high degree of uncertainty in the conversion process or desired outcomes are hard to specify, as per our findings, cultural controls supported by an appropriate mix of other controls could offer a viable approach to controlling firms in more stable environments (Alvesson and Kärreman, 2004), thus supporting the central role of culture as a form of management control (Ouchi, 1979; Flamholtz, 1996).

The above discussion highlights the influence that founders have on the design and use of MCS in an early-stage firm. We show that the imprint of the HRV founders' commitment blueprint is reflected in the establishment of a workplace that fosters an intense emotional attachment comparable to that of a family, the development of an organizational culture where employees are committed and passionate about the firm, and employee selection based on perceived fit with the firm's values. While these cultural controls and employee selection make up the central components of a commitment blueprint, we have also shown that reliance on these controls is not exclusive, but supported and reinforced through the design and use of other formal (personnel, results, action) controls and informal control, with a reluctance to implement controls that are perceived as

bureaucratic. These controls reflected HRV's founders' belief that the constant reinforcement of cultural controls would play a critical role in the firm's success.

6. Conclusions

Given that our understanding of the impact that founders have on MCS is limited (Davila and Foster, 2009), in this paper we aimed to understand the influence of founders on the design and use of MCS in an early-stage firm. We focus on a firm established by founders following a commitment blueprint and use the theoretical lens of imprinting theory.

We find that the imprint of the founders' commitment blueprint is reflected in the design and use of cultural controls and employee selection to establish a workplace that fostered intense emotional attachment and identification, comparable to a family's. While these controls formed the basis of the MCS, managers designed and used other controls, such as rewards, penalties, induction and training programs, meetings, an operations manual, and franchise audits to support and reinforce the organizational culture. These were accompanied by the extensive use of informal controls, as well as managers' reluctance to implement controls that were seen as bureaucratic, such as budgets and job descriptions, since the managers believed these would negatively affect the firm's culture.

We contribute to the founder blueprint literature (Baron and Hannan, 2002; Baron et al., 1996, 1999a, 1999b, 2001; Burton, 2001) by showing how founders' commitment blueprint was reflected in the subsequent design and use of MCS. When managers designed controls, they created links back to the organizational culture. Instead of consisting purely of an action control, the operations manual also focused on how to maintain and reinforce HRV's culture. This was supported by managers' franchise audits and communications focusing on ensuring that the HRV culture was being maintained. Personnel controls such as induction programs were established where immersion in the culture was key, and meetings often focused on the core values or eight steps to success. The importance of selecting employees based on fit was also recognized and embraced by the managers. Results controls such as the Golden Diffuser Award were specifically designed and introduced to reinforce the organizational culture. Consistent with this emphasis on organizational culture, the managers displayed a reluctance to implement

controls that would limit behaviors or be seen as bureaucratic. There was a belief that these controls were not necessary, due to the organizational culture. Given the emphasis on organizational culture, the managers encouraged informal controls, with frequent communications, as well as a lack of adherence to formal reporting lines.

Our findings also contribute to the literature on the design and use of MCS in early-stage firms. Similar to prior research, we show that MCS are required to manage the complexities associated with growth (Davila and Foster, 2007, 2010). However, we show that, for firms established by founders following a commitment blueprint, the pressures of growth can be successfully managed through an emphasis on cultural controls supported by appropriate personnel controls, results controls, action controls, and informal controls. This contrasts with prior research, which has found that financial controls such as budgets are one of the primary MCS used to manage growth in early-stage firms (Davila and Foster, 2005, 2007; Moores and Yuen, 2001; Sandino, 2007). The lack of need for financial controls could be due to the emphasis placed on cultural controls and the selection of employees based on fit enhancing goal congruence between the owners and employees (Henderson and Van den Steen, 2015; Kennedy and Widener, 2019), thus highlighting potentially different configurations of MCS (Bedford and Malmi, 2015; Bedford et al., 2016).

Our findings on the use of informal controls within HRV contribute to the literature on informal controls (Busco et al., 2008; Cardinal et al., 2004, 2018; Sandelin, 2008; Ströbele and Wentges, 2018; Tucker, 2019) by supporting the notion of complementarity rather than substitutability between formal and informal controls (Poppo and Zenger, 2002). While we find informal controls reinforce a firm's organizational culture, we also find that organizational culture is supported by formal controls. This highlights the interaction between formal and informal controls (Collier, 2005), with informal controls relying on all of a firm's members understanding its underlying values (Alvesson and Kärreman, 2004).

From a practitioner standpoint, our findings reinforce the fact that employee selection and cultural controls are important controls for firms established by founders following a commitment blueprint. We highlight the importance of ensuring that other controls are

appropriately designed to reinforce and support the cultural controls and selection of employees based on fit, which form the foundation of a commitment blueprint.

This paper is the first step in understanding how the imprinting of a founder's blueprint influences the design and use of MCS in early-stage firms. While we answer the call of Davila and Foster (2009) to gain a better understanding of the influence entrepreneurs/founders have on MCS, we have only looked at one of five potential founder blueprints (i.e., the commitment blueprint). Based on our understanding of contingency theory, the MCS of early-stage firms are likely to differ, in line with the different blueprints followed by their founders. Research is therefore warranted on the influence that founders following other blueprints (star, engineering, bureaucracy, and autocracy) can have on the design and use of MCS.

Another potentially interesting avenue of research would be to explore the continuing impact of founders' blueprints after the founders have departed. As argued by Burton (2001) and Van den Steen (2010), the impact of a founder's blueprint can continue after the founder's departure. However, for how long is not clear. New owners and managers could have potentially different blueprints and could consequently wish to make changes to the MCS to reflect their blueprint. This was evidenced by a follow-up interview we conducted with a manager who remained with HRV for a period after it was purchased by a private equity firm. From the interview, it was clear the new owners had an autocracy blueprint (see Table 1), with attachment based on money and direct controls, with employees selected based on their skills. The new owners made changes to the MCS, including reducing the reliance on cultural controls (e.g., removing the Person of the Month Award, as well as the focus on the eight steps to success) and implementing action controls (e.g., expenditure approvals, as well as signoffs for certain decisions managers previously had the autonomy to make; i.e., a reduction in managers' decision rights). Furthermore, hiring policies were changed to focus on employees' qualifications, as opposed to their fit with the organizational culture. However, managers who were hired prior to the acquisition of HRV by the private equity firm appeared to remain imprinted with the founders' commitment blueprint, causing tensions within the firm. Consequently, we believe that it is important for future research to examine the influence of an original founder's blueprint on subsequent changes in MCS associated with new owners with different blueprints.

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