

# Towards Strategic Management Accounting: The Nespoli Group Case

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**Abstract** The process to implement a Strategic Management Accounting (SMA) system is quite long and complex. SMA is not a separate item: it should be linked and closely integrated with the rest of the Accounting Information System (AIS). Firstly, the core of the AIS, the ERP system, should work properly, acting as the main source for the SMA system. Secondly, it is necessary a great empowerment of the management, which is supposed to operate directly the SMA system. The first part of the paper describes the SMA theoretical framework, discussing the more recent theories. The second part describes a medium-size company and its experiences in implementing a SMA system. In particular, we will describe the Nespoli Group, which comprehends 45 medium-size firms localized all-over Europe and the issues linked to the management of such a differentiated multinational ensemble of entities. The third part highlights the specific characteristics of the Nespoli Group SMA system. Several final considerations conclude the paper.

**Keywords** Accounting information systems · Strategic management accounting · Business intelligence · ERP systems

## 1 Introduction

Most textbooks of Management Accounting define the discipline in terms of its decision-making role. It is generally stated that since managerial functions involve using information for better planning and control, Management Accounting principles are very important for effective and successful management at all levels. In this paper, we will review the role of Strategic Management Accounting (SMA) that claims to be the future of Management Accounting discipline.

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The purpose of the paper is to analyse the definition and the use of the SMA in a medium sized company: the Nespoli Group Spa. The Nespoli Group is a world-wide family-owned Italian company, mainly operating in the “Tools for painting” market.

The Nespoli Group’s established position on domestic and international markets increases the interest on the analysis of the company’s performance measurement models. Some research questions emerge from this analysis:

1. What are the peculiar characteristics of the SMA model in Nespoli Group?
2. What is the role of SMA in the implementation of the Nespoli Group’s strategy and what is the contribution to the achievement of leadership position?
3. What are the techniques that make up the SMA system of the Nespoli Group?

## **2 Mutual Relations Between Accounting Information Systems and Strategic Management Accounting**

### ***2.1 Accounting Information Systems and Strategic Management Accounting: Some Definitions***

The definition of Accounting Information System (AIS) depends on the definition of Accounting itself. It is possible to distinguish between two kinds of accounting: Financial Accounting and Management Accounting. Financial Accounting is defined as:

The art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of financial character, and interpreting the results thereof [1],

Likewise, Management Accounting is defined as:

The process of identification, measurement, accumulation, analysis, preparation, interpretation and communication of information used by management to plan, evaluate and control within an entity and to assure appropriate use of and accountability for its resources. Management accounting also comprises the preparation of financial reports for non-management groups such as shareholders, creditors, regulatory agencies and tax authorities [2].

The aim of Financial Accounting (FA) is to gather and summarize financial data to prepare financial reports, such as a balance sheet and income statement, for the organization’s management, investors, lenders, suppliers, tax authorities, and other stakeholders. FA main recipients are external users, and financial reports must follow precise layouts and rules. In fact, FA must accomplish national and international principles, such as the Generally Accepted Accounting Principles (GAAP) or their equivalent in each different country. The focus of FA is to exhaustively represent all the events that occurred by means of reports produced every month, quarter and year.

The theories and the reference models adopted by FA have been defined from a long time and will not to change in the future. Hence, FA systems are stable and do not evolve, particularly when comparing this field with other management topics. Once the organization has introduced and implemented a system, FA can run for several years with very little or no changes at all, unless there is a change in external requirements such as new rules, principles or laws.

While FA is oriented towards the request of external users, Management Accounting (MA) focuses on the needs of managers. In literature, it is possible to find several conceptual models that may be useful in providing information to managers. These well-known and well-defined models are designed for planning activities and, after the execution of the activities themselves, to control the obtained results and to report discrepancies, if any. Garrison et al. present this non-exhaustive list of reference models [3]:

- Cost classification;
- Job-order costing;
- Process Costing;
- Cost behaviour;
- Cost-Volume-Profit relationship;
- Variable costing;
- Activity-based costing;
- Profit Planning (Budgeting);
- Capital Budgeting;
- Advanced reporting.

In the mid-80s major complaints versus MA emerged in the literature [4]. In fact, although MA is considered essential for informed management activity, MA itself seems to have some flaws, particularly arising from its roots in Cost Accounting, as it is possible to observe in the above reported list. As a matter fact, traditional MA approach considers cost classification and analysis, Cost-Volume-Profit models, Profit Planning (Budgeting), Capital Budgeting and advanced reporting.

Researchers [5, 6] argued that: (1) MA had not evolved over the past decades; (2) MA is too focused on costs; and (3) MA is not very useful for managers, because it is not focused on strategy and on market opportunities. Manager risks to undertake incorrect decisions based on inadequate and obsolete management accounting data. The lack of attention to clients, competition and performance, together with a poor or even non-existing strategic approach could lead to incapacity to cope with the new highly competitive environment [7].

Strategic Management Accounting (SMA hereafter) is a promising and well-acquainted evolution of Management Accounting [8]. SMA tries to address all the above-mentioned criticisms levelled against Management Accounting. SMA was initially proposed by Simmonds at the beginning of the '80s [9] and it was not taken seriously until the late '80s. Simmonds argues that SMA greatly differs from MA because of its focus on the comparison of the business with its competitors. Langfield-Smith affirms that there is no agreed definition of SMA in literature [7].

**Table 1** Traditional management accounting versus strategic management accounting

	Traditional MA	Strategic MA
1	Historical	Prospective
2	Single entity	Relative
3	Introspective	Out-ward looking
4	Manufacturing focus	Competitive focus
5	Existing activities	Possibilities
6	Reactive	Proactive
7	Programmed	Un-programmed
8	Data oriented	Information oriented
9	Based on existing systems	Unconstrained by existing systems
10	Built on conventions	Ignores conventions

However, Wilson declares that that MA differs from SMA in several aspects (see Table 1) [10].

An interesting definition of SMA has been proposed by Bromwich [11], who argues that SMA is:

The provision and analysis of financial information on the firm's product markets and competitors' costs and cost structures and the monitoring of the enterprise's strategies and those of its competitors in these markets over a number of periods.

Ma and Tayles argue that SMA finally bridged the gap that existed between MA and strategic management [12]. SMA moved MA from monetary issues to a more multi-dimensional approach. It is not simply a new orientation, which is aimed towards strategy, it is a radically different way of re-thinking MA around strategic concepts [8]. In fact, according to Lord [13], the functions commonly associated with SMA are:

1. To collect information related to competitors.
2. To use accounting for strategic decisions.
3. To cut costs on the basis of strategic decisions.
4. And, to gain competitive advantage through it.

## 2.2 *Strategic Management Accounting: An Empirical Perspective*

A straightforward characteristic of the SMA literature is the paucity of empirical research [14]. Actually, most of the literatures regarding SMA were at conceptual level and with a prominent academic emphasis. The main concern is that SMA adoption cannot be measured directly: it is in fact necessary to investigate the adoption of those techniques that can be reconnected to the SMA concept. This is an alternative way to define SMA. While researching the link between SMA and strategy, Cinquini and Tenucci [15], proposed to define the ensemble of techniques that companies really implement instead of trying to measure the implementation of

SMA itself. Cinquini and Tenucci measured the adoption of one or more of the following techniques:

(1) Activity Based Costing/Management (ABC/M); (2) Attribute Costing; (3) Benchmarking; (4) Competitive Position Monitoring; (5) Competitor Cost Assessment; (6) Competitor Performance Appraisal on public financial statements; (7) Customer Accounting; (8) Integrated Performance Management Systems; (9) Life Cycle Costing; (10) Quality Costing; (11) Strategic Costing; (12) Strategic Pricing; (13) Target Costing; (14) Value Chain Costing.

Actually, organizations hardly understand the meaning of SMA concept, hence it is easier to ask them if they currently implement some of the above-mentioned techniques and then evaluate if they are de facto applying a SMA approach. Several researchers followed this course: Guilding et al. [16] created a report based on the survey of twelve SMA practices in different countries and concluded that the extent of diffusion was not uniform in New Zealand, UK and USA. Fowzia [14] measured the implementation of fourteen SMA techniques and in this way measured business strategy and strategic effectiveness of manufacturing organizations in Bangladesh.

### 3 Methodology

The methodology used is the Case Study research approach, following the methods recommended in the literature. The decision to analyse a single case study [17] may be useful for giving a detailed outline of the grounds and distinctive features of the development and subsequent implementation of the internal reporting model represented by the SMA.

The case study approach [18] is interesting since it may offer the option of constructing theories and generalizations based on the study of a single operational case [19–21]. In the case examined, the benefits of such an approach can be seen in the ability to illustrate the factors that drove the company to adopt the SMA and the consequences within the planning and control function.

In fact, there is no literature regarding SMA implementation difficulties and costs. For this reason, we were searching for an empirical case to deeply investigate the implementation of a SMA system. The selected company was interested in developing a SMA system; hence, we followed systematically the implementation of the new system.

The research carried out features aspects of a qualitative and quantitative nature: the data examined are based on interviews, the company's economic and financial documentation made available to the public on the company's website and on internal reporting documents. The period analysed concerns the period from 2011 to 2014. The interviews were conducted with the Head Quarter CFO and those responsible for management control: the questions were designed to explain the various stages of the SMA's implementation to illustrate the progress achieved and the benefits in terms of company results achieved.

The interview as opposed to the questionnaire approach offers greater flexibility even if the results were characterized by a certain degree of subjectivity due to the difficulties of interpreting the answers. However, this was useful for understanding the competitive context in which the company operates and the particular features of the sector to which it belongs.

The contribution of the paper to the literature is motivated by the lack of surveys about the SMA implementation. The major limitation of this research is that results are related to the analysis of a single case study. This study cannot lead to general conclusions and it will be necessary to conduct a comparative study between the observed company and other companies. Thus, this study represents a starting point for further research in the application of SMA concepts.

## **4 Strategic Management Accounting in Action: The Nespoli Group Case**

### ***4.1 Presentation of the Nespoli Group***

The Nespoli Group was founded in North Italy right after the Second World War. At the end of the 40s, Oreste and Bruno Nespoli started what was called “Pennellificio Nespoli” (the Nespoli Brush factory). Initially the company was made of a few artisans working with clear and simple rules: serious work and customer satisfaction.

The company grew steadily and at the end of the 70s, it passed from being a small business to becoming an industrial sized complex. At the end of the 90s Nespoli Group started a series of acquisitions in the paint tools sector throughout Europe (see Table 2).

The first strategic acquisitions have been made in Spain, France and Germany. Together with the acquisition of Franpin Group, it acquired ZFI (Zhongshan Franpin Industries) its China based factory. Later on, Nespoli Group decided to diversify its offer and made further acquisitions in the sector of Aerosol Paint Spray with the acquisition of Italideal and CIA in Torino (Italy).

In addition, Metal Tools become part of Nespoli Group business with the acquisition of Milbox in France in 2006 and of Techno in Germany in 2008. Nespoli Group entered in the business of Wood and Leather Treatment through the acquisition of Gubra and Grand Chic (Italy). In 2010, it was created another business unit for Cleaning Tools, driven by the acquisition in Italy of the well-known PIPPO and Eurostile brands. Today the Nespoli Group, led by Luigi and Alessandro Nespoli is the first European group in the market segment of “Tools for painting”, in terms of sales figures, production volumes and market size. Entering in UK, Poland, China, Russia and Turkey markets the Group had a turnover approaching 350 million Euro with over 2000 employees. The Nespoli

**Table 2** Nespoly group acquisition history

Year	Country	Company
1996	SPAIN	Rulo Pluma s.a.
1999	FRANCE	Roulor s.a., Monitor s.a., Le Herisson s.a.
2001	GERMANY	Schabert Gmbh
2004	FRANCE	Franpin Group
2005	GERMANY	Friess Gmbh
2006	FRANCE	Milbox s.a.
2008	FRANCE	Mancret
	ITALY	Gubra s.r.l.
	GERMANY	Techno
	ITALY	Gaia s.r.l.
	ITALY	Italideal—Cia s.r.l.
2009	ITALY	Grand Chic s.r.l.
2010	SPAIN	Castor
	ITALY	Pippo Brand
	ITALY	Eurostile
2011	GERMANY	Noelle Group

Group owns several renowned brands such as Nespoli, Roulor, Franpin, Rulo Pluma, Friess, Techno, Pippo and Coronet, and it manufactures tools for several “private labels”.

## ***4.2 The Nespoli Group’s Control Model***

The Nespoli Group has to manage a complex and articulated reality composed by an ensemble of mixed entities. Top managers have to clearly define not only the overall goal of the Group, but they also have to define the common rules that will be utilized to manage all the figures. It is necessary to predispose two main sets of information, one related to the Statutory Vision of the Group, and the other presenting the Managerial Vision of the Group itself.

The Statutory Vision of the financial figures has to deal with the local accounting principles of each company. We may talk about a “Local GAAP” approach: each company produces financial accounting data following its national rules. In order to achieve Consolidated Financial Statements for the Nespoli Group, it is necessary to “homogenize” the data coming from each company.

The Managerial Vision of the figures is implemented by means of two sets of documents: (1) Management Reporting, based on business-specific control model; (2) Management Consolidation—Directional Reporting, which contains the Group consolidation figures (Group indicators and Business indicators).

The Control Model reporting is articulated according to two main levels: the Legal Entity level and the Group level.

- Legal Entity Level
  - **Top Management Reporting:** concise presentation of economic, patrimonial and financial situation of the Legal Entity; it is possible to have separate reports for Business Unit and Areas of Activity; quantitative and qualitative indicators are utilized.
  - **Operational Reporting:** it is used by operational managers and complete the information provided by Top Management Reporting; additional quantitative and qualitative indicators are utilized.
- Group Level
  - **Top Management Reporting:** concise presentation of economic, patrimonial and financial situation of the Group, divided by Business Unit and Areas of Activity; presentation of intra-group activities; quantitative and qualitative indicators show a complete description of Group's dynamics.

The specific characteristics of each business require diverse Control Models, distinguishing between the peculiar activities of each area results and the activities common to the entire Group. In particular, Group financial and fiscal planning activities are considered common to the entire Group itself. Conversely, business' specific and support activities will be referred to the autonomous administration of each Legal Entity.

#### ***4.3 The Implementation of Nespoli Group's SMA System: Architectural and Theoretical Aspects***

In recent years, Nespoli Group started a relevant project with the aim to provide Top management and Business analysts with reporting information and key indicators that are common across the entire group and that could be analysed in a consistent way with various level of details.

Dr. Bosisio, the Nespoli Group Chief Information Manager (CIO), declared that DataManager is the powerful and flexible tool utilized for getting deeper into business information, empowering business analysts with OLAP technology. As we said earlier, SMA should be fed by various sources of data; however, the principal source remains a sound and well-running ERP system. Here a problem arises, because the various companies that compose the Nespoli Group are actually running diverse ERP systems, such as Legacy Systems (IBM AS400), SAP, Oracle, MS Dynamic. Therefore: (1) In the long term, the Group has to choose a single ERP system and all the companies have to gradually switch to it; (2) In the short term, it is necessary to create a system that can receive data from several sources, clean it and consolidate it.



### 4.3.1 The Common Nespoli Group's ERP

Dr. Bosisio stated that several considerations forced Top Management to adopt a unique ERP system throughout the Group: (1) To unify processes and data of all the Legal Entities; (2) The obsolescence of Hardware and Connectivity; (3) Increasing number of malfunctions and difficulties in finding spare parts; (4) Non updateable Software; (5) Decreasing performance; (6) Decreasing security.

During 2012, the Group has started a major project for an ERP common to all the companies of the Group itself. A "steering committee" expressly created for this task: (1) has defined the specific characteristics that the new software should possess; (2) has performed a software selection; (3) has chosen the Hardware architecture and the related organisational aspects.

The Steering Committee has stated that all the companies of the Nespoli Group have to move towards the implementation of Microsoft's Dynamics NAV ERP system in external Data-Centres. This system will unify the bookkeeping and the fiscal accounting of each Legal Entity composing the Group. Moreover, the Steering Committee decided to perform a "pilot" implementation in Noelle Group, Nespoli Deutschland and Coronet Germany, treating them as "Model Company", and considering from the beginning the needs of all the Group's companies. The project started in September 2012 for Noelle Group, in January 2014 for Nespoli Deutschland and in June 2014 for Coronet Germany.

### 4.3.2 The Nespoli Group's SMA

Waiting to have a unique ERP system in all the Group's companies that will ease the data gathering phase, it was necessary to predispose a sound SMA system to support Top Management's activities. For this purpose, it has been developed a proprietary system called DataManager. This system gathers fiscal and managerial data from every company's transactional system. DataManager extracts final data by means of appropriate interfaces from those transactional systems. Utilising listed processes and documented rules, it consolidates the gathered data and it arranges data sets that can be analysed from final users. This final data allows managers to prepare budgets and forecasts regarding Sales, Purchases, Stock and Manufacturing.

The outcome of the Nespoli Group's SMA system consists in several managerial reports regarding Cost classification, Job-Order Costing, Process Costing, Activity-based costing, Profit Planning and Budgeting and Advanced Reporting. In particular, managers can access SMA via an Excel interface and analyse information. However, it is possible to modify reports, and dynamically choose Legal Entities, time periods, etc. freely picking the desired dimensions of analysis.

A non-exhaustive list comprehends:

- Business Unit Analysis;
- Market Channel Analysis;
- Customer Chain Analysis;
- Trend Analysis;
- Stock Analysis—Expiring/obsolete product, Consumption spread, ABC Analysis, Stock Health Evaluation.

#### ***4.4 The Implementation of Nespoli Group’s SMA System: The Service Level Agreement and the SharePoint Pilot Projects***

In the last ten years, the Nespoli Group is grown exponentially through acquisitions in Italy and abroad. In a first step, the model of development has been to acquire new companies, leaving the dedicated local management of the acquired companies. The dual advantage was to maintain business continuity and to have a simplification of the chain of command; the disadvantage was the maintenance of an identity of the acquired companies that was not merged into the “Nespoli vision”, as stated by Dr. Ripamonti (Group Planning and Control).

In recent years, the size and complexity of the Group have become such as to require a change in the Group’s vision; hence, it was created a Head Quarter structure with the goal of:

- Steer the group as a single entity;
- Act as a chain of transmission between strategies identified by the Ownership and Group companies;
- Develop the Business Unit that represent the main product lines (Paint tools, Metal Tools, ...) by focusing on the needs of customers;

The Group’s strategy continues to be a growth strategy, walking in two directions:

- (a) **MARKETS:** strength in markets already served and further geographic expansion into new high-growth markets such as Turkey, Russia and China;
- (b) **BUSINESS:** Diversification in products for household cleaning, spray paints, in specific products for the construction industry (Metal tools), in products dedicated to the care of the wood and leather.

Dr Scribani, the Nespoli Group Chief Value Officer (CVO), explained the growth path for products: firstly, these are complementary products; secondly, they are often purchased from the same “Buyer”; and thirdly, they fall into the Nespoli Group “Mission”.

Similarly, the growth path in the new markets is aimed: (1) to exploit the competitive advantages already acquired in the markets currently occupied. It is possible to adopt a “Copy and Paste” strategy; (2) to exploit the high rates of growth in emerging countries; and (3) to follow Nespoli Group main customers in their international expansion.

In order to develop this vision, the Group has started to implement IT tools that allow setting up basic information on the subject of strategic planning and control. Furthermore, the Group has chosen to implement a “Pilot project” to test the real potential of the system itself. This project is based on two separate project: the first is a system capable to evaluate the “Service Level Agreement”; the second is a system that eases the collaboration between managers, the “SharePoint Board”.

#### **4.4.1 The Service Level Agreement System**

One of the fundamental reasons why the Nespoli Group is a European leader is the attention to the quality and level of service to its customers. In the field of Large Retail Groups, customers require that the rates of delivery on time of ordered products is greater than percentages of 95 %. Delays and bad deliveries create revenue loss to the customer that rebates substantial penalties to its suppliers.

The daily collection of information for each order, for each shipment, for each customer indicating the level of service and the causes that have led to any stock-outs (delays by suppliers or production), allow a better control of the Supply Chain. This information allows also presenting to their actual and prospect the reasons why the Nespoli Group should be considered a partner and not just a supplier.

Service Level Agreement (SLA) key measures are integrated into a Supply Chain Scorecard that is consistently measured across the organization allowing benchmarking inside the Group. The main KPI analysed in SLA report are:

- Forecast accuracy
- Stock levels
- Internal/External supplier delivery performance
- Transport provider measurements
- Warehouse Operation measurements
- Order Fill rate
- Product Availability or Stockout rate
- Days Sales Outstanding
- Customer delivery transport measurements
- Customer Order Outstanding analysis

#### 4.4.2 The SharePoint Board System

The SPB is a collection of interrelated tools that allow an integrated and systemic tool aimed at collaboration. It comprehends:

- Extended Enterprise Resources Planning (EERP) systems, implemented using Microsoft Dynamics NAV;
- CPM Corporate Performance Management (DataManager);
- Collaboration and publishing system (Microsoft SharePoint);
- Customer Relationship Management (Microsoft Dynamics CRM)
- Other office management tools.

The Group must be governed as a single entity by creating synergies and efficiencies. The Nespoli Group has full coverage with companies throughout Europe and in many countries around the world. The language used in the group are many—Italian, English, German, French, Spanish, Portuguese, Turkish, Czech, Polish, Portuguese, Chinese—and it was a priority to create a point of convergence, a virtual marketplace in which everyone could easily access to get to know and to work together.

SharePoint Board is this place in which the Group publishes:

1. Relevant information at Group level (official communications, calendar reporting and budget);
2. The rules and the procedures of the Group, as they are formalized (Head Quarter organization and corporate governance of companies, procedures for transfer pricing, purchasing, year-end bonuses, items returned, item charge allocation, forecast sales, and so on).

This board has the benefit of showing the official versions of documents, eliminating hundreds of e-mail, to give unity and consistency for the behaviour to various levels of the company. Obviously, this process of formalization of the rules is a long journey because it implies that the rules are shared, accepted and implemented in the company, and that they are followed and respected.

In addition, Sharepoint board is used to manage group-wide strategic projects: within the three-year plan that is developed and approved at the end of July each year, the Head Quarter identifies 3–4 projects that have strategic value and involve more companies in the group. The projects, once approved by the ownership, become executive projects with a manager who has the task of articulating them, identifying the human resources involved, defining the time and investment required and the benefits. These projects are entered and managed using SharePoint Board. All the activities are traced and documents are stored in the official website, giving transparency to the whole project. Any delay must be justified and activities/resources are reprogrammed accordingly. It is a transparent, clear and organized way to translate the business strategy into action and to follow up the progress of projects constantly monitoring them.

Some strategic projects started and managed in SharePoint Board are:

- Development of the Business Units;
- Development of the ERP system of the Group;
- Stock performance management.

The stated aim of the CVO for the future is to develop a system of scorecards that within SharePoint Board allows to fully managing the Group's activities, linking:

- The strategic vision spelled out in the Three-year Plan;
- The articulation of the strategy (filleting and completing the projects that have been included);
- The segmented information through Business Intelligence System (e.g. margins per customer and analyses for "make or buy" decisions);
- The operational processes with a view to Best Practices such as the technology of item (PDM, Total Quality System, Product industrialization and rationalization of overlapping productions and uncompromising standards of productivity).

## **5 Evaluation of the Nespoli Group's SMA System and Conclusions**

Several considerations can be done about the Nespoli Group's experience. However, it is important to stress that what we described is only the initial part of a long and challenging process. The final goal is to implement a rich set of procedures not only aimed to support the management, but that will also evaluate the Group's performance.

The Nespoli Group is a multinational, multilingual ensemble of companies, formed over a quite long time. The definition of a common SMA is the first effort to implement a common management background. A relevant aspect has been the definition of a common timing for data collection and subsequent elaboration of reports and documents. The SMA system homogenizes the data, the process to create reports and reports themselves. Moreover, the system acts as communication media within the Group, and it replaces all other means of communication.

Even if the SMA system was born according to the needs of the Group's Head Quarter, the implementation of the system in all the companies eased dramatically the management of each company of the Group itself. While preserving the autonomy of each Legal Entity, the adoption of SMA eases the coordination within the Group. The SMA facilitates the vertical integration between Legal Entities' Management and Nespoli Group's Management. In this way, it is ensured an effective coordination, and both Local Entities' and Group's strategies can be reached.

In this respect, the Nespoli Group's experience is highly positive. Against a relevant investment in terms of structures and management empowerment, the Group has acquired an invaluable tool that turned to be irreplaceable to manage each Legal Entity composing the Group and the Group itself.

In conclusion, we can answer the Research Questions that we had placed in the introduction:

**RQ1:** What are the peculiar characteristics of the SMA model in Nespoli Group?

The Nespoli Group implemented a SMA system aimed to support several issues relevant to the management of their customers and to the management of the Group itself. Actually, a pilot project monitors the Service Level Agreement, but in the future, other performance indicators will be added, thus creating a complete SMA system. Similarly, another pilot project, SharePoint Board, eases the communication within the Group.

**RQ2:** What is the role of SMA in the implementation of the Nespoli Group's strategy and what is the contribution to the achievement of leadership position?

The SMA system allows constant monitoring of the performance of the Group and the individual Legal Entities, thus assessing the effectiveness of the implemented strategies. In other words, the system helps Top Managers to steer the group as a single entity and, at the same time, it acts as a "chain of transmission" between strategies identified by the Ownership and single Group companies.

**RQ3:** What are the techniques that make up the SMA system of the Nespoli Group?

Nespoli Group has implemented many of the techniques that we have previously mentioned. The most important aspect, however, is that these analyses are used to measure the success of the strategies adopted in terms of customer satisfaction and product success. Moreover, in addition to the accounting aspects, the implemented SMA system presents significant attention to the organizational aspects.

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