Fast growth in control

Designing Management control systems for fast growth

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Executive summary
The focus of this paper is on the influence of the fast growth of organizations on the design process of management control systems. What are the management accounting and control problems that a fast growth organization encounters that can be ascribed to this growth. What are the circumstances arising from the fast growth of the organization that directly influence (re)design of the management control systems for the organization, and how can control help organizations with absorbing the negative effects of fast growth. The following paper outlines an explorative study into the subject.

1.   Introduction

Growing organizations, especially fast growing organizations, are important for the economy of a country. A growing organization has a need for human resources, encouraging employment. According to a survey by the government of the Netherlands fast growing organizations are also interesting due to their innovative character and they contribute to economic growth. Growing organizations all encounter problems caused by this growth. Increased borrowings; increased staff; increasing clientele; reduction in cash flow; more bureaucracy and naturally the added stress caused by all these problems (Albo 2006). There are a lot of fast growing organizations were management simply isn't prepared for the task of managing a fast growing organization facing all these problems (Blom 2007). The role of a manager is different in an organization with 50 employees than in an organization with 200 employees. New organizational structures will arise to support management in its tasks, but these new structures also bring complications with them and the need for adjustments.

In 1965 Anthony defined Management Control as "the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives: management control is the process by which managers influence other members of the organization to implement the organization's strategies". Even though extensive research on the subject of management control through the years changed the definition of control in organizations, Anthony is a good starting point for explaining the objectives of management control in organizations. One of the tensions that Simons describes is the tension of balancing profit, growth and control (Simons 1999): 'Managers of high-performance companies constantly seek profitable growth. To do so, they are continually innovating. Innovation may take on many forms. It may be developing new products or services, or it may appear as new ways of doing internal tasks related to

order-processing and manufacturing. Over time, successful innovation finds its way into sustained profitability and growth.' However, according to Simons an excessive emphasis on profit and growth can lead to danger, for instance employees may engage in behaviours that put the business at risk. And a rigid structure and control system will limit the future of company.

1.1   Outline of the paper

The following paper is an explorative study into the subject of fast growth and the design process of management control systems in an organization. The first part of the paper, the introduction, will provide a short insight into the origin of the paper and a short outline of the paper. The second chapter will provide more insight into the theoretical framework of the paper, research on organizational growth and management control systems is reviewed for this chapter. The third chapter will provide more insight into the formulated research hypothesis and the methodology used to explore the subject. In the fourth chapter the theoretical framework and the hypothesis are combined into a conceptual framework used for the analysis in the fifth chapter. At the end of the paper in Chapter 6 the answer to the research hypothesis will be formulated.

2.   Theoretical framework

For the theoretical framework the subject of the paper is divided in two categories: organizational growth and management control. The subject of organizational growth is extended with research of fast growth organizations and the subject of management control includes the design process of the management control systems (MCS) in an organization.

2.1   Organizational growth

There are four aspects of organizational growth that have an impact on the growth and the organization: the type of growth; the growth phase; the organizations structure and its development; and the growth rate of the organization. Organizational growth can be typed as internal or external. And we can further classify internal growth as being organic or intentional, through product or market development. External growth is obtained through mergers and acquisitions. The Greiner growth phases framework describes how growing organizations move through five distinguishable phases of development, each of which contains a relatively calm period of growth that ends with a management crisis. Organizational research has presented a specific group of characteristics that make it possible to "define" the structure of these different organizational types; this is presented through Mintzberg's basic structures and the structure development framework. For this paper we focus on organizations that grow fast, this can be measured through an increase in employees of revenue.

2.2   Fast growth organizations and control

Fast growth organizations are more innovative, experience more market- and product development, are more aggressive in their transformation strategies, and invest more profit in research and development of new products than other organizations. The type of

growth is part of the strategy, an intentional growth that is pursued from inside the organization. Fast growth organizations all grow in size and age, but most of them are relatively new in the business and small in size. The fast growth organization will find itself in the first two growth phases of the Greiner growth phase framework, growth through creativity and direction. But fast growth organizations tend to go through these phases a lot quicker than normal growth organizations. The structure is defined by the parts of the organization that are important in the decision making process and crucial for the organization. Fast growth of the organization will result in certain bottlenecks that an organization will have to overcome to continue growing. The bottlenecks are: employment; management and organization; processes and systems; capital and subsidization; market and competition; and law and regulation. The organizational growth aspects and bottlenecks will have an effect on the control in the organization.
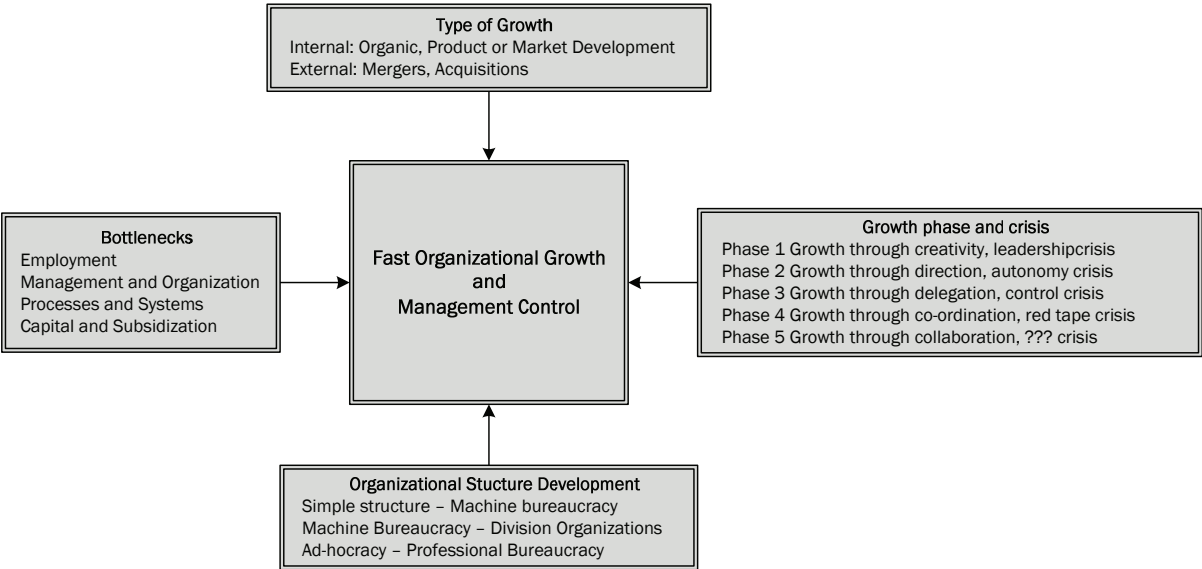

Figure 2-1 Organizational growth aspects influencing management control

2.3 Management control systems

The definition of management control used in this paper is: *management control is the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives' Machin, 1983.* Simons and Merchant both list controls in the organization, however having a different opinion regarding the need for control. Where Merchant makes a distinction between strategic and management control; Simons defines control as a means for implementing business strategy. This contrast in opinion translates its way to their classification of controls in an organization. Merchant's classification is directed towards personnel actions and Simons classifies controls by the type of strategy. Reviewing the Rabbit-Hill framework and the McKinsey 7s structure it can be concluded that not only organizational aspects, but also environmental aspects influence the design process of MCS. The Rabbit-Hill framework puts organization engineering at the core of the framework, influenced by the organizational

components and the strategy formulation process. McKinsey's framework describes the factors of the organization that together determine how the organization works.

2.4 Influencing the control process

The organizational aspects that will influence the MCS design process are further discussed in light of organizational growth and are classified in four categories:

- Organizational components: the environment, handled theories and nature and experience.
- Structure and Size: the structure and its development and the size of the organization.
- McKinsey's soft Ss: staff, style, skills and shared values.
- Strategy formulation: informal and formal procedures resulting from the strategy formulation process.

Reviewing research on the influence of growth on the aspects of the organization influencing the MCS design process confirms that the use and role of control systems may change following the growth of the organization. Previous research has given us some possible consequences of growth on these organizational aspects influencing the MCS design in the organization.
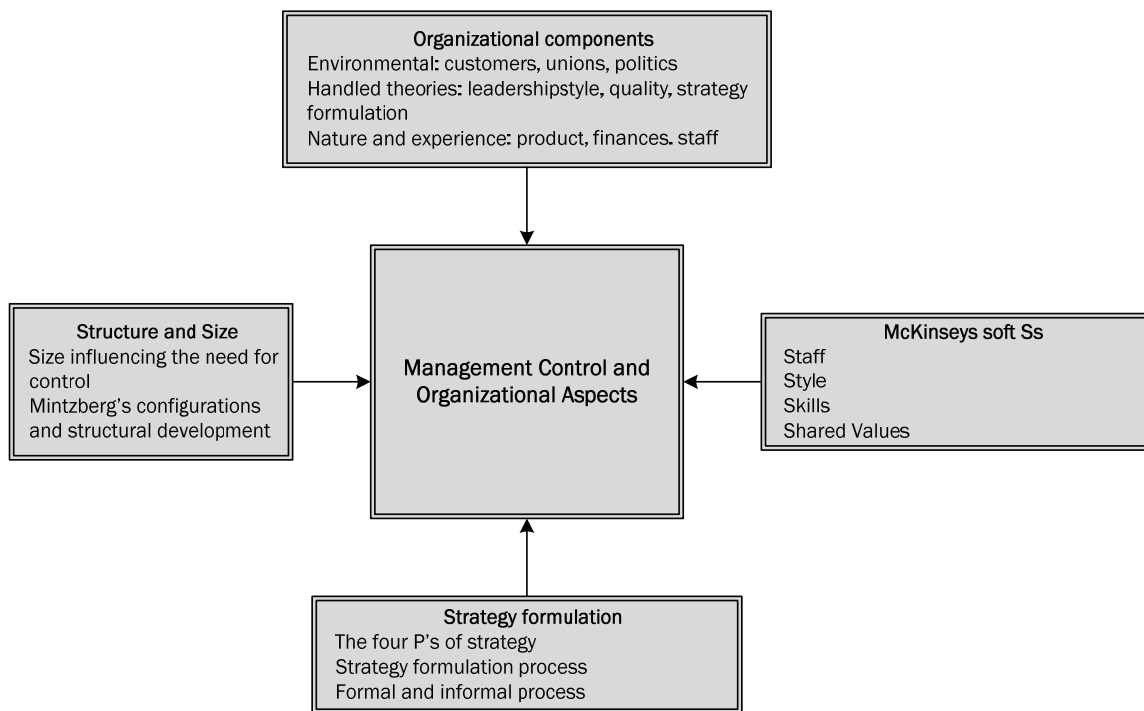

Figure 2-2 Organizational aspects influencing management control

3. Hypothesis development and research design

Growth of the organization, in particular fast growth, can have a great influence in the design of MCS for that organization. The following research hypothesis is researched for this paper:

To what extent and in which way is fast organizational growth a significant factor in designing the organization's management control systems.

Not only the direct effect of growth will have an effect on the control process, but growth will most likely also influence the other factors playing a role in the design process. For this paper I will try to filter out the influence of fast growth on its own.

- **Research methodology**

For this paper the research methodology is that of the explorative study. Exploratory research comprises the exploration of a topic, or the start of the researcher to familiarize with that topic. This approach typically occurs when a researcher examines a new interest or when the subject of study itself is relatively new (Babbie 2001).

Exploratory research is most typically done for three purposes (Babbi 2001):
1. to satisfy the researcher's curiosity and desire for better understanding
2. to test the feasibility of undertaking a more extensive study
3. to develop the methods to be employed in any subsequent study

The purpose of the exploratory research is to provide more insight into a topic that is not really substantiated by rigorous theories or precise expectations.

By researching previous research the theoretical framework is developed for further analysis of the research hypothesis in the paper. The second part of the paper will consist of creating an outline of the theoretical framework for the research conducted. The main focus of the research is on Organizational Growth and Management Control; and this is the foundation of the theoretical framework for the paper. The function of the theoretical framework is to create a conceptual framework for analysis of the empirical research. This conceptual framework is used for the analysis of the case study. Focussing on fast growth and MCS the analysis will give us an insight in the main theme of the paper: the influence of fast growth in the management control process of designing the MCS.

- **Research boundaries**

One of the boundaries of the exploratory research is that it will only go as far as exploring the subject of the research. There is no specific solution to a problem formulated. The outcome of the exploration can only go as far as a recommendation for future research. Without extensive field research it will be hard to filter the effects of growth from other environmental characteristics that influence the strategy and design of MCS in organizations. Other environmental influences can be the innovative character of the industry that the organization is operating in, or the normal growth factor of the industry. Political and social opinions may also influence the strategy of an organization and its implementation. To still be able to formulate enough statements about the influence of fast growth in an organization other research of the fast growth organization is introduced in the paper to support its theoretical framework.

4.   Conceptual research framework

The aspects of growth and control presented in the theoretical framework are combined and presented in a conceptual research framework. The focus of the conceptual research framework is the influence of fast organizational growth on the aspects of the planning and control cycle in the organization and the combined responsibility and process structure and the implemented means and measures. The conceptual research framework presents how the aspects of fast growth will most likely influence the control process of the organization by influencing the control aspects. The translation of the management control inputs to the process of designing the responsibility and process structure and combined the means and measures implemented to assure control are highly influenced by the type of growth the organization wants to achieve. The conceptual framework for research classifies fast growth for each type of growth: organic growth, product or market development, or mergers and acquisitions. The bottlenecks facing the fast growth organization are included in the framework since these are expected to influence not only the need for management control in the organization but also the design process of the MCS.
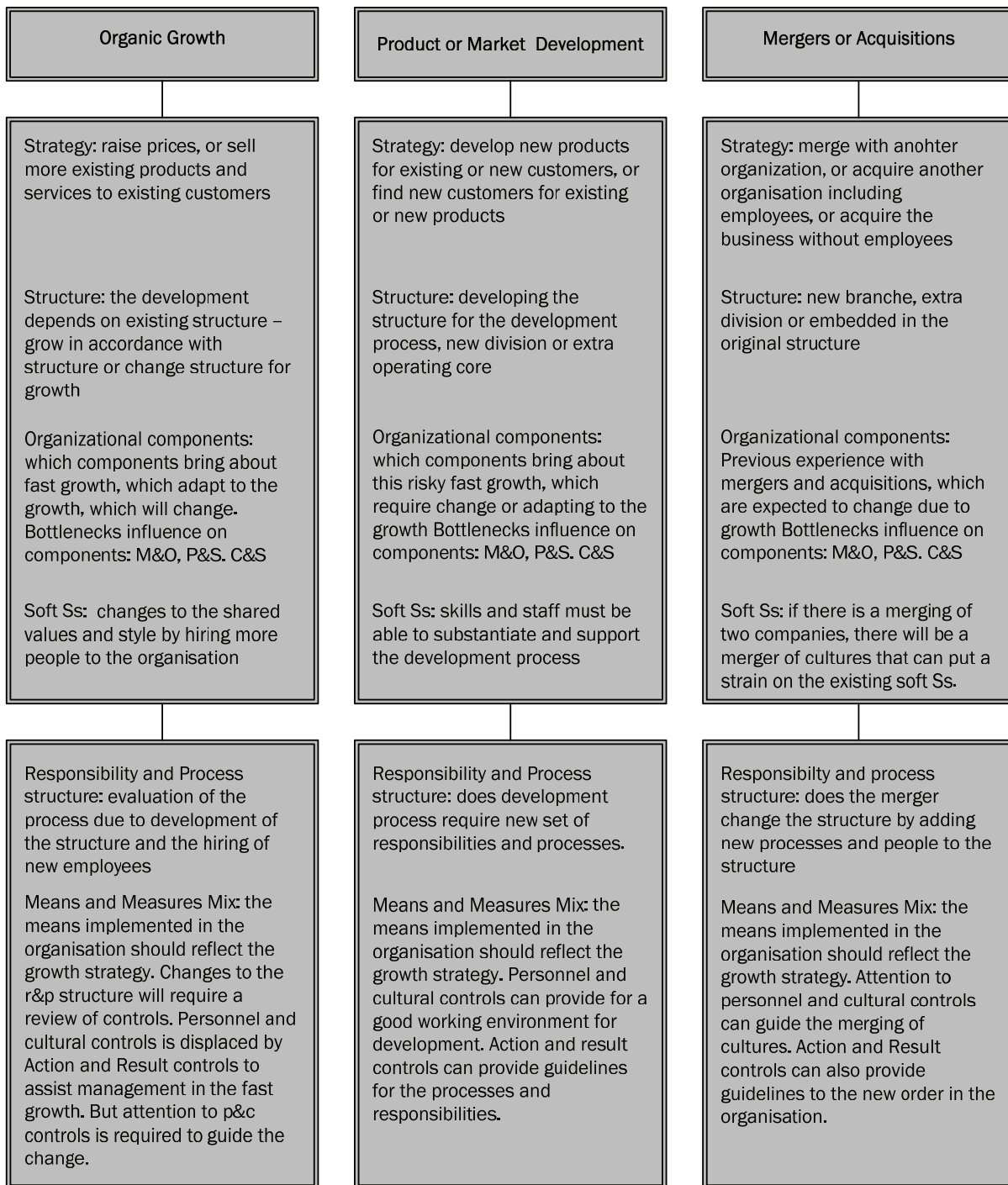
Organic Growth	Product or Market Development	Mergers or Acquisitions
Strategy: raise prices, or sell more existing products and services to existing customers	Strategy: develop new products for existing or new customers, or find new customers for existing or new products	Strategy: merge with anohter organization, or acquire another organisation including employees, or acquire the business without employees
Structure: the development depends on existing structure – grow in accordance with structure or change structure for growth	Structure: developing the structure for the development process, new division or extra operating core	Structure: new branche, extra division or embedded in the original structure
Organizational components: which components bring about fast growth, which adapt to the growth, which will change. Bottlenecks influence on components: M&O, P&S. C&S	Organizational components: which components bring about this risky fast growth, which require change or adapting to the growth Bottlenecks influence on components: M&O, P&S. C&S	Organizational components: Previous experience with mergers and acquisitions, which are expected to change due to growth Bottlenecks influence on components: M&O, P&S. C&S
Soft Ss: changes to the shared values and style by hiring more people to the organisation	Soft Ss: skills and staff must be able to substantiate and support the development process	Soft Ss: if there is a merging of two companies, there will be a merger of cultures that can put a strain on the existing soft Ss.
Responsibility and Process structure: evaluation of the process due to development of the structure and the hiring of new employees	Responsibility and Process structure: does development process require new set of responsibilities and processes.	Responsibilty and process structure: does the merger change the structure by adding new processes and people to the structure
Means and Measures Mix: the means implemented in the organisation should reflect the growth strategy. Changes to the r&p structure will require a review of controls. Personnel and cultural controls is displaced by Action and Result controls to assist management in the fast growth. But attention to p&c controls is required to guide the change.	Means and Measures Mix: the means implemented in the organisation should reflect the growth strategy. Personnel and cultural controls can provide for a good working environment for development. Action and result controls can provide guidelines for the processes and responsibilities.	Means and Measures Mix: the means implemented in the organisation should reflect the growth strategy. Attention to personnel and cultural controls can guide the merging of cultures. Action and Result controls can also provide guidelines to the new order in the organisation.

Figure 4-1 Conceptual research framework

How the different elements of this framework are brought about is illustrated in the following paragraphs.

4.1 Organic growth

One of the influences of organic growth on the strategy formulation of the organization is the type of growth strategy: should the organization raise its prices, reduce the costs, or sell existing products and services to existing customers. The growth strategy will have an

impact on the organizational structure, by instigating a need for a structure or a change in the existing structure or by the natural development of the existing structure through the growth of the organization. Fast organic growth does not necessarily imply a change in the organization, just a goal for the organization and the employees already working there. But when organic growth picks up the workload can put a strain on existing employees and there is a need for new skills and staff, the organization should be aware that this puts a strain on the shared values and style of the organization. The organizational components in an organization that grows organically are very dependent on the type of organization, but growth will definitely have an influence to the characteristics of the growth phase of the organization.

- Changes in the R&P structure: when an organization chooses for organic growth the changes are expected to come from the increase in workload, changes in the attention span of management, changes due to the hiring of new employees. And the structure of the organization will eventually develop if the organization keeps on growing in size. These developments are also expected to change the R&P structure of the organization.
- The means implemented to accompany the strategy of organic growth don't necessarily have to change due the organizational growth. These can stay the same if the organization is already relying on good means, but they will have to change if they prove to be insufficient. The means that are implemented by the organization depend on the strategy and other organizational components; they can for instance help management to detect changes in the organization by analyzing information in the organization.
- Changes in the implementation of measures: a small organization can easily rely on personnel and cultural controls to achieve control. However as the organization starts to grow and wants to keep growing in control, the organization will most likely also have to rely on action and result controls. New employees, a change in attention span by management, these can all add to the pressures of trusting that everyone is going in the right direction based on cultural control or rely on action controls.

4.2   Product or Market Development

Product or market development is a very high risk strategy and can be originate from a few different growth strategies: sell new products and services to existing customers, sell existing products and services to new customers, and sell new products and services to new customers. The last strategy being the highest risk since it involves implementing two new dimensions in the organization. The strategy of product and market development will most likely have an influence on the structure of the organization by requiring an expansion of the organizational structure to accommodate the new business dimension. The organizational components are most likely to be influenced when the development requires the organization to expand the structure. To assure that the development is going as planned in the strategy the organization should have the right skills and these skills have to be treated well to create a creative environment to nourish the growth of the organization.

The expected implications for the management control design process as a result of product or market development are:

- Changes in the R&P structure: if the development process in the organization is a new process, implemented to achieve growth and part of a strategy this new part will most likely affect the R&P structure of the organization. The organization will definitely have to determine the responsibilities and processes for this new structure.
- Changes to the implementation of means: the means in the organization should reflect what the organization expects to gain from the product or market development. The means should reflect the type of strategy chosen by the organization.
- Changes in the implementation of measures: especially if the product or market development process is not something that is accomplished by the strategic apex of the organization should they have measures in place to assure that the organization's strategy is implemented and the goals for development are being met.

4.3 Mergers and acquisitions

Merge with another organization, or acquire an organization including employees, or acquire the business without the employees are most likely not the main strategy but these are a result of the strategy of having a bigger market share, or going into a new line of products, to broaden product offerings, enter new geographic markets, access emerging technology or intellectual property, and expand into new distribution channels. The structure development as a result of merging is largely dependent on the reason of the merger, the strategy of the organization and the merger as a result of this strategy will have an impact on the structure of the organization changing after the merger. The influence on the organizational structure as a result of the acquisition is largely dependant on the type of acquisition, just acquiring the assets of the organization or the entire organization including personnel. The effect to the soft Ss of the organization is also present, especially when the merger or acquisition brings new employees and a different organizational culture in the mix. Merging with another organization will have an effect on the soft Ss, if there is a merging of employees this will most likely have an impact on the shared values, style, staff and skills of the organization. The organizational components of the organization will change if the merger or acquisition results in the organizations after merging being different than before merging.

The expected implications of fast growth for the management control design process as a result of mergers or acquisitions are:

- Changes in the R&P structure: depending on the reason for the merger or acquisition, and the type of merger or acquisition, the R&P structure of the organization will change. The influence of fast growth on this process is most likely to result from the decision of merging or acquiring. Changes in the structure are most likely expected to change the R&P structure. And changes in the soft Ss will put a strain on the existing r&p structure.
- Changes in the implementation of means: implications of mergers and acquisition for the means depend on the strategy of the organization. If the strategy for growth is determined the organization can address the type of means to be implemented in the organization.

- Changes in the implementation of measures: the type of merger or acquisition can require a different approach of the R&P structure.

5.   Analysis

The following chapter of the paper will combine the conceptual research framework with a case study of a fast growth organization (Panelsix) and other examples of fast growth organizations in order to analyze the research hypothesis. The case study consists of an interview with a managing partner of a fast growth organization and is executed in light of the research hypothesis.

5.1 To what extent will growth have an influence on control

The extent of the influence of fast growth on the design process of MCS in the organization in this paper is translated to the influence of growth on the different aspects of the control design process. The different aspects of the management control process are described in light of the conceptual research framework, and these changes are, where possible, described through the implementation of control. This implementation, evaluation and maybe even modifying of controls, is the way in which organizational growth is expected to influence the control process. To complement this analysis the findings of the case study are included where they can provide more insight.

5.1.1   Strategy formulation and implementation process

The strategy of an organization is an important part of the design process of the MCS. The influence of fast growth on the strategy formulation process will have an impact in different ways:

- Determining the strategy of the organization: there is no specific strategy that will result in fast growth and fast growth organizations do not have the same strategy. What is however very common amongst fast growth organizations is that they have a strategy that focuses on the growth of the organization. If someone goes into business because he doesn't want to work for a boss but wants to freelance this will not result in a growing organization. When this person wants to build an organization it will have to adapt the entrepreneurial spirit. An organization can only grow fast if the will is there and if it has the potential to grow fast. However this doesn't mean that all organizations with the potential to grow fast will automatically do so, since there are other challenges to the growth than the challenge of not knowing how to grow.
- Translating the strategy of the organization into goals: it is one thing to say we are going to be the biggest by next year, or we want to sell a lot of products by the end of a certain period. This description however can be translated to the actual business in a number of different ways and could result in an organization under performing when it comes to the management's expectations. To prevent an unclear vision the strategy has to be translated into measurable goals, and these goals have to be translated into short-term and long-term goals. The MCS are implemented in the organization to assure that the goals of the organization are being met. Therefore it is important that if an organization wants to grow fast that it is able to formulate exactly how it wants to achieve this growth.

- Communicating: communicating the strategy of the organization to the employees and getting everyone exited about the strategy of the organization is important in reaching the goals of the organization. In the growth literature management and organization can be seen as a bottleneck when they are not able to communicate the goals of the organization to employment. And when they are able to communicate the strategy and develop it into goals for the organization this is seen as a success factor in the fast growth. Thus we can conclude that making sure that you communicate your strategy to the rest of the organization is very crucial for the leaders of any organization.
- Dealing with emerging strategies: it is important that an organization is aware of the emergent strategies that arise during everyday business. These emergent strategies have to be managed as they will influence the deliberate strategy of the organization.

5.1.2 Organizational Components

The organizational components definitely have an influence in the design process of the MCS of the organization. However the influence of growth on the organizational components is not something to necessarily ensue once the organizational growth is reached, at least not on all components. Some components are expected to be drivers of this organizational growth; these components are part of the characteristics of fast growth organizations. And some components are not actually affected by fast growth:

- Organizational components not naturally influenced by fast growth: the environmental components and the nature of the organization are not specific drivers for fast growth and these components are not naturally affected by the fast growth of the organization. Even though these components are a very important influence in the control process, it is not pointed out that they are in any way different or specific for the fast growth organization.
- Organizational components driving fast growth: some of the organizational components are embedded in the characteristics of the fast growth organizations presented in chapter four. These characteristics are part of the drivers of the fast growth organization, for instance the type of strategy in the organization.
- Organizational components affected by fast growth: the experience of the organization is definitely a component that is affected by fast growth. The more phases of growth the organization passes the more this will have an impact on the experience of the organization, and this is a direct result of the growth of the organization.

5.1.3 Size and Structure Development

A major issue in fast growth organizations is the change of the structure as a result of the organizational development and in some organizations the failure of determining the organization structure results in uncertainty.

- Determining the structure: For an organization to have control over its responsibilities and processes it first has to determine the structure of the organization. Unfortunately even though the structure of the organization is of great importance in the design process of the MCS there are many fast growth organizations that don't have the time of feel the need to determine the right structure for their organization.
- Communicating the structure: it is very important to communicate the structure of the organization to new employees. When fast growth results in a great number of new

employees in a short period it is important that it is communicated in the organization where these new employees will fit in the structure of the organization.

- Developing the structure: An organization no matter how small will have an organizational structure, whether this is documented or not. But the fast growth of the organization can result in an unclear structure with little or no possibilities to delegate. When it is unsure who is responsible for what in the organization it is simply not possible to determine the measures that have to be implemented in the organization.
- Adapting to change: The difficulty in the structure determining process for the fast growth organization is that this structure is susceptible to change. Therefore determining the structure should include the growth aspiration to make it easier for the organization to adapt to the change as a result of this fast growth.

The conceptual research framework doesn't really detail into the size of the fast growth organization. In the research conducted by the Ministry of Economic Affairs the fast growth organizations are classified as small and middle-sized organization and this is included in the description of the characteristics of the fast growth organizations. But an organization like Yahoo is not exactly a small organization since Yahoo had approximately 14.000 employees at the beginning of 2008. And a potential fast growth organization like Panelsix has only eight fulltime employees. Needless to say that the ambition of fast growth is not just reserved for the small to middle-sized organizations.

5.1.4 McKinsey's Soft Ss

The employees of an organization are affected by fast growth no matter what the type of growth, and adjusting to the changes in the organization is a process that everyone experiences in their own way. However one thing is sure and that is that employment is an important issue in a fast growth organization. As one of the founders of Innocent Drinks puts it so nicely the trouble with employment is having to make a choice: take risks and hire or hold out for the 'right' employees and compromise on growth (Reed 2007).

- Awareness of the impact of the soft Ss: when it comes to the influence on the soft Ss aspects of control the organization should be aware of the impact the growth has on them. Not only management, but everyone in the organization should be aware of the staff and skills that are present in the organization. The culture is very much determined by the people working for the organization; this is expressed through the shared values and style of the organization and is one of the identities of the organization to outsiders. If the fast growth organization wants to attract new employees it has to be aware of the organizational culture and image it portrays to the possible new employees.
- Communicating the desired position of the soft Ss: an organization that has a set of Soft Ss in place that wants to grow fast has to communicate the status quo of the soft Ss to new employees that are hired into the organization. And the changes to the status of the Soft Ss that are a result of fast growth should be subject of communication since it could be the cause of dissatisfaction with people that have been working for the organization since the beginning.

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5.2   Which way will growth influence control

The first part of the analysis shows that the strategy formulation, the development of the structure and the size of the organization, the organizational components and the soft Ss are all affected by fast growth. These organizational aspects of control are the input for the MCS design process, and therefore the influence of growth on these aspects is bound to have consequences for the design process. These control aspects will have an influence on the outcome of the design process by affecting the responsibility and process structure in the organization and the implemented means and measures mix in the organization. The following paragraph will describe how this influence is manifested in the process of designing the MCS for the organization.

5.2.1   Responsibility and process structure

When it comes to how fast growth will influence the R&P structure of the organization there are two elements that can be affected, the design and the evaluation. The R&P structure has to be designed to assure the right implementation of the strategy and initial structure of the organization and support the organizational components combined with the soft Ss. The second element of the responsibility and process structure is that the development of the structure and the strain of the fast growth on the soft Ss are to be taken into account when evaluating the process.

- Strategy: The influence of the fast growth strategy should be taken into account when designing the R&P structure and the organization should be aware of the specific consequences for the R&P structure of the type of growth that will result from the strategy. At the beginning of this paragraph it described how the type of growth will have an influence when it comes to the strategy formulated and how this is reflected in the present responsibility and process structure.
- Organizational components: the fast growth organization should be aware of how the type of growth changes the organizational components by adding new processes and people to the structure. And if this change requires an evaluation of the R&P structure of the organization. In addition to monitoring the effects of the type of growth the fast growth bottlenecks M&O and P&S, which are related to the nature and experience of the organization, should as well be taken into account when designing the R&P structure.
- Size and Structure development: the most direct effect of growth on the R&P structure would be the result of the structure development the organization is expected to go through as a result of growth. The R&P structure is largely determined by the primary process of the organization and this is most likely not to change due to fast growth. However when growth changes the internal structure of the organization this is when growth is also expected to have an effect on the responsibility and process structure of the organization. The Greiner growth framework illustrates how organizations go through different stages of evolution and revolution, and change and develop, as they grow in size and age.
- Soft Ss: the hiring of new employees has an effect on the shared values, staff, skills and style of the organization. In light of this effect the R&P structure has to be evaluated to assure that the right structure is implemented to satisfy the needs of the soft Ss. The growth of the organization can also be the cause of a change in the soft Ss.

These changes could affect the R&P structure and should be regularly evaluated to assure that the implemented R&P structure is still sufficient enough to support the growth of the organization and assure that the realization of the soft Ss are satisfactory for the organization.

5.2.2 Means and measures mix

Means can help a fast growth organization by assuring that the strategy of the organization and its goals are being reached. The strategy, the organizational components, the development of the structure and the soft Ss will all have an influence on the implementation of means and on the success of the means implemented. The formulation of the strategy will be the biggest factor in this design process, since the means are implemented to accompany this organizational strategy. The decision of implementing a budget, or a balanced scored card or any other means is not a guarantee for fast growth, but it can help the organization with the process of performance measurement and strategy implementation. The levers of control by Simons are an example of means for the organization to assure strategy implementation and fast growth is expected to pull its weight on all four of these levers.

- Boundary systems are explicit statements embedded in formal information systems that define and communicate specific risks to be avoided. An organization like Panelsix can for instance apply the boundary systems to educate new employees on the organization and to structure the responsibilities in the organization. Managers can use these systems to underline the desired state of the soft Ss. In times of fast growth this can help the awareness of employment when it comes to the culture.
- Belief systems are an explicit set of organizational definitions that senior managers communicate formally and reinforce systematically to provide basic values, purpose, and direction for the organization. Managers can use these systems to communicate the desired state of the soft Ss to the organization. In times of fast growth this can help the awareness of employment when it comes to the culture of the organization.
- Interactive control systems are formal information systems that managers use to personally and frequently involve themselves in the decision activities of subordinates and to focus on strategic uncertainties. These interactive control systems can be very valuable for a fast growth organization. Management can use these formal systems to guide the emergent strategies and ensure continuing competitive advantage to assure fast growth.
- Diagnostic control systems are formal information systems that managers use to monitor organizational outcomes and correct deviations from preset standards of performance. When a managers time becomes limited as a result of the fast growth of the organization diagnostic control systems can help management to delegate some of its responsibilities to others in the organization.

Measures address how and with what means the planning and control function in the organization is implemented. The controls described by Merchant are used to avoid three issues in the organization: lack of direction, lack of motivation and personal limitations. The characteristics of fast growth organizations combined with the organizational components are all very much the same: entrepreneurial organization, simple structure,

big on trust and shared values. In the first phase of growth management can very much rely on personnel and cultural controls. But if an organization wants to achieve high growth it will have to monitor this growth, implement the strategy and stay on top of it. An organization that wants to achieve fast growth has to implement some type of result and action controls to stay on the right course and keep on monitoring fast growth.

- Personnel and cultural controls: the organization takes steps to ensure that employees will control their own behaviours or that the employees will control each others' behaviour. Selection and placement, training, provision of necessary resources, creation of a strong organizational, group based rewards. The personnel and cultural controls are the initial consideration in an organization. The starting points for implementing measures in the organization are the personnel and cultural controls introduced by Merchant.
- Result controls: results accountability, influence the employee's actions because they cause employees to be concerned about the consequences of the actions they take. The combination of rewards linked to results informs or remind employees what result areas are important and motivate them to produce the results the organization rewards.
- Action controls: the most direct form of control involves ensuring that employees perform (or do not perform) certain actions known to be beneficial (or harmful) to the organization. Behavioural constraints, pre-action reviews, action accountability, and redundancy are all action control that an organization can put into place to assure control.

6.   Summary and conclusion

In the analysis the conceptual research framework is compared with real life examples of fast growth organizations in order to examine the influence of fast growth in the management control systems design process. To examine the hypothesis it is divided in two segments:

- The extent of the influence of fast growth on the management control systems design process.
- The way growth will influence the design process of the management controls systems in the organization.

The hypotheses questions if fast growth is a significant factor in the design process of the MCS in an organization. A significant difference is described as a difference that is not just an outcome of the choice of respondents in this analysis, but the difference would also occur when chosen a different group of respondents. One of the boundaries of this paper is that it is not possible to formulate a statistically representative conclusion of the research conducted; this will result in a difficulty in proving if the outcome of the analysis is significant for the fast growth organization. However when comparing the conducted research with previous research of management control systems and organizational growth research I can definitely conclude that fast growth will have an impact on the control situation of the organization. Future research will determine the significance of this impact.

The extent of the influence of fast growth on the management control systems design process goes as far as the influence on the different organizational aspects that affect the need for controls in the organization.

- Strategy: there are different aspects of the strategy that are affected by fast growth of the organization. The strategy of the organization and fast organizational growth are related when it comes to determining the strategy and translating the strategy in goals for the fast growth. Communicating this desire to grow fast by defining the goals for the rest of the organization and dealing with emergent strategies is an important factor when aspiring fast growth.

- Organizational components: the characteristics of the fast growth organization are directly related to the organizational components. One way fast growth will influence these aspects is through the bottlenecks of management&organization and processes&systems. The fast growth bottlenecks could require an organization to research and re-evaluate the organizational components.

- Size and structure development: determining and developing the structure of the organization will be a large influence on the evaluation of the responsibility and process structure. It is of great importance that this structure be communicated to the organization and adapted for the right fit in the organization. As the organization grows it should be aware of the stages of revolution and evolution since these could point out possible control issues.

- McKinsey's soft Ss: the shared values, style, staff and skills of the organization will change in a fast growth environment. Adding new people to the structure will require an organization to re-evaluate the state of the soft Ss. The fast growth organization should be aware that fast growth could change the soft Ss of the organization if the desired state of soft Ss is not communicated to the rest of the organization.

The way fast growth will influence the design process of MCS in the organization is explained through the possible changes and need for adaptation in the responsibility and process structure of the organization, accompanied by the implemented means and measures mix. The responsibility and process structure of the organization is accompanied by the means and measures mix of the organization to assure the control. Different types of growth may require a different approach of the means and measures mix in the organization.

- Responsibilities and processes structure: the influence of fast growth on the aspects of control is directly reflected in the need to design, implement, and evaluate the R&P structure of the organization. The types of growth are expected to each have their own set of implications for the R&P structure and the organization aspiring fast growth should frequently evaluate the effects of growth on the R&P structure. If the R&P structure is not sufficient enough to support the growth of the organization it requires adapting to the process.

- Means and measures mix: Means are very dependent on the type of organization and its strategy. The most important part of implementing means and measures in the organization is the communication and formulation of the strategy of the organization. A well formulated strategy should describe the goals for the organization and how these goals are to be achieved. The most important part of implementing measures in

the organization is the translation of the strategy into goals for the organization combined with the other control aspects of the organization.

If the organization knows what type of growth it wants to achieve and how it wants to achieve it can design the process of management control best suited for the organization. If the management of the organization will implement controls in the organization to assure the implementation of the strategy is largely dependent on the type of organization and of the management and owners of the organization combined with the need for controls. But one thing that is sure is that if the organization is aware of the changes in the organization as a result of the fast growth and if the organization is aware of the need for control it will definitely benefit from implementing management control systems. A good realization of the responsibility and process structure and the combined means and measures mix will provide a certain amount of assurance that the organization is in control. And the awareness of the changes in the control requirements due to the fast growth effect on the control aspects can help with the decision what means and measure are the best fit for the organization.

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