5 Intersubjectivity and the arts of financial management

This chapter looks at a meeting document and its role in enabling consociation as the outcome of members' interpretive methods. Because our aims are limited, so are our claims. We will not suggest our analysis applies to all the ways meeting documents are used in organisations. Neither will we claim it applies to all organisational reasoning in regard to any meeting. We simply claim meeting documents can be used in the ways we describe and when they are, they provide an organisational solution to a structural problem. Although the materials we use are drawn from the daily life of senior executives, the methods we describe are general. They are of interest in their own right as *written-read* lebenswelt pairs. Our interest in the objects we analyse is simple. What practices, what managerial documentary methods of interpretation, make the coordination of writing and reading possible for individuals who are not co-present? How are the interest and relevance-shaped meanings of the writer and the interest and relevance-shaped understandings of the reader brought together through, in this case, a written-read document?

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To help concretise the problem we have our eye on, here is a simple example:

> Alma is to take a proposal for her department's upcoming budget to a meeting of senior managers. She writes a briefing paper (or backgrounder) setting out her group's current achievements and proposed objectives for the following year. She lays them out in what she thinks is their order of priority. Attached to the briefing is a spreadsheet containing the proposed budget allocations. The two documents are drafted to be read *prior* to the meeting and to 'inform' the discussion. The meeting is held and the budget discussed without any procedural difficulties.

Our question is simply this. Given it is done, how is it done? How are the writing and reading of meeting documents organised so that their coordination is both possible and successful? And, in addition, how is this done when the normal array of methods for ensuring shared understanding in face-to-face interaction is not available? What features of meeting documents like those circulated by Alma provide for and sustain this kind of organisational hermeneutics?

Our explication will rest on the symmetry of two key notions – formatted courses of action and format-constructed documents – and on the practices which allow the one to project the other. Jointly they *order* social action and so together they enable the lebenswelt pair 'the written-read document' to become what we call *an ordering device*.[1] Clearly, formatted courses of action and format-constructed documents are not only found in organisations. Nor are the former only produced in virtue of the latter. Format-constructed documents may be sufficient for formatted courses of action but they are not necessary. However, we believe the pairing is of particular importance in organisations and may even be characteristic of them. For the moment, we merely speculate that if we want to set out the defining characteristics of organisations as contextures of intersubjective reasoning, rather than looking to forms of authority or types of management organisation, the pairing of format-constructed documents and their associated formatted courses of action might just be the key.

Some key concepts and practices

Document types

The taxonomy of organisational documents is multi-dimensional. It includes 'formal documents' which can be typed according to their function. More interesting though are the natural kinds. Two of these are the 'carry around document' and the 'throw away document'. Both may be instances of formal types on which a manager happens to be working. Because of their largely peripatetic work style, senior managers work on carry around documents in the interstices of their meeting structured day. Throw away documents, on the other hand, are used for a specific purpose (usually in just one meeting) and then dispensed with. They are not kept with the record of the meeting. 'Files' are another natural kind. Files are interesting because they exhibit the zonal structure of the social distribution of documents and a related division of document management labour. Most managers, and certainly senior executives, do not exercise control over their files. This is in the hands of someone else (their PA, secretary, assistant, or whoever). The distribution of control is commonly explained as 'They always lose things', 'I don't know where anything is', or 'I have my routine ways of managing them and they would mess them up.' All this is condensed into the universal (and telling) joke about where 'real' power in an office is to be found. Although it is easy to make too much of this, it remains true that managers, especially senior executives, live lives organised for them. Their lives are ordered and their 'support' provides that order for them. The 'support' role in co-producing the managerial division of labour is to prepare the schedule of activities the manager has to undertake and to ensure the manager is sufficiently prepared for that schedule. The normativity and normality of this orderliness emerges in the degree of trust executives have that the 'right' documents will be to hand when needed and that the right information is being given during the detailed 'going through the next day (or week)' sessions to prepare for the upcoming sequence of meetings.[2]

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Looked at from the perspective of what managers spend a lot of their time doing, management is talking in meetings. Management is a talking discipline. If you ask managers what all this talk is about, they will tell you it is about getting people (the three S's – staff, stakeholders and superiors) to do what they want them to do. There are various and manifold connected ways in which this 'getting them to do what I want them to do' takes place. The two most prominent are meetings and processes (and most commonly working through processes in meetings). Managerial life consists largely in going to meetings, preparing for meetings and picking up the pieces after meetings. Managers manage by managing meetings and meeting documents (yet another natural kind) are the pre-eminent means of doing that. They are the tools, the artefacts, the devices of management and constitute one of its materialisations. Meeting documents encompass many different types. Briefings, backgrounders, reports (which may be occasioned or regular), memos, notes, statements, updates, etc. can all be meeting documents. What makes any document a meeting document is its association with a meeting. Other documents may be referred to, even introduced, but are not thereby meeting documents for that meeting. As we will see in Chapter 10, one way of construing (and hence fixing or disrupting) the agenda of an Agenda (and hence the management of a meeting) is through its meeting documents.

Format-constructed documents

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We start by distinguishing document parts and document formats. By the former we mean broad narrative components and sections with titles like 'background', 'proposal', 'recommendation', 'current state', 'objectives', 'strategy', 'operational plan', 'financial projections' and 'risks'. Narrative elements are normative for the successful performance of whatever outcome the document is seeking, and their presence or absence is both noticeable and accountable. By document format, we mean the standardised modes for organising the detail of reasoning within and between these narrative structures, as well as in relation to those of other documents. Obviously, document parts are resources for formatting. In addition, though, there are methods like paragraph colligation, column/row organisation of spreadsheets and tables, cell-to-cell linkages between spreadsheets and tables, ordered lists of activity types and their description, and the serial structure of individual documents making up a multi-part document. Both parts and formats carry documentary narrative; they are narrative constructors in that the 'meaning', 'message', or 'outcome' intended by the writer is both built and found in and through them. Written-read documents which use parts and formats to guide the reasoning of readers are 'format-constructed documents'. A simple example of written-read format construction we are all familiar with is the humble cookery book recipe with its components lists of ingredients and method. This guided reading is, then, a collaborative format-constructed activity. Format-constructed activities are an important mechanism for organising social order, especially in the context of non-co-present, consociate interaction. Devices which can produce format-constructed activities are a powerful way of solving the problem of social order. Format-constructed documents are one such a mechanism.

The context

Here is a summary of the organisational and institutional context of our first example. Knowledge of this context was an important shared resource for its success as a written-read document:

> CU has just undergone its first HESES reconciliation. The HESES reconciliation is a comparison of the number of Student Full Time Equivalents (FTEs) active (aka 'live') in the institution on a defined date and the number of FTEs for which the institution has been funded. This was the first time CU had returned a HESES reconciliation and, for various reasons, it was disastrous. The agreed number of live FTEs was significantly below the level for which the institution was funded. Apart from the problem of how this had happened and what to do about it, the key issues were:
>
> 1 The institution would be liable to clawback of the funding for the 'missing' students.
> 2 CU's strategic development plan was based on a predicted level of students and a projected growth rate. This dictated the associated capital plan. Student number growth was through the provision of Additional Student Numbers (ASNs) by the Funding Council. The implications of the HESES reconciliation were (a) that CU had a lower base from which to grow and (b) would be hard pressed to achieve its predicted growth profile.
>
> Both the above threatened the agreed Capital Plan. A reduction in revenue implied it would be a struggle to raise and service the planned capital borrowing. A reduced base implied the capital development would not be needed on the scale or at the points originally envisaged.
>
> The HESES reconciliation generated an organisational problem of the first magnitude. The challenge to senior managers was develop a revised strategy and capital plan which would solve the problem. If it could do that, the strategy and plan could be approved.

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The problems posed by the HESES reconciliation became an item at a regular meeting of CU's Board. The workbook we examine was circulated in advance, along with other documents, to support discussion of the item at that meeting.

Written-read format-constructed documents

The problem-solution document pair: a members' accomplishment

No matter how they describe it, lay and professional sociologists regularly concern themselves with the causes and consequences of what we have called 'organisational entropy'. Medium and large-scale organisations are constructed to be stable, self-replicating patterns of concerted activities extended over space, time and scale. However, the elaborated division of labour they require, the emergence of rationalisation drift and other processes can cause their perceived integrating, centripetal forces to dissipate. The consequence is organisational entropy and increasing disorganisation. Collectively, the role of senior managers is to ensure the concerted character of organisational actions and consequently a preoccupying concern is the identification and management of the troubles, issues and problems thrown up by the permanent threat of organisational entropy. For the manager, the organisation is a world of troubles and things to be done to fix them. The contexture of this gestalt is experienced differently as the manager moves through the daily flow of managerial work. Problems come singly, in groups, or in swarms and are experienced as a highly diverse mosaic. For the manager, the world of work is shaped by an endless flow of entropy-threatening troubles and their actions. If there were no such troubles, there would be no need for management and managers.[3]

In dealing with entropy, managers focus on solving problems. We will conceive this as achieving a pairing: problem-solution. The pairing is achieved through the binding of solution to problem. An achieved pairing creates the possibility of an appropriate and feasible management course of action. For the binding to be successful and the pairing to be accomplished, the fit of problem to solution and the actions implied thereby must be brought within the legitimated order of the organisation. In all relevant senses, the problem-solution pairing is an accountable phenomenon. It is important to understand the point of view being adopted here. In line with our adoption of a third person phenomenology, these descriptions are of first person experience. Thus they could all be prefaced with 'From the senior manager's perspective', or some similar formulation. We are not offering an abstracted, decontextualised view from an organisational nowhere, but a view rooted in the point of view of the senior manager in the midst of doing the shop floor work of management.

Among the many different types of problem-solution pairs are those where the binding is achieved through a formal decision process. Central to such processes is the bureaucracy of documentation.[4] In formal settings, solutions are bound to problems as types of problem-solution pairs. Among the types of formalised organisational pairs are those which are 'defensible in a court or tribunal', those which have 'gone through proper consultation', those which have a 'full and auditable paperwork', and the type we will look at: 'those which have received proper organisational approval'. The problem-solution document pairing we analyse is a set of financial forecasts. These forecasts were constructed to bind a solution to the problem posed by the HESES reconciliation. We will show how the written-read set of spreadsheets which were circulated for the meeting in question achieved the locally managed and socially organised consociate binding of the devised solution to the identified problem.

We have talked about financial forecasts as achievements before (Anderson et al. 1988). There we were interested in how a run of numbers was constituted

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as a financial forecast within the flow of decision making regarding a particular contract.[5] How were the numbers which were used, produced? And how were they found to be a credible basis for a significant business decision? This time our topic is somewhat different. Whereas the array of numbers we looked at before was a heuristic balance sheet whose meaning emerged in the flow of the immediate discussion, the set of spreadsheets discussed here is the result of extensive and routinised data collection, collation and amalgamation whose meaning is designed to be found prior to the discussion for which they are relevant. The workbook was produced and distributed for a regular Board Meeting which had been scheduled for some considerable time. It was expected ~~that they~~ will have been perused and interpreted before the meeting occurs. As a consequence, these financial forecasts have none of the ad hoc appearance of our previous example. The orderliness of that example was achieved there and then in the meeting.

The binding of any solution to a problem is an occasioned accomplishment. A defining feature of meeting documents is their association with a specific item on a specific agenda in a specific meeting. The agenda provides a way of reading the document, and the document provides a way of reading the agenda. In addition, in the case of spreadsheets, workbook work is needed to 'drill down into the numbers' to find crucial links, values and issues. Everyone will have to do some workbook work, but not everyone will have to do the same workbook work. What they have to do to find *their* meaning in the workbook will depend on what *they* know about the context, *their* relevances and motivations in reading the document, as well as *their* familiarity with the technical production of financial forecasts such as this. As such, reading is structured around the point of view which the reader brings to the document. In addition, whoever is involved and however it goes, the problem-solution document pairing is an intersubjective, reciprocally achieved structure. What anyone finds in a document depends as much on what they bring to it as what is provided in it for them to find. Of course, the variant readings which ensue are embedded in a management world which is known in common. Thus readers are attentive both to the sense which they make of the document *and* the sense which others will likely make of it.

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Methods for co-producing 5.C.II._5 Year Projections and Cash Flow

We will talk of the characteristics of the workbook labelled '5.C.II._5 Year Projections and Cash Flow' as 'design features'. This is more than the simple (though very important) fact that individually and collectively the spreadsheets in the workbook have recognisable standard components such as columns of revenues and costs and make up a standard set of expected reports on income and expenditure, asset and debit balances and cash flow. In addition, the interpretive methods used on the document turn on reciprocal assumptions about the availability of these characteristics.

Assume the workbook is a condensate of local knowledge

Spreadsheets are transducers. They convey information about things other than themselves. Unless the meaning of 'the numbers' itself becomes thematised, managers have no technical interest in them as the product of purely accounting techniques of summarisation and comparison. Instead, spreadsheets are interrogated for what they say about relevant organisational matters; in this case, the re-shaping of revenues and costs within the revised capital and strategic plan. This thematisation is organizationally given by the formulation of the agenda item.

The workbook is part of a package of documents each of which focuses on the strategic implications of the HESES reconciliation. The order of the agenda in Table 5.1 formulates the order of the discussion and thus its logic. The initials identify the owner of each document. The owners hold particular management roles and associated responsibilities. The combination of title, ordinal position and owner provides initial resources to situate the content of the workbook in the context of the proposed discussion. The columns laid out in the spreadsheets provide a transduced representation of CU over time. The example cited below is taken from the Income and Expenditure (I&E) account and shows the organisation as projected by the revised strategic and capital plans. We say more about the meaning of the time frame in a moment.

The financial evaluation is provided by an array of spreadsheets. This set of management accounts has five (Figure 5.1). They are interrelated and the set is a 'proper' collection for the financial projections of a Capital Plan. If any item is missing, it is both noticeable and a legitimate basis for enquiry. Raising such an enquiry indicates a possible weakness in the planning.

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Each worksheet describes the organisation's activities in different ways. The array presents different facets of how the organisation's activities would evolve under the revised plans. The narrative contained in the workbook is clear. The key objectives can be retained but only by significant revision of the strategic and capital plans. This narrative is carried by the relationships between and within the spreadsheets.

The solution offered in the workbook gears into the social distribution of local organisational knowledge in a number of ways. First, the form the solution takes

Table 5.1 CU Board HESA agenda item

5.C.	*HESES/HESA 07/08 Reconciliation & Implications*	
I	HESA Reconciliation and Student Projections (AB) *Paper attached*	Information & Discussion
II	Capital Implications (CD) *Paper attached*	Information & Discussion
III	5 Year Projections and Cash Flow (EF) *Paper attached*	Information & Discussion
IV	CU Academic and Business Restructure (CD) *Paper attached*	Information & Discussion
V	Executive Summary (CD) *Paper attached*	Information & Discussion

Table 5.2 HFSA financial evaluation

CU						
Financial Forecast 2007/08 to 2011/12						
Income and Expenditure Account	*2008/09 (£'000)*	*2009/10 (£'000)*	*2010/11 (£'000)*	*2011/12 (£'000)*	*2012/13 (£'000)*	*2013/14 (£'000)*
Income						
1 Funding council grants	11,588.7	12,390.6	13,630.1	14,611.2	15,744.5	17,153.6
2 Academic fees and support grants	13,872.1	14,752.9	15,954.5	16,988.1	18,150.7	19,659.2
3 Research grants and contracts	–	–	–	–	–	–
4 Other operating income	3,643.7	3,931.2	4,301.7	3,903.2	4,324.3	4,034.8
5 Endowment income and interest receivable		–	–	–		
6 Total income: group and share of joint venture(s)	29,104.5	31,074.7	33,886.3	35,502.5	38,219.5	40,847.6
7 Less: share of income in joint venture(s)						
8 Total income	**29,104.5**	**31,074.7**	**33,886.3**	**35,502.5**	**38,219.5**	**40,847.6**
Expenditure						
9 Staff costs	13,704.2	14,318.7	15,013.1	15,538.7	16,287.9	17,070.9
10 Other operating expenses	12,308.8	12,644.4	13,783.6	14,773.6	16,356.1	17,469.1
11 Depreciation	2,663.8	3,061.3	3,436.3	2,921.3	3,523.1	3,125.6
12 Interest payable	667.5	667.5	738.8	873.1	1,005.7	982.8
13 Total expenditure	**29,344.3**	**30,691.9**	**32,971.8**	**34,106.7**	**37,172.8**	**38,648.4**

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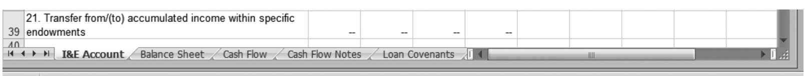

Figure 5.1 Complete set of worksheets

is oriented to the known set of interests and relevances of the meeting attendees. The readers are a defined group of managers and Board members. Some members have 'been close to' the planning process. They have been briefed as the plans have been developing. They will have known 'HESES is causing problems' and have some idea of what those problems might be. Others have not. Thus, for some, there are no surprises in the spreadsheets. For others, there are. Part of securing the required binding will be through providing a set of reasoned steps by which these surprises become just the right thing to do.

In addition, some members are juggling perspectives. Everyone looks at the forecasts for what they mean for them as the members of the Board, but a few have other relevant but more tangential, interests. To take an obvious case, the sponsoring universities will be concerned with the impact on their relationship with HEFCE. They know that significant re-profiling of ASNs and capital build will mean they will have to do more lobbying, more explaining and more favour-seeking. In addition, to prevent recourse to HEFCE for extra funding, will they have to provide resources to see the organisation over the bumps and humps visible in the forecasts?[6] This is an important consideration. The universities know that HEFCE has celebrated CU as an example of its – HEFCE's – own innovativeness and willingness to explore new models. However, that doesn't mean that HEFCE will expect to intervene itself to prevent it failing. Rather, it would probably expect the universities to step in first. The universities know this. Thus members of the Board will not just be concerned with what in a moment we will call the 'shape' and 'fit' of the solution, they will have their eyes on possible implications for their own organisations and responsibilities.

A second way the social distribution of knowledge appears is the detail behind several of the spreadsheets. Here is the sheet marked 'Loan Covenants'.

The calculated values are tests of financial health the bank will use to track the organisation should it loan CU part of the capital to build another building. All the participants know broadly this is what the sheet means, but only three or four (those who negotiated with the bank) know just how the numbers were actually arrived at. The PASS comments look to be reassuring checks on the numbers (and they are) but for those who did the negotiation such reassurance is somewhat hedged! The comments hide the considerable 're-working' of the numbers

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Table 5.3 CU loan covenants

CU

Financial Forecast 2007/08 to 2011/12

Loan Covenants

	2008/09	*2009/10*	*2010/11*	*2011/12*	*2012/13*	*2013/14*
Total operating profit before interest and tax	427.7	1,050.3	1,653.3	2,268.9	2,052.4	3,182.0
Gross financing costs	667.5	667.5	738.8	873.1	1,005.7	982.8
Ratio of operating profit to gross financing costs	**0.64**	**1.57**	**2.24**	**2.60**	**2.04**	**3.24**
Bank target	0.10	1.10	1.10	2.00	2.00	2.00
	PASS	**PASS**	**PASS**	**PASS**	**PASS**	**PASS**
Operating cash flow	(572.3)	1,050.3	1,653.3	2,268.9	2,331.3	3,460.9
Debt servicing costs	667.5	667.5	738.8	873.1	1367.8	1414.9
Operating cash flow as percentage of debt servicing cost	**–86%**	**157%**	**224%**	**260%**	**170%**	**245%**
Bank target	n/a	n/a	n/a	140%	140%	140%
				PASS	**PASS**	**PASS**

which has gone on in the background to get them to their current values. This massaging is not an exercise in deceit. Rather, it is out-of-cycle mix of obvious and not-so-obvious changes achieved by re-organising activities, re-shaping and paring costs as well as moving them around (for example, between years), accepting best estimates for income the detail of which is not included in the sheet and so can't be interrogated, and so on. The readers for whom this spreadsheet was created, both those on the Board and others who will review the plans later, know this practical work guided by organisational acumen must have gone on to get the numbers to come out as favourably as they have, but only the managers closely involved know or care exactly what is entailed. The question for the Board is how far the risks resulting from the recruitment shortfall have been reduced or, to use the manager's phrase, 'managed out' and what other new risks might have been introduced in so doing.

The spreadsheets in the workbook ~~collection of spreadsheets~~ look to be all at the same level of importance, but they are not. The availability of 'arbitrage opportunities' across year boundaries provides a profile of opportunities for managerial action. For example, the accounting of activities could be changed to take advantage of pools of unused funding, to smooth out cost profiles, and so on. These use of these opportunities is visible differentially across the sheets. For the manager, Cash Flow is by far the most important of the spreadsheets. The I&E and Balance Sheet statements are year-on-year projected summaries of each individual year's activity – that is, all up and all in, what is it projected to come to? The Cash Flow sheet shows the liquidity of the organisation across the six years. It shows not what the organisation has made and spent, not what it is worth, but how much cash it has in hand. Cash is vital for organisational flexibility. So Cash Flow is where everyone will look first. Looking at the I&E sheet, we see that after a small deficit in the first year, the organisation is projected to grow at a healthy rate.

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At the same time, though, the Cash Flow Statement shows two years of negative cash flow.

Anyone who knows how to read the tables can immediately see that if these projections are off by just a small percentage, there could be major impact on the ability to fund activities. The organisation will be relatively 'rich' in assets and earnings but 'cash strapped'. The bank loan has already been factored into the cash flow and so, if the projections are out, who is going to provide the cash required to run the organisation? Securing cash flow is always a major consideration and is especially so for the binding of this solution to this problem.

Table 5.4 Projected out-turns 2007–12

	2008/09 (£'000)	*2009/10 (£'000)*	*2010/11 (£'000)*	*2011/12 (£'000)*	*2012/13 (£'000)*	*2013/14 (£'000)*
22 Surplus/(deficit) retained within general reserves	**(239.8)**	**382.8**	**914.5**	**1,395.8**	**1,046.7**	**2,199.2**

Table 5.5 Cash flow statement

Cash Flow Statement	*2008/09 (£'000)*	*2009/10 (£'000)*	*2010/11 (£'000)*	*2011/12 (£'000)*	*2012/13 (£'000)*	*2013/14 (£'000)*
1 Cash flow from operating activities	(572.3)	1,050.3	1,653.3	2,268.9	2,331.3	3,460.9
9 Increase/(decrease) in cash in the period	2,715.1	(1,087.2)	(586.0)	3,577.8	802.0	2,046.0
Closing cash balance	7,090.1	6,002.9	5,416.9	8,994.7	9,796.7	11,842.7
Cash days in hand	88.2	71.4	60.0	96.3	96.2	111.8

The fragility of cash (in the sense that CU is neither 'cash rich' nor has major assets which can be easily turned into cash) is both known and evidenced in the profile of the spreadsheets. It is the key to binding the solution to the problem.

The spreadsheets are also a projected history of the organisation – or if you like, a future perfect history. They show what it will have come to over the designated period. However, this is not just any slice of the future. The end date coincides with a commonly known critical juncture. The workbook evaluates the revised plan up to a point at which major constraints will change. From now until then, all the things that matter today can be assumed to matter tomorrow, next year and the year after and, moreover, to be roughly in the same shape. After 2015, significant changes could occur. 'What will it mean for where we will be in 2015?' is a massive, almost omni-relevant, question for managers and the Board. To show why, we will give one example of the change in constraints. As their contribution to the funding of CU, the City gifted a tranche of compulsorily purchased derelict land. Because of the regulations covering donations of this kind, the City placed a covenant on the gift. Over 50% of the land had to be built on by 2015 or it could exercise its right to claw back (some of) the funding. At the point of transfer, the value of the gift was set at £10m. If CU doesn't continue to implement its capital plan by building out its campus, in 2015 there is a chance it would have to pay back some or all the value of the gift. Just under 50% of the land in question had been used for student accommodation constructed under lease by a private provider. This means failing to continue the campus development might mean having to find £5m in 2015. No easy task!

Here we see the contingent nature of organisational problems. Not to solve one might generate others. Not being able to afford the capital programme creates another problem.[7] Equally, though, solving problems often has the effect of creating others! Agreement on the revised plan will generate the problem of selling the approach to the academic groups involved. They have had high expectations of the new organisation and the opportunities for new facilities it represents. In addition, their enthusiasm is critical to generating growth in student numbers to fund whatever growth is attained. When looking to see what the plan will mean for where they will be in 2015, readers will be scaling not just the problems solved but the problems created because of the solution.

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Table 5.6 Income and expenditure structure

Income	
1	Funding council grants
2	Academic fees and support grants
3	Research grants and contracts
4	Other operating income
5	Endowment income and interest receivable
6	Total income: group and share of joint venture(s)
7	Less: share of income in joint venture(s)
8	**Total income**
Expenditure	
9	Staff costs
10	Other operating expenses
11	Depreciation
12	Interest payable
13	**Total expenditure**

Finally, the workbook pre-supposes an understanding of the causal model of the organisation. That understanding is required to see the relationships across the main 'lines' in the spreadsheets.

The categories identified in the first columns of the main spreadsheets (~~the above excerpt~~ is taken from the I&E account) are proxies for operational activities. They are formulations of those activities and allow the scheme to stand in for the organisation while the elements of the scheme do the same for particular features of the organisation. The glosses are 'filled in' by the level of detail the reader has. If you know more, you can see more in the numbers. In this respect, as we describe below, lines of empty cells are especially interesting. What is not being done and what is envisaged will not be done over the plan period provides a depiction of CU's strategy as an HE institution. An obvious example here is academic research and correlated 'Third Stream' income. CU has very little externally funded research of any kind and does not have a diversified income base. Potential shifts in either the demand or the financial provision for teaching constitute major risks which cannot be assuaged by reliance on alternative income sources. The more you know about the ways HE institutions work, the more the workbook can be found to evidence the actual working of *this* organisation. Of course, any reader can always ask questions, but only if you know where to look and what you are looking at will you know which questions to ask – or, perhaps better, which questions are really worth asking.

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Assume the workbook is the residue of typical practices

The organisation of numbers in the workbook is not plan determined. The spreadsheets and their components are the standard ones which will be used for most purposes of financial reporting and tracking. The drivers are such things as student numbers, staff levels, loans, etc. The values are all plan derived, but the form of spreadsheet construction is not plan specific. It is standardised. Only the Financial Director has any detailed knowledge of just how the numbers were gathered, collated and summarised. Other participants will have a differential understanding (or 'best guess') of some of them. No matter what the level of understanding, the assumption is that they are derived according to standardised protocols. So, in reading the spreadsheets, readers trust the numbers. They are numbers anyone who followed the relevant procedures would come up with. This assumption of standardisation is what guarantees the workbook's global veridicality. It is taken on trust as a whole. As we have just seen, this does not mean readers assume the numbers have not been 'massaged' in various ways. They certainly do assume this and one task in reading the workbook is to see where this might be obvious and potentially dangerous. But massaging is a well-understood and expected management activity. Managers provide the assumptions, ratios and constraints, and the accountants compile and run the numbers according to their standard procedures. Assuming readers assume this means that the writers of the workbook do not have to explicate how the numbers were arrived at. How they were put together is a writer's problem, not a reader's problem.

That assumption does not hold for the cash flow though. A specific commentary (Table 5.7) lays out how these were arrived at and why what looks to be straightforward on one sheet looks risky on another. In providing this commentary, the intention is to pre-empt some questions (for example, concerning the drivers of the cash flow) and direct attention to others such as the scale of the re-organisation.

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This commentary marks a key difference between the Cash Flow and the other sheets. Although 'How did you get that number?' is an entirely proper management question, it doesn't mean 'Take me through all the steps by which the numbers were extracted, collated and summarised.' It means 'What were the original assumptions feeding through to that number?' To use the technical term: the chart of accounts (i.e. the architecture of CU's accounting objects) is massively taken for granted and known to be so.

Assume the workbook provides necessary and sufficient accounts

We have said that the written-read workbook proposes a binding of the solution to the problem. Given its association with the agenda item, the workbook's relevance to the binding problem is assumed (but, as always, *until further notice*). Moreover, even though everyone knows more and different numbers could have been provided and, if the discussion goes awry, might well be called for (and then an *until further notice* point will have been reached), the working assumption for readers is that what has been provided is all that is needed. The numbers provide the necessary and sufficient conditions for a binding.

These numbers provide *a* binding. The question is how *good* a binding is it? This has two aspects. How good a fit is the solution to the problem? We'll call this

Table 5.7 Calculation of net cash flow

Reconciliation of Surplus / Deficit for Year to Net Cash Flow

	2008/09 (£'000)	*2009/10 (£'000)*	*2010/11 (£'000)*	*2011/12 (£'000)*	*2012/13 (£'000)*	*2013/14 (£'000)*
1 Surplus/(deficit) after depreciation of assets at valuation and before tax	(239.8)	382.8	914.5	1,395.8	1,046.7	2,199.2
2 Depreciation (from Table 1 head 11)	2,663.8	3,061.3	3,436.3	2,921.3	3,523.1	3,125.6
3 Deferred capital grants released to income	(2,663.8)	(3,061.3)	(3,436.3)	(2,921.3)	(3,244.2)	(2,846.7)
4 (Increase)/decrease stocks	–	–	–	–	–	–
5 (Increase)/decrease in debtors	(500.0)	–	–	–	–	–
6 Increase/(decrease) in creditors	(500.0)	–	–	–	–	–
7 Increase/(decrease) in provisions	–	–	–	–	–	–
8 Interest payable (from Table 1 head 12)	667.5	667.5	738.8	873.1	1,005.7	982.8
9 Investment income	–	–	–	–	–	–
10 Profit on sale of endowment assets	–	–	–	–	–	–
15 Net cash flow from operating activities	**(572.3)**	**1,050.3**	**1,653.3**	**2,268.9**	**2,331.3**	**3,460.9**

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the shapeliness of the fit. How tight is the binding? We'll call this the robustness of the fit.[8] The combination of shapeliness and robustness determines the binding. Until found to be otherwise, readers assume all the evidence required to make both evaluations has been provided. The workbook is assumed to contain all the information needed to track the relationships between income, cost, cash and capital expenditure. The alignment of the I&E account with the Cash Flow is not found by readers but assumed by them. Although other numbers could have been provided (for example, raw student FTEs), readers assume these numbers do what they are supposed to do. It is how well they do it that is the issue.

The workbook provides a path through the open space of discussion possibilities. Since it structures those possibilities, it is an ordering device.[9] The combination of the sequential presentation of the documents-for-discussion and the assumption of the workbook as necessary and sufficient financial evaluation projects the trajectory of the discussion and thus gives an order and prioritisation to its topics.

Assume the workbook is a locus of motivation and relevance

The interests and motivations of readers circumscribe the relevance of the workbook for them. Reciprocally, in constructing the workbook, its writers assume sets of interests and motivations. This writing and reading in the context of actual and assumed motivations and relevances is central to determining the character of *this* document for *this* meeting. The notion of 'ownership' of documents is important as a relevancy organising construct here. Who owns the document provides a way of determining which relevances it attends to and hence how it should be read. In our case, the package of documents is presented by different owners who can be assumed to have coordinated relevances and motivations. This is not a point about governance and collective responsibility. Because the set of documents is a set, each individual written-read document is read against the others and from the others. Assuming integrated motivations and relevances facilitates this reading. The set is designed display its construction as an integrated set.

A document's structure can be read for the types of readership it is oriented to. In our case, these are institutional types (such as universities, local authorities, members of the Learning Network); personal types (the VCs, the university court members; partner college CEOs); course of action types (whoever is preparing a meeting pack for a participant, whoever is writing the minutes of the meeting). For all these types, the assumption is that sufficient and necessary information is provided for them to find what they need in the documents. Let's take the writer of the minutes. This is actually a team; a person who takes notes during the meeting and who writes up 'the first draft' and the Secretary to the Board who amends the draft for circulation to the CEO and then to the Chair. To be able to make 'notable sense' of what is going on, the person writing the notes has to be able to track the discussion back to the workbook's spreadsheets. The Secretary to the Board has to be able to see the sense of the spreadsheets in the produced draft minutes. The spreadsheet sheet titles, structure and column-row clustering provide appropriate tracking devices. When, in the discussion, numbers are pointed to, compared and picked out in whatever ways they are, these items can be referenced by sheet title and the column-row matrix. For the minute takers, the spreadsheet structure is a minute-relevant tracking system.

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Assume the workbook is self-explicating

The workbook and its spreadsheets are designed to be self-evident. They have to be, or else discussion would thematise its structure rather than the binding of the problem and solution. We will pick out just three methods for achieving this self-explicating character: the use of a formatted structure, the provision of cell linkage, and reading by 'skimming' and 'eyeballing'.

We have said the structure of the workbook and its spreadsheets is standardised. Some of this is given by professional practice and some by the software which produced them. A standardised presentational format is not necessarily a standardised reading format. The key sheets are I&E and Cash flow and, as we have said, knowledgeable readers read Cash Flow first. The Balance Sheet summarises the value of the organisation which, in turn, reflects the value of the tangible assets. This sheet only becomes critical if the overall value declines or *in extremis* turns negative. In such circumstances, assets will have to be sold or liabilities paid down to 're-balance' the Balance Sheet. For CU, this is irrelevant. It is included simply because a Balance Sheet is part of the proper set. In effect, we have a structure of two linked sheets (I&E and Cash Flow) and the rest.

The format of all sheets is the same: top-down and left to right. Implications 'fall to the bottom line'. The standard format of bold and regular typeface is designed to allow 'skimmability', the quick filtering of the critical numbers from among the array presented. Using it, one can 'eyeball' the totals to get a sense of what it all comes to. Reading by use of the format moves back to front.[10] From bottom right leftwards and upwards. Actually, it is more by jumping to the bottom line and them skimming the totals backwards to see how that array of outcomes was arrived at. The format of bold/not bold is designed to facilitate this and used to do it. Equally important is the format of numbers. These are rounded to £10,000. It is just harder to compare at a glance an array of 8, 9 or 10-digit numbers. Since seeing at a glance what the numbers say is what the sheet is for, this cell formatting is vital.

Income inflow appears before cost outflow. This has the obvious advantage of not cluttering the top portion of the sheet with negatives (no matter how cluttered it gets with them lower down!). Each bundle is standardly itemised (see Table 5.2, the I&E sheet above). This structure (and the same holds for the Balance Sheet and Cash Flow) is taken from HEFCE's SORP[11] for financial reporting. Anyone used to spreadsheets of this kind can see all they need to know about CU as an HE institution from the I&E account. From the sparseness of the matrix, you can see it is a teaching institution, with all that follows from that. If you know what universities are generally like (what categories there are), you can see CU is a 'teaching only' institution rather than a 'mixed' or 'research-led' one. From that, you can see the 'Manhattan' of cost drivers determining the operational viability. You can also see some 'heroic' assumptions must be being made about either income growth or cost management (or both) to drive 1st line profitability from about 1% in 2009/10 to 4% in 2011/12 and 5% in 2013/14. Those two (income and expenditure) are all you need simply because the rest of the matrix is so sparse.

With all this in hand, readers can interrogate the Cash Flow. First there is the Commentary (Table 5.8) linking the I&E account to Cash Flow. It contains one 'new number', deferred capital grants. This is the draw-down profile of funding provided by HEFCE and the other stakeholders and matches the expenditure on capital development. This is 'money-in/money-out'. With these numbers picked up, the net position in terms of the flow of cash moves from (572.3) in 2008/09 to 3460.0 in 2013/14. What is driving this is the forced 'virtual saving' through the depreciation programme, zero increase in debtors and creditors and the increase in interest (though this too is really money in and out since it is deducted in the cash flow analysis). The summary annual inflow of cash appears as the top line in the Cash Flow Statement.

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Table 5.8 Calculation of cash flow

Cash Flow Statement							
		2008/09 (£'000)	*2009/10 (£'000)*	*2010/11 (£'000)*	*2011/12 (£'000)*	*2012/13 (£'000)*	*2013/14 (£'000)*
1	Cash flow from operating activities	(572.3)	1,050.3	1,653.3	2,268.9	2,331.3	3,460.9
2	Returns on investments and servicing of finance						
2a	Income from endowments	–	–	–	–	–	–
2b	Income from short-term investments	–	–	–	–	–	–
2c	Other interest received	–	–	–	–	–	–
2d	Interest paid	(667.5)	(667.5)	(738.8)	(873.1)	(1,005.7)	(982.8)
2e	Other items						
2f	Net cash flow from returns on investments and servicing of finance	(667.5)	(667.5)	(738.8)	(873.1)	(1,005.7)	(982.8)
3	Taxation	–	–	–	–	–	–
4	Capital expenditure and financial investment						
4a	Payments to acquire tangible assets	(8,245.1)	(2,190.0)	(4,310.0)	(12,410.0)	(340.0)	–
4b	Payments to acquire endowment asset investments	–	–	–	–	–	–
4c	Total payments to acquire fixed/ endowment assets	(8,245.1)	(2,190.0)	(4,310.0)	(12,410.0)	(340.0)	–
4d	Receipts from sale of tangible assets	–	–	–	–	–	–
4e	Receipts from sale of endowment assets	–	–	–	–	–	–
4f	Deferred capital grants received	7,700.0	720.0	1,809.5	10,013.0	178.5	–
4g	Endowments received	–	–	–	–	–	–
4h	Other items						
4i	Net cash flow from capital expenditure and financial investment	(545.1)	(1,470.0)	(2,500.5)	(2,397.0)	(161.5)	–

(continued)

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Table 5.8 (continued)

Cash Flow Statement

	2008/09 (£'000)	*2009/10 (£'000)*	*2010/11 (£'000)*	*2011/12 (£'000)*	*2012/13 (£'000)*	*2013/14 (£'000)*
5 Acquisitions and disposals						
6 Cash flow before use of liquid resources and financing	(1,784.9)	(1,087.2)	(1,586.0)	(1,001.2)	1,164.1	2,478.1
7 Management of liquid resources	–	–	–	–	–	–
8 Financing						
8a Capital element of finance lease repayments	–	–	–	–	–	–
8b Mortgages and loans acquired	4,500.0	–	1,000.0	4,579.0	–	–
8c Mortgage and loan capital repayments	–	–	–	–	(362.1)	(432.1)
8d Other items	–	–	–	–	–	–
8e Net cash flow from financing	4,500.0	–	1,000.0	4,579.0	(362.1)	(432.1)
9 Increase/(decrease) in cash in the period	2,715.1	(1,087.2)	(586.0)	3,577.8	802.0	2,046.0
Closing Cash Balance	7,090.1	6,002.9	5,416.9	8,994.7	9,796.7	11,842.7
Cash days in hand	88.2	71.4	60.0	96.3	96.2	111.8

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The cash flow account simply tracks the lines of cash in and out over the year. This is a 12 monthly picture. The ‘puts’ and ‘takes’ from income and financing appear at line 6. In 2008/9 a (572) cash deficit turns into a (1,784) one. In 2013/14 a 3460 cash pool is reduced to 2478. It is the ins and outs of loan acquisition and payment which then produce the net inflow/outflow of flow of cash. So CU’s cash pool increases and decreases at different points in the period. The cash balances are the prior year cash balance plus the net inflow/outflow. As long as the reduction in cash is not continuous, the organisation can trade its way through the periods of outflow. What is critical, though, is the number of days the organisation can operate with that cash in hand. This both, metaphorically and actually, is the ‘bottom line’ measure of solvency. The normal minimum is 60 days. CU would prefer a great deal more.

What is on display in the workbook is the work which has been undertaken to revise assumptions about growth, to re-schedule capital expenditure, re-shape activities and manage cost and income flows so that a new financial model of the organisation can be bound onto the problems posed by the HESES return.

The model is a whole new set of financial arrangements. The question is: can they be delivered and are they enough?

For an experienced reader of this type of workbook, the issues surrounding the binding are all there to be seen. Assumptions about ASN growth, saving, debtors, and so on, together with the structure of the capital programme, are driving cash flow. If any combination of these, or any one of them, is off, even marginally, the ability to trade through the period of the revised capital programme will be compromised. What the meeting had to decide was whether the risk of any or all of these events happening was too great, and if so what alternative action should be taken. That is, were the shapeliness and robustness of the solution sufficient to conclude the binding was tight enough to take the risk? Could it be made tighter? If so, how? And what risks would follow from doing that? In bringing the item to the Board with the proposal that they have, the management team clearly believe the binding to be 'good enough'. This belief and its rationale are displayed in the workbook and made available to Board members. In that sense, the set of spreadsheets and workbook provides a shared locally organised course of reasoning as a material solution to a management problem. Whether it was an acceptable solution is what had to be determined.

Conclusion

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In this discussion, we have looked at one version of a very general problem, namely ensuring the coordination of laying out and following of a course of reasoning.[12] The example we have examined is drawn from a case where that consociate coordination is asynchronously accomplished in both co-present and non-co-present achievement of written-read documents. We have argued organisations (but, of course, not only organisations) use a specific solution to the problem of accomplishing this achievement: the pairing of written-read format-constructed documents and formatted courses of action.

The written-read workbook of financial forecasts showed how a revision of strategic and capital plans could be bound onto a critical problem. This binding was proposed as a 'good enough' workable solution to the problems faced providing some managerially obvious risks were accepted. The example is an instance of managerial or organisational hermeneutics. The capacity to carry out such hermeneutics on a routine basis, framing and re-framing it as they move from meeting to meeting and document to document is one of the 'core competences' of managers. But, of course, in different ways with different forms, it is one of the 'core competences' of normal social life as well. Being able to pass unremarked as an ordinary, capable practising manager at home in the documentary world of an organisation means no more and no less than being able to deploy common sense documentary methods of interpretation in that organisational context. The forms this deployment takes are locally shaped for the setting in which they are used but the deployment is a general phenomenon. As with science, medicine, truck driving and farming, the managerial attitude is imbricated with the natural attitude. A commonality of methods threads them together. Providing a description of how achieving that threading is experienced, a taxonomy of the ordering devices so used and the rules that underpin them is what third person phenomenology as a First Sociology of managerial action comes to.

Notes

1 We follow Harvey Sacks in our use of this term. It is a distant cousin many times removed of the subsequent usage popularised by John Law and other proponents of Actor Network Theory (see Law 1994).
2 There is massively important work yet to be done analysing this and other 'coordination of a working life' practices.
3 Those who speak earnestly of self-managed work teams and dispensing with the need for 'management' only shift the work of management downwards to the team. It doesn't go away. The teams have to do it all for themselves.
4 An orientation to the auditability of the pairing is a significant feature of these processes.
5 There is an accounting discipline called Management Accounting. And there are schedules called 'management accounts' produced by management accountants (the workbook we discuss is one such). But management accountancy as we described in our earlier study is done on the hoof by managers in and for meetings and is distinctively different. It does use some of the same artefacts but the accountant's work produces a standardised and regulated formulation of the organisation: a 'this is how it is'. The manager's work produces a formulation of 'this is what it means', where 'this' is to be taken as a gloss for whatever policies, procedures, strategies and plans are being discussed. For the manager, spreadsheets and workbooks are the ground of action. Their significance lies in what they tell you to do.
6 Cash flow is an important consideration here. The universities provide services to CU for which they charge. However, re-scheduling invoicing, allowing year-end runovers, 'eating' some costs themselves can all have material effects on cash flow. The numbers in the spreadsheets are big, but so too are the flows in and out. As with many organisations, and probably more than most, CU operates on the margin.
7 No doubt the very first thing CU would try to do is get the City to commit not to claw back. The City could do this but it does not have to. Given the usual turnover of senior staff in Government Agencies, you don't know who you might be dealing with in 2015, so better to get the current leaders to make the commitment. They, of course, would be reluctant to do that.
8 For managers, these two aspects are distinct and equally important. To take an obvious pair of examples, if CU wants to bear down on its costs, it could ration the volume of reprographics allocated to each member of staff. This would cut costs (fit) but is unlikely to stick (loose binding) because two leading terms of the strategy to grow the business are student-centred teaching and student satisfaction. In the markets CU is in, students are support hungry. Extending the life cycle of the rolling capital maintenance programme or the central IT infrastructure will have the same effect (fit) and (at least until disaster strikes) the binding will hold.
9 This throws up a familiar meeting trouble managers have. The document ordered agenda item is shaped for its own rationality. These are Brentano-intentional objects composing a phenomenal field. Chairmen who, without notice, insist on re-ordering the agenda give managers the unenviable challenge of re-constructing the rationality of decision flow in flight.
10 This is quite a common feature in reading meeting and other organisational documents. The linearity of the narrative is inside-out or back to front rather than the beginning-to-end form of the novel. For other examples of this, see Harper (1998).

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11 Statement of Recommended Practice.

12 We would be tempted to call our studies an ‘ethnograph~~ies~~ of reason’ if doing so didn’t require us to mark them off from Eric Livingston’s ‘ethnographies of reason’ (2008). We feel we could only do that by pointing to the different kinds of sociality involved in each. For us, that would make Livingston’s studies more ‘ethnographies of ratiocination’ – which is a bit of a mouthful.

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