Welcome

We will begin the webinar at 11:00 EDT

AlignOrg
SOLUTIONS

Making the Matrix Work

ODN Webinar – December 16, 2021

Todd Christian, Rebecca Ellis & Reed Deshler

AlignOrg Solutions: What We Do

A client-focused firm specializing in...
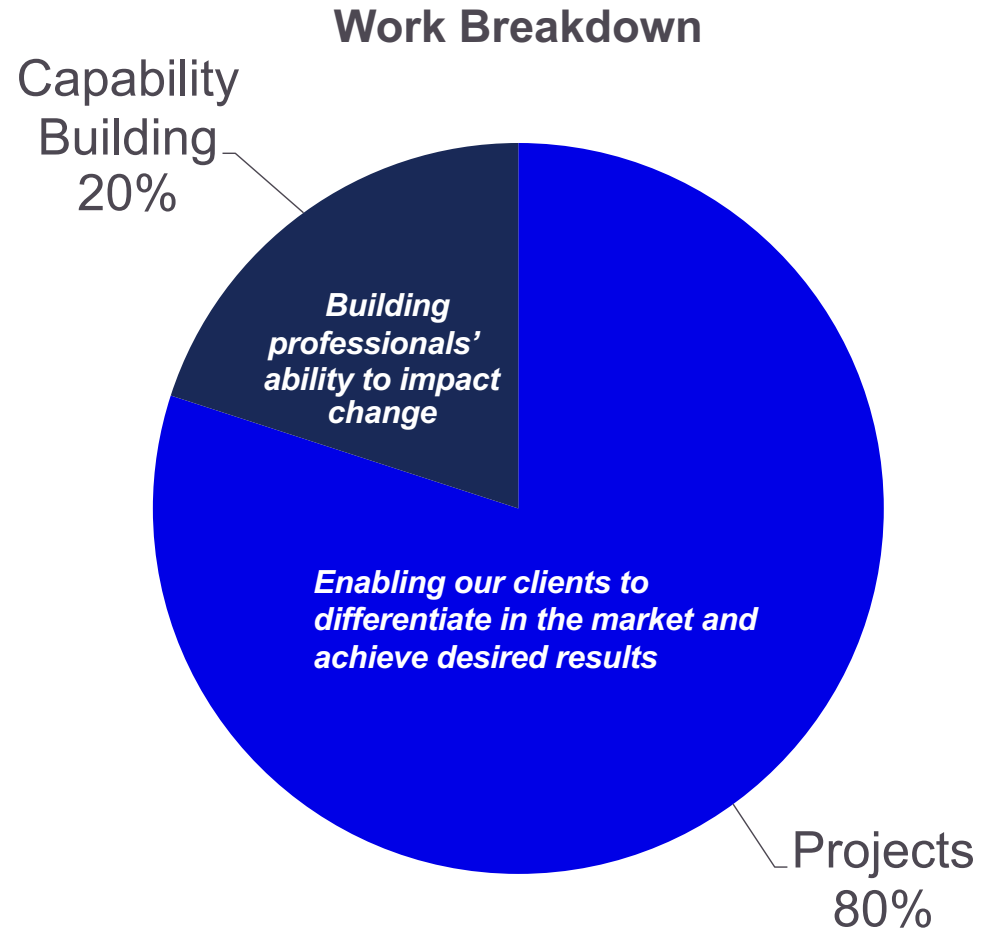
Strategy & Marketplace Differentiation

Diagnosis & Assessment

Organization Design

Change Leadership

Leadership Alignment

To drive differentiation through alignment

Work Breakdown

Capability Building 20%

Building professionals' ability to impact change

Enabling our clients to differentiate in the market and achieve desired results

Projects 80%

Most project work has been happening virtually during COVID

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Working With Great Organizations For Over 25 Years

Agenda

|	
1	The Organization Design Model
2	Dimensions of a Matrix
3	Primary Causes of Failure
4	Strategic and Operational Matrix Issues
5	Leadership Requirements of Successful Matrix Structures
6	Application Discussion and Reflection

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Organizations Are Puzzles To Be Solved

The Organization Design Model

Environment ⟩

Strategy		Capabilities		Choices	⟩ Results

Strategy Clarification

Macro Alignment

Micro Alignment
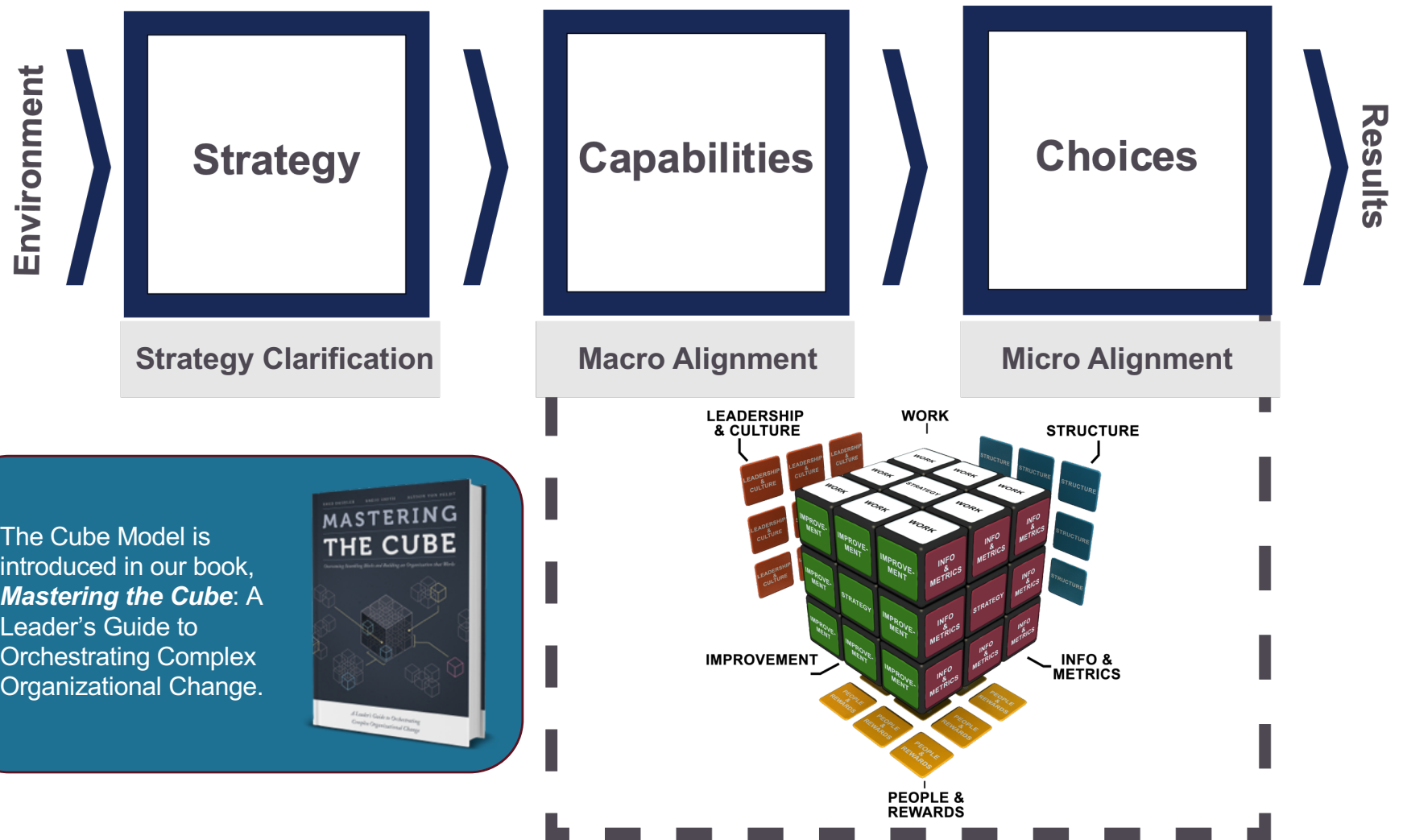
The Cube Model is introduced in our book, *Mastering the Cube*: A Leader's Guide to Orchestrating Complex Organizational Change.

MASTERING THE CUBE

A Leader's Guide to Orchestrating Complex Organizational Change

LEADERSHIP & CULTURE

WORK

STRUCTURE

IMPROVEMENT

INFO & METRICS

PEOPLE & REWARDS
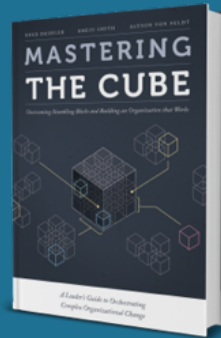
Alignment is achieved by following the design sequence.
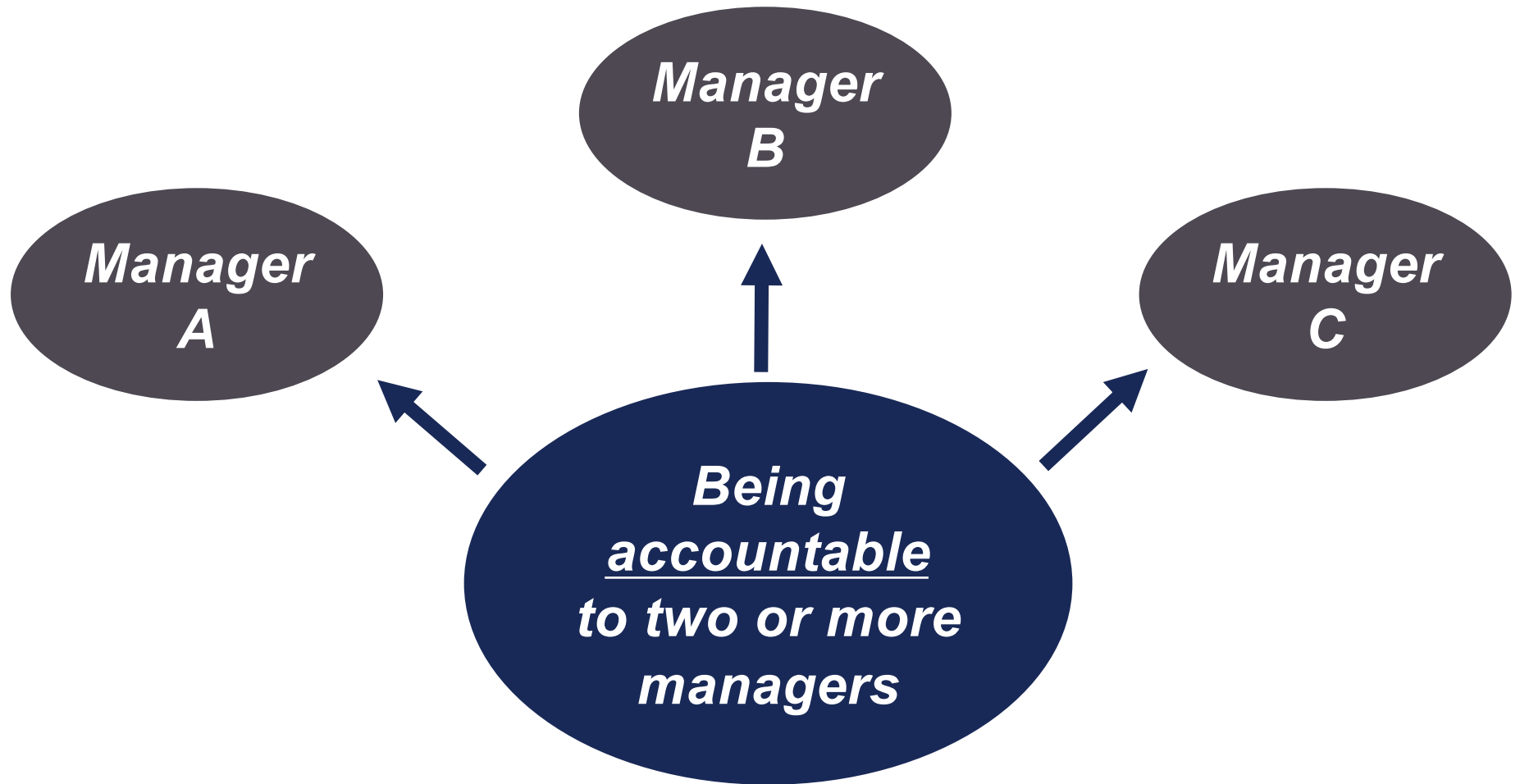
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Every Design Has Trade-Offs

Every design has trade-offs – we choose the set of trade-offs that best achieves our goals…

…and then we manage the downsides of those trade-offs.

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What is Matrix or "Multi-Reporting?"

Manager A

Manager B

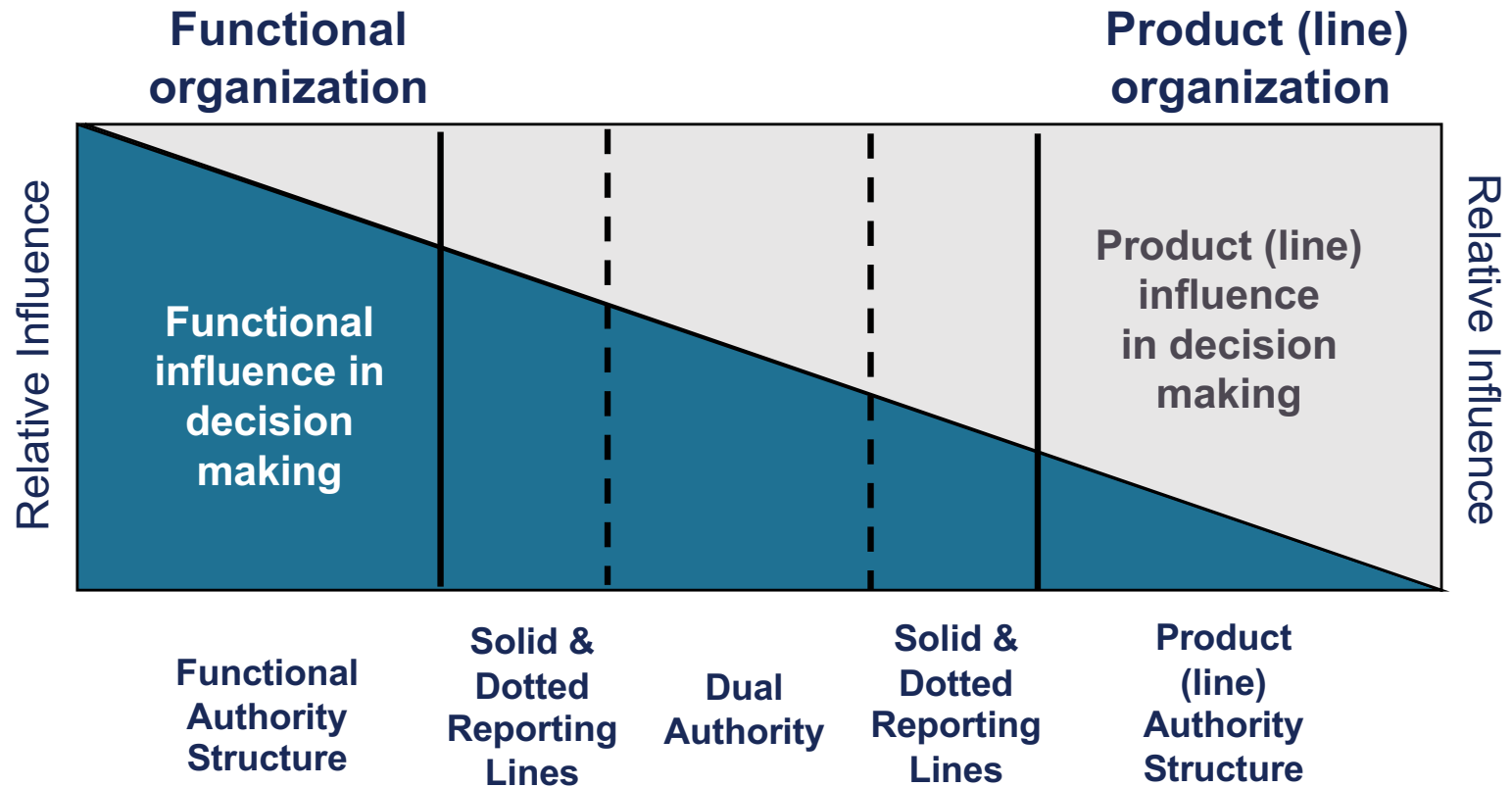Manager C

Being *accountable* to two or more managers

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Benefits and Risks of Matrix Structure

Every operating model/organization design has trade-offs.

Potential Benefits	Potential Risks
■ Increased coordination across boundaries (boundary-less)	■ Increased time for performance management
■ Product, customer, functional, geographic synergies	■ Increased confusion concerning decision making and authority (politics)
■ Increased productivity through the sharing of resources	■ Reduced authority
■ Better insight into profits/costs	■ Slower—more meetings to communicate
■ Increased speed	■ Need for matrix management and professional attributes and skills
■ Smarter product design	

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Matrix Organization: A Continuum of Choice

Functional organization

Product (line) organization

Relative Influence

Relative Influence

Functional influence in decision making

Product (line) influence in decision making

Functional Authority Structure

Solid & Dotted Reporting Lines

Dual Authority

Solid & Dotted Reporting Lines
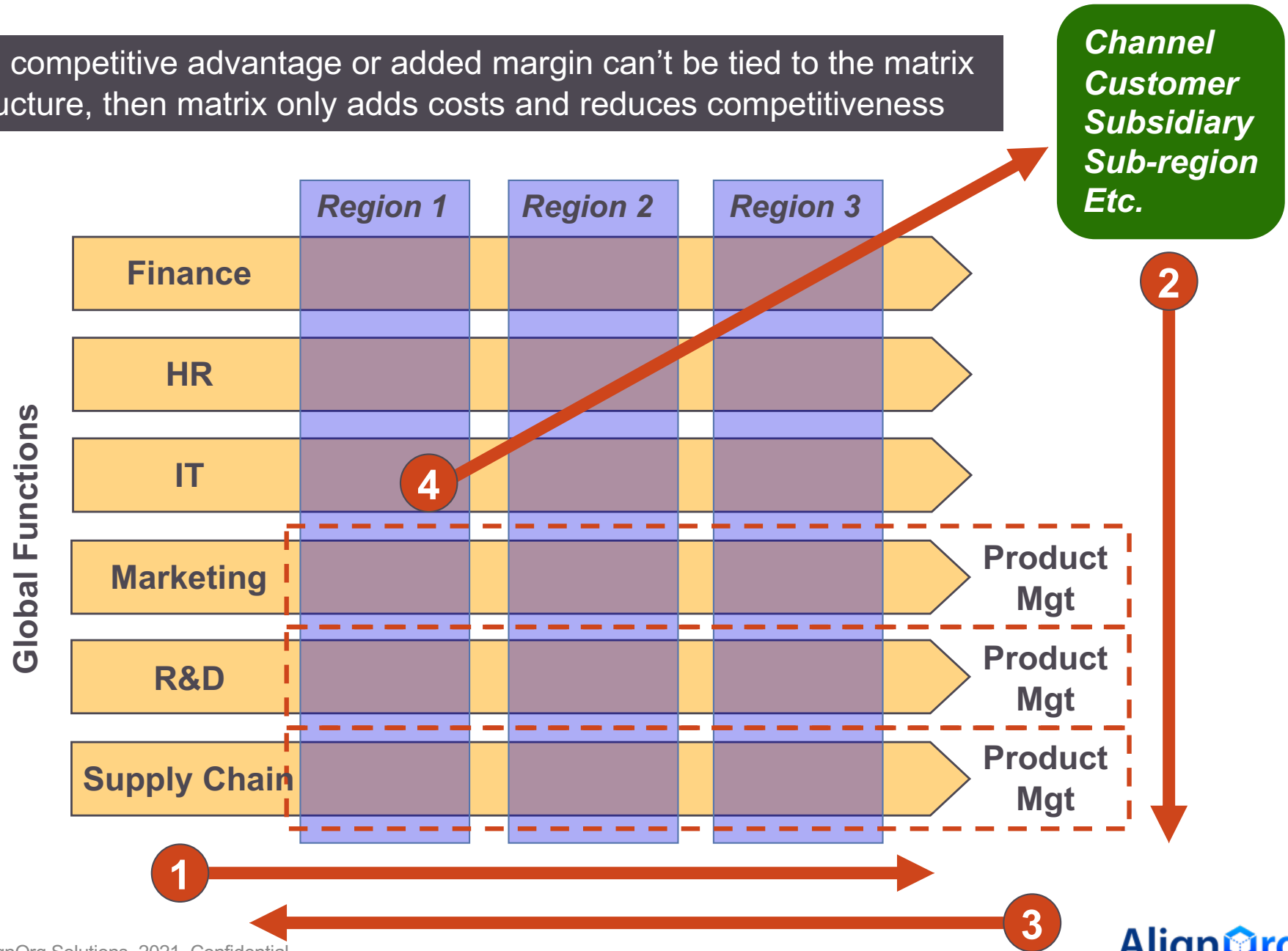
Product (line) Authority Structure

Research indicates that pure "Dual Authority" is least successful

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Types of Matrices

Matrix structures can provide focus along product, function and geographic lines – among others.

If a competitive advantage or added margin can't be tied to the matrix structure, then matrix only adds costs and reduces competitiveness

Channel Customer Subsidiary Sub-region Etc.

	Region 1	Region 2	Region 3
Finance			
HR			
IT			
Marketing			→ Product Mgt
R&D			→ Product Mgt
Supply Chain			→ Product Mgt

Global Functions

1 **2** **3** **4**

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Key Sources of Failure

Matrix challenges can be strategic and operational.

1. Lack of mechanisms that facilitate the matrix including planning, performance management, and resource allocation

2. Imbalance of power/influence between and among matrix organizations (e.g., horizontals and verticals)
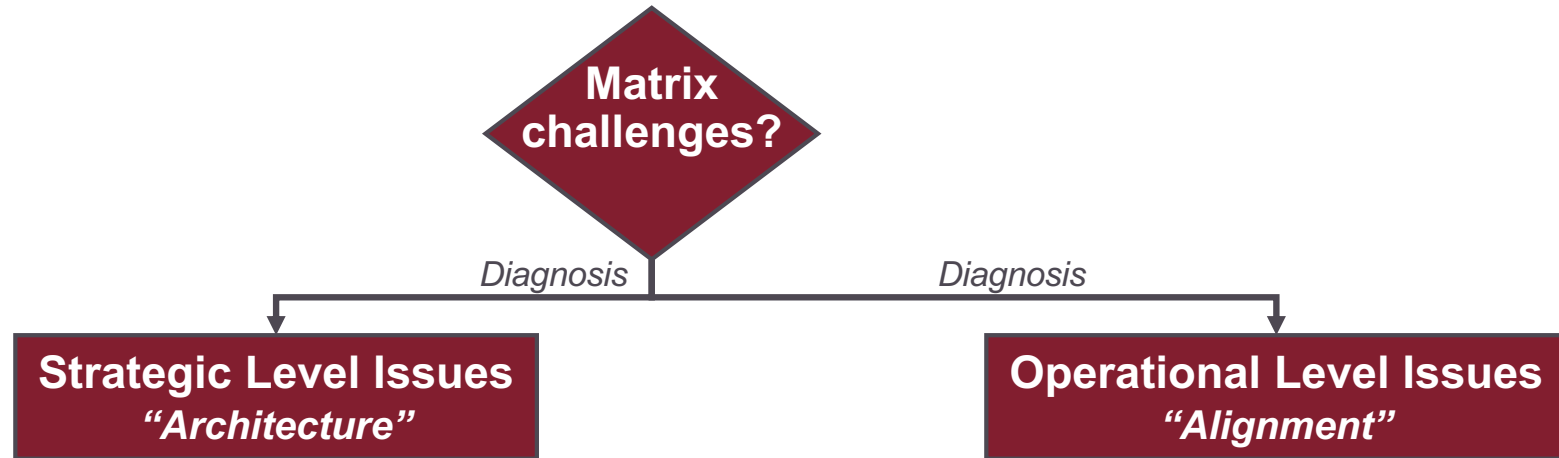
Strategic Design Issues

3. Inadequately defined roles, work processes, planning mechanisms, and decision rights

4. Failure to manage conflict in decision making and resource allocation

5. Gaps in leadership ability (and/or selection) around operating effectively in a matrix environment

Operational Design Issues

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Diagnosing Matrix Problems

Matrix challenges?

Diagnosis → **Strategic Level Issues** *"Architecture"*

Diagnosis → **Operational Level Issues** *"Alignment"*

Possible causes:
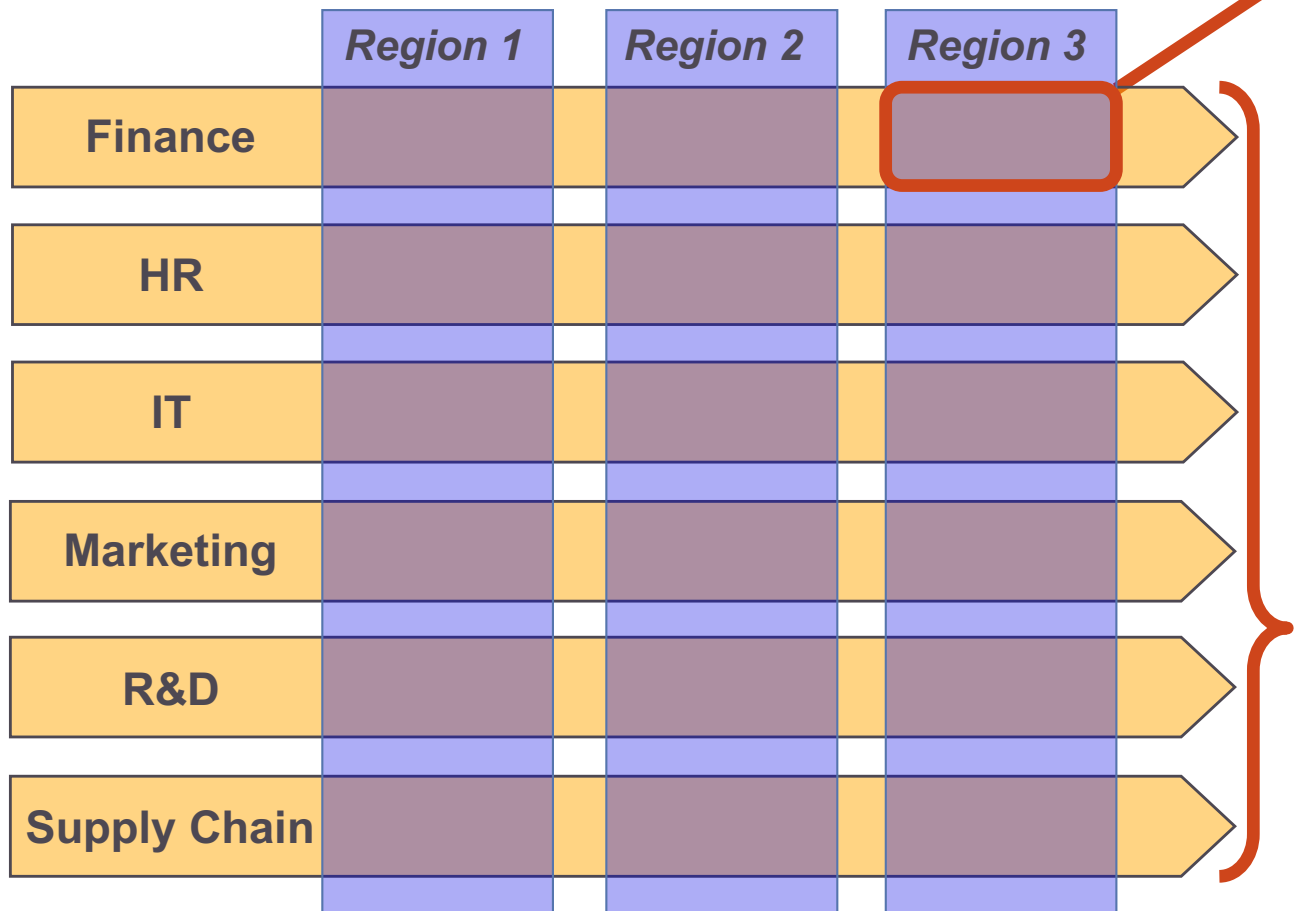
► Lack of business rationale or understanding for matrix

► No return on matrix investment

► Unclear benefits/risks of matrix

► Disconnected strategic and business planning processes

► Human capital processes don't support matrix

► Lack of 'functional' role clarity

► Culture is not conducive to matrix

Possible causes:

► Unclear expectations from leaders

► Poor examples/modelling from leaders

► Lack of contracting among players at intersections

► Unclear decision rights

► Unclear performance expectations

► Information is not available at right levels to make decisions

► Lack of performance management tools/forms

► Lack of matrix skills

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Strategic Level Considerations – "Architecture"

|	Region 1	Region 2	Region 3
Finance			
HR			
IT			
Marketing			
R&D			
Supply Chain			

At the Intersection

- How are priorities set, resources allocated, and differentiation achieved?
- Who gets credit for contributions/performance?
- How are costs allocated/shared?
- What capabilities reside in shared functions vs. dedicated in business areas?

Across the Organization

- How does the performance management system support multiple reporting?
- How well does the culture support dual reporting?
- How do human capital systems work (e.g., succession planning)?

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Operational Level Considerations – "Alignment"
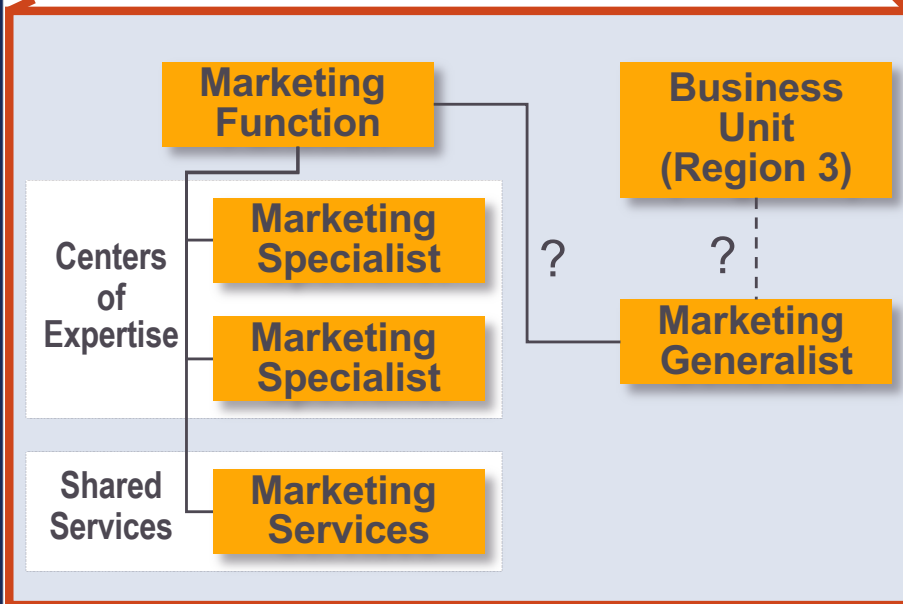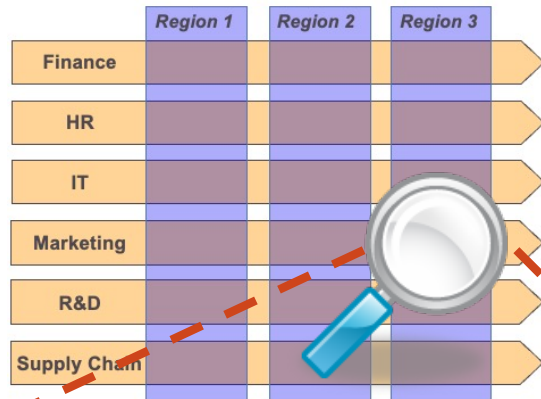
The Function/Business Unit Interface

- What are the 2+ points of view the person in the matrixed role are supposed to integrate?
- What decision rights are implied by the solid & dotted lines?
- How are budgets established & projects staffed?
- Who controls the allocation & assignment of resources?
- How are company-wide & business unit-specific priorities aligned?
- What is the role of the functional specialists vs. that of the generalists?
- What information from each dimension will the individual need to perform their role?

## The Interpersonal Considerations

- How do the solid & dotted line managers manage work and jointly make decisions?
- How do the solid & dotted line managers set priorities, manage conflict, evaluate performance, and provide feedback?
- How do employees with dual reporting clarify work direction and priorities?
- How are individual career interests & paths managed?

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Key Questions For Designing Dual Reporting

After getting aligned at the macro levels, these questions help at the individual/team level.

- **How do I synch up with the dotted-line manager?**
- **How do I manage different priorities, conflicts?**
- **Who is responsible for performance issues?**
- **Who gives feedback?**
- **How are decisions made?**

- **How do I synch up with the solid-line manager?**
- **How do I manage different priorities, conflicts?**
- **Who is responsible for performance issues?**
- **Who gives feedback?**
- **How are decisions made?**

Solid-line Manager ◄- - - - -► **Dotted-line Manager**

Subordinate
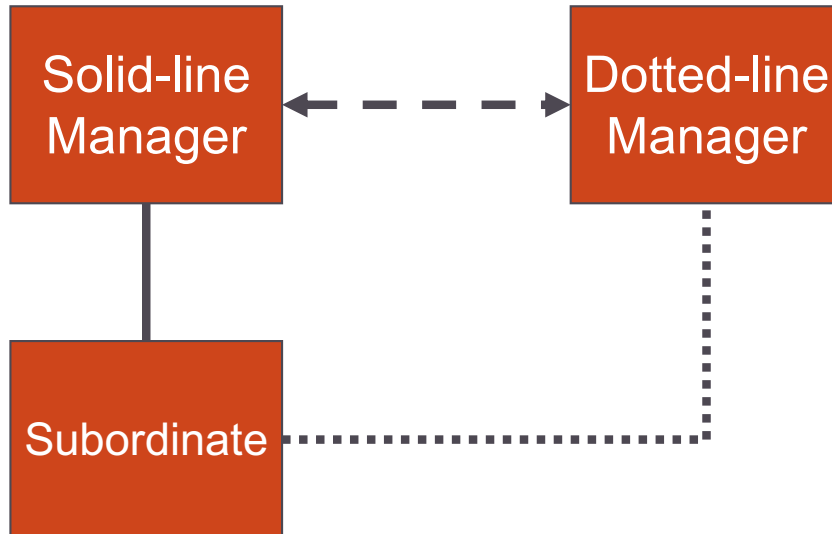
- **How do I manage performance expectations?**
- **How do I manage different priorities, conflicts?**
- **Who represents my career interests?**
- **How do I receive accurate feedback?**
- **How are decisions made?**

Organization
- **How does the performance management system support dual reporting?**
- **How well does the culture support dual reporting?**
- **How does succession planning work?**

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Improving Leaders' Matrix Management Skills

Leaders have two roles:

1. Develop <u>themselves</u>
2. Develop <u>their teams</u>

Areas where leadership teams might need to improve their skills:

- Delegating/empowering
- Clarifying decision rights and methods
- Communicating adjusted priorities and trade-offs
- *What else?*

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Key Leadership Requirements

What leaders need to make the matrix work.

Biggest matrix success factor: Senior leaders who set expectations, model behaviors, clarify priorities, and provide examples & training on how to manage in the matrix

- Decision making in environment of organizational ambiguity

- Conflict management skills
  - Willingness to confront and address conflict
  - Skill in working with others to achieve resolution

- Effective resource planning/sharing/deployment

- Matrix design capability – aligning organizing choices

- Equitable performance management: joint goal setting & performance review

- Flexibility, adaptability

- Influence, persuasion, negotiation

- Cross-cultural sensitivity

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"For those companies that adopted matrix structures, they correctly recognized the need for a multi-dimensional organization… the problem was that they defined their organizational objectives in purely structural terms. Companies must also concern themselves with organizational physiology – the systems and relationships…[and] organization psychology – the shared norms, values, and beliefs. . ."

Christopher Bartlett and Sumantra Ghoshal
"Matrix Management: Not a Structure, a Frame of Mind"
Harvard Business Review

Discussion and Q&A

Consider what is working well and what could be more effective in managing the matrix in a specific part of your organization (now or in the past).

Answer these questions:

- What are the top issues to address?
- What matrix management concepts might be most helpful?

Post your brief answers in the Zoom chat.

If you have questions for the panel, use the Zoom chat to ask those.

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Thank you!

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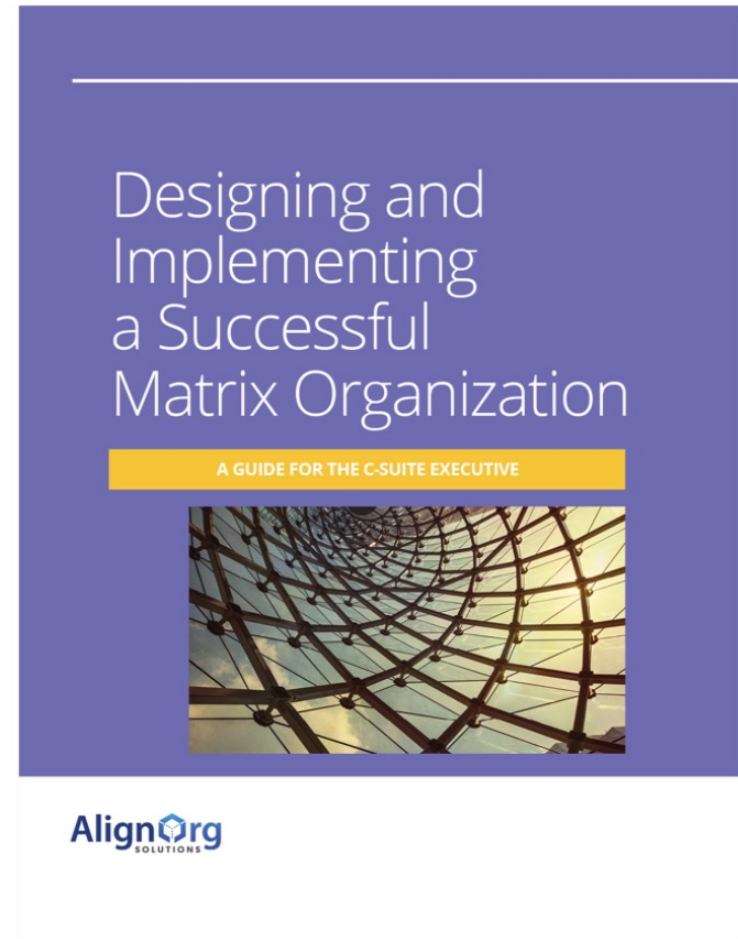
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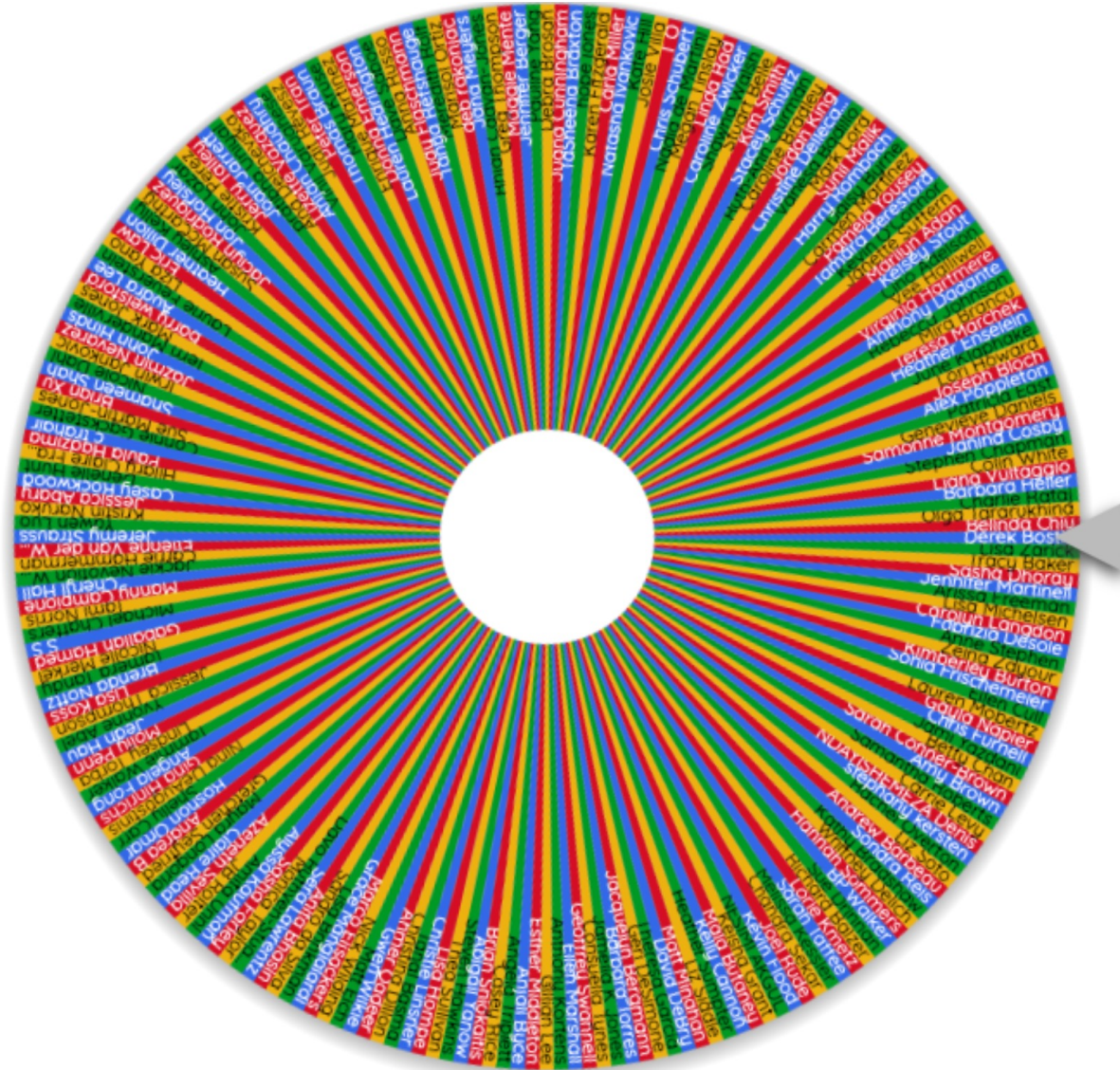# Designing and Implementing a Successful Matrix Organization

- ✓ What is a matrix?

- ✓ When does an organization need one?

- ✓ How to diagnose issues with a matrix structure

- ✓ How to best design a matrix organization

- ✓ How to effectively operate in a matrix

- ✓ What leadership skills are necessary to maximize the matrix?

Designing and Implementing a Successful Matrix Organization

A GUIDE FOR THE C-SUITE EXECUTIVE

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Watch your email for a link to download a copy of this practical guide

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Attendee Prize Wheel!

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