

# Musings from



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**Musings from Gate 44** is a series of papers written from one of the most sacred reflective places in a consultant's life – the airport. As we depart our client's cities, we are often decompressing, celebrating, venting, strategizing and reflecting on behalf of those we serve. We're inviting you into our private thoughts about...you. "You" means those of you leading complex organizations trying to grow, change, improve and compete. These "musings" are stimulated by patterns we see over and over again as we work. Our hope is that letting you into our inner thoughts will help you grapple with the issues that frustrate your noblest aspirations and thwart what you seek to achieve. (We hope we'll also have a chance to laugh gently together at some of the silly things organizations can do.)

## Surviving in a Matrixed World: Making the Horizontal Organization Work for You

By Mindy Millward

*Sitting in the airport lounge as they sweep away the remains of the day and prepare to kick out the last of the stragglers, I wonder how I got here. Not just physically – I know how that happened. Traveling on a code-share ticket when a snowstorm hits leaves you with multiple places to blame but not one that wants to take responsibility for getting you home. I had bounced between customer service desks and long virtual waits all day to no avail and the inclement weather was just enough for no one to care or at least feel accountable.*

No, I was thinking more metaphorically – how did we (my clients and me) get here? How did we find ourselves trapped on the "matrix" side of the structural spectrum? Hadn't we done this before? Did we like it then? So now everyone has multiple

bosses (again). There is insufficient clarity about who is responsible for what. Besides, what does "responsible" mean in this matrix world anyway? I'm beginning to think I should settle in for a long wait here at Gate 44.

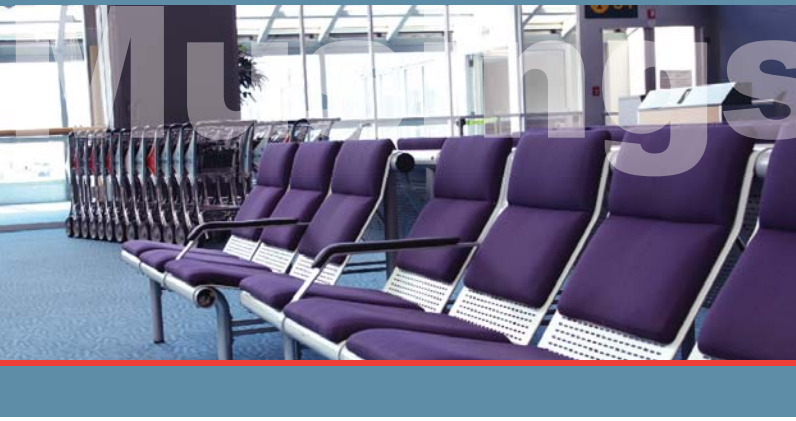
## Why does a matrix seem attractive?

All things have their start in something that seems to make sense, at least at the outset. Back in the day when things were running smoothly, a matrix structure could feel like the ultimate luxury – a large pool of resources all aligned around the same priorities, looking out for each others' needs, recognizing each others' contributions and understanding how the web of strong relationships provides the glue that ultimately produces the results we're after. Ah, but then come the tough periods when sales are down and expenses are up – yikes!

We all joke about the things we have seen living in a matrix organization and having multiple bosses. Yet organizations around the globe face daunting multiple demands – the complexities of serving different geographies, highly

*forward motion for leaders and organizations*

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segmented customers and maintaining functional excellence – that convince many leaders that matrix structures will be helpful. Beyond the increasing complexity of the environment, there are a number of typical reasons for selecting a matrix organization. Matrixes may be built to support businesses and functions that are highly interdependent in nature. They may be used to relieve pressure on the number of internal resources and rationalize how they are utilized. They may be employed to break down existing silos or they may be a key part of an organization’s strategy to increase its footprint in global operations.

The common element in all of these examples is the need to have a well established foundation of trusting relationships that encompass individuals as well as organizational units. The sheer ability to share resources or work with global counterparts or allow part of your operations to rest in the hands of others is based on your ability as a leader to trust that those not in your direct control share your values, beliefs, goals and objectives. You also have to trust that they value you, your input and the role they play in your success. If they do, then you have a powerful tool for leveraging resources and meeting complex challenges at your disposal. The problem is, many matrix organizations never achieve the balance needed to make good on their potential.

## Contributing Factors to the Unbalanced Matrix

### Trust

Perhaps the most basic difference between a matrix and a traditional organizational structure is that a matrix relies on trusting relationships to a far greater degree. It’s one thing to have a relationship with one boss or a clear cut list of direct reports. It’s another thing to have multiple bosses and shared resources. In a matrix where people are effectively “shared,” a heightened level of trust is required so that the organization nimbly allocates work and time.

In many organizations, however, that foundation of trust is eroded or non-existent even before a matrix structure is put in place. And the lack of trust manifests itself in multiple ways. Many leaders in dysfunctional matrixes will confuse and misuse the term “accountability.” Instead of letting customer demand and the organization’s priorities influence the way they play, these leaders will say, “I have to control resources to control outcomes.” Some leaders will support this claim by arguing that vital work will not get done otherwise. This is both a vote of no-confidence in the matrix on the part of the leader and a self fulfilling prophecy – the leader is not giving the matrix a chance to be successful.

Matrixes devoid of trust can manifest some of the least pleasant corporate behaviors, including the hoarding of knowledge and resources, the use of feedback to highlight the shortcomings of others, and dumping work/responsibility without true partnering. Once a lack of trust becomes embedded in a matrix organization, these behaviors can become intractable. The diffuse nature of having reporting relationships can stall change until participants conclude that the matrix structure itself is to blame. It need not end this way, but it often does.

## The Matrix Power Myth

One of the typical myths about the matrix structure is that it ensures equality of power across all stakeholders. That just isn’t the case. Everyone has different responsibilities in a system and a matrix structure needs to clearly define how decisions are made and who makes them. In the end, there must be a clear line of decision-making that recognizes the reality that not everyone gets to help make every decision.

In a non-matrixed organization, decision-making is very clear because there is an identifiable hierarchy and people only report to one boss. In a matrixed organization, decision-making gets cloudy because leadership and accountability doesn’t always get rolled directly upwards. Most of the time, it involves multiple parties. Companies often get caught in the trap of inclusion by default. They haven’t spent sufficient time thinking though who should be involved in which decisions and how. Consequently, they are unable to communicate a message that hasn’t been determined so those working in the matrix get the idea that their voice is important but begin to resent the fact that it’s not always necessary. So, by default everyone gets invited. The thought is, “It’s quicker to invite everyone than take the time to figure out who should come and why.”

Though matrix organizations can give the illusion that everyone has equal power, effective matrixes require organizations to build appropriate “decision rights”



around critical business issues. Those in the system need to know the boundaries of the power they have to make decisions. Organizations that fail to do this will end up spinning their wheels because they invite people into the process who do not need to be involved. The result is a lot of wasted conversation time with people who really don't have the power to make decisions.

The confusion about collaboration and consensus is one example of how dynamics around power play out in matrix structures. Collaboration is when complementary activities occur that advance a common goal. Consensus is when people agree they can live with a particular decision. Both are important mechanisms for a well functioning organization, but they are clearly different. When people are collaborating, they are actively engaged in doing their part to reach an agreed goal. Consensus, however, can include passive acquiescence without real contribution.

I often see leaders believing that they have to reach consensus in the name of collaboration. In fact, that is one of the fastest ways to kill the matrix. Good collaboration is an organization's ability to get divergent parts working together. Often collaboration can be greatly facilitated by investing the time to ensure roles are clearly defined and decision rights are well articulated and understood. That level of clarity enables people in differentiated roles to then act in more complementary ways that are aligned with the interests of the business. Absent that clarity, people require or invent all sorts of social and political work-arounds. Merely reaching consensus can mean that some people will not actively contribute. This can be disastrous if attaining the goal requires their active participation.

## Matrixes Under Stress

The matrix solution that looks so compelling on paper can also be tremendously hard to implement and even harder to live in – particularly in challenging economic times. When sales slip, when a key product launch date is missed or when a sector-wide market slump occurs, the tensions around the organization mount and people start to retreat into their clans and caves. Pressure then increases to work around the matrix structure and the myriad processes designed to support it. People start to just want to “get things done.” Then if things get really hard, another restructuring is planned. We have seen organizations literally see-saw back and forth every 4 or 5 years, dismantling and then rebuilding the same boxes and lines on the organizational chart in the vain hope that things will really be different this time around. Unfortunately, they often aren't. In many cases, the root causes that plagued your previous structure will follow you into the new matrix option you have just adopted. Things like leadership practices and mind-sets, the norms around

accountability and performance, and the avoidance of risk required for greater/faster innovation will keep surfacing. It is therefore important to understand these “non-structural” factors so that you can proactively diagnose them and build requisite capabilities into the organization that support successful implementation. If you miss them or try to ignore them, you run the risk of having your “shadows” follow you into your next home.

## So Close, Yet So Far Away

We have noticed how challenging it is for the CEO and all of her direct reports to lead a matrixed organization because in many cases they have never had to function that way themselves. Most frequently, matrixed relationships do not show up until the third and fourth levels of a company. Most executives are two levels away from matrixed relationships, which makes it hard for them to fully understand why it can be confusing and what makes it so challenging. CEOs end up trying to push ideas and goals onto the organization – and that is fraught with risks.

In matrixed organizations, some old CEO habits are particularly disruptive. For example, many CEOs share whatever is most important with whoever is standing right in front of them. In a matrixed organization that can be problematic because that person, most likely, isn't the right person to go out and get it done, but now they will feel like it is their responsibility. The CEO of a matrixed organization needs to make sure the megaphone is pointed in the right direction. If it's an R&D issue, point it at R&D. There is an expectation that if the CEO tells someone about some issue, that person needs to go take care of it. Newly minted CEOs are especially surprised to learn about how carefully people listen to what they say, and how strongly they react. It's almost like having a megaphone duct-taped to your mouth. Think carefully before you speak – and consider your audience.



## Needing to Know vs. Needing to Act

There is a huge amount of information transfer in the matrixed organization and the majority of it isn't top down. Much of the information sharing and creation of knowledge capital happens laterally. There are lots of things that people need to know and be informed of, but may not necessarily need to act on directly. Knowledge sharing is crucial and often times becomes problematic because there is uncertainty of who needs to be informed. It is this uncertainty that whips people into an information frenzy, and often times information overload.

Matrixed organizations need to set up structures and systems that allow people to flag pertinent information so they can help it get to the right spot in a timely manner. And this is more than just a function of IT, although updated IT systems can aid tremendously in this process. Matrix organizations need their people to be able to selectively process information. In many organizations I work in I hear stories of people saying, "Well, I copied you about the meeting and you didn't respond so I assumed that you didn't want to be involved in the process. We had to make the decision with the people we had." Which is really code for, "I emailed everyone, as I do on everything, knowing full well that nobody will respond because everyone emails everyone just to cover their ass!" When there are huge amounts of information transfer and people aren't sure who to share what with, they end up sharing everything with everyone just to play it safe and end up not sharing much of anything at all. As the old adage goes, "We do it so much that it doesn't mean anything!" The last thing matrixed organizations want is for the information they are sharing to mean nothing. It's a killer.

When that mentality permeates an organization's culture it becomes everyone for themselves. Here's how I've seen it go. One person is responsible for making a product launch. They shoot out emails to everyone on the team, and I mean everyone, just to cover their ass and say all are included. The day of the meeting, those who accepted the Outlook invite arrive.

Turns out that the head of media (pretty important for a product launch) declined the invite. What was the end result? Key decisions were made without key people. This may ensure that these decisions are dead letters from the start. This is not the way to get people motivated or build trust.

As matrixed organizations move into a new way of transferring information and sharing knowledge, they have to quickly and visibly get rid of legacy structures. One company I worked with had a history of a weekly meeting where all departments had to report all their numbers. People reported numbers that were inaccurate, but they knew their job was over if they showed the numbers as they really were. So they lied about it! The meetings were totally unhelpful. I came on to work with their new CEO. He was cast into a history of number reporting. When you move to a matrix organization you have to break free from the ways of the past. Some people get caught in the trap of, "I know we are supposed to do X, but we are still doing Y." You have to blow up the cultural icons of the past and get new ones in place. And that needs to happen all across the system. Governance structure and meeting structures are other places that need to get changed rapidly. We cannot continue to meet the way we have in the past and expect a new structure to work. Senior leadership can actively be looking for opportunities to visibly show the change. The change must happen in organization design and process. I've seen many matrix transitions fail because organizational processes don't get changed to support organizational design.

## Rites of Passage: Establishing the Foundation for a Stable Maxtrixed Organization

The primary flaw in implementing a matrixed organization seems to be the belief that function will follow form, as opposed to other way around. That is, if we build it (the matrix), they will come around – or be able to operate in an environment that presumes more trust and trusting relationships than exist in a more traditional command and control structure. While it is easy to see the flawed logic, it is harder to think about how to rectify it without simply deciding to reverse the process. Instead of putting in place the formal structural arrangements (the anatomy) first, then building the decision making processes and interpersonal relationships (the physiology), and finally working on the attitudes and actions (the psychology) that guide every interaction that takes place, why not reverse the order and build a sustainable organization from the get go?



## Alignment of Senior Leaders

The effective matrixed organization does not begin with structures – it begins with senior leaders. How do you as a senior leader surface the challenges around resources you know you'll face? How will you drive shared decision making at the senior level? Visible joint leadership is crucial – no man is an island. The senior leadership level must constantly show how they come together and link arms toward a common end. R&D and Marketing need to hear the same information at the same time and hear a joint message that comes from multiple people with one voice. The more senior leaders have one voice and deliver those messages together the more the organization will be able to leverage the linkages among the entire system. The main trade off is that in the beginning it will take more time, but eventually there will be a multiplicative effect and the organization will move faster than it had in the past. Even though the senior leadership team is not matrixed they still need to be role models to the rest of the organization and joining forces is one way they can do that.

## Establish a Culture of Belief in Benevolent Intent

The absence of trust in a matrix environment can be toxic. People's hyper-vigilance can get the best of them, and they can spawn conspiracy theories and dramas that prove others are out to undermine their work. Self-protection becomes the way of survival. It is imperative that people build a more natural impulse to assume beneficial intent. "Never attribute to malice what you can attribute to ignorance" is a good rule of thumb. Rather than assuming someone's understandable goof was an intentional act of sabotage, inquire as to what happened, and offer help to rectify plans gone off course. Just as you would want others to refrain from unfounded assumptions about your motives or actions, help the organization do the same for each other. It will go a long way to ensuring people's ability to operate well in a matrixed organization.

## Familiarity Breeds Trust

Once you commit to a matrix, you need to remain committed. Of course if you find that an aspect of what you have put in place is proving detrimental, then you must act. However, many leaders impulsively change out people and roles at the first sign of trouble. Continuity in role, relationship and process is an essential part to the adaptation process to matrix environments. People need time in their roles and reporting relationships to build required new skills and develop the confidence and commitment needed to perform well in a matrix.

## Build Skills That Support Working in a Matrix

Working horizontally with multiple accountabilities to numerous stakeholders is anything but intuitive. It requires a very sophisticated skill and attribute set that most humans don't come innately equipped with. Organizations that intend to compete in matrixed environments to maximize customer segment profits and distribution channels need to deliberately invest in ensuring their organizations are equipped with these skills.

People need to be able to influence others without relying on title or position. They need to become familiar with different aspects of their own influence, comfortable with their own sense of agency and confidence to stand on the merits of their own point of view without becoming dogmatic.

People need to be tolerant of ambiguity. Individuals with strong needs for control will suffer unless they learn to be comfortable in environments where decisions can feel less than perfect, available information seems incomplete, requests feel contradictory, and a bias for action is essential to keep work moving forward. Developing one's "sixth sense" of what will or won't work comes with time and experience in the environment. Organizations with excessive turnover will likely never be able to thrive in a matrix organization because continuity is essential to developing tolerance of ambiguity.

More than just "being a team player" or effective "interpersonal skills," the capacity to establish deep alliances with others in numerous parts of the organization is essential. How to establish and keep trust, how to build networks, how to demonstrate respect, how to generate positive regard for others, and how to ensure people believe you genuinely care about them and their agendas, and aren't just being nice to get your way – are all vital elements to ensuring you can thrive in a matrix. Those whose natural inclinations don't lend themselves to building solid relationships risk harming their organization's efforts to establish effective matrixes.



## Managing Conflict

Both organizational and interpersonal conflicts are a natural byproduct of matrix organizations which should be expected, not avoided. Learning to manage conflict in a healthy way is crucial, however. Conflicts may be in priorities, resource allocation decisions, interpretation of data, differences of opinion, the secondary conflicts of competing for career opportunities or fixed-pie rewards, or the sadly common reality of people just not liking each other. Equipping people with the necessary tools, processes and skills to deal with the natural tensions matrixed organizations create will enable far more sustainable success. Ensure that people have sufficient access to one another and needed information, that communication of decisions happens in an equitable way, that there is maximum transparency in resource and prioritization decisions, and that people feel sufficiently confident that their dissenting views and concerns will be received without their needing to fear retaliation. Be sure that decision making processes are clear and that people understand when they are pursuing consensus, when a decision is being made with or without their input, how they should offer their opinions and to whom, and when a decision is in fact theirs to make. Helping people know what their role and voice is during decision making work can go a long way to avoiding needless conflict and raising issues in advance of them becoming a problem.

## Clarity of Roles

Be clear in the definition of roles, responsibilities and accountabilities. This is probably the one thing we hear most often that is left incomplete when organizations migrate to a matrix. The more clarity you can bring to people's roles, responsibilities and what they will be held accountable for, the more likely people will reach the performance levels you hoped for when you first began moving to a matrix. Give people plenty of time and workshop space to design their roles, negotiate the boundary conditions with all of their necessary stakeholders, and raise concerns when they feel the role being defined for them is unrealistic, duplicative, or highly contradictory when juxtaposed against the roles of others with whom they must work.

## Seeing the Whole System

Typically, when we enter a company the first thing we do is get a lay of the land and learn about the context the company competes in. We learn about the environment. Who are the players in the landscape? Who's doing similar work? What's the history of the company? Are there a lot of players who have been around for years? And then we look at the context of the system. How do they do their work here? How are they structured? Are their meetings scheduled in a way that can help them accomplish what they are going for? What does the up and coming talent look like? Are emerging leaders being trained to lead in the future? What's it like to walk the halls of this company? Do people enjoy showing up?

Drilling down into the nuts and bolts of a company's internal and external contexts accomplish two things. First, it helps broaden the perspective of those working in the organization. It helps them pull back for just a second and see the broader landscape of all that is happening at their company. It's this new perspective that helps them stand in their colleagues' shoes and see the world from their perspective. Secondly, this is crucial because then they start to understand what information to share with whom and when/how to share it. Not to mention, they begin to see who should be involved in which decisions and the degree to which they should be involved. Ironically, understanding the whole helps the parts work more successfully and productively than they would have alone. Little by little, 1+1 starts equaling 3!

Transitioning to a matrixed structure can't happen overnight and the entire system is required to change in order to navigate the passage successfully. At lower levels of the organization increased versatility/agility and systemic thinking are more frequently required. In traditional organizations tradeoff analysis is pushed up the line to the people with the power to make the decisions. In a matrixed organization power and decision making rights are dispersed throughout the entire organization. This means that many of the decisions that were previously pushed up can remain to be worked through. Choices can be made and resources allocated at the level they arise at. People further down the line can get things done that they were not previously allowed to touch. Influence as leadership becomes key here because many times decisions are made by people lower in the hierarchy and affect people higher up. They can't simply say, "Because I said so!" Many times their influence has to speak louder than their words and typically there is a lot of skill building that needs to happen in this area.

## Asymmetrical Options

The matrix isn't always for the entire organization; it doesn't have to reach across the whole system. It is very helpful in organizations that have complex business setups that create/require interdependence between them. In order to make it work the businesses involved need to be similarly paired – you have to matrix apples to apples so to speak. You have to understand the nuts and bolts of the business before you matrix it into the system. If you try and force-fit the matrix in misaligned businesses you'll get organ rejection. It simply will not work. Many startup business need to be incubated for a time before they receive matrix support. This also shows up when two businesses have different customers or different ways of going to market. In most large organizations there are going to be pieces that don't fit and you can't force them.

## Learning to Flex

The organizations that make it work are those that are able to learn in real-time and retool mid stream. So often the people involved get punitive toward the people who have caused the "learning moment." Being punitive only encourages your organization to pretend that it doesn't have to learn – people become driven by not wanting to be wrong instead of learning a new way forward. Organizations that make the matrix work are those that spend a good deal of time reflecting, questioning, and being curious about why things failed. A lot people say, "We learn from experience." If that were true we wouldn't spend so much of our time repeating bad habits. The truth is that we learn from the analysis of experience. The matrix works when those involved are given the space and freedom to analyze their experiences, both individually and collectively, and truly learn from them.

With a matrix organization a lot of the linking mechanisms become very informal and fluid – the amount of information transferred goes and the sum of the whole becomes greater than the parts. In other words, not only do those working in the matrix need to be familiar with who needs to be informed, how they need to be informed, and their role in making decisions around that information, they also need to become aware of the entire system that they are being required to inform. No longer can anyone just 'know' their own area. They need to become aware of the way there area effects other areas in the system and vice versa. And there's a dynamic nature between information sharing and understanding the makeup of one's system.



## As You Move Forward

It's no secret that thriving in a matrixed environment takes great agility and that failure to do so can be perilous. But given the interdependent nature of most competitive environments, it is inevitable that at least some portions of our organizations will need to be highly horizontal and fluid in nature. It behooves leaders, then, to invest the necessary time and resources to bolster the strength of their organizations to perform effectively in interdependent environments. To ignore or dismiss the need for this could risk mortgaging the future of your competitive position. Getting it right, on the other hand, positions you to realize the very aspirations you have promised your organization, your shareholders and your customers. You get to choose.

*The weather is clearing and it looks like I'm going to get home tonight after all. If you want to hear more about making matrix organizations work, drop me a line at:  
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