

# Understanding Matrix Management

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Matrix management came about as organizations recognized that, in an increasingly complex business world, they needed to provide balance between the key drivers of their business and find a more effective way of employing the skills and talents of individuals within their organization. It is a management system based on two or more employee reporting systems, linked both to the vertical organizational hierarchy, and to horizontal relationships. In other words, any employee within a matrix organization, reports upwards to superiors and, based on geographic product, or project requirements, may also report sideways to peers.

Under a matrix management system employees can be directed to where they are most needed and add the most value, for both the short term and long term.

Before you implement a matrix structure in your organization, be sure it is right for your business and its future strategy, and fits the skills and competences of your people.

## What You Need to Know

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### **Does matrix management favor the organization over the individual?**

On the surface it appears that the organization is the winner. A matrix structure can maximize the use it makes of individual skills while minimizing the burden on management. On the other hand, matrix structures bring new pressures on those who run the business. They have less control and are required to communicate more effectively. They need to introduce the systems and procedures that allow some control, but do not stifle the business-systems that encourage flexibility, yet ensure that conflicting needs do not hamper decision-making processes—as well as set the balance between responsibility and accountability for individuals. If they get it right, matrix management can be as good for the individual as it is for the organization.

### **How can balance be maintained in a matrix organization?**

In many organizations, management is either predominantly vertical or predominantly horizontal. Where matrix management has been introduced relatively recently, organizations are still learning how to manage both vertically *and* horizontally. Matrix management tries to provide the flexibility and responsiveness needed to be competitive. Balance means understanding the business issues

and creating boundaries for roles to ensure that value is added. Too often, not enough time is spent clarifying what individuals, roles, and teams can contribute.

## **What's the negative side of matrix management?**

Matrix management has been used successfully for years by many well-established businesses—particularly in project management. For it to work the business case must be strong and the senior team must be committed to managing it well. This requires a clear understanding of the organization's objectives and of individuals' capabilities. The right systems, procedures, and resources need to be in place to meet these objectives, and management must be disciplined in not over-utilizing the human and physical resource.

## **Wouldn't roles and responsibilities get lost in the matrix?**

In a poorly-implemented system, this can easily happen—which is why it is so important to clearly understand present procedures, how they should be modified, and how the matrix roles should be shaped to match the capabilities of the people in them. Training and development are key to the matrix's success. Allowing sufficient time is also essential—time for transition from the old to the new way of working, time for people to fine-tune their individual approaches, and especially time for planning. Communicating expectations to the people in the roles and to the rest of the business will help to cement success.

## **What to Do**

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### **Think Before You Act**

Changing an organization's structure is a major upheaval, so it is important to have mechanisms in place to help individuals, teams, and decision-makers cope with the inevitable disruption and confusion. It is also vital to be sure that such a change is right for your strategy and the business, and that you have the capability to deliver it. The following sections outline the points to consider in making the decision and the stages involved in implementing the change, should you decide to go ahead with it.

### **Consider the Context**

When deciding whether to implement a matrix management system, consider the following:

- What is the business's overall strategy?
- Where are the demands in the business?
- What structures are the competitors employing?
- What are other organizations doing?
- What talent is available in the business?

There are many organization evaluation tools available, which can help you analyze which structures work best for your business, given its culture, products and services, and market environment.

## Set Boundaries

Define the area of your business in which you believe matrix management will work. It must integrate well with your overall strategy—the direction in which you want to take the business—and must be easily communicated to and understood by those who will be affected by it. Most importantly, make sure you have people in your business capable of undertaking and delivering the new responsibilities. They must be comfortable dealing with complexity, coping with pressure, handling conflicting priorities, and with being pulled in several directions at once. Without the right talent, your matrix structure will quickly disintegrate and become a political nightmare.

## Implement the New System

Matrix management moves away from the hierarchical structures, clearly-defined lines of responsibility, and formal communication and decision-making channels that most businesses have become accustomed to. It is a culture change that will need to be planned and managed over time, and not everyone will be comfortable with it. Be prepared for some casualties along the way, particularly among those who have a personal investment in their role or status in the hierarchy.

You will need to create new channels of communication so that you can monitor progress and receive feedback on the effectiveness of the matrix. Matrices tend to be dynamic, creating ongoing challenges and requiring ongoing decision making.

Steps in the implementation process should include:

- undertaking a talent audit and highlighting development needs;
- defining roles in terms of outputs, not inputs;
- aligning systems and procedures to support the new structure and behaviors;
- investing in training and development;
- coaching and supporting key people to adapt to the changes;

- communicating regularly to those affected;
- monitoring overall progress and making necessary adjustments.

Note that you may need to adjust your reward and benefits package. In a matrix structure, roles are often more demanding due to the diversity of issues people face and contexts in which they have to work.

## Help Employees Cope with the Change

Businesses often do not focus sufficiently on aligning capability and motivation with the new structure, usually because they have not fully understood the demands a new structure places on individuals and teams. People often have to deal with a lot of uncertainty, which may result in stress. By spending time assessing your talent, you can better identify those who are likely to be successful and champion the change.

Individuals:

- Form focus groups to discuss and identify helpful ways of creating the new structure.
- Minimize potential grievances by encouraging people to express their opinions of the new structure.
- Be aware of your own preferences.
- Create a development plan identifying key priorities.
- Invest in training in areas where skills are inadequate.

Implementers:

- Choose an area of the business in which resistance to change is minimal.
- Plan the steps carefully, and make sure that senior management supports you.
- Build in time to communicate, so that objections can be addressed early in the process.
- Clearly define roles, responsibilities, and accountabilities.
- Set time objectives and measures for evaluating progress.
- Adjust reward programs—and be prepared for several iterations before finalizing them—which may only happen after implementation.
- Be willing to learn from both people and the process.
- Do a force field analysis to understand the need for the change versus the resistance you may encounter. This will allow you to set the appropriate pace for the initiative.

## Review and Refine

As we all know, successful organizations adapt to their environment. Regular reviews will help to identify any changes you need to make. Changes can be process oriented or structural in nature. Be prepared to redefine roles and move individuals. It is not easy to get the right balance between fluidity and structure, but the success of your matrix may depend on it.

## What to Avoid

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### You Imitate Competitors

When we see our competitors moving to a matrix structure, we may assume that they have the key to achieving a competitive edge and that we must follow suit. This is a mistake; their culture may be more suited to this type of structure. Understanding your own business drivers, what is best for you, the talent you have, and the pressures you may be under are the only relevant factors to consider in making the decision to move to a matrix.

### You Use Matrix Management as a Smoke Screen

Implementing a matrix structure to hide a different agenda—as a cost cutting measure, for example—not as a decision made for sound business reasons can result in high levels of demotivation and lack of support.

## Where to Learn More

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### Books:

Forsberg, Kevin, Howard Cotterman, and Hal Mooz. *Visualizing Project Management: A Model for Business and Technical Success*. New York: John Wiley, 2000.

Verzuh, Eric. *The Fast Forward MBA in Project Management*. New York: John Wiley, 1999.

## **Web Site:**

Strategic Futures: [www.strategicfutures.com/articles/matrix/mtrx-1.htm](http://www.strategicfutures.com/articles/matrix/mtrx-1.htm)

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