Thriving in a Matrix World

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Introduction

We are often asked this question at PBC; *"what is the best way to work in a matrix organization?"*. The glib answer I guess, is that your business is probably already working like a matrix organization - to some extent - but you don't call it that. Seriously! Just think about how often some of your people interact across strict hierarchy lines and with people over whom they may have influence but no genuine authority.

Truth is, ALL organizations, big and small, simply could not function if their employees did not collaborate with others, outside of traditional 'line' relationships.

The only difference between a 'matrix' company and all other enterprises is that the leaders have deliberately created that less formal, flatter hierarchy, team-working culture. Why? Because it is the most effective way of organizing for responsive customer service. It is the most appropriate setup for achieving their goals. And they know the inescapable truth... that businesses don't have ideas… people do!

Matrix team working is the proven approach to successful wealth creation. You don't have to be NASA or Google to bring this methodology into your enterprise. It can work for even the smallest business or the most hierarchical and staid organizations.

So what our clients are looking for when they ask; *"what is the best way to work in a matrix organization?"* is help in making matrix working more like business as usual. This white paper is contains practical suggestions and guidance for doing just this.

Contents

1. **What is 'matrix working.'**
2. **What's in it for you and your employees.**
3. **Learn and teach; Influence without authority.**
4. **Where to start? Your leadership for matrix working and 3 leadership arenas.**
   a. **Lead through Vision and values and a RACI matrix.**
   b. **Champion continuous improvement**
   c. **Build trust and provide support.**
5. **Delegate for success with a systematic approach to delegation for matrix working.**
6. **The IMPROVEment cycle. A systematic process for matrix team working. Follow the mnemonic...**

I	Investigate the current situation.
M	Map the process and Measure.
P	Prove causes and Pareto analysis.
R	Rethink the issue in light of evidence.
O	Organize a test or simulation.
V	Verify that solutions and ideas definitely improve the situation.
E	Educate everybody and embed the solutions.

I. What is Matrix Working?

Some organizations develop a matrix working style organically. This happens where outputs are not pre-designed to meet specific customer needs or are uncertain from the start. Knowledgeable, highly skilled people, work together permanently in teams of peers. Health providers and research and development organizations are matrix organizations of this type.

Other organizations are hierarchical by design. McDonald's is a typical example with lots and lots of front line staff, kitchen staff, maybe 1 in 10 supervisors, 1 in 100 managers, through the senior managers and on up to the ever narrowing apex where the C-level executives sit and lead the organization towards their Vision; *"to be our customers' favorite place and way to eat and drink."* This typical structure is then duplicated, perhaps in functional silos, or by region, or product line, or market segment.

Then there are 'matrix' organizations where the hierarchy is flatter with fewer layers and where decisions are made and problems resolved through informal negotiation among equals. Many task force type teams, each reporting to the leader.

NASA was the prototype for this way of working. The various task forces formed, completed their work, broke up and reformed around the next task. This was on a semi-permanent or completely ad-hoc basis. Matrix working is ideally suited to project work where the outputs change frequently.

The beauty of matrix working is twofold. Firstly, it provides a vehicle for innovation and creativity for the task force members and secondly, it is very responsive to market changes and has rapid decision making capabilities. These are two benefits that ALL organizations, regardless of size, need in order to survive, grow, and prosper.

The challenge for all entrepreneurs is to get the benefits of matrix working without undermining their traditional and very effective organizational structures. The need is to superimpose task forces and standing committees on your existing structure, whether it is functional or market based.

II. What's in it for You and Your Employees?

In a word; SUCCESS. Communication across functional boundaries is at the heart of matrix working. The more efficient exchange of information and data between employees empowered to make improvements to your business processes can;

- Reduce costs permanently
- Take advantage of one-off profit improvements
- Significantly raise productivity
- Build employee engagement and thereby job satisfaction
- Reduce turnover
- Create a happier workplace

By leading your business into matrix working, you will be implementing 3 of the 9 actions to build employee engagement that we talk about in our November 2013 Newsletter – *"Want To Get Your Employees Engaged?"* Read our blog post: "9 Actions to Build Employee Engagement ." These three actions are:

1. Build the values of 'personal autonomy,' 'meaningful purpose,' and 'skill acquisition' into daily business processes.

2. Give people time for creativity, innovation, and continuous improvement.

3. Systemize your continuous improvement efforts with the IMPROVEment cycle.

Employee engagement is at the heart of the IMPROVEment cycle. Much more on that later.

III. Learn and Teach; Influence Without Authority

Learn yourself, and train others to 'influence without authority.' A good starting point is Robert B. Cialdini's video that is on my YouTube channel: [Science Of Persuasion](). There are many lessons to be learned from the science of getting people to say 'yes' to your requests. And then there is a fascinating book [Influence Without Authority](), written by Allan R.Cohen and David L.Bradford.

You all know about the golden rule of customer service - 'treat everyone as you want to be treated yourself' - and how rare it is in our busy, busy worlds. Yet a matrix world requires an even more precious commodity: The 'Platinum Rule' (from Tony Alessandra) that asks that you 'treat others the way they would like to be treated.' This is such a big ask, because it demands personal change and no small effort.

Firstly it requires detailed learning of your personal approach as well as an understanding of others. Then it takes conscious adaptation of our behavior to that of our customers, so that you can communicate better and exceed their expectations. Not easy, but it is necessary, if you are at all serious about thriving in a matrix world.

The key skill underpinning both of these precious metal rules, is **empathic listening.** Just listening is not enough! You have let others know they have been heard by responding with empathy in your words... AND words are empty, without actions to ease the pain points in your customer service.

IV. Where to Start? Your Leadership for Matrix Working

You can create the culture to win cost reductions, profit improvements, employee engagement, and boosted morale, without a wholesale reorganization of your business. It all begins with your leadership in 3 arenas. a) [Lead through vision and values.]() b) [Champion continuous improvement.]() c) [Build trust and provide support.]()

[Lead through vision and values.]() Set up a cross functional team and task them with rising to a key business challenge. Communicate to them constantly the importance of these team goals within the context of your Vision. Matrix working is the only way to tap into the creativity and innovation of your people. But where to start?

You already have your Vision for your business, but what are the issues you are facing. If you have had an off-site Vision and strategy day, you may well have run a SWOT analysis. Well the strengths, weaknesses, opportunities and threats identified there, are your points of origin for matrix team working. So for example;

- Your products are the best in the market
- Your team is the most experienced in the region
- Your sales process may not be systematic enough.
- Maybe you don't have as many loyal customers as you would like or as your competitors seem to have.
- Excessive downtime is holding your productivity back.
- One customer complaint is one too many.
- It takes too long to bring new products to market.
- Your cash flow is inadequate.

For leaders of permanent matrix organizations, such as health services or R&D teams, the starting point is the truism that 'everything can be improved'. So challenge your teams with two questions; 1) What are your chronic problems or frustrations that get in the way of exceeding your clients expectations? 2) Have you ever thought 'there must be a better way to do this?'

The case study I will use throughout the rest of this white paper is a project matrix team within a multinational confectionery company with a significant quality problem. They were about to lose their biggest single customer for a flagship product, because too many wrapped chocolates were delivered with torn, damaged, or no foil wrap at all.
For this company it was a strength that they could discuss face to face, quality issues, with one person; the representative of their US distributor. It was also a threat. Because this 'single customer' had so much buying power over them. They took 50% of the company output of this grocery item.

Managing outside of the usual authority structure is hard at first. At PBC we have good results using a 'RACI matrix' as a decision making tool. This is a user friendly tool for identifying roles and responsibilities and pre-empting confusion over matrix working roles and responsibilities. The acronym RACI stands for:

> **'Responsible':** The employee actually doing the task of convening and leading task force meetings. As a rule this is your chosen project manager. Within the team, it is the employees actually doing the sub tasks. They are responsible for getting the work done and the decisions made.
> **'Accountable':** The person who is accountable for the correct and thorough completion of the task. This is you as the leader and project sponsor. This is the role that 'responsible' is accountable to. You must communicate the contribution that the task will make to your business Vision. Guide the task force to complete each stage of the IMPROVEment process, encouraging and supporting them at every stage.
> **Consulted:** Those stakeholders, both within and outside the business who provide information and data for the task force and with whom there is two-way communication. This is usually several people, often department heads and or specialists.
> **Informed:** Those people who are kept up-to-date on progress and with whom there is regular, albeit, one-way communication. These are people that are affected by the actions and decisions taken by the task force.

Too many matrix teams founder on the rocks of ill-defined roles and responsibilities. People need to know the precise expectations and have clear guidelines so as to facilitate their work according to the 3 key criteria; time, quality, and cost.

The Team Roster. A RACI matrix supports matrix working and is used to discuss, agree, and communicate roles and responsibilities. Here are the steps to building one;

1. In the first column, list all the tasks to be completed, in chronological order so as to deliver the project.
2. In row 1 list all the project roles.
3. Then complete the cells of the matrix identifying who has responsibility, accountability and who will be consulted and informed for each task.
4. Every task must have an 'R' and an 'A.
5. 2 or more 'A's in any cell is the signal to resolve potential conflict.
6. A RACI matrix is a collaborative tool. It will only succeed if you share your thoughts, feelings and rationale with all your matrix team players and get their buy-in to it. And it should go without saying that it is THE first step in preparing for successful matrix working **before** your project starts.

Step	Project Initiation	Project Executive	Project Manager	Business Analyst	Technical Architect	Application Developers
1	Task 1	C	A/R	C	I	I
2	Task 2	A	I	R	C	I
3	Task 3	A	I	R	C	I
4	Task 4	C	A	I	R	I

Listen with empathy; In setting up a cross functional team and tasking them with rising to a key business challenge, it is vital to communicate to them constantly, the importance of this work within the context of your Vision. Matrix working is an effective way to tap into the creativity and innovation of your people.

Two way communication is equally important. Listening with empathy to their reports, ideas, and recommendations is incredibly important. Always resist the urge to take over. Encourage them with open questions and be a cheerleader for their efforts and not just their results.

Champion continuous improvement. For business growth and wealth creation to happen, you and all of your employees must do 2 jobs;

- ○ Job 1 is the day job. The reason you employ someone, to work IN your business.
- ○ Job 2 the task of continuously improving job 1, or to work ON your business.

When teams work ON your business, it is an ongoing, project based, business need and can best be achieved by working matrix style. This is as true for permanent matrix organizations as it is for hierarchical ones. The need is permanent but the matrix teams are often temporary when based on projects or current issues. 'Job 2' for you is full time and full on.

The person doing the job knows it best and you cannot do everything yourself, although many of us continue to try. The key to championing continuous improvement is to lay out the issues for your matrix team. Then get out of the team's way as they use their intimate knowledge of all the job 1s involved, to solve the problems, generate ideas, and make the changes that will make your business the best it can be.

A key part of championing matrix working is to be the 'head coach.' Guiding the team to success through the IMPROVEment process. Making sure they complete each stage in sequence, before moving on to the next. Make procedural suggestions when they look like jumping to conclusions or making unverified assumptions.

Build trust and provide support. Your employees will be constantly assessing your 'say-do' gap. I.e. the difference between what you say and what you do. Making only promises that you can keep, is a foundation stone of building trust, and at the heart of championing continuous improvement. Matrix working is a big investment of time, money, and resources. Not least in this, is giving the team time and space to work through the IMPROVEment process. And of course covering them while they are engaged in working ON your business. This is a major challenge for

permanent matrix organizations because of the high-value, specialist nature of most of their associates.

V. Delegate for Success with a Systematic Approach to Delegation for Matrix Working

At PBC, we coach a systematic approach to many facets of business. Delegation is one of these. It's the same process whether you are delegating to an individual, or in the case of matrix working, to a team. It's like a journey with 4 stages;

  a) Prepare to delegate to your new team. They will need a clear statement of desired outcomes. Working guidelines or steps to follow, such as the IMPROVEment cycle below. A list of team members who are key stakeholders in the project.

  b) Plan the inaugural team meeting. Think ahead about what support - especially in terms of time, 'job 1' cover and other resources - the team will need. Remember they will be assessing your commitment to the task all the way. So don't make promises you can't keep.

  c) Lead the first matrix team discussion. Describe the IMPROVEment cycle stages and recommend it as a process to follow. Listen with empathy to all team members and provide support without taking over. The champion of continuous improvement is also the cheerleader.

  d) Follow up and support the matrix team as they work through the IMPROVEment process. Build trust and engagement by providing resources and training as your business changes for the better. Read our blog post: "DELEGATION: Like a Journey in 4 Stages."

CASE STUDY, THE BIG PICTURE:

Every year at Easter, Americans consume 150 million of those wrapped chocolates. They are made in Britain, but distributed and handled in the US by a home-grown company. The CEO of

the British company is under pressure from his biggest single customer, for his flagship product line, to do something about the quality…

THE BUSINESS ISSUE: Chocolates with no foil wrap, or with torn or incomplete foil coverage, do not sell. US retailers hand them back in their thousands to sales reps' and merchandisers across the country. Who then have the logistical and administrative difficulties of handling the waste, and refunding the money.

All of the wrapped chocolates are sold in the 4 weeks before Easter but they are manufactured 24-7 all year round. Year 1 was chaos. Year 2, had the US distributor setting up a quality inspection operation and charging back the costs to the company. Year 3, started with...

'Cut the foil defects significantly or find another customer/distributor'. This was the challenge facing the confectionery company CEO.

Quality; defined as 'meeting the customer's requirements' is a key value underpinning this company's Vision. It is a large multinational with a reputation for quality and a large number of global brands.

The CEO tasked the local UK manufacturing manager with establishing a 'Manufacturing Excellence Program' and priority 1 was solving the foil-wrap issue. He in turn formed a project team to meet weekly for as long as the waste chocolates continued at unacceptable levels.

VI. The IMPROVEment Cycle — A System for Matrix Team Working
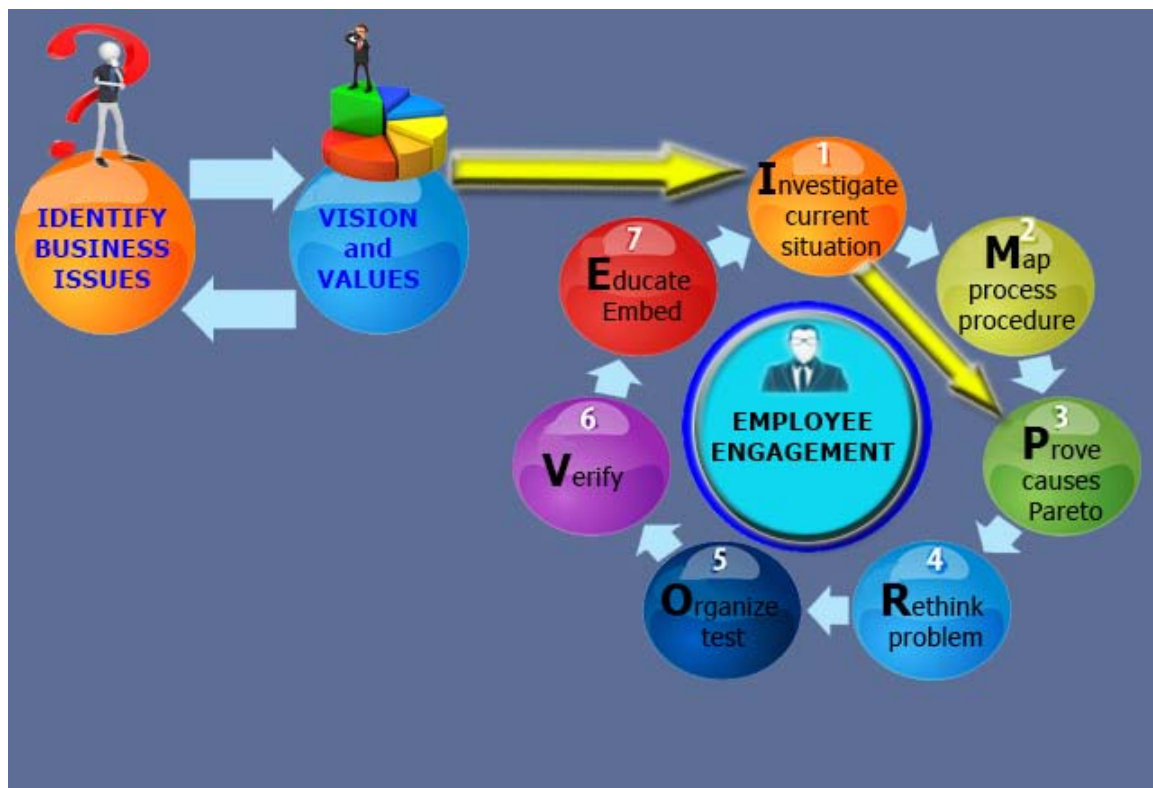
You have identified the business issues that you want your matrix team to tackle. You have prepared to delegate to them, and chosen a project leader and an appropriate group using the RACI matrix. You are prepared to communicate the important contribution the success of the

team will make to your Vision. The IMPROVEment cycle is the team process you want them to follow in order to ensure success. IMPROVE is a mnemonic that stands for:

I	Investigate the current situation.
M	Map the process and Measure.
P	Prove causes and Pareto analysis.
R	Rethink the issue in light of evidence.
O	Organize a test or simulation.
V	Verify that solutions and ideas definitely improve the situation.
E	Educate everybody and embed the solutions.

Permanent matrix organizations equally need a systematic approach to solving their chronic problems or exceed their client expectations. Business as usual is not achieving these things. The IMPROVEment cycle is a proven route forward.

A STEP BY STEP PROCESS FOR CONTINUOUS IMPROVEment:

I – **I**NVESTIGATE the current situation. The first 3 phases of this systematic approach to continuous improvement are all about data gathering. Your matrix teams need to consult with every stakeholder in the issue, gather the latest and all the historical data possible, and draw up a preliminary process map of the situation.

There are two sorts of problems, chronic and special. Special problems are things like power cuts, natural disasters, or accidents. The common aspects of special problems are that they are unpredictable and usually one-off. People are great at handling these situations and always rise to the challenge.

But it is the chronic problems that are grist to the mill of continuous improvement. 'Chronic' means ongoing. They are the everyday frustrations and hassles that we put up with. Many will be strategic issues and many more will be operational bugs that all add up to less than optimum performance. Ask your operators and front line staff to list out their chronic problems. It is a great vehicle for engagement.

CASE STUDY:

Substandard foil wrap on 'wrapped chocolates' was something the company had simply come to accept. They even had an AQL or 'acceptable quality limit.' Their quality inspection team would sample from top middle and bottom of a pallet consignment of finished goods. If there was 1 in 48 (the pack size) defective wrap, it was OK. 2 in 48 and the whole pallet would be quarantined, unpacked, checked and rectified.

The quality inspection routine flew in the face of the company's 'commitment to quality', but it was the way they had always done it. It was quality control rather than quality assurance. They talked about doing it right the first time, but they were organized for quantity of output, not quality.

Their American distribution partner, would accept a 2% failure rate but they were exceeding even this, too often.

The matrix team was tasked with eliminating customer complaints about the foil wrap on their flagship product. The customer - supplier chain of quality was like this; the US wholesaler - retailers - merchandisers - sales - customers - consumers. And right back from the US distributor through distribution to the packers in the factory, the stage after wrapping.

The team began by making 3 lists that they continually updated throughout their process; 1) Areas to investigate. 2) People to involve. 3) Assumptions to check.

Areas to investigate...	Assumptions to check...	People to involve...
*wrapping m/c efficiency. *damage in transit. *foil specification. *competitor products.	*All defects occur in manufacturing? *Why foil wrap at all?	*marketing *quality manager & inspectors. *maintenance. *procurement. *wrapping machine engineer. *foil suppliers.

These lists evolve and change as your team works through the IMPROVEment process. Only the principles behind them remain constant.

In your role as continuous improvement coach it is important to do two things at the same time. Firstly, you need to encourage creativity and innovation while ensuring the matrix team adhere professionally to the stages of the IMPROVEment cycle. A technique for effectively doing this is to keep a fourth flipchart as an ideas 'parking lot'...*"That's a good idea let's make sure we don't lose it, by writing it down and coming back to it when we're ready for targeted solutions".*
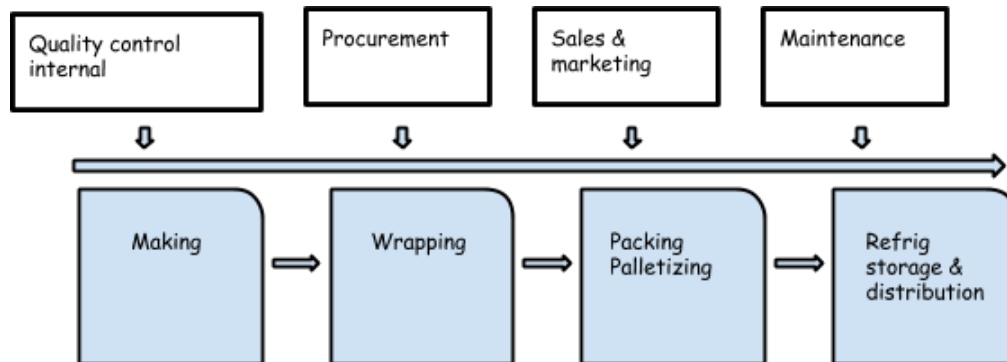
CASE STUDY:

IDEAS parking

- Buy-in thicker foil.
- Individual vacuum packing.
- Make thicker creme to reduce leakage.
- In-line quality inspection.

M — **MAP** the process and **MEASURE** the current situation. All the emphasis is on data gathering in this flip chart exercise. People with an input to the map are the natural candidates from the matrix team roster, to make up this particular team. Useful links:

https://healthit.ahrq.gov/health-it-tools-and-resources/evaluation-resources/workflow-assessment-health-it-toolkit/all-workflow-tools/process-0

http://leanmanufacturingtools.org/542/process-mapping-your-value-stream/

CASE STUDY:

The team enlisted the help of all machine operators on all shifts to record foil defects continuously, by placing every defect into bins labeled with the nature of the defect. They also completed timed status reports on the machines to better understand the correlation between machine performance and the output quality. Quality inspectors collated all the data.
There was an immediate and significant improvement in both quality and productivity from the chocolate plant. The project leader attributed this to the 'Hawthorne' effect. This is the famous experiment done by Hawthorne that showed that just the act of measuring people's activity improved their performance, independent of any actual improvement tactics.

P — **PROVE** the underlying causes in this data gathering stage. Ishikawa diagrams or 'cause and effect' analysis is the key tool at this stage. This tool lists all of the possible causes of problems and the barriers to improvement. It also categorizes them under useful headings e.g; the 4 Ms, machinery, methods, manpower, materials.

CASE STUDY:
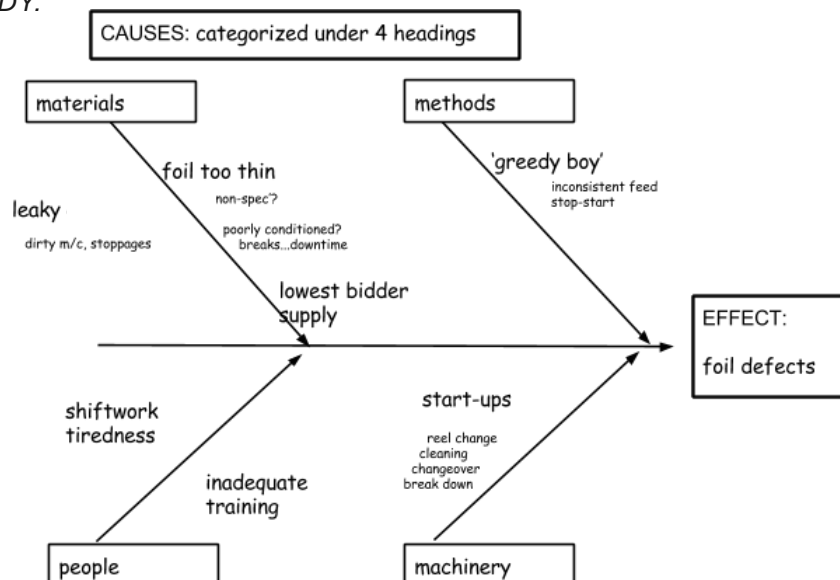
Pareto analysis is another key technique at this data gathering stage. Also known as the 80-20 rule, it is a way of targeting the causes that are giving you the biggest percentage of the effect. So for example if there are 100 possible causes, 80% of the effects will be coming from just 10 or 20 of them. It is vital to resist the urge to jump to conclusions at this stage.

Your role as champion for continuous improvement is to guide the matrix team to stick with the process and...

R — RETHINK the first problem to be solved or issue to be improved, in terms of the causes, and only then brainstorm possible solutions. Use this problem statement tool:

CASE STUDY:

How much?	More than 50% of foil defects occur...
Where in the process?	at the wrapping machines...
When?	when downtime occurs...
Why?	because foil breaks and tears.

The team had instigated a 'downtime log' that every wrapping machine operator kept continuously. When they collated the data - using cause and effect and Pareto analysis - about how often, how long and for what cause, the machines had stopped working, they discovered that nearly 80% of downtime was made up of hundreds of short duration stops because of foil breaking as it was drawn into the machines.

The power of rethinking the problem in terms of the causes lies in the fact that now you can focus on targeted solutions. Now is the time to get creative. Bring out your ideas 'parking lot.' Get as many people as is practical to brainstorm solutions to THIS problem. There are a large number of fun activities for encouraging lateral thinking. Remember there is no such thing as a bad idea. They are all part of the fertile soil from which beautiful blooms grow.

An indispensable tool at this stage of the IMPROVEment cycle is the 'solution-impact' diagram. It is the mirror image of the Ishikawa and looks like this:

CASE STUDY:
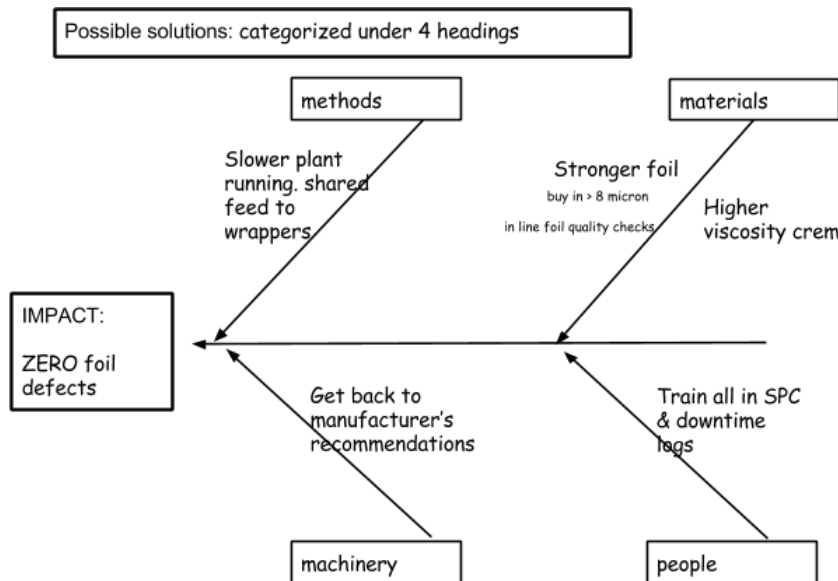
O — **ORGANIZE** a test run or simulation of possible solutions. Clearly this may not be possible or even desirable in terms of time and cost. But certainly the top 2 or 3 solutions, as judged by the now 'expert' team should be tested while holding all other variables constant.

CASE STUDY: The standard foil was 8 microns thick. Foil supplier failures against this specification were so rare as to be an insignificant cause of the problem. The team ordered special batches of foil, 10, 12, 14 and 16 microns. They ran trials on the wrapping machines, holding all other variables constant as far as was practical.

V — **VERIFY** that your chosen solution has a significant impact on the issue.

CASE STUDY: The results were significant and a surprise to nobody. 12 micron thick foil produced chocolates with near zero defects, and almost eliminated downtime under the heading of 'broken foil feed'. When maintenance looked in detail at the wrapping machine manufacturer's functional specification, they found the recommendation for '12 micron foil minimum'.

E — **EDUCATE** everybody in the new methodology. **EMBED** the improvements with SOPs, 'standard operating procedures' making the changes permanent and irreversible.

CASE STUDY:

The procurement specification for foil thickness was immediately revised upward. 100% quality inspection of wrapped chocolates was instigated until the current stock of 8 micron foil was exhausted. Operator jobs became significantly less frustrating and more interesting, when they were trained in the use of micrometers and statistical process control. They had in fact been saying for years that the foil had changed, but nobody had <u>*listened.*</u>

Plant productivity showed a step improvement of +10%, as the ripples spread outwards from smoother wrapping operations. Most importantly of all, the US distributor renewed the wholesaler deal and American kids continue to consume the product in huge quantities.

RETURN TO '<u>I</u>**' FOR THE NEXT IMPROVEment opportunity.** Of course you are starting from a much better point with all the data, analysis and ideas from the first cycle.

In your role as champion of continuous improvement you have 3 things to do…

1. Communicate constantly the outputs of the matrix team working.
2. Celebrate and reward the efforts and the successes as they emerge.
3. Prepare to delegate the next big issue.

CASE STUDY:

For the wrapped chocolate CEO the experience of matrix working was very satisfying, but it did raise more questions. So he asked himself the '5 whys'...

1. *Q; Why was foil quality compromised? A; Because the foil was too thin.*
2. *Q; Why was the foil too thin? A; Because procurement bought it that way.*
3. *Q; Why did procurement change the recommended specification? A; Because it saved money against their budget - which is their #1 objective.*
4. *Q; Why is their #1 objective not the same as mine? Namely, 'triple zero' - defects/waste, accidents and delay? A; Our performance management process is not fit for purpose.*
5. *Q; Why is our performance management process unfit for purpose? A; We don't work across hierarchical and departmental boundaries enough?*

Which is why so many of PBC clients are asking *"what is the best way to work in a matrix organization?"*

CONCLUSION

Matrix working is no small investment for any business. But it is the one investment none of us can afford to put off. For permanent matrix organizations, team working ON the business is as important as their business as usual. Call PBC today for a free consultation on your readiness for matrix working. We will help you get fit for purpose, by guiding you to success in …

- **Your COMMITMENT to quality and continuous improvement.**
- **Your EMPLOYEE ENGAGEMENT actions.**
- **Your PROCESS for thriving in a matrixed world.**
- **Your training in the tools and techniques of the SYSTEMATIC APPROACH to matrix working; the IMPROVEment cycle.**

At PBC we work with business leaders to reduce their frustration with their bottom line and to balance their business and personal lives. Too often business leaders are worn out by long hours. We coach you into making more money with less effort. To learn more about ways to grow and systemize your business, call PBC for a free no-obligation consultation.

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