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Perspectives

Anna Tavis, Editor

This Perspectives panel has been convened on the occasion of the publication of Kevan Hall's new book: *Making the Matrix Work, How Matrix Managers Engage People and Cut Through Complexity* (Nicholas Brealey Publishing, 2013). Kevan Hall's premise is based on the assumption that matrix organizational structures are unavoidable in the complex cross-border business economy. To resolve arising managerial challenges in the matrix, Hall argues, we need to assume a pragmatic stance. Anyone involved in the matrix management has to ultimately recognize that the power has been gradually shifting from structure to skills.

Indeed, Nicolay Worren of Norway, one of the panel contributors, reminds us here of Peter Singe's earlier remark "If the ship is already at sea, the best we can do is to train the crew to cope with the way the ship has been designed." But, when possible, we should begin before that. In other words, we should develop better tools and methods and help leaders to become better organizational designers.

Hall's overall approach is ultimately the following: The matrix conversation now is about its management. A new mindset and skill set and leadership is required to be successful much more than the focus on well-designed structured organizations. The matrix requires a different navigation skill set than the traditional hierarchical structures. I see Hall's approach as ultimately empowering to matrix participants. After all, new management skills could be trained and matrix leadership learned while structures ultimately require a different kind of engineering. In fact, the last chapter of Hall's book clearly calls for a proactive learning approach: "Be a matrix manager, not a victim."

Our distinguished panel represents "a global who is who" of organizational design experts. Individually they've each said a lot on the subject of org. design in their respective books, articles and blogs. Together, this panel brings a wealth of experience and helps us navigate the complexity of organizational challenges.

The discussion that follows illustrates the broad range of perspectives on the topic of matrix management. It is enough to say that Jay Galbraith, one of the most distinguished names in the org. design movement, agrees with Hall's conclusion that there is a clear shift to skill that is occurring in the approach to the matrix. Another distinguished veteran of the field, Ken Shepherd, and his no less distinguished colleagues from the Global Organization Design Society Editorial Board do not go along with Hall's assertions.

No one could argue that it is the leaders' responsibility to perfect their personal org. design skills while cultivating new behaviors and ways of operating in the majority of their matrix subordinates. It is people in the middle and below them who still have to cope with ambiguities, confusion and complexity of those structures on their own.

Andrew Campbell of Ashridge Consulting in the United Kingdom, Amy Kates and Greg Kesler of Kates Kesler Organization Consulting (New York/Connecticut) along with Stephen T. Clement of Organizational Design Inc. (Canada), and Ken Shepherd of the Global Organization Design Society (Canada) represent the global authority on how to explain and help navigate the matrix for both the leaders who design organizations and for matrix managers who are called upon to deliver within the matrix structures.

The conversation in these pages is about the practice of matrix management. Kevan Hall, the founder and CEO of the consulting firm Global Integration, knows how to navigate his way through the complexity of the matrix as well as respond to the diversity of opinions on the effectiveness of the matrix. After you read the pros and cons of the discussion that follows, we recommend that you pick up Kevan Hall's practical management guide and equip yourself with a toolkit that is designed for practice, not theory.

Revisiting Matrix Management

By Kevan Hall

Traditional organizations were structured "vertically" with functions within a country. In recent decades, work has become increasingly "horizontal" crossing the traditional vertical organisational silos. This new type of work is powered by business complexity and globalization and is enabled by information technology.

Supply chains cut across the world, global customers insist on a single point of contact and business functions become more integrated to share expertise and costs and to provide a better service to their businesses. Teams increasingly need to operate across barriers of distance, cultures (national, cultural and organizational), time zones, technology and business complexity.

A matrix organization structure with multiple reporting lines is now becoming the organizational structure of choice for large complex organizations. Even those organizations who resist a matrix structure are finding that the matrix way of working is inevitable; the old-fashioned silos just can't cope.

But this more matrixed way of working, with multiple reporting lines, competing goals and higher levels of ambiguity is a significant step up in complexity in the way people work together.

In 1990, Christopher A. Bartlett and Sumantra Ghoshal, writing on matrix management in the *Harvard Business Review*, quoted a line manager saying "The challenge is not so much to build a matrix structure as it is to create a matrix in the minds of our managers."

Our work with hundreds of clients around the world confirms that the structure itself solves nothing, it just provides a framework in which we can start to develop new ways of working.

Here are some of the critical people management challenges that we have observed in companies that operate the matrix.

1. Being connected, and effective

One of the top reasons that companies introduce a matrix structure is to increase cooperation and coordination across the traditional vertical silos. But be careful what you wish for!

If you are a HR manager in a vertical organization, you report upward to the HR director. You are included in their team meetings, calls and email distribution lists. You are already busy.

Then we add a matrix, in addition to your vertical line to the function you now have a horizontal line to a business unit head. You may also support more than one client group and be part of a number of virtual teams. All of these teams and reporting lines have a call on your time. They copy you on their emails and invite you to their meetings. If we are not careful, the matrix can double the amount of communication and connection.

People in matrix and virtual teams tell us they spend two days a week in meetings and only 50 percent of the content is relevant to them or their jobs. This represents a potential waste of one day a week, every week, for expensive professional and managerial staff — 20 percent of your headcount.

So in a matrix, at the same time as we become more connected, we also need to be more selective about where we cooperate. Teamwork becomes more expensive and complex as we work with colleagues in different locations and functions, so we have to do use it more sparingly. A powerful concept in matrix working is to understand where you don't need to be a team, otherwise the risk is that everyone becomes involved in everything, decision rights become unclear and we descend to consensus in areas where it adds no value.

2. The balance of control and trust

In complex structures like the matrix there are more opportunities for misunderstandings and conflicts. Communicating through technology, cultural differences in communication and competing goals can all lead to misunderstandings that can undermine our trust and confidence in our colleagues.

When trust is undermined, managers tend to increase control. In the early days of a matrix implementation, we often see an increase in control mechanisms such as meetings, reporting, approvals levels, etc. Inappropriate control causes delay, additional cost and dissatisfaction. It also further undermines trust that can lead to a vicious circle of reducing trust and increasing control.

In the past, trust building was a free by-product of proximity; we got to know our colleagues over coffee and lunch and often became friends. In matrix teams, particularly when they are international, we have limited opportunities to get face-to-face. We need to provide explicit opportunities and to structure the way we work to accelerate the building of trust.

Managers don't delegate to people they don't trust and decentralized decision making and empowerment is critical to the success of a matrix. In the absence of decentralization, expect to see high levels of escalation and delay.

3. Clarity and alignment

People new to a matrix often complain that their goals and role are not clear and are not aligned within the organization. In a matrix, there will be higher levels of uncertainty. If we could decide on a single stream of goals and clear roles, then we probably would not need a matrix; we could just decide centrally and cascade the answers. The matrix is a recognition that we are trying to manage complex dilemmas and trade-offs. We need to be successful with both the global and local, the function and geography, the business unit and the region.

> The secret in matrix management is to enable individuals to clarify their own goals and role.

The secret in matrix management is to enable individuals to clarify their own goals and role. If you have two bosses, you may be the only person who actually has a full understanding of your own role. You should certainly be the person with the highest level of motivation to achieve clarity then to be successful. If you rely on a boss who may have only half the picture and a quarter of the motivation to do it for you, you are likely to be disappointed.

Kevan Hall is the chief executive officer of Global Integration. He founded Global Integration in 1994, and developed the world's first virtual teams and matrix management training programs. Today, he runs his own global organization as well as training and consulting in matrix, virtual and global working – and has to practice what he preaches. He is an accomplished author, blogger and consultant.

Matrix Management: Structure is the Easy Part

By Jay R. Galbraith

I find that I am very much in agreement with Hall. I too, have experienced the shift in thinking about matrix organizations. About 10 or 12 years ago, managers viewed matrix as toxic. It was to be avoided at all costs. Today, the thinking is that matrix is impossible to avoid. We have to learn how to make them work effectively. Not all structures follow the strict definition of matrix, where people report to two bosses. But almost all organizations — large and small — are multidimensional. That is, the heads of functions, countries and business units all report to the leadership team.

I also agree with Hall on the importance of structure. Most leaders get strategy and structure right. The design difficulty is in getting all of the other organizational factors aligned with the structure to make the matrix work. These other factors are the roles and responsibilities, the communication patterns, the acceptance of escalation and conflict resolution practices, the incentives, the collaborative behaviors and key interfaces, and most importantly, the business and management processes. As a generalization, I believe that the more complex the structure is, the more important the processes are. In a matrix, the star of the show is the resource allocation process.

As a matter of fact, a lot of organizational innovation today is in the management processes. Companies are using Decision Accelerators or large-scale meetings to align the plans and budgets of countries or regions with the business units. Instead of conflicting country and business plans, a reconciliation process is needed to produce a single company plan for growth and profit goals. Other technologies for involving large numbers of people are also being used. IBM's online "Jams," internal crowd sourcing and social media discussions allow people at all the interfaces of the matrix to enter the discussions.

The final factor is that we need to get the right people into the key matrix positions. Not everybody is cut out to perform in a matrix. People who want control, autonomy, and the freedom to do their own thing will not perform well. While we may like these attributes in entrepreneurs, they will create misfits in a matrix. The most successful practitioners of matrix also use rotational assignments. People behave better in a matrix when they have had responsibility on both sides of the structure.

> I believe that the more complex the structure is, the more important the processes are ... the star of the show is the resource allocation process.

One of the reasons that matrix is difficult, is that we need to get all of these other factors aligned. The good news is that the best aligned organizations will be the best performing organizations.

Jay Galbraith is president of Galbraith Management Consultants, professor emeritus at IMD, and author of *Designing Matrix Organizations that Actually Work: How IBM, Procter & Gamble, and Others Design For Success* (Jossey-Bass, 2009).

Activate the Matrix for Integration

By Amy Kates and Greg Kesler

Matrix is a mechanism to support integration across an organization structure. Paradoxically, however, if the matrix is not well designed or if it is not deliberately activated, the matrix can actually become a barrier to collaboration and integration.

While we agree with Hall that the right mindset and skill set is essential, we have found that this is too limited a view of what is needed for effective matrix enablement. Mindsets and skill sets are necessary, but not sufficient.

Our research and experience over the past 10 years, building on the work of Jay Galbraith, has found four factors that are required to bring the matrix to life.

1. Structure

The matrix allows a company to do more than one thing well: drive functional excellence, build global brands, organize by customer segment, and be locally relevant. The managers that report into multiple dimensions link the organization together. In too many companies, however, time is wasted on debates over "straight line" and "dotted line" reporting. Start with the premise that both reporting lines are equally important. Then, get granular and focus on key decisions.

The matrix can also become a barrier to speed when there are too many layers of matrix. A common symptom is matrixed team members (peers who report to multiple bosses) cannot make decisions together without checking above. The effect of this confluence of vertical and horizontal power confusion creates a slow, grinding cadence. Remember, not everyone needs to be in a matrixed reporting relationship to have a matrix mindset.

2. The right operating mechanisms

Committees don't make decisions in fast companies. One player across the matrix must be able to make the call on a given issue when agreement cannot be reached. Picture a

51 percent /49 percent partnership, where the golden vote depends on the subject matter. One voice in the matrix gets a stronger vote on brand decisions, while another owns the tipping point on channel management, and yet another on product design.

Profit and loss metrics create accountability. Robust planning and business review processes and rhythms bring the players in the matrix together to manage joint target settings, resourcing and results tracking in a collaborative manner. The goal is to create as much clarity as possible, not to anticipate every scenario, but to create the frameworks in which managers can make good judgment calls.

tion, we have found the courage and organizational curiosity characterize those that thrive in a matrix.

Greg Kesler and **Amy Kates** are the authors of *Leading Organization Design: How to Make Organization Design Decisions to Drive the Results You Need* (Jossey-Bass, 2011). Kates has also co-authored two books with Jay Galbraith. The authors consult with global companies to help clients maximize value-delivery through organization design and making complex organizations effective.

Leaders in the matrix must learn to lead a diverse, sometimes dissonant orchestra. Alignment among the leadership team is critical.

3. Networks and social capital

Organizational clarity must be complemented by close, effective working relationships. IBM utilizes technology extensively to enable cross-border working groups to sort through business priorities. But leaders in IBM are brought together face-to-face on a regular basis to build human connections, widely regarded as the glue that ties its many diverse units together. At P&G and Coca-Cola, leaders build deep social capital by moving across functions and businesses in diverse assignments around the world, guided by well-established talent networks.

4. Boundary-spanning leadership

Leaders in the matrix must learn to lead a diverse, sometimes dissonant, orchestra. Alignment among the leadership team is critical. They have to be seen as sharing values and working together. Core skill sets include building the right relationships, influencing through compelling, data-based ideas and comfort with delegation and conflict. In addi-

How to Get the Gain with Less Pain

By Andrew Campbell

Kevan Hall elegantly exposes some of the dilemmas and challenges in matrix structures. The pain a matrix creates for those with two bosses, and the control dilemma it creates for those with two thirds of a subordinate are real. Moreover, the confusion that results can be costly to organizational effectiveness. So don't create a matrix unless the gain you are aiming for is large enough to make the pain worthwhile.

Often there is a better way: It is possible to get most of the gain without most of the pain. For example, take the typical product/geography matrix. The country manager for product A in Spain has two bosses. She reports to a global product boss, the head of division A, and a geographic boss, the head of Spain. Not infrequently the two bosses disagreed, and she has to pick up the pieces.

There are many alternatives to the matrix. One solution is to set up the global product division as a central policy unit responsible for worldwide product consistency, marketing message and other global policy areas. The product manager in Spain, then only has one boss, the head of Spain; but she has to work within policy constraints.

Another solution is to set up the country manager as a coordinator and champion for the country. His job is to encourage product managers in the country to work together to save costs and build a strong country presence. In this case, the product manager in Spain only has one boss, the head of her product division.

Another example where matrix management is common is in global functions, like HR or finance. Typically, the business partner for HR will have a solid line to group HR and a heavy dotted line to a business. The gain comes from reducing the number of HR staff and ensuring closer adherence to HR policy.

But both objectives can be achieved without the full matrix solution. Tough targets for HR costs in the budget process can bring business units to the table with regard to sharing HR costs. Clear HR policies and a supportive CEO can deliver the standardization of behavior that is needed. With these solutions, HR business partners can continue to report to the head of a business, rather than being matrixed between a business and Group HR.

So how do managers decide when to create a matrix and/or how to get the gain with less pain? The tool I have found most useful, when dealing with matrix-type issues, is the decision grid. Along the top of the grid, list the people concerned. Down the side, list the decisions or responsibilities or dilemmas that are causing you to consider a matrix structure. In the boxes, record the role you would like each individual to play in each contentious area. My preference is to use the Bain & Co tool, RAPID – Recommend, Agree, Perform, Input and Decide. Often it is best to create your own words to suit the problem you are addressing. ➤

Using this tool, I find that nine times out of ten a matrix, in the sense of an individual having two bosses, is not necessary. It is possible to solve the problem by giving some extra authority on some selected issues to one party or another. Of course, to some degree, dotted lines are created whenever you interfere with the power of a boss. But by using decision grids as the way to identify where power should be shared and where it does not need to be shared, and by having a language of relationships that is richer than "line" and "dotted line," it is possible to create a laser-like focus on the areas of gain and, at the same time, greatly reduce the pain.

Andrew Campbell is director of the Ashridge Strategic Management Centre. He is the co-author of *Strategies & Styles, A Sense of Mission, Corporate-Level Strategy, Synergy, Designing Effective Organisations, The Growth Gamble* and *Think Again: Why Good Leaders Make Bad Decisions.*

Simplify Complexity

By Nicolay Worren

The main point that Kevan makes — that internal complexity is increasing — has been confirmed in several surveys, including one conducted by the Economist Intelligence Unit in 2011. The potential consequences for managers and employees are unclear accountability, information overload, and increasing meeting activity. The kinds of interventions that Kevan and his colleagues offer can help increase the ability of people to cope with these kinds of challenges.

At the same time, we should also do what we can to improve the structural design of the organization. Peter Senge remarked, "the neglected leadership role is the designer of the ship." If the ship is already at sea, the best we can do is to train the crew to cope with the way the ship has been designed. But when possible, we should begin before that. In other words, we should develop better tools and methods, and help leaders to become better organizational designers.

In my view, the choice is not between a "silo" and a matrix. There are many types of multidimensional organizations, and not all are equally complex to manage. It is stated that the matrix is becoming the organizational structure of choice. I think it is more appropriate to say that organizations are becoming *multidimensional*, in the sense that they increasingly combine geographical, product, and internal service provider units at the same hierarchical level, instead of a having a unidimensional structure (e.g., either a product or market-based structure). Studies also show that organizations today rely more on horizontal business processes and temporary projects, compared to organizations 30, 40 or 50 years ago. But only a subset of large companies have a matrix structure (i.e., one where employees formally report to more than one boss).

The problem with the matrix is that it uses the formal reporting structure as a key "linkage" between units. But there are other ways to link up units. An alternative model is to establish internal customer-supplier roles. Such a model does not necessarily mean that you have fewer relationships to manage, but you can avoid many of the overlapping and conflicting goals that you would have in a matrix structure. The relationships become easier to manage.

We should not accept the complexity of the matrix as unavoidable but work continuously to improve the design of the organization to clarify and simplify roles, processes and structures.

Nicolay Worren is a consultant and author of a textbook on organization design. He is based in Oslo, Norway. He writes a blog: **www.organization-design.net**

Matrix Organizational Work

By Stephen T. Clement

Some contemporary organizational theorists tout the matrix structure as the best alternative to the traditional managerial hierarchy. They cite the usual litany of economic challenges facing a contemporary organization, e.g., globalization, unparalleled advances in information technology, customers demanding a single point of contact, etc. To overcome such presumed challenges, they cite the advantages of the matrix structure that to them is flatter, more integrative and responsive, and utilizes people more effectively. Alternatively, a second group of theorists (inspired by the late management guru Dr. Elliott Jaques) argue vociferously against the merits of adopting a matrix structure. This group cites the lack of individual accountability that permeates matrix relationships. This lack of accountability applies to both the manager as well as the subordinate. The manager does not have clear accountability for assigning tasks to the subordinate and the subordinate is equally unclear as to which tasks he or she receives from multiple "bosses" takes priority. In the end, such a situation ends up with the subordinate deciding what work to focus on and what priorities are important.

The Jaques group would argue that matrices should be avoided at all costs. Organizations should be designed up front to ensure that every employee has one and only one manager. This is a fundamental tenet in their management repertoire. The matrix advocates take just the opposite tact. They sincerely believe that the individual is more than capable of assigning his or her own work and goals. Further, this group notes that in today's global economy working horizontally has become critical to the long-term success of most contemporary institutions. Advances in information technology now permit employees to be connected to nearly everyone. Unfortunately, this rise in connectivity has also brought with it a tremendous rise in cross-functional messaging (emails etc.). Ask managers today and they will tell you that they are inundated with data when

what they really need is actionable information. How can one resolve the aforementioned dilemma? Is there a simple answer? Is it one solution or the other?

It has been my experience, that it is not always the case that organizations can avoid establishing matrix working relationships in their existing organizational structures. For example, in many engineering organizations, highly specialized engineers often have to work with multiple managers as they apply their unique technical skills. The "trick" in such situations is not to let the engineer decide what he or she will work on but rather to define the nature of these horizontal working relationships so that they are clear to all parties involved, e.g., the engineers' immediate manager, the borrowing (or assisted) manager and the engineer themselves. While establishing such clarity is a difficult endeavor, the absence of it is likely to result in managerial "chaos," with a dedicated engineer sometimes "caught in the middle" trying to satisfy two "bosses" equally, which often leads to personal frustration and "burnout." Thus, the solution to multiple reporting relationships should not be left up to the individual to resolve. Rather, complex cross-functional working relationships should be clearly defined and their underlying accountability and authority base agreed upon by all parties involved.

Similarly, not all organizations should immediately succumb to the "silo" mentality (centralizing functions, particularly support ones) to improve efficiency. More often than not, a decentralized organization with HR, finance and engineering assets reporting in to a single operating unit president is likely to be more effective (but not as efficient). The principle here is that staff support functions don't make money, operating units do. Being efficient is not necessarily being effective from a P&L perspective. Further, industries differ dramatically in their design needs. Today's organizational architects need to be able to adjust their design parameters to changing situations appropriately.

Finally, the impact of increased complexity on managerial capacity is a significant challenge by itself. Roles and organizations are steadily increasing in complexity driven by the very nature of rapidly changing technologies and marketplace demands. Companies have enough trouble today ensuring that their internal talent pool is sufficient to keep up with these demands. Adding more complexity by adapting a matrix structure with its unclear demands on worker behavior exacerbates the capacity challenge. Why pursue such a course of action when there are simple and logical alternative designs readily available?

Dr. Stephen D. Clement is the president/founder of Organizational Design, Inc. He is the co-author of *Executive Leadership, A Practical Guide to Managing Complexity.*

Matrix Benefits without Matrix Costs

First Structure and Staffing … Then Skills

By Ken Shepard, Paul Tremlett, Ron Capelle and Glenn Mehltretter

As organization design practitioners, our clients are general managers, chief executive officers of major global corporations down to vice presidents of business units, who are almost always supported by their chief people officers. They are primarily concerned with implementing strategies that require improving cross-functional working relationships. We use the term "cross-functional relationships" rather than "matrix" that is variously defined and often poorly implemented, frequently destroying accountability and creating unnecessary complexity and conflict.

Three Stories

One: Owen Jacobs, formerly of the U.S. Army Research Institute, describes how in the early 1980s, the U.S. Army shifted from an individual skills model of leadership to a *systems-based* approach. The U.S. Army began with extensive analysis of the level of work complexity of the general staff — one to four star generals. Following proof of concept, **projects over the next 25 years** involved large scale levels-based reorganizations of both uniformed and civilian components including the world's largest Lean Six Sigma work process redesign projects — all including improved cross-functional relationships. Elliott Jaques's requisite organization (RO) concepts including the "one manager" concept served as foundation for most of this work.

Two: John Hofmeister, former executive vice president human resources for Royal Dutch Shell, told the story at a recent Human Resource Planning Society conference about how his company used the RO concept of levels of work complexity to set the level of president and other key roles in the 90 or so country-business units that comprised the global corporation.

POINT	COUNTERPOINT
"A successful matrix implementation requires the embedding of strategy, structure, systems, and skills. A failure to manage change in any of these four areas can lead to a failure of the overall implementation. In my experience, many organizations invest heavily in structure and systems and neglect the development of skills." *page 10, Kindle edition,* Making the Matrix Work: How Matrix Managers Engage People and Cut Through the Complexity *Kevan Hall, 2013*	"When strategy, structure, staffing, systems and skills are done without due attention to levels of work complexity, levels of human capability and careful articulation of accountabilities and authorities, then, focusing primarily on matrix skills might be compared to training athletes to compete on a pot-holed playing field while handicapped by carrying 75 lb weights." *Global Organization Design Society Editorial Board*

It is more appropriate to say that organizations are becoming *multidimensional*, in the sense that they increasingly combine geographical, product and internal service provider units at the same hierarchical level, instead of having a unidimensional structure.

Previously, the corporation's country business unit presidents were considered to have equal status in that they all needed to liaise with heads of state. However, through the use of RO's key concepts Hofmeister helped the company to articulate the actual level of work complexity in each country business unit and to staff each of the roles with someone with the appropriate level of cognitive capability.

For example, Royal Dutch Shell's country business unit in Bolivia that distributed fuel was found to operate at level 3 of work complexity; but the United States subsidiary, Shell America, was a large, fully integrated oil business, and needed to be run as a level 6 business. ***Learn more** about levels of work complexity.* Hofmeister described how these tools supported effective coordination across countries, functions, products and customer groups enabling Royal Dutch Shell to become a fully integrated global corporation for the first time in its history.

Three: A business unit senior team completed a competitive review of their industry and decided that they could gain market share by up-shifting the level of their construction projects first from level 3 (schools) to level 4 (hospitals) and subsequently to level 5 (design-build-operate mega projects). In addition to up-shifting the construction function their strategy also required up-shifting and aligning marketing, sales, procurement, HR and matching levels in an external matrix with their clients and project partners. ***Learn more** about levels shifting.*

How RO-Based Organization Designers Can Help Cross-Functional Work

RO practitioners agree with W. Edwards Deming that it's better to fix the systems not the people. They believe that properly designed strategy, structure, staffing and systems will naturally elicit 75 percent of the desired behaviors without specific individual training.

They believe that applying requisite design principles increases trust and engagement throughout the organization. ***Compare the close result between the Gallup Employee Engagement chart and the PeopleFit Requisite Situation Integrity Index chart.*** The proposition: employee engagement is directly proportional to the degree the organization is requisitely structured.

They bring precise univocal definitions of a few foundational science-based concepts to diagnose and resolve the chronic problems of "matrixed" organizations.

Their concepts of level of work complexity, level of human capability and accountability lead to improvements in the vertical structure ensuring:

- that roles are established at the level required to implement the strategy. (Much cross-functional innovation work requires systems thinking and must be led at level 4. Inappropriately led at level 3, the project will necessarily fail.)
- that managerial roles are established one per level without compression or gaps. The average organization has an average of **36** percent **of its roles inappropriately leveled.**
- that roles are staffed with individuals with the required cognitive information processing. The average organization has **48.5** percent **of its roles with inappropriate staffing.**
- Cross-over managers (managers-once-removed) are put in place to set context, establish appropriate cross-functional accountabilities and authorities, and to resolve the rare conflicts upon appeal.

The above structural improvements result in fewer delays, fewer failures, lower costs and enables agile cross-functional cooperation while retaining appropriate accountabilities and authorities. It is not unusual for companies to obtain 30 percent improvement in financial performance following this initial redesign.

It's better to fix the systems not the people.

We propose that HR and external consultants supporting matrix designs learn requisite organization concepts and teach them to managers so that all concerned understand the importance of structure and staffing to cross-functional success in addition to the mindset and behavior skills advocated by Kevan Hall.

The **Global Organization Design Society** is a not-for-profit corporation registered in Ontario, Canada, to promote the establishment and operation of a worldwide society of business users, consultants and academics interested in science-based management to improve organizational effectiveness.