



## The journey to more structure



[www.global-integration.com](http://www.global-integration.com)

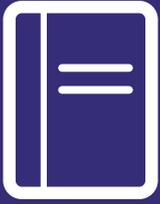


# Introduction

---

In the journey towards a matrix structure, there are some common steps that organizations take. It is useful to understand why we do this and what problems we are trying to solve.

Another module in this series looks at the formal organization change associated with this. This document focuses on how “bottom up” managerial needs can lead to the emergence of a matrix.



# The story

---

**Traditional organizations tended to be based on functions within geography. So if you were the HR director in the UK you probably reported to the UK CEO.**

As the business grew and started to operate internationally, or to include a range of businesses, they used head office staff to coordinate different businesses or countries at a group level. The corporate staff tended to remain small and often act mainly as a holding company.

During this period there may well be a group HR head but they probably only have an influencing role with the local and business HR leaders.

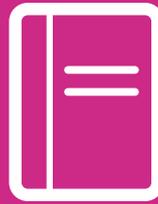
As organizations became more integrated and started to work more “horizontally” across functions and locations there was an increasing need for teams to complete tasks that cut across the traditional silos. Initially this was often done by setting up ad hoc cross functional teams.

The group head of a HR starts to set up cross business teams to solve common problems.

As more and more aspects of workflow and information systems start to cut regularly across functions and geographies (in supply chains, serving global accounts etc.) these ad hoc teams start to take up more and more of the time of the individuals that worked on them. This starts to cause a problem as it conflicts with the demands and needs of the traditional, vertical, power structure.

The group head of HR becomes frustrated that people are not talking to each other, paying attention to them or giving priority to group level projects.

In response the people who were leading these teams ask for a more formal ‘right’ to the time of the team members. They feel they need to have greater priority for their teams than they could gain by influence alone.



## The story *continued*

---

As a result organizations introduce 'dotted line' reporting to the virtual team leader. Virtual teams become the norm in professional and managerial work.

Now each of the country and business HR heads has a dotted line into the global group HR director.

However with solid and dotted lines it is still clear who the 'real boss' is. The solid line managers traditionally retain control over career development, performance appraisal and compensation, usually with a weak input from the virtual dotted line manager.

Virtual team leaders and activity managers who are still unable to get sufficient priority for their tasks and projects push for a more equal balance of power between the horizontal and vertical legs of the matrix (there may be more than two).

With two reporting lines of equal weight each manager now has a similar level of power and influence over the individual.

The group HR director finally has solid line reporting to the local and business HR heads who also have a solid line to their CEOs.

However once we get to this level, it's clear that the lines no longer solve our problem (indeed they never did).

If you have equal formal power then the only way to influence someone is by using a broader range of influence strategies and sources of power. Falling back on traditional hierarchical control just means the individual is squeezed between two equal forces.

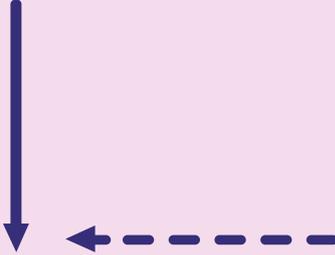
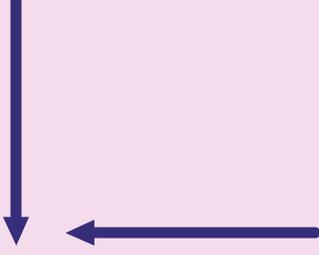
The individuals in the middle don't have any more time, just more people trying to utilise it.

It's also clear that at each stage, the problem we were trying to solve was one of power and control and that managers thought this came through structure. In complex organization structure is a slow and ineffective way of getting things done.

Once we reach two reporting lines we realise the structure is not going to solve our problem, we need to focus on skills and ways of working instead.



# The journey to more structure

| Organisational form  | Characteristics  |
|--|--|
| <b>Vertical</b><br>                    | <ul style="list-style-type: none"><li>• Traditional organizations based on functions within geography</li></ul>  |
| <b>Vertical with coordination</b><br> | <ul style="list-style-type: none"><li>• International organizations coordinate different businesses or countries at a group level with a small corporate staff</li><li>• Increasing need for ad hoc teams to complete horizontal tasks</li><li>• Growth of horizontal work flow and information systems</li></ul>    |
| <b>Solid and dotted</b><br>           | <ul style="list-style-type: none"><li>• Horizontal tasks gain importance; demands start to compete with needs of vertical power structure</li><li>• Dotted line (usually virtual team) managers given a formal "right" to resource to ensure greater priority</li><li>• Still clear who the "real boss" is</li></ul> |
| <b>Two solid</b><br>                  | <ul style="list-style-type: none"><li>• Balanced power between the horizontal and vertical legs of the matrix (there maybe more than 2). Equal power in theory.</li><li>• Structure no longer solves the power problem</li></ul>   |