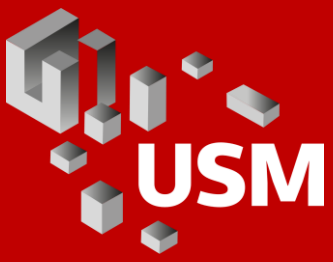

When Your Matrix Organization Isn't Actually a Matrix

On the confusion between split-dimension management and true matrix management, and why most organizations that call themselves matrix organizations are not.

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Governor of the USM Method

Introduction

Ask anyone in a random organization who gets excited by the term "matrix organization," and you'll rarely see a hand raised. People roll their eyes. They cite examples of projects where no one knew who made decisions, of employees with three managers, each making different demands, of meetings that led nowhere except to the next meeting. In many organizations, "matrix" has become a dirty word, an excuse for why things don't work out.

That is not coincidence, it is a mistake. Because what most people know as a matrix organization is not a matrix at all. It is something else, with the same name, that structurally cannot work. And as long as both are referred to by the same word, the struggle with the "matrix" will continue.

For architects and consultants, this difference is no minor detail. It determines whether organizational consulting works or whether, after three years, the project is put out to bid to the next firm.

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1. What most matrix organizations actually are

A Dutch example: a major government financial institution manages its work along team lines (the hierarchical structure) and along functional divisions (a second grouping of people, perpendicular to the first). Both provide a framework for the local hierarchy. What is missing is explicit process management. The organization calls this a matrix. For years, the results have fallen short of expectations, and management and employees have been struggling for just as long to set up that "matrix." A large consulting firm was recently hired to analyze the impasse. The result: more detail, more roles, more meetings, more complexity *within the same structure*. The paradigm within which the consultant operates is the same as that of the client.

This pattern is not unique. Galbraith, the academic godfather of matrix thinking ("Matrix organization designs," in *Business Horizons*, Feb. 1971, 29–40), described dimensions such as job, product, geography, and customer segment as if they were genuinely distinct dimensions. They are not. They are all ways of organizing the same dimension: the dimension of **people**. Functionally organized teams, product-focused teams, regionally distributed teams, customer segment teams: they are all variations of **the hierarchy**. One is stacked on top of the other or placed across it, and the deliverable is called a "matrix organization."

That is not what it is. An organization that manages along two split variants of the same dimension does not get a matrix. *It gets redundancy*. Two axes that manage the same thing under different names provide a duplicate coordination burden without any informational gain. Conflicts are not educational; they are merely power struggles, because both sides have a claim to the same territory.

This explains why matrix organizations have such a bad reputation. They are usually *not* matrix organizations. They are complex management models in which two split line management structures fight over the same people.

2. Which dimensions actually provide a matrix

If most "matrices" aren't matrices, then what is a real matrix?

To answer that, we must go back to the building blocks of a management system. An organization has three essential components: people, processes, and tools (technology). Tools are not a control dimension. Tools support people in their actions and support processes in their progress. They are used to support something; they do not control.

What remains as control dimensions for the organization's routines are **people** and **processes**.

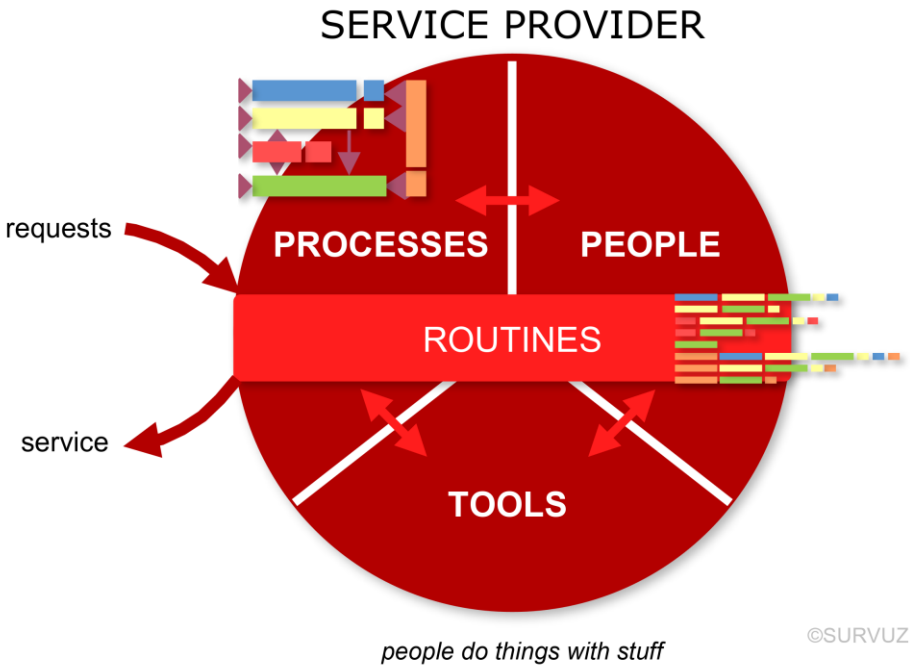

Figure1 . An organization's management system has three essential components: people, processes, and tools. These three elements are combined to form every routine for providing a performance.

People-based management determines who does the work. Who has the time, who has the competence, who has the right tools, who belongs to which team, who reports to whom. That is line management, in all its variants (functional, product, region, segment). All still fall under the same dimension.

Process-based management says something fundamentally different: how does the work flow from start to finish? Which steps follow one another in what order, where are hand-offs to other operators, what is the lead time, what are the dependencies between steps? An important caveat is in order here. In everyday language, everyone calls every routine a "process." A procedure is a process, a work instruction is a process, a meeting schedule is a process. In the sense in which USM uses the word, a process is something more specific: a fixed, recognizable chain of activities that produces the work, with a beginning (the request, the trigger) from the customer, and an end: the service delivered to that customer. An organization does not have hundreds of processes. It has a limited number of universal processes that run through all its work. Those who fail to make that distinction cannot implement process management, because if everything is a process, nothing is.

Customer driven service delivery is, by definition, outside-in, based on the customer's perspective, and can only be effective when organized as process-based service delivery.

People and processes together are the only two dimensions that truly drive something else. They inevitably intersect, because every action by an operator occurs simultaneously within a line (a team) and within a process. But they convey different things. A true matrix exists only when these two dimensions are active simultaneously.

3. The benefit: tension that improves the design

A common objection: “But doesn’t that mean the operator is being managed in two different ways?” Yes. And that’s not a bug; it’s a feature.

Line management and process management overlap by definition. After all, both ultimately affect the same operator. USM’s MCO model (below) makes that clear at a glance.

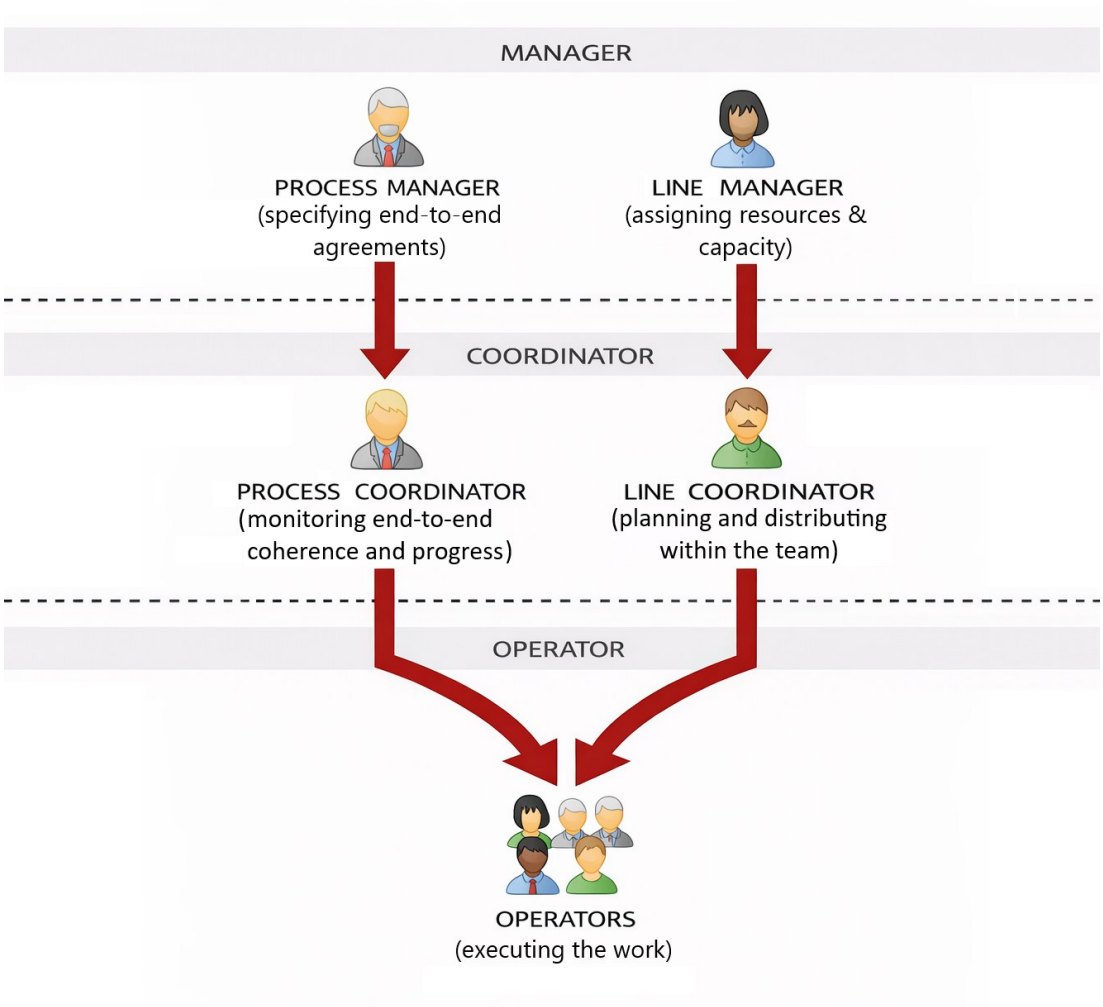

Figure2 . USM’s MCO model specifies the three universal profiles in the organization: manager, coordinator, and operator, in two steering dimensions: line and process

The question is not how to prevent overlap, but what the organization does when line management and process management conflict. In a well-designed matrix management structure, that conflict reveals something that would otherwise remain hidden: the line view and the process view do not align. Someone has time, but the process is not yet ready for their step. Or the process demands quick action, but the capacity is lacking or refused – for example, because the team coordinator has assigned the operator other priorities. That is information. It is a design signal.

In a split line management structure, conflict only results in loss. Two functionally assigned coordinators competing for the same employee provide nothing new. They result in downtime at the operator’s desk until one of them wins or the matter escalates. Every minute an operator waits for final steering is wasted time. In a true matrix, waiting is rare, because the tipping point is determined in advance.

4. The tipping point: who wins in a conflict

This is the crucial design choice missing from most "matrix organizations": determining in advance which dimension takes precedence when line and process conflict.

An organization chooses one of two options.

- **Line-based**: in the event of a conflict, the team coordinator has the final say, and the process coordinator escalates.
- **Process-based**: in the event of a conflict, the process coordinator has the final say, and the team coordinator escalates.

Both work, provided they are explicit and known to everyone. What doesn't work is leaving it implicit which dimension wins. Then every conflict becomes personal, and escalation is the norm.

The choice between line-based and process-based is not a matter of preference. It depends on management's fundamental choices, the nature of the work, and what the client expects.

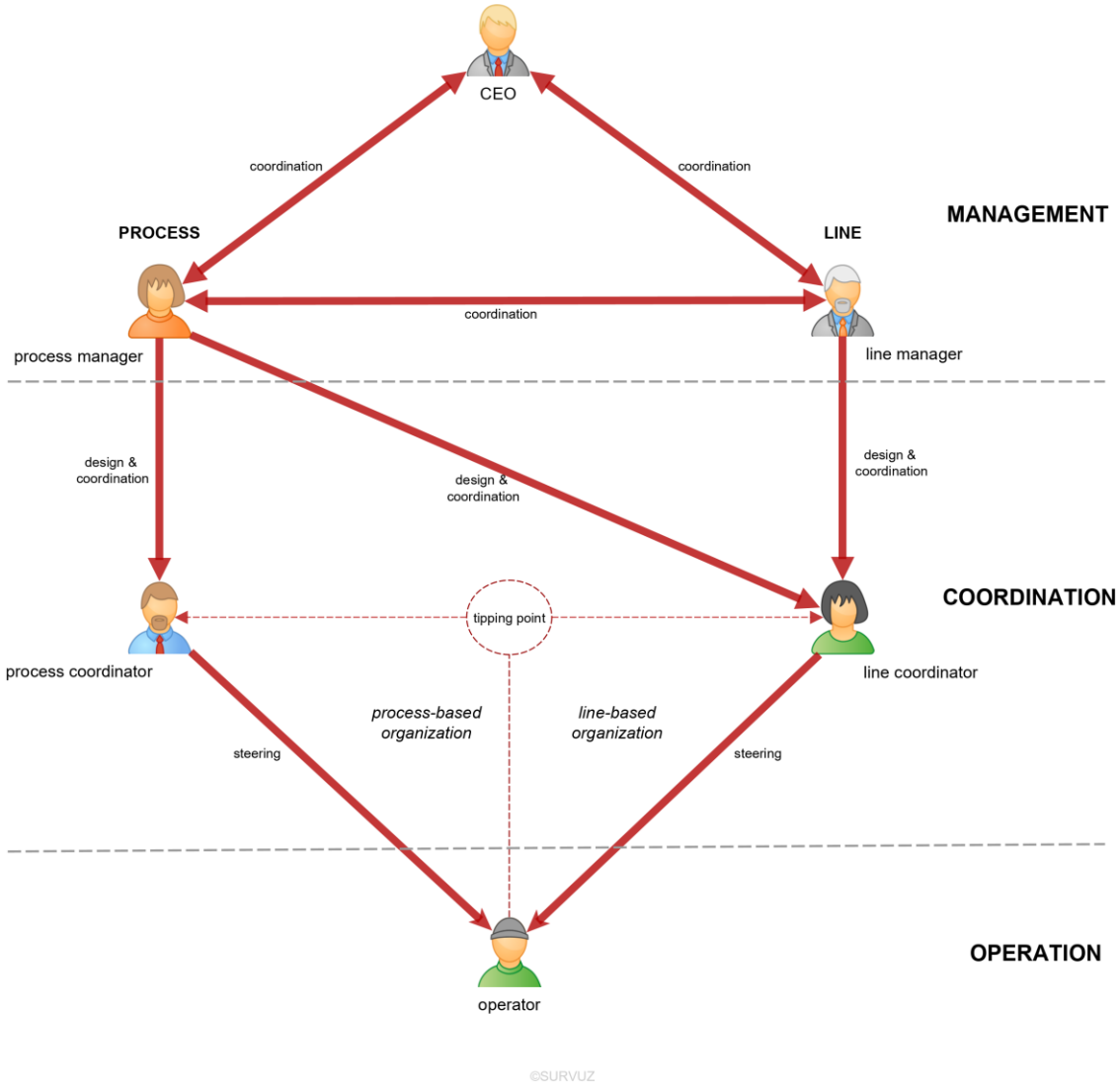

Figure3 . The expanded MCO model with the tipping point for the dominant control dimension: process-based or line-based steering

5. Why modern organizations are shifting toward process-based management

Does the organization still primarily think of itself in terms of an org chart? Modern, customer-driven organizations think outside-in. What the customer wants is an end-to-end deliverable: a permit, a benefit, a service of any kind. Not a partial task from Team A and a partial task from Team B.

> *The customer doesn’t care about the team structure of the delivering organization. Customer journeys are central. Providers nowadays organize “value streams.”*

The end-to-end deliverable is only guaranteed when the process is managed as a whole, cutting across teams. By definition, a team has an inward-looking perspective. It sees its own scope. It cannot look beyond its own boundaries without establishing a separate role for that purpose. That role is sometimes called value chain management or end-to-end process ownership, but that is just another word for *process control* - without employing an explicit process architecture.

This means that modern organizations are increasingly shifting toward process-based management, with process steering as the dominant axis and line management as a supporting one. Not because line management is becoming unimportant, but because the customer experiences the lead time of the entire process, not the performance of individual teams.

And this is precisely where things get stuck in practice.

> *The transition from line-based to process-based management has proven to be extremely difficult.*

Organizations come from an era in which the “hierarchy” was dominant, in which middle managers derived their position from team leadership, and in which promotion meant they were given a larger team and a higher salary. Introducing process management means that part of that power - and with it, potentially that position and income - shifts to process managers and process coordinators, who do not necessarily lead a major team but do determine the lead time.

> *This undermines the existing pecking order. The resistance is predictable, stubborn, and rarely explicitly voiced. Line-based steering then remains the dominant management model, because power is deeply rooted there and the interests are major.*

This explains why consulting engagements on matrix implementation so often get bogged down. The consultant proposes a process-based approach, the executive team nods in agreement, and six months later, the organization has been restructured into a new variation *of the old hierarchical model*. Not because the advice was an error, but because the consultant remained stuck in the line-based steering paradigm and the organization was unable or unwilling to make the real choice.

6. Redundancy: reliability is no excuse

One misunderstanding still warrants clarification. Those who argue that redundancy in management is inefficient often face the counterargument that redundancy is actually desirable in reliable organizations. Aren’t dual systems desirable in IT, in aviation and healthcare? That’s true, but that concerns a different kind of redundancy.

Redundancy in the infrastructure (backup servers, two pilots, dual systems) is a design principle for robustness. There, redundancy serves continuity. Redundancy in the governance model (two axes steering *the same thing*) is something else. There,

redundancy does not produce robustness, but conflict and waiting time that costs efficiency.

An efficient organization can be highly reliable. In fact, reliable organizations perform better when they are also efficiently structured, because they then spend less energy resolving self-generated conflicts.

A well-designed matrix organization is therefore not only more efficient but also a more pleasant place to work. Conflicts are avoided through clarity from the outset. That is exactly the opposite of the image most people have of matrix organizations.

7. Three diagnostic questions

Anyone who wants to assess their own matrix organization can start with three questions.

1. Do the two axes point to fundamentally different **dimensions** (people versus processes), or are they simply two ways of categorizing people? If the latter is the case, then it is not a matrix, no matter what the organizational chart looks like.
2. Is it predetermined which dimension takes precedence in the event of a **conflict**, and does everyone know this? If not, conflicts become personal escalations rather than structural decisions.
3. Do process coordinators have a mandate that is **independent** of the hierarchy, or are they dependent on goodwill? If the latter is the case, then process management is merely a paper reality.

Anyone who can answer “yes” to all three questions has a matrix. The rest have a complex management model with matrix marketing.

8. In conclusion

A matrix is not an organizational chart, not a buzzword, and not a euphemism for “things are complicated here.” It is a management model with strict design requirements: two fundamentally different dimensions (people and processes), an explicit tipping point, and a mandate that fits the chosen dominant dimension. Those who implement these conditions will end up with an organization that operates more effectively, efficiently, and pleasantly than the hierarchy it grew out of. Those who do not implement them are organizing chaos under a fancier label, and will rightly come to hate the word “matrix.”

For those who want to delve deeper into this: the logic behind people × process, the associated profiles (manager, coordinator, operator), and the principles for building a workable management architecture around them are elaborated in the recently published book Why Most Managers Don’t Manage and in the USM method. See the USM portal and the USM Wiki.

Chaos isn't solved with more coordination. It's solved with a structure that follows the work.

MORE INFORMATION?

The SURVUZ Foundation develops and manages methods and tools that enable service providers to improve their performance.

SURVUZ adheres to the following principles:

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You don't resolve chaos with more coordination.

You resolve it with structure.

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