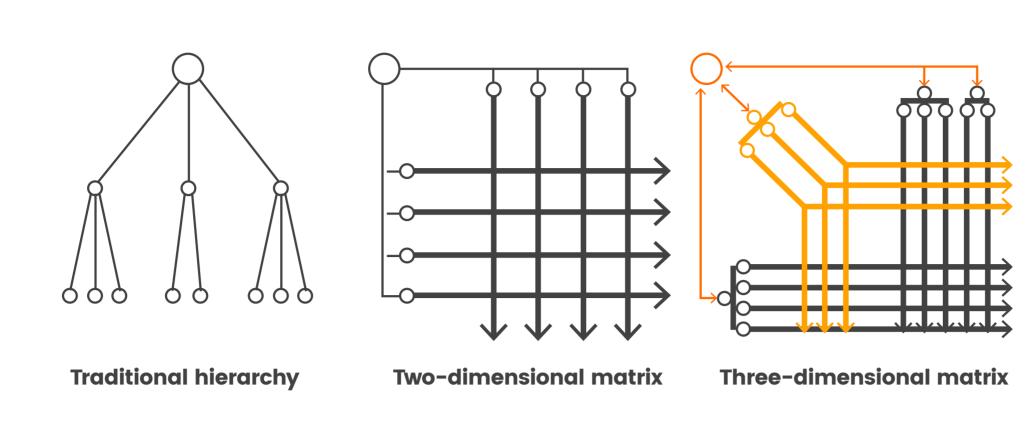# 5 Tips to Lead Virtual Offices in a Matrix Organisation

The idea that the office is a specific place where our professional lives happen is no longer the norm. These days people can be productive anywhere, thanks to quicker internet access, online collaboration tools and telecommuting services that have enabled the trend of the virtual office. A matrix organisation, also known as a networked or "boundary-less" company consists of multiple bosses, endless solid and dotted line reporting relationships and foggy accountabilities. This often leads to frustrated managers and employees who feel that they can't take effective action or deal with a customer without running into a series of organisational obstacles.

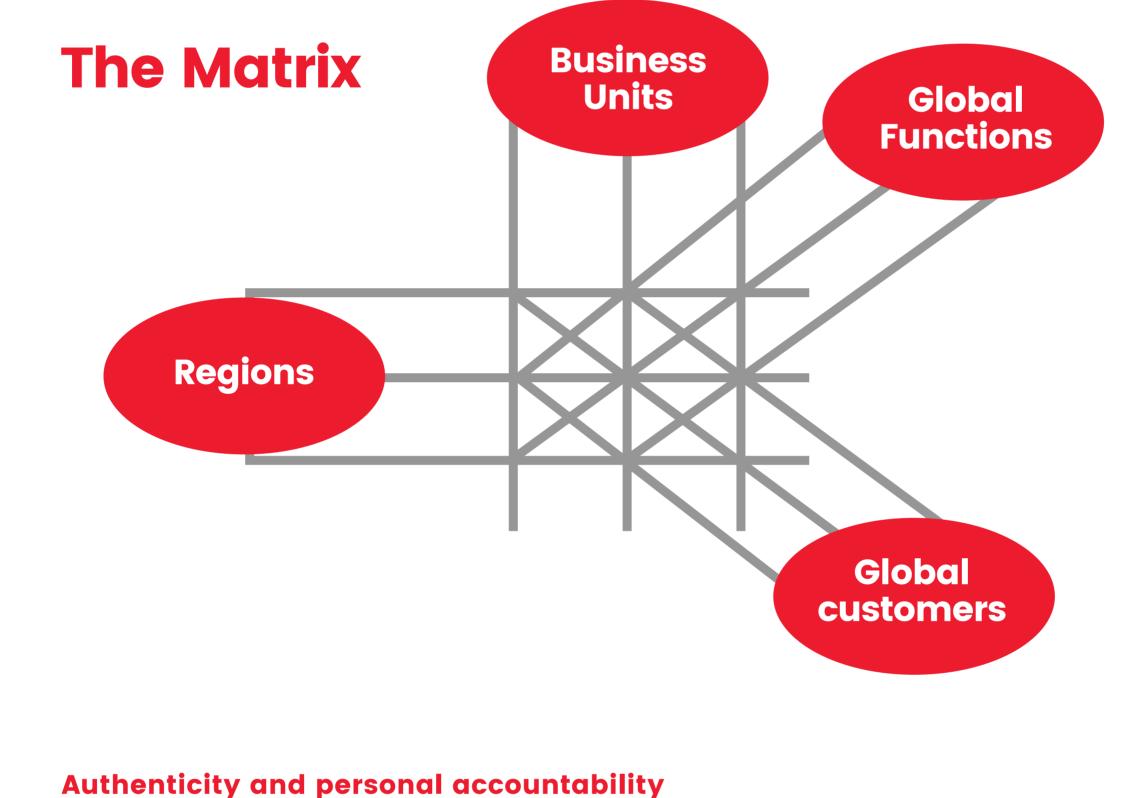**Traditional hierarchy**   **Two-dimensional matrix**   **Three-dimensional matrix**

Working and leading in a matrix environment can feel a bit chaotic. Typical pyramidal, hierarchical organisational structures depend on control, but leaders in a matrix can't and shouldn't try to control the chaos. Successful leaders in a matrix need to guide as opposed to control and learn how to encourage, spread, and amplify healthy and creative patterns.

Here are 5 tips to lead virtual offices in a matrix organisation:

01.

Embracing Diversity

Hay Group's research suggests that many companies are determined to get closer to their customers and become more agile and innovative. Global organisations like IBM and GE are embracing the matrix organisational model, but the transition to this new model is not smooth. In matrix organisations, leaders suddenly find themselves having to master the challenges of managing cross-divisional, international teams over whom they have little formal authority over. Unsurprisingly, the skills required to effectively navigate the matrix are different from those needed to succeed in the hierarchical organisational model. Leaders who lack these skills often find their roles frustrating or draining, as they have to continually influence and work through others to get things done. Embracing diversity using the Whole Brain Model® can help people develop or boost matrix-related competencies, such as understanding people's different thinking processes to be able to communicate with them more effectively.

02.

Setting SMART Goals

The question is not if job functions will be organised as a matrix – but how they will be achieved, and what drives the desire to achieve organisational goals. Agreeing on defined goals and how they fit in the matrix structure must be clear to everyone involved. Established definitions of success needs to be redefined for both individual leaders and for the organisation as a whole and must be explicit. Leaders in a matrix must see the organisation as a complex organism, not as a straightforward machine. Setting SMART goals ensures managers are equipped to address the special challenges of a matrix environment with effective, informed and confident leadership that delivers results.

In 2001 Executive Vice President & Head of Nestlé Business Excellence Chris Johnson, was given the task of initiating and managing the world's largest SAP rollout. The scope was global with a time frame of five years and an estimated cost of 3 billion Swiss francs. Johnson moved to Switzerland to build an organisation and prepare Nestle for a big change. The challenges that Nestle was facing at the time were in three areas. The first being customer relationship management, next was having a reporting system that could not create enough flexibility to operate globally while containing costs and lastly the traditional paper system was creating too much paperwork. Johnson was determined to standardise how Nestle operated around the world. His Global Business Excellence program (GLOBE) aimed at getting widespread operations to use a single system to predict demand and purchase which was critical to Nestlé's operating efficiency in 200 countries around the world. Nestle's matrix would look similar to the image below.
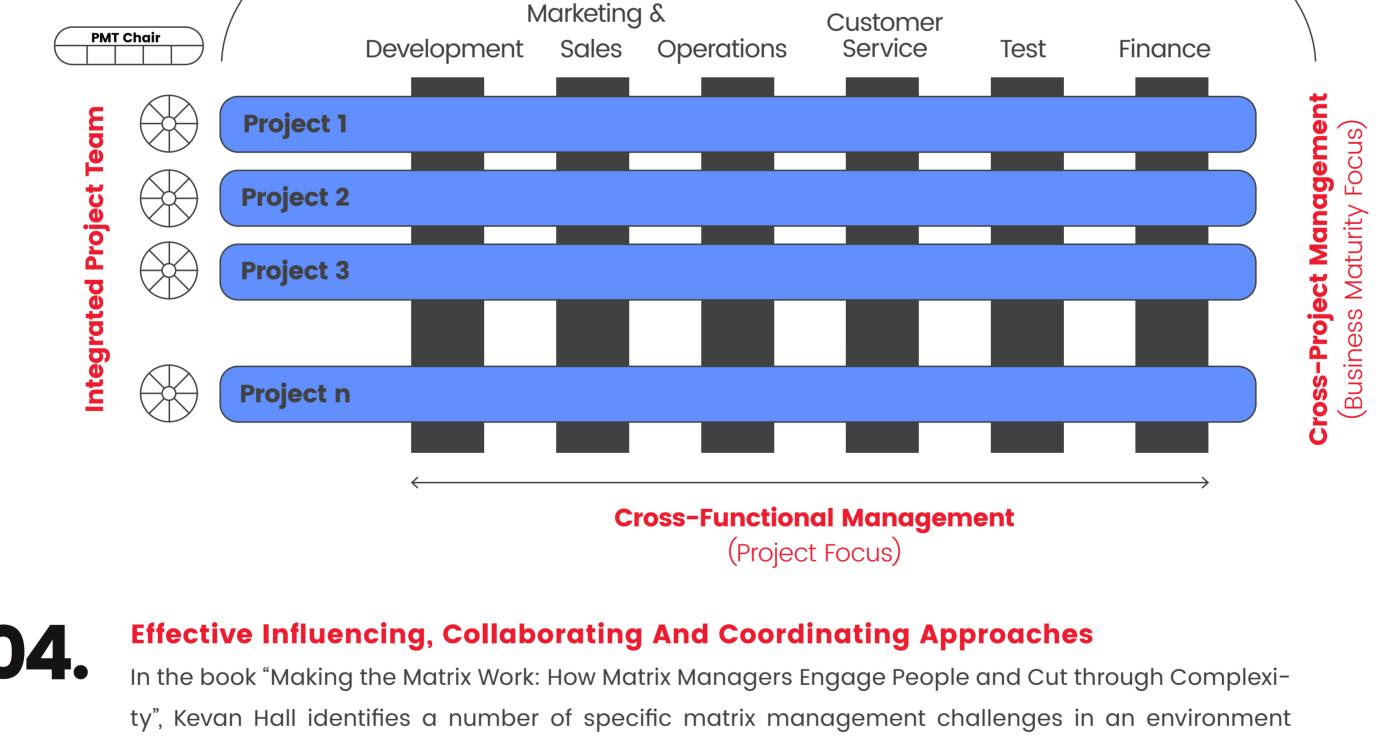

The Matrix

Business Units

Global Functions

Regions

Global customers

03.

Authenticity and personal accountability

The matrix can be a great place to work; it's constantly changing and adapting to better fit its environment. A matrix organisation operates in two dimensions—the vertical and the horizontal. Leaders assume multiple roles in both dimensions. The horizontal dimension is the primary dimension since it is where all the work to deliver products and services to customers happen. The vertical organisation has a structure with power emanating from the top down through a well-defined chain of command. The person at the top of the organisational chart has the most power as employees report to the person directly above them and each person is responsible for a specific area or set of duties. A matrix can create ambiguity and conflict over overlapping areas, so if it is not managed properly, it will result in power struggles. As shown in the graph below, conflict could arise between functional managers and project managers because individuals find themselves working across various projects under different managers. For a matrix to operate successfully each dimension needs to be managed properly by identifying the roles in the horizontal dimension and the non-authority based relationships connected to those roles.

Structured Decision-Making Process

04.

Effective Influencing, Collaborating And Coordinating Approaches

In the book "Making the Matrix Work: How Matrix Managers Engage People and Cut through Complexity", Kevan Hall identifies a number of specific matrix management challenges in an environment where influence without authority becomes the normal way of working. In a matrix organisation that operates in different countries, cultures, time zones and set ups, collaboration is crucial if the organisation intends to avoid operational silos.

In 2009, 3M was the World's Most Admired medical equipment company. It develops technologies and commercialises them in diverse markets and sectors across the world. 3M claims their success is due to the matrix structure they have operated in since their inception in 1902. The structure does not run the company; it allows the company to run! Only truly collaborative and connected leaders are successful, and this is reflected in how is promoted and how people are rewarded. There is a deeply embedded philosophy and culture of enterprise working, versus business unit working.

05.

Strategic Networking And Relationship Building

Matrix managers need to make sure that their people understand the matrix structure, especially in a virtual environment. Employees must understand the reasoning behind matrix working and change their behaviours accordingly. Managers need to focus on setting up and maintaining a "soft structure" of networks, communities, teams and groups to work efficiently. In a matrix structure, managers are often dependent on strangers whom they don't have direct control over. There are many factors that can undermine trust such as cross cultural differences and communicating through technology. When trust is undermined managers often increase control. Centralisation can make the matrix slow and expensive to run with many levels of escalation. Matrix managers need to build trust in dispersed and diverse teams and to empower people, even though they may rarely get to meet face-to-face. P&G not only has significantly lowered operating costs than its main competitors (which have virtually the same matrix structure), it also has faster time to market for new products and services, better cross-organisational innovation and ultimately, better margins and share price. At P&G they trust each other and the organisation as a whole, as people are held accountable for collaborative success, and are rewarded for their contributions to the organisation.

Final Thoughts

Virtual offices are the workplace of the future; they are no longer isolated incidents. Virtual offices are about connectivity, corporate architecture and grand design. Adapting a matrix mind-set is crucial to lead virtual businesses. It must combine self-leadership, taking control and ownership of goals, roles, and skills, along with thinking beyond those roles and functions, as well as bringing clarity and structure to defeat the ambiguity of the matrix. This structure needs to be more adaptive and flexible in learning new ideas and new ways of working without falling back on traditional power and authority.

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