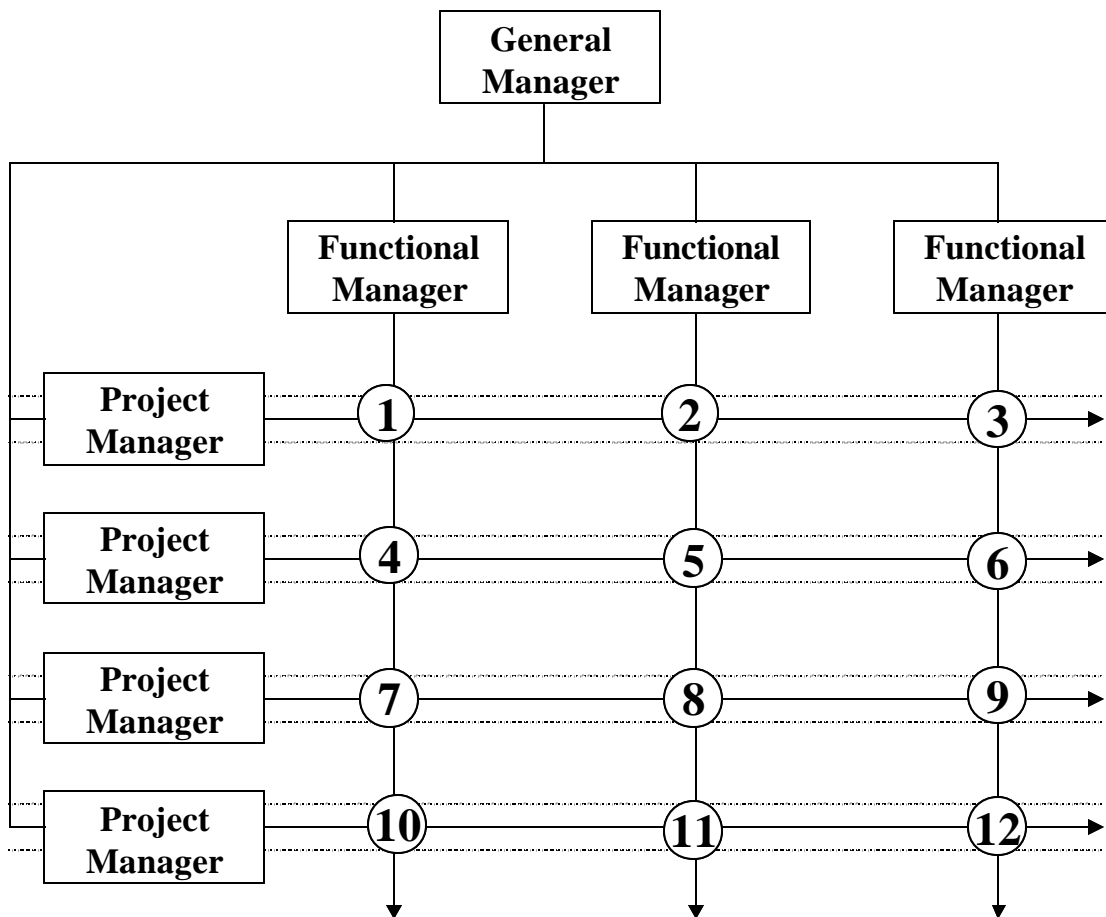




Matrix Organizations and the Challenge of Managing Performance

By
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When complex projects, programs and processes become the way of life for a business, determining the “right structure” is a priority. Usually the structure of choice for complex project driven businesses is a matrix. Matrix management is an organized way to implement multiple cross-functional teams at once. Matrix organizations involve having “functional managers” who are responsible for an area like finance or human resources and “project managers” who are assigned program responsibilities and manage teams brought together from across the organization. People from the functional areas or “vertical” part of the matrix and those from the project or “horizontal” part of the matrix work in concert to accomplish desired goals. In addition, members of the matrix can be from outside the organization and include partners, vendors and customers.



There are many benefits to a high performing matrix organization such as speed, innovation, use of resources and handling of complex projects. Being set up in a matrix however doesn't ensure that these benefits automatically follow. For example, one of our clients was a large aerospace company where the government was their largest customer. As is often the case this organization began to imitate the behavior of their key client. This company grew to be very bureaucratic and slow to respond because of its intention to be sensitive to the many policies, practices and procedures of its top government customer. They in essence became dysfunctional in an attempt to be customer focused. Performance wasn't being managed in a way that accessed the benefits of being in a matrix and it was easy to lose track of who was doing what by when.

Managing performance becomes difficult in a matrix if it isn't designed into the structure. Lines of authority are diffused and it isn't always clear who is responsible for what. With our support, this client was able to improve results and cut out inefficiency by clearly defining expectations of both the "vertical" and "horizontal" members of the matrix and by managing performance through providing ongoing performance feedback. Scorecards were created to track goals and objectives and to show team progress toward the results.

A well-crafted performance management system involves:

1. Establishing clear performance expectations and goals so that associates are accountable.
2. Giving ongoing performance feedback that communicates what's working and what's not so that associates know where they excel and where they are performing below standard.
3. Providing skills and organizational change strategies so that managers grow and develop others.
4. Rewarding and recognizing performance that ties into organizational and team goals so that the organization is aligned.
5. Tracking individual, matrix and organizational performance so that everyone is clear where they stand in relation to the goals and behaviors set.

Beyond the mechanics, outstanding performance management systems are propelled by the skills of the supervisors and managers in how they communicate these expectations, coach, and follow-up with and develop those they lead. If this performance management process is applied, the associate's annual performance appraisal makes sense since it is based on regular communication between manager and employee around performance.

One of the biggest complaints that an associate has is that they are surprised by their annual performance appraisal. Somehow over the year or so, how well or how poorly the person was performing didn't get communicated clearly. This situation gets magnified in

a matrix. For example an employee from a “functional” area like human resources is assigned to a project. As in the case of our client, the program involved the development of an aircraft prototype and therefore, the employees assigned to the program could be there for 2-3 years. This human resources manager had “vertical” responsibilities like overseeing a mentoring program and new “horizontal responsibilities” like hiring additional people for the project. Who is ultimately responsible for managing and appraising this person’s performance, the functional manager or the program manager?

The answer of course is both. In a matrix, it is critical to make sure that performance expectations are communicated, followed up on and appraised based on the individual’s performance in their functional area like human resources and in their program area like the new aircraft prototype program. Beyond this, the associate usually has team goals with others in the matrix like meeting project schedules.

In a time when business is moving at break neck speed and the complexity of projects and relationships intensify, using a matrix approach can save time, resources, and increase effectiveness. Enhance performance for both internal and external partners by defining and communicating what the expectations, goals and competencies are on several levels:

- For the individual as it relates to the functional area;
- For the individual as it relates to the project; and
- For the team/s as it relates to both the functional and project areas.

This feedback needs to be orchestrated so that it is accurate, meaningful, and complete. All parties involved in the matrix who have feedback must have a vehicle for providing it. For example, team members can better share observations with one another if there’s a mechanism to do so like regular progress review meetings. Also, the vertical and horizontal managers need to spend time-sharing and integrating their collective feedback on an associate so that the feedback is complete and so that the right performance gets reinforced. Then the annual performance appraisal becomes the culmination of this partnering approach between the functional and project managers and reinforces top performance across the matrix.

Setting up the right performance management system in a matrix may take a little more time up front. However, if done correctly, the return on investment is tremendous.

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