



MASTERING THE MATRIX

Develop a system to win in the marketplace.

By Mike McMullen and Harry Feuerstein



Leveraging a matrix structure is a team sport at its highest level. It relies on a high degree of collaboration that must be part of a company ethos, yet many leaders have never fully cultivated the skills to make true collaboration a reality. The cost of failing to do so can be steep—many companies have failed to capitalize on technologies they already owned because their silo structures and hierarchies prevented them from exploiting their advantages.

For the companies that get it right—they know how to work the matrix and harness their resources to maximize their competitive advantages—there are enormous opportunities to scale, innovate and deliver strong results. But greatness means leading in ways that are not comfortable for many leaders, and they begin with a commitment to key fundamental principles and to an unwavering belief in the power of the matrix.

At Agilent Technologies, the journey for one of us (Mike) started in 2015 with being named the new CEO. It was time to consider different ways to scale that would enable business unit leaders to focus on their portfolios and growth without some of the distractions—and duplicative costs—that can encumber leaders.

Initially, Agilent created a matrix organization by using a familiar playbook that called for a select number of functions to be centralized, with services provided to support each of the business units. Even that traditional approach was met with considerable resistance, and it took a relentless focus on a common purpose to align a leadership team that had grown up in a far different structure.

In 2021, Agilent doubled down on its reorganization plan and moved to a more matrixed structure that included Centers of Excellence (COEs) among a broad array of services. For example, Agilent consolidated five sales organizations down to two, and then ultimately moved to a single “One Agilent” commercial sales group.

The consistent thesis behind these changes was to build a structure that allowed P&L leaders to focus on differentiation and their unique competitive advantage to win in the marketplace while partnering with the COEs to deliver on that proposition to customers. A crucial mindset shift for these COEs was to understand that they exist to support the business. This structure enabled them to hire and develop the skill sets not only to provide subject-matter expertise but also to provide those services at a scalable speed.

Much like Agile, there are countless organizations that create an internal rallying cry for alignment by putting a “One” in front of their company name. To be successful, such efforts require a push for common goals that align the leadership team. Without this shared clarity around priorities and strategy, such efforts are unlikely to gain traction. They also require an honest assessment of the skill sets required to execute within a matrix structure. Chief among them is the need for leaders with low egos and high interpersonal skills. They must be committed to driving enterprisewide goals while still delivering on what they own. And, not surprisingly, compensation has to be structured to incentivize that commitment to achieving broader corporate goals.

Don't Ignore the Barriers

There is a universal truth that exists within all organizations: There will always be competing priorities among different groups. And that is true for all teams, regardless of whether they operate within a matrix structure. For leaders, those competing priorities, which lead to a lack of direct control over all aspects of their business, create inevitable stress and tension as they try to influence colleagues to provide necessary support and resources to achieve their goals. This highlights a fundamental leadership challenge that organizations must acknowledge: *Matrix structures are hard.*

By contrast, command-and-control is a much simpler way to lead. It is also easier for teams, because any disagreements over priorities can be resolved within the traditional silo structure. As one Fortune 50 senior leader shared with us, “I intellectually get that we can't keep duplicating the same expertise, but competing with others for resources is frustrating, and I readily admit that it is easier to have a ‘shadow’ organization to get stuff done.” We hear this often, and it is a danger for organizations because they are adding “shadow” headcounts to maintain the silo approach. It also means that leaders are not building capabilities for the demands of the future.

Organizations driving cultural transformation always have a challenge of keeping what is best about the past and shedding aspects of their culture that don't work. The same is true for individual leaders, most of whom have built their careers with a focus on working within their function, rather than horizontally across the enterprise. Many of those skills are valuable, but those leaders also have to shed old habits and build new approaches.

If you spend time researching the curriculums of the top MBA schools across the globe, you will learn that rarely do they teach their students how to leverage a matrix structure, think enterprisewide or build horizontal partnerships. Instead, leaders are trained in their specific function and then work for years in hierarchical, siloed structures. Then one day they are told to lead differently and to rely on a completely different, and much more complex, model of leadership than command-and-control.

Think About the System to Win

Leaders must learn to operate in an increasingly unpredictable world. It is not enough to be comfortable with ambiguity. Leaders need to create clarity—not necessarily certainty—

out of ambiguity. That same skill is the starting point for any leader looking to navigate and leverage the matrix.

Creating clarity starts with stepping back to get a broad look at your business and exploring ways to leverage every resource to deliver great results. And that means overcoming the predictable resistance that many leaders will have to structural change. As one senior Fortune 25 tech executive said about his reactions to the new operating model, “The pressure is on, and the first instinct was to find a way to own all the decisions. I lost half a year fighting the system until the light went on and I started to think about how to leverage the system.”

Building a new leadership approach to embrace the matrix starts with three grounding questions for senior leaders:

- What are the leadership implications of my strategy?
- What are my most critical outcomes to achieve?
- Who are the stakeholders that are critical for the success of my part of the business and the broader enterprise?

A classic leadership blind spot is to plan and implement a strategy without also taking into account the culture that is required to enable that strategy. The world of sport provides a useful analogy. The most successful coaches develop a unique system to win first, then focus on recruiting and training players who can thrive in that system. Similarly, in the business world, the most successful CEOs focus on creating a culture that will enable their strategy.

Leaders need to build the matrix mindset into their system, own it and commit to driving it deep into the culture of their teams.

Three Steps to a Matrix Mindset

There are three key shifts that leaders can make to help others build a matrix mindset.

They start with clarity and communication about the enterprise strategy. As basic as that may seem, most companies undervalue the importance of devising and then sharing the enterprise strategy down through their organization.

At The ExCo Group, where one of us (Harry) serves as president, we have found in our work with 20 global companies that there are large gaps in how leaders who are one to two levels below the C-suite level are able to connect to the enterprise strategy. That undermines the power of common purpose that is so important to inspiring employees.

Leaders at all levels must own the responsibility of linking their work to the broader strategy, regardless of whether the C-suite is providing that clarity. Be transparent with your team about what you need to do as a leader to manage in this new environment, and make clear that you expect the leaders and managers who report to you to do the same and also teach others below them to adopt a similar approach. Hold yourself accountable, hold the leaders below you to the same level of accountability and use HR as a strategic partner to reinforce this new way of operating.

The third key shift is to focus on outcomes rather than priorities. The distinction is important. Priorities are more generalized—and often evergreen—statements about what is important. By contrast, outcomes are more time-bound—what are you trying to achieve in a specific period?

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Organizations have a habit of simply adding new priorities without wrestling with the trade-offs that competing priorities should require. And so instead of making hard decisions, they simply start ranking the priorities rather than editing down the list to better execute on the ones that matter. If everyone focuses on a long list of competing priorities, that will create inevitable tension and problems rather than rallying an organization to solve for what really matters.

Many organizations learned the power of focus and alignment during the pandemic. But those muscles can atrophy when the intense pressure is off. Aligning the organization around clear and shared outcomes can have the same rallying impact of a crisis, especially when those desired outcomes show a direct link to winning in the marketplace.

Leaders cannot simply hope that employees will adopt this mindset on their own. They need to create a process to ensure there is alignment around goals across the organizations. “It starts with clarity about the behaviors you expect,” said Bryan Wiener, the CEO of Profitero, an e-commerce company. “And that includes telling people they have to talk to each other to work out problems. And that’s why getting clarity about alignment and shared interests is so important. We publish our OKRs [objectives and key results] on a quarterly basis, and all the department heads have to review each other’s OKRs—not in granular detail, of course, but enough to understand what everyone needs from each other.”

Relationships With a Capital R

Once they have achieved clarity around desired outcomes, leaders have to then focus on who they need to engage across the organization to deliver results. Doing so can be a difficult task, as “stakeholder mapping” has become a lost art (if it ever was an art at all).

Ask most leaders about their stakeholders and the list typically will be short at first. But it will grow through persistent questioning about who else is critical for driving success.

A Fortune 50 senior engineering leader described his own process of developing his stakeholder map this way: “I was so sure I had everyone down that I needed to know and it wasn’t until getting ready for a meeting with the finance team that I realized I had no relationship with our CFO. My entire business plan required a certain headcount, yet I knew everyone else but our CFO. Changing that relationship was a difference maker for my scaling our business.”

The strength of a leader’s relationships with colleagues is the single biggest break point for whether they will succeed or fail as they operate within a matrix. We see too many leaders who see their network as largely transactional. The problem with transactional relationships, of course, is that in times of conflict or competing priorities, it is harder to drive to resolution without a solid base of social capital between leaders. Yet building up that social—or relationship—capital requires a committed effort that doesn’t have a defined end point. It has to be part of leading in this new business world.

Start with the commitment to prioritize relationships, and build time into your schedule to invest in them. It is not enough to make a list of names—that is akin to a company saying they have certain values but never detailing the specific behaviors to bring those values to life.

To make the most of those relationship-building meetings, learn how to ask questions that help clarify priorities and how your colleagues see their role within the enterprise strategy, and then follow up with actions that show you were listening.

Embrace Conflict

In order to fully master the matrix, leaders have to accept that conflict is inevitable. Some leaders are better at managing disputes than others. And by its very nature, the act of allocating resources will introduce conflict, and there is no single chart or formula for mapping decisions rights that will solve for everything. In the end, most conflicts in a matrix need to

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get resolved by relying on the strength of relationships and investing the time to sort through the right decision for the enterprise.

In the early 2000s, Siemens USA launched a “Siemens One” initiative, led by Siemens executive Ken Cornelius, to present a unified voice to the customer for large horizontal solutions opportunities. “There was always the inevitable conflict between what is right for the enterprise and individual sales leader goals that may not be totally aligned,” recalled Cornelius. “We needed to develop strong relationships with the division heads and align them first on the enterprise opportunity and how, with the right approach, everyone benefits. The key was investing the time to build relationships and trust and having the right dialogue to sort through conflict.”

Human nature presents another unique challenge to leading in a matrix. Even when leaders seemingly agree, they often communicate competing messages to their teams. When conflicts emerge, they likely will want to protect the interests of their team rather than insisting everyone work through any points of tension. These team-to-team conflicts often intensify when the discussions are focused on priorities—a proxy for signaling what's important to the organization long-term—rather than on specific and time-bound goals and outcomes.

Organizational Trust

Mastering the matrix requires leaders to coach their teams to build new skills. It means spending time to explicitly connect their work to the strategy, teaching them how to build relationships across the enterprise, focusing on outcomes rather than priorities and empowering people to drive to solutions with colleagues who are outside their chains of command.

Complicating all of this is the need for organizational trust. Yes, trust can be an amorphous concept—ask 10 leaders to define it and you will likely get 10 different answers. But what is certain is that trust takes time to build.

Some people start out by fully trusting colleagues and then deduct points if those colleagues prove not to be trustworthy. Others start at zero, and their co-workers have to earn trust over time. Others believe it is a mix of the two approaches. In the same way that values need to be defined with concrete behaviors, leaders should define what trust means to them, role model those behaviors and share their expectations for colleagues in order to build trust as a pillar of their culture.

There Is No End Point

Leaders who crave certainty will struggle to find comfort within a matrix structure. In the same way that ambiguity now defines the world at large, it is now a fact of life of working within an organization that is trying to drive transformational change—and yes, that means every company. There is no end point, and leaders must commit to endlessly evolving the matrix structure. The business environment will change, new opportunities will emerge, and leaders—and the demands of leadership—will evolve. Navigating this new approach means that leaders will face huge challenges, and yet the rewards, in personal growth and business results, can be enormous.

To master the matrix is both simple and hard: Start with your mindset, be clear about the leadership implications of the strategy, focus on outcomes, build relationships and coach your teams to work with colleagues across the organization to stay focused on delivering great results. Matrix structures without intentional leadership can be enormous drags on performance. But done right, they can be enormous competitive advantages and accelerate transformation. ■■



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