# HRD

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## { A NEW KIND OF FAB }

### "MILLENNIALS ARE 30 AND WE'RE STILL TALKING ABOUT THEIR SUPPOSED LOVE OF AVOCADO ON TOAST"

ALSO FEATURED IN THIS ISSUE

**HR'S EXPANDING ENTERPRISE ROLE**
If HR directors are required to be
a jack of all trades, do they risk
becoming a master of none?

**SUPPORTING GLOBAL BUSINESS
PLANNING** Being cognisant of the
diversity of thought is key to
understanding the cultural nuances

**COLLABORATIVE & MATRIXED
ORGANISATIONS** Matrixed structures
are beginning to look like a 'lazy'
response to streamlining

**DECISION SCIENCE** We stand at
a unique point where the science
to understand human behaviour
is ours to own. But is HR ready?

COLLABORATIVE
& MATRIXED
ORGANISATIONS

# BEYOND THE MATRIX - FLAT, FLUID & FLOW

*I was visiting at a certain business just recently and I overheard a very telling corridor conversation. The first person said; "who is your boss now"? To which the second person replied; "I'm not too sure, I think I have two. I guess I'll find out when something goes wrong". I mentioned this to the CEO, who was not surprised, "that's the problem with the matrix", he said… and he's right.*

ARTICLE BY PHIL MERRELL, GLOBAL CHANGE MANAGEMENT LEAD & GABY JOYNER, HEAD OF TALENT, GB (CHANGE MANAGEMENT) - WILLIS TOWERS WATSON

A lot of organisations have installed matrix management into their structures as a way of dealing with complexity and a cure for dysfunction. If a company has a complicated operating model, people not collaborating, or they need to centralise to save money, put it in a matrix! The creation of dual authority relationships - aka the dotted line - is a response to having to cope with the realities of a complex world - multiple markets, micro segmentation of customers and increasingly regulated trading environments are facts of life for many businesses - and an attempt to reap the benefits of centralised functions, whilst staying nimble enough to respond to market opportunities. Businesses have responded by adjusting their organisations to reflect this

complexity and opportunity. Markets, products, functions, channels are typical capability areas in an organisation that needs to work together in harmony, balancing priorities and leveraging capabilities. Matrix management has been seen as a default method of joining the dots and, to be fair, has had a positive impact in many cases. Today, however, a matrix structure increasingly looks like a 'lazy' response by those who have a hand in designing organisations and it is unlikely to be a strong feature of those businesses that will win in the 2020's. The winners are likely going to be those who zap complexity and synchronise their efforts at a micro level by developing a fluid organisation which liberates their people from the heavy hand of roles and hierarchies.

So, what does this brave new world look like? Flatter structures, liquid organisation, self-managed teams, digitalisation and work that is defined by projects and skills rather than functions and roles are strong flavours of the next-gen enterprise. Also in the equation will be distributed leadership, strong shared purpose, automation of routine work and an inclusive culture that fosters collaboration and cognitive diversity. There are green shoots out there - ING and Spotify are often cited as leaders in the field of creating agile organisations which incorporate many of the attributes above - but most of us have a lot of catching up to do! The way organisations are designed and operated is the key and, whilst there are many facets of workplace 'DNA' that are in play, the three 'F's'

we think are important because they provide the conditions and capabilities necessary to power agility and innovation: Flatter structure; Fluid organisation and Flow of talent. Flattening your structure means taking a hard look at your organisation and removing the layers that don't add value - the rather stark label is 'redundant hierarchy'. These hierarchies typically consist of roles that serve as points of aggregation in the organisation, are legacies of a previous reorganisation or have been created to solve a talent management problem. Three good things happen when you flatten out your structure; management costs go down, decision rights are pushed deeper into the organisation and empowerment levels increase. Critically, the conditions are created for more collaborative working by removing the silos that emanate from vertical hierarches - in computing terms, you 'de-frag' the organisation. If you adopt design principles that drive broader spans of control, eliminate duplication and delayer hierarchy you will create a more cohesive and less complex organisation that provides an environment where your talent can align, collaborate and 'flow' to where it can create most value.

Fluid or 'Liquid' organisations shift the focus of the workplace from an environment where people are required to adapt to the 'system' (structure, roles and processes) to a place where the organisation system adapts to people. In liquid organisations, the term organisation is a verb, not a noun. Providing a setting that enables people to realise their value and potential is the guiding organisation principle, with the objective that they are able to find the places and relationships in the organisation that maximise personal contribution and growth. In a fluid organisation, people come together in service of problem solving and solution finding, unencumbered by formal role definitions or departmental boundaries. This model relies on distributed leadership and, by empowering people with accountability and associated decision making rights, they set themselves up to solve problems nimbly and quickly. Fluid organisations have been described as organisations that don't have any secrets - which means that people connect, share and collaborate in service of a shared purpose which typically has the customer at its heart. The matrix structure as a strategy to align skills and priorities is consigned to history by this more dynamic and agile operating model. There are lots of factors that need to be in place to activate and support a fluid organisation first; delayering and 'de-fragging' the structure. Leaders who are prepared to let go of their situational power, technologies that support self-management/ good governance/collaboration, clear accountabilities to set priorities, a 'north star' purpose to guide investment of energy and a redefinition of jobs that supports a more agile view of how people can contribute to the enterprise.

Let's think of the need to focus on talent flow in evolutionary terms. Organisational architecture comprises the structure, systems, processes and

> **A MATRIX STRUCTURE INCREASINGLY LOOKS LIKE A 'LAZY' RESPONSE BY THOSE WHO HAVE A HAND IN DESIGNING ORGANISATIONS AND IT IS UNLIKELY TO BE A STRONG FEATURE OF THOSE BUSINESSES THAT WILL WIN IN THE 2020'S**

other assets of the operating model and is deep rooted in how we think about organisations and organisational effectiveness. For those of us that seek organisation transformation and continuous improvement, these deep roots are one of the reasons why matrix working and other 'formal' solutions to our organisational challenges are a stock response. Then there is job architecture which is a more modern frame that has seen us expand our design thinking into how jobs can be organised into groups and families, helping define job locations and adjacencies in an organisation and supporting intelligent Organisation Design and talent development through career mapping. Knowledge architecture is the next step on the evolutionary ladder and is the key to unlocking workforce potential. Using this lens and uncovering the - often hidden - knowledge domains and skills profiles of your people by deconstructing jobs and providing a working environment which liberates them from the shackles of formal organisational and job definitions will mean your talent can flow to where it has passion, purpose and adds most value. The creation of talent marketplaces that supports deployment of skills, experience and other relevant qualities to the demands of the business is a critical capability for organisations that want their talent to flow.

As the world becomes increasingly turbulent, new organisational models are fundamental to an organisation's ability to remain competitive. The matrix structure that has become so prevalent as a characteristic of complexity in organisations is an increasingly anachronistic way of resolving the need to align and leverage capabilities. There are many ways businesses can build competitive advantage and whilst creating a nimble organisation may not be sufficient in all cases, it is absolutely necessary. This is game changing stuff and such changes are rarely straightforward. This is because organisations are not just complicated - comprising of many moving parts that have varying degrees of independencies - they are also complex. People have motivation and mindsets, which means you cannot rely on simple cause and effect relationships when trying to achieve change. Whilst the change needed might feel daunting and there are headwinds to deal with, organisations that are flatter, more fluid and allow talent to flow are worth fighting for. ●

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Would you describe your firm as collaborative and matrixed?

40% Yes
60% No