



Building Strategic Capability

Making the Matrix Work

The scenario:

- **A business region that consists of nine countries each run by a country CEO.**
- **Each product category head reporting to a 'Global Head' and the regional Chairman / CEO.**
- **Additionally there are global, regional and product strategies.**

The regional CEO was highly entrepreneurial and keen to drive growth across all product categories, introduce new product lines and expand into new territories. Although the business is flourishing there were a number of current & potential problems:

- low levels of cross selling
- long lead times on new products and market initiatives
- high % of initiatives failing to deliver to expected potential
- confusion over responsibilities
- perception of poor service from support functions
- improvements in revenue being matched by an uplift in costs

All classic problems when matrix structures are not working.

Short intelligent research with the senior team identified separate initiatives which together impacted upon their challenge.

Firstly, we established senior team awareness that they were the key players in resolving these tensions and were collectively and individually responsible for the whole business rather than their own function. Building on this were some specific initiatives:

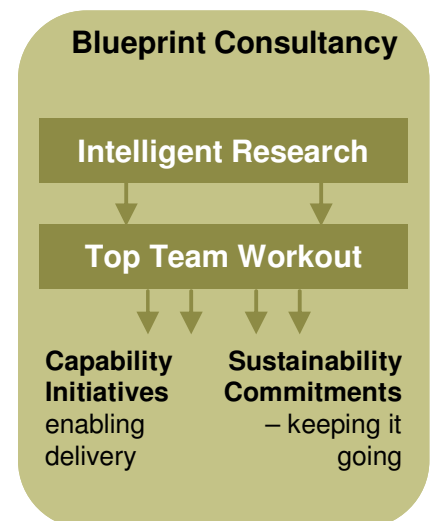
- Extension of the Chief Operating Officer role to create an aligned & responsive 'supply side' to the business.
- Upgrading the second tier management platform to provide a more effective base from which the senior team can operate.
- Distinguishing roles focused upon delivering the 'here and now' and other roles on longer term value creation to ensure proper focus is maintained on both these critical areas.
- Creation of 'business line boards' providing systematic forums to exchange knowledge and hold matrix discussions.

Extending The Role Of The Chief Operating Officer

In the enhanced role, the COO became responsible for ensuring that the business was capable of delivering its strategic intentions in an effective and efficient way. The scope of this went beyond the more effective alignment of support functions to looking at the way different functions, departments, and countries worked together.



"... the ability of Apter to bring together different aspects of a complex issue and find a practical and powerful way forward has been invaluable."



Typically the COO maintains responsibility for disparate functions such as HR, IT, Legal and Corporate Affairs to ensure their representation on the Executive. The role is often seen as managing the day to day business leaving the CEO to do the 'strategic stuff'.



Upgrading The Second Tier Management Platform - One of the problems for senior management was the amount of work that was escalated up to them for decisions and approval. A large amount of their time was spent non-strategically. Enabling their direct reports to take more decisions personally and, in particular, make agreements with other functions was a critical step.

Apter designed and facilitated a "strategic implementation workout", providing practical commitment and capability to ensure change. Managers redefined the way they worked with senior managers, their peers and subordinates. They defined the way their role plays a crucial part in the customer experience. The format was three 2-day workouts each with 20 managers, culminating in a conference for the 60 managers and top team. Each group, and sub-groups, proposed back to the top team new ways of working, value adding initiatives and their commitment to the future. Top team members became sponsors of the proposals.

Separating Long Term Value Creation Roles From Short Term Revenue Generation - The decision was made to separate these roles. The usual objection to creating the latter is that off-line teams are seen as lacking accountability. This was addressed by introducing a staged-investment process which was to be managed as a risk-weighted portfolio of initiatives to include all high impact, long term, cross business projects.

Business Line Boards - Formal structures were created aimed at information sharing cross-business. Business line boards were created in which departments, not directly involved in a particular customer group, sit almost in the role of non-exec directors. Two benefits are sought from this: The customer groups gain a much more rounded perspective on the strategies, and other departments are able to anticipate and respond much more effectively to actions from a particular part of the business.

A Final Word

The strength of this approach was enabled by the CEO and his senior team. This partnership created a powerful momentum for change.

2nd Tier management is critical to organisational effectiveness as they should be the principle change agents through which strategy is translated into action. On a day to day basis they should be able to work as a team resolving the problems both internal to their function or business line or critically across functions and business lines.

As someone once said;
'you can't expect those involved in hand to hand fighting to get involved in long term weapon development projects!'

"The aim of all these initiatives was to simplify individual responsibilities to enable decisive co-operation and to create a proper focus on the ability of a business to respond across its organisation to strategic demands."

Steve Carter
Managing Director, Apter Development

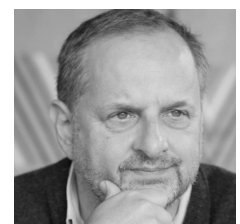
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