



Revisiting Matrix Management

Writer-directors Andy and Larry Wachowski's Matrix trilogy is built on the premise that we all live in an illusionary Matrix. In the trilogy the characters strive to exit the Matrix and find the one true world.

Just like the Wachowski brothers' trilogy, many businesses today are under the illusion that they do not operate in a matrix. The truth is, we work in a matrix whether we know it or not. And unlike in the movies, in the business world, there is no way to exit the Matrix.

There is no Alternative

Most businesses have a functional view of their operations. Separate departments are responsible for sales, marketing, R&D, operations, customer support, finance, etc. Each operates under the principles of command and control with work passed vertically up and down each functional department. Strategy is set at the top, objectives are handed down, the work is performed, and the results are handed back up. Based on the results, new objectives are established, and the cycle repeats.

This one dimensional view of business fails to take into account how customer value is created. Customer value does not result from executing a series of discrete tasks within independent functional areas. In reality, customer value is created step-by-step as work flows horizontally through the business as a continuous value stream. Downstream tasks depend on and add value to those tasks performed upstream.

A single value stream includes all of the activities of marketing, building, selling, operating, and supporting the creation of customer value. In addition, a value stream does not stop when it leaves the door. Value streams flow from suppliers, to their customers, to their customer's customers, etc.

Horizontal value streams are a customer centric view of how each work step adds value. Vertical functions are a resource centric view of the type of work that must be performed at each step. Both views are needed. Businesses must balance the customer value being created with the resources needed to create that value. Therefore every business is a matrix with two dimensions -- horizontal value streams and vertical functions. There is no escaping it. In fact some large businesses add supplier, industry, and geography dimensions to their matrixes.

Working in the Matrix

This begs the question: How can we work in a matrix and not know it? This is the stuff movies are made of. The reason — for both the

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Wachowski brothers' trilogy and for businesses today — is there are few visible clues to the Matrix's existence. For most businesses it is pretty easy to see the functional dimension of the matrix. Individuals with specialized skills can be observed performing tasks that are easily categorized by function.

The value stream dimension of the matrix can be much more difficult to observe. Typically there are few visible clues for tracking value streams from person-to-person and function-to function. Look out over a floor full of cubicles and offices and answer these questions: 1) What customer value is being created? 2) What are the steps to create that value? 3) How effective are those steps? No wonder companies have just a one dimensional view of their operations.

There are exceptions where value streams are visible. You can see work move from function-to-function on manufacturing shop floors. You can also watch paper pushed person-to-person in claims or loan processing centers. With this visibility, these operations know they are in a matrix. But are value streams really less important to a company when they are invisible? If your value streams are invisible does that mean you are not in a matrix?

Two Dimensions are Better than One

In the trilogy, Neo's life changed when he discovered the Matrix. Ultimately he decides to destroy the Matrix. A clear understanding of the Matrix gave Neo the power and advantage he needed. In business it is not an option to destroy the matrix. But just as in the Matrix trilogy, a clear understanding of the business matrix can be used to your advantage.

Imagine if you saw the physical world in only one dimension. Everything would appear as discrete pixels/functions. Then imagine you were given the power to observe the same world in two dimensions and suddenly lines, curves, and flows appear. Wouldn't that bring you new perspectives and help solve existing problems and opportunities?

Now imagine being able to observe the business world in two dimensions instead of one. Sounds fun doesn't it? It certainly would give you an advantage over those seeing their businesses in just one dimension.

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