Many healthcare organizations across the nation have decided to hire leaders whose focus is on the growth and development of particular services, causing a movement toward a service line model of management. The service line model offers many challenges, such as the restructuring of the organizational chart to ensure that positions are allocated appropriately when moving from a functional to a matrix organizational structure. The challenge is to plan for a management change that ensures success. There’s a need to educate and clarify how the management team will move from a functional to a service line organization.

Before a facility transforms from a functional to a matrix organizational structure, it’s imperative to understand these challenges to help avoid common pitfalls that lead to unsuccessful transitions. (See Table 1.)

**Functional structure**

A functional structure organizes activities around the mission-critical processes of a facility and is the most prevalent structure for single product/service and narrowly focused organizations. A functional structure might include departments such as clinical operations, marketing, finance, information systems, and so on. However, activities will vary from one organization to another. Often, parts of an organization are structured around processes.¹

The functional structure builds a high degree of specialization and expertise within functions or processes and can foster efficiency, particularly when tasks are routine and repetitive. Moreover, in this type of organizational structure, control of strategic decisions is highly centralized. Functional structures sometimes foster silo thinking, slowing down decision making and inhibiting horizontal communication. As a result, it becomes a major task of strategic management to keep functional managers focused on an organization’s broader mission and vision while ensuring coordination and communication across the functions.

**Matrix structure**

A matrix structure may be most appropriate when organizations have numerous products or projects that draw on common functional expertise. The fundamental rationale underlying a matrix structure is to organize around problems to be solved rather than functions, products, or geography. Matrix organizations develop expertise and allow product areas or projects to use that expertise as needed. Therefore, in this structure, functional specialists may work on a number of different projects and with a number of project managers over time. The matrix structure fosters creativity and innovation in an organization; it’s particularly effective for rapid product development and can accommodate a wide variety of product or project activities.

However, a matrix structure is difficult to manage. The structure violates the unity of command principle (employees reporting to one boss) and, as a result, employees are often confused about priorities and who’s actually their boss. This type of structure requires a great deal of coordination and communication, as well as some degree of negotiation and shared responsibility between project managers and functional managers.

**Examining the challenges**

Five challenges of a matrix structure include misaligned goals, unclear roles and responsibilities, ambiguous authority, lack of a matrix guardian, and silo-focused employees. Research suggests that employees need different types of training targeted at specific matrix challenges.¹

**Misaligned goals**

Often, there are competing and conflicting goals between the dimensions (functions, regions, services, and customers) of the matrix. A project working
toward a specific deadline date may have goals that are different from the functional units supporting the project. There are usually inadequate processes to align goals or detect possible misalignments. Moreover, communication between projects and functional areas is frequently strained and fragmented. Some managers suggest that misalignment can be reduced by constantly communicating and reinforcing the organization’s mission and vision.

Unclear roles and responsibilities
Confusion over roles and responsibilities is a challenge for virtually all matrix organizations. Lack of clarity results from unclear job descriptions, confusion over who’s the boss, and no sense of direction or knowing whom to contact for information. Ambiguous goals and responsibilities create tension that can become dysfunctional. Four basic requirements are necessary to enhance clarity: (1) clear guidelines and descriptions of roles and responsibilities; (2) specific assignments for the accomplishment of business goals; (3) a single point of contact for information or approval for areas of responsibility; and (4) a set plan for communication and information sharing.

Ambiguous authority
In the matrix structure, decision makers can sometimes have responsibility without authority. This confusion creates a lack of clarity when it comes to accountability, which may lead to delays in decision making. The culture of a facility plays an important role in resolving authority problems in matrix organizations. In organizations with collaborative cultures, managers are more focused on problem solving and able to resolve authority issues through informal negotiation. When the culture is more political, managers tend to focus more on maintaining their status and power than on resolving issues.

Matrix guardians
In most organizations, what gets measured gets done. For this reason, measures for functional, geographic, and related units are well established. It’s less likely that organizations carefully measure the performance of projects. Top-level executives, especially, may be unaware of project performance. A matrix guardian responsible for matrix performance can correct many of these problems. Research has shown that:
- lack of consequences and rewards for matrix performance fail to motivate employees to make the matrix work
- establishing a monitoring process to detect and identify matrix performance problems overcomes employees’ reluctance to divulge issues associated with their units
- the matrix guardian must have senior level support and authority to make and act on decisions
- the objectivity of the guardian must be preserved and protected from political pressure.

Silo-focused employees
Most people in organizations tend to be silo-focused. Organizational membership and loyalty is often directed toward the functional unit rather than a project to which they’re assigned. There are two primary reasons for silo-focused behavior. First, most people spend the majority of their careers in a particular function. They tend to interact with other professionals, like themselves, and over time develop allegiances to a particular group. Second, matrix organizations require high degrees of cooperation when compared with single hierarchies. Most employees haven’t developed the interpersonal skills that are necessary to make matrix organizations work efficiently and effectively.

The matrix reality
Many healthcare facilities want to make the transition from a functional to a matrix organizational structure. Transitional challenges occur when management teams operate, understand, and define themselves from the functional structure. Many managers may be unaware that their organization is currently using a functional

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Table 1: Functional vs. matrix structure

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<tr>
<th>Structure</th>
<th>Advantages</th>
<th>Challenges</th>
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| Functional | • Builds a high degree of specialization  
• Fosters efficiency  
• Centralizes control and decision making  
• Develops functional expertise | • Fosters silo-thinking  
• Slows down decision making  
• Makes horizontal communication difficult  
• Makes coordination difficult  
• Limits the development of general managers |
| Matrix | • A functional specialist can work on multiple projects with multiple project managers  
• Most appropriate when an organization has numerous products or projects  
• Organizes around problems to solve rather than functions, products, or geography | • Difficult to manage  
• Violates the unit of command (reporting to one boss)  
• Employee confusion on priorities and who’s the boss  
• Requires a great deal of coordination and communication  
• Requires responsibility sharing between managers |
organizational structure, so the need for education to define current configurations, as well as new expectations, is important for managers to succeed.

The application to nursing management is important because most service lines are developed with an executive leader, a medical staff leader, and a patient care leader. It’s imperative to ensure that all communication and expectations are clearly articulated. The outcomes associated with patient care will be realized with much greater emphasis on patient safety and quality if the team works collaboratively.

REFERENCE

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