



TenStep Supplemental Paper

10 April 2002

Allocating Resources in Matrix Organization

In large organizations, or on large projects, you may have the luxury of full-time resources for your entire team. However, in many (or most) situations, the project manager must utilize shared and part-time resources to complete the work. Some resources may be working on multiple projects, while other resources may be working in support (or operations) roles as well. The process of gaining and retaining resources in this environment can be difficult, and is partly the result of how your organization is structured.

Let's look first at the three basic organizational structures - functional, project, and matrixed. In a functional organization, people are organized into functional specialties such as the Finance Department, Marketing Department, and Information Technology Department. Projects are staffed with people from within the organization. Generally, your functional manager is also responsible for the success of the projects.

In a project organization structure, the people are all aligned around major projects. For instance, you may have an organization built around the building and deploying of a weapons system for the Department of Defense. All the people that are required for the project to be completed are assigned full-time to the project. This might include IT, manufacturing, procurement, finance, etc. The overall project manager is the functional manager as well.

The third option is a hybrid of the two - the matrix organization. People are assigned full time to a functional organization, but can be temporarily assigned full-time or part-time to a project as well. In this case, their functional manager may be responsible for part of a team member's workload, and a project manager may be responsible for assigning the work associated with the project. The matrix is especially efficient if your project does not need a full-time commitment from people in the supporting organization. These people can be used part-time on projects. (They may be working on enhancements, but these fit the definition of small projects.) A matrixed organization also works well when your projects are smaller and do not necessarily need full-time resources.

The matrixed organization can be the most efficient at utilizing and leveraging people's time and skills. However, it only works if the functional manager and project manager (or multiple project managers) recognize the challenges and work together for the company's overall benefit. The two areas to focus on are planning and communication.

Planning

First of all, you need to maintain a planning window of upcoming projects and an estimate of their resource needs. If your staffing requirements fluctuate a lot from month-to-month, or if the projects cannot be forecast many months in advance, you can at least plan using a three-month rolling window. You then update and refine the plan on a monthly basis. The closest month should be pretty firm. Two months out should be pretty close. Three months out and beyond is best guess.



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On the other hand, if the projects in your organization are typically longer, and your staffing plan is well understood, you may want to maintain a three quarters (nine month) planning window and update the plan every quarter. The planning process should include the appropriate project managers and functional managers who tend to share a common pool of resources.

Communication

After the planning comes the proactive communication. Remember that in a matrix organization, project managers need resources to do their work, but they do not own them – the functional managers do. So, the onus is usually on the project managers to make sure that the resources are available when they are needed, and that there are no surprises. For instance, if you and the functional manager agree that a specific set of people will be available for one of your projects in two months, don't just show up in two months and expect them to be ready to go. In fact, you should expect that they will not be ready if you have not communicated often and proactively. The project manager should gain agreement on resources two months in advance. The resources should be confirmed again at the next monthly staff allocation meeting. The project manager should double-check resources again two weeks before the start date, and follow-up with a reminder one week out. You are much more likely to have the resources available when you need them if you take these proactive steps.

Planning Tools

Secondary to getting a good planning process in place is worrying about a tool. There are resource allocation tools on the market, but for small to medium organizations, a good spreadsheet will work fine as well. The spreadsheet might have people down the rows and work across the columns (or visa-versa). Each month (or quarter) could be on a separate tab in the worksheet. For each month (or quarter), you plan the projected work allocation for each person, ensuring that all work is adequately staffed, and that all of your resources are fully engaged.

For larger organizations, a specialized resource/workload planning and tracking package may be appropriate. You can also document a skills inventory for each person so that you can see who might be a potential fit for projects coming up in the future.

Summary

Many companies and organizations struggle trying to optimize the people allocation in a matrix organization. You can get software to help make this easier. But software is just a tool. Overall staffing success in a matrix organization depends on having good planning processes in place, maintaining a partnering relationship between the project managers and functional managers, and communicating proactively and effectively.