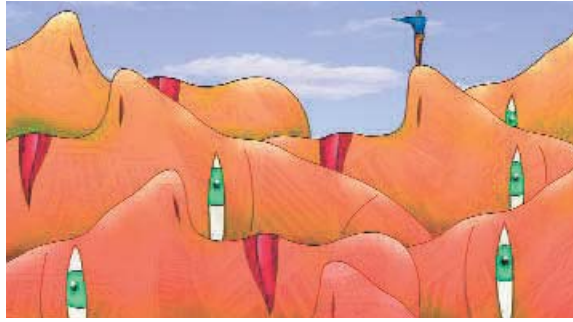# Becoming a Horizontal Organization

Most organizations remain vertical: that is, organized by function and made up of the multiple layers—and all the turf battles and bureaucracy—that accompany such a structure. But the trend toward flatter organizations is increasing. Such organizations are characterized by self-directed work teams, in which the old boss-subordinate dynamic is replaced by players who hold themselves—and one another—accountable for team and organization success. We term these "horizontal organizations."

Horizontal organizations are led by executives who work together as a kind of mini board of directors. The good of the corporation, not functional self-interest, is their primary driver. Below the top team, virtually everyone else in the company works together in multi-disciplinary teams that manage core responsibilities from product development to sales. Rather than being organized around multiple layers, such organizations are organized around processes.

The journey to a horizontal organization requires both structural and cultural transformation, along with an approach to talent management that includes developing a new portfolio of capabilities, such as influencing, conflict management, and decision-making skills. But such change promises greater

focus on customer satisfaction and increased productivity.

According to Howard M. Guttman, founder and principal of the Ledgewood, NJ-based consulting firm, Guttman Development Strategies, Inc., the benefits of horizontal organizations stem from the redirection of corporate effort from an inward focus aimed at sustaining interactions across disciplines to a focus on customers and the marketplace.

"Moving to a horizontal organization," Guttman told *Executive Matters,* "represents a radical change. It means moving to an action- and results-driven workforce, where people understand what they are accountable for and then own the results." They succeed because they are clear about the organization's goals, strategies and decision-making protocols.

As the first steps in evolving into a horizontal organization, Guttman identified the following:

■ **Align the senior team.** Get agreement on strategy, goals, roles and responsibilities, rules of engagement and business relationships. If the organization is "going horizontal," then the business case and desired results need to be clarified.

■ **Convey goals to the organization.** Explain the case for going horizontal and the desired results to those who will serve on teams.

■ **Construct ground rules.** Agree on the number and composition of teams, responsibilities and accountabilities and rules for going forward, including links to performance management and compensation.

■ **Provide skills.** Anticipate potential conflicts and teach managers how to approach and resolve them head-on, rather than avoid confrontation.

■ **Align business teams.** Cascade the senior-team model down through the organization.

■ **Monitor the team process.** The company needs to check progress against the goals set in the first stages of the transformation.

■ **Provide additional training.** Based on the assessment, fill skill gaps to achieve best practices in four areas critical to horizontal management: conflict management, persuasive communication, performance management, and problem solving.

For help in developing the skills critical to a horizontal organization, check out AMA's management and leadership seminars at www.amanet.org

Criticism vs. Feedback

Some executives use the term "constructive criticism" in place of the word "feedback," but criticism is criticism is criticism. By its nature, it isn't constructive. Certainly, if you tell an employee, "You are never on time. This is really irresponsible. Unless you get your act together, you will be gone from here," it isn't constructive. It puts cracks in the foundations of any team you are building.

Employees at the end of such criticism are not motivated to support any subsequent effort of the individual criticizing their work.

Feedback is designed to improve performance, whereas criticism is too often a means of unloading anger. Delivery often reflects this. Most important, whereas feedback is tough talk about an issue, criticism too frequently is tough talk about the person. Further, feedback is a form of coaching in which there is a search for underlying causes and solutions, while criticism is solely finger-pointing and a search for a scapegoat.

Perfecting feedback skills is comparable to perfecting coaching skills. So if

you want to improve the quality of your feedback:

■ Give it as close to the incident as possible, good and bad.

■ Be specific, and discuss not only the behavior, but the impact of the behavior on work output and co-worker performance.

■ Look for opportunities to offer positive feedback. Employees need to receive good feedback as well as negative feedback.

To perfect feedback, check out AMA's management seminars at www.amanet.org