The helix organization

Separating people-leadership tasks from day-to-day business leadership can help organizations strike a better balance between centralization and decentralization, reduce complexity, and embrace agility.

by Aaron De Smet, Sarah Kleinman, and Kirsten Weerda

The CEO of a major global business, deeply frustrated, took time out recently as a large company-wide reorganization was stumbling toward its conclusion. Hard as he and his top team had tried, he told us, attempts to make collaboration and empowerment an enterprise-wide reality were foundering. Although he had been determined to ensure resources were reallocated across the group more dynamically, people and money remained doggedly stuck in slightly revamped silos. Tensions between the group's central functions—such as finance, HR, and IT—and the group's decentralized businesses were continuing to rumble. As he gazed at a new organization chart on his laptop, he scratched his head while trying to make sense of the complex collection of solid- and dotted-line reporting relationships floating across the screen.

The CEO in question is actually a composite of several with whom we've had different versions of this same conversation. Their frustrations, in turn, are similar in

spirit to concerns we hear almost daily from many other senior executives. As our business environment has become more complex and interconnected, we seem to be replicating that in our organizations, creating complex matrix structures that simply don't work anymore. We are overreliant on the same management tools for organization structure that we've been using for decades, namely hierarchical org charts with solid- and dotted-line reporting relationships.

There are no easy answers to deep-rooted organizational dysfunction. However, we're increasingly convinced that there is a simple, exciting, and effective structural model that can replace complex matrix structures and help leaders across industries and geographies who struggle with confused roles and labored decision-making processes, and who feel they are failing to move quickly enough to exploit new market opportunities.

The "helix," as we've dubbed it, is not a new idea. It has been around for decades in professional-service firms and in parts of some large global companies, and more recently in many agile enterprises. But until now, it has lacked a name and clear definition, and its power to unlock organizational bottlenecks and to strike a better balance between centralization and decentralization has never been properly articulated. It is seldom implemented at significant scale, and many organizations that initially embrace it slide back to more traditional (and often less effective) structures. That's no coincidence. For reasons we will discuss, successfully adopting the helix requires management mind-sets and a talent infrastructure that many businesses do not currently possess.

In a nutshell, the secret of the helix lies in disaggregating the traditional management hierarchy into two separate, parallel lines of accountability—roughly equal in power and authority, but fundamentally different.

One of the two lines helps develop people and capabilities, sets standards for how work is done, and drives functional excellence; the other focuses those people and capabilities on the priorities for the business (including overseeing their day-to-day work), creates value, and helps deliver a full and satisfying customer experience.

By disaggregating the hierarchy and ensuring that for any given set of leadership responsibilities only one person is accountable, we can stop forcing employees to answer to multiple "bosses" who think it is within their purview to perform the same set of leadership functions such as hiring and firing, job assignments, promotions, evaluations, and incentives. All this helps to preserve unity of command, reduce tension, increase speed and flexibility, and more effectively confront the challenges the matrix was meant to address in the first place.

In this article, we aim to clarify when and where the helix model is most likely to be actionable, elaborate on which problems it helps overcome, and explain how executives can break out of some of the old ways of thinking that undermine organizational effectiveness. Helix-like approaches are part and parcel of agile organizations, but they also have applicability elsewhere. More than just an

experimental alternative to traditional ideas about management and accountability, we're becoming convinced that the helix will be seen, increasingly, as a legitimate and at times indispensable organizational approach.
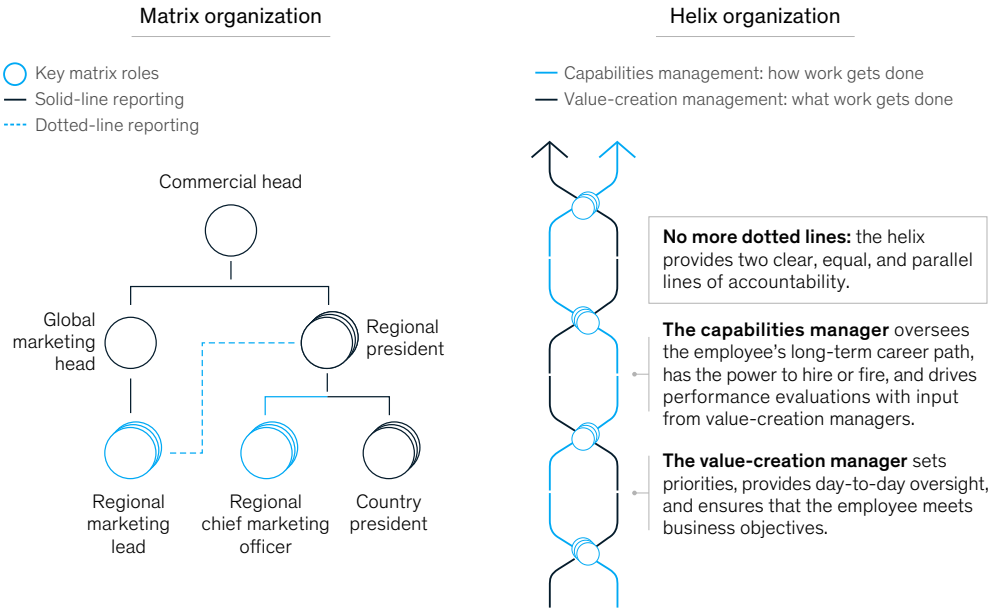
Beyond the matrix

The helix is perhaps best understood in the context of matrix organizations that attempt but often struggle to integrate the functional, geographic, channel, and product units of large companies and that, after decades of experience, are now deeply anchored in today's people-management systems and culture.

Existing matrix roles typically have one primary "boss," identified by a solid line on the organization chart, and a secondary one, depicted by a dotted line. The first boss is primary in the sense of holding resources and controlling the budget and tends to be responsible for hiring, firing, promotions, and evaluations—as well as for the direction, supervision, and prioritization of daily work.

Inspired by the distinctive, double-stranded shape of DNA that scientists discovered in the early 1950s, the helix, by contrast, decouples people-leadership tasks typically performed by *one* manager into *two* sets of tasks performed by two different managers, each of which is equally relevant (exhibit). Crucially, these managers are neither "primary" nor "secondary," as is the case in the matrix. One boss provides and makes decisions about one set of things (such as hiring and firing, promotions, training, and

Exhibit

The helix organization provides a balance between flexibility and stability that is the hallmark of a truly agile approach.

Matrix organization	Helix organization
○ Key matrix roles	— Capabilities management: how work gets done
— Solid-line reporting	— Value-creation management: what work gets done
···· Dotted-line reporting	

Commercial head

Global marketing head

Regional president

Regional marketing lead

Regional chief marketing officer

Country president

No more dotted lines: the helix provides two clear, equal, and parallel lines of accountability.

The capabilities manager oversees the employee's long-term career path, has the power to hire or fire, and drives performance evaluations with input from value-creation managers.

The value-creation manager sets priorities, provides day-to-day oversight, and ensures that the employee meets business objectives.

capability building); the other boss makes decisions about another set of things (such as prioritization of goals and work, daily supervision of task execution, and quality assurance).

Because the two roles are so different, there should be less need for the power struggles, tensions, and conflicts often found in more traditional structures. Importantly, though, the two managers—one of which we'll call the "capability leader," the other the "value-creation leader"—have to agree on a number of things: who and what to deploy to projects, initiatives, and business units, for example, and how much these human and other resources are going to cost. (Value-creation leaders must pay for them out of their budget.)

When done right, this approach is liberating for leaders. By decoupling these two lines of authority, the helix frees the likes of senior engineers, designers, salespeople, and other functional experts from the burden of serving as day-to-day supervisors. Their employees, moreover, feel more empowered than in the traditional matrix, no longer in the crosshairs between two bosses, both of whom feel responsible for the same things and may give employees conflicting guidance. Those employees also find it more natural to participate in small, ad hoc teams, often comprising people from multiple business units and functional centers of excellence where, in practice, a lot of work gets done.

The helix in action

Here's how the helix could look from the viewpoint of an individual employee, and how it has played out at one organization.

Jaime's story

Jaime, a composite of dozens of managers we know, is a midtenured marketing director accountable for hitting monthly performance targets at the biggest business unit of a North American consumer-goods company. She has regular check-in meetings with her boss to review progress in the product categories for which she is responsible. Her priorities and what's expected of her naturally change from time to time, but the relationship between Jaime and her boss is clear.

However, there is another reporting dimension for Jaime: a dotted-line boss in the online group of the company, with whom she also meets on a regular basis to discuss the goals of her online marketing team. This arrangement creates tension. Even when both managers are in sync, Jaime ends up spending twice as much time in meetings as is necessary, and her secondary manager often feels he is wasting his time trying to engage Jaime on issues that are not important to her on a day-to-day basis.

If that secondary, dotted-line boss gives direction and feedback that is at odds with the primary boss—for example, demanding a higher focus on creating brand awareness rather than on converting customers, or suggesting a new web feature—Jaime ends up striving to please both, or managing the consequences of disappointing the one whose priorities she has deprioritized. The ambiguity Jaime feels is often reflected in her year-end review, because both bosses have a say.

Imagine now that Jaime moves from a matrix to a helix organization. She is still accountable to two leaders, both equally important, but neither are formally responsible for all people-leadership duties like a traditional boss would be, because their responsibilities have been cleanly divided in a way that makes sense given their expertise. The value-creation leader clarifies objectives, discusses and sets day-to-day priorities, and measures and provides feedback on delivery against her goals and targets. The capability leader is available if Jaime wishes to go to him with a question on, say, marketing best practices, the company's standards and guardrails with respect to branding, or a new industry standard—or when she feels she needs coaching or advice with respect to the functional subject matter: marketing.

When market conditions change, or when Jamie and her capability leader think it's time she makes a career move, both leaders will confer about the options (likely conducting a joint career discussion, led by the capability leader, who is accountable, but with input coming from the value-creation leader to inform the discussion). The outcome may be that Jaime is ready for a promotion and, guided primarily by the capability leader, she moves to a role in a different unit where new opportunities have emerged. She will have a new value-creation leader in her new role, but she will keep her old capability leader through her transition. The capability leader would arrange to have a new resource deployed to fill Jaime's former role, likely with some overlap to properly hand over the role—again, all in consultation with the value-creation leader.

Jaime is so empowered in this model that instead of saying she has "two bosses," she tells colleagues that she doesn't have a boss at all. In her previous company, by contrast, she felt "owned" by two competing managers, one to whom she was connected by a solid line, the other to whom she was connected by a very strong dotted line. The helix has clarified the relationships and unleashed new energy and better performance outcomes.

The view from the organization

The new chief marketing officer (CMO) of a global consumer business we know was troubled by the way individual brand managers and their teams had been undertaking new initiatives without bothering to tap into the deep expertise of the company's very capable central marketing function. To address this issue, he began creating what was in effect a helix structure (though he didn't call it that at the time).

The central marketing function was small, and the CMO did not have sufficient resources to supply every brand owner with the help they needed. So he chose to focus on those business units he thought would most benefit from connections to the core team. He encouraged them to spend time themselves at the center periodically to gain new skills and trade notes with others. And he urged the brand owners to send other, dedicated marketers, who had previously been disconnected from central marketing, back to the center for the same kind of training and skill-building sessions.

The CMO and the central marketing organization continued to conduct annual performance reviews for the central marketers—but, over time, they also began reviewing marketers dedicated to particular business units so that their performance

was compared with marketers across the company as a whole, rather than just with those isolated within their own brand team.

Over time, the central marketing organization became an increasingly important center of excellence, overcoming much skepticism in a company where individual brand managers had held sway. Business units and brand owners began to see the limitations of their previously subscale marketing teams filled with "jack-of-all-trades, master-of-none" members. Besides the additional expertise, the simple act of evaluating all marketers against one another meant that every employee received richer feedback, a greater understanding of their relative contributions to the organization, and greater clarity about their promotion prospects. The organization's overall marketing expertise deepened. By broadening the pool of those being evaluated, moreover, the unhealthy competition and uncollaborative behavior that had marked relations between marketers on individual brand teams disappeared. Rather than seeing themselves as part of a small team of brand experts where only one of its members could be promoted to the next level, they saw themselves as part of a group function with wider opportunities for anyone who did well.

How the helix helps

In our experience, there are two principal benefits of adopting a helix design (besides greater clarity and simplicity for the employee, which unlocks their productivity and performance). First, it helps those companies that have already achieved agility at the team level make agility a reality across the whole enterprise, by making resource allocation more dynamic. Second, it alleviates tensions between centralized functions and decentralized business units, allowing entrepreneurship and flexible reactions in different business units without losing the positive scale effects of a global function.

Enterprise agility and resource allocation

The clear division of people-leadership roles at the heart of the helix is a significant feature of most enterprise agile structures. In some models, such as those adopted by ING, as well as by Spotify in its early days of developing an agile approach, value-creation work (such as product development) is carried out primarily by self-directing, customer-oriented "squads" headed by a product owner who, among other things, sets priorities. Several squads are consolidated into bigger units called "tribes." The de facto capability leaders sit in "chapters," coordinating the activities of squad members across a range of disciplines (such as data analytics), in addition to doing their own work.

The capability leader in a helix structure is also a key part of agile's "stable backbone." As we've previously described,[1] the team and resource fluidity associated with agility goes hand in hand with well-delineated functional "homes" where employees return for training and coaching, with relatively unchanging core processes, and with stable governance arrangements. Indeed, that backbone facilitates the redeployment of people from one business to another and allows for speedier and more flexible staffing of special initiatives that fall outside traditional boundaries.

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[1] Wouter Aghina, Aaron De Smet, and Kirsten Weerda, "Agility: It rhymes with stability," *McKinsey Quarterly*, December 2015, McKinsey.com.

A helix design can also help organizations that have integrated functions into their different businesses and therefore are only capturing the benefits of agile at a team level (instead of across the group). For example, one business within a global multibusiness company ended up hiring too many data scientists, while another division, unaware of this surplus, went out and hired its own data talent. To achieve the full benefits of agility, it would have been more effective to have had a central pool of data scientists that cut across everything, with a capability-leadership function that could help deploy this talent to the businesses and tribes where it is most needed.

Centralization versus decentralization
If you look at the landscape of big companies, you'll find at least five or six different ways that organizations connect the key functions (such as finance, HR, and R&D) to business units. These range from the fully centralized to the fully decentralized, where the vast bulk of functional resources are under the direct control of a business unit. Many companies oscillate between these extremes, launching disruptive reorganizations every few years.

The balanced matrix, by far the most common, seeks to achieve the best of both worlds—economies of scale and skill (better career opportunities) and responsiveness to business-unit needs—by having functional leaders report directly or indirectly to both a business unit and the central function. But, as we've noted, many companies become frustrated by matrix design structures. CEOs often complain that their organizations are overly complex, slow down decision making, make it difficult to get things done, and sow disillusionment among middle managers. Successive reorganizations have compounded the issue.

The helix strikes a more lasting balance between functional excellence and business responsiveness, allowing the value-creation leader to be more flexible and entrepreneurial, and to make faster decisions. The simplicity of the helix is particularly appealing because it enables the work of the value-creation leader and the capability leader to evolve at different paces and in varied ways, each appropriate to the changing market conditions and forms of expertise that matter most to those leaders. That makes everyone more adaptable and simplifies reorganization efforts.

Imagine a medical-device company currently organized along three dimensions: functions, product- and technology-oriented lines of business, and geographies (countries and regions, for example). Both the lines of business and the geographic units are value-creation lines with dual profits and losses—a complex structure that the CEO wants to address. By introducing the helix, the company can simplify the organization by moving from three dimensions to two, separating out and clarifying the role of the capability line (functions).

Making the helix a reality
Given that today's people-leadership practices and HR systems and cultures are often rooted in the idea that "my people are my power," the challenges of implementing a helix model and making it stick should not be underestimated.

The global consumer-products company discussed earlier is a salutary example of the benefits of a helix-style design—but it also demonstrates the challenges of making this model work. Despite the benefits, the organization ultimately reverted to its old ways when the pioneering CMO left the business; his successor effectively pulled the central brand people away from the business units by creating new work for them, undermining the trust of the brand owners.

As a result, the brand barons once again became less interested in sharing people with the CMO and took back responsibility for all people-leadership duties. The company proceeded to operate much as it had before the helix was introduced.

No operating model is solved by structure alone, and attempts to change the reporting lines can all too easily be upended when a visionary and persuasive individual moves on. For the helix to work, new processes and different mind-sets must be embedded to remove obstacles and overcome scepticism.

Leaders must make a few key moves to set up the helix model for success:

Create a talent marketplace
The smooth deployment of people will only happen if companies have, or are able to develop, a functioning internal talent market.

A talent marketplace requires leaders to have a detailed understanding of available people—who they are, what they are doing, what skills and attributes they possess, and when they can be deployed from their current assignment. It's not enough for capability leaders just to know that someone is a general marketing expert; systems must tag specific experience, industry expertise, language skills, and other distinguishing qualities.

These leaders also have to understand the current and future needs across the business (working closely with the value-creation leaders to understand business priorities), which new roles are opening up, which existing ones are changing, what new initiatives need staffing and when, and what skills are required for each role. Most importantly, they need to identify the roles that will likely create the most value.[2]

In organizations that do this well, individuals have much more influence over their own career.

Make resource planning transparent and effective
It's important to have sufficiently mature resource and strategic workforce planning to allow value-creation leaders to forecast their people needs (key knowledge, skills, and experience) and to give capability leaders enough time to match supply to demand with respect to particular skills and roles.

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[2] See Mike Barriere, Miriam Owens, and Sarah Pobereskin, "Linking talent to value," *McKinsey Quarterly*, April 2018, McKinsey.com.

Like strategic planning generally, this should not be a one-off annual exercise; in the most forward-thinking companies, such resource planning is done quarterly. Decisions follow a well-prepared executive discussion, based on accurate and up-to-date data and clearly defined key performance indicators. At one point, Google used number of users as the basis for deciding whether to invest in, or dissolve, particular business units.

People allocation should be linked with adaptive, flexible financial budgeting. At a minimum, you need some kind of simple cost transfers to allow businesses and value-creation lines to pay for the people who have been deployed to them.

Ensure accountability is clear

A new combination of functions and project teams at a defense agency broke down because the people deployed to the project teams never assumed ownership for their work. The organization lacked effective talent-management processes, and with their chain of command leading back to their functional "home" (and day-to-day managers having no role in their performance reviews), employees saw their assignment as only a temporary duty.

To overcome this, value-creation leaders need to establish a strong joint purpose for their teams and ensure the right combination of roles and skills. These leaders should send people back to the function/skill pool and request new people if any individuals prove to be a poor fit, and use the opportunity of performance evaluations to monitor progress.

Balance performance management across the two roles

Many managers doubt their ability to evaluate someone and give them appropriate incentives when they haven't directly supervised their activities on a daily basis. In a helix structure, it's vital that the two people leaders are aligned and willing to participate in employees' performance reviews. Processes that underly evaluations, and hiring and firing, should incorporate feedback from both the capability and value-creation leaders (even if the former is ultimately responsible for aggregating the feedback and delivering the review). Value-creation leaders who oversee employees' daily work should provide feedback on the quality and skills of the people on their teams so that capability leaders know where development is needed. The best modern performance-management systems insist on several perspectives, including 360-degree evaluation.

Look for pockets of opportunity where there is a need to combine local accountability with the benefits of centralized capabilities and resources. As the model proves its worth, it can start taking hold more widely—provided that leaders recognize its benefits and get comfortable with their role in making it work.

A serious commitment is required for an organization to make the move to a helix model. Capability leaders must learn to surrender decision-making authority over employees' day-to-day activities, and value-creation leaders must acknowledge the

additional and important source of influence over their team members when it comes to coaching and capability building. Both types of leader need to acknowledge that they will achieve better outcomes if they both relinquish a bit of control.

Done well, however, the helix will build in the flexibility to help an organization match the pace of external change and innovation. Q