



ALIGNMENT IN A MATRIX ORGANIZATION

The handshake process of Arcadis North

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THE HANDHAKE PROCESS OF ARCADIS NORTH

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Preface

This paper was written towards the degree Master of Science. It represents my master thesis to obtain my master's degree Public Administration at the University of Twente. I would like to thank several people that supported me during this process.

Firstly, Arcadis North for providing the opportunity to conduct my master thesis at their organization, and of course Lidewij de Haas, the Client Development Director of Arcadis North who was my direct supervisor at Arcadis. Her practical suggestions were an addition to my Master thesis. She has been very patient with me explaining the complicated organizational structure of the company and she has actively informed and involved me in the handshake process of Arcadis. She also provided me with the contacts I needed for my research. I also want to thank her for giving me the opportunity to explore the business practices of Arcadis by involving me in the application of the sales funnel, oracle sales cloud and the strategic pursuits.

I conducted this project from August 2015 to February 2016 at Arcadis North. For seven months I had the pleasure of working with enthusiastic employees who treated me like a colleague. So secondly, I would like to thank my colleagues from the Market Group Rail & Public Transportation who were always interested in my research, supporting me and helping me where they could. I enjoyed working at the office at Arcadis Amersfoort and developed several personal skills. Thirdly, I want to thank the Market Group Directors, Market Sector Leaders, Value Proposition Leaders and the Managing Director for the effort they put into participating in the interviews for my research and giving their extensive and honest opinions.

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I'm grateful that with this master thesis at Arcadis my student life has now come to an end. Obtaining my master's degree marks the end of an era, my time as a student. I have very good memories of my student days. I met a lot of people and now have numerous contacts that could be helpful for the years to come. While the past five years have been an amazing experience, new opportunities lie ahead and with a solid education I can face them with confidence.

Amersfoort, March 31 2016

Esther Beekhof

Executive summary

This research is being conducted at the company Arcadis North and describes an alignment process within a matrix organization existing of three dimensions: the geographical dimension, the client dimension and the product dimension. This alignment process is called the handshake process which attempts to create alignment between these three dimensions. By means of a literature study, desk research and multiple interviews the main research question *'How does the handshake process of Arcadis North function in practice?'* is answered.

The research shows that the handshake process of Arcadis North functions as intended to a certain extent. The goal of the handshake process, which is to create alignment between the three dimensions of the cube, is being attained. However, some aspects do not quite function as intended and hinder the effective functioning of the handshake process. The results also shows that the handshake process contributes to decreasing and preventing several challenges which often occur in matrix organizations, however some problems still occur at Arcadis North. In response to the examination of the handshake process some suggestions for improvements have been developed which are discussed with the Client Development Director as well as with the market sector leaders. These improvements can be implemented by the managing board into making the process a more effective performing model.

Key words: matrix organization, handshake process, organizational structure, dimensions, alignment, challenges

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List of abbreviations

AEU	Arcadis Europe
BL	Business Line
BU	Business Unit
HoD	Head of Department
HS	Handshake
MGD	Market Group Director
MSL	Market Sector Leader
MT	Management Team
OpCo	Operating Company
ST	Sector team
VP('s)	Value Proposition(s)
VPL	Value Proposition Leader

1. Introduction

The central subject of this thesis is the handshake process which is a 'set of arrangements' which ensures a specific way of collaboration and is intended to create alignment. The handshake process is implemented at Arcadis North (the Netherlands) in response to the new organizational model of Arcadis. This chapter introduces this new organizational model; the matrix structure, and the occasion for this research. Thereafter, the research subject will be further discussed. From the research subject the main research question follows. Then, the research method and structure will be shortly discussed. The chapter ends with the relevance and accountability of this master thesis, a brief recapitulation and preview of the next chapters of this thesis.

1.1 Matrix organization

The strategy update of January 2014 resulted in a new organizational model for Arcadis Europe (AEU) which is the implementation of "the Cube". This is part of the three-year strategy cycle of Arcadis NV: strategic plan 2014-2016. This new organizational model is the matrix structure which consists of three dimensions: a geographical dimension, a client dimension and a product dimension. Each dimension has its own specific focus and role in the organization. As a result of the implementation of the new organizational model, research about the definition of tasks and responsibilities of the dimensions of the matrix structure of Arcadis North has been done. This research by Rianne Kroekenstoel (2014) was the occasion for further research about the new and recent method "the handshake process" of Arcadis North within a matrix structure. The handshake process is part of the Client Development program. This research will be carried out within Arcadis North under the guidance of the Client Development Director of Arcadis North.

1.2 From Cube to handshake

The complex organizational structure of a matrix organization is a very provocative topic for research. According to Galbraith (2009) 75% of the matrix organizations fails to succeed. This is not caused by the structure of a matrix organization but by incorrect and incomplete implementation of the matrix structure by the management (Galbraith, 2009). It is not an easy task to change an organization existing out of one dimension to a matrix structure where the responsibilities, tasks and goals are being segregated. Structural changes and proper management are necessary to attain high company performance and maintain a competitive position (Galbraith, 2009).

The dimensions of the matrix structure of Arcadis are the geographical dimension, the client dimension and the product dimension. Each dimension has its own focus and role in the organization. The

geographical dimension of the matrix is called sub regions, the client dimension is called the market sectors and the product dimension is the dimension of the business lines. See the figure below.

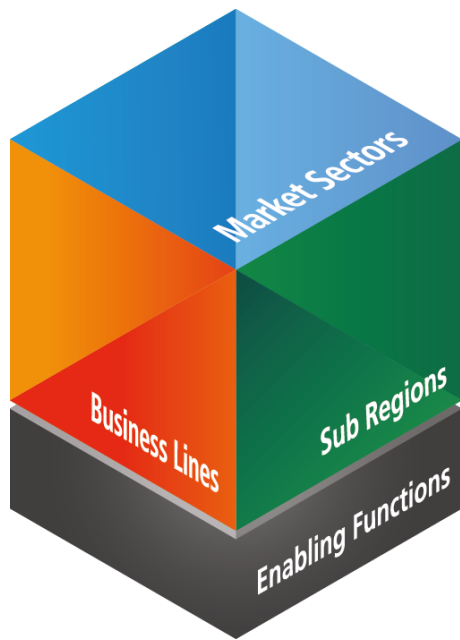


FIGURE 1.1: THE CUBE: THREE DIMENSIONS

The first dimension of the cube; Sub Regions, is the structure of the different business units of Arcadis NV. A business unit (BU) or operation company (OpCo) consists of multiple divisions. These are: *Buildings, Infrastructure, Water and Environment*. Each division consists of a couple of different market groups and each market group consists of a couple of different departments. This structure is the hierarchical line. Therefore, this dimension is also called the line dimension. The focus of this dimension is the primary process of the business activities.

This dimension is crossed by market sectors, the client dimension. This dimension has been implemented in January 2014 and makes the organizational structure a matrix structure. The market sectors are horizontal intersecting with the line dimension of Arcadis. Their primary responsibility is to create more expertise in (potential) clients, be aware of the market demand and to make a match with the business activities of the line dimension and therewith increase the revenue of Arcadis. The third dimension, the product dimension is the business line dimension. This dimension focusses on the products which are the solutions and services Arcadis creates for their clients. These are also called the value propositions.

To attain the goals and carry out the strategy of Arcadis it is of importance that the matrix structure is effective. According to Sy and D'Annunzio (2005) and Knight (1977) a common problem in a matrix organization are misaligned goals and objectives among the different dimensions. The multiple business

goals can create ambiguity and conflict. A matrix is perused to create balance between the different dimensions but it may often create tension and ‘power struggles’ in the organization. To cope with this problem indicated by Sy and D’Annunzio (2005) Arcadis North has introduced a company-specific understanding; the handshake process.

1.2.1 The handshake process

The handshake process is implemented in June 2015 and is a process to coordinate and align the different goals and activities of the three dimensions of the matrix. It is a method of making agreements between the representatives of the dimensions. These are Market Sector leaders, Market Group directors and Value Proposition leaders. By means of the handshake process alignment and collaboration should be created in order to achieve an efficient and effective, thus optimal working “Cube”. The handshake process is thus quite an important asset of the company and it can be quite valuable if used properly.

1.3 Research goal & approach

Regarding the relatively new organizational structure of Arcadis there is need for alignment between the different dimensions of the matrix. Within Arcadis North, this alignment should be achieved by means of the handshake process. The goal of this research is to examine how this alignment functions in practice. This research gives insight in the functioning of the handshake process in the light of the functioning of the matrix structure of Arcadis. It is a starting point for the Client Development program which can apply possible changes in the handshake process for the year 2016. The results of this research make clear what functions well, what is not working and what is recommended to change in the handshake process. This overview is input for a review with improvements, recommendations and suggestions for the handshake process. The handshake process may possibly be improved in the remainder of this research.

1.4 Research subject & scope

In this research the handshake process of design and Consultancy Company Arcadis North is the central subject. The Business Unit Arcadis North is one of the multiple Operating Companies of Arcadis Global which consists of 27.000 employees. The Operating Company (OpCo) Arcadis North or sub region North exists of 2250 employees and this is where the research has been conducted. This OpCo only has implemented the handshake process. So the scope of this research is limited to this business unit.

The organizational structure of Arcadis has been changed into a matrix structure. The handshake process which is implemented in response to this new organization structure is the handshake process. This set of arrangements is supposed to support the functioning of the matrix. The three dimensions of the matrix are represented in the handshake process which stimulates alignment and collaboration between these

dimensions. This research attempts to understand what happens in the handshake process in relation to the matrix organization and problems which often arise in matrix organizations according to the literature.

1.5 Main research question

In order to achieve this research goal a main research question is defined which has to be answered. When we look to the research goal the following descriptive main research question can be formulated: *‘How does the handshake process of Arcadis North function in practice?’*

1.5.1 Research questions

A subdivision of several sub questions has been made to answer the main research question. These sub questions need to be answered to obtain a complete and full answer. The sub questions are as followed:

No.	Sub question
1	What is a matrix structure and what are the challenges?
2	What is the organizational design of Arcadis North?
3	What does the formal handshake process entail?
4	How is the handshake process implemented in practice and what do the handshakes (agreements) entail?
5	How does the handshake process in practice differs from the formal handshake process and how can the handshake process be improved?

TABLE 1.1: RESEARCH QUESTIONS

1.6 Research method

The sub research questions are being answered by means of qualitative research. An explorative research is necessary which is being performed as a descriptive single case study where the OpCo Arcadis North is being examined. They are answered by means of a literature study, desk research and multiple interviews.

1.7 Research structure

This introduction will be followed up by the chapter “Theory”. The literature shows the complexity of matrix organizations and the challenges which arise in these kinds of organizations as well as the cause of their occurrence. Thereafter, the method of this research will be explained. After that, the organization of Arcadis North will be extensively described. The different dimensions of the organizational model and their role and function will be discussed. After the explanation of the organizational model the handshake process of Arcadis is introduced. The occasion and the formally functioning of this alignment and management tool will be explained. Then the results of this research are defined. We will see what the research data, which are obtained through interviews, mean. This also leads to some recommendations

for the company Arcadis. This thesis ends with a conclusion in which the research questions are answered, the limitations are put forward and the recommendations for further research are discussed.

1.8 Research relevance & accountability

This research is relevant for science as well as for the organization. It contributes in the two following ways.

1.8.1 Scientific relevance

One of the goals of this research is to obtain and create new, valuable information which makes a contribution to the scientific knowledge in this field. This is knowledge of a specific method (handshake process) within a complex organization: the process of (goal) alignment between the different dimensions in a matrix organization. This research makes clear what the influence of the performance of this alignment process within and on a matrix organization entails. This new piece of scientific information will complement the existing knowledge in this policy field.

1.8.2 Organizational & practical relevance

The other purpose of this research lies within the practical relevance for the organization Arcadis North. This practical relevance entails to find and create input for improving the handshake process of Arcadis North. These results can be implemented in the handshake process 2016 and in the “Plan-Do-Act cycle 2016”. As a result, Arcadis will be in the possession of a broad analysis of the handshake process and the implementation of handshake agreements. This overview will be a starting point for changes and improvements in the handshake process within Arcadis this may lead to changes which lead to a more effective and efficient handshake process. This management improvement may contribute to a more successful handshake process and a better collaboration between the three dimensions of the matrix. This may lead to a more effective performing organization.

1.9 Recapitulation and preview

In the previous paragraphs the research subject and occasion for this research have been described. The main research question has been deduced and it has been discussed what the research approach is to answer this question. In the next chapter the theory about matrix organizations is set forth. Then, the methodology of this research will be explained. Chapter four is an introduction and explanation of the organization where this research is being conducted.

2. Theory

In December 2013 Sub Region North decided to change their organizational structure for the purpose of the Client Development Program. In January 2014 the matrix structure was implemented. The handshake process contributes to an effective collaboration in the matrix by means of goal alignment and coordination between the different dimensions. This research is about an alignment (and coordination) problem and process within a matrix organization. Within this process (potential) problems have to be solved and prevented by making agreements which have to be implemented/lived up to. In this chapter the factors which may influence the handshake process and thus have to be taken into account while investigating the process will be discussed. First, the environmental factor which influence the matrix organization is being examined. In the next paragraphs the matrix structure and its most important aspects are explored. Hereby, the benefits of having a matrix structure and the different matrix forms will be examined. Then, the challenges of managing a matrix organization and its influence on the organization will be extensively deliberated. In the final paragraph the most important aspects of this chapter are summarized.

2.1 Professional service firm

Arcadis is an organization which can be characterized as a professional service firm (PSF) because it shares the same typical characteristics of a PSF. These characteristics have to be taken into account when implementing a matrix structure in an organization. Therefore the professional service firm will now be briefly discussed.

A professional service firm is defined as *“any organization which provides a service which is based on a professional diagnosis, i.e. on a thorough analysis by a qualified professional in a given field of facts or problems in order to gain understanding and guide future actions”* (Harvey, 1990, p. 6). Brock (2006) also emphasizes the professional aspect of a professional service firm. According to him a professional service firm is characterized by the type of employees who are operating in the business. The employees are so called professionals. For example, accountants, lawyers and engineers.

The most important goal of a professional service firm is to deliver customized client solutions. These are solutions which are specially made and fit for the issues of the client. This leads to high levels of client focus and contact (Lewis and Brown, 2012). Another important characteristic of a professional service firm besides client focus, is ‘low capital, high labor intensity’ (with flexible processes) (Wemmerlov, 1990; Sivestro et al., 1992; Schmenner, 1986, 2004; in Lewis and Brown, 2012, p. 1). Von Nordenflycht (2010) in Zardkoohi et al. (2011, p. 180) claims that a PSF has three most important characteristics: knowledge intensity, low capital intensity and a professionalized workforce. This third characteristic concerns the

most important resource of a professional service firm: labor, or in other words; the organizations' employees. The employees are well educated and operating relatively autonomously which influences the way the organization is run. Goodale et al., (2008) claims that subtle control is of more importance than implementing standard operating procedures, these are less effective in a professional service firm.

2.2 Introduction of the matrix

The matrix structure is a relatively new organizational structure. It originates from the aerospace industry in the U.S. in the 1960s and is introduced to meet the needs of this industry (Larson & Gobeli, 1987; Lawler, 1997). Within the aerospace firms a set of horizontal project groups were established over their traditional vertical functional organizations (Knight, 1977 in Sy and D'Annunzio, 2005). As a consequence, many employees end up working both under a department head and a project manager of an interdisciplinary project team. So a traditional hierarchy is being overlaid by some form of lateral authority, influence or communication. Hereby, two chains of command exists, one along the functional lines, the other along project lines (Kuprenas, 2003; Larson & Gobeli, 1987). This crossing of organizational lines is easily being represented by a grid of a matrix. The term matrix organization was created (Knight, 1977 in Sy and D'Annunzio, 2005). Another definition is: *"by its simplest definition, the matrix is a grid-like organizational structure that allows a company to address multiple business dimensions using multiple command structures"* (Sy and D'Annunzio, 2005). A matrix is defined as any structure that employs a multiple command system, in which employees report to two or more bosses simultaneously (Lawrence et al., 1977; Galbraith, 2009). *"A matrix structure is an organization whereby employees who may report to one manager from an organizational perspective, actually applies his/her time under the supervision of a different manager"* (Appelbaum, Nadeau and Cyr, 2008). This means that employees have two or more lines of report, in other words two bosses (Galbraith, 2009). As a consequence, a dual reporting systems exists. A matrix organization may combine both functional and divisional lines of responsibility. For example a marketing manager may report both to the functional marketing director and the county director of the division he or she works in. This dual reporting aspect is one of the characteristics of a matrix organization and correlates with another characteristic: 'balance of power' between the different sides of the matrix (Galbraith, 2009). A matrix is multi-dimensional structure, because it contains multiple elementary structures and thus multiple bases of differentiation (Qiu, Donaldson, 2012). There are three elementary structures (structural dimensions) which are being distinguished: functional, product and geographical. The matrix structure is often used where the need for strong technical assistance across many areas is required (El-Najdawi & Liberatore, 1997 in Sy and D'Annunzio (2005).

Interest in the matrix structures was at its highest during the 1970s and 1980s (Sy and D'Annunzio (2005). Its popularity in the corporate world has led to substantial research attention. As a consequence the matrix has been studied in many academic contexts. Nowadays the structure is still popular in the large-scale consulting, aerospace, and construction industries (Lawler, 1997).

2.3 Why a matrix structure

It is interesting why organizations choose for the complex organizational structure of a matrix design. Its complexity arises from the existence of having two managers and the 'power struggles' between those managers. There are multiple reasons why organizations adopt a matrix structure but there are three basic conditions for adopting a matrix structure: (Tatum, 1989 in Qiu, Donaldson, 2012).

2.3.1 Outside pressure for dual focus

The matrix structure enables coping with multiple business goals. Employees are able to focus on a dual/multiple priority strategy because matrices are used to pursue dual strategies simultaneously (Lawrence et al., 1977). Stopford and Wells (1977) in Qiu, Donaldson (2012) claim that multinational companies (MNC's) tend to use the matrix to pursue the dual strategies of foreign product diversification and area diversification. The coexistence of corporate integration and area diversification leads to the use of a matrix structure (Qiu, Donaldson, 2012).

2.3.2 Pressure for high information processing

When there exist multiple and diverse projects and reporting requirements, facilitating the management of information is important. There is need for high information processing. Through the creation of lateral communication channels in a matrix organization the information flow is increased, it speeds information (Sy and D'Annunzio, 2005).

2.3.3 Pressures for shared resources

A matrix structure allows for quick and easy transfer of vast resources and talents across the business. *"The matrix enables companies to leverage functional economies of scale while remaining small and task-oriented. It also encourages innovation and fast action, and speeds information to those who know how to use it"* (Sy and D'Annunzio, 2005). This results in economies of scale by sharing expensive and special resources. The advantage is that the organization focuses on divisional performance whilst also sharing functional specialist's skills and resources.

Other arguments for choosing a matrix structure and advantages/benefits of the matrix structure are:

- Run more efficiently at lower cost - Less waste

- Necessary inherent control of client group projects and programs in the structure while maintaining functional authority levels
- Accelerate reaction/speeds response to environmental demands and changes
- Facilitates innovative solutions to complex technical problems as well as better focus to customized client solution
- Increased responsibility and decision making of employees leads to companywide focus
- Enhances personal communication skills
- Less reinvention of the wheel – repeated processes and practices (Burns & Wholey, 1993; Corporate Strategy Board, 1998; Galbraith, 2010; Kilmann, 1985; Knight, 1977; Sy & Cote, in press in Sy and D’Annunzio, 2005 p. 40-41; Galbraith, 2010, p. 1).

2.3.4 Flaws & weaknesses

Besides the different strengths of the organizational matrix structure it also acknowledges some weaknesses. The flaws are the complexity of having two hierarchies (two bosses) with different goals. This is tending to breed ambiguity and conflict (Sy and D’Annunzio, 2005). Though the balance which is being pursued between the different dimensions and the two different managers tension and ‘power struggles’ are being caused. The ambiguity about roles and responsibilities and complexity of having two managers can also create tensions among employees. Therefore a matrix can be very unpredictable and indistinctive. It also violates the traditional principles that authority should equal responsibility. Another weakness of the matrix structure is that it increases costs resulting from the need for additional management and administration. The last flaw which occurs is that there is an increased resistance of employees to change (Sy and D’Annunzio, 2005).

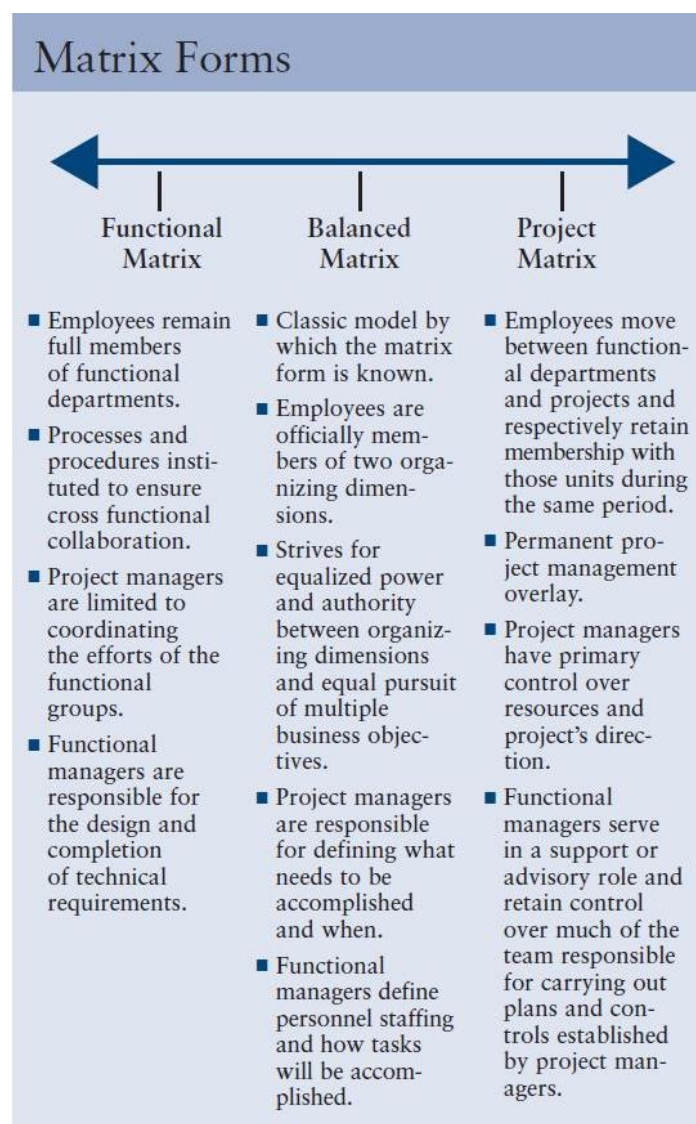
2.3.5 Overall improving of performance

Summarizing, the advantages are seen as more important than the flaws when implementing a matrix structure. The most important reason for adopting a matrix structure is that an organization is better able to cope with the different dimensions and different goals of the organization by using such a structure. By means of the dual reporting lines the conflicting and different needs of the dimension (functional, product- and geographical) are being easily recognized. A matrix increases communication and flexibility while maintaining organizational accountability (Bates et al., 1981 in Bartlett & Ghoshal, 1989). The organization is more efficient in multiple project design work, as well as entrepreneurial stability for the firm and unbillable time is being reduced while marketing is being improved (Birrell, 1984 in Bartlett & Ghoshal, 1989). Likewise, a formal mechanism is being created to cope with this issue (Bartlett & Ghoshal, 1989). A multi-dimensional organizational is very dependent of collaboration between the different

departments and should peruse the organizational goal instead of their own sub goals (Galbraith, 2010). The use of a matrix structure would lead to an overall better performance of the organization.

2.4 Matrix forms

The matrix can take many forms and operate in in many different ways. Although, it always consists of at least two dimensions. However, the three common variants are the functional matrix, the balanced matrix and project matrix (Burns, 1989; Galbraith, 1971, 1973; Kolodny, 1979; in Larson & Gobeli, 1987). The amount of authority of the functional manager differentiates between the three types (Kuprenas, 2003). Each type will now be briefly discussed.



Functional matrix: “Staff involved in the delivery process remain under control of the functional manager, while project managers are formally designated to oversee the project across different functional areas. As a result, project managers have limited authority over functional staff and therefore, primarily plan and coordinate the project. In this form, functional managers retain primary responsibility for their specific segments of the project” (Larson & Gobeli, 1987).

FIGURE 2.1: MATRIX FORMS (SY AND D’ANNUNZIO, 2005)

Balanced matrix: *“The functional manager and the project manager share responsibility for the project resources.” Project managers are assigned to oversee the project and interact on an equal basis with functional managers. Both managers jointly direct project work and approve technical and operational decisions”* (Larson & Gobeli, 1987).

Project matrix: *“The functional managers authority is the smallest, with functional managers only assign resources for the project and provide technical consultation on an as-needed basis. Project managers are assigned to oversee the project and are responsible for the completion of the project”* (Larson & Gobeli, 1987).

2.4.1 Overlay unit

A form of a matrix structure is the ‘overlay unit’ which is applicable on Arcadis. Overlay units are very common in Professional Service Firms (Goold & Campbell, 2003). The goal of an overlay unit is to create extra points of attention which are of importance for the organization. The overlay units are similar to the business units when it comes to responsibility. Business units are departments or divisions within an organization organized around a specific product group. The only exception is that the business activities and responsibilities of the overlay units cross the different business units. In this way the overlay units can move the focus to other dimensions other than the focus and business activities of the particular business unit (Goold & Campbell, 2003).

The way in which the overlay unit is competent to make decisions differs per organization. By means of defining decision-making powers and allocating budgets, departments can be more or less decisive. A typical characteristic of an overlay unit is that the decision-making powers as well as its budget are smaller than that of the business units. The overlay unit acts as a ‘pressure group’ relative to other departments and they attempt to influence the decisions of the business units.

Matrix organizations are comprised of multiple business dimensions. Basis matrix structures have two dimensions (functional and product) but there are variants possible which are more complex with three or more dimensions. *“Organizations are opting for three-, four- and five-dimensional matrices”* (Galbraith, 2010), as well as other variants of the matrix (e.g., structured networks, Goold & Campbell, 2003).

The dimensions can refer to functions, products, clients or geographic regions. Independent of the amount of dimensions, a matrix structure will always be organized in a way the employees have no more than two bosses.

2.5 Challenges of implementing and managing the matrix organization

According to Galbraith (2009) 75% of the matrix organizations fails to succeed. This is not caused by the structure of a matrix organization but to incorrect and incomplete implementation of the matrix structure by the management (Galbraith, 2009). It is not only the structure which need to change but the whole organization has to be adapted and potentially changed for the new model to be effective. Besides the structure who needs to match the strategy also the business processes, rewarding systems and people have to be adapted to the strategy and structure of the organization (Groggaard, 2008 in Galbraith, 2009). Research has shown that successful implementation of a matrix structure in any form of organization can be expected to be difficult (Kuprenas, 2003) and that companies face a lot of challenges when adapting a matrix structure (Bartlett & Ghoshal, 1990; Burns & Whorley, 1993; Lawrence et al., 1977; Knight, 1977 in Sy and D'Annunzio, 2005).

The research of Sy and D'Annunzio (2005) identified contemporary challenges which mid-level and top-level managers in seven major U.S.-based corporation in six industries faced while implementing a matrix structure. These implementation difficulties tend to negatively influence the effectivity of a matrix organization. The difficulties and in some cases possible solutions are discussed below.

2.5.1 Misaligned goals

Because of the (competing) objectives across the different dimensions, a challenge in a matrix organization is to align the goals and objectives among the dimensions (Knight, 1977 in Sy and D'Annunzio, 2005). The research of Sy and D'Annunzio (2005) suggest that misaligned goals are perhaps more relevant for top-level managers than for mid-level managers. The following difficulties are found in goal alignment: competing of conflicting objective between the matrix dimensions, inadequate processes to align goals and detect possible misalignments, lack of synchronization, coordination, and poor timing of work plans and objectives and insufficient communication and consultation between matrix dimensions (Sy and D'Annunzio, 2005). For example, the functional manager does not gain project focus. As a consequence, the functional side of the organization becomes more powerful than the project side (Lawler, 1997). Conflicting goals can be handled by establishing processes to align goals and focus metrics.

2.5.2 Politicization of projects and resources

Functional manager politicization of assignment of scarce resources between projects leading to project delays and changes in project prioritization (Babcock, 1991 in Pitagorsky, 1998). *"Employees give priority to some clients which means that no work is to be done on a lower rank project until the higher rank project is complete"* (Pitagorsky, 1998).

2.5.3 Unclear roles and responsibilities

This challenge is a problem in almost all matrix organizations (Lawrence et al., 1977). There is confusion, uncertainty, ambiguity, lack of clarity and conflict over roles and responsibilities between functional managers leading design teams and project managers overseeing project performance (Pitagorsky, 1998; Kuehn et al., 1996; Johns, 1999 in Kuprenas, 2003). The participants of the research of Sy and D'Annunzio (2005) cite the following issues: *"unclear job descriptions and guidelines for roles and responsibilities, ambiguous roles and responsibilities create tensions among employees, confusion over who is the boss and not knowing whom to contact for information and support"*. In this research more mid-level managers indicated this as a problem than the top-managers did. This is because mid-level managers are more confused about their roles and responsibility in comparison with top-managers. The roles and responsibilities in the middle and lower levels of the organizations are often more poorly addressed than the roles and responsibilities in the top levels (Galbraith, 2009; Sy and D'Annunzio, 2005). *"Employees expect clarity from senior managers whereas executives expect that employees adapt when necessary and to take initiative when a new situation calls for reaction. This disconnect creates ambiguity"* (Sy and D'Annunzio, 2005). According to Bartlett & Ghoshal (1990) and Kilmann (1985) in Kuprenas (2003) when organizations adapt to changing business environments and customer demands, employees' job roles and responsibilities must adapt as well. A common language and understanding of management processes needs to be established (Johns, 1999 in Kuprenas 2003). As well as creating clarity over the position of new functions which do (yet) not have history and recognition (project manager) and giving directions and encouragement in performing their new tasks and duties. Also meetings to facilitate information exchange about the roles of the new positions can be helpful.

2.5.4 Ambiguous authority

In a traditional hierarchal structure, leadership rights are clear: authority equals responsibility (Fayol, 1949 in Sy and D'Annunzio, 2005). In a matrix organization, leaders can have responsibility without authority as a result of the dual reporting structure (Sy and D'Annunzio, 2005). Because of the sharing decision right in a matrix organization collaborative decision-making may cause ambiguity that results in tension and conflicts. There also exists obscurity over who has the final say and who is ultimately accountable. So a dual reporting structure may lead to ambiguous authority in the organization. It appears from the results that senior leaders often fail to give local leaders the authority they need. The reasons are lack of trust or senior leaders begin unaccustomed to delegating decision making down the ranks (Sy and D'Annunzio, 2005). This runs against the purpose of a matrix structure because a matrix design should enable decentralized control. It is also believed that those with the most accurate information make the best

decisions, these are often the local leaders who are more informed. It appears that it is hard to achieve a balance between power and control among the different leaders. Altogether, there is an existence of confusion about who has the final authority, lack of clarity on areas of accountability, leaders who are unaccustomed to sharing decision rights and delay in decision-making process.

From the results of the research of Sy and D'Annunzio (2005) turned out that culture plays a critical role in resolving ambiguous authority. This suits with the findings of Bartlett & Ghoshal, 1990; Dension et al., 1998; Goodman, 1967; Lippit & Mackenzie, 1976 in Sy and D'Annunzio, 2005). *"Numerous interfaces inherent in a matrix structure require strong communication skills and an ability to work in teams"*. (El-Nadjawi & Liberatore, 1997; Turner et al., 1998 in Sy and D'Annunzio, 2005). *"Negotiation and persuasion skills are critical for matrix performance"*. (Hodgetts, 1968 in Kuprenas, 2003).

The dual authority of a matrix requires people who can cope with change and who are adaptive and comfortable with ambiguity to prevent negative influences to motivation and job satisfaction (El-Nadjawi & Liberatore, 1997; Norby, 1995 in Sy and D'Annunzio, 2005).

2.5.5 Lack of matrix guardian

"It appears that few companies track the performance of their matrix structure to understand how well the company operates. Without performance metrics, leaders will find it difficult to spot problems and take the necessary steps to fix them." (Sy and D'Annunzio, 2005). There are flaws in the matrix structure which impeding their ability to meet their business objectives. If there is no mechanism to measure the performance of the matrix there is no knowledge about the problems or impact on the business. Thus, a matrix should be monitored. The lack of a matrix guardian and inadequate matrix performance management is negatively influencing the matrix performance. The research of Sy and D'Annunzio (2005) shows that more top-level managers believe the matrix guardian is a key success factor for optimal matrix performance. *"The key issues concerned the matrix guardian are lack of consequence and rewards, this does not motivate the employees to make the matrix work, establishing a monitoring process to detect and identify matrix performance problems, ensuring the matrix guardian has senior level support and authority to take action and preserving the objectivity of the matrix guardian"* (Sy and D'Annunzio, 2005). Besides, a matrix guardian can identify best practices in the organization. Though, he should be in a position of influence and respect.

2.5.6 Need for reporting system

An implementation difficulty which is identified is the need for a reporting system to monitor functional manager commitments (Pitagorsky, 1998 in Kuprenas, 2003). This includes the need of a project manager to monitor and control the functional team. Reporting project performance is possible by means of the

Project Management Control System. *“The project manager ensures from the outset of any project that expectations, roles and responsibilities are established through formalized specific project agreements in which all functional managers commit to projects scope, budgets, and schedules for the various components of project delivery”* (Kuprenas, 2003).

2.5.7 Silo-focused employees

The results of Sy and D’Annunzio (2005) showed that in large organization the employees are often silo-focused. *“They view their membership, and loyalty, as belonging to a certain subunit in the organization”* (Sy and D’Annunzio, 2005). They behave in a manner that benefits their subunit which may lead to a *“us versus them” mentality that impedes the coordination and collaboration required for a successful matrix”* (Joyce, 1986 in Sy and D’Annunzio, 2005). Employee behavior is perhaps the most critical challenge that matrix organization face (Bartlett & Ghoshal, 1990; Butlet, 1973; Goold & Campbell, 2003; Joyce, 1986; Kilmann, 1985; Sy & Cote, in press in Sy and D’Annunzio, 2005). The balance between the different business dimensions which is being pursued creates tension among the employees. This requires an increased level of collaboration. It is important that employees behave and operate as one company and have a single-firm mindset. The following issues are being ascertained, personal conflicts between leaders hinder collaboration between units, withholding resources from others, lack of trust between employees in different business units, employees lack the requisite skills to function in the matrix, insufficient communication between different business units and lack of resource sharing across units (Sy and D’Annunzio, 2005).

Other problems which are found include slow, bureaucratic communication and decision making; an often immobilizing need for consensus; too much of an internal focus; and of course that old gem of political power struggles and turf battles (Kuprenas, 2003). The challenges which are recognized by the managers depend on the management function of the surveyed manger. Top-level managers are required to focus on the planning function as strategy and development whereas mid-level managers are required to focus more on the functioning of the organizations (implementing the strategy). This results in different views and experiences among managers at different organizational levels in a matrix organizational structures.

2.6 Recapitulation

In this chapter the matrix structure and its implementation challenges have been discussed. The goal of the matrix organization is determined by the strategy; the chosen organizational structure should after all derive from the strategy (‘structure follows strategy’). A matrix structure is implemented to better cope with different business goals, it will lead to an overall more effective and improved performance of the organization. Although, there are quite some difficulties in the matrix organization which should be taken

into account while managing such an organization. To make the change from a line-structure to a matrix structure and to let it be effective for the company performance and results and maintain their competitive position, structural changes and proper management are necessary (Galbraith, 2009). To triumph over complexity and succeed, companies must ensure that their employees are well-equipped to fight this battle (Sy and D'Annunzio, 2005). This chapter is relevant for this research because it identifies the different problems which may occur in a matrix organization. The handshake process is a method to cope with the issues, conflicts and hazards which occur in (the implementation of) a matrix structure and attempts to prevent these problems or tries to find a solution for these problems.

3. Methodology

In the previous chapters we have seen that Arcadis is an example of a matrix organization. In the Theory chapter has been determined that there are a couple of problems and challenges which often occur in a matrix organization. In this chapter the methodology of this research is being discussed. After identifying the central main research question of this research the most appropriate research strategy to answer this question is explained. In paragraph 3.3 the data collection methods are explained. Subsequently, in paragraph 3.4 the data processing and data analysis are being explored. Finally the validity and legitimacy of the research are discussed. The chapter ends with a brief summary.

3.1 Main research question

The central main question of this research is: *“How does the handshake process of Arcadis North function in practice?”*

To answer this question qualitative research is requisite and thereby the opinion of the participants is of great importance because they are the users of the handshake process. Therefore, this research must take place in the natural environment, in other words within the company (Saunders et al., 2012).

3.2 Research strategy

An explorative research is necessary which is being performed as a descriptive single case study where the OpCo Arcadis North is being examined and in which in specific the handshake process is being explored. It is necessary to know how this process functions. The research strategy is the plan based upon how the researcher wants to answer the main research question (Saunders et al., 2012). First, several sub questions have been formulated. In the table below is indicated which data collection method has been used to answer the sub research question. Within qualitative research different research strategies or methods can be distinguished. These questions are being answered by means of a literature study, desk research and multiple interviews.

No.	Sub question	Method
1	What is a matrix structure and what are the challenges?	Literature study
2	What is the organizational design of Arcadis North?	Description on basis of internal documentation (desk research)
3	What does the formal handshake process entail?	Description on basis of internal documentation (desk research)

4	How is the handshake process implemented in practice and what do the handshakes (agreements) entail?	Analyze qualitative data from interviews
5	How does the handshake process in practice differs from the formal handshake process and how can the handshake process be improved?	Comparison between answers of sub question three and four + comparison theory

TABLE 3.1: SUB QUESTIONS AND ANSWERING METHOD

Sub question one is already answered in the previous chapter. The theory gives a broad framework of the structure of a matrix organization which Arcadis is an example of. Sub question two is answered in the next chapter in which the organizational design of Arcadis is described. In this chapter the different dimensions of the matrix, their goals and underlying relations are being explained. In chapter five the handshakes process is being addressed. This chapter explains how the handshake process should function and what the different aspects of a handshake entail. Chapter six and seven are based on the research findings which derive from research data gathered through interviews (see paragraph 3.3.4). The fifth sub question is answered by means of a comparison of sub question three and four. Besides, there will also be reflected to the theory chapter which describes challenges which tend to negatively influence the effectivity of the matrix organization. Finally some recommendations are being presented which are based on opinions of the respondents and the overall results of this research.

3.3 Data collection methods

In this research a literature study, desk research and different forms of interviews are used. In this paragraph the qualitative data collection methods are explained. Then the selection of participants and finally the validity and reliability of the collected data will be discussed. The following methods for data collection are defined:

3.3.1. Literature study

In the previous chapter the literature about the matrix organization is described. This literature study resulted in an informative framework which provides insight in the functioning and challenges of matrix organization. The theory from the literature is necessary to understand how matrix organizations work, which problems and why these occur in a matrix and how alignment in a matrix can be accomplished. This chapter is a useful source for the interview questions. During the interviews these challenges can be addressed to discover if these certain problems also occur within Arcadis. In the results chapters is described to which extent these problems and risks occur at Arcadis.

3.3.2 Desk research: internal documentation

For this research several internal documents have been used. It regards:

- Several PowerPoint presentations about the cube: the organizational model of Arcadis
- Several PowerPoint presentation about Europe 2.0
- “10 vragen en antwoorden over Client Development”: this concerns a document which provides information about the Client Development program.
- Documents about the handshake process provided by the Client Development Director
- Newsletters from Arcadis
- Information on the internal network of Arcadis such as organization charts and other figures
- Informative e-mails from Arcadis Europe and the Managing Director Arcadis North, ELT to inform employees
- Confidential handshake documents (e-mails, excel files etc.) from participants

This information is used as background information as well as to describe the organization, the matrix structure of Arcadis and the handshake process. Respectively for chapter one, four and five.

3.3.3 Participation

The researcher was present and participated in meetings to obtain information about the market sector dimension, the functioning of a sector team and about Arcadis NV.

These meetings concerned:

- Sector team meeting of the market sector Rail & Public Transportation
- Market sector meeting led by the Client Development Director
- General strategy evaluation led by the Managing Director of Arcadis North and the CEO of Arcadis NV
- Market sector leader meeting to present the most important results of this research and to receive feedback

3.3.4 Interviews

In this research two forms of interviews have been used.

General meetings

During the orientation and design of this research a couple of orienting and informative meetings took place. This means one-to-one conversations which were unstructured and partly took place unscheduled.

The following meetings took place:

- Several meetings with Lidewij de Haas the Client Development Director of Arcadis North. The purpose of these meetings were to gain insight and substantive information in the research topic and to collect input for the research design
- A phone call with a recruiter: about a problem miss-match between line dimension and market sector dimension; demand for new employees who fit to more to the client demand
- Meeting with Hanneke van Hengstum the Market group director of the market group Rail & Public Transportation. The purpose of this meeting was to gain insight in the role of a market group director and the collaboration with a market sector leader
- Meeting with tender manager about the subject “billability”
- Meeting with Gert Kroon the Managing Director of Arcadis North. The purpose of this meeting was to understand the organizational model of Arcadis

Interviews

Twelve open, face-to-face, in-depth (semi-structured) interviews between interviewer and respondent/interviewee have been held to collect information about the handshakes of the participants of the handshake process. Some questions were prepared beforehand but since new information has to be discovered the interviews had an open character (Blumberg, Cooper & Schindler, 2008). This ensures a broad dialogue between respondent and interviewer which allows for a bigger chance to discover new opinions, issues, challenges and conflicts. Each interview took approximately one hour and took place in a separate and closed room. The interview questions and the interview protocol can be found in Appendix A.

Operationalizing variables & interview structure

The goal of the interviews is to examine the performance of the handshake process by gathering data and therewith answering sub question four and five:

- *How is the handshake process implemented in practice and what do the handshakes (agreements) entail?*
- *How does the handshake process in practice differs from the formal handshake process and how can the handshake process be improved?*

To answer these questions the concepts and aspects in these sub questions are identified, operationalized and described in chapter five. This chapter makes clear how these variables can be measured. These variables are addressed in the interview questions and can therefore be measured in the data analysis. The interview question entail variables as strategy, tension/conflicts in the handshake, goal achievement

and recommendation for improvements of the handshake process. Questions are for example: *“Did you achieve what you wanted to achieve in this handshake?”* and *“Is alignment being achieved in this handshake and how?”* and *“Which problems do you observe within Arcadis by means the Cube?”*. So the variables identified in chapter five, which are aspects of the handshake process can be measured by means of the interviews. A properly functioning of the handshake process contains reaching and achieving van alignment between the different sides of the cube. By means of the interview question is explored if the dimensions really come to an agreement in the handshake or not.

During the interviews the researcher will gain as much as information possible about each individual handshake. In this way, qualitative in-depth information is gathered which is important to understand the process of the handshakes. To get a complete view of the process of one handshake the research examined the handshake from both sides. This means that both participants of the handshake have been asked about that particular process. Besides, as identified during the literature review there may occur some challenges and difficulties while implementing a matrix organization. The occurrence of these challenges within Arcadis North will also derive from the interview data. The gathered data will be analyzed (paragraph 3.4.1 and 3.4.2) and in this way these sub questions can be answered.

The external validity will be assured by an equal distribution of the participants including different participants who are operating in the handshake process. In advance, the involved participants will be notified though a phone call and email about the goal of the interview and the research. They also got the instruction to prepare for the interview. In the interview one, two or three handshakes are discussed and evaluated. They had to retrieve these handshakes in their memory.

3.3.4.1 Selection of respondents

Regarding the interviews is aimed to involve the widest possible group of participants of Arcadis North which are involved in the handshake process. They have to represent the three dimensions of the cube and have to be involved in the handshake process. These participants have been deliberated with the Client Development Director and a market sector leader. In specific, this means that the following groups have to be represented in the research:

- Market Sector Leaders (client dimension)
- Market Group Directors (geographical dimension)
- Value Proposition Leaders (product dimension)

Table 3.2 presents the selected participants. The starting point is that there has to be a balanced representation of each dimension of the matrix structure. The participants are selected from the population of each group in a way that there is balanced distribution among the divisions and among the public and private market sectors. To obtain this equal division of participants and get different perspectives there has been carefully thought of who to select from each dimension. Each market group director represents one of the three divisions (Infrastructure, Buildings, and Water & Environment). There are two market group directors who represent the division Infrastructure. Among the market sector leaders which are selected, are two market sector leaders which represent a public market sector while the other two represent a private market sector (see chapter 4). Among the value proposition leaders which are selected two of them are integrated value proposition leaders and one of them is a European value proposition leader who fulfilled a year earlier the role of value proposition leader of Europe North. So the value proposition leaders which also have a role in the line dimension are being disregarded in this research. Besides the representatives of the Cube the Managing Director is also selected to be interviewed. He is one of the agents of the handshake process. The interview questions for this respondent differ from the interview questions for the users of the handshake process. The interviews took place in January 2016 during a period of three weeks.

Dimension	Type of participant	Amount
Client dimension	Market sector leader	4
Capacity dimension	Market group director	4
Product dimension	Value proposition leader	3
Managing Board Arcadis North	Managing Director	1
		12

TABLE: 3.2: OVERVIEW OF SELECTED PARTICIPANTS

3.3.3 Validity and reliability of the data

The data which is collected by means of the interviews entails participants' opinions and experiences. It is important that this data is valid and reliable. Saunders et al. (2012) describe a couple of potential treats with respect to the validity and reliability when collecting the data. Reliability is concerned with the consistency of the tool for measuring. It is of interest that the research is carried out in a structural and transparent way (Saunders et al., 2012). This means that the data is structural analyzed by means of the themes and subjects in the research questions. Validity is connected with the accuracy and truthfulness

of the findings. The most important potential threats of validity which are discussed by Saunders et al. (2012) are changes in the environment and/or among the participants during the research. These threats are reduced by collecting the data in a relative short time period.

The most important research findings have been presented and discussed in a meeting with all market sector leaders as well as the Client Development Director. During this session the researcher got feedback on these results which also makes the finding more reliable.

3.4 Data processing and analysis

In this paragraph is described how the collected data is been structured, ordered, adapted, analyzed and interpreted to answer the sub research questions. In the subsequent paragraph will be discussed how the data has been coded.

3.4.1 Structure data analysis/description

The data gathered in the interviews has been structured by means of the different subjects as referred to in the interview questions. Also some other themes and subjects are being distinguished and identified. In this analysis has also been made a distinctions between the three different types of respondents: value proposition leaders, market group directors and market sector leaders.

The results chapters are structured in following order. First the variables described in chapter five are represented. This contains the elements of the handshakes. The different handshake variants (described in paragraph 6.2) are used as starting point to describe these elements. These results are described in chapter six. Chapter seven describes if the problems which may occur in matrix organizations occur at Arcadis North. The elements which are described in the theory chapter have been examined. From the literature study seems which problems occur in matrix organizations. From the results which describe the functioning of the handshake process a comparison can be made with the formal handshake process. From this point and the recommendations of the respondents improvements for the handshake process are developed, these are also represented in chapter seven.

3.4.2 Coding interview data

During the interviews audio recording has been used. Each interview has been recorded. On the basis of this recording each interview has literally been written out. These are called the transcripts. In these transcript irrelevant information and emotions have been removed. Subsequently, the transcripts have been divided in separate excerpts and have been labeled. Hereby an inductive analysis (bottom-up) has been used. For this method a qualitative data analysis (QDA) software program Atlas.ti 7 is been used.

The labeled excerpts are structured, classified, interpreted and adjusted to different subjects and themes. These refer to themes discussed during the interviews (see interview questions and paragraph 3.3.1.4)

3.5 Research validity and legitimacy

In paragraph 3.3.3 the reliability and validity of the collected data has been discussed. In this paragraph the validity and legitimacy of the research in its whole is being discussed.

McNiff & Whitehead (2006) indicate that validity refers to determining the credibility of a finding. This depends on the method which has been applied in the research. Validity can be achieved by applying a structured method (paragraph 3.3.1.4) of research *and* capturing an explicit description of this research method. This ensures that others are capable of testing the validity of the research. In the previous paragraphs the research method has been explained. Legitimacy concerns obtaining external acceptance of the research (McNiff & Whitehead, 2006). Both validity and legitimacy concern the credibility in the public domain. Though, obtaining legitimacy is difficult to influence because it is being influence by political aspects. There are a couple of methods which can be applied to obtain recognition of the research in the research environment as well as in the business environment (McNiff & Whitehead, 2006). One of them to make the research relevance explicit. In paragraph 1.8 both the organizational as the scientific relevance of this research is discussed.

3.5 Recapitulation

In the previous paragraphs the method of this research is explained. Hereby is captured in what way the research questions are being answered which is essential for a good implementation of the research. In the next chapter the organizational model of Arcadis is being described which answers sub question two.

4. The organization

This chapter contains an analysis of the organizational model of Arcadis. First, some information about the organization type will be provided. After that the theory about professional service firms and the theories about the matrix structure are being applied on the organizational model of Arcadis. Then, the design of the matrix structure of Arcadis Europe (AEU) and the translation to Sub Region North is presented. Hereby, the different dimensions of the matrix structure, their functions and underlying relations will be explained. The chapter ends with a conclusion.

4.1 Arcadis NV

Arcadis is an international company based in the Netherlands with as main business activities: providing consultancy, design, engineering and management services in the field of buildings, infrastructure, environment and water. The vision of Arcadis is to be the leading global design and consultancy firm for natural and built assets (AGBP Arcadis, 2015).

Arcadis aims to enhance mobility, sustainability and quality of life by creating balance in the natural and built environment. *“Arcadis develops, designs, implements, maintains and operates projects for companies and governments”* (AGBP Arcadis, 2015). Their mission is to design and deliver exceptional and sustainable outcomes and solutions for their clients and thereby improving the quality of life.



FIGURE 4.1: THE ASSET LIFECYCLE

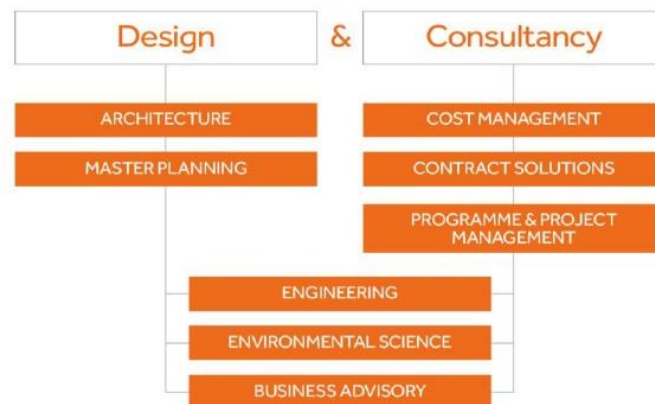


FIGURE 4.2: WHAT THEY DO

4.2 Professional service firm

Arcadis can be characterized as a professional service firm (PSF) because it shares the most important characteristics of a PSF: the delivering of customized client solutions and the type of employees who are operating in the business: professionals. See also the theory chapter. The main part of the employees who

are operating in the business are so called professionals. These can be categorized in three types, namely: designers, specialists and consultants. The employees are very autonomous, which is also a characteristic of a PSF. They perform and deliver the projects for Arcadis' clients. They have specific knowledge in specific business fields. For example, designing buildings and railways, knowledge of ecology or traffic engineering and hereby the know-how of consulting the client with his questions and problems. This professional workforce is the most valuable capital and most important resource of Arcadis because they have the knowledge to create the products and services (solutions) for the clients.

4.3 What do they do?

An important characteristic of the organization is the way the company addresses its revenue. Arcadis is not producing products like a company such as Unilever. It is a knowledge organization which primary business practices are delivering design and consultancy services to all different kind of clients. The clients have a market demand or a problem. This problem can be solved by mostly design, consultancy and reporting projects. The hours of the professionals of Arcadis are spend to create and deliver the solution; the market demand of the client.

There are different ways how projects are assigned to Arcadis. A frequent way to achieve a projects is to subscribe and enroll in a public tender process by means of public market procurement calendar. In this case there can be a lot of competition between different contractors which subscribed in the process. When Arcadis delivers the most attractive quotation for the client, the tender is allocated to Arcadis. It is also a possibility that Arcadis is directly asked by a client to perform a particular project. This a direct order from a client where Arcadis does not have to concur with other contractors. Finally there are also framework contracts which are procurement agreements between client and contractor to perform required work and services in a specific time period. The exact details are most of the times not yet defined. The distribution between the three variants of how projects are assigned is not structurally registered.

The employees must allocate their worked ours to the particular projects and tasks they are operating on. Therefore it is clear how many hours are spend to a particular project at a particular moment in time. This concept is called; 'billability'. Besides billable hours, which can be billed to the client because they are spend to clients solutions, there are productivity hours and non-productivity hours. Productivity hours are hours which are being invested in a project but which cannot be charged to the client, there are mostly quotation-hours. Non-productivity hours are, for example the time employees spend to acquisition, marketing, meetings, client relationship development, education, staff services etc. These are costs which

cannot be directly recounted at the client but are still costs for the company. The non-productivity costs are, together with costs of housing, lease-cars etc. the overhead costs. A multiplier is used to cover the overhead costs; the individual cost rate of an employee (salary) is multiplied with this rate to cover the non-billable (overhead) costs.

It can be concluded that the time aspect in this company is very important. The total order intake revenue is the total of the billable hours. The order intake is an amount of money which Arcadis receives from the client for their product delivery. Arcadis needs orders to spend the hours of the workforce. Arcadis' total revenue is being generated by billing clients for the deployment of the workforce. When the demand is bigger than the capacity of the workforce Arcadis needs to hire more employees.

4.4 Exploring 'The Cube'

After following the strategy update of Arcadis NV in December 2013, the Client Development program, led by the Client Development Director, was implemented in January 2014. This program is the market sector dimension which crosses the line structure of Arcadis. Hereby a new organizational model was created: the matrix organization. The structure of Arcadis Europe (AEU) is pictured in a three dimensional figure; a cube (figure 4.3). The dimensions of the matrix are the geographical dimension, the client dimension and the product dimension. Each dimension has its own focus. The geographical dimension of the matrix is called Sub Regions, the client dimension is called the Market Sectors and the product dimension is the dimension of the Business Lines. The reason to transform into a matrix organization was to increase the growth and net revenue of Arcadis which can be achieved by separating the different business goals of the organization. The third dimension (Business Lines) already existed before the implementation of the market sector dimension. But it was only present on the highest level of Arcadis; Arcadis NV. This dimensions was only used for financial measuring (financial statement) of the four business lines. At the same time as the implementation of the market sector dimension in 2014, this dimension was more explicitly defined and gained more structure and 'body'. It became a concrete dimension with its own business activities. Before the matrix structure just one dimension (Sub regions) was responsible for all different tasks. By implementing a matrix structure, the business goals are separated and each dimension is made responsible for specific business goals and tasks.

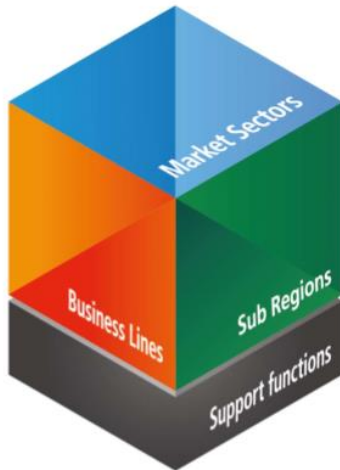


FIGURE 4.3: ORGANIZATIONAL MODEL: THE CUBE

So each dimension of ‘the cube’ has its own particular explicit role but the organization can only be effective if the different dimensions cooperate. The collaboration between the dimensions has to be enhanced to drive the business. One year after the implementation of the matrix structure the organizational model, the cube was evaluated (Q1 2015). This has led to an improved model which is called Europe 2.0. This new organizational model of AEU is introduced just after the summer of 2015 and is the most recent organizational model of AEU. It is an improved version of the matrix structure. With this model the company wants to *“strengthen and evolve the cube, – their operating model – in a way that helps them navigate the increasing complexity of their industry and improve collaboration and organic growth”* (Arcadis, 2015). In the following paragraphs the design and principles of each dimension according to the Europe 2.0 program will be discussed as well as the implementation for Sub region North. Each dimension, their specific function and how the dimensions are related to the each other will be explained.

4.4.1 Sub Regions: design & principles according to Europe 2.0

The first dimension of the organizational model of AEU is sub regions. AEU is located in ten countries which are divided in three sub regions: Europe North, Europe Central and Europe South. Each sub region has his own leadership team with a consistent structure and with consistent roles. The Europe 2.0 program prescribes a leadership team model for all sub regions. Each leadership team has its own managing director which is responsible for the sub region. The exact structure of each sub region organization depends on its size. The divisions of Arcadis are *Infrastructure, Water, Environment and Buildings*. Each division has its own specific focus. In the divisions Infrastructure, projects are performed which are related to public transport in. The divisions Buildings performs projects in the architecture while the divisions

Water has a specialty in water solutions and the division Environment for example, in agriculture irrigation. Depending on their individual growth the separate divisions can be merged.

Due to scale and span of control issues an extra layer has been created between the delivery teams and the business line director. Each division exists of delivery teams which can be divided in market groups and departments. A division exists of two to three market groups and every market group consists of two to four departments. Then again, a department exists of twenty to fifty employees. Within the teams we will have team captains. This hierarchical structure is the organizational 'line' of Arcadis. The line management consists of the Managing Director of the business unit, the Division Directors the Market Group Directors and the Heads of Departments. So every different hierarchical level has its own leader(s).

The sub regions host the projects and the majority of the staff of Arcadis and focus on profitable delivery of the business. The primary business of the line dimension is the regular and recurring business. The profit & loss structure is aligned with the regions Arcadis operates in. The employees are the working capital, they are making quotations, performing acquisition activities and perform the projects. Besides *profitability* and *working capital* (workforce), the other focus metrics (performance metrics to track the performance of the matrix structure and spot problems) which this dimension is responsible for are *net revenue* and *billability*. This means that this dimension is being assessed on these four key performance indicators (Arcadis, 2015).

This dimension can also be called the capacity or line dimension. Before the implementation of the matrix structure (January 2014) Arcadis was only made up of this dimension which meant that these managers were responsible for the capacity (employees) as well as for their products/services and their clients.

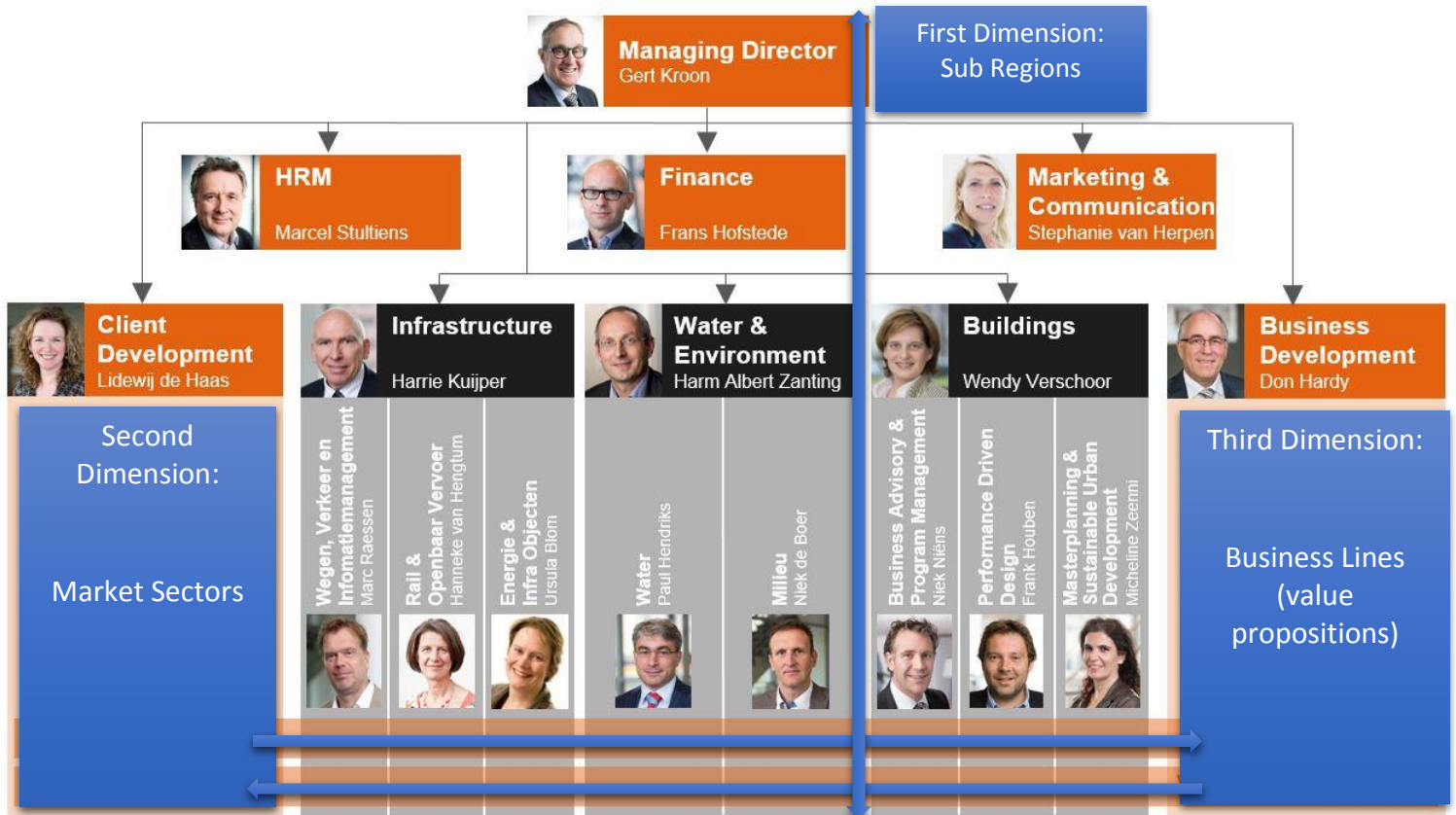


FIGURE 4.4: ORGANIZATION CHART SUB REGION NORTH: THREE DIMENSIONS

4.4.2 Implementation in Europe North

Arcadis Netherlands represents as only country Sub region Europe North. In sub region North the divisions 'Water' and 'Environment' are combined in one division due to their relatively small net revenue. Europe North wants to preserve a lean and simple organization. This means to have a limited number of overhead and as little as possible overhead costs and an organization which is easy to explain. On all levels in the organization they attempt to maintain clear responsibilities and role descriptions. In figure 4.4 the organization and leadership team of Europe North is shown. This is the brief version of the first dimension.

4.4.3 Market sectors: design & principles according to Europe 2.0

The dimension of the Market Sectors is implemented in AEU in January 2014 and makes the organizational model of Arcadis a matrix organization. This dimension is the commercial dimension of the matrix organization and focusses on the demand of the (potential) clients and learns the growing client demand for more sustainable solutions and sustainable company development. Arcadis serves a lot of different clients, each client is different and asks for specific services and solutions. Though, the clients can be clustered on basis of products and services they produce. These branches are called market sectors and

each client can be classified into one. A Market Sector consists of an amount of accounts (clients) which belong to a particular market, for example Oil & Gas. Clients which belong to this market sector are for example: TOTAL, BP and Shell. It is also possible that the clients in a Market Sector can be subdivided in segments. Then there is a segment focus in the Market Sector. For example, 'retail' and 'food & beverages' in the Market Sector Conglomerates & Consumer Goods. On the European level seven private market sectors are distinguished. These are harmonized within Arcadis Europe. There are additional market sectors on sub region level. Many of these are in the public area and include government, transportation and healthcare. These are unique for their sub region. The subdivision of market sectors has been made to strengthen the client focus and client understanding of Arcadis which is a very important aspect of a Professional Service Firm. The primary business of the Market sectors is focus on organic growth by means of creating integrated business. By increasing the knowledge of market sector needs and by managing the relationship with the clients Arcadis can be more successful in the market and grow revenues in the market sectors (Arcadis, 2015).

The market sector is responsible for client relationships, ascertain and exploring market developments & global trends and themes, looking for market demands, consulting and cooperating with the sub region and business line dimension. Steering to market related business, such as risks, strategic pursuits, opportunities and prices in the market sector are also responsibilities of this dimension. This provides new challenges and new opportunities for Arcadis and increase order intake by means of acquisition activities, cross-sell and attracting new clients. Market Sector Leaders must invest in the client relationship and meet the complex issues of the client's demands to better serve them. Therefore, this dimension is also called the client dimension.

A result of a better client understanding is 'winning targeted opportunities'. This means that the chances of winning tenders (scoring opportunities) increase. This can be achieved by creating a better understanding of the market sector needs (client focus) and will grow Arcadis revenues in the sector and to increase the integrated business or *cross-sell (kruisbestuiving)*. This is a strategic business goal which will lead to overall business growth. With cross-sell is meant the performing of existing projects which are already performed at existing clients to new clients. Hereby the clientele is being expanded. On the other hand, Arcadis searches for opportunities to serve an existing client on several surfaces so to broaden and strengthen their activities at an existing client and to broaden the activities Arcadis performs at this client.

A practical example is of performing projects concerning water management on the railway infrastructure at the client ProRail. Another appealing example is closing a framework contract at NS. On the other hand,

Arcadis operates in a certain way at a particular field by an existing client, the same expertise can be applied and implemented at a potentially new client. This means copy successful solutions to other clients in other sectors. A practical example is providing the existing knowledge and services about rail engineering at GVB (Gemeentelijke Vervoersbedrijven). By means of this integrated business the customer profitability and order intake increases and Arcadis is able to grow.

The focus metrics of this dimension are *order intake, net revenue and gross margin*. The market sector revenue contributes to the revenue of the sub region. So the market sector is also responsible for the order intake. Each market sector is led by a European Market Sector Leader (MSL) assisted by a small sector team, this team exists of employees operating in the line dimension who support the MSL. The sector team members are mostly account managers who spend a certain amount of time to acquisition activities, making clients aware of the market sector theme's, supporting the MSL and other market sector related business activities. It is possible to have a MSL in the sub region but only if there is a good reason, for example size or fragmentation. There are separate MSL's for local (public) market sectors in the sub region only. The MSL is the connecting link between the client demand and the capabilities of Arcadis which should lead to (new) business opportunities. He uses his knowledge to connect the needs of the clients to the knowledge and expertise of Arcadis. The responsibilities of a market sector leader consists of noticing strategic developments in the particular market field, building on strong existing relationships and creating new client relationships. The MSL must translate the challenges of the clients (client understanding) to solutions which Arcadis can develop and create. Due to the line-transcending position of the market sectors a better match can be created between the client demand and Arcadis capabilities.

In this way he increases the scoring opportunities of tenders and creates in the long term work for the line dimension. The goal of this dimension is to gain additional order intake on top of the regular order intake of the line dimension. It is important to be aware of is the fact that a MSL does not have his 'own' capacity or own budget to perform these projects. He needs the employees from the line dimension to achieve his order intake target. To perform business for the market sector a MSL is dependent of the capacity of the line dimension, here is being agreed on in the handshake.

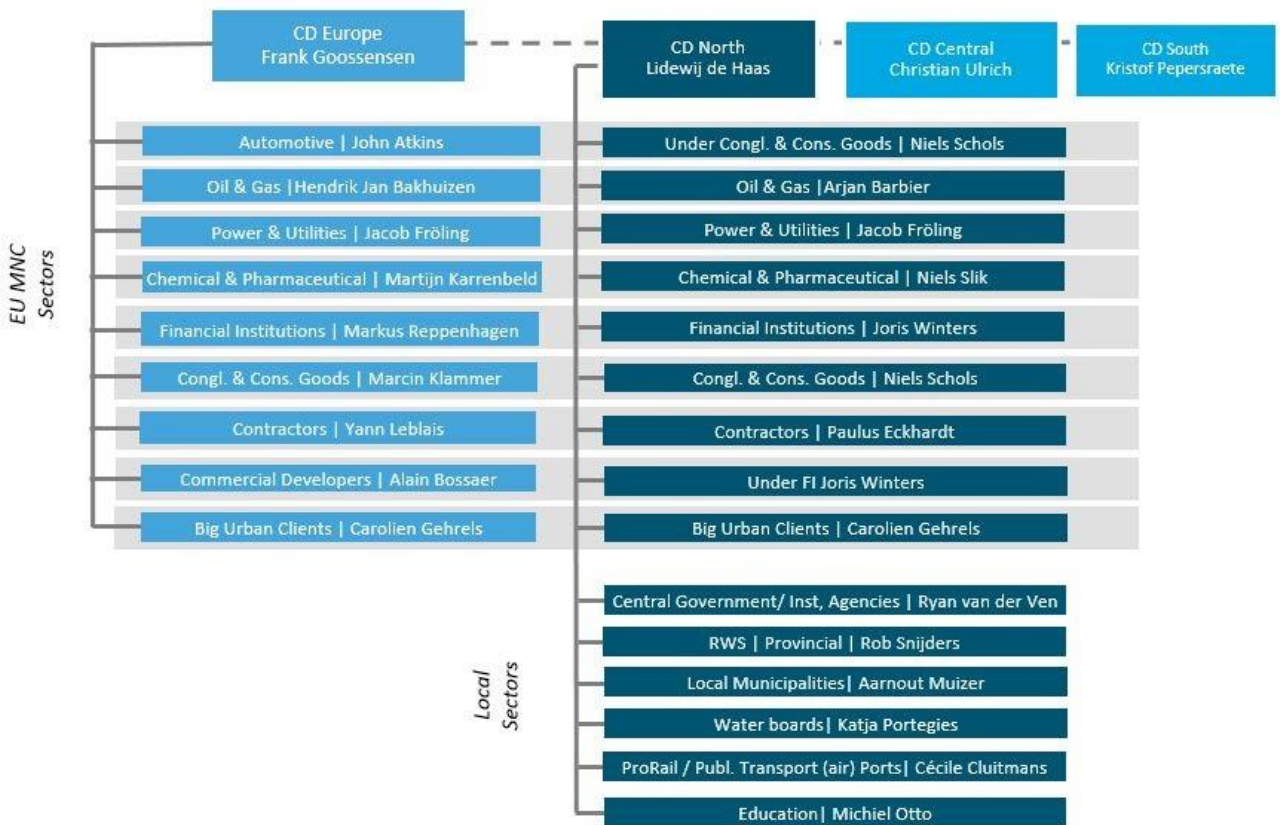


TABLE 4.5: CLIENT DEVELOPMENT AEU & EUROPE NORTH

4.4.4 Implementation in Europe North

Within Europe North there are twelve market sectors, steered by the MSL's that represent 98% of the net revenue. Besides the private market sectors which are harmonized with AEU, there are six public sectors which are unique (local) market sectors for Sub region North, see figure 4.5. The market sectors are steered by the Client Development Director. The MSL's of Europe North report to the Client Development Director of Europe North and/or the European Market Sector leader. Depending of their Europe-wide responsibility for their accounts MSL's will report directly to the European Market Sector leader. In this way developments in the markets on all different levels (regional, European and global) can be detached. Besides this functional reporting line the MSL also have to report to the line dimension. Per January 2016 this dimension belongs functionally as hierarchically under the responsibility of the Client Development Director.

4.4.5 Business Lines: design & principles according to Europe 2.0

The third and last dimension of the Cube is the Business Lines (BL) dimension. The focus in this dimension lies on "what do we sell and how?" They have an external focus to help accelerate growth. There are four

Business Lines: Buildings, Environment, Infrastructure and Water. The Business Line represents the areas in which Arcadis have expertise in. The business lines focus on organic growth by development and delivery of powerful value propositions.

A value proposition is the focus on assets of a company, they are the added services of the company. They focus on product knowledge and innovation (business development, strengths, product placement and capabilities). The solutions (propositions) Arcadis offers to their clients are centered on the sixteen different Value Propositions (VP) which are hosted by the four BL. Each BL hosts different VP. These are the core value propositions. Besides the VP's which belong to a BL there are three value propositions which cross the BL. They are called integrated value propositions. These are Business Advisory, Program Management and Asset Management. By developing propositions Arcadis attracts the interest of the market and generate organic growth for the business (Arcadis, 2015).

This dimension focusses on product knowledge and the optimization and creation and innovation of the products of Arcadis. It also tries to make the other dimensions aware of these innovative products which should be offered to the market (Market Sectors) and used by the employees (Sub Regions). They attempt to "push" the innovative products and services (value propositions) into the national and global market and into the organization and thus ensure a more external focus to help accelerate growth.

Each value proposition has a European Value Proposition Leader (VPL). He is responsible for developing and connecting knowledge of Arcadis to shape and offer the best solutions to the client. He is also involved in the complex proposals and supports staffing and quality control of the major projects (big tenders) of Arcadis. He ensures thought leadership in his field and develop people within the skill-pool. Overall, the value propositions have to be carried out by the divisions: the capacity. These propositions which are developed in the BL should benefit the market and generate organic growth for the business.

A VPL must know which global developments influences the clients company and the clients' needs. Here lies a strong relation with the Market Sector Leader which must be aware of the changes in the Market Sector field. For example the Market Sector Rail & Public Transportation should have a close link with the VP Rail & Urban Transportation Solution. The client understanding of the Market Sector Leader and the expertise of the Value Proposition Leader is translated and combined to the client demand. Together they can develop targeted and customized propositions who help the client. The focus metrics of this dimension are the same as the Market Sector dimension: *order intake, net revenue and gross margin* (Arcadis, 2015).

4.4.6 Implementation in Europe North

The two hat system which is discussed in the theory chapter is applicable here. All 'core' value propositions are reflected in the delivery teams of the business lines in sub region North which means that the value proposition leaders of Arcadis North are also line managers (combined role). The reason that the VP's are not represented by separate VPL's is to ensure that the VPL's have power over the resources and to keep the organizational design simple without an additional management layer. The VP's are reflected in the line dimension as departments or Market Groups within Arcadis North. So some managers in the line dimension represent two roles in the matrix organization. For example a market group director, has a double role, a double "hat": besides the role of line manager they also share the role of value proposition leader. Also, the team members of the value proposition (value team) stay embedded in the BL organization to secure the 'pull through'.

There are three integrated (cross business line) value propositions which are represented by a VPL which does not have a role in the line dimension. These are the value propositions *Asset Management*, *Program Management* and *Business Advisory*. For the handshake process this means that the handshake they make are made from the perspective of the line dimension as well as from the perspective of value proposition leader.

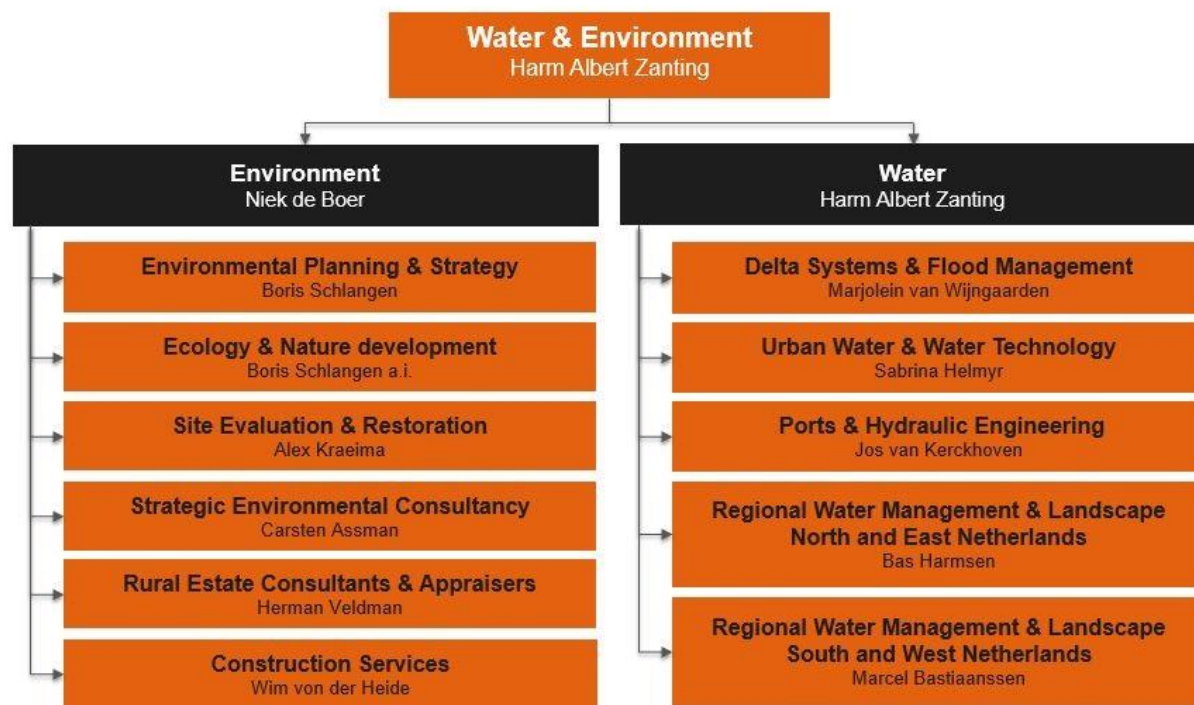


FIGURE 4.6: ORGANIZATION DIVISION WATER & ENVIRONMENT



FIGURE 4.7: VALUE PROPOSITIONS ENVIRONMENT & WATER

4.5 Conclusion: interdependency

In this chapter is described how the organization where the handshake process takes place is designed. Based on the information above, it can be concluded that the matrix structure is introduced to focus on multiple business goals. The matrix structure of Arcadis exists of three different dimensions which have their own specific role in the organization. These dimensions are: Sub regions, Market Sectors and Business Lines. The central representative stakeholders/actors of these dimensions are the Market Group Directors (MGD's), Market Sector Leaders (MSL's) and Value Proposition Leaders (VPL's).

Organizational growth can only be realized when the performance of each individual dimensions has been optimized. Each dimension has its own particular role in the organization, however they have a common focus metric: *net revenue*. Because of the shared responsibility and joint interest in this focus metric (common goal), agreement and alignment between them is required. As mentioned they are interdependent, but to be effective and successful collaboration and mutual agreements between the different dimensions are necessary. Therefor collaborative decision-making; the handshake process, has been introduced. This will be discussed in the following chapter.

5. The handshake process

In this chapter the concept of the handshake process is described. This is how the handshake process is prescribed and how it should be carried out according to the method as introduced by the agents of the handshake process in June 2015. The agents are the Client Development Director, the Business Development Director and the Financial Director of Arcadis North. The definition, the origin and purpose of the handshake process will be explained first. Then, the elements of a handshake are explained. Subsequently, the handshake variants will be described. Finally the steps taken in the process will be extensively discussed.

5.1 The 'handshake': what is it?

The handshake process is a company specific understanding which is implemented in June 2015 at Arcadis North. Till now it is only being used within this OpCo. A handshake can be defined as: *'a set of agreements which are financial as well as substantive between the representatives of the different dimensions of the Cube'*. Handshakes are made for the following year. There are three variants (figure 5.1) and are discussed in paragraph 5.4. The variants are:

1. Handshake between capacity dimension and market sector dimension
2. Handshake between capacity dimension and the business line dimension
3. Handshake between market sector dimension and business line dimension

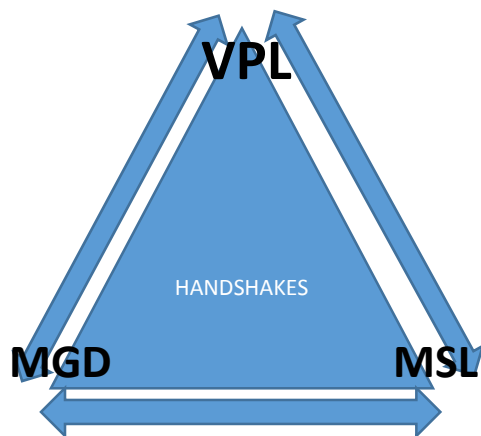


FIGURE 5.1: HANDSHAKES VARIANTS

5.2 Origin and purpose

The origin of the handshake process derives from the implementation of the client development program, the market sector dimension, in the organizational structure of Arcadis North as discussed in the previous chapter. This dimension is implemented to increase the total order intake by means of cross-sell and client focus. During the first year of the matrix structure (2014), before the implementation of the handshake

process, the different annual budgets of both dimensions were not being aligned with each other. As a consequence there was a miss-match and a lot of discussion between what these dimensions could expect from each other. Expectations were often not being realized. After a year an evaluation showed that expectations have to be made clear by making agreements in advance and that both budgets should be aligned.

Therefore, the dimensions should be committed with each other, have the same goals and share the same ideas and agree on opportunities for collaboration. This can be achieved by making agreements and commitments in advance. By means of making handshakes and thus agreements about net revenue, order intake and capacity of employees every dimension is made responsible for their own share of the total annual budget of Arcadis North and expectations are made clear.

The handshake process is introduced on June 4th 2015 during the “Beleidsdag”. It is an initiative of the Client Development Director, Financial Director and the Business Development Director of Arcadis North. In other words the managing board. Because they took the initiative for the handshake process they are called the agents (Guba & Lincoln, 1989). They are responsible for the handshake process. The concept of the handshake process, which existed of a presentation and a general session was extensively discussed during the “Beleidsdag” on the fourth of June. On this day the handshake was extensively tested and discussed through a workshop, a brainstorm and a feedback session. During this day deliberation took place about the roles and responsibilities in a handshake process and how the stakeholders are linked to the process and to each other. The participants also could indicate, through a cross table, what the most likely interesting and beneficial partnerships should be, and so between which market sectors and market groups it is profitable to collaborate. These relationships give a clear insight in beneficial collaboration opportunities. During this day the final details were secured, suggestions for adjustments has been made and there has been decided on a couple of aspects of the handshake process. In response to this feedback, decisions and suggestions an “adapted/custom” version of the handshake process has been made which resulted in an e-mail instruction and additional document with suggestion and attention points which has been distributed by the Client Development Director which is responsible for the twelve different market sectors of Arcadis North.

5.3 What is in a handshake?

The matrix organization of Arcadis is a cube, this means that there is balance between the three dimensions and they have an equal amount of authority and responsibility. This means that they have a shared responsibility when it comes to the total net revenue of Arcadis. Each dimension has their own order intake goals but is dependent from the other dimensions to achieve this. The handshake process is

a method to make agreements about the order intake targets. A market group director have to align with market sectors who is responsible for which amount of order intake. A value proposition leader should also make agreements with the two other dimensions how they can increase the revenue for the value proposition. A handshake takes place when two dimension see common goals and see opportunities for collaboration and to grow the business. All stakeholders in the handshake process, the market sector leader, market group director and value proposition leader, are on the same hierarchical level. This means that their amount of influence is equal and that they have to come to agreement. The handshakes consists of agreements about financials (order intake and net revenue), capacity and content & activities. The elements are discussed in the following paragraphs.

5.3.1 Financials (*order intake & net revenue*)

The most important element of a handshake between a MGD and MSL is the *order intake target* or *revenue goal* which should be agreed on. For the market sector leader this is an order intake target which he or she has to achieve for that particular market group. It is work/business which will be carried out by the market group. For the market group it is a revenue goal which should be derived by means of performing projects which are provided by the (clients which belong to that) market sector. The same aspects applies for the handshake between the market group director and value proposition. They make agreements on an order intake target and how to grow the value proposition within the market group. The value proposition leader also make financial agreements with the market sector leader about how to grow the revenue of the value proposition in that market sector and with what projects (business) at which clients.

5.3.2 Capacity

To achieve the order intake targets which is agreed on with the market group director, the market sector dimension and value proposition dimension need support. This support is delivered by means of particular resources. The resources of Arcadis are the workforce as discussed in paragraph 4.2 and 4.3. As discussed in the Theory chapter and the Organizational chapter, the line dimension has access and responsibility over the resources. The market group director is the supplier/provider of the resources or employees and has power over the resources. Capacity has two elements:

1. How many employees and which employees
2. How much time (hours/fte)

And has two forms:

- Structural

- Ad hoc

Structural support means that employees are a member of the sector team or value team. Ad hoc support means that the market sector leader asks for capacity in the sector team or value team on the moment it is needed or that an employee will focus on a specific theme which is of importance for the market group and market sector or value proposition. The capacity which is needed by the market sector leader will mainly perform acquisition activities. The capacity which is needed by the value proposition leader is will mainly perform activities to develop and strengthen the value proposition (f.e. business advisory).

5.3.2.1 Tension

The hours employees spend on activities for the market sector or value proposition (i.e. hours spent in another dimension) are not billable, see paragraph 4.3. Which is to say that they do not increase (direct) revenue. The market sector leader or value proposition leader have a handshake with the market group director about resources which are needed to achieve the order intake goals of the MSL/VPL. These resources are provided by the market group director, who needs as many billable hours as possible in order to increase revenues. Because hours spent on the market sector or value proposition are not billable, market group directors are disinclined to provide many employees for the other dimensions. These are different and contradictory interests which create tension between the dimensions (see also the theory chapter).

5.3.3 Content and activities

The third aspect of the handshake is how to realize the order intake target and which activities contribute to this target. There can be agreed on all sort of activities which should be carried out. It depends on both managers what and how explicit, they want to agree on in the handshake. Examples are projects, projects managers, market campaigns, organizing a tender team, look for strategic pursuits and leads, focus on specific themes, attention for health and safety, education for employees, skills workshops for sector team employees, arranging meeting between people of different dimensions etc.

5.4 Handshake variants

There are three forms of handshakes which occur in the handshake process. These three variants are discussed below.

5.4.1 Market group director – Market sector leader

A market sector leader is looking for opportunities to grow his revenue and therefor needs support from the market sector leader which has client understanding and knowledge of current and future market situations. Both parties discuss where opportunities lie for a growing business. To grow, they must invest

in client relationship and cross-sell then there will derive additional order intake on top of the regular business of that market group. In a handshake is being agreed on this division of order intake, who is responsible for what amount of order intake and how to achieve this. By means of the capacity for the sector team the market sector invests in clients by means of acquisition activities at (new) clients. These activities should result in new projects (order intake) for the market groups.

5.4.2 Market group director – Value proposition leader

In this handshake both parties look for opportunities to grow and strengthen the value proposition in this market group. They estimate what order intake target the value proposition can achieve for the market group. Therefor the value proposition leader also needs support from particular resources from the line dimensions.

5.4.3 Market sector leader – Value proposition leader

The market sector and value proposition leader discuss opportunities for the value proposition to grow within the market sector. The VPL also want to inform the MSL about the capabilities of his particular VP and to sell this to the clients. They can make agreements about collaboration and make plan how to sell the value proposition to the clients and thereby the MSL can involve the value proposition leader. Then the value proposition may fulfil the role of “second man through the door”.

5.6 Handshake day

On the third of September the Handshake day took place. This day is mainly organized to make new confirm the handshakes and make additional handshakes. At this day the proceedings/progress and results of the handshakes till now is been discussed. Beforehand, each MSL had to inform the Client Development Director about his or her progress and results with the handshakes up to now and future handshakes. So on the handshake day questions as: *“Where do we stand?”* and *“what are the proceedings?”* could be answered. There was also some discussion about remarkable developments of the handshakes. In addition, there was given a small explanation of the annual budget and Arcadis’ ambition.

The handshakes were practiced in different rounds. Each group of participants, represented by different MGD’s and MSL’s had to ‘handshake’ with each other. After the different rounds where handshakes have been made there was some time for evaluation and exchanging of tips & tricks and experiences of best practices and dilemmas. As well as discussion about the most important points from each group and a follow up for the handshakes. At the end the participants were split up in three different groups to represent the three stakeholders in the Cube. Each side of the Cube could discuss the most important

issues that are relevant for them. For example, “*in what way are the market sectors able to learn from each other?*” To conclude the provisional final score and future course of the handshakes was presented.

5.7 Different stages

The handshake process can be divided in a couple of different stages. The process can be distinguished in *preparation*, *process* and *progress & implementation* as displayed below. Each step will be explained in the following paragraphs.

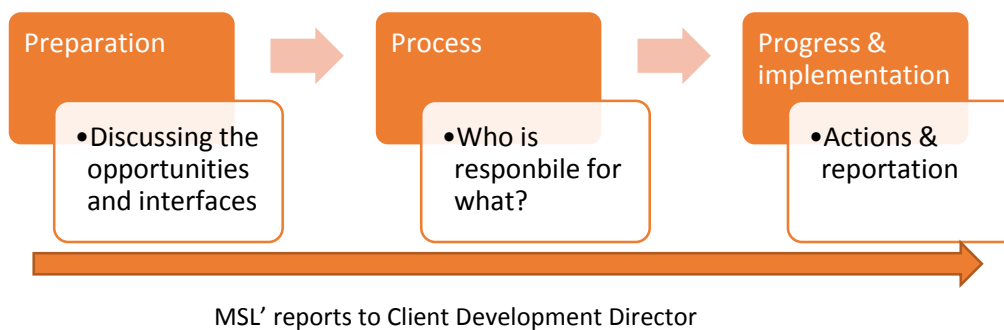


FIGURE 5.2: HANDSHAKE PROCESS: DIFFERENT STAGES

5.7.1 Preparation

As said before a handshake takes place between two representatives of the cube, each represents one of the three dimensions. It can be the case that the MGD has also the role of a VPL (see paragraph 4.4.6). The role of the VPL is to draw attention to innovation and elaborating the value proposition. It does not matter who takes initiative in the handshake. He or she first starts to think about possible options for a handshake and then focus and makes choices (priorities) on specific goals. Then the initiator invites the other stakeholders for a handshake appointment. The invitees should always accept a handshake invitation and must be aware of their specific role or function in the handshake process. An important aspect is that the process is based on equality of parties. So there is no hierarchical power present. It is important that the parties all spent a sufficient amount of time on the preparation of the handshake. The stakeholder must decide on what to take care off in the handshake and what take care of later, for example in a second handshake. The international aspect of the handshake should also be considered. This is mostly the case when the concerned VLP guarantee an international value proposition or when a projects is being performed abroad. Further, the parties should estimate targets based on information of projects, markets, leads, last year's net revenue and order intake and envision what he or she wants to achieve with this handshake and what the possibilities are. Most of the times the initiator has a proposal about the order intake target, a project or theme and share-out of employees' capacity.

5.7.2 Process

During the handshake-meeting, the starting point should be clear to both stakeholders, opportunities and different expectations have to be pronounced to each other. Then the stakeholders discuss the most important things and the outline of the proceedings in the market sector/value proposition, the prospects for the concerned market sector/value proposition and the associated clients can be discussed. The developments in the market sector/value proposition and causes for growth or reduction are being discussed. From that point they look for new business opportunities to achieve growth (increased revenue) for the market sector/value proposition. The goals and resources and the delivery is being discussed. During the handshake both stakeholders make a division between the order intake of the Market Group. ‘Who is responsible for what part of the order intake and how will this be achieved?’ An important aspect is which support is needed to achieve the order intake target of the MSL or VPL. This support is capacity which is provided by the line dimension, so the market group director. Capacity entails two aspects: ‘which employees and how many?’ and ‘for how much time?’ Conformity and focus is an important aspect in the handshake process. To capture the handshake agreements; to seal the deal, there is an official handshake format which has to be filled in (figure 5.3) which is initiated and presented by the managing board of Arcadis. Sometimes a second meeting between the stakeholders is necessary to fill in all the parameters and details as commercial multiplier, acquisition costs, proposal costs etc.

HANDSHAKE values		order 2015		A		B		C		D		E		F		G		H		I		J		K		L		M		N		O		P		Q		R		S		T		U		V		W		X		Y		Z		AA		AB		AC		AD		AE		AF		AG		AH		AI		AJ		AK		AL		AM		AN		AO		AP		AQ		AR		AS		AT		AU		AV		AW		AX		AY		AZ		BA		BB		BC		BD		BE		BF		BG		BH		BI		BJ		BK		BL		BM		BN		BO		BP		BQ		BR		BS		BT		BU		BV		BW		BX		BY		BZ		CA		CB		CC		CD		CE		CF		CG		CH		CI		CJ		CK		CL		CM		CN		CO		CP		CQ		CR		CS		CT		CU		CV		CW		CX		CY		CZ		DA		DB		DC		DD		DE		DF		DG		DH		DI		DJ		DK		DL		DM		DN		DO		DP		DQ		DR		DS		DT		DU		DV		DW		DX		DY		DZ		EA		EB		EC		ED		EE		EF		EG		EH		EI		EJ		EK		EL		EM		EN		EO		EP		EQ		ER		ES		ET		EU		EV		EW		EX		EY		EZ		FA		FB		FC		FD		FE		FG		FH		FI		FJ		FK		FL		FM		FN		FO		FP		FQ		FR		FS		FT		FU		FV		FW		FX		FY		FZ		GA		GB		GC		GD		GE		GF		GG		GH		GI		GJ		GK		GL		GM		GN		GO		GP		GQ		GR		GS		GT		GU		GV		GW		GX		GY		GZ		HA		HB		HC		HD		HE		HF		HG		HH		HI		HJ		HK		HL		HM		HN		HO		HP		HQ		HR		HS		HT		HU		HV		HW		HX		HY		HZ		IA		IB		IC		ID		IE		IF		IG		IH		II		IJ		IK		IL		IM		IN		IO		IP		IQ		IR		IS		IT		IU		IV		IW		IX		IY		IZ		JA		JB		JC		JD		JE		JF		JG		JH		JI		JJ		JK		JL		JM		JN		JO		JP		JQ		JR		JS		JT		JU		JV		JW		JX		JY		JZ		KA		KB		KC		KD		KE		KF		KG		KH		KI		KJ		KL		KM		KN		KO		KP		KQ		KR		KS		KT		KU		KV		KW		KX		KY		KZ		LA		LB		LC		LD		LE		LF		LG		LH		LI		LJ		LK		LM		LN		LO		LP		LQ		LR		LS		LT		LU		LV		LW		LX		LY		LZ		MA		MB		MC		MD		ME		MF		MG		MH		MI		MJ		MK		ML		MM		MN		MO		MP		MQ		MR		MS		MT		MU		MV		MW		MX		MY		MZ		NA		NB		NC		ND		NE		NF		NG		NH		NI		NJ		NK		NL		NM		NN		NO		NP		NQ		NR		NS		NT		NU		NV		NW		NX		NY		NZ		OA		OB		OC		OD		OE		OF		OG		OH		OI		OJ		OK		OL		OM		ON		OO		OP		OQ		OR		OS		OT		OU		OV		OW		OX		OY		OZ		PA		PB		PC		PD		PE		PF		PG		PH		PI		PJ		PK		PL		PM		PN		PO		PP		PQ		PR		PS		PT		PU		PV		PW		PX		PY		PZ		QA		QB		QC		QD		QE		QF		QG		QH		QI		QJ		QK		QL		QM		QN		QO		QP		QQ		QR		QS		QT		QU		QV		QW		QX		QY		QZ		RA		RB		RC		RD		RE		RF		RG		RH		RI		RJ		RK		RL		RM		RN		RO		RP		RQ		RR		RS		RT		RU		RV		RW		RX		RY		RZ		SA		SB		SC		SD		SE		SF		SG		SH		SI		SJ		SK		SL		SM		SN		SO		SP		SQ		SR		SS		ST		SU		SV		SW		SX		SY		SZ		TA		TB		TC		TD		TE		TF		TG		TH		TI		TJ		TK		TL		TM		TN		TO		TP		TQ		TR		TS		TT		TU		TV		TW		TX		TY		TZ		UA		UB		UC		UD		UE		UF		UG		UH		UI		UJ		UK		UL		UM		UN		UO		UP		UQ		UR		US		UT		UU		UV		UW		UX		UY		UZ		VA		VB		VC		VD		VE		VF		VG		VH		VI		VJ		VK		VL		VM		VN		VO		VP		VQ		VR		VS		VT		VU		VV		VW		VX		VY		VZ		WA		WB		WC		WD		WE		WF		WG		WH		WI		WJ		WK		WL		WM		WN		WO		WP		WQ		WR		WS		WT		WU		WV		WW		WX		WY		WZ		XA		XB		XC		XD		XE		XF		XG		XH		XI		XJ		XK		XL		XM		XN		XO		XP		XQ		XR		XS		XT		XU		XV		XW		XX		XY		XZ		YA		YB		YC		YD		YE		YF		YG		YH		YI		YJ		YK		YL		YM		YN		YO		YP		YQ		YR		YS		YT		YU		YV		YW		YX		YY		YZ		ZA		ZB		ZC		ZD		ZE		ZF		ZG		ZH		ZI		ZJ		ZK		ZL		ZM		ZN		ZO		ZP		ZQ		ZR		ZS		ZT		ZU		ZV		ZW		ZX		ZY		ZZ	
Handshake values		order 2015		A		B		C		D		E		F		G		H		I		J		K		L		M		N		O		P		Q		R		S		T		U		V		W		X		Y		Z		AA		AB		AC		AD		AE		AF		AG		AH		AI		AJ		AK		AL		AM		AN		AO		AP		AQ		AR		AS		AT		AU		AV		AW		AX		AY		AZ		BA		BB		BC		BD		BE		BF		BG		BH		BI		BJ		BK		BL		BM		BN		BO		BP		BQ		BR		BS		BT		BU		BV		BW		BX		BY		BZ		CA		CB		CC		CD		CE		CF		CG		CH		CI		CJ		CK		CL		CM		CN		CO		CP		CQ		CR		CS		CT		CU		CV		CW		CX		CY		CZ		DA		DB		DC		DD		DE		DF		DG		DH		DI		DJ		DK		DL		DM		DN		DO		DP		DQ		DR		DS		DT		DU		DV		DW		DX		DY		DZ		EA		EB		EC		ED		EE		EF		EG		EH		EI		EJ		EK		EL		EM		EN		EO		EP		EQ		ER		ES		ET		EU		EV		EW		EX		EY		EZ		FA		FB		FC		FD		FE		FG		FH		FI		FJ		FK		FL		FM		FN		FO		FP		FQ		FR		FS		FT		FU		FV		FW		FX		FY		FZ		GA		GB		GC		GD		GE		GF		GG		GH		GI		GJ		GK		GL		GM		GN		GO		GP		GQ		GR		GS		GT		GU		GV		GW		GX		GY		GZ		HA		HB		HC		HD		HE		HF		HG		HH		HI		HJ		HK		HL		HM		HN		HO		HP		HQ		HR		HS		HT		HU		HV		HW		HX		HY		HZ		IA		IB		IC		ID		IE		IF		IG		IH		II		IJ		IK		IL		IM		IN		IO		IP		IQ		IR		IS		IT		IU		IV		IW		IX		IY		IZ		JA		JB		JC		JD		JE		JF		JG		JH		JI		JJ		JK		JL		JM		JN		JO		JP		JQ		JR		JS		JT		JU		JV		JW		JX		JY		JZ		KA		KB		KC		KD		KE		KF		KG		KH		KI		KJ		KL		KM		KN		KO		KP		KQ		KR		KS		KT		KU		KV		KW		KX		KY		KZ		LA		LB		LC		LD		LE		LF		LG		LH		LI		LJ		LK		LM		LN		LO		LP		LQ		LR		LS		LT		LU		LV		LW		LX		LY		LZ		MA		MB		MC		MD		ME		MF		MG		MH		MI		MJ		MK		ML		MM		MN		MO		MP		MQ		MR		MS		MT		MU		MV		MW		MX		MY		MZ		NA		NB		NC		ND		NE		NF		NG		NH		NI		NJ		NK		NL		NM		NN		NO		NP		NQ		NR		NS		NT		NU		NV		NW		NX		NY		NZ		OA		OB		OC		OD		OE		OF		OG		OH		OI		OJ		OK		OL		OM		ON		OO		OP		OQ		OR		OS		OT		OU		OV		OW		OX		OY		OZ		PA		PB		PC		PD		PE		PF		PG		PH		PI		PJ		PK		PL		PM		PN		PO		PP		PQ		PR		PS		PT		PU		PV		PW		PX		PY		PZ		QA		QB		QC		QD		QE		QF		QG		QH		QI		QJ		QK		QL		QM		QN		QO		QP		QQ		QR		QS		QT		QU		QV		QW		QX		QY		QZ		RA		RB		RC		RD		RE		RF		RG		RH		RI		RJ		RK		RL		RM		RN		RO		RP		RQ		RR		RS		RT		RU		RV		RW		RX		RY		RZ		SA		SB		SC		SD		SE		SF		SG		SH		SI		SJ		SK		SL		SM		SN		SO		SP		SQ		SR		SS		ST		SU		SV		SW		SX		SY		SZ		TA		TB		TC		TD		TE		TF		TG		TH		TI		TJ		TK		TL		TM		TN		TO		TP		TQ		TR		TS		TT		TU		TV		TW		TX		TY		TZ		UA		UB		UC		UD		UE		UF		UG		UH		UI		UJ		UK		UL		UM		UN		UO		UP		UQ		UR		US		UT		UU		UV		UW		UX		UY		UZ		VA		VB		VC		VD		VE		VF		VG		VH		VI		VJ		VK		VL		VM		VN		VO		VP		VQ		VR		VS		VT		VU		VV		VW		VX		VY		VZ		WA		WB		WC		WD		WE		WF		WG		WH		WI		WJ		WK		WL		WM		WN		WO		WP		WQ		WR		WS		WT		WU		WV		WW		WX		WY		WZ		XA		XB		XC		XD		XE		XF		XG		XH		XI		XJ		XK		XL		XM		XN		XO		XP		XQ		XR		XS		XT		XU		XV		XW		XZ		YA		YB		YC																																																																																																							

to the Client Development Director. He reports what order intake target with which market groups is agreed on for the next financial year and how this target will be achieved. The value proposition leader does exactly the same but reports to the Business Development Director. This information is important for the annual budget of Arcadis. The progress of the handshakes is being monitored. Once per quarter the handshakes are monitored and evaluated. Hereby is discussed if the distribution of order intake targets of all three dimensions is being achieved. The fulfillment of the handshakes cannot yet be determined because the agreements are being carried out in the year 2016.

5.8 Conclusion: shared responsibility and interdependency

The three dimensions of the cube are together responsible for the total order intake and thus net revenue of Arcadis. In a handshake is being agreed in advance who is responsible for which part and how this is being achieved in the next year. The dimensions should collaborate because they are dependent of each other to achieve their amount of order intake.

6. Results part one

The research data is extensively explored and analyzed and the research findings are displayed into two parts, chapter six and seven. This chapter explains and interprets the research about the functioning of the handshake process in practice. In paragraph 6.1 the different elements of a handshake, which are illustrated in chapter 5, are systematically described. After that the different types of handshakes which occurred in the handshake process are displayed and each type is described. In paragraph 6.4 the conditions for an effective handshake are discussed. Finally is described how handshakes are captured and implemented and if the handshake agreements are clear to employees.

6.1 Handshake elements

In a handshake can be agreed on a couple of things as described in chapter five. These are *financials*, *capacity and activities* and are discussed in this paragraph. The three handshake forms are used as starting point.

6.1.1 Financials

Market group director - Market sector leader

As described in paragraph 5.3.1 the financial element of the handshake between the MGD and MSL is the order intake target of the MSL which he should achieve for the market group. This is the revenue goal of the market group.

Different target

A remarkable finding is that the revenue goal/order intake target in this handshake is almost never identical for both parties. The target of the market sector leader is often higher than the revenue goal of the market group director. Market group directors indicated that market sector leaders often have an ambitious attitude and work at wishful thinking. The market sector leaders indicate too that they are often more ambitious. The managing director indicated that there is pressure from Arcadis Europe which exert pressure to increase the targets of the market sector leaders of Arcadis North. Market group directors are more careful about revenue goals than market sector leaders. A reason is that they are cautious in making their annual budget because they have to deal with charging costs and they want to have an annual budget which is achievable. They compute their annual budget bottom-up. *"With this amount of employees I am able to make this amount of revenue"*. The market group director just needs an amount of order intake of one market sector leader to obtain his annual budget.

The participants do not come to an agreement about this revenue goal/order intake target. This has the effect that the amounts which are included in the annual budget for both dimensions differ while they

should be the same. The market group directors do not feel the need to level these targets and it does not bother him that these amount are different. He or she does not see this as an aspect where alignment is needed and claims that it is not necessary to steer for the same target setting. A market group director indicated that *“a target is not determinative and that is a risk if this target is seen as determinative”*. Whereas the market sector leader does feel the need to level these amounts, they think the budgeted targets should be recognized by both the market sector leader as well as by the market group director. Then they feel support and commitment from the market group. The target of the market sector leader is not being embraced by the MGD and thus not recorded in the annual budget of the market group director but is seen as an ambition of the market sector leader.

The market group directors indicated that market sector leader sometimes make miscalculation when determining the order intake target for a market group. This has to with the enterprise resource planning system of Arcadis or that they are not aware of market changes because the market sector leader looks at totality of a market group instead and does not have the knowledge of the components of that market. This ensures a wrong view of the market sector leader. This difference ensures discussion which is meaningful according to the market group directors.

Value proposition leader with Market group director or Market sector leader

In these handshakes is not agreed on financial elements (revenue goals). Market group directors and market sector leaders do not feel the need and don't find it interesting to make a financial handshake with them because the value propositions are already warranted in the market groups which the market sector leader already made a handshake with. Both indicated that it is not important for them for which value proposition they gain revenue for. Another reason for the absence of financial targets is that these targets cannot be measured or monitored. Therefore, the VPL's also find it difficult to make financial agreements. Only in two handshakes of two market sector leaders there is agreed on revenue goals. These were order intake targets of the MSL for the value proposition.

6.1.2 Capacity

Market group director - Market sector leader

The market sector leader needs support to achieve his target for the market group. This takes place in the form of capacity of resources which is provided by the market group as described in paragraph 5.3.2.

Market group directors are careful with providing employees for a sector team because the market sector leader cannot guarantee that this support provides direct revenue for the market group. Besides, the market group directors finds it hard to oversee the activities of the sector team which are, according to

them, not clear and concretely delimited. Finally, if there are a lot of people working in a sector team the MGD does not achieve his billability targets (because the sector team activities are not billable) then the market group will make less revenue. For providing capacity to a sector team the market group director wants the agreed order intake target. So there are contradictory interests which ensures discussion about employees in a sector team and their capacity (billability). In one case the capacity of an employee for the sector team was arranged with a HoD and team captain instead of the MGD. It occurs that there is a disproportionate ratio between the employees a market group delivers to a sector team and the order intake which is being achieved. It is possible that this market sector achieves order intake for another market group.

Market group director - Value proposition leader

In this handshake the value proposition leader also attempts to gain support for the value proposition. One value proposition leader indicated that it makes no sense to have someone who is only for 20 of 30 percent available for the value proposition. He wants people who fulltime are working on the value proposition. Employees were being appointed to the value proposition but agreements about capacity stayed vague. This participant indicated the support for the value proposition has to be determined on the moment it is needed and that it is then relevant to determine which employees are needed. He said that it is not necessary to make such agreements in advance.

Market sector leader – Value proposition leader

In this kind of handshake is not agreed on capacity.

6.1.3 Activities

Market group director – Market sector leader

In these kind of handshakes can be agreed on all kind of things depending of what both parties want to handshake about. When a handshake is more abstract both parties attempt to find significance for each other and look for interfaces. In handshakes which are more SMART is agreed on a specific focus and different market opportunities are being ascertained. Besides, there can be arranged about for example, must-wins, strategic pursuits, market campaigns, the completion of a tender team and specific actions of bringing people in contact with clients.

Market group director – Value proposition leader

These handshakes are quite difficult and stayed very abstract. They strive to find what the value proposition means for the market group. The VPL looks for commitment of the MGD about the VP and

that he also recognizes the need to increase this VP in the market group. So in these handshakes global opportunities, markets and focus points are being discussed. One handshake was more concrete because there was agreed on market campaigns and opportunities.

Market sector leader – Value proposition leader

In these handshakes is agreed on focus points, trends and business successes which were performed at one client which can be implemented at another client.

6.2 Handshake forms

As discussed in chapter five there are different types of handshakes. The research findings of each type are discussed in the following paragraphs.

Other line management involved

A remarkable finding is that in the handshakes of the market group directors other line management is involved. All market group directors' participants involve a head of department in their handshakes. Sometimes the market group director is the first point of contact and then the handshake is being delegated to the head of department who has the right knowledge about the specific business activities which are being performed and clients they are performing for in that department. The HoD is then more suitable and better able to give explanation in the handshake process to make agreements with the market sector leader or value proposition leader. It also occurs on forehand the market group director decides with his head of departments which HoD should talk to which MSL. One market group director indicated that the head of department is always involved in the handshake with the market sector leader for the following reason *"he has more knowledge than me about the clients and the link with that particular market sector"*. Sometimes the handshake is immediately made between the head of the department and market sector leader or value proposition leader. It is easier to directly involve the right person instead of the market group director who does not always have the appropriate knowledge for the completion of the handshake. *"A market group director than is a retarding factor"*. Another reason for involving lower line management in the handshake is that the market group is too large (200-300 employees) for the market group director to agree on all details of a handshake. So the details of a handshake are often managed by the HoD. Therefore a market sector leader should also have alignment with a head of department according to the market group directors.

Involving other line management in a handshake or delegate a handshake to a Hod can lead to indistinctiveness because there are made different agreements with different line managers who do not have the same power as a MGD.

6.2.1 Market group director – Market sector leader

There is variety in these handshakes. A few were quite SMART but most stayed somewhat abstract. Details are not often being captured in the handshakes except for agreements about the sector team. One market sector leader only agreed on total targets which were not being divided to clients or services or subjects. Both parties indicated that the handshakes could be more SMART and that there can be agreed more on specific actions. Market group directors are satisfied with more abstract handshakes. They do not feel the need and do not think it's interesting to make the agreements real SMART and fill in the details. For the market group directors the starting point for making a handshake with a market sector leader derives when there is a big difference between the two targets of either dimensions or when there are opportunities for collaboration. The goals of market group director in these handshakes are discussing and having a good dialogue about the difference in revenue goal which both dimensions had indicated. Another goal is to agree on the direction which should be headed next year, agree on a couple of spearheads to realize growth and to look for opportunities of cross-sell.

The market sector leaders indicate that for them the handshake is of more importance than the market group director. The MSL's wants to achieve acknowledgements of the MGD about the same market opportunities and that investment (acquisition activities) is needed before revenue can be made. So to find common interest and challenge one another in this process. They have to convince the MGD and achieve commitment for their order intake target and arrange support (capacity for the sector team) from the market group to achieve this target for the market group which is arranged in the handshake. *"A MSL does not controls with power but with conviction and/or joint interest"*. The market sector leader wants to achieve recognition for the order intake target. A shared target ensures a bigger shared responsibility. When the two managers cannot agree in the handshake about the order intake target then it is difficult to agree on the capacity of the sector team. The market sector leaders rather sees the same target. Then there is a shared goals and there is more commitment.

There is tension when there is an uneven distribution between capacity and order intake: when a market group director provides a lot of employees for a sector team but the market sector is not producing sufficient order intake for that market group.

Difficult cases

One case occurred which was pretty difficult and unsuccessful. The market sector leader and the market group director both indicated that this handshake was difficult, inefficient, long for both of them and disadvantageous for the market sector leader.

Both had determined a revenue goal which were far apart from each other and which they could not agree on. The market group director also wanted more market campaigns than the market sector team was able to handle. The market group director also wanted to provide different and less capacity for the sector team than the MSL wanted and needed. Because the revenue target of the market group director was lower he provided less than the market sector leader needed to achieve his target which was higher. The completion and capacity of the employees for the sector team stayed unclear for a long period. This was very unpleasant for the concerned employees and the MSL. Because the MGD stayed unclear the MSL tried to let the lower management make decisions about the sector team, the sector team employees also involved other line management to get clarity. Subsequently, the market sector leader had multiple conversations and discussions with head of departments without the presence of the market group director because the MGD did not want to discuss the details of the handshake, he did not find that it was needed. This was very inefficient. The head of department agreed with the opinion of the market sector leader about the sector team but it was too late to implement this decision because the billability distribution of the employees was already completed. After a while the market group director determined about the completion of the sector team and the market sector leader gain less time available than he wanted. This is not officially reported by the market group director to the market sector leader but became clear on the moment of the PM conversation. The MSL did not achieve his goal in this handshake and also the sector team employees gain less time than they wanted.

In another handshake of this MSL with a different MGD a head of department was involved who helped the market group director in its assumptions and countered the desires of the market sector leader so there was prevalence of the line dimension. The market sector leader did not feel equivalence because had to convince two people and negotiate with two people instead of one.

6.2.2 Market group director - Value proposition leader

These handshakes were superficial talks which stayed very abstract. It was difficult to make agreements between a market group director and value proposition leader. Both parties indicated that it was hard to make them more concrete and that it was not possible to make financial agreements like in the handshakes with market sector leaders. Because these handshakes often stay abstract and are not clear they are hard to steer them. The goal of the VPL is to discover what the VP entails and means (for the market group) and what the need is and opportunities are for this VP in the market. They attempt to achieve recognition and alignment about it. They strive to discover the revenue of that particular VP in the market group and look for possibilities how to increase this revenue and what resources are needed.

This seems to be very hard because the revenue of the value proposition is difficult to distinguish. The VP is hard to identify because of its fluid character. The market group directors don't think the handshake with the value proposition has been successful they also did not take the initiative to make handshakes with them because they do not feel the need to make handshake with them because the vp's are already warranted in the market group. All VPL's indicated they achieved their goal in these handshakes because of the recognition and alignment of the MGD about the VP and sometimes apply focus.

6.2.3 Value proposition leader - Market sector leader

These handshakes are easier to make and to make more concrete than the handshake between a market group director and value proposition leader. This is because value propositions are easier to assign to clients and often the handshake between a market sector leader and a market group director is used as a starting point, as basis. From this handshakes they can add value, services and market opportunities for the value proposition. Value propositions also see trends and successes at one client which can be implemented at another client. The goal of the VPL is that the market sector leaders also acknowledges the meaning of the VP and opportunities of that value proposition in his market sector. Still, these handshakes stayed quite abstract, but when the concerned value proposition is relevant for the market sector more agreements have been made.

In this handshake both parties attempt to find the intersection of the value proposition and the market sector. They try to find market opportunities to strengthen the value proposition within the concerned market sector which enhances revenue. *"The role of the VPL is that he is the second man through the door"*. They agree on focus points in a specific market group and at specific clients. One market sector leader organized a day with his sector team together with the three integrated value propositions to discover the meaning of the VP's for the market sector. It is also valuable for the VPL to have contact with the sector team employees.

Difficult

All three value proposition leaders indicate that the handshakes they made were very abstract. They said that it is hard to make real agreements with the other two dimensions, especially with the line dimension. The handshakes consist of a discussion about opportunities and revenue. It was very hard to discuss concrete projects or for example, strategic pursuits. Because the handshakes stayed at a total level the agreements are not clear and both parties do not feel commitment.

The value proposition leaders do not feel a shared responsibility and do not feel themselves equivalent to the other two roles because there is less attention for them and they are seen as less important. In the

annual budget of Arcadis is being steered to total revenue which is divided to market sectors and market groups, thus core value propositions. During the handshakes day became also clear that there is no attention for the integrated value proposition. The targets of the annual budget are determined by the market group directors, he takes eventually these decisions. The VPL is not involved in this process and the final budgeted targets of the annual budget are not being adjusted with the VPL.

New role

The value proposition dimension is very new in the organizational model of Arcadis. According to the managing director: *“This dimension is not yet implemented properly in the cube”*. So the VPL is still in search of his role within the organization. It is also the first time that the other dimensions have to look to opportunities for the value proposition in their annual budgets. The three dimensions think it is hard to make a handshake with a VPL because the value proposition is hard to distinguish from the delivery teams in the market groups. The added value of value propositions in projects is very hard to assign. Between two of the three value propositions there is overlap and they are hard to distinguish and identify. The targets which are assigned to the value propositions cannot be measured concrete. The revenue of value propositions in projects cannot be monitored by the ERP system (enterprise resource planning system) of Arcadis. Because the value propositions are not yet compatible with the system. It makes their role difficult and therefor it is too soon to make concrete handshakes with MGD's.

It has been indicated that there is no real incentive to make the agreements more SMART and to capture them and therefor they are not becoming formal. More handshakes are needed to make the agreements more concrete. All value proposition leaders indicate that their handshakes have been successful and they have achieved their goals although they stayed abstract and unclear. The goals of the value proposition leaders are not achieving revenue targets. They also indicate that that is not realistic to attain revenue target in one conversation and that their position makes it very difficult to agree on targets.

Handshakes of value proposition leaders are not always recognized by market group directors as a handshake. Market sector leaders and market group directors are not very enthusiastic about the third dimension. They feel the cube is not really successful because of the role of the value propositions. Market group directors and market sector leaders indicated that they see the value propositions as part of the business. They can imagine that (financial target) it is important for the value proposition and they admit that it is possible to make a handshake more explicit and more detailed for a value proposition.

Successful

It is hard to find the specific added value of value proposition at the interface of the market group and the market sector. But when an earlier handshake between a market group director and market sector leader is used as basis for the handshake of a value proposition leader the handshake is easier. Then the market sector leader, value proposition leader and market group director or only the market sector leader and value proposition leader supplement this existing handshake with appointing new opportunities. There was one successful handshake between a VPL, MGD and MSL which was more concrete. In that handshake someone of the concerned sector team was involved who had besides client knowledge and their needs, the appropriate knowledge of the value proposition. So someone who can look to a market sector from a VP perspective. Therefore it is easier to give meaning to that value proposition. The value proposition leader is dependent of people who know what the value proposition means for the clients. The value proposition leader is also dependent of people who know the capabilities within the company and in the market related to the value proposition.

6.3 Handshake variants

Besides the three standard types of handshakes which are discussed in the previous paragraphs some other variants occurred. These types and their occurrence are shown in table 6.1.

Type of handshake	ROLE					Frequency	%
	MGD	MSL	VPL (integrated)	HOD	Sector team		
MGD-MSL	X	X				39	48,1
MGD-VPL	X		X			11	13,6
MSL-VPL		X	X			18	22,2
MGD-MSL-VPL	X	X	X			3	3,7
MGD-MSL-VPL-ST	X	X	X		X	1	1,2
MGD-MSL-HOD	X	X		X		2	2,5
MGD-VPL-HOD	X		X	X		1	1,2
MSL-MSL-HOD		2X		X		1	1,2
MSL-HOD		X		X		1	1,2
MSL-MSL-MSL		3X				1	1,2
MSL-VPL-ST		X	X		X	1	1,2

VPL-HOD			X	X		1	1.2
MSL-HOD-ST-ST		X		X	2X	1	1.2
Total						81	100%

TABLE 6.1: OCCURRENCE OF DIFFERENT FORMS OF HANDSHAKES

Almost half of the handshakes takes place between a market group director and market sector leader. Another large part of the handshakes takes place between the market sector leader and value proposition leader. Besides these three most common handshakes there are all kind of variants which occurred just once or twice.

It is indicated by the market sector leader who also made handshake with multiple person that these trilateral consults can be inefficient, tough and take multiple appointments.

6.4 Conditions for an effective handshake

According to the participants there are a couple of factors which are indispensable for an effective and thus successful handshake.

Being selective

It is important that people are selective in who to handshake with. It is not necessary to handshake with everybody. This year a lot of handshakes were made and people were not being selective which a risk is. Two market group directors have made handshake with all market sector leaders. The two other market group directors only made a handshake with four market sector leaders. They were more selective and chose the market sectors in which they wanted to grow and believed had potential revenue growth for the market group. On the other hand, the revenue of a market group should not depend on only one market sector then the market group is very vulnerable. It is interesting to handshake with a party where there are opportunities for growth so were collaboration pays off. It is important to make handshakes where there is a natural match, for example the market sector Rail & Public Transportation with the market group Rail & Public Transportation. But is more interesting to make a handshake with a party where there is not yet collaboration. For example, the market sector Education with the market group Rail & Public Transportation. This may lead to cross-sell.

Preparation

All market group directors indicated that good preparation is important for having a good discussion and an effective handshake. They indicate that you have to be aware of last year's results and have information about the (order intake of the) market sector. The preparation of the handshakes starts when the annual budget of the market group is being developed. This budget is made top-down as well as

bottom up. Together with the management team and the head of departments the market group director looks at the capacity of the market group. “What revenue can we run with this amount of employees”. This is bottom-up input for the budget. The head of departments are often too optimistic because they approach the budget from the supply side. They also look from the market sector perspective to the market group and make an indication of the market opportunities which consists of future leads. This is a top-down approach.

The budget is constructed in different amounts per department and per market sector. In the example below market group X has a revenue goal of 26 million which comes from clients which belong to the market sector public transportation. When the market sector leader of public transportation has budgeted 30 million for the market sector X there is a big difference; 4 million. Then the market group director discusses this difference in a handshake. One market group director said: *“Finally, the third way to define my annual budget are the conversations with the market sector leaders”*.

In the preparation of the market sector leaders they ensure that they have the order intake data of last year of the particular market group available. They make an indication of their order intake for each market group. The value proposition did not really prepare themselves.

Market group ‘Master planning & Sustainable Urban Development’										
Department	Market sector	Oil & Gas	Public Transportation	Power	Total € (x 1.000)
A		1300	300							14.500
B		800	1500							10.000
C		10	1000							5000
D		1000	70							20.500
Total		3110	2870							50.000

TABLE 6.2: HANDSHAKE PREPARATION MARKET GROUP

Focus

Is has been indicated that it is very important to have focus and limit to the essentials in a handshake. At Arcadis people are inclined to agree on a lot of things. It is hard for people to focus and agree on a couple of spearheads. People are not capable of managing and accomplishing a lot of things because the order

of the day has priority and the agreements will be forgotten. Therefore it is important to focus on a couple (three) of spearheads or market opportunities and give direction, only then a handshake can be effective.

Other

Other aspects which are important for making a handshake are common interest, collaboration, communication, shared responsibility, equality and equal starting points. Especially 'trust' and 'sharing the same goal (and targets)' is indicated as important factors. Natural cooperation plays an enormous role in the handshake process. Both parties have to have similar goals and together want to achieve the same thing otherwise, the agreements will not work.

6.5 Handshake capturing & reporting

Every participant has its own way of capturing and reporting their handshakes. The registering and reporting of the handshakes is not consistent. Different formats are used which are reported to the Client Development Director and Business Development Director. This is done by email, a text document or excel file. There is no total overview of the handshakes because they are not consistently reported. So the researcher did not have access to the handshakes.

Two value proposition leaders and two market sector leaders have used the official handshake format. The few who did were two value proposition leaders and two market sector leader. All participants indicated that they were not very positive about the official format. The participants indicated that the official format is:

- not user friendly
- too extensive, too much details
- devious
- not inviting
- it takes too much time to fill

Handshakes between market groups and the market sectors are better registered than the handshakes between the value propositions and market groups and the handshakes between market sectors and value propositions. The handshakes of the value proposition are not officially being reported to the Business Development Director because they are not clear and it is too ambitious for them to make real handshake agreements. The market sector leaders do report their handshakes to the Client Development Director. Handshakes made by the market group directors are often captured in their own annual budget overview. The target for a particular market sector is also the handshake with that market sector. Market

group directors think that handshake agreements are confirmed when the targets are included in the annual budget of the market group.

Handshakes are not always SMART according to the participants which is also deduced from the handshake documents. In that case handshakes are not reported. Often the handshake stays too abstract and superficial to appoint these aspects of the handshake agreements. *“More meetings are needed to make the handshake more concrete”*. This especially applies to the handshakes with the value proposition leaders. It has also been indicated that it is not possible, important, interesting and not (yet) relevant to fill in these details. The elements in the official format is used as a checklist in the handshake conversations by four participants. *“The elements in the format are a useful way of supporting the dialogue with each other”*.

It has also been indicated that a clear way of capturing the handshakes is essential to monitor the handshakes. According to at least two respondents the handshakes should be on the captured on the internal network so they are freely accessible to everybody within Arcadis. Agreements have to be transparent and known then there is more commitment.

6.6 Implementations of agreements and follow-up

The participants indicated that it is always uncertain how agreements work out in practice. This remains to be seen and this has to do with change: the market can change, clients, people, their personal goals and interests can change. So, sometimes the agreements made are not relevant anymore. It will appear from the reality how the agreements will be implemented, if there occur problems adjustments or new agreements will be made. *“Problems which may occur in the implementation of the agreements will be solved ad hoc”*. The market sector leaders are uncertain how agreements about employees in the sector team turn out. From last year it seems that work from the line dimension has priority. Hereby the market sector (activities) are being compromised. Some participants indicated that they have trust in the correct implementation of the agreements. When this is not the case you can refer to the handshake which both parties agreed on and enforce the agreements. For example, the time which is pre-arranged that an employee should spend on the sector or value proposition activities.

When an employee is being actuated and controlled by two managers it can lead to tension for the employee when he is not able to manage both types of activities. Often the line activities have priority whereby the employee cannot manage the market sector activities. This causes that the time which employees get for the sector team (acquisition budgets), which is agreed on in a handshake, is not always fully spend. So too less time is spend to the market sector whereby too few leads are generated for the

market sector. One market sector leader made a document about the capacity of an employee in the sector team. In this document is captured what the role and his responsibilities in the sector team of this employee entails, the time he is available for the sector team (capacity) and the target which is agreed in the handshake. This document is signed by this employee, the market sector leader as well as the market group director.

Overall, it is important to timely monitor. Then, if necessary, the handshake agreements can be subsequently adjusted if the reality seems to be different.

6.7 Agreements

In this paragraph is discussed if handshake agreements which are made between the managers are clear to the employees. A distinction is made between employees who are directly involved in another dimension and other employees.

Sector team and value team employees

The agreements which are made between market group director and market sector leader about the employees who are active in the sector team of the market sector leader are clear to the concerning employees. The market sector leader informs its sector team and the market group director informs its HoD's about the agreements. Value proposition leaders and market sector leader must have trust/faith that the sector team and value team employees are being properly informed by the line management. The market group director communicates the handshake agreements about employees' capacity to the lower line management and that the lower line management informs the involved employees about these agreements. Value proposition leaders indicated that in their handshakes the agreements are not real clear, then it is also unclear for the employees. The market sector leader also discusses their availability for the sector team with the employees in advance, so before the handshake. These agreements about the employees time for a sector team or value team have (billability and productivity and targets) are captured in the performance management (PM) conversations. Sometimes the market sector leader is involved in the PM conversations. The PM conversations make it clear for the employees what is expected of them.

Other Employees

One market group director made a clear presentation about his handshakes for 2016 and indicated the spearheads and agreements at the intersection of the market group and each market sector and the targets, must-wins and market campaigns for each market sector. This presentation was presented to the whole market group in December and is also being discussed in the departments of the market group.

Other participants indicated that employees are not aware of the handshakes and that they are not informed. They indicate that they don't need to be informed as long as the handshakes do not concern them. The managing director said: *"Results of the agreements have to be translated to the employees who are have to deal with these agreements"* One market sector leader indicated that it is unclear if employees are informed when arrangements about them are made in a handshake. For example tender managers.

7. Results part two

In this part is discussed first if implementation challenges in matrix organizations also occur at Arcadis North. Second, if alignment is achieved in the handshake process. And third, if differences between the handshake process in practice and the formal handshake process occur, and if so, what they entail. Finally, a couple of recommendations for improving the handshake process are put forward.

7.1 Challenges of implementing and managing the matrix organization

In the theory chapter some challenges and difficulties, which often occur while adapting a matrix organization, have been addressed. These are challenges which were faced by mid- and top-level managers which tend to negatively influence the effectivity of the matrix organization (Sy and D'Annunzio, 2005). This paragraph describes to which extent these difficulties occur within Arcadis and to which extent are they solved (by means of the handshake process).

7.2.1 Misaligned goals

A good example of different goals across the dimensions of the matrix are the competing objectives between the line and market sector dimension as explained in paragraph 6.1.1. The goal of the market group director is to have an annual budget which is achievable and to accomplish his billability targets of the market group. The goals of the market sector leader is the complete opposite. He wants an annual budget for the market group which contains ambition, thus has high order intake targets. He also needs support from the line dimension to achieve this targets which comes at the expense of the billability targets of the market group. Before the implementation of the handshake process, managers were not aware of the competing goals which led to problems.

All participants indicated that the handshakes process is a useful aid to detect possible misalignments because it forces a good dialogue which reveals different views and conflicting objectives of the different managers. It also ensures coordination, communication and consultations and timing of work plans and objectives. It is a process to align goals, discover the different interests and focus metrics and create collaboration. The participants indicated that there are several examples of how the handshake process ensures these aspects in practice. There are several examples of how the handshake process leads to successful collaboration between the dimensions.

7.2.2 Politicization of projects and resources

The resources of Arcadis are scarce that is the reason that there is discussion about the assigning of resources between the managers of the different dimensions. It is explained that the three dimension need resources for their activities. So, the time of employees is divided between two dimensions.

Sometimes, projects and tenders suddenly occur which have to be performed a have priority over the activities of the other dimensions. Then the employee cannot manage the activities of the other dimension. This causes that the time which employees get for the sector team (acquisition budgets), which is agreed on in a handshake, is not always fully spend. One market sector leader indicated that employees often give priority to projects of the line dimension. This leads to changes in project prioritization and project delay.

7.2.3 Unclear roles and responsibilities

According to the participants it is especially difficult for employees to understand the matrix organization and the roles and responsibilities of the managers of the different dimensions. Employees are confused and there is lack of clarity whom to go to for or which to contact for different affairs. Employees still rely on their line manager on all kinds of matters because they are used to. One value proposition leader said more rules and clear guidelines are needed. According to him the head of departments (middle management) should have the role of a mediator.

By means of informative meeting for the middle management it is clear to them what their roles and responsibilities are and the roles and responsibilities of the other dimensions entail.

The value proposition leaders indicated that new never saw a real clear job description and they are still in search of their role. The market group directors and market sector leaders also indicated that they roles and responsibilities of the VPL are not really clear. The responsibilities of the market sector leader are clear, but this also took some time.

7.2.4 Ambiguous authority

As a result of the dual reporting structure leaders can have responsibility without authority in a matrix organization (Sy and D'Annunzio, 2005). The three dimensions of the matrix have a sharing decision right whereby collaborative decision-making may causes ambiguity that results in tension in and conflicts. From the research data seems that this problem has occurred. One market group director said: *"Shared responsibility is also no responsibility this causes that the decisiveness has become more difficult than in the old model where the line had all authority and responsibility. This makes it inefficient and causes delay in the decision-making process"*. In the matrix the dimension have the same level of authority this causes ambiguity about the decision making right. The example he gave was a long discussion between the line dimension and the market sector dimension about a rendering a tender whether or not. Because the different people of these dimension could not agree and nobody had the final authority this example escalated to the managing board of Arcadis who had the final say. Another example of ambiguous

authority is the case of the completion of the sector team (paragraph. 6.2.1) which stayed unclear for a long period. Because both managers are on the same level of authority leadership rights and thus decision rights are not clear. All managers in the dimensions are on the same authority level/position in the organization and therefor have the same amount of influence.

7.2.5 Lack of matrix guardian

This challenge is applicable in this matrix organization. The presence of a matrix guardian as described by Sy and D'Annunzio (2005) does not occur at Arcadis North. This matrix guardian should monitor and track the performance of the matrix structure and should have a respectable position and have the authority to influence the implementation of the matrix structure. Though, the managing board of Arcadis North performs more or less as a matrix guardian. They already track the performance and the business objectives of the company and manage the matrix organization. This research also contributes to discover the flaws in the matrix organization.

7.2.6 Need for reporting system

According to the literature, there is need for a reporting system within a matrix organization to monitor manager commitments (Pitagorsky, 1998 in Kuprenas, 2003) because commitments between the different dimensions are reported in this handshake. It can be concluded that the handshake process is the reporting system of Arcadis. When commitments in the handshake are not implemented there can be referred to the handshake and the agreements can be pointed out. After all, both parties agreed to the handshake.

From the research findings results appears that a lot of commitments are not reported in a handshake because often there is natural collaboration and alignment. One market group director indicated that tender managers are being appointed in advance but when the tender team should start with the tender the appointed managers is not available anymore: *"This is very difficult if the market group director does not have responsibility for or authority over that employee because he belongs to another market group"* (subunit). There is no reporting system to monitor and control these commitments. Some participants indicated that they have trust in the correct implementation and performing of the commitments.

After all, monitoring and controlling the handshakes is their own responsibility. There is no independent reporting system which ensures that all commitments are being monitored and controlled. When we look at paragraph 6.xx (handshakes capturing & reporting) the handshakes (manager commitments) are not always reported to their supervisor which makes it hard to monitor and control the handshakes.

7.2.7 Silo-focused employees

Silo focused employees is raised as a problem which occurs in matrix organizations. From the research data appears that the managers in the cube are forced to step out of their silo's and search for the interfaces between of the dimensions. A consequence of the handshake process is that the managers are forced to take a different perspective and empathize with the other managers.

The managers are not silo-focused (anymore) and see the value of the matrix organization, thus the collaboration of the three dimensions. They act in the interest of the company in its whole. They are aware of each other's strengths and see need for collaboration to grow as a company. Before the implementation of the cube a project belonged to a specific department and it was obvious that the employees from that department would also perform that project. In the cube, people are used to their strengths and a better fit is created for the performance of the projects. So more diverse teams are being composed which exceed the divisions. *"There is agreed that an employee from division A is participating in a project of division B even when there is no revenue for division A"*. Still, this mentality goes up to a certain height. If there is a large disproportion between costs and benefits the managers want something in return.

Among the employees still prevails the problem of a silo-focus. Especially employees who are not confronted with double control and are not active at the intersection of the different dimensions. They are independent and provide themselves of their own work which they maintain and do not always see opportunities for other divisions. *"Not every employee is aware of the opportunities for the other dimensions, that is of course Utopia"*. On the other hand, employees in a market group are now more used to involving employees of other dimensions, for example sector team employees, in a project and ask them for help.

7.3 Alignment

As discussed in multiple chapters, the goal of the handshake process is to create alignment between the three dimensions of the Cube. Is this being achieved? The answer on this question is yes, alignment between the different dimensions is achieved by means of the handshake process. This is confirmed by all participants of the research as well as notified by the researcher. The handshakes are forced arranged meetings between the managers of the dimensions. The research data showed that this alignment can be very abstract or SMART, however the dimensions know each other's activities and are aware of what may expect from each other. However, this alignment reaches to a certain extent because not all managers of

the three dimensions make arrangements for alignment and often the agreements stay superficial and abstract.

7.4 Difference with official handshake process

In chapter five the formal handshake process has been described. From a comparison with the research findings seems that there are a few difference between the handshake process in practice and the formal handshake process. These difference as discussed below.

Different types of handshakes

Besides the standard handshake types as discussed in chapter five there are a lot of other types of handshakes as discussed in paragraph 6.3. These variants occurred because it was necessary or easier or because the handshake with the market group director did not succeed.

Different targets

This difference between the formal handshake process and the handshake process in practice is also discussed with the managing director. He confirmed that it is the intention that the different interests of the line dimension and the market sector dimension create tension and thus ambition on the annual budget: *“We want to achieve an annual budget for Arcadis which is challenging and not easy to achieve”*. However, the client development director and managing director both indicated that the order intake target/revenue goal of the market sector leader and market group director should be the same. *“Both have to aspire the same financial goal”*.

Role VPL

This difference between the formal handshake process and the handshake process in practice is also discussed with the managing director. As discussed in chapter four, the three dimensions of the cube have to be equivalent. The role of the VPL is not (yet) equivalent to the other dimensions. The value proposition leaders should also have the same role in the handshake process as the market sector leader (see chapter 5). They should arrange for support in a handshake with a market group director. From the research findings seems that there are no clear agreements about support for the value proposition.

No balance – prevalence line dimension

As described in chapter 5 paragraph 5.3. The dimension of the matrix are equal and have the same amount of responsibility and authority. From the research data appears that there is no equal balance between the three dimensions. One market group director indicated that he is not used to the shared responsibility which is attempt to be achieved by the new organizational mode. He easily falls in to the old pattern in which the line has all the responsibility, power and authority. He is used to be in this position. It's indicated

by two market sector leaders, two market group directors and two value proposition leaders that the market group directors feel themselves more responsible and attract more responsibility to themselves. In two handshakes between a market group director and market sector leader two market group directors had more authority. In one handshake the market group director determined the capacity for the sector team. In the other handshake the market group director did not want to collaborate at all and decided by himself which order intake target of the market sector was included in the budget of the market group. The market sector leader said: *“the market group director eventually took all the decisions”*.

Handshake capturing

Handshakes are not captured and reported consistently to the client development director/business development director as described in paragraph 6.5.

7.5 How can the handshake process be improved?

In these paragraphs are firstly the recommendations for Arcadis North are discussed. In paragraph 7.5.2 some recommendations from the participants are presented.

7.5.1 Recommendations from the researcher for Arcadis North

The most important research findings and recommendations have been presented and discussed in the a meeting with all market sector leaders as well as the Client Development Director, which is one of the agents of the handshake process. During this session the researcher got feedback. The presentation which is held in this meeting is added in appendix C is. In response to this meeting the final recommendations are presented below.

Awareness targets difference and tension between market sector leader and market group director

The managing board of Arcadis North should be aware of the fact that the agreed financial targets in a handshake between a MGD and MSL often differ. It could be helpful if there is more often agreed on the ambition of the MSL and that these are clear for both parties and that they commit on this ambition target. When a handshake is monitored both parties determine if the ambition of the MSL is still actual. Then the handshake agreements about the capacity (ad hoc or structural) for the sector team can be adjusted.

Role VPL

The integrated value propositions should be better registered in the ERP system (enterprise resource planning system) of Arcadis. Then it is easier to measure the value proposition and to steer. Therefore their role in the handshake process will be more equivalent. It would be more effective if a handshake of a VPL should be together with a MGD and MSL. Hereby, the earlier made handshake of the MGD and MSL should be used as a starting point/basis. Added value and services are then easier to address. It is also

more effective and easier for a VPL to make a handshake with a HoD or someone of the sector team because he has knowledge of the clients (and can look from a VP perspective) and it is easier to determine what the VP means for those clients. It would be effective to look for a specific employee in the organization who acts on the interface of the three sides of the cube. It may be useful to actively engage/involve this person in the handshake of the three managers.

Handshake format, capturing & reporting, monitoring

Using the PM format to capture the handshake agreements. This is an already existing format which is used for the performance management's conversations with employees. The details of the current handshake format could be used as a checklist. If a consistent format is used the handshakes would be captured better and are easier to report to the client development director/business development director. They can consider to capture the handshake on the internal network of Arcadis to create more transparency, which may create more commitment. All participants indicated to monitor the handshake properly and see this monitoring as a performance management conversation. This is already implemented in the handshake process.

Handshake steps

There are a couple of aspects which have led to a new roadmap of the handshake process. This aspects are:

- Because the market group director in general engage a Hod in the handshake which is effective but can also be inefficient and create obscurity it is important to create commitment
- Handshakes are not SMART and more formal. More recording of agreements leads to more commitment and actions
- The role and function of the VPL in the handshake process which is not yet clearly identified

This aspects are discussed with the client development director and market sector team and have led to a new roadmap for the handshake process. This roadmap contains a couple of different steps and provides guidance in the handshake process.

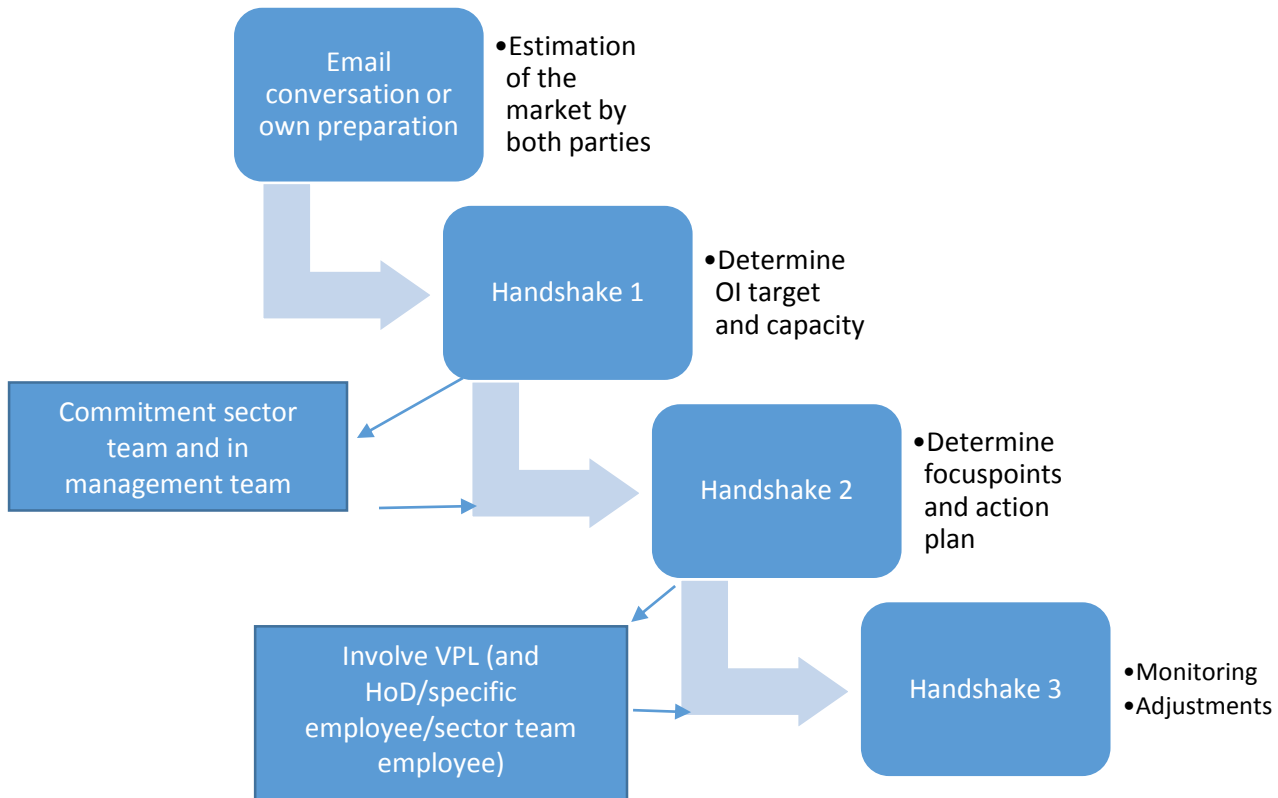


FIGURE 7.1: HANDSHAKE ROADMAP

Cross market group handshakes

As discussed in the chapter 6 sometime there is disproportionate ratio between capacity and revenue of a market group. Therefore, market group directors are careful about their billability targets. A recommendation which is initiated by the client development director is create (financial) cross market group handshakes. Two market group directors make a handshake about the division of revenue (see figure 7.2). These handshake can also entail non-financial agreements for example discussing the quality and quantity of the delivery teams (employees) and how there are related to the global market trends and market demands.

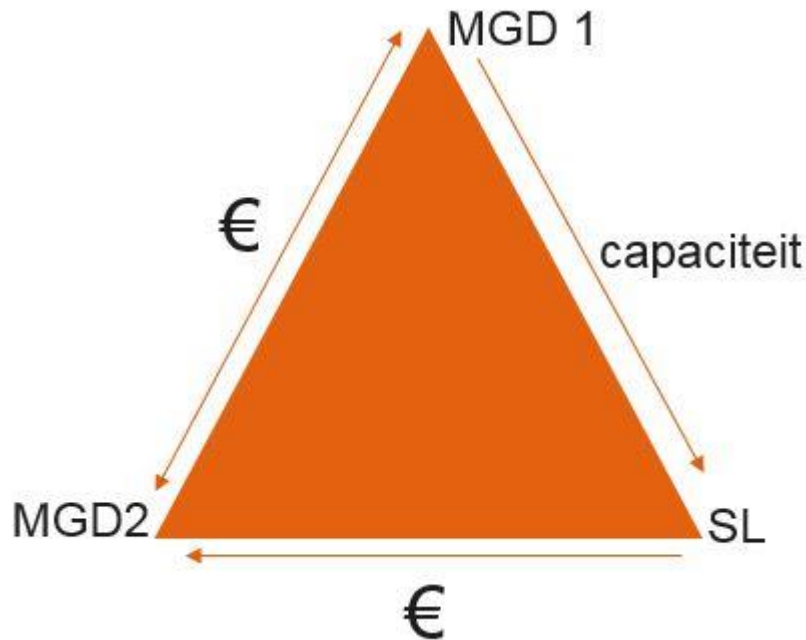


FIGURE 7.2: CROSS-MARKET GROUP HANDSHAKES

7.5.2 Recommendations from the participants

The participants indicated some other ideas and adjustments to improve the handshake process.

- Possibility to make international handshakes
- Handshakes should be saved on the internal network so they are freely accessible to everybody within Arcadis. Agreements have to be transparent and known then there is (more) commitment
- Innovation budget and innovation projects can also be discussed and being agreed on in the handshake process. A VPL indicated that the VPL's (instead of MGD's) should have a say about this innovation budget, then they have something to steer/control with
- Agree on training costs for sector team in a handshake
- Alignment between the deadlines of the annual budget of AEU and sub region North for the private market sectors
- Being selective in who to handshake with, only with those who are the most important for you

7.6 Recapitulation

In the previous two chapters the results of this empirical research haven been described. In the following chapter the sub research question are being answered and from here a conclusion can be drawn. This leads to answering the main research question and the end of this research.

8. Conclusion

In the last chapter of this research the conclusions are presented. In paragraph 8.1 the sub research questions are answered briefly. In paragraph 8.2 the main research question is answered. Subsequently the limitations of this research are discussed in paragraph 8.3. Finally the organizational and scientific relevance and recommendations for further research is discussed in paragraph 8.4 and 8.5.

8.1 Conclusions

Here the conclusions of this survey will be summarized and briefly discussed. The goal of this research, as discussed in paragraph 1.3, was to examine how a method which intends to create alignment within a matrix organization functions in practice. This means that this research should give insight in the functioning of the handshake process in the light of the functioning of the matrix structure of Arcadis. In the following sub paragraphs the sub research questions are briefly answered.

8.1.1 What is a matrix structure and what are the challenges?

According to different literature resources a matrix structure is a relatively new organizational structure which has multiple dimensions. A traditional hierarchy is being overlaid by some form of lateral authority, influence or communication. Hereby, two chains of command exist. There are different challenges which occur in a matrix organization which are discovered by Sy and D'Annunzio (2005). These are for example, misaligned goals and silo-focused employees. Multi-dimensional organizations are very dependent on cooperation between the dimensions and the pursuing of the organizational goal instead of their own sub goals (Galbraith, 2010).

8.1.2 What is the organizational design of Arcadis North?

The organizational design of Arcadis North is a matrix structure which consists of three dimensions. The geographical dimension, the client dimension and the product dimension. The geographical dimension manifests itself in Arcadis as the sub region dimension, the client dimension as the market sector dimension, the product dimension as the business line dimension. Within the organization the following distinction is made:

Dimension according to the literature	Organizational dimension
Geographical dimension	Sub Region dimension
Client dimension	Market sector dimension
Product dimension	Business line dimension

TABLE 8.1: MATRIX DIMENSIONS

An important aspect of the organizational structure, the cube of Arcadis, is the meaning of the business line dimension. This dimension is merged with the sub region dimension. This means that the managers in the sub region dimension have a double role. They are responsible for both dimensions, which is also known as the two-hat model (Galbraith, 2009). Therefore, a separate management layer does not need to be implemented (cost-effective) and minimalizes conflicts. Except for the three integrated value propositions, they do have leaders which only perform the role of VPL. This means that the product dimension is not really a physical dimension within the cube of Arcadis.

8.1.3 What does the formal handshake process entail?

In the new organizational model the three dimensions of the cube have different functions and interests and are dependent of each other. Without each other's help it is hard to increase their revenue. Therefore they need to collaborate and use each other's strengths. The handshake process is a set of agreements which intend to create alignment between the three different dimensions of Arcadis.

8.1.4 How is the handshake process implemented in practice and what do the handshakes (agreements) entail?

There are several ways to describe how the handshake process is implemented in practice. The survey findings show that the process is used in different ways and that it is more important to create dialogue between the dimensions than strictly follow the handshake process. The handshake agreements diverge from agreements about opportunities and interfaces (abstract) to the completion of a tender team (SMART). This depends on the managers who make the handshake.

8.1.5 How does the handshake process in practice differs from the formal handshake process and how can the handshake process be improved?

As described in the previous chapter the handshake process in practice differs on a couple of aspects with the formal handshake process. Most recommendations derive from this difference.

8.2 Answering main research question

The main research question of this thesis is: *"How does the handshake process of Arcadis North function in practice?"*

Concluding, the handshake process of Arcadis North functions as intended to a certain extent. The goal of the handshake process, which is to create alignment between the three dimensions of the cube, is being attained. However, some aspects do not quite function as intended and hinder the effective functioning of the handshake process. From here on some improvements are possible to be made, which can then be implemented by the managing board into making the process a more effective performing model.

8.2.1 Problems in matrix organizations

From chapter seven it might seem that the handshake process is a tool which contributes to decreasing the difficulties which occur while implementing a matrix structure. According to the literature, the structure needs not only to match the strategy (Grogaard, 2008; Galbraith, 1999), but also processes, rewarding systems and people have to be adapted to the strategy and structure. The handshake process ensures this by enforcing the dialogue whereby opportunities for collaboration exist and shared goals are being pursued which lead to a better organizational performance.

The results also shows that the handshake process contributes to decreasing and preventing several challenges which often occur in matrix organizations, however some problems still occur at Arcadis North as well as in the handshake process.

As described in the theory chapter in paragraph 1.2 a successful matrix organization depends on the implementation of the matrix structure by the management (Galbraith, 2009). Structural changes and proper management are necessary to attain high company performance and maintain a competitive position (Galbraith, 2009). It can be concluded that the managing board of Arcadis tries to manage the matrix organization in the best possible way by providing the handshake process as a method for reaching alignment between the dimensions of the matrix.

8.3 Limitations

The method which was used in this research to collect data has some shortcomings which have to be taken into account and which can influence the reliability of this research. By using the data collection method 'interviews' , 'selectivity of the memory' and 'social desirability' among the respondents can play a role. Because people have a biased knowledge of their own behaviour, people are more inclined to tell positive stories rather than negative stories. In general, they are inclined to show themselves to their best advantage, giving answers of which they think that they can impress with. The input of the respondents may also be biased due to personal motives. Therefore, the collected data may be unreliable. The role of the researcher which is also the interviewer in this survey can also have been a disadvantage in the data collection process. The bias of the researcher increases with the amount of interviews done. It is possible that the answers were pushed in a certain direction by the interviewer. One of the advantages of using the data collection method 'interviews' is that a lot of detailed information is being acquired from the respondents. Besides, it also enables to collect in-depth information about a specific topic during the interview.

8.4 Scientific and organizational relevance

As already indicated in paragraph 1.8 this research is of scientific relevance because it gives insight in a complex matrix organization and the way in which an alignment method is applied. This research extensively explores an alignment process within a matrix organization. It also describes how it tackles and prevent or dissolves common problems which occur in matrix organizations. Its practical relevance derives from insight in this alignment method and how it influence the company Arcadis North. From the differences between the formal handshake process and the functioning in practice a couple of recommendations have been developed. These could be implemented in the handshake process which may provide a more effective handshake process and therefore a more effective performing matrix organization.

8.5 Suggestions for further research

A comparison between Arcadis North and another matrix organization which have to deal with different and conflicting interests of the dimensions may lead to interesting scientific findings. This may be a comparison with another OpCo within Arcadis, thus Europe North with another Sub region. But, it can also entail a benchmark with another professional service firm. It would be interesting to examine how other operating companies of Arcadis cope with the different interests and goals of the dimensions in the matrix since they do not make use of the handshake process. Another suggestion for further research can be an experiment whereby a matrix organizations should try to implement such a method as the handshake process and discover if this method helps them to cope with the different problems of a matrix organization.

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Appendices

Appendix A: Interview Protocol

Interview protocol handshake process participants

Welcome

- Introduction
- Purpose of the interview
- Recording
- Anonymity

Interview questions

Gemaakte handshakes bespreken

1. Wat wilde u bereiken in deze handshake in termen van order intake, net revenu, capaciteit en activiteiten?
2. Hoe verliep deze handshake? (goed/slecht/geslaagd/niet geslaagd?)
3. Wat is er uiteindelijk bereikt in termen van order intake, net revenu, capaciteit en activiteiten?
 - a. Is er overeenstemming/afstemming bereikt in deze handshake?
4. Hoe is dit (wel of geen afstemming) bereikt? (hoe verliep dit onderhandelingsproces)
5. In welke mate komt de handshake uw doelstelling tegemoet? (heeft u uw doelstelling gerealiseerd in deze handshake?)
6. Hoe heeft u bereikt wat u wilde bereiken? (strategie)
7. Waren er spanningen/conflicten/problemen in deze handshake?
 - a. Welke? (Uit de theorie: mis aligned goals)
8. Hoe ging u met deze spanningen/conflicten/problemen om? (zijn ze opgelost of niet? Hoe dan?)
9. Zijn over alle aspecten (waar afstemming over is bereikt) in deze handshake afspraken gemaakt? Schept overeenstemming genoeg helderheid?
 - a. Zijn de afspraken/verwachtingen in deze handshake voldoende concreet/helder of juist vaag/ambigu voor de betrokken managers en voor de betrokken werknemers?

Overig

10. Welke problemen/knelpunten ziet u binnen Arcadis door het bestaan van de kubus?

11. Worden er problemen in de organisatie opgelost/weggenomen/voorkomen d.m.v. het handshake proces?
12. Hoe kan het handshake proces worden verbeterd/hoe zou het er volgens u uit moeten zien?
 - a. wordt er teveel/te weinig afgesproken?
 - b. wat gaat er goed/mis?
 - c. zijn er knelpunten in het handshake proces?

Wind-up

- Interviews will be formed in a transcript which will be sent to you
- Possibility to revise the transcript
- Thank you for your time and effort

Interview protocol Managing Director

Welcome

- Introduction
- Purpose of the interview
- Recording

Interview questions

1. Welke problemen/knelpunten ziet u binnen Arcadis door het bestaan van de kubus?
2. Worden er problemen in de organisatie opgelost/weggenomen/voorkomen d.m.v. het handshake proces?
3. Wat willen ze bereiken in een handshake, verschil tussen de drie rollen?
4. Wordt er bereikt wat er bereikt zou moeten worden in een handshake?
(overeenstemming/afstemming)
5. Denkt u dat er spanningen/conflicten/problemen in het handshake proces plaatsvinden?
 - a. Welke? (Uit de theorie: mis aligned goals)
6. Worden over alle aspecten (waar afstemming over is bereikt) in de handshakes afspraken gemaakt? Schept overeenstemming genoeg helderheid?

- a. Zijn de afspraken/verwachtingen in deze handshake voldoende concreet/helder of juist vaag/ambigu voor de betrokken managers en voor de betrokken werknemers?
7. Verloopt het handshake proces zoals het zou moeten?
8. Komen er problemen voor in het handshake proces?
 - a. Verantwoordelijkheid maar geen autoriteit...
9. Hoe kan het handshake proces worden verbeterd/hoe zou het er volgens u uit moeten zien?
 - a. wordt er teveel/te weinig afgesproken?
 - b. wat gaat er goed/mis?
 - c. zijn er knelpunten in het handshake proces?

Wind-up

- Interviews will be formed in a transcript which will be sent to you
- Possibility to revise the transcript
- Thank you for your time and effort

Appendix B: Presentation market sector meeting



HANDSHAKE PROCESS OF ARCADIS NORTH

Sector overleg

3 maart 2016

Esther Beekhof



HANDSHAKE PROCESS

Bevindingen en aanbevelingen

Respondenten

- 4 MGD
- 4 MSL
- 3 VPL
- Gert Kroon



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Bevindingen

Handshake proces effectieve “tool”!

- Dwingt tot dialoog
- Proces van triggeren/challengen
- Samenwerking
- Effectief in matrix organisatie



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Bevindingen

Ongelijke OI target/rev goal

- Haalbare begroting vs. Ambities Europa
 - Doorbelastingskosten MGD
 - Omzet begroting bottom up
 - Ambitieuze SL's
 - Targets AEU

➤ Spanning

➤ Geen target commitment MGD > capaciteit sectorteam

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Aanbeveling

Ongelijke targets MGD – SL

- Bewustzijn Directie
- Commitment op ambitie
- Monitoren
 - Aanpassingen HS > (ad hoc) capaciteit



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Bevindingen

Rol integrated VPL

- Niet gelijkwaardig
 - Part of the business
 - Meetbaarheid VP
 - Overlap, fluïde
 - Registratie (SAP)
 - Geen echte begroting
- Concrete HS niet mogelijk

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Aanbevelingen

Rol integrated VPL

- Handshake MSL - MGD = basis
 - Ronde 2 met VPL
 - Added value/services
 - versterking
- 4^e persoon (succesverhaal)
- Betere registratie > meten & sturen



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Bevindingen

Officiële handshake format nauwelijks gebruikt

- Niet overzichtelijk
- Te uitgebreid/details
- Niet relevant (voor nu)

Verschillende documenten/slechte rapportering



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Aanbevelingen

Handshake format

- PM formulier
- Transparantie (portaal)
- Monitoren (PM gesprek)



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Bevindingen

Handshakes niet SMART of formeel

- Kunnen meer SMART en actiegericht
- Natuurlijke samenwerking
- Frequent contact > minder vastleggen (risico)



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Bevindingen

HAG's betrokken in handshake van MGD

- Effectief (directe link klant + kennis value proposition)
- Inefficiënt



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Aanbeveling

Handshakes niet SMART + rol HAG

- Inschatting markt door SL (mail)
- HS 1: vaststellen OI target & capaciteit
 - Commitment in MT + ST?
- HS 2: focuspunten & actieplan
 - (betrekken HAG & VPL)
- HS 3: Monitoren
 - Terugblik & aanpassingen



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Bevindingen

Onevenredigheid capaciteit – omzet

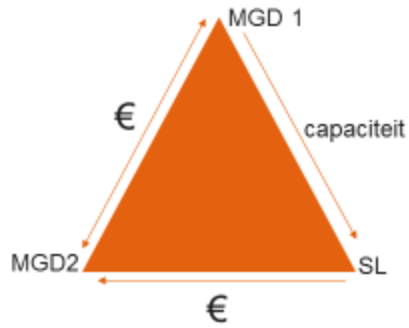
MGD voorzichtig op billability



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Aanbevelingen

Cross market groep handshakes > capaciteit en omzet afspraken



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Aanbeveling

- Handshake buitenland implementeren
- Afstemming deadlines market sectors Europa – Sub regions
- Global trends
 - Kwaliteit manschappen (cross market group hs)
- Selectief zijn!
- Innovatie budget en trainingskosten bespreken in HS



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Reacties?



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Improving quality of life.

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