1-1-1983

Building Bridges in Rotary

Michael van Breda

*Southern Methodist University*

Follow this and additional works at: https://scholar.smu.edu/business_workingpapers

Part of the *Business Commons*

This document is brought to you for free and open access by the Cox School of Business at SMU Scholar. It has been accepted for inclusion in Historical Working Papers by an authorized administrator of SMU Scholar. For more information, please visit http://digitalrepository.smu.edu.
BUILDING BRIDGES IN ROTARY

Working Paper 83-807*

by

Michael F. van Breda

Associate Professor of Accounting
Southern Methodist University
Dallas, Texas 75275

*This paper represents a draft of work in progress by the author and is being sent to you for information and review. Responsibility for the contents rests solely with the author. This working paper may not be reproduced or distributed without the written consent of the author. Please address correspondence to Michael F. van Breda.
Abstract

Rotary International is the largest service club in the world numbering 20,000 clubs and almost a million members all of whom are business executives or professionals. The clubs, traditionally, have been administered on a divisionalized basis. This article suggests that a matrix structure might be more appropriate and describes how that structure was applied in the East Dallas Rotary Club.
Building Bridges in Rotary

We seldom think of ourselves as producers -- yet in a very deep and real sense we are. Our product is service -- service to our vocations, service to our community, service to the world. Our inputs are the talents, the time, the energy, and the resources of our members. Our task is to transform the raw materials our members offer into our finished product -- service.

We can only achieve this task if we work together; but working together implies a need for organization. Organization means two things. First, it means a structure -- a president, a secretary, a treasurer, and a board of directors. Second, it means process -- how will the officers and directors work together, when will they meet, what will they discuss? In all this we are no different from a business enterprise.

Given that our needs for organization are so similar to those of business, it is useful to press the analogy a little further and to recognize that the structure that most clubs have put in place for their organizations corresponds to that of a divisionalized company. By divisionalized I mean a company with a number of products each being produced and marketed in an identifiable segment of a company under the leadership of a divisional manager.

Consider the organizational chart of a typical club in Exhibit 1. Instead of divisional managers responsible for products, we have four directors each responsible for one of the avenues of service. The first three directors have committees reporting to them; the club service director has a much wider range of support including the magazine editor and the magazine committee, the membership committee, the fellowship committee, the program committee, and so on.

The divisional design for organizations was invented by the duPonts and Alfred Sloan of General Motors and has stood the test of time both for the
large business enterprise and for the individual Rotary club. It does have its weaknesses, however. William Coggins, chairman of Dow Corning at the time, described some of them in these words.

*Cumbersome communications channels existed between key functions*

*In the face of stiffening competition, the corporation remained too internalized in its thinking and organizational structure. It was insufficiently oriented to the outside world.*

*Long-range corporate planning was sporadic and superficial*

To solve their perceived problems Dow Corning turned to the matrix concept of organization.

Most Rotarians could probably echo Mr. Coggins thoughts to a greater or lesser extent in the context of their own clubs. How many of us have not been concerned at one stage or another with "cumbersome" communication? For example, as the organizational chart stands, there is no contact between the fellowship committee and the vocational service committee except through the directors.

If the vocational committee never meets with the fellowship committee, then it is not at all easy for the two to know what the other has planned. As another example, the information committee needs to coordinate with the international service committee but neither organizational structure nor process exist for this purpose.

Are we all satisfied that our clubs are sufficiently oriented to the outside world? What about our board meetings? What proportion of our time there is devoted to the "world" and what proportion to the affairs of our club? And how much of our time, after the first few meetings of the year, is devoted to long-range planning? It is my experience that in business as well as Rotary
clubs, the problems of the day tend to press out time for thoughtful strategic planning.

If then, we can to some extent echo the thoughts of Mr. Coggins, we might find it useful to examine his proposal to use a matrix form of organization. An example of a matrix, in the context of a Rotary club appears in Exhibit 2. To simplify the diagram, only 4 club service committees are shown but clearly there would be many more in practice.

In designing the matrix, there are two essential steps that must be followed. First, we must distinguish the formulation of plans from the implementation of those plans or, equivalently, strategy from operations. Vocational service, community service, and international service are our products. Our clubs must formulate strategies for service in those three areas. Our three "external" directors in their roles as committee chairmen are responsible for this planning function -- they are our strategists.

By contrast, our club service director is really our chief operating officer with ultimate responsibility for implementing the strategies of the other three directors. As we noted earlier, service is our output; the talents of our members our input. Now we see that club service is the mechanism that transforms the one into the other. Putting it another way, the committees that report to the club service director are our "management and staff."

The second necessary step is best understood by a close examination of Exhibit 2. Each committee member in that Exhibit serves on two committees -- hence the term matrix. For example, John is a member of the international committee on the one hand but he is also a member of the information committee on the other. Paulo is a member of both the community service and the program committees. Each has a dual membership -- hence the term matrix organization.
The matrix structure does not conflict with the manual of procedure in any way. Exactly the same committees that appear in the divisional organization appear in the matrix organization. All that has happened is that each member of one committee serves on another committee and therefore automatically provides liaison between the two. Of course, it is only the committee members and not the committee chairman who double up in this way.

An example of how we applied the matrix organization in our club illustrates the concept well. We decided to organize a 10 km footrace to raise funds for a Senior Citizens Home in our area. The race was conceived as part of our community service activities and our director for Community Service was therefore ultimately responsible for this activity. The race was two years in the planning and was a very important part of our strategy for service in our club. The formulation of this strategy took place in our board meetings and under the direction of the director -- as the matrix structure suggests it should.

Once we got closer to the time, a race committee was appointed. The chairman of this committee reported to the Community Service director. The primary responsibility of this committee was to implement the board's strategy for service by organizing this race. Their tasks were many and varied including arranging for T-shirts for the participants, measuring the course, advertising, lining up corporate sponsors, and so on.

As the work proceeded the committee found that it had a second set of responsibilities which turned out to be the other side of the matrix. Information about the race had to be given to the club and a member of the information committee was co-opted onto the race committee to be a liaison agent. Another task was to ensure that details about the race were printed in weekly
bulletin. One member of the race committee was asked therefore to liaise with the bulletin editor.

One of the trustees of the Home became very interested in Rotary leading us to invite him to become a member of our club. This led to members of the race committee liaising with the membership and classification committees. We realized afterwards that we were remiss in not co-opting a member of the membership development onto the race committee.

Eventually someone on the race committee was working with the chairmen of every club service committee. The race was seen as a vehicle for deepening club fellowship; programs about the race were arranged; and so on. The result was an almost perfect application of the matrix. The race was our product; club service turned out to be our production process.

The matrix form of organization has several potential advantages. First, by focussing our directors attention on formulating strategies on how we might serve our vocations, our community, and our world, we force them to turn their eyes outside our clubs. They in turn will cause us to look outside. Second, by asking our directors to think strategically we are asking them to take a long-range view, to think beyond next week's meeting to what we as Rotarians might mean to our neighbors in a more permanent sense.

Third, we solve the problem of communication by getting each individual to serve on two committees and by so doing to take on two responsibilities. Johan, for example, will meet with Klaus, Karl, and Heinrich to formulate strategy for vocational service. He will then meet with Carl and Enrique to decide how all the strategies might be implemented in the context of membership. His role in the membership meetings is to convey the strategy of the vocational committee. His role in the vocational committee is to explain the implementation steps taken by the membership committee.
At first glance the number of meetings one might have to attend appears excessive but this is not the case. The three "outside" directors will meet with their committees on a quarterly basis. At the outset of a year these might be longer meetings but later these will simply be reviews of strategies already put into place. They will also, by virtue of being directors, meet with the board under the chairmanship of the President and in association with the officers of the club once a month.

It would probably be advisable for the chairman of the various operational committees to meet together monthly too. These "management" meetings could place at the same time as the board meeting and ideally should be presided over by the chief operating officer namely the club service director. The various operational committees, like the service committees, probably need not meet more than quarterly. In short, as Exhibit 3 demonstrates, no committee member need have more than 8 meetings a year and no committee chairman more than 16. If one provides committee members and committee chairmen with alternates, these numbers could be halved.

The price in terms of additional effort appears to be slight -- especially in light of the potential benefits. The matrix would appear to be ideally suited for the purpose of realizing the Object of Rotary as encouraging our goal of service above self and simultaneously strengthening our fellowship with one another. By adopting the matrix concept we build bridges of friendship among ourselves -- a first step in building bridges of friendship throughout our world. The final result is a Rotary that is shared and peoples who are served.
Exhibit 1. Divisional Structure
Exhibit 2. Matrix Structure
<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Club Service</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Vocational</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Information</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Membership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

Exhibit 3. Illustration of Meeting Schedule
The following papers are currently available in the Edwin L. Cox School of Business Working Paper Series.

79-100 "Microdata File Merging Through Large-Scale Network Technology," by Richard S. Barr and J. Scott Turner

79-101 "Perceived Environmental Uncertainty: An Individual or Environmental Attribute," by Peter Lorenzi, Henry P. Sims, Jr., and John W. Slocum, Jr.


80-100 "Implementing the Portfolio (SBU) Concept," by Richard A. Bettis and William K. Hall

80-101 "Assessing Organizational Change Approaches: Towards a Comparative Typology," by Don Hellriegel and John W. Slocum, Jr.

80-102 "Constructing a Theory of Accounting—An Axiomatic Approach," by Marvin L. Carlson and James W. Lamb

80-103 "Mentors & Managers," by Michael E. McGill

80-104 "Budgeting Capital for R&D: An Application of Option Pricing," by John W. Kensinger

80-200 "Financial Terms of Sale and Control of Marketing Channel Conflict," by Michael Levy and Dwight Grant


80-301 "Controlling the Performance of People in Organizations," by Steven Kerr and John W. Slocum, Jr.

80-400 "The Effects of Racial Composition on Neighborhood Succession," by Kerry D. Vandell


80-801 "Comparison of the EEOC Four-Fifths Rule and A One, Two or Three σ Binomial Criterion," by Marion Gross Sobol and Paul Ellard

80-900 "Bank Portfolio Management: The Role of Financial Futures," by Dwight M. Grant and George Hempel
80-902 "Hedging Uncertain Foreign Exchange Positions," by Mark R. Eaker and Dwight M. Grant


80-111 "Sources of Performance Differences in Related and Unrelated Diversified Firms," by Richard A. Bettis

80-112 "The Information Needs of Business With Special Application to Managerial Decision Making," by Paul Gray

80-113 "Diversification Strategy, Accounting Determined Risk, and Accounting Determined Return," by Richard A. Bettis and William K. Hall

80-114 "Toward Analytically Precise Definitions of Market Value and Highest and Best Use," by Kerry D. Vandell

80-115 "Person-Situation Interaction: An Exploration of Competing Models of Fit," by William F. Joyce, John W. Slocum, Jr., and Mary Ann Von Glinow

80-116 "Correlates of Climate Discrepancy," by William F. Joyce and John Slocum

80-117 "Alternative Perspectives on Neighborhood Decline," by Arthur P. Solomon and Kerry D. Vandell

80-121 "Project Abandonment as a Put Option: Dealing with the Capital Investment Decision and Operating Risk Using Option Pricing Theory," by John W. Kensinger

80-122 "The Interrelationships Between Banking Returns and Risks," by George H. Hempel

80-123 "The Environment For Funds Management Decisions In Coming Years," by George H. Hempel

81-100 "A Test of Gouldner's Norm of Reciprocity in a Commercial Marketing Research Setting," by Roger Kerin, Thomas Barry, and Alan Dubinsky

81-200 "Solution Strategies and Algorithm Behavior in Large-Scale Network Codes," by Richard S. Barr

81-201 "The SMU Decision Room Project," by Paul Gray, Julius Aronofsky, Nancy W. Berry, Olaf Helmer, Gerald R. Kane, and Thomas E. Perkins

81-300 "Cash Discounts to Retail Customers: An Alternative to Credit Card Performance," by Michael Levy and Charles Ingene

81-400 "Merchandising Decisions: A New View of Planning and Measuring Performance," by Michael Levy and Charles A. Ingene

81-501 "Job Redesign: Improving the Quality of Working Life," by John W. Slocum, Jr.

81-600 "Managerial Uncertainty and Performance," by H. Kirk Downey and John W. Slocum, Jr.

81-601 "Compensating Balance, Rationality, and Optimality," by Chun H. Lam and Kenneth J. Boudreaux


81-800 "The Chinese-U.S. Symposium On Systems Analysis," by Paul Gray and Burton V. Dean


81-900 "Forecasting Industrial Bond Rating Changes: A Multivariate Model," by John W. Peavy, III

81-110 "Improving Gap Management as a Technique for Reducing Interest Rate Risk," by Donald G. Simonson and George H. Hempel


81-112 "The Significance of Price-Earnings Ratios on Portfolio Returns," by John W. Peavy, III and David A. Goodman

81-113 "Further Evaluation of Financing Costs for Multinational Subsidiaries," by Catherine J. Bruno and Mark R. Eaker

81-114 "Seven Key Rules for Successful Stock Market Speculation," by David Goodman

81-115 "The Price-Earnings Relative as an Indicator of Investment Returns," by David Goodman and John W. Peavy, III


81-117 "Sequential Information Dissemination and Relative Market Efficiency," by Christopher B. Barry and Robert H. Jennings

81-118 "Modeling Earnings Behavior," by Michael F. van Breda


81-120 "The Price-Earnings Relatives - A New Twist to the Low-Multiple Strategy," by David A. Goodman and John W. Peavy, III

82-100 "Risk Considerations in Modeling Corporate Strategy," by Richard A. Bettis


82-103 "A Typology of Small Businesses: Hypothesis and Preliminary Study," by Neil C. Churchill and Virginia L. Lewis

82-104 "Imperfect Information, Uncertainty, and Credit Rationing: A Comment and Extension," by Kerry D. Vandell

82-200 "Equilibrium in a Futures Market," by Jerome Baesel and Dwight Grant

82-201 "A Market Index Futures Contract and Portfolio Selection," by Dwight Grant

82-202 "Selecting Optimal Portfolios with a Futures Market in a Stock Index," by Dwight Grant

82-203 "Market Index Futures Contracts: Some Thoughts on Delivery Dates," by Dwight Grant

82-204 "Optimal Sequential Futures Trading," by Jerome Baesel and Dwight Grant

82-300 "The Hypothesized Effects of Ability in the Turnover Process," by Ellen F. Jackofsky and Lawrence H. Peters

82-301 "Teaching a Financial Planning Language as the Principal Computer Language for MBA's," by Thomas E. Perkins and Paul Gray

82-302 "Put Budgeting Back Into Capital Budgeting," by Michael F. van Breda

82-400 "Information Dissemination and Portfolio Choice," by Robert H. Jennings and Christopher B. Barry

82-401 "Reality Shock: The Link Between Socialization and Organizational Commitment," by Roger A. Dean

82-402 "Reporting on the Annual Report," by Gail E. Farrelly and Gail B. Wright


82-601 "Optimal Land Use Planning," by Richard B. Peiser

82-602 "Variance and Indices," by Michael F. van Breda

82-603 "The Pricing of Small Business Loans," by Jonathan A. Scott

82-604 "Collateral Requirements and Small Business Loans," by Jonathan A. Scott

82-605 "Validation Strategies for Multiple Regression Analysis: A Tutorial," by Marion G. Sobol
82-700 "Credit Rationing and the Small Business Community," by Jonathan A. Scott

82-701 "Bank Structure and Small Business Loan Markets," by William C. Dunkelberg and Jonathan A. Scott

82-800 "Transportation Evaluation in Community Design: An Extension with Equilibrium Route Assignment," by Richard B. Peiser

82-801 "An Expanded Commercial Paper Rating Scale: Classification of Industrial Issuers," by John W. Peavy, III and S. Michael Edgar

82-802 "Inflation, Risk, and Corporate Profitability: Effects on Common Stock Returns," by David A. Goodman and John W. Peavy, III

82-803 "Turnover and Job Performance: An Integrated Process Model," by Ellen F. Jackofsky


82-806 "Analytical Review Developments in Practice: Misconceptions, Potential Applications, and Field Experience," by Wanda Wallace

82-807 "Using Financial Planning Languages for Simulation," by Paul Gray

82-808 "A Look at How Managers' Minds Work," by John W. Slocum, Jr. and Don Hellriegel

82-900 "The Impact of Price Earnings Ratios on Portfolio Returns," by John W. Peavy, III and David A. Goodman

82-901 "Replicating Electric Utility Short-Term Credit Ratings," by John W. Peavy, III and S. Michael Edgar

82-902 "Job Turnover Versus Company Turnover: Reassessment of the March and Simon Participation Model," by Ellen F. Jackofsky and Lawrence H. Peters

82-903 "Investment Management by Multiple Managers: An Agency-Theoretic Explanation," by Christopher B. Barry and Laura T. Starks

82-904 "The Senior Marketing Officer - An Academic Perspective," by James T. Rothe

82-905 "The Impact of Cable Television on Subscriber and Nonsubscriber Behavior," by James T. Rothe, Michael G. Harvey, and George C. Michael

82-110 "Reasons for Quitting: A Comparison of Part-Time and Full-Time Employees," by James R. Salter, Lawrence H. Peters, and Ellen F. Jackofsky

82-111 "Integrating Financial Portfolio Analysis with Product Portfolio Models," by Vijay Mahajan and Jerry Wind
"A Non-Uniform Influence Innovation Diffusion Model of New Product Acceptance," by Christopher J. Easingwood, Vijay Mahajan, and Eitan Muller

"The Acceptability of Regression Analysis as Evidence in a Courtroom - Implications for the Auditor," by Wanda A. Wallace

"A Further Inquiry Into the Market Value and Earnings' Yield Anomalies," by John W. Peavy, III and David A. Goodman

"Compensating Balances, Deficiency Fees and Lines of Credit: An Operational Model," by Chun H. Lam and Kenneth J. Boudreaux

"Toward a Formal Model of Optimal Seller Behavior in the Real Estate Transactions Process," by Kerry Vandell


"Compensating Balances, Deficiency Fees and Lines of Credit," by Chun H. Lam and Kenneth J. Boudreaux

"Teaching Software System Design: An Experiential Approach," by Thomas E. Perkins

"Risk Perceptions of Institutional Investors," by Gail E. Farrelly and William R. Reichenstein

"An Interactive Approach to Pension Fund Asset Management," by David A. Goodman and John W. Peavy, III


"Robust Regression: Method and Applications," by Vijay Mahajan, Subhash Sharma, and Jerry Wind

"An Approach to Repeat-Purchase Diffusion Analysis," by Vijay Mahajan, Subhash Sharma, and Jerry Wind

"A Life Stage Analysis of Small Business Strategies and Performance," by Rajeswararao Chaganti, Radharao Chaganti, and Vijay Mahajan

"Reality Shock: When A New Employee's Expectations Don't Match Reality," by Roger A. Dean and John P. Wanous

"The Effects of Realistic Job Previews on Hiring Bank Tellers," by Roger A. Dean and John P. Wanous


"Differential Information and the Small Firm Effect," by Christopher B. Barry and Stephen J. Brown
83-300 "Constrained Classification: The Use of a Priori Information in Cluster Analysis," by Wayne S. DeSarbo and Vijay Mahajan


83-400 "Small Businesses, the Economy, and High Interest Rates: Impacts and Actions Taken in Response," by Neil C. Churchill and Virginia L. Lewis


83-500 "A Closer Look at Stock-For-Debt Swaps," by John W. Peavy III and Jonathan A. Scott

83-501 "Small Business Evaluates its Relationship with Commercial Banks," by William C. Dunkelberg and Jonathan A. Scott


83-503 "Differential Information and the Small Firm Effect," by Christopher B. Barry and Stephen J. Brown

83-504 "Accounting Paradigms and Short-Term Decisions: A Preliminary Study," by Michael van Breda


83-506 "Initial Observations from the Decision Room Project," by Paul Gray


83-800 "Multiple Key Informants' Perceptions of Business Environments," by William L. Cron and John W. Slocum, Jr.


83-803 "Business Synergy and Profitability," by Vijay Mahajan and Yoram Wind

83-804 "Advertising, Pricing and Stability in Oligopolistic Markets for New Products," by Chaim Fershtman, Vijay Mahajan, and Eitan Muller

83-805 "How Have The Professional Standards Influenced Practice?", by Wanda A. Wallace

83-806 "What Attributes of an Internal Auditing Department Significantly Increase the Probability of External Auditors Relying on the Internal Audit Department?," by Wanda A. Wallace

83-807 "Building Bridges in Rotary," by Michael P. van Breda