The McKinsey 7-S Framework

Introduction

 The McKinsey 7-S framework was developed in the early 1980s by two McKinsey consultants, **Tom Peters** and **Robert Waterman** (also developed MBWA).

 The model is most often used as tool to assess & monitor changes in the internal situation on organization.

 The fundamental tenet of the framework is that there are seven internal aspects of an organization that need to be aligned if it wants to be successful.

Basis of Model

 The model is based on theory that, for an organization to perform well, the 7 elements need to be aligned and mutually reinforcing.

 The model can be used to identify the prerequisites for an improved performance & to maintain the alignment during change such as restructuring, organizational merger.

 It can be used to understand how the organizational elements are inter-related and to ensure that wider impact of change in one area is taken into consideration.
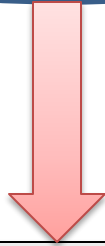
Elements of Model
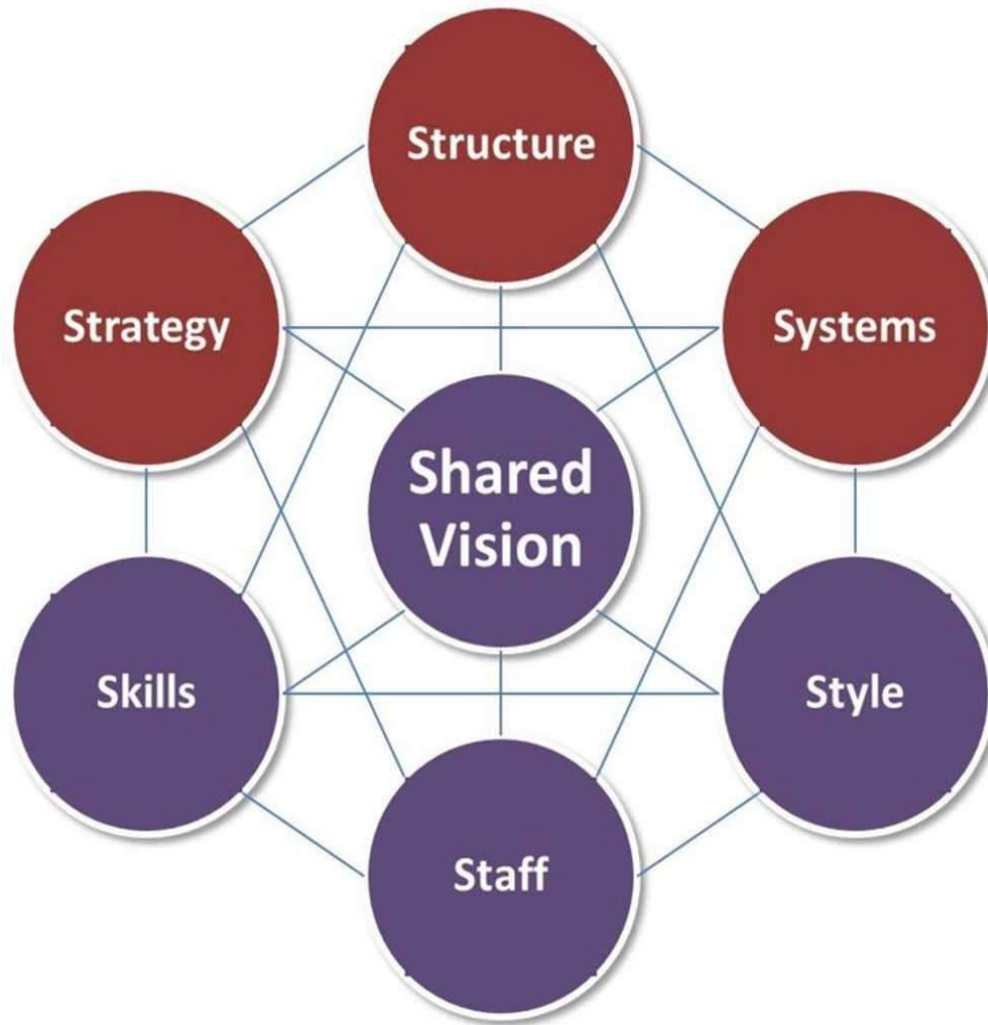
Hard Ss/Elements
- Strategy
- Structure
- System

Soft Ss/Elements
- Shared Vision
- Skills
- Style
- Staff

Hard Ss/Elements

Hard elements are those which can be easily identified and directly influenced by mgmt.

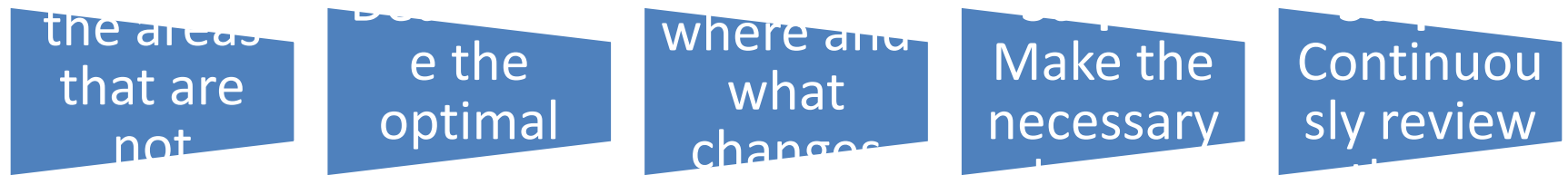## Soft Ss/Elements

Soft elements are less tangible & more influenced by culture

Elements	Description
Strategy	The plan devised to maintain and build competitive advantage over the competition.
Structure	The way the organization is structured and who reports to whom.
System	The daily activities and procedures that staff members engage in to get the job done.
Shared Vision	The core values of the company that are evidenced in the corporate culture and the general work ethic.
Staff	The employees and their general capabilities.
Style	The style of leadership adopted and the organization's overall operating approach.
Skills	The actual skills and competencies of the employees working for the company.

Process of using the model

the areas that are not

e the optimal

where and what changes

Make the necessary

Continuously review

Example- APPLE Inc.

❑ **Shared Values** - business is aligned around the values of design and user experience.

❑ **Strategy** - focus on a small number of products and to make them innovative and excellent – enabling the business to capture a huge market share relative to its size, and build a loyal customer following

Continued....

- ❏ **Staff** - offers their employees huge benefits.
- ❏ **Skills** - highly qualified and creative employees.
- ❏ **Structure**-Flexible.
- ❏ **Systems** - supply chain with built capacity for launching and supplying huge new market-dominating products.
- ❏ **Style** - people are free to innovate – as long as they met Jobs' high standards.

Benefits

- Improves the performance of a company.

- Examines the likely effects of future changes within a company.

- Align departments & processes during a merger or acquisition.

- Determines how best to implement a proposed strategy.

Applications

The 7-S Framework Can Be Applied to a Wide Variety of Situations:

1. A diagnostic tool for an ineffective organization.

2. Improve the performance of a company.

3. Guides organizational changes.

4. Examine the likely impacts of future changes within an organization

Continued.........

5. Align business units and processes during a merger or acquisition.

6. Determine how best to implement a proposed strategy.

7. Combine rational elements ("hard S") with emotional elements ("soft S").

Drawbacks

 The external environment is not mentioned in the McKinsey 7S Framework, although the other variables do exist & that only the most crucial variables are depicted in the model.

 The notion of performance or effectiveness is not made explicit in the model.

Exercise:-

Current Position-#

 The startup has grown to become large business with 500+ employees and now maintains 50% market share in a domestic market. Its structure has changed and is now a well-oiled bureaucratic machine. The business expanded its staff, introduced new motivation, reward and control systems. Shared values evolved and now the company values enthusiasm and excellence. Trust and teamwork has disappeared due to so many new employees.

McKinsey 7-S Model

Elements	Description	Aligned or not?
Strategy	Market penetration	NO
Structure	Bureaucratic machine	YES
System	Order processing and control, customer support and personnel management systems	NO
Skills	Skills related to service offering and business support, but few managerial and analytical skills	NO
Staff	Many employees and appropriate motivation and reward systems.	YES
Style	Democratic but often chaotic management style.	NO
Shared Values	Enthusiasm and excellence	NO

Answer:-

The company expanded and a few problems came with it.

First, the company's strategy is no longer viable. The business has a large market share in its domestic market, so the best way for it to grow is either to start introducing new products to the market or to expand to other geographical markets. Therefore, its strategy is not aligned with the rest of company or its goals. The company should have seen this but it lacks strategic planning systems and analytical skills.

Business management style is still chaotic and it is a problem of top managers lacking management skills. The top management is mainly comprised of founders, who don't have the appropriate skills. New skills should be introduced to the company.

Conclusion

The McKinsey 7-S Model can be applied to almost any issue at work. If there are inconsistencies maybe the team or company are not working effectively enough.

References

- ❑ Concepts in Strategic Management & Business Policy- Thomas L. Wheelen/ David Hunger.
- ❑ Strategic Management- concepts & cases – Upendra Kachru.
- ❑ Strategic Management concepts – AzharKazmi
- ❑ www.mckinsey.co.in/about
- ❑ www.authorstream.com/mgmt
- ❑ https://sites.google.com/site/tribhuvansite/sm/sm402
- ❑ https://yourfreetemplates.com/mckinsey-7s-framework-template/
- ❑ https://strategicmanagementinsight.com/tools/mckinsey-7s-model-framework.html
- ❑ https://www.slideshare.net/amitezone/mc-kinsey-7-s-model-9637421
- ❑ https://www.slideshare.net/oeconsulting/the-mckinsey-7s-framework/10

Questions are welcome!