



McKinsey 7S Framework

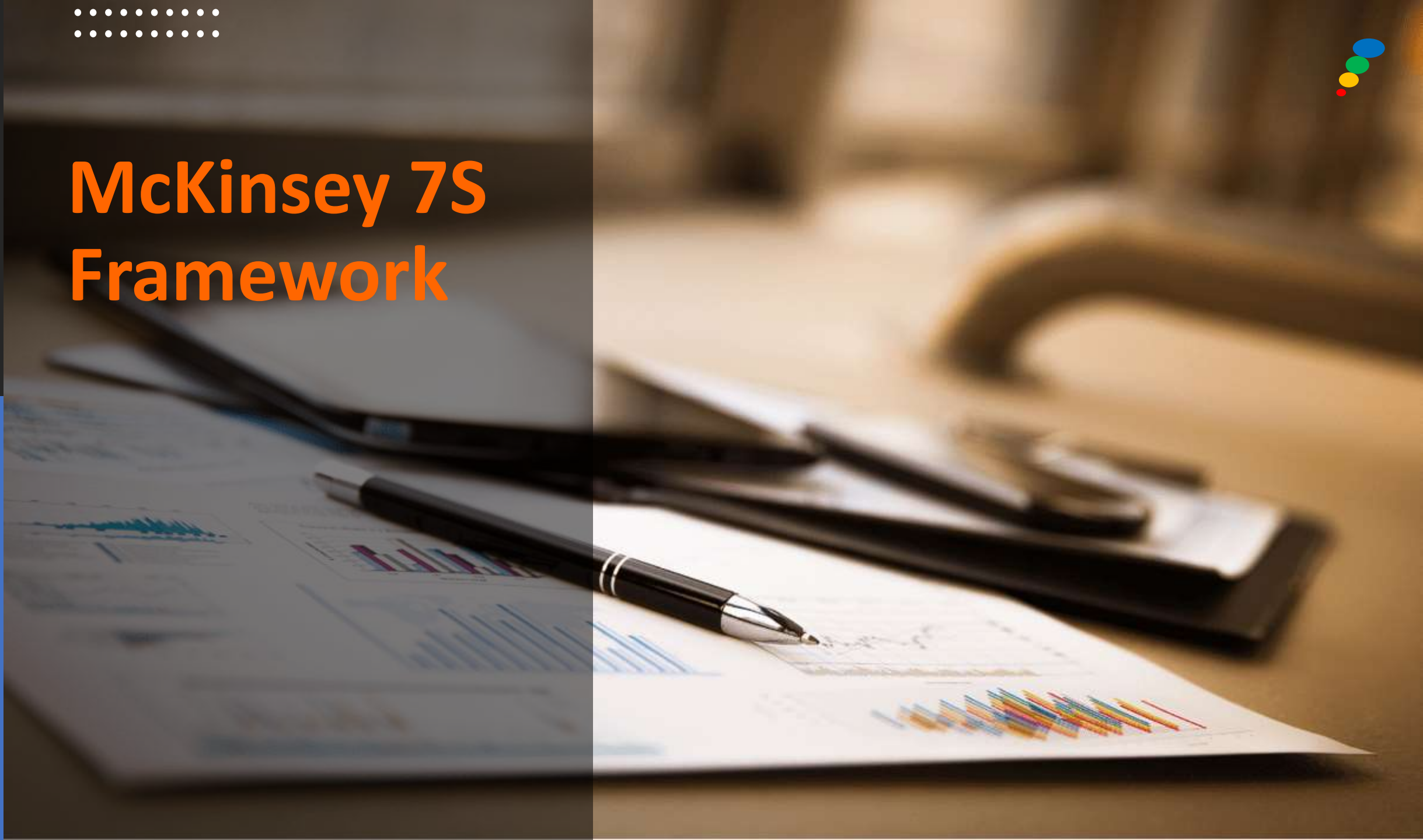


Table of Contents

Introduction to the McKinsey 7S Model

McKinsey 7S Framework Origin

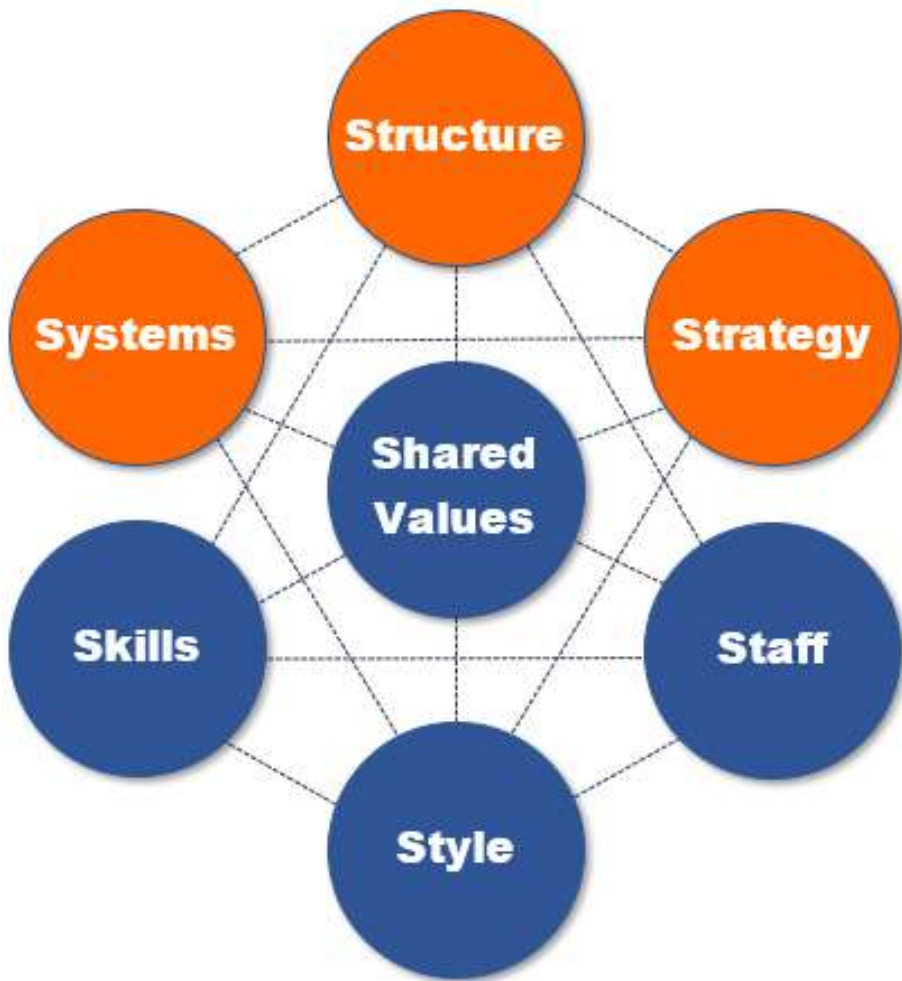
The 7 Factors of the McKinsey 7S Model

Using McKinsey's 7S Model for Change Management

McKinsey 7S Model Strengths and Weaknesses

Other Ways to Use McKinsey's 7S Model

Conclusion



Introduction to the McKinsey 7S Model

The 7S model McKinsey developed takes a holistic look at what makes companies tick and how each element of a company needs to be in harmony for an organization to operate competitively and manage change successfully.



Hard Elements

- Easy to Define
- Formalized



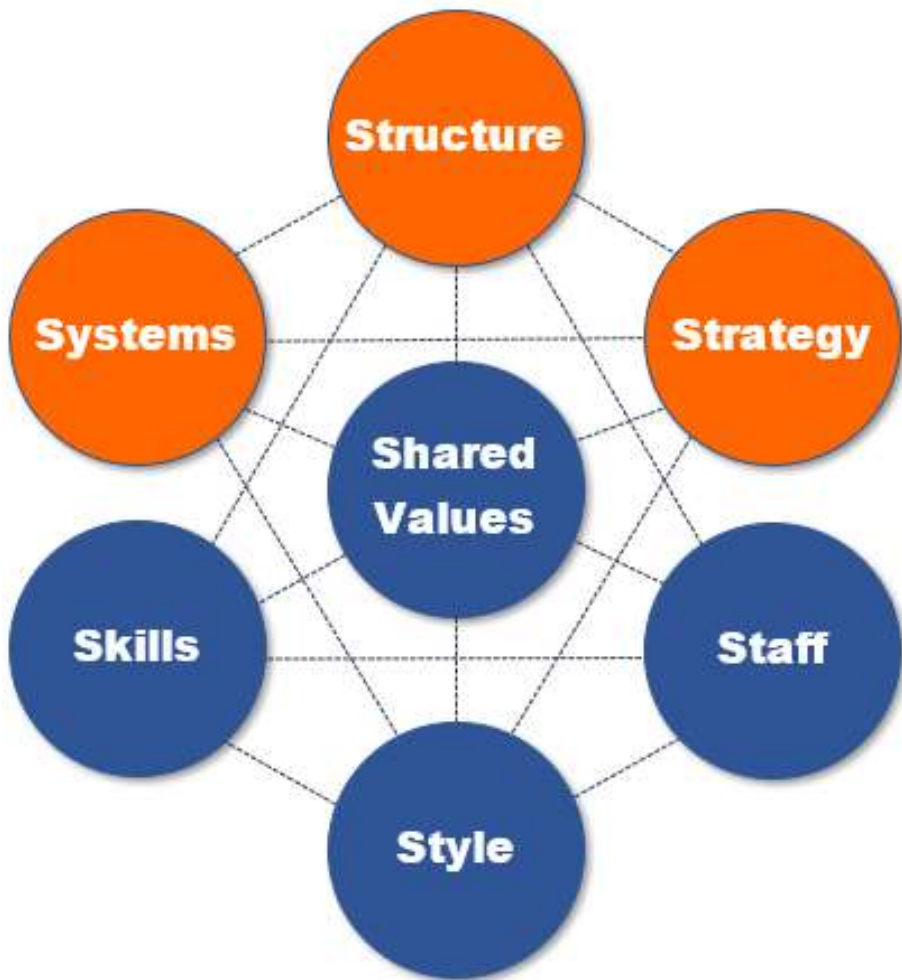
Soft Elements

- Attitudes
- Workstyles

Rather than focus on a roadmap to change, the McKinsey 7S framework stresses that the **coordination of seven critical components** of a company are what's most important in a change strategy.

Three factors are considered “hard elements” and four factors are considered “soft elements”.

- Shared Values (soft)
- Skills (soft)
- Staff (soft)
- Strategy (hard)
- Structure (hard)
- Style (soft)
- Systems (hard)



McKinsey 7S Framework Origin

The McKinsey 7S framework model was introduced in the late 1970's by two former McKinsey consultants, Thomas J. Peters and Robert H. Waterman who featured it in the book *In Search of Excellence*.





Knights of the Roundtable

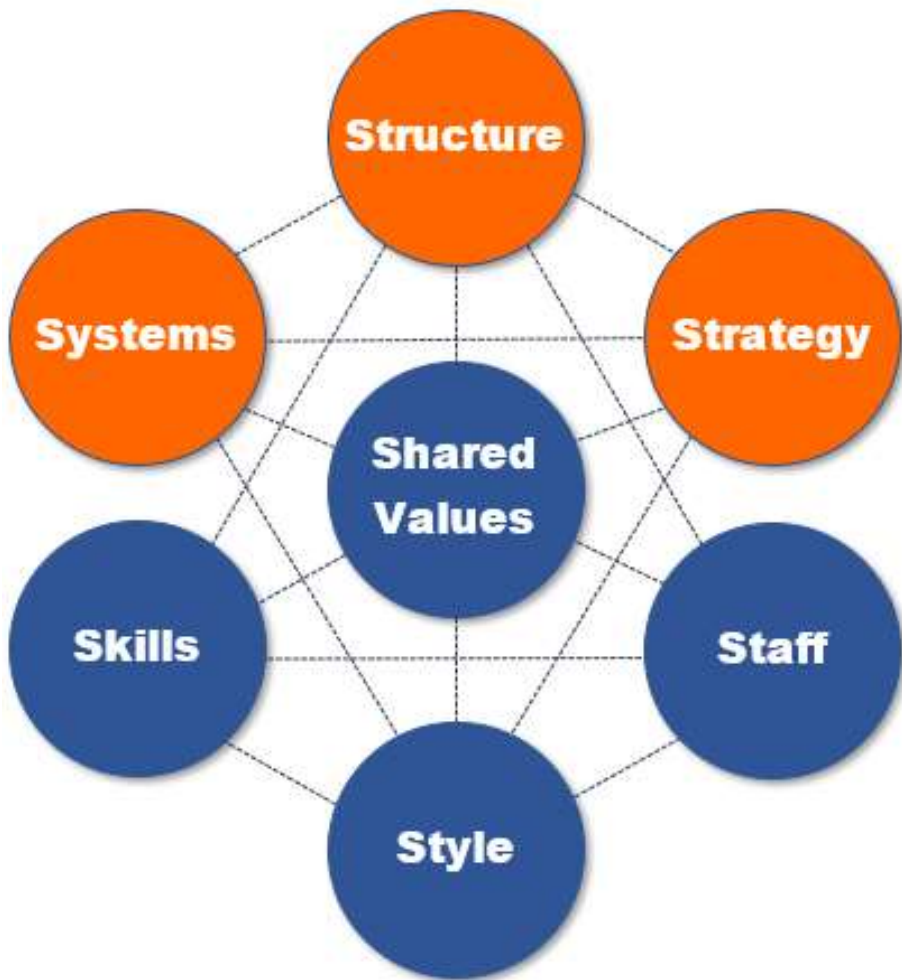
All 7 factors are
equally important,
just like the Knights
of the Roundtable.

After studying business strategy and success, Thomas Peters put forth the idea at the heart of the McKinsey 7S analysis: Companies were missing several key factors that helped their organizations run effectively because they were only focusing on strategy.

These factors, rather than having an order of importance, were all equally important.

Peters originally put forth his larger concept in a 700-slide, two-day presentation to a large corporation.

Of course, that long of a presentation wouldn't work for all McKinsey clients, so the concept was condensed into the seven factors we find in **McKinsey's 7S framework** for strategic management.



The 7 Factors of the McKinsey 7S Model

The McKinsey 7S framework provides you with several factors that need to be in alignment for your organization to be healthy and thrive. However, there is no specific order to address each element, you simply need to make sure they're all addressed at some point in your project.



Shared Values



Shared Values

- Mission
- Philosophy
- Reputation
- Achievements

This is your corporate culture, belief system, and what you're known for. What does your company want to achieve? What's its mission? Its reputation?

If your company is known for being an innovator that blazes trails, do the processes you use also reflect that? If, for example, you are using antiquated systems to support your customer service activities, then your **Systems** factor would be out of balance with your **Shared Values** factor.

When it comes to applying McKinsey's 7S framework in the strategic management of change, you want to ensure that your change project activities are reflecting your corporate culture and shared values.

Skills

This area of the McKinsey 7S model includes both organizational skills and individual employee skills.



Skills

- Employee
- Organization
- Outsourced

You want to ensure that your team has the skills necessary to keep you competitive. And in the case of a change project, provide proper [employee training](#) to give your team the skills needed for the new process.

Another part of this factor in the McKinsey change management framework is to decide which skills should be kept in house and which ones would be more efficient as outsourced skills.

Staff



Staff

A [stakeholder analysis](#) at the start of a change project can help you understand staff needs.

Your staff is another important element in the McKinsey 7S model. You have to ensure your staff is balanced and diverse, so you'll have economies of scope.

Other important considerations are hiring practices, turnover, and staff policies that can help or hurt your business.

Example: If you're a U.S. company expanding your operations to Singapore, the following would be **Staff** imbalances with other 7S factors of your business (**Systems, Processes, Skills**):

- Hiring practices don't include Singapore related job posting sites
- No one on your team is familiar with the country
- Phone systems don't include local Singapore phone numbers

Strategy

McKinsey describes strategy and organization as “two sides of the same coin.” Your strategy is how you plan to move your company toward its goals, while also remaining adaptive.

When it comes to a change project, the strategy element in the McKinsey 7S example would be the detailed plan or [change management roadmap](#) you follow to get from your current state to your desired future state.

This roadmap strategy needs to be in alignment with all the other 6 factors within the McKinsey 7S framework.



Strategy

- How to move from Point A to Point B

Structure



Structure

- Reduce complexity
- Define authority relationships

The structure element in the McKinsey 7S framework refers to your classic organizational structure or chain of command. These are also known as authority relationships.

Who needs to sign off on a change communication? Who should you alert if your timeline is changing?

If your organization's structure is complex, the answer to those questions might not be clear to employees managing a change.



Style

- Personal
- Impacts staff
- Can cause resistance
- Can encourage support

Style

Style is related to culture but is more about a personal managerial style or the culture a certain department might operate under. For example, some departments may be more open to outside ideas than others.

Style is one of the more difficult areas of the McKinsey 7S analysis to get on top of, because it's very personal, and changing people's managerial styles requires helping them become more self-aware.

This is where you will run into: “But that’s the way we do it around here” and similar types of attitudes that are resistant to change.

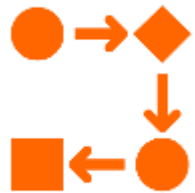
Having a [resistance management strategy](#) can help you bring this factor into balance with the others.

Systems

Systems refers both to the physical systems your team works with and the processes and workflows you have in place. What happens within your IT infrastructure after an order is placed at your company or how your HR department handles time-off requests are both systems.

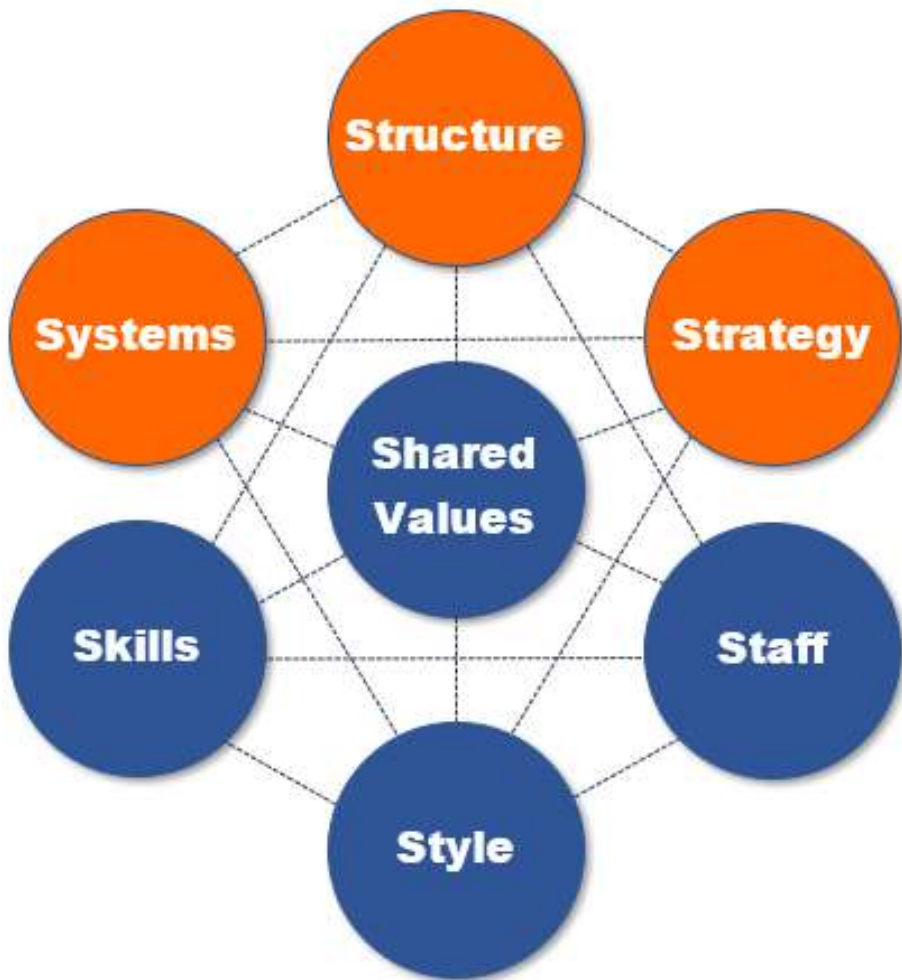
You can think of the systems element of McKinsey's 7S framework in strategic management as "how work gets done."

When planning a change, you'll want to ensure systems, including technology and processes, are aligned with the other six factors to drive efficiency and productivity.



Systems

- "How work gets done"
- Physical systems
- Workflows
- Processes



Using McKinsey's 7S Model for Change Management

Because of the nature of the McKinsey 7S framework, it can be difficult to know where to start or how to use this model in a sequence needed for change management or company improvement. However, it can still be helpful for gauging balance during change projects.





Balance

The purpose of the McKinsey model is to keep all 7 factors in balance.

Steps for Using McKinsey 7S in Change Projects

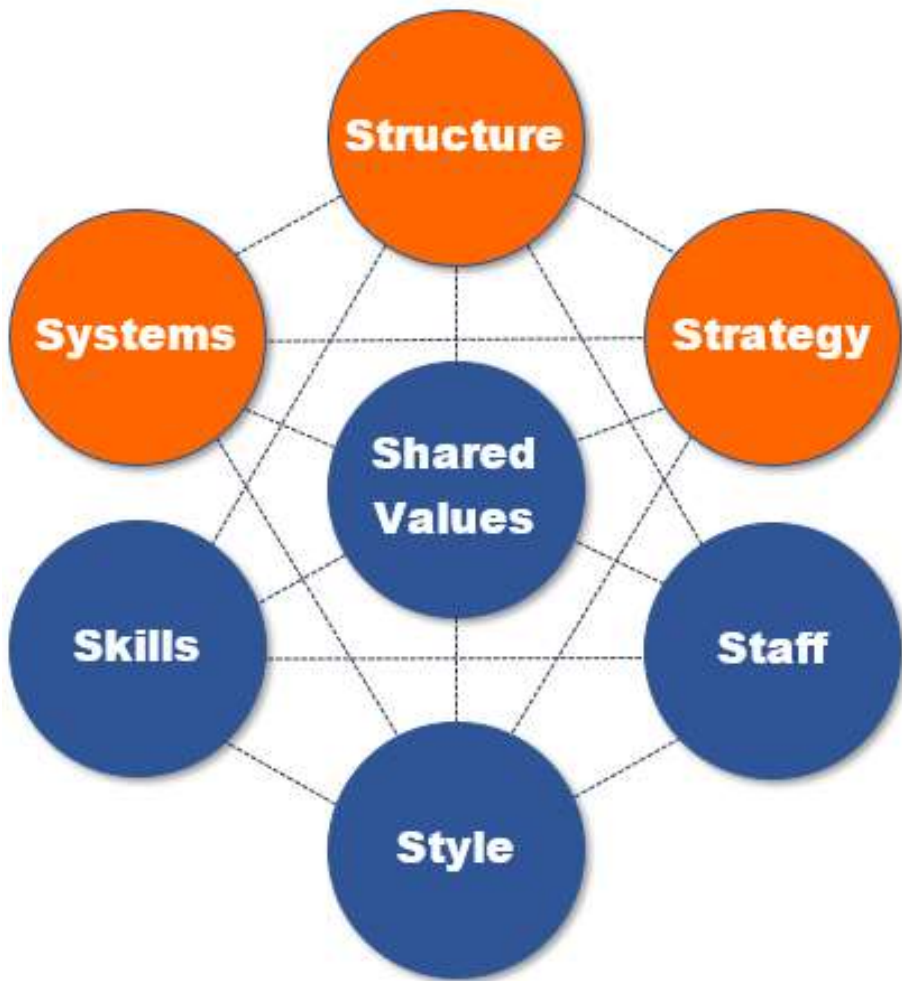
1. Do an impact assessment to see how each of the seven factors in the McKinsey 7S model would be impacted by the change.
2. Create your change plan to address those impacts and with a goal to maintain balance.
3. Throughout your change project, check each of the seven factors to ensure each is being brought into a “post change” harmony, adjust strategy as needed.
4. Once your change project is complete, review each of the McKinsey 7S factors to ensure they’re in balance.



Example Project

Moving from a fully onsite staff to 50% remote working staff

McKinsey 7S Factor	Current State	Desired Future State	Need to Do This to Get There or Maintain Balance
Shared Values	Sustainability Team oriented Customer-Centric	Sustainability Team oriented Customer-Centric	Foster team connection using cloud Ensure phone system is cloud based
Skills	Proficient at current applications	Add proficiency in remote cloud programs Add new skills for remote working protocols	Establish training plan and evaluation method for new skills needed for remote workers
Staff	No one has worked remotely before	Have staff member with experience managing remote teams	Hire appropriate candidate with remote supervisory experience
Strategy	Current strategy is to serve customers as we have for 40+ years	Strategy that involves serving customers “anywhere, anyplace”	Develop a plan that includes marketing and processes to enable expansion of strategy to include remote teams.
Structure	Structure includes clear chain of command for onsite employees	Structure to be just as clear, but include chain of command for both remote and onsite employees	Review leadership/managers and come up with structure changes needed.
Style	Managers are used to having teams in the same building.	Managers treating onsite and remote employees the same as far as job duties, importance, promotions, etc.	Leadership training needed to indoctrinate managers and systems to support real-time communication for remote teams.
Systems	Workflows don’t currently involve remote employees, but are cloud-based; Technology supports remote teams.	Technology and workflows can be used seamlessly by onsite and remote teams.	Update any workflows needed and get feedback on processes to ensure they’re sufficient to support remote teams.



McKinsey's 7S Model Strengths & Weaknesses

Is the McKinsey 7S model right for your change project? Some may find it flexible and holistic, while others may find it confusing and tedious.



McKinsey 7S Framework Advantages



McKinsey 7S Pros

- Flexible
- Holistic
- People + Processes

It Can Be Applied Widely: The flexibility of the 7S model McKinsey promotes is one of its biggest strengths. It can be applied whether you're going through change or to help identify weaknesses and opportunities in your organization.

It Takes a Holistic View: The framework by McKinsey is unique in that it focuses on harmony and balance within your organization. It helps companies to identify areas they may not see as connected and view them holistically when it comes to change.

People & Processes are Included: Some change management models focus heavily on people and others focus more on processes. The McKinsey model includes both, ensuring both the human and technical elements of change are kept in focus.

McKinsey 7S Framework Disadvantages

There is No Roadmap to Follow: A big drawback with the McKinsey 7S model is that it doesn't give you steps or any roadmap to follow for a change management program.

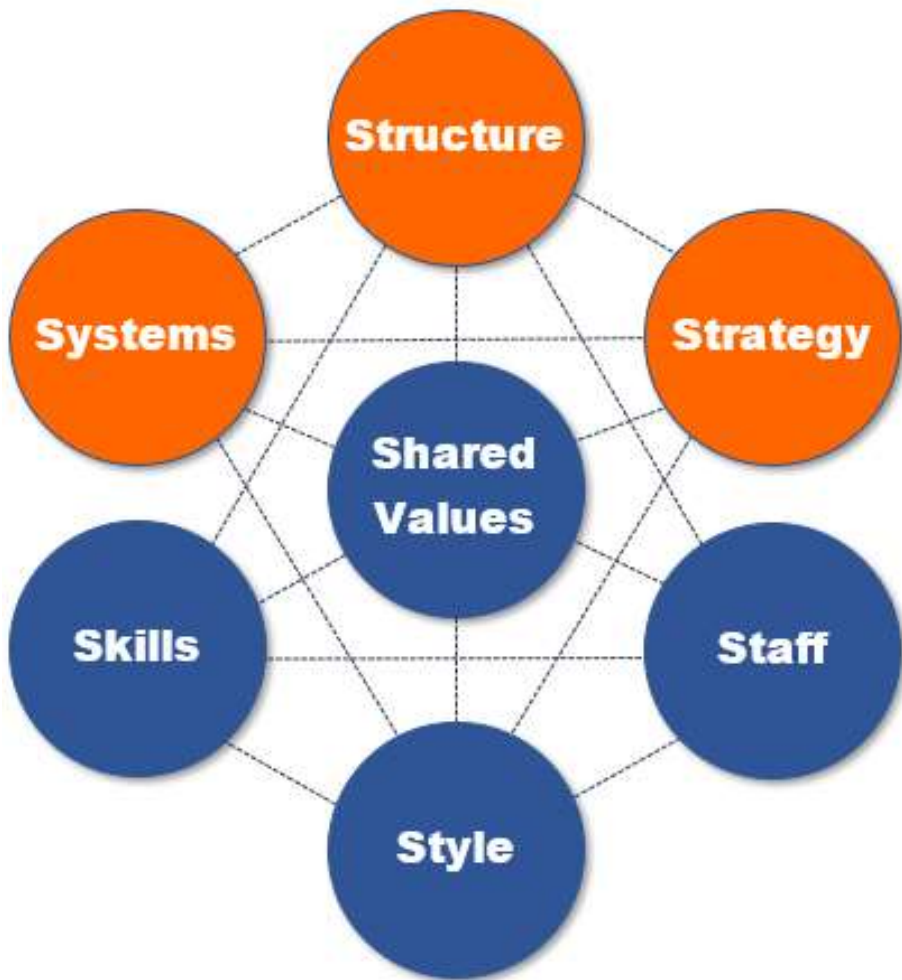
It Can Be Tedious for Change Management: If you have to check every step of your change management process across each of the 7 S's, you'd hardly have time to do anything else. Unless you have a small company and project, it can be tedious to use.

It's Better as a Gauge Than a Strategy: The McKinsey 7S model is better when used as a gauge at the beginning and end of a change management project to ensure balance of the 7S areas of your organization. Using a different change management tool or model makes more sense for your actual change strategy and planning.



McKinsey 7S Cons

- No Roadmap
- Tedious to Use
- A gauge, not strategy



Other Ways to Use McKinsey's 7S Model

McKinsey's framework in strategic management is a general methodology for checking that a business is in balance. It's designed to be used for many different needs within an organization.



Other Ways to Use the McKinsey 7S Framework

The process of checking that each area of a company (the 7S factors) are in balance and harmony can be used to help a business beyond change management.

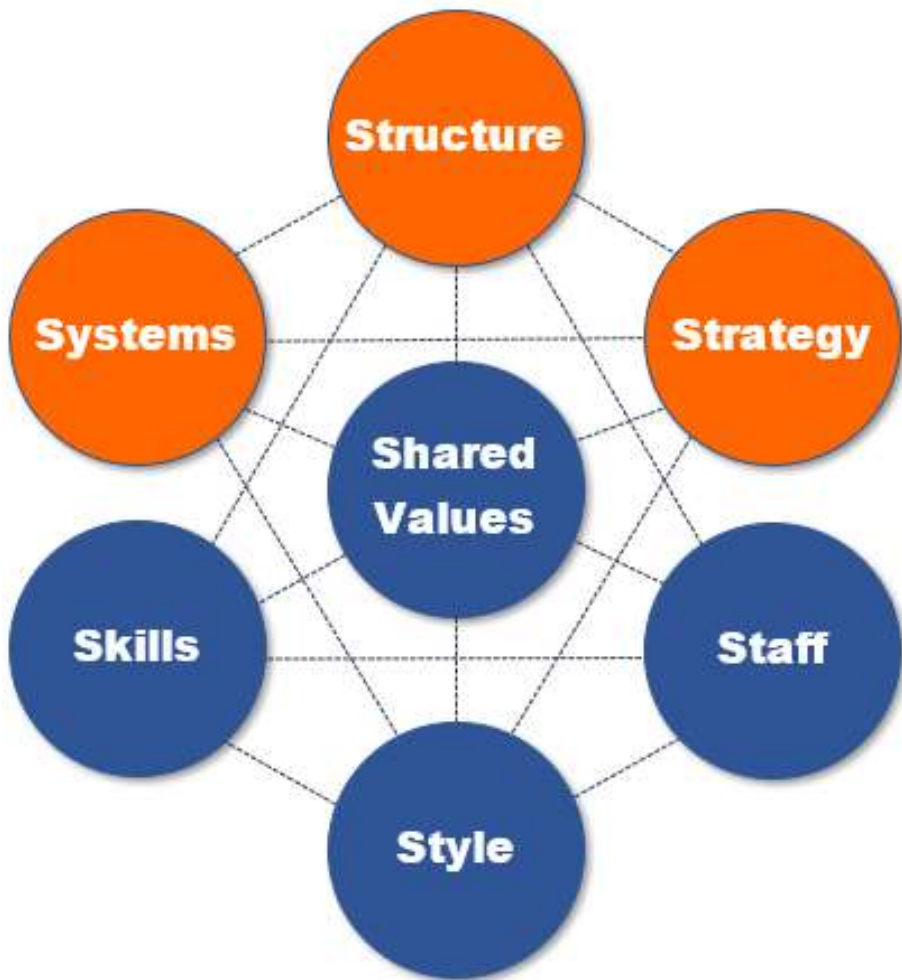
Here are some other ways it can be used:

- Boost productivity and efficiency
- Identify areas in a business holding the company back
- Create a new business strategy
- Align departments during mergers or acquisitions
- Implement employee improvement strategies
- Determine how to become more competitive
- Uncover areas of opportunity



McKinsey 7S
Framework

A gauge to check
organizational health
& look for
opportunities.



Conclusion

Final thoughts and conclusions regarding the McKinsey 7S Framework for organizational change and business management.



Conclusion: McKinsey 7S Framework

The McKinsey 7S framework is a powerful tool to look in depth at your organization and identify areas where it may not be operating in harmony. It offers a unique insight into seven key areas that other change models don't explore in the same way.

The biggest problem with the 7S model is that it's not well suited as a step-by-step strategy for change management. It's much better when used as a gauge to "check the temperature" of your company.

It can be helpful to use alongside another change management model or tool to ensure your change project takes the 7S's into consideration.

In general, it's a helpful framework to gain deeper insight into the different moving parts of your organization.



Thank you