

Are you aware of your organization's readiness to accomplish its objectives? Do you understand the factors that impact its capacity to implement change effectively?

While various models of organizational effectiveness come and go, the McKinsey 7-S framework has proven to be enduring over time.

In this guide, we will thoroughly examine the seven elements, exploring how they contribute to performance enhancement and effective change management in organizations by promoting cohesive functioning.

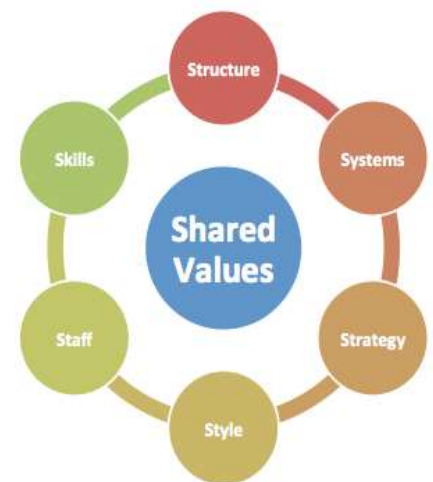
### The Complete Guide to 7S Model:

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### What is McKinsey Model?

The McKinsey 7S Model is a tool designed to assess a company's "organizational design." Its objective is to illustrate how organizational effectiveness can be attained by examining the interplay among seven pivotal elements: Structure, Strategy, Skill, System, Shared Values, Style, and Staff.

The essence of the McKinsey 7S Model lies in the intricate connections among elements categorized as "Soft Ss" and "Hard Ss," implying a ripple effect when modifying one element to maintain an optimal equilibrium. Placing "Shared Values" at the core underscores the paramount impact of alterations in founder values on all other elements, emphasizing their critical interdependence.



### Structure of the McKinsey 7S Model

The model categorizes the seven elements as either "hard" or "soft".

Hard Elements	Soft Elements
Strategy	Shared Values
Structure	Skills
Systems	Style
	Staff

The three "hard" elements include:

- Strategy.
- Structures (such as organization charts and reporting lines).
- Systems (such as formal processes and IT systems.)

These elements are relatively easy to identify, and management can influence them directly.

The four "soft" elements, on the other hand, can be harder to describe, and are less tangible, and more influenced by your company culture. But they're just as important as the hard elements if the organization is going to be successful.

Let's look at each of the elements individually:

**1. Strategy:** This is your organization's blueprint for establishing and sustaining a competitive advantage over its competitors.

**2. Structure:** This denotes how your company is structured, encompassing the organization of departments and teams, including reporting hierarchies.

**3. Systems:** These encompass the day-to-day activities and procedures that staff follow to accomplish their tasks.

**4. Shared Values:** These constitute the fundamental principles of the organization, reflecting its overarching work ethic, initially termed "superordinate goals" in the model's early development.

**5. Style:** This refers to the adopted leadership approach within the organization.

**6. Staff:** This encompasses the workforce and their overall capabilities.

**7. Skills:** This pertains to the specific abilities and competencies of the organization's employees.

The placement of Shared Values in the center of the model emphasizes that they are central to the development of all the other critical elements.

The model states that the seven elements need to balance and reinforce each other for an organization to perform well.

### Example on 7S Model

Let's consider the example of Google in the context of the McKinsey 7S Model:

#### 1. Strategy:

Original State: Initially focused on search engine technology and online advertising.

Transformation: Expanding into various technology sectors, including artificial intelligence, cloud computing, and hardware development.

#### 2. Structure:

Original State: Known for a flat organizational structure promoting innovation and collaboration.

Transformation: Adjusting the structure to accommodate the diverse business units and subsidiaries, such as Alphabet Inc., to facilitate effective management and specialization.

### 3. Systems:

Original State: Employed advanced algorithms for search and data analysis.

Transformation: Enhancing internal communication and collaboration through proprietary tools like G Suite and investing heavily in cloud-based infrastructure.

### 4. Shared Values:

Original State: Emphasized a culture of innovation, creativity, and a focus on user experience.

Transformation: Reinforcing a commitment to sustainability, diversity, and ethical AI practices to align with evolving societal expectations.

### 5. Style:

Original State: Encouraged a culture of "20% time" for employees to pursue personal projects.

Transformation: Maintaining a culture of innovation while incorporating a more structured approach to address the needs of diverse business units.

### 6. Staff:

Original State: Attracted top talent in software engineering and data science.

Transformation: Expanding the workforce to include experts in fields like hardware engineering, machine learning, and diverse business domains.

### 7. Skills:

Original State: Deep expertise in search algorithms and online advertising.

Transformation: Investing in training programs to develop skills in emerging technologies, fostering a multidisciplinary workforce capable of contributing to the expanded business portfolio.

In this example, Google demonstrates how it utilized the McKinsey 7S Model during its evolution, emphasizing the interconnectedness of strategy, structure, systems, shared values, style, staff, and skills for sustained success in the dynamic technology landscape.

## Application of the McKinsey 7S Model

Utilize the McKinsey 7-S Model to pinpoint areas for realignment that can enhance performance or maintain alignment during various organizational changes, such as restructuring, process overhauls, mergers, system implementations, or leadership transitions.

To implement the McKinsey 7-S Model within your organization, follow these steps:

### 1. Begin with Shared Values:

- a.) Assess the consistency of shared values with your structure, strategy, and systems.
- b.) Identify any discrepancies and determine necessary changes.

## **2. Examine Hard Elements:**

- a.) Evaluate the effectiveness of your strategy, structure, and systems.
- b.) Identify areas where adjustments are needed to ensure mutual support.

## **3. Focus on Soft Elements:**

- a.) Scrutinize shared values, skills, leadership style, and staff dynamics.
- b.) Assess their alignment with desired hard elements and mutual support.
- c.) Identify areas requiring modification.

## **4. Iterative Adjustment Process:**

- a.) Initiate an iterative process of adjusting align elements.
- b.) Re-analyse the impact of changes on other elements and their overall alignment.
- c.) Iterate as needed to achieve optimal alignment and performance.

This iterative process may be time-consuming, but the eventual outcome of improved performance justifies the effort invested in aligning and harmonizing the various elements of the organization.

Additionally, we have crafted a checklist featuring pertinent questions, available in the subsequent section. Enhance this checklist by incorporating your own inquiries tailored to your organization's unique circumstances, drawing upon your personal knowledge and experience.

## **Checklist Questions for the McKinsey 7-S Framework**

The provided questions serve as an initial guide for examining your circumstances through the lens of the 7-S framework. Begin by utilizing them to assess your present situation, and subsequently, replicate the process for your envisioned situation.

### **1. Shared Values:**

- a.) What are your organization's core values?
- b.) Are the core values clearly defined and communicated across the organization?
- c.) What is its corporate/team culture like?
- d.) How strong are the values?
- e.) What are the fundamental values that the company/team was built on?
- f.) Do the shared values align with the overall strategy and objectives?

### **2. Strategy:**

- a.) What is your strategy?
- b.) Is the current strategy well-defined and understood by all stakeholders?
- b.) How do you intend to achieve your objectives?

- c.) How do you deal with competitive pressure?
- d.) How are changes in customer demands dealt with?
- e.) How adaptable is the strategy to changing market conditions?

**3. Structure:**

- a.) How is the company/team divided?
- b.) What is the hierarchy?
- c.) How do the various departments coordinate activities?
- d.) How do the team members organize and align themselves?
- e.) Is decision-making centralized or decentralized? Is this as it should be, given what we're doing?
- f.) Does the organizational structure support effective communication and collaboration?
- g.) Is the current structure aligned with the strategic goals?

**4. Systems:**

- a.) What are the main systems that run the organization? Consider financial and HR systems, as well as communications and document storage.
- b.) Are the existing systems and processes efficient in supporting day-to-day operations?
- c.) Where are the controls and how are they monitored and evaluated?
- d.) What internal rules and processes does the team use to keep on track?
- e.) How well do the systems align with the overall strategy and structure?

**5. Staff:**

- a.) What positions or specializations are represented within the team?
- b.) What positions need to be filled?
- c.) Do employees possess the necessary skills and competencies for their roles?
- d.) Are there gaps in required competencies?
- e.) How diverse and inclusive is the workforce?

**6. Style:**

- a.) How participative is the management/leadership style?
- b.) Does the leadership style foster innovation and adaptability?
- c.) Do employees/team members tend to be competitive or cooperative?
- d.) Are there real teams functioning within the organization or are they just nominal groups?

**7. Skills:**

- a.) What are the strongest skills represented within the company/team?
- b.) Are there gaps in skills that hinder the achievement of strategic objectives?
- c.) What is the company/team known for doing well?
- d.) How well do employee skills align with the evolving needs of the organization?
- e.) How are skills monitored and assessed?

Use these questions as a starting point to assess and analyse both your current state and your intended future state within the McKinsey 7-S Framework.

Supplement these questions with additional ones tailored to your organization's unique context and objectives.

## McKinsey 7S Model Worksheet

### Current Situation (Point A)

	Shared Values	Strategy	Structure	Systems	Style	Staff	Skills
Shared Values							
Strategy							
Structure							
Systems							
Style							
Staff							
Skills							

### Future Situation (Point B)

	Shared Values	Strategy	Structure	Systems	Style	Staff	Skills
Shared Values							
Strategy							
Structure							
Systems							
Style							
Staff							
Skills							

You can apply the McKinsey 7-S framework to almost any organizational or team effectiveness issue.

If your organization or team faces challenges, it's likely due to inconsistencies among the seven elements. Identifying these disparities allows you to align the elements, ensuring they collectively contribute to shared goals and values.

Analyzing the current state is valuable, but for effectiveness, define the desired future state for each element to drive improvements and ensure alignment across the organization.