

The McKinsey 7-S Framework

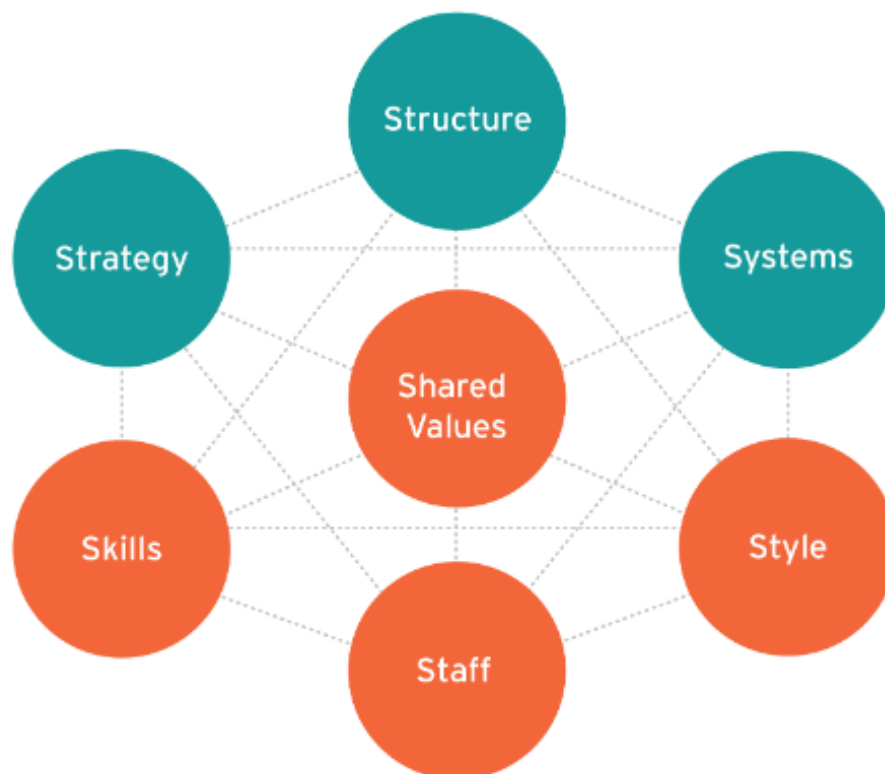
The McKinsey 7-S Framework is a useful tool that can be used to diagnose and solve organisational problems. It depicts an organisation as a collection of seven interconnected elements: structure, strategy, systems, staff, skills, style and shared values. By considering how each of these elements impacts on the others, it is possible to take a holistic approach to organisational change. [1]

The Framework was developed by McKinsey and Co consultants Tom Peters and Robert Waterman, who later went on to write the international bestseller *In Search of Excellence*. In the 1970s, they believed that business leaders were putting too much emphasis on structure and strategy when it came to organisational change.

In their classic article '[Structure is Not Organisation](#)' they suggest that a broader view is required, arguing that even the best strategy can fail if, for example, systems and staff are inadequate.

A holistic method for improving organisations

The authors identified seven elements that make up an organisation and decided to depict them in the **7-S Framework**, as shown below. Each element is connected to every other, without any obvious starting point. This is deliberate, as every one of the elements could, potentially, be the driving force for change.



The purpose of this tool is to emphasise that changing one aspect of an organisation will impact upon the others. In a truly effective organisation, all seven elements will operate toward the same goal. If a change leader believes that their organisation could be more effective, they can use the framework to help identify the element or elements that need to change.

The seven elements

Although all seven elements are important, they are not all easy to identify. Peters and Waterman address this by splitting them into two categories: 'hard' and 'soft'.

Hard Ss

Hard elements are easy to identify and describe. They are the foundation of any organisation and can be used to describe its management structure, processes and objectives. They tend to be recorded and referenced in corporate documents like statements, strategy reports and organisational charts.

The hard elements are: [2] [3]

- **Structure:** the way in which an organisation's activities are managed. In small businesses, this might be a traditional hierarchy. In larger organisations, this is more likely to be a divisional or matrix structure, where different managers have varying areas of responsibility.
- **Strategy:** the plan an organisation has to achieve its objectives. This is a dynamic element, in that it changes all the time in response to outside factors like competition, demand and technological innovations.
- **Systems:** the processes an organisation has in place. This includes information systems, as well as financial procedures, legal policy, risk assessment, health and safety, pay and benefits. In short, all the systems that direct organisational activity.

Although changing these elements may not be easy, it can be done with a certain degree of decisiveness. That is to say, a decision could be made at management level and quickly communicated to the rest of the organisation.

Soft Ss

The four soft Ss are often difficult to identify, and constantly evolve. It can be hard to put them into words and they sometimes overlap with one another. However, they are no less important to an organisation undergoing a period of change. They are:

- **Style:** the organisational culture, usually described as 'the way things are done around here'. This also includes individual management and leadership styles.
- **Staff:** the people in the organisation, their talents and the way they are developed.
- **Skills:** the competencies and capabilities of the organisation and its people.
- **Shared Values:** the guiding principles that direct the organisation's behaviour. These were originally referred to as 'superordinate goals' and are often unwritten. Examples of shared values might include great customer service, constant innovation or honesty.

Changing these elements can be difficult and may take a long time, but the eventual benefits to the organisation can make this effort worthwhile. For example, developing leadership skills among junior employees could secure an organisation's long-term success.

How to use the 7-S Framework

The 7-S Framework has proven an enduring tool for over 30 years because of its simplicity. It can be used to help leaders and managers think about the questions that they should be asking **throughout the change management process**.

For example:

- How do the seven elements operate in my organisation?
- What elements need to change?
- How will changing these elements affect the others?

These questions are only a starting point for further discussion. As each of the seven elements and their relationships to each other are explored in detail, more questions are likely to become apparent. As the change process is rolled out, it is important to **revisit these questions** to assess its success.

The 7-S Framework can also be used retrospectively **to gauge the success of a change management process**. By discussing the seven elements, and how they have changed, it may be possible to identify further improvements and areas that have not performed as expected.

The 7-S Framework in action

Consider an organisation that regularly receives criticism for the time it takes to approve new products. Senior management might consider the 7-S Framework and decide that, although they are happy with their **staff** and the **shared value** of 'innovation', they are not so happy with the organisation's bureaucratic **structure** and **systems**.

To address this issue, they might decide to delegate more authority to product managers and streamline the product development process. This new **strategy** helps bring new products to market quickly, but requires that the managers develop their leadership **style** and learn new **skills**.

Conclusion

The 7-S Framework is a useful tool for leaders and managers who have identified the need for change. Although it does not outline how change can be achieved, it is an important reminder that an organisation is the sum of seven different elements. By considering how each of these impacts upon the others, leaders can better understand where change is necessary and predict its likely impact.

Ultimately, a truly effective organisation will ensure that all seven elements work together to achieve a common goal.

[1] Robert H. Waterman, Jr, Thomas J. Peters and Julien R Phillips, 'Structure is not Organization', *Business Horizons*, No 23, available at http://www.tompeters.com/docs/Structure_Is_Not_Organization.pdf (3 June 1980) pp14-26.

[2] Ibid.

[3] McKinsey & Company, 'Enduring Ideas: The 7-S Framework' at http://www.mckinsey.com/insights/strategy/enduring_ideas_the_7-s_framework (March 2008).