

McKinsey's 7-S Model

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Group 1 McKinsey's 7-S Model

In organizational diagnosis, the McKinsey 7-S Model is an extensive framework that evaluates the effectiveness and alignment of various organizational components. This model includes seven critical dimensions: Strategy, Structure, Systems, Skills, Style, Staff, and Shared Values, which collectively offer a holistic perspective on an organization's operational dynamics (Siford-Myers, 2024). Our analysis is directed towards identifying the crucial information needed to fully comprehend each element of the model and to formulate questions that underscore the interconnections among these components.

Strategy

There are several organizational components associated with the strategy element within McKinsey's 7-S model. Data that can be used for analyzing the strategy within this model include information related to the organizational presence in the current market, target market data and demographics, understanding key competitors within the market, and understanding strengths and weaknesses compared to market competition (Candy, 2016). McKinsey's 7-S model can also be used for future strategy - enabling organizations to set goals towards minimizing weaknesses, enhancing strengths, and obtaining new characteristics that allow them to remain viable in their market (Candy, 2016). Below are questions that can be used to gain perspective on the strategy element.

- What is the desired outcome?
- Has the strategy been clearly defined?
- Are there objectives and key results (OKRs) developed that reinforce the strategy?
- What provides the organization with its competitive edge?

- Are there external factors that might influence the strategy, such as regulatory requirements, political climate, or environmental influences?
- How is the strategy monitored and adjusted in response to market changes and competitive dynamics?
- What mechanisms are in place for strategy review and realignment?
- How does the organization balance long-term strategic goals with short-term operational needs?
- How is the strategy communicated to team members?
- What is the frequency of communication regarding the strategy with team members?
- How well is the strategy understood throughout the organization?

Structure

There are several items that an organization development consultant may seek to obtain to better understand the structural component of McKinsey's 7-S model. Obtaining current copies of the organization chart can be used to investigate and understand the reporting structure (McKinsey & Company, 2008). Understanding changes in communication and organizational structure in times of crisis is also important to analyze. It is important to determine if the organizational structure is always followed or if there are other extenuating circumstances or processes that may occur that cause deviations within an organizational hierarchy. The questions listed below can help organization development consultants further explore the organization through McKinsey's 7-S model.

- How are internal team verticals organized?
- Has the strategy and OKRs been cascaded throughout the organization?

- What form does the organization's structure take (e.g., bureaucratic, hierarchical, divisional, matrix, or flat)?
- Are there complexities within the reporting structures?
- How is collaboration facilitated across teams, departments, regions, or divisions?
- Is decision-making centralized or decentralized, and is this clearly understood across the organization?
- Does the structure promote or inhibit agile decision-making and innovation?
- Are there opportunities to improve cross-functional collaboration through structural adjustments?
- How does the current structure support information flow and transparency within the organization?
- How has the company's structure developed and evolved throughout its history?
- What prompted any structural changes?

Systems

Information that can be collected for an organization to understand the systems element of McKinsey's 7-S model includes general procedures for operation within an organization (Candy, 2016). Gathering data on information system platforms utilized by the organization, their purpose, and which departments utilize them can also provide insight into the systems element of the organization (McKinsey & Company, 2008). The questions below can be used to assess the system components within an organization.

- Is there a formal system that monitors the strategy, OKRs, KPIs, performance, and potential setbacks?
- What kinds of communication systems or formal feedback mechanisms are in place?

- What systems manage assets such as finances and resources?
- What data systems support HR efforts, such as Human Resource Information Systems (HRIS) and Applicant Tracking Systems (ATS)?
- What IT systems are available to assist with collaboration and communication, like instant messaging, email, SharePoint, cloud sharing, and project management systems?
- How are new systems evaluated for alignment with strategic objectives before being implemented?
- What processes exist for the ongoing improvement of current systems?
- How frequently are existing systems updated or changed?
- How do systems contribute to employee well-being and engagement?

Skills

Identifying and understanding skills that an organization possesses is also important within McKinsey's 7-S model. Information such as identifying employee technical skills that can help the company succeed, determining skills that may be deficient within organizational departments, whether skills have been measured previously for employees within the department, and instruments that have been used to measure employee skills (McKinsey & Company, 2008). Understanding the methods an organization uses to obtain deficient skills can also be beneficial (McKinsey & Company, 2008). An organization can obtain a better understanding of the skills element by asking the following questions.

- What does the internal onboarding process entail?
- How is progress monitored on an ongoing basis?
- What skills are necessary to support the strategy?
- Where are there skill gaps that inhibit the strategy, systems, structure, values, or style?

- How are skill gaps identified, evaluated, communicated, developed, and resolved?
- What are the core competencies that bolster the strategy?
- Where are there competency gaps that hinder the strategy, systems, structure, values, or style?
- How are competency gaps identified, evaluated, communicated, developed, and rectified?
- What are the strengths that support and drive the strategy, systems, structure, values, or style?
- How are strengths identified, assessed, communicated, and maximized?
- How does the organization anticipate future skill needs in line with strategic objectives?
- What partnerships or external resources are used to address critical skill gaps?
- How is the effectiveness of skill development initiatives measured?
- How are leadership skills evaluated and aligned with the strategy?
- How have skill development programs evolved over time?

Style

The style element within McKinsey's 7-S model is also called organizational culture (McKinsey & Company, 2008). Components that can be utilized to gain a better understanding of style within an organization include communication and leadership dynamics, looking at previous examples of change within the organization, measuring the success rate of change initiatives, and team structure (Candy, 2016). Below are questions that address the style element within McKinsey's 7-S model.

- How are decisions made within the organization?
- How would you describe the leadership style of the organization's top leaders?
- Is the leadership style consistent between top leaders and middle managers?

- How are teams structured: cross-functional, committee-based, department-specific?
- To what extent are individuals empowered to make decisions autonomously and take risks?
- How does leadership style affect employee motivation and job satisfaction?
- Are there discrepancies between stated and actual leadership styles?
- How does the leadership style adapt to crises or changes?
- What process does the organization follow when implementing a change initiative?
- What is the success rate of past change initiatives?

Staff

Organization development consultants can obtain information from various areas within the organization to better understand staffing dynamics within McKinsey's 7-S model. Data-centric to staffing may include the number of companies an organization has, their locations, and the number of employees at each company site (McKinsey & Company, 2008). Staffing can be broken down even further to detail full-time, part-time, and contractors at each site. Determining if each company has only one shift, a second shift, or three shifts to operate. Additional data include current open positions, if the open positions are related to one another, and employee turnover (McKinsey & Company, 2008). The following questions are specific to addressing staffing.

- Is there a budget allocated for growth roles?
- Does the budget allow for hiring in areas with skill and competency gaps?
- Are there gaps in the other S-elements that need to be filled through staffing?
- What are the current vacancies, and what does turnover look like?

- How does the organization promote diversity, equity, and inclusion in hiring and promotion practices?
- What strategies are used to develop talent internally and prepare employees for future roles?
- How does the staffing strategy align with long-term organizational objectives?
- Are exit interviews conducted, and if so, what common themes have emerged?
- What is the pre-hire knowledge, skills, and abilities (KSAs) for each position?
- How are pre-hire KSAs qualified or disqualified during the hiring process?
- How many interviews are typically conducted for a candidate that is hired?

Shared Values

Within McKinsey's 7-S model, information that is crucial for an organization development consultant to collect includes data pertaining to understanding organizational motives and the tools and resources utilized to do so (McKinsey & Company, 2008). Consultants can gather information from paperwork handed out during onboard sessions and information provided in the employee handbook (Candy, 2016). The questions listed below may be used to identify an organization's shared values.

- What is the internal culture like?
- What are the organizational values?
- Do the values support the strategy and the competitive edge identified?
- Is there a delineation or alignment with the values within departmental cultures?
- How are values communicated to and understood by new employees?
- How frequently are core values communicated and publicized?
- What are examples of how the core values are exemplified?

- Is there consistency in the application of core values across departments?
- What practices ensure that values are embodied in day-to-day operations?
- How does the organization reconcile conflicts between individual and shared values?

Summary

By collecting the designated data and formulating relevant inquiries, organizations can comprehensively understand the variables encompassing every aspect of the McKinsey 7-S model. Such knowledge enables us to assess the possible cascading impacts that change in one variable may cause for the others. We can better understand the company's dynamics and make informed decisions by considering the entire system. The McKinsey 7-S Model not only serves as a tool for diagnosing organizational issues but also as a blueprint for achieving strategic alignment and operational excellence (Siford-Myers, 2024). We believe that prioritizing the interconnectedness of strategy, structure, systems, skills, style, staff, and shared values, organizations can create a strong foundation to support their goals and adapt to changing environments.

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