7S FRAMEWORK

Introduction

Sometimes, organizations especially mega-corporations seem to be too complex to understand. The McKinsey 7S is a tool for understanding, analyzing and solving problems of organizational effectiveness. It was developed by three consultants at the global management consultancy firm 'McKinsey' named Robert Waterman, Thomas Peters and Julien Philips.

The 7S model was formulated at a time of concern about the problem of effectiveness/infectiveness in achieving organizational objectives and/or attaining optimal performance. Before its formulation, the conventional solution to the problem of ineffectiveness was to redesign organizational structure. This solution was based on the assumption that structure is everything and an effective organization is a product of its structure(s).

The 7S model departs from previously held convention in management circles that the structure of an organization is the chief determinant of organizational effectiveness. There are other factors as important as structure in bringing about change in an organization. The 7S framework forces us to concentrate on these other factors and their interactions.

7S Definition

An organization's effectiveness or ineffectiveness is determined by seven variables and not just organizational 'structure'.

Why Use 7S

The 7 variables can be used to understand the total internal factors that contribute to the effective and/or efficient working of your business. When all seven pins are pointed in the same direction, you have an organized business or organization.

7S Details

According to 7S framework, an organization's effectiveness is not determined by its structure alone but rather, by the relationship between 7 (seven) internal variables or elements. These variables start with the letter 'S' hence the catchy mnemonic '7S'. They include:

Strategy: This refers to a company's plans in response to or anticipation of changes in its external environment such as its customers, its competitors and government regulation. Strategy can be low production or delivery cost, or better customer service.

Structure: Structure refers to how the organization is divided into specialized coordinating units. Structure can either be centralized or decentralized.

System: System means all the procedures, formal and informal, that make the organization go, day by day and year by year: capital budgeting systems, training systems, cost accounting procedures

Shared Values/Super ordinate goals: Super-ordinate goals refer guiding concepts, values, norms and aspirations, that supercede stated corporate objectives.

Skills: Skills refer to what an organization does best. It can be product management, financial control, innovation and quality, project management.

Staff: Staff refers to people. People as well as their morale, attitudes, motivations, and behavior, pay scale and training count towards an effective organization.

Style: Styles are not words but pattern of actions by management.

The 7S can be further categorized into 'Hard S' and 'Soft S'. 'Hard S' include Strategy, Structure and System while the rest make up the soft S. Even though they have been categorized, no category is more important than the other: "Hard is soft. Soft is hard". Things like plans (Strategy) are often "soft", whereas the people ("staff"), shared values ("corporate culture") and skills ("core competencies") are actually the "hard" base upon which an effective organization is built.

The 7S can be graphically illustrated in this way:
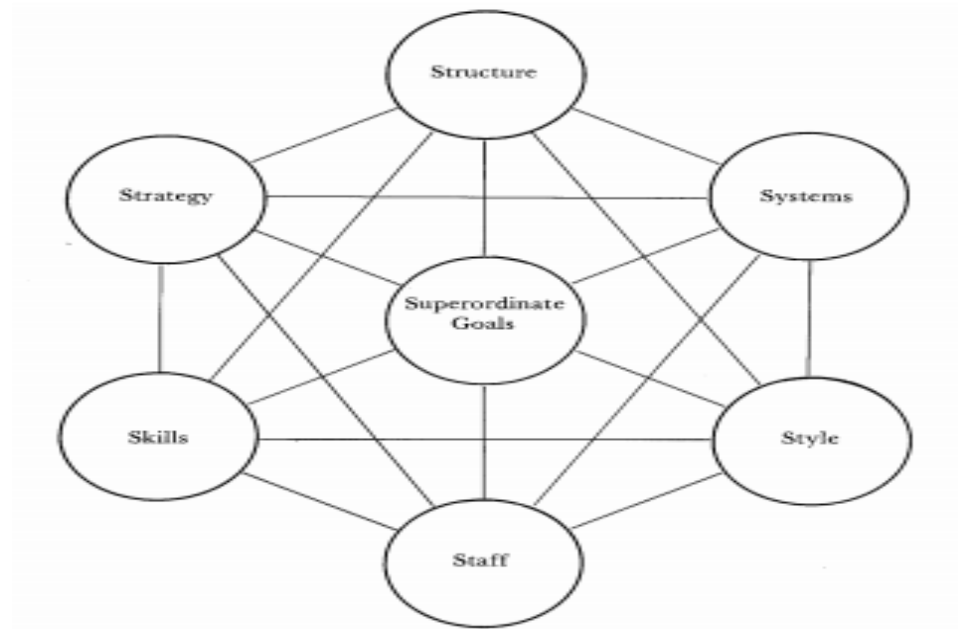
Going by the illustration, the 7S are interconnected and interdependent, as can be seen by the lines joining them. This goes to show that no aspect can be ignored at the expense of others. For instance, inadequate systems and unmotivated/untrained staff can render an organization ineffective.

References

A Brief History of the 7-S ("McKinsey 7-S") Model - Tom Peters. (n.d.).
Waterman, R. H., Peters, T. J., & Phillips, J. R. (1980). Structure is not organization. Business Horizons, 23(3), 14–26.