



Australian
SUPPLY CHAIN & LOGISTICS
Institute

Lean TQM Toolbox Series

McKinsey 7-S Framework

A Strategic Assessment & Development Tool



Lean TQM Toolbox – Strategic Assessment & Development Tools

McKinsey 7-S Framework

The problem: You need to develop your strategy, operating plans and budget for next year, but your organisational design and effectiveness are in question

The model can be applied to many situations where organisational design, alignment and coordination are needed:

- To facilitate organisational change
- To help implement new strategy
- To identify how each area may change in a future
- To facilitate the merger of organizations

The basic premise of the 7S Framework is that there are seven internal elements of an organisation that need to be aligned so it can be successful;

1. **Strategy:** your company's plan to enhance competitive advantage
2. **Structure:** how your company is organized and who reports to whom
3. **Systems:** procedures, processes, and routines of staff that characterize how the job is done
4. **Shared Values:** the core values that are reflected in the corporate culture and individual work ethic
5. **Style:** typical behavior patterns of groups such as managers and other professionals
6. **Staff:** your company's employees and their general capabilities
7. **Skills:** the organization's core competencies and distinctive capabilities

The interdependency of the elements means that if one changes, the other six elements should be analysed to see how the change affects them and to determine how each may need to change to keep organisational goals aligned.



Lean TQM Toolbox – Strategic Assessment & Development Tools

McKinsey 7-S Framework

To perform a 7S analysis, answer these questions:

Strategy

- What is the organisation's goal?
- How will resources be used to accomplish that goal?
- What is unique about the organisation?
- How does the organisation adapt to changing market conditions?

Structure

- How is the organisation structured?
- How are decisions made?
- How do employees align themselves to the organisational strategy?
- How is information shared?

Systems

- What financial systems are in place for resource acquisition?
- What systems are in place for recruiting, promotion, and performance appraisal?
- What processes, procedures, and routines are in place to get work done?

Shared values

- What are the values upon which the organisation was built?
- How do the values play out in daily life?

Style

- What is the leadership style?
- How do employees respond to management?
- Do employees function competitively, collaboratively, or cooperatively?
- Are there teams or silos?

Staff

- Is the current number of employees enough to accomplish goals?
- Are there staffing needs?
- Are there gaps in required capabilities or resources?

Skills

- What skills do employees have to deliver core products and services?
- Are the current skills of the employees sufficient?
- What does the organisation do well?
- How are skills monitored, assessed, and improved?

After these questions have been answered, analyse the data and look for alignment, consistency, conflicts, gaps, strengths, and weaknesses.



Lean TQM Toolbox – Strategic Assessment & Development Tools

McKinsey 7-S Framework

Application of the McKinsey 7S Model

Step 1: Identify areas that are not effectively aligned

Is there consistency in the values, strategy, structure, and systems? Look for gaps and inconsistencies in the relationship of elements. What needs to change?

Step 2: Determine the optimal organisation design

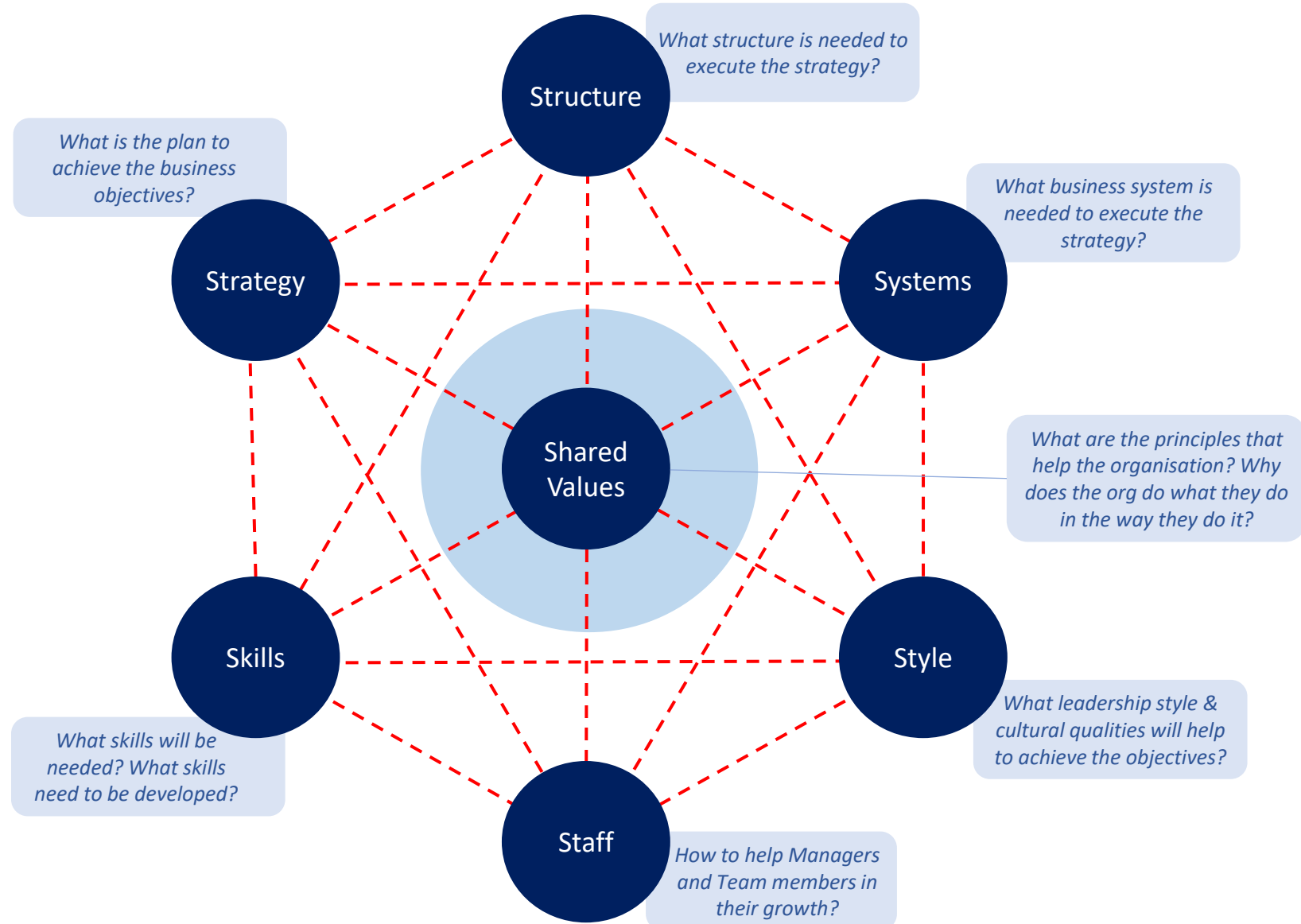
Consolidate opinions of management and create a generic optimal organisational design that will allow the company to set realistic goals and achievable objectives.

Step 3: Decide where and what changes should be made

Once the outliers are identified, the plan of action can be created, which will involve making concrete changes to the chain of hierarchy, the flow of communication, and reporting relationships.

Step 4: Make the necessary changes

Implementation of the decision strategy is the most critical and often the most difficult step in realistically achieving its goals





Australian **SUPPLY CHAIN & LOGISTICS** Institute



www.ascal.institute



info@ascal.institute



www.youtube.com/channel/UCL-xknt-DJcnZfZ4k_6bWvg



[Ascalinstitute](https://twitter.com/Ascalinstitute)



Australian
SUPPLY CHAIN & LOGISTICS
Institute