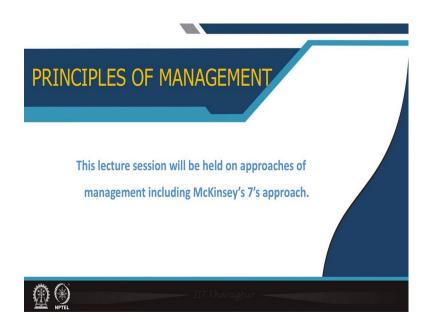
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Module - 04 Lecture – 19 Approaches of Management Including McKinsey's 7's Approach

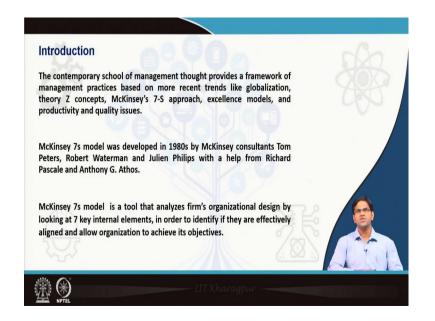
Welcome to lecture-4 and module-4. Today, we are going to discuss about McKinsey's 7's approach.

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Let us go and learn what is the you know McKinsey's 7's, and how organization will use the 7's approach in their you know organizational effectiveness ye.

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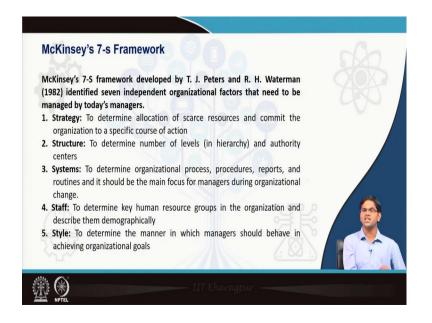
See this is a contemporary management practice. The contemporary school of management thought provides in a different framework; you know based on the recent trends like you know globalization, theory Z concepts, and McKinsey's 7-s approach, excellence model, productivity and quantity issues.

Today, we are going to look at specifically on the McKinsey 7s model. This 7s model is developed in the year 1980s by the McKinsey consultant company majorly the people who are contributed to a development of this framework is you know Tom Peters, Robert Waterman, Julien Philips with a you know support from the Richard Pascale and Anthony Athos.

See what does this 7s model? McKinsey 7s model is a tool used in the company to analyze firm's organizational design by looking at key 7 internal elements, you know key 7 internal elements in order to identify if they are effectively aligned; and if they are effectively aligned, how this will actually help the organization to achieve their objectives.

So, 7's model is actually a tool. It is actually identifying you know some important key 7 internal elements it has to be aligned to as a form an organization design, so that know it is actually helping an organization to achieve their goals. Let us go and see what are those 7 Ss ok.

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So, as I said now this model is developed by a Peter and Waterman, and they know the 7-S are the you know some of the important roles that has to be performed by every manager in the company. So, now let us learn about all the 7 Ss. First S is a strategy. As a manager, you need to determine the allocation of the scarce resources.

We always talk about the strategy, always talking about you know optimizing the resources, you know how are you going to handle with the limited resources right, you know determine the allocation of scarce resources and commit the organization for the course of action, specific course of actions. So, this is a role of a manager that notes your strategy we will have to decide on the strategy.

Then structure. So, manager has to determine the nber of levels or authority centers. This is nothing, but you know talking about the organization structure right. There is a hierarchy structure. This actually provides a simple information about who has to report to whom, and you know how the chain of you know command has been connected to the top level, it has to provide a clear information.

So that you know who has to report to whom and you know clear information the power and authority distribution is clearly known ok. So, the structure you know manager has to determine the hierarchical structure in the organizations. Then systems; now, systems are nothing but you know the you know as a manager you need to determine the certain organization processes, procedures, and reports and routines.

You know it should be the main focus for managers during the organizational change, because you know you need to create a system. What is a system? For example, if you have working in a company, you always right for example, you wanted to take a leave. So, there is a procedure right. There is a system in place.

For example, maybe some company say you know just writing an email to your immediate boss might do. Whereas, maybe you know some company might have an ERP, system where you know enterprises where you report and you know subsequently you will see that you know other your immediate report, and then your manager can see whose applying for it.

There is a you are creating a kind of a system on a procedure for a specific set of activity you do. Let us say we are talking about you know you wanted to you know get some advances from the finance department, then what is the procedure.

So, it is kind of you need to create a system for every other possible practice in the organizations, so that you know it is actually very helpful to manage the company. And especially you know for example, an organization goes for a change, or they wanted to migrate from one way of you know technology to another way of technology.

The system and procedure existing system and procedure will actually help on organization to you know quickly change to the you know quickly you know move to one way of practitioner to the other way or there is a transition from you know management approach is also very helpful you know setting up the system.

Then staff, it is the managers roles to determine the han resource requirement and also who has to be hired, what level of skills I required for this particular position, how many position is required, you know to determine the requirement of the han resources and also their skill levels, you know what kind of a people I require right.

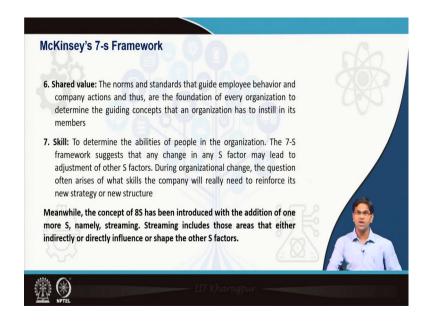
Then demographically you need to understand also in based on the experience, based on the qualifications, education, qualifications and the technical skills they have that you need to determine right, nber of people and then the associated experience are required ok.

Then style, manager has to determine the manner in which you know they will able to achieve the organization goal as we are you know learning about you know different styles of management, we talked about the styles of management varying between the countries, or you know with respect to managers.

So, here we also need to understand the kind of a style as a you know company, we will decide to achieve our organizational goals. For example, maybe you know you will follow you know autocratic approach, you know autocratic style where you say you know you just obey whatever the rules come from, you know sometime you know you will be participate your (Refer Time: 05:42), and you collectively learn from people to make decisions.

So, you need to decide right as an organization you need to decide and determine what kind of style you will follow to you know handle your organization perspectives, and then achieve the organization goals.

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And then shared values shared values is very important. So, this is kind of you know this is a norm or the standards that was going to guide the employee behaviors within the organizations right. See for example, you know how you need to participate, when you are participating in the particular decision-making meeting or the you know team meetings what are the norms we are going to follow.

Let us say you know there is an issue coming up in a particular project, how are we going to handle. So, maybe a you will there is an organization, you would have created a set of norms then ok.

When there is an issue coming up in a project, we will, first level we will have a project team meeting where we will collectively discuss, and you know one has to be everybody has to be given a chance to give their insights or suggestions. This is a kind of a norm that you know actually governs the set of a behaviors is required you know that is become a foundation for every organization to determine the guiding concept that you know organization has to instill in its members.

So, unless otherwise there is no norm or the standard guidelines that will to govern the employee specific employee behaviors, then it is very difficult. You need it to always have a shared value that is why you know we are talking about organization culture. Every organization has specific culture. Well, how you say you know organization have a specific culture? It is about the shared way of you know living in the company.

Let us say you know some people some organization you know open culture where there is no hierarchy as such you know it is always easy to go a one level up, even though skipping the managers to an higher level of manager maybe, it is a shared values that has very important that will govern their behaviors in the.

Then skill, so, determine the skill is nothing, but to determine the abilities of a people you require in the organization right. And if you are talking about 7's framework, it is always suggesting that you know any change in one factor let us say you know there is change in you know strategy, then of course, it will may lead to adjustment in the other factors. If there is some strategy change, of course, you need some structural changes of course. Then if you look at you know when the structural change is happening, then you need to quickly associate the system changes.

The system change will say strategy is you know you want to expand the business then I my you know staff requirement will be different right. The staff requirement is different then I need to determine my shared values might you know for example, if we are

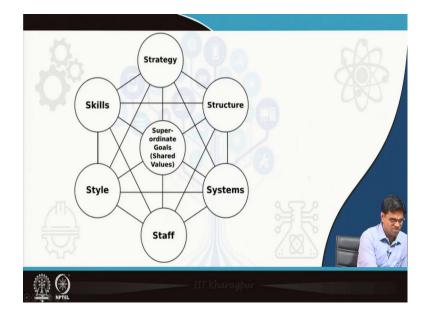
bringing in different countries to participate with your company, then the values have to change quickly then skill requirement is also changing.

Then now when now very recently some section of the people also introduces a concept of 8 s you know there is one more s been added which is a streaming. Streaming you know it is direct is nothing but you know any areas which is either indirectly or directly influence shape of the other s factors ok.

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Steps to implement t	the 7s model	
organization. According to t	oproach generally varies from the organization to he need and objectives of the organization it can p. Here are such step wise implementation:	
Step 1. Identify the areas the	at are not effectively aligned:	
they are effectively aligned	t is taken to look at the 7S elements and identify if with each other. Normally, every manager should are aligned in his/her company.	
Step 2. Determine the optim	al organization design:	
effective organizational desi	nagement, the second step is to find out what ign managers want to achieve. By knowing the s can set their goals and make the action plans	

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So, if we look at these you know 7's framework ok. See if you see these are the 7 ss we talked about you know starting from the strategy, and you look at the structure, system, staff, and style of manager you wanted to do, and then skills. And if you look at in the in the center, we are always seeing the shared values right and super ordinate goals. What is the super ordinate goals is nothing but you know you know it is always the organization goals is higher than the any individual interest right?

So, individual interest is always you know subsided by over the organization interest. Now, people have to go you know give lot of value for the organization goals to achieve rather than the individual goals. So, here this is how you know every all Ss' are connected with each other, because you know now if you look at you know any change in one s, we will have the subsequent impact on the other Ss' right.

So, that is why you know there are there needs you know proper alignment between all these ss', so that you know you are able to collectively able to achieve the organization goals ok.

So, for example, if there is a system change, then quickly it will also impact the other Ss' also then it is very important that how you are going to quickly align those changes. So, then you are continuing to you know achieve your goals fine. So, this is the 7's model.

We will see the next ok. Now, how do we implement this 7's model? See 7's model you know it varies from one organization to other organization. You know it also varies with respect to the needs or the objective of the organizations. You know based on the objectives and the needs of the organization and the implementation also varied by the step by step.

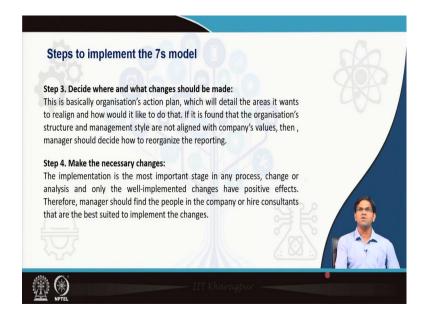
Now, let us look at the you know step wise implementation of the 7's framework. First is you know identify the areas that are not effectively aligned. It is very important because we already have the framework with the 7's framework it is already set, now you need to identify you know where which of the areas where these you know frameworks are not effectively aligned.

You know attempt is to look at all 7's elements and identified if they are effectively aligned with each other. You know it now it is very important in a perquisite you know every manager should be aware about all the 7's elements, unless otherwise the manager is not aware about it is very difficult to look at you know whether there is a properly aligned or not ok.

Then second step is determining the optimal organizational design. So, you know how do we determine it, it? We need some help from the top management. Second step is to find out what effective organizational design managers wants to achieve right. By knowing the desired alignment manager can set their goals and make the action plans easier.

So, it is always you know we need to get some help from the top management to say the you know what is the optimal organization design you are looking at it, what are the you know goals. Based on the goals then you need to quickly you know set up your things ok.

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Now, step 3, step 3 is now deciding where and what changes should be made ok. This is basically you know organizations action plan which will detail the areas it wants to realign and how it would like to do that. If it is found that the organization structure and management style are not aligned with the company's values, then manager should decide how to reorganize the reporting format right.

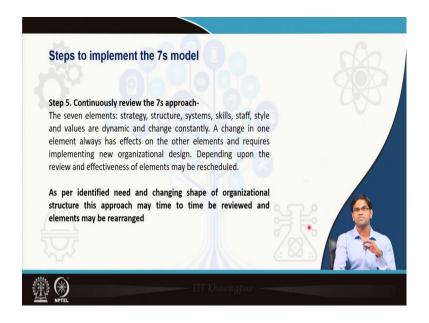
So, when the you know style is not aligning with the organization value system, you know then it is actually not compatible with the other s factors right. You need to quickly rework on it and then decide how we are going to reassign, so that you know there is

always an alignment with the all the s elements we are talking about because you know the when the all s alignments are properly set, then it is going to give us the better effectiveness ok.

Then step 4 is when you found that something is not properly aligned, then they make necessary changes. So, the implementation is most important stage in any process right. Change or analysis or well implemented changes have positive effects. Therefore, manager should find the people in the company or hire consultants that are best suited to implement the changes.

See whatever the changes we are seeing, you need to implement those changes right. So, when for example, there is some you know incomparability between the different s element, then you need to quickly change and then make the necessary changes and then try to implement it ok.

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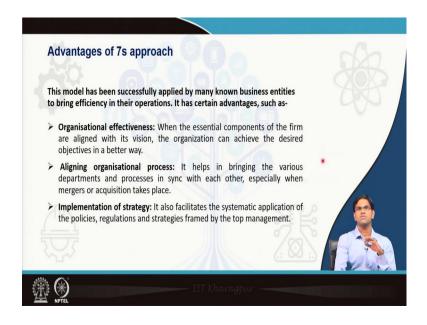
Now, step 5 is continuously reviewing the 7's approach. The 7's approach we are talked about the strategy, structure, system, skill, staff, style, and you know shared values are always dynamic, and change constantly. For example, you know staff you are talking about the size of the staff.

The size of the staff it is not going to be static right now it is likely to change based on the nber of projects you do let us say you know your company's expanding, then that is changing, then it is going to have an impact on the other ss, because it is all always connected.

It all connected in a name you know structure, then it is always you know like to do change. Similarly, strategy of the company might also change, it is always you know dynamic and change constantly.

So, then you know it is depending upon that you know organizational wants to continuously review it, and you know ensure that you know you are able to make the subsequent changes in the other 7's element. So, that you know you are able to be you know very effective, you know you are able to always contribute towards your organizational structures, ye.

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Now, let us look at the advantages of 7s approach. This model has been successfully applied by many known business entities to bring efficiency in their operations. The 7s model is actually you know it is a collective approach, you know where you are talked about you know all different S elements which is actually contributing towards the success of the organizations ok.

So, now, let us look at the advantages. One is you know it brings organizational effectiveness. When the essential components of the firm are aligned with its visions, then organization can achieve the desired objectives in a better way that is what you

know if you look at the 7s where the always the shared values of the center right the that is the business goal.

When it all other elements are aligned towards the shared values, then it is definitely pretty sure that you know organization will be able to you know bring out the lot of effectiveness, they are able to achieve what they are intent to achieve.

Then aligning organizational process. Though it you know it actually helps in you know bringing the various department and process in sync. See by this model what is actually happening, this model says nothing is independent of each other right. So, the structure, skill, style, nothing can happen in an isolation, nothing can happen in silos. It has to be happened in the alignment.

Now, this actually this frame or actually try to bring everybody every you know processes you know synchronization, so that you know it is actually helping my organizations processes.

Then implementation of strategy. It actually facilitates the systematic application of policies, regulations strategies framed by the top management. So, anything which is you know brought, they look at it in the all 7s framework right. See, if you are for example, you wanted to make some changes in one particular element, this particular framework which suggests that you know if you make some changes.

It is likely to have an impact on the other, it is better that you make necessary subsequent changes in the other element, so that you know it is a collective system collectively the system is evolving. So, that you know it is been always you know effective and you know a it is very successful ok.

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Now, analyzing the impact of future change. The management can analyze the effects of changing corporate culture, policies, strategies, structures technology over the organization with the change of the time. So, when the there is a you know the when the framework is very clear, and then organization is very clear about you know how these frameworks are connected to each other.

So, based on the you know change in the business environment, you know how the whole business concept is changing or the business is evolving, organizations also likely to make the necessary changes you know following this framework.

Then setting the comprehensive framework. It is a broad approach and you know since you know it inspects each of the 7 elements and their correlation with each other for making a comprehensive you know framework.

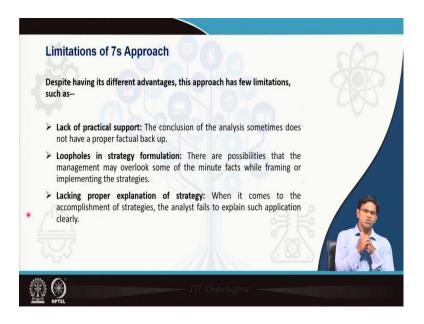
So, because you know as we said you know it is actually very comprehensive framework, because it is you know bringing all important elements in an organization and trying to bring in a same framework, so that you know it is actually comprehensively able to support the organization goals right.

Right from the strategy, style, skills required, you know nber of people required, it is actually you know exhaustive framework which is actually bringing every other perspective or the processes or systems or departments in the organization to achieve the organization goals.

And you know the another very important thing you know linking academic research with management. So, this model is not just only theoretical. And somebody is not just proposed you know they studied some framework you know; it has been practically tested many companies have actually implemented it.

They have started to read the benefit, because they found that you know when this framework has been aligned and then been implemented properly, they are able to see that you know they are you know organization effected whether actually increased, they are being very productive, they are able to achieve their you know organization goals continuously and sustain their business in a well-fashioned manner ok.

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Now, though we talked about several advantages of the 7s framework, of course, you know there are some limitation associated with this framework; because we will look at those limitations. One is you know lack of practical support. The conclusion of the analysis sometimes does not have a proper factual back up. See you know we were saying that you know this framework is saying you know some changes in one system might impact the other.

In sometimes you know there is analysis are some sometime it does not provide the factual you know backup; in the sense it did not provide the sufficient evidences to prove that yes there is going to be an inconsistency if there are some changes in one particular element right.

Then there are some loopholes in strategy formulations. There are possibilities that the you know management may overlook some of the you know minute facts while framing or implementing the strategies that is you know likely to happen right. Sometimes you know management may not enlist every complete information on a strategy formulation itself.

When you know when you know companies or management people you know over look some of this. And based on that you know if you make you know subsequent alignment in the all other elements, then it is what do actually happening you know you are missing out some key information, then you are actually based on the incomplete information you are trying to align and fix the all the integrated framework which is actually collected you are going to fail correct.

Because you know it is always likely to you know some information that might be missed out in the strategy formulation because you know strategy formulation will also impact the other. Because we are saying you know it is always connected. Now, all these all 7 elements s elements are all connected with each other. If something is missed out in the strategy of course, it is going to impact right.

Then lack of proper explanation of strategy. When it comes to the you know accomplisent of the strategies, the analyst fails to explain such applications clearly. You know sometimes you know analyst may not provide the sufficient inputs to explain it clearly the strategy you know, why the strategy, how the strategy can be implemented, all this ok.

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Then, then it is a static model. It is not dynamic in nature. Though we talked about you know the there is always a change in all of these elements, but you know as a model it is very static. You know, it is not providing more scope to you know add in some more additional you know factors into it.

So, that you know as the time progress as the you know business evolved as the you know world is growing, and the companies are having you know multiple different practices with the technological advancements. This framework is very you know static in nature. You know it does not provide scope for adding some more element you know. And especially in the short term this is this result cannot be analyzed so soon.

Now, we are talking about you know the business opportunities are very you know fragile and the even the you know futuristic estimate and then look at it is on a very short time orientation right.

You know they look at you know 3 months projects, 6 months projects, in that particular short term things you know this is actually this framework do not provide you know that sufficient time to you know analyzed you know and provide the sufficient inputs to you know make this framework you know effectively supported, so that is why you know this is this is being a very static model.

And difficult to assess the validity you know it is it is very difficult to evaluate the degrees of suitability of this model in a business organization. Though you know we are talking about this framework is very effective, just of course, there are advantages.

But you know how do you know assess the validity the validation is has to be done by looking at you know how it is been effectively applied, and you know the easy applications you know let say you are hiring a manager, as a manager how will be able to you know quickly understand this framework and then implement it right.

So, the validation, the validation always comes with the success produced in the company right. Let say you know I am introducing some particular model that model validation has to be seen by implementing in a particular organization, and try to see the validation in different time zones also, you know different organizations different kind of industries and sectors I need to go implement and see the success, then the validation is bought.

Whereas, you know it is very difficult to evaluate the degrees of suitability of the model in a business organization, you know maybe you know it may be very suitable for only kind of you know specifically kind of you know let say you know consulting firms maybe for IT organizations that this particular model may not be that suitable in all other business functions or the domains as well ok.

Then another important thing is you know it actually ignores external environment. This framework emphasizes unless on the internal factors. Now, all these S 7 elements we talked about you know strategy, you know system, structure, style, skills, you know shared values, or we are talking about skills everything is all internal to the organization right.

This is not providing enough scope to doing the environmental scanning meaning that you know beyond these internal factors, go beyond the organization. You know when especially if you are talking about any framework or a model for a business entity, it is very important that you know every business entity is going to be impacted by the external factors.

So, even you know any decisions made in an organization needs always you know considering the what are the opportunities at the you know its environment right. So,

environmental scanning is very important, but this actually this framework has neglected these external factors now which has actually having a substantial effect on the business operations right.

For example, you know government policy changes. When the policy changes you know it is going to impact my business. But this framework did not provide a sufficient scope to you know figure out configure that particular component of you know external factors, it is only considering the internal factors.

Based on the internal factors, yes, it is you know it is a absolutely a great framework you know internally you are able to see how your strategy is actually governing the setting these structure, establishing structure in the organization, how structure is you know creating to the system you create the procedures you create.

Then, then system has been connected to the you know style of you know decision making in the organization. And there is a shared value which is you know we are talking about you know covering up and all the 7 S, then we are also asserted skills like staff level requirement.

But you know this is all internal to the organization. But you know the business environment is always likely to be impacted largely by the you know external environment. For example, now when your customer interest changes, your client interest changes.

And that the kind of projects you work in then the client is no more interested in the particular project though so meaning that you know you need to time to time continuously evaluate the external factors, absorb that thing in your organization. So, that you know as a system you will be collectively able to create a better organization system ok.

But despite the limitations 7's tool strongly believe that the organization values hold significance. Why we are talking about organization values hold significance? Because we talked about even in the same 7's framework we have seen that you know shared values, super ordinate goals.

Super ordinate goals are nothing but you know organization interest is the priority than the individual interest. We will be nurturing the business where other aspects are framed in alignment with this factor.

So, so, this framework and there is you know the central part of the framework is the shared values, super ordinate goals. You know organizational interest that is the shared values that is actually driving the other elements in the organizations essentially you know that framework is very importantly reinstating the fact that you know it is only the shared values, and the values of the organization is going to make other factors intact, and moreover whatever the you know organization value that has to be reflected in the other elements of the organization also.

If an organization ignores an organization value system in the other aspects, then you know that particular framework will not have ye.

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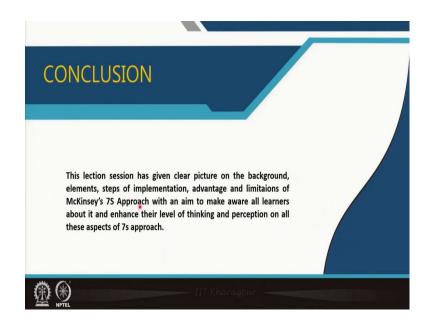
	imitations of 7s Approach
	espite having its different advantages, this approach has few limitations, ch as
1	Lack of practical support: The conclusion of the analysis sometimes does not have a proper factual back up.
4	Loopholes in strategy formulation: There are possibilities that the management may overlook some of the minute facts while framing or implementing the strategies.
~	Lacking proper explanation of strategy: When it comes to the accomplishment of strategies, the analyst fails to explain such application clearly.

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So, these are the references. These are the references for the 7's framework.

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And today we learnt about the 7's McKinsey's 7's framework which is now developed at the McKinsey company by Peter and Waterman. The 7's is talking about the strategy, talk about the structured, talks about the staff system, and the style of management, it also talked about the shared values, and then he talked about the skills required.

And you know on this framework and the 7's framework with the central tenant is the shared values which is nothing but an organization value system which is actually

aligning with the all the 7's system which the 7's framework which talking about you know organization design has to be you know effectively aligned with all the key elements in the organization. So, that you know it is collectively able to achieve the you know organizational goals.

If there is any incompatibility any changes in one particular element which has to have a subsequent change in the other element, so that you know you are actually making those changes in the elements, so that you are able to continue to achieve the organizational goal ok, ye. We learnt about the 7's framework today.

And thank you.