## Systems Thinking and The 7-S-Model

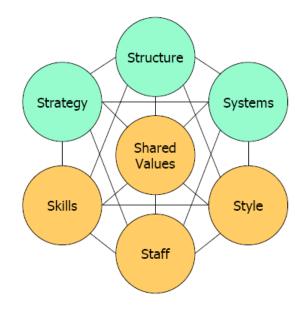
The 7-S-Model is better known as McKinsey 7-S. (Tom Peters and Robert Waterman, were consultants at McKinsey & Co at the time) as well as the Diagnostic Model for Organizational Effectiveness.

The hard elements (green circles) are easier to identify and can often be found in documentation.

**STRATEGY:** the integrated vision and direction of the company as well as the manner in which it communicates and implements that vision and direction.

**STRUCTURE:** the organizational chart and interconnections between positions in the organizational hierarchy.

**SYSTEMS:** the procedures and routine processes required to perform the work, including the ways information moves through the organization.



The four soft S's are harder to identify and are also more likely to be continuously developing and changing. They are highly determined by the people at work in the organization. Although the soft "S" factors are below the surface, they can have a great impact of the hard Structures, Strategies and Systems of the organization.

Style / Culture: The culture of the organization, consisting of two components:

- Organizational Culture: The dominant values and beliefs, and norms, which develop over time and become relatively enduring features of organizational life, including social events and the process of shaping the values of management and orienting new hires
- Management Style: Best known by **what managers do** more than what they say. How do managers spend their time? Where do they **focus attention**?

**Staff:** The job families within the organization, e.g. marketeers, engineers as well as the people processes used to coach and develop staff and leadership, ways of helping develop careers of staff

**Skills:** The distinctive competences – the core knowledge, skills and attributes of what the organization does best. May include ways of expanding or shifting competencies

**Shared Values:** Values act as an organization's conscience and provide guidance in times of crisis. Values are guiding concepts, fundamental and highly charged around which a business is built. To be effective, they must have actionable (hire/fire) meaning inside the organization.

The 7-S model proved to be an excellent tool for judging an organization's ability to implement a given strategy. To be effective, an organization must have *a high degree of internal alignment* among all seven Ss. Each S must be consistent with the other factors for them to reinforce one another. With the exception of the skills factor, all Ss are interrelated and a change in one affects all others. For example, a change in HR systems like internal career plans and management training will have an impact on organizational culture as well as structures, processes, and finally characteristic competencies of the organization.

The model can help guide organizational change. In change processes, many organizations typically focus their efforts on the hard S's, Strategy, Structure and Systems. Peters and Waterman in "In Search of Excellence" commented that most successful companies work hard at the soft S's. The soft factors can make or break a successful change process, since new structures and strategies are difficult to build upon inappropriate cultures and values. Healthy shifts in cultures and values can speed change and reinvent and transform an organization, as also detailed in Good to Great, by Jim Collins. Managers must act on all Ss in parallel, and understand that the factors are interrelated. This interconnectivity creates a dynamic system where one change requires the system to adapt to a new equilibrium.

The model has limited use as a real-time, numerical maintenance and monitoring tool. The authors do not view the organization as a political arena. The authors have shared a view that conflicts between individuals and departments can be better managed by adopting strong and uniting shared values.

**Adapted from:** Waterman, R. Jr., Peters, T. and Phillips, J.R. "Structure Is Not Organisation" in Business Horizons, 23,3 June 1980. 14-26 & references Dagmar Recklies, 2001 & provenmodels b.v. 2005-2008 D.Nystrom 2009 **REVELN Consulting** www.REVELN.com