

OD Intervention and Mckinsey's 7 S

Module 5_Session 6

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Content Covered

- Organizational development Intervention
- Mckinsey's 7 S



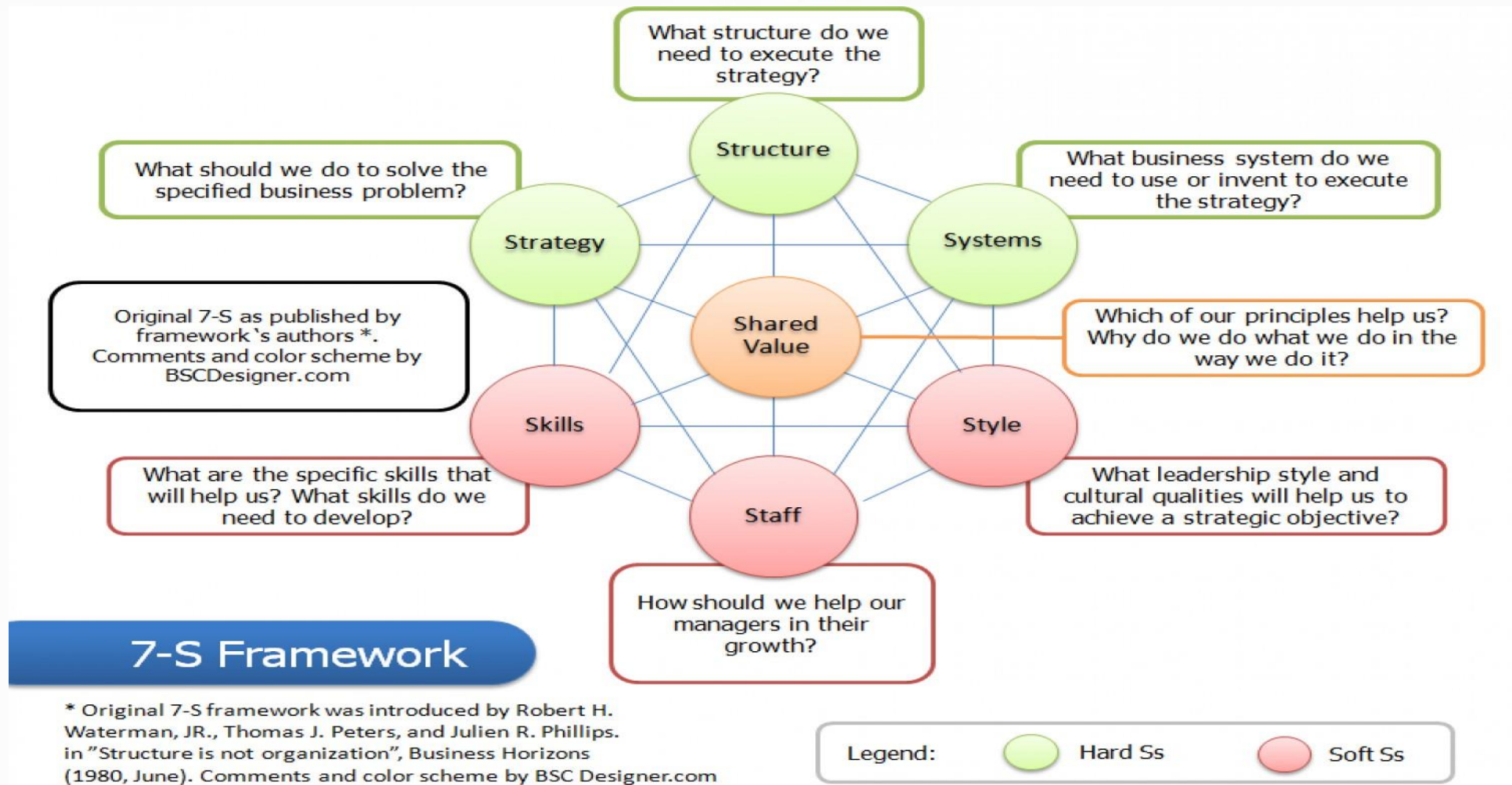
OD Interventions-Introduction

- OD is the process of developing organizational internal capabilities to sustain in a changing environment.
- Which model can fit in which situation depends largely on the type of intervention, and the nature of organization?
- Models represent the cause and effect between different relationships, analyses of which lead to insights into the system.
- A model is a structure which discusses the functions of some aspect of a system or the system, as a whole. It may be highly conceptual or theoretical, and tested through the process of data gathering, analysis and reasoning.
- OD Interventions are sets of structured activities in which selected organizational units – individuals/groups engage with a task or sequence of tasks where the task goals are related directly or indirectly to organizational improvement. Interventions make things happen and are “what’s happening”.- Wendell L. French and Cecil H. Bell Jr. 1983.

McKinsey's 7-S Framework

- McKinsey's (Peters and Waterman) 7-S Framework identified seven independent organizational factors that today's managers need to manage.
- The 7-S model is a framework for analysing organizations and their effectiveness. It looks at the seven key elements that make organizations successful.
- The 7-S framework suggests that a change in any of these factors may result in an adjustment of other factors.
- However, the concept of 8-S has been introduced now by adding another S-Streaming includes those areas that, either indirectly or directly, influence or shape all 7-S.

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7-S Framework

Shared Vision

- This embodies the organizational vision, mission, values and operating principles.
- This element of the 8-S paradigm is central to and the core of overall organizational effectiveness.
- The purpose of this component as illustrated in the model, is to permeate the organizational strategy, structure, systems, style, staff and skills.
- In other words, every level of the organization and each focus area should somehow embody these.

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Strategy

- Once a shared vision has been established at the organizational level, the process of alignment usually begins by driving the shared vision into strategy.
- Organizational strategy includes the approaches that a company will take to realize their shared vision.
- This may include gaining competitive advantage, developing new products and services for the purposes of increasing revenue, generating market share, or improving margins.
- They may also include being a low-cost producer, or providing product superiority through quality and customer service. The strategy needs to be linked to the shared vision.

Structure

- After organizational vision and strategy have been developed, it is appropriate to put together the elements associated with the organizational structure.
- In other words, a company organizes itself towards its purpose and to implement strategy.
- Structural realignment may not make sense unless it is done within the context of an overall purpose or strategic direction.
- Structural changes may include anything from consolidating distribution centres to downsizing or a host of other possibilities.

System

- Shared vision, strategy and structure work together in a somewhat sequential fashion.
- Once these have been established, the next step is to make sure the systems within the organization are consistent and aligned with the three other components.
- There are several systems in a company. These include information management systems, the personnel policies and practices system and the replenishment system.
- Within these, there is a variety of processes that are critical to their functioning.
- To a large degree, the efficiency and effectiveness of the systems determines the successful achievement of the organizational mission.

Style

- Whereas the organizational focus area is alignment, the professional area of focus pertains to the style and competency with which managers and leaders execute their particular functions.
- The goals, mission, direction and alignment components of the company need to be translated by professionals within the organization in a way that ensures successful execution of the alignment.
- If the management style is not consistent with the shared vision or business strategy, there will be a major disengagement between intention and actuality.
- To ensure alignment, professionals need to develop, mature and broaden their managerial effectiveness.

Staff

- This is the people's component.
- Failures in relationships are most often due to the failures in communication.
- This is where teamwork issues become paramount. It also addresses the internal value chain and the partnering process.
- This is the critical area dealing with how people are working towards realization of the shared vision, how they are operating within the determined structure, proceeding against the organizational strategy and augmenting and supporting organizational systems and is also crucial to the success of organizational alignment.

Skills

- This element implies that individuals need to grow personally and professionally and is a fundamental area in which a company addresses the development of its people.
- It is not as inclined towards describing communications or effectiveness or alignment issues, as it is towards the improvement of critical business and people skills.
- This is where the role of training is important. Once the organizational vision, strategy, structure and systems have been determined, it is appropriate to determine the skills that will be required to ensure alignment and accomplish the organizational mission.
- A well-designed curriculum approach in which all people share language and have the opportunity to experience training at the same time ensures a levelling experience that is slanted towards development.

Stream

- The final S includes all areas outside the previously discussed elements that either indirectly or directly influence or shape them.
- For Example, governmental regulations have an impact on organizational strategy. Certainly, the competition has an influence on structure, systems and even vision.
- Another example would be what is happening in the global economy. These factors that exist outside the organization are called not only internal components, but also what is happening outside.

References

- Robert S. Kaplan (2005). How the balanced scorecard complements the McKinsey 7-S model VOL. 33 NO. 3 pp. 41-46, Emerald Group Publishing Limited, STRATEGY & LEADERSHIP
- Enduring Ideas: The 7-S Framework. http://www.mckinsey.com/insights/strategy/enduring_ideas_the_7-s_framework

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