



Applying the McKinsey 7S Model for Achieving Sustainable Performance Management at CV Fresh Bright Pool Tanjungpinang

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Abstract. This research aims to analyze the application of the McKinsey 7S framework in achieving sustainable performance management at Fresh Bright Pool, Tanjungpinang, amid the increasingly competitive local entertainment industry. The study explores the seven core elements of McKinsey 7S—strategy, structure, systems, shared values, skills, leadership style, and staff—to understand the dynamics of performance management and innovation in the service sector. A qualitative approach was employed, collecting data through in-depth interviews with two staff members and several visitors, supported by document analysis to ensure data validity. The results show that the elements of strategy and shared values are the primary strengths of Fresh Bright Pool in creating superior customer experiences, such as through the improvement of billiard facilities, optimization of bar services, and implementation of a more structured reservation system. The shared value of "comfort and togetherness" has successfully built a friendly and inclusive work culture. Collaborative leadership styles enhance staff engagement in operational processes, while the skills and staff elements still face challenges, including limited technical training and capacity development in customer service. This study provides valuable insights for Fresh Bright Pool to continue strengthening these elements to improve efficiency, maintain competitive advantage, and achieve operational sustainability in the local entertainment industry.

Keywords Performance Management, McKinsey 7S, Operational Sustainability

INTRODUCTION

In an era of increasingly competitive business competition, sustainable performance management has become a strategic need for organizations, especially in the service sector. Fresh Bright Pool, a business that manages billiard facilities and small bars in Tanjungpinang, faces the challenge of maintaining competitiveness while meeting the evolving needs of customers. To deal with this dynamic, the application of the McKinsey 7S model—which includes strategy, structure, system, shared values, skills, leadership style, and staff—is considered a relevant approach in creating effective performance

Received: August 29, 2023; Accepted: November 22, 2023; Published: Desember 28, 2024

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management. This model has been widely used in various organizational contexts to optimize operational efficiency and create synergy between internal elements of the organization (Waterman et al., 1980).

Fresh Bright Pool focuses not only on quality service, but also on optimizing internal processes, such as reservation systems and human resource management. However, some elements such as staff skills and technical training are still challenges. This indicates the need for a more structured approach in integrating McKinsey 7S elements to improve efficiency and encourage innovation. Similar studies in the service sector have shown that the McKinsey 7S model-based approach can have a positive impact on the sustainability of business operations (Kaplan & Norton, 1996).

This approach is not only relevant to improving Fresh Bright Pool's performance, but can also be an example of how local businesses can compete in a competitive market by adopting an integrated management strategy. This study aims to provide an in-depth analysis of the implementation of McKinsey 7S in Fresh Bright Pool, while providing strategic recommendations to improve the competitive advantage and operational sustainability of this business. Through the analysis of McKinsey 7S elements, this study contributes to enriching insights related to sustainable performance management in the local service sector. This study is expected to provide strategic insights for companies in managing digital transformation sustainably while also becoming a practical and academic reference in the field of performance management.

LITERATURE REVIEW

Performance

It is the work results achieved by individuals, groups, or organizations in carrying out their duties in accordance with the responsibilities given. According to Robbins and Judge (2019), individual performance is influenced by the abilities, motivations, and opportunities available in the organization. Meanwhile, organizational performance reflects the success of the organization in achieving strategic goals through effective and efficient resource management. In the digital era, performance measurement has evolved using analytical technology and real-time feedback, which allows for faster and more accurate assessments (Aguinis, 2019).

Performance is a fundamental aspect in determining the effectiveness of individuals and organizations. Furthermore, Robbins and Judge (2019) explain that in addition to factors of ability, motivation, and opportunity, organizational culture also plays a significant role in shaping performance. A culture that supports collaboration, innovation, and flexibility provides a conducive environment for individuals to achieve optimal results. At the organizational level, strategic elements such as a clear vision, efficient structure, and policies that are responsive to environmental changes are key factors in driving sustainable organizational performance. Therefore, performance management must include a holistic approach that focuses not only on the end result, but also the underlying process.

In the context of the digital era, technological transformation has redefined the way organizations manage and evaluate performance. The use of big data and artificial intelligence enables predictive analysis that provides deep insights into performance potential and challenges. Real-time feedback, supported by collaborative software, not only improves assessment accuracy but also accelerates data-driven decision making (Aguinis, 2019). This approach makes it easier for organizations to dynamically adjust performance strategies and targets, in line with changing market needs and customer demands. Thus, the integration of technology in performance management is not only an assessment tool, but also a driver of innovation and competitive advantage.

McKinsey 7S Model

The McKinsey 7S model is a framework designed to help organizations analyze and align seven key elements: strategy, structure, systems, staff, skills, leadership style, and shared values. Waterman et al. (1980) suggested that these elements are interconnected and must be balanced to ensure organizational success. In the era of digital competence, this model can be used to integrate digital technology into organizational elements, such as transforming organizational structures to be more flexible and using digital systems in operational processes (Schrage, 2020).

The McKinsey 7S model is not just an analytical tool, but also a practical guide to creating alignment within an organization that can face future challenges, especially in the digital era. By interconnecting these seven elements—strategy, structure, systems, staff, skills, leadership style, and shared values—organizations can more easily adapt to

rapid external changes, such as new technologies or market changes. In the context of digital transformation, this model enables organizations to align internal structures with current technologies, such as the use of automation systems in operations, as well as develop employee skills relevant to the needs of digitalization. For example, changes in organizational structure can include the introduction of cross-functional teams that are more collaborative and more connected with digital tools, while strengthening data-driven and technology-driven leadership styles can drive innovation. Alignment between these elements is critical to ensuring that technology adoption not only improves efficiency but also strengthens an organizational culture that supports innovation and sustainability.

Sustainable Performance Management

Sustainable performance management is an approach that emphasizes the sustainability of organizational performance through individual and team performance management that focuses on the long term. This concept not only emphasizes the achievement of current results, but also considers the impact on the sustainability of the organization, the environment, and society (Epstein & Buhovac, 2014). In the digital era, performance sustainability is increasingly supported by technologies such as big data and artificial intelligence, which enable efficient performance management while still paying attention to sustainability values. This approach also requires a balance between technological efficiency and human involvement to create optimal synergy (Schrage, 2020)

Sustainable performance management is a strategic approach that aims to ensure the effectiveness of an organization in achieving long-term goals while considering environmental, social, and economic aspects. According to Kaplan and Norton (1996), the use of a framework such as the Balanced Scorecard allows companies to integrate financial and non-financial performance to support sustainability. In the context of the digital competency era, performance management not only measures results, but also drives innovation and technological adaptation to create sustainable value.

METHODS

This study uses a qualitative approach. According to Creswell (2014), a qualitative approach allows researchers to explore phenomena in depth through the

collection of descriptive data sourced from the experiences and perspectives of research subjects. Data were obtained through observation methods, direct interviews, and document analysis. The study was conducted on December 9, 2024 at the Fresh Bright Pool Tanjungpinang office with a population of 2 employees working at the company and 5 visitors.

Qualitative data were collected to explore insights, mindsets, and motivations from informants related to the implementation of the McKinsey 7S method in sustainable performance management. Primary data sources include direct interviews with managers, staff, and observations of operational activities. Additional information was obtained from secondary data, namely published references, such as academic journals, company annual reports, and related literature, as explained by Yin (2018) in the case study approach.

By using data triangulation, which combines interviews, observations, and documents, the validity of research results can be increased. Miles, Huberman, and Saldana (2014) emphasize that qualitative data collection must be accompanied by in-depth analysis to produce relevant interpretations and support research objectives. The collected data were analyzed using thematic techniques to identify patterns and relationships between variables within the McKinsey 7S framework.

RESULTS AND DISCUSSION

The McKinsey 7S framework offers a comprehensive approach to analyzing and improving organizational performance by aligning seven critical elements: Strategy, Structure, Systems, Shared Values, Skills, Style, and Staff. By focusing on these interconnected components, businesses can identify strengths and gaps, ensuring sustainable growth and adaptability in a competitive environment. At Fresh Bright Pool Tanjungpinang, the application of this model serves as a blueprint for transforming its operational and service delivery systems. With a focus on customer satisfaction, staff development, and innovative strategies, the company has successfully integrated traditional practices with modern solutions to stay ahead in the dynamic billiard and entertainment industry. This strategic alignment highlights how Fresh Bright Pool

optimizes its resources to create a memorable customer experience while fostering organizational excellence.

Implementation of McKinsey's 7S Method:

1. Strategy

Fresh Bright Pool develops a strategy focused on improving service quality by expanding facilities. For example, they add premium billiard tables and upgrade equipment, such as high-quality cue sticks and tournament-standard balls. Fresh Bright Pool also designs the "Digital Fresh Bright Pool Pass" program, a website-based paid membership card system that allows customers to get discounts, free play from 12 noon to 5 pm. This strategy is designed to attract regular customers and increase loyalty through easy service. In addition, the small bar available is equipped with a special menu, such as signature cocktails and special snacks that are an attraction for visitors.

2. Structure

The operational structure of Fresh Bright Pool was modified by adding an area supervisor whose job is to ensure smooth customer service, both at the billiard table and at the bar. This supervisor is also responsible for monitoring cleanliness, comfort, and the provision of equipment that is always ready for customers to use.

3. Systems

To support operations, Fresh Bright Pool implements a manual reservation system integrated with the use of a physical marker system. This system allows customers to reserve a billiard table or order drinks at the bar through staff with more personalized service, while reducing queues that often occur during peak hours.

4. Shared Values

Fresh Bright Pool instills the value of "Comfort and Togetherness" to all its staff. The staff is trained to create a friendly and relaxed atmosphere, so that customers

feel like they are in a warm and inclusive environment. For example, the bar staff not only serves drinks, but also interacts with customers to provide menu recommendations that suit their tastes.

5. Skills

Regular training is provided to staff, such as bartending training to create a quality signature drink menu, as well as technical training to ensure all staff understand how to maintain billiard equipment to keep it in optimal condition. Another example is communication training for customer service staff to improve their ability to deal with various types of customers.

6. Style

Leadership at Fresh Bright Pool is collaborative and participatory. Leaders often hold weekly meetings with staff to discuss challenges and customer feedback. For example, if a customer feels the need for more varied background music in the billiard area, management immediately responds by creating a new playlist tailored to customer preferences.

7. Staff

Fresh Bright Pool increased its workforce by hiring dedicated staff to manage their small bar. In addition, senior staff in the billiards department were assigned to guide new employees in understanding customer needs, such as how to handle customers who are new to playing billiards. A monthly award program was also implemented to motivate top-performing employees.

With this implementation, Fresh Bright Pool demonstrates how the McKinsey 7S approach can be applied concretely to improve operational efficiency to achieve sustainable performance management, strengthen staff engagement, and provide a better customer experience. With the implementation of the McKinsey 7S Model, Fresh Bright Pool Tanjungpinang has succeeded in aligning key elements in its organization, such as a sustainability-oriented strategy, a more flexible work structure, and a technology-based operational system. The integration of digital technology into the management system

allows for more efficient management of customer and operational data, increases the speed of response to the needs of the Tanjungpinang community, and provides a more personalized and satisfying service experience.

In addition, this approach has also succeeded in increasing staff engagement through continuous training and a collaborative work culture that supports their development of skills. With these steps, Fresh Bright Pool Tanjungpinang has not only been able to improve operational efficiency but also build a strong foundation for achieving sustainable performance management, making it a real example of the application of the McKinsey 7S model in facing challenges in the digital era, especially in the local billiard industry.

CONCLUSION

In conclusion, the application of the McKinsey 7S framework at Fresh Bright Pool Tanjungpinang highlights the importance of aligning organizational elements—strategy, structure, systems, shared values, skills, leadership style, and staff—to achieve sustainable performance management. This study reveals that while the company demonstrates strengths in service quality and operational processes, challenges remain in staff training and skills development. By integrating insights from qualitative data and employing a structured approach, Fresh Bright Pool can enhance its competitiveness and operational sustainability, serving as a model for local businesses navigating digital transformation and market competition.

LIMITATION

The implementation of the McKinsey 7S framework at Fresh Bright Pool Tanjungpinang highlights its potential in enhancing organizational performance. However, several limitations need to be acknowledged to provide a balanced perspective on the findings.

First, the study relies heavily on qualitative insights rather than comprehensive quantitative data. This reliance limits the generalizability of the findings, as they are based on observations specific to Fresh Bright Pool and may not reflect broader industry trends.

Additionally, adapting the McKinsey 7S model, which is typically designed for larger organizations, to a smaller-scale business presented challenges, particularly in resource allocation for digital tools and staff training programs.

Another limitation lies in the integration of digital systems like the "Digital Fresh Bright Pool Pass." The lack of advanced technological infrastructure and skilled IT personnel limited the potential of fully leveraging digital innovations for performance management. While efforts were made to incorporate customer feedback into operational strategies, the manual collection of such data may have introduced biases and incomplete representations of customer preferences.

Finally, the success of the implemented initiatives heavily depended on staff adaptability. Resistance to change and varying levels of staff competencies posed challenges in maximizing the effectiveness of training programs and new operational systems. These limitations have influenced the study's findings by narrowing the focus to specific organizational outcomes rather than offering a holistic evaluation of the billiard industry in Tanjungpinang. Future research could address these gaps by adopting a mixed-methods approach and exploring broader industry comparisons.

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