Creative Entrepreneurship and the McKinsey 7S Framework: Utilizing a Servant Leadership Style

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The origination of business ideas for new products or services occurs through the creative process. For example, an entrepreneur initially has a business idea for a new product or service that begins in mind. However, the idea needs to be successfully and strategically executed to become a sustainable reality. This research provides a variety of examples concerning conceptualizations of creativity that entrepreneurs can tap into further to enhance their creative abilities for business ideation generation. Further highlights include the psychological impediments entrepreneurs must be aware of and avoid that can stall the entrepreneurial process and the business from successfully launching and sustaining long-term. Lastly, the authors demonstrate the similarities between the McKinsey 7s framework (Peters & Waterman, 2004) and the servant leadership style (Greenleaf, 1977), revealing how adopting a more formidable entrepreneurial approach involves “putting the people first” rather than solely focusing on strategy and complex numbers.

Keywords: creativity, entrepreneurship, McKinsey 7s framework, servant leadership, strategic execution

INTRODUCTION

Entrepreneurs need a creative mindset to recognize business opportunities and develop new business ideas. However, if entrepreneurs do not act upon, develop, and successfully execute their ideas, potential businesses can quickly fade. For example, this can happen when entrepreneurs become fixated on the idea and do not intentionally execute the idea, thus causing the launch of the business to stall (Boysen, 2020; Diawati et al., 2023; Sedniev, 2019).

Moreover, entrepreneurs can experience psychological impediments, but it is crucial to minimize these obstacles for the business and the entrepreneur to thrive. Additionally, by utilizing the diagnostic business tool, the McKinsey 7s framework (Peters & Waterman, 2004), and a servant leadership style (Greenleaf, 1977), entrepreneurs can cultivate a mindset of prioritizing people over solely focusing on strategy and
complex numbers. This shift in perspective is beneficial for the organization’s overall improvement (Conroy, 2001; Vliamos & Tzeremes, 2012).

Creativity

Creativity is an antecedent to entrepreneurship since it is needed to develop new business ideas. A creative idea that is original and functional will drive the creative process. For example, originality occurs when the creative work is novel, unique, and nonreplicated. Functionality occurs when the creative work provides utility and value. Creativity occurs when a person escapes conventional thinking to produce something new. As shown in Figure 1, a person’s creativity skills can be charted on a creative spectrum.

One end of the spectrum encompasses individuals with artistic “extreme feeling,” including musicians, painters, dancers, or actors. The opposite end of the spectrum is “extreme thinking” people, such as entrepreneurs (Andreason, 2006; Bignetti et al., 2021; Cleminson & Cowie, 2021; Dimitriadis et al., 2018; Hrib, 2018; Luescher et al., 2019; Moliako, 2016; Nuhoglu & Akgül, 2019; Runco & Jaeger, 2012; Soda et al., 2021).

FIGURE 1
CREATIVITY SPECTRUM

| Extreme Feeling: musicians; painters; dancers; actors | Extreme Thinking: entrepreneurs |

Moreover, creativity is a complex process of using innovation skills to discover new ideas. Thus, entrepreneurship is regarded as a particular case of creativity since it is fundamental to the tasks involved when developing novel and beneficial business ideas. Entrepreneurs with high creativity skills have stronger entrepreneurial intentions for launching a business. Therefore, creativity is necessary for entrepreneurs to recognize business opportunities and develop new business ideas. So, creativity is regarded as inseparable from entrepreneurship (Bello et al., 2018; Fillis & Rentschler, 2010; Gilad & Rentschler, 1984; O’Doherty, 2020; Sergeeva et al., 2022; Ward, 2004; Whiting, 1988; Yar Hamidi et al., 2008; Zellweger & Zenger, 2022).

Based on the review of previous creativity studies, as shown in Table 1, a gap was found that did not fully unpack the strategic execution of a process, product, or organization. This research helps to bridge this gap by providing a method of combining the McKinsey 7s framework and the servant leadership style into an entrepreneur’s business planning and behavior in which “putting the people first” instead of focusing solely on strategy and complex numbers provides a more formidable entrepreneurial approach to practice (Greenleaf, 1977; Northouse, 2022; Peters & Waterman, 2004).
<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Field(s)</th>
<th>Creativity Defined</th>
<th>Key Features</th>
<th>Gaps</th>
<th>Context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rogers (1954)</td>
<td>Psychology and Sociology</td>
<td>A novel product grows from individual uniqueness and their life’s materials, events, or circumstances.</td>
<td>Individual capability, capacity, and industriousness in acquiring necessary resources are crucial.</td>
<td>Relates execution to resource acquisition but overlooks execution ability.</td>
<td>Process</td>
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<tr>
<td>Stein (1974)</td>
<td>Psychology and Sociology</td>
<td>The process encompasses three stages: hypothesis formation, hypothesis testing, and communicating results, which contribute to helpful novelty.</td>
<td>Requires a form of end usefulness; a formal process that does not rely on individual agency.</td>
<td>Overlooks willingness and ability</td>
<td>Process, Product</td>
</tr>
<tr>
<td>Amabile (1988)</td>
<td>Management and Organizational Behavior</td>
<td>The production of novel and useful ideas by an individual or small team.</td>
<td>Individual or team; innovation is the successful implementation of creative ideas</td>
<td>Attention is on execution but only at the implementation stage.</td>
<td>Product; Organizational</td>
</tr>
<tr>
<td>Findlay and Lumsden (1988)</td>
<td>Social and Biological Structures</td>
<td>Individual personalities spend time engaged in the creative process when given free rein.</td>
<td>When individuals are given free rein, they activate their psychology.</td>
<td>Overlooks execution</td>
<td>Individual</td>
</tr>
<tr>
<td>Author</td>
<td>Source</td>
<td>Description</td>
<td>Process; Product</td>
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<tr>
<td>Gurteen</td>
<td>Knowledge Management</td>
<td>The process of generating new ideas; innovation is the sifting, refining, and implementing of ideas. The task requires applying existing knowledge and developing appropriate new knowledge. Sees execution as a component of implementing innovation but ignores execution in creating and fulfillment.</td>
<td>Process; Product</td>
<td></td>
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<tr>
<td>Ward</td>
<td>Entrepreneurship and Cognition</td>
<td>People craft creative ideas from their existing knowledge, distinguishing between novelty and familiarity. Creative ideas occur by applying mental acts to existing knowledge structures. The processes used and how existing knowledge is accessed determine the originality of ideas; limited by constrained thinking. Knowledge can either enhance or inhibit creativity; the properties of knowledge and processes can influence the originality of newly generated ideas.</td>
<td>Process; Product</td>
<td></td>
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<tr>
<td>Yusuf</td>
<td>Societal</td>
<td>Innovation materializes from the creative application of knowledge; a process that requires accumulating new knowledge depicts creativity as a product resembling an invention. Innovation drives the derivation of creativity and knowledge. Knowledge is the raw material of innovation, but the creative act is the basis of the innovation. Creativity requires no purposeful application but relies on connecting at least two previously unrelated pieces of knowledge. People often overlook the execution process of the product or service.</td>
<td>Process; Product</td>
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<tr>
<td>Hughes et al.</td>
<td>Management and Leadership</td>
<td>Workplace creativity concerns the cognitive and behavioral processes applied when generating novel ideas. Workplace Creativity and innovation are nuanced, encompassing distinct but closely related processes and outcomes. Attempts to overcome the issue where ideas cannot be creative unless there are favorable market conditions and it generates a benefit.</td>
<td>Individual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authors</td>
<td>Journal</td>
<td>Innovation Concerns</td>
<td>Creativity</td>
<td>Organizational Focus</td>
<td>Constraints of Creativity</td>
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<tr>
<td>Olszak and Kisielnicki (2018)</td>
<td>Information Systems</td>
<td>Innovation concerns the processes applied when attempting to implement new ideas.</td>
<td>Creativity exists apart from innovation.</td>
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<td></td>
<td>Creativity is exploring information resources and knowledge systems used for solving organizational problems; creativity is novelty and usability; organizational creativity occurs by generating new and valuable ideas concerning products; services; procedures; processes; managerial leadership practices; and competitive strategies by individuals working together.</td>
<td>Knowledge-based and well-designed information systems support organizational creativity; organizational creativity enhances the ability of organizations to retain competitive advantages.</td>
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<td>Acar et al. (2019)</td>
<td>Management</td>
<td>Creativity develops with novel and beneficial outcomes; innovation is the action of ideas; processes; products; or procedures within a role, team, or organization</td>
<td>Creativity is the generation of ideas, whereas innovation embodies implementation; novelty refers to the value and uniqueness of ideas.</td>
<td></td>
<td>Focuses on the constraints of creativity and the creative mind; requires the ability to execute original thinking when</td>
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<tr>
<td>Klein et al. (2020)</td>
<td>Information Systems</td>
<td>Creativity emerges from knowledge-based discoveries between different items; knowledge activates among individuals in the working memory, and individuals process different frames in the working memory to generate new ideas.</td>
<td>Stimuli affect creative output; the creativity of a solution is a function of the magnitude to which frames previously distant from one another become linked in the context of problem-solving.</td>
<td>The input into creativity is identified as combining different knowledge frames but overlooks executing new insights.</td>
<td>Process; Product; Individual</td>
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<tr>
<td>Shi et al., (2020)</td>
<td>Organizational Psychology</td>
<td>The process of developing original and practical ideas aims to create new products, services, and enterprises.</td>
<td>Creativity is a primary condition for entrepreneurship.</td>
<td>Omits the execution of developing original ideas; projects; products; services; or enterprises.</td>
<td>Process; Product</td>
</tr>
<tr>
<td>Yuan and van Knippenberg (2020)</td>
<td>Management</td>
<td>The generation of novel and useful products, processes, and solutions addresses organizational problems.</td>
<td>Individual creativity informs team creativity.</td>
<td>Requiring usefulness creates a potential tautology; overlooks what defines execution.</td>
<td>Product; Organizational</td>
</tr>
<tr>
<td>Mateja and Heinzl (2021)</td>
<td>Information Systems</td>
<td>Creativity is a collection of machine learning enables new ways of transforming</td>
<td>More work is needed on studies of human-machine creativity,</td>
<td></td>
<td>Process; Product</td>
</tr>
<tr>
<td>Thukral (2021)</td>
<td>Entrepreneurship</td>
<td>Creativity is new and valuable ideas or products, innovation is the commercial tangibleness of creativity (Fillis &amp; Rentschler, 2010), creativity generates new ideas, whereas innovation implements creative ideas in an organization.</td>
<td>Overlooks willingness, ability, and execution</td>
<td>Product</td>
<td></td>
</tr>
</tbody>
</table>
THEORETICAL BACKGROUND AND FRAMEWORK

The componential theory of creativity (Amabile, 1983, 1996), the McKinsey 7s framework (Peters & Waterman, 2004), and servant leadership theory (Greenleaf, 1977) make up the theoretical background and framework of this research. The componential theory of creativity (Amabile, 1983, 1996; Kaufman & Glăveanu, 2021) examines creativity as it relates to someone having creative technical skills, gifts, and talents and the motivation and willingness to take creative risks within their external environment. The McKinsey 7s framework (Peters & Waterman, 2004) is a diagnostic business tool for business leaders that focuses on “putting the people first” instead of solely on strategy and complex numbers. Moreover, the servant leadership theory (Greenleaf, 1977; Northouse, 2022) pertains to a leader who likewise “puts the people first” by the leader being willing to serve the people’s (e.g., followers) needs of the company ethically and humanely. Hence, the employees feel empowered to grow and develop to their maximum potential.

CONCEPTUALIZATIONS OF CREATIVITY

Imagination

Creativity is needed for entrepreneurs to develop new business ideas. The way a person conceptualizes creativity can be found in various ways, for example, by using the imagination; having strong technical skills; being born with natural creative gifts and talents; and having the motivation and willingness to be creative. Furthermore, creativity is a necessary skill when developing new business ideas. Moreover, imagination is a mindful process when visualizing an outcome. Imagination can boost creativity and is an intuitive human capability initiated by the soul in a dream-like state. The human imagination is the gateway between reality and make-believe. Thus, using the imagination is the first step in developing something present in mind but absent in real-life. For example, imagining is a way to create meaningful understandings and perceptions within mindful contexts. Imagining helps to create thoughtful ideas and concepts, which can then be acted upon within everyday situations through the strategic execution process. Imagining acts as a sketch, design, or an interwoven process of what can occur. Lastly, imagining creates a world without boundaries or limits (Baer et al., 2021; Kant, 2008; Murphy, 2022; Wang et al., 2022).

Technical Abilities

Mastering a creative activity takes strong technical skills, such as playing the piano or painting a portrait. Individuals can develop creative technical skills over time. For example, someone competent on the piano has mastered the technical skills needed to play the piano through years of practice. Having strong creative technical skills increases a person’s competitive level, and having experience in a technical skill increases the effectiveness of that skill (Amabile, 1983, 1996; Fazzi, 2016; Guimarães et al., 2021; Harris, 2019; Limantara et al., 2022; Sharma & Sekhon, 2022).

Natural-Born Gifts and Talents

Child prodigies or creative muses are people with natural-born gifts and talents. However, regardless of a person’s natural talent and giftedness, if they do not actively exercise that talent, it will remain underdeveloped and fail to reach its full potential. The people who take the time to develop their natural-born gifts and talents use inspiration; preparedness; expertise; and determination skills. Moreover, naturally gifted and talented people frequently have multiple intelligences, such as linguistics, mathematics; interpersonal and intrapersonal skills; music; kinesthetics, visual-spatial skills, and naturalist influences (Amabile, 1983, 1996; Branton, 2020; Nuhoglu & Akgül, 2019; Venkatasawmy, 2021).

Motivation and Willingness to Be Creative

Motivation and willingness to be creative help bring novel ideas to fruition, but procrastinating can slow the creative process. Conversely, procrastinating can nurture creative ideas if used to seek out the intrinsic motivational motives behind the creative endeavor. Having the motivation and the willingness to
be creative helps to cut through the noise, fear of the unknown, and unfamiliarity. For example, employees willing to be creative by collaborating can brainstorm and widen the pool of ideas and, in turn, assist in optimizing business results (Advani & Takaku, 2021; Lehnert et al., 2022; Shin & Grant, 2021).

PSYCHOLOGICAL IMPEDIMENTS

Fear of Failure
Starting a new business is a complex process. There are uncertainties and risks involved. An entrepreneur who has a fear of failure generates a negative mindset that becomes destructive to the overall entrepreneurial process. Entrepreneurial fear of failure is a belief that the business will fail. Also, fearing failure can hold an entrepreneur back from successfully executing strategies. An entrepreneur who fears failure will look at failing negatively instead of framing situations as an opportunity to learn and grow. This fear of failure can dampen the entrepreneur’s spirit and enthusiasm for starting and operating a business. However, risk-takers, self-driven, and courageous entrepreneurs have a greater chance of overcoming these fears of failure. Lastly, having a positive mindset about starting and sustaining a business is helpful for entrepreneurs until more formal business mentoring and coaching are in place (Bosma et al., 2008; Chen et al., 2016; Miller, 1983; Ng & Jenkins, 2018; Olowu & Taye-Faniran, 2016).

Low Tolerance for Ambiguity
An entrepreneur with a low tolerance for ambiguity will seek to avoid uncertain situations, thus finding it difficult to follow through on a business idea. An entrepreneur with a low tolerance for ambiguity will also find it more challenging to bounce back from setbacks due to being uncomfortable about making any necessary business pivots or changes. Moreover, an entrepreneur with a low tolerance for ambiguity will perceive ambiguous and complex situations as detrimental, thus making it challenging to take action or make decisions. Lastly, entrepreneurs with a low tolerance for ambiguity will resort to negatively framing unsure situations (Aylesworth & Cleary, 2020; Chen et al., 2016; Zelekha et al., 2018).

Low Self-Efficacy
Self-efficacy pertains to a person’s beliefs about being adequate to do something well. Self-doubt will occur when an entrepreneur needs higher self-efficacy regarding the business idea’s feasibility. Entrepreneurs with low self-efficacy will generate negative attitudes about the business. Thus, managing a business is more challenging when an entrepreneur has low self-efficacy. However, an entrepreneur with high self-efficacy will have the self-assurance needed to complete the tasks for the business by not allowing environmental conditions to dictate business outcomes. Additionally, people with high self-efficacy demonstrate more excellent entrepreneurial intentions by setting benchmarks and goals for the business (Aylesworth & Cleary, 2020; Bandura, 1977; Cera & Cera, 2020; Eliyana et al., 2020; Idrus & Setiyadi, 2021; Newman et al., 2019; Savickaite-Kazlauske, 2020; Zarnadze et al., 2022).

Low Self-Esteem
Self-esteem pertains to the level of self-regard a person has. Entrepreneurs with low self-esteem will find it more challenging to pivot through business changes and will be less concerned with business interests. Moreover, external dynamics affecting the business can easily influence entrepreneurs with low self-esteem, resulting in potential damage to stakeholder relationships. Furthermore, entrepreneurs with low self-esteem will be less self-assured in performing daily operational tasks, and their problem-solving abilities will become more convoluted. An entrepreneur who has low self-esteem will be less driven to fulfill start-up intentions and to see the business through to sustainable fruition due to being risk-averse (Baumeister, 1993; Chen et al., 2016; Eliyana et al., 2020; Zelekha et al., 2018).
LEADERSHIP

McKinsey 7S Framework

The McKinsey 7s framework (Peters & Waterman, 2004) is a diagnostic business tool for small businesses and corporations alike that helps companies adjust to business changes and reach successful strategic execution by “putting the people first.” This people-first mentality is similarly found within the servant leadership style (Greenleaf, 1977), which likewise puts the needs of the employees (e.g., followers) first. This framework’s purpose is for business leaders to focus on respecting, caring, and empowering employees versus solely focusing on company strategy and complex numbers (Falletta & Combs, 2018; Fan & Chang, 2021; Peters, 2008, 2018; Rani, 2019; Singh, 2013).

As shown in Figure 2, the McKinsey 7s framework (Peters & Waterman, 2004) consists of three hard and four soft elements. Company structure, strategy, and systems make up the hard elements. The structure element represents the structural configuration of the company (e.g., entrepreneurial; machine bureaucracy; professional bureaucracy; divisional, or adhocracy); the level of centralization or decentralization within the organization; the company size; formalization practices; and authority relationships. The strategy element represents the tactical plans of the business, the competitive advantages of the business, and the adaptive and dynamic evolution of the business. The systems element represents the processes of the company (e.g., human resources; risk management; client management systems; and technology infrastructure (Bryan, 2008; Daft, 2020; Falletta & Combs, 2018; Peters & Waterman, 2004; Rani, 2019; Shiri et al., 2014).

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This framework specifies that companies should not focus solely on the hard elements but rather focus should be on “putting the people first.” This framework gives business owners and managerial leaders the

![Image of McKinsey 7S Framework]

Shared values; skills; staff; and style comprise the framework’s soft elements. The shared values element represents the communal set of core values, beliefs, and understandings amongst employees; the organizational-wide commitment to business goals; social missions; follower goals; and business reputation. The skills element represents institutional and individual skills; the employees’ proficiencies, knowledge, education, experiences, and abilities; and skill acquisition strategies (e.g., outsourcing). The staff element represents the people employed at the business; the inherent talent of people; talent motivations; talent pool development and rewards; and diversity representation. Finally, the style element represents managerial leadership style and attitudes; organizational communication styles; leader emotional intelligence; and the organizational culture, practices, and norms (Bryan, 2008; Falletta & Combs, 2018; Goleman, 2005; Peters & Waterman, 2004; Singh, 2013; Shiri et al., 2014).

This framework specifies that companies should not focus solely on the hard elements but rather focus should be on “putting the people first.” This framework gives business owners and managerial leaders the
capabilities necessary for diagnosing business operations. The framework also demonstrates the adjustments required for specific elements and outlines how to align these adjustments with one another. It illuminates what is working and not working in the business. This framework also helps eliminate any organizational obstructions business leaders have, such as when focusing on one element instead of all seven elements and how they work together (Bryan, 2008; Peters & Waterman, 2004).

**Servant Leadership**

As with the McKinsey 7s framework, servant leadership focuses on “putting the people first.” For example, servant leaders take on a servant role to prioritize the needs of the people (e.g., followers) in the organization. This approach enables each individual to grow and develop into a healthier, wiser, and more autonomous employee. Servant leadership behaviors consist of emotional healing processes as found with being sensitive to the concerns of others; building trust and empathy; helping the followers of the organization to grow and succeed personally and professionally; behaving ethically; and empowering employees to succeed (Greenleaf, 1977; Northouse, 2022).

A servant leader is committed to “putting the people first” and treating everyone equitably and fairly. Servant leaders make it a priority to listen and cultivate long-term relationships with each employee. Doing so gives the leader important information about the follower’s needs and goals to help ensure that each employee reaches their maximum potential in the company. Moreover, the servant leader strives to be altruistic, self-sacrificing, and caring towards the people of the organization at large (Greenleaf, 1977; Northouse, 2022).

**CONCLUSION**

This research came with limitations. For example, an assortment of diagnostic business tools can assist entrepreneurs other than the McKinsey 7s framework (Peters & Waterman, 2004). Additionally, not all psychological impediments were unpacked. Lastly, this research focused more on entrepreneurs with employees in their businesses and not on owner-operators or solopreneurs. As mentioned above, future research could dive deeper into this study’s limitations.

Besides, ideation occurs when entrepreneurs use innovative thinking to solve business problems to gain competitive advantages. Thus, ideation and innovative thinking are integral parts of the entrepreneurial process. Business ideas are created in mind through the creative conceptualization process but realized through the strategic execution process (Best & Gooderham, 2015; Campos-Blázquez et al., 2020; Cho et al., 2018; Crnkic et al., 2012; Granados et al., 2017; Hernandez, 2019; Khayyat et al., 2021).

Additionally, creative efforts are a necessary part of the entrepreneurial process. Entrepreneurs use their creative skills to develop new product or service ideas and to recognize new business opportunities. Entrepreneurs who have a better understanding of the conceptualizations of creativity and the psychological impediments that can derail the business will be better equipped to launch a new business and sustain it long-term (Advani & Takaku, 2021; Baer et al., 2021; Chang & Chen, 2020; Fazzi, 2016; Peters & Waterman, 2004; Yitshaki et al., 2022).

Ultimately, entrepreneurs will face challenges, but utilizing the McKinsey 7s framework (Peters & Waterman, 2004) can help shift the focus to “putting the people first” rather than solely concentrating on strategy and complex numbers. The mindset of prioritizing people aligns with the servant leadership style (Greenleaf, 1977), which emphasizes placing the needs of employees first, enabling them (e.g., followers) to reach their maximum potential within the organization at large. When entrepreneurs become equipped and more self-aware of the tools and leadership styles beneficial to operating their business, they will be better armed with leading others and handling uncertain business changes better.
REFERENCES


