Has 3M, the Innovative Powerhouse, Reached its Mountain Top, and is it Now On A Downward Spiral?

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3M is a global machine operating in countries all over the world for many years now, but 3M just released its quarterly report and 3M cannot be too happy about the results they have on their report. They do not boast great numbers when it comes to things like their net sales. 3M is down 0.2% year-on-year, which is not a healthy growth at all. In addition, their local Currency sales growth for their Health Care and their Consumer segments are both down. Not only this but 3M had projections for the third quarter that would blow this out of the water. They had people thinking nothing was wrong, but when the 10-Q came out people were shocked. 3M has always been an honest and open company, but this has got people questioning whether this new leadership is a good thing. Following the mess of the quarterly report 3M found that their stock had plummeted. All of this begs the question has 3M reached its peak, and are we seeing the global titan on its slow decent to the bottom, or are we just witnessing a tiny hiccup in the long-standing legacy of this innovative leader.

In order to find out, it is important to first look at the most important customer segment in the united states. 3M is a giant corporation and has five main business sections Safety and Graphics, Health Care, Energy and Electronics, Consumer, and Industrial. Now this is important because this means that 3M reaches a multitude of customer segments. One of which is its Health Care segment. Health Care is massive in today’s economy and can be one of the most profitable industries in the world due to its inelastic nature. As prices rise in the world of medicine, people are always going to be willing to find money somehow to pay for treatment. As a result, an important customer segment in 3M is its Health Care segment. According to the Journal of Healthcare Management, a “system developed by 3M Health Information Systems” was used to conduct a medical hypothesis on different severity of illnesses. Now the fact that 3M is being used across the world not only for the physical things it produces for the field of medicine, but the fact that it is also being used for its systems over IBM or some of the larger health information systems is huge. This shows that 3M is able to compete on a large-scale stage with some of the system focused companies. This can be shown again when The Academy of Management Executives reported that, “An excellent example of creatively changing the game was demonstrated by an alliance between the Group Health Cooperative of Puget Sound (a leading HMO), Owens and Minor, Inc. (a healthcare products distributor), and 3M Health Care.” This again shows how 3M has a presence in the Health Care field, and how they are willing to adapt and partner to grow their reach. Also, the fact that Health Care has evolved more in the past 85 years than it has in the existence of time shows that this industry will continue to be as explosive as it is now. This is why the Health Care customer segment is by far the most important. It is the most far reaching because it effects everyone in the United States, and it is the most sustainable because when it comes to health, people become very inelastic with their wallets and are willing to shell out almost anything for treatment. It is also the most open to profitable innovation. Year after year there are hundreds of millions of dollars being poured into research and development of new cures and vaccines for illness. On top of that if 3M was willing to pour more resources into the Health Care industry, they would have the chance in producing a the next widespread treatment like chemotherapy or even something as simple as Tamiflu for someone suffering from such a common disease. These treatments have proven to be extraordinarily profitable for the companies who founded them, and even today they continue to bring in a lot of money for the company. Not only that, but finally Health Care is very easily scalable from the United States to North America, and even to the World. By doing this 3M would be achieving its mission statement through sustainable development through social responsibility. They are already doing this across the world as shown in a Brazilian press release.
It states that “3M was one of few major corporations that have helped turn the Health Care in Brazil around.” This article exemplifies the Health Care work 3M is already doing around the world. They already have the infrastructure to help, its all about scaling up now with bigger and better goals for the future.

Another reason Health Care is the main customer segment in the United States is their physical medical supplies. On top of the systems they provide 3M also provides medical equipment from teeth crowns and fillings to surgical instruments. These physical products are great because they provide what people need, which accomplishes a goal of 3M, but it also allows the right people like surgeons or dentists to get the revolutionary things they need.

When it comes to 3M and operations, it is a clear market leader due to its efficient supply chain management and its company wide culture of innovation. 3M leads the pack when it comes to efficiency and being able to evolve to the times. The firm strategy is to innovate. Plain and simple 3M just looks for ways to innovate, no matter the position you hold in the company. Even if you are the accountant, the firm recommends at least 15 percent of the persons workday be spent on cultivating their own innovative ideas. This can be based on anything from safety and graphics to consumer goods. All that matters is that the company encourages its employees to be a part of the innovation, that is a good firm strategy. Furthermore, 3M has six main business strategies that are very clear and concise. The fact that they have six clear and concise goals means that everyone in the company has the same idea for what the firm wants. One of the six firm strategies is to hire smart people and not put them on a mental leash. This is the most important of the six strategies because in the minds of 3M the good people that they hire will always be able to innovate and carry out the other five strategies on the list. The main thing 3M thinks its needs are the good people they hire and to just not mess them up. 3M again is a leader when it comes to being efficient with its process. One of 3M’s main segments is industry and within the industry segment, 3M had to create a giant infrastructure capable of managing all of the resources it mines out and distributes across the world. So, when talking about 3M and its process architecture it is definitely safe to say that it is leading the pack. In the way 3M manages people, and in the way that the company manages the resources it collects, the company continues to be ahead of the curve and leading the pack.

3M has four major strengths one of them being its technology. 3M is an innovative company and as a result the technology that comes along with a company like this would have to be very strong. According to Ronald Mitsch, and his research, “3M has more than 100 technologies.” This is very impressive because as each one of these technologies is built it allows for even more innovation to take place, as a result 3M has produced this serious arsenal of technological dominance over the competitors. Another of the four main strengths is Manufacturing. 3M has 5 different segments in which they all do very different things, but one common thread between all five of them is manufacturing. All of the segments require some form of manufacturing. This is how 3M has established its strength in manufacturing and because of the sheer size of what 3M produces it must be a global leader in manufacturing. Its incredible what processes 3M developed over time, but the real excitement is what’s to come. Since the company is all about innovation it will be very interesting to see what the company will be able to improve upon in the future. The third of the four strengths is its global capabilities. Already addressed earlier in this essay was its global medical reach, but that’s not the only segment that 3M participates globally in. In fact, 3M has a global presence with all of segments. This is huge because it means that 3M is not only diversified with in its income,
meaning that it doesn’t have all of its eggs in one basket. Mean that if the United States banned some 3M products for some reason they would feel the impact, but 3M would not go under due to the global presence. According to Nicholson, 3M “is an organization with global vision and planning, yet with local responsiveness because of local customer requirements often driven by country specifications, standards and cultures.” This is the key to their global success. The last of the four strengths in 3M is their brand. The 3M brand is much more than just sticky notes, and the executives over at 3M know this. They know that people interact with 3M every single day. They know that people are alive and well today due to products and services that 3M provides. They know that ultimately the thing that matters most is protecting the 3M brand and ensuring that it never gets tarnished or that they never settle and stop innovating.

The financials of 3M this quarter are not up to par for the other years. The global net sales is about 8.152 billion dollars. This is over 0.2% down year-on-year. The United States had 3.265 billion which is 40.1% of the total revenue. The main expense for the global market 3M has to deal with is the selling expenses, general expenses, and the administrative expenses. This is due to the fact that 3M has to have the infrastructure to support all of the international business, and it costs a lot of money, also keeping all of those offices connected also costs money. 3M has less global operating income year-on-year, and this is because china has a proposed tax increase that would essentially affect the whole global economy. Although, all of this financial information could be scary it is a safer to believe that 3M is just dealing with a world tariff and will be back to regular projections within the next couple of quarters.

3M’s future is another thing to be very excited about. There are some very exciting opportunities coming up in the future. One of these very exciting prospects is the use of Vetbond. Vetbond is an adhesive sued by vets in emergency cases. According to Makinde the use of Vetbond allowed for “preserved white matter integrity with less disruption of functional networks.” Even though this is only in animals, if this gets test and has more money poured into it, it is possible that this could be expanded to people. This is exciting because if they can find an adhesive that is save enough to use on the skull of a person it would be revolutionary. The applications for it would be endless, it would be most popular in war, for when someone starts bleeding from the head the medic would just apply some of the adhesive to prevent infection and stop the loss of blood. This would result in millions if not billions for 3M and could potentially be as successful as the sticky note. Another very exciting future endeavor of 3M is the future of its vehicles. According the to the Institute of Transportation Engineers 3M seriously plans to have autonomous vehicles in its future. The fact that 3M is also on the autonomous vehicle race means that if 3M is able to come out on top it would be very profitable for 3M. They would be able to breach into the full car manufacturing game, and they would instantly be at the fore front. Just like tesla was with the electric car industry. A strategic concern includes not being able to keep up with innovation as it continues to speed up and get more and more advanced. If 3M is not capable of keeping up with this rate of innovation, then they will not be able stay at the top of the innovation curve. Another strategic concern is the mediocrity as soon as they hire people that are not excited to work form them, or they hire people that do not have the innovative experience, then they have just killed the legacy that they have built themselves. Once the works stop wanting to innovate then they will not want to improve the company or work on innovative ideas. One big management and human resource concern is the growing use artificial intelligence. As more and more companies use AI and realize how profitable it is it will become
a management and human resource nightmare when AI starts to take the more menial tasks within 3M itself.

Knowing all of this 3M seems to be a very stable company that will not be flinching anytime soon to competitors or outside influences. The company is very innovative at heart, and is diversified enough to handle whatever comes its way. All in all I think that 3M just saw a little hiccups in this quarters performance, but its long term performance will continue to be as dominant as it has been in the past.


