Hi my name is Rene Ruppert, my name is Sam Klineman, my name is McKenzie Patrick, my name is Jakes Steinkamp, and my name is Drew Reiter and the 3M segment we were assigned was health care.

3M states in their Design Mission Statement that “Our diverse design competencies help drive competitive advantage, grow our business, delight our customers and make a positive impact on our world.” Design thinking is a process that allows companies to develop consumer goods based on the wants and needs of a customer themself. When 3M first launched post-it notes in 1977, the product ultimately failed due to a lack of interest in the general public. However, one year later, 3M distributed post it samples which saved the life of post it notes, and by 1980, they were sold worldwide. Today, about 90% of American households have this product and post-it is one of 3M’s most popular products.

3M is known for its design thinking and innovative reputation. There is an opportunity for growth in the healthcare field by eliminating the production of unsuccessful products and expanding those that are successful.

What?

Because of this, our group is introducing the 3M Prototype Program. This program will follow the ideas of design thinking and allow hospitals and other healthcare facilities to test 3M prototypes and provide critical feedback about them. This program will be the gateway to a more efficient method of analyzing the wants and needs of consumers to shape the future of healthcare. There will be 3 new innovative 3M products that the company sends to healthcare facilities on a quarterly basis that they are wanting to test. Health care providers will be able to test these prototypes, and they will have approximately 3 months to decide what they like and what they don’t like. Facilities are able to specify the categories of products they want in their prototype box. For example, a hospital is able to specify if they’re looking for sanitation products- 3M uses their innovation to send their new sanitation products that they want to test to the hospital and in turn receives feedback regarding the products). They will pay for what they keep and send back the rest, along with a product survey to help 3M evaluate the product performance.

In addition, providers will be able to purchase the liked products in bulk. The difference between this and what 3M is already doing is we are sending new products to hospitals and other health care facilities which could very well cause them to realize that they are receiving products they didnt even recognize they needed. So essentially, this prototype box creates and satisfies the needs of the customers.

Why-

There is already so much in place with 3M’s design process, but there is room for potential that can expand their business exponentially. Utilizing their existing UX design team, which roots itself in co-design and customer validation, we will simply add an effective methodology to prototyping which will increase necessary feedback and boost sales.
This prototype program puts products in the hands of potential customers, who are able to test out the product and may very well see an opportunity to purchase more.

It gives us the opportunity to see where we should invest time and money. Overall eliminate waste of mass production of unwanted products and increase production of successful products. This program is feasible due to the fact that 3M does a similar design thinking process, however our program will solidify inter-relations between health care professionals and 3M sales representatives. In the long-run, this program will allow 3M to weed out products that the prototype program determines will be unsuccessful in the marketplace which eliminates waste of time, money, and labor. The prototype program is a desirable system for health care professionals because it is offering them new, innovative, cutting-edge products while saving them time and money. Another benefit that the hospitals taking part in the prototype program have is that they are not initially paying for these prototypes with money, but with reviews and feedback.

How-

Specifically, 3M healthcare sales representatives will be working hand in hand with the hospital sales managers in 4840 total community hospitals throughout the United States. Each year, we will increase the amount of community hospitals in which we distribute the prototypes to. Using existing shipping methods, the products will be distributed quarterly, assuming that 3M continues to develop new and improved products regularly. When products are received, health care providers have 3 months to test the products and then they will review them in person via our healthcare sales representatives. If the products in the shipment were liked, professionals will be able to mass order them. The disliked products will be sent back to 3M’s manufacturing plant where our engineers and inventors will continue to revise and perfect the products. We estimate it will take 6 months to launch this program, but a majority of everything we need is already in place.

Finance: To finance our plan, at the start, we will spend 4 million dollars on research and development. According to AHA Statistics, there are 4,840 community hospitals in the United States. We will begin our program in 1/5 of these hospitals located in the Northeast region of the U.S.. With the assumption that most of these hospitals will choose to keep and continually buy 2 out of the 3 products in the prototype package, we estimate an average sales price of $740 per package with an average cost of $607, given that we include products ranging from $10-$1000 in the packages. If this program deems successful, we will continue to increase the number of hospitals that will incorporate the program. For year 1, cash inflows will include approximate revenue of 68.8 million dollars, and gross profit of 12.4 million dollars, while cash outflows will include approximate cost of goods sold of 56.4 million dollars, SG&A costs of 6 million dollars, and marketing costs of 30 million dollars. This produces a discounted cash flow of -21.5 million dollars at the end of year 1, but by year 5, it will be 18 million dollars, indicating Net Present Value of 27 million dollars for the first 5 years.
Risks:

Our risks include that we will not see short-term benefits or profits from this program. However, if we are patient, the pros will outweigh the cons because we are making business in the long-term. We are creating exposure for new potential products and allowing the most important members of the market to test them out--- the customers.

Another risk is not having some sort of subscription price for the prototype program.

However, we believe that 3M’s long-standing reputation of innovative, revolutionary products will create the boost in business that 3M is looking for without repelling customers away due to the added price of subscription.

A third risk is not receiving the validation from healthcare patients to test these prototypes on them.

But, we believe that in design thinking there is no success without practice, and healthcare professionals will see these products as an opportunity to improve patient health and the healthcare industry in general.

Marketing: By utilizing 3M’s existing strategy and marketing development team, we will advertise our prototype program by going directly to the hospitals we would like to be partners with and asking them to participate in our program. We would maintain relations with them by employing 3M health care representatives to continuously communicate with the participants. In addition, we would hold health care conferences and conventions with health care professionals where our SMD team will publicize the benefits of being a part of our program.

Conclusion

Overall, we believe our idea holds much merit for the future of the 3M company. They have a strong track record of design thinking and innovation, but this added prototype-testing aspect will move the company forward even faster.