

The innovation company



There are many examples of successful companies. To what extent is 3M justifiably highlighted as the ‘innovating machine’? 3M has an impressive performance when it comes to developing new products. 3M hires good hardworking people and puts trust in them; this brings about innovation and excellent performance. 3M ensured that developing new products is much higher on the agenda in management meetings than in other companies.

Moreover, the success of the approach is due to the continual reinforcement of its objectives. 3M has concentrated the internal development of new products in a variety of different industries. 3M manufacture over 60, 000 products; they have operations in 61 countries and have achieved an n average year-on-year growth in sales of 10 percent. New products that are less than 4 years old represent Thirty Percent of 3M’s sales.

In the 3M case studies, what is meant by the statement: ‘the message is more important than the figures’? It means that the 15 percent rule is meaningless, because some people use more than 15 percent for projects of their choosing, some less and some none at all.

The message is that there is some slack in the system for anyone that wants to be creative and innovate a new product of their choosing. People shouldn’t feel pressured or timed to be creative or innovative. They should be comfortable at doing it so that they will deliver their best results.

3Discuss the merits and problems with the so-called ‘15 per cent rule’.

Consider cost implications and a busy environment with deadlines to meet.

To what extent is this realistic or mere rhetoric?

The 15 percent rule is almost pointless due to every project is different and everyone has different roles which may require more time that may cut into their 15 percent. There are others who may have a lot more free time to spare and can dedicate more than 15 percent towards innovation. The other factor is if deadlines need to be met in producing a new producing a new product then obviously the 15 percent rule will be increased to speed up the R&D process. Realistically the 15 percent rule should be used as an average not a benchmark for product innovation.

4 Encouraging product and brand managers to achieve 25 per cent of sales from recently introduced products would be welcomed by shareholders, but what happens if a successful business delivers profits without 25 per cent of sales from recently introduced products?

If the successful company returns profits without the 25% of sales then that company takes a loss. They would lose money from that product that was not successful, (pull it from the market and revamp/reintroduce), as well as from having to pay what they promised to those shareholders. If they do not deliver what they promised, then they are more than likely to lose their backing for future products.

5 Some people may argue that 3M's success is largely due to the significance given to science and technology and this is the main lesson for other firms. Discuss the merits of such a view and the extent to which this is the case.

3M were formed around one technology, sandpapers. Now a days 3M make use of hundred technologies & more like the membranes, the biotechnology, the artificial intelligence, the high vacuum thin films & also the

superconductivity. Such technology underpins products which company develops & manufactures. “ While the company is technology-intensive, this does not imply a single-minded, technology-push approach to innovation” (Trott 545). Even though the company has invested 6.5 percent of their annual sales turnover for R&D.

They are investing to help with the production of their innovative ideas. “ Money has been used for employing over seven thousand scientists & technologists for developing the new & the interesting technology. It is such a technological intensity, which provides company with competitive benefit for competing with their rivals” (Trott 545).

Explain how the innovation dilemma affected 3M. The dilemma was due to the first outside CEO coming into the company. This CEO brought with him a program that helped the manufacturing/logistics side of 3M to obtain operational efficiency. However, this program was less than favorable with the R&D department. It stifled R&D and caused a decrease in new product innovations, which dropped the company’s sales and ranking. After the departure and replacement of the CEO, the negative impact of the program was realized and removed. The company was able to regain its creativity now that it was once again focused on growth and innovation instead of process and short-term profits.