

# 3m optical systems: case brief essay



**ASSIGN  
BUSTER**

As Andy Wong, I would take the proposal to one of my senior-level mentors for support. The OS unit has already tried and failed three times with the microlouvered filter and high level support would benefit both Wong and Guehler in this case. If Guehler sees that other areas of 3M are in support of the authorization for expenditure, then he will not have to be concerned about the OS unit ,™s credibility ,” this gives Wong a significant plus. If, however, Wong is unable to garner the support from his mentors in order to give this AFE the standing it needs, I would not recommend backing the project.

The price point of \$175 is a serious concern, the sales forecast seems inflated, and other companies already have a strong presence in the market for this type of item. Instead, I would have to opt for rejecting the proposed expenditure and going with a harvest strategy ,” cease R&D and reassign personnel to other units. This might allow him to salvage the OS Unit through auto component sales. That said, political support internally could make all the difference and allow Guehler to focus on the positive aspects of the proposal ” namely the total potential market of 32. million PC ,™s and the ability to leverage 3M ,™s existing distribution.

The primary reason that Andy Wong is in this position is that he did not engage in enough product championing. As explained in Burgelman ,™s article, , NsThe lack of articulation between different levels of management results in a vicious circle in resource procurement. , N (Burgelman, 1984) Wong did not do enough to demonstrate either the technical or commercial feasibility of the privacy filter. Twice they tried and twice they failed.

With an investment of \$750k required to continue it is not likely that management will take that chance. As Paul Guehler, would you approve the AFE if Wong had set it up for you As Paul Guehler, I would not approve the AFE unless Wong garnered substantial support before bringing the proposal my way. To be quite frank, Guehler has his credibility to consider. If he approves this, when most of the company would advise against it, and it fails ,” he ,™s an idiot. If, however, it succeeds ,” he ,™s a genius. Such is the life of a person in his position.

Looking strictly at the facts, Guehler has five business units to develop and failure to retain his credibility regarding one unit puts the other four in a tenuous situation. The approval of a further failure will significantly lower his ability to lobby on behalf of the other units, placing them at risk. Lacking some serious political maneuvering by Wong, I would not agree to the proposal for further expenditures. In this case, the primary reason for which I would not (as Guehler) approve the AFE is because Andy Wong has lost quite a bit of credibility with the two prior failures.

Noirjean has already received a request for sales data going back to 1986 ,” with the understanding that the fate of OS is at stake. Upper management does not have confidence in the ability to produce a viable product at this time. As per Burgelman ,™s description of a managerial dilemma in the impetus process, , NsCorporate level management ,™s decision to authorize further resource allocations to a new venture are to a large extent dependent on the credibility of the managers involved. Credibility, in turn, depends primarily on the quantitative results produced. N Burgelman, 1986) To date, the quantitative results produced by OS were dismal.

They all understood the need for a significant generation of revenue in 1991, but when distributor requests prompted OS to create more than 100 different sizes for their inventories things quickly went downhill. The only dependable thing about OS at the time that Wong is requesting an expenditure of \$750k, is that it is, , NsA group unable to fulfill its promises. , N (Bartlett & Mohammad, 1994) How effective has Wong been as a front line manager in the 3M context How effective has Guehler been as a 3M division president

Wong has not been very effective as a front line manager. One of his primary roles should be product championing. He must garner support throughout the organization, particularly at different levels of management, in order for his unit to have the buy-in required for continued support. Despite his utilization of bootlegging and scavenging efforts, at least in the third and final version of their privacy screen, he has not been able to reassure middle-management, namely Guehler. It was Wong ,™s responsibility to provide Guehler with a basis for claiming support for the OS projects.

Clearly, such support has not been acquired. Further, it is required of Wong, who acts as the venture manager, to participate in strategic forcing, , NsAttaining a significant sales volume and market share position within a limited time horizon. , N (Burgelman, 1986) It could easily be said that the limited time frame OS had expired with the second attempt. Guehler has not been very effective as a 3M division president. He has not been very involved in the OS unit and has not coached Wong to any extent that is apparent to the reader.

It is likely that Guehler failed to become intimately involved in OS because he came in as divisional vice president with the preconceived notion that OS was not living up to its potential and lacked broad credibility. While he initially states that his job was, , NsTo help develop the people to develop the business. , N (Bartlett & Mohammad, 1994), this was never fully realized. It would appear that Guehler took much more than he gave to OS and left them out to dry. That said, he came on in October 1990 and informed the unit that their existence the following year would depend upon their performance.

Come January, 1992, no such performance has been evident. It would seem to me that it is time to make good on that promise. What is it about 3M that makes it perhaps the most consistently entrepreneurial large company in the world It is specifically the internal corporate venturing process that consistently makes 3M such an entrepreneurial company. Entrepreneurship is clearly encouraged. We know from other cases that employees may spend 15% of their time engaged in ventures outside the scope of their daily jobs. M has the policy that 30% of their profits will come from products that did not exist just four years earlier ” up from 25% and five years.

Through their internal, interdepartmental science fairs, so to speak, the most creative developments can be identified and teams formed around them. This process enabled 3M to develop the , Nsgrow and divide , N philosophy it has in which, , NsProjects that survived the rigorous stage-by-stage review became departments, and departments that grew into substantial businesses were spun off as new divisions which seeded their own set of projects to meet the 30% new product sales initiative.

N (Bartlett & Mohammed, 1994) Furthermore, each spun off division was held to extremely stringent performance standards of 10% adjusted sales growth, a 20% pre-tax profit margin, and a 27% return on employed capital. All of these demanding benchmarks, coupled with the ability to borrow technical personnel from other departments as part of a cross-divisional loan, enable the folks at 3M to remain as innovative and nimble as a global corporation can be.