



Keio Business School

3M Product Development (Abridged Version)

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3M (3M Company; Minnesota Mining and Manufacturing) is a materials and finished goods manufacturer headquartered in St. Paul, Minnesota in the United States. The company was originally established for the purpose of extracting corundum, an abrasive material used in sandpaper. However, based on surface treatment and adhesion technologies acquired in manufacturing sandpaper, the company expanded its business and went on to develop numerous new products, including waterproof sandpaper, cellophane tape, medical tape, nonwoven fabrics and waterproofing sprays.

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As of 1996, 3M was selling 50,000 different products, from sandpaper to artificial joints, and was placing 500 new products on the market every year. Ever since its founding in 1902, 3M has consistently placed the development of revolutionary new products at the heart of its management strategy. 3M Chairman Livio DeSimone says, “There’s absolutely no way of anticipating what kinds of new products there’ll be in the future.” Nevertheless, 3M is a large, financially stable company. It boasts a workforce of 75,000, and it has an annual turnover of \$14.2 billion, an operating profit of \$2.4 billion, and a AAA credit rating from both Moody’s and S&P. Between 1962 and 1986, the company had an average return on assets (ROA) of 23.2 percent , a return on equity (ROE) of 34.4 percent , and a return on sales (ROS) of 20.3 percent .

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In their book *Built to Last: Successful Habits of Visionary Companies*, Jim Collins and Jerry I. Porras state, “Indeed, if we had to bet our lives on the continued success and adaptability of any single company in our study over the next fifty to one hundred years, we would place that bet on 3M. ” In 1995, 3M was awarded the National Medal of Technology and Innovation by President Bill Clinton for its innovation and development of numerous products over the past 90 years.

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