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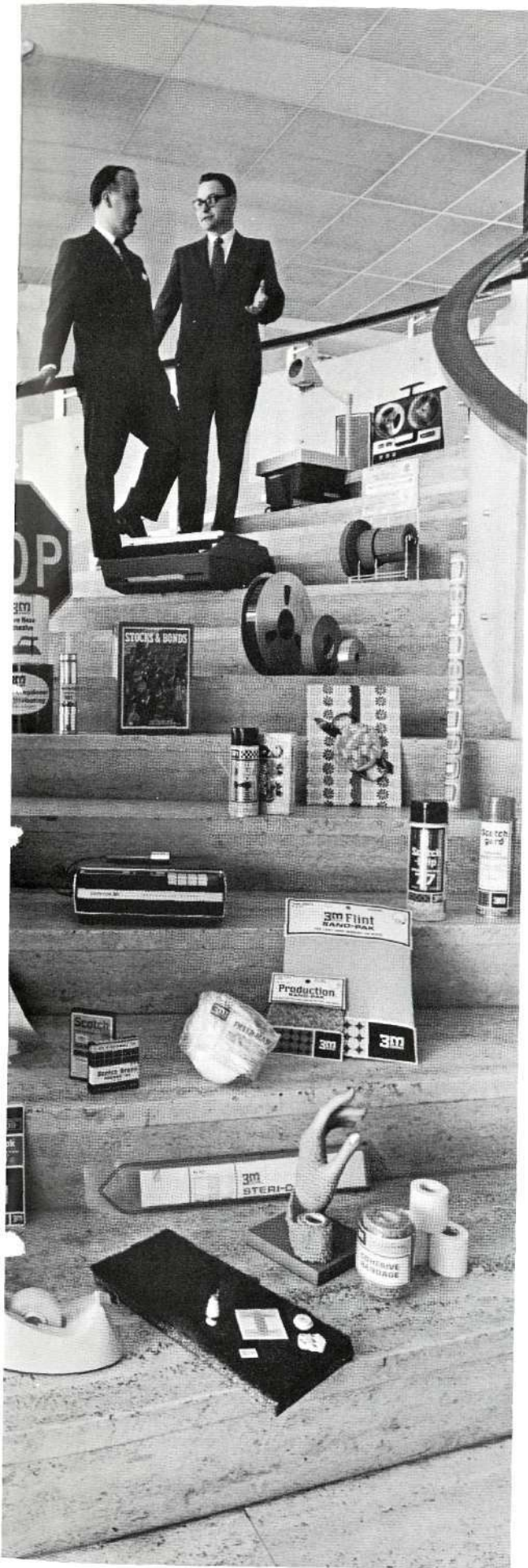


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professional service to the 3M Company. In fact, he and Irwin R. Hansen, now 3M vice president for finance, entered Haskins & Sells together in 1936 in the New York Office. Since 1944 Irv Hansen has been with "the Mining," as the old-timers on the East Side of Saint Paul refer to the 3M Company, and he and Burgess see each other often in connection with their professional work. At the client's new office building on the 265-acre 3M Company campus on the eastern outskirts of Saint Paul, H&S principal Mike Vinyon and senior accountant

John Colwell head a team of six or seven staff accountants in the height of the busy season.

The company's financial statements cover the far-flung activities of 3M divisions in all parts of the U.S. and of subsidiaries in 34 other countries. Many of 3M's 45 major product lines stem from the company's basic technology of precision coating. This coating know-how, developed through the years, enabled 3M to apply abrasives to a base so that they would stick (e.g. sandpaper), and to produce an adhesive that would hold a tape where

it was pressed, and yet would release easily from its own back when rolled (masking and transparent tapes.) Coating and tape technology led eventually to audio and video tapes, which led in turn to 3M's getting into the business of films and magnetic tapes and equipment such as cameras, sound systems and overhead projectors.

Indeed, the 3M product line resembles a gigantic family tree, its present branches stemming from earlier ones which can be traced back to corundum, an abrasive material found on the rocky north shore of Lake Superior. It was in

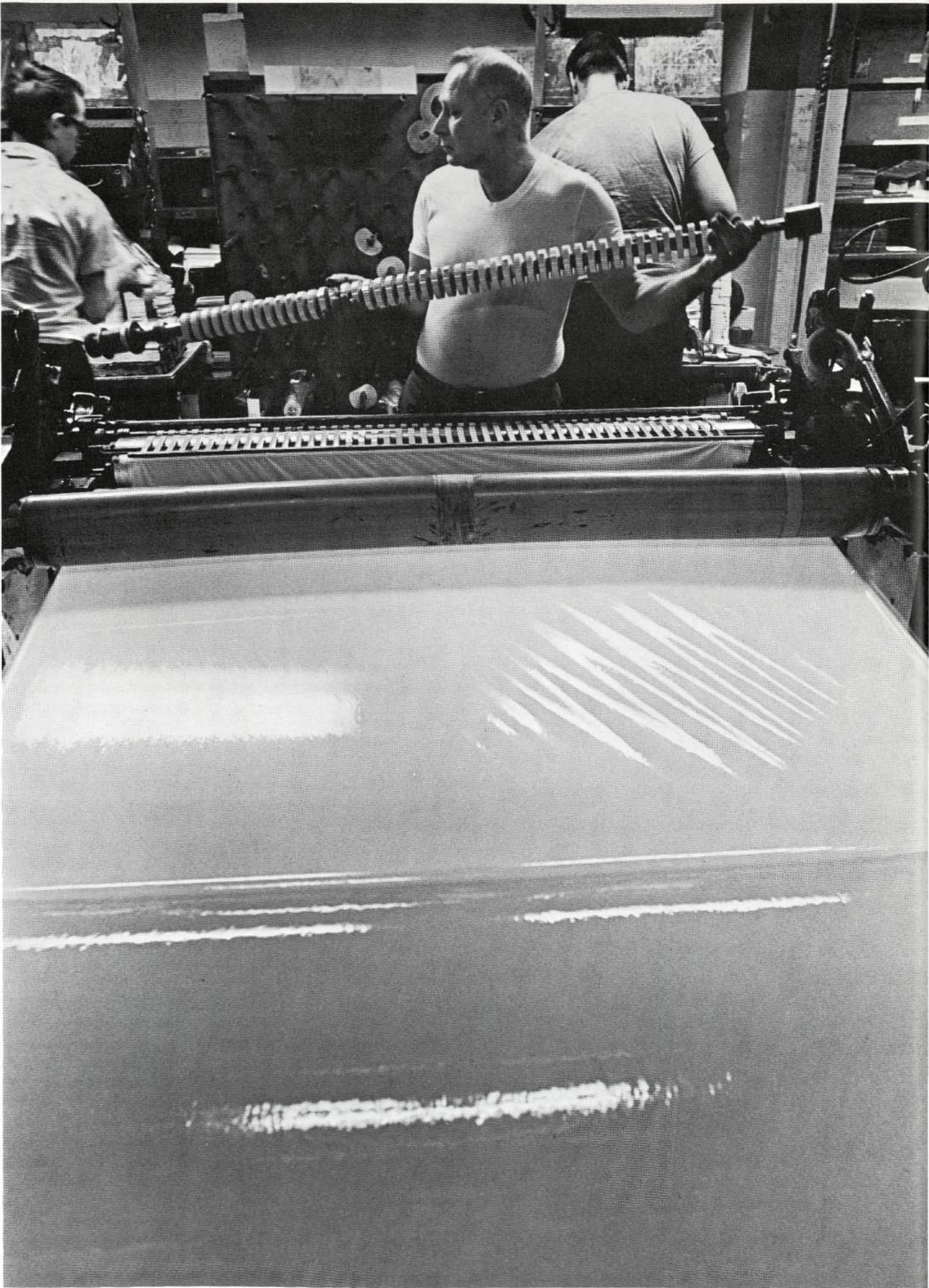


In glass blowing laboratory, Kenneth Opsahl shapes a special purpose Pyrex column at 1200° Centigrade for use by scientists in the 3M Central Research Laboratory.

In magnetic tape testing laboratory, Stanley Hale of the 3M International Division looks at leading end of a reel. Tape certifying instruments in this lab can check 150 inches of tape per second, recording electronically 850 bits of information per running inch.

1902 at Two Harbors, Minnesota, that five men set up the company with the idea of mining corundum and selling it to makers of grinding wheels. A few years later the infant company began to make its own abrasive paper, then moved rapidly forward when it developed a superior waterproof sandpaper that would hold up under rough industrial use.

Masking tape was developed in the late 1920s to meet the need of auto makers trying to finish two-tone bodies with neat painted edges where the colors met. 3M Company folklore





Small rolls of electrical tape emerge from slitter on long spindles at 3M Company tape plant in Saint Paul. Various kinds of tapes (masking, transparent, electrical, etc.) are first made in numerous colors and wound in jumbo rolls, like that in foreground.

holds that the "Scotch" tag was attached to its tape by a customer who complained that 3M was being overly economical with its adhesive. In those days 3M coated only the edges of the tape, and not the center. The "Scotch" tag stuck, and 3M now emphasizes it by employing a plaid design as its identifying device. Today the company makes more than 500 different "Scotch" brand tapes.

The cornucopia of 3M Company products pouring from more than 75 plants includes, among many others: electrical insulating tape and its offspring electrical connectors and insulators; reflective sheeting used on highway signs and markers; laminating film used to coat furniture with a wood-grain finish; gift-wrap ribbons and tapes; adhesives to bond the parts of automobile bodies, and undercoating for resistance to rust; medical masks, surgical tape and cohesive bandages; magnetic tapes used in both sound and video systems—with their offspring for sight-and-sound display. The Apollo lunar spacecraft instrument messages were caught on 14-track instrument tape and recorders made by 3M.

Housewives employ 3M products to clean floors, sponge wet surfaces and scour pots. Do-it-yourselfers put down 3M non-slip strips on stair treads. Office workers turn out copies on 3M copying machines, often to background music supplied by a 3M sound system. And out of sight of the average consumer, manufacturers use 3M products to make thousands of their products for the markets of the world. How many? No one can say exactly. But 3M's domestic sales in 1968 amounted to an average of nearly \$5 per person in the United States.

One of the newest and most spectacular developments at 3M is its recreation and athletic products line. Starting a few years ago with a synthetic resin surfacing for racetracks, 3M has recently installed both outdoor and indoor running tracks at many schools and colleges, and has branched out into smooth surfacing for basketball and tennis courts. At the Universities of Tennessee and Wisconsin, football fields have been covered with 3M "Tartan" Turf, a grass-like playing surface which offers a resilient, non-slip, maintenance-free base. The Mexico City Olympic Stadium had 3M surfacing on its track on which 15 world records were broken in 1968 despite the 7,500-foot altitude.

Behind the company's development

of new winning products every year lies a huge research effort. Bert S. Cross, chairman of the 3M board and chief executive officer, reported that research and development activity expenditures last year exceeded \$63 million. Today there are some 50 3M Company laboratories in the U.S. and abroad, employing about 3,500 men and women. The company permits its research people to spend up to 15 per cent of their work time investigating whatever interests them, in the belief that this kind of freedom pays off. Research has definite corporate purposes in the 3M Company labs, but the research worker benefits from the freedom to follow his enthusiasms along paths that are not in the company plan. If he comes up with something new and it develops into another 3M winner, he has the chance to share financially in the fruits of his independent research. The climate at 3M definitely favors individual initiative.

There is a close interaction at 3M between success, freedom and employee morale. A decentralized operational system permits each of the company's divisions flexibility in meeting the needs of its customers. At the 3M Company they call it "regulated autonomy"—each division being autonomous in the pursuit of its objectives, and having the freedom that encourages innovation and gives it the ability to react swiftly to changing market and competitive conditions. Harry Heltzer, 3M president, has said that he thinks of the 3M Company not as a large corporation, but rather as a network of smaller companies, each operating its own business within the larger corporate framework.

The system seems to work. In a poll of 300 company presidents and chairmen taken by the financial magazine, *Dun's Review*, 3M was voted one of the ten best-managed companies in the country. And there is no arguing with a growth rate that Haskins & Sells auditors observe every year as they examine the statements of this client of 42 years' standing.

It is not just the sales and earnings figures that Haskins & Sells accountants notice at 3M, nor the ingenuity and versatility of the company's many product lines. Principal Mike Vinyon, who has watched 3M closely for several years, puts it in human terms:

"It is the opportunity to work with people of such high calibre that is one of the most satisfying aspects of working on the 3M job." □