

# 3M Human Resources Measurement Leadership Survey 2009



Listening to You.

Meaningful. Objective. Secure.



## 3M Leadership Survey— Measuring Our Success, Shaping Our Future

At 3M, our success is fueled by our employees' dedication to developing technologies and creating products that change the way people live and work. It's our employees' commitment that drives each of our six businesses through our global organization to continue to earn leading global market positions. In turn, 3M is committed to creating a work environment that supports positive, productive change so that our employees, our organizations and the entire company can be even more effective going forward. To this end, 3M executives seek opportunities for company-wide improvement. An important tool for identifying these opportunities is the Leadership Survey.

In this brochure, you will learn more about what the 2009 Leadership Survey reveals about how 3M's vitality is growing through our many strengths including employee commitment, our future, capacity for change and innovation. In addition, you will read about the actions 3M is taking in key areas we want to improve. Unless otherwise noted, the information in this brochure represents total, worldwide company data.

### In brief

The Leadership Survey is a tool that 3M executives use to help identify our organizational strengths as well as our opportunities for improvement. The survey is conducted every two years.

In our latest survey, conducted in November 2009, more than 13,000 leaders worldwide in job grades 12 and above and equivalent were invited to participate. The overall response rate was 71 percent.

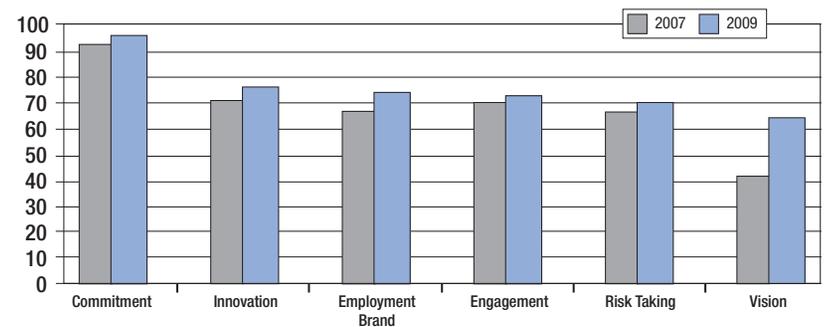
## Consistent Company-wide Results

As with previous surveys, results are fairly consistent throughout the company. This means that whether you are in or outside the United States, for example, your experience working for 3M is likely to be quite similar to that of other 3M employees in other locations.

## 2009 Leadership Survey— Findings At-a-glance

### Scores Are Up!

If scores from 2007 were good, then scores for 2009 are outstanding given the economic challenges the world faced! Overall, scores in identical categories are up from 2007. This table illustrates the difference in scores from 2007 to 2009.



### Many Strengths

The 2009 survey identified many strengths. These are some of the best scores we have ever achieved, and we all can be proud of such a fantastic result. To ensure a strong future, it's important to understand how to make the most of both our strengths and opportunities. In this brochure, we highlight several of the many strengths 3M has.

### Some of 3M's many strengths

Employees feel:

- a strong commitment to the company
- the company is making good choices for the future
- supportive of the changes the company is making
- our innovative spirit is growing stronger

## On the Rise: Employee Engagement

Compared to the 2007 Leadership Survey, five of the seven survey indicators tied to employee engagement rose in 2009, and the other two remained constant. This is good news and shows that our emphasis on increasing employee engagement is paying off. 3M looks to continue this momentum by further increasing employee engagement, which is critical to the company's ability to gain and keep competitive advantage.

### 3M's focus on employee engagement has many forms:

- Local events held at locations around the world to increase employee pride/engagement, including customer events and sustainability initiatives.
- Series of short videos for supervisors to educate on what engagement is and how to engage employees
- Employee engagement material in leadership classes, so all leaders understand the importance of engagement

### Other employee engagement highlights:

3M has been cited in **Employee Engagement: Tools for Analysis, Practice, and Competitive Advantage**, which translates best practices, ideas, and concepts into practical steps to increase engagement in organizations.



3M was selected as one of three designated "best practice partner" organizations for the American Productivity and Quality Center's (APQC) human capital collaborative benchmarking study "Rewarding, Engaging, and Retaining Key Talent". This study helps participants understand best practices for recognizing, rewarding, motivating, engaging, and retaining key talent.

3M has also received other awards, such as Hewitt's "Best Employers" study in the Czech Republic, Germany's "Great Place to Work" award and the Hay Group's "Best Companies for Leadership 2009" award.

3M defines employee engagement as "an individual's sense of purpose and focused energy, evident to others in the display of personal initiative, effort and persistence directed toward organizational goals."

# 3M's Strengths

## In brief

As we come up from the current economic downturn, 3M is proving itself, once again, to be a leader among global companies. It's no surprise that the 2009 Leadership Survey results are so positive. The results confirm that 3M is armed with employee commitment, willingness to change, optimism toward the future and, of course, our spirit of innovation. These qualities are vital to the strength, flexibility and competitiveness of our company—and 3M has them all!

## Below we highlight several of the many strengths 3M has:

### Employee Commitment: Higher than Ever

Once again, employee commitment leads the list of our strengths as a company; moreover, employee commitment is even higher than in 2007. Nearly all 3M employees feel the work they do is important to 3M and they are willing to do more than is expected of them to help 3M succeed. They are also dedicated to achieving the financial goals necessary for the growth of their business.

### Growth

Growth is a key strategy for 3M's future. Almost three-quarters of employees see indicators of growth and vitality at 3M. That's up 13 points from 2007. Even more employees (82 percent) believe there is a direct link between how productive they are and their divisions'/countries' success.

### Belief in the Future of 3M

A majority of employees (61 percent—up from 40% percent in 2007) now believe 3M is making the right investments for the future. Even more believe that future business prospects for 3M are good. As we approach calmer economic waters, this belief positions 3M to speed forward to an even stronger future.

### Leading through Change

The 2007 survey showed a readiness for change grounded in recognition of the competition we face from other businesses throughout the world. Two years later, the vast majority of employees (97 percent) continue to agree that in order for 3M to be successful, we must be open to changing our ways of doing business. Nearly as many (93 percent) also expect executives to continually adjust the 3M product and business portfolio. Clearly, a capacity for change has taken hold and is now an integral part of the way we manage our businesses.

### Thriving Innovation

If innovation is to remain at the heart of what we do to meet our customers' needs, innovation must continually thrive in the hearts and minds of our employees. Overall, our innovation score went up five points from 2007 (to 76 percent). Even more encouraging, we now have a majority (60 percent) of U.S. Technical and Laboratory respondents agreeing that the innovative spirit is alive and well at 3M—a 12-point increase!

### Managing in a Tough Economy

Survey findings show a consensus belief that executive management has done an effective job of letting employees know how the state of the economy will affect the company and employees. Further, a majority of us say that our Area, Big B or Staff function is pursuing the best course of action in the current challenging economy. Engaging employees in our organizational goals has been a key factor in 3M's ability to prevail during the economic crisis of the past few years.

## Taking Action

Even with such positive results, we are not complacent. 3M is focusing on improving in some important areas. In particular, if we can reduce red tape, optimize the matrix and place an even greater focus on our customers, 3M will achieve even greater success.

### In brief

The 2009 Leadership Survey reveals a few areas for improving how effective we can be in our daily work of serving our customers and growing our businesses: reducing red tape, optimizing our matrix structure, and focusing on the customer.

## Reducing Red Tape

Although we've made progress since 2007, red tape remains our biggest challenge. To continue to be a company that delivers high satisfaction for both employees and customers, we must continue to work on reducing red tape. By breaking down silos and bureaucracies and striking a better balance of sensible controls and individual freedom to act quickly, we will equip our employees to succeed in better meeting customer needs.

While Red Tape continues to be a challenge, scores from 2007 improved nearly 10 points.

## Optimizing the Matrix

3M's matrix structure is part of what makes us strong and unique and is intended to support us in bringing diverse products to markets in multiple geographic locations. The matrix is designed to help us be more effective in working together, no matter what our location, business or product focus. However, employees feel this structure has the potential to dilute accountability, hamper collaboration and create some overlap and duplication of effort. While 2009 scores are improved over 2007, continuing to improve how we collaborate in a matrix will be critical to keeping 3M successful in the years to come.

## Focusing on the Customer

At 3M, our success begins with our ability to apply our technologies to real-world customer needs – and that means it's critical to have a true understanding of our customers' needs. While some customer-related areas saw improvement since 2007, the 2009 Leadership Survey reveals a discrepancy: Nearly all Executive Conference members (92 percent) believe the new products and services their businesses introduce closely match what our customers want, while those closest to the customer are less convinced (only 49 percent agreement among sales representatives and 55 percent of individual contributors worldwide). Finding new ways to listen to our customers – and those closest to our customers – will help us better deliver on our promise to satisfy our customers with innovative technology and superior quality, value and service.

## Next Steps

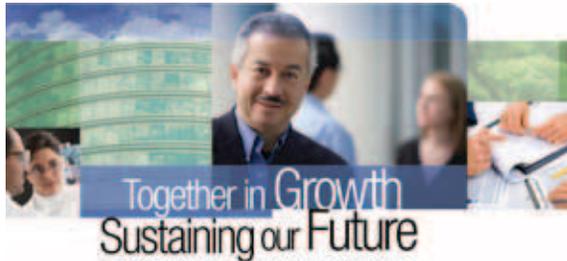
Our CEO and Corporate Operations Committee are already using feedback from the 2009 Leadership Survey to develop strategies that will leverage and grow our organizational strengths to continue to improve on a global, company-wide level. Plans are currently underway to determine ways we can address our challenges around reducing red tape, optimizing the matrix, and focusing on the customer. In fact, Corporate Operations Committee-sponsored projects have been initiated in these three areas in order to further analyze opportunities for improvement.

We are also communicating 2009 Leadership Survey results throughout 3M – via this brochure, for example. Communicating survey results to employees is one way that our executive management holds itself accountable to employees. At the local level, we have the Standard Opinion Survey, which helps direct local action for improvements at the division and subsidiary levels. As for the Leadership Survey, our highest level of management is accountable for taking and using Leadership Survey results to make organization-wide improvements that will help bring greater success for the company and employees.

# Spotlights at 3M

## Spotlight on Sustainability

3M is committed to actively contributing to sustainable development through environmental protection, social responsibility and economic progress. To us, that means providing practical and effective solutions and products to address environmental challenges for ourselves and our customers. The survey results tell us that the majority of employees recognize the efforts 3M is taking towards sustainability.



OPINIONS ON SUSTAINABILITY	2009 Survey
	Favorable
3M makes business choices that support the environment, such as waste reduction and disposal, energy conservation and vendor selection	85%
3M's sustainability efforts have increased my overall satisfaction with working here	61%
I can confidently talk with my friends and neighbors about how 3M supports the sustainability of our customers and company	72%

## Spotlight on Employment Brand

The 2009 Leadership Survey addressed several indicators of “employment brand” – the perception of 3M as a place to work. Already very high, employees’ pride in being a 3M employee rose even higher in 2009. Yet, the most exciting increases are those relating to the quality of our work climate, the willingness to recommend 3M as a place to work and the desire to be working for 3M a year from now – all up significantly since in 2007! These scores show that our efforts to increase employee engagement, strengthen our spirit of innovation and address our most challenging opportunities, such as red tape and organizational structure– are all helping to make a positive difference for both employees and the company.

The Leadership Survey results align with 3M's Employment Brand messaging and identity.



3M ranks fourth among the most admired U.S. companies, according to the findings of a 2009 Harris Interactive Reputation Quotient Study, which measures the reputations of the 60 most visible companies in the United States.



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