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At 3M, innovation comes with tweaks

CEO George Buckley urges staffers to find improvements 'at the bottom of the pyramid'; a cheaper respirator mask

By Dana Mattioli And Kris Maher

In corporate research and development labs, staffers dream of creating sexy products. But at 3M Co., Chief Executive George Bucklev is rallying his team to make

cheaper respirator masks.

It's part of a strategy for innovating in a weak economy at the maker of Scotch Tape, Post-it Notes and sandpaper. In addition, the CEO is under pressure to cut costs. So rather than push a few grandiose inventions, Mr. Buckley

grandiose inventions, Mr. Buckley is asking staffers to improve products with tweaks and snips.
Find innovations "at the bottom of the pyramid," he says.
Many people "ask, What can I add?" Sometimes you have to ask, "What can I take away." 'What can I take away'

The son of a Sheffield, Eng-The son of a Sheffield, England, steelworker, Mr. Buckley worked in a factory as a teenager before getting a Ph.D. in engineering. In 2005, he was the CEO of boat-maker Brunswick Corp. when 3M picked him to replace star CEO James McNerney, who bed left for Brains CO.

had left for Boeing Co.

Mr. Buckley trimmed R&D spending 8% last year to \$1.29 billion but kept it steady as a percentage of revenue at 5.6%. In an interview, he described how he motivates employees to innovate Excerpts:

WSJ: You trimmed R&D spending, but didn't slash it. Why?

Mr. Buckley: If you don't invest in the future, there isn't going to be one. A lot of the stuff we spend on may not deliver a product for two or three years. There may be no return. may be no return.

But the alternative-not do-

WSJ: Where else did vou scale

back in order to shelter R&D?

Mr. Buckley: Salespeople, and
in some cases advertising and merchandising.

WSJ: You pushed R&D staff to come up with innovations that reduce products' costs. Can you give an example?

Mr. Buckley: Our ultra-low-cost respirator mask. That product will come to market in a month or so. It was basically started, developed and released during recessionary times.

I didn't drive the invention of this, but I said the invention of this is necessary. You have to drive out costs to defend yourself against competition.

The people in our occupational health business weren't particularly enamored [of the idea]. They said, "We have a lot of things on

our plate, George."

I wanted the manufacturing

process that made these respirators [to have] a quadrupling in speed and efficiency. I basically drove them crazy in my relentless

WSJ: What was new about the

Mr. Buckley: It was finding ways to simplify how you make the lowest-cost high-performance respirator possible. We often think innovation is making a break-through at the top of the pyramid. That's often not where the

hardest challenges are. The hardest challenges are often: How do I make a breakthrough for next to

WSJ: How do you get your D team excited about this? Mr. Buckley: When we first

Mr. Buckley: When we first talked about going after this stuff at the bottom of the pyramid, a lot of them felt what was interesting was what was at the top. These people are turned on by things that are intellectually challenging. [We had to] convince

them the intellectual challenge is making a real innovation that costs next to nothing.

Initially it was hard for them

to buy into. But once they bought into it they said, "You know what? We like it. You get volume, we get expansion. What's not to like?"

WSJ: How do you motivate employees to work on projects that aren't seen as sexy?

Mr. Buckley: I remember my meeting with Chris Holmes [who heads 3M's abrasives business]. I had been in the company maybe a month. During a business review I said, "Tell me what is going on in abrasives. What innovations are we doing?

Chris said we were doing this and that, but abrasives [were] not considered sexy. I said, "Why not? I think abrasives are sexy. Why

can't abrasives be sexy?"

I think it's those simple comments to people who have been convinced over a period of years that they are unimportant. Chris was utterly inspired by that. WSJ: How else do you get your

people to be creative?

Mr. Buckley: Everybody wants to find out how to can creativity. You can't. Creativity comes from freedom, not control. We let all the people in the R&D community spend 15% of their time researching whatever they like.

WSJ: How often do you go to

Mr. Buckley: It's dangerous Mr. Buckley: It's dangerous when I go over. I'm told, "Every time George goes over to the labs he gets a new idea for a new product." I probably go once every two weeks.

WSJ: How do you know to tell people to invent something now

rather than five years from now?

Mr. Buckley: How does that occur to me? I don't want you to make comparisons here, but [this is] like asking Beethoven how he composed his music.

I don't know because it isn't a on't know because It isn't a process. [The quality-improve-ment process] Six Sigma's worked wonderfully in our factories, but we tried it in our labs and it doesn't work. It's obvious why. The creative process, whether it is with me or anybody else, is a discontinuous process. You can't say if I put more money in it I am going to get more out.

WSJ: What's your economic outlook?

Mr. Buckley: Some parts of the economy are still very depressed and will be depressed for quite a while to come. I am avoiding defining "quite a while." This year certainly in the U.S. is going to be slow growth.

A look at 3M



3M started selling this stethoscope

\$23.1 BILLION

Annual sales

George Buckley

- Age: 63
- Grew up the son of a steelworker in Sheffield, England
- Is an avid Manchester

Snapshot of the CEO