

CIO – Corporate innovation online

Innovation management best practices

On-line survey results support CIO's rating of 3M

A benchmark for innovation management; 3M & CIO

January 29, 2018

CIO



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Background

Sixty-percent of registrants to the on-line survey have a strong bias towards seeking an explicit message from management that their organization should be innovative; Factor #2. That is their 'Ideal'.

Registrants to the on-line survey provide their opinion on the importance, or not, of each Factor by indicating what constitutes their 'Ideal' situation. For example, the average of all registrants responding to Factor #2 indicates that there is a desire that management be explicit about its objective of being an innovative organization.

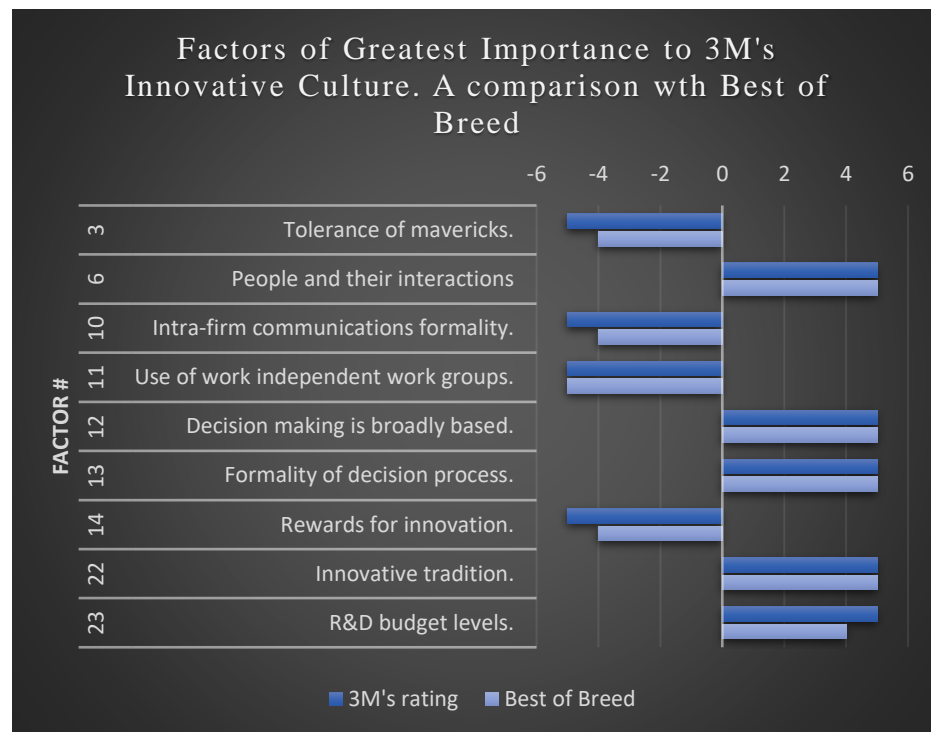
CIO explores each of these Factors in the balance of this article. These Factors are part of the essential elements of any company which effectively manages a highly-diversified idea-intensive organization.

2. Management explicitly looks for or has no interest in innovation.

-3.2

3M does this best of our group of five¹ companies. Other Factors are important as well but these policies and management practices seem particularly important for differentiating 3M from other companies in our group of five which, in themselves have great practices. For a full explanation of the Factors and the basis of the ranking refer to information available on the web site.

For additional background on measuring innovation, visit the web site, and the article on 'Measuring the culture and progress of innovation'.



¹ Our research focusses on five companies; Deere & Co., GE, P&G, Starbucks and 3M as well as practices drawn from over thirty other companies.

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On-line survey registrants validate CIO's ranking of 3M

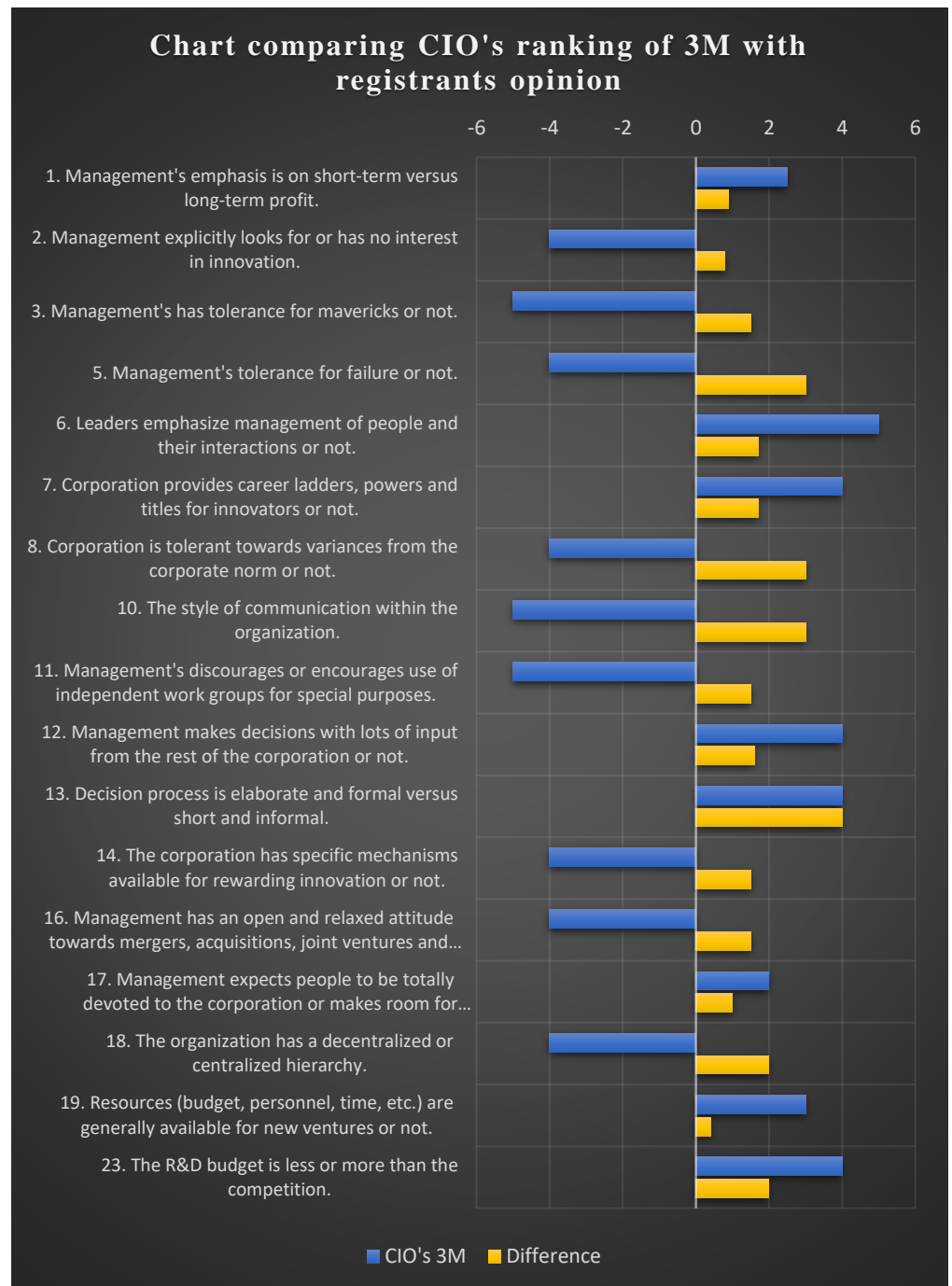
Survey results are close to 3M's rating by CIO

One would expect that an average of registrant's opinion would not be ranked as high as CIO's ranking of 3M; a company which has been in business for over 100 years and continues to have outstanding performance and, in CIO's opinion, the best set of innovation management practices of all the companies researched. That is exactly the case.

The chart illustrates the results. For example, for Factor #2, CIO ranks 3M at 'four'; a company that explicitly looks for innovation and has this characteristic as an explicitly-stated core value. The average of results from the on-line survey show a difference of just less (0.8) than 'one'; thus, closely correlated.

Factor #23, regarding investment in R&D represents a greater difference than that for Factor #2. CIO, based on its research into the level of 3M's investment in R&D and its year-to-year consistency, ranks 3M at 'four'. Registrants results were, on average, 'two' for a gap of 'two'; in this case a significant difference.

For the seventeen Factors set out, the correlation is close for sixteen Factors; Factor #13, shows a much



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larger difference than all the Factors due the close to ‘zero’ result from the data in the on-line survey. CIO’s ranks this Factor at ‘four’.

A complete presentation of the results of comparing CIO’s ranking with data from the on-line survey is presented in the Appendix.

For purposes of this article, Factors are segregated into three topics; leadership, Organization and management of day-to-day affairs Factors and idea generation and realization.

Leadership Factors

Six Factors are grouped under this heading on the basis that these characteristics are directly related to the philosophies and actions of senior management.

There is close correlation for four of the Factors. Two of the Factors are incomplete as CIO does not have access to any reliable information nor insight into Factors four and nine.

Leadership Factors	3M	On-line survey
1. Management's emphasis is on short-term versus long-term profit.	2.5	1.96
2. Management explicitly looks for or has no interest in innovation.	-4	-3.2
4. Planning emphasizes rationing resources or identifying opportunities.	No opinion	2.7
7. Corporation provides career ladders, powers and titles for innovators or not.	4	2.3
9. Management's tolerance for uncertainty (as distinct from risk) in the planning process or not.	No opinion	1.6
16. Management has an open and relaxed attitude towards mergers, acquisitions, joint ventures and divestitures or not.	-4	-2.5

Clearly, CIO’s ranking for each of the four Factors exceeds the results from the on-line survey. Not surprising given the overall reputation of 3M. For the two Factors without a CIO rating, registrant preference is for their organization to emphasize identifying opportunities more so than rationing and, for Factor #9, taking some risk deliberately in the planning process.

Organization and management of day-to-day affairs Factors

Factors relating to ‘day-to-day’ organization and management make up this next group. CIO’s ranking of 3M versus the results from the on-line survey are closely correlated with CIO’s ranking exceeding results from the on-line survey in six of the eight Factors.

Try the on-line survey

Try the on-line survey yourself.

1. Compare your ratings with other registrants and get a report and a ‘score’.

2. Identify priority areas for improving innovation management.

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Organization and management of day-to-day affairs Factors	3M	On-line survey
6. Leaders emphasize management of people and their interactions or not.	5	3.3
10. The style of communication within the organization.	-5	-2
11. Management's discourages or encourages use of independent work groups for special purposes.	-5	-2.5
12. Management makes decisions with lots of input from the rest of the corporation or not.	4	2.4
13. Decision process is elaborate and formal versus short and informal.	4	0
15. The organization is planning-oriented versus action-oriented.	No opinion	-1
18. The organization has a decentralized or centralized hierarchy.	-4	-2
20. Extent of staff involvement (as opposed to line involvement) in the decision process.	No opinion	2

CIO does not have access to data for Factors #15 and #20. The relatively low scores for the last four Factors suggest these are not significant issues for most registrants.

Idea generation and realization Factors

Whereas CIOs ranking for all of the below-listed Factors exceeds that from data available from the on-line survey, it is clear that CIO's ranking recognizes the outstanding reputation for 3M's management practices in each subject.

Idea generation and realization Factors	3M	On-line survey
3. Management's has tolerance for mavericks or not.	-5	-2.5
5. Management's tolerance for failure or not.	-4	-1
8. Corporation is tolerant towards variances from the corporate norm or not.	-4	-1
14. The corporation has specific mechanisms available for rewarding innovation or not.	-4	-2.5
19. Resources (budget, personnel, time, etc.) are generally available for new ventures or not.	3	2.6
23. The R&D budget is less or more than the competition.	4	2

Several of the Factors are not reported upon in this article. Factors #21, 22, and 24 relate to outcomes. The gap between the registrants 'Ideal' and their 'Reality' can provide a measure of current satisfaction of dissatisfaction with innovation management practices but that aspect of the survey is not reported upon in this article.

Factor #16, whether 'management has an open and relaxed attitude towards mergers, acquisitions, joint ventures and divestitures or not' is rated by CIO at -4 for 3M whereas

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registrants place a rating of -2.5; i.e. the attitude is open. Edited results from the on-line survey provide a rating of -1.6 as different from the -2.5 for those sixty percent of registrants seeking innovation. In other words, registrants overall desire a ‘very open attitude to mergers and acquisitions’. No doubt much depends on one’s own experience.

The average difference between the rankings by CIO and results from the on-line survey is 1.85 with the lowest difference at 0.4 and the maximum at 1.7 ignoring the results for Factor #4.

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Appendix

Chart comparing CIO's rating of 3M with results from on-line survey registrants

