Company Overview (3M)

3M Co. (MMM – NYSE)

**History**:

The 3M Company, formerly known as the Minnesota Mining and Manufacturing Company (1902–2002), is an American [multinational](https://en.wikipedia.org/wiki/Multinational_corporation) [conglomerate](https://en.wikipedia.org/wiki/Conglomerate_(company)) corporation based in [Maplewood](https://en.wikipedia.org/wiki/Maplewood,_Minnesota), [Minnesota](https://en.wikipedia.org/wiki/Minnesota), a suburb of [St. Paul](https://en.wikipedia.org/wiki/Saint_Paul,_Minnesota). The company began by mining stone from [quarries](https://en.wikipedia.org/wiki/Quarries) for use in grinding wheels. Struggling with quality and marketing of its products, management supported its workers to innovate and develop new products, which became its core business.[6] Twelve years after its inception, 3M developed its first exclusive product: Three-M-ite cloth. Other innovations in this era included masking tape, waterproof sandpaper, and [Scotch brand tapes](https://en.wikipedia.org/wiki/Scotch_Tape). By 1929, 3M had made its first moves toward international expansion by forming Durex to conduct business in Europe.

**Overview**:

3M Company is a diversified technology company with a global presence that operates in six business segments: Industrial and Transportation; Health Care; Consumer and Office; Safety, Security and Protection Services; Display and Graphics; and Electro and Communications.

**Most Important Products:**

* Scotch Adhesive Tape
* Post-It Notes
* 3M Command Strips & Picture Hangers

**E-Suite Bios:**

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| --- | --- |
| **Mr. Inge G. Thulin** , 63  Chairman, Chief Exec. Officer and Pres | **Mr. Nicholas C. Gangestad** , 51  Chief Financial Officer and Sr. VP |
| **Mr. Hak Cheol Shin** , 59  Exec. VP of International Operations | **Ms. Julie L. Bushman** , 55  Sr. VP of Bus. Transformation and Information Technology |
| **Mr. Michael G. Vale** , 50  Exec. VP of Consumer Bus. Group |

**Porters 5 Forces Analysis:**

Threat of New Entrants: Low

To join the industrials industry requires a lot of capital, high technological capabilities, patents, and distribution networks.

Competitive Rivalry: High

3M’s competitors are constantly fighting for a higher position. Utilities are always in fairly high demand so this creates a competitive sector. Price and quality competition also is a factor.

Threat of Substitutes: Low

There is a low threat of substitutes for 3M products. The world relies heavily on their products because it is such a well-known brand. This only applies to certain areas, whereas healthcare and automotive products have higher chances of substitutes.

Bargaining Power of Suppliers: Low

The use of raw materials gives suppliers little power, as large industrial companies have large purchasing power. 3M has a very efficient supply chain, and because of this suppliers rely heavily on 3M buying their materials.

Bargaining Power of Customers: Moderate

The bargaining power for customers varies for 3M products. Within the consumer area there is little product variation and customers are forced to stick to 3M products. In other areas, however, this is not the case.

**SWOT Analysis:**

|  |  |
| --- | --- |
| Strengths | -Continuous revenue, income, eps, and profit margin growth  -Large cash flows that increase by year |
| Weaknesses | -Slow growth due to the size of the company |
| Opportunities | -Is a low risk investment so not many opportunities for a large return |
| Threats | -If the economy performs poorly, the sector is drastically affected |

3M has shown consistent growth in revenues and profit margins, and it will continue to do so. The investment is also low risk and 3M only looks to perform poorly if the sector/market underperforms as a whole.

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| --- | --- | --- |
|  | **3M Co.** | **Industry** |
| **PE Ratio** | 20.3 | 19.11 |
| **Total Debt/Equity** | 52.61 |  |
| **Revenue** | 30.70B | 1.23B |
| **Profit Margin** | 16.20% | 5.06% |
| **Market Cap** | 96.91B | 1.19B |
| **Operating Cash Flow** | 6.26B |  |
| **Current Beta** | 1.17 |  |

**Final Recommendation:**

3M is a quality company and a solid long-term investment. It is a large, highly profitable company that continues to grow in size and in value. It has shown continuous growth in revenues, incomes, and earnings per share, and also boasts a profit margin of 16% compared to its competitors, Lockhead Martin and Boeing at 7.8 and 5.8%. This investment is low risk. Even though 3M is a slowly growing company, it is consistent growth that outperforms the S&P. On top of that, it continues to increase its dividend year by year, while decreasing its number of outstanding shares. It achieves consistent growth through product differentiation and a very efficient supply chain. Dividends increased from 3.42 to 4.10 from 2014 to 2015. 3M is a company that continues to innovate and stands as a solid long-term investment opportunity.

10 Headlines:

1. Sticky lawsuit: $400M dispute over Post-It inventor
   1. Alan Amron, 67, says he invented what he called the Press-on Memo in 1973, a full year before **3M** scientists developed what later became known the Post-It Note.
2. 3M celebrates opening new R&D lab
   1. 3M opened its new research and development laboratory for viewing on Friday, March 11, during a grand opening event. The four-story building is approximately 470,000 square feet, which is about the size of eight football fields in area. About 700 scientists and researchers will occupy the high-tech building.
3. 3M Partners Up With Nobel
   1. The company and Nobel Media announced an international partnership, bringing together two respected organizations committed to the advancement of innovation, education and scientific research. 3M will collaborate with Nobel Media over several years to bring light to important global issues, like the future of scientific education and sustainability.
4. 3M Completes Sale of Its Pressurized Polyurethane Foam Adhesives Business
   1. The business was part of 3M’s Industrial Adhesives and Tapes Division, which will continue to focus on its core adhesives, sealants, and tapes businesses. 3M applies its adhesive technology to solutions for bonding, protecting, masking, enhancing, shielding, damping, splicing, reinforcing, color coding, and case sealing applications.
5. 3M introduces Sof-Lex Diamond Polishing System
   1. The system is designed to work together with [3M ESPE Filtek Supreme Ultra Universal Restorative](http://www.dentaleconomics.com/articles/print/volume-103/issue-7/features/posterior-composites-choosing-and-using-them-well.html) to provide an easy esthetic outcome. The new polishing system maximizes 3M’s nanocomposite technology, resulting in restorations that achieve and maintain a high gloss.





