

Robert E. Kennedy

Entry Mode (A): Make a Little, Sell a Little^{1,2}

The Minnesota Mining and Manufacturing Company (3M) made more than forty thousand products, ranging from sandpaper to optical films for LCD displays. 3M had a strong global presence. The firm had offices in more than sixty countries and in 2007, 63% its \$24.5 billion in sales was generated outside the U.S. When it came to overseas operations, 3M's strategy was built around several principles that emphasized the importance of local expertise.

At the core of 3M's international strategy was the FIDO principle: "first in defeats others." This means that in order to gain an advantage over other global firms, a business must be the first to develop a presence in a market in order to learn about it and discover the best way to do business there. 3M truly relied on local expertise: only 300 of its 75,000 employees worked outside their home countries.

3M was also a proponent of the "make a little, sell a little" principle: entering a market on a small scale, with a modest investment and a single product. For example, 3M entered the Russian market with reflective sheeting for traffic signs, and the Hungarian market with scouring pads. Once 3M learned enough about these markets to reduce the risk of failure to a reasonable level, then it added additional products to its portfolio.

3M developed global strategic plans for the export and overseas production of its products. However, local managers were given considerable autonomy to determine the best way to sell 3M products in their countries. For example, 3M entered Chile with basic first aid products. Managers in both Santiago and St. Paul, Minnesota, felt that the Chilean market was ready for a wider variety of health care products, but they disagreed about the best way to market them. The Chilean managers wanted to package the products together as a first aid kit, but St. Paul managers cautioned that a kit would be difficult to brand. Ultimately, the decision belonged to the team in Chile, who would be accountable for the results. Similarly, when Post-It Notes were first exported in 1981, the plan was to distribute as many samples as possible and 3M made local managers responsible for finding the best way to do so. In Great Britain and Germany, office cleaning crews were hired to leave samples at office workers' desks. In Italy, samples were handed out by office product distributors, and in Malaysia, young women were hired to personally deliver the product to offices.

3M generally began by exporting products to a new market. Once the local sales volume became substantial, the manufacturing process was moved from the U.S. to a regional or national facility. For example, 3M first exported Post-It Notes in 1981, but it was not until 1984 that the firm set up a production facility in France to produce Post-It Notes for the European market.

Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.

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