



Innovation, INTERNATIONALLY

With five business groups spanning a range of industries around the world, 3M is a global leader in the provision of innovative technology solutions.

Images by Michael Smits

Patrick Deconinck is a true 3M-er. Throughout his 38 years with the company, he has worked his way up the ranks, reaching the position of Senior Vice President West Europe in 2011. Along the way, he seized opportunities to perform a range of functions across 3M's diversified businesses.

In 2013 alone, 3M generated US\$31 billion in sales, and had over 88,000 employees working in more than 70 countries, making it a truly global company. Innovation is the lifeblood of 3M, and the organisation works hard to set the standard for product development, manufacturing, and marketing across its industrial, safety and graphics, electronics and energy, health care, and consumer businesses.

Patrick spoke with *The CEO Magazine* about his journey within

3M, what makes the company so successful on a global scale, and how he plans to lead the company's West Europe area into the future.

***The CEO Magazine:* What were the key points of your professional development, leading up to your current appointment?**

Patrick: Within this one company, you are given the opportunity to do a very diversified range of jobs. Prior to taking on my current role, I worked in the United States for 10 years with global responsibilities.

3M has a matrix organisational structure. This means that as part of the global function in the U.S., the team over there has stewardship over some parts of the company's worldwide portfolio. Alongside that, they have authority

over strategy while other countries are executing in their respective geographies and influencing the global strategies, which are set by the business groups.

There are several key achievements which I am proud of, and I would like to highlight the position I had before returning to West Europe. For five years, I ran 3M's largest division—the industrial adhesives and tapes division, which is the second-oldest technology platform of the company, after abrasives, which is where it all started.

The industrial tape and adhesives division is a science-based division that reaches many markets. We were pulling from 35 of 3M's 45 expert technology platforms. We had a broad portfolio of applications, from Scotch brand tapes—which everybody knows—to many other tapes such as the Very High Bond (VHB) tape that is >

“For five years, I ran 3M's largest division—the industrial adhesives and tapes division, which is the second-oldest technology platform of the company, after abrasives, which is where it all started.”

- Patrick Deconinck



As featured in
The CEO Magazine
For more info visit
theceomagazine.com



used in the assemblage of planes. 3M is constantly measuring our progress using a new-product velocity index, which is the speed with which we turn around and successfully commercialise new products. We brought that index from low 10s in 2006, to over 30 in 2011, which was my last year in that position. Reinvigorating that division and watching it grow has been rewarding.

What did you see as your mandate for 3M in West Europe, following your appointment in 2011?

First of all, in 2011, West Europe was double-dipping in the recession following the global financial crisis. In this environment, we had to accept that growing the business with the economy wasn't going to be good enough. Since the economy wasn't going to help us, we had to change our mindsets, and embrace that we would enhance the business in a low- or no-growth economy.

When I came in as Senior Vice President for West Europe in 2011, the first message I brought in—which is still central to what we are doing in the region—was that it's time for change; time to create a shock throughout the whole West Europe organisation. 'Time for change' has been a mantra that has resounded throughout all functions over the past three years.

What has been the operational change as a result of that mantra?

Enhanced productivity was part of it, but basically the first major change that we have been driving is to put the customer in the centre of everything we are doing. Large companies sometimes have a tendency to become a little bit too internally focused. This means that throughout our processes, everything we do needs to add value for the customer, and to help make our customer more competitive. So we're interested in enhancing productivity for both our company, and for our customers.

What benefits has the customer-centric outlook brought to 3M?

When you shift the focus onto the customer, and their needs, it all becomes about driving sustainable innovation that is customer-inspired.

You can innovate for the sake of making a new product or new technology, but if they don't solve a problem or enhance a current solution then you will not be successful. The most important thing is to make sure that whatever innovation we are driving brings real value to our customers, in order to help make them more successful.

For example, we have a lightweight composite conductor, ACCR, that can carry twice the electrical current of a conventional conductor in an ageing or new infrastructure. We have many smart energy management solutions delivering real value.

Looking to the future, what are your plans for 3M's growth and expansion in West Europe?

We have been focusing on three strategies: invest in innovation and faster commercialisation, invest in priority markets, and invest in developing our people.

If we start by looking at external mega trends and recognising that the economy is not going to help us, we need to find focused strategies to win in a slow- or non-growing economy. The only way you can do that is through sustainable innovation and faster commercialisation in all that we do: in our new products and solutions, in our business models, and in developing and supporting our people.

What do you perceive as the biggest challenge to driving productivity?

Through Lean Six Sigma and strong operations, we know how to obtain continuous improvements in productivity gains. When you look from the growth side, it is important to evaluate what will be the total cost of ownership for that customer of the solution that you bring forward. Our biggest challenge is to find that win-win formula over a horizon.

Do you find it more difficult to bring customers around to your products and services in the current economic climate?

I wouldn't say so. I think people know the world is changing and many business leaders know that the role of innovation is key in solving today's challenges. Even though change can be difficult, most people appreciate the real benefits that innovation can bring to their success and daily lives.

What are the positives that you would like to see 3M take from the GFC?

The main positive is making sure that whatever we do, we don't give up investing in innovation. In West Europe, and worldwide,

“The most important thing is to make sure that whatever innovation we are driving brings value to our customers, in order to help make them more successful.”

- Patrick Deconinck

during difficult times 3M keeps our investment levels in innovation. The commitment of our CEO is to keep investing in sustainable innovation.

The amount that we invest in innovation used to be just above 5 per cent in sales. Our goal is to bring that level of investment up to 6 per cent of sales over the next couple of years. Another positive is that we learn and become smarter in how to bring innovation to the customer.

What do you see as the key operational principles within 3M?

From an operational point of view, we are fully aligned to the objectives of the global businesses and leaving a fair amount of freedom to adapt them for local customers and markets to achieve specific objectives. Of course, we also hold them accountable for achieving those objectives.

There is a strong performance-management culture in the company. The key principle is setting smart objectives, measuring the results at the end of the year, and supporting and rewarding our people along the way to achieve those objectives without micromanaging them.

What are the key areas of focus for you to improve on in the immediate future?

One thing that we always need to keep improving is productivity in manufacturing and on the way to market. We have internal goals to improve our costs every year by a certain percentage, and that is extremely important. We achieve those goals through innovation in manufacturing processes and by driving the Lean Six Sigma strategy aggressively to take costs out wherever we can.

Another goal is to make sure that we have our entire way to market aligned with the changing buying habits of our customers. With generation X, generation Y, and now the millennials coming in,



those people are buying differently to the baby boomers, and we need to make sure we are there to support those new customers. For example, social media and e-business now need to be in the centre of our marketing operations.

What do you believe sets 3M apart from its competitors?

I think the number-one element that our company advances is that culture of innovation. Being innovative is not something that you accomplish overnight. It is in our DNA. You can walk into a 3M Innovation Center location in West Europe and see and feel how our people live innovation.

One element that we are proud of is what we call the '15 per cent rule', which is that our people in the research and development labs do not have to justify 15 per cent of their time. This means they can work on their own projects, and once they see that they have something that might become a success, then they can bring it forward to their supervisors and it can become a company-wide program.

I think that is what really drives the difference—the combination of our extraordinary technology base with the passion of our people.

What is 3M's key business principle?

3M is a science-based company that is driving innovation on a global scale. What we love to do is to solve difficult problems for the customer, and we're dedicated to making our customers more successful by creating relevant and sustainable solutions. ●