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Acquisition Integration: A Knowledge Based Perspective

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Six Market

Leading Businesses

<u>Ab</u> Abrasives	<u>Bi</u> Biotech							<u>Pm</u> Polymer Melt Processing	<u>Sm</u> Specialty Materials
<u>Ac</u> Acoustics	<u>Ce</u> Ceramics	<u>Em</u> Electronic Materials					<u>Nt</u> Nano-technology	<u>Po</u> Porous Materials & Membranes	<u>Su</u> Surface Modification
<u>Ad</u> Adhesives	<u>Dd</u> Drug Delivery	<u>Fc</u> Flexible Converting & Packaging				<u>Mi</u> Microbial Detection & Control	<u>Nw</u> Nonwoven Materials	<u>Pp</u> Precision Processing	<u>Tt</u> Track and Trace
<u>Am</u> Advanced Materials	<u>Di</u> Display	<u>Fe</u> Flexible Electronics	<u>Fs</u> Filtration, Separation, Purification	<u>Is</u> Integrated Systems Design	<u>Me</u> Metal Matrix Composites	<u>Mo</u> Molding	<u>Op</u> Optp-electronics	<u>Pr</u> Process Design & Control	<u>Vp</u> Vapor Processing
<u>An</u> Analytical	<u>Do</u> Dental & Orthodontic Materials	<u>Fi</u> Films	<u>Im</u> Imaging	<u>Lm</u> Light Mgmt	<u>Mf</u> Mechanical Fasteners	<u>Mr</u> Micro-replication	<u>Pd</u> Particle & Dispersion Processing	<u>Rp</u> Radiation Processing	<u>We</u> Accelerated Weathering
<u>As</u> Application Software	<u>Ec</u> Energy Components	<u>Fl</u> Fluoro-materials	<u>In</u> Inspection & Measurement	<u>Md</u> Medical Data Mgmt			<u>Pe</u> Predictive Engineering & Modeling	<u>Se</u> Sensors	<u>Wo</u> Wound Mgmt

More than 40

Core Technologies...

3M Solves Customer Needs in Multiple Markets

3M Technology Platforms

Adhesives
Abrasives
Ceramics
Electronic packaging
Micro replication
Optics
Specialty materials
Non-woven Materials
Polymer melting

Markets

Architecture & Const.
Auto. & Aerospace
Electronics Manuf.
Graphic arts
Health care
Home and Leisure
Industrial OEM
Consumer & Office
Safety & Security
Telecoms and Utilities

Close to 50 different technology platforms co-exist to synergistically create over 60,000 different products in areas as diverse as abrasives and biotechnology, medical care and adhesives, solar energy and mining, electricity and drug delivery, light management and acoustics (and much more)

2006 & 2007 Closed International Acquisitions



7 of 13 International Acquisitions From Emerging Countries

C-suite (CEO, CIO, CTO) Capability Related Strategic Questions in an Integration

- Where are the combined “**3M+Acquisitions**” capability *strengths* and *vulnerabilities*?



Photograph uploaded by
FreeDigitalPhotos.net Admin

C-suite (CEO, CIO, CTO) Capability Related Strategic Questions in an Integration

- Where should we be *(re)deploying resources* to strengthen our knowledge/capability base?

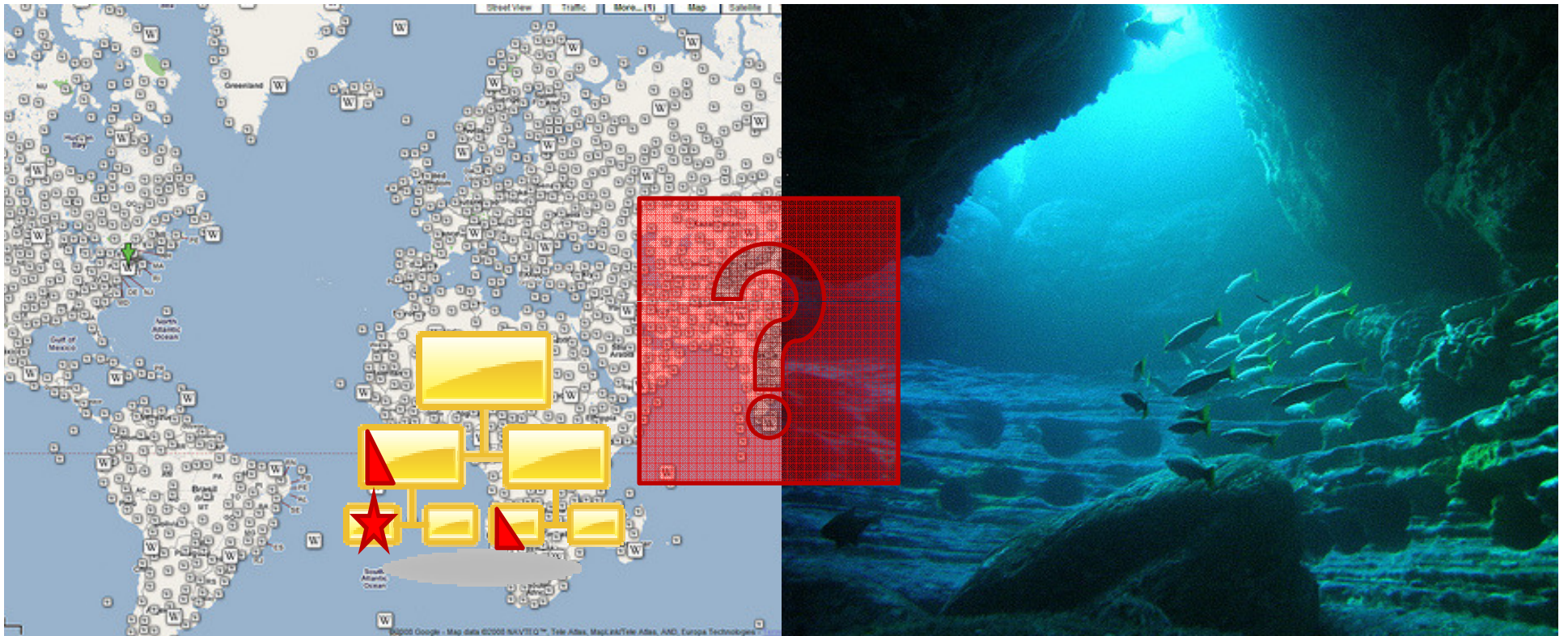


C-suite (CEO, CIO, CTO) Capability Related Strategic Questions in an Integration

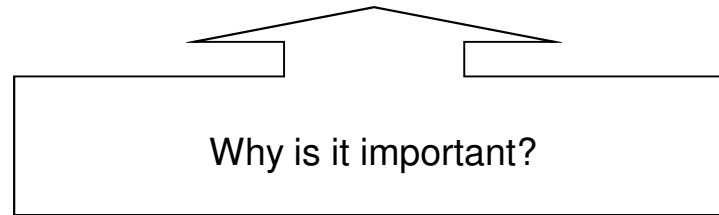
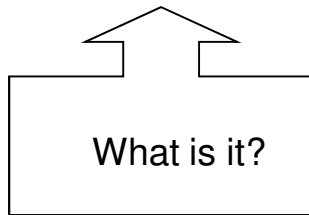
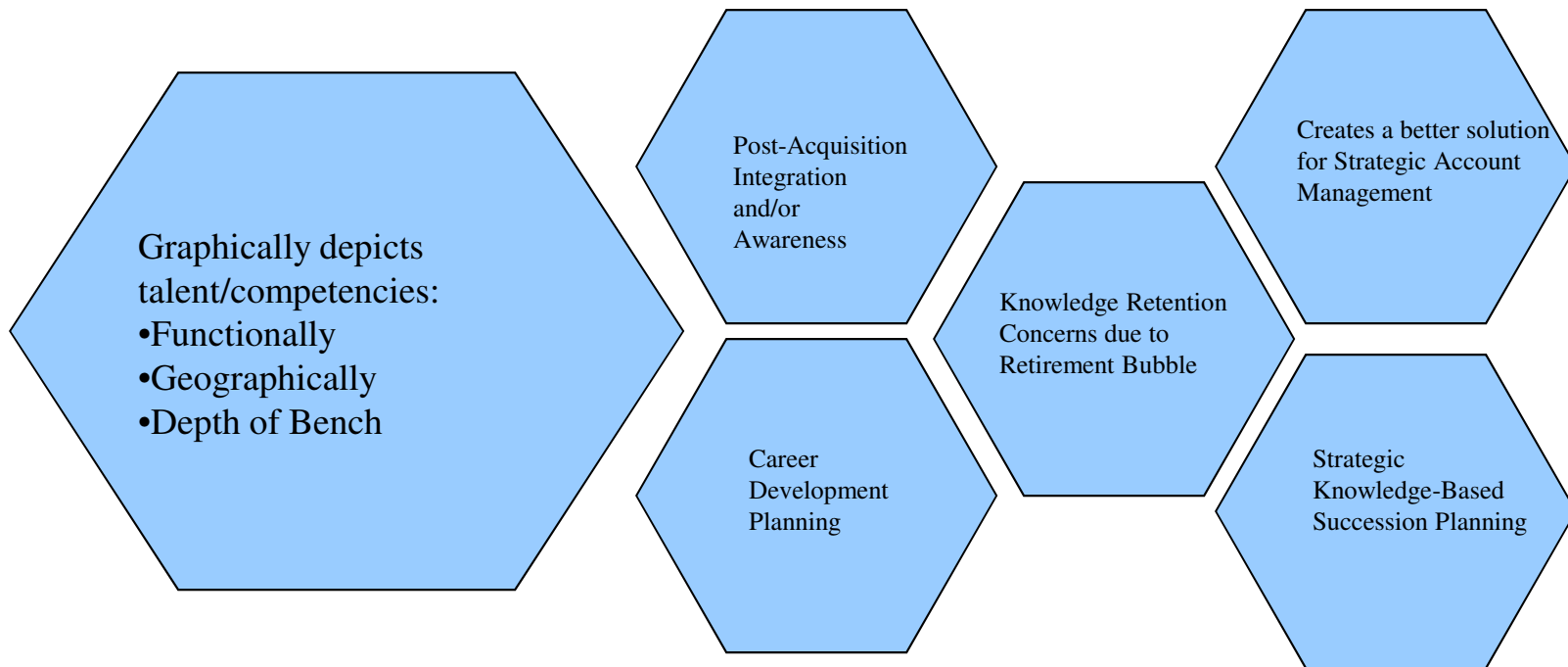
- What business *opportunities are we missing out* due to gaps in our combined knowledge/capabilities?



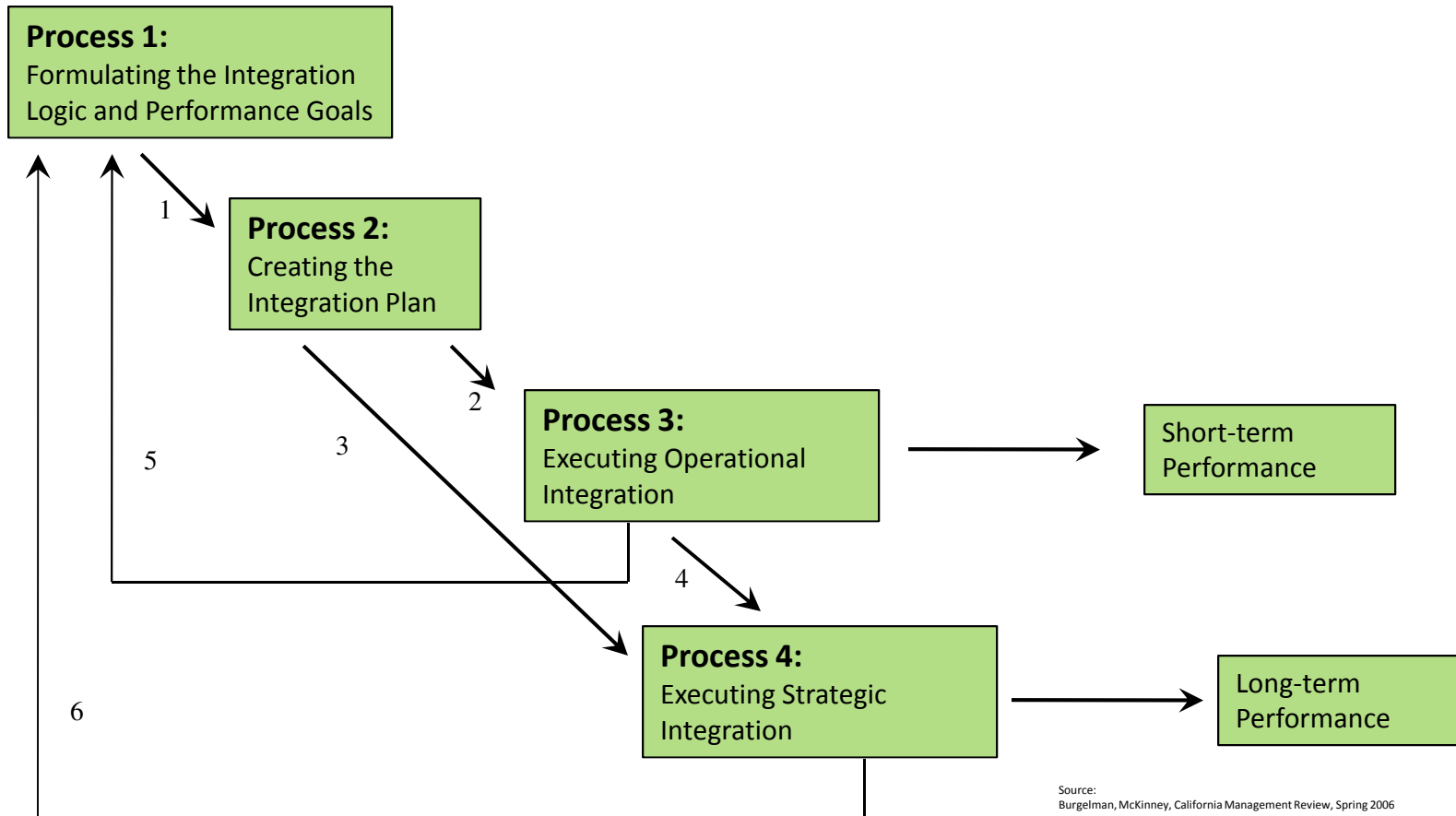
Key Organizational Knowledge



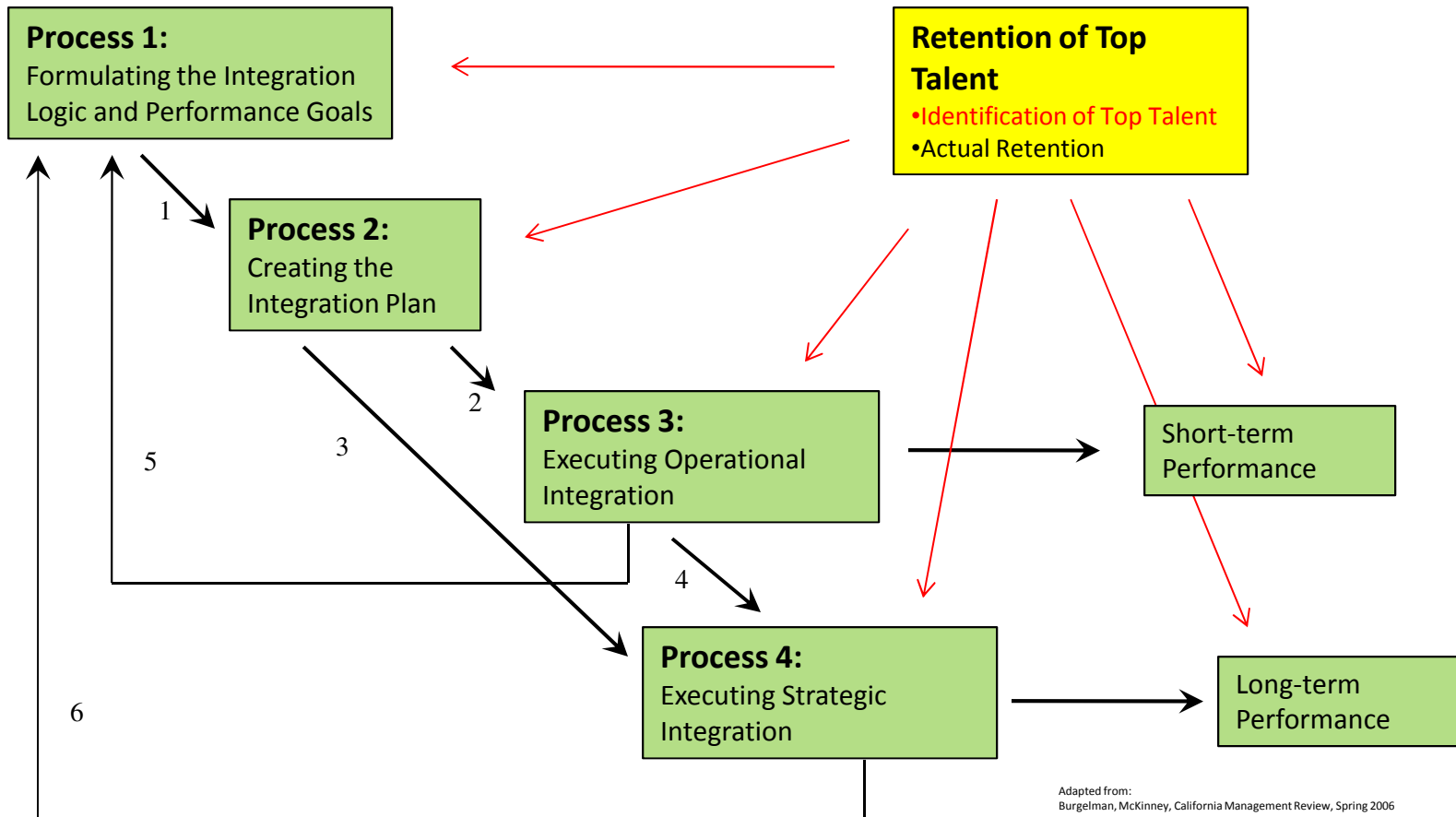
Strategic Capability Mapping



Generic Acquisition Integration Lifecycle



Top Talent Retention in Integration



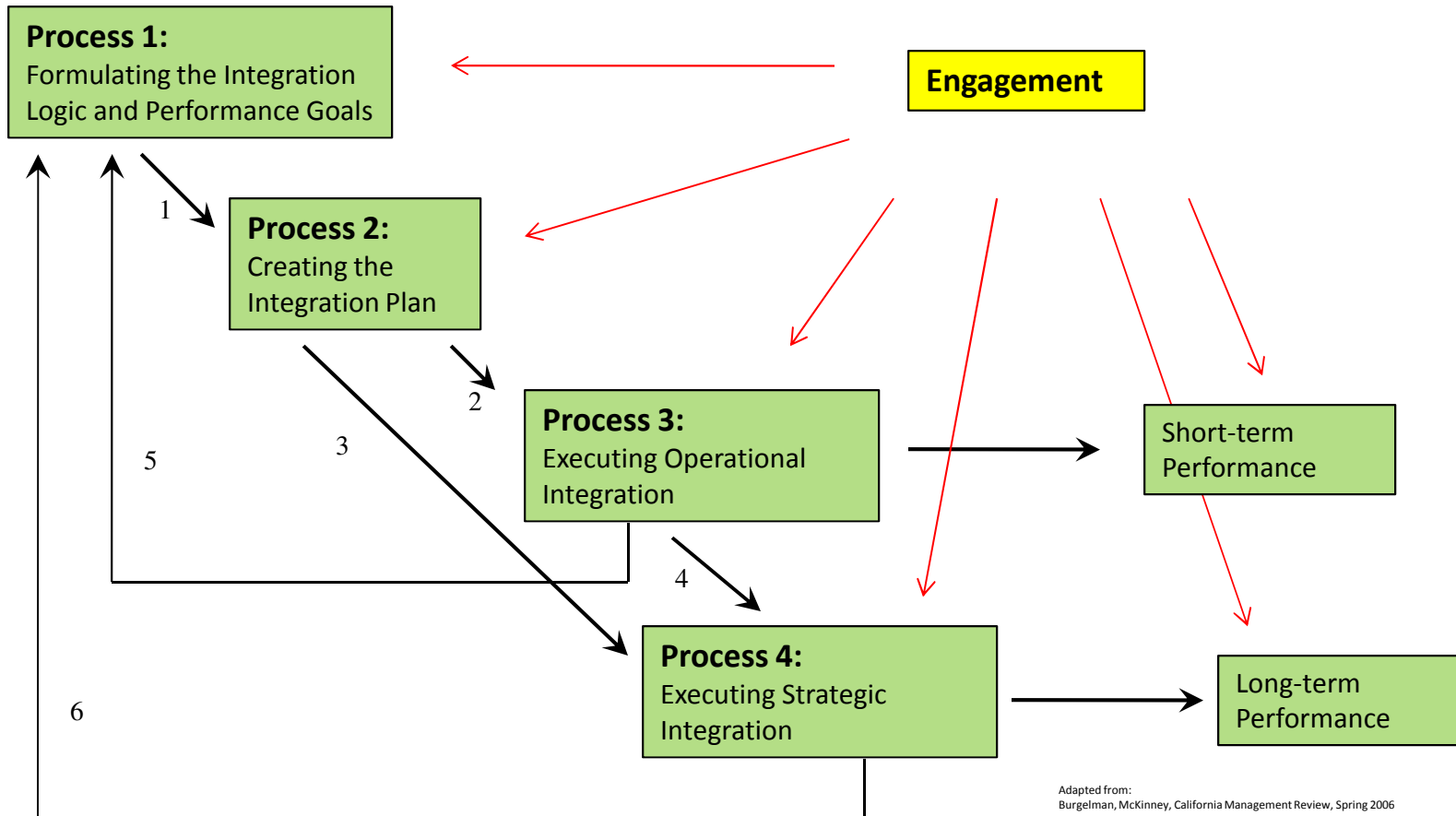
Adapted from:
Burgelman, McKinney, California Management Review, Spring 2006

HOW STRATEGIC CAPABILITY MAPPING WORKS

SCM-Supported Integration

- Identification of scarce capabilities (gaps), or ***candidates*** for talent retention
- Identification of redundant capabilities (and therefore re-allocation opportunities)
- Identification of opportunities for career development across both organizations

Engagement in Integration



Selected Reasons for Engagement Difficulties

- (Everyone): Uncertainty about career prospects
 - Will my talents be used
 - In my current organization?
 - In the other organization (now partner)?
 - Will I be fulfilled in the new enterprise?
- (Key Individuals): Uncertainty about future strategic direction of the combined enterprise
 - Trust in leadership capabilities
- (Key Individuals): Will we be able to truly create synergy across the combined enterprise?

FULL FEATURED EXAMPLE:

**MULTI-COUNTRY ACQUISITION
INTEGRATION**

FUNCTIONAL IT EXAMPLES

Conclusion

- SCM-Supported Acquisition Integration creates the following benefits:
 - Delivers detailed understanding of the fit between capability/knowledge supply vis-à-vis business needs – at any coarseness level required
 - Creates the vehicle for an even stronger partnership HR-Business.
 - Low cost, high benefit – standardized approach used in multiple engagements can be further streamlined to seamlessly connect with current HR processes
 - Ultimately, SCM strongly aligns business strategy to actionable operational staffing decisions
- It can be used to generate additional insight into the IT integration process

Questions?

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