

| Area | Goal | Measure | Target | Owner |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Financial | 1.Increase % of net income by year three 2. Increase the footprint in our industry | 1.% increase of net income 2. % increase of industry | 1.10% by Q4, 2022 2. Increase industry by 10% by Q4, 2023 | 1.Finance Manager 2. CFO |
| Customer | 1. Increase the number of positive, online, customer reviews 2. Find out where customers are hearing about Stik-Pak Solutions | 1. # of positive, online, customer reviews 2. # of survey responses | 1. 800 reviews by the end of quarter 2, 2022 2. 1,500 responses by the end of Q3, 2023 | 1. Customer Service Assistant Manager 2. Customer Service Manager |
| Operations | 1. Reduce errors concerning plastic shape and size 2. Reducing the amount of misprints on packaging | 1.% of packaging errors 2. % of misprints on packaging | 1.Drop the percentage of size/cutting errors by 3% by the end of Q4, 2021. 2. Drop the number of misprints by 10% by the end of Q2, 2022. | 1.Operations Manager 2. Operations Manager |
| Learning & Growth | 1.Sales Representatives in front of more potential customers 2. Gain 24 new customer contracts by the end of Q4, 2023 | 1.# of potential customers reached, monthly 2. # of customer contracts | 1.6 potential customers per month 2. 24 customer contracts | 1.Assistant Sales Manager 2. Sales Manager |

| Strengths | Weaknesses |
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| <ol style="list-style-type: none"> 1. Diversity amongst its products allows for increased financial stability when venturing into new market segments and from individual product failures. 3M currently has over 120,00 patents on products (Fripp, 2020). 2. Innovation is a core business practice allowing for the continued improvement and creation of new products from experience and its large investment budget, 1.9 billion, into research and development creating on average 4,000 patents a year (3M). 3. Much of 3M's revenue comes from over 65 countries around the world, this increases brand awareness and allows 3M to develop well rounded employees through cross-learning and maximize revenue by taking advantage of diverse international markets (Fripp, 2020). 4. 3M focuses greatly on sustainability and renewable energy. Their Minnesota headquarters currently operates on 100% sustainable energy and all new products will consist of 100% sustainable resources. 3M also has other CSR projects like the 3M foundation, with a focus on solving the largest problems of humanity (3M). 5. 3M has strong financial stability and backing with over 42 million U.S. dollars in retained earnings for 2019. This was more than double that of its main competitor and allows them to achieve their internal and external goals in a reasonable amount of time, further improving their competitive advantage (SEC). 6. 3M has a strong ability to generate funds as their profit margin of 47% is | <ol style="list-style-type: none"> 1. Unfunded pension and post-retirement benefit obligations. 3M's pension and post-retirement plans were 89% funded in 2018 and the US non-qualified pension plan is not funded (MarketLine, 2020). 2. Because 3M has a large diversity of products they lack a departmental focus. (3M SWOT & PESTLE, 2020). 3. 3M's involvement in litigations, the most recent concerning earplugs, is a major distraction (3M SWOT & PESTLE, 2020). 4. 3M is spending much more compared to competitors on training and development of employees (Fern Fort University, n.d.). 5. 3M spends above average on Research and Development, 1.9 billion dollars to be exact in 2019 (Garside, 2020), and they are still being beaten by competitors when it comes to things such as innovation (Fern Fort University, n.d.). 6. Product demand forecasting is an area that needs work, since it leads to many missed opportunities for the company (Fern Fort University, n.d.). 7. The current ratio and liquidity ratio suggest the company could be using cash more efficiently than it is in the present (Fern Fort University, n.d.). 8. The organizational structure of the company only supports their current business model, limits expansion in other product segments (Fern Fort University, n.d.). 9. There are gaps in the product range sold by 3M, giving a lack of choice to customers and an opportunity for competitors to step in and make a better version of 3M products (Fern Fort University, n.d.). |

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| <p>well above the manufacturing industry average of 25%. This indicates that the organization is operating very efficient and that their business model is sustainable. (Morgan).</p> <p>7. 3M has a strong focus on its distribution channels and this relationship has further added to their competitive advantage. The distribution channel relationships have helped lower costs, increase product knowledge and sale confidence, and increases the chances of success of new products as retailers are more willing to place the product strategically (Fripp, 2020).</p> <p>8. 3M offers many employee benefit plans and packages focused to improve their well being and offer them needed services, such as lawyers, at affordable rates and the option of different payment methods. 3M also offers online learning centers, pet health coverage, veteran and disability assistance programs that extend to families and communities of employees (3M).</p> <p>9. In 2011 3M moved towards automated process and incorporated SAP into its business model. This allowed for increased integration amongst all business operations and allowed 3M to adjust for demand and customer needs more efficiently. SAP has been tested and proven to not disrupt company orders and has since proven to be an effective tool (Reed, 2017)</p> <p>10. 3M's appeal to investors is outstanding as they have paid a dividend every year for the last 100 years and their dividend yield of 3.55% is over 1% higher than the average. This increases their financial</p> | <p>10. Being in multiple markets, 3M must monitor all environmental factors and "regularly adapt their strategy to suit the changing conditions" (Fripp, 2020).`</p> |
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| backing and emphasizes the strong financial stability of the firm (NASDAQ). | |
| Opportunities | Threats |

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| <ol style="list-style-type: none"> 1. Home improvement sales are projected to grow by 4% in the coming years. As a seller of home improvement products, this could benefit 3M's operations (Marketline, 2020). 2. 3M is a very diversified company which means they have many products across several industries. Some of which are healthcare, electronics, and security all of which are growing nationally, by 38% last year, as well as globally. This gives 3M opportunities to expand and develop with emerging markets while still providing stability (Fripp, 2020). 3. Being globally diverse and having a presence in over 65 countries currently gives 3M a competitive advantage on international laws and regulation understandings and proves their ability to expand. This provides them with the ability to easily expand into more countries as they develop (3M). 4. 3M has over 42 million in retained earnings as of last year and that number has historically increased by 4% over the last three years. This gives 3M a greater ability to move into different markets by acquisitions thus allowing them more opportunities to expand (Fripp, 2020) 5. 3M currently has a presence in manufacturing products for certain industries such as energy, electronics, health care, and green focused projects allowing them to easily adjust and adapt to changing global and economical company standards for CSR and environmental laws (3M). 6. 3M focuses greatly on adding value to and controlling the entire process of manufacturing and distribution. This | <ol style="list-style-type: none"> 1. As 3M is a highly diversified manufacturing company, it faces fierce competition from various large-scale companies. Intense competition can lead to pricing pressures and decreased demand, threatening to lower market share for 3M (MarketLine, 2020). 2. As 3M operates in over 65 countries, they face foreign currency fluctuations. 60% of the company's revenue is derived from outside the US and most of its revenue is subject to changes in exchange rate (MarketLine, 2020). 3. Federal, State, Local, and Foreign law threaten 3M's business operations. 3M has invested about 28 million already to help comply with environmental law (MarketLine, 2020). 4. 3M is a highly technical organization and relies heavily on its technological competitive advantage in manufacturing, transportation, communication, and planning. The need to maintain and have up to date technology may become excessively expensive and presents a long-term expense for 3M (Fripp, 2020). 5. 34% of 3M's total asset amount is attributable to goodwill and acquisitions of organizations. This large of an investment in other organizations could result in great losses, approximately 116 million dollars and any future revenues, if integration and anticipated synergies fail (3M), (Fripp, 2020). 6. The costs of raw material can fluctuate greatly since materials are purchased from different parts of the world and anything from natural disasters to wars and famines can attribute to |
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| <p>process is called “managing the entire pyramid” and gives them many opportunities to ensure that their product is manufactured, packaged, distributed, and sold with 3M values (3M).</p> <ol style="list-style-type: none"> 7. 3M focuses greatly on their website and emerging technologies to market and provide information of their brand, products, history, and current projects. This large presence in technology and e-commerce ensures that when new technological advances are available, 3M will take advantage of them (3M). 8. 3M is a large manufacturer of health care products such as masks, gloves, surgeon and nurse protective gear, and sanitation products. The demand for these products increases far beyond the available supply in times of disaster and 3M’s relations with over 65 nations allows them to directly and efficiently capitalize on these new demands (3M). 9. New laws and regulations allow for transportation costs to decrease as the world globalizes and becomes more interdependent. This provides 3M with the opportunity to increase their profit margin and reinvest more money into their R&D programs (FernFortUniversity). 10. New opportunities during economic downward and upward trends present 3M with an opportunity to capitalize on changes in demand with a wide variety of products in industries and adapt their supply to meet booming or declining industries. In Q2 of 2020, internet and social media services revenue increased by 280% while | <p>rising raw material costs, leading to a decreased profit margin for 3M (Fripp, 2020).</p> <ol style="list-style-type: none"> 7. Since 3M collects over 60% of its revenues from outside of the United States, the threat of economic collapse in foreign countries presents 3M with a highly unforeseen and avoidable issue. The recent collapse of Venezuela cost 3M over 150 million dollars without considering future revenues (Reilly, 2019). 8. 3M faces challenges in skilled labor and decreasing skilled workforce in certain parts of the world. Skilled labor is a core part of success in manufacturing and may limit 3M greatly in future expansions (FernFortUniversity). 9. Environmental protection laws represent a huge threat to 3M and can warrant millions in federal and state settlement costs. In Alabama and Minnesota 3M has currently paid over 700 million dollars in fees (Pilloion, 2020). 10. The history of product developments have mostly come in response to the development of products by competitors and 3M does not seem to show a significant increase or decrease in sales in relation to product invention (FernFortUniversity). |
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| most others decreased (CSImarket, 2020). | |
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SO

- 3M's current financial stability, with over 42 million in retained earnings and efforts focused on R&D allows them to adapt and meet changing demand faster than its competitors. This gives them a huge advantage to capitalize on constantly changing market and economic factors (5,5)
- Since 3M has paid dividends for 100 years straight and has a strong investor appeal, when disasters or pandemics impact different parts of the world, 3M can generate higher

cash flows to ramp up production. This allows 3M to meet demand costs without affecting their predicted cash flows or retained earnings (10,8).

- 3M integrated their business model with SAP/ERP in 2011; their push for globalization and continued expansion will be aided greatly by this new technology allowing them to receive orders, manage inventory, monitor shipments, and forecast production needs more accurately (9,7).

ST

- 3M's is highly focused on improving their R&D department and allows for significant funds to be allocated to this department in hopes to increase their cash flows directly tied to unique solutions, an area that has historically relied on second hand inventions that industry specific competitors have released (2,10).
- 3M's large focus on renewable and sustainable energy will help avoid and lessen potential lawsuits from changing environmental laws both in the United States and globally (4,3).
- As a manufacturing organization, 3M's strategy to integrate technology into operations will lessen the integration curve moving forward and spread out the costs associated with technological integration (9,4).

WO

- 3M spending more on training their employees will result in more and better control throughout their supply and distribution chain, presenting a unique opportunity for 3M to achieve superior customer satisfaction (4,6).

- 3M's current presence in numerous industries will allow them to adapt and change the price and quality of their products and also expand upon current items to offer different versions of the same products (9,5).
- Being a part of a variety of industries will allow 3M to gain experience and knowledge to better forecast demand and allow for continual improvement in new areas (10,5).

WT

- 3M's current business model of acquisitions and purchasing organizations represents a large threat to the organization if these new acquisitions fail or result in negative cash flows (7,5).
- 3M currently spends more on average than its competitors to train and develop their employees and a reduction in the amount of skilled labor available may cause this already high amount to increase (4,8).
- 3M has a history of litigations relating to certain products and affects that their businesses have on the environment and new laws being passed can cause even greater outflows of cash to pay for fines or adjusts to business practices (3,9).

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3M Executive Summary

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BUSI 490-002

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Introduction

As 3M continues to grow and manufacture products, making environmental decisions to use sustainable materials is something to consider when looking to the future. Manufacturing products that align with this mission statement is necessary for 3M's success. After looking at the financial health of 3M, it is time to implement a new strategy in the coming years. Stik-Pak Solutions is a company 3M is interested in acquiring for manufacturing, and over the next three years it will be implemented to gain revenue for 3M.

Strategy

Stik-Pak Solutions is a company that manufactures the packaging for name brand water mixes such as Hawaiian Punch, 7Up, Isotonix, and many more. Same as 3M, Stik-Pak has a mission to protect the environment by using environmentally friendly materials with 35-40% less plastic. 3M plans to buy Stik-Pak for \$150 million and implement a plan starting in January 2021. Stik-Pak has one existing manufacturing building with one scheduled to finish building at the end of 2020. The building project broke ground in October of 2019 as a \$14.3 million project at Summit View Business Park (Domingo, 2019). Once Stik-Pak has been acquired, 3M will have two buildings already designated for manufacturing the packs. Beginning in January 2021 we will break ground in Charlotte, North Carolina and Atlanta, Georgia with three new buildings. These will be projected to be built and open for operation by January of 2022, then automatically begin building five more set across Atlanta, Charlotte, and Columbus, Ohio. By the start of 2023 we will be operating ten manufacturing buildings projected to generate over \$246 million in revenue.

Stik-Pak currently works on projects that vary from 100,000 packages to over 6 million. These projects are based on orders from their main buyers such as Hawaiian Punch and with the help of 3M, their total production is projected to reach over 75 million units in 2021 and over 300 million packages by the end of 2023. With 3M's manufacturing expertise and resources, costs of each product will be less than a cent for smaller packets and a dollar for the larger packages. This leaves plenty of room for profit with a combined profit margin of roughly 50%, falling just slightly higher than 3M's average. With current projected sales and profit margins, we are expected to pay off our initial acquisition costs by the end of 2023 leaving more profits for growth and expansion in 2024.

Alternative Strategy

3M has an alternative strategy to manufacture essential oils. The essential oil market is well established and has a huge market. 3M would have to outsource the materials in order to manufacture the oils. In order to manufacture essential oils 3M would also have to buy necessary machinery and equipment along with buildings in which these would be manufactured. The cost to manufacture essential oils would be higher than the revenue it could generate. Another disadvantage of this is that there is not a high opportunity for new products. All essential oils are already established, and accessories have also already been established as well. There is not very much room for improvement in the essential oil market and entering this market would take considerable resources and time resulting in net losses in the foreseeable future.

Biblical Worldview

As 3M implements this strategy, we are being conscious of where to build our manufacturing buildings. We want to put our buildings in cities where there are high unemployment rates in order to provide more jobs. Factory workers do not have to be skilled and they get paid well above minimum wage. One new manufacturing building will bring about 85 to 95 employees (Domingo, 2019). This would mean by 2023 we will employ 900 employees manufacturing packs. Creating these new job opportunities will be a blessing to many people. As we decide where to put new buildings, we can keep a verse from Matthew in mind. “In the same way, let your light shine before others, so that they may see your good works and give glory to your Father who is in heaven” (Matthew 5:16, English Standard Version). There is always room to show the light of Christ in anything we do. As a huge corporation 3M can show the light of Christ by being an honest and ethical company. Placing jobs in cities that need them is another way to show the light of Christ to people that may not know the Lord as their Savior.

Conclusion

Stik-Pak Solutions will be able to grow exponentially once bought by 3M. 3M has the financials and resources to invest into this business to make it highly successful. The ability to buy Stik-Pak with its two manufacturing buildings lets 3M expand upon that base. Expanding to build more manufacturing plants around America will not only get the name out there but allows for higher production. As the market for packaged powders grow so will the opportunities to create more products. The opportunities this business strategy brings to 3M is very broad. Just to name a few, creating an option for resealable packs and baby formula packs is in the near foreseeable future. As Stik-Pak grows from the strategy 3M has created it is projected to surpass over \$246 million in revenue by its third year under 3M.

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Stik-Pak

Contract packaging

Group 4





Currently operate in two 100,000 square foot factories

Manufactures Hawaiian Punch stick packs, 7up stick packs, Hydrant stick packs, Al Market America Stick packs, and Isotonix brand pharmaceuticals

Currently handles orders ranging from 100,000 to 6 million in quantity with 2 factories

3M Implications

Ships nationwide with 2-day shipping to 80% of the United States

Stick packing market projected growth rate of 5.18% until 2025

3M to purchase stick pack for 150 million

Projected to make \$246,503,330 after three years



Environmental Approach

Alignment of mission

35-40% less plastic

USDA Organic,
Kosher, and Halal

Current Outlook

- New factory recently finished
- 3.8 million in revenue per quarter 2019
- Pharmaceutical packaging 5.5% growth by 2024
- Food packaging 2% growth annually

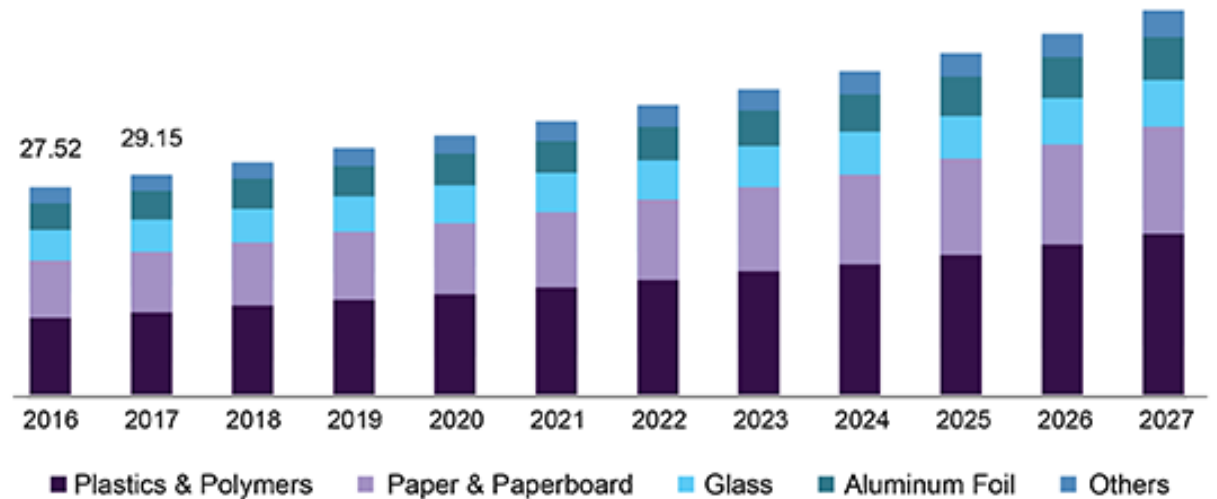


Future Opportunities

- Drink Industry (Gatorade, Powerade, coffee, types of juice, etc.)
- Health and Wellness Industry (Pre-Workout, Protein Powders, Supplements)
- Baby-Product Industry (Formula, PediaSure)
- Pharmaceutical Industry (Medication in powder form, individually packaged, rather than pills or liquids)

Stik-Pak presents many opportunities to other companies who may not already offer their product in a powder form, or in an individual format.

U.S. pharmaceutical packaging market size, by material, 2016 - 2027 (USD Billion)



Source: www.grandviewresearch.com



Acquire Stik-Pak for 150 million
by January 1st, 2021



Begin production
on three additional
factories

Two Atlanta,
One
Charlotte



Revenue Year 2021, \$87,054,100

The Plan, 2021



Three factories finished and running by January 1st



Begin Construction on five additional factories

Two Charlotte,
Two Atlanta,
One Columbus



Revenue Year
2022, \$175,760,030

The Plan, 2022



Five factories finished and running by January 1st



Fully self-sufficient project



Revenue year 2023, \$246,503,330

The Plan,
2023



Stik-Pak to become one of 3M's stronger Brands alongside Scotch, Post-it, and Command.

Deeming an estimated increase of revenue by 5% at the end of year 3.

3M will be able to expand Stik-Pak to become a powerhouse in the packaging industry.