
What Good is a Glue That Doesn't Stick?



By [Randel Carlock](#) , the Berghmans Lhoist Chaired Professor in Entrepreneurial Leadership at INSEAD

Is your company positioned to turn a failure into a billion-dollar success?

Like many successful innovations, the Post-it Notes story began with a mistake. After a decade of persistence, confidence and cooperation the small, bright-coloured note-pads became a hit in offices and households across the globe.

In 1968, 3M chemist, Spencer Silver's attempts to develop a new, super-strong glue went awry and he found himself with a product that would stick to objects but could easily be peeled off leaving no residue or damage. Instead of tossing it aside or hiding the error, Silver shared his "revolutionary" product with colleagues. The product was put in the "what can we do with this?" basket and four years later the company's new products developer, Art Fry found the perfect use - as a bookmark for his church hymnal.

Fry prepared samples of the new bookmark which, like Silver, he shared with colleagues and pretty soon the sticky notes were being used in 3M offices for multiple functions.

“We realised,” said Fry, “that what we had was not just a bookmark but a new way to communicate or organise information.”

Staff couldn't get enough of them and in 1977, 3M decided to test-market the product, under the name “Press & Peel Pads” in four cities across the U.S.

The result was an unmitigated failure, generating little interest and very few sales.

In many companies this would have been proof enough that glue that didn't stick wouldn't sell, but instead of designating the idea to the dustbin 3M threw it to the marketing team who in a brainstorming session decided that if they couldn't sell the pads, they would give them away and show potential customers how to use them.

With funds provided through the CEO's budget they organised a massive, one-day customer sampling strategy sending 3M employees and hired temps to offices across Boise, Idaho, to demonstrate the multiple uses for this handy sticky paper. The campaign was a huge success with 90 percent of the people who tried the product stating they would buy it.

By 1980, Post-it Notes and their spin-offs were generating US\$1 billion a year and hailed by 3M as one of the company's most valuable assets.

While Fry and Silver were saluted as heroes of innovation for their part in the Post-it Notes creation, the company's marketing team and CEO were a large part of the story as was the company's culture of providing an environment where scientists, innovators, and marketers collaborate.

It's not a touchy, feely situation like Google, where staff all go and drink beer at the same time and play volleyball. 3M, which invented the world's first wet-and-dry sandpaper, masking tape, Scotch Magic Tape and more than 600 other products during its 100-year history, have had a much more thoughtful approach to innovation, creating an organisation where systems, structure and people aligned around shared values work together.

The key to 3M's success is fourfold.

Firstly, they make a huge effort to encourage their scientists to share ideas and think about things. The firm runs science clubs and gets employees to spend 15 percent of their time away from their designated jobs to try new things.

Second the company recognises and rewards its scientists. It promotes them and gives them a career track which allows them to climb the corporate ladder, right to the top if they're so inclined, to positions usually allocated to officers with a background in administration or finance.

Thirdly, it compensates staff for new ideas and innovations, not just for selling more of the old product.

And finally they make a point of never saying no to an idea. If the board rejects a proposal instead of saying "This is stupid" they say, "We don't understand" or "You haven't got it to a point where we can market it, but here's some research money go away and work on it."

The company also has great leadership. **In the case** of the Post-it Notes, the CEO was an organisational entrepreneur who put up the money from his budget to make the innovative marketing campaign work.

That's what makes 3M different . Everyone in the company is an entrepreneur in some way.

Attempts to change the management in 2000, show just how important a shared culture is. Reacting to falling numbers the 3M board decided to bring an outsider in to run the firm. James McNerney, a former executive from General Electric, had a classic MBA attitude to business. He ran cost controls and budgeting and made no bones about the fact he intended to change the culture of the place. He sacked 8,000 workers, intensified performance reviews and tightened purse strings. His zeal, and the costly implementation of a quality and performance programme called Six Sigma, improved efficiency but slowed innovation – long the life-blood of 3M. In five years, percentage of sales from new products shrank from over 30 to around 21 percent.

He was replaced by a former engineer, George Buckley, who respected the old 3M model and immediately scrapped the Six Sigma programme. While McNerney concentrated on cost-cutting and efficient management, Buckley refocused on science and innovation. By his retirement five years later, sales

from new products accounted for 32 percent of the revenues, a figure on track to reach 40 percent by 2016.

A real challenge for leaders is developing long-term strategies rather than the quarterly results that the stock market wants. It tracks numbers and immediate results and a CEO who doesn't make his or her targets for three consecutive quarters will get fired. While the books may look good, the approach often lacks a clear vision. The reason family businesses are so successful is that their owners don't care so much about the money they make over the next year, they are focused on the next 20 years. Instead of 90 day financials, effort is spent on long-term investments in new markets and products using tools like the 7S model which focuses on the alignment of strategy, style (how management acts), systems (how people are hired, trained and rewarded), staff, skills, structure and shared values.

That's what 3M did. All the ideas, all the pieces supported each other. And that's been a major contributor to their success today. It may have taken ten years to develop Post-it Notes but there's little argument it was worth the effort.



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