Drivers of Value Creation : A Study on 3M India Ltd

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ABSTRACT
Every company is formed with an objective of maximizing the wealth or value of its shareholders. All the strategies and decisions taken by the top management play an important role in the value maximization process of a company. In the past, researchers have come up with studies explaining the concept of value creation and also the contributors of value. (Chandra, 2011) identified various drivers of value creation and came up with a model called value creation octagon. Through this model, he explains how all the drivers or levers of value creation are interconnected with each other in the entire value creation process of a company. The researchers could find conceptual and review papers on this concept but could not find studies on value creation activities undertaken by companies. This study tries to examine the value creation process of 3M company as a whole and 3M India in particular through the lens of value creation octagon model. The different decisions and strategies taken by 3M are segregated in to eight dimensions of value octagon model and their respective contributions in 3M’s value creation process is examined in this paper. The study revealed that along with the 8 drivers of value creation, 3M is also using its sustainable initiatives in order to create value to its shareholders.

Keywords: Value creation, Value creation octagon, Sustainability, Business Strategy, Value maximization

INTRODUCTION
The basic corporate objective revolves around the concept of shareholders value maximization. All the decisions which a company takes will be aimed at maximizing the value of the shareholders. But in order to be sustainable in the long run, businesses must not only focus on shareholders’ value maximization but also on stakeholders value maximization. Unless the interests of all the stakeholders are met, a business will not be able to even create and maximise value to its shareholders.

(Chandra, 2011) in his book, Corporate Valuation and Value creation talks about eight levers of value creation called ‘Value Creation Octagon’. He says that the eight drivers of value creation of a company are a) Strategy and Business Model b) Capital Allocation c) Strategic Financing Decisions d) Organisational Architecture e) Cost Management f) Corporate Risk Management g) Mergers acquisitions and Restructuring and h) Corporate Governance. All these levers are interconnected and if managed well, an organisation can definitely attain its basic corporate objective – the objective of shareholders value maximization

Strategy and Business Model: A strategy is a set of decisions or actions entrepreneurs or managers take which help an organisation to achieve its objectives and also help in long term sustainability. (Blank, 2010) explains that a business model is the one which helps a company to create, deliver and capture value. A business model is the plan or a strategy of a company for making profit which includes the company’s products and services, target market and expenses. (CAROL KOPP, 2019). The model of a successful business lies in novelty, uniqueness and innovation while its strategy helps the business to outperform its competitors. When a good business model is combined with a well framed competitive strategy, a business can not only make profits but can sustain in the long run as well thereby creating value to its investors.

Capital allocation: How well a company allocates its capital is one of the driving forces in value creation. Unless the resources are allocated in profitable and sustainable ventures, the investors will not be getting back their return on investment. The asset allocation decisions taken by an organisation must be closely aligned with its strategy and business model so that corporate objectives are attained and value is created for all its stakeholders

Strategic financing decisions: The decision regarding raising funds from different sources and the proportion of each source is another determinant in a company’s value creation octagon. Before taking the decision, a company needs to do a thorough cost benefit analysis and make sure that the shareholders return is maximised keeping the financial risk at a tolerant level.

Organisational architecture: Organisational architecture or design is influenced by three major components viz., how the authority and responsibility is assigned to different people across the organisation, the
methodology adopted for performance measurement and the system of compensation followed. Authority without responsibility and vice versa is detrimental to organisational interests. Also, a sound and objective performance measurement system coupled with an incentive based compensation plan will boost the morale and motivation of the employees thereby increasing the overall productivity of the organisation. Along with these three components, an organisation needs to have strong value system and ethical practices so that overall value creation is attained and sustained.

Cost Management: The decisions which managers take for cost reduction and control without compromising the quality of the company’s products and services play a major role in attaining its objective of value maximization. Companies which can come up with their own “value-for-money-strategies” through frugal innovations can enjoy much competitive advantage by leveraging on their cost-leadership thereby ensuring that the interests of stakeholders especially that of customers and shareholders are maximized.

Corporate Risk Management: (Chandra, 2011) states that the different risks an organisation face include technological risks, economical risks, financial risks, people risks, performance risks and legal/regulatory risks. Even though risks cannot be eliminated by an organisation, they can very well be mitigated by adopting proper risk management strategies and measures.

Mergers acquisitions and Restructuring: Corporate restructuring is a mechanism through which an organisation attains inorganic growth. The different corporate restructuring activities include acquisition, mergers, purchase of business units, divestment and disinvestment, slump sales, demergers, divestitures and equity carveouts. Unless undertaken and executed carefully, restructuring activities may lead to value erosion than value creation. Before taking a decision for restructuring, a company needs to do a thorough cost benefit analysis, evaluate prospective synergies, choose the type and amount of compensation and also decide an integration plan to make sure that the restructuring indeed creates value.

Corporate Governance:Corporate governance is a system of policies, procedures, rules, practices and guidelines an organisation follows so that the interests of all the stakeholders are balanced and met. In other words, it is the mechanism through which an organisation ensures that all the decisions and activities it take are focused on the basic corporate objective of value maximization

LITERATURE REVIEW
(Hakever, Chaganti, & Cook, 2004) The term value creation is ambiguous as it does not answer the question “For whom the value is created?” The authors explain value creation from the point of view of all stakeholders of a business and have developed a model which tries to suggest ways through which managerial decisions could create value for different stakeholders. The paper resorts to the meaning of value as an activity or capacity of something which satisfies a need or brings some benefit to person(s) or entity(ies). Different stakeholders of the business include owners/share-holders, employees, customers, suppliers, and the society at large. Three aspects or dimensions of value creation for all the stakeholders are further identified by the authors viz., financial, non-financial and time. The benefits and costs which create short term and to a certain extent long term monetary impact could come under financial aspect. Non-financial aspects are those benefits or costs which may not have an immediate monetary impact but may bring in future monetary rewards. The dimension of time covers not only the speed of access to benefits but also on how long the benefits could be sustained in the future. Value creation or destruction activities of a firm from the above three dimensions for all the stakeholders are further explained in detail citing different examples. Managerial decisions can create any of the possible scenarios viz., value creation of one or more stakeholders without positive/negative/any impact on the others or destroying value for all or creating value for all. The paper outlines the points which managers need to look for while framing strategies or while taking business decisions. The need for a systemic approach in decision making is the major highlight of this paper.

(Haddadi, Hosseini, Johansen, & Olsson, 2017) study the research methodology followed in construction industry while creating value. The authors study the different philosophical points of view in value creation in construction industry and conclude that interpretivism is the dominating paradigm. Research in value creation between 1900s and 2000s were focusing more in understanding value creation to the customers. The authors could find the research focus on value creation shifting towards sustainability and environmental aspects post 2007.

(Lepak et al., 2007) in their introduction to Special Topic Forum on Value Creation in 2007 by Academy of Management Review have attempted to define the term value creation as “the relative amount of value
subjectively realized by the target user in exchange for a monetary amount”. They further explain that value will be created for a task, product or a service when the perceived benefit of the target user exceeds the cost of creating the value and also the amount exchanged by the user exceeds the performance expectation from a closest alternative. They note that when a product, task or service is novel and appropriate, its use value as well as exchange value will be comparatively higher. There can be three sources of value creation viz., individual, organisation and the society. Value creation by an individual could be analysed by looking at their individual capabilities, attributes and contribution while an organisation’s value creation could be analysed by focusing on their innovation, knowledge creation, invention and competency of management. Value creation by a society could be analysed by looking into the laws and regulations which influence the level of innovation and entrepreneurship in the society. Along with value creation, value capture by the drivers of value is an important researchable area – how well the different sources of value are able to retain the value they have created. The relationship between value creation and value capture also needs to be researched as the chances of value slippage may deter the drivers of value from creating values itself. 

(Della Corte & Del Gaudio, 2014) have done a literature review on how value is been created and captured in different studies relating to strategic management. The study tries to find answers to two research questions viz., the source of value creation and how the created value has been appropriated. Existing research works address value creation separately from three points of view viz., individual, organisational and network. The authors suggest that a 360 degree approach needs to be resorted to while studying the sources of value creation rather than approaching different sources separately. This will help to know the interconnectedness of drivers in value creation process better. The study further finds that the sources of the value creation may not necessarily be the ones who get higher benefit when it comes to value appropriation. There exists a clear gap in existing research which focus on the interconnectedness of drivers of value and the level of appropriation. There is much scope for empirical work in the area of value creation, value capture and value slippage in particular.

NEED FOR THE STUDY
Most of the existing research in the area of value creation are in the form of concept or review papers. The researchers could not find studies focusing on the value creation activities undertaken by companies. The researchers however came across a contest in social media called “3M invent a new future challenge” wherein students from across the world compete with one another for coming up with novel and unique solutions for business problems. This challenge attracted the researchers to read more about the company and its practices and see whether it performs different value creation activities and if so, to what extent. Thus this study tries to examine the value creation process of 3M company as a whole and 3M India in particular through the lens of value creation octagon model.

ABOUT THE COMPANY
The Minnesota Mining and Manufacturing Company or 3M is a technology company which operates in five business segments viz., industrial production, healthcare, consumer products, safety & graphics and energy. It manufactures close to 55000 products under different categories. As on February 14, 2020, the company has a total market capitalization of 91.966 billion dollars with an enterprise valuation of 121.241 billion dollars. It has close to 96000 employees working across the globe with a revenue per employee of $334182.5858. 3M started its operations in India in 1987 as a private limited company on a joint venture contract between The Minnesota Mining and Manufacturing Company USA and Scinitar Investment and Trading Co. Pvt Ltd. It became a public company on 27th April 1989. In 1992, the company made its first public issue at a face value of Rs 10 per share whose market value as on February 14, 2020 is Rs 22299.95 per share (NSE closing) against a book value of Rs 1650.70 per share. 3MUSA holds a 75% of equity stake in 3M India Ltd and the rest of the equity stake is shared by FIIs (Foreign Institutional Investors) at 6.79%, DIIs (Domestic Institutional Investors like mutual funds, insurance companies, financial institutions etc) at 7.74% and others at 10.47%. In India they have manufacturing facilities at Ahmedabad, Bengaluru, Pune and their innovation center in Bengaluru.

VALUE OCTAGON ANALYSIS OF 3M
STRATEGY AND BUSINESS MODEL
3M began its operations in 1902 and began mining for corundum but soon it failed and they had to make sand paper with a different mineral which ultimately lead to falling sales. Due to customer complaints and negative feedback they set up a small quality testing lab and it is from there the first innovative product of 3M got its wings. The product “Three-M-ite” soon became a huge success sky rocketing the sales. This paved the base for innovation at 3M and there after they have come up with many innovative products and
the most famous among that is the Post-It notes by 3M which acted as a unique advantage for the organization.

3M is a company which runs on innovation fuel. Their main strategy throughout every business unit is invention and reinvention, it is very evident that this has helped them improve the consumer experience with 3M products helping them beat the rising competition. The three striking attributes of 3M’s business model as interpreted from different reports about the company are as follows:

- **Excellent Portfolio management:** 3M have more than 55,000 products which is spread across various business segments, they manage this product range in the most effective manner by prioritizing the portfolio by reducing it down from 40 businesses to 23. (McFarlane, 2019)

- **High Investment in Innovation:** 3M allocates most of its funds for research and development of new products, this step has made them market leaders in many product category.

- **Transforming Business processes:** 3M began focusing greatly on an efficient and customer centric approach where they believe that serving customers better can drive company towards greater heights.

Aligning business with technology is one of the main focus point of 3M across the globe. This has paved way to increasing business growth, accelerating international growth and transforming ideas into reality. From their core strategy it is evident that 3M follows an entrepreneurial culture. This entrepreneurial culture helped them to capitalise on many business opportunities which gave them a first mover advantage.

They are also looking forward towards using their core strength to overcome challenges faced by the environment and bring a change in the whole system. Further as a part of sustainability drive they are focusing on solutions which use less material for production, accelerate climate solutions by reducing the carbon footprints and become an inspiration for the community around. 3M has always proved that business and care for the planet can go hand in hand.

**CAPITAL ALLOCATION**

Figure 1: Trend in asset allocation of 3M India Ltd

(Data Source: Financial statements retrieved from www.aceanalyser.com)

3M India has been maintaining a stable investment in CAPEX while increasing investment in current assets. The company is slowly shifting its focus on acquisitions as part of its inorganic growth strategy. In 2019, 3M India invested Rs 584.74 crores in acquiring 3M Electro & Communication India Pvt Ltd, which was an erstwhile subsidiary of 3M US. This reorganization was as a part of the strategy of 3M US to bring all companies in India under one umbrella to give better management focus and to leverage on increased product portfolio, capability as well as synergy.
The asset allocation strategies followed by 3M India has produced good results which we can see from different performance ratios between 2015 and 2019.

Taking various external and internal factors into consideration 3M has developed their 2019-2023 plan for accelerating business growth. Excellent resource allocation is required for efficiently utilizing resources according to the changing global economy.

Figure 3: Fund Allocation plan of 3M for years 2019-2023

Nearly 6% will be earmarked in the research and development as that is their driving fuel. 3M focus on investing 5-5.5% funds to meet capex requirements as this is very essential for maintaining and advancing the manufacturing facilities in the factories with more automation as this can increase productivity and reduce wastage.

**STRATEGIC FINANCING DECISIONS**

The composition of different sources of funds and important financial stability and performance ratios of 3M India for the 2015-2019 is given in tables 1 and 2.

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<th>Table 1: Highlights of financial stability of 3 M India for 2015-2019</th>
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<tr>
<td>Shareholder's Funds</td>
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<td>Secured Loans</td>
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<td>Unsecured Loans</td>
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<td>Deferred Tax Assets/Liabilities</td>
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<td>Long Term Provisions</td>
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<td>Total Non-Current Liabilities</td>
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<td>Total Current Liabilities</td>
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<td>Total Liabilities</td>
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(Data Source: Financial statements retrieved from www.aceanalyser.com)
Debt comprises of only a negligible portion in the total capital of 3M India because of which the company has excellent financial stability. Despite a low financial leverage, the company’s PBIT, PBT, PAT and EPS have increased from 2015 to 2019 by close to 2.9 times which shows that the financing decisions of are indeed helping 3M India in maintaining the profitability and earnings of the company as well as the shareholders.

No dividend policy: 3 M India has not paid even a single rupee as dividend since 1994. They have been retaining 100% of their earnings which has helped the company to depend on internal equity for their fund requirements than borrow funds. Despite paying no dividends, the market value of the shares has been growing which shows that investors in 3M India prefer the retain, reinvest and grow practice followed by the company. In March 2015, the closing share price of 3M India in NSE was Rs 7935.30 which has grown to Rs 22299.95 per share as on 14 February 2020, a CAGR of close to 23%.

**ORGANISATIONAL ARCHITECTURE**

The Chairman of 3M India Ltd is Mr Bharat D Shah and the Managing Director is Mr. Ramesh Ramadurai. 3M, the parent company of 3M India is headed by Mr. Michael F. Roman, who is the chairman and CEO of the company.

3M follows an innovation culture within the organisation which helps its employees to work freely and think out of the box. The company encourages a flexible and innovative corporate culture, which encourages new ideas and has a wide band of tolerance for errors.

Some organisational policies which drive innovation in 3M are given in Figure 4 below

Figure 4: 3M India Ltd’s important organisational practices

3M believes that diversity in experience, ethnicity, age, gender, personalities and ways of thinking help to cater more accurately towards the needs of the organisation. They also provide constant training platforms to nurture leadership skills and improve cross cultural learning among all its employees around the globe.
3M also have a strong commitment towards protecting the human rights of individuals, they believe that discrimination, forced labour and child labour are ill practices and have abolished them in their organisation. The company makes sure that employees are provided with safe and healthy work environment. As they follow intrepreneurial culture, every employee working with 3M have a higher chance of career growth and also are rewarded for the efforts and commitment they showcase. Regarding compensation and pay, 3M has always ensured that their employees receive fair and competitive pay which is prevailing in the market. They ensure this by comparing the salary data and by revising it according to the global compensation principles. Outperforming employees are rewarded for their contributions.

**COST MANAGEMENT**

The company has been managing its expenditures well which shows in its results. The trend of sale, expenditures and profits of 3M India for the years 2015-2019 are given in Figure 5 below:

Figure 5: Trend in sales, expenditure and profit of 3M India Ltd

![Figure 5: Trend in sales, expenditure and profit of 3M India Ltd](Data Source: Financial statements retrieved from www.aceanalyser.com)

Despite increase in sales by 1.5 times, the company could resist a proportionate increase in its total expenditure which has resulted in an increase in operating profit of 2.48 times in five years.

Activity Based costing method is applied on various processes of 3M to optimize cost and to identify major cost drivers. Total Quality Management is another major step taken by 3M to improve business processes, products, services and to transform their organisation as a whole. This not only contributes better customer satisfaction but eliminates various unwanted costs. Digitization of the supply chain process has improved the value of its process flows which ultimately helped 3M in controlling costs from procurement to the end sales.

In order to improve efficiency and optimise cost, 3M has taken some strategic financial decisions for the FY 2019-23 with an objective to control cost which are shown in Figure 6 below.

Figure 6: Strategic Financial decisions of 3M for FY 2019-23

**BUSINESS RISK MANAGEMENT**

3M follows Enterprise Risk Management system since 2001 with clear set policies and procedures which begins with assessment and management of risk along with the steps taken to mitigate such risk exposures. This management system has contributed immensely towards identifying potential risks which can affect the
shareholder value of the company and communicates it within the organisation in order to take corrective measures. The basic risk identification flow followed by 3M is given in Figure 7 below:

Figure 7: Basic risk management process of 3M

Initially risk owners who have close contact with the environment and business scenario are interviewed and assessed for their respective risk aspects. The team of experts further map the outcome on a heat map which demonstrate the various risk along with their level of intensity and identifies the areas with highest potential risk which the internal processes has to follow. Further the review and mitigation will take place. Later on the assessment reports will be shared to the Corporate operations committee and Board of Directors.

Before starting any new facility, 3M performs a crisis risk analysis which studies the potential impact the facility may have on environment, community and also towards 3M employees. Each site will be rated based on the level of risk it poses to the organisation and adequate measures will be taken to minimize these risks. Crisis drills and exercises are regularly conducted at all sites of 3M so that all the employees are well trained about the courses of action to be undertaken in case of any emergencies. 3M also has a fully integrated single ERP system across the globe in order to maintain consistent and discrete information throughout it’s business units. This is very much essential to mitigate risks which arise due to the VUCA environment.

Being a core manufacturing company, 3M follows stringent health and safety regulations. They have a hazardous process evaluation tool which categorizes hazardous processes. The company has a Corporate Radiation Protection and Compliance group which support workers with training programmes and evaluate the hazard metrics prevailing at the plants. The company claims that these measures have led to a reduction in the serious injury or illness incidents among workers by 42.1%.

To mitigate credit risk they have a credit services team which frames policies and terms under which each customer will be analysed for their credit worthiness before an order is placed.

MERGERS, ACQUISITIONS AND RESTRUCTURING

Over the past years 3M has made a good deal of acquisitions aiming at synergy and it has successfully contributed to the overall growth of the organisation. During the FY 2018-19 3M India acquired 3M Electro & Communications Pvt. Ltd which was earlier a direct subsidy of 3M US. Acquisition of this firm gave a competitive advantage to 3M as they were able to expand their existing product portfolio as well as opened up new opportunities by penetrating into new sectors like power, utilities etc. 3M India was also able to tap their expertise as well as their production facilities hence by improving efficiency.

In March 2109, the company decided to compress its 5 business segments in to 4, a smart strategic move in order to refine focus into the most significant business segments which the company considers as its four core pillar which comprises of product portfolio, transformation, innovation and people & culture. Through this restructuring process 3M expects to add value in their business processes by attaining a greater scale of operational efficiency and also speeding up the growth of market share due to a higher customer satisfaction.

CORPORATE GOVERNANCE, CSR & SUSTAINABILITY

3M believes that an excellent corporate governance is essential for contributing towards the shareholder interests and improves the public trust on the company. 3M’s governance policies are framed by keeping in mind the rights and responsibilities of its employees across the various business segments, public commitments which 3M is obliged to follow for the betterment of the community and also include the environment and planet as a part of sustainable development.

3M follows the principle of lobbying and political activities; they have a political activities board comprising of senior executives which oversees all political contribution and activities of 3M’s political action committee (3M PAC). The Company makes sure to consult with 3M government affairs and their assigned legal counsel before undertaking any lobbying or political activity. Even though the employees are permitted to participate in lobbying and political campaigns they need to get prior permission from the PAC board to do so. 3M PAC makes sure that all the contribution and political related activities undertaken by the employees and management of the company strictly adhere to the laws of the State. The company doesn’t
tolerate any kind of violations of their principles and code of conduct, if anyone is found violating the same the company ensures that strict disciplinary action is taken which may include termination from employment.

3M has gained trust and credibility from its customers by operating ethically by showcasing the commitment they have towards the community. They work without compromising on the quality standards of the products by adhering to the sustainability goal which they follow. On 26 February 2019, the company claimed to have been recognised by Ethisphere Institute as one of the most ethical companies for 6 years in a row.

3M have also excelled in the area of Corporate social responsibility in which they channelize their expertise and technological advancements towards the betterment of the society. They are also re-inventing their product range by integrating it with sustainability thereby reducing wastage and focusing on recycling. They ensure that the business decisions they take always adhere to the core values which act as the pillars of the organisation. 3M have a strong quality management framework that ensures that the business processes operate with utmost efficiency and quality standards. As a whole we can say that 3M have policies and norms which strictly take into consideration the internal business functions as well as the external environmental factors.

The company has a commitment to ‘sustainable forestry’ wherein the company accepts only virgin woods from only those sources which are committed to protect forests and respect the rights of workers and people who depend those forests for their livelihood. (Banker, 2017). They follow traceability principle through which the company ensures that they procure only legally obtained raw materials from those sources which protect the rights of indigenous people and workers and also adhere to conservation values. In 2017, 3M claimed that they could trace back close to 85% of their global paper supply to the mill level and 40% till the forest level. The company aspires to trace down 100% of their raw materials to forest level as part of their commitment to the environmental sustainability. They have partnered with an NGO called The Forest Trust and are also using a cloud based application called Supply Shift in their pursuit of traceability and responsible sourcing.

FINDINGS

The different valuation parameters of 3M India for the years 2015 to 2019 is given in Table 3:

Table 3: Valuation parameters of 3M India for 2015-2019

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<tr>
<td>PER(x)</td>
<td>82.86</td>
<td>62.37</td>
<td>54.2</td>
<td>70.32</td>
<td>83.94</td>
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<tr>
<td>Price/Book(x)</td>
<td>11.11</td>
<td>12.29</td>
<td>10.64</td>
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<td>14.58</td>
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<tr>
<td>EV/Net Sales(x)</td>
<td>4.82</td>
<td>5.51</td>
<td>5.21</td>
<td>8.24</td>
<td>9.49</td>
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<tr>
<td>EV/Core EBITDA(x)</td>
<td>40.69</td>
<td>33.27</td>
<td>29.44</td>
<td>40.23</td>
<td>49.32</td>
</tr>
<tr>
<td>EV/EBIT(x)</td>
<td>52.66</td>
<td>38.6</td>
<td>33.15</td>
<td>43.72</td>
<td>53.47</td>
</tr>
<tr>
<td>M Cap / Sales</td>
<td>4.88</td>
<td>5.68</td>
<td>5.52</td>
<td>8.54</td>
<td>9.65</td>
</tr>
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(Source: www.aceanalyser.com)

Figure 8: Trend of valuation parameters of 3M India Ltd

(Data Source: Financial statements retrieved from www.aceanalyser.com)

As on 14th February 2020, 3M India Ltd has an enterprise value of Rs 246652.82 millions with a market capitalisation of Rs 251221.76 millions. The company’s valuation parameters between 2015 and 2019 has
shown a general increasing trend barring the financial year ending March 2017. (Chakravarty, 2017) states that during the period between December 2016 and March 2017, growth in manufacturing sector was the lowest compared to the corresponding period in the previous 5 years. (Joshi, 2017), in a report in India today, notes that a survey conducted by the All India Manufacturer’s organisation highlighted a 55% reduction in revenue of the manufacturing Industry. The fall in sales, profits and valuations of 3M India for March 2017, therefore, could be attributed to the impact of demonetization in November 2016 which affected the Indian economy as a whole. But the performance of the company revived in 2018 and is showing a promising future as well.A person who had invested Rs 10 in the company’s first public issue in 1992 would have made 165 times of investment in book value terms and 2229 times in market value terms. 3 M could increase its value only because of the right decisions and strategies taken by the company at the right time.

(Chandra, 2011), while explaining drivers of value creation and value creation octagon, stated that the corporate objective of maximising shareholders’ wealth could be attained only when all the levers or drivers of value creation are blended together by the top management. This study shows that, all the 8 drivers of value creation along with the sustainability initiatives have indeed contributed to the core objective of shareholders’ wealth maximization of 3M. Figure 9 depicts how 3M could successfully blend all its drivers well in its value creation journey:

Figure 9: 3M’s Value creation octagon

CONCLUSION
This study shows that 3M India has been able to create value to its shareholders which is reflected in its sales, profits, EPS, share price as well as the enterprise value. 3M, which started as a mining and manufacturing company in US focusing on making sand paper has spread its wings across the globe with more than 55000 products in their portfolio. 3M India, which started as a Private Ltd Company in 1987 has now become a big corporate giant with close to 3.5 billion dollar valuation.

In this paper, the researchers examined the drivers of value creation of only one company – 3M. Value creation activities undertaken by other companies and their impact on shareholders as well as stakeholders value creation and maximization could be taken up for further research. Also, the period of study could be expanded further to get a deeper perspective. Each driver of value creation could be independently taken up with respect to their cost and benefit for different companies also could be included in future studies.

REFERENCES


