The Norton Company Versus 3M

While its young, small competitor, 3M (originally Minnesota Mining and Manufacturing Company), was struggling for survival in the early 1900s. The Norton Company, a manufacturer of industrial abrasives, was prospering nearly ten times larger. By the late 1940s, however, the two companies were approximately equal in size. By 1990, 3M dominated several industries and had revenues more than ten times greater than Norton's. A large French company, Compagnie de Saint-Gobain, acquired Norton that year.

Born during the classical school of management thought, Norton had built a tall bureaucratic structure to house its product divisions and its many staff managers who churned out detailed reports to aid the company's in-depth controlling and planning efforts. Its upper-level and middle managers built "increasingly sophisticated systems as the lifelines that linked them to their distant.....operations...." Decisions were made at the top (requests for spending of $1000 or more required the board of directors' approval and the company became increasingly self-satisfied and inflexible. It had ceased, for all practical purposes, to actively sense the need for or to initiate change.

Beginning in the 1940s and into the 1960s, the quantitative and systems school of management thought were warmly embraced by a number of large and small U.S. firms. Norton among them. "No company participated in the (quantitative) managerial revolution more enthusiastically than the Norton Company....." The company adopted a variety of quantitative methods, including computer modeling to focus on the best ways to expand its existing product lines. It decided to acquire several existing companies in its industry and to continue profit maximization efforts for its several original product divisions. It did little, however, to enter new markets or to develop new product lines.

As the abrasives market began to mature in the 1950s, Norton's response to lagging sales and profits was to focus on reducing costs and becoming more efficient. "During the late 1950s, Norton made a few feeble attempts to branch away from the maturing abrasives market, but most of these were thwarted by lack of resources and institutional encouragement". Unlike 3M, its attempts to diversify were concentrated on acquiring companies -- to buy its way into new directions. Throughout the 1970s and 1980s, 3M continued to evolve into new...arenas by encouraging individual initiative. Norton, in contrast, relied primarily on studies and planning models handed down from its consultants. If Norton was (a definitive example) of a systems-driven company, 3M (was a definitive example of) a people centered entrepreneurial model. That model is essential to competing in today's postindustrial (information-centered), global markets.