

Promote Mutual Prosperity

A business enterprise is a public entity. Thus an enterprise must develop along with the society that encompasses it. It is important for an enterprise to continuously develop its business, of course, but it cannot do so by thinking only of its own prosperity; it must also consider whether society will prosper through its activities. In fact, if a company prospers while thinking only of itself, its success will be temporary; it will never last. True growth and prosperity come when both the enterprise and society flourish, when they can work together toward mutual success. This is a natural as well as social law. Whether in nature or in human society, coexistence and mutual prosperity are the natural state of affairs.

Many people are involved in the activities of a business. A company operates through partnerships in various forms: with suppliers, dealers, consumers, investors such as shareholders and banks, and the local community. Attempts to achieve growth at the expense of these partners will backfire, and will only bring the enterprise to ruin. It is important to consider the coexistence and mutual prosperity of all of these partners, as it is safe to say that that is the only real path toward long-term enterprise success.

For example, to reduce costs in response to consumer demand means that a manufacturer must ask suppliers to reduce their prices. This is a common occurrence. However, the manufacturer cannot just ask for a price reduction. It must first examine the supplier's situation and consider whether, with lower prices, the supplier will still be able to make a fair profit and stay in business.

I have always tried to keep these issues in mind while managing my business. I have to emphasize that even when I ask a supplier to lower its prices, I am the one to suffer if this causes losses for the supplier. If the supplier is unable to accommodate such a request, I sometimes have them show me around their factory or take other measures that allow me to help them improve their processes so they can reduce their prices while continuing to earn a reasonable profit. Thanks to this approach, even my requests for price reductions have ultimately ended up working out well for the suppliers.

Thus, it is important to consider whether a supplier will be able to earn a reasonable profit going forward, but we must also commit ourselves to keeping prices low for our dealers, who are responsible for selling our products, and ensure that they, too, are able to earn the reasonable profit they need. At the same time, product and sales policies must also be considered to ensure that consumers can purchase our products at a reasonable price. In this way, it is important to work toward one another's coexistence and mutual prosperity while ensuring that everyone is earning a reasonable profit.

Another important issue is ensuring the collection of payments from dealers. A manager who agrees to a request for payment postponement from a dealer may feel they are doing the dealer a favor, but this sort of casualness can easily lead to laxity in the collection of payments from customers, inevitably leading to an overall weakening of the business. In a worst-case scenario, it can lead to disruption of the industry and society as a whole. By contrast, if a manager is strict about collecting payments from dealers, those dealers will settle their own accounts promptly, ensuring that payments are collected in a timely manner and that the business is sound. This in turn helps strengthen the industry and society. This is also why strict collection policies are so important for ensuring coexistence and mutual prosperity.

Coexistence and mutual prosperity requires seeing things from your partners' perspectives and

managing your business in a way that adequately takes their business profits into consideration. Thinking about your partner's profits first may be somewhat difficult, but it is really about viewing their profits and your own as one and the same. What is good for your partner will also be good for you in the grander scheme of things, and will ultimately lead to profits for both parties.

This concept of coexistence and mutual prosperity is the most difficult to grasp for companies within the same industry. Of course, there is competition between companies in any given industry. But sometimes this competition grows very fierce, too fierce, in fact, and can result in excessive competition.

Competition itself is desirable. Competition forces enterprises to utilize their knowledge and work to ensure that they do not lose ground to competitors. This leads to improved product quality and more rational, reasonable prices. Where there is no competition, there are few quality improvements and costs remain high. We are all familiar with such situations.

This is why competition is generally considered a good thing, and in fact must exist, while excessive competition can be harmful. Excessive competition is competition that ignores reasonable profits. In extreme cases, a company may end up temporarily selling at a price that fails to even yield a profit, just to beat their competitors.

If such excessive competition continues and companies are unable to earn a reasonable profit, it hurts the entire industry, and can sometimes result in business failures. Because small and medium-sized companies with limited financial resources cannot weather such situations as easily as large companies with access to ample capital, excessive competition can result in a kind of tyranny of capital in which some companies, because of their lack of management capability, will be unable to obtain capital and thus be forced out of business. In an environment of excessive competition, even a well-managed company that can remain competitive while still earning a reasonable profit may end up failing due to a lack of financial resources.

In this case, the excessive competition, by causing even well-managed companies to fail, can create significant chaos in the industry and major social turmoil. When companies cannot make a reasonable profit, they pay less in taxes, and thus have a negative impact on the nation and society. Cutthroat competition causes hundreds of problems while offering no redeeming value.

Thus, even in a highly competitive environment, excessive competition must be viewed as criminal and efforts made to eliminate it. In particular, large industry-leading companies with abundant capital reserves should take care to avoid such competition. Even if a small company engages in some degree of excessive competition, the industry as a whole will avoid chaos if the leading companies resolutely insist on engaging in sound competition.

The same is true in international politics. Small countries may engage in excessive competition, for example, initiating wars, but as long as the major powers do not get involved—except as arbitrators of fairness—the conflict will be contained to the region and will eventually die down. If the major powers allowed themselves to be drawn in, the conflict is bound to escalate. In business, unchecked competition by major companies can be catastrophic for industry, exhausting companies and resulting in a complete loss of confidence in the business world.

Though it is sometimes difficult to grasp, it is extremely important for companies to continuously strive toward the coexistence and mutual prosperity of all players in their industry. The larger the company, the greater is its responsibility in this regard.

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