

## You have to earn your own pay

The Microwave Oven department was established as an financially independent department with an internally-raised capital of two million yen, operating funds of four million yen, and a staff of just 20. Ogawa, who was a novice in areas other than technology, recalls: “I assumed that all we had to do was attach the National brand to whatever we made and our sales companies and retainers would do the rest.”

A month later, however, they had not sold a single unit. The sales companies and retailers have business to run, too, so it made sense to purchase only what they could sell. Microwave ovens that cost more than a million yen each were out of the question; buying seven or eight of those would eat up the companies’ entire capital and operating funds, and there would be nothing left to pay their staff. It was here that the full weight of Konosuke Matsushita’s words, “pay your staff properly,” hit home.



Plainly to explain directions of microwave ovens to customers (1973)

Ogawa now found himself in a bind. He suspended production and had the entire staff out doing door-to-door sales to unload the department’s inventory. He discovered that to pay wages and bills from contractors who supplied components, sales had to be consistent.

By the late 1960s, the Microwave Oven Division workforce had grown to around 300, but the ovens themselves remained expensive, a luxury that electronics stores would only sell when they had time on their hands. As a result, the Microwave Oven Division’s operating funds would fall below the required level several times a year, and Ogawa would be unable to pay his staff. To combat this situation, Ogawa himself would serve as salesman when sales were slow. Accounts, personnel, and manufacturing staff all underwent regular training in sales as they were forced to go out and earn the money that would be used to pay their salaries.

Ogawa drew a line in the sand with a banner hung from the roof of the division's three-storey building: 'Let's run our business in a way that enables us to pay staff wages.' This attracted the ire of company head office, which saw the banner as a disgrace and demanded it be taken down, but Ogawa remained unmoved. "That is the management philosophy we've all agreed on," he said.



Panasonic's first product of Microwave Oven, "NE-100F" (1963)

This was a boom time for home appliances in Japan and Matsushita's business was robust overall, but the Microwave Oven Division stayed stuck in the mire for three years.

The division's drive to earn the money to pay wages meant that almost 80% of staff gained experience in sales. "In those three years," said Ogawa, "we all developed a firm belief that even in a big company like Matsushita, wages aren't something that magically appear—you have to earn your own pay."