

Shopkeeper management style helps change attitudes

Concerned at the anxiety he was causing his staff, Ogawa went around all of the Microwave Oven Division's workplaces each month to explain the division's monthly financial statements to them. As he did so, there appeared among the ranks a determination to think for themselves about how they could do things better and earn themselves more money. Ogawa recalls: "They asked for a change in the way we did business. Previously, when a proposal was made by one of the sales sections, the sales strategies and the promotional and advertising budget were the purview of the head of department. But the staff asked that those matters be left to the discretion of the sales sections in each territory. They also asked that each territory be allowed to conduct sales based on the unique circumstances of each area. In return, they said, each section would have its own annual plan and provide monthly income and expenditure accounts.

"I approved the idea immediately. We did away with traditional section names and instead gave each section a 'shop' name based on the section head's family name. For instance, the section led by Mr. Sakai became *Sakai's*, and the section headed by Mr. Kobiki *Kobiki's*. That is how our department-as-independent-business system started.

"In the beginning, our clients were taken aback—as was company head office—but we eventually began to get orders using the shop names and it gradually took hold. The head of the sales department became the shops' chairman, the head of the Microwave Oven Division became the executive advisor, and the head of accounting became the auditor.

"Similarly, over in manufacturing, the electroplating section became the Hara Coating Workshop. They increased their revenues by improving their work plans and taking on work under contract.

"Others began to follow in our footsteps. Once the manufacturing sections had revamped into shops, everyone—even general affairs and personnel—set up as independent entities. The accounting took on more staff and went into the consulting business, sending consultants to the various sections to advise them on how to run as stand-alone businesses.

“So, by the third year, the Microwave Oven Division had transformed into a conglomerate of little companies.

“Each section came up with their own innovations, policies, and improvements, and we held all-in monthly meetings to discuss each shop’s finances. Also, there would be consolidated accounts meetings held every half year—these were meetings where those in attendance would make a presentation about their section’s achievements. I gave profitable sections a



Microwave oven plant (1972)

bottle of Johnnie Walker Black Label whiskey to drink at their celebration party, and they were very happy to get it.

“Some of the sections failed as independent businesses, so they went through virtual corporate rehabilitation proceedings, had their inventories taken away for sale elsewhere, or underwent a change of ownership.

“As we pursued this style of business management, our market share exceeded 40% and we became the most profitable division in the whole company. We were overjoyed when that happened.”