

## The founder confiscates operating funds

Ogawa became managing director of Matsushita Housing Products in 1980. The company dealt mainly in gas-fired equipment, kerosene heaters, and boilers and had different sales channels to the divisions selling home appliances. As a result, the Oil Shock, which came at a time when the company was already struggling, sparked a sudden drop in sales and increase in inventory. This was a recipe for massive losses and put the company in danger of going under. Ogawa recalls:

At the time, there was a complacency that put the onus for fund raising on the head office. The state of affairs was such that the company would normally have been wound up straight away. In those days, however, Matsushita Housing Products was run in a way that was worlds away from Autonomous Responsible Management; people—right up to executive level—griped about the cold-heartedness of the head office for demanding interest from a failing subsidiary.



The founder inspecting Matsushita Housing Products with Managing Director, Mr. Ogawa (left) (1980)

Around that time, Konosuke Matsushita dropped by. I privately cursed the timing of his visit, but there was little I could do about it. All the executives were gathered to show the founder the company's wares, and he was in a good mood, praising our wonderful plant and products, but as soon as he heard we were in the red, his expression changed.

“You have sales of more than 100 billion yen yet you've made a loss of nine billion? What on earth are you playing at?” he railed. “I had no idea there was a Matsushita company being run this badly.”

The founder immediately got the executives of head office on the phone. “The head office was wrong to lend this shambles of a company 20 billion. Take every penny of it back right away,” he ordered.

Losing those funds at that time meant we couldn't pay our staff or creditors for the month. It meant we could collapse. In fact, the vice president, who was acting president at the time, was standing next to the founder and fainted from shock when he heard that. Then the founder said, “What kind of top executive blacks out when his company is in danger? Ogawa, you're number two, aren't you? Well,

you're in charge now."

I pleaded with him: "We'll go under straight away. Please give us just a little more time."

But the founder was unmoved. "Absolutely not," he said. "There's no way we're lending money to incompetent administrators like you lot. You've got 3,000 people; get them together and work out how you're going to rebuild the company. If you can come up with a plan, I'll write you a letter of introduction to the president of some banks and you can go and plead for a loan there using your land and plants as collateral. Now turn this disaster of a company around."



Production lines of Gas Equipment Division (1977)

Ogawa eventually took out loans with Nanto Bank and two other institutions.