

No management

Five days after his visit to Matsushita Housing Products, the founder spoke about the company at an executive management workshop.

“I went to one of our plants the other day in Koriyama out in Nara. The place had been struggling for a number of years and I was concerned. I’m talking about six years of losses. They had long since spent their capital, and normally they would have gone under. If the head office doesn’t look after the company’s money, they will collapse.

“Put simply, there is no management in place. The plant is running well but the company has a mountain of debt and just can’t make a profit. We lent these people 20 billion yen, and despite having a debt of that size, nobody was worried about the company’s capital. In fact, nobody even mentioned the word capital. They were completely dependent on the parent company and not independent at all. If they were really independent, no bank would keep lending to a company that bled red ink for six years.

“So, I’ve decided to replace the president. I must be getting soft in my old age because I would never have allowed the company to continue operating another day before. I’d have gone to the plant in Koriyama every day to find out what’s going on, and I’d have taken action.

“Everyone there has this complacent attitude that they’re alright no matter what happens because they work for a Matsushita company. When you ask them to explain the problem, they’ll give an answer that sounds about right, but nobody is thinking about the root issue: capital.

“Judging by the plant alone, you’d never think the company was in the red. So there’s this company that should have collapsed but nobody thinks they’re stuck. They’re complacent, and think that someone else will foot the bill for whatever they do.

“When it comes down to it, they are not making products that are likely to sell. They think they just have to make the products and Matsushita Electric will sell them and fund the company while it’s at it. They have no true awareness of what it means to be independent; it’s a highly dangerous situation.



Inspecting solar battery plant (1980)

“You sell what you make—that’s the Matsushita policy. Simply making things—and faulty products, too, sometimes—without a thought to selling them yourself is not a feasible model. The people in Koriyama are enthusiastic in what they do, but the more eagerly they pursue their work the greater their losses become. They need to change their ways immediately. They are all so gung-ho it’s hard to single people out for criticism, but they can’t carry on making things when they have no idea if it will sell or not.

“Obviously, the directors of the various divisions have to take manufacturing, research, and development into account, but it’s also important to give deep consideration to sales as well because it is a matter of concern. There must be clear autonomy in your business administration.”