

Rebuilding plan gathers the collective wisdom of 3,000 employees

Meanwhile, the day after the founder's outburst, Ogawa gathered his titled employees together, just over 300 people ranked sub-section supervisors and above. "We are no longer a Matsushita company," he declared. "We will rebuild the company using money borrowed from banks. We need to pool the collective wisdom of all 3,000 employees; go and make rebuilding plans for your workplace that will put your section of the company back in the black. If we can't do that, the company will be wound up and there will be no returning to the Matsushita fold."

The situation was grave as everyone was taken aback and crestfallen by the sudden news, but everyone got behind the idea of actually having each section operate as an independent business to get the company back into profit. It was agreed that a prerequisite for returning to financial health was a reduction in staff numbers by 10% at each section, and that everyone would have to innovate to cover the work of those who left.

These 10% were reassigned to the head office of Matsushita Housing Products. Some helped set up production lines for new products, but most were seconded to agencies and sales companies (at head office's expense) to help with sales promotions. In this way, Matsushita sought to boost sales and production without incurring extra labor costs overall.



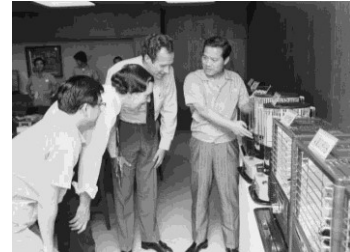
Production lines of microwave ovens for export (1981)

Each division created sales, technology, and research teams, who worked together to plan products ready to be big hits three years later. In addition, someone suggested that invoices should be divided into two groups: those for expenses that would not have been incurred if the company was run properly in the first place ("red invoices"), and those for other expenses ("black invoices"). That way, they could make a concerted effort to eliminate red invoices, which made up fully 6% of the total, and restore the company to financial health. The idea was duly put into action.

These somewhat tough but urgently required measures were blended with the combined wisdom and initiative of Matsushita Housing Products' whole workforce to

create a mid-range business plan for improvement of the company's financial health. The plan worked, and the company made a modest profit the next year, which grew to more than 6% after three years.

“The rebuilding of Matsushita Housing Products was the result of numerous bright ideas suggested by the people on the ground,” recalls Ogawa. “But it all stemmed from Konosuke Matsushita’s stern attitude towards business and work—an attitude that smashed our misguided tendency to lay the blame for poor performance elsewhere, and that inspired us to take action.”



Merchandising meeting of electric heaters exported to North America (1982)