

A company overview of panasonic corporation



Panasonic Corporation (PC) is one of the largest Japanese electronics manufacturers established in 1918. It has totally 680 consolidated companies under the Panasonic brand around the world. The Corporation is comprised with different business domain fields. Its main products and services including 6 business groups:

Digital AVC Networks (Plasma and LCD TV, Blu-ray Disc, Cameras, PC devices, mobile, healthcare equipments....)

Home Appliances (refrigerators, air conditioners, cooking appliances...)

PEW and PanaHome (lighting fixtures, wiring devices, personal-care products, electronic materials...)

Components and Devices (batteries, electric motors, semiconductor...)

Since the early of 2010, SANYO Electric Co. Ltd becomes its subsidiary after owning 50.2% majority of ownership from Sanyo (Whitney, 2009)[1]. Its main products are solar cell, lithium-ion batteries and electric equipments.

Others (industrial robot, welding equipment, bicycles, imported materials and components)

Source: Business Segment – Panasonic Annual Report 2010
Digital AVC Networks includes video-audio equipments and information and communication equipment generates the most revenue for Panasonic. In this business group, the Company has a wide range of products and they take 39% in total consolidated sales in 2010[2]. One of its popular product is Plasma TV and Panasonic is considered as the world No. 1 Plasma TV maker.

It also takes lead in the Plasma TV market with 40, 7% of global market share, according to the Quarterly Global TV Shipment and Forecast Report recently published by US-based display market research consultancy DisplaySearch[3].

The Digital AVC Networks does not only generate most revenue but also brings most regular profit since 2002 until 2008[4]. However, this business segment has to face with the serious decline in 2009 caused by the economic downturn which affects the social demand in this market.

Even though the market is adverse due to the decline of the products and the product prices in 2010 make this segment profit seriously drop down but the demand of low cost, new applied technology and environmental-friendly products still strong in Japan, Asia and emerging markets where the company focuses on. Consequently, it leads to the demand on this segment increase accordingly. Its profit quickly recover in 2010 with the segment profit is 87. 3 billion Yen. In comparison with the amount of 3. 2 billion Yen in 2009, this business segment is still move in recovery mood after the crisis in FY2008-2009.

The performance of Panasonic is rather good in the previous ten year until 2008. The annual revenue slightly down from 2007 and sharply down in FY 2009/2010 caused by the global economic down turn and the appreciation of the Yen.

(Millions of yen)

2010

2009

2008

2007

2006

Net sales

7, 417, 980

7, 765, 507

9, 068, 928

9, 108, 170

8, 894, 329

Operating profit

190, 453

72, 873

519, 481

459, 541

414, 273

Income before income taxes

-29, 315

-382, 634

434, 993

439, 144

371, 312

Net income

-170, 667

-403, 843

310, 514

248, 316

153, 423

Net income attributable to Panasonic Corporation

-103, 465

-378, 961

281, 877

217, 185

154, 410

Financial Highlights – Source: Panasonic

Even though its business was loss in the previous 3 years, this Company is still considered as a successful company as they keeps develop its wide-range products to meet the demand of society in term of innovative technology that focus on social concerns in such issues like environmental-friendly products, energy saving and energy creation product.... In 2009, Panasonic is the first company in the world to sell household fuel cell cogeneration system which generates electricity from hydrogen and oxygen (Panasonic, 2010). Notably Panasonic earns some achievements in technology to name a few such as 2010 Best of CES award,[5], International Design Excellence Awards 2010 (IDEA 2010) to LED light bulbs sponsored by the Industrial Designers Society of America (IDSA)....

Vision, Mission, Goals

Global issues in environment damage are greatly concerned, Panasonic has committed to Innovation and Environment as the Company highly aware of their vital roles for sustainable growth. Consequently, the Company has announce new vision to be a “ No. 1 Green Innovation Company in the Electronics Industry by 2018” in which it expresses the commitment to put environment to all its entire business and reflect the concern on sustainable development. Two aspects of innovation and commitment to global issues have being carried out

Figure 1 Vision Looking to the 100th Anniversary

“ Green life Innovation”: Aiming to produce green and innovative products to people around the world.

“ Green business Innovation” in which Panasonic will change the way to conduct its business to pursue the ideal manufacturing.

Stated by Mr. Fumio Ohtsubo, Panasonic Corporation President, the management philosophy of the company is “ contributing to the progress and development of society and the well-being of people worldwide through Company business activities”. Its mission in achievement business growth and reduction of environment impact are two main goals for its operation.

The first goal is aim at profitability and the second goal focus on contribution to the environment issues. The company goals are set by two different indexes as below

Green Indexes: No. 1 in the Electronics Industry in total

- Contribution to reducing CO2 emissions
- Contribution to recycling resources
- Size of Energy Systems Business
- Percentage of sales for No. 1 eco-conscious products

+

Global Excellence Indexes: to be met at all times

- Sales: 10 trillion yen or more
- Operating profit ratio: 10% or more
- ROE: 10% or more

- Multiple key products with a No. 1 global market share

Figure 2 Electronics Industry No. 1 Indexes

Panasonic is a global company and it has around 384, 586 employees around the world. With the management philosophy of “ People are the foundation of the business, develop people before making products” the Company has developed the multicultural working environment to motivate and encourage its diverse employees population. Besides the activities for its employees such as sharing meetings, forum for leaders, workers as well as other healthcare guarantee, training and orientation, the Company also cares of how to enhance employees’ productivities and creativity. Panasonic is the first Japan’s firm that applied 5 working days.

Motivate employees: <http://business.nikkeibp.co.jp/article/eng/20081014/173706/>

As the global company, Panasonic has to build up a win-win policy to motivate its diverse population.

Panasonic motivates the friendly-working environment equivalent for all its local and global employees regardless of their genders, nationality. The Company

Strategy

Panasonic has applied different strategies in different periods of time to meet the demand of the target markets and target customers. In order to achieve its goals Panasonic set strategies targeted on boosting sales and bringing ecology ideas to all its products and manufacturing activities by “ Green

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Transformation 12” (GT12) Plan and “eco ideas” strategy. Panasonic also aims to boost both company sustainability growth and the commitment to the Green Innovation.

Firstly for GT 12, the Company set actions to:

Accelerate growth with key business in which the company aim to explore new market share that mostly focus on energy system as it flagship business as its advantage in merging with SANYO, one the leading company in field of solar cell and rechargeable batteries.

Aim at global-oriented by focusing on the potential of emerging countries such as BRICs+V[6]and MINTS+B[7]. Currently, Panasonic core markets consist of Japan, China and Asia where takes 77% in 2010 and 75% in 2009 of it total sales[8]. These are 2 main and potential markets for Panasonic as they are the target market in many years ago. Particularly China where the huge of population and the increasing of urbanization of the second and third-tier cities is expected for higher demands. Expanding market in China is also a wise strategy as it is able to expand to other nearby developing countries such as Vietnam, Indonesia Meanwhile, at other markets such as the Americas and Europe, Panasonic has different strategy to enhance region sales of all follow the demand of each region.

Figure 3 Overseas Reviews by Region

Finally, restructuring its business from individual product-oriented to solution and system business-oriented.

Secondly, “eco ideas” strategy that increase environmental awareness throughout its products and business processes. Main objectives of the “eco-ideas” strategies to minimize the emissions of CO₂ from its products and manufacturing processes. Besides, “eco ideas” also bring its customer variety of energy saving products that meets the social demands on energy-efficient concerns.

Corporate Responsibility:

Panasonic highly aware of the CRS in term of Cooperate Social Responsibility in environmental supporting strategies and applied it into the Cooperate Sustainability and Responsibility for long-term growth. We found the mutual point of views in the company vision that being the “No. 1 Green Innovation Company in the Electronics Industry”. The vision reflects two angles

Social responsibility throughout the enhancing the environment awareness in the Company business and products.

Keep innovation for sustainability development.

The company’s central social responsibility is clear on its commitment of “making the ‘environment’ central to all of our business activities and take the lead in promoting the ‘Green Revolution” and its most outstanding reaction is to set the target to reduce CO₂ emission from its products and its manufacture processes. As everybody nowadays aware that the CO₂ eliminate by energy consumption will cause greenhouse house gases. And the point is Panasonic has almost electronic products used in house, office and industry so reducing CO₂ is a must to contribute to climate change protection and to get the alignment from its customers. In order to achieve

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Green Indexes, Panasonic figure out “ Eco strategy” that declares “ eco ideas” for life style and business style in which the Company produces energy-efficient products and using recycled products. Target on CO2 reduction can contribute to prevention of global warming and help to get effective use of resources and energy that most of its stakeholders are caring about. This target can draw attention of the customer to care of themselves and care of they way to living targeting on energy saving.

Moreover, Panasonic has successfully develop series of Green Products whose message attached with environmental-friendly labels with logical and international standard such as ECO-NAVI, ENERFY STAR... This criteria and assessment will give more information to customer on the product’s advantage to environment and to the customer specifically. Specifically, the development of ECO-NAVI products which functioned to save energy during its life cycle get the endorsement for the customer. At the “ Panasonic e-co forum 2010” Mr. Yukio Nakashima, Director, Home Appliances and Wellness Products Marketing Division, reported that sales hit high and the products get the endorsement from 150, 000 people around the world[9]. It reflects the effective of the combination between the environmental sustainability management and the steady growth with profitability.

Moreover, Panasonic also focus on raising the environmental awareness by a lot of its educations and educational activities between its stakeholders around the world such as “ Planting Campaign” that one tree will be plant for every ECO-NAVI sold or other Energy saving campaigns, Scholarships for cooperate responsibility in different countries where the company does business.

How company cope with Crisis:

As a global company and its business worldwide, Panasonic has to face with the global economic downturn in 2008 and the appreciation of the Yen. This crisis has caused the big loss on its business and it still affects Panasonic until 2010. Panasonic net income was steadily increase from 2006 to 2008 and suddenly hit the serious loss in F2009 when the net income loss reached the record high at 403, 843 millions of yen (Panasonic, 2010). In the reality, Panasonic had to cut 15, 000 jobs world wide and close 27 factories in the 2009 due to global recession (CNN, 2009)

To cope with the currently business status, the Company has figure out different strategies in different period of time to cope with this circumstances and to meet the demand of each target markets and target customers. Firstly, Panasonic expanded the strategic businesses and reinforce the management structure in line with focus on environmental sustainability management. For example, for FY2008-2010, “ Green Plan 3” (GP3) and “ Green Transformation 2012” (GT12) plans were implemented. These strategic plans point out different key businesses that the company will focus on to increase sales at different oversea markets such as BRICs+V or MINTs+B. More importantly, innovation is also the main theme in all its products and activities. For example, In the FY2010-2012, Panasonic embark the “ GT12” that focuses on energy system business that is attract a lot of attention of customers nowadays, especially in energy saving and environment issues. Moreover, the company must more focus on innovative technology and energy saving products.

Besides the strategy planning, the Company also had to restructure its business. These include the reassigning and downsizing the workforce to reduce labor costs and fixed costs. In addition to a decline in demands and products price, Panasonic also suffered the competition in Plasma TV market share. The world's largest plasma TV maker, Panasonic, has to cut its investment in Flat-TV plants due to the low demand as the way to cut investment cost to unprofitable business (Reuteurs, 2009) . One of the innovative ideas from Panasonic is " E-week program" that allow employee work from home once or twice a week has been announced since 2007 (8). This way help to cut cost by reduce labor cost, fix cost and reduce overhead cost as well as create a freedom working environment for its employees.

In order to boost sales, Panasonic had launched the " Buy Panasonic" Campaign that encouraged its employees to buy its products such as TV, refrigerator... Akira Kadota, Panasonic spokesman unveiled to Japan News that the value of product would be from 1, 000 Yen to 2, 000 depends on the management level (JapanNews, 2009)(5). It was not officially informed by the Company this voluntary campaign received different feedbacks from the different point of views. However, this solution of Panasonic did not follow its management philosophy even though this is a voluntary campaign and applied in Headquarter only.

Last but not least, merging with SANYO is a preparation long-term development. Moreover, this merge can also help to cut cost as both company can share the infrastructure overseas, push market shares in the common products such as house appliance, energy related products. Merging with SANYO also help Panasonic to exploit new market of solar cells

and rechargeable battery. This strategy is wise as Panasonic is facing with the other competitor like Samsung and Sony in consumer electronics.

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<http://www.japantoday.com/category/business/view/panasonic-orders-10000-employees-to-buy-its-products-by-july>

newssss : <http://business.timesonline.co.uk/tol/business/markets/japan/article5723942.ece>

Cut job due to strong yen f Japanese good is not competitive f low demand on product <http://www.gmanews.tv/story/146350/Panasonic-cuts-workers-shuts-Philippine-factory>

8. <http://factsanddetails.com/japan.php?itemid=916&catid=24&catid=157>

<http://panasonic.net/eco/forum2010/report/report06/>

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How do company treat employer?