As TVs Struggle, New Panasonic Chief Prepares Thorough Review

Panasonic Corp's new President vowed on Monday to implement a sweeping shake-up of the sprawling electronics maker that will see loss-making units shuttered or sold in a bid to revive profitability at the struggling conglomerate.

Less than two weeks after shareholders approved him as president, 55-year-old Kazuhiro Tsuga has begun the task of deciding which of Panasonic's 90 business units may be axed. He told reporters in Tokyo that he would have an outline of that plan by the autumn and a detailed roadmap by February.

"Panasonic has a lot of units that are undermining company-wide profitability," Tsuga said, adding the company may have to increase a planned 41 billion yen ($516 million) restructuring outlay in the year to next March - for lay-offs and the disposal of redundant plant and other equipment.

He conceded that Panasonic's 330,000-strong workforce is "a lot", but gave no indication of how many jobs could go.

Tsuga's talk of swift and deep cuts is rare among Japan's conservative corporate culture, and unprecedented for the head of Panasonic, a company steeped in tradition where managers still refer to a 250-year business plan their founder, Konosuke Matsushita, wrote between the two world wars.

The 10-generation roadmap exhorted staff to end poverty and make consumer goods as abundant and cheap as tap water - but probably didn't envisage selling millions of TV sets at a loss. In the year to March, Panasonic reported a record loss of close to $10 billion.

"Before thinking about the 250-year plan, we should consider whether we can survive until 2018," Tsuga said, referring to Panasonic's centenary year.

HQ TO DOWNSIZE

Tsuga's planned restructuring will begin in earnest in October, with plans to reduce staffing at Panasonic's headquarters to several hundred from 7,000, with many of those posts dispersed through the company's business units. "We will be waiting to see how far he can push reform across the whole company," said Nomura Holdings analyst Shiro Mikoshiba wrote in a recent report. Tsuga's prime task will be to transition Panasonic into a future where TVs are no longer a central pillar of sales and profit, replaced by income from washing machine, batteries and other products, much of it made overseas.

($1 = 79.5300 Japanese yen)

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