**Chapter 3　Pinch is Chance!**

 On Monday, September 15th, the news that the American brokerage company, Lehman Brothers, filed for bankruptcy broke out. There had been rumors a few months prior to the bankruptcy, but it never crossed anyone's mind that the US government would abandon the Lehman Brothers.

I suppose that Lehman Brothers themselves had not thought this would happen.

 Fortunately for us, the news of their bankruptcy had heightened the value of Japanese yen. The influence that it had on the Fiji dollar was merely 5%, but the strong effect on the Japanese yen was honestly sweet to our business. This lowered expenses on the Fiji side by 5%.

 Yet in less than a month, the situation turned around. The performance of Japanese companies declined and started HR adjustments on an unprecedented scale.

It mainly affected temporary staff and contract workers in the manufacturing industry. They were given a month notice of contract cancellation. It also affected graduates-to-be who were already recruited to join companies the following spring. (In general, most of the university students of Japan all start working from April 1st, after they graduate in March.) Companies withdrew their employment offers.

 This had a great impact on the language exchange education market. The number of new applications drastically reduced to about one-third. As if the students became concerned with the future Japanese economy and employment environment, those who had already applied for studying abroad and were just waiting for their departure, requested to cancel.

 Typically, our company refunds based on the Travel Agency Act. In other words, we refund the full amount during the cooling-off period which is within eight days of contract (application for studying abroad) finalization. Abiding to the Travel Agency Act, we ended up refunding almost the full amount for everyone who cancelled, except for those who were on the point of departure.

Sadly, bad events overlap. The hostel under construction in Fiji was approaching completion and the bill for the remaining balance of the construction cost was sent to the Fiji office.

At that time, there had been more than 400 students in total, across the two campuses of Nadi and Lautoka. By the time we noticed, the size of the student body had shrunk to less than 200.

 My first concern was the cash flow of our company. I humbly pleaded to Sumitomo Mitsui Banking Corporation, our main bank at that time, to increase our credit line but was denied.

 The number of students had been growing steadily as well as sales. The downturn of this global economic crisis came during the time we were increasing the number of international student counselors in order to increase our sales. Not only was the labor cost increasing, but expenses for external consultation were also increasing.

 I held a meeting with the board of directors, and without hesitation I cancelled our contract with the external consulting company that we had been consulting for our stock listing plans, and for the time being, I put a hold on our plans for Mothers listing on the Tokyo Stock Exchange. We were tens of thousands of yen on consulting to apply for listing the following year. Many board members voiced their concerns that we were wasting all the money we had spent, but it was more important for me to protect our students and employees.

 Yet, in November, matters became worse. At my company, I promise my employees to pay them bonuses three times per year. At this point, I had no other choice but to freeze bonus payments.

I gathered our employees from the Tokyo office, connected via Skype with the Osaka branch office, and explained to everyone about our current situation in detail and informed them that we will not be able to pay bonuses this time.

 Some of the employees seem to be taken by surprise, but there were some who had vaguely grasped the situation looking at the extremely depressed sales in the past few weeks and at the fact that they were frequently processing cancellations. Whichever their initial reactions were, all of them encouraged me. As I spoke the typical words of "In times like this, we need to come together as a team...", I couldn't bear how worthless I was and started crying in front of all my employees.

But I knew, crying doesn't solve anything.

In the past, I had overcome so many difficult and unexpected changes with eccentric ideas.

 Although I tried talking to several banks to somehow manage our cash flow, the impressions I got were not very good. All over Japan, companies were suffering from an unprecedented recession, and banks were suffering likewise.

 Yet, amid the unprecedented recession, a good deal came along with the new year. The Japan Finance Corporation, whose establishment was prompted by the Japanese government, has set a special policy of bridge financing during this economic upheaval. Using this new policy, we decided to pay visits to other banks that we had never transacted with before.

 I paid a visit to the Tokyo Star Bank with Nishio, who was in charge of Finance and Accounting at that time. Before our visit, we shared with them our financial statements for the past three years as well as our financial plan for the next five years. Though I usually wear Hawaiian shirts to work, I properly wore a business suit for this visit.

However, I couldn't believe what I heard when the bank presented its loanable amount.

"In this economic environment, we can finance 1 million yen"

 Honestly, a loan of 1 million yen will not even help pay a month's rent for our office. What made me angry was that we had nearly 70 million yen in the bank account. We were not in such a tight state where our funds were quickly running short. Nevertheless, this bank teller wearing glasses had the nerves to tell me that we were only limited to a loan of 1 million yen.

 "Fine, then. I will visit other banks."

 I left the loan desk at the bank. To think that I had gone out of my way to wear a suit! I could not bear to face Nishio because I was embarrassed and mad that I was swiftly denied a loan in front of my subordinate.

But I knew being depressed does not solve anything! In the past, I had overcome so many difficult and unexpected changes with eccentric ideas.

When I founded this company and hired my first employee, I had decided on two matters.

The first was to train all of my counselors at the language school in Fiji shortly after they join the company. After all, they will be consulting people as a counselor to study abroad, a major milestone in life for many people. I wanted themselves to truly know where they were sending off their clients to.

Not a single international study agent in Japan has such training program. This is from my philosophy that counselors should be responsible of their work, especially because they are working in the domain of "education." Accompanying expenses were inevitable.

 The second was to allow employees, who have served for three continuous years, to study abroad in Fiji's language school for a year. It was a welfare program, which the company bears all cost, created at time of foundation. People who wish to take on a job as a counselor for studying abroad tend to have experience in studying abroad themselves. Indeed, some at our company had been former students at Fiji. In short, these counselors are interested in working overseas. I believe that it is best if the counselor that our client is consulting with about studying abroad has first-hand experience of how wonderful Fiji is. It is better if they had experience working there for a while than just the two-week training program. So, if there are anyone who would like to work as a counselor, call me! I can find you a job in Fiji.

 These are the two practices I had decided to keep ever since I founded the company. The counselors who had spent time at the language school and experienced homestay in Fiji become much better at counseling. I think that it is from the peace of mind that he/she knows they are selling a good product. They become naturally better at counseling than any hard training from a good boss. To be honest, I was a complete rookie in this industry, and so when I first started the business I had thought other companies also sends their counselors on site. I soon found out that there wasn't any other company with this revolutionary policy, a win-win system for both, the counselor and the company.

 In Japan, there is an idiom that says three years on a cold stone will make the stone warm. It means that you should not give up, and that perseverance and patience will bring good results. Yet, when working, there are often times where you want to give up or cannot have confidence in what you are doing. By setting a goal for the counselors with the conditions of "if you can continue working as a counselor for three years ...", you allow them to have a chance of reflecting back on their jobs, whether they decide to leave the company for good or temporarily for a year.

Moreover, it seems that this condition really resonates with personnel who wish to become an international student counselor.

Although these two practices were costly at first, it helped our company to steadily gather excellent resources. To this day, I have never regretted keeping these practices.

Some of our employees immediately make their own plans, such as "work hard for three years, study abroad in Fiji, refine my language skills, and then..."

After three months following the Lehman shock, the situation got worse. The topic at the board meeting of directors was always about staffing. We had done every possible reduction of expenses. We had to do something about the increased number of counselors which resulted in labor cost expansion. First and foremost, I fully gave up my own board member compensation without hesitance. I had asked other board members to follow my footsteps and reduce their compensation by 20%. However, I soon realized this was a waste of time. Everybody was protective of themselves.

 They extremely hate pain, but are not hesitant to put pain on their subordinates... I clearly saw this many time in the faces of these board of directors. I seriously loathed attending these meetings. Being company president was a lonely job.

 I regard myself as a manager, if not much one. I, too, have my own management philosophies.

When I hire an employee, I keep in mind to attend their final interview, no matter how busy I am. This is because I think that job recruiters should be just as earnest as the job seekers. It was with some fate that we hired these employees, and I simply did not want to go against that fate. Even during the time where other companies were withdrawing employment offers, I did not want to change this philosophy.

I came up with a brilliant idea!

Like I said, some of our employees had already made their own plan, such as "work hard for three years, study abroad in Fiji, refine my language skills, and then..."

Why make them wait for three years? How about allowing them (bearing their cost) to take leave of absence in advance to study abroad in Fiji?

Employee: Studying abroad was my dream. I'm so happy it came true.

Company: (1) We're happy too because expenses to send students abroad is much cheaper than employing you. Hence, we can temporarily cut down labor costs.

 (2) If economy recovers by the time you return, you will immediately be work-ready.

I briefly summarized my thoughts, selected a few candidates that were probably willing to take leave of absence, and passed the original plan at the board meeting.

We decided that the company will cover tuition, accommodation expenses, round trip tickets, student visa application fee, overseas insurance to study abroad, and monthly subsidies of 15,00 yen for food expenses.

As I was drafting this idea onto a PowerPoint, I came up with another brilliant idea!

Why keep this idea of "making the employee take leave of absence to allow them to study at Fiji and wait for economic recovery" to ourselves?

 By January 2009, the word "Naitei-giri” (meaning "withdrawing employment offer") had become a general term. Employment offers made to university students to join from April were being withdrawn everywhere. I listened carefully and found out that in companies with sufficient resources were paying solatium to these university students for a more "peaceful" withdrawal of their employment offer.

The typical solatium was about 2 million yen!

Meanwhile, our annual fee for studying in Fiji is 1 million yen per year!

I asked around to be introduced to HR department heads of companies that were intending on withdrawing their employment offers. I wanted to promote my plans of "making the employee take leave of absence to allow them to study at Fiji and wait for economic recovery" to them.

The reactions were much better than I had expected.

There are several companies that wanted to hear more, and soon I had agreed with a semiconductor trading company to send 27 of their employees to Fiji for 11 months of studying.

 The counselors at our company were positively influenced by the reception of a large order, by the company president himself. The employees were beginning to think that our company was sinking down into a serious situation. The fact that president himself took an order of nearly 50 million yen in business enlivened them!

 The great effect did not stop there. Our company had decided to ask four of our employees to take leave of absence in advance. As we were sending them off to Fiji, with tears in our eyes at their farewell party, a local bank had decided to finance a loan of 80 million yen!

To be honest, in the worst case, I was thinking of selling the company to one of the listed companies who had shown interest to buying it. This was my last card. While consulting with a shareholder about selling the company, I got into a controversy with him many times. Our relationship ended with me buying all of his shares at his indicated price. This was a big burden for me. Board members belonging to this shareholder's faction also got in conflict with me and left the company.

To them, “Pinch is chance!" meant nothing.

But indeed, pinch WAS chance. We were able to receive a large order and renew board members. With this pinch, the company was given the chance to make a fresh start.