

**B**HOW I MANAGE  
Muneaki Masuda

## QUICK ON THE DRAW —Japan

### Preface

The CEO of Japan's largest chain of entertainment stores is peculiarly sketchy on management – he never gives orders, positively encourages failure and doesn't even have his own office – yet he's particularly successful too.

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Masuda isn't in his seat for more than a few seconds before he fishes a pencil out of a case and starts sketching on a large sheet of paper. He writes "music", "books" and "movies", then "lifestyle" and draws lines connecting them. "This is what I'm going to talk about," he says.

For Masuda, jotting down what's on his mind is instinctive. He sketches during meetings and while giving speeches. He's even been known to take notes while behind the wheel of his car. It's as if Masuda – the founder and president of Culture Convenience Club (ccc), operator of Tsutaya, Japan's largest video, game, book and music retail/rental chain – wants to log every fleeting thought. He says it's not just a quirky habit. "If I have an idea for a project and I want to share it with others, what's the best way to do that?" He hands the paper to his staff.

They turn his notes into a PowerPoint presentation, index it and store it in a database. There, it becomes a visual map of the people he has met and the ideas he has generated. "All of my employees have their own database," he says. With a controlling ownership stake in ccc, Masuda wields considerable influence over the company's future strategic decisions. But his management style is hands-off. Compare that with the paternalism that characterises many of Japan's biggest companies. "I never give orders or tell

anyone what to do," he says. "I wouldn't want to be told what to do." Masuda, 60, opened the first Tsutaya store in Osaka in 1983, when he was 32. He stocked the shelves mainly with American films that weren't available in Japan and had no Japanese subtitles. What some saw as his business naivety was in fact a shrewd push into an unexplored market.

Tsutaya now has more than 1,400 shops nationwide, mostly run by franchisees. The bulk of ccc's €1.7bn annual revenue comes from sales at shops it operates and fees it collects from franchise outlets. By any measure,

idea has been wildly successful. If he were to sell up, he would be hundreds of millions of euros richer. But Masuda hardly seems ready to exit anytime soon. He has yet to name a successor. And for major strategic decisions, Masuda has the last word. "I leave parts of the business to some people but they can't look after it all," he says.

Still, Masuda admits that the company is now too big for him to run alone. Experience tells him that a manager can only properly oversee 300 people. "This company won't grow unless I have people I can rely on," he says. When Masuda is around, his staff have to be on their toes. During his interview with MONOCLE, he hollers for them to fetch things – a stack of papers, a book, coffee. And after discovering that a projector he wants to use hasn't been turned on, he reprimands a member of his PR team. "Don't tell me that the projector isn't even on!" he says. "Anticipate what we're going to need." For retailers selling entertainment, it's a hard slog these days. Though Tsutaya has a formidable presence online and a vast database of customer buying patterns, revenue has dropped 28 per cent in the past three years while profits have slid.

Yet Masuda clearly views the downturn as an opportunity. In late August, ccc opened a megastore in Maebashi city, part of a rollout of 100 new outlets it's planning over the next few years. This month, ccc is launching its most ambitious project yet: three new Tsutaya buildings on a leafy 12,000 sq m plot in Daikanyama, a neighbourhood of embassies and independent fashion labels. As Masuda is explaining,

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he pulls out his old sketches. They reveal that he's agonised over the smallest details – how the staff will offer recommendations, what customers will use to search the archives of thousands of magazine titles, what food the café will serve.

When Masuda needs to think deeply about something, he heads off to a café. At CCC's Tokyo headquarters, he doesn't have an office or even a desk. Usually, he just flits between meeting rooms or holds discussions in his car on the way to an appointment. Having spent a decade as a salaryman before starting his firm, Masuda knows what he doesn't want. "I had incompetent, ignorant bosses. Working for someone like that you lose hope. Everything that I felt was wrong with that company I vowed not to do if I had my own company," he says.

One thing he wanted to make a part of ccc's corporate culture was the willingness to experiment – and fail. "One of my staff just sent me an email to say that his project had flopped," says Masuda, who grins and taps his temple. "I knew that it would fail but I let him do it his way. What did I say to him? That was a good experience. Now I expect great things from you."

Masuda is open about his own shortcomings. His worst business decision? Agreeing to a joint venture in Japan with US satellite broadcaster DirectTV in 1996. The tie-up collapsed, he says, because his US partners kept rejecting his ideas. "As owner-CEO, I was used to doing as I pleased. With a joint venture I had to explain every little thing," he says.

Not long ago, he started feeling the same way about ccc's investors. He wanted to move fast but was having to run things by investors first. In March he decided to take firmer control, organising a €679m management buyout and in July he delisted ccc's shares from the Tokyo bourse. "Customers have to come first," he says. "That is what Tsutaya has been about from the beginning." – (M)

## The rules

### 01: What time do you like to be at your desk?

I have no desk. I have no office, either. My workplace is wherever information is available. I hold meetings while on the move, in my car.

### 02: Where's the best place to prepare for leadership, an MBA school or on the job?

You can't groom a leader in a classroom or a meeting room. The only way is through actual on-the-ground experience.

### 03: Describe your management style

I don't give directions or issue orders. I don't like to work that way. I don't think anyone wants to be ordered around. Only you know what makes you happy. That's why freedom – to decide on your own, to fail – is so important.

### 04: Are tough decisions best taken by one person?

The role of management is to make decisions. I tend to decide things on the spot. Putting off important decisions is a problem.

### 05: Do you want to be liked or respected?

A person in this line of work has to be likeable.

### 06: What does your support team look like?

I prefer staff who are individualistic.

### 07: What technology do you carry on a trip?

iPad 2, iPhone, laptop. But a sketchpad and pen are more important for jotting things down.

### 08: Do you read management books?

I write books. I don't read them. [Masuda has written five books.]

### 09: Run in the morning? Wine with lunch? Socialise with your team after work?

I hold meetings at lunchtime. I run in the evenings. Nights are my most important business hours. My real work starts after I leave the company offices. It's when I meet with business partners. I also socialise with employees at barbecue parties or at my vacation home in Karuizawa.

### 10: What would your key management advice be?

Don't listen to what customers tell you. Instead think about how to work in the interests of customers.

