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Gleanings

Gerald R. Chester, Ph.D.



Gerald R. Chester, Ph.D.
President

Strategies@Work, LLC
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Oldest Company in the World Collapses

How would you like to have been part of a company that was in continuous operation for more than fourteen centuries? Do you think that there might be some lessons to learn?

Until last year, Kongo Gumi was the oldest company in continuous operation. The company, a Japanese construction company, was formed in 578 and operated continuously until 2006—a run of 1428 years.

(http://www.businessweek.com/print/smallbiz/content/apr2007/sb20070416_589621.htm)

What philosophy enabled Kongo Gumi to enjoy such long-running operational success? The company cited three key principles:

1. *A stable industry and flexibility.* The company was in the construction business. It built commercial buildings and Buddhist temples. Furthermore, when times were really tough and there was a dearth of construction projects during World War II, it adapted to the war-driven economy by building caskets.
2. *A management succession policy based on family leadership.* It's been said that you can't buy loyalty. Kongo Gumi is a wonderful illustration. In the fourteen hundred years of its existence, the company had forty CEOs, all of whom were related to the founding family. The average span under each leader was thirty-five years. Even when there were no qualified male heirs, the company's leadership was passed on to sons-in-law who willingly took on the family name. And the leaders were not always males—the thirty-eighth leader was a female family member. But family name was not enough to qualify for leadership. The company was faithful to find the most qualified family member. They used a criterion that was based on health, responsibility, and talent for the job. This standard is similar to the biblical model that I teach called C4 (calling, character, capability, and commissioning).
3. *A commitment to resist temporary enthusiasm (fads) that could lead to sacrificing financial stability.* Kongo Gumi always operated within its means and never chased fads, at least not until the last twenty years. It retained its identity as a construction company and stayed in its niche.

What caused the demise of Kongo Gumi? Quite simply, the company violated its operating philosophy. First, it chased a fad. It joined the real estate frenzy of the eighties in Japan. As a result, it borrowed heavily to invest in real estate and

E-mailinfo@StrategiesWork.com**Phone**

972 473-8655

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hence, when the real estate market collapsed in the early nineties, the company was strapped with a large debt load that had nothing to do with its core business. Second, it failed to respond flexibly to changes in the construction market. Social changes, namely secularization, began to negatively impact the demand for new Buddhist temples in the late nineties. Kongo Gumi was slow to recognize this trend and suffered significant operating losses associated with this dramatically slowing market. And third, the management succession plan failed. The fortieth CEO demonstrated that he lacked the qualifications to run the company as his thirty-nine predecessors had because he chased a fad. Then he failed to respond to changing market trends quickly enough. As a result, in 2006, the company was no longer able to service its debt and its assets were sold.

So what lessons can be learned?

1. *Knowing your niche and staying in your niche is vitally important.* At the same time, being flexible and adaptable to market conditions is critical. This reflects the reality that God has created each person and every organization with intent and purpose. Therefore the role of people and organizations is to discover and execute God's intent and purpose. When people and organizations line up with God's purpose, there is blessing. (See Matthew 6:33.)
2. *A succession plan based on blood relationships is sound.* God's covenant promises were conveyed through a family lineage. (See Genesis 12.) BusinessWeek Online reported that companies who retained leaders from the founding family performed better than others. This was true for public and private companies regardless of industry and size. (http://www.businessweek.com/print/magazine/content/03_45/b3857002.htm?mz)
3. *Resisting the temptation to chase fads is wise.* Fads appeal to the greed and lust for money that is systemic in humans. Money, however, is never a good motivation to do anything. The Bible tells us that the love of money is the root of all kinds of evil (1 Timothy 6:10). Even secular articles note that those who attain financial wealth are not motivated by money; rather money is the byproduct of pursuing their passion. ("The Rich Have Money—and Passion" by *SmartMoney*, May 16, 2007)

The philosophy of Kongo Gumi was aligned with biblical principles; hence, it was sound. The company's demise was clearly due to violating its philosophy.

But there is another question. How could a company that built Buddhist temples endure for fourteen centuries? The only way that anyone has enduring success in business is by practicing biblical principles. Kongo Gumi's philosophy was based on biblical principles, as noted above, although the company may never have been consciously aware of that reality. Obedience to God's means and methods for running organizations brings true success. In the end, however, one of the major profit centers for the company was based on supporting idolatry by building Buddhist temples. And since God is a jealous God, which means He was not and is not pluralistic, it was just a matter of time before judgment was administered. In this case, He allowed Kongo Gumi to last for fourteen centuries, which seems like an inordinate period of time until we recall that to the Lord a thousand years is but a day (Psalms 90:4). Hence, according to the divine clock, Kongo Gumi did not last even a day and a half. No matter how long the Lord takes, judgment is the end of those who support and/or worship idols.

As a take-away, consider this question. Does your company support anything that is inconsistent with the nature and purpose of God? If so, you can expect

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the judgment of God. Though He may be long suffering, the end of every person and organization that is contrary to the nature and purpose of God will be judgment – a truly sobering thought.

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