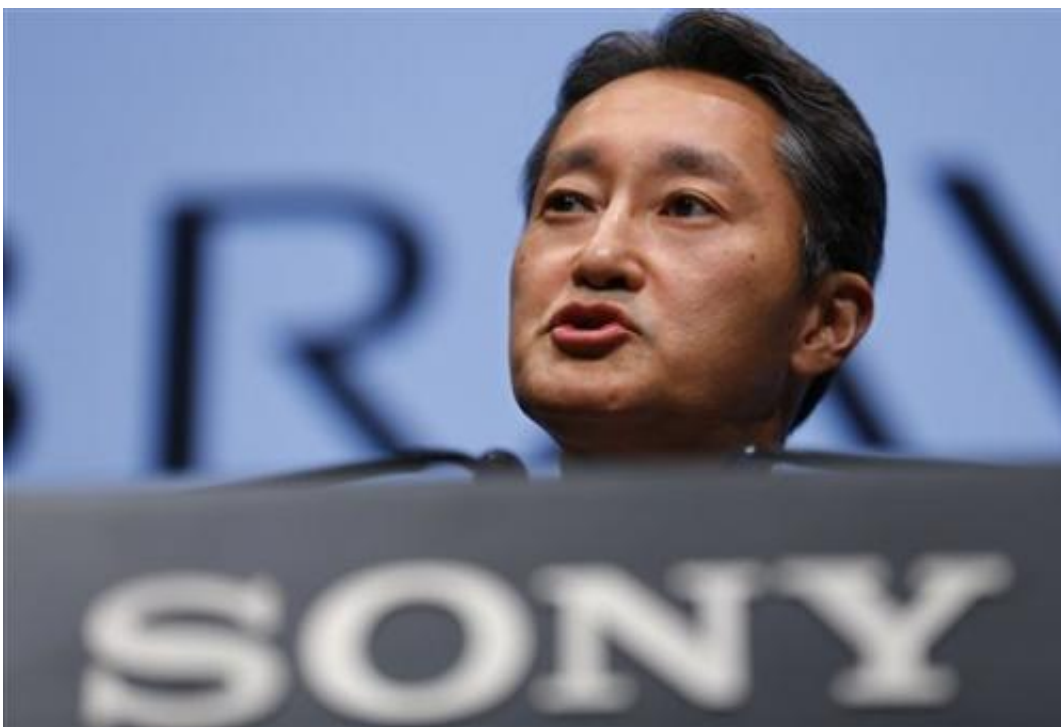


CEO: Sony needed to act sooner, but will reform (Update)

May 22 2014, by Yuri Kageyama



Sony Corp. President and Chief Executive Officer Kazuo Hirai speaks during a press conference at the Sony headquarters in Tokyo, Thursday, May 22, 2014. Hirai is acknowledging the company racked up losses and will stay in the red this fiscal year mainly because it failed to act quickly, but promised to carry out reforms - once and for all. (AP Photo/Shizuo Kambayashi)

Sony Corp. Chief Executive Kazuo Hirai said Thursday the company accumulated huge losses because it didn't respond quickly enough to changing market conditions, but promised a return to profit next year.

Last week, Sony reported a 128.4 billion yen (\$1.3 billion) loss for the fiscal year ended March. It is forecasting a 50 billion yen (\$490 million) loss for the current fiscal year. Sony has repeatedly disappointed investors by not achieving its profit forecasts.

"We must acknowledge that our steps to take action had come much too slowly," he told reporters at the Japanese entertainment and electronics giant's Tokyo headquarters. "We are going to fully complete our structural reforms."

Hirai's vision of Sony's turnaround centers on key technologies such as image sensors, cloud-based services and wearable devices.

He stressed that although Sony's electronics business was ailing, it was doing well in other areas such as finance, which includes a bank and insurance services, and entertainment, which boasts a successful "Spider-Man" film franchise and the PlayStation 4 video game machine.

He denied the company will sell or pull the plug on its money-losing TV business. Once a leader in TVs, Sony has lost out to competitors such as South Korea's Samsung Electronics Co. which led in the shift to flat panels.



Sony Corp. President and Chief Executive Officer Kazuo Hirai speaks during a press conference at the Sony headquarters in Tokyo, Thursday, May 22, 2014. Hirai is acknowledging the company racked up losses and will stay in the red this fiscal year mainly because it failed to act quickly, but promised to carry out reforms - once and for all. (AP Photo/Shizuo Kambayashi)

Sony's TV operations have been struggling for a decade, fueling speculation Sony might exit the business entirely.

Hirai, however, said he was banking on 4K TVs, which deliver better image quality than current high-definition digital TVs.

Still, scaling back on areas where a company is suffering is often part of its turnaround plan.

Earlier this year, Sony said it was selling its Vaio personal computer business. Restructuring charges, dealing with inventory and other costs related to that sale is weighing on Sony's results this fiscal year.

Hirai said no more major job cuts or other sales were in the pipeline this fiscal year. What remains to be done is seeing through with the plans calling for a leaner Sony, instead of backpedaling as it had done in the past, he said.

When asked whether he will resign to take responsibility for the red ink, Hirai said he sees his main job as getting the reforms done, so that Sony doesn't have another year of losses.



Sony Corp. President and Chief Executive Officer Kazuo Hirai speaks during a press conference at the Sony headquarters in Tokyo, Thursday, May 22, 2014. Hirai is acknowledging the company racked up losses and will stay in the red this fiscal year mainly because it failed to act quickly, but promised to carry out reforms - once and for all. (AP Photo/Shizuo Kambayashi)

"My challenge is to see this through, and that's the best way to respond to

everyone's expectations," he said.

One change for Sony will be that it will stop reaching for market share and will instead focus on solid profitability, said Hirai.

Hirai became the head of Sony two years ago, when it was in even deeper trouble, racking up the worst losses in the company's history.

Hirai and other Sony executives reminded the crowd that Sony's past success rested on its strong engineering to deliver innovative products that helped define a consumer lifestyle.

"That Sony spirit remains part of our unchanging DNA," Hirai said. "But we must not be afraid to change what needs to be changed."

© 2014 The Associated Press. All rights reserved.

Citation: CEO: Sony needed to act sooner, but will reform (Update) (2014, May 22) retrieved 24 April 2024 from <https://phys.org/news/2014-05-ceo-sony-sooner-reform.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.