Olympus fires British CEO, a self-confessed loud-mouth

Tim Kelly and Isabel Reynolds, Reuters

Japan's Olympus Corp fired its CEO and president over the Briton's management of the camera and endoscope maker, sparking a 17 percent plunge in the firm's share price on Friday.

Michael Woodford, 51, took over as president in April after 30 years at the company, becoming one of only a handful of non-Japanese to run a large Japanese corporation.

In a blunt statement, the board of Olympus said Woodford "has largely diverted from the rest of the management team in regard to the management direction and method and it is now causing problems for decision-making by the management team."

Woodford -- who in a recent magazine interview was equally blunt about his management style -- told Reuters in May he would cut jobs to achieve his mid-term cost targets and reverse a slump in earnings while avoiding forced redundancies in Japan for cultural reasons.

Japanese boards rarely dismiss top executives, even when the company is struggling. The boards are often criticized by corporate governance advocates for failing to hold management accountable on behalf of shareholders.

Olympus said Woodford was "unanimously" dismissed as president and chief executive officer, but will remain as a director until that position is voted upon at the next annual shareholders meeting.

The company's chairman, Tsuyoshi Kikukawa, will take over as president and chief executive.

"We hoped that he could do things that would be difficult for a Japanese executive to do, but he was not able to understand that we needed to reflect the management style we have built up since the company was established 92 years ago, as well as Japanese culture," Kikukawa told a news conference.

Efforts to contact Woodford, who had previously been responsible for overseeing a restructuring of the firm's European operations, were unsuccessful.

The news drove Olympus' shares down more than 17 percent to a one-month low of 2,052 yen at one stage. By early afternoon, the stock was down 15 percent. More than 19 million shares were traded, 10 times the average volume over the past 30 days.

CONFRONTATIONAL

Woodford acknowledged previously his management style could be confrontational and in a recent interview with the magazine of the British Chamber of Commerce in Japan he highlighted the difficulties of instigating change in Japan's corporate culture.

"I understand why Japan gets tagged with the 'unique' label; it's one of the most impenetrable cultures for outsiders," he told the magazine.

"Status quo is still very powerful in Japan. When you change something, you close something or withdraw from something, you will get resistance based on my predecessor's decisions, especially when something is seen as sacrosanct or a holy cow," he said. "I can be opinionated, loud-mouthed, strong-headed and direct."

Olympus has struggled in the camera business.

The company made 35.4 billion yen ($460 million) in operating profit for the year to March 2011, down 41 percent on the previous year, as its struggling camera division held back the healthy medical equipment unit.

The camera division lost 15 billion yen in the year to March 2011. Woodford was appointed after being credited with successfully cutting costs at the company's European division.

"What exactly happened at Olympus is not clear, but personal differences among corporate managers happen everywhere, so his situation is not necessarily just because he was a foreign manager at a Japanese firm," said Koichi Ogawa, a chief portfolio manager at Daiwa SB Investments, who does not own Olympus shares.

Other foreigners who hold top posts in Japan include: Howard Stringer, the Welsh-born CEO of Sony Corp; Craig Naylor of Nippon Sheet Glass; and Carlos Ghosn, the Lebanese-Brazilian president of Nissan Motor Co.

The last time a major Japanese company fired its president was in April last year, when struggling watchmaker Seiko Holdings sacked its president for "dogmatic" management and for not dealing with a prolonged slump at its upscale flagship retail unit Wako.

(Additional reporting by Lisa Twaronite and James Topham; Writing by Matt Driskill; Editing by Edmund Klamann and Anshuman Daga)

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