



A Commitment to Improving Health Care

An Interview with William C. Weldon,
Chairman and Chief Executive Officer, Johnson & Johnson

EDITORS' NOTE William Weldon was elected to the Board of Directors and named Vice Chairman of the Board in 2001, and assumed his current responsibilities as Chairman and CEO in 2002. He joined the company in 1971 and served in several sales, marketing, and international management positions before becoming President of Johnson & Johnson's Ethicon Endo-Surgery company in 1992 and its Company Group Chairman in 1995. He was appointed to the Executive Committee and named Worldwide Chairman-Pharmaceuticals Group in 1998. Weldon also recently served as Chairman of the CEO Roundtable on Cancer. Other public company board service includes JP Morgan Chase & Co. from 2005 to present.



William C. Weldon

key to J&J's success, how do you keep that ingrained in the culture and not lose that innovative edge?

Everyone always worries about becoming too big and reaching what has been called stall points because of it.

One of the unique attributes of our business model is that we are decentralized. Our credo unites us and we all understand our responsibilities, but the ability to service the world in a large company is facilitated through our decentralization. We have 250 companies around the world staffed by people

who all have the same responsibilities and values, but who are able to execute in the markets they compete in in a way that allows them to better relate to the markets, be it in the therapeutic area of cancer or a geographical market.

We also manage our decentralization through three different groups: our pharmaceutical business, which by itself is the eighth largest in the world and the fifth largest biotech company; our medical device and diagnostics business, which by itself makes up the largest medical device and diagnostics company in the world; and our consumer business, which is our smallest segment, but is still one of the largest consumer health care businesses in the world.

So this set up allows us to maintain the entrepreneurial and innovative edge of being small while being part of a larger organization.

Looking ahead, do you see strong growth within the U.S. or will it predominantly come from those emerging markets?

We plan objectives through three different levels: Our credo, then our business model, and our priorities. Our priority is growth and it will be geographical growth because of our diverse global presence.

Currently, 52 percent of our business is from outside of North America, but both the developed world and the developing world are important to us.

The BRIC countries – Brazil, Russia, India, and China – are among the fastest growing, but they're growing off a much smaller base. We are committed to investing heavily in those countries to seize those opportunities. But we're also committed and investing in the developed world.

If you look at our pharmaceutical group, for example, we're probably viewed as having one of the best pipelines in the industry. Those products have applicability in the developed

world as well as the developing world and we are focused on all global opportunities.

The U.S. market for pharmaceuticals is very important – it is larger than the next 12 biggest markets in the world combined. So you cannot vacate the opportunities of the developed world for the developing world; you have to make sure you are identifying product opportunities that can advance patient care in different parts of the world in different ways and that's a strength of our decentralized management approach.

Is it important that the areas you support through philanthropy align with the business or is it looked at separately?

We look at it separately, although many of the things we do support the business. Last year, we contributed 3.6 percent of our net income in philanthropic activities. And we give during good and bad times.

Additionally, about 80 percent of our employees are involved in some type of volunteer service around the communities in which they live and work.

As a corporation we do a lot. But within the company, our people do extraordinary things.

Is there a good understanding of the strength of New Jersey's business community and opportunities for foreign investment in the state?

People are learning about New Jersey, but it's still not viewed as a place where you think about starting up your business.

Governor Christie is making tough decisions and trying to create an environment that will attract more businesses to move here, and to establish a relationship between industry and government.

Johnson & Johnson made a commitment 30 or more years ago that we would stay in New Jersey. We committed to giving back to the state and city of New Brunswick, home to our headquarters since 1886.

After 40 years with Johnson & Johnson, do you still enjoy the business?

A consumer came to one of our meetings recently and talked to us about the impact one of our drugs has had on his life.

At one point, he was ill and hoped he'd live long enough to see his children graduate from school. And now because of a product we worked on, his life expectancy is about two years less than mine.

When you can have that type of impact on patients' lives, you can't help but stay excited about this business and industry. ●

COMPANY BRIEF "Caring for the world, one person at a time..." inspires and unites the people of Johnson & Johnson. The company (www.jnj.com) embraces research and science, bringing innovative ideas, products, and services to advance the health and well-being of people. Their approximately 115,000 employees at more than 250 Johnson & Johnson companies work with partners in health care to touch the lives of over a billion people every day throughout the world.

What is it about the culture of Johnson & Johnson that has made it such a success and what is your outlook for the business?

The thing that always stands out to me is the people at Johnson & Johnson. They have always been committed to service of patients and people who use our products.

We have been in New Jersey for 125 years and we have a credo that was written 68 years ago when the company was going public that lays out the four responsibilities that we have: first, to the people who use our products; second, to our employees; third, to the communities in which we live and work, so social responsibility, as we all know it today; and fourth, to our shareholders who should get a fair return.

J&J is first about the people and the commitment we have to improving health care and that's what the corporation has stood for through 125 years, and that hasn't changed.

For companies that grow to the size and scale of J&J, some feel that makes staying innovative more challenging. With innovation a