

J&J's Credo

An Interview with Alex Gorsky,
Chairman and Chief Executive Officer, Johnson & Johnson

EDITORS' NOTE Alex Gorsky assumed his current position as Chairman of the Board of Directors in December 2012. He was named Chief Executive Officer in April 2012. Gorsky began his Johnson & Johnson career as a sales representative with Janssen Pharmaceutical Inc. in 1988 and advanced through positions of increased responsibility in sales, marketing, and management. In 2001, Gorsky was appointed President of Janssen Pharmaceutical and, in 2003, he



Alex Gorsky

was named Company Group Chairman of the Johnson & Johnson pharmaceuticals business in Europe, the Middle East, and Africa. Gorsky left Johnson & Johnson in 2004 to join Novartis Pharmaceuticals Corporation, where he served as head of the company's pharmaceuticals business in North America. He returned to Johnson & Johnson in 2008 as Company Group Chairman for Ethicon and, in early 2009, was appointed Worldwide Chairman of the Surgical Care Group and member of the Executive Committee. In September 2009, he was appointed Worldwide Chairman of the Medical Devices and Diagnostics Group. Gorsky became Vice Chairman of the Executive Committee in January 2011. He holds a Bachelor of Science degree from the U.S. Military Academy at West Point, New York, and spent six years in the U.S. Army, finishing his military career with the rank of Captain. He earned a Master of Business Administration degree from The Wharton School of the University of Pennsylvania in 1996.

COMPANY BRIEF Johnson & Johnson (jnj.com; J&J) embraces research and science, bringing innovative ideas, products, and services to advance the health and well-being of people. Their approximately 128,000 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. Johnson & Johnson was named number 19 on Fortune magazine's World's Most Admired Companies list for 2014.

J&J is a company with a strong set of values. Would you highlight how these values impact the work you do and how critical they are to the culture of J&J?

I believe that everyone who works at Johnson & Johnson – our more than 128,000 employees globally, as well as our partners – does so because of our credo: a set of beliefs written over 70 years ago by the son of one of our founders. Our credo is absolutely central to our culture and impacts everything we do. It reminds us that we are responsible to patients, medical professionals, consumers, families, and communities worldwide, and it motivates our employees to come to work every day with the pas-

sion to make a difference in the world, to push the boundaries of innovation in order to meet unmet needs, and to make sure that all we do is of the highest quality in the service of our stakeholders. We share a belief that if we take care of those responsibilities, then everything else will take care of itself. Throughout our history, this has been true.

J&J has remained an industry leader with strong financial results, and is known for having the highest levels of quality and integrity. What makes J&J so special?

I believe that the most important driver of our success regarding our results, reputation, and performance has to do with the strong dedication and commitment of the employees of Johnson & Johnson. The diversity, scale, and geographical reach of our businesses provide us with a unique opportunity to attract and retain very talented leaders. Motivated by our credo and committed to excellence, our people are ultimately responsible for the products and services that we deliver every day to patients and customers around the world.

What is your outlook for growth for J&J and where will it come from?

Since its founding, Johnson & Johnson has been – and continues to be – managed for the long term. We are excited about the future and expect strong growth from a number of areas: from global expansion as more people across the world need access to health care; from investments in R&D and the early-stage partnerships with scientists and researchers we are forging with our global Innovation Centers; from new product introductions; and from a robust pharmaceutical pipeline.

As the world's largest and most broadly based health-care company, we feel a responsibility to take the lead in meeting the challenges

of health care, which include not only developing new treatments for diseases and conditions but also meeting basic health-care needs, and addressing issues of access and affordability. It's a tremendous opportunity and it ensures that Johnson & Johnson will remain vital into the future as we look for new ways to help people live longer, happier lives across the world.

How critical is it to maintain a culture of innovation at J&J and is this difficult with a company of your size and scale?

The history of Johnson & Johnson is a story of constant innovation and invention, and maintaining that culture of innovation is central to our ability to meet the needs of patients and consumers. The global challenge of helping more people everywhere live longer, healthier, and happier lives means we will have to accelerate innovation in the future.

Simply put, the world needs more miracles. Innovation, we've always known, depends on collaboration with scientists, academics, health-care professionals, and political leaders. It can be challenging to maintain a culture of innovation in a large organization, but we feel that the global scope and the breadth of our businesses enhance our ability to bring multifaceted solutions to health-care needs. This will continue to be an advantage if we use it to increase collaboration and intensify our commitment to change and innovation. We believe that we must not just be innovators of products and services; we must innovate in everything we do and how we do it. The old models will no longer suffice.

Would you highlight some of the recent product innovations coming from J&J?

Some recent innovations from our operating companies include new treatments for prostate cancer, hepatitis C, psoriasis, and type 2 diabetes, as well as the first new treatment for tuberculosis in 40 years. In addition, we introduced a new blood glucose meter that sends information to a patient's mobile device and a revolutionary new product that stops problematic bleeding during surgery. In the areas of health, wellness, and health literacy, our operating companies are introducing a variety of apps and products – such as the 7 Minute Workout app – that encourage and empower people to take better care of their health.

J&J has a strong global footprint. How close is the coordination from region to region, and how do you ensure consistency in messaging, service standards, and quality?

Across all of our businesses in every region of the world, we share a common set of beliefs – as defined in our credo – and a common purpose: caring for the world, one person at a time. This is as important in New Zealand as it is in Xian, China or in New Brunswick here in the U.S. It is the foundation for all that we do.

In order to manage in a complex global health-care environment, we believe in matching decision-making with market needs. This decentralized approach has served us well for almost a century and it remains one of our key growth drivers. So we encourage local decision-making, and we empower leadership at all levels of the company. At the same time, we have a robust infrastructure in place to ensure that everything we do is of the highest quality to meet the needs of patients, health-care professionals, and consumers.

The scope of global health-care challenges calls on the best that all of us, across our global enterprise, have to offer.

Would you highlight the importance of corporate citizenship and community engagement to the culture of J&J?

At Johnson & Johnson, we don't separate corporate citizenship and community engagement from our everyday business practices. Our work in improving human health and well-being depends on collaboration with many different stakeholders in communities worldwide. Our mission is to improve the health and well-being of individuals, families, communities, and countries. This is the most important aspect of citizenship and engagement to all of us. Johnson & Johnson was founded with the belief that a company should be a good citizen of the communities in which it is privileged to operate, and we believe that the health and well-being of communities is linked very closely to the health and well-being of the people that we serve.

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How do you focus your corporate responsibility and philanthropic efforts, and is it important that these efforts align with J&J's business strategy?

Responsibility to the community is the third tenet of our credo, and our corporate responsibility and philanthropy efforts are a part of who we are as a company. Johnson & Johnson has one of the oldest and largest global giving programs, and we work with hundreds of community partners around the world. Our efforts are focused around saving and improving the lives of women and children, preventing disease, and strengthening the health-care workforce, which aligns with our mission as a health-care company. We also believe that human health benefits from a healthy planet. We have been setting environmental goals for nearly 30 years, and we are committed to continuously improving on those goals to reduce our environmental footprint.

J&J has been a leader in creating a diverse and inclusive workforce. Would you highlight your focus in this regard, and why diversity and inclusion play such a key role in J&J's success?

The challenge of health care globally is so great that it calls on the best that all of us have to offer. We have recognized for decades that diversity of gender, race, background, culture, and generation is necessary to understand and meet the needs of the diverse community of stakeholders that we serve. We require a wide array of talents, experience, and opinions to achieve our purpose. As a global health-care company that touches the lives of more than a billion people each day, diversity and inclusion help us to better connect with the needs of patients and families, and they are central to our ability to continue to grow and innovate to meet evolving health-care needs.

We've been recognized for empowering diversity in our company, but I think it goes deeper than that. We empower leadership. And because of our belief in leadership from every person in our company, we have found that diversity empowers Johnson & Johnson.

What makes for an effective CEO and how do you define your management style?

Johnson & Johnson has a unique legacy of success and achievement. It's an incredible history. The company has attained leadership in almost every market in which it competes. It's natural for a market leader to resist change. But the most important quality of leadership today in corporations, government, or the military is to embrace change and to be able to reinvent yourself. After all, change is the one constant, the one guarantee for the future. One of the reasons that Johnson & Johnson has been at the forefront of health care for 128 years is because we embrace change and look toward the future. An effective leader must believe in and encourage change. Our future success depends on innovation in everything we do, and we must be willing to accept new ideas and different approaches or we will fall behind the great challenge we have accepted as our mission.

With regard to my own personal management style, I am a big believer in communication, collaboration, and teamwork, and although I have to focus on the big picture, I think it's

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important to know and understand the details as well.

The importance of a strong value system in today's fast-paced world is more important than ever. As a CEO, working with and through your leadership teams, it is critical to ensure that the entire organization understands the importance of not only doing things right but also doing the right things.

What are your priorities for J&J to ensure that you maintain your industry leadership?

Our most important priority and over-arching goal is to help patients and consumers live longer, happier, and healthier lives. To achieve this goal, we focus on priorities such as creating value through innovation, something we've been doing for more than a century; maintaining our global reach and local focus through our operating companies worldwide; striving for excellence in everything we do; and continuing to lead based on the values in our credo.

We will remain broadly based in human health care and managed for the long term, which allows us to bring the breadth of our businesses to address health-care issues and focus on future needs. We recently opened a number of Innovation Centers in the U.S. and globally. These centers will help promote collaboration with researchers at universities, academic institutions, and biotech start-ups in order to foster the kinds of early ideas that have the potential to become future health-care innovations.

We will remain focused on our people and values, and will look to identify the kinds of leaders at every level of our global organization that we need to grow our business into the future. Our focus on these priorities will help to ensure that Johnson & Johnson remains an innovator and a leader in health care, so that we can care for an ever-increasing number of patients, families, and communities across the world. ●