

Healthy Ambitions

by Tricia Bisoux

When we wish someone “health, wealth, and happiness,” it’s no coincidence that we put “health” first. Good health is often a necessary precursor to prosperity, whether for an individual, a community, or an entire nation.

It’s no surprise, then, that good health is also good business—something that William Weldon knows well. As CEO of Johnson & Johnson, one of the largest healthcare companies in the world, Weldon leads its efforts to devise new treatments, create new drugs, and improve people’s health and well-being in more ways than many people realize.

“When most people think of our company, they think of baby powder, adhesive bandages, and shampoo,” says Weldon. “They don’t realize that consumer products make up the smallest portion of our business.”

Many are surprised to learn that Johnson & Johnson, headquartered in New Brunswick, New Jersey, also is the world’s largest medical device and diagnostics company, as well as the seventh largest pharmaceuticals company, says Weldon. With that kind of reach, he says, Johnson & Johnson is poised to help transform healthcare worldwide.

Johnson & Johnson’s CEO, William Weldon, is looking for business leaders with the courage to follow new paths and put people first, letting profits follow.



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Weldon joined the company in 1971 after graduating with a bachelor's degree in biology from Quinnipiac University in Hamden, Connecticut. He has led several of the company's subsidiaries, in both pharmaceuticals and medical devices and diagnostics. Today, in addition to acting as Johnson & Johnson's CEO, Weldon is a member of the Sullivan Commission on Diversity in the Healthcare Workforce and the Sullivan Alliance to Transform America's Healthcare Profession, and he serves as Chairman of the CEO Roundtable on Cancer.

Weldon's vision for Johnson & Johnson includes devising innovative new treatments, developing cures for diseases like cancer and Alzheimer's, and making sure that all people, especially those in the poorest communities, have access to the best care possible. To achieve that vision, he adds, Johnson & Johnson must hire both scientists and business leaders who are prepared to make it happen.

How has the economy affected the healthcare industry?

Healthcare is usually resistant to recessions, because people always need to take care of their health. But this recession has had an impact on all three of our businesses.

For example, in our consumer products business, consumers have moved away from branded products and into private label products. In our medical device business, people are now opting to wait to undergo elective surgeries such as joint replacements or cosmetic procedures. In pharmaceuticals, we've seen a decrease in the number of prescriptions being dispensed. That's because, for every 1 percent increase in unemployment, more than 1 million people lose their healthcare coverage. As a result, they don't go to the doctor as often or have their prescriptions filled.

These trends are happening on a global level, but we're seeing them more in the U.S. and Europe than we are in China and India, where there still is strong GDP growth.

The problem of the uninsured is a big issue in the United States. The Obama Administration is trying to pass a healthcare reform bill to lower costs and cover the uninsured. Where does Johnson & Johnson stand on these efforts?

Years ago, we expressed our thinking in a document called "The Promise of Healthcare," which includes opinions very similar to those of the administration. In this paper, we said that we all have to work together to make sure that everyone has access to affordable healthcare.

Over the years, we have developed programs that supply needy patients the medication they need free of charge—they just have to let us know that they need it. In the last two years alone, we've provided more than 1.7 million prescriptions for patients. We've also supported comparative effectiveness, the idea that different medications affect different people in different ways. We want to make sure that healthcare providers understand how the medications work, so they choose the medication most appropriate for their patients.

Johnson & Johnson also has embraced the idea of wellness and disease prevention to reduce the need for prescriptive care.

I think the area of wellness and prevention is one of the secrets to improving healthcare, not just in the United States but around the world. I've discussed this idea with President Obama, and his administration has shown an interest in making wellness and prevention a part of the healthcare reform bill.

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We can look at our company as a microcosm. More than 30 years ago, we put a wellness and prevention program in place, and we've monitored its impact on the lives of our employees. We have found that while 20 percent of people in the general population are smokers, only 4 percent of our employees are tobacco users. Only 6 to 7 percent of our employees have hypertension or high cholesterol, also much lower than the general population.

Last year, we acquired two companies to lay the groundwork for a wellness and prevention business: HealthMedia in Michigan and the Human Performance Institute in Florida. HealthMedia uses Web-based behavior modification to improve patients' health. The Human Performance Institute was developed by a sports psychologist and an exercise physiologist. They studied diet, exercise, recovery, and priorities to create plans that can help people follow healthier lifestyles and improve their lives.

Such programs can be executed across the United States and in other parts of the world. We think that it's very important to keep people healthy, rather than reward physicians for treating people only after they become ill.

Johnson & Johnson puts great emphasis on innovation to develop new drugs and treatments. What fuels innovation at your company?

We have a decentralized model that includes businesses around the world, which gives us insight into many markets. We can see where in the world there are unmet medical needs and where products aren't servicing patients as well as they should. Within that decentralized model, we create an environment where people have the tools they need to work together and access universities, equipment, and research. It's an environment that helps them follow new paths and discover new products.

What are some examples of innovations your company's model has made possible?

One that comes immediately to mind is the drug-eluting stent, which can deliver a drug to help prevent a coronary artery from reclogging. We couldn't have created the first such stent, CYPHER, without our ability to converge the skills of our pharmaceutical scientists and medical device engineers. We also have been able to develop and tailor products for specific markets. For instance, we created a glucose meter for India that doesn't have some of the same features of meters we sell in the U.S., but it measures glucose effectively at a much lower price point.

Another good example is our work in personalized medicine. A medicine might treat a disease but produce serious side effects; many patients won't respond to it at all. We bring together our diagnostic group with our pharmaceutical group to look at genetic markers, so doctors

“Our Credo lays out our priorities. It’s simple: The people who use our products come first.”

can know whether patients will respond to a product or suffer side effects.

What should business graduates know before they come to work for you?

First, they have to know that everything we do is based on a document written 65 years ago by Robert Wood Johnson, called “Our Credo.”

Our Credo outlines our company’s four priorities, or responsibilities. It says that our first responsibility is to the people who use our products—the doctors, nurses, patients, mothers, and fathers. Our second is to our employees, to make sure they have good working conditions and are treated with dignity and respect. Our third refers to what people today call social responsibility—it’s a commitment to the communities where we live and work. And our fourth is to the shareholders, the people who invest in our business.

It’s important for business graduates to know that Our Credo is our road map. It describes the way we look at our business. If we stick to its priorities, our shareholders will have what Our Credo calls “a fair return.” In the 65 years that Johnson & Johnson has been a publicly traded company, its performance for shareholders has been surpassed by few, if any, other organizations.

How might students find Johnson & Johnson different from other companies? What kind of careers might they expect to have there?

Students might not realize that we afford opportunities for them to grow and develop careers. We have over 250 operating companies in our three business segments. Students who come to work for our company can start in the pharmaceutical side of the business, move into medical devices, and then work in consumer products. They can work anywhere in the world and advance within the organization. They don’t have to move from company to company to get different experiences.

I’m a good example of that. I started out of school to work with the pharmaceutical group. I moved into medical devices, and then I came back to pharmaceuticals. I lived and worked in Asia, Europe, and the United States. I’ve had such an extraordinary wealth of experiences, all within one organization.



Johnson & Johnson has had a relationship with UCLA’s Anderson School since 1991. Through that partnership, you offer two-week training programs for Head Start managers, as well as training programs for HIV/AIDS service providers in Africa. What is the business case for making that collaboration a priority?

We know that improving people’s lives goes way beyond healthcare, and we recognized that the Anderson School shared our goal and vision. Both Johnson & Johnson and the Anderson School wanted to teach people in nonprofit organizations to apply business models and strategies to improve the world.

When we first started working with the Anderson School, we all recognized there were a growing number of children at risk economically, socially, and educationally, and we wanted to develop programs to benefit these children. So we created the Head Start Johnson & Johnson Fellows program. We went on to develop the UCLA/Johnson & Johnson Management Development Institute for HIV/AIDS workers.

It’s amazing to talk to faculty who were part of the MDI program, who have taught service workers in Africa concepts that they otherwise would not have had an opportunity to learn. That’s really the business case—we have a responsibility to give back.

In spite of programs like these, the healthcare industry also attracts criticism because of the high cost of drugs and services. Many argue that the industry pours so much money into R&D, it drives up the cost of basic care. How does Johnson & Johnson balance the need for R&D with the need to keep costs under control?

It takes more than \$1 billion and a decade of work to bring a drug to market. Johnson & Johnson spends about \$8 billion a year on research and development—and those costs increase every year. Only a very small percentage of drugs ever get to the market, and only a small percentage of those ever realize a profit. It’s a huge investment, and it’s a huge risk that organizations take.

But as healthcare companies, we also have to be reasonable about the way we price our products. We make sure that we supply products free of cost to those who cannot

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What skills do you think business schools should emphasize, as they prepare students for today's business world?

Business schools do a great job to prepare students. But I think that, no matter what careers students pursue, it is important that they develop interpersonal skills and business ethics. It's important that they know how to work in all-inclusive teams and that they be exposed to the global nature of the business community. The main idea of Tom Friedman's book *The World Is Flat* is really true. In this global market, students need to know how to appreciate and deal with differences and diversity.

Students also have to come out of business school knowing that there should be more to a job than just a paycheck and a title. Students should think about the benefits and richness that they can bring to the lives of others.

That's why this is such a special place to work—not just at Johnson & Johnson, but in the industry itself. Healthcare gives us a wonderful opportunity to give back, through the business and through our philanthropic efforts. We can see the impact we have on people's lives. That fulfillment is something that students should really think about when they build a career.

If you were teaching a business school class on leadership, what would you emphasize?

Leaders have to be very courageous. They need to get all the facts, but not necessarily go the way of the crowd. If they believe in something and have the facts to support it, they have to have the courage to take positions that might not be popular.

You've set very high goals for Johnson & Johnson. What personal goals do you have for yourself?

My personal goals go very much with my goals for the company—I want to find cures for diseases like cancer and diabetes. I receive the greatest rewards from seeing people benefit from our breakthroughs, from helping them live better lives. I also think it's great to see people in this company become extraordinary leaders. It's rewarding to know that in some way I've had a small part in making people successful. 