

Johnson & Johnson: Caring for People, Worldwide

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Introduction

Every company which survives, sustains and creates a name for itself and begets consumer confidence, has something to do with more than looking at businesses as only a means to amass profits. The company takes care to build and nurture a long standing relationship with all its stakeholders. In this way, it becomes a trustworthy and socially responsible business entity with an ability to capture not only investor confidence, but also the same from its customers and its people who work for it.

One name which readily comes to mind in this context is that of Johnson and Johnson (J&J), which has emerged as one of the most iconic and trustworthy household name in every part of the globe (wherever they do business) in the field of pharmaceuticals and consumer packaged goods, and especially in the area of baby care products.

This case study seeks to capture some of the dimensions of this company in terms of its business strategies, policies and people processes which are prevalent within it. Needless to say, the case study while focussing on J&J main company), will endeavour to highlight certain other company related policies and practices within the group of companies, as a whole.



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Backdrop

Johnson & Johnson (J & J) is a Fortune 500 pharmaceutical and consumer packaged goods manufacturer multinational company, founded in 1886 by three brothers, Robert Wood Johnson, James Wood Johnson and Edward Mead Johnson. The Head Quarter of J & J is New Brunswick, New Jersey. It has 250 subsidiary companies with operations in over 57 countries and products sold in over 175 countries. Johnson & Johnson had worldwide pharmaceutical sales of \$65 billion for the calendar year of 2011 (Johnson & Johnson Reports 2011 Fourth-Quarter and Full-Year Results, sited at jnj, 2013). It has been ranked at the top of Harris Interactive's National Corporate Reputation Survey for seven consecutive years up to 2005, was ranked as the world's most respected company by *Barron's Magazine* in 2008, and was the first corporation awarded the Benjamin Franklin Award for Public Diplomacy by the U.S. State Department in 2005 for its funding of international education programs. The major milestones achieved by the company are given in Appendix 1.

At Johnson & Johnson there is no mission statement. Instead, for more than 60 years, a simple, one-page document "Our Credo" has guided their actions in fulfilling their responsibilities to their customers, employees, the community and the stockholders (Appendix 2).

Product Range of J & J

J & J is the world's most inclusive and broadly-based manufacturer of health care products as well as a provider of related services for the consumer, the world over. A wide variety of products across a diverse range of categories are continuously innovated, manufactured and marketed to help people across the globe to lead healthy and happy lives.

Consumer Products

The company meticulously offers products and information about baby care, skin and hair care, oral care, nutritionals, pain relief, topical care and the like.

Example: Johnson Baby lotion, Johnson Baby shampoo, Band aid, Listerine etc

Medical Devices & Diagnostics

Their medical devices & diagnostics businesses provide help to doctors, nurses and hospitals with enabling technologies to cure patients who suffer from some of the world's most pervasive and chronic conditions.

PharMaceuticals

The Pharmaceutical segment's broad portfolio focuses on unmet medical needs across several therapeutic areas: oncology; infectious disease; immunology; neuroscience; cardiovascular and metabolism. It includes products in the anti-infective, antipsychotic, cardiovascular, contraceptive, dermatology, gastrointestinal, hematology, immunology, neurology, oncology, pain management, urology and virology fields.

Major Competitors of J & J

Johnson & Johnson's major competitors include 3M Health Care, Abbott Laboratories, Merck, and Novartis. In the medical devices space, its competitors include Medtronic (MDT) and Boston Scientific (BSX). In the orthopedic implants segment, it competes with Zimmer Holdings (ZMH) and Stryker (SYK). Its other competitors include Abbott Laboratories; Affymetrix, Inc.; Alberto-Culver Company; American Home Products Corporation; Amgen Inc.; Aventis; Bausch & Lomb Incorporated; Baxter International Inc.; Bayer AG; Beckman Coulter, Inc.; Becton, Dickinson & Company; Bristol-Myers Squibb Company; Carter-Wallace, Inc.; Colgate-Palmolive Company; Dade Behring Inc.; The Dial Corporation; Eli Lilly and Company; Genentech, Inc.; The Gillette Company; Glaxo Wellcome plc; Kimberly-Clark Corporation; L'Oréal USA, Inc.; Minnesota Mining and Manufacturing Company; Nestlé S.A.; Perrigo Company; Pfizer Inc.; Pharmacia Corporation; The Procter & Gamble Company; Roche Holding Ltd.; SmithKline Beecham plc; St. Jude Medical, Inc.; Unilever; United States Surgical Corporation (wikipedia,2013)

Company Structure

Johnson & Johnson has more than 250 companies located in 57 countries around the world. It has a decentralized structure. The family of companies is structured in three major lines of business: Consumer; Pharmaceutical; and Medical Devices & Diagnostics, as discussed above. Each business segment is organized into franchises to focus on target customers and better services. The diversification of product lines spread among the three business units has helped J&J to become much more than a consumer products company. The Executive Committee is the principal management group which is responsible for the operations and allocation of resources. Its Family of Companies is organized into several business segments comprised of franchises and therapeutic categories. The business segments are as follows:

Consumer Health Care

The Consumer segment includes a broad range of consumer health and personal care products in the beauty, baby, oral care and women's health categories, as well as nutritional products and over-the-counter medicines and wellness and prevention platforms.

Medical Devices & Diagnostics

The Medical Devices & Diagnostics segment focuses on technologies, solutions and services in the fields of cardiovascular disease, diabetes care, orthopaedics, vision care, wound care, esthetics, sports medicine, infection prevention, minimally invasive surgery, and diagnostics.

Pharmaceuticals

The Pharmaceutical segment's broad portfolio focuses on unmet medical needs across many therapeutic areas: oncology; infectious disease; immunology; neuroscience; cardiovascular and metabolism. It includes products in the anti-infective, antipsychotic, cardiovascular, contraceptive, dermatology, gastrointestinal, hematology, immunology, neurology, oncology, pain management, urology and virology fields.

Johnson & Johnson is a highly diversified company with 230 subsidiaries, which it calls as the “Johnson & Johnson Family of Companies”. Some of these subsidiaries include :Johnson & Johnson group of consumer companies Inc; Johnson & Johnson Health Care Systems Inc; Pfizer Consumer; ALZA corporation; Baby center L.L.C.

The decentralized structure still is one of the company’s biggest commitments. The operating units are usually independent as to how they manage their businesses. However, the corporate top executives carefully monitor J&J’s overall structure to assure an optimized balance between the headquarters and the operating units worldwide. J&J believes that the authority should be in the hands of the managers who are close to the marketplace and the corporate top executives should focus on broader aspects of both the health care industry and people management (jnj, 2013).

The corporate headquarters, located in New Brunswick, New Jersey, serves to centralize just only those activities needed to leverage J&J’s size and create the right synergies and efficiencies among the family of companies. J&J Corporate confines its assistance to the autonomous operating units, providing guidance and services in critical areas such as human resources, finance, environment, advertising, law, and quality management (jnj, 2013).

In contrast, the operating units are spread all over the world. Primarily, host country nationals (HCNs) of the countries in which they are located run the international settings. Sometimes they have such deep and long-term connections with their home markets that local people consider the company to be domestic. For example, Brazilians consider J&J to be a Brazilian corporation, and British people often assume the company was founded in the U.K (Nash, 1988). This shows the company’s ability to identify itself to the host country and its people which act as a great point of strength for the company when it comes to acceptability in that particular country.

Each operating unit has a chairman, president, general manager or managing director who reports directly or through a line executive to the Group Operating Committee at headquarters. Only the financial goals are discussed between the corporate and their units, while explicit performance goals mandated by headquarters are avoided, giving the management team near the market full autonomy (Foster & Kaplan, 2001).

Specific mission statements emphasize the autonomy of the operating units. Each unit has its own mission statement, outlining the focus of that particular business. Thus J&J Corporate also avoids overlapping of business targets that can cause unhealthy competition among the units.

The Chairman of the Board and Chief Executive Officer heads the whole company as well as the top executives in the corporate office. The Board of Directors consists of 13 members on seven committees: audit; benefits; compensation; finance; nominating and corporate governance; public policy; and science and technology. The corporate structure is best represented by the Group Executive Committee, an eleven-person committee that functions as the principal management team in charge of operations and allocation of J&J's resources (Johnson & Johnson Annual Report, 2002).

Managing by franchise, or groups of product categories, J&J's overall structure has 35 primary global affiliates that create and manufacture new products. Several members of the Group Executive Committee are also among the 17 global franchise managers in charge of the 35 global affiliates. They are called the Chairmen of the Group Operating Committee. Mainly, this Committee is responsible for coordinating the worldwide activities of companies within the three business segments—Consumer, Pharmaceutical, and Medical Devices and Diagnostic (Johnson & Johnson Annual

Report, 2002; investor.jnj, 2002).

Employee Demographics at J & J

The most significant characteristic of J&J employees is diversity. J&J worldwide M&A activities, product diversification, and company values all contribute to the creation of such a diverse workforce. This diversity can be categorized into several types, such as, multinational diversity; ethnic and religious diversity; and educational diversity.

J&J employees number more than 106,100 individuals in 57 countries and represent several national, ethnic, and religious values, customs, and beliefs. The educational background varies extensively, from blue collar workers to cutting-edge scientists. The J&J Committee Office of Science and Technology (COSAT) consists of a selected group of Ph.D. scientists who work in R&D and have strong links to the academic and research community. There is another special group: full-time entrepreneur employees working in the Joint Venture Group (JJDC) (Foster & Kaplan, 2001). These two special groups plus the employees working in 198 operating units account for a range of educational backgrounds.

Even though diversity is the most visible characteristic of J&J employees, they seem to be very alike when it comes to ethical values. J&J multicultural employees may differ in some of their personal values and beliefs. However, the Credo ethical values seem to be a common denominator among them. In conversations with employees who have participated in events attended by J&J members worldwide, they often have emphasized how connected they felt during the activities due to J&J shared values. Similarly, the work environment is very consistent throughout the worldwide J&J family of companies. The company is often recognized for its friendly-work environment. In fact, it is part of the Credo values to balance work life and personal life. Moreover, the decentralized structure also contributes to a warm atmosphere in each of the company settings. Despite J&J's size, the employees usually work in a small company environment and enjoy low or moderate stress levels (Xavier, 2003).

Corporate Governance at J & J

For more than 125 years, the Johnson & Johnson Family of Companies has been privileged to play a role in helping millions of people around the world live better, healthier lives. Our Family of Companies is connected by the Credo, which serves as the moral compass in terms of its responsibilities as a citizen of the world.

Governance Structure

J & J recognizes the relationship between good governance and sound financial performance. The economic value generated through a well-managed and governed enterprise not only benefits stock owners, it also benefits local communities through small business development and through the contributions made to the social infrastructure needed to sustain community health.

J & J Board of Directors is a diverse group of individuals who are elected by the shareholders each year. Out of 13 Board members, 12 members are “independent” under the rules of the New York Stock Exchange. The Board holds the ultimate authority of our Company, except to the extent that our shareholders are granted certain powers under the Company’s Certificate of Incorporation and By-Laws. Qualifications for the Board of Directors and standards of independence are laid out in the Principles of Corporate Governance (investor.jnj, 2013) and additional guidelines are outlined in the Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers.

J & J believes that good corporate governance results from sound processes that ensure that their Directors are well supported by accurate and timely information, sufficient time, resources and unrestricted access to management. Additionally, the company believes that the business judgment of the Board must be exercised independently and in the long-term interests of the Company.

The Board of Directors

Appoints senior management of the Company, who are responsible for conducting business and operations; Provides oversight of management and offers strategic direction to the Company; and Forms standing Board Committees to assist in fulfilling its obligations. The Board of Directors has six standing committees: the Audit Committee; the Compensation & Benefits Committee; the Nominating & Corporate Governance Committee; the Finance Committee; the Regulatory, Compliance & Government Affairs Committee; and the Science & Technology Committee.

The Science & Technology Committee, composed of non-employee (independent) directors, is the primary committee responsible for policies, programs and practices on environment, health, safety and sustainability. Responsibilities of the newly formed Regulatory, Compliance & Government Affairs Committee, also composed of independent directors, include implementation and effectiveness of the Company's health care compliance & ethics and quality & compliance programs; oversight of the Company's Policy on Business Conduct and Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers; and review of the Company's governmental affairs policies and priorities and other public policy issues facing the Company including the policies, practices and priorities for the Company's political expenditure and lobbying activities. These committees advise and, as appropriate, make recommendations to the Board on issues for which they are responsible (jnj, 2013).

Johnson & Johnson in India

J & J put its first imprint in India in 1947. In 1948, Johnson's Baby Powder which was manufactured by a local company, British Drug House, in Mumbai, had been released in market. In September 1957, a new company - Johnson & Johnson Limited was created and registered with 12 employees on its payroll. The company was licensed to manufacture a broad range of consumer and hospital products.

Production began in 1959 from the earliest Johnson & Johnson plant in Mulund in Mumbai.

In the 1960s, J & J experienced a mammoth manufacturing growth. The first Ethicon plant was set up in Dharavi in Mumbai to manufacture Catgut sutures. In 1966, the Bhandup plant in Mumbai was set up to manufacture feminine hygiene products. The Ortho Diagnostics' manufacturing unit was set up in 1970 and shifted to Deonar in Mumbai. In 1975, Ethnor Limited (merged with Johnson & Johnson in 1994). set up a plant for manufacturing pharmaceutical and ethical products of Ortho-McNeil Laboratories and Cilag Chemie. A second manufacturing plant for personal products started in Bhandup in Mumbai. The state-of-the-art Ethicon plant in Aurangabad became operational in 1991. The latest addition to the family is the manufacturing facilities in Baddi in Himachal Pradesh, which caters to both medical and consumer sectors. Currently, the manufacturing plants are at Baddi (2), Mulund, Aurangabad, Deonar and offices at Mumbai (4), Chennai, Delhi, Kolkata, a pharma R&D Center in Mulund, a Global Clinical Operations (GCO) office in Powai, Mumbai, and a Business Knowledge Center in Pune & Bengaluru. In the last 50 years Johnson & Johnson Limited has gained a reputation for delivering high-quality products in India.

Johnson & Johnson India has won several Best Employer Awards and is clearly recognized as an employer of choice. It is also very active in reaching out to those in need through its Corporate Social Responsibility (CSR) projects. Currently, J & J employs more than 2000 people and the businesses span Consumer, Medical Devices & Diagnostics, Pharmaceuticals and Vision Care, in India (jnjindia, 2013).

Glocalization Strategies of J & J

Johnson & Johnson has strategically based research and development (R&D) centers in emerging markets to develop medical devices and pharmaceutical and consumer products based on insights available in local markets to leverage maximum business advantage.

Leveraging the Emerging Market Needs

The Asia Pacific region is home to more than 4 billion people, almost 60 percent of the world's population. While the more affluent societies, such as Japan, Australia, coastal China and metropolitan India, have access to innovative products and services, a large segment of the population remains untouched and go without medical care and attention.

However, in recent times due to health care reforms in China and India, fuelled by a steady economic growth in these countries, governments are trying to deliver a higher standard of care to many more people. Such reforms, along with the rise of a middle class and expectations of a better quality of life, are providing Johnson & Johnson with an enormous opportunity to address a hitherto under-tapped market. These mass markets are being addressed with a different business model that is focused on bringing an appropriate portfolio of technology and products to smaller and more rural health care settings, matching the specific range of procedures offered. This approach has led to the development of high-quality, affordable products for poor patients who had little access to such health care facilities and modern medical technological benefits. (investor.jnj, 2010).

Johnson & Johnson's Investment in Chinese Market

In 2008, Johnson & Johnson bought a Beijing based cosmetics company with a view to increase its presence in the ever expanding Chinese market. It acquired Dabao Cosmetics Company and with it a range of personal care and cosmetics products produced under Dabao the brand name.

The Dabao brand has earned respectability in China since its operation in 1985. By buying this brand the company hoped to penetrate the Chinese market where it already traded its Johnson's Baby, Neutogena and Clean and Clear products. The plans were to develop the brand further with the help of Dabao's unsurpassed local market knowledge

and J&J's experience in marketing, research and product innovation. In addition to providing local market knowledge and consumer loyalty, purchasing local brands also channels through which new products from international companies can appear local to consumers, who may prefer purchasing a domestic brand (Bird, 2008). This may well be termed as an effective glocalization strategy employed by the company to make itself engraved in the local market.

Leading Change with a Global Mindset at Johnson & Johnson in Brazil

Johnson & Johnson Consumer Products Brazil was in a crisis situation in the late 1990's. Its competitors were moving faster than it, making decisions faster than J&J, and innovating faster." In the disposable diaper industry, for example, Johnson & Johnson had three competitors before the opening of the economy and more than 50 a few years later. The company's Brazilian market share in diapers dropped from 70 percent in 1990 to about 12 percent by the end of the decade.

Johnson & Johnson Consumer Products Brazil quickly found that its way of doing business was hampering its ability to remain competitive. Part of this business culture involved a top down management structure that suppressed innovation and discouraged risk taking. Central command even made decisions about the color of new labels. The result for Johnson & Johnson was a reduction in Brazilian staff that impacted about 1,000 people. New product development stalled, employee morale dipped and market share slid. The top-down model of management, which is very Brazilian, had to be altered. The managing director and the board instituted new structures and systems, especially in the area of human resources, to reinforce and sustain the cultural changes.

As financial performance improved, fresh emphasis was placed on coaching and leadership development to inject the new way of doing things in the more decentralized, innovative, forward-thinking organizational emergent culture. Succession planning became

crucial. New people were hired from outside Brazil, something rarely done in the past. Poor performing products were removed from the portfolio, yet another thing, rarely done in the past. The changes showed significant improvement in financial results. After performance stabilized in 2002, the organization achieved an annual growth rate of 10 percent in sales and 14 percent in profits during the next three years. Employment also increased to more than 2,500 positions in 2005, up from 2,400 in 2000 (knowledgenetwork.thunder bird, 2009).

Human Resource Management and Development at J&J

The J&J HR department has certain unique characteristics, which are strongly aligned with the company's values. The HR of J&J is popularly ascribed as having high sociability and high solidarity. The individuals in the organization work together in a friendly and effective work environment. At the same time, as part of the J& J culture, individuals are characterized as task-centered and motivated to get the job done together.

To achieve this fusion and balance between sociability and solidarity, the HR strategies of J&J are highly focused on the maintenance of cultural values. The HR department is expected to create a sociable, cohesive, and goal oriented work environment. Whenever changes need to be made, HR professionals are expected to play a strategic role to assure a smooth transition. J&J is considered a communal organization, and its HR profile is characterized as "obsessed" with shared values. The sociable environment, cooperative and friendly, makes it easier to encourage some of the J&J values such as innovation, creativity, flexibility, and work/life balance. At the same time, the solidarity side helps assure other J&J values as the competitiveness, high quality, and customer-driven focus. In other words the company puts a lot of emphasis to create effective teams which are at once high powered and multi-tasking in character capable of achieving goals in a fast and efficient manner with minimum loss of resources.

J&J's work design practices are crucial when it comes to processes that promoted the expected behaviours. To begin with, the J&J assumption of decentralized management is itself a strong work design example. The highly decentralized structure facilitates value-based behaviours related to innovation, creativity, flexibility and even diversity. The small and friendly company environment of the 198 operating units promotes the entrepreneurial spirit of J&J employees. The employees feel cooperative towards each other, and are highly encouraged to take intelligent risks. This shows that the company encourages and promoting intrapreneurial (manager- entrepreneurs) culture needed to create a pool of people who can take measured and calculated risks if need be.

Moreover, they are accustomed to the ambiguities of the J&J structure. While the company takes a strong decentralized management approach, it is meticulously centralized regarding its global cultural values. In the same way, the balance between sociability and solidarity is also ambiguous. As J&J employees have been surrounded by ambiguity, they feel comfortable facing the ambiguous characteristics of the marketplace as well (Xavier, 2003).

The major initiatives to manage and develop human resources at J&J are as follows:

Serving the Employees

The Johnson & Johnson Family of Companies offers a wide range of services to its employees (jnj, 2013):

At the Your Benefits Resources™ (YBR) Web site, the employees can access personal benefits information and perform benefits transactions, including:

- Managing Savings Plan account
- Enrolling in or changing their health care and insurance plans
- Initiate retirement

- View provider directories and health plan comparison charts
- Use benefits estimators and calculators
- Read information about the benefit plans
- Access benefits forms
- Contact a carrier

If employees have a complex benefit question that YBR cannot answer, they can speak to a trained representative at the Johnson & Johnson Benefit Service Centre. To help maintain their privacy, employees will need to enter their Social Security number and PIN to access their personalized information on YBR or at the Benefit Service Centre.

The Live for Life™ Web site features tools to help employees to get healthy and stay healthy. From this site, they can:

- Access the Health Profile
- Learn more about Exercise Reimbursement and Healthy People
- See Wellness & Exercise schedules by company location
- Take advantage of the personal health trackers, daily health reminders, healthy recipes, workout logs and fitness and nutrition calculators
- Read vital health news

Employee Relations and Commitment

Every sustainable company invests in people. They fully understand the consequences of caring for people who are the ultimate drivers of growth and can create the much needed differential to help business prosper. In this direction, providing benefits to the employees and caring about their career development and growth are an epilogue to managing talent efficiently. Organizational commitment through proper succession planning can happen only

through investments in people by way of tracking talent and differentiating and segmenting it. Acquiring talent may be important, but more challenging perhaps is developing and retaining talent. At Johnson & Johnson, this fact is fully appreciated and hence a host of initiatives, explained below have been taken by the company to maintain and nurture effective employee relations and commitment.

Johnson & Johnson is known for the high level of commitment and caring that employees of their worldwide companies bring to their work. Around the world, their companies share the values of Our Credo and reflect a culture that celebrates diversity and diverse perspectives, fosters a balance between work and home life and supports employee efforts to have a positive impact on communities.

The success of the company is attributed to the commitment, dedication and aspiration of their employees. The company believes that every individual employee can perform best when nurtured, encouraged, given the tools to succeed and an environment that's supportive yet challenging. Right from employment and labour policies to compensation, benefits and supportive health programs , along with career path development and other programs, the company aims to provide an environment and culture that inspires and breeds success. A number of policies and programs support this commitment (jnj, 2013). The most significant ones are stated below:

Talent Attraction and Retention

The company believes that along with the well-regarded compensation, benefits and employee programs opportunities for career development and growth is vital for the individual employee to stay long enough in the company. For this, the company offers their employees on-the-job training plus extensive, globally accessible training and development at the individual, team, organizational and leadership levels. Their *School of Personal and Professional Development* and their *e-University* are made available online to all employees and provide both e-Learning and classroom courses. In

this way, training is provided, tracked and documented by the operating companies. Employees receive an average of eight hours or more of training per year.

Multiple Pathways for Career Advancement

The diversity of businesses among their family of companies offer employees a wide range of career path options. Employees can advance within their functional discipline, or progress along a path that provides experience across a range of functions. Based on performance, business needs and personal interest, employees can cross job functions, operating companies, business segments and geographic boundaries as they advance within their companies.

Thus, there is a certain degree of appreciation for respecting individual employees need for specific career growths in their preferred areas of expertise and interest along which they are provided opportunities for career growth in the family of companies at Johnson and Johnson. This is indeed a great opportunity, since not very company worth the name can always provide such flexibilities to their employees.

Optimizing Work, Family, and Personal Life

Creating a harmony between work life and personal life for employees is something which is not very often seen as an genuine agenda among companies. But the companies which do think in this direction create a satisfying and worry-free work environment for their employees, at least, in some measure, which helps in building wellness and a sense of belongingness among employees toward their companies. Loyalty and commitment is a human dimension which is like a two way street. Johnson & Johnson understand this philosophy and hence have created a number of policies to meet this end. The company's comprehensive programs and services for employees reflect a holistic view of work, family, and personal life to help support individual effectiveness at work and at home.

Specific programs, like, flexible work arrangements, education, adoption, child care, and elder care, depending on varying local circumstances and business needs, around the world, are made available to the employees. In all cases, however, they reflect a fundamental goal of helping employees to live well, work well, and be well.

Examples of programs that may be offered within the companies include:

- Employee Assistance and Work/Life Resource & Referral Services - to help employees address personal issues and achieve a balance between their work and personal lives;
- Proactive Health Assessments & Health Counseling — to help employees assess their risk for certain health problems through counseling with a registered nurse;
- Workplace Health Programs — to help ensure the health and safety of employees through on-site, online, self-paced, and group programs;
- Wellness and Fitness Services — to address employees' health and wellness needs; some companies offer on-site fitness centers, personal training, and exercise classes.

(jnj, 2013)

Performance Management

Every employee working in any organization needs to be told how they are performing on the job. While some companies believe that performance is related to only achieving targets, others think that there is nothing sacrosanct about laying down performance goals and parameters, as it is the duty of the employee to work. However, such thinking has been debated and discussed and the current view is that performance needs to be tied up with business goals of a company.

This strategic aspect of performance management is related to the fact that employees need to be given reachable goals, which need to be measured through an appropriate system and authority in order to help individuals get a feedback on their performance. Unless this is done, the employees feel demotivated and lost, as they have no clue as to their actual performance with regard to that of the expected performance and the resulting gap and how to improve and meet the organization's standards. On the other hand, the talented employees also have the need to be tracked on a fast lane, since their superior contributions need to be acknowledged adequately at the appropriate time. Failing to do this may result in the employee leaving the job for greener pastures. Thus, performance management has now become a necessity rather than a luxury or an option for most competitive organisations. This fact is fully appreciated at Johnson & Johnson and, therefore, a very strong and dynamic performance appraisal system is instituted within the company.

The Johnson & Johnson Family of Companies continuously endeavours to refine their performance management and development approach (P&D). The hallmark of the new P&D approach is the focus on conversations—frequent and meaningful formal and informal conversations that fuel a culture of high performance. Each employee and manager is expected to engage in clear and candid dialogue throughout the year within the “5 Conversations Framework,” which consists of the Performance Planning, Midyear, Succession Planning, and Year-end and Compensation conversations. These meaningful, on-going conversations are aimed at reinforcing each other, resulting in clarity of expectations, alignment across the organization and an appreciation of employee contributions.

The new P&D approach consists of two dimensions - Results and Leadership. The first dimension, Results, is based on Management by Objectives framework for aligning employees' goals and actions with the goals of their company. The second dimension, Leadership, is based on a newly developed enterprise-wide leadership model - the Leadership Imperatives. The Leadership

Imperatives - Connect, Shape, Lead and Deliver - and Our Credo, represent the key behaviours that are critical to the future success of the company. These two components - Results and Leadership - provide the basis for annual performance evaluation of all employees. The evaluation on each dimension is based on a four point rating scale which has a strong link between performance and pay. The transition to the new P&D approach is phased by level, globally. The transition began with 1,200 senior company leaders in 2012.

The transition is to continue with 26,000 Directors and Managers in 2013, followed by the rest in 2014. To ensure an effective transition to the new P&D approach, the Corporate P&D team is offering training to managers on mechanics (e.g., stakeholder feedback, assessment, performance calibration) and dynamics of the new approach (e.g., clear, candid and actionable conversations). Training will help managers master the new P&D approach and develop coaching and feedback skills to enable meaningful, ongoing conversations that engage and inspire our employees. To measure the effectiveness of the new P&D approach, key performance indicators (KPI) have been developed. The KPIs are designed around four pillars that measure clarity and alignment, leadership accountability, transparency and fairness, and employee growth and development. Thus a very neat and comprehensive performance appraisal system has been evolving within the companies with an eye towards not only meeting the present performance requirements, but also, with future requirements of refining and re-defining the parameters and standards of performance, which may emerge within the tough competitive business environment in which it operates, globally (jnj, 2013)

Employee Benefits

Johnson & Johnson offers a comprehensive and competitive benefits program to attract and retain talented employees. In the U.S., the Choices Benefits Program is designed to meet the needs of employees

and their families by providing a wide range of health, survivor, disability and retirement options. Choices Benefits are provided to active salaried and non-union hourly employees, as well as regular and casual part-time employees who are scheduled to work 19 or more hours per week each year. The Choices Benefits Program lets employees create a personalized benefit package for themselves and their eligible dependents. Benefits include:

- Medical.
- Dental.
- Vision.
- Tobacco Cessation.
- HealthAccount (Flexible Spending Account).
- CareAccount (Flexible Spending Account).
- Life Insurance.
- Accident Insurance.
- Disability Coverage.
- Long-Term Care Insurance.
- Group Legal Insurance.
- Auto and Home Insurance.
- Commuter Benefits Program.

The Company provides a basic level of life insurance and business travel accident coverage for eligible employees at no cost. In addition to Choices benefits, the Company provides a non-contributory pension plan and offers employees the opportunity to participate in a savings plan with a company match. Employees may also be eligible for retiree medical coverage and company-provided retiree term life insurance. Plan provisions may differ for certain part-time employees and by country. Benefits are provided to union employees through collective

bargaining agreements. Additional information is available in Note 10 of the company's *2011 Annual Report*. As the largest health care company in the world, the company feels an obligation to take care of the health need of its own employees as a part of their corporate mission. A healthy workforce is a productive one, is the belief in the company. Moreover, promoting employee health and wellness makes good business sense by increasing productivity and engagement, while decreasing health care costs and providing personal benefits to the workforce. Johnson & Johnson's Healthy People program provides Employee Assistance, Occupational Health and Wellness and Health Promotion services, have all expanded globally, since 2005. Johnson & Johnson provides a range of benefits to employees affected by reorganizations. The benefits could include severance payments, access to outplacement support, as well as Employee Assistance programs. The benefits employees receive depends on a number of factors, including local practices, size and scale of the restructuring, etc., and also influenced by the factor of whether or not the employees are represented by a third party with whom the company could negotiate such benefits (jnj, 2013).

Employee Health & Wellness

The Healthy People program provides Employee Assistance, Occupational Health and Wellness and Health Promotion services, all of which have expanded globally since 2005. Additionally, J&J offers a full suite of online resources through HEALTH MEDIA™ and a unique approach to increasing physical and emotional capacity through the HUMAN PERFORMANCE INSTITUTE™ and its CORPORATE ATHLETE™ Energy Management principles.

Healthy People 2012 Goals

For many years, the company has used a voluntary employee Health Profile to help it in designing their health programs to address key employee health risks. The profile is a confidential questionnaire that identifies health and lifestyle risks including tobacco use, blood

pressure, cholesterol and inactivity. In 2009, more than 30,000, U.S. employees participated in the Health Profile screening, which has been underway for more than 10 years. The Health Profile has been translated into 36 languages, and the plan is to deploy it in other countries in the near future. An analysis of U.S. data revealed that the top three risks among the company's employees are unhealthy eating, physical inactivity and obesity. To reduce these risks, health and wellness programs have been institute as an established company-wide performance goal.

Some programs working toward these goals include:

- Move and Make It Matter – Participating in physical activity at least four days a week is a key component of good cardiovascular, respiratory and emotional health. Yet, balancing busy lives and work can be challenging. Johnson & Johnson deployed the expertise of wellness professionals, mental health counsellors, occupational physicians and nurses to create Move and Make It Matter, which provides tools for increasing physical activity. For example, employees receive pedometers to track the number of steps they take each day toward a goal of 10,000 steps daily, a recognized standard for improving health. Since 2004, more than 36,000 pedometers have been given to employees.
- Eat Complete –Providing healthy food choices at the company's facilities requires a close partnership with the company's food service professionals to ensure that employees can enjoy nutritionally sound, whole foods at every cafeteria, food station, vending machine and catered event. *Eat Complete program* is being offered at more than 85% of the company's U.S. operating units.
- Health Media Digital Coaching — These personalized interventions include: -Weight management and physical activity programs that encourage healthy food selections, increased physical activity, and developing a positive self-image -A complete dietary analysis of all daily food intake.

- On Site Fitness Centres staffed with wellness professionals to support individual training regimes .
- At Home Support through discounted healthy lifestyle programs (such as Weight Watchers, Gym memberships, and other assistance) and exercise reimbursement.

Occupational Health

Johnson & Johnson occupational health programs aim at protecting employee health while on the job. A key goal is to prevent work-related injury or illness or manage the impacts, if it occurs. Ensuring compliance with local laws and regulations is also vital.

Many Johnson & Johnson facilities have on-site occupational health clinics. These give employees immediate access to trained medical personnel for injuries or illnesses, provide medical and health education or referrals and assist operating companies in complying with local rules and regulations.

Employee Assistance Program

To combat stresses arising out of compelling personal and or work situation among employees, *The Employee Assistance Program* has been instituted in the company with a view to provide free professional, confidential, behavioural counselling to employees and their families. This includes, organizational coaching to help managers promote a positive and engaging atmosphere within the workplace and to provide psychological assistance. Special emphasis is placed on building personal resilience through workshops and interactive seminars, as well as through individual and family counselling (jnj, 2013).

Diversity and Inclusion

Diversity and inclusion is a central part of the culture across the Johnson & Johnson Family of Companies. A workforce diverse in, among others things, age, race, gender, nationality, sexual orientation,

physical ability, thinking style and background enriches its work environments and helps to ensure their long term success. The company encourages diversity within their own workforce, and in the collaborations and partnerships that they forge, and in their supply chains.

Global Office of Diversity and Inclusion

Any global company today is faced with problems of handling the issues related to diversity and a workforce which are multicultural in their composition. Johnson & Johnson is not an exception to the case. However, it is encouraging to know how the company embraces its diversity issues with a planned program designed to serve the varied issues arising out of its global operations involving employees of various ethnic, social and cultural backgrounds.

The company's Global Office of Diversity and Inclusion, which includes their Equal Opportunity and Work/Life practices, supports the efforts of their businesses to attract, retain and develop diverse workforces. The leader of this office reports directly to the Chief Executive Officer. The Global Office is guided by the company's Global Diversity and Inclusion Vision. The Johnson & Johnson Diversity University, a dynamic, online resource designed to help employees understand and value differences and the benefits of working collaboratively to meet their (our Credo) commitments and business goals, supports these efforts. As part of the continuing commitment to Diversity and Inclusion, their equal employment opportunity and affirmative action program policies, and the spirit in which they embrace them, are a reflection of the law, but they also embody the philosophy of the Johnson & Johnson Credo. Johnson & Johnson companies within the U.S. strictly prohibit unlawful discrimination against any employee or applicant for employment because of the individual's race, colour, religion, sex (including pregnancy, childbirth or related medical conditions), sexual orientation, gender identity or expression, national origin, age, disability (physical or mental), genetic

information, veteran's status, military service, marital status or any other characteristic protected by applicable federal, state or local law requiring equal employment opportunity. This policy is applicable to all employment decisions, including, but not limited, to those involving recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline, demotions, suspensions, discharge, recall from layoff, reemployment, education, tuition assistance, and Company sponsored social and recreational activities. Johnson & Johnson companies outside the U.S. also have policies prohibiting discrimination in employment, subject to local laws. All U.S. locations of Johnson & Johnson companies have a Human Resources leader designated to monitor and audit equal employment opportunity and affirmative action compliance. Outside of the U.S., we have employee relations roles that report regionally. This is necessary because this area is highly influenced by country laws and location and company operations. Employees have access to a confidential reporting system in case of discrimination, which is communicated through various Johnson & Johnson Global Policies, including: Business Conduct Policy; The Equal Employment Opportunity Policy (which includes the Harassment Policy); Common Ground; Credo Hotline; Diversity & Inclusion Vision Statement; Diversity & Inclusion Policy; Human Rights Position Statement; Global Labour and Employment Guidelines; Policy on Employment of Young Persons; and the Guide for Resolving Employee Disagreements. A variety of equal employment opportunity, diversity and inclusion, and non-discrimination training is also provided (jnj, 2013).

Affinity Groups

Johnson & Johnson works to assure that employees have access to forums for exchanging ideas and taking action in an effort to better the social and cultural fabric within the Company and also globally. Affinity groups are voluntary, employee-driven groups that typically focus on a shared interest. These groups provide support and

networking opportunities such as, mentoring, community outreach, career development and cultural awareness activities.

There are nine active affinity groups within Johnson & Johnson Family of Companies. Collectively, these groups have more than 220 chapters, 84 of which are outside of the U.S., representing close to 10,000 members. Their CEO meets twice a year with group leadership. The company's success with the affinity groups and their diversity efforts were much applauded and acknowledged in 2009, when DiversityInc. Magazine ranked Johnson & Johnson first on its list of Top 50 Companies for Diversity (jnj, 2013).

Global Labour and Employment Guidelines

To ensure that Johnson & Johnson and each of its subsidiaries throughout the world follow consistent labour and employment policies, the Global Labor and Employment Guidelines clearly set forth their expectations. These Guidelines require, first, that their policies and actions are in full compliance with the laws and regulations of the respective countries in which they operate.

In Addition

- the company communicates regularly with the employees and, whenever possible, partner with them to achieve desirable competitive outcomes
- They require their operating companies to respect each employee's right to decide, if they wish to join or not join associations and/or labour unions, and to respect the ability to make an informed decision, free of coercion
- They operate so that support of, or opposition to, associations, does not impact an employee's employment or an individual's application for employment
- Employees have the right to organize, join associations and bargain collectively, if they so choose. The company and its operating

companies are required to bargain in good faith with these associations

- It is not permitted to accept or condone any aspect of forced labour
- The Company and its subsidiaries may not discriminate against any employee based on their ideological views, race, colour, religion, gender, sexual orientation, national origin, age, disability, or any other status protected by law
- While the Company may counsel, and, if necessary, discipline employees in connection with unacceptable behaviour, physical punishment is not permitted in the company.
- Employees choose to work for the company at their own discretion. It is not permitted to force them to remain in their employment, if they do not wish to continue in service.
- The company supports, adheres to and strictly enforces child labour laws

Johnson & Johnson has additional guidelines that work to assure their employees are treated fairly and equally. These include:

- Equal Employment Opportunity Policy;
- Policy on the Employment of Young Persons;
- Guide for Resolving Employee Disagreements; and
- Harassment Policy

These policies are also extended to those who work on their behalf, including external manufacturers, via their *Responsibility Standards for Suppliers* (jnj, 2013)

Training and Development

Training and development is an essential function in every organization. It is especially necessary for growing and diverse companies. One type of training which is remedial training may be

necessary to perk up the performance standards of employees at the desired levels. This is more to do with the current and every day / current work requirements. A second type of training more popularly known as behavioural training or employee development is a requirement for those particularly being identified for future managerial jobs. A third type of training may be needed for sensitizing the employees on issues of diversity, called diversity training, particularly when the company embarks on becoming a global one. These together is viewed in recent times by analysts of global companies as the necessary investments made in people and are not to be viewed as cost to the company only. The benefits derived from such initiatives would be more strategically rewarding for the company keeping in mind that people are the only differentiators that cannot be cloned. Human potential among each employee and their uniqueness if harnessed correctly can become a great strategic strength for a company especially in terms of restricting attrition when the environment becomes competitive. Some of the initiatives taken by J&J Medical, a company in the group, are mentioned below.

In Johnson & Johnson Medical, from structured training and development programmes to manager and peer support, Johnson & Johnson companies consider talent management as an investment for the future that is as important as any other business investment they make. To supplement on-the-job development provided within their many small-company environments, they offer extensive, globally accessible training and development resources across their Family of Companies which includes the following:

- Global Leadership Profile
- eUniversity
- School of Personal and Professional Development
- Management Education and Development
- Leadership Development Program

Global Leadership Profile

The Johnson & Johnson Global Leadership Profile defines the critical behaviours that characterise and establish effective leadership at all levels within the organisations. This framework serves as a means for self-assessment and supports effective discussion between employees and their managers.

The Global Leadership Profile, with the company's shared values at its core, promotes a consistent approach to selecting and developing leaders. As the basis of succession and development planning, it provides a pipeline of exceptional talent within and across the Johnson & Johnson Family of Companies.

eUniversity

The Johnson & Johnson eUniversity uses Internet technology to make a wide range of learning and development systems available. Employees can self-select to undertake online courses that may be specific to a particular function, region, or operating company.

Leadership Development Programm

A diverse range of LDPs are designed to provide one with in-depth experiences, on-going mentorship, and targeted classroom training across a range of their businesses, in an effort to build a variety of strengths the company relies on from leaders in their organizations.

Different kinds of LDPs are offered like:

- Financial Leadership Development Program
- Global Operations Leadership Development Program (GOLD)
- Human Resources Leadership Development Program (HRLDP)
- International Recruitment Development Program (IRDP)

(jnjmedical, 2013)

Reward Policies at Johnson & Johnson Inc.

Johnson & Johnson understands that while compensation is important, it isn't the only way to reward their passionate and dedicated employees. Their total rewards programs not only compensate employees for their contributions and provide them with various benefits, they also help employees respond to the many changing aspects of work and personal life. They demonstrate "Our Credo" commitment to employees, reflecting the belief that the company must also provide programs that help the employees feel valued and rewarded. At the same time, they offer a stimulating work environment, unparalleled opportunities for career development and advancement, and the opportunity to make a difference. Some of the initiatives taken by J&J Inc., a company in the group, are mentioned below (jnjcanada,2013).

In the beginning of the year, the employees' objectives are established. A mid-year assessment determines an employee's performance status. At the end of the year the final evaluation is completed. The reward, which is variable compensation, varies according to salary, bonus, stock award, and stock options. Like any other goal-oriented organization, employees are expected to achieve desired business results and are rewarded for doing so. However, achieving business objectives is not enough at J&J; how the employees achieve their goals is also important. In other words, employees are rewarded by achieving results in ways that exemplify and do not compromise the corporate values.

Competitive Compensation Programs

The compensation programs are designed to be competitive and support movement of talent within and across the Johnson & Johnson Family of Companies, both in Canada and globally. The employees benefit from their performance-based salary plans and bonus and incentive programs that allow flexibility so every employee can take full advantage of the company's offerings.

Compensation Program

The compensation programs at J&J help them cultivate a high-performance culture. Bonus and other incentive programs, which are determined by both individual performance and business results, reinforce this performance-based philosophy and practice.

Flexible Bonus Options

At the same time, wherever possible, compensation programs within each company provide employees with the flexibility of choices that best reflect their own personal short- and long-term financial goals. They offer eligible employees the option of receiving bonuses in individually tailored combinations of cash and Johnson & Johnson common stock. Additionally, long-term incentive awards are also offered in similarly tailored combinations of stock option grants and restricted stock units.

Additional Financial Rewards

Financial rewards can also be granted through one of their Employee Recognition Programs. Some of the employee recognition programs are:

- Standards of Leadership Awards recognize employees at all levels in the organization who demonstrate the leadership characteristics enshrined in their in their Global Leadership Profile along with achievement of specific goals or results. There are three Global Leadership Awards levels, each with their own monetary rewards: Individual Leadership, Business Leadership and Company Leadership.
- Encore Awards are a formal recognition of exceptional performance and enthusiastic commitment to success. Any employee can nominate another employee for one of the five Encore Award Levels: Thank You, Bronze, Silver, Gold and Platinum. Receiving an Encore Award shows that an employee has gone above and beyond normal expectations to make a positive impact on their own jobs, their team, their department or on the company as a whole.

Concluding Remarks

It is evident from the various practices and policies of J&J that, it is a company with a vision. The vision is reflected not only in the credo of the company, but gets translated at every stage in the form of best practices at the company. At the root of the best practices, lies the philosophy of people-oriented approach, reflected quite evidently in their outlook towards the customers and employees and all the stakeholders, with whom it connects to do business. Herein lies the humane approach, where the focus is not diluted to reap benefits with a business policy geared towards only ROI (Return on Investment), but towards ROR (Return on Relationship). This distinguishes ordinary and extraordinary business entities, and J&J definitely lives up to the reputation of a company, which not only instils confidence in their customers, but also their people who give the company the human face to challenge squarely the volatility of business situations.

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Appendix 1 : The major Milestones Achieved by the Company are as Follows

- 1888 The Company publishes “Modern Methods of Antiseptic Wound Treatment,” which quickly becomes one of the standard teaching texts for antiseptic surgery. It helps spread the practice of sterile surgery in the U.S. and around the world.
- 1888 Johnson & Johnson pioneers the first commercial first aid kits. The initial kits are designed to help railroad workers, but soon become the standard in treating injuries.
- 1894 Johnson & Johnson launches maternity kits to make childbirth safer for mothers and babies. JOHNSON’S® Baby Powder goes on the market. Its success leads to the Company’s heritage Baby business.
- 1896-1897 Employees manufacture the first mass-produced sanitary protection products for women, a huge step forward in women’s health.
- 1898 The Company is the first to mass produce dental floss to make it affordable so that people can take better care of their teeth. The floss is originally made from leftover suture silk.
- 1900 The tradition of providing disaster relief begins when the Company donates products and money to help the citizens of Galveston, Texas, in the aftermath of a hurricane.
- 1901 As part of its commitment to first aid, Johnson & Johnson publishes the first First Aid Manuals, using proven best practices from leading physicians. The manuals are packaged with the Company’s First Aid Kits.
- 1906 Within hours of the San Francisco Earthquake, Johnson & Johnson donates products and money to help the citizens of San Francisco, the largest amount of help from any organization.

- 1910 James Wood Johnson takes over the leadership of Johnson & Johnson until 1932
- 1921 BAND-AID® Brand Adhesive Bandages, invented by employee Earle Dickson in 1920, go on the market. They are the first commercial dressings for small wounds that consumers can apply themselves.
- 1924 Their first overseas operating company opens in the United Kingdom.
- 1930-1931 The Company expands to Mexico and South Africa (1930) and to Australia (1931).
- 1931 A Johnson & Johnson operating company pioneers family planning products with ORTHO-GYNOL®, the first prescription contraceptive gel. This was based on the need for trusted family planning products.
- 1932 Robert Wood Johnson II, son of the Company founder by the same name, begins leadership of Johnson & Johnson. Known as General Johnson, he transforms the Company into a global decentralized Family of Companies.
- 1937 The Company expands to Argentina and Brazil. Ortho Research Laboratories, Inc. is established in Linden, New Jersey, to make women's health products.
- 1943 General Robert Wood Johnson writes Our Credo, which remains the guiding philosophy of Johnson & Johnson.
- 1944 Johnson & Johnson goes public, with a listing on the New York Stock Exchange.
- 1949 Ethicon, Inc. is formed from the Company's heritage suture business.
- 1954 JOHNSON'S® Baby Shampoo with NO MORE TEARS® formula enters the market as the first mild and soap-free shampoo designed to be gentle enough to clean babies' hair but not irritate their eyes.

- 1957 The first Johnson & Johnson operating company opens in India.
- 1959 Johnson & Johnson acquires McNeil Laboratories in the U.S. and Cilag Chemie, AG in Europe, giving the Company a significant presence in the growing field of pharmaceutical medicines
- 1961 Janssen Pharmaceutica N.V. in Belgium joins the Family of Companies. Its founder, Dr. Paul Janssen, is recognized as one of the most innovative and prolific pharmaceutical researchers of the 20th century.
- 1963-1973 Under Chairman and CEO Philip B. Hofmann's leadership, operating companies launch new treatments for schizophrenia, family planning and personal care. Also, 1963 marks the last year that JOHNSON'S® Baby Powder is sold in tins.
- 1978 Johnson & Johnson announces plans to build our new World Headquarters in New Brunswick, New Jersey, and forms a public-private partnership to revitalize the city.
- 1976-1989 During James E. Burke's tenure as Chairman and CEO, the Company enters new areas of health, such as vision care, mechanical wound closure and diabetes management, and opens the first operating companies in China and Egypt.
- 1987 Johnson & Johnson is a founding partner in Safe Kids Worldwide, the first national and then global campaign to reduce accidental childhood injury. By 2008, the campaign helps reduce the death rate for unintentional injury in children ages 14 and under in the U.S. by 45 percent.
- 1989-2002 Under Ralph S. Larsen's leadership as Chairman and CEO, Neutrogena Corporation, Kodak's Clinical Diagnostics

business, Cordis Corporation and Centocor join the Family of Companies; Expansion continues into Russia and Eastern Europe.

- 1990s Ethicon Endo-Surgery pioneers minimally invasive surgery, which uses very small incisions and helps patients recover faster than with traditional surgery.
- 1994 The PALMAZ-SCHATZ® stent, the first coronary stent, revolutionizes cardiology. Coronary stents keep vessels open so blood can flow to the heart. Later, Cordis Corporation introduces the first drug-eluting stent, which helps prevent the arteries from re-clogging.
- 2002 William C. Weldon becomes Chairman and CEO of Johnson & Johnson, only the eighth person to lead the Company since its founding. Under his leadership, the Company enters new therapeutic areas such as HIV/AIDS, and health and wellness.
- 2002 Johnson & Johnson acquires Tibotec-Virco BVBA to help address the vast unmet needs of patients with HIV/AIDS and other infectious diseases such as tuberculosis.
- 2006 Johnson & Johnson acquires Pfizer Consumer Healthcare, which brings in heritage consumer brands such as LISTERINE® Antiseptic (first formulated in 1879), BENGAY®, BENADRYL® and more.
- 2010 The Company supports the United Nations' Millennium Development Goals to improve the health of mothers and children in developing countries. As a founding sponsor, Johnson & Johnson helps launch the United States' first free mobile health service, providing health information via text messages for pregnant women and new mothers.
- 2011 Johnson & Johnson celebrates 125 years of caring and looks to the next 125 years of transforming care for patients.

Appendix 2: Johnson & Johnson's "Our Credo"

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens – support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit.

We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times.

When we operate according to these principles, the stockholders should realize a fair return.