

**Reality Check** *Do Codes Make a Difference?*

As a result of its quick and effective handling of its experience with tainted Tylenol in both 1982 and 1986, Johnson & Johnson has often been viewed as one of the most admired firms in the world. J&J had sales of \$65 billion in 2011. It has had 28 consecutive years of earnings increases and 50 consecutive years of dividend increases. Its market value in July 2012 was \$185 billion, up from \$38 billion in 1991, evidence that a firm that lives according to its strong values and a culture that supports those values can not only survive but sustain a profit over the long term.<sup>22</sup> CEO Ralph Larsen credits these successes directly to the J&J Credo: "it's the glue that holds our decentralized company together . . . For us, the credo is our expression of managing the multiple bottom lines of products, people, planet and profits. It's the way we conceptualize our total impact on society."<sup>23</sup>

Of course, no code on its own can preclude all problems. In early 2012, J&J was fined over a billion dollars for engaging in misleading advertising. A jury found that J&J had inaccurately portrayed the risks of its antipsychotic drug, Risperdal, in its ads. Still, J&J's credo is widely regarded as a leading example of how an ethics statement can be woven into a corporation's culture and form part of its mission.

**The Johnson & Johnson Credo and History**

At Johnson & Johnson there is no mission statement that hangs on the wall. Instead, for more than 60 years, a simple, one-page document—Our Credo—has guided our actions in fulfilling our responsibilities to our customers, our employees, the community and our stockholders. Our worldwide Family of Companies shares this value system in 36 languages spreading across Africa, Asia/Pacific, Eastern Europe, Europe, Latin America, Middle East and North America.

**Our Credo History<sup>24</sup>**

General Robert Wood Johnson, who guided Johnson & Johnson from a small, family-owned business to a worldwide enterprise, had a very

perceptive view of a corporation's responsibilities beyond the manufacturing and marketing of products.

As early as 1935, in a pamphlet titled TRY REALITY, he urged his fellow industrialists to embrace what he termed "a new industrial philosophy." Johnson defined this as the corporation's responsibility to customers, employees, the community and stockholders.

But it was not until eight years later, in 1943, that Johnson wrote and first published the Johnson & Johnson Credo, a one-page document outlining these responsibilities in greater detail. Johnson saw to it that the Credo was embraced by his company, and he urged his management to apply it as part of their everyday business philosophy.

The Credo, seen by business leaders and the media as being farsighted, received wide public attention and acclaim. Putting customers first and stockholders last was a refreshing approach to the management of a business. But it should be noted that Johnson was a practical minded businessman. He believed that by putting the customer first the business would be well served, and it was.

The Corporation has drawn heavily on the strength of the Credo for guidance through the years, and at no time was this more evident than during the TYLENOL® crises of 1982 and 1986, when the McNeil Consumer & Specialty Pharmaceuticals product was adulterated with cyanide and used as a murder weapon. With Johnson & Johnson's good name and reputation at stake, company managers and employees made countless decisions that were inspired by the philosophy embodied in the Credo. The company's reputation was preserved and the TYLENOL® acetaminophen business was regained.

Today the Credo lives on in Johnson & Johnson stronger than ever. Company employees now

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