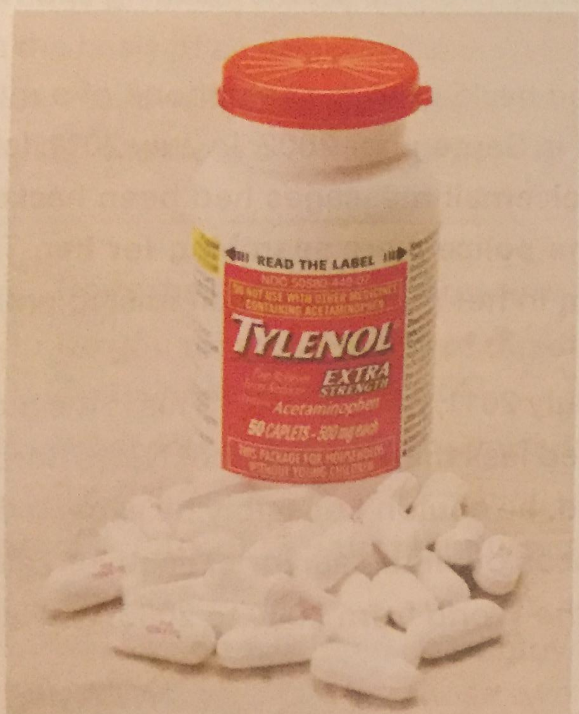
Thinking Critically 3.3

>> JOHNSON & JOHNSON AND THE TYLENOL POISONINGS

A bottle of Tylenol is a common feature of any medicine cabinet as a safe and reliable painkiller, but in the fall of 1982, this household brand was driven to the point of near extinction along with the fortunes of parent company Johnson & Johnson as a result of a product-tampering case that has never been solved. On September 29, 1982, seven people in the Chicago area died after taking Extra-Strength Tylenol capsules that had been laced with cyanide. Investigators later determined that the bottles of Tylenol had been purchased or shoplifted from seven or eight drugstores and supermarkets and then replaced on shelves after the capsules in the bottle had been removed, emptied of their acetaminophen powder, and filled with cyanide.



The motive for the killings was never established, although a grudge against Johnson & Johnson or the retail chains selling the brand was suspected. A man called James Lewis attempted to profit from the event by sending an extortion letter to Johnson & Johnson, presumably inspired by the $100,000 reward the company had posted, but the police dismissed him as a serious suspect. He was jailed for 13 years for the extortion but never charged with the murders.

The response of Johnson & Johnson to the potential destruction of its most profitable product line has since become business legend and is taught today as a classic case study in crisis management at universities all over the world.

Company chairman James E. Burke and other senior executives were initially advised to only pull bottles from the Midwest region surrounding the Chicago area where the deaths had occurred. The decision they made was to order the immediate removal and destruction of more than 31 million bottles of the product nationwide, at an estimated cost to the company of more than $100 million. At the time, Tylenol held a 35 percent share of the painkiller market. This attack on the brand quickly reduced that share to less than 7 percent.

Why would the company make such an expensive decision when there were cheaper and more acceptable options open to it? To answer that question, we need to look at the company's Credo—the corporate philosophy statement that has guided the company since its founder, General Robert Wood Johnson, wrote the first version in 1943.

The opening line of the Credo explains why the decision to incur such a large cost in responding to the Tylenol deaths was such an obvious one for the company to make: "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." That responsibility prompted the company to invest millions in developing tamper-proof bottles for its number-one brand and a further $100 million to win back the confidence of their customers.

The actions appeared to pay off. In less than a year, Tylenol had regained a market share of more than 28 percent. Whether that dramatic recovery was due to savvy marketing or the selfless response of company executives in attempting to do "the right thing" for their customers remains a topic of debate over a quarter of a century later.

QUESTIONS

1. Although Johnson & Johnson took a massive short-term loss as a result of its actions, it was cushioned by the relative wealth of the company. Should it have acted the same way if the survival of the firm were at stake?
2. James E. Burke reportedly said that he felt that there was no other decision he could have made. Do you agree? Could he, for example, have recalled Tylenol only in the Midwest? Was there a moral imperative to recall all Tylenol?
3. What was the moral minimum required of the company in this case? Would it favor some stakeholders more than others? How would you defend balancing the interests of some stakeholders more than others?
4. Imagine that a third-world country volunteers to take the recalled product. Its representatives make assurances that all the tablets will be visually inspected and random samples taken before distribution. Would that be appropriate in these circumstances? Would it have been a better solution than destroying all remaining Tylenol capsules?
5. Apparently no relatives of any of the victims sued Johnson & Johnson. Would they have had a moral case if they had? Should the company have foreseen a risk and done something about it?
6. How well do you think a general credo works in guiding action? Would you prefer a typical mission statement or a clear set of policy outlines, for example? Do you see any way in which the Johnson & Johnson Credo could be improved or modified?

Sources: S. Tifft and L. Griggs, "Poison Madness in the Midwest," www.Time.com, October 11, 1982; I. Molotsky, "Tylenol Maker Hopeful on Solving Poisoning Case," *The New York Times*, February 20, 1986; B. Rudolph, "Coping with Catastrophe," www.Time.com, February 24, 1986; and Johnson & Johnson Credo, www.jnj.com/connect/about-jnj/jnj-credo/.