
IBS Center for Management Research

Johnson & Johnson's Credo

*This case was written by **Debapratim Purkayastha** and **T. Seshasai** IBS Center for Management Research. It was compiled from published sources, and is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.*

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To order copies, call +91-8417-236667/68 or write to IBS Center for Management Research (ICMR), IFHE Campus, Donthanapally, Sankarapally Road, Hyderabad 501 504, Andhra Pradesh, India or email: info@icmrindia.org

www.icmrindia.org

Johnson & Johnson's Credo

Johnson & Johnson (J&J) was established as a small medical products company in 1886 by Robert Wood Johnson, James Wood Johnson, and Edward Mead Johnson. Since then, the company had brought in many new ideas and products that had transformed human health and well-being. As of 2008, J&J was the world's leading healthcare company and its products ranged from toiletries to pharmaceuticals, to medical diagnostic equipment.

Unlike other companies, J&J did not have a mission statement. Instead it had a credo statement to guide it. In 1943, the company assumed four lines of responsibility – to the public, employees, the management, and the stockholders and this went on to become the company's credo statement in a year's time. Originally, it was written by Robert Wood Johnson.¹

From time to time, the credo statement underwent revision. Questionnaires and surveys were used to determine the validity and relevance of the credo statement in changing times.² However, though the language of the credo changed over the years, its core remained the same. The company's employees were trained and developed keeping the credo statement in view and it was incorporated into their consciousness. The credo went on to become an intrinsic part of the J&J culture and guided decision-making at all levels. This value system was shared in 36 languages spreading across Africa, Asia/Pacific, Eastern Europe, Europe, Latin America, the Middle East, and North America.

Johnson & Johnson's 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,

¹ www.kahaner.com/johnson_johnson.shtml

² Kate Walter, "Value Statements that Augment Corporate Success," *HR Magazine*, October 1995.

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.³

According to the company, this credo statement had withstood the test of time and had not only enabled J&J to grow at a sound pace, but also to face adverse situations. In 1982, J&J was in the midst of a potentially disastrous situation. Seven people died in Chicago after taking extra strength Tylenol, a drug manufactured by the company, which had been laced with cyanide. The scandal and the subsequent adverse publicity threatened to badly damage the company's reputation.

The credo statement enabled managers to think in a concerted fashion about the crisis and though there was confusion on the action path to be adopted in light of the deaths that took place, the decision to withdraw the Tylenol bottles was guided by the credo statement. The company took immediate action as necessitated by the circumstances. The credo statement provided for

³ www.jnj.com

protecting people and accordingly, public announcements were made warning people about the consumption of Tylenol. Later the bottles were also withdrawn which amounted to a loss of more than US\$100 million for the company.⁴ The ingraining of the credo statement into the consciousness of the managers helped the company overcome the Tylenol scandal. Had the credo statement not been there, the decision to withdraw the bottles would not have been easy as the company was not responsible for the bottles having been tampered with.

1. Do you think that the credo statement of Johnson & Johnson is a good replacement for its vision and mission statements? Give reasons to justify your answer.
2. Do you think the decision to withdraw the Tylenol bottles was correct? If yes, under which part of the credo statement was the action taken mandated?

Additional Readings & References

1. Kate Walter, **"Value Statements that Augment Corporate Success,"** *HR Magazine*, October 1995.
2. **"Tylenol Can't Cure All Crises,"** www.usatoday.com, March 17, 2004.
3. Shivani Lath, **"Living by its Credo,"** *Business Today*, November 2006.
4. **"The Tylenol Crisis : How Effective Public Relations Saved Johnson & Johnson,"** <http://www.grif.com.au/Tylenol-Poisonings.79.0.html>
5. <http://iml.jou.ufl.edu/projects/Fall02/Susi/tylenol.htm>
6. www.kahaner.com/johnson_johnson.shtml
7. www.jnj.com

⁴ <http://iml.jou.ufl.edu/projects/Fall02/Susi/tylenol.htm>