



Johnson & Johnson

# Johnson & Johnson – Executive Summary



## Key Facts & Recommendations

- Span range of 1 – 25 is very wide. Lower layers have less managers and upper layers have more managers than required. Layer 9 has no manager at all.
- Potential savings can be achieved by re-organizing spans and layers. Best-in-class companies have average spans ranging between 10 and 15 direct reports and no more than seven layers.
- 23% Managers are managing less than 2 people. They should be assigned more people who report directly to them.
- Average salary of contract worker is 43% less than that of employees. So, hiring more contract workers will help to save money. Average salary in India is 23% of average salary in the US.

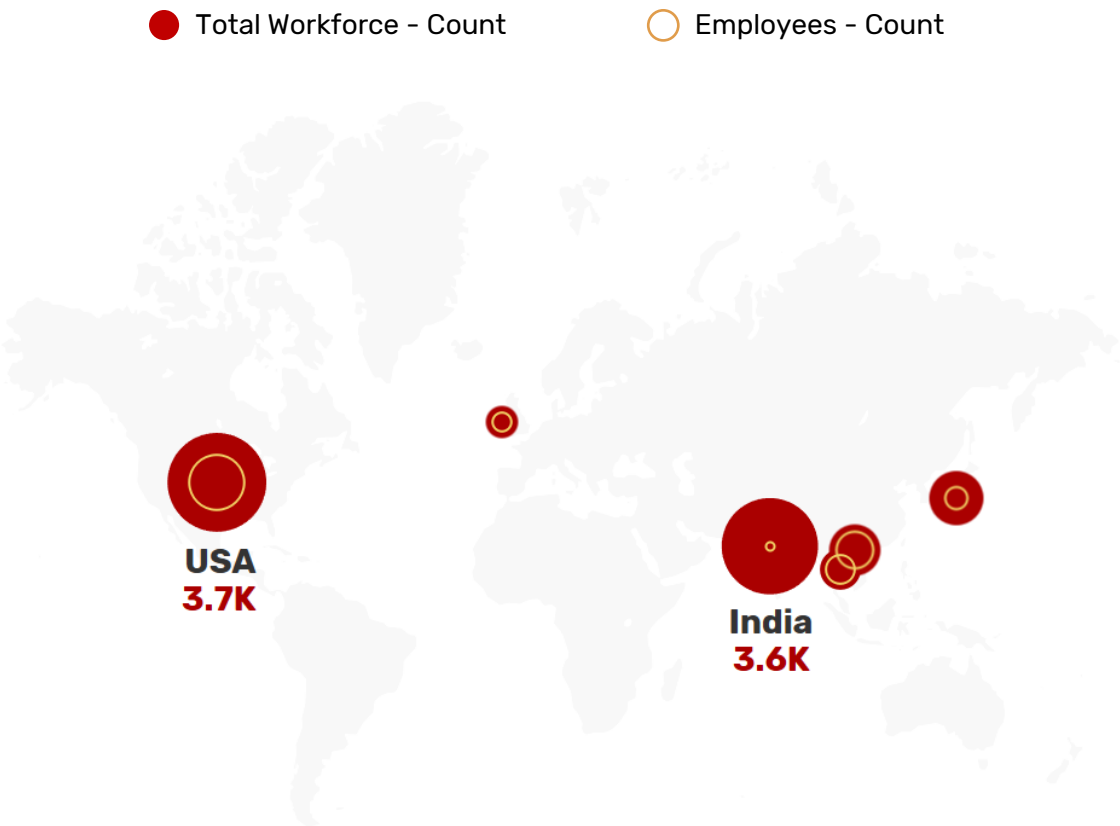
# Workforce Structure



Employees & Contract Workers by Geography, Department, & Avg. Salary

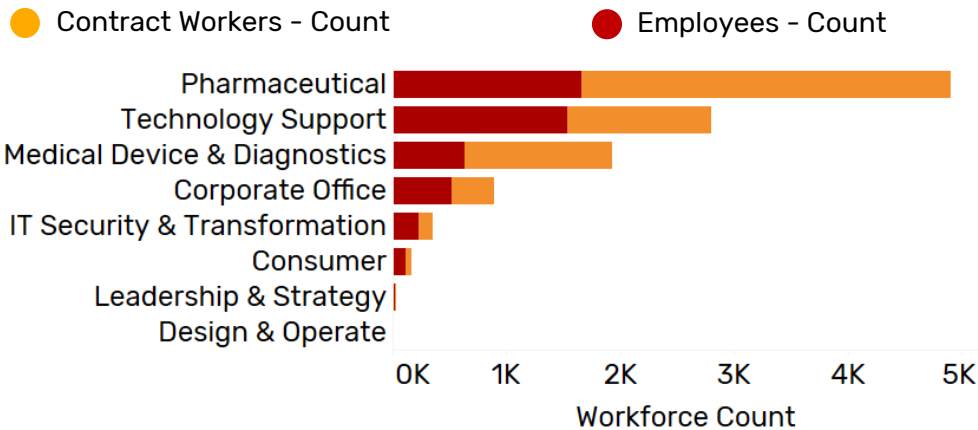
## US & India, each have 1/3<sup>rd</sup> of the total 11k Workforce

US has 47% of total employees & E:CW ratio of 60:40 (same as overall)  
India has 55% of total contract workers and an E:CW ratio of 2:98  
Japan, Vietnam, Ireland, & Thailand have 25% of workforce



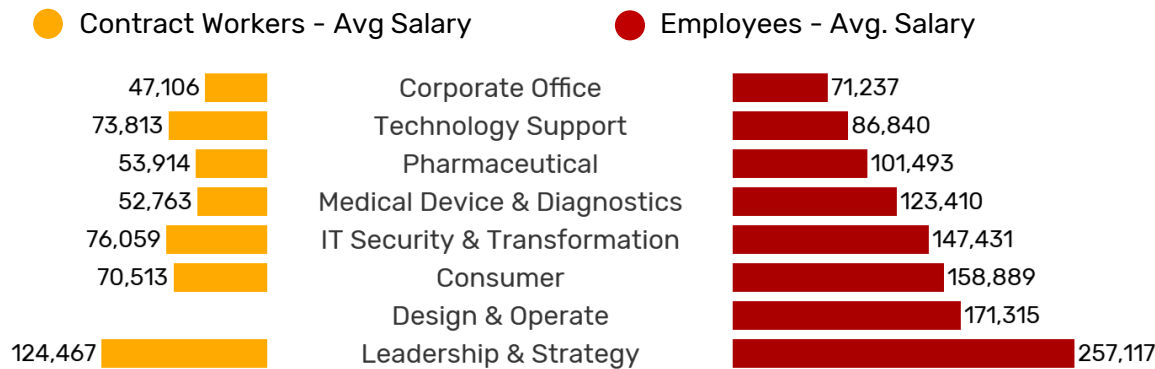
## Count of Employees & Contract Workers by Department

45% of the Workforce belong to Pharmaceutical department



## Avg. Salary of Employees & Contract Workers by Department

Employees take an Avg. Salary which is 74% higher than Contract Workers



# Organizational Structure

What can we do to Streamline Organizational Structure & Improve Savings

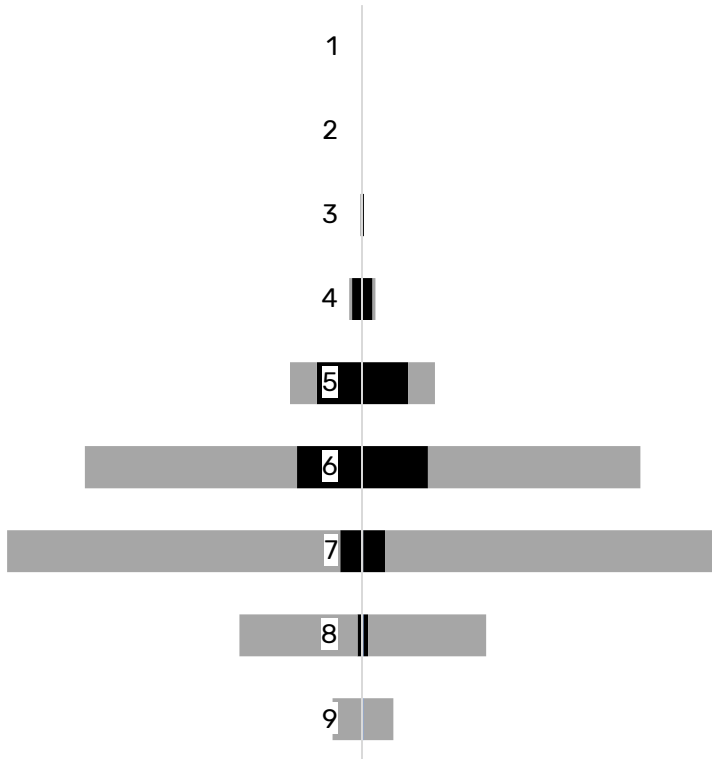


## Inconsistencies in Spans & Layers must be Corrected

Layers 5 & 6 have a span less than 4 which must be increased

Layers 7 & 8 have a span more than 15 which must be decreased

Layers 8 & 9 can be merged to reduce the number of layers



## 45% of the Managers are managing 4 or less People

Number of managers for 5 or more people shows a decreasing linear trend

12% of managers are managing more than 10 people

