

M1L7. Johnson & Johnson

Slide #1



In this topic, we will examine a decision made by the chief executives of Johnson & Johnson.

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Example of Crisis Situation

Do not have the time to think through the situations.

Respond to crisis situations.

Classic crisis management decision-making example.

Senior managers made quick decisions under extremely stressful situation and with very limited information.

Significant outcome of their decisions.

Their decision may impact the fate of their companies.

Their organization may thrive again or fail due to those decisions.

Steve Jobs and his colleagues at Apple had the time to think through the market and the product by making decisions about the iPhone. Sometimes, senior managers do not have the time to think through the situations when they have to respond to crisis situations.

I want to share with you a classic crisis management decision-making example. How senior managers make quick decisions under extremely stressful situations and with very limited information.

Also, at the same time, the outcome of their decisions is significant.

Their decisions may impact the fate of their companies.

Their organization may thrive again or fail due to those decisions.

Slide #3



In 1982, Johnson & Johnson learned that the bottles of their Tylenol product sold in the Chicago area were contaminated with cyanide and seven people died because of that.

The media coverage was intense and nationwide.

Right after the incident hit the media, the market share of Tylenol plummeted from 37 percent to 7%.

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The chief executive officer James Burke and his executives responded very quickly to the incident.

They made prudent decisions to pull every bottle of Tylenol from the shelves and design a new tamper proof bottle.

Their decision cost the company 100 million dollars at that time.

However, their decision saved the company.

Because their decision was very consistent with the values of Johnson & Johnson.

The company is about the customers.

The brand value of the company is taking care of its customers and their executives' decisions clearly show the company took care of its customers, thanks to the consistent decisions that James Burke and his executives made.

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Consistent decisions

Johnson & Johnson was able to rebuild its brand image.

Win back the confidence of their customers.

Sale of Tylenol jumped and its market share climbed back to 30% in a year.

Our decisions must be consistent with the business values of our company.

Johnson & Johnson was able to rebuild its brand image and win back the confidence of their customers in Tylenol products.

The sales of Tylenol jumped, and its market share climbed back to 30% in a year.

What we learned from this example is that our decisions must be consistent with the business value of our company.

When we make decisions as senior managers of organizations, we need to make sure that our decisions are consistent with what our companies stand for.

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YouTube Video Clip

Johnson & Johnson executives explaining

the values of their company,

what the company stood for,

how the company responded to the Tylenol crisis.

We all can learn how to make decisions under extremely stressful situations.

I suggest a four-minute YouTube video clip about Johnson & Johnson's executives explaining the values of their company, what the company stood for, and how the company responded to the Tylenol crisis accordingly.

I think we all can learn some insights about how to make decisions under extremely stressful situations.