

A New Kind of Leadership

Johnson & Johnson CEO Alex Gorsky's remarks
Johns Hopkins University, Carey School of Business Graduation
May 20, 2015

I want to congratulate you on reaching this important moment. This is a great accomplishment and a wonderful day for each of you. You have worked hard, studied many long hours, completed dozens of case studies and projects, taken your “final” final, and now you are feeling pretty good!.

I want to take a moment to say a thank you to your families, your professors, and all the people who supported you on this journey. There is no way you could have made it without them. That was certainly the case for me. Their moral - and sometimes financial – support has allowed you to focus and finish. Please give them a round of applause.

I must start by saying that being asked to give a commencement speech is always a challenge. Think about it for a minute: you're in front of a few hundred people who are just waiting to see their daughter, son, wife, husband, mom or dad cross that stage and be done with it. You will likely remember little of what I say, or even who I am but will surely remember if I speak one minute too long or don't connect.

I know you are excited, thinking “Wow...I'm finally done. I got my MBA and I have a great job offer.” I hate to tell you this, but the real work is only beginning.

The fact is – we need you. Yes, I know, the biggest and best businesses and government are recruiting you for your brains and your Carey degree “seal of approval” and we do need smart, talented and educated people.

More than that, though, we need leaders. I believe we need a new kind of leader and a new kind of leadership. Not just here in the United States, but in every country around the world. We need values-based leadership, today and tomorrow more than ever before. We need it in business, in politics, in every aspect of our society and every society. While you can now tell the difference between NPV and IRR, wax poetically about strategy, globalization, competitive advantage, Shumpertarian markets, and Nash Equilibria, I believe the biggest difference you can make for the rest of your career is to ensure you bring your values and character to life with your business leadership in the future!

Even after all you've learned, nothing is more important than those two things -- your values and character.

I have been very fortunate to spend the better part of my career with Johnson & Johnson. It is a unique company, and I realize that and appreciate it much more than I did 25 years ago.

J&J has offered me an opportunity for constant learning. And I need it. I am rubbing elbows every day with world-class scientists, physicians, nurses and business people.

The company is a remarkable combination of old and new -- 129 years of innovation from the virtual invention of First Aid at the beginning of the last century to the molecular and biogenetic science driving change today. It is a combination of bedrock and cutting-edge technology and science across the broadest base of any company in health care.

Johnson & Johnson also is a company built on belief and values, guided by a set of principles defined more than 70 years ago.

At that time, the head of our company was Robert Wood Johnson II, the son of one of our founders. That year -- 1944 -- Johnson & Johnson was going public. That meant new investment, new opportunities, and new wealth. General Johnson was worried that the company would lose its way and lose touch with the values that built Johnson & Johnson. His father had pioneered the development of sterile surgery as he was also helping to build the company and he wrote the company's values saying, "Companies must earn the right of society to operate their business."

His son wrote our Credo in 1944. It is a simple, 342-word document that you may have come across as part of a case study. He wrote out in longhand, describing our first responsibilities to the doctors, nurses and patients, the mothers and fathers and all who use our products and services, then our responsibility to employees, to suppliers, to shareholders, to the communities in which we work and live, and to the world community.

The Credo shapes literally every decision at Johnson & Johnson. It's my GPS for values-based leadership at J&J. You may have to write your own credo and define your own values in whatever company you work for or for whatever work you do wherever you do it.

I want you to do that. I challenge you to write your own Credo.

Whatever you do, you cannot ignore the economic crisis in our country -- a growing income inequality. That's an issue in many, many countries. Here in the U.S., we have for more than two decades been experiencing erosion of the middle class economic foundation and because of that, erosion of the American dream. That dream, passed down through the generations in this country, is that our kids will do better than we have. That dream is in trouble right now for our middle-class working parents. In my travels throughout the world, I meet people in dozens of countries. I can tell you that same worry plagues parents everywhere. Will our kids do better than we did?

I want you – and I challenge you -- to help restore that dream.

At the time that Robert Wood Johnson wrote Our Credo, there was the beginning of the most significant economic boom of our history. A vibrant manufacturing sector was at the base of the Post-War boom. That meant well-paying jobs that established the foundation of our American middle class and sustained families and communities for decades.

It's not just the recent Great Recession that has assaulted our middle class. There has been erosion caused by many factors over many years. As you well know, it is a problem that is complex, multi-faceted, and challenging. But just because it's hard work does not mean that we should not take it on -- because that erosion is resulting in crumbling of that foundation and the moral energy of our American productivity and American innovation and the American community.

People in our middle class are working in lower paying service jobs now, often working in two or three jobs to get by. This economic situation affects all of our citizens -- young and old, rich and poor. This affects all groups. And something that is very close to my heart: let's not forget the challenges facing our military veterans. There is much higher unemployment among these brave citizens. And there is an inexcusable gap in providing the highest quality healthcare for them. That's just not acceptable.

As you read every day, there are two competing political views in Washington, D.C. on solving this issue of an eroding middle class. They seem to be polar opposites. I do not think that the answer lies at either extreme.

It's going to take more than that, and we've got to be better than that. You've got to step up and take an important role. It's going to take commitment, honesty and sacrifice. It's going to take hard work.

I'm asking you to focus on a new kind of business and corporate leadership -- that values-based leadership I mentioned.

For a long time, there's been an assumption that our responsibility to build a successful business by creating value, satisfying customers, delivering a return for our shareholders, and paying our employees fairly was the job of corporate leadership. That those things would benefit society and all boats would rise.

Well, there's more work to do now. Because so many of those boats have capsized and sunk.

Fortunately, there's a growing recognition that we live and work in a larger community than the markets in which we do business. That recognition has been growing lately. You see it in Walmart and McDonald's raising wages. You see it in Aetna raising wages and health benefits among its lowest-paid employees.

Corporate responsibility and developing sustainable operations are also good steps, but I challenge you to establish values-based leadership in your jobs, in your life, and in your communities. Exert your leadership to bring it to life.

Live what you believe. Work what you believe.

Business leadership has a role in and a responsibility for creating a better society. It's as simple and as hard as that. Politics may remain gridlocked. We need you to come up with the new answers ... a new way. If you can't break that political gridlock, then ignore it. Lead.

We've got work to do. Ask yourselves those timeless questions: "If not us, who? If not now, when?"

I want you to take on the real job -- the big job -- of leadership in the future, helping to create a healthy, prosperous and sustainable society. I urge you to make sure the company you join or build shares this in some way as a major goal.

As I've said, beyond our American society there are the same issues and more in global society.

Values are not airy philosophies. They can be solidly practical. At J&J, we have learned through more than a century and a quarter of the invention of modern health care that innovation is not often the product of solitary genius. It is almost always the product of collaboration. And successful collaboration depends on including a diversity of individuals, ideas, approaches and opinions in the process. I've learned that we have to be agnostic about where the next great idea comes from. After all, the world needs more miracles.

I am asking you to save our nation and save our world.

Here are a few suggestions for how you can develop your own values-based leadership to achieve those goals.

- Today's and tomorrow's leaders must have a panoramic view of the world -- a balance of hard and soft skills. You will constantly draw on your experience here at Carey.
- You must open your mind to think globally. See 360 degrees around you.
- As a leader, you must be a technology early adopter. There's no choice. Aggregation of data is creating new models for analysis, insight creation, delivering value, increasing effectiveness and efficiency. This is true in every business and every market.

▪ It's not enough to accept change. You can't fall behind it. As a leader, you must learn to love change. The rule of survival in business and politics today is that you must lead change or you will be changed!

▪ To achieve the great goals ahead of you, let me give you what may be my most important advice today: take time to take care of your body, your spirit and your soul. The careers you have ahead are a marathon, not a sprint. Your work will be demanding. You may travel often, eat bad food, sleep less than you should, and not be as active as you need to be. But I encourage you and challenge you to take care of yourselves. You don't need to complete a triathlon. If you do, great! But find a way to stay healthy. Take the time to energize and refresh. And stay healthy and engaged for your family -- your loved ones who have been so patient while you have been working so hard.

▪ I want you to remember that not everything you need to know is the newest and latest. Some basics never change. You must have that strong grounding in morals, values, and your own purpose.

▪ A final suggestion -- another important one -- make a commitment to stay connected to your classmates and the friends you have developed here at the Carey School of Business. You will come to recognize them as the most important part of your experience here.

This is an exciting day for all of you. Think about it for a moment: you have an amazing and broad education, and you have a strong sense of the importance of authenticity, honesty, justice, and moral and ethical right.

I know some of you wonder if you will have to give some of that up as you climb the career ladder you're facing now.

I believe you won't.

Oh, yes we all have work to do. And yes, there are tremendous challenges ahead of us all. But there are tremendous opportunities, too. Our nation and our world need you to lead the way to those opportunities.

I believe you will. You'll lead the way ... the right way.

I feel as President Ronald Reagan said: "America's best days are yet to come. Our proudest moments are yet to be. Our most glorious achievements are just ahead."

That's because of you.

And I thank you very much.