

## Pharmaceuticals sector

# Johnson & Johnson chief looks to the greater good

Decision to make any coronavirus vaccine available on a non-profit basis chimes with group's corporate values

HANNAH KUCHLER

Since the start of the crisis, Alex Gorsky, Johnson & Johnson chief executive, has started every video call by asking his colleagues to talk about something positive in their lives. People recounted getting in touch with old friends, or spending time with family. But last weekend, they all had something to celebrate: a potential vaccine for coronavirus.

With a half billion dollar investment from Mr Gorsky, matched by the same amount from the US government to speed up the process, J&J's researchers had come up with a drug they believed could be ready for human trials by September.

The vaccine, Johnson & Johnson said, would be available on a not-for-profit basis.

The world's largest healthcare company, which makes drugs, medical devices and the eponymous baby shampoo, is proud of its 77-year-old "Credo" – its corporate mission statement that the company's "first responsibility is to the patients, doctors and nurses, to mothers and fathers and all others who use our products and services".

After eight years leading the company, Mr Gorsky, a 59-year-old pharma and military veteran, has tried to extend this philosophy outside the company.

He was heavily involved in work by the US Business Roundtable, one of the country's biggest business lobbies, to redefine the purpose of corporations. The new definition, published last year, states that companies must try to serve all stakeholders, including staff and customers, not just shareholders.

But J&J has been criticised in recent years for straying from its credo. It is battling litigation related to the US opioid crisis and to claims, which it contests, that its talcum powder contains a carcinogen. Democrats and

Republicans have condemned the wider

pharmaceutical industry for soaring drug prices, and some have pointed to pay packages, like the \$25m Mr Gorsky made in 2019, as a part of the problem.

Mr Gorsky grew up with five siblings in a middle class family in Fremont, Michigan. Ginni Rometty, chief executive of IBM, where Mr Gorsky sits on the board, has known him for a decade. She said you can judge someone's values by what they do without seeking attention for it. "He is completely dedicated to the community where he was where he grew up. He has done so many things, volunteering and investing in that community, no one would ever know that," she said.

Educated at the military academy West Point, Mr Gorsky learnt that the people closest to the problem often know the most about it. He joined Janssen, J&J's pharma division, in sales in 1988, with only a BA in biology. But Paul Stoffels, J&J chief scientific officer, said he trusts his 30,000-strong R&D division: "He always asks the right questions, about the risks, and how this works. He very much understands what we do."

He is also a deft communicator, swiftly responding to messages from employees and other chief executives. When he was marshalling the almost 200 chief executives of the roundtable to sign the new corporate purpose statement, he made an effort to listen to everyone's views.

"It was his baby, and he did a fantastic job," said Josh Bolten, chief executive of the Business Roundtable.

The decision to make the vaccine available on a non-profit basis looks like the ultimate example of mission-driven leadership that chimes with J&J's corporate values.

"[It] was a no brainer," said Joaquin Duato, vice-chairman of the company's executive committee, who has been mentored by Mr Gorsky for decades. "We

didn't want to make a dime out of this."

Jamie Dimon, chief executive of JPMorgan, and the former chairman of the Business Roundtable, said he wrote to Mr Gorsky after J&J made the announcement.

"It's exceptional. It is corporate America at its best," Mr Dimon said. "When the chips are down, you worry about doing the best for mankind."

But it could also be seen as a pragmatic and PR savvy move, at a time when politicians are already calling for vaccines and drugs for Covid-19 to be affordable and accessible to all.

Rupert Younger, director of the Oxford University Centre for Corporate Reputation, said Mr Gorsky had little choice but to offer the vaccine without profit, because J&J is partnering with the government.

"The idea of pharmaceutical companies profiting off a global pandemic would have made them a global pariah – and very fast," he said.

Exactly what non-profit means is yet to be seen, he added. "The devil is in the details."

David Mitchell, founder of Patients for Affordable Drugs, said even if the vaccine is available on a non-profit basis, J&J would still have huge costs to cover. He added that the promise was only for the duration of the pandemic.

Nevertheless, Mr Gorsky should be given credit for choosing to give away "one of the most attractive price-gouging opportunities of the century", said David Vinjamuri, an assistant professor of marketing at NYU and a former J&J employee.

And other companies racing to find a vaccine will be under pressure to follow suit. "There's no question that whatever economy we inherit once all this is done, will be different from the one that we left. The smart companies are actually thinking about that right now."