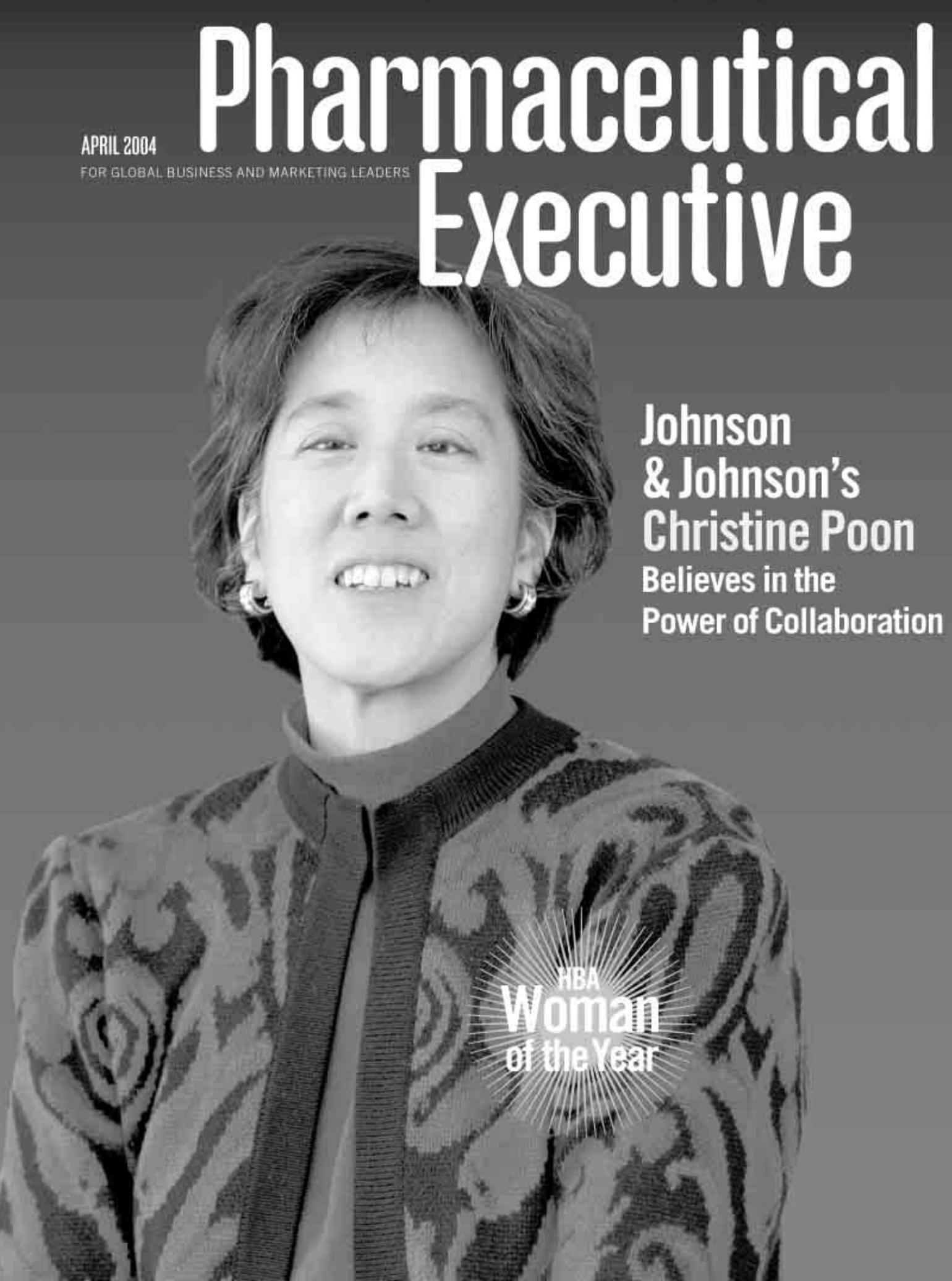


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Pharmaceutical Executive

**Johnson
& Johnson's
Christine Poon**
Believes in the
Power of Collaboration



HBA
**Woman
of the Year**





Standing Out, Fitting In

BY ELAINE PAOLONI, MANAGING EDITOR | PHOTOGRAPH BY ROGER TULLY

As the 2004 HBA
Woman of the Year,
Johnson & Johnson's
Christine Poon
believes in the power
of collaboration.



Sipping coffee from an ordinary paper cup that looks like it came from the company cafeteria rather than the closest Starbucks, Christine Poon, Johnson & Johnson's worldwide chairman of medicines and nutritionals, starts her day as many women do. But beneath her humble persona is the leader of J&J's \$17 billion drug business—which accounts for 60 percent of the company's operating profits and is its most dynamic unit.

“Our pharma business, over the last two years, has been the fastest-growing of the large pharma companies,” says Robert Darretta, J&J's vice-chairman and CFO. “Chris has been playing an important role, even prior to leading the entire foreign business over that period of time. I think she's done it very well. It's a very challenging time for the industry. But she is a talented person up for the challenge.” »»



Poon's own image of her success is different from what one might expect from a woman in such an important position. She says that her sense of accomplishment comes more from within than from outside honors. Although she's grateful to be named this year's Woman of the Year by the Healthcare Businesswomen's Association (HBA) and was pleased to be ranked 27 on Fortune's 2003 list of the 50 most powerful women, she says both are measures of recognition, not positions she has aspired to all her life. "It's not about me, the person. It's about our business," she says. "It's about the people who work here at Johnson & Johnson. It's about their accomplishments."

Her unassuming attitude might seem to be in contrast with the qualities of a prominent business executive, but at J&J, it seems to make Poon stand out and succeed in managing a diverse group of people and businesses.

A Perfect Fit

Poon, who resides in Princeton, New Jersey, with her husband, came to J&J in November 2000, after 15 years with Bristol-Myers Squibb (BMS), where she last headed up the international medicines division.

"I knew Chris through her reputation," says William Weldon, chairman of the board and CEO of J&J, whose idea it was to court Poon. "We got to know each other over a period of months. We talked about values, beliefs, business, and industry." Discerning whether Poon subscribed to J&J's guiding principles, outlined in the company's credo, was of utmost importance. (See "Being Is Believing," page 54.) Etched in stone outside the entrance of the company's headquarters in New Brunswick, New Jersey, the credo is a commitment to customers, employees, the community, and stockholders. It promotes the idea that investing in people will ultimately produce financial rewards. The company has no mission statement—just this set of ideals that dictates a way of life at J&J and influences all business decisions.

"When I first talked to [former J&J CEO] Ralph Larsen about coming here, I asked what advice he would give an outsider coming in," Poon recalls. "I think he gave me the best advice in the world. He said, 'I think it's important that you do your homework and you really understand the kind of company J&J is and the kinds of values we have.' He pointed out the credo, and he talked about decentralization. He talked about commitment to a diversified company. He talked about

the high-level values of the company. He said, 'The best thing is for you to understand who we are, and if your own values match up well to who we are, it is probably going to be an easy transition for you.' He said if you feel like you are fighting any of these values, it will be tough for you, because it's not likely that this company will change for a single individual.

"I certainly understand the credo. I think it's not as much an intellectual as it is an emotional document. On the issues of diversification and decentralization, I intellectually understood, but I wasn't emotionally committed until I actually got here and came to understand the power of our business model."

"When Chris stepped into the job, it became very, very clear that she was the good fit," adds Darretta. And she has gone on to prove it.



Good Judge of Talent Intrigued by her outstanding industry reputation, chairman and CEO William Weldon brought Christine Poon to J&J.

Chris knows how to motivate people and get the most out of them. She is the complete package.

Diversity Breeds Opportunity

With a physician father and a mother studying to be a nurse, Poon felt destined to work in healthcare. It wasn't pressure from her parents or the social circle she grew up in; she simply "loved the idea of science advancing healthcare and being able to cure many of the diseases that 50 years ago we took for granted people would die from."

Although some of her colleagues at J&J find it hard to believe, Poon says she "wasn't the top student in the class" and "wasn't very good at science" while growing up in Cincinnati, Ohio. After graduating early with a degree in biology from Northwestern University and earning a master's in biology/biochemistry from St. Louis University, she headed to Boston University to pursue a different path—an MBA in finance. She credits her brother with the suggestion. "This was the late '70s, early '80s," she says. "It was unusual at that time to have people who had degrees in both areas. I think today it's a lot more common to have PhDs and MBAs, and MDs and MBAs. But back then, it helped a lot to differentiate me from other folks."

Despite providing a competitive advantage, being different had its challenges in the business world. "I think women my age would say that it was a lot lonelier 25 years ago. Today's generation of women probably don't feel that same isolation that some of the early HBA award winners and myself must have felt," she says. "But I think one thing that women have learned through the years is to understand that inherently, as

individuals and as women, we have certain strengths. Many, many years ago, the only way we understood how to be part of this tribe was to be like the tribal members. But I would urge all women to just be themselves. Being yourself is the greatest strength you have. Just tap in to your own individuality and make it work for you.

“That’s what makes a company great, and that is the essence of diversity. Diversity isn’t just because you are Asian or African-American, because you are a woman or a man. It’s the individuality and the differences that you bring, the perspectives you bring to the job that is really the essence of diversity.”

Poon sees the benefits of diversity come to fruition whenever she interacts with her management team. “It’s great to watch how many different people have such different approaches to the same issues. The creativity the people bring—I’m just continually in awe of our people and what they bring to the organization, their ideas, their commitment, their creativity, their innovation. I get as enthusiastic and as excited as they are when they’re talking about their business. And because I have worked around the world for so many years, I hope that I bring to them a different perspective.”

Learning Through Listening

When it comes to being in charge, Poon, 50, is a quiet powerhouse who understands the need to let people be themselves to get the most out of them. Perhaps a product of her Chinese heritage, her respect for others encourages successful business relationships and keeps the lines of communication open.

“Chris is an extraordinary person, an extraordinary leader,” says Weldon. “She gets the most out of people and motivates them.” He also touts her scientific and business background, including her experience in the diagnostic and device areas, as well as managing business. “She’s the complete package,” he adds.

For Poon, management is more of a democracy than a dictatorship. She values interacting with people and spending time with J&J’s organizations, whether they are in the United States, Europe, or Asia. “It’s probably those times and those moments when we’re together, when I’m hearing what they want to do in terms of strategies around new products or product launches or dealing with particularly challenging issues—those are probably the best moments of any day or week or year that I have,” she says.

She realizes that the management process is a two-way street; it’s not just about giving orders, but listening to what’s going on. “I ask a lot of questions. I have tried to restrain myself and to learn through the years that telling people is not as effective as

asking. By asking you get a lot more out of folks. It’s certainly less threatening. But more important, I think it brings out ideas, and it begs other questions. From a leadership style, I probably do more questioning than telling. Although, some people will say that by my questions, I’m telling them.

“I’m a pretty patient listener,” she adds. “On the other hand, I tend to know where I want to go and to be decisive about getting there. So there is always this balance between being patient, being too decisive, and not listening. And I’m always trying to find the place to be in the middle.”

“Poon is a skilled psychologist, I would say, to get the most out of any individual. She is extremely respected and liked,” says Per Peterson, J&J’s chairman of research and development, pharmaceuticals. “She never overreacts, and there is never a crisis with her. There may be problems, but there is never a crisis. She deals with it and says, ‘Okay, this is the situation. What are our options? What is the best course of action?’ She is never yelling at anybody or jumping up. She is stimulating people.”

Poon is also known for setting high goals and is skilled in influencing people. Although salespeople are pressured to come in with challenging forecasts, Peterson explains, Poon will look at those forecasts and simply say, “Why don’t you go back and see if you can come up with something more,” without raising her voice or pressuring them. “Everybody makes the utmost effort, because she generates so much respect,” he says. “And she is not disappointed if you can’t. Because then she knows that you have really gone all the way.”



Science-Minded

Born in Brentwood, Missouri, Christine Poon resides in Princeton, New Jersey, 30 minutes from Johnson & Johnson headquarters. She earned her bachelor’s degree in biology from Northwestern University, a master’s degree in biology/biochemistry from St. Louis University, and an MBA in finance from Boston University. Poon spent 15 years with Bristol-Myers Squibb, where her career included marketing and strategic planning. She joined J&J in November 2000 as company group chairman. In 2001, she became worldwide chairman of pharmaceuticals and was a member of the pharmaceuticals group operating committee. In October 2003, Poon was named worldwide chairman of medicines and nutritionals, in which she currently is responsible for all pharmaceutical, consumer pharmaceutical, and nutritional businesses.

Greater Than the Sum of Its Parts

Poon’s view of individuality fits hand in hand with J&J’s decentralized business model. “If we harness the synergies that exist between our businesses, we can cause the overall level of performance to be higher than what those businesses would achieve if they were separate and apart from one another,” says Darretta. “The only way you can be broadly based is if you are comfortable letting the managements of individual businesses be free to run their businesses.

And that’s just what J&J strives to do. “We don’t buy a company unless we believe that they have a good culture. And we definitely don’t want to influence the culture they have established. We never buy a company unless we can still have the management group. We want them to feel that they are masters of their own fate,” says Peterson. “My philosophy is, ‘Guys, go do it.’ And I’m not going to tell you how to do it. That’s your job. So you can use all your imagination and all the



Being Is Believing

Walk through the halls of Johnson & Johnson headquarters, and you'll see a common desk accessory in almost every office—a replica of the company's four-part credo. As president of J&J in 1943, General Robert Wood Johnson created the visionary guidelines that would help him grow the company from a small, family-owned business to a global corporation with more than 200 companies in 54 countries.

It may not seem like a sound approach to business—putting people before profit—but Johnson believed that by concentrating on the human aspects of healthcare, stockholders would be ultimately rewarded. In order of importance, the credo stresses the company's responsibility to:

- the doctors, nurses, patients, mothers and fathers, and all others who use the company's products and services
- J&J employees worldwide
- the communities in which they live and work, and the world community as well
- company stockholders.

But the credo isn't just a set of words. It's a way of thinking, a way of doing business—it's simply a way of "being" at J&J. "There might not be a week that goes by when you're not faced with some decision, some issue, some opportunity, and you are asking yourself, against the values of the credo, 'How do I best deal with that issue?'" says Christine Poon, J&J's worldwide chairman of medicines and nutritionals, and HBA Woman of the Year. "And it's not even that it's said. It's just in the way people approach the work that we do.

"I think the credo is also incredibly liberating, because it

allows every individual in the organization to raise their hand and say, 'I think we need to think about the credo when we're going to do that or when we embark upon this or when we think about that.' So the hierarchies disappear once that credo issue is put on the table," she adds. "It's this incredibly equalizing force in the company that creates a checks-and-balance system that serves as a dialog that is really healthy. That is one key thing that is so different about Johnson & Johnson."

Robert Darretta, vice-chairman and CFO of J&J, provides an example of the omnipresence of the credo's spirit within J&J, referring to some compounds for the treatment of HIV that the company obtained largely as a result of an acquisition it made a few years ago. "I remember having a meeting at the executive committee level, talking about whether we should do it. It's almost a field where 'no good deed goes unpunished.' As you enter into the field, you do it with some trepidation or concern because of the pressure and the scrutiny that you will be under," he says. "I remember Chris weighing in the issue, and she was a strong advocate for making the acquisition. And she said, 'Well, as the leader in healthcare, how could we *not* participate in this field?' It wasn't the commercial consequences. It wasn't the financial return. It was that we had a *responsibility* to participate in this field. And that was entirely consistent with our values, our interest in doing things of significance, rather than simply being successful."

To view J&J's credo in its entirety, visit www.jnj.com/our_company/our_credo/index.htm.

resources you have."

"We don't operate Johnson & Johnson from the center," adds Darretta. "We have a responsibility of oversight, of course, but the primary responsibility for the well-being of the business resides with the individual leaders of that business." That philosophy generates decision makers who are incredibly knowledgeable about their units and have a strong sense of ownership and commitment. "What is amazing is that within a \$40 billion-plus organization, we can have business leaders who have more of a sense of being entrepreneurs than you would expect in an operation of J&J's size."

It seems many companies—especially smaller startups—are eager to join the J&J family. They realize that the decentralized business model is a way to retain their independence while benefiting from Big Pharma. "J&J protects them from the vagaries of Wall Street," says Peterson. "Being a company that only knows the long term, J&J can give them protection during the years they build up their sales and develop the next generation of drugs."

Deal Makers

"Our company, to a large extent, has grown maybe as much through external growth as we have from our pipeline growth," says Poon. While acquisitions seem to benefit both parties in J&J's case, in order to be successful, they must have a solid foundation. So how does J&J ensure that the deals they take on are good ones?

When considering an acquisition, J&J takes into account two main aspects of the prospective company: the quality of its management team and the addition of a new technology or growth platform. If they don't meet J&J standards, the company is prepared to walk away. "I think it's a great tribute to the company that we don't take on a deal just to do the deal," says Poon. "That sounds really simplistic. But I'll tell you, having seen a lot of stuff, you can see how you can get caught up in the excitement of the deal, and then you end up really compromising for it. But there is a point in time when you move over the line, and then it's not a good deal any longer."

Poon feels that in addition to bottom-line benefits, acquisitions keep J&J young by challenging the system. "They've changed us, I hope, more than we've changed them," she says. "I think that's one reason why we've survived and thrived."

Poon, who had some prior experience with acquisitions, hit the ground running with involvement in the acquisition of Tibotec-Virco shortly after her arrival at J&J. But she was really put to the test as leader of the team that acquired the biopharmaceutical company Scios for \$2.4 billion in 2003. "The acquisition of Scios was probably the largest acquisition in which I have ever been involved," says Poon.

"She felt her way at first," Darretta comments. "I think she looked around a bit and then understood this was her project to lead. It was her investment to be the champion. And Bill Weldon appropriately, as you would expect in our culture, gave her room to take the lead."

Of course, it takes a team of people—from finance, legal, operations, and various other areas—to acquire a business. But there always needs to be a leader. "The Scios deal was hers," says Weldon, highlighting Poon's extraordinary ability to jump right in and take on a project of such magnitude.

Crossing Over

The climate for collaboration is perfect at J&J. According to Weldon, the company's decentralized way of operating affords people opportunities to learn and grow, and it allows the company to generate new businesses. "It's like a snake shedding its skin," he says. The sheer number and diverse nature of business units facilitate reaching across borders to develop new ideas. "The convergence of technologies is huge," says Weldon, "whether it's between drugs and diagnostics, or diagnostics and devices."

Peterson feels that one of the greatest hidden assets of the company is its vast technology. He stresses the need for scientists among different sectors to talk to each other in order to take advantage of this nearly unlimited opportunity. He supports a system in which scientists interact and exchange ideas. "We have put together joint teams between the pharmaceutical and device sectors to work together and use the best knowledge from both groups to see if they can come up with new products," he says.

Walking into J&J, one of the first initiatives Poon took on was working with Peterson to create "a much better dialog and relationship between the R&D and the commercial organizations," says Poon. "There will always be dynamic tension between those areas, but the essence of our business is our R&D pipeline, our innovation, and it just can't be done by one function alone. It has to be a true collaboration and partnership."

"Per and Chris are both members of our pharmaceutical business and members of the executive committee. So they wear multiple hats," says Darretta. At the end of the day, they are responsible not only for the well-being of the pharma business, but also for the advancement of the overall company. By working across organizational boundaries, Darretta says that they are supportive of collaboration and are concerned with the big picture, whether that means the success shows up on their scorecard—the pharma scorecard—or not. "We've had this potential strength throughout our history. But I believe it's only been in the last decade or so that leadership is actively working to extract more of those [cross-functional]

synergies."

"I think the organization understands that collaborating and working together is a lot more productive than not," says Poon. "It's probably the most important thing we've set out to do. I think it's beginning to show in the quality of our pipeline."

One example of in-house collaboration is the creation of J&J's drug-eluting stents. Here, the pharma group aided J&J's medical devices sector in providing drug know-how. The company

is looking at various other "crossover" products to fill its pipeline. "Last year, we filed for a device-drug combination, which will allow hospitalized patients to self-administer their pain medication so that they don't have to be hooked up to large, unwieldy machines. It's a mobile unit that is stuck to the arm," she says. "Whether it's a diagnostic, a device, or a drug, I think we'll be seeing more of this convergence of technology, which will require more cross-collaboration in J&J, across the sectors. I think it will create a real competitive advantage for us."

While at BMS, Poon worked for one year in medical devices. "I love the speed that devices moved at. It's so innovative, and the intimacy that the marketing and selling organizations had with their customers and with the patients was really unique. There is some real learning we could take back into pharma."

On the Horizon

Among the many challenges that hang on the healthcare horizon, helping people gain access to medicines and healthcare is high on the list for J&J, says Weldon. Again, it all comes back to the company's credo, putting the

needs of the patient first.

The way Poon sees it, pharma needs to continue its quest for cures. "HIV was a death sentence in the early '80s," she says. "But, today, patients can live for decades with their disease. If we fast forward 50 years, I'm hoping we can talk about cures. Why can't we imagine the possibilities of being able to cure some of the most frightening diseases of today? Why can't we think about saying that for Alzheimer's or breast cancer or pancreatic cancer? Why not?"



Dual Roles Per Peterson and Christine Poon are both members of J&J's pharma business and its executive committee.

Peterson and Poon made it a priority to improve the relationship between R&D and the commercial organizations.

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