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The Basis for the Tylenol Product Contamination Case The Tylenol product contamination case is a classic example of how a company can correctly handle a crisis situation if it really tries. The case happened through no fault of the company responsible for making Tylenol, Johnson and Johnson, but the company could have gone down really quickly had they not handled the case the way that they did. The purpose of this paper is to discuss the basis for the Tylenol product contamination case.

Discussion

Two separate scenarios involving Tylenol poisoning occurred during the 1980's. The first occurred in 1982 when someone not affiliated with the company decided to take some of the product from store shelves and lace it with cyanide. As a result, seven people were killed, "and a widespread panic ensued about how widespread the contamination might be" (Mallenbaker, 2008, pg. 1). What stuck in people's minds was not the culprit, but the Tylenol name. Everyone began to associate Tylenol with the poisonings and, as a result, the company's market share fell by \$1 billion in a very short amount of time.

"When the same situation happened in 1986, the company had learned its lessons well. It acted quickly - ordering that Tylenol should be recalled from every outlet - not just those in the state where it had been tampered with. Not only that, but the company decided the product would not be re-established on the shelves until something had been done to provide better product protection. As a result, Johnson & Johnson developed the tamperproof packaging that would make it much more difficult for a similar incident to occur in future" (Mallenbaker, 2008, pg. 1).

Johnson & Johnson handled the crisis beautifully, but they paid a very high
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price. As previously mentioned, the company's share price took a large hit when the crisis first occurred. In addition to that, the company suffered losses in production and products that they had to destroy as a result of the crisis. The good news is that the appropriate actions the company took were met with a high level of praise from the public. They have since become known as a consumer champion as a result of the actions they took to control the Tylenol product contamination case.

According to Mallenbaker, " Within five months of the disaster, the company had recovered 70% of its market share for the drug - and the fact this went on to improve over time showed that the company had succeeded in preserving the long term value of the brand. In fact, there is some evidence that it was rewarded by consumers who were so reassured by the steps taken that they switched from other painkillers to Tylenol" (Mallenbaker, 2008, pg. 1).

Conclusion

Product contamination and other recall situations have cost many companies to either fail or lose a significant amount of money. Johnson & Johnson, the maker of Tylenol, faced a challenging crisis in the 1980's that could have sealed the company's fate in a highly negative fashion. However, they chose to act quickly and openly in response to the crisis, as well as to take significant measures to keep it from ever happening again. As a result, they have become widely known as champions for their handling of the crisis situation. Perhaps the most beneficial action that they took was to show that they were more than willing to take the pains associated with short-term losses in order to assure consumer safety.

References

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Companies in Crisis - What to do when it all goes wrong: Johnson & Johnson and Tylenol. (2008). Retrieved May 21, 2008, from <http://www.mallenbaker.net/csr/CSRfiles/crisis02.html>