

# Johnson and Johnson internal and external analysis essay



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## Paper 1 EXTERAL ANALYSIS Macroenvironmental Analysis: •Economic:

Globalization of the pharmaceutical industry is an exciting opportunity to have research and development done at cheaper prices in other countries. However, this could be a double edged sword for companies because it is easy for other countries, such as India, to produce generic versions of the drug in bulk. •Technological: Profitability is determined mainly by the ability to discover new drugs. Technology is at the forefront of the pharmaceutical industry because advances allow for expanded research and development which in turn allows for companies to create new powerful drug chemistries.

•Legal/Political: According to a US senator, legislation has been introduced that would require public disclosure of grants made to groups and physicians. These grants can include free trips to exotic locations to educational conferences; some experts say these grants can improperly influence medical care. The presidential election and the governmental decisions made about health care overall may also influence consumer ability to purchase products. • Social/Cultural: Thirty-two percent of Americans have an unfavorable opinion of Pharmaceutical industry. Most of the adverse opinions come from the perceptions of profiteering.

Other people also have concerns that companies are unethical in the research stage and don't care about the long term effects on the experimental subject. Demographics: With the baby boomers getting older, a higher percentage of the population is now 65 or older and are needed more medical care and prescription drugs. Market Analysis Supplier: Labor, Drug distributors Customers: Mass Consumers Substitutes: herbal drugs, alternative therapies, therapeutic substitutes Rivalries of Existing

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Companies: price, features, innovation, effectiveness, availability, brand reputation Major Competitors: Merck, Novartis, Proctor & Gamble Conclusion: In the pharmaceutical industry what they should be most excited about it also what they should be most concerned about; globalization. Being able to research and develop drugs in other countries can give a company an economic advantage but can also put them at risk for people to create a generic version of the drug and sell it separately. Being the leader of innovation in the marketplace is most important. This will also allow companies to build brand reputation for producing the most up to date and effective drugs.

A final important aspect of current rivalries is for drugs to be priced affordably. In this time of economic downturn consumers will quickly turn to a generic drug if they feel like the name brand drug is priced beyond its value. INTERNAL ANALYSIS Resources Tangible • Financial (USD): oNet Income \$10, 567, 000, 000 oStock Price(9/05/08) \$ 70. 67 •Physical: Johnson & Johnson has \$1, 4185, 000, 000 worth of plants, property, and equipment.

Technology: All the products of Johnson & Johnson rely on new technologies for them to be developed. Recent research using technology help scientist come up with new HIV treatment called Intelence and Prezista. Also, “ many of the product launches in 2007—from a broad portfolio of brands that includes Clean & Clear, RoC, Neutrogena, AVEENO , Lubriderm, Ambi and Groupe Vendome—were built on proprietary technology platforms proven effective through extensive clinical research. ” Technology contributed to the “ new prolonged-release oral atypical antipsychotic, INVEGA Extended-

Release Tablets” which helps with schizophrenia. Intangible Culture: They <https://assignbuster.com/johnson-johnson-internal-and-external-analysis-essay/>

believe that when you feel your best you perform your best, therefore they provide support programs that help their employees live healthier and safer lives.

This encourages employees to innovate, create, develop and improve products every day. •Brand Reputation: According to this year's Reputation Quotient survey, for the seventh consecutive year, Johnson & Johnson ranks No. 1 for corporate reputation. Johnson & Johnson products include numerous household names that are very recognizable to the consumer including Band-Aid and Tylenol.

Intellectual Property: Johnson & Johnson have the rights to many products including: JOHNSON'S® BEBE® PENATEN® PRIM'AGE® JOHNSON'S® BEDTIME™ JOHNSON'S® SOOTHING NATURALS™ DESITIN® NATUSAN® NEUTROGENA® SHOWER TO SHOWER® PIZ BUIN® AVEENO® LUBRIDERM® AMBI® SKINCARE VENDOME® CLEAN & CLEAR® PURPOSE® ROC® ROGAINE® BAND-AID® Brand Adhesive Bandages BENGAY® CALADRYL® PURELL® NEOSPORIN® CORTAID® SAVLON® COMPEED® TUCKS® DAKTARIN® LISTERINE® EFFERDENT® LISTERINE® WHITENING REMBRANDT® REACH® STAYFREE® MONISTAT® CAREFREE® e. p. t.® K-Y® O. B. TYLENOL® SUDAFED® ROLAIDS® DOLORMIN® MOTRIN® MOTILIUM® MYLANTA® ZYRTEC® and ZYRTEC-D® 12-HOUR® BENADRYL® IMODIUM® PEPCID® NICORETTE® SPLENDA® LACTAID® BENECOL® SUN CRYSTALS™ VIActiv® VISINE® ACUVUE® CONCERTA® REMINYL® /RAZADYNE® TOPAMAX® HALDOL® RISPERDAL® INVEGA® RISPERDAL® CONSTA® DORIBAX™ PREZISTA™ INTELENCE™ RETIN-A MICRO® LEVAQUIN® ORTHOCLONE OKT-3® REMICADE® DURAGESIC® AXERT® <https://assignbuster.com/johnson-johnson-internal-and-external-analysis-essay/>

ORTHOVISC® ULTRAM® ER Tylenol® with Codeine DITROPAN XL®  
TERAZOL® ORTHO TRI-CYCLEN® ELMIRON® ORTHO-CYCLEN® ORTHO TRI-  
CYCLEN® LO ORTHO EVRA® ORTHO-NOVUM® RhoGAM® DACOGEN®  
PROCRIT® DOXIL® VELCADE® LEUSTATIN® ACIPHEX®/PARIET®  
REGRANEX® NATRECOR® REOPRO®.

They also have the patents and copyrights to a wide array of drugs and medical equipment. Human Resources • Incentives: The Company sponsors various retirement and pension plans, including defined benefit, defined contribution, and termination indemnity plans that cover most employees worldwide. These plans are based on assumptions for the discount rate, expected return on plan assets, expected salary increases and health care cost trend rates. They also offer 15 different stock option plans. Global Resources • Johnson & Johnson has more than 250 companies located in 57 countries around the world. Objectives Mission Statement • Johnson & Johnson does not have a mission statement but instead they have had a one page document for more than 50 years called Our Credo: “ We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services.

In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers’ orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We

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must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe.

We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical. We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens - support good works and charities and bear our fair share of taxes.

We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources. Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas.

Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.

” Objective •A primary objective of the Company is to “ achieve superior levels of capital efficient profitable growth. To accomplish this, the

Company’s management operates the business consistent with certain  
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strategic principles that have proven successful overtime". Goals •Provide effective compassionate healthcare •Invest in medical progress •Have affordable and accessible healthcare products •Promote good health •Discover and develop products •Have quality and safe products Use accountable business practices Values •“ Johnson & Johnson is committed to environmental leadership, instilling the highest environmental values in all employees utilizing the best environmental practices in all we do, and focusing on sustainable growth. ” •Commitment to social responsibility Conclusion Johnson & Johnson afford value to their customers by providing new and innovative products that are affordable and effective.

Their resources are more than efficient to meet the firm's mission and goals. They have the technology to develop new products, employees that are motivated, and the global resources to build name recognition worldwide.