

Johnson & Johnson

MS Applied Analytics, Fall 2019

Module: APAN 5100, Applied Analytics in the Organizational Context

Professor: Prof. Lori Cenci

TA: Kevin O'Brien

Assignment 6: Final Organizational Analysis

Due date: 6th Dec, 2019

Submission By:

Harsh Dhanuka

UNI: hd2457

Email: harsh.dhanuka@columbia.edu

Table of Contents

1. What internal and external data would you need to diagnose the situation? What kinds of analyses would you run and what key metrics would you report to your CEO?	3
1.1. Data Required	3
1.1.1. Internal Data	3
1.1.2. External Data.....	4
1.2. Analyses	4
1.2.1. General market trend, past pattern analyses and future forecast	5
1.2.2. Trends in Johnson & Johnson’s market share.....	5
1.2.3. Trends in Profitability.....	5
1.2.4. Supply Chain Analysis.....	6
1.3. Reporting results to the CEO.....	6
2. What data would you need to diagnose the situation? How would you access these data? What kinds of analyses would you run and what key metrics would you report to your CMO?	7
2.1. Data required and access to it.....	7
2.1.1. First-hand primary customer data	7
2.1.2. Understanding competitors’ products, and comparing it to our own	7
2.1.3. Own loyalty program and membership data	8
2.1.4. Marketing activity data of our own company.....	8
2.1.5. Understanding other reasons	8
2.2. Analyses	8
2.3. Reporting results to the CMO	9
3. How would you help the head of HR develop succession plans for the senior roles in the organization? What data would you need to diagnose the situation? Would you need any external data, and if so, what kinds of data? What kinds of analyses would you run and what key metrics would you report to the head of HR?.....	10
3.1. Data required	10
3.1.1. Internal Data	10
3.1.2. External Data.....	11
3.2. Analysis	11
3.3. Reporting results to the head of HR.....	12
4. What do you learn from other companies in your industry? What can you adapt from other industries that use more data for greater impact?.....	13
5. You are being bombarded by issues and questions. You are only a team of one. You must diagnose the situation for the CEO. You have the capacity to focus on only one area... i.e., marketing (customer preference) or HR (succession planning for senior roles). How would you go about choosing where to focus?	15
Appendix I: Johnson & Johnson stock prices over the last 6 months.....	17
Appendix II: Most used body and baby powders from 2011 to 2019, brand wise	18
Appendix III: The future of Baby Powders, a descriptive analysis report by Tech Navio	19
Appendix IV: Customer Segmentation Metrics and classifications.....	20
Appendix V: U.S. population: Which brands of baby powder do you use most often? 2019.....	21
References.....	22

In this report, we are asked to diagnose a situation for a company and understand the market statistics related to the same. We are to analyze the research methodology, identified the data analysis process and types of data, and lay out a structure for reporting the results to various heads of the company.

The industry I have chosen to diagnose the given scenario and design my research is the **Medical Device, Pharmaceutical and Consumer Packaged Goods**, the specific company being **Johnson & Johnson** (Content Lab U.S., 2019)ⁱ. In the consumer-packaged goods sector, out of the many baby care products the company offers, the **baby powder** section of the company is a very widely known and superior brand but has been in the news a lot recently due to declining revenues. Last year, according to a CNBC news article (LaVito, 2019)ⁱⁱ, news emerged that their baby powder contained asbestos which made them lose \$39.8 billion, which was their worst trading day in the last 15 years. The accusations were that the powder was responsible for causing ovarian and other types of cancers. Again, this year, the stocks sank 6.2% in October 2019, recording their biggest one-day drop in the past 10 months (Kilgore, 2019)ⁱⁱⁱ. *Appendix I* shows this drop, where the stock price dropped from \$136.17 to \$127.70 on 18th October 2019.

Scenario 1: What are the major trends in the market? Is the market growing, stable or shrinking? What are the trends in your share of the market? You know that your company is losing revenue, but what are the trends in profitability? Are there issues with your supply chain that need to be addressed?

1. What internal and external data would you need to diagnose the situation? What kinds of analyses would you run and what key metrics would you report to your CEO?

1.1. Data Required

1.1.1. Internal Data

The internal data required would comprise of the annual financial reports of the company, specifically the cash flow statements, income statements and balance sheets, for a period of around 5-7 years. These will be available from the Corporate Reports section of the Johnson & Johnson website (Content Lab U.S., 2019)^{iv}. I would also need to use other internal data relating to the changes in the management hierarchy within the company, focusing mostly on the top management positions for the past years, and also, I would need data from the warehouse and distribution department to understand the causes of stockouts. This will in turn need to be matched with that year's production of finished goods, inventory in hand and internal stockouts.

1.1.2. External Data

The external data required would be the market statistics, which would be obtained from newspaper reports, statistical reporting websites, journals, magazines, financial reports from other similar companies within the same industry, such as Mothercare, etc. I will also need to understand whether there was any major event or disaster within the company which might have affected the financial performance for that particular year. Further, it would be imperative to study the trends and the growth or decline of the overall market for baby powders, as well the market for baby products in general. Also, it is stated that our company is losing revenue, but in order to understand the trends in profitability, it would be essential to analyse the forecasts for the baby products market, and also the baby powders market specifically. To analyze the market trends and understand forecasts for revenues and growth, I will analyse the following news reports, magazines and articles:

For the general baby products market:

- Baby Product Market Size, Share & Trends Analysis Report By Product (Cosmetic & Toiletries, Baby Food, Baby Safety & Convenience), By Region (North America, MEA, APAC, Europe), And Segment Forecasts, 2019 - 2025 (Grandviewresearch.com, 2019)^v
- U.S. Baby Care Market - Statistics & Facts (www.statista.com, 2019)^{vi}
- Global baby care products market value worldwide from 2018 to 2026 (Statista, 2019)^{vii}
- Baby Care Products Market 2019 Global Size, Growth Insight, Share, Trends, Industry Key Players, Regional Forecast to 2024 (MarketWatch, 2019)^{viii}

For specifically the baby powder market:

- Baby Powder Market: Global Industry Analysis 2012 – 2016 and Opportunity Assessment; 2017 – 2027 (Futuremarketinsights.com, 2019)^{ix}
- Global Baby Powder Market 2019-2023 (Technavio, 2019)^x
- Baby Powder Market 2019 Industry Analysis By Future Demand, Top Players, Size, Share, Opportunities, Revenue and Growth Rate Through 2023 - Market Reports World (MarketWatch, 2019)^{xi}

1.2. Analyses

After scouring all the data as mentioned above, both internal and external, the next crucial step will be to analytically decode the data and make meaningful inferences. My analyses would comprise of the following:

1.2.1. General market trend, past pattern analyses and future forecast

The first step of the analyses will be to analyze the trends in the market, for both baby products in general and baby powder specifically. This will help gather an overall view of the future of baby powders, and also how profitable can the baby products segment be for the company.

The motive will be to understand the pattern of growth for the baby powders using the data of past 5-7 years, and then predict whether the baby powder market will further grow, and if yes, forecast the expected growth and increase in revenue. On the other hand, even if the market doesn't seem to grow in future, I will try to analyze whether the market will remain stable, and would it yield positively growing or stable revenues.

1.2.2. Trends in Johnson & Johnson's market share

The next step would be to analyze the Johnson & Johnson's standing in the market over the years, and try to forecast the future standing. For this purpose, their overall market share as well as the market share for their retail products market would be analyzed for the past 5 years and also, if there was any significant change in any particular year, I would try to understand further what caused that outlier. It is possible that they overspent that year, or there might have occurred an event or disaster which largely affected sales. This will help understand the company's standing in future, though not fully accurate, but will still give an overall inference.

1.2.3. Trends in Profitability

After we have analyzed the market trends, and specific Johnson & Johnson company trends, I would move to understand the profitability trends. It is given that Johnson & Johnson is losing money over the years for its major offering of baby powder. The first step would be look at the causes for this, I will do a financial analysis of the past 5 years, and understand the declining revenues, or whether our revenues do not even break-even. Then, I would understand the marketing efforts for this division, and try to evaluate if the marketing department has drastically shifted its activities away from the baby powder segment. Further on, I would do a competitor analyses for our major competitors such as Chicco, Mothercare and Shower to Shower. A *statista* analysis shows the brands of body and baby powder used most often in the United States from 2011 to 2019 (*Appendix II*). The data has been calculated by Statista based on the U.S. Census data and Simmons National Consumer Survey (NHCS). According to this statistic, 51.49 million Americans used Johnson's Baby Powder in 2019 (Statista, 2019)^{xii}.

This analysis will help me understand whether the brand will still remain profitable in future, and since this is one of our core offerings, it would be unreal to think about reducing our expenditures here, rather, use analytical methods to understand if a better packaging or marketing spend will help increase revenues.

1.2.4. Supply Chain Analysis

The scenario says that there a few stock-outs at our major distributors. I would explore deeper as to the causes for the same, and make analytical inference backed with data. I would try to understand the following:

- Did we over-stock some warehouses, and under-stock some of the others?
- Was there a huge anticipated demand, but we overlooked it?
- Did our competitors face troubles, short-stocking their products?
- Did we appropriately leverage analytics to predict an estimated demand for every month?
- Was there any mistake on our internal teams, be it production, or the logistics team?
- Since it was sporadic, did we evaluate them, develop patterns, and try to overcome it?
- Was it happening only at a particular regions(s), or scattered throughout?
- Was there any political unrest, or natural causes, which might have affected the supply chain?
- Predictive and Prescriptive analysis, to evaluate the importance and efficiency of each.

1.3. Reporting results to the CEO

After completing my strategic and responsive analysis, I would compose a 1-page memo for Mr. Alex Gorsky, CEO, Johnson & Johnson, to communicate the results from my analyses. The memo would begin with a short paragraph wherein I will introduce the problem, which is that, the revenues are declining for our major product offering under the consumer retail section, the baby powder brand, and has created a need to re-think the same, and analytically examine the scenario.

In the next segment of the memo, I will produce the key results from my analysis, such as:

- Overall market trend, past patterns and future forecast
- Johnson & Johnson's current standing, how it compares with past years, and what does future look like.
- Then, is the baby powder segment a sustainable growth brand?
- An analysis of the stock-outs, supported with suitable maps and graphs.
- Was the decline caused due to stock-outs, or there are other external factors? Describe in brief.
- Key Metrics / KPI's for **financial performance** – including but not limited to Current Ratio, Debt Ratio, Equity Multiplier, Return on Equity, Profit Margin, Asset Turnover and YoY growth numbers.
- Key Metrics / KPI's for **supply chain issues** – including but not limited to Days Sales in Inventory, Days Sales Receivables, Return on Assets, and Capital Intensity, and a time-quality-cost KPI analysis.

- SWOT and PESTLE analysis of our product (to be put as appendix).

For the final segment of the memo, I will provide a conclusion of my analysis, wherein I will provide recommendations to boost revenue, which could be through better marketing, packaging improvements, timely supply of goods to prevent customer loss, or others.

Importantly, all the arguments put forward by me to the CEO in the memo will be supported by data, made presentable through various charts and graphs in the form of appendices. A key factor here would be an informative report by Tech Navio (Size, Size and WIRE, 2019)^{xiii} which identifies the CAGR, the YoY growth, and other important factors about the baby powder market (*Appendix III*).

Scenario 2: You have heard the CMO assert that customers like your competitors' offering better than your company's. How would you test this assertion?

2. What data would you need to diagnose the situation? How would you access these data?

What kinds of analyses would you run and what key metrics would you report to your CMO?

The CMO of Johnson & Johnson, Ms. Alison Lewis, has asserted that our customers like our competitor's offering more than our own. Now, if the CMO has asserted to it, she probably possesses supportive data. To further test this assertion, following would be my approach:

2.1. Data required and access to it

2.1.1. First-hand primary customer data

The very first step would be to do a mass survey of all of our customers through in-store fill-outs, cell phone SMS and emails, to obtain their views on our products, and what they feel we might improve as compared to our competitors. For this purpose, I already have access to a huge database of most of our customers, through in-store collected information, and loyalty membership data. I can simply reach out to them with a survey and enquire about their likings for us, and where we can improve.

2.1.2. Understanding competitors' products, and comparing it to our own

The first step would be to identify whether the competition is **direct, indirect, potential or substitute**. Then, I will try to evaluate and understand their products. My evaluation will be based on the pricing, the quantity, the sizes offered, the packaging metrics, the return policies, loyalty membership benefits, marketing tools used,

marketing media used, the supply and distribution network used: in terms of supermarkets, own stores, partnerships, free trials, etc. For making this comparative study, most of the data I require will be public information and easily accessible. For some data such as marketing design, it would be challenging to get in touch with the marketing personnel and extract information.

2.1.3. Own loyalty program and membership data

I will also study the numbers of our own customers, to infer whether we are losing customers in a patterned manner, and the reasons for the same. Data for this will be readily available from our internal departments.

2.1.4. Marketing activity data of our own company

I will evaluate the marketing activity of our own company, to identify whether we are under-spending on the baby powder segment. Data regarding our marketing spends over the past few years, any changes in the spending pattern, and shift from one department to other will need to be studied.

Also of importance to me will be the proportion of spend we dedicate to **B2B vs the B2C marketing techniques**.

I will need to re-evaluate the **marketing funnel** to understand which channel of marketing needs more attention. Lead and conversion data will be required for this purpose.

2.1.5. Understanding other reasons

There might also be various other reasons for a shift in the taste of our customers, which might include:

- Outdated offering in terms of packaging design
- Limited usage/utility of our products as compared to the competitors' products
- Extensive marketing and promotional activity undertaken by the competitors
- News about our product being harmful and causing diseases

2.2. Analyses

My analysis for this would involve first-hand primary data from our customers itself to understand how our own customers rank our products in comparison to our competitors, and also, the areas we need improvement to make our offering at par, if not better, than our competitors. In addition, I will need to evaluate our loyalty programs, analyse our membership numbers, separate new customers from repeat purchasers, understand how many customers we are losing each month to our competitors, and finally, are there any other reasons for customers to like the competitors' offering more. It would be imperative to make sure that we are spending

the market average on the baby powders' marketing and advertising, with constant updates and innovating techniques. A very crucial analysis would be comparing the metrics of our products to that of the competitors' products, and draw inference as to why we are lagging behind.

There might also be other reasons which might have a strong effect on the consumers choices, which might not be related to the product itself. These might include widespread and expensive advertising, sponsorships, roadshows, free trial packs to hospitals and clinics, etc. These might largely change the consumers' choice, for example, if a customer is even moderately satisfied from using a free trial, he will not hesitate to go buy a full pack, unless that particular customer had a strong preference for our brand.

The **acquisition cost per customer** will also play an important role. I will calculate the customer acquisition cost and the paybacks for every channel used. For this, the cost per lead, leads required, cost to acquire leads, and top of funnel acquisition cost per customer data will be used.

Further, I will try to decode our current **marketing mix** and identify any updates required in it.

2.3. Reporting results to the CMO

Since the CMO, MS. Alison Lewis, has already asserted, it would be unwise to confront her otherwise unless with numbers supporting my contradiction. After my analysis is complete, I will write her a 1-page memo stating in the introduction her assertion, and why I felt the need to test it. The idea would be to stress on analytics as a tool to narrate facts and figures rather than intuitive understanding or observational data.

Moving on, I would describe my analysis, and draw inference on the following:

- Do our customers really like our competitors offering more? If so, what percentage of customers do that?
- What are the root causes for our customers shifting their taste?
- Where are we lagging behind in order to retain our old customers, and further attract new ones?
- What are the non-controllable forces which are leading to the shift in the taste?
- Is our advertising innovative enough to keep at par with the changing industry trends?
- What are the customer engagement and conversion rates?
- Key Metrics / KPI's for measuring our **sales and marketing performance** – including but not limited to Leads, Lead Velocity Rate, and Lead to opportunity percent and opportunity to sales percent.
- The CAC and CAC Payback analysis will also need to be reported
- An overview of customer segmentation metrics will be provided (*Appendix IV, (Slideshare.net, 2019)*)^{xiv}
- Insights from Marketing Mix Modelling and Attribution Modelling act as a major KPI to assess ROI.

Finally, after detailing out the causes for the changing customer preferences, I would provide recommendations on how to handle this change of taste. They might include innovative marketing techniques, increased budget, re-considering the packaging design, size offerings, whether to use a social message for the advertisements, and others.

Scenario 3: Your head of HR shows you the results of latest engagement survey, which clearly shows that there is a risk of bleeding talent from the organization. HR is doing everything that they can to try to address colleague concerns, but that may not be enough.

3. How would you help the head of HR develop succession plans for the senior roles in the organization? What data would you need to diagnose the situation? Would you need any external data, and if so, what kinds of data? What kinds of analyses would you run and what key metrics would you report to the head of HR?

3.1. Data required

3.1.1. Internal Data

To be able to assist the HR in succession planning for the senior roles in the organization, it would be imperative to understand the concerns of our employees, individually and also department wise. Individual evaluation will help understand the concerns from a personal perspective of the employee, and the group evaluation will provide insights on the performance of the team and its members. I would keep the data collection process anonymous, so as to collect as accurate data as possible about the employees' views. Further, I will conduct one-on-one sessions with those willing to, to gain deeper insights. Data needs to be collected on the following:

- Is the work atmosphere productive?
- Are employees satisfied with their remuneration?
- How good is the bonus awarded?
- What is the employee satisfaction level?
- Do our employees feel secured about their job?
- Are there appropriate employee training and development activities in place?
- Are there regular employee appraisals conducted?

- Employee turnover data
- Employee performance data

I will also try to find out if there are any under-performers or mis-matched hires who might be a cause for the risk of bleeding talent. This will facilitate the understanding of the extent of the risk, i.e., how immediately an action might be required.

3.1.2. External Data

I would explore the competitors' offerings to their employees. If we are at a risk of bleeding talent, it would be imperative to dive right into the causes, and establish mechanisms, to prevent the same. I would need external data here in terms of:

- Industry trends of employees performance
- Industry remuneration standards
- Emerging roles which never existed previously
- Roles which need to be scrapped, due to insignificant productivity
- Are the perks and benefits provided to employees adequate in terms of the changing industry needs, do they match with our competitors?

3.2. Analysis

The senior roles are very important for every organization. My analysis would comprise of having direct conversation with all the senior managers and executives of the company, and try to understand their viewpoint on how satisfied they are working at Johnson & Johnson. Based on the specific data collection mentioned above, I will compile a brief report for each and every senior manager I interview, and then analyze them to develop similarities. If there is a real risk of bleeding talent, the reports will convey so. Further, I will study how many of the employees are actually considering a shift in work, and out of those, which employees are extremely crucial for us. And try to understand if any perks could change their minds.

Talent Analytics will also be important. I will conduct a descriptive and reporting retrospective study, and also a predictive analysis. This will give me an overall view of the HR standing of the company, and provide insights.

3.3. Reporting results to the head of HR

To convey the results of my analysis to the head of HR, Mr. Peter Fasolo, about succession planning, I will write a 1-page memo stating the importance of my study, the insights and the recommendations. The bottom-line would be that for conducting an efficient succession planning, it is important to be proactive and to prepare the employees to take up roles irrespective of the senior being at risk of leaving the company. The general rule of thumb would be that the second in command will be the successor, however, we need to make sure there are productive and efficient successors further down the line to take up the roles left vacant by the second in command. It will also be crucial to evaluate other candidates for suitable potentiality across different roles who could perform even better at other given positions. The recommendation would be to re-do the job matching of employees, but this time, with talent analytics data on hand.

Further, for all the vacant job profiles, I suggest having a trickle-down effect in terms of vision, as it could prove to be beneficial during new hires. The top management and board of directors will definitely need to be involved for all crucial decisions, and it needs to be made sure that the decisions align well with the company goals as well as shareholders' interests.

Now, to avoid the bleeding talent situation, I advise that the top performers and senior managers should be honed further, they must be offered 'mentoring relationships, job shadowing and training', this would suffice their personal agendas of growth appetite. Increased vacation days, and higher bonuses could be used to trial-run succession planning and their performance should be monitored closely.

Using talent analytics, we can identify significant talent gaps in the company, identify employees at inflection points, conduct efficient performance review, reduce mismatch and improve retention. Skill identification tests could be conducted across the company. Finally, some **key metrics** I would report to Mr. Peter would be:

- Employee Turnover Rate, and its trends and patterns
- Engagement rating, and its efficiency over time
- The real-time billable hours per employee, and their cost per hour of work.
- The cost of hiring, matched with the revenue contribution by that employee
- The number of paid and unpaid leaves, absenteeism, and its effect on performance.
- An exhaustive list of top performers, senior managers, and their likelihood to resign.

- The significant talent gaps, within departments, and overall.
- Employees, and areas of work which need increased training and development support.

Finally, I will write a brief conclusion with an immediate call to action for Mr. Peter, which will be dependent on the results of the analysis. I will provide him a list of employees to target immediately to prevent turnover, and others down the line.

Scenario 4 and 5: To complete the final part of this assignment, identify the ways in which analytical leaders in your field are making use of analytics. Consider the types of ways that they have prioritized the use of analytics. Then, research 2-3 organizations that are leading the use of analytics in a field other than your chosen profession. Answer the two questions below.

4. What do you learn from other companies in your industry? What can you adapt from other industries that use more data for greater impact?

A report by *statista* shows the brands of baby powder used most often in the United States in 2019. The data was calculated based on the U.S. Census data and Simmons National Consumer Survey (NHCS). According to this statistic, 51.49 million Americans used Johnson's Baby Powder in 2019. This was followed by Shower to Shower at 17.91 million users, and further Store Brand at 16.92 million users (Statista, 2019)^{xv} (*Appendix V*).

However, the global baby powder market is dominated by Chicco, Johnson & Johnson and Pigeon.

Though R&D has always remained a core focus for Johnson & Johnson, and they always aim to deliver high quality and innovative products, the entire baby powder industry is rapidly advancing in innovations, and are employing scientific modifications using consumer data to target specific customers, based on their skin type, age, climate in the country of residence and others. This has essentially been made possible due to data analytics, which involves big data processing.

A key measure in this industry is that the baby powder market might seem more or less stable with stable demand, but the number of players in the market are growing, and is competition. For Johnson and Johnson, and all others in the industry, Talc is the key ingredient for producing baby powders. An innovation in this field was the **liquid baby powders**, which are offered in cream or lotion form, and changes to the powder state once applied on the baby's skin. This eliminates a major concern of the baby inhaling the powder particles. As per a

Business Wire report, the consumer demand for liquid baby powders is likely to increase in the next 4 years (Size, Size and WIRE, 2019)^{xvi}. Now, Johnson and Johnson doesn't seem to have ventured out into the **niche liquid baby powder market** yet, their only baby powder offering is the talc form. Johnson & Johnson should take advantage of this product innovation, and tap the market before other big players kick in. This is a good example of how companies are using research and development analytics to improve their product offerings, on the basis of hygiene concerns for a baby.

Thinking about **other industries**, I want to highlight the **e-commerce industry**, which is almost fully **dependent on data**, and cannot function without it. In the e-commerce platform, each and every transaction which takes place is based on data. The e-commerce industry uses Big Data to analyse and uncover hidden patterns and trends in consumer demands and preferences. It helps them leverage more effective marketing campaigns, and discover opportunities for generating greater revenue. It helps improve customer service delivery and make operations more efficient. Further, it helps them make more informed decisions with all the relevant data and data patterns at hand (Medium, 2019)^{xvii}.

In my opinion, the baby products market can benefit immensely by learning how the e-commerce industry uses data and data analytics. Following are the specific ways in which adapting techniques from the e-commerce industry can help Johnson & Johnson, and the retail healthcare industry overall:

- Enhanced Shopping Pattern Analysis
- Effective Customer Service
- Predict future operational plans with minimum errors, improved control
- Increased focus on product customization, better understanding of customers
- Ease of shopping and providing a personalized shopping experience, improved retention
- Improved strategic decisions, leading to cost reductions
- Target advertising, segmentation

Further, there is a report by Kari Walgran (InfoDesk, 2019)^{xviii}, which explains how retail healthcare employs Consumer-Focused Data Analytics. Primarily, product innovation and aesthetics were the fundamentals for success, but new players are engaging heavily on research and development, which is inducing brands to focus more on creating sustainable brand loyalty (Research, 2019)^{xix}.

A report by Wharton (Knowledge@Wharton, 2019)^{xx} also lays out **how data analytics helps improve employee performance**, and also effective marketing, especially in the era of high-tech industries, relying solely on data.

Comparing the usage of analytics to our competitor Mothercare, they were declining in revenues, and their marketing efforts were in vain (The Drum, 2019)^{xxi}. The shareholders were getting concerned, and losses were piling up. They decided to let go of their chief marketing executive and hired someone who had worked previously in the tech and analytical marketing sector. The new hire introduced a mobile app which could offer personalised and customised offerings to customers. In a short time, they saw over a million downloads, and a jump of over 50% in revenues. Johnson & Johnson could certainly adapt to this data driven app based model.

5. You are being bombarded by issues and questions. You are only a team of one. You must diagnose the situation for the CEO. You have the capacity to focus on only one area... i.e., marketing (customer preference) or HR (succession planning for senior roles). How would you go about choosing where to focus?

CEO's are generally interested in the big numbers supported with appropriate data wherever necessary. In this case, I do believe that the CEO, Mr. Alex Gorsky, would be more inclined towards that area of the business which might be responsible for **bringing in higher revenues**, and **maximizing shareholders profits**. Being a listed company, it would be imperative for the CEO to put the shareholder's interests in the top priority bucket, alongside realising higher revenues and increased growth.

Generally, every function in a business is important and is interdependent. However, if I were to do the above mentioned analysis in real-time, I would prefer to put in more hours diagnosing the **marketing side**, and understanding why our customers are shifting their preference from our products to that of the competitors. The bottom-line reasoning here would be that customers are what forms the core revenue source for a business like ours, engaged into consumer retail products. The CEO would understand that it would be more essential to study the failing marketing efforts, because, no matter how good an internal management and HR team we have, who would we sell our products to, if there are no customers left.

An argument to this would be that if there is no good succession planning in place, the business operations would fall apart and there will be chaos, as there would be no supreme control authority. But, it needs to be understood that Johnson & Johnson is a public company with massive stakeholders. This makes succession planning complex, at the same time, exponentially more important.

In such a scenario, the responsibility to control the senior roles falls on the board of directors and active partners, along with the HR. Internal promotions, and hiring head-hunters could be a possible approach to handle this issue. As long as there is a way out for an issue, I would consider the issue at second priority.

Generally, in such businesses, it would not harm to comment that they would be accepting of some minor issues in the internal side, rather than the marketing side. HR issues relating to succession planning for senior roles is no doubt a very important concern for the CEO, but not more than failed marketing efforts, and losing majority of our customers. In case of Johnson & Johnson, they have now **altogether scrapped the role of a CMO** from the management positions. Ms. Alison Lewis, who had joined the company 6 years ago from Coca-Cola, is to leave without a successor (Coffee and Coffee, 2019)^{xxii}. This altogether redefines why there is a need to focus more on the marketing aspect now. The marketing team was habituated to a superior guidance force, which is now vacuum. This will further add on to the burden on the marketing team, previously it was only acquiring and retaining customers, now, it will be to fill in the gap of the CMO as well. The marketing team would need to adapt to the new working environment, and be more precise and effective in their activities.

As mentioned previously, Mothercare was able to cut-off losses and drive up revenue simply through bringing a new marketing guy, who developed a **new app based model**. So, probably, sometimes some senior managers might need to be let go, to be replaced with better ones. Further, Johnson & Johnson baby powder has been in the **news recently** due to **allegations of harmful and cancer causing substances**. It also had to shell out huge money to settle court cases, some of which they lost miserably. In July 2018, Johnson & Johnson was **ordered to pay \$4.69 billion** to 22 women and their families who had claimed that asbestos in the company's talcum powder products caused them to develop ovarian cancer (Nytimes.com, 2019)^{xxiii}. Again, in October 2019, Johnson & Johnson was **ordered to pay \$8 billion** in punitive damages to a man for failing to warn that a psychiatric drug could cause female breast tissue growth in male (www.dw.com, 2019)^{xxiv}.

So, it would definitely be the best idea to first revamp the brand image, and then focus on the internal management. On a scale of 1-10 for measuring priority for attention, marketing would get the full 10 points for being the most important activity, whereas, I would allot a 8 or 9 points priority to HR functions.

Appendix I: Johnson & Johnson stock prices over the last 6 months

Market Summary > Johnson & Johnson

NYSE: JNJ

+ Follow

137.36 USD **-0.13 (0.095%)** ↓

Closed: Dec 2, 5:39 PM EST · Disclaimer

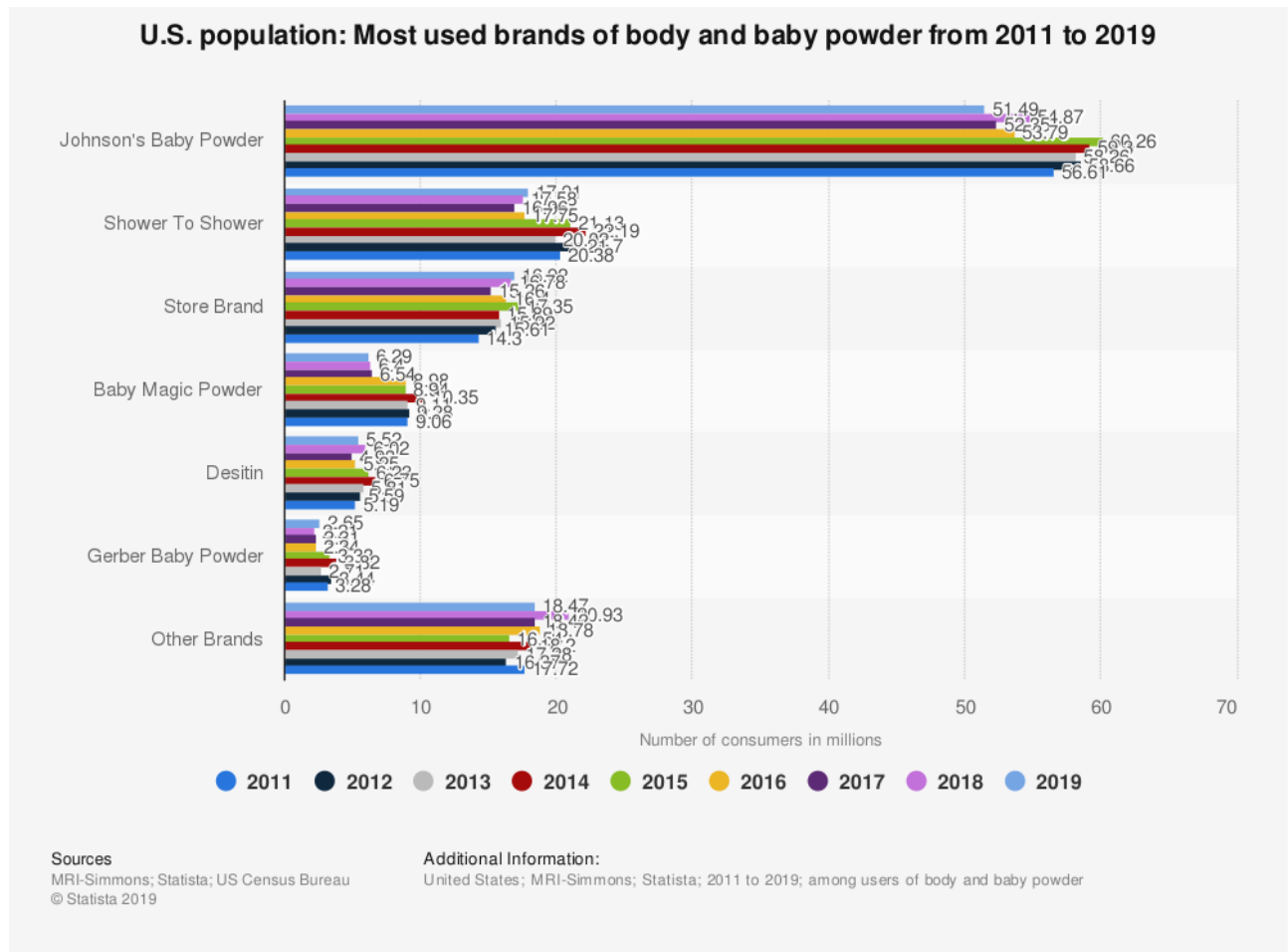
After hours 140.60 **+3.24 (2.36%)**

1 day 5 days 1 month **6 months** YTD 1 year 5 years Max



Open	137.72	Div yield	2.77%
High	137.85	Prev close	137.49
Low	136.85	52-wk high	148.99
Mkt cap	361.51B	52-wk low	121.00
P/E ratio	26.19		

Appendix II: Most used body and baby powders from 2011 to 2019, brand wise



Appendix III: The future of Baby Powders, a descriptive analysis report by Tech Navio

The market will be **ACCELERATING** growing at a **CAGR** of over **5%**

INCREMENTAL GROWTH
\$184.42 mn

The year-over-year growth rate for **2019** is estimated at **4.26%**

The market is **FRAGMENTED** with several players occupying the market share

41% of the growth will come from **APAC REGION**

One of the **KEY TRENDS** for this market will be the **INCREASING ADOPTION OF LIQUID BABY POWDERS**

READ THE REPORT:

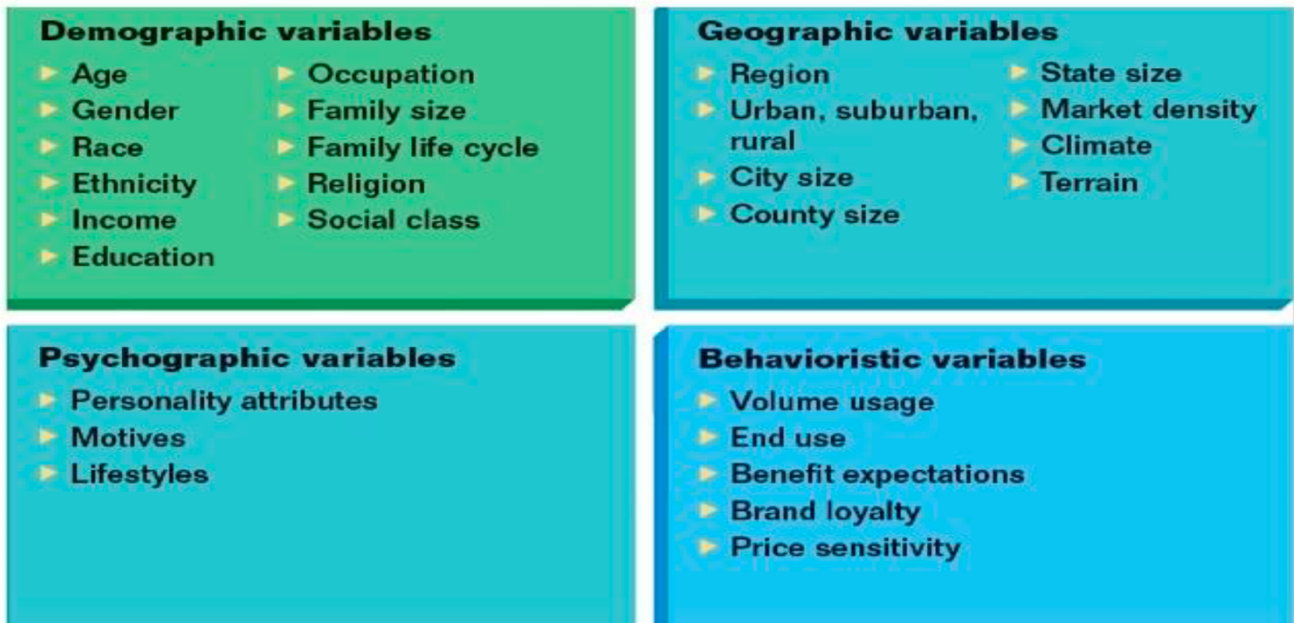
GLOBAL BABY POWDER MARKET 2019-2023

10,000+ reports covering niche topics
CONSUMER STAPLES

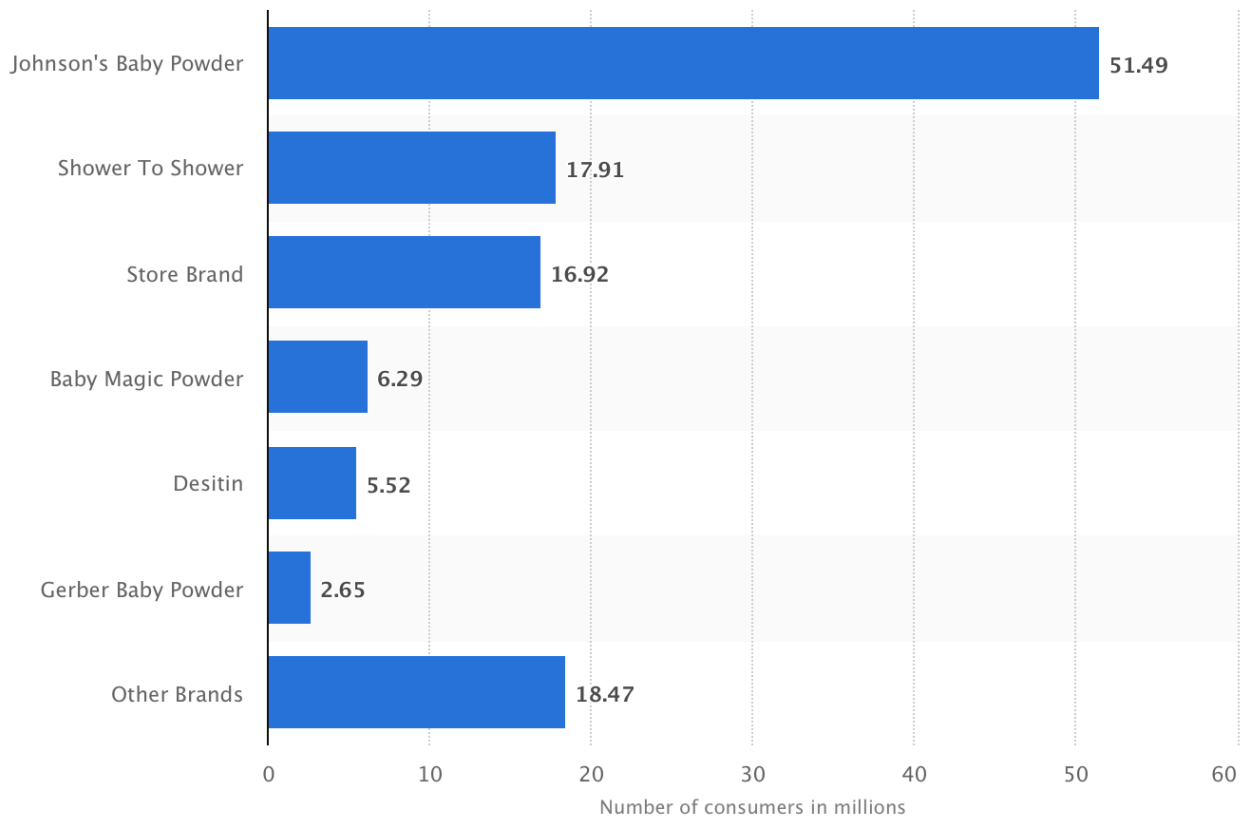
Read them at:
www.technavio.com

technavio

Appendix IV: Customer Segmentation Metrics and classifications



Appendix V: U.S. population: Which brands of baby powder do you use most often? 2019



References

- ⁱ Content Lab U.S. (2019). *Homepage*. [online] Available at: <https://www.jnj.com> [Accessed 2 Dec. 2019].
- ⁱⁱ LaVito, A. (2019). *Johnson & Johnson loses \$39.8 billion in market value in one day after report claims it knew about asbestos in its baby powder*. [online] CNBC. Available at: <https://www.cnbc.com/2018/12/14/jjs-market-value-plunged-after-report-on-asbestos-in-its-baby-powder.html> [Accessed 2 Dec. 2019].
- ⁱⁱⁱ Kilgore, T. (2019). *Johnson & Johnson stock pummeled after asbestos-related baby powder recall*. [online] MarketWatch. Available at: <https://www.marketwatch.com/story/johnson-johnson-stock-pummeled-after-asbestos-related-baby-powder-recall-2019-10-18> [Accessed 2 Dec. 2019].
- ^{iv} Content Lab U.S. (2019). *Corporate Reports*. [online] Available at: <https://www.jnj.com/about-jnj/annual-reports> [Accessed 2 Dec. 2019].
- ^v Grandviewresearch.com. (2019). *Baby Product Market Size & Share | Industry Analysis Report 2019-2025*. [online] Available at: <https://www.grandviewresearch.com/industry-analysis/baby-products-market> [Accessed 2 Dec. 2019].
- ^{vi} www.statista.com. (2019). *Topic: Baby care market in the U.S.* [online] Available at: <https://www.statista.com/topics/1259/baby-care-market/> [Accessed 2 Dec. 2019].
- ^{vii} Statista. (2019). *Baby care products market size worldwide 2018-2026 | Statista*. [online] Available at: <https://www.statista.com/statistics/258435/revenue-of-the-baby-care-products-market-worldwide/> [Accessed 2 Dec. 2019].
- ^{viii} MarketWatch. (2019). *Baby Care Products Market 2019 Global Size, Growth Insight, Share, Trends, Industry Key Players, Regional Forecast to 2024*. [online] Available at: <https://www.marketwatch.com/press-release/baby-care-products-market-2019-global-size-growth-insight-share-trends-industry-key-players-regional-forecast-to-2024-2019-06-04> [Accessed 2 Dec. 2019].
- ^{ix} Futuremarketinsights.com. (2019). *Baby Powder Market Global Industry Analysis, Size and Forecast, 2017 to 2027*. [online] Available at: <https://www.futuremarketinsights.com/reports/baby-powder-market> [Accessed 2 Dec. 2019].
- ^x Technavio. (2019). *Global Baby Powder Market 2019-2023*. [online] Available at: <https://www.technavio.com/report/global-baby-powder-market-industry-analysis> [Accessed 2 Dec. 2019].
- ^{xi} MarketWatch. (2019). *Baby Powder Market 2019 Industry Analysis By Future Demand, Top Players, Size, Share, Opportunities, Revenue and Growth Rate Through 2023 - Market Reports World*. [online] Available at: <https://www.marketwatch.com/press-release/baby-powder-market-2019-industry-analysis-by-future-demand-top-players-size-share-opportunities-revenue-and-growth-rate-through-2023---market-reports-world-2019-09-19> [Accessed 2 Dec. 2019].
- ^{xii} Statista. (2019). *U.S.: most used brands of body and baby powder 2011-2019 | Statista*. [online] Available at: <https://www.statista.com/statistics/285799/brands-of-body-and-baby-powder-in-the-us-trend/> [Accessed 3 Dec. 2019].
- ^{xiii} Size, F., Size, F. and WIRE, B. (2019). *Global Baby Powder Market 2019-2023 | Increasing Adoption of Liquid Baby Powders to Boost Growth | Technavio*. [online] Businesswire.com. Available at: <https://www.businesswire.com/news/home/20190809005154/en/Global-Baby-Powder-Market-2019-2023-Increasing-Adoption> [Accessed 3 Dec. 2019].
- ^{xiv} Slideshare.net. (2019). *Segmentation and targeting*. [online] Available at: <https://www.slideshare.net/fmuntaha/segmentation-and-targeting-42830730> [Accessed 5 Dec. 2019].
- ^{xv} Statista. (2019). *U.S.: brands of body and baby powder used 2019 | Statista*. [online] Available at: <https://www.statista.com/statistics/275421/us-households-brands-of-body-and-baby-powder-used/> [Accessed 3 Dec. 2019].
- ^{xvi} Size, F., Size, F. and WIRE, B. (2019). *Global Baby Powder Market 2019-2023 | Increasing Adoption of Liquid Baby Powders to Boost Growth | Technavio*. [online] Businesswire.com. Available at: <https://www.businesswire.com/news/home/20190809005154/en/Global-Baby-Powder-Market-2019-2023-Increasing-Adoption> [Accessed 3 Dec. 2019].
- ^{xvii} Medium. (2019). *5 Ways Big Data And Analytics Will Impact E-Commerce In 2019*. [online] Available at: <https://medium.com/@constantinenmbufung/5-ways-big-data-and-analytics-will-impact-e-commerce-in-2019-e127d53ac13c> [Accessed 3 Dec. 2019].

^{xviii} InfoDesk. (2019). *Retail Meets Healthcare for Consumer-Focused Data Analytics - InfoDesk*. [online] Available at: <https://www.infodesk.com/life-sciences/retail-meets-healthcare-for-consumer-focused-data-analytics/> [Accessed 3 Dec. 2019].

^{xix} Research, T. (2019). *Evolving Parenting Preferences and Capacity to Spend Drives Baby Care Products Market, Noted TMR*. [online] Prnewswire.com. Available at: <https://www.prnewswire.com/news-releases/evolving-parenting-preferences-and-capacity-to-spend-drives-baby-care-products-market-noted-tmr-300890939.html> [Accessed 3 Dec. 2019].

^{xx} Knowledge@Wharton. (2019). *How Data Analytics Can Boost Any Organization's Performance - Knowledge@Wharton*. [online] Available at: <https://knowledge.wharton.upenn.edu/article/data-analytics-can-boost-organizations-performance/> [Accessed 5 Dec. 2019].

^{xxi} The Drum. (2019). *Inside Mothercare's marketing strategy as its turnaround plan begins to pay off*. [online] Available at: <https://www.thedrum.com/news/2016/08/10/inside-mothercares-marketing-strategy-its-turnaround-plan-begins-pay> [Accessed 5 Dec. 2019].

^{xxii} Coffee, P. and Coffee, P. (2019). *CMO Alison Lewis to Leave Johnson & Johnson With No Successor After Nearly 6 Years*. [online] Adweek.com. Available at: <https://www.adweek.com/brand-marketing/cmo-alison-lewis-to-leave-johnson-johnson-with-no-successor-after-nearly-6-years/> [Accessed 3 Dec. 2019].

^{xxiii} Nytimes.com. (2019). *Johnson & Johnson Told to Pay \$4.7 Billion in Baby Powder Lawsuit*. [online] Available at: <https://www.nytimes.com/2018/07/12/business/johnson-johnson-talcum-powder.html> [Accessed 5 Dec. 2019].

^{xxiv} (www.dw.com), D. (2019). *Johnson & Johnson ordered to pay \$8 billion over drug side effect | DW | 09.10.2019*. [online] DW.COM. Available at: <https://www.dw.com/en/johnson-johnson-ordered-to-pay-8-billion-over-drug-side-effect/a-50744284> [Accessed 5 Dec. 2019].