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# J&J's Gorsky Offers Leadership Lessons As He Gets Set To Advise Apple

*Sees Disconnect In IPO Valuations*

by **Vibha Ravi**

After 34 years of seeing and shaping Johnson & Johnson's future, executive chair Alex Gorsky has recently joined Apple's board of directors. At a recent event, he shared lessons for future leaders while unraveling some of the thinking behind decisions taken as chair and CEO

Executive chair Alex Gorsky began his career at [Johnson & Johnson](#) as a sales representative with [Janssen Pharmaceutica Inc.](#) in 1988, moving up to become one of just seven leaders to have served in the dual role of chairman and CEO since the company was listed on the New York Stock Exchange.

During his tenure, J&J transformed from a company that in his words reminded consumers of the smell of baby shampoo to one where the pharma business under Janssen and medical devices business grew to the point of vastly outsizing the consumer health business.

How he shapes Apple's future in healthcare after joining as a board member remains to be seen, but he has spoken about sharing the company's belief that "technology has the potential to improve lives and create healthier communities." (Also see "[Titans Of Pharma 2022: Johnson & Johnson Pays Highest Exec Compensation Again](#)" - Scrip, 28 Jun, 2022.)

That belief came to the fore recently when he shared leadership lessons learned during his career. "One is, it's clear that much of the science we're seeing now is actually being unlocked by the tremendous progress that we're seeing around data science, informatics and those kinds of capabilities," Gorsky said.

Every leader in the industry going forward needs to have "an even better understanding and

appreciation for how those can impact not only the science and technology.....but also for what we're doing in manufacturing and access," he added at the USA-India Chamber of Commerce's recent annual Biopharma & Healthcare Summit.

While making sure that companies build those skill sets into organizations at a very fundamental level, it's also important for industry leaders to keep their eyes focused on access for the world, Gorsky emphasized while pointing to the large population of patients which can be impacted and the increasing importance of healthcare systems in developing countries.

## Power of Partnerships

As a third lesson, he brought up the power of partnering and collaboration. "I must say that there's always a certain sense of urgency and accountability and responsibility that's built through competition. And I think competition is healthy for the industry, but I also really saw the power of partnership and collaboration as we accelerated the development of COVID-19 vaccines."

Gorsky reiterated the feeling of multiple CXOs when he mentioned weekly zoom meetings with fellow CEOs, heads of research and development departments and regulators that enabled real time sharing of information and how that contributed to the acceleration of COVID-19 vaccines and drugs. (Also see "[Coronavirus Update: FDA Tries To Control J&J's Vaccine, Extended Use Of Paxlovid](#)" - Scrip, 6 May, 2022.)

Responding to an audience member's question on collaboration with contract development and manufacturing organizations (CDMOs), Gorsky said "I'm actually bullish on that part of the industry going forward" given that some of the newer technologies are significantly different than the traditional small or large molecule technology that companies have been able to scale internally.

Given the challenge of some of that science and the fact that capital is going to be required, the only way the industry is going to be successful is by building the right kind of network, which is going to present real opportunities for external manufacturers, large sites and even public private partnerships to work in innovative ways, versus what the industry has traditionally done,

### ***How Pfizer Crafted Its Own 'Operation Warp Speed' For The COVID-19 Vaccine***

By **Vibha Ravi**

24 Jun 2021

It's counter-intuitive, but not signing a commercial contract with BioNTech and refusing US federal funding were two of several moves Pfizer made to speed up development of its COVID-19 vaccine, CEO Albert Bourla says. Now it's looking to supply low- and middle-income countries.

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he said.

On whether India can be considered as an important supply chain hub to prevent disruptions, Gorsky replied “my short answer is absolutely, yes.” (Also see "[J&J's Gorsky Puts Spotlight On Big Picture Potential Of Asia, New Technologies](#)" - Scrip, 7 Mar, 2022.)

“Thinking about new models, more globally integrated systems and platforms that can not only help us bring these products to market, but perhaps even improve overall access...and even provide a bit more redundancy at the time of the next pandemic, I think is a big opportunity for the industry,” Gorsky said in response to a question on the topic by Kiran Mazumdar-Shaw, founder and executive chairperson of [Biocon, Ltd.](#)

Gorsky will likely carry forward some of this thinking when he takes his place at Apple's table. “Alex has helped bring cutting-edge technologies to some of healthcare's most urgent and complex challenges. His voice and vision will help Apple continue to make a positive impact on people's lives through the power of technology.” Arthur Levinson, Apple's chairman, has said.

## The Big Split

During the fireside chat with moderator Christopher Viehbacher, industry veteran and current founding partner of Gurnet Point Capital, Gorsky also explained the thinking behind splitting the consumer healthcare part of J&J into a separate business. (Also see "[J&J To Split Consumer From Medtech and Pharmaceutical Businesses – Creating Two Companies To Unlock More Value, Growth, Innovation](#)" - Medtech Insight, 12 Nov, 2021.)

Saying drug innovation demands resources, Gorsky pointed to the company having invested “over \$14.5bn dollars in research and development across the portfolio last year, which puts us among the top five companies in the US, among the top 10 in the world.”

However, the company's journey from a surgical gauze company, to one where “when you think of us you think of band aids....and smell baby shampoo”, became an impediment to allocating capital to the growth businesses of pharma and medical devices while in real terms the consumer business now contributes a small part of overall revenue.

The consumer health business

contributed only 15.6% of the company's 2021 revenues, growing 4.1% over 2020. The remaining came from the pharma and medical devices segments.

### **BIO 2022: 'Limitless' Innovation Is Harder With Limited Cash**

By [Mandy Jackson](#)

16 Jun 2022 The mid-year meeting offered a chance to reflect on the tumultuous times and look at how the biopharma industry can weather the storm. [Read the full article here](#)

Asked by Viehbacher if J&J would lose value being less diversified, he said the management for literally over 130 years, went to an idea of a diversified portfolio and “we did that because we really try to follow the science.”

But “when you got into portfolio discussions and trade-off decisions, it became more and more difficult for those opportunities to rise to the top. So as part of an effort to free up the business to be more agile, to be able to distribute capital and to be even more competitive, we felt that spinning it out into its own entity would allow those dynamics to take place,” Gorsky said.

Besides, the differences in marketing a consumer product to a B2C audience versus marketing a medical device to a B2B consumer like a hospital made the split even more feasible.

## IPO Valuations

Gorsky was also asked to comment on the prices of initial public offerings (IPOs), to which he responded that there were almost 200 IPOs in biotech last year and nearly 185 of them are under their IPO pricing, and almost 120 of them “if you just added what they have on their balance sheets are under that.” (Also see "[Finance Watch: Venture Floodgates Open With New Funds, Dozens Of Rounds](#)" - Scrip, 27 Jun, 2022.)

Given this, “I think there's a bit of a disconnect between the long-term value of what they have in terms of science and technology; I think it has to do with likely concerns about the broader market. I think, pharmaceutical pricing, certainly play into that. But ultimately, I remain a realistic optimist.” (Also see "[Finance Watch: Certain Offerings Find Their Way To Investors In Tough Market](#)" - Scrip, 22 Jun, 2022.) (Also see "[4D Pharma Is Latest Biotech Casualty After Creditor Calls Time](#)" - Scrip, 29 Jun, 2022.)

The industry is going to see significant transformation going forward whether it's gene therapies, cell-based therapies, CAR-T proteins or, RNA technologies. “I think this is probably an opportunistic time for many companies. And I think if there's a silver lining, is that it may force the biotech industry and large pharma to think about different kinds of collaborations going forward.”

However, the current model where every single biotechnology company perhaps has a vision of becoming a large pharma company, and what that means in terms of taking on the cost, the

### **J&J Continues Signaling Aggressive M&A Approach To Drive Growth**

By [Joseph Haas](#)

19 Apr 2022

Johnson & Johnson reported disappointing Q1 sales for its COVID-19 vaccine but called the Carvykti launch solid and discussed plans for further diversification of its multiple myeloma portfolio.

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infrastructure, “frankly, just isn't sustainable.”

The solution is to work together in different, more collaborative ways, not only around discovery and development, but even around manufacturing and marketing which in turn could lead to “maybe even more innovation and greater access, and greater opportunities for the ecosystem and investment going forward.”

Gorsky also revealed that the idea of JLABS, J&J’s network of no-strings-attached life science incubators to accelerate healthcare solutions, which has been a “major contributor” to the company's growth, was born of the same thought. (Also see "[In Pfizer, J&J's Innovation Centers, Incubators Lie Paths To Indian Innovation](#)" - Scrip, 30 Nov, 2021.) (Also see "[Pfizer's India MD On Funding Healthcare Startups](#)" - Scrip, 11 Apr, 2022.)

“Ultimately, partnerships take time, take effort, take energy and it's difficult to do that virtually on a long-term basis. And so that's why we invest in centers, we realized that many of those would not work out the way they intended. But we felt that if we were there on a long term, more consistent basis, not only was that going to give us greater insights, but hopefully it would make us the partner of choice,” he added.

At the same time, it’s important to build the organization and opportunities from within too as “if you don't have enough internal capabilities to know what good is, it's hard to be successful as well.”