J&J taps Bayer exec for new post over 3 divisions

LINDA A. JOHNSON - AP Business Writer - Associated Press

Johnson & Johnson is hiring a Bayer Group executive for a new position overseeing J&J's troubled consumer health and manufacturing operations, as new CEO Alex Gorsky tackles key problems at the health care giant.

It's the first big executive move by Gorsky, who became CEO in April and pledged to fix a host of quality, legal and ethical problems involving consumer and other products and sales practices.

New Brunswick, N.J.-based Johnson & Johnson said Thursday that Sandra E. Peterson, the chief executive of Bayer CropScience, will join J&J on Dec. 1.

She will be the first outsider ever appointed to the executive committee that manages J&J operations. The committee will expand from four to six members with the addition of Peterson and worldwide pharmaceuticals head Paul Stoffels, who now will add the role of chief scientific officer.

The expansion is meant to heighten J&J's focus on science and improve execution of its strategy, spokeswoman Carol Goodrich said.

Peterson also will become a group worldwide chairman, expanding that group from five to six. Besides overseeing the recall-plagued consumer health business and J&J's factories and supply chain, she will have responsibility for information technology. The manager of each of those divisions will report to her.

Goodrich noted Peterson has leadership experience in pharmaceuticals, medical devices and consumer goods — J&J's three business segments — as well as health information technology and strategy development.

"She can leverage her IT and supply chain background to address the critical current needs in our consumer business," Goodrich said.

J&J, the world's most diversified health care company, sells prescription drugs, medical devices and diagnostic equipment, along with over-the-counter drugs and a stable of toiletries such as Listerine mouthwash that are household names.

For the past two years, Peterson, 52, has run Bayer's crop business, which sells seeds and chemical and biological crop protection products. Before that, she was chief executive of Bayer Medical Care and president of the Diabetes Care Division of Bayer HealthCare. She's been a member of Bayer Healthcare's executive committee for seven years.

Earlier in her career, the New York native served as an executive at a few American companies.

In 1999, she became a senior vice president at drugmaker Merck & Co.'s prescription benefit management business, Medco. She played a role in Medco's 2003 spinoff as an independent company. She then was a group president of Medco Health Solutions Inc., which became part of what's now called Express Scripts Holding Co. this summer.

Peterson previously served as an executive at foodmaker Nabisco, now part of Kraft Foods Inc., and at appliances manufacturer Whirlpool Corp. She also worked on product development and brand marketing strategies while a management consultant at McKinsey & Co. from 1987 through 1993.

"Sandy Peterson is an experienced global leader known for her strategic thinking and proven track record in growing businesses," Gorsky said in a statement.

Gorsky has said his priorities include restoring quality and ending recalls in the company's consumer health business, plus rounding out the executive team.

Consumer health is the smallest of J&J's three business segments, with sales of $14.9 billion last year, but it's far and away the most visible division to the general public.

Its many brands have long been staples on the shelves of pharmacies, grocery stores and discounters, from the iconic Johnson & Johnson's Band-Aids and No More Tears baby shampoo to o.b. tampons and Aveeno and Neutrogena skin care products.

In the past three years, it's had an eye-popping series of more than two dozen product recalls, for nonprescription medicines including Tylenol, Motrin, Benadryl and Sudafed. Reasons range from tiny glass and metal shards in some liquid medicines to the wrong levels of active ingredients and nauseating odors in product packaging.

Besides tarnishing the image of a company that insists it still follows its credo of putting patients, doctors and employees ahead of profits, the recalls have hurt J&J's finances, costing it more than $1 billion in lost sales. That's a key reason total company revenue declined in 2009 and 2010, a first since the Depression. In addition, J&J has cited higher-than-expected remediation costs as it rebuilds one of its consumer products factories from the ground up, and two others have production slowed by increased government scrutiny.

Production of many products has been shifted to other factories, but J&J has repeatedly pushed back its target for getting all the recalled products back on store shelves and now doesn't expect that to happen until sometime next year.

No injuries have been linked to the recalls.

The company also is negotiating a settlement with the federal government, expected to be in the $2 billion range, over promoting prescription drugs for

unapproved uses.

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