

Novartis CEO on Dealing with Scandals Tuesday 4 October 2016 15:08

As boss of Novartis, Joe Jimenez has had to deal with his share of scandals, including accusations that the drugmaker rigged data in clinical trials in Japan. His blueprint for eradicating wrong-doing reads like an advice manual for scandal-plagued finance firms.

American **Joe Jimenez** has ushered Novartis through major scandals in his six years as CEO: the drugmaker has been accused of rigging trial data in Japan, of discriminating against women in the U.S., and even of cheating consumers by dosing eye drops too generously.

Novartis has spent millions in recent years putting side its various legal probes, such as paying the Securities and Exchange Commission \$25 million earlier this year over illicit payments in China.

22 Ongoing Cases

All told, the Basel firm is currently ensnared in 22 legal cases, investigations and class action lawsuits, as detailed in four pages of Novartis' annual report.

Asked what he could do to make Novartis avoid major scandals like those seen in the finance industry, Jimenez listed recruiting as the top factor, saying the firm had long ago discovered how to filter out job candidates who would perform regardless of the cost versus those who follow the rules.

«We tell people, we don't want you to deliver at any cost. We want you to deliver, but we want you to deliver in the right way,» Jimenez said at «[stars](#)», a leadership symposium run by an independent foundation in Stein am Rhein.

Wells Fargo

Jimenez was taciturn when asked about a sales scandal currently engulfing Wells Fargo and its Chief Executive **John Stumpf**, saying he would not comment directly.

Both Jimenez and Stumpf run major sprawling companies, Jimenez said.

«Many times there are pockets of bad behaviors that you have to identify. First of all, have you hired the right people, have you trained them in compliance and then if that doesn't work the third line of defense is, are you able to identify if you have a problem quickly and fix it. And if you can do those three things, then I would say you're doing your job as the leader.»

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«Wipe It Out»

With 35,000 sales and marketing representatives around the world, Novartis can't guarantee to eradicate wrong-doing entirely, Jimenez said.

«It's a combination for us of hiring the right people, training them when they get here, and thirdly, you need the ability to identify it and wipe it out as soon as you see it,» Jimenez said.

The Stanford-educated American executive was also unusually frank about his working relationship with **Daniel Vasella**, a Swiss physician-turned-executive who helped orchestrate the \$30 billion merger which formed Novartis 20 years ago.

Ubervater Vasella

Asked what it was like to succeed Vasella as CEO and report to him, then in the chairman role, Jimenez admitted he was daunted by the idea of working for the ubervater of Novartis.

«I thought it was going to be horrible, because I thought there's no way that somebody who was a legacy CEO like «Dan» Vasella would ever let me do my job, but he did. With great personal discipline, he was able to sit back and allow me to do my job,» Jimenez said.

It ultimately became apparent that Vasella was an operations person, not an overseer.

Opinionated Chairman

«He had very strong opinions about the way that the company should look because he made it look the way that it did, but he always had great discipline which is in fact why he eventually left: he said he didn't like that job.»

Many of Jimenez's observations translate to banking, though he has never worked in the financial services industry.

By his own admittance, Jimenez checks Novartis' share price «once every couple of days, not every day» – hardly banker-like behavior.