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## **Chapter 5**

# **Tomorrow Never Dies: The Art of Staying on Top**

Shining today, gone tomorrow? For every Apple, there is an Atari, for every Fuji a Polaroid, and for every Netflix a Blockbuster. It's harder to stay on top than to get there. How can you avoid the seemingly inevitable and become an "ever-green" corporation?

In the last chapter, we showed that companies die sooner than ever before: one in three public companies overall and one in six large companies will not survive the next five years (Figure 4.3). We now reveal that despite this threat to their longevity, companies are more focused than ever on the short term. This failure to take the long view is often a result of past success – a phenomenon we call the "success trap."

The biggest threat to the survival of large companies may therefore come not from Silicon Valley or China, but from their own lack of strategic renewal. The good news is that premature demise is far from inevitable. Leaders hold their companies' fates in their hands. We offer five action imperatives to help leaders turn their companies into sustainably growing, value-creating, evergreen corporations.

## **Large, Established Companies are Increasingly Vulnerable**

In the 1960s, BCG's founder, Bruce Henderson, said that bigness is a big idea. High relative market share yields lower costs, which generate more cash to fund growth, creating a virtuous cycle of sustained competitive advantage. But size no longer means what it used to: today, only 7% of companies that are market share leaders are also profit leaders in their industries – down from 25% in the 1960s. Scale is thus increasingly an indication of past success, not a predictor of future performance.

Scale can also deceive: it initially serves as a buffer against external pressures, making large, established companies generally more resilient than smaller, younger ones. This resilience, however, does not compensate indefinitely for insufficient investments in future growth options. Size frequently leads to inertia, slowly driving up mortality even among the largest companies.