Your company will fail. V4

What is the purpose of this article?
This article enables a discussion about your company's long-term survival and competitively differentiated returns to investors.

The audience for this article includes: boards of directors, CEOs, the C-Suite, individual investors, and institutional investors,

This article does not provide tax, legal or financial advice. You must do your own research and fact-based analysis using current and relevant information.

What are the critical learnings in this article?
1) 40% of CEOs believe their company will not be viable in ten years if it continues on its current path. 80% of companies are not prepared to quickly address disruptions.
2) Few large companies have provided good shareholder returns and had sustained value creation.
3) Most companies do not recover from crisis.
4) Most major changes fail or create limited value.
5) Most large-scale tech programs fail.

Will companies survive and prosper if they continue in their current path?
40% of CEOs believe their company will not be viable in ten years if it continues on its current path. 80% of companies are not prepared to quickly address disruptions.
1) In 2024, four in ten CEOs believed their company will no longer be viable in ten years if it continues on its current path. The majority of CEOs believed they will not be in their current role in five years time. [1]
2) 94% of those running companies with more than $5 billion in revenue said that internal obstacles, not external ones, keep their companies from growing profitably. [2]
3) Eighty percent of companies are reactive; they are unprepared to quickly address disruptions that may occur, and their operations aren't structured for long-term resilience. [3]
4) Globally, only 20% of companies are well prepared for disruption, and 29% well prepared for crises. [4]

How many large companies have provided good shareholder returns and had sustained value creation?
Few large companies have provided good shareholder returns and had sustained value creation.
1) The median return for public company stocks has been -0.74%yr. The 90% percentile has been 22.10%/year. (29,078 publicly listed common stocks in the CRSP data base from December 1925 to December 2023.) [5]
1) Study of the largest 5,000 US companies stock prices rom Jan 2011, to Dec 2020 showed that after 10 years, 42% ended in the black, 36% lost money, and 22% had disappeared. [6]
2) In 2023, 0.4% of large companies had SVC (Sustained Value Creation) for 10 years. 10% had done it for 8 years. Half the companies had 6% or less annual shareholder return over 10 years. [7]

How many companies recover from a crisis?
Most companies do not recover from crisis. [2]
1) 80% of the swings in market value for companies occur as a result of decisions and actions taken during three types of PREDICTBALE crises. [2]
2) About 5% to 7% of companies are in free fall or about to tip into it at any one time; of those, only 10-15% will recover. [2]
3) More than 70% of companies fail to outperform their industry peer group average in both the short (one year) and long term (five years), after a previous performance downturn period. [8]

How many major changes succeed and create value?
Most major changes fail or create limited value.
1) Only 12% of major changes produce lasting results. [9]
2) During the past two decades, only 26% of corporate transformations have successfully created value in both the short and long terms. [8]

How many large scale technology programs succeed?
Most large-scale tech programs fail.
1) More than two-thirds of large-scale tech programs are not expected to be delivered on time, within budget, or within their defined scope.[10]

How many public market funds succeed?
Most actively managed public market funds underperform their benchmarks.
1) Over a 20-year period ending in 2025, over 95% of US funds underperformed their benchmarks.[11]

How many buyout PE (private equity) funds succeed?
1) Close to 50% of PE funds had the same (or worse) returns as public market indices. [12]

How many VC (venture capital) funds succeed?
1) The median VC funds had returns about 3% higher than the public market indices. 25% of VC funds had annual returns at least 4% lower than public market indices. [13]

What are your next steps?
1) Define the words/concepts/data you're using, in a glossary. I've seen major confusion when the same words mean different things to different people.
2) Benchmark your company relative to peers and over economy: financial performance, customer perception (e.g. Net Promotor Score, market share growth, etc.), total shareholder return.
3) Do three sets of anonymous surveys, addressing some or all of the above questions: The Board of Directors, the C-Suite, employees, and shareholders.
4) Discuss the results of benchmarking and anonymous surveys.
5) What results do you believe are facts and represent the truth? Do you believe you have a problem(s) you must address?

Footnotes
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What further reading should you do?
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http://koorandassociates.org/avoiding-business-failure/is-your-company-planning-to-fail/