# Understanding the decline in business longevity



In the current economic landscape, the lifespan of businesses is witnessing a significant decline, raising critical questions regarding the factors that contribute to longevity. Recent analyses indicate that the average lifespan of companies, particularly those on the Standard & Poor's 500 Index (S&P 500), has shrunk from an average of 32 years in 1965 to just 21 years in 2020. More strikingly, an EY report from 2023 highlights that the average lifespan for an American S&P 500 company now stands at a mere 15 years. These statistics suggest an ongoing trend where even well-prepared companies face challenges in ensuring their survival.

As an illustration of longevity in business, the Kowloon Motor Bus Company (KMB), founded in 1921 by my grandfather, is on the verge of celebrating its 104th anniversary in 2025. As a fourth-generation heir who took over the company in 1993, I have witnessed the resilience required to survive in an evolving environment that includes navigating the challenges of global conflicts, financial crises, and the unprecedented disruptions caused by the COVID-19 pandemic. The story of KMB underscores significant strategies that may contribute to the endurance of a business over the course of a century and beyond.

Key among these strategies is the necessity to "adapt or die," a phrase that echoes the sentiments of Charles Darwin. In a rapidly changing world, businesses must remain relevant by responding to shifts in customer needs and market dynamics. A notable example can be found in the history of LEGO, which transformed its operations after nearly facing bankruptcy due to over-innovation. Instead of continuously pursuing novel ideas, LEGO refocused its efforts on modifying existing products and forming strategic partnerships with popular franchises such as Harry Potter and Star Wars. This form of adaptability mirrors the approach KMB has taken throughout its history, including during World War II when alternative transportation methods were employed to meet public needs.

Moreover, striking the right balance between innovation and stability is vital for businesses aiming for long-term success. While innovation is essential for maintaining a competitive edge, excessive risk-taking without a solid foundation can jeopardize a company’s viability. A strategy grounded in data-driven risk analysis, supported by collaborative internal and external inputs, may provide a framework for innovation that aligns with the overall goals of the business. Good leadership should ensure that the company maintains a culture of innovation that does not compromise its core operations.

Social responsibility also plays a critical role in a company's longevity. A commitment to serving not just shareholders but the wider community is essential for businesses that seek to establish enduring relationships with customers. Research indicates that a substantial majority of consumers, particularly millennials, prefer to support brands that align with their values. For instance, Gibsons Games, a 104-year-old jigsaw puzzle manufacturer, exemplifies how long-standing businesses can thrive through a commitment to social responsibility.

KMB illustrates this ethos in its operations, having historically provided affordable and accessible public transportation without relying on government subsidies. This commitment has allowed the company to serve approximately 2.8 million commuters daily in Hong Kong. Furthermore, initiatives such as the establishment of Friends of KMB, the first volunteer group organised by a transport company in Hong Kong, represent efforts to encourage civic engagement.

The continuity of these principles is embedded within the business culture from the outset, fostering resilience and ensuring that the company remains aligned with its societal responsibilities over time. As the landscape of business continues to evolve, these lessons may provide valuable insights for companies aspiring to endure and thrive through the generations.

Source: [Noah Wire Services](https://www.noahwire.com)

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