



Blog Post

Fortune 500 firms in 1955 v. 2015; Only 12% remain, thanks to the creative destruction that fuels economic prosperity

AEIdeas

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October 12, 2015



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Only These 61 Companies Were in the Fortune 500 in Both 1955 and 2015

3M	CVS	Lockheed Martin
Abbott Laboratories	Deere	Marathon Oil
Alcoa	Dow Chemical	McGraw Hill Financial
Alleghany	DuPont	Monsanto
Archer Daniels Midland	Exxon Mobil	Navistar
Ashland	Freeport-McMoRan	NCR
ATT	General Electric	Northrop Grumman
Avon Products	General Dynamics	Owens Corning
Boeing	General Mills	Owens-Illinois
BorgWarner	General Motors	PepsiCo
Bristol-Myers Squibb	Goodyear Tire and Rubber	Pfizer
Campbell Soup	Hershey	Procter and Gamble
Caterpillar	Honeywell International	Raytheon
CBS	Hormel Foods	Rockwell Automation
Celanese	IBM	Sealed Air
Chevron	International Paper	Textron
Coca-Cola Enterprises	Johnson and Johnson	United States Steel
ConocoPhillips	Kellogg	United Technologies
Crown Holdings	Kimberly-Clark	Weyerhaeuser
Cummins	Kraft Foods Group	Whirlpool
	Lear	

What do the companies in these three groups have in common?

Group A: American Motors, Brown Shoe, Studebaker, Collins Radio, Detroit Steel, Zenith Electronics, and National Sugar Refining.

Group B: Boeing, Campbell Soup, General Motors, Kellogg, Procter and Gamble, Deere, IBM and Whirlpool.

Group C: Facebook, eBay, Home Depot, Microsoft, Google, Netflix, Office Depot and Target.

All of the companies in **Group A** were in the Fortune 500 in 1955, but not in 2015.

All of the companies in **Group B** were in the Fortune 500 in both 1955 and 2015.

All of the companies in **Group C** were in the Fortune 500 in 2015, but not 1955.

The list of Fortune 500 companies in 1955 is available [here](#) and for 2015 [here](#). Comparing the 1955 Fortune 500 companies to the 2015 Fortune 500, there are **only 61 companies that appear in both lists (see companies in the graphic above)**. In other words, only 12.2% of the Fortune 500 companies in 1955 were still on the list 60 years later in 2015, and nearly 88% of the companies from 1955 have either gone bankrupt, merged with (or were acquired by) another firm, or they still exist but have fallen from the top

Fortune 500 companies (ranked by total revenues). Most of the companies on the list in 1955 are unrecognizable, forgotten companies today (e.g. Armstrong Rubber, Cone Mills, Hines Lumber, Pacific Vegetable Oil, and Riegel Textile).

Economic Lessons: The fact that nearly 9 of every ten Fortune 500 companies in 1955 are gone, merged, or contracted demonstrates that there's been a lot of market disruption, churning, and **Schumpeterian creative destruction** over the last 60 years. It's reasonable to expect that when the Fortune 500 list is released 60 years from now in 2075, most of today's Fortune 500 companies will no longer exist as currently configured, having been replaced by new companies in new, emerging industries, and for that we should be extremely thankful. The constant turnover in the Fortune 500 is a positive sign of the dynamism and innovation that characterizes a vibrant consumer-oriented market economy, and that dynamic turnover is speeding up in today's hyper-competitive global economy. According to a 2012 report from Innosight ("[Creative Destruction Whips Through Corporate America](#)") based on almost a century's worth of market data, corporations in the S&P 500 Index in 1958 stayed in the index for an average of 61 years. By 1980, the average tenure in the S&P 500 had fallen to about 25 years, and in 2012 it was just 18 years. At the current churn rate, 75% of today's S&P 500 companies will be replaced by 2027!

Another economic lesson to be learned from the creative destruction that results in the constant churning of Fortune 500 (and S&P 500) companies over time is that the process of market disruption is being driven by the endless pursuit of sales and profits that can only come from serving customers with low prices, high quality products and services, and great customer service. If we think of a company's annual sales revenues as the number of "dollar votes" it gets every year from providing goods and services to consumers, we can then appreciate the fact that the Fortune 500 companies represent the 500 companies that have generated the greatest dollar votes of confidence from us as consumers – like Walmart (No. 1 at \$486 billion in "dollar votes"), ExxonMobil (No. 2 at \$383 billion), Apple (No. 5 at \$183 billion) and GM (No. 6 at \$156 billion).

As consumers, we should appreciate the fact that we are the ultimate beneficiaries of the Schumpeterian creative destruction that drives the dynamism of the market economy and results in a constant churning of the firms who are ultimately fighting to attract as many of our dollar votes as possible — and the 500 top winners of that competitive battle in any given year are the firms in the Fortune 500, ranked by their dollar votes.