



Innovation and Shifts: Changes Across Fortune 500 Companies Over the Years

Mikaela Cohen

Graduate Assistant | The Cox
Institute for Journalism Innovation,
Management and Leadership

Millions of dollars in revenue and widespread success are characteristics of Fortune 500 companies. Yet, new companies join the Fortune 500 list frequently, and quickly rise in the rankings.

The 2020 list published this summer included 322 new companies, compared to the 1995 list published at the dawn of the internet era.

A 65% shift in this iconic ranking demonstrates the significant change taking place in businesses over the past 25 years in the United States. Now, the Fortune 500 list is seen as a barometer for change.

Fortune published its first list of the top 500 U.S. companies in 1955, only including industrial companies which were representative of the economy of its time. In 1995, as the economy shifted, Fortune incorporated service companies into the list including industries like banking, retail and financial institutions.

The Journal of Financial and Quantitative Analysis described the list a “unique type of nonlinear performance goal, where the target goal is to be one of the top 500 U.S. firms by revenue.”

Walmart is consistently at the top of the list, earning the number one spot since 2013.

“Walmart became the biggest company in the world,” said Brian O’Keefe, deputy editor at *Fortune* who oversees the Fortune 500 list.

“It may not seem like an innovative company now, but they were actually incredibly innovative. They were using technology to manage supply chain and logistics and to outmaneuver their rivals.”

Notable newcomers to 1995 list as new industries were included

- Walmart
- Microsoft
- SunTrust Banks
- Verizon
- Delta Airlines

O’Keefe said Amazon climbed the Fortune 500 ranks quickly liked Walmart did.

“Amazon came along and reinvented the retail world,” O’Keefe said. “Last year, Amazon was number five on the Fortune 500 and in 2002, it was number 492. It has been a meteoric rise on the Fortune 500. Apple, Amazon, Alphabet and Microsoft — these are the companies that have been the icons of innovation.”

David Sutherland, who is the founder and managing director of the Launch Institute, a technology scouting firm, and a business professor at the Terry College of Business at the University of Georgia, said he has worked with companies who chose to innovate, like Apple Computer, ultimately leading to their continued success.

Sutherland said if longstanding Fortune 500 company want to remain on the list, they need new ideas and keep pace with Silicon Valley's speed of innovation.

"The 90s saw a lot of start-up companies launching businesses. This whole technology shift frightened big corporations," Sutherland said.

Prior to the 90s, companies mainly focused on improvements in research and development. However, with the rise of Silicon Valley and its innovative framework, companies began switching R&D focus to an emphasis on innovation, Sutherland said.

Sutherland said he recalls when companies realized they needed internal innovation teams. At first, he said, companies didn't know how to innovate but over time learned how to incorporate it into the corporate business model.

Notable newcomers to 2000 list from 1995 list

- Comcast
- Charles Schwab
- NCR
- Caremark Rx (later known as CVS Caremark)
- Barnes and Noble

"Innovation has become a critical success capability inside of companies," Sutherland said.

"It's not just the speed of the idea. It's about how valid the idea is, how accurate the idea is and how well the idea is meeting the customers' needs."

Notable newcomers to 2005 list from 2000 list

- Amazon.com
- DIRECTV Group
- Cox Communications
- Starbucks
- H&R Block

Sutherland said a success component for businesses is maintaining a startup mentality, the same mindset and culture they have at the beginning.

The mindset that led to the success of many Silicon Valley startups is the approach businesses should implement, Sutherland said.

“When you’re looking at the companies that really get the VC [venture capital] money, and ultimately move up into the Fortune 500, they know how to sell themselves and they have a really good pitch deck,” said Maija Ehlinger, associate editor and technology reporter at Hypepotamus.com.

Hypepotamus.com is an Atlanta-based regional publication that reports on the southeast’s innovation community. Before moving into a full-time editorial position at Hypepotamus.com, Ehlinger freelanced for the publication and continues to freelance for CNN International. Prior to her journalism career, Ehlinger worked in startup companies.

“I don’t think anyone can say that Facebook is a startup anymore, but they keep a startup culture,” Ehlinger said. “Google still has a startup culture and that’s in vogue to do so, the blurring of the lines between startups and startup culture that people want to implement.”

In 2005, Facebook wasn’t on the Fortune 500 list, but on the 2020 list, it ranks 42. Google wasn’t on the 2005 list either, but in 2020, Alphabet, Google’s parent company, ranks 11 on the list.



Maija Ehlinger, Hypepotamus

“Especially in today’s business climate, companies that are unable to pivot and makes changes quickly have folded,” Ehlinger said. “Unfortunately, we’re seeing retail companies around the world that have folded and airlines that have gone bankrupt.”

Ehlinger said these legacy industries aren’t going away, but the companies that make in in these legacy industries are ones who innovate and adapt to withstand change.

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Mikaela Cohen

Mikaela Cohen is a first-year graduate student at the University of Georgia, earning a master's degree in Journalism. She is currently a graduate assistant for the Cox Institute for Journalism Innovation, Management and Leadership, primarily conducting research and assisting Dr. Keith Herndon, director of the Cox Institute.