



Weekly Brief

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Corporate Vitality Sets Leaders Apart



Every business must balance making the most of what it has today with laying the foundation for tomorrow. But too often near-term pressures prevail.

Nearly a decade ago, our BCG Henderson Institute began a search for the factors that could predict future growth and value creation—something we named “corporate vitality.” Starting in 2017, it became the basis of *Fortune*’s annual Future 50, and the companies that made that list each year meaningfully outperformed the market.

Over the years, we have refined this measure through extensive research and practical application. In collaboration with Workday, and using an entirely refreshed methodology, we’ve just released our new [Vitality Code report](#). It offers critical insights into what creates vitality and sets growth leaders apart.

The Vitality Advantage

Our research shows that high-vitality companies grow significantly faster than their peers and consistently create more shareholder value; the Fortune Future 50 delivered an average annual TSR that was 3 percentage points higher than peer levels. The most vital firms also tend to outperform their peers within their industry. This demonstrates a compelling reason to invest in increased vitality.

What are the qualities that lead to vitality? They fall along four

dimensions. First, the highest-vitality organizations have true *strategic clarity*, with business models that have direct paths to profitability and an openness to collaborating with external partners on innovation. Second, they stand out as *technology* leaders, building scalable, future-ready tech stacks and embracing evolving technologies.

But in my conversations with the authors, I found the other two dimensions contained more surprising qualities. For example, high-vitality firms often have a different *people* mindset, deliberately hiring growth talent—that is, people who have firsthand experience in rapidly building businesses and scaling companies. And they focus on *culture*, deliberately reducing internal complexity, aiming for true “minimum viable bureaucracy” operating models, and focusing intensely on innovating on behalf of their customers.

What Big Companies Need to Know About Vitality

Not surprisingly, AI and software firms take many of the top spots among today’s highest-vitality organizations. But what’s interesting is that if you narrow the set to larger, more established public companies, you still see a significant jump in TSR performance among those that outperform on vitality.

Here are four moves that can help increase the vitality of big companies:

- **Establish a clear strategy with portfolio roles for each business unit.** Not every business unit needs to be poised for growth. Assign clear roles to each one, and then work on increasing vitality in the parts of your portfolio where growth carries a premium.
- **Find ways to combat the drag of being big.** One approach is to split into smaller, more market-facing units or divide up the company entirely. Introduce more agile ways of working across the organization and establish a strong performance culture. Encourage more employee rotation to avoid becoming trapped in the past.
- **Enhance your M&A and innovation capabilities.** Learn how to quickly identify promising companies that exhibit strong vitality—likely smaller, high-

growth businesses. If they're a good fit, then actively collaborate with, co-invest in, or acquire these businesses at an early stage.

- **Make sure growth is a C-level priority.** Define your growth goals and ensure the strongest senior leaders actively oversee the company's most critical growth initiatives. Balance efforts between growing your current core business and exploring new opportunities, whether through internal innovation or partnerships and acquisitions.

The vitality framework offers leaders a practical tool to measure their organization's true capacity for lasting growth. It encourages precise evaluation and decisive actions that can significantly enhance competitive positioning.

Where do you stand today? What specific actions can you take in strategy, technology, people, or culture to strengthen your vitality? I hope you'll [dive into this report](#) to learn more about how to answer these questions as you look for ways to secure long-term success in our fast-evolving world. And please reach out to our [corporate vitality team](#) if you'd like to have a deeper discussion.

Until next time,

A handwritten signature in dark ink, appearing to read "Rich", with a stylized flourish at the end.

Rich Lesser
Global Chair

Further Insights



The Vitality Code: How Growth Leaders Master Strategy, Technology, People, and Culture

Corporate vitality is a proprietary measure that BCG developed to assess a company's potential for long-term growth. Find out how leading companies outperform their peers.

MEASURE YOUR VITALITY



The Future 50: Companies Built to Adapt and Thrive in Turbulent Times

Since 2017, *Fortune* has teamed up with BCG to produce the Future 50, an index of companies that are built to deliver better-than-average growth in the long term.

BECOME A GROWTH LEADER



Corporate Finance and Strategy

The path to competitive advantage is changing. We help companies reimagine strategy and value creation in a fast-paced world.

DISCOVER STRATEGIC INNOVATION