

Can a Company Become Too Big?

Latest Thinking



Sustainable growth is a key strategic objective for most companies and has been since time and memorial.

Throughout the credit crunch a number of organisations were termed 'too big to fail' and received respective support from governments to enable them to continue trading. Whilst such actions divided opinion, at least Governments were in a position to bail them out, should they wish to do so.

Given Apple's latest valuation and likely similar valuations from companies such as Google / Alphabet and Amazon, are we starting to see a further evolution and the development of 'mega corporations' with significantly more money than many countries and the associated power and market dominance to see further significant growth in the future?

Take Apple as a case in point, the company is now worth over half of Canada's \$1.7-trillion dollar economy and far more than most other countries.

In fact, there are only 16 countries with a GDP equal to or greater than Apple's current market valuation, according to World Bank data:

- Australia: \$1.3 trillion
- Brazil: \$2 trillion
- Canada: \$1.7 trillion
- China: \$12 trillion
- France: \$2.6 trillion
- Germany: \$3.7 trillion
- India: \$2.6 trillion
- Indonesia: \$1 trillion
- Italy: \$1.9 trillion
- Japan: \$4.9 trillion
- South Korea: \$1.5 trillion
- Mexico: \$1.1 trillion
- Russia: \$1.6 trillion
- Spain: \$1.3 trillion
- U.K.: \$2.6 trillion
- U.S.: \$19.4 trillion

Given that Apple has managed to grow its company valuation from \$0 - \$1tn in c.40 years, what's possible over the next 40, with the benefit of c.\$0.3tn in reserves?

How will Government manage to control such 'mega corporations' and more importantly how will these organisations manage power, resources and market

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dominance at a scale never seen before?

I'm sure there will continue to be many break through technologies that continue to change the world in which we live, but whether these are advantageous or disadvantageous will largely be dependent upon many factors, not least how the various social, moral and ethical considerations are managed and by whom?

So I pose a few questions:

1. Can a company become too big?
2. If so, when does a company become too big?
3. And finally, how should governance be facilitated;
 - a. externally by Government with reduced power, or
 - b. locally through self-governance / autonomy / morality?

I welcome your thoughts!

About the Author

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A substantially experienced performance excellence and organisation transformation professional with over 17 years of strategic and operational management experience supporting International private and public sectors organisations.

An expert in lean operations management, programme management and supply chain / procurement optimisation with an impressive track record of delivering a wide range of complex business transformation and change management programmes across a diverse range of market sectors including; Retail, Automotive, Manufacturing, Healthcare and Supply Chain.

About Linea

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