



02/05/2022 | Insights from Hyfen Consulting

The decline in lifespan of Australian businesses

The decline in the average lifespan is a global trend, but it is one that is particularly pronounced in Australia. Over the past 50 years, the average lifespan of an Australian company has fallen from 65 years to just 10 years. This is a concerning trend, and it's one that should be of interest to any business owner or leader who wants their company to be successful over the long term.

There are many reasons why the average lifespan of Australian companies has declined so dramatically. One of the main drivers is the rapid pace of technological change. As new technologies emerge, they create new opportunities for companies to innovate and disrupt existing markets. However, they also create new threats for established businesses that fail to keep up with the pace of change.

Another driver of the decline is the increasing importance of customer experience. Customers today have more choices than ever before, and they expect more from the companies they do business with. Companies that fail to deliver a great customer experience are likely to be left behind by those that do.

Finally, the challenge of defining the market is another major factor in the decline of company lifespans. Many businesses struggle to define their market specifically enough, and this can make it difficult to create products and services that meet the needs of their customers. At the same time, many industries and markets are being disrupted by innovation and disintermediation, making it even more challenging for businesses to find their place in the market.

So, what can businesses do to address these challenges and increase their chances of long-term success? First and foremost, they need to focus on understanding their customers and the job that their product or service is designed to do. This means thinking beyond sector boundaries and being open to new and different ways of defining their market. For example, rather than simply targeting a particular demographic, a business might focus on a specific customer behavior or "job to be done."

Take, for example, Atlassian, the Australian software company. Atlassian's products are used by software developers to manage their projects and collaborate with their teams. Rather than focusing on a particular industry or demographic, Atlassian defines its market based on the job that its products are designed to do. This has allowed the company to carve out a unique position in the market and build a loyal customer base.

Another key strategy for businesses is to embrace innovation and adapt to new technologies as they emerge. This means investing in research and development and being willing to take risks to stay ahead of the competition. Companies that fail to



innovate are likely to be left behind by those that do.

In addition, businesses need to focus on delivering a great customer experience. This means investing in customer service, user experience design, and other areas that contribute to a positive customer experience. Companies that prioritize the customer experience are more likely to build strong customer relationships and create loyal customers.

For small businesses, in particular, it's important to be adaptable and nimble in response to changes in the market. While larger businesses may have more resources to weather disruptions and market changes, small businesses can often respond more quickly and effectively to new challenges. This means being open to new ideas and being willing to pivot quickly if necessary.

While the decline in the average lifespan of Australian companies is a concerning trend, it's not inevitable. By focusing on understanding their customers, embracing innovation, and delivering a great customer experience, businesses can increase their chances of long-term success. This requires a willingness to think beyond traditional market definitions and be open to new and different ways of defining their market. By doing so, businesses can create a sustainable future for themselves and their customers.

