

## The World's 50 Most Innovative Companies

Not so long ago, no conversation about innovation would be complete without the story of 3M inventor Art Fry's eureka moment [Special Report](#) that led to the Post-it Note. Today, that tale, which verges on cliché, has been almost universally replaced by the story of the iPod, Apple's omnipresent icon of design.

It should come as little surprise, then, that Apple tops the BusinessWeek-Boston Consulting Group's list of the World's Most Innovative Companies for the third year in a row. That sort of staying power speaks volumes about the sort of innovation that matters today. Unlike the Post-it Note, which proves the value of lone inventors, the iPod epitomizes today's innovation sensibilities. These include the ascendance of design, the focus on the user's experience, and the power of ecosystems: The iPod is a hit because it works so seamlessly with the iTunes software. The company's much-anticipated iPhone, which launches in June, will likely keep Apple high on our list next year too.

There are some surprises this year, including four new companies in the top 25—Disney, Boeing, Genentech, and Cisco Systems. In other cases, the resilience of corporate reputation was surprising. Wal-Mart Stores suffers from slow growth, but still commands respect for its supply-chain innovations. Dell wears the brand halo of an innovator for its efficient direct-to-consumer model, though it suffered through a management shakeup and fell from No. 14 to No. 22. And what of 3M? It fell too, from No. 3 in 2006 to No. 7 this year.

Click column heading once to reorder from highest to lowest. Click twice to reorder from lowest to highest.

2007 Rank	2006 Rank	Company Name	HQ CITY	HQ COUNTRY	HQ CONTINENT	STOCK RETURNS 2001-2006*	REVENUE GROWTH 2001-2006*	MARGIN GROWTH 2001-2006*	PATENT CITATION INDEX**
1	1	APPLE	Cupertino, CA	USA	North America	50.60	29.21	NA***	34
2	2	GOOGLE	Mountain View, CA	USA	North America	NA^	NA^	NA^	1
3	4	TOYOTA MOTOR	Toyota	Japan	Asia	20.50	8.30	5.21	361
4	6	GENERAL ELECTRIC	Fairfield, CT	USA	North America	1.11	5.06	1.36	155
5	5	MICROSOFT	Redmond, WA	USA	North America	0.83	11.85	-3.04	174
6	7	PROCTER & GAMBLE	Cincinnati, OH	USA	North America	12.20	11.69	3.70	105
7	3	3M	St. Paul, MN	USA	North America	7.77	7.35	5.49	57
8	43	WALT DISNEY CO.	Burbank, CA	USA	North America	11.71	6.29	7.35	8
9	10	IBM	Armonk, NY	USA	North America	-3.48	1.26	4.97	94
10	13	SONY	Tokyo	Japan	Asia	-2.62	0.60	1.14	418
11	20	WAL-MART	Bentonville, AR	USA	North America	-3.35	9.79	3.54	0
12	23	HONDA MOTOR	Tokyo	Japan	Asia	13.61	7.40	0.38	377
13	8	NOKIA	Espoo	Finland	Europe	-9.24	5.68	4.37	287
14	9	STARBUCKS	Seattle, WA	USA	North America	30.04	24.07	1.51	2
15	22	TARGET	Minneapolis, MN	USA	North America	7.55	8.32	4.23	0
16	16	BMW	Munich	Germany	Europe	4.30	4.96	-1.23	84
17	12	SAMSUNG ELECTRONICS	Seoul	South Korea	Asia	36.24	4.60	8.07	1000
18	11	VIRGIN GROUP	London	United Kingdom	Europe	Private	Private	Private	0
19	17	INTEL	Santa Clara, CA	USA	North America	-7.57	5.92	12.55	216
20	21	AMAZON.COM	Seattle, WA	USA	North America	29.53	27.96	NA***	0
21	70	BOEING	Chicago, IL	USA	North America	19.91	1.12	-4.23	59
22	14	DELL	Round Rock, TX	USA	North America	-1.59	12.87	-5.24	16
23	27	GENENTECH	South San Francisco, CA	USA	North America	24.50	34.85	32.40	4
24	18	EBAY	San Jose, CA	USA	North America	12.45	51.47	4.91	1
25	28	CISCO SYSTEMS	San Jose, CA	USA	North America	8.58	5.02	205.04	20
26	30	MOTOROLA	Schaumburg, IL	USA	North America	10.10	7.40	NA***	466
27	25	SOUTHWEST AIRLINES	Dallas, TX	USA	North America	-3.57	10.34	-1.98	0
28	15	IDEO	Palo Alto, CA	USA	North America	Private	Private	Private	1
28	19	IKEA	Helsingborg	Sweden	Europe	Private	Private	Private	0
30	31	DAIMLERCHRYSLER	Stuttgart	Germany	Europe	4.22	-0.16	19.00	181
31	42	HEWLETT-PACKARD	Palo Alto, CA	USA	North America	16.70	15.17	10.47	258
32	29	NIKE	Beaverton, OR	USA	North America	13.21	9.58	3.78	822
33	40	BP	London	United Kingdom	Europe	11.80	8.52	3.49	2
34	24	RESEARCH IN MOTION	Waterloo	Canada	North America	NA^	NA^	NA^	34
35	NR	AT&T	San Antonio, TX	USA	North America	3.00	6.55	-7.27	16
36	NR	CITIGROUP	New York, NY	USA	North America	6.70	5.57	3.81	1
37	NR	VERIZON	New York, NY,	USA	North America	0.20	5.58	-6.80	5
38	67	ROYAL PHILIPS ELECTRONICS	Amsterdam	The Netherlands	Europe	-1.10	-3.56	NA***	97
39	NR	NINTENDO	Kyoto	Japan	Asia	7.80	2.60	0.30	8
40	84	COSTCO WHOLESALE	Issaquah, WA	USA	North America	4.07	11.57	-1.44	0
41	NR	VOLKSWAGEN	Wolfsburg	Germany	Europe	14.66	3.44	-18.88	4
42	55	PFIZER	New York, NY	USA	North America	-5.89	8.56	-4.36	15
43	NR	BEST BUY	Richfield, MN	USA	North America	8.86	10.71	3.20	0
44	53	JOHNSON & JOHNSON	New Brunswick, NJ	USA	North America	4.14	10.02	1.33	31
45	87	AMGEN	Thousand Oaks, CA	USA	North America	3.89	28.86	-4.33	1
46	NR	MERCK	Whitehouse Station, NJ	USA	North America	-1.20	-13.86	6.16	7
47	NR	NEWS CORPORATION	New York, NY	USA	North America	11.00	14.19	4.18	0
48	100	MCDONALD'S	Oak Brook, IL	USA	North America	12.87	7.74	1.61	0
49	85	LG ELECTRONICS	Seoul	South Korea	Asia	NA^	NA^	NA^	394
50	51	EXXONMOBIL	Irving, TX	USA	North America	16.75	15.03	9.09	17

## Methodology

The BusinessWeek-Boston Consulting Group 2007 list of the World's Most Innovative Companies is based on a senior management survey about innovation and was distributed electronically to executives worldwide in late 2006. In October, surveys were sent to the 1,500 largest global corporations, determined by market capitalization in U.S. dollars, with instructions to send the survey to their top 10 executives in charge of innovation. We also distributed the survey to senior management members of the BusinessWeek Market Advisory Board, an online panel consisting of BusinessWeek readers, and via the Knowledge@Wharton e-mail newsletter. Survey participation was voluntary and anonymous, and the survey closed in March, 2007. The survey consisted of 20 general questions on innovation and an optional 12 questions focused on innovation metrics.

A total of 2,468 executives answered the survey. Of those indicating their location, 77% were from North America, 12% were from Europe, and 9% were from Asia or the Pacific region. A larger share of North American voters this year may explain some movement in the rankings of some companies on our list.

Analysis and data provided in collaboration with the innovation practice of The Boston Consulting Group, BCG-ValueScience, along with Standard & Poor's Compustat data and company reports, and the Delphion patent database. We broke ties by comparing one-year total shareholder returns between 12/30/05 and 12/29/06. In ties between a public and a private company, we assumed the private company's shareholder return to be equal to the average return of the public companies on the list, or 19.6%. Ties remain only where two or more private companies receive the same number of votes.

\*Stock returns are annualized, 12/31/01 to 12/29/06, and account for price appreciation and dividends. Compound growth rates for revenues and operating margins are based on 2001-2006 fiscal year data as it was originally stated. Operating margin is earnings before interest and taxes as a percentage of revenue. Where possible, quarterly and semi-annual data are being used to bring performance for pre-June year ends closer to December 2006. Financial figures are calculated in local currency.

\*\*The patent citation index reflects how often the company's patents filed over the past five years have been cited as a basis for other innovation. The number is calculated by adding, for all patents filed between 2001 and 2005, the number of times each patent or application has been cited or mentioned by other patents up until December 31, 2006. We then adjusted the citation counts for patent age, since older patents have a greater likelihood of being cited than more recent ones. The age-adjusted counts were then indexed to a linear scale.

\*\*\*Calculating five-year compound annual growth rate for operating margins was not possible when either figure was negative.

^Insufficient data.

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