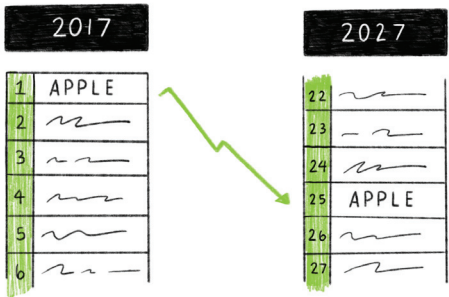


REGRESSION TOWARD THE MEAN

TOP COMPANIES



When something happens that's unusually good or bad, over time it will revert back towards the average.



Anywhere that random chance plays a part in the outcome, you're likely to see regression toward the mean. For example, success in business is often a combination of both skill and luck. This means that the best performing companies today are likely to be much closer to average in 10 years time, not through incompetence but because today they're likely benefitting from a string of good luck – like rolling a double-six repeatedly.