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GREATEST COMPANIES · RESEARCH SHEET · The Reinvention Moat

Eli Lilly

The Hundred-and-Fifty-Year-Old Disruptor

NYSE: LLY · Pharmaceuticals · Founded 1876 · Indianapolis, Indiana, USA

Public · v1.0 · July 2026

In 1876 a thirty-eight-year-old chemist and Union Army veteran, Colonel Eli Lilly, opened a small laboratory in Indianapolis with a sign reading simply "Eli Lilly, Chemist." In an era of fraudulent patent cure-alls, his radical idea was to make medicines that actually worked, to a high standard, dispensed only on a physician's prescription. That principle became the company's DNA, and a hundred and fifty years later it would make Lilly the first healthcare company on Earth worth a trillion dollars.

Key Facts

Founder	Colonel Eli Lilly, a chemist and Civil War veteran
Sector	Pharmaceuticals — metabolic, neuroscience, oncology
Moat	Patents + vast peptide manufacturing + a century of metabolic-science expertise
Founding Principle	Make medicines that actually work, dispensed by prescription
Century of Breakthroughs	Insulin (1923), the polio vaccine (1950s), Prozac (1987), tirzepatide (2022)
The Drug	Tirzepatide — Mounjaro (diabetes) and Zepbound (obesity), dual-hormone action
Status	Public (NYSE: LLY)

By the Numbers

Became the first healthcare company in history worth $1 trillion, in November 2025
By 2024 the two tirzepatide brands generated over $16 billion a year, a third of Lilly's revenue
In 1923 it became the first company to mass-produce commercial insulin (Iletin)
Its tirzepatide beat Novo's semaglutide on weight loss in a head-to-head trial
Founded 1876; behind three of the most consequential drugs of the 20th century
Answered an early-2010s patent cliff with heavy R&D rather than retreat

The Moat

A Layered Moat, Renewed Across Eras

Lilly's moat is layered and instructive. There are the patents on tirzepatide; the colossal, hard-won manufacturing capability, the same industrial mastery it first showed with insulin a century earlier, now producing complex peptide drugs at the scale exploding demand required, which takes years and billions to build and protects the franchise from fast followers; and the deep institutional expertise in metabolic science accumulated over a hundred years. Crucially, Lilly did not bet only on tirzepatide: even as the obesity franchise exploded, it kept the wide research base that carried it across previous eras, advancing an Alzheimer's treatment, oncology and next-generation metabolic drugs. The refusal to let one miraculous product consume its broader scientific ambition is the behaviour of a company that has lived through enough patent cliffs to know today's miracle is tomorrow's generic.

The Cliff, and the Discipline That Answered It

Answering a Patent Cliff With Research, Not Retreat

In the early 2010s Lilly faced the crisis that periodically threatens every drugmaker: the patent cliff. Several of its biggest drugs lost exclusivity in a cluster, and the company faced years of declining or stagnant revenue, a stretch that tempts management toward cost-cutting and the abandonment of expensive long-term research. Lilly's response defined its future. Rather than retrench into financial engineering, it doubled down on what had always made it great, keeping its spending on the slow, uncertain work of discovering new drugs high, and focusing it on a return to its deepest roots, metabolic disease. That refusal to starve the future to protect the present produced tirzepatide, which beat Novo Nordisk's semaglutide on weight loss, drove over $16 billion in annual sales by 2024, and in November 2025 made Lilly the first healthcare company worth a trillion dollars.

> *“ Being first is overrated; being better is what wins. ”*

The Legendary Scorecard

Category	Score	Notes
Founder Vision	8	Colonel Lilly's principle of rigorous, prescription-based medicine endured 150 years
Innovation	9	Insulin, the polio vaccine, Prozac and tirzepatide across a century and a half
Execution	9	Out-executed a dominant first mover and scaled manufacturing brilliantly
Moat	8	Patents, vast peptide manufacturing and deep metabolic-science expertise
Capital Allocation	8	Answered a patent cliff with R&D reinvestment, setting up the metabolic franchise
Wealth Creation	9	Became the first healthcare company worth $1 trillion
Durability	9	150 years of reinvention across multiple eras of medicine
Historical Importance	9	Behind three of the most consequential drugs of the modern era

Overall Legendary	**8.5 / 10**	A 150-year-old disruptor that out-innovated the pioneer, at a richly-priced peak

Scores are an editorial verdict on the standard eight-category Greatest Companies scale. The overall is a judgment, not a weighted average.

Timeline

1876	Colonel Eli Lilly founds the company in Indianapolis
1923	Lilly becomes the first company to mass-produce commercial insulin (Iletin)
1955	It plays a major role in mass-producing the Salk polio vaccine
1982	It launches Humulin, the first human insulin made via recombinant DNA
1987	Prozac launches as the first SSRI antidepressant and a blockbuster
Early 2010s	Lilly weathers a patent cliff as key drugs lose exclusivity
2022	Tirzepatide launches as Mounjaro for diabetes
2023	Tirzepatide is approved for obesity as Zepbound
2024–25	Tirzepatide outsells and outperforms rivals, driving explosive growth
2025	In November, Lilly becomes the first healthcare company worth $1 trillion

Lessons — What This Means for You

THE MOVE · Being best beats being first
Lilly did not invent the GLP-1 weight-loss revolution, Novo Nordisk did, and Novo was years ahead and seemingly entrenched. Lilly won anyway, with a drug that simply worked better. First-mover advantage is far weaker than commonly assumed; a patient, well-resourced second mover who out-engineers the pioneer can capture the prize the pioneer created. The right question is rarely “can we be first” but “can we be best.”

THE MONEY · The hardest years set up the greatest triumphs
Lilly's trillion-dollar triumph was set up by a decision made in adversity a decade earlier: to answer a patent cliff with reinvestment rather than retreat. The most important capital-allocation decisions are often made in the hard years, and a company's willingness to keep investing in its long-term capability through a downturn is a powerful signal of quality.

THE MIND · Refuse to be defined by past success
A company that gave the world insulin, the polio vaccine and Prozac could have become a museum of its own past and slowly declined. Instead it reinvented what it was, again and again, mastering a new science rather than clinging to the old. Durable greatness requires a restless humility; the deadliest trap for an institution is to mistake past achievement for permanent identity.

Related Reading

The pioneer it out-innovated: Novo Nordisk: The Hundred-Year Overnight Success

The discipline of capital allocation: Berkshire Hathaway: The Dying Mill That Compounded for Sixty Years

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Sources & Further Reading

Eli Lilly and Company annual reports and disclosures

Contemporary reporting on the tirzepatide / GLP-1 era (2022–2025)

Greatest Companies (Eli Lilly chapter), The Complete Trader's Edge

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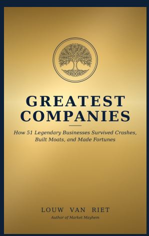

FROM THE BOOK

This company is one of **51** in **Greatest Companies** — every legendary business read through one lens: **Moat, Meltdown, Machine**. Eight kinds of moat, from Standard Oil to SpaceX.

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