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Family Business and Legacy Divestitures

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Family Businesses and Legacy Divestitures

Impact of Family Ownership: Preserver Group Inc.

The impact of family ownership is important to look at while researching a company’s history. Problems occasionally arise due to family ownership, which forces management changes and occasionally divestitures in order to generate cash.

In 1933, Motor Club of America began as the Automobile Association of New Jersey. William, David, and Samuel Green founded the motor club. The Green brothers remained in an officer position until their deaths.

In 1996, Motor Club of America sold its motor club business due to financial difficulties. By this time, two of the three Green brothers have passed away. The company eventually renamed itself Preserver Group Inc.

Motor Club of America needed the cash infusion from the sale of its motor club business due to its recent financial difficulties. Furthermore, this issue was coupled with the death of two of the company’s founders and executive officers. The impact of family management, or lack thereof, is critical to consider in looking at the decision of a legacy divestiture.

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A legacy divestiture is when a company either sells or spins off its legacy business.

The definition of a legacy business is the original business in which the company started.

Challenges of Large Datasets:

2,000+ Companies
1. Time Consuming Process
2. Name Variations
3. Smaller Companies in Data

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Identifying a Legacy Business Divestiture:

Dial Corporation

1. Look at Dial Corporation’s history.
2. Identify the corporate entity that becomes the current Dial Corporation.
3. Identify the corporate entity’s legacy business.
4. Look for any divestiture of the legacy business.

The Dial Corporation manufactures products under four core brands: Dial soaps, Purex detergents, Renuzit air fresheners, and Armour Star canned meat. The company currently operates as a subsidiary of Henkel AG & Co.

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Greyhound Line Inc. was incorporated as a motor coach operator.
Greyhound Corp. acquired Armour & Co.
Greyhound Corp. renamed itself Greyhound Dial.
Henkel AG & Co. acquired Dial Corp.

1867
Armour & Co. began as a meat packing plant.
1948
Armour & Co. introduced its line of Dial soap.
1987
Greyhound Corp. spun off its motor coach business.
1991
Greyhound Dial changed its name to Dial Corp.
2004
Dial Corp. sold its food division to Pinnacle Food Group LLC.
2006

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