

**SPIN-OFFS: ANALYSIS OF A SET OF SITUATIONS IN LIGHT OF  
MINTZBERG'S 5 P'S MODEL (1987)**

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**ABSTRACT**

Literature often discusses matters concerning mergers and acquisitions. On the other hand, from an academic standpoint, spin-offs dwell in limbo as a poorly explored subject matter. Nevertheless, spin-off operations are a commonplace and serve multiple purposes including operational, legal, tax, litigation, and market amongst other, aspects. Ground on this perspective, this study sought to analyse the motivations driving a considerable number of spin-off operations – 60 in all – selected as of the 1930's yet placing greater emphasis on those that took place as of 1990. Secondary data was researched, categorized and analysed by the author in light of Mintzberg's 5 P's model (1987), namely: a) plan – in the sense defining a future course of action; b) ploy, or maneuver to outsmart competition under given circumstances; c) position – in the sense of the patterns, standing and scope conquered within a given market; d) the company's perspective when facing the market; e) pretext – a move or maneuver to face competition. Findings revealed that most spin-offs do fit, in descending order, into pretext, plan, position, pattern and finally, perspective frameworks.

**Key-words:** Spin-offs. Mergers and Acquisitions (M&A). Business strategies. Strategic models. Mintzberg's model.

## **CISÕES: ANÁLISE DE UM CONJUNTO DE SITUAÇÕES À LUZ DO MODELO DOS 5 PS DE MINTZBERG (1987)**

### **RESUMO**

Costuma-se tratar de fusões e aquisições com frequência na literatura. Porém, as cisões vivem em um permanente limbo e trata-se de assunto ainda pouco explorado em termos acadêmicos. Todavia, são muito comuns as operações de cisão, que podem atender a diversos propósitos, incluindo aspectos operacionais, legais, tributários, litigiosos, mercadológicos, entre outros. Com base nessa perspectiva, com o presente estudo, buscou-se analisar as motivações para um número considerável de operações de cisão, 60 ao todo, selecionadas a partir da década de 1930, com ênfase naquelas verificadas a partir de 1990. Foi empreendida uma busca de dados secundários, categorizadas pelos autores e analisadas à luz do modelo dos 5 Ps de Mintzberg (1987): a) plano – no sentido de curso de ação para o futuro; b) padrão (*ploy*), ou uma forma de superar a concorrência em dadas circunstâncias; c) posição – no sentido de espaço ocupado em determinado mercado; d) uma perspectiva de a empresa encarar o mercado; e) pretexto – atitude para enfrentar a concorrência. Com base nos resultados, identificou-se que a maioria pode ser enquadrada como pretexto, seguida de plano e posição, depois padrão e perspectiva.

**Palavras-chave:** Cisões. Fusões e Aquisições (F&A). Estratégias empresariais. Modelos estratégicos. Modelo de Mintzberg.

## 1 INTRODUCTION

At the Academe spin-offs represent a poorly discussed class of corporate re-structuring approaches – which in turn implies in considerable scarcity of literature covering the subject matter itself. Shingaki (1994) corroborates this fact by indicating that amongst 105 theses researched at the University of São Paulo's Economics, Administration and Accounting School (FEA/USP), only 3.8% of studies discuss tax accounting and none (0%) discuss mergers and spin-offs. Gonçalves, Oliveira and Gosling (2006) also state that literature covering spin-offs is scarce, advocating that corporate operations of the kind favour the emerging of companies with an enhanced survival outlook as to their first five years' worth of existence, featuring a lower bankruptcy rate than that found within other kinds of start-ups.

A spin-off may be defined as being the setting up of economic activities as of previously existing companies, who in turn offer both support and supervision so that the spun-off activities may acquire their own independence and sustainability (Serrano, 2009).

The spin-off itself is a shareholder equity segregation mechanism whereby those assets that shall remain at the original organization are separated from others that are object of transfer. Spin-offs may be conducted in a number of varied manners: via the cession of subscription rights; by the division of assets amongst the group of shareholders; via changes in the group of controlling shareholders – whether the new society's capital is opened or not (Málaga, 2007).

Spin-offs give rise to a new legal entity whereby shareholder equity is distributed to the mother-company's stockholders on a *pro-rata* basis. Most often, the original shareholders are not paid off in cash. Split-off is a variant of spin-offs whereby a portion of shareholders receive equities of the new incorporation in exchange for the mother-company's stock they hold. Another type of spin-off is known as split-up, whereby the company is broken down into a series of spin-offs to such an extent that the mother company is extinguished and only the resulting companies remain (Rossi, 1996).

Upon spin-off, the company transfers portions of its equity capital to one or more societies which either exist or are incorporated for this specific purpose, the spun-off company remaining partially or entirely extinct. There are two types of spin-offs, namely total and partial. In the former case, the company's entire net worth is transferred to another company whilst, in the latter, part of the equity capital goes to the other company and the original company downsizes, thus remaining with less capital stock (Weber, 2008).

Despite being scarcely researched by the Academe, in practice, according to Silva et al. (s/d) there is a significant number of spin-off operations and over the past few years, figures have rampantly increased. Given this scenario, one might infer that there is a variety of reasons driving possible spin-off processes, yet what are the motivation drivers of these operations? This study poses to analyse spin-offs identified by a line of research that investigates Corporate History and which has been in place for years and analyse them in light of Mintzberg's 5 P's Model (1996). Given that the purpose of this study is not associated with corporate strategy in general, choice fell upon a handful of authors introducing brief contributions to strategy, no value judgment being made as to position them above numerous other academicians.

This paper features a summary of the scant theoretical reference found in addition to a set of concepts on corporate strategy given that the focus of the analyses in as much as spin-off operations is concerned is not that relative to tax or legal aspects. Following this introduction, section 2 covers the theoretical reference employed throughout the study. Subsequently, the methodological aspects that guide the research are presented. Section 4 features the study's findings and is followed by its conclusions and supporting bibliography.

## **2 THEORETICAL REFERENCE**

### **2.1 SOME ASPECTS OF SHAREHOLDER RESTRUCTURING PROCESSES**

Both merges and spin-offs bring about impacts that favour the consumer as long as they do not hinder competitive practices. To this effect, processes of

the kind drive competitors to invest in new technologies to produce low priced improved goods. Furthermore, only large companies hold enough capital to invest in new product and technology R&D to address the consumer market. Thus, the presence of large companies promotes the country's technological development. On the other hand, to generate beneficial impacts, rulings must set parameters in as much as the company's operation is concerned so as to impair market dominance, which in turn drives competitors to bankruptcy, followed by the dictation of prices and other conditions imposed on consumers. The establishing of monopolies curtails free competition, a core requirement to maintain prices at low levels, develop quality goods and foster diversity and finally, to promote technological development itself since, if small and mid-sized companies do not hold enough capital to conduct research, the monopolizing company takes no economic interest in so doing once it dominates the market (Ricardo, s/d).

Spin-off legal instruments mandatorily require the incorporation of a new company to receive spun-off assets, rights and obligations (Miranda, 2009). In the event of the occurrence of full spin-offs the beneficiary companies shall be held jointly liable for whatever obligations the extinct society was accountable for (Tristão, 2009). Spin-offs call for the following actions (Miranda, 2009): a) the setting of a date for the operation to be executed; b) indication of expert asset valuers; c) prior sign-off of the Spin-off's Justification and Protocol containing the reasons for the segregation and the conditions under which it will be conducted; d) at public or open capital companies, the general shareholders' meetings process is far more complex than those of limited corporations since it depends on calls or instatements and other requirements set forth in Business Corporation Laws.

According to Brazil's Law 6.404, of 1976, mergers, spin-offs and acquisitions are ruled within Chapter XVIII which covers corporate dissolutions, liquidations and extinctions. The Joint Stock Companies Act's (1996) Article 229 defines spin-offs as an operation whereby a company transfers portions of its assets to one or more previously existing or set-up for the purpose societies, extinguishing the demerged company should the spin-off comprise the totality of

assets. Article 223 determines that these three types of restructuring processes can be conducted between either akin or different companies and must be established in compliance with their respective by-laws.

Málaga (2007) states that, in abidance with Law 9.457/97 which modified the preceding ruling - 6.404/76 -, according to how the spin-off is structured, the outcome may deem as mandatory the offering of purchase options to the company's minority shareholders. Shingaki (1994) affirms that spin-offs emerged in Brazil's legal system precisely as of this Public Limited Corporations Law.

Notwithstanding this study's strategic perspective, one cannot overlook the above mentioned concepts nor those noted by Silva et al. (s/d), namely: tributary or taxation benefits are one of the underlying reasons that drive shareholding restructuring processes such as mergers, acquisitions and spin-offs. Therefore, they are conducted within a taxation planning context, alongside economic, technological, competitive or strategic reasons. Silva et al. (s/d) further state that the relatively high number of spin-offs pictured in Table 1 appear to suggest this kind of motivation instead of those that solely rest on strategic or corporate drivers and to this effect mention an article in Brazil's 1988 Federal Constitution (156, § 2<sup>nd</sup>.). Furthermore, according to article 514 of the 1999's Income Tax Ruling, losses cannot be deducted from the company that was succeeded but can be deducted from the succedent. Shingaki (1994) also states that particularly in Brazil where tax loads are especially high, tax planning is a core underlying factor for the conducting of spin-off processes.

**Table 1: Number of operations registered between 1999 and 2003 at JUCESP (the Board of Trade of the State of São Paulo)**

Operations	1999	2000	2001	2002	2003
Mergers	10	-	16	6	2
Acquisitions	811	822	1.530	1.353	1.502
Spin-offs	422	318	391	460	655
Total	1.24	1.14	1.937	1.819	2.159

Source: Adapted from Silva et al. (s/d)

Studies conducted by Terres Jr., Borba and Souza (2011) indicated that between 2006 and 2008, a total number of 33 spin-offs were registered at the Board of Trade of the State of Santa Catarina (JUCESC), 30 of which were partial and 3 full spin-offs (13 in 2006; 2 in 2007 and the remaining 18 in 2008). Companies which operated in the field of forestry and the manufacturing of furniture and/or industrialization of wood took the lead in spin-off figures, accounting for 47% of the 33 operations. Furthermore, 88% of these 33 spin-offs involved companies that qualified as being of limited capital and only 12% involved Public Limited corporations. According to the authors, the most relevant motivations driving spin-offs were: a) the separation of divisions or functional areas with views to reducing costs, accounting for 9 operations; b) shareholding restructuring processes – to expand and make the business feasible also accounted for 9 operations. Finally, the authors highlight that during this same timeframe there were 174 acquisitions and not one single merger – precisely the type that most attracts the attention of the press in general.

Further to those aspects involving legal requirements, according to Tubke, Saavedra and Gonzales (2004), spin-offs may come about in three major modes: a) once leaving an incubator and receiving support in the form of a variety of resources; b) once leaving a pre-incubation condition within other companies; c) given the expansion or decoupling of strategic business units associated with products, functions or geographical areas. Thus, the authors suggest a more extensive range of spin-offs which contemplate those strategy-driven – whereby companies reduce capital assets that no longer take part in their core business – and those that emerge from an assortment of universities and research centres.

Another more objective reason to conduct spin-offs rests in the seeking of corporate right-sizing and expansion, given that from such spin-offs, either corporate concentration or decentralization may come about. Fractioning of this kind poses to increase both the company's productivity and competitiveness given that the reduction in costs reflects on pricing and that's why spin-offs are an efficient strategic tool (Tristão, 2009).

Despite the fact that in Brazil - according to Silva et al. (s/d) - spin-offs predominantly feature legal motivations, this study chose to qualify spin-off cases which were conducted for strategic reasons. The cases subject to study result from a line of research within the field of Corporate History and there was enough information to enable the application of Mintzberg's (1987) model.

Mintzberg et al. (1996) warn readers against the risk of adopting the strategy known as portfolio management since in so doing, one overlooks the assortment of products that are available which truly address consumer needs. They exemplify the statement by resorting to the case of Yamaha (musical instruments), Honda (motorcycles) and YKK (zippers) - companies that became segment leaders in the US in part given the fact that their prime competitors were large conglomerates and therefore, from a management standpoint, lacked focus and operated at a slower pace.

From an innovation technology perspective, Baêta and Melo (2007) affirm that innovation leads to: a) trial and error processes; b) erratic processes; c) strategic uncertainties; d) high costs. The emergence of spin-offs (companies segregated from other companies, universities or research centres) and of start-ups (companies initiating operations) results from the absence of entry barriers or their being low - which characterizes the emergence and attraction phase that springs from pioneer initiatives.

Research conducted by Costa and Torkomian (2008) corroborates the relevance of technological drivers in as much as spin-offs that arise from Brazilian universities are concerned. The authors characterized 33 companies which sprung from nine distinct Brazilian universities - most of which set up as of 2001 and counting on more than two shareholders - although few held patents despite having arisen within the academic community. These authors define operations of the kind as being companies that result from research originally conducted within universities.

Costa and Torkomian (2008) also introduce a study undertaken by BankBoston in 1997, according to which taking solely into account spin-offs that emerged from the Massachusetts Institute of Technology (MIT), figures amounted to four thousand companies, employing 1.5 million people and



featuring estimated annual revenues of US\$ 232 billion. The same study indicates that as of 1990, approximately 150 spin-offs per annum spring from MIT's grounds. If one were to gather these 4 thousand companies that arose solely from this institute and form a country, they'd represent the 24<sup>th</sup>.largest world economy.

The same authors further mention the low number of spin-offs that emerge from the University of Zaragoza, since they tend to prefer to remain at the Academy and to this effect an institution was set-up – the *Red Entreprenari Spin-Off Académico* – to support technology-based entrepreneurship which, during a short period (from 1997 to 1999) fostered relevant results: approximately 38 innovative companies for Spain.

Chile also chose to take on a similar standing by setting up the Start-Up Chile Program, ideated by Nicolas Shea, a Chilean who'd returned from Stanford and noticed that many of his creative colleagues were obliged to leave the US because they weren't able to obtain permanent visas. The program started in 2010 and since then approximately 500 companies were set up comprising 900 entrepreneurs from 37 different countries (O Brasil e a..., 2012; The lure..., 2012).

One must emphasize that these spin-offs are those that arise from the academic community, deemed vital to a country's growth given the fact that they feature the most dynamic realities and greatest possibilities of future growth. For this reason one cannot refrain from making special mention of the same given the fact that business literature shelters under the same umbrella or conceptual basis both types of spin-offs, notwithstanding the fact that those sprung from the Academe are not this study's core object of research.

Regardless of the spin-off's motivation driver, the impacts of these operations in terms of increased asset valuation ought to be investigated. Meyer (2006) recovers Penrose's (1960) concepts who stated that spin-offs sprung from large corporations most often do not cause negative impacts if the advantages they bring in terms of expansion are growth economies and not scale ones. Penrose (1960) studied Hercules which, following a governmental decision, was set up as of a Du Pont spin-off that took place in 1912; in 45 years, only one factory closed down (that which produced casein, driven by increased

competition with imported products), without any division having been sold out. Meyer (2006) understands that this is clearly an entirely different case in relation to those observed in the 1990's when the selling of assets took on an increasingly central role in holding company growth processes.

There is possibly room here for an observation that puts Penrose's study into perspective and corroborates Meyer's statement given that Hercules sprung from a then already centennial company and over the course of decades enjoyed a set of comparative advantages; however, lately, as competition became more intense and given the globalization phenomena, it drives companies into achieving more than these kinds of economies such as for instance, in the form of new technologies, innovative distribution systems, significant penetration at important market niches or widely acknowledged brand names.

Wang (2005) introduces a 1993 study conducted by Patrick J. Cusatis, James A. Miles and J. Randall Woolridge, entitled *Restructuring Through Spin-offs*, whereby the authors researched the stock exchange market over a 25 year span indicating a 10% shorter return than that attained by spin-offs during their first three years of operations before Standard & Poor's top 500 rate. Furthermore, they state that companies that spun portions off merely achieved a 6% short of this rate return. Wang (2005) additionally presents another study conducted by McKinsey between 1988 and 1998 that monitored 168 spin-offs of companies that presented more than US\$ 200 million worth of revenues and also came across outcomes that fell short of market averages. Another study conducted by Booz Allen Hamilton - a consulting company - comprised 232 spin-off operations that took place during the 1990's and likewise indicated that only 26% superseded Standard & Poor's top 500 return rates during the first two years after spin-off (Scherreik, 2002).

One of the 1980's characteristics was the increased growth in the number of spin-offs along the same lines of the M&A movements that took place in the 60's at major conglomerates. Spin-offs continue to pick up even during the 1981-1982 recession, rampantly increasing by the end of the decade. Divestitures of the kind were motivated by several factors. In some cases, acquired companies were included as part of the transaction merely to support

the feasibility of the parties that remained at the company. Spin-offs were also used to correct situations where strategic units featured but a remote relation with the company's nucleus or core business and/or because they were portions of the business whose management and financing were barely tolerable. Some corporations conducted more extensive divestiture programs than their takeover programs.

Spin-offs rose from, in 1966, accounting for 11% of total Merger & Acquisitions operations to 54% in 1975 and 40% in 1988. A worthy of mention spin-off sub-product rests in the fact that they hindered increases in wealth concentration; the proportion of assets of the 200 largest US companies in relation to the total amount of non-finance related assets was of 38% in 1970. This percentage dropped to 36% in 1980 and 34% in 1984 (Rossi, 1996).

## 2.2. CORPORATE STRATEGIES

Henderson (1998, p. 5) defines strategies as a "deliberate quest to plan action to develop and adjust a company's competitive advantage". Wright, Kroll and Parnell (2000, p. 24) refer to strategy as being "upper management's plans to achieve results that are consistent with the company's mission and general objectives". Both discuss similar concepts emphasizing competitive advantage whilst the latter authors treat the theme as being more comprehensive – in as much as the company's positioning and a more extended perspective is concerned - which does not merely involve competitors but rather, all of the organization's values.

Drucker (1972) pinpoints that long term planning is a continuous process involving the taking of entrepreneurial decisions, in a systematic manner and based on the best possible knowledge of its future, organizing precise efforts to undertake these decisions and measure results before systematic and organized feedback. The author advocates there are eight elements involving entrepreneurial decisions: a) objectives; b) assumptions; c) expectations; d) alternative courses of action; e) decision; f) decision-making structure; g) impact stage; h) results.

Porter (1986) presents three generic types of strategies, namely: a) cost leadership – the company poses to produce the lowest cost within the segment, a strategy that calls for investments in facilities to produce and sell on a large scale basis; b) differentiation - involves the creation of unique products/services based on dimensions valued by buyers so that differentiation may come to be achieved via the product's or service's own features, the distribution channel system that seeks to reach out to consumers or the sales modality itself; c) focus – selects a segment or a group of segments in its field of operation and focuses on addressing their needs in a superior manner, excluding other segments.

Porter (1986, p. 102-4) states that in the early 50's, the Swiss industry brushed off competition: the North American's Timex entry into the segment at low prices, introducing products that did not have ruby roller bearings and ended up being so cheap that it was not worth having them fixed when need be. Timex sold at drugstores and other non-conventional watch points of sales – instead of clocks and watches jewellery stores -, in an effort to reinforce the fact that this was not a status statement product, but rather a functional clothing item. Rue e Holland (1986, mentioned by Cronshaw, Davis & Kay, 1994) corroborate this leadership strategy at Porter's expense by stating that the North American Timex reaped the lead in the watch market employing a low production cost strategy by introducing a watch that was manufactured on a massive scale basis, a credit bestowed to the engineer Joakim Lehmkaehl.

Further in as much as Porter (1986), Cronshaw, Davis e Kay's (1994) three generic strategies are concerned, they demonstrate the risks an intermediate (known as stuck in the middle) strategy offers, whereby the company does not lead whether in terms of costs or in terms of product differentiation. The authors introduce three definitions to warn readers as to the risks involving this type of strategy: a) one must either highlight low price or top quality, an intermediate positioning not being attractive nor profitable; b) strategic objectives must be clear and companies that pursue multiple objectives are less successful than those that have clear goals; c) companies that do not generate lower costs or improved products or differentiated hardly ever are successful.

To complement the issue involving competitive advantage, Amit and Schoemaker (1993) state that specialized essential competencies that enable companies to stand out in relation to others become strategic assets. Furthermore, the core source of competitive advantage are the strategic resources companies develop and control. To this effect, a generic value chain serves as a model for internal processes, integrating: a) innovation; b) operations; and c) post-sales services (Kaplan & Norton, 1997).

Oster (1999) on the other hand indicates the following strategic differences between companies: a) the investments made at the company's start-up shape a set of strategic assets that condition its subsequent choices; b) crisis faced by companies lead to new waves of investments that can enhance these differences; and c) strategy is impacted by the initial structure, the ideological vision of its founders and the presence, amongst the set of directors, of people that come from beyond the company's frontiers.

### **2.2.1 Strategies according to Mintzberg**

Given that this is the study's elected model, some of Mintzberg's concepts concerning strategy – a term that according to Mintzberg e Quinn (2001) has long been employed in a variety of manners – is presented. Under the belief that the explicit acknowledgement that multiple definitions might help people meander thoughts through such a difficult field, Mintzberg (1987) introduces five different strategies or of strategy's "5 P's": position, perspective, plan, pretext and pattern.

Strategy as a position is the way in which an organization positions itself in the competitive environment, acting as a harmonizing driver between the organization and the environment, that is, between the internal and external contexts. One may claim that the perspective is outward, seeking to position the company within the environment. In ecological terms, the environment is often categorized as a niche in which the company finds its position to protect its survival in an environment of uncertainties or rather, in terms of management, as dominating the marketplace.

In as much as strategy as a perspective is concerned, in opposition to the previous standpoint, perspective focuses inwards, in truth into the "heads" of strategists in a collective manner but with a more comprehensive and extended vision. Content does not only consist in a chosen position but rather in an enrooted perspective of perceiving the world. In this aspect, strategy stands for the organization much how personality stands for an individual. In this sense, strategy is a perspective that is shared by the members of an organization via its intents and/or its actions.

Strategy, as a plan, is some kind of course of action that is previously prepared, consciously and deliberately developed or a set of directives designed to deal with a given situation. As a plan, a strategy can also be a pretext and in truth, but a specific manoeuvre whose purpose is to deceive the opponent or competitors.

Strategy as a pattern is precisely an intentional or non-intentional flow of actions and behaviours. To this effect, it reflects the strategy that the organization effectively adopts. Following this line of thought, Mintzberg (1987) further deepens his analysis as to the comparison and distinction of strategy definitions as a plan and as a pattern – which are independent – since plans might not be undertaken till achievement whilst patterns might arise and remain unnoticed. If one were to name the first definition as being the intended strategy and the second as that achieved, one might distinguish deliberate strategies whereby previously existing intents were addressed via emerging strategies, whose patterns develop in the absence of intentions or irrespective of them, which have not been executed.

In as much as deliberate strategies are concerned, for a strategy to effectively be deliberate, i.e., for a pattern to have been intended precisely as conducted, the assumption lies in the fact that it will have arisen from a prioritization. Precise intentions must have been previously established by the organization's leadership; such intentions must have been accepted by all as ideated and subsequently, executed without the interference of political, technological or market forces.

Based on the classification proposed by Mintzberg, spin-offs are classified according to the following scheme: A: plan – in the sense of course for future action; B: pattern, or mode of superseding competition under given circumstances; C: position – in the sense of the space occupied within a given marketplace; D: perspective, how the company faces the market; E: a pretext – attitude or maneuver to overcome an impairment and face competition.

### **3 METHODOLOGICAL ASPECTS**

This study poses to be exploratory in as much as its purpose is concerned. It features a qualitative approach, according to that stated by Collis and Hussey (2005) and Hair Jr. et al. (2005), and Mattar (2005), whereby one searches the presence or absence of a given phenomenon and employs qualitative data. Thus, data analysis was primarily qualitative focusing on both economic and motivational aspects – so as to build the grounding for subsequent more in-depth studies on spin-offs, once having verified the scarce presence of this theme amongst academic studies and an effective difficulty in locating texts focused on these operations. Furthermore, the study was also descriptive in nature since it sought to introduce the problem devoid of greater analytical or scientific generalization pretensions.

From a methodological standpoint, the study was also one of historical nature, having verified and analysed cases that took place at several moments in time in search of processes that might come to be categorized per the research's objectives. According to Lakatos and Marconi (1991), the historical method assumes that those institutions that sprung in the past ought to have their founding roots researched, with views to understanding both their nature and role. This method comprises investigating events, processes and institutions of the past to verify their influence on the subject's current status. Sauerbroon and Faria (2009) emphasize the need to restore the use of the historical method

with views as to bringing the organization's own context to the study's core – from research problem formulation to conclusion development.

In as much as data gathering is concerned, emphasis was placed on documental research by means of studying articles, theses, dissertations, journals and specialized publications. To the extent practicable, search focused on spin-off operations that had been successfully examined by more than one source. Furthermore, in light of a line of research that has for years remained active in the field of Corporate History, a significant number of operations that were announced yet not implemented were discarded. This effectively represented a true mining process.

In as much as mother-companies that segregated portions of their assets and which were those respectively involved is concerned, all operations that were selected featured a minimum amount of data to enable classification within adopted criteria, thus ensuring the subsequent application of the chosen model. Consequently, according to Lakatos e Marconi (1991, p. 89), "both theory and fact are of interest to scientists, theory void of grounding on facts remaining non-existent; the compilation of random facts in turn (...) would not produce science".

Thus, the intent was to enliven facts gathered within the above mentioned line of research. Furthermore, according to the same authors (1991, p. 90), "theory serves as a guideline to restrict the scope of facts that shall be studied", since there is an almost infinite amount of data in any field of study. To this effect, further as recommended by the authors, theory: a) restricts the scope of facts subject to study and b) the investigation's prime aspects are defined, seeking the kind of data one intends to segregate. Therefore, the end result was a consistent data base that featured spin-offs which reflected the evolution of diverse corporate groups.

Subsequently, all previously categorized by authors into partial perspectives operations were analysed in light of the formerly discussed categories introduced by Mintzberg (1987) namely, his 5 strategy P's: plan (A), pattern (B), position (C), perspective (D) and pretext (E). The preparation of these partial charts merely served as a tool, i.e., to avoid operations from being



all analysed along a single sequence, one seeks basic analytical elements that allow for the partial classification of the operations – however, without intending to shape new theories or theoretical perspectives but rather to facilitate the subsequent application of the adopted model.

#### 4 RESULTS AND ANALYSIS

For starters, spin-offs were classified according to partial categories, as pictured in Table 2, which were defined based on the apparent reasons that motivated their occurrence. The table however mostly serves as a supporting tool for the plotting of all the spin-off operations that qualified, subsequently analysed as of Mintzberg's (1987) model standpoint.

**Table 2: Elected classification criteria and the number of respective cases**

Chart	Classification Category	No. of cases
1	Spin-offs given concentration on core business	62
2	Corporate spin-offs given negative results	8
3	Spin-offs given Legislation, Institutional Organization or Public Relations issues	23
4	Confrontational spin-offs or those involving successors/executives that leave with part of the assets to set up their own businesses	6
5	Spun-off companies sold out to its executives or associates	6
6	Spin-offs of technology based companies	2
7	Spin-offs seeking to set up eased management businesses	8
8	Spin-offs given profit-taking due to the selling out of a portion of the company's capital	3
Total		114

Source: Prepared by the author

Once each case is presented, it is classified according to one of Mintzberg's (1987) five strategic categories, as described (plan, pattern, position, perspective and pretext). Spin-off operations that followed a more consistent plan were qualified under item A. When a company conducted more than one operation and followed a pattern, cases qualified into the item B category. Operations that represented a strategic repositioning or the simple taking of a stronger standing in terms of its core business were classified as C. Those that followed a long-term outlook were classified as D. Finally, operations caused by governmental injunction, sporadic events or poor results were classified as comprising item E.

1) Toyota emerged as a spin-off of the Toyota Jido Shokki – manufacturer of weaving machines (Abe, 1997).	A
2) Nippondenso was a Toyota spin-off, set up in 1949 to focus on the production of automotive electric components and became one of the world's largest companies in this field. In 1997, Denso supplied approximately 50% of Toyota's electric components (Ahmadjian & Lincoln, 2001).	A
3) In 1976 GE acquired Utah International – coal miner – for US\$ 2.2 billion. Eight years later, Utah was re-sold to BHP for US\$ 2.4 billion. To ensure the feasibility of deal, Utah spun Ladd Petroleum off (Welch & Byrne, 2001).	E
4) In 1981 DuPont acquired Conoco – an oil company – to protect itself from the risks of rampantly increasing petroleum prices. However, there were no synergies so Conoco was spun-off in 1998 (Welch & Byrne, 2001).	C
5) In 1991 Racal Electronics spun-off a small regional telecommunications company who came to be the grounding for the rise of Vodafone (Zook & Allen, 2001).	C
6) McDonald's spun-off its Chipotle division that focused on Mexican food (Wang, 2005).	A

7) Accuride used to be part of Firestone and manufactured truck wheels and hubcaps but within the group, it had little room for expansion. The company was bought out by Bain Capital who expanded its capacity to such an extent that its competitors - Budd and Goodyear - ceased operating in the field (Zook & Allen, 2001).	A
8) In 1996 GM spun EDS off which had been acquired from its founder, in 1984 (Richtel & Sorkin, 2008).	C
9) In 2004 IBM spun-off its PC manufacturing division, selling it out to Lenovo, a Chinese company, so as to concentrate effort on the provisioning of more profitable services (Vella, 2008).	A
10) In 2005 American Express spun Ameriprise Financial off (Buffett..., 2008).	C
11) In 2006, Weg - an engine manufacturer based in Brazil's State of Santa Catarina - distributed amongst its shareholders the equity it held at Perdigão, the country's second largest chicken and pork group - which at the time accounted for 7.5% of the company's asset value, transferred papers totaling R\$ 95 million (Brasilar, 2006).	A
12) In the year 2000, Sara Lee sold out its luxury accessories division acknowledged by the market under the Coach brand name. The spun-off operation as of then tripled its size by renewing its line of products and jointly entering the Japanese market with a local group. Furthermore, shares soared 950% (Scherreik, 2002; Wang, 2005).	B
13) AT&T spun-off its R&D division, setting up the Bell Labs which in turn merged with Western Electric giving rise to Lucent (Bossidy & Charan, 2005).	D
14) In 2008 Cardinal Wealth - a pharmaceutical products wholesaler - spun-off the business unit that manufactured clinical and medical supplies (Cardinal..., 2008).	C
15) In 2008 Time Warner spun-off its cable unit - Time Warner Cables - to its shareholders. The unit was in a position to offer to pay Time Warner US\$ 9.25 billion in dividends (Cardoso, 2008).	C

<p>16 and 17) American Express used to own the centennial investment bank known as Lehman Brothers and in 1994 sold it off at the Stock Exchange market. Richards Fuld was Lehman's President having topped the company until 2008 when it succumbed to the crisis, most the bank's assets having subsequently been sold to a British bank - Barclays (Story &amp; White, 2008).</p>	<p>E</p>
<p>18) Corning focused in the field of digital technology, selling out its businesses that manufactured domestic cooking utensils (Vella, 2008).</p>	<p>A</p>
<p>19 e 20) In 1988 White Martins spun-off its plant that manufactured graphite electrodes because it was not synergic with the production of industrial gases. In 1990 White Martins ceased all resale activities which distributed a number of products in addition to its gases (Bulhões, 1999).</p>	<p>B</p>
<p>21) In 2011 Kraft announced the spin-off of its global snacks businesses from the North-American grocery store products businesses (Tyco to..., 2011).</p>	<p>C</p>
<p>22 and 23) Credicard was set up in 1970 by the Brazilian banks Itaú, Unibanco and the American Citibank. In the year 2000 Itaú became the sole shareholder of the company and spun-off its credit card operations processing division – grounding foundation of the company Continues Orbitall – where it remained as major shareholder (SILVA JUNIOR, 2009). In 2012 Itaú divested 100% of its shares at Orbitall – the credit card processor company whose clients are financial institutions – to the Stefanini Group, a Brazilian IT solutions company. The alliance between Itaú and Unibanco enabled the operation given that Itaú Unibanco was able to attain enough scale to process its own credit cards. Furthermore, the provisioning of this kind of service to other financial institutions was not in line with Itaú Unibanco's core activity (Itaú aliena..., 2012).</p>	<p>E</p>
<p>23) In 2009 Bahema S.A. – the holding company which comprised Unibanco's greatest shareholders prior to its fusion with Itaú - transferred the new bank's shares to its shareholders (Bautzer, 2009).</p>	<p>E</p>
<p>25) In 2009 Bristol Meyers-Squibb spun-off its Mead Johnson foodstuff unit to focus in the pharmaceutical segment (Japsen, 2009b).</p>	<p>A</p>
<p>26) In 2010 the North-American consulting company known as Hewitt spun-off its executive compensations business unit, setting up Meridian</p>	<p>C</p>

Compensation (Yue, 2010).	
27) In 2002 the North-American Merck spun-off its health benefits management business unit whose annual revenues totalled US\$ 26 billion – equivalent to more than half of its total revenue but beyond the scope of its core business (SCHRREIK, 2002; Why Merck’s..., 2002).	C
28) Cadbury focused in the field of confectionaries, spinning-off Schweppes soft drinks (D’Ambrosio, 2007).	A
29 to 31) The Furukawa holding company spun-off: Fuji Denki (which operated in the electrical products segment and had been set up with Siemens). Fuji Denki in turn spun-off Fujitsu (computers). Furthermore, Fujitsu spun-off Fanuc (robot manufacturers) (Abe, 1997).	A
32) In 2009 the Accor group announced the spin-off of its ticket and benefits card business which was more profitable than the rest of the group and thus held the highest probability of stock-exchange growth (Bauerova, 2009).	A
33) In the 80’s ICI sought new ways to grow to counterbalance the drop in sales of its old products, focusing on fine chemicals. Furthermore, it spun-off its pharmaceutical division, in 1993 setting up Zeneca (Goldman, Nagel & Preiss, 1995; Tidd, Bessant & Pavitt, 2000, 250-210). Continues	D
34 to 38) The diversified Tyco conglomerate spun off its financial businesses in 2002. The healthcare unit spun-off in 2007. In 2011, Tyco announced its spin-off into three new open capital companies: its residential alarm system businesses, its flow control unit and its commercial safety business. Edward D. Breen had to dismantle the messy conglomerate his predecessor – L. Dennis Kozlowski who was condemned for fraud– had formed (Tyco to..., 2011).	B
39) In 2011 McGraw-Hill announced the spin-off of its educational businesses, keeping its fastest growing division which focused on business information (Tyco to..., 2011).	D
40 and 41) In 2008 Bristol-Myers Squibb sold Convatec devoted to devices and wound treatment and in the following year sold Mead Johnson Nutrition out which focused on child nutrition (Merced & Japsen, 2011).	B

<p>42) In 2011 Abbott Laboratories announced its separation into two companies – one focused on diagnostics and medical devices (such as stents with a forecasted US\$ 22 billion worth of annual revenues) named Abbott and another devoted to drugs, ground on pharmaceutical research, with annual revenues of US\$ 18 billion (whereby US\$ 8 billion came from Humira – its drug to combat rheumatoid arthritis – which is only expected to have to face competition as of 2016). The stated underlying reason for these spin-offs was that devices offer lower risk and a more global reach whilst the development of medications offers higher risks and primarily focuses on the US market (Merced &amp; Japsen, 2011).</p>	<p>D</p>
<p>43) In September 2010 Fiat's shareholders approved the spin-off of those automotive assets that were associated with the manufacturing of trucks and other industrial goods (Ebhardt &amp; Bertacche, 2010).</p>	<p>D</p>
<p>44 to 48) In 2001, the Canadian Pacific railway group spun-off five companies devoted to: railways, hotel, crude oil exploration and production assets, a group to mine coal and another engaged in waterway transport (Marcial, 2001).</p>	<p>B</p>
<p>49) AMD spun-off GlobalFoundries, resold, between 2009 and 2012, to Abu Dhabi's state-owned company known as Advanced Technology Investment Company (ATIC), yet continued to use this organization to outsource the manufacturing of its chips. (AMD..., 2011)</p>	<p>E</p>
<p>50 to 53) Cendant spun-off into four units: hotels, real estate, travel sales assets (brand names: Orbitz, Galileo and Cheap Tickets) and the car rental companies known as Avis and Budget (Wang, 2005). Barrett (2002) states that Cendant, during a 12 year span and under the control of an entrepreneur named Henry R. Silverman, acquired a number of companies having in 2002, accumulated debts estimated to total as much as US\$ 5.2 billion.</p>	<p>B</p>
<p>54) Alloy – a company focused on media for teenagers – spun off its business units named dELIA*s, Alloy and CCS – which focused on retail and direct marketing operations (Wang, 2005).</p>	<p>B</p>
<p>55 to 57) In 2010, Fortune Brands announced its spin-off into three businesses: beverages, home products and golfing. During the year that</p>	<p>B</p>

followed, they set up Fortune Brands Home & Security and a company known as Beam – using the brand names Jim Beam and Maker’s Mark – and sold its golfing businesses to Fila for US\$ 1.23 billion (Tyco to, 2011).	
58) In 1991 Ford spun-off all truck production-related assets to Fiat Allis, then controlled by Fiat, with views to focusing on cars (Garuzzo, 1993).	A
59) In 1984 <i>Embraer Divisão Equipamentos</i> was formed in Brazil with a number of commisions. Once the privatization process was over, this company sold 40% of its equity to Liebherr (Eleb..., 2007).	C
60) In 2005, Liberty Global spun-off from Liberty – a company that was founded by the American pioneer in cable transmission John Malone - and that had been sold to AT&T for US\$ 52 billion earlier on, back in 1998. By 2009 the spin-off already held operations in ten European countries and had acquired a unit in Germany that served 6.4 million clients (O’Brien, 2009).	D
61) In 2009 Motorola sold its Good Technology business unit, purchased two years earlier with views to offering consumers standards one found in Blackberry’s products, to Visto (Wong, 2009).	C
62) AMR, American Airline’s controlling shareholder, spun-off its booking services – easySABRE – from the airline company (Haguel III; Armstrong, 1999).	C

**Chart 1: Spin-offs due to concentration on core business**

Source: Prepared by the author

The relative dispersion observed in Chart 1 above suggests that some concentrations took place as a result of planned focus on the company’s core business whilst others were of reactive nature or motivated by adverse results. Nevertheless, most of the 27 operations fit into two categories: twelve complied with type A (plan) and twelve with type C (position or market share). This indicates that once the decision favouring focus on the company’s core business was taken, long-term planning also occurred.

<p>1) In 2008 in light of high losses the Swiss bank UBS was divided into three units: asset management, private banking and an investment bank (Werdigier, 2008).</p>	<p>E</p>
<p>2) In 1991 - given the tragic accident that occurred at Bhopal, India - Union Carbide focused in the field of petrochemicals, spinning-off its gas business that came to ground Praxair, White Martin's Brazilian controlling shareholder (Bulhões, 1999).</p>	<p>E</p>
<p>3) According to Edmonson (2007), in 2007 Daimler closed down the unsuccessful acquisition of Chrysler, conducted nine years earlier. DaimlerChrysler injected US\$ 675 million into Chrysler to attract Cerberus Capital Management into buying it out and taking on US\$ 18 billion worth of pension fund plan debts. The author highlights Garel Rhys's - Wales' Cardiff University's automotive segment economy professor - statement as to the German group having literally paid someone off to take on the problematic American unit given that its future remained an open query. Nevertheless, the decision illustrated Daimler's desire to return focus on the Mercedes-Benz unit of prestigious automobiles and of commercial vehicles, recovering part of the market share lost to its rivals: BMW and Audi.</p>	<p>E</p>
<p>4) The Brazilian group known as Hering in 1997 spun-off <i>Cristais Hering</i> - which had been founded in 1959 - passing it on to its employees who constituted a cooperative to manage it (Jurgenfeld, 2009).</p>	<p>A</p>
<p>5) In June 2008 <i>Brasil Brokers</i> acquired 51% of <i>Abyara's</i> - a real estate company - incorporation assets for R\$ 250 million comprising their assets located at the capital and coastline of the State of São Paulo. <i>Abyara</i> spun these assets off because of credit restrictions and the reduction in the pace of business. (BRBrokers..., 2008).</p>	<p>E</p>
<p>6) <i>Dia</i> was the world's largest franchised supermarket chainstore and in 2011 was spun-off from its controlling shareholder - Carrefour - who was facing a number of problems. It held subsidiaries in Spain, Portugal, France, Turkey, China, Brazil and the Argentine (Mattos, 2012).</p>	<p>E</p>
<p>7) In 2009 the British-Australian group known as Rio Tinto sold four of</p>	<p>E</p>



Alcan Packaging's units for US\$ 2 billion to an Australian company, Amcor. Rio Tinto had bought Alcan out in 2007 but was forced to sell several assets out to reduce its heavy indebtedness. During the same year, it sold out its North-American unit for US\$ 1.2 billion to the US based company known as Bemis. Several analysts stated that the source of problems had been an overpriced (US\$ 38 billion) acquisition (Rio Tinto..., 2009).	
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### Chart 2: Spin-offs due to negative results

Source: Prepared by the author

Chart 2 features six cases involving crises.

1) Asahi Breweries was set up in 1949 when the Japanese government divided Dai Nippon Breweries to eliminate monopoly. Asahi became one of Japan's four largest breweries alongside Suntory, Sapporo and the market leader - Kirin (Sull, 2003).	E
2) In 1933 the Glass-Steagall Banking Act formed the Federal Deposit Insurance Corp. (FDIC) – who guaranteed up to US\$ 5 thousand deposits – and helped restore public trust in banks. Furthermore, it obliged commercial banks to spin-off their investment banks to hinder the concession of loans that might impact the Stock Exchange market. Thus, J. P. Morgan & Co. remained as a commercial bank spinning-off the investment bank into Morgan Stanley & Co (Chernow, 1990).	E
3) During the 50's, Hollywood's studios were obliged to divest from cinema chain theatres and consequently the entire former film making industry was reshaped (Deutschman, 2006).	E
4) The Sprint and Nextel Corp. merger drove authorities to enforce the sale of the domestic carrier services unit (Wang, 2005).	E
5) In 2010 the Brazilian group known as <i>Camargo Corrêa</i> sold CNEC off – its engineering projects' division comprising 1.1 thousand employees – to the Australian-based WorleyParsons for R\$ 170 million. In 2008, CNEC's revenues had totalled R\$ 255 million. The Brazilian Bidding Law foresees	E

<p>that the fact of the same company designing the project and executing it possibly giving rise to conflict of interests and this implies that a given group can be disqualified from a given bidding process. One of Camargo Corrêa's core focus areas is that of power generation and CNEC traditionally wins this segment's preparation of the most relevant projects (Camargo..., 2010).</p>	
<p>6 and 7) In 2002 Philip Morris spun-off its foodstuff business unit – Kraft – so as to mitigate risks of these assets being involved in problems associated with cigarette-related indemnizations. In no more than a couple of months, the value of Kraft's shares increased 26%. In 2008 Philip Morris International (Scherreik, 2002; Wang, 2005; O'Connell, 2007; Byrnes e Balfour, 2009).</p>	E
<p>8 to 20) Linke (2004) states that in 1998 the Brazilian government sold the 12 holding companies that had been formed as off the spin-off of <i>Telebrás</i>, selling out to the private sector the fixed telephony, long distance and A-band wireless companies. Revenues related to this sale amounted to R\$ 22.05 billion – with an average goodwill of 53.74% over the minimum price. In 1991 and in 2002 the Telecommunications Segment accounted for 32% of amounts earned under the Privatization Program. Moreover, in the same year, Gerasul – Centrais Elétricas Geradoras do Sul S/A – which likewise was formed as off a spin-off and held power generation assets in Southern Brazilian states, was also sold for US\$ 800.4 million.</p>	E
<p>21) Laurence Tisch and Preston Robert Tisch acquired a cigarette manufacturer in 1968. In 2008 this unit - Lorillard – was spun-off from Loews Corp. Lorillard launched its IPO. The Tisch Family had long been criticized for its involvement with cigarettes. Thus, the spin-off sought to protect the family's status and the Loews group from law suits arising from this segment. As of an initial investment of US\$ 450 million to buy Lorillard off, Loews earned approximately US\$ 10 billion worth of profit. The group focused on hotels, insurance, off-shore crude oil drilling and gas pipelines (Saul, 2008).</p>	E
<p>22) In 2010 Tereos acquired Groupe Quartier Français, Reunion Island's – in the Indian Ocean – largest sugar mil, thus coming to account for the</p>	C

island's entire production: approximately 210 thousand tons per annum. French authorities forced Tereos to sell out Mascarin – a distributor – so as to not monopolize the island's trade, deemed potentially harmful (Tereos venderá..., 2010).	
23) In June 2013 Rupert Murdoch's News Corp. spun-off from profitable assets the film making studio 20th Century Fox and the US TV network, Fox to incorporate 21st Century Fox. Editing assets – including the publishing company HarperCollins and newspaper networks (such as The Wall Street Journal and the Times) – which were facing a number of problems associated with the illegal tapping of hundreds of celebrities – retained the News Corp. brand name (RUSHE, 2013).	E

**Chart 3: Spin-offs due to Legislation, Institutional Organization or Public Relations issues**

Source: Prepared by the author

The eight legal issue-related spin-offs featured in Chart 3 above evidence the significant prevalence of type E – whereby the operation possibly served as a tool to address this kind of problem, corroborating Shingaki's (1994) understandings.

<p>1) In 2006 Paramount acquired DreamWorks for US\$ 1.6 billion, with whom, despite the latter having been founded 12 years earlier, relations had always been of conflicting nature. In 2008, another spin-off occurred: a team lead by Spielberg – one of Dreamwork's founders – left the company to set up their own organization attracting 100 of the then existing 150 employees and counting on US\$ 550 million worth of support from the Indian group Reliance, who'd come to remain with 50% of the new company's capital. Paramount won the rights to codistribute and/or cofinance 15 to 20 films. Furthermore, a joint team would be managing approximately 40 pending pictures (Pae &amp; Eller, 2008).</p>	E
<p>2) In 2008, two years after professionalizing their management, <i>Martins Fontes</i>, a Brazilian publishing company founded in 1960, was once again being managed by two heirs: each of the founder's - Waldir Martins Fontes, deceased in the year 2000 – sons remained with almost one thousand titles. The oldest son – Alexandre – founded WMF Martins in addition to managing two bookstores in São Paulo. Evandro in turn, founded in 2005 a publishing company named Martins and remained with two bookstores in São Paulo and one in Rio de Janeiro. The old, original publishing company, Martins Fontes was thus extinguished. The number of each title's revenues over the previous two years was taken into account when dividing the catalogue. The leading shareholder in both companies is Alexandre's and Evandro's mother – Norma – with of 70% of the total equity. The spin-off was the third measure heirs took as of the founder's death. (Koike, 2008; Viana, 2013).</p>	E
<p>3) In 2009 Chicago's St. Anthony Hospital spun-off from the US's largest catholic hospitals operator - Ascension Health, which counted on more than 60 units – to become an independent community hospital to ease the decision making process. During the previous two years, the hospital had recruited more doctors and extended the admission of patients from 70 to 120 per diem (Japsen, 2009a).</p>	E
<p>4) In the year 2000 America Online merged with Time Warner under an agreement estimated at US\$ 350 billion – till then the largest corporate</p>	A

<p>fision ever. AOL's stocks were then highly priced and the company was actively searching for an opportunity to merge, having retained 55% of the resulting company's stock. In May of the very same year, the internet bubble started to implode and AOL was shaken by the drop in advertising-related revenues; furthermore, broadband was growing at rampant pace, undermining AOL's dial-up line revenues. In 2002, news broke that AOL had inflated its advertising revenues, resulting in SEC and Justice Department investigations, the company having to pay fines and Stephen M. Case – AOL's founder – having subsequently stepped down. In 2009 AOL spun-off from Time-Warner after a number of years of tumultuous relations, without the expected joint synergies having come about. Thus, AOL – with the TV and cable internet assets – and Warner, with the movie making studio, were formed. The future of Time Inc. and of the publications, whose revenues were dropping, remained in the open. By the beginning of 2010 the value of the two companies was one seventh of the peak reached on the day both businesses merged (Arango, 2009, 2010).</p>	
<p>5) In 2009 Gilberto Sayão, who retained half of the Brazilian <i>Banco Pactual's</i> bank ordinary shares – the same amount André Esteves held which nevertheless represented a smaller portion of the total capital – together with more than 30 of the 60 partners, left the company to set up Vinci Partners which held R\$ 5 billion worth of management assets (Adachi &amp; Mandl, 2009).</p>	B
<p>6) In Brazil, the <i>Banco da Lavoura de Minas Gerais</i> preceded two banks - <i>Banco Real</i> and <i>Banco Bandeirante</i> – which were formed in 1971 after a spin-off between Clemente de Faria's two sons: Aloyzio and Gilberto. Until 1964 it had stood as Latin America's largest private bank in operation. By 1957 it already had 376 branch offices scattered throughout Brazil, from the northern state of Amapá to the southernmost state of Rio Grande do Sul. It was the first Brazilian private bank to go international having opened, in 1958, branch offices in New York and Paris. Forty years later, in 1998 succeeding operations headquartered in São Paulo, were acquired by foreign banks – <i>Real</i> by the Dutch ABN-Amro, and <i>Bandeirante</i> by the Portuguese-owned <i>Caixa Geral de Depósitos</i>. It's worth emphasizing that</p>	A

some of <i>Banco Real's</i> assets were not included in the sell-out to ABN (Costa, 2002).	
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**Chart 4: Confrontational spin-offs or those involving successors/executives that leave with part of the assets to set up their own businesses**

Source: Prepared by the author

Chart 4 presents six cases of confrontation-driven spin-offs.

1) <i>São Paulo Editora</i> , a Brazilian publishing company, was founded by Natal Daiuto and Savério D'Agostino - former associates of the founders Octalles and Monteiro Lobato - to acquire some of the printer's assets and continue providing services to this publishing company, which went bankrupt in 1925 (Hallewell, 1985).	E
2) In 2000 <i>Philips do Brasil</i> sold <i>Elcoma</i> out, a components business unit located in the state of Pernambuco's capital - Recife - to its general manager, Júlio Gil Simões Freire (Mandl, 2008).	C
3) In 2008 four members of the German manufacturer of generic drugs Ratiopharm's Brazilian subsidiary - locally known as Mepha - board executives, bought the business out. The German group sold the local business because of the domestic market's fierce competition and given the need to invest to sustain competitiveness (Vieira, 2009).	C
4) In 2009 UK-based Robert Dyas network was bought out by its managers with the support of creditor banks. The network counted on 1.250 employees positioned at 99 electric supplies stores and used to belong to Change Capital Partners, which in turn was founded by Luc Vandeveldel, former President of Marks & Spencer (Management..., 2009).	C
5) In 1985, Fender a premium guitar manufacturer, was acquired by CBS's own leaders. CBS had purchased the company earlier on, in 1965 shortly after the founder, Leo Fender, passed away (Hiltzik, 2009).	C
6) In 2009 Sweden's Metro International sold - with average daily print-	C

run of 590 thousand copies - its loss-making US division to a company founded by one of Metro's former Presidents (Rising, 2009).	
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### Chart 5: Spun-off companies sold out to their executives or associates

Source: Prepared by the author

Chart 5 features six corporate spin-offs that were sold to its executives or partners.

1) Digital Assets emerged within Ci&T, a Campinas-based (State of São Paulo, Brazil) software developer. In 2003 the company ideated a data bank for old programming codes which might come to be used in new projects – a mismatch within Ci&T. Once having captured ten clients, Digital spun this company off and transferred it to the local university's – <i>Unicamp</i> – company incubator, receiving a capital investment of US\$ 4 million from the Novarum fund (Barifouse, 2009).	E
2) AT&T spun-off its R&D division to set up Bell Labs which in turn merged with Western Electric, grounding what would come to be later known as Lucent (Bossidy & Charan, 2005).	A

### Chart 6: Spin-offs of technology based companies

Source: Prepared by the author

Chart 6 introduced technology based company cases.

1, 2 and 3) In the 1920's the first spin-off of Brazil's <i>Indústrias Reunidas Francisco Matarazzo</i> occurred to set up a company devoted to metallurgy - Pignatari & Matarazzo – whose prime customer was the very mother-company. A couple of years later, given another spin-off at <i>Metalúrgica Matarazzo</i> , Pignatari remains with the aluminium business whilst Francesco Matarazzo Sobrinho (Ciccilo) keeps that of tins. In 1936, Giulio leaves the organization and sets up <i>Laminação Nacional de Metais</i> , but passes away	B
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on the following year and leaves the company in the hands of his son - <i>Baby Matarazzo Pignatari</i> – who rapidly transforms the company into one comprising five thousand employees (Couto, 2004).	
4) In 2009 the recently nationalized British bank Northern Rock spun-off into two companies: one focused on savings, loans and mortgages; and another with the £ 8.9 billion owed to the bank. The bank was rescued from collapse and on the following year, nationalized (Northern..., 2009).	E
5) <i>Votorantim Siderurgia</i> became the Votorantim's group seventh non-ferrous based (zinc, nickel and aluminium) industrial business siding others devoted to cement, paper and pulp cellulose e papel, chemicals and orange juice. The new unit comprises three mills that are already in operation, one dedicated to construction long steels and holds capital shares at <i>Usiminas</i> (Votorantim..., 2008).	A
6) In 1997 PepsiCo. spun-off its fastfood brand names KFC, Pizza Hut and Taco Bell. These assets were named Tricon Global Restaurants and subsequently Yum! Brands (Zook & Allen, 2001).	A

**Chart 7: Spin-offs seeking to set up eased management businesses**

Source: Prepared by the author

Chart 7 features six operations whereby three are of type B, two of type A and one of Type E. Given the fact that the chart pictures the setting up of more easily managed businesses, one would expect results of the kind. Therefore, out of a total of six cases, three operations follow type B (alternatively being understood as a family-based group re-structuring process) and two comply with type A attributes – which evidences the existence of some planning to implement these spin-offs.

1 and 2) In 2008, the Brazilian company known as MMX – owned by Eike Batista – spun-off to allow for the setting up of <i>LLX Logística</i> and <i>IronX</i> , which sheltered the projects MMX Minas-Rio and MMX Amapá, which in turn comprised MMXs' most mature projects. Both of the new companies were	B
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listed at the stock exchange market and MMX's shareholders received LLX and IronX stock – given the awarding of the Amapá State's Railroad concession. Anglo American acquired 63.3% of IronX. Eike Batista's group's remaining assets comprised iron mines in the states of Mato Grosso do Sul and Minas Gerais – and another 599 plots with research authorizations and mining concessions in addition to assets held in Chile (Durão, 2008; Jorge, 2008; Schüffner, 2008).	
3) In 2008 five Japanese steel mills and one from Korea acquired for US\$ 3.12 billion, 40% of the Brazilian company known as Namisa – founded given the spinning-off of <i>Cia. Siderúrgica Nacional's</i> mining assets (Fernandes, 2008).	A

**Chart 8: Spin-offs given profit-taking due to the selling out of a portion of the company's capital**

Source: Prepared by the author

Chart 8 features three profit-driven spin-off operations.

Table 3 below, presents the number of operations according to Mintzberg's strategic scheme, as herein proposed for data analysis purposes.

**Table 3: Summary of operations, per Mintzberg's categories**

Mintzberg's Categories	No. of operations
A: plan – in the sense of course for future action	21
B: pattern - mode of superseding competition under given circumstances	29
C: position – in the sense of the space occupied within a given marketplace	18
D: perspective - how the company faces the market	6
E: pretext – attitude or maneuver to overcome an impairment and face competition	41

Total Number of Analysed Spin-offs

115

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Source: Prepared by the author

Items A, C and D appear in long-term focused operations whilst items B and E are more aligned with tactical aspects and thus associated with the solution of more immediate matters.

Twenty one operations fit into category A which features as the third most recurring one. This reveals significant presence which in turn seems to suggest the existence of several spin-offs that are effectively planned out. The fourth most recurring category is that qualified as C, comprising 18 operations. It also refers to cases where planning occurs so as to define the market share to be captured within a given marketplace. Category D only appeared in six operations, thus remaining this study's least present category. Therefore, if one adds up categories A, C and D a total number of 45 operations, namely, 39.13% of the sum total is accounted for. This is a smaller percentage than that of the group formed by categories that seek short-term solutions but it does, nevertheless, represent a significant portion of the analysed sum total.

Concentration in item E featuring 41 operations (35.65% of the total) - deemed as a surprise - seems to corroborate the understanding that, in the midst of increasing corporate uncertainties, adequate planning time and the taking of long or mid-term positions hardly ever, if at all, occurs. This arises from the fact that one has to survive within an increasingly competitive environment which also tends to coincide with a situation involving strong disputes for positions within companies. Category B appeared in 29 operations subject to study; thus, the total number of operations focused on the short-term accounted for 60.87% of the sum total - the first and second categories remaining more present.

Table 4 features the cross-analysis that results from combining categories initially employed by this study's author and those of Mintzberg, within each of the former.

**Table 4: Spin-off cross-examination, according to Mintzberg´s categories and initial criteria set by the author herein**

Charts with author´s initial criteria	A	B	C	D	E	Total
Chart 1: Spin-offs due to concentration on core business	14	23	12	6	7	62
Chart 2: Spin-offs due to negative results	1	-	-	-	6	7
Chart 3: Spin-offs due to Legislation, Institutional Organization or Public Relations issues	-	-	1	-	22	23
Chart 4: Confrontational spin-offs or those involving successors/executives that leave with part of the assets to set up their own businesses	2	1	-	-	3	6
Chart 5: Spun-off companies sold out to their executives or associates	-	-	5	-	1	6
Chart 6: Spin-offs of technology based companies	1	-	-	-	1	2
Chart 7: Spin-offs seeking to set up eased management businesses	2	3	-	-	1	6
Chart 8: Spin-offs given profit-taking due to the selling out of a portion of the company´s capital	1	2	-	-	-	3
Total	21	29	18	6	41	115

Source: Prepared by the author

## 5 CONCLUSIONS

The numerous strategy texts herein gathered for theoretical reference purposes enable one to conclude that - within the current increasingly competitive environment - companies have to shape competitive advantages within their core businesses and avoid dispersing across a number of fronts where they do not present superior expertise. Classically, for instance, one attributes the fall of the Matarazzo empire in Brazil, precisely to thier operating in several areas without holding superior advantages in relation to competition

which arrived at a subsequent moment of time, duly armed with superior offerings in addition to presenting more adequate managerial structures and not featuring the endless problems that arise at family-owned businesses when facing times of crises.

Categorizations according to Mintzberg's (1987) model, though demanding, prove to be of interest. Furthermore, there is a certain degree of subjectiveness – which one might deem reasonable when having to deal with corporate phenomena, such as the overall strategy and the application of a particular model. The initial categories prove to be of use as partial working tools enabling the application of Mintezberg's (1987) Model's categories in as much as their having eased acquaintance with each operation is concerned. Given physical space restrictions posed by articles, effort was made to ensure operations offered a minimum set of information deemed necessary for one to characterize the spin-off to interested parties.

Additional studies involving spin-offs are both of importance and necessary to the Academe and may employ a variety of models. Actually, other models could have been applied. Furthermore, in-depth case studies can be conducted so as to analyse to a greater extent some important operations that occurred in the corporate environment.

The limitations of this study include the fact that statuses were evaluated as of secondary data. On one hand, this fostered a richness of cases that otherwise would be difficult for a given researcher to directly gather unless the same were to count on abundant resources and ready access to a number of companies. In as much as possible, the study sought to counterbalance this limitation by resorting to more than one source reporting the same, given situation, so as to strengthen the case and present more reliable facts and data, thus also making the latter more adequate for categorization purposes within the adopted model.

The study also posed to ground subsequent studies by pinpointing and classifying an assortment of spin-off processes. Nevertheless, at no moment in time was there any intent to fully analyse each category's every single case in addition to there being no desire to suggest that the only existing categories are

those that comprise the study's findings. Furthermore, the cases herein analysed may not be the best nor the most representative.

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