



# CRAIN'S DETROIT BUSINESS

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## 25 years reshuffle names, industries on public company list

By [Tom Henderson](#)

In business, 25 years is an eternity. Industries change. Industries are born. Industries die. Iconic brands get swallowed up in M&A and restructuring deals.

A review of the segment shifts, market reaction and business strategy moves by the big public companies in Southeast Michigan over a quarter-century reveals how dramatically the roster has evolved.

Many companies were taken private, were acquired or went bankrupt — or sometimes have gone through more than one of these business life cycles. Think **Chrysler, Arbor Drugs Inc. and Kmart Corp.**

Still others were fledgling upstarts or weren't even an idea in a business plan when *Crain's* began these reports in 1989.

Fewer banks are on the list of top public companies these days, and it's populated by a stronger showing of auto companies — including seven of the big suppliers in town that went public since 1989 and have grown their business despite the recent downturn. Prime examples are **Lear Corp., Visteon Corp. and American Axle & Manufacturing Holdings Inc.**

"The changes in the list show how business is totally dynamic," said Rick David, COO of Chicago-based **UHY Advisors Inc.**

Only eight of the 25 companies on the list in 1989 are still on it. And one of them, Bloomfield Hills-based **PulteGroup Inc.**, will come off the list when it moves its headquarters to Atlanta this year.

**THE CHANGING FACE OF MARKET-CAP RANKINGS**

2014		1989	
Company name	Market capitalization on May 20	Company name	Market capitalization
1. Ford Motor Co.	\$62.2 billion	1. General Motors Corp.	\$25.2 billion
2. General Motors Co.	\$52.0 billion	2. Ford Motor Co.	\$23.4 billion
3. BorgWarner Inc.	\$15.5 billion	3. Innotek Corp.	\$7.4 billion
4. DTE Energy Co.	\$13.2 billion	4. Chrysler Corp.	\$5.0 billion
5. Ato Financial Inc.	\$11.0 billion	5. Manco Corp.	\$3.0 billion
6. TRW Automotive Inc.	\$9.8 billion	6. Detroit Edison Co.	\$2.8 billion
7. CMS Energy Co.	\$7.7 billion	7. Consumers Power Co.	\$2.3 billion
8. Misco Corp.	\$7.4 billion	8. National Bank of Detroit	\$2 billion
9. Pulte Group Inc.	\$7.1 billion	9. Sotheby's Inc.	\$950.5 million
10. Lear Corp.	\$6.8 billion	10. Tecumseh Products Inc.	\$600.7 million
11. ITI Holdings Corp.	\$6.8 billion	11. Comerica Inc.	\$725.8 million
12. Tadmec Centers Inc.	\$4.7 billion	12. MascoTech Inc.	\$778.1 million
13. Visteon Corp.	\$4.4 billion	13. Kelly Services Inc.	\$755 million
14. Fenwick Automotive Group Inc.	\$4.4 billion	14. Manufacturers National Bank	\$745.2 million
15. Domino's Pizza Inc.	\$4 billion	15. Handman Co.	\$552.8 million
16. Sunbelt Inc.	\$3.3 billion	16. Michigan National Corp.	\$558.4 million
17. Credit Acceptance Corp.	\$2.9 billion	17. Federal Mogul Inc.	\$528.3 million
18. Federal Mogul Corp.	\$2.4 billion	18. Michigan Consolidated Gas Co.	\$422.9 million
19. Compuware Corp.	\$2.3 billion	19. Pulte Corp.	\$340.6 million
20. Sun Communities Inc.	\$1.7 billion	20. J.P. Spitzer Corp.	\$301.1 million
21. Trillium Corp.	\$1.6 billion	21. Standard Federal Bank	\$278.2 million
22. GenPharm Inc.	\$1.4 billion	22. Kardon Corp.	\$246.4 million
23. American Axle & Manufacturing	\$1.3 billion	23. Security Bank Corp.	\$229.7 million
24. Meritor Inc.	\$1.3 billion	24. Cross & Trecker Corp.	\$181.1 million
25. Talmer Bancorp Inc.	\$94.3 million	25a. JP Industries Inc.	\$176.9 million

Market capitalization data courtesy of David Sawerby, Loomis Sayles & Co. LP



David Sowerby,  
Loomis Sayles & Co.  
LP

Missing from the list in 1989? Information technology companies. **Syntel Inc.** now ranks 16th, with **Compuware Corp.** 19th. **Covisint Corp.**, a recent spinoff from Compuware, is 10 spots away from making the list.

The number of public companies in the state appears to be cyclical, too — and it's on an up cycle, with a flurry of recent or upcoming initial public offerings by state companies following a freeze on IPOs during and after the Great Recession.

"When you lose a large, publicly traded company, you lose everything that goes with it," said David Sowerby, chief investment strategist in the Bloomfield Hills office of **Loomis Sayles & Co. LP**. "You lose those highly paid headquarters jobs. You lose the philanthropy."

### Revolving door of banks

Just ask a seasoned bank executive in town how many iterations of business cards he or she has had over the years without technically changing employers.

### The effects of aging

Twenty-five years ago, the top 25 list had seven banks. Today, all of those banks have either been merged out of existence or, in **Comerica Bank's** case, moved its headquarters to Texas. But other banks have emerged.

The big banks and their rankings in 1989 were **National Bank of Detroit**, No. 8; Comerica, No. 10; **Manufacturers National Bank**, No. 13; **Michigan National Bank**, No. 15; **Standard Federal Bank**, No. 20; **Security Bank Corp.**, No. 22; and **First Federal Savings and Loan**, No. 25.

David said it's not just the loss of the banks that hurts the region but also the loss of their leaders and what they traditionally meant to the community.

"They were always active supporters of the community at large," he said. "They were very helpful and active, but their banks just got swallowed up."

This year, three banks make the list — and two are new public companies. Detroit-based **Ally Financial Inc.** — the former **General Motors Acceptance Corp.**, which went public in April — ranks fifth with a market capitalization of \$11.6 billion. Troy-based **Talmer Bancorp Inc.**, which went public in February, is No. 25 at \$943 million.

**Flagstar Bancorp Inc.** of Troy just misses the list, coming in at No. 26 with a market cap of \$934 million.

"The trend in bank consolidation isn't going to change," said John Donnelly, a managing director in the Grosse Pointe investment banking firm of **Donnelly Penman & Partners**. "Twenty-five years ago, my guess is there were 14,000 to 15,000 banks in the United States. It's down to half that now, and in less than 25 years, there will be less than 7,500."

Donnelly also said that it hurts the state and region that once-powerful banks are gone and that it says a lot that the biggest bank by market capitalization was founded in 2007 and was a one-branch bank as recently as 2010.

**Chemical Financial Corp.** of Midland is the third-largest with a market cap of about \$835 million. Nothing against Midland, Donnelly said, but that a relatively small bank — "a quiet, well-run community bank," he called it — in a relatively small city in mid-Michigan is the third-largest bank in the state sums up how much the landscape has changed.

## Manufacturing growth

Despite all the talk over the years about the region's need to diversify from a reliance on the auto industry, it is more dominant on the list than ever.

Ten auto companies are among the 25 largest public companies as ranked by market capitalization, which is the combined worth of outstanding shares. **Ford Motor Co.** is No. 1, with a market cap of \$62.2 billion and **General Motors Corp.** No. 2 at \$52.6 billion.

Many suppliers on the list were in existence 25 years ago but went public since then. David said a recent surge in IPOs shows the region is also swinging back from an over-reliance on operating as a service economy.

Here are some facts that stand out from looking at the lists of the 25 largest public companies today and 25 years ago, as ranked by market capitalization:

- Only eight companies made both lists, and one of them, **General Motors Co.**, is actually a new version of a bankrupt company, **General Motors Corp.** The others are **Ford Motor Co.**, **Masco Corp.**, **DTE Inc.**, **CMS Energy**, **Kelly Services Inc.**, **Federal-Mogul Holdings Corp.** and **PulteGroup Inc.**

- In 1989, **General Motors Corp.**, **Ford Motor Inc.** and **Chrysler Corp.** were No. 1, No. 2 and No. 3, respectively, on the list of the 25 biggest public companies. There were three auto suppliers. Today, the reborn Chrysler is off the list, although planning an IPO. There are eight auto suppliers in the top 25.

- In addition to Chrysler and seven banks, here are the other companies from 1989 that no longer make the top 25 — **Kmart Inc.**, now smaller and headquartered in suburban Chicago; **Tecumseh Products Co.**, now too small; **MascoTech Inc.**, which became part of Metaldyne LLC; **Handleman Co.**, now defunct; **Michigan Consolidated Gas**, now part of DTE Energy Co.; **R.P. Scherer**, sold in 1989; **Kaydon Corp.**, acquired by Sweden-based SKF late last year; **Cross & Trecker Corp.**, sold in 1991; and **J.P. Industries Inc.**, sold in 1990.

- Today, the combined market cap of the top 25 local public companies is \$232.9 billion. In 1989, it was \$80.6 billion. Even accounting for inflation, the cap has appreciated significantly. According to the Consumer Price Index, \$1 in 1989 has the buying power of \$1.91 today.

— Tom Henderson



"The companies going public are product-based, not service-based. It's always better to build things than to service things," he said. "It's great to see the action in the public markets. IPOs are a great way for dynamic companies to raise capital, and we've got the infrastructure here to support them."

Rick David, COO,  
UHY Advisors Inc.

Besides automotive, medical is a growing segment if the trends in IPOs are any indication, analysts said. One recent IPO was by Ann Arbor-based **Esperion Therapeutics Inc.**, a drug company. Two upcoming initial offerings involve another drug company, Plymouth Township-based **ProNAi Therapeutics Inc.**, and a maker of 3D printers, Dearborn-based **EnvisionTEC Inc.** (*See story.*)

## Retail clearance rack

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Retail, particularly sellers of consumer-based retail outside of cars, has all but disappeared from the landscape of Michigan public companies.

The number of retailers on the list has fallen from four to one: Bloomfield Hills-based **Penske Automotive Group**, which includes diversified holdings including automobile dealerships. Kmart, which was the third-largest public company in the state in 1989, when it was based in Troy, was sold to **Sears** in 2005; Troy-based **Handleman Co.**, then No. 14, was liquidated in 2008; and **Tecumseh Products Co.**, then No. 9, is too small to make the list today.

The retail marketplace has changed even more markedly when looking statewide or at companies that were public in 1989 but not in the top 25.

Other brands that have gone the way of the dodo bird: **Fretter Inc.**, **Gerber Products Co.**, **Highland Appliance** and **Jacobson Stores Inc.**

"We used to have such a rich retail community here," David said. "But this rich bastion is all gone."

Jim Robinson, the former CEO of **Munder Capital Management** who has his own Grosse Pointe-based investment firm, **Robinson Capital LLC**, said the loss of drugstores and department stores shows how quickly market share can shift.

While at Munder, Robinson had a vested interest in some of the now-defunct retailers.

"We managed Jacobson's pension plan. Highland was also a client of ours, too," he said. "The appliance companies just crushed it when DVDs came out. But then they got killed by **Circuit City** and **Best Buy**, and now they're going away, too."

Robinson said the push for larger volumes and efficiencies killed many of Michigan's retailers. But a **Wal-Mart**-like push for smaller margins isn't necessarily permanent.

"Things go through cycles," he said. "Look at the beer industry. There used to be 100 brewers in Michigan. A few years ago, there were none. Now, we're back to 100 again. In the end, consumers want value, not just cheap."

**Diversified Restaurant Holdings Inc.**, the fast-growing, Southfield-based company that owns the largest **Buffalo Wild Wings** franchise in the country in downtown Detroit as well as **Bagger Dave's Legendary Burgers and Fries** outlets, is taking aim at the top 25 with a ranking of No. 38.

"Saplings need to become sequoias, and they do that by becoming public companies," said Loomis Sayles' Sowerby.

"In the late 1980s, we had 140 public companies in Michigan. Today, it's 70 or 75, and the loss of all those public companies remains a long-term challenge for the state."

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