

Wrigley's Dual-Class Equity Strategy

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This teaching case primarily involves the issue of corporate control via the use of a dual-class stock structure. The use of super-voting shares held by management or founders allows them to control the company while putting up less than a majority of the equity. This is a contentious issue with strong supporters arguing it ensures stability, solid long-term management, etc, and strong critics who argue that it entrenches management, prohibits outsider input, etc. There is also a considerable international aspect to the issue in that, while anathema in the U.S., dual-class stock structures are endemic in Canada.

This case affords students the opportunity to discuss stockholders' equity issues in a unique and interesting format. The instruction of stock dividends is important; however, it typically is not very interesting. In the case of Wrigley, the stock dividend has a twist which allows discussion of corporate governance issues, globalization issues, and stock price reaction topics. This case is suitable for a financial accounting course at the undergraduate or MBA level.