Book review

Beer Money: A Memoir of Privilege and Loss
By Stroh Frances
Harper
New York
2016
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Founded in 1850 by a German immigrant Bernhard Stroh, the Stroh family from Detroit Michigan was one of the richest families in the USA and listed on the Forbes 400 Richest Americans from 1984 to 1992. The family wealth came from Stroh's Brewery, the third largest brewery in America selling such brands as Stroh's, Schlitz, and Old Milwaukie.

This book review is from the point of view of a fifth-generation family member. It is a cautionary tale, and details the overspending, poor decision making, family dysfunction, and ill-advised $400 million investment detours into biotechnology and downtown Detroit real estate, that led to the complete downfall of this American family business and the wealth of its owners. While not a book specifically on family business, it is a memoir, detailing the author's privileged upbringing of maids, cooks, boarding schools, elite private clubs, her time studying in Europe, and her budding art career. Along the way, there are the usual stories common among significant inherited wealth: stories of alcoholism, drug use and addiction, family dysfunction, and siblings being disinherited. An alarming story was the author's account of having a "kidnapping practice" with her father.

Family business researchers and scholars are familiar with the "shirtsleeves to shirtsleeves in three generations" adage. The author gives a fifth-generation perspective while watching the fourth generation sink the ship. After missing the light beer trend and losing market share to competitors, the family decided to borrow deeply to go on an acquisition spree of over 30 brands instead of staying a regional brand. Unfortunately, the debt became so high that they were not able to compete against Budweiser and Miller in the 1990s beer advertising wars.

Frances Stroh was raised in wealthy Grosse Pointe Farms, a suburb of Detroit Michigan; her father was one of seven members of the fourth generation of Strohs, each bringing in over $400,000 in dividends annually in the 1980s. He was an alcoholic, who spent millions on collections of cameras, guns, and guitars. His is a sad tale as he was a talented photographer, but was forced to work in the family business. He worked for the brewer in marketing positions and eventually left after a fight with his CEO brother. Frances and her siblings never received any dividends due to an estate planning tax savings trust that skipped every other generation.

Her parents divorced and her father entered into a short-term marriage (without a prenuptial agreement) with a woman who went to high school with Frances. Her father died alone in 2009. Most of his estate went into a trust to pay for settlements with his two ex-wives. Francis and her remaining brothers each received $400,000. Francis also received her father's large collection, much of which was valued at considerably less than its acquisition cost.

Australian Financier Alan Bond made a billion-dollar offer for the company in the 1980s. The family board turned him down. Just a few years later, the company accepted half that amount from Coors Beer, which did not occur. Stroh's was eventually sold in 1999 to

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Miller Beer and Pabst for approximately \$350 million, of which \$250 million was used to pay down debt and some of the remaining \$100 million was used to fund employee pension liabilities (of which they had retained responsibility); the remainder was slowly paid out to the family members until 2008 when the money was finally gone.

Bad investments, nepotism, poor corporate governance, non-professional management, lack of proper succession planning, and poor decision making led to the downfall of this great 149-year-old American firm. The founder's legacy now exists as also-ran brands at larger companies.

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