

Genuine Parts Company - Sequencing the Separation

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Decision scope: How newly named leaders should sequence separation readiness and continuity against the two businesses' operating, restructuring, and investment agendas before the December investor days

Case convention: This is a hypothetical leadership decision exercise, not a reconstruction of an actual meeting, vote, budget, or operating plan. GPC's separation announcement and leadership plans are real; the decision, alternatives, and discussion are author-created.

The decision

On September 9, Genuine Parts Company (GPC) announced leadership plans for its intended separation of Automotive and Industrial into two public companies. Court Carruthers was named CEO-elect of Automotive, which is expected to retain the GPC name; he would take office at completion. Will Stengel is expected to become Chair and CEO of Motion, the planned name for the Industrial company. CFO Bert Nappier became CFO and COO of GPC effective immediately. The company continued to target completion in the first quarter of 2027, subject to final board approval, regulatory clearances, and SEC requirements. Separate investor days are scheduled for December 8 for GPC and December 9 for Motion. [S1-S3]

The newly named leaders must decide how to sequence their attention and available change capacity between separation readiness and continuity, and each business's operating, restructuring, and investment agenda. What must be ready before the investor days? Which strategy and investment choices should be developed in parallel? What should be gated until the leaders know more? The public record identifies broad separation dependencies but does not disclose a readiness gap, a detailed workplan, transitional service agreements, or standalone cost estimates.

Choose among three paths: put readiness first and protect continuity; put distinct business strategies first while gating separation work; or run a dual track with explicit owners and gates. Your recommendation should identify the work to advance now, decision rights, measures, and evidence that would change the pace. Use only information available by the cutoff. Do not assume the separation has closed, that expected benefits have occurred, or that undisclosed costs or capacity limits are known.

Two businesses, one transition

GPC distributes replacement parts and related services through North American Automotive, International Automotive, and Industrial segments. The Industrial business-planned to become Motion-serves maintenance, repair, and operations (MRO) and original-equipment-manufacturer customers with products, inventory and vendor-managed services, equipment repair, automation, and digital supplier connections. Most Industrial orders are filled from inventory, typically with delivery within 24 hours. The 2025 Form 10-K described groupwide priorities that include above-market growth, margin improvement, balance-sheet health, cash generation, and effective capital allocation. [S1]

GPC said its strategic and operational review led to the separation plan. It expects independent public companies to gain strategic clarity, operating focus, and financial performance. Those are management's expected benefits, not realized outcomes or quantified forecasts. The company's 2025 Form 10-K also describes possible dis-synergies and standalone infrastructure needs across operations, commercial activity, data and IT, intellectual property, human resources, finance, legal, sales, and marketing. It identifies continuity, employee retention, licenses and consents, and asset and liability allocation as execution considerations. These are disclosed risks, not evidence that a specific gap has materialized. [S1-S2]

The filing also warns that each future company would be less diversified and potentially more exposed to market changes, with less ability to fund investment, dividends, or debt service. It does not provide post-separation capital structures or standalone liquidity data. Leaders therefore face two connected questions: how to protect customers and operations through the transition, and how to develop capital allocation and operating plans that fit each future company.

A transition alongside current operating work

For the six months ended June 30, 2026, sales increased in all three segments: North American Automotive 4.1%, International Automotive 10.7%, and Industrial 6.2%. The underlying drivers differed. Comparable sales grew 2.4% in North American Automotive, 0.4% in International Automotive, and 5.0% in Industrial; acquisitions and foreign currency also contributed to some segment growth. These historical results do not establish future potential or standalone economics. [S4]

GPC reported \$16 million of separation costs in Q2 and \$34 million for the first half. First-half SG&A rose 8.4% and increased 60 basis points as a share of sales. Management attributed the increase to several factors, including compensation, freight, health care, rent, IT, acquisitions, foreign currency, planned separation costs, and technology investment. Management attributed a 30-basis-point SG&A benefit to restructuring. The filing does not identify the projects responsible or state that any deferral was caused by separation. [S4]

The company said it had cut discretionary travel, limited some merit increases, and strategically deferred selected technology and other projects to manage inflation. At the same time, depreciation and amortization increased \$27 million in the first half, which the company attributed to planned technology and supply-chain investments. The public filing does not say which investments are mandatory for continuity, which can wait, or how much leadership or implementation capacity each requires. [S4]

GPC's first-half GAAP net income fell 7.4% year over year; adjusted net income, a company-defined non-GAAP measure, increased 1.1%. In the second quarter, GAAP net income fell 10.7% while adjusted net income increased 1.5%. The company attributed GAAP declines to separation costs, restructuring and other costs, and Middle East conflict costs, partly offset by

growth, pricing, sourcing, and restructuring benefits. Its adjusted EBITDA reconciliation excludes selected restructuring and separation expenses. Such exclusions describe the company’s non-GAAP presentation; they do not mean the costs use no resources. [S4]

Cost-basis note. The 10-Q’s Note 8, “Restructuring and Other Costs,” reports \$129 million of first-half restructuring initiative costs. The company’s adjusted EBITDA reconciliation uses approximately \$134.170 million (about \$134 million) for “restructuring and other costs.” These figures have different presentation and reconciliation bases. They should not be combined or treated as the same measure. Neither is a complete measure of separation cost. [S4]

Leadership and public milestones

The September announcement named the intended business leadership teams and proposed future board structures. The CFO/COO assignment became effective immediately; the CEO-elect and post-separation chair/CEO roles are planned to take effect as described at completion. GPC said the December investor days would detail growth strategies, focused investment, and long-term value creation for each business. At the cutoff, those investor days and the separation remained in the future. [S3]

Date / period	Public evidence	Status at the cutoff
February 17, 2026	GPC announces its intent to separate Automotive and Industrial; targets Q1 2027. [S2]	Announced plan; expected benefits and timing remain forward-looking
Six months ended June 30, 2026	Segment growth, separation costs, restructuring, and selected project deferrals reported. [S4]	Historical results and management attributions; no readiness assessment disclosed
September 9, 2026	Business leadership and future board plans announced; investor days scheduled. [S3]	Leadership plans; most future roles depend on completion
December 8-9, 2026	Separate GPC and Motion investor days scheduled. [S3]	Upcoming milestone
Q1 2027	Separation target. [S2-S3]	Target, subject to conditions; no completion reported by cutoff

What the leaders need to know

The breadth of disclosed dependencies supports a readiness program. But a broad list of risks is not a diagnostic: the filings do not show which processes are shared, how they will be separated, the state of each critical dependency, or which investments are required for Day 1. Likewise, the recent segment growth and ongoing technology investment support distinct operating plans, but do not show which projects have the best standalone returns.

Before setting gates, leaders could ask each workstream to identify its owner, critical path, customer or employee impact, evidence of completion, and dependencies on the other company. The businesses might use customer service levels, fill rates, order cycle time, system availability, employee retention, finance close controls, cybersecurity, regulatory consents, or investment milestones as measures. The public record does not disclose current baselines or company-approved thresholds. Any thresholds proposed in a classroom recommendation should be explicitly labeled as proposed or hypothetical.

Exhibit 1. Questions to resolve before investor-day commitments

Area	Questions for the leadership team
Customer and operating continuity	Which customer, supplier, inventory, service, or commercial processes depend on cross-business arrangements? Who owns escalation if a transition disrupts service?
Data, technology, and control	Which systems, data, licenses, cybersecurity controls, reporting processes, and finance controls must operate independently or connect across the separation? What evidence demonstrates readiness?
People and decision rights	Which roles and critical skills must be retained? Who can approve, pause, or reprioritize work that crosses both businesses?
Business strategy	Which priorities and capital-allocation principles should GPC and Motion present separately? What evidence supports each priority?
Restructuring and investment	Which restructuring actions and technology or supply-chain investments protect current operations or enable future strategy? Which decisions are reversible, and what can be staged?
Public commitments	Which claims can be supported at the December investor days, and which should remain conditional on readiness, transaction approval, or operating evidence?

Three plausible sequences

1. **Readiness-first.** Give priority to separation critical paths, controls, people, systems, customer and supplier continuity, and Day 1 operating capability. Protect necessary ongoing investment and defer discretionary changes that may add execution burden. This may reduce transition risk, but could leave business strategies underdeveloped or delay valuable investments and customer commitments.

2. **Strategy-first.** Have the future GPC and Motion leaders develop distinct operating priorities, investment principles, accountability, and investor-day plans. Run separation work as a dedicated, gated program with named owners. This may establish focus early, but could overextend leadership or let a hidden dependency threaten continuity if readiness is not assessed well.
3. **Gated dual-track.** Assign accountable separation owners and a common governance process while reserving leadership time for each business's strategy and investment choices. Advance reversible or well-supported work in both tracks; gate decisions that depend on readiness, customer impact, transaction certainty, or standalone economics. This can protect both agendas, but increases coordination demands and depends on reliable evidence and clear decision rights.

No option is supported by a disclosed readiness score, budget, standalone cost estimate, TSA plan, synergy amount, or quantified capacity limit. The leaders must decide what evidence to request and how to use it without presenting assumptions as company facts.

Your assignment

Prepare a two-page recommendation to the hypothetical leadership group. Choose or refine a sequence for the period before the December investor days and the announced Q1 2027 target. Address:

- What gets immediate attention, who owns it, and what the investor days should and should not promise.
- How to protect customer and operating continuity while each future company develops a distinct strategy.
- Which restructuring, technology, and supply-chain investments to protect, stage, or review, and the evidence required for each choice.
- Decision rights and a small set of leading measures, using proposed thresholds only if clearly labeled as hypothetical.
- The strongest counterargument to your plan, its principal execution risk, and the evidence that would cause you to change course.

Do not infer a readiness gap, TSA, standalone cost, synergy, budget, capacity limit, completed leadership transition, or post-separation result from the public record.

Sources and conventions

S1. GPC, [2025 Form 10-K](#), filed February 20, 2026. Item 1, "Proposed Separation," pp. 3-4; business and Industrial overview, pp. 5-6; Item 1A, "Proposed Separation Risks," p. 13.

S2. GPC, ["Announces Plan to Separate Automotive and Industrial Businesses"](#), February 17, 2026. Rationale and Q1 2027 target, lines 475-483; transaction caveats, lines 525-526. The rationale and expected benefits are management expectations.

S3. GPC, [September 9, 2026 leadership and board announcement](#), Exhibit 99.1. Leadership roles and effective timing, lines 13-20 and 31-74; investor days, lines 114-117; forward-looking statements, lines 134-136.

S4. GPC, [Q2 2026 Form 10-Q](#), filed July 21, 2026. MD&A revenue and segment discussion, pp. 22-23; expenses, separation, deferrals, and net income, pp. 24-25; Note 8, "Restructuring and

Other Costs,” p. 18; adjusted EBITDA reconciliation, pp. 26-27. Note 8 and EBITDA reconciliation figures use different bases. Reported adjusted measures are non-GAAP.

All results are company-reported. Historical first-half figures end June 30 and do not establish future standalone performance. The case uses no information published after October 2, 2026, 4:00 p.m. ET.