

\$XXX Million Specialty Clothing Retailer Resurrection from Bankruptcy



The Company

The company serves baby boomer women and focuses on exceptional customer service and stylish clothing. A public company with 800 stores in 46 states, the retailer went into a period of highly leveraged, yet poorly planned, growth.

The Situation

The company was losing money at an alarming rate and quickly becoming insolvent. Its market capitalization shrunk dramatically and stock prices had dropped to \$0.50 per share.

With a focused team of consultants, the financial and operational situation was quickly assessed.

Financial records and contracts were examined, employees were interviewed and agreements with lenders and landlords were evaluated, along with the review of market studies and other key indicators. After examining each store and all operating expenses, a new strategy was developed.

The Solution

A pre-planned, fast-track bankruptcy filing, which included pre-negotiating with key parties, was executed. Over one-third of the stores were closed. The remaining leases and debts were restructured. A strategic plan for the company's short- and long-term growth was crystallized. New management and financial structures were put into place, including improved inventory controls and a reconfigured distribution center.

The result was a three-month bankruptcy and immediate profitability, enabling the company to repurchase its shares. The stock price rose dramatically and the company has remained a strong performer in the market to this day.