

## **Herti GmbH, 2008**

Retail, Department Store Chain

### **Situation**

The company was among the big and well-known names in the German Department Store business. Its eventful history mirrors the ups and downs of this type of retail. After the outsourcing from another German department store chain this company was resuscitated in 2005. With over 70 department stores situated especially at the outskirts of middle and large cities a new approach was tried, which led to an operative crisis due to frequent changes in business strategy and Management alike. The landlord, who at the same time became the owner of the chain in 2005, burdened the company with excessive leases, considering the overall economic performance of the business. The accumulation of all these problems led to insolvency in 2008.

**Services** provided by Advantum / paul und collegen for the insolvency administrator

- Strategic realignment
- Branch analysis and selection
- Product range adjustment
- Introduction of new business models (Consignment, Concession)
- Financial planning
- Developing a business plan
- Negotiations with the landlord
- Execution of an investor process with approaches to investors on four continents
- Execution of a clearance sale

### **Result**

After difficult discussions and a long lasting search, in 2009 investors were ready to take over the department store chain. Despite substantial, manifold efforts, e.g. the approach of regional and communal politicians, the landlord could not be persuaded to solution, which would allow the business to continue its operations. Against the opinion of most experts the company had to close and 3,000 employees had to be laid off. Due to the dedication of the staff an excellent clearance sale was organised, which lead to a very satisfactory result for the creditors.