

Snapshots

Summer 2020



ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS



TooJay's began with a single location on the island of Palm Beach in 1981 and spread across Florida, recreating the menus of delicatessens of old.



Sustainable Restaurant Group, owner of the Bamboo Sushi and Quick Fish brands, was rapidly growing with its sustainable food model. But then the pandemic hit.



Women's clothing retailers were left holding seasons of traditional work attire, when the pandemic changed demand. Vertically integrated businesses suffered at every step.



A leveraged buyout and labor union problems created financial difficulties for this suburban Philadelphia industrial painting company.

ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS

TooJay's

TooJay's is a restaurant chain operates 28 deli-themed restaurants, a commissary and bakery in the state of Florida. The company had been profitable and was seeking to expand its presence in the Southeast before the Covid-19 pandemic hit in March. Due to rules mandated by local government at the onset of the pandemic, the company was required to initially close most of its restaurants, resulting in a 75% reduction in staff. In

order to maintain the going concern value of the business, management obtained a loan from the Paycheck Protection Program and determined it was in the best interest of its constituents to file for protection under Chapter 11 of the Bankruptcy Code.

The company retained Getzler Henrich ("GH") shortly after filing its bankruptcy petition to guide it through the bankruptcy process and provide assistance in reducing store-level operating costs. GH, through intensive negotiations with the company's landlords, has been able to obtain more than \$1.3 million in abatements and deferrals, enabling the company to preserve cash and enhance store level profitability, and setting it on a course for future success as the pandemic-related rules are gradually lifted. In addition, GH has been working with the management team to develop DIP budgets to support the use of cash collateral and to provide reporting as required by the senior lender and under the Bankruptcy Code. GH is currently guiding the company as it goes through a sale process to ensure a successful closing and wind down of the bankruptcy estate.

Sustainable Restaurant Group

Sustainable Restaurant Group (SRG), owner of the Bamboo Sushi and Quick Fish brands. Owned by Bain Capital Double Impact, SRG is a collection of mission-focused restaurant concepts committed to environmental and social change and is world's first certified sustainable sushi restaurant, offering customers authentic, premium dining experiences. The company operated restaurants in Oregon, Washington, Arizona, California and Colorado.

Like many other thriving restaurants, SRG was severely affected by the COVID-19 pandemic. The company retained Getzler Henrich to assess the situation, and identify strategic alternatives. Ultimately, the company decided that a bankruptcy process was the best path to maximizing the recovery to its stakeholders and filed for Chapter 11 in May, 2020. Getzler Henrich shepherded SRG through the bankruptcy process which resulted in the sale of the assets to another private equity firm in July, 2020. Bain Double Impact Fund retained a minority stake in the surviving enterprise.

Women's Designer and Retailer

This spring Getzler Henrich was retained by a designer/wholesaler/retailer of women's apparel. The 40-year old, \$400MM revenue company had experienced strong growth and profitability over the last ten years but had experienced sales and profitability declines in the last two years, primarily as a result of design and fit issues that alienated its core customer. Management had taken steps to get the business back on track in the fourth quarter of 2019 and the company had been performing to plan until the onset of the Covid-19 pandemic in mid-March.

Like many borrower-lender relationships during difficult economic periods, the relationship between the company and its lender deteriorated rapidly, despite a 30-year relationship, as each party took steps to minimize its risk. The souring relationship was compounded by the unexpected resignation of the company's CFO. At that point, the company retained GH to assess the company's liquidity position and assist the company in providing regular reporting to its lender and in managing the lender relationship.

GH's review of the 13-week cash flow and 2020 financial forecast, as well as the institution of regular formal and informal communications with the bank group, re-established the company's credibility and reinvigorated the relationship. Further, GH identified a cash shortfall during its seasonal inventory build and has been assisting the company in obtaining incremental capital to fill the gap and provide additional liquidity so that the company can complete its turnaround. GH has also been providing support to the management team in its negotiations with vendors and in identifying opportunities to improve operating performance. The company is now on a path to successfully emerge from the economic downturn caused by the pandemic and thrive.

Service Painting

Industrial painting contractor, Service Painting, based in suburban Philadelphia, filed chapter 11 in late 2018 after a leveraged buyout and a dispute with their labor union caused overwhelming financial pressure on the company. After being unable to negotiate a satisfactory restructuring arrangement, and languishing in chapter 11, Getzler Henrich was retained in the fall of 2019 to advise the debtor, provide credible financial projections and assist with negotiations with the union and its pension plan. After months of

protracted negotiations and revisions because of COVID-19, the parties reached a settlement and an amended plan of reorganization was confirmed and went effective in July, 2020.

Notes



We are delighted to welcome [Charles Winn](#), [Rod Olivera](#), and [Steven Newell](#) to Getzler Henrich & Associates:

[Charles Winn](#) has over five years of restructuring experience and focuses on bankruptcy litigation, financial and cash flow modeling, and performance improvement.

[Rod Olivero](#) is a senior director in the New York office with more than 20 years of restructuring advisory, investment banking, and credit analysis experience, with a focus on leading middle-market, distressed, and special-situations engagements. His industry experience includes business services, consumer products, distribution, financial institutions, food & beverage, industrials, and logistics. They are both based in New York.

[Steven Newell](#) specializes in investment evaluation, due diligence, financial modeling, and data-driven analysis. Prior to joining Getzler Henrich, he worked at ORIX Mezzanine & Private Equity, where he focused on new deal evaluation and portfolio company support. Steven is with our Chicago office.



Oil & Gas: Lenders, stakeholders and new owners need a clear understanding of what assets should be kept operating vs. what production sites should be shut down immediately. The key to that understanding is a technical review of reserves and cost of production. Getzler Henrich has been instrumental in providing these services to our clients. One of the unique characteristics of Getzler Henrich's practice is the operating experience brought of Houston-based [Jay Haber](#). For more information, email [Stephan Pinsly](#).



Co-Chairman [Bill Henrich](#) was a featured presenter for a special online webinar sponsored by TresVista Talk. Bill was joined by a group of experienced panelists to examine the unprecedented level of pressure on businesses due to the impact of COVID-19. Listen here.



Managing Director [Mark Podgainy](#) was a panelist on Opus Connect's webinar, Capitalizing on Distressed Opportunities. Watch [here](#). Mark was also featured on the second edition of the Turnaround Management Association's podcast series. The topic is Portfolio Management and Transaction Environment During Pandemic. Listen [here](#).



[Jay Haber](#), who leads the firm's energy practice from our Houston office, was joined by Getzler Henrich managing directors [Stephan Pinsly](#) and [Robert Kuhn](#), and GHValens managing director [Dan Ginsberg](#) to author an article describing why the oil and gas downturn is different this go round. It was published by Secured Finance Networks TSL Express and you can read it here.

About the Getzler Henrich Companies

The GH Companies, based in New York for over 50 years, have developed a strong track record assisting both stable and underperforming companies in the middle market. The firm consists of two operating companies that serve a wide variety of industries including light and heavy manufacturing, distribution, aerospace, consumer goods, food, technology, professional services, retail, and healthcare, to mention a few. For stable, middle market

companies, [GHValens](#) provides operational diligence and performance improvement services for revenue and margin growth, cost reduction, and working capital efficiency. For distressed businesses or their creditors, [Getzler Henrich & Associates](#) provides restructuring, turnaround, interim management and bankruptcy advisory services. Together, The GH Companies assist organizations around the world with an approach that emphasizes fact-driven, pragmatic decision-making, planning, and implementation. The firm has been recognized as one of the country's top ten turnaround firms over a dozen times by *Turnaround & Workouts* magazine, and was recognized for excellence by the *M&A Atlas Awards* in 2019.

Kudos

Co-Chairman [Bill Henrich](#) has been invited to join the editorial board of ABF Journal.

Boston-based managing director [Margie Kaufman](#) will moderate a panel on the Impacts of COVID-19 on Higher Education at the Turnaround Management Association Annual Conference 2020.
