



Client / Matter

The client, a national retail franchisor, had exposure to its franchisees for royalty and trade account obligations.

Appointment

We were appointed by the franchisor as Receivers and Managers to one of its major franchisee outlets.

Issue

The franchisee was operating in a major suburban shopping centre with high rent but a relatively poor location. After generational ownership change the business had been incurring significant losses, with significant debt owing for supplies sourced through the franchisor.

Solution/Outcome

Taylor Woodings:

- reviewed and confirmed the franchisor's view of the financial position of the business
- assumed control of the outlet and ensured trading continued without disruption
- appointed an experienced temporary store manager to replace existing management
- sought expressions of interest for sale of the business
- arranged advertising and staff-incentives to promptly realise floor-stock
- investigated pre-appointment employee fraud, and negotiated a settlement for repayment
- liaised with the franchisor in relation to lay-bys and management of any damage to the brand
- negotiated with the landlord in respect of termination of the lease and the closing down sale
- arranged for remaining stock to be sold by auction

The franchisor received a significant return on its debt and was able to limit the impact of the appointment on its brand.