Large Company

Turnaround of the Year

BCBG Max Azria Group, LLC

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BCBG—an acronym for the French phrase “bon chic, bon genre” meaning “good style, good attitude”—was founded by Max Azria in Los Angeles in 1989. Over the next three decades, BCBG grew to more than 550 stores in the United States, Canada, Europe, and Japan, becoming a well-known and respected name in high-end women’s apparel and accessories.

Like many other retailers, BCBG (BCBG Max Azria Global Holdings, LLC and its subsidiaries) was challenged in recent years by a shift away from brick-and-mortar retail and other adverse macro trends. BCBG’s challenges were characterized by an overextended physical store footprint, a lagging online presence and an outsized overhead cost structure. These issues manifested in significant revenue declines and an adjusted EBITDA loss of $60 million in 2016.

By January 2017, BCBG was in serious trouble. The company had exhausted its liquidity, with available cash being used only to meet the company’s most critical commitments. Because of these liquidity constraints, payments to merchandise vendors had been badly disrupted. To keep stores filled, BCBG was selling aged inventory at significant discounts. As a result, sales were declining faster than ever and the BCBG brand was being badly damaged. It became evident to BCBG’s board of directors that drastic action was needed to save the business, leading them to engage restructuring advisors.

After initial efforts to stabilize the business, the restructuring advisors and management began exploring options to save BCBG, ultimately determining that a formal restructuring through a chapter 11 filing would provide the best path forward. In February 2017, BCBG filed for bankruptcy, with financing provided by the certainty of the company’s prepetition ABL and term loan lenders. The restructuring advisors took a series of decisive actions to “fix” the business, delivering the operational improvements necessary to secure buyers.

The ultimate restructuring plan incorporated an integrated going-concern sale of BCBG's intellectual property and core operations, with the company's remaining assets being liquidated. The reorganization took effect in July 2017, just five months after BCBG filed for bankruptcy. The restructuring preserved almost 350 retail locations and a sizable wholesale business, saving more than 2,000 jobs.

At a time of unprecedented distress in the retail sector, BCBG stands out as one of the only recent examples of a large retailer that has successfully restructured through chapter 11 without the benefit of a pre-determined restructuring outcome. All of BCBG's advisors were critical to achieving such a rapid and comprehensive restructuring of the business, ultimately securing a future for an iconic brand.