

# in Corporate Finance & Restructuring

## Robins Kitchen



### IMPACT:

#### JOBS SAVED, CREDITORS REPAID, THE BRAND ENDURES

FTI Consulting ultimately succeeded in negotiating a timely sale of Robins Kitchen's fixed assets and intellectual property to a major industry player. As a result of the deal, a majority of Robins Kitchen stores were able to reopen, many of the company's 300 employees have been rehired by the new ownership and the brand name will live on in the Australian market.

The terms of the sale allowed many of Robins Kitchen's creditors to achieve better outcomes than had been anticipated. Robins Kitchen's main secured creditor had not expected to receive anything once Robins Kitchen entered voluntary administration, but the bank was able to recover a significant portion of the money it was owed, realizing in excess of AU\$1.1 million.

After the sale, FTI Consulting continued to work with a number of secured creditors with valid claims to unsold merchandise. FTI Consulting overcame multiple legal and practical challenges to identify, recover and facilitate the sale or return of this stock to suppliers.

In December 2013, advisors had tried to persuade Robins Kitchen's director to shut the company's doors, terminate its employees and walk away. But FTI Consulting took on the calculated risk of operating the company for two months in order to secure a better deal for the employees, the creditors and all those who had built the Robins Kitchen brand.

### Situation:

**Robins Kitchen was insolvent. The only question seemed to be how much employees and creditors would suffer and if its brand would survive.**

The past few years have been difficult for the Australian retail sector. Many established retailers have fallen by the wayside as the industry struggled to adapt to technological changes and to cope with the fallout from the 2008 global recession. Amid the turmoil, regional players such as independent kitchenware retailer Robins Kitchen found themselves caught between tight margins and the superior buying and pricing power of large, international players. When the retail industry took another dip in mid-to-late 2013, Robins Kitchen began experiencing cash flow and liquidity issues. By mid-December 2013, mounting debts and defaults on its financing arrangements had forced Robins Kitchen to put the company into voluntary administration, the Australian equivalent of a Chapter 11 process.

#### **FTI Consulting's role: keeping the business afloat while negotiating a restructuring or sales agreement**

Professionals from the Brisbane office of FTI Consulting's Corporate Finance & Restructuring segment agreed to serve as voluntary administrators for the insolvent retailer. FTI Consulting took control of Robins Kitchen's operations on December 16, 2013. Thanks to the efforts of FTI Consulting's Strategic Communications segment, Robins Kitchen received broadly sympathetic media coverage that encouraged the residents of Queensland, New South Wales and the Australian Capital Territory to rally around their beleaguered locally owned chain of stores. With this public support, Robins Kitchen had strong Christmas sales and turned a profit during the holidays and the following weeks.

Of course, selling any merchandise hinged upon FTI Consulting securing the cooperation of Robins Kitchen's suppliers, many of whom held claims

against the goods in the company's stores and warehouses. Fortunately, FTI Consulting was able to resolve those claims amicably and efficiently so that Robins Kitchen could continue selling during the critical holiday season.

FTI Consulting's Corporate Finance & Restructuring team maintained a continuous dialog with Robins Kitchen's 300 employees, sustaining their morale amidst uncertainty and assuring them that they would be protected. Meanwhile, FTI Consulting's Strategic Communications team assisted in maintaining the media position to the broader community and stakeholders that Robins Kitchen's assets — including its intellectual property — retained their value.

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#### About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. Connect with us at [www.fticonsulting.com](http://www.fticonsulting.com) or on Twitter (@FTIConsulting), Facebook and LinkedIn.