

CASE STUDY: Shreve, Crump & Low and Schwarzschild Jewelers

CASE STUDY: Reorganization of Shreve Crump & Low and Schwarzschild Jewelers

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The Client

Tyringham Holdings in a case before the United States Bankruptcy Court was seeking to maximize the cash value of their assets. These included fine jewelry, watches, and gift inventory, assets such as property, store leases, and equipment, and intellectual property like prestige jewelry brands of Shreve, Crump & Low in Boston, MA and Schwarzschild Jewelers, Richmond, VA.

Shreve, Crump, and Low was founded in 1796. Over the years, the company was the jeweler to such distinguished patrons as Mrs. Alexander Graham Bell, Winston Churchill, and publisher William Randolph Hearst. Schwarzschild Jewelers was founded in 1896 as the Old Dominion Watch Co., changing the name to Schwarzschild Brothers Watchmakers and Jewelers in 1902, thereafter serving Richmond's luxury jewelry needs for over a century.

The Gordon Company Assignment

Enable the debtor to,

- Monetize the inventory
- Optimize the cash value of the company's luxury jewelry brands as well as the value of the brands customer base
- Mitigate negative publicity that could erode the value of the two luxury jewelry brands

The scope of The Gordon Company's assignment included:

- Assembling a consortium of buyers for the two jewelry brands and investors to buy the debtor's inventory
- Preparing the winning bid to buy all of the debtors inventory
- Structuring the sale of the two jewelry bands, including store leases, fixed assets, and intellectual property
- Developing an inventory liquidation plan to monetize the debtor's inventory
- Implementing timely sales, expense, media, and staffing plans for a liquidation sale for all fine jewelry, watch, and gift inventory
- Minimize the cost of monetizing the inventory
- Monitor and control the inventory sales program, providing an auditable record of sales transactions, proceeds from the sale, and remaining inventory
- Implement and audit local sales, pricing, and inventory control processes to the satisfaction of the Court.

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Considerations

- Tyringham Holdings had filed Chapter 11, in part due to pressure from suppliers and because of over expansion and poor merchandising strategy
- The present value of the company's inventory and two luxury brands overall was potentially greater than liquidating the assets piecemeal
- The value of the luxury brands could be materially reduced if not treated appropriately
- Time was of the essence

The Gordon Company Solution and Accomplishments

1. Assembled a financial consortium consisting of Tiger Capital Group, Boston, MA, SB Capital Group, Great Neck, NY, and The Gordon Co., Fort Lauderdale, FL. to buy the debtor's inventory
2. Structured the sale of Shreve, Crump & Low and Schwarzschild Jewelers to David & Co. and Schiffman's respectively
3. Prepared and submitted the successful competitive bid to the court for \$12 million
4. Implemented a successful 90-day, sales, marketing, and public relations program that not only exceeded projected plans, but also exceeded the annual sales of the two luxury brands during the three-month sale period
5. Mitigated harmful publicity, while raising and revitalize consumer's perception of the two brand's image
6. Closed the sale of the Shreve, Crump and Low and Schwarzschild Jewelry brands to David & Co. and Schiffman's respectively, on schedule. Thus ensuring the continuity of the venerable brands