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BON-TON: CAUGHT IN THE RAIN OF US RETAIL BANKRUPTCIES[[1]](#endnote-1)

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On Monday June 11, 2018, intern Jane Smith sat at her desk at a prestigious investment firm, looking at the file for the US retail store chain Bon-Ton Holdings, Inc. (Bon-Ton). She tried to recall her first-year financial accounting class. Her mentor at the firm had asked her to analyze Bon-Ton’s financial condition as the investment company was managing some client portfolios where Bon-Ton stocks were present. Smith did some initial investigation and discovered that the store was not doing very well. Moreover, the US retail industry had been experiencing a systemic meltdown since 2017. More than 15 US retailers had filed for bankruptcy in 2017, the most in the last six years. The 100-year-old company, Bon-Ton, was no exception. In 2017, it had announced store closures in five states, and on January 16, 2018, it had entered into forbearance agreements with some of its lenders after the grace period of a US$14 million[[2]](#endnote-2) debt payment expired.[[3]](#endnote-3) On January 31, 2018, it announced store closures at 42 locations as part of its rationalization program.[[4]](#endnote-4) The company ultimately filed a voluntary petition for protection against bankruptcy and for reorganization on February 4, 2018, under chapter 11 in the United States Bankruptcy Court for the District of Delaware.[[5]](#endnote-5) Thinking about the risk of retaining Bon-Ton stocks in the client portfolios, Smith wondered whether it would be feasible for Bon-Ton to stay afloat and revive its business. How were its competitors faring? Could Bon-Ton survive, and if so, how? While researching retail companies that had gone bankrupt, Smith came across a tool to predict bankruptcy, Altman’s Z-score. She planned to complement her analysis with the bankruptcy prediction findings to arrive at a comprehensive analysis of Bon-Ton and recommend a course of action for her firm.

ABOUT THE COMPANY

Bon-Ton Stores Inc. was a department store chain in the United States founded in 1898. The company’s stores offered “fashion apparel and accessories for women, men, and children.” Its products also included “cosmetics, home furnishings, and other goods.”[[6]](#endnote-6) As of 2017, the company operated through more than 250 stores in 24 states, and the majority of its stores were leased. The company was headquartered in York, Pennsylvania, which was its administrative and sales support hub. The merchandising and marketing divisions were based in Milwaukee, Wisconsin. The company owned and leased distribution centres in Illinois, Pennsylvania, and Ohio; operated a furniture warehouse in Naperville, Illinois; and leased an omnichannel fulfillment centre in West Jefferson, Ohio. The company operated under seven retail nameplates across the United States: Bon-Ton, Carson’s, Younkers, Herberger’s, Elder-Beerman, Boston Store, and Bergner’s.[[7]](#endnote-7)

BON-TON’S BUSINESS MODEL

Value Proposition

Bon-Ton promoted itself as a store that offered “better brands, better savings,” and it carried a broad collection of quality goods at favourable prices. Bon-Ton stores provided an assortment of nationally distributed brands of apparel, accessories, footwear, cosmetics, and home furnishings—for example, Anne Klein, Calvin Klein, Jessica Simpson, Kenneth Cole, and Under Armour. It also offered exclusive private brands like Laura Ashley, Ruff Hewn, Relativity, and Studio Works. Bon-Ton’s private brands made unique and exclusive fashion products available at compelling price points, contributing to competitive differentiation and customer loyalty. The costs associated with in-house, private brands enabled Bon-Ton to realize a favourable profit margin.[[8]](#endnote-8)

Customer Relationship

The primary target consumers of Bon-Ton were “women between the ages of 25 and 60 with average annual household income of $55,000 to $125,000.” The company also targeted a “broader audience” that included men and children.[[9]](#endnote-9)

Bon-Ton focused on excellent customer service in order to develop long-standing relationships with its customers. It provided training programs to build an efficient sales force for customers, and in addition to phone and online support, Bon-Ton had sales associates dedicated to customer sales assistance in selected stores. Many departments had self-service centres for customer convenience. Bon-Ton also implemented a “Let Us Find It” program to assist customers in finding preferred items at other store locations or through the company’s omnichannel assortment, which enabled customers to order merchandise for delivery directly to their addresses. Bon-Ton also expanded its order-fulfillment locations to serve omnichannel orders that were directed to store locations. In 2016, Bon-Ton introduced mobile capabilities and provided customers with a “Buy Online Pick Up In-Store” convenience program. To gain customer loyalty, it also had a private-label credit card program, which offered cardholders rewards, including advanced sales notices, discounts, and event invitations.[[10]](#endnote-10)

Vendor Management

Bon-Ton served as a distribution channel that helped merchandise vendors reach their target customers. The company created relationships with vendors by evaluating their sales and profitability and making purchasing decisions based on these analyses. As was prevalent in the industry, Bon-Ton received allowances from some of its vendors when sales did not meet specified margins. It also received support from some vendors in the form of allowances and reimbursements for costs incurred to promote and sell on behalf of the vendors.[[11]](#endnote-11)

Marketing

Bon-Ton engaged customers through a multichannel marketing program that included traditional print media, broadcasting, and digital media. Bon-Ton used localization and personalization strategies in its email and direct marketing to individual customers. Besides advertising and sales promotions, it offered purchase incentives and in-store events such as designer appearances and fashion shows to build a solid customer base. Bon-Ton also tried to connect with people by participating in charitable causes and events.[[12]](#endnote-12)

Inventory Management

Bon-Ton had a centralized planning and allocation team for all its stores; this team included staff who supported regional and local planning and allocation. The company operated a pre-distribution model, “through which we allocate[ed] merchandise on our initial purchase orders to each store. This merchandise [wa]s shipped from our vendors to our distribution facilities for delivery to designated stores.”[[13]](#endnote-13) Bon-Ton had a “reactive distribution technique” for stores with high customer demand. The technique leveraged electronic data interchange inventory management technology to effectively move and deliver prelabelled merchandise to individual stores, and it used high-speed automated conveyor systems and hand-held radio frequency devices to track merchandise. Bon-Ton’s third-party carriers distributed merchandise to the stores, where most of the merchandise was held. Bon-Ton monitored inventory levels following a seasonal pattern and maintained inventories to support both offline and online sales.[[14]](#endnote-14)

ABOUT THE FOUNDER AND chief executive officer

Max and Samuel Grumbacher started Bon-Ton in 1898 as S.Grumbacher and Son, a one-room store on Market Street in York, Pennsylvania, founded by Max and Samuel Grumbacher. It had come a long way, and now operated in approximately 2.2 million square metres (24 million square feet) in around 260 stores in 24 US states under the different nameplates.[[15]](#endnote-15)

Tim Grumbacher had been involved in the company’s management since 1977 and had been the chairman of the board of directors and strategic initiatives officer since June 2013. Kathryn Bufano held positions as president, chief executive officer (CEO), and director. After August 25, 2017, William Tracy, the former chief operating officer, took over the CEO role after Bufano stepped down when her contract ended.[[16]](#endnote-16) Although the firm had posted annual losses under Bufano’s tenure, Bon-Ton’s press release announcing this change gave no specific reason for Bufano’s resignation. Bufano supported Tracy as he moved into the new role, and Tracy stated that he appreciated the board’s confidence and support during his transition.[[17]](#endnote-17)

PAST PERFORMANCE

Beginning in 2014, Bon-Ton’s downturn was prominent, and this was reflected in the company’s share price (see Exhibit 1). Its sales and margin performance were below expectations that year, resulting in a greater net loss than that of the prior year. However, according to Bufano, “It was a year of both challenges and accomplishments.”She felt confident in the long-term potential of the company, saying that, while the performance was “disappointing, we believe the progress we made on our strategic initiatives will contribute meaningfully to future profitability and growth.”[[18]](#endnote-18)

In the fall of 2014, the company started a “Voice of the Customer” brand positioning program, supported by the tagline “Your Store. Your Style.” According to Bufano, this served “as the embodiment of our customer focus and commitment to delivering localized and relevant fashion across our many channels—our brick-and-mortar stores, website and app.” Even after executing customer-centric strategies, Bufano felt that the company had failed to reflect its accomplishments in the financials (see Exhibits 2–4).[[19]](#endnote-19)

In 2016, Bon-Ton realized a “net cost savings of $31 million, which was $7 million above the high end” of the company’s target. According to the CEO’s statement in the annual report, “2016 was a year of progress for Bon-Ton, despite the ongoing challenges that we faced from the retail environment.” The company paid off a $150 million asset-based term loan and $57 million in outstanding principal on its 2017 senior secured notes, which slightly improved its liquidity and overall capital structure. However, the company still ended up with a net loss of $63 million as of January 2017—around $6 million more than that of the previous year (see Exhibit 2).[[20]](#endnote-20)

In 2017, the company continued to meet losses. Sales decreased, and the bottom line plunged (see Exhibits 2–7). In the company’s Form 8-K for the first quarter (Q1) of 2017, Bufano stated,

Our first quarter results did not meet our expectations due primarily to weak mall traffic trends, unfavourable weather and marketing challenges associated with the Easter calendar shift. That said, our omnichannel business once again generated double digit growth and we continued to expand our merchandise offering with highly recognized brands as well as exclusive and private brands that resonate with our customer.[[21]](#endnote-21)

Bon-Ton planned to focus on its omnichannel strategy and expand its merchandise portfolio to appeal to customers. Internally, Bon-Ton was looking to roll out a profit improvement initiative to achieve additional cost reductions in fiscal 2017.[[22]](#endnote-22)

In Q2 2017, as per Bon-Ton’s earnings call, the company was optimistic about sales in several categories, such as fine jewellery, young men’s denim, and brands such as Under Armour, Tommy Hilfiger, and Vera Bradley.[[23]](#endnote-23) According to Tracy, the new president and CEO,

Our cosmetic business performed ahead of our expectations driven by the strength in the fragrance category. We are also pleased with the continued momentum in our e-commerce business, which saw a double-digit increase during the quarter. . . .

We made great progress on our cost reduction plan as we reduce SG&A [selling, general, and administrative expenses] by $20.7 million in the quarter. Adjusted EBITDA [earnings before interest, taxes, depreciation, and amortization] was $9.1 million, an increase of $6.6 million compared to last year’s second quarter. Second quarter 2017 adjusted EBITDA includes $12.1 million in benefit from gift card breakage and gains in our real estate transactions.[[24]](#endnote-24)

Bon-Ton planned to expand its merchandise offerings, “focusing on five core areas” of “gifting, cold weather merchandise, activewear, denim and private and exclusive brands.” Bon-Ton planned to launch FAO Schwarz and expand its Discovery Kids product, and its previous success with pantry offerings influenced the company to consider expanding its specialty food business, with national and key local brands.[[25]](#endnote-25)

RESULTS AND OUTLOOK FOR THE YEAR

Bon-Ton’s third-quarter report of 2017 indicated that there had been progress on a number of strategic initiatives. The report showed that Bon-Ton did the following:

* Experienced strength in key merchandise categories and brands and drove continued double-digit growth in our omnichannel business (reflecting sales via our website, mobile site and our Let Us Find It customer service program) as compared to the third quarter of 2017;
* Continued to effectively execute on a number of profit improvement initiatives, substantially reducing our selling, general and administrative (“SG&A”) expense for the quarter; and
* Maintained careful inventory controls, as we reduced inventory by 10% as compared to the third quarter of 2016.[[26]](#endnote-26)

At the same time, the company faced continuing challenges. Sales at stores decreased 6.6 per cent because of warm weather and subdued footfall at malls. Revenue realization was less from proprietary credit card operations, miscellaneous revenue departments, and gift-and-merchandise return card breakage.[[27]](#endnote-27) Shifts in the mix of merchandise led to a markdown rate that affected gross margins and was in turn intensified by a decrease in the gross margin. Net interest expense increased from the previous year due to a spike in weighted average interest rate and expanded debt.[[28]](#endnote-28)

The company’s cash flow from operations and up to $880 million in borrowings provided a source of working capital. The company had planned capital expenditures; beyond these, its main cash expenses would be for servicing debt and financing during peak selling seasons.[[29]](#endnote-29)

Bon-Ton’s quarter-wise financial performance in 2017 reflected the challenging situation (see Exhibits 5–7). The company indicated that it had started evaluating potential strategic alternatives and engaging consultants for financial restructuring.[[30]](#endnote-30)

CHALLENGES

In 2017, many retail players closed their stores and planned for more closures in 2018. Many retailers in the United States filed for bankruptcy in 2017 due to overburdening debt, a decline in footfall, and pressure from competitors. Some of the troubled retailers were Sears, Payless ShoeSource Inc., Abercrombie & Fitch, Toys “R” Us, and Gymboree Group Inc.[[31]](#endnote-31) Amazon.com Inc. (Amazon), Walmart Inc., and Home Depot Inc. were expected to acquire a large amount of the industry’s gains.[[32]](#endnote-32) Amazon had been the chief competitor to all the other retail players.[[33]](#endnote-33) Some other department store industry leaders, such as Dillard’s Inc., Kohl’s Corporation, Nordstrom Inc., Macy’s Inc., and J.C. Penney Company Inc. were also facing challenges in the current market condition (see Exhibit 8).

A *Forbes* report on retail sales for June 2017 provided “a sobering look at the current state of American retail.” Although year-on-year total sales were up for the first half of 2017, the estimated figures for May–June 2017 were lower. With some exceptions (electronics; appliance stores; sporting goods; and hobby, book, and music stores) most reporting categories showed monthly declines: “Even non-store retailers . . . reported a 2.8% dip. Overall June retail and food services sales dropped 3.2%” compared to the previous month.[[34]](#endnote-34)

Department store and retail companies were affected by consumers’ shifting shopping patterns: from shopping in brick-and-mortar stores to buying through online retail channels and using smart phones and social media. Certainly, Internet shopping had been “replacing the hassles of in-store shopping.” Online shopping not only gave consumers “access to more products, often at a cheaper price,” but it also saved “huge amounts of time when people need a specific item.”

*Forbes* also reported that men were “spending more on clothes. This is an interesting trend, especially now that Walmart has acquired men’s clothing retailer Bonobos. Men are paying serious attention to their presentation, both at work to advance their careers and in their personal lives when casual attire is called for.”[[35]](#endnote-35)

The US retail industry, which included mass merchandisers, national chain retailers, and specialty retailers, became highly competitive as online retailers emerged and mobile technology and social media expanded. Competition in the industry revolved around “price, quality and selection of merchandise, reputation, store location, advertising and customer service.” While Bon-Ton competed with similar department stores and many other retailers “including store-based, mail-order, and internet retailers,”[[36]](#endnote-36) many of its competitors were in better shape (see Exhibit 8).

Moreover, prevailing economic conditions and various economic factors affected consumers’ spending habits, especially with respect to the merchandise that Bon-Ton stores sold. “Reduced consumer traffic in traditional shopping malls,” where most of the Bon-Ton stores were located, had caused a decline in the company’s financial condition and operating results.[[37]](#endnote-37)

Customer traffic and conversion, both in stores and online, had important effects on sales, and in-store sales were highly dependent on the geographical locations of stores. As demographic patterns changed, many of Bon-Ton’s current locations had lost appeal. Financial conditions that affected the operators of some shopping malls where Bon-Ton stores were located had also affected the company’s sales.[[38]](#endnote-38)

Declining operating performance and a severe liquidity crisis meant that vendors might demand accelerated payments, resulting in “a significant adverse impact” on Bon-Ton’s operating cash flow and liquidity. As of January 28, 2017, the company had a total debt of $989.3 million, which included capital lease and financing obligations.[[39]](#endnote-39)

This indebtedness curbed Bon-Ton’s ability to “replenish inventory at competitive prices and terms, generate sales, and maintain . . . stores,” and price increases for “merchandise, raw materials, fuel and labour or their reduced availability” threatened to increase the company’s cost of goods, further damaging its financial results.[[40]](#endnote-40) To create an online presence, Bon-Ton invested in technology and made operational changes, which increased customer traffic but did not significantly affect the company’s bottom line. The “cost to ship merchandise to customers and the competitive pressures to offer free or reduced shipping,” as well as the “significant cost to provide and maintain the infrastructure and systems necessary to operate [an] omnichannel business,” all led to lower margins.[[41]](#endnote-41)

The turnover rate in the retail industry was very high. Bon-Ton faced significant costs—for example, for wages and benefits such as health care—to attract and retain key employees.[[42]](#endnote-42)

Bon-Ton’s real estate exposure was significant. The company owned or leased approximately 260 stores. Its store lease agreements included both a fixed rent portion and a variable portion based on the sales percentage at each location. These agreements also prevented stores from closing before the contracts terminated, although some stores that were in economic distress were allowed to close. However, leases and other obligations restricted Bon-Ton’s ability to close unprofitable owned or leased stores and forced the company to operate some locations at a loss. Moreover, a decline in real estate values posed a risk to Bon-Ton’s borrowing.[[43]](#endnote-43)

ANALYSTS’ OPINIONs ABOUT THE COMPANY

Smith also went through some analyst reports. Neil Saunders, a retail analyst of GlobalData (data and insights solution providers), noted that Bon-Ton’s offerings were undifferentiated and unclear, and had become increasingly irrelevant to consumers. “Many of Bon-Ton’s stores were in areas where the availability of branded fashions and home wares was traditionally poor,” Saunders said. “However, while this once made them a focal point and a destination for local shoppers, the internet has done much to change this dynamic and has made the stores less relevant.”[[44]](#endnote-44)

Another analyst made a similar comment. “Bon-Ton is kind of a microcosm of the department store industry,” said Philip Emma, senior analyst for restructuring intelligence firm Debtwire. “Their business model is selling brand-name merchandise that consumers recognize in a mall-based setting—and that’s the segment of retail that’s had the biggest struggle.”[[45]](#endnote-45)

ALTMAN’S Z-SCORE

One of the most popular bankruptcy prediction models was developed by Edward I. Altman in 1968. Altman applied a statistical technique called multivariate analysis to a mix of financial variables to detect the likelihood of solvency in times of distress. Each company was given a score (Z-score) calculated through a discriminant function of the five variables, weighted by coefficients. The model had been revised several times for different contexts (e.g., for private firms). The Z-score model for non-manufacturing firms and for companies in emerging markets outside the United States was introduced in 1995 (see Exhibit 9). The Z-score model excluded industry-sensitive asset-turnover variables from the last revised model, to minimize the industry effect.[[46]](#endnote-46)

CONCLUSION

On February 6, 2018, Bon-Ton announced that the United States Bankruptcy Court for the District of Delaware had approved its voluntary petitions for financial restructuring.[[47]](#endnote-47) With existing losses and significant loans, what actions might put Bon-Ton back on track? What measures could the company take to fight bankruptcy? Smith prepared to analyze these questions from the perspectives of both Bon-Ton and an investor in order to present her findings to the investment company.

EXHIBIT 1: BON-TON—STOCK PRICE CHANGES

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Close (US$)** | **Volume** | **Date** | **Close (US$)** | **Volume** |
| 01/31/2014 | 10.7500 | 12,021,369 | 01/31/2017 | 1.1800 | 2,245,508 |
| 02/28/2014 | 10.8600 | 11,554,096 | 02/28/2017 | 1.2000 | 3,238,586 |
| 03/31/2014 | 10.9800 | 13,321,443 | 03/31/2017 | 0.8401 | 4,125,950 |
| 04/30/2014 | 11.0000 | 8,062,696 | 04/28/2017 | 0.5800 | 1,578,068 |
| 05/30/2014 | 10.2400 | 9,823,094 | 05/31/2017 | 0.4900 | 2,718,422 |
| 06/30/2014 | 10.3100 | 4,341,273 | 06/30/2017 | 0.4375 | 2,399,762 |
| 07/31/2014 | 9.3000 | 6,161,942 | 07/31/2017 | 0.5611 | 30,098,772 |
| 08/29/2014 | 10.5600 | 7,245,606 | 08/31/2017 | 0.6600 | 8,866,622 |
| 09/30/2014 | 8.3600 | 5,129,172 | 09/29/2017 | 0.4300 | 6,578,453 |
| 10/31/2014 | 8.8100 | 5,088,194 | 10/31/2017 | 0.7498 | 125,880,307 |
| 11/28/2014 | 8.4200 | 3,039,167 | 11/30/2017 | 0.3900 | 19,184,022 |
| 12/31/2014 | 7.4100 | 5,036,654 | 12/29/2017 | 0.3421 | 2,354,666 |
| 01/30/2015 | 5.4800 | 5,522,130 | 01/31/2018 | 0.1600 | 4,705,119 |
| 02/27/2015 | 5.5500 | 2,749,656 | 02/28/2018 | 0.0579 | 2,904,991 |
| 03/31/2015 | 6.9600 | 8,936,071 |  |  |  |
| 04/30/2015 | 7.1700 | 3,230,145 |  |  |  |
| 05/29/2015 | 5.8500 | 4,424,906 |  |  |  |
| 06/30/2015 | 4.6200 | 5,711,156 |  |  |  |
| 07/31/2015 | 4.3700 | 5,233,506 |  |  |  |
| 08/31/2015 | 3.9900 | 4,323,936 |  |  |  |
| 09/30/2015 | 3.1400 | 4,250,240 |  |  |  |
| 10/30/2015 | 3.1500 | 2,591,712 |  |  |  |
| 11/30/2015 | 2.6800 | 16,068,764 |  |  |  |
| 12/31/2015 | 2.1000 | 17,549,682 |  |  |  |
| 01/29/2016 | 1.7000 | 6,538,218 |  |  |  |
| 02/29/2016 | 1.9000 | 2,853,779 |  |  |  |
| 03/31/2016 | 2.2700 | 5,857,231 |  |  |  |
| 04/29/2016 | 2.3100 | 1,651,298 |  |  |  |
| 05/31/2016 | 1.5100 | 2,390,247 |  |  |  |
| 06/30/2016 | 1.4100 | 1,769,216 |  |  |  |
| 07/29/2016 | 1.4900 | 1,446,724 |  |  |  |
| 08/31/2016 | 1.7000 | 2,453,819 |  |  |  |
| 09/30/2016 | 1.7100 | 1,153,691 |  |  |  |
| 10/31/2016 | 1.3601 | 1,026,520 |  |  |  |
| 11/30/2016 | 1.5800 | 1,843,072 |  |  |  |
| 12/30/2016 | 1.4700 | 1,988,047 |  |  |  |

Source: Excerpted from “The Bon-Ton Stores Inc. BONTQ: Quote,” Morningstar, accessed March 1, 2018, www.morningstar.com/stocks/pinx/bontq/quote/html.

EXHIBIT 2: BON-TON—CONSOLIDATED ANNUAL INCOME STATEMENT

(In US$ Millions)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2013** | **2014** | **2015** | **2016** | **2017** |
| Period End Date | 02-Feb-2013 | 01-Feb-2014 | 31-Jan-2015 | 30-Jan-2016 | 28-Jan-2017 |
| Net Sales | 2,919.4 | 2,770.1 | 2,756.2 | 2,717.7 | 2,600.6 |
| Other Income | 59.4 | 64.0 | 66.7 | 71.8 | 73.8 |
| **Total Revenue** | **2,978.8** | **2,834.1** | **2,822.9** | **2,789.5** | **2,674.4** |
|  |  |  |  |  |  |
| Costs of Merchandise Sold | 1,873.9 | 1,768.7 | 1,773.0 | 1,775.7 | 1,677.7 |
| **Gross Profit** | **1,104.9** | **1,065.4** | **1,049.9** | **1,013.8** | **996.7** |
| Selling, General, and Administrative | 806.8 | 771.1 | 771.4 | 764.2 | 737.3 |
| Advertising | 129.3 | 128.3 | 135.6 | 137.3 | 141.5 |
| Depreciation and Amortization | 88.3 | 85.9 | 90.1 | 91.8 | 92.2 |
| Amortization of Lease-Related Interests | 4.7 | 4.5 | 4.5 | 4.2 | 4.2 |
| Termination Benefits and Other Closing Cost | 0.0 | 0.0 | 0.0 | 4.1 | 1.9 |
| Gain on Insurance Recovery | 0.0 | 0.0 | −10.8 | −1.4 | 0.0 |
| Impairment Charges | 5.8 | 6.2 | 2.5 | 3.6 | 17.0 |
| Total Operating Expense | 1,034.9 | 996.0 | 993.3 | 1,003.8 | 994.1 |
| **Operating Income** | **70.0** | **69.4** | **56.6** | **10.0** | **2.6** |
|  |  |  |  |  |  |
| Interest Expense, Net | (83.0) | (68.8) | (62.0) | (63.0) | (67.1) |
| Loss on Extinguishment of Debt | 8.5 | 4.4 | 0.2 | 6.2 | 0.8 |
| Capitalized Interest | 0.2 | 0.2 | 0.3 | 0.5 | 0.2 |
| **Net Income before Taxes** | **−21.3** | **−3.6** | **−5.4** | **−58.9** | **−65.0** |
| Provision for Income Taxes | 0.2 | −0.1 | 1.6 | −1.9 | −1.6 |
| **Net Income after Taxes/Loss** | **−21.6** | **−3.6** | **−7.0** | **−57.1** | **−63.4** |
|  |  |  |  |  |  |
| Basic EPS | −1.16 | −0.19 | −0.36 | −2.90 | −3.18 |
| Diluted EPS | −1.16 | −0.19 | −0.36 | −2.90 | −3.18 |

Note: EPS = earnings per share.

Source: Created by the case authors with information from “The Bon Ton Stores Inc. BONTQ: Income Statement,” Morningstar, accessed February 23, 2018, <https://financials.morningstar.com/income-statement/is.html?t=0P000000U0&culture=en-US&platform=sal>; and Thomson Reuters Eikon.

EXHIBIT 3: BON-TON—CONSOLIDATED ANNUAL BALANCE SHEET (in us$ millions)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2013** | **2014** | **2015** | **2016** | **2017** |
| Period End Date | 02-Feb-2013 | 01-Feb-2014 | 31-Jan-2015 | 30-Jan-2016 | 28-Jan-2017 |
| **Assets** |  |  |  |  |  |
| Current Assets |  |  |  |  |  |
| Cash and Cash Equivalents | 7.9 | 7.1 | 8.8 | 6.9 | 6.7 |
| Merchandise Inventories | 758.4 | 709.7 | 735.0 | 711.7 | 724.5 |
| Other Receivables | 36.0 | 39.6 | 59.7 | 60.5 | 68.3 |
| Prepaid Expenses | 34.6 | 36.7 | 33.7 | 36.7 | 30.3 |
| Total Current Assets | 836.9 | 793.1 | 837.1 | 815.8 | 829.7 |
| Fixed Assets |  |  |  |  |  |
| Land and Improvements | 118.4 | 118.4 | 120.7 | 77.5 | 77.5 |
| Buildings | 690.3 | 714.4 | 720.3 | 677.0 | 673.8 |
| Furniture and Equipment | 579.4 | 610.2 | 650.9 | 683.8 | 693.8 |
| Capital Lease | 69.3 | 62.1 | 60.5 | 148.8 | 164.1 |
| Accumulated Depreciation and Amortization | −804.6 | −865.1 | −910.5 | −951.8 | −1,024.4 |
| Deferred Taxes | 15.0 | 15.8 | 0.0 | 0.0 | 0.0 |
| Lease-Related Interests | 94.6 | 91.3 | 81.2 | 73.0 | 70.5 |
| Customer Lists and Relationships | 22.9 | 22.9 | 22.9 | 22.6 | 22.6 |
| Accumulated Amortization and Other Intangibles | −57.6 | −62.1 | −64.4 | −62.2 | −65.7 |
| Other Long-Term Assets | 18.9 | 25.6 | 23.5 | 17.4 | 17.4 |
| Trade Name, Net | 40.3 | 40.3 | 40.2 | 38.4 | 36.0 |
| Brands/Patents, Net | 10.4 | 10.3 | 10.3 | 10.3 | 9.7 |
| **Total Assets** | **1,634.2** | **1,577.2** | **1,592.7** | **1,550.6** | **1,505.1** |
|  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |
| Current Liabilities |  |  |  |  |  |
| Accounts Payable | 193.9 | 200.5 | 208.9 | 162.8 | 185.9 |
| Other Accrued Expenses | 130.5 | 119.7 | 77.0 | 69.2 | 69.7 |
| Accrued Payroll and Benefits | 32.4 | 28.3 | 28.8 | 28.5 | 25.8 |
| Current Maturities of Long-Term Debt | 75.9 | 7.4 | 6.8 | 0.0 | 0.0 |
| Current Maturities of Capital Lease | 3.9 | 3.8 | 4.0 | 5.4 | 6.7 |
| Deferred Taxes | 20.3 | 22.7 | 0.0 | 0.0 | 0.0 |
| Income Taxes Payable | 35.7 | 30.9 | 35.1 | 32.8 | 34.5 |
| Customer Liabilities | 0.0 | 0.0 | 46.0 | 45.4 | 46.3 |

exhibit 3 (continued)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2013** | **2014** | **2015** | **2016** | **2017** |
| **Total Current Liabilities** | **492.7** | **413.3** | **406.5** | **344.1** | **368.8** |
| Long-Term Debt, Less Current Maturities | 768.9 | 804.4 | 851.0 | 856.0 | 848.8 |
| Long-Term Finance Lease and Hire Purchase Agreement | 52.5 | 49.0 | 45.0 | 126.7 | 133.9 |
| Total Long-Term Debt | 821.3 | 853.3 | 896.0 | 982.7 | 982.6 |
| Employee Defined Benefit Plans | 83.6 | 51.5 | 0.0 | 0.0 | 0.0 |
| Other Long-Term Liabilities, Other | 126.0 | 131.1 | 193.9 | 179.1 | 166.0 |
| Deferred Income Taxes | 0.0 | 0.0 | 8.7 | 9.8 | 10.4 |
| **Total Liabilities** | **1,523.6** | **1,449.3** | **1,505.1** | **1,515.7** | **1,527.8** |
| **Shareholders’ Equity** |  |  |  |  |  |
| Common Stock | 0.19 | 0.19 | 0.18 | 0.19 | 0.19 |
| Treasury Stock | −1.4 | −1.4 | −1.4 | −1.4 | −1.4 |
| Additional Paid-In Capital | 158.7 | 160.8 | 161.4 | 164.4 | 166.9 |
| Accumulated Other Comprehensive Loss | −73.2 | −50.4 | −80.4 | −76.1 | −72.9 |
| Accumulated Deficit | 26.3 | 18.8 | 7.9 | −52.2 | −115.6 |
| **Total Equity** | **110.6** | **128.0** | **87.6** | **34.9** | **−22.8** |
| **Total Liabilities and Shareholders’ Equity** | **1,634.2** | **1,577.2** | **1,592.7** | **1,550.6** | **1,505.1** |

Source: Created by the case authors with information from “The Bon-Ton Stores Inc. BONTQ: Balance Sheet,” Morningstar, accessed February 23, 2018, <http://financials.morningstar.com/balance-sheet/bs.html?t=BONTQ&region=usa&culture=en-US&platform=sal>; and Thomson Reuters Eikon.

EXHIBIT 4: BON-TON—CONSOLIDATED ANNUAL CASH FLOW STATEMENT

(In US$ millions)

|  |  |  |  |
| --- | --- | --- | --- |
| Fiscal year ends in January. | **2015-01** | **2016-01** | **2017-01** |
| Cash Flows from Operating Activities |  |  |  |
| Depreciation and Amortization | 90 | 92 | 92 |
| Amortization of Debt Discount/Premium and Issuance Costs | 7 | 7 | 9 |
| Investment/Asset Impairment Charges | 2 | 4 | 17 |
| Deferred Income Taxes | 2 | −2 | −2 |
| Stock Based Compensation | 3 | 3 | 3 |
| Inventory | −25 | 23 | −13 |
| Prepaid Expenses | −17 | −4 | −1 |
| Accounts Payable | 4 | −36 | 21 |
| Accrued Liabilities | 6 | −7 | 1 |
| Income Taxes Payable |  |  |  |
| Other Working Capital | −20 | −15 | −12 |
| Other Non-Cash Items | −6 | −47 | −57 |
| **Net Cash Provided by Operating Activities** | **47** | **18** | **59** |
| Cash Flows from Investing Activities |  |  |  |
| Investments in Property, Plant, and Equipment | −91 | −85 | −55 |
| Property, Plant, and Equipment Reductions | 5 | 85 | 0 |
| Other Investing Charges |  | 2 |  |
| **Net Cash Used for Investing Activities** | **−85** | **2** | **−55** |
| Cash Flows from Financing Activities |  |  |  |
| Short-Term Borrowing | 4 | −10 | 2 |
| Long-Term Debt Issued | 770 | 909 | 777 |
| Long-Term Debt Repayment | −728 | −915 | −778 |
| Cash Dividends Paid | −4 | −4 |  |
| Other Financing Activities | −2 | −1 | −6 |
| Net Cash Provided by (Used for) Financing Activities | 40 | −22 | −5 |
| Net Change in Cash | 2 | −2 | 0 |
| Cash at Beginning of Period | 7 | 9 | 7 |
| **Cash at End of Period** | **9** | **7** | **7** |
| Free Cash Flow |  |  |  |
| **Operating Cash Flow** | **47** | **18** | **59** |
| Capital Expenditure | −91 | −85 | −55 |
| **Free Cash Flow** | **−44** | **−67** | **4** |

Source: Excerpted from “The Bon-Ton Stores Inc. BONTQ: Cash Flow Statement,” Morningstar, accessed February 23, 2018, <http://financials.morningstar.com/cash-flow/cf.html?t=BONTQ&region=usa&culture=en-US&platform=sal>.

EXHIBIT 5: BON-TON—CONSOLIDATED QUARTERLY INCOME STATEMENT (in US$ Millions, except per-share data)

|  |  |  |  |
| --- | --- | --- | --- |
| Fiscal year ends in January. | **2017-04** | **2017-07** | **2017-10** |
| Revenue | 553 | 525 | 562 |
| Cost of Revenue | 364 | 325 | 365 |
| **Gross Profit** | **189** | **200** | **197** |
| Operating Expenses |  |  |  |
| Sales, General, and Administrative | 205 | 191 | 203 |
| Other Operating Expenses | 23 | 24 | 21 |
| Total Operating Expenses | 228 | 215 | 223 |
| **Operating Income** | **−39** | **−15** | **−26** |
| Other Income (Expense) | −19 | −18 | −19 |
| Income before Income Taxes | −57 | −33 | −45 |
| Provision for Income Taxes | 0 | 0 | 0 |
| Net Income from Continuing Operations | −57 | −33 | −45 |
| **Net Income** | **−57** | **−33** | **−45** |
| Net Income Available to Common Shareholders | −57 | −33 | −45 |

Source: Excerpted from “The Bon-Ton Stores Inc. BONTQ: Income Statement,” Morningstar, accessed February 23, 2018, https://financials.morningstar.com/income-statement/is.html?t=0P000000U0&culture=en-US&platform=sal.

EXHIBIT 6: BON-TON—CONSOLIDATED QUARTERLY BALANCE SHEET (In US$ Millions)

|  |  |  |  |
| --- | --- | --- | --- |
| Fiscal year ends in January. | **2017-04** | **2017-07** | **2017-10** |
| Assets |  |  |  |
| Current Assets |  |  |  |
| Cash |  |  |  |
| Cash and Cash Equivalents | 7 | 6 | 7 |
| Total Cash | 7 | 6 | 7 |
| Receivables |  |  | 59 |
| Inventories | 714 | 658 | 852 |
| Prepaid Expenses | 83 | 83 | 43 |
| **Total Current Assets** | **804** | **747** | **961** |
| Non-Current Assets |  |  |  |
| Property, Plant, and Equipment |  |  |  |
| Land |  |  |  |
| Fixtures and Equipment |  |  |  |
| Other Properties | 1,616 | 1,596 | 1,585 |
| Property and Equipment, at Cost | 1,616 | 1,596 | 1,585 |
| Accumulated Depreciation | −1,046 | −1,049 | −1,056 |
| Property, Plant, and Equipment, Net | 571 | 547 | 529 |
| Intangible Assets | 72 | 70 | 69 |
| Other Long-Term Assets | 22 | 22 | 28 |
| **Total Non-Current Assets** | **665** | **639** | **626** |
| **Total Assets** | **1,468** | **1,387** | **1,587** |
| Liabilities and Stockholders’ Equity |  |  |  |
| Liabilities |  |  |  |
| Current Liabilities |  |  |  |
| Short-Term Debt |  |  | 665 |
| Capital Leases | 7 | 7 | 7 |
| Accounts Payable | 161 | 178 | 248 |
| Taxes Payable |  |  |  |
| Accrued Liabilities | 179 | 137 | 149 |
| Other Current Liabilities |  | 26 | 22 |
| **Total Current Liabilities** | **346** | **348** | **1,091** |
| Non-Current Liabilities |  |  |  |
| Long-Term Debt | 895 | 849 | 345 |
| Capital Leases | 132 | 130 | 129 |
| Other Long-Term Liabilities | 174 | 170 | 177 |
| **Total Non-Current Liabilities** | **1,201** | **1,150** | **651** |
| **Total Liabilities** | **1,547** | **1,498** | **1,743** |
| Stockholders’ Equity |  |  |  |
| Common Stock | 0 | 0 | 0 |
| Additional Paid-In Capital | 168 | 168 | 167 |
| Retained Earnings | −173 | −207 | −252 |
| Treasury Stock | −1 | −1 | −1 |
| Accumulated Other Comprehensive Income | −72 | −71 | −71 |
| Total Stockholders’ Equity | −79 | −111 | −156 |
| **Total Liabilities and Stockholders’ Equity** | **1,468** | **1,387** | **1,587** |

Source: Excerpted from “The Bon-Ton Stores Inc. BONTQ: Balance Sheet,” Morningstar, accessed February 23, 2018, http://financials.morningstar.com/balance-sheet/bs.html?t=BONTQ&region=usa&culture=en-US&platform=sal.

EXHIBIT 7: BON-TON—CONSOLIDATED QUARTERLY CASH FLOW STATEMENT (In US$ Millions)

|  |  |  |  |
| --- | --- | --- | --- |
| Fiscal year ends in January. | **2017-04** | **2017-07** | **2017-10** |
| Cash Flows from Operating Activities |  |  |  |
| Depreciation and Amortization | 22 | 23 | 20 |
| Amortization Of Debt Discount/Premium and Issuance Costs | 3 | 2 | 2 |
| Investment/Asset Impairment Charges |  |  | 0 |
| Deferred Income Taxes | 0 | 0 | 0 |
| Stock Based Compensation | 1 | 0 | −1 |
| Inventory | 11 | 56 | −193 |
| Prepaid Expenses | 16 | 0 | −19 |
| Accounts Payable | −29 | 22 | 54 |
| Accrued Liabilities | 4 | −16 | 8 |
| Other Working Capital | −3 | −7 | 0 |
| Other Non-Cash Items | −55 | −37 | −44 |
| **Net Cash Provided by Operating Activities** | **−31** | **42** | **−172** |
| Cash Flows from Investing Activities |  |  |  |
| Investments in Property, Plant, and Equipment | −10 | −11 | −14 |
| Property, Plant, and Equipment Reductions | 0 | 21 | 19 |
| Net Cash Used for Investing Activities | −10 | 10 | 4 |
| Cash Flows from Financing Activities |  |  |  |
| Long-Term Debt Issued | 170 | 106 | 281 |
| Long-Term Debt Repayment | −122 | −157 | −108 |
| Other Financing Activities | −7 | −2 | −5 |
| **Net Cash Provided by (Used for) Financing Activities** | **41** | **−53** | **168** |
| Net Change in Cash | 0 | −1 | 1 |
| Cash at Beginning of Period | 7 | 7 | 6 |
| **Cash at End of Period** | **7** | **6** | **7** |
| Free Cash Flow |  |  |  |
| **Operating Cash Flow** | **−31** | **42** | **−172** |
| Capital Expenditure | −10 | −11 | −14 |
| **Free Cash Flow** | **−41** | **31** | **−186** |

Source: Excerpted from “The Bon-Ton Stores Inc. Cash Flow Statement,” Morningstar, accessed February 23, 2018. <http://financials.morningstar.com/cash-flow/cf.html?t=BONTQ&region=usa&culture=en-US&platform=sal>.

EXHIBIT 8: COMPETITOR COMPANY DATA (in US$ Millions, for Fiscal Year Ending December 2016 / January 2017)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **Dillard’s Inc.** | **KOHL’s Corp.** | **Macy’s Inc.** | **Nordstrom Inc.** | **Amazon** |
| Inventory | 1,375 | 4,038 | 5,506 | 1,945 | 11,461 |
| Current Assets | 1,669 | 5,076 | 7,652 | 3,014 | 45,781 |
| Total Assets | 3,866 | 13,606 | 20,576 | 7,698 | 83,420 |
|  |  |  |  |  |  |
| Current Liability | 751 | 2,714 | 5,728 | 2,911 | 43,816 |
| Total Liability | 2,070 | 8,115 | 16,326 | 6,827 | 64,117 |
|  |  |  |  |  |  |
| Revenue | 6,755 | 19,204 | 27,079 | 14,437 | 135,987 |
| Gross Profit | 2,404 | 6,939 | 10,583 | 5,269 | 65,932 |
| Operating Profit | 457 | 1,553 | 2,039 | 1,101 | 4,186 |
| Net Profit | 269 | 673 | 1,072 | 600 | 2,371 |

Source: Created by the case authors with information from “Dillard’s Inc. DDS: Income Statement,” Morningstar, accessed March 20, 2018, <https://financials.morningstar.com/income-statement/is.html?t=0P000001Q8&culture=en-US&platform=sal>; “Kohl’s Corp KKS: Income Statement,” Morningstar, accessed March 20, 2018, <https://financials.morningstar.com/income-statement/is.html?t=0P0000035Z&culture=en-US&platform=sal>; “Macy’s Inc. M: Income Statement,” Morningstar, accessed March 20, 2018, <https://financials.morningstar.com/income-statement/is.html?t=0P00000246&culture=en-US&platform=sal>; “Nordstrom Inc. JWN: Income Statement,” Morningstar, accessed March 20, 2018, <https://financials.morningstar.com/income-statement/is.html?t=0P000003XP&culture=en-US&platform=sal>; “Amazon.com Inc. AMZN: Income Statement,” Morningstar, accessed March 20, 2018, <https://financials.morningstar.com/income-statement/is.html?t=0P000000B7&culture=en-US&platform=sal>.

EXHIBIT 9: Z-SCORE FORMULA FOR NON-MANUFACTURING FIRMS

X1 = (Current Assets − Current Liabilities) ÷ Total Assets

X2 = Retained Earnings ÷ Total Assets

X3 = Earnings before Interest and Taxes ÷ Total Assets

X4 = Book Value of Equity ÷ Total Liabilities

**Z-Score Bankruptcy Model**: Z = 6.56(X1) + 3.26(X2) + 6.72(X3) + 1.05(X4)

**Zones of Discrimination**: Z > 2.9 = Safe Zone; 1.23 < Z < 2.9 = Grey Zone; Z < 1.23 = Distress Zone

A Z-score was calculated by substituting the values in the given formulas from the financial statements of the company under investigation. The value indicated the company’s current degree of financial distress. For example, a score of 1.1 indicated that the company had a very high probability of going bankrupt, whereas a score of more than 2.9 indicated that the company was out of harm’s way.

Source: Edward I. Altman, “Predicting Financial Distress of Companies: Revisiting the Z-Score and ZETA Models,” Stern School of Business, New York University (2000), 9–12.

Endnotes

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Bon-Ton Holdings, Inc. or any of its employees. [↑](#endnote-ref-1)
2. All currency amounts are in US$ unless otherwise specified. [↑](#endnote-ref-2)
3. Melanie Lawder, “Boston Store Parent Bon-Ton Enters into Forbearance Agreement with Lenders,” *Milwaukee Business Journal*, January 16, 2018, accessed February 1, 2018, www.bizjournals.com/milwaukee/news/2018/01/16/boston-store-parent-bon-ton-enters-into.html. [↑](#endnote-ref-3)
4. Reuters Staff, “BRIEF: The Bon-Ton Stores Announces Store Closures Locations as Part of Rationalization Program,” Reuters, January 31, 2018, accessed February 1, 2018, www.reuters.com/article/brief-the-bon-ton-stores-announces-store/brief-the-bon-ton-stores-announces-store-closures-locations-as-part-of-rationalization-program-idUSFWN1PQ1EE. [↑](#endnote-ref-4)
5. The Bon-Ton Stores, Inc., “The Bon-Ton Stores Inc. Files Voluntary Chapter 11 Petitions to Implement Financial Restructuring,” news release, Cision PR Newswire, February 4, 2018, accessed February 12, 2018. www.prnewswire.com/news-releases/the-bon-ton-stores-inc-files-voluntary-chapter-11-petitions-to-implement-financial-restructuring-300593196.html. [↑](#endnote-ref-5)
6. The Bon-Ton Stores Inc., *Annual Report 2016*, 2, April 2017, accessed February 17, 2018, www.annualreports.com/HostedData/AnnualReports/PDF/NASDAQ\_BONT\_2016.pdf. [↑](#endnote-ref-6)
7. Ibid, 20. [↑](#endnote-ref-7)
8. Ibid, 2. [↑](#endnote-ref-8)
9. Ibid, 3. [↑](#endnote-ref-9)
10. Ibid, 4. [↑](#endnote-ref-10)
11. Ibid, 34. [↑](#endnote-ref-11)
12. Ibid, 3. [↑](#endnote-ref-12)
13. Ibid, 6. [↑](#endnote-ref-13)
14. Ibid. [↑](#endnote-ref-14)
15. Ibid, 24. [↑](#endnote-ref-15)
16. Ibid, 8. [↑](#endnote-ref-16)
17. Melanie Lawder, “Bon-Ton CEO Kathryn Bufano Resigns,” *Milwaukee Business Journal*, May 9, 2017, accessed March 1, 2018, www.bizjournals.com/bizwomen/news/latest-news/2017/05/bon-ton-ceo-kathryn-bufano-resigns.html?page=all. [↑](#endnote-ref-17)
18. The Bon-Ton Stores, Inc., *2014 Annual Report*, i, April 2015, accessed March 1, 2018, www.annualreports.com/HostedData/AnnualReportArchive/b/NASDAQ\_BONT\_2014.pdf. [↑](#endnote-ref-18)
19. The Bon-Ton Stores Inc., *Annual Report 2015*, 2, April 2016, accessed March 1, 2018, www.annualreports.com/HostedData/AnnualReportArchive/b/NASDAQ\_BONT\_2015.pdf. [↑](#endnote-ref-19)
20. The Bon-Ton Stores Inc., *Annual Report 2016*, op. cit., 63. [↑](#endnote-ref-20)
21. United States Securities and Exchange Commission, *Bon-Ton Stores Inc.: Form 8-K Filed 05/18/17 for the Period Ending 05/18/17*, accessed March 1, 2018, https://seekingalpha.com/filings/pdf/12077394.pdf. [↑](#endnote-ref-21)
22. Ibid. [↑](#endnote-ref-22)
23. “The Bon-Ton Stores’ (BONT) CEO Bill Tracy on Q2 2017 Results–Earnings Call Transcript,” Seeking Alpha, August 17, 2017, accessed March 1, 2018, https://seekingalpha.com/article/4099796-bon-ton-stores-bont-ceo-bill-tracy-q2-2017-results-earnings-call-transcript. [↑](#endnote-ref-23)
24. Ibid. [↑](#endnote-ref-24)
25. Ibid. [↑](#endnote-ref-25)
26. United States Securities and Exchange Commission, *The Bon-Ton Stores, Inc.: Form 10-Q: Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934*, page 23, April 2017, accessed January 20, 2018, <http://quote.morningstar.com/stock-filing/Quarterly-Report/2017/10/28/t.aspx?t=:BONTQ&ft=10-Q&d=f96a8cc761b8970b8963e9971eefb1ee>. [↑](#endnote-ref-26)
27. Ibid. [↑](#endnote-ref-27)
28. Ibid, 25. [↑](#endnote-ref-28)
29. Ibid, 26, 28. [↑](#endnote-ref-29)
30. Ibid, 27. [↑](#endnote-ref-30)
31. Thomas Barrabi, “Retail Apocalypse: These Big Retailers Closing Stores, Filing for Bankruptcy,” Fox Business, February 22, 2019, accessed March 29, 2018, www.foxbusiness.com/features/retail-apocalypse-22-big-retailers-closing-stores. [↑](#endnote-ref-31)
32. Claire Boston, “Another Retail Bankruptcy Wave Is on the Way, Credit Suisse Says,” Bloomberg, January 4, 2018, accessed February 5, 2018, [www.bloomberg.com/news/articles/2018-01-04/another-retail-bankruptcy-wave-is-on-the-way-credit-suisse-says](https://www.bloomberg.com/news/articles/2018-01-04/another-retail-bankruptcy-wave-is-on-the-way-credit-suisse-says). [↑](#endnote-ref-32)
33. Phil Wahba, “From Record Bankruptcies to Walmart's E-Commerce Leaps, the Year In Retail,” *Fortune*, December 25, 2017, accessed January 27, 2018, <http://fortune.com/2017/12/25/retail-bankrtuptcies-walmart-2017/>. [↑](#endnote-ref-33)
34. Pamela N. Danziger, “What the Latest Retail Sales Trends Reveal about American Shoppers,” *Forbes*, July 16, 2017, accessed March 23, 2018, [www.forbes.com/sites/pamdanziger/2017/07/15/what-the-latest-retail-sales-trends-reveal-about-american-shoppers/#3c5dc3aa5c53](https://www.forbes.com/sites/pamdanziger/2017/07/15/what-the-latest-retail-sales-trends-reveal-about-american-shoppers/#3c5dc3aa5c53). [↑](#endnote-ref-34)
35. Ibid. [↑](#endnote-ref-35)
36. The Bon-Ton Stores Inc., *Annual Report 2016*, op. cit., 10. [↑](#endnote-ref-36)
37. Ibid, 9. [↑](#endnote-ref-37)
38. Ibid. [↑](#endnote-ref-38)
39. Ibid, 11. [↑](#endnote-ref-39)
40. Ibid, 11–12. [↑](#endnote-ref-40)
41. Ibid, 13–14. [↑](#endnote-ref-41)
42. Ibid., 14. [↑](#endnote-ref-42)
43. Ibid, 16. [↑](#endnote-ref-43)
44. Anne d’Innocenzio, “Bon-Ton Stores Files for Chapter 11 Bankruptcy Protection,” The Morning Call, February 5, 2018, accessed March 1, 2018, www.mcall.com/business/mc-biz-bon-ton-bankruptcy-20180205-story.html. [↑](#endnote-ref-44)
45. Nathan Bomey, “Bon-Ton Stores Files Chapter 11 Bankruptcy as Department Stores Reel,” *USA Today*, February 5, 2018, accessed March 1, 2018, [www.usatoday.com/story/money/2018/02/05/bon-ton-stores-chapter-11-bankruptcy-department-stores-reel/306299002/](https://www.usatoday.com/story/money/2018/02/05/bon-ton-stores-chapter-11-bankruptcy-department-stores-reel/306299002/). [↑](#endnote-ref-45)
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