

# Shop Talk: Edcon upheaval

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One day, in the Land of Edgardale (as the story goes) Birgitt Gebauer, former CE of the Edgars chain - after a feverish exchange with newly appointed Edcon boss Bernie Brookes - turned on her heels, and blasted off, never to be seen again.



Picture: [Supplied](#)

An associate of previous CEO Jürgen Schreiber, she was brought in to revive the ailing chain using her more than 28 years of retail expertise. Her departure was notarised earlier this year in a terse two-paragraph statement naturally devoid of details about her spectacular exit. It simply said she had “left the group”.

The same communiqué named Brookes as her replacement (he’s also the overall boss of Edcon, which owns CNA and Jet) and Andrew Levermore was named COO.

Fresh eyes often herald a change in strategy — it’s hardly unusual. Over at Woolworths, CEO Ian Moir’s makeover of its Australian chain David Jones has not been limited to overhauling its frumpy-looking stores and archaic systems.

At least eight long-serving David Jones execs have been let go. Here’s a bit of skinner.

“The climate in there is toxic, the culture is ruthless. Anyone who stands in the way of what the South Africans want for David Jones is being eradicated ... one by one,” a former David Jones senior executive told senior journalist Andrew

Hornery, the man behind The Sydney Morning Herald's Private Sydney column.

At NYSE-listed Ralph Lauren, Stefan Larsson is wasting no time showing people the door — his first big hire is a former H&M colleague.

Brookes's plan (along with installing a large Australian contingent at the company) for Edgars essentially pays homage to its high-margin private label roots — a total 180° from Schreiber and Gebauer's international brand push — which was a horrid and expensive fail.

There are times, however, when bidding adieu is a great big red flag. Take the getaway of Edcon CFO Toon Clerckx this month. Edcon has now named its third CFO in four years. The company is not, and has not been, in good financial standing for some time.

It's been buckling under its debt load since its R25bn leveraged buyout by Bain Capital, just before the global financial crisis. Steve Binnie, who served as CFO for nearly 12 years, left to join Sappi soon after Edcon's book was sold to Absa (which essentially shut off the lending taps) and his replacement Mark Bower retired. Along with one-time Edcon CEO Steve Ross, the trio were known as the dream team.

Edcon is now a shadow of its former retail glory, and has fallen prey to heightened competition in the sector, in a tough trading environment.

And with an ever more precarious debt obligation, it would seem that being its CFO might just be SA's toughest corporate job — a bastion to a burning castle.

Already, the group is three weeks late in publishing its 2016 results. Could Edcon have found itself in a boat not unlike PPC, whose auditor couldn't draw a conclusion on the cement producer's ability to continue as a going concern? There is some speculation that Edcon is having difficulty signing off its financial arrangements with lenders. It got bondholders to defer interest in April — basically skipping payments (till December) to use the cash for its turnaround. Few are optimistic about Edcon's fate. Brookes is one of them, but then he came from what was an unsteady ship — Australian chain Myer — before taking the helm at Edcon, when many thought it would be more fitting for him to retire.

A quote comes to mind.

"I cannot imagine any condition which would cause a ship to founder. I cannot conceive of any vital disaster happening to this vessel. Modern shipbuilding has gone beyond that," Edward J Smith, captain, RMS Titanic, on the maiden voyage of the Adriatic, in New York, 1907.

**Source:** Financial Mail

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