

JEFF NERLAND

MANAGING DIRECTOR

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Prominent Matters

- CRO/CFO in Hancock Fabrics Chapter 11
- CRO in Naartjie Custom Kids Chapter 11
- CRO in HMR Foods
- CEO in Daphne's [Greek restaurant chain] Chapter 11
- CRO in Lolli & Pops Chapter 11
- Wind-down Administrator in Bon-Ton Department Stores Chapter 11
- CEO in GSM Wireless
- CRO/CFO in House of Fabrics

Jeff Nerland has 41 years of senior financial management, operating and advisory experience for underperforming companies, both domestically and internationally. An experienced restructuring professional, he has successfully led numerous distressed clients to stability and profitability in a variety of businesses, with particular expertise in retail.

Representative engagements include:

- Interim CFO/CRO for a 400-store national chain of fabric stores; led a major operational restructuring that resulted in EBITDAR increasing from [\$26 million] to +\$5 million in one year by cutting costs and closing underperforming stores, developing a prototype store to refresh the brand, and increasing gross margins through a shift in merchandise mix and vendor negotiations. All creditors were paid in full, and the Company exited Chapter 11 in 15 months with equity holders unimpaired.
- CRO for a \$70 million manufacturer/distributor of artisanal foods which was owned by a private equity group. The Company was notified by its largest customer accounting for 70% of revenue was terminating a 30 year relationship, putting it into a liquidity crisis. The Company ultimately was forced to wind-down its business in the US. The Canadian subsidiary continued to operate.
- Led the strategic, financial and operational assessment of a \$130 million apparel manufacturer for an international holding company.
- Financial advisor for the senior lenders of a national jewelry chain. Worked with the debtor's financial advisors on a Chapter 11 filing and subsequent wind-down of operations. Senior lenders were paid in full over \$225 million. Received permission to represent the second lien lender. Worked with the Company on its wind-down and doubled the recovery of the second lien lender.
- CEO/CRO for a chain of 69 Greek restaurants in Chapter 11; completed 363 sale to private equity group.
- Interim CEO for a 62-store chain of retail wireless stores where he negotiated continued use of cash collateral, averted a major cash crisis and negotiated the disposition of the stores.

Specialties:

Due Diligence
Section 363 Sale
Financial Advisor
Interim Management
Turnarounds/Restructurings
M&A
Crisis Management
Bankruptcy Proceedings
CRO
Cash Flow Projections

Industries:

Aviation/Aerospace
Construction
Manufacturing
Real Estate
Retail/Restaurant

- Prepared a 635-store national retail chain with \$550 million in revenue for a Chapter 11 filing. Developed the business plan and negotiated with official committees as interim CFO. Gained use of cash collateral; negotiated a \$20 million DIP loan and a \$60 million exit financing package. Developed cost reduction programs (reducing corporate overhead by 50%), evaluated individual stores (closing 360 stores), and created a MIS strategic plan. The company emerged from Chapter 11 in 21 months.
- CRO for a 55-store children's apparel chain. Developed non-bankruptcy and bankruptcy sale scenarios. Worked with the potential buyer on due diligence. As the buyer backed out of the transaction after the Company filed Chapter 11, led the inventory auction process which resulted in a 116.8% of cost recovery. The secured lender was paid in full and other creditors realized proceeds of more than double their expectations.
- A member of a team of professionals hired by a private equity group to evaluate two retail chains based in Moscow, Russia. The results of the analysis included recommended store closures, management changes and restrictions on additional funding.
- Prepared financial projections used in obtaining cash collateral for Barry's Jewelers (NASDAQ), a \$110 million national retail jewelry chain, in its Chapter 11 case. Assisted in developing store closure strategies (closed 33 stores upon filing), renegotiating leases (over \$2 million of savings), tracking and reporting cash flow, and improving inventory controls.
- Recommended and assisted in implementing more than \$3 million in annual cost reductions (including over \$4.7 million in total rent reductions at 38 locations) for Merksamer Jewelers, an \$85 million national retail jewelry chain. Negotiated with senior lender (GE Capital) and unsecured creditors to provide additional credit and restructured over \$70 million of debt. The company exited Chapter 11 approximately four months after filing.
- Developed bankruptcy and non-bankruptcy scenarios and business plans for Chief Auto Parts, a \$400 million retailer of auto parts. Prepared an offering memorandum, assisted in presentations to four investment groups, and received four expressions of interest. Sold the company for approximately \$130 million.
- Advisor to Bashas' supermarket chain, a \$2 billion company, to identify actions to reduce costs, improve EBITDA and generate cash; developed a comprehensive operational plan which improved EBITDA by over \$64 million and generated an additional \$22 million of cash.
- Evaluated a \$30 million follow-on investment in an international luxury retail firm based in London, England by a multi-billion dollar trust.
- Prepared a plan for a \$10 million retail home furnishings company serving the Hispanic community to maximize shareholder value, including the orderly liquidation of the retail business and sale or lease of the real estate assets. Assisted in the implementation of the orderly liquidation plan.
- CRO for a \$100 million, multi-state distributor of cranes; completed Chapter 11 363 sale to a strategic competitor resulting in full recovery for the secured lenders.
- Senior vice president/group president for a leading provider of interior components to the private aircraft industry where he led the acquisition team to acquire ten manufacturing companies within 18 months. Mr. Nerland's group was comprised of six manufacturing companies with combined revenue of \$117 million, EBITDA of \$17 million, and more than 1,000 employees.

- Raised in a family-owned \$15 million retailer of home furnishings, appliances, and giftware, with 15 stores in three states. Directed the turnaround of the Maui, Hawaii division, increasing sales by more than 66%, and sold the division to a major competitor. Directed the turnaround of the Seattle division, reducing a multi-million dollar loss by 50% in seven months. Member of the Board of Directors from 1985 - 1988.

Mr. Nerland received a Bachelor's Degree in Business Management from Indiana University. He earned a Master's Degree in Finance, graduating with honors from the University of Southern California (USC). During his time at USC, he taught strategic planning in the Undergraduate School of Business.

Mr. Nerland served for five years as the Sponsorship Chairman for the Southwest American Bankruptcy Institute annual conference held in Las Vegas. He was a panelist for a presentation to the ABI's Battleground West conference which focused on recent developments in the retail industry, as well as on a panel for CFCC on the state of the retail industry.