

CASE STUDY

Retail Reinvented

Hilco Global's Seamless Transition of Hanes' Store Operations

Overview

In 2024, Hanes, a global leader in apparel manufacturing, initiated a strategic plan to realign its business with its core competencies. This effort, part of Hanes' broader "Full Potential" initiative, emphasized streamlining operations. As part of this strategy, Hanes sought to divest its physical retail business—an area outside its primary expertise.

To achieve this, Hanes partnered with Hilco Consumer- Retail (Hilco), a recognized leader in retail operations. After several months of collaboration, Hilco and Hanes closed on a transaction in July 2024, whereby Hilco acquired the Hanes retail business, taking full operational control of its fleet of stores. This deal marked an innovative and first-of-its-kind transaction, setting a precedent for how retailers can transfer retail operations while ensuring continuity for their customers.

Opportunity

Hanes identified its retail footprint as an area requiring reevaluation as part of its focus on becoming a more efficient organization. While divesting its retail operations was critical to achieving its

strategic objectives, closing the stores was not a viable option. Recognizing the complexity of this challenge, Hanes sought a creative solution that would allow it to exit the retail business while maintaining its presence in brick-and-mortar channels. This need led to a partnership with Hilco, whose expertise in operating retail stores allowed for a seamless transition.

Solution

Hilco developed a tailored strategy to acquire and operate Hanes' retail business, providing a comprehensive solution that enabled Hanes to fully divest its store fleet. In connection with the transaction, Hilco assumed control of all aspects of the retail business, including:

- **Inventory and Merchandising:** Managing stock levels, optimizing in-store displays, and ensuring smooth supply chain operations.
- **Staffing and Training:** Overseeing the recruitment, training, and management of store employees to maintain service quality.
- **Point-of-Sale (POS) Systems:** Upgrading and maintaining technology to improve transaction efficiency and reporting.

- **Lease Management:** Negotiating and extending store leases to stabilize operations and enable long-term evaluations.
- **Utilities and Vendor Relationships:** Taking over critical back-office functions to support day-to-day operations.

This comprehensive operational takeover allowed Hanes to fully step back from the complexities of its retail business while ensuring its stores continued to serve customers effectively. Hilco's ability to execute this transition quickly and efficiently demonstrated its expertise and commitment to providing solutions tailored to its partners' needs.

Lease Optimization and Store Management

A critical component of this transaction was Hilco's ability to manage and optimize the store portfolio. When Hilco acquired the retail business, most leases were on a month-to-month basis. Hilco negotiated lease extensions with landlords to create stability and provide the necessary time to evaluate each location's long-term viability.

Both Hanes and Hilco shared a commitment to keeping stores open

wherever it made economic sense. This collaborative approach maximized the value of the retail footprint and aligned with both companies' strategic goals. Hilco's end-to-end management relieved Hanes of all operational responsibilities, allowing it to focus on driving growth in its core business.

Conclusion

This groundbreaking partnership between Hanes and Hilco sets a new standard for creative retail solutions. By selling its retail business to Hilco, Hanes achieved its goal of exiting retail operations while maintaining a brick-and-mortar presence for its products.

Hilco's ability to assume full operational control within months demonstrated its unparalleled expertise in retail execution. This collaboration exemplifies how consumer brands and retailers can work with Hilco to develop innovative solutions, ensuring success in a competitive market.

DEAL SNAPSHOT

Overview

Hanes partnered with Hilco Consumer - Retail to divest its physical retail business as part of its "Full Potential" strategy, ensuring a seamless operational transition while maintaining its brick-and-mortar presence

Key Challenges

- Divesting a retail footprint without closing stores or disrupting customer service
- Managing leases that were predominantly month-to-month
- Transitioning all operational responsibilities, including staffing, inventory, and supply chain
- Aligning retail operations with Hanes' broader strategic goals

Solutions

- Hilco acquired and took full operational control of Hanes' retail business in July 2024
- Managed inventory, merchandising, staffing, lease negotiations, and POS system upgrades
- Transitioned most leases from month-to-month to stable agreements, enabling long-term viability

Results

- Seamless transfer of retail operations ensured continuity for customers and employees
- Allowed Hanes to exit retail operations while focusing on its core business
- Established a new standard for retail divestitures through a collaborative and innovative approach



HILCO GLOBAL IS ASSET SMARTER.

Hilco Consumer - Retail provides a wide range of analytical, advisory, asset monetization, and capital investment solutions to help define and execute a retailer's strategic initiatives. Operating on 4 continents, Hilco Consumer - Retail's services fall into several principal categories including acquisitions; disposition of underperforming stores; retail company or division wind downs; event sales to convert unwanted assets into working capital; facilitation of mergers and acquisitions; interim company, division or store management teams; loss prevention; and, the monetization of furniture, fixtures and equipment. Additionally, Hilco Consumer - Retail owns the nation's premier fixture and equipment liquidation firm, Hilco Fixed Asset

Recovery (www.hilcoffe.com), a SaaS-based virtual store management platform that works on both Apple and Android devices, ReStore for Retail (www.restoreforretail.com), and an innovative sale locator website called Shop Genius (www.shopgenius.com). Hilco Consumer - Retail is part of Northbrook, Illinois based Hilco Global (www.hilcoglobal.com), the world's leading authority on maximizing the value of business assets by delivering valuation, monetization, advisory, and capital solutions to an international marketplace. Hilco Global operates more than twenty specialized business units offering services that include asset valuation and appraisal, retail and industrial inventory acquisition and disposition, real estate and strategic capital equity investments.