

Sears: Downfall of a giant. Suffering from fundamental problems, Sears nears bankruptcy

<https://marketpublishers.com/r/SEE3E5538DFEN.html>

Date: April 2018

Pages: 24

Price: US\$ 995.00 (Single User License)

ID: SEE3E5538DFEN

Abstracts

Sears: Downfall of a giant. Suffering from fundamental problems, Sears nears bankruptcy

SUMMARY

The end of Sears has been predicted by retail analysts for a longtime. Not long after Kmart and Sears merged to create the Sears Holdings Corporation in 2004, revenues began to slide and have been doing so at gathering speeds ever since 2007.

Many factors are responsible, but most fundamentally the company is not being run in a way conducive to survival, even though potential escape routes exist. Many problems can be traced back to the CEO, Eddie Lampert.

Failure at the top of the company to summon suitable solutions to longstanding problems is the most fundamental of them all. Sears remains a trading company, for now. Unless radical action is taken very soon the brand will soon cease to exist altogether.

KEY HIGHLIGHTS

The creation of Sears Holdings Corporation by the merger of struggling retailer Kmart with Sears (although in effect the deal was a Kmart takeover of Sears) was supposed to provide both retailers with economies of scale and integration of products to compete against Walmart and other firms.

How the company is organized exacerbates the problem further. Shortly after

Lampert took over, each business unit was organized to function as an autonomous company would do.

Most observers of Sears have struggled to discover potential means of the company being saved from expiring ever since it was formed.

SCOPE

Assesses the impact of the Kmart and Sears merger

Looks at the role of CEO in the company

Examines the financial situation the company is in

Examines the current strategies in place

Assesses the need for store investment

Looks at potential rescue plans

REASONS TO BUY

What impact did the merger have on business?

Can the company ever be turned around?

Why is investment in stores necessary?

Was selling of assets correct?

How much is the CEO to blame for a decline in fortunes?

Contents

Overview

Catalyst

Summary

Creation of Sears Holdings Corporation has not matched predictions of success

Original merger deal had major failings from the beginning, exacerbating problems

Some analysts predicted failure; others anticipated success

Predictions of success were based upon sound reasoning, but proved to be wrong once reality bit

Eddie Lampert is failing as a CEO, thwarting any prospect of recovery

Management style is bad for decision making and lacks leadership

Lack of trust from CEO prevents suitable decision making processes from forming

Unwillingness among board members to remove Lampert is a big failure of leadership
financial situation of Sears reducing survival chances

Selling products on Amazon is forward thinking but scale is lacking in ambition

Valuable assets are not being managed correctly to benefit whole company

Sears has few assets remaining, deterring any potential deal to save core business

Investment in stores should have occurred before debt became crippling

Dwindling financial resources and poor strategy are hastening decline of Sears

Suppliers are reported to be nervous about supplying Sears

Perilous financial situation means large-scale investment in stores is highly unlikely

Despite dire circumstance, suitable turnaround plans could work

Sears Canada could have been saved according to former executive chairman

Public image of Sears needs to be restored for a turnaround to happen

Better use of assets is now essential to stave off bankruptcy

Reform of 'Shop Your Way' needed to convince customers change is coming

Conclusions

Riddled by problems, Sears will soon cease trading unless radical action is undertaken

Appendix

Sources

Further Reading

Ask the analyst

About MarketLine

Disclaimer

List Of Tables

LIST OF TABLES

Table 1: Board members of Sears Holdings Corporation, 2017

About

End of Sears has been predicted by retail analysts for a longtime. The creation of Sears Holdings Corporation from the merger of Sears and Kmart was supposed to herald an era of greater economies of scale, reduced cost, and product cross-over, among other benefits – except the performance of the company has not turned out that way. Sound reasons were behind the merger; but putting together two companies suffering from fundamental problems into one larger company was always going to be difficult. In many regards the complex nature of trying to get both companies to work together was, and remains, a key failing of the company.

Among the many reasons consumers report for not buying from Sears or Kmart stores is the miserable experience many have whenever they have stepped foot inside. Photographs of empty shelves, leaking ceilings and dilapidated fittings now represent the public image of the beleaguered retailer. Falling revenues reveal the failing of the asset selling strategy. Plunging sales are making matters worse. Higher losses make creating any change that may bring customers back ever more difficult to implement, causing further financial trouble. Investment in stores should have occurred before the current debt became so vast. Change is still possible but as time passes without radical action, it will become tougher to achieve.

Sears and Kmart names have all but disappeared from public consciousness in the United States. Reputational damage for the embattled store chain could hardly get a great deal worse. That some believe Sears Canada could have been saved, and was to some extent entering a recovery phase, points towards there being hope for the whole company. Yet Sears has failed to undertake actions which would be of benefit in securing a future. The public image of the company is moribund; better use of assets needs to happen to reinvigorate public interest. Reforming the 'Shop Your Way' reward scheme to be simpler and easier to use would help.

I would like to order

Product name: Sears: Downfall of a giant. Suffering from fundamental problems, Sears nears bankruptcy

Product link: <https://marketpublishers.com/r/SEE3E5538DFEN.html>

Price: US\$ 995.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/SEE3E5538DFEN.html>