

October 03, 2013 /**24-7PressRelease**/ -- Popular San Diego grocery store uses Chapter 11 to restructure business

Article provided by Law Offices of Andrew H. Griffin III Visit us at <http://www.andrewgriffinlawoffice.com>

Fresh & Easy Neighborhood Market is a grocery store present throughout Southern California that aims to provide quality groceries to residents of the community at affordable prices. The chain is popular in Europe and was expected to rival the likes of mega giant stores like Wal-Mart. Unfortunately, the business started opening stores right before the housing bubble burst. As a result, many stores did not do as well as anticipated.

The business is now filing for Chapter 11 bankruptcy due to debts that are estimated to range between \$500 million and \$1 billion.

LA Times reports that the petition for relief is merely part of the transition to new ownership and will not negatively impact the experience the grocer offers its customers. The grocery store is in the process of selling the majority of the stores to a private equity firm led by Los Angeles billionaire Ron Burkle. The store is likely a good fit for the entrepreneur, who has made his fortune through various investments in other grocery chains.

The future of the grocery store is promising. Some projections estimate over \$1 billion in annual sales. The company is using the Chapter 11 plan to help renegotiate and even reject some leases, allowing the new owner to walk away from leases that are no longer economically feasible. Many of these leases were originally entered in 2006. Since that time, the once booming real estate market has cooled and the lease agreements no longer reflect market value.

Lessons for small business owners in San Diego

Fresh & Easy's petition for a Chapter 11 bankruptcy offers lessons to small business owners throughout Southern California. Small businesses, or those with less than 500 employees, can benefit from this grocer's story by reviewing how the business sets itself up to increase the odds of profitability.

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Written by Australian Business

Chapter 11 bankruptcies generally focus on allowing the business to propose a plan outlining how the business will be successful in the future. The goal of this plan is profitability. Generally, the petitioner's first move is similar to that taken by Fresh & Easy: renegotiate leases.

If you run a small business in San Diego and are considering filing for Chapter 11 relief, contact an experienced San Diego County business restructuring attorney to discuss your options. This professional can help you compare the benefits and risks associated with a bankruptcy petition.