

BBC RADIO 4 TODAY PROGRAMME
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Business news with Tanya Beckett

Tanya Beckett: Focus DIY is currently under threat of collapsing into administration but a deal could be struck later today that will save around 5,000 retail jobs. It needs three quarters of its creditors, mostly landlords, to vote on its proposed Company Voluntary Agreement. These deals were fairly obscure until April this year when sportswear chain JJB Sports became the first listed company to avoid administration through a CVA. If voted through, the CVA will allow Focus to tear up the lease on 20 per cent of its shops which are still costing the business £12 million a year in rent, even though they're closed down. Well, let's talk now to the Chief Executive of Focus, Bill Grimsby [sic]. This deal, Bill, is essential to the survival of Focus, isn't it?

Bill Grimsey: Yes, it's absolutely vital. We have secured new funding until the end of 2011 on the basis that this arrangement goes through and that we are able to release the company of a burden of ... it's not in fact £12 million, £12 million includes the rates. The proposition we're putting to our creditors is that we get released from paying the rent which is £8.6 of the £12 million, and we will continue to pay the rates as and until the landlords secure other tenants.

Tanya Beckett: What's in it for the landlords?

Bill Grimsey: Well, it's really a rock and a hard place for us all. This current economic environment has meant that Focus is making about a third of it should make, and under normal conditions we wouldn't be doing this, this exercise. But in the short term, short to medium term, we have no choice but to deal with this cash drain and what's in it for landlords is better than an alternative: an administration of Focus and a subsequent pre-pack would leave these landlords with absolutely nothing at all, whereas what we've tried to do is to give them some oxygen here to find a better future.

Tanya Beckett: And how are you going to convince them that Focus is worth saving? That is to say that the economic environment is improving and that you have an excellent business strategy?

Bill Grimsey: Well, I have a great team of people with me. I mean I specialise in businesses that have issues or are broken issues. I rescued Wickes in '96, the Iceland Group in 2001 and now Focus. And what we do is we rebuild the positioning of this business and I have a great team with me and we've convinced most of the landlords that we have a future with our new concept which is now trading in Harrogate.

Tanya Beckett: Good luck with that, thank you very much indeed.