

# Debenhams: the rise and fall of a British retail institution

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Founded in 1778, [Debenhams](#) was one of the largest and most historic department store chains in the world.

The business was formed by William Clark as a single high end drapers store at 44 Wigmore Street in London's West End. It rose to become one of the biggest retailers in the UK with, at one point, more than 200 large stores across 18 countries and exclusive partnerships with some of the world's best-known designers including Jasper Conran and Julien Macdonald.

But on Tuesday, the shutters finally came down as administrators announced the chain would be wound down and all of its remaining 124 stores shut, putting potentially all of its 12,000 employees out of work. The demise of Debenhams comes just a day after Sir Philip Green's Arcadia Group retail empire collapsed into administration, putting a further 13,000 jobs at risk.

In the 1980s and 1990s both retailers had been part of the vast Burton Group, founded by Sir Montague Maurice Burton.

Clark's business remained just the single shop on Wigmore Street until 1813 when he teamed up with Suffolk businessman William Debenham, and expanded into two stores on opposite sides of the street. One was known as Debenham & Clark and the other known as Clark & Debenham.

The first store outside London – and an exact replica of the original Wigmore Street shop – was opened in Cheltenham in 1818. “In the ensuing years the firm prospered from the Victorian fashion for family mourning by which widows and other female relatives adhered to a strict code of clothing and etiquette,” the company says on its website.

After the first world war Debenhams embarked on a series of acquisitions, including Knightsbridge retailer Harvey Nichols, and in 1928, the business was listed on the London stock market.

In 1985, it was bought by the Burton Group – which already owned Topshop, Dorothy Perkins and other brands that would eventually become Arcadia.

Burton, run by Sir Ralph Halpern, became a retail empire that at one point owned 2,800 stores and employed more than 60,000 people.

The popular 'Designers at Debenhams' brand emerged in the noughties, in which fashion names introduced items at high street prices. Photograph: Graham Turner/The Guardian

In 1998, Debenhams was split out of the Burton Group, and relisted on the London Stock Exchange. The remains of Burton was renamed Arcadia Group and four years later it was bought by Sir Philip Green's family.

The noughties, with Belinda Earl as chief executive, were once again a period of growth. Earl had earlier introduced the popular "Designers at Debenhams" brand under which fashion names introduced items at high street prices. The brands included Jasper Conran, John Rocha, Butterfly by Matthew Williamson, H! by Henry Holland, Star by Julien Macdonald, Frost French, Janet Reger, Ted Baker and St George by Duffer.

Earl had started her retail career among the clothes hangers as a Debenhams Saturday girl when she was 16, to "fund my clothes habit". Twenty-four years later she became chief executive and in 2003 she became a multimillionaire when Debenhams was sold to a private equity consortium.

The Baroness Retail Limited consortium, which included Debenhams bosses along with CVC Capital Partners, Texas Pacific Group and Merrill Lynch Global Private Equity put £600m into the purchase, but they made £1.2bn when the business was refloated on the stock market just three years later, albeit this time saddled with £1bn of debts.

At a World Retail Congress party in Barcelona a few months later, John Lovering, a veteran dealmaker who was chairman of Debenhams at the time, said "we were very happy the day it floated". He described the Debenhams deal – in which he sold £5m of his own shares in the float – as the "real trophy" of his decades-long City career.

However, within weeks of that float the chain had issued three profits warnings, and investors previously persuaded to back the business saw their shares plummet in value.

Profits declined and debts ballooned. The chain was locked into expensive lease agreements on stores.

Mike Ashley, whose Sports Direct business built a near 30% stake in Debenhams, fought a months-long battle to take full control of the chain. At one point the billionaire accused the Debenhams board of "falsehoods and denials" and in April urged two directors to take a lie detector test as Sports Direct tabled a £150m rescue offer. It was rejected, and the next day Debenhams collapsed into administration for the second time in two years.

A possible revival had been on the horizon, with JD Sports mulling a move to buy the chain out of administration. However, on Tuesday, JD pulled out. Green's Arcadia had been Debenhams' biggest concession operator, and when Arcadia went into administration the risks for JD became just too great.