

RETAIL

## Neiman Marcus Group, ravaged by COVID-19 lockdown, to furlough or cut salaries of most employees

March 31, 2020



*Bergdorf Goodman is taking a stronger stance on digital. Image credit: Bergdorf Goodman*

By LUXURY DAILY NEWS SERVICE

Most of the employees of U.S. department store chain Neiman Marcus Group will be put on furlough or face temporary cuts in their salaries as the COVID-19 coronavirus-induced lockdown takes its toll on retailers.

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The sales associates of Neiman Marcus, Bergdorf Goodman and Last Call will also work with reduced hours. Neiman Marcus Group CEO Geoffrey van Raemdonck will waive 100 percent of his salary during the virus-induced shutdown period and his direct reports will waive a significant portion of their remuneration.

"These are temporary actions in effect from April 5 through April 30, with the potential of being extended," Mr. van Raemdonck said in a letter to customers of Neiman Marcus and Bergdorf Goodman.

"Our associates will continue to have access to their health benefits and will be connected to temporary job placement services to help them continue to provide for themselves and their families during this time," he said.

Mr. van Raemdonck co-signed the letter with Bergdorf Goodman president Darcy Penick in the email sent to that retailer's customer base.

Doors shut

The news come two weeks after Irving, TX-based Neiman Marcus Group said it was revamping its operations, including shuttering its off-price business, merging in-store and online teams and selling off two distribution centers in Texas ([see story](#)).

Privately held **Neiman Marcus Group** owns Neiman Marcus, Neiman Marcus Last Call, Bergdorf Goodman, Mytheresa and Horchow, posting sales last year of \$5 billion with a \$4.5 billion debt load.

Last week, even as rumors of an impending bankruptcy filing swirled, Neiman Marcus Group and arts-and-crafts specialty retailer Joann Stores joined forcers to manufacture materials for medical personnel in the frontlines of the COVID-19 outbreak.

The two companies will make nonsurgical, personal protective equipment including masks, gowns and scrubs starting this week for healthcare providers ([see story](#)).

On the business front, Neiman Marcus Group two weeks ago temporarily closed all its stores to protect customers and employees against the spread of COVID-19. It has extended the store closures, continuing to serve customers through its online operations and mobile apps.

The debt-laden company has taken several steps in the past couple of weeks to ensure the survival of its business.

"We have eliminated nearly all capital expenditures except for safety-related or business essential items," Mr. van Raemdonck said. "We've cut all non-essential business expenses. And we have implemented a hiring freeze."

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