Sports Authority to close all stores, lay off 16,000

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21 May 2016

The major retail company Sports Authority announced Thursday the closing and liquidation of all of its more than 460 stores. All employees, who according to *Forbes* currently total 16,000, are expected to be laid off. The shuttering of Sports Authority comes about after store closings and job cuts by other retail giants such as Kmart and Sears and is a further indication of a deepening social crisis facing the working class.

The elimination of 16,000 jobs will impact 41 US states and Puerto Rico. It is estimated that it will take three months until all stores are closed, leaving thousands of workers scrambling to find new jobs in an already depressed job market.

Sports Authority workers will be joining workers to being laid off from Kmart and Sears. Sixty-eight stores are slated to be closed at Kmart and 10 at Sears. Most of the stores will close in late July.

Sports Authority was in fact once owned by Kmart, which bought it in 1990. Its history is littered with mergers and acquisitions, fueled by financial speculation. Founded in Lakes Mall in Lauderdale Lakes, Florida, The Sports Authority, Inc. was put together by venture capital groups led by William Blair Venture Partners, including First Chicago Venture Partners, Bain Capital, Phillips-Smith Venture Partners, Marquette Venture Partners, and Bessemer Securities.

Its first store opened in November 1987 in Fort Lauderdale, Florida. A few years later, Kmart would acquire the company. Within five years, its stores sprawled across 26 states. It would eventually separate from Kmart and become an independent entity.

By 2003, The Sports Authority had expanded to 205 stores in 33 states and had become the largest full line sports retailer in the United States. In the same year, it would complete the "merger of equals" with Gart Sports Company, which also operated Oshman's and Sportsmart, leading to the rebranding Gart Sports stores with the Sports Authority insignia.

SA's yearly profit hit $3.5 billion in 2006. The same year, affiliates of the private equity investment firm Leonard Green & Partners agreed to leverage a buyout worth $1.4 billion. Since then, Sports Authority has been plagued with stagnant profits and heavy competition from rival sports realtor Dick's Sporting Goods.

This past March, The Sports Authority filed for Chapter 11 bankruptcy protection and announced a plan to close at least 140 of its 463 stores and lay off 3,400 of its employees. On April 26, SA announced that they would sell off their assets and remaining store locations. Then, on May 18, the company announced that they had failed to restructure their debt making liquidation unavoidable, leading to the closing of all stores.

Going-out-of-business sales are expected to begin next Wednesday at all stores and will continue until Aug. 3. Stores previously slated to close have already begun the process of emptying their inventory. Dick's Sporting Goods is seeking to acquire roughly twenty of Sports Authority store leases. "There's a small group of stores we would love to get," stated Dick's CEO Edward Stack.

From one merger to another, from bankruptcy to financial riches, it is the working class that pays for it all. As 16,000 workers will soon be left jobless, the small staff of 45 at Leonard Green & Partners, which is leading the liquidation and selling of SA, will no doubt rake in a heavy profit for itself.

Like many private equity firms, Leonard Green & Partners has overseen acquisitions, mergers, and the selling off of numerous companies, including those of

Petco, Whole Foods Market and Lucky Brand Jeans. It is the product of an economic system that places the interest of profit above that of the vast majority of people.

Commenting on the closing of Sports Authority stores, a worker said, "It's all about a small number of hedge fund shareholders and f*ck the employees and community economic development incentives they suck dollars from."