

# ComputerLand tries to rescue ailing stores

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SAN JOSE, Calif. — Retailer ComputerLand Corp. is making a midcourse correction in its strategy so it can save store locations or markets that are in jeopardy.

In the past two weeks, the Hayward-based chain has bought three ComputerLand stores in Seattle, one in Denver and one in Portland, all of which were in danger of closing.

The stores were in trouble because banks were pressuring them to reduce outstanding

loans drastically, said Michael McConnell, ComputerLand's senior vice president of network operations. Unable to pay their debts as fast as banks demanded, the owners turned to ComputerLand for help.

Although ComputerLand has no intention of switching its strategy from a franchise operation to company-owned stores, executives turned to the short-term measure of buying stores being squeezed by banks.

The company is talking with six other franchises about buying their businesses, said

McConnell. Of Computerland's 600 U.S. stores, 10 percent are under severe pressure from banks to reduce their debts, he said.

"The banks have gotten increasingly nervous as they read about the computer slump and the retail shakeout," McConnell said.

Across the country, an oversupply of computer stores is colliding with a decline in the demand for personal computers. That means many computer stores are faced with bankruptcy, selling out or joining forces with a larger store or chain.