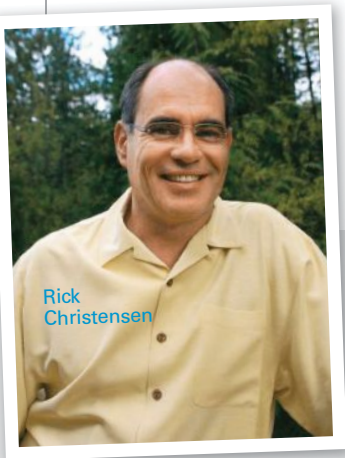


# MYBIGGESTMISTAKE

LESSONS LEARNED THE HARD WAY » BY CASEY PAYTON



## In a tough economy, one company finds a long-distance lender is a critical factor.



Rick Christensen

**COMPANY:** Teufel Nursery Inc.

**HEADQUARTERS:** Portland, OR

**2010 REVENUE:** \$17.5 million

**NUMBER OF EMPLOYEES:** 235

**SERVICES:** 65% construction;  
35% maintenance

**CLIENTELE:** 90% commercial;  
10% residential

**T**ODAY'S ECONOMY HAS made business more challenging for everyone. For Teufel Nursery Inc., a close relationship with its lender was helping keep the waters smooth — that is, until an unexpected change rocked the boat.

Rick Christensen, landscape division manager of the Portland, OR-based company, says Teufel Nursery had developed a long-term relationship with its lender and, although they were long distance, everyone seemed comfortable and happy.

"We understood their business, and they understood ours," he says.

But in spring 2009, Christensen says, Teufel was alerted that the lender had decided to "get out of the lending business." It was time to look for a new lender.

"Unfortunately, spring 2009 was a bad time to start looking for a new bank," recalls Christensen. "We talked to 24 different banks, and each one was sympathetic but couldn't help us. They all said the same thing: They liked our business, but nobody wanted to start lending to someone new. And because we're also related to construction, because we do large-scale commercial and government work, it was making it even more challenging for us to find a new lender."

With rejections mount-

ing, Christensen says it felt like the situation couldn't get worse... until it did.

"When our lender had first made the decision to get out of the lending business, they had told us we'd have some time," he says. "But when they realized things were not getting any better, they called our note and said it's due. We were told our time was up. Within three days, we had to file for Chapter 11 bankruptcy for protection against our own lender."

Christensen says his company got a crash course in bankruptcy, something the profitable business didn't know much about.

"There are different classifications of bankruptcy, and we were classified as a 'solvent bankruptcy,' meaning we were a profitable business and didn't seek protection from our creditors, strictly from our lender," he explains. "Unfortunately, all creditors get pulled in. So anyone we owed money to gets pulled into Chapter 11, and a four-year payback plan to all vendors was established."

While it wasn't easy, the company fought to get back on its feet quickly. Teufel Nursery filed for bankruptcy in June 2009, and by October 2009 submitted a reorganization plan. By February 2010, Teufel exited Chapter 11.

### Lessons learned

Looking back, Christensen says there are a few

things he'd do differently. While the relationship with the long-distance/long-term lender was always strong, Christensen says he now believes it's always good to deal with someone local.

"I also believe it's good common sense not to have all your eggs in one basket," Christensen advises. "That's how most businesses operate — you have a line of credit with a single lender. But today, I'd do things differently."

As the economy has improved, Christensen has continued an open dialogue with most of the banks he first talked to in the rush to find a new lender. He's focused on keeping those doors open for the future. But to this day, the company remains a cash-based business.

"For us, it's the right thing at this point and in this economy," says Christensen. "We're a much smaller business than we once were [the company had a revenue of \$45 million in 2008; it was \$17.5 million in 2010], and we have to watch our cash very closely" on a day-to-day basis."

Christensen says the experience has made the company nervous about returning to the world of banking.

"There's no question we're gun-shy right now," Christensen says. "When we do eventually have a relationship with a new bank, it will be as a partner."

Payton is a freelance writer with six years of experience covering landscaping.