



“Allen Printing emerges from Chapter 11 to produce record sales”

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March 25th, 2012

Two years ago, Shannon and Paul Heffington faced a daily tsunami of doubt and denial as their printing company hurtled toward eventual bankruptcy. Paul remembers the day when the numbness gave way to raw emotion: He collapsed and cried.

It was a rocky period, but the Heffingtons still had their family and health — and a marriage they describe as unshakable. Everything else in their lives was up for grabs.

If tears are being shed at Allen Printing Inc. in 2012, they are tears of joy.

The 77-year-old family-owned business is racking up record sales. Last year's revenue of \$5.7 million marked an approximately 25 percent growth rate compared to 2010's revenue of \$4.3 million. The first two months of 2012 are the best in the company's history.

“We haven't spent a dime on marketing,” said Paul Heffington. “We focus on making sure we are better and quicker [than competitors].”

When it comes to Allen Printing's 180-degree transformation, the Heffingtons are clear about one thing. It would not have happened without the guidance of turnaround professional Steve Curnutte of Tortola Partners.

Curnutte coached the couple through every detail of the reorganization. That meant coming up with negotiated payment terms with more than 60 creditors and implementing financial diagnostic tools that closely track cash flow and profit margins. Before the restructuring, some of the company's accounts were more than 90 days in arrears. That's not likely to happen now because there are tight reins on billings and collections. Payments are now entirely COD.

Allen Printing, which is located on Spence Lane east of downtown, now holds weekly “dashboard” meetings, disciplined gatherings where the company's vital signs — from accounts receivable to cash on hand — are monitored and analyzed.

“I think we have always done a good job with customer service,” Shannon said.” But before the Chapter 11, we didn't use this very valuable tool.

“We would not wish this on anyone, but we are incredibly grateful we bit the bullet, rolled up our sleeves and got through it with Steve and Tortola Partners,” Shannon added. “There are a million traps to run, and you must stay focused and be informed every day. There are no sacred cows. You must be willing to look at all options, even if you later disregard some of them as unrealistic. You have to scrutinize and audit everything.”

As a result of their voluntary Chapter 11, the Heffingtons were required to auction the family farm in Rutherford County, the only home the couple’s two children had ever known. It was a drastic measure, but one that reflected the Heffingtons’ deep commitment to the success and legacy of Allen Printing.

“We knew if we kept the business, we could always buy another house,” Paul said. “We wanted to try to retain our employees. Once we understood what was happening, we were at peace with it. We never had one family fight about it.”

The Heffingtons also knew that every step they took during the restructuring was eliminating debt and freeing up cash.

“They have essentially become their own bank,” said Curnutte, who now has a small minority stake in the company. “This is the new economic world order. Credit is restricted and underwriting is difficult. Cash is king, and it’s OK to hoard it.”

The company has beefed up its sales force and has bought two small printing businesses. Digital printing services have been upgraded, ensuring quick turnaround times for printing.

“Shannon and Paul were willing to be very courageous,” Curnutte said. “They made enormous sacrifices in order to save this business.”

With Curnutte on board, the Heffingtons also felt freed up to focus on the company’s core strength — sales and service.

“Sales were never our problem,” Paul said. “But we were overextended, and the bank called in our loan.”

Allen Printing may be on the forefront of a Chapter 11 trend.

Katie Stenberg, a partner at Nashville law firm Waller Lansden Dortch & Davis, said she is seeing an uptick in business-related bankruptcies. (Stenberg works in the finance and restructuring group of Waller Lansden and did not work on the Allen Printing Chapter 11 reorganization.)

“During the recession, the banks just kind of froze up,” Stenberg said. “Many took an ‘extend and pretend’ approach by granting extensions or other modifications” to financially troubled companies.

“Towards the end of 2011, we started to see more [business] bankruptcies and foreclosures,” she added. “I fully expect to see more activity this year.”

Turnaround expert Gary Murphey said some businesses wait too long before considering a Chapter 11 because of misunderstandings about what it means.

“The most common misperception is that bankruptcy means liquidation, that creditors will not get paid or that the company can cancel all contracts and/or leases without consequences,” said Murphey, who is managing director at Atlanta-based Resurgence Financial Services and was recently named trustee in the high-profile Chapter 11 bankruptcy of Franklin-based Citizens Corp. (He did not work on the Allen Printing bankruptcy.)

Murphey agrees that lenders are showing a new willingness to work with business bankruptcies.

“More times than not, it makes sense for the company to continue to operate and stay in control — even if it is an orderly liquidation,” he said.

Allen Printing has been in the family since the mid-1970s when Shannon’s father, who worked at the business for many years, purchased it from the original owner. Shannon bought the company in 2006.

Being family-owned and family-centered is a critical part of the brand, Shannon said.

“Family-run businesses have a heart that customers feel, vendors feel and employees feel,” she said. “That heart is consistent through the years. This business is our lives — it’s everything to us.”