



“Printer emerges from Chapter 11”

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November 4, 2010

Let's call this a ray of sunshine in the gray world of workouts.

Allen Printing Co., which filed for protection from its creditors in June facing a high debt load and low cash levels, is set to emerge from bankruptcy proceedings today with a healthier balance sheet and a new lease on life.

The kicker: Family-owned Allen, which has been in business for almost eight decades and has annual sales of about \$5 million, didn't lose any of its 40-odd employees during the arduous process.

“It's been like going back to school and getting an MBA in three months,” said co-owner Paul Heffington.

Allen's 60-plus creditors late last month agreed to a reorganization plan drawn up by Emerge Law attorney Elliott Warner Jones. The company shed almost half of the \$4.2 million debt on its books four months ago – which will save it almost \$400,000 in debt service payments – mostly by laying out a plan to repay Pinnacle National Bank's \$1.8 million secured loan. It has cost the Heffingtons and their in-laws their homes – sold at auction – but it has kept the company alive.

Selling their homes “was an easier decision than to go looking for a job and to have 40 other people do the same,” Heffington said.

With the help of turnaround consultant Steve Curnutte of Tortola Partners, the Heffingtons and other Allen employees also squeezed \$190,000 of annual operating costs out of their system.

“This was a good company to begin with,” Curnutte said. “It has a loyal customer base, a close relationship with its vendors and it could still generate cash. It just got caught in the economic crunch.”

Those involved say Allen's reorganization can be a model for other troubled companies. Jones said the key was building consensus by convincing creditors it had is “a better alternative than liquidation.” Curnutte, the Heffingtons and Jones laid the groundwork for Allen's restructuring months before the company's Chapter 11 filing. They talked to

Pinnacle, other creditors and many of Allen's vendors about the company's troubles. They also got all employees up to speed and solicited ideas on how to shave spending.

"We've tried to be as open and transparent as possible from the very beginning," Heffington said. "It took a ton of time, but [the employees] have helped me as much as I've helped them."

Heffington said his team's work with vendors resulted in some of them opening up new bidding opportunities for Allen. That new revenue, combined with the company's cost savings, means Heffington said Allen now has "a bit of a buffer."

"In this economy, we can make it on what we've got," he said.