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GROWERTALKS



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Tri-B owners sell out to equity firm

The Berry Family of Nurseries, owners of Tri-B Nursery in Oklahoma, Zelenka Nursery in Michigan, North Carolina, Tennessee and Oregon, and several other nurseries, have sold “substantially all of the operating assets” of the business to Insight Equity Holdings LLC, a Dallas-based private equity firm.

The Berrys retain Sanders Nursery & Distribution, and Park Hill Plants & Trees, both in Oklahoma; along with minority ownership in the corporation.

Why sell?

I gave Bob Berry a call to find out.

Bob cited several reasons, the first being that, like other growers, they’ve had some bad years recently.

“As a matter of fact, this last year was probably the poorest year we’ve had since we started the company, from a bottom-line standpoint,” he admits. “However,” he was quick to add, “we were still profitable. But not to the tune we felt comfortable with.”

Reason No. 2: succession planning. Bob (who is 72) and his son, Burl, felt that selling would secure their futures as well as secure the future of the business. However, Bob says he wasn’t looking to sell a majority share. He just wanted “a small piece of equity money” to put into the company.

“But instead, we found a firm that was interested in getting into the industry and wanted to buy the whole company. So when we looked at all the cards we had, we felt it was a very good deal for Burl and I, it was a very good deal for our employees, a very good deal for our vendors and our customers.”

And, he added, it will allow the company to continue to grow: Amazingly, the Berry's have built the business to six states, 8,000-plus acres, and \$300 million in sales since 1993.

He and Burl have signed a multi-year employment contract and will be running the business.

Why did Insight buy?

Insight Equity partner Conner Searcy laughed when I asked him why in the world they'd want a piece of our very challenging industry.

"Well, we're a private equity fund that focuses on industries that may be out of favor, or are undergoing some form of transition or turbulence, or is at a crossroads," he answered. He said they've been studying the industry for five or six years, and even looked at Color Spot, and also at Hines when they filed bankruptcy in 2008. But they waited to take the plunge. Why now? Two reasons, Conner replied.

"We believe that now is the right time to invest in the nursery business. And probably more importantly, we've found an incredible business and an incredible management team and family to partner with and invest behind. If it weren't for the Berry opportunity, you wouldn't see us investing in this industry. But we think this is an industry-leading business, with great fundamentals and a fantastic outlook. We really believe in Bob Berry and his team and their ability to take the company to the next level."

Bankruptcies a positive sign?

When I asked Conner how long-term is their investment in Berry, he gave a fascinating reply: "We actually believe that the business has already started to turn the corner."

"What's interesting is what you usually find across all industries is that, when companies start to file for bankruptcies, and things appear at their worst, it's usually a lagging indicator and not a leading indicator of a downturn."

"It's going to be slow," he continued. "It's not going to be a hockey-stick rebound, it's going to be much like the economy, where we experience a moderate, conservative growth rate for the next three or four years, for the industry as a whole."

Growth plans

Conner cites two areas where Insight will continue to grow the business: "opportunistic acquisitions" and "judicious" increases in business with "the right customers and the right products"—which he says will be both mass market and IGCs.

"We're going to grow with those customers that are, frankly, growing, and that appreciate the service and the product that we provide."