

GROWERTALKS

GT in Brief

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Elzinga & Hoeksema Greenhouses Closes

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Some stories we hate having to report. This is one of them. Mark Elzinga, owner of Elzinga & Hoeksema Greenhouses in Michigan, has shut down his business.

The industry was rife with rumors of the closing in November and early December, but only when we received a copy of a letter from Mark to customers, on company letterhead, dated November 26, the Monday after Thanksgiving, that the hard news was confirmed.

In the one-page letter, Mark wrote, “We regret to inform you that Elzinga & Hoeksema Greenhouses, LLC has ceased operations. Despite the best efforts of our staff, our primary secured lender (GreenStone Farm Credit Services) and our suppliers, Elzinga & Hoeksema has been unable to stem the losses suffered since the economic downturn began in 2008. As a result, we have been forced to make the difficult decision of dissolving and winding up our business.”

Sad news, and unexpected by many, especially the unsecured creditors. (We were told that \$14 million is owed to GreenStone, another \$1 million is owed to another lender, and between \$1 million and \$2 million is owed to suppliers.)

So what happened? Elzinga seemed to be on the leading edge of modern greenhouse production. We put them on the cover of the March 2008 issue of *GrowerTalks* for their expansion into organic vegetable plants. They were leading the way in sustainable energy, installing a unique combined solar/geothermal heating system. They implemented lean flow. They were doing interesting branding for their primary customer, grocery chain Meijer. Greenhouse Grower magazine even named Elzinga & Hoeksema their Grower of the Year in 2008.

We contacted both GreenStone and Mark’s financial advisor, but neither responded to our request for an interview. While the letter mentions “losses suffered since the economic downturn began,” sources told us it was more a combination of factors, from heavy debt load due to the expenditures on geothermal and organic production and lower-than-expected sell-through at retail, combined with some challenges keeping up with fluctuating seasonal demand. We were also told that Mark tried to negotiate a reorganization plan with

GreenStone, but that fell through. Hence, the relatively sudden decision to close.

The last news out of the business was a sale of equipment taking place at the greenhouse in early December.

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