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Burdick's files to reorganize

Seeks protection from creditors

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SANTA CRUZ — Family-owned Burdick's Sales Company Inc., which has sold electronic equipment and household appliances in Santa Cruz for 45 years, filed for protection from creditors Friday.

Company president Dale Burdick said the company filed for reorganization under Chapter 11 of the federal bankruptcy code. The company's five retail stores remain open and the action will not affect day-to-day operations, Burdick said.

"At this particular time we're trying to keep business as usual," he said in a telephone interview Monday.

Under Chapter 11, a company receives court protection from creditor lawsuits while it reorganizes its business and develops a repayment plan.

In a news release, Burdick said he believes the action "will result in a better and more efficient company."

Burdick said the company has been hurt by a one-two punch of the recession and steep losses from the October 1989 Loma Prieta earthquake. Burdick's Audio, Video, TV, Appliance lost stores in Santa Cruz and Watsonville and suffered large, uninsured losses of merchandise at its flagship store on Soquel Avenue in Santa Cruz from the quake. "Everything went to the floor," he said.

"In that one 15 second period I immediately did not have three stores," Burdick said.

Burdick's retail "concessionaire" outlets inside Haber's Furniture in Santa Cruz and Fords Department Store in Watsonville were closed by the quake.

Then came the recession. "The industry, both electronics and the appliance industry, is having a difficult time, both last year and certainly this year," Burdick said.

"The retail environment has been difficult in today's economic climate," he said in a statement.

Electronics and appliances, refrigerators, freezers, washers and dryers — considered "durable

goods" — "are something people can put off buying," Burdick said. Durable goods orders are a closely watched economic indicator because they are relatively high-ticket items and are discretionary purchases.

In January, Dore's Superstores, another Monterey Bay area electronics and appliance chain shut its four stores, blaming the recession and high operating expenses. Price competition from national chains such as Circuit City and Costco cut into sales.

Burdick's has faced competition in Monterey County where a Circuit City went in. Burdick said his main competition in Santa Cruz County has come from Sear's and McDuff's, a unit of the Tandy Corp.

Burdick's also expanded in the last part of 1990, putting in new facilities in Salinas and Monterey. It moved its corporate offices to Watsonville after the earthquake, where it previously had a warehouse.

Burdick's currently has 52 employees, Burdick said.

He said a number of moves are planned to "become a bit more efficient in reaching the market" but declined to be more specific. He did not say if stores would be closed. Burdick's operates stores in Santa Cruz, Capitola, Watsonville, Monterey and Salinas.

Neither the Santa Cruz County nor Monterey County markets have done well in the past year, he said, citing rising unemployment rates, the pending closure of Fort Ord and layoffs in both counties.

Burdick's father, Hal Burdick, founded the business in 1947, after buying Thompson Radio on Soquel Avenue where he had worked for two years, according to Sentinel files. The store prospered, selling radios, phonographs and appliances. It regularly held contests and sales on its anniversaries, sending winners to Hawaii.

In 1955, Burdick's moved across the street to 902 Soquel Ave. In 1974, the store moved into a new building at the same location where it remains today.