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Greg Peterson, owner of Peters Billiards for nearly four decades, stands in the second level of his newly renovated business, which rises above the rebuilt Hwy. 62. The reopening of the Lyndale Avenue exits marked an upturn in business, which was hit hard by the construction and the housing economy.

Out from behind the BALL

• Greg Peterson's five-year gamble on an expanded Peters Billiards amid freeway reconstruction and the recession is finally starting to pay off.

ON BUSINESS
NEAL ST. ANTHONY



Greg Peterson, the owner of Peters Billiards, is emerging from five years behind the eight ball of freeway reconstruction and the Great Recession.

His 50-year-old landmark business, which today rises above Lyndale Avenue S. and the finally finished Hwy. 62 construction, was faced with condemnation five years ago when the freeway expansion was launched. Peterson, 61, an architect by training and entrepreneur by nature who started out refurbishing and selling old pool tables in high school, decided to double down his bet on the billiard business.

The 1976-vintage building on Lyndale Avenue was razed

and Peterson took about \$2.5 million from the settlement with the state and invested another \$5 million with help from his banker to erect a stunning three-story showroom just yards north of the original store.

The company expanded into higher-end patio furniture to complement the core business of bar stools, pool tables and other game tables and accessories.

"We asked ourselves, 'What are we going to do?'" Peterson recalled about building one of the biggest billiard-related stores of its kind in the country. "We knew about the highway when we built the bigger store [in 2006], but we weren't planning on the economy tanking."

You can't blame Peterson for wondering at times why he didn't pocket the relocation check and retire. Sales had peaked in the old building at nearly \$10 million in 2004 as customers arrived to stock new homes and remodel base-

St. Anthony continues on D4 ►

Peters Billiards now out from behind the construction eight ball

◀ ST. ANTHONY FROM D1

ments. Interest rates were low and homeowners could borrow against the surging values of their homes.

Meanwhile, with construction underway in 2005, business started sliding southward. Sales declined to about \$7 million in 2008, amid construction that closed the Lyndale Avenue freeway exits and the housing industry collapse. The profits were gone at Peters, which let go a few employees and didn't fill several jobs.

"Two of my daughters went from full-time to part-time employees," Peterson added. "We reduced expenses for three years."

Finally, a turnaround

Then, in the fall of 2009 — about the same time that the Lyndale Avenue exits reopened — Peterson started to notice more customers returning. News reports started

to appear about a recovering economy and improving consumer sentiment.

Sales surged by 10 percent in the fourth quarter of 2009 over 2008 and Peterson's strategy of adding high-end, made-in-America patio furniture in 2008-09 started to look smarter as competitors Seasonal Concepts and Hoigaards largely exited the business.

Customers were spending \$2,000 to \$5,000 to buy made-to-order pool tables by Olhausen of Tennessee, constructed and delivered within 10 days. Other hot products include \$250 bar stools; \$9,000 fireside table and deep-seated chair sets made in California, and two-chairs-and-a-table patio sets for \$1,100 made of recycled plastic.

Customers like Jim Jordan, who first bought a pool table from Peterson in the 1980s, returned after 20 years to buy another pool table and games for his grandchildren at his sum-

mer home in Hudson.

"They do business the old-fashioned way," Jordan said. "They value a customer and they take very good care of their customers."

With a strong fourth quarter, the company's year-over-year sales increase could top 7 percent in 2010, although it will still be less than the nearly \$10 million record of five years ago. Peterson isn't rushing out to hire more people. But he senses a sustained recovery and the start of a belated return on his investment.

"At this point, I'd rather pay for overtime and bonuses and our [40] employees would love that," Peterson said. "We paid bonuses for 30 years [until 2008-09] and it can be 10 percent to 30 percent of pay. And we have a lot of employees who've been with us 20 or 30 years."

Peterson will match Internet prices to make a sale, but he's more reliant on repeat cus-

tomers who enjoy the ambience and selection of the store, particularly the higher-end, made-in-America products.

"No way we want to migrate to the bottom end," Peterson said. "I'd rather sell one \$250 chair than 10 for \$25. And I don't sell \$350 couches from China with springs that wear out in two years. Our customers expect quality and good service. And we're serving third-generation customers in some cases."

Family business

Peterson has spent nearly 50 years in the business, starting when he was 15. The Washburn High grad, who paid attention in shop class, started refurbishing old pool tables and selling them. He bought some materials and talked business as a young guy with Ken Peters, who opened the original Peters Billiards in 1957 near Nicollet Avenue and Lake Street.

Peterson continued mak-

ing money, sometimes a few hundred bucks a table, refurbishing and selling old tables while he studied architecture. In 1972, while a fifth-year student, Peters sold Peterson the business for \$10,000 plus about \$100,000 worth of inventory.

Peterson, who also designed and built several houses in the 1970s, moved Peters Billiards to its Lyndale Avenue location in 1976.

"I wasn't going to get rich as an architect," he said. "I have no regrets. I got the entrepreneurial bug. And this was it."

Carol, Peterson's high school sweetheart at Washburn, has always worked full or part time, and his three grown daughters grew up in the business.

One day this fall at the opening ceremonies for Hwy. 62, Mayor R.T. Rybak, himself a former small businessman, turned his remarks into a several-minute commercial for Peters and the nearby Bachman's flagship store. The may-

or encouraged those in attendance to thank the local businesses for their patience and endurance with a purchase.

Peterson, who worked closely with state engineers to make sure his new building loomed visibly above the rebuilt highway, said he was treated "fairly" by the city and state on the sale of his old land and during the lengthy reconstruction. At one point he considered a suburban location.

"We've been here so long, and I think this is about the busiest freeway intersection in the state," said Peterson, looking out a third-floor showroom window as cars raced by just yards away. "The freeway completion put everybody in a better mood."

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