



AT A GLANCE

TATUM VALUE ACCELERATOR

Rapid growth at D Magazine raises concerns about managing cash flow as receivables lag expenditures. Tatum produces financial modeling scenarios that deliver a predictable foundation for budgeting and cash management and negotiation of a new line of credit.

TATUM CFO SERVICES

Partnership model for business ownership appears to be out-of-sync with growth ambitions. Tatum provides rational recommendations for partner buyout that remove emotions from the decision. Ensuing refinancing led by Tatum places business on solid track for aggressive expansion.

TATUM OPERATIONAL LEADERSHIP

Concerned D Magazine's more formalized accounting and financial management procedures may conflict with highly creative, participatory company culture. Tatum-led initiative puts in place systems and processes allowing the business to establish benchmarks and standards while attaining sign-off and development input from employees themselves.

Transforming D Magazine

Brief Overview

"How Does Your Salary Compare?" pondered a headline on a recent edition of the Dallas monthly, D Magazine. Inside, readers could get the inside skinny on the pay scale associated with everyone from a Dallas Cowboys Cheerleader (\$12,000) to the president of energy provider TXU Corporation (\$4.8 million). For D Magazine, it was a signature cover story: highly-local, highly-provocative and bound to spark conversation.

Founded in 1974 by two University of Texas graduates, D Magazine has emerged as a standout within the vibrant market of regional magazines. The City and Regional Magazine Association has named D Magazine "Best City Magazine" three times since 2002; and today, D Magazine, with a circulation of 72,000, has become one of the best-selling magazines per capita in the nation on local newsstands.

Careful stewardship of the D Magazine brand has helped owner and co-founder Wick Allison expand beyond the monthly city magazine with a portfolio including Dallas CEO, D Home, D Weddings and a growing roster of custom publications for clients such as EDS, Texas A&M University and Texas Tech University.

Situation

Several years after re-acquiring D Magazine from then-owner American Express, Allison reinvigorated both the magazine's editorial reputation and its underlying business operations. With the title's renewal accomplished, D Magazine was enjoying revenue growth of 35 to 50 percent annually and contemplating the launch of additional publications that would bear the D brand. But accomplishing the ownership transformation while managing exceptional growth required a more sophisticated brand of financial management than the company previously possessed.

To manage the company's finances as he undertook an aggressive expansion plan, Allison wanted an experienced CFO. Concerned with accessing a top-caliber finance professional, Allison was introduced to executive services as an option and Tatum as the market leader. "Tatum seemed to provide exactly what we needed," says Allison.

"Now that we're well past the critical stage and have accomplished all of the original goals that led me to approach Tatum, I still want to keep that connection. It is irreplaceable."

- Wick Allison, Owner and Co-founder of D Magazine



Why Tatum

Tatum made sense for D Magazine from both a value proposition and a timing perspective. Not only was D Magazine growing organically and gaining momentum, Allison was eager to leverage the brand reputation as the foundation for a series of spin-off titles and a new custom publishing group that would produce high-end magazines for corporate and academic clients.

At the same time, Allison was thinking ahead to a prospective buyout of partners he assembled to reacquire D Magazine. Faced with a growing list of financial leadership challenges, he realized Tatum was the answer.

“It was time for professional financial management.”

- Wick Allison, Owner and Co-founder of D Magazine

Results

Immediately upon engagement, Tatum began structuring the accounting department, developing detailed budgets and devising broad financial models and forecasts. For this task, the Tatum CFO turned to the Firm’s Value Accelerator, a proprietary financial modeling solution that produces an optimum plan for forecasting and financing growing businesses.

Within a year, under Tatum’s guidance, Allison purchased the interests of his business partners by employing a seller financing approach Tatum structured and later refinanced after identifying a lender known for its publishing industry depth. Tatum also secured a line-of-credit facility to help manage the company’s cash flow.

During the same year, Allison completed the owner-financed acquisition of a series of community newspapers. “None of this would have been possible without Tatum’s financial leadership and negotiating skills,” Allison says.

D Magazine also turned to Tatum’s Technology Practice for support overseeing procurement and installation of a new IT network encompassing business and magazine production. Finally, Tatum has helped D Magazine establish and adhere to budgets and benchmarks while preserving the sort of “participatory” employment culture Allison believes is essential for a creative publishing company.

Among Tatum’s most important contributions was counsel to change an ownership structure not well aligned with the business and to present to Allison’s partners a logical rationale for divesting their interests. “Tatum’s recommendations made the buyout so logical to our partners that

what could have been an emotional upheaval became a rational process that everyone agreed on,” says Allison.

Tatum’s contributions have reached beyond day-to-day financial management to encompass support for strategic, long-term decisions. Tatum’s ability to provide business modeling expertise has been especially helpful and Tatum’s Intellectual Capital Forum is crucial, says Allison. “It provides loads of information that we would not have had access to without Tatum. It helps us feel secure in the decisions we make, and it has provided a leg up in negotiations with financing sources.”

Today, the monthly magazine Allison founded shortly after college is a part of a city’s DNA and stands as the origination point for a series of magazines and publications that share the owner’s longstanding goal of editorial excellence.

Even though Allison has succeeded in transforming D Magazine, don’t expect Tatum to go away. “Now we’re well past the critical stage and have accomplished all of the original goals that led me to approach Tatum, I still want to keep that connection,” says Allison. “It is irreplaceable.” 

About Tatum

Companies turn to Tatum when critical business challenges arise because we immediately deliver C-level financial and technology operational expertise via solutions tailored to the Office of the CFO. We understand the urgency of NOW and our VELOCI-T solutions were designed to help business leaders accelerate results to *create more value™*.