



AT A GLANCE

TATUM FINANCIAL REPORTING & FINANCIAL PROCESS IMPROVEMENT

Guided by Tatum, the company streamlined processes and put accounting on a regular, timely schedule.

TATUM RESTRUCTURING, CIO & CONTROLLER VACANCY

Led by Tatum, 99¢ Only Stores implemented new processes and interim leadership that laid the foundation for permanent staffing and cost savings.

Rapid growth strains financial systems and processes.

Brief Overview

As a deep discount retailer, 99¢ Only Stores provides customers across California, Texas, Arizona and Nevada with easy ways to save money. Yet the company's own financial and accounting processes were far from simple.

For large corporations in the retail sector, the sheer volume of transactions can make reconciliations challenging, from accounts payable to inventory valuation. Due to the low price of each item sold, the transaction rate at 99¢ Only Stores is equal to a retailer with several billion in sales. This volume of transactions created a strain on the IT infrastructure and associated applications. This infrastructure supported global sourcing, processing store sales, warehouse receiving, stocking and shipments, as well as the physical inventory process.

Thousands of employees working at more than 270 stores in four states resulted in a complex payroll system to administer not to mention hundreds of property and state tax returns. In addition, as a publicly traded company, 99¢ Only Stores had to reconcile all of its data in time for its quarterly and annual 10Q and 10K reports to the SEC.

Growth made this task increasingly more difficult. As 99¢ Only Stores grew into a billion-dollar firm, several systems and manual processes that had historically served the company well could not keep pace. Not only was transaction volume a challenge, but the move into multiple state markets required a more complex warehouse and distribution network to efficiently move the items to the stores.

Situation

Contract employees were doing much of the accounting work. Delays, system outages and other hindrances to timely communication were also straining the enterprise.

In the long term, 99¢ Only Stores needed to strengthen its internal and external relationships and rebuild its in-house expertise, with improvements

“The Tatum team effectively worked with other professionals on campus, built the organization, and transitioned themselves out in a very short time.”

- Robert Kautz, Executive Vice President and Chief Financial Officer, 99 Cents Only Stores

introduced in a way that reflected the company's corporate culture. In the short term, it needed to streamline its financial and accounting processes to ensure that mandatory reports as a public company were filed by the appropriate deadlines.

Why Tatum

Executives at 99¢ Only Stores realized that Tatum brought the right mix of skills to the table:

- ... experience with large, publicly traded companies
- ... knowledge of SEC reporting
- ... familiarity with the intricacies of the retail industry particularly retail financial systems

Tatum's ability to speak the Company's language and understand its needs was invaluable for gaining credibility and building good relationships with 99¢ Only Stores executives and outside parties.

Moreover, Tatum was able to provide a team of financial specialists on

short notice including an interim VP controller and IT advisor and a strong accounting second in command. With major reporting deadlines looming, this rapid availability was vital.


"Tatum fielded an experienced team within a week or two that brought retail and technical knowledge to a complex situation. They were able to work together and hit the ground running."

- Rob Kautz, Executive Vice President & CFO,
99¢ Only Stores

Results

Tatum quickly picked up the pace on the existing process to close the month-end and quarterly reports in a timely fashion, putting in place the processes and methodologies that enabled 99¢ Only Stores to speed up and maintain the process. The month-end reconciliation process was among

the first areas Tatum streamlined. This was a high priority since the Company was facing quarter end deadlines. Daily meetings with accounting staff helped improve the month-end closing schedule, including getting reports to the SEC and auditors within deadlines. In addition, Tatum was able to quickly open the lines of communication vital to proper relationships.

To support new processes with the right kind of staffing, Tatum simplified the structure of the financial organization, formalizing job descriptions, training, and measures of accountability. Within four months, the Tatum financial specialists were replaced by permanent employees, saving many dollars in consulting expenses. Two years later, all members of the core middle management are still working at the Company and continuing to make improvements on their own. 

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*[™].