

Making Headlines

News stories featuring the Neeley School of Business at TCU



August 18, 2010

Education

Kevin Davis joined the **Neeley School of Business at TCU** as director of Executive MBA recruiting and corporate relations.

Star-Telegram

August 20, 2010

Rangers, Six Flags took similar path to rebirth in Arlington - *By Mitchell Schnurman*

To understand how the business world has changed in the past two years, look no further than Arlington. The Texas Rangers and Six Flags, anchors of the city's entertainment district, have gone through very public financial meltdowns, followed by pitched battles for control. Each has emerged on the other side, reborn and revitalized. They have new ownership, new management, a ton of new equity and a lot less debt. There's no swagger yet, but hints of a winner.

The Rangers and Six Flags are more than capable businesses, with national brands and loyal customers. They simply had to be sized right and have the proper mix of cash and debt. Chapter 11 made that possible.

This form of creative destruction may come to exemplify the business cycle of the early 21st century, when companies loaded up on easy money, only to confront an economy in decline. It's a safe bet that the Rangers and Six Flags will grow organically, rather than with debt, even if it's a slower build.

The parallels between the Rangers and Six Flags are uncanny. Both had owners that expanded recklessly, failed publicly and got into trouble when revenue fell and lenders refused to rework loans. Hedge funds bought up their distressed debt and drove a hard bargain in bankruptcy court. Chase Bank was the leading lender, and the lead lawyer for both winning bidders was Tom Lauria of Miami, who threw out the first pitch at a Rangers game this month.

Each bankruptcy was contested, with creditors challenging management's reorganization plan and wrestling for control. The lead dog prevailed with the Rangers, outlasting Mark Cuban in a dramatic auction, while junior creditors outmaneuvered the favorites at Six Flags. Both brought a lot more cash to the table. Ultimately, the system worked pretty well. Many senior creditors were paid off, shareholders were wiped out, top leaders got the boot, and the restructured organizations got a fresh start.

Bankruptcy was expensive for Six Flags -- almost \$83 million in professional and finance fees, plus \$10 million in severance for firing Shapiro -- but it discharged a big chunk of debt. Six Flags owed \$830 million Aug. 1, down from \$2.7 billion before it filed for Chapter 11 last year. The company says it will pay about \$75 million in annual interest, compared with more than \$200 million a few years ago.

"These heavily leveraged companies can't cope with high interest payments and a bad economy," says **Stan Block, a longtime finance professor at Texas Christian University**. "I see a lot more of this happening in the future."



Summer/Fall 2010

Curricular Showcase: Neeley School of Business, Texas Christian University

When **Bill Cron, associate dean of MBA programs at Texas Christian University's Neeley School of Business** in Fort Worth, Texas, decided to incorporate additional action-based learning in the program, he opted for a unique co-curricular

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approach—one that unites second-year MBA students and a dozen alumni and hiring managers from non-competing local firms in an educational live case experience each month.

Students and company representatives rotate to twelve different companies throughout the year and engage in a three-hour live case experience at places like TRW, Southwest Airlines, Frito-Lay, and Lockheed Martin. The host company presents a challenge and the collective minds in the room share ideas and propose solutions.

“It is an extremely rich learning opportunity due to the diversity of the participants’ knowledge and experience,” says Cron. “Everyone benefits from the chance to hear other perspectives on a burning business issue.”

Not only a great learning experience, the live case your has been an excellent way to connect students with potential employers and build corporate relationships for the university. In turn, the companies have benefited from access to MBA students, exposure among other business professionals in the Dallas-Fort Worth area, and the ideas generated from the live case.