

Six Flags

In late December 2005, Mark Shapiro, an Executive Vice President at ESPN, left the network to become President and CEO of Six Flags – a collection of theme parks. Six Flags was founded in 1961 with its first park in Arlington, Texas. That first property was called Six Flags over Texas with the name referring to the six flags which flew over Texas during its history, i.e. those of Spain, France, Mexico, the Republic of Texas, the Confederate States of America and the United States of America.

In early 2010, Shapiro had been on the job for four years. Six Flags was the largest regional theme park operator in the world with 17 properties operating in the U.S. (See **Exhibit 1** for a map of locations and **Exhibit 2** for detailed description of the specific properties.) While Shapiro and the new management team were attempting a “turnaround” of Six Flag fortunes, it had been difficult especially given the economy of late. Attendance peaked at 28.7 million visitors during 2005 but had since dropped to 25 million per year.

Financial results for years 2005-2009 were as follows:

Calendar Year (\$Millions)

	2009	2008	2007	2006	2005
Park Admissions	489.5	534.8	524.2	522.6	524.4
Park Food & Merchandise	381.0	427.5	408.0	393.8	398.3
Sponsorships	42.4	59.0	38.6	27.7	20.4
Total Revenue	912.8	1,021.3	970.8	942.2	943.1
Net Loss	<194.1>	< 79.9>	<215.6>	<271.2>	< 76.4>

Source: Six Flags Form 10-K Filed March 5, 2010 for Year Ending December 31, 2009

Six Flags was heavily burdened by debt and filed for bankruptcy in June 2009 in order to reorganize its debt to give it a chance to prosper in the longer run. Six Flags estimated that the cost of building a single park of comparable scale to a typical Six Flags would be \$300MM. As a result of this and the scarcity of appropriate land, Shapiro did not expect much new competition in the industry. The theme park industry was expected to grow at about 2% per year over the next five years. Financial success for Shapiro and his team would require that Six Flags grow at about double the industry rate.

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