



RAC
Rent-A-Center

Multi-Brand Machine

Family business accelerates growth

WRITTEN BY
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**Shirin
Kanji, 38**
*SVP/Chief Investment
Officer, Impact
Properties; President,
Impact RTO Holdings*

Company: Impact Properties,
Impact RTO Holdings

Number of units:

76 Rent-A-Centers, 6 hotels
(Marriott/Starwood, Hilton, Hyatt),
3 BurgerFi, 2 Carstar,
1 Starbucks outlet

Family: Wife Swathi,
daughter Serena

Years in franchising: 9-plus

Years in current position: 9-plus

When we last spoke with Shirin Kanji in early 2016 (see MUF, Q1), his company, Impact RTO Holdings, had just closed a 40-unit deal with Rent-A-Center. It was a pretty big move for the family business, which until that point had primarily been in the hotel space. Three years later, we wanted to know how Kanji had transitioned into operating the Rent-A-Centers.

“So well that we’ve added 36 more Rent-A-Center locations in Florida and Georgia,” he says. “We also entered the Carstar brand by acquiring two existing collision repair shops and converting them to Carstar shops.” And of course, there are plans to open more.

Don’t think the hotel side of the business languished while all this diversification was going on. Since early 2016, Kanji says, the company has built three more hotels in Florida: a Hyatt property in Tampa, a Hilton property in Gainesville, and a Marriott property in Jacksonville. The company also opened BurgerFi restaurants in Sarasota and Seminole.

That’s a lot of moves in just three years. Kanji says it’s all part of the plan to diversify the company’s holdings and allow them to leverage their infrastructure and experience. And it’s meant a lot of hiring. Impact has added employees to its web sales, HR, marketing, and other departments. “In early 2016, we had roughly 165 or 170 employees,” says Kanji. “Today, the organization has nearly 400.”

All this growth has produced significant gains in annual revenue: at the beginning of 2016, Impact was a \$60 million company. Today, that's grown to more than \$85 million. And, despite all the changes in the retail space, Kanji says the company has been able to maintain positive sales growth. There are some emerging web-based retailers in their space, so Kanji and his team are keenly aware and track the impact this has on customer expectations about speed of delivery and cost.

With all the new pieces in place, Kanji says the company's goal for the next three years is to drive same store sales growth by focusing on service and creating a positive experience for customers. "We aim to maintain our margins and focus on the P&L, while looking at trends in labor costs, health insurance costs, commodities costs, and managing all of those costs as we grow same store sales."

PERSONAL

First job: Working for my father during the summer breaks in high school in Tampa at one of our hotels. I spent time providing support in all areas of the business, spending time working in housekeeping, maintenance, administrative, and the office. I was able to bounce around and get valuable experience in all of those departments.

Formative influences/events: Watching my father and uncles grow our small, independent motel business in a college town back in the 1980s into the multi-brand and asset company that it is today, developing lifelong relationships with all of our franchisors and partners along the way.

Key accomplishments: I'm always focused on the future and upcoming accomplishments. There is a lot of potential for growth and opportunity in both business and life. I like to keep my sights on the next goals.

Biggest current challenge: People—recruiting, training, and retaining team members at all levels of our company who can fit our culture and ambitions.

Next big goal: To be the franchisee and employer of choice. We want franchisors to think of us first when opportunities arise because of the reputation we have established as both a successful operator and a quality employer.

First turning point in your career: Getting to work for a large private equity firm before I rejoined the family business. It really tested me as an individual and highlighted what I was good at and what still needed improvement in my skill set. Without this experience, I would not be in the position I am today professionally.

Best business decision: The best business decision for me is always to try something new, whether that's a new business model, brand, or procedure. It's hard to innovate and grow unless you are willing to try new things.

Hardest lesson learned: Being smart is not enough to succeed in business.

Work week: In a family business you are always on the proverbial clock in order to keep all of your businesses running well!

Exercise/workout: Usually in the mornings before work, 3 to 4 times a week.

Best advice you ever got: Focus on the things you can control.

What's your passion in business? Watching everyone within our company succeed as we grow our business together.

How do you balance life and work? If you love what you do and who you are with at work and at home, life is in balance.

Guilty pleasure: I have a sweet tooth.

Favorite book: It's hard to pick just one, but a few of the recent books I've read that I really enjoyed include: *The ONE Thing* by Gary Keller and *Shoe Dog* by Phil Knight.

Favorite movie: Again, it's hard to just pick one. "Saving Private Ryan," "Coming to America," and "Braveheart."

What do most people not know about you? I'm a history buff and love learning more about the past from documentaries, books, and indulging in history of any type.

Pet peeve: Drama.

What did you want to be when you grew up? A businessman like my father.

Last vacation: Charleston, Palmetto Bluff.

Person I'd most like to have lunch with: Naval Ravikant (living) and Marcus Aurelius.

MANAGEMENT

Business philosophy: Efficiency is doing things right. Effectiveness is doing the right things right.

Management method or style: Our style has not changed through the years. We strongly believe in giving our people the resources and tools they need to succeed. Attention to people and process, not ideology.

Greatest challenge: Keeping the first things first. In the age of distraction and short attention spans, it is important to keep extreme focus on the key priorities day in and day out.

How do others describe you? Hardworking, honest, loyal, knowledgeable, no-nonsense.

One thing I'm looking to do better: Slowing down. When I get going, I go pretty aggressive and fast. Taking life at a slower pace is an area I believe I can improve.

We want franchisors to think of us first when opportunities arise because of the reputation we have established as both a successful operator and a quality employer.

How I give my team room to innovate and experiment: Empowering them to come up with ideas and solutions to our everyday business challenges. It's okay to try something new and different as long as we can learn from the experience and get better while moving toward the ultimate solution.

How close are you to operations? From an ownership perspective, we are hands-on across all of our businesses. But ultimately, our goal is to let our people do what they do best and provide the support they need on a daily basis, leveraging our vast experience across disciplines to drive the business forward.

What are the two most important things you rely

on from your franchisor? Maintaining a strong relationship and relevance with the brand's core customer and innovating in all areas of the business model to improve unit economics for the franchisees.

What I need from vendors: Reliability and responsiveness.

Have you changed your marketing strategy in response to the economy? How? While it seems that consumer preferences seem to change quite often these days, in this economy your product or service has to be of value and relevance to your core customer. As such, the marketing strategy needs to be highly dynamic in terms of which channels you are speaking to your customers in, and how you use their feedback to constantly iterate your offering to meet more of their needs, when they have them, and as conveniently as possible.

How is social media affecting your business? Social media continues to drive higher levels of consumer awareness around products, services, and price discovery. It also provides real-time customer service feedback on how you are doing. Sometimes it's good reading and other times it is quite sobering. It keeps us on our toes at all times!

How do you hire and fire? Take time to find the right fit for our culture. When it is not working out, we move on and have a suitable replacement ready to go.

How do you train and retain? In today's tight labor market, retention is critical to being able to maintain and grow your infrastructure as the business scales up. We try to align incentives at all levels of the company to the unit-level economics and give a meaningful

stake in the outcome. When the business grows, we all grow together.

How do you deal with problem employees? Quickly!

Fastest way into my doghouse: Not taking care of our customers.

BOTTOM LINE

Annual revenue: \$85 million-plus.

2019 goal: Our focus is on double-digit organic revenue growth.

Growth meter: How do you measure your growth? Total sales, EBITDA, and net profit.

Vision meter: Where do you want to be in 5 years? 10 years? We are well ahead of schedule of the goal we set in 2016, which was growing Impact to 100 units and \$100 million in total revenue across all business lines.

How is the economy in your regions affecting you, your employees, your customers? Our businesses are concentrated within eight states in the southeastern U.S. These areas have experienced steady growth over the past few years and show no signs of slowing down.

Are you experiencing economic growth in your markets? Most definitely!

How do changes in the economy affect the way you do business? We've been fortunate to have experienced a long expansion cycle in the economy, and it has provided ample opportunities for us to grow our sales and expand our offerings to our various customer bases.

How do you forecast for your business? Staying in tune with the local economies where our units are located.

What are the best sources for capital expansion? The capital markets remain robust right now with all forms of capital available at attractive terms.

Experience with private equity, local banks, national banks, other institutions? Why/why not? We have worked with each before and have found all of them to be valuable sources depending on our business needs. They each have an important role to play in the markets. As an owner, you have to be honest about what's best for your business and the right place to get it.

What are you doing to take care of your employees? Offering the best compensation, benefits, incentives, and training we can.

How are you handling rising employee costs (payroll, minimum wage, healthcare, etc.)? The value of people to our businesses cannot be overstated. In some areas, such as

wages, we are able to generate higher returns by getting the right fit for our businesses. In other areas, such as benefits, we get creative to offer more value to our team, while also being able to reduce the costs of delivering these benefits to them.

How do you reward/recognize top-performing employees? Improved compensation, benefits, and opportunities for advancement within the company. We also use a great tool internally (YouEarnedIt) that enables us to provide daily recognition through a company stream similar to what you see on social media platforms. The team loves it.

What kind of exit strategy do you have in place? I am very fortunate to be part of a family business. We are long-term owners and operators and get to underwrite our growth and future with that perspective. ■

