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CEO **Tariq Farid**, center, with VP of E-Commerce **Somia Farid Silber**, left, and President **Cheikh Mboup**, right, want to transform Edible Arrangements.

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BEHIND THE SALES

Get the most out of refranchising

Recent years have brought a rise in refranchising, or taking corporate-owned stores and flipping them into franchised ones, either by selling to existing franchisees or bringing new 'zees into the system. For Michael Landry, VP of franchising for Rent-A-Center, a resale program meant increased revenue, lower costs and better store performance in some markets.

The brand, a lease-to-own concept offering mainly furniture and electronics, piloted its refranchising efforts in 2015 when it sold 40 Rent-A-Centers to Shirin Kanji, whose family owned hotels.

"Since it's a niche business not as many people are familiar with, we were taking outside-the-industry investors who are primarily franchisees of other national concepts, pairing them with operators we know from our business, and selling them large groups of stores already open—a turnkey operation," Landry said.

▲ Michael Landry

Between 2018 and 2020, Rent-A-Center refranchised 312 stores. The real challenge was the operational handover of large quantities of stores in short periods of time. Rent-A-Center "perfected that process," Landry said, by having a dedicated team working with franchisees with the goal of retaining 100 percent of store workers and managers to minimize disruptions.

Today, Rent-A-Center's more than 2,000 stores are 84 percent corporate-owned and 16 percent franchisee-owned. The brand was able to use the millions in cash generated from reselling to pay down debt, as well as invest in IT and tech enhancements. The key to their strategy? Making sure incoming franchisees were good fits. They had three final candidates for their first refranchised stores—a QSR group, a small private equity firm and the Kanji hotel family.

Kanji, Landry said, was clearly a successful operator who also cared about people. "Had our first franchisee not been as successful, the program likely would've failed, and I'm pretty sure my company would've fired me after I convinced them to do it," he said. FT

—*Callie Evergreen*

FT ONLINE

Flynn, NPC Agree to Major Deal

The massive sales process for NPC International's more than 1,300 Pizza Hut and Wendy's restaurants is nearly complete following separate asset purchase agreements with Flynn Restaurant Group and Wendy's International. NPC filed for bankruptcy in July 2020. Flynn Restaurant Group will take all of the more than 925 Pizza Hut restaurants, down from the 1,229 NPC reported at the end of 2019. Flynn will also take over close to 200 Wendy's locations in the Salt Lake City, Central Maryland and two Baltimore-area markets. In all, Flynn paid $522.5 million for the restaurants. That's roughly $475,000 per restaurant, including both Pizza Hut and Wendy's. Flynn will also pay for restaurant-level cash, inventory and $8 million in pre-agreed construction costs for the many NPC restaurants in some phase of construction. The other 194 Wendy's restaurants involved in the bankruptcy proceedings were split among Delight Restaurant Group (54 units), Legacy Restaurant Group (35 units) and Yellow Cab Holdings (54 units). Schmidt Family Restaurant Group and Superior Restaurant Group will each take half of the other 51 Wendy's restaurants. The deals are expected to close by the end of the second quarter of 2021.

FAT Brands, Fog Cutter Merge

A corporate restructuring at FAT Brands, the parent of Johnny Rockets and Fatburger plus seven other brands, will remove restrictions and allow more options to purchase franchises in 2021, said CEO Andy Wiederhorn. FAT Brands is merging with its largest shareholder, Fog Cutter Capital, the entity that owns 80 percent of shares and is controlled by the Wiederhorn family. In order to preserve more than $100 million of net operating loss carry-forwards for tax purposes, Fog Cutter could not fall below 80 percent share ownership; with the merger that limitation is dissolved. That in turn will free up options for FAT Brands as it continues an acquisition push. FAT Brands bought Johnny Rockets in August and Wiederhorn said he expects to make "at least two acquisitions in 2021." FAT Brands owns Fatburger, Johnny Rockets, Buffalo's Cafe and Elevation Burger, among others.

BoxUnion Buys Title Boxing

Los Angeles-based BoxUnion, just three years old and with three stores, purchased industry heavyweight Title Boxing and its 166 units. BoxUnion CEO and co-founder Todd Wadler said he got a call last September from John Rotche, the well-known franchise executive who invested in Title Boxing in 2012 when it had 20 clubs. "When we started BoxUnion, our goal was always to scale it. We've looked at a number of different acquisitions over time," Wadler said. Rotche was interested in buying one or more boxing franchises, but Wadler turned the tables and said he wanted to be the acquirer. Jose Feliciano, a client of BoxUnion and a managing partner and co-founder for Clearlake Capital in Los Angeles, is the financial backer for the deal, along with Kwanza Jones, the American artist, entrepreneur and philanthropist. The two were classmates at Princeton and their firm is known as KJSI, for Kwanza Jones & Jose E. Feliciano Supercharged Initiative.

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