


**GUEST ROOM**

**GOOD TO GROW**

Classic Party Rentals president and CEO John Campanelli thinks big

By Lisa Hurley



“WE DON’T WANT EGOMANIACS. I ASK THE QUESTION, ‘HOW BIG A TEAM CAN YOU PLAY ON?’”

**With 26 outlets** in nine states and revenue expected to hit \$300 million this year, Los Angeles-based Classic Party Rentals has changed the face of event rental. But president and CEO John Campanelli doesn't want simply a big company—he wants the best company.

**SPECIAL EVENTS MAGAZINE:** You set an ambitious plan—an acquisition a quarter—and your team has managed to do even better than that. How does the next six months look?

**JOHN CAMPANELLI:** We've added nine locations since February, including La Bella and Panache, which were really nice-size acquisitions. Going forward, we won't do nine in a six-month period, but still one a quarter, and more substantive, large acquisitions.

**SPECIAL EVENTS:** Is there a profile you look for when considering an acquisition?

**CAMPANELLI:** We focus on the market first. We like growing populations—California, Phoenix, Florida, etc. We like markets with higher per capita incomes. Within those markets, we are trying to find very good companies with good reputations. The best company is more important than the biggest company—although in many cases, they are both. We focus on companies with great service who are outwardly focused—market-centric, focused on the client—and with a well-maintained inventory. If they have a few deficiencies internally, we can fix that. But if they have a bad reputation and they are not great on service, that's more cultural, and it's hard to change. We want first to be excited about the market and the clients and the company. Finally, the competition in the market makes it interesting to us.

**SPECIAL EVENTS:** It seems that you have consistently retained existing management in your acquisition. What are the benefits of doing this?

**CAMPANELLI:** One reason is that generally speaking, employees and clients trust that leadership, so maintaining that continuity is important. We may screen companies out because we don't like the leadership, or there may be issues about the leadership—they want to leave afterward, for example. Also, we run our company as a network, so we are looking for good team players. We don't want egomaniacs. I ask the question, "How big a team can you plan on?" If you're a team of one, you probably are not going to fit our organization. Then we centralize a lot of the administrative stuff—insurance, payroll,

workers comp, benefits, payables—which allows even more time for them to focus on their clients and their markets.

**SPECIAL EVENTS:** Is the tightening credit market affecting your expansion plans? How about servicing your existing debt?

**CAMPANELLI:** We re-capitalized and refinanced our business in December, so we had perfect timing. We have raised the level of awareness of the event rental industry. We are committed to the long-term strategy of building up this market and this company into a national brand. So in the short term, with the credit crunch and other people having a harder time getting money, I am actually viewing it as an advantage. As I say to my investors, now we should be going faster, not slower.

**SPECIAL EVENTS:** You have a strong presence throughout California and through the Sunbelt to the Southeast. Will you broaden that footprint?

**CAMPANELLI:** We won't be in every market, and there are a number of the Top 10 markets in the U.S. that are missing from our portfolio. So we will continue to look at the Midwest and the Northeast. We love the California market but diversified our business outside of California so as not to be dependent on one economy. Organic growth in our existing markets is still No. 1. It's more important for us to grow where we're at than to go elsewhere.

**SPECIAL EVENTS:** You've told us before that training staff is important to Classic's operations. How is this handled with acquisitions?

**CAMPANELLI:** When we acquire a company, we do our own assessment, but we also do a client survey and an employee survey. Training comes up in almost all the surveys that we do with employees, and some of the lower scores come out there. We have a director of safety—that is a key job—and a driver training program.

**SPECIAL EVENTS:** What's new in your inventory?

**CAMPANELLI:** We are focused on the high end. We like to bring out new stuff in L.A. and spread it out from there. A lot of our ideas come from our clients. We try to listen to our clients and bring that forth into what we are doing. We will continue to work at raising the level of our service, our professionalism and responsiveness in all that we do. ●

For more information on **Classic Party Rentals**, visit [www.classicpartyrentals.com](http://www.classicpartyrentals.com).