

And Now A Word From Your Employees

By Ed Winn III

There is good news and bad news from the latest APRO-sponsored survey of employee attitudes and opinions about their jobs, their employers and their industry. The Association hired America's Research Group to conduct a random-dial telephone survey of current rental-purchase employees. The survey asked 40 questions of 525 rental-purchase employees and got answers with a 4 percent margin of error. The survey tabulated the raw results and then cross-tabulated the findings by company size, region of the country, size of market, job title, age, sex, educational level and gender.

The survey requested the employees who were interviewed to put themselves in one of the following categories: sales (32 percent), store manager (30 percent), account manager (14 percent), assistant manager (10 percent), delivery (7 percent), secretary (2 percent) and other (6 percent). First the good news. Ninety-five percent of rental-purchase employees feel appreciated at work. That is a high percentage and a good one. If that percentage ever falls to 80 percent in a company, the business will self destruct.



Who's Telling Your Story To The Public?

Among the few who feel unappreciated, most are in delivery and sales positions. Over half of those dissatisfied cited pay as the cause of their dissatisfaction. When cross-referenced by store size, the larger the company, the less appreciated the employee feels. The survey drew the general conclusion that the industry is not paying enough attention to delivery people who are the most dissatisfied employees and also are likely to have the most unsupervised contact with customers when delivering and picking up merchandise.

It is not unusual for customers to ask delivery people about the truth and honesty of the transaction. "Is this really a good sofa?" "How does this company treat its other customers?" "Are they as hard on other customers as they are being with me?" The survey indicates that a certain percentage of delivery people, the dissatisfied ones, might not be answering these customer questions with the company's best interests in mind.

More than 90 percent of store employees indicated a good working relationship with the home office overall. However, one-third of delivery personnel and one-fourth of the sales personnel said that they did not have a good relationship with the home office.

Over 95 percent of store employees feel that rental-purchase stores offer a valid service to customers and 90 percent feel that their store offers quality products to customers. Also, more than 90 percent feel that the store offers competitive pricing compared to the services offered. These findings dispel the idea that store employees secretly harbor feelings that the business is ripping off its customers. Almost half of rental store employees have been rental store customers in the past.

The High Cost of High Relationship Businesses

Now for the other news. It is an old saw by now that rental-purchase is a relationship business, not a product-driven business, which distinguishes it from traditional retail selling. The best location, the best products and the lowest rental rates in town will not grow BOR without the right kind of people in the store. Except perhaps for some senior citizens and their pharmacists, no other American customers have more regular contact with employees than do rental customers with rental store employees. At the same time, no other industry except for fast food has a higher turnover rate than rental purchase.

The relationship established with customers is entirely dependent upon the employees. Of course, high turnover has a corrosive effect on establishing these good relationships with customers.

The customer relationship begins immediately. Somebody in the store first meets the customer and quickly gets to know the customer's personal references - friends, neighbors, relatives - learning about the customer's life in far more detail than in another store setting. Somebody in the store will see where the customer lives when the unit is delivered. If it is a successful delivery, the customer and the employee will spend time together learning the features of the product and exactly how it works. Then, for many customers, somebody in the store will see them at least 4.3 times a month and will often talk to them more often than that, discussing the account, taking a commitment, cajoling, wheedling, leaving door hangers, leaving phone messages and making a trips to the house for a payment.

All this contact is creating a relationship, a good one or a bad one, with the customer. It is not being written down anywhere, this history, nothing more than the wisp of a note from time to time in the customer's file. Instead, this complex evolving relationship with the customer is being carried around in the heads of one or more employees in the store.

That history, which is the basis for the relationship that the customer has with the store, is also the key to dealing with the customer and with keeping that customer a happy, paying one. That history, as it develops, informs the store employee how to treat the customer. When the employee leaves, the history is lost, the relationship is ended and a new one must be created.

A new employee will not know that mama, who has been loaning the customer some money to get caught up on a few payments from last summer because the boyfriend got drunk and stole all the customer's money, had to raise bail money for another child two weeks ago. The new employee also will not know that the customer got a new job last week and is going to be getting paid on Saturdays instead of Wednesdays now, so that the paychecks and payments are now going to run a week behind. He also does not know that the customer's dog died over the weekend, causing great sadness throughout the neighborhood. This customer, a gregarious sort, was also responsible for bringing in four new customers on her street during the past three months, which are all still good, paying accounts. Finally, the new employee does not realize that now is not the best time to be pressing too hard if the store wants a customer and not a pick-up.

The employee who left with the story in his head knows that the store early on took a chance and gave this customer a break. The payment card is spotty, but this customer is loyal beyond all measure because somebody at the rental store took the time to listen to her story and cut her a little slack when the going was especially rough.

The new employee will only see an account in arrears and a chance to clean up a little credit and impress the boss. Just that quick, the history, the relationship and the account are all lost forever and probably the other accounts in the neighborhood as well before too long,

because that is how the business works.

Turnover Costs RTO More

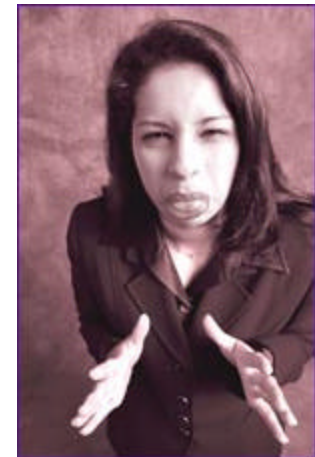
Turnover costs the industry an incalculable amount. In retail, according to Beemer, one replaced salesperson on the floor costs an average of \$18,000 in lost sales, not counting the additional expense of training the new person. Nordstrom's, a major retail chain with a reputation for personal service, calculates the loss from turnover at \$36,000 per employee. Can it be much less in a rental store? Might it not be even higher?

Turnover also affects morale among the employees who stay. One-half of rental store employees surveyed recognized that turnover is high in the store. What turnover means for the employees who are left is more work. There is always a gap between losing an employee and finding a replacement and then the new person must be trained. During this time, the other employees must pick up the slack and do the job for the missing employee and then the new one, until he or she gets up to speed. All of this is often done without extra compensation or recognition.

The survey showed that two-thirds of rental store employees have been with their current rental company less than two years. Fewer than 18 percent have been with the company for five years or more. The main reasons cited for leaving rental companies were the lack of opportunity for advancement and pay and benefits. A full 25 percent of current rental store employees have some level of job dissatisfaction. Ideally, this percentage should be 10 percent or less.

Are You Paying Enough?

Among store employees, store managers were the happiest; delivery and sales people the least satisfied. Among dissatisfied employees, one-half cited pay as the reason for their dissatisfaction. Rental-purchase employees feel they should be paid more than their retail counterparts. This is because they have more contact with customers and inevitably that means more confrontations with customers. Compared to retail, rental-purchase store locations are often sub-par, giving rise to personal safety and security issues. Rental-purchase stores are also often understaffed due to the high turnover, which means more work for the employees who are on the job.



When asked whether they thought their opinions could make a difference in the company, only 45 percent answered positively. Ideally, that percentage should be two-thirds or higher. The Beemer employee survey drew the general conclusion that the industry as a whole is not paying enough attention to delivery people who are the most dissatisfied employees in the industry and who are likely to have the most unsupervised contact with customers.

Training Issues

Training is an issue in rental companies. Only one-third of employees reported definable training. One half of employees cited "on-the-job" training, which most often means following another employee around for a few days watching what is done. Management experts decry on-the-job training as not really being training at all. Real, definable training involves classroom instruction, assignments, role-playing, evaluation, testing and feedback.

Employees in the survey generally did not talk about their company's manuals and policies when discussing training. This absence raises the question whether rental employees know the rules and procedures of the organization. The survey shows that the industry is doing some things well insofar as its employees are concerned and there is room for considerable improvement in other areas. The survey includes an executive summary, key marketing recommendations, data analysis, observations and a marketing plan. Copies of the complete survey are available to APRO member companies through the home office.

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