



HURRICANE KATRINA

AND THE WAVE OF RTO INDUSTRY SUPPORT

BY SHELLIE FAUGHT

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On Monday, August 29, Larry Goad watched as news bulletins reported that a Category 4 hurricane named Katrina had made landfall along the central Gulf Coast. Two days later, the president of Tennessee's Zion's Rental-Purchase was on the road to Baton Rouge, Louisiana.

Goad, an APRO board member, drove more than 750 miles through gas shortages, traffic jams and hurricane ravaged territory to serve in the Tennessee unit of the Southern Baptist Disaster Relief (SBDR) team. He spent eight days in Louisiana, helping the Red Cross' mass feeding mission run smoothly. An all-volunteer organization, the SBDR sends help into disaster areas to perform behind-the-scenes tasks such as cleaning up, rebuilding, child care and mass feeding. Goad was called up by Tennessee's statewide unit of the SBDR and spent much of his time in Louisiana unloading, organizing and inventorying up to seven tractor trailers full of food per day. The food that Goad organized was used by the mass feeding crew to prepare meals for evacuees. In the aftermath of Katrina, the mass feeding crew in Baton Rouge prepared and distributed as many as 30,000 meals a day.

In his two years of volunteer service, Goad has served on crews that assisted with disaster relief in Florida. However, he says, witnessing the aftermath of Hurricanes Ivan and Francis did little to prepare him for the devastation caused by Hurricane Katrina. "I've been on several relief crews before," says Goad. "I know what the experience is like, but the damage done by Katrina was so big and so widespread, it was unbelievable." [CONTINUED ON PAGE 24]



“UNBELIEVABLE”

was the most common expression used by newscasters and reporters to describe the destruction in the Gulf Coast. Hurricane Katrina originally made headlines as a small, Category 1 hurricane, when it made landfall just north of Miami, Florida, on August 25. Four days later, it landed near New Orleans, Louisiana, as a Category 4 storm. Within hours, Katrina's storm surge had breached the levee system that protected the city from Lake Pontchartrain and New Orleans flooded.

In the days following, Federal Disaster Area declarations blanketed approximately 90,000 square miles of Alabama, Louisiana and Mississippi. Damages were estimated to be higher than \$200 billion. An estimated five million people were believed to be without electricity in the sweltering Gulf Coast heat. More than one million people were displaced, causing a humanitarian crisis on a scale unseen in the United States since the Great Depression. On September 3, U.S. Homeland Security Secretary Michael Chertoff described the aftermath as “probably the worst catastrophe, or set of catastrophes” in the country's history.

As the rest of the nation watched the news stories roll in, another

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Southern Baptist Disaster Relief workers in Louisiana cooked meals that the Red Cross delivered to hurricane victims. Cambros, the red boxes pictured above, kept food hot for up to 12 hours. The Tennessee SBDP unit cooked 30,000 meals per day for the Hurricane Katrina relief effort.

RTO HELPED ... AND ALSO GOT HIT

APRO PRESIDENT SHANNON STRUNK'S HURRICANE EXPERIENCE



I'm a positively optimistic person. I have made it my mantra to be optimistic and try to show people how to use that outlook to better their lives. I must admit though, over the past weeks my attitude has been tested.

On Friday, August 23, it became apparent that a storm could hit the Mississippi Gulf Coast where my family and I live and work. My wife, Cynthia, and I began working the “Hurricane Preparedness Checklist” that we developed for our company. As Pascagoula, Mississippi, residents and business owners, we have done this many times in the past and usually found that our efforts were not necessary. On Saturday morning, I went to the home we were renovating and picked up bricks, lumber and construction trash that could become a potential hazard in the storm. The whole time I was thinking what a waste it seemed to be. Like many of the warnings before, Katrina probably wouldn't amount to anything that bad.

That afternoon, we went back to the office and started calling stores that were in the National Oceanic and Atmospheric Administration's hurricane cone and finished working our preparedness checklist. Cynthia got all of our personal non-replaceable belongings and we packed them in a truck to take with us. We packed the home office computer systems, the payroll office and accounts payable office. We are used to creating a mobile home office. After many wasted packing events we were doing it again, but by then the storm was beginning to look worse.

As we left the house, we made a mental note of what Pascagoula looked like, more out of habit than experience, and drove down by the beach saying a silent good-bye to our home and community. From there, we headed to our Bay Minette, Alabama, store, which was our choice for an evacuation shelter this time. We always gather the family and some friends and go to a store that is far enough away from the coast, yet close enough to get back quickly to survey the situation and get things going again. The stores make a good shelter since we have plenty of mattresses, couches, refrigerators and televisions. This time, we had about 30 people with us. We set up televisions for the kids and some for us to watch the

progress of the storm and wait until we could go back home. This time was different from all the others, though. We watched as the storm whacked us.

On the drive back to Pascagoula, all we could do was say our prayers—prayers of thanks and prayers of hope. First, we went to the office and warehouse. From the outside we could see it was intact, but from the smell when we entered it, we could tell it had flooded. Next, we went to our house. It also looked normal from the outside, minus some roofing and a thin layer of mud everywhere. We pulled the plywood off the back doors and opened it up. I had never seen a house that had flooded so it was an amazing sight for me. The water had seeped into the house so fast that everything floated. We had furniture in the wrong rooms, refrigerators were on their backs and the water heater had been ripped from the wall. It was as though someone poured bayou mud in, shook the house up and set it back down. Everything that was on top of the furniture for safe keeping was now on the bottom with the furniture on top of it. Finally, we went to our home that was under renovation.

We had heard that there weren't any houses left on the beach, so we were expecting the worst. The roads to the house

were littered with five- and six-foot piles of rubbish, boards and furniture; all that remained from the houses the storm had torn up and deposited along the path. When we got to the house we could see it was still standing, but the water had pushed completely through the first floor of the house and most walls were torn down. Much of the exterior had been torn away. The bottom floor looked terrible, while the top floor almost looked untouched. It was hard to believe with all this damage that we were a few of the lucky ones who had anything left.

I always answer the question “how are you doing?” with a loud “great,” but then it would not have been truthful right after Hurricane Katrina. All I could muster was a “fine.” Every day, after working at the office, we went to the house to try to recover some of our belongings—and every day the view would change. One day the shells of houses were there and the next day whole blocks had been bulldozed. It has become hard to remember what it used to look like. We find ourselves among the thousands of homeless and we are now living with our daughter and her family in Mobile, Alabama. There is just not enough time in each day. We spend most of our time trying to get

some order back into our lives and the lives of our employees. We all want to be back to normal, but we know that the normal we knew is gone forever.

You simply can't buy enough insurance to cover these events and the impact they have on your company. One week after the storm, 20 of our 50 stores were still closed. Three of the stores' buildings were completely destroyed or uninhabitable. We were certain the seven stores directly on the coast had lost most of their customers. When we toured the area, all we saw was destruction. After talking with APRO members Bob O'Connor and Richard Rose about their storm-related experiences, we put a plan together to help our employees and our customers and keep the company going.

Thankfully, our worst business fears were not realized. As I write this, four weeks later, we have 48 stores running. By selling products at very low prices and renting even more product, we are able to help our customers and keep the company running and providing jobs for all of our great employees. Cynthia and I are certain that a positive attitude is the key through times of trouble. If you consider the damage and destruction in Mississippi alone, Katrina would still be the worst natural disaster to hit the United States. In the face of that tragedy, it is great to witness and participate in the strength of those overcoming the event, especially our employees.

I am very proud of what APRO and its generous members have done for the employees of this fine industry. Again, APRO is there when it is needed. I am also proud of the spirit of our employees and happy to see the resilience and pride they take in building our company. If you call me today and ask how I'm doing, I will once again answer “great!” It is great to love what you do for a living and be able to help people doing it.

Having shared these thoughts with you, know that Cynthia and I are both thankful that all our employees, friends and family survived Katrina. We are also thankful for all of the friends in our industry who have shown great concern, compassion and generosity during this disaster. ■

Shannon Strunk is the president of Baber's Inc. in Pascagoula, Mississippi.

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member of the rent-to-own industry was also on the front lines, performing clean-up operations for the recovery of the Gulf Coast. Terry Beville, APRO treasurer and vice president and CFO of Florida's Buddy's Home Furnishings, traveled to Mississippi to serve on a clean-up crew with the SBDR. He and his crew donated their time and their labor to help residents haul off downed trees and other hurricane debris. "We supplied basic labor to get stuff cleaned up and get life back into some semblance of order for them," says Beville.

Across the nation, RTO professionals took up the call to help those affected by Hurricane Katrina with any means possible. In Tulsa, Oklahoma, Stanley's Rent To Own partnered with a local church to collect and deliver supplies to evacuees in Baton Rouge. Together, Stanley's Rent To Own and the Church at Claremore collected diapers, personal items, clothing, canned goods and bottled water that would be delivered to the World Faith Christian Center where more than 600 evacuees were housed and cared for, according to Craig Stanley, owner of Stanley's Rent To Own. Stanley's took at least one of its 14-foot box trucks to Baton Rouge on September 25.

"The outpouring of support has been tremendous," says Stanley. "Everyone has come together for a common goal, to help the individuals and the families that have lost so much."

RENT-TO-OWN FAMILIES HELPING FAMILIES OF RENT-TO-OWN

Buzz's Rental-Purchase was just two weeks away from opening their sixth store in Mississippi when Hurricane Katrina blew in and damaged four of the company's six stores beyond repair. Of the Buzz's stores across Louisiana, Mississippi and Texas, three were in New Orleans proper. Not having been affected by a hurricane of Katrina's caliber before, William "Buzz" McRae, president of Buzz's Rental-Purchase, turned to APRO for help.

"I figured I could get the best information from people who were experiencing or had experienced an event like that," says McRae. "I thought about who connected us all and then I called APRO."

That phone call sparked a whirlwind of disaster relief efforts around



the rent-to-own industry. A hotline was established and daily conference calls were arranged for those who had the ability to call in. These calls helped answer questions for business owners whose stores and employees had been affected by the storm. APRO members who have experienced hurricanes or disaster relief before also contributed to information concerning banking, road closures, small business recovery and other disaster-related tips. These resources were posted on the APROvision Web site and are available for review.

"Through the phone calls I gathered enough information to determine what I needed to be working on," says McRae. "I found them helpful from the informational and emotional standpoint. I wasn't alone in dealing with this. I had shoulders to lean on."

Moved by seeing the devastation fellow dealers were faced with, the APRO board of directors established the RTO Employee Disaster Relief Fund to provide temporary assistance to the employees of APRO members who suffered the loss of their income due to the hurricane and its aftermath. Shortly after the fund was announced, pledges and contributions began streaming in from RTO employees that were determined to help other RTO employees.

The employees of Florida-based Buddy's Home Furnishings decided to donate funds earmarked for their annual Christmas party to employees who might be jobless. The vote was almost unanimous among employees. Some of Buddy's employees also volunteered to take an additional payroll deduction.

Illinois' Rent One and Imagery Marketing Consultants implemented a program of matching employees' contributions with two dollars for every one dollar its employees earned for the next six pay periods. Larry Carrico, president of Rent One and an APRO board member, re-



ported that 20 percent of the company's employees pledged more than \$9,400.

In the wake of the tragedy, rental dealers found innovative ways to encourage participation among customers and employees alike. Countryside Rentals in Ohio donated two dollars for every delivery made through September. Mike Tissot, vice president of Countryside Rentals, personally matched all contributions made by his employees. In addition to implementing an optional payroll deduction, National TV Sales and Rental, based in Missouri, added the donation effort to its ongoing football advertising promotion. The stores sold paper footballs for one dollar. The footballs were then signed and displayed in the store. The stores placed water jugs at the counter to collect loose change for hurricane victims.

Many dealers opted to donate a certain amount per store. Rent-n-Roll's president, Larry Sutton, made a \$2,000-per-store contribution for each of his four Florida-based stores, plus \$2,000 for a new store. Dick Eichlin of Virginia-based STAR Rentals and Geron Vail of Arkansas' Pearson Vail also contributed \$100 per store. Indiana's Full-O-Pep Appliances donated \$100 per store and the company pledged one dollar for every delivery it makes from September through November. The company also



solicited contributions from customers in each of its stores.

State rental dealer associations across the nation rallied to the cause and sent contributions on behalf of their membership. The Florida Rental Dealers Association and the Ohio Rental Dealers Association each made \$10,000 donations to the RTO Employee Disaster Relief Fund. The Missouri Rental Dealers Association and the Texas Association of Rental Agencies contributed \$5,000 each.

At press time, the APRO RTO Employee Disaster Relief Fund had received \$106,204 in donations with another \$61,070 pledged by members of the RTO industry. Ten percent of the fund was donated to the American Red Cross. The first wave of support was sent out to 89 affected employees on September 8—within only 33 hours of the initial call for support.

Some of those recipients included employees of Buzz's Rental-Purchase. Twenty of the store's employees were affected and 17 of those employees received assistance from the APRO fund. "Most of our hourly employees had very limited resources in the aftermath," says McRae. "[The APRO RTO fund] provided them the seed money they needed to get their basic necessities taken care of and get back on their feet."

KATRINA HELP SPANS THE RTO INDUSTRY

Moved by the devastation wrought by Hurricane Katrina, the rent-to-own industry joined the effort to provide relief to the thousands of people left homeless. Below are just a few of the contributions made by those in the rent-to-own industry.

RTO DISASTER RELIEF FUND CONTRIBUTORS

[AS OF OCTOBER 12, 2005]

Damion and Jennifer Brophy, Lyn and Natalie Leach of Ace Furniture and TV Inc., Gene and Karyl Leach of Ace Rent-To-Own, Rodney Reddell of Advantage Rentals and Sales, Appliance and Furniture RentAll, Benefit Marketing Solutions, Buddy's Home Furnishings employees, "Tiger" John Cleek of Cleek's RTO, Mike Tissot and Countryside Rentals employees, Florida Rental Dealers Association, Full-O-Pep employees, Henry Baird of Great Western Inc., Imagery Marketing Solutions, Michelle Dunning of Kelley Commercial Trucks, Michael Kent of Kent Enterprises—dba Rent-n-Roll, Kevin and Angela Quinn of KLQ/Quality Rentals, Mike Strong of Mike's TV-Furniture and Appliance, Missouri Rental Dealers Association, Jay Roberts of National TV Sales and Rental, Mark and Kathy Windsor and National TV Sales and Rental employees, Ohio Rental Dealers Association, Geron Vail of Pearson Vail Inc., Mike Neighbors of Philips Consumer Electronics, Gary Weatherman of Rent A Wheel, Dan and Susan Matthews of Rent Plus/Benefit Marketing Solutions, Larry Sutton of Rent-n-Roll, Lisa Farris of Rent-Way #486, RentWay store #1384 employees, Sandberg Furniture, Gary Ferriman and Showplace Inc. employees, Larry Carrico and SKC/Rent One employees, Dick and Miriam Eichlin and STAR Rentals employees, Mike Talley of Talley Rents, Texas Association of Rental Agencies, TRIB Group, Ernie Lewallen and UHR Rents employees, Bill White of White Properties and Williams/Berndt Advertising



- Aaron Rents donated \$200,000 from the Aaron's Community Outreach Program to aid employees and their families in affected areas. Aaron's franchises across the nation pledged to put displaced RTO employees to work. Employees of the RTO industry were able to find work at any Aaron's in the United States, regardless of whether they were employees of the company prior to the storm. Other Aarons franchises established a payroll deduction program for employees to donate to the relief effort.
- General Electric provided cash, equipment and services to help address immediate needs and begin the recovery from Hurricane Katrina. GE employees gave more than \$1.5 million to the American Red Cross, which the GE Foundation matched. GE provided another \$6 million in cash to the Red Cross and at least \$10 million in equipment for recovery efforts.
- Sealy made a commitment of \$1 million and product donations to the American Red Cross to support the disaster relief efforts.
- Therapedic International partnered with RentWay to ship three truckloads of bedding into RentWay storage facilities for distribution at a severely discounted price. In addition, Softex donated 1,000 pillows.
- According to Tony Craig, RentWay communications supervisor, RentWay has had a fund to assist employees in times of need for several years. In the wake of the hurricane, contributions to bolster the fund came in from all areas of the company. RentWay also established a 24-hour hotline to assist dislocated employees. "Our first priority was to locate every employee, and then make sure each has money and a place to stay," says Craig.
- Michelle Sutton, wife of APRO board member and Louisiana RTO dealer Wayne Sutton, testified before the Senate Small Business and



Entrepreneurship Committee on September 22, urging Congress to cut the red tape and supply assistance to businesses affected by Hurricane Katrina more efficiently. Sutton is a longtime community activist in Louisiana where she has served as president of the state's Economic Development Board. The Suttons have also been involved in lobbying Congress

for RTO legislation for many years.

Signs of recovery from Hurricane Katrina have slowly spread through the Gulf Coast. Some rent-to-own stores have reopened or are in the process of reopening while others are still waiting to see what will happen next. In the midst of the uncertainty and the devastation, the rent-to-own industry has proven its willingness to help in times of a crisis. "It's great to be a part of an industry that has the foresight and the compassion to assist its neighbors in times like these," says Shannon Strunk, APRO's president. Whether by cooking a meal or clearing off a yard, organizing a supply drive or sending a few extra dollars, rental dealers were quick to act when they heard the call for help. ■

Shellie Faught is APRO's director of communications. Photographs courtesy of Shannon Strunk, Larry Goad and NOAA.