



*David Kraemer  
is driven to make the most of  
highways and Bestways*

**D**avid Kraemer is a thinker. He likes to reflect upon where he's going and how he's going to get there—and he sometimes does it from the seat of his 2000 Harley Davidson Fat Boy, for which he admittedly spent a “sick” amount of money. “I like to ride out in the country, just to get away to where it's peaceful,” says Kraemer, who lives in Rowlett, TX, a city on the outskirts of Dallas.

BY KATIE GARZA  
PHOTOGRAPHS BY REX FLY



**Y**et Kraemer deserves any down time he can find—whether it is an afternoon of cruising or spending quality time with his two sons, Justin and Ryan. These days he regularly clocks seven-day work weeks as president and CEO of Bestway Rent to Own, a publicly traded company with 69 stores in Alabama, North Carolina, South Carolina, Georgia, Tennessee, Mississippi and Arkansas. Even with those long hours, you won't find him complaining.

"I'm so charged up with this company," he says. In July 2002, the 41-year-old businessman left his post as executive vice president of Rent-A-Center, where he was in charge of more than 1,000 stores, to take the helm at Bestway Rent to Own.

"I bring a real sales approach to whatever stores I'm overseeing," he says. "My strength has been growing stores and growing revenues. That's what Bestway asked me to do for them.

"The company was flat lining; it wasn't losing, but it wasn't growing," Kraemer says. "They'd done an excellent job on their cost containments and things of that nature, but they just hadn't grown the company."

With 19 years' experience in the rent-to-own industry and a knack for turning stagnant businesses into profit-generating centers, Kraemer's know-how appealed to Bestway executives. After a few meetings, Bestway made him an offer he couldn't refuse.

Only a handful of months after his initiation into the company, Kraemer says his co-workers have done an excellent job of embracing his proactive programs to increase sales, upgrade product lines and provide top-rate customer service. "Coming into Bestway, my approach was seek first to understand, then be understood," he says, a philosophy Kraemer has adopted after being involved in more than a few acquisitions over the past two decades.

Starting out as an account manager for Lease Town in Waco, TX, Kraemer quickly rose to leadership positions as the companies he worked for seemed to change ownership year after year. His knack for knowing what business practices help or hinder a company's success was fine tuned as he oversaw repossessions and foreclosures of unproductive rent-to-own companies for TransAmerica (dba Magic Rent to Own) from 1988 to 1994.



**"I TRY TO ELIMINATE THOSE EXTRA FORMS AND REPORTS THAT ARE FILLED OUT AND SENT TO A DISTRICT MANAGER OR A CORPORATE OFFICE, BECAUSE THAT ISN'T HELPING THE STORE MANAGER OPERATE AT A BETTER LEVEL. I DON'T WANT MY STORES WORKING FOR THE DISTRICT MANAGER; I WANT MY STORES WORKING FOR THE CUSTOMERS."**

"In the '70s and '80s, a lot of people got into this business initially to make some fast cash," Kraemer says. "Early on, there wasn't much competition, so people got away with a lot more. And the customers weren't as knowledgeable. So some of the people who didn't necessarily have good business ethics did well even in spite of the way they ran their companies. When the competition increased, those guys weren't able to compete because they didn't have the platform of a well-run company."

A year later, in 1995, Magic Rent to Own underwent its own transition when Renters' Choice, then owned by industry veteran Ernie Tally, bought the company. Kraemer experienced firsthand what growing a company entails as Renters' Choice expanded from 300 to 500 stores before buying out Rent-A-Center, a significant acquisition that grew the business to more than 2,000 stores.

#### *Developing a business model*

**A**s he navigated the road map of company takeovers and makeovers alongside industry heavyweights such as Tally and

Rent-A-Center CEO Mark Speese, Kraemer says he developed a “best practice” approach to the rent-to-own business. It’s an approach that—on the surface—sounds too simple to be true, but it has proven successful time and time again. The goal, says Kraemer, is to attract good employees, apply the business model with consistency and return to the basics of renting and collecting.

“I believe in making things very simple,” Kraemer says. “I try to take away from the monotonous tasks that stores have to do, so they can focus on the things that drive the business, like the sales programs, taking care of customers...and making sure that our product offerings are what the customers want.

“I try to eliminate those extra forms and reports that are filled out and sent to a district manager or a corporate office,” he says,

“because that isn’t helping the store manager operate at a better level. What it’s doing is saving the district manager the time of compiling his own report. I don’t want my stores working for the district manager; I want my stores working for the customers.”

Another of Kraemer’s objectives at Bestway has been to revamp the product offerings in every store to better reflect customer demands. Unprofitable items have been dropped and new, top-of-the-line products have been added.

“I believe our customers want the same high-quality goods that you and I want, yet they can’t afford them,” he says. “The rent-to-own industry is an avenue for them to acquire ownership of some higher-end products. I don’t believe in being all things to all people. I want to carry the higher-end items that will encourage pride in ownership. When they

**BESTWAY'S CORPORATE TEAM:**  
DAVID KRAEMER, GERRI RANKIN, ROGER ESTEP, BETH DURRETT, STEVE KRUSE, PAM LOWERS AND BENNY CHEEK



bring it into their houses and their families and friends come over, they're going to be wowed."

### *Placing power*

**A**dditionally, under Kraemer's leadership, the store managers now play an integral role in selecting what their stores carry. "I give them perimeters on what they're allowed to select, but the managers make the final decisions," he says, adding that store managers' input is critical selecting the right products because only they know what merchandise moves in their stores and which products are more resistant to wear and tear. The managers also have firsthand knowledge of how vendors conduct business.

"Our managers vote on which products are the best by how they buy," Kraemer says. "The vendors either get or lose business based on how they perform as a vendor. It's not about them coming in and telling me what a great vendor they are. It really comes down to the store managers knowing which products perform the best for them."

Kraemer also believes advertising decisions must be made with input from the store level if the company's message is going to reach the right people. "We dug into our advertising right away," he says. "Our stores are all in the Southeast; we don't have any in Texas. I don't believe that I can have advertising people sitting in Dallas and making well-informed decisions on what type or where

**"I GIVE THEM PERIMETERS ON WHAT THEY'RE ALLOWED TO SELECT, BUT THE MANAGERS MAKE THE FINAL DECISIONS. OUR MANAGERS VOTE ON WHICH PRODUCTS ARE THE BEST BY HOW THEY BUY. IT REALLY COMES DOWN TO THE STORE MANAGERS KNOWING WHICH PRODUCTS PERFORM THE BEST FOR THEM."**

our advertising should go. I want to empower my store people and make sure that they're involved in these decisions."

Kraemer hired a new ad agency, another Dallas-based outfit, yet this time he closely supervised the proposed direct-mail initiatives and asked the store managers and employees for their input.

"We sent the proposals out into the field and let the stores be the final decision makers on where they wanted their mailers to go," he says. According to Kraemer, the store employees are the ones who are most familiar with the demographics of the neighborhoods surrounding their businesses. They know where the customers can be found and how to reach them. "They're going to know that if you have fixed income in an apartment complex down the street, you don't mail them in the middle of the month," he says.

### *Proactive customer relations*

**K**nowing your customers is important, but earning their trust is equally vital to success in the rent-to-own business, says Kraemer, who favors a more proactive than reactive approach in handling customers, particularly those with delinquent accounts. The crux of being proactive hinges on laying the groundwork up front on what the rent-to-own agreement requires of the customer and then following through with attentive account management.

"We find that it aggravates customers to receive calls and that they get frustrated when their account isn't taken care of the way they expect," he says. "We try to communicate with them on the front end and give them full disclosure on how a rent-to-own agreement works. Then we follow up and make sure that their products were delivered and installed properly. We reiterate that that was a convenient day for them to make their payment and the importance of it."

"If a customer does come in and his account is delinquent, we get that customer off to the side and speak to him specifically about when he gets paid and how often he gets paid."



**KRAEMER, RIGHT, WITH MEMBERS OF THE BESTWAY TEAM BENNY CHEEK AND ROGER ESTEP**



Kraemer says. “And then, on the opposite side of that, we go over the benefits of paying on time. For instance, if they make their on-time renewals, they’ll never have any late payments and will be able to open new accounts with us if they need additional items. And although we can’t serve as a credit reference, if they need a reference, we can show that they’ve been timely with their payments.”

Last, but certainly not least, Kraemer says that customers in good standing deserve special treatment as well. “If you compliment people for doing something good, they have a tendency to repeat it. As they come into the store, you always compliment them for making their payments on time.”

*Happy employees = happy customers*

**Y**et gearing up a company to be more proactive in its approach to rentals, customers and collections does not happen

**“BESTWAY HAS AN EXCELLENT CULTURE. IT’S BEEN RUN AS A VERY TIGHTLY KNIT GROUP. PROBABLY THE THING THAT I HAVE BEEN MOST IMPRESSED WITH IS THE TENURE OF A LOT OF OUR STORE MANAGERS AND EMPLOYEES. IT’S A LOT HIGHER THAN WHAT YOU’D SEE IN THE INDUSTRY.”**

without dedicated employees to back the plan. Fortunately, Kraemer says Bestway Rent to Own possesses a strong infrastructure of people who have stood by the company for years.

“Bestway has an excellent culture,” he says. “It’s been run as a very tightly knit group. Probably the thing that I have been most impressed with is the tenure of a lot of our store managers and employees. It’s a lot higher than what you’d see in the industry. And there’s no question that customers want to see a familiar face when they come in the store.

“We have a lot of good people who are real enthusiastic,” he says. “A good business model certainly starts with people. I have to put people close to me who believe in what I believe in and that is: you’ll never have happy, satisfied customers until you have happy, satisfied employees. That’s critical.”

How does one keep employees happy?

“Celebrate the small victories,” says Kraemer. “We put new programs out there and give these folks in the stores new challenges and things to aspire toward and the smallest improvements have to be celebrated. You’ve got to pat people on the back and let them know that you appreciate what they do for the company.”

Kraemer offers the example of how one additional delivery a day can make a significant difference in a store’s long-term success.

“It doesn’t have to be a monumental program that brings in 100 more deliveries,” he says. “We basically say we don’t have to go out and hit home runs; we’ll settle for a lot of base hits. If we consistently go out there and earn the respect and gain one more customer than what we traditionally have every day, then we feel like we’re making great ground to getting where we want to be.”

According to Kraemer, who sometimes ponders these simple truths as his Harley rolls along country back roads, “getting there” is one of the most satisfying and enjoyable parts of the journey in the rent-to-own business.

“I can’t say honestly, in over the past 10 years, that I’ve ever gotten up and hated coming to work. I love what I do,” he says. “There’s probably nothing that gives me more satisfaction than working with people who have goals and dreams and desires, giving them the training and direction and support they need and then watching them become successful.”

*Katie Garza is a free-lance writer.*