



WHO'S CHECKING REFERENCES



... was sitting around drinking with a rental dealer late at night not long ago in Florida. I learn a lot from rental dealers in such circumstances—good things and bad things. I generally keep the bad things to myself. I try to circulate the good things. I learned some good things from this guy who is also a drummer and seemed to have a good sense of rhythm to his life. • Anyway, this rental dealer has been in the business for a long time and has a few stores and has been in and out of the day-to-day stuff. When his head is firmly in the rent-to-own game, his stores do very well. When he pulls away, not surprisingly, things go less well. Most rental dealers with any experience know how this goes. However, this was not the most important thing I learned from this rental dealer—that rental dealers need to stay involved in their businesses if they are to be maximally successful. It was something else he shared with me—something more nuts and bolts—that I want to share with *Progressive Rentals* readers.

BY ED WINN III

This dealer's company had a policy, like all rental companies probably, that employees are supposed to check an applicant's references before delivering the merchandise. That is a pretty fundamental concept in the business. The company even had a checklist to show that each reference had been duly contacted. When my drinking buddy, the storeowner, was hovering in the store, references were getting called and merchandise was getting delivered and collections ran smoothly and the business grew and there was a respectable bottom line and life was good.

Then, when the owner was out doing other things, guess what? Customer references weren't getting called with the same devotion and reliability as when he was in the store. The paperwork looked the same. The boxes were getting checked so that it looked like references were getting checked and merchandise was still getting delivered, but the collection end of the business was getting badly out of whack. Suddenly there were too many skips, too many stolens, too

many hard accounts were popping up in the system and the business was not growing and the bottom line suffered.

And when the owner went back in (and not without some sense of foreboding and alarm), at first he could not put his finger on what was wrong. Everything looked the same, except for the deteriorating results on the books. It was somewhat by chance that he pulled a few customer files and dialed a few reference telephone numbers—call it a rent-to-own instinct developed from a long life in the business—when he quickly discovered that employees were taking some shortcuts in the calling references department when he was not around.

Now, we could take time out here and speculate forever about why this kind of thing happens in a rental store. Why won't or why don't store-level personnel do their jobs every day with

the level of responsibility, conscientiousness and professionalism that the owner wants and is paying for? It probably has to do with some fundamental flaw in human nature or in the nature of some humans, at least, to take the easy way out when the boss isn't in. But it finally does not matter much why. It is the kind of thing that happens in rental stores and similar kinds of things happen in other kinds of stores when

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management is not as attentive as its needs to be on how the job is being done. So if we want to lay some blame, we can lay plenty of it all around.

Well, the owner may have thrown things. He may have fired some people. He and I didn't get into all of that. We were drinking and it was a happy story. What I know he did do, because he told me, was that he fixed the problem. It came down from the top—from him—that henceforth, in the company, all references would always be checked on all accounts before any merchandise could be delivered. As soon as that policy was put back firmly into place and emphasized and trained for and checked by management, the business perked up and life got good again, almost instantly.

The front end of rental transactions is vitally important to the health of a rental enterprise. We all know that and could answer that question on a test,

but in the day-to-day chaos that goes on in a rental store, sometimes things don't work like they are supposed to. People get in a hurry and there is pressure to make deliveries and one of the shortcuts that can be made is to pretend to call a reference and not really make the calls. Or, to try perhaps, faithfully, many times even, to make the call and not be successful—nobody is ever home—and to finally go ahead and O.K. the delivery. After all, most people are honest, the employee reasons. A couple of the references did check out and what the heck, "If most people weren't honest, we wouldn't be able to be in this business in the first place."

True enough, but not all people are honest and one of the things that the crooks will do is dummy-up personal references. And so when a rental shop gets sloppy on the front end, that slop will almost always show up on the back end with too many skips, too many stolens and too many hard collections. That makes the business so very much harder to run and so much less fun and so much less profitable.

Clamping down on references and insisting that every one be called may mean that a delivery or two gets delayed and maybe not made at all. But had those deliveries been rushed out the door, they are not the good, clean, easy, regular paying accounts that make money for the store. They are trouble and most dealers will agree that it is better to catch them up front than later when merchandise is at risk.

It was such an easy fix to a momentarily puzzling problem in my friend's company. He and I both hope that it is not an issue in your company and that your employees are calling and verifying every reference every time. But, if something isn't quite right in your shop at the end of the month, here is a place to start looking for what might have temporarily gone wrong. ■

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