

# THE APPROACH

Association of Progressive Rental Organizations

Vol. 1, No. 3



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# President's Letter

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## IF WE DON'T. . .WHO WILL?

"The greatest sin an employer can commit against his workers is to fail to make a profit." Those were the sentiments of the early labor union giant, Samuel Gompers -- clearly, a man who knew a thing or two about business! Gompers was right, but if he were around today, he might add: "And to see that he can continue to make a profit tomorrow." This is what APRO is all about: tomorrow. Tomorrow's profits, tomorrow's owners, tomorrow's workers. And given the young age of our industry, most of those owners and workers are you and your associates. For someone who has his very life invested in his business, the survival and security of that business tomorrow is vital. The real aim of APRO is to see that our unique retail concept of "no obligation, rental purchase" is around for longer than just the life of today's contracts.

We are the keepers of what we have. Nobody else can take that responsibility, nor should they. We made the first commitment to preserve and protect the image and the professionalism of our industry when we signed the financing papers for those first hundred or so televisions we intended to rent. And now APRO is the catalyst for those efforts. APRO's objective is to see that your business will be accepted as a legitimate enterprise by those who count: the government, the suppliers, the lenders, and the customers. They are all increasingly aware that rental is becoming a viable alternative to the more traditional methods of acquiring goods. The major reason for that awareness is the activity and publicity generated by APRO. And without your recognition, support, and participation, APRO becomes only an echo of a good idea.

Bud Holladay  
President of APRO

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## Personnel

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### WHO YOU HIRE IS WHAT YOU ARE

If your outside personnel are articulate, intelligent and possess a good, basic understanding of your company's aims and ideals, then you will have fewer delinquent accounts to collect and less televisions to pick up.

The initial delivery presentation is vital to a good customer relationship. The store employee must have been hired on the basis of his verbal skills and business-like attitude, not on size or tenacity. His training must have included a section on overall company policy and goals, beginning from the first day of a new rental account. His understanding of those goals and policies must be reflected in his delivery presentations and in his subsequent contact with that customer.

Sometimes the best applicant is one who has no collection experience and doesn't want to acquire collection experience. His basic understanding of human relationships and good business practices will eliminate most collections. His ability to clearly and concisely explain the terms and benefits of renting will prevent future pickups. Look at it as "preventive maintenance."

When the rental dealer hires a person to deliver the rental product and then to follow up on that account, he is contracting his company's future. And the future can be bright if the store employees have more going for them than just physical size or presence. Delivery personnel have the most constant contact with new customers, they make the first impression and they are largely responsible for the attitude the customer develops in relation to keeping and paying for his rental product.

Spending two days hiring and training the wrong person for the most important job in the rental store is an investment in futility. Hiring and training the person who will be responsible for a third or more of your store's business, and who will almost single-handedly determine the future profitability of rental accounts, is a chore demanding patience, expertise and above all, a good understanding of what the job is really about. Anyone can collect delinquent accounts — the key is to develop people who prevent delinquent accounts from the beginning.

Bud Holladay

# Government Regulations

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## The Scope of The Federal Fair Debt Collection Practices Act May Be Expanding

In a consent order against Aldens, Inc., the fifth largest mail order company in the U.S., the Federal Trade Commission applied many of the substantive aspects of the Federal Fair Debt Collection Practices Act to a mail order retailer. Until now, that law had been applied only to "debt collectors," defined as one who's principal business purpose is the collection of debts.

The FTC has been on record as recommending that the Fair Debt Collection Practices Act be expanded to cover all creditors as well as debt collectors. It is too early to tell whether the FTC is going to pursue retailers on a regular basis for their in-house debt collection practices, or whether this is merely an isolated case against one of the "big boys". Nonetheless, some of the practices criticized are worth noting.

In the consent order, which, incidentally, is not an admission of guilt, Aldens, Inc. agreed to communicate with consumers owing past due accounts only at normal times and places. This excludes the consumer's place of employment, if Aldens has reason to know that the employer prohibits employees from receiving such communications. Aldens also agreed not to contact the consumer if Aldens knew that the consumer had an attorney. Aldens further agreed to cease communication with the consumer altogether as soon as Aldens receives notice that the consumer refuses to pay the debt or the consumer tells Aldens that he or she no longer wishes any further communication. The implication here is that the FTC prefers that Aldens go ahead and file a lawsuit rather than make continued contacts with the consumer in an effort to collect a debt. Additionally, Aldens agreed to include in its consumer contracts for the next five years the following statement:

"In the course of collecting or attempting to collect any debt arising from this charge agreement, Aldens will not discuss or threaten to discuss my debt with any person other than me or my attorney, without

my written consent (given at the time of the attempt to collect) unless permitted by court. However, Aldens may contact other persons without mentioning any debt, if that is necessary to locate me. This provision does not limit Alden's right to contact its attorneys or debt collection and credit reporting agencies, when permitted by law."

The FTC alleged that Aldens had regularly been communicating with employers of consumers, and in the case of military personnel, with the commanding officers of military bases. The FTC took a dim view of this practice and obtained Aldens agreement to cease such communications. It is noteworthy that Aldens was specifically allowed to contact third parties in order to determine the location of a consumer debtor, as long as Aldens did not specifically mention that they were inquiring about the consumer in an effort to collect a past due debt.

If any APRO members are engaged in any of the above mentioned activities, or similar ones, APRO recommends that they proceed cautiously and contact their attorneys to have them review the consent order against Aldens. If, indeed, the Federal Trade Commission is intent on expanding the scope of the Fair Debt Collection Practices Act to in-house debt collection, then the collection practices of many merchants will have to be re-examined and perhaps changed.

Edward L. Winn III  
APRO Counsel

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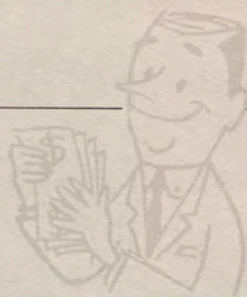
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*All experience is an arch, to build upon.*

*Henry Adams*

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## How Can The New Federal Tax Laws Affect You?

The new federal tax laws are anticipated to affect virtually every American taxpayer and in some cases may radically change financial decisions. The majority of the tax law is directed towards individual taxpayers, with some provisions applicable to businesses. Some of the provisions of the new tax law will be examined for the potential effect on the rental business, as well as the individual.

The basis of the new tax law is an across-the-board 25 percent reduction in marginal tax rates. This would mean a tax rate range of 11 percent to 50 percent down from the previous rates of 14 to 70 percent. The new tax rates will be phased in over three years with the first rate reduction of five percent beginning on October 1, 1981. An additional 10 percent will be reduced on July 1, 1982 and a final 10 percent in July, 1983. The first rate reduction will necessitate a change in all payroll systems to reduce the amount of tax withheld from the employees paycheck. Additional individual tax planning considerations may be to invest in interest paying CD's, where interest won't be taxed until 1982, when tax rates will be lower. Employers might help employees defer income by holding off year-end bonuses until after January 1, 1982. Deductions should be reviewed and taken where possible in 1981 to take advantage of the effect on higher tax rates.

An area more closely related to business activities comes from the law's accelerated depreciation system. The new depreciation system, accompanied by new investment tax credit provisions, is in effect for property acquired in 1981 and later. The old methods continue to apply to pre-1981 property. Several considerations are:

1. Calendar year taxpayers considering the purchase of depreciable property, other than real estate, should acquire it before the year end, since all acquisitions will receive six months depreciation in the first year. The depreciation deductions and investment tax credit would be allowed in 1981.

2. Autos and light trucks can be written off in three years and an investment credit of six percent will also apply an increase of 2 2/3 percentage points over the old law.

3. All other outlays for machinery and equipment are assigned to a five-year class to be written off over five years. The full 10 percent investment credit will be allowed for this class.

4. Depreciable real estate can be depreciated over 15 years using either a 175 percent declining balance method or a straight line method. No investment tax credit is allowed for this property. Be careful of "depreciation recapture" upon sale of the property.

The accelerated cost recovery system includes more detailed provisions and should be reviewed with a CPA or tax attorney.

The new tax laws include provisions covering individual retirement accounts (IRA's), estate and gift provisions, incentives for research and experimentation and several other areas. This article has explored only a few areas. For more details contact your CPA or attorney.

Wayne Chambers  
Finance Manager  
Remco Enterprises



# APRO Board Responds. . .

## Apr Board Responds To Member Resolution

The association's new board of directors met in Dallas August 28 and 29 to consider the resolution voted in the general business session at convention last July, concerning retailers entering the trade association, and to outline APRO programs and activities for the next 12 months.

New membership requirements voted into the bylaws are being mailed to members at presstime. Essentially, the new requirements will prohibit membership in APRO by any person or company not now operating as a rental-purchase dealer with a no-obligation contract for consumer goods. In addition, the business must generally advertise and merchandise as a no-obligation, rental purchase dealer to be eligible for APRO membership and all the benefits that members may enjoy.

The effect of such membership requirements was recognized by the board and they appointed a six-member committee headed by Tom Devlin (S&S Renta-Centers) to direct APRO member recruiting over the next year. Funds from new memberships will go toward developing and implementing new programs for services and training not otherwise affordable under the current budget. Committee Chairman Devlin feels APRO can represent at least 600 members by January if dealers throughout the country participate in his committee's novel plans for contacting and recruiting potential new members.

Other committees appointed during the board session included: "Training and Services" (Rozanne Kowalczyk); "Convention Activities" (Jack Callendar); "Publications" (Chuck Sims); "Administrative Services and Vendor Relations" (Ralph Devlin); and "Regional Coordinators" (Barry Gambini). Each committee chairperson has clear objectives to meet in the areas described and will be reporting to membership during the coming months on their plans and activities.

The sixteen-member board was aided in its work by APRO Counsel Ed Winn and Coordinator of Services Sharon Gross. Winn was given the added responsibilities of coor-

inating legal and government affairs and directing all staff work at APRO's Austin headquarters. Ms. Gross will be communicating with members and officers on a regular basis to facilitate faster and more effective responses to APRO member needs in the next year. The Board of Directors recognized that some confusion and duplication of efforts was evident during the association's first year and the steps outlined above should alleviate that problem.

The APRO board will meet again in early December to follow up on new member recruiting and examine plans for training, discount services, and convention activities available to members. Contact APRO headquarters if you have additional suggestions in this area.

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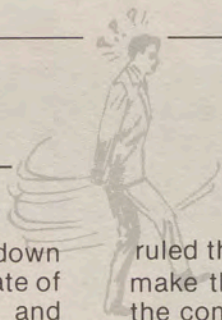
*There exists limitless opportunities in every industry. Where there is an open mind, there will always be a frontier.*

*Charles F. Kettering*

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## DECISION REACHED IN TV RENTAL CASE



In late August, Judge Arabian handed down a lengthy opinion in the lawsuit, "The State of Maryland vs Action TV Rentals Inc, and Samuel J. Wolf and Michael R. Kent and Easy TV Rentals, Inc.," noted in the last issue of the APROACH. Refusing to follow a 1979 federal opinion in Maryland, "Waldron vs Best TV and Stereo Rental," the judge specifically held that the rental agreement being used by the company was not a disguised sale. This conclusion is in line with the growing body of case law that exempts properly drawn rental agreements from the disclosures required by state and federal truth-in-lending laws.

The court further refused to find that the rental company's advertising was false or deceptive, even though the ads did not affirmatively state that some of the merchandise might be used. The court did order the company to state in its contract that the merchandise rented may be new or used.

The judge also ruled it was not misrepresentation for the company to advertise "no deposit", even though the company charges a delivery fee and a rental payment in advance. The court found a clear distinction between "deposit" and "rent".

The court did find a violation of the State Consumer Protection Act by the company's failure to disclose the total cash price of a unit under the rental purchase plan. The court

ruled that not all consumers would be able to make the required calculations, and ordered the company to disclose the total cash price in all of its contracts.

The court further said that there was no need to state the "finance charge" in the company's contracts.

The court came down the hardest on the company's collection practices. There was evidence that employees of the company at various times represented themselves as police officers to customers, threatened and actually committed physical violence during repossession, called employers and friends of customers in an effort to collect past due accounts, committed "one-way switch outs" as a repossession tactic, visited customers at unusual times to collect money or repossess sets, and otherwise generally harassed customers. The court found 68 specific violations during a period when the company rented from 25,000 to 30,000 sets and ordered the company to pay \$20,000 in fines for the violation.

Finally, the court ruled that some of the owners were personally liable for some of the violations since they were aware of the practices involved.

Copies of the opinion are available from the APRO office upon request for the cost of reproduction.

## APRO CONVENTION '82 SLATED FOR NEW ORLEANS

APRO Board of Directors meeting August 28 and 29 in Dallas tentatively set New Orleans, Louisiana as the site for the association's next annual convention during the summer of 1982. Jack Callendar, Chairman of the "Convention Activities" committee and operator of TV Management, Inc. in Metairie, Louisiana will report to the full board within a few weeks on the facilities and activities available for APRO members and suppliers in New Orleans before a final decision is made.

In the event New Orleans cannot guarantee space and facilities for the APRO convention, alternate sites of Dallas, Texas and Las Vegas, Nevada will be examined and one of those chosen before early December.

Regardless of the city hosting APRO Convention '82, plans are already underway to improve and expand the activities and programs offered APRO members at convention, including the lengthening of the convention if necessary.

## TO ALL APRO MEMBERS:

One of the major subjects discussed during the last APRO meeting was our membership. In order for APRO to continue its operation next year, we must reach our goal of 80 new members. It will take a unified effort among all APRO members for us to accomplish this goal by our deadline of December 1, 1981.

We have divided our membership drive into geographical regions headed by a regional manager. We expect each dealer to recruit at least one new member. I have already received verbal commitments from two new dealers, and I haven't even gone through my list; so with a little effort and support from each of you, APRO will have an outstanding year in 1982.

One important suggestion — personal telephone calls or face-to-face discussions with prospective members is far more effective than direct mail. A short discussion with a new dealer of the benefits and assistance possible through APRO is much more meaningful than letters. There is much written material available describing APRO's programs and benefits which can be used during your visits with new dealers. Explain to them your involvement and support of APRO. New membership applications should be easy to get with a small amount of time devoted to this campaign.

If you need any material to assist you, please contact Sharon Gross at APRO. I very

much appreciate your support and assistance on behalf of APRO. Please give me a call if I can help you in any way.

Thomas R. Devlin  
Chairman, Membership Committee,  
APRO

The Administrative Aids packet is now available. The packet is a collection of sample forms other rental dealers are currently using in their business. There are 10 sections in the packet with sample forms under each. They are: rental agreement forms, application forms, employment forms, daily report forms, inventory control forms, vehicle report forms, internal control forms, skip tracing forms, quality control checklists and service report forms.

The Legal Defense Packet is still available to aid in minimizing legal research costs you may encounter. Both may be purchased through the APRO office.

The Administrative Service committee is ready to provide you with additional benefits. In order to do so, they need your input on what services you would like to see be available. Send in your comments to Ralph Devlin, through the APRO office.

## TRAINING FOR APRO MEMBERS

The results of the convention survey are in and the message was loud and clear — you want more seminars with training in all areas of the rental business. A special training committee has now been formed.

Joining me on this project are members who know the rental business, have an interest and background in training and have a real sense of dedication. They are Mike Haney, Jim Huff and Ron O'Hara.

Our first job is to analyze the needs you expressed at the convention. Then we will outline specific programs to meet those needs, develop a list of appropriate dates and places and estimate the cost of each program. In the meantime, if any of you have

any ideas to discuss, or if you would like to assist with any programs, please contact me or one of the committee members through the APRO office.

Rozanne Kowalczyk  
Director of Training and Services

## THE TRADING POST

A new want-ads section has now been established for the APROACH. If you have something to sell — equipment, trucks, supplies, etc. — or if you're in the market for something, contact the APRO office to place your ad.

# Collection Practices

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Recently APRO put together a list of guidelines for collection practices that can be followed by a professional rental dealer. We recommend that you look over these and consider adapting them to your company.

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The objective of a relationship between an APRO member and their customer is a continuing mutually beneficial relationship. All contracts with customers shall be conducted in an honest, courteous and professional manner in conformance with all applicable laws.

- Each and every customer shall be treated with respect as an individual.
- Obscene or profane language is unacceptable.
- Violence or threat of violence is unacceptable.
- Customers shall be contacted between the hours of 8:00 a.m. and 9:00 p.m., unless they have given prior consent to be contacted otherwise.
- Customers shall not be contacted at work if it will in any way jeopardize their status with the employer.
- APRO members shall at all times represent themselves openly and honestly when contacting customers and shall identify the reason for making the contact.
- Use of force, unusual or illegal entry, to any place where the customer property is believed to be, is unacceptable.

APRO, by this policy statement, expresses no opinion as to the legality of the various collection practices that may be employed by different rental dealers. APRO is concerned with enhancing the image of the rental industry in the eyes of the public; APRO is not organized to tell APRO rental dealers how to conduct their businesses.

In the last APRO board meeting the membership requirements and the dues structure were changed. The new definition is listed below.

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## Regular Membership

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Regular membership is available to any rental dealer. For purposes of these bylaws a rental dealer is defined as any person, corporation, or partnership who satisfies the following criteria:

1. Is regularly engaged in the business of renting consumer products by use of a no-obligation rental purchase agreement.  
**AND**
2. Prominently merchandises and advertises the business in the media as offering a no-obligation rental purchase agreement.  
**AND**
3. Has been conducting business for at least 90 days prior to application for membership.  
**AND**
4. Satisfies one of the following:
  - a. Has a separate location where he or she conducts business exclusively as a rental dealer.  
**OR**
  - b. Has a minimum of 150 rental agreements in force at any one location.

## Annual Dues

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Regular members shall pay according to their annual revenues.

Up to \$500,000	\$250
\$500,000 to 1 million	\$500
1 million to 2½ million	\$750
2½ million to 5 million	\$1,000
5 million to 10 million	\$1,500
10 million to 20 million	\$2,000
Over 20 million	\$2,500

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# Marketing



## EFFECTIVE SELLING IN THE RENTAL BUSINESS

Because we are in the Rent-to-Own business, selling is just as complex and just as important as in the traditional retail TV and appliance business. There are no simple answers to effective selling, but there are a number of things which you can put together to achieve personal success in selling.

This is the first in a series of articles about techniques you can use to improve your selling skills. The topics we will cover are:

1. Know your products. Believe in them.
2. Know your program. Be enthusiastic about it.
3. Know your competition. Be prepared.
4. Sell benefits and values as well as features.
5. In phone selling, use word pictures. Use terms the customer understands.
6. When selling in the store, watch body language. Involve the customer with the product.
7. Develop the habit of listening.
8. Respond to customer clues with selling motivators.
9. Develop skillful questionnaire techniques.
10. Ask for the order. Develop several closes.
11. Seek additional business from customers and references.
12. Plan your presentation. Develop openers, closes and motivation.
13. Present a professional self. Dress appropriately. Develop your voice.

## KNOW YOUR PRODUCTS. BELIEVE IN THEM.

One of the most fundamental and obvious requirements for effective selling is thorough product knowledge. It simply doesn't work today to tell a customer that something is "great" or "fantastic". We live in the age of the aware consumer who wants to know why it is so great.

Hopefully you have received basic training on the products your store offers. But the real professional will dig and dig for information. Take the learning initiative:

1. Personally look at and operate all the features of the products.
2. Ask your manager, the person who handles your service and other knowledgeable employees for product information.

3. Read all the product brochures provided by the manufacturers.

These are the things you want to know:

### Television

1. Screen size and make-up. (Is it a black matrix tube for example.)
2. Construction features. (Is it solid state, modular construction, electronic, or mechanic tuning, antenna, cable hook up. . .)
3. Cabinetry — construction, finish, style.

### Washers, Dryers, Refrigerators, Freezers and other white goods.

1. Operating features such as fabric settings, automatic defrosting etc.
2. Energy savers such as adjustable water levels, amount of insulation, etc.
3. Construction.
4. Colors available.

### Microwave Ovens

1. Operating features.
2. Programming features.
3. Safety devices.
4. Needs for special cookware.

### Stereos

1. Features included (8 track, cassette, etc.)
2. Speaker characteristics.
3. Power available.
4. Operating features.
5. Appearance.

### All Products

1. Brands available.
2. Rental rates.
3. Warranties.
4. Sizes, dimensions, capacities.

It is important for you to know all these things. Few customers will want to know everything you know about a product, so don't try to tell each customer everything. The real sales pro takes care of the customer's needs. The "pitch man" shows off his brilliance by telling everything he knows, whether the customer wants to hear it or not. So be a pro: know everything, then use your knowledge selectively.

Rozanne Kowalczyk  
Colortyme-TV Rentals  
APRO Director of  
Training and Services

# APRO Convention:

## SETTING THE PACE FOR THE COMING YEAR

July 17, 18 and 19 marked the dates of the first annual APRO convention and left behind an assurance of a future for the Association of Progressive Rental Organizations.

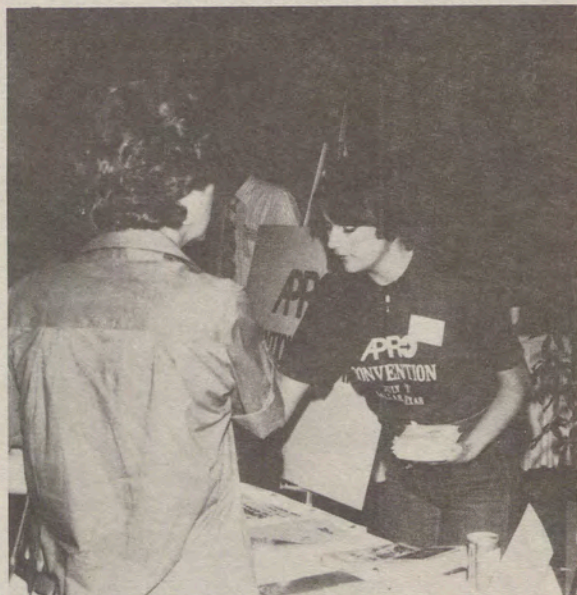
One year ago, a few rental dealers sat together to form a trade association for the rental ownership dealer. Their purpose was to enhance the image of the rental industry in general and bring a higher degree of professionalism to the individual rental dealer. The Dallas convention was evidence they were achieving that result.

Approximately 300 rental dealers, vendors and suppliers attended, along with the press members of major trade publications. The vendors and suppliers came ready with displays, exhibits or hospitality suites. There were representatives from G.E., GT Sylvania/Philco, Magnavox, Michie Dist., Morse Electronic, Quasar, RCA, Samsung, Sanyo, Soundesign and Toshiba. Representatives from several rental finance companies attended, along with experts in the areas of vehicle fleet leasing, cabinet refinishing and

retouching, computer services and advertising and merchandising.

Outside of the exhibit area there were other events taking place, giving evidence that it is possible to mix business with pleasure. The weekend kicked off with a golf and tennis tournament. There was a shopping tour for the spouses, a cocktail party, a casino night party and a seminar for those looking for more educational entertainment.

The convention ended with elections for the new Board of Directors. The board members for 1982 are: Joe Arnette, John H. Callendar, Rob Cole, Ralph Devlin, Tom Devlin, Frank Ellsworth, John Finn, Barry Gambini, Steven Gaul, Mike Haney, Bud Holladay, Jim Huff, Rozanne Kowalczyk, Ron O'Hara, Dennis Palmquist and Chuck Sims. These members will be responsible for the continued growth and prosperity of APRO. Yet they must also be backed by the rest of the members, for it is a united effort that will keep this association and its rental dealers progressing with this constantly expanding industry.

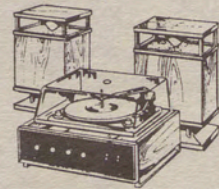
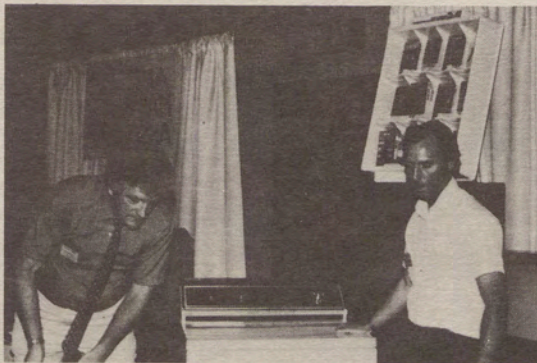


*APRO information tables were staffed with helpful personnel and offered information on APRO and its benefits.*



*APRO members registered for the golf tournament at Bear Creek Country Club.*

Vendors and suppliers set up booths and talked with dealers throughout the weekend.



# Dealer Profile

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## Dan Rudden Colortyme TV Rental

Dan Rudden, 34, is President of Colortyme TV Rental of Denver, Colorado. Dan is involved with stores in seven cities; he is a stockholder in the new Colortyme Distribution Co. and the part owner of several rental endeavors.

Upon graduation from St. Mary's of the Plains College, with degrees in business and math, Dan became involved with Mr. T's Rental. His interest in the rental business grew and he purchased a rental store in Dallas in 1973. From that point, with the aid of financing from John Finn and Willie Talley, and the help of key management, the growth has been fast and profitable.

Dan sees the future of the rental industry as being unlimited. "Between my involvement with Colortyme and the APRO progress for the

rental business, the future seems more credible. We can dictate our own future, and very few businessmen can do this," Dan said.

"Finally, I feel the future and success of our business will be directly attributed to the quality of employees we can attract and train," Dan said. "This is the aspect I concentrate on the most. Loyalty and enthusiasm are not something you can teach, and yet, they are the two most important qualities Colortyme of Denver searches for."

Dan lives in Denver with his wife Peg and four children — Tammy, Barney, Casey and Kevin. His other interests include racquetball and coaching little league. He is one of the top racquetball players in Denver and was "Colorado athlete of the year" in 1979.

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