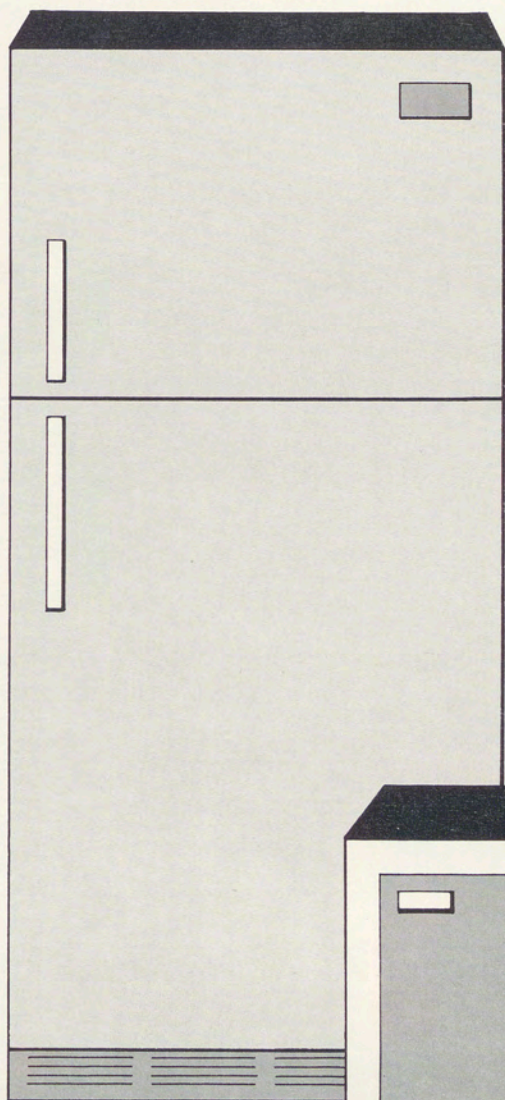


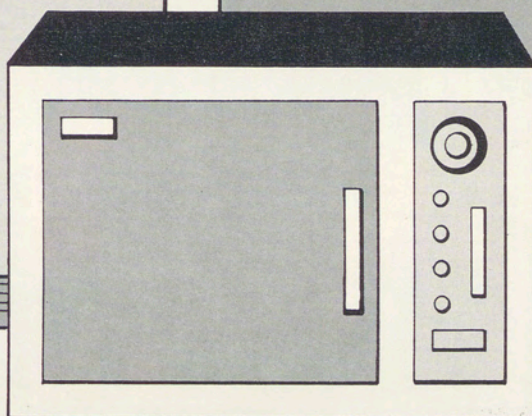
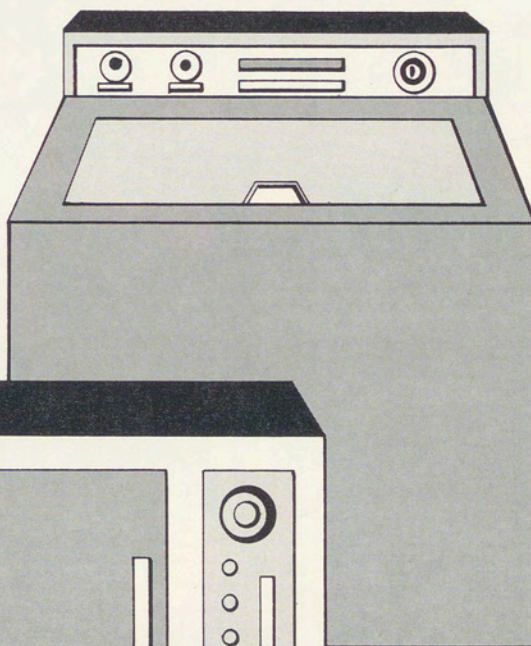
# THE APPROACH

the magazine for the home entertainment, home appliance and furniture rental industry

## The Appliance Rental Business



- **Your Appliance Rental Business . . .  
Cooking or Going Up In Smoke?**
- **Microwave Merchandising Methods**
- **Innovative Appliance Marketing**
- **Consumer/Dealer Appliance Awareness**



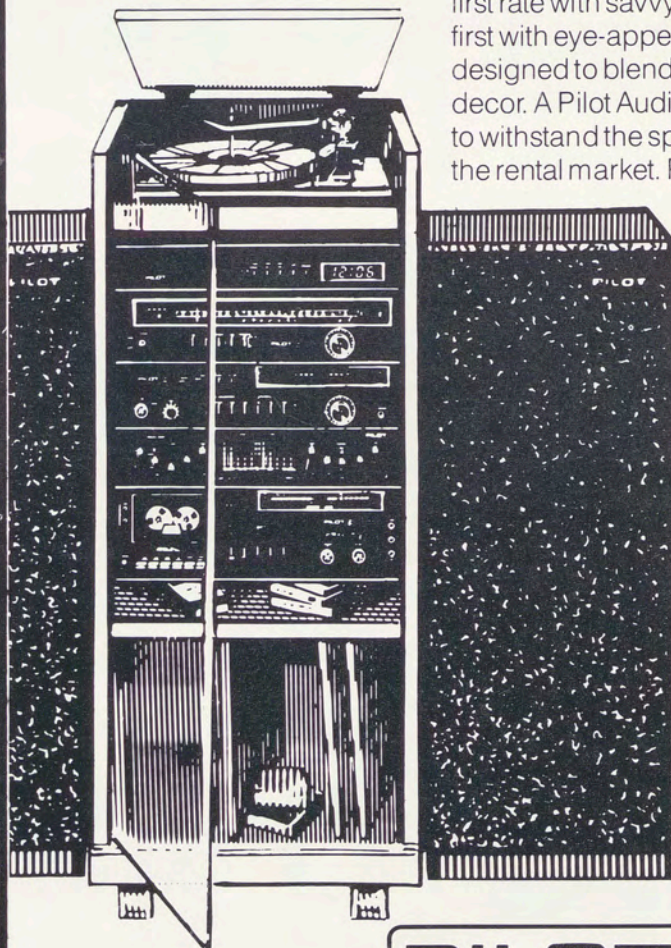
**How Much Is Your Business Worth?  
Washington and the Rental Industry**

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## Pilot Audio Systems check out all the way with Rental Dealers for profitability.

From start (switch on any Pilot System) to finish (Walnut, Palasander, etc.) and with dozens of features in between Pilot is first rate with savvy rental dealers. Pilot is first with eye-appeal audio systems designed to blend and enhance any decor. A Pilot Audio System is quality built to withstand the special day-to-day use of the rental market. Pilot performance will

please the most discriminating ear for sound — and that pleases rental dealers the most. Feature by feature, Pilot checks out with rental dealers as a profit-maker that's care-free and worry-free — that's why Pilot has it all.



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Automatic Record Changer		✓	
Semi-Automatic Record Player		✓	
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AM / FM Digital Frequency Display		✓	
LED Audio Level Meter Display		✓	
Twin Audio Level Meter Display		✓	
Sliderule Volume Control		✓	
LED Record Level Meter Display		✓	
Twin LED Record Level Meter Display		✓	
Sliderule Balance Control Indicator		✓	
5 Slide Graphic Equalizer		✓	
10 Slide Graphic Equalizer (5 x 2)		✓	
Spectrum Analyzer		✓	
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DNR Noise Reduction System		✓	
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Viscous "Damped" Cassette Door		✓	
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Mid-Range		✓	
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Speaker with Roll Around Casters		✓	
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# MESSAGE

by Barry Gambini  
APRO President/Chairman of the Board

I write as the newly elected president of your trade association, and I want to thank the APRO Board for the confidence it has shown in me. As most of you know, this will be my second term as president of our association.

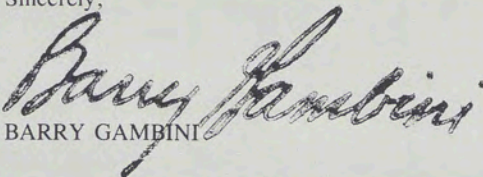
Many times in our industry we talk about a store's reaching maturity, and by that we mean that its placements each month have peaked and reached a plateau. I am happy to announce to APRO members that our association has not yet reached its maturity. It continues to grow in a healthy manner. Last year about 550 people attended our convention in New Orleans; this year in Las Vegas we had nearly 900. This past year and the one to follow are critical years. The future of the rental business literally hangs in the balance. We have the momentum started and we must keep it going. Things are starting to happen in Washington and we must follow through.

Bad things do happen to nice people. We represent nice people, ourselves and our employees. The court battle has just been won in Maine, but the victory has a hollow ring. A family business was destroyed. Financially, they were drained and virtually bankrupt by the time their case was won. Their integrity was reaffirmed; their reputation was restored. But the business they had built during their lives was gone. Other similar cases are cropping up across the United States today.

APRO is a prime example of how professional our industry has become. Our ethics and standards speak for themselves. We must proceed in the manner in which we have begun. The fact that we were able to meet together recently in Las Vegas with such unanimity emphasizes our sincerity. My philosophy as president of APRO was and is to dedicate the association to keeping the channels of communication open, emphasizing the sharing of information and experience. Thus each member will benefit from the mistakes that others have made and will not have to repeat them. This trade association is not a country club. Each individual member is a part of the whole—"all for one and one for all." And as long as we are quoting clichés, I could particularly use, "united we stand; divided we fall," insofar as our Washington effort is concerned.

My first year as president has been a rewarding and educational experience for me, one which I look forward to continuing. It is my promise to you as APRO members that as long as I remain a part of APRO, I will continue to be available to the membership and willing to share my knowledge with each and every one of you.

Sincerely,

  
BARRY GAMBINI

## LETTERS

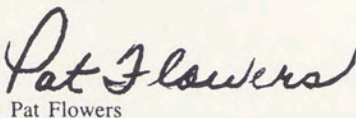
Dear Friends:

APRO does it again, what a wonderful convention! What with gala receptions, fine product displays, educational seminars and the fellowship, it was certainly a convention I will remember. I brought home not only hilarious tales about the woes of the wig rental business and a tipsy banquet comedian, but also many valuable tips to make this year more exciting and profitable than ever.

In addition, it was a chance to see old friends and meet new ones. Being relatively new in the rental business I found the folks at this year's convention refreshing. The spirit of camaraderie and a willingness to improve and grow was everywhere. Also, the opportunity to serve on this year's board of directors was both unexpected and thrilling! I hope to be able to make some worthwhile contributions and look forward to working hard with the other board members this year to reach our common goals. It is such an honor and I thank you all for allowing me this privilege.

Once again, thanks APRO for a great convention! I'm back in Albuquerque full of new ideas and renewed enthusiasm, and I warmly invite all of you to call or come visit us this year at Colorworld. The sunsets in Albuquerque are beautiful. See you soon.

Sincere Appreciation,

  
Pat Flowers

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POSTMASTER: Send address changes to THE APROACH, 1866 InterFirst Tower, Austin, TX 78701. Back issues of THE APROACH available at \$3.00 each. For subscription, change of address, back issues, write THE APROACH, 1866 InterFirst Tower, Austin, TX 78701. Three weeks required for changes or orders. Allow four to six weeks for first subscription copy to be shipped. Printed in USA. Volume 3, number 5.

**THE APROACH**

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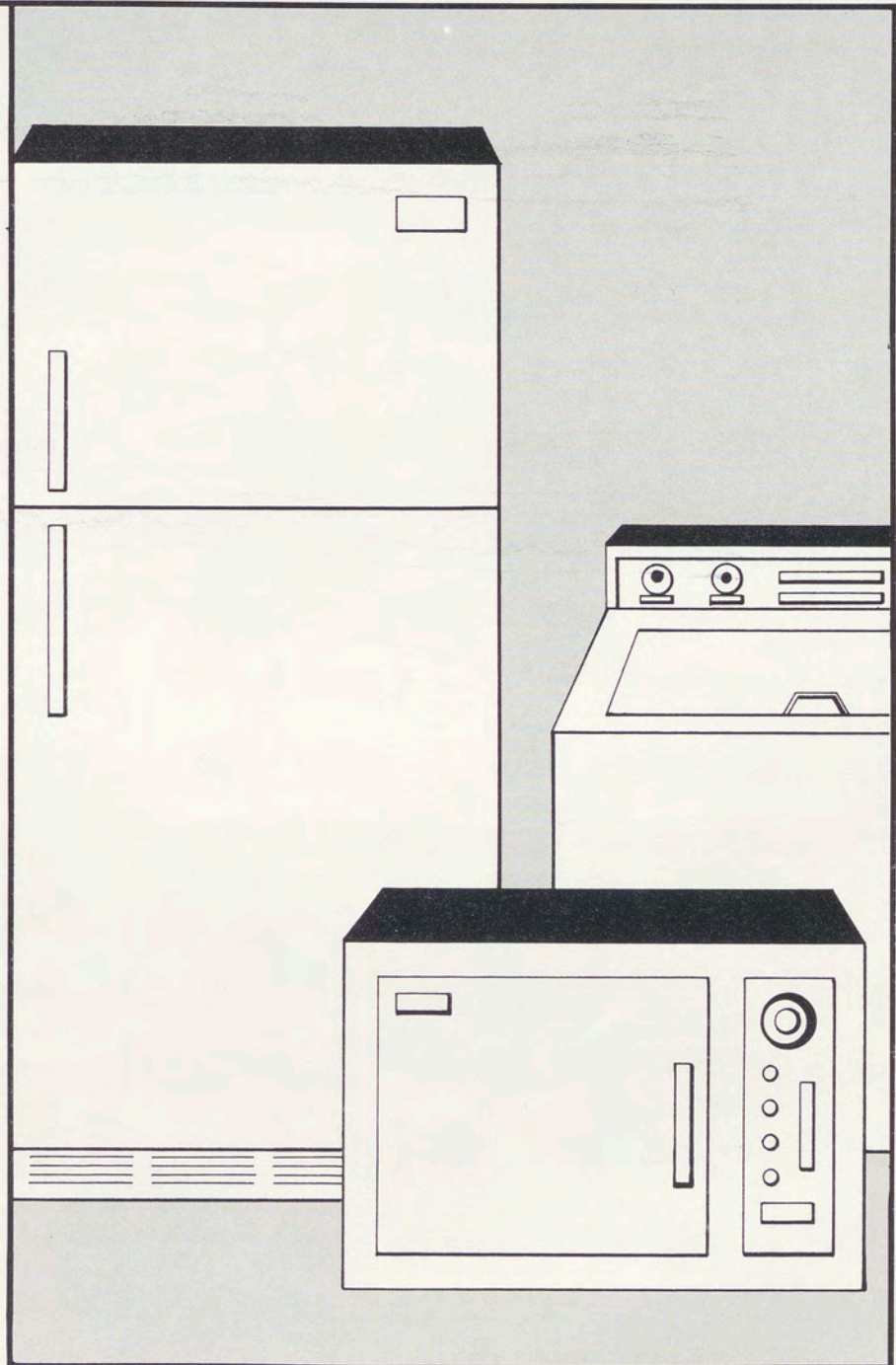
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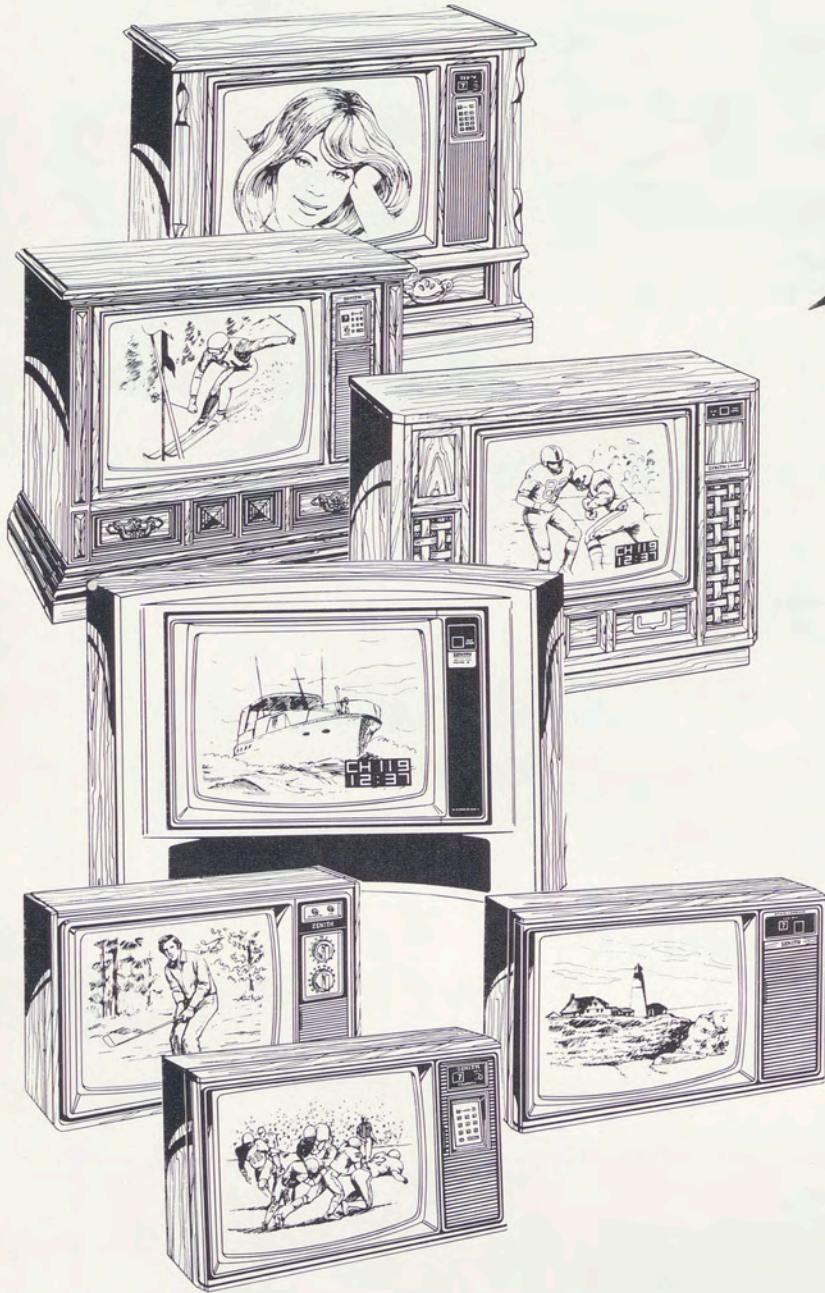
Microwave Merchandising Methods

Innovative Appliance Marketing

Consumer/Dealer Appliance Awareness

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Zenith's dedication to quality without compromise has made Zenith the first choice of millions who want and demand the finest in television. Now this famous Zenith quality can be available to your rental customers.

For information, contact your Zenith Distributor, or write or call Mr. Norm Smith, Zenith Radio Corporation, 1000 Milwaukee Avenue, Glenview, IL 60025, (312) 391-8231.

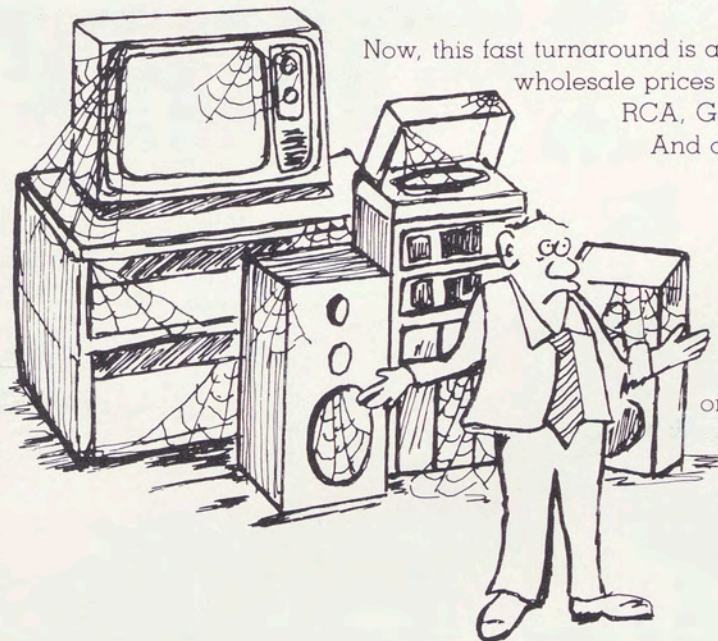
## ***Check the Zenith Difference***

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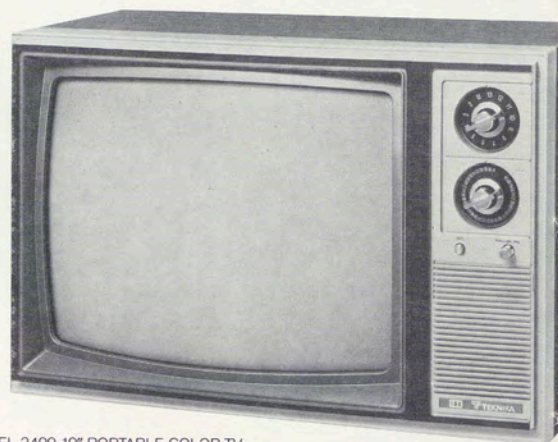
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- **Most competitive warranty in the industry.** Two-years parts, labor and picture tube on most portables. In-home service on all 19" and 25" sets.
- **Ease of serviceability.** Easily accessible unitized chassis. And over 1200 authorized Teknika service agencies nationwide.
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MODEL 3379M 19" REMOTE CONTROL COLOR TV. MID-BAND CABLE COMPATIBLE. FOUR-FUNCTION AUTO COLOR. DIRECT ACCESS/SCAN ELECTRONIC TUNING. PICTURE ADJUSTMENT CONTROLS. WARRANTY: TWO YEARS IN-HOME PARTS, LABOR AND PICTURE TUBE.



MODEL 3429 19" PORTABLE COLOR TV. THREE-FUNCTION AUTO COLOR. PICTURE ADJUSTMENT CONTROLS. WARRANTY: ONE YEAR IN-HOME PARTS, LABOR. TWO YEARS PICTURE TUBE.

We both know that a down set isn't making money. That's why we build and back Teknika televisions with pride and service. And make sure they're designed with the rental features you want—hardwood cabinets and casters on most consoles and carry-handles on most portables.

Today a variety of Teknika television

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EASTERN PA  
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(215) 576-1010

NORTHERN NJ, METRO. NY  
Lawrence Marketing  
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UPSTATE NY  
Colin Baird Associates  
(518) 399-1218

##### NORTH CENTRAL

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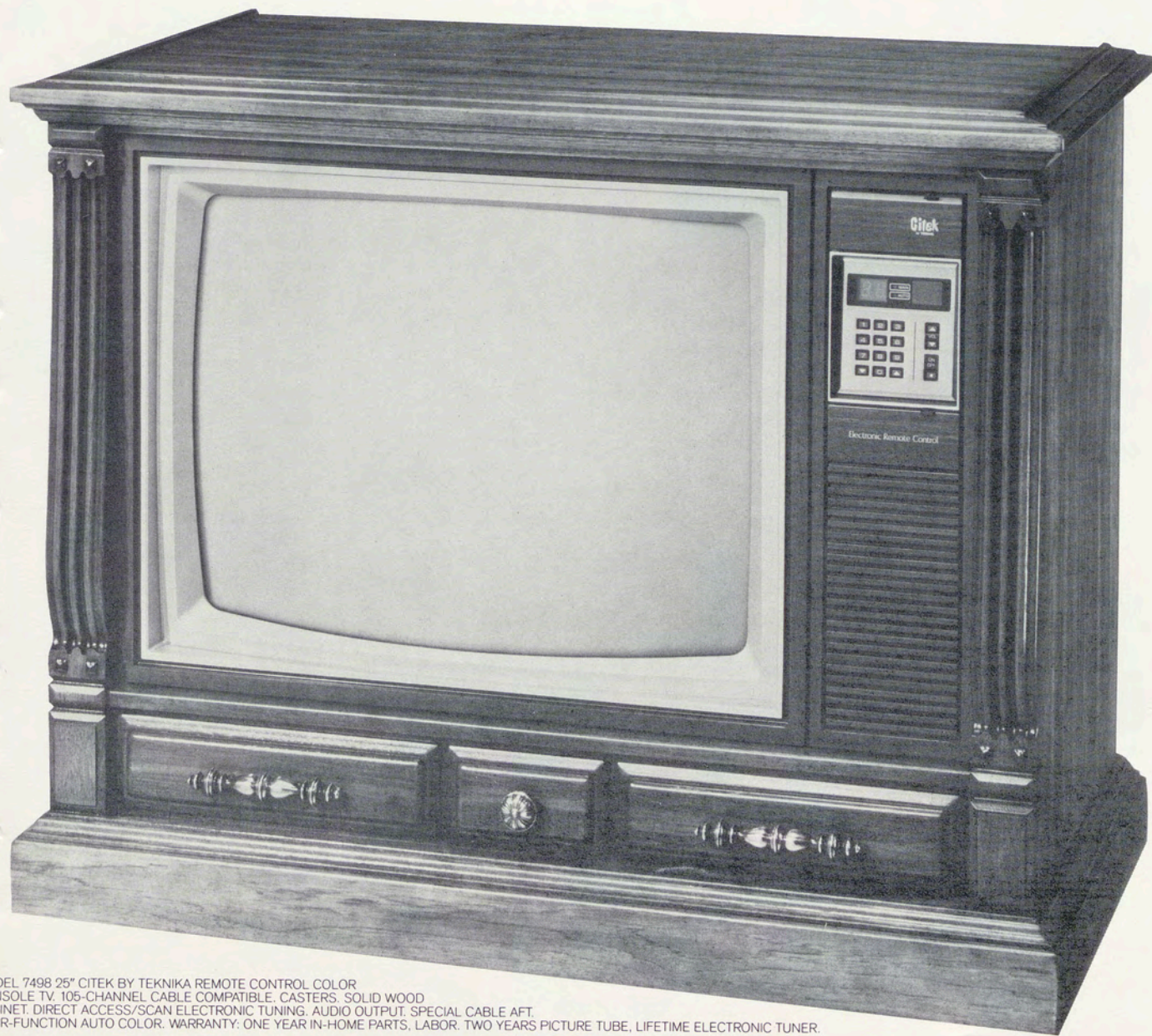
John Axtell & Associates  
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MULTI-FUNCTION AUTO COLOR. WARRANTY: ONE YEAR IN-HOME PARTS, LABOR. TWO YEARS PICTURE TUBE, LIFETIME ELECTRONIC TUNER.

**TEKNIKA**  
**FOR QUALITY THAT'S UNHEARD OF.**

# APRO IN ACAPULCO

Now you can enjoy the best benefits of trade association membership: a fun-filled holiday in sunny Acapulco, Mexico built around fact-filled seminars designed and developed especially for the rental dealer. APRO goes to Acapulco November 17-20 and you won't want to miss this special event!

For the first time, APRO spouses will be able to participate in a half-day seminar devoted exclusively to "Women in APRO." Whether you are the wife or partner of a member dealer, or a principal in your own business, you can gain from the insight of an expert's discussion on the emergence of the female in the rental industry.

APRO will devote a full day in Acapulco to "Taxes and the Rental Industry," a two-part course targeting the tax benefits and liabilities of a properly structured accounting system. The controversial and often misunderstood ACRS Inventory Accounting Method (accelerated cost recovery system) will be covered in depth, as well as personal estate planning and how you can take money out of the privately-held corporation without incurring excessive personal tax liabilities. If you've often looked at your tax bill and wondered how you could cut it legally and still increase your personal wealth, this APRO seminar is not to be missed!

A half-day session addressing the unique problems of "Personnel Recruiting and Management" in the Rent to Own industry will answer many of your questions and doubts about where to find the best management people and how to keep them once you do. You'll learn you needn't pay exorbitant employment fees when some of the best people are right under your nose.

Plan now to make your winter vacation one of the best ever in beautiful Acapulco . . . join APRO November 17-20 for a fully tax-deductible holiday and seminar retreat at the Hyatt Regency Acapulco. What better way to combine business and pleasure than to join other APRO members for education, information, and that famous Acapulco nightlife and tropical fun! This will be the most affordable and productive holiday vacation ever for today's professional rental dealer.

## \*\*\*SPECIAL ATTRACTION\*\*\*

Your registration entitles you to join the big beach party and cookout on the final evening of your stay . . . warm ocean breezes, white sands, music, cocktails, and delicious Mexican barbecue under the tropical moon that made Acapulco Bay famous around the world . . . don't miss it!

## Seminar Schedule

**Thursday evening, 11/17:** Room check-in and hospitality cocktails. (APRO Table set up in lobby with info on seminars, parties, and local activities available)

**Friday morning/afternoon:** Seminars I & II

Seminar I "Taxes and Rental Industry,"

- Rental Accounting Basics
- ACRS vs. Traditional Inventory Write Off
- Personal Estate Planning
- Getting Your Money Out of the Company
- Outside Investments: How to Choose

Seminar II "Women in the Rental Industry"

- Your Husband, the Owner
- Your Wife, the Partner
- Women as Business Principals
- The Challenge to Females in Business
- Overcoming Outdated Attitudes

**Friday evening** - open

**Saturday:** Seminar III

Seminar III "Personnel Recruiting & Management"

- The "Right Stuff"
- Planning for Hiring
- The Search
- Managing the Newly-Hired
- When Competition Calls

Seminar IV "Rental Law"

- Washington Report
- Legal Agreements - State of the Art
- Credit Reporting and Rental
- Discrimination: Customers and Employees

**Saturday Afternoon** - Acapulco Shopping Tour

**Saturday Evening** - Moonlight Cruise and Dinner

**Sunday Morning** - Early Morning Deep Sea Fishing Excursion

# ACAPULCO MEXICO

Acapulco has been called the finest seacoast resort in the world. With good reason. Almost everything you could conceivably want in a resort can be found here. No wonder people who can afford to go anywhere in the world so often choose Acapulco.

Acapulco lies along one of the most beautiful seacoasts in the world. The setting is incomparably lovely—a seven-mile crescent of hills ablaze with tropical flowers, dropping down to the golden-sand beach and the blue, blue Pacific. The climate is balmy (80.5° average) with cooling breezes the year-round.

You can dine in restaurants that rival the elegance and cuisine of anything to be found in Mexico City or New York. Night life in Acapulco is what you make it—smoothly sophisticated, bright and gay, casual and informal—delightfully different with clubs and lounges that offer a wide variety of entertainment. For those who want to see more of Mexico while in Acapulco, one day air excursions to Oaxaca and Puerto Vallarta and auto trips to primitive coastal villages are easily arranged.



Plaza Internacional  
**HYATT  
REGENCY  
ACAPULCO**



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## ACAPULCO SEMINAR

November 17-20, 1983

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- Welcome poolside Cocktail Party
- Gala Farewell Dinner and Show
- Full program of optional sight-seeing
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Apro Member	\$345 - 1/2 Twin
Apro Member	\$439 - Single
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Non-Member	\$539 - Single

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San Antonio .....	\$202.50
Dallas/Ft. Worth .....	\$244.00
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Airline Tickets can be charged to your credit card—American Express, MasterCard or Visa. Tickets will be issued as soon as paid for (by check or credit card information) to protect you from future increases.

**MAKE YOUR RESERVATIONS EARLY!**



# ACAPULCO SEMINAR

November 17-20, 1983



Plaza Internacional  
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## # 338 - RESERVATION APPLICATION

Please use one application per family. Please type or print carefully.  
This is International Travel - full and proper names must be listed.

Name: \_\_\_\_\_ Spouse's Name: \_\_\_\_\_

Names and ages of accompanying children: \_\_\_\_\_

Company Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
P.O. Box or Street City State Zip

### HOTEL ACCOMMODATIONS REQUEST:

\_\_\_\_\_ Single Occupancy \_\_\_\_\_ Double Occupancy \_\_\_\_\_ Triple Occupancy \_\_\_\_\_ One Bedroom Suite  
1 Per Room 2 Per Room 3 Per Room 2 Per Suite

Airline departure city: \_\_\_\_\_ Smoking \_\_\_\_\_ Non-Smoking \_\_\_\_\_

Date of departure: \_\_\_\_\_ Date of return: \_\_\_\_\_

Type of airfare requested: \_\_\_\_\_ First-class \_\_\_\_\_ Best (i.e. excursion/advance-purchase)

**ONLY** airline tickets can be paid for by credit card. All hotel/land arrangements have to be paid for by check. If you wish to have the airline tickets charged to your credit card, complete the following:

Type of card Complete card number Expiration date Name as shown on card

.....

**\$150.00 per person deposit must accompany this reservation to confirm your hotel/land arrangements.**

A \$25.00 per person cancellation fee will be charged by G.E.I. for any cancellations received after a confirmation has been mailed. Any cancellations received on/after September 2, 1983, will also be subject to a \$100.00 per room cancellation fee by the hotel. Cancellations received after November 3, 1983, will also be subject to a \$200.00 per room cancellation fee by the hotel unless the room is resold for the entire stay.

I/we enclose our check in the amount of \$\_\_\_\_\_ for \_\_\_\_\_ reservations.

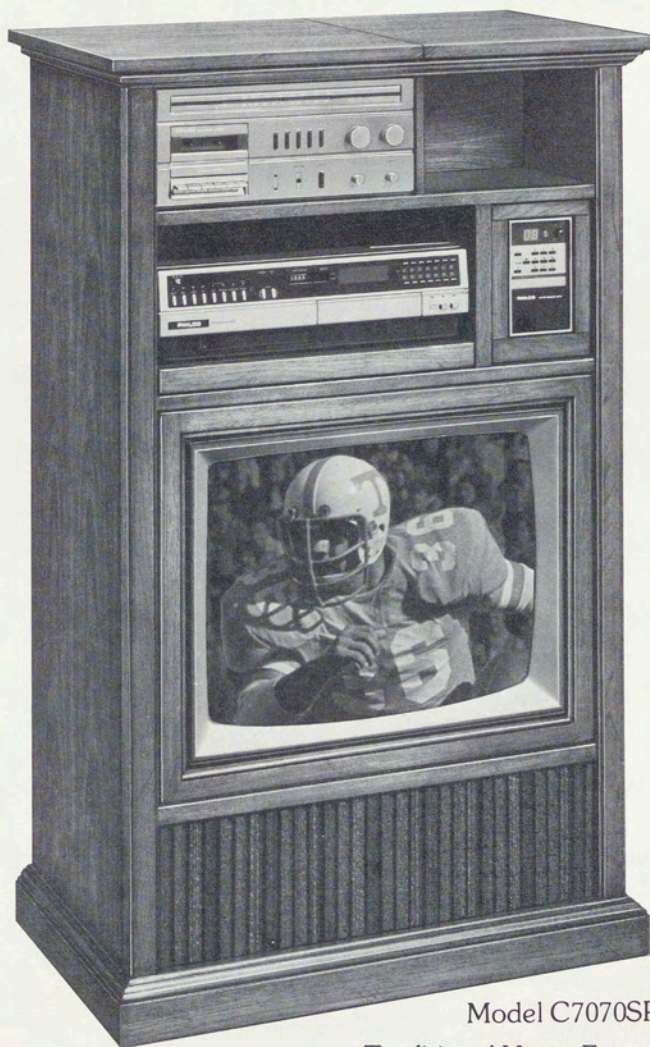
Signed: \_\_\_\_\_ Date: \_\_\_\_\_

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*News and Views of the Association of Progressive Rental Organizations*

## Newsbriefs

### A GOOD BET FOR THE FUTURE: 1983 LAS VEGAS CONVENTION A WINNER

APRO enjoyed the largest turnout ever for a convention and trade show at Caesar's Palace in Las Vegas recently. A total of 872 people registered for the four-day event. Early arrivals played in the APRO golf or tennis tournaments on Sunday. Monday saw nine different seminars offered at staggered times during the day. Topics ranged from law to merchandising, from finance to "how to get into the furniture rental business." All of the seminars were well-attended and a few hardy dealers reported attending every one. Monday evening saw dealers and wives all decked out for the grand-opening cocktail party. Caesar's put out memorable tables of hors d'oeuvres and the bars stayed busy as dealers renewed old friendships and made new ones.

The next two days were devoted primarily to the trade show. Suppliers took over the 20,000 square-foot exhibit hall in Caesar's, with 116 booths showing new models of televisions, stereos, computers, and furniture. The exhibit hall was full of dealers most of the time and the suppliers' only complaint was that the show did not last longer. Throughout the convention there was talk of stores being bought and sold and of other deals being struck behind closed doors and in hospitality suites that stayed open late into the night. At the business meeting on Wednesday morning, a plea for funds to support the lobbying effort in Washington met with resounding approval from dealers, as all those present readily volunteered \$200 per store to insure the survival of the industry.

Wednesday night saw the annual gala banquet, with rental dealers and wives again dressed to the nines. Greg Lewis entertained the group with humor from Southern California. Bud Holladay was given the President's Award for his tireless efforts on behalf of the Association. Most particularly, Holladay was recognized for his efforts in organizing the President's Panel Seminars which were presented to some 200 dealers last spring. Glen Davis won the Recruiting

Award for the second year in a row for his efforts in getting the most new members to join the association. Also awarded at the banquet were some of the largest trophies for golf and tennis ever seen.

A few dealers, of course, never found the exhibit hall or the seminar rooms, lured as they were by the clink of chips and the seductive green of the gaming tables. Most weren't talking about how much they had won or lost, but one dealer in front of witnesses pocketed over \$30,000 after a successful run on the black jack tables.

Other dealers stayed up late sampling fine restaurants and the many shows for which Las Vegas is famous. By and large, the members reported that Caesar's Palace was a good place to hold a convention. Some, however, had to be careful upon waking in the morning not to be frightened by that haggard face in the mirror on the ceiling.

One of the reasons trade associations exist, and one of the reasons they have conventions, is to allow people in the same business to get together and share their common joys and heartaches. Even though APRO has grown rapidly and perhaps lost a little of the intimacy it enjoyed in its early days, Las Vegas saw clusters of dealers in the halls, in the restaurants, in the bars and at the tables, sharing the camaraderie of their industry. It is that special feeling of sharing success and sharing adversity that made the Las Vegas meeting such a success.



## Board Happenings

APRO's new Executive Committee met for its second session on September 18 at the Dallas-Fort Worth Marriott Hotel. On the agenda that day was a discussion of the recent Las Vegas convention, including the financial tally, as well as proposals for next year's convention, according to Barry Gambini, APRO president.

Barry Gambini was elected to his second term as president of APRO during a business meeting of the new Board of Directors held August 3 at Caesar's Palace in Las Vegas. Others on the Ex-

ecutive Committee and their terms of office are John H. "Jack" Callender, Jr., vice-president, two years; Edward Mohanna, vice-president, one year; Glenn Davis, secretary, two years; Dennis Palmquist, treasurer, one year. R. C. "Bud" Holladay, immediate past president, will serve a two-year term.

Elected to two-year terms on the Board of Directors were Charles D. "Chuck" Sims, Bert McCann, Rozanne Kowalczyk, and Tom Devlin. Named to serve one year were Stephen Grauel, Alan Dobzinski, Haskell Dighton, Frank Ellsworth, Patricia Flowers, and Robert White.

In other business, the new Board established a Legal Defense Fund, and discussed ways of collecting and disbursing these funds. "It was generally considered by the Board that this was a matter of enormous consequences to the association and that it needed the association's utmost and diligent attention," according to Secretary Davis's report.

Davis was also named by the Board to chair a newly established Associate's Advisory Council Committee to coordinate the association's activities with those of the associate members.

After the Board meeting concluded, the Executive Committee went into session. The first order of business was to establish a fund-raising committee for the new Legal Defense and Information Fund. Terry Washburn, of Remco Enterprises, was named chairperson of this committee.

Barry Gambini and Rozanne Kowalczyk were elected to co-chair the Government Relations Committee, whose primary responsibility will be the management of the Legal Defense and Information Fund. This committee will also keep an eye on legal issues facing the rental industry.

Robert White was appointed chairperson of the Convention Committee, and it was voted to hold the 1984 convention again in Las Vegas at Caesar's Palace.

A Government Relations Committee meeting was held September 19 at the Marriott under the guidance of co-chairpersons Barry Gambini and Rozanne Kowalczyk.

## Newsbriefs

Noted political consultant Kenneth L. Khachigan opened the 1983 APRO Members Annual Business Meeting with the keynote theme, Washington Affects You! Do You Affect Washington?

Mr. Khachigan alerted listeners to the growing threat posed by the increasingly affluent Legal Services Corporation. He explained that the group, which is funded by tax dollars and was established 18 years ago, is bent on social engineering and philosophically opposed to the profit system. They are strongly opposed to us, he said.

The Corporation, as well as other similar consumer advocate groups, is well arrayed in Washington, Khachigan declared, noting such organizations lobby incessantly and zealously for their beliefs. They are well versed in the complexities of the legislative process and use it skillfully in their favor, to the detriment of rental dealers.

Khachigan drove his point home forcefully, quoting Douglas MacArthur's words, "The two worst words marking failure are 'too late!'" He stressed that all dealers have the very survival of their business at stake, no matter what their size. Small dealers particularly, are the most vulnerable, he said.

Khachigan urged rental dealers to unite and work together to contest the Legal Services Corporation's growing Washington influence. Outlining the importance of dealers seeking favorable legislation, he used the analogy of preventive medicine and recommended APRO members each make a modest investment in saving the business now to avoid costly litigation and possible loss of business in the future.

Khachigan, 38, is a public affairs and political consultant with offices in San Clemente, California. He served as staff assistant to the President from 1970 to 1974. He traveled with President Ronald Reagan as chief speechwriter during the 1979 presidential campaign, staying on in that capacity after the election and also serving as special consultant. Since 1982, Khachigan has served as a Presidential appointee to the National Institute of Justice Advisory board.

Ed Winn, APRO's Executive director and legal counsel, has been working on the Washington scene for APRO to the very limited extent possible with existing funds. He recommended to the member-

ship that \$250,000 would see to legislative needs for 1984 if matters move relatively smoothly. These funds are needed for on-the-scene Washington lobbyists to represent APRO. Winn suggested a contribution of \$200 per store, a small price to pay for an average store investment of \$300,000; less than most members pay for other forms of insurance.

After several motions and considerable discussion, the membership registered a virtually unanimous preference for voluntary contributions rather than levies. Immediately following the meeting, pledge cards began rolling in to the APRO booth, a gratifying response and testimonial to the belief members have in the power of concerted action through the APRO trade association which is growing monthly in its membership, dedication, strength and sophistication.

At APRO, we are confident that those who were too busy to get to the APRO booth before the convention ended will get those pledges and checks in as soon as possible. We urge those unable to attend to join with us in this endeavor. It is probably the most critical issue we will ever face as an association. APRO needs dealer support.

Terry Washburn was appointed by the new Board of Directors as chairperson of the Legal Defense and Information Fund Committee. Anyone with questions please call Terry at Remco in Houston or Ed Winn at the APRO office in Austin.

The Executive Committee of the Board has appointed Barry Gambini and Rozanne Kowalczyk to co-chair the Government Relations Committee. Members will hear from them regularly with progress reports, requests for local support and contacts, as well as input on local and state developments. Barry and Rozanne say they will be pleased to hear from members, either directly or via Ed Winn.

*Editor's Note: At press time, contributions toward the fight to save rental businesses totaled \$27,550. Please direct pledge contributions and inquiries to APRO Legal Defense Fund, 1866 Inter-First Tower, Austin, TX 78701.*

## FYI

Whirlpool Corporation director, special markets, John G. Steeb, has announced the appointment of Thomas F. Kitchens III to the position of manager, premium and rental sales. In his new

position, Kitchens will be responsible for product sales to national rental accounts and the premium/incentive industry.

Kitchens, who holds a B.S. degree in Business Administration from the University of Arkansas, joined Whirlpool in 1968 at the Ft. Smith, Arkansas manufacturing division. He subsequently moved through several positions in the consumer affairs and sales divisions and was, most recently, a retail sales territory manager at the Whirlpool Midwest Sales Division.

## WHIRLPOOL ANNOUNCES CORPORATE PERSONNEL STAFF APPOINTS

BENTON HARBOR, MICH. — Jay Van Den Berg has been named to the new position of general manager, corporate personnel services, and Ed Dunn has been named to the new position of general manager, corporate personnel, for Whirlpool Corporation. Van Den Berg and Dunn will report to Charles Putnam, vice president of personnel. Both promotions are effective October 1, 1983.

In his new position, Van Den Berg will be responsible for Corporate Personnel Services in labor relations, compensation and benefits, occupational safety and health, management resources, and employee communications. Dunn will assume personnel responsibilities for the Corporate Administrative and Marketing Groups.

Van Den Berg joined Whirlpool in 1967 as an industrial engineer at the St. Joseph (Mich.) Division, and was promoted to salaried personnel administrator there in 1968. From 1970 to 1974 he was manager of hourly and salaried personnel at the Findlay (Ohio) Division. In 1974 Van Den Berg was promoted to director, industrial relations at the St. Joseph Division. Five years later he assumed the additional responsibilities of director, industrial relations for the Laundry Resident Group in St. Joseph. Van Den Berg was promoted to his current position of director of manufacturing at the St. Joseph Division in 1981.

A native of Grand Rapids, Michigan, Van Den Berg holds a Bachelor of Science degree from Western Michigan University. He is a member of the Twin Cities Area Chamber of Commerce, President of the Twin Cities Symphonic Society, and a board member of the St. Joseph-Benton Harbor Rotary Club. He is chairman, Major Firms B,

for Blossomland United Way, and a steering committee member of the Twin cities Industrial Management Training Program. He and his wife, Joanne, have three daughters and reside in St. Joseph.

Dunn joined Whirlpool's St. Joseph Division as a personnel trainee in 1969. From 1970 to 1974 he worked at the Findlay Division with assignments in hourly personnel, salaried personnel, and communications. In 1974 Dunn was promoted to salaried personnel manager at the Clyde (Ohio) Division, a position he held until 1978 when he was named personnel manager for the company's Consumer Affairs Division. A year later, Dunn returned to the Findlay Division as director, industrial relations. He was promoted to his current position of director, industrial relations for the Laundry Resident Group and St. Joseph Division in 1981

Dunn is a Salem, Indiana, native and a graduate of the University of Evansville in Indiana. He is a member of Blossomland United Way, the Twin Cities Area Chamber of Commerce, and the Southwestern Michigan Industrial Relations Association. He and his wife, Jeanne, have one son and reside in St. Joseph.



### Convention Highlights

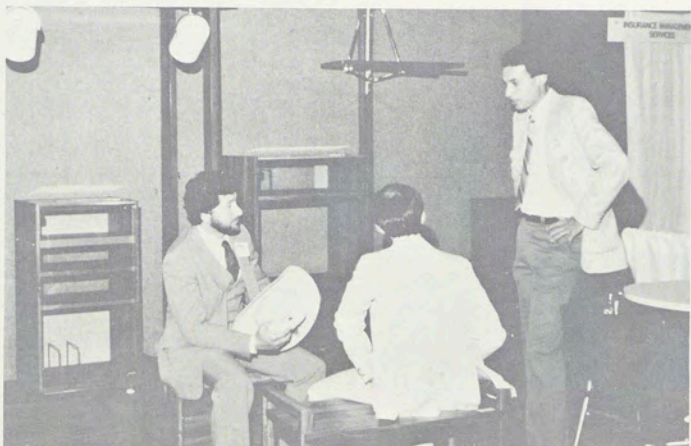


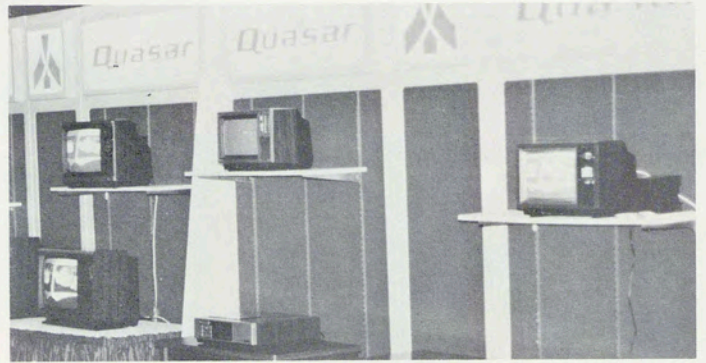
### Calendar

- October 19** The President's Panel Seminar—Charlotte, North Carolina—For Managers
- October 20** The President's Panel Seminar—Charlotte, North Carolina—For Owners
- October 20** Ad copy and payment deadline for THE APROACH, Vol. 3, No. 6
- November 15** THE APROACH, Vol. 3, No. 6, issued
- November 17-20** APRO Holiday in Acapulco
- December 15** Ad copy and payment deadline for 1984 WHO'S WHO IN RENT-TO-OWN regular display advertising
- December 20** Ad copy and payment deadline for THE APROACH, Vol. 4, No. 1



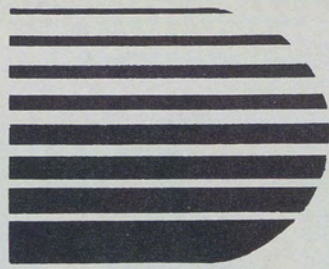
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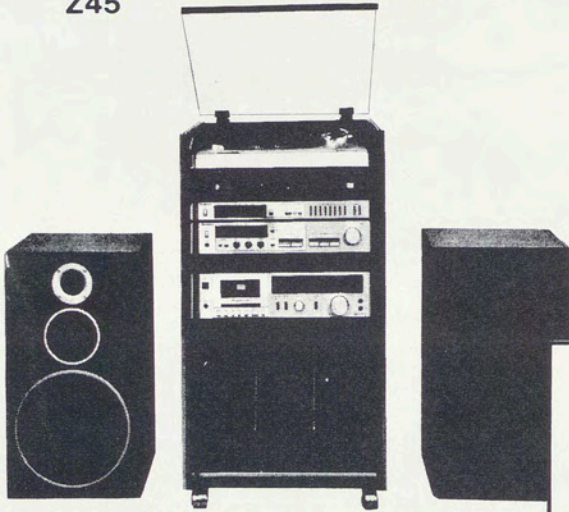


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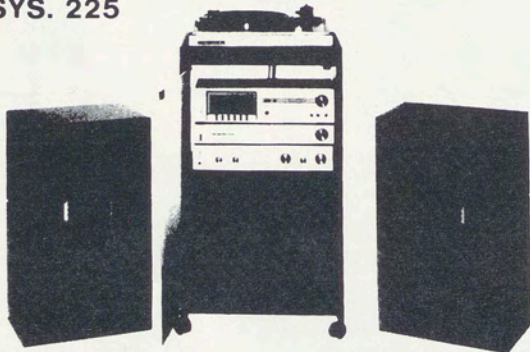
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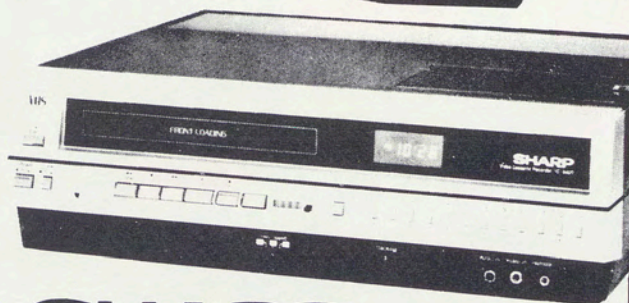
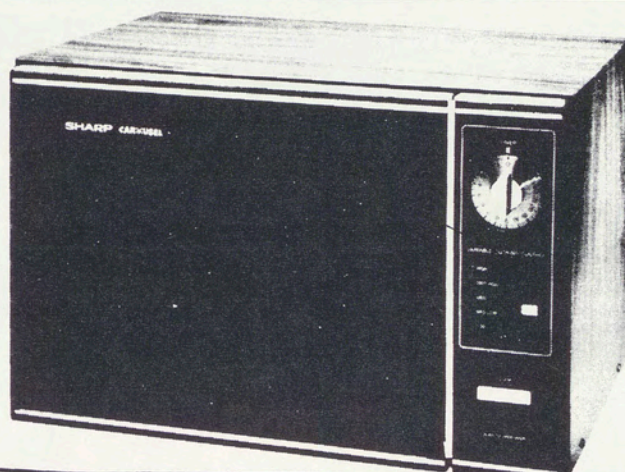
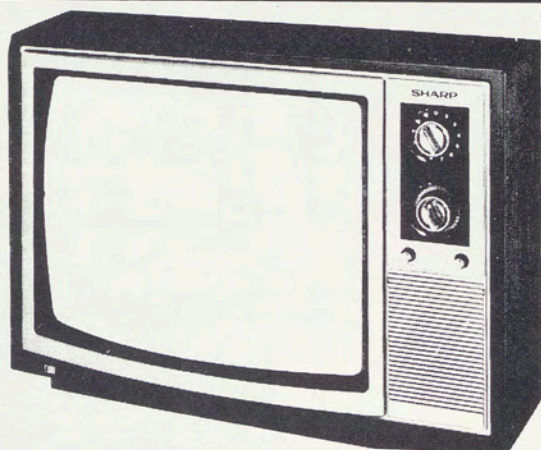
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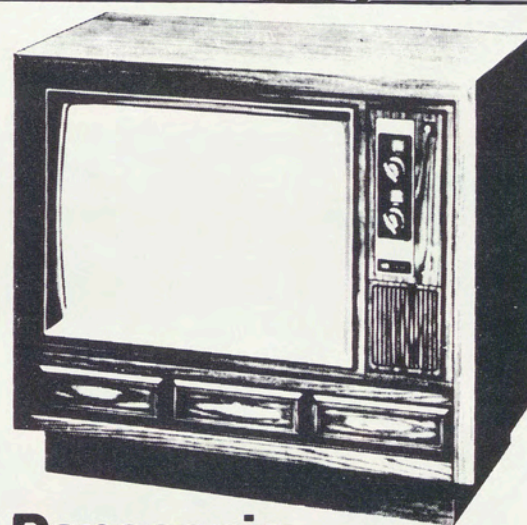
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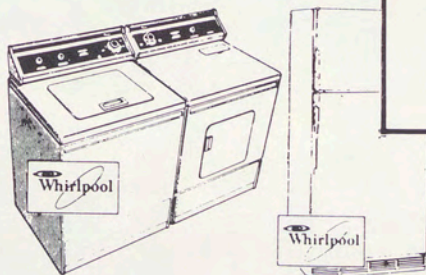
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1. Bud Holladay makes an appeal for contributions to the APRO Legal Defense and Information Fund. Pledges received at the Convention exceeded \$115,000.



2. The newly elected APRO Board of Directors: top row, l. to r.: Ed Mohanna, Steve Grauel, Dennis Palmquist, Bud Holladay, Barry Gambini, Frank Ellsworth, Bob White, Haskell Dighton, Chuck Sims; bottom row, l. to r.: Glenn Davis, Burt McCann, Rozanne Kowalczyk, Patricia Flowers, Jack Callender, Allen Dobzinski.

3. APRO Golf Tournament winners displaying the fruits of their victory.



**UPDATE****New Dealers**

( ) Number of Stores

**Ayres, Patrick (1)**

Super TV & Appliance Rental  
100 North University Drive  
Fort Worth, TX 76107  
817/335-6535

**Bearden, P. A. (2)**

Lion Rental Company, Inc.  
6175 Van Buren Boulevard  
Riverside, CA 92503  
714/354-2030  
Lion Rentals  
802 Navajo, Suite E  
Perris, CA 92370  
714/657-0714

**Boehm, John E., III (3)**

Rent To Own  
908 Collins Boulevard  
Covington, LA 70433  
504/892-7368

Rent To Own

2716 Thomes Street  
Hammond, LA 70401  
504/542-7368

Rent To Own

Highway 16 West  
Amite, LA 70433  
504/748-7368

**Cate, William P. (3)**

Cate-McLaurin Company, Inc.  
P.O. Box 5448  
Columbia, SC 29250  
803/256-2424

C&M Appliance & TV Rental  
1742 Taylor Street  
Columbia, SC 29201  
803/256-4503

C&M Appliance & TV Rental  
7313 Garners Ferry Road  
Columbia, SC 29209  
803/776-0141

C&M Appliance & TV Rental  
1105 12th Street  
Cayce, SC 29033  
803/791-7166

**Chadband, J. F. (2)**

Chad's Furniture & Appliance, Inc.  
460 East Anderson  
Idaho Falls, ID 83401  
208/524-0550

Chad's Rentals  
701 Wilson  
Pocatello, ID 83201  
208/232-3222

**Chiuchiolo, Alfred J. (2)**

National Rent To Buy, Inc.  
179 South Ocean Avenue  
Patchogue, NY 11772  
516/654-2366

National Rent To Buy, Inc.  
132 West Main Street  
Riverhead, New York 11901  
516/727-9429

**Collins, Willie G. (4)**

C&C TV Center, Inc.  
P.O. Box 1141  
Minden, LA 71055  
318/377-7664

COLORTYME  
640 Shreveport Road  
Minden, LA 71055  
501/377-7664

COLORTYME  
University Plaza  
Magnolia, AR 71753  
501/234-8920

**COLORTYME**

705 North West Avenue  
El Dorado, AR 71730  
501/863-3419  
COLORTYME  
Garden Oaks Shopping Center  
Camden, AR 71701  
501/836-3100

**Gill, Warren H. (1)**

Vann-Gill Electronics  
Gill's Electronics  
#20 Midtown Shopping Center  
Albany, GA 31707  
912/432-5349

**Gleaves, Mark (1)**

Allen & Bean Rentals, Inc.  
5010 Charlotte Avenue  
Nashville, TN 37209  
615/297-8555

**Grimes, Richard (1)**

Amco Services, Inc.  
4946 Jefferson Northeast  
Albuquerque, NM 87109  
505/266-5653

**Higgins, Larry (1)**

Color City Rentals  
13398 McKinley Highway  
Mishawaka, IN 46545-7496  
219/259-7661

**Jorgensen, C. K. (2)**

Daddi Dixon's Rentals  
3536 Higuera  
San Luis Obispo, CA 93401  
805/544-5341

Daddi Dixon's

1523A South Broadway  
Santa Maria, CA 93445  
805/925-4436

**Kempler, Nathan (2)**

NK Rentals, Inc.  
3212 West Park Row, Suite K  
Arlington, TX 76013  
817/461-2671

Express Rentals

1001 Kansas Avenue  
Topeka, KS 66612  
913/233-1104

Express Rentals

915 French Market  
Arlington, TX 76010  
817/277-7300

**Koenig, Charles (4)**

San Antonio Product Leasing, Inc.  
4017 Fredericksburg Road, Suite C  
San Antonio, TX 78201  
512/736-4657

COLORTYME of San Antonio  
1331 Southwest Military Drive  
San Antonio, TX 78221  
512/924-4217

COLORTYME of San Antonio  
513 Saint James  
San Antonio, TX 78202  
512/271-9898

COLORTYME of San Antonio  
5514-1 Walzem Road  
San Antonio, TX 78218  
512/657-5944

**Lerner, Lenny (1)**

AA TV Rental, Inc.  
341 Southland Drive  
Lexington, KY 40503  
606/276-5428

**Little, Dwayne (1)**

F.A.S.T. Rental Corp.  
2301 South Congress Avenue, #21  
Austin, TX 78704  
512/448-2555

**Little, Leroy T. (1)**

Bailey's TV & Appliances  
416 Broad Street  
Lake Charles, LA 70601  
318/436-7575

**Maifeld, Don (1)**

Mr. "D" Rental/Maifeld Electronics  
212 Main Street  
Cedar Falls, IA 50613  
319/266-2914

**McMurry, Fred D. (2)**

MPS Remco  
1726 Augusta, Suite 126  
Houston, TX 77057  
713/782-4447

Remco

3357 North Academy Boulevard  
Colorado Springs, CO 80907  
303/596-6900

Remco

4020 South Maryland Parkway, Suite 3  
Las Vegas, NV 89109  
702/737-0066

**McQueen, Arthur H. (2)**

Prime Time TV Rentals  
175 Alabama Street  
Spartanburg, SC 29302  
803/585-5020

Prime Time TV Rentals

11 Middleton Place  
Greer, SC 29651  
803/879-4261

Prime Time TV Rentals

1924 Taylor Street  
Columbia, SC 29201  
803/765-1398

**Messervy, Lou R. (1)**

Rent-A-Wash of America, Inc.  
R.R. 1, Box 57  
Sherman, IL 62684  
217/629-7204

**Middleton, Bruce (1)**

North American TV & Appliance Rental  
405 George Street South  
Peterborough, Ontario Canada K9J 3E1  
705/748-9460

**Ormsby, John I. (1)**

Ormsby's TV & Appliance Company, Inc.  
61 North Main Street  
Barre, VT 05641  
802/476-6644

**Pardue, William (3)**

Bill's Discount Furniture, Inc.  
P.O. Box 1549  
Leesville, LA 71446  
318/239-6246

Bill's Discount Furniture, Inc.

1103 North Fifth Street  
Leesville, LA 71446  
318/239-6246

Bill's TV Sales  
1500 East First Street  
DeRidder, LA 70634  
318/462-0833

**Semon, Lindsey (1)**

Piedmont TV Rental, Inc.  
Piedmont Furniture Rental  
5939 South Boulevard  
Charlotte, NC 28210  
704/552-7368

**Springs, Ron (1)**

Ren Tex Rentals  
5441 Alpha Road  
Dallas, TX 75240  
214/991-1804

**Taylor, Roberta (1)**

Nationwide Television & Appliances, Inc.  
400 Penn Center Boulevard  
Pittsburgh, PA 15235  
412/823-6021

**Tibor, W. F. (6)**  
 Consumers Warehouse, Inc.  
 8842 Expressway  
 Jacksonville, FL 32211  
 904/724-4400

Consumers Warehouse  
 4551 Roosevelt  
 Jacksonville, FL 32210  
 904/388-1428  
 Consumers Warehouse  
 8118 Lem Turner  
 Jacksonville, FL 32208  
 904/764-6128  
 Consumers Warehouse  
 5805 Ramona  
 Jacksonville, FL 32205  
 904/781-8802  
 Consumers Warehouse  
 6 Blanding  
 Orange Park, FL 32073  
 904/272-6344  
 Consumers Warehouse  
 215 6th Avenue North  
 Jax Beach, FL 32250  
 904/241-8803

**Viehweg, Fred (1)**  
 Actiontime Rentals, Inc.  
 805 East 6th Street  
 Austin, TX 78702  
 512/482-0888

**Whitis, Bruce (1)**  
 Action Affiliates, Inc.  
 121 North 2nd Street  
 Killeen, TX 76541  
 817/628-2121

**Young, Wayne, (1)**  
 Furniture Rentals, Inc.  
 508 South Tejon  
 Colorado Springs, CO 80903  
 303/634-0540



**New Associates**  
 (industry suppliers)

**FIVE DIMENSIONS SOFTWARE, INC.**

Michael L. Sheriff  
 4843 Keller Springs Road  
 Dallas, TX 75248  
 214/380-0621

**HAMMOND ELECTRONICS**

Tim Zimmerman  
 4334 Scottsdale  
 Dallas, TX 75227  
 214/388-0523

**H. H. SCOTT, INC.**

Edward R. Barbagallo  
 20 Commerce Way  
 Woburn, MA 01888  
 617/933-8800

**INTER/NATIONAL RENTAL  
 INSURANCE SERVICES, INC.**

Robert M. Bell  
 P.O. Box 5090  
 San Clemente, CA 92672  
 714/661-6111

**J. P. SMITHERMAN & COMPANY, P.C.**

Warren Williams  
 1404 Dunlavy  
 Houston, TX 77019  
 713/522-2783

**LEADING EDGE VIDEO**

Patrick Riley  
 P.O. Box 526  
 Albuquerque, NM 87103  
 505/345-4193

**RENTAL REFERRAL SERVICE**

Jerry Landers  
 P.O. Box 29315  
 Dallas, TX 75229  
 214/263-0766

**TEKNIKA ELECTRONICS CORPORATION**

Jeff Mullarkey  
 1633 Broadway  
 New York, NY 10019  
 212/977-8640

**ULTRA CARE PRODUCTS, LTD.**

Leo Knight  
 P.O. Box 428  
 Ajax, Ontario Canada L1S 3C5

**WOOD SPECIALTY PRODUCTS, INC.**

Roy Johnson  
 P.O. Box 344  
 Harrisonville, MO 64701  
 816/884-5113



**ADDRESS CHANGES**

**Kent, Mike**  
 COLORTYME  
 P.O. Box 37575  
 Jacksonville, FL 32205  
 904/786-7056

**Krause, Harry**  
 Options III, Limited  
 3216 South East Street  
 Indianapolis, IN 46227  
 317/784-2824

**Leonard, Marden**  
 COLORTYME  
 689 East Moana Lane  
 Reno, NV 89502  
 702/826-9000

**Manthei, David**  
 Canyon Television & Appliance Rental  
 1856 Beesley Drive  
 Las Vegas, NV 89110  
 702/459-0474

**Payne, Ronald**  
 HomeWay, Inc.  
 7076 Peachtree Industrial Boulevard,  
 Suite 100  
 Atlanta, GA 30071  
 404/447-5592



**As We Go To Press**

**Ballard, Dan (1)**  
 Dan's Rent To Own, Inc.  
 1223 West Main, Suite B  
 Tupelo, MS 38801  
 601/842-8033

**Brar, G. S. (2)**  
 Rainbow T.V. Rental, Inc.  
 920 East Tidwell  
 Houston, TX 77022  
 713/699-0722

Quality T.V. Rental  
 6121 Telephone Road  
 Houston, TX 77087  
 713/644-0505

**Burke, Richard (1)**  
 The Rent Factory  
 800 F Davis Street  
 Vacaville, CA 95688  
 707/447-5464

**Hammond, Jim (4)**  
 Full-O-Pep Appliances, Inc.  
 908 North Walnut  
 Bloomington, IN 47401  
 812/332-6554

Full-O-Pep Rental  
 2119 West 16th Street  
 Bedford, IN 47421

812/275-4466  
 American Rental  
 2330 National Road  
 Columbus, IN 47201  
 812/372-6287  
 American Rental  
 908 East Tipton  
 Seymour, IN 47274  
 812/522-9737

**Short, Jordan (1)**  
 Appliance Rental Co.  
 P.O. Box 148  
 Tifton, GA 31793  
 912/382-2314

**Spruill, Jimmie Dan (1)**  
 Rent America of Plainview  
 1209 West 24th  
 Plainview, TX 79072  
 806/296-5663

**Townsend, Dennis (8)**  
 Crowley Leasing, Inc.  
 4315 Shilling Way  
 Dallas, TX 75237  
 214/339-6345

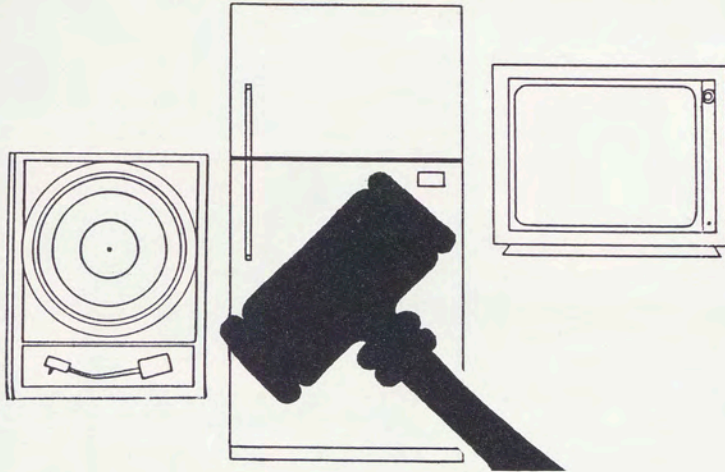
COLORTYME  
 4552 JFK Boulevard  
 North Little Rock, AR 72116  
 501/771-1020  
 COLORTYME  
 8414 Geyer Springs Road  
 Little Rock, AR 72209  
 501/562-5442  
 COLORTYME  
 1425 Main Street  
 Little Rock, AR 72202  
 501/375-5020  
 COLORTYME  
 2202 Military Road  
 Benton, AR 72015  
 501/778-2572  
 Crown TV And Appliance  
 2113 West Colonial  
 Orlando, FL 32804  
 305/843-1700  
 Crown TV And Appliance  
 634 South Dilliard  
 Winter Garden, FL 32787  
 305/656-3699  
 Crown TV And Appliance  
 420 S.W. Pine Street  
 Ocala, FL 32670  
 904/622-1255  
 Crown TV And Appliance  
 539 Bezille Road  
 South Daytona Beach, FL 32019  
 904/788-3352



Member Stats	Sept.'83
# Dealers	350
# Stores	1323
# Associates	83



**Association of Progressive Rental Organizations**



will prevent rental agreements from being characterized as credit sales. It will take anywhere from 6 to 12 months to get the law enacted. There is opposition to the proposed legislation from consumer groups.

To be assured of success, APRO needs the help of its members to finance the project. It is estimated that the cost of the Washington effort will be \$150,000. That comes to approximately \$100 per store for every APRO member. This is the amount that the membership voted to assess itself at the convention last year in New Orleans.

This sum will not be sufficient to be used in any state legislative development that might occur in 1984.

In early 1983, RTO Corp., Mid-America Leasing, Remco, and Color-Tyme, contributed \$5,000 each to create the APRO Legal Defense and Information Fund. This money was contributed to make sure the trade association would be adequately represented before various governmental bodies which were studying the industry.

Since that time, the Federal Reserve Board has sent a proposal to Congress and Senator Hawkins has introduced the proposal as S. 1152. Senator Hawkins held the subcommittee hearings on the bill in July. APRO was there. So far, APRO has spent roughly twice what the original four companies contributed.

APRO needs all the financial assistance of *all* members. A contribution of \$200 per store would defray the Washington expenses as well as carry the effort in states where the need might arise. The issue is still alive in Connecticut, Wisconsin, and Michigan. Other states are expected to introduce bills in 1984.

Without sufficient funding, we may not get what we need in Washington. Without federal legislation, it is certain that consumer advocates will push to have the industry regulated or even outlawed in various state legislatures. No rental dealer can effectively fight legislative battles alone. United, the rental industry can and will survive and prosper. Please take a moment today and fill out the enclosed pledge card for your contribution to the APRO Legal Defense and Information Fund. These funds will be controlled by the APRO government relations committee and monthly reports will be made available to all contributors.

Please note that the APRO Legal Defense and Information Fund is *not* a political action committee. No money contributed will go to the campaign funds of any political candidate or party. Contributions to this fund can be made from corporate accounts and are fully tax deductible.

During the past twelve months, APRO has been heavily involved in lobbying on behalf of TV and appliance rental dealers in various states and at the federal level. To date, legislative attempts to characterize rental agreements as credit sales have occurred in Pennsylvania, Michigan, Connecticut, North Carolina, and Wisconsin. APRO representatives have been there every time.

In an effort to avoid further attempts to regulate the industry state by state, APRO has taken the initiative at the federal level to have legislation passed which would define the industry and regulate it once and for all. You have read about activity in Washington in recent issues of THE APPROACH. It is hoped that meaningful federal regulation will end the legal difficulties that have plagued the industry in recent years and allow dealers to get on with developing their businesses.

All of these efforts by the trade association on behalf of rental dealers cost money. For example, legal and other expenses in North Carolina will exceed \$50,000.

When APRO was started, the dues structure reflected that of a traditional trade association, with allocations for a national headquarters, a newsletter, and the like. There was no provision for the creation of a reserve to finance major legislative efforts. In each instance, so far, rental dealers in the affected states have come forward to help defray expenses. Fund raising has been, of necessity, piecemeal.

Today, however, there is a major effort underway in Washington to get protective legislation passed that the industry needs. The proposed legislation will require certain disclosures in rental agreements and in advertising, but

**Make a pledge  
toward the insured  
success of YOUR business**

**TODAY!**

**by filling out and returning  
this pledge card  
with your contribution.**

**LEGAL DEFENSE AND INFORMATION FUND PLEDGE CARD**

Please fill out and return this card

Check enclosed     Bill me

NAME \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

NO. OF STORES \_\_\_\_\_

PLEDGE AMOUNT \_\_\_\_\_ \$200 PER STORE

\_\_\_\_\_ \$100 PER STORE

\_\_\_\_\_ OTHER

Please make checks payable to: APRO Legal Defense and Information Fund  
1866 InterFirst Tower  
Austin, TX 78701 (512) 478-6521

# GOVERNMENT RELATIONS

## CONVENTION UPDATE

Most rental dealers who made the trip to Las Vegas found time to attend one of the three legal seminars put on by Sam Choate and Ed Winn, III. Many dealers were already familiar with the work these two attorneys have been doing on behalf of rental dealers all across the country. Choate and Winn explained to the dealers what was going on in each state, highlighting the recent Supreme Court opinion in Maine. They went on to give a progress report on the proposed federal legislation and explained that at the subcommittee hearings in July the industry had been very well received.

Both attorneys expressed the opinion that few lawsuits are being brought against rental dealers in federal court since the current federal law clearly does not cover rental-purchase agreements. Rather, the attack seems to have shifted to state court, as there are lawsuits currently pending in about five states around the country. Several of these are class-action lawsuits with multiple plaintiffs and potential liability in the millions. Winn and Choate also gave dealers an update on the status of state legislative efforts around the country. Connecticut, North Carolina, Michigan, and Wisconsin all saw legislative action in their respective State Houses. A bill was passed in one. (See details in section on North Carolina). Both lawyers predicted that unless considerable progress is made in Washington, rental dealers can expect renewed efforts to enact laws at the state level that would recharacterize rental agreements as credit sales.

Winn discussed the APRO Legal Defense and Information Fund, newly created to help fund the lobbying effort in Washington. He urged every dealer to become aware of the political forces that are shaping the industry and to reach deep into his pocket to make a substantial contribution to the fund.

Jimmy Walker, a law partner of Sam Choate who specializes in bankruptcy, gave dealers a brief explanation of the bankruptcy court system. He also gave dealers some suggestions about how to proceed when a customer declares bankruptcy before returning rental property.

*(Editor's note: APRO has available on file in the APRO office a printed handout concerning bankruptcy entitled "Bankruptcy Wild Card." This publication is available free of charge. Send one dollar to cover postage and handling.)*

## TENNESSEE

The Office of the Attorney General in Tennessee has re-opened an investigation into the rental industry in that state. The investigation was initiated over a year ago against two rental companies in Nashville, but was apparently dropped. Recently, rental dealers across the state received a letter from Doug Berry, an assistant attorney general, requesting a copy of each company's rental agreement. The letter states:

[We have] reason to believe that persons who enter into agreements to rent stereos, televisions, and appliances on either a weekly or a monthly basis, with ownership options at the end of the rental period, do so without adequate information as to many of the material aspects of the transaction, *i.e.*, total of payments, existence of other charges, etc.

The letter also indicates that the attorney general's office thinks some of the prices charged by rental dealers might be "unconscionable," *i.e.*, excessive, depending on the circumstances.

Most rental dealers contacted are voluntarily sending a copy of their rental agreements to the attorney general's office. If a dealer refuses to comply with the request, the next step is for the attorney general's office to issue a Civil Investigative Demand and use court procedures to compel disclosure of the information desired. During a telephone conversation with APRO general counsel Ed Winn, Mr. Berry indicated that his office was primarily interested in getting some sort of uniform cost disclosures in the state. Mr. Berry was particularly interested in the progress of the proposed federal legislation. Winn indicated that while the industry was generally supportive of uniform disclosures, it was prepared to fight the issue of unconscionability. Winn pointed out that most allegations of excessive pricing involved comparisons between rental-ownership prices and installment-sale prices, without taking into account the value of the additional services that a rental agreement provides or the value of no obligation. Mr. Berry agreed to meet with APRO representatives as the investigation progressed.

Rental dealers who have received letters from the Tennessee Attorney General's Office are requested to contact the APRO office in Austin, Texas at (512) 478-6521.

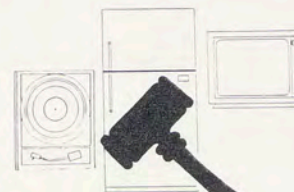
## COLORADO

A federal bankruptcy court in Colorado has ruled that a rental purchase agreement was *not* a credit sale and allowed the company to recover its merchandise from a customer declaring Chapter 13 bankruptcy. The bankrupt testified in court that she had been told in the store that she was buying goods on an installment sale basis. The customer admitted, however, that she never read the written agreement.

In deciding the true nature of the agreement, the judge noted that the federal bankruptcy statute required him to follow state contract law. He determined that under Colorado law, the agreement was unambiguous by its terms and was a lease. The court looked at the language of the lease as well as the method of depreciation used by the rental company, and noted that the rental company treated the account as a lease on its books. The court then went on to employ a widely recognized rule of contract law to the effect that when there is a clear and unambiguous written contract, contradictory oral testimony may not be considered.

Since the contract was determined to be a lease, the court allowed the bankrupt 15 days to make all payments due or forfeit the merchandise.

This decision is well-reasoned and may be of assistance to other dealers confronted with a customer in bankruptcy. Of particular importance is the judge's reference to the bookkeeping methods of the rental company. This case represents the first judicial opinion to refer to such a factor to determine contractual intent. Arguably, the judge erred when he referred to a company's internal bookkeeping procedures to determine the company's contractual intent with a customer. Nonetheless, the judge's decision stands. If there are dealers who are treating their accounts as installment sales on their books, they should consider the ramifications of this opinion. Copies are available upon request from the APRO office in Austin.



## NORTH CAROLINA LEGISLATURE MOVES TO REGULATE RENTAL AGREEMENTS

The North Carolina General Assembly enacted H.B. 545, to become effective September 1, 1983. The bill represents a compromise between rental dealers and consumer advocates who introduced the bill. The sponsors had originally introduced legislation to include all rental agreements with purchase options under the North Carolina Retail Installment Act. That statute requires disclosure of cash price, amount financed, and an annual percentage rate in all transactions. The statute also includes substantive limits on repossession and credit reporting.

H.B. 545 as enacted will include some rental purchase agreements under the Retail Installment Act, but not all. Coverage will depend on how a dealer structures purchase options at the end of the lease period.

Most of the debate in North Carolina focused on the definition of "nominal consideration," since that term is crucial to the definition of "credit sale." H.B. 545 defines "nominal consideration" as 10% of the cash selling price of the property at the time a lease is initially entered into. If a North Carolina consumer can obtain ownership of the property at the end of the lease period for nominal consideration, the entire transaction is covered by the Retail Installment Act. If, on the other hand, a customer must actually purchase the product for a price in excess of "nominal consideration," the entire transaction falls outside the coverage of the act and remains unregulated. For example, if a North Carolina dealer rents a product with a cash price of \$600, he will have to sell the product to his customer for more than \$60 in order to avoid having the transaction called a "credit sale" under state law.

When similar legislation was passed in Pennsylvania, most rental dealers there restructured their rental agreements to include a "balloon" purchase option at the end of the lease period. Early reports from North Carolina indicated that dealers there are planning on revising their rental agreements in the same fashion.

Copies of the bill as enacted are available from the APRO office in Austin.

## MAINE

In a unanimous decision, the Maine Supreme Judicial Court overturned both the Superintendent of Consumer Credit Protection and the lower superior court judge and validated Al and Barbara Hawkes' rental-purchase program in that state. As reported in earlier editions of *THE APPROACH*, the Superintendent, Ms. Barbara Alexander, had ruled in 1982 in an administrative hearing that the rental program in question was in reality a disguised credit sale program and was in violation of state disclosure, usury, and pricing laws. The Superintendent got an injunction against Mr. and Mrs. Hawkes which prevented them from doing business further and seized the company's bank accounts.

Mr. and Mrs. Hawkes lost the first round of appeal when a Portland Superior Court judge affirmed the Superintendent's opinion in all respects. They appealed the case to the Maine Supreme Court in October 1982, and had to wait nine months for the decision. For the Hawkes, it was worth the wait.

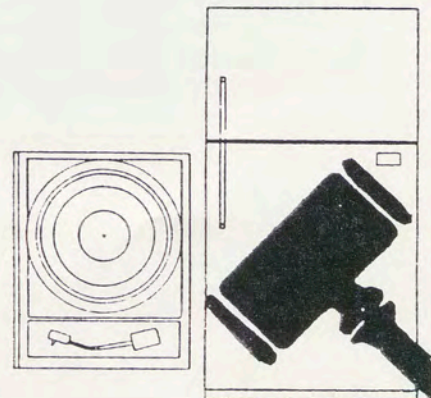
In the first instance, the court dissolved the injunction previously granted ordering Hawkes to cease using the rental agreement he had been using and to reimburse all customers the difference between the fair market value of the property plus interest and the amount actually collected. Hawkes had maintained that the injunction was invalid and continued to collect rental payments and repossess merchandise held by customers pursuant to the agreements. This portion of the decision will allow the company to "unfreeze" its bank accounts and get its money back.

In discussing the issue of whether Al and Barbara Hawkes's rental agreements were disguised credit sales, the court focused on the definition of credit. The court noted that under the statute, credit means "the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment." The court then held that by the terms of the written rental agreement, Hawkes never extended credit to his customers and they never went into debt. Accordingly, the court ruled that the statutory framework of the Consumer Credit Code could not properly be applied to these rental transactions.

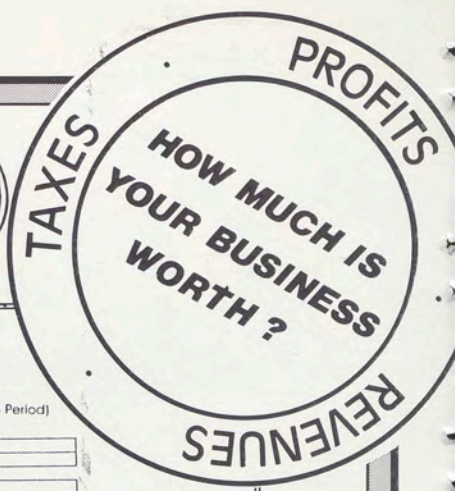
The court went on to note:

It is apparent that a Hawkes rent-to-own customer pays dearly for the privilege of renting his television set. In that respect his condition resembles the plight of a victim of usury. Nevertheless, the Code definition of "consumer credit sale" cannot possibly bear the meaning the Superintendent has assigned to it to bring the Hawkes rent-to-own agreements within the reach of the Code. It is true that the Code must be liberally construed and applied to promote its underlying purposes and policies, 9-A M.R.S.A. § 1-102 (1). Yet, if the Hawkes agreements cannot come within the scope of the definitional language by any rational interpretation, the fact that the Code must be given a liberal construction does not avail. If the definitional provisions of the Code even left some doubt about the applicability of the Code, the Superintendent's interpretation would be entitled to due deference. Here section 1-301 leaves no room for doubt. This was not a credit sale under the Code. The mandate for liberal construction does not give the Superintendent or the courts authority to enlarge the coverage of the statute.

The Hawkes case received considerable attention in the Maine press and the Supreme Court decision was seen as a vindication of the free enterprise system by some. Predictably, the assistant attorney general who had been involved in the case lamented the court's ruling and vowed to introduce legislation in the state to correct the opinion and to prevent the rental industry from preying on the poor.



# FINANCE



Calculating the market value of your rental store(s) can be a tricky proposition. Consider the makeup of a typical TV-appliance rental outlet: the principal assets are largely a mix of new and used products being "warehoused" in customers' homes, and any likelihood of continued rental income hinges on the current contracts in force not coming back tomorrow. There are no accounts receivable, no heavy machinery or other long-life assets and fixtures, and most owners lease their buildings.

The real value of any business is what a willing buyer offers to pay for it. But there is a simple formula for attaching a market price to your rental store, and the form reprinted here makes it easy.

Notice that "Earnings" considers those ongoing business expenses that would be continued after the sale, but deletes those expenses that might "wash out"—such as owner's salary, depreciation, interest, etc. A new buyer will install different management and any interest expense will be determined by the price of the business and whether the sale is leveraged by the buyer.

Be sure that your figure listed in "Future Earnings" closely reflects the recent history of the business. If you've averaged \$20,000 a month cash operating expenses, the likelihood of that figure dropping to \$15,000 a month within the next year is nil.

All "Assets" on the form should be listed at current market value—not depreciated value or current book value. For example, 100 TV sets that cost \$450 each at original purchase might today be worth \$250 or \$150 each, depending on their condition. Just assume that each set in your inventory has a price point below which you wouldn't sell it for cash right now. That perhaps is the best indicator of market value. Valuing all assets at their current market value and developing a figure for "projected future earnings" gives you a true picture not only of the value of goods and equipment in your store, but of what they should generate in profits for the potential buyer. Remember: no one is buying your store to pick up used TV sets. They're buying it to generate rental revenues and profits.

The "Business Rating" is the "gray area" on the business valuation. Here, the seller has to be objective and honest about the position and image of his business within the community or market area. But nobody could be expected to state that the business is terrible, so this portion of the form has been weighted and divided into areas of greatest concern to the potential buyer. A business with valuable assets and low overhead which is hampered by poor market conditions and a bad track record has less chance of being successful under new ownership than a dynamic business with older assets and high overhead. Those negatives can easily be corrected, while an eroding market and a bad image can be deadly.

The time requirements of conversion to another system plus the recent track record of the company in the market combine either to enhance or detract

from the potential for future earnings, and thus the real market value, of the assets which would generate those earnings. So those considerations have to be weighed in any sale.

Simply using some multiple of monthly rental income to arrive at the selling price for your business ignores all the risks and opportunities which you carefully considered before you opened: cost of money, desirability of the business, the track record of rental in that market. Why forget these important considerations at selling time in favor of a magic number?

*Author: Raymond C. "Bud" Holladay is the immediate past-president of the Association of Progressive Rental Organizations and Vice President/General Manager of ABC Rentals, Inc., based in Dallas, Texas.*

**BUSINESS VALUATION**

As of \_\_\_\_\_ (Month) \_\_\_\_\_ (Year)

**Earnings (Based on Estimate of Future 12-Month Period)**

(1) Rental Income \_\_\_\_\_

(2) Unit write-off \_\_\_\_\_

(3) Operating wages/salaries \_\_\_\_\_

(4) Total direct costs (line 2 plus line 3) \_\_\_\_\_

(5) Gross profit (line 1 minus line 4) \_\_\_\_\_

(6) Operating expenses (exclude owner's salary, depreciation and interest) \_\_\_\_\_

(7) Management salary (assume passive ownership) \_\_\_\_\_

(8) Earnings from operations (line 5 minus line 6 and line 7) \_\_\_\_\_

**Value of Assets**

(9) Land \_\_\_\_\_

(10) Buildings \_\_\_\_\_

(11) Equip/Furn/Fixt \_\_\_\_\_

(12) Vehicles \_\_\_\_\_

(13) Other (describe) \_\_\_\_\_

(14) Total property assets (lines 9 thru 13) \_\_\_\_\_

(15) Income producing assets (units) \_\_\_\_\_

(16) Value of assets (line 14 plus line 15) \_\_\_\_\_

**Working Capital Needs**

(17) Operating expenses: 2 wks  4 wks  6 wks  (check one) \_\_\_\_\_

**Business Rating**

**Income Risk**

0 unit gains 0 over last 12 mos  
1 B.O.R. dropping over last 6 mos  
2 growth stagnant last 6 mos  
3 income increasing steadily

**Industry Rating in Market**

0 industry new to community  
1 accepted but not widespread  
2 accepted and widespread  
3 good track record in market

**Competitive Rating**

0 inventory, rates uncompetitive  
1 competitive in average market  
2 highly competitive in growth market  
3 market share leader

**Desirability/Compatibility Rating**

0 many immediate changes required  
1 long range "fine tuning" needed  
2 operations-structure very similar  
3 turnkey operation, no changes at all

**Company Image**

0 too new to determine  
1 established, competent  
2 long record, outstanding  
3 community leader, respected

**Inventory-Assets Rating**

0 inventory old and badly kept  
1 inventory aging but well kept  
2 inventory age averages under 18 mos  
3 inventory & assets excellent

(18) Business rating multiple (total above rating points divided by 6) \_\_\_\_\_

**Business Valuation**

(19) Earnings from operation (line 8) \_\_\_\_\_

(20) Replacement fund (line 10 x 6-2/3% plus lines 11 and 12 x 20%) \_\_\_\_\_

(21) Cost of money (line 16 plus line 17 x prime interest rate) \_\_\_\_\_

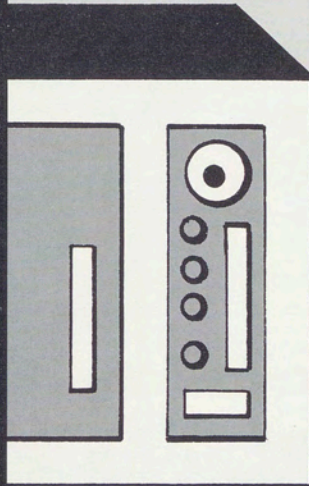
(22) Excess earnings (line 19 minus lines 20 and 21) \_\_\_\_\_

(23) Value of excess earnings (line 22 x line 18) \_\_\_\_\_

(24) Value of assets (line 16) \_\_\_\_\_

(25) Business valuation (line 23 plus line 24) \_\_\_\_\_

# THE APPLIANCE RENTAL BUSINESS

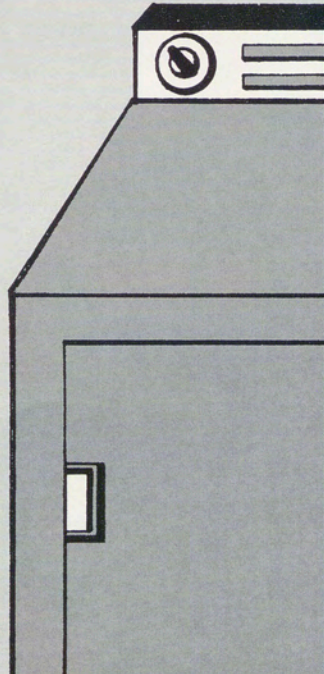
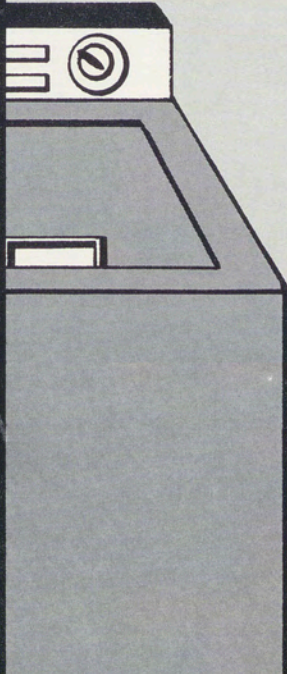


**Your Appliance Rental  
Business. . . Cooking or  
Going Up In Smoke ?**

**Microwave  
Merchandising  
Methods**

**Innovative  
Appliance  
Marketing**

**Consumer/Dealer  
Appliance  
Awareness**



# Consumer/Dealer Appliance Awareness



**W**hen potential customers walk into a dealer's store, they know what they want in the way of an appliance or entertainment medium, but they are not so knowledgeable about which product meets their needs.

And sometimes they don't know how to ask the right questions.

As a result, salespeople have to be fully informed about each item in the store, and able to query customers to be sure they are selecting merchandise that fits their requirements.

According to Ben Shellnut, area operations manager of Action TV and Appliance Rental, Inc. in Mesquite, TX, consumers know what they want but usually have to be told which features apply to which products.

For instance, he explained, a customer with a stereo in mind wants to know about watts, power out-put, whether it records without microphones, volume, etc.

A person selecting a microwave will want to know such things as whether a 20-pound turkey will fit into it, or whether it has a browning element or a rotisserie.

Nowadays, though, customers don't often concern themselves with energy-saving features, Shellnut said.

Practical questions, such as size and operating capabilities, are the types of questions most asked at Best-Way TV and Appliance Rental in Portsmouth, VA, reported Becky Cahoon, store account manager.

Specific answers to other frequently asked questions appliance dealers encounter have been researched by the Association of Home Appliance Manufacturers, some of which follow.

**Q:** How are pacemakers affected by microwave ovens?

**A:** The fact is, microwave ovens do not affect today's pacemakers. The devices are shielded against interference caused by radio-frequency electromagnetic energy which is emitted by microwave ovens and hundreds of other sources. Actually, automobile ignition systems and small electric motors emit electromagnetic energy more often than microwave ovens.

**Q:** How can melted plastic be removed from an appliance? (The results of a plastic bag accidentally touching a hot stove, for instance).

**A:** Rub nail polish remover on the surface, then wash with a mild soap and water solution.

by Alice Bruton



**Q:** What is the best way to check a microwave oven for microwave leakage?

**A:** It will cost a service call, but all manufacturers' service technicians are trained to perform a leakage test. Some local public health organizations will also perform the test if requested by a consumer in their area. The health organization generally borrows a very sensitive and sophisticated instrument costing several thousand dollars from the Bureau of Radiological Health.

The BRH has found a variety of cheap \$15 to \$50 detectors now on the market extremely unreliable. Therefore, manufacturers do not recommend these instruments for testing microwave leakage.

Actually, it is not necessary to have a microwave oven checked on a regular basis. Ovens are equipped with two safety interlock switches, and if either fails, a monitor switch causes a fuse to blow, which prevents the oven from operating.

It should be checked, AHAM says, when the oven door or latch has been damaged, if hinges are loose, or if the oven was dropped or moved over a long distance.

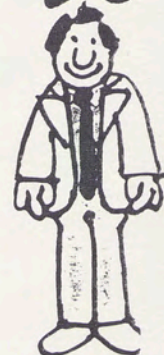


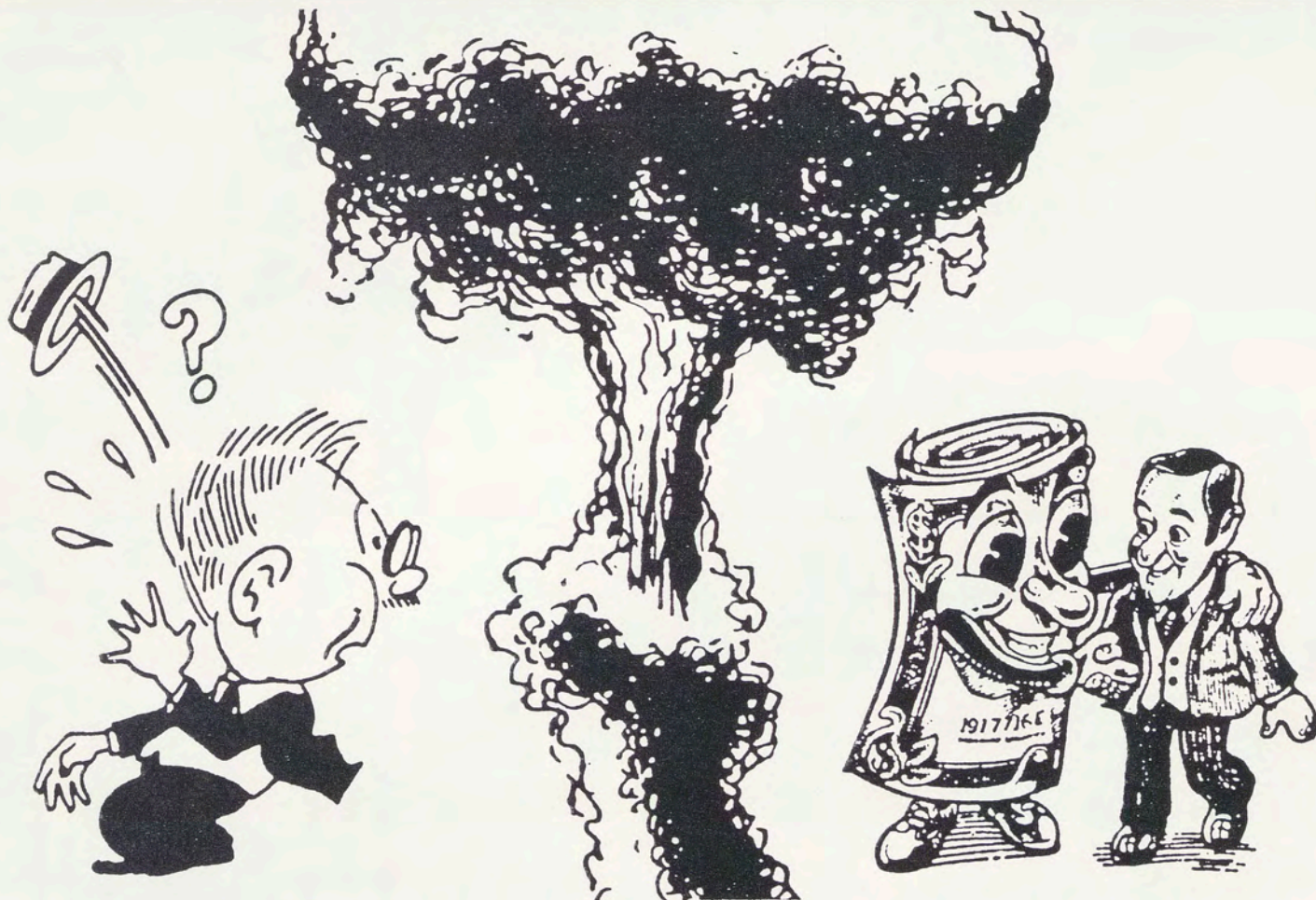
**Q:** How do you remove the odors of spoiled food from a refrigerator or freezer?

**A:** Minor odors can be eliminated by cleaning the defrost water disposal pan and placing containers of freshly ground coffee or baking soda in several parts of the refrigerator.

Persistent odors require more time and work. First empty the refrigerator and thoroughly wash all removable parts and the door seal gasket in warm sudsy water or a solution of baking soda and water, then rinse. Leave doors open and allow the unit to air out. Then place three to four activated charcoal filters or a tray of loose activated carbon on the shelves and leave the unit empty for a few days. (Service companies or hardware stores sell these filter items.) Larger servicing organizations can recommend more effective deodorizers that absorb odors, last several months and are safe to use in the refrigerator with covered food.

Problem odors which can't be removed by the above methods are probably the result of drippings that have reached the insulation. A servicing organization should be contacted.





## Is your appliance rental business cooking, or going up in smoke?

There are few smoke signals currently going up at rent-to-own dealerships. From coast to coast, a majority of the dealers The APROACH checked in late August indicated business was doing just fine—yes, even ‘cooking’!

Most successful were dealers offering a wide range of rental appliances: refrigerators, ranges, dishwashers, freezers, microwaves, washers, dryers, TVs, stereos, air conditioners, and even smaller appliances—blenders, toaster ovens, clock radios, etc. Usually, the most popular appliances could be found in several different models and styles. Lesser requested units were generally represented by one brand.

Color TVs were most popular, with strong rental rates for portables and consoles. Close behind were refrigerators, perhaps because of the hot weather, and the perennial summer favorite, air conditioners.

In Monterey, California, TV Mart General Manager Steven Agnew also

reported lots of interest in video recorders. His experience was reflected in rent-to-own businesses throughout the country.

Whirlpool and Maytag washing machines are two of the more frequently requested units.

As for microwaves, more dealers seem to be experimenting with styles and models to find the best unit for their business. Salesman Jim Raines at EDRO Rentals & Sales, Inc. in Bloomington, Illinois, said their store had also tried out some new models. “Initially all of them were with crank-type timers; we had a lot of service problems with those. We went to the touch-tone and they’ve been out of stock.” (The store presently carries dark brown Panasonics.)

Freezers are not necessarily ‘hot’ items right now, but as Steven Agnew puts it, “We wouldn’t want to be without them, either.”

Ranges were another item several dealers described as “just there” but

necessary to have.

Problems with rental losses are up somewhat, as consumers now prefer smaller versions of appliances which, unfortunately, can easily disappear.

As for color preferences, almond, white and off-white are the most popular appliance shades; avocado is one of the least favorite color choices. Some dealers also reported frequent customer requests for appliances having smoke-colored glass or stainless steel (microwaves, ranges, and smaller items—mixers, toaster ovens).

Most dealers said they are happy with business so far this year and report that they are looking forward to fall and the holiday season. Along with falling leaves and somewhat lower rental rates, a general rental bonfire seems in order for appliance merchandising.

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**Betsy McLellan**

# microwave merchandising methods

Microwave mythology persists, paradoxically, despite an ever-booming sales popularity. Rental dealers face one of two extremes. Ask "How's the microwave business?" and you'll hear either "They're out of stock—can't keep up with it," or a wry, "What microwave business?"

So what's behind this customer reluctance? Austin dealer Dennis Palmquist notes microwaves are his shortest-term rental item, next to video equipment. "Customers use it for two weeks to a month before they bring it back in. I think it's because most people either don't use it that often or aren't that familiar with how to use one properly."

Shelley Carnes at Dynamic Distributors observes, "It's a seasonal item—Mother's Day and Christmas and very little in between. They're items generally thought of as a gift; something customers can live without, not one of the first things they run out to rent."

Another factor dealers cite is customer intimidation, particularly, says California store owner Thelma Pressman, among women. Many women raised and taught in the traditional manner, she explains, are afraid of technology; men aren't. "They see the touch panel and they back off and buy a timer. I think it's unfortunate."

However, customer perceptions are changing toward microwaves. With the high-tech, electronic wizardry of videos and personal computers pervading the American lifestyle, the microwave myth may well be on its way out, dispelled by increasing consumer awareness regarding the ease and convenience microwaves offer. The wide variety of models available as well as lower prices point toward an encouraging future for rent-to-own businesses.

"It's really grown over the last few years," Steve Sherman at Sanyo says.

"The demographics are broadening . . . with four million sold in 1982, they're projecting between 4.3 and 4.5 million, although I'd say closer to five."

He continues, "Rental dealers are beginning to desire microwave rentals, and trends are intensifying."

Sherman explains, "Stereos and TVs are considered by most to be essential in the home and the profile on microwaves has changed, is changing. It's becoming a necessity with current lifestyles, both wives and husbands working—it's tremendously timesaving."

Thelma Pressman agrees. "There's more sales this year than last year. I think people who were purchasing in the past were the affluent. Now their children, who have grown up with one in the home, are going off and that generation is going to want a microwave because they're accustomed to it."

Gerald Hawk, National Sales Manager of Microwaves at Admiral Home Appliances, believes rental dealers, with effort, can capitalize on the microwave market. But, he stresses, proper promoting and a positive dealer attitude are essential if it's going to work for them. "Don't make it look like an also-ran. Proper display is very important. Have a designated part of the floor and make it an obvious microwave selling center, in a high-traffic area. The customers should have to go through it to get to anything else."

Trends during the past year indicate customer interest is increasing toward smaller, more compact units, especially appealing to apartment and condo dwellers.

Interest in special features like touch control, memory cooking, rotating units, temperature probes, digital clocks, and timers is high and growing. Or, as Bill Anderson, vice-president of marketing for REMCO, says, "Basically, the more



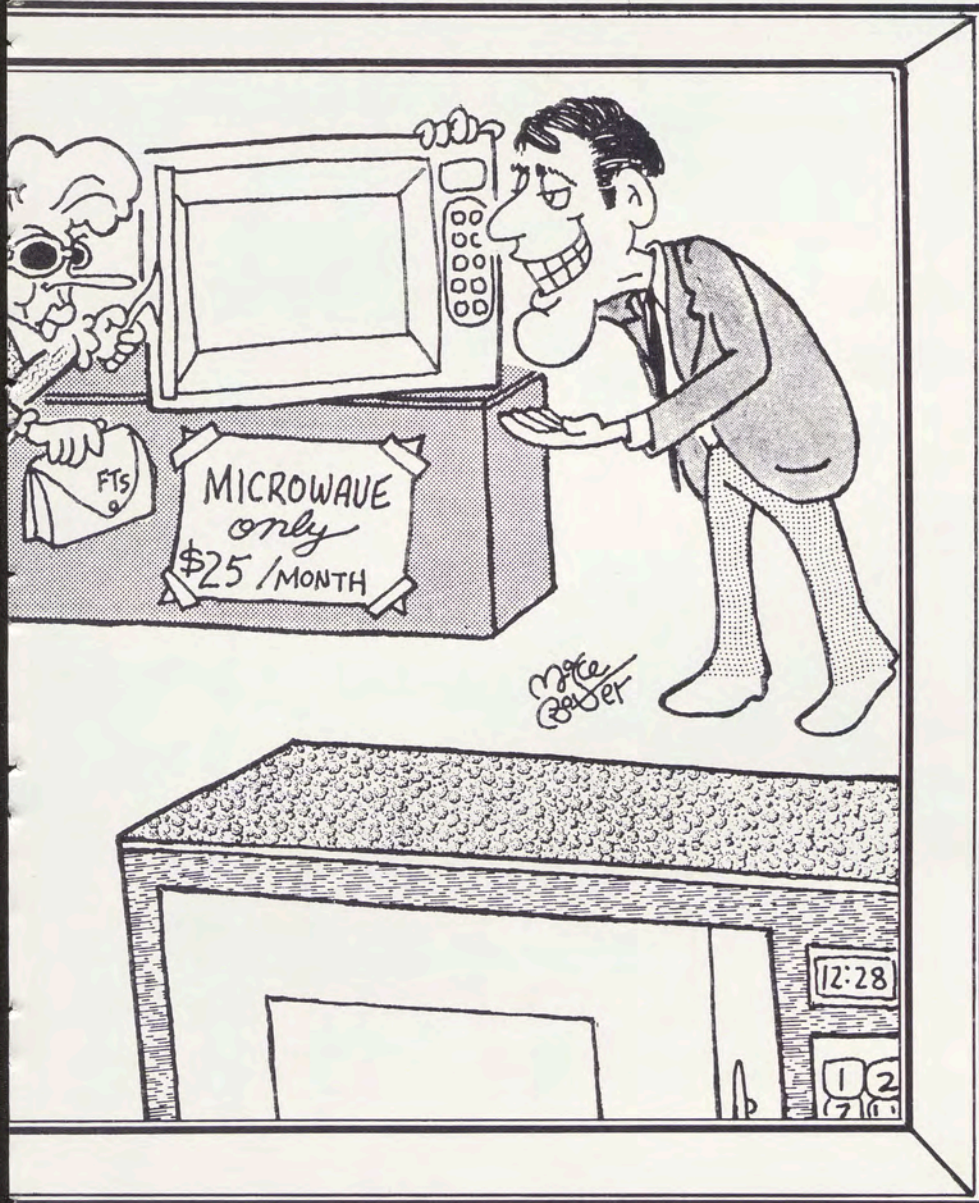
features, the better."

Rental dealers may try experimenting with the increasingly popular combination units—convection and microwave ovens. These units provide microwave cooking speed as well as browning.

Color can also be a factor. Many customers prefer light or neutral shades. Thelma Pressman says her white units from Sanyo have been extremely well-accepted because, she explains, "It's friendly looking."

Interestingly enough, many dealers say they've observed a slight decline in customer desire for energy efficient models. More people are picking units they like first, then considering the efficiency ratings.

Above all, dealers, manufacturers and distributors agree that an enthusiastic and knowledgeable sales staff is the most crucial element of successful microwave marketing. Second to that is dealer support and ongoing education of customers after the rental.

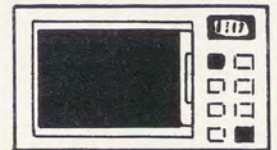


# MICROWAVE RECIPES

These vegetable kabobs are colorful, low-calorie (24), and, because they're microwaved, fewer vitamins and minerals are lost in the cooking process. The marinade is easily prepared ahead of time, too. You'll need: For every 8 kabobs

- 1 medium yellow zucchini squash
- 8 cherry tomatoes
- 8 medium sized mushrooms
- 1 small green zucchini squash
- ¼ cup dry white wine
- ¾ cup Italian reduced calorie salad dressing
- bamboo skewers

Slice zucchini into ¼" pieces. Combine vegetables in a large, shallow container (can be done ahead of time for demo purposes). Add salad dressing, wine and marinate at least four hours. Thread onto skewers. Each kabob will have one tomatoe, mushroom and one or two slices of zucchini. Reserve the marinade. Place kabobs in baking dish, drizzle with half of reserved marinade and cover with heavy duty plastic wrap. Microwave at HIGH for five minutes, until squash is crisp-tender. Let stand, covered, two minutes.



Microwave fudge will satisfy customer sweet teeth and prove a real favorite with its creamy consistency and fast cooking time. Each batch makes about two pounds.

- 1 cup peanut butter chips
- 2 cups semi-sweet or milk chocolate chips
- 1 cup (14 oz.) sweetened condensed milk
- ¼ cup margarine or butter
- 1 cup chopped walnuts

Place all ingredients except the walnuts in a large bowl. Microwave until chips melt—three to five minutes—stirring once or twice during cooking. Stir in walnuts. Pour into a greased 8x8 pan and refrigerate til set. For store demos, a batch can be made ahead for sampling after customers watch the candy making process.

"Their expectations are often not met," Steve Sherman relates. "It's the same with computers; they get it home and say, 'What do I do with it now?'" Successful businesses are those that have taken it seriously. You have to be totally committed . . . show that this is a category of business that you want to be in. The sales force has to be totally knowledgeable, as they do with TV and video products."

After the sale, teaching the buyer what to do with the unit and ensuring customer satisfaction are big factors in the rental dealer's microwave marketing gains.

One example of continuing customers' education includes microwave cooking classes, held at the place of business on a monthly or weekly basis. Demonstrators conduct an hour-long class; customers who've rented may attend free of charge.

Gerald Hawk asserts, "We've found . . . of the businesses that offer cooking classes, 43% of their customers will attend."

Seasonal sales doldrums can be combatted by targeting certain customer groups and making it their season for microwaves. Keep in mind returning college students in late summer and early fall. Their on-the-go lifestyle can benefit from the convenience microwave meals can offer.

Military bases can be considered a year-round market, thanks to frequent rotations of personnel. Keep single enlisted men and officers in mind, as well as families in base housing, base clubs, etc.

Dealer attitude in microwave merchandising is important, for when a dealer is sure of his or her product, the microwave myth is just as surely bound to give up the ghost.

**Betsy  
McLellan**

## Innovative Appliance Marketing Methods

by Betsy McLellan

Thriving year-round rentals are every dealer's dream. Translating those into everyday business reality, however, requires dealer commitment and patience, as well as lots of legwork researching consumer appliance profiles and targeting advertising dollars to meet pre-established marketing goals.

For example, reams of research preceded Admiral's successful ad campaign last fall. The "Entertainer" refrigerator was paired with Admiral's Micro-Ranges in a "Double Feature" promotion aimed at style-conscious, socially active consumers between the ages of 25 and 45. This group was targeted after market research revealed that 88 percent of Americans were entertaining at home at least once a month. Similar planning and homework by rental dealers can result in gratifying appliance rental figures.

Keep tabs on popular local radio and TV personalities. Arrange personal appearances to boost customer interest in all your appliances, from VCRs through exercise videotapes and video games, to washing machines.

Try "grabber" promotions to make people walk into your store. Examples of this include 99¢ charges for the first week's rent, coupons for so many dollars off the first month's rent, or even a flat one-half off.

"Infomercials" are an up-and-coming cable-TV advertising method. These are spots without the glamour of regular TV commercials. Messages are presented on a person-to-person basis which emphasizes credibility. The more detailed selling information of print ads is combined with TV's visual impact. Cost varies between \$1,000 and \$5,000 per minute for nationwide cable-TV advertising. Locally, however, the spots can be shot on-site at the dealership for a few hundred dollars. No muppets; no gimmicks are necessary.

The idea is to get people started walking through the doors of your rental business. Take a good look at the store's neighborhood, then sit down and sketch out a few ideas that apply to your area. Or if you just feel like doing something your instincts tell you will be a hit—try it! Be an innovator. Your appliance rental figures will reflect it.

# WASHINGTON REPORT

## SENATOR HAWKINS HOLDS HEARINGS ON S.B. 1152

On July 19 Senator Paula Hawkins (R. Florida) held a public hearing before her Subcommittee on Consumer Affairs to discuss S.B. 1152. The bill would subject rental purchase agreements to certain contractual and advertising disclosures for the first time. APRO presented both written and oral testimony in support of the legislation.

APRO representative Sam Choate presented an industry profile and explained why people choose to rent rather than purchase outright for cash or credit. Mr. Choate explained difficulties the industry is having at the state level—specifically, adverse legislation in Pennsylvania and, most recently, in North Carolina. APRO takes the position that uniform federal regulation is preferable both for the industry and for consumers. The alternative appears to be piecemeal state regulation.

APRO does recommend that several changes be made in the Hawkins bill. The first and most important involves the relation of federal law to state law. When the Federal Reserve Board sent its bill, now S.B. 1152, to Congress, it included a narrow preemption standard. Under the Fed version a state would be left free to redefine rental-purchase agreements as credit sales under state law. That possibility raises the spectre of dual disclosures—a company's having to give two, possibly conflicting, disclosure statements to all customers.

As an alternative, APRO favors a broader preemption standard which would prevent states from calling leases credit sales. Importantly, the APRO preemption standard would not prevent a state from adding further regulation to lease transactions (in addition to the federal disclosure regulation), but the state would have to regulate the transactions as leases.

The preemption issue is the most volatile aspect of S.B. 1152, and debate is expected to be heavy on both sides. Consumer advocates favor the Federal Reserve Board's narrow language.

APRO also favors a change in the advertising section of S.B. 1152. As drafted, the bill requires rental dealers to dis-

close the total sum of payments, along with other information, whenever the advertising refers to the right to acquire ownership. APRO argued that since most rental-purchase advertising displays a wide variety of products, it would be difficult, if not impossible, to disclose the total of payments on each item shown or mentioned. To use one item as an example would raise the issue of which item to use and how to avoid low-balling. APRO's position is that it is not feasible, in a 30-second television or radio spot, to include total cost disclosures. APRO is optimistic that changes can be made in the advertising section of the bill so that rental dealers will not have to restructure all of their advertising.

Other industry representatives appeared to speak on S.B. 1152 including the American Rental Association (ARA) and the Furniture Rental Association of America (FRAA). The ARA argued that rental-purchase agreements are not really "rentals" at all, and that use of the term "rental-purchase" will cause misunderstanding and confusion in the marketplace. The ARA prefers the term "lease-purchase." The ARA also suggested that the requirements of S.B. 1152 may not be strong enough to protect consumers. The ARA recommended further study of the rental-purchase industry and additional time to allow the states and courts to respond to abuses in the industry.

The FRAA, whose members rent primarily furniture, reported that 70% of its membership currently rents televisions. Like the ARA, the FRAA questioned the need for revising the Consumer Leasing Act at this time. The FRAA noted that there are already workable consumer protection statutes against unfair and deceptive practices in most states. The FRAA went on to note, however, that if federal regulation of the rental industry as a whole was forthcoming, S.B. 1152 was generally a step in the right direction. The FRAA would like clarification of the definition of "rental-purchase agreement" under the bill, as well as certain changes in the disclosure section.

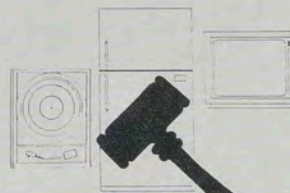
Appearing on behalf of consumers were several rental customers who claimed they had paid substantial

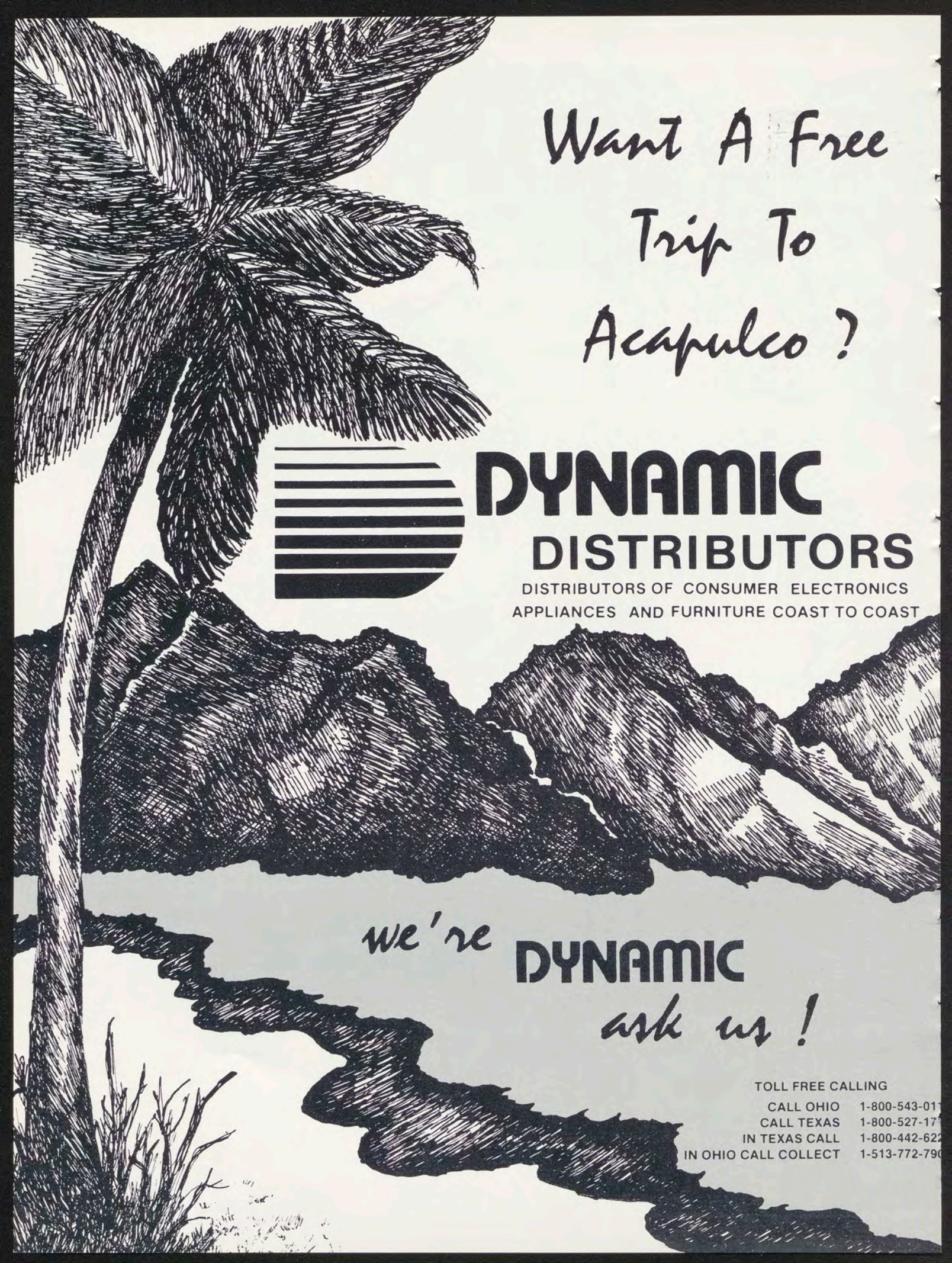
amounts of money to rental companies without ever being told in advance how much they would be required to pay to obtain ownership.

Also appearing on behalf of consumers was Geraldine Azzata, an attorney with the National Consumer Law Center in Boston. Ms. Azzata pointed out that some rental industry advertising was aimed at the low-income consumer, and that most of the complaints in her office stemmed from misrepresentation concerning the nature of the transaction and failure to disclose important terms of the agreement. She reported that some companies did not put the purchase option in writing, but rather told the customer orally of its existence. Additionally, Ms. Azzata complained that some rental companies misled consumers into thinking that they were building up equity during the lease term.

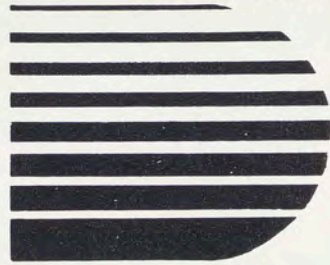
The NCLC took the position that many of the alleged abuses could be halted with S.B. 1152, but favored more extensive disclosures—specifically, disclosure of the fair market value of the property rented.

S.B. 1152 has been introduced as important new consumer protection legislation. It has received widespread support, with certain reservations, from both industry and consumer representatives. The Senate subcommittee hearings were the first important step toward passage. The next step will be staff conferences designed to formulate a version of the bill that all parties can support. Once the staff has such a draft, the bill will be presented to the Senate Banking Committee and then to the full Senate. The same procedure will have to be followed in the House. APRO representatives in Washington can give no firm opinion as to the likely date of passage of S.B. 1152; to a certain extent it depends on the movement of other legislation. In any case, APRO is committed to lobbying heavily for early passage of the bill.





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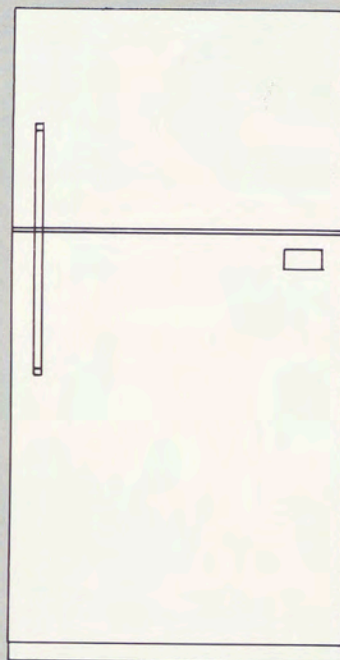
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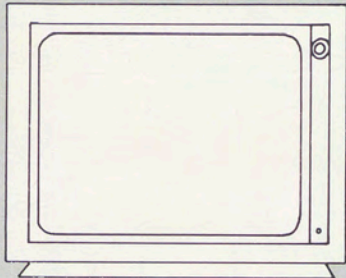
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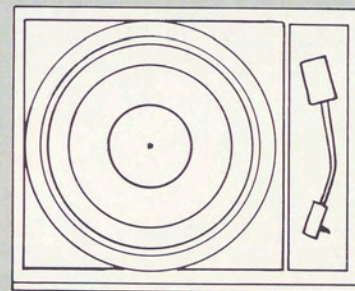
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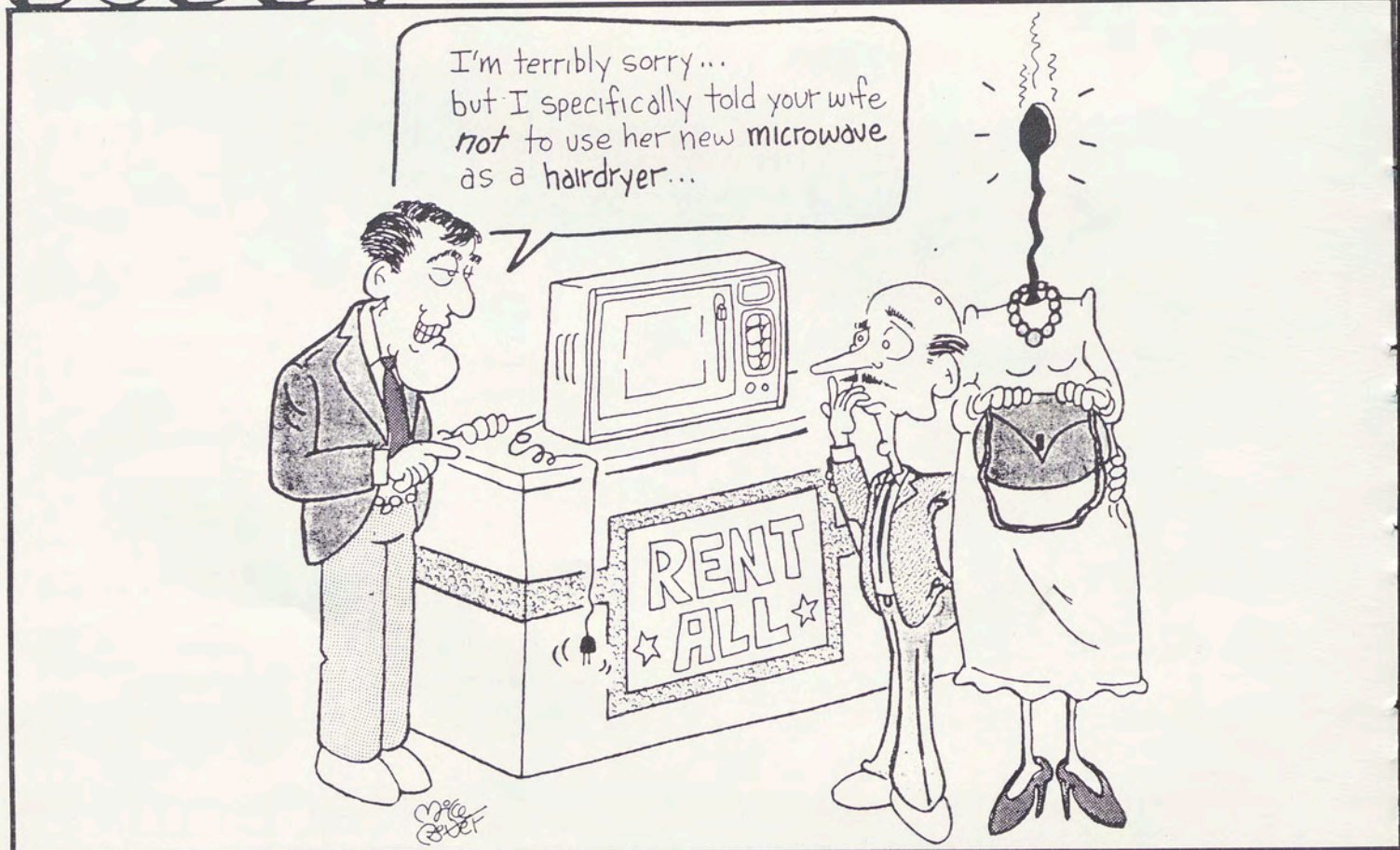
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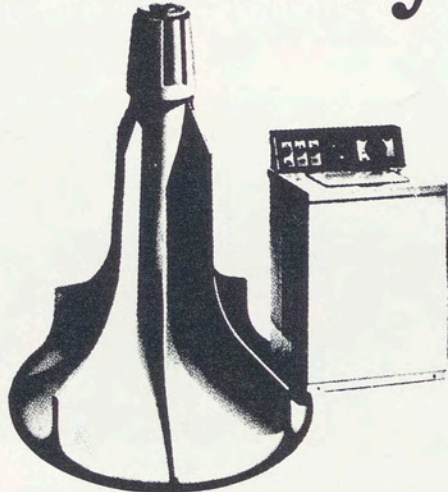
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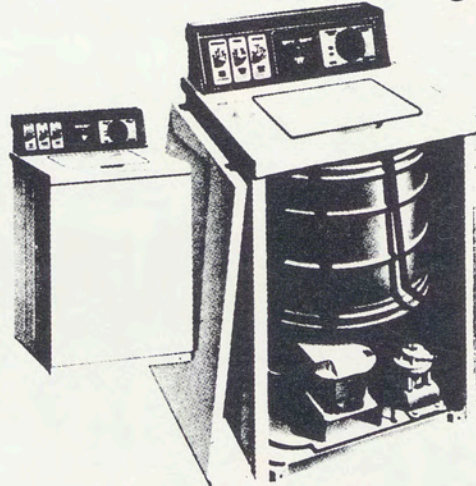
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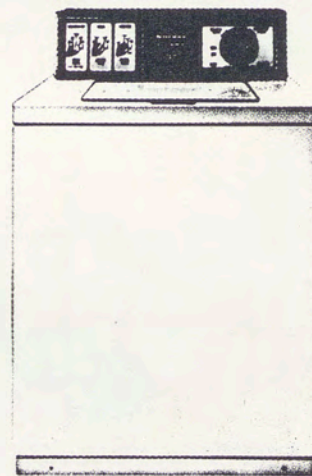
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