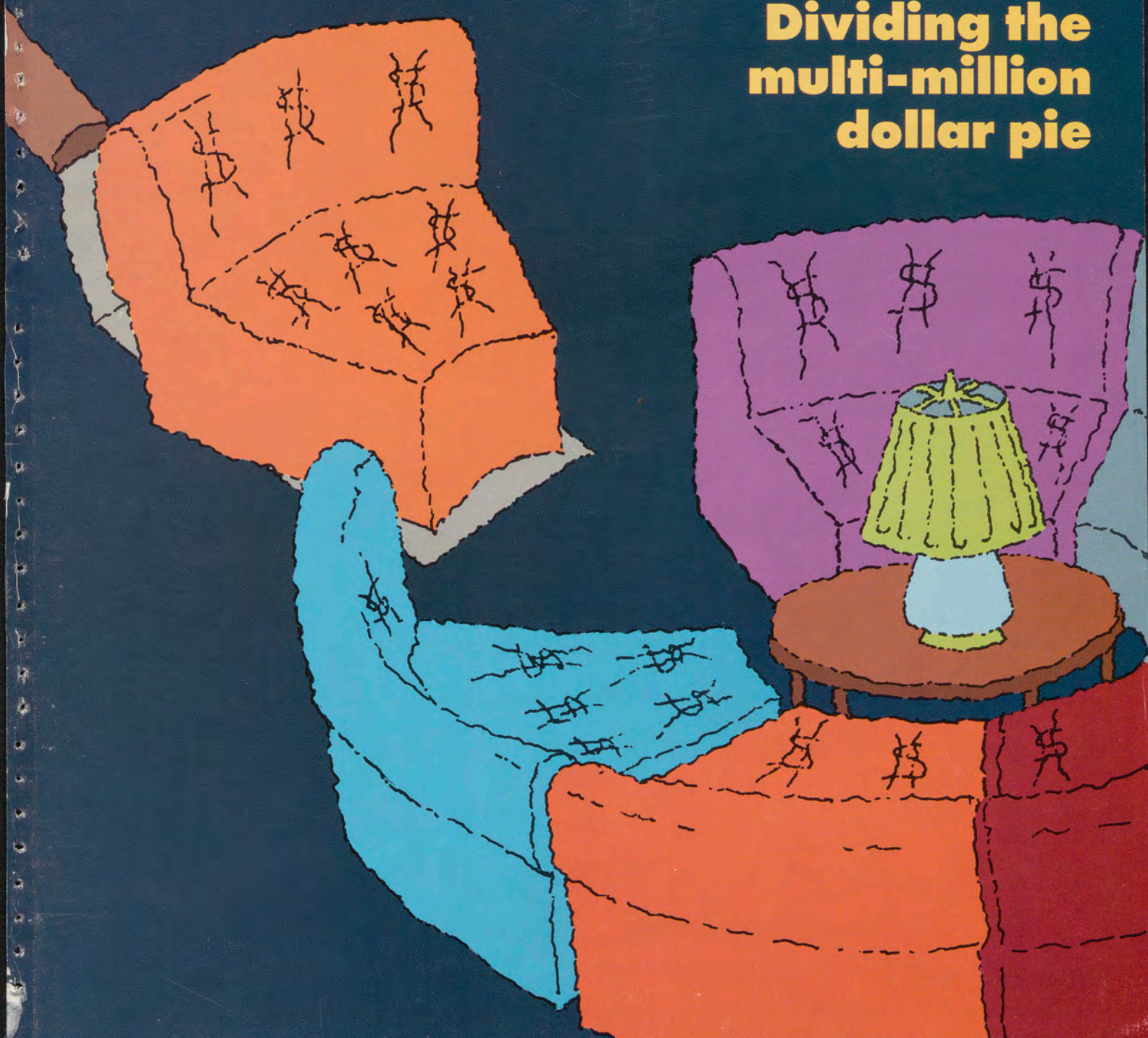


the magazine of the home entertainment, appliance, and furniture rental industry

Progressive Rentals

Furniture Rental

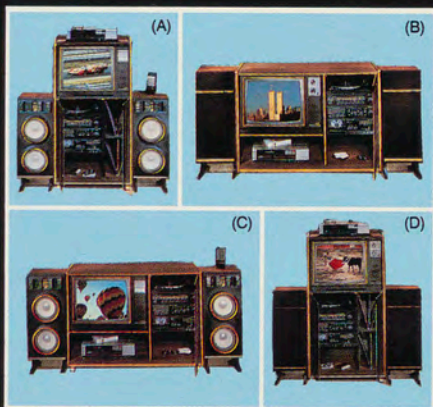
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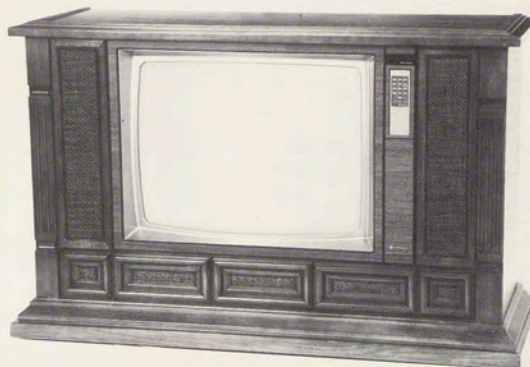
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ON THE COVER: Furniture is in its infancy in the rental-purchase market with great predictions for its future. The story on page 8 offers a comparative analysis of the rental-purchase industry's recent foray into furniture rentals and the more established rental furniture industry.

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Monica Gerlach

THE EDITOR'S DESK

This is a message to those in the business world who are in a position to make a difference—to your co-workers, to your friends, to your community. More specifically, it is a message to those who are willing to make a difference and especially to those who are not.

Vince Lombardi spoke of the quality of mental toughness as the perfectly disciplined will, and the will as character in action.

I have personally taken great satisfaction in educating a community of businessmen and women on better business practices. PROGRESSIVE RENTALS is not published to tell you what you should, or should not, do. It is published, rather, to bring you news and ideas to sharpen your business acumen and better understand your impact as a member of your local business community and as a member of society.

I spoke of making a difference. It is extremely important that each member of any business community realize the collective impact of all the members within that community. APRO members know all too well the effect one dealer's actions may have on the reputation of an entire industry. Those readers who have followed the heroic efforts of Ed Winn and Sam Choate on the legislative front realize what a tough job it is to combat the adversaries of the rental-purchase industry while a few hard-headed members seemingly exist to provoke the zeal of opponents.

Though my responsibility has largely been one of educating the rental community it should be noted, as Lombardi did, that character, rather than education, is man's greatest safeguard. Character is higher than intellect.

The ethical questions in the rental industry are well known to all of us, and often argued. What are a rental dealer's critical obligations as business professionals, as contributing members of the rental industry and our society? What constitutes honest and ethical conduct, that which maintains character? It really comes down to making informed decisions between right and wrong. Society places such value on ethical behavior to ensure order and permit growth.

Each APRO member, at the time of his or her application for membership in the association, signs a statement acknowledging an agreement to uphold the APRO Code of Ethics. While the APRO Code of Ethics is not actively or often contemplated by most members, it is essential to the essence of what our association is all about.

The APRO Code of Ethics clarifies the ideals and principles for which APRO stands. It is with regard to these principles of good moral and ethical business behavior that APRO has brought to its members fine educational services, conventions and trade shows, and informative publications for the past 4 years.

APRO *has* made a difference within and outside the rental community. All interested parties are, at the very least, better informed as to the nature of the business. Whether they like it or not, is yet another matter. In light of recent legislative sparring—with the very existence of rental-purchase hanging in balance in some states—the question is: Are *dealers* making a conscious effort at making a difference? I especially ask those who have inspired a less than shiny, or worse, unethical image for the industry.

Granted, every business has its bad apples. The rental business is no exception. Bear in mind, however, the power of the disciplined will. This industry needs a character reformation and it must come from within. APRO is working at the perimeter as public relations liaison, educator, defender, and networker.

Whatever contribution you, as a rental dealer, make toward solving the problems of your industry, will be worth the effort because the collected individual efforts of APRO member-dealers *can* make a difference.

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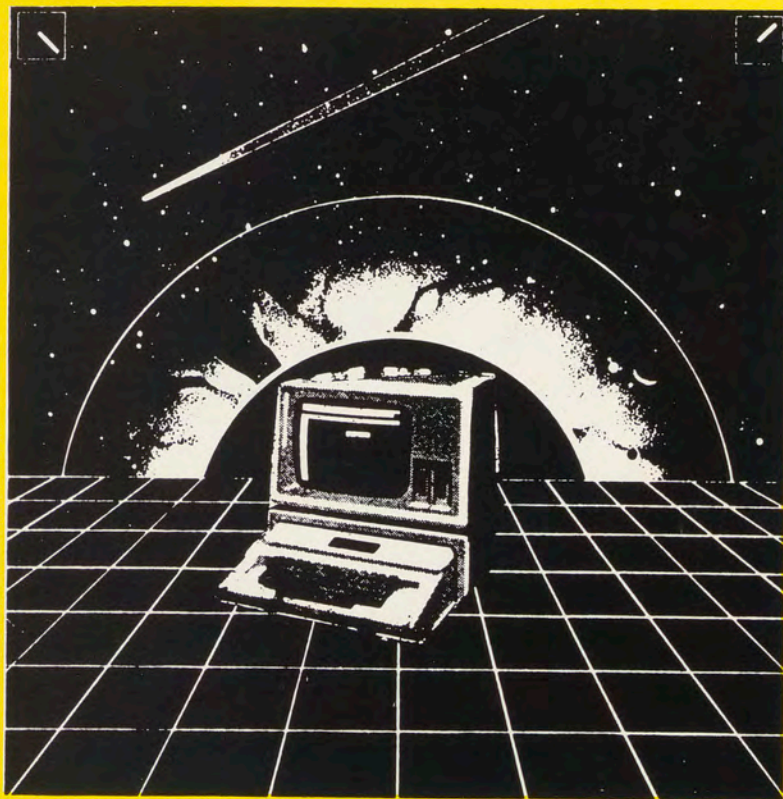
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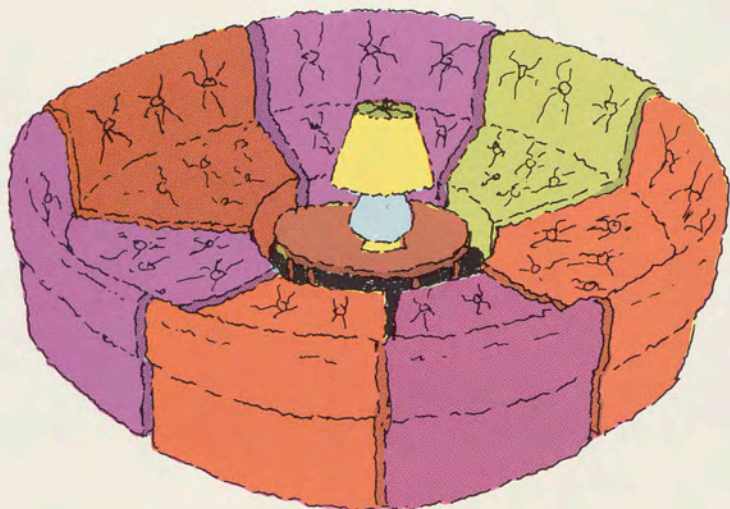
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DIVIDING THE FURNITURE RENTAL PIE



Americans spent more than \$500 million on rental furniture in 1982, and the Furniture Rental Association of America (FRAA) estimates that more than one-half million homes are currently furnished with rental furniture.

The first publicly owned rental-purchase television and appliance dealership, Rent-A-Center and its 115 stores, now has a healthy and growing BOR devoted to furniture. In 1984, the company had gross revenues of \$61.5 million.

Increasingly, other rental-purchase dealers, both independents and large companies, are entering the furniture rental market with an increased awareness of its revenue potential. Furniture inventories now represent 10 percent of the business for the rental-purchase industry. Some predict furniture may ultimately account for 30 percent of a typical rental-purchase dealer's inventory within 3 to 5 years.

Jason Alford, executive vice-president of Crown Leasing based in Texarkana, Texas, notes, "We started adding furniture last year at this time and we now have 50 of our 62 stores on line with furniture. We carry a complete line except for dining room suites. We rent dinettes instead. Furniture accounts for 12 percent of our inventory now, but we expect it to go to 30 percent once all of our stores are on a good rotation."

Universal TV Rental, a 50 store chain in Cincinnati, Ohio, has 20 percent of its business derived from furniture

rental. Remco, with over 160 stores, is now involved in a gradual introduction of furniture into its product line.

The largest rental furniture companies in the United States are Aaron Rents with 132 stores in over 30 metropolitan areas in the South and Southwest, and GranTree with 70 rental showrooms and 32 retail stores in 22 markets in 8 western and southwestern states. Both are members of FRAA. Together, these two companies accounted for \$144.8 million in furniture rental and sales revenues in 1984.

The difference between rental-purchase and traditional furniture rental outlets has become clouded with the success of furniture in the rental-purchase industry. That difference was further eroded with this announcement in Aaron Rents' 1984 *Annual Report* by President Charlie Loudermilk:

During the year, we established "electronics" rental departments in four residential rental stores. This is aimed at the large and growing "rent-to-own" market for items such as televisions, stereos, VCRs, microwaves, etc. The potential for "electronics" rental to generate "plus business" is so far quite encouraging and we are equipping additional stores as rapidly as trained personnel become available. We expect to have all residential rental stores equipped with "electronics" departments within 2 years.

A total of 20 of Aaron's 132 outlets carried electronics merchandise at the end of 1984.

While furniture rental dealers are adding electronics products to their inventories, TV and appliance rental dealers are adding furniture to their inventories at an equally rapid rate. Are the two industries encroaching on each other's territory as each expands product lines? Will this force a "Rental Wars" battle for America's rental dollars?

Some view the two industries as vying for the same piece of the rental pie. Each in reality has its own distinct market and different merchandising methods and should be considered not as business adversaries, but as partners in the rental community.

Furniture is in its infancy in the rental-purchase market with great predictions for its future. What follows is a comparative analysis of the rental-purchase industry's recent foray into furniture rentals and the more established rental furniture industry.

So What's the Difference?

Prior to 2 years ago, the two industries were separated not only by a difference in basic business philosophies, but by the rental market segment that each targeted for business, and by the products each rented. Originally, rental-purchase was an industry built on consuming massive amounts of audio and video products; appliances followed, and most recently, furniture. However, the addition of furniture has not changed the basic market segment or marketing strategy differences between the two industries.

Sometimes the rental-purchase industry is referred to as rent-to-own, which is a description of a basic tenet of its business philosophy. For the pur-

poses of this article, the furniture rental industry is termed as the rent-to-rent (RTR) industry.

Technically, the name rent-to-rent may be a misnomer, since most furniture rental companies offer purchase options as a part of their rental agreements. The appellation is appropriate to the extent that fewer than 10 percent of furniture rental company customers exercise purchase options compared with 22 percent of rental-purchase customers who do so.

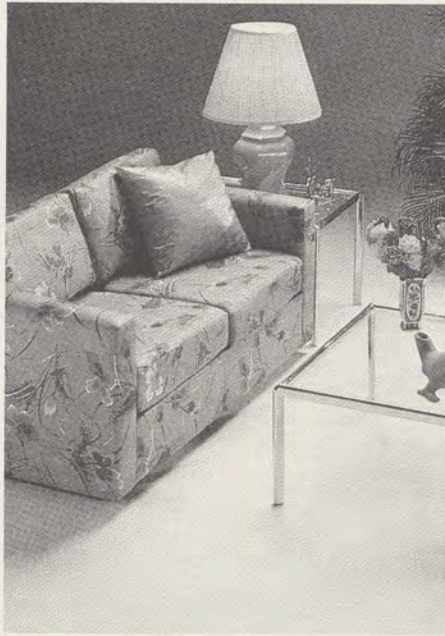
Furniture rental agreements that offer purchase options are legally indistinguishable from TV and appliance rental agreements. Some offer transfer of title of the leased property after the customer has made a specified number of rental payments. Some offer a final "balloon" payment at the end of the rental period as a means of acquiring ownership.

Minimum contract periods, delivery and set-up charges, and credit checks are some of the standard features in rent-to-rent plans. Usually, the customer has the option of renting from week-to-week, but month-to-month is encouraged and usually results in a price break over the week-to-week contract. In some cases, a security deposit and one month's rent in advance also may be required. The difference, to the extent one exists, is in the number of customers who rent long enough to obtain ownership.

The details of the contractual relationship between the store and the customer do differ in several ways. Aaron Rents, for example, requires an individual to have rented the items for 18 months and then the customer has the option of making a final payment equal to 10 times the monthly rate to purchase the furniture outright.

Rental-purchase plans, on the other hand, are based on a week-to-week or month-to-month contract with no initial minimum rental period required. There are no credit checks and, generally, no delivery or pick-up charges. The standard rental term is 18 months with the customer owning the rental item after that period.

The RTR companies traditionally rent furniture and accessories on a piece-by-piece basis or in complete groups. In a fact sheet published recently by the FRAA, the association states there are over 450 showrooms across the nation engaged in the furniture rental business, and it claims that a three-room, one bedroom residence may be furnished for as little as \$40 to \$75 per month.



The fact sheet notes more sophisticated decor rentals may rent for as much as \$250 per month. Further industry statistics breakdown monthly rentals as follows: between \$8 and \$15 for an armchair; between \$3 and \$10 for an end table; and between \$12 and \$35 for a sofa. Furniture items available on a rental basis run the gamut from staple items like sofas, beds and dining sets to rugs, lamps, and objects of art.

Complete living room sets, bedrooms, or dinettes are available now to the rental-purchase customer. As in the case with electronics and appliances, rental-purchase plans proved appealing to those customers wanting to own furniture, but who have difficulty finding unused credit after the car and house payments. Rental-purchase as a marketing concept now covers many product areas to include the business of home entertainment, appliance, and furniture.

Average price per month in rental-purchase for a complete living room set including tables is about \$85, while an average price for a sofa/love seat combination is about \$65 per month. Prices vary by location. Renting single items depends on the dealer's location and individual business philosophy.

The furniture rental industry is made up of a few major companies where rental-purchase is more fragmented. RTR has sort of been a steady and quiet participant in the market place. Rental-purchase is new and growing and noisy. As a result of that clash between the staid and the rambunctious, there has been some ill will.

As an example, Jonah Sherman, a past president of FRAA and spokesman

for the group, recently said in an article written by Barbara Mayer of the Associated Press, "Beware of 'rent-to-own' firms which charge a specific amount a week for perhaps 18 months and then you own the furniture. This may be a thinly disguised effort to sell inferior furniture at inflated prices."

Rental-purchase dealers take such criticism in stride having heard it before, although most often from consumer watchdogs rather than industry members.

Although the differences in product lines of the two industries are diminishing (especially with Aaron's entry into home electronics), the differences in business philosophies and target markets remain. Unfortunately, officials with Aaron Rents and GranTree were reluctant to discuss the differences between the industries.

Michael Tevlin, public relations spokesman for GranTree, states, "As far as comparing the two systems (RP with RTR) for the record, that is not something that we really want to get into. We are in competition with each other, after all."

One RTR company spokesman underscores what may be the general opinion in RTR of rental-purchase dealers' entry into furniture. "We just don't think it's positive. Small dealers, dealers who heretofore were stereo dealers and appliance dealers and who are now carrying furniture, may be giving the furniture rental industry a bad name."

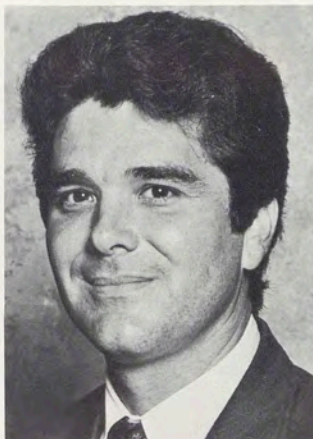
The rent-to-rent industry appears uneasy with the prospect that rental-purchase dealers are successfully adding furniture to their product lines and that the marketing concept of rental-purchase is, indeed, a moving force in furniture rental today. The advent of furniture in rental-purchase is considered a positive move not only by RP dealers and customers, but furniture industry suppliers.

Joe Meadors, Bassett Furniture director of sales and senior vice-president of marketing, articulates this point of view. "We are delighted to be a part of it," he remarks, "and we think it's definitely a growing market. Furniture is going to be a big part of rental-purchase."

Both Rent-A-Center and GranTree purchase furniture from Bassett. Meadors indicates that the two companies buy similar merchandise at similar prices, but not the same merchandise.

continued page 34

CONTROLLING GREED WITH A LITTLE GENEROSITY



This message is about greed and generosity. Greed first. Nothing in this column is likely to tear the scales from readers' eyes or plant the seeds of generosity in a heretofore greedy soul. It is nonetheless a message that bears stating.

Greed in the business world is really a matter of degree. It is not useful to speak in absolutes and inveigh against the idea of greed any more than it is to lament the existence in this world of the other six deadly sins.

The free enterprise system has as its operating premise the notion that people act out of self-interest. Buyers are interested in securing goods and services that suit them at the best possible price. Sellers are interested in accommodating the wants and needs of buyers by providing those goods and services at a profit. (It is the profit that allows them to continue doing business.) Such is the essence of self-interest in the marketplace. Somewhere along the line in this self-interest, buyers can begin to inflate their notions of need and want. On the other side of the business equation, sellers can go after too much profit. Such are the manifestations of greed.

It is greedy behavior, for example, when customers steal TVs. It is also greedy behavior when rental dealers try to squeeze that last dollar out of their customers. Unwilling to settle for a reasonable or even good profit on a transaction, they insist on overreaching, most often by packing the transaction with extra charges and occasionally they do worse by misrepresenting the value given for the dollars spent. After setting a rental rate sufficient to run the business, pay the employees, and turn a profit, greedy dealers "nickle and dime" their customers to death with add-ons. The actions of both the buyer who steals and the seller who overreaches are equally blameworthy.

At a practical level, the law is designed to punish the buyer who steals as well as the seller who overreaches. The law is imperfect on both accounts, and we can all recount instances of both buyers and sellers who are "getting away with it."

The dangers of greedy conduct by rental dealers should be apparent. Industry opponents already think that the life of consumers would be better if the rental industry did not exist. (They would, incidentally, also do away with a lot of other things, for example, the advertising industry, since it creates "unnecessary" wants and needs in consumers.) Simply put, an industry whose very existence is criticized cannot afford to be greedy. Opponents will be quick to carry instances of what greed they find to legislators and judges.

For the time being, the law has not stepped in to dictate where self-interest ends and greed begins for the rental industry. If the forces of the marketplace and some modicum of self-control on the part of rental dealers cannot curtail overreaching, then it will be the duty of lawmakers to step in and do it. If the TV and appliance rental industry has reached a point where its legality is established and its existence assured, it is not too late for lawmakers to legislate the profit out of the business. They do such things by accident often enough. If they see what they perceive to be a greedy industry at work, they may do it on purpose and pat themselves on the back afterwards.

On a more generous note, APRO, primarily through the indefatigable efforts of President and Chairman of the Board Barry Gambini, has chosen Big Brothers/Big Sisters of America (BB/BSA) as its official charitable organization. Briefly, BB/BSA works on a nationwide scale to match children of one-parent families with "big brothers" for boys and "big sisters" for girls to share time and experiences together. The program provides role models for young children who might otherwise do without and, in addition, satisfying and enriching interactions with young people for the big brother or big sister volunteers. APRO has set aside the month of June as Big Brothers/Big Sisters month for the rental industry. During that month, the association proposes that rental dealers give \$1.00 per delivery to the BB/BSA organization. Other events are planned for June, but here is a program that every rental dealer can participate in. Read more about APRO's involvement with BB/BSA on page 46 of this issue and think about setting aside some money in June for BB/BSA. Your contributions will make life richer for a lot of people.

A handwritten signature in dark ink, appearing to read "Ed Winn III".

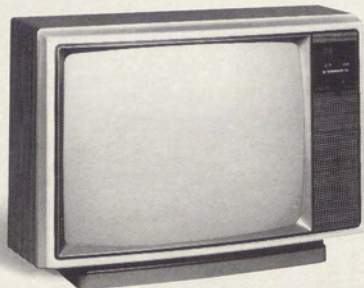
EDWARD L. WINN III
APRO Executive Director/General Counsel

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MANUFACTURERS' NEWS

Hitachi Announces Finance Company

Hitachi Sales Corporation of America (HSCA) announces plans for the formation of a finance company, which has as its major function the financing of Hitachi products from HSCA's consumer and commercial/industrial divisions.

Bob O'Neil, HSCA's executive vice-president, says the new division expects to have some 160 service facilities throughout the country to provide local service.

The first accounts for the new division are scheduled to be in operation midway through the first quarter of 1985.

Maytag Has Record Year

Sales and earnings of Maytag advanced to record levels in 1984 and the company attributes this jump to a strong demand for appliances and a mix of new product introductions which stimulated business activity throughout the year.

Daniel J. Krumm, president, said 1984 brought sales of \$642.6 million compared to 1983 sales of \$597.0 million. Earnings reached a record \$63.1 million, or \$4.63 a share, compared to 1983 income of \$60.7 million, or \$4.37 a share. Dividends paid on Maytag common stock in 1984 were an all-time high of \$3.00 a share, compared to \$2.70 paid in 1983.

Pacific Stereo Changes Name

Pacific Stereo, the nation's largest dealer of name-brand electronic entertainment equipment, announces a company name change to, simply, Pacific. The change reflects an updated product mix which includes a strong commitment to TVs, video recorders, video cameras, and telephones.

The name change is another milestone for the 25-year old company which started as a small electronics parts store in Berkeley, California. In 1962, the company introduced the first pre-matched music system.

Sold to its current chairman, Burke Mathes (the former president of Curtis Mathes) in March 1983, Pacific has 85 stores in California, Washington, Texas, and Illinois, with annual nationwide sales of over \$200 million. Extensive remodeling of stores within the chain is planned.

PortaVideo Receives Backing From ITT

ITT Commercial Finance and PortaVideo International have reached agreement on long-term financial backing, according to Ted K. Thrush, president and chief executive officer of PortaVideo.

"Under the agreement," Thrush says, "ITT Commercial will finance all future inventory commitments on behalf of PortaVideo. With anticipated sales of about \$5 million in 1984, we have a target of \$40 million in sales in 1985, and we now have the financial backing to satisfy the market appetite for our product."

Thrush says PortaVideo has experienced "remarkable market acceptance." Since August 1, 1984, the company has sold 15,000 players. "The response thus far enhances our conviction that we will achieve our target of sales of 150,000 players in 1985," he says.

PortaVideo's lightweight, portable, videocassette players are sold and rented throughout the United States and Canada in a variety of outlets and are also marketed to business and industry accounts for sales and training programs.

RCA's Market Outlook for 1985

"The timing is particularly right for advanced video products since the public gives every indication that its appetite for video products will continue at a record level this year," says Jack K. Suater, RCA group vice-president.

"Technology is advancing rapidly in both TV and VCR products," he says, "with the result the consumer will be attracted to larger TV screens that are flatter in appearance and which include in many cases the advantage of stereo sound. The continued presence in homes of 40 million color receivers that are at least 7 years old provide a built-in obsolescence factor in the marketplace."

He adds, console models are benefiting from built-in broadcast stereo sound as more markets are opened up to this new feature. The addition of the new flatter screens are providing a further stimulus to the 25-inch (diagonal) and above color receivers.

RENTAL READING



Launching the New Employee AMACOM, 1984

This small but informative booklet is part of the Supervisory Sense series put out monthly by the American Management Association. Topics include, "Planning a Training Program," which discusses communicating organizational objectives and linking them to the employee's personal objectives. Mentoring, and how it benefits the new and the veteran employee, is also discussed.

Using Performance Appraisals AMACOM, 1982

The American Management Association suggests that employees are best motivated by quantitative, rather than subjective, appraisals of their work. This booklet gives tips on compiling and using performance appraisals effectively.

Curing Problem Absenteeism AMACOM, 1981

According to this booklet, the weekly absenteeism rate in the United States is 6.6 percent. Absenteeism costs the employer about \$66 per employee per year. The booklet suggests guidelines for employers to follow which allow for extenuating circumstances.

Supervisors should demonstrate concern for absentees, first by counseling and later, if necessary, by progressive discipline. Other topics include cures for absenteeism and methods of disciplining absentee employees.

When Dismissal Is the Only Answer AMACOM, 1982

It goes without saying that a supervisor should not fire an employee hastily or without thinking it through. This booklet contains a list of "don'ts" to keep in mind if dismissal is found to be the only solution. Tact, diplomacy, and honesty are important to the dismissal interview. Alternatives to dismissal are also mentioned.

Supervising the Younger Employee AMACOM, 1982

This booklet includes some thoughts on how to treat the younger employee. The main point is that all employees should be treated as individuals. The hiring process is discussed, along with ways of maintaining peak performance after the employee is on the job.

Editor's Note: Please send information on any recommended reading to PROGRESSIVE RENTALS, 1866 Inter-First Tower, Austin, TX 78701.

GOVERNMENT RELATIONS

UNFORTUNATELY, THIS CASE, BECAUSE OF THE COURT'S DEPARTURE FROM BOTH LOGIC AND TRADITIONAL RULES OF STATUTORY CONSTRUCTION, OBSCURES RATHER THAN CLARIFIES THE STATUTE.

Wisconsin

BY SAMUEL CHOATE JR.

The rental industry in Wisconsin has been dealt a severe blow by that state's court of appeals. In a decision issued on February 1, 1985, the Wisconsin Court of Appeals affirmed a lower court opinion holding a monthly rental contract with ownership opportunity to be a "consumer credit sale" under the Wisconsin Consumer Act.

The customer involved in this case, Mrs. Palacios, had made rental payments totaling \$1652 toward ownership of a TV-stereo combination the court valued at \$800. Because of an altercation between Palacios and an employee of the company over the exact amount due for her to acquire ownership, she contacted the Milwaukee Legal Aid office for assistance. Suit was filed seeking to have the court declare the transaction to be a consumer credit sale transacted in violation of the state's consumer act.

Due to the wording of the statute involved and the facts before the court, the transaction in question was ruled to be a credit sale. The operative language of the Act declares any lease where the lessee "...pays or agrees to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the goods ... and ... the lessee will become, or for no other or a nominal consideration has the option to become, the owner of the goods ..." to be a "consumer credit sale." Palacios, having paid \$1,652 for an \$800 TV-stereo, had become or was a credit sale consumer, the court declared. The rental company had, unhappily, become a credit seller.

Normally, such pronouncements by appellate courts clarify a statute's prior ambiguity. Unfortunately, this case, because of the court's departure from both logic and traditional rules of statutory construction, obscures rather than clarifies the statute. This result is due to the failure of the court to subject its judgment to any practical application beyond the facts of the case before it. The court did not consider, among other questions raised by this decision, what

to do about a rental agreement where the customer has paid less than the value of the property. According to the decision, when one \$17 weekly rental payment has been made, for example, the statute should have no application. Yet, again according to the logic of this ruling, it might apply, but we are not told when. Therefore, we do not know when to make the disclosures required by the consumer act, or when rental dealers are subject to the act's rules governing default, recovery, or reinstatement.

The logic of all consumer legislation requiring disclosure and providing for substantive rights is to give the consumer the benefit of the information to be disclosed *prior* to the transaction being consummated and having its procedural protections apply immediately upon one consumer having committed himself to the deal. The *Palacios* decision is illogical because, by its own terms, the act has no application to rental customers until *after* they have paid a substantial amount pursuant to a rental agreement. If they never pay an amount of rent equal to the value of the property rented, then, seemingly, the act does not apply.

When an appellate court interprets a statute, it is required to decide the intent of the enacting legislature when the law in question was passed. It is a cardinal rule of statutory interpretation that a reviewing court should not reach a decision that would have the legislature appear foolish. Furthermore, when the plain language of the statute as applied to a set of facts leads to a foolish result, the reviewing court is encouraged to decide that the legislative intent, in spite of its otherwise plain language, must be defined from the application of the statute to reality based on its intended purposes, rather than its language alone.

At this writing, the lawyers representing the rental company are pursuing a request for the Wisconsin Supreme Court to review the court of appeals decision. No doubt they will urge upon the supreme court the preposterous situation created by the appellate division

in requesting that the case be accepted for review and reversal. In the meantime, or if review is denied, Wisconsin dealers are urged to review their contracts and to seek legal advice for direction as a result of the *Palacios* decision.

For the industry as a whole, the impact of *Palacios* is restricted in its application to those states with statutory language similar to Wisconsin and Iowa. However, for those states whose installment sale definition of credit sale is patterned after the federal truth-in-lending act with no changes, the *Palacios* case has distinguished state appeal court cases which hold a progressive rental agreement not to be a credit sale due to the inclusion in the Wisconsin definition of the term "pays." Implicit in this distinction is an obvious indication that those cases would have been controlling in Wisconsin but for the Wisconsin statute, a puzzling aberration.

It is arguable then, in those states with traditional truth-in-lending language, that *Palacios* is a reaffirmation of the majority opinions: that without an obligation or agreement at the initial rental contract by the customer to pay all amounts necessary to acquire ownership, the agreement is not a disguised credit sale. This point should not be overlooked by rental dealers or their lawyers who are defending recharacterization lawsuits because their opponents may attempt to use *Palacios* against them.

PROGRESSIVE RENTALS will continue to monitor and report on the progress of the *Palacios* case as the company attempts to have the Supreme Court of Wisconsin correct the court of appeals' error.

Georgia Enacts New Lease-Purchase Act

BY EDWARD L. WINN III

In early February of this year, several Georgia rental dealers learned that a senator from Macon had introduced a bill that effectively would have shut the door on the rental-purchase business in that state. The bill, as originally written, set a limit on the total number of payments that a rental dealer could receive from any one customer at the rental dealer's cost of merchandise plus 18 percent. The bill declared that this sum was to include all service, delivery, and other charges by the dealer.

Dealers learned that the sponsoring legislator had had a bad experience

with a rental company and, thinking the industry was a rip-off, was interested in getting the business out of the state.

Quickly, rental dealers, with the assistance of Sam Choate (an attorney formerly from Augusta, Georgia, and currently from Washington, D.C.), organized themselves into a state group, the Georgia Progressive Rental Dealers Association. Perry McNeal of Network Rental was appointed chairman of the committee. N.D. "Mac" McCullar of My Rental Company and David Keeling of Elcan Investments (ColorTyme) were also named to the board.

Once the dealers were organized, they immediately held discussions with the sponsoring legislator. After hearing from responsible rental dealers, he expressed a willingness to work with the group to draft some sort of compromise legislation. The legislative session in Georgia is a short one, lasting from January 14 through March 10. Dealers had to act quickly if they were going to have any effect at all. During several weeks of round-the-clock lobbying, rental dealers were successful in hammering out compromise legislation which subsequently was passed through both Georgia houses.

The new law in Georgia names rent-to-own transactions as lease-purchase installment contracts and defines them as follows:

An agreement for the use of personal property by a lessee primarily for personal, family, or household purposes, for an initial period of 4 months or less that is renewable with each payment after the initial period and that permits the lessee to become the owner of the property.

This definition covers all rental-purchase agreements and rental agreements with bona fide purchase options in the state. This definition parallels the definition included in the new Michigan act. The only way to fall outside of this legislation is to do away with all purchase options completely. Alternatively, dealers could write contracts for a minimum period of longer than 4 months, thereby falling under the regulations at the federal level of the Consumer Leasing Act.

The new Georgia act is primarily a disclosure act. Dealers whose agreements are covered by the act must make certain disclosures in their rental agreements which must be put in writing and furnished to the customer. They must also make certain disclosures in their advertising. The bill

IN GEORGIA, THE ISSUE OF WHETHER LEASE-PURCHASE AGREEMENTS ARE OR ARE NOT CREDIT SALES IS LAID TO REST.

DURING SEVERAL WEEKS OF ROUND-THE-CLOCK LOBBYING, RENTAL DEALERS WERE SUCCESSFUL IN HAMMERING OUT COMPROMISE LEGISLATION WHICH SUBSEQUENTLY WAS PASSED THROUGH BOTH GEORGIA HOUSES.

THE NEW GEORGIA ACT IS PRIMARILY A DISCLOSURE ACT. DEALERS WHOSE AGREEMENTS ARE COVERED BY THE ACT MUST MAKE CERTAIN DISCLOSURES IN THEIR RENTAL AGREEMENTS WHICH MUST BE PUT IN WRITING AND FURNISHED TO THE CUSTOMER.

requires thirteen disclosures in all and mandates that they be stated "in a clear and coherent manner, using words and phrases with a common meaning." This language is similar to "plain english" acts that have been enacted in various states around the country.

The act goes on to require that the disclosures mandated under the new law can be made directly on the lease agreement itself or on a separate written form provided to the customer. The act allows lessors to make additional disclosures as long as they do not "contradict, obscure, or distract attention from the required information."

In addition to the required contractual disclosures, the act regulates advertising as follows:

An advertisement for any lease-purchase agreement shall not state that a payment or a periodic payment is due at the start of a lease of a specific item without disclosing both the payment due at the start of the lease, the periodic payment, the cost of the lease services, and the total of all periodic payments necessary to obtain ownership.

In other words, if dealers advertise the price of a specific item, for example, \$10 a week for a 19-inch color portable TV, the dealer will also have to disclose the additional information required by the statute.

Of particular importance to dealers in Georgia are the new contractual disclosures. Most of the disclosures are those that the industry favors and is supporting at the federal level. However, there are a few new disclosures applicable only in Georgia. As with the federal proposal, the Georgia statute requires the following disclosures: a brief description of the leased property; the total amount of any initial payment; the amount and timing of the payments; and the amount of all other charges to be "individually itemized, payable by the lessee to the lessor which are not included in the periodic payments."

Contracts also must have a statement of who is liable for loss or damage or destruction to the property, which in most cases will be the lessee. The act also requires a disclosure of the party responsible for servicing the leased property, "together with a brief description of this responsibility," which in most cases will be the lessor. It is not known yet what sort of description of responsibility will suffice under the statute. If, for example, the

lessor makes available "loaner" sets while merchandise is being repaired, must the disclosure include this information?

The Georgia act, like the federal proposal, requires the disclosure of the total price necessary to acquire ownership, and requires that it be labeled as "cost of lease." In addition, dealers in Georgia must disclose the fair market value of the leased property at the time it is initially leased.

Finally, dealers must disclose the difference between the cost of lease figure and the fair market value figure and label the difference as "cost of lease services." This last disclosure is a new item and applies in Georgia only. In addition, dealers must disclose an early buy-out option and by what method the early buy-out price can be determined.

The act declares that rental dealers may not require customers to purchase insurance from the dealer, nor shall dealers charge a penalty for early termination of a lease-purchase agreement, nor for the return of an item. The act does allow lessors to charge and collect a reinstatement fee of up to \$5, as well as an in-home collection fee as long as the customer agrees to it beforehand.

The Georgia act adds a "cure period" similar to the cure period enacted in Michigan. The act refers to the customers' rights as "reinstatement rights" and works as follows:

If the lessee has not missed more than three periodic payments, either weekly or monthly, but has missed at least one and has surrendered the item to the dealer, he may then come in, catch up on his missed payments, and continue the rental agreement in full force and effect.

The act provides for criminal penalties for willful violations of the statute as well as civil damages for other kinds of violations. Of benefit to dealers operating in Georgia, there is attached to the act a model disclosure statement which, according to the act, "may be used to satisfy the disclosure requirements under the new law."

It is too early to tell what effect the new law in Georgia will have on the industry, although immediately upon passage, the issue of whether lease-purchase agreements are or are not credit sales is laid to rest. The act specifically points out that lease-purchase agreements are **not** credit sales under state law. Copies of the statute may be obtained from the APRO office.

MOST OF THE DISCLOSURES ARE THOSE THAT THE INDUSTRY FAVORS AND IS SUPPORTING AT THE FEDERAL LEVEL.



Texas

BY EDWARD L. WINN III

The first week in March saw four bills concerning the rental-purchase industry introduced into the Texas legislature. Three of those bills were introduced into the senate by a senator from East Texas. The house bill was a companion to one of the senate bills and was introduced by three co-sponsors: one from Dallas, one from San Marcos, and one from Alice.

The thrust of all three of the senate bills is to recharacterize rental-purchase agreements as credit sales under state law, although the bills vary in their particulars. As of this writing, it is too early to tell what sort of interest these bills will generate in the Texas legislature.

Several legislators have been contacted already, and their initial reaction is that they certainly do not want to be responsible for passing any laws that would put the rental-purchase industry out of business in the state. Copies of all bills are on file in the APRO office and are available upon request.

Edward L. Winn III is the executive director and general counsel of APRO and a frequent contributor to PROGRESSIVE RENTALS.

J. Samuel Choate, Jr. is associated with the law firm of Santarelli & Bond in Washington, D.C.

IN THE ABSENCE OF FEDERAL LEGISLATION, STATES ARE BEGINNING TO TAKE AN INTEREST IN REGULATING THE INDUSTRY.

DEALERS SHOULD BE ADVISED THAT FUNDS TO SUPPORT THE FEDERAL LOBBYING EFFORT ARE LOW.

FEDERAL LEGISLATION WILL NOT HAPPEN WITHOUT THE COOPERATION, PARTICIPATION, AND SUPPORT OF THE ENTIRE RENTAL-PURCHASE INDUSTRY.

Most readers of PROGRESSIVE RENTALS have received the latest edition of the APRO Legal Defense and Information Newsletter which gives a complete update on legislative happenings around the country. In Washington, D.C., newly elected officials are already getting their first taste of the federal legislative process with battles over the budget, the MX missile, and Reagan's Strategic Defense Initiative. It is primarily the budget and related issues that have occupied both Houses so far in 1985.

APRO representatives were in Washington during the presidential inauguration to see what was on the agenda of the Banking Committees of both Houses. Since January, Senator Jake Garn (R-UT) has been busily preparing to be the first active congressman to ride the space shuttle. Senate staffers predict that when he returns from his space trip, Garn will reintroduce and push for early passage of his financial services deregulation package, including the rental-purchase provisions that APRO supports.

On the House side, Congressman Fernand St. Germain (D-RI) remains opposed to the dramatic and far-reaching overhaul to the banking system that Garn favors, preferring instead to address banking issues one by one. He is noncommittal on the rental-purchase issue. Congressman Doug Barnard (D-GA) has definitely agreed to reintroduce the Federal Reserve Board proposal into the House and hearings on the bill are expected to be scheduled later this spring. Importantly, Congressman Barnard has been named to the House Subcommittee on Consumer Affairs.

Overall, the political awareness and involvement of industry leaders con-

tinues to increase. In February, nine members of the APRO Government Relations Committee attended a \$500-per-plate fund-raising dinner for Senator Slade Gorton (R-WA) in Dallas. Senator Gorton successfully debated Senator Christopher Dodd (D-CT) to prevent the rental-purchase title from being stricken from Garn's bill last fall. Senator Gorton is expected to continue his support for the Garn package this time around.

The biggest legislative news, by far, for the industry is at the state level. In the absence of federal legislation, states are beginning to take an interest in regulating the industry. Texas and North Carolina (again) are the two most recent states to have legislative activity. One possible advantage to all of this state activity is that it renews the possibility of stronger federal preemption than had previously been considered. Ideally, the industry favors reasonable disclosure regulation at the federal level with strong preemption to prevent the spectre of dealers' having to make dual disclosures, one to satisfy state regulations and one to satisfy federal regulations. That kind of paperwork can only confuse customers. With states like Michigan and Georgia requiring disclosures radically different from those in the Garn bill, the spectre is suddenly very real, indeed.

Dealers should be advised that funds to support the federal lobbying effort are low. Nor need they be reminded that it takes a lot of time, energy, and money to make things happen in Washington. Dealers are urged to take a moment to respond to the LDIF fund-raising appeal. Federal legislation will not happen without the cooperation, participation, and support of the entire rental-purchase industry.

Q: Can I legally refuse to rent to customers based on where the customer lives?

Yes. The issue raised here is commonly referred to among lending institutions as "redlining." A definition of redlining might be as follows:

An alleged scheme practiced by banks or other lending institutions to exclude certain geographic areas from consideration when application is made for a loan secured by property in the excluded area. In addition to outright exclusion from mortgage loan consideration, discrimination can take a more subtle form, such as higher downpayments, or higher interest and closing expenses, or shorter maturity periods, or lower loans than those required for "non-excluded" areas. ("Banking Law," 1977 Ann. Survey AM. L., 57.)

During the past 20 years, major metropolitan areas began to notice increasing urban decay in selected neighborhoods. Looking for causes and solutions, officials suspected that lending institutions were declining to loan money to people and businesses in decaying areas, thus exacerbating the problem. Even in the face of statistical proof of such practices, banks argued that they made loans based on sound banking practices so as to protect the banks' investors. Faced with this dilemma, legislation became inevitable.

Prior to the enactment of various federal attempts to legislate solutions to the problem, the states had already begun passing antiredlining acts. In fact, this state action served as a motivating factor in the passage of the Home Mortgage Disclosure Act (HMDA), passed by Congress in 1975. Most state statutes deal specifically with mortgage discrimination based on geographic location where the federal act is broader in scope. Many of these state statutes do not reach beyond loans secured by real estate.

The HMDA was passed with the declared purpose of providing "the citizens and public officials of the

ALL OF THE STATUTORY ENACTMENTS PERTAINING TO REDLINING APPLY TO THE EXTENSION OF CREDIT.

United States with sufficient information to enable them to determine if the practice of redlining exists."

In 1977, the U.S. Congress passed the Neighborhood Policy Act and the Community Reinvestment Act both of which empowered various governmental bodies to explore the decline in neighborhoods in major urban areas and to suggest solutions. Throughout all of the legislative enactments and regulations that have ensued, there have been serious issues facing the regulators. Importantly, regulators are mindful that they cannot force banks to make loans that do not comport with the sound and safe operation of the lending institutions. Congress understood that it would do little good to force banks to make loans in low-income areas if it put the banks into insolvency.

For instance, federal lawmakers have been careful not to add an affirmative duty to refrain from redlining in their legislation because of the issues concerning sound banking practices. Additionally, there are constitutional questions concerning investors' rights which might be affected by requiring banks to act in a manner which is not necessarily prudent. A second constitutional question involves the free flow of commerce, which Congress is supposed to promote, and whether or not a requirement to invest in certain areas might restrict the free flow of commerce.

Under the Community Reinvestment Act, regulations require that the "record of performance" of a lending institution be examined in full before deciding that a bank's loan portfolio did or did not constitute redlining. This rec-

ord of performance constitutes such matters as "extent of community dialogue, the extent of advertising and marketing programs concerning credit services, evidence of any practice designed to discourage credit applications (pre-screening), evidence of discriminatory or other illegal credit practices, the geographic distribution of loan application extensions or denials, the amount of residential and small-business loan activity in the community, the bank's record of opening and closing offices, and the extent of participation in community development and government-insured or subsidized programs." (12 C.F.R. Section 25.5.)

The point of the above is to demonstrate that it is a difficult matter to prove that a bank is redlining since the factors that go into the decision to grant or deny credit are many and complex.

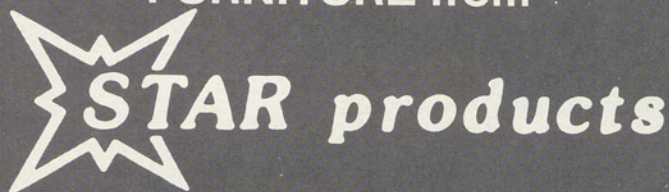
All of the statutory enactments pertaining to redlining apply to the extension of credit. That is the issue to which lawmakers addressed themselves and that is the language with which all of the statutes are written. Since rental-purchase agreements do not amount to extensions of credit under most state laws (with possible exceptions in Maine and Wisconsin) the redlining enactments do not apply to the rental business.

When and if rental agreements in a given state are recharacterized as credit sales and thrown under state retail installment sales acts, dealers in those states may have to look to state laws governing discriminatory extension of credit. Until such time, dealers are likely to make the same kinds of decisions that they have been making; namely, they will deliver TVs anywhere within a reasonable distance from the store where there is a reasonable risk that both the truck and driver will make it back to the store safely. This is a sound business decision and one which is permitted by law and ought to be followed for the safety of the people and property involved.

Editor's Note: LEGAL is a regularly featured question-answer column written by APRO Executive Director and General Counsel, Edward L. Winn III, for rental dealers with legal questions. Please address questions to: Edward L. Winn III, APRO, 1866 InterFirst Tower, Austin, TX 78701.

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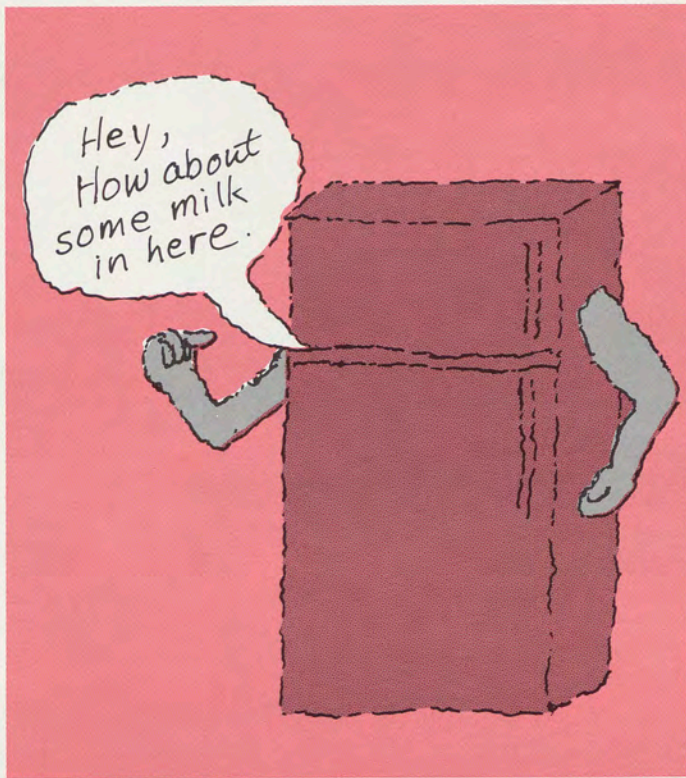
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NUTS & BOLTS

NEWS • VIEWS • PEOPLE • PRODUCTS • IDEAS



APPLIANCES THAT TALK BACK

Imagine a dishwasher that tells its owner if the spray arm is blocked, or a refrigerator with a scanner keeping constant inventory of its contents. Picture a microwave oven that "reads" and follows cooking instructions coded onto food packaging. Appliances of the future, right?

Well, the future is here and the above products, although not all on the market, are no longer just fantasies. Electronic appliances are capturing the public's curiosity (especially that of the young and affluent) and their pocket-books as well. According to

an article in the November 12 issue of *Businessweek*, General Electric introduced an electronically controlled refrigerator last spring and it has sold 10 times as well as expected. The refrigerator is designed with a touch-pad selector, diagnostic options, and a sensor to notify the owner when the door has been left open.

The company plans to embed electronics deep into its lines by lowering premiums for these extras. The added price of electronics on GE dishwashers has already dropped from \$200 for the first model to \$50 for the current model. GE Senior Vice-President Roger Schipke told *Businessweek* that the cost will drop to \$25 on the next generation of dishwashers.

TOLL-FREE NUMBERS

Contacting a company for a question or complaint, even if you do not know what city or state the business is in, can be much simpler by using a toll-free information number. Just call 1-800-555-1212, and if the company has an 800 number, it will be listed with this service.

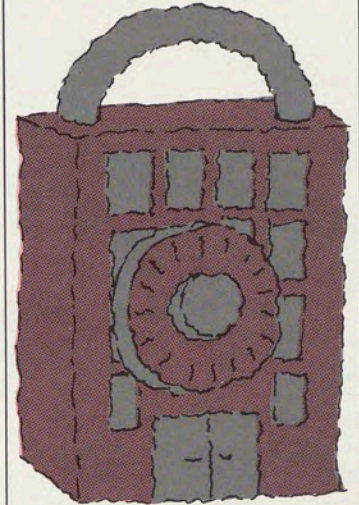
PROFITS UNDER STRESS

"The company that can't maintain esoteric, high-end, profitable product can't survive," says Hitachi President Robert O'Neil in the January 14 *Video Marketing Newsletter*. "Profits are under great stress right now at all levels of the industry. What is introduced as high-end, custom product, in 10 weeks becomes just another commodity."

O'Neil mentions the color TV market. "In 1984, color televisions did 16 million units, up over 14 percent from the year before...that growth conceals significant facts. Thirteen-inch sets now account for 25 percent of the market instead of 15 to 16 percent as in the past. The 13-inch color set has become the 12-inch black and white, meaning profits are not being maintained."

O'Neil believes keys to survival are diversity, value-added products, and controlling the company's destiny.

TIPS ON STORE SECURITY



Here are some tips on keeping employee theft low and store security high:

1. Administer periodic lie detector tests.
2. Keep employee purchases isolated and disconnected from customer purchases.
3. Reconcile daily totals with a release procedure at day's end.
4. Make unannounced checks on materials leaving the store.
5. Implement use of a designated employee door.
6. Use a thorough screening process when hiring new employees.
7. Discuss loss statistics periodically with employees and tie this to profit and how it trickles down to affect employees, i.e., no advancement, raises, bonuses, etc. Most employees have a distorted idea of profit, and may resent the owner's income. Tell them the *real* story.

SMALL BUSINESS UPDATE

NATIONAL HOME FURNISHINGS ASSOCIATION

The National Home Furnishings Association (NHFA), founded in 1920, has over 12,000 member stores ranging from one-person operations to large retailers. NHFA is a nonprofit organization and claims to be the only national trade association representing the retail sector of the furniture industry. Membership does include retailers of furniture, carpeting, and related home furnishings.

Services of NHFA include low interest rates for processing Visa and MasterCard customer sales; group life insurance for store employees; a comprehensive business insurance program underwritten by the Fireman's Fund Insurance Company; and a freight auditing service which scrutinizes the store's freight bills for the previous 3 years for overcharges.

A unique service for members only

is an information center designed to make business life easier. By using a toll-free number, members may ask any operating question they desire and the association's staff, in either Chicago or Washington, D.C., will research the answer. Questions may deal with any business subject and range from employee relations to industry supplier information.



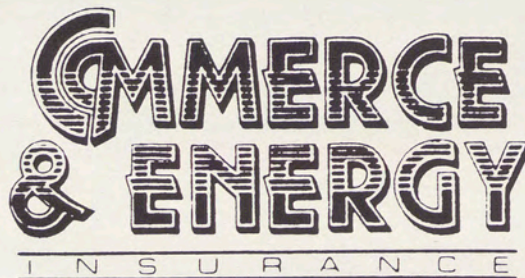
The association has a biannual convention composed primarily of seminars and workshops with an average attendance of 1200 retailers.

Dues are based on annual sales and range from a minimum of \$280 per year to a maximum of \$7,000 per year. Annual membership dues in NHFA are a tax deductible business expense, according to the association.

For more information, contact: National Home Furnishings Association, 405 Merchandise Mart, Chicago, IL 60654, (800) 621-9623.

INTERNATIONAL HOME FURNISHINGS REPRESENTATIVES ASSOCIATION

With over 6000 members, the International Home Furnishings Representatives Association (IHFRA) is organized in 36 local chapters in all major cities across the nation and parts of Canada and Puerto Rico. IHFRA serves members of the wholesale furniture industry. The association provides several services to affiliates and individual members including information exchange, listings of manufacturers seeking representatives in all territories, and representatives seeking manufacturers' lines in specific territories.



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IHFRA is the result of the merger of the National Wholesale Furniture Salesmen's Association and the National Home Furnishings Representatives Association. IHFRA has an annual convention and conducts a certified home furnishings educational program. The association also monitors all legislation concerning its members, their factories, and their retail dealers.

Among other services, IHFRA publishes *Home Furnishings Contact*, a monthly publication offering news important to the selling entrepreneur, and *Opportunity Center*, a classified listing service. Members may also qualify for money saving opportunities through the association's group buying program for such items as hotel and motel discounts, and discounts for automobile rental, and subscriptions to industry publications.

For a membership application, contact: International Home Furnishings Representatives Association, 518 Davis Street, Evanston, IL 60201, (312) 328-7733.

AMERICAN FURNITURE MANUFACTURERS ASSOCIATION

The merger of two furniture associations, Southern Furniture Manufacturers Association and the National Association of Furniture Manufacturers, produced the American Furniture Manufacturers Association (AFMA) in 1983. AFMA has 336 members dedicated exclusively to furniture manufacturing. It proposes to provide a unified voice for the furniture industry to all of its publics and to aid in the development of industry personnel.

AFMA conducts and provides market research data, industrial relations services, cost and operating statistics for the industry, and general management and information services. Members receive the benefit of these standing committees: government affairs; public relations; technical/consumer affairs; transportation; sales; and marketing. AFMA publishes an annual membership directory and, on an irregular

basis, publishes *Furniture Executive*.

Membership consists of furniture manufacturers only and AFMA is a nonprofit organization with these two divisions: the Summer and Casual Furniture Manufacturers Association, and the Church Furniture Manufacturers Association. AFMA lobbies for a voice in shaping industry and government relations on many consumer and regulatory issues.

AFMA

Publications offer business operating advice and AFMA has an active Furniture Political Action Committee supported through voluntary contributions which aids private enterprise candidates to Congress on a bipartisan basis.

Membership dues are based on the value of furniture shipments per year and range from a minimum of \$200 to a maximum of \$10,000. For more information, contact: Douglas L. Brackett, Executive Vice-President, American Furniture Manufacturers Association, Box HP-7, High Point, NC 27261.

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RENTAL AGREEMENTS
B Five part form, 3 part Rental Agreement with 2 part posting & collection card attached.

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C 2 Part NCR Ledger card used for posting copy and collection copy.

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H Controls items brought in for repair/service. Complete record of time and responsibility.

PROTECTING YOUR FURNITURE INVESTMENT

Keeping furniture in shape keeps furniture out on rent.

John Q. Dealer has carried televisions and appliances in his rental store for years, and now he is ready for the Big Addition—furniture. Eager to begin, he orders a truckload of attractive living, dining, and bedroom groupings. He places the furniture on display and moves quickly. Unfortunately, just as John begins to lean back and enjoy his newfound profit center, something ugly happens.

Customers begin returning furniture to the store. Cushions and other fabric-covered areas are stained and dirty. Even pieces that had not received particularly rough wear are covered with a grimy film. Hundreds of dollars must be spent on cleaning the furniture, and suddenly John's foray into furniture rental does not look like such a wise move.

The dealer is fictional, but the situation is real—renting furniture that has not been treated with a soil repellent can prove disastrous.

Although every dealer wants his or her dollar to stretch as far as possible, spending a little extra to treat furniture with a soil and stain repellent, or making certain the pieces were treated at the factory or mill, is unquestionably worth the effort.

Dealers should acquire all the facts about soil repellents before purchasing furniture. Some of the questions to consider are: What types of repellents are available and how much do they cost? What type best suits my needs? Should I buy furniture that had repellent applied at the factory or fabric mill, or should I treat the goods myself? Is it dangerous to apply repellent in my store? How much will I need? Will use of repellents save money?

WHAT IS A SOIL REPELLENT?

Soil repellents are formulated from varying generic chemical roots. Fluorochemicals and silicones are the most common types, though repellents are also made from wax-like substances, triazine compounds, and pyridinium compounds.

Only a small amount of the product is actually protective finish. Repellents are made up of two components: solids (active ingredients); and carriers (the liquid that contains the solids). When repellent is applied, the carrier dissipates and the solids remain, forming a protective seal on the fabric.

Fluorocarbons are the best known fluorochemicals. They are formulated with either a water carrier or a solvent carrier. The water carrier types are usually used only on carpets since water may damage some upholstery fabrics. The solvent types use toxic chemical carriers and persons must wear a mask when working with them before the carrier dissipates.

"All fabric protectors are maintenance tools," says John Deaton, vice-president of operations for PermaFab™, a manufacturer of several types of repellents. "They are analagous to waxing a car; the wax protects the car so it will look better longer. Fabric protectors help fabric to look better longer."

PermaFab manufactures three repellents. PermaFab I is formulated for use on upholstery and other fabrics, and is a silicone blend. One gallon will treat eight sofas. PermaFab II protects carpets and rugs, and PermaFab III is for use on mattresses only. PermaFab III is a fast-dry product, and therefore must contain the toxic chemical 1=1=1 trichloroethane. PermaFab III is priced at \$275 for five gallons (the same price as PermaFab II) and 12 ounces will treat a king-size bed.

The company is currently developing

a new repellent, PermaFab XL, to be introduced at a later date.

Bob Arnold, marketing director of Fiber Seal™, a fabric protection service company, works with PermaFab products.

"Furniture does not need to be cleaned before the treatment is applied," he said. "We're not sure how it works, but the repellent actually pushes dirt to the surface and releases stains."

Fiber Seal's business is 90 percent service, and may be of interest to rental dealers, although the company generally works with the consumers of a product. Approximately 100 Fiber Seal service centers are located throughout the world.

"Fiber Seal products are applied to furniture, carpet, and wall coverings by our technicians," explains Arnold. "We then provide a 1-year minimum of service and will reapply the repellent if a client has problems with stains or soils. I really don't know if we would be applicable to rental operations, but one of our local licensees could possibly work out a maintenance program for dealers. Dealers need someone with knowledge of fabric protection and we would function as fabric consultants."

Fab-u-Gard™ is a treatment similar to Scotchgard™ and Du Pont Teflon™—a fluorocarbon. Tim Sierakowski, regional marketing director for Fab-u-Gard, says, "Our product repels water-based stains, oil-based stains, and alcohol. When it is sprayed onto the fabric it encapsulates each individual fiber, and once it dries and cures, it leaves an invisible barrier against soils and stains."

First-time purchasers of Fab-u-Gard receive a starter kit priced at \$195. The kit contains 5 gallons of Fab-u-Gard (which will protect two to three living room groups), color brochures, spraying instructions, cleaning instructions, spotter cleaner samples, and demonstration blotters. Sierakowski states that Fab-u-Gard is the least expensive product on the market.

Ultra Care Products, Ltd., of Canada, offers a fabric protection program using the fluorocarbon, Du Pont Teflon, in a product known as Total Seal™. Tests performed on the Teflon repellent showed it to repel both water and oil-based spills, stains, and dry soil.

On fluorocarbon-treated surfaces, most liquid spills bead up and may then be wiped away. Spills that have fallen a distance of several feet, however, may not bead up but mesh directly into the fibers, requiring immediate cleansing. Water-based spills bead up on silicone

FURNITURE REPAIR TIPS

Rental furniture takes a beating in ways other than enduring soils and stains on the fabric. Neil Lewis, owner of Goldmont Furniture Manufacturing in Woodville, Texas, provides a few tips for saving money on common repair jobs.

Torn fabric and ripped seams: If, and how, tears can be mended depends on where the fabric is damaged. When a seam has pulled open, the tack strip (located on the backs of end panels and other areas of a piece) can be pulled up and over the torn area to stretch the fabric a little more and cover the tear. Rips in the center of a cushion or fabric area are not so simple to repair and will probably require re-covering by a professional upholsterer or the furniture manufacturer.

Loose or missing buttons: A button tool, costing about \$20, can be used to avoid expensive professional repairs. Buttons that have been lost must be reordered from the manufacturer.

Broken arms and legs: If the arm or leg has not been split, it can usually be reattached using screws, nails, or furniture glue. If the wood has actually split, however, a new leg or arm must be obtained from the furniture manufacturer.

Scratches on wood: Lewis recommends beginning with Old English Scratch Remover. Touch up the area with a stain pencil and then spray lacquer over it.

treated surfaces, and may be wiped away. Oil-based spills do not bead up, but soak into the fabric.

APPLICATION METHODS

Assuming your furniture has not been treated with a repellent at the factory or mill, you may wish to test, or observe a salesperson testing, several products to decide which type works best on your particular pieces.

To do it yourself, find an unexposed area of fabric on the item and treat it with the repellent. (Remember to follow usage and safety guidelines during the testing.) Wipe the area with a white cloth to check for color transfer or change. Does the fabric color bleed or lighten? If so, you will need to try another product. If the color remained fast, you may want to test how well the repellent works. Apply it to another unexposed fabric area and allow it to dry. When dry, drip both an oil-based substance and a water-based substance onto the fabric. Are they removed easily with a cloth? No color change? Then the product may be the one you wish to use. Always test a repellent before applying it to the entire piece.

Another factor to consider is the staying power of a repellent. No repellent lasts forever, but differences in longevity do exist. Some may have a life ex-

pectancy of only a few months, while others may last for years. The amount of wear a piece receives also influences the repellent's durability.

There is controversy on where and how fluorocarbon should be applied. The 3M Corporation advises application of fluorocarbons, such as its Scotchgard, in the mill because in-store spraying may be hazardous. A furniture store in Indiana recently burned during a retail spraying operation of a fluorocarbon chemical in the building. 3M also asserts that the price of soil repellent protection is reduced significantly when it is applied at the mill.

Fab-u-Gard, however, provides dealers with detailed instructions on product application, with the belief that the product can be applied safely in-store if guidelines are followed. The person spraying should test the fabric for dye stability, open windows and doors for ample ventilation, avoid breathing vapors, and never spray near an open flame. Fab-u-Gard can be applied with a trigger sprayer, pressure pump sprayer, or an electrical sprayer, depending on the user's equipment and preference.

Significant exposure to solvents can cause eye irritation, redness and blurred vision, as well as dryness of skin, nausea, vomiting, and diarrhea.

Silicone-based sprays have fewer

NO REPELLENT LASTS FOREVER, BUT DIFFERENCES IN LONGEVITY DO EXIST. SOME MAY HAVE A LIFE EXPECTANCY OF ONLY A FEW MONTHS, WHILE OTHERS MAY LAST FOR YEARS.

risks associated with their application. Because they do not contain toxic solvents they are safer for in-store application, although a mask should be worn, and the area should be well-ventilated. Silicones are not as flammable as fluorocarbons, although they can burn in extreme circumstances.

REPELLENT WARS

A casual observer might think all is peaceful in the world of fabric protection—dealers and manufacturers

choose the type of repellent that best suits their needs, and everyone goes about their business. This is, however, not the case. A controversy is currently broiling between makers of silicone sprays and makers of fluorocarbon products.

3M Corporation recently placed several advertisements in furniture industry trade journals, asserting that silicone sprays are not only ineffective, but harmful to fabrics. 3M states that results of a test conducted by the company show silicone sprays to actually collect airborne dust and dirt, and cause fabric to soil faster than it would with no protection at all. The results do credit silicone sprays with repellency of water-based stains, but state they have no effect on oil-based stains. Study results also assert that fabric mill-treated with fluorocarbons and then treated in-store with silicone loses all the initial fluorocarbon's effectiveness.

Tim Sierakowski agrees. "People using silicone-based products should stop," he says. "Silicone products attract dust and dirt and should not be used."

Neil Lewis, owner of Goldmont Fur-

niture Manufacturing Company in Woodville, Texas, prefers fluorocarbon protectors, and is a manufacturer's representative for Fab-u-Gard.

"According to our research," Lewis said, "everything 3M has said is true. Silicone sprays do attract dirt."

A statement issued by PermaFab, however, disputes the above.

Fluorocarbon products are often sold as having oil repellency by putting a drop of salad oil (or motor oil) on a treated fabric. In real life, spills on furniture are rarely if ever from a salad oil bottle or motor oil can. Oily food spills and hand marks do not sit up in little drops on top of a fabric. They must be dissolved and released from the weave of the fabric by a cleaning agent, not blotted up in the artificial droplet form used by the sales demos. PermaFab is designed to work best for in-use situations that actually happen to customers, not contrived by eager sales reps."

The statement also questions the claims that silicone sprays attract dirt.



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"Improperly applied, any product may cause unwanted side effects. It is not clear what evidence is claimed to exist and what it is supposed to prove. We know, however, that PermaFab is a proven aid to keeping furniture clean, not making it more difficult to maintain."

PROS AND CONS

Thoroughly confused? So are many others. A brief run-through of the pros and cons of silicones and fluorocarbons may be helpful.

Fluorocarbons repel both oil and water-based stains, and many rental dealers may want this complete protection since their items often receive heavy wear and tear. However, fluorocarbons can only be used on new or very clean furniture. (Tim Sierakowski suggests use of a neutral PH spotter cleaner, such as that offered by Fab-u-Gard, for preparing older pieces to be sprayed.) The type of fluorocarbon used most often on furniture contains toxic solvents which can be harmful to persons applying the repel-

SPENDING A LITTLE EXTRA TO TREAT FURNITURE WITH A SOIL AND STAIN REPELLENT, OR MAKING CERTAIN THE PIECES WERE TREATED AT THE FACTORY OR MILL, IS UNQUESTIONABLY WORTH THE EFFORT.

lent; and over time, the coating may develop cracks, scratches, or roughened surfaces. Dirt can become embedded in these areas and cause cleaning problems.

Silicones are safer to apply, and proponents of the products say furniture does not need to be new or cleaned before the treatment. However, silicones only repel water-based stains, and many people in the industry feel

dirt and dust is actually attracted by the chemical. Silicones should not be applied over factory or mill-treated fluorocarbon applications because silicone cancels the effects of the fluorocarbon and can cause added accumulation of soils.

DEALERS' CHOICE

Dealers tend to differ on their choices of soil repellent products.

"We use the oil-based products such as Fab-u-Gard," says Shelly Perlman, of ABC Rentals. "The silicone products do not work as well."

Randy Pitts, manager of a Quality Rental outlet in Austin, Texas, says, "We treat it before it is rented, and so far we haven't had any complaints. It seems like the majority of household stains are water-based."

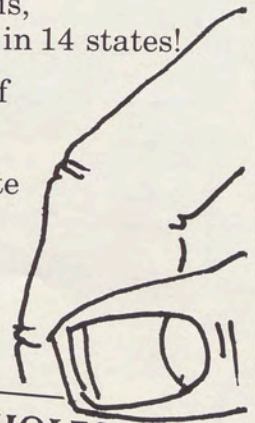
The bottom line: Fabric repellents can increase the longevity of fabrics; the choice of which type to use is up to you.

PR

Shirley Greenly is Assistant Editor of PROGRESSIVE RENTALS.

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Who Gets the Money?

The objective of collections is *not* to "reduce the amount of 5-days." It is *not* to "pick up bad accounts." It is *not* to "clear the cards." The sole objective of collections is to *get the money*. Whether the money can best be received by door-step collections (expensive and risky), by mail (not always timely), or by in-store payments (creating more store traffic for rentals) depends on the management of the strategies involved.

Effective collection management begins with recruiting, hiring, and training good people; establishing store policy in all areas of collection activity; and maintaining sufficient controls to ensure that activities can be monitored and results measured.

Collections is not the process of taking money from someone else's pocket and putting it into yours. It is the process of having them take money from their pocket and put it into yours. The difference is between having collectors and having communicators.

Collectors like to collect money; it gives them a sense of superiority and power over others. They will always assure themselves of a job by having plenty of collections to maintain. They are not profit-oriented nor are they sales-oriented. Their objective is to get the money or to get the set. If they are successful only 50 percent of the time, they will cost you business.

Communicators are verbal people. They can deal with customers as individuals and get their point across. They understand that no one is ever completely right and someone else completely wrong. They realize there

Collections is not the process of taking money from someone else's pocket and putting it into yours.

are no personal challenges in collections, but they recognize the value of good customer relations and timely customer payments. They like to prevent past-dues rather than go out and collect past-dues.

Pay store managers a commission on profits—a manager might give away "your" money, but chances are he will not give away his money. Also work harder on letting employees understand the real dollars and cents value of what they do. Talk less in terms of percentages and vague goals or outlines and concentrate more on dollars per route, per person, per day, per unit, etc.

To make the collection contact, separate all past due accounts into different groups: 1. Ignore—They always come to the store and pay within 2 days; 2. Call—They need only a reminder. 3. Go to see—They cannot be reached by telephone today; 4. Call—This is a new account.

On new accounts, be sure the employee introduces himself by name and company and reminds the customer of his payment. Ask when and what time the payment will be brought to the store. *Do not volunteer to go collect the money.* Expect that the money will be

brought to the store and do not discuss anything other than this objective being met.

Make sure one person in the store is responsible for all collections activity and has full authority to carry out the duties necessary to accomplish results—and is held responsible for lack of results. Every delinquent account must be worked with one objective: to get the customer to bring his money into the store that day or the next morning.

No one is allowed to jump into a truck and "go collect." Your employee must work the telephones first and then write his own receipts on mail payments so he will know who really paid by mail. No one is ever allowed to lie to a customer or to misrepresent the product or the rental agreement. It is better to have a customer unhappy with the policy than with lies and deceptions.

Once you decide to hire *communicators*, you have half the battle won.

Bud Holladay was the charter president of the Association of Progressive Rental Organizations (APRO) and is president of ABC Rentals, Inc., based in Arlington, TX.



Overcoming Furniture Delivery Problems

The rental-purchase furniture business is great! Renting furniture adds to your BOR, increases profitability, and offers something extra for the customer to rent.

But, with every unique opportunity, there are unique problems for which plans and solutions must be made. At Universal TV Rental, we have found five different furniture delivery problems that we did not have with electronic or appliance rentals.

The first problem is van size. The standard van has a difficult time holding a large sofa and chair. Be prepared for the possibility of using two vans for one delivery, especially if a color console is going with the furniture.

Originally, we leased a 14-foot Utilimaster Box Van. That's a heavy van with a 14 foot x 8 foot box placed on the back. The leased price was approximately twice that of a regular van. With this van, we planned to have two men deliver and pick up merchandise most of the day. What at first was thought to be a good idea, did not work in real life situations. After 60 days we determined that, efficiently and economically, we would be better off with a standard van. If large furniture items represent 50 percent or more of your deliveries, then a large box van might be worth its expense.

Secondly, fabric likes to grab onto anything and tear. Be prepared for furniture fabric becoming damaged in shipment. To prevent this from happening, trained delivery people are required. Furthermore, you can prevent damage by outfitting the inside of the van.

We used wood strips that are 1 foot x 2 foot x 8 foot to rib the insides and back door of all vans. Securing a 4 foot x 8 foot sheet of plywood on the floor

RENTING FURNITURE ADDS TO YOUR BOR, INCREASES PROFITABILITY, AND OFFERS SOMETHING EXTRA FOR THE CUSTOMER TO RENT.

also helps. Consider keeping the furniture wrapped in its shipping materials. Most manufacturers of good furniture have this protection, but do not expect it on six-piece wood groups.

Thirdly, it will take two people to make furniture deliveries. This is true no matter how strong the account manager or delivery person. Also, getting two people together on a busy Friday or Saturday requires scheduling. As we all know, prior planning sure makes things run smoother.

The fourth problem is moving out the old furniture. Once a customer makes the big decision to rent that beautiful sofa and chair, recliner, and end tables, his next big decision is determining what to do with his old furniture. Furthermore, you can be sure that by the time you arrive at his house or apartment for delivery, his old furniture is still there. Moving out the old furniture and making space for the new furniture takes more time than it does to just bring in the new furniture.

The solution to this problem is a simple request to the customer: prior to delivery, move the old furniture out of the way. There are also times, especially with unmarried customers, when we have to move the old furniture. As long as it is not to the next apartment building, we will help. Sometimes small

favors keep good, paying customers. Also, be flexible on furniture deliveries; it takes only a few minutes longer to be done correctly.

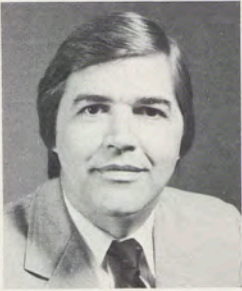
Lastly, furniture looks different once it's in the home. There will always be one customer who selects furniture from your store and, when it is delivered, is not satisfied. The main reasons are: (1) the fabric does not match the drapes or carpet; (2) it's too big or too small for the room; (3) he likes his old furniture better; and (4) cold feet—buyers remorse. We consider this to be a delivery problem because the people who deliver the furniture then have some important decisions to make.

In most cases, cold feet or buyers remorse can be solved by selling the benefits again. When it is not buyers remorse, we look at our objectives. The main objective is customer satisfaction. We may make another trip with different furniture in order to keep a satisfied customer. If on delivery day a customer is not satisfied with his selection and we have nothing else he likes, we will refund his money. A good customer will appreciate that and will shop us again for his needs.

To attract more customers away from the retailer, we believe we must offer more services than the retailer. This first consideration begins with better customer satisfaction.

These are the main problem areas we found in delivering furniture. For those of you with furniture store experience, it is not much different. It just takes some care and planning to be successful with delivering furniture.

Gary Wilburn, Jr., is vice-president and director of operations of Universal TV Rental based in Cincinnati, OH.



The Art of Persuasion: Changing No to Yes

Good sales people do not make sales by selling. Good sales people consistently make sales by influencing the buying decision of customers. It is a subtle difference, but a crucial one.

Selling requires very little personal involvement; persuasion requires total personal commitment.

A salesperson may make a sale by using heavy-handed tactics, pressuring the customer into taking a product he really does not want. However, this is not a "clean" sale. More often than not, a pressured sale results in return of the product and loss of repeat business.

To make a clean sale, one in which the customer is happy with the product and the help he has received, requires the salesperson to overcome all objections the customer may have about the product.

Overcoming objections does not mean that the salesperson forces the customer to his point of view.

For a salesperson to correctly change a customer's no to yes requires a great deal of thought and consideration on the part of the salesperson. It takes time, patience, persistence, and a genuine desire to understand a customer's concerns and needs.

By asking probing questions and listening carefully to the answers, the salesperson encourages the customer to become an active participant and integral part of the sales process.

Through this casual exchange of information, the salesperson learns the reasons a customer desires a specific product or brand. It may be that his grandmother had that brand and it never broke down in 20 years, or he wants one just like his next door neighbor's.

SINCE A CUSTOMER WHO HAS ONE OBJECTION IS LIKELY TO HAVE OTHERS, IT IS IMPORTANT THAT THE SALESPERSON BE PATIENT, BUT PERSISTENT.

A customer who cannot afford monthly payments on a product has a reasonable objection. A frank discussion about what the customer can afford is imperative at this stage or the sales process will not continue successfully.

Since a customer who has one objection is likely to have others, it is important that the salesperson be patient, but persistent.

There is a true story of an aircraft salesperson who made four appointments with the president of a growing restaurant chain. All four times the president kept the man waiting for hours, then cancelled at the last minute. On the fifth try, the president bought a plane from the salesperson.

When asked about the purchase the president replied, "If the salesperson is that committed to making the sale, then the company he represents must be committed, too."

Commitment to making the sale requires the salesperson to ask for the order. It is hard for people to resist someone who sincerely and pleasantly keeps trying to get their business.

In the face of overwhelming odds, the effective salesperson persists in the sale. He knows that the next time he asks the customer for business might be the time the customer says yes.

Here are some tips for changing no to yes:

- Engage the customer in dialogue about the product.
- Listen carefully to what the customer says.
- Ask the customer questions about preference, what the customer is looking for, and how much he can afford.
- Be sensitive to possible objections.
- Be prepared to overcome objections.
- Be persuasive—offer solutions and alternatives.
- Be positive, frank, straight-forward, and honest.
- Ask for the order.
- If a customer says no, always ask why.
- Offer other alternatives. Be persistent.
- Ask for a name and phone number. Follow up with a phone call.
- Don't intimidate the customer. Show the customer that you have his interests at heart.
- Don't be intimidated when the customer says no.
- Be committed to making the sale.
- Always try to make a clean sale, one which has the least possibility of being returned.

There is no magical formula for changing no to yes. It takes time, patience, persistence, sensitivity, commitment — the same qualities which have long been identified with Michelangelo's painting of the Sistine Chapel.

It is one reason why people in sales consider persuasion a great art.

Dave Kinter is president and chief operating officer of Houston-based Remco Enterprises.



Types of Insurance Coverage

Insurance companies depend on two main sources of earnings: income from investments, and profits from underwriting (premiums collected minus losses and expenses). As long as these two sources combine to exceed the losses and insurance company expenses, an insurer remains profitable. A company cannot price its product below costs and survive.

For the last 5 years, the insurance industry has been underpricing its insurance products. This cutthroat pricing has been due to intense competition.

However, as a result of continual losses, the industry recently raised the cost of insurance to the consumer. Price increases have been in the range of 25 percent to 200 percent. Almost all types of coverages are being assessed at higher rates. There are several categories of insurance to consider when determining how much coverage your business needs.

How Much Is Needed?

In order to determine how much insurance to buy, a rental dealer must assess how much he can afford to lose before his firm experiences an unanticipated reduction in earnings. The cost of anticipated losses should be built into the rental rates. Small expected losses should be self-insured.

With large, unexpected potential losses, there are three primary insurance categories to consider: liability insurance, property insurance, and business operations insurance. Each category has several areas of concern which are outlined below.

Liability Insurance

Rental establishments have a large continuous threat of third party claims. This third party exposure is present as long as a customer is on the premises or using your products. The rental

dealer could be named, along with the manufacturer, in a suit alleging a defective product. In addition, liability suits result most often from the ownership or operation of an automobile or delivery vehicle. Whether or not you are actually legally liable for bodily injury or property damage, your legal representation can cost you a small fortune. The cost of your legal defense is included in the liability insurance you buy. The following important coverages are available to protect you from bodily injury or property damage claims for which you are legally liable.

Comprehensive General Liability—insures you against hazards arising out of the building (if owned), named premises, and business operations. It is advisable to have this policy written with the same company as your automobile policy in order to provide overlapping coverage on delivery operations.

Products Liability—protects you from bodily injury and property damage liability due to the use of any product sold or rented by you.

Independent Contractors—provides liability protection for the acts of subcontractors (i.e., building subcontractor, collection agency, etc.).

Contractual Liability—covers your liability assumed under specifically described contracts (i.e., hold harmless agreements) which have been approved by the insurance company.

Personal Injury Liability—covers damages resulting from false arrest, malicious prosecution, willful detention or imprisonment, libel, slander, or defamation of character. This coverage is important and can be added by endorsement. Note: You have exposure if your employees are responsible for repossessions or if they accuse someone of theft in your store.

Medical Payments—pays first dollar

medical expenses if a customer is injured on the premises.

Broad Form Endorsement to the Comprehensive General Liability Policy—extends basic Comprehensive General Liability to cover up to 12 additional hazards.

Automobile Liability—insures against bodily injury and property damage to members of the public from operation of your business vehicles.

Employers' Nonowned Liability Coverage—covers your liability when employees use their own cars for your business.

Hired Car Liability Coverage—provides liability coverage for the use of any cars or delivery trucks rented.

Umbrella Liability—excess liability insurance to protect you from exposures not addressed in the primary liability policy in addition to providing you higher limits of coverage.

Directors and Officers Liability—insures corporate directors and officers against claims by stockholders, alleging loss from mismanagement.

Workers Compensation Insurance—insures your statutory liability as a result of the injury or death of your employee. *This coverage is mandatory in most states.*

Property Insurance

If you own your building and business personal property, then try to buy a policy covering the replacement values of this property.

Building Coverage—applies to the building, permanent fixtures constituting part of the building, and machinery used to service the building.

Business Property Coverage—applies to the furniture, fixtures, and inventory. If you are a tenant, make sure you have adequate coverage for "improvements and betterments" for the value of additions you have made to the property.

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APRO SEMINAR CALENDAR

- April 15,16,17** **Training Store Employees—Three Day Seminar**
Walthall Hotel, Jackson, Mississippi
Instructor: Rozanne Flatt, EDRO Rentals and Sales, APRO Board member
Intensive three-day training seminar for owners, managers and mid- and upper-level management rental employees.
Limited enrollment.
April 14 6 p.m. Informal gathering, cash bar
- April 22-23** **Adding Video Software to Rental-Purchase**
Adam's Mark Hotel, Charlotte, North Carolina
Same Program as above
April 22 5 to 7 p.m. Informal gathering, cash bar
- May 2-10** **APRO Deluxe London Study Tour**
May Fair Hotel, London, England
Includes three morning seminar sessions with British rental dealers, tours, cocktail and dinner parties
- May 15-16** **Understanding Motivation**
APRO Current Affairs with Legal Update
Place To Be Announced
Speakers: Chuck Sims of Houston, Texas; Edward L. Winn III, APRO Executive Director
May 15 5 to 7 p.m. Informal gathering, cash bar
- July 16-17** **Advertising Ideas for Rental-Purchase Dealers**
Speaker: David Garrett, Biggers, Patterson and Garrett, Inc., of Orlando, Florida
- July 17** **Developing a Board of Advisors for a Rental Company**
Wyndham Hotel, Orlando Florida
Speaker: Chuck Sims of Houston, Texas
- July 18-22** **APRO's Fifth Annual Convention**
Wyndham Hotel, Orlando, Florida
- September** **Training Store Employees—Three Day Seminar**
Date, Hotel To Be Announced, Chicago, Illinois
- October 15-16** **Developing a Board of Advisors for a Rental Company**
APRO Current Affairs with Legal Update
Hotel To Be Selected, New Orleans, Louisiana
Speakers: Chuck Sims of Houston, Texas; Edward L. Winn III, APRO Executive Director
October 15 5 to 7 p.m. Informal gathering, cash bar

For more information: Contact Alice Bruton in the APRO office at (512) 478-6521.

APRO CONVENTION UPDATE

Planning for the APRO 1985 Convention, to be held July 18 to 22 in Orlando, is well under way with many seminars, exhibits, and programs designed to aid rental dealers in becoming progressive business people.

And that's just the business part. The 1985 Convention also has big plans for social events such as golf and tennis tournaments, receptions and special entertainment, and special optional events for spouses and children. The Wyndham Hotel—Sea World is the location for this year's 5-day extravaganza.

The Wyndham Hotel is only 10 minutes from internationally renowned entertainment attractions like Walt Disney World's Magic Kingdom and EPCOT Center. It is nestled amid 27 acres of lush gardens and is near the matchless shopping and entertainment experience of Florida Festival.

APRO convention highlights include over 30 seminar sessions teeming with helpful hints and vital information on the rapidly changing economic and legal climate of today's fast-paced rental-purchase business.

Manufacturer and supplier representatives running the gamut of goods, products, and services needed to maintain an excellent rental dealership are scheduled for 3 days of exhibits during the convention. This is an opportunity to meet company representatives and see demonstrations of new products.

Registration for the 5-day event is \$200 for APRO members and \$325 for nonmembers. Room reservations are due by June 15, 1985, after which room reservations are accepted only on a space-available basis. Room rates are \$80 per night for a single or double room.

Cost of registration for the spouse of an APRO member to attend any convention event is \$175, with a \$325 cost for spouses of nonmembers. There is a \$75 registration fee for children to attend a convention event. To participate in the special youth's program, however, requires a \$90 fee and children may participate in this program without registering for other convention functions. This is a first-time program for APRO, designed for young people 8 to 18 years old.

The Youth's Social Program includes a behind-the-scenes look at Sea World; a tour of the Kennedy Space Center; a hot dog splash party at the hotel pool; and a day of fun and sun at Wet & Wild water park.

The spouse's program is designed to include some of the most interesting sites in Central Florida, yet leave ample time to go to other optional convention events. Tours for shopping, visiting art galleries, and special lunches are some of the planned events. This special program is free to spouses of registered convention attendees.

It is important to register early. Air fares are scheduled to increase May 23, and it is vital that room reservations be made before June 15 to guarantee a room at the Wyndham.

This year there are two special pre-convention seminars being held at the Wyndham. On July 16 and 17, there is a two-day seminar presented by David Garrett of Biggers, Patterson and Garrett Advertising Agency. Garrett is a former owner and president of his own advertising agency and, presently, he is responsible at BP&G for all broadcast placement and production, budgeting, planning, and execution of advertising campaigns.

Among the advertising topics to be discussed by Garrett are market information; advertising budgets and plans; retail media mix; in-store events; and public relations. Registration fee for this seminar is \$250 for APRO members, and \$300 for nonmembers.

The second pre-convention seminar is a one-day event presented by Chuck Sims, president of Alphanomics in Houston, Texas. Sims' topic is: How to Develop and Implement an Informal Advisory Board for the CEO of a Small Company. Sims, the founder and former chief executive officer of Remco Enterprises, plans to discuss how to select an advisory board; formulating the board of advisors' job description and responsibilities; how to conduct a board meeting; and other related topics.

The fee for this pre-convention seminar is \$135 for APRO members, and \$175 for nonmembers.

Make your reservations now for the APRO 1985 Convention—it's going to be bigger and better than ever.

Convention Program

Tuesday, July 16 (Preconvention)

8 AM—4:30 PM Advertising Seminar

Wednesday, July 17

8 AM—12 Noon Advertising Seminar
8 AM—4:30 PM Board of Advisors Seminar

Thursday, July 18

9 AM—6 PM Registration
T.B.A. Golf & Tennis Tournaments
7 PM—9 PM Newcomer's Cocktail Reception

Friday, July 19

8 AM—10 AM Keynote Address/
Business Meeting
9 AM—2:30 PM Optional Spouse Tour
9 AM—4 PM Optional Youth Tour
9 AM—5 PM Registration
10 AM—1 PM Seminars
1 PM—6 PM Exhibit Hall Open
7 PM—9 PM Cocktail Reception

Saturday, July 20

8 AM—1 PM Seminars
9 AM—1 PM Registration
9 AM—4 PM Optional Spouse/
Youth Tours
1 PM—6 PM Exhibit Hall Open
7 PM—8 PM Cash Bar
8 PM—9:30 PM Dinner
9:30 PM—10 PM Program
10 PM—Midnight Entertainment

Sunday, July 21

8 AM—1 PM Seminars
9 AM—1 PM Registration
9 AM—4 PM Optional Youth Tour
12 Noon—2 PM Optional Spouse
Reception: Wine
and Cheese Tasting
1 PM—6 PM Exhibit Hall Open
Evening Free

Monday, July 22

8 AM—12 Noon Seminars
12 Noon Adjourn

RENTAL PIE

from page 9

APRO and FRAA

The Furniture Rental Association of America (FRAA) is paid by the rent-to-rent industry to gather statistics and promulgate a positive image to the average American consumer, the same way the Association of Progressive Rental Organizations (APRO) serves the rental-purchase industry.

Membership qualifications in FRAA are as follows: have at least 100 apartments of furniture on lease; have advertised in the newspaper or in the yellow pages of the telephone directory; have been actively engaged in the furniture leasing business for at least 1 year; submit a copy of a brochure used to advertise the applicant's business; operate at least 1500 square feet of display space used exclusively for the furniture leasing business; have at least 50 percent of the total leasing revenue and leasing agreements in furniture; conform to ethical business standards as generally recognized in the industry; and be a person or organization as judged by the membership committee who will bring credit to, add to the reputation and stature of, and reflect favorably upon the association.

APRO membership qualifications are as follows: be regularly engaged in the business of renting consumer products by use of a no-obligation rental-purchase agreement; prominently merchandise and advertise in the media as offering a no-obligation rental-purchase agreement; conduct business for at least 90 days prior to application; maintain a separate location exclusively operated as a rental-purchase outlet or maintain a minimum of 150 rental-purchase agreements in force at any one location. APRO has established a code of ethics for the rental-purchase industry and vigorously works to promote and foster public esteem of the rental industry. APRO, founded in 1980, represents over 2000 rental-purchase outlets nationally.

The FRAA, founded in 1967, claims to represent 85 percent of all furniture rental companies in the United States. FRAA executive director, James Bannister, conducts business from offices in Westerville, Ohio.

According to Bannister, "We do not believe the rental-purchase and the rent-to-rent industries are one and the same. Our members are dedicated to the RTR philosophy, which is to rent a furniture item again and again, not to sell it."

But the rental return furniture is ulti-

RENT-A-CENTER CONTINUES EXPANSION

Rent-A-Center continues to grow impressively after becoming the first rental-purchase operation to become a public company in November 1983. With headquarters in Wichita, Kansas, the company now operates 115 stores chiefly in the Midwest and Northeast.

However, company stores now extend into Texas and the plains states, and the Upper South. To continue expansion, Rent-A-Center has entered into 80 franchise development agreements and more are expected in the future. According to the company's 1984 annual report for the fiscal year ending July 31, 1984, "We expect franchisees will open approximately 20 stores in 1985. In entering into these arrangements, we have accelerated the Rent-A-Center introduction to several key markets we could not have otherwise reached."

In July 1983, Rent-A-Center acquired the 21 stores of Jet Television Rental, which gave the company access to five new markets. More importantly, these 21 stores carried furniture and was the impetus for Rent-A-Center to enter this new rental-purchase product area.

Steven Cranford, assistant general counsel for the company, says, "All of our stores carry a full-line of furniture." The company's annual report for 1984 further stresses the importance of furniture, "Currently, we are the only national consumer electronics rental firm with significant revenues from furniture. We are optimistic that furniture rental will continue to increase."

Rent-A-Center rents on a weekly or monthly basis household durable goods such as televisions and other consumer electronic equipment, major appliances, and household furniture.

Rent-A-Center purchases furniture from Bassett and carries a complete line in a variety of styles of living room, dining room, and bedroom furniture. "Of today's major national consumer electronics rental firms, we were the first to offer appliances and were the first to successfully introduce furniture," states the company through its annual report. "The company will continue to explore new products which would appeal to our customers. Five of our stores are now testing video movie rentals, with an eye on entering that \$1.8 billion field through existing locations."

Rent-A-Center revenues reached \$61.5 million in 1984, a 36 percent increase over the previous year's \$45.2 million. Net income was a record \$5.2 million or 40 percent higher than 1983's net income of \$3.7 million. Earnings per share totaled \$.75 compared with \$.57 in 1983, a 32 percent increase.

At the end of the 1984 fiscal year, the company had a debt to equity ratio of 13 percent. With an expected acquisition of 20 stores in Ohio from Great Lakes Leasing and S & S Rent-A-Center, the company anticipates having 140 stores by the end of fiscal 1985.





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Market & Pacific Streets
Dallas, Texas 75202
Phone: 214-742-7751
Manager: W. O. Smithers, Jr.

BRANCHES:

1500 23rd Street
Denver, Colorado 80205
Phone: 303-295-7693
Manager: Wayne Mathison

101 E. Sheridan Avenue
Oklahoma City, Oklahoma 73104
Phone: 405-232-8161

Manager/Buyer: Roger Snodgrass, Jr.

225 North Common Street
Shreveport, Louisiana 71101
Phone: 318-425-5404
Manager: Harold Jones

THE BAGBY FURNITURE COMPANY

Buyers: Wm. Hugh Bagby, Jr.
Doug Wright - Showroom
Exeter & Fleet Streets
Baltimore, Maryland 21202
Phone: 301-727-6880

PHILIP M. BELL COMPANY

Buyers: Philip M. (Phil) Bell
Thomas J. (Tom) Schutte
Jim Geiman
Carolynn Archdeacon - Showroom
6131 Interstate Circle
Cincinnati, Ohio 45242
Phone: 513-489-7700

BOOKER-PRICE COMPANY

Buyers: Ned Booker
Bodley Booker, Jr.
Steve Booker
1318 McHenry Street
Louisville, Kentucky 40217
Phone: 502-637-2531

BRADEN'S WHOLESALE FURNITURE COMPANY, INC.

Buyers: McKinley (Mac) Braden
Walter (Walt) Eubanks
Larry Young
Gary Braden
1335 Western Avenue
Knoxville, Tennessee 37921
Phone: 615-523-4115

BROWN DISTRIBUTING COMPANY

Buyers: Keith C. Brown
Ronald H. (Ron) Brown
2700 South 600 West
P. O. Box 25727
Salt Lake City, Utah 84125
Phone: 801-972-3277

CV INDUSTRIES, INC.

General Office
1228 Oakland Avenue
P. O. Box 5564
Greensboro, North Carolina 27403
Phone: 919-272-1141
Buyers: John R. Grove
William A. (Bill) Richbourg

BRANCHES

200 E. Bland Street
Charlotte, North Carolina 28203
S. John Street
Goldsboro, North Carolina 27530

EADS BROTHERS FURNITURE COMPANY

Buyers: W. M. (Bill) Eads, Jr.
Philip R. (Phil) Young
410-16 Garrison Avenue
P. O. Box 1546
Fort Smith, Arkansas 72902
Phone: 501-783-6142

FOREMOST FURNITURE DISTRIBUTORS

Buyers: William L. (Bill) Huget
Jeffrey L. Huget
W. W. (Buzz) Huget
1000 First Avenue South
Seattle, Washington 98134
Phone: 206-682-1440

FURNITURE DISTRIBUTORS OF BIRMINGHAM

Buyers: Herman Dean, Jr.
Larry Dean
Jim Thomas - Showroom
2120 5th Avenue South
Office and Distributing
Phone: 205-322-7413
2410 5th Avenue South
Showroom
Phone: 205-322-2458
Birmingham, Alabama 35233

F. A. HULETT & SON

Buyers: Thomas K. (Tommy) Dobbins
Fred H. Hulett
Sales Office & Warehouse
1107 B Street
Meridian, Mississippi 39301
Phone: 601-483-4202

HUNTINGTON WHOLESALE FURNITURE COMPANY, INC.

Buyers: Frank E. Hanshaw, Jr. -
Merchandise Mgr.
Tom F. Hanshaw - Road
Charles W. (Chuck) Hanshaw -
Showroom
740 Eighth Avenue
P. O. Box 1300
Huntington, West Virginia 25714-1300
Phone: 304-523-9415

L. C. JACKSON, INC.

Buyers: L. C. (Jick) Jackson, Jr.
L. C. (Jack) Jackson, III
701 East First
P. O. Box 11164
Wichita, Kansas 67211-0164
Phone: 316-264-7339

CHAS. S. MARTIN DISTRIBUTING COMPANY, INC.

Buyers: Leon Ash
Bob D. Hester
Ed Martin
Charles Mehaffey
Richard S. Martin
1000 Marietta Street, N.W.
Atlanta, Georgia 30318
Phone: 404-876-3392

MEMPHIS FURNITURE MANUFACTURING COMPANY

Distributor Division
Manager/Buyer: Earnest Richards
715 South Camilla Street
P. O. Box 358
Memphis, Tennessee 38101
Phone: 901-522-1401

NASHVILLE CHAIR COMPANY, INC.

Buyers: Robert W. (Bob) Leonard - Road
Kenneth R. (Ken) Smiley - Road
Nancy Phillips - Showroom
Carol Rives - Showroom
309 South First Street
P. O. Box 22939
Nashville, Tennessee 37202
Phone: 615-255-1165

PALLO & COMPANY D/B/A Wholesale Furniture Company

Buyers: Norman Pallo
Toni Shane
2204 North Broadway
St. Louis, Missouri 63102
Phone: 314-621-4646

PENFIELD MANUFACTURING COMPANY

Buyer: Myron (Mike) Liberman
1710 North Salina Street
Syracuse, New York 13208
Phone: 315-471-7145

PROFILE MANUFACTURING COMPANY, INC.

Buyer: Ralph Rudnick
216 Maple Street
P. O. Box 5085
Manchester, New Hampshire 03108
Phone: 603-623-8051

RYE WHOLESALE FURNITURE COMPANY

Buyers: Stanley K. (Sonny) Bradshaw, Jr.
Robert E. (Bob) Sexton - Road
Charles N. Climer - Showroom
Broadway & Maple Streets
P. O. Box 5191
North Little Rock, Arkansas 72119
Phone: 501-375-2425

STAR FURNITURE WAREHOUSE, INC.

Buyer: Gene Swick
1411 Metropolitan Street
Pittsburgh, Pennsylvania 15233
Phone: 412-231-2800

SWINDAL-POWELL COMPANY

Buyers: Robert P. Wainwright, Sr.
Robert P. Wainwright, Jr.
Home Office
7750 Phillips Highway
P. O. Box 17895
Jacksonville, Florida 32245
Phone: 904-739-0100

BRANCHES

Buyers: Michael (Mike) Swindal
Stephen (Steve) Swindal
4720 Adamo Drive
P. O. Box 2561
Tampa, Florida 33601
Phone: 813-247-5651

Buyers: J. Frank Swindal, Jr.
J. Frank Swindal, III
Rowland Brown
1777 N.W. 72nd Avenue
Miami, Florida 33126
Phone: 305-592-6810

High Point Headquarters, 156 South Main Street, High Point, N. C. 27260

Phone: 919 887-8162

(During April-October Markets Only)

GRANTREE GETS BACK ON TRACK

mately sold. In Aaron showrooms, rental return furniture is sold at discount prices. Aaron also sells new furniture outright which has never been rented. GranTree's price structure allows the company to recover its merchandise costs after 9 months of rental. The company also sells its rental return furniture, as well as new furniture which has never been rented.

As far as the competition question, Bannister stresses the point of different market segments. "It's competition in the sense it is someone else renting furniture, but it is directed toward a certain market segment that does not qualify for RTR—they wouldn't pass the credit checks in RTR," he states.

The rent-to-rent dealers—GranTree, Aaron, and the like—promote RTR to an educated, mobile, young, professional market. An FRAA brochure entitled, *Answers to Your Questions About Renting Furniture*, offers the following message:

Why rent furniture? Because often it's more practical—especially for transferred executives and mobile management, professional athletes, trainees, consultants on temporary assignment, diplomats, actors and musicians, airline personnel, military, university students and teachers, singles, retirees, victims of fire loss or other disasters, newlyweds, and divorcees. People whose careers require moves or who prefer an unencumbered lifestyle find renting home furnishings highly practical. It provides instant access to a completely furnished, attractive, comfortable home without the expense of buying, moving, or maintaining furniture and accessories.

Industry brochures also list the following as advantages of renting: economy, convenience, flexibility, variety, and mobility without the cost of moving. These items are applicable to the rental-purchase industry as well.

While students, military personnel, and blue-collar workers are part of the rental picture, a growing market for RTR is a more affluent customer who, for whatever reason, does not want to be encumbered with owning or moving his own furniture.

"In a technical sense of the word," admits Bannister, "we can be considered rental-purchase only because we offer the purchase option and make our customers aware of it as their consumer right. They don't exercise it, however."

GranTree is reorganizing after a decline in new rental accounts and a decision to "reduce the emphasis on operating as a conventional or traditional retailer and (to return) to concentration on sale of rental return and discount-priced new furniture" in its retail sales business, according to the company's annual report.

The company plans to close nonessential retail sales stores and relocate others. Rental return furniture is sold in these stores after having produced revenue for an average of 30 months and is priced to recover GranTree's original cost.

President and Chairman of the Board, Walker M. Treece, states in the report, "1984 was an eventful year for GranTree. There were management changes made . . . and plans were implemented to direct GranTree again toward growth and expansion." The company has decided to sell its Canadian subsidiary, also a rental furniture company, since "it became increasingly difficult to operate efficiently under laws and a culture different from the United States," according to the *1984 Annual Report*.

Another change includes beefing up its field sales force which calls on individual apartment managers asking for referrals to prospective customers. Approximately 60 percent of new rental accounts result from this program.

The company, founded in 1919 by Burt Granning and Manley Treece, began by financing the sale of used automobiles. It then entered the consumer finance field and eventually the capital equipment leasing industry. GranTree incorporated in 1959 and went public in 1970. GranTree acquired a furniture rental company in Portland, Oregon in 1971. By 1974, the corporation had divested itself of its other companies to concentrate on the furniture rental business.

GranTree claims its primary market is young apartment dwellers who may rent from month-to-month or with a 4-month contract, which has a price break. The contract is renewable monthly, and after 24 months, the furniture is the property of the customer. With 70 rental showrooms in 22 markets in 8 western and southwestern states, the company's re-emphasis on rental accounts brought a 41 percent increase in new accounts in the last half of 1984 as compared with the same time in 1983. Revenues were up 8 percent in 1984 over 1983.

"Furniture is rented at prices which generally permit recovery of GranTree's purchase price by the end of 9 months of rental, which is the approximate length of the average rental term," states the annual report. Total revenue for 1984 was \$75.1 million compared with \$67.9 million in 1983. Net earnings were also up finishing at \$2 million in 1984 and \$1.9 million in 1983.

The company also successfully rents office furniture to nine markets. Revenue from such rental grew 40 percent in 1984 over 1983 and represents 23 percent of GranTree's total rental revenues.

This year represents a new beginning in image building for GranTree which plans to move away from a discount retailer and warehouse image to newly designed outlets reflecting a more traditional furniture rental and sales display technique.



AARON DOES MORE THAN RENT

Charlie Loudermilk, president, founded Aaron Rents by renting sofas to newlyweds in 1962. The company went public in 1982 and, since that time, the company has had a 22 percent annual growth rate.

Now with 132 stores, after acquisition of Modern Furniture Rentals in Texas and Metropolitan Furniture in North Carolina, Aaron plans to open 30 more locations in 1985 to keep pace with its planned annual growth of 20 to 25 percent.

The company, with headquarters in Atlanta, is organized into four operating divisions: Aaron Rents Furniture, for residential furniture rentals; Aaron Sells Furniture, for new and rental return residential furniture sales; Aaron Rents & Sells Office Furniture, for new and rental return office furniture sales and rentals; and MacTavish Furniture Industries, for manufacture of residential and office furniture exclusively for sale or rent by Aaron. This division has locations in Duluth, Georgia and Quincy, Florida. Aaron manufactures about 65 percent of the furniture in its rental stores including all upholstered pieces and bedding, all bedroom furniture, and occasional tables.

The company's 1984 Annual Report states, "The furniture is designed to be wrench disassemblable in the stores for easy cleaning and repair. To our knowledge, no other furniture rental company has employed this innovation which keeps furniture out on rental instead of allowing it to sit idle awaiting repair."

"Although we consider Aaron Rents to be primarily a rental company, it would be impossible to operate our furniture rental division the way we do without our sales division. Aaron Sells is the channel through which we dispose of all of our rental return furniture and where we recover virtually all of the original cost of the rental furniture." New furniture in an Aaron Sells outlet is geared toward the low-end to the middle-of-the-road buyer.

Aaron's rental contract consists of a one-time \$30 delivery, set-up, and pick-up charge and a minimum 3-month starting contract. After this period, the contract is renewable monthly. After 18 months, this monthly rate may be multiplied by 10, paid in one sum, and the furniture belongs to the customer.

As Aaron expands westward toward California, it plans to open a distribution warehouse in that state by the end of this year. Currently, furniture is shipped disassembled to its Houston warehouse for storage and later assembly and shipment.

The financial picture is rosy for Aaron. Earnings for fiscal year ended March 31, 1984 were a total of \$69.7 million with net earnings of \$4.9 million. For fiscal year 1985 (ended March 30, 1985), Aaron expects to report a 26 percent earnings gain for a profit of \$6.2 million. Earnings per share should increase to \$1.15, up from \$.92 in 1984.

For the future, the company sees California as the largest untapped furniture rental market. President Loudermilk has not yet made a decision on whether or not Aaron's entry will be by acquisition or by opening new Aaron outlets. According to the *Atlanta Journal and Constitution*, Loudermilk has purchased a 7 percent interest in GranTree, its largest competitor which is based in Portland, Oregon.

Rental-purchase and rent-to-rent are similar in that each rents quality merchandise to a specific type of customer.

Some members of FRAA are experimenting with rental-purchase. However, those who operate rental-purchase outlets do so as a separate business, never as part of an RTR showroom, and under a different name. Currently, these experimental outlets rent TVs, stereos, and appliances, but not furniture.

Crossing the Line

The furniture rental industry is beginning to pay attention to the opportunity the rental-purchase market represents. James Bannister comments, "The growing rental-purchase operations have opened the eyes of some FRAA members to its potential."

TV and appliance dealers do not want or expect furniture to replace brown and white goods, but they do see an important new profit center in furniture. To this end, APRO has conducted seminars focusing on adding furniture to the rental-purchase business. The most recent seminars, held in the fall of 1984 in Dallas and Sarasota, proved valuable to the rental-purchase dealers planning to add furniture to rental inventories. Furniture industry suppliers and representatives also exhibited at these seminars.

The 1985 APRO Annual Convention, this year in Orlando, will include furniture exhibitors. Last year's show in Las Vegas featured 15 furniture exhibitors who spoke for 57 booths. More APRO furniture mini-exhibits are planned for the future.

Joe Meadors says, "Bassett will pursue the rental-purchase market. We think we have the right product and brand recognition to be a big part of furniture."

Rental-Purchase Furniture

Mostly, the addition of furniture is viewed as a boon to rental-purchase operations. "We said yes to furniture completely in October 1984," says Dennis Palmquist, owner of six Quality Rental outlets in Austin, Texas. "We remodeled and moved several stores to accommodate the needs of furniture. Eventually, it could reach 40 percent of our business."

Besides profit motivation, another impetus to joining the furniture revolution in rental-purchase is offered by Jason Alford, executive vice-president of Crown Leasing. "We found we were



losing customers to other dealers who offered furniture. Adding furniture gave us new customers, but enabled us to keep our old ones as well. We can now establish a cycle of getting customers to rent stereos, then appliances, then furniture."

The trends and statistics of rental-purchase furniture seem to be similar across the country, whether or not the outlet is near an RTR showroom or a retail furniture outlet. The average RP outlet orders at least one trailer load for furniture per store per month. Larger outlets order one trailer load of upholstered furniture per month, with additional orders for bedroom and dinette items.

Living room groups are by far the most successful. "Upholstered living room furniture represents the largest segment of all furniture sales," remarks Bud Varas, executive director of Associated Furniture Distributors in High Point, North Carolina. "It accounts for 35 percent of sales, so naturally it is the biggest category."

Tom Barbazette, sales and marketing manager for Quality Rental, explains the rental-purchase philosophy. "We're not geared to rent a complete household of furniture. Our customers are



mainly requesting the upholstered furniture which we carry in six different groups. We display one wood group and we carry an average of two or three bedroom groups and three dinettes. The customer that rents our furniture is the same customer, demographically, that rents our televisions or refrigerators."

All agree space is of prime importance when furniture is involved. Bruce Middleton, owner of American TV & Appliance Rental in Sarasota, Florida, reports, "Furniture has lived up to my expectations and we want to expand. As

we open new stores, we go for a larger space since displaying furniture takes up a lot of room."

Dealers caution to prepare for this needed space and to display furniture with other rental goods. "Locate furniture with all your other stock," advises Tom Barbazette, "and not in a separate area or a separate store. Displaying it with the rest of your goods helps in sales. An average of 2700 square feet is needed to accommodate furniture versus the 1200 to 1500 square feet for a store without furniture."

Dinette sets and then bedroom

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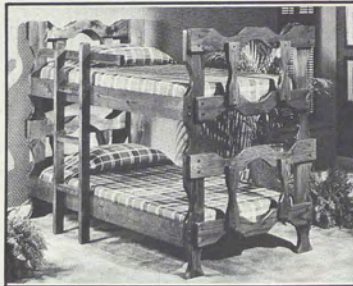
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groups are the next prime movers after living room furniture. This also follows the pattern set by rent-to-rent outlets. Dealers usually rent a grouping or two pieces, such as a sofa and love seat, but usually dealers do not rent individual items. However, beds may be the typical exception to the generalization. Week-to-week and month-to-month contracts are offered, with monthly being the preferred method of rental.

Lindsey Semon, vice-president of Piedmont Furniture Rental in Charlotte, North Carolina, explains there are patterns to furniture rental comparable to patterns in TV and stereo rentals.

"Stereo don't stay out as well as TVs," he says, "and VCRs are always in and out. In the same way, recliners are in and out, while living room sets stay out longer."

Furniture is continuing to grow in the rental-purchase market even with the demands furniture places on display space, warehouse space, delivery costs, and set-up time needed. "Before we added furniture," explains Bruce Middleton, "we attended APRO seminars and talked to other dealers there. We have a central warehouse and we put serial numbers on ourselves. Now, we are beginning to put it on computer. We've had no surprises."

How Suppliers View Rental-Purchase

"I'm sold on furniture in rental-purchase. I believe it to be a new marketing area for furniture that hasn't even been scratched yet," exclaims Bud Varas, executive director of Associated Furniture Distributors (AFD).

"Frankly, it helps consumers acquire certain things that they could not have afforded otherwise," he continues. "It increases their standard of living and better their lifestyle. Rental-purchase serves a great purpose."

Bassett furniture's director of sales, Joe Meadors, agrees. "Rental-purchase provides an opportunity for young adults to have what they need without the big outlay of capital which they may not have."

Adding furniture to an RP dealer's product mix is an excellent way to increase BOR an average of 20 to 40 percent in a given store, believes Neil Lewis of Goldmont Furniture Manufacturing Company. "It's like opening four new outlets by adding furniture to that one store," he points out.

Lewis advises dealers delving into furniture to treat it like any other product in their showroom. He indicates

mixing the display with other merchandise goes a long way in smoothly integrating furniture into a dealer's store. Also, assume the approach that renting furniture is as different as renting stereos versus TVs, which is to say there is little difference.

Both Lewis and Varas agree reasonable care should be given to purchase quality merchandise at the right price point and achieve a reasonable mix of items just as in the purchasing of brown and white goods.

"Rental-purchase dealers have an obligation not to buy junk," Varas flatly states. "Be sure the product is good and you will not have any trouble down the line. RP does aspire to be mass market, but that doesn't mean low quality. It's just being a consumer conscious buyer."

The mix of furniture may be the following, according to Neil Lewis' guidelines. He recommends that living room groups comprise 70 percent of the mix, with bunk beds and dinettes counting for 15 to 30 percent, and formal dining room sets and complete bedroom suites composing approximately 10 percent of the total.

"I know stores that buy a sofa, love seat, chair, and a sleeper in the same color and rent it in combination the way the customer wants," Lewis recalls. "It gives the store four items to rent six different ways. But it must be entered into inventory as separate pieces. Stores with computerized inventory have no problem with this."

Lewis also advises "not to make a big deal about adding furniture. Don't open separate stores and make tremendous changes that would be counterproductive. The same customer that wants TVs wants the furniture. Mature stores have a good base already and furniture just builds on that."

The future for furniture and the renting trends have no where to go but up. "RPs are outstanding organizations for furniture. You probably could double your business with it," concludes Varas.

RENTING OFFICE FURNITURE

Office furniture is becoming big business in furniture rental. It now accounts for 23 percent of GranTree's total revenues and is a separate operating division of Aaron Rents which has opened a 40,000 square foot plant for the manufacturing of office furniture and equipment.

Roger Companion, owner of five Companion Rentals based in Winooski, Vermont, senses the trend. "I can see a real need and an interest in office furniture. Rental-purchase is ideal for that situation and we have considered adding it. There is a general trend toward more and more commercial users. Other businesses, such as restaurants renting a microwave oven for instance, are cost conscious. That weekly rental provides an ideal way for them to watch costs."

Bud Varas of Associated Furniture Distributors agrees, "There is definitely a market for office furniture. But know your market. If you are in a major market and where office buildings are located, then you might consider it."

The FRAA has a fact sheet listing reasons why businesses should consider renting office furniture. These reasons also may apply to your rental-purchase outlet and are good tips in helping to sell to business accounts.

- Tax benefits accrue to the user and are deductible as an operating expense.
- No capital outlay is involved since monthly rental fees can be scheduled and not subject to budget cycles.
- Easy access to furniture instantly.
- A total line of furnishings are available from basic office furniture to showpieces.
- Rental furniture accommodates growth.
- Rental furniture extends a business' line of credit by fitting into tight operating budgets.

After carefully checking your market location for need and for competition, a line of office furniture is a conceivably profitable way to expand your rental-purchase business.

The Bottom Line

The incorporation of furniture to rental-purchase outlets may have blurred the line between rental-purchase and rent-to-rent outlets. When home electronics sections are in all Aaron Rents stores, the two concepts move even closer together.

Are the two industries in fierce competition? Should the two types of businesses consider themselves as separate and opposed industries, or as members of the same rental family?

Both dealers and furniture distributors contacted by PROGRESSIVE RENTALS agree: Rental-purchase and rent-to-rent are not in competition with each other.

"Rent-to-rent doesn't buy the same merchandise," comments Neil Lewis at Goldmont Furniture Manufacturing. "Their pattern of business, way of thinking, and their price structure is a totally different approach to that of rental-purchase.

"Plus," he continues, "RTR does not have the same customer. RTR is more upscale and deals with commercial accounts and people who are perfectly able to buy, but for some reason choose not to."

Lindsey Semon, of Piedmont Furniture Rental, has Aaron Rents outlets in his market area. "They're not competition. Over there, they're dealing with someone who must have credit to rent. There's probably less than a 5 percent overlap."

The difference in contract obligations and qualifications is cited as another reason the two are not in competition. In rental-purchase, there is no minimum contract period requiring an obligation to rent.

"RTR is more like a finance company," states Dennis Palmquist, who has GranTree, Aaron, and other RTR outlets in his market. "They seem to be going for the college crowd. When they advertise a house full of furniture for a certain price, it's leader merchandise."

Palmquist also does not see Aaron Rents' entry into electronics as a problem for his company or other RP dealers.

Rental-purchase is for the masses, according to Bud Varas, and not for those who already have credit. "RPs with their liberal exchange and credit policies are allowing more people to enjoy nicer, better quality things," he says.

Varas also believes the rental-purchase industry must be taken seriously. "Rental-purchase operators are good business people who are aggressive in promotion. I can't speak for the rent-to-rent industry, but a couple of years ago, they didn't take rental-purchase seriously. Even today they don't take it as seriously as they should.

Mature Industries

Just as the rent-to-rent industry has changed its image over the years from a low-class alternative to buying furniture, to a means for the upwardly mobile to have the benefits of furniture without the drawbacks, so has the

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image of rental-purchase changed. Rental-purchase, as it has expanded into the furniture arena, has become a reasonable method for Americans without credit to obtain, use, and ultimately own quality merchandise they might not otherwise ever obtain.

Far from being competitive enemies, the rent-to-rent and rental-purchase industries are actually similar businesses with different clientele. Rental-purchase is far from being the stepchild of rent-to-rent, but is a viable alternative for the 35 percent of this country that does not have credit. With the advent of a public company like Rent-A-

Center and the national scope of several companies, rental-purchase is on a sure and equal footing with the rent-to-rent furniture industry.

The business standards of each are rising higher just as the future of each becomes brighter. Rental-purchase and rent-to-rent have a niche peculiar to each in the business community providing a much needed service to thousands of Americans. **PR**

David Morgan Jones is Associate Editor of PROGRESSIVE RENTALS.

April/PROGRESSIVE RENTALS

Who's Who in Rental-Purchase Furniture

A & M Furniture
P.O. Box 1796
Maryville, TN 37801
(615) 982-5958
Dinettes

American Furn. Resources
P.O. Box 47605
Atlanta, GA 30362
(404) 993-2053

Ashley Furn. Industry
350 Madison St.
Arcadia, WI 54612
(608) 323-3377
Bedroom, living room furniture

Astro Lounger Furn.
P.O. Box 336
Houlka, MS 38850
(601) 568-3385
Recliners, ottomans, sofas

Atlantic Cabinet
Interstate Park, Box 100
Williamsport, MD 21795
(301) 223-8900
Cabinets

Barzilay Company
18737 S. Reyes Rancho
Dominguez, CA 90221
(213) 774-3321
Wood stereo cabinets

Bassett Furniture
P.O. Box 626
Bassett, VA 24055
(703) 629-7511
Living, dining, bedroom furniture

Bevis Custom Tables
P.O. Box 2280
Florence, AL 35630
(205) 766-6497
Tables, chairs

Biggers, Patterson, & Garrett
56 Park Lake St.
Orlando, FL 32803
(305) 422-2481
Advertising

Braeside Studies
305 Herbert Rd.
McHenry, IL 60050
(312) 740-0900
Acrylic tables

Bretford Mfg.
9715 Soreng Ave.
Schiller Park, IL 60176
(312) 678-2545
Audio/video furniture

British Design Group
4601 Oakport St.
Oakland, CA 94601
(415) 532-1252
Office, computer furniture

Bush Industries
312 Fair Oak St.
Little Valley, NY 14755
(716) 938-9101
Audio furniture, microwave carts,
computer tables

C & W Cabinet Works
P.O. Box 414
Buena Vista, GA 31803
(912) 649-2955
Cabinets

Case Manufacturing
2601 Greengate Dr.
Greensboro, NC 27406
(919) 272-1133
Stereo tables, microwave stands

Charleswood Furniture
P.O. Box 346
Wright City, MO 63390
(314) 745-3351
K-D furniture

Chemicals Film & Allied Products
3M Center Bldg.
220-13 East 33
St. Paul, MN 55144
(612) 733-6412
Scotchgard™

Chicago Speaker Stand
4701 W. Armitage Ave.
Chicago, IL 60639
(312) 745-5500
Stereo speaker stands

Constellation Furn.
203 Kerth St.
St. Joseph, MI 49085
(616) 983-7740
Computer furniture

Custom Woodwork & Design
7447 S. Sayre Ave.
Bedford Park, IL 60638
(312) 563-1745
Audio furniture

DLK Acoustical Products
1405 Mendota Heights Rd.
St. Paul, MN 55120
(612) 454-7727
Audio cabinets

D & M Wood Products
P.O. Box 25277
Portland, OR 97225
(503) 287-1110
Kitchen cabinets, closet systems,
computer furniture

Danefurn
425 Huehi Rd., Unit 4A
Northbrook, IL 60062
(312) 498-3090
Audio/video cabinets, other Danish
furniture

Duramatt System
4905 W. Jefferson Blvd.
Los Angeles, CA 90016
(213) 559-3765
Mattress covers

Douglas Furniture
4000 Freeman Blvd.
Redondo Beach, CA 90278
(213) 772-5141
Dinettes

Economy Furniture
P.O. Box 9788
Austin, TX 78766
(512) 836-0111
Living room furniture

Fabri-Coate
4500 Roger Chaffee Dr.
Grand Rapids, MI 49508
(616) 531-4500
Fabric protection products

Fab-u-Gard
P.O. Box 47157
Phoenix, AZ 85068
(602) 252-3991
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Fiber Seal
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Dallas, TX 75243
Fabric protection system

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(904) 328-3444
Bedroom furniture

Forbes Brothers
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Philadelphia, PA 19134
(215) 743-6000
Lamps

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Archibald, OH 43502
(800) 537-8560
K-D furniture

Fournier Accessory Furnishings
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Minneapolis, MN 55427
(612) 593-0300
K-D audio/video, computer, micro-
wave stands

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(201) 432-5800
Audio/video/electronic furniture

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Ft. Worth, TX 76101
(817) 534-1796
Bedroom, living room furniture, oc-
casional tables

Higdon Furniture
P.O. Box 978
Quincy, FL 32351
(904) 627-7564
Bedroom furniture

High Point Furniture
P.O. Box 2063
High Point, NC 27621
(919) 431-7101
Office furniture

Instant Interiors
2925 28th St. SE
Grand Rapids, MI 49508
(616) 942-7721
Upholstered furniture, wood tables

Jackson Industries
P.O. Box 1359
Cleveland, TN 37311
(615) 476-8544
Upholstered living room furniture

**Johnston-Tombigbee
Furniture Manufacturing**
P.O. Drawer 2128
Columbus, MS 39704
(601) 328-1685
Bedroom furniture

Howard Katchen Furn.
3801 Mariposa St.
Denver, CO 80201
(303) 433-7195
Manufacturers' reps, living room,
dining room furniture

Knickerbocker Guild
565 Johnson Ave.
New York, NY 11237
(718)456-2100
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(312) 671-9000
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(804) 369-5641
Cedar chests

Lazaris Office Seating Mfg.
6052 Ferguson Dr.
Los Angeles, CA 90022
Office chairs

LeFort Wholesale Furn.
3070-A Olympic Industrial
Smyrna, GA 30080
(404) 352-8600
Living room, bedroom, dining room
furniture

Lehigh
P.O. Box 640
Mariana, FL 32446
(904) 526-2811
Bedroom furniture

Madison House Industries
319 Queene Ann Rd.
Teaneck, NJ 07666
(201) 836-3300
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Mar-Kel Lighting
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(901) 642-7190
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McFlem Furniture Mfg.
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Los Angeles, CA 90061
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niture

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High Point, NC 27262
(919) 886-7061
Desks

Mohawk Finishing Products
Route 30 North
Amsterdam, NY 12010
(518) 843-1380
Stains, varnishes, lacquers, etc.

Naiad Products
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Los Angeles, CA 90024
Audio furniture

Oak Land Furniture Mfg.
P.O. Box 86
Okolona, MS 38860
(800) 321-8247
Pit groups, living room furniture

Ocilla Industries
1743 Johnson Rd.
Atlanta, GA 30306
(404) 874-1004

O'Sullivan Industries
19th & Gulf Streets
Lamar, MO 64759
(417) 682-3322
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Perma Fab
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Dallas, TX 75244
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Fabric protection products

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Pulaski, VA 24301
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The Rose Hill Company
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Okolona, MS 38860
(800) 647-6494
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Royal Creations
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Villa Rica, GA 30180
(404) 459-5767
Wall units, bookshelves, entertain-
ment equipment furniture, micro-
wave carts

Sawin and Company
9419 Mason Ave.
Chatsworth, CA 91311
(818) 998-1134
Chairs

Schweiger Industries
116 W. Washington St.
Jefferson, WI 53549
(414) 674-2440
Upholstered furniture

Singer
880 Johnson Ferry Rd.
Suite 400
Atlanta, GA 30342
(404) 256-3850

Occasional, bedroom, dining, com-
puter furniture; wall units

Stanton Industries
20495 S.W. Teton
Tualatin, OR 97062
(503) 692-0245
Upholstered furniture

Storyville Furniture
2628 President St.
Tupelo, MS 38801
(601) 844-4220
Bedroom, living room, dining room
furniture

Sunshine Furniture
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Redbay, AL 35582
(205) 356-9558
Upholstered and wood furniture

Texas Lamp Mfg.
3419 W. Kiest Blvd.
Dallas, TX 75203
(214) 943-4663
Lamps

3 Star Mfg.
P.O. Box 98
Lynn, AL 35575
(800) 633-4380
Wood bedroom groups

Ultra Care Products
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Ajax, Ontario
Canada LIS 3C5
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840 Walworth Ave.
Walworth, WI 53184
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INSURANCE

from page 31

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Valuable Papers—covers destruction or loss of financial data, customer lists, construction plans, and other important "paper" documents.

Motor Truck Cargo Owners Policy—covers your property while being delivered by your trucks.

Bailees' Customers Floater Policy—if you operate a retail store, this policy provides you coverage when you hold a customer's property in your care, custody, or control for repair, service, etc.

Business Interruption—reimburses a store for lost profits if a loss resulting from an insured peril interrupts your operation and reduces your profits.

Leasehold Interest—Protects you as a tenant against renting property at a higher cost in the event your lease is cancelled.

Extra Expense—provides coverage for additional expenses required to maintain operations when interrupted due to an insured peril.

When buying insurance consider obtaining coverage which includes the following perils: fire and lightning; flood; earthquake; burglary, robbery, and theft; broken glass resulting from chemicals accidentally or maliciously applied; and employee dishonesty. This is only a summary of perils I feel are important to be covered. Although there are other coverages available, the perils listed serve as a foundation on which to build your personalized insurance program.

Insurance costs vary principally by 1) which insurance company you use; 2) the location of your business; 3) your loss experience; 4) the scope and nature of your business; and 5) the insurance agent you use.

Remember, the coverages identified here are condensed and summarized. Talk to your personal insurance agent about the full-range of coverages available to you.

Alan Stein is an independent insurance agent with the Boulton Agency in Miami Shores, Florida.



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MEMBERSHIP BENEFITS

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TRAINING MATERIALS AND SEMINARS

Seminars put on by professional consultants and experienced rental dealers cover selected topics designed to aid in professional management of rental operations. Seminars highlight major areas of concern for rental dealers: Legal Procedures, Collections, Rental Finance, Personnel, Management Techniques, and Advertising and Marketing Methods. Seminar sites have included Philadelphia, Cincinnati, Denver, San Francisco, Acapulco, Atlanta, Kansas City, Dallas, Houston, St. Louis, San Diego, Hilton Head, Orlando, New Orleans, Sarasota, Newport, and Nassau.

ANNUAL CONVENTIONS

An annual trade convention is held every summer bringing rental dealers across the nation to meet and share their experiences and knowledge and learn more about the rental industry — new trends, new products, and new ideas. The 1985 APRO Convention is scheduled for July 18-22 at the Wyndham Sea World in Orlando, Florida.

GOVERNMENT RELATIONS PROGRAM

APRO keeps members abreast of important legislative proposals, administrative agency activities, and tax rulings. APRO takes positive action with the legislative and executive branches of government on issues affecting the rental industry.

APRO PUBLICATIONS

• PROGRESSIVE RENTALS MAGAZINE

The "voice of the home rental industry" is issued 6 times annually, and is full of industry news, trends, developments in marketing strategies, sales methods, management policies, legal up-dates, and product display advertising.

• WHO'S WHO IN RENT-TO-OWN

The most complete national listing of rental dealers available. Published annually, the directory offers alphabetical listings by principal owner, dba and by state.

• LEGAL DEFENSE PACKET

This legal packet is available to all members to minimize legal research costs. Topics include usury, repossession, bankruptcy, deceptive trade practice legislation, and consumer protection laws with specific case examples.

• ADMINISTRATIVE AIDS

Samples of various standard business forms used frequently by rental dealers including sample rental application forms, rental agreements, vehicle reports, skip-trace control forms, and inventory control forms.

• SKIP-TRACE MANUAL

A comprehensive guide to locating missing persons.

• COLLECTIONS MANUAL

A guide offering preventive maintenance and effective results for the industry's biggest headache... skips and stolens.

RENTAL INDUSTRY STATISTICS

Periodically, members will be asked to participate in a survey regarding the TV-Appliance rental industry and their businesses. The information will be confidentially researched, compiled, and edited so that general industry statistics are available to all members.

APRO COLLECTION POLICIES AND CODE OF ETHICS

APRO members are preferred rental dealers and are eligible to display the APRO Code of Ethics and Collection Practices in their stores.

INSURANCE

APRO offers insurance programs designed specifically for rental dealers to include casualty coverage, group, health and life insurance, and travel insurance at competitive rates. This program outlines the different types of insurance rental dealers may have a need for.

COMMUNICATION WITH RENTAL PROFESSIONALS

As a member of APRO you have the opportunity for the exchange of knowledge and experience with other professional rental dealers. The sharing of general information can assist you in the development of your business as well as in the enhancement of the image of the rental industry as a whole.

Ready to JOIN?

CONTACT:

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Director of Membership

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Can your business wait one more day?

THE CRITICAL POINT: POP Advertising



Walk into any store in America, be it sporting goods, grocery, furniture, or fashion, and chances are your senses are bombarded with vivid messages. "Super Sale! Buy Now!" proclaim banners. "Look! Try this!" urge posters. Alluring models beckon from cardboard display units, while spinning mobiles direct your eyes to the daily special.

There you are, just where the advertiser loves to have you—at the point of purchase.

According to the Point of Purchase Advertising Institute (POPPI), in Fort Lee, New Jersey, POP materials increase sales by spurring impulse buying and heightening product awareness among consumers. POP advertising, when used alone or combined with TV, radio, and print campaigns, can produce outstanding results. POPPI studies have shown that a television ad integrated with graphically-matched POP materials can increase sales by more than 500 percent.

POP advertising takes many forms, but is basically any type of advertising material located *in* a store. Banners, posters, tent cards, display racks, product stickers, mobiles, easels, neon signs, clocks, and customer testimonials are examples of POP materials available to dealers. Even simple slogans on price tags can capture a customer's attention.

In the rental-purchase industry, dealers obtain POP goods from manufacturers and distributors (often free of charge), as well as from generic and custom suppliers. Dealers also may create personalized, in-house POP materials.

Lew Allen, vice-president of sales and merchandising for Pilot Audio, says, "Dealers buy direct from Pilot and are given all sorts of point-of-purchase materials by the Pilot salesperson. We have *anything* they want."

Some manufacturers, however, provide their POP materials only through local distributors.

"A dealer must first be approved by the local Zenith distributor," indicates Norm Smith, national manager of rental markets for Zenith. "They are then provided with free Zenith advertising materials obtained from us through the distributor. A dealer cannot receive Zenith materials unless he is approved by the local distributor.

"We have satin banners, plastic price standards, and mobiles," continues Smith. "We also have what is called a trim kit that includes window banners, ad slicks, radio copy, and tent cards. Rental dealer plaques are available. The plaques state that the dealer is approved

to handle Zenith products."

Rick Raczynski, manager of operations for Speed Queen, notes, "Our products are sold through independent distributors who sell directly to rental dealers. Whether or not a dealer gets point-of-purchase materials is decided by the distributor and is usually based on the dealer's volume potential.



Materials are provided free of charge by the distributors to the dealers. It would be difficult to obtain POP materials without approval of the distributor."

Speed Queen offers a paper banner designed for the front of its washing machines. The company also provides a 3 foot by 4 foot satin banner suitable for hanging from the ceiling.

Consolidated Consumer Electronics Distribution, in Stafford, Texas, receives POP items from manufacturers and passes them on to dealers purchasing from CCED. They are provided free of charge. Receipt of materials depends on how much and how long a dealer has been buying through CCED.

Dealers wishing to create a unique POP promotion may consider the services of a custom supplier.

"We work with the client and his advertising agency to design an advertising program that is right for him," said Chuck Lowe, account executive for Graphics International, in Dallas, Texas. "We are not an advertising agency ourselves, though. We are manufacturer's representatives in the point of sale industry."

David Garrett, of Biggers, Patterson & Garrett Advertising in Orlando, Florida, has overseen the advertising operations of several rental-purchase companies and feels POP is an effective advertising tool.

"A portion of a dealer's budget should be set aside for informing people who walk into the store," Garrett indicates. "Some people may be too shy to ask questions and we try to provide all the information they need in simple terms."

Garrett uses handouts that visitors to the store can carry home. These have worked well to introduce customers to new items, such as furniture, and they encourage repeat visits by people who may not have rented anything initially.

Other techniques mentioned by Garrett include in-store drawings, which provide dealers an indirect method of gathering customer names and addresses; giveaways, such as a free quartz watch with each rental; and paying customers \$10 cash for referring a friend.

National Banner Company in Dallas offers generic point-of-purchase materials. Vice-President Bill Gallemore says, "We have banners, flags, and pennants. Thirty-five types of slogans are available."

Gallemore says the price of a 3 foot by 10 foot banner is \$34 and a 3 foot by 5 foot banner is \$20. Materials can be ordered through the company's catalog.

At Remco, in-house and manufacturer's POP materials are used, explains Janice Younger, manager of print advertising and promotions. "We use banners, posters, plastic standards, stickers placed on the products, and mobiles," Younger says. "We also display framed testimonials from customers."

Younger also notes Remco uses special T-shirts for sales promotions.

Universal TV Rentals, based in Cincinnati, Ohio, uses a variety of POP materials. In addition to pennants, banners, and other goods, the stores attract attention to merchandise by displaying tent cards stressing the product lines' benefits.

POP advertising introduces new products, publicizes special promotions, informs customers, and stimulates impulse purchases. Included in a well-rounded advertising program, POP materials can significantly increase sales, and no dealer can discount the importance of that! **PR**

Shirley Greenly is the Assistant Editor of PROGRESSIVE RENTALS.

APRO Aligns With Big Brothers

One of the fastest growing business industries in the country joins the fastest growing youth service organization in the country as APRO announces its fund raising efforts for Big Brothers/Big Sisters of America (BB/BSA). This first-ever APRO campaign for a nonprofit service agency officially begins June 1.

APRO President Barry Gambini believes that simply bringing the BB/BSA story to APRO's membership creates the foundation for an effective fundraiser.

"With so much of our business coming from single-parent homes, it is particularly appropriate that we help out," Gambini says. Startling facts contained in recently released Census Bureau data suggest that over 50 percent of all American children born during the 1980s will spend at least 1 year in a single-parent home before reaching maturity.

Gambini, the driving force behind APRO's sponsorship of BB/BSA, knows well the unprecedented need for BB/BSA services. A long-time activist working on behalf of young adults, Gambini has been involved with the Big Brothers/Big Sisters movement since 1968, when he cofounded the Big Brothers of Fresno agency in California.

The 80-year-old Big Brothers/Big Sisters movement's greatest period of growth occurred following the merger of two separate national headquarters in 1977, to form Big Brother/Big Sisters of America. The merger created 357 agencies. Today, there are over 450 agencies in every state covering nearly every major and secondary rental market.

Through BB/BSA programs, kids from single-parent families spend a few hours each week with a screened and trained adult Big Brother or Big Sister. This guidance can mean the difference between happy, productive kids, and youngsters in trouble at home, at school, or in the community.

The average cost of matching a Big-Little Brother or Big-Little Sister is under \$600. By comparison, it costs an

THE BIG BROTHERS TRADITION

The Big Brothers/Big Sisters movement began at the turn of the century when citizens in many American cities organized programs to stem the rise of juvenile delinquency and to help children who had come before the court system. Organizers felt a one-to-one relationship with a caring adult would help many of these troubled children deal with the sometimes overwhelming problems of growing up.

One of the earliest efforts led to the formation of Catholic Big Sisters of New York City, a Catholic lay group which began its work in 1902. Jewish and Protestant Big Sisters work began before the end of the decade. Big Brothers/Big Sisters of America officially traces its roots to 1903 when a young Cincinnati businessman, Irvin F. Westheimer, befriended a destitute boy from a father-absent home. At Westheimer's urging, his friends and business associates provided supportive friendship and guidance for other troubled youths. This informal activity continued until 1910 when a Big Brothers agency was established in Cincinnati.

The nation's first organized Big Brothers program began in New York City in 1904. Ernest K. Coulter, a lawyer and clerk of the New York Children's Court, enlisted members of a churchmen's club group to each befriend a boy who had been before his court. The men accepted the challenge and the Big Brothers movement of New York was formed. Similar programs soon were begun in other parts of the country. Eventually, the approach shifted from corrective work to a greater emphasis on preventive measures.

By 1917, the concept had spread to so many communities that a national organization, the Big Brothers and Big Sisters Federation, was organized. The Federation existed until 1937 when it became a victim of the Great Depression economy.

Local agencies continued to function without the aid of the Federation, although many were beset with severe economic and war-related problems. In 1945, a new national federation for Big Brothers agencies, Big Brothers of America, was formed. Big Sisters International, Inc., serving Big Sisters agencies, was formed in 1970. The two national federations were merged in 1977 creating Big Brothers/Big Sisters of America.

average of \$3,000 for each child who enters the juvenile justice system and from \$18,000 to \$65,000 for institutionalization.

FBI Director William H. Webster says of BB/BSA, "As a former practicing attorney, federal judge, and board member and president of Big Brothers/Big Sisters of Greater St. Louis, I have witnessed the positive effects of one-to-one friendship between a mature adult volunteer and a troubled child who needed a helping hand in meeting the challenges of growing up."

BB/BSA provides public relations, recruitment, and fundraising services to its agency affiliates. Agency development is fostered through a field service staff of 10 professional consultants who provide assistance in management, personnel, service delivery, and program evaluation. BB/BSA also provides educational courses for member professionals and volunteers.

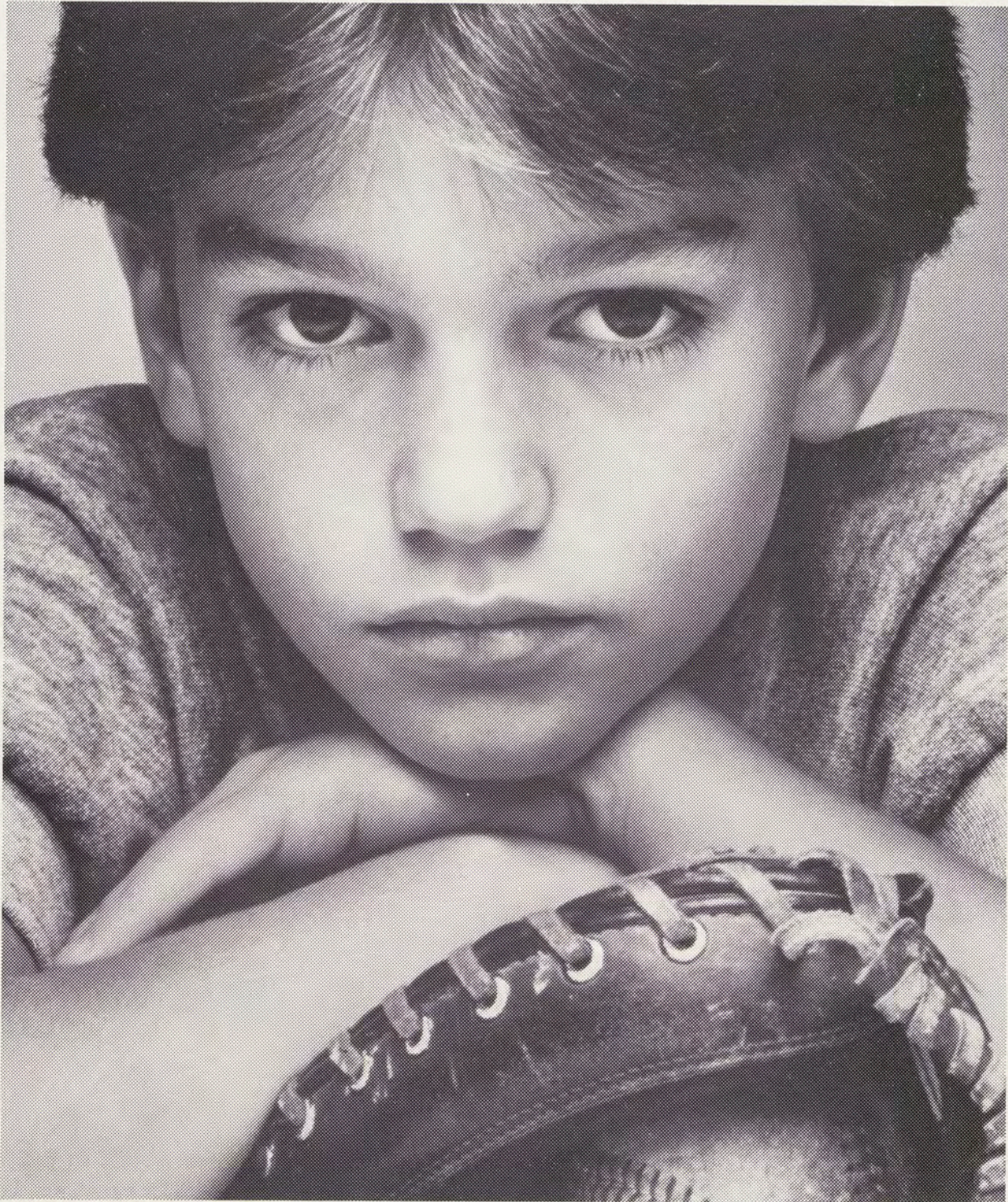
BB/BSA Executive President David Bahlmann told the 1984 APRO Convention, "We're moving ahead in every area

of operations." In the fall 1984, BB/BSA purchased and moved into a permanent national headquarters and service center building in Philadelphia, and actively launched a \$3.2 million capital campaign. Presently, the \$2 million mark is close at hand.

To keep pace with the communication needs of this fast growing organization, part of BB/BSA's capital campaign funding establishes an up-to-date communications network, linking the national headquarters and service center to field offices and, eventually, to all member agencies.

BB/BSA's expanded facilities help to insure that the unprecedented growth in service needs is met. Currently, over 100,000 children are served by BB/BSA, with an additional 100,000 on waiting lists needing to be matched with adults. The money raised by APRO members goes toward BB/BSA efforts to establish new agencies as well as to expand services to existing agencies. Members can learn more about the APRO campaign from a special Big Brothers/Big Sisters information kit to be mailed in May.

Little people need big people.



Little people like this need big people like you to help them grow up right. They need a grownup for a friend...somebody to pal around with, and look up to, and trust. That's the reason for Big Brothers and Big Sisters. We're here to put you together with a kid who really needs you. Think about helping. Get in touch with your local Big Brothers/Big Sisters organization and we'll send you complete information.

Contact the APRO office for more details at (512) 478-6521.

BIG BROTHERS/BIG SISTERS OF AMERICA AFFILIATED 

NOTICE!

ARE THE FOLLOWING FACTS OF INTEREST TO YOU?

1. 5% to 20% Increase in Profits based on your present volume.
(Many times from your same supplier)
2. Better than Truck Load Pricing on 6 piece or 10 piece orders, per location.
3. Hundreds of Millions of Dollars in Buying Power sets your price.
(The Power of Volume Works!)
4. Name Brand Furniture below Truck Load Pricing on orders of \$2000.00 per location with turn-arounds in 14 to 28 Days.
5. Products built to your specifications with Warranties up to 24 Months.
6. Being part of the 20% doing 80% of the business with protection and preferential treatment on availability of merchandise and pricing.
(Volume has its Rewards!)
7. Having a valuable bank of information on merchandising trends, legalities, as well as personal suggestions shared between Members. Sharing of ideas, business tactics, and methods that are normally kept secret.

TRIB

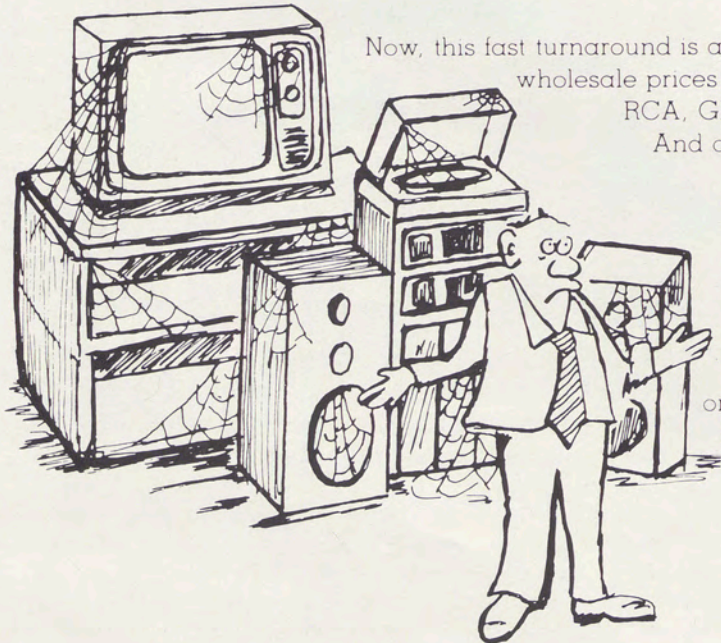
THE RENTAL INDUSTRY BUYING GROUP

Non-Profit Organization
Contact: "Mac" McCullar

6958 Main Street, Lithonia, Georgia 30058 404-482-2323

Good Service is never having to say "We're waiting on a part"

Remco's Parts & Accessories Distribution Center was designed to ship parts to Remco's 26 service facilities, located coast to coast, within 24 hours of the order. And it works. It can work for you, too.



Now, this fast turnaround is available to all APRO members. Remco offers you wholesale prices and quick response time on all common parts for RCA, GE, FISHER, HITACHI, SANSUI and SOUNDESIGN.

And our inventory is extensive . . . we stock everything from knobs to VCR record heads.

Plus, the same next-day service and wholesale pricing is available on accessories like antennas, blank tape, stereo cartridges and head cleaners.

If you're tired of long downtime because of back-ordered parts call MIKE SMITH for prices and more information. Call (713) 530-4900 Ext. 212 or 219. Or write for a catalog: 10703 Stancliff, Houston, Texas 77099.

National Parts Center

© 1983 REMCO Enterprises, Inc.

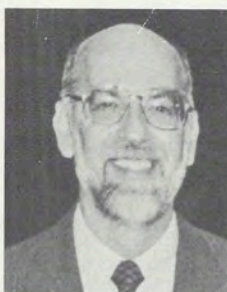
CORPORATE MOVES



Yund



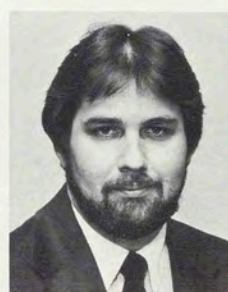
Workinger



Hoffman



Nick



Miller



Sleep

Robert F. Gunts is the new vice-president, International Division, for Whirlpool. Gunts is the former vice-president, Consumer Affairs, and replaces **John Esner** who retired in 1984. Gunts has also been named president of Whirlpool Training Company, a Whirlpool subsidiary formed in 1984 to consolidate many of the company's international activities.

C. Donald Casey has been named staff vice-president, advanced manufacturing engineering, for Whirlpool. He is responsible for providing specialized technical assistance to the manufacturing engineering departments and coordinating development and application of improved manufacturing processes.

Paul Dittmann is the new staff vice-president, corporate planning and management services, and is responsible for coordinating Whirlpool's corporate and strategic planning efforts.

Other Whirlpool corporate moves include **E. Lee Benson**, newly appointed to director of computer operations. He is responsible for all computer operators and data entry personnel. **Bill J. Williams** assumes the post of director of computer systems and programming.

The merchandising department at Whirlpool sees the following changes: **James A. Workinger** assumes the post of director of refrigeration sales; **David W. Williams** replaces Workinger as merchandising manager, refrigerations; **Frederick C. Huebner** is the new merchandising manager of freezers; and **Dwight A. Carper** becomes director of laundry and kitchen products sales to Sears.

Jack Wayman, senior vice-president of EIA, was honored recently by being inducted into the Electronics Industry Hall of Fame. Wayman has been involved in the electronics industry for more than 35 years with more than 22 of those years as an officer of EIA.

Fraenkel Wholesale Furniture announces several changes in management level personnel. **Albert Fraenkel** assumes the title of chairman and chief executive officer and plans to remain active in the firm with primary emphasis on strategic and financial planning.

Harvey M. Hoffman has been named president and chief operating officer of Fraenkel Furniture. **Bruce Minkoff**, general manager of the company's Memphis branch, is now executive vice-president. Newly elected vice-presidents are **Susan Pourciau**, in charge of administration in Baton Rouge; **Mike Herschman** of Baton Rouge; **Bruce Bernatsky** of Memphis; and **Dan Wolf**, general manager of San Antonio.

General Electric announces three changes in its Consumer Electronics Business Operations (CEBO) division. **John J. Nick** is now general manager of sales and distribution. Nick was manager of retail merchandising operations before his current assignment. **Jacques A. Robinson** recently served as vice-president and general manager of General Electric Video Products Division from May 1982 until his present promotion to vice-president and general manager of CEBO. **Richard B. Williams**, now general manager of marketing, served as general manager of sales and marketing operation at General Electric Video from late 1982 until his current appointment.

James O. Yund has retired from Whirlpool as director of refrigeration sales. Yund was with the company for 28 years and held a number of positions in consumer affairs and sales.

William F. Ulewicz is now vice-president of video sales for Magnavox. Ulewicz is responsible for sales and sales planning of Magnavox color TV, projection TV, videocassette recorders, cameras, and accessories.

Thomas J. Gleason has been promoted from vice-president, finance, to executive vice-president and chief operating officer of PortaVideo International. Gleason joined PortaVideo in 1983.

Dave Miller, Remco's 1984 Manager of The Year, has been promoted to regional vice-president. The new assignment oversees company operations in the eastern region and assists managers with ongoing projects and store personnel.

Also at Remco, **William F. Sleep** has been appointed senior vice-president of franchise sales and operations. He is responsible for the overall performance and success of all franchise stores. **Sam Robert Harris** becomes senior vice-president of company sales and operations and, in this new post, oversees the operations of all company owned stores.

Other changes at Remco include the promotion of **R. Steven Glab** to vice-president of franchise operations; **Michael T. Ryan** assumes the position of regional vice-president for the Houston operations; and **Derek Stamper** is the new regional vice-president of operations for a 12-store region which includes Phoenix and Denver.

PRODUCT FOCUS

HITACHI

CD Warranty



The debut of Hitachi's Model #DA-4000 compact disc player features a compact design and the company's 2-year warranty on the three-spot laser pickup system and all parts.

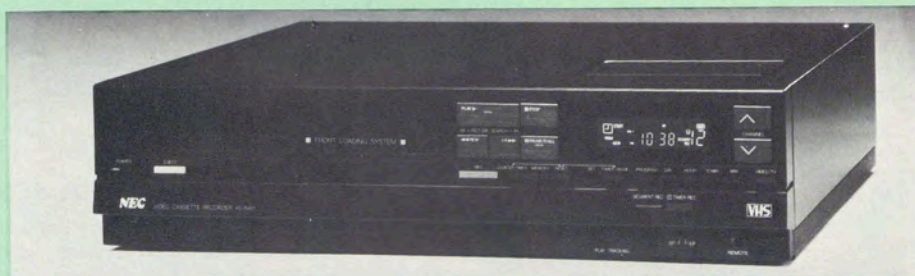
The unit's three-spot laser pickup uses an opto-electronics focus system and all parts are manufactured by Hitachi. Other features include digital random program selection and index search. Pause standby and skip search,

three-way repeat function, and elapse time counter are added features. Frequency response is 5 to 20,000 Hz. Wow and flutter are eliminated. The dynamic range is 95 dB. Suggested retail price: \$399.95.

For more information, contact: Bruce Schoenegge, Hitachi, 401 West Artesia Boulevard, Compton, CA 90220, (213) 774-5151.

NEC

Easy to Use VCRs



NEC introduces two new VHS VCRs, Model #N901EU and Model #N911EU, that stress performance and ease-of-operation. Both models feature a motorized front-loading cassette system and full-logic microprocessor controls for trouble free operation. A redesigned built-in electronic digital clock/timer allows segment recording for up to 5 hours of one-touch recording in 30 minute increments.

Both units feature 105 channel CATV-ready tuners with 16-station preset; a picture search function for segment lo-

cation at 7 times the normal speed in both forward and reverse; multifunction wireless remote control; electronic counters; and auto-rewind at the end of the tape. Model #N901EU has a suggested retail price of \$499. Model #N911EU is a three-head unit and features additional programmability. Suggested retail price: \$599.

For more information, contact: Dustin Vallaly, NEC, 1401 Estes Avenue, Elk Grove Village, IL 60007, (312) 228-5900.

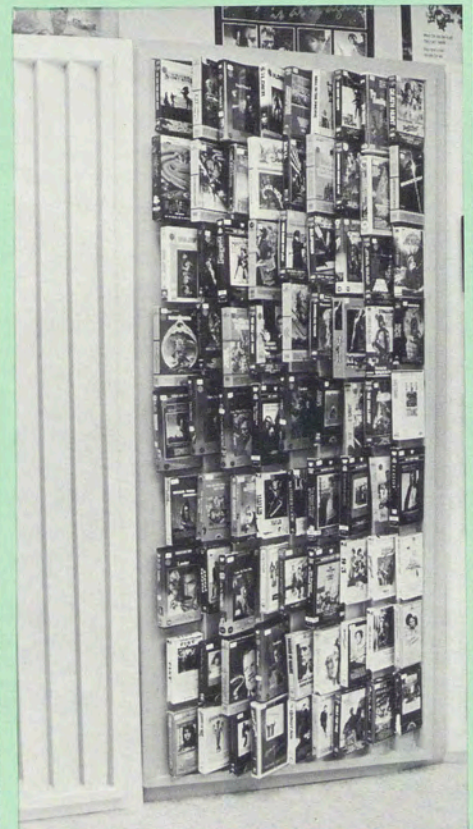
PLASTICS OF PHILADELPHIA

Video Showcase

VacForm™ video showcase by Plastics of Philadelphia offers maximum visibility for videocassette display and the advantage of no size limitations. Made of strong, vacuum-formed Kydex, the units are available in a variety of colors.

Each unit has nine angled faces per panel with Velcro adhesive strips for tape mounting. Velcro disks are attached to the tape box and the box then attaches to the mounting strip on the wall unit. Depending upon the size of the individual packages, each unit can display 80 to 90 cassettes and the system is easy to rearrange or update. Measuring 39-inches wide and 86-1/2-inches tall, each wall-mounted display is pre-drilled and is supplied with mounting hardware. Suggested dealers price: \$210.

For more information, contact: Judy Birnbaum, Plastics of Philadelphia, Box 655, Pennsauken, NJ 08110, (609) 662-2220.

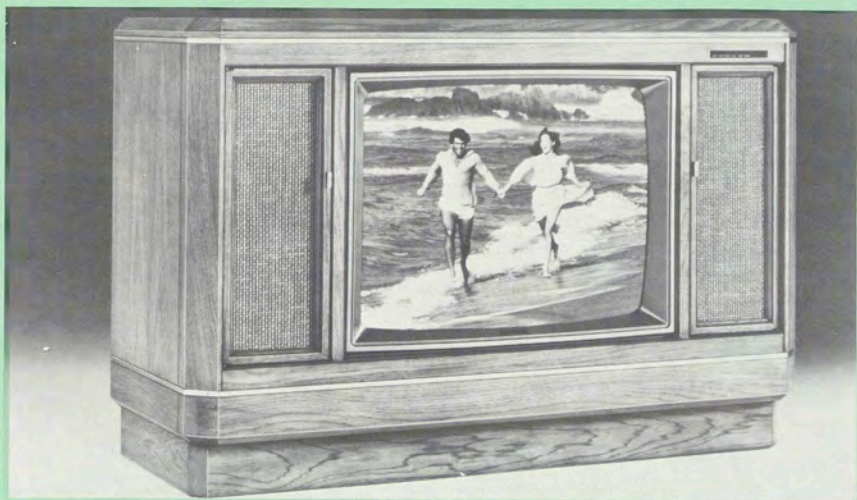


MAGNAVOX

TV in Stereo

Magnavox introduces one 19-inch and 11 25-inch TV models with built-in stereo. All models have a stereo amplifier, a built-in stereo decoder, and an efficient speaker system. Model #RS4278 is a 19-inch table model in the Star System line and it has the new Model #MX700 chassis. The unit features a black matrix picture tube; a sophisticated microprocessor for random access and programmable scan tuning of favorite channels; 330 lines of horizontal resolution; and the stereo speaker system includes two 4-1/2-inch woofers and two 2-inch tweeters. Suggested retail price: \$829.

Model #RS5260, one of the 11 broadcast stereo models, is a 25-inch contemporary styled console in ash veneers and wood solids. This model has all the features of the 19-inch set plus a more powerful stereo speaker system with



MODEL #RS5260

two 6-inch woofers and two 2-inch tweeters. A full complement of rear panel video and audio connections, a 19 push-button infrared remote control, and color coded LED indicators which illuminate to show the type of broadcast reception are some of the other fea-

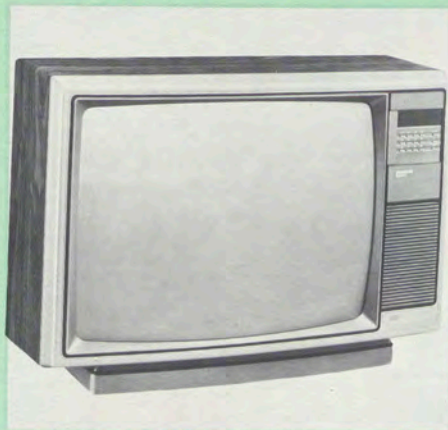
tures of this model. Suggested retail price: \$1,250.

For more information on the complete line, contact: Deborah L. Fee, N.A.P. Consumer Electronics, Interstate 40 and Straw Plains Pike, Box 6950, Knoxville, TN 37914, (615) 521-4316.

SYLVANIA

Stereo-Ready TV

Sylvania expands its line of stereo-ready Superset 25-inch consoles with Model #RLS355PE. This full-based, traditional-styled set has the E-4000 chassis with comb filter plus the Dark-Lite picture tube with conical field focus for exceptional reception. With 125-channel capability, it offers 15 push-button random access digital tuning at the set, as well as a 17 push-button infrared remote control with channel scan and other features. A built-in stereo-SAP decoder is included with stereo amplifier and two speakers. LED indicators show in which mode the TV is operating. Suggested retail price: \$920.



MODEL #RLE305WA

Just released is Model #RLE305WA, Sylvania's stereo adaptable 25-inch table TV. The set has the E-2000 chassis, Dark-Lite picture tube, and infrared remote control. The stereo-SAP jack allows connection of an optional external stereo decoder to receive stereo broadcasts through a stereo amplifier and speakers.

For more information, contact: Deborah L. Fee, N.A.P. Consumer Electronics, Interstate 40 and Straw Plains Pike, Box 6950, Knoxville, TN 37914, (615) 521-4316.

BEND-A-LITE

Lighting Design

Bend-A-Lite is a series of parallel tungsten bulbs wired one-inch apart, conjoined, and then coated with a

transparent solid, yet flexible, PVC layer of one-half inch diameter. This decorative product can be twisted, bent, wrapped, or stepped on and it retains its usability. The product may be used in any number of ways including window displays, sign making, in pools or spas, and to designate featured products.

Bend-A-Lite may be used indoors and outdoors and is waterproof. It is available separately in 12, 24, 110, or 220 volts. The product may be cut or extended to any length and lamp life is claimed at up to 50,000 hours. Bend-A-Lite comes in seven colors and is available in rolls of 30, 300, and 500 feet.

For more information, contact: Esther Matura, Bend-A-Lite, Fisherman's Road, Box G, Truro, MA 02666, (617) 487-3437.



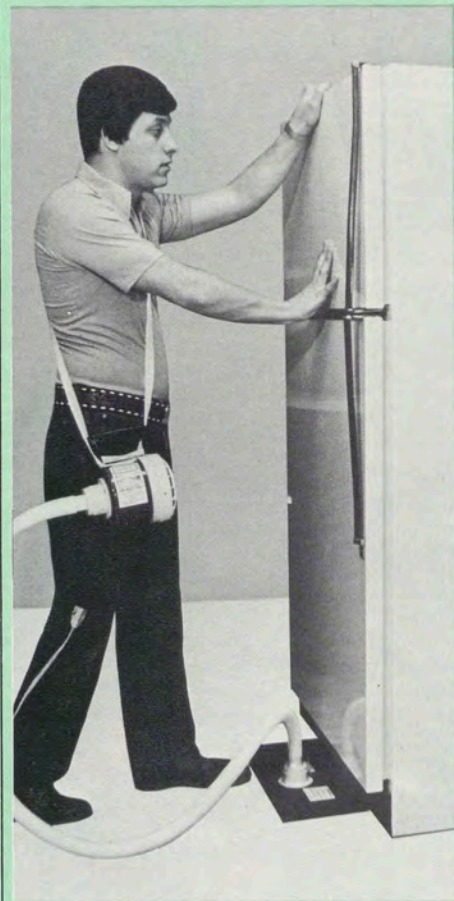
AIRSLED™

Appliance Mover

The new Airsled™ Model #225 lifts and floats appliances on a cushion of air. To operate, slide the unit under the appliance, attach the air hose, and with a flick of a switch on the portable power-blower, an appliance weighing up to 400 pounds can be moved with nothing touching the floor.

Using the airfoil principle, the Airsled™ is designed to use a compact 6-pound vacuum cleaner motor. With the unit, the appliance can be maneuvered in any direction without the use of straps or belts, and the product needs less than one-eighth inch clearance between the floor and the bottom of the appliance, and three-quarter inch clearance between the top of the appliance and the ceiling or overhead cabinets. When moving over a porous surface, such as carpet, a track of particle board, plywood, vinyl, or similar nonporous material is needed for the Airsled™ to operate.

For more information, contact: James Daniels, Roofing Equipment, Inc., 11075 East 47th Avenue, Denver, CO 80239, (303) 371-7667.



CUSTOM ANIMATED PRODUCTION

Animation Advertising



VA-1 AD PACKAGE

A new twist on an old concept for retailers is unveiled by Custom Animated Production (C.A.P.) of Ft. Wayne, Indiana. Dealers familiar with clip art services for preparing newspaper ads now have the same service for

video advertisements. C.A.P. has created a series of animated wrap-around spots as well as over 50 different types of promotional pitches. When a customer purchases the package from C.A.P., he receives nearly 100 pieces of animated video clip art which can be used for as long as the retailer chooses.

The company provides through syndication national quality advertising packages to consumer electronics retailers consisting of custom work in character animation, motion graphics, and complete musical production. C.A.P. also produces supportive radio campaigns as well as supportive print materials. Extensive market research, according to the company, was conducted to insure each ad package produces the desired result. C.A.P. also has a program called the "351 Demo." For \$351, the company produces an entire ad package with the store's logo and name integrated for the retailer to experience a hands-on demonstration of the ad package of his choice. Custom packages are also available.

For more information, contact: Philip Coomer, president, Custom Animated Production, 5675 St. Joe Road, Box 5160, Ft. Wayne, IN 46895, (219) 486-4777.

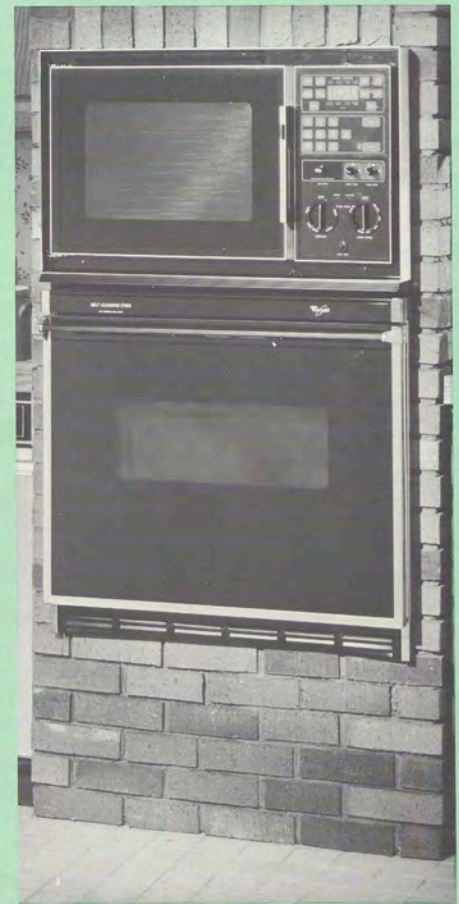
WHIRLPOOL

Combination Ranges

Whirlpool introduces a new line of combination ranges designed to meet consumer demands for easy cleanability and ease of use. Features of the new line include: a lift-up cooktop to make cleaning under the surface units simple; plug-in surface units; reflector bowls that may be removed for quick cleanup; one-piece, spillguard cooktop to contain spillovers; and no hard-to-clean cracks or crevices. The new line includes three built-in models, four electric, and two gas free-standing, eye-level microwave/ranges.

The lower conventional ovens feature a balanced cooking system; high-speed surface elements; and infinite temperature controls. The eye-level microwave ovens provide cooking flexibility with a variety of features including two cooking cycles; quick defrost; programmable pause; and temperature probe.

For more information on the complete line, contact: Tom Kitchens, Whirlpool Product Information, 2000 U.S. 33 North, Benton Harbor, MI 49022, (616) 926-3224.



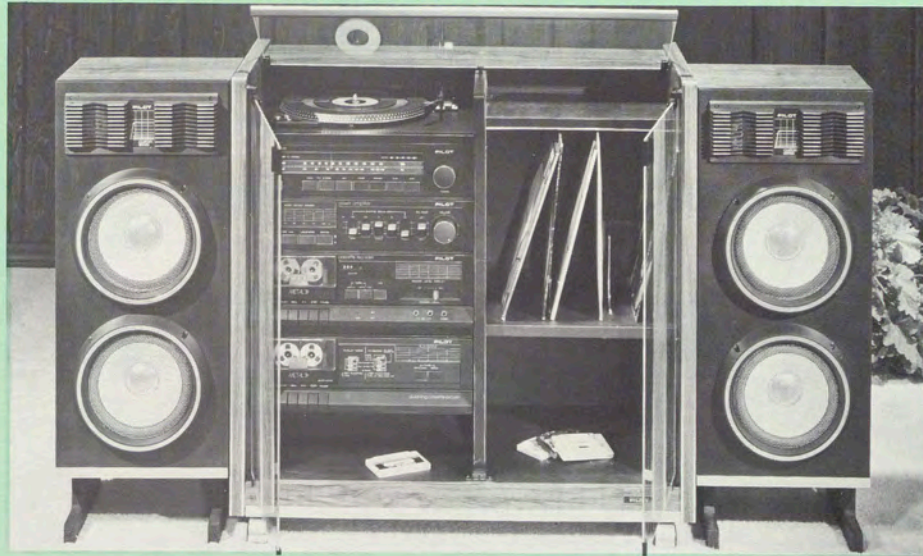
PILOT AUDIO

One-Brand System

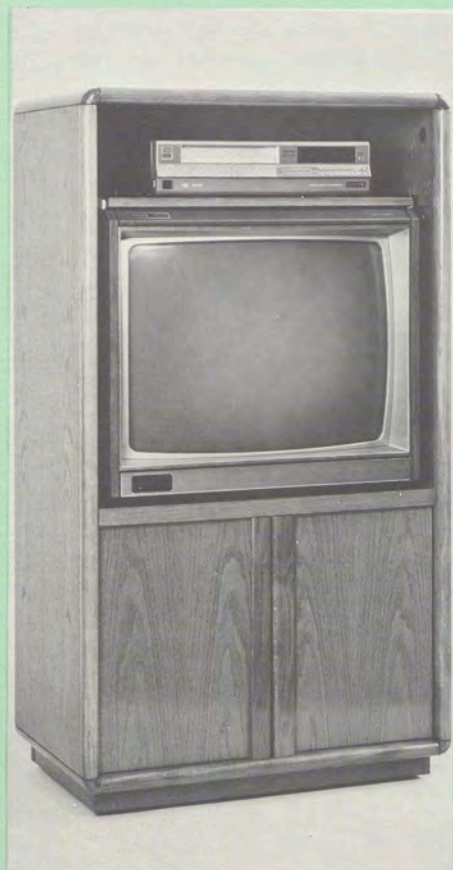
Pilot Audio introduces Model #PG34DD/PD32G, a three-piece studio module in Palasander finish. The one-brand system contains an AM/FM tuner, dual stereo cassette tape recorder/player with metal tape capability, and a dubbing cassette player deck.

Other features include a 5-band graphic equalizer with LED display, an LED audio power meter, and LED record level meter. The system features a semiautomatic turntable with a matching pair of three-way, 31-inch hi-fi concert speakers.

For more information, contact: Lew Allen, Pilot Audio, 101-10 Foster Avenue, Brooklyn, NY 11236, (212) 257-7000.



MODEL #PG34DD/PD32G



MODEL #VC429

FCI

Contemporary Oak

The Woodline Series, a collection of six units constructed of solid oak wood and oak veneers, is being launched by Furniture Concepts International. The series consists of two audio cabinets, three video cabinets, and an entertainment center. All units feature top-quality hardware, drawers for storing cassettes and accessories, hidden roll-about casters, and concealed hardware mechanism devices. All units may be assembled with basic hand tools.

The series is designed with soft rounded corners for a more contemporary look and several models may be combined to create a modular system. The audio cabinets are Model #AC 232 and Model #AC 233; the video cabinets are Model #VC 423, Model #VC 426, and Model #VC 429; and the entertainment center is Model #EC 811. Suggested retail prices range from \$179.95 to \$599.95.

For more information, contact: Michael Wertman, Furniture Concepts International, 1A Colony Road, Jersey City, NJ 07305, (201) 432-5800.

CHAPMAN SECURITY SYSTEMS

Alarm Systems

Chapman Security Systems offers several automotive protection models in its Chapman-Lok Generation III™ series. Model #200 is a newly designed, high-security, patented key lock that is virtually impossible to pick. With a hardened, solid-steel pipe and special alloy casing that houses and protects the key lock deadbolt, it has a patented ignition suppressor; a mechanical, high-security hood deadbolt mechanism which operates independently of any electrical power; and an LED activation indicator located in the base of the lock mechanism, which lets you and potential car thieves know the system is alarmed.

Three other models round out the line with Model #800 as the full-featured system. Model #800 offers the complete system of Model #200 plus these added features: the Chapman polytonic siren; detect module with automatic reset times; motion detector; glass sensor; light flasher; panic button; and the Air Alert™ beeper, all manufactured by Chapman.

For more information, contact: William Duffy, Chapman Security Systems, 2638 United Lane, Elk Grove Village, IL 60007, (312) 595-8510.



Editor's Note: Suppliers should direct all press release information to PROGRESSIVE RENTALS at 1866 InterFirst Tower, Austin TX 78701.

STORE DESIGNS



Quality Rentals Austin, Texas

A location next to a grocery store draws more people and brings in a lot of walk-in customers," says Dennis Palmquist, owner of four Quality Rental stores in Austin, Texas.

Palmquist's store on Oltorf Street is in such a location. Advantageously situated adjacent to a busy supermarket, the store has enjoyed increased traffic since its recent move from a free-standing building.

"The store has 8900 square feet," says Palmquist, "and contains our centralized warehouse and service center." Plenty of room is left for a large display floor. Ralph Dunlap, store sales manager, oversees merchandise display. Dunlap displays audio and video goods in attractive combinations and rearranges furniture on a regular basis to avoid monotony in product presentation.

The furniture is grouped in home-like settings to enhance its appeal, and point-of-purchase advertising materials direct the customer's eye to home entertainment items and white goods.

Editor's Note: Send photos and store information to PROGRESSIVE RENTALS at 1866 InterFirst Tower, Austin, TX 78701

TRUCK OF THE MONTH



Home Furniture Rental Wichita, Kansas

Ray Grantz, president of Home Furniture Company in Wichita, Kansas has developed a unique method of transporting queen size bedding in small vans.

"I had no way to deliver queen size box springs and mattresses in my vans," said Grantz, "so I designed these units to attach to the top of the vans. By using this carrier it is possible to deliver a queen or regular size mattress and foundation, leaving the inside of the van free for the bedroom suite and/or other merchandise. The carrier has enabled me to use a small van instead of a high-cube, dual-wheel truck approximately 25 percent of the time."

Grantz developed two types of fiberglass units and had a mold made to produce them. One type is attached to a carrier and can be used on Ford, Chevrolet, and Dodge vans. The other, which can be used on Ford vans, is attached directly to the rain trough, and gives the van a streamlined appearance.

"The units are made of fiberglass with a full, solid floor and are water proof," added Grantz. "They are designed for the least wind resistance and as far as I can tell, there is little difference in gasoline consumption when they are used."

Both models are priced at \$895 each. For more information, contact Ray Grantz at Home Furniture Rental Company, 1320 E. Central, Wichita, KS 67214, (316) 265-6266.

Editor's Note: Send photos and descriptions to PROGRESSIVE RENTALS, 1866 InterFirst Tower, Austin, TX 78701.



Bigger and Better Than Ever

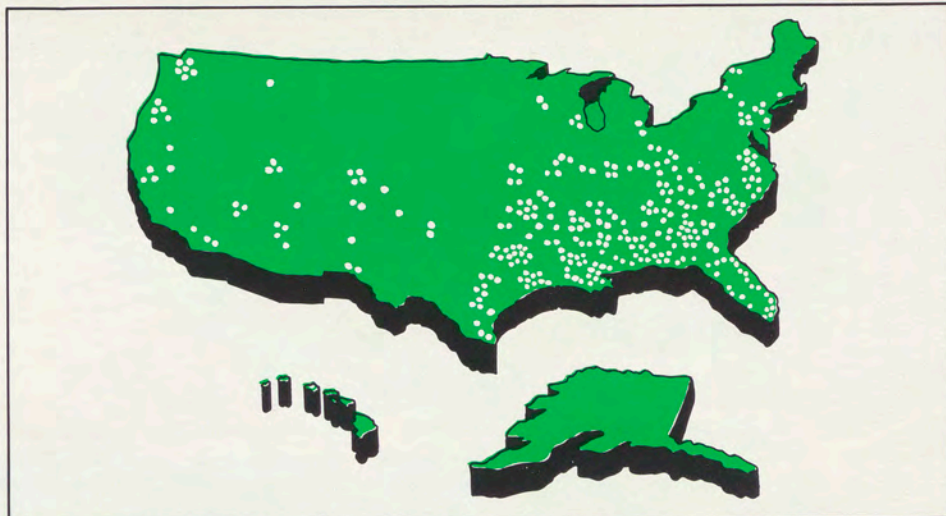
ColorTyme, Inc. bills itself as "the nation's largest rent-to-own system," and it is. ColorTyme is a pure franchise system with 108 separate franchises currently operating 428 stores in 42 states. (There are three company owned stores, but these are used primarily as training centers for franchisees.) It is the only exclusively rental-purchase chain that carries its own product line, ColorTyme brand TV sets, manufactured by Harvey Industries in Athens, Texas.

The success of the enterprise is due in large part to the strength and loyalty of the dealer network. While there have been occasional falling outs over the years, for the most part, older dealers remain firmly committed to the program and new dealers are quickly indoctrinated with the belief that the system works to everyone's advantage.

"The World of ColorTyme," the theme of this year's dealer meeting in Maui (see accompanying box), is made up of three parts: the company, which provides information, guidance, and assistance; the dealers, who provide the spirit, support, and effort; and the exclusive line of ColorTyme brand home entertainment products. A quick look at the numbers shows that the combination has been a successful one.

In early 1985, the ColorTyme system boasted a total BOR of 328,000 units, and Steve Easley, chief operating officer of the company since August 1984, estimates that the system has at least a 15 percent market share of the nation's TV and appliance rental-purchase business. These figures translate into over \$230 million in rental revenues annually for all franchisees combined.

THE SUCCESS OF THE ENTERPRISE IS DUE IN LARGE PART TO THE STRENGTH AND LOYALTY OF THE DEALER NETWORK.



ColorTyme, Inc. projects 1500 stores by 1990. Shown are locations of existing 428 stores in 42 states.

WILLIE TALLEY: RENTAL-PURCHASE PIONEER

To a certain extent, the ColorTyme story is also the Willie Talley story. Many rental dealers throughout the country, large and small, learned the business originally from Willie or his brother, Ernie. The two brothers are actually credited with beginning the business in the United States in Wichita, Kansas back in 1959. Willie and Ernie began in Wichita with a retail appliance business and it grew to the largest appliance store in the city. Based on their experiences in the retail trade, they noticed a number of customers who could not pay cash or arrange credit. Willie credits Ernie with the idea of renting used TVs with an ownership plan to some of these customers.

In 1964, Willie joined the Curtis Mathes Corporation as a district manager, selling Curtis Mathes products, setting up new franchise dealers, and teaching some of his customers the rental business. During the next 10 years while working for Mathes, Talley's district was ranked number one in sales in the nation for 9 of those 10 years.

In 1974, Talley moved to the Mathes corporate offices in Athens to set up a national rental program for the Mathes franchisees. Talley's responsibilities as head of the new rental division included training as well as helping with financing. During this period, Talley was conducting rental schools 1 week each month, teaching the rental business to Mathes dealers as well as independent dealers. By 1978, Talley had set up over 500 Mathes dealers in the rental business. In addition, he had over 100

independent dealers who were doing strictly rental, with no retail. He continued to sell product to all of these dealers as well as assisting with financing. In those early days of rental, Mathes was manufacturing a separate brand for rental, Rutherford, and the Rutherford brand was all that many dealers could get.

Slowly but surely, Talley began to recognize the opportunities and potential available in this infant industry of rent-to-own, not as an add-on to retail, but as a stand-alone concept. All of the independent dealers Talley had trained, and was selling product to, were operating under different names, and generally "doing their own thing." Talley thought that if he could organize these dealers—give them a common name, store design, advertising, and training—he could improve profitability for all of them.

In March 1979, the Curtis Mathes company formed ColorTyme Distributing, as a wholly owned subsidiary, naming Talley as president. That same month, Talley immediately called a meeting of 40 of his best independent rental dealers to approach them with the idea of a distribution network with all the stores operating under the one name, ColorTyme. Of the 40 dealers at the meeting, 39 supported the idea and converted their stores. Overnight, the ColorTyme system was born with over 130 outlets owned by those 39 dealers.

The first ColorTyme dealers led a spartan existence by today's rental standards. Some of the old timers, Burt McCann and Steve Easley, remember when all they had in their stores were Rutherford TVs and stereos. There was one 19-inch unit, two console models, a combo and a stereo unit. These first

Willie Talley
President
CEO



Steve Easley
Chief Operating
Officer



stores had nothing else, but regularly grew to respectable BORs and turned a profit for the owners. The early dealers instinctively recognized the potential of the rental business. Talley's organizational talents got the concept off the ground and helped them realize it.

Under the distribution network, the new ColorTyme dealers bought product from Curtis Mathes and, in addition, purchased store design materials, advertising, and marketing aids using the common name. The distribution scheme proved successful, and by 1980, the ColorTyme organization had grown to 287 locations, most of which were owned by the original 39 dealers. These dealers, while supportive of the distribution system overall, were soon chafing at its inherent limitations.

The Mathes companies' money came from selling TVs and ColorTyme dealers were restricted to buying Mathes product. Dealers clamored for flexibility—different brands of TVs and expanded product lines. Other rental dealers were

beginning to carry washers, dryers, freezers, stereos, etc. — the entire range of appliance rental items. ColorTyme dealers wanted a piece of the expanding business.

In early 1981, Mathes moved its corporate headquarters from Athens to Dallas. Not wanting to make the move and seeing an opportunity to expand the ColorTyme dealer structure several ways, Talley purchased the assets of the Mathes' distribution company for \$2 million and formed ColorTyme, Inc.

As long as he was a Mathes employee, Talley's primary objective was to sell product for the company. As soon as he became owner of the rental enterprise, however, he started making other things happen. As an example, when he bought the company from Mathes, there were 270 stores in the distribution chain. The next day, Talley cancelled 60 of these outlets for failing to maintain the standards he demanded of his dealers. These 60 stores accounted for only 4 percent of rental revenues and simply were not pulling their weight.

Already in 1985, the organization has added a dozen stores and plans on having 550 franchise outlets by the end of the year. Long range planners at ColorTyme think 1500 stores are possible in the next 5 years, with the rental industry as a whole capturing 25 percent of the TV and appliance business in the country.

A single example can be taken to show the dramatic growth within in the organization. Bob Hardesty, with stores concentrated in the Southeast, began buying from Talley in 1975 when he had three stores and a total BOR of 1820 units. Today he has 65 stores and is the largest, single ColorTyme franchisee. He has plans for 90 stores and a BOR of over 38,000 by the end of the year.

Other major franchisees have similar success stories. Dan Rudden and partners, operating in selected markets nationwide, controls 55 franchise outlets; Burt McCann, with a focus in southeastern markets, has 26 outlets; Don Clark, in the Southwest, has 30 stores, and Dan Royall has 18 outlets. All have expansion plans similar to Hardesty's.

All of this growth has come during a time of enormous general franchise expansion. There is enormous competition among franchisors in the fast food, specialty retail, and other markets, for the entrepreneurs who are drawn to franchise businesses. Despite the competition for entrepreneurial dollars, ColorTyme has never advertised its program and still gets 15 to 20 inquires per month.

COLORTYME CONVENTION

One of the advantages to being a ColorTyme franchisee is the chance to attend the annual ColorTyme dealer meeting held at such exotic locales as Honolulu, Las Vegas, or Lake Tahoe. The festive atmosphere is the company's way of saying thank you to the dealers and letting them know how important they are to the success of the organization.

The 1985 dealers meeting was held recently on the Hawaiian island of Maui, and 400 ColorTyme dealers and family members were in attendance. Also there, at the invitation of ColorTyme, was APRO Executive Director and General Counsel, Ed Winn III.

Winn reports that the meeting was truly spectacular, and ColorTyme really pulled out the stops to show its dealers a good time. During the week-long show, there were breakfasts, cocktail parties, picnics, and banquets served Hawaiian style for the dealers.

In addition to the social functions, dealers had a chance to catch up on the latest developments in seminars on various topics: advertising, franchising, legal, and labor relations. They had a chance to see the latest products available through ColorTyme as 14 manufacturers and suppliers to the company set up exhibits in the hotel.

At the general session, dealers had a chance to see excerpts from the new advertising campaign and to meet Steve Carlson, TV personality formerly on "General Hospital," who is featured in the new commercials. They also heard progress reports from Talley, Easley, Arnette, Thompson, and other members of the corporate team.

Bob Hardesty gave an inspiring presentation about what made his company, DEF, Incorporated, successful. He used as his theme the letters in his company name: *Desire*, *Effective* planning, and *Finding* the right people. Hardesty also explained why he was not going to add furniture to his TV and appliance outlets. After listing two dozen problems with adding furniture, he added, "I might as well start selling hamburgers in my stores."

Tim Rudden, with stores in Wisconsin, won this year's golf tournament, and ColorTyme also gave the first annual Million Dollar Table awards to the franchisees who purchased the most product during the year.

As an added advantage to being part of the ColorTyme team, the annual dealers meeting does wonders for morale. Easley asserts that for 2 months after every meeting sales soar and the entire company is on a high. No site was announced for 1986, but Talley promises someplace exciting and he hopes to see 550 people at the next meeting.



Throughout the rapid growth of franchise outlets and a sizable turnover in personnel at the franchise headquarters, Talley, with his soft-spoken manner, has maintained a steady influence on the entire organization. Talley admits that he has not worked in a rental store since 1959. His preference and expertise lies in his ability to work with company owners. Talley's talent for keeping entrepreneurial spirits together and aimed in the same direction has bred an incredible loyalty among the franchisees. The feeling at the ColorTyme meetings is definitely one of family, with Talley as the quiet and controlled father figure.

THE HOME OFFICE

Much of what is propelling the current surge at ColorTyme is the new team that Talley has assembled at the home office in Athens. At the head of the team is Steve Easley, a Texas-based franchisee, who took over as chief operating officer in March 1984. Easley was one of the original 39 independent dealers who joined with Talley to create ColorTyme back in 1979. Easley had been in the oil field trucking business and had been a corporate troubleshooter in a variety of different industries such as the concrete business and the oil business before discovering the rental business.

Actually as Easley tells it, his own CPA brought the business to him as a potential investment and says Easley, "I owned two rental stores before I even saw my first one." What Easley did see was an evolving industry with room at the top. Very quickly, Easley determined that, in 5 to 7 years, a dedicated

businessman could rise to the top of the trade. And Easley has done just that.

According to Easley, the industry has developed in three stages. First came the rental operators, former employees of the original developers of the business who struck out on their own. This wave began with store employees who knew the business from the ground up. All had operational expertise, but limited capital. How far they went depended upon their organizational talents and their ambition.

The second wave came a few years later when working entrepreneurs with no previous rental experience, but good capital resources, discovered the business. People in this wave saw a business opportunity, invested, and through working in and running stores, figured it out on their own. This wave occurred at a time when the business was still forgiving to new entrants.

The third, current wave, involves successful business people in other industries who have "gotten the word about the rental business," according to Easley. These latest investors are often people entering into the business without any rental background, but are well capitalized. They are starting out with larger organizations and growing at a faster pace than the other waves. The key to this wave is good training and marketing information along with guidance and help in choosing qualified operations personnel. Some investors from this latest wave are doing it on their own and some have found a home at ColorTyme.

Some of these latest entries into the rental market outside the ColorTyme organization have retail backgrounds. Easley expresses a real concern that some of these new owners will apply "price" advertising tactics to the rental business adding justification to the accusation that rental advertising is misleading.

For a while, Talley continued to manage the organization as a distribution company, buying product from Curtis Mathes and selling it to his dealers. The chain continued to grow and 1 year later there were 330 stores. He soon recognized the advantages that a franchise system would offer over a distribution system, and in April 1982, Talley went into the franchise business. The first official franchise outlet was in Las Vegas. Of the 330 stores in the distribution chain, 280 converted to the franchise program.

Talley's idea for a franchise program was to help dealers in four areas: advertising, training, financing, and product.

LONG-RANGE PLANNERS AT COLORTYME THINK 1500 STORES ARE POSSIBLE IN THE NEXT 5 YEARS, WITH THE RENTAL INDUSTRY AS A WHOLE CAPTURING 25 PERCENT OF THE TV AND APPLIANCE BUSINESS IN THE COUNTRY.

Indeed, the early franchise agreement worked much like the current version. Talley used the clout of multiple stores to buy product. He passed the savings along to the dealers at a modest markup and these funds were used to develop the other facets of the program—training, advertising, and the like. Talley continued to help with financing by working out a deal for the franchisees with Borg-Warner Acceptance Corporation. By January, 1984, the number of franchises had grown to 385.

1984 was a big year for ColorTyme as the ranks both decreased and increased during the same year. After a mutual agreement between Talley and Jim Graham, a major franchisee, Graham pulled out of the ColorTyme organization in early 1984. Shortly thereafter he purchased Remco Enterprises from Chuck Sims (see THE APPROACH, March 1984). Despite the Graham pull-out, deleting the organization's numbers by 70 stores, the program continued to grow since ColorTyme added nearly 100 stores during the year, with 20 percent of the growth coming from new dealers and 80 percent coming from old dealers expanding their operations. By January 1, 1985, ColorTyme boasted 418 stores.

"We encourage promotions properly disclosed," says Easley, "but discourage 'price' advertising. A lot of our current problems stem from customers saying they were misled. Why compound their argument?"

This kind of insight coming from Easley has helped generate new enthusiasm throughout the ColorTyme organization and helped reorient the direction of the company as a leader in

the rental field. Easley has recently divested himself of all but one of his franchise stores in order to devote his full attention to helping the company grow.

Easley asserts that his goal going in to the rental business was not merely to run a chain of rental stores, but, rather, to help shape the industry as a whole. From the ColorTyme perspective, his role as chief operating officer has resulted in a renewed commitment to the franchise structure. Indeed, all of the franchisees seem to feel the renewed commitment coming from Athens, and the effort is clearly visible in all areas, from training to advertising to purchasing.

An essential member of the ColorTyme home office team is Sandra Blackwell, currently assigned to the franchise department. Blackwell is responsible for the ColorTyme franchise program's compliance with various state and federal franchising laws. Blackwell originally interviewed with Curtis Mathes, Jr., to go to work for "a new company we are organizing." Mathes put her on the Curtis Mathes corporate staff, and among other things, she helped organize the original ColorTyme Distributing Company. She has been with Talley and ColorTyme ever since. During her years with the ColorTyme organization, she has served in various capacities from media director/advertising advisory committee member to legal liaison both for franchisees and corporate counsel in regard to litigation, as well as for ColorTyme's legislative efforts (in association with APRO) on state and federal levels.

"The growth of the ColorTyme network and simultaneous recognition of the industry has been a memorable experience," explains Blackwell. "ColorTyme is becoming quite a large organization and we each strive to provide professional responsibility in various services to our franchisees and, at the same time, to maintain our extended-family feeling because that's what sets us apart from other franchisors."

COLORTYME PRODUCT

Another relatively new member of the ColorTyme home office team is Jim Thompson, vice-president of sales and product development. Thompson came to ColorTyme with a strong background in both retail and rental. "I've grown up in this business," says Thompson. For 4 years previous to joining ColorTyme, Thompson ran eight



ColorTyme, Inc. distributes product nationwide.

rental stores with partners on the West Coast.

"What they wanted here," he says, "was someone who had actually been out in the stores, delivering and buying product, and having to deal with their own customers—someone who knew what that person in the store was going through."

Thompson's job is to get product from the different manufacturers that supply ColorTyme and get it to the franchisees. Thompson cuts deals for product with different manufacturers and lets his dealers know what is available. There are three WATS lines in the home office so dealers can call in and place their orders. Most deliveries to the stores are made factory-direct or from distributors. There is no warehouse facility in Athens, although lately Thompson has been stockpiling VCRs to be sure to have enough on hand to take care of a ColorTyme spring promotion involving TVs, VCRs, and blank videotape.

In addition, Thompson says he has most recently been negotiating with three different manufacturers to assure a steady supply of VCRs for his dealers. Thompson recognizes that VCRs have been notoriously hard for dealers to get during the past several months, and he is determined to solve the problem for his dealers.

Thompson notes that for every decision to purchase that he makes, he has the entire dealer structure second-guessing him. "Our strength is in our numbers," says Thompson, "and they are extremely good businessmen. They do not hesitate to tell you what they want, how much they want it for, and if they can get a lower price. We have some people with 70 stores now, who can buy as well as almost anyone—in large volume—and they will tell you what they want. But they still buy 100 percent of their merchandise from ColorTyme in Athens."

Interestingly, in 1984, 60 percent of the televisions sold to ColorTyme dealers carried the ColorTyme brand



name. ColorTyme TVs are manufactured by Harvey Industries in Athens, the same plant that manufactures Curtis Mathes product. Harvey builds this product around NEC chassis. Thompson predicts that the ColorTyme brand could capture 70 percent of sales in 1985. ColorTyme dealers in Maui applauded when they learned that Harvey Industries announced plans to debut a high-end VCR shortly.

Thompson notes that the company has had a 25 percent increase in sales during the past year and predicts similar figures for 1985. At the same time, Thompson told the dealers in Maui that since 1983, the average cost of product to dealers has gone down by nearly \$77. These two figures translate into more business and bigger profits for franchisees.

In addition to expected increases in VCR sales, Thompson notes that demand for stereo rack systems has been high. "A lot of people are saying how

much the rack business has slipped. Well, ours is just growing by leaps and bounds," says Thompson.

"The largest increase though has been in white goods. In some stores, up to 45 percent of the business is in white goods," according to Thompson, "with the largest portion of that business in washers and dryers."

Thompson reports that ColorTyme has only done some furniture. "Furniture does not really fit in our stores, in most cases," says Thompson. "There are problems with back-up, extra warehousing, larger vehicles for deliveries, and the need for touch-up people." Thompson adds that for furniture rental to be successful, the dealers need an adequate showroom. "If you take two 6-piece room groups of living room furniture and put it in an appliance store, all of the sudden it is a furniture store, a 1500 square foot furniture store," Thompson asserts. Thompson thinks a dealer needs a minimum of 3,000 to 4,000 square feet to carry furniture.

In considering furniture rental, Thompson is quick to give the rent-to-rent furniture companies their due. "They are specialists in that business and they are big," says Thompson. "I have dealt with them out on the West Coast and they are very good at what they do."

Overall, Thompson sees a bright future for ColorTyme and the TV and appliance rental industry generally. With his focus on product, Thompson predicts that portions of the rental industry will evolve toward retail. For example, Thompson thinks that people in the rental business are going to have to start pitching the features of their merchandise to a greater degree in order to be successful.

"Dealers are going to have to be more aware of their products—what they will do for their customers," says Thompson. "It is no longer enough to answer the phone and say, 'I have a 19-inch television for X dollars.' You are going to have to be well-versed in the whole product line of the manufacturer."

COLORTYME TRAINING

A vital aspect of any franchise operation is its training program. A well-managed and on-going system of letting franchisees in on the business "secrets" developed by the franchisor sets a franchise apart from its competitors. The ColorTyme organization has a history of training back to the days when Willie Talley himself ran schools for rental dealers for Curtis Mathes.

MUCH OF WHAT IS PROPELLING THE CURRENT SURGE AT COLORTYME IS THE NEW TEAM THAT TALLEY HAS ASSEMBLED AT THE HOME OFFICE IN ATHENS.



Continuing the tradition is Joe Arnette, vice-president of franchise development and training, who has been at the corporate office since August 1984. Arnette has brought a strong background in store operations and a firm commitment to sound training to the ColorTyme system. For example, during 1984, there were 20 training schools held in Athens and a total of 250 franchisees and employees took the course.

Arnette has 28 schools scheduled in Athens during 1985 as well as a "Rental Professional" course to be taught in the field. Arnette hopes to train 600 people in the ColorTyme system this year. In addition to formal training, Arnette has instituted a system of site location support.

"We have field people go out and call on the franchisee," says Arnette. "The great benefit of these visits will be improved communications and better service to the franchisee."

Arnette says that a primary thrust of the ColorTyme training involves learning about positive reinforcement. It underlies how the company wants its dealers to treat both customers and employees.

"Our customers, let's face it, face a lot of negative situations and don't get a lot of positive reinforcement. What we work on in our schools," says Arnette, "is teaching people how to give positive reinforcement."

The program also provides some basics in business management. "Most of the time, people who are rental center managers really haven't had any supervisory skills training. They were probably good account managers who got promoted. Half of our rental manager course is aimed at providing supervisory skills based upon the same positive reinforcement techniques that we use in our customer program."

Ron Harris
Senior V.P.
& Comptroller



Jim Thompson
V.P. Sales



Joe Arnette
V.P., Franchise
Development
& Training



Jack Burke
V.P., Advertising

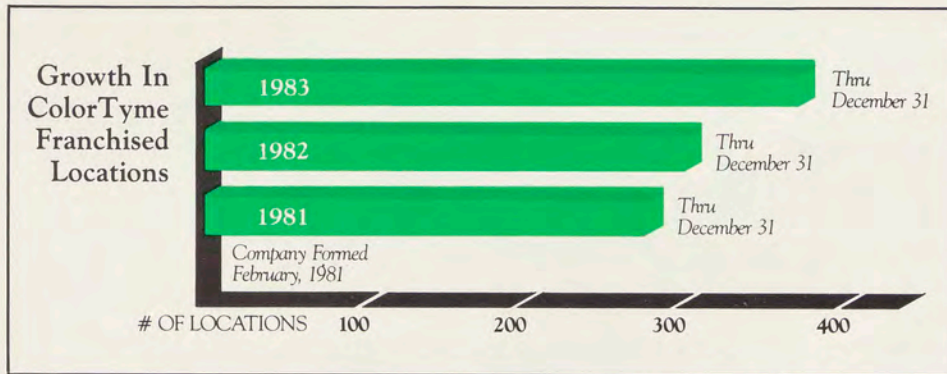


Sandi Blackwell
Director
of Special
Projects



Wayne Atchison
V.P., Franchising





THE FRANCHISE

When the home office is ready to put a store in a new market, it does everything possible to assure that the new store will be successful. Although shared by the whole home office team, much of the responsibility for the success of start-up falls on the shoulders of Wayne Atchison, vice-president of franchising.

A great deal of planning goes into the opening of a new store. Location of a rental store is crucial in the business and ColorTyme knows the importance of location. While the final responsibility for site location rests with the franchisee, ColorTyme has a vast array of demographic, psychographic, and planning resources to assist with the selection process. ColorTyme has profiles for all 428 current locations and can compare potential sites with similar demographic profiles for existing stores.

It is a complicated process, according to Atchison, with many variables. In addition to the potential site itself, Atchison says he also must "run projections, evaluate the franchisee, his ability, and his marketing plan. We look at his ideas and then we try to match the site with the franchisee."

Atchison feels the strength of the organization is in the home office's relationship to the franchisees. "Anybody out there has direct and instant access to anyone in this corporation, and I don't mean we will call you back tomorrow," says Atchison. "We strive for as direct an access as is humanly possible."

There is no typical franchisee, according to Atchison. They are business people who, with a relatively small investment, can get into a business with a high likelihood of success and "where they can be their own boss, which is the American dream," says Atchison.

Prospective franchisees most often approach ColorTyme with a specific site in mind. Most people want to operate a business in their home town, according to Atchison. He provides prospec-

tive franchisees with a great deal of information about the organization while at the same time trying to get a feel about the person. Atchison is looking for a sense of compatibility among the organization, the person, and the desired market. There is a certain amount of "feel" that goes into the process.

Atchison is as high on the future of the rental industry as anyone. "I think what we all have waited for was for renting to become a universal and more acceptable form of securing goods, and I think we have arrived at that point," asserts Atchison.

As an example of his confidence in the business, Atchison reported at the Maui meeting that his office has identified 778 markets in the United States that would support new ColorTyme outlets, and he acknowledges that he has identified another 200 that he has not completed the research on.

SPREADING THE GOSPEL ACCORDING TO COLORTYME

The glue that holds many franchise operations together is the advertising/merchandising plan. The responsibility for that segment of the business falls on Jack Burke, vice-president of advertising. Before coming to ColorTyme, Burke worked for Tracy Locke, one of the major Dallas ad agencies.

Burke's job is to help develop ad campaigns for the company and to see that dealers have the materials necessary to carry out the campaign. "My job entails developing effective advertising and bringing continuity to ColorTyme's public personality," says Burke. "I also have responsibility for a warehouse that we have here in town which primarily ships out store fixtures, advertising materials, and forms used in the stores."

As with all advertising, there is a certain amount of inspiration, and even art, when developing successful rental campaigns. Burke gets help from an advertising advisory committee made up

of key franchisees and he also makes good use of consumer focus research groups to gauge advertising effectiveness. These are examples of the kind of effort and research that go into ColorTyme advertising. Even then, not all campaigns are successful.

"We did a series of spots with miniature furniture coming out of a telephone and another spot had a miniature store," recalls Burke. "We thought it would get the attention of viewers, but the response from consumers was, 'We don't want you to do that. That looks like tinker toy stuff. What we want to see is the real live merchandise. We want to see that TV and we want to see that stereo'."

By contrast, the recent three-for-one ColorTyme promotion has been very successful for the dealers. The campaign, launched in mid-February, advertises a TV, a VCR, and a blank VCR tape at a special rental rate.

Overall, the advertising strategy according to Burke is to get the company noticed. "We want to be seen, and then we want to be seen as a reliable company to do business with." Unveiled at the Maui meeting were a series of new radio and TV spots with the catchy jingle, "Get what you want at ColorTyme." This theme, carried through with variations in a half dozen different spots, is an example of the kind of consistent advertising image and message the company is trying to develop for its dealers.

If TV advertising propels the industry, Burke also recognizes the importance of attractive store designs and in-store merchandising. "We do have a very high percentage of our business coming in over the phone, but we are getting more and more walk-in traffic attracted to the store because we are getting better locations and better looking stores," notes Burke.

CONCLUSION

The new ColorTyme team that Talley has assembled is enthusiastic and dedicated. The company is aimed directly at a rapidly expanding future. Current dealers are happy with the progress being made and look for more and better service as the structure continues to expand. ColorTyme is a giant in the industry and, from the looks of things in the home office, ColorTyme leadership is determined to maintain that position.

Ed Winn III is the executive director and general counsel of APRO and a frequent contributor to PROGRESSIVE RENTALS.



SATISFY YOUR CUSTOMERS WITH FURNITURE

Bud Varas is executive director of Associated Furniture Distributors (AFD), the oldest furniture distribution organization in the United States. AFD members operate 30 warehouses across the country.

Almost every adult is aware of the "better things in life," regardless of his income or environment. Most of us strive to achieve these better things. Television has shown us beautiful rooms in elegant homes via such programs as "Dallas" and "Dynasty."

Basically, there are two categories of people in this country. **Category 1:** People with excellent jobs, or two-job families, with bank associations and fair to excellent credit have the advantage of purchasing the furniture they desire with cash, short-term notes, or standard loans. **Category 2:** There are millions of good people with good intentions and morals who have a job with some kind of income, but who have never had the opportunity to own nice furniture and they *want* to own that nice furniture. These are prime rent-to-own furniture candidates, just as they are for other home products.

Rent-to-own stores and organizations have learned to satisfy the TV, stereo, and appliance needs and desires of the latter group of people. You have supplied them with quality, value, service, enjoyment, and satisfaction! With but a few exceptions, you made your customers happy. They rented-to-own from you.

Furniture presents you with an opportunity to achieve profitable volume because you are professionals in rental-purchase. You know the basics of your business, however, furniture products will challenge you as it is primarily a "blind item."

The caveat, "let the buyer beware," applies to furniture more than it does to a stereo, refrigerator, or TV. You must protect your customers who rent furniture with the same quality, value, service, enjoyment, and satisfaction as you do with all of your brown and white goods.

The challenge you face with furniture is primarily one of selecting your sources very carefully. Good resources assure your customers of enjoyment and satisfaction, assuring you of growth plus volume and profit. The continued profitable growth of the rental-purchase industry depends upon customer satisfaction. Do not jeopardize the tremendous growth you have earned, and the fantastic growth potential of home furnishings, by buying furniture just because the price is cheap.

When you enter the furniture market, there are many considerations and decisions you must make to continue to provide that quality and service your customers have come to expect.

How do you select a furniture resource that achieves what you need to fill your rent-to-own orders immediately? Is the resource one that assures you of quality and value? Does the resource have prompt follow-up service to guarantee you and your customer lasting satisfaction and enjoyment?

Also, do you really know what it costs to handle furniture inventory? I would venture a guess that only in a few cases has anyone analyzed his entire costs to accurately assess his profit.

In the following four areas, consider the listed items which contribute to the costs of carrying furniture.

Warehouse Space:

1. Consider the cost of building or renting
2. Real estate taxes
3. Insurance on the premises
4. Maintenance of the space including utilities
5. Repair.

Required Equipment:

1. Tools
2. Racks
3. Wrapping and shipping equipment, supplies.

Employee Considerations:

1. Salaries
2. Fringe benefits including social security, insurance, workmen's compensation, and unemployment tax
3. Absentee problems
4. Possibility of injury and subsequent claims
5. Possibility of unionization.

Merchandise Considerations:

1. Interest on the items
2. Cost of odd pieces which accumulate
3. Cost of out-of-stock items or time lost waiting for re-orders from manufacturers
4. Obsolete or slow-moving goods which require a markdown
5. Freight costs
6. Damages while in transit or in-house
7. Finding defects and the cost of handling and correcting them
8. Possibility of theft or loss by fire
9. Insurance on the goods.

Have I missed any? Undoubtedly, yes. These are, however, significant cost-related items. Any one, or a combination, of these items can contribute to the cost of maintaining furniture as part of your inventory. Outside of the cost of the furniture, the handling of it is, by far, the largest single expense item to rental dealers.

A furniture distributor can be a problem eliminator for you. A distributor may help eliminate inventory mistakes which improves your cash flow. Keep furniture a profitable addition to your store with proper resource knowledge. By considering all the angles in buying and renting, you will keep your customers satisfied.



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Telemarketing
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Product Information
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Meagan Burrows
National Sales
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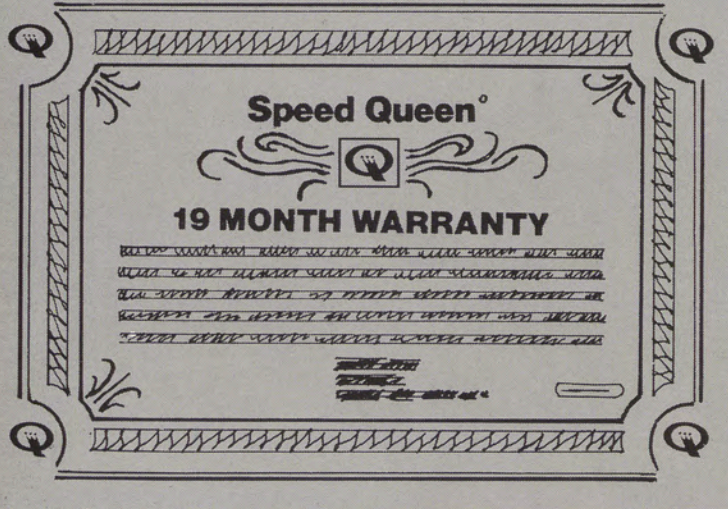
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