

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

Progressive Rentals

Employee Hiring

Avoiding the bad apples



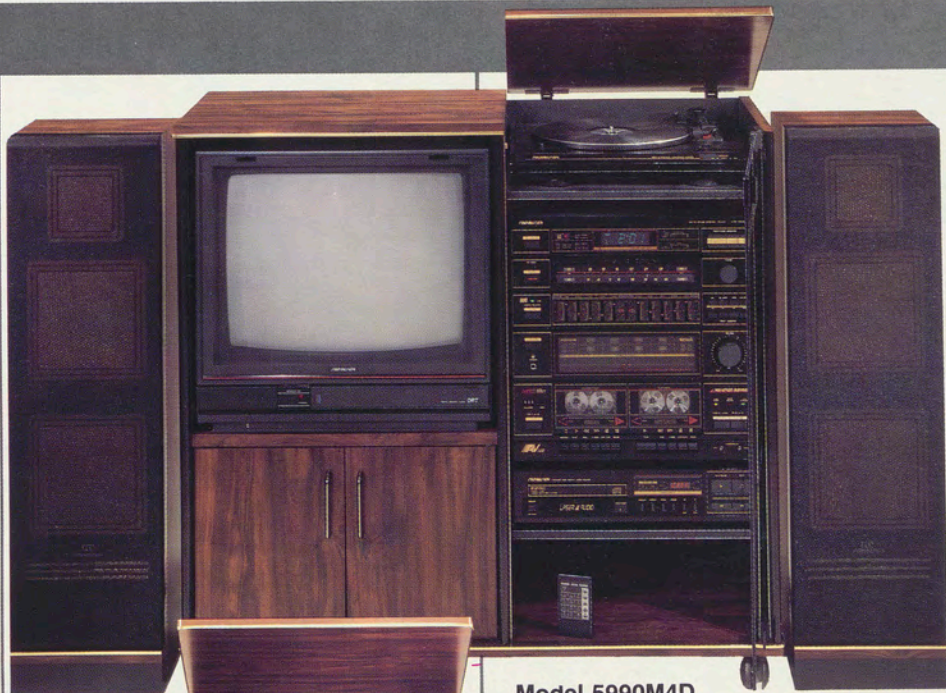
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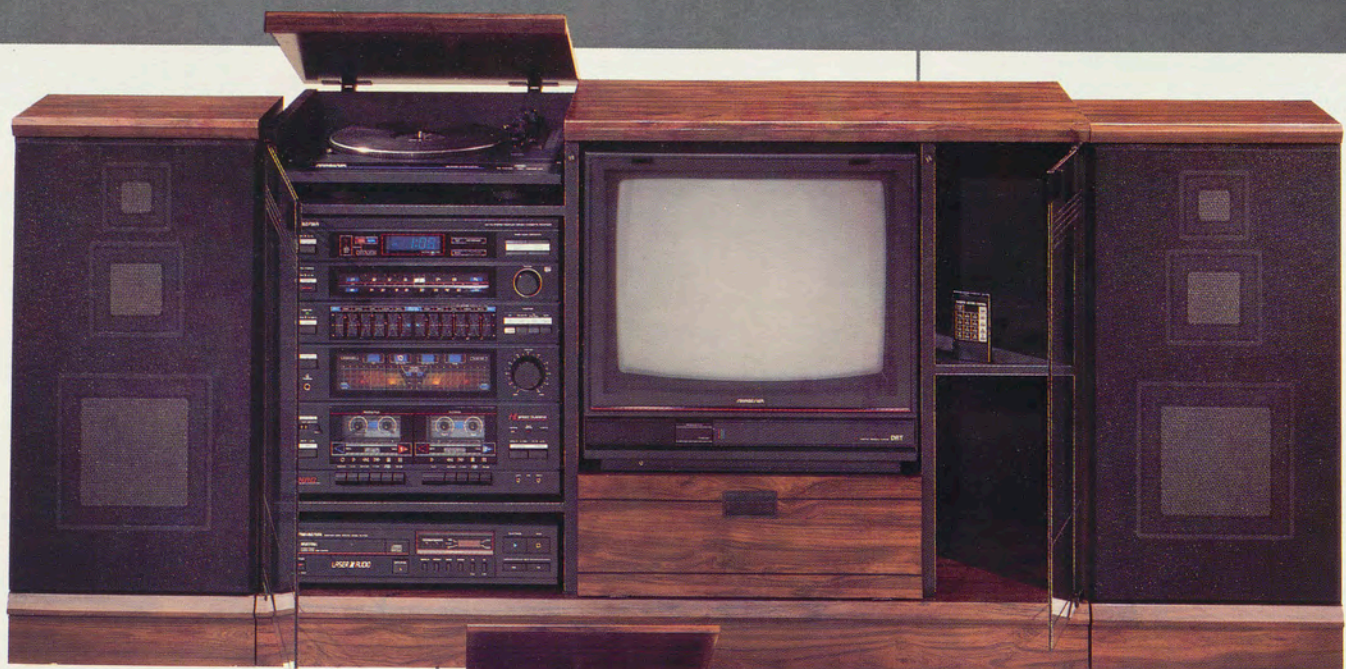
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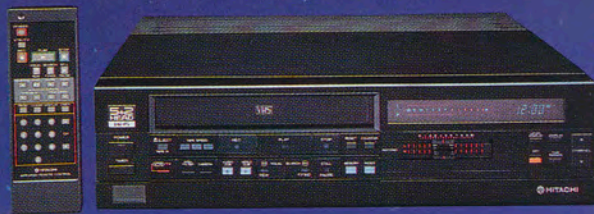
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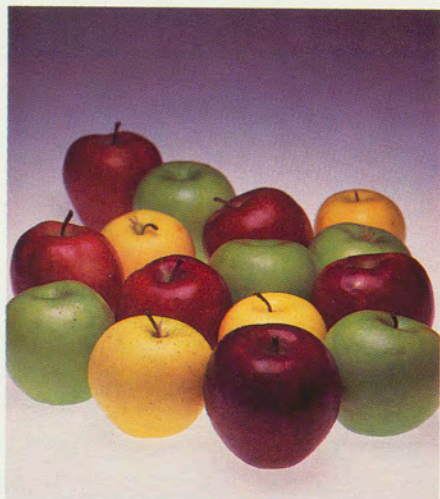
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ON THE COVER: In the heat of interviewing for new employees, the candidates may appear to be so many apples lined up for inspection. How to determine which candidates are the bad ones before you hire is a vital process for employers. The blemishes of potential employees may not be readily visible, and a shiny surface may convince you to hire the wrong person. The story on page 8 gives helpful hints on effective hiring practices so you can avoid selecting the bad apples.

COVER PHOTO BY:
Gary Russ

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Whether you are operating a nationwide chain of rental stores or a single store in a small town, hiring new employees correctly is as important as having the right merchandise. Here, hiring experts report useful tips for selecting employees.

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Stress is the malady of the eighties and more and more people are turning to drugs and alcohol to cope. Increasingly, employers must tackle the problem of substance abuse by employees. Here are some do's and don'ts that may surprise you.

20 RENT-TO-OWN STATUTES: A COMPARISON AND ANALYSIS

Four states passed legislation in 1985 regulating certain consumer rental or lease transactions. APRO's general counsel provides an in-depth look at all four statutes and how the regulations are affecting RTO businesses.

37 MAKING VCRS EASY TO USE

Video is a hot topic in the electronics industry, but demonstrating the products to customers can be intimidating and frustrating. A rent-to-own store manager shares some tried and true ways to show VCRs to customers.

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THE EDITOR'S DESK

When APRO was formed six years ago, a formidable challenge lay ahead of the association. The rental industry was under siege by legal service types who were firing at the business from all directions. Despite APRO's dauntless efforts at the state and federal levels, a few dealers have fallen by the wayside, some have struggled back onto the road, while others continue to prosper now. Other industry achievements include the legislation in place in four states that favorably defines the rent-to-own industry.

It seems curious to some casual observers, and even to many dealers, that some owners have scores of troubles, while others whistle while they work. What causes such diversity within an industry that historically has proved a winner among small business enterprises?

Well, any thriving industry has its share of failures due to poor or nonexistent management. Rent-to-own is no exception. However, rent-to-own has an added dimension of problems in that there are those who watch closely and wait for you or one of your employees to trip in any number of ways. Ask yourself the following: Have I ever had a customer complain because he or she was struck by an employee? Have my route managers ever picked up merchandise before 8:00 a.m. or after 9:00 p.m.? Have any of my employees ever picked up merchandise with no one home or when only minors were present? If you answer yes to any of these questions, you are operating outside the law and are asking for a lawsuit that may not only cost you several thousands of dollars, but will likely put you out of business.

Put simply, the story goes like this. Employees of one dealer in state X routinely impersonate police officers to collect merchandise from nonpaying customers. The offended customers march to the local legal aid office and complain. The dealer is ultimately found guilty of misrepresentation, unlawful entry, and a host of other violations. The state fines the dealer \$20,000 and numerous settlements with individual customers are required. And so the ball gets rolling. Once attention is focused on these unethical collection practices, then other questions evolve as to the very legitimacy of the business. The attorney general's office steps in and all dealers doing business in state X are suddenly subject to a possible redefinition of their business—that could redefine them right out of business. This situation could happen, all thanks to the rash behavior of one dealer.

The folks whom I mentioned earlier who are waiting to hear of just such instances already think rent-to-own is the latest in consumer rip-off schemes. All your detractors need is more fuel for their cause and more additions to their report to your state's attorney general, then rent-to-own is no longer the great deal it started out to be. This can happen and it has happened very quickly.

APRO's efforts at the state and federal level have aided tremendously in diffusing such attacks from legal aid lawyers. A comprehensive discussion of statutes now in place due to APRO's coordinated efforts begins on page 20.

Yet, some dealers aren't even cognizant of the plight of those who have been hammered for poor collection practices and who are now working furiously to get state legislation in place that will allow them to continue doing business. It is unfortunate and appalling when dealers shrug off the potentiality of such a demise coming to their own doors. Dealers must realize that an across-the-board adherence to a code of ethics must become second nature. As illustrated, the actions of one dealer can easily impact hundreds of other businesses.

Make no mistake, rent-to-own has come a long way in carving a slot in today's consumer market. APRO and the general economy have a lot to do with it. APRO has significantly enhanced the public understanding of the contribution the rental industry makes to our economy. It is a viable business with an established identity and a record of service to a definite and growing segment of consumers. APRO is working to maintain what has been achieved thus far. It is imperative that dealers work with the association in order to take advantage of the wellspring of opportunity that rests in today's marketplace.

When you are called upon to fill out a survey, invited to a seminar, or asked for a contribution to a state or federal legislative effort, think twice before you shrug it off. No one else is out there defending your right to stay in business. But, there are plenty of others who are working to the contrary. Even from within, there remain those dealers who continue to vitiate the reputation of rent-to-own.

American farmers can do precious little to alleviate their current problems. Many have been forced out of business for reasons beyond their control. Yet, they have continually worked hard, stuck to the rules, and forged out a living while serving others.

The rent-to-own industry can do something to remedy its woes. And it seems so simple. Yet, we're far from rolling down our sleeves. Oh, that we could.

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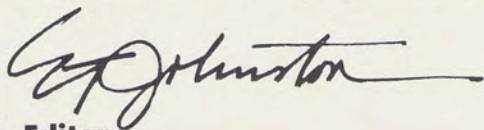
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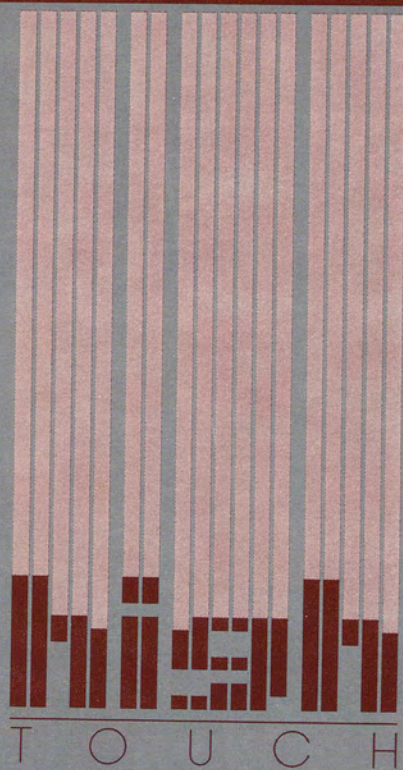
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— Editor

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W E S E T I T .

Selecting the Right Employees

Searching for new employees doesn't have to be problematic

Photo by Gary Russ



Avoiding the bad apples isn't always easy under the pressure of choosing new employees—some candidates stick out like this bad apple, while others require close scrutiny.

Whether you are operating a nationwide chain of rental stores or a single store in a small town, one principle remains steadfast: Your people *are* your organization. A business staffed by incompetent, discourteous employees will not survive, even if its prices are the lowest available and its products are of the finest quality.

Another principle also holds true: Good help is hard to find. Because of the industry's high employee turnover rate, rental dealers must be extraordinarily thorough when selecting employees. Although a "bad apple"

will occasionally slip through even the most foolproof hiring program, by carefully considering *who* they want and *what* they want, dealers will greatly reduce their chances of hiring unsuitable employees.

The Public

A common thread runs through every job in the rental-purchase store—the importance of working well with the public. Every employee, from delivery personnel to store managers, encounters customers on a daily basis.

If a customer feels he has been treated without respect, he probably will not continue to do business with the store.

It's an axiom that people can't be taught to like other people. When hiring for a public-intensive position, look for outgoing people, people who really enjoy knowing the customers' names. Also, check their past work history for other jobs and skills related to working with the public.

Steve Ernst, director of training for R-T-O stores based in Visalia, California, notes that it is sometimes difficult to determine if a potential employee will work well with the public. He suggests asking point blank questions: Do you get along with other people? How good a salesperson are you? How well do you communicate with others?

"It's a judgment issue," agrees Rozanne Flatt, APRO board member and noted personnel expert. "Number one, I try to see how they respond with me during the interview. Do they look me in the eye? Do they fumble with words? I ask for specific examples of situations they have handled and how they handled them."

Dealers listed several warning signals of a person's inability to interact with others:

- **Prejudice.** Anyone with an intolerance for others' race, religion, physical size, or other personal characteristics, should not be hired for public contact positions.

- **Shyness.** Bashful people often have many good qualities, but shyness can be perceived as rudeness. These individuals probably will not perform well with customers.

- **Bad temper.** Anyone who tends to "blow up" with little provocation should not deal with the public.

- **Poor work history.** An applicant may appear vibrant and outgoing, but if he has been fired from more than one previous position a hidden problem with human relationships may exist.

The Right Person

Although the rental store personnel structure differs from company to company, several positions and their qualifications are fairly standard throughout the industry.

Store Manager. "A manager should be able to make decisions while being considerate of the people affected by those decisions," says Dr. Michael Merbaum, assessment director of Psychological Associates in St. Louis. "Autocratic leaders may be somewhat effective in the short run, but in the long run they become considerably less so." Merbaum also lists maturity, responsibility, and reliability as important managerial qualities.

Communication and organizational skills are most important in a manager. A lack of managerial organization can lead to the death of a store.

Gary Wilburn, director of training for Universal TV Rental in Cincinnati, lists criteria for potential Universal managers:

- Ability to delegate
- Sales experience
- Collections experience
- Desire for a career, not a job
- An extroverted personality.

Wilburn suggests that dealers carefully investigate potential managers. "Recently I interviewed a candidate for store manager who had been assistant manager of a grocery store for fifteen years," he says. "It turned out that, although he had held the title of assistant manager, he had just been a go-between relaying messages from the manager to other employees. He had never really *managed* anybody."

Sales Personnel. Because salespeople are the employees who actually convince customers to rent, they are crucial to a store's success. Dealers' requirements for sales positions include:

- Excellent communication skills
- The ability to listen to and understand the customer
- A thorough knowledge of product operation
- Experience in related professions such as insurance and automobile sales
- An attitude that says "I'm your friend" without being perceived as false or condescending
- A strong desire to be successful in all areas of life.

Clerical/Support Personnel. "We call these employees 'rental clerks,'" says Gary Wilburn, "and they are the

continued page 39

Management Services Who's Who

Coordination is the key to operating a rent-to-own outlet. This requires a number of management services from insurance to point-of-purchase signs, to advertising and warranty programs. The following is an up-to-date listing of the management service companies that work with rental-purchase.

- American Bankers Insurance Group**
11222 Quail Roost Dr.
Miami, FL 33157
(305) 253-2244
Consumer protection plan and extended service contracts
- Arrow Communications & Marketing**
13848 Apple Dr.
Fruitport, MI 49415
(800) 854-3626
Portable, custom made signs
- Associated Personnel Technicians**
1650 E. Central
P.O. Box 1036
Wichita, KS 67201
(316) 264-0681
Psychological testing for rental employees
- B & F Systems**
2406 Emmett
P.O. Box 660036
Dallas, TX 75226
(214) 333-2111
Houseware premiums for rental
- Baker & Company**
14001 Dallas Pkwy., Suite 500
Dallas, TX 75240
(214) 661-1843
CPA, specializes in rental accounting
- Biggers, Patterson & Garrett**
56 Park Lake St.
Orlando, FL 32803
(305) 422-2481
Advertising agency
- Borg-Warner Acceptance Corp.**
5151 Beltline Rd., #334
Dallas, TX 75240
(214) 980-9892
Inventory financing
- Borg-Warner Vehicle Leasing**
P.O. Box 95189
Schaumburg, IL 60195
(312) 490-8402
Fleet leasing and management services
- Cable Call**
10324 S. Dolfield Rd.
Owings Mills, MD 21117
(301) 363-3000
Security systems
- Century 400**
17287 Mount Herrmann
Fountain Valley, CA 92708
(714) 957-0625
Upholstery and carpet cleaning equipment
- Color-Mail**
18590 Cranwood Ct.
Cleveland, OH 44128
(216) 475-8920
Print advertising
- Communications World Int'l**
445 Union Blvd., Suite 112
Lakewood, CO 80228
(303) 986-1414
Business telephone systems
- Corporate Communications**
3601 S. Huron
Inglewood, CO 80110
(303) 761-3822
Advertising agency
- Custom Interior Designs**
11733 Chesterdale Rd.
Cincinnati, OH 45246
(513) 771-5666
Custom store fixtures, displays
- Evans, Fernandez, Forgerson & Hurwitz**
14755 Preston Rd., Suite 731
Dallas, TX 75240
(214) 788-4511
Legal services
- General Electric Credit Corp.**
8131 LBJ Freeway, Suite 400
Dallas, TX 75251
(214) 231-5314
Inventory financing
- Geneva Corp.**
575 Anton Blvd.
Costa Mesa, CA 92626
(800) 854-4643
Financial services
- Identicator Corp.**
4051 Glencoe Ave.
Marina Del Rey, CA 90292
(213) 305-8181
Touch Signature security systems
- Independent Dealer Services**
P.O. Box 681
St. Louis, MO 63188
(800) 325-7389
Extended warranty programs
- Insurance Mart**
P.O. Box 12303
Jackson, MS 39211
(601) 956-5093
Rental property insurance purchased by renter; general business insurance
- JCM Consulting**
175 S. W. Temple, Suite 500
Salt Lake City, UT 84101
(801) 322-3700
Internal loss prevention security systems
- Ken Nay Advertising**
130 Tri-County Pkwy., #110
Cincinnati, OH 45246
(513) 772-5000
Syndicated advertising: radio, TV, print
- Media Marketing Assoc.**
1612 N. 2nd St.
Harrisburg, PA 17102
(717) 238-0283
Radio, TV, print advertising
- Model Display & Fixture Co.**
1405 E. McDowell Rd.
Phoenix, AZ 85010
(602) 258-6573
Store fixtures
- Psychological Associates**
8201 Maryland Ave.
St. Louis, MO 63105
(314) 862-9300
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San Diego, CA 92121
(619) 457-0711
Rental property insurance purchased by renter
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Rental business forms
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(401) 737-3200
Executive recruiting, locating sales and marketing personnel
- Smitherman-Williams Co., P.C.**
55 Waugh, Suite 500
Houston, TX 77007
(713) 863-0260
Rental accounting
- Southern Accounting Systems**
P.O. Box 3299
Muscle Shoals, AL 35662
(205) 383-2029
Rental record keeping system
- Stanton Quilting**
U. S. 52 N.
P.O. Box 8
Cheraw, SC 29520
(800) 222-7237
Furniture pads, hand trucks, appliance trucks, walk boards
- Strawberry Communications**
5050 Quorum, #360
Dallas, TX 75248
(214) 239-5699
Customer relations workshops—audio/video and on-site
- T-Buff Promotions**
17727 Junegrass Pl.
Parker, CO 80134-8924
(303) 699-0141
TV advertising
- TCL Insurance Agency**
P.O. Box 763398
Dallas, TX 75376-3398
(214) 298-0006
Rental property insurance purchased by renter; general business insurance
- TRIB Group**
6958 Main St.
Lithonia, GA 30058
(404) 482-2323
Buying group
- Tanenbaum Harber**
9165 Park Dr.
Miami Shores, FL 33138
(305) 751-9786
Rental property insurance purchased by renter; general business insurance
- Voyager Insurance**
P.O. Box 2918
Jacksonville, FL 32203
(800) 237-8314
Rental property insurance purchased by renter; general business insurance
- Westinghouse Credit Corp.**
4000 McEwen, Suite 201
Dallas, TX 75234
(214) 239-3691
Inventory financing



GETTING ON WITH BUSINESS

Rental dealers who have attended APRO seminars around the country have heard about the people who are the happiest in this business. It is not too simplistic to say that they are people who have a healthy instinct for profit and are entrepreneurially oriented instead of organizationally oriented. Successful dealers are interested in "getting on with business." They spend a lot of time focusing on the bottom line where their instincts and their motivations propel them.

To talk about people who are happy in this business indicates that there are people who are unhappy in it. To my mind, they are the people who use this business as a means of playing cops and robbers. Their sole mission is to catch and bring to justice those customers who seem intent on watching TV for free. They pursue this goal to the exclusion of most other aspects of their business, certainly with no eye firmly fixed on profits. It is important to bring thieves to justice, but if that is one's goal in life, there are callings better suited to the task than life as a rental dealer.

Of course, there is the real game of cops and robbers involving actual cops and actual robbers. Related industries associated with the real game—private detectives, criminal law, the burgeoning security industry, and others—ensure that someone is playing the game against some very bad people in the world, for whom stealing TVs is among the least of their sins.

The game is certainly a part of the RTO industry. There are customers who do not want to pay rent on their TVs nor do they want to give them back. Worse, there are customers who lie about the TVs being stolen, who move away with rented property without telling the dealer, or who

otherwise steal property they are renting.

Worse still, there are outright thieves in the marketplace who prey on the RTO industry much like bands of other professional criminals who prey on retail stores. With "malice and premeditation aforethought," they devise sometimes ingenious schemes to acquire possession of rented property with no intention of ever giving it back. There have been rings of thieves apprehended in cities who stationed their cohorts in pay phone booths to answer as relatives, employers, and other references when the store called. Dealers quickly learned to check with the phone companies for pay phone exchanges.

Rental dealers are more properly concerned with renting TVs, collecting the rent, and otherwise running a profitable business. Losses from skips and stolens in most rental companies run anywhere from 1 percent to 3 percent of gross total revenues. Dealers who spend more than 1 to 3 percent of their and their employees' time on the problem are misallocating their resources.

What is worse from an economic point of view is that these dealers could spend all of their time and money on the problem and not solve it. No dealer will ever reduce losses from skips or stolens to zero, unless he quits renting TVs. It is a part of the cost of doing this business. There are some \$5000 and even a few \$10,000 TVs sitting out there in rental customers' homes because some dealers tried too hard to get them back and ended up with costly lawsuits instead.

I do not suggest that dealers forego collections programs in their companies. In fact, I recommend that dealers have rigorous, tightly controlled collections programs. It is the only

way to run what is inherently a risky business. But there are limits. The happiest dealers have learned when to let go of a TV. They realize when they have been bested by a customer who had nothing better to do with his time than to figure out how to beat the system. What these dealers do is learn from those customers, tighten the ship some more to prevent another loss from the same scam, and get on with the business of renting TVs.

What the other dealers do is lie awake at night worrying over a lost TV, and, at worst, end up on the front page of the newspaper as the latest example of consumer abuse.

It is my hope for the new year that the industry attracts happy rental dealers, and that those who enjoy the game of cops and robbers will find callings that better reward their inclinations.

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or write: Joe Eason
Borg-Warner
Acceptance Corporation
5151 Beltline Road
Suite 340
Prestonwood Tower
Dallas, Texas 75240



Assessing the Washington Effort

November and December of 1985 held great promise for the passage of the APRO-supported amendment to the federal Consumer Leasing Act. Senate sponsors and supporters indicated that legislation, if sent from the House, could be quickly passed. In the House, Congressman Doug Barnard (D-GA) had hoped to hold expedited subcommittee hearings on a compromise package which was to be negotiated between industry representatives and Congressman Bruce Morrison (D-CT), the consumer spokesman in the House on these issues.

Unfortunately, Morrison was either unwilling or unable to find time to address this issue. After soliciting comments from interested parties, a meeting was held with both congressmen. Morrison had been presented with a compromise package that greatly expanded the disclosures and enforcement sections of the Federal Reserve Board proposal. This original package deleted a Morrison-suggested "disclosure." Morrison wanted the difference between the cash price of rental property and the total rental payments necessary to acquire ownership calculated and disclosed not only as a dollar amount but also as a percentage.

Industry representatives subsequently modified the proposal to provide for a disclosure of that difference as a dollar amount but not as a percentage. This issue had appeared to be most crucial to Congressman Morrison, but it has become apparent that he is not as concerned with disclosures as with price control.

Continuing efforts were made to meet with the congressman or members of his staff for a compromise on this issue. All efforts to meet proved fruitless. Numerous appointments were made only to have Morrison's

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office cancel at the last minute due to "conflicting" committee meetings.

Nevertheless, it is hoped a dialogue can take place that will result in a compromise or at least a narrowing of the issues. Congress, when faced with our proposal of disclosure versus their proposal of price control, can then make its policy decisions as quickly as its procedures allow.

APRO representatives should now begin in earnest to contact and inform members of the appropriate subcommittees and committees of the industry's interests and needs in the proposed bill. If we are to be in a fight with Congressman Morrison, we will have to engage in a large-scale campaign to contact, re-contact and continue to contact as many members of Congress as we can.

Our industry is understood and supported in the Senate by the existing Republican majority. We have a political climate as favorable to the passage of this bill as it will ever be. However, that Republican margin of control is slim and vulnerable in the 1986 elections. APRO has supported the election of key Republicans as an aid to assisting our legislative efforts.

The reintroduction of the lease-purchase bill by Senators Hawkins (R-FL) and Gorton (R-WA) in 1985 was a product of these efforts.

In the House we have had and will continue to have a Democratic majority. This should not be seen as an insurmountable obstacle. Legislation can be passed if sufficient effort is expended. We have already been successful in isolating Congressman Morrison's position by suggesting a modified proposal that creates the most expansive lease-purchase disclosure format in existence. This significant move demonstrated the industry's willingness to disclose to consumers all pertinent information prior to the consummation of the

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lease-purchase agreement. Morrison has been forced to show his true intention regarding price control at an early stage. Since it is doubtful Congress will act to control prices given the remedial nature of this legislation, Morrison will not, we hope, be able to indefinitely hold up its passage on this issue alone.

However, our success on this issue will depend as much on our efforts at constituent contacts as our attempts to position Congressman Morrison. Ultimately our legislation will be

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GOVERNMENT RELATIONS

Model Leasing Act

BY EDWARD L. WINN III

The National Conference of Commissioners on Uniform State Laws recently approved the final version of the Uniform Personal Property Leasing Act. The commissioners have, over the years, proposed uniform state laws in a variety of areas—partnerships, corporations, enforcement of child support, and consumer credit—that have met with varying degrees of success in state legislatures.

The commissioners work has no legal effect. It is simply the best effort of a committee of attorneys who specialize in a given field. It remains to be seen what reaction the proposal will provoke among state legislatures. If viewed merely as a legal tool to increase the flow of commerce via leases, it may meet quick and widespread acceptance, much like the Uniform Commercial Code (UCC) which is in effect in forty-nine out of fifty states. If viewed as controversial legislation, its progress may be slower. The Uniform Consumer Credit Code (UCCC), for example, still bitterly debated by consumer advocates and business interests, has only been passed in eleven states, with substantial modifications in each state.

In many respects, the model leasing act resembles Article 2 of the Uniform Commercial Code, which deals with the sale of goods. The section headings and topics are virtually identical except that one code deals with the relationship between buyer and seller, and the other code deals with the relationship between lessor and lessee.

The model leasing act regulates both "consumer leases" and "finance leases" and carefully distinguishes the two. A consumer lease is defined as:

...a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee, except an organization, who takes under the lease primarily for a personal, family, or household purpose, if the total payments to be made under the lease contract, excluding payments for options to renew or buy, do not exceed \$25,000.

THE UNIFORM PERSONAL PROPERTY LEASING ACT DRAFT IS A CAREFULLY CONSTRUCTED WORK AND ONE THAT RENTAL-PURCHASE DEALERS WILL WANT TO SUPPORT WHEN IT REACHES THEIR STATE LEGISLATURES.

A finance lease is:

...a lease in which (i) the lessor does not select, manufacture or supply the goods, (ii) the lessor acquires the goods or the right to possession and use of the goods in connection with the lease, and (iii) either the lessee receives a copy of the contract evidencing the lessor's purchase of the goods on or before signing the lease contract, or the lessee's approval of the contract evidencing the lessor's purchase of the goods is a condition to the effectiveness of the lease contract.

Considering both of these definitions, the model act is designed to cover most equipment leases, both short and long-term, and most automobile and consumer leases, and presumably includes leases for furniture, stereos, TVs, and the like. For the most part, the model act codifies the current business practices among the major commercial equipment lessors and lessees. These concerns have been doing business for years using parts of Article 2 of the UCC. The model act does address issues peculiar to leasing, for example Section 209, "Lessee Under Finance Lease as Beneficiary of Supply Contract," or what happens when leased goods become fixtures or accessories.

A major concern of all lessors, including equipment lessors and rental-purchase dealers, is the relationship between a given lease and Article 9 of the UCC dealing with security interests. The definition of a "security interest" in the UCC is unclear and does include some leases. Currently, no one can say

with certainty which leases create security interests and which do not under present law.

The issue usually arises when a lessee goes bankrupt. The lessor often claims that the lease is not a security agreement, that the title has been retained, and that the property should be returned from the bankrupt lessee's estate. The lessee and his creditors maintain that the lease is a security agreement; therefore, the lessor is merely another creditor, secured or unsecured, waiting in line with the lessee's creditors for full or partial payment from the estate.

The model leasing act responds to this issue by suggesting an amendment to the definition of security interest in the UCC. This amendment, in the opinion of many lessors, is the most important part of the model act. This is certainly the case for rental dealers, as well. Part of the suggested definition clearly states no securing interest is created by a lease unless the lessee has an obligation to pay the lessor for the right to possession and use of the leased property. Furthermore, the obligation is not subject to termination by the lessee. This language would unequivocally take away the argument that typical no-obligation, rental-purchase transactions are covered by Article 9 of the UCC.

RENTAL-PURCHASE AGREEMENTS, ACCORDING TO THE DEFINITIONS PROFFERED WILL FALL CLEARLY UNDER LEASING LAW AS OPPOSED TO SALES LAW.

Additionally, the proposed amendment offers a definition of "nominal consideration," which has been an issue for rental-purchase dealers in North Carolina, Pennsylvania, and Wisconsin. In these and several other states, dealers must sell rental property to customers at the end of the rental term rather than merely transferring the title, as is usually the case, in order to

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avoid these states' statutory definitions of a credit sale. Dealers must sell the property for a price greater than nominal consideration in order for the sale to be valid. The legal issue is how much is enough.

In North Carolina, the statutory definition of nominal consideration is 10 percent or less of the original cash selling price of the rental property. While the proposed definition is less precise than the North Carolina statute, it should be workable for rental-purchase dealers. The proposal declares consideration to be more than nominal if the option or purchase price is pegged to the fair market value of the property as "determined at the time the option is to be performed." If this definition were to become law, rental dealers, who either desired or were required to employ "balloon" purchase options, could state

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in their agreements that the purchase option price will be the property's fair market value when the customer exercises the option.

Overall, the Uniform Personal Property Leasing Act draft is a carefully constructed work and one that rental-purchase dealers will want to support when it reaches their state legislatures. Primarily, the act will draw a clear line between leases and sales. Rental-purchase agreements, according to the definitions proffered will fall clearly under leasing law as opposed to sales law. That in itself will make life more secure for rental dealers.

As the model act is introduced in different state legislatures, APRO member dealers will be contacted about lending their support to its passage. Copies of the model act are available upon request from the APRO office or from Ed Winn III, c/o Kammerman, Overstreet, & Hurren, 1020 MBank Plaza, Austin, TX 78701. **PR**

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

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WASHINGTON REPORT

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passed because it is good legislation, but only if we undertake to contact, inform, and support those members of Congress whose help we must have.

One other political observation should be made to complete these thoughts. This year may be the end of the Republican Senate and 1988 may see the return of a Democratic chief executive. In my opinion, the confluence of these two events would be an unhappy occurrence for this industry. For the past six years, we, like most businesses, have felt less and less government encroachment. Legal Aid, the chief thorn in our side, has suffered near extinction in the pro-business environment of a Republican president and senate. As a result, we have seen increasingly underfinanced and cautious fights both in courts and in legislatures by Legal Aid Societies on an issue that they and their supporters feel strongly about.

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CONGRESS AS WE CAN.

With this in mind, I would suggest that we not get fat with our successes. Should this industry adopt an apathetic posture towards the passage of protective legislation, it may find itself fighting battles in the future that it thought were long over.

This is, I believe, the consumer's strategy. Time, they feel, is on their side. They reason that the political mood will begin to shift, and that any shift at this point will be to their advantage. I agree. This makes 1986 a key year.

If we adopt a position of no action, Congress will not move on the rental-purchase legislation. If, while we wait, the Republicans lose the Senate, then the difficulty associated with passing this bill will drastically in-



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crease. With a change in control of the Senate, consumerists may begin an effort to pass legislation designed to redefine us as credit sellers subject to the Truth-in-Lending Act. To complete this disaster scenario, one need only imagine a Democratic president in 1988 amenable to preemption treatment of this industry in federal legislation. Such an action could render moot all of the carefully constructed state laws that have been passed to protect our industry.

I am not an alarmist, but I think the possibility of the preceding paragraph becoming reality is not entirely fiction either. We must not let this opportunity pass.

In February, the Government Relations Committee of the APRO Board of Directors met to begin formulating its legislative plans for 1986. Of prime importance to this committee is your feelings concerning: 1) the need to continue the federal legislative effort, and 2) your willingness to support this effort by dealer contributions. The members of the committee urge each of you to contact Ed Winn in Austin, Texas at (512)474-6436 on these issues and express the level of contribution you will make if you favor continued support for the passage of this law. **PR**

J. Samuel Choate, Jr., P.C. is an attorney based in Washington, D.C., specializing in rental-purchase legislation and litigation.

CES Promotes Electronics

The exhibit booths are down, the streets are emptier, and the city coffers may be running a little drier now, but the thousands who attended the 1986 Winter Consumer Electronics Show (CES) in Las Vegas in January took home visions of amazing new products in their heads and the promise of a good business year in 1986.

The January show—the 14th winter CES show and the 33rd show overall—attracted a record 104,000 retailers, distributors and salespeople to the Las Vegas Convention Center and two nearby hotels for a four-day product extravaganza. Over 1,400 companies exhibited their wares in over 750,000 square feet of floor space.

The major exhibit areas at this year's winter show were audio/video; car audio; satellite earth stations; computer hardware and software; video software; telephones; photographic equipment; and specialty audio. In addition, a number of special exhibits and services beckoned attendees: trade association booths, publications booths, and over 40 hours of conferences and seminars. For the first time, the Association of Progressive Rental Organizations (APRO) hosted two booths, a trade association booth and a booth for PROGRESSIVE RENTALS magazine. APRO will again have two booths at the 1986 Summer CES in Chicago.

Existing product categories expanded and several new products made their biggest showing ever at the 1986 Winter CES. Audio and video exhibitors claimed three halls in the convention center and exhibit space at a hotel. Car audio expanded from one exhibit area to two, and satellite earth stations, electronic photographic equipment—including video cameras—and video software exhibits all demanded increased space.

Among the new products that attendees saw, many of which are already on store shelves, were digital TVs; TVs with built-in videocassette



DESPITE MANUFACTURERS' LOSSES DUE TO DISCOUNTING AT THE RETAIL LEVEL IN 1985, INDUSTRY WATCHERS PREDICT A HEALTHY NEW YEAR.

CDS HAVE TAKEN ONLY FOUR YEARS TO BREAK ONE MILLION UNITS, COMPARED TO ELEVEN YEARS FOR COLOR TELEVISION AND SIX YEARS FOR VCRS.

ONE OF THE MOST PROMISING VIDEO-RELATED PRODUCTS, SATELLITE DISHES, SHOULD SELL 700,000 THIS YEAR, UP 16 PERCENT.

recorders; "spacemaker" TVs, which fit under kitchen cabinets; automatic-focus camcorders; and remote controls that can operate several different brands of equipment.

Despite manufacturers' losses due to discounting at the retail level in 1985, industry watchers predict a healthy new year. Officials with the Electronic Industries Association (EIA), whose Consumer Electronics Group sponsors the twice-annual CES show, predict total U.S. sales of consumer electronic products at nearly \$26 billion for 1986, up from \$24.4 billion last year.

VCRs, which have become a mainstay video product, surpassed EIA's prediction of 9.5 million sales in 1985 to sell 11.8 million units. Over 12.5 million units are expected to be sold to dealers this year.

About half of all color TV sets sold this year probably will be stereo-capable, say forecasters. There currently are 250 TV stations capable of broadcasting a stereo and/or separate audio program.

Both blank and prerecorded videocassettes are expected to boom. Blank tapes will go from 180 million sold last year to 220 million; prerecorded tapes should go from 53 million to 75 million.

One of the most promising video-related products, satellite dishes, should sell 700,000 this year, up 16 percent, and add more than one billion dollars to the industry's bottom line.

In audio, compact disc players are expected to top 1.5 million units sold in 1986, up from 850,000 last year. CDs have taken only four years to break one million units, compared to eleven years for color television and six years for VCRs, note EIA officials.

Manufacturers' second chance to show their products this year comes in June at the 1986 Summer Consumer Electronics Show in Chicago.

PR

Carla Mathews is Associate Editor of PROGRESSIVE RENTALS.

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When Drugs Enter the Workplace

Employer rights and responsibilities evolve in new directions

Stress is the malady of the eighties. It's the reason—or the excuse—for a host of employee-related problems in the workplace. Stress can leave the employer with a hollow, malfunctioning mannequin instead of a productive, energetic employee.

Everyone deals with job-related problems in his own way. Increasingly, employers are finding their employees are turning to chemicals that affect rational, on-the-job functioning.

Employers need to consider these questions: Are your store employees on drugs? Would you know if they are? Do you know what your legal rights and liabilities are if you discover an employee is using drugs in the workplace? If you don't know the answer to these questions, do you know what you can do legally to find out? Some of the laws and legal trends that are developing in this area may surprise you.

Pervasive Problem

Dr. Michael Walsh, an assistant director of the National Institute on Drug Abuse, estimates that as much as 40 percent of a company's total health care costs stem from drug and alcohol abuse. A threshold issue is what measures an employer can use to determine if employees are using controlled substances in the workplace. The competing interests are the employer's right to the best work performance for his money versus the employee's right of privacy. Employees must understand, however, that the use of controlled substances is a violation of criminal law and that they are risking criminal fines, probation, and jail if convicted of a drug-related crime.

Drug and alcohol abuse is taking its

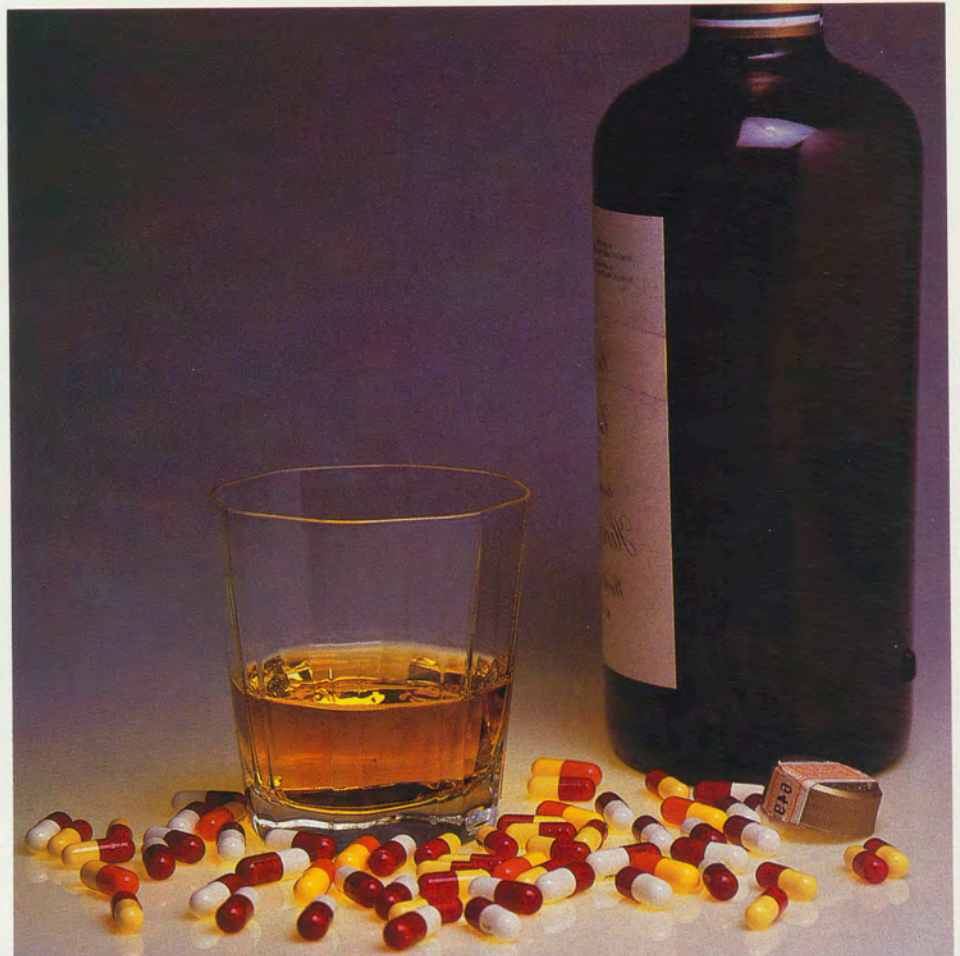


Photo by Gary Russ

Drug and alcohol abuse is an increasing employee-related problem.

toll in the workplace, both in terms of profits as well as in human terms—accidents, lost jobs, and other incidents. Employers are focusing on the issue by using the latest technology to ferret out the problem, including blood and urine testing, video surveillance, random searches of employee lockers and clothes, lie detector tests, trained search dogs, and even undercover personnel to track drug and alcohol abuse.

To use these techniques raises the issue of privacy and creates yet an-

other dilemma for employers. For example, is it grounds to fire an employee who tests positively for marijuana when the test will show trace amounts in his system for as long as two weeks after he uses the drug?

The physical symptoms of alcohol abuse are often easy to detect. This may not be the case with some illegal drugs that do not produce as noticeable an impact on the user. For this reason, evidence of drug abuse may be relatively more difficult to uncover.

Substance Testing

There are currently no laws preventing employers from using chemical tests on employees and applicants to determine drug and alcohol abuse. This may include urinalysis, blood tests, or use of a breathalyzer. Major companies such as IBM, Chevron, and Union Oil have instituted programs using some or all of these tests, including testing of executives. Refusal to submit to testing is grounds for dismissal at these companies. But, an employee terminated by Southern Pacific in San Francisco for refusing to consent to a urinalysis has filed suit for wrongful termination alleging a violation of public policy, invasion of privacy, and intentional infliction of mental distress. The case has not yet gone to trial.

It is possible that this area of law will develop in the public sector, as has been the case in other areas of employment law. So far, most lawsuits have been filed against the government. The government is prevented by the fourth amendment from conducting unreasonable searches. Courts have generally upheld the government's right to test employees when the employee is engaged in hazardous activity or when there is a reasonable suspicion of drug or alcohol use on the job.

Employers in the private sector are not under the "reasonableness" con-

BY THE TERMS OF THE FEDERAL REHABILITATION ACT OF 1973, DRUG AND ALCOHOL ABUSE ARE RECOGNIZED SPECIFICALLY AS "HANDICAPS" AND HANDICAPPED EMPLOYEES ARE ENTITLED TO CERTAIN PROTECTIONS.

straints of the fourth amendment and, therefore, are presumably free to test employees under a wider range of circumstances. Nevertheless, employers are advised to set up rules for any such testing, give employees notice of the rules in effect, and apply those rules in a nondiscriminatory manner.

Related to testing is the issue of searching employees' lockers, handbags, and persons for evidence of

drug abuse. Companies may do this systematically or in response to a specific instance of suspected drug abuse. There are no specific statutes relating to searching employees and/or their belongings by private employers; however, employers should be careful in this regard, for they risk lawsuits for battery, intentional infliction of mental distress, false imprisonment, and other torts if the searches are not carried out carefully.

A former K-Mart employee recently won a \$100,000 judgment from that company in Texas because the company searched the employee's locker without her permission. The court ruled that the employee had a reasonable expectation of privacy since she had put her own lock on the locker and had not been forewarned of the possibility of locker searches by the company. A simple solution to this ruling for employers is to tell employees in advance and in writing that their persons and property may be subject to searches for drugs at any time.

As reported in the February 1985 issue of PROGRESSIVE RENTALS, use of polygraph testing as a condition of employment has been banned in twenty-six states. There is legislation pending in Congress to ban the use of polygraphs in all states when they are used for employment purposes. One of the pending bills would prevent the use of the results of polygraph tests for any purpose.

Proper Response

If an employee is discovered abusing drugs or alcohol in the workplace, what should the employer's response be? One possible response is to summarily fire the employee and be done with it. The employer may wish to furnish whatever evidence he has accumulated against the employee to the police. There are no laws preventing an employer either from firing the employee or testifying against him in a criminal proceeding. But the matter may not be that simple.

An alternative may be an attempt to rehabilitate the employee. Under certain circumstances, it may even be required. By the terms of the Federal Rehabilitation Act of 1973, drug and alcohol abuse are recognized specifically as "handicaps" and handicapped employees are entitled to certain protections. In California, employers with more than twenty-

five employees must "reasonably accommodate" an employee who admits having a problem with alcohol dependency and who voluntarily participates in a rehabilitation program. By law, employers must give these employees time off for rehabilitation, unless to do so imposes an undue hardship on the employer's operations.

Employer Liability

A possible source of liability for employers exists when they discover a situation of drug or alcohol abuse and fail to do anything about it. In the Texas Supreme Court case *Otis Engineering Corp. v. Clark* (reported in the March 1984 issue of THE APPROACH), a company supervisor found an employee drunk on the job and sent him home early by personally escorting the employee to his car. The employee assured the supervisor that he could get home. On the way, the employee had a wreck, killing himself and several passengers in another vehicle.

The Texas Supreme Court ruled the company could be sued for wrongful death, despite the employee being off the job at the time of the accident. The court ruled that the company was negligent when it permitted the employee to drive his car while intoxi-

EMPLOYERS ARE ADVISED TO SET UP RULES FOR TESTING, GIVE EMPLOYEES NOTICE OF THE RULES IN EFFECT, AND APPLY THOSE RULES IN A NONDISCRIMINATORY MANNER.

cated, and even suggested that the employee should have been restrained, forcibly if necessary, from driving.

It seems clear that employers are vulnerable to allegations of negligence if they ignore evidence of drug or alcohol abuse that later proves to be the proximate cause of injury to other employees or third parties.

Another hazard concerns this question: Is it "just cause" to fire an employee for drug abuse on his own time? Arbitrators in labor union grievance proceedings have generally ruled that such conduct is not grounds for dismissal. They have

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Rent-To-Own Statutes: A Comparison and Analysis

Four state statutes define and regulate certain rental and lease transactions

The TV, appliance, and furniture rental-purchase industry found itself in intense legislative battles in a half dozen states during the latter part of 1984 and the first half of 1985. As a result, new statutes were passed in Michigan, Georgia, South Carolina, and Texas.

Scope and Coverage of the Statutes

All four statutes purport to define and regulate certain consumer rental or lease transactions, to define certain terms, to require certain disclosures, and to provide remedies. The name given to the transactions in question is "lease-purchase" in Georgia and South Carolina; and "rental-purchase" in Michigan and Texas. In this article, TV, appliance, and furniture rental- or lease-purchase agreements will be referred to as RTO transactions, for convenience. Whatever the name, the definition of the transaction covered in all four states is virtually identical.

Rental purchase is...

an agreement for the use of personal property by a consumer [lessee] primarily for personal, family, or household purposes, for an initial period of four months or less (The South Carolina statute adds the language parenthetically "whether or not there is any obligation beyond the initial period." This does not change the scope of the definition.) that is [automatically] renewable with each payment after the initial period and that permits the lessee to become the owner of the property.

The definition in the Georgia, Michi-

ALL OF THE NEW STATUTES HAVE TEETH. DEALERS WHO WILLFULLY OR EVEN CARELESSLY REFUSE TO CONFORM THEIR BUSINESS PRACTICES TO THE LETTER OF THE LAW RISK LAWSUITS FROM CONSUMER ADVOCATES ON BEHALF OF CUSTOMERS.

gan, and South Carolina statutes goes on to provide that certain transactions are not covered by the definition, namely credit sales or consumer leases as defined under federal law or retail installment transactions as defined under state law. The Texas statute amends the definition of a retail installment contract to clarify that a rental-purchase agreement, as defined, is not included in the definition.

The importance of the definitions, whatever the name given, is that they give legal stature to RTO transactions, and most importantly, recognize them as transactions separate and apart from traditional credit sales. This has been the cornerstone of the legal and political attacks aimed at TV and appliance RTO dealers over the years. The good news is that the "disguised credit sale" argument is over in the four regulated states.

Typical RTO agreements are included within the ambit of the common definition. Also included would

be "balloon" RTO transactions, agreements whereby the consumer rents the property for a period of time, at which point, he becomes eligible to purchase the property at a predetermined price. It should be noted, however, that "balloon" RTO agreements are banned in Texas and Michigan by the terms of their new statutes.

Not included in the definition are "rent-to-rent" transactions, rental or lease contracts without any purchase options. Also not included are leases covered under the federal Consumer Leasing Act, which regulates consumer leases with an initial minimum term exceeding four months.

An issue that arises from the legal definition is what effect the name has on a company's marketing and sales techniques. In Georgia and South Carolina, for example, where the statute calls the transaction *lease-purchase*, can dealers use the term *rental-purchase* or *rent-to-own* in their advertising? Presumably so; however, their written agreement should be labeled "lease-purchase agreement" in order to comply with the statute. Likewise, dealers in Michigan and Texas may call themselves leasing companies, if they choose, as long as their written contracts are labeled "rental-purchase agreements" in accordance with the statutes.

Although the matter is often debated and even hotly contested in the marketplace, as a legal matter there is no distinction between leasing and renting. Both terms contemplate paying compensation for the possession, use, and enjoyment of something for a period of time.

THE GOOD NEWS IS THAT THE "DISGUISED CREDIT SALE" ARGUMENT IS OVER IN THE FOUR REGULATED STATES.

The Statute Books

The placement of the new law in the statute books may appear to be of little importance to RTO dealers, but it may have an impact in the future if judges are called upon to interpret the legislative intent of the new laws. Georgia added a new section at the end of its Retail Installment and Home Solicitation Sales Act. This placement recognizes that lease-purchase transactions are related to retail installment sales, but nonetheless specifically recognizes the difference between the two with separate definitional sections.

In Michigan, the rental-purchase statute was enacted as a stand-alone statute bearing no relation to that state's Retail Installment Sales Act. In Texas, the rental-purchase statute has been placed among the miscellaneous provisions of the Business and Commerce Code, far removed from the state's Consumer Credit Code and usury statutes.

In each of these states, the placement of the new law makes clear that there is no direct correlation between credit sales and RTO transactions. The issue may not be so clear in South Carolina, however. South Carolina is one of the eleven states to have adopted a version of the Uniform Consumer Credit Code (UCCC).

The UCCC provides uniform disclosure requirements, ceilings on charges, restrictions of creditors' rights, the expansion of debtors' rights and remedies, and an administrative enforcement mechanism to enforce the expanded consumer rights. In UCCC states, legislatures have had to repeal a variety of conflicting statutes, such as small loan, personal loan, and consumer loan acts; licensing acts; installment sales; revolving credit acts; truth-in-lending acts; and others. All areas of consumer credit are controlled by the UCCC except laws regulating pawnbrokers.

The South Carolina law is adapted from this comprehensive model act. Administration of the act is by the State Consumer Credit Commission, which now also has authority over consumer rental-purchase agreements. Unlike the

other three states in which the new statutes stand essentially alone, in South Carolina rental-purchase transactions are made part and parcel of that state's comprehensive Consumer Credit Code.

For example, the definition of "consumer credit transaction" is:

a consumer credit sale or consumer loan or a refinancing or consolidation thereof, a consumer lease, or a consumer rental-purchase agreement.

Likewise, a rental-purchase dealer is also a "creditor" for purposes of the Code:

Creditor . . . the term "creditor" also means a lessor in a consumer rental-purchase agreement.



Elsewhere, the statute makes clear that a rental-purchase agreement is not to be confused with a credit sale, but the overall statutory approach in this state does make the transaction more regulated than elsewhere. In the first instance, the Consumer Credit Commission has jurisdiction over the transactions and those who make them. South Carolina dealers must register the fact that they are in the rental-purchase business with the Commissioner and pay an annual fee of \$50 per location.

Most of the substantive regulation of rental-purchase transactions is contained in a new section included within the Credit Code, but in all other places in the Code specific reference has been made either to the applicability or inapplicability of its provisions to rental-

purchase agreements. It is certainly possible that the inclusion of rental-purchase transactions within the ambit of the South Carolina UCCC may cause confusion either about the scope of the Code or legal aspects of rental-purchase agreements.

Contract Disclosures

All four state statutes require certain disclosures in rental- or lease-purchase agreements. All four borrow heavily from the 1983 Federal Reserve Board's proposal to Congress concerning rental-purchase contracts. South Carolina and Texas require the fewest disclosures, seven, while Michigan and Georgia require the most, thirteen.

All of the statutes have some requirements concerning how the disclosures are made. Georgia and South Carolina require that the disclosures be made "clearly and conspicuously." Michigan requires that they be made "clearly and coherently." Texas is more specific requiring that they be made in 10 point boldface type, in plain English, and in any other language in which the RTO dealer advertises. Georgia and Michigan require that the agreement be written using "words and phrases of common meaning," a standard that may approach the plain English requirement. Michigan, Georgia, and South Carolina require that the consumer be given a copy of the signed agreement with all of the blanks filled in.

All four statutes contemplate contractual terms other than those required as disclosures. Additional contract terms are specifically authorized everywhere as long as they do not "contradict, obscure, or distract attention from the required information" (Georgia).

Insofar as contractual disclosures are concerned, there is little in any of the four statutes that is likely to have any serious impact on the way the RTO business is run. Dealers have been making some of the required disclosures for years, for example, descriptions of the property and rental rates.

It was once feared that disclosure of the total cost of rental ownership would scare customers away, but that mistaken notion has been laid to rest by dealers who have been making the disclosure voluntarily since 1980 with no adverse impact on business.

The cash price or fair market value disclosure is new for the rental industry, but like the total cost disclosure, it is unlikely that this disclosure will hurt business. Dealers have not disclosed

the cash price historically for two reasons. The first is that they were not in the retail sales business, were not making cash sales, were not competing with retail sellers, and saw no need to tag their merchandise with cash prices. This is the same reason that car rental agencies don't tag rental cars with sales prices.

The second reason was a real fear that if both the cash price and the total rental ownership cost were disclosed on the agreement, critics would then argue that the difference between the two numbers is a disguised interest charge and push to require an annual percentage rate disclosure based on those two numbers. This has indeed been the refrain for some time from the National Consumer Law Center (NCLC) and others in much of their anti-RTO information.

IT WAS ONCE FEARED THAT DISCLOSURE OF THE TOTAL COST OF RENTAL OWNERSHIP WOULD SCARE CUSTOMERS AWAY, BUT THAT MISTAKEN NOTION HAS BEEN LAID TO REST BY DEALERS WHO HAVE BEEN MAKING THE DISCLOSURE VOLUNTARILY SINCE 1980 WITH NO ADVERSE IMPACT ON BUSINESS.

The second issue has been taken care of in the state statutes by the declaration that a defined rental- or lease-purchase agreement is not a credit sale.

With the threat of recharacterization of RTO transactions as credit sales removed, the crucial argument against a cash price disclosure is also removed. It remains debatable whether such a disclosure is of appreciable benefit to consumers. Arguably, most RTO consumers are not comparing an RTO agreement with a cash sale. The two transactions are simply too disparate for meaningful comparison, the only common element being the product itself. Nonetheless, the cash price/fair market value disclosure was deemed an important concession demanded by consumer advocates, and they have it in all four statutes. The Georgia legislature went further by requiring that the

difference between the lease-ownership cost and fair market value be disclosed as a number, with the label "cost of lease service."

There is probably little difference between a cash price disclosure and a fair market value disclosure. Cash price is the price at which a dealer would, in fact, sell the merchandise. The only constraint to a dealer's pricing policy is at the upper limit—if he priced goods unconscionably high—so far above the

value of the goods as to shock a judge's conscience.

Fair market value is a legal determination based on an ideal willing buyer and willing seller. Realities in a given marketplace might compel a merchant to offer his goods for sale at less than their idealized fair market value or allow him to charge more. As a practical matter, the two disclosures ought to yield close to the same price in most instances.

RENTAL-PURCHASE REGULATION COMPARISON STATE BY STATE

RTO Contract Disclosures	Georgia	Michigan	South Carolina	Texas
1. Description of the leased property	X	X	X	X
2. Whether the property is <i>new</i> or <i>used</i>	X	X	X	X
3. Initial payment (compare with down payment on installment sales)	X	X		
4. Amount and timing of payments (weekly or monthly rental rate)	X	X	X	X
5. Amount of "Other Charges"	X	X	X	X
6. Explanation of purpose of "Other Charges"			X	X
7. Explanation of risk of loss during lease or rental term	X	X	X	X
8. Reinstatement rights of consumer	X	X		X
9. Explanation of service and maintenance responsibilities	X	X		
10. Conditions for terminating the agreement	X	X		
11. Total cost of obtaining ownership via rental- or lease-purchase plan	X	X	X	X
12. Early buy-out options or formulas	X	X	X	
13. Manufacturer's warranty coverage after ownership	X	X		
14. Fair market value or cash price of property	X	X		X
15. Cost of lease service (difference between rental- or lease-purchase price and cash price)	X			
16. Statement that the transaction is regulated under state law		X		
17. "No Equity" statement			X	X

Different Disclosures

One of the chief reasons for the difference in the number of required disclosures may be the origins of the legislation in the four states. There is a federal Consumer Leasing Act covering leases both with and without purchase options when the initial rental period is for longer than 4 months. The federal act calls for 15 leasing disclosures. The statutes in Georgia and Michigan track the federal disclosure requirements more closely than South Carolina and Texas.

For example, the federal act requires an initial downpayment disclosure including such things as security deposits and trade-in allowances, items more applicable to long-term vehicle leases than appliance rentals. This same language appears in the Georgia and Michigan statutes and rental dealers there have to make that disclosure while the dealers in South Carolina and Texas do not.

Perhaps mindful of the difficulties faced by lenders for fifteen years of complying with the disclosure requirements of Truth-In-Lending, each RTO statute enacted has some mechanism for helping dealers comply with the contractual disclosure requirements. Georgia and Michigan have both enacted into the statute a model form that dealers can use. Texas gave authority to the state's Attorney General's office to draft a model form that can be used by dealers. Likewise, South Carolina gave the Administrator of the Department of Consumer Affairs the authority to prepare model forms, as well as the regulatory authority to make rules concerning the placement and conspicuousness of the disclosures.

Dealers in each of the states have a "safe harbor" if they use the approved forms. When business practices require altering the official forms, which is allowable in each state, dealers are safe to the extent that they are able to comply with the language and intent of the statutes.

The development of model forms by the different government agencies has not been without issue. In Texas, for example, the Attorney General's office did not have an approved form ready when the statute came into effect on September 1, 1985. It was a week before an approved form was made available to dealers. When the Texas form appeared, there were several items in the model form that were not called for by the statute. As an example, the Attor-



THREE STATES HAVE MADE PROVISIONS FOR RTO DEALERS TO NOTIFY CONSUMERS OF VARIOUS STATUTORY VIOLATIONS AND TO CORRECT THEM WITHIN A LIMITED TIME PERIOD IN ORDER TO AVOID LIABILITY.

ney General's form has a disclosure, entitled "Repossession," which states:

If you do not pay on time, we have the right to come to your house to pick up the merchandise. We cannot enter your house without your permission.

While the statement is accurate legally, the rental-purchase statute simply does not call for such a disclosure. It is apparently an attempt by the Attorney General's office to provide additional information to the consumers in the state in the absence of any statutory authority to do so.

It is true that the Attorney General's office is the attorney for the citizens of the state, and as such, the office is entitled to inform its clients of their legal rights. Arguably, however, the appropriate means of disseminating such information is in pamphlets or other publications out of that office rather than a model contract form whose terms have been dictated by the state legislature.

In addition to the model forms, additional safeguards against technical compliance problems have been built into several statutes. Georgia allows dealers ten days after an RTO agreement is executed to correct any errors made under the statute without penalty. Texas allows dealers thirty-one days after discovery of any error to contact the customer and correct the mistake. If the dealer acts within the time period and the customer has not already notified the dealer in writing of the error or filed suit, then there is no liability. Under the South Carolina Consumer Credit Code, there is no liability if the dealer discovers an error and corrects it within sixty days and the consumer has not filed suit or sent written notice himself.

Michigan adopted the federal Truth-In-Lending bona fide error defense. A dealer has the opportunity to prove that a violation of the statute resulted from a "bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error . . ." If the dealer is successful, there is no liability. South Carolina has this same good faith defense in addition to the sixty day discovery of error period in its Consumer Credit Code.

Restrictions on Contract Terms

In addition to the required disclosures, all four state statutes have enacted substantive controls on certain dealer contractual terms.

Some of the controls are peculiar to RTO transactions; however, many have merely been borrowed from the existing body of consumer protection law in other areas. For example, all four states forbid confessions of judgment and waivers of defenses, counterclaims, or rights of action connected with RTO transactions. These procedural advantages have long been banned in other kinds of consumer transactions in most states. Georgia, Michigan, and South Carolina specifically forbid the garnishment of an RTO consumer's wages. The Texas constitution prevents wage garnishment in that state.

Other statutory provisions impose financial limits on RTO transactions. No state controls rental rates directly. All states have statutes regulating unconscionable conduct, including pricing, within their consumer protection statutory framework.

The South Carolina Consumer Credit Code goes into greater detail concern-

continued page 26

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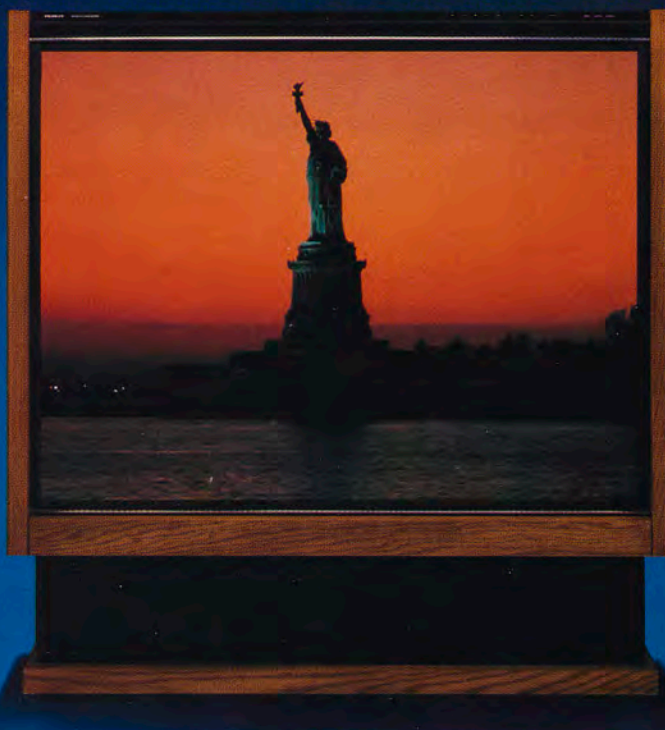
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T A L S

RTO STATUTES

continued from page 23

ing unconscionable pricing than the other states and explains how the determination is to be made. But, some protection is given to RTO dealers by the provision that only "similar" property and transactions be compared:

in the case of a consumer credit sale, consumer lease, or consumer rental-purchase agreement, gross disparity between the price of the property or services sold or leased and the value of the property or services measured by the price at which similar property or services are readily ob-

tainable in consumer credit transactions by like consumers; (S.C.UCCC Section 37-5- 108 [4][c]).

Dealers should be able to use this language to argue that an RTO transaction should only be compared with another RTO transaction, and not with a credit sale. As long as a dealer's RTO rates are in line with other RTO rates in the market, there need be little concern over having unconscionable prices. Elsewhere critics have been fond of comparing RTO rates with credit sales prices to argue unconscionability—for the most part unsuccessfully.

Even though no state limits rental rates directly, two states, Michigan and South Carolina, impose mandatory early buy-out formulas which could have an effect on rental rates. In Michigan, RTO dealers must give consumers at least 45 percent of every rental payment made as credit toward the purchase price. The effect of such a formula means that the total rental-purchase cost of a product cannot be more than 2.22 times the dealer's stated cash selling price.

In South Carolina, RTO consumers have a statutory right to purchase the rental property at any time after making the first rental payment by paying 55 percent of the difference between the total rental-purchase cost and the total of rental payments made. The effect of this provision is that customers will be able to acquire ownership of the property without making the last scheduled payment. South Carolina RTO consumers will save money if instead of making their seventeenth monthly payment, they exercise their purchase option for the same amount plus 5 percent.

While the financial limitations provisions do not go directly to rental rates, they do go to other charges that some RTO dealers were in the habit of collecting from consumers. As a general proposition, Texas placed the fewest financial restrictions on dealers by allowing any and all "other charges," except late charges, as long as they are disclosed, explained in the agreement, and are reasonably related to the cost. South Carolina is the most restrictive state, as it lists and limits each charge that may be assessed and outlaws all others.

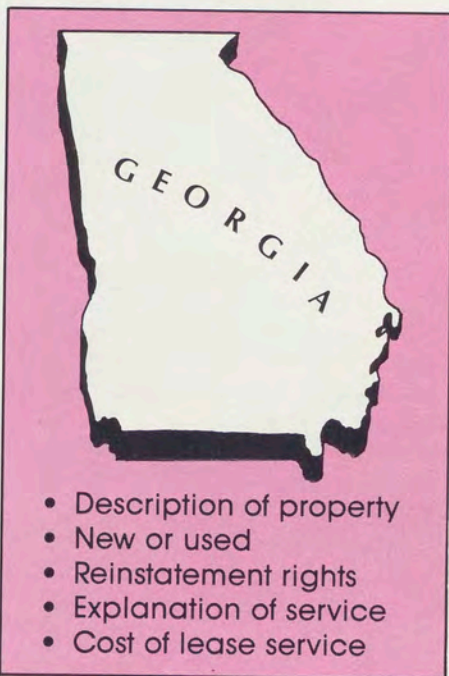
Penalties assessed by RTO dealers for consumers' failure to renew the agreement or return the merchandise on time were allowed in all four statutes, but were severely limited. The charges are

SPECIFICATIONS ON FEES AND PAYMENTS

Item	Georgia	Michigan	South Carolina	Texas
1. Late Charges/ Reinstatement Fees/ Delinquency Charges per missed payment	Yes \$5 max.	Yes 5% or \$5	Yes \$2-\$4	Yes 5% or \$5 maximum \$2 minimum
Grace Period on late fees, etc.				
Monthly		31 days	5 business days	7 days
Weekly		8 days	3 business days	7 days
2. In-Home Collection Fees	Yes	Yes	Yes	Yes
Fee Limits			\$7 per trip	
3. Processing Fees	Yes	No	Yes	Yes
Fee Limits			\$5 per agreement	
4. Delivery Charges	Yes	Yes	Yes	Yes
Fee Limits			\$15-5 items or less \$45-more than 5 items	
5. Redelivery Fee after Repossession	Yes	Yes	Yes	Yes
6. Fees or Penalties for Return of the Mer- chandise or Termi- nation of the Agreement	No	No	No	Yes
7. Security Deposit	Yes	Yes	Yes	Yes
8. Final "Balloon Payments"	Yes	No	Yes	No
9. Requiring Insurance to be Purchased from RTO Dealer	No	No	No	No

variously called late charges, reinstatement charges, or delinquency charges, but all refer to the same thing.

Georgia calls it a reinstatement fee and limits the charge to a maximum of \$5 per missed payment. In Michigan, it is called a reinstatement fee and in Texas, it is called either a late charge or reinstatement fee. In both states, the amount is limited to 5 percent of the missed payment or \$5, whichever is less. In Texas, there is a statutory minimum of \$2 that RTO dealers can collect.



In South Carolina, it is called a delinquency charge and the amount of the fee depends upon the contract. For monthly agreements, the fee is limited to a \$4 maximum charge, and for more frequent payment schedules, i.e. weekly or biweekly, the charge is limited to \$2.

In addition to the pecuniary limits placed on these charges, several states impose a grace period before the charge accrues. In Michigan an RTO consumer must have missed more than one payment before the reinstatement fee may be assessed. That means a weekly customer must be eight days late and a monthly customer thirty-one days late before he must pay a reinstatement fee. In South Carolina, the grace period is five business days after payment is due on monthly accounts, and three business days on all other accounts. In Texas the grace period is seven days for all agreements.

All four states allow RTO dealers to assess and collect in-home collection fees as long as they are disclosed and explained in the agreement. Georgia, Michigan and South Carolina provide

specifically for such charges; Texas does so by implication. Only South Carolina places a monetary limit on the fee—\$7. In addition, South Carolina limits how often an RTO dealer can collect the fee to three times during any six-month period on monthly agreements, and six times during any six-month period on weekly agreements. In South Carolina, RTO dealers cannot collect both a delinquency charge and an in-home collection fee for the same missed payment.

Michigan and South Carolina both regulate processing fees. Michigan bans them altogether. South Carolina limits the fee to \$5.

In addition, South Carolina limits delivery charges to \$15 on an RTO agreement for five items or less, and \$45 for more than five items. South Carolina dealers may not charge both a processing fee and a delivery charge. All four states will allow a redelivery charge if repossessed property is redelivered, and the fee is explained beforehand to the consumer.

A restriction related to fee limits is the ban on any penalties for early termination of the RTO transaction or return of the merchandise. Both Georgia and Michigan have such provisions.

No state disallows collecting a security deposit to be collected by RTO dealers, as long as it is properly disclosed.

Two states, Michigan and Texas, disallow final "balloon payments."

Limits on Merchant Conduct

All four statutes declare that neither dealers nor their agents may commit a breach of the peace to recover rental property. Georgia and Michigan continue, albeit redundantly, by declaring that neither dealers nor their agents may unlawfully enter a customer's premises to recover merchandise. This is already the established law in every state either by statute or by case law. The addition of such provisions in RTO statutes may give customers or the government additional penalties for such conduct.

South Carolina is the only state to add anything new, and even there, it was done indirectly. Rather than add to restrictions specifically for RTO dealers, the South Carolina statute merely incorporates its Consumer Credit Code restrictions, already applicable to retailers, to RTO dealers.

The South Carolina Consumer Credit forbids altogether any entry into any dwelling used as a current residence to

BY THE TERMS OF THE STATUTE, SOUTH CAROLINA DEALERS ARE AT RISK IF THEY ENTER A CONSUMER'S HOME TO RECOVER MERCHANDISE. IT IS NOT CLEAR WHETHER A WAIVER CONTEMPORANEOUSLY SIGNED BY THE CONSUMER WILL PROTECT THE DEALER. DEALERS MAY WISH TO DEVELOP A "VOLUNTARY SURRENDER" FORM FOR CONSUMERS TO SIGN.

recover property. This language poses no hardship to vehicle retailers or lessors, but may be a considerable hardship on RTO dealers. The South Carolina Code does provide that customers may voluntarily surrender possession of rented property but does not make clear how a consumer may do so. The prohibition against entry into a dwelling appears absolute. The issue that arises is how consumers can voluntarily surrender property that they cannot return to the rental store. By the terms of the statute, South Carolina dealers are at risk if they enter a consumer's home to recover merchandise. It is not clear whether a waiver contemporaneously signed by the consumer will protect the dealer. Dealers may wish to develop a "voluntary surrender" form for consumers to sign.

Expansion of RTO Consumer Rights

One of the most far-reaching developments resulting from these new statutes involves reinstatement rights. Borrowing heavily from the "cure" provisions of the various retail installment sales acts, all four states have enacted provisions allowing RTO customers a period of time after default, i.e., neither renewing an RTO agreement nor returning the rental property, to do certain things in order to keep the RTO agreement in full force and effect.

The intent of the statutes is to prevent an RTO dealer from repossessing rental property the day after a payment is missed and making the customer start

over again on a rental-purchase program. As a practical matter, many dealers, responding to the marketplace, were already offering programs similar to those enacted in the four states.

The Texas reinstatement provisions are the least restrictive. The Georgia and Michigan provisions are virtually identical and fall in the middle. The South Carolina provisions are the most restrictive.

All of the reinstatement provisions contemplate the consumer returning the property during the period he is not making rental payments. The RTO dealer is protected to some extent in the statutes by the provisions that dealers need not hold any returned or repossessed property for the full reinstatement period. Rather, a dealer is only obligated to redeliver property of "comparable quality and condition" in the event that the consumer reinstates and is entitled to redelivery.

Under the Texas statute, an RTO consumer has one week on a weekly agreement and fifteen days on a monthly agreement to catch up on all rental payments and other charges due before the transaction can be terminated. If the customer chooses to return the property, or it is repossessed during that time, the reinstatement period is extended another thirty days from the date of repossession or return.

Importantly, there are no new restrictions placed on the RTO dealer's conduct during this period. A dealer may implement his normal collection techniques and even file suit against the consumer during the reinstatement period. As explained above, notice of the consumer's reinstatement rights must be disclosed in the agreement in Texas.

In Georgia and Michigan, an RTO consumer has up to three rental periods

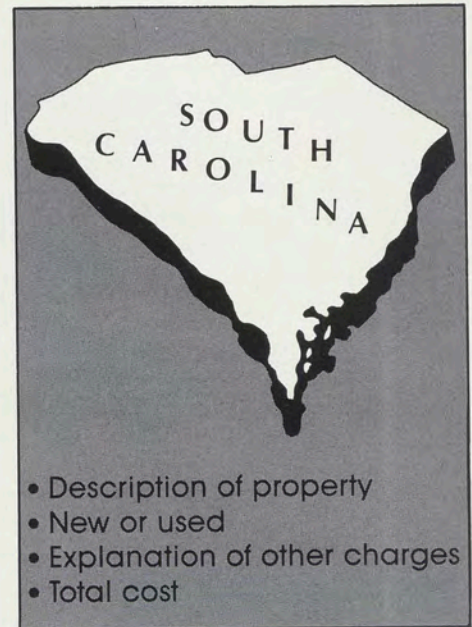
to catch up on his rental payments and other charges due. That could mean up to twenty-one days on a weekly agreement and up to ninety days on a monthly agreement. In order to qualify for reinstatement, the consumer must return the property or permit its repossession during the reinstatement period. If the property is not returned during the twenty-one-day or ninety-day periods, then the consumer loses all rights to reinstate.

In South Carolina, an RTO consumer has sixty days to reinstate an expired RTO agreement regardless of the payment schedule. Like the other states, the consumer must return the rental property or be willing to do so in order for the reinstatement rights to be effective.

Related to the issue of reinstatement under South Carolina law is a provision providing for notice of the consumer's right to cure [reinstate] on a form set forth in the statute. There is no absolute requirement that an RTO dealer send a consumer the prescribed notice. However, the dealer must do so before he can file suit against a consumer for return of the property or for damages because the South Carolina Code prevents dealers from filing suit until after the notice of the right to cure is given. The statute does provide that written notice only be given once for any one RTO agreement.

Regulation of RTO Advertising

There already exist both federal and state statutes prohibiting false, deceptive or misleading advertising. Additional RTO advertising regulations that appear in all four statutes are based at least loosely on the federal Truth-In-Lending (TIL) advertising regulations.



The federal statute adopted the policy of requiring creditors to disclose all of the pertinent financial information concerning a credit transaction if they advertised a portion of that information. This was to prevent creditor advertising from becoming self-serving to the extent of being misleading, such as advertising only the most favorable financial aspects of a credit sale like no down payment. The result of the TIL advertising disclosures has been that consumers have the opportunity to compare costs of a transaction by comparing advertising. RTO advertising regulation is intended to yield the same result for potential RTO consumers.

All four RTO statutes have specific regulations concerning RTO advertising and all regulate the area in a similar fashion. For each statute there are certain "trigger terms," which, if they appear in an RTO advertisement, require that certain additional information be disclosed.

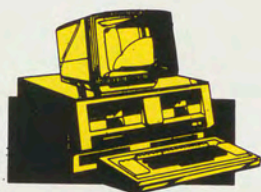
Georgia and Michigan have similar "trigger terms." In Michigan it is the advertisement of a rental rate. Georgia is even more specific. There, it is the advertisement of the rental rate of a specific item. The distinction is that an ad claiming, for example, "\$10 delivers any item in the store," would trigger disclosures in Michigan, but not in Georgia. If an ad in either state requires disclosures, they are similar in both states. In Michigan, dealers must show the initial payment, the periodic payment, all other charges, and the total of payments necessary to acquire ownership. In Georgia, dealers must make all of the above disclosures, replacing "other charges" with a "cost of lease

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REINSTATEMENT RIGHTS "Cure Period"

Item	Georgia	Michigan	South Carolina	Texas
1. Weekly Payments	21 days	21 days	60 days	7 days (30 days if property returned)
2. Monthly Payments	90 days	90 days	60 days	15 days (30 days if property returned)

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ADVERTISING DISCLOSURES

Item	Georgia	Michigan	South Carolina	Texas
1. Triggering Term(s)	Rental rate due of a specific item	Rental rate due at start of lease	Reference to or statement of a rental rate	Reference to or statement of a rental rate
			OR	OR
			Reference to RTO of a specific item	Reference to RTO of a specific item
2. Disclosures	(A) Amount of initial payment due	Amount of initial payment due	ID transaction as an RTO agreement	ID transaction as an RTO agreement
	(B) Amount of periodic payments	Amount of periodic payments	Total of payments necessary to acquire ownership	Total and number of payments necessary to acquire ownership
	(C) All other charges	Cost of lease service	No equity statement	No equity statement
	(D) Total of all payments necessary to acquire ownership	Total of all payments necessary to acquire ownership		

service" disclosure.

South Carolina and Texas have advertising disclosure provisions similar to one another. They have the same two trigger terms: advertising that "refers to or states the amount of any payment;" or "advertising that refers to or states the right to acquire ownership of a specific product." Dealers who advertise either of these items must make three disclosures:

- (1). They must identify the transaction as a rental-purchase agreement;
- (2). They must state that the consumer is not building up equity during the rental term;
- (3). In South Carolina, they must disclose the total of payments necessary to acquire ownership. In Texas, they must disclose both the total amount and the number of payments necessary to acquire ownership.

The South Carolina statute recognizes that the nature of some advertising media makes disclosures more difficult and practically less useful to the consumer. Accordingly, the statute provides that RTO advertising on the radio or on a billboard need only make two disclosures, identification of the transaction as a rental-purchase agreement and a "no equity" statement.

Penalties

All four states have enacted both public and private enforcement mechanisms for violation of the RTO statutes. Wronged consumers can always sue for violations recovering their actual damages and punitive damages in some states. In addition, the state's Attorney General can bring suit on behalf of wronged consumers in Michigan and

Texas. In South Carolina that power is given to the Consumer Credit Code Administrator.

One state, Georgia, imposes criminal penalties for willful and intentional violation of its lease-purchase statute. There are a \$500 fine and other misdemeanor penalties provided for in the statute.

All four states provide for actual damages in suits brought by individuals. Georgia, Michigan, and Texas, apparently recognizing that often the amount of actual damage in an RTO suit would be minimal, enacted minimum recoveries. All four states allow the recovery of reasonable attorney's fees and all but Michigan, curiously, allow recovery of court costs.

Three states have made provisions for RTO dealers to notify consumers of various statutory violations and to correct them within a limited time period in order to avoid liability. The details of those sections have been explained previously. The statute of limitations, the period during which suit can be brought, varies widely, from one year in South Carolina to six years in Michigan. Georgia and Texas both have four year statutes. All four states allow individuals to file class action suits against RTO dealers.

In addition to private enforcement of the statutes by individuals, three states provide for public enforcement of RTO transactions by different government bodies. Only Georgia has no such provision.

Michigan and Texas allow the state's Attorney General's office to enforce the statute with a variety of procedures. The Michigan statute does so directly; the Texas statute does so indirectly by making a violation of the rental-purchase statute also a violation of the state's Deceptive Trade Practices Act.

Michigan has the most far-reaching public enforcement mechanism, but the Attorney General's power concerning RTO transactions is not out of line with the enforcement powers of that office in other areas of the law.

Before deciding to file suit, the Michigan Attorney General can secure subpoenas of RTO dealers, agents and employees and can require them to testify under oath concerning alleged violations of the statute. In addition, the Attorney General can subpoena books, records, and other physical evidence to investigate alleged violations. Failure to comply with a subpoena can result in a \$5,000 fine.

If the Attorney General's office finds a violation through its investigation, it

can secure an "assurance of discontinuance" from the dealer which may include payment for costs of the investigation and restitution to consumers. If dealers are compelled to divulge confidential information concerning their businesses during the course of an Attorney General's investigation, they are protected by a provision in the statute calling for criminal sanctions against anyone caught disclosing such information. Penalties include fines of up to \$2,500 and up to one year in jail.

In addition to pre-suit powers, the Michigan Attorney General's office can file suit against a dealer seeking injunctive or other appropriate relief. For "knowing and persistent" violations of the lease-purchase act, a court may assess civil penalties of up to \$25,000. "Persistent and knowing evasion" of a court injunction can result in a dealer being banned from doing business in the state.

Under the Michigan statute, the Attorney General is also specifically authorized to bring class action lawsuits on behalf of citizens. There is no limit on the amount of a class action recovery and the defendant can be made to bear the costs of ratifying the class members of the suit.

In Texas, under the state Deceptive Trade Practices Act, the Attorney General's office has a mechanism similar to the Michigan Attorney General's pre-suit subpoena power known as a Civil Investigative Demand (CID). The Attorney General may discover documentary evidence of alleged violations through this process. Intentional violations of the CID process is punishable by fines of up to \$5,000 and up to one year in jail.

In addition to the CID process, the Texas Attorney General can also file suit in court seeking whatever relief is appropriate under the circumstances. The Attorney General may request injunctive relief and also civil penalties of up to \$2,000 per violation up to a \$10,000 total. Violations of injunctions are punishable by civil penalties of up to \$10,000 per violation with a \$50,000 maximum.

In South Carolina, public enforcement of the entire Consumer Credit Code is entrusted to the Consumer Credit Code Administrator. The office of the Administrator is a regulatory agency under state law, and, as such, has full administrative powers. These include investigative powers similar to the Michigan Attorney General's pre-suit subpoena power and the Texas At-

PROGRESSIVE RENTALS/February

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WHILE EACH RENTAL-PURCHASE STATUTE VARIES SOMEWHAT IN ITS REGULATORY SCHEME AND PENALTY PROVISIONS, EACH REGULATES THE INDUSTRY IN A MANAGEABLE FASHION. NO DEALERS IN GEORGIA, MICHIGAN, SOUTH CAROLINA, OR TEXAS NEED CLOSE THEIR DOORS BECAUSE OF THE NEWLY ENACTED RTO STATUTES.

torney General's CID powers.

The Administrator may hold hearings concerning alleged violations of the Code within the agency. Defendants may appeal any administrative rulings to a judicial court. The Administrator may institute proceedings in state court either in its own name or on behalf of an aggrieved individual or a class of them. The Administrator is limited to injunctive relief and recovering actual damages in such cases. Penalties are expressly disallowed. However, in the case of "repeated and intentional" violations of the Code, the Administrator can seek a civil penalty of up to \$5,000.

In Summation

While each rental-purchase statute varies somewhat in its regulatory scheme and penalty provisions, each

regulates the industry in a manageable fashion. No dealers in Georgia, Michigan, South Carolina, or Texas need close their doors because of the newly enacted RTO statutes. If anything, the new statutes make the legal environment safer for rental dealers because all four statutes recognize RTO transactions as separate and apart from credit sales under each state's statutory scheme.

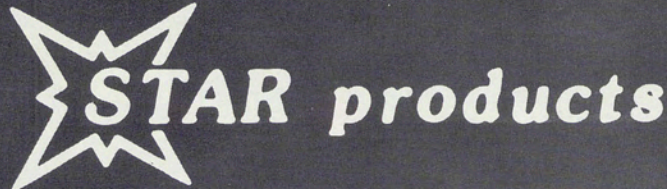
While the statutes are manageable and should not radically alter the way rental dealers do business in the four states, dealers have important new compliance issues to confront. Dealers in all four states must rewrite their RTO agreements, and in so doing, must pay careful attention to the disclosure detail of each statute. Likewise with advertising. RTO advertising is now regulated in the four states and dealers must pay attention to the requirements of the new advertising disclosures.

All of the new statutes have teeth. Dealers who willfully or even carelessly refuse to conform their business practices to the letter of the law risk lawsuits from consumer advocates on behalf of customers. It costs relatively little to redraft RTO agreements to conform with the new laws. It can cost literally hundreds of thousands of dollars to defend a class action lawsuit comprised of all consumers who as of a certain date have entered into faulty RTO transactions or seen RTO advertising that violates a state statute. To help dealers further understand these laws, copies of all four state statutes are available from the APRO office. **PR**

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

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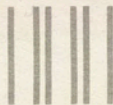
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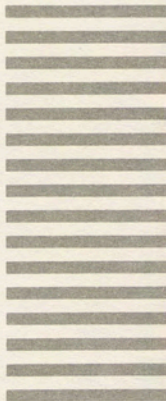
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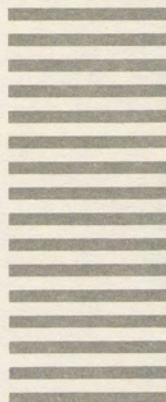
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Using Media Buying Services

How do you manage your marketing and advertising to avoid losses in the future? First, decide you are going to make a constructive decision today to use improved advertising for your company image. For example, if the owner of Wendy's had simply stood in front of a TV camera and said, "Hey, you've got to buy our hamburgers. They've got more beef in them!", the results probably would have been negligible. No matter how convincing he is (even though his marketing strategy is good), Wendy's would not have received the terrific response it did except by deciding to work with an ad agency that produced an excellent commercial with the phrase, "Where's the beef?"

In the November 1984 *PROGRESSIVE RENTALS* we said, "The results of what one excellent commercial can do in one spot can dwarf 25 years of trying to save money and protect yourself against the bad or ineffective commercial." Good taste and style of execution in your commercial can mean the difference between fair results and terrific results. The style of your commercial can help differentiate your company's services from the equivalent service of your competition. Your dollars are better spent in production of commercials than in media schedules when there are no discernible differences in your rental products and your competitor's products. A good commercial costs more to produce, but it's the wise decision to make if you want sure, reliable growth for your rental company.

Excellent radio and television rental commercials cost big dollars today. A creatively produced TV commercial can cost between \$6,000 and \$15,000, depending on market size and professional talent fees. When you add the cost for a qualified ad agency to do market research, conceptualization, and production, you must realize that the total cost can be another 50 to 75 per-

THE STYLE OF YOUR COMMERCIAL CAN HELP DIFFERENTIATE YOUR COMPANY'S SERVICES FROM THE EQUIVALENT SERVICES OF YOUR COMPETITION. A GOOD COMMERCIAL COSTS MORE TO PRODUCE, BUT IT'S THE WISE DECISION TO MAKE IF YOU WANT SURE, RELIABLE GROWTH FOR YOUR RENTAL COMPANY.

cent higher.

It is possible, however, to produce commercials with taste and style, without paying the full cost. How? Consider purchasing the exclusive rights to professional, syndicated radio and TV commercials. It can be a wise management decision for the small rental dealer with a small production budget. If you purchase syndicated rental broadcast commercials, you can hire a local professional media buying service, or an ad agency, and pay only a media buying fee.

A complete syndicated advertising package might include a finished video tape that needs only to have your store name and logo inserted, radio ads complete with music that needs only to have an announcer add your company name, and/or finished newspaper ads which needs only your company logo inserted.

By purchasing a suitable advertising package from a syndicator, you can effectively avert paying for the creative services of an advertising agency. The media buying service, when used in conjunction with this complete syndi-

cated package or with your own in-house advertising, is an option that can save you money since you are only paying for the service to negotiate and buy time or ad space with media outlets.

The media service provides many of the same buying functions of an advertising agency, the difference is the media service is not creating an ad package for you. Otherwise, the media service offers many of the benefits of a full-service agency: (1) buying clout due to volume buying for other clients; (2) expert ability to reach target prospects by a constant study of demographic and life-style trends through official broadcast ratings services; (3) an in-depth knowledge of an intelligent and necessary balance of reach and frequency applied to your target market; and (4) a hard-nosed negotiating attitude that uses buying techniques designed to save you advertising dollars on ad schedules.

If you believe that growth is really the name of the game in your rental company and that the current craze of specials by rental dealers is a passing phase (where your competition can offer a special better than you the next day), then take the plunge. If you agree good management also means being open-minded for good ideas at any time, decide today that you want to be more informed, more sophisticated about your advertising. The purchase of a good syndicated broadcast commercial for the growth of your market image may be a better option than using a full-service ad agency. Consult with an ad agency or buying service of your choice to determine your best way to go. It costs nothing to talk! **PR**

Ken Nay is president of the Ken Nay Advertising Agency in Cincinnati, Ohio. Mr. Nay has been a speaker at recent APRO seminars and the 1984 convention.

APRO Sets the Pace in '86

The 1986 APRO Convention: *Setting The Pace* is shaping up as the highlight of the year for members of the association as APRO returns to Caesars Palace in Las Vegas this July 10 through 14.

Setting The Pace is the theme that reflects APRO's growth and development as a young, vibrant trade association and reflects the growth of rent-to-own as a dynamic and respected industry. This year over 200 exhibit booths are available to industry suppliers to exhibit the latest and best of their product lines including audio and video electronics, furniture, appliances, and a variety of management/service oriented companies.

Over 1300 attendees are expected to participate in a number of fact-filled seminars, while enjoying the fun and the sights of Las Vegas. Eighteen hours of exhibit time ensure attendees an ample, nonconflicting schedule to conduct business with industry suppliers.

Caesars Palace, one of the world's truly unique hotels, has set aside a special block of rooms for APRO convention attendees. All convention activities, other than spouse and optional tour programs, take place within the massive hotel complex. Caesar's Palace offers its own variety of entertainment possibilities from name cabaret acts to specialized shopping to game rooms and slot machines. And Caesars is located in the center of Las Vegas' hotel and casino strip where the night-time activities are nonstop.

Las Vegas is more than casinos and fine food; the city has many historical and cultural attractions to satisfy the entire family. Lake Mead and Hoover Dam offer tours and lots of water sports activities. Horseback riding, tennis, and golf are always enjoyable—Las Vegas receives only 3.9 inches of rainfall annually. And for history buffs, the city is within easy traveling distance of some of the most interesting and unique ghost towns of the West.

While the dress code in Las Vegas is casual and the atmosphere is anything goes, APRO has chosen the Nevada city for the 1986 convention due

to its pro-business atmosphere, expert convention personnel, and choice exhibit areas large enough to accommodate a convention of APRO's size.

APRO '86: *Setting The Pace* will capture the momentum started by the growing rent-to-own industry. Those planning to attend are in for an extra-special experience. With a new program format, more food functions, and new seminar topics, this convention and trade exhibition promises to be the most enjoyable learning environment APRO has offered to date.



Program Highlights

The 1986 APRO convention format offers the same successful scheduling plan first introduced in 1985—there are no competing events or seminars scheduled during exhibit hall hours.

This format gives attendees special, rental-purchase specific seminars conducted by experienced and knowledgeable rental professionals, while allowing plenty of time to visit exhibitor booths and the many scheduled fun-filled parties and receptions.

All of APRO's educational seminars offer a wealth of information that is not available anywhere else. Attendees can find the answers to many of their questions at these seminars that cover everything from better collections practices to adding new product lines. Dealers will also find the panel discussions and question and answer sessions to be an effective means of learning from the experience of their peers.

Two post-convention seminars are also scheduled to be held at Caesars Palace. Registration fees for these seminars are not included in convention registration fees. On July 14 to 17, Rozanne Flatt, APRO board member and developer of *Learning Power*, is conducting the popular APRO seminar "Training Store Employees—How to Keep Good Store Personnel."

The second seminar scheduled for July 14 and 15 is "Buying Advertising—What Works for Rent-To-Own." David Garrett, vice-president of Big-

gers, Patterson and Garrett advertising agency, is covering many topics including market information, advertising budgets, and in-store events.

Entertainment during convention week ranges from evening cocktail parties to special luncheons to the highlight of the week: Caesars Roman Toga Party. The Toga Party includes a scrumptious feast fit for any emperor and some special events.

Each year brings new experiences for APRO convention attendees. Besides the traditional golf and tennis tournaments, a bowling tournament has been added for the sports enthusiasts. Also, tours of local rent-to-own stores give attendees the opportunity to see how they do it in Las Vegas.

As in years past, APRO convention planners have chosen an exciting range of activities for the spouses attending the show. Time for shopping, seeing the sights, and other functions are features that will please both men and women. Cost of registration for all spouses attending the convention is \$125. Spouse registration after May 1, 1986 is \$150.

Registration and other convention information will be arriving in the mail soon. Call Janet Morrow, APRO's director of meetings and conventions, at (512)478-6521 with any questions you may have about the July extravaganza. Make your plans now to attend APRO's 1986 Annual Convention and Trade Exhibition.



The lights of Las Vegas are the backdrop for APRO '86.

Early Reservations Mean Big Savings

It's not too early to begin planning your trip to the 1986 convention to ensure smooth traveling plans and a reserved room when you arrive in Las Vegas.

Making reservations is a simple process for members and nonmembers alike. Registration for the five-day event is \$225 for APRO members and \$300 for nonmembers if registered on or before May 1, 1986. After May 1, registration is \$250 for members and \$325 for nonmembers.

Room reservations are due to Caesars Palace by June 18, 1986. After that date, room reservations are accepted only on a space-available basis. Room rates are \$62 plus tax per night for a single or double room. To receive this special rate, please call Caesars Palace at (702)731-7110. Be sure to tell the hotel operator that you are attending the APRO convention on July 10 to 14 and they will take care of the rest.

APRO will be naming an official Convention '86 carrier to ensure attendees the lowest possible fare to Las Vegas. Complete details will be in APRO's registration packet.

By day or by night, Las Vegas is an exciting city.



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APRO SEMINAR CALENDAR

1986 Winter/Spring Schedule

DATE	TOPIC	LOCATION	SPEAKER
MARCH			
5	Accounting Methods for Rent-To-Own	Washington DC	George Fink
5	Setting up a Collections Program That Works!	Washington DC	Ed Winn, Bud Holladay
6-7	"Going Public" and Private Financing	Washington DC	J. Samuel Choate, Richard Kraut, Morton Polloway, Paul Zofnass, David Gladstone
12	Exhibitor Education—Effective Marketing Strategies for Rent-To-Own	Dallas, TX	Dr. Allen Konopacki
17-18	Fundamentals of Rent-To-Own	San Francisco, CA	Chuck Sims, Ed Winn, Barry Gambini, David Garrett
APRIL			
13-16	Training Rental Store Employees—Getting and Keeping Good Store Personnel	Schaumburg, IL (close to Chicago's O'Hare Airport)	Rozanne Flatt
14-15	Buying Advertising—What Works for Rent-To-Own	Schaumburg, IL (close to Chicago's O'Hare Airport)	David Garrett
MAY			
	Hawaii Seminar (date to be determined)	Oahu & Maui, Hawaii	to be determined
27-28	Fundamentals of Rent-To-Own	Hilton Head, SC	Ed Winn, David Garrett, Barry Gambini, Bud Holladay
29	Video Software Rental Seminar	Nashville, TN	Don and Debbie Carpenter, Jack Edgerton, Fred Phister
JULY			
10-14	APRO '86: SETTING THE PACE Annual Convention and Trade Show	Las Vegas, NV	
14-17	Training Rental Store Employees—Getting and Keeping Good Store Personnel	Las Vegas, NV	Rozanne Flatt
14-15	Buying Advertising—What Works for Rent-To-Own	Las Vegas, NV	David Garrett

Making VCRs Easy to Use

There is little doubt that VCRs are experiencing an unprecedented boom in the home video market. Despite the increased popularity of VCRs, they are still relatively new to many consumers. Combine that fact with the new, hi-tech look of the machines being produced today, and it is easy to see how a customer can become intimidated.

Mechanically Inclined

You've probably heard a customer say, "Well, the reason I'm returning the VCR is because I don't use it much." When you ask about watching all the great movies and recording favorite programs, the usual reply is, "I've seen all the good movies and I never could understand how to record." At this point, it is probably too late to change his mind, and your units on rent declines by one.

The process of educating anyone renting a VCR begins with a good demonstration of the features and benefits of several different models on the show room floor. Keep the demonstration as nontechnical as possible. Buzzwords or phrases should be avoided. Say, "A VCR has a tuner. It's much like a TV except it does not have a screen and it can record." The best way to get a quality, long-term rental is to stick to the basics. Do not tell, *show* the customer how easy it is to operate a VCR. A simple thing, such as demonstrating how to set the clock, can make a big difference to the customer.

The customer's other source of information is the manufacturer. Make sure you have several copies of the manufacturer's instruction booklets for each type of VCR. The bulk of VCRs come back from rental without instructions. Re-renting machines without them is a sure way to lower your keep rate.

Additionally, manufacturers may offer instructional videocassettes for some higher-end models, and others have 24-hour toll-free telephone lines to answer any questions a confused customer may have. Tell the customer about them. These services take some of the pressure off the dealer to provide

THE BEST WAY TO GET A QUALITY, LONG-TERM RENTAL IS TO STICK TO THE BASICS. DO NOT TELL, SHOW THE CUSTOMER HOW EASY IT IS TO OPERATE A VCR.

all the answers, and it can make a world of difference in the customer's decision to rent.

A VCR's installation can be as confusing as its operation. Cable companies, with their different requirements for use of converter boxes, have done their part to cause complications. It is best for store personnel to handle installation. Train sales and delivery personnel on the installation details of every brand of VCR you rent.

Maintenance

Once the VCR is safely in the customer's hands, it's a good idea to pass on a few maintenance tips.

- The most important parts of the machine to maintain are the video and audio heads.

- Use a video head cleaner after every thirty to forty hours of operation to prevent buildup of lubricants, oxides, and other harmful agents.

- Encourage the customer to practice some common-sense maintenance, such as unplugging the VCR during a lightning storm. This prevents a possible power surge that could wipe out the video portion of the recorder.

- Point out even simple operating procedures, such as noting that the power must be turned on before a cassette can be removed from the machine. This can save service calls to remove cassettes that will not eject.

Decisions, Decisions

Today, the customer's options in VCR rental are as numerous as the number of models and styles on the market.

One option customers must choose is the type of tuning system. Several older models, and the low-end new models, use a manual tuning system that requires the user to tune in his own channels. This sometimes difficult chore is eliminated by quartz electronic tuning, a fairly recent innovation, that automatically tunes in channels.

FEATURES THAT ARE OPTIONAL NOW, SUCH AS WIRELESS REMOTE CONTROL, FOUR-HEAD SYSTEMS, AND ELECTRONIC TUNING, WILL BE STANDARD EVEN ON TOMORROW'S LOW-END MACHINES.

Also, there is the VHS versus Beta controversy. At this time there still is not enough conclusive evidence to determine whether one format is superior to the other. The only clear-cut fact is that VHS recorders have sold more units than Beta, and most video software stores carry a wider selection of VHS tapes. Other options include: four-head recorders versus two-head recorders; and special effects such as pause, fast forward, rewind scan, and stereo capability.

While the future of VCRs and their place in the home video market looks bright, it remains unpredictable. One thing is certain: the quality and innovations in VCRs will continue to escalate. Features that are optional now, such as wireless remote control, four-head systems, and electronic tuning, will be standard even on tomorrow's low-end machines. And tomorrow's options probably haven't been invented yet. Those new features are going to require customer education, and it's up to you to provide it. **PR**

Steve Wilbanks is a sales manager for Houston-based Remco Enterprises.

DRUGS

continued from page 19

even ruled that a criminal conviction for illegal drug use is not grounds for termination. However, this is not so if the conduct injures the reputation of the business, or affects the employee's on-the-job performance, or the morale or safety of other employees. Government employers cannot inquire into a prospective employee's drug arrest record, but private employers are not so limited.

A final hazard for employers concerns what they say about an employee with a drug problem. Employers can be held liable for defamation if they are not truthful and factual when discussing an employee's alleged drug abuse. Labor unions have insisted that proof in most cases be "beyond a reasonable doubt," a far higher standard than usually exists in termination proceedings.

The issue of employee-controlled substance abuse is a serious one with important and conflicting interests to be protected. Employers have the right to insist on a drug-free workplace. Employees have the right to be free from intimidation and unreason-

able intrusions into their private lives. They may even have the emerging right to insist upon help when they recognize and admit that they have a drug problem.

AS MUCH AS 40 PERCENT
OF A COMPANY'S TOTAL
HEALTH CARE COSTS
STEM FROM DRUG AND
ALCOHOL ABUSE.

Guidelines

It is difficult to give employers concrete advice that will work in all circumstances given the evolving state of the law. Drug abuse is an emotional issue for many, but a few guidelines may prove helpful.

- Sit down with company policy planners and develop a written drug and alcohol policy. Include penalties for violations of the policy.
- Circulate the policy to all employees and enforce the policy in an evenhanded, unemotional, and non-discriminatory manner.
- Remember that the causes of

drug abuse are often many and complex. It may not simply be a matter of an individual's weak character.

The professional sports world has recognized this. While it has not yet found the answer to the problem of drug abuse in its workplace (the playing field), it is working hard to find solutions and it is working compassionately with the victims of the problem. Our industry owes its employees no less than that. **PR**

Ed Winn is General Counsel of APRO and a frequent contributor to PROGRESSIVE RENTALS.

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- Providing easy clean ups

INCREASE DEALER BENEFITS BY:

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- Keeping fabrics newer longer
- Increasing rental life

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SELECTING EMPLOYEES

continued from page 9

backbone of the company. They are important because they deal directly with the customers."

When selecting such personnel, Wilburn looks for sales-oriented, outgoing people experienced in dealing with the public. A lack of prejudice toward others is also crucial, as is proper telephone etiquette.

Dr. Merbaum suggests that people selected for clerical positions be reliable and practical. "Many people enjoy repetitive, routine work," he says, "but anyone who becomes bored quickly will not do well in this area."

Delivery Personnel. In some rental operations, the delivery employee is also the salesperson. In others, the employee is only responsible for product delivery and set-up. General traits considered desirable for employees who transport merchandise to and from the customer's home are:

- Good health
- Physical strength
- A good driving record
- Well-developed communication skills
- An enthusiastic attitude
- Organizational skills
- Sales experience
- Collections experience.

Service Technicians. "Our service technicians must have two years experience in the repair of TVs, stereos, and VCRs," says Wilburn. "This is either a yes or no situation. If they do not have two years experience, we do not hire them."

As is the case with many rent-to-own companies, Wilburn's stores usually only employ one serviceperson per location. A trainee cannot be hired because there is no one available to train him.

Collections Personnel. Traits suggested by dealers as desirable in collections personnel are:

- Collections experience
- A calm, assured personality
- A friendly attitude
- Sales experience
- An ability to follow through on a project and get the job done
- High ethical standards.

Collections is an extremely important area of the rental business. These employees must be aware of the law and be able to exercise quick and accurate judgment when presented with difficult situations.

People hired for these positions

must be effective telephone and in-person communicators who recognize the value of good customer relations and timely customer payments.

Interviewing

The interview has been used since want ads were invented as a test to determine the worthiness of candidates for employment. Whether or not interview results are accurate and useful depends as much on the person conducting the interview as the interviewee.

"Interviewers carry with them a great deal of subjective bias," says Dr. Merbaum. "The interview is an assessment procedure that everyone uses, but there are certain hazards involved. An interviewer will reveal certain preferences in his conversation, how he evaluates people, and whether or not he likes a particular person. Racial or religious prejudice, dislike of overweight or underweight people, or a dislike of short or tall people are but a few examples of this. Interviewers must be aware of their preferences and see that they do not interfere with assessment of the candidate."

In his book, *Interviewing for Managers*, Dr. John Drake details four factors that account for success on the job: intellectual skills and aptitudes; motivational characteristics; personality strengths and limitations; and knowledge and experience.

Drake cautions that an interviewer will not obtain a complete picture of the applicant if all the above points are not covered in the interview. He suggests that a successful interview is one in which the interviewer can,

after the applicant departs, write a descriptive paragraph about each of the four factors. (See "Effective Interviewing" for suggested questions.)

"The fundamental axiom of interviewing is that behavior predicts behavior," comments Rozanne Flatt. "An interviewer should first of all determine what it is he or she is interviewing for. He or she should then look at past behavior as a predictor of future behavior. Ask specific questions about how the interviewee has behaved in the past, then verify it with former employers."

Dr. Merbaum offers several guidelines for effective interviewing:

- Determine what you want to know beforehand, then ask questions directly pertaining to these topics.
- Get the person involved in problem-solving issues. Ask them how they would deal with a particular situation.
- Be straightforward. Do not skirt important issues.
- Do not play games or try to put people under stress. Otherwise, a meaningless jumble of information will result.

Testing

Administering standardized aptitude tests to employment candidates is another method of determining potential job success.

"RTO does not use psychological testing," comments Steve Ernst, "but we do administer a sales aptitude test and a reading, writing, and math test."

RTO's company-created tests are administered only to applicants who are being seriously considered for

Avoiding Discrimination

Equal Employment Opportunity Commission regulations prevent employers from asking certain questions on a job application or during an interview. Asking the questions could make dealers vulnerable to discrimination charges. Examples of such questions are:

- Where were you born?
- When were you born?
- May I see your birth certificate? Naturalization papers? Baptismal record?
- What is your religious affiliation?
- Do you attend church regularly?
- Are you a U.S. citizen?
- Do you have plans to become pregnant? (Females, of course)
- What does your spouse do?
- Is English your second language?

This is not an exhaustive list of problem questions. Contact your local employment office for further guidelines.

positions, not to everyone who applies. The tests are used for every store position. Ernst has received positive feedback from store managers since institution of the testing program. In the past, some workers did not possess even basic literacy skills. Through use of the testing, RTO managers are assured that all staff members can read, write, perform basic computations, and assist in sales.

Dr. Merbaum suggests, "Literacy skills testing is a good idea because it determines whether or not a person has acquired capabilities with words, numbers, and problem solving. If you select people with these skills, they are easier and more economical to train, and they are generally more thoughtful about issues than other people. They also probably have more self-discipline." In addition to literacy testing, Merbaum says a good testing program will include sales, management, and personality tests.

"Psychological and intelligence testing are considered illegal unless you can validate it," notes Rozanne Flatt, "and I don't think anyone in our industry is currently prepared to validate it. It is legal, however, to test for good clerical skills, the ability to keep neat records, and the ability to perform basic computations. These are all qualities every rental store employee should have."

London House, a Chicago publisher of employee testing materials, suggests that dealers ask the following questions before purchasing testing programs:

- Does the test measure my areas of need?
- Does the test really measure what it says it does?
- Is the test easy to use?
- Is the manual clearly written?
- How long does it take to administer the test?
- What are the test administrator's requirements in terms of time and experience?
- How long does it take to get test results?
- Is the test presented in an attractive way to minimize boredom for the applicant?
- Is the printing quality good?
- Are the directions well written and easy to follow?
- How much does the test cost?
- Does the supplier provide after-purchase support?
- Does the test comply with Equal Employment Opportunity guidelines?

Testing may be a new area for many rental dealers. As with any venture into uncharted territory, trial and error could be the order of the day. Testing does not replace the importance of conducting a good interview. Weigh the results of both in making personnel choices.

Background Checks

Thorough investigation of a job candidate's background is a must in all areas of business. As competition for jobs becomes increasingly heated, some candidates are fabricating entire employment histories and educational backgrounds. Hiring such a person could prove disastrous to a rental store.

"We check everything," says Gary Wilburn. "Job references, schools attended, even credit histories."

Steve Ernst agrees. His company checks records with the Department of Motor Vehicles, calls all personal references and past employers, and is now looking into the possibility of running credit bureau checks.

But beware, Dr. Merbaum cautions that being too thorough in background investigations could result in a charge of invasion of privacy.

"I don't recommend the use of a polygraph," he says. "Their use is an invasion of privacy, and the data on their reliability is not all that convincing. References should be checked. Did the person really go to school and/or work where he says he did? To

go beyond this is also an invasion of privacy."

What not to ask is just as important as knowing what to ask. Equal Opportunity Commission guidelines are quite specific in this area. (See "Avoiding Discrimination" in this article.) Contact your state employment office for a complete list of do's and don'ts.

Personnel Sources

Where to find good candidates for the jobs you have to offer can seem like searching for the proverbial needle in the haystack. Sources are available whether your location is rural America or urban sprawl. Each of the following sources has limitations, but one or all can be adapted to specific dealer needs.

Newspaper Advertising. By far, newspaper classifieds are the most popular personnel source among rental dealers. Dealers might consider placing ads in the sports or entertainment sections as well, since classifieds are primarily read only by the unemployed.

Local Colleges or Junior Colleges. Higher education institutions can provide eager young workers looking for their first position in business. Check with the campus placement office.

Employment Agencies. Agencies may be worthwhile when searching for managers, although several dealers report limited success in working

Effective Interviewing

The four areas that should be covered in an employment interview are intellect, motivation, personality, and aptitude. In his book, *Interviewing for Managers*, Dr. John Drake suggests asking the following questions to assess a candidate's performance potential in these areas:

- As you look back on your years before high school, is there anything you learned that you apply in your adult life?
- What are some of the things in your previous jobs that you think you did particularly well or in which you achieved the greatest success? Why do you feel this way?
- Do you have any particular salary goals or targets? If so, how did you arrive at them? What makes you think you will eventually earn that kind of income?
- What would you say there is about you that has accounted for your progress to date?
- What are some of the things you either do now or are thinking about doing that are self-development activities?
- How would you describe yourself as a person?
- What things in life that you have been asked to do have you found to be the hardest?
- What would you consider to be your greatest achievement to date? Why?
- Are there any talents you possess that are used during leisure time that you have not been able to apply in a work situation?

with these professional employment organizations. As when purchasing any service, look for a company that understands your type of business.

Additional personnel sources include TV and radio advertising, billboard advertising, veterans' employment services, state employment services, and personal contact with others in the rental industry.

The wording of an employment advertisement is important. Equal Opportunity Employment guidelines apply here as well. When writing advertisements, use the following guidelines for a more effective ad:

- Use action words such as advance, manage, create, and gain.
- Be brief. A properly defined job can be advertised in twenty words or less.
- Investigate the benefits other companies advertise, then adapt them to your company's ad.
- Ask your employees what they like about the company, and use their comments in the ad.

Employee Training

When an employee is hired, the supervisor's work is only half completed. The new worker must now be trained for optimum performance in his position.

Only one training program is designed specifically for the rental industry. *Learning Power*, created by Rozanne Flatt, is a comprehensive, easy-to-use system for instructing new rental employees and improving productivity in veteran workers. The system is intended for in-store training sessions taught by store employees.

Learning Power details four important areas of rental store operation: selling, delivery, account management, and teamwork. Each of these areas is treated in a separate training module.

The **Professional Rental Selling** segment provides methods of selling over the phone and in the store, completing order applications, verifying references, making the work order, and notifying turndowns in a professional manner.

Professional Rental Delivery instructs personnel on product delivery and demonstration, confirming rental agreements with the customer, making service visits, and delivering loaners.

Professional Account Management covers reviewing expired accounts,

PROGRESSIVE RENTALS/February

helping customers honor commitments, making courtesy visits, saving accounts and re-establishing timely renewal patterns.

The **Professional Rental Team** materials teach employees to make courtesy calls, ensure prompt renewals, turn complaints into opportunities, and troubleshoot on the phone.

Learning Power is presented in an attractive, sturdy format, including flipcharts, training leader manuals, and a protective metal field pack that employees can use on deliveries. Dealers should contact the APRO office for more information on using *Learning Power* in their stores as a method of establishing a rental store training program.

IT TAKES SERIOUS THOUGHT
IN INTERVIEWING,
EVALUATING, AND
COMPARING
CANDIDATES—WITH A
DASH OF INTUITION
THROWN IN—TO CHOOSE
AN INDIVIDUAL YOU AND
YOUR PRESENT STAFF CAN
WORK WITH.

No Bad Apples

Getting and keeping good personnel is often a tedious process, but experience makes the task easier. There are millions of honest and industrious potential employees out there just looking for a chance. By maintaining a strong hiring program, dealers will very likely have the pleasure of employing many eager, competent staff members.

That strong program means personal involvement by the owner or top management of the company. It takes serious thought in interviewing, evaluating, and comparing candidates—with a dash of intuition thrown in—to choose an individual you and your present staff can work with.

Avoiding the bad apples can be tricky—first impressions of the shiny surface may mask a worm on the inside. Treat each employee-candidate individually to find the flaws before you hire, not after you discover the defects. **PR**

Shirley Greenly is Assistant Editor of *PROGRESSIVE RENTALS* magazine.

Learning Power

Train your staff the professional, progressive way. Give them *Learning Power*, the new rental-purchase employee training kit developed by APRO member Rozanne Flatt and endorsed by APRO.

Here's what purchasers of *Learning Power* are saying:

"It's a good grassroots, down-to-earth training course. Rozanne did an exceptional job. This program was done by somebody who has actually worked in the business and knows how it works."

— Barry Gambini
RTO Rents
Visalia, California

"We're using several of the ideas in the manuals and they're working out great. We're very impressed."

— Don and Debbie Carpenter
Paine-Carpenter Rentals
Natchez, Mississippi

"It's a good idea long overdue. The association needed something like this done in a professional manner. Dealers may have bits and pieces of training manuals but nothing as comprehensive as this."

— Alan Dobzinski
The Rental Experts Inc.
New Haven, Connecticut

Ready to order?

Write or call

Association of
Progressive Rental Organizations
1866 InterFirst Tower
Austin, TX 78701
(512) 478-6521

Visa, MC, AE accepted

Loading for Delivery

It's your worst scenario: the delivery van makes a sudden stop and a dinette set comes crashing toward the driver; or your new delivery man gets your most expensive dresser into the van but doesn't secure it and, as he drives off, the dresser slides out onto the pavement. No doubt about it, delivery personnel using haphazard loading procedures can cost you thousands of dollars.

Transporting furniture to a customer's home is not simply a matter of tossing items into the van and buzzing down the freeway. Delivery personnel need thorough training to understand secure, safe furniture placement in the delivery vehicle. If proper loading techniques are not used, hazardous driving situations and damaged merchandise can be the result.

Loading

"The configuration of the furniture dictates how it should be loaded," says Joe Rutter, director of operations for the thirty-eight R-T-O stores in California. "Everything should be wedged in so it doesn't shift during transportation."

Vans should be modified so furniture can be secured to the vehicle walls and floor. Every item in the van should be wrapped in shipping blankets to avoid breakage.

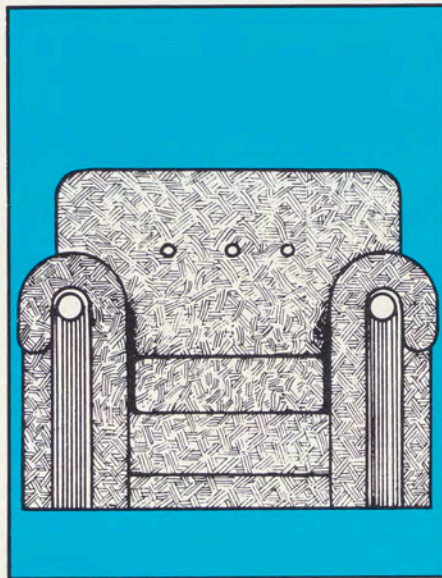
"Interior packages used by many dealers make provisions for the tie-down of items in the truck or van," says Tony Wooten, national marketing manager of Borg-Warner Vehicle Leasing. Wooten's tips on van modification for safe furniture delivery include:

- Installing F-track rails—metal strips perforated with a continuous series of holes—along the entire length of both sides of the van.
- Using F-track rails on the floor of the van and across the bulkhead.
- Employing two nylon straps with metal clips on the ends to cinch the furniture tightly together and then hooking the clips into any hole in the F-track.
- Loading with weight in mind. The

heaviest pieces should be placed as close to the vehicle's fulcrum point as possible. In vans, the point is toward the front of the vehicle.

• Placing the lighter pieces toward the back of the van.

"It is impossible," notes Wooten, "for any driver to run around the city with uncinched materials and not have them shift in the back of the vehicle. If heavy items are loaded improperly, the vehicle's wheels can literally lift up from the ground."



TRANSPORTING FURNITURE TO A CUSTOMER'S HOME IS NOT SIMPLY A MATTER OF TOSsing ITEMS INTO THE VAN AND BUZZING DOWN THE FREEWAY. VANS SHOULD BE MODIFIED SO FURNITURE CAN BE SECURED TO THE VEHICLE WALLS AND FLOOR.

Incorrect loading causes a loss of steering control, affects van alignment, and increases wear on tires. Wooten emphasizes that improperly balanced loads may cause the van to fishtail. "Because the rear is so heavy, it wants to pass the front of the truck when the brakes are applied. In front-wheel drive vans, a loss of traction may be the result," he says.

Training Pays

"At R-T-O, our employees take the order, deliver the product, and collect on the account," says Joe Rutter. "Delivery instruction is included in our employee training program, and we also hold periodic safety meetings."

Rutter states that good delivery procedures "absolutely help our profit margins. It is very important that our people treat furniture and other items like glass when they are delivered. Fewer damaged items means more profit."

Outfitting the van helps save more than furniture. From refrigerators to TVs, all can be strapped in and secured to keep merchandise from sliding or tipping over.

The cost of outfitting the van depends on how much equipment is purchased. Tony Wooten lists the cost three ways. If a dealer wanted just the minimum amount of protection, which is F-track rails on the driver's side with shipping blankets and straps, the cost is \$150. To outfit the driver's side and the floor, the cost is \$400. For a completely outfitted van, the cost is approximately \$1000. The cost factor is weighed against the cost of replacing any damaged merchandise, and the price of having an improperly loaded and unsafe van.

Today's rental-purchase market is more competitive than ever before, and dealers are eager to make every cent count. Prevention of damage to furniture and other goods during delivery is one wise way to remain a step ahead of the pack.

PR

Keeping the Music Playing

Imagine that Mad Max has just rented your 150-watt audio system. Do you think he will play it at a modest volume level, shoo his children away from the system, and run a head cleaner tape through the cassette deck once a week? If you're lucky, he might keep the turntable's dustcover closed.

It's probably difficult to avoid renting to a crazed party monster who insists upon blasting himself and his neighbors into rock-and-roll oblivion, but some repairs are preventable with firm instruction from sales personnel and careful screening of stereo renters.

Common Problems

What are customers doing to destroy their rental stereos?

"Our main problem is customers turning up the volume too loud and popping the speakers," says Frank Felty, owner of eighteen Tel-Star TV Rentals based in Bristol, Tennessee. "One customer has blown his speakers eight times in the past three months. We also have trouble with customers neglecting the turntable's needle cartridge."

L. E. Randle, owner of five Royce's Rentals stores in Indiana and Illinois, notes, "We have trouble with cassette deck doors being knocked off, breakage of the cassette mechanism itself, and blown speakers."

Worn-out needles, blown speakers, and broken dustcovers head the repair list for us," comments John Plunkett, owner of seventeen Texas-based Lone Star Rental locations.

As customers increasingly demand high-end stereo equipment, it becomes vital for dealers to try to protect their rental audio systems. Many dealers attempt to train the customer in proper care of the equipment during in-store demonstrations.

Rules and Regs

All three dealers instruct customers on proper stereo care, and John

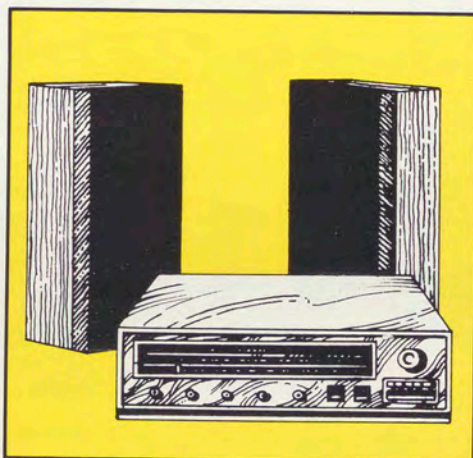
Plunkett provides the guidelines his salespeople share with customers.

- The cassette deck should be cleaned regularly, either with a head cleaner tape, or with alcohol and cotton swabs.

- Keep the dustcover closed when not putting on or removing a record album.

- Lock the tonearm when it is not in use.

- Trust us when we say the system's power is 50 or 100 watts, and do not turn



BROKEN NEEDLES MAY AT FIRST SEEM LIKE A MINOR PROBLEM, BUT THE OCCURRENCE IS SO FREQUENT THE COST DOES ADD UP RAPIDLY.

the volume up past the system's capacity.

Broken needles may at first seem like a minor problem, but the occurrence is so frequent the cost does add up rapidly. Frank Felty has encountered trouble with customers claiming their turntable did not have a needle when the unit was delivered. In actuality, the customer had broken the needle soon after delivery.

"We dealt with the situation by having them sign at the time of delivery that

they had received a working needle," Felty says. "We have also included in our rental contract a statement noting that the customer will be charged a flat fee plus tax for needles they break."

Accountability

"Stereo customers should have a responsible attitude," comments L. E. Randle. "You have to have more stringent rules for people who rent stereos than for people who rent automatic washing machines." Randle's stereo rental rules include:

- The customer must be older than nineteen.

- Customers must have lived at the same address for a reasonably long period of time.

- There cannot be a large number of young children in the household.

Others believe accountability of audio equipment dysfunction often may lie with the manufacturer. "Manufacturers are putting out high-wattage systems," says Frank Felty, "yet they're not building the systems to accommodate this power. Alleviation of audio problems must start with the manufacturer."

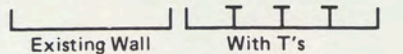
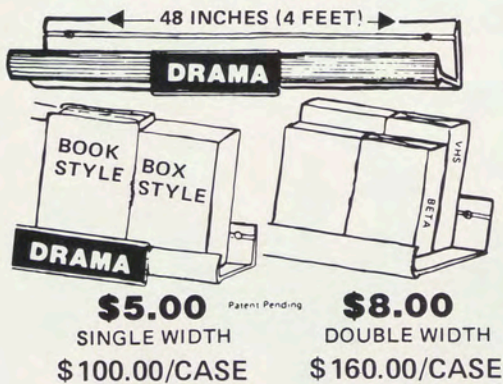
The frustration some dealers have with equipment they offer for rent is grounded in the fact that many manufacturers are providing the same units for rent as they do for retail. But as suppliers gain increasing savvy about the rental business, they are making modifications to existing products, or creating products specifically for the rental market, that can better withstand knocks and abuse.

There may always be customers who treat their rental stereos roughly, planning to return them before assuming ownership, just as poorly constructed merchandise may always be on the market. Whatever the cause of stereo breakdowns, dealers can benefit by making careful audio purchases and ensuring that stereos are rented to customers who are adequately informed of proper maintenance procedures. **PR**

VIDEO DISPLAY TRACKS

SET UP YOUR OWN PROFESSIONAL VIDEO STORE IN JUST A FEW HOURS FOR \$400-\$600 (1,000 TITLES)

OUT OF SPACE?
DOUBLE YOUR INVENTORY
BUILD T-SHAPE WALLS



Easy to install - just Staple, Nail, Glue, or Screw into Any Surface • Each Track (Single or Double) is Four Feet Long and Cuts Easily to Fit Any Space • Each Single Track Holds approx 12 pieces (Doubles hold approx 24) • Red, Ivory, Blue, Black or Brown • Pre-packed 20 pcs per Carton, Singles or Doubles • Special Tilt of Track Prevents Box Fall Out



Display Tracks for Slat Walls

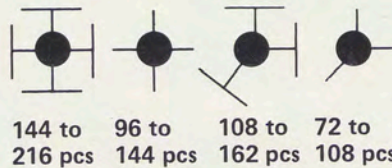
For Video Cassettes, Computer Software, Audio Discs. Each Track is 48" Long. Packed 20 Tracks per case. Red, Ivory, Blue, Black, Brown.



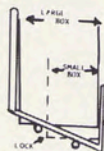
Revolving Movie-Go-Round \$289.95



Depending on How It Is Assembled, Holds from 72 to 216 Movies ALL FACE FRONT

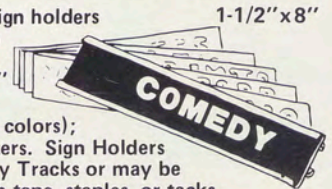


- Ships UPS in only 3 Cartons
- Easy to assemble, requires no tools
- Consumes only 36" of floor space
- Special design accommodates both smallest BETA or largest X-rated box to fit in the same space without flopping around in rack
- Comes with One Movie Marquee Category Sign (Movie Rentals) Header
- Black Base and Center Pole with Gold Wire Cassette Racks
- Optional Accessories: "Snap-on Sign Kit" and "Hook and Pull Tag System" for multiple copies



75-pc Snap on Sign Kit \$59.95

Kit contains 25 black plastic sign holders and 50 slide in signs (two each of 25 different categories, as shown under "Movie Marquee" signs). Side 1 - Black with fluorescent letters (four asstrd colors); Side 2 - Black with White letters. Sign Holders easily snap on to Video Display Tracks or may be affixed to existing display with tape, staples, or tacks.



Movie Marquee Category Signs

4-1/2x17-1/4" Laminated on both Sides in a Heavy Gauge, Hard Clear Plastic



- | | | | |
|----------|--------------|-----------------|--------------------------|
| ACTION | MUSICALS | WORTH SEEING | *ACCESSORIES |
| DRAMA | CONCERTS | OSCAR WINNERS | *CHECK-IN |
| MARTIAL | MUSIC VIDEOS | SALE TITLES | *CHECK-OUT |
| ARTS | ADULT | ADVENTURE | *COMING SOON |
| SCI-FI | FOREIGN | SPORTS | *NEW ARRIVALS |
| HORROR | SELF-HELP | MYSTERY | *ROMANCE |
| COMEDY | RELIGIOUS | *VIDEO GAMES | *GENERAL |
| CHILDREN | WESTERN/WAR | *MOVIE RENTALS | *SPANISH |
| FAMILY | DOCUMENTARY | *BUDGET RENTALS | *TOP 20 |
| FILMS | VHS | *VCR RENTALS | *TOP 50 |
| CARTOONS | BETA | *EDUCATIONAL | *NOT IN SNAP ON SIGN KIT |
| CLASSICS | NEW RELEASES | *BUSINESS | |
| | | *MISCELLANEOUS | |

Side 1 - Black Letters, White Background
Side 2 - Black Letters on Day-Glo (4 assorted colors)

1 - 11.....	\$6.00 each
12 - 24.....	\$5.00 each
25 or more....	\$4.00 each

New Pull Tag System



HOOKS Pack of 100 \$35.00
PLASTIC TAG Pack of 100 \$25.00 Yellow or White
LABELS Roll of 500 \$50.00 VHS or BETA
ADAPTER STRIP Pack of 20 \$40.00 Black or Brown

1. Hooks simply snap on to Video Display Tracks
2. Each Hook holds up to ten Tags
3. TAGS (one for each copy) hang on Hook
4. BETA or VHS labels available
5. Adapter Strips easily attach to existing shelving

This system eliminates the need to show multiple copies of a Title and increases the number of Titles which may be displayed. The customer pulls the TAG instead of the Video Box which, consequently, remains on permanent display. When all the Tags have been pulled, the Title is "out on rental."

Transparent Movie Box Protectors

Clear, Semi-Hard Plastic Boxes Protect Valuable Movie Display Boxes. Tapes always look as good as the first day you put them up. Put Labels and Stickers on the Protectors and Never Damage the actual Display Box. Packed 100 pieces per size (lids and trays packed separately).



.60 each
\$60.00 per case

- Size 1 - BETA Sleeve Type
- Size 2 - VHS Sleeve Type
- Size 3 - Fox, Playboy, MGM Old Type
- Size 4 - Thorne, Vestron, Amarty Type
- Size 5 - Family Home, USA Video Gems, Moxt X's
- Size 6 - Warner, MGM, CBS UA, Disney Book Type

Category Divider/Seam Cover



Cover the seams between each four-foot Video Display Track with a matching or contrasting color Seam Cover which will also add strength at the point where two sections meet. Packages of 20 - \$5.00, red, black, blue, ivory, brown.



With Snap-on Seam Cover



Without Seam Cover

VISUAL IMPACT PRODUCTS
(714) 963-4966 • (714) 631-3310
1835 Whittier, D12
Costa Mesa, CA 92627

Miscellaneous Labels

PLAYBACK PROBLEMS? — 2x3" — Black on White
\$60.00/Roll of 1000

PLAYBACK PROBLEMS?

- To correct grainy or blurry picture, distortion or burnout across picture: Adjust the tracking control on your Video Recorder.
- To correct rolling picture, distorted tops, or picture flip over: Adjust the Horizontal or Vertical hold on TV Set.
- To correct No Picture or No Sound: Check Center Wire on Stereo on Connector to be sure tiny Center Wire is in the Hole and not bent off to one side. Next, check to see if 75-300 OHM Adapter is connected to VHF Terminals on TV. Also, check to see if TV is tuned to Channel 3 (4).
- Check to see if Selector Switch on VCR is in the TV or VCR Mode.

WARNING
Heat and Sunlight damage
Tapes. Replacement is
Customer's Responsibility

Sunlight Warning!
5/8x1-1/4"
Black Print on White
\$30.00/Roll of 1,000



CLOSED CAPTION — 3/4" Round
Black on Yellow background
\$12.50/Roll of 500

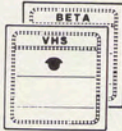
RECORDED IN STEREO
3/4" Round — Red on White
\$12.50/Roll of 500

Recorded in
STEREO

Pull Tag System Labels

NOTICE
PLEASE TAKE TAG
TO COUNTER
Leave Box On Display

Roll of 500
\$50.00
VHS — Pink
BETA — Yellow



5/8x1-1/4" — Black on White
\$20.00/Roll of 500

**MOVIES AVAILABLE AT RENTAL
COUNTER. PLEASE DO NOT REMOVE
THIS BOX FROM DISPLAY.**

1" x 3-1/2"
Black on White
\$30.00 per
Roll of 500

EVERYTHING YOU NEED TO OPEN OR REMODEL A VIDEO STORE

Security Labels

WARNING
Full Retail of the Product
will be Collected if Seal
is Altered or Removed



TYPE A — MYLAR
1/2"x1" — Clear with Gold Print
\$30.00 per roll of 1,000
Theft Deterrent

TYPE B — FOIL — VOID TYPE
5/8"x1-1/4" — Silver Foil w/Black Print
\$45.00/Roll of 1,000

Labels Read: **WARNING - Full Retail of this Product will be Collected if Seal is Altered or Removed**

Beta/VHS Labels

TYPE A — 1" SQUARE
Available in BETA (Pink)
Available in VHS (Green)

TYPE B — 3/4"x1"
BETA (Pink) — VHS (Green)

Type A Type B

AVAILABLE IN
BETA BETA

Roll of 500 — \$20.00

On Rental Labels



1-1/2" Square — Removeable
\$30.00/Roll of 500
\$50.00 Two Rolls
RED OR BLACK (Use one color for
VHS and the other for BETA)

Promotional Labels

TOP 20 **TOP 50**

1-1/2" Round — \$25.00/roll 500

TYPE A — TOP 20
Fluorescent Yellow
TYPE B — TOP 50
Fluorescent Green

NEW RELEASE **NEW ARRIVALS**

1-5/8" Sunburst - Removeable
\$20.00/Roll of 250

TYPE A — NEW RELEASE
Gold Foil w/Black Letters
or Fluorescent Yellow
TYPE B — NEW ARRIVALS
Silver Foil w/Black Letters
or Fluorescent Orange

Worth Seeing **DON'T MISS**

1-1/4" Explosion
\$20.00/Roll of 500

TYPE A — WORTH SEEING
Fluorescent Red
TYPE B — DON'T MISS
Fluorescent Orange

USED MOVIE SALE
REG. PRICE \$ _____
NOW \$ _____

THIS MOVIE FOR
Rent \$ _____
Sale \$ _____

2" Square
\$30.00/Roll of 500

TYPE A — USED MOVIE SALE
Fluorescent Yellow
TYPE B — THIS MOVIE FOR SALE/RENT
Fluorescent Pink

TYPE C — THIS MOVIE FOR SALE ONLY
Fluorescent Orange

Rewind Labels

3/4" Round
\$20.00/Roll of 1,000



YELLOW

ORANGE

RED

Special Rental Labels

1-1/2" Round — Removeable — \$25.00/Roll of 500



YELLOW ORANGE RED GREEN PINK PINK

Rating Labels



\$ 10.00 — Roll of 250
\$ 55.00 — 6 Rolls, Assrtd
\$100.00 — 12 Rolls, Assrtd

1" Round
White with Blue Print

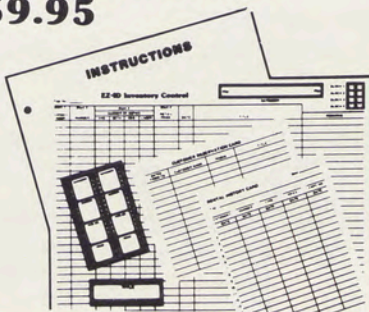
(G) General
(PG) Parental Guidance
(PG-13)..... Parental Guidance
Over Age 13

(R) Restricted
(X) X-Rated
(XXX) Hard XXX
(NR) No Rating

EZ-ID Inventory Control System (500 Titles): \$159.95

The System includes the items listed below which may be purchased individually:

- \$40.00 - 1,000 Classification Labels
- \$40.00 - 1,000 Title Labels
- \$60.00 - 500 Rental History Cards
- \$20.00 - 50 Inventory Control Sheets
- \$10.00 - 50 Customer Reservation Cards
- \$50.00 - One Set Instructions



Giant 36" Long Window Signs

READABLE UP TO A
HALF MILE

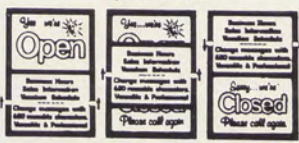


- Giant 36x12" Sign sticks directly to glass with static cling
- No Glue — No Residue, Remove and Reuse
- Florescent Red & White, or Fluorescent Red & Yellow
- \$19.95 each or, two for \$35.00, three for \$50.00

SLIDING OPEN-CLOSED SIGN

\$39.95

14x20"
High Impact Styrene
Sliding Panel
630 Changeable
Letters/Numerals
Mounts Inside on
Glass w/Suction
Includes Counter
Easel Marquee



SPECIFY — ENGLISH OR SPANISH

Movie Rental Boxes

RIGID, Heavyweight Plastic with Deep Leather Grain Finish reduces Marking and Scuffing! Positive Locking System will not pop open when dropped. Made in the USA of 100% Virgin Vinyl. Available with or without Wrap-around Sleeve. Black, Brown or Semi-Clear (see through). Order by the Case only (48 pieces).

With Pocket (price each) 80¢ 1,000+ 75¢
Without Pocket (price each) 75¢ 70¢



Title Boards

- 18"x24"
- White Board
- Printed on one side in Black and Yellow — useable both sides
- Pre-Drilled
- Suction Cups
- Dry Erase Pen (1)
- Extra Pens \$2.50 each

\$29.95 each — Two for \$55.00



Giant Outdoor Banners

3'x10' — With Re-enforced Ties — \$49.95 each
WEATHER RESISTANT POLYESTER VINYL

MOVIE/VCR RENTALS

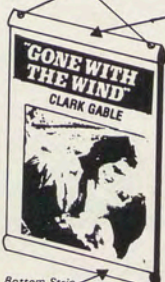
Fluorescent Orange with Black Letters
Style A — Grand Opening Style C — Movie/VCR Rentals
Style B — Movie Rentals Style D — Movie/VCR Sales & Rentals

NEW! Outdoor Pennants

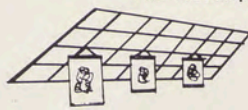
\$14.95/100' STRING — MULTICOLORED
DURABLE PLASTIC

P.O.P. Poster Hangers

NEW! HOLDS POSTER STRAIGHT
WITHOUT DAMAGING POSTER



Four Foot Strip Cuts Easily to Fit Any Size Poster — Simply Punch Holes at either end with Paper Punch and Insert Strips (string not included)
\$29.95 per 20
Four Foot Strips



HANG FROM CEILING, OR IN WINDOWS
WITH TWO POSTERS
BACK-TO-BACK, OR
MOUNT AGAINST
WALL

Bottom Strip
keeps Poster from curling up

Plastic Movie Box Inserts

ELIMINATES THE NEED FOR STYROFOAM BLOCKS!

\$15.00/Case of 100 Inserts
\$12.50/Case - 10 or more cases
REUSABLE

Specify BETA or VHS



PLASTIC INSERT
with Weighted Base

Keeps Display Box Standing
Upright, with or without
Shrink Wrap



Squeeze Clip
Together to
Insert into
Movie Box



Press-Fit
will Lock
Clip into
Place



Getting What You Pay For

When I was asked to write this editorial, I thought about coming up with some clever analogies or throwing in those kinds of sports statistics about pay and performance that make your blood boil, like the twenty-year-old kid making half a million a year to play center field who's no better than your cousin Ralph.

And then I realized that employee compensation is really a very simple proposition: no pay plan can be wrong if both parties are happy. Of course, you'd best make sure the federal government and a few state agencies are happy as well. But whatever form of pay or bonuses your company offers, it's bound to work if you get what you want and the worker gets what he or she wants. It's that simple.

If you're unsure just what kind of incentive program to set up, check around. The labor market and the business conditions where you operate will have a lot to do with what you pay. Since both you and your competitors are looking for similar people, take a cue from what the guy down the street is paying. Ask for numbers. Get hard, concrete numbers that can be easily measured.

Next, define the results you want. Forget the part about "honest," "hardworking," "aggressive," etc. Those aren't results—they're traits or attitudes you want employees to have that no pay plan can create or improve upon. Now, are you willing to pay for those traits to get results? If not, then learn to settle for less than what you want. No amount of pleading or promises will produce thoroughbred results on ice wagon wages.

If you decide to implement a bonus system for your stores, try not to make the mistake of building a bonus plan around simply solving a current problem. When the problem goes

TRY NOT TO MAKE THE MISTAKE OF BUILDING A BONUS PLAN AROUND SIMPLY SOLVING A CURRENT PROBLEM.

away, so does your bonus plan. Try to define the long-range objectives you feel are attainable for each department: new rentals; collections; service. Talk to the workers and learn their views on how these goals can be achieved or if they are even attainable under current working conditions.

Take away all the obstacles that are left over from last year's bonus plan. Fire the managers who claim their people aren't worth any more money. Throw away the plan that says what everyone can be paid. Now you have a fresh start and the right people in place. If you only know what you want—and you're willing to pay for it—then just about any bonus plan will work for you.

The question of whether to build a bonus plan around profit, sales, or collection results can't be resolved by anyone but you. I do know that if sales and collections are handled right, then profit follows. I have paid for sales volume and for profit, and profit is better. I've never been able to convince my accountants or my lenders that more sales automatically spells long life for the business. I doubt your business is much different. I've learned that going over the financials with store employees usually produces a pleasing result: they not only understand the importance of profit, but they're perfectly willing to work hard to improve it. Employees just have to understand that your profit is their guarantee of a job tomorrow.

Of course, pure and simple greed

IF OUR MOST IMPORTANT ASSET IS OUR PEOPLE, THEN WHY DON'T WE ACT LIKE IT? NOBODY CAN BE OVERPAID—ONLY UNDER-TRAINED, UNDER-MANAGED, AND UNDER-WORKED.

has to be covered in any discussion of profits and pay. I've never understood why a dealer will spend lots of time and money on the best products while paying barely subsistence wages to those who rent, deliver, service, and count those products. If our most important asset is our people, then why don't we act like it? Nobody can be overpaid—only under-trained, under-managed, and under-worked. **PR**

Bud Holladay, president of ABC Rentals in Arlington, Texas, is a member of APRO's board of directors, and a frequent contributor to PROGRESSIVE RENTALS.

WHEN YOU RENT, RENT THE BEST

ZENITH ® TV & VCRs

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

With Zenith you can expect quick delivery, broad selection, and fast inventory turn. Plus you'll enjoy the benefits of a nationally advertised brand with local advertising and merchandising assistance.

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



ZENITH The quality goes in before the name goes on
the Smart Choice in Rental

THE HOTTEST RENTAL PROPERTY IN THIS NEIGHBORHOOD.

Chances are, you haven't rented much laundry equipment to apartment tenants. But now that 20 million household market



has great rental potential. Speed Queen's new Contempo Mate™ is the washer and dryer designed for apartments. Stackable, so it fits in smaller spaces. It's light enough to move easily, but built to last—with a

19 month warranty available.

Rent Contempo Mate as is, or add wheels with a portability kit* for more flexibility.

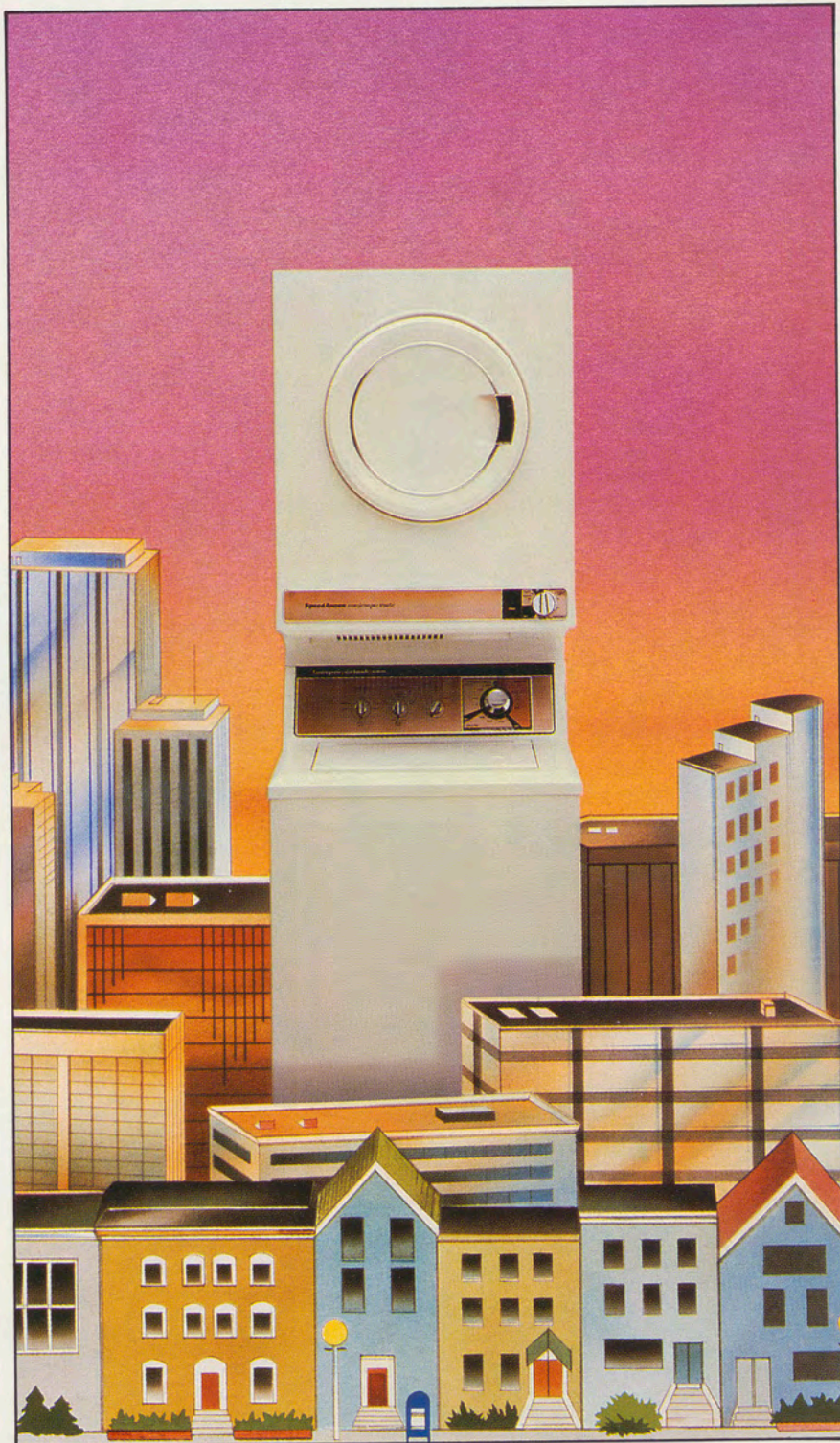
Hose kits* allow sink hook-up, without special plumbing fixtures. Both the washer and dryer operate on 110V. And the dryer requires no external venting. So, installation is never a problem.



Contempo Mate has the capacity to wash and dry an everyday load of laundry. Great washability, too, with a variety of cycles, and a unique 2.5 turn agitation stroke.

Call, write, or contact your sales representative for more information about Speed Queen's Contempo Mate. It's the stackable that moves—and moves you into the big new apartment market.

Speed Queen Company
P.O. Box 990
Ripon, WI 54971-0990
(414) 748-3121, ext. 203



contempo mate™

The New Wave In **L** Stackable Washers And Dryers.

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*Portability kits sold separately.

Speed Queen

A Raytheon Company