

APRIL/MAY 1989

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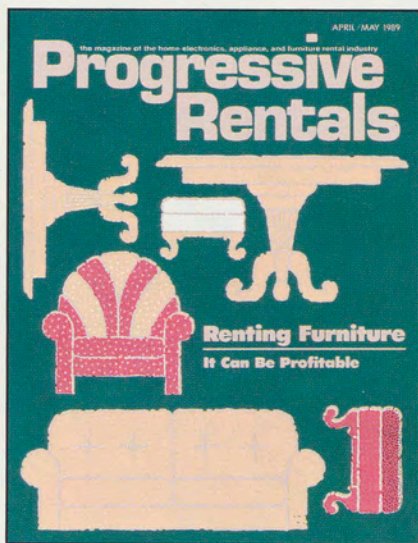
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Progressive Rentals

VOL. 9 NO. 2

APRIL/MAY 1989



ON THE COVER: Furniture has become a very big item in the rental industry, with more stores adding it to their inventory every month. Our cover story begins on page 18.

COVER DESIGN:
Nichols, Massey & Powell
Irving, Texas

PENNSYLVANIA ILLUSTRATION:
Design2, Austin, Texas

WASHINGTON PHOTOS:
Courtesy of Washington, DC,
Convention & Visitors Assn.

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PRESIDENT'S VIEW

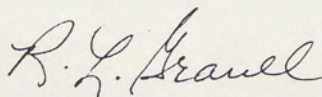
Convention Forecast: A Warming Trend

Your executive committee combined its required quarterly meeting with the vendor relations committee meeting in early April at this year's convention hotel, The Sheraton Washington, in Washington, D.C. This allowed us to expand our communications with the vendors, let us look over the convention site together, and join in making this a convention by which to measure all others.

This is a time of transition in our industry. Margins are narrow, competition grows almost daily, and the effort to get favorable legislation seems to be never ending. All this plus jobs going begging in most areas with help hard to find and keep. Lenders are tightening the screws: there are so many advertising mediums it is almost impossible to find a way to reach your customers. Most of us have been in the business long enough that we've outgrown our office space, our trucks are getting old, our buildings need major facelifts, and in some cases our customers have moved away from our store sites. The list could go on and on.

Are any of those problems eating at you, brothers and sisters? Well, have we got a convention lined up for you. *How To Stay Alive In Rent-To-Own In The '90s!* You'll find good, timely seminars, longer exhibit hall hours, new product lines, more booths than ever before, an open convention so there will be more people to visit with, and all this in a safe and secure part of Washington. This will be like a refreshing warming trend blowing over this seemingly endless cold winter our industry is in.

You will find more details in your convention brochure and future issues of this magazine. We listened to what you wanted and are working with rent-to-own vendors to give you just what you need and deserve. See you in Washington August 9-13 at the Sheraton Washington.



R. L. (Dick) Grauel
APRO President

With Apologies

Like the Rabbit in *Alice in Wonderland*, I'm late, I'm late, I'm late, for a very important date. Too few people and the crunch of too many deadlines in too short a time — the annual membership directory, convention registration packets, seminar announcements, and the all-new *RTO Network News* — put us behind schedule. That's why you are receiving this issue so late. I apologize for the delay and any inconvenience that delay has caused you. —

Frances Knight, Editor

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PROGRESSIVE RENTALS (ISSN 8750-6106) is the official publication of the Association of Progressive Rental Organizations (APRO) and is published bimonthly at 2028 E. Ben White Blvd. Suite 200, Austin, TX 78741, (512) 447-0333. Copyright © by APRO, 1989. All rights reserved. Cover and contents may not be reproduced in whole or in part without prior written permission.

Subscriptions: U.S. and Canada — 1 year (6 issues), \$30; 2 years (12 issues), \$50; 3 years (18 issues), \$65. Back issues available at \$3 each. For subscription, change of address, back issues, write PROGRESSIVE RENTALS, 2028 E. Ben White Blvd. Suite 200, Austin, TX 78741. Three weeks required for changes on orders. Allow 6 to 8 weeks for the first subscription copy to be shipped.

Progressive Rentals

April — May 1989/PROGRESSIVE RENTALS

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MESSAGE



Keeping Pace Creatively

As I reflect on the state of the rent-to-own industry, I am always hearing about the new breed of rental dealer. It is undeniably true that as an industry we have raised the level of business practices a notch or two over the years. We service our customers better; we price our products more competitively; we study and understand the financial details of the business better.

I also see that the level of debate politically has been raised. That is not to say the far left fringe of consumer activism is not alive and well and calling for the death of rent-to-own with a stake through its heart. Those voices are there and will probably always be there. They have never been especially successful and I do not think they ever will be.

But there are other currents moving and shaping this industry of which we had all better be aware, because they may be successful in some measure.

For years and years our chief opponents worked for legal aid. We now have another opponent, far better funded, and often far more thoughtful about the industry and how it ought to be regulated—state attorneys general.

We did, in fact, encounter attorneys general as early on as 1983 in North Carolina. Then the debate focused on the alleged incomprehensibility of the rent-to-own program. The compromise struck was to have two distinct transactions—a rental term and a sale of the product.

But even then, the A/G himself was careful to insist that he had no intention or desire to run small businessmen out of the state. Contrast that with the new A/G's attitude in North Carolina, who in 1987-88 put his name to a memo calling rent-to-own a "cruel hoax" on the citizens of the state, and obviously no different from a credit sale.

In state after state, the industry is seeing opposition to it come from attorneys general rather than legal aid lawyers.

Attorneys general are better funded and have proven themselves to be usually more thoughtful than the shriller legal aid advocates.

Rather than attempting to declare rent-to-own transactions to be credit sales, which is a simple but rarely successful argument, A/G offices around the country have begun to probe the details of the business, seeking careful regulation of those details.

In California, for example, the A/G's office wants to prevent rent-to-own dealers from being able to shift the risk of loss for the property onto the customer, which is the universal practice currently in the industry. Unfortunately, this is a trend that is sweeping the country in the car rental business.

Several states have already severely limited the ability of car rental companies to shift the risk of loss onto rental customers. Likewise, limits are being placed on car rental companies' ability to sell damage waiver fees to cover the liability.

The California A/G's initial attitude toward rent-to-own was that dealers should not be allowed to sell leased property insurance at all. Of course, if rental dealers cannot shift the risk of loss onto customers, there would be nothing to insure.

To the extent that the opposition has become more creative in its collective attempt to regulate the industry, the industry has an obligation to keep pace by being equally creative. So far, the industry's creative impulse has exhausted itself primarily in price cutting. The direct benefit presumably is to draw more customers away from competitors with lower prices. An indirect benefit is to diffuse some of the criticism traditionally leveled at the industry for its "too high" prices.

Far more revolutionary is Remco's recent experiment with "lifetime equity." The name may be unfortunate

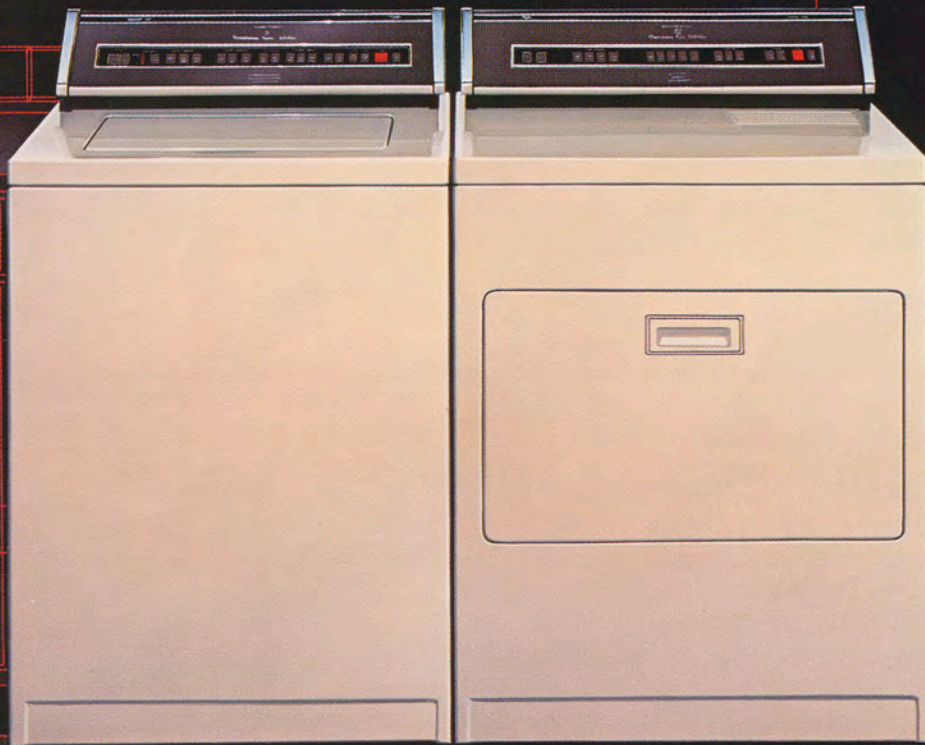
given the industry's position on equity of any kind, but the notion is truly revolutionary. State rent-to-own statutes require dealers to give customers certain reinstatement rights. In some states dealers are required to give customers credit for payments for up to six months after they return the property. Dealers in unregulated states will often do this voluntarily, at least with customers who pay on time. Remco's new policy gives customers credit for payments made forever. And that is creative.

What the industry needs is more creative thought applied to its problems. The lawyers are always trying to come up with new arguments with which to negotiate successful legislation. Rental dealers themselves need to do more of the same. That is what the soap makers are doing when their products come out "new and improved." Car companies do it with new model changes.

Some of the changes are superficial, to be sure, but what all changes do is invite new looks. Remco thinks that its new program will bring new looks from a new breed of customers. The industry as a whole is getting some new looks from attorneys general. Many of them are not as prejudiced against rent-to-own as legal aid (although a few are every bit as bad). And the industry has an opportunity to show an influential regulatory body a new best foot forward.

Industries evolve and grow by changing. And I suspect that retail industries either grow or die. I think that all of us agree on what we want for the future of this industry.

EDWARD L. WINN III
APRO General Counsel



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A CALL TO ENTRY

"RAE" AWARDS

FOR RENTAL ADVERTISING EXCELLENCE

ENTRY FORM

To enter APRO's newly expanded and ever so exciting Rental Advertising Award contest, please fill out and return this form along with entries to the Association of Progressive Rental Organizations, C/O Grauel Enterprises, 100 Saw Mill Road, Lafayette, IN, 47905. Entries must be received by **July 7, 1989**. Please read the instructions for each category and division carefully. Entries that do not meet requirements will be disqualified. This contest is for APRO regular members only. NOTE: All Entries must have been created and used between July 1, 1988, and June 30, 1989.

1. PRINT MATERIALS

- 1-A CATALOG/BROCHURE, less than 4-color
- 1-B CATALOG/BROCHURE, 4-color or more
- 1-C Letterhead, logo or trademark design
- 1-D POSTER, less than 4-color
- 1-E POSTER, 4-color or more
- 1-F OTHER (i.e. Door Hangers, coupons, contest materials, etc.)

2. DIRECT MARKETING

- 2-A ORDER SOLICITATION, single mailing used to produce a direct response
- 2-B DIRECT CAMPAIGN, two to five direct mail pieces from an integrated campaign.

3. NEWSPAPER

- 3-A B&W, half page or less
- 3-B B&W, more than half page
- 3-C COLOR, half page or less
- 3-D COLOR, more than half page
- 3-E Free Standing Insert

4. RADIO

- 4-A :30 sec or less, under \$100
- 4-B :30 sec or less, over \$100
- 4-C :60 sec, under \$100
- 4-D :60 sec, over \$100

5. TELEVISION

- 5-A :30 sec or less, under \$1000
- 5-B :30 sec or less, over \$1000
- 5-C :60 sec, under \$1000
- 5-D :60 sec, over \$1000

6. SPECIALTY ITEMS ADVERTISING

- 6-A Specialty Item, unit cost \$2.00 or less
- 6-B Specialty Item, unit cost over \$2.00
- 6-C Point-of-Purchase Material (poster, sign, banner, display, etc.)

7. BILLBOARD/OUTDOOR

- 7-A Outdoor Billboard, any size
- 7-B Transit Poster, interior or exterior
- 7-C Other (inflatable, etc.)

8. NON-ENGLISH ADVERTISING

- 8-A Refer to the appropriate media division for instructions on preparing an entry for submission in this category.

HOW TO ENTER

ENTRY FORM

A properly typed Official Entry Form **MUST** accompany **EACH** entry.

Please photocopy any additional forms.

The "RAE" Awards remain free of charge to all regular members.

ENTRY DEADLINE

Friday, July 7, 1989, 5:00 p.m.

Please, No Exceptions

PRINT ADVERTISING

Send two tear sheets or samples of advertising.

Do not send photocopies or the original artwork.

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Please include date(s) advertising ran.

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Categories are print, direct marketing, newspaper, television, radio, billboard/outdoor, specialty advertising awards, and non-English advertising.

Rules are simple.

- Ads must have been created and used between July 1, 1988 and June 30, 1989.
- The contest is limited to APRO regular members only.
- Friday, July 7, 1989 is the entry deadline.
- Entries must meet all eligibility and entry requirements.

The Awards have been expanded to include Gold, Silver, and Merit Awards. Winners will be announced and awards presented during the convention and the entries will be displayed for all delegates to view during the remainder of the convention.

A panel of qualified experts will judge the contest.

An official entry form will be sent to each member's advertising department. Read and follow the entry form directions, decide which is your best and "go for the gold."

RADIO

Radio entries are to be submitted on audio cassettes, individually boxed. Identify each reel, box, and the envelope.

TELEVISION

All entries must be submitted on 1/2" VHS video tape, individually boxed, identify each reel, box, and the envelope.

OUTDOOR

Submit a 5" X 7" or larger color photograph of all entries. Please affix the entry label to the back of the photo. Please protect your photo by placing in an appropriate envelope.

AD SPECIALTIES

If at all possible, submit the actual product as the customer first saw it. If the item is too large, expensive or fragile, please send a 5" X 7" color photograph. Please affix the entry label to the item or include the label in a protective envelope with the entry.

Please briefly describe the advertising objective of your entry. (Use a separate entry form copy for each entry)

NAME _____

NAME OF BUSINESS _____

ADDRESS _____

CITY _____

STATE _____ ZIP _____

PHONE _____ () _____

SIGNATURE _____



The Limits of Compliance

By James D. Walker Jr.

It is natural to want to be at peace with "the powers that be." If we are so fortunate as to gain some kind of favor, so much the better. It is all a part of the natural cycle of co-existence.

Many of us learned the basic rules of regulation and compliance in Sunday School. Our teachers there would tell us that we must read the Bible and do what it says. The Bible says we must respect the Big Guy and love our enemies.

The Sunday School teacher would tell us that such compliance will keep us from being doomed to you know where. Some churches go on to say that there may be a more abundant life here on earth as the payoff for such heavenly conduct. While these benefits may be difficult to define, most of us agree that such compliance is more beneficial to us than non-compliance.

This little Sunday School lesson could be instructive to rental dealers. If you live in a regulated state, you want to read the law and do what it says. You have to be sure to tell the customer how much money he or she will pay to acquire ownership. You have to explain how the customer can buy the property for cash. You have to explain the customer's reinstatement rights and make various other disclosures. What is the benefit of all this compliance?

Finding the benefits

Just like our Sunday School lesson teaches us, the benefits are twofold. We can avoid damnation and, possibly, enjoy a more abundant life. The abundant life part is tricky. Just how abundant life may be after compliance is the subject of this article.

But first, a brief mention about the damnation part. If we don't comply with our state laws, our customers will

The benefits of compliance are twofold. We can avoid damnation and, possibly, enjoy a more abundant life.

The abundant life part is tricky. Just how abundant life may be after compliance is the subject of this article.

have a right to sue us, sometimes in classes, and recover penalties defined by our statutes. The disadvantage of non-compliance is self-evident. Everyone agrees that we want to avoid these consequences.

On the abundant life side, everyone is not in agreement about the benefits of compliance. In fact, it seems that there are a lot of misconceptions about the positive benefits to a dealer who is operating in compliance with a new rental law.

Some dealers in regulated states have voiced the concern that they still have trouble getting magistrates to issue warrants and district attorneys to prosecute cases. They have the idea (misguided but forgivable) that the criminal enforcement area of our legal system is somehow connected to the civil compliance side. This is just not true. All this regulation and compliance will not quickly change the attitudes about our business that have developed over many years.

If there was a place in this article for a footnote, I would make reference now to the disadvantages of criminal prosecution. I would say that it is generally a bad idea, that it is generally unproductive, and that it is too often the remedy of choice for lazy store managers. Worst of all, it forces our customers to go to lawyers who often believe that the best defense is a good offense. And so the footnote would go.

The expectations for those cases (and dealers) that demand criminal prosecution are sometimes disappointed. "Aren't we legal?", you ask. "If I have

complied with the law, why can't the DA enforce it?"

The truth is that the criminal enforcement side of the law never cared in the first place about disclosure or compliance. They see us taking money for television sets just like the retail appliance store across the street. The lines we draw in the sand between rent-to-own and retail have never meant much to law enforcement officials. Since they never cared about "recharacterization" before, why should we think they give a hoot now that we have solved the problem.

Each jurisdiction has its law about the theft of rental property. If the authorities are smart enough and not too busy, they can understand that we want to be treated just like a car rental company or apartment owner. On the other hand, when they get stupid and busy, they sometimes fail to comprehend the distinction. They say it sounds like a civil problem, and they walk away from it. There is no appeal from the exercise of prosecutorial discretion.

How about the courts? If the DAs spurn us, surely the judges will respect our position because they have civil and criminal responsibilities. Again, the truth is that the benefit of compliance has more to do with how the case arises than anything else.

If you get sued for failing to comply with the retail installment sale law in a regulated rental state, your chance of winning is just about a lead-pipe cinch. But who gets sued on the recharacterization issue anymore? True, a few of our friends in the business have suffered

this misfortune in the past, some in the class action flavor. Fortunately, those days are about over in the regulated states.

So what else is in it for a rental dealer in a regulated state? How about a bankruptcy case? Our published decisions are very favorable. Judges like to publish decisions where they have complied with the law. Unfortunately, the practice in many places is vastly different as judges administer the law in unpublished cases.

We discussed the practical side of bankruptcy cases in seminar presentations at the APRO meeting in Las Vegas in August of 1988. Practical suggestions can be obtained from the program materials and audiotapes, which are available from APRO.

The purpose of the mention of bankruptcy here is to point out that we do not always get the relief the law requires in the bankruptcy court. We still have that "appliance dealer" look about us.

The process of insisting on our rights can be insanely expensive in terms of lawyer fees and personnel time. Generally, when we try hard, we win. We may flunk the cost versus benefit analysis, but we win. This is another area where the benefit of our compliance is far from automatic.

Figuring the taxes: it pays to be a chameleon

Another area that is getting increasing attention is taxation. There are local and state authorities that extract from us various prices according to diverse and sometimes conflicting laws. One would expect that compliance with rent-to-own laws would yield some consistency of treatment in this area. Too often, it does not.

One reason we have trouble in this area is that some rental dealers do not want to be treated like rental dealers in some matters such as inventory tax. In this area, some of our dealers want to be taxed like appliance stores. They report a set on rent as one which is not owned by the company for inventory taxation purposes. They report that set as an account receivable. Such is the schizophrenic life of a rental dealer.

That point of view can be legitimately argued to taxing authorities because the rental dealer has no control over the

return of that property to his idle inventory. In fact, the customer has the right to treat the contract as one that is identical to a retail contract for purposes of inventory taxation.

A dealer would argue that he should only pay inventory tax on property that he owns. Until a customer fails to renew a rental contract or returns the property voluntarily, the rental dealer has absolutely no right to any benefits of ownership except an income stream. In such a case, the transaction is absolutely identical to a retail installment sale.

On the other hand, there are taxing authorities that do not tax idle inventory but, instead, tax the intangible right to receive money. Here, many dealers behave like all their customers are unlikely to renew their contracts each week or month. The income stream, they say, is not assured.

Another arena for tax tussling is the sales versus use tax issue. You can guess how this one goes. The point is that there are significant financial benefits to a rental dealer by assuming a chameleon existence.

In summary, the upside benefits to a rental dealer from regulation and compliance are much more difficult to measure than the downside detriment. The biggest benefit that escapes specific enumeration is legitimacy. We have had our problems in various places justifying our right to exist. In ways that defy description, that problem has made a lot of things more difficult for us. In each of the areas specified above, the attitudes of the authorities have influenced the outcome of the cases.

In so many ways, those authorities still have the power to frustrate our business efforts. Generally, before regulation, we lacked any prominent badge of legitimacy in dealing with these "powers." While they do not all take note of us now in the manner we think they should, we have in this process of regulation and compliance a powerful tool. We can use this tool to gain respect among these various "powers" in ways that enhance the efficiency and profitability of the rent-to-own industry.

PR

James D. Walker Jr., a practicing attorney and partner in the law firm of Surrent, Walker, Creson & Colley in Augusta, Georgia, is the featured writer for this column. If you have specific topics you would like to have addressed, please write to: Editor, PROGRESSIVE RENTALS, 2028 E. Ben White Blvd. Suite 200, Austin, TX 78741.

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Pennsylvania Court Rules Anti-Rent-To-Own Law Unconstitutional

By Edward L. Winn III

Most rental dealers in the country are aware that the Pennsylvania Legislature declared rent-to-own contracts to be credit sales in March of 1988. The move caused anger, some sense of panic among dealers in the state, and widespread consternation among industry members as a whole (PROGRESSIVE RENTALS, October/November 1988).

What many dealers may not know is that the Pennsylvania Rental Dealers Association sued those involved with the passage of that particular legislation because, according to the Association's lawsuit, the legislature violated the state constitution in several regards when it passed the law.

In late February of this year, the Commonwealth Court of Pennsylvania ruled unanimously in favor of the Association and against the legislature. The Court ruled that the statute, which last year had effectively put rental dealers out of business by calling rent-to-own transactions credit sales, was unconstitutional.

The statute was not unconstitutional because of what it said, but because of the manner in which it was passed. As a general proposition, legislators have great flexibility in the kinds of laws they pass. The few controls that exist are contained in either the federal constitution or state constitutions. There are subject matter limits and there are constitutionally mandated procedures at both the state and federal level essentially to insure that laws are not passed in the

The Commonwealth Court of Pennsylvania ruled unanimously that the statute that last year had effectively put rental dealers out of business was unconstitutional.

dark of night without full public scrutiny.

In Pennsylvania the constitution states: "No law shall be passed except by bill, and no bill shall be so altered or amended, on its passage through either house, so as to change its original purpose" (Pennsylvania Constitution, Article III, Section One).

Another section of the constitution states that no bill may be considered "unless referred to a committee. . . ." Still another section of the constitution states that every "bill shall be considered on three different dates in each house."

From farm taxes to installment sales

All parties have agreed about the path the anti-rent-to-own statute took through the legislature. The bill began in the Pennsylvania Senate as S.B.N. 167, which dealt with the payment by farmers of estimated state taxes. The bill as a farm tax bill was referred to the Senate Finance Committee, which reported it to the full Senate. The full Senate passed the bill without amendment several days later, upon which the bill

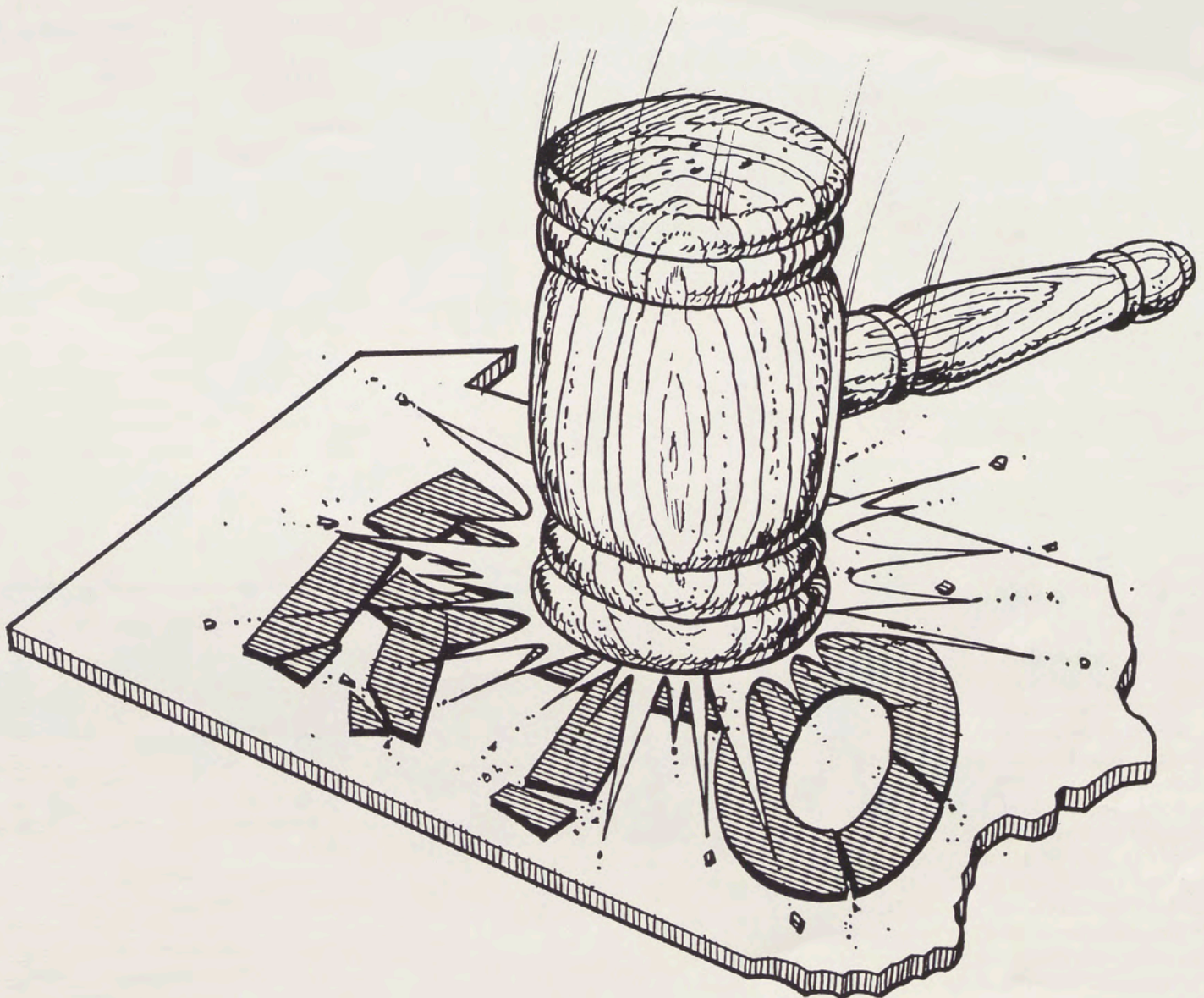
was referred to the House Finance Committee.

That body voted the bill out of committee and to the full House, which first considered the bill in June 1987. From the full House the bill was referred to the House Appropriations Committee, which voted in several amendments and reported the amended bill back to the full House in June of 1987.

The full House then deleted all of the language dealing with farmers' estimated tax payments from the bill, leaving only the number, and substituted entirely new language concerning financial assistance to local taxing authorities. The amended bill then went to the House Rules Committee.

That body deleted all of the language concerning financial assistance to local taxing authorities and replaced it with amendments to the Goods and Services Installment Sales Act (GSISA), which included the anti-rent-to-own provisions. The Rules Committee reported that new language to the full House.

The next day the house gave the now twice-amended S.B.N. 167 final consideration. The following day the bill was returned to the Senate, which concurred on the new language without



referring it to a committee. Governor Casey signed the bill two days later.

Pennsylvania rental dealers quickly sued, arguing, among other things, that changing the intent of the bill from farm taxes to rent-to-own was unconstitutional.

Rental dealers challenge law

The practice in Pennsylvania of legislators gutting bills and completely replacing old language with new has had a long and venerable history. Because there are deadlines for the introduction of bills during the legislative calendar, legislators have used this technique late in the session to consider essentially new matters. Pennsylvania

Rental Dealers were told they were flying in the face of a long legislative tradition by filing their lawsuit, but at that point, they had nothing to lose.

The court ruled first of all that it did have jurisdiction over the issue and that there was a constitutional issue raised in the Association's complaint. The specific issue that the court considered was whether the amendments to the original S.B.N. 167 are "germane to, and do not wholly change, the general subject of the bill."

The attorney general's office, arguing on behalf of the legislature and the government, argued that the amendments were germane since the bill, under all circumstances, concerned the economic well-being of the state. The court responded:

"To take such a broad view of the germaneness test would, in our view, render that test meaningless. We do not take lightly the act of declaring Act 15 [S.B.N. 167] unconstitutional, for we are ever mindful of the deference owed to co-equal branches of government. Where, however, the legislature has violated a section of Article III in passing legislation, we must fulfill our duty of interpreting the constitution and where need be, as here, hold that Act 15 has been passed in an unconstitutional fashion."

The court was willing to conclude that a bill originally designed to deal with payments of estimated taxes by farmers had been changed completely when amended to make changes in the Retail Installment Sales Act. The court stated simply, "In our view, the latter is not germane to the former. Rather, the

The rental industry can and has made a strong case for the survival and prosperity of small business and reasonable government regulation.

amendments finally passed by the senate wholly changed the original bill."

Uncertain future

The impact of the Association's lawsuit has yet to be fully determined. As might be imagined, the government immediately appealed the case to the State Supreme Court where the matter is still pending. Nonetheless, retailers and other lenders in the state face the serious possibility that they have been overcharging customers on interest since March 1, 1988. This is because the anti-rent-to-own bill also kept consumer interest rates at 18 percent. Without the bill, rates would have automatically fallen back to 15 percent.

If the Supreme Court sustains the lower court's ruling in favor of rental dealers, then retailers and lenders across the state may owe consumer debtors rebates for interest charges in the millions of dollars.

Whatever the problems of retailers and consumer lenders in the state as a result of this lawsuit, Pennsylvania rental dealers still face an uncertain future. The case is still on appeal and there is the chance that the Pennsylvania Supreme Court will reverse the lower court. In that event, the rental dealers are back where they started with the new law last year.

Even if the Supreme Court upholds the decision, the legislature can still vote to put the rental industry out of business, this time within the guidelines established in the state's constitution. In fact, Rep. Peter Wombach from Harrisburg has reintroduced S.B.N. 167 verbatim into the 1989 Session of the Pennsylvania Legislature.

To be sure, the rental industry is not without its allies in Harrisburg. The rental industry can and has made a strong case for small business and for the survival and prosperity of small business and reasonable government regulation.

The problem for dealers in the state is that the atmosphere has been made so hostile through the press and some unusually outspoken critics that it has been hard for dealers to get the true story of how they do business told.

What the lawsuit victory certainly has brought them is more time to try to tell that story. Most recently, Bill Morgestern, president of the Pennsylvania Association of Rental Dealers, and Chris Korst, an attorney for Rent-A-Center, debated Peter Wombach on public television.

Dealers wait for final decision

Reports from dealers in the state indicate that few have changed business practices since the lawsuit was decided. Most preferred to wait to see what the Supreme Court will do and then what the legislature intends to do with their industry.

Business practices in the state have varied considerably under the new law as dealers have struggled to meet marketplace demands for their goods and services. Many dealers went to straight rent-to-rent programs and took out the purchase option. The rent-to-rent programs vary considerably, but, overall, rental rates tend to fall over time.

A persistent rumor in the state is that the attorney general's office is waiting 18 months from the date the law was enacted to see whether dealers are going to continue collecting rental payments from customers after 18 months. If not, the attorney general may argue that those transactions are really disguised credit sales.

Other dealers have gone with rebate programs allowing customers cash rebates for timely payments made in a rent-to-own program. Obviously, if customers accumulate sufficient cash through rebates, they can purchase items in the store. Other dealers have offered bonus point programs in conjunction with rent-to-rent programs, much like frequent flyer points on airlines.

A handful of dealers have attempted to comply with the Goods and Services Installment Sales Act by legally turning their rent-to-own contracts into credit sales. Doing business this way creates its own set of problems, not the least of which is disclosing an annual percentage rate.

More problematic to rental dealers is

the 21-day cure period in the GSISA. That portion of the statute requires retailers, when a customer defaults, to give the customer written notice of the default, usually by certified mail, and then wait 21 days before attempting to recover the merchandise. Even though dealers need to give this notice only once every 12 months, rental dealers who are attempting to comply with the statute have needed to be much more careful qualifying rental customers than is ordinarily the case.

Moreover, in order to repossess merchandise, dealers must comply with Article 9 of the Uniform Commercial Code which deals with security interests. Under certain circumstances, a dealer can be required to sell the repossessed merchandise in a commercially reasonable manner and give the customer an accounting for the proceeds of that sale.

Adversity brings unity

If the war has not yet been won in Pennsylvania, dealers there have won an important battle with their initial success in the lawsuit. The past months of adversity have helped unify and strengthen dealers in the state.

The continued demand for rental dealers' goods and services has proven to most observers that the industry is a viable one. Industry critics had hoped that passage of the Pennsylvania Statute last spring would be the industry's death knell. That has not proven to be the case. Rather, the setback in Pennsylvania has strengthened the industry's resolve. It has been indirectly responsible for the national association's renewed efforts during the past year to organize dealers at the state level and carefully monitor legislation in as many states as possible.

All dealers hope that the court system will correct the legislative aberration that has worked such a hardship on dealers in Pennsylvania. Such oversight is an important function of that body of the government. It is not the first time that a legislature has been swayed by the passions of the moment.

If the court opinion holds, as indeed it should, then Pennsylvania dealers, in time, will certainly be able to make their case and bring their state into line with the other 18 that have dealt with the industry responsibly.

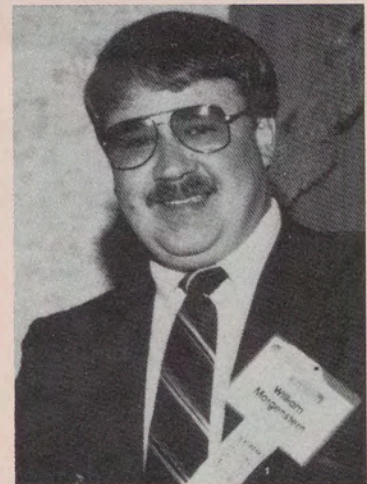
PR

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

BILL MORGENSTERN

Still Fighting the Pa. Battle

By Frances Knight & David Timmons



Bill Morgenstern has been perhaps the most visible of the Pennsylvania dealers involved in the rent-to-own legislative battle in that state. He was recognized for his efforts last year at the APRO convention in Las Vegas when then-president Mac Hennigan presented Bill with the President's Award for outstanding service to the association and the industry.

He didn't plan to do battle with legislators, and he didn't know rent-to-own was in his future when he graduated with a degree in criminal law enforcement from Youngstown (Ohio) University. What he did plan to do was work for the police department in Fort Worth, Texas.

While waiting for that job to start, however, Bill Morgenstern went to work, temporarily he thought, for a Fort Worth Rent-A-Center store. In a short time, he became an assistant manager, then manager of a store in Oklahoma, and police work was out of the picture.

Still working for Rent-A-Center, Bill was sent to Erie, Pennsylvania. That's where he decided to start his own company, Rent-Way Inc., which is now a chain of 11 stores. That is also where he became involved in efforts to prevent passage of legislation unfavorable to the rent-to-own industry.

Bill says he became involved "probably just as a motivation to go out and protect my own business. We were under attack, and there was a lot of nonsense going on within the legislature. I thought I might be able to help bring light to the realities of the business rather than the perceptions of reality."

Involvement for Bill means more than sending in a dues check from time to time. He is president of PARD (Pennsylvania Rental Dealers Association) and has served on the APRO Board of

Directors since the August 1987 election.

He is also involved in interests other than those related to his business. Through his church, he became interested in an organization that helps communities in third world countries. That took him to Haiti for two weeks early in April to help add a second floor to a village hospital.

That sounds like more work, but Bill said he was looking forward to the respite from telephones and the stress of trying to keep his business healthy while fighting legislative efforts to recharacterize the rent-to-own industry.

The bill that was passed in 1988 in Pennsylvania told dealers, according to Bill, "If you're going to offer ownership in a rental contract, you have to offer it under the terms and conditions of the Goods and Services Installment Sales Act. Because of the limitations and various details under the installment sales laws that rent-to-own just simply can't abide by and economically survive, we took away the ownership option for consumers."

That doesn't mean customers can't ever own merchandise—it means they can't own the particular item they were renting. For Bill, it meant establishing what he calls his "frequent renter program."

Under that program, "A customer gets bonus points for every dollar he gives me. It's kind of like green stamps. They can cash those points in on various merchandise. We have the merchandise around the store with price tags and also redemption points on it. This TV takes, for instance, 10,000 points, and when they get that many points they can cash them in on that particular product. They can take the points from a washer and dryer and buy the TV."

But explaining this system and marketing it to customers has been challenging, Bill says, and some dealers and customers haven't adapted very well. The initial impact of the law was a decrease in business, but "over time, it seems to be coming back."

Renters also are the victims in this situation because, as Bill points out, customers are left with poor choices in the marketplace. "They are less protected than before because there are no disclosures a rental dealer can make under the rent-to-rent or rebate program." Customers may also spend more money to use the merchandise because "there's no end to it, they just rent."

Bill has accomplished a lot for a young man (he was born in 1958 in Youngstown, Ohio), but he isn't the only hard-working member of the Morgenstern family. His wife owns a day care center that has 90 children enrolled, and the couple have two children of their own—a daughter Jacqueline, 5, and son Charlie, 2.

Jacqueline and Charlie aren't old enough to know what the word future means, much less be concerned about it, but Bill is. And he says that for rent-to-own dealers in Pennsylvania, the future looks cloudy.

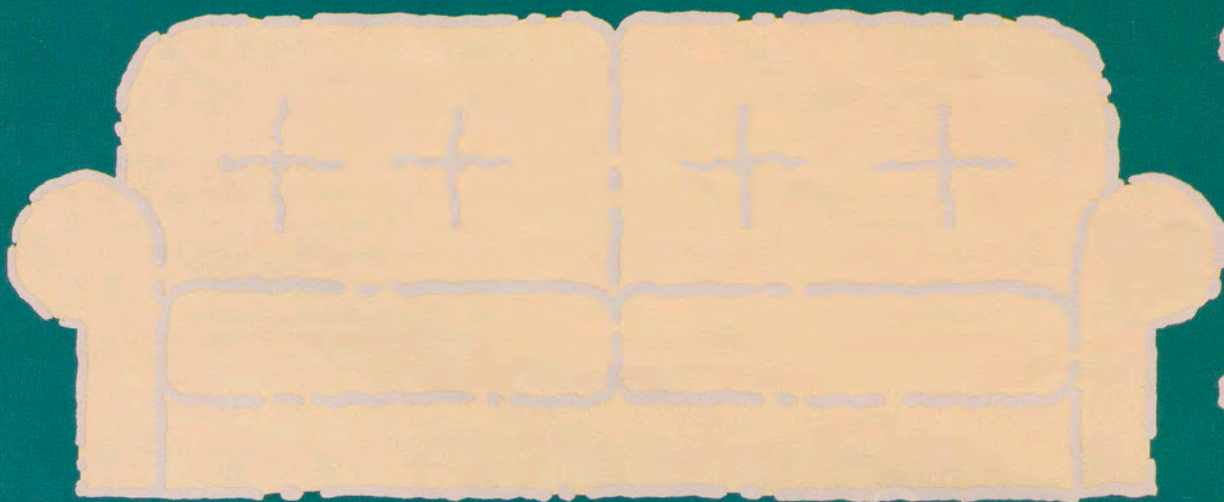
"We're in the midst of a very tough political battle right now. We're still tied to interest rates, which means unfortunately we can't act and stand on our own. Allowing a piece of legislation to exist in Pennsylvania that redefines rent-to-own contracts as installment sales is the final nail in the coffin of this whole industry if we don't get it turned around. We've got a long way to go."

Frances Knight is editor and David Timmons is advertising manager of PROGRESSIVE RENTALS.

FURNITURE



**Is It
In Your
Future?**



Furniture has become an increasingly large percentage of an ever growing number of rent-to-own stores. Enthusiastic dealers say it is the fastest growing product line in their inventory.

By Roger Sharp &
Randy Nelson

"Furniture is the fastest growing product line in my inventory." That's what rent-to-own dealers handling furniture will tell you.

They will also tell you that furniture has an excellent retention rate, much better than the rate for televisions.

Here are other positive comments made by furniture rental dealers:

Furniture is a necessity, not a luxury.

Furniture attracts a better class of customer.

Furniture allows rent-to-own dealers to be extremely competitive with retail stores because of the traditionally high markup of retail furniture. (Some will tell you furniture is one item that legal aid people will not price compare.)

Furniture has a generally higher APU than most other product lines.

Those are all good reasons to add furniture to your product mix. Marketing furniture properly, however, means making some changes in your operation.

Furniture Brings Change

Of foremost concern when you add furniture is space. More space in your showroom and additional warehouse space will be required.

The ideal way to display living room furniture is to arrange it with tables and lamps as nearly like a home setting as possible. The same holds true for bedroom and dining room or dinette sets. That does take more space, but attractive displays make the furniture more appealing to the customer.

But you can't put all of your furniture on the showroom floor, and that means warehousing a good portion of your back-up inventory. In addition, most manufacturers have minimum orders of semi-truck loads, and you will need a clean place to store what you can't display.

You should be aware that furniture has a longer lead time from order placement to receiving your shipment.

Repair and loaner services are also more of a problem when it comes to furniture rentals. Furniture repair means special training and the proper tools.

One other important factor that must be considered is the need for additional personnel, especially for delivery. You may also need larger delivery vans or trucks.

You should take all these factors into account to take full advantage of furniture rentals.

Helpful Hints

There are guidelines and helpful hints that will improve your odds for success in renting furniture.

When it comes to furniture style and material, stick with the winners. It may

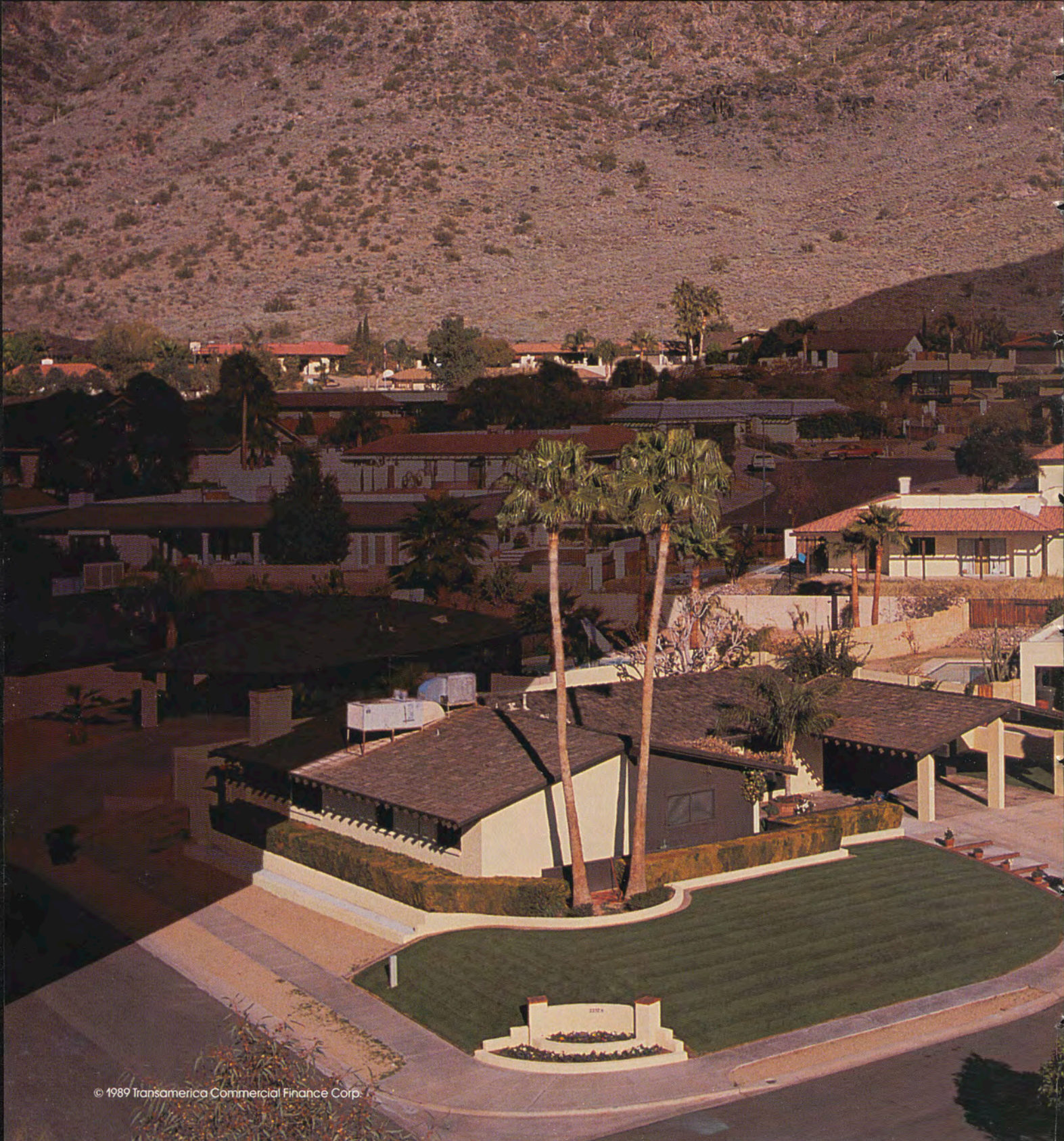
continued on page 23

Helpful Hints For Buying Furniture

Buying furniture will be easier if you use the following guidelines.

- When buying something new, buy limited quantities.
- Shy away from trendy fads and fashions.
- Stick with proven styles and materials.
- Make sure materials are stable, not short term.
- Don't let cost be your primary concern. Durability is more important.
- Find a manufacturer or distributor whose minimum order requirements and terms meet your company's needs.
- Check out the manufacturer's reputation and level of cooperation in dealing with rent-to-own.
- Ask about the time lag from order to shipment.

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TO MAKE THE WORLD MORE CONVENIENT

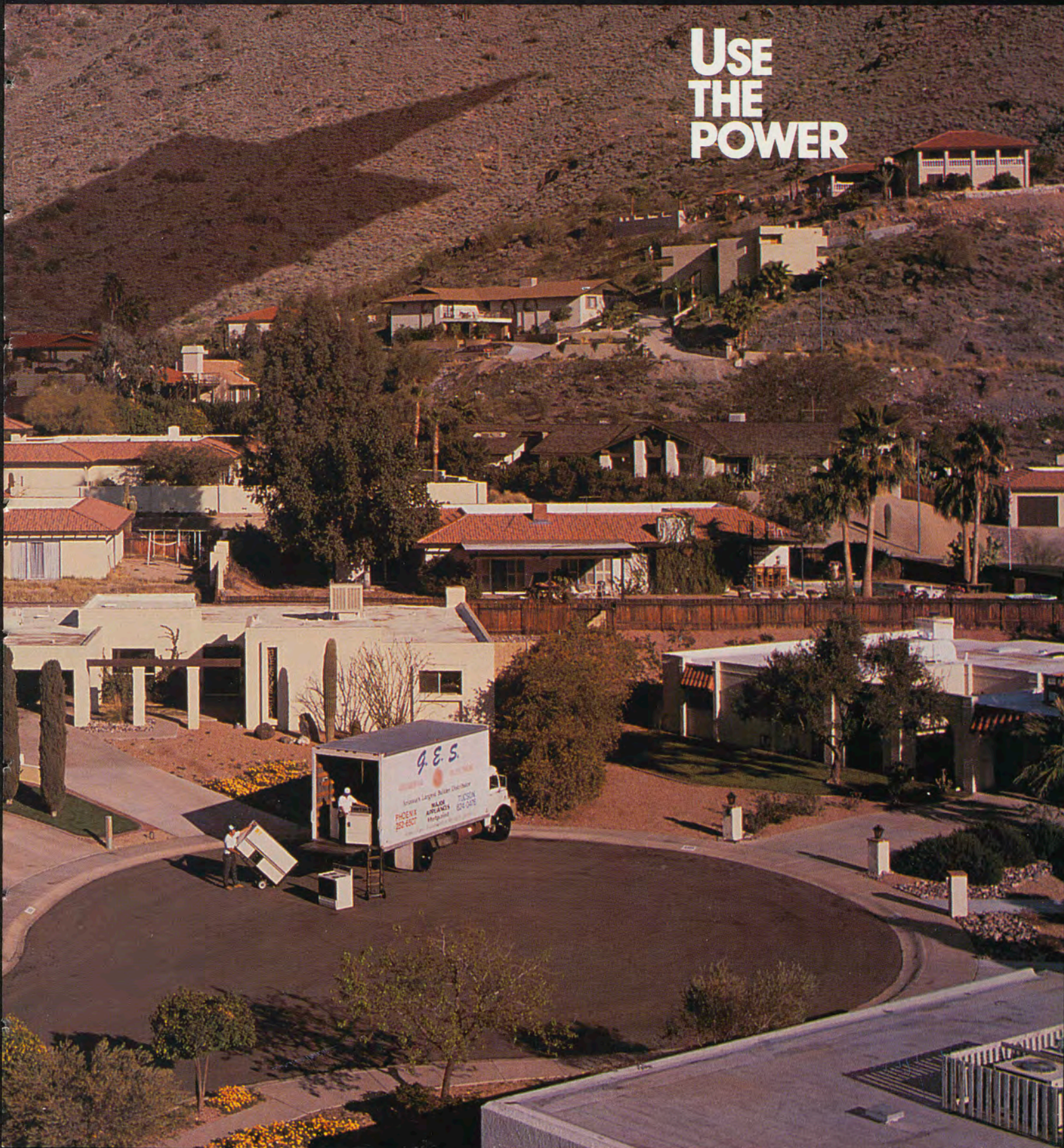


Helping people benefit from every entertaining, time or labor-saving idea...that sense of satisfaction is probably one reason you're in this business. It's sure the reason why we're in ours. Because providing you with "the power of the pyramid"SM means we can help you do what you do. Better. With vast

resources. With services that go far beyond inventory financing. With people whose "yes" spirit makes them a force you can feel. Transamerica Commercial Finance. We're behind the Rental Industry in a big way. We're ready to put the power behind you. 1-800-527-4049. In Texas 1-800-442-3337.



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continued from page 19

take you a while to discover what those winners are in your store and area, but talking to other APRO members about what works for them should help you get started.

Stay away from trendy fads and fashions. What's in today may be out tomorrow, and customers may quickly tire of their trendy sofa and chair. You will have to send out the truck, with two delivery people most likely, to pick up the purple monstrosity, then figure out how you can turn it without losing your shirt. Stick with the standards. Your customers will be more comfortable with them and much more likely to keep their furniture to term.

When you do buy something new, buy a limited quantity. Most manufacturers think in terms of retail and their recommendations may not be right for your company. What works in retail won't necessarily work in rental. That's why it's best to buy a small quantity and let the product prove, or disprove, its rental worth.

Make sure the furniture you buy is sturdy and well put together. Upholstery fabrics must be durable, as should any foam or other padding. Dinettes should be made of a high-gauge steel

continued on page 34

The Changing Market

Couch potatoes. They're the folks who stay at home watching movies on the VCR, or sports and other programs on the television.

You know a lot about what kind of TVs and VCRs they want. You know whether it's profitable to stock videos for them. But how much thought have you given to their couches?

The furniture industry is upscaling, according to a quote in *American Demographics* magazine ("Sitting Pretty" May 1988), and people are demanding better looks at all price points. The article further notes that baby boomers "have shifted the focus of their activities from the outside world to the inside world, moving away from a world they cannot control to a world they can; their homes."

Those same baby boomers' desire for immediate gratification may be the key factor in the blossoming category of ready-to-assemble furniture. What's more, RTA furniture is perceived as good value for the money.

But the savvy furniture marketer of the future will keep another factor in mind—the shrinking numbers of 25-to-34-year-olds, considered the prime market for new furniture purchases.

Again according to *American Demographics*, 25 is "the nice, traditional age at which the American consumer (read: woman) used to begin buying furniture in earnest."

As the baby boomers age (they're now 26 to 42 years old) and the number of those traditional first-time furniture buyers declines, retailers and rent-to-own dealers will have to take a hard look at how to expand their markets.

As retailers continue to upscale their lines in an effort to reach those aging baby boomers—who should be making more money as they age—the first-time furniture buyers will be looking in non-traditional markets for furniture they can afford. Rent-to-own could look like the best thing since MTV to them.

Even though those new first-time buyers won't be part of the baby boom generation, they will have grown up with television, and there will be plenty of couch potatoes among them looking for a comfortable viewing spot.—FK



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Who's Who in Furniture

*Associate Member
+ Advertiser
‡ Convention Exhibitor

Furniture is a staple item in more rent-to-own stores' product mix than ever before, dictating an increasing need for suppliers to provide those products. The following list of companies represents manufacturers and distributors interested in working with the rental-purchase industry. All are either APRO associate members, advertisers in APRO publications, or APRO Convention exhibitors.

+‡Action Industries
P.O. Box 1627
Tupelo, MS 38802
(601) 566-7211
Lane recliners

***American Lamp Co.**
1010 Lawrence Dr.
Newbury Park, CA 91360
(805) 498-6691
Table and floor lamps

‡Artmaster Studios
250 Parkside Dr.
San Fernando, CA 91340
(818) 365-7188
Wall decor (paintings and prints)

‡Ashley Furniture
350 Madison St.
Arcadia, WI 54612
(608) 323-3377
Bedroom and dining room
furniture, occasional tables, gun
and curio cabinets, wall units

***+‡Associated Furniture
Distributors**
925 Cleveland St. #279
Greenville, SC 29601
(803) 235-3232
Distributor

‡Beauty Craft Furniture
3316 51st Ave.
Sacramento, CA 95823
(916) 428-2238
Casual dining-dinettes

‡Beekman Table Co.
2040 Polk St. #327
San Francisco, CA 94109
(415) 885-6620
Occasional tables

‡Bozof Dinettes
6235 S. Cockrum
P.O. Box 806
Olive Branch, MS 38654
(901) 775-1410
Dinettes

‡Brute Manufacturing
10890 Alder Circle
Dallas, TX 75238
(214) 553-0577
Juvenile furniture

+ Charles S. Martin Co.
1000 Marietta St. NW
Atlanta, GA 30318
(404) 876-3392
Distributor

‡Davis Company
P.O. Box 9245
Memphis, TN 38109
(800) 238-2527
Dining room furniture

‡Dickson Furniture Industries
7015 Grand Blvd.
Houston, TX 77054
(713) 747-0341
Living, bedroom sets, dinettes

‡Dixieland Manufacturing
Rt. 3, Box 61
Houston, MS 38851
(800) 523-4661
Upholstered sofas

***Douglas Furniture**
5020 W. 73rd St.
P.O. Box 97
Bedford Park, IL 60499-0097
Dinette sets

***Eastman House Furniture**
123 S. 3rd St.
P.O. Box 1047
Burlington, IA 52601
(319) 753-2811
Distributor and bedding
manufacturer

***‡Elegance Furniture Mfg. Co.**
1656 W. 134th St.
Gardena, CA 90249
(213) 321-9195
Sofas and loveseats

***England Upholstery Mfg. Co.**
P.O. Box F
Tazewell, TN 37879
(615) 626-5211
Upholstered living room furniture

***‡Elite Lamp Co.**
P.O. Box 479
Bono, AR 72416
(800) 648-1032
Lamps and vases

***+‡Fab-U-Gard**
P.O. Box 39430
Phoenix, AZ 85069
(602) 944-8862
Fabric protection

***Fournier Accessory Furnishings**
7301 32nd Ave. N.
Minneapolis, MN 55427
(612) 593-0300
RIA audio/video, computer
furniture, microwave oven
stands

***+ Fraenkel Wholesale Furniture**
P.O. Box 15385
Baton Rouge, LA 70895
(504) 275-8111
Living, dining room, bedroom
furniture, bedding, wall units

‡Goldmont Furniture
P.O. Box 77
Golden, MS 38847
(601) 454-9343
Upholstered living room furniture

‡Harris Lamps
3757 S. Ashland Ave.
Chicago, IL 60609
(312) 247-7500
Table and floor lamps

+‡Hart Furniture
141 Eastley St.
Collierville, TN 38017
Bedroom groups

***+ Hatley Distributing**
P.O. Box 1546
Fort Worth, TX 76101
(817) 534-1796
Bedroom, living room furniture,
recliners, dinettes, occasional
tables

+‡Home Line Industries
3400 N. 6th St.
Philadelphia, PA 19140
(215) 425-6200
Living room, bedroom, dining,
kitchen furniture, curios, bars,
lamps

***House of Representatives**
35/200 Cathedral Cyn. Dr. #117
Cathedral City, CA 92234
(213) 650-5254
Furniture representative

‡Inca Products
13272 6th St.
Chino, CA 91708
(714) 627-7627
Dinettes, bar stools

***Kay Chair Co.**
320 Bryan Rd.
P.O. Box K
Van Buren, AR 72956
(501) 474-2351
Upholstered chairs, sofas,
loveseats

***+L & M Associates Inc.**
P.O. Box 500
Okolona, MS 38860
(601) 447-3377
Living rooms, sofas

***Lefort Wholesale Furniture**
3070 A Olympic Industrial Dr.
Smyrna, GA 30080
(404) 352-8600
Distributor

***+‡Lewis & Associates**
P.O. Box 2190
Woodville, TX 75979
(409) 283-8177
Furniture representative

‡Mar-Kel Lighting Inc.
P.O. Box 190
Paris, TN 38242
(901) 642-7190
Table lamps, floor lamps, ceramic
and metals

***Mesa/LBI**
5601 Creek Rd.
Cincinnati, OH 45242
Dinettes and occasional tables

***Orleans Furniture Co.**
P.O. Box 867
Columbia, MS 39429
(601) 736-9002
Bedroom furniture, curios, gun
cabinets

***+ Philip M. Bell**
6131 Interstate Circle
Cincinnati, OH 45242
(513) 489-7700
Full line furniture distributor

‡Purse & Co./Jaco International
1015 Hayden
Carrollton, TX 75006
(214) 416-0444
Distributor

***R.H. Kyle Furniture Co.**
P.O. Box 793
Charleston, WV 25323
(304) 346-0671
Distributor

***Rose Hill Co.**
P.O. Box 360
Okolona, MS 38860
(601) 447-5425
Occasional tables

***Singer Furniture Co.**
880 Johnson Ferry Rd. #400
P.O. Box 105031
Atlanta, GA 30348
(404) 256-3850
Bedroom and dining room
furniture, occasional tables

***‡Spradlin & Associates**
9691 S. Kentucky Ave.
Camby, IN 46113
(Indianapolis area)
(317) 831-2552
Living room furniture and
distributor

‡Stylecraft Furniture
P.O. Box 191
Houston, MS 38851
(601) 456-5753
Upholstered living room furniture

***‡Tampa Wholesale Furniture
Co.**
1300 E. 7th Ave.
Tampa, FL 33605
(813) 248-1991
Full line furniture distributor

‡Tri-Star Furniture
11102 Ables Lane
Dallas, TX 75229
(214) 669-3889
Dinettes, brass furniture, wood
cocktail tables and accessories

***Walter Terry Distributor**
P.O. Box 230714
Houston, TX 77223
(713) 227-6369
Furniture pads, straps, covers

‡Woodcrest Sales
P.O. Box 848
Peru, IN 46970
(317) 472-2866
Bunk beds, case goods, bedding

CORRECTION

The following APRO associate member was inadvertently omitted from the Management Services Who's Who Directory in the February/March issue of PROGRESSIVE RENTALS.

National Electronics Warranty
2111 Wilson Blvd. #300
Arlington, VA 22201
(800) 533-7639
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SHELVADOR



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50 WAREHOUSES

AN OPEN LETTER TO RENTAL DEALERS:

The odds are good that your mother, grandmother, or great grandmother's first electric refrigerator was a Crosley. We are proud of the fact that Powel Crosley first patented shelves in the refrigerator door. Today, every refrigerator looks like a Crosley. Powel, "the Henry Ford of radio," is given credit for making radio available to the masses. He first used the fax machine to transmit news in 1940. He was also a legend in the automobile industry.

Tens of thousands of independent dealers across America are faced with extinction by the discount chains, power retailers and large chain stores who now do nearly fifty percent of industry. We believe these moves are also a direct threat to the rental industry.

The recent move by Sears into "Brand Central" is looked upon by industry experts as a concentrated effort by Sears to capture as much as 50% of the entire appliance industry. All independents, including rent-to-own dealers, might wish to reevaluate what this new competition will do to their business.

Crosley does not sell to the public, has no stores, no long time credit programs, and does not sell direct to contract builders. Crosley guarantees never to be your competitor in the rental business.

The Crosley Corporation is one hundred percent owned and managed by independents for independents. Crosley is the only corporation that has a 100% controlled brand concept in the appliance industry. Please use our fifty-five distribution centers across America as if they were your own. Please phone us.

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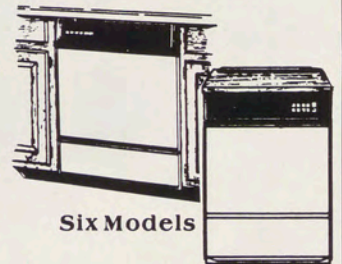


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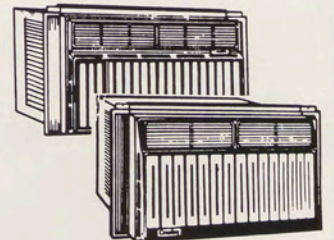
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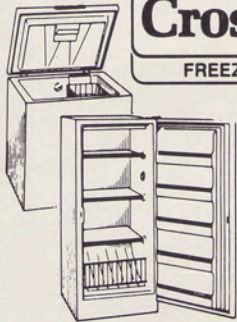
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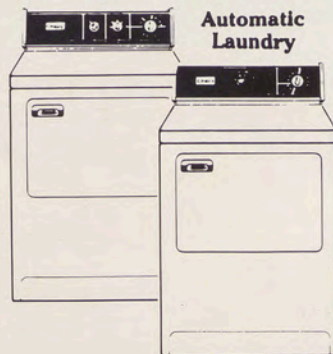


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Washington, D.C.



History and Excitement Thunder Down Its Streets

By Barbara Stooksberry

Washington, D.C., arguably the most beautiful city in the country, holds such a wealth of national historic sights and other national treasures that no matter how long you had to devote to seeing them all, you would probably still fall short of your goal. There are myriad things to do and see and places to visit, and the good news is that many of them are free. Furthermore, if you don't tell your children this trip is educational,

they may not guess until next fall, when they open a textbook to find a photo of a historic site they visited on their summer vacation.

The key to getting around is an understanding of the basic layout of the city. Washington is divided into four quadrants: Northeast, Northwest, Southeast, and Southwest. The U.S. Capitol is at the center of this grid, and every street address is followed by the designation NE, NW, SE, or SW, an important clue to finding the address you want.

North-south thoroughfares are numbered up to the 50s; east-west streets are lettered (but with no J, X, Y, or Z). After the letters end, streets are named by two-syllable names beginning in alphabetical order, then by three-syllable names, also in alphabetical order.

Thoroughfares that cross the city diagonally are avenues named for states. Where they intersect streets, you will find traffic circles or squares, such as Dupont Circle, where New Hampshire, Connecticut, and Massachusetts avenues cross 19th and P streets.

There are myriad things to do and see in Washington and places to visit, and the good news is that many of them are free.

Getting around in Washington has been made simple by a clean, efficient, and safe subway system. The Metro system has grown significantly since it opened in 1976. Radiating from downtown, it goes deeply into the suburbs and can take you safely and inexpensively almost anywhere you want to go.

Mastering the system is easy: There are four principal lines, the red, orange, blue, and yellow. Bronze pillars with the letter M mark Metro stations, with one or more colored bands to designate the Metro line serving that station. Inside each station are maps, lists of travel times, and fares for each destination. Be forewarned that the subway is crowded during rush hours on weekdays.

The system operates on a cashless fare system using automated tellers from which you purchase Farecards, a kind of debit card. The value of the card is encoded on a magnetic strip on the front of the card. As you enter the platform area, the time and location are encoded, and at your destination, the amount of the fare is automatically deducted. Costs are determined by distance traveled and time of day. Metro personnel are available at each station to answer questions and assist you in any way.

Travel by bus is also convenient and inexpensive, and the system hooks into the subway system to take you where the subway doesn't go. Within the city, fares are 75 cents during nonrush hours and 80 cents during rush hours; in the suburbs, distance and time of day determine the fare. You will need exact change, so come prepared.

Taxis abound—10,000 of them—and fares are based on a zone system. Parking and garaging your own car can also be steep, but you can sometimes find on-street meter parking, especially on weekends. Parking laws are strictly

enforced, so be sure your car is not parked so as to impede rush hour traffic, or District police may tow it.

What to See

You'll want to reserve some time for viewing our most significant monuments and government buildings, many of which are concentrated on or near the Mall, a strip of open parkland that stretches from the U.S. Capitol to the Lincoln Memorial.

The Capitol, at the east end of the Mall (Metro: Capitol South), is open daily with guided tours leaving every few minutes from the Rotunda. With a pass from your Congressional representative, you can watch proceedings as Congress makes U.S. policy and law. In the Rotunda are murals of scenes from American history. Each state is represented by two statues in Statuary Hall. Free.

At the center of the Mall, at Constitution and 15th St. NW, is the 555-foot Washington Monument. The wait to go to the top may be long, but the panoramic view of the city makes the wait worthwhile.

Directly west of the Mall in Potomac Park is the Lincoln Memorial (Metro: Foggy Bottom). Created in 1922 by Henry Bacon in the style of the Parthenon, the Memorial features a 19-foot statue of a seated Lincoln flanked by words from the Gettysburg Address and the Second Inaugural. Nearby is the black granite Vietnam Veterans Memorial.

Jefferson Memorial, at the southern end of 15th St. SW (Metro: Smithsonian), reflects Jefferson's preference for the classical architecture of ancient Rome. Admission to all of these monuments is free.

Of particular interest among government buildings may be the Library of Congress, Bureau of Engraving and Printing, Federal Bureau of Investigation, National Archives, Navy Museum, and U.S. Botanic Gardens. All are also free.

The Library of Congress on Capitol Hill (Metro: Capitol South) is the largest library in the world, with 85 million items housed in three buildings. Columned statues and mosaic murals line the Great Hall.

Bureau of Engraving and Printing, one block south of the Mall (Metro: Smithsonian), also has guided tours on weekdays. Arrive early so you can be among the first of an average of 6,000 tourists daily who come to watch production of U.S. Currency and postage stamps. (No samples.)

Weekday tours at the J. Edgar Hoover Federal Bureau of Investigation Building, Pennsylvania Ave. and 9th St. SW (Metro: Metro Center or Gallery Place), feature weapons used by big-time gangsters, espionage devices, a blood lab, and firearms demonstration. To make one of these popular tours, arrive early or write your senator or Congressional representative for a reservation at least 30 days in advance.

The National Archives, Constitution between 7th and 9th NW (Metro: Archives), is the repository for such documents as the Declaration of Independence, U.S. Constitution, and 200 years' worth of immigration papers and military records. It is a center for genealogical research. Open daily.

At the Navy Museum and Yard, 9th and M streets SE, visitors can climb aboard guns and walk an old gundeck, view weapons and underwater exploration vessels, look through submarine periscopes, and take in exhibits that trace the U.S. Navy from the American

Revolution to the present. There are scavenger hunts geared to children of all ages. Call ahead to arrange a tour of the Navy destroyer USS Barry.

The U.S. Botanic Gardens Conservatory is situated at the foot of the Capitol. Here rare plants, native and foreign, are displayed in glass and stone buildings and greenhouses.

Smithsonian Institution

A must-see for every family visiting our capital city are the museums of the Smithsonian Institution, nine of which are located on the Mall. (Because parking is limited, you will want to take the Metro to Smithsonian station.) All are free and wheelchair accessible, and many also have inexpensive cafeterias and gift shops.

An information brochure available at the information desk of each museum gives you an overview and map of the museum. However, you may wish to buy *The Official Guide to the Smithsonian*, sold in museum gift shops. For recorded information on lectures, concerts, films or other events, you can call Dial-A-Museum.

Here is our own brief overview of the nine Mall museums:

National Air & Space Museum offers the story of aviation from the 1903 flight

of the Wright brothers to a walk-through model of Skylab. Upon your arrival, purchase tickets to see a 30-minute film on aviation shown on a five-story screen.

The National Museum of American History houses such symbols of our historic past as the tattered flag that inspired Francis Scott Key to write our national anthem and such symbols of our pop culture as Dorothy's red slippers from *The Wizard of Oz* and Fonzie's black leather jacket.

An eight-ton African elephant and fossilized dinosaur skeletons are among the sights at the National Museum of Natural History, the most visited museum in the world. The Discovery Room there offers hands-on exhibits and games for children.

Inventions from the 19th century are displayed in the Arts and Industries Building, also on the Mall.

The remaining Mall museums are museums of art: The Arthur M. Sackler Gallery displays masterpieces of Near Eastern and Asian Art. It and the nearby National Museum of African Art, opened in 1987, recognize art beyond the Western perspective. Freer Gallery of Art specializes in Asian Art, with more than 26,000 pieces on display. Hirshhorn Museum and Sculp-

ture Garden is a cylindrical museum housing modern masterpieces, including the extensive private collection of Joseph H. Hirshhorn. Finally, the National Gallery of Art, made up of two buildings, contains collections of European and American paintings, sculpture and graphic arts, as well as a collection of modern pieces.

Off-the-Mall components of the Smithsonian include the Anacostia, which focuses on Afro-American history and culture; the National Museum of American Art; National Portrait Gallery; Renwick Gallery, devoted to American crafts; and finally, the National Zoological Park—the zoo—where you can see the giant pandas given the American people by the People's Republic of China. (The zoo is very near the APRO convention hotel.)

Before you leave the area, though, you will want to see the White House, 1600 Pennsylvania Ave. NW, home to every president except George Washington. Free tours of the five rooms open to the public are given 10 a.m. through noon, Tuesday-Saturday. Pick up tickets at the booth on the Ellipse after 8 a.m. Each member of your party must pick up his or her own ticket, which is for a tour at a particular time that day.

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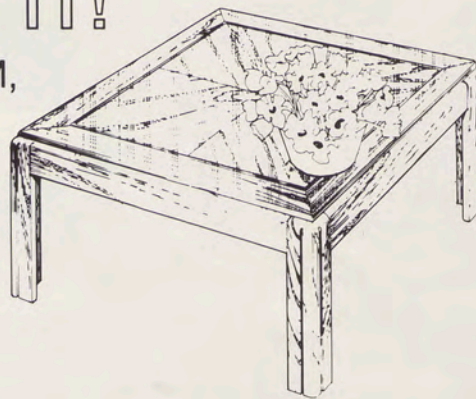
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If your children are ready for the focus to shift to them, you may want to try some of these kid-pleasers:

On the Mall, near the Smithsonian "castle," is a carousel where rides cost only 50 cents. Also on the Mall is the insect zoo and discovery room at the National Museum of Natural History. Nearby, in the basement of the Commerce Department, is the oldest public aquarium in the U.S., with 65 tanks holding more than 1,000 salt- and freshwater specimens.

One of the neatest adventures for kids and grown-ups is the C&O Canal Barge rides. From Foundry Mall, 30th and M streets NW in Georgetown, you can ride downstream by mule-drawn boat. During the hour-and-a-half ride, National Park Service personnel in 19th-century costume lead groups in singing river songs, tell anecdotes, and teach children games their ancestors played.

Or, you can take the Metro to Union Station, where the Capital Children's Museum offers such treats as the opportunity to don full firefighter's gear and slide down a pole. Near the convention hotel, Rock Creek Nature Center lets children use all their senses to experience nature exhibits and a plan-

One of the neatest adventures for kids and grown-ups is the C&O Canal Barge rides, where you can ride downstream by mule-drawn boat.

etarium, as well as the remains of a Civil War fort.

If you venture into suburban Maryland or Virginia, other pleasures await you, such as the 1921 Dentzel Carousel, with its 50 carved horses, found in Glen Echo Park in Maryland. In Maryland, you may also want to visit the U.S. Naval Academy at Annapolis, the NASA/Goddard Space Flight Center, or Andrews Air Force Base, where visitors in July and August can take 90-minute tours on Mondays and Fridays.

Across the Potomac from the Mall are the close-in Virginia sights: in Arlington—Arlington National Cemetery, the Iwo Jima Memorial, and the Pentagon—and, to the south, Old Town Alexandria, where restored colonial buildings house first-rate restaurants, shops, and boutiques. The George Washington Masonic National Memorial in Alexandria displays genuine Washing-

ton artifacts, including the family Bible.

Nine miles south of Alexandria, on the banks of the Potomac, is Mount Vernon, George Washington's home from 1754 until his death in 1799. It has been painstakingly restored to offer a glimpse of colonial life on a modest southern plantation. There are extensive outbuildings, including slave quarters and a carriage house, and sweeping grounds and gardens.

Civil War buffs will also find many sites to visit within an hour-and-a-half radius of Washington, including Manassas National Battlefield Park on Route 234 off Interstate 66. You might also take a walking tour of the city of Manassas, with its many historic buildings.

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Inside the National Air & Space Museum, the Air Force X-15 that flew four times the speed of sound in 1967 dwarfs the original 1903 Wright Brothers Kitty Hawk Flyer. The complete history of aviation can be found inside this huge Smithsonian complex.

itol Hill. Visit trendy boutiques, major department stores, posh art galleries, and restaurants and bars of every description. The U.S. Supreme Court and Lincoln Museum at Ford's Theater are here, as is the Victorian-style Post Office Pavilion, a marketplace with shops and restaurants. Georgetown offers such historic sites as the Old Stone House and Dumbarton Oaks, and it is THE place to go for Washington nightlife.

The former industrial area of Foggy Bottom now boasts the Kennedy Center for the Performing Arts, the Watergate complex, and departments of State and Interior. Dupont Circle and Adams-Morgan areas are a rich jumble of people and cultures, with an abundance of sidewalk cafes, gourmet restaurants, galleries, shops, and bookstores.

The convention hotel is situated in Uptown, a largely residential area that's

perfect for families. Located here are the National Zoo, Rock Creek Park, the Washington Cathedral, the U.S. Naval Observatory, old-time Cleveland Park

shopping center, and Embassy Row along Massachusetts Avenue. Hillwood, former estate of the late Marjorie Merriweather Post, is now a museum of Russian decorative art, including jeweled items by Carl Fabergé.

Other hotel options are available to you, of course. Nearby are the Connecticut Avenue Days Inn, 4400 Connecticut Ave.; the Omni Shoreham, 2500 Calvert St. NW; the Holiday Inn, 1900 Connecticut Ave. NW; and the Highland Hotel, 1914 Connecticut Ave. NW. Many national motel and hotel chains, most with toll-free numbers attainable from Directory Assistance, offer a variety of accommodations at a full range of prices in the area. Washington, D.C., is a wonderful destination for a family vacation—it's beautiful, it's fun, it's as safe as any other major U.S. city, and it tingles with excitement! What more could you ask of a vacation spot?

What more, indeed, except to combine such a great vacation spot with an equally exciting APRO convention. And you can do just that August 9-13. Check your convention registration packet for all the details. **PR**

Barbara Stooksberry is an editor and writer based in Austin, Texas.

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FURNITURE

continued from page 23

and any vinyl coverings should have a reinforced vinyl backing.

Have someone you can trust, someone who knows furniture, be involved with buying decisions.

Cost is not the major concern in purchasing furniture. Durability is. What kind of terms you can get is a concern. So is the manufacturer's minimum order requirement.

The manufacturer's reputation and level of cooperation are important concerns. The time lag from order to shipment is a big concern, too.

Cheap materials and shoddy workmanship may be purchased for a lower price, but the long-term costs in pickups of damaged product will be quite high.

Buying from Distributors

Smaller dealers may find manufacturers' terms difficult to handle. But furniture distributors can help ease some burdens for you smaller dealers.

Some furniture distributors allow the small rent-to-own dealer to order in smaller quantities, plus they offer shorter shipment times. APRO associ-

ate members Philip M. Bell and R.H. Kyle Furniture are two distributors who offer those services.

Buying Direct

If you are ordering large quantities, you may prefer to buy directly from the manufacturer. To buy direct intelligently requires going to an established furniture market.

The largest market is in High Point,

Adding furniture to your product mix calls for education and adjustments, but the rewards are worth the extra effort.

North Carolina. Another strong market is in Atlanta, Georgia. The High Point market is held in April and October. The Atlanta market is held in January and July.

It would be advisable to contact a representative of these markets six months in advance of a planned trip to arrange for buyer's passes and to make room reservations.

For the High Point market, write or call: International Home Furnishings Center, P.O. Box 828, High Point, NC 27261, (919) 889-6144.

For the Atlanta market: Atlanta Market Center, 240 Peachtree St. NW, Atlanta, GA 30043, (404) 658-5693.

Another excellent way to gain valuable buying experience would be to attend the APRO convention in Washington, D.C., this August. Many of the manufacturers and distributors who are experienced in the special needs of the rent-to-own industry will be participating in the trade show.

You can arrange for a fellow rent-to-own dealer or APRO board member to go with you to some of the furniture display booths. That way you can have an experienced buyer and seller educate you in the furniture business.

Adding furniture to your product mix calls for education and adjustments, but the rewards are worth the extra effort.

PR

Roger Sharp and Randy Nelson are partners in ATR (Appalachian TV Rental), with eight stores in West Virginia, Kentucky, and Ohio. Roger is a director on the APRO Board.

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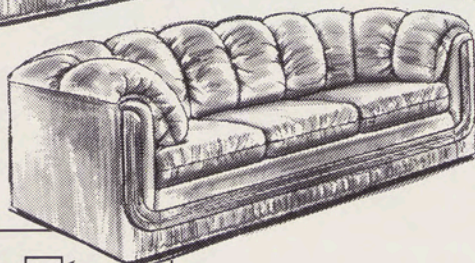
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Keeping Profits Up When BOR Is Down

By Wayne H. Outlaw

Any rent-to-own company that finds its BOR is down will be looking for ways to maintain profits. One common response is to concentrate on reducing expenses.

While that may be a good response, that strategy has some distinct limitations. If BOR continues to decline, there will be a further need for cuts and this may not be possible. Even if expenses can be reduced, this is only a temporary measure. The only way to truly increase profits is to increase productivity or output by increasing BOR.

To understand how to increase productivity, look first at the three components of any company: capital, inventory, and people. The output from both capital and inventory is fixed and 100 percent of capacity. The only variable with inventory is how close to maximum capacity it is utilized. People control that variable.

The key to increasing output, productivity, and profits is in a company's people. Profit results from the people who are hired, the directions they are given, how they are managed, and the training and tools they are given to perform their job. The better those jobs are done, the more productive the people will be.

Any rent-to-own company that finds its BOR down will be looking for ways to maintain profits. The only way to truly increase profits is to increase productivity or output.

How can you achieve more productivity from the people within the organization?

One method is to use pressure and focus on pushing harder and working longer. This tends to be a short-term solution and will result in burn-out, apathy, and turnover. If coercion, threats, and pressure are used to increase performance, be aware that performance levels will drop below the original level once the pressure has been removed.

If pressure is used to motivate performance, it must be continuously increased to maintain the same performance level. At some point, pressure will become ineffective as a method of motivating performance.

There are some sound ways to achieve greater output. First, evaluate the organization to insure that there are capable and productive people in each position. A chain is no stronger than its weakest link. Even though some positions are more important than others,

you cannot carry a marginal performer in any position if BOR and profit are to be high.

Most people agree that each position must be filled with a highly motivated, capable performer; however, the difficulty may come in identifying and attracting them. To identify the capable performer, focus on previous work history and performance as well as current level of motivation. Past performance and motivation are the best indicators of future performance.

What is the next step?

After placing a motivated and capable performer in each position, the organization must have a clear proactive plan to meet its objectives. It is important that everyone be aware of and committed to the plan. In some organizations, a great deal of thought and planning occurs, but it is not communicated to the people who have to implement it. If a plan has been developed but not explained to employees, it will have no direct motivating power.

**Profit results from the people who are hired,
the directions they are given, how they are managed,
and the training and tools they are given to
perform their jobs.**

If you had to cut down a tree, you would prefer a sharp ax to a dull one. Employees must have the training, tools, and support they need to do the job. The first funds to be cut in an austerity program generally are training or advertising budgets. An employee will be more productive and produce more profit in the long term if time and expense are invested to sharpen his job skills.

When times are rough and BOR is down, it may be difficult to reward performance or give a promotion. It is especially important to reward positive trends in performance even if the results do not meet expectations at the time. A basic law of human nature says, "You get more of what you reward." Don't fall into the trap of reducing incentives for performance when profits are declining.

When BOR is not up to expectations and profits are down, it is essential that a positive and proactive approach be used. Reducing expenses will improve the situation for only a moment. The only real long-term solution to reduced profits is to increase the output of the organization. This increase comes from capable, motivated, and skilled performers who have the necessary tools and support.

It is easy to look at organizations and make general suggestions for improve-

ments, but specific areas of opportunity and need must be identified before you can truly expect to increase your profits. Asking yourself the right questions about your company can uncover those areas of opportunity. For example:

- Does each person know specifically what is expected of them to meet the minimum standards of their job?
- What are the most critical positions/assignments? Are your most capable people in these assignments?
- Does each manager have a plan to resolve performance problems in their work group?
- Is there a mission statement or guiding purpose that provides a theme for all that the organization does?

Increased profits is not a matter of temporary measures, but rather long-term methods for increasing the productivity of your staff.

ED. NOTE: The writer of this article has developed a self-administered questionnaire for use in evaluating your company's areas of need and opportunity. Titled "Keys to Increased Profits," it is available free to APRO members upon request to: Editor, PROGRESSIVE RENTALS, 2028 E. Ben White Blvd., Suite 200, Austin, TX 78741.

PR

Wayne H. Outlaw is president of Marcon, a business consulting firm in Mt. Pleasant, South Carolina, that assists rent-to-own companies in hiring and employee management and training.

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PRODUCT FOCUS



Toshiba has available two new stereo televisions. Model CX2778, a 27" set, and Model CF2048, a 20" unit, both feature sleek, black metal design with speakers located on the front, placed vertically alongside the face of the picture tube.

Both models also have Toshiba's patented FST picture tube; stereo broadcast reception with dbx noise reduction; on-screen display with remote control; program scan; and audio/video input and variable output terminals. Model CX2778 also provides a Super VHS terminal, two RF inputs and a CCD comb filter for up to 520 lines of resolution.

Suggested retail prices: Model CX2778, \$949; Model CF2048, \$549. For additional information, contact Toshiba America Inc., 82 Totowa Rd., Wayne, NJ 07470, (201) 628-8000.

Case/Casard has added new products to three of its collections of cabinetry for electronic components. Genesis, a promotionally priced line of ready-to-assemble furniture, features hidden, metal, cam-lock connectors, contoured edges, full-size cabinets, brass trim, and a medium oak finish. Fourteen different pieces are now available, up from the original seven.

Stepping up from Genesis, the Colonnade collection offers carved, solid-oak frames, solid brass trim, and solar, bronze-tinted glass doors. The Homestead collection features traditional and colonial styles, a significantly different design from the contemporary look usually associated with RTA furniture. It comes with solid-oak dentil molding, contoured edges, and a dark pine finish.

For more information, contact Case/Casard, P.O. Box 2716, High Point, NC 27261-2716, (800) 334-6205.

Since it is no longer legal to use a polygraph to screen prospective employees, **Saf-Write Forms & Systems** is marketing a program to help rent-to-own dealers avoid costly mistakes in the hiring process. The Employee Pre-Employment Profile System is designed to evaluate a person's work habits, values, honesty, competence, overall behavior patterns, and verbal and quantitative skills.

Scoring of the tests may be accomplished by calling a toll-free number and getting results immediately. Or, dealers may order diskettes and use their own computers for scoring. Tests are sold in increments of 25. Cost is \$11.25 each for 25, \$11 each for 50, and \$10.75 each for 100 if they are scored by the dealer's computer. If scored by the call-in method, the price is \$12.70 each for 25, \$12.50 each for 50, and \$12.25 each for 100.

Profiles are also available for current employees and for assessing management. For more information, contact Saf-Write Forms & Systems, 1209 S. Ridgewood Ave., Daytona Beach, FL 32014, (800) 292-FORM. In Florida, (800) 521-FORM.

Lloyd's Electronics has introduced a new family of compact music centers. Of the 11 different models, six will include integrated compact disc players. Topping the line is Model CS-215 which features a digitally tuned AM/FM receiver, dual cassette decks, graphic equalizer, a full-size turntable, and a front loading CD player with a three-beam laser servo system and 32-track memory programming. Suggested retail price: \$579.95.

Lloyd's '100' series of five compact stereo centers without CD players range from Model CS-100 with dual cassettes and turntable (suggested retail price: \$129.95) to Model CS-115, a digitally tuned system with remote control, AM/FM receiver, dual cassettes and turntable. Suggested retail price for Model CS-115 is \$299.95.

For more information, contact Lloyd's Electronics, 200 Clearview Rd., Edison, NJ 08818-7811, (201) 225-2030.

Available from **Mitsubishi Electric** is a 100-watt audio system, Model E-1100, which offers a complete selection of audio devices. Powered by a 100-watts per channel amplifier with no more than 0.3% THD, the system features a stereo digital tuner with 16 presets and digital display; a cassette deck with high-speed dubbing, dual tape trans-



ports, and Dolby B noise reduction; an optional compact disc player with 36 programmable tracks, 2-speed forward/reverse search, repeat play of programmed selections or entire disc, and 3-beam optical tracking; a belt-driven, semi-automatic turntable; a 7-band graphic equalizer; and a loudspeaker system with a 12" woofer, 4" mid-range, and 3" tweeter. Components are contained in an oak vinyl finished cabinet with a tinted glass door. A hinged top gives access to the turntable, and storage space is available for records, tapes, or compact discs.

Suggested retail: \$549. For more information, contact Mitsubishi Electric Sales America Inc., 5757 Plaza Dr., P.O. Box 6007, Cypress, CA 90630-0007, (714) 220-2500.

Bush Industries has introduced three new pieces of entertainment furniture called the Oak Classics II Collection. Made from solid oak, oak veneers and laminates, the styling is contemporary and features smooth edges, recessed door pulls, double-rail molding at the top and bottom, and grooved accent lines.

Model AV1810 is a full-sized entertainment center capable of holding most 19" to 26" televisions, a VCR, cable box, and a complete sound system. Enclosed storage is provided below the equipment for records, tapes, and accessories. The unit measures 49 1/4" w. by 48" h. by 19 1/2" d. Suggested retail: \$499.95.

Also in the Oak Classics II Collection are Model V1814, a compact video cart, and Model A1812, an audio equipment cabinet. All three models are ready-to-assemble and since much of the hardware is already in place, assembly is easier and less time-consuming.

For more information, contact Bush Industries Inc., One Mason Dr., P.O. Box 460, Jamestown, NY 14702-0460, (800) 228-BUSH. In New York, (800) 248-BUSH.

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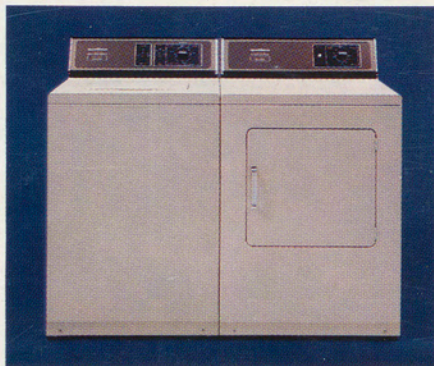
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