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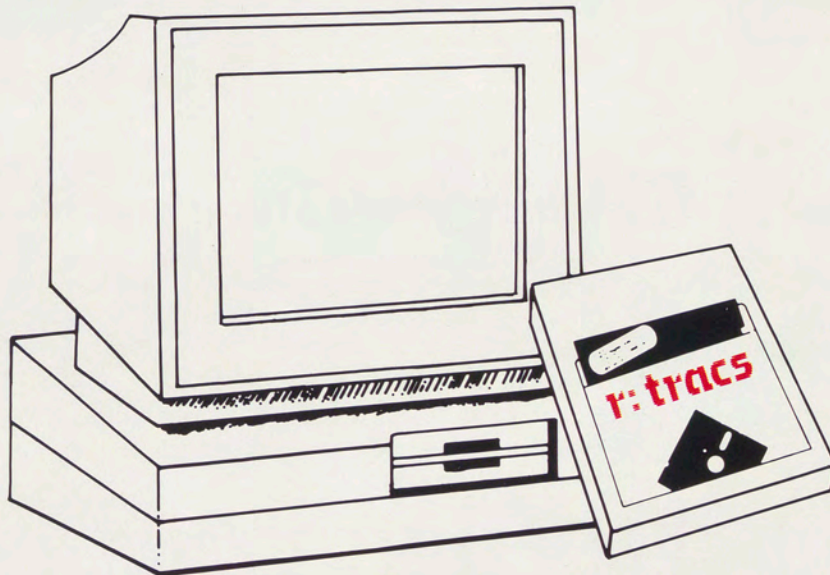
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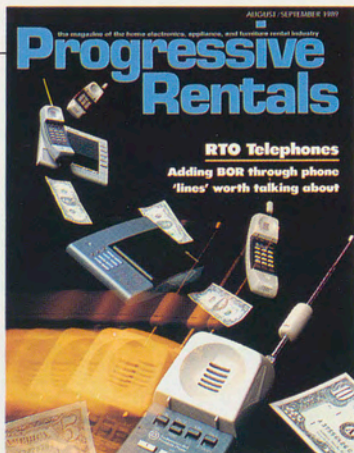
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ON THE COVER: Profits in the rent-to-own telephone market niche are starting to 'take off' for some dealers around the country.

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A wider range of appliance product lines, with a few suppliers offering high-end features, are now available for the rental dealer. However, the tried-and-true is still what works.

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For rent-to-own dealers to prosper in the 1990s, they're going to have to go back and invest in a basic building block of their business — employees. Specifically, store managers.

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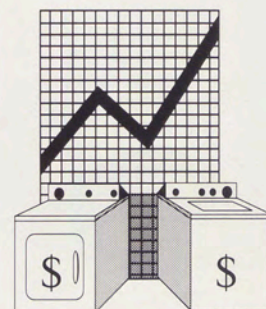
Telephones aren't usually the first item RTO dealers think about when they're trying to boost balance on rent. But some dealers are seeing how RTO phones can mean profits.

26 So long D.C., hello Orlando

Even though the Washington, D.C., convention is still a very recent memory, APRO staff and elected leaders are already preparing for a better-than-ever 1990 conference in Orlando.

38 Make sense more common

Many employers ask questions such as, 'How do I find employees with common sense?' Well, common sense isn't some innate ability. Managers can develop it in their people.



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PRESIDENT'S VIEW

Today's RTO dealers can't afford to bury their heads in the sand

Those of us just returning from APRO's annual convention were disappointed at not seeing more of our old friends this year in Washington, D.C. The news that trade shows and conventions in general have suffered a 38 percent decline in attendance this year doesn't make this member any happier. Can some of us be bailing out just when the water's getting a little rough?

Like you, I too know many RTO dealers who have amassed fairly substantial fortunes just by opening the door in the morning. But in case you haven't noticed, those days are gone!

Today's successful rental dealer *must* be smarter, more professional and better organized with skilled advisers and associates who can help him in today's tougher environment. Those who choose instead to bury their heads in the sand and wait for "the old days" to return simply won't be around much longer. Buyouts, consolidations, mergers and even bankruptcies already are reducing the number of companies involved in this still-expanding and ever-dynamic business.

I've been asked more than once, "What is the purpose of APRO?" We have a mission statement that clearly answers that question:

"APRO is committed to being the national rent-to-own trade association by being responsive to its members, by providing responsible and effective leadership, and by promoting professionalism in the industry in a financially sound manner."

TED WILSON, *continued on page 8*

Grael reviews year, offers thanks

Iwant to thank all APRO members, staff and board of directors for allowing me the honor of serving you this past year.

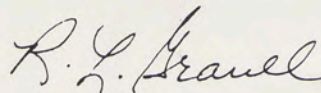
It was indeed a busy year in our ever-changing industry. We saw new state organizations formed, old ones revitalized and additional states enact laws separating rent-to-own from rental finance.

The strategic planning goals we set at the beginning of the year were only partially completed, for which I apologize. We worked hard and had many accomplishments, such as the largest fund drive ever for LDIF (Legal Defense and Information Fund), restructuring of our accounting procedures, the birth of RTO Network News, realignment of Progressive Rentals magazine to make it more readable, and others.

Our most significant, I believe, was having our LDIF organization respond in Iowa, New Jersey, Pennsylvania and West Virginia, among others, when threatened. The system worked; the enemy was stopped because we were ready.

As past president I will work as enthusiastically as a member of your board of directors to continue this effort to make this association more responsive to you.

Thank you.



R.L. "Dick" Grauel
APRO past president

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After RTO crash course, member services emerge as top priority

While six weeks is not usually long enough to be considered an expert at anything, everyone in this industry assures me six weeks is long enough to live a lifetime in the rent-to-own business. From what I have learned already, apparently six weeks is long enough to be put out of business altogether by the legislature or a competitor if you are not personally minding the store.

I do want to express my honor and appreciation at being chosen from so many who aspired to have this position to contribute what I can to the cause we serve. I promise to dedicate all my energies to the many tasks which lay ahead for us all.

I have hit the ground running. Already I have spent time learning the RTO business in the field, by working several days in Dick Grauel's stores, renting products, collecting past dues, and even delivering products to customers. My previous experience as a small businessman will stand me in good stead to make meaningful contributions in the future.

I know the staff here is going to be a great team for accomplishing the goals set by you and your elected leaders and because of the talent I've already observed at work during the recent convention and during our weekly staff meetings. I sense a rededication to excellence and teamwork from everyone here and together we have already established some new priorities and assignments to improve the services and benefits of belonging to APRO.

Our top priorities will be member services, vendor relations and increasing APRO's staff knowledge of the rent-to-own industry. Soon, I will be announcing a reorganization of staff functions to enable us to meet these challenges. We have a great "team" here at APRO and we are here to serve your needs.

It is my firm belief that the "team" concept works and is vital to this industry as a whole. Through open communications, all of us will be in a better position to grow and prosper. I observed this concept at work during our convention in Washington, D.C.

One group that is contributing a great deal to this team concept is the exhibitors at our convention. All of them deserve our thanks and support for making us aware of their products and services. Many of them sponsored events at the convention which we all enjoyed.

Let's make it a point to remember those exhibitors, our associate members and our advertisers when it comes time to stock our stores. They support us; let us support them.



Bill Keese
APRO executive director

TED WILSON,
continued from page 6

I believe this means APRO'S objective is to aid those dealers who wish to improve, and to help protect them from whatever might jeopardize their livelihood.

This requires improving our educational programs, continuing the legislative effort at all levels, monitoring industry changes and then reporting to the membership in a clear and timely fashion. APRO can in fact be the most valuable conduit for meaningful exchange of views between the dealers, government and those who supply and support our industry.

This message obviously doesn't reveal any startling prophecies from your newly elected president. But, I believe we need fewer prophecies and philosophies and more participation. I'm deeply concerned about the apathy that some of our colleagues demonstrate today toward the shifting legal environment, our consolidating industry and our trade association in general.

I am totally committed to APRO's stated mission, as are your other elected directors and officers and APRO staff. But an active handful of us just isn't enough. And participation doesn't mean just money! Money helps, but ideas and energy are vital as well. Bring us your ideas, your criticisms, comments, your support, and APRO will have the tools to help make 1990 a banner year for rent-to-own.



Ted Wilson
APRO president

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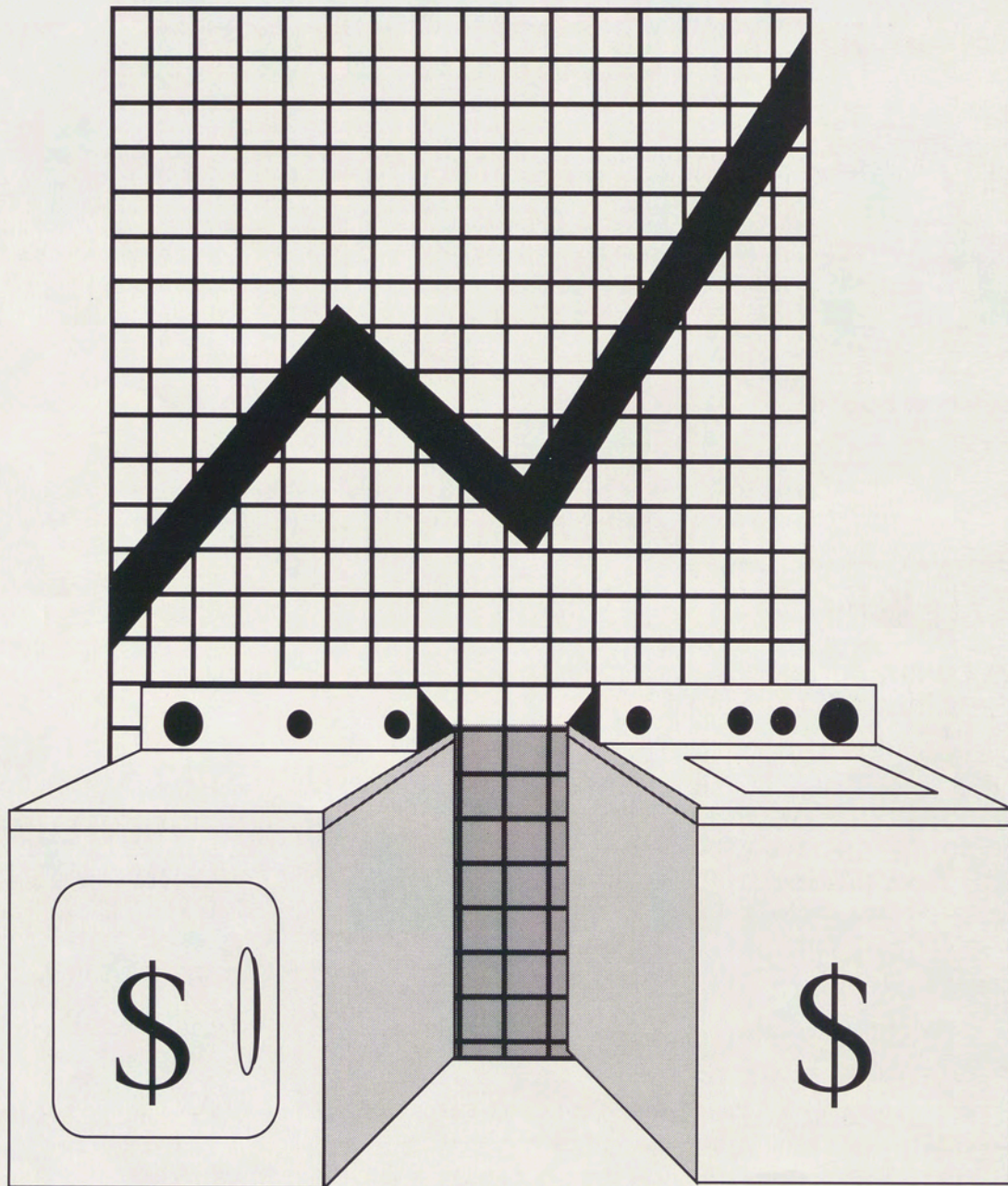
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FOCUS ON APPLIANCES

Text by John Gormley

Graphic by Joel Mathews



White goods remain staple of RTO business

Some suppliers offering high-end features for rent-to-own product lines

Most stores find the average rent-to-own customer tends to choose no-frills appliances, but some industry suppliers are offering stores — and those customers — a wider range of product lines this year.

Household appliances, also called "white goods" in the industry vernacular, remain a staple of the rent-to-own market. And, so far, 1989 looks little different than previous years, when basic-model washers, dryers and refrigerators have been the top draw among appliances.

However, some companies are developing their own niches in the rent-to-own market — either with new features for standard appliances or with specialized products.

Speed Queen, a longtime player in the white-goods marketplace, is sticking to its time-tested washer and dryer line. But the company has adapted its products to better meet the needs of rent-to-own customers. "Laundry is the only thing we make (for the rent-to-own market)," says Steve Pyle, northeast branch sales manager. "What's always been pretty much predominantly sold in that market is a single-speed, beginning model (washer). But one of the things we've added, being heavily into this part of the business and understanding a lot of the niches that go along with it, is the portability kit."

Pyle says the portability kit helps rent-to-own stores write more walk-in contracts. "What it enables us to do, for the rental dealers, is to show a customer that they can take a home appli-

"They're renting products that they didn't used to. It used to be all home laundry and refrigerators. Now it's more freezers, microwaves, gas and electric ranges and portable dishwashers."

— Don Linskey, General Electric

ance — a full-size washer or dryer, not a compact — put it on wheels and move it around. So if they don't have conventional hot-water hookups they can move a washer from a closet or an open space over to the sink, hook it up and do their laundry."

It's a lifesaver for people who live in "apartment buildings, or just buildings that don't have hot-and-cold water hookups," Pyle maintains. "This is a perfect option for them."

Speed Queen also offers a power converter kit that allows customers to run full-size dryer units off a standard 110-volt electrical outlet. "A lot of apartments don't have a 220-volt hookup," Pyle points out. Using the converter kit, it "takes longer to dry, but the trade-off is right now they're going to a laundromat and spending anywhere from two to three hours doing their laundry." With the kit, the customer's "got it at home and maybe it's going to take two hours to do their laundry, but there's things that they can do rather than sit in a laundromat.

"It gives them a lot of flexibility."

The portability issue is important to many rent-to-own prospects who would not consider laundry appliances otherwise, Pyle believes. "Once they (dealers) do some sort of announcement to their target market that these (kits) are available, it opens up another

category of people to come in and talk," he says. "It's probably the best introduction to get not only us but also the rental dealers into a whole new segment of business to broaden their customer base."

A new product, a stack combination mini refrigerator-freezer and microwave, is finding its way into college and university dormitories. Ron Snow, president of Durango, Colo.-based Micro Fridge, is marketing his product to higher education buyers. He's also trying to establish a rent-to-own base among students, starting with a lease program.

"On the lease program, two things. One is you get the money up front; we tell them to send a check for \$150," Snow says. "So we've got the money day one. We don't have to bill; we don't have to wait for them to come in. So we've got the use of that money for the school year. Then we've turned around and we get a \$50 damage deposit. So we have \$200 from the student on Sept. 5, say. Then in April, our thought process is to go out with a mailing to the students who have leased and offer an opportunity for them to buy it then. So we don't have to store it; we don't have to take it back and re-rent it the following year."

Snow knows there will be some trial

Continued on page 20



Are we getting any better?

A dealer representing one of the larger rental chains called me the other day and asked that question. I thought that I had a quick "of course we are" answer ready, but I could not quite get it to come out the way I wanted it to. I paused and a million thoughts raced through my head. I finally said, "My answer really depends on how I am feeling that day. If I have been on the phone all day with dealers who are angry because the police won't arrest people for not paying rent on time, my answer is different from the one I give the first day back from a rental retreat when all the world looks rosy."

Then I asked the dealer what he thought. He told me that he had recently sat through several focus groups and heard what rental customers from several different companies had to say about the business. The consensus from the focus groups was that the customers had not been treated well by rent-to-own employees and that the rent-to-own experience had not been a pleasant one for them. His tentative conclusion, and it was not a happy one, was that the industry really wasn't getting any better.

I do not know if I agree entirely with that proposition, although I will quickly proclaim that it hasn't gotten good enough. The question that I ask myself these days is how close to mainstream retailing rent-to-own will ever get. In England, by way of the roughest of analogies, hire-purchase is firmly entrenched right alongside credit cards and credit sales. No one thinks twice

about it and, literally, anyone might enter into a hire-purchase transaction. But the transaction is also more regulated there than here. The government can control the size of down payments as well as interest rates.

There is no question that leasing as a concept has made it into the mainstream in this country and has done so without being regulated to death. There are no price controls on most leases even though lessees are bound by contracts to pay large sums of money in lease payments.

Rent-to-own, on the other hand, remains a retail step-child perceived by the public as something that only poor people do. Rent-to-own remains more closely akin to pawnbroking and small-loan financing than to its more natural relative — the leasing industry. Some industries just simply do not have good reputations and they are never going to. No one expects to see generic ads touting pawnbroking — "come pawn your Rolex today!" Nor does the small-loan industry tout the innate beauty of \$300 loans at high interest rates. Rather, those businesses are viewed more as necessary fringe elements in the marketplace, allowed to survive, but limited in their marketing scope to those who are "forced" to use their services. (I will confess that I once envisioned generic rent-to-own ads on television — "Renting is a good idea. Go see your local rent-to-own dealer ...")

Maybe such a place in the market is the best that rent-to-own can aspire to. I did not used to think so, and I am not

convinced even now. But if rent-to-own is really only a high-priced alternative to consumer credit, as many apparently believe, then our position is fixed by the nature of our business. Rent-to-own clearly has an appeal to people with no credit. That is a real, identifiable and not insignificant market — certainly not one to be sneered at.

There are at least two sides to the question, "Are we getting any better?" The first is whether we are treating the traditional rent-to-own customer better than we used to. I think the answer to that question is yes. The second is whether we have broadened the appeal of the concept beyond our traditional base, and I do not see a lot of progress there. The second question, and to a degree the first, really has to do with value. A clear message from the focus groups was that they did not feel like they were getting their money's worth from rent-to-own companies. One possibility is that this conclusion is really true — rental companies are ripping off their customers. But if that were true, rental dealers should be making a lot of money, since an unfair deal has to benefit someone. I have looked at enough profit and loss statements lately to know that isn't true. Therefore, we must not be doing a good job of communicating the value that is there to our customers. That is a real challenge for this industry.

We need to prove this point both to our customers and to their self-appointed champions around the country. We have to figure this out if we are ever to aspire to the mainstream of retailing. If we do not do this, or worse, cannot do this, we are in for a bleak future. If, on the other hand, we are successful in selling the value of rent-to-own, then we can look forward to new success stories, of which this industry has already had several notable ones, in the future.

Edward L. Winn III
APRO general counsel

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Back to the future key to growth, success

RTO dealers should concentrate on basic building block — employees

By Wayne Outlaw

What is needed to excel in the future?

In a recent rental retreat conducted by APRO (see June-July 1989 *Progressive Rentals*, page 48), the 45 dealers in attendance identified "the lack of quality human resources in the rent-to-own industry" as the major problems facing them. The dealers agreed that "the quality of the employee equals the quality of the company."

One of the keys to future growth, success and prosperity in the 1990s is improved employee effectiveness. Your employees are the ones who sell your products, keep the customers current, resolve problems quickly and permanently, and ensure that customers are satisfied with the products they have chosen. In short, the quality of your employees and the way they are managed will determine the satisfaction level of your customers and ultimately the success of your organization.

"When we are talking to dealers who already have a site, one thing that they are most concerned about is where they will find an ample supply of skilled people," says Bob Shirley, vice president of client support for High Touch, Inc. "Whether it is a four-store owner looking to open store number five or the 32-store dealer looking to open store number 33, it makes no difference. The one thing that is keeping dealers from growing is the lack of available skilled and motivated personnel."

Regardless of whether you have four or 40 stores, it will require an ample

supply of skilled and motivated managers and employees to be successful in the '90s. Where will you find them? It's simply not feasible to count on taking people from your competition. Most times you don't get their best performers.

Promotion from within the company is a common option. Many organizations promote the person who is best at collections or sales. Unless the individual has been given proper training and development, however, they tend to work as they did before. In other words, they remain a super sales or collection person rather than become a super store manager.

Since most of those promoted have much stronger technical skills than management or leadership skills, they tend to rely on what they know. As a result, they tend to become overburdened, do a poor job and, soon, the dealer has two openings. The store manager has left and the dealer still hasn't found a replacement for the person promoted.

For dealers to prosper in the '90s, they must have an adequate supply of qualified management candidates to fill future store manager openings. These people provide the important hands-on management of the store. The store managers are crucial because they affect the recruiting and training of employees. Most importantly, they give direction and manage the employees that are in constant contact with your customers. In short, they are crucial because they control the store's atti-

tude and satisfy the customer.

To provide an adequate supply of management for the future requires careful planning and commitment. It is a commitment that must be undertaken for the long term and not just today because a few managers are needed.

Fortunately, developing managers for the future is not a complex task. It is a simple concept that can be adapted to your business. Whether you have four stores or 40 will determine the time, resources and degree of complexity needed.

To ensure you have an adequate supply of managers, you should focus on four elements. Let's examine each.

Succession planning

First ask how many managers are needed to replace poor performers or fill any open positions. Most importantly, add in any projected growth for the near term. Most organizations consider six to 12 months as near term. Once you know your overall needs, you can then begin to look within the organization to determine which employees are candidates to fill those needs.

Upper management may need to meet to identify employees who display potential for additional growth. Depending on the organization, upper management may need to consult with the store managers beforehand.

Once a list of potential candidates has been developed, it's time to meet with the individual. This communicates that management feels the individual

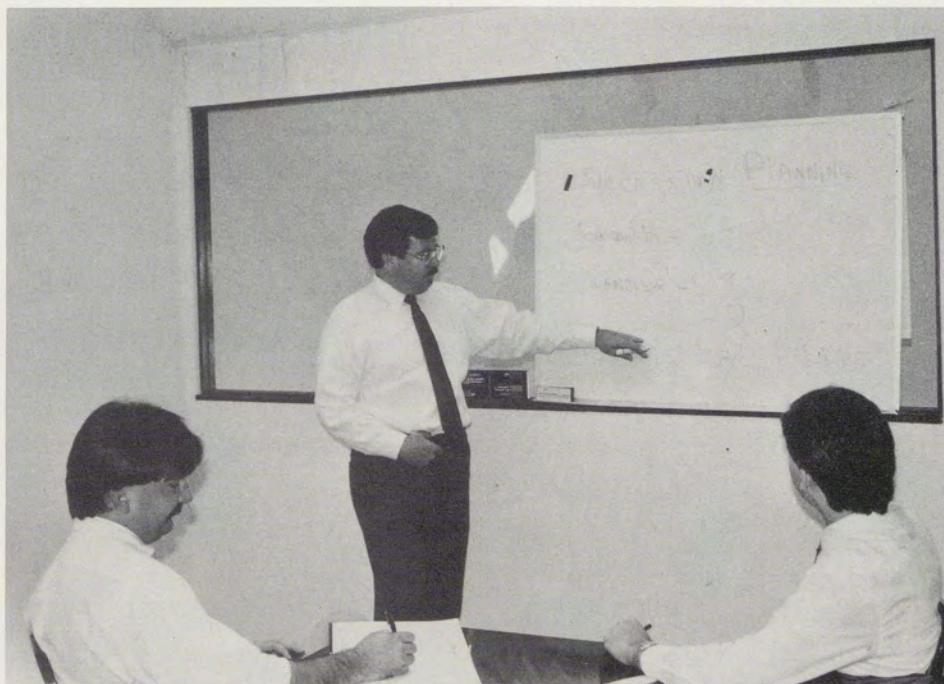
has potential for career growth. During this time, management can determine the employee's career objectives and locations or areas of interest. It's important that the employee understand that this is not a commitment for a management position but simply a recognition of their potential and a discussion of ways to meet mutual needs.

Recently, I talked with a client who had been developing a route manager for a new store manager position. Unfortunately, the location of the new store had not been clearly communicated to the candidate and it was disappointing to find out that personal considerations did not allow the candidate to accept the position. Clear and open communication on both sides is essential.

It is important for a manager to review the candidate's progress periodically. This will communicate commitment and ensure the individual's development.

Identification of needs

Identification of each candidate's specific needs for development is critical. While it might be easy to identify those with potential, many times it is more difficult to identify the specific areas for their development. This requires an objective and honest appraisal of the person's characteristics, knowledge and skills. This can be as simple as a short meeting. Or, it can be a more



and the candidate to identify specific areas to be developed. This instrument is designed to be used with individuals who are aspiring to move into management as well as those in management who want to improve their skills or more to a more responsible position.

After these needs have been identified, a developmental plan must be constructed. A simple plan consists of the areas to be developed, specific actions for develop-

ment, the individuals responsible, target completion dates and followup dates.

On-the-job training

On-the-job training is one of the most common ways to develop managers in the rent-to-own industry. This involves assigning an individual to an experienced manager who will assist the candidate as a mentor and provide temporary assignments outside of their current job to develop their areas of need.

Rather than have a district manager fill in for a store manager who is out, have the top management candidate run the store. This will not only provide valuable experience, but it will give the candidate an idea of the challenges and opportunities of management before assuming the position. It will also leave the district manager free to do his job while still being able to observe and supervise the candidate.

For dealers to prosper in the '90s, they must have an adequate supply of qualified management candidates to fill future store manager openings. These people provide the important hands-on management.

detailed and thorough process.

Many organizations have difficulty determining specific areas for development. To assist rent-to-own organizations we have created a management profile. It is a series of questions which can be answered both by the manager

Continued on next page

Continued from previous page

Internal training programs

No matter how good on-the-job training is, it still will not meet all needs. To provide talented and qualified managers for the future, it is almost essential that the dealer provide internal training designed to meet the needs of the management candidates and current managers. For it to be successful it must be a well developed program that is specifically designed to meet the needs identified and have the support of management. Simply give lip service to career development won't develop skills.

Much of the internal training in rent-to-own organizations focuses on operational skills, such as how to use a computer system, how to call cards, or how to sell products. Our clients tell us that their greatest needs, and the most difficult to fill, are the areas of management and leadership training.

Edward L. Winn III, in the June-July 1989 issue of *Progressive Rentals*, writes that "dealers will, if only because they are forced to, develop in-house training programs in order to retain employees long term."

Proper training at all levels is a key to reduced turnover and increased results. "Our industry feels that we lose people because our competition will pay them 50 cents per hour more," said Brenda Tinney of Rent America. "I think we really lose people because of dissatisfaction from not being trained. Training can cut down my turnover rate and reduce my salary cost and operating expenses. We have to reduce our turnover because it takes two to three months to fill a vacant entry-level position."

If identifying, attracting and retaining talented people is the key to success in the '90s, where do you stand? To evaluate your organization, answer these questions.

- Do you believe effective managers are essential to your company's success?
- Do you have a clearly thought-out plan to ensure the development of current and future managers?
- Is the organization willing to commit the time and resources to carry the plan out?

The quality and quantity of your

employees, especially your managers, will have a significant bearing on the future success and prosperity of your company. Are you ready to move into the 1990s?

PR

Wayne Outlaw is president of The Marcon Group, a business consulting and training firm in Mt. Pleasant, S.C. He is a regular contributor to *Progressive Rentals*, and this has been part two of a two-part series.

Survey geared at finding needs of dealers, managers

A survey was conducted by The Marcon Group using a sampling of 10 percent of the attendees at the recent APRO convention to determine the areas dealers believe their staff needs the most assistance with.

Since the needs of the owner and top management vary from the store managers, the survey was divided into two segments.

Participants were asked to identify areas of need on a scale of 1 (not needed) to 5 (critical). The following are the areas of training that rated 4 (important) or higher, and they are listed in order of importance.

Top management

- People management skills
- Team building skills
- Improving employee/group performance
- Motivating employees
- Customer relations skills
- Operations management skills
- Improving leadership style
- Time management

Store manager

- Customer relations skills
- Motivating employees
- People management skills
- Improving leadership style
- Training employees
- Team building skills
- Improving employee/group performance

There are a number of needs consistent with both groups. The survey responses will be analyzed by size of organization and length of time in the rent-to-own business to better understand how the needs of dealers vary.

— Wayne Outlaw

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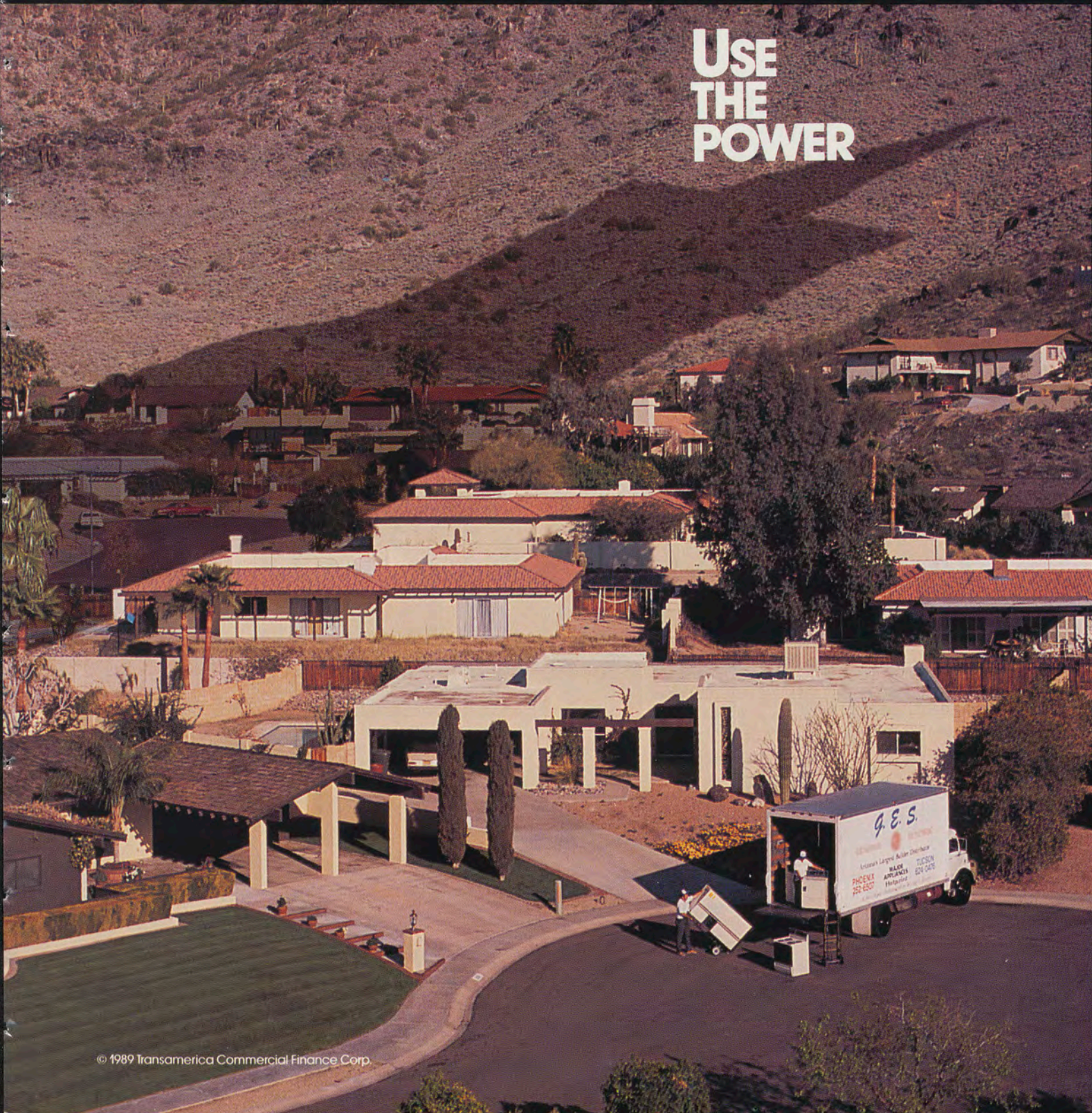
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USE THE POWER



By Kim Cerny



Are rent-to-own phones worth talking about?

Telephone product lines a natural add-on for some stores

In the rent-to-own business, telephones are not the first item you would think about adding to your product inventory to increase profits.

Then why are some dealers around the country becoming enthusiastic about telephones as profit boosters?

Part of the answer lies in the fact that telephones are no longer just a household utility. Sophisticated features, related equipment such as answering machines and new developments like the cordless phone have brought telephones into the neighborhood of high-demand, consumer-coveted electronic appliances such as the videocassette recorder (VCR) and the compact disk (CD) player. And telephones, of course, continue to fulfill their traditional practical functions as well.

Another factor is cost. Though still moderately priced in relation to many other consumer electronics products, there's a lot more to choose from in the telephone product line these days. While a high-quality, reasonably priced cordless phone or combination telephone and answering machine won't cost the retail shopper as much as a new compact disk player, it still can be a high-ticket item. As a result, the telephone has become an appliance that many consumers may want to rent before — or instead of — owning.

Rent-to-own telephones are a new enough development that most of the sales data is still anecdotal. The numbers are only beginning to come in.

"We are currently distributing telephones to about 30 RTO dealers in our

"Telephones are our fastest growing product category, and they are a natural addition to our furniture orders. I'd say we typically add a phone to every fourth or fifth furniture order we process."

— Bill Jackson, Furniture Options in Wichita, Kan.

area," says Alan Apel, the rent-to-own division manager for a major midwestern wholesale distributor, Phillip M. Bell Company in Cincinnati, Ohio. "We started distributing phones to rent-to-own dealers about three months ago, and the response has been good. Every single dealer has called for more."

Similar stories are being told across the nation. Further evidence of the potential of the RTO market for telephones is the presence in the marketplace of major consumer electronics players such as Southwestern Bell Freedom Phone®, Sony and Panasonic. Southwestern Bell Freedom Phone, in fact, has already mounted an aggressive national rent-to-own marketing program. Dealers who have edged into telephone rentals are reporting that telephones and answering machines are becoming one of their most dependable new product lines — and a low-risk, high-profit item. Why? Here are some of the explanations offered by dealers and distributors.

- Telephones are a great add-on item because they have high consumer appeal and increase balance on rent (BOR) with minimal cash outlay.

- Top-of-the line phone products by respected, well-known companies with a reputation for quality heighten dealership image.

- Many companies are providing tough, durable products well-suited to the RTO marketplace, and with warranty programs to back them up.

- At least one company — Southwestern Bell — is providing an attractive product refurbishing program which ensures low product recycling costs.

- Established wholesale distributors and responsive manufacturer's reps are demonstrating that they can fill orders quickly and dependably.

- Dealers are discovering that in addition to their value as add-ons, phone products can also generate profits and build traffic as stand-alone rental items.

Not all of these advantages are operative in every marketplace because telephone products represent an extremely new area of rent-to-own product development. But, dealers in vari-

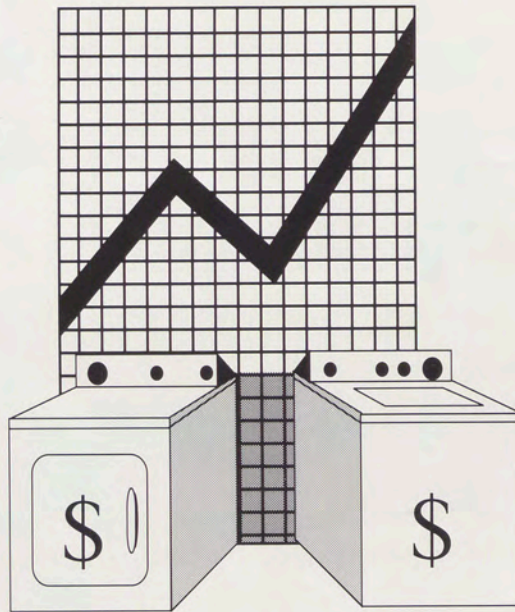
Continued on page 23

Continued from page 11

and error involved. "We're going to work ... to find out how we fit in with the rent-to-own market."

Another part of the appliance rent-to-own equation, though not always thought of as a traditional "white goods" product line, is floor care. Vacuum cleaners have helped store owners and managers significantly boost their balance on rent (BOR), according to Todd Harrison, national accounts manager, The Eureka Company.

"What we're finding is that the average store ... even at one vacuum contract a week, and we're doing more than that, that's 52 BOR on a 12-month contractual agreement," Harrison says. "And if it's an 18-month contractual agreement that's 78 BOR. The average location ... averages anywhere from 300 to 500 BOR (a month). If we're doing 50 to 78 BOR for a store on our (product) line, we're increasing their business by 10 to 15 percent in their



contracts."

Harrison admits that most rent-to-own customers don't ask for vacuums; they often decide to rent them after

seeing a store display. "Our average dollar per contract is not as great because we're an add-on sale. But we're definitely increasing the BOR by dramatic figures."

A big plus with vacuum cleaners, at least in Harrison's experience, is the relatively small return rate. "We've found that over 90 percent of the contracts out in floor care do go through full term," Harrison says. "Our effective rate is less than two-tenths of one percent. So, as far as Eureka, we do great because we don't have return problems. As far as vacuums, we've found that ... you have very few people who are backing out of their contracts."

That means less hassles at the store level — along with return customers, Harrison believes. "That customer keeps coming in their door paying their weekly or monthly installments, and that's where you pick up

Continued on page 45

Who's who in appliance suppliers

Since 20 percent or more of a rental-purchase store's revenue comes from white goods, the importance of appliances to the industry is well established. The following list of appliance companies gives useful contact information, as well as a brief description of the types of appliances each manufactures or distributes. Each company listed supports APRO as an associate member, advertiser or convention exhibitor.

***Brown-Rogers-Dixon Co.**
P.O. Box 2111
Winston-Salem, NC 27102
(919)722-1112
General appliances

+YCrosley Corp.
675 N. Main St.
Winston-Salem, NC 27102
(919)761-1212
General appliances

***YEureka Company**
1201 E. Bell St.
Bloomington, IL 61701
(309)828-2367
Floor care/home products

***+YGeneral Electric Major Appliances**
Appliance Park AP4-243
Louisville, KY 40225
(502)452-5439

Refrigerators, freezers, ranges, microwave ovens, washers, dryers, air conditioners, dishwashers

YJBS Associates, Inc.
P.O. Box 8309
Durango, CO 81301
(303)385-7677
Combination refrigerator-freezer-and-microwave-oven units

***+YMagic Chef, Inc.**
740 King Edward Ave.
Cleveland, TN 37311
(615)472-3371

Refrigerators, freezers, ranges, washers, dryers, microwave ovens

***Maytag**
One Dependability Sq.
Newton, IA 50208

(515)791-8158
Washers, dryers

***YQuasar Co.**
1325 Pratt Blvd.
Elk Grove Village, IL 60007
(312)228-3640
Microwave ovens

***+YSanyo Fisher (USA) Corp.**
21350 Lassen St.
Chatsworth, CA 91311-1158
(818)701-4118
Refrigerators, freezers, washers, dryers, microwave ovens

+YSears Contract Sales
Sears Tower BSC 12-29
Chicago, IL 60684
(312)875-6937
Refrigerators, freezers, ranges, washers, dryers, microwave ovens

* = Associate member
+ = Advertiser
Y = Convention exhibitor

***+YSpeed Queen Co.**
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(414)748-3121
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+Toshiba America, Inc.
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Wayne, NJ 07470
(201)628-8000
Microwave ovens

***+YWCI Major Appliance Group**
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Dublin, OH 43017
(800)458-1445
Refrigerators, freezers, washers, dryers, ranges, dishwashers

***+YWhirlpool Corp.**
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Contact: Donald Linskey
General Electric Appliance Co.
Appliance Park AP4-243
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(502) 452-5439



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PROFILES

(Editor's note: This is the first in a series of articles profiling APRO members, attendees at conventions and seminars and prospective members. D.J. Thomas, assistant director of member services, conducted the interviews.)

Brian and Lisa Totri Morgan City, Ala.



Brian and Lisa Totri were vacationing in the Huntsville, Ala., area a few years ago and met a local businessman who was in rent-to-own. RTO was a new concept to them and this man raved of his striving RTO business and that he had not anticipated this type of rapid growth when he started. On subsequent visits to the Huntsville area over the next five years they learned more about the RTO business, saw the potential for a future business, grew to like the area and decided to move South.

They chose the Morgan City area because it sits between two large rent-to-own areas —

Huntsville and Arab. Both areas are serviced by several independent and franchised RTO stores. Because the Morgan City customers had to travel some distance between Huntsville and Arab, the central location, along with an aggressive advertising campaign and marketing strategies, would create a convenient alternative for their customers.

Also, the Totris believe Alabama, a regulated state, has shown great fairness to both consumer and business. For all these reasons, the couple decided to open their own rent-to-own store in Morgan City.

Q. Why are you excited about the RTO business?

We will open our first store on Nov. 1, 1989, and we are excited about the growth that Huntsville has experienced up to now. The employment prospects make the Huntsville area increasingly desirable and we are positioning ourselves to savor this growth in the marketplace. Our research in RTO has shown it to be a profitable and exciting business.

Q. What is your prognosis for the next few years?

Primarily to get our first store running and profitable. We plan on purchasing a computer and software package for our operation; developing our projected operating budget and have filed for a low interest loan from the small business financing program. Hopefully, we will open several stores in time as our growth stipulates.

Q. Why should dealers attend conventions and seminars?

I found the seminars I attended to be very informative and professional. I gathered many helpful ideas, particularly on collections, computers, management programs and financing, which are essential in owning and operating our store. The convention, of course, was a perfect way for a new store owner to see a variety of merchandise at one time.

Q. Do you think nonmembers should be allowed to attend APRO conventions and seminars?

Well, I found it important for me, and if I would have had to be a member before going, it would have made it more difficult, since we had not officially opened our first store. We were doing research on the rent-to-own industry and I found the convention to be a really good introduction into all the different aspects.

PR

Joe and Debbie Reeb Casper, Wyo.



Joe and Debbie Reeb of Casper, Wyo. He is a native of Wyoming and she is from Wisconsin. They married nine years ago and opened their first store in Casper two years ago.

Q. Why did you get into the rent-to-own business?

We grew tired of working for a big corporation and having no control and wanted to use our imagination and creativity in developing and controlling our own future. Several of our friends in the business were often very supportive and got us excited.

Q. What struggles have you gone through in your first few years?

The hardest one was operating a business from the bottom up without prior rent-to-own experience. We started very slowly to avoid crushing mistakes. We worked full time jobs while using our garage as a warehouse and showroom and used small want ads (as I sell advertising) for the first couple of months to make sure we were doing the right thing.

Q. What good news can you share?

We talked about this and decided after two years in business we still see a lot of opportunity in certain geographic areas. The rent-to-own concept seems to be continuously better accepted from suppliers as well as customers. Of course, being able to attend our first APRO convention in Washington, D.C., was very exciting as well as opening our third store on Sept. 1, 1989, and hopefully others in the future.

Q. You both generate a lot of enthusiasm. Can you share some of that with us?

Unlimited opportunity, versatility and the general "fun" of this business. We consider it a real fun business to be in, I don't know why, but we do. Competition, as well as self satisfaction of self directed success we also enjoy. Of course, the profits at the end of the month helps to keep smiles on our faces.

Q. What do you predict for your next five years in the business?

We predict more fun, more business, and better profits. We are very positive, upbeat and with continuous growth and expansion we have hopes of someday being a regional rent-to-own chain.

Q. Why do you believe conventions and seminars are important?

I could go on for great lengths here. We felt this was very imperative, especially talking with other rent-to-own dealers and sharing of mistakes as well as success stories. A sharing of ideas and just to know others out there have experienced that same situation. The seminars were fantastic and enlightening in various situations. We went home bulging with ideas and the contacts made with buyers are invaluable. If all else fails the dancing and free cocktail parties going on until the a.m. were super. We didn't know anyone when we arrived at the convention, but we sure have a lot of friends when we left.

PR

Continued from page 19

ous parts of the country are enthusiastic on all of these points. Looking at each point in greater detail is revealing.

Naturals as add-ons

Dealers are finding that the product appeal, perceived practicality and relatively low per unit costs of telephones are making them a natural add-on when writing contracts for larger ticket items.

"Telephones are our fastest growing product category," says Bill Jackson, president of Furniture Options in Wichita, Kan., "and they are a natural addition to our furniture orders. I'd say we typically add a phone to every fourth or fifth furniture order we process." RTO telephones seem to have particular appeal for customers who are furnishing home offices or small-business locations.

Phone equipment also moves well as an add-on to larger electronic purchases

such as television sets and audio equipment. Some dealers also point to effective point-of-purchase advertising and carefully arranged product displays which make this "impulse" add-on product hard to resist. And the low average price per unit means a dealer can increase sales with minimum cash outlay.

Improved image

Today's rental dealers clearly sense that they must overcome a consumer perception that the industry deals in low-end products. Prestige products by well-known companies, including Southwestern Bell Freedom Phone, Sony and Panasonic, do much to dispel this image.

"I often think that people enter our store expecting to find off-brands and less-than-desirable products," says Jackson. "But our store's motto says that we will change your mind about rentals. And brand names ... help."

Durability

Because rental products must always endure heavy use and are often abused, it is no doubt that a key issue to RTO dealers is durability. And despite the appearance in the market of cheap, low performance telephone products in the last 10 years, telephones long ago earned their reputation as one of the toughest, longest-lasting appliances in the home or office. Several telephone manufacturers are providing the RTO industry with tough, durable, dependable products; some of them are especially designed for the RTO market segment.

Dealers note that although customers want a good-looking product, above all, they want a telephone that consistently works.

"Our dealers and their customers have been quite pleased with the quality of their telephones," says Apel. "But that is why we chose to carry the South-

Continued on next page

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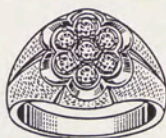
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DIAMOND RENTAL SYSTEMS

Continued from previous page

western Bell Freedom Phone line. Its products are consistently rated number one in consumer magazines, and the company has the lowest return rate in the telephone products industry — about half of the industry standard.

Many telephone products are backed by solid manufacturer's warranties and unconditional guarantees. "If we ever come across a defective phone upon arrival, Southwestern Bell provides a replacement — no questions asked," Apel said.

Attention to providing a durable product goes further still. Some manufacturers add extra-heavy weight parts or replace reflective high-gloss surfaces with a matte finish to camouflage marring. One company takes an even more aggressive approach — replacement and recycling.

Replacement-recycling

An article by Edward L. Winn III in the June-July 1989 issue of *Progressive Rentals* noted: "Dealers predict that manufacturers will become even more responsive to rent-to-own dealers and tailor programs for them." Southwestern Bell has done just that. Unique to the industry, the company's replacement and refurbishment program provides rental dealers with the opportunity to purchase a phone that has been refurbished to like-new condition — for \$39.

"Now that's a program geared toward the heavy abuse rental products often take," says Apel. "You could run over the phone with a truck and get a refurbished unit for just \$39, provided a defective trade-in unit is supplied, no questions asked. And you get it in just a matter of days — not weeks."

Dealers who are participating in this relatively new program say it's a win-win situation for them, and an unprecedented value as far as electronics appliance lines are concerned.

Product fulfillment

Rent-to-own stores have often found that wholesale distribution is unsatisfactory — product delivery is slow and service is poor. Dealers who have been carrying phone products, however, report that both distributors and manu-

facturers are highly responsive. So responsive, in fact, that they have been able to carry less idle inventory.

"We have been carrying phone products for about two years, and we have yet to face a problem getting the equipment," says Jim Coulter, vice president and director of operations for I.M.G. of Hawaii — the franchise holder for Rent-A-Center in Hawaii. "Our distributor has been quite responsive. Even over here in Hawaii, I get my orders in less than a week."

"We can get a shipment off to any of our individual retail stores within 24 hours," says Tom West, vice president and general manager for Gunning Wholesale in Wichita, Kan. Gunning is the wholesale distributor of Southwestern Bell Freedom Phone equipment to Rent-A-Center, with 650 stores nationwide.

Phones as stand-alones

Dealers were often surprised to note that in addition to serving as good BOR items, telephone product lines are also becoming stand-alone traffic builders for their stores. Some consumers come into the rental store for the sole purpose of renting telephones or answering machines. One dealer noted that by offering telephones, he has been able to expand customer groups.

Predicting the future

How does the future look for phones in the rent-to-own industry? The early results for this relatively new product entry are promising, though a relatively small percentage of RTO dealers currently include phone equipment in their inventories.

"We were one of the first to carry phone products," says Coulter, whose company currently has six Rent-A-Center stores in Oahu. "Their popularity has surpassed our expectations. I'd say we purchased about \$100,000 of phone equipment from our distributor in last year, and that this level will maintain a steady pace in the future."

PR

Kim Cerny is a freelance writer based out of St. Louis, Mo. Pam Debandt, manager — public relations for Southwestern Bell Telecom, provided assistance.

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A CAPITAL
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D.C. a good setting, but Orlando promises even more

'Capital Event' only a recent memory as APRO gears up for 1990

By Barbara Stooksberry

Although the Washington, D.C., convention is a very recent memory, APRO staffers are already at work on the 1990 convention, set for July 22-26 in Orlando, Fla.

Of the Washington convention, APRO Director of Member Services Debbie Hansen says, "We can't say enough to show our appreciation to the many vendors and exhibitors who helped make the convention a success. We encourage our members to remember the significant contribution exhibitors make to the association as they do business through the year.

"In planning for 1990," Hansen continues, "we'll look at a complete restructuring of the program to allow conventioners plenty of time to visit the trade show and see Orlando, in addition to attending seminars and meetings."

With the exception of two theme parties that will be held at The Peabody, APRO's official convention headquarters hotel, all convention functions will be at the Orlando/Orange County Convention Center right across the street. One APRO theme party will be held in the exhibit hall itself, and new to the 1990 agenda will be an APRO-coordinated children's program.

"We know many of our members will want to stay at the Peabody," says Hansen, "not just for the convenience, but also because The Peabody is offering our members a single or double room at \$89 per night — a remarkable

"In planning for 1990, we'll look at a complete restructuring of the program to allow conventioners plenty of time to visit the trade show and see Orlando, in addition to attending seminars and meetings."

— Debbie Hansen, APRO director of member services

price for a hotel of this caliber."

The Peabody pampers its guests with beautifully appointed rooms, 24-hour room service, three restaurants, a recreation deck and athletic club, double Olympic-sized pool, tennis courts and indoor/outdoor saunas. In addition, the International Golf Club is just minutes away, and The Peabody offers its guests a children's program of its own.

Abundant sunshine and pleasant year-round temperatures have made Orlando a favorite destination for fun and sun seekers for decades. The growth of the tourism industry over the past 10 years, however, has been phenomenal. The agreeable climate, the proximity to east and west coast beaches and the area's 1,200 lakes have drawn attraction after attraction to Central Florida, creating a mix of natural and manmade entertainment spots.

First named Jernigan for the Georgian settler who founded the community in 1842, Orlando got its present name after Orlando Reeves saved the lives of fellow members of a scouting party by warning of an approaching Indian. Unfortunately, a well-placed arrow ended Reeves' life, but his actions are remembered in the renaming

of the city.

Orlando serves as the county seat of Orange County, which was until 1845 known as Mosquito County — but all that, as they say, is history. History took a dramatic turn in this area in 1965, when Walt Disney announced his plans to build Disney World on 27,000 acres of converted swampland. Things haven't been the same since, and the Orlando of today draws approximately 11 million tourists a year to enjoy Florida sunshine and the sights and sounds that make this area special. Orlando is the heart of a vibrant and growing economy that depends on tourism for 20 percent of its income.

Sunshine is the order of the day virtually every day, often with a brief, pleasant rain in the afternoon — just enough to cool things off. July temperatures reach the upper 80s or low 90s and cool to around 70 degrees at night.

Accessibility is one key to Orlando's popularity. Its six-year-old airport is served by 800 scheduled flights daily on more than two dozen carriers. A \$430 million expansion program was begun in 1987 to keep pace with the annual increase in air traffic. Those

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CONVENTION PACKAGE

Continued from previous page

traveling by car find Orlando at the crossroads of major Florida highways, most of which are also being upgraded and expanded.

Once you arrive, you can choose from 65,000 hotel rooms in Metro Orlando—second only to New York City in this category. These accommodations range from moderate to ultraluxurious. In addition to meeting and exhibit space in hotels and other facilities, the convention center offers 350,000 square feet of exhibit space and 54 meeting rooms. Orlando is fast becoming a major convention site.

One reason, no doubt, is that there is probably more fun to be had per square mile in Central Florida than in any other area of the country, and the choices are so diverse that there is something to suit every taste.

At the top of the list, of course, is Walt Disney World, which includes the Magic Kingdom, Epcot Center and the Disney/MGM Studio Theme Park. The Magic Kingdom comprises 40 major attractions—rides, shows, restaurants—in seven “lands.” Soar through the dark of Space Mountain in Tomorrowland, or seek the thrills of a runaway mine train barreling through Big Thunder Mountain in Frontierland. Visit the Haunted Mansion for hoots and hollers, or take a jungle cruise through Adventureland. In Fantasyland, you can ride over moonlit London with Peter Pan, or visit the dark forest with Snow White. A lighted night parade down Main Street USA wraps up each day in spectacular fashion.

Epcot offers World Showcase pavilions highlighting 11 countries and nine corporate Future World pavilions that examine past and future technology in Transportation, The Living Sea, Imagination, Energy and other areas. All but the very youngest guests will be fascinated by what they see in Epcot Center.

New to Disney World this year is the Disney/MGM Studio Theme Park, complete with motion-picture and tele-



The Orlando convention center will be the focal point in 1990.

vision studios and guided tours of production facilities. Learn how the pros produce special effects and build two-dimensional buildings and street scenes that look like the real thing. Enter the Chinese Theater and trip through Hollywood history on the Great Movie Ride. Disney does everything first class and all the way—it's excitement guaranteed for visitors of all ages.

Disney World is not alone in its crowd appeal. Dancing dolphins and killer whales make a trip to Sea World of Florida, just south of the convention center, a day to remember. Two hundred penguins parade around in their Sunday best in a frozen environment created just for them, and a conveyor transports you underwater through a clear, acrylic tunnel as sharks swim all around. Shamu and his family do their stuff in the “Legend of Shamu,” and a 60-foot vessel offers water slides and tunnels, as well as a rope swing into “the sea.” At night, you'll enjoy a lighted boat parade and fireworks.

Universal Studios Florida, which opens late this year, will fill 44 acres of land with western towns, Gothic mansions and other sights. There will be working studios and those designed just for tours, live shows, filmed demonstrations and exhibits. Re-creations of famous movie sets and streets will immerse visitors in the move-making experience.

Boardwalk and Baseball is a 35-acre theme park owned by the publishing house of Harcourt Brace Jovanovich, which also owns Sea World and Cypress Gardens. Hone your skills in batting and fielding cages, or test your pitching accuracy with a machine that rec-

ords balls and strikes. A 16-story ferris wheel reigns over the park, and the Florida Hurricane roller coaster speeds you along at 60 mph. Put your face on a baseball card or chose from dozens of other activities offered here.

Cypress Gardens has thrilled visitors since it first opened in 1936. The gardens showcase some 8,000 varieties of plants spread over 223 acres. Daredevil waterskiers also add to the fun, ending their performance with a spectacular human pyramid. Cypress Gardens includes diving performances, a year-round ice skating show, an animal forest with 750 critters and one of the few spots in the area for quiet walks and boat rides. A multitrack railway takes you back in time to Southern Crossroads, a replica of an antebellum town filled with boutiques and gift shops.

Among the less well-known sights in the area are Bok Tower Gardens, a sacred Native American site, with gardens, walking paths and nature trails surrounding a pink marble tower with a 53-bell carillon; Spook Hill, where your car travels backward up a hill (or so it seems); the Black Hills Passion Play; and Kissimmee State Park's Cow Camp, which depicts Florida as it was a century ago. And, don't forget the Elvis Presley Museum, Central Florida Railroad Museum and Tupperware

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We're introducing something new in the rental business: A choice.



SYLVANIA
AUDIO-VIDEO

A choice of these nationally advertised brands, Sylvania and Magnavox, from a worldwide leader in consumer electronics: Philips.

In addition to quality portable and console televisions, you get state-of-the-art camcorders, VCRs, projection TVs and audio products.

MAGNAVOX

But that's just the beginning. We also offer quick delivery and a national service network to stand behind our products.

So choose the company that gives you a choice. Philips.

For the dealer or distributor nearest you, call Ken Gay at 615-521-4711.

Philips Consumer Electronics Company
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Museum of Historic Food Containers — really.

At Loch Haven Park in Orlando, you can try hands-on exhibits at the Orlando Science Center, become familiar with the history of the area at the Orange County Historical Museum and Fire Station No. 3, and view a collection of pre-Columbian pottery at the Orlando Museum of Art. The Morse Museum of Art in Winter Park displays one of the world's major collections of Tiffany glass, as well as works by other artists.

A must-see for any budding astronaut or space buff is NASA Kennedy Space Center's Spaceport USA. An hour's trip east of Orlando via the Beeline Expressway gives you the chance to visit the launch site for all U.S. manned space missions since 1964 and the chance to see the "souvenirs" the Apollo astronauts brought back from the lunar surface. The two main attractions here are the IMAX Theater, with a film narrated by Walter Cronkite, and the two bus tours of the facility. The Red Tour introduces you to current space shuttle technology; the Blue Tour takes you through Cape Canaveral Air Force Station and the Air Force Space Museum.

If you like water parks, you have your choice of Water Mania in Kissimmee or Wet 'N Wild on International Drive. In and around Orlando, you can ride horseback, go golfing or play tennis, hit the nightspots, take water ski lessons or float over the city in a hot-air balloon. You might want to get close up to the natives at Reptile World in St. Cloud or Gatorland Zoo or Alligatorland Safari Zoo in Kissimmee.

If eating is your game, Orlando offers a full range of dining experiences, from fast food to haute cuisine. There's a restaurant to suit every yen and every budget. For something different, visit King Henry's Feast on International Drive and step into the Court of King

Continued on page 44

Rental Advertising Excellence awards a highlight of meeting

The Rental Advertising Excellence (RAE) awards were presented at the APRO convention Aug. 9-13 in Washington, D.C., and the winners — in categories ranging from television to non-English advertising — were selected from nearly 110 entries.

All entries had to have been created and used between July 1, 1988, and June 30, 1989. Entry deadline was July 7, and special instructions were outlined for the different categories.

The judges were Jerry Reppert, veteran newspaper publisher and owner of RK Rentals, Inc., in Anna, Ill; and Bob Johnson, president of Johnson and Johnson Advertising in Indianapolis and a district lieutenant governor for the American Advertising Federation.

The judges reviewed each entry based on three criteria — design, quality of production and effectiveness. They then filled out rating forms which were tabulated, and the totals were used to determine what recognition was given to an entry. In most categories, a gold ribbon was awarded for the best advertising. When the totals were slightly lower a silver or a merit award was given. More than one gold, silver or merit could be awarded in a category.

Arvid Olson, advertising manager with Grauel Enterprises in Lafayette, Ind., presented the awards program during the APRO convention's Saturday night black-and-white event. "If our industry is going to grow and prosper, it will be in part because advertis-

ing keeps encouraging customers to rent to own," said Olson, who was assisted by Grayce Lechtenberg.

Here's a list of the 1989 RAE winners by category:

Print materials

- Catalog or brochure less than four-color — Americans Rent To Own (silver) for "We Guarantee You'll Be Happy" piece.

- Catalog or brochure four-color or more — Michigan Rent To Own (gold) for introductory fold-out brochure. A silver, meanwhile, went to Easy Rent, Inc., for its brochure. And a merit was awarded to Americans Rent To Own for a monthly newsprint catalog.

- Letterhead, logo or trademark design — Alreco (gold) for its logo update. Also, Rent to Own of South Dakota (silver) for its letterhead.

- Poster, less than four-color — Americans Rent To Own (gold) for its baseball poster. Mr. Steve's (silver) for the "Pfaltzgraph Dishes Giveaway" poster and (merit) for its "Moving Off Campus" poster.

- Other — Michigan Rent To Own (gold) for a \$50 gift certificate and (silver) for its "No Hang Ups" door hanger.

Specialty ads

- Items costing less than \$2 — Mr. Steve's (gold) for an original die-cut Halloween mask and (merit) for an inflatable kit. Also, U-Can Rent (silver)



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*Ted Wilson,
president*



*Dick Grauel,
past president*



*David Egan,
first
vice president*



*Wayne Chambers,
second
vice president
and 'President's
Award of Excel-
lence'*



*Mac Hennigan,
secretary*



*Bill White,
treasurer*

APRO members elect directors, officers during '89 convention

A new APRO president was elected — Ted Wilson of Alrenco, Inc., New Albany, Ind. — and eight additions were made to the board of directors at the Aug. 9-13 convention in Washington, D.C.

Newly elected directors are David P. David, Full-O-Pep, Bloomington, Ind.; R.L. "Dick" Grauel, APRO past president, Grauel Enterprises, Lafayette, Ind.; Mac Hennigan, Hennigan Enterprises, Bedford, Texas; Alan Lewis, Amigo TV Rentals, Inc., El Paso, Texas; Lou Messervey, RenAppli of USA, Inc., Springfield, Ill.; Bob Moomey, Rento, Inc., Coldwater, Mich.; Robert Moore III, Rental Management, Inc., Maple Shade, N.J.; and Wilson.

Directors who were not up for reelection and who remain on the current board are Wayne Chambers, CWD Enterprise Two Ltd., Houston Texas; Alan Dobzinski, The Rental Experts, Inc., New Haven, Conn.; David Egan, Rent-A-Center of America, Inc., Wichita, Kan.; Mac McCullar, ATM Enterprises, Inc., Lithonia, Ga.; Jerry Reppert, RK Rentals, Inc., Anna, Ill.; Roger Sharp, Appalachian TV Rental, Huntington, W.Va.; Larry Tinney, Royal Crown Leasing, Fayetteville, N.C.; and Bill White, Action TV & Appliance, Mesquite, Texas.

APRO's general membership elects its new board members during the annual convention. The full board, in turn, elects its executive committee, which consists of the president and officers. Board members serve two-year terms, while executive committee members are elected for one-year terms.

The 1989-90 executive committee

includes Wilson as president; Grauel, immediate past president; Egan, first vice president; Chambers, second vice president; Hennigan, secretary; and White, treasurer.

President

Wilson steps into the president's role after serving a three-year stint on the APRO board. During 1988-89, he served as treasurer on the executive committee. The vice president of finance and administration for Alrenco has contributed articles to Progressive Rentals magazine and conducted APRO seminars.

"I am grateful for the opportunity to serve as APRO president," said Wilson. "With the help of the executive committee, board members, APRO staff and members we can successfully meet the challenges the industry and our association are facing."

Past president

Grauel, the owner of 41-store chain Mr. Steve's Rental, served as APRO president during 1988-89. Grauel says he plans to remain "as active if not more active" in APRO work.

Wilson expressed appreciation for his predecessor. "Dick Grauel instituted some very important projects during his term as president," Wilson said. "These projects will serve as the cornerstone of our future progress and the entire industry owes Dick a debt of gratitude for his efforts."

First vice president

Egan, a driving force behind the industry's Legal Defense and Information Fund (LDIF), is the legal counsel for Rent-A-Center. During 1989, Egan

Continued on next page

CONVENTION PACKAGE

Continued from previous page

helped direct the launching of RTO Network News, a newspaper-tabloid style publication that contains timely information on industry legislative issues.

Second vice president

Chambers, who helped conduct the highly successful LDIF fund drive, is also a member of the APRO Ad Hoc Publications Committee. Chambers is a general partner with CWD Enterprise Two Ltd.

Secretary

Hennigan, APRO's president during 1987-88, has been an active member of the board for the past five years and has served on the executive committee the



Roger Sharp,
recipient of APRO
1989 'Dealer of the
Year' Award

last three. He owns and operates six rent-to-own/retail stores in the Midwest.

Treasurer

White, a charter member of APRO, is the owner-president of Action TV & Appliance in Mesquite, Texas. He is serving his second term on the board

and first on the executive committee.

Special awards

In addition, Chambers and Sharp received the association's highest honors during the convention. Chambers was selected for the APRO 1989 President's Award of Excellence "for outstanding leadership and commitment to the association." Sharp, meanwhile, received the APRO 1989 Dealer of the Year Award "for outstanding contributions to the rent-to-own industry."

Both were recognized during Saturday night's black-and-white event at the convention.

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- Interviewer Skills

The **Growth Dynamics** Company

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for its key fob and lucky Cadillac key promotion.

- Items costing more than \$2 — U-Can Rent (gold) for a watch promotion.
- Point of purchase (POP) materials — Americans Rent To Own (merit) for its money-stretching banner.

Non-English

"The awards committee wanted to recognize the fact that many of our customers still speak the language of their heritage," Olson said. "Non-English advertising is essential to be competitive."

- Non-English advertising — Mr. Steve's (gold) for its Tex/Mex Hispanic radio spots.

Direct marketing

"The greatest number of entries received was in the direct marketing category," said Olson. "Nearly one-fifth of all entries" competed for the gold.

• Order solicitation — Alrenco (gold) for its jewelry flyer and (merit) for a sale flyer, Michigan Rent To Own (gold) for its gold-card solicitation, Mr. Steve's (silver) for a wool-blanket flyer, GEORAC Rent-A-Center (three silvers) for its flyers promoting furniture and television, U-Can Rent (silver) for a football-theme flyer and ARCORP/Shastar (merit) for a mailing.

• Campaigns — U-Can Rent (silver) for its "Win a Caddy" campaign and Blue Ribbon Rentals (merit) for its monthly specials catalogs.

Radio

• For 30 seconds or less costing more than \$100 — Mr. Steve's (silver) for its spots targeting black consumers and Michigan Rent To Own (merit) for the "You Versus They" spots.

• For 60 seconds costing less than \$100 — Mr. Steve's (gold and silver)

for its interview spots.

• For 60 seconds costing more than \$100 — U-Can Rent (silver) for its "Just Starting Out" spot.

Newspaper

• Black and white, less than half page

— ARCORP/Shastar (gold) for its "Going Down" ad, Mr. Steve's (silver) for "Eight Steps to Rent to Own" and ARCORP/Shastar (merit) for "Spring-time Specials" ad.

• Black and white, more than half page — Rent to Own of South Dakota
Continued on page 44

London Star Limited

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The Diamond Source For All Your Jewelry Needs

Prices To Fit Every Request

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Diamond Bracelets • Diamond Men's and Ladies' Rings



When Nothing else but
Diamonds Will Do

1989 seminar lineup covers full spectrum of RTO issues

The seminar lineup for APRO's recent annual convention was designed to cover basic need-to-know areas in the rent-to-own industry. At the same time, however, it included cutting-edge topics such as jewelry and manager development.

"The response we're getting is that attendees found the sessions extremely useful," said Debbie Hansen, APRO director of meetings and conventions. "We had some new areas this year. People have told me that, in general, the seminars were presented in an informative and interesting way."

The Aug. 9-13 convention in Washington, D.C., included 20 seminar titles, with multiple sessions spread out over three days.

Seminar titles and speakers included Bankruptcy in Rent-to-Own, James D. Walker Jr.; Collections, Bud Holladay; Computers in Rent-to-Own, Colleen Morgan; Customer Satisfaction, Holladay; Developing Your Managers — the Path to BOR Growth, Wayne Outlaw; Employee Relations, Larry Randolph; Employment Problems — What Every RTO Owner *Must* Know About, Harry Weisbrod; Five Fundamentals of Professional Sales, Tom Hertzler; Furniture Repair, Jim Hartman; and How to Make a Profit in Rent-to-Own, Wayne Chambers and Ted Wilson.

Others were Jewelry in Rent-to-Own, Claudia Filloramo, Marketing Your Rental Business to Increase Profits, Rex Thornton, Rent-to-Own Accounting (Levels I and II), Dan Whitsell; Rent-to-Own Advertising (Levels I and II), Randy Buffington; Rent-to-Own Legal Update, Ed Winn III; Selling Retail, John F. Lawhon; The Impact of Equity in Rent-to-Own Financing, Bill Hubler and Fred Russell; and The Importance

of Training Programs in the Corporate Agenda, Bill Shea.

In addition, three continuous-running movies were offered during seminar hours — How to Deal With Difficult People, Beyond Close to the Customer, and A Passion for Customers.

Most seminar attendees came away with information they could use. "Those ... I attended have been the best in three years," wrote Dave Niewald of Elmen Enterprises, Inc., Soux Falls, S.D. "(There was) more and better information presented on employer-employee relations."

Here's a brief overview on some of the seminars (space does not permit a complete rundown):

Customer Satisfaction

Bud Holladay, who also conducted the seminar on collections, is considered a crowd favorite among APRO convention veterans. In fact, Holladay is one of APRO's founders from the early 1980s. Holladay, currently responsible for management development and employee training with Alrenco, promised to show attendees "how to idiot-proof your store."

He addressed the issue of "what it takes to run a perfect store from the customer's point of view, not from a policy manual." Holladay said it's important to hire competent employees at the basic level — where the store and customers meet. And that means intelligent, courteous people at the counter and on the phone. Holladay said many store owners spend a lot of money on advertising, but lose business — once prospects walk in the door or call on the phone — because of



Alrenco's Bud Holladay popular speaker during seminar hours

unprofessional or untrained employees.

"We'll spend \$5,000 ... on a TV spot and spend \$3.65 an hour on some jerk" who alienates customers. "Service is an attitude, not a department. You have to look at your RTO store itself as an advertising medium."

Holladay believes the secret to running a successful rent-to-own store is discovering "how to get the most number of impressions converted to good BOR (balance on rent) ... (Good) impressions people have of your business is what makes them choose your store."

Contrasting it to a management chain, Holladay outlined his "BOR chain" — a step-by-step chronology of a potential customer converted into one BOR. The steps, in order, include customer impression (often thought of as advertising, for which five percent of a store's budget is typically spent), visit/call, sales-person contact, order form, tracking, account manager and — finally — BOR.

Holladay says the key to maintaining BOR lies in professional service and, perhaps most important, close client tracking. "What is customer service? A big part of it is having an answer for the customer."

Financing

Bill Hubler, a generalist in investment banking and financial service with Lincoln Investments Atlanta, discussed theory and practical application of corporate ownership, capital structure and equity. He used examples of expansion by raising capital through debt or by utilizing existing equity. A six-

year projection using either method — debt, where the bottom line was 100 percent ownership; or equity, 55 percent ownership — gave attendees a working example.

Hubler used business graphs and charts to underscore several key points, including:

- Obtain the cheapest capital for as long as you can;
- Retain enough equity to take on an equal amount of debt; and
- Equity doesn't build up as fast as costs.

One sticking point: Most investors want some control if they invest in someone's business, and many first-time rent-to-own people may have to relinquish some of theirs.

Questions raised during the session focused on how dealers can better educate potential investors.

"There are primarily four lenders in the RTO business," Hubler said. "Two don't lend anymore ... Rental business needs to generate better stories of profitability."

Jewelry

Claudia Filloramo, president of Key Rental of Florida, Inc., Rental Consultants, and general partner of Rent-a-Rock, is also an active store owner and was APRO's first treasurer. Her seminar boasted perhaps the largest attendance, and there appears to be a great deal of interest in jewelry as a rent-to-own profit center.

Filloramo maintains jewelry is a "true add on, not a filler product."

And it is viable, she says. "This is a high-yield, low-cost product that would create excitement with existing rent-to-own customers, while attracting the layaway and up-scaled customers."

Problems to overcome, according to Filloramo, include quality of jewelry, pricing, sizing, inventory, identification of pieces, merchandising and suppliers.

Filloramo has had great success with

jewelry and says she has never run into legal problems, although Ed Winn, APRO legal counsel, and industry attorney Sam Choate expressed concern over potential problems during their legal seminar.

Marketing for profits

Rex Thornton, managing partner of Triad Learning Systems, defined marketing as the entire process of advertising which promotes and actualizes

Continued on page 44

"Don't Just Buy A Good Computer System"

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<p>Contracts and Customers: The <i>DiffRent</i>® Rent to Own System prints contracts and maintains customer and reference information for mail outs and marketing. <i>DiffRent</i>® also produces a variety of customer and agreement master reports to replace bulky contracts and expensive posting equipment.</p>	<p>Inventory Controls: The <i>DiffRent</i>® Rent to Own System controls transfers, receiving, service & repair cost, depreciation, audits, item history and monitors all other inventory related information in seconds.</p>
<p>Payments and Cash Transactions: Handled fast and efficiently by <i>DiffRent</i>® without writing receipts or posting by hand. Audit reports also track and monitor non-cash items such as service credits and deferrals.</p>	<p>Marketing and Sales: The <i>DiffRent</i>® Rent to Own System also incorporates a variety of marketing programs to allow users to mail promotional material, send out billing and notices, analyze customer and point of sale information within minutes.</p>
<p>Management and Security: The <i>DiffRent</i>® Rent to Own System utilizes a high tech security program that allows management to effectively control internal theft and prevent unauthorized users from deleting, editing or adding information without proper access. It also allows management to adjust or change system configuration.</p>	<p>Reporting: Realizing that property designed reports are a major tool for the Rent to Own dealer, The <i>DiffRent</i>® Rent to Own System produces comprehensive reports on all system information.</p>



'It's always something'

By James D. Walker Jr.

You may remember Roseann Roseanna Dana from television's *Saturday Night Live*. This character was popularized by the late Gilda Radner, a comedienne whose loss was mourned recently by many of us. Roseann Roseanna Dana was famous for saying: "It's always something ... if it's not one thing it's another."

Each day seems to bring new opportunities and new problems. This column is about one of those new (choose one):

- (a) problems
- (b) opportunities
- (c) both a and b
- (d) neither a nor b.

Consider the following language from a rent-to-own contract:

TERMINATION: You may voluntarily terminate this lease at the end of any term with no penalty. To do so you must return the property and pay all rental payments and other charges through the date of return.

OUR RIGHT TO TAKE POSSESSION: If you do not renew this lease, we have the right to take possession of the property. If you do not allow us to do so, you agree to pay our costs, including reasonable attorney's fees,

Each day seems to bring new opportunities and new problems ... dealers (need) to be aware of changes in the law which might result from court decisions and administrative regulations. Often these developments are more important than the legislation since they tend to be more localized.

incurred in taking possession of the property.

Our leases provide for weekly or monthly rental terms. Each term is renewable by payment in advance. If the rental payment is not received, the lease expires according to its terms. We assert the right at that time to take possession of the property, subject to the debtor's reinstatement rights.

In a recent bankruptcy decision, this procedure has been questioned. (The case is *In re Virginia Smith*, Chapter 13, Case No. 488-01281, Southern District of Georgia, Savannah Division. It is unknown at this time whether the decision will be published.) The court observes that the contract provides for the debtor to have the right to:

... terminate the agreement at any time

by returning the property ... and paying any then due rental payments. The agreement did not provide for any penalty charge for a debtor's termination of the lease ... (the rental company) could terminate the agreement at its option only upon the debtor's failure to renew the agreement ...

The court held that the contract obligated the debtor to pay each weekly payment in advance if the debtor chose to renew the lease. It was also held that the debtor had the right to terminate the contract by surrendering the property to the rental company.

The debtor in the Chapter 13 plan offered to accept the lease. The rental company objected on the grounds that the debtor had no rights in the property because the lease had expired prior to the filing of the Chapter 13 petition.

The court recognizes that the rental agreement is a true lease rather than a conditional sale agreement. Further, in order for the debtor to accept the lease, it was necessary for the court to conclude that the lease still existed. The rental company argued that the lease had expired and that the debtor could not accept an expired lease.

The court in its order said:

... the termination provisions of the lease were not evoked by either party pre-petition. There is no automatic termination clause in the lease. Therefore, debtor did not lose her contractual right to continue under the lease by making weekly payments ...

This conclusion is quite different from the one which was urged by the rental company. The conclusion by the court is based on the language of the rental agreement. As always, this language is critical to the enforceability of the rights of the rental company.

The use of the language set out above in the "termination" paragraph has always been understood by rental companies to mean that the debtor could exercise his rights to terminate the lease by failing to make renewal payments. A rental company has never expected that a debtor would take any action to terminate a lease other than by failing to make the weekly or monthly payment in advance of the renewal term. Yet, the language set out above *does* suggest that there is something more which must be done by the debtor before the lease can be considered to have terminated.

This is a small but sticky point. Our legal position is that the lease has terminated if a weekly or monthly term has come to an end without a renewal payment. If, instead, the lease continues without payments subject to the debtor's right to terminate the lease, the rental company may have to take some affirmative action to terminate the lease for non-payment. In this bankruptcy case, no such action was taken.

For that reason, the debtor was permitted to accept the lease, pay the back payments through the plan and continue to make the current payments directly to the lease company. (As you may have guessed, the debtor did not make any more payments to the rental company. It was necessary for the rental dealer to take further action in the bankruptcy court to obtain relief from the automatic stay.)

There is a remedy. The language in the rental agreement regarding termination must be changed. The termination paragraph should read as follows:

TERMINATION: This lease terminates at the end of each weekly or monthly term. There is no penalty if you do not choose to renew the lease. If the lease is not renewed, you must return the property and pay all rental payments and other charges due

through the due date of return.

OUR RIGHT TO TAKE POSSESSION: If this lease terminates and you do not return the property, we have the right to take possession of the property. If you do not allow us to do so, you agree to pay our costs, including reasonable attorney's fees, incurred in taking possession of the property.

It will still be possible for a debtor to revive a terminated lease by exercising his reinstatement rights. To do this in a Chapter 13 Case, it would be necessary for the case to be filed within an applicable time period. This feature will be unique to regulated states.

The *Smith* case is important because the court has found that there was "no

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TRIB

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TRIB stands for "The Rental Industry Buying" Group. With over 750 stores nationwide, TRIB provides its members with 'chain store' buying power, enabling us to combine lower prices with personal service. This means better quality merchandise and more value for our preferred customer.

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— Ron Sowers
Discount Rental
Kansas City, Missouri

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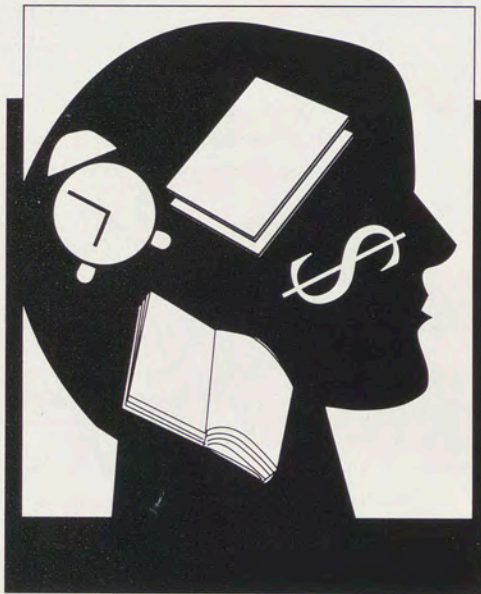
Making sense more common a worthy goal

The ability to interpret 'rules' is key to employee-customer relations

"Why don't they just use a little common sense?"

"I wish I could hire people with common sense!"

By Rozanne Flatt



Familiar cries? Don't despair. You can teach your employees to use judgment.

There seems to be a generally accepted notion that people are either born with "common sense" or they aren't, and there's not much anyone can do about it. But common sense is really just the ability to interpret rules. "Rule" in this context is the generic sense of the word, and includes procedures and policies. In business we often make clear rules, but fail to provide our employees any kind of information or parameters for interpretation.

Learning to interpret rules is a little like learning how to balance a teeter-totter. In fact, striking a balance in situations is really the purpose of most good rules. Think of teaching employees how to find the balance points in the situations they face. If balance is the result or objective, there are six possible ways to achieve it: move the fulcrum, take something away from the heavily weighted end of the beam, add something to the light end, move the weight on the heavy end toward the middle, move the weight on the light end farther out, or, of course, any combination of the above.

Learning to bracket in on the balance is the key. Successful management of a rental business means that every employee must know how to make good interpretations of certain rules. Here are two examples common to rentals:

1. The rental specialist who takes the order must know what constitutes adequate verification of references, when to accept or reject the order, what additional information can be sought that may make a questionable order workable, and what he or she can approve and what must go to the store manager for approval. Accepting a poor order won't help the business in the long run and may end up in lost merchandise. Turning down a questionable order on the basis of a fixed rule, with no leeway, means the business fails to grow. Having the store manager approve every order is cumbersome and inefficient, and gives the employee little reason to take initiative, to think through the problem to see whether other steps might be taken or other information sought. With either extreme, we fail to achieve the desired balance, which is to maximize the number of orders while keeping our skip/stolen ratio in line.

2. The account manager must often decide on the spot during a conversation whether or not to accept a commitment for a future renewal payment. A hard and fast rule to recover merchandise just to make a good Saturday close will result in loss of business which must be replaced before the business can begin to add BOR. The customer may go to a competitor, so that business is lost for good. But accepting a commitment which the customer can't or doesn't honor will almost always result in having to recover the merchandise anyway, and the lost rental

revenue will almost certainly never be replaced. Further, there is the problem that the customer who gets too far behind may be tempted to skip. There is seldom an opportunity to go to the store manager for a decision; therefore this decision, made over and over in our business, has a crucial impact on operating results.

Let's examine how you can teach an account manager judgment, to bracket in to the balance point, in the commitment example above. This training approach is a somewhat condensed version of the way this important judgment is taught in APRO's Learning power System. (This is not the first thing you teach an account manager, so keep in mind that in context there are other things you would have taught first.) These are the things you would cover.

Renewal-call possibilities

When an agreement has expired, there are three possible outcomes in any call you make to the customer. Since you can't always know the outcome, it is very important that you review the account notes and plan your call before you pick up the phone or knock on the door.

- a. You will do your best to get the renewal today. This is definitely the preferred outcome, so you will do all you can to make this happen.
- b. You may arrange an appointment for a future commitment in a small percentage of the cases.
- c. You will arrange for the customer to turn in the merchandise if there is no possibility of the renewal within the guidelines.

Planning the day's renewal calls

1. Know your account status and "close" goal for the day. How many agreements must be renewed to meet goal.
2. Review the store's inventory status. (If inventory is very low, it may be

necessary to accept fewer commitments, and vice versa.)

3. Make a priority list of expired accounts. Consider how many days each is beyond the renewal date, the customer's past record, the inventory status, etc. (Check the names off your list as you complete your calls.)

4. Decide how many commitments for appointments you can make and still reach goal. On your priority list mark which customers you can consider. (This doesn't mean you just give away commitments.) By deciding in advance that you can or can't consider a future commitment if requested, you are in a stronger position when you make the call.

5. Look ahead at tomorrow's potential "open." If you expect an especially low renewal rate, you will want to finish today ahead of the daily goal in order to go into tomorrow strong.

Plan each customer renewal call

1. Check the suitability of the renewal date. A pattern of regular two- or three-day expirations often calls for a renewal date adjustment.

2. Review the renewal record and notes about previous calls. Be prepared to mention some of those details when you talk with the customer.

3. Know the customer. What motivates him or her — keeping up with the Joneses? family? pride? etc. Is this the kind of person who honors commitments? Does the customer have a reasonably secure income flow?

4. Plan to focus on renewal today — at least three times if necessary.

5. Plan a positive motivator for the customer. Examples:

- Keep using the unit.
- Eventually own the unit.
- Avoid extra charges
- Avoid double-up payments
- We will provide payment information for credit references, so a good record can help get credit.
- We can't accept continued expired status (if commitment can't be ac-

cepted). But we will ...

— Store the unit and redeliver when the customer is ready (if this is your policy).

6. Decide what action will be necessary if the customer isn't able to renew.

Plan for a good commitment

BEFORE THE CALL

1. Payment history
2. Account status and goal
3. Priority status (see list)
4. Will the customer honor?
5. Focus on today

DURING THE CALL

6. Reason the agreement expired
7. Amount of time requested
8. Can the customer pay?

Good judgment guidelines

- No commitments unless you have focussed at least three times on today.
- No commitments unless numbers 3, 4 and 8 above are all definitely "yes"
- No commitments past the next payday (for weekly agreements)
- No Saturday commitments
- No commitments on the first renewal
- No further time on broken commitments

Principles for teaching judgment

Most people want to do a good job. They are willing to do what they know how to do to be successful. Management's job is to help employees develop a full understanding of "the rules," and that means several things:

1. Clearly stating the rule. After all, people can't be expected to apply rules unless they know they exist. This will usually be the procedures manual, but there will be other situations, too.

2. Why the rule was developed, why it is important, and what the rule does

Continued on next page

TRAINING

Continued from previous page

for the organization and the people who enforce the rules.

3. Is the rule absolute, i.e., it cannot be changed for any reason by anyone except the head of the organization, and why this is so. Many company policies relating to the handling of cash might fall into this category, such as never leaving the day's receipts in the cash drawer overnight and never taking them home, but instead depositing them in the bank account at the end of the day.

4. Is the rule open to interpretation by the employee. If so, what are the outside limits or parameters for employee decision regarding the rule. When can the rule be interpreted, and how far can it be "stretched." What further information can the employee gather to assist in the interpretation.

5. Is there a minimum requirement that must be met, even if leeway in interpretation is allowed. (In the commitment decision matrix above, the minimum requirement is "yes" on numbers 3, 4 and 8.)

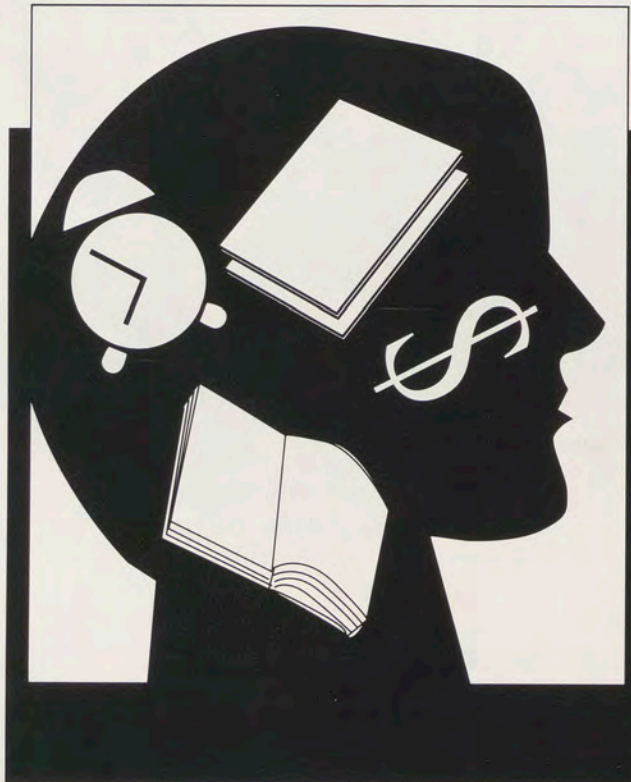
6. Is the rule open to interpretation by a higher authority. If so, who is the higher authority, and under what conditions should the interpretation be sought.

7. Is there an alternative solution to the problem.

In establishing "rules," it is a good idea to keep the number as small as possible by covering only essential points. Of course, you don't want to leave out an important rule, but too many rules can make understanding difficult. Sometimes rules which have the same "who, what, when, where, how and why" can be grouped. This minimizes the amount of writing and reading to do to understand, and often facilitates understanding simply by the relationship.

By the way, an unwritten rule is no rule at all. If you want employees to understand the rules, don't sit them down with the procedures book and ask them to read it from beginning to end.

That is not teaching. It is probably a waste of time, because it will be so boring that the employee will fail to grasp much. Besides, many of your employees are not accustomed to getting information they need by reading. Instead, plan the teaching using these ideas.



Outline for teaching judgment

1. Plan what the employee will need to know, then teach first what the person will need to know first, second second, etc. You may group two or three rules that fall together naturally. Keep track to be sure you eventually cover everything.

2. Explain the who, what, when, where, how and why, then explain the

rule itself.

3. Ask the employee what he/she thinks about the rule, and ask him/her to tell it to you as understood. Make any necessary corrections.

4. Tell the employee whether the rule is absolute, whether there is a higher level of judgment to be consulted, or whether he or she is expected to use judgment personally.

5. Give one or two examples of situations where judgment is to be used, and give the suitable interpretation to show how to bracket to achieve the desired balance.

6. Give other examples of situations and ask the employee to make an interpretation, asking more questions if necessary, and to explain the reason for the interpretation. If the person does well, offer praise. If you don't agree with the interpretation, ask questions such as "what consequences might be expected, would more information help, what about this, etc." And, finally, "would you like to alter your original interpretation?" If you can't make the point this way, go back and review the 5W's and H and point out the source of the flaw. Give a similar example and try again.

7. Repeat until you are confident the person understands. Say when you are confident and that he/she should now make decisions as discussed. Or, on very critical issues where it is possible to do so, you might want him/her to check with you before making a final commitment.

8. Show where the rule is written. Ask the employee to read it after you finish your discussion. Encourage him/her to come to you with any questions, and to review the rule whenever it will help the employee clarify doubts.

9. Follow up on the job by checking decisions, how the person arrived at

Continued on page 46

HITACHI

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Hitachi brings Rental Dealers 21st Century audio products today...Omega 2000! The new Omega 2000 series is now available in both table top and rack systems with beautiful large speakers and is perfectly designed for the rental industry. Hitachi's superior quality and state-of-the-art technology in color TV, projection TV, VCR, camcorder, and audio products results in higher keep rates with higher profits! Step into the future of rental with Hitachi.

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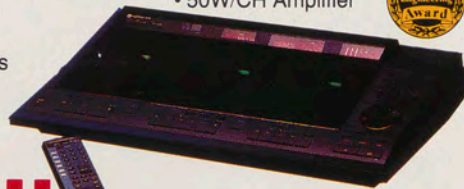


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John Blair, left, TRIB Group executive director, congratulates 1989 Cadillac Coupe Deville winner Richard Robinson.

TRIB Group awards sweepstakes Cadillac

Richard Robinson of Jackson, Miss., is the TRIB Group's national sweepstakes winner and has received a 1989 Cadillac Coupe Deville.

The sweepstakes were part of the TRIB Group's national incentive program to attract rent-to-own customers for its member stores. During 1988-89, the TRIB Group mailed out more than four million, full-color circulars promoting the sweepstakes.

The second-place winner, Brodewick Ray of Anniston, Ala., received a house full of furniture; and the third-place winner, Rebecca Johnson of New Carrollton, Md., won a wide screen projection television.

The TRIB Group, also known as the Rental Industry Buying Group, is the largest nationwide buying group exclusively serving the rent-to-own industry, according to John Blair, executive director. Its 57 members represent 720

rent-to-own stores.

"With store chains growing at a tremendous rate and the influx of public corporations in the rent-to-own industry, it's becoming increasingly difficult for midsize and even larger dealers to compete in buying power," Blair said.

For more information on the TRIB Group, contact Blair in Atlanta, Ga., at (404)451-4302.

Source: The TRIB Group

Camera loss prevents delivery of photos

A stolen camera from the Color Mail/Katz booth (number 800) during the Aug. 9-13 APRO convention in Washington, D.C., has prevented the company from honoring a commitment to its trade-show visitors.

Color Mail/Katz representatives took photographs of visitors to its booth and promised to mail them after the convention, according to company spokesman J.E. Ringer. However, the

stolen camera had the film in it, he said.

Ringer said the photograph-promotion was designed to do three things:

- Show visitors the 35-mm camera that's used as a promotional free gift after two months' rental.
- Send visitors a commemorative photo of the convention and a reminder of the Color Mail/Katz booth.
- Demonstrate the camera's quality.

"We're sorry we can't send the photo we promised," Ringer said.

Color Mail/Katz, based out of Cleveland, Ohio, packages ideas, information, print and incentive merchandise to help companies and people promote their products and services. For more information, contact Ringer at 1-800-338-5727.

Source: Color Mail/Katz

Product Focus: Panasonic's new VCR

Panasonic's two-head videocassette recorder (VCR), model PV-2900, features on-screen display programming, multi-function remote control and high-speed Omniseach.

The recorder's on-screen display function verifies programming commands in bold, on-screen video graphics as they are transmitted from the remote. Functions such as auto set, stand-by, one-

touch record, tape counter, time and various tape functions (play, rewind, fast forward, still) can be verified by using the on-screen display feature.

High-speed Omniseach allows playback 21 times faster in the SLP mode and seven times faster in SP. Depressing the "search" button will continue this rapid-search feature until the button is again depressed.

For more information, contact Panasonic Company, One Panasonic Way, Secaucus, N.J., 07094; (201)392-6875.

Source: Panasonic

Whirlpool chairman assesses market

Whirlpool Corporation Chairman David R. Whitwam said that a recent investment community recommendation to downgrade Whirlpool stock was puzzling and misleading.

"We're very pleased with progress in our North American Appliance group," Whitwam said. "In addition, we've realized continued market-share gains over 1988 by the Whirlpool and KitchenAid business units."

Whitwam said that while demand in the U.S. appliance market is likely to be down three to five percent in the second half of 1989, European appliance markets are expected to grow at one to three percent.

Source: Whirlpool

IF EVERY STATE WAS EXACTLY THE SAME YOU WOULD NEED ONLY ONE RENTAL AGREEMENT.

Every state's rent-to-own law is not the same. Because of these differences, you as a rental dealer, face no issue more important than the content and form of your rental agreements. Disclosure and compliance requirements must be closely monitored since failure to comply with these requirements places you at grave risk in today's highly protected, consumer-oriented market.

For that reason, our industry experts have designed a rental agreement form for each state. You can use Rental Information Systems' agreement forms with confidence.

COMPLIANCE: This new concept in rental agreements was developed to assure that you are in full compliance with your state regulations.

ATTORNEY FEES: Noncompliance with state regulations can result in lawsuits and costly attorney fees. Rental Information Systems rental agreement forms are designed by industry recognized legal experts, saving attorney fees for research and form preparation. And the possibility of noncompliance lawsuits is virtually eliminated.

CHANGES IN STATE REGULATIONS: These agreement forms provide you with reliability now and in the future. As current state laws are modified or new laws are enacted, Rental Information Systems will monitor and update our rental agreement forms to keep them in compliance.

SOFTWARE COMPATIBILITY: These forms are fully compatible with the Rental Manager software system and can easily be adapted to work with other vendors' software as well. Rental Information Systems will provide complete information and assistance to your programmer to assure a successful integration.



RENTAL PURCHASE AGREEMENT
Agreement Number: _____
Date: _____
Lessor: _____

TERMS OF AGREEMENT

As used in this agreement, you and your agent mean the persons signing the agreement as seller and you and your agent mean the Lessor/Owner the rental company, and shall mean the Rental Agreement including the disclosure.

1. RENTAL TERM MONTHLY WEEKLY
Rental payments are due at the beginning of each term that you choose to rent the property. There are no refunds if you choose to return the property before the end of the term.

2. DESCRIPTION OF PROPERTY AND RENTAL RATES

Unit #	Color/Design	Serial #	Cond.	Mo Rent	Wk Rent

3. INITIAL RENTAL PAYMENT Your initial rental payment will include the following charges:
Rent _____
Delivery Charge _____
Sales Tax _____
Other _____
Total _____

4. OTHER CHARGES

Insurance Deduction	Damage Waiver Fee	Restoration Fee

5. TOTAL COST If you choose to rent to own you must renew this lease for the following number of months or weeks. The Total Cost includes all costs included in the initial rental payments.
Months @ _____ mo. for a total cost of _____
Weeks @ _____ mo. for a total cost of _____

6. EARLY PURCHASE OPTION If you wish to purchase the rental property you may do so at any time by the payment of _____ % of the remaining Total Cost calculated at that time.

7. RISK OF LOSS You are liable for destruction, loss and damage to the property in excess of normal wear and tear.

8. STATE OF TRANSACTION THIS IS A RENTAL TRANSACTION. You use the property for the term of the lease. At your option, you may lease to own. In this case, you must make a rental payment in advance for each term you wish to rent the property. The rental rates are shown above. There is no obligation to buy. There are no state restrictions on the sale of the property. You do not own the property until you pay for the property. You do not have the right to sell the property or to lease the property to others. You do not have the right to sublease the property. You do not have the right to use the property for any other purpose than the use stated in this agreement. You do not have the right to use the property for any other purpose than the use stated in this agreement. You do not have the right to use the property for any other purpose than the use stated in this agreement.

9. YOUR RIGHTS TO TAKE POSSESSION If you do not wish to take possession of the property, you must notify the Lessor/Owner in writing within the time specified in this agreement. If you do not wish to take possession of the property, you must notify the Lessor/Owner in writing within the time specified in this agreement. If you do not wish to take possession of the property, you must notify the Lessor/Owner in writing within the time specified in this agreement.

10. BY SIGNING THIS LEASE, YOU ADMIT THAT YOU HAVE READ IT, THAT YOU UNDERSTAND IT AND THAT YOU HAVE RECEIVED A BONDED COPY OF IT. YOU ALSO ADMIT THAT YOU RECEIVED THE PROPERTY IN SATISFACTORY CONDITION.

LESSOR: _____
RENTER: _____
CO-RENTER: _____

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SIMPLICITY: The three-part agreement form is printed on 8½ X 11 inch NCR paper with all information on the front side. It is simple and direct with easy to understand language. Spanish and other translations are available.

ON-GOING LEGAL MONITORING: Through our joint venture with C&W Publication, Inc., industry-recognized legal experts, Attorneys J. Samuel Choate, Jr. and James D. Walker, Jr. will update and modify these rental agreements as may be required by court rulings and legislative activities around the country.

J. Samuel Choate, Jr. practices law in Washington, D.C. and for the past nine years has represented businesses in the rent-to-own industry in litigation and legislative matters involving consumer and other business related issues. Since writing the first state law regulating the rent-to-own industry in Michigan 1984, Mr. Choate has assisted other state efforts to regulate the industry in most of the 20 legislated states. He and his firm, Riecher, Choate, Appelbaum and Whippman, actively monitor changes and proposed changes in legislation affecting the industry, bringing industry and consumer needs to the attention of law makers.

James D. Walker, Jr. is a partner in the law firm of Surret, Walker, Creson, and Coley, P.A., with offices in Augusta and Atlanta, Georgia. Since 1978, Mr. Walker has actively represented rental companies across the country. With his practice speciality in bankruptcy, he has served as a Chapter 7 Panel Trustee since 1977. He also serves as the Standing Trustee in the Southern District of Georgia for Chapter 12 Bankruptcy Cases. Mr. Walker has actively participated in the legislative efforts of several state associations.

Together, these attorneys and Rental Information Systems make up a team of Rent-To-Own Professionals you can rely on with confidence.

For additional information about Rental Information Systems agreement forms call 1-800-231-7471.



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selling.

Thornton added that it really comes down to "doing those things necessary to get the customer to buy from you today." He said a successful marketer in rent-to-own will:

- Recognize competitors;
- Work with salespeople, rotate merchandise so there is never old, left-over stock; and
- Write individualized business plans and do fact-finding.
- Identify market position.

How many impressions must you hit the customer with before he recognizes you? Conventional wisdom says eight to 12 advertising messages, according to Thornton. However, since the potential customer only sees one in three messages, the advertiser really needs to hit him with 24 to 36 impressions. And the impressions — or messages/ads — should all be alike for recognition, Thornton stressed.

Who should you market to? Thornton provided instead an answer on which group not to target. He said a lowest-price approach is a bad position to take because too many businesses get into price competition and "get killed." He recommended finding another market niche instead.

"The rental industry is a service business," he said. "The service must be there."

PR

(Editor's note: APRO staffers Bill Keese, Shelley Martinek and D.J. Thomas contributed to this article.)

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(silver).

• Spot color, half page or less — Mr. Steve's (gold) for grand opening ad and (merit) for a radio remote ad.

• Free-standing inserts — Mr. Steve's (silver) for "How To" guide.

Outdoor

• Billboards — Michigan Rent to Own (gold), Mr. Steve's (silver) and Rent to Own of South Dakota (merit) for red, yellow and white design.

• Transit — Americans Rent to Own (silver) for superhero bus board.

• Other — Mr. Steve's (silver) for its "Rentman Head" balloon.

Television

• For 30-second spots, costing less than \$1,000 — Mr. Steve's (two silvers) for separate spots executed in 1988 and Bird Rentals (merit) for identifying who isn't Burt Reynolds.

• For 30-second spots, costing \$1,000 or more — ARCORP/Shastar (gold) for its "Shastar Brings It Home" campaign, Michigan Rent to Own (silver) for "You/They" series, U-Can Rent (silver) for its "On Your Own" story and Mr. Steve's (merit) for its straight-talk spot.

•••

The 1988 gold winners, by major category, were Michigan Rent to Own (newspaper), Mr. Steve's (radio), Aaron's Rent to Own of Atlanta (television) and Easy Rent of North Charleston, S.C. (direct mail).

PR

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Henry VIII, where you dine to the accompaniment of knights, magicians and continuous entertainment. In Kissimmee, a few miles south near Disney World, you can enjoy dinner at Arabian Knights, which showcases chariot races and horses; Ft. Liberty, a traditional western fort and Indian village with specialty shops and a dinner show; or Medieval Times, which features knights on horseback.

Again on International, you might want to try the Plantation Dinner Theater, which offers family oriented plays in a Victorian setting, or Mardi Gras, which features carnival celebrations from around the world. An unusual dining experience can also be had at La Nicoise Restaurant, where you'll be served by waiters on roller skates, or at Rosie O'Grady's Church Street Station in downtown Orlando.

Church Street was on a downward slide until its revival in the early Disney days. It has since developed into a premier attraction for tourists looking for wholesome afterhours fun. Church Street Station boasts a number of restaurants, as well as saloons and dance halls. The three-story Church Street Exchange, a new addition to the complex, has food with an international appeal, an arcade and two floors of shops of every description.

If you still have vacation time after the convention is over, you might want to visit one of the east or west coast beaches or the Daytona Speedway. You could drive up the east coast to St. Augustine, the United States' oldest city, travel west to Tampa or St. Petersburg, or travel south to Miami and take a relaxing, wind-down cruise. Whatever your plans are, Orlando is in the middle of everything.

From Mosquito County to vacation paradise, the Orlando area has come a long way in the past century and a half. It stands ready to make APRO's 1990 convention perhaps the best ever.

PR

Barbara Stooksberry is an editor and writer based in Austin, Texas, who has spent significant recreation time in the Orlando area.

Continued from page 37

automatic termination clause in the lease." Take another look at your termination clause to see whether your contract might also be construed to prevent automatic termination at the end of a lease term.

This development illustrates the necessity for careful and continuous review of lease contracts. Everyone is aware of the need to revise lease contracts when a state enacts legislation regulating the industry. Equally important — and sometimes overlooked — is the need for dealers to be aware of changes in the law which might result from court decisions and administrative regulations. Often these developments are more important than the legislation since they tend to be more localized.

If the *Smith* decision is published, it will certainly alert bankruptcy judges and debtor's attorneys to scrutinize contracts carefully for this termination provision. (The decision was written by the Honorable Lamar W. Davis Jr., bankruptcy judge for the Southern District of Georgia.)

PR

Legal is a regular column in Progressive Rentals written by James D. Walker Jr. of Surret, Walker, Creson & Colley law firm. Rental dealers with legal questions for this column should write to Walker at the firm's mailing address: Box 1497, Augusta, Ga., 30903.

For information you can trust, turn to *Progressive Rentals*, the only true publication representing the rent-to-own industry.

Continued from page 20

extra business."

Don Linskey, national rental manager for General Electric, sees a broader appliance mix emerging in rent-to-own, although he adds that there are relatively few innovations in features.

"They're renting products that they didn't used to," Linskey says. "It used to be all home laundry and refrigerators. Now it's more freezers, microwaves, gas and electric ranges and portable dishwashers. But we still haven't experienced any (real) demand for the upscale features in the very high-end bracket."

Linskey says the traditional appliance rent-to-own customer "wants something that is a durable, quality, brand-name product that they can be sure when they pay out the rent-to-own contract they've still got a long life and use of the product to enjoy. That's basically it. It's a very steady business with consumers generally renting things that are utilitarian."

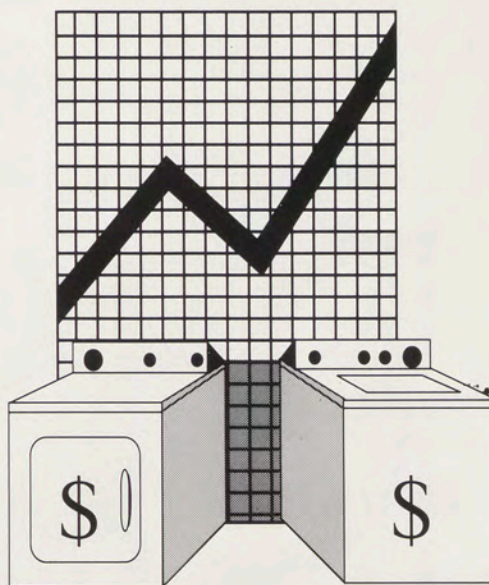
Most store owners and managers concur with Linskey.

"Basically, washers and dryers are big," says Mark Snoddy, a store manager for Aaron's Rent-To-Own in Atlanta. "Refrigerators have been pretty big lately. We've got some freezers that are pretty nice, too, but the hottest items are (still) the washers and dryers."

Snoddy adds that his store does offer "heavy-duty model" appliances to allow customers to choose among them and the more basic lines.

James Kennison, owner of Ace Appliance in Baton Rouge, La., says laundry machines are also his most popular items, although "we do a fair job with gas and electric ranges. Refrigerators to a lesser extent. We rent all appliances, but the most popular units are the laundry pieces."

Kennison says the gas ranges are doing well because of conditions in his



particular area. "I think it's probably different in every market. In our market, people who are our rental customers are living in that part of town where people have traditionally had gas ranges. The people in the more

affluent neighborhoods probably are in all-electric homes and have built-in appliances as opposed to free-standing units."

Frank Kline, owner of J&F TV & Appliance in Salem, Ore., has 19 years' experience in the rental and rent-to-own businesses. He says he makes money in appliance rent-to-own, but it consists mostly of just "laundry (machines) and your basic refrigerators."

Kline hasn't experienced a significant change in product lines or demand for sophisticated features. "It's just the same as it's always been, for me. It's a good business. Nothing's really changed."

PR

John Gormley is editor of Progressive Rentals. Joel Mathews is a graphic artist based out of Louisiana.

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Continued from page 40

them and pointing out the results of the decisions. Follow up closely when the person is new, then spread out the followup as you develop confidence in the person's ability to balance judgments.

10. If you are patient and devote time to a new employee, you will find that the process tends to speed up as the employee gains skill in bracketing and confidence in his/her ability. After a few sessions, you can ask the employee to read one or a group of rules next on the training list then come to you with the discussion of the bracketing process. This way you

encourage initiative without losing control.

By now you may be saying, "But I can't afford to fool around that way.

Tell me a way to find people who already have judgment." Well, there are ways of determining whether a person is capable of learning to apply judgment, and that may be an interesting future article. But the new employee still needs to learn how to apply judgment as you want in your business.

Or you may be saying, "There must be an easier faster way." I've searched, but haven't found the magic pitcher and funnel for pouring knowledge into people's heads. Every expert

on management I have ever heard agrees that training and developing subordinates is a key function of management, if you define management as getting work done effectively by and through others. Considering the thousands of courses, degrees, books, articles and seminars on the subject, it would seem that magic solutions for management fall into the same category as the Fountain of Youth and the alchemists formula for turning base metals into gold.

You still can't make a silk purse out of a sow's ear. But you also can't make a purse of silk without feeding the caterpillars mulberry leaves, picking the cocoons, carefully unwinding the silk strands, spinning them into thread, dyeing the threads, weaving them into a suitable fabric, and finally fashioning the fabric into a usable purse.

PR

Rozanne Flatt has been a rental dealer since 1980. She is the author of the APRO Learning power System for training rental employees. She also conducts workshops in developing trainer skills and other topics.



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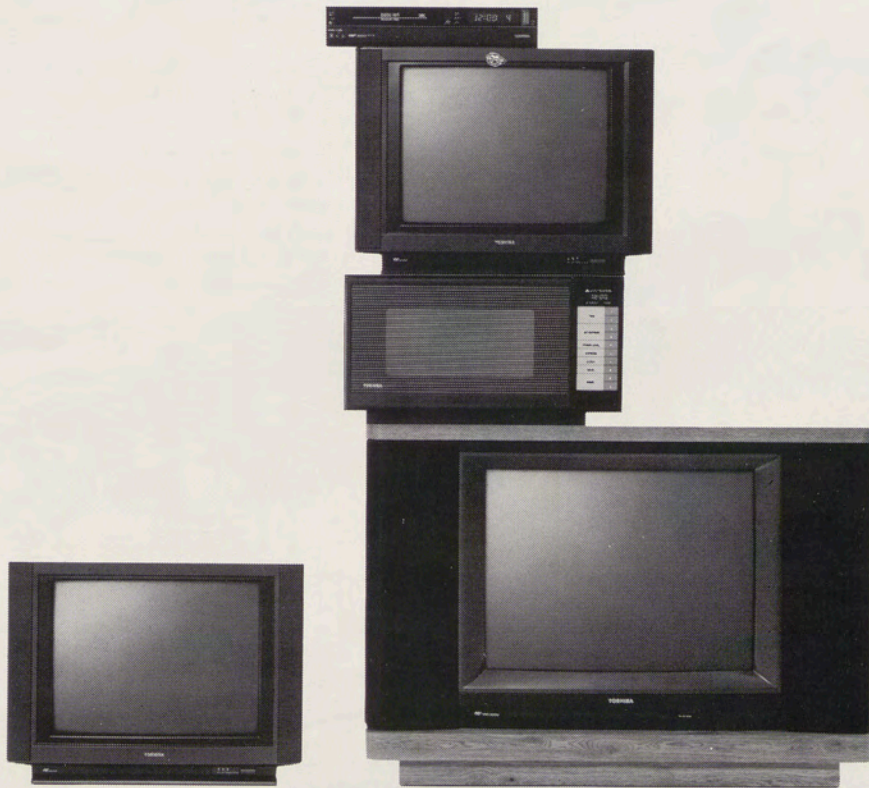
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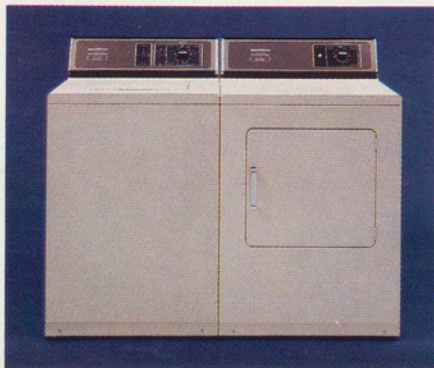
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