

April-May 1990

The magazine of the rent-to-own industry

# Progressive Rentals

# 10<sup>TH</sup>

## Anniversary

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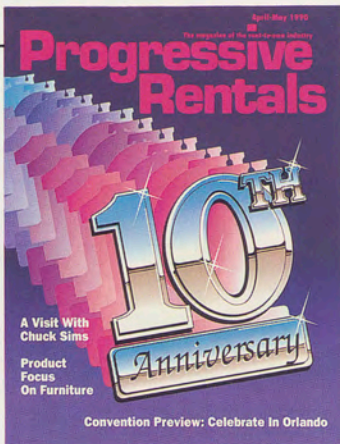


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ON THE COVER: APRO, the national trade association for the rent-to-own industry, is celebrating its 10th year during 1990. This issue is dedicated to APRO's 10-year anniversary, and the RTO milestone will also be recognized at the association's annual convention July 22-26 in Orlando, Fla.

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## FEATURES

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How do you describe Remco founder Charles D. "Chuck" Sims? It's a giant task, and many have fallen short. We try anyway with this profile/question-and-answer interview.

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This year's APRO convention, set for July 22-26 in Orlando, will double as the trade association's 10-year anniversary bash. You'll enjoy rubbing elbows with RTO's founders.

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Pricing, like audiences and ratings, are like horses on a carousel. They keep chasing each other's tails. Randy Buffington tells how to avoid the advertising merry-go-round.

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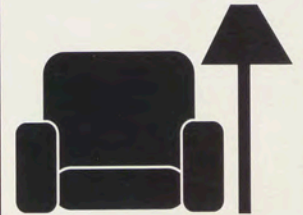
Much thought must go into trade show planning for your company to enjoy a successful show. With APRO's annual convention/trade show coming up, Tim Fages offers some tips.

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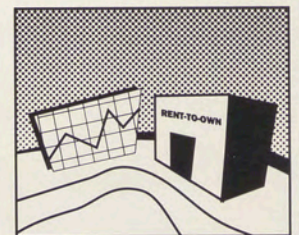
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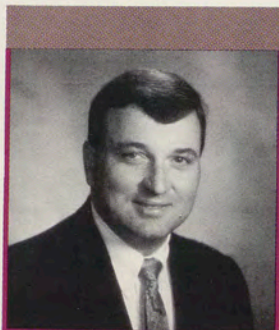
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## Sometimes ironically, the smaller dealers benefit most from APRO



**T**he other day I was talking to a dealer about APRO and he made the statement: "APRO doesn't really provide any services for the small dealer. Do they?" I was more than a little surprised at this comment since most of the services APRO provides benefit the small dealer the most. This led me to start thinking about the larger question of why *anyone* joins APRO.

Certainly RAC, UCR, Remco, RTO and other large dealers provide their employees with their own brand of training. They have large corporate staffs to discuss business problems with and have vendors coming to them to solicit their business. So why are *they* APRO members? While it is a little presumptuous for me to speak for these large corporations, I would assume that they feel obligated to support the association that over the years has unselfishly served all — large or small — in an effort to foster credible, safe rent-to-own practices throughout the industry.

Getting off the subject for a moment ... After serving eight short months as APRO president, I can now fully appreciate the immense contributions in dollars, time and expertise these firms and others have made toward the betterment of the association. These industry leaders are not often thanked for their efforts, and I would like to take this opportunity to do so now.

Back to the original issue ... We theorize then that the larger companies join APRO primarily because of a sense of community. But why would a smaller dealer want to join? Take a quick look at an APRO membership brochure and the answer becomes fairly evident:

**Seminars** — APRO offers low-cost seminars for owners and employees. All seminars are conducted on a "break-even" basis to keep costs of attendance down. Non-members may usually attend, but at a much higher cost. A one-store dealer who attends two seminars per year can pay for his dues with the non-member premium paid.

**How-to manuals** — Written and compiled by industry experts, the APRO manuals offer a low-cost way to be better at rent-to-own operations and save countless dollars in legal and training fees.

**Convention** — Combines educational and social activities in concentrated form to allow dealers plenty of time for one-on-one conversations with their peers. Again, the convention is available to non-members at a much higher price.

**Trade show** — Held at the annual convention, offers dealers the premier opportunity to review products of interest to the rent-to-own industry. Vendors typically show new products and lines that have been tailored to the industry, and describe industry-specific programs that you don't hear about elsewhere.

**Legal updates** — APRO provides the small dealer with news of changes in laws, and how to comply; of dangerous practices and how to avoid them; and of the ever-changing status of personnel law. This service can save you thousands in legal expenses each year. A one-store dealer can typically pay his APRO dues by avoiding three to five hours of his attorney's time in a year.

**Legislative effort** — APRO has spearheaded the effort to achieve favorable RTO legislation in more than 20 states, and has formed a network of state RTO associations

TED WILSON,  
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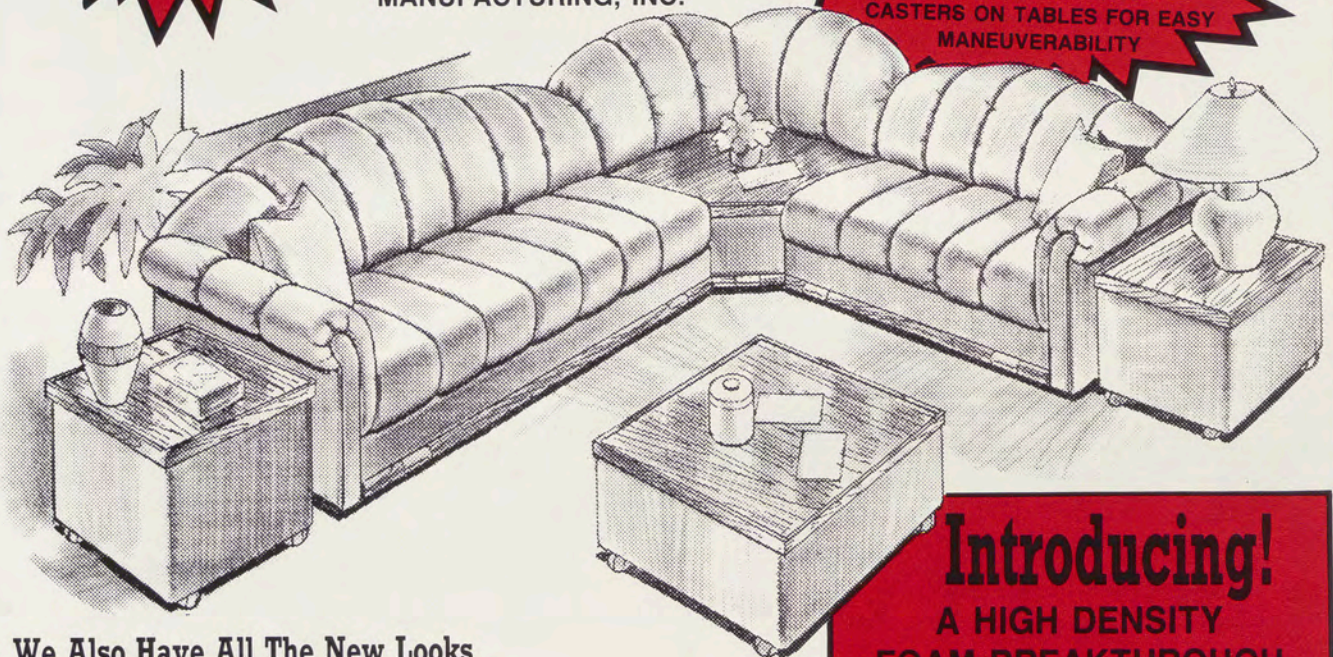
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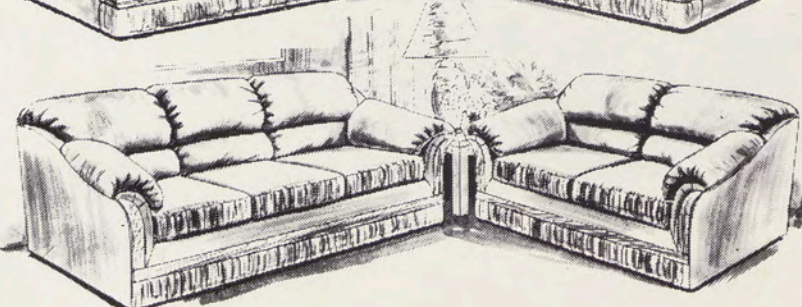
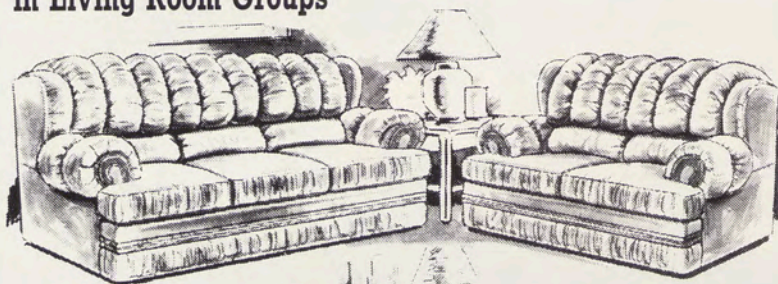
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**ANNUAL CONVENTION** — The 1990 convention is scheduled for July 22-26 in Orlando, Fla.

**TRAINING SEMINARS** — Seminars conducted by professional consultants and experienced rental dealers cover selected topics designed to aid professional management of rental operations.

### PUBLICATIONS

• **Progressive Rentals** magazine — the "voice of the home product rental industry" — is issued bimonthly.

• **RTO Network News** — The newest monthly publication headlining current national and state legislative issues.

• **Who's Who in Rent-To-Own** — The most complete national listing of rental dealers available. Published annually.

• **Administrative aids** — Samples of various standard business forms used frequently by rental dealers.

• **Collections Manual** — A guide offering preventive maintenance and effective results for the industry's biggest headache — skips and stolens.

• **Skip-Trace Manual** — A comprehensive guide to locating missing persons.

• **Legal Defense Packet** — Available to all members to minimize legal research costs.

• **Bankruptcy** — An indispensable guide in dealing with a bankruptcy case.

• **Convention seminars** — Cassette tapes are available.

**BUSINESS PROTECTION** — APRO assists state associations in their organizational efforts and in monitoring the legislative process. APRO's Legal Defense and Information Fund (LDIF) provides an ongoing legislative effort in Washington, D.C.

**INSURANCE** — APRO offers insurance programs designed specifically for rental dealers.

**RENTAL INDUSTRY STATISTICS** — Periodically, members will be asked to participate in a survey. The information will be confidential, and compiled so that general industry statistics are available to all members.

**CONSULTATION** — Legal and Wage and Hour consultation is available, with the first phone call at no cost to the member.

**NETWORKING** — The sharing of creative ideas; knowledge of developing trends; and participation in the development and direction of the rent-to-own industry.

**COMMUNICATIONS** — One of the most valuable benefits of membership is the vast opportunity for interaction with other people in the industry. This is a result of APRO members' willingness to share ideas with others. At the convention, the seminars or informally — in person or over the telephone — ideas are continually being discussed and debated.

PR

## DIRECTOR'S DESK

# No man's an 'island,' and no RTO dealer can operate in a vacuum



"No man is an island, entire unto himself; every man is a piece of the continent, a part of the maine." So wrote John Donne a long time ago.

You're probably asking yourself why I'm opening my column with a quote from an old English poet, and what relevance are Donne's thoughts to the rent-to-own industry? An RTO translation of this famous quote might read: "No rent-to-own dealer can effectively and efficiently conduct business isolated from the rest of the industry; every rent-to-own dealer is a part of this industry we call rent-to-own, and can more effectively and efficiently operate his or her business by participating in the activities of the industry."

Networking is the term we use today to express this concept. Pick up any management book at the library or your local book store, and you will read of the importance given to the concept of networking, or sharing information about a particular subject.

In the rent-to-own industry today, your most effective and efficient means to plug into a network devoted exclusively to the RTO industry is by participating in both APRO, the only national trade association for the rent-to-own industry, and your state RTO association, if one has already been organized. Through meetings, seminars, retreats, publications, and conventions and trade shows — sponsored by APRO and the state associations — you have the greatest opportunity to network with the largest number of RTO dealers and suppliers in the country.

You don't have to try to solve all your business problems by yourself. You don't have to spend most of your time reinventing the wheel.

You could spend some time, and a little money, networking with your peers in the industry. You may be surprised at the generous returns you will receive with such a modest investment. But, then again, as with any investment, the more of your time you invest with either APRO or your state association, the more benefits you will receive.

Bill Keese  
APRO executive director

# Rent-to-own, rent-to-rent furniture businesses much alike

Similarities outnumber differences between two types of transactions

By Ed Winn III

There is a wide, wide world of rentals out there. From wheel chairs to tuxedos, from cellular phones to maple trees, American consumers can rent just about anything and do.

Two important parts of this wide world of rentals are the furniture rental market and rent-to-own. Each has had its success stories — Aaron's, Cort's, Breuner's and Grantree on the furniture rental side; Rent-A-Center, Remco and Colortyme on the rent-to-own side. For many RTO dealers, furniture has become just another product category with its own set of problems and opportunities.

However, just five years ago, there was no such thing as RTO furniture. If the two businesses were distinct 10 years ago, today the lines between the two have blurred considerably. RTO dealers need to be aware of the existence and vitality of the furniture rental industry. It has been around for more than 30 years, and furniture rental dealers have been doing a lot of things right during that time.

In comparing furniture rental to rent-to-own, Charlie Laudermilk, Aaron Rents chairman of the board, perhaps said it best at the recent Furniture Rental Association of America (FRAA) convention in Orlando. "I sort of figure that we are all in the rental business."

At that meeting in Orlando, I was invited to discuss the differences and similarities between the two industries for an audience of furniture rental

*"I sort of figure we're all in the rental business."*

— Charlie Laudermilk, chairman of the board,  
Aaron Rents

dealers. Interestingly, this same group addressed the topic previously at the annual FRAA meeting in 1984. That first time, there was some hostility from furniture rental dealers toward rent-to-own dealers. At the time, the rent-to-own industry was experiencing new heights of legal and political attacks and furniture rental dealers feared that the upstart rent-to-own industry would give the whole world of rental a black eye.

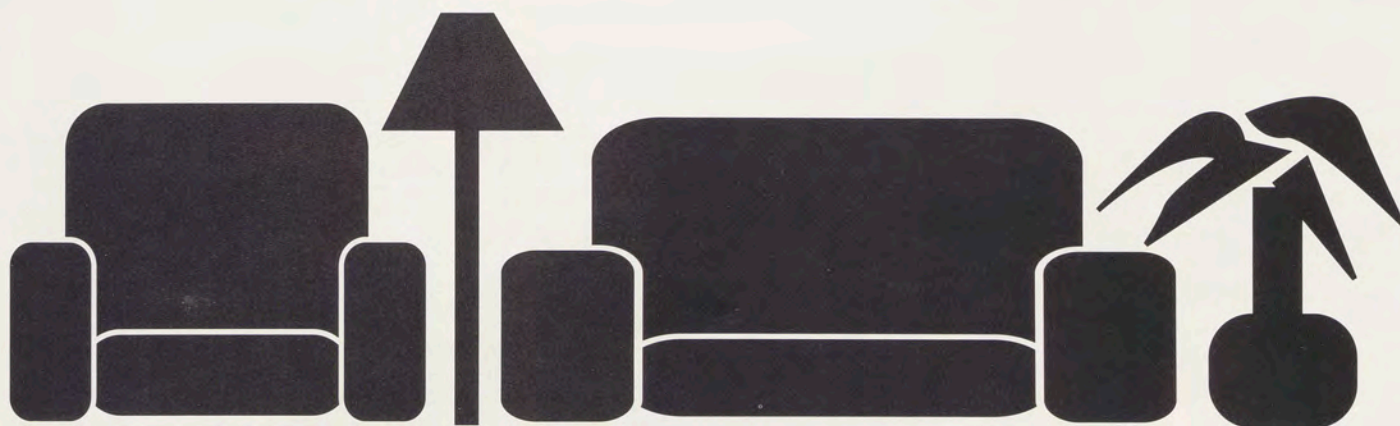
The rent-to-own industry was then actively pursuing legislation at different levels which would inevitably cover many furniture rental transactions. Since furniture rental dealers had not been subjected to the kinds of adverse media attention, not to mention lawsuits, that rent-to-own dealers knew, many furniture rental dealers believed that their rights as free and independent business people were being infringed upon because of an unrelated and unsavory new element in the rental marketplace. The history of the rent-to-own political effort is well known to readers of *Progressive Rentals* and, six years later, furniture rental dealers seem to recognize that many of their earlier fears were unfounded.

In 1990, everyone recognizes that rent-to-own is here to stay. The rent-to-own laws that have been enacted, with

the exception of Pennsylvania, have been workable ones for all concerned. This time around, furniture rental dealers explored the rent-to-own issue with little or no animosity, and most seemed to agree with Laudermilk about the two businesses generally.

Of particular note to many dealers in both businesses is the fact that everyone values rental companies the same way — by using a multiple of monthly rental revenues. This is probably because dealers analyze their businesses in terms of cash flow and, while there are differences in how revenues are spent, expense categories fall within certain broad patterns. Reasonable minds will doubtless differ as to which kind of company is worth more, but rent-to-own companies are looking at furniture rental companies as possible acquisition or merger candidates — and vice versa.

Most owners recognize there are far more similarities than differences. There is already a high degree of cross-fertilization as nearly all traditional rent-to-own dealers now offer furniture and it may make up as much as 25 percent to 30 percent of BOR (balance on rent) industry-wide. Furniture dealers likewise offer electronics, although the penetration to date has been far less. Rent-to-own dealers have reported that



they are happy with furniture as a product and plan to continue with it.

If the similarities are compelling when comparing the furniture rental industry and the rent-to-own industry to the consumer retail durables market generally, there remain important differences in key areas. This article will highlight some of those areas as well as spot trends for both businesses.

*(Author's note: Even though most furniture rental contracts have some form of purchase option, furniture rental dealers, when contrasting themselves with rent-to-own, have used the term rent-to-rent for their own industry. For the sake of convenience, this article will follow that convention. However, these terms are used merely as the operative symbols for two complex industries and neither is particularly descriptive of marketplace realities.)*

### Marketing and advertising

The rent-to-own industry is a more aggressive advertising force than rent-to-rent. Rent-to-own dealers recognize that in many cases rent-to-own transactions are done on impulse and that heavy advertising can increase phone calls and store traffic. Furniture rental advertising tends to be more institutional, striving for name recognition in the marketplace. Rather than attempting to create a need to rent some furniture, furniture dealers attempt to have their name on the public's mind when the need arises from a customer's particular circumstances — relocation, divorce, etc.

A part of the advertising budget in many furniture rental companies is the commission for outside sales people who call primarily on apartment complexes and, less frequently, new business ventures. Rent-to-own, as a rule, employs no outside sales people and the entire advertising budget will be for television, radio, direct mail, inserts and other forms of media advertising.

Rent-to-own dealers report spending an average of 7 percent to 9 percent of revenues on advertising. Rent-to-rent dealers spend less than half of that amount. Some rent-to-own dealers do a fair amount of business over the phone and will actually deliver product without the customer ever having been to the store. Furniture rental dealers have all individual customers come into the store to shop. Furniture rental dealers do have contracts with apartment complexes in which the dealer provides furniture for a number of apartments. The complex, at its own discretion, may move furniture from one apartment to another since it provides furnished apartments for tenants. It may also store furniture on the complex premises when it is not in use. Typically, a rent-to-rent dealer will not charge rent to the complex for the furniture in storage.

A percentage of the furniture rental business today is directed at commercial markets, often startup companies wishing to rent office furniture and equipment. The rent-to-own industry has not yet addressed itself — to any significant degree — to the possible commercial market. Lately, many rent-

to-own dealers have begun to focus their ad campaigns on price, attempting to offer the lowest rental rates in town. Furniture rental dealers have resisted this trend and, like rental yards and other rental enterprises, have focused their advertising on the convenience of renting.

### Public relations

The rent-to-own industry has a lot to learn about public relations from the furniture rental industry. For years, the rent-to-rent industry has paid a public relations firm to familiarize the public with the furniture rental option. The national association has a widely publicized 1-800 number customers can call for a listing of furniture rental companies in their area. The rent-to-own industry, by contrast, has been a magnet for bad press at all levels. Individual rent-to-own companies have attempted to combat this bad press. But, to date, the industry has taken no unified action.

The furniture rental industry's public relations effort has paid off. There are no reported instances of bad press about the rent-to-rent industry. Moreover, you can actually find articles in various consumer publications extolling the advantages of the furniture rental option.

Indirectly, the rent-to-own industry has waged a successful public relations campaign in state legislatures around the country. The industry has told its

*Continued on next page*

story before legislative committees which has resulted in satisfactory rent-to-own legislation in 22 states to date. The statutes which regulate the industry have done much to appease critics in those states.

Part of the problem for the rent-to-own industry stems from its own self-characterization. Rent-to-own's insistence on the ownership aspects of the transaction have made it easy for critics to attack it as a disguised sale. It has also allowed an easy, albeit false, comparison with cash prices in retail which has resulted in alarmist reports of an industry charging consumers interest rates of several hundred percent. It is too late to turn back the clock and change the name of an entire industry. Rather, a necessary next step in the evolution of the rent-to-own industry is to develop a consistent and positive public relations effort to better explain the value of rent-to-own's transactions to consumers. Some lessons from rent-to-rent's success story might prove helpful.

### **Customer base**

It is difficult to quantify the differences in customer base between the two businesses. The chief difference, of course, is that the rent-to-own industry does not run credit checks on its customers and the rent-to-rent industry does. What is not known is how many rent-to-own customers do actually have sufficient credit to do business with a furniture rental company. Many furniture rental dealers remain skeptical about doing business with people who do not qualify for credit, and there does not seem to be any movement afoot in that industry to loosen credit requirements. The perception in both businesses is that the furniture rental industry is doing business with higher income customers.

The furniture rental industry has been successful attracting short-term, high-end customers. Contracts with monthly payments of several hundred dollars are not uncommon when, for example,

*Legally, rent-to-own and rent-to-rent (furniture) contracts have much in common. All are rental contracts, exchanging the use of property for a fee.*

an executive on temporary assignment rents a house full of furniture for six months. This kind of transaction contrasts sharply with typical rent-to-own transactions which average \$50 to \$60 per month.

The issue of customer intent is as hard to quantify and distinguish as precise customer demographics. Keep rates in rent-to-own are predictably higher than in furniture rental. Rent-to-own keep rates hover at around 25 percent, while the furniture rental industry reports keep rates at 10 percent or less.

Another distinction in customer base is the large number of commercial accounts in rent-to-rent. These are contracts with apartment complex owners for several apartments full of furniture, which are rented on an ongoing basis. Competition is fierce among rent-to-rent dealers to land these commercial accounts. Rent-to-rent companies carry these past due accounts as payables on their balance sheets and it's not unusual to see a payable of one-and-a-half to two times total rental revenues.

Rent-to-own has no comparable business, and RTO dealers by and large will have written off, as skipped or stolen, 60- or 90-day individual past dues. The rent-to-rent industry carries commercial accounts that long and longer, and shows them as an asset on their balance sheets.

### **Contract terms**

Legally, rent-to-own and rent-to-rent contracts have much in common. All are rental contracts, exchanging the use of property for a prescribed periodic fee. Rent-to-rent contracts tend to be monthly only, while rent-to-own contracts are split between monthly and weekly transactions. Both contracts have such add-on charges as delivery fees, late fees, etc., as the law and competition allows. As a rule, rent-to-own dealers are more aggressive at adding "other charges" to their agreements than rent-to-rent dealers. While processing fees, in-home collection fees and the like abound in rent-to-own, rent-to-rent dealers seem content to collect a late fee from customers after a grace period of a few days and not much more, besides delivery. A few rent-to-rent dealers do charge a refurbishing fee if the property comes back soiled or torn beyond reasonable wear and tear. Rent-to-rent contracts tend to have balloon purchase options rather than the rent-to-own option. Rent-to-own dealers use balloon purchase options only where they are required by law.

Contract lengths appear to be more uniform in rent-to-own with most dealers offering an 18- or 24-month ownership option. Rent-to-rent contracts vary from 12 to 36 months. The minimum term for most rent-to-own contracts is one week or one month. Rent-to-rent contracts typically have a longer initial term and do not offer a weekly payment option. In many cases it is 90 days and in some cases may be six months or even a year.

Rent-to-rent contracts with initial terms of longer than four months are regulated by the Federal Consumer Leasing Act instead of state rent-to-own statutes. Some rent-to-own dealers, recognizing the additional expense involved with delivery and setting up furniture, are moving to 90-day minimum terms on furniture.

Rent-to-own dealers do not, as a rule, retain a security deposit from the cus-

*Continued on page 14*

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tomers. Rent-to-rent dealers, as a rule, will collect an additional month's rent as security to be refunded when the property is returned. The perception is that the rent-to-rent industry deals with a wealthier customer, who can better afford to pay an extra month initially as

a security deposit.

For several years there was some debate between the two industries concerning whether and how to disclose whether the property being rented is new or used. Rent-to-rent dealers argued that when a customer ordered merchandise off of the floor or from a catalog, delivery was made from a central warehouse, and the dealer, at

the time the contract was signed, did not in every case know whether each item that would subsequently be delivered would be new or used. With the advent of the state rent-to-own laws, rent-to-rent dealers have accommodated this disclosure requirement, which exists in every state law, either by tracking inventory more closely or by disclosing generally that the prop-

## Who's who in furniture

*Furniture is a mainstay of most rent-to-own stores' product mix, and in many cases its percentage of total BOR is on the increase. This dictates an increasing need for suppliers to provide furniture products to RTO dealers in a timely and cost-effective manner. The following list of companies represents manufacturers and distributors interested in working with the rental-purchase industry. All are either APRO associate members, advertisers in APRO publications, or APRO convention exhibitors.*

**+YAmerican Furniture Resources**  
820 Kingridge Dr.  
Roswell, GA 30075  
(404)993-2053  
Furniture

**+YArtmaster Studios**  
547 Library St.  
San Fernando, CA 91340  
(818)365-7188  
Furniture accessories

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

**+Bassett Furniture**  
P.O. Box 626  
Bassett, VA 24055  
Furniture

**YBeekman Table Company**  
2040 Polk St., #327  
San Francisco, CA 94109  
Furniture — tables

**+YBozof Dinettes**  
P.O. Box 806  
Olive Branch, MS 38654  
(901)775-1410  
Furniture — dinettes

**YBush Industries, Inc.**  
One Mason Dr.  
Jamestown, NY 14702  
(800)228-2874  
Furniture — entertainment centers

**\*+Douglas Furniture of CA, Inc.**  
5020 W. 73rd St.  
Bedford Park, IL 60499  
(708)458-1505  
Furniture — dinette sets

**\*Eastman House Furniture**  
123 S. 3rd  
Burlington, IA 52601  
(319)753-2811  
Distributor and bedding manufacturer

**\*YElite Lamp, Inc.**  
Hwy. 77  
W. Memphis, AR 72301  
(501)735-1826  
Lamps and vases

**\*+YEngland Uph. Mfg. Co., Inc.**  
P.O. Box F  
Tazewell, TN 37897  
(615)626-5211  
Upholstered livingroom furniture

**+Fab-U-Gard**  
4725 N. 43rd Ave., Suite 10  
Phoenix, AZ 85031  
(602)944-8862  
Furniture protective product

**\*YFashion**  
P.O. Box 308  
Houlka, MS 38850  
(800)962-1001  
Furniture

**\*GALA Distributing Company**  
P.O. Drawer A  
Woodland, GA 31836  
(404)674-2218  
Furniture

**YGoldmont Furniture**  
P.O. Box 77  
Golden, MS 38847  
(601)454-9343  
Furniture — upholstered

**YHarris Lamps**  
3757 South Ashland Ave.  
Chicago, IL 60609  
(312)247-7500  
Furniture accessories — lamps

**+Hart Furniture**  
141 Eastley St.  
Collierville, TN 38017  
(901)853-8595  
Furniture

**+YHome Line Industries**  
3400 N. 6th St.  
Philadelphia, PA 19140  
(215)425-6200  
Furniture

**YJimco Lamp Company**  
P.O. Box 1285  
Jonesboro, AR 72403  
(501)935-6820  
Furniture accessories — lamps

**\*+YL&M Furniture**  
P.O. Box 500  
Okolona, MS 38860  
(601)447-3377  
Furniture

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

**\*Orleans Furniture Co.**  
P.O. Box 867  
Columbia, MS 39429  
(601)736-9002  
Furniture

**YMississippi Pine**  
P.O. Box 369  
Walnut Grove, MS 39189  
(601)253-2442  
Furniture

**+YO'Sullivan Industries**  
1900 Gulf St.  
Lamar, MO 64759  
(417)682-3322  
Furniture

**\*+Philip M. Bell Co.**  
118 Northeast Dr.  
Cincinnati, OH 45140  
(513)683-6300  
Furniture

**YPioneer Furn./Charleston Chair**  
P.O. Box 705  
Athens, TN 37303  
(615)745-9127  
Furniture

\* = Associate member  
+ = Advertiser  
Y = Convention exhibitor

**YPulaski Furniture Corp.**  
P.O. Box 1371  
Pulaski, VA 24301  
Furniture

**\*YSinger Furniture**  
P.O. Box 5337  
Roanoke, VA 24012  
(703)366-0361  
Furniture

**YSoundesign Corp.**  
9915 Timberstone Rd.  
Alpharetta, GA 30201  
(404)442-5683  
Electronics/furniture (home entertainment systems)

**\*Spradlin & Associates**  
9691 S. Kentucky Ave.  
Camby, IN 46113  
(317)831-2552  
Furniture

**YSyroco/International Silver Co.**  
175 McClellan Hwy.  
East Boston, MA 02128  
(617)561-2206  
Furniture

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

**YThe B & F System Inc.**  
3920 S. Walton Walker Blvd.  
Dallas, TX 75236  
(214)333-2111  
Furniture accessories

**\*The Rose Hill Group**  
P.O. Box 360  
Okolona, MS 38860  
(601)447-5425  
Furniture

**+YWoodcrest Manufacturing Inc.**  
P.O. Box 205  
Peru, IN 46970  
(317)472-2866  
Furniture — bunk beds

erty rented many be used.

Rent-to-rent dealers across the board offer an optional damage-waiver clause in their contracts. The rent-to-own industry remains split between damage waivers and the leased property insurance option (see the February-March issue of *Progressive Rentals* for a more thorough explanation of this issue). It remains to be seen whether the current controversy over collision-damage waiver clauses in car-rental agreements will affect rent-to-rent dealers.

### Markets

The rent-to-own industry has enjoyed better geographic market penetration generally than the rent-to-rent industry. Rent-to-rent has, for the most part, stayed in major markets and there are a few true rent-to-rent stores in markets of fewer than 100,000 people. The rent-to-own business has proven it can be successful in small, rural markets, and there are dealers doing good business in towns with as few as 6,000 people.

### Products

As a general rule, a rent-to-rent store will have a much wider selection of products than a rent-to-own store. The rent-to-rent industry prides itself on having a wide range of furniture styles from which customers may choose. In many rent-to-rent showrooms, customers are free to take an order pad and go around selecting chairs from one grouping, a sofa from another, lamps from yet another, and even rent pictures off the wall or rugs off the floor. Each item is separately marked with a rental rate and store personnel merely total the customer's selection to calculate the total contract rental rate.

In rent-to-own stores, furniture rental is much more structured. Rent-to-own customers are typically offered a limited selection of furniture groupings, but may not mix and match. Moreover, the grouping is priced as a unit, and customers do not have the choice of returning one chair or an end table as they would in a rent-to-rent store. In

rent-to-own, if any of it comes back it all must come back.

Good arguments can be made for both ways of doing business. Rent-to-rent is certainly catering to customers and providing them choice and service. On the other hand, the flexibility in this kind of program can be a logistical nightmare, particularly with a heavy weekly business.

To date, the rent-to-own industry has been much more experimental in its range of product offerings than rent-to-rent. Furniture was initially an experiment for rent-to-own. Today, rent-to-own dealers are looking at hot tubs, jewelry, bicycles, grandfather clocks, boats, guns, and other items. Rent-to-rent may experiment with furniture styles to some degree, but has not elected as an industry to push far beyond being in the business it is in — furniture rental. However, as mentioned previously, several rent-to-rent companies have been successful offer-

*Continued on next page*



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## **RTO furniture product lines becoming more 'upscale,' according to suppliers**

The rent-to-own segment of the furniture market, in general, is expanding, with RTO dealers showing more and more interest in "upscale" product lines.

At least that's what suppliers interviewed at four major furniture trade shows — the International Winter Consumer Electronics Show, the Dallas Winter Homefurnishings Market, the Atlanta Winter Furniture Market and the Mississippi Furniture Market — say.

APRO staffers conducted random interviews of furniture vendors attending these winter trade shows, which were held throughout January and into February in Las Vegas, Dallas, Atlanta and Tupelo, Miss.

Furniture manufacturers and suppliers typically reported that anywhere from 15 percent to 30 percent of their production/sales is devoted to the rent-to-own market.

In addition, "quick-ship" programs to RTO dealers, which usually must move product faster than rent-to-rent operations; and furniture treatment, protection and warranty programs were areas suppliers considered important.

Here are some selected comments, grouped by general topic, from various furniture representatives:

### **RTO market niche**

- Bill Hughes Jr., vice president, The Rose Hill Group. "RTO is definitely growing. It's now a healthy part of my market share and is still growing."
- Skip Wall, president, Fab-U-Gard, a protective treatment for furniture. "Furniture sales, as a whole, is on a decline, which opens the door for the RTO type."
- Donald Essenberg, vice presi-

dent of corporate sales, Berkline. "We think the rent-to-own business can be a significant growth industry for us over the next three or four years. It's been an interesting business for us. It's been one that's gone beyond what we thought it would initially."

- John Sellers, national sales manager, Case-Casard. "Many people have a big misconception about the rent-to-own market. They confuse it with rent-to-rent. And there's a different customer. The (RTO) customer is more of a design and fashion-conscious person. These people are buying something, on a different payment plan, that they really want."

### **Product-line trends**

- Jearl Mowery, sales representative, Carlton Manufacturing, Inc. "The rental industry is becoming more and more style conscious, meaning nicer covers, better quality products and better products to offer customers."

- Gary Taylor, sales manager, Hart Furniture. "Durability's still important, but at practical price points. I see a leaning toward maybe incorporating electronics into cases to appeal to a wider group of rental people."

- Berkline's Essenberg. "Right now we're sitting on top of a powderkeg, because we're just starting to develop products for rent-to-own ... They're (RTO dealers) finding out that in the long run, even though we may be a price point or two beyond some flash-and-trash deal, because of the longevity of the contracts with our merchandise they actually make more profit on it."

- Sid NuDelman, president, L&M Furniture Manufacturing, Inc. "There is definitely a change with both dealer and customer."

*Continued on page 45*

*FURNITURE,  
continued from previous page*

ing commercial furniture rental lines. So far, rent-to-own has not attempted to penetrate the commercial market.

The nature of the products offered results in a different look to the stores, different store location and a much heavier emphasis on warehousing in rent-to-rent. Rent-to-rent showrooms tend to be larger than rent-to-own showrooms, although rent-to-own dealers are having to add retail space to accommodate their furniture. A typical furniture rental showroom is 5,000-6,000 square feet. Not long ago, a typical rent-to-own showroom was 1,500-2,000 square feet. Today many rent-to-own dealers are moving to a 3,000 to 4,000 square-foot-space to allow the display of furniture groupings.

Rent-to-own companies tend to do careful demographic studies of markets and attempt to locate their stores in the middle of where their customer base resides. Particularly for the weekly business, rent-to-own is still very much a neighborhood business and draws 80 percent of the weekly trade from within a three- to five-mile radius of the store. Rent-to-rent stores cover a much wider territory as a rule. Rent-to-rent dealers want good street visibility for their showrooms, as do all retailers including rent-to-own, but they also want a location that people can find easily when they call for directions. The rent-to-rent business is not as much a neighborhood business, and a rent-to-rent company will cover a territory with fewer showrooms than a rent-to-own company in the same market.

Most rent-to-rent chains have to warehouse their idle inventory and can have as much as 10,000 square feet of warehouse space per showroom. Rent-to-own dealers, for the most part, do not have separate warehouse space. This is partly because of the kind of products offered and the sources of supply. Many rent-to-own dealers have arrangements with factories for their electronics and can have deliveries made, weekly if necessary, directly to the store. As an alternative there are electronics distributors in all major

*Continued on page 45*

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# USE THE POWER





*Chuck and Sally Sims share work memories from the Remco of the early 1980s. Today, they share the same name, the same office space (apart from corporate headquarters) and a common avocation — flying.*

# Chuck Sims:

## A study in self-determination

**Enigmatic  
Remco founder  
has helped  
shape an  
industry**

**by**

**John Gormley**

**H**ow do you describe Remco founder Chuck Sims?

Coming up with a short description for this complex and fascinating figure just isn't easy. Nor would it likely do him justice. Many, though, have tried to capture him in a single phrase or sentence.

One former Remco vice president likens Sims to "a Lee Iacocca of the rent-to-own industry." Another APRO leader calls him "the grandfather of rent-to-own," although the 49-year-old has too much vigor to really fit the traditional grandfather image. Sims has also been referred to as "industry giant" — an apt description, despite his medium build and 5-foot-10-inch frame.

But it takes many more pieces of an intricate mosaic — which includes insights from his career, sources of motivation and beliefs — to try and understand the puzzle which is Charles D. "Chuck" Sims.

Sims is the quintessential self-made man. He built the Remco of today, one of the country's biggest RTO chains, from modest beginnings. And along the way he did much to shape a relatively new type of business — rent-to-own — into a legitimate industry.

Bud Holladay, vice president of employee development at Alreco, enlisted Sims' help about 10 years ago in forming a trade association for the RTO industry. "We got Bud Holladay to thank for APRO," confirmed Sims. "Bud ... started this trade association.

He was the guy who wrote me the first damn letter. It was his idea. He got enough momentum."

Sims recalls the day that he and Holladay gave a concerted sales pitch for forming a trade association. "At the end of the day, everybody said: 'Let's do it.'"

"Thirty or 40 people showed up," Sims said of that initial APRO organizational meeting, conducted almost a decade ago. "We had our first convention a year later in Dallas. There were about 75 or 80 people who showed up.

# Chuck Sims: Chronology of a career

## 1950s

- Sims lives and works on his family's farm in Kansas.
- Sims graduates from high school in 1959.

## 1960s

- Sims gets a job in 1960 as a retail appliance salesman, working for Ernie Talley in Wichita.
- In 1962, Sims becomes general manager of Mr. T's Rental, Inc., Talley's chain of rental stores. (Talley is considered by some to be the originator of the rent-to-own transaction.)
- In 1964, Sims goes to work for ABC Rental, which is comprised of several Wichita entrepreneurs (including Pizza Hut founders Frank and Dan Carney; and George Parsons). They use Sims' expertise to set up a store chain of their own.
- Sims goes back to Mr. T's in 1966.
- In 1968, Sims starts his own company — Action TV Rental. He chooses Houston to set up shop.

## 1970s

- Spring of 1974. Sims goes to Washington to meet with members of the Federal Trade Commission and other government agencies in trying to avert adverse regulation of rent-to-own. His efforts ultimately prove successful.
- Sims and partner Jerry Dunaway, a longtime colleague, buy out Talley (Mr. T's), going from a handful of stores to 20 overnight. This was the beginning of Remco (mid-'70s).
- The late-'70s are a time of success and growth for Remco. Instead of merely a chain of stores, Remco is becoming a company with an expanding corporate management team. Consequently, Sims devotes more of his energies to planning and personnel development. He also learns to slacken up the reins a little, delegating more decision-making responsibilities to staff.
- Also during the late '70s, Remco switches to a revolutionary monthly rental concept. It differs from the industry-standard weekly rental contract but — after a tough year of adjustment — it works.

## 1980s

- Remco has established a pattern of growth, approaching 50 stores across the country.
- 1983. Jim Graham, a ColorTyme franchisee who reportedly owns more than 40 RTO stores of his own, buys Remco in a multi-million-dollar deal. All of a sudden, Remco explodes to nearly 100 stores.
- Under Graham, Remco's franchising program expands. At this point, corporate and franchise stores combined are approaching the 150 mark.
- After the selling of Remco, Sims gets involved in a variety of entrepreneurial ventures.
- Dunaway, meanwhile, becomes a partner of a Remco franchisee chain.
- Fall of 1985: Sims decides to buy Remco back and he immediately takes steps to reduce the leverage of the company. He brings in George Fink, a partner in a Big 8 accounting firm who had acted as a key adviser to Sims. Fink was hired as Remco's president and chief operating officer.
- In 1986, members of Remco's management who also bought franchise stores under Graham are faced with a conflict-of-interest decision: Either sell your stores or leave the company. Some leave to run their own franchise chains.
- Also in mid-'86, Fink becomes acting CEO while Sims and others groom him for the permanent CEO slot.
- During the first two months of 1987, Fink is named CEO. Sims becomes chairman of the board and leaves day-to-day operational decisions to Fink and his staff. From an office separate from Remco headquarters, Sims remains attuned to shareholder and other company concerns, but spends a lot of his time pursuing private business interests.
- A big priority during the next two years is reducing the company's debt. By mid-1989, Remco is recapitalized and moving forward with Fink's leadership.

We thought we'd hit a home run."

While Holladay is the recognized founder of APRO, he believes Sims — a pioneering maverick during the late 1960s and throughout the '70s and '80s — laid much of the foundation for modern-day RTO.

"There's a difference between founding the industry and founding the trade association," Holladay said. "Chuck was there when there was no one else you could turn to.

"Some of these guys think they've got it tough today," continued Holladay. "They should've been there back when it was really hairy. Chuck Sims cleared the path for the rest of us."

Chuck's wife, Sally, worked at Remco during the early 1980s. She says Sims and his former partner, Jerry Dunaway, "turned around what was considered a dubious profession."

Throughout his 30-year career the always opinionated and sometimes controversial Sims has been called many things. But strip away all other descriptions and, perhaps above all, you'd be left with one word.

Determination.

A big reason for Sims' phenomenal success, which was achieved without the college degrees and money many of his peers enjoyed, is his tenacious work ethic. He tells the story of how he learned discipline as a youngster, getting up well before dawn every morning to milk cows on his family's Kansas farm.

"You get bark on you when you grow up in the outdoors; in the country," Sims said. "Hard work, like milking cows... I mean that puts a few callouses on you of a special kind. There's some discipline that comes out of that."

That sense of discipline has revealed itself many times during Sims' career. Once as a general (regional) manager in the pre-Remco days, Sims stayed up all night memorizing a store's business records. He had fired the entire store staff that day because of widespread theft, and he had to get a handle on customers, past dues, delivery schedules, etc. "When we opened for business that morning it was just me," Sims said. "I knew everything necessary to run that store."

It was years later, however, that Sims realized even he had limits on how much he could personally oversee. During the late 1970s when Remco was

experiencing explosive growth, Sims learned — out of necessity — the value of teamwork.

The thriving company needed a set of strategic action plans, and CEO Sims instinctively set out to get a handle on the project himself. "I locked myself up in my office and spent hours on this document," Sims said. "It was beautiful. But, the problem was, it was mine; it didn't really have anyone else's input. We spent something like \$500 just to get it copied, and then it got buried in people's (desk) drawers. I don't blame them ..."

This was one of Sims' biggest tests of discipline. He had to let go of some of his autonomy in order to develop his managers' skills and confidence. He also had to have their support for the final adopted plan — and their commitment to attaining those longrange goals.

A management consultant helped Remco and, in the process, Sims gained a new appreciation for getting the entire management team involved. "When they come out, it's their plan," Sims said in a 1980 *Inc.* magazine article. "You get their ideas, their involvement and, most important, their commitment."

Now, Sims looks back at that time as one of the major challenges during his career. That particular case of discipline demanded that he grow and adapt along with his company. "There's a special kind of tolerance or something that enables you to do that," he said. "And if it's not discipline then it's patience. There's a very close connection between those two."

Discipline alone, however, won't achieve the kind of success Sims has known. A voracious reader, Sims has given himself a high-level education by devouring topics as varied as general aviation, investment banking, quantum mechanics and theoretical physics — even the population explosion.

"There are two kinds of reading," Sims said. "There's anything that I read when I'm working during the day, and that will be anything from a catalog, business publications, mail — all that stuff. Then there are the books that I read for recreation. Sometimes I read books that are important in my business, like the time I was really into studying planning. But generally my

reading books is more for a personal pleasure. And I have a very wide range of interests."

Sims is perhaps the closest thing to a modern-day Renaissance man as you'll find. It's probably his involvement with other interests that has allowed him to groom a new CEO for Remco — George Fink — and then actually turn over the reins. Today Sims is chairman of the board, and his daily involvement in the company he built is not nearly so intense as it was several years ago.

What do his current responsibilities at Remco entail?

"My job with Remco is to interact with management to assemble an agenda of the most important issues — those that need to be brought to the attention of the board of directors," Sims answered. "And then to some degree I interact with management on a day-to-day basis ... What would I talk to George about? Maybe doing something in a recapitalization or a major borrowing plan. Or, if we were going to do an acquisition or if we're going to sell a bunch of stores or something like that then I would probably get a phone call. We might spend some time and discuss it. But that's about it."

Sims seems content with the relationship he and Fink share.

"George Fink is a very rare breed — an extremely entrepreneurial individual," said Sims. "He was a very unusual individual to be in an accounting firm. A rare exception, he has adapted very well — like a duck to water. He naturally likes to run a business. He has passion."

Sims, needless to say, has been through a lot in the last three decades. There are, however, few regrets.

"Well, you look back and you've been down a particular road in life. And you look at the road map and you realize there were a lot of roads you could've taken," Sims said. "You know, 20-20 hindsight. But I didn't have any choices at the time other than the ones I took. I wouldn't change a minute of my life. I mean, my life's been just wonderful up to this point and it still will be, I'm sure."

Others agree. Chuck Sims is not through leaving his mark on the world.

"Chuck has not been content to sit back in a hammock and let life pass him by," said Ed Winn, APRO legal counsel and one of Sims' close friends. **PR**

**The accompanying question-and-answer interview with Sims, and the chronology of his career, reveal more of his roots, motivation, thoughts on the rent-to-own industry and APRO — and his organizational philosophies. The package on Sims is part of this special APRO "10th anniversary" issue of *Progressive Rentals*. Read on ...**

**John Gormley is editor of *Progressive Rentals*.**

# Chuck Sims:

## A visit with an industry giant

Chuck Sims is initially a little gun-shy about talking for publication, although the seminar veteran is rarely at a loss for words. He has been an interview recluse for the past "four or five years." He says he's been "lynched" by the media, particularly the magazine press, although he thinks the 1980 *Inc.* magazine piece on him that described some of Remco's growing pains was professional and fair.

Of one hatchet job on rent-to-own, which the editors and writers convinced him would be anything but, he says: "I just told them (after the article came out), 'Well, I don't know whether I or my company will ever warrant any further attention from your magazine again, but you can absolutely write it down you will be the last s.o.b. I will ever talk to. And if I ever see you walk into my place I'm going to throw your ass out.' "

After that brief story illustrating his natural affection for the media, Sims is starting to simmer down again. In fact, over a longer period of time, the fiery Sims has probably mellowed, and the gracious yet professional demeanor of his wife, Sally, helps temper the atmosphere. While the photographer is setting up his equipment, Sally Sims is chatting about the airplanes she and her husband fly together, Macintosh computers which she and her son at college use for electronic correspondence, and the Remco of the early 1980s — of which she was a part.

What follows, in a question-and-answer format (with the emphasis on answers), is Chuck Sims on philosophy. Chuck Sims on Remco. And Chuck Sims on rent-to-own. In short, Chuck Sims at his best.

**PROGRESSIVE RENTALS:** *The Macintosh Way is a book about business philosophies, more than anything else. The book puts forth the premise that a Macintosh Way company does the right thing the right way. It reminds me of Remco and its corporate culture.*

**SIMS:** *From a business-philosophy standpoint, and using the Macintosh as an example, there was an organization (Apple Computer) that developed culture out of just the behavior of its founder and leader (Steve Jobs). They changed their culture when they changed their management. Of course, there's always the questions over whether that was right or wrong.*

*Even within Remco or any organization, there is a culture. I don't care whether you plan it or not. So in thinking about developing a culture, if you've got a business that's got one person — an entrepreneur, a one-man show — then that business will have a culture. It'll be totally his. If you go out and start a business with 25 or 30 or 50 people, there is a culture evolving out of the way people believe. All a culture is in an organization is the manifestation of its philosophy.*

*Now, given the fact that that is an unstoppable thing, it happens. It seems to me that an entrepreneur or CEO who is starting a business and really wants it to grow and develop — give that business an opportunity to thrive — you have to shoot for culture. I can go to business after business and they will have business plans*

*... where they're going to be strategically ... And there won't be one iota of attention given to the culture of the company. They leave it to accident. Then, on the other hand, there are companies that are very, very careful about their culture and shaping it the way they want it. That's just like saying you're going to grow up and be something. You might as well grow up and be something you want to be. Because you're going to grow up and be something anyway, unless you die. So any organization that's going to have any existence in time is going to have a culture. And it's up to the CEO to shape that culture to where it's an effective culture.*

**PROGRESSIVE RENTALS:** *What kind of culture evolved at Remco? Was it the kind you wanted to foster?*

**SIMS:** *Uh-uh. No. In fact, the reason I can comment about letting a culture just go is because that's the way we managed our culture. We didn't manage it. We had one. We weren't very conscious of it. What really came up as an issue for Remco is, during the growth process, when we got to a point where we started to have people making decisions that up to that point had been made typically by top management ... you start organizing; you get a VP of this; a senior manager of that; he starts to hire people; and this guy over here starts to hire people; and then this guy over here has to terminate some-*



**All a culture is in an organization is the manifestation of its philosophy.**

body ... and that's when the real values of an organization, or the culture conflicts, start to come out.

One guy — he's pretty insensitive; he'll fire somebody, give 'em two days' pay and kick 'em in the butt as they leave the door and think that that's okay. And the other guy, sitting in the office next door, he sees that and he's a little more sensitive to how the employee felt. He goes away with a big twinge. So the guy who committed the "bad deed" goes home and sleeps good. The guy working next to him who has a little different value system goes home and feels guilty, wondering if they'll fire him the same way. So you have a cultural conflict at that point.

Where it came out of the woodwork in Remco that we needed to start paying attention to culture came out of a group discussion we had one time when we were doing our philosophy review. It came up, and the way we described it — twinges. How you go through life with little twinges; things come up during the day sometimes that you don't feel real good about. You may see some obnoxious s.o.b in a restaurant, putting down the person who's waiting on them. You're aware of that; you see that and you have a twinge, even though you aren't even a part of it.

We started noticing our twinges in Remco. And we made people very conscious that if you go home with a twinge; if you go home with something incomplete; something that makes you lose sleep or not be in a very positive, upbeat mindset about your company, then you need to do something about it. You need to be responsible, for your own emotional well-being, to get those twinges out in the open so the company

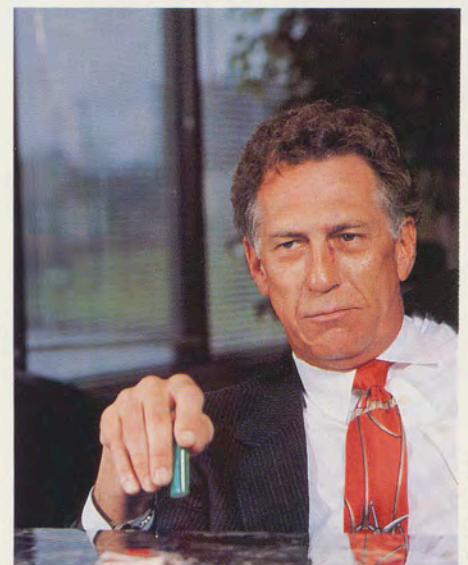


**This industry has made itself a little place that it can stand up and say I exist and I have the right.**

can be responsible to your own individual, philosophical needs, if you will. So we sat down in a room — I think that day was about an 18-hour day — talking about all the twinges that we could remember. We started to articulate a philosophy that said if we really believe this then we'll start trying to live with little or no twinges. And if we have them, we'll do our damndest to fix them so that we don't have people going home at night with those kinds of feelings. And that was really the start of noticing in Remco that we had a culture and that we had to do something about it. And that was in the late '70s — probably '78 or '79. We've been very conscious of it since — managing our culture and paying attention to philosophies and values of people.

**PROGRESSIVE RENTALS: How do you set up ways to be responsible for twinges in a company?**

**SIMS:** We had twinges because there were people who sometimes left the organization ... There's a lot of turnover in this industry. Remco's been the exception to that; we've got a lot less turnover than we used to. But when turnover was higher, that's when we noticed the twinges. If you've got 300 employees and you're turning 30 to 40 percent of them a year, there's a lot of opportunity to feel bad about it. So we knew that was one of the areas we really wanted to focus on and change the particular way that that was done. We came up with a policy, and it's based on a philosophy that the employee is entitled ... If we go to work for some place, if we don't feel like we have literally the opportunity to succeed, then we feel like we're sabotaged. We won't have much respect for the place that we work. And, in my opinion, the majority of environments are



**If everybody bought the way the marketers believe they buy, then everything would be on an auction block.**

not conducive to getting people to perform. We said, "All right, if an employee comes to work for this company we believe that employee is entitled to every opportunity to succeed." We fundamentally believe that he wants to. Nobody wants to fail. I am as certain of that as I sit here. No human being wants to fail. No human being wants to be a non-productive slob in life. And if they are, it's because of a misinterpretation or a misunderstanding; something out of the way they were raised where they don't interpret properly. It's like I speak English, they hear Spanish. So I can't say that it doesn't exist. But it's not intentional. Nobody intends to fail.

So if you philosophically approach that as an organization then you have to clean up certain things that get in the way of people having the opportunity to succeed. For example, you bring an employee into your company. First of all, if he doesn't even know about the culture; he doesn't know what he's supposed to believe; he doesn't know how he's supposed to behave; he doesn't know there's supposed to be no twinges — he can't very well operate. So rule 1: You've got to have up front ... an employee understanding that there's a culture here that you're expected to fit in. And you're expected to be able to operate and live with a group of people in a certain way. As you go with that, we say, "Okay, an employee has to be trained. An employee cannot do his job if he doesn't have all the knowledge and information." And an employee has to have feedback; he has to know if he's not getting the job done. In a constructive fashion, versus: "You s.o.b., I'm firing you. Now the next time you get a job you ought to learn from this." Yeah, they'll learn. They'll learn to hate you.

Continued on page 48

Photos by RAN

# Countdown to the future to draw rent-to-own founders

This year's annual event will double as APRO's 10th anniversary party

By Barbara Stooksberry

If your main goal is to make lots of money in rent-to-own, but you could benefit from the wisdom of others, then the 1990 APRO convention is for you. If, however, your priorities center around camaraderie with all your old friends in RTO, then Orlando, Fla., should still be your destination this summer.

"APRO '90: Countdown to the Future" is scheduled for Sunday, July 22, through Thursday, July 26, in Orlando. And all the top people — industry pioneers and leaders — will be there to help celebrate APRO's 10th birthday. We're talking about such rent-to-own industry giants as Chuck Sims, founder of Remco; Barry Gambini, founder of RTO Inc. and a former three-term APRO president; and Alrenco's Bud Holladay, who provided the impetus for establishing a trade association for the industry almost a decade ago.

As RTO moves into the 1990s, APRO planners have designed a convention and trade show to help you count down to your successful business future — and have a lot of fun at the same time. You already know there's more to do and see in the Orlando area than you'll ever have time for. Take some advice: Come early, stay late. Do a little advance research on the attractions, look through previous issues of *Progressive Rentals* magazine, pore over tour guides from your library or bookstore and plan the entire family vacation around this year's APRO convention.

The first benefit of arriving early is substantial savings on airline fares — as long as you stay over a Saturday



Logo design by Kim McBride

night in Orlando. For example, if you fly in from Dallas and stay over the Saturday night immediately before the convention begins on Sunday, the typical round-trip fare is \$322. But if you arrive on Sunday or later and leave before the following Sunday, the regular round-trip fare is \$808. By scheduling your trip to arrive a day earlier, you save \$486 — which should easily pay for a night or two at the luxury hotel of your choice.

In addition to saving money, you can do some sightseeing before the formal convention schedule begins, and you won't be rushed trying to mesh convention activities with visiting area attractions.

The convention itself kicks off early Sunday morning with a golf tournament on one of the nation's best courses, the Walt Disney World Magnolia Golf Course. To make this a best-ever event, APRO has planned for competitive play, a shotgun start, coffee and doughnuts while buses load (your reward for being awake and in a moving mode before 6:15 a.m.), and a luncheon buffet. You'll vie for trophies and, just for the fun of it, challenge the renowned Sixth Hole Mickey Mouse Bunker.

Convention registration starts at noon on Sunday at the Peabody, as exhibitors begin to set up at the convention center across the street. From 6:30 until 8:30 p.m. on Sunday, you can visit old friends and make new ones at the Everglades Swamp Party. Dress casually, drink from an open bar, and nibble on light hors d'oeuvres as you dodge the hazards of the the swamp. This is a great opportunity to talk informally with other dealers and exhibitors across the country, but don't get carried away because the APRO tennis tournament begins at 9 p.m. Sunday at the Peabody, and you'll want to be there.

This year's trade show will be in the Orlando/Orange County Convention/Civic Center, a spacious, state-of-the-art facility that draws consistent praise from both exhibitors and conventioners. Exhibit hall hours were scheduled this year so as not to conflict with seminars and other convention events and to maximize opportunities for vendors and dealers to discuss mutual concerns and product lines — both present and future.

A cash lunch will be available in the exhibit hall until 1 p.m., when the trade

show closes for the day. Spend Monday afternoon attending APRO seminars in convention center meeting rooms. A lot of thought and planning have gone into designing the best possible seminar lineup for the rent-to-own industry.

To those seminars that have proven successful at past conventions, APRO has added new topics you've suggested, such as investments, alternate means of financing your business and what to look for when considering new product lines. Speakers will include industry people and those who serve the industry, including folks who manufacture and market the products dealers carry in RTO stores.

Monday night will be a night of sheer Southern hospitality at the Moonlight & Magnolias gala cocktail reception. Join Scarlett and Rhett for the sounds of a Dixieland band and watch paddleboats go by as you sip mint juleps or whatever suits you. An open bar and heavy hors d'oeuvres are part of the hospitality. It's over at 8:30, so you'll still have time to hit Orlando night spots.

Don't miss the new, improved version of the convention general session, which begins at 10 a.m. Tuesday and ends a mere two hours later! But, what a *memorable* session this promises to be as APRO looks back on 10 years of growth in the industry. We'll look at the role APRO has played in that growth, at where we've been and where we're going, and how APRO can help the industry reach its goals for the 1990s. You'll come away with valuable insight into how the industry has evolved throughout its history and understand

the role a professional trade association has in shaping the growth of an industry and in providing services to its members, promises Ted Wilson, APRO president.

Visit the exhibit hall again Tuesday afternoon. This year's exhibit hall activities are designed to be educational for not only business owners, but for their managers and other employees as well. This is the informal setting during which those who have one-on-one contact with customers can provide feedback to manufacturers and their representatives and discuss mutual goals and problems. The result? A more knowledgeable and effective staff to deal with your customers.

Wednesday will look a lot like Monday, with exhibits planned for 9 a.m. through 1 p.m. — this will be your last chance to talk with exhibitors and review their product lines — and seminars in the afternoon. This year's seminars qualify for the APRO Rental Dealer Certification Program, so be sure to sign in at each seminar you attend so you'll receive proper credit toward certification.

The RTO event of the year takes place Wednesday night at the Peabody. Dress in your finest party gear for APRO's 10th birthday bash! You'll have fun,

fun, fun, reliving history as APRO past presidents trace the evolution of the industry. You can scope out old convention photos in search of your "former self" and dance to music of the Big Band era — all after a cocktail hour and elegant dinner.

Thursday is a day for goodbyes, when exhibitors will be packing up their wares and convention-goers will be taking planes home — or branch out for an extended vacation.

Speaking of vacations ... because we want you to bring the family and enjoy the convention and Central Florida without worrying about what family members are up to, APRO has gone to a special effort this year to plan activities not only for the spouses, but also for the youngsters.

The main event on the spouse program is a Tuesday trip to Winter Park that will include a scenic boat tour

Photo courtesy Orlando/Orange County Convention & Visitors Bureau



*Downtown Orlando has a modern feel, without big-city congestion.*

# Smart TV, radio buys are key to any rent-to-own dealer's push

The conviction to create and execute an advertising plan is important

By Randy Buffington

John Wanamaker, an advertising visionary from the 1940s, said: "Half the money I spend on advertising is wasted. And the trouble is, I don't know which half."

Times haven't changed much in the last half century. The most frequent question I get today is: "How much should I spend on advertising?" Well, pricing, like audiences and ratings, are like horses on a carousel. They keep chasing each other's tails.

Take a moment and ask yourself the following questions before setting up a budget.

1. Am I putting a store in a new market that has to be educated about rent-to-own?
2. How much rent-to-own advertising is currently being done in the market I am looking at?
3. Do I or my organization have the ability to put together a comprehensive advertising plan?
4. What kind of growth do I expect from my advertising dollar?

In today's market, with the rising cost of advertising, you don't have the luxury of being philosophical about your advertising. You must first have an understanding of your determining factors. The ability to put together a plan, and the conviction to carry it out, is also a necessity.

When you go into a market that has had very little rent-to-own business,

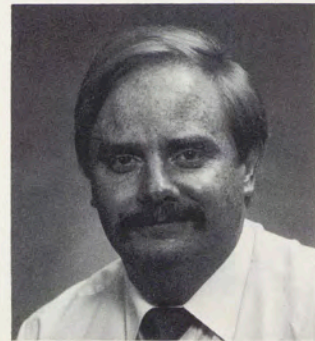
*Pricing, like audiences and ratings, are like horses on a carousel. They keep chasing each other's tails.*

you have to educate the consumer. Education is going to take time and money. You must educate your potential customers so they will understand the benefits of rent-to-own. It will pay you dividends later in keep rate.

Look at the markets you want to go into. If there's a lot of competition, you'd better first find out where the successful stores are spending their money. Do not be naive in thinking that your imaginative advertising is going to beat them into submission.

Barry Switzer, University of Oklahoma football coach, once said: "There's no formula for winning the football game or anything else. It is simple. You do the key things — the basics; the right things — and do them well. Repetition is the key." No truer words were ever spoken. Repetition is the key in advertising. And in every market there is a repetitive pattern that, once studied, can be used for maximum benefit.

There are sources for finding out



Randy Buffington

where your competitors are spending their money. If television is a medium that's affordable for you, then ask your stations' salespeople for a BAR (broadcasting advertising report). This report shows each sales manager how his salespeople are doing in getting advertisers to buy their particular station. You can look at it and learn a lot about your competition. The BAR will show how much your competitors are spending on each station. It will also show when and where the commercials are placed. Why try to reinvent the wheel? Take a lesson in survival from those who have succeeded in your market. Not all markets offer a BAR report, but it's worth asking for. This is just one way of gaining insight to begin setting up your advertising plan.

A carpenter wouldn't dream of building a house without his tools of the trade. Yet, every day, dealers decide to build their advertising plans without the tools needed to achieve success. The first step in putting your advertis-

ing plan together is to learn the basic terminology. Chances are, your initial education came from advertising reps. Their job is to sell to you, not educate you. This leaves you with the job of educating yourself.

Many people do not have the time or inclination for advertising. If you are

budget. Setting up a 90-day advertising agenda is the key to consistent growth. Most full-line agencies will charge you a fee of 15 percent. Many people feel comfortable with their own creativity and planning skills. If you are one of these, a mechanic may be for you. A mechanic will negotiate placement and follow

up on your TV or radio buys for you.

A mechanic's fee usually runs about 5 to 10 percent, depending on how much followup work is involved. If you are now dealing with an agency, see if they are fulfilling all their responsibilities. You may not be getting all you should. A good buying mechanic can more than

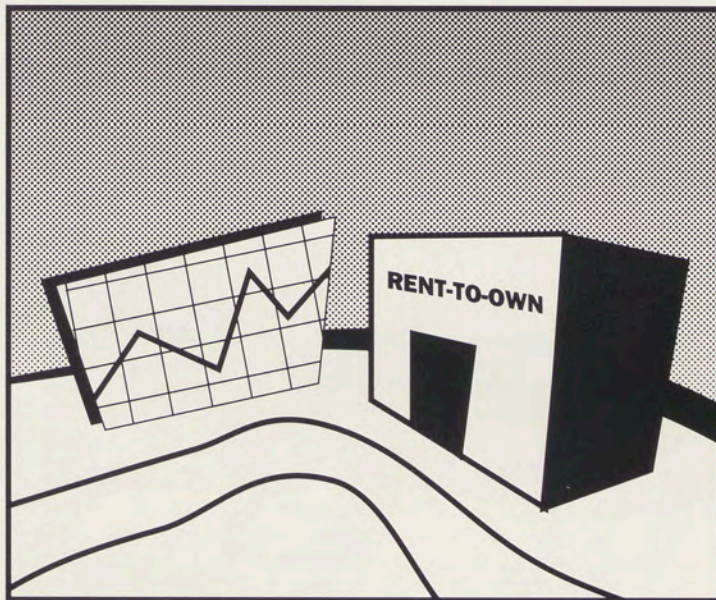
this amount. At the end of a period, there must be a point where this high advertising figure amortizes out — or, a re-evaluation has to take place.

Your budget should be thought out over a full year. The cost of television varies during the year. It is generally the cheapest in the first three months of the year and then goes up a little in April, May and June. The costs typically go down in July, August and September. As a rule, the last three months of the year are the most expensive.

Negotiating also affects your budget. Never negotiate from one flight to another. Always buy at least three months worth of commercials at one time. You can usually cancel with two weeks written notice. Remember: A sales rep can get more for your money with a larger buy. During any quarter you can always readjust for maximum benefit. I have several dealers who buy on an annual basis. This helps keep that roller-coaster effect from happening on their pocketbook. The customers you paid a premium for during the second and fourth quarters will show dividends in the first and third. You won't have to re-educate the public on your presence in the market.

Consistency in your advertising is the most important factor to good, solid growth. In television you must place enough commercials to create an event. The saying: "Why whine with the puppies when you need to bark with the dogs?" applies to placing TV ads.

*Continued on page 62*



one of these people, shop around for an advertising agency or a buying mechanic. Agencies and mechanics cost money, but a good one will save you both time and money.

Keep in mind a few important points when choosing an agency. The agency must understand rent-to-own concepts. This is especially true with the term keep rate. The agency must be able to be creative, as well as put a plan together that will work within your

pay for himself.

Determining a budget begins with deciding where you want to be in terms of future growth. If I have a mature store, then I may look to spend 5 to 8 percent of my gross monthly revenue to get a 3 to 6 percent honest growth after skips, stolens, paidouts and pickups. Every market is different, and these are only general figures to work with. If I am going to open several stores in a short time, I may spend double or triple

## Mike Walts New Albany, Ind.



Mike Walts' first job out of the U.S. Army was continuing the door-to-door dry goods business begun years before by his grandfather in their southern Indiana community. After 20 years, Walts decided he was actually in much the same business as the new RTO stores popping up near his hometown of New Albany, a suburb of Louisville, Ky. In 1980, Walts attended APRO's charter convention in Dallas. Returning home to New Albany, he immediately opened his first rental store on the same corner where he had played ball as a youth. Organized in the

same month and year as APRO, Walts' Alrengo chain today operates 35 RTO stores in eight states and employs more than 200 people. Walts and his wife, Gerry, have sons pursuing their own careers; one with Alrengo.

**Q. What are the immediate goals for Alrengo?**

We have only one immediate goal and that's increased profits in our newer stores. As everybody's found out, it can take longer today to go profitable than it used to. Our longrange goal is to double in size over the next five years. We think we've developed the management structure that can allow us the 20 percent annual-growth rate needed to achieve this. Of course, our ongoing goal is to always remain in close touch with our customers — they really drive the business.

**Q. What can the association do for you and other RTO stores?**

I attended the very first APRO convention in Dallas in 1980. Before that I was just a door-to-door retailer; a dollar down and a dollar a week. APRO's seminars, materials and activities have helped me grow beyond what anybody ever dreamed. And lately I've been able to "pay back" some of that with the work that our company's vice president, Ted Wilson, does as president of APRO. I think APRO can offer the same information and encouragement to other new dealers. But it needs to go a step further, too. I'd like to see more accountability for the dollars I've contributed to our lobbying efforts. I've been a supporter from the beginning, but I demand accountability in my company and I think APRO members deserve the same from our trade association.

**Q. What does Alrengo have in place for training employees?**

We brought in Bud Holladay to develop a program for us and we're currently building a training center here at corporate that will produce a strong environment for training experienced and new employees. We stress the real basics — "nuts and bolts" and taking care of the customer.

**Q. Do you see more people getting into RTO than a few years ago?**

I believe the higher start-up costs and the increased competition from the chain competitors will require everybody to work harder for the same piece of the pie — or even a smaller one. So I believe fewer people will jump in like they used to.

**Q. What will happen during the next 10 years in RTO?**

Most credit stores will be gone, and RTO stores will replace them. We're going to become even more acceptable and "mainstream" because we continue improving our products, our services and our customer care. Once you begin on that path, it's hard to go back.

PR

## Bill Ogle Daytona Beach, Fla.



Bill Ogle, founder of Champion TV & Appliance Rentals headquartered in Daytona Beach, Fla., grew up on a dairy farm in Cleveland, Tenn. He, his wife Janie and their three children moved to Daytona in 1958 to engage in the motel business. Shortly thereafter, he started servicing televisions for a living. Ogle opened his first retail TV store in the early 1960s. He owned several Curtis Mathes-franchised retail stores in 1977, when he introduced rentals into his business to serve customers who did not have sufficient credit to purchase at retail. The

Champion TV name was adopted in the early 1980s. There are currently 50 Champion rental stores throughout the southeastern U.S. Ogle owns some of the stores solely, while other are co-owned with partners.

**Q. What are the immediate goals for Champion?**

Champion is in a growth mode. With a business this size, it is difficult to maintain the status quo ... even if the status quo were desirable. If you don't grow, you risk stagnating and going backwards. We are currently finalizing a business plan for the 1990s that includes aggressive expansion and growth — both in terms of existing stores and new stores ... and in terms of existing and new markets.

**Q. What sort of formal employee training do you have?**

We believe the importance of employee training cannot be overemphasized. Most partnerships train employees at the supervisor or store level, and are guided by written procedures. One partner schedules and conducts structured weekly training classes, conferring certificates of graduation on participants upon completion. Like advertising, training is an expense that is too often reduced or eliminated. That's shortsighted.

**Q. What do you see on the horizon for RTO?**

I view the rental industry as having experienced a personal investors' "feeding frenzy" in the early 1980s, culminating with the Rent-A-Center public offering and the Wall Street discovery of the industry. Credit was widely available, and entry into the business had few obstacles. Times have changed. The industry has matured, competition has increased and profit margins have shrunk. Financing is considerably less available. I anticipate a consolidation within the industry, a purging of marginal operators and continued movement toward professional managers. The future is bright. I am extremely bullish on our industry.

**Q. Will we ever replace credit stores?**

We will give the retail stores a run for their money, but I do not believe we will ever totally replace them. As we get better at what we do and provide a better value to our customers, we will broaden our base at the expense of the retail industry.

**Q. APRO is co-sponsoring one-day regional training seminars. When one is scheduled in the southeast will you support it?**

Good seminars are a valuable and effective way of communicating ideas and of training personnel. We are supportive of APRO's efforts to conduct seminars. One of Champion partners has volunteered to lead one later this year.

PR



# ALL IN ONE

## MULTI-STORE SERIALIZED SOFTWARE SYSTEM

- COMPLETE RENT TO OWN SYSTEM
- SALES & INVENTORY CONTROL
- COMPLETE VIDEO TAPE RENTAL
- INTERFACES TO ACCOUNTING SOFTWARE



**WHEN IT COMES TO SOFTWARE** - getting the right one for your company will increase your productivity, reduce your overhead, and give you complete serialized inventory control with bar code or without, plus control of every sale and every rental, that makes buying decisions and controlling your inventory a snap.

**WHEN YOU CHOOSE RSSS SOFTWARE**, whether it is sales, rent to own, rent to rent, leasing or video tape rental management, every transaction updates your inventory right up to the minute, so you will always have the latest information on all types of incomes and inventory, the gross profit on every sale, the income on each and every item with bar code or without. You even get rent income, sales income, and gross margins, movie income for any hour, day, month or year. Sales for any period compared to any other period in concise form, and that's anytime you want it. But most important, it gives you this information the way you want it, by model, serial number, sales person, store, description, book value, depreciation to date, cost, average cost, floor plan agent, account number, etc. YOU ask for it, YOU get it.

**THE RSSS SYSTEM** was designed in 1979 for single or multi-store appliance, TV, furniture and video dealers, for rent-to-own appliance, tv and video dealers and video dealers that rent video tapes. The RSSS System has been in use every day since 1979. Over 400 stores rely on the RSSS System to control their Colortyme, Curtis Mathes, and independent sales and rental stores coast to coast and Canada. There is one thing about Rental Sales Software Systems, it solves business problems in an innovative way to make smarter and more profitable business decisions. The RSSS package includes hardware, software license, initial training at your site, future updates, and continuing phone line support direct to your computer. RSSS Software operates on all IBM compatibles using DOS, XENIX-UNIX operating systems.



**BAR CODE - DATA CAPTURE CONTROL** is available for all furniture, appliance, electronic and miscellaneous inventory. Saves big dollars on your payroll for inventory control and through exception print outs of missing inventory. Save inventory dollars through Quick Response for just right inventory control and assortment.

**IT'S A GREAT FEELING** when you are in control of your business. We sell systems every year to dealers who bought the wrong system the first time. For information on how we can help you the first time, call Rental & Sales Software Systems today at 1-800-334-5224 (Outside Texas) or 1-512-993-1790 (In Texas).



# RSSS

Les Feldser  
President

457 Robert Drive • Corpus Christi, Texas 78412

### Government relations committee sets course

Members of the APRO Government Relations Committee reviewed progress of the rent-to-own industry's legislative program — both state and federal — during an all-day meeting in Chicago on Tuesday, April 3.

The meeting was chaired by Dave Egan, APRO first vice president and Rent-A-Center general counsel. Chris Korst, another Rent-A-Center attorney who is active in the state association network, gave a report on various legislative efforts across the country.

Perhaps the worst news, although not a surprise to APRO legislative leaders, was the continued pattern of attempts by industry opponents to amend current state RTO laws. Most of these attacks seem to revolve around the damage-waiver liability issue, according to Ron Waters, APRO director of government affairs.

The committee next reviewed the status of the federal legislative effort, starting with an overview of the strategy and process presented by Steve Cranford, Rent-A-Center's assistant legal counsel; and Dan Dutko, a Washington lobbyist for the national trade association.

Dutko said the next several months are crucial if the industry is to successfully push its federal legislation through this year. A



*APRO Government Relations Committee members, and others involved in RTO's legislative effort, meet in Chicago.*

series of meetings for APRO members and their congressmen in several strategic congressional districts will be coordinated through Waters.

The APRO Government Relations Committee, along with all of APRO's committees, provide important member services in key areas of rent-to-own, according to Ted Wilson, APRO president.

The next meeting of the government relations committee was scheduled for Thursday, May 3, in Washington, D.C.

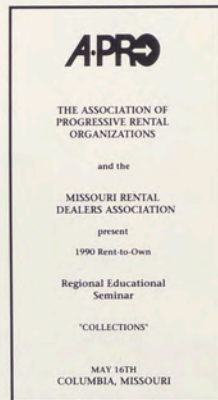
### Regional seminars set up with state network

APRO and state rental dealer associations have teamed up to offer one-day seminars on a regional basis, announced Ted Wilson, APRO president.

These regional seminars are designed to provide continuing education for rent-to-own employees, while keeping costs down for their APRO-member employers, Wilson said.

This program will provide:

- Educational seminars for rent-to-own employees at a reasonable price.
- Seminars targeted for store managers, account managers and area supervisors.
- One-day regional seminars providing ease of access for employees within a 150- to 200-mile radius.



*This Missouri seminar brochure went to area dealers.*

April 18, in Indianapolis. Bud Holladay, vice president for employee development with Alrengo, spoke on "col-

- One-day seminars — avoiding expense of overnight accommodations.

In conjunction with the Indiana Rental Dealers Association, the first seminar was conducted Wednesday,

lections." Registration forms have been mailed on a regional basis during early spring.

Additional seminars were scheduled for:

Wednesday, April 25, in Columbus, Ohio, on "How to Make a Profit in Rent-to-Own," and it's geared to one-to two-store operations.

Wednesday, May 16, in Columbia, Mo.; also on collections.

Groups in other states are also working on seminar dates of their own.

For more information, contact D.J. Thomas, APRO assistant director of member services, at (512)794-0095. Or, write him at: APRO, 6300 Bridgepoint Parkway, Suite 305, Austin, Texas, 78730.

## APRO offers national retreats, seminars for professionals

The Association of Progressive Rental Organizations is offering a national seminar lineup for 1990 — "Prepare for Success in the '90s" — which centers around its spring and fall rental retreats, announced Ted Wilson, APRO president.

In addition, APRO is offering its annual rent-to-own for accountants and lawyers seminars.

All of these seminars will qualify participants for credit in the new APRO Rental Dealer Certification Program.

This year's rental retreats — one will be offered in the spring and one in the fall — are geared toward rent-to-own store owners and upper-level management. Each rental retreat qualifies attendees for 60 total certification credits.

The first rental retreat is scheduled for Monday through Wednesday, May 7-9, in Scottsdale, Ariz., at the Inn at McCormick Ranch. The second is set for Thursday

through Saturday, Oct. 4-6, in Palm Beach Gardens, Fla., at the PGA Sheraton Resort.

Two half-day seminars are planned for each rental retreat.

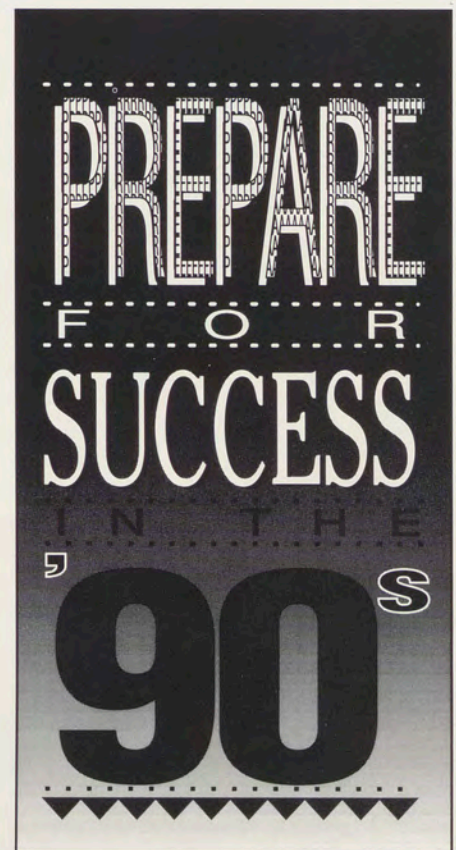
"Establishing a Marketing Culture in Your Business" will be presented by Dr. Stuart Vexler, a psychologist whose specialty is conducting workshops that emphasize the discipline of management.

"Developing Effective Management: The Key to Success in the Future" will be conducted by Wayne Outlaw, president of the marketing and human resource firm The Marcon Group.

•••

The accountants' and lawyers' seminars, meanwhile, are designed for rental owners and their professionals, and subject matter will include up-to-date

*Continued on page 34*



## Dealer certification program integrates with seminars

APRO has launched a rent-to-own dealer certification program to recognize levels of educational and rent-to-own experience. Members can start earning credits almost immediately since the association has set up seminars and other professional programs for 1990 that are integrated into the certification plan, said Ted Wilson, APRO president.

Eligibility in the program is for all APRO regular and associate members, and their employees. The first phase of this program is directed to the dealer/owner level. Future programs will include accounting, collections managers and more.

There are four current levels of certification — professional rental dealer; certified rental dealer; master rental dealer and life master rental dealer.

Here are some questions and answers:

**Do I need to start over once I achieve a certification level?**

No. CCs and LCs earned for a lower-level certification all apply to higher levels. In fact, the 40 percent of life credits applied to each level means 160 life credits earned may be applied to the professional rental dealer designation, while 640 life credits may be applied toward life master rental dealer.

**Once I get started, is that all I have to do?**

No. In our ever-changing industry, it is necessary to keep abreast of new technology, legislation and developments. In order to keep your certification current, you must earn 40 certification or life credits each year.

**Do I have to attend APRO seminars to get certified?**

No, but they may be the fastest and most informative way. Since APRO seminars are designed specifically for the rent-to-own industry, they may earn more units than general seminars given by another source.

**Do you have programs for my employees?**

The second phase of the certification program will address most levels of employees. Programs will be developed for certification of store managers, collections managers, sales managers, accountants, etc.

**It will cost a lot of money to get certified, won't it?**

Maybe less than you think. First, APRO seminars are offered on a break-even basis in an attempt to keep the costs low. Second, if you attend the convention seminars that are free with your registration, you can accumulate a lot of CCs at no incremental cost.

**What will certification do for me?**

It will identify you to your peers as a dealer who has the foresight to recognize that continuing education is the key to continued success in the rent-to-own or any other business.

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Impression

**RCA**





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600 N. Sherman Drive, Indianapolis, IN 46201

# MEMBER SERVICES

TED WILSON,  
continued from page 6

to allow an exchange of information among them. This effort has helped provide a stable environment for hundreds of RTO dealers. Through its Legal Defense and Information Fund, APRO continues to pursue favorable legislation on the national level.

The above paragraphs only highlight the many reasons for becoming an APRO member. But whether your

motivation is economic, educational, sentimental or legal, you should become a member and you should get involved. Those who do will most likely be the rent-to-own dealers who are alive and kicking in the year 2000 — and helping APRO celebrate its 20th anniversary.

See you all in Orlando, Sunday through Thursday, July 22-26.



**Ted Wilson**  
APRO president

NATIONAL SEMINARS,  
continued from page 31

information on key business issues.

Dan Whitsell, a certified public accountant whose firm specializes in rent-to-own; and Ed Winn III, APRO legal counsel, will moderate the professionals' seminars.

These seminars will be conducted at the Holiday Inn Dallas/Fort Worth Airport South on Monday and Tuesday, June 11-12.

For more information on the retreats or the professionals' seminars, phone (512)794-0095. Or, write: APRO, 6300 Bridgepoint Parkway, Suite 305, Austin, Texas, 78730.

## APRO Application for Regular Membership

(Open to those who offer products on a rent-to-own/lease-purchase plan.)

### Owner Information

Company name \_\_\_\_\_ DBA \_\_\_\_\_  
 Owner's name (Last) \_\_\_\_\_ First \_\_\_\_\_ M.I. \_\_\_\_\_  
 Home office address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Phone ( ) \_\_\_\_\_

### Dues

Please circle the appropriate dues category below. Regular members pay according to annual revenues. Please make checks payable to APRO.

Up to \$500,000 annually .....	\$400
\$500,000-\$1,000,000 .....	\$800
\$1 million-\$2.5 million annually .....	\$1200
\$2.5 million-\$5 million annually .....	\$1600
\$5 million-\$10 million annually .....	\$2400
\$10 million-\$20 million annually .....	\$3200
\$20 million-\$40 million annually .....	\$4000
\$40 million-\$80 million annually .....	\$5600
\$80 million-\$160 million annually .....	\$7200
Over \$160 million annually .....	\$8800

Dues payments are deductible by members as an ordinary and necessary expense. Contributions or gifts to APRO are not deductible as charitable contributions for federal income tax purposes. Payment must be in U.S. dollars.

### Membership Material

The following information must accompany your application and dues payment before your membership can be processed and approved:

- (1) A copy of your rental agreement.
- (2) A complete listing of your stores including the correct street address, ZIP code, and area code and telephone number.
- (3) A copy of your most recent print advertisement.

### Please let us know:

How did you hear about APRO? \_\_\_\_\_  
 What should be the goals of APRO? \_\_\_\_\_

Allow a minimum of 3 weeks for processing and approval.  
 Recommended by: \_\_\_\_\_

I hereby make application for membership in the Association of Progressive Rental Organizations (APRO). I understand all memberships are for one year from date of sign-up. I hereby acknowledge the APRO Code of Ethics and agree to uphold its principles.

Signature: \_\_\_\_\_

**Return To:** APRO, 6300 Bridgepoint Pkwy, #305, Austin, TX 78730; (512)794-0095

### Associate Memberships

Associate membership is open to vendors who supply goods and/or services to the rent-to-own industry. Associate dues are \$500 per year. For more information, or a special associate member application, write or call the APRO office.

### APRO 1990 national seminars registration

(Please circle events you plan to attend and return this form with payment.)

#### Rental retreats

No. 1 — Scottsdale, Ariz., May 7-9

<u>Member</u>	<u>Non-member</u>	<u>Preregister</u>
\$295	\$395	April 30

No. 2 — Palm Beach, Fla., October 4-6

<u>Member</u>	<u>Non-member</u>	<u>Preregister</u>
\$295	\$395	Sept. 27

#### Accountants' and lawyers' seminars, Dallas

June 11 — Accountants

<u>Member</u>	<u>Non-member</u>	<u>Preregister</u>
\$50	\$100	June 4

June 12 — Lawyers

<u>Member</u>	<u>Non-member</u>	<u>Preregister</u>
\$50	\$100	June 4

(Note: On-site registrations will be accepted on a space available basis, but to guarantee admittance it is suggested that you preregister by above dates.)

Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Co. \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Phone \_\_\_\_\_

Sorry, APRO cannot bill you. All fees must be paid in advance. Make checks payable to APRO.  
 My check for \$ \_\_\_\_\_ is enclosed.  
 Charge to my: Visa \_\_\_\_\_ MasterCard \_\_\_\_\_  
 American Express \_\_\_\_\_  
 Card # \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_

Name on card (please print): \_\_\_\_\_

Send completed form and payment to:  
**APRO**  
**6300 Bridgepoint Parkway, Suite 305**  
**Austin, TX 78730**  
**(512)794-0095; FAX (512) 794-0097**

I've never been really sure when we became an "industry," but I think it was around 1982 or '83 — about the time we stopped wearing plaid jackets and golf shirts to all the meetings and Chuck Sims deep-sixed the crewcut. Before that we were simply "TV rental," a fractional footnote to the GNP. And "keep rate" was something only Zsa Zsa Gabor's husbands ever worried about.

Of course, some of us can remember when telemarketing was only phone solicitation and multi-level marketing was a

## White socks to stock splits — 10 years in APRO

pyramid deal. But if *Forbes* can label us "the lender of last resort," then I suppose 10,000 or so stores lets us be an "industry."

Oh what a difference a decade makes! Newcomers to the business must feel a little like those folks who make it to the fair after the rides have closed. There's still plenty to do, but

it's not nearly as exciting.

It's been something of a rollercoaster ride for many of us these last 10 years. I doubt anybody would argue that the decade past saw more money made, and more lost, than ever before. That some of the same names were involved in each must reflect some genetic imbalance in growth hormones peculiar to only rental dealers and mall developers.

These days a "successful rental dealer" might

be defined as one still in business with the same finance company and the same spouse. The others are either also-rans or just millionaires. And remember, this writer is the same guy who predicted in 1969 that a manager trainee named Tom Devlin would quickly be out of the rental business. Sure enough — 15 years and half a billion dollars later — I was right. With those credentials firmly established, you may want to read on.

Reflecting on the events and the personalities who shaped them, I'm probably most intrigued by that collection of mavericks, hotshots and have-nots who made up our early APRO boards. Of course, having been one of those gives me certain license. That some of those few are now out of business will — it's hoped — protect me from any major libel suits.



BY BUD HOLLADAY

The task of getting together rental dealers from across the country absent a formal agenda or caucusing process was not in itself the biggest problem. That label belongs to the 1981 owner-cum-APRO director whose hairdo and personality both had the texture of a brillo pad. I remember we would place him in a chair at the farthest

BUD  
HOLLADAY

corner and only hope he'd eventually lose interest. Of course, the fellow never made president. Last seen, he was developing RV franchises for Eastern Europe. Or some such venture. J. Clay — you're our gift to glasnost.

Another rookie director once suggested we form a sort of vigilante committee to throw out undeserving members. Fortunately for us all, that idea never bore fruit. However, I recall we did spend considerable time at lunch discussing just how we might get rid of HER. Not everybody had problems, though.

It was probably the enthusiastic participation and contributions of regular members that made those early APRO meetings so worthwhile. The "old pros" were always there to give wise counsel, and even the newest dealers would offer exciting ideas along with their questions. Two that I especially remember were "Lynch those suckers!" and "Who let those damn retailers in?"

The really funny part about APRO is that most of us have always considered ourselves real mavericks — entrepreneurs in the purest sense. But get more than five of us in a room and it could be Dad's Night at Kiwanis. We're just like any other folks. Our business is just a little screwier sometimes.

Some of the greatest war stories ever told didn't come of our World War II or *Victory at Sea*. They came straight from RTO-101, Beginning Business. My favorite concerned Chuck Sims' 1967 trip to a high-rise apartment complex to repossess a portable TV. He carried back most of it in a cardboard box (the drop was about six stories, as I recall).

*Continued on page 58*

**These days a 'successful rental dealer' might be defined as one still in business with the same finance company and the same spouse. The others are either also-rans or just millionaires.**



1969 Heisman Trophy winner Steve Owens has put together an extended-warranty program for RTO.

**OU's Owens offers RTO extended warranty**

Steve Owens, former University of Oklahoma football standout and 1969 Heisman Trophy recipient, is heading a joint-venture group that has developed an extended-warranty program specifically for the rent-to-own industry.

According to Owens, who has been involved with extended-warranty programs for a variety of industries over the past 10 years, tests indicate the program will provide typical rent-to-own dealers an additional net profit equal to 7 percent of their annual revenue.

"The program provides RTO dealers with all the benefits and no risk," said Owens, who added that the program provides for dealers to a share of the reserves set aside by the

insurance company for payment of claims.

The program, marketed as FORESIGHT — Rental Maintenance Protection, is structured to allow the rental operation its customary markup and yet still be priced to the consumer at a level comparable to retail

plans sold to major chains nationwide, Owens said.

"Consideration has been given to the structure of the program so rental rates remain competitive. We also want to ensure that the rental contractual relationship is kept pure."

For more information, phone (405)366-8804; or, write Steve Owens & Associates, 3700 W. Robinson, Suite 230, Norman, Okla., 73072.

*Source: Steve Owens & Associates*

**Minimum-wage hike in effect as of April 1**

As of April 1, businesses across the United States have been obliged to increase the pay of their minimum-wage employees by 45 cents an hour. Next year, they'll have to do it again.

The Fair Labor Standards Act, better known as the

federal wage-and-hour law, has been amended to immediately increase the minimum wage from \$3.35 per hour to \$3.80. On April 1, 1991, the rate goes to \$4.25.

The amendments increased the minimum wage. The U.S. Congress has also added a training wage which allows employers to pay youths — ages 16 to 19 — 85 percent of the minimum during a 90-day training period. Under the amended law, no employer may pay a training wage to an employee for more than 90 days, but an individual in the 16-19 category could receive a training wage under a second employer — under strict conditions. In any event, no employee can be paid training wage for more than 180 total days.

There were several other changes in the law. For more information on these amendments and how they may affect your business, contact Harry Weisbrod Associates at 214-373-0435.)

*Source: Harry Weisbrod Associates*

**Federal bill aimed at 'gray marketing'**

Mirroring a bill in the U.S. Senate, legislation against gray marketing has been introduced in the House of Representatives. Gray-market goods are manufactured abroad bearing valid U.S. trademarks. However, they are brought into this country

without the consent of the U.S. trademark holder through other channels.

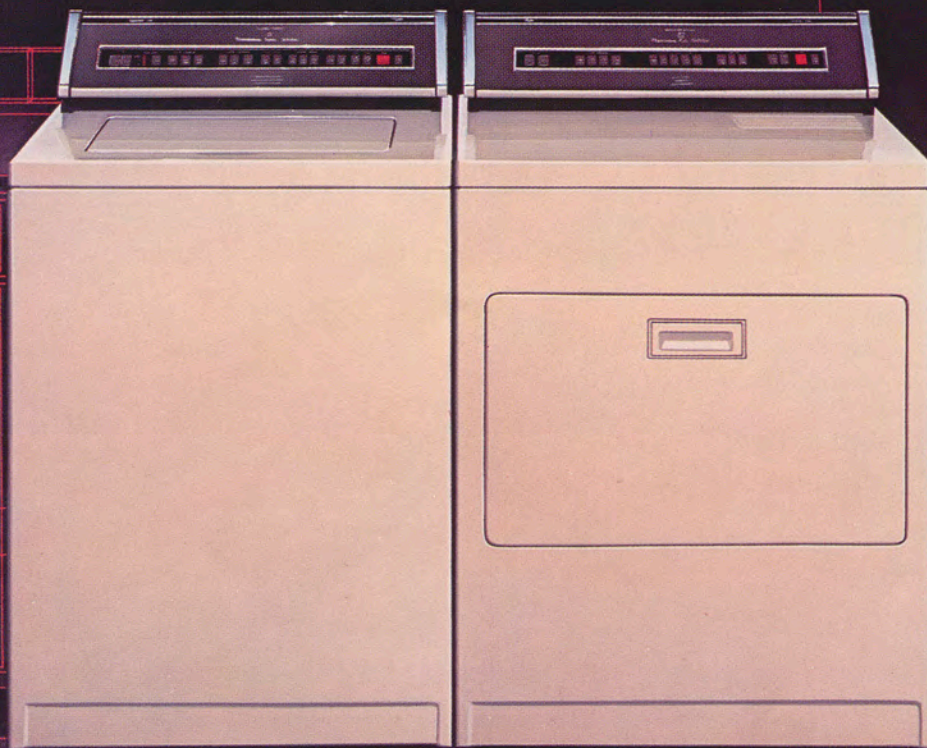
"Gray marketeers undercut U.S. trademark owner's efforts to assure quality and consistency, permit a free ride on U.S. trademark owners' promotional (efforts), research and development ... and seriously damage individual trademarks as well as the integrity of our U.S. trademark system as a whole," said Rep. Ben Cardin, D-Md., who introduced the House bill.

Gray marketeers are also accused of misleading consumers, who think they are paying for the reputation of the company whose name appears on the product — including the warranty.

Emilio Collado, executive director of the Washington, D.C.-based American Watch Association, said the legislation represents "real progress" in efforts to protect U.S. companies affected by gray marketing. And gray marketing particularly affects watch companies which have large advertising budgets and name-brand recognition, he added. "These gray marketeers take a free ride on advertising."

Collado is optimistic about the U.S. House bill and said efforts to end gray marketing are "gaining momentum." At last report, the Cardin bill had been referred to the House Judiciary Courts Subcommittee.

*Source: Rent-A-Rock*



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Cool-Line®, our nationwide telephone service. For repairs, we have over 5,000 factory-authorized Whirlpool service centers. And we offer your customers the same excellent programs after their contracts are paid off.

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**APR** Associate Member since 1981

# Trade shows a vehicle suppliers use to showcase goods, services

Defining type of buyer, then setting strategy, make for a productive show

By Tim Fages

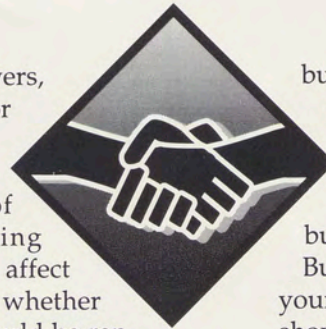
Much thought must go into trade show planning for your company to enjoy a truly successful show. After all, we as vendors do spend considerable time, effort and money for the privilege to exhibit our product.

### Trade shows — what are they?

Shows are simply another vehicle to expose our goods and services to buyers. The key word is *buyers*. Are we tar-

geting existing buyers, new prospects — or both? Determining beforehand the "quality" of buyers attending should obviously affect your decision on whether your company should be represented in that show.

If we are focusing mainly on existing buyers, our show strategy should be geared more to reinforcing our vendor-



buyer relationship. If this is the case, pricing, availability of product, new products and other important issues would generally be discussed/negotiated at the buyer's place of business.

But let's discuss new prospects as your principle target audience. Your show strategy should always be designed to *attract* new customers. After all, if new prospects find your exhibit appealing surely your existing customers will feel the same way.

So what makes your exhibit appealing? Here are some basic ideas to think about, especially since the APRO annual convention and trade show — set for Sunday through Thursday, July 22-26, in Orlando, Fla. — is coming up:

- Your exhibit should be friendly, not intimidating. Does your display have boundaries that customers have to cross to get into your "domain?" Try to avoid things like carpeting (which definitely means "this is my territory"), barriers such as walls, counters, tables and chairs.

- Are the people manning your exhibit appealing? Are they overdressed or underdressed? Dressing conservatively is always the safe way to go. Do your people spread out or are they always talking to each other — and ignoring traffic?

- Are you and your people knowledgeable about the product in your exhibit? Are they too pushy? Train your booth personnel on what is expected from them. Customers want information. Give it to them.

- Is your overall display appealing? There is a natural tendency to display too many products. Think about what

*Continued on page 62*

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## MESSAGE

**W**ho would have thought it? Certainly not me. I made the jump from college professor to lawyer in July, 1980. That same month, I made a speech at the first meeting ever of rent-to-own dealers in Dallas. That was thanks to the kind invitation of Bud Holladay, who had heard me previously in a University of Texas management development course.

As soon as the talk at the rent-to-own dealers' meeting turned to the notion of a trade association, someone in the

years as APRO general counsel and a lawyer for this industry.

I won't say that my relationship with the industry has always been pleasant. I have taken my fair share of the shots that have been aimed APRO's way. I have, at times, lamented the seeming lack of appreciation for what were my

ED  
WINN

## 10 years in RTO have brought friends, education

group — remembering some anti-trust warning — said that the dealers couldn't talk about an association without a lawyer in the room. I was the only lawyer in the room and the rest, as they say, is history. I put a lot of time and energy into starting a law practice and, as a result, into the affairs of my first client — APRO.

During my first 12 months as a lawyer, I netted the princely sum of \$3,000 (no, that's not a typo). Looking back, I might or might not have gotten richer had I opened a rent-to-own store instead of a law firm. (I have done business with several lawyers for rent-to-own companies over the years who have done just that — jumped from the law to rent-to-own. Most have done quite well.)

I wish I had, 10 years into the deal, some kernel

of truth, some shining nugget of understanding, that I could share with the industry. What I have in fact is a desk full of lawsuits against RTO dealers, for various alleged sins of omission or commission; assorted consumer statistics I am forever trying to sort through and understand for the rent-to-own implications; a stack of rent-to-own articles to be filed in my press notebook (now going into its third volume); requests from different people for everything I happen to know off the top of my head about the rent-to-own industry; the financial information for a few rent-to-own companies for sale; a stack of state bills to be reviewed for the impact on the rent-to-own business; and miscellaneous other correspondence to answer and calls to return about the business.

I am not complaining, mind you. Rather, I am explaining what it is that I do every day and have done for the past 10

sincere and heartfelt efforts on the industry's behalf. But then I have also had the pleasure of knowing some of the smartest, hardest working, most remarkable people I shall ever meet. Some are certain to be lifelong friends. And not to disappoint the lawyer-bashers among you, the industry has afforded me a nice living (although I will never get to take early retirement at this rate).

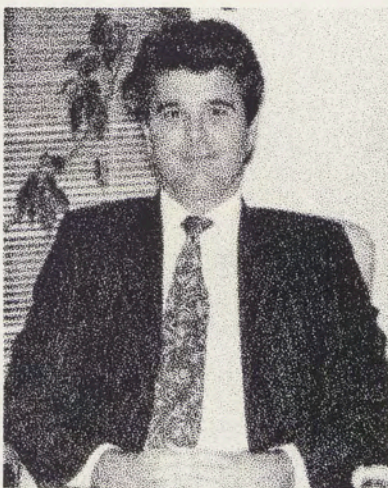
In the early days, I just sat and listened while this industry felt its way along the path to maturity. I had to go to all of the seminars because, at the first few, I was making name badges and taking attendance. After a few years of listening, I believed I had the knowledge and had earned the right to talk about how this business ought to be run. I've been writing and talking about the issue ever since. You see, I have talked to as many people who hate this business as anyone, except maybe my colleague over the years, Sam Choate, who is more of a street fighter than I am.

I am still very much involved with this industry day by day, which is, perhaps, why I cannot step back and offer any final incisive commentary on the business. I think that the industry has made a lot of progress over the past 10 years. We are closer to becoming a professionally managed industry than we once were, but there are still too many bandits out there risking their businesses and yours with their business practices every day. I intend to keep preaching about that, knowing full well that I am likely to continue being ignored by the very people who need to be listening.

I think that the association continues to do

*Continued on page 58*

**I wish I had, 10 years into the deal, some kernel of truth, some shining nugget of understanding, that I could share with the industry. What I have are requests for everything I happen to know.**



**BY ED WINN III**

I am not complaining, mind you. Rather, I am explaining what it is that I do every day and have done for the past 10

I am not complaining, mind you. Rather, I am explaining what it is that I do every day and have done for the past 10



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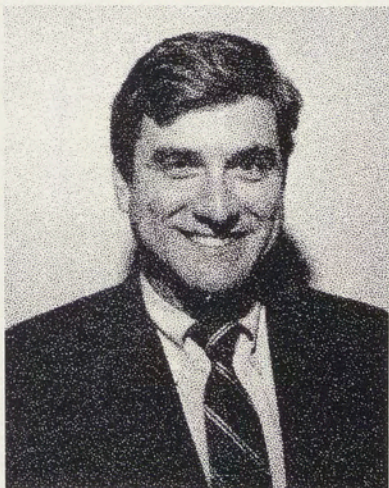
4607 TEXAS BOULEVARD • TEXARKANA, TEXAS 75503

**T**his anniversary issue of *Progressive Rentals* is a good occasion to look back at previous columns to see if there is anything worth remembering. The theory, at least, is that these last several years should have produced a collection of thoughts on most all of the major subjects which confront a rent-to-own dealer — in this unique market niche as well as in the small-business world generally.

While the past effort has not been entirely comprehensive,

## A rent-to-own primer — looking at back 'issues'

there is a broad range of subjects represented. Specific columns/articles will be listed below, by subject, so readers might have a reference point or two on matters of recurring interest.



BY JAMES D. WALKER JR.

### *Referral fees*

A frequently used device for building BOR (balance on rent) is the payment of a referral. The legality of referral fees is sometimes questioned. June, 1985.

### *Rental contracts*

The discussion of full disclosure in this column began in August of 1985. Another column discusses the consequences of a slight deficiency in a rent-to-own contract which could cause trouble in a Chapter 13 case. August-September, 1987.

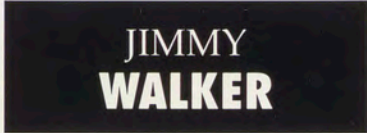
### *Liability insurance/employee misconduct*

Every rental dealer has liability insurance. Because our employees regularly come into contact with customers under sometimes hostile circumstances, there is always a question as to whether our insurance coverage will protect the company. October, 1985.

### *Gaining access*

Who is authorized to permit a rental dealer, or his employee, to enter a dwelling to recover property? Clearly, the customer has that authority. The gray area is to what extent

can children and teen-agers of a household be relied on to open the doors for repossession? August, 1986.



### *Criminal warrants*

Forever, it seems, there has been the issue of when to use criminal warrants. Too often they are used as a substitute for

effective account management. October, 1986.

### *Drug testing*

Our industry has a lot in common with other types of companies and their small-business problems. One of these is the legality of drug screening of employees. February, 1987.

### *Lawyers*

Lawyers want to be loved just like everybody else. In my April-May, 1987, column lawyers' methods are discussed. As a belated followup to that piece, suggestions were provided on how to be a good client in the October-November, 1989, issue.

### *Immigration law*

By now everyone has read an article concerning immigration laws somewhere. Our contribution to the chorus can be found in the June-July, 1987, issue.

### *Deliveries across state lines*

There are several things to consider in delivering property across state lines. Contracts, sales taxes and conflicting state-law issues make it difficult for the dealer who may be situated near the boundary of two states. December, 1987.

### *Computers*

"Trade your lawyer for a computer," read the headline of this column. The column is

*Continued on page 59*

**The theory, at least, is that these last several years should have produced a collection of thoughts on most all of the major subjects which confront a rent-to-own dealer.**

# 1990 APRO convention schedule — July 22-26, Orlando, Fla.

## SATURDAY, JULY 21

- Attendees arrive early to tour on their own
- Noon-6 p.m., Registration — Peabody Hotel

## SUNDAY, JULY 22

- 6:15 a.m.-2 p.m., Golf tournament — Disney World
- Noon-6:30 p.m., Registration — Peabody Hotel
- 8 a.m.-5 p.m., Exhibitor setup — Convention center (Hall A)
- 5 p.m.-5:30 p.m., Exhibitor orientation — Convention center
- 5:30-6 p.m., First-time attendee orientation — Peabody
- 6:30 p.m.-8:30 p.m., Welcome "Everglades Swamp Party" — Peabody
- 9 p.m.-TBA, Tennis tournament — Peabody

## MONDAY, JULY 23

- 8 a.m.-5:30 p.m., Registration — Convention center, outside Hall A
- 8-9 a.m., Complimentary continental breakfast, Outside lobby, Hall A, Convention center
- 9 a.m.-1 p.m., Exhibit hall open
- 9 a.m.-4 p.m., Youth program — Kennedy space tour
- 11:30 a.m.-1 p.m., Cash lunch available — Exhibit hall lounge
- 1:30-3 p.m., Seminars — Convention center meeting rooms
- 3-3:30 p.m., Refreshment break — Convention center
- 3:30-5 p.m., Seminars — Convention center meeting rooms
- 6:30-8:30 p.m., "Moonlight & Magnolias" reception — Peabody

## TUESDAY, JULY 24

- 8 a.m.-5:30 p.m., Registration — Convention center, outside Hall A
- 8:30 a.m.-5 p.m., Youth program — Peabody (swimming, games, etc.)
- 9 a.m.-2 p.m., Spouse tour, boat trip and lunch — Winter Park
- 9-10 a.m., APRO members pick up ballots for board elections
- 10 a.m.-noon, General session — Convention center
- Noon-4 p.m., Exhibit hall open
- Noon-1:30 p.m., Cash lunch available — Exhibit hall lounge
- 4-5:30 p.m., Exhibit hall cocktail party Evening on your own

## WEDNESDAY, JULY 25

- 8 a.m.-5 p.m., Registration — Convention center, outside Hall A
- 8-9 a.m., Complimentary continental breakfast, Outside lobby, Hall A, Convention center
- 9 a.m.-1 p.m., Exhibit hall open
- 9 a.m.-4 p.m., Youth program — Sea World
- 11:30 a.m.-1 p.m., Cash lunch available — Exhibit hall lounge
- 1:30-3 p.m., Seminars — Convention center meeting rooms
- 3-3:30 p.m., Refreshment break — Convention center
- 3:30-5 p.m., Seminars — Convention center meeting rooms
- 6:30-7:30 p.m., Reception — Peabody
- 7:30 p.m.-TBA, APRO's 10th "Thanks for the Memories" Awards Banquet and Dance — Peabody

## THURSDAY, JULY 26

- 8 a.m.-5 p.m., Exhibitor teardown

## CONVENTION, continued from page 25

through three lakes and two canals, shopping in any of Winter Park's many unique shops and lunch at one of the city's popular Park Avenue restaurants.

The children's/youths' program has two main parts. First, there is a "children's hotel," which will be available for \$16 per child (ages 3 and up; completely toilet trained) per evening for Sunday, Monday, and Wednesday nights during APRO party functions. This will provide planned, supervised activities for your child(ren). If you prefer, babysitters are available in your hotel room — provided through the Peabody — for \$6 per hour, with a 4-hour minimum, and \$1 per hour for each additional child.

Optional youth programs for each day have also been planned, subject to minimum registration. On Monday, kids ages 8 and up can visit the Ken-

ned Space Center. Cost for the all-day program is \$39, plus lunch money.

On Tuesday, children 3 and up (toilet-trained) can take part in a fun day of planned activities that includes crafts and pool games. The Peabody's professional recreation staff supervises, at a cost of \$45, lunch included. On Wednesday, kids 8 and up can tour Sea World. Supervision, transportation and admission to the park is \$47, plus lunch money.

There is so much to do in both structured and unstructured activities for the entire family, this is sure to be one or the best vacations/ business trips you ever had. So, start packing.

**PR**

*Barbara Stooksberry is a freelance writer and editor who makes her home in Texas but has traveled extensively, including an excursion to the Orlando area last summer.*

### Children's Registration Form

Child(ren)'s name(s)/ age(s): \_\_\_\_\_

APRO '90: Countdown to the Future \_\_\_\_\_

Please include with regular registration (see adjacent page) \_\_\_\_\_

#### \_\_\_ Child's Full Convention Registration @ \$75 each

This includes entrance to all convention functions, including meals. Children ages 3 and under will be admitted to meal functions with parent(s) without badge or ticket. Those over 3 must have child's registration badge or ticket. This also allows child to enter exhibit hall and seminars, if parent so chooses. This DOES NOT include optional "Youth Programs."

#### \*Optional youth programs

\_\_\_ Kennedy Space Center Tour, Monday, 9: a.m.-4 p.m.; \$39 each, (includes supervision, transportation, and admission; child must bring money for food — suggested amount \$10). Available for ages 8 and up.

\_\_\_ Peabody Hotel Youth Day, Tuesday, 8:30 a.m.-5 p.m.; \$45 each, (includes full day of games, crafts and swimming supervised by professional recreation staff; lunch is included. Available for ages 3 and up. Must be 100 percent toilet trained; no diapers allowed).

\_\_\_ Tour of Sea World, Wednesday, 9 a.m.-4 p.m.; \$47.00 each, (includes supervision, transportation, and admission. Child must bring money for food — suggested amount \$10. Available for ages 8 and up).

"Children's Hotel" for ages 3 and up (100 percent toilet trained only; no diapers allowed). Will be available at a cost of \$16 per child per evening on the following nights:

\_\_\_ Sunday, July 22, 6-10 p.m. @ \$16 each

\_\_\_ Monday, July 23, 6-10 p.m. @ \$16 each

\_\_\_ Wednesday, July 25, 6-10 p.m. @ \$16 each

Total \$ \_\_\_\_\_

This is not babysitting, but supervised recreational time for your child. These fees must be paid in advance.

"Super Sitters" are available through the hotel at a rate of \$6 per hour with 4 hour minimum, \$1 per hour for each additional child. These arrangements must be made through the Peabody. This is regular babysitting service provided in your hotel room. These fees are to be paid at the time of service.

Please total all fees and enter in appropriate space on parents' regular registration form (on facing page at right). \$ \_\_\_\_\_

Please attach copy of this form to parents' registration form on adjacent page. (\*A minimum attendance is required, or optional youth programs will be cancelled.)

# ASSOCIATION OF PROGRESSIVE RENTAL ORGANIZATIONS 1990 CONVENTION & TRADE SHOW

JULY 22-26  
Orange County Convention & Civic Center/The Peabody Hotel  
Orlando, Fla.



## Registration Form

Please print or type, one form per registrant/spouse. Please attach Children's Registration Form (found separate in this packet) if you have children attending. You may photocopy this form. A written confirmation will be sent to you from the APRO office on July 1. If your registration is received in our office after July 1, it will be treated as an on-site registration, and no confirmation will be sent.

Last name: \_\_\_\_\_ First name (for badge): \_\_\_\_\_  
 Spouse last name: \_\_\_\_\_ First name (for badge): \_\_\_\_\_  
 Company name: \_\_\_\_\_  
 Company mailing address: \_\_\_\_\_  
 City/State/Zip: \_\_\_\_\_  
 Business phone: \_\_\_\_\_ First-time attendee?  yes  no

### Registration Fees

Please check appropriate categories:

#### Full Registration

(Includes entrance to exhibit hall, seminars, general session, and meal functions)

APRO Member  
 Non-Member  
 Spouse

#### Postmarked

	By June 22	After June 22
APRO Member	\$275	\$325
Non-Member	\$375	\$425
Spouse	\$175	\$225

#### Daily Registration

Sunday Night Welcome "Everglades Swamp Party"  
 Monday (Registration Fee: Exhibit Hall, Seminars and "Moonlight & Magnolias" Gala Cocktail Reception)  
 Tuesday (Registration Fee: General Session, Exhibit Hall, Exhibit Hall Cocktail Party)  
 Wednesday (Registration Fee: Exhibit Hall, Seminars, APRO's 10th "Thanks for the Memories" Awards Banquet & Dance)

	Member	Non-member
Sunday Night Welcome "Everglades Swamp Party"	\$25	\$25
Monday (Registration Fee: Exhibit Hall, Seminars and "Moonlight & Magnolias" Gala Cocktail Reception)	\$125	\$150
Tuesday (Registration Fee: General Session, Exhibit Hall, Exhibit Hall Cocktail Party)	\$75	\$100
Wednesday (Registration Fee: Exhibit Hall, Seminars, APRO's 10th "Thanks for the Memories" Awards Banquet & Dance)	\$150	\$175

#### Meal Functions

If you or your guest/spouse/child do not sign up for full, spouse, or child registration but wish to attend a meal function, individual tickets must be purchased for admission. ONLY THOSE WITH FULL REGISTRATION BADGES, DAILY BADGES FOR DATE OF FUNCTION, OR TICKETS WILL BE ADMITTED TO MEAL FUNCTIONS.

Welcome "Everglades Swamp Party," Sunday .....\$25  
 "Moonlight & Magnolias" Gala Cocktail Reception, Monday .....\$35  
 APRO's 10th "Thanks for the Memories" Reception & Awards Banquet .....\$70

#### Spouse Program

Please check here if you are attending the Spouse Program, "Winter Park Tour & Lunch," Tuesday. If spouse has purchased Spouse Registration, the tour is included, but we need a count on those planning to attend.  
 If spouse has NOT purchased Spouse Registration and wishes to go on the tour, the cost is \$55 for the tour only.

#### Sports Day

Golf Tournament \$70 per player, Sunday 6:15 a.m.  
 Tennis "Fun Doubles" Tournament \$20 per player(Entry Fee), Sunday 9 p.m.

Name of Player(s): \_\_\_\_\_  
 Name of Partner(s): \_\_\_\_\_

#### Add all fees due and enter total here ...

Add children's fees\* from Children's Registration Form, if any ...  
 (\*A minimum attendance is required for all optional youth programs, which are in addition to children's basic registration, or they will be cancelled.)

My check is enclosed and made payable to APRO  
 Charge my  VISA  MasterCard  American Express  
 Acct. # \_\_\_\_\_ Exp. date \_\_\_\_\_  
 Signature \_\_\_\_\_  
 Print name as it appears on card \_\_\_\_\_

\$ \_\_\_\_\_  
 \$ \_\_\_\_\_

Total \$ \_\_\_\_\_  
 Clip and mail, with payment, to:  
 APRO, 6300 Bridgepoint Pkwy.,  
 Suite 305, Austin, TX 78730-5016  
 Phone (512)794-0095; FAX (512)794-0097

### Registration

Non-family members of the same firm must complete a separate registration form.

### Badges

Only individuals registered and badged may attend convention events or meetings. Your name and company will appear on your badge exactly as you indicate on this form.

### Fees

Save by signing up for full registration and take advantage of early registration for additional savings. Fees must accompany completed registration form. Credit card registrations will be accepted by phone or fax until July 1. No phone or fax reservations will be accepted after July 1. If mailing your registration, please allow time for form to be received in the APRO office by July 1. REGISTRATIONS WILL BE TAKEN ON SITE.

### Inquiries

Any questions, call (512)794-0095; fax registrations to (512)794-0097.

### Cancellations

All cancellations or changes must be received in writing in the APRO office, postmarked by July 1. A processing fee of 20 percent of the total registration will be charged for all cancellations. After July 1, no fees will be refunded.

### Hotel Reservations

DEADLINE, JUNE 22! Make your reservations by mailing enclosed card or by calling 1-800-PEABODY, or (407)352-4000. PLEASE NOTE: Hotel reservations must be received by the Peabody Orlando by June 22, 1990 in order to guarantee the special APRO rate of \$89 single/double. Be sure to mention you are with APRO to get the special convention room rate.

### Airline/Auto Reservations

Delta Airlines, in cooperation with APRO, is offering discounted rates to Orlando. Call Delta, or have your travel agent call, at 1-800-241-6760. Refer to File #PO457. Auto rental: Alamo Rent-A-Car, 1-800-732-3232; ID #GT61839.

FOR OFFICE USE ONLY: MID# \_\_\_\_\_  
 Date rec. \_\_\_\_\_  
 Date ent. \_\_\_\_\_  
 Ck # \_\_\_\_\_ or Chg. \_\_\_\_\_  
 Amt. \_\_\_\_\_  
 Chg. comp. \_\_\_\_\_  
 Conf. sent \_\_\_\_\_

# Tele-Track offers solution to costly skip-trace problems

Computerized loss-control program uses phone lines, dealer experience

By Lori Adams

Have you ever wished you could benefit from the hard-knock lessons of your counterparts in the rent-to-own industry? Not because you're glad they had a tough time. It just makes sense to try and avoid some of the headaches others have endured on the way to success.

If so, read on. Tele-Track is a state-of-the-art loss prevention and recovery system developed specifically for the rent-to-own industry. The service enables rent-to-own stores to minimize lost rental income and skip/stolen losses by eliminating unnecessary risk. And it's built on the premise of knowledge through experience.

## *How does it work?*

The heart of the Tele-Track system is a computerized database of individuals who have skipped on rental agreements and/or stolen rental merchandise in the past. Before renting to a prospective customer, the Tele-Track subscriber simply dials the Tele-Track system, enters his or her merchant access code and the prospect's social security number via touch-tone telephone keypad. The rent-to-own merchant will be immediately informed if the individual is in the database and can therefore be considered a risk. By not renting to the individual, the merchant is preventing possible rental revenue and merchandise loss. If the individual does not have a history of skips or merchandise theft, the Tele-Track system will

*"It's working. We've recovered stolen merchandise and helped other stores, too."*

— Mark Snoddy, regional manager,  
Aaron's rent-to-own stores

issue an approval code. The merchant may then rent to the individual with the knowledge that the customer has not been reported by a Tele-Track member store as a bad risk.

Each Tele-Track subscriber provides Tele-Track with a list of each skip/stolen including last known address and social security number. The information is entered into the system database where it can be accessed by any Tele-Track subscriber. When a denial code is issued on an individual in the database, a Tele-Track employee calls the store which denied the customer and retrieves the individual's current address, telephone number and place of employment, if available, from the application. Tele-Track then informs the store to which the individual is indebted of the skip's whereabouts. Appropriate action can then be taken, including recovery of the stolen merchandise and/or delinquent rental revenue. The Tele-Track database is then updated to reflect the skip's current information.

## *How can it help RTO stores?*

Tele-Track is the first loss prevention and recovery program designed specifically for the rent-to-own industry. Tele-Track's founder, Dan Moss,

worked for 14 years at all levels of rent-to-own. During that time, he learned firsthand that skips are often repeat offenders who, after skipping on a rental agreement from one store, move on to another to do the same thing. These skips move often and do not necessarily stay in the same general area. Moss conceived of a central source of skip/stolen information. By compiling each Tele-Track member store's skip information into one central database, a simple, immediate source of valuable risk information is created. By making the system easy and convenient to use, Tele-Track subscribers are provided with a fast, accurate means of identifying bad risks.

The Tele-Track computer system represents the cutting edge of computer and voice processing technology, according to Moss. Because the computer system is located at Tele-Track headquarters in Norcross, Ga., there is no need to purchase expensive computer equipment or worry about its maintenance. All that's needed to communicate with the system is a touch-tone telephone and a merchant access code. Less than one minute is necessary to verify if a prospective customer has been reported as a bad risk, and the

*Continued on page 46*

markets that warehouse electronics and will deliver to rent-to-own dealers in a matter of days.

Lines of supply in the furniture industry are more problematic. In the first instance there are tens of thousands of furniture manufacturers compared with a relative handful of TV and stereo manufacturers. Many furniture manufacturers are smaller operations which cannot deliver large quantities of merchandise consistently. Rent-to-rent dealers have been forced to warehouse inventory to meet with customer demands. It was once the goal of rent-to-own dealers to keep idle inventory at less than 10 percent of total BOR.

Rent-to-own furniture has caused that percentage to rise to between 15 percent and 20 percent. Rent-to-rent idle inventory as a percentage of BOR is

typically higher still — around 25 percent — thanks in part to the showroom displays and supply issues. In some rent-to-rent companies, a percentage of idle inventory will be in model apartments in furniture complexes. RTO dealers typically keep their idle inventory on the showroom floor or in the back room.



### Competition

The rent-to-rent industry has not felt competition from furniture furniture retailers they way rent-to-own dealers have experienced it from TV and appliance retailers. This is so even today, even though the roots of furniture rental are in the furniture retail business, much as rent-to-own evolved from electronics retailers. Today the large furniture

retailers seem content, for the moment at least, to leave furniture rental to companies specializing in it. This is not the case with rent-to-own electronics, which has seen a lot of competition from retailers.

The greater difficulty in disposing of used furniture compared to electronics may be explained by the aggressive marketing practices of rent-to-own or the rapid growth of the RTO industry itself. Rent-to-rent dealers do acknowledge that the rent-to-own industry is a competitor for many furniture rental customers.

Growth in the rent-to-rent industry over the past decade has been more

Continued on page 60

### 'UPSCALE,' continued from page 16

When my company started with the rent-to-own dealers, they were buying the worst junk in the world. Now, they are getting into better merchandise because this is what the customer wants."

• Hughes of The Rose Hill Group. "I think that the consumers now expect more for their money. For years RTO was stereotyped as catering to a lower class of customer."

• Fred Parsons, sales manager, Twin Rivers Furniture Factory. "The deals that we have consummated over the last year have definitely been a situation where the dealer has bought more promotional goods and stepped up to a better line of furniture. Price, of course, has still been a major factor to keep their weekly or monthly rental payments within the range they've had."

### Current products in demand

• L&M's NuDelman. "Our biggest seller with the rental people is the six-piece corner group which is



advertised in *Progressive Rentals*. Fifty percent of our production is this corner group. You can walk into 12 or more rental stores and they either have a sofa-chair or sofa-loveseat combination. So, to be different, we placed our major emphasis on this group."

• John White, marketing manager, Orleans Furniture, Inc. "Seventy-five percent of the RTO (merchandise) is in country and colonial and not in contemporary."

• Berkline's Essenberg. "Up to this point we've been selling our family room, wood-trimmed stationary product line. And the companion motion recliners."

• Twin Rivers' Parsons. "The majority of the items we ship to rent-to-own are not the big upscale items that we sell retail a lot. We sell a lot of contemporary styling that's cut down

a little bit. For example, things with loose pillows do not generate a lot of business. But contemporary-type styling seems to fit their needs."

### Other trends

• Fab-U-Gard's Wall. "What I have noticed mostly about furniture being sold to RTO dealers is that it is untreated furniture. One of the manufacturers is selling about 50 percent of its furniture to RTO that is not being treated, which makes them stain ... As dealers spend more for furniture, they need to protect it. It is like insurance on a car — the nicer the car the more insurance you need on it."

• NuDelman. "Furniture is probably the rent-to-own dealer's biggest profit item. Most of them don't pay enough attention to the purchasing."

• Sellers of Case-Casard. "One of the areas we addressed was microwave carts. (But) the hottest new item for us in this category is the home office. A percentage of your (RTO) market is transient people. This really does offer them a nice feature."

PR

results are immediate, Moss says. Additionally, the Tele-Track service is always "on-line" operating 24 hours a day, seven days a week, 365 days a year.

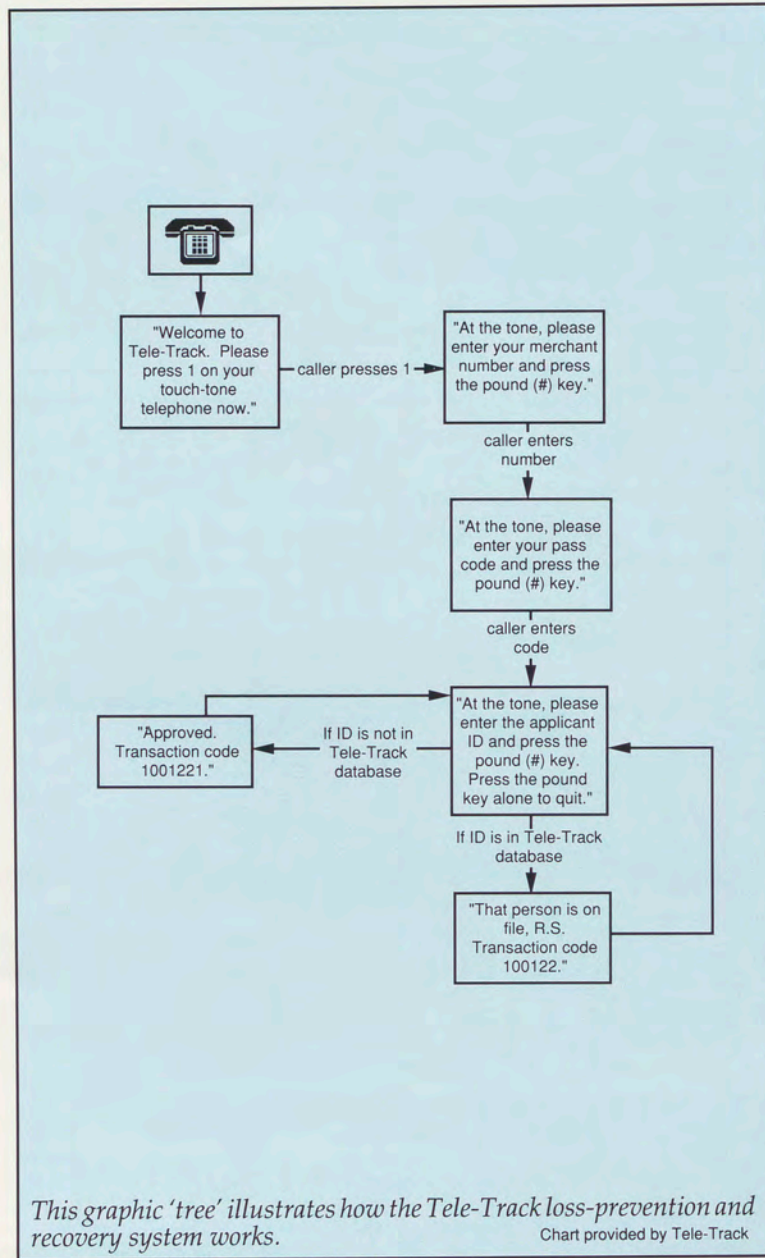
### Merchandise recovery

Six Aaron's rent-to-own stores in the Atlanta metropolitan area have been using the Tele-Track loss prevention and recovery system for three months. In that time, the service is responsible for the recovery of \$3,000 worth of merchandise from skips. "It's (Tele-Track) working," said Mark Snoddy, regional manager responsible for the six metro Atlanta stores and one Memphis store. "We've recovered stolen merchandise and helped other stores, too."

The Atlanta stores were able to recover the merchandise, rented to two individuals who had been "missing" for six months, because two other Tele-Track subscribers (American Rent To Own and Remco America) received a denial code on the two individuals from the Tele-Track database.

### Loss prevention

Nine Easy Rental stores in the Atlanta metropolitan area have been using the Tele-Track loss prevention and recovery system, also for about three months. The service has been responsible for four of the nine stores preventing the possible loss of rental merchandise worth at least \$2,500 from customers with a skip/stolen history. Dave Boggan, district manager responsible for the four stores, said: "It helps us to avoid renting to people who go from company to company and skip multiple times." Three of the five remaining stores have been able to prevent the possible loss of rental revenue amounting to more than \$1,500 by using Tele-Track. Craig Johnson, district manager responsible for these three stores, is another believer. "Tele-Track provides preventive maintenance on the front end by offering another way to verify customers."



Since the Easy Rental stores began using the Tele-Track system, store personnel have learned that the more the system is used, the more unnecessary risks can be prevented.

"The chance of preventing problems before they occur increases when the Tele-Track system is used," Boggan said. Boggan, a member of the rent-to-own industry for 14 years, uses the Tele-Track system as a supplement to other verification procedures for each applicant.

stolen history, when you use the system and receive a denial code you know that this person has skipped on another store somewhere."

### Improved profitability

Industry studies show that rent-to-own stores experience an average annual loss in gross rental income of 2-1/2 percent nationally from skip/stolens. Research has shown that when losses occur, more than rental income is lost. These losses obviously affect the rent-

During the three-month period that Easy Rental stores have been using the system, they have inquired about 1,363 applicants and received 58 denial codes or "hits." In this case, one of every 24 inquiries yielded a hit. The more denial codes received, the more losses prevented, as Boggan can attest.

"The Tele-Track system helped to prevent the loss in one store of three console television sets which retail for \$800-\$900 each. Because Tele-Track only enters data on individuals who have a skip/

to-own store's profitability.

A skip/stolen account can cost a rental store a great deal of time and money before it is fully charged off. In addition to lost rental income, which could amount to several thousand dollars, other expenses which may be incurred include merchandise replacement costs, labor costs, legal and travel expenses.

Consider first the cost of the stolen merchandise. Replacement costs are often higher than the original cost because of price increases and shipping expenses. Labor costs include time spent by account managers, store managers, regional supervisors and owners trying to locate skip/stolen merchandise. Rental stores are often faced with the unwanted task of dealing with bad risk accounts through the court

system. Some of the legal expenses that may be incurred include those associated with writ of possession and certified letters.



Tele-Track founder  
Dan Moss

Travel expenses, such as gasoline, oil and vehicle maintenance, are also incurred in attempting to locate skip/stolens.

All of these expenses can be greatly reduced. One inquiry into Tele-Track could prevent a loss of \$1,000 or more. Member stores who are currently us-

ing Tele-Track are reporting that 2-1/2 percent of the applicants called into the system are actually in the database as skip/stolens. The more inquiries made into Tele-Track, the more valuable the service becomes to individual stores. As the database of individuals with a skip/stolen history grows, so does the value of the service.

Because of competition in the marketplace, owners and managers are becoming more aware of the bottom line. One simple call could be worth thousands of dollars. If one RTO location learns a valuable lesson from another's misfortune, the whole industry can benefit.

PR

Lori Adams is marketing coordinator for Tele-Track, Inc., based out of Norcross, Ga.

## This is a SPECIAL INVITATION

The Rental Industry Buying Groups' 5th annual convention will be held July 19th - 21st at the Westin Lenox Hotel (Buckhead), Atlanta, Georgia. We would like to extend and encourage new, prospective members to attend.

Our 61 members with over 800 store locations purchased approximately \$70 million in products last year alone!

**Think of the buying power you'd have  
with 800 stores.**

Here's what our newest TRIB member says:

*"Frankly, I joined to save money. Even with all my stores, I've found that the TRIB product selection is fantastic...excellent manufacturers...super prices...and it saves me all that work. We're very pleased with joining TRIB and look forward to meeting other members and sharing their experiences".*

Abner Wright  
Rent Lo Inc.,  
6 stores, NC



Member Owned/Member Operated

**TRIB Group**

OPERATING SINCE 1983

If you are interested, we invite you to call our office. An orientation with the TRIB Board of Directors will be held on Thursday, July 19th at 5:00 PM.

John Blair, Executive Director  
**TRIB Group**  
3783 Presidential Parkway, NE  
Suite 113  
Atlanta, Georgia 30340  
**(404) 451-4302**  
24-HOUR FAX: 404-451-4312

**Plan now to attend!**

**APRS** Associate Member since 1983

**5th ANNUAL TRIB CONVENTION & BUYING SHOW**

**PROGRESSIVE RENTALS: Could you share your knowledge on the employee turnover rate in rent-to-own?**

**SIMS:** It's astronomical. Turnover's probably one of the biggest hidden expenses in the rent-to-own industry. And there's things you can do about it. But it gets down to ... one of the biggest causes of turnover in the rent-to-own industry. Probably, as much as anything, the hiring practices used and the selectivity of people ... There are so many people in the rent-to-own industry hired on a crisis basis. They walk in there — a warm body — and you hire 'em. Because these are small businesses with a high turnover. If you've got a rent-to-own store, you're running it and you lose one of four people, you've lost 25 percent of your workforce. And you don't run a small business with 25 percent of your workforce gone without it being a crisis.

**PROGRESSIVE RENTALS: How did your philosophies affect things such as keep rate and the notion of monthly contracts compared to weekly? Some of that flew in the face of what was going on in the industry at the time.**

**SIMS:** Totally swimming upstream then. Well, to a lot of people, it even is today.

This is the kind of thing that'll get you thinking about keep rate. Talk about war stories, I've got to go back to the '60s. I was operating rent-to-own stores in Oklahoma for a company. You will hear this story told by everyone who has ever done collections in the rent-to-own business. I had to go out to this house and there was the TV in the living room, 14 kids and mama. And, man, when I had to pick up that TV I had these kids hanging on me screaming and crying, "Please, don't take my TV, Mr. TV man." Well you've got to be a cold-blooded, ruthless s.o.b. for that to not affect you, especially if you do it very much. If you pick up somebody's refrigerator and you put their meat — which you know they've got to eat — on the kitchen table where you know it's going to spoil. It takes a cold-blooded person to not be responsive to that kind of individual trauma.

That's where it starts. Not wanting to have the experience of having to cause that for a customer. To me, that's fundamentally where it starts. Because I know people who say, "Let me get six months (out of a customer) and if I can get it (the item) back ... " That customer is an inanimate object to them. That's not a human being. So I think you've just got to care about people to begin with for keep rate to have any important consideration. That's a philosophical statement. Now to get down to the real "why you do it." Because it's a lot better. It's as simple as this — and I'll say this to the industry and I've said it for years — if you have 100 people walk in the door and at the end of the day, when you've completed your cycle with that 100 customers and only 25 or 30 of them have liked their products and services well enough to keep it to maturity. Well the other side of that equation is that 75 percent of your people think something's wrong with you.

**PROGRESSIVE RENTALS: You approach keep rate from the customer's point of view.**

**SIMS:** I've always looked at keep rate as a measurement of how well I'm doing with a customer. And when two-thirds of them don't like me, I don't think I'm batting very good. Now the industry looks at that and says that's an economic opportunity to do it again. And I say, if you do that again enough times, sooner or later, you're going to run out of people. And then you won't get to do it anymore. There is a finite number of people in America. And there is a finite number that you can screw out of that total before the whole total will not do business with you. Consequently that mindset, and the contradiction within our own industry about that, is the reason we have the political problems we have today.

Keep rate is just a fundamental thing. Do you want to have to sell a thing three times to get your money or do you want to sell it once? And pick it up and have all the intervening costs associated with cleaning it up, servicing it, fixing the dents and then discount it because it's used. You go through that three times, for the same money, that I'm going to do once. At the end of the day, I've got a happy customer who will come back and you don't. I have stores that have keep rates of over 50 percent. That same store will have repeat business that will be 30 to 40 percent of its clientele.

But the difference is, and this ought to get somebody's economic attention, the average store in the industry is between 500 and 600 units and they do between \$300,000 and \$400,000 a year in sales. Now you take a store, managed to the philosophy I'm talking about ... I've got stores that do over 2,000 units on rent and they will do between \$1.7 million and \$2 million a year in sales. Same bottom-line profit percentage margin. Now which would you rather have? Would you rather have the \$2 million business, with a 20 percent gross margin, or would you rather have a \$300,000 business doing 20 percent. Ain't no question to me. And at the end of the day I can go home and feel better about my money than the s.o.b. who's making less. I don't go home feeling guilty and having twinges about the fact that I satisfied three times as many people as most of my competitors. And, then, not only that but my competitors will never have a chance at that customer ... I don't have to advertise to sell him again.

What's the difference (in keep rate)? It's the difference in living and dying in this industry. That's how big an issue that is. So, it's a philosophical point of view that says: The customer deserves better. And then you really try to do things to make it right.

**PROGRESSIVE RENTALS: When Remco's stores converted to a monthly rental contract system, did it create any problems?**

**SIMS:** We were looking at it and 90 percent of our business was every week, every week. We really didn't have any valid way to compare. All we knew was skips were 4 percent of sales and keep rate was 30 percent, etc. We decided we'd

do some testing because we figured if we could get people to start paying monthly, you could eliminate two-thirds or three-fourths of your collection activity; you could start structuring your due dates where your payments could come in earlier in the month to help manage cash flow; not be chasing credit all month, etc. But, boy, if people get this stuff and they've got a payment and they've had a chance to skip in a whole month, they could be in Cuba; they could immigrate to Russia in a month with your TV. So this was really high-risk, dangerous, bad stuff.

We decided we were going to test it. We decided to price the monthlies a little less than the weeklies so there's an advantage. But we were going to do this thing over a year and, if we could make this work, we were going to change our business to 50-50 weekly/monthly split. Now we were also going to give ourselves 12 months to do it and we were going to change that mix by 5 percent a month. We put the pricing systems out there and put the programs out there and taught everybody how we wanted to do it. The first month, like 80 percent of our deliveries were monthly. Second month: 80 percent of our deliveries were monthly. Well, at that time, you realize at the end of 90 days I was turning about 80 percent of all my customers. When you've got a low keep rate that's what happens — you replace your entire BOR about every four months. Let me tell you something. I went from 10 or something percent monthly to about 75 percent monthly — in 90 days. It wasn't 5 percent a month. It was 25 percent a month. Pow. And we had priced ourselves to where we knew that it was more cost-effective to be a monthly business than a weekly business so we had reduced the monthly rate some to warrant that. Well that was all fine.

So this whole shakeout period took about six months. And in that six-month period of time when we were anticipating \$65 or \$68 average income per unit we wound up getting \$60, because everybody took the monthly deal which was cheaper. In that six-month period of time I obviously didn't have the opportunity to say we need less trucks and less people. So I wasn't able to get rid of all that expense as quick as that change happened. And it took me another six or seven months to make the changes internally to where it was as profitable a business as it was before. So in that year, I'll never forget that, because it was a \$1 million screwup. And we didn't have a lot of money back then. You gotta realize this was back in the '70s. In the early '70s \$1 million was a lot of money. And, boy, we watched it that year ... I mean just whoosh!. We had all our budgets, all our plans. That was one of the first years that we missed our plans. Now the next year we came back and doubled it because, boy, we really got the payoff.

In any case ... And everybody told us we were the craziest s.o.b.s in the world and the people wouldn't do that and we couldn't do that. And, hell, we were doing it for three years and people still told us, "That won't work; you can't do that." To this day that's the way it is for us. We keep more customers, we have higher keep rates, we have lower credit past dues, less losses than

probably anybody in the industry. And I don't think that we've turned away one of our original customers ... I think history has proven that that wasn't the wrong thing to do. That's how it came about — the weekly versus monthly. The result today, to me, is obvious: It's a better way to do business.

**PROGRESSIVE RENTALS:** What other kinds of innovative things did Remco come up with? We hear stories of Walt Disney-inspired approaches to creativity and company-distributed pamphlets on Far East philosophies. Is all this a logical progression from the Remco of a few years back?

**SIMS:** There is a progression, whether logical or not. It's logical to the people who are, at the time, implementing those things. Part of the dynamics of an organization is that we expect people to be creative, capable and qualified to come up with ideas. Every human being has a creative ability. If they can think, they can create. Now when you have a creative group, you expect them to be creative; the standard is creativity. The standard is dynamics. It is an expectation of: I know you as a human being ain't going to feel worth a damn if you aren't making up something new and adding some value in life. You won't go home at night feeling very fulfilled. You will not get much sense of satisfaction or sense of achievement in your job if you ain't winning. Nobody will walk up to the plate and keep swinging at a baseball if he never hits one. He'll quit. So the mindset is we expect people to come up with things. If you'll just expect it, believe me, you'll get it.

The problem isn't coming up with new innovative ideas in Remco. The problem is, (out) of all the creativity that's going on, trying to pick the best ones. We don't have a shortage of things to do and things to work on and dreams that somebody wants you to get involved in. There ain't no shortage of that. The discipline that we have to place in the organization is not trying to work on everybody's dream at once. We've got to say, "Okay, these are the five most important dreams this year. Next year, it's these five ..."

There's lots of focus in Remco right now on people, because we just know that has been one of the single most important internal issues that a company has to work on. Developing your people. Not letting the competition hire 'em. Trying to create a situation where you've got the very best.

**PROGRESSIVE RENTALS:** That reminds me of something I saw attributed to you where the average store manager who has been at the same location for a year may have 500 to 600 BOR. But the same store manager who's been there three to five years will have triple and quadruple that.

**SIMS:** We have measured it and checked it. There is a direct correlation between the tenure of the store manager, and the crew that he keeps, and the size and performance of the store.

The average store in America today is 500 to 600 units. Our average store in Remco is 1,300 units — double the industry average. Not only in units, but more than that, probably, in sales.

We'll probably be double the average in units and close to three times the average in sales, because the average income per unit in the industry is between \$50 and \$55. Ours is \$65. We're getting 25 percent more dollars for products and services than everybody else is getting. We're not even price competitive. We don't even try to be.

**PROGRESSIVE RENTALS: Because price isn't the most important thing to today's consumer?**

**SIMS:** *If everybody who went out and bought things in America bought the way the marketers believe they buy, then everything would be on an auction block. Because the mindset of the general retailing public is that you've got to discount. You've got to get the price down and you've got to wipe out your margins, and the only thing that people give a damn about is price.*

**PROGRESSIVE RENTALS: What you're saying is service and quality are more important?**

**SIMS:** *I'm just saying this: Price is not the most important consideration to a person who makes a buying decision. It is an important one, but it is generally fourth or fifth down. But if you look at the retail industry marketing these products you would swear it was the single most important issue to the customer — beyond all else. Because look at what they do with margins. Nobody makes any money in the appliance and television industry. There aren't any American manufacturers today making any money. Nobody. Zero. You can't show me one.*

**PROGRESSIVE RENTALS: It seems the larger point you're making is that Remco has taken a different approach when it comes to the customer.**

**SIMS:** *It's not even a different approach, when you think of it. It's just how you see your customer conceptionally or whatever word fits there. I've been to APRO events and hear plenty of people talking. And you listen; read between the lines. And what you hear is that there's fundamentally no respect. These people don't like the customers. They don't like them, they don't respect them.*

**PROGRESSIVE RENTALS: There's no way that can ultimately work, though.**

**SIMS:** *I've said that ... and that's why so many people are going to go broke (in RTO) and have been for the last three years. There was a trend in this industry. Everybody thought all you have to do is get your storefront, get you a little credit and anybody will come in and rent this stuff from you. You just triple your money. Bale it up and haul it to the bank. Well, that just isn't true. People's perceptions of the business were screwed. So they come up in the business thinking all you do business with is a bunch of deadbeats. Then you've got to have these gorillas to go collect from them.*

**PROGRESSIVE RENTALS: Cops and robbers?**

**SIMS:** *Cops and robbers. So that guy goes out and goes into business. Guess what he creates? With that mindset what opportunity is there for this guy to ever conceive of the business being? Oh no. These (customers) are middle-class Americans. These are the working-class people of America. This is the guy who makes this country run. These are the people who go fight your wars for you. These are the guys who are up on the freeways every morning at 7 o'clock driving to work and they work eight hours, five days a week — sometimes six. With really, ultimately in life, damn little hope. You're going to look down on that individual and treat him like a piece of dirt when he's paying your rent and buying your groceries? Buying your fancy cars and letting you fly around to these APRO seminars — and you can't respect the customer who's paying the bill?*

*I have trouble with that. The problem in this industry is the people in this business don't have a very healthy viewpoint about the human race. And I suspect that if I hired a bunch of psychoanalysts to come in and if I could line up all the principals and put 'em in a room and have them psychoanalyzed, I'll bet you'd find you've got a bunch of weirdos. There's too many people in this business who have just a distorted, negative view about the way people are. And if people were that way the world wouldn't work. You couldn't even have a country if people were as irresponsible as many of your business owners and members of the association thought.*

**PROGRESSIVE RENTALS: People with this attitude don't realize it, but they would agree with 18th-century political thinker Thomas Hobbes' view of man. Hobbes believed man is inherently evil, and government exists to push man down — keep him in line. In fact, a lot of RTO's detractors are that way. The ones who say, "You're rent-to-own; your interest rates are too high; these consumers are too stupid to enter into this type of business transaction. Therefore, we need to outlaw RTO — for their own good."**

**SIMS:** *There are a lot of religions, especially in this part of the world, whose primary message are: "You are a sinner, you can't be good and the reason is because, it says right here, that 10,000 years ago God said everybody's a piece of dirt — they ain't no good." You know, people go through life hearing they're sinners, that they can't be good because God said so and, therefore, they're going to go to Hell. You're going to go to Hell if you do this, you're going to go to Hell if you do that.*

*Just out of that mindset I can go to church and come out feeling like half the world ... God needs to strike 'em off the face of the earth and give 'em to the devil because they're going there anyway, and if we could get rid of them the world would work better.*

*That's a fundamental that comes out of religion. And I'm just saying, because I've sat in a lot of these rent-to-own seminars, that half of 'em (dealers) ought to be preachers. They ought to be standing up there telling the world how screwed up people are. Because their mindsets are negative. "Well, I can't trust my employees;*

they're a bunch of damn crooks ... " And you ask this person: "Are you a positive or a negative person?" "Oh, I'm positive." But everything that comes out of their mouth about human beings is negative.

How can you be very positive about life when everything that you come in contact with of your own species you've got to fear or treat like it's something you can't trust; you can't do anything but defend yourself against it? Jesus, what a way to live. Can you imagine that? You've got owners in this industry. That's the way they live. And you know, I've never seen somebody who was a negative, "Theory X" s.o.b. who ever thought they were.

**PROGRESSIVE RENTALS: What is this "Theory X" you're referring to?**

**SIMS:** We did a deal in Remco where we had some psychological people come in and do a profile on our organization related to Theory X and Theory Y. Theory X are people who, as you described, think people are evil, they're basically incompetent, you gotta kick 'em in the butt, you gotta control 'em; 95 percent of the people are incompetent and 5 percent are like us — wonderful leaders. All those other people are basically slaves for our utilization in life. That's Theory X.

Theory Y people are whole; their creativity is there. They are human beings who are capable of doing anything that their mind's set on. You put them in the right kind of situation and environment and they will prove that.

**PROGRESSIVE RENTALS: They're like a blank slate that's ready to be written on. Tabula rasa.**

**SIMS:** Exactly. So here's a Theory X versus a Theory Y mindset. Now there have been all kinds of psychological tests that they can do. They come up with ways to profile this and profile that. They can profile individuals and organizations. So we did that. We went through that little exercise. They do the thing on the people and then they do the thing on the organization and they come up with whether you've got a Theory X or Theory Y organization. And they'll even tell you more specifically about your management. It's an organizational development tool. There's no organization that's perfect and there's no absolute. You're not X or Y; you're somewhere in that gray area that supposedly doesn't exist.

**PROGRESSIVE RENTALS: The December-January issue of Progressive Rentals has a short story on Remco University. Employee training is a big concern, and we see some progress in the industry.**

**SIMS:** We're not the only ones. There has been a major shift. There's people who have come into the industry during the last five, six, seven years who really do have the right attitude. Unfortunately, I wish they'd started 10 years sooner so they could've had a bigger influence on the association and industry.

**PROGRESSIVE RENTALS: Turning around a**

**negative image is hard to do, but APRO tries to tackle that challenge.**

**SIMS:** All you can do, in my opinion, is try to influence the membership to understand the necessity of being different than the way they've been. I've caught a lot of flack, not only from my own internal staff and directors but even from some of the better competition. "Why are you out here educating?" Because if we don't those s.o.b.s will bring our bailiwick down. That's why.

**PROGRESSIVE RENTALS: There are apparently some people in APRO who want to keep the doors closed to the association.**

**SIMS:** "Don't let anybody else in ... " It was that kind of a mindset. "Don't tell them anything. Don't educate these people on how to get any better. They'll become our competitors." I just never have agreed with that theory — and I know that I have probably created a hell of a lot of competition in this industry.

At the same time, what little reputation we've got in terms of improvement over the last five or six years in this industry has come out of people caring ... There are a lot of people who want to be involved in a business that they can have some pride in, and not be embarrassed to say they're in it.

**PROGRESSIVE RENTALS: We're seeing some big changes in the industry. It's a different ballgame than it was five years ago. APRO's challenge — in spite of this fast-changing climate — is to find new members and provide new services to current members.**

**SIMS:** If you really want to proliferate the rent-to-own business you've got to educate everybody who's marketing these products to where they're willing to consider this as a viable alternative. That doesn't mean they've got to do it. Sears doesn't have to get in the rent-to-own business. Neither do a lot of these other people. But the fact that they don't treat it and talk about it in such a negative context — that's the thing that needs to start happening. You can't have a supplier or a major retailer making (bad) comments.

Even though you may not be bringing these people in the industry, at least you're working on the mindset to where the image of the industry isn't so negative.

**PROGRESSIVE RENTALS: You're talking now about a combination of external PR (public relations) and internal?**

**SIMS:** I'm just saying that we've got a lot of people who show up at our conventions and are snooping around the edges of this industry that ain't in it. All right. And if you want to grow your business and you want to grow the trade association — you want more and more members in a consolidating kind of thing — then you've got to become where your information and educational value is (geared) to the non rent-to-own dealer.

Because until we come up with some new bullets to fire, there ain't a hell of a lot more we can talk about to the same guys who have been members of this thing for the last 10 years.

**PROGRESSIVE RENTALS: Who is the real founder of APRO?**

**SIMS:** Bud Holladay. Bud started this trade association. He was the guy who wrote me the first damn letter. It was his idea. I remember getting a letter from Bud Holladay. I called him about it. My first reaction was, "Bud, you're damn crazy." (Holladay replied:) "Well I think the time's right. Will you work on it with me?" (Sims again:) "If you can show me that you can get a snowball going down the hill then I'll help you push it."

But he did. We got Bud Holladay to thank for APRO. He shook the thing out of the bushes. He did. He did it on his own. He got enough momentum. He found (legal counsel) Ed Winn. He went out and bird-dogged the deal.

**PROGRESSIVE RENTALS: What happened after Bud's letter-writing campaign; after he convinced you to jump in?**

**SIMS:** First thing we did — had a meeting in Dallas to get everybody together and see if there was any interest in starting a trade association. Bud and I put on that meeting. We had somebody from the Federal Trade Association come in; we had a couple of politicians come in. I gave a talk about why we oughta and Bud gave a talk about why we oughta. At the end of the day, everybody said: "Let's do it."

Thirty or 40 people showed up. We had our first convention a year later. We had it in Dallas. There were about 75 or 80 people who showed up. We thought we'd hit a home run.

**PROGRESSIVE RENTALS: How do the rent-to-own product lines of yesterday compare to those of today?**

**SIMS:** Well, let me just put it in perspective. In 1968, the industry had already been forming for seven years. By 1968, when we started Remco — which was then Action TV — we were buying a console — metal cabinet, mechanical tuner, color TV. The cheapest thing they made. It was a square metal cabinet and it had legs on it that screwed in the bottom. That product cost at that time, if my recollection is right, \$365. Whatever the number was, that's close. And we were renting that product for \$60 or \$65 a month — the equivalent to that anyway. In 1988 you could buy a 25-inch, color console television — electronic tuner, wireless remote control, a hundred and some odd channels — beautifully detailed, some sort of wood or simulated wood cabinet, far superior quality in picture, the thing will receive 39 channels of available programming today, and the unit would probably cost \$350.

So what's happened to the products? The American consumer has had the best deal of anybody in the world. And the things he consumes most (is electronics), next to automobiles,

housing and food. It's (consumer electronics) the only thing that even ranks in that category that's done nothing but gone down in price since 1955. You can buy a cheaper refrigerator today than you could in 1960. And what you buy today is not only less expensive, it's 10 times better and will last 20 times longer. The same thing's true of televisions; the same thing's true of stereos and the consumer electronics and appliance business. The consumer's dollar goes further (with electronics) than on any other product or commodity he buys, other than maybe to do with computers.

But, nevertheless, the American consumer has been living in a utopian situation. And at the same time that all that has happened, margins have gone ... We used to make 40 percent off of anything you'd sell in the '60s. Today you're lucky if you make 20. And there are beau coups of products that they make zero, hoping that maybe some of them (customers) will come back in and buy something else and they (dealers) can make something off of that. So with the change in what's happened with the products, in this country, the consumer has had the best of all deals. The products have gotten better, they cost less, and that's just been a steady trend, moving right through life. And we've also made it more convenient for people to get it. That's why this country leads the world in consumption. Even today you can add Japan, Russia and Europe together and they still don't have a combined national gross product as in America.

And that's the thing today. We're living in the golden age of society, so I think that the consumer is going to continue to get the advantage of that kind of momentum.

**PROGRESSIVE RENTALS: Isn't there a danger, though, in thin margins and cut-throat pricing?**

**SIMS:** The dealers today ... they don't have to manage their margins. They think if they sell this stuff and people buy enough of it, somehow, they'll figure out how to make a profit. Now that's not true, but they've operated that way for a generation. You have a generation of people here that don't know what things cost — here in America. Almost two generations. They have no idea. The consumer thinks that he can get what he wants by reading the bargain basement prices — and it's a real contradiction by people in America. People think that what they want is the best price. Because if you talk to people, that's what they'll say. They say it costs too much.

**PROGRESSIVE RENTALS: What are some typical examples?**

**SIMS:** A customer walks in and he might look at a car and, the facts are, he's got 19 lawsuits, he's getting a divorce and he ain't got a dime to his name. He couldn't afford to buy a car if they gave it to him. And he says to the salesman: "It costs too much." And you know what? These dumb marketeers out there, and I know that sounds like a Theory X negative statement, believe that. That's the mindset; that response has driven marketing in this country. You look

at the profit margin of the consumer electronics and appliance industry and it is absolutely glaringly obvious.

But you know the biggest, most successful people in this country aren't selling the cheapest. The people who go broke the fastest make the biggest amount of noise. That happens to the people in appliances and consumer electronics business. They thought that they could operate and not hold any margins ... So, where do they start sacrificing? Quality or responsive time on delivery. They start sacrificing quality sales training and their salespeople don't know anything about a product.

**PROGRESSIVE RENTALS: You're saying there's a fallacy in price-point marketing.**

**SIMS:** When you decide to compete on price, here's how that strategy is down the toilet and will always be so. I say always — it damn sure appears to be. In a business there is always somebody who doesn't behave quite as sharp as the other guy. His analysis isn't as good and he doesn't know what it costs to do business. And as long as there are people being successful, there's always people in a free-market system going broke. Unfortunately, the people who go broke have an impact on the marketplace. And so if you've got 15,000 retailers, all right, and you got 7,000 of them prospering, 8,000 of them are headed down the toilet. Well the 8,000 headed down the toilet behave in such a way that they screw up the environment for the whole 15,000. The other 7,000 guys can't operate in a vacuum, because these s.o.b.s are giving the product away as they go down the toilet. And they are the guys who are out renting the washers for no gross margin and their total gross margin on sales is 15, 18, 20 percent.

They are pissing off their customers because they don't make enough money to service them. You know, they are not treating their customers right in a whole host of ways, so consequently they don't get the repeat business and they try to position on price. Here's some dingbat who doesn't know any better going out of business; selling at a loss. And you got somebody trying to compete with that. So what it does, it creates a lemming effect.

So, price strategy inevitably winds up ... that you cease to exist or go broke. Okay, and they create this false impression in the consumer's mind about what things ought to cost.

**PROGRESSIVE RENTALS: Being able to build value into products and services — that's going to be the acid test of the '90s.**

**SIMS:** Hell, it's been the acid test for the '80s; it was the acid test of the '70s. I mean, just look around ... Your leaders pay attention to what they are giving the customer and what they're getting for it. They have enough self respect to not give it away. And, I think if you look at the future of the industry, I think that kind of situation is going to continue. It will probably continue until we've shaken most of those people out in consolidation and you've got five or six big companies that are all tough competitors —

reputable, not giving product away, but understanding what their true relationship with their customers is. Then I think you'll start to see that change. Because, I guarantee you, this industry doesn't rip anybody off. If you take the combined profit-and-loss statements of the industry and added them all up, I'll guarantee the gross margins in this business do not warrant anybody calling them thieves.

**PROGRESSIVE RENTALS: There's one guy in the Pennsylvania legislature who calls the rent-to-own industry loan sharking (see October-November 1988 Progressive Rentals, page 20).**

**SIMS:** Industry loan sharking?

**PROGRESSIVE RENTALS: He just says people in the industry are loan sharks.**

**SIMS:** Well, I feel that way about investment bankers today. And, let me tell you what I don't read in the Wall Street Journal every day, is about all the criminal behaviors in the rent-to-own industry. What I'm trying to figure out is if there is going to be a banker left in America or a savings and loan executive that ain't going to wind up being in jail for fraud and criminal behavior? I mean, yeah. So let's talk about the most respectable communities of America. There's a major ethical crisis going on in our country.

Let's talk about lawyers, for instance. The legal profession today has the reputation of being sleazy; lawyers have the reputation of practicing legalized blackmail. They're destroying the fundamental fiber of the nation. They're undermining the entire constitution on which this country is based on. You look at the legal industry. And look at the legal profession today. It's my opinion that maybe one out of every 50 lawyers has any moral ethics. Those people have proliferated like rats and now they are eating each other. You see, they're cannibals. And with it goes their ethics, just like a cannibalistic society. So there goes our legal profession. What respect do they deserve? You know, they're undermining the entire goddam legal system in this country. There are more lawyers in this country than the rest of the world put together. All right? There are more judges in this country than there are lawyers in Japan, just to put it in perspective. This is the most litigious society in the history of the planet. Because we just got these lawyers that breed lawyers.

So I look at the most respected parts of society. We see doctors being arrested for Medicare ripoffs.

All right? So then you look at the investment banking world. Look at what happened here! In the last five years in this nation the biggest frauds in history have been perpetuated on people — junk bonds. Billions and billions and billions and billions of dollars have been ripped off from people. Some of the largest organizations in the United States destroyed ... over-leveraged junk-bond issues. Crazy, sleazy deals that had no hope when they were put together. And I'm supposed to respect these people?

I'm talking about how these are people that if

you go back 15 or 10 years ago you would look up to them. If you wanted to be something ... everybody wanted to be a lawyer, a banker or a doctor or an investment banker. Right? You had all this status and you were an upstanding person. I mean you had to be okay because you were one of those. Well, I wouldn't be a banker today. You couldn't pay me to put up with the disrespect that those s.o.b.s get.

Let that politician come talk to me about my sleazy industry [pounds fist on table]. Now let's take a look at the sleazy [expletive deleted] politicians, since he talks about the ethics in my business. Let's talk about the ethics of government. Let them clean up their own [expletive deleted] place before they come down here and criticize ours. You know something's wrong when we see that a member of the United States government — on as high a level as the presidency — is out here trying to dodge being indicted because he violated the constitution. Give me a break. We got congressmen, we got senators ... out stealing from people. They're out screwing around; they're being the most immoral, unethical people in the world. If you ask any American: "Who's the last person in the world you would trust?" They'll say: "A politician." And he wants to talk to me about the ethics in this industry? Us ... about being a loan ripoff. Give me a break.

**PROGRESSIVE RENTALS: Obviously this politician's comment on rent-to-own has set you off a little.**

**SIMS:** We probably will lose our system of government in this country in the next 20 years because of those sleazebags (politicians). It's guys like that who ought to go work for a Gorbachev. He couldn't do anymore to undermine this country than to do that. An instigator. You know. Someone who's always pointing at somebody else. Look at the ... preachers who run all around our TV. I mean these are the people who stand up in front of 20 million people and tell them how to live their lives. And then you find the s.o.b.s shackled up with whores in motels.

Then you got these politicians, like this guy who comes out and second-guesses our industry and talks about the ethics of the industry. I mean you can tell, I get really bent on some of these people that come out and start talking about me being a loan shark. I ain't no loan shark. I mean you know it's just awesome that people can even make that connotation. If I were a loan shark, I will tell you what, some of my customers long ago would have come in here and blown me away. There ain't no doubt in my mind. You don't loan shark from as many hundreds of thousands of people as I've delt with in the last 20 years and live to tell about it. Even the mafia, with their system, can't get away with that. So who is this guy? I think that's a ludicrous way of thinking, don't you? I mean, it's not even in touch with reality. This guy needs to have his head examined.

**PROGRESSIVE RENTALS: Perhaps this particular politician is one of those who takes it upon**

**himself to decide what's best for consumers; rob them of their freedom to make certain buying decisions by regulating rent-to-own. This is the type of person, as we discussed earlier, that tends to have a negative view of his fellow man.**

**SIMS:** And as long as you fundamentally believe that people are good ... and people basically have a benevolent approach to their fellow man ... Now I understand there's loads of evidence that that ain't true, but it's always led by one or two distorted s.o.b.s. Even Hitler; the people he got lined up going out doing that kind of stuff didn't really want to do it. They just did it because they had to. And when they got him out of the picture they quit, didn't they? So, all I'm saying is: Out here in life you got all this stuff that's going on that is negative, but it's generally led off by one or two [expletive deleted] like this dumb politician. And you pray that those people will never get in any influential or powerful position of leadership. Because if they do you wind up with a Hitler. Because there are people who ... you know ... Hitler was into delivering destruction. I've thought about that: "What the hell was that guy committed to?" He was committed to destroying things. That's what he was after.

That's easy; it's fun tearing things down. When you were a kid, did you ever tear up a toy? Some people just like to break things, and you can find a few people that will align with that. But basically the human race would have never perpetuated ... and, even today, people wouldn't just automatically destroy everything if you didn't tell them not to. And these [expletive deleted] politicians got the idea, if you don't tell those people, they will! And it just goes to show you how Theory X-ed, how negative the mindset is that goes on. It's a real common problem.

**PROGRESSIVE RENTALS: Is there any aspect of your life or Remco's life — or the industry or APRO — that you'd like to just put out there?**

**SIMS:** Well, it's been a real fascinating thing for me to watch what's happened with APRO. It's gone far beyond my wildest dreams and my expectations. And you know, I know a lot of people might not agree with me but you really got to give Ed Winn a hell of a lot of credit for that, because Ed really kept this thing together. I can be extremely critical in maybe some areas that you sure won't want public.

But ... I'm going to tell you this: There wouldn't be the good guys in the rent-to-own business if it weren't for the trade association. And there are a few people who really understand how much money that's put in our pocket. And in these ways: First of all, just having a public forum for people to learn and know about the rent-to-own business. It took rent-to-own stores from when they were worth nothing — you couldn't give one to somebody. Even today, in depressed prices, they're worth seven to 10 times monthly revenues. I remember when they weren't worth anything! You couldn't give one away! And I know ... because I tried to exit Chicago in the '60s; I tried to exit Los Angeles in the '70s, when I bought Mr. T's in markets where they

had no business being. They couldn't give away a rent-to-own store. All you could do was shut them down, take the accounts and turn them over to a collection agency and get maybe five cents on the dollar. I closed three rent-to-own stores when there was no value for rent-to-own stores. Nobody would buy one. Nobody would even liquidate one. That was true in this business until the mid-'70s.

All right, now the trade association had to be extremely instrumental in creating value. Because you can go sell a rent-to-own store today for five times your monthly revenue, which is a ridiculously dirty cheap price. The reason you can (even) do that today is because of the value the trade association created about this industry. Otherwise, you'd get zero. And the manufacturers who come beating on your door every day, bringing you a program custom designed in price and services for a rent-to-own dealer, did not exist.

These people today (RTO dealers) would be paying 20 percent more for their product and their businesses would have zero value! There would be no market. You couldn't sell or liquidate a rent-to-own store if it weren't for this trade association. As screwed up as it's been, it's been an absolutely amazing success. Bureaucracy, politics, people on the board who don't give a damn about anything other than getting their ego gratified — they don't want to add anything. All they want is to try and take something out of this. And in spite of that, this thing has worked.

Really ... without this trade association today this industry would not be here. And, believe me, they'd better not ignore that. If these guys let this trade association go, I'll guarantee it: the prices of rent-to-own stores will drop 50 percent in five years. No doubt. You take away this common pool of information, resources and dynamics of the industry that focuses around APRO, and rent-to-own stores' values will drop.

**PROGRESSIVE RENTALS: You're saying APRO gives the RTO industry credibility. Not just from a PR sense but credibility in the marketplace itself.**

**SIMS:** There is absolutely no doubt about it. There is no one today who ... even considers an investment in this industry without checking with APRO. They'll wind up at APRO's headquarters or on the phone to them; I'll guarantee you: No company in the world would make any major investment in rent-to-own that they don't end up pilfering through all the information you've got — whether you know it or not. Ask Ed Winn — he'll tell you. There isn't anybody coming into this industry who doesn't wind up banging on his phone some day.

It's true. That's a very valuable thing to this industry that these guys don't realize. I'll guarantee you today (that) you could devalue this industry 10 percent across the board — boom — if you disbanded the trade association. It would happen within a year.

Well, I'll tell you what. In three years, the suppliers would forget about them. There wouldn't be any convention, where they went back in every year and saw thousands of those guys, knowing they're there. It would change

radically. You wouldn't have any publications. Slowly, you'd have a little (legislative) erosion in this state and that state ... and then it'd go away.

All I can tell you is, if you go back and do a survey on the values of rent-to-own stores — before the trade association and after — check it. I can just tell you; I know what it was. I bought several rent-to-own stores in the '70s. When I tried to liquidate some ... you don't quit. There ain't no buyer. There ain't no exit. There ain't no liquidation. There ain't no store down the street to buy your BOR.

I tell you how they bought 'em and sold 'em, because I used to have to do it. You used to go in and take the book value of inventory, deduct everything you could find that even looked questionable and then cut it in half. And that was the price. It was ludicrous. I'll give you an example. I bought 14 rent-to-own stores in 1974 and everybody told me I was the craziest s.o.b. — I was going to go broke; nobody could pay this much money for these rent-to-own stores and make any money. I bought 14 rent-to-own stores and I paid a total of \$2 million — on credit. Two million dollars for 14 rent-to-own stores? Any 14 rent-to-own stores today are worth \$300,000-\$400,000 apiece.

So, I can look and say in 1974 (the market yielded) the same \$65 a month for the same \$365 television. There ain't been that much change in the percentages of the industry, although there are people who will tell you so. They haven't changed very much since 1974, and the earnings of the business were about the same then as they are now. I bought 14 stores and I bought 'em for \$2 million and I don't know what it was but it was probably three times revenues. A going business, not a liquidation. Because if you liquidated one you lost it all. There was zero value. Maybe one or two percent of your outstandings. Nineteen-seventy-four. I was the craziest s.o.b. that ever happened. There were no rental stores really bought or sold until after 1978, when I had those stores paid for.

There were no significant deals done of any value whatsoever until the early '80s. And it was '83 when I sold Remco. That was two years after this trade association. And I am absolutely convinced, as sure as I'm sitting here, that trade association put \$10 million (in added value) in my pocket. Just as sure as I sit here [bangs table with fist].

**PROGRESSIVE RENTALS: Can I ask you something?**

**SIMS:** Sure.

**PROGRESSIVE RENTALS: Were you ever an APRO president?**

**SIMS:** No.

**PROGRESSIVE RENTALS: What happened with Barry Gambini, where you reportedly encouraged him to run for a third term, along with the assurance you would run ... ?**

**SIMS:** No, no, I didn't either.

**PROGRESSIVE RENTALS:** Okay, but it is a rumor.

**SIMS:** Well, the rumor was ... and this is what happened with Barry Gambini. It was right at the time that we were having that election (as Gambini's second term as APRO president, 1982-83, was expiring), and it was an uncertainty. He had been president, but I don't think he was negotiating to sell (his RTO stores) at that time ... but there was some question about whether he would qualify to fill out his term. But everybody wanted Barry to be president and he was going to be. And so he took the deal with the understanding that if for some reason he didn't qualify (under the bylaws, if his business status changed), then he would step down and I would finish out that year — or until the next election — but I wouldn't have to do a thing. In other words, it would only be for the record. And I think Barry sold his business that year and had to disqualify himself and they stuck my name in as president until the next election.

**PROGRESSIVE RENTALS:** Can you comment on the legislative acceptance of the industry in certain areas — states where the industry has succeeded in securing fair rent-to-own laws?

**SIMS:** You don't have problems in those states. And you look at those kind of situations and what you find out, where legislation has happened — good legislation; rational legislation — cured all the problems. You don't have any, you know, like in Texas, we don't have the attorney generals out here with this list of bad guys. There ain't no real bad guys. We've got very clear laws. When you've got an environment that allows you to operate but sets some restrictions to what's fair and what ain't fair, then people kind of fall in line with that and so, consequently, you don't have a real issue. Where there's a problem is where it's either unregulated or badly regulated. And you look at that, and those are the areas where there's problems going on. And generally when somebody has made the decision that half the population of their state can't make a decision on their own, then they go in and pass a bad law.

A lot of times what happens is that the rental dealer gets so much pressure from his customers trying to implement that law that the (stuff) starts hitting the fan and he finally gives up and he breaks the law — if he can't get it changed. And I've seen over and over and over in situations where they tried to implement bad laws. North Carolina and that whole area of the country over there's been a real disaster. Still is, and it ain't going to get any better until you can get something everybody can live with. And the thing is, the customer's got to live with this, too. If you get something that the customer can't live with and buy ... and these guys don't understand the economic impact of what they say and so they have to implement programs that half the customers out there would turn off; wouldn't buy. If you listen to the politicians, they obviously aren't business people.

**PROGRESSIVE RENTALS:** What about the

industry's push for a national law? I know you were personally involved in some of the federal battles as early as the mid-'70s.

**SIMS:** There are 10 or 15 guys (in government) making decisions out of sync in a country of 250 million people — of which 10 percent think that this (rent-to-own) is okay. That tells me that there's 25 million households in America that don't disagree with what we're saying. But I can't get any votes from the other side (because) they got all the pie. What we need is something to balance that. The only thing we can do is get together and get the government to say: "Here's fair." We've had judges do it, but that doesn't seem to work for these people. We had the FTC (Federal Trade Commission) write their opinion; that didn't seem to do it. We went to the Federal Reserve Board; we got those guys to write all their opinions. So what the hell do ya'll do here?

You know, we've taken every step there is short of having the constitution rewritten, saying: "Hey, rent-to-own dealers have rights, too." And so we're basically doing that; we've got to go through the process of writing a (federal) law. And the reason we need that law is because we got people up there who are manipulating and distorting what's already there. And they are no more in touch with society and what's going on in the world than the man in the moon. You ask these crazy s.o.b.s ... you walk into a room — and I've done this with these types of people. "How much does an automobile cost?" "How much does your TV cost?" "How much does your house cost?" And they'll say: "The TV cost me \$300; my car cost me \$9,000; and my house cost me \$72,000." And do you know the only one of those questions that they were accurate on? Their TV. That's the only one that they knew what the thing cost, and that's because they went and wrote a check for it. What they don't realize is that 90 percent of America, for that same \$300 TV, doesn't write a check for it. And then you say: "How many dollars? Would you add up the total of checks you wrote on your car and tell me if it was \$9,000?" No, no, no, no ... "How much was it? Tell me. Now you're a sophisticated, intelligent consumer and you're the one sitting here telling me that we've got to disclose so customers know and understand what the terms are ... How much was your car? What's the interest rate? What's the annual percentage rate? What's the total principle you're paying? By the way, how much are you paying for your house?"

Not one in the 20 people could answer me when I met with the staff that included the FTC and the Federal Reserve Board back in the '70s. "Can anyone answer that question?" And that's why we got a damn letter — opinion — from the fed. Because in that meeting they couldn't answer that question. And it made the point.

So that was in 1974, when the political effort started in Washington. Because by 1975 I was already meeting with the Federal Trade Commission and by 1980 we were already having sessions with the Federal Reserve Board and I'd hired lawyers to do all kinds of work and build case studies and all this and, you know, this

thing was way along before the Rent-A-Centers and Colortymes ... came along. When did APRO come along (with its federal efforts)?

#### **PROGRESSIVE RENTALS: 1981.**

**SIMS:** Seven years before APRO was even a figment of Bud Holladay's imagination, we were in Washington trying to deal with this — six years for Remco. Ninety percent of your legal defense information packet was written by my lawyers that I'd hired back then. It was all originally structured in the '70s.

For every three steps we'd take forward, we'd take two back.

#### **PROGRESSIVE RENTALS: Any signs of progress?**

**SIMS:** Here's what I saw last year — and the year before. For the first time there was really a commitment by the industry to get together and unanimously deal with this legislative thing and commit some bucks to it. I mean, man, it was getting embarrassing to go to these meetings and sit there and be looking at \$150 million dollars worth of sales volume and try to raise \$50,000 — and have these s.o.b.s walk out of the room. I couldn't understand. I watched people walk out of rooms, and I wanted to say to them: "I hope the hell you're broke before we have another one of these meetings, you bastard." You know?

And, all of a sudden, that deal we did in Las Vegas (1988 APRO convention). Boy, we turned the tide out there. I mean those people bellied up, committed their money and then paid it over the year. And they gave them the money to really get this thing rolling. And last year was just another continuation of that. We've had two years where what changed, fundamentally, was the membership. We got new leadership and we got new management and ... but that ain't what happened. That's what people see. What happened was all these guys got their bell rung about the same time, when this legislative heat really turned up. They all showed up at one place, saying: "Please, please somebody save my butt." And there were some people, they'd say that the way you do that is you grab your butt and start holding on if you want to save it. And you'd better get together in this room and make a commitment or you won't have a butt to save. And if it was a real enough threat, they did.

Now we've been extremely successful in the two years since. Look at the amount of state legislation that's been passed since that process started. But I'm just real concerned that they're going to go to sleep.

The battle has been done; the mopup is still yet to be over. You ain't going to go just arbitrarily wipe out laws that's been in 15, 20 states anymore. This business, this industry, has made itself a little place that it can stand up and say I exist and I have the right; I have enough agreement to do that. So I don't believe you'll ever see a federal bill that'll put us out of business. Even if they try. It'll never happen. You've got too many people involved. If they tried to regulate the rent-to-own business, the suppliers would

step forward at some point. Not what they've done ... I mean if they had to come up with a million dollars to save the industry and that was it ... they'd do it. Now they ain't going to do it unless somebody's got a gun to their head.

#### **PROGRESSIVE RENTALS: What trends do you see for RTO?**

**SIMS:** Okay, since I grew up RTO's been the most innovative change in terms of consumption patterns and how people got it and where they got it and who they bought it from. But you look at the history of RTO and the rapid growth and it's tending to follow just like everything else ... I mean you go through this rapid explosion of growth in a period of time and then there's a consolidation period and then you wind up with ... a bunch of bigs — and everybody else. And it's exactly where this industry's headed. And Rent-A-Center probably got there first because it went public.

But if you look today and say: "Well, then based on what's happened, where's it going?" The rental business is not going to go away by any means. I mean it's become too much of ... I almost can say condition. It's a situation now where you would be infringing on people's rights to try and make it go away. So it will continue; it will continue to improve. A consolidation will continue just right on down the road. Business is going to get bigger and — I've said this — we're going to see less ... rent-to-own stores over the next three, four, five years. But a lot less owners. We're going to have a lot less principals. There'll be bigger companies and fewer owners.

#### **PROGRESSIVE RENTALS: You're seeing the big guys getting bigger, with fewer middle-range chains, and also the smaller operations maintaining a niche?**

**SIMS:** Well, I think that you'll wind up with two kinds of real competitors in this industry. Now this is a little crazy, but I think this is where you're going to. The mom and pops, as we think of them, the small individual, hard-working everyday, get-up-and-goes-to-the-store kind of guy. That's going to be in little towns. The little towns, 300 or 400 (BOR) in the stores, and they're going to be traditional, small-town kinds of retail outlets. Mom and pop rent-to-own. But you ain't going to have any of those in any of your major cities.

In Houston, Atlanta, Dallas, Austin, San Antonio — any of these cities that's got at least a quarter of a million people — you'll have a Rent-A-Center, a Remco, maybe an RTO. And then you'll have one or maybe two independents. It's already started in Houston. There aren't any mom and pops around here that are any competition. Zero! And if there are, I wouldn't even know their name.

#### **PROGRESSIVE RENTALS: You've been quoted as saying: "To a trained eye, a company's future can be seen in its past?" What about APRO's future?**

**SIMS:** It all comes down — I don't care how

much value you've got — if there's no perception of it it's useless. So, yeah, you've got to have real value and you've also got to make it known. Both of those things have to exist for there really to be a result.

The trade association has responded, in my mind, very well for what the needs of the association were at the times that they needed it. And it's changed; it's gone through a cycle.

This trade association, as the emphasis shifts — and it will — in another three years ... the primary thing going on won't be legislation anymore. I think the association has got that challenge in front — to identify and replace causes. What is this trade association going to be doing to make sure that it's valuable to its members then? What's next? What's going to be the next issue that's going to hold this association's membership?

**PROGRESSIVE RENTALS: Some think it will be fear of the IRS; tax-code issues.**

**SIMS:** That's a good perception; it could well be because that's certainly one area right now that there is a lot of disagreement about the (tax) treatment (for RTO).

**PROGRESSIVE RENTALS: The article Inc. magazine did 10 years ago chronicled some of the growing pains Remco underwent during the '70s. Compared to that, it seems when you bought Remco back — (Sims sold Remco in 1983 to Jim Graham and bought the company back in 1985) — that the situation must have been even more challenging?**

**SIMS:** Let me tell you, that's been the education of my life — from 1985 to today as it relates to Remco. Because, I'll tell you what, it hasn't been an education about rent-to-own. I hadn't learned much about rent-to-own during that period of time. I learned a whole lot about corporate finance. And about shareholders. And about directors. And about venture capitalists. And about Wall Street. And about publications and press releases and legals. I guarantee you, man, from 1985 the last thing that I've been doing is rent-to-own. When I was working my butt off, I was working on solving franchise problems, investor problems, leverage problems. Those were the issues of the day. It could've been the damn airplane business, because it was so removed from being involved with a customer and a product. What's that been like? It's been like being involved in a different business, because we were managing a whole different set of conditions and problems.

**PR**

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(*Postscript:* My special thanks to John Gormley, director of communications for APRO, for his many long hours of research, interviewing and editing for this special package on Chuck Sims. The original transcript of the interview was 78 pages, and John has been able to capture the real "feel" of the entire interview in his editing. John has been with APRO for nine months and his contributions have been many.)

— Bill Keese, executive director

MESSAGE,  
continued from page 39

important work for this industry. I wish more of the industry felt that way and would participate. I worry over the level of greed in this industry, although if pressed, I'm not sure that rent-to-own dealers as a breed are any worse than bankers, lawyers, doctors, other retailers, or any other group of people whose avowed mission is to turn a buck. I'm especially alert to this subject in rent-to-own, since we remain such a politically sensitive issue in many parts of the country.

They have been interesting times, these past 10 years.

Yes, I would have traded them for, say, 10 years as a tennis pro or rock star, but if I was going to have to be a lawyer, then rent-to-own has given me a plateful of issues to consider and business to do. And for the education and work, I am, of course, grateful. I am far too slow at this late date to o

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play tennis for money and I have no musical talent. All of my relatives are calling me to borrow money, so it looks like I am in on this rent-to-own deal for a few years yet.

We do have a lot of new faces and new thoughts and new attitudes in the business these days. I look forward to meeting the new people, sharing the new thoughts and helping shape the new attitudes during the decade to come. I do not predict a particularly rosy path for any of us. I can only hope the next 10 years are as interesting and challenging as the past 10 have been.

**PR**

Ed Winn is APRO's general counsel and veteran writer on rent-to-own issues.

RTO HUMOR,  
continued from page 35

Some believe that might have been the genesis of Remco's formalized, and oft-copied, training process.

Today's rookies missed the real excitement, to be sure. If it wasn't a renegade manager carrying off the entire

store in the back of a U-Haul it was some wild-eyed radical insisting we actually disclose total price to the customer. But neither seems to have put us out of business, and I supposed there is a lesson of sorts in there somewhere.

Meanwhile, hundreds of us have tried to figure out ways to simplify the business and avoid those unpleasant legal and personnel problems, most of which happen to be our own making. Some of us are even leasing employees — which begs the obvious question. What happens when the owner's late with his first renewal payment? That's a call we want to hear.

Ed Winn, Joe Arnette and myself once considered even giving up RTO entirely. We would market a fashion revolution: spray-on jeans for the tragically obese. It sounded pretty good in the Hyatt bar two hours after the last seminar (although I suspect it was triggered by the physical attributes of Naomi, our rent-to-own cocktail waitress). Few know that some of Ed's finest work was turned out in his slogan for the venture: "We Circle the Girth."

Some industry observers believe most of our legal problems actually started when a dyslexic legal-aid lawyer discovered that BOR spelled backwards is ROB. But the real pros discount that the -ory, pre-fer-ring

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instead the same anytime-you-ask-for-money hypothesis recently espoused by certain television evangelists.

The real wonder is that this insignificant, unscientific and oft-thwarted idea — arguably conceived by accident in the heat of competition — could survive and thrive into its fourth decade. Who would have bet that RTO would outlast the Berlin Wall, body wraps and most S & L's?

Next time you contemplate the meaning of it all, just remember: out there somewhere is a guy still insisting this "rent-to-own thing" will never work. And one of your managers will probably hire him before the week's out. Bet on it, Bubba. That's rent-to-own. **PR**

*Bud Holladay is a legendary rent-to-own humorist and founder of APRO.*

actually about computers — not lawyers. It suggests that through management with computers, problems (and therefore the reliance on lawyers to fix them) can be minimized. June-July, 1988.

### **Polygraph**

The rent-to-own industry has made good use of the polygraph in the past. Times are changing. Before using a polygraph to make business/employee decisions, you should read the October-November, 1988, column.

### **Recharacterization**

In this column, for the most part, there has been little emphasis on RTO's fundamental legal problem of recharacterization. Still, there have been several "law" columns aimed at explaining the legal basis for the rent-to-own concept. August-September, 1988, looks at court decisions. December, 1988-January, 1989, reprints an open letter to the National Consumer Law Center.

### **Managing the corporate entity**

Most rent-to-own companies are set up as corporations, and we want to continue enjoying the benefit of that status. While it's not difficult, some important steps need to be taken along the way to ensure that the corporation will always be in good standing. February-March, 1989.

### **Store leases**

Our businesses usually operate out of leased premises. Every rental dealer of any size has read a lot about leases. Most provisions in the lease are not negotiable. Some provisions, however, are worth careful consideration. June-July, 1989, issue.

### **Rent-to-own jewelry**

Here is another voice in the chorus. December, 1989-January, 1990.

### **Chapter 11 for the rental dealer**

There are some rental dealers in trouble. Chapter 11 is widely discussed in business circles, including RTO. There are some aspects of Chapter 11

## **JIMMY WALKER**

which should be clearly understood before a rental dealer takes that momentous step.

...

Arrangements have been made with the APRO office to provide photocopies of these columns for \$1 each (just

enough to cover postage and paper). Back issues, if you want the whole magazine, are \$5 each (subject to availability of particular issues).

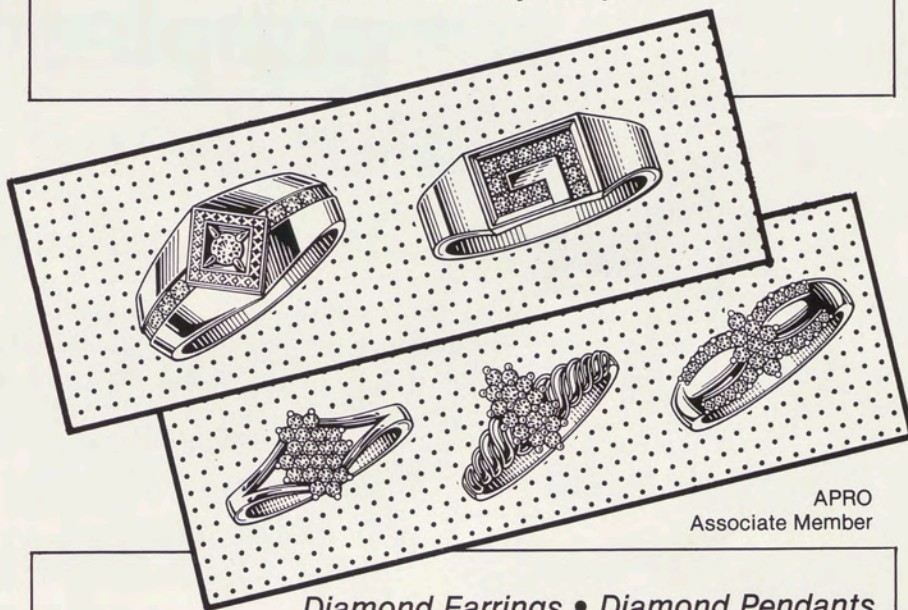
**PR**

*James D. Walker Jr., known to his friends as "Jimmy," is a partner in the law firm of Surret, Walker, Creson & Colley. Questions should be directed to him at: 800 Trust Company Bank Bldg., Augusta, Ga., 30901.*

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modest than in rent-to-own. During the first half of the 1980s, the rent-to-own industry grew at nearly 30 percent a year. The past five years have shown a decline in that growth rate to around 10 percent a year. While most of this growth came from internal expansion of companies specializing in RTO, some of the growth—and certainly the most difficult to measure—has come from retailers adding rent-to-own counters to accommodate their credit turn-downs. No one really knows how many retailers are out there with a handful of rent-to-own agreements under the counter. Nor does anyone know the future of this trend—whether those customers pay on time, the keep rate of those agreements, or what those retailers do when their property comes back.

There are, as a rule, more rent-to-

own stores in any given market competing with one another than in the rent-to-rent industry. This has led to some ruinous price competition in certain RTO markets. That phenomenon has not invaded the rent-to-rent business yet, although discounting commercial accounts during negotiations for them is pervasive in competitive markets.

#### *Vehicles*

The rent-to-rent industry uses larger trucks than rent-to-own, although rent-to-own dealers are buying larger trucks than they used to buy to deliver furniture.

#### *Personnel*

Both industries share personnel problems, primarily high turnover—a result of little commitment to human

resources development, more than anything else. Because payroll expenses in both businesses continue to climb, rent-to-rent and rent-to-own companies will soon address this problem and work to keep key people longer. Payscales in both industries are roughly equivalent, although rent-to-rent companies have more employees overall per dollar volume of revenues because it takes more people to deliver and install furniture than it does electronics.

#### *Collections*

The rent-to-own collections business is more rigidly structured than rent-to-rent. One of the reasons that RTO has survived and prospered is because of its attention to this end of the business. The focus on collections is not without a downside, since an absorbing con-

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centration on collections can lead to abuses. These abuses have cost individual companies substantial sums and have hurt the industry's reputation.

In rent-to-rent the perception of risk of loss from skips and stolens is less and therefore the focus on collecting is less. Currently, since all rent-to-rent customers have credit, rent-to-rent dealers assume most customers will want to keep it and will try to keep their rental and other accounts current. Most rent-to-rent dealers wait patiently for a while at least, for customers to mail in their payments. This is not to say that rent-to-rent dealers do not have to repossess houses full of furniture from customers who would prefer to keep it. It is not, however, as significant a part of rent-to-rent as it is in rent-to-own.

**A final comparison**

It's safe to say that, as an industry, rent-to-rent is disappointing the expectations of fewer customers than rent-to-own, and that trend is unlikely to change soon.

In France, the saying is: "Plus que ca change, plus que c'est la meme chose." The more things change, the more they stay the same. Whatever distinctions one chooses to draw between rent-to-rent and rent-to-own, there remain more fundamental similarities than differences. Both businesses are apparently providing useful and needed services to the consuming public. We've witnessed heavy growth in both industries during the last 10 years. Product overlap is considerable, since rent-to-rent dealers do offer a limited selection of electronics and appliances. And, of course, the addition of furniture to rent-to-own has been one of the industry's success stories of the 1980s.

RTO showrooms are getting larger and, as the overall image of rent-to-own continues to improve, RTO showrooms may approach rent-to-rent showrooms in size and look. The rent-to-rent industry, meanwhile, could take a lesson in marketing from rent-to-own. It remains to be seen whether rent-to-rent dealers will elect to do so, since rent-to-own still carries with it some of

the residue of having been considered a "dirty" business. The fact is, however, that rent-to-own dealers have created a healthy demand for furniture rental and have not been content to sit back and wait for customers to realize that they need some new furniture.

As the lines blur, will the two industries ever merge? Probably not. There are enough peculiarities in the two businesses to keep them separate for a

long time to come. Both have created important market niches for themselves. What dealers in both industries can hope for is continued cross-fertilization of ideas and business methods which, in turn, can be used to expand the consumer durables rental market for all concerned.

**PR**

*Ed Winn is APRO's legal counsel and a veteran writer on rent-to-own issues.*

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these new prospects would really like to see. Keep it simple and design the flow of product logically to avoid mayhem and confusion. A crowded exhibit is a major turn-off.

### Other tips

- Did you bring plenty of business cards? Keep them in your coat pocket. Try to swap cards with customers. Their cards are needed for your show followup.

- Literature. Be realistic and don't hand out reams of literature. You're not the only one handing out freebies. Remember: They've got to lug these things home.

- Listen carefully to everything. Take notes on comments you hear about your company, your competitors and about the industry sponsoring the show. This information will help you identify customers needs that maybe you aren't aware of.

- Walk the show. See who your competitors are and what they are displaying. Were they there last year? Which competitors dropped out of the show; which ones are new?

- Pick out before the show a place you and a customer/prospect can go if you must have a private meeting.

- Avoid drawing crowds to your booth. Many potential customers will not wait to meet you.

- Finally, you should have a clear goal on what you need to achieve at shows. We all expect to increase sales as a result of exhibiting and it's our job to successfully execute our show strategy.

The bottom line in trade show strategy is to empathize with the buyers. Put yourself in their position. You'll be pleasantly surprised with the results.

**PR**

*Tim Fages is special markets manager — East with Thomson Consumer Electronics and is a member of the APRO Vendor Relations Committee.*



Poorly placed or not enough frequency in your commercials won't develop the impact you need to create the event.

Concentrate your TV over short periods known as flights (three to four days; Wednesday, Thursday and Friday, for example). Place television commercials only when the phones will be answered. Use packages offered by the TV stations only if they fit within your time frame. Otherwise, those cheap spots can be the most expensive you ever bought. I have had my best luck buying from 9 a.m. to 5 p.m. Arbitron, the most recognized national rating company, says 55 percent of 18- to 34-year-old women — the audience I typically want to impact — watch TV between 10:30 a.m. and 4:30 p.m.

A television rep will often tell you that because his station covers more people, his is the better buy. I would rather one person see three of my commercials than five people see one.

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Remember: Create the event. Just because a station has a better reach than another doesn't make it a better buy. You may be paying for people who will never be your customers. If I have several stores that will benefit from the longer-reach station, then I'll take a look at its possibilities. Otherwise, a cheaper station will enable me to place more spots. Thus, creating the event.

Always ask this question of your rep: Are the figures you're giving me metro numbers (the smallest area measured, usually a city); ADI numbers (area of dominant influence, which covers a large trade area); or TSA (total survey area, covering a huge area)? TSA figures are larger statistics that the stronger-signal stations like to give out. You can see where a more powerful station can make itself look cheaper because of the enormous area (representing more people) that it covers.

Radio is very similar to television. It has seasonal strengths and buying philosophies much like TV. The main exception is a term called cum rates. This is a measurement of the audience every 15 minutes. The more popular the station, the more it is going to cost you to get the impact you need. The top-40 age crowd tends to preselect stations. These can be changed, with the push of a button, in a flash. In some areas you have no choice but to give these a try. Where possible, look at audiences such as country or rhythm

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and blues. These stations rarely have the large numbers, but in most cases the impact can be created for a sensible price. Look for a station that will best cover your ethnic demographics as well as offer you listenership loyalty.

Tips for working your electronic mix:

1. Do all your negotiating over the telephone, never face-to-face with a rep. Once you get face-to-face you begin to deal with personalities; those free lunches you get are far from free.

2. Look for how many PSA (public service announcements) your TV or radio stations are giving away. They are compelled to give only so many. In some cases, a higher than average number of PSAs could mean a station is having problems selling time. This is a point you can often take advantage of in your negotiations.

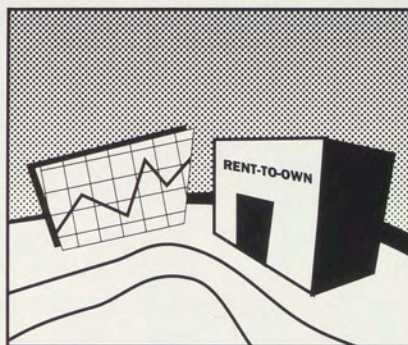
3. Determine if a station is getting better or if it is on a downward trend. Paying attention to the ratings will give you a distinct advantage. Ask your rep for the time slots you are going to be buying now against a year ago at the same time. Compare these two figures against each other to see where the station is likely heading.

Arbitron is the most widely used rating agency in the country. It gives a point value for every show, derived by how many people watch it. Television and radio are unique because you are always paying based on what you believe they will be worth. This worth is

called a projection. What you do is look at the ratings a year ago against the latest "book" and compare. If you see that a year ago a time slot went from four points during 9 to 10 a.m. to a

current two points, according to the latest ratings, you should ask questions. This indicates a downward trend, but you'd be surprised at how many stations would put this time slot at five points. Remember: You are paying on projections. Wouldn't it be marvelous to have people pay you based on what you think you should be worth? Most stations are very careful not to overproject their figures, but it is something you should be aware of.

John Wanamaker would no doubt be amazed at how much information is at



our fingertips in today's high-tech world. This information can give us an improved advantage over the 50-50 he spoke of. Computers have the capability to deliver up-to-the-

minute data to us. Yet, without the wisdom of man, it is only numbers. The biggest waste in advertising is the search for guarantees.

Earl Nightingale, a famous motivational speaker who is currently making the rounds, poses the question: "How are you doing in the courage-to-fail department? The only people who don't make mistakes are the people who never try anything new. And that's the biggest mistake of all."

PR

Randy Buffington is a partner of T. Buff & Son Promotions — (303)841-6869.

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