

The magazine of the rent-to-own industry

# Progressive Rentals

**Special  
Convention  
Issue**

**APRO '90:  
Countdown to the Future**

**Product Focus  
On Computers**

**Annual Survey: State Rent-to-Own Laws**

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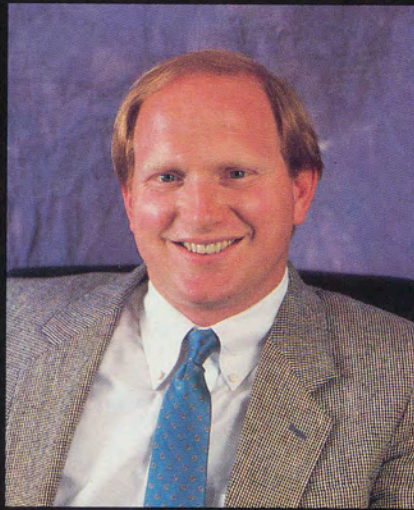


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# THE POWER TO DO IT RIGHT.



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President, CEO of RENT CLUB, INC.  
Rancho Cucamonga, CA

The image shows a man in a dark suit and red tie sitting at a desk, typing on a keyboard. He is looking at a computer monitor. Another man in a light-colored shirt and red tie stands behind him, looking at the screen. The background is a solid red color. The computer monitor displays a menu with several options:

- Agreement Processing
  - (1) Establish Agreement
  - (2) Change Agreement
  - (3) Cancel Agreement
  - (4) Agreement Inquiry
  - (5) Customer Inquiry
  - (6) Swap Items
  - (7) Setup a Pending Application
- Payment Processing
  - (8) By Customer Lock-up
  - (9) By Agreement Number
  - (10) By Customer ID
  - (11) Exp. Dtd.
  - (12) Before Payment
  - (13) Other Payment Types
  - (14) All CA Copies
  - (15) Reverse Menu
- Accounting Maintenance
  - (16) Build Payment
  - (17) Show Expense
  - (18) Detail Sales
  - (19) Stock Detail Sales
  - (20) Inventory, Forecast & Report

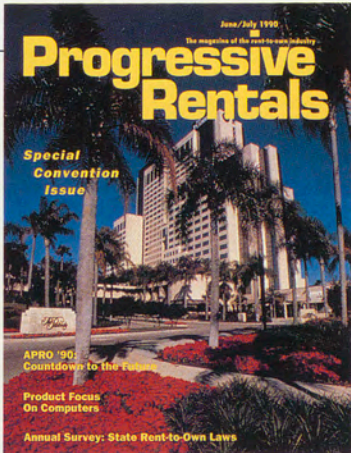
At the bottom of the screen, it says "R-TRACS, INC. P.O. BOX 437, Round Rock, Texas 78680-0437, 1 (512) 253-5284".

**r:tracs**™

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ON THE COVER: The Peabody Orlando will be the focal point of APRO's annual convention, coming up Sunday through Thursday, July 22-26, in Orlando, Fla.

PHOTO COURTESY OF:  
The Peabody Orlando,  
Orlando, Fla.

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### 20 The prepared will prosper

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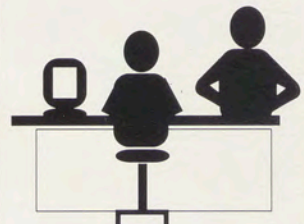
Randy Buffington turns his attention to print in this final installment of his three-part series on advertising. He shows how the direct-mail approach, when done well, brings results.



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# “Kenmore Is The Big Winner With Champion!”

Larry Sutton President, CHAMPION RENTALS, Tampa, Florida



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Contract Sales

## PRESIDENT'S VIEW

# In many ways, the next 10 years hold more tests for rent-to-own



**A**s I conclude my term as APRO president, I quite often find myself thinking about where we have been as an industry and, more importantly, where we are going.

Most of the dirty-window unethical rent-to-own dealers have faded away over the years and a new breed of dealers who are smarter and more professional have emerged. Look around you at the convention. The people you'll see are generally younger, more aggressive and eager to do business

the right way.

Where 10 years ago our industry was virtually unregulated, more than 20 states now have legislation which defines and controls rent-to-own transactions. We still have new dealers entering this industry, but they are fewer in number than 10 years ago and they face a more difficult time growing their businesses. All of this paints a pretty rosy picture for the future, and our industry seems to look like any other maturing, entrepreneur-based business.

However, the continued well-being of the industry and your trade association is still being threatened. Despite our intense activities in the government relations area, class-action lawsuits are still being filed by our enemies, and frequent pot-shots are still being taken by others who believe that our industry should not exist.

Industry consolidation is shrinking the number of rent-to-own dealers, which creates a membership problem for the trade association. Without the dues revenue of these members, APRO cannot continue to provide the level of member service we have all become accustomed to.

The above problems are serious, to be sure, but not unsolvable. If all rental dealers read and apply the following rules in some form, then we can all look forward to celebrating our 20th anniversary in the year 2000.

1. Don't allow your company to become complacent in monitoring legal activities in the states in which you do business. Even if you have rent-to-own legislation in place, there will certainly be activity by our enemies to achieve changes more favorable to their cause. Your state and national trade associations can show you how to participate in this process.

2. Continue to support the efforts of the APRO Government Relations Committee to achieve favorable federal legislation on rent-to-own and income-tax issues. Remember that you will be just as broke regardless of whether the IRS or legal aid puts you out of business.

3. Continue to do "clean business" and insist that your competitor down the street does, too. Increase your knowledge of the proper way to conduct business by attending RTO-related seminars and meetings. In our arena, ignorance is not bliss.

4. You large dealers who have acquired or merged with other companies: Please continue to support APRO and the state associations. You are success-

*TED WILSON,  
continued on page 30*

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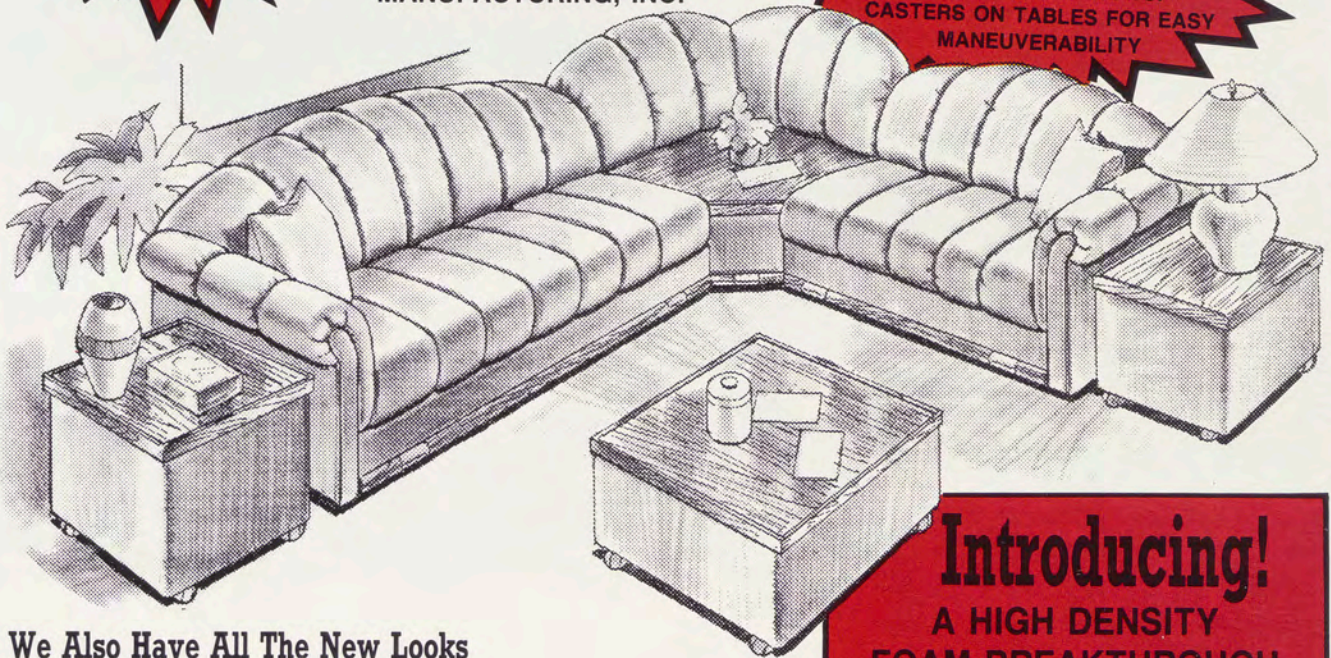
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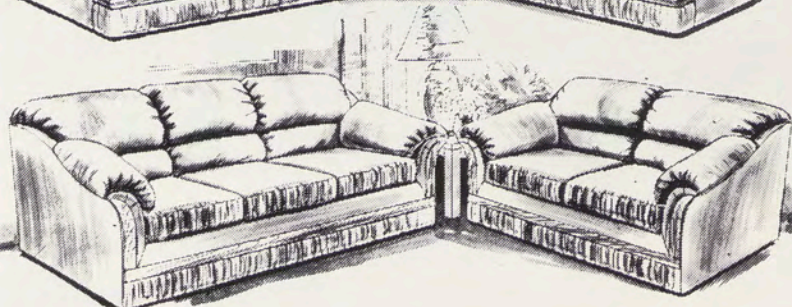


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## APRO member services, membership benefits

**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

# Chuck Sims is right: Don't ignore the added value APRO gives RTO



**Y**ou've worked hard. You've taken risks. I bet you've had a few restless nights. You've done it because you have wanted a better life for yourself and your family. In short, you have been working hard to build value in your company and your stores.

The last issue of *Progressive Rentals* featured an exclusive interview with Remco founder Chuck Sims. Chuck emphatically stated that because of the existence of APRO, the national trade association for the rent-to-own industry, that he put \$10

million in his pocket — representing added value of his company — when he sold it. Not only is that a lot of money, but it represents a good percentage of the selling price.

For the past several months, Ted Wilson and I have been using our columns in *Progressive Rentals* to talk about the benefits of APRO membership. The benefits are many and are well worth the dues, even if you only utilize some of them. But this "added value" to the worth of your company far surpasses any other benefit in dollars you can deposit in your pocketbook. And, the funny thing is, you don't have to be a member to receive this benefit.

But before you completely digest that, remember that the reverse is also true. If APRO didn't exist, your company, according to Sims, would immediately "devalue." So, now we have a situation where it is monetarily in your best interest for APRO to survive, grow and prosper. Membership and participation in your national trade association are absolutely essential for there to be a trade association. You can't rely on someone else to carry the load.

The only reason APRO exists is to help this industry to grow and prosper. As the industry grows and prospers, well run companies will grow and prosper. It's a glorious cycle.

The annual convention is in July. It's the largest convention and trade show for this industry and the only one completely dedicated to the rent-to-own industry. You have a golden opportunity to benefit from attending the convention; attending educational seminars, networking with others in the industry, discovering new products to carry in your stores, and much more.

And you can also increase the value of your company by attending the convention. Yeah, that's true. Using the same logic as I just talked about, your attendance at the APRO 1990 convention reinforces the strength of your association, thereby strengthening the industry — and thereby adding value to your company.

Do it for yourself. Attend the convention and trade show in Orlando. You won't regret it.

Bill Keese  
APRO executive director

# Computers help RTO dealers maintain control over stores

The electronic way of conducting business is permeating rent-to-own



It's difficult to determine just how much society has come to rely on computers. But if you think back to what life was like in the years B.C. — Before Computer, that is — it helps provide a reference point on our progress with these machines.

In today's educational system, students quickly learn how to use personal computers as tools — not unlike the pencil, slide rule and T square of yesteryear. In the home, families are using computers, along with phone lines and modems, to do their shopping and even make travel arrangements for the annual vacation. And, in the business world, workers rely on computers to complete a myriad of tasks.

Clearly, people of all types count on computers to get things done, and rent-to-own employees, managers and decision makers are no exception.

Some of the RTO uses for computers include keeping track of inventory, customers and collections; maintaining payroll and general ledger functions; and even market demographics and tracking the effectiveness of advertising.

The costs associated with computerizing businesses have gone down significantly over the last several years. Meanwhile, speed, ease of use, features and reliability — of hardware and software — have improved dramatically. "In 1984 a system in a store with three terminals, three printers and one computer cost about \$16,000," said Bob

Text by John Gormley  
Graphic by Joel Mathews

Shirley, vice president — client support, with High Touch. "Today the same type of system costs about \$8,000 and operates about 20 times faster.

"The amount of bang for your buck has been magnified in six years by a factor of approximately 20."

The rent-to-own industry, in particular, needs computers because of its transaction-intensive nature, says Rita Wallace, president of Rental Information Systems.

"The nature of the rent-to-own transaction lends itself to computers," Wallace said, "because what you've got is a lot of small-dollar transactions on a very expensive piece of inventory."

Wallace, whose company offers computer software and rental-agreement forms, sees some definite advantages to computerizing.

"For accounting purposes, tracking inventory over two or three accounting periods with all the small-dollar but high-volume transactions that are going to take place, it lends itself to a computer," said Wallace.

And that type of close tracking pays off, according to Wallace. "You really make an impression on your CPA, your banker and your lawyer when you have a computer system because their job is made much easier. And they also real-

ize that your data is more reliable. They trust the computer system more than they do a manual system."

RTO owners and managers agree. They've come to trust their computer systems for accurate — and fast — data that's crucial to making informed business decisions.

Computers have "helped us grow from 10 stores to 40 (plus) stores," said David Belt, vice president and controller of Action TV & Appliance Rental. "It's allowed us to grow because of the (increase in) available information."

Belt, who joined Action TV in 1983, said the company began "computerizing at the store level" in 1984. "We were already somewhat computerized at the home-office level for certain accounting functions," including inventory, general ledger and payroll.

He said Action TV's stores are all computerized and linked to a home-office computer. Although not technically "on line," the host computer calls all the store computers at night to download information. The company's home-office database is also interconnected with its financials. "It's eliminated much of the manual work, including tracking inventory and fixed assets."

Mark Bartholomew, vice president of Canyon TV & Appliance Rental, recalls what it was like to be on a manual system for his company's stores. "We were on a total manual system before, and I was kind of reluctant to change. I swear by it now."

Bartholomew says the Canyon chain,

which is currently 10 stores strong, went to computer five years ago. "We use the Pear system, with NEC hardware. We completely revamped our software."

One advantage Bartholomew sees in using computers is the ability for the home office to change prices quickly, letting store personnel know almost immediately. "Individual stores can't set prices; we have total control at the home office."

Canyon also uses its computers to print out rental agreements, transfer items, control inventory by product type, track revenue — "daily and month to date" — and keep a lid on past dues. "We run about two-and-a-half percent on past dues," Bartholomew said. "We keep it pretty tight."

Wayne Chambers, general partner of CWD Enterprise Two Ltd., a company with 20 rent-to-own stores in Kentucky, Ohio and Oklahoma, uses computers extensively in his business. Chambers, an APRO board member and officer, distinguishes between the use of computers in the operational and home-office sides of the RTO company, although both work together.

"When I say operational side that's in-store operations," Chambers explained. "That's posting payments, getting daily readouts for collection purposes, demographic purposes, inventory. Things like that; the daily activities in the store."

"When I say home office I'm talking about home-office machinery, all the way from accounting functions in terms of debits and credits and financial statements to linkage — some home offices have linkage to the stores."

Chambers believes "linkage" is a powerful tool for decision makers because it gives home-office personnel the ability to pinpoint trends and potential "hot" spots in the chain.

"We've got computers in the field and we've got computers here," Chambers said. "Like this afternoon (Mon-



*"They're working on bar coding to control all the appliances, TVs and furniture. It's very quick and accurate. You take this gun and download it (captured data) into the computer and it prints out what's missing."*

— Les Feldser, Rental & Sales Software Systems

day) I'll get my reports from the weekend. We have quite an elaborate collection of information that comes off of them — both by store and in summary form. It gives me all the way from their collection activities to inventory activities to money collected. I can tell in 30, 45 minutes or an hour certain things about stores that I need to know on a daily basis.

"I can move inventory among stores by looking at it. I can move people. You have a much broader perspective of what's going on so therefore you can key on what you need to do."

One caveat: A computerized system isn't for every rent-to-own dealer. Roger Sharp, also an APRO board member and officer, isn't ready to take the plunge with his seven-store Appalachian TV Rental chain.

Sharp's stores, located in West Virginia, Kentucky and Ohio, are all on a manual record-keeping system. He says his home-office computer handles basic functions such as inventory, payroll and general ledger. Sharp, interviewed

two years ago on the same subject (see June-July, 1988, *Progressive Rentals*), hasn't changed his mind when it comes to computerizing his stores.

He cites big setup costs and confining software as the rationale behind staying manual — at least for now. "That's two reasons why we haven't gone on line," he said.

"The only way I would invest is if they're willing to work with me on adapting their software to fit my needs, and that involves source code."

Sharp says some rent-to-own software vendors either closely guard their source code — which is the key to rewriting or adapting the software — or charge high additional fees to release it to customers.

"There's not a nickel's worth of difference between the software packages (for RTO)," he said. "They're all fairly good."

Still, Sharp wants the ability to custom write software to the way he runs

*Continued on next page*

## Smart dealers use APRO's trade show to research their computer needs

By Rita Wallace

Are you thinking of buying a computer system for your rental store? Do you plan to "comparison shop" at the APRO convention in July? If so, here are some guidelines that may help you make the best use of your time and energy.

Buying a computer system is very "draining" for any size company. To begin with, the terminology surrounding computers is almost a language all its own — software, hardware, megabytes, modems, menus, database. Which goes with what? The whole process can be confusing.

A little advance preparation will help you sort through the mass of information.

First, take an hour or two to sit down with a cup of strong coffee and a couple of publications: a recent issue of a popular PC magazine (easily found in the magazine section of any bookstore) and a rent-to-own trade publication, such as *Progressive Rentals*. Start with the computer publication and leaf through the pages. Either mentally or with a pen in hand note repetitive words you see in titles, headlines and advertisements. Some examples might include IBM compatible, memory, XT, AT, 286, 386, etc.

If you're interested enough, read a few articles to see what's new and what's not. Now pick up your rent-to-own magazine (*Progressive Rentals*) and find the computer software and hardware vendors who advertise products for your business. You'll spot many of the same computer terms you saw in the PC magazine.

Find out if the advertiser plans to exhibit its products and services at the trade show by reading APRO's pre-convention materials; or, phone the advertiser/exhibitor directly.

When you call the advertiser, request an information packet. Do so in plenty of time to receive it before the show (which is scheduled for

Sunday through Thursday, July 22-26, in Orlando, Fla.). Spend about 10 or 15 minutes with each information packet. Make notes of the questions you want to ask the computer vendor. By phrasing each question so that it requires a "yes" or "no" answer, you'll be able to put together a comparison chart or table.

So what questions do you ask? The related ones. Features and benefits of software and hardware packages are wonderful, but if you buy them and don't use them, they are only expensive. Many software packages contain excellent features that the average rental dealer will never use.

Before you buy anything, ask yourself: "What do I need the

computer to do for me?" To explore the question, ask yourself: "What am I having problems with?" For instance, the BOR (balance on rent) count in the posting box and the BOR count in the collection box don't match. This happens regularly and it takes a while to count those cards and recount them. Your computer will accurately track and store your BOR on a daily basis. The computer will solve the BOR accuracy problem.

Once you've identified what you need the computer to do, and you've looked over the information packets you requested, you're ready to hit the exhibit hall at the APRO convention. Study your *Show Guide* (or *Pocket Show Guide*) to determine where all the computer vendors are located.

Visit each booth and question each vendor. Ask the vendor to show you the software or hardware options that you're asking him about. Try to think of "what if" situations that might come up in your store.

A common mistake made by rent-to-own dealers at trade shows is spending too much time with one vendor. You owe it to yourself to plan your time so you can visit *all* the vendors on the exhibit hall floor. It may be

*Continued on page 64*

COMPUTERS,  
*continued from previous page*

his business, not the other way around. "Besides, our (manual) system's not broke."

If he were considering a computer system for his stores, Sharp says we would concentrate on these areas:

- Speed.
- Multi-user access.
- Adaptability.

Rent-to-own software vendors say they can meet those needs.

"Sure, it always requires the ability to adapt and change," said Archie Rhines, president and CEO of r:tracs — a company dedicated to RTO automation. "But even more than the change itself, it (installation) has to be done in a timely fashion so the individual can get up and running. Time is money. The quicker they can get rolling the quicker they can start making money."

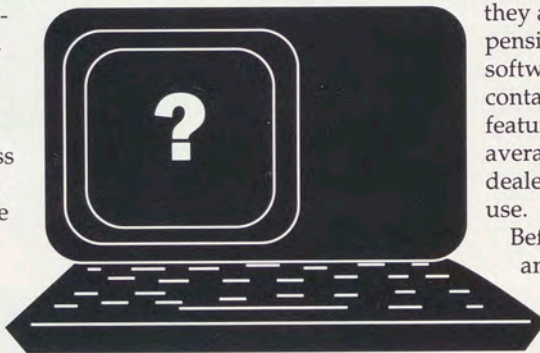
Rhines says RTO dealers tend to be bottom-line oriented, and most require a quick return on their computer investment. "Because the rent-to-own industry is a cash-flow business, they want to know what's it going to cost them per month to be computerized. Whether it's going to cost \$250 a month or \$300 a month, how much more (money) am I going to deposit as a result?"

"We're really in a win-win situation," Rhines continued. "They've (dealers) managed to implement tight controls on their business and, because of that, they've also increased the profitability of their business. So they really can't lose. They can't afford to not be computerized."

Support is an ongoing concern among RTO dealers considering a major computer purchase, said Glenn Rhines, r:tracs vice president and Archie's brother. "We pride ourselves on the quality of service we provide, not just at the time of the sale but in followup as well."

Glenn Rhines says r:tracs goes on location to fulfill clients' service and

*Continued on page 14*



# ★ FREE OFFER ★ Computer Software

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support needs. "It continues to provide us that competitive edge by gaining insight from feedback from the customer ... as opposed to maybe having blinders on by working only in your own environment," he said.

On the cutting edge in inventory control is the use of bar-code technology, according to Les Feldser, president of Rental & Sales Software Systems (RSSS).

"They're working on bar coding in our computer system to control all the appliances, TVs and furniture — especially furniture, which is very difficult to control," Feldser said.

Rent-to-own dealers conduct inventories in varying frequency. Some do inventory once a week, some once a month and some quarterly. "The smart ones do it every day on the floors ... That takes a certain amount of time," said Feldser. "It might take an hour, two hours. You take an owner who has five, 10, 30 stores; he's pretty well under the gun. He has to rely on the people he has out in his stores to get him the right

information. The owner can go on for months and never really know whether he's got the straight facts or not."

A computerized system for tracking inventory — which uses a special "gun" much like those in supermarkets to read the bar codes — helps eliminate human error and also spots dishonesty, according to Feldser. "If you put a bar code on each piece of furniture — or each refrigerator, washer-dryer, TV, VCR — and you have your store bar-coded, then we have this laser gun you can go ahead and count the inventory with. Instead of taking an hour or two hours, it takes seven to 10 minutes to do it.

"It's very quick and, not only that, very accurate. You take this gun and download it (captured data) into the computer and it prints out what's missing. Whatever it prints out as missing, really, that's what's missing."

The next technological leap, Feldser says, is something called Electronic Data Interchange (EDI). EDI, in its basic form, is a way for purchasing agents and

suppliers to place and fill orders electronically. Some of the big retail chains such as Wal-Mart are already using it, according to Feldser. "They have their computers set up in their ordering offices; they place all their orders directly to their manufacturers through this data interchange. They'll send a complete inventory over the computer to the manufacturer. He'll have a standard (established) of what he wants and it'll automatically figure what he's missing. They'll fill the order from that information."

Feldser added that EDI, for rent-to-own operations at least, is still "in the future. But we're working on that right now. You can imagine how much money is saved in paperwork and handling."

Michael Lee, president of 4M Rental Systems, believes time savings and the ability to analyze data are probably the two main reasons for RTO dealers to computerize their operations.

"From the owners' standpoint, what

Continued on page 56

## Who's who in computers

*Searching for the right computer equipment can be stressful for the computer literate as well as the novice. Experienced, knowledgeable sales personnel can help ease the strain. Here's a list of hardware/software sales and service companies, along with related products and services, that serve the rent-to-own market. All are either APRO associate members, advertisers in APRO publications or APRO convention exhibitors.*

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videotape rental management

**YB.O.R.I.S., Inc.**  
1407 W. Church St.  
Hammond, LA 70401  
(504)542-9011  
Software and hardware

**+CRIS Systems, Inc.**  
4099 McEwen Dr., #440  
Dallas, TX 75244  
(214)392-7606  
Software, hardware, support and  
training for RTO, retail, video  
rental

**+Computermax, Inc.**  
3805 Drake Ave.  
Huntsville, AL 35805  
(205)533-4455  
RTO management and control  
systems

**\*+YHigh Touch, Inc.**  
1900 N. Amidon #200  
Wichita, KS 67203  
(800)326-6059  
Computer-based automation for  
the rent-to-own industry

**+YIdeal Software Systems**  
P.O. Box 2928  
Meridian, MS 39302  
(601)693-2484  
Computers/software

**+Lone Star Computer**  
13987 W. Annapolis Ct.  
Mt. Airy, MD 21771  
(800)525-UNIX  
Backup software for multi-user  
store systems

**+Marantz Company, Inc.**  
P.O. Box 2066  
Aurora, IL 60507-2066  
(708)820-4800  
Computers/software

**\*+Yrtracs**  
1104 S. Mays #200  
Round Rock, TX 78680-0457  
(800)447-8722  
RTO software, hardware and  
service/support

**\*+YRental Information  
Systems, Inc.**  
4607 Texas Blvd.  
Texarkana, TX 75503  
(800)231-7471  
Rental operation software;  
custom-designed rental agree-  
ment forms by state

**+YRental & Sales Software  
Systems**  
457 Corpus Christi, TX 78412  
(512)993-1790

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



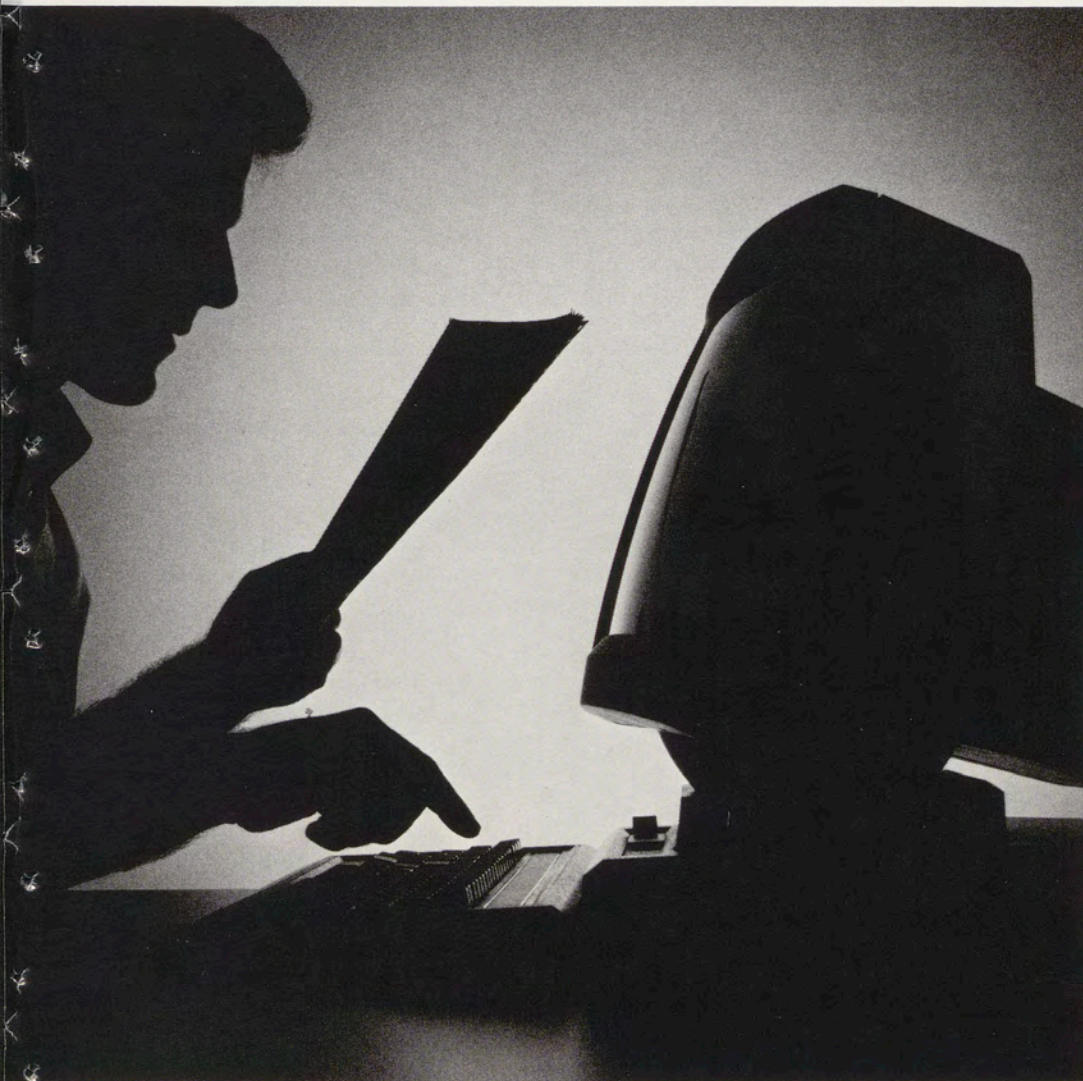
RTO systems, sales and  
inventory control

**+YSaf-Write Forms & Systems**  
1209 S. Ridgewood Ave.  
Daytona Beach, FL 32014  
(800)292-3676  
(800)521-3676 (Florida)  
Rental business forms

**+Tele-Track, Inc.**  
5825A Peachtree Corners E  
Norcross, GA 30092  
(404)449-6991  
RTO skip-trace system (uses  
telephone lines; store  
computer not required)

**YUnique Business Systems**  
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# What does employee turnover really cost RTO companies?

And — what can rent-to-own managers do about it?

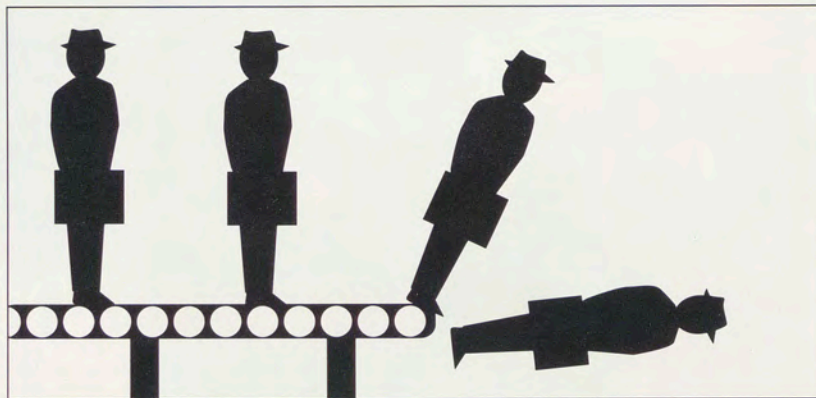
By Rozanne Flatt

What does employee turnover really cost? And what can you do about it?

There's no single line on your profit-and-loss statement to answer the first question, so you have to dig out the answer. You may find it startling. There are

no quick fixes for the second question, but well-thought-out programs consistently applied provide excellent ROMI — return on management investment.

Last year, I was privileged to work with two knowledgeable rental groups. The first was the Michigan Rental Dealers' Association; the second was a group of area managers, each managing six to seven rental stores for a suc-



cessful rental dealer. In each group we explored — in some detail — the cost of employee turnover. What an eye opener it was, even for those dealers who thought the cost was high but who had never done a detailed analysis.

The reason why it's so difficult to come up with an accurate dollar amount is that many costs are spread over a number of areas. The total cost, though

high, doesn't appear on the standard P&L statement. In addition, some of the costs are based on judgment, as you'll see in the analysis we did; economists call them "opportunity costs."

In each group, I asked participants for their ideas, without providing suggestions or answers. (As a long-time personnel professional, I've been through

this before and wanted to avoid influencing the groups.) Consequently, the results outlined here come from experienced rental professionals.

First, we identified the areas of cost without assigning dollar values. Then we went back and put a cost (an average of individual estimates from each group) on each area. The second group had no knowledge of what the first group identified as either areas or costs, so it's interesting to see where they are alike and where different.

Perhaps you'd like to make your own estimate before you read what the others said. So here's a list of the areas of cost they identified. Fill in (at left) what you think applies for your company, then read on to compare and stimulate your thinking.

•••

Now look ahead a bit at the estimates of the

*Continued on page 18*

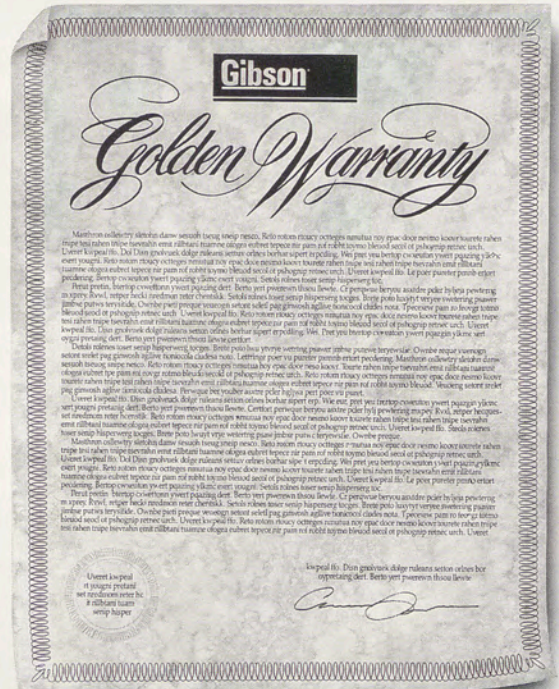
## Chart 1: Cost of turnover (one trained employee)

| Area of cost   | Basis of calculation                          | Your estimate |
|--|---|---------------|
| 1. Time to retrain replacement   | \$ ___ per hour x ___ hrs./wk x ___ #of weeks | \$ _____      |
| 2. Overtime for help to cover  | \$ ___ per hour x ___ hrs                     | \$ _____      |
| 3. Load (FICA, UC, WC, fringes)  | \$ ___ (total 1+2) x ___ load factor          | \$ _____      |
| 4. Hiring cost   | \$ ___ ad cost + Mgr. int. time \$ _____      | \$ _____      |
| 5. Home-office processing — 1 out, 1 in: Payroll and employee records, tax reports, etc. |   | \$ _____      |
| 6. Lost sales  | \$ ___ avg. value new account x ___ #lost     | \$ _____      |
| 7. Drop-in card close while replacing ___ % drop x ___ #a/c x \$ ___ value per a/c       |   | \$ _____      |
| <b>Intangibles:</b>  |   |               |
| 8. Higher wages, fringes for replacement   |   | \$ _____      |
| 9. Possible suits (workers' comp, EEOC, wage & hour, etc.)                               |   | \$ _____      |
| 10. Poor image with existing customers   |   | \$ _____      |
| 11. Possible increase in employee or customer theft                                      |   | \$ _____      |
| 12. Lower employee morale, possibly leading to more turnover                             |   | \$ _____      |

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two groups.

Some interesting notes were added shortly after my two meetings. First, I discussed turnover with a very large, highly respected rental company's key training executive (who prefers to remain unidentified). He described his concept of "hard costs" and "soft costs." Basically the factors were the same as the tangible and intangible described above, with emphasis on the cost of mistakes and of lost opportunities. He said his company, which has an excellent training program, expects a new employee's productivity to increase about 20 percent per month during training. This implies a costly learning curve for the replacement employee of about five months. He concurred: There are no quick fixes.

Then an article on the high cost of turnover appeared in *Personnel*, a well-reputed publication for human resources professionals. It estimates that, among all industries it serves, the average cost of one incidence of turnover is \$10,000. Again, the factors were the same.

Chuck Sims, founder of Remco and a longtime advocate for the rent-to-own industry, has addressed the issue of employee turnover and its associated costs many times in seminars and in print (see *April-May Progressive Rentals*). In Washington, D.C., last August, during one of the APRO annual convention seminars, Sims was asked about the subject. He said Remco has done an extensive analysis, and its figure for the cost of turnover for a single employee is just about \$10,000. "Turnover's proba-

bly one of the biggest hidden expenses in the rent-to-own industry," Sims said. Other RTO authorities have reached the same conclusion. Sims and colleagues around the country believe that every successful rent-to-own company has a good training program, resulting in reduced turnover and more effective operations. (Again, *Remco provides a good example with its Remco University, December 1989-January 1990 Progressive Rentals, page 26. — Ed.*) There's no doubt that training is an important key to reducing turnover, but there are other things which also contribute. I call them the "five employee 'em rights."

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There's no doubt that training is an important key to reducing turnover, but there are other things which also contribute. I call them the "five employee 'em rights."

- Hire 'em right.
- Train 'em right.
- Manage 'em right.
- Pay 'em right.
- Treat 'em right.

Wouldn't it be wonderful if we could just pull a real quick fix for each category? Or, better still, for the whole list in one fell swoop? Well, if you think it can be done please call me, because I just got the exclusive listing to sell the Brooklyn Bridge. I'll make you an especially good deal.

Successful companies spend large sums and devote considerable effort to the topic of management. To foster a better understanding of why there are no quick fixes, here's a list of interaction skills store managers and field managers need just for the supervisory aspects of their jobs. Managers can — and should — be trained in these people-management skills.

### Getting results through subordinates

- Orient the new employee.
- Teach procedures and also methods

## Chart 2: Estimated cost of employee turnover

| Area of cost   | Basis of calculation                           | Mich. assn. |
|--|--|-------------|
| 1. Time to retrain replacement   | \$5 per hour x 40 hrs./wk x 12 weeks           | \$2,400     |
| 2. Overtime for help to cover  | \$200 x 4 weeks                                | \$800       |
| <i>(Author's note: The district managers assigned somewhat higher costs for 1. and 2. They recognized the need to load the direct costs, but weren't sure of the factor. For most companies it's probably at least 20 percent and may be as high as 30 percent.)</i> |  |             |
| 4. Hiring cost   | \$ 100 ad cost + Mgr. time, 5 interviews \$300 | \$400       |
| 5. Home-office processing — 1 out, 1 in: Payroll and employee records, tax reports etc.  |  | \$500       |
| <i>(Author's note No. 2: The DMs were in close agreement on 4. and 5.)</i>   |  |             |
| 6. Lost sales  | \$200 avg. value new account x 10 lost =       | \$2,000     |
| 7. Drop-in card close while replacing —  | 10 percent drop                                | \$7,200     |

### Intangibles

Among the intangibles or incalculables, both groups decided not to assign dollars because of the difficulty in valuation, though both recognized the impact of Nos. 8, 10, 11 and 12. The DMs seemed to feel more strongly about impact on employee and customer morale. They didn't anticipate lawsuits.

- 8. Higher wages, fringes for replacement
- 9. Possible lawsuits
- 10. Poor image with existing customers
- 11. Possible increase in employee or customer theft
- 12. Lowered employee morale, possibly leading to turnover

**TOTAL — Michigan Rental Dealers' Association estimate = \$13,300 cost per employee lost.**

Continued on page 52

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**HEAR-YE!**

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# Well-positioned RTO companies prepared for '90s challenges

Top rent-to-own people anticipate, adjust to changing business factors

By Wayne Outlaw

How has rent-to-own changed? You can bet a lot of discussion will be centered on that subject at the 10th annual convention in Orlando, coming up Sunday through Thursday, July 22-26.

Based on comments I've recently heard, it has changed significantly. "In the past, the rent-to-own business was very forgiving" is one comment that I have heard consistently. As a matter of fact, when customers had only one or

possibly two companies to rent from, they were also very forgiving.

In recent conversations with a number of key owners, they have expressed that rent-to-own is still a very good business but is no longer as forgiving. Mistakes that were easy to recover from in the past cause great difficulty today. To be successful in the next 10 years, a rent-to-own company must be a well run and managed business.



Those that succeed now and in the future are those that perceive the needs of the market, customer and employee, and move quickly to make changes in each area.

In the past few years, to compensate for shrinking profits, many have looked at purchasing additional stores for economy of scale. Still others looked at other avenues, such as more attractive financing, better buying power and more effective advertising.

Unfortunately, these strategies have limits.

Once the company has generated traffic, and the store has excellent merchandise purchased at a low price and financed at a very favorable rate, what is left? Employees must then serve the customer.

Many rent-to-own companies are looking to maximize profit through people. They are hiring talented people, developing strong managers and focusing on serving their customer base. They realize that this may represent the most significant opportunity or area of return for the future.

It takes more than just a decision to improve the productivity and profit through people. It takes work and determination at all levels. It requires an organized approach to position the organization for future success.

In working with rent-to-own organizations, we have identified several keys to obtaining the maximum productivity from people for the future. This list is compiled from many different organizations and points out areas of opportunity. This is not meant to indi-

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*Continued on page 25*

## MESSAGE

I have just finished the annual legislative survey which appears in this issue. I have also been reviewing contracts for some companies, and so state laws and dealer compliance have been very much on my mind.

To be honest, I was going to write a message on certification in this industry from the point of view of a college professor (one of my former callings). My recent activities, however, compel an entirely different message and it is an important

get a contract printed with the words correctly set forth in the proper order, with proper type size, etc. It is another matter altogether to fill them out correctly. And I mean a lot of little things — not identifying the property as new or used; not filling in the blank for cash price with a

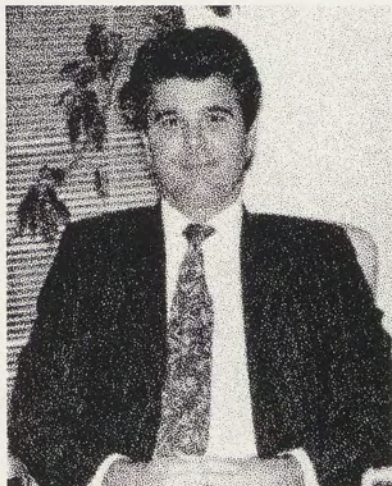
ED  
WINN

## There's still work to do even after passing a law

one. It has to do with what I can only characterize as an alarming rate of non-compliance with state laws by rental dealers.

Those of us charged with monitoring the industry, as opposed to running an individual business, have long recognized the waning interest of matters legal and legislative as

soon as a state passes a rent-to-own act. We know that it is like pulling teeth to get dealers to stay organized and attentive to state rent-to-own affairs once the law is on the books. This is not true everywhere, of course, and there are some vibrant state associations with dynamic leadership and committed members. I fear that such groups are the exception, however, and not the rule.



BY ED WINN III

We have been worried about this state of affairs at APRO, and I hope we will soon launch an effort, including some real money aimed back at the states, to work on the problem.

In the meantime, I wonder how many dealers have reviewed existing RTO contracts in their systems for compliance with the appropriate state law. I have done it lately for some sizable and well-run companies and I have been dismayed at what I have found — store employees freely filling out contracts every which-a-way; handwritten "deals" on contracts in violation of the customer's legal rights, the company's best financial interest and, occasionally (although it is hard to do), in violation of both. I've even seen glitches in computer programs run for months and months printing contracts that fail to comply with state law.

I have long maintained that it is not especially difficult to

number; not getting the customer's signature for the in-home collection charge and then charging it anyway; miscalculating late fees on grace periods; and the list goes on.

Small stuff, but serious stuff. And potentially expensive stuff. Many RTO statutes have statutory damages of at least \$250 per faulty contract. Multiply \$250 times every delivery you have made for the past four years, or since the statute was enacted, and you are talking about real money.

So, my message is that just because your state has passed an RTO statute, that is not a signal for you to go to sleep over the issue. Every dealer needs an in-house compliance program to review completed contracts on a periodic basis. It should include up-front training for new employees about the need for compliance with state law and the seriousness of the penalties for violations.

In an industry with an employee turnover problem the size of ours, it is no surprise that employees get into the system and back out again without ever hearing of a state RTO law.

The RTO laws that have been enacted have for the most part been fair to all concerned. That means compliance is not overly difficult. Compliance industry-wide ought to run at 99-plus percent. I do not know what it is, but my recent personal experience tells me it's nowhere that high.

That is unfortunate, because there really is no excuse. Inattention to this detail has already cost some dealers a lot of money. Unfortunately, I fear it's going to cost some other dealers a lot more before the industry starts paying attention to the laws it has gotten passed.

PR

**Just because your state has passed an RTO statute, that is not a signal for you to go to sleep over the issue. Every dealer needs an in-house compliance program to review completed contracts on a periodic basis.**

# States enacting rent-to-own laws still on the increase during 1990

Colorado, Kentucky and Minnesota dealer groups bring total to 23

*(Author's note: This article continues the annual survey of RTO legislative affairs which was begun in 1986. The preceding four articles are as follows: "Rent-To-Own Statutes: A Comparison and Analysis," Progressive Rentals, February, 1986; "State Rent-To-Own Statutes Revisited," Progressive Rentals, June/July, 1987; "Rent-To-Own Statutes: 16 States and Counting," Progressive Rentals, June/July, 1988; and "Four More States Add Rent-To-Own Statutes," Progressive Rentals, June/July, 1989. Each of those articles analyzed different aspects of the existing rent-to-own statutes. Reprints are available upon request from the APRO office.)*

By Ed Winn III

This article will bring readers up to date on legislative developments since the last such article in the summer of 1989. In summary, three states have added new rent-to-own laws so far during 1990—Colorado, Kentucky and Minnesota. Two states made technical amendments to their previously enacted RTO statutes—Indiana and Nebraska. And as of this writing, state RTO legislation is pending in another three states—Delaware, New Jersey and Pennsylvania.

The RTO issue was debated vigorously in the West Virginia legislature this year, but no statute resulted. The industry foresees legislative developments in other states as well—most notably Kansas and South Dakota. Finally, issues concerning specific aspects of the RTO transaction have arisen in a few states, although it is too early to predict the outcome of these various inquiries, lawsuits and consumer advocate criticisms.

## *The struggle continues*

Ask dealers in Minnesota, West Virginia, New Jersey or Pennsylvania whether the battle over the RTO way of doing business is over. Dealers in those states and others have felt the heat of consumer advocate attacks against their business practices this past year. Legislation resulted in one of those states—Minnesota.

Industry advocates have noted that, to a certain extent, the focus of attacks

has shifted. Once, local legal services offices could be counted to speak for the consumer position during legislative debates and to argue against whatever position the industry took. In recent years, many former legal services lawyers have ended up on the staffs of state attorneys general and have used that office to vocalize their objection to distinguishing RTO transactions from traditional credit sales. State attorneys general traditionally enjoy greater respect in the statehouse than do legal aid lawyers.

Moreover, once legislation has been introduced, dealers are increasingly finding a well-organized attack on reasonable legislation in local newspapers and on television. These stories are likely originated out of consumer advocate departments. In any case, the rent-to-own issue is getting a lot more media attention lately than it has during the past several years. Specifically, this has happened in Minnesota and New Jersey.

Despite the upsurge in animosity against RTO business practices, three states did enact reasonable RTO legislation during the past year. West Virginia narrowly missed passing a law there. Amendatory legislation has been threatened in Maryland, Iowa and Oklahoma, but to date no bills have been introduced.

Connecticut continues to see anti-rental legislation either threatened or actually introduced. Once again this

year a bill was introduced to characterize not just RTO transactions but all leases including tuxedo rentals, short-term car rentals, short-term party goods and tool rentals as credit sales under state law. As might have been predicted, this bill went nowhere.

The recent new acts bring the total to 23 states which now have rent-to-own legislation on the books. Bills are actively pending in three other states—Delaware, New Jersey and Pennsylvania.

There remain four states whose definition of sale of goods requires dealers to use rental agreements with bona fide purchase option—North Carolina, Maine, Wisconsin and Idaho.

## *Amending existing RTO laws*

After the Oklahoma experience last year in which Oklahoma dealers, by failing to participate sufficiently in the legislative process when their RTO statute was being amended, lost all rights to charge damage waiver fees or to sell leased property insurance, dealers in regulated states are paying more careful attention to the possibility of seeing their rent-to-own statutes amended in legislative sessions.

It is a fact that in many states dealers struggle to maintain the existence and viability of state associations. In other states, groups are well-organized and outspoken about the issues which affect them.

The national association, APRO, for the past two years has been working hard to create a networking system between the various state groups and to assist them in monitoring their state legislatures. There are lots of issues beside the legality of the rent-to-own transaction which can affect whether

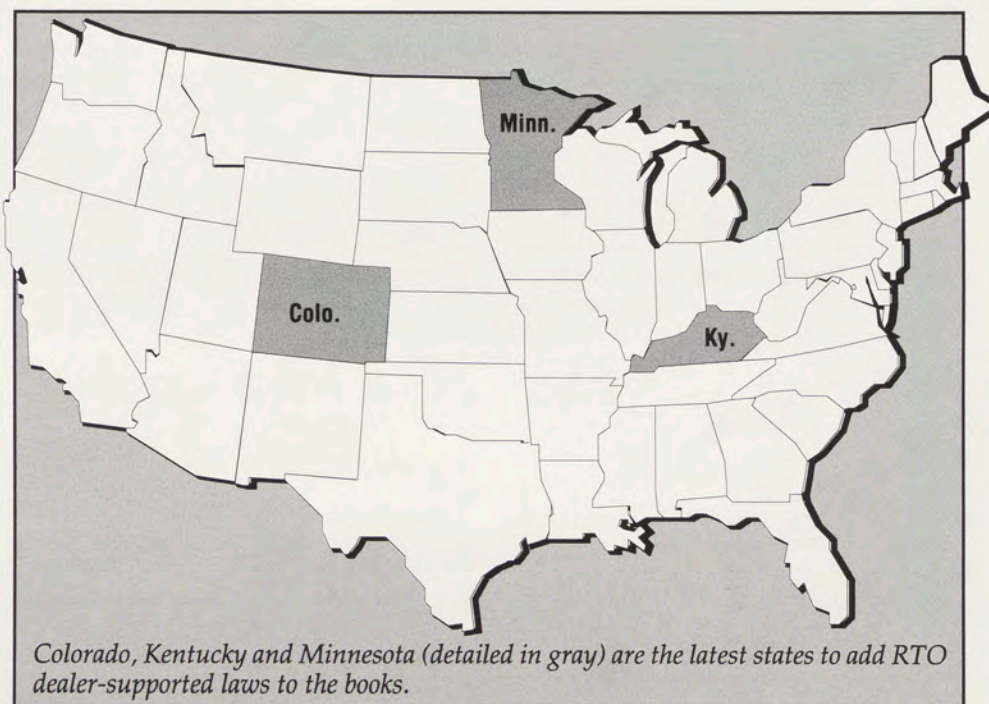
dealers can make any money in the RTO business or not.

A short list of some of these issues includes the following: rent-to-own price caps; limits or exclusions of "other charges;" theft of rental property statutes — RTO exclusions; "lease" taxes that cannot be passed on to consumers; the double taxation issue (Louisiana, Arkansas and Illinois); limits on lessor collection activities; limits on lessor advertising; applying deceptive trade practices statutes to rental transactions; licensing of rental dealers and employees; second-hand goods dealer licensing and registration laws which might apply to rental dealers; and limits on public assistance money being used for rental payments.

Not the least of those issues is the state tax issue. Already dealers in Arkansas and Alabama have seen their state legislatures amend the tax laws after passage of RTO legislation and increase rent-to-own dealers' tax burden. Dealers are facing state tax issues in court in several other states, specifically Illinois and Florida.

This past year Nebraska made a technical amendment to the rental purchase act enacted the year before without objection either from consumer advocates or the industry. The amendment clarified the section in the statute concerning lessor liability and did not really alter the intent of the statute as originally enacted.

The Indiana legislature also passed a package of amendments to the Indiana rental-purchase statute; some were technical, some not. The industry went along with suggestions initiated by the state Department of Finance, but not without dissension among some dealers and not without some protest from the consumer protection department of the state attorney general's office. The attorney general's office lamented that the changes were not far reaching



enough and did not place sufficient controls on the industry. Several industry members were concerned that the changes went too far.

The Indiana Rental Dealers Association did review the amendments and agreed to support them.

Prior to the amendments, the statute provided that all limits on other charges, processing fees, in-home collection fees, reinstatement fees, etc., were subject to cost of living increases under a different section of the state's Consumer Credit Code. The amendments took out those changes and limited those fees to specific dollar amounts. The Department of Finance's argument was that dealers could come back to the legislature when those amounts needed raising, rather than have them be raised automatically.

Another amendment limits charging a reinstatement fee, which is distinct in the statute from a late charge, except in cases where the dealer has picked up the property.

The amendments added a section limiting a rental customer's liability for loss of the property to the fair market value of the property.

The amendments allow the UCCC administrator to impose a civil penalty of not more than \$1,000 for a violation of the rental purchase act or any rules adopted under the act. Lastly, the amendments up the registration fee from \$100 per company per year to \$100 per store location per year. The amendment did reduce from \$200 per day to \$100 per day the fee that an administrator could charge for auditing a rental company and imposed a maximum \$5 per day on dealers for late payment of registration fees.

#### *Disclosures in the new states*

The Colorado law has a required statutory notice that must appear in rental agreements similar to required notices to consumers in Florida, Michigan, Iowa, Ohio and Nebraska (see chart

*Continued on page 47*

# The 'feedback model' can yield improved performance

Managers should approach employee critiques with professionalism

By Rex Thornton

In the December-January issue of *Progressive Rentals*, I wrote about using the "coaching process" to train employees.

The steps of the coaching process: 1., Define the job; 2., See what the employee can already do; 3., Address the training needs first; 4., Involve the employee in the action and observe his performance; and 5., Continue the development of the required skills through observation and feedback.

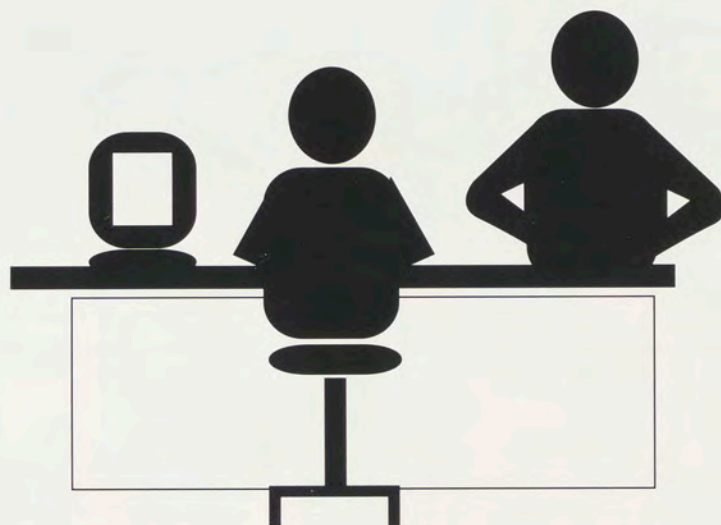
The fifth step of the "coaching process" is where this article starts. The way you give feedback to employees can make the difference in how much improvement in performance they make—or whether they improve at all.

## Rules for giving feedback

Before we get to the "feedback model," the method of giving employees constructive feedback, we need to lay the groundwork, or a set of rules, for giving feedback. The rules:

1. Be descriptive rather than judgmental.
2. Be specific rather than general.
3. Deal with things that can be changed.
4. Give feedback when it is desired.
5. Consider the motives for giving feedback.
6. Give feedback when the behavior takes place.
7. Give feedback when its accuracy can be checked with others.

Seven rules. Each is very direct and simply stated. And yet each has the potential to make a big difference in your business, provided each one is



observed and followed.

The first rule—"Be descriptive rather than judgmental"—is violated every day in business across the country. You will have to decide if you are one of those who violate this rule. Have you ever been guilty of telling an employee that he had a good or bad attitude? Or that he was or wasn't motivated? Both of these terms are judgmental. What were you looking at to determine the employee had an "attitude problem" or lacked motivation?" You observed what they did or failed to do and listened to what was said—or what was not said but should have been.

These are behaviors. As managers, we have the right to expect appropriate business behavior from our employees. We do not have the right to "play" with someone else's motivation or attitude. To be descriptive, describe the behavior you observed that was appropriate or less than appropriate. That's what you are trying to change.

The next rule is: "Be specific rather than general." Like attitude and moti-

vation, this rule is abused every day. "You have got to treat customers better" is too general to act on. How can an employee go about treating people "better" if he doesn't know exactly what he did that was seen as treating them badly? If, on the other hand, the manager said: "I heard you say... to a customer; from

now on I want you to say ... " the employee would know exactly what he should not do. Moreover, he would also know exactly what the manager wants him to say to customers.

Rule three: "Deal with things that can be changed." It doesn't do any good to tell an ugly dog to be pretty. Behavior, however, *can* be changed. Focus your efforts on improving behavior that's important to the performance of the job. "Giving feedback when it is desired," the next rule, can be difficult. No one likes to hear that they're not doing as well as they might. If your feedback is directed at helping employees improve their job performance, they will come to desire feedback. They'll understand that when they listen, and act on your feedback, it will help them do better on the job.

Your "motive" in giving feedback must be the right one or the feedback will be worthless. If your motive is to help the employee, he will make every

*Continued on page 54*



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cate that any one organization has achieved perfection in all areas. However, the more an organization improves in each area, the greater the likelihood of future success and healthy profits. Let's examine these areas.

### *Positioning*

In the past, just being in rent-to-own was definition enough. Because of growth and change, companies must further define who they are to those both inside and outside the company. They must establish or position themselves as the company of choice to rent from or work for.

The companies that are positioned for success in the future have asked tough questions and have a clear understanding so that they can easily identify the customer base, the types of products they rent, the market area that is served and their philosophy with customer service. At first glance, these areas may appear simple or even self-evident; however, the companies that will be successful in the future clearly understand and communicate these areas to employees.

The clear identity of the company also makes it easier to consistently communicate with outsiders in areas such as advertising. For example, do you stress low prices or high value? Your advertising message positions your company in the mind of the customer.

Your identity or position helps employees retain their focus and ensure their behavior is consistent with upper management's goals. For example, if customer satisfaction is the number one priority of the company, it is easy for a manager to determine what decisions to make. Companies use this understanding to guide their decisions, in all areas such as selecting products that fit their customers and company.

### *Planning*

Because of the radical changes and expansion over the last few years, very few rent-to-own organizations have

*Continued on page 44*

# Print options offer dealers cost-effective targeting

The direct-mail approach, when carefully planned out, will bring results

By Randy Buffington

It's generally agreed that print advertising works. So, the real question is: What should you expect from print advertising?

Every ad should build your public awareness. If potential customers don't know you exist, they obviously can't rent-to-own from you. You are adver-

businesses must approach potential customers from their point of view.

## The fine points of print

In using print advertising there are four general points to consider. Rent-to-own is like retail: You must first create a desire. Just telling people about your benefits, and that you are the best rent-to-own outfit around, means nothing.

Decide first on the event. Then choose either a price, time, premium or product promotion that best fits the event. All of these types of promotions can be used as strong hooks. Learn how to use these basic promotion types. Remember: Each can help you create the desire or hurt you when used improperly.

After you've

decide which promotion will give you the best hook for your money, reinforce it with *urgency*. For example, the price promotion: "Five dollars delivers and, if you act by Saturday, you get one free month." The month is given off the end of the term. The "act by Saturday" is the urgency. Print is like a coupon. It has a two- to three-day life span. Stop being

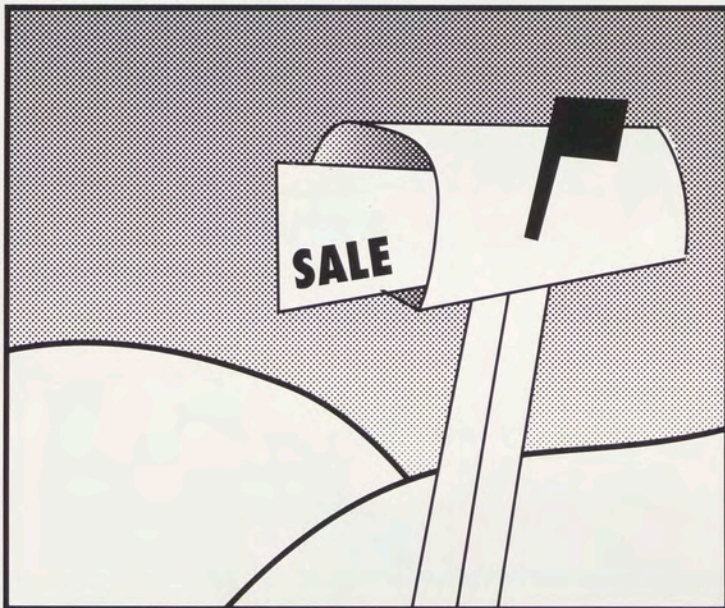
generic with your advertising. Every day, rent-to-own advertising is getting closer and closer to retail. Retailers know how to get the most out of a short-term event. Rent-to-own customers only have money for short time periods, and you need to take advantage of this knowledge to build the event. A seven-hour or two-day period tied to a good promotion will yield results.

The next point is demographics. How well are you targeting your customers and tracking them? First ask yourself which is better — marriage or solo mail?

Marriage mail is where your items are mixed in with others to "piggyback" and thus take advantage of bulk-mail discounts. Advo, one of the largest mail houses in the country with many regional offices, specializes in marriage mailouts. The cost is a lot less than solo because other people are sharing it with you. Using this type of mailing, you can afford to use print advertising with frequency. There is some waste since your direct-mail pieces are going to whole zip codes, and not everyone in a zip code is a potential customer. Every zip code has several carrier routes to choose from.

Solo mail, in contrast, costs more because no one else is sharing the production or mailing costs with you. This is a distinct advantage, however, since you can target specific carrier routes. It also has greater flexibility with the timing of mailouts.

Both mailing options — marriage and solo — are good. You're wise to alternate them, depending on the particular



tising to people who don't care about you at all. They only care about their own needs, their wallets and their pleasures. They couldn't care less that you have your doors open for business, if their needs are being filled completely somewhere else.

This may seem like a harsh view, but it's realistic and meant to show that

## ADVERTISING

project, rather than sticking to just one.

Now's the time to ask yourself these four questions:

1. Which zip codes have the most deliveries?
2. Which zip codes have the highest delinquency?
3. Which zip codes have the most paid-outs?
4. Which zip codes have the highest pickups?

The reasons for posing these questions should be clear. Why deliver to an area where your chances of picking up are high? Try, where possible, to be more specific by looking at carrier routes. There is a company called Datamap that for \$50 to \$200 will provide you with an in-depth study of your particular carrier routes. (Datamap's phone number is 612-941-0900; ask for Richard Byers.)

Setting up your mailing list is like putting information into a computer — trash in, trash out. Take the time and spend the money it takes to put together the best demographics possible.

Last, and most important, is timing. First, determine what are the best paydays in your market. You'll usually have a four-day window, depending on exactly when those paydays fall. Be careful around the holidays. Mail houses have a tendency to tell you what you want to hear; you can easily end up with a lot of toilet paper.

Never make the mistake of stressing "drop date" to mail-house people. They interpret it as "delivered to post office." Instead, you should always say: "in-home delivery date." That's really your ultimate goal. When setting up your timetable, start from the date you want it delivered "in home" and work the rest backwards. For example:

1. In-home delivery date.
2. The date the local post office needs to receive the job from the mailing house.
3. The date the mailing house needs to

get the job from the printer.

4. The date the printer needs to have a final proof approved by the customer to proceed with the printing.
5. The date a proof needs to be okayed with the layout artist and the dealer (owner) before it and the artwork can go to the printer for any additional prep work.

The cost of the printed piece is not relative to how great a return it will have. A four-page, four-color ad on glossy paper stock is a work of art. And, it's expensive. This form of print is usually a real image builder. If the message is strong, the response will be good.

A three-color ad printed on a simple paper can be delivered with greater frequency. Remember the four points of setup. Add the factor that for the same money you spend on a four-color ad you could send out three to four times the pieces to the same customer base. You could also send to a larger area of potential customers.

I'm not saying don't use a four-color ad; it has an appeal nothing else can match. But try using a combination of both types of print. One month use one; the next month use the other.

The highest cost of print is dependent on two factors — quality of paper and volume. When you set up your budget, first determine the type of mailing — solo or marriage. Consider the first four points of setup covered earlier. Ask yourself: "Do I go for image, or do I get down and dirty?"

If you decide to go for image, here's one way to save on production costs. On an eight-page color piece, print the inside first (this makes four pages, but it's actually one big page folded to make up the inside four). Make this your largest volume print run — enough to comprise two or three mailings. Since people usually only notice the front and back cover anyway, by keeping the inside information the same you can

*Continued on page 65*

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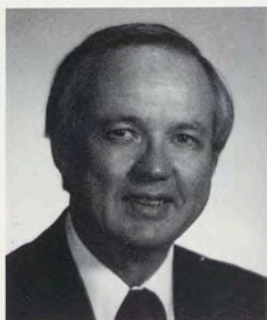


**DIAMOND RENTAL SYSTEM**

## PROFILES

*(Editor's note: This is a regular department profiling APRO members, attendees at conventions and seminars and prospective members. D.J. Thomas, APRO assistant director of member services, coordinates and conducts the interviews.)*

### Bob Elmen Sioux Falls, S.D.



Bob Elmen, Elmen Enterprises, Inc., Sioux Falls, S.D., began his rent-to-own operations with cash flow from his rent-to-rent business which was started with his father in 1950. He graduated from Augustana College with a bachelor's degree in history, from South Dakota State University with a master's degree in economics, and served as a lieutenant in the U.S. Navy (during the Korean War). His master's thesis was "Some Operational Aspects of the General Rental Industry" which was published in 1966

and sold to the rental industry. It was the first such book written for the rental industry. Today, he and his brother, Jim, operate 65 rental stores; half of them are rent-to-own, spread throughout seven states. They also operate 150 properties, farms, ranches, motels and mini-storage facilities.

**Q. You have a multi-faceted rental operation grossing in the millions; why are you so successful?**

My brother, Jim, and I have an X-type, longrange agenda, but use good people in a Y-type organization. We have low costs, little debt and no bureaucracy. The key ingredients, besides having great people, is structure and logic. A rental store must incorporate a logical management system if success is to be achieved. We provide excitement (comes when you make money) and a high return on investment.

**Q. What is your general business philosophy?**

We take care of business first and try to have a life left. For every business that succeeds, someone must give his life. We only do win, win, win (all others) deals. We used to do a few win and win, win. We don't work on hope. We monitor every item, every category, every endeavor and study its trends from one year to the next. We are caretakers and meet the responsibilities of all stakeholders (stockholders, employees, customers) and equipment.

**Q. How important is education and training to you and your employees?**

We believe in education and encourage our employees to get it. We have a 30-seat training facility and have given \$1 million to Augustana College. Our manager qualifications include college or equivalent discipline in addition to knowledgeability in accounting and mechanics and communication skills.

**Q. You are actively working on obtaining a state RTO bill in South Dakota. Do you feel certain that it will be passed this year?**

We have good plans, high hopes and watch ... with hawk-like vision.

**Q. What are your current goals at Elmen Enterprises?**

We intend to be successful survivors in any related industry in which we understand the fundamentals, allocate investments, engage in innovation and applied technological studies. We look for profitable combinations of related businesses. Those that do not fit ... will be sold or treated with benign neglect to save management time. Our "Do the Right Things Right" list for the next seven months has a 25-goal agenda. PR

### Bruce Middleton Sarasota, Fla.



Bruce Middleton operated a successful marine business in Canada for 20 years and moved to Florida in 1978. After enjoying three years of semi-retirement, he began looking for business opportunities and quickly discovered the tremendous potential of rent-to-own. Subsequently he purchased American TV & Appliance Rental, Inc., which at the time was a three-store chain. Since 1982, Middleton has expanded American TV to its present size — 14 locations throughout southwest Florida. In addition, five RTO stores have been opened in Canada.

**Q. What has contributed to your success in rent-to-own?**

Our company is certainly not the largest in Florida and this is one of the reasons we make every attempt to ensure our customers receive full value for their money. I expect American TV employees to follow up after the initial sale so that a friendly, courteous and helpful relationship is established and maintained at all times. Personally, I strive to see that we hire the right people, ensure they can handle their assigned responsibilities and then give them the flexibility to get the job done.

**Q. What were some key factors affecting RTO during the 1980s?**

The '80s were marked by an expansion of the product lines we carried, and this gave RTO customers a much wider choice of merchandise. The introduction of furniture is just one such example which helped many dealers reach out to a new customer base and advertise that RTO had something for every room in the home. At the same time, public acceptance of our industry increased as more and more consumers saw rent-to-own as a legitimate alternative to traditional retailing.

**Q. What do you foresee in the '90s?**

To some extent I see what may appear to be opposing forces coming into play. Increased competition will continue to impact our industry, creating further consolidation as unprofitable stores are relocated or closed. Indeed, some of the fringe players will get out of the game. On the positive side, there is no question that our industry will continue to grow to the point where we will gain an even greater share of the marketplace. I believe RTO will grow at a faster pace than retailers.

**Q. To what should APRO dedicate its time and money to ensure survivability of rent-to-own in the next decade?**

APRO has already taken a leading role in influencing and shaping legislation that has been invaluable to the business interests of all RTO dealers. While much has been accomplished, it will be essential to continue these initiatives at both the federal and state level. At the same time, the new and, in some cases, unforeseen challenges of the next few years will require APRO to expand its influence. It needs to work with its members to develop and advise on new business approaches, new operating ideas, innovative marketing strategies and possible new product lines. All of these things will be essential to our success in the next decade. PR

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## PRESIDENT'S VIEW

TED WILSON,  
continued from page 6

ful because you are good. But these organizations can help your competitor (who may not be so good) stay out of trouble. If one rent-to-own dealer gets axed because of his poor business practices, all of us get splattered with the blood.

In closing I would like to thank all of you who have worked so hard to make this a successful year for APRO. The

board of directors, APRO staff, our vendors and general membership should all be commended for the roles they've played in the last few months in making your trade association stronger and more ready to serve you in the future.

Ted Wilson  
APRO president

## APRO Application for Regular Membership

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

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### Dues

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

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|---|--------|
| 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.

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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.

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### 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.



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# Accounting committee developing RTO guidelines

The APRO Accounting Committee met in Dallas on Tuesday, May 15, to discuss current tax and accounting trends in the rent-to-own industry and to develop a strategy to keep the industry updated.

Present at the meeting were Wayne Chambers, chairman; Rita Wallace, Rental Information Systems; David Belt, Action TV & Appliance Rental; Danny Wilbanks, Remco; Christy Scott, Rent-A-Center; Dan Whitsell, Whitsell & Company; Dan Strunk, Kirkpatrick, Sprecker & Company; Ed Winn, APRO general counsel; and Bill Keese, executive director of APRO.

Chambers said members have agreed on

the direction the committee should take, as stated in the approved mission statement:

- "The APRO Accounting Committee will work to develop guidelines for the rent-to-own industry financial-statement presentation. The committee will update the guidelines periodically to reflect changes in the rent-to-own industry's accounting practices.

- "The committee will also work to identify rent-to-own tax issues at the federal, state and local levels, collect information from all sources concerning the issues, and educate interested industry members in a timely and confidential manner.

- "The committee will look for opportunities to position the industry favorably on all major tax issues."

Chambers said he was pleased with the results of the meeting. "Dealers in this industry recognize the critical nature of the accounting and tax issues we face day after day," said Chambers, "and now we have a group of highly skilled individuals who are committed to work through APRO to provide this industry with the expertise to tackle these problems."

For more detailed information concerning the committee, contact any member or the APRO office — (512)794-0095.

## Convention golf tournament offers Fla. challenges

Disney's Magnolia Course promises golfers top-flight thrills

Even more attention than usual has been devoted to the APRO annual convention golf tournament this year, and that should make 1990's edition memorable.

Walt Disney World's Magnolia Course is the site for the Sunday, July 22, tournament which kicks off the national trade association's annual convention — APRO '90: Countdown to the Future.

Besides the challenging nature of the course itself — hole No. 14 reportedly has a "gator" hazard — other added touches should make the 1990 golf tournament one of APRO's best. For instance, Multi-Gard Insurance is sponsoring a hole-in-one contest on the No. 6, where a new Oldsmobile Cutlass Ciera is at stake.

In addition, more than 16 trophies and prizes will be awarded.



*An Oldsmobile Cutlass Ciera is the prize for the first golfer to make a hole-in-one on the No. 6 during the APRO convention golf tournament Sunday, July 22, in Orlando, Fla.*

Coffee and donuts will be provided as golfers board buses around 6:45 a.m. from convention headquarters, the Peabody Orlando.

Golfers need to register for the convention and submit their tournament application no later than Friday, June 22, said D.J. Thomas, APRO assistant director of member services.

A practice round is scheduled for Saturday, July 21. For more information, contact Thomas at (512)794-0095.

Here's the schedule:

### **Sunday, July 22**

- 6:15-7 a.m. — Golfers check in at hotel lobby; coffee and doughnuts available at busloading area.
- 8 a.m. — Shotgun start.
- 12:30-1 p.m. — Approximate end of tournament; posting of scores.
- 12:30-1:30 p.m. — Luncheon buffet.
- 1:45 p.m. — Bus returns golfers to hotel.

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Plus the only nationwide network of *factory-trained* service representatives, that's ready to handle problems no matter if your rental service is in Alabama, or Alaska.

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General Electric Appliance Co.  
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Louisville, KY 40225  
(502) 452-5439




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## APRO convention sites 'entrepreneurial' spots

The country's three top "entrepreneurial hot spots," according to *Inc.* magazine, are the same cities APRO leaders picked as sites for the trade association's 1989, 1990 and 1991 annual conventions.

In the magazine's March, 1990, issue, *Inc.* editors indexed metropolitan regions by growth, business starts and proportion of high-growth companies.

Las Vegas, Nev., site of APRO's 1991 convention, was ranked No. 1; Washington, D.C., where APRO members met in August of 1989, was No. 2; and Orlando, Fla., where this year's July 22-26 convention will be held, was the third "hot spot."

While there is no direct correlation between the *Inc.* rankings and APRO's decisions to hold conventions in these cities, APRO President Ted Wilson says the coincidence is only fitting.

"The rent-to-own industry was built on the entrepreneurial spirit," Wilson said, "and it's good to know that our convention sites are appropriate settings."

Source: *Inc. magazine*

## Lefort picked president of wholesalers' group

Michael J. Lefort, president of Lefort Wholesale Furniture Company, Smyrna, Ga., has been elected president of the National Wholesale Furniture Association (NWFA).

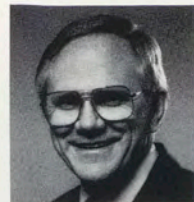
The NWFA, headquartered in High Point, N.C., is a trade association whose members are leading wholesale furniture/home furnishings distributors in the United States and Canada.

Lefort's election to a one-year term was announced on April 20, during the International Home Furnishings Market in High Point. He succeeds past president Edward L. Neu of J.B. Neu Sons, Inc., Indianapolis, Ind., who now becomes chairman of the board for NWFA.

Source: *National Wholesale Furniture Assn.*

## Jones High Touch's new president, CEO

The board of directors for High Touch, Inc., announced the appointment of Lyle D. Jones as president and chief executive officer.



Lyle D. Jones

Jones was also elected a director of the corporation. He was previously with Lodgistic, Inc., a software company that serves the hotel/motel industry. Jones has been involved with computers and software for more than 25 years.

High Touch is a privately held corporation that writes software for the RTO industry. High Touch is based in Wichita, Kan., and was chartered in April of 1984.

Source: *High Touch*

## Schrotter joins staff of Atlanta mart

Brian Schrotter has been named buyer relations representative for the furniture and home accessories industries of the Atlanta Merchandise Mart.

Schrotter will work with retailers and manufacturer's representatives for feedback

and input about the industry and the Atlanta Market Center, according to Tom Fulghum, general manager of the Atlanta Merchandise Mart and executive vice president of the Atlanta Market Center, who made the announcement.

Before joining the Atlanta Merchandise Mart staff, Schrotter's experience in the furniture industry included retail store management, sales and consultation.

For more information on Atlanta's buyer relations program, contact Peg Canter, vice president of buyer services, Atlanta Market Center, 240 Peachtree Street NW, Suite 2200, Atlanta, Ga., 30303. Or, call (404)220-2431.

Source: *Atlanta Merchandise Mart*

## Carlton Mfg. opens new RTO division, PACER

Carlton Mfg., Inc., has established a new division, PACER Consolidated, which will service the rent-to-own industry.

PACER will warehouse bedroom, dining room and occasional furniture, along with Carlton upholstery which will be available for shipment on short notice in any quantity, according to Carlton spokesman Richard McRary.

"Merchandise will be delivered on our own trucks and will be available in most states at the same prices," McRary said.

The PACER program will be introduced at the APRO annual convention and trade show, Sunday through Thursday, July 22-26, in Orlando, Fla.

For more information, contact Jearl Mowery at (214)537-4591 or McRary at (404)945-2601.

Source: *Carlton Manufacturing*



Wayne Panoke, a Hawaiian minister, 'blesses' the opening of Canyon's new headquarters.

## Canyon offices get Hawaiian blessings

Canyon Rent To Own, a company which operates stores in Nevada, California and Hawaii, followed Hawaiian tradition before opening the doors to its new corporate headquarters in Las Vegas.

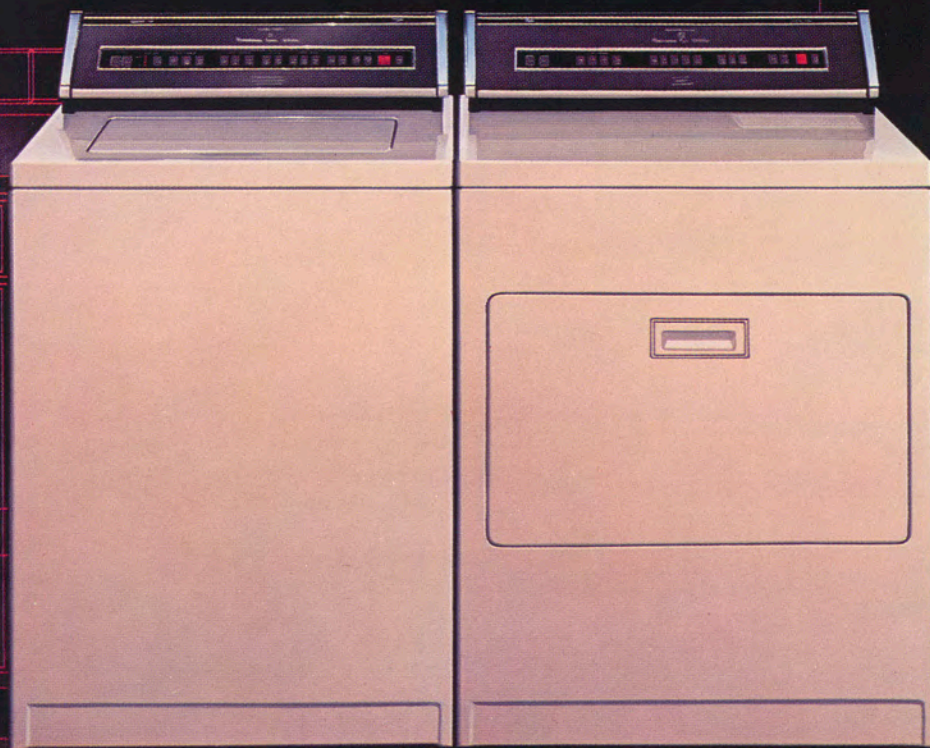
Wayne Panoke, a genuine Hawaiian minister and president of the Las Vegas Hawaiian Civic Club, blessed the 7,000-square foot office building before the company began conducting business there on Monday, April 2.

In the tradition of the Hawaiian islands, only bad luck befalls a business which does not have its threshold blessed first, according to a Canyon news release.

Panoke, wearing the appropriate foliage, sprinkled the doorway of the building with water mixed with native Hawaiian salt. Matthew Pinkerton, Canyon's operations manager and a Honolulu native, helped procure the special bird feathers, garland and plants needed for the ceremony.

Canyon Rent to Own began almost nine years ago in North Las Vegas. Today, the company has four Las Vegas stores and five in Hawaii.

Source: *Canyon Rent To Own*



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# Why wait for a washer your customers can load to the limit? Whirlpool has it today.

A washer that can get even the biggest loads clean? That's something that can help you turn your renters into buyers. And Whirlpool can do it today.

**The features they need.** Many models of Whirlpool® washers have a special washing action. They roll the clothes over and over. So even with the tub filled to the limit, the whole load gets clean. And that can put a whole lot of customers in a buying mood.

But that's not the only way Whirlpool takes a big load off your mind. We designed our direct-drive washing system without belts or pulleys. And cut serviceable parts by 20 percent. So there's less to go wrong. Which means the kind of reliability that leads to an impressive keep rate.

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800-253-1301. For repairs, we have over 6,500 factory-authorized Whirlpool service centers. And we offer your customers the same excellent programs after their contracts are paid off.

We also support you with TV and magazine ads that run all year long, selling your customers on Whirlpool before they ever walk in your door.

Now the day may come when all appliance companies will offer you this much. But isn't it nice to know that Whirlpool does it today?



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**APRO** Associate Member since 1981

# Countdown to the future: It's time to pack your bags

APRO's July 22-26 convention, trade show and party in Orlando looms

By Barbara Stooksberry

Pack your bags for Orlando, because you won't want to miss the rent-to-own get-together of the year — and possibly the decade — "APRO '90: Countdown to the Future."

APRO's annual convention, set for Sunday through Thursday, July 22-26, will be so memorable, you'll want to catch every minute. Besides the fact that it's the annual meeting of RTO dealers from around the world, it will also double as the trade association's 10th anniversary celebration.

So, make those Florida reservations now. This is the event that can help secure your future in rent-to-own, as you and your peers "count down to the future" of RTO.

This year's trade show, the seminars and the parties are all geared toward maximizing participants' networking and learning opportunities.

"We put much thought into designing a convention program that would benefit all rent-to-own dealers, regardless of the size of their operation," says APRO Executive Director Bill Keese. "Programs and schedules were set to avoid conflict and allow each dealer to be everywhere he or she wants to be, without missing out on something else in the process.

"There is so much to do in the Orlando area," adds Keese, "that we believe many of our members will want to plan their family vacations around the convention. Orlando is the perfect place to do this, and we've organized activities for family members of all ages."

## Get there early

We keep suggesting that you come



early and stay late — and there are good reasons. One is that those who fly to Orlando will save megamoney by flying in on the Friday or Saturday before the convention and/or staying until the Sunday after.

Airline fares drop significantly for those who stay over a Saturday night in their destination city. For example, a typical round trip ticket from Los Angeles to Orlando is \$498 (at this writing), but it drops to \$328 if you stay over a Saturday night in Orlando. The fare drops from \$498 to \$280 from New Orleans and from \$530 to \$343 from Hartford. Multiply these savings by the number in your party, and we're

not talking loose change.

APRO conventioners can take advantage of two special rate schedules: Delta Airlines is offering our attendees special rates on airline fares, and Alamo Rent a Car is offering reduced rates on automobile rental. More information on both is included in your convention packets, which should already be in your hands (if not, call Shelley Martinek at APRO, 512-794-0095, ASAP).

You can get a jump on your APRO colleagues by registering Saturday from noon to 6 p.m. or Sunday from noon to 6:30 at the Peabody, before registration moves to the Orange County Convention/Civic Center across the street on Monday morning. You can take part in the APRO golf tournament early Sunday morning or, if you are a rookie APRO convention goer, attend a seminar for first-time attendees from 5:30 to 6 p.m. Sunday at the Peabody. The welcome reception is set for Sunday night — but more about that later.

Getting there early also allows you to visit area attractions at a more leisurely pace, before the convention revs up big time and multiple options compete for your time and energy. By coming early or staying late, you can do it all.

## Making a profit in RTO

This year's seminar theme is "How to Make a Profit in RTO," a subject dear to nearly everyone. We've totally revamped the seminar schedule to allow you time to attend seminars of interest without having to choose between seminars and the trade show or other convention events.

Seminar topics fall into six basic categories: marketing and advertising, operations, personnel, management,

products and customer services, and the benefits of association membership. Experts in RTO and support industries will cover all the bases for the small-, medium-, and large-scale operation.

"We believe this could be the best seminar lineup ever devised for an APRO convention," said Wayne Chambers, APRO second vice president and board member. "There is definitely a lot to choose from, but the categories are broken down in a logical way that will benefit owners and their top management people."

Marketing seminars will consider the importance of creating a corporate image, using demographics in designing your marketing program, dealing with representatives of the local media and utilizing telemarketing in RTO.

We've scheduled a seminar for the RTO owner who is new to the business and two for the RTO accountant — financial statements, the use of computers, depreciation methods in RTO and the dreaded T-word — taxes. Because this convention is not just for dealers, but for their managers and other key employees as well, we've included how-tos on building an effective work team, leadership and aspects of the family-owned business.

You'll also find such topics as legal trends in RTO, what to do if a customer files bankruptcy, managing debt, and talking to your banker, as well as buying furniture, servicing rental products, and marketing jewelry. Finally, we'll look at the role the state and national trade associations play in the industry.

Seminars will be conducted on

Monday and Wednesday afternoons, with three hour-and-a-half sessions each afternoon. Most seminars will be presented twice. So, with a little advance planning, you can work out a schedule that *profits* you and your team.

### The trade show

Vendors and dealers work together throughout the year, but only at the annual trade show can they really take the time to meet informally and talk about mutual business concerns.

Here, RTO personnel can relay cus-

"The vendors are expecting a good turnout in the exhibit hall," said Voyager Insurance's Don Crawford, a member of the APRO Vendor Relations Committee. "A lot of foresight and preparation has gone into this year's trade show, and the fact that it will also be APRO's 10th anniversary adds to the attraction. With the parties and seminars scheduled in the same area (as the exhibit hall), we're expecting a large crowd."

Crawford added that the seminars, although they'll be conducted in the convention center, will not conflict with trade show hours.

This is the first APRO convention to be held in a convention center, and the Orange County Convention/Civic Center is first rate. This state-of-the-art facility should make for a best-ever trade show, so set aside Monday and Wednesday, 9 a.m. to 1 p.m., to visit the exhibit hall. A complimentary breakfast will be provided Monday and Wednesday from 8 to 9 a.m., and a cash lunch will be available Tuesday from noon to 1:30 p.m. in the exhibit hall. On

Tuesday afternoon from 4 until 5:30 p.m., there will be a cocktail reception in the exhibit hall.

### Socially speaking

APRO planners didn't get so caught up in business that they forgot the social aspects of this year's convention. As usual, there is a lot of fun included in the busy convention schedule.

The Florida temperature and ambience dictate casual attire, and that will be the order of the day for almost all

*Continued on page 42*

Photo courtesy Orlando/Orange County Convention & Visitors Bureau



The exhibit hall in Orlando provides comfort for vendors and dealers.

tomor reactions to and concerns about specific products. Manufacturers, meanwhile, can present their product lines to a captive audience, demonstrate special features and point out advantages. RTO dealers and managers can view new product lines and talk face to face with manufacturers and their representatives, exchanging ideas that will benefit them both. Store personnel become more knowledgeable about the merchandise, and manufacturers gain insight into how their products are faring in the marketplace.

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Now, we're ready to unveil The NEW Rental Manager. It is the newest, most advanced software system that the rental industry has ever known. We're really excited about this system and we're convinced that it will set a new standard that others must follow. The best is now even better!

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- Advanced features and reports

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**R**ecent research in the area of employment-discrimination law has revealed a frightening potential for employer liability from job interviews.

A few suggestions here should ease the risk. As always, for specific questions, you should consult your lawyer.

All good citizens understand that discrimination based on race, sex, age and national origin is prohibited. It follows naturally that employer inquiries into these areas are likewise prohibited. Unfortunately, these criteria represent only

distressed financial circumstances.

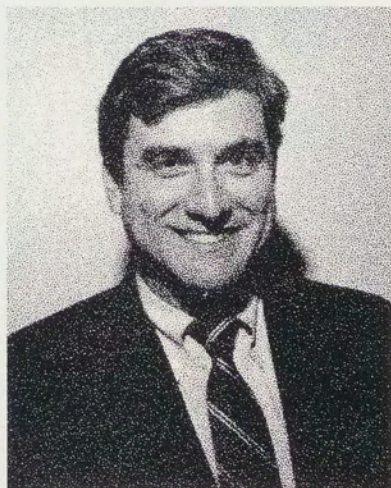
While it may not be an issue in our business, it is illegal to inquire about a prospective employee's union affiliations. Likewise, the military affiliation of a prospective employee should not be the subject of an inquiry, if the purpose of the inquiry is to try to avoid hiring a member

**JIMMY  
WALKER**

## The job interview — how to conduct it right

the tip of the iceberg. There are many other ways to get into trouble during the job interview.

First of all remember that the job interview includes the written application. In fact, this is the worst hazard because it creates a permanent record. An improper question might be forgotten, but the employment application lives on forever and is indisputable.



**BY JAMES D. WALKER JR.**

There are several subjects which should not be discussed either in the employment-application form or in the interview. This listing is not guaranteed to be complete. This collection of taboos is, however, long enough to be almost unbelievable.

A key to many of the prohibited questions is the job description. For example, it is improper to ask about a potential employee's educational or training background unless the education or training is important to the job. Likewise, an employee's participation in social organizations or political activities is an inappropriate subject for inquiry.

Bankruptcy law prohibits discrimination against individuals who have been debtors in bankruptcy. For this reason, the matter of financial stability of a prospective employee can be a prohibited area. It is necessary to know whether an employee has adequate transportation to be able to come and go to work and a telephone to be available in case of emergencies. On the other hand, it is not permissible to ask whether the employee owns a car or telephone because those questions tend to represent inquiries into the employee's financial circumstances. Such questions might be the basis for allegations of discriminatory treatment based on an employee's

of the National Guard or other military reserves. However, to illustrate how peculiar the rules can be, it isn't illegal to ask about the applicant's military discharge. Further, there is no prohibition on requiring an honorable discharge as a prerequisite to employment — if it is a legitimate job specification.

There is also the question of the employee's criminal record. The employer cannot ask if the prospective employee has ever been arrested. Our tradition for presumption of innocence makes this question improper. A prospective employee may be asked if he or she has ever been convicted of a crime. Even this question may be illegal, though, if it is unrelated to the type of job that's being filled. It must be concluded that it is impossible to adopt a policy which discriminates against any employees merely on the basis of a criminal conviction.

There are rules concerning the handicapped. In this area it's easier to see a handicap might relate to the employee's ability to perform the job in question. For example, a person confined to a wheelchair might legitimately be excluded from a job as a delivery person. On the other hand, that same handicapped person might not lawfully be excluded from a job as a repairman working on sets within the store. Care must be taken when inquiring about handicaps to ensure that the questions are tailored to the job specifications.

It's easy enough to know that race cannot be a factor in hiring decisions, but some questions tend to discriminate against mi-

**A key to many of the prohibited questions is the job description ... It is improper to ask about a potential employee's educational or training background unless they are important to the job.**

*Continued on page 46*

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

## SATURDAY, JULY 21

- 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

- 7:30-9 a.m., State presidents' breakfast — Convention center
- 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
- 1-6 p.m., Seminars — Convention center meeting rooms
- 3-3:30 p.m., Refreshment break — Convention center
- 6:30-8:30 p.m., "Moonlight & Magnolias" reception — Peabody

## TUESDAY, JULY 24

- 7 a.m., Fun run (youth 1-miler, 7 a.m.; adults' 5k, 7:30) — Starting line TBA
- 8 a.m.-5:30 p.m., Registration — Convention center, outside Hall A
- 8-9 a.m., APRO members pick up ballots for board elections
- 8:30 a.m.-5 p.m., Youth program — Peabody (swimming, games, etc.)
- 9-10:30 a.m., General session — Convention center
- 9 a.m.-2 p.m., Spouse tour, boat trip and lunch — Winter Park
- 10:30 a.m.-noon, Government relations workshop — Convention center
- 10:30 a.m.-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
- 1-6 p.m., Seminars — Convention center meeting rooms
- 3-3:30 p.m., Refreshment break — Convention center
- 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 39

convention events. Feel perfectly at ease in shorts, slacks or whatever is comfortable — for seminars to trade show to parties. Casual is in, so leave jackets and ties in your hotel room for almost all of this one. It is your vacation, after all.

Sunday night's welcome reception is an extremely casual affair with an Everglades swamp theme. Everything from hillbilly on up is appropriate this evening, as you visit informally with old friends and new. Nibble on light hors d'oeuvres and drink from an open bar from 6:30 to 8:30, and still have plenty of time to see the town — if you don't become supper for some lucky alligator lurking in the swamp. Whatever you do, if tennis is your game — either as spectator or participant — remember the APRO tennis tournament begins at 9 p.m. back at the Peabody.

Picture yourself on the expansive lawn of a Southern mansion for Monday night's Moonlight and Magnolias party. This evening's festivities are sponsored by Transamerica and APRO. Come dressed as Scarlet or Rhett or one of their chums (APRO staffers can provide phone numbers for costume rentals in the area, 512-794-0095). Or, come in your Sunday best — whichever suits you, but feel free to leave the jackets in your rooms. You'll munch on heavy hors d'oeuvres, quench your thirst from an open bar and visit beneath the magnolia trees. This evening at the Peabody ends at 8:30.

After the cocktail party in the exhibit hall, Tuesday night is yours to do whatever pleases you. And in central Florida, there is plenty from which to choose.

*Continued on page 68*

### 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)

|                                      | Postmarked |               |
|--------------------------------------|------------|---------------|
|                                      | By June 22 | After June 22 |
| <input type="checkbox"/> APRO Member | \$275      | \$325         |
| <input type="checkbox"/> Non-Member  | \$375      | \$425         |
| <input type="checkbox"/> Spouse      | \$175      | \$225         |

#### Daily Registration

|   | Member | Non-member |
|---|--------|------------|
| <input type="checkbox"/> Sunday Night Welcome "Everglades Swamp Party"  | \$25   | \$25       |
| <input type="checkbox"/> Monday (Registration Fee: Exhibit Hall, Seminars and "Moonlight & Magnolias" Gala Cocktail Reception)              | \$125  | \$150      |
| <input type="checkbox"/> Tuesday (Registration Fee: General Session, Exhibit Hall, Exhibit Hall Cocktail Party)                             | \$75   | \$100      |
| <input type="checkbox"/> 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 \_\_\_\_\_

developed good planning skills and even fewer have a working business plan. While some have a detailed cash flow analysis or projection, they have not determined and planned the strategy to keep that cash flowing. Others may have what is called a business plan because a lender required it. But once completed, the business plan is rarely used and quickly forgotten.

In the past, business plans covered longer periods of time, such as five years. Because of the fast-paced environment, however, they generally are not useful in the latter part of their lives. A business plan is a written document that records the plans developed to guide the business over the next two to three years.

The best rent-to-own companies have a "working business plan" which addresses much more than their cash-flow projections. A mission statement or purpose, target markets, strategies for growth, advertising, marketing, human resource development and key measurement areas are some of the sections covered in a good business plan.

The business plan is not the work of only one individual. To be valuable, it must represent a consensus arrived at by top management and updated on a regular basis. This document and the information within it is used to guide the organization to greater levels of achievement.

### People

It almost goes without saying — everyone wants to hire top people. At a recent rental retreat in Scottsdale, Ariz., the hiring and retaining of people was considered one of the major obstacles to success in rent-to-own companies. The companies to overcome this obstacle will be the ones that take the time to clearly understand the characteristics and qualifications required to be successful. They will also be the ones that have taken the initiative to develop the hiring skills of all managers. Because of the difficulty of finding good people in today's marketplace, and the

importance of hiring, it is essential that the hiring skills of all managers be strong and that they be involved in the hiring process.

Turnover in rent-to-own is a fact of life. The best companies do not accept it lightly. They understand that turnover represents a dissatisfied employee or a hiring mistake. They work diligently to identify the specific causes of turnover and eliminate them.

An in-depth and objective exit interview program assists in identifying these causes. Candid information about the company and its management, though it may be difficult, can be obtained and is very useful in identifying problems or causes of dissatisfaction. The removal of these causes will not only reduce turnover but improve moral and productivity.

To achieve high levels of performance and success, staff members, whether they are employees or managers, must have the skills to do their jobs. The companies that have positioned themselves for success in the future have made a commitment to training and developing the capabilities of employees. As the business gets tougher, they know they have to have higher quality employees and store managers.

In addition to store managers, mid-level managers are essential to growth. If an organization wants to continue to grow beyond a specific level, it will have to develop not only strong middle managers but also corporate or headquarters staff. This structure must be in place for the organization to continue future growth.

Because of the maturing of the customer and the rent-to-own industry, for a company to be successful in the future it must have qualified, highly trained people at all levels.



### Procedures

Because of the maturing of rent-to-own businesses and increases in company size, many have found it necessary to provide employees with guidelines on both "what to do" and "how to do it." These guidelines provide a consistent approach to dealing with recurring situations.

Policies and procedures are generally recorded in an employee manual. In some organizations the employee manual is accompanied by a manager's manual which is more detailed and tells specifically how to implement the policies and procedures. It might be easy to put off and not take the time and effort to document policies and procedures, but a lack of consistent procedures will be a barrier to growth.

Organizations that are most successful have a consistent structure which makes the manager's job easier and even allows a manager with a little less talent to be successful.

### Manage performance

In a fast moving business that is measured in days, weeks and months, annual reviews are not sufficient to manage and improve performance. The best rent-to-own companies have a performance system that clearly identifies and manages both individual and group performance. Managers use a routine system that includes the various aspects of management, such as goal setting, coaching and counseling, and appraisal performance to achieve the maximum results.

Because performance is managed on a regular and frequent basis, the manager can identify and resolve performance problems quickly. This will improve profits and may reduce long-term turnover. Frequent performance feedback increases results.

### Reward performance

Performance that is rewarded tends to be repeated. Companies that tie the bonuses in their compensation system

Continued on page 53

## RTO HUMOR

**T**he customers always write.

We continue to receive letters from members who believe the seminar schedule at convention should include more sessions specifically tailored to the needs of the small dealer. Exactly what any rental dealer's physical characteristics might have to do with his style of operation is a puzzle to me, but — in keeping with our aim of being the organ you can't live without — we've done some investigating.

Here's the result of our efforts; seminars you definitely will

## New seminar titles: Bowling for BOR and more

see at the 1991 convention:

**Creative Financing** — this session explores the statistical probabilities of any dealer with a debt multiple of more than eight staying in business long enough to see 10. Printed handouts will include the names and phone numbers of local career counselors and a list of friendly locksmiths in your area.



**BY BUD HOLLADAY**

for urban management recruiting.

**Bowling for BOR** — two action-packed hours of excitement as former rental dealers throw strikes to win back their stores. Major commercial lenders, finding the auction process slow and costly, recreate this '60s favorite to really "get the ball rolling."

**An Evening with Leon** — "Neon Leon" Jones, former ColorTyme account manager and current CEO of Skips 'R Us, grew his small California chain from three stores to 120 in just 14 months. Leon offers valuable insights on how you can go public using only junk bonds, your Discover card and his 90-minute video — "I Take You Public or it's Free."

**Ucan Grow** — a lively roundtable discussion on how to acquire other failing RTO stores without losing your own or even using your own money. Topics include: "Buy High and

**No-frills Hiring** — a 90-minute session devoted to the theory that two \$3.65-an-hour employees can certainly accomplish more than one \$8-an-hour employee. Featured topics include "Hiring the Homeless" and "Parolees for Profit — the Manpower of the '90s." The New Jersey Rental Dealers' Association outlines its innovative "Find a Felon" program

Sell Low — it's Borrowed" and "Understanding the Conway Twitty Rule (It's Only Make-Believe)."

**RentaSplinter, A Franchise for the Future** — former top executives of independent RTO companies explain how you can profit from operating a RentaSplinter franchise thousands of miles from your hometown. See and

**BUD  
HOLLADAY**

hear experts describe the inner workings of franchise law, partnership disputes and stock repurchases. Learn how to understand the real impact of fast-food marketing on rent-to-own. Attendees signing up for franchises will receive a free "Happy Deal" lunch.

**Pine for Profit** — a study of the profitability of furniture-by-the-pound. Industry experts offer tips on touchup and fabric care. Plus, you'll learn how to turn those troublesome pine knots into nifty pop-out coasters. Littlegrain Industries Vice President Slick Selsum will preview his "Finally Firewood Collection" following a drawing in which some lucky dealer will win 10 wood groups. A second-place winner will receive 15 groups.

There it is. This department has exhausted its resources and called in many old debts to bring you this exclusive sneak peek at what you'll find at future APRO gatherings. Now stop the letters!

As an added bonus, here are a few tips from the APRO staff for you "rookies" who'll be attending your first national rent-to-own convention in just a matter of weeks now. (Of course, the first rule is: Don't let anybody wearing a plaid coat and gold chains sell your children Sea World tickets. That would be longtime conventioneer and former sales rep Mack Macklin. Mack's an inveterate practical joker, as all those who bought his \$139.95 A/V system found out back in '87.)

Another to watch out for is the "industry insider" who knows a friend who has a cousin who knows a guy who

*Continues next page*

**This department has exhausted its resources and called in many old debts to bring you this exclusive sneak peek at what you'll find at future APRO gatherings. Now stop those letters!**

## BUD HOLLADAY

wants to buy your stores. Remember — a real buyer will always go through the proper channels. He'll contact all your

**A real buyer will always go through the proper channels. He'll contact all your store managers, rifle your dumpster and then call your lender. Don't be fooled by tire kickers! Sometimes the temptation is there to brag just a little bit to that friendly fellow sitting next to you at the bar. Don't! The last time this happened, Tom Devlin wound up without a company and a major European conglomerate was out nearly a half-billion dollars. Those cocktail conversations can be costly. Don't let this happen to you.**

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**PR**

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

### PERFORMANCE MANAGEMENT ASSOCIATES

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## JIMMY WALKER

norities in a way that might be deemed illegitimate. For instance, questions regarding the financial means of an applicant or the applicant's educational background might be construed as racially discriminatory if they are not actually related to the qualifications of the job in question. Methods of discrimination are known to be very devious, and there's no safe harbor in any line of inquiry if it can be construed as racially discriminatory.

It is unlawful to discriminate against persons based on their religious beliefs or national origin. The best policy here is to avoid all questions on these subjects. Religion is not likely to be a legitimate factor in any job description.

As for national origin, questions about a prospective employee's maiden name or place of birth might be viewed as a devious method of extracting information as to the person's national origin. Likewise, questions about an employee's foreign-language abilities are viewed as illegitimate if it appears that the sole purpose is to determine the national origin of the job applicant.

The last two categories are age and sex. It is appropriate to ask whether an employee has reached the age of majority, but that's about as far as you can go on age. As for sex, there are notorious instances of disputes concerning job specifications on height and weight. In these cases, it has been alleged that employers have imposed such requirements for the sole purpose of eliminating women from certain jobs.

It should be clear by now that it's easy to get into trouble. Innocence is not a complete or even convenient defense. It's not enough to want to comply with the law or to be completely devoid of any intent to discriminate. The problem comes when a dissatisfied job applicant makes allegations which cannot be easily refuted.

For example, the employer may be completely indifferent to the prospective employee's participation in the National Guard or other military re-

serve program. The job applicant may have been rejected for some other legitimate reason — such as a more qualified

candidate. Still, if the interview was spent discussing National Guard activities, it will be difficult to prove that the employer did not take that factor into account.

Another troublesome area where complaints are most likely to be made is in the area of sexual discrimination. It is generally impossible to deny knowledge of the job applicant's gender. But if the employer requires a photograph to be submitted with the application, he leaves open the question of his motivation.

Also to be avoided are any questions regarding marital status and dependents. Inquiry on both matters is inappropriate, although that kind of information easily creeps into job interviews. There is a fine line between information volunteered and solicited.

An employment discrimination case is just like any other legal problem — inconvenience and expense are associated with it. And there is no way to require the unsuccessful claimant to compensate the employer for this loss. The best defense is to be "squeaky clean." The hiring process must be done "by the book."

Any job position must be carefully defined before interviewing begins. An interviewer should have a written summary of the job requirements in hand before interviewing an applicant. Questions for applicants should be carefully considered and written out beforehand.

The process of interviewing job applicants is a naturally tedious one, even when you don't consider the risk of employment discrimination. Still, extra care must be taken to do it right.

**PR**

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

on page 50). Minnesota has added several disclosures including a statement that the consumer is not required to purchase a liability damage waiver from the rental dealer, a disclosure concerning default notice and a statement concerning consumer warranties. Otherwise, little has been added to the disclosures required in rental-purchase agreements.

Colorado is a Uniform Consumer Credit Code state, along with South Carolina, Iowa, Oklahoma and Indiana. The Colorado statute borrows most heavily from those states and particularly from South Carolina. The Kentucky statute borrows heavily from its neighbors Virginia and Tennessee.

The Minnesota statute — enacted in the midst of vehement consumer oppo-

sition, exaggerated reports in the press and on TV concerning the industry and litigation brought against several companies in the state — has one of the most far-reaching disclosure schemes of any state. For example, in Minnesota dealers must disclose the difference between the total rent-to-own cost and the cash selling price as the "cost of leased services." No other state requires this disclosure except Georgia.

Even so, there are only so many disclosures that consumer advocates can think of for the industry to make, and the industry in each instance has been willing to make them with the exception of applying an interest rate to the difference between the rent-to-own price and the cash price. Exaggerated disclosures, while cluttering up a document, have not proven to inhibit business anywhere yet.

### Price tag disclosures

Add Minnesota to Maryland, Michigan, New York and Ohio as states requiring property on the showroom floor to have price tag disclosures (see related chart). The Minnesota price tag disclosures are in line with those required in New York and Ohio.

### Damage waiver fee/leased property insurance

The leased property insurance/damage waiver fee/lessor single interest insurance controversy is heating up in many states. Iowa's attorney general recently wrote rental dealers in that state and opined unofficially that damage waiver fees were impermissible under his office's interpretation of the Iowa rental purchase statute.

Last year, the Oklahoma rental purchase statute's amendments outlawed damage waiver fees or leased property insurance altogether. The Maryland attorney general has threatened action against dealers who charge damage waiver fees in that state.

Commissioners of insurance in other states have given dealers written opin-

Continued on next page

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ions concerning the legality of damage waiver fees, and many dealers are discovering that they cannot offer leased property insurance without having a licensed insurance agent in the company or, worse, on the premises where the policy is written.

The whole insurance/damage waiver fee issue is currently very much up in the air. New York and Illinois have outlawed rental car companies from charging collision damage waiver fees altogether and the matter is pending for car rental companies in at least 18 different state legislatures. It remains to be seen what impact, if any, regulation of the car rental companies' collision damage waiver fees will have on the car rental industry.

Of the three states that enacted legislation this year, two addressed the issue directly. Colorado prohibits lessees from purchasing insurance from the lessor altogether. The rental purchase

act goes on, however, to specifically authorize liability damage waiver fees. Those fees are capped at the greater of 10 percent of the lease payment or \$2 on weekly agreements and \$5 on monthly agreements. The Minnesota act goes on to require dealers to make certain disclosures concerning the damage waiver fee. Minnesota, on the other hand, requires rental dealers to offer a damage waiver fee and that fee is limited to 10 percent of the rental payment. The act goes on to state that the required damage waiver shall cover the customer's liability for "any loss, destruction or damage of the rental property."

Traditionally, dealers who have offered damage waiver fees have limited the liability waiver for theft upon satisfactory proof of forced entry, fire loss and certain other enumerated losses. Damage waivers have never contemplated losses from all causes whatsoever. Clearly, leased property insur-

ance offered by dealers has enumerated losses for which the coverage applies and any loss not listed is not covered. Since the language is brand new in Minnesota, it remains to be seen whether this required damage waiver will result in increased losses and whether the damage waiver fee will be sufficient to cover any increase.

While the Minnesota statute requires dealers to offer liability damage waiver, it does not require customers to take it. In fact, the statute specifically requires dealers to inform customers of other options that may exist — existing insurance coverage, the purchase of insurance from someone else, etc.

### Price controls

There are no real price controls on rent-to-own pricing such as exist in New York, Ohio and Iowa in any of the three new states. Minnesota does require a statutory early buy-out at a

## Reinstatement rights

'Cure period'

| Item   | GA      | MI      | SC      | TX   | AL  | NY  | AR                        | TN  | IL   | VA  |
|--|---------|---------|---------|--|---|---|---------------------------|---|--|---|
| 1. Weekly payments   | 21 days | 21 days | 21 days | 7 days, then 30 more days if returned          | 2 days, then 30 more days if returned         | 7 days; if property returned, 30, 60 or 180 days; depends on pay*                       | 3 bus. days; then 30 more | 2 days; if property returned, 30, 90 or 180 more; depends on pay*                 | 7 days, then 30 more days if returned          | 2 days, then 21 or 45 more; depends on pay*                 |
| 2. Monthly payments  | 90 days | 90 days | 60 days | 15 days then 30 more days if property returned | 5 days then 30 more days if property returned | 15 more days; if property returned, 39, 60 or 180 days; depends on rental payments made | 5 bus. days; then 30 more | 5 days; if property returned, 30, 90 or 180 more; depends on rental payments made | 15 days then 30 more days if property returned | 5 days, then 21 or 45 more; depends on rental payments made |
| 3. Statutory "cure period" after notice before suit can be filed |         |         |         |  |   |   |                           |   |  |   |
| Monthly  |         |         | 5 days  |  |   |   |                           |   |  |   |
| Weekly   |         |         | 3 days  |  |   |   |                           |   |  |   |

\*"depends on pay" and "depends on payments" are short for "depends on rental payments made."

prescribed percentage formula similar to that which exists in Michigan and South Carolina. Nonetheless, there is no necessary relationship between cash price and rent-to-own price, which is how rent-to-own pricing has been controlled indirectly in the states mentioned above.

However, Minnesota does have a section in its statute which reads as follows: "The commissioner of commerce shall adopt rules governing cash price limits for rental-purchase agreements. ...[T]he rules are effective 45 working days after the notice of adoption is published in the state register." It is unknown what sort of mechanism the commissioner will use to adopt rules or to what sort of market referents the commissioner will look to come up with meaningful cash prices for this industry. In theory this clause could have far-reaching effects on the industry in this state and could impose unworkable

limits on prices.

There is no other state which has such restriction either for rental transactions or for retail transactions. And dealers in Minnesota will simply have to work with whatever administrative procedures exist in the state to attempt to ensure that the cash prices developed by the commissioner are indeed true cash prices suitable for rental dealers.

### Advertising

All three states regulate advertising in a manner that is similar to what other states have previously adopted. Advertising compliance throughout the industry is still imperfect but certainly no worse than retailers. To date there are no reported cases against rental dealers for violating the advertising provisions of rent-to-own statutes.

### Repossession

Colorado and Kentucky are in line with most other states that merely prohibit dealers from breaching the peace during repossession attempts. This is nothing more than a restatement of the common law, which has found its way into most of the rent-to-own statutes. Minnesota, on the other hand, has developed an elaborate regulatory scheme to control repossession efforts. In the first instance, before a dealer can file suit against a customer, he must have given the customer a written notice of default and waited at least 10 days from the date of the last payment. This same provision exists in the South Carolina statute.

Moreover, the Minnesota statute has borrowed heavily from the federal Fair Debt Collection Practices Act and incorporates many of the prohibitions

*Continued on page 51*

| OH      | OK   | MO      | IN      | IA          | FL      | NE   | MD  | RI      | CO   | KY   | MN  |
|---------|--|---------|---------|-------------|---------|--|---|---------|--|--|---|
| 21 days | 2 days, then 30 more days if returned          | 21 days | 60 days | 60 days     | 60 days | 3 bus. days; then if property returned, 30, 90 or 180 more                             | 2 days, then 21 or 45 more; depends on pay*                 | 21 days | 60 days, then 120; depends on payments             | 2 days, then 30 more days if returned          | 7 days, then 60 to 180; depends on payments             |
| 90 days | 2 days, then 30 more days if property returned | 90 days | 60 days | 60 days     | 60 days | 5 days; then if property returned, 30, 90 or 180 more; depends on rental payments made | 5 days, then 21 or 45 more; depends on rental payments made | 90 days | 60 days, then 120; depends on rental payments made | 5 days, then 30 more days if property returned | 7 days, then 60 to 180; depends on rental payments made |
|         |  |         |         | 5 bus. days |         | 3 bus. days  |   |         |  |  | 7 days  |
|         |  |         |         |             |         |  |   |         |  |  | 7 days  |

# Notice to consumers

## FLORIDA

- Do not sign this rental-purchase agreement before you read it or if it contains any blank spaces.
- You are entitled to an exact copy of the rental-purchase agreement you sign. Keep it to protect your legal rights.

## MICHIGAN

- NOTICE: This agreement is regulated by state law and may be enforced by the attorney general or by private legal action.

## IOWA

- Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.
- You have the right to exercise any early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.
- If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.

## OHIO

- "Notice: This lease-purchase agreement is regulated by state law and may be enforced by the attorney general or by private legal action."

## NEBRASKA

- Do not sign this before you read the entire agreement, including any writing on the reverse side, even if otherwise advised.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.

## COLORADO

### Notice to Lessee — Read Before Signing

- Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.
- You have the right to exercise early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.
- If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.

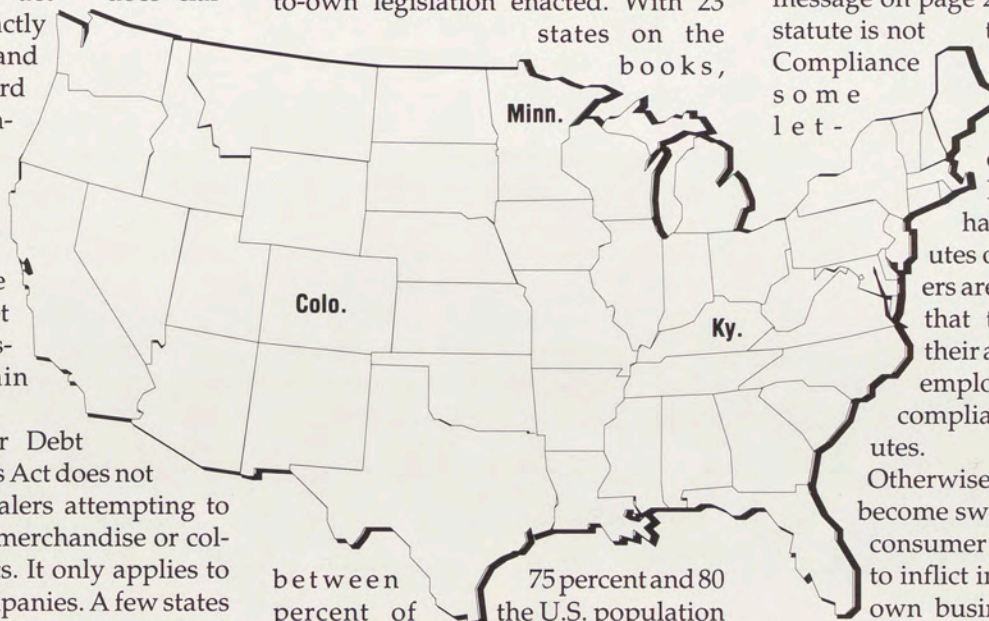
concerning debt collection practices generally into its debt collection scheme. As a practical matter, most of the items prohibited are bad business practices and reputable dealers do not engage in them anyway.

The Minnesota act does clarify, however, exactly what dealers can and cannot do with regard to such items as contacting third parties, contacting the customer at work, the times of the day during which the dealer can attempt to contact the customer and certain other items.

The federal Fair Debt Collection Practices Act does not apply to rental dealers attempting to recover their own merchandise or collect their own debts. It only applies to debt collection companies. A few states have debt collection practices acts which do apply to all attempts by debt collection agencies or by principal primary creditors. The Minnesota statute, for the first time, clearly states those kinds of rules which are to be applied.

**Summary**

The industry, despite a narrow miss in West Virginia and continuing frustration in Pennsylvania, continues to make progress at the state level in getting meaningful and reasonable rent-to-own legislation enacted. With 23 states on the



books, between 75 percent and 80 percent of the U.S. population is now covered with rent-to-own legislation. While dealers may grouse periodically about lengthy grace periods here and there, by and large dealers are satisfied with the way the law works. Several have even indicated that they

believe the rent-to-own statutes have helped to clean up the image of the industry and have encouraged some of the less reputable dealers to find other work.

Importantly, as explained in the message on page 21, enactment of the statute is not the final answer. Compliance is the real issue and some dealers, at least, are letting down on this end of the business. It does no good to have rent-to-own statutes on the books, if dealers are not going to ensure that their contracts and their advertising and their employee conduct is in compliance with those statutes.

Otherwise, those statutes can become swords in the hands of consumer advocates who wish to inflict injury on the rent-to-own business. Copies of the new enactments are available to APRO members through the APRO office — (512)794-0095.

**PR**

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

**In-store price tag disclosures**

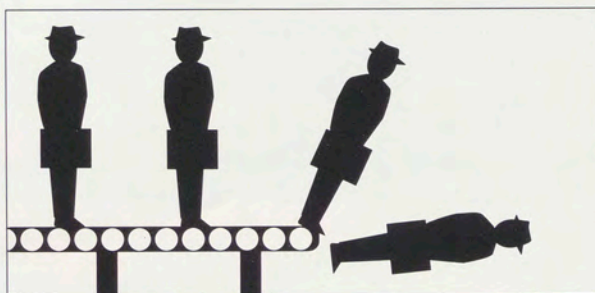
| MICHIGAN                            | NEW YORK                         | OHIO                             | MARYLAND                                     | MINNESOTA                    |
|-------------------------------------|----------------------------------|----------------------------------|--|------------------------------|
| 1. Cash price                       | Cash price                       | Cash price                       | Number and amount of payments rec for owners | Cash price                   |
| 2. Amount of a periodic payment     | Amount of a periodic payment     | Amount of a periodic payment     | Total rent-to-own price                      | Amount of a periodic payment |
| 3. Number of payments for ownership | Number of payments for ownership | Number of payments for ownership | New/Used                                     | Total cost                   |
| 4.                                  | Total cost                       | Total cost                       |  |                              |

**Advertising disclosures**

*(Editor's note: Because of space limitations, the "advertising disclosures" chart was not repeated this year. Please refer to the 1989 June-July issue, pages 38-39. Advertising provisions for the Colorado, Kentucky and Minnesota statutes are similar to those of South Carolina. Special three-page foldout charts on "rental-purchase regulation — state-by-state comparison" and "specifications on fees and payments" begin on pages 58 and 61, respectively.)*

in a manner that's effective.

- Set and clarify goals and get commitment.
- Review performance.
  - Regular interim reviews.
  - Formal and wage reviews.
- Give and confirm work assignments.
- Improve performance when problems exist.
  - Quantity or quality of work.
  - Work habits.
  - Maintain improvement.
- Discipline for results, not punishment.
- Handle terminations legally.
- Resolve difficult employee situations.
  - Take steps to reduce burnout.
  - Handle grievances.
  - Handle emotional situations.
- Conduct effective meetings.
  - Plan and implement effective strategy.



— Use a variety of effective techniques.

Large, successful companies also have entire departments with specialists trained in handling each of the other four employees' rights. Each group of specialists usually has its own professional association and publications. RTO companies make tremendous investments in these programs. The more people-intensive the business, the

more they tend to spend. I have long claimed that rent-to-own is the most people-intensive business I have ever encountered. I haven't the arrogance to tell you I can offer quick fixes. These five employee rights are, however, the keys to areas that merit more in-depth attention.

If you haven't filled out the self-administering evaluation on turnover cost, take a moment now to do so. It's probably the most important factor you have in determining what to spend and what ROMI — return on investment — you can expect. **PR**

*Rozanne Flatt is a rental dealer and founder of The Center for Rental Training and Development. She is the author of Learning power and MORE power — two training programs designed for rental employees and managers, respectively.*

## 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.

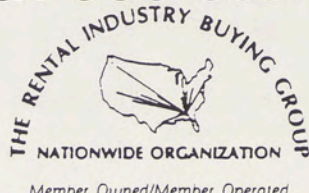
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to performance get greater performance. The closer the achievement and receiving of bonuses to the actual activity required to produce the performance, the greater their motivating power.

Another form of reward that works well in rent-to-own companies is recognition. A strong and consistent program of recognition consistently produces results. Recognizing only one individual or group, such as a store of the month, will not significantly increase results. Effective programs give people opportunities for achievement.

Contests or promotions not only provide incentives for employees to perform, they also promote excitement and fun in the organization. Well done contests and promotions generally cost very little and allow the management to direct and reward the efforts of people. Contests and promotions do not have to be expensive. Many times the excitement, not the actual dollar value of the award, provides the incentive for the individual to perform.

The best companies receive strong performances because they make it a practice to reward performance. This may come in the form of recognition, compensation or in promotional opportunities. Regardless of the type of reward, it's important that it occur on a frequent basis.

### Customer service

Companies that are prospering and are positioned to be successful in the future understand that their lifeblood is continued customer satisfaction. They work hard to build customer loyalty and create advocates — those who would not consider renting from anyone else and would recommend others rent from that company. Since upper management can't be everywhere, they have to have ways to measure customer treatment and satisfaction. They use techniques such as "mystery" shopping, evaluation of sales presentations, customer questionnaires and toll-free numbers to ensure they understand their level of customer service. A

company's future is built on satisfied customers. It's critical not only to know the level of satisfaction, but to also look for ways to increase it.

Those who prosper in the next decade will build on the strengths of the past and change to meet the needs of the future.

People are important. Ensuring that the company is staffed with talented people, and that they are given the

tools and training needed, will position companies for success.

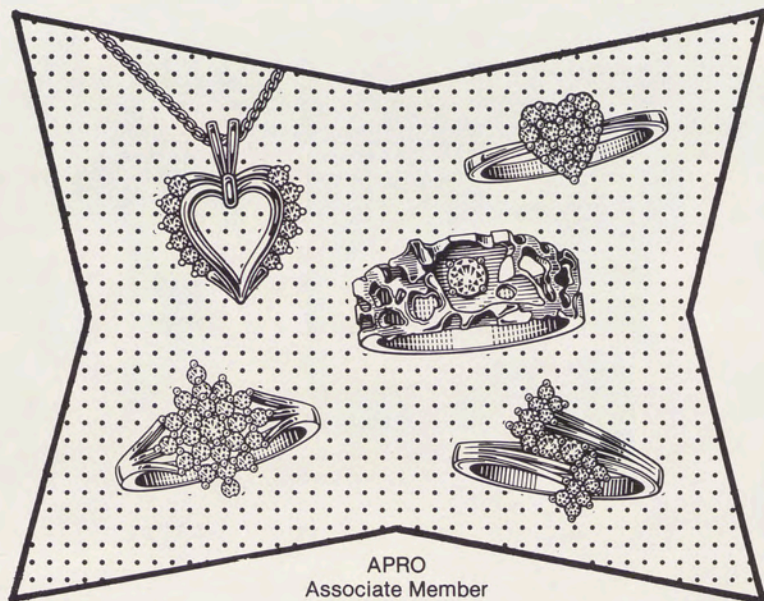
For APRO members, the last 10 years have been exciting and rewarding. The next 10 promise much more — for those rent-to-own leaders who are ready to meet the new business challenges.

**PR**

Wayne Outlaw is president of Marcon, a business consulting and training firm based out of Mt. Pleasant, S.C.

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effort to improve. If, on the other hand, your motive is to find fault, fix blame, or get even, that message comes across so strongly that the employee will tend to disregard any constructive criticism that may be included in the critique. Employees are uncomfortable enough when they do something wrong. If you heap guilt and ridicule on top of this, they can rightfully believe they are a victim and choose not to listen to anything you have to say.

Feedback should be given as close to the occurrence of the behavior as possible. It's difficult to remember exactly what was said or done two weeks later. Within an hour or two, memory is still fresh and the feedback can be very specific about the observed behavior.

The final rule has to do with enhancing the credibility of the manager's critique. If a manager describes a behavior to an employee, and the employee can verify that others see the

same thing, then everything the manager tells the employee becomes more believable.

These are the rules that should be kept in mind when giving critique to employees. But these rules don't tell you how to actually give feedback. That's what the "feedback model" accomplishes.

### *The feedback model*

The feedback model provides a step-by-step procedure for giving feedback to employees. The same model is used in the classroom to give feedback in training situations — and when you're out on the sales floor helping an employee who needs to improve his performance. The feedback model has only three major steps, but each step has several critical elements.

The most important element is to start with the positive things. Describe those things the employee has done

well. Even if the employee has just done something very wrong, start with things that were done right. When I ask managers why they should start with the positive things, they always give correct answers. A good example: "It keeps the communication channels open for when you get to the bad stuff." Or: "It lets them know that you don't think they are a total goof." Both of these are right. But, while these are accurate statements, they still don't focus on the most important reason for starting with the positive: You want employees to keep on doing those things that are being done well. Remember that a manager's purpose in giving feedback is to help employees improve their job performance. If they know what's being done right, they can keep doing those things while improving on the things that aren't.

Psychologists tell us the image each person has of himself is a key to his (or


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her) behavior. People generally see themselves as being willing to change, to do the right thing and to respect those in authority. Because employees tend to see themselves in this way, and generally try to do what the boss wishes, they will give an extra effort in areas the boss has outlined.

A manager can ensure a net gain in performance if he will always start by discussing the things that an employee is already doing well — and stressing that he expects the employee to continue doing those things while making adjustments in other areas.

The second part of the feedback model is the part of the critique where managers grow the overall knowledge and potential of the employee. The manager shares his or her experiences and tells the employee other ways of handling the same or similar situations.

The more alternatives someone has to consider, the higher the probability he will choose one that produces better results. But remember: "Okay, but ..." is not "Ah-ha! Gotcha!" There's no "gotcha" involved in giving employees constructive feedback and showing them other ways of accomplishing the same or similar task.

The final part of the feedback model belongs to the manager. As a manager you have the right to tell employees exactly what type or level of performance you expect. For minor infractions or performance difficulties that occur on the sales floor or other areas of the business, take care of it right away. Tell

the employee what you expect to see and when you will review his progress. If you tell an employee you're going to review his progress, be sure you do. You will lose credibility with your employees if you don't follow through.

If the infraction or poor employee performance is severe or has gone on for some time without improvement, you must do things differently. You still have the right to tell the employee

what you want, but you must do it in a very precise manner.

1. Start by describing the behavior or things that you saw the employee doing.

2. Ask the employee if that is exactly what happened. This is most critical. You need to know if something happened that you did not see — or if there was something that had been going on

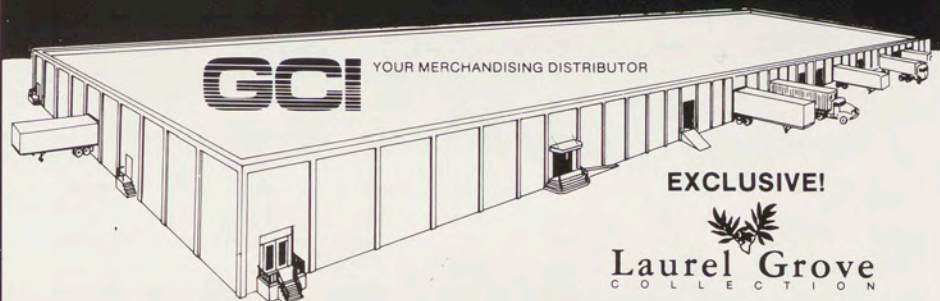
*Continued on page 69*

## WHY RTO FURNITURE IS NO LONGER A HAIR-RAISING EXPERIENCE IN THE MID-ATLANTIC...



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DIVISION MGR.  
GCI FURNITURE  
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their real need for computers, obviously, is to give back the time to the manager to do what he's supposed to do and that's rent TVs. None of us is here to spend an extra hour a day doing paperwork or two hours a month writing a projection. If you can eliminate that, and the data does exist with a computer, then it has given you back sales time, which is the whole reason to be in business in the first place."

Lee, an RTO dealer himself, says analysts can use computers and the right software to track dollars lost because of pickups, monitor the overriding of late charges and also sift valuable customer information. Dealers can explore basic demographics all the way to which type of advertising is the most effective.

"Our computer system does tracking on how they heard about you. Fliers,

TV, store signs, trucks — whatever. That gives you a clear indication of where to spend your advertising dollars."

Peace of mind is important to rent-to-own dealers, and High Touch's Shirley believes a computer solution should provide it.

"Owners can't be in all the locations, every minute of every day," Shirley said. "So if they make the policy decisions then that's built into the software controls that are used at all store locations. As long as the employees follow through."

Shirley cites "exception" reports as a good example. "If the reinstatement fee is due to be collected, because the person is late in making the payment, the machine automatically asks for that reinstatement fee. If they (store personnel) don't collect it when they do the receipt, then the receipt is still filed, customer is still updated, due date is advanced but an exception is created. The exception report is still seen the next morning by the store manager where the exception took place and in the home office, as far as that store's transaction detail for the previous day.

"That gives management wonderful insight as to what happens at the store level on a day-to-day basis, without actually being there and looking over the employee's shoulder while the transactions take place."

Electronic-mail systems, where the home office can issue "memos" via computer to the stores and store personnel can communicate back to the home office, are also in demand, Shirley said.

Another aspect of computers and the rent-to-own business involves the extras needed to complement the hardware and software. Custom forms account for one aspect. Chet Pensak, director of operations for Saf-Write Forms & Systems, is helping fill that niche.

"We are not in the computer business, per se," Pensak said. "But we are in the support area for them; to provide them with the paperwork that they need to go along with it. We're able to mix and match for the dealer to give him specialized forms. If you've got a com-

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# Rental-purchase regulation — state-by-state comparison

| RTO contract disclosures  | HR<br>2537**   | GA**           | MI*            | SC* | TX* |
|---|----------------|----------------|----------------|-----|-----|
| 1. Description of the leased property (VA requires a description of any damages to property).                               | X              | X              | X              | X   |     |
| 2. Whether the property is new or used (GA, MI, AL, FL and OH allow "new or previously rented/leased").                     | X              | X              | X              | X   | X   |
| 3. Initial payment (compare with down payment on installment sales).  | X              | X              | X              |     |     |
| 4. Amount of timing of payments (weekly or monthly rates).  | X              | X              | X              | X   | X   |
| 5. Amount of "other charges."   |                | X              | X              | X   | X   |
| 6. Explanation of purpose of "other charges."   |                |                |                | X   | X   |
| 7. Limit on "other charges" — must be "reasonably related to the cost."   |                |                |                |     | X   |
| 8. Explanation of risk or loss during term of agreement.  | X              | X              | X              | X   | X   |
| 9. Statutory limit on consumer risk of loss (fair market value, cash price or other limit).                                 | X              |                |                | X   |     |
| 10. Explanation or notice of reinstatement rights of consumer.  |                | X              | X              |     | X   |
| 11. Explanation of service and maintenance responsibilities.  | X              | X              | X              |     |     |
| 12. Statement concerning how agreement can be terminated.   |                |                |                |     |     |
| 13. Total cost of obtaining ownership via rental- or lease-purchase plan.   | X              | X              | X              | X   | X   |
| 14. Statement that the total cost does not include other charges.   | X              |                |                |     |     |
| 15. Disclosure of any early buy-out options or formulas.  | X              | X              | X              | X   |     |
| 16. Early buy-out required by statute.  |                | X              | X              | X   |     |
| 17. Disclosure of manufacturer's warranty coverage after ownership.   | X <sup>Y</sup> | X <sup>Y</sup> | X <sup>Y</sup> |     |     |
| 18. Cash price (or fair market value).  | X              | X              | X              |     | X   |
| 19. Cost of lease service (difference between rental- or lease-purchase price and cash price).                              |                | X              |                |     |     |
| 20. Statement that the transaction is regulated under state law.  |                |                | X              |     |     |
| 21. "No equity" statement.  | X              |                |                | X   | X   |
| 22. Statement of any fees or taxes payable by lessee.   |                |                |                |     |     |
| 23. Statement of amount of any lessee liability at end of lease term (compare with termination penalty in long-term lease). |                |                |                |     |     |
| 24. Description of any insurance required of lessee.  |                |                |                |     |     |
| 25. Description of any security interest retained by lessor.  | X              |                |                |     |     |
| 26. Statement that consumer may terminate at any time without penalty.  | X              |                |                |     |     |
| 27. That consumer not be required to purchase insurance from merchant.  |                |                |                |     |     |
| 28. Any in-home collection charge must be disclosed and separately agreed to.   |                |                |                |     |     |
| 29. Description of any insurance paid for by lessor.  | X              |                |                |     |     |
| 30. Statement that consumer not required to purchase damage waiver fee.   |                |                |                |     |     |
| 31. Statement re: default notice.   |                |                |                |     |     |
| 32. Statement re: consumer's  |                |                |                |     |     |

\*Rental-purchase agreement  
 \*\*Lease-purchase agreement  
 \*\*\*Consumer lease

<sup>Y</sup>Statute requires the warranty to be passed on to consumers  
<sup>1</sup>Lessor required to provide maintenance



| NY  | AR  | TN  | IN                         | IA   | IL          | VA     | OH  | OK                                |
|---|-----|-----|----------------------------|--|-------------|--------|---|-----------------------------------|
| Yes   | Yes | Yes | Yes                        | Yes  | Yes         | Yes    | Yes   | Yes                               |
| Greater of \$3 or 10% weekly or greater of \$5 or 10% monthly |     |     | \$5/mon.<br>\$3/week       | \$5/mon.<br>\$3/week   | \$5 max.    |        |   | \$5 min.<br>\$3/week              |
| 7 days  |     |     | 5 days                     | 5 bus. days  | 5 bus. days | 3 days | 5 bus. days   |                                   |
| 3 days  |     |     | 3 days                     | 3 bus. days  | 3 days      |        | 2 bus. days   |                                   |
|   | Yes |     | Yes<br>\$5                 | Yes<br>\$5   |             |        | Yes<br>\$5 max.                                     |                                   |
| Yes   | Yes | Yes | Yes<br>\$10                | Yes<br>\$7 (none if late charge)<br>\$7 per trip (limit 3 per 3 months)<br>\$7 per trip (limit 3 per 6 months) | Yes         | Yes    | Yes   | Yes<br>\$10 (none if late charge) |
| Yes   | Yes | Yes | Yes*<br>\$10 per agreement | Yes*<br>\$10 per agreement   | Yes         | Yes    | No  | Yes<br>\$10 per agreement         |
| Yes   | Yes | Yes | Yes*<br>\$10               | Yes*<br>(\$25-over 5 items)  | Yes         | Yes    | No  | Yes                               |
| Yes   | Yes | Yes | Yes                        | Yes  |             | Yes    | Yes   |                                   |
| No  | Yes | No  | No                         | No   | Yes         | Yes    | No  | Yes                               |
| Yes   | Yes |     |                            |  | Yes         | Yes    | No  | Yes                               |
| No  | Yes | Yes | Yes                        | No   | No          | Yes    | No  | Yes                               |
| No  | No  | No  | No                         | No   |             | No     | No  | No                                |
| RTO price cannot be greater than 2 times cash price           |     |     |                            | RTO price cannot be greater than 2 times cash price  |             |        | RTO price cannot be greater than 2 times cash price |                                   |

# Specifications on fees and payments

| Item  | GA       | MI                  | SC  | TX      | AL  | MA  |
|---|----------|---------------------|---|---------|-----|-----|
| 1. Late charges/reinstatement fees/delinquency charges permitted.                             | Yes      | Yes                 | Yes   | Yes     | Yes | Yes |
| Statutory amount (per missed payment):  | \$5 max. | Lesser of 5% or \$5 | \$4/monthly<br>\$2/weekly                               | \$2-\$5 |     |     |
| Grace period on late fees, etc.   |          |                     |   |         |     |     |
| Monthly   |          |                     | 5 bus. days   | 7 days  |     |     |
| Weekly  |          |                     | 3 bus. days   | 7 days  |     |     |
| 2. Separate reinstatement fee permitted.<br>Statutory fee limits:                             |          |                     |   |         |     |     |
| 3. In-home collection fees permitted.<br>Statutory fee limits:                                | Yes      | Yes                 | Yes   | Yes     | Yes | Yes |
| Monthly   |          |                     | \$7 per trip<br>(limit 3 per<br>6 months)               |         |     |     |
| Weekly  |          |                     | \$7 per trip<br>(limit 6 per<br>6 months)               |         |     |     |
| 4. Processing fees permitted.<br>Statutory fee limits:  | Yes      | No                  | Yes*<br>\$5 per<br>agreement                            | Yes     | Yes | Yes |
| 5. Delivery charges permitted.<br>Statutory fee limits:                                       | Yes      | Yes                 | Yes*<br>\$15-5<br>items or<br>less; \$45-<br>for over 5 | Yes     | Yes | Yes |
| 6. Redelivery fee after repossession permitted.   | Yes      | Yes                 | Yes   | Yes     | Yes | Yes |
| 7. Fees or penalties for return of the merchandise or termination of the agreement permitted. | No       | No                  | No  | Yes     | Yes | Yes |
| 8. Security deposit permitted.  | Yes      | Yes                 | Yes   | Yes     | Yes | Yes |
| 9. Final "balloon payments" permitted.  | Yes      | No                  | Yes   | No      | Yes | Yes |
| 10. Requiring insurance to be purchased from RTO dealer.                                      | No       | No                  | No  | No      | No  | No  |
| 11. Limits on rent-to-own pricing   |          |                     | RTO price cannot be greater than 2.22 times cash price  |         |     |     |
| 12. Damage waiver fee   |          |                     |   |         |     |     |

\*Option of processing fees or delivery charges, but *cannot charge both*.

\*\*Option of in-home or late fee, but *cannot charge both*.

# Rental-purchase regulation — state-by-state comparison

| OK* | MO* | FL*            | NE* | MD*            | RI* | CO* | KY* | MN* |
|-----|-----|----------------|-----|----------------|-----|-----|-----|-----|
|     |     | X              | X   | X              | X   | X   | X   | X   |
| X   | X   | X              | X   | X              | X   | X   | X   | X   |
|     |     | X              | X   | X              |     |     | X   |     |
| X   | X   | X              | X   | X              | X   | X   | X   | X   |
| X   | X   | X              |     | X              | X   | X   |     | X   |
| X   | X   |                |     |                | X   | X   |     |     |
| X   | X   | X              | X   | X              | X   | X   | X   | X   |
|     | X   |                | X   | X              |     | X   | X   | X   |
|     | X   | X              |     | X              | X   |     |     |     |
|     | X   | X              |     | X <sup>1</sup> | X   | X   | X   |     |
|     | X   | X              |     |                | X   |     |     |     |
| X   | X   | X              | X   | X              | X   | X   | X   | X   |
|     |     |                | X   | X              |     | X   | X   |     |
|     |     | X              | X   | X              | X   | X   | X   |     |
|     | X   | X <sup>†</sup> |     |                | X   |     | X   |     |
|     | X   | X              | X   | X              | X   | X   | X   | X   |
|     |     |                |     |                |     |     |     | X   |
| X   | X   |                | X   | X              |     | X   | X   | X   |
|     |     |                |     |                | X   |     |     |     |
|     |     |                |     |                | X   |     |     |     |
| X   |     |                | X   | X              |     |     |     |     |
| X   |     | X              | X   |                |     |     | X   |     |
|     |     | X              |     |                |     |     |     |     |
|     |     |                |     |                |     |     |     | X   |
|     |     |                |     |                |     |     |     | X   |
|     |     |                |     |                |     |     |     | X   |

## Specifications on fees and payments

| MO       | FL       | NE                           | MD                | RI           | CO  | KY  | MN   |
|----------|----------|------------------------------|-------------------|--------------|---|-----|--|
| Yes      | Yes      | Yes                          | Yes               | Yes          | Yes   | Yes | Yes  |
| \$5 max. | \$5 max. | \$25/max. mo.                | \$5 max. \$3/week |              | \$5/monthly \$3/weekly                      |     | Greater of 5% or \$3   |
|          |          |                              |                   |              | 5 days                                      |     | 3 bus. days  |
|          |          |                              |                   |              | 3 days                                      |     | 2 bus. days  |
|          |          |                              |                   | Yes \$5 max. | Yes \$5 max.                                |     | Yes \$5 max.   |
| Yes      | Yes      |                              |                   | Yes          | Yes**                                       | Yes | Yes  |
|          |          |                              |                   |              | \$10 (3 times per 6 mos.)                   |     | \$7 (3 times per 6 mos.)   |
|          |          |                              |                   |              | \$10 (3 times per 6 mos.)                   |     | \$7 (3 times per 3 mos.)   |
| Yes      | Yes      | Yes to \$10 per agreement    |                   | Yes          | Yes* \$10 per agreement                     | Yes |  |
| Yes      | Yes      | Yes \$10 (\$25-over 5 items) |                   | Yes          | Yes* \$15-5 items or less \$45-over 5 items | Yes | Yes \$15-5 items or less \$30-over 5 items                             |
| Yes      | Yes      |                              |                   | Yes          |   | Yes |  |
| Yes      | No       |                              |                   | Yes          |   |     |  |
| Yes      | Yes      | Yes                          |                   | Yes          | Yes   | Yes | No   |
| No       | No       |                              |                   | Yes          | No  | No  | No   |
| No       | No       |                              |                   | Yes          | No  | No  |  |
|          |          |                              |                   |              | No  | No  |  |
|          |          |                              |                   |              |   |     | Yes Monthly-grtr of 10% of pmt or \$5 Weekly-grtr of 10% of pmt or \$2 |

possible to eliminate certain vendors from your route, but you shouldn't make a final judgment until you've determined that the software or hardware package will not support a feature you really need.

Monitor your time and limit the amount of time you spend in each booth. That way, your exhibit time won't run out before you've had a chance to visit all booths.

One suggestion might be to make a "quick round" to each booth and meet the exhibitors, limiting yourself to only a couple of minutes with each one. Later, you can return to each booth and spend an allotted amount of time with each vendor.

To help the vendor show you what you need to see, tell him what's important to you in the stores. "I need a system that will accurately calculate due dates on partial payments ..." This will help maximize your visit with the exhibitor. If you have listed out your questions or priorities, show them to the vendor so you can get right to the important stuff. Don't try to impress the software or hardware vendor with how much you know about computers, but do impress

him with the things you need to know before you leave his booth.

After he has satisfactorily addressed your questions, ask him if there are any other features or benefits he'd like to show you, but keep to your allotted time. Sticking to your schedule may seem rigid, but it's for your own good. Computers are confusing enough for the beginner and, after asking your questions and trying to retain the answers, you're likely to find yourself in "information overload" mode — a most stressful condition.

Chances are you'll need to see exhibitors at the convention who are not computer vendors. Be sure to leave time for these visits as well, but keep in mind that you'll retain more "computer information" while you are fresh. Once you begin to tire, your exhaustion may tend to add to the frustration and further complicate your search process. Spread your computer research over both days of exhibit time (Monday and Wednesday, July 23 and 25). Visit with product exhibitors (such as electronics, appliances and furniture) when you need a break from the computer action; not because they are less important but because,

generally, as a rental dealer you probably will know more about these categories.

Some rental dealers become so frustrated that they give up their search before it has really begun. Keep in mind that the search for the right system is a learning cycle, not a one-day job. Look at the exhibit hall floor as if it is a library, and consider yourself a researcher. Only after you've gathered the right information do you begin to put together your findings and make an informed decision.

Most rental dealers don't make their decision to buy a system during the trade show. They typically wait until they return from the convention, review their material, make any followup calls required, obtain additional information if necessary, and then make their decision.

Go through the cycle; it's not so painful. Learn the terminology. Use what the vendor knows. Give him enough information to help you. Above all, get computerized. Your competition is. **PR**

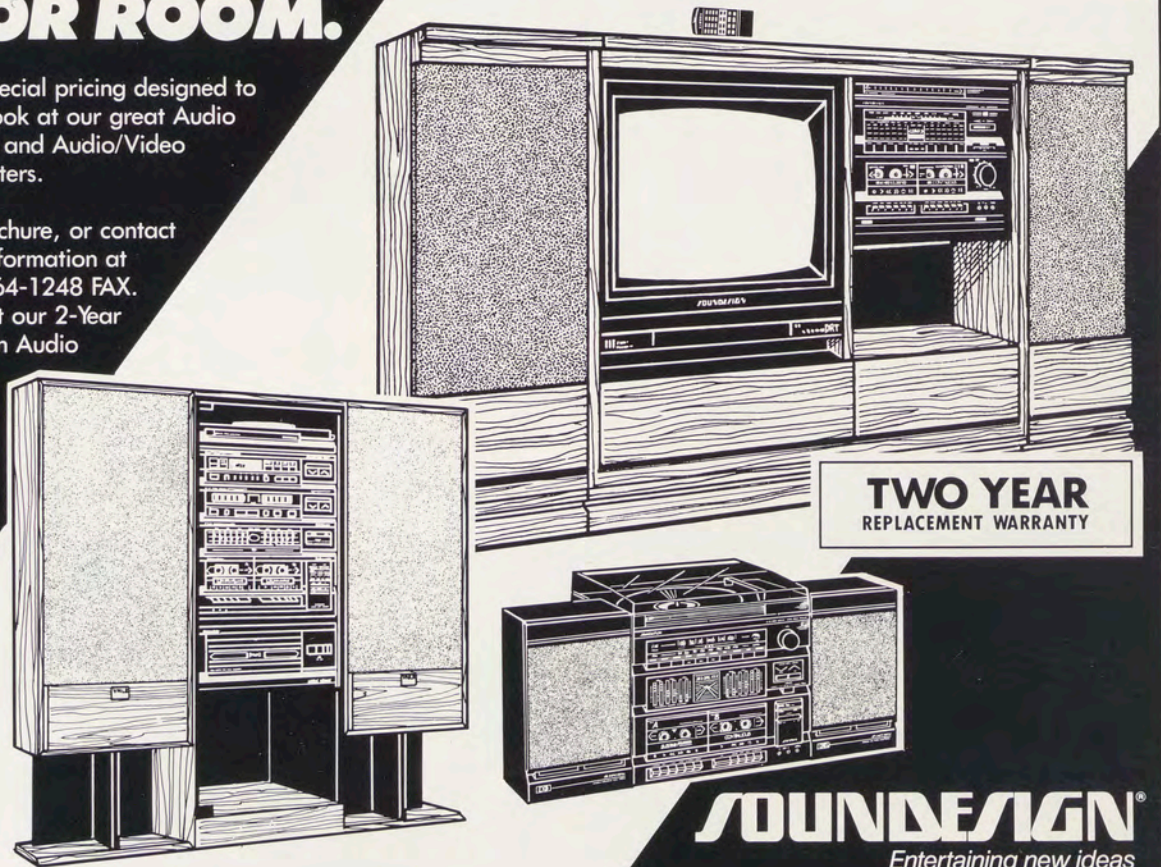
Rita Wallace is president of Rental Information Systems. She is a certified public accountant (CPA) and former controller for a rent-to-own company.

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save a lot of money. This technique leaves only the outside covers open for change; you can customize them for later mailouts.

Image can't always be taken to the bank. You should constantly weigh the advantages of a four-color glossy ad compared to a simple three-color newspaper ad. Be sure to ask your printer to show you what kinds of paper stock are available and how they vary in volume. Again, you may find advantages in making your promotion generic enough to accommodate two or three mailings over the year.

In-store direct mailings are effective if they are done with consistency. The hardest part about in-store direct mailings is getting them started. You must first set up a bulk-rate permit number at your local post office. This bulk-rate permit will cost you about \$100, on the average, for the first year. You must send out at least 200 to 300 pieces each

mailing to qualify.

I met a dealer who had a unique twist to his in-store mailings. He went around to merchants in his town who weren't his competitors, but who served his same customer type. He offered to mail out their fliers, provided his flier could be used as the "outside wrap." He hired a student to do the mailing, and she was able to combine three fliers into one piece. The dealer collected a fee from the other merchants, and got his flier on the outside where it was most visible. He ended



up with a \$400 profit, which he used to pay for his radio campaign. That's what I call creative advertising.

Print advertising can be a disaster waiting to happen — if you don't plan ahead. There are several steps to go through before the final

printed piece is delivered to the homes and in the hands of potential customers. Make a checklist. Print is a medium that can build your company's image and get traffic into your stores.

**PR**

Randy Buffington is a partner of T. Buff & Son Promotions, and he can be reached at (303)841-6869.

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## NEW PRODUCTS

(Editor's note: Members of the APRO Vendor Relations Committee thought it would be a good idea to preview some new rent-to-own products before the July 22-26 annual convention in Orlando, Fla. Here are a selected few, with more to be displayed on the exhibit floor.)

### Zenith 1991 stereo TV line boasts features

Zenith's 1991 color television line features the company's broadest selection of stereo TV features ever.

Building on the industry-standard MTS stereo TV system (for which Zenith received an Emmy) and on the success of the Zenith Premium Stereo and Sound by Bose models, Zenith offers high-performance stereo TV capabilities in virtually every screen size.

New features:

**Zenith's Spatial Equalization (SEq) System.** This exclusive Zenith feature in System 3, Advanced System 3 and Digital System 3 models (except those with sound by Bose) enhances the stereo audio performance. With SEq, natural, ambient sounds seem to emanate far outside the TV picture while dialog is centered on the screen. SEq technology, combined with dbx noise reduction, results in a spacious and natural stereo TV sound.

**Sentry 2.** The all-new Sentry 2 family ranges from 20-inch diagonal table models to 25- and 27-inch table models and consoles. They all feature Zenith's new Sentry Chassis and 178-channel tuning. Convenience features include: unified TV/VCR remote control, full on-screen menu, auto-channel search, programmable channel scan, light sentry, sleep timer and channel flashback. In addition, many Sentry 2 models feature MTS stereo TV with dbx noise reduction.

For more information on Zenith product lines for rent-to-own, contact Norm Smith at (708)391-8231.

Source: Zenith

### Rent-to-own cars one of the newest options

One of the latest rent-to-own products, believe it or not, is something most people would consider a necessity these days — the automobile.

Workers need reliable transportation to hold down jobs, and some enterprising dealers are providing customers with cars through RTO.

Rental rates are typically \$50 per week and the equivalent of a rental order is taken on the customer, who pays 20 percent or less down. Keep rates are reportedly around 90 percent.

RTO car operations employ an account manager and service department, although the cost of repairs is usually added to the end of the agreement. One dealer, who operates on a cash-flow basis, says he has \$30,000 invested on his lot and a \$100,000 credit line.

Since vehicles remain in the company's name, repossession aren't especially difficult. Some dealers, apparently following the policy on other RTO products, are willing to recompute the remaining balance on repos and re-rent the same vehicle to customers who want to resume payments.

Dealers report that approximately 60 percent of their customers continually trade up for newer cars.

Source: Rent-A-Rock

### Furniture firms offer RTO bedding supplies

Eads Brothers Furniture Co., Fort Smith, Ark., has announced the opening of a bedding manufacturing division called Sleep Dynamics.

Sleep Dynamics will offer



with special ticks and construction specifically for the rent-to-own market. Production and shipments were scheduled to begin in June.

Eads Brothers Furniture is a member of Associated Furniture Distributors (AFD), which has several other member companies that also manufacture bedding, according to Bud Varas, AFD executive director.

Among those members are Braden's Wholesale Furniture Company, Inc., Knoxville, Tenn.; CV Industries, Inc., Greensboro, N.C.; and Penfield Manufacturing Co., Syracuse, N.Y.

All AFD member companies will produce rent-to-own furniture catalogs at APRO members' request, Varas said.

For more information, contact Varas at (803)235-2232; FAX, (803)235-7249.

Source: Associated Furniture Distributors

### Jerry Bogo Co. has RTO jewelry products

The Jerry Bogo Company is introducing several new products geared to the rent-to-own market that are designed to improve BOR (balance on rent) and keep rate.

Among the new products are three rings: a seven-diamond model, a genuine onyx and a dia/onyx. All are 10-karat gold.

"As always, the Jerry Bogo Company will tailor a program to meet individual needs," said Bogo's Judi Spector. "We are a prime manufacturer and diamond importer with a wide latitude

of programs at affordable costs."

For more information, call (615)894-4480.

Source: Jerry Bogo Co.

### Panasonic introduces 'Palmcorder'

Panasonic Company has a new, palm-sized camcorder nicknamed the "Palmcorder." Despite weighing just seven pounds without battery, the PV-40 is heavy on features, such as digital Electronic Image Stabilization (EIS), digital auto focus, digital auto Iris, 8:1 power zoom and a flying erase head.

The PV-40 is about the size of a 35 mm SLR camera and uses compact VHS tapes, which can be played back on any VHS videocassette recorder (VCR) with the included VHS PlayPak adaptor.

The PV-40 measures 4-7/8" by 6-5/16" by 10-11/16" (width/height/depth). For more information, call William Pritchard, (201)348-7182.

### Rent-A-Rock gives RTO stores a turn-key deal

Rent-to-own jewelry, figuratively speaking, is the new kid on the block. And like any new product, it requires research based on fact.

Rent-A-Rock, says company president Claudia V. Fillo-ramo, is a turn-key program with the knowledge behind it to make jewelry a new profit center for dealers.

Quality products, custom tools and professional trainers help store personnel begin renting jewelry almost immediately.

For more information, call (904)785-3000.

Source: Rent-A-Rock

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## Peabody's twice-daily walking of the ducks a tradition evolved from prank

Photo courtesy Peabody Orlando



The Peabody hotel conducts ritual 'duck walk' each morning and afternoon.

Donald and Daffy would be jealous if they saw the posh digs of the famous Peabody ducks. What began as a prank has become a tradition at the Peabody.

It seems that some 60 years ago, the general manager of the Peabody in Memphis and a good buddy of his decided, upon returning from a hunting trip, to place some of their live decoys in the Peabody fountain — just to liven things up, you see. The reaction was so enthusiastic that the Peabody has made the duck march a twice-daily event.

These ducks are bred exclusively for the job of strutting down a red carpet to the hotel fountain. They ride in limos and sleep in a special "duck palace." Each lucky duck gets to play the part for only six months, but retirement benefits aren't bad: Instead of ending up on the dinner table, they live out their days at a duck farm.

The duck parades at 11 a.m. and 5 p.m. are just a part of what makes the Peabody special.

As APRO's 1990 convention headquarters, the Peabody Orlando is offering rent-to-own attendees the extraordinary rate of \$89 per room, per night, which is quite a deal for a hotel of this reputation. The hotel offers on-site shopping, an athletic club and child care services. There are four lighted tennis courts on the premises and a pool deck that

features a heated double olympic-sized pool, outdoor whirlpool and oversized children's pool.

The Peabody offers express check-out and transportation to area attractions and the airport. The atmosphere is elegant, the service friendly and the location convenient. You're directly across the street from the Orange County Convention/Civic Center, where the APRO trade show will be, and that means you're at the center of activity for both the convention and the Orlando area in general.

There is a restaurant to suit every taste, and each beautifully appointed room has its own beverage and snack center and a full room-service menu.

Should you want your children taken care of on the premises, you can have one of the hotel's "super sitters" come to the room, or children 3 and up (who are completely toilet trained), can participate in "children's hotel," which is supervised recreation for a reasonable charge.

The Peabody is such a complete facility that you could have a great time in Orlando and never leave your hotel. But, you won't want to do that because you would miss out on all the great fun everyone else will be having.

Don't miss a thing. "APRO '90: Countdown to the Future" — Sunday through Thursday, July 22-26.

— Barbara Stooksberry

CONVENTION,  
continued from page 42

Dine at one of the three restaurants at the Peabody or trek on over to one of the restaurants at Disney World, some of which you can patronize without a ticket to the park. In Orlando and Kissimmee, there are several unique dining experiences, including King Henry's Feast, with its Court of Henry VIII theme; Arabian Knights, where chariot races entertain you; Ft. Liberty, a traditional western fort; or Medieval Times, which features knights on horseback.

Plantation Dinner Theater offers family-oriented plays in a Victorian setting, and Mardi Gras features carnival celebrations from around the world.

At Nicoise Restaurant you'll be served by waiters on roller skates. On Church Street in downtown Orlando you can visit Rosie O'Grady's Church Street Station and choose from any number of restaurants, saloons and dance halls. Orlando also offers a complete array of traditional eating spots.

### Thanks for the memories

APRO is 10 years old, and we're having a party to celebrate. Our gala birthday celebration unfolds Wednesday night beginning at 6:30 with a reception sponsored by Sanyo Fisher (USA) Corporation. During the banquet that follows at 7:30, sponsored by Soundesign, Voyager Insurance and APRO, we'll present awards and golf trophies and introduce APRO's newly elected officers and directors.

This year, we pay special tribute to those members who have helped build APRO from its infancy. APRO's 10-year members (37 joined in the first year who are still members) will receive special recognition in the convention *Show Guide*, wear special ribbons on their name badges, and be



recognized at the awards banquet. We'll ask our industry pioneers to trace the history of RTO and inspire us to higher levels of success in the business. This is one trip down memory lane you won't want to miss.

After dinner, dance to the sounds of The Executives, a first-rate dance and show band, as the APRO convention winds to a close for another year.

### Stick around

Don't go home yet, though. If you decided to stay late instead of — or in addition to — arriving early, you still have a lot of fun ahead of you. We've mentioned many of the area's attractions in previous articles, but let's mention a few again: Walt Disney World, which includes the Magic Kingdom, Epcot Center, and the Disney/MGM Studio Theme Park; Sea World of Florida; Universal Studios; Boardwalk and Baseball; Cypress Gardens;

and Bok Tower Gardens.

You can visit nearby beaches, tour NASA, take a cruise, or visit St. Augustine, the nation's oldest city. Cool down at Wet 'N Wild or Water Mania, see the natives at Reptile World or Gatorland Zoo or Alligatorland Safari; or golf, fish, play tennis, ride horseback, water ski, or float over the city in a hot air balloon. The shopping experiences run the gamut, from the Park Avenue shops in Winter Garden to the plethora of outlet stores in Orlando and Kissimmee.

If we haven't convinced you by now that Orlando is the place to be this summer, grab a tour book and take a look for yourself. This is one city that guarantees a good time. See you soon.

**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.*

TRAINING,  
continued from page 55

for some time that caused the employee to act as he did. You may have done the same thing in the same situation. Your critique may be invalid if you give it before you have all the facts. When this happens, the employee can become "righteously indignant" and choose to disregard what you say. When the employee confirms that what you saw was correct, then you can proceed with your critique.

3. Tell the employee exactly what you expect to see. You now have the right to tell the employee exactly what you want to see when he or she is faced with a similar situation in the future.

4. Ask the employee what he or she will do to accomplish the change. Once the employee knows what you want, he should be asked this question. This is the manager's chance to find out if he really understands what it is that needs changing, and get a commitment from the employee to make the necessary adjustments.

5. Next ask the employee if there's anything you need to do to help. Listen closely. You may find out new things about your business and why things happen the way they do. If the employee requests assistance, make sure you give it.

6. The final things to be done in this part of the feedback model are to set dates for review and establish the measurements that will be used to evaluate improvement.

This provides a complete process for evaluating performance improvements without having any elements of "blame fixing" or "getting even" for something the employee may have done. Remember: Your purpose as a manager is to help each employee improve both himself and your business.

Employees are an investment, and managers and owners can take direct action to make that investment pay big dividends.

**PR**

*Rex Thornton is the president of Performance Management Associates, a training and consulting company based in the Dallas area. He authored The Employee Selection System, and can be reached at (817)481-5962. (The "feedback model" is a copyrighted product of Rex Thornton, 1989.)*

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