

Progressive

June/July 1991

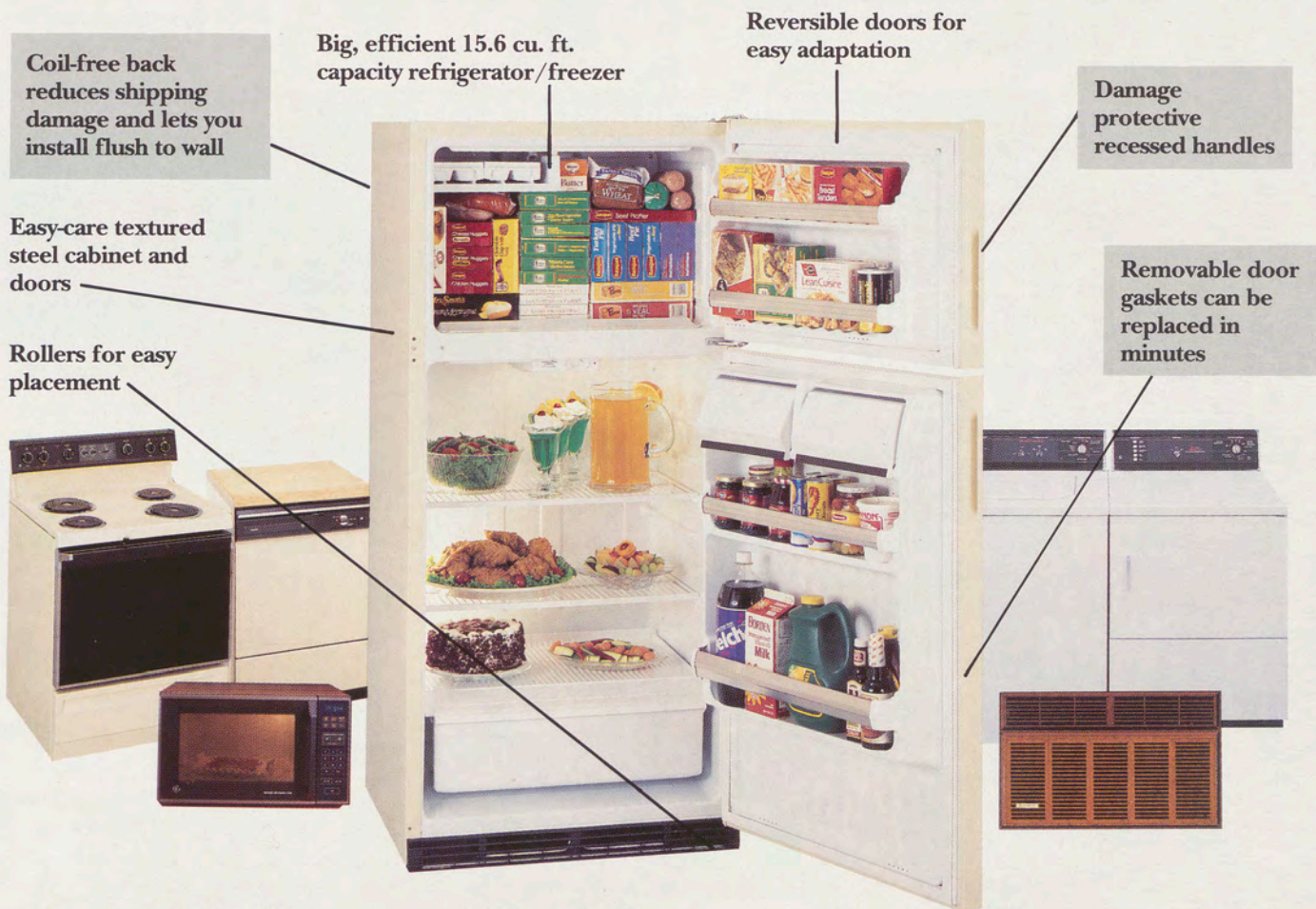
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A surreal illustration of a person sitting at a desk on a beach. The person's head is a computer monitor. They are wearing a blue and white Hawaiian shirt and red sandals. The desk is a simple blue table. The background shows a palm tree, a beach, and the ocean. A bottle is on the sand near the desk.

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APRO

PR

Progressive Rentals

June/July 1991

The magazine of the rent-to-own industry

Volume 11, Number 3

Features

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Operating online

How can today's businesses manage without computers? Our informal telephone survey of RTO operations and software companies reveals that the rent-to-own variety usually don't.

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Capturing information

A computer may just give you the edge to propel your company ahead of your competitor — for that increasingly limited resource: capital.

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Desktop publishing

Two stories examine this subject. One deals with a real-life RTO example; the other with some hard truths associated with its implementation.

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Law and order

The rent-to-own industry, through its growing number of state rental-purchase statutes, is asserting its right to exist. Here's our annual legislative update. (*Charts begin on page 40.*)

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Bet on It!: It's no gamble

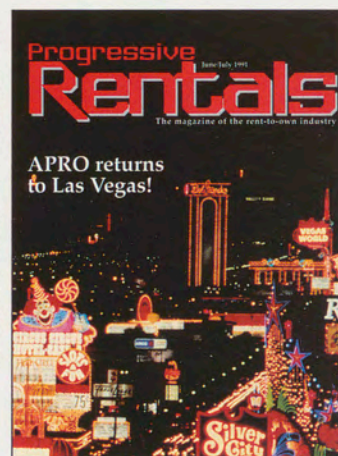
APRO's annual convention is fast approaching. Our comprehensive package includes everything you'll need to know about the Aug. 11-15 event at Las Vegas' Caesars Palace.

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The revolving door

Have you ever thought your company was like a revolving door through which employees moved? Here are some ways to start slowing it down.

Cover photo courtesy of Las Vegas News Bureau



ON THE COVER: Nighttime glitz and glitter capital of the world, Las Vegas is the site of APRO's Aug. 11-15 annual convention and trade show. Not since 1988 have rent-to-own dealers descended on Vegas in such numbers. The 1991 contingent should reach 1,200 or more.

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News & Products

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APRO leadership short course: *Elections 101*

FOR THE PAST FEW MONTHS A NUMBER OF PEOPLE HAVE BEEN ASKING ME QUESTIONS LIKE, "ARE YOU GOING TO BE PRESIDENT AGAIN?" AND, "WHO IS GOING TO BE THE NEXT PRESIDENT?" INCIDENTALLY, THE ANSWERS ARE NO AND I DON'T KNOW. BUT THE FACT THAT THESE AND OTHER SIMILAR QUESTIONS ARE ASKED WITH SOME FREQUENCY TELLS ME THAT, BY AND LARGE, THE APRO MEMBERSHIP IS NOT VERY FAMILIAR WITH THE APRO ELECTION PROCESS.

.....

This is sad because who is on the board of directors and the executive committee determines, to a large degree, what your association will do for or to you. I have decided to devote this, my last *President's View* column, to a bare summary of the APRO election process.

.....

BY
TED WILSON

Board of directors (two-year term)

In the spring of each year, the nominating committee, headed by the APRO first vice president (currently David Egan), solicits nominations from the general membership for persons to run for the eight board slots available each year. Board members whose terms are expiring are asked if they will seek reelection and non-board members are also sought.

After the nominations are verified with the individuals nominated, they become the slate for the election conducted each year at the annual convention and trade show. Ballots are cast during the general session and the eight nominees receiving the most votes are the new board

members. Votes are counted by disinterested parties.

There is no limit to the number of terms as board member that a person may serve. If you don't know who to vote for, ask questions! Ask your friends, ask the nominees themselves (their names, photos and biographies are published in the convention *Show Guide*) and ask other board members their opinion of the nominees' qualifications and value to your board.

Don't allow the election to become a popularity contest of the most "known names."

Executive committee (one-year term)

The executive committee (also referred to as executive board) consists of the president, first vice president, second vice president, secretary, treasurer and immediate past president. The immediate past president is, as the name implies, the person who served as president in the preceding year. If a president succeeds himself, then he serves as both president and past president.

All other executive board members are elected by the board at a meeting held at the close of each convention. There is no limit to the number of terms a person may serve as an executive board member. If you have strong feelings as to who should serve on the executive board, tell your board members your wishes! They are all representatives.

All elected officials of APRO are unpaid volunteers. Some travel expenses for board and executive board functions are reimbursed.

The system we use is admittedly not perfect, but it has served us pretty well over the years. Your input as a voting member is both needed and encouraged.

Finally, I wish to thank all APRO members for their support during the two years I served as APRO president. Because of that support, APRO is a stronger organization more ready to serve its members in the future.

PR

In this issue of *Progressive Rentals ...*

As the cover tends to confirm, this is the APRO convention issue. Judging from the amount of pages we've devoted to the Aug. 11-15 event, we trust we haven't short-changed you on the subject.

You'll want to read Barbara Stooksberry's comprehensive story on convention seminars, activities and options in Las Vegas. It begins on page 26. For your convenience, seminar and daily event schedules are included in this issue, along with a registration form.

If you're interested in the election process for the APRO Board of Directors (which happens during convention), be sure to read outgoing president Ted Wilson's column on the facing page.

Executive director Bill Keese writes about the benefits of in-person dialogue with your rent-to-own peers at convention. His column is on the next page.

There's plenty more in this issue besides convention topics. Beginning on page 24, Ed Winn provides the annual update on state rental/purchase laws, including charts showing state-by-state provisions in important areas such as advertising disclosures and specifications on fees and payments. As a bonus, these charts have been redesigned this year for easier reading.

Our product focus for June-July is computers. They are a fact of life in today's fast-paced world. Laura Mallon gets our computer coverage under way on page 10 with her RTO industry survey story.

The current RTO business environment, with an emphasis on accountability, makes a good computer system a must. Rita Wallace covers this aspect on page 14.

Desktop publishing is now a big part of the computer world, and it is becoming more attractive to businesses that rely heavily on advertising, such as RTO. On page 16, Randy Buffington explores some of the hard truths of desktop publishing.

Bud Holladay is the author of this issue's RTO Finances department. His 11 key ratios in rent-to-own is a must-read for the dealer or operations person. See page 30.

Claudia Filloramo continues her three-part RTO Jewelry series with part two, on diamonds and gold, starting on page 20.

Wayne Outlaw, a frequent contributor specializing in management subjects, cautions about the figurative "revolving door" and, most importantly, how to avoid the debilitating effects of turnover. Page 26.

This issue of *Progressive Rentals*, like all others, represents a group effort. We hope you find something in these pages that interests you or helps your business.

— John Gormley, editor



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Can we talk?

Convention, meetings offer the chance

RECENTLY, DURING THE TWO-DAY SPAN WHEN MEMBERS MET FOR APRO'S LEGAL AND ACCOUNTING SEMINARS IN DALLAS, THREE OF THE ASSOCIATION'S MOST ACTIVE COMMITTEES MET. THEY ARE THE APRO TAX AND ACCOUNTING COMMITTEE, CHAIRED BY WAYNE CHAMBERS; THE APRO GOVERNMENT RELATIONS COMMITTEE, CHAIRED BY DAVID EGAN; AND THE ASSOCIATION'S NEW FINANCIAL SOURCES COMMITTEE, CHAIRED BY BOB SIMONS.

• • • • •

Members of these committees have been working hard to address the three most important issues facing rent-to-own dealers today — tax, legal issues through legislation and RTO financing. All three committees are preparing to present their findings and accomplishments to the APRO membership during the upcoming convention and trade show, Aug. 11-15 in Las Vegas.

The importance of any trade association, and certainly APRO, is the gathering and dissemination of information critical to the business success of its membership. Most likely, one or more of these issues are directly affecting everyone reading this magazine. We have diligently been reporting on tax, legal and financing issues in *Progressive Rentals* and *RTO Network News* for many months and years. However, these publications have their limits and in-depth analysis and give-and-take discussions are prohibited

via these formats.

The best format to explain complicated and involved topics such as taxes, legislation and RTO finances is through personal dialogue. That's what you'll get at the APRO convention. Of course, there will be many other benefits to take advantage of by attending the convention, such as a variety of seminar topics, the trade show with popular and new products, the ability to network with other RTO dealers from around the country and the enjoyment of social activities, ranging from inventive theme parties to the golf tournament. Dollar for dollar, attendance this August will be one of the best bargains of the year for rent-to-own dealers.

This has been a remarkable year for the rent-to-own industry as a whole. Not since the early days of the industry have we experienced the intensity of change that has occurred during the past year. Your association has worked hard to recognize and understand this changing environment and to make RTO dealers aware of what's going on.

One RTO dealer summed up his opinions recently when he said, "I've been in rent-to-own for over 10 years, and a member of APRO for most of that time. With the changes that have occurred within my association (APRO) during the past two years, how can any RTO business person even question the value of their membership in APRO?"

I look forward to seeing you at Caesars Palace in August.

PR

• • • • •

BY

BILL KEESE

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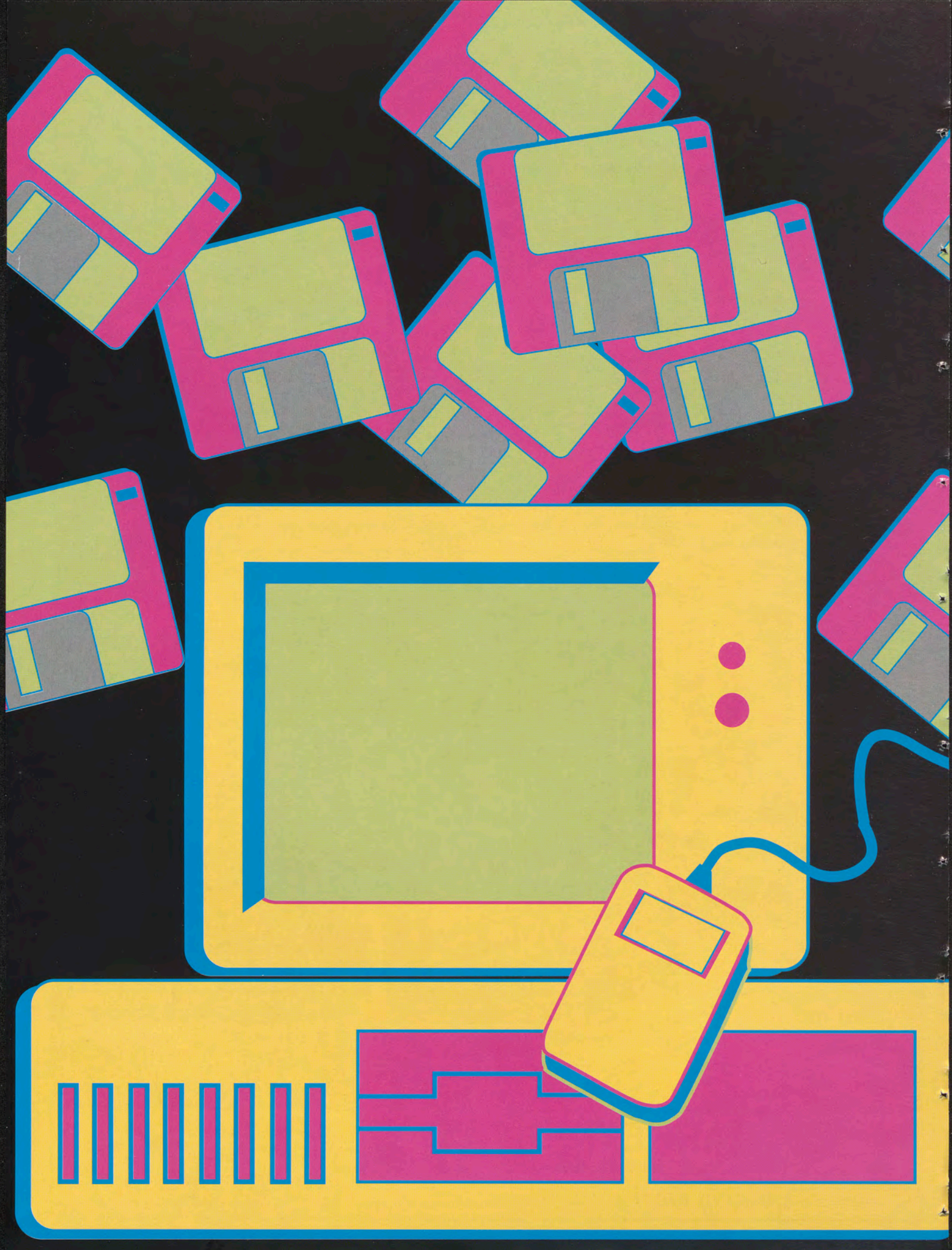


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Computers

HOW CAN TODAY'S BUSINESSES MANAGE WITHOUT COMPUTERS? THAT QUESTION WASN'T ASKED 50, 25 OR EVEN AS LITTLE AS 15 YEARS AGO. BUT NOW THAT CORPORATE AMERICA IS CONSTANTLY IN OVERDRIVE, IT'S ESSENTIAL THAT BUSINESSES KEEP UP WITH THE TIMES. AND IT LOOKS LIKE MODERN-DAY COMPUTERS ARE INCREASINGLY THE CURE — UNLIKE THEIR FRUSTRATING PREDECESSORS — OF MANY HEADACHES.

Trends in software, including packages custom-designed for rent-to-own stores and home offices, come and go quickly. Last year, *Progressive Rentals'* phone survey revealed that computers in RTO operations were used for functions such as:

- Inventory tracking;
- Maintaining payroll and general ledger functions; and
- Tracking the effectiveness of advertising.

In 1991, the trend is for these things to be done faster. David Goldman, president of Ideal Software Systems, says the current focus is maximizing productivity. "Saving time, providing more information or more ability to do some advanced features, like mailouts to solicit customers and tracking prospective customers that come in the stores, are a few of the ways we can maximize productivity," Goldman said.

Goldman believes greater sophistication in communication among home offices and stores is becoming increasingly important. "We're designing software that will automatically communicate with the central warehouse, check availability, do an automatic inventory transfer to the local store system, and place an order automatically with the central warehouse to deliver. All those things are just more sophisticated communications," he added.

Lynn Seckbach, sales and business

administrator of Computermax, Inc., says his company is focussing on a software package called Just in Time (JIT). He says JIT would reduce inventories down to where dealers aren't maintaining a big inventory ahead of time. "We're trying to schedule products in a day to two days before you need them on the actual assembly line. This would give you less storage time, needing less storage space, give you time to pay for merchandise that you've already used and you haven't left in the warehouse," he explained.

Seckbach says his company is implementing JIT right now with great success, and the companies using JIT are seeing such a cost-savings that the system actually pays for itself.

As for tighter accounting, tighter costing and product costing, Seckbach says his clients want increased efficiency. "Right now we're in a time war. People are having to do more with less. They're having to produce as much as they used to, but they've got less people. Through PCs, computers and software, this can be done," Seckbach said.

Bob Shirley, vice president of client support at High Touch, Inc., says his clients are asking for the software to track all the fees that are associated with the rental agreement. "What our clients are asking for now is some way for the software to

CONTINUED ON NEXT PAGE

•••••

BY

LAURA MALLON

Continued from previous page

track that late fee so that the next week when the customer comes in, they can collect the fee that should have been paid the previous week," said Shirley.

Shirley says "mail merge" is one of the newest features his company has added to its software capabilities. "We've built a word processor in a database into our store software, so that the stores can create customized, tailored promotional letters to their customers," he said. "The letter is customized so that each individual letter is printed out by the machine and addressed specifically to the customer. This isn't a case where somebody has to sit there and individually type in the customer's name for each of the letters. The machine generates it automatically."

Another recent development in software at High Touch is the service mod-

All the RTO company representatives surveyed said having a computer system helps their businesses run more smoothly and efficiently. They also cited instant information on transactions, day-to-day activities, accounting and ability to monitor disappearing inventory as important features.

ule. Shirley says it's the software at the store level that identifies an item that's down for service. "It's a form of inventory tracking, but we've enhanced this so the service module can track an inventory item that needs repair, and it keeps a record. So if the item has to be repaired a second time, either because it broke again or because the first repair was not done correctly, that information is noted and retained by the system. Over a period of time, the system will give

you back a frequency of repairs by the manufacturer's brand," Shirley said.

Larry Burns, president of Rental Information Systems, Inc., says since hardware has changed so much in the last few years and gone down so much in price, new-model computers will out-perform anything that has been in use for a couple of years. "What we're actually doing now is updating a new system to take advantage of all these new features that you get in your hardware today. For example, the ability to use a mouse and a color monitor using pull-down menus and pop-up windows," Burns said.

As for the RTO companies themselves, they're interested in software that is more flexible. Mac McCullar, president of First American Rental, says he would like to see the software handle retail sales as well as layaways.

Norman Slatton, president of Buddy Bi-Rite, says his company is looking for improvements in multiple accounts, accounting and add-on allowances. He says he doesn't believe his company has a good computer system for rental dealers.

"There are still a lot of shortcomings in the computer programs that we have and others we've looked at," Slatton said. "It tells you how much money you've collected, how many units you have out, what you're getting per unit, what your insurance is and allows you to track accounts, which is great. But, when it comes to auditing, it's hard to track everything. From the auditing end, we are always trying to figure out how we can get better information from our computer system."

Bob Simons, president of All Star Rental, says his company is pushing for inventory analysis reporting. He says inventory analysis reporting lets you know which types of inventory

Former skeptic Sharp opts for an online solution

Last year, Roger Sharp, owner of Appalachian TV Rental, said his stores were not computerized because of big setup costs and confining software.

Today, he has done an about-face on the subject and is in the process of computerizing the first of several stores that will eventually be online.

Quoted in the June-July 1990 issue of *Progressive Rentals*, Sharp said he wanted the ability to custom write his software to the way he runs his rent-to-own business, but that all software packages were basically the same. Now, he has changed his view, because High Touch, Inc., representatives convinced him of the company's ability to customize.

Sherry E. Workman, vice president of sales at High Touch, says she worked with Sharp, an APRO board member and officer, for almost a year before he realized High Touch could do the things he needed done. "I think he came to realize we're more than a computer store," she said.

"We're also a service company. We do so much more than just software for rent-to-own and that's what Roger needed. He was basically allowed to do what

he wanted to do."

Sharp says comparing High Touch to other software companies is like comparing rent-to-own to retail. "High Touch provides a 24-hour, round-the-clock service. They want to be a part of solving your problems," he said.

Although Sharp is computerizing his stores, he says he's not doing it just because computers are available.

"There's going to be a little less paperwork, but as far as my basic procedures are concerned, we will keep it all exactly the way we've had for eight years. High Touch was able to allow us to have that flexibility with their customization ability," Sharp said.

As for the software and hardware solution, Sharp says it's a multi-user, multi-access system. Last year, he said that's just what he would insist on in a computer system to run his RTO stores.

Now that he's found a system that meshes with his operation, Sharp says he's no longer wary of computerizing. "It fits like a glove, and we didn't have to do surgery on the hand to make it fit. That's what I needed."

— Laura Mallon

APRO rental agreements offer savings, computer compatibility and compliance

As a service to the rent-to-own (RTO) industry, APRO has developed a new rental agreement form to ensure compliance with all state laws and offer a low-cost service to APRO members.

The agreements are available in all regulated and unregulated states as well as computerized and non-computerized stores.

Bill Keese, executive director of APRO, says association members can buy the low-cost rental agreements at 15 cents per agreement.

"Even non-members get a break," Keese said. "Those people will pay 20 cents per agreement. Since everyone must be in compliance and we have developed a low-cost

rental agreement that complies with all state laws, it only makes sense to save a little money while staying within the boundaries of the law."

Updated rental agreements will be provided at no cost as state requirements and new laws are enacted. Keese says you don't pay for updating the agreement at any time. "We will supply new updated agreements to software vendors at no charge."

The APRO rental agreements are three part, NCR, 8 1/2 X 11 documents that are continuous fed.

For a sample rental agreement, more information or a price list, call Hilde Parker at (512)794-0095.

are making money and which ones aren't, so you can make adjustments.

All the RTO company representatives surveyed said having a computer system helps their businesses run more smoothly and efficiently. They cited instant information on transactions, day-to-day activities, accounting and ability to monitor disappearing inventory as important features for RTO computer systems.

McCullar of First American Rental says computers help his managers recognize and address problems quickly. "A computer system allows you to put your finger on the problem a lot quicker," he said.

PR

Laura Mallon, APRO communications assistant, is a part-time summer intern and journalism/public relations senior at the University of Texas at Austin.

Who's who in computers

Finding the right computer package to help manage an efficient RTO operation can be challenging. But in today's environment, especially considering the value of computer-generated reports for lenders and potential lenders, having the right computer system is more important than ever. Here's a list of computer companies that serve the rent-to-own market. All are either APRO Associate Members (), advertisers (+) in APRO publications or APRO convention exhibitors (Y).*

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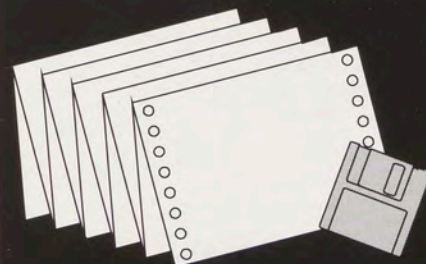
+YIdeal Software Systems
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(601)693-1673
Computers/software

***+YRental Information Systems, Inc.**
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Magnolia, AR 71753
(501) 234-2200
Rental operation software

+YRental & Sales Software Systems
457 Robert Drive
Corpus Christi, TX 78412
(512) 993-1790
RTO systems, sales and inventory control

YSaf-Write Forms & Systems
1209 S. Ridgewood Ave.
Daytona Beach, FL 32114
(904) 252-5766
(904) 255-5937 (FAX)
Rental business forms

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APRO

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your lender involves*

Capturing information

DOES YOUR LENDER CARE IF YOU HAVE A COMPUTER IN YOUR RENTAL STORE? PROBABLY NOT. YOUR LENDER ONLY CARES IF HIS LOAN IS SECURE. AND WITH LIMITED FUNDS FOR HIM TO LOAN THESE DAYS, THERE'S A LOT OF COMPETITION FOR SECURE LOANS.

The lender cares about five important things: profitability, asset utilization, liquidity, debt-utilization and cash flow.

Your lender cares if you are profitable or not. How is your profit margin these days? What kind of return are you generating on your assets? What does the return on your equity look like from the lender's-eye view?

Your lender also wants to know all about your asset utilization. What is your total inventory investment? How fast do you turn over that inventory? What kind of return do you get per unit, per customer and per agreement? How accurate is your depreciation? What about replacement costs?

Another important thing your lender watches out for is your liquidity position. How fast could you liquidate your rental inventory if you had to do so? How old is your inventory? What about your other assets? How are they financed? What kind of liquidation value do they have?

Your lender really wants to know how effective you have been at managing your debt. How is your debt compared to your asset base? How do your interest payments look compared to your profitability? How

are you handling your fixed costs of doing business? How do those fixed costs measure up against your profit?

The lender also wants to be sure you can service your debt and interest. How is your cash flow? Can you meet your maturing obligations?

He doesn't care if you have a computer to tell him, but he does care if the information you provide him is accurate and timely. You should realize that he probably has several other loans he is considering the same time as yours. Will he wait for you to get your act together? Depending on his workload and other prospects, there's a good chance he won't.

How fast can you tell your lender what your yield per unit is? How long would it take you to show him the average age of your outstanding inventory? How accurately can you tell him what your projected revenues for the next 30, 60 or 90 days will be? How close can you measure the actual turn you receive on a VCR before it leaves your inventory? What about TV-VCR combos? What is your debt per unit? How prudent have you been in your debt management policies?

Presenting accurate and timely com-

.....

BY

RITA WALLACE

puter-generated reports gives you the appearance of a smoothly run company that is responsibly controlled. Your image is polished and professional. Your numbers are reliable and dependable. The information can be viewed from a variety of angles, because it can be generated again and again with a computer. Trends can be established, targets can be forecasted and hazards can be avoided.

A computer may just provide you with the edge you need to propel your company ahead of your competitor — not only for customers, but for that precious and limited resource required by the rental industry: capital.

We have come into the 1990s. The age of the computer has been with us now for some time. Competition in the marketplace has expanded to include competition for limited borrowings. A computer may just provide you with the edge you need to propel your company ahead of your competitor — not only for customers, but for that precious and limited resource required by the rental industry: capital.

No, your lender probably doesn't care if you have a computer in your rental store. He wants to see dependable, supportive documentation that your company is profitable, your assets are solid, your liquidity is good and your cash flow is positive. He wants to know that his loan is secure and that you possess the ability to repay it. And he wants to see it today. Can you get him the information before the next guy does?

Yes, you can. Just send him a print-out.

PR

Rita Wallace is a certified public accountant (CPA), professional consultant and former software developer for the rental industry.

Desktop publishing

It's becoming feasible for more and more businesses, including RTO dealers

DESKTOP PUBLISHING IS MORE THAN ANOTHER HYBRID PHRASE BORN FROM THE 1980S BECAUSE, UNLIKE SOME OF ITS BUZZWORD BRETHERN, IT HAS ALREADY MADE A LASTING IMPACT.

With the right combination of a personal computer (PC), software and perseverance, one person suddenly has the power to create fairly sophisticated documents. From a lone desktop, someone with a little creativity can turn out the kind of work that formerly required coordination among several specialists — usually a typesetter, artist and pasteup person.

.....

BY

JOHN GORMLEY

Widespread use began during the mid-'80s with the advent of the laser printer. Since then, desktop publishing has become more than just using personal computers to combine type and graphics on the same page. Various combinations of hardware add-ons (or peripherals) have stretched desktop into new areas and spawned even more buzzwords — like multimedia.

But let's slow down for a minute and assume you're merely explor-

CONTINUED ON PAGE 18

**20% OF BOR GIVES
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Believe It . . .

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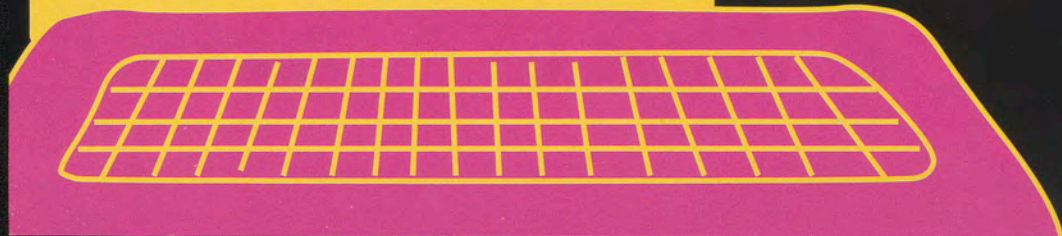
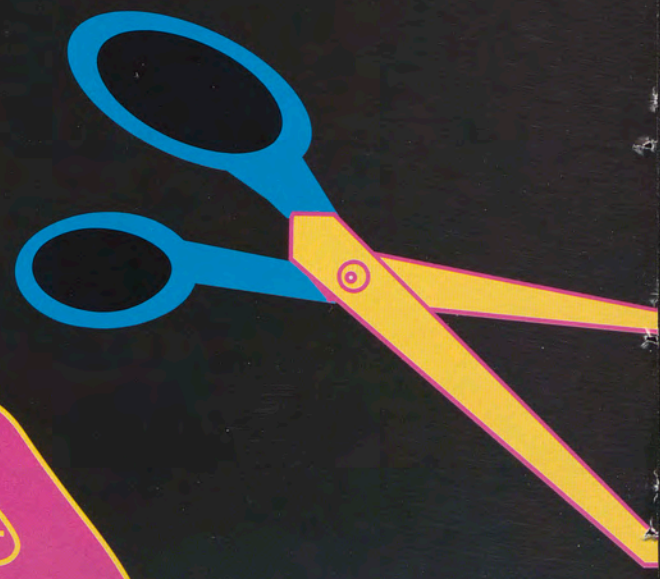
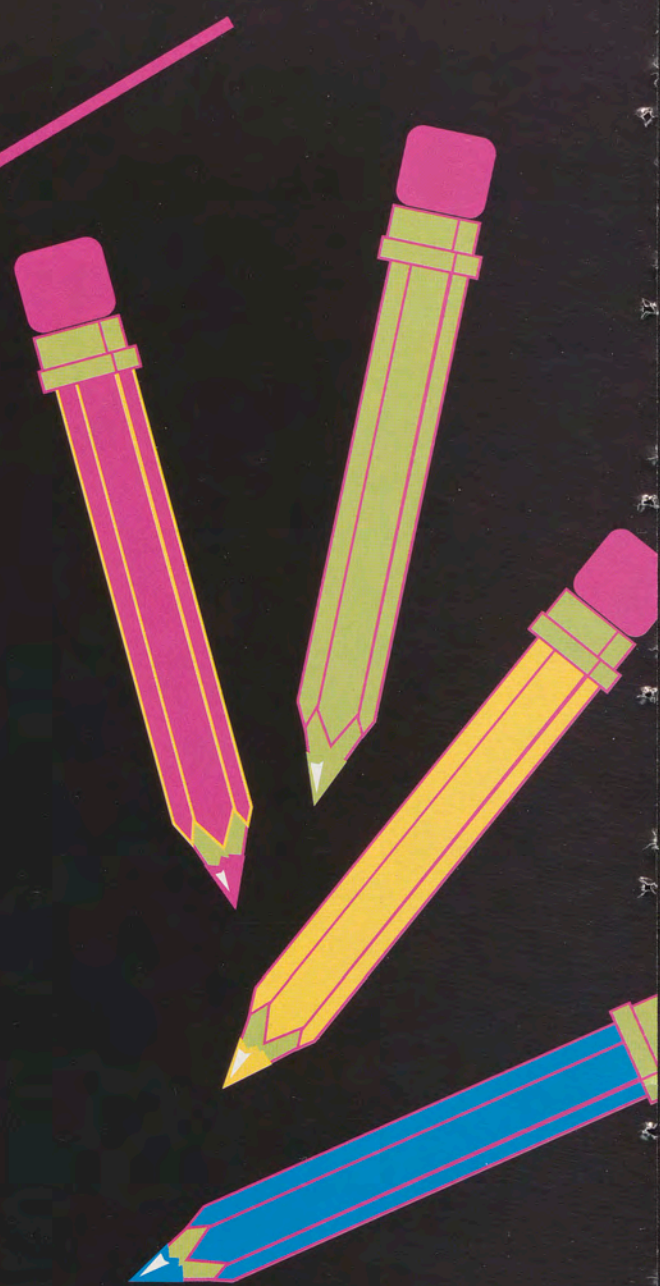
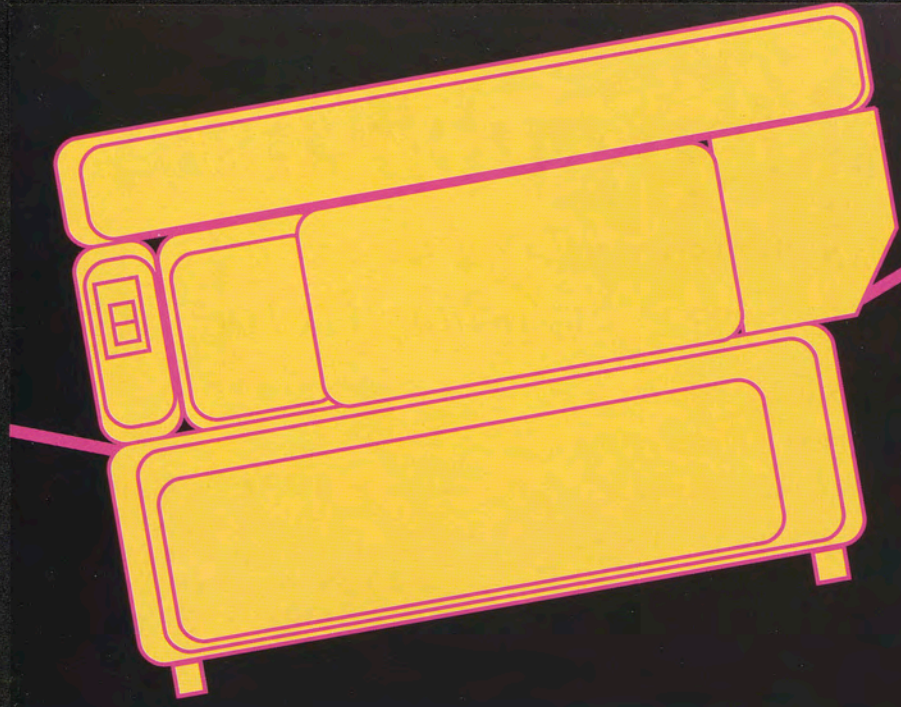
RENT-A-ROCK

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Diamond Rental System

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More than a box of rocks . . . a lot more!



*Before taking the desktop plunge,
it's probably wise
to consider a few*

Hard truths

WHAT ARE THE HARD TRUTHS OF DESKTOP PUBLISHING? THERE SITS THE COMPUTER. ITS STARE IS HYPNOTIZING. THE APPEAL IS SEDUCTIVE. ITS PROMISES ARE OF GREATNESS. WITH ALL THE ANTICIPATION OF THAT FIRST KISS, WE HURL GRAPHICS AND TEXT AT THE SCREEN. WE CLICK, DRAG AND PASTE, YET THE IMAGE ON THE SCREEN BEARS NO LIKENESS TO OUR INSPIRATION.

Where did we go wrong? The salesman at the computer store did this with ease and it looked great. It's one thing to have the right attitude, but it's quite another to have the right aptitude. Even if you already have a computer in your office, ask yourself some basic questions before investing in desktop publishing software.

First, is your computer fast enough to handle complex graphics? Do you have enough memory? With most simple graphics programs, your answers will be yes. These programs are great for announcements and newsletters. If you have visions of looking like the pros, think again.

It boils down to some simple hard truths. Is the final product you want worth the money, time and effort you are going to spend? If so, start by taking a close look at your hardware. In more and more cities today, there are desktop studios that are doing exactly what you are wanting to do. Think of the kind of projects you would be doing, then do one of them using a desktop studio's services. Sure you're going to pay anywhere from \$30 to \$50 an hour, but it's money well spent.

Remember that these people have already made their mistakes and have put the best marriage of hardware and software together. If you don't have a desktop studio nearby, go to a junior college, newspaper or print shop. One of these places

will give you an opportunity to ask questions as well as see for yourself what kind of investment is needed.

Another hard truth is: Do I have someone in my organization with the aptitude for layout and design? Understanding the software is one thing, but getting the end product to look like a designer magazine is another. Keep in mind that the learning curve on the software is going to cost you hourly wages. How much depends on the complexity of your software. Be sure if the software is complex, this person is going to be with you for a long time.

Learn to accept your limitations and hire out design when necessary. Money saved by bringing important projects in-house is rarely money saved at all. Tedious wrestling with design is expensive and discouraging.

With simple graphics programs you can create newsletters, advertisements for shoppers, preferred customer letters and storewide announcements. These programs will usually run you less than \$200 and, in most cases, no hardware boosts will be required. Plus, the learning curve for these simple programs is usually no more than a couple of days.

If you have a multiple-store chain, you can afford to install the software in more

.....

BY

RANDY

BUFFINGTON

CONTINUED ON NEXT PAGE

Continued from previous page

than one store. With these programs and a little help from a copier, you can do wonders in making handouts and doorhangers. With imagination, making banners and signage on specials will really add impact to your stores.

Newsletters are a great way of building unity among multiple-store chains, as well as creating healthy competition. Putting a good newsletter together is easier than you think. Select subjects that will entice, entertain and educate. Get your people involved. Choose a different person to write on each subject. If you're wondering what a good format would be, go to a bookstore and look at some of the desktop publishing books. My favorite format book is *The Grid Book* by Jan V. White. It's loaded with different formats. You don't need to reinvent the wheel.

The first newsletter was published in 1923. Today, more than 150,000 different newsletters are published on a regular basis — and the amount of

WANT TO OWN YOUR OWN BUSINESS?

Here's your opportunity!

Locations available all over the USA. Send your resume today.

Tell us about yourself, your experience in rent-to-own.

With a minimum investment we can offer you the chance to own your own store. Multiple store operators experience preferred. This may be the chance you've been looking for.

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Newsletters are a great way of building unity among multiple-store chains, as well as creating healthy competition. Putting a good newsletter together is easier than you think. Select subjects that will entice, entertain and educate ... Start with a one-page format that you like and grow with experience. Using newsletters to express challenges from one store to another pays dividends that will amaze you.

newsletters is growing at an estimated rate of 40 percent a year. Remember to keep it simple. Start with a one-page format that you like and grow with experience. Using newsletters to express challenges from one store to another pays dividends that will amaze you.

Assemble and preserve a file of dependable ideas. There's no better way to improve your creativity and design. Support your selection of formats on three ingredients: the message, the reader and the combination of typefaces (or fonts).

As much as I'd like to address the different facets of desktop publishing here, there are too many. What I hope I've accomplished is to encourage a self examination of your needs in this area. Be objective with yourself and

Continued from page 15

ing the possible advantages/problems associated with desktop publishing. Maybe you're looking for a way to centralize and streamline the printing of all advertising materials for your chain of rent-to-own stores.

Some of the basic questions to ask:

- What kind of projects are candidates for desktop publishing?
- Can I avoid duplication of effort among my stores?
- How can desktop publishing help unify and/or improve my corporate image?

Bob Simons, owner of All Star Rental in North Charleston, S.C., has arrived at answers to the above through a creative alliance with long-time friends Kevin Reynolds and Ted Varner, who run a local advertising

your company's pocketbook. Take time to consider the alternatives.

Desktop design is a mixture of old and new ways, and desktop publishing is only one instrument among several. Before entering its world, you must become as familiar with the conventional tools of composition as you are with those of desktop publishing. Otherwise, how will you know where the hype ends and the truth begins?

I'm looking forward to the APRO convention in August. John Gormley and I will be doing a seminar on desktop publishing. We would appreciate any questions you might have concerning desktop publishing ahead of time.

PR

Randy Buffington is a partner of T. Buff & Son Promotions. He can be reached at 1-800-359-7880.

agency and print shop.

As a rent-to-own dealer who has heavy printing needs, Simons enjoys all the benefits of having desktop publishing and advertising services at his disposal. Even though Simons' RTO company does not technically have desktop publishing in-house, his connection with North Charleston-based Port City Printing, along with an advertising agency called Media Mixers, amounts to the next best thing. Simons is an investor in Port City Printing.

Simons' 18-store All Star Rental does a lot of two- and four-color fliers and brochures, direct-mail pieces and doorhangers. He says the ability to have a cohesive look for all his company's advertising printed materials is a definite plus.

"And, we get the brother-in-law

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price," said Simons, an APRO board member, with a laugh.

"We had known Bob for a long time," Reynolds began. "As a matter of fact, we went to high school together. We really needed his help when we started the printing company. All we knew was how to do printing, but we didn't know how to run a printing company. He's helped us a lot with some good business management."

Varner and Reynolds have used desktop technology to merge the design and production aspects of their ad agency/print shop operation. Reynolds says they use two Apple Macintosh computers "for computer-generated type and graphics."

Reynolds adds that their Macs are not high-end models, but "middle of the road" in features and cost. Also, they've gotten good results with a relatively inexpensive laser printer and reusable toner cartridges — instead of investing in a costly high-resolution imagesetter. Some of the software programs they use are Aldus PageMaker for page layout, Microsoft Word for typesetting and Aldus FreeHand for creating artwork.

"The Macs are a really good tool," said Reynolds. "As far as actual production of the (design) concept, I wouldn't use anything else."

So far, they've avoided the trial-and-error process of scanning photographs into the computer as electronic halftones. Instead, they rely partly on traditional methods of preparing photographs for the printing press. PageMaker is used to designate precisely defined areas — or windows — where photographs will be dropped or "stripped" into the layout.

"We make it easy on ourselves but yet attractive," Reynolds reasoned. "It's a lot easier to process, because I can knock a window out on the computer in a few seconds and a (traditional) halftone in a couple of minutes or so, whereas it takes so long to get it (electronic halftone) in the computer and manipulate it."

Kevin Reynolds and many others now use desktop equipment to turn out start-to-finish print jobs in a fraction of the time it used to take. "You go straight from the computer and

Desktop publishing technology has helped Bob Simons unify his RTO corporate image — among his stores and with his customers.

you're cutting out a couple of steps," he said. "It saves time, supplies and labor. All the composition — type and everything — we just output at one time, drop in a piece of art and we're gone. It's amazing."

And time is important in the fast-paced world of rent-to-own, Reynolds acknowledges. "Sure, product lines change. We're well aware that things do change in a hurry and you've got to be able to adapt quickly."

Desktop publishing technology has helped Bob Simons unify his RTO corporate image — among his stores and with his customers. Meanwhile, other rent-to-own companies have begun to exert the same kind of control over their printed materials by bringing some desktop services in-house.

"It's a definite advantage because we can keep all his material consist-

ent-looking," Reynolds said. "As long as Bob's happy and his business is growing, it's a good thing for everyone."

Simons agrees. "Having a more intimate relationship, they work very closely with us," Simons said. "And, being our advertising agency as well, it's all integrated as part of our total concept."

PR

John Gormley is APRO's director of communications and editor of Progressive Rentals magazine.

•••

(Author's postscript: T. Buff & Son Promotions' Randy Buffington and I are conducting a seminar on desktop publishing during APRO's Aug. 11-15 convention in Las Vegas. We'd appreciate you sharing any real-life uses of desktop publishing in RTO — or questions/comments on the subject. Call Randy at 800-359-7880 or me at 512-794-0095. Thanks.)

This is a SPECIAL INVITATION

The Rental Industry Buying Groups' 6th annual convention will be held July 25th - 27th at the J. W. Marriott Hotel (Buckhead), Atlanta, Georgia. We would like to extend and encourage new members to attend.

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If you are interested, we invite you to call our office. An orientation with the TRIB Board of Directors will be held on Thursday, July 25th at 5:00 PM

Plan now to attend!

6th ANNUAL TRIB CONVENTION & BUYING SHOW



The finer points of *Diamonds*

IN THE ROYAL FAMILY OF GEMS, DIAMONDS ARE THE RULERS TODAY, AS THEY HAVE BEEN SINCE GEMSTONES WERE FIRST TREASURED. DIAMONDS ARE THE HARDEST OF ALL GEMSTONES, THE MOST DURABLE. AND, BECAUSE OF THEIR TRANSPARENCY, HIGH REFRACTION AND ABILITY TO TAKE A VERY HIGH POLISH AND SHINE, THEY ARE THE MOST BRILLIANT OF ALL GEMS.

•••••

While diamonds have been found in widely separated places throughout the world, the principle sources today are in South Africa, Southwest Africa, the Congo, Ghana, Angola and Sierra Leone. The USSR (Siberia) is fast becoming one of the most important sources in the world. Tanganyika, Venezuela and Brazil also supply diamonds in somewhat lesser quantities.

Of historic interest only, diamonds have been found in India (possibly the first location discovered), Indonesia, Australia, Arkansas and a few other widely spread areas. Some diamonds have also been found in Canada.

The most important diamond cutting centers at present are in Antwerp, India, Tel Aviv, New York and Amsterdam. Diamonds are also being cut in Russia and in much smaller quantities in South Africa, Puerto Rico, the United Kingdom, West Germany and in a few other areas.

Diamonds were originally formed millions of years ago in volcanos. These extinct volcanos are referred to as pipes. Diamond-bearing rock is brought to the surface usually by a system of tunneling, much the same as coal mining.

The pipes are mined by cutting from the surface to great depths. It takes five

tons of rock to produce one carat of diamond crystal. The rock in which diamonds are embedded is crushed and then processed through several stages.

A final stage is the passing of the rock over a grease belt because diamonds, which are attracted to grease, will adhere to the belt. Water is then used to wash away debris, leaving the diamond-containing grease to be scooped up. When the grease is melted, the diamond crystals drop to the bottom where they are collected.

Diamonds are sometimes recovered from the bottom of the ocean off the coast of Southwest Africa, where they have been carried out to sea by rivers that washed them from the volcanic mountains ages ago.

Diamonds are also mined along ocean beaches. Some of the diamonds washed out to sea are returned by ocean currents and remain at considerable depths along existing and ancient beaches, including those along the west coast of South Africa.

Diamond mining is a very expensive, industrialized process.

The crystals are graded and sorted by mining companies and then sold to the Diamond Trading Company, a subsidiary of the De Beers Consolidated Mines, Ltd., which controls about 80 percent of worldwide diamond production.

Not only are there limited areas where diamonds can be mined, but the ratio of diamond to surrounding rock and other materials is exceedingly high. For every one ounce of diamonds found, 100 million ounces (kimberlite) must be processed. Less than 20 percent of the diamonds mined are actually suitable for gemstones.

Fortunately, the balance has a very valuable use in the industry because of their extreme hardness. If this were not so, the cost of gem diamonds would be many times higher. Note: The discovery of C-Zs (see paragraph on cubic zirconia)

•••••

BY

CLAUDIA

FILLORAMO

Because diamonds are the hardest substance known to man and contain very distinct grains of growth, they require expert knowledge and special equipment in cutting and polishing ... The grain in a diamond (much the same as grain exists in wood) lies in four different directions, and it is along these grains that diamonds can be split or cleaved. Diamond cutting is an expensive process ...

has forced many industrial diamond houses to enter the retail arena. When choosing a diamond company be aware of the difference between house of polished diamonds and diamond house. The typical diamond house probably has its roots in industrial diamonds, a marketplace that is shrinking as the use of C-Zs become more popular.

The Diamond Trading Company sells the rough diamond crystals to diamond cutters throughout the world. This is where diamonds begin to be transformed into the brilliant jewels we recognize.

Cutting and polishing

Because diamonds are the hardest substance known to man and contain very distinct grains of growth, they require expert knowledge and special equipment in cutting and polishing.

The grain in a diamond (much the same as grain exists in wood) runs in four different directions, and it is along these grains that diamonds can be split or cleaved.

A diamond can also be sawed in directions perpendicular to that grain with the use of a thin phosphor bronze disc. Because only diamond will cut diamond, the saw blade and the iron wheel used in faceting must be charged with diamond dust.

A diamond saw is a three-inch phosphor-bronze disc, six one-hundredths of a millimeter thick and revolves at 6,000 revolutions per minute, or 100 per second. A one-carat crystal can take several days to a week of continual work.

Diamond cutting is an expensive process not only because of the time and labor involved, but also because approximately one half of the diamond's weight is lost in cutting — referred to as 50 percent yield. The

lost weight is totally unsalvageable as it is ground off as dust.

After it's sawed or cleaved into the desired shape, the crystal is then roughly polished or bruted into a roughly spherical shape. The main facets are then polished on the crown (upper part) and pavilion (lower part). A craftsman, known as the *brillianteer*, then gives the diamond its final polish. Recovery of polished diamonds from rough crystal varies from 35 percent to 45 percent, depending on the type of rough crystal and desired shape.

Cutting proportions

The first and most important factor of diamond quality among the four C's is the cutting process. The purpose in cutting and polishing the diamond is to bring out its brilliancy and fire and to reveal its full beauty.

A diamond has the highest refractive index of any colorless gem. This means that light will be refracted (bent as it enters the diamond) and reflected. That accounts for the matchless brilliancy of a well-cut diamond. The diamond also has the highest dispersion of any colorless natural gem. This results in the breaking up of white light into its rainbow color and the effect referred to as fire.

A diamond that has ideal cutting will refract and reflect light. If the diamond is too thin, the light will leak out at the bottom of the diamond, producing an effect known as fisheye. It will have a center with a varying lack of brilliancy, depending upon its actual thinness. If the diamond is cut too thick, the light will leak out at the sides and result in a diamond with a dark center.

The reason for diamonds being cut



Claudia Filloramo is general partner of Rent-A-Rock and president of Key Rental of Florida, Inc. She pioneered the rent-to-own concept in Washington, D.C., more than a decade ago and more recently the program of RTO jewelry nationally. She is also one of APRO's charter members and was the first treasurer of the association.

CONTINUED ON NEXT PAGE

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too thin or too thick is because they are less expensive than properly cut diamonds. Loss in weight in cutting can be reduced as much as 20 percent. This weight saving means that, for example, the cutter may in some instances produce a diamond of .60 carat in an off-cut make with the same cost as for a well-cut .50 carat. Such a .60 carat diamond may seem to be a better buy at the same price as a well-cut .50 carat, but the value is the same.

Clarity

Clarity, the third of the four C's, is the relative flawlessness of the dia-



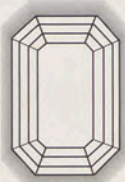
Brilliant Cut



Marquise



Pear Shape



Emerald Cut



Oval

These are the most popular shapes of diamonds, but it takes a lot of skill to fashion them out of rough stone.

It's important to explain that in any given fractional size, there is a range in point sizes. While it is elementary that a .95 carat should be worth at least 5 percent less than one that weighs 1.00 carat, the consumer is often misled by fractional designations on the part of some jewelers.

mond. An experienced diamond grader and proper optical equipment is necessary to make this determination.

Perfection rarely occurs in nature, and diamonds are by no means an exception. However, if a diamond does not exhibit any inclusion of any type that can be seen under 10 power magnification, the diamond may be classed as flawless.

If a diamond contains one or two tiny inclusions off to the side, it should be classed as VVS (very, very slightly included). Diamond quality is extended down the scale to those classed as imperfect — those in which inclusions may be seen with the unaided eye.

In general, the best value for the consumer is a diamond that has slight inclusions that cannot be seen by the unaided eye and that do not in any way affect the brilliancy, the dispersion or the overall beauty.

Carat weight

Carat weight is the fourth of the four C's, and it is determined simply by weighing the diamond on a diamond scale or balance.

Demand for certain weights and sizes causes fluctuations in the value of diamonds. Because there are 100 points in a carat of diamond, the price of a one-carat diamond is typically higher than that of a 95-pointer. Similarly, the price of a 50-point diamond will be higher than that of a 45.

Since diamonds are marketed primarily by weight, the retention of weight by the cutter, and the proportions used, become highly important. For example, a diamond crystal cut to ideal proportions would produce a cut stone of 95 points. If this same crystal were not cut to ideal proportions, the crystal could produce a cut stone of 1.15 carat or more. In this type of case, ideal proportions are sacrificed to satisfy demand for certain weights. The beauty of the diamond is being

compromised by the desire to obtain the maximum weight from the rough crystal.

It's important to explain that in any given fractional size, there is a range in point sizes. While it is elementary that a .95 carat should be worth at least 5 percent less than one that weighs 1.00 carat, the consumer is often misled by fractional designations on the part of some jewelers.

Equally surprising to them is that a 1.00 carat diamond is worth considerably more than five .20-carat diamonds, even though the total weight is the same. The one-carat diamond is worth more than twice the total value of the five .20-carat stones.

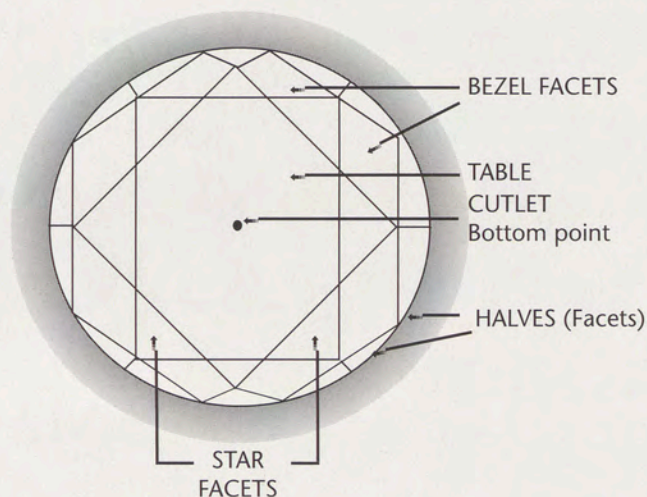
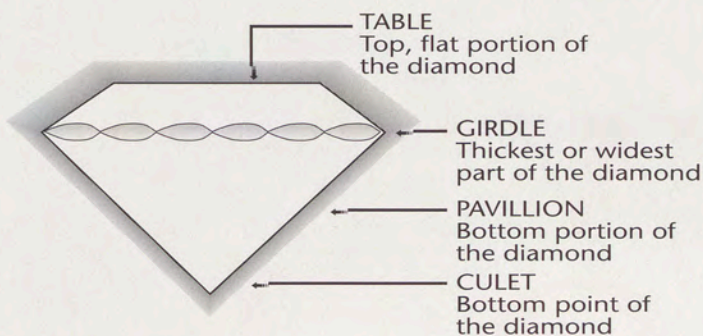
Quite often, diamond rings that contain side diamonds (melee) are sold on a total weight basis. In other words, the total weight of all diamonds is stated rather than simply the weight of the center diamond. This practice can give the impression of much greater value.

While the weight of the diamond is certainly the easiest of the four C's to accurately determine when the diamond is unmounted, the consumer is still often the victim of misrepresentation and misinformation.

You can use this information as a reference. Potential and existing customers ask questions about jewelry. If their questions can be answered knowledgeably, it gives them a feeling of security. Even if the facts are read directly from this article, it can help make your company an authority. Used correctly, it will add validity to your presentation and help secure a rapid close.

Example: A potential customer is looking at a ruby and diamond ring. The sales professional says, "By the way, the tiny inclusions are proof this is a natural/genuine ruby and not a synthetic." People tend to believe the written word. All your staff members have to know is where to find the facts.

Remember: knowledge is power.



The diagrams above illustrate the common parts of a diamond, from side (at left) and top views (at right).

What is a karat?

Karat and carat. In ancient times, when gold or gems were weighed at bazaars, the seeds of the carob tree were used to balance the scales. From the Italian word carato, the Arabic word qirat, and the Greek word keration, all meaning carob, we derived from terms karat and carat.

But these words have two very different meanings. Spelled with a *c*, this

word refers to the weight of gems such as diamonds. When you sell gold jewelry, you will be concerned about carats only if there is a gemstone in the jewelry.

Pure gold. Spelled with a *k*, karat refers to the fineness of gold. It refers not to a weight, but to a percentage of fine gold contained in an item. In the United States, the karat mark (such as 14k or 18k) indicates how much

pure gold an item contains. In its purest state, gold is measured as 23 karats.

An item marked 24 karat is 100 percent gold. But because 24 karats is usually considered too soft for use in jewelry, gold is often alloyed with other metals to make it more serviceable. The karat mark tells us the ratio

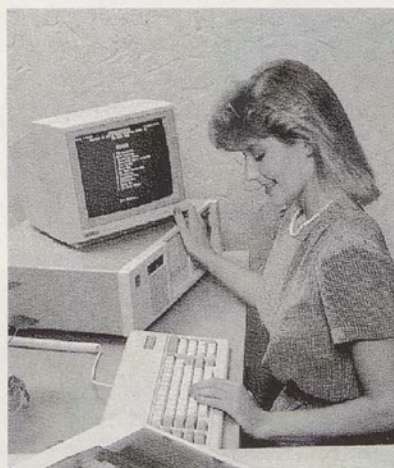
CONTINUED ON PAGE 53

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Managing your operation today for profit is more difficult than ever. Good control and flexibility must be maintained as never before. We at Rental Information Systems recognize this and are constantly changing with the industry.

THE RAM SYSTEM

We will be introducing a completely new customer based software product, RAM (Rental Account Manager), in booths #1003 and #1004 at the annual APRO convention in Las Vegas, August 11-15, 1991. This new software



system will take advantage of many new software and hardware breakthroughs.

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The Rental Manager is currently being used in over 400 stores. A proven product over the years. It is currently available at new lower prices.

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Growing body of state statutes
gives RTO industry

Law AND Order

THE 1991 LEGISLATIVE SESSION HAS BEEN AN ACTIVE ONE FOR THE RENT-TO-OWN INDUSTRY SO FAR. TO DATE, FOUR NEW STATES HAVE ENACTED RTO LEGISLATION, BRINGING THE TOTAL TO 27. THIS TOTAL DOES NOT INCLUDE PENNSYLVANIA, NORTH CAROLINA AND MAINE, WHICH HAVE AMENDED THEIR CREDIT SALES LAWS IN AN ATTEMPT TO RE-CHARACTERIZE RTO TRANSACTIONS.

As of this writing, bills are still pending in Louisiana and Delaware, and industry representatives fully expect those two states to enact statutes sometime during the summer. In addition to the states that have enacted legislation, Oklahoma has passed a second amendment to its RTO statute, and Alabama has passed a first amendment to its RTO statute. Amendments are also pending in Indiana and Illinois.

Other states considered the RTO issue during the 1991 legislative session, but so far have declined to act. They are New Jersey, Vermont and Maine. Industry representatives understand that bills in these states will not progress this year.

Perhaps the most far-reaching accomplishment of the industry in its drive to secure effective regulation has been the adoption of suggested RTO legislation by the Council of States' Governments Committee on Suggested State Legislation.

The Council of State Governments recently celebrated its 50th anniversary of publishing suggested legislation. Importantly, the Council of State Governments is recognized by legislators everywhere as a non-partisan group and the bills collected in its annual compilations reflect the combined wisdom of the various legislative processes in the country over a period of time.

The model RTO bill in the CSG's collection is based on the Virginia RTO statute. It is entitled the Lease-Purchase Agreement Act. In prefatory remarks to the suggested bill, the CSG acknowledges that Pennsylvania has taken an alternate route in regulating RTO transactions. However, the suggested bill does track the clear and dominant trend in the country to recognize rent-to-own transactions as separate and distinct from credit sales and to regulate them accordingly.

The suggested bill's definition of a lease-purchase agreement is similar to that in all 27 states to have adopted such legislation:

An agreement for the use of personal property by a natural person primarily for personal, family or household purposes for an initial period of four months or less that is automatically renewable with each payment after the initial period, but does not obligate or require the consumer to continue leasing or using the property beyond the initial period, and that permits the consumer to become the owner of the property.

The suggested bill clarifies that an RTO transaction is neither a homes solicitation sale nor a credit sale nor a security interest, as defined under state law. The sug-

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BY

ED WINN III

The rejection of the re-characterization issue by the CSG should give additional weight to the industry's position that RTO transactions ought to be regulated separate and apart from retail installment sales everywhere.

gested bill requires 13 disclosures, the specifics of which are more fully set forth in the chart on pages 42-43.

The bill does not attempt to regulate the amounts of other charges nor grace periods for late fees or other fees. Rather, the bill requires that dealers disclose the amounts of any such charges and the conditions under which those charges will accrue.

The section on reinstatement tracks the Virginia bill precisely, suggesting an initial reinstatement period of five days on monthly agreements and two days on weekly agreements for the customer to catch up on payments or return the merchandise. Then, if the customer returns the merchandise, the customer has from 21 to 45 days to reinstate by getting caught up on all payments due.

The length of the reinstatement period depends upon how many payments the customer has made. The suggested bill regulates the advertising of RTO transactions much like advertising in the other states (see chart on advertising, pages 46-47).

The suggested bill does not define penalties specifically, but leaves states the flexibility to make a violation of the RTO statute a deceptive trade practice under state law or to develop penalties consistent with the enforcement of consumer transactions generally in the state.

If the question had not previously been answered by 23 states about how best to regulate RTO transactions, the Council of State Governments' adoption of suggested legislation should lay the matter finally to rest — at least insofar as whether RTO transactions ought to be characterized as credit sales under state retail installment sales laws. With the stubborn exception of Pennsylvania, the answer to this question has been no since 1985, and the CSG's suggested bill should guarantee that the answer will continue to be no into the future.

It becomes increasingly likely, with

the adoption of this suggested bill, that the Pennsylvania experience will be isolated in that state alone. Dealers in states around Pennsylvania, most notably New Jersey and West Virginia, have worried that the Pennsylvania experience would wash over into their states. Indeed, the existence of the Pennsylvania law has added to the difficulties experienced by dealers in West Virginia in getting RTO legislation enacted.

Likewise, some members of the media and various consumer advocates in New Jersey have made much of the Pennsylvania experience during legislative sessions there. Now, however, dealers in those states have an additional argument that they can make, since the CSG carefully considered the Pennsylvania experience and heard from various consumer advocates about how the industry ought to be regulated. Once again, this occurred in an open, non-partisan environment. The rejection of the re-characterization issue by the CSG should give additional weight to the industry's position that RTO transactions ought to be regulated separate and apart from retail installment sales everywhere, and particularly in states where that continues to be an issue — most notably West Virginia and New Jersey.

None of the four new statutes differ radically from the trend in state rent-to-own statutes or the suggested bill. South Dakota enacted the suggested bill almost verbatim with no limits on fees and reinstatement rights parallel to the suggested bill. The 13 disclosures required under the South Dakota bill are the same as for the suggested bill.

Likewise, Kansas requires the same 13 disclosures and the same reinstatement rights. Dealers in Kansas have had to scramble to comply with the new statute since it became effective July 1.

The Nevada statute has 15 required disclosures, including a description

of any damage to the property being rented. Most useful to dealers is a provision requiring the customer to give the dealer 30 days written notice of any alleged violation prior to recovering damages for such violations under the statute. While other statutes have various kinds of bona fide defense mechanisms, in an effort to protect rental dealers from the kind of trivial lawsuits brought for technical violations of a disclosure statute (which banks and other lenders suffered for years under the Federal Truth and Lending Act before it was amended), this Nevada enactment gives, perhaps, the most protection of any such effort.

It is simply a fact of life that with thousands of documents passing through a store system on a monthly basis, from time to time errors will be made in the paperwork. Most states allow customers to cash in anywhere from \$250 to \$1,000 in statutory damages regardless of any actual damages. That is, a customer need not prove that he was misled by the error or that he suffered because of the error. Most of the RTO statutes will simply give him an award because the error was made. In Nevada, the customer cannot collect on such an error until he has notified the dealer that the error has been made at which point the dealer can, presumably, correct the error and avoid liability.

Connecticut offers some changes in the regulatory scheme, although the Connecticut bill is not out of line with other states where the pricing of rental rates, as well as the pricing of other charges, has been the subject of governmental regulation. The Connecticut legislative battle is the longest on record. It began in 1981 with attempts by the New Haven Legal Aid office to amend the State Retail Installment Sales Act to include rent-to-own provisions.

Almost every year since then, either the industry or various consumer protection groups have pushed to have their version of RTO legislation enacted. Because of the uncertain political climate in the state, Connecticut has been perceived by many as an at-risk state. That sentiment will change Jan. 1, 1992, when the new Connecticut RTO statute becomes

CONTINUED ON PAGE 48

APRO convention '91:

It's no gamble

WORTHWHILE CONVENTIONS HAVE SEVERAL COMPONENTS, AND APRO's 1991 EDITION WON'T BE AN EXCEPTION TO THIS GENERAL RULE OF THUMB. APRO '91: BET ON IT!, SET FOR AUG. 11-15 AT LAS VEGAS' CAESARS PALACE, HAS A LOT TO OFFER. CONSIDER JUST SOME OF THE THINGS THAT ARE BUILT INTO THIS YEAR'S RENT-TO-OWN CONVENTION AND TRADE SHOW:

A convention locale that's fit for fun and business; a trade show that brings rent-to-own vendors and buyers together in an atmosphere that promotes fruitful interaction; lots of opportunities for informal networking with other dealers and suppliers; a well-planned continuing education program; plus, all-important time to relax with family, friends and colleagues.

Glitz or glamour?

Call it glitz or call it glamour — whichever it is, it makes Las Vegas a remarkable and fun place to be. and Caesars Palace, your headquarters hotel, epitomizes all that glitters in this diamond in the desert. With 1,500 sleeping rooms and 130,000 square feet of meeting space, Caesars is the place for all convention activities.

Caesars offers six gourmet restaurants, a cafe, snack bar and food court; three lounges; health spa; beauty salon and barber shop; shopping complex; international sports arena; Circus Maximus Showroom; Omnimax movie theater; and three lavish casinos, not to mention courtyards, tennis courts and swimming pools. At our special convention rate of \$88 per night, you can afford to pamper yourself.

There's plenty to do outside the hotel,



BET
ON
IT!

too. You'll find boutiques and shopping malls, restaurants of every persuasion and gambling places of varying descriptions. You might favor the glamorous surroundings of the Strip or the Old West downtown scene, where neon lights create an artificial daylight all night long. Support the community and gamble — the casino industry employs 80 percent of the Las Vegas work force.

In the evening, you can be entertained by a big-name star or see a spectacular dance revue in a beautifully appointed showroom. A reservations service will be available at the APRO registration desk

CONTINUED ON PAGE 28

Photo courtesy of Las Vegas News Bureau



Las Vegas' Strip is one of the most photographed night scenes anywhere, and APRO members will be right in the middle of the action Aug. 11-15 with their headquarters at Caesars Palace.

•••••

BY

BARBARA C.

STOOKSBERRY

Continued from page 26

throughout the convention.

You brought the kids?

That might have been the reaction if you'd shown up kids in tow a few years back, but in recent years that attitude has done a complete reversal. Even though they can't do anything about the gaming laws that prohibit minors on the casino floors, the Las Vegas tourist industry has awakened to the potential of Las Vegas as a family destination.

In addition to Circus Circus' long-established mezzanine-level youth arcade, two new resort complexes, The Mirage and Excalibur, have jumped on the family-entertainment bandwagon with high-tech displays that both fascinate and dazzle.

If water parks appeal to you, Wet 'n Wild is located on the Strip, and around the city you can find activities as varied as the Liberace Museum, Children's Discovery Museum, Lost

City Museum of Archaeology, Museum of Natural History and Scandia Family Center. Or, you could get married in Las Vegas. More than 75,000 couples do each year. Well ... it was just a thought.

Side trips might take you to the Grand Canyon, about 280 miles away, by car, tour bus or plane from Vegas; to Hoover Dam and the Lake Mead recreational area, 25 miles to the southwest (you can trek through Ethel M's chocolate factory and cactus garden in Henderson on the way back); or to Toyabe National Forest, 40 miles northwest, where a picnic in the mountains gives you temperatures much, much cooler than in the city.

Red Rock Canyon, just a few miles from Vegas, shows off magnificent geological formations, wind-sculptured sandstone outcroppings and desert vegetation. At the Valley of Fire, 50 miles north, you can marvel at bright sandstone formations and petroglyphs etched in sandstone in an area inhabited by Indians 20,000 years ago. You could also visit the

remnants of the many old mining towns in the area.

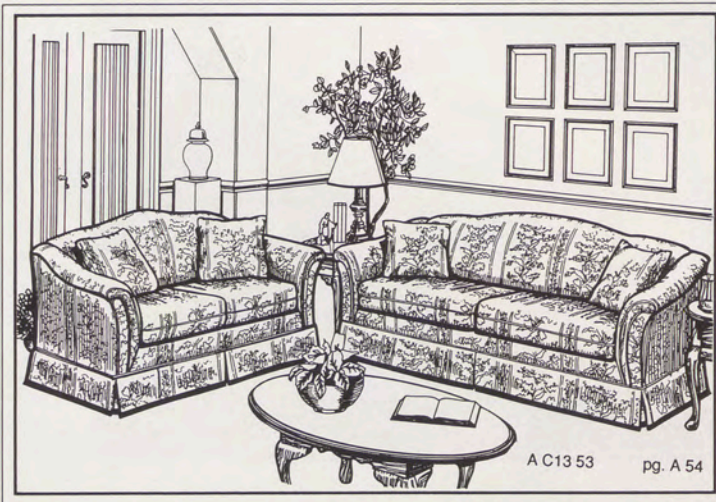
Go to the show

There are 67 reasons to attend a trade show, according to the National Association of Exposition Managers, so you won't want to miss ours. Here's just a few from their list: see new products demonstrated, meet vendors face to face, shorten buying process, compare suppliers, make purchases, create buying power image, solve supplier problems, give suppliers product/service feedback, research vendors at low cost, collect product information, support your industry association, discover new services and benefits offered by vendors, and investigate product complaints. Here's another: to interact with other rent-to-own dealers and exchange product and service information.

Ribbon-cutting on the trade show is at noon on Monday, Aug. 12, and this year's exhibit-hall schedule is planned

CONTINUED ON PAGE 37

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Key ratios in rent-to-own

Mastering them will keep your business viable

EVERYBODY WANTS MORE PROFIT AND LESS DEBT. BUT ANY PLAN FOR IMPROVING THOSE CAN STALL WHEN PEOPLE FAIL TO GRASP EXACTLY HOW TO ACCOMPLISH THIS OBJECTIVE WITHOUT OVERHAULING THE OPERATION. MOST RENT-TO-OWN COMPANIES REALLY REQUIRE ONLY A DELIBERATE AND CONSISTENT FINETUNING THAT GETS ALL PARTS OF THE MACHINE WHIRRING AT THE SAME SPEED. THIS REDUCES THE NEED FOR MORE PRESSURE ON THAT GAS PEDAL CALLED FINANCING.

Simply cutting expenses is not the answer. There just isn't that much fat in the typical RTO store. The real potential is at the top of the profit-and-loss statement (P&L) — revenue and gross profit.

Some owners still believe the debt-profit formula requires nothing more than renting low-cost goods to more people while we pound down overhead and wait for the money to roll in. Better pull up a comfortable chair; it could be a long wait.

Truth is, the easiest way to add profit and reduce debt is to rent higher-yield units (instead of just more of the same) and then collect a greater percentage of the money available.

Most high-debt multiples result not from high-priced inventory so much as from overstocking and underpricing (usually with hopes of beating the competition). What follows invariably then is a loosening of collection procedures so as to keep more of this hard-earned BOR (balance on rent) out on rent.

Of course, the inevitable "cleanup time" ensues where we get to start all over again — but this time with used goods.

An operation with 10,000 BOR and average rental prices of \$55 can do only \$550,000 revenues if it collects 90 percent of the potential rent and generates fees or "add-on" income of 10 percent of total revenue. This can look pretty good if last

month's revenue was only \$540,000. But what's the real potential?

Improving those numbers requires an understanding of a few key factors that impact the marketing, operations and financial ends of the business, and where those merge to produce profit.

So the job of management becomes one of teaching. The employees must learn to rent higher-income goods first, while at the same time reducing "lost rent" from all sources.

That same 10,000 BOR can produce an additional \$70,000 revenue (or \$620,000) provided middle management understands why things are happening instead of merely reacting to what did occur. This requires overcoming the *Firefighter Syndrome*.

Best of all, that extra \$70,000 revenue comes with no added debt and no extra expense. The "six-times" debt multiple just became 5.3! Accomplish this over two successive quarters and an ailing operation can take on a rosy glow.

Some key factors to examine when profits and revenue drop or stagnate while debt accelerates include: the average price of goods rented (APU); the average rent lost on pickups and the amount of free time given away to "solve problems;" the average age of idle inventory; and the "fee potential" compared to the amount actually collected (many companies realize

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BY

BUD HOLLADAY

Most high-debt multiples result not from high-priced inventory so much as from overstocking and underpricing (usually with hopes of beating the competition). What follows invariably then is a loosening of collection procedures so as to keep more of this hard-earned BOR.

only about 30 percent of the fees available to them).

A 2 percent to 4 percent improvement in income efficiency coupled with a 3 percent to 4 percent increase in the average price of units rented produces astounding bottom-line impact — even with no gain in BOR. And that can happen in less than three months in any operation.

So why spend more money beating the drum for new business? Produce maximum output from today's inventory first. But it starts with how we buy, price, rent and collect.

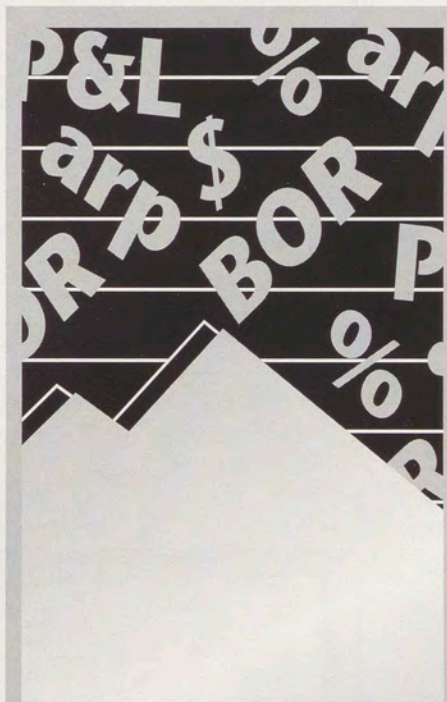
Most folks choose the path of least resistance. Weak salespeople rent the low-priced units first while untrained collections people give away rent instead of collecting it. And nobody generates fee income because it "costs us customers."

A descriptive listing of the critical ratios and numbers to watch is included on pages 50-51. Key questions:

- Do you track late charges or renewal fees as a percentage of average daily delinquencies or just check the totals?
- Do you look at delivery/processing fees on a per-delivery basis? (Do you know if rent lost on pickups is increasing or decreasing on a per-pickup basis?)
- Is average price going up or down, regardless of BOR? (Does anybody calculate the "rent value" of idle inventory in the backroom compared to the same value of showroom displays?)

A final — but key — question: Are your people paid to produce profit or just to rent and collect? (Believing that renting and collecting always turns into profit is not unlike playing the lottery with half a ticket.) **PR**

Bud Holladay, former rent-to-own company owner and founder of APRO, currently serves as vice president of marketing for Alrenco. He also writes a regular humor column for Progressive Rentals.



Why do some RTO companies thrive, while others seem to always struggle?

Every company wants to "hit the home run" that usually means earning the kind of profits that make the original business plan actually come true.

Unfortunately, some never will. And it's not always because somebody didn't rent, collect and count the idle. Profitability often eludes even the hardest worker if nobody can spot trends or read the numbers. They just keep on working.

While terminology or acronyms may vary somewhat from company to company, 11 critical num-

CONTINUED ON PAGE 51

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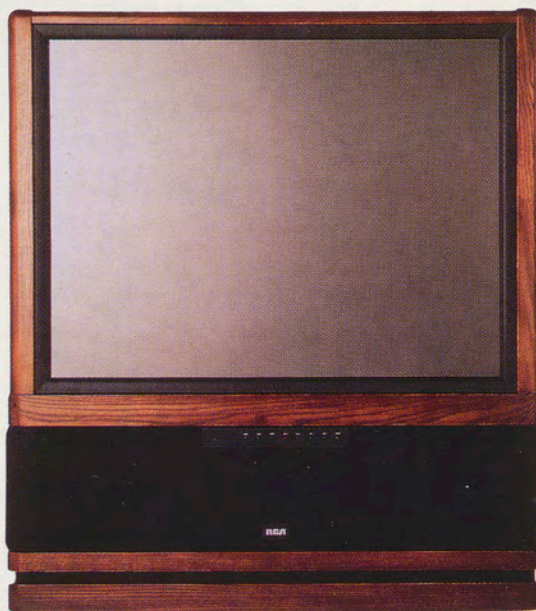
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*How to
slow the*

Revolving Door

HAVE YOU EVER THOUGHT THE COMPANY OR STORE WAS LIKE A REVOLVING DOOR THROUGH WHICH EMPLOYEES MOVED? THE FASTER YOU HIRE, THE FASTER THEY LEAVE, ONLY TO LEAVE THE MANAGER TIRED AND WEARY. THIS REVOLVING-DOOR EFFECT NOT ONLY DRAINS THE MANAGER, BUT ALSO OTHER ASPECTS, SUCH AS PERFORMANCE AND PROFIT, OF THE COMPANY.

Many would like to stop the figurative door and never lose anyone. Even if this were possible, it would not be advisable. To do this in a company of any size would probably mean living with poor performance and not increasing expectations or results.

Let's look at how a manager can slow the revolving door and, more importantly, get the best performance from a new employee. First, we must assume the newly hired employee has the ability and desire to do the job or they would not have been hired. If this is true, how do they get off track and not live up to their potential? It starts the first day with orientation and training.

The first day employees arrive on the job, they are as close to model employees as they will ever be. What is done with them the first few days of their employment will affect how closely they live up to their potential and ultimately perform. An excellent orientation and training program will help them remain model employees. A poor one will reduce their chances of performance and success.

The first few hours and days set the stage for the employee's attitude toward the job and the company. You must realize that on the first day, the new employee might be anxious or apprehensive as well as excited with high expectations. If you can help

reduce the fear, calm the anxiety and maintain the excitement and high level of expectation, it will go a long way to giving the employee a productive start.

Unfortunately, many employees are started when the manager has little time and are only given a quick tour of the facility, told to read a manual and just ask questions. Many times, orientation and training are left to the employees in the store with little management guidance. Is it any wonder that the new employee soon becomes like other employees in the store? As a result, they may not achieve the manager's, or even their own, expectations and are soon going through the revolving door.

No matter what the size of the company, an effective new employee program is worth the investment and will pay dividends. An effective new employee program has three elements:

- Orientation
- Training
- Initial performance period

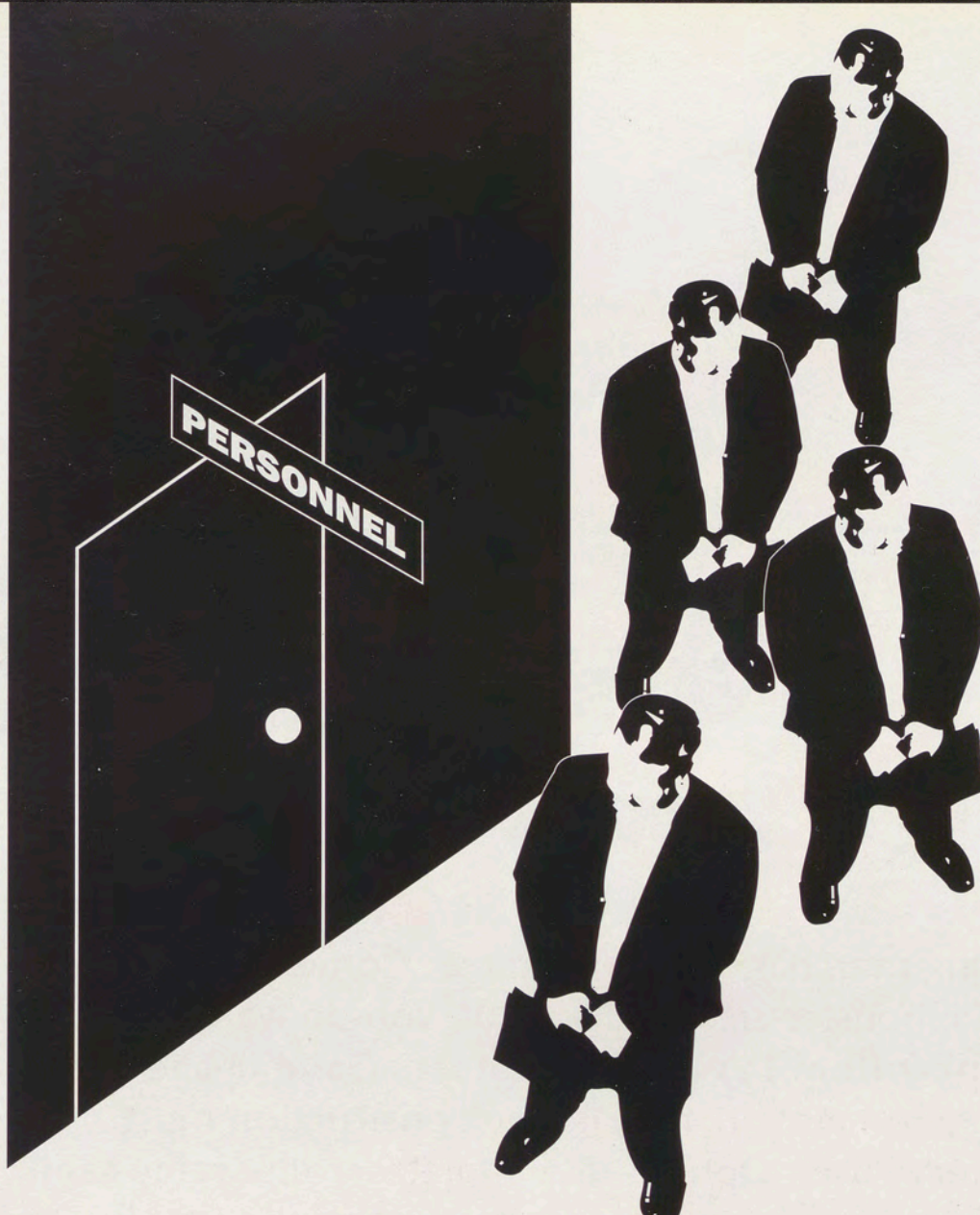
These three phases of a new employee program are critical for moving the new employee through the process of acclimation and skill development, and toward becoming a productive and contributing member of the store or company.

Before we set up a new employee pro-

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BY

WAYNE OUTLAW



gram, we must understand that training and orientation are not the same and have vastly different purposes. Orientation is a process by which we communicate to a new employee what and how things are to be done. Training is a process of building the specific skills necessary to carry out what was communicated during the orientation. During the initial performance period, the employee demonstrates his skills by accomplishing the tasks or job that was explained during orientation.

One of the most successful companies in starting new employees is the Disney organization. The first day of work for all Disney employees is an orientation called "traditions." During this day, they learn about the history, culture, management style and how different parts of the organization relate to each other. Every

employee, whether he portrays a cartoon character or is an executive, goes through the same orientation. The theory behind "traditions" is: The more time and effort invested in planning for successful workers, the less will have to be spent in correcting problems later. All companies, including rent-to-own companies, can take a lesson from this.

While your company may not have the time and resources to create an elaborate orientation program, such as Disney's "traditions," it would be wise to invest the time to develop an effective orientation program for all employees.

If orientation is a process by which we explain the way we do things to the new employee, it begins during the interview.

CONTINUED ON PAGE 60



Get Carried Away

Moving merchandise is the game. Conveniently! You don't need a monster-sized truck. But, you do want the room to haul everything from TVs to refrigerators. Gas mileage is important (Aeromate®: 17 mpg). The construction must withstand heavy use. Options like lift gates, roller ramps and bulkhead doors are also a consideration. And the cost has to be reasonable.

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Continued from page 28

so hours don't conflict with other convention activities. Admission to the exhibit hall is free and there will be cash breakfasts and lunches available. Here's your once-a-year opportunity to visit with manufacturers and other dealers on what's hot and what's not in rent-to-own.

The color of money

One component of a worthwhile convention that we've said very little about in past issues of *Progressive Rentals* is the continuing education program. The schedule of hour-and-a-half seminars is finalized, so here's a brief look at what is on the agenda.

Money is a big topic of conversation in Las Vegas — and in the rent-to-own industry, especially these days. Since financing is such a big concern in RTO, this year's APRO convention will offer a number of seminars designed to help you solve your financing problems more creatively.

Dave Wall, of Valley Bank, Las Vegas, will provide "A Banker's Perspective on Lending to RTO Dealers." This important seminar will enlighten participants on how a banker analyzes the information provided by a loan applicant. Wall explains what factors influence a banker's decision on approving a loan, what process a banker must go through to approve, and the time frame for consideration of the loan application. Get tips from this banker on telling the lender what he or she needs to know and wants to hear.

"Growth of Small Business with Government Loans" includes a review of traditional RTO financing methods and suggestions for applying for Small Business Administration (SBA) loans as a viable alternative means of financing in the future. You'll learn what SBA loan officers look for in a loan application, how the process differs from the traditional loan application and how to conduct business with an SBA loan.

Employee Stock Ownership Plans (ESOPs), which proponents say offer

tax-free cash to business owners, will be explained by Jerry Jones of Executive Equity Companies and Anthony Vienna of Baker & McKenzie. The ESOP is an IRS-qualified retirement program that reportedly has many advantages for the financially healthy business. Let the experts tell you all about it.

APRO Second Vice President Wayne Chambers will conduct another financing seminar that gives tips on preparing your presentation for prospective lenders — what the lender needs to know and how to present that information in the manner most advantageous to you.

Once you have that money, don't lose it. Speaker Jimmy Walker, of C&W Publications, will tell you how to "Minimize Exposure to Bankruptcy Losses." Shirley Donnell of Donnell Insurance Associates, Inc., will address the question: "Who Will Inherit Your Estate, the IRS or Your Heirs?" If you're new to rent-to-own, Alan Dobzinski, APRO board mem-

CONTINUED ON NEXT PAGE

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ANNUAL CONVENTION SCHEDULE — APRO '91: BET ON IT!

(All events at Caesars Palace, unless otherwise noted.)

	SATURDAY, AUG. 10 Noon-6 p.m.	SUNDAY, AUG. 11 7:30 a.m.-9 p.m.	MONDAY, AUG. 12 8 a.m.-9 p.m.	TUESDAY, AUG. 13 8 a.m.-6 p.m.	WEDNESDAY, AUG. 14 8 a.m.-midnight	THURSDAY, AUG. 15 8 a.m.-noon
MORNING	<ul style="list-style-type: none"> Attendees arrive early to tour on their own 	<ul style="list-style-type: none"> 7:30 a.m., Tee times begin — Golf tournament — Legacy Golf Course (Sponsored by Whirlpool Corp.) 8 a.m.-10 p.m., Exhibitor setup 	<ul style="list-style-type: none"> 7:30-9 a.m., State presidents' breakfast (Sponsored by Voyager Insurance Co.s) 8 a.m.-5 p.m., Registration 8-9 a.m., APRO members pick up ballots for board election 9-10:30 a.m., General session and business meeting 9 a.m., Spouse program: "Glamour Shots Makeover and Photo Session" 10:30 a.m., Government relations 11:15 a.m., Exhibitor orientation Noon — Exhibit hall ribbon-cutting ceremony Noon-4:30 p.m., Exhibit hall opens Noon-1:30 p.m., Cash lunch 7-9 p.m., Gala cocktail reception — "Back to the '50s Party" 	<ul style="list-style-type: none"> 8 a.m.-5 p.m., Registration 9 a.m.-1 p.m., Exhibit hall opens 9-10:30 a.m., Cash continental breakfast — Exhibit hall 	<ul style="list-style-type: none"> 8 a.m.-5 p.m., Registration 8 a.m.-1 p.m., Seminars 9 a.m.-2 p.m., Spouse program 	<ul style="list-style-type: none"> 8 a.m.-4 p.m., Exhibitor teardown 10 a.m.-noon, APRO full board meeting
NOON	<ul style="list-style-type: none"> Noon-6 p.m., Registration 	<ul style="list-style-type: none"> Noon-7 p.m., Registration 		<ul style="list-style-type: none"> 11 a.m.-12:30 p.m., Cash Lunch — Exhibit hall 		
AFTERNOON		<ul style="list-style-type: none"> 5-5:30 p.m., New attendee orientation 		<ul style="list-style-type: none"> 1-6 p.m., Seminars 	<ul style="list-style-type: none"> 1-5 p.m., Exhibit hall 1-2 p.m., Cash lunch — Exhibit hall 	
EVENING		<ul style="list-style-type: none"> 7-9 p.m., Welcome cocktail reception — "It's A Hat Party!" (Sponsored by Voyager Insurance Co.s) 		<ul style="list-style-type: none"> Evening — On your own 	<ul style="list-style-type: none"> 7-8 p.m., Reception (Sponsored by Thomson Consumer Electronics) 8 p.m.-midnight, Awards banquet and dance — "Puttin' on the Ritz" 	

(APRO's daily convention newspaper is being sponsored by Philips/Magnavox/Sylvania.)

Continued from previous page

ber and president of the Connecticut RTO dealers' association, will speak from experience when he gives "Do's and Don'ts for New RTO Dealers."

Lenders exhibiting in the trade show can also discuss your financial needs with you. And, the APRO Government Relations and Tax and Accounting committees, through the efforts of the APRO Special Projects Fund, will have available for the first time the Bankers' and Lenders' kit and the Audit kit — two invaluable tools for rent-to-own dealers.

"Traffic Building Promotions" will be presented by Sondra Boyd, president of Color Mail/Katz Corp., specialists in sales promotion and print advertising services for rent-to-own and other industries. Boyd will provide practical suggestions on how to encourage add-ons, reactivate closed accounts and stimulate additional

cash flow with proven traffic building promotions.

Management adviser Sandy MacMillan Cloud will talk about improving customer service through a six-step system. She'll also address the area of personnel hiring and firing. The customer service program will help RTO dealers define good customer service and evaluate their performance, with an eye toward producing more satisfied customers and increasing profits.

The personnel seminar will cover all aspects of finding and keeping top-notch employees, including effective interviewing techniques, evaluating information from the applicant, promoting from within, and firing and laying off legally.

Advertising specialist Bonnie Nitzsche's presentation will help you increase your stores' visibility through advertising, and Claudia Filloramo, of Rent-a-Rock and Key Rental of Florida, will discuss basic sales techniques.

Additional seminars cover effective field supervision, employee training, motivation, the federal Employee Disabilities Act and RTO, how to manage managers in multiple locations and getting compliance on your rental agreement.

If you're in the market for a computer, you'll want to hear APRO President Ted Wilson suggest ways to avoid mistakes when buying one. You might also want to attend a seminar on creative computer usage and desktop publishing, conducted by Randy Buffington of T. Buff & Son Promotions and John Gormley of the APRO staff.

Product seminars include panel discussions with members of the furniture industry on buying furniture for the RTO customer and on cost-saving ways to repair furniture. Another panel discussion with RTO dealers will address the pros and cons of getting into RTO jewelry. Claudia Filloramo will moderate the discussion, and panelists will include an



Lake Mead, 25 miles southwest of Las Vegas, is one of many fun side trips you can take around APRO's Aug. 11-15 convention.

RTO dealer who has carried jewelry successfully, one who tried it unsuccessfully and one who hasn't and vows not to try it. This should make for a lively discussion.

Among other scheduled seminars are one by Jimmy Walker and APRO Legal Counsel Ed Winn on compliance and your rental agreement, and a panel discussion of RTO dealers on significant issues in RTO. Move over Gerald!

For a look at all convention seminar titles, along with pertinent information such as the days and times they'll be offered, see page 58 chart: *APRO 1991 Convention Seminar Planning Guide*.

The powers that be

Government relations is a weighty topic with RTO dealers. That's because in legislatures across the country decisions are made that affect your future in the rent-to-own industry. With this in mind, we have created three outstanding seminars

on government-related topics.

In the first, former New Mexico Attorney General Hal Stratton and Pennsylvania state Rep. Fred Noye tell you what you need to know to work successfully with elected officials. The speakers will draw on their experience at the state and national levels to give insights on what's ahead for RTO in terms of public policy.

A forum on the value of strong state associations in protecting the interests of the RTO industry will bring together current and future APRO members and leaders. Ron Waters, APRO government relations director, will be joined on the panel by Nick Rillo, Pennsylvania chairman of the National Restaurant Association's PAC team, and Tim Pelter, president of the state RTO association in Colorado.

The third government relations seminar, with David Buckley of Reese Communications Companies, will deal with building grassroots support

for the industry, handling the media when the camera's on you, and using the computer to connect your customers and employees with state legislators.

Also, there will be several other government relations seminars and roundtable discussions that you won't want to miss. For more on government relations activities during the APRO convention, consult the July and August issues of *RTO Network News*.

The camaraderie factor

Lest you think we've forgotten the fun factor of the successful convention, rest assured that fun is something we never overlook. Especially this year. First off, remember that the preferred dress for this convention — just like last year in Orlando — is casual, casual, casual. Shorts and T-shirts are perfectly fine for almost all convention activities.

CONTINUED ON PAGE 58

Specifications on Fees and Payments

Item

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

IA*	IL*	VA**	OH**	OK*	MO*	FL*	NE*	MD*	RI*	CO*	KY*	MN*	SD**	KA**	NV**	CT
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes**
\$5/monthly \$3 weekly	\$5 max.			\$5 min. \$3/weekly	\$5 max.	\$5 max.	\$5/monthly \$3/weekly	\$5 max.		\$5/monthly \$3/weekly		Greater of 5% or \$3				Lesser of 5% or \$5
5 bus. days 3 bus. days	3 days 3 days		5 days 2 days				5 bus. days 3 bus. days			5 days 3 days		3 bus. days 2 bus. days				5 days 3 days
Yes \$5		Yes	Yes \$5 max	Yes	Yes \$5 max	Yes \$5 max		No	Yes. \$5 max	Yes \$5 max		Yes \$5 max	Yes	Yes	Yes	Yes
Yes**	Yes	Yes	Yes	Yes**	Yes	Yes		Yes	Yes	Yes**	Yes	Yes	Yes	Yes	Yes	Yes**
\$7 per trip (limit 3 per 6 months)				\$10 (3 times per 6 mos.)						\$10 (3 times per 6 mos.)		\$7 (3 times per 3 mos.)				\$5 (3 times per 6 mos.)
\$7 per trip (limit 6 per 6 months)				\$10 (6 times per 6 mos.)						\$10 (3 times per 6 mos.)		\$7 (3 times per 3 mos.)				\$5 (3 times per 6 mos.)
Yes* \$10 per agreement	Yes	Yes	No	Yes \$10 per agreement	Yes	Yes \$10	Yes \$10 (\$25-over 5 items)		Yes	Yes \$10-	Yes	Yes	Yes	Yes	Yes	Yes \$10 per agreement
Yes \$10 (\$25-over 5 items)	Yes	Yes	No	Yes \$15 w/in 15 mi. \$30 over 15 mi. \$45 over 5 items	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		Yes	Yes		Yes	Yes			Yes		Yes	Yes	Yes	Yes	Yes	Yes
No	Yes	Yes	Yes	Yes	Yes	No			Yes	No		No	No	No	No	No
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
No	No	Yes	No	Yes	No	Yes			Yes	No	No	No	Yes	Yes	Yes	No
No	No	No	No	No	No	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
				Yes 5% of payment						Yes grtr. of 10% or \$2 weekly; 10% or \$5 monthly		Yes required by statute 10% of payment	Yes	Yes	Yes	Yes 7.5% of payment
				Yes						No			Yes	Yes	Yes	Yes 5% of payment

RTO Contract Disclosures

	Model	GA**	MI**	SC*	TX*	AL*	MA***	NY**	AR*	TN*
1	Total cost of rental ownership.	1	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	Statement that the total cost does not include other charges.	2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	Amount and of timing of payments.	3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4	"No equity" statement: (no ownership until total of payments made).	4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5	Explanation of risk or loss during term of agreement.	5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6	Statutory limit on consumer's risk of loss (fair market value, cash price, purchase option price or other limit).	6	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7	Description of the leased property	7	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8	Whether property is new or used.	8	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9	Description of any damages to property.	9	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10	Cash price of property (or fair market value).	10	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11	Total initial payment due before delivery or consummation.	11	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12	Disclosure of any early buy-out options or formulas.	12	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13	Early buy-out option required by statute.	13	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14	Early buy-out formula set by statute.	14	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15	Explanation of maintenance and service responsibilities during agreement.	15	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16	Disclosure of any manufacturer's warranty coverage after ownership.	16	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17	Requirement to transfer any unexpired manufacturer's warranty after ownership.	17	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18	Identities of the parties and date of the transaction.	18	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19	Statement that consumer may terminate at any time without penalty.	19	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20	Explanation or notice of reinstatement rights of consumer.	20	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21	Disclosure of amounts of "other charges."	21	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22	Explanation of purpose of "other charges."	22	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23	Limit on "other charges" — must be "reasonably related to the cost."	23	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24	Statement concerning how agreement can be terminated.	24	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25	Cost of lease service (difference between rental- or lease-purchase price and cash price).	25	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26	Statement that the transaction is regulated under state law.	26	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
27	Statement of any fees or taxes payable by lessee.	27	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
28	Statement of amount of any lessee liability at end of lease term (compare with termination penalty in long-term lease).	28	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
29	Description of any insurance required of lessee.	29	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
30	Description of any security interest retained by lessor.	30	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
31	Stmt. that consumer is not required to buy insurance from merchant.	31	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
32	Any in-home collection charge must be disclosed and separately agreed to.	32	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
33	Description of any insurance paid for by lessor.	33	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
34	Statement that consumer not required to purchase damage waiver fee.	34	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
35	Statement re: default notice.	35	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
36	Statement re: consumer warranties.	36	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
37	Statement re: rights if rental agreement sold as negotiable instrument.	37	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
38	Statement re: liability damage waiver.	38	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Rental-purchase agreement 1 Lessor required to provide maintenance
 ** Lease-purchase agreement
 *** Consumer lease

IA*	IL*	VA**	OH**	OK*	MO*	FL*	NE*	MD*	RI*	CO*	KY*	MN*	SD	KA	NV	CT
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Reinstatement Rights

	Model	GA	MI	SC	TX	AL	MA	NY	AR	TN	IN	IA
1 <i>Weekly Payments</i>		21 days	21 days	60 days	7 days then 30 more days if returned	2 days then 30 more days if returned	No statutory reinstatement	7 days; if property returned, 30, 60, or 180 days; depends on rental payments made	2 business days; then 30 more if property returned	2 days; if property returned, 30, 60, or 180 days; depends on rental payments made	60 days	60 days
2 <i>Monthly payments</i>		90 days	90 days	60 days	15 days then 30 more days if property returned	5 days then 30 more days if property returned	No statutory reinstatement	15 days; if property returned, 39, 60 or 180 days; depends on rental payments made	5 business days; then 30 more if property returned	5 days; if property returned, 30, 60, or 180 days; depends on rental payments made	60 days	60 days
3 Statutory "cure period" after notice before suit can be filed												
<i>Monthly</i>				5 days								5 business days
<i>Weekly</i>				5 days								3 business days

In-store price tag disclosures

	MICHIGAN	NEW YORK	OHIO	MARYLAND	MINNESOTA	CONNECTICUT
1 Cash price	Cash price	Cash price	Cash price	Number and amount of payments required for owners	Cash price	Cash price
2 Amount of a periodic payment	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	Amount of a periodic payment
3 Number of payments for ownership	Number of payments for ownership	Number of payments for ownership	Number of payments for ownership	New/Used	Total cost	Total cost
4	Total cost	Total cost	Total cost			

	VA	OH	OK	MO	FL	NE	MD	RI	CO	KY	MN	SD	KA	NV	CT
days; 0 more days if property returned	2 days then 21 or 45 more; depends on rental payments made	21 days	2 days then 30 more days if property returned	21 days	60 days	3 business days if property returned, 30, 60, or 180 days; depends on rental payments	2 days, then 15 days, then 21 or 45 more; depends on rental payments	21 days	60 days, then 120; depends on payments	2 days then 30 more days if property returned	7 days, then 60 to 180; depends on payments	2 days then 21 or 45 more; depends on rental payments made	2 days then 21 or 45 more; depends on rental payments made	2 days then 21 or 45 more; depends on rental payments made	Upon return of property 30 to 180 days; depends on payments made
days; 0 more days if property returned	5 days then 21 or 45 more; depends on rental payments made	90 days	2 days then 30 more days if property returned	90 days	60 days	5 days; then if property returned, 30, 90 or 180 more; depends on rental payments made	5 days, then 15, then 21 or 45 more; depends on rental payments	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 days then 21 or 45 more; depends on rental payments made	5 days then 21 or 45 more; depends on rental payments made	5 days then 21 or 45 more; depends on rental payments made	Upon return of property 30 to 180 days; depends on payments made
											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.

COLORADO

- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.
- 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.

Advertising Disclosures

1 *Triggering Term(s)* – If an advertisement contains these items, then the disclosures listed below must also appear in the advertisement.

Disclosures – must make all of the following disclosures:

(A)

(B)

(C)

(D)

2 *Triggering Term(s)* – AND, if the advertisement also contains the following items, then the disclosures listed below must also appear in the advertisement:

Disclosures
(E)

(F)

(G)

	Model	GA	MI	SC	TX	AL	MA	NY	AR	TN	IN	IL
	Reference to or statement of a rental rate	Rental rate due at start of lease of a specific item	Rental Rate due at start of lease	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Rental Rate purchase agreement	Reference to or statement of a rental rate	No advertising requirements in statute	Reference to or statement of a rental rate
	AND			OR	OR	OR	OR	OR		OR		OR
	Reference to RTO of a specific item			Reference to RTO of a specific item	Reference to RTO of a specific item	Reference to RTO of a specific item	No down payment	Reference to RTO of one item		Reference to RTO of a specific item		Reference to RTO of a specific item
(A)	ID transaction as an RTO agreement	Amount of initial payment due	Amount of initial payment due	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as a lease	ID transaction as rental-purchase agreement	Transaction as a rental-purchase	ID transaction as a rental purchase agreement		ID transaction as a rental purchase agreement
(B)		Amount of periodic payments	Amount of periodic payments	Total of payments necessary to acquire ownership	Total and number of payments acquire ownership	Total amount and number of payments necessary to acquire ownership	Total initial payment due	Total and number of payments acquire ownership labelled "low cost"		Total of payments necessary to acquire ownership		Total number of payments necessary to acquire ownership
(C)	No equity statement	Cost of lease services	All other charges	No equity statement	No equity statement		Security deposit, if applicable	Availability of early buyout ownership options		No equity statement		No equity statement
(D)	(Yellow Pages exception)	Total of all payments necessary to acquire ownership	Total of all payments necessary to acquire ownership				Number, amounts and timing of payments Possible extra charge @ lease end					
							Amount of lease payments and rate necessary to acquire ownership of a particular item	Multiple items and rate information				
(E)							Total of payments necessary to acquire ownership	New or used				
(F)							Early buyout formula rental-purchase agreement	ID transaction as rental-purchase agreement				
(G)							No equity statement	No equity statement				

	VA	OH	OK	MO	FL	NE	MD	RI	CO	KY	MN	SD	KA	NV	CT
Reference to or statement of a rental rate	Reference to or statement of a rental rate		Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate
OR	AND		AND	OR	OR	OR	AND	OR	OR	OR	OR	AND	AND	AND	AND
Reference to RTO of a specific item	Reference to RTO of a specific item		Reference to RTO of a specific item	Reference to RTO of a specific item	Reference to RTO of a specific item	Reference to RTO of a specific item	Reference to RTO of a specific item	Statement that no initial payment required	Reference to RTO of a specific item	Reference to RTO of a specific item	Reference to RTO of a specific item	Reference to RTO of a specific item	Reference to RTO of a specific item	Reference to RTO of a specific item	Reference to RTO of a specific item
Transaction as a rental purchase agreement	ID transaction as an RTO agreement	Amount of initial payment due	ID transaction as an RTO	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as a rental purchase agreement	ID transaction as a rental-purchase	ID transaction as a lease	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement
Total number of payments necessary to acquire ownership			Total amount and number of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership		Total of payments necessary to acquire ownership	Total of payments necessary to acquire ownership	Total initial payment due	Total amount and number of payments necessary to acquire ownership	Total of payments necessary to acquire ownership	Total of payments necessary to acquire ownership				Total and number of payments necessary to acquire ownership
Equity statement	No equity statement	Total number of payments necessary to acquire ownership		No equity statement	No equity statement	No equity statement	No equity statement	Security deposit if	No equity statement	No equity statement	No equity statement	No equity statement	No equity statement	No equity statement	Ownership options
	(Yellow Pages exception)					(Yellow Pages exception)	(Yellow Pages exception)	Number, amounts and timing of payments			(Yellow Pages exception)				
								Amount of lease payments and rate necessary to acquire ownership of a particular item							
								Total of payments necessary to acquire ownership							
								Early buyout formula rental-purchase agreement							
								No equity statement							

effective. The Connecticut act is the first to name the transactions by their common name, rent-to-own. The act uses this term repeatedly, and that is how dealers are to describe the transaction which, as a practical matter, is the term used by most dealers everywhere in the country.

The Connecticut statute requires 16 disclosures (see chart, pages 42-43) and, peculiarly, the act further requires that they "must be set forth in the following order ..." Ordinarily, state legislatures give dealers sufficient latitude in drafting agreements to allow for stylistic and operational variances, as long as they do not mislead or confuse. In Connecticut, dealers will have to set forth the disclosures in an order required by the statute.

This may cause certain operational difficulties. It may further cause dealers to have to print contract language on the reverse side of the document or to have to go to a multi-page document. It can be argued that the purposes of the legislation could have been achieved without this requirement, but was a compromise dealers were willing to make in order to get a law enacted. This requirement will allow consumers to compare terms very easily when shopping.

Among the disclosures required in Connecticut are the cash price, the rent-to-own price, which must be labelled as such, and the difference between the two. Only two other states require a disclosure of the difference between these two numbers, Georgia and Minnesota.

Georgia was one of the first states to enact RTO legislation, and Minnesota RTO dealers are still in a blood feud with legal aid attorney David Ramp of Minneapolis over the industry's right to exist in his state and elsewhere. Georgia and Minnesota require that that number be labelled as "Cost of Leased Services." Connecticut requires that it be disclosed but does not require a label. This financial information must be highlighted in the Connecticut statute in 10-point type. Fees are strictly limited in the state. The details of those limits are set forth on the

chart on pages 40-41

Connecticut specifically allows damage waiver fees or leased property insurance. However, the fee for leased property insurance is limited to 5 percent of the payment, while the damage waiver fee limit is set at 7.5 percent of any payment.

The Connecticut statute disallows the sale of any other kind of insurance except leased property insurance. This provision may limit the ability of dealers to offer rent clubs and the various other programs currently in the marketplace which have other kinds of insurance as a part of them.

It is unfortunate that the Connecticut legislature has elected to freeze dealers in the status quo rather than allowing them the flexibility of adapting to changes in the marketplace, some of which might add true value to the transaction for consumers. Typically, extended service agreements are not considered insurance and should not be affected by this provision.

The new law does not set any limits on the coverage of leased property insurance. However, the bill does set limits on how damage waiver fees are to be written. The act states that a damage waiver may only exclude losses due to intentional acts of the lessee or acts due to a lessee's willful or wanton misconduct. The act will not allow dealers to require a police report of proof of forced entry, for example, before paying on a damage waiver claim.

This was an issue in the Minnesota RTO statute since that act, while allowing damage waiver fees, also severely limits exclusions from coverage under the waiver. In that state, dealers are required to offer a damage waiver, which covers the customer's liability for "any loss, destruction or damage to the rental property."

The initial concern was that this language in the Minnesota statute would substantially increase the number of claims by customers under damage waiver provisions. So far there have been no reports of substantial increases of claims in that state.

Dealers in Connecticut face the same threat. The Connecticut language, while not as all-encompassing as the Minnesota language, will, nonethe-

less, shift the burden of proof onto the dealer to prove intentional wrongdoing on the part of the customer in the event that a customer claims a loss. The costs of such proof will be prohibitive and will likely result in dealers accepting however many claims result from this language.

Dealers are put to an interesting choice in Connecticut concerning leased property insurance versus damage waiver fees. Leased property insurance, while specifically authorized, is limited to 5 percent of the payment. Damage waiver fees are limited at 7.5 percent per payment. However, there is no statutory limit on the kinds of losses covered under leased property insurance, and exclusions under damage waivers are severely limited, as explained above. Dealers will likely opt for increased revenues from the damage waiver fee provision and take their chances with increased losses until such time as losses become prohibitively expensive.

In addition to limiting leased property insurance and/or damage waiver fee charges, the Connecticut act limits processing fees to \$10 and late fees to the lesser of 5 percent of the payment or \$5. Dealers are authorized to charge an in-home collection fee not to exceed \$5. However, a dealer may not collect both an in-home collection fee and a late charge on the same payment.

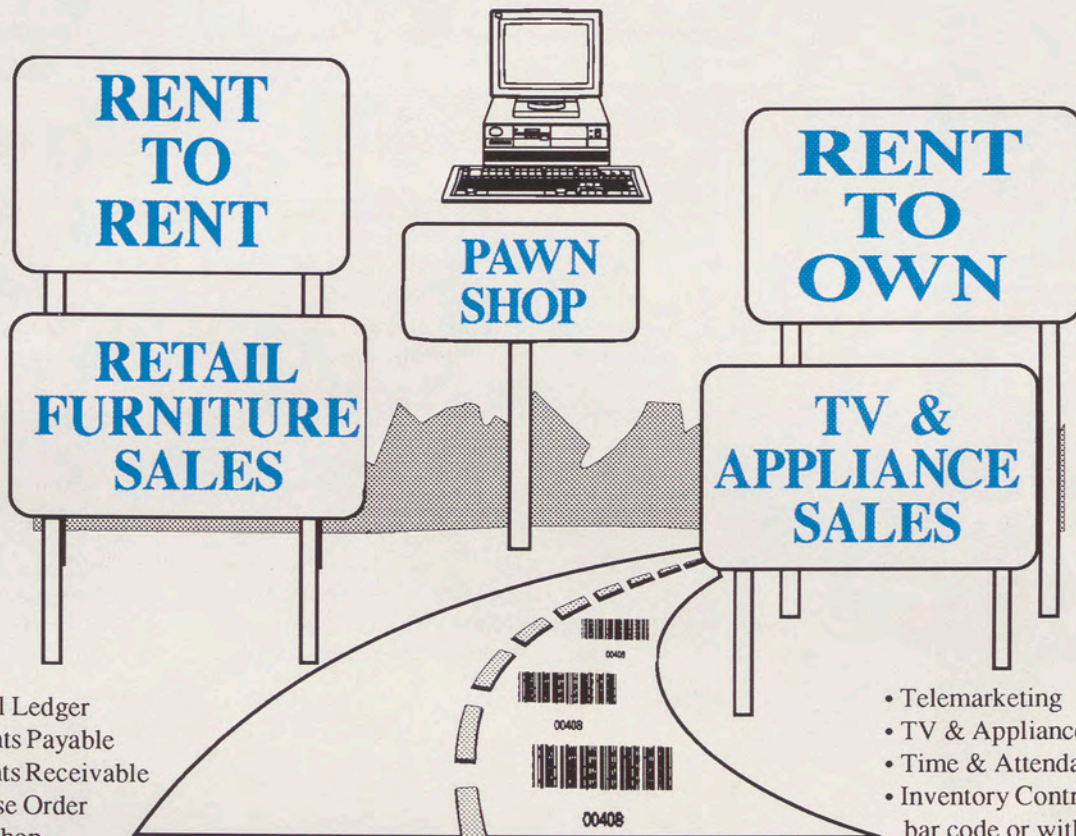
There is an interesting provision in the damage waiver section in effect requiring dealers to replace property that is lost, damaged or destroyed in addition to relieving the customer for liability for the lost item. Traditionally, this has been one of the bright lines distinguishing damage waiver fees from different kinds of insurance programs. More than one commissioner of insurance has opined that "guaranteed replacement programs," by which dealers in effect promise not only to hold customer harmless for the loss of property but to replace that property, did indeed constitute insurance under state law.

One of the intentions of the insurance laws is to guarantee insofar as possible that insurers who take money from insureds and contract to repay that money in the future upon the occurrence of certain contingencies

CONTINUED ON PAGE 52

ATTENTION
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WHICH SIDE OF THE ROAD
ARE YOU ON?



- General Ledger
- Accounts Payable
- Accounts Receivable
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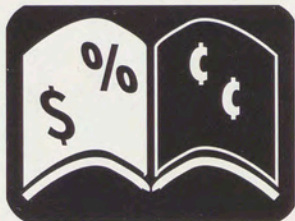
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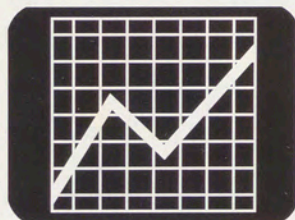
11 critical RTO ratios

The ultimate success or failure of every rent-to-own operation turns on its ability to manage 11 critical ratios.

Many of these can be impacted most at store level, while some are a product of the company's buying, advertising and pricing strategies.



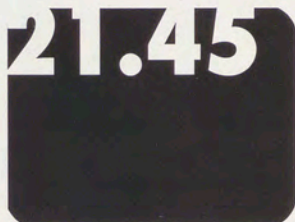
1. Debt multiple



2. Gross profit



3. Income efficiency



4. Float



5. First default payment

1. Debt multiple — the amount of inventory debt owed by the company expressed as a multiple of monthly revenues.

Paying too much for goods and setting rental rates too low, or even setting them to market standards but failing to collect the rents that become due, increases the multiple and places added pressure on the operation to service a growing debt while margins decrease. Anything under four should be considered good.

2. Gross profit — revenues minus monthly depreciation of rental inventory.

This should be at least 70 percent in a mature operation open 18 months or longer and never less than 60 percent in a rapidly growing or newer store. This is always a product of rentals, collections and purchasing efficiency merging in a good marketing plan.

3. Income efficiency — the amount of actual rental fees realized as a percentage of the potential rental fee available from all accounts on rent.

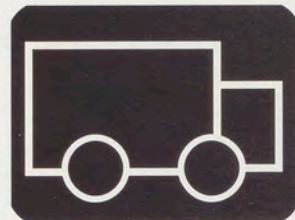
A well-managed company can collect from 94 percent to 96 percent of potential rental fees available. The uncollected portion is attributed to returned units owing unpaid rents; bad accounts not paying any rent; promotional discounts, etc. Embezzlement always shows up here, in the form of lower income efficiencies. Problems in income efficiency are quickly solved and offer immediate return in profitability.

4. Float — the dollar amount of rent left uncollected due to delinquent accounts at the end of a given period, usually weekly.

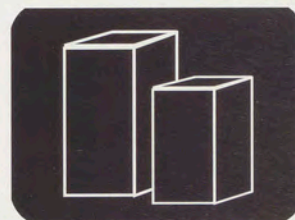
This is often confused with "delinquencies," or the percentage of accounts listed as late. Float reflects the actual dollar value of those late accounts and is more important than a delinquency percentage. For example, 8 percent delinquencies with a total dollar value of \$1,000 is clearly better than 5 percent delinquencies with a value of \$2,500 (because all the delinquent accounts owe several weeks' rent). An indicator of future chargeoffs and of the number of returned units one might expect in the future.

5. First default payment — the percentage of newly delivered accounts which fail to make their first renewal payment on time.

More than any other figure, this reveals how well the contract is being explained in the field and the level of customer satisfaction with the products. If more than 20 percent of new delivery accounts fail to pay the first payment on time the following week or month, the store will probably never have satisfactory growth.



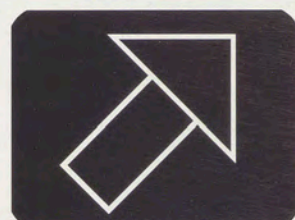
6. Cost per delivery



7. Yield (Income per unit)



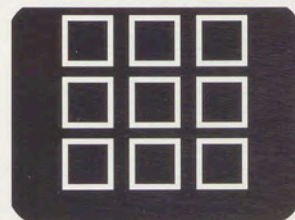
8. APU (Avg. price/unit)



9. Pickups as % of BOR



10. Remaining life



11. Idle inventory

Instead, it will be caught in the cycle of delivering ever-increasing amounts of goods to make up for those coming back.

6. Cost per delivery — the total cost of all advertising divided by the number of deliveries.

If the cost goes up instead of down, store personnel in all likelihood are not selling efficiently, or the advertising medium and/or message is faulty. Subtracting the number of those deliveries to customers who were repossessed within the last 30 days and to customers who recently "paid out" a contract offers a more realistic number. This figure should not be more than \$25.

7. Yield, or income per unit — the amount of rent and fees generated by one account in a month.

If this goes down instead of up, several things can be happening, and most are bad. Employees are stealing rental fees; customers aren't paying the amounts due; weak salespeople are renting only low-priced goods; nobody is enforcing the fee policies; or stores are simply renting lower-priced goods because that's easier.

8. APU, or average price of unit — the average rental rate across all contracts on rent exclusive of fees and taxes (producing "potential rent").

The APU reflects the company's buying and marketing strategies but also can be indicative of the sales efforts at the store — customers tend to rent the least-expensive items and poor salespeople let it happen. The quickest way to increase profits in an otherwise well-managed store is to rent more high-priced goods (APU); collect a greater percentage of rents due (income efficiency); generate added fees and other income by following company procedures (yield); and then keeping accounts current (float and first payment default).

9. Pickups as percentage of beginning BOR — the number of rental units returned each month expressed as a percentage of the beginning number on rent.

"BOR" is the generally accepted term meaning "balance on rent" or the number of units or accounts on rent in an operation. When the number of units returned exceeds 15 percent of the beginning BOR, employees are usually cancelling accounts through poor collection tactics.

10. Remaining life — this is the average number of months remaining on all contracts in order for the renter to acquire ownership.

When this number decreases over a quarter one of several things can be happening that will have an adverse impact on profits. Employees are cutting terms

in order to rent goods with no regard to value or condition of the products; more units are being returned than are being rented; or customers with long payment histories are beginning to turn in their products because of problems at the store. The average in a well-managed operation will be from 12 to 13 months.

11. Idle inventory — this is measured as a percentage of total inventory owned.

If the idle inventory (or the goods not on rent) increases as a percentage of total inventory, the company usually isn't paying attention to local-store problems and/or local management is not working very hard. The amount of idle inventory required to sufficiently stock most stores runs from 13 percent to 17 percent in most companies. Having 20 percent or more of the total inventory sitting idle means that one-fifth of the company's inventory investment is not producing a return. Add to that those goods which are on rent but not paying and the return on inventory expense can be too low to allow for profit. Too much idle inventory is a forerunner of inventory-debt problems and almost always the earliest indicator of bad marketing and an emphasis on airtight collections.

— Bud Holladay



Continued from page 31

bers can keep you in business — or let your company slide into ruin. Every store manager must know what these are and how to control them. Too often, the CPA (or loan-company representative) tells you about them at the post-mortem.

Obviously, there are other percentages or ratios important to the business that aren't listed here. But most of those are developed as a result, or even a byproduct, of what happens in these 11 areas.

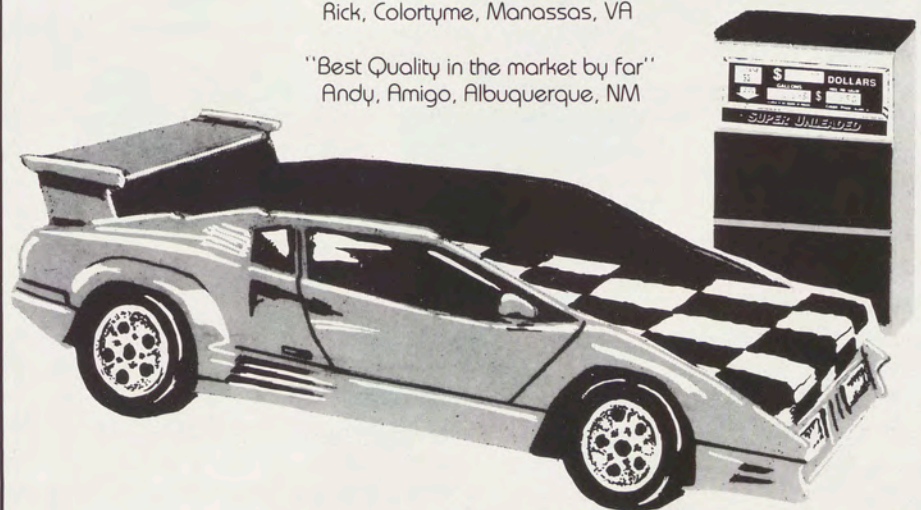
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remain solvent so that claims can be properly paid. It would not be sound financial or social policy to allow insurance companies to collect premiums without some mechanism in place to guarantee that those companies were financially able to pay claims in the future.

Without such protections, insurance companies would be tempted to take the money and run. As long as rental dealers offer a pure damage waiver relieving rental customers from liability but making no promises as to the company's future conduct, i.e. replacing merchandise, damage waiver fees in RTO transactions look very similar to liability damage waivers in short-term car rental agreements.

Courts have consistently ruled that such agreements, when incidental to a larger transaction, do not constitute insurance, since the need for regulation — the need to keep companies solvent in the future — is not present. However, Connecticut's legislature has in effect made rental companies, at least those rental companies which elect to offer damage waivers, insurance companies without any protection. There is now likely in Connecticut a conflict between insurance law and the RTO statute. Since the RTO statute is the latest enactment, dealers are entitled to argue that the legislature knew or should have known of its previous enactments and did not intend for the damage waivers, as set forth in the RTO statute, to constitute insurance.

It is, nonetheless, a curious provision, doubtless intended to protect consumers, but written without the careful analysis given to insurance codes.

Following the lead of New York, Ohio and Iowa, the Connecticut act caps RTO pricing at two times the stated cash price. Dealers must offer an early buyout during the entire term of the agreement at a price equal to the cash price less 50 percent of all payments made.

Like New York, items in the store must carry price tags with the following information: cash price, periodic payments (rental rates), and the total rent-to-own price.

The new act also amends the larceny

Courts have consistently ruled that such agreements, when incidental to a larger transaction, do not constitute insurance, since the need for regulation — the need to keep companies solvent in the future — is not present. However, Connecticut's legislature has ... made rental companies ... insurance companies without protection.

statute. The attempt apparently was to exclude from the criminal statutes the situation in which the customer simply refuses to return the property when the agreement expires. It is still larceny if a customer having rented property "sells, conveys, conceals or aids in the concealing of the property" and by virtue of that conduct fails to return it to the rental company.

There is some question as to whether the language will achieve what one might suppose what was the legislative intent under this paragraph.

Existing-law amendments

As of this writing in mid-June, only Oklahoma and Alabama have adopted amendments to their state rental-purchase statutes. This is the second group of amendments in Oklahoma and these amendments were drafted largely to correct problems created last year with the first set of amendments. Last year, the UCCC administrator amended the Oklahoma law and inserted limits on other charges consistent with other Uniform Consumer Credit Code states — South Carolina, Iowa and Indiana.

The original Oklahoma act had not contained such limits. In the process of limiting other charges the bill, inadvertently one might suppose, prohibited dealers from offering damage waiver fees or leased property insurance. The new amendments clarify that dealers may offer either. Fees for insurance or damage waivers are limited to the greater of 5 percent or \$1.

Another bill was introduced in Oklahoma this year to amend the rental-purchase statute, but this bill did not pass. The proposal would have clarified that dealers could have charged for returned check fees, although presumably those charges are permissible under other provisions of Oklahoma statutes. The failed

amendments also proposed to allow in-home collection charges in addition to late charges. The current law requires dealers to choose between the two. The bill finally proposed that a rental dealer could contract on separate agreements for different items of furniture without being accused of "ticket splitting." This failed amendment was not actively supported by the Oklahoma Rental Dealers Association.

In Alabama, dealers in the northern part of the state have been having problems with a particular judge in bankruptcy court. This judge is on the record as being hostile to the industry and has told dealers that he is not going to allow them to recover merchandise in a consumer bankruptcy, no matter how they write their agreements. He has consistently refused to examine the rental-purchase statute and considers the purposes of the bankruptcy code to override dealers' interests in their property. Unhappy with this situation, dealers in the state have recently amended the Alabama statutory scheme in an effort to derail this bankruptcy judge.

There are portions of the bankruptcy code where it is clear that bankruptcy judges must give deference to state law. The most recent amendments in Alabama amend the definition of rental-purchase agreement in the rental-purchase statute specifically to exclude security interests and amend the Uniform Commercial Code of security interests, specifically to exclude rental-purchase agreements. Dealers do not really expect Judge Wright to give deference to the latest amendments in the state, but they do expect his rulings against rental dealers will be overturned on appeal as a result of the new law there.

Amendments were also proposed in Indiana concerning late charges. The current law states that dealers may

charge \$3 on a weekly account which is three days past due. The proposal was to allow dealers to charge only \$1 if the payment was less than \$10; \$2 if the payment was less than \$20; and \$3 only when the payment was more than \$20. This was the second time amendments were offered on the Indiana statute in two years. These amendments did not pass.

As recently as mid-June, amendments were still pending in Illinois. The Illinois amendment began as a requirement that dealers disclose the difference between cash price and the RTO price as an annual percentage rate. This bill was amended in committee and this section was deleted. As the bill stands, there are certain cleanup amendments as well as a proposal to clarify that an RTO transaction under the Illinois statute is not a credit sale or a security interest in that state's statutory framework.

'91 a busy legislative year

Overall, it has been a very successful year in the legislative arena for rent-to-own dealers across the country. They have enjoyed several successes and no defeats. Before the summer is out, dealers fully expect new laws to exist in Louisiana and Delaware. Within the next few years, dealers are confident that they will see responsible rent-to-own legislation enacted in every state in the union.

RTO legislation has generated more scrutiny that was once believed. Legislators continue to review RTO legislation and to tinker with it during legislative sessions. While seldom attacking the substance of the legislation — the difference between an RTO agreement and a credit sale — legislatures have proven fond of nipping at dealers' "other charges" and otherwise changing details of the statutes.

Where dealers have not elected to participate in the process, as in Oklahoma, the results have been economically disastrous. On the other hand, where dealers have participated in the system, the compromise amendments have generally proven satisfactory to both sides. **PR**

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

Continued from page 23

of pure gold to these other metals.

How the karat system works. The karat system of measure is easy to understand if we think of a gold item as being composed of 24 parts. If all the parts are pure gold, the item is measured as 24 karat (100 percent gold). If 22 parts are pure gold, then two parts are made from at least one other metal, and the item is considered 22 karat gold (91.7 percent gold, 8.3 percent other metal). If 18 parts are pure gold then six parts are other metals, and this item is considered 18k gold (75 percent gold, 25 percent other metal).

All that glitters

Only karat gold jewelry can be considered real gold. As a karat gold jewelry salesperson, you should understand how jewelry made by the process outlined below differs from karat gold jewelry in gold content, and therefore in quality and price.

Solid gold. This term technically refers only to pure or 24k gold. However, it can also describe karat gold (10k or more) that does not have a hollow center. For example, a piece may be marked solid 18k gold, meaning that the piece is made of 18k gold and is solid, not hollow.

Gilding. This is coating the surface with a thin layer of gold. The gold may be pure gold or gold alloy. Gilding has been done in many ways down through the ages. Today gilding is done by electroplating.

Gold filled. This term refers to a base metal covered by a sheet of karat gold of at least 10 karat quality. The gold covering is adhered to the base metal by mechanical bonding (soldering, welding, pressure, heat, etc.), rather than by electrolytic means. The weight of the karat gold covering must represent at least one-20th of the total weight of the piece. Pieces of jewelry that are gold filled should be stamped to indicate the proportion of gold to base metal, the karatage of the gold used and the term gold filled. For example, one-20th 14k gold filled would mean that the piece of jewelry was covered in 14 karat gold, and that the 14k gold layer made up one-20th of the total metal weight of the piece.

Rolled-gold plate. This is similar to

gold filled, except that the weight of the karat gold is less than one-20th of the total piece. As with gold filled, the gold content of the outside layer of a rolled-gold plate item must be at least 10k fine. Any gold covering of less than 10k cannot be termed gold filled or rolled-gold plate in the United States.

Electroplating. This is a process of coating a material, usually metal, by means of an electric current.

When the current is turned on, the electricity causes the metal to separate from the solution (the gold from the gold cyanide, for example) and deposit itself on the surface of the object being plated. The thickness of the plating is controlled by the strength of the electric current and by the amount of time the object is immersed in the solution.

Gold electroplate. Gold plate, or gold electroplate, refers to base metals that are covered with a thin layer of gold by the process of electroplating. This contrasts with gold-filled items or rolled-gold plate, where the gold is mechanically bonded to the surface of a base metal. In gold electroplate, the layer of gold must be at least 100,000th of an inch thick.

Heavy gold electroplate. When the gold is a minimum thickness of 100 millionths of an inch, the term used to describe the finished product is heavy gold electroplate.

Vermeil. The term used to describe heavy gold electroplate over sterling silver, or a substantial lay of karat gold mechanically applied to the surface of sterling silver, is vermeil.

Liquid gold. A solution of chemicals including 12 percent gold that's used as a surface decoration is called liquid gold. It is literally painted on an object, usually ceramic or glass, and then fired to a temperature of 540 degrees C (1,004 degrees F). The result is a smooth, lustrous coating of gold.

Liquid gold, although not often associated with karat gold jewelry, is something you should know about to round out your knowledge of gold coverings. **PR**

(Editor's note: This has been the second of a three-part series on RTO jewelry. The first was published in the April-May issue, and it dealt with gemstones. Next issue: Marketing RTO jewelry and making it pay off.)



A commentary on current industry

Values, pricing

WE JUST FINISHED UP OUR ANNUAL LAWYERS' AND ACCOUNTANTS' MEETINGS IN DALLAS. WE HAD GOOD CROWDS AND THE MOOD WAS UPBEAT. I GOT THE IMPRESSION THAT WE ARE CURRENTLY AN INDUSTRY THAT HAS GOTTEN BACK DOWN TO BUSINESS. WE TALKED A GREAT DEAL ABOUT THE SPECTER OF A DISINTEGRATING LENDING BASE BUT, DEALER BY DEALER, THAT LOOMING CATASTROPHE IS BEING AVERTED.

•••••

The association is addressing that issue seriously, by the way. We are in the process of contacting some 300 commercial lenders and almost that many venture capitalist groups to introduce the RTO concept and our industry generally. We will respond to nibbles with personal visits and all of the statistical and other information we have at our disposal. I am certain that we will get some positive responses and predict further that, before long, we will have new lending sources with some creative ways to finance rent-to-own.

The financing crisis, if that is the right word, has been playing havoc with values in the business. It has been no great surprise for me, then, to have heard from a number of potential and credible buyers who want to take advantage of the depressed market. These are existing dealers with cash or credit or both who see this as an excellent opportunity to expand through acquisitions. The problem is that for sellers whose values have fallen below their debt, there is really no easy exit.

For dealers with their heads above water, most seem to prefer to hang around a while longer to see if conditions and values improve. In the meantime, there are a few deals going on, dealers scraping off an unprofitable market here and there, but most companies are managing to hold their own. Without attempting

to be too precise, market conditions may have caused rental company values to deteriorate by two to three turns — or more — from 18 months ago. If values got a little inflated in the aftermath of the Rent-A-Center transactions, the current financing lull has just as surely taken its toll in the other direction.

Another issue concerns pricing and margins. I wrote often and vehemently in the early 1980s warning dealers against following the electronic retailers' lead of lowering prices to gain market share. Nobody listened and the industry's APU plummeted from a healthy \$65 to below \$50 before you could say bankruptcy. That trend cures itself, because the trendsetters, unless they are blessed with the deepest of pockets, simply price themselves out of business.

The current trend appears to be slightly in the other direction and healthier as dealers are learning one of the marketplace truths about the business. Rent-to-own is not, and will never be, the cheapest way for consumers to get most merchandise. Negative RTO press has trumpeted this truth forever. The economics of the business, primarily the cost of the service component of leasing absent in a straight purchase, dictate this truth.

Rent-to-own customers are drawn to our stores by our service, our good customer relations, our quality products, the convenience of doing business with us and the intangible things that make a neighborhood business work. They will pay another dollar or two per week without a thought, if they like the company, and those few dollars make the difference between success and failure these days. That is a lesson dealers have to learn for themselves; and it goes against a profound retail instinct.

But we really are different from the straight retail trade, and not just because clever lawyers found a loophole in the law early on. We are just plain different, and that difference affects almost every aspect of the business. It certainly ought to affect how we market to our customers. It did in the old days, and I am glad to see the recognition again. We are going to have a healthier industry as a result. **PR**

•••••

BY

ED WINN III

INSTANT DINING!

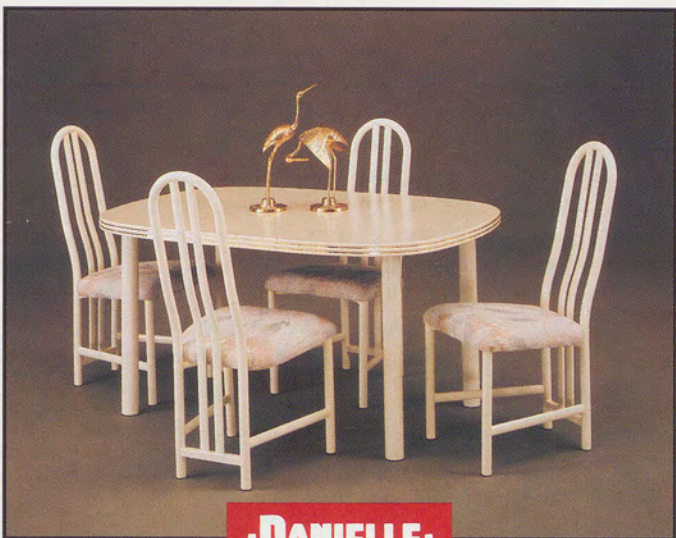
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- Beautiful 12-set in-stock program lets you and your customers choose from a wide array of proven best sellers.
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The heavy burden of becoming a *Real industry*

THE REAL PROBLEM IN RENT-TO-OWN THESE DAYS IS EVERYBODY THINKS THEY KNOW WHAT THE REAL PROBLEM IS (REALLY). OF COURSE, THAT'S TO BE EXPECTED ONCE YOU OUTGROW "TV RENTAL" AND BECOME AN "INDUSTRY." HAVE YOU NOTICED AN INDUSTRY YET THAT DIDN'T HAVE MORE CRITICS THAN CUSTOMERS?

.....

But, if you want to get bigger loans, join better clubs and create fewer headlines, it's probably better to be part of an "industry" than to be in the "TV rental" business. It just sounds better, doesn't it?

Now there's nothing wrong with upward mobility. Most car dealers long ago gave up the "used car" business. Today they deal in "pre-owned automobiles." And do you recall when telemarketing was still only phone solicitation? Come to think of it, do people who fail at direct marketing (door-to-door) eventually go into telemarketing?

And then there's "multi-level marketing." This could be the answer to a trivia question: What's a synonym for "pyramid scheme?" Bet you can't tell the difference.

By now you're probably asking yourself what this has to do with RTO (capital R, capital T, capital O — that's how industries do it). It has to do with rent-to-own because it's become increasingly easy these days to begin believing one's own press releases. We used to fight 'em; now we write 'em.

It could appear to anyone following this business over the years that RTO has lately gone through more changes than a flamenco dancer on a hot night. Let's count them.

In the beginning, TV rental was noth-

ing more than a way to make a very good living with no other marketable skills. And nobody even knew it existed (except for the customers and a few finance companies). That was Phase I: "Boy, let's hope nobody else finds out about this." You could have held a convention at Denny's. But the bottom line was no problem.

Then dealers began talking to each other and comparing legal fees. That's when they decided it was time to clean up the old image. That meant wearing suits instead of golf shirts. And no more Sunday morning collections. Some even washed the trucks and let a few customers pay out now and then. Call that Phase II: "We're not as bad as we look." Most folks would agree that Phase II took about five points off the bottom line.

Phase III ("We're really responsible citizens") ushered in the era of Little League sponsorships, contracts that didn't require a magnifying glass and paying some workers more than minimum wage. There went another four points, and now the bottom line is down to 11 percent and shrinking.

Then came the mid-1980s and Phase IV: "We're a growth industry" (especially if you happened to buy RAC stock early). And — like any industry — rental companies started putting up bigger signs with neater logos, creating training departments and paying more attention to PR than to the P&L. Lop off another three points.

Unfortunately, all those missing points led some folks into the bankruptcy court. Others just sold while the selling was good. And everybody else sat around trying to figure out how something so simple suddenly got hard. Enter Phase V: "Crisis management."

Phase V brings us to the present: profits are down, big is out and small is better. And that's just for the guys still in business. The entire scenario has brought new meaning to the phrase: "It must be magic."

I think we all missed the point. Being an industry means paying the same

.....

BY

BUD HOLLADAY

I think we all missed the point. Being an industry means paying the same price for ego-driven inefficiency that other industries have paid. Look what happened to steel, airlines, savings and loans, and a few more.

price for ego-driven inefficiency that other industries have paid. Look what happened to steel, airlines, savings and loans, and a few more you could name.

Now what? Now we have to take a critical look at whether we are in fact an industry or still just a collection of maverick entrepreneurs much better at starting businesses than running them. (Growth is nothing more than starting more stores, in many cases.)

Whether we really believe all that stuff about responsibility and quality and service, or whether we just want the banks and legislators to believe it. Whether we have the guts to do the right thing or we settle for just doing things right.

Whatever happened to pure and

simple rent-to-own — things like 18-month financing and rental agreements that lasted longer than the owner's last haircut? Whatever happened to companies that had good service instead of just good commercials? And whatever happened to the owner who paid down some debt before he bought another apartment complex or opened six more stores?

We became an "industry." We went uptown, cleaned up our act and cleaned out our closets. We upscaled our customer base and downsized our profits. We replaced customer service with corporate slogans; we pinned name badges on our people instead of really committing to accountability.

We confused ego with equity, and we tried to run it all on borrowed

money. And now we're all being fitted for hair shirts, having lost our other shirts.

But that doesn't mean rental dealers are idiots. It doesn't suggest the business be redefined or even changed much. We just need to stop fooling — and flogging — ourselves. We have to decide whether we'll be merely the latest casualty of the retail wars or one of those marvelous guerrilla efforts that succeeds.

In short, we have to come to work tomorrow understanding that we are in the business of renting and collecting.

Those buttons that sprouted everywhere during a recent APRO convention created some confusion in at least one mind: "I'm in Rent to Own and Proud of it." Is that the real message we have to send, or only what we need to believe? If the medium was the message, all that plastic may get hard to swallow later on. **PR**

Bud Holladay is vice president of marketing for Alrenco. He is a former RTO dealer and founder of APRO. His opinion/humor column appears in Progressive Rentals every issue.

ATTENTION OWNERS

WE ARE CURRENTLY LOOKING FOR OPPORTUNITIES TO BUY INDIVIDUAL STORES, CHAINS OF STORES OR RENT TO OWN ACCOUNTS IN THE FOLLOWING STATES: IL, IN, MI, OH, PA, MA. INQUIRE WITH STRICT CONFIDENCE TO:

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We find one every 14 minutes through the only *national* loss prevention and recovery system.

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Before you rent it....TeleTrack it.

Visit us at the APRO Convention in Las Vegas.

TeleTrack, Inc.

(800) 729-6981

APRO Associate Member since 1991

Continued from page 39

APRO golfers will begin teeing off early Sunday morning at the top-rated Legacy Golf Club and Resort. This year's team versus team competition is designed to give everybody a fair chance at winning.

Sunday evening, you'll relish the opportunity to visit with other RTO folks at the "It's a Hat Party!" Catch up on old news, and new, over hors d'oeuvres and drinks. Details are covered in your convention packet.

Association business will be confined to the morning of Monday, Aug. 12, with the annual general business session and board elections. Your participation and input are important here. The trade show opens at noon on Monday.

Monday night is the night to don rolled-up jeans and bobby socks, pour on the greasy kids' stuff or smear on the red-hot lipstick, and head for a rock 'n' roll party straight out of the '50s. The food will be heavenly, and the music divine.



APRO '91: Bet on It!
Rent-to-own annual
convention/trade show
Aug. 11-15
Caesars Palace
Las Vegas

Tuesday night you're free to pursue the entertainment of your choice, but you won't want to miss our "Puttin' on the Ritz" event Wednesday night. This APRO extravaganza features dinner and dancing, the announcement of election results and presentation of awards. To be in the proper spirit, you'll need to pack a flapper, gangster or gun moll costume, or rent one once you've arrived in Las Vegas. There'll be lots of surprises at this don't-miss event. On Thursday, you'll head home — or you could stick around to see more Vegas sights.

The 1991 APRO convention and trade show in Las Vegas is a sure bet. You can be front and center for all the association's business, and fun, activities. Register now for this important Aug. 11-15 event (a registration form is included at right for your convenience). Or, call (512)794-0095 for more information.

PR

Barbara Stooksberry is a freelance writer and frequent contributor to Progressive Rentals.

APRO 1991 Convention Seminar Planning Guide

ROOM:	GALBA	AUGUSTUS	MAJESTIUM	TIBERIUS	REGALIUM	JULIUS	CLAUDIUS	TITUS
Tuesday, Aug. 13								
1-2:30 p.m.	"Improving Customer Service for Growth & Profit" — Sandy MacMillan Cloud, Management Advisors, Inc.	"A Banker's Perspective on Lending to RTO Dealers" — Dave Wall, Valley Bank, Las Vegas	"How to Avoid Mistakes in Buying a Computer" — Ted Wilson, Alreco, Inc.	"District Managers: Rules Keepers or Record Setters" — Bud Holladay, Alreco, Inc.	"Training Your Employees" — Larry Randolph & Tom Hertzler, Triad Learning	"Managing Managers in Multiple Locations" — Wayne Outlaw, MARCON Group	"Taking the ING out of BOR: Exciting Employees about RTO" — Sam Lowe, Remco, Inc.	"Government Policies & Your Bottom Line: Protect Your Business" — Dave Egan, Rent-A-Center, Moderator
2:45-4:15 p.m.	"Improving Customer Service for Growth & Profit" — Sandy MacMillan Cloud, Management Advisors, Inc.	"Prepare to Meet Your Maker (Lender)" — Wayne Chambers, CWD Enterprise Two Ltd.	"Sales Motivation — Basic Sales Techniques" — Claudia Filloramo, Key Rental of Florida	"The Financial Impact of Current IRS Issues on RTO" — Mike Hallick, Peat Marwick	"American Disability & Employment Act: Don't Let It Disable Your Business" — Harry Weisbrod, Harry Weisbrod Assoc., Inc.	"Minimize Exposure to Bankruptcy Losses" — Jimmy Walker, C & W Publications	"Buying Furniture for the RTO Customer" — Furniture Panel	"Making Your State Rental Dealers Association a Success" — Ron Waters, APRO, Moderator
4:30-6 p.m.	"Developing a Winning Team" — Sandy MacMillan Cloud, Management Advisors, Inc.	"Effective Record Keeping" — APRO Tax and Accounting Committee Member	"Increasing Your Stores' Visibility Through Advertising" — Bonnie Nitzsche, Bonnie "The Flyer Specialist"	"Growth of Small Business with Government Loans" — Stan Harper, Easy Rental	"How Can I Benefit from an Employee Stock Ownership Plan (ESOP)?" — Anthony Vienna, Baker & McKenzie; Jerry Jones, Exec. Equity Companies	"Do's & Don'ts for New RTO Dealers" — Alan Dobzinski, The Rental Experts, Inc.	"Who Will Inherit Your Estate ... the IRS or Your Heirs?" — Shirley Donnell, Donnell Insurance Associates, Inc.	"Government Relations Reception" — 4-4:45 p.m. "State Lobbyist Management Clinics" — 5-7 p.m.
Wednesday, Aug. 14								
8-9:30 a.m.	"To Be or Not To Be in Jewelry — A Panel Discussion" — Claudia Filloramo, Rent-A-Rock, Moderator; Dealer Panel	"The Financial Impact of Current IRS Issues on RTO" — Mike Hallick, Peat Marwick	"How to Avoid Mistakes in Buying a Computer" — Ted Wilson, Alreco, Inc.	"Growth of Small Business with Government Loans" — Stan Harper, Easy Rental	"American Disability & Employment Act: Don't Let It Disable Your Business" — Harry Weisbrod, Harry Weisbrod Assoc., Inc.	"Managing Managers in Multiple Locations" — Wayne Outlaw, MARCON Group	"Taking the ING out of BOR: Exciting RTO Employees" — Sam Lowe, Remco, Inc.	"Grassroots, Grassstops & the Media: Manage Them for Your Business" — David Buckley, Reese Communications
9:45-11:15 a.m.	"Cost-Saving Ways to Furniture Repair" — Furniture Panel	"A Banker's Perspective on Lending to RTO Dealers" — Dave Wall, Valley Bank, Las Vegas	"Sales Motivation — Basic Sales Techniques" — Claudia Filloramo, Key Rental of Florida	"Creative Computer Usage — Desktop Publishing" — Randy Buffington, T. Buff & Son Promotions; John Gormley, Progressive Rentals	"How Can I Benefit from an Employee Stock Ownership Plan (ESOP)?" — Anthony Vienna, Baker & McKenzie; Jerry Jones, Exec. Equity Companies	"Minimize Exposure to Bankruptcy Losses" — Jimmy Walker, C & W Publications	"Move Over Geraldo — Issues in RTO!" — Dealer Panel	Government Relations — TBA
11:30 a.m.-1 p.m.	"Compliance & Your Rental Agreement" — Jimmy Walker, C&W Publications; Ed Winn, Overstreet, Winn & Edwards	"Prepare to Meet Your Maker (Lender)" — Wayne Chambers, CWD Enterprise Two Ltd.	"Traffic Building Promotions" — Sondra Boyd, Color Mail/Katz Corp.	"District Managers: Rules Keepers or Record Setters" — Bud Holladay, Alreco, Inc.	"Training Your Employees" — Larry Randolph & Tom Hertzler, Triad Learning	"Do's & Don'ts for New RTO Dealers" — Alan Dobzinski, The Rental Experts, Inc.	"Move Over Geraldo — Issues in RTO!" — Dealer Panel	Government Relations — TBA

Use this schedule to pinpoint the seminars you'll want to attend during APRO '91: Bet on It! at Caesars Palace, Aug. 11-15.

ASSOCIATION OF PROGRESSIVE RENTAL ORGANIZATIONS

APRO '91: BET ON IT

ANNUAL CONVENTION & TRADE SHOW

AUGUST 11-15, 1991
CAESARS PALACE
LAS VEGAS, NEVADA



BET
ON
IT!

Joel B. Matthews

Registration Form

Please print or type, one form per registrant & spouse/guest. (Please note: Personal guest is defined as "significant other" or immediate family member.) You may photocopy this form. A written confirmation will be sent to you from the APRO office prior to convention. If your registration is received in our office after July 31, it will be treated as an on-site registration, and no confirmation will be sent.

(Please make a photocopy for your records.)

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

Registration Fees

Please check appropriate categories:

Full Registration

(Includes seminars, general session, meal functions and complimentary entrance to Exhibit Hall)

- APRO Member
 Non-Member
 Spouse/Guest

Postmarked

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

Daily Registration

	Member	Non-member
<input type="checkbox"/> Sunday (Sunday night Welcome "Hat Party" _____)	\$25	\$25
<input type="checkbox"/> Monday (Registration Fee: General Session, "50s Party" Gala Cocktail Reception and complimentary entrance to Exhibit Hall) _____	\$125	\$150
<input type="checkbox"/> Tuesday (Registration Fee: Seminars and complimentary entrance to Exhibit Hall) _____	\$75	\$100
<input type="checkbox"/> Wednesday (Registration Fee: Seminars, "Puttin' on the Ritz" Awards Banquet & Dance and complimentary entrance to Exhibit Hall) _____	\$150	\$175

Meal Functions

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

- Welcome "Hat Party," Sunday\$25
 "50s Party" Gala Cocktail Reception, Monday\$40
 "Puttin' on the Ritz" Reception & Awards Banquet\$70

Spouse/Guest Programs, Golf

If spouse has purchased Spouse/Guest Registration, the cost of these programs are included, but we need a count on those planning to participate. You must preregister to participate!

"GLAMOUR SHOTS"

____ Please check here if you are attending the Spouse Program, "Glamour Shots," Monday and are purchasing Spouse/Guest Full Registration above.

____ Check here if you are NOT purchasing Spouse/Guest Registration and wish participate in "Glamour Shots." Please enclose \$55 to register for this program only.

DOWNTOWN CASINO TOUR/LUNCHEON/SHOPPING

____ Check here if you plan to attend tour and are purchasing Spouse/Guest Full Registration above.

____ Check here and enclose \$55 if you plan to attend tour and are NOT purchasing Spouse/Guest Full Registration.

GOLF TOURNAMENT

____ \$70 per player, Sunday 7:30 a.m., beginning teeoffs (Please note: Each player must fill out APRO Convention Registration Form). Golf Tournament is NOT included in Full Registration.

Name of Player: _____ Handicap or Average Score _____

Requested Tee: Time Early _____ Middle _____ Late _____

Requested Team Pairing (if possible): _____

Add all fees due and enter total here ... Total \$ _____

____ 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 _____

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. You may photocopy this 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 31. No phone or fax reservations will be accepted after July 31. If mailing your registration, please allow time for form to be received in the APRO office by July 31. 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 22. A processing fee of 20 percent of the total registration will be charged for all cancellations. After July 31, no fees will be refunded.

Hotel Reservations

DEADLINE, JULY 10! Make your reservations by mailing enclosed card or by calling (702) 731-7222. PLEASE NOTE: Hotel reservations must be received by Caesars Palace by July 10, 1991 in order to guarantee the special APRO rate of \$88 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 Las Vegas. 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 #77274, Rate Code G5.

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 Date rec. _____ Date ent _____
 Ck.# _____ or Chg.# _____
 Amt. paid \$ _____
 Chg. comp. _____ Conf. sent _____

Once the candidate has accepted the offer, the orientation program should begin in earnest. It is a good idea to connect the acceptance of the offer to the actual reporting to work with a phone call to keep the candidate excited.

If appropriate, it is good to have them come by the store or office to do their initial paperwork beforehand. This will allow them to become familiar with the environment, and the manager can express his or her excitement about the new employee. Even if paperwork cannot be done ahead of time, an invitation to drop by the store or company to be shown around will help the employee feel more wanted.

It's been said many times that you never get a second chance to make a good first impression. This is never more true than on the day a new employee reports to work. Many people ask how long an orientation should last. An effective orientation does not take an hour a day; it takes as long as necessary to help the employee feel comfortable and understand the behavior and work ethic needed to become a successful employee. The key is to do it once and do it right.

An orientation influences how quickly the employee will be productive, comfortable with the environment and develop relationships with other employees. It will also affect how likely they are to leave.

If the tone of the future relationship will be set on the first day, logic would say don't start the employee on a day when the store or office is too busy for the manager to give him the time necessary for an effective orientation.

During the first half hour of the first day, the objective is to set the employee at ease and demonstrate your pride and commitment to the company. Organize your time to give the new employee your undivided attention. This may be difficult in a busy store or office. It is, however, necessary to schedule the employee's start date so you will have ample time for this initial activity.

During this time, you should strive to get to know the person. Use the notes from your interview and any

insight gained from pre-employment evaluation tools to get to know and understand the person. Take the time to truly communicate to the new employee because you are building a bridge of understanding that will last through the entire period of employment.

Many times, using an employee as a big brother or big sister for a mentor is quite helpful. These employees are usually more available and have more time than the manager. The new employee may also feel more at ease in asking questions of another employee and will usually get more candid answers. The mentor can explain the unwritten rules and how things really get done in the store.

Because of his or her role, it is essential that a big brother or big sister be picked carefully. Attitude, expectations, loyalty and commitment are more important than tenure or even skill. As a matter of fact, a big brother or big sister does not even have to be in a similar position as the new employee. The keys are the qualities of the mentor and his or her availability.

To be beneficial and productive, this relationship will take the mentor's time and effort. Sometimes simply recognizing the big brother or big sister will be motivation enough. You might also consider a cash bonus for the mentor when the new employee reaches a specific level of tenure or performance. This can be an excellent technique to develop a management candidate's skill and ability.

Training new employees can be difficult. Many times, if the person a new employee is replacing is still there, the manager may let he or she train the new employee. At best, the new employee will learn as much as the departing employee knows. Most times, the departing employee is not the one we want to form attitudes, set expectations or teach skills. If the new employee is filling a vacant position, that person may have to wait until the manager has time to train him. As a result, the new employee may feel neglected and his training will invariably be rushed.

There is a better way to provide new employee training when classroom training is not feasible. This method uses a structured on-the-job training

format that is designed in advance. This training plan breaks a job into small bite-sized pieces or tasks, determines the skills needed and sets a performance level as well as a time for the accomplishment in each skill or knowledge area.

This method allows the manager to determine if the new employee is progressing at an appropriate rate. The manager can also spot and fix problems early, which reduces the chances of this oft-repeated problem: "They just aren't catching on as fast as I thought they would." Our organization has accomplished significant results with clients using this approach, ensuring that new employees become productive much quicker. This approach can be used with management candidates also.

To set up a structured on-the-job program for your organization, you must begin by defining the duties of the position. These duties can then be subdivided into specific tasks and the skills required for each. The expectation level of performance must be identified ahead of time so the employee and manager clearly know when a satisfactory level of the skill has been achieved.

To help the new employee learn these skills, resources should be identified. Resources are any person, information or tool used to assist in learning. Use the employee with the best skills, the ability to teach and the most time available. Don't automatically assume it's the manager.

The amount of time required to learn each skill should be determined in advance. Based on the importance of the task, its normal events and the availability of the resources, a target or schedule time can be identified.

After the task has been satisfactorily learned and the individual responsible for training (probably the store manager) has observed that the new employee has reached the expected level of performance, they can "sign off" this task. It's a good idea for the trained to be required also to sign off what they can perform at the expected level. This acknowledges that the trainee believes he has been fully trained and is now responsible to perform the skill or task.

Because each position within a

company is different, each will require a different structured on-the-job training plan. Because each trainee is different, individual training plans should be adjusted to match varying levels of skill and previous experience.

If a training plan has been well thought out and created in detail, it will be an excellent tool for developing the employee. After the plan is completed, its implementation will require less time and effort from the manager and it will produce better trained employees who become productive more quickly.

The initial performance period is designed to ensure that the individual can do his job and is productive. Many companies call this a probationary period. Unfortunately, this tends to have a negative connotation and may cause undue stress. Regardless of what it is called, an initial performance period is essential.

Habits are formed from the moment

the new employee begins to work. The longer the habit or behavior continues, the tougher it will be to change. For this reason, it is essential that the employee get ample performance feedback early.

The employee should be able to count on getting performance feedback at specific periods. Depending on the job level, a formal performance appraisal may be done as quickly as a month after the hire date — or it could be as long as a year after. The initial performance period in most entry-level positions should be only two or three months. During this time, employees should be given frequent and detailed performance feedback so they understand how they're doing and have the opportunity to make corrections.

How well new employees do during the initial performance periods will — to a significant degree — depend on how well they are oriented and trained.

It's essential that a manager learn early if the new employee wants to do the job — and can do the job. The manager must ensure that the employee gets the necessary support and assistance to have the greatest chance of success.

If you invest the time necessary to start the new employee properly and ensure they are well trained, it will pay dividends and slow the revolving-door effect. It's not only employees at stake. Profits are also going out the door.

Slowing the revolving door in your operation will improve performance and profits.

PR

Wayne Outlaw is president of MARCON Group, which provides training, consulting and performance-development programs for the rent-to-own industry. Outlaw is a member of the National Speakers Association, and can be reached at (803)884-9361. MARCON's mailing address is P.O. Box 661, Mt. Pleasant, S.C., 29465.

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TIME-LOC is a small keypad device that controls televisions and appliances. It eliminates the need for high pressure phone calls, late night visits, or unfriendly letters. It gently reminds your customer to pay you by blinking a red light on the keypad the last three days of the rental period. If the customer still has not paid you and received a new code to input with the keypad, it simply turns off the appliance without even raising its voice!

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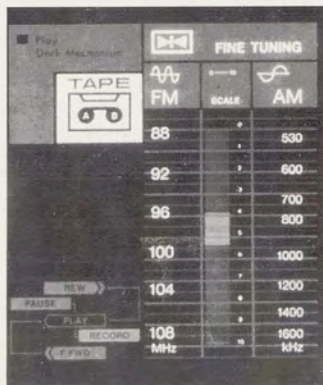
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APRO plans seminar for Atlanta market

APRO will conduct a seminar for the rent-to-own industry during the Atlanta Summer Furniture Market, July 20-23.

The seminar is set for Sunday, July 21, from 10 to 11 a.m.

It will concentrate on frequently asked questions about the rent-to-own industry.

You do not have to pre-register for the seminar and there is no charge.

For more information on the Atlanta Summer Furniture Market, please call (404) 220-2449.

Summer market dates change

The summer furniture market dates have changed since the "Official APRO Rent-to-Own Calendar of Events" for 1991 was distributed.

Please make a note of the corrected dates:

- Atlanta Furniture Market — July 20-23.
- Dallas Homefurnishings Market — July 12-18.
- San Francisco Furniture Market — July 13-17.

Any questions concerning these changes can be directed to ARPO's Shelley Martinek at (512)794-0095.

Cunningham named director

Whirlpool Corporation has announced the appointment of Robert M. Cunningham to

the position of director, product development for laundry and kitchen products, Whirlpool Appliance Group.

Cunningham will be responsible for the long-term strategic development of Whirlpool and Roper brand laundry and kitchen products.

Cunningham joined Whirlpool in July of 1979. He succeeds Ann Dahmer, who recently was named vice president, marketing, for Whirlpool's KitchenAid Appliance Group.

Cunningham resides with his wife, Cindy, and two children in Granger, Ind.

AFD moves offices to High Point

The offices of the Associated Furniture Distributors (AFD) have moved to High Point, N.C. The change was effective Jan. 1.

Sonny Berry is executive director of the association. He will be available to take your calls and answer any questions you may have.

AFD's new address:

Associated Furniture Distributors
164 S. Main St., Suite 404
High Point, N.C. 27261
Attn: Sonny Berry, executive director

Phone: (919)887-8162
FAX: (919)884-1350

Time-loc: No pay, no play

The TIME-LOC rental control is a device that automatically turns off an appliance if the renter does not pay his bill.

When an appliance is rented, a code is entered on the TIME-LOC's keypad, allowing the appliance to operate for one week or one month (whichever the dealer chooses). If the renter pays his next bill by the dealer's due date, the renter is given a new code for the next month or week. If he

does not pay his bill, the appliance is turned off by TIME-LOC and will not operate until the new code is entered.

The TIME-LOC offers a parental control feature that operates independently of the control function. This function is a separate set of codes that will allow the renter to turn the unit on and off at different time intervals of his choice.

If you'd like more information about this product, call Northern Electronic Research and Development at (208)772-4979.

GE Rents offers rental/lease for PCs

GE Rents has announced its Extended Rental Lease Program for PCs and peripherals.

Lease terms range from six months to 36 months for both new and used equipment.

Renters can choose from a wide range of names, including IBM, Apple Macintosh, Compaq and Wyse.

For more information, contact a GE Rents Specialist at (800)473-3687.



NARDA gets meeting information center

A national Meetings Information Center (MIC) has been created by NARDA, the National Association Retail Dealers of America, for use by all manufacturing-distribution-service companies. The no-charge industry service is being offered in an attempt to lessen the accidental scheduling of conflicting meetings or trips with

various organizations.

Ed Knodle, president of NARDA, says the center will be "a clearing house and resource of information on what dates a particular activity is already scheduled."

He says the MIC is a service that will be able to tell organization leaders and meeting planners if they are planning an activity for a date that conflicts with another major event.

NARDA's Meeting Information Center will begin recording meetings immediately for 1992 and beyond.

If you'd like more information on NARDA's Meeting Information Center, call Marvin Lurie at (708)953-8950.

Jewelry manufacturer offers RTO package

The Fashion Craft Corporation of Chicago has developed a package of 50 men's and ladies' 10-karat and 14-karat rings made expressly for the rent-to-own market.

The package contains a complete promotional support program, including on-site training, a training manual, easy-to-read descriptive tags, ad mats and a point-of-purchase video that promotes RTO jewelry departments. Also included in the package is periodic stock balancing, a lifetime warranty against stone loss and complete refurbishing of any item for a modest fee.

For more information about Fashion Craft's rent-to-own line, call Bob Blank at (800)877-7907.

Send in your news, product information

If you have something to submit for consideration for *Progressive Rentals' News & Products* section, mail it to:

APRO, 6300 Bridgepoint Parkway, Suite 305, Austin, Texas, 78730-5016. Attn: John Gormley.



WE LOOK AT RENTAL WASHERS FROM YOUR POINT OF VIEW.

At Whirlpool, we know what you're looking for in a rental washer. You want a washer with a name your customers can trust. A washer so carefully designed, so solidly constructed, it'll do its job for years without anyone giving it a second thought. And that's exactly how our washers are built.

Gets big load after big load clean. This Whirlpool® super capacity washer is built to handle big loads of laundry year after year. It has a special washing system that rolls clothes over and over and over again. So your customers can fill it to the limit and not have to worry about a full load coming out half clean.

Support for customers, support for you. You can be confident that the Whirlpool Consumer Assistance Center is ready to support you 24 hours a day. And there are over 6,500 factory-authorized Whirlpool service centers ready to help. Then we offer your customers the same programs after their contracts are paid off.

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