

Progressive

February/March 1992

Rentals

The magazine of the rent-to-own industry



Oh, Management Man,
how can I get my RTO
business on track?

Annual
management
services issue

M

It's what your customers want. It's what you've been asking for.



And it's available only from GE!

Our beautiful, feature-filled refrigerator is perfect for the rent-to-own market. Your customers will love it, too! But that's just the beginning of the GE appliance rental line.

We have washers, dryers, dishwashers, ranges, microwave ovens, room air conditioners and even more refrigerators. All are designed with the "most-wanted" features for your rental customers.

For further information call
The RentalLine
800-782-8097

GE gives you more than just great products. We are especially proud of our low repair rates and our distribution system is second to none.

And you may find this hard to believe, but GE is the one appliance manufacturer that offers more factory service than all the others combined.



APR Associate Member since 1992

We bring good things to life.

High Touch will never leave you stranded.

When you need help, you need it now, and we know that the demands of rent-to-own don't let you work from 8 to 5. That's why we have Hotline technicians available 24 hours a day, 7 days a week.

You see, High Touch is more than just a software company. When you have our software, you also have our people, our attention, and our full-time support. We are here to ensure your long-term satisfaction and we are dedicated to keeping things that way.

We want to make sure that you get what you deserve. So you can always depend on us to be here. Especially when you need us.

***To find out how
you can keep from
being stranded, call
800/326-6059.***



High Touch
T O U C H

Professionals providing computer-based automation to the rent-to-own industry.

1900 Amidon / Wichita, Kansas 67203 / 800-326-6059

APRO Associate Member since 1984

Published by
Association of Progressive Rental
Organizations (APRO).
Audit applied for with Audit Bureau of
Circulations (ABC).

Editor
John Gormley
Executive Editor
Edward L. Winn III
Executive Director
Bill Keese

Contributors
Bud Holladay
Bill Keese
Bonnie Nitzsche
Wayne Outlaw
David Shapero
Barbara Stooksberry
Ron Waters
Danny Wright

Director of Marketing (advertising)
Cindy Ganther
Director of Education (circulation)
Shelley Martinek

Printing
Communications Specialists, Inc. (CSI)
CSI Sales Consultant
Vickie Kirkland
Design Consultant
Joel B. Mathews

Editorial and Advertising Offices
6300 Bridgepoint Pkwy., Suite 305
Austin, Texas 78730-5016
(512)794-0095
FAX: (512)794-0097

APRO Officers & Directors

President
Wayne Chambers

Immediate Past President
Ted Wilson

First VP
David Egan

Second VP
Roger Sharp

Secretary
Bob Simons

Treasurer
Allen Lewis

Directors

David P. David
Mac McCullar
Robert Moore III
Kevin Quinn
Jerry Reppert

Lindsey Semon
David Shapero
Darrell Tissot
Bill White

PROGRESSIVE RENTALS (ISSN 8750-6106) is published bimonthly by the Association of Progressive Rental Organizations (APRO) at 6300 Bridgepoint Parkway, Suite 305, Austin, TX 78730-5016; (512)794-0095. Basic price \$1 per year to APRO members. Additional subscriptions: U.S. and Canada — 1 year (6 issues), \$30; 2 years (12 issues), \$50; 3 years (18 issues), \$65. Second class postage paid at Austin, Texas. POSTMASTER: Send address changes to PROGRESSIVE RENTALS, 6300 Bridgepoint Parkway, Suite 305, Austin, TX 78730-5016. Copyright © by APRO, 1992. All rights reserved. Cover and contents may not be reproduced in whole or in part without prior written permission. Back issues \$5 each, subject to availability. For subscription, change of address, back issues, write to above address. Three weeks required for changes on orders. Allow 6 to 8 weeks for the first subscription copy to be shipped.

APRO

PR

Progressive Rentals

February/March 1992

The magazine of the rent-to-own industry

Volume 12, Number 1

Features

10

Shipshape RTO companies

Those rent-to-own businesses that put marketing and advertising at the helm will tend to cut a smooth swath through today's often turbulent economic waters.

18

Re-energize your business

By now it's become clear that rent-to-own is not recession-proof. However, you can combat this by setting strategies that avoid common pitfalls and encourage performance.

24

A cause-and-effect world

The health of the RTO industry, like all others, is becoming increasingly tied to external economic factors.

26

Join the club to big profits

Retailers learned the value of add-on programs several years ago. Now, RTO dealers are figuring it out, too.

30

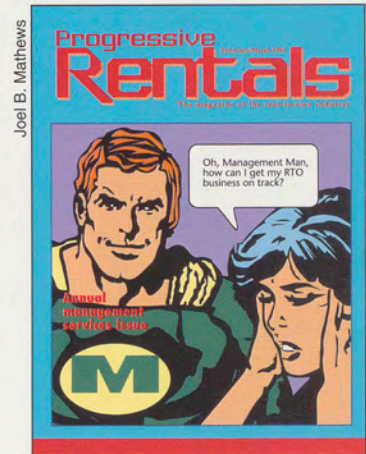
Jazz it up in New Orleans

APRO's annual convention is coming up July 22-26 in New Orleans — a city with much to offer. Laissez les bon temps rouler!

34

Creating revenue sources

During these recession-plagued times, it's important to bring in "new" money without increasing your overhead. Here are some common-sense ideas on how to do it.



ON THE COVER: Our cartoon character Management Man symbolizes all the different types of management services that can help rent-to-own companies run smooth operations. These services range from advertising to accounting to club programs.

Departments

6

President's View

8

RTO Perspective

14

RTO Finances

33

Dealer views

38

RTO Opinion

42

RTO Message

48

Govt. Relations

52

News & Products



FORESIGHT

PREFERRED CUSTOMER CLUB

▶ **EXPAND YOUR BUSINESS WITHOUT BORROWING MONEY — FORESIGHT SHOWS YOU HOW**

▶ **FORESIGHT Benefits The RTO Dealer By . . .**

- ▶ Increased Bottom Line Profits Without Inventory Costs
- ▶ Increased APU Without Raising Rental Rates
- ▶ Attracting New Customers Without Cutting Prices

▶ **FORESIGHT Benefits The RTO Customer With . . .**

- ▶ Leased Property Insurance On All Products They Rent From You
- ▶ A Two Year Extended Warranty On All Products That Go To Term
- ▶ Unemployment Insurance If They Lose Their Job — Payable To The Dealer
- ▶ \$10,000 Accident Death & Dismemberment Protection
- ▶ Discounts On Prescription Medication, Eyewear, Movie Tickets, National Amusement Parks, Travel and Much More

▶ **FORESIGHT — The Only Club Program Guaranteeing Your Success Through . . .**

- ▶ In-Store and Video Training
- ▶ Attractive Point-of-Purchase Material
- ▶ Tailored Procedures Manuals For Each Location
- ▶ Monthly Newsletters Provided To Each Store
- ▶ Private Label Options
- ▶ Over 15 Years Of Club Experience
- ▶ Over 7.5 Million Active Members

▶ **Get FORESIGHT today!**

Call: **Steve Owens & Associates**
(800) 733-0811
3700 W. Robinson, Suite 230
Norman, OK 73072

APRO Associate Member since 1991



In dealing with our problems, we need to be more like the tortoise than the hare

Endurance counts

ENDURANCE IS DEFINED AS "THE POWER TO WITHSTAND HARDSHIP OR STRESS" OR "THE STATE OR FACT OF PERSEVERING."

I AM MINDFUL OF A SMALL TOWN IN CENTRAL TEXAS THAT DEPENDS ON THE MILITARY FOR ITS ECONOMY. DURING THE PERSIAN GULF CRISIS LAST YEAR, MOST OF THE TOWN'S MILITARY PERSONNEL WERE SHIPPED OUT TO PARTICIPATE IN OPERATION DESERT STORM, LEAVING THE TOWN ESSENTIALLY WITHOUT AN ECONOMY.

•••••

More recently, the same small community made national news when a cafeteria there was the scene of a mass killing, once again causing extreme hardships. In each case the people of Killeen, Texas, endured difficult times by drawing together and using the strength of unity to pull through.

The recent announcements by two traditional financing companies that they are exiting the rent-to-own business has greatly increased the level of stress for many dealers across the country. The economic recession and difficult legal and tax issues are now complicated by the withdrawal of longtime financial sources, and many dealers are trying to figure out what to do next.

I'd like to draw an analogy from the Killeen story and suggest that rent-to-own will endure these difficulties by dealers becoming united in their efforts to solve some of these problems. I would like to offer some words of encouragement and share with you what APRO is doing to help foster solutions.

Seminars have been scheduled for March and May that are three days in length and will center around how to successfully prepare, find and obtain financing from alternate sources. APRO has retained the services of several speakers

who are involved in assisting businesses in the financial community. The seminars will also examine how dealers are acquiring financing through banks on a local and regional basis.

The banking community is becoming more receptive to rent-to-own, thanks to proper education and presentation. I've also found that dealers sharing information with other dealers is an excellent way to find answers to tough questions. The seminars will be a great place.

APRO's staff and various board members are working hard to find alternate sources of financing for the industry. We are working with experts in the field to provide better information to the membership on securing financing alternatives. The most current information will be discussed at the spring seminars.

Professional investment bankers, financial advisers, loan portfolio managers and bank credit managers say that one of the tricky areas with any loan placement is the "packaging and presentation" of the loan request. Many requests are made without considering the perspective of the lender and therefore are misunderstood or turned down because the package does not meet the requirements of the lender at first reading. We can help ourselves by getting professional advice on the structuring and presentation of the loan request.

I was recently told by an investment banker how a particular company he was helping had first tried to get financing on its own, only to be turned down by 20 different banks. After retaining professional help and redoing the presentation package, the company got three firm proposals. Two of them were from banks that had previously turned the company down. It can be done.

With cool, calm and effective persistence the rent-to-own business will endure the hardships and stress we're faced with today. We have to work together, work fast, work smart, be innovative and perhaps work with some professionals. Like the small town of Killeen, we will overcome the hardships. **PR**

•••••

BY

WAYNE CHAMBERS

1991 APRO CONVENTION SESSIONS ON AUDIO CASSETTES

Check Tapes Desired:

- 00 FULL SET OF TAPES
- 01 "Improving Customer Service for Growth & Profit" - Sandy MacMillan
- 02 "A Banker's Perspective on Lending to RTO Dealers" - Dave Wall
- 03 "How to Avoid Mistakes in Buying a Computer" - Ted Wilson
- 04 "District Managers: Rules Keepers or Record Setters" - Bud Holladay
- 05 "Training Your Employees" - Tom Hertzler
- 06 "Managing Managers in Multiple Locations" - Wayne Outlaw
- 07 "Taking the ING out of BOR: Exciting Employees about RTO" - Sam Lowe
- 08 "Government Policies & Your Bottom Line: Protect Your Business" - Dave Egan
- 09 "Prepare to Meet Your Maker (Lender)" - Wayne Chambers
- 10 "Sales Motivation — Basic Sales Techniques" - Claudia Filloramo
- 11 "American Disability & Employment Act: Don't Let It Disable Your Business" - Harry Weisbrod
- 12 "Minimize Exposure to Bankruptcy Losses" - Jimmy Walker
- 13 "Buying Furniture for the RTO Customer" - Furniture Panel
- 14 "Making Your State Rental Dealers Association a Success" - Ron Waters
- 15 "Developing a Winning Team" - Sandy MacMillan
- 16 "Effective Record Keeping" - Terry Beville
- 17 "Increasing Your Stores' Visibility Through Advertising" - Bonnie Nitzsche
- 18 "How Can I Benefit from an Employee Stock Ownership Plan (ESOP) - Anthony Vienna; Jerry Jones
- 19 "Do's and Don'ts for New RTO Dealers" - Bud Holladay
- 20 "Who Will Inherit Your Estate ... the IRS or Your Heirs?" - Shirley Donnell
- 21 "To Be or Not To Be in Jewelry — A Panel Discussion" - Claudia Filloramo
- 22 "Growth of Small Business with Government Loans" - Pat Allison
- 23 "Grassroots, Grasstops & the Media: Manage Them for Your Business" - David Buckley
- 24 "Cost-Saving Ways to Furniture Repair" - Furniture Panel
- 25 "Creative Computer Usage — Desktop Publishing" - Randy Buffington, John Gormley
- 26 "Move Over Geraldo - Issues in RTO!" Dealer Panel
- 27 "Compliance and Your Rental Agreement" - Jimmy Walker, Ed Winn
- 28 "Traffic Building Promotions" - Sondra Boyd

**Get the Full Set for
only \$199.00**

**1 Free Tape with the
Purchase of 16 Tapes
in a Free Album**



Name _____ Phone () _____	<input type="checkbox"/> Member \$8.50/Tape
Company _____ APRO Member? _____	<input type="checkbox"/> Non-Member \$10.00/Tape
Address _____	Number of tapes at _____ \$ _____
City _____ State _____ Zip _____	Sub-total _____ \$ _____
Sorry, APRO cannot bill you. All orders must be prepaid!	LA Residents only add _____ \$ _____
<input type="checkbox"/> My Check is Enclosed <i>All Checks and Payments Must Be With U.S. Funds</i>	9% Sales Tax _____
<input type="checkbox"/> Or Charge My: <input type="checkbox"/> MasterCard <input type="checkbox"/> American Express <input type="checkbox"/> Visa	Shipping and Handling _____ \$ _____
Account Number _____ Exp. Date _____	\$1.00 per tape not to exceed \$10.00 \$1.00 per tape outside of the U.S.
Signature _____	TOTAL AMOUNT

NOTE: If sessions extend on to an additional tape, the price of the tapes of the session may change.

Due to excessive bank charges and exchange rate, we cannot accept foreign checks. Please charge your tapes to an AMEX or VISA/MC credit card.

SEND ORDERS TO AND MAKE CHECK PAYABLE TO:
CONVENTION SERVICES
1900 Veterans Blvd., Suite 200
Metairie, LA 70005
(504) 833-2088
FAX (504)838-8010 (Add \$2 per FAX Order)





Banker's lingo

At APRO, we're learning a new language

I SPEND SEVERAL HOURS A DAY ON THE TELEPHONE VISITING WITH RENT-TO-OWN DEALERS, SUPPLIERS, MEMBERS AND POTENTIAL MEMBERS. THE CURRENT FINANCE CRISIS IS THE MOST OFTEN DISCUSSED ISSUE, WITH THE INDUSTRY CONSOLIDATION A DISTANT SECOND. THEREFORE, IT IS SURPRISING TO ME WHEN I TALK WITH A DEALER WHO HAS NOT YET EXPERIENCED A PROBLEM SECURING FINANCING FOR HIS OR HER RENT-TO-OWN COMPANY.

.....

That's what happened recently, not only once in one week, but twice. Both are APRO members and have not experienced any problems securing financing, and were basically unaware of the problems most dealers have been experiencing. My visit with the two dealers gave me an opportunity to discuss all APRO's activities in this area. Another way of saying we talked about member services.

To start with, many members are turning to banks for financing. Bankers tend not to understand the rent-to-own industry, especially RTO financial statements.

Generally, the first thing a banker will do is to turn to a reference book like the Robert Morris book and look up rent-to-own's standard industry code, to compare the RTO dealer's financials with the industry average. The banker will not be able to find rent-to-own's SIC number because the industry doesn't have one.

I have been working with the Census Bureau for almost a year to secure our own SIC number. The Feds tell me it will be 1997 at the earliest before they will print a new book with new industry categories. Seems hard to believe sometimes, doesn't it? Once RTO has this category,

bankers can collect financials on our industry which will help them better understand rent-to-own.

In the meantime, APRO publishes several manuals designed to help educate bankers on our industry. APRO also publishes statistical information on the industry that cannot be found anywhere else. Our Industry Profile, Glossary of Terms and Statistical Surveys are available for purchase — members get a substantial discount — and we will send these directly to a member's banker upon request at no cost. Many APRO members are taking advantage of this member service, and if you need your banker to have a set of these, please give me a call.

We will update our statistical survey soon. Remember, if you participate in the survey, you'll get a report at no cost. If you don't participate, the results will be available to you for \$300. It's certainly a wise investment to participate.

APRO is also offering a series of seminars designed to prepare you to talk with your banker. The first will be in Nashville, March 19-21, and will feature a one-day workshop entitled Negotiate for Success. We'll also have our annual Accountants and Lawyers session, as well as a Financial Summit Conference on the third day of this three-day seminar. Here, you'll be able to hear how other RTO dealers were able to bank their financing, and how they redesigned their financials to be more attractive to bankers.

The seminar in May will be similar to the March seminar, with the addition of Somers White, a nationally known financier and speaker (see RTO Finances, page 14 this issue). This seminar will be in Chandler, Ariz., May 14-16.

Additionally, we have several board members as well as myself; Wayne Chambers, our president; our general counsel, Ed Winn; and Bob Simons talking with other lenders attempting to find a major new source of financing.

These are just some of the benefits of

.....

BY

BILL KEESE

APRO membership. You have a team of RTO dealers and a professional staff working in your best interests, to solve the industry's most pressing problems. That's our mission; that's our job.

...

While financing is probably the horse pulling the cart in our industry right now, other concerns remain important to any rent-to-own business. This issue of *Progressive Rentals* is devoted to management services — a broad category that includes all kinds of ideas to bolster your bottom line. I hope you'll find something in these pages that proves helpful.

...

The rent-to-own world lost a dear friend and compatriot recently. Betty Coolidge, a charter member of APRO who was always visible at association events, died in late January of a heart attack (see tribute on page 54).

A scholarship fund has been set up in Betty's honor. You can send contributions to: Betty Coolidge Scholarship Fund, c/o LeRoy Renkert, CPA, 50 Academy Hill Rd., P.O. Box 288, Plainfield, Conn., 06374. Call (203)564-2721 for more info. **PR**

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:

McKENZIE DEVELOPMENT CORPORATION
Attn: **EDDIE SCOGGINS**
V.P. ACQUISITIONS

615-478-1159

APRO Associate Member since 1983

APRO PUBLICATIONS

	APRO Member/Non-Member
APRO RTO Legal Reference Index	\$150/\$300
APRO Financial Statement	\$50/\$100
Presentation Guide	
APRO Tax Audit Manual	\$75/\$150
APRO Industry Profile	\$50/\$100
APRO Business Plan Development	\$50/\$100
Guide	
APRO Glossary of Terms	\$5/\$10
APRO 1991 Industry Survey	\$300/\$300
(Complimentary To Participants)	
APRO Bankruptcy Manual	\$25/\$75
How To Locate Missing Persons	\$10/\$30
- A Skip Trace Manual	
Collections Manual	\$20/\$75
- Preventative Maintenance & Efficient Results	
APRO's Who's Who In Rent-To-Own	\$25/na
(Available To Members Only)	
RAE Advertising Awards Book	\$10/\$10



Name _____ Phone () _____

Company _____ APRO Member? _____

Address _____

City _____ State _____ Zip _____

Sorry, APRO cannot bill you. All orders must be prepaid!

My Check is Enclosed

TOTAL DUE

Or Charge My: MasterCard American Express Visa

Account Number _____ Exp. Date _____

Signature _____

Clip Out and Mail To:

APRO

Association of Progressive Rental Organizations

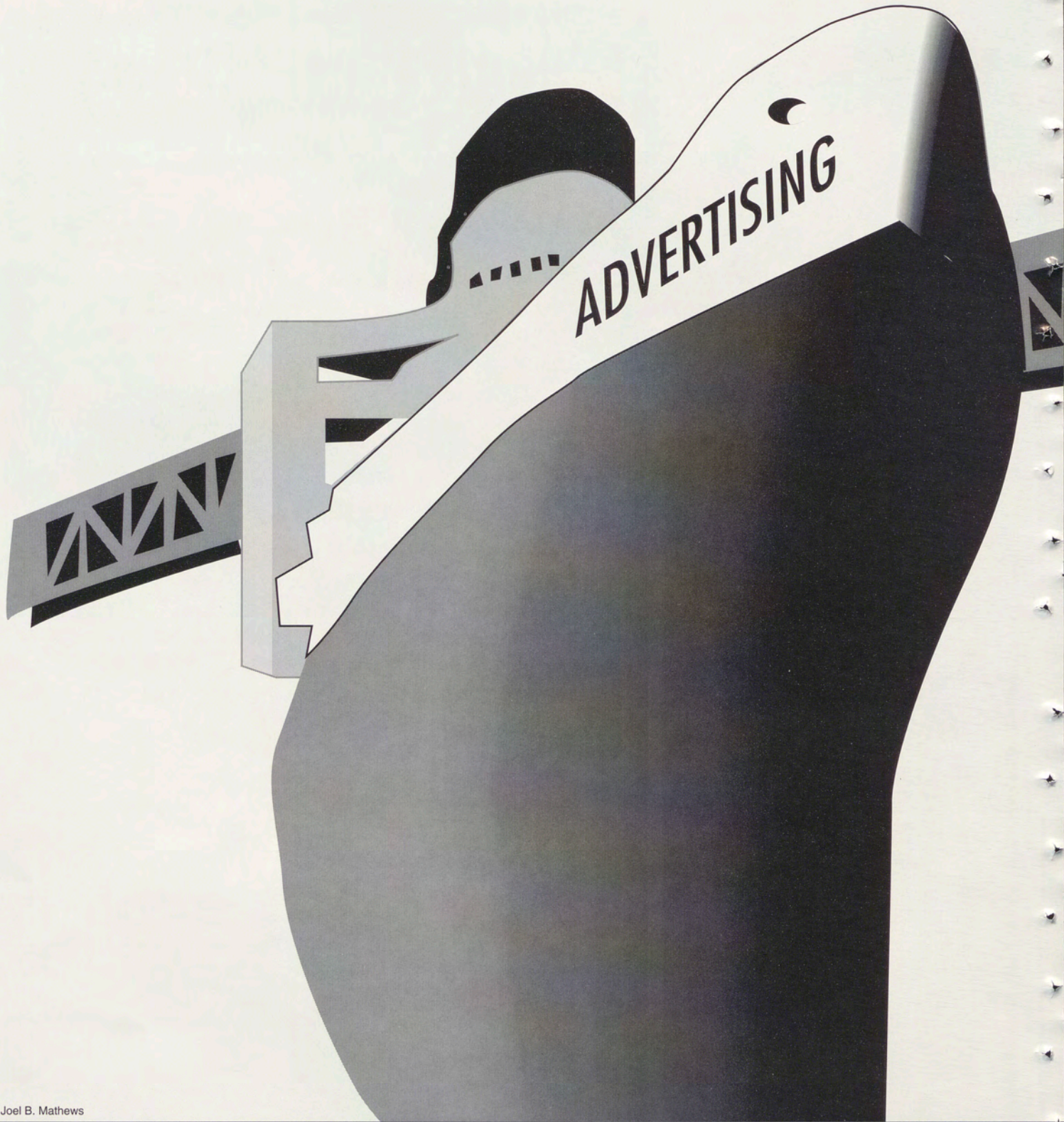
6300 Bridgepoint Pky. #305

Austin, TX 78730-5016

(512) 794-0095

FAX (512) 794-0097





Joel B. Mathews

.....

BY

BONNIE NITZSCHE

When your rent-to-own business has marketing and promotions at the helm, it's more likely to be ...

Shipshape

A FAMOUS ADVERTISING EXECUTIVE ONCE SAID AT THE TURN OF THE CENTURY: "I KNOW I'M WASTING HALF OF THE MONEY I SPEND ON ADVERTISING. I JUST DON'T KNOW WHICH HALF I'M WASTING."

THIS STATEMENT MAY HAVE BEEN ACCURATE 90 YEARS AGO, BUT IT SURE ISN'T TODAY.

We'll address why later. First, let's get a handle on why advertising is a critical component of any rent-to-own dealer's management mix and why the advertising line item on your income statement is one of the most important elements of your budget and control system.

Why are you in the RTO business? I assume your answer would be something like this: To offer RTO customers quality merchandise at a reasonable price with quality customer service and make a reasonable profit. Actually, those words could be your company's mission statement. A key word is customers. For your business to be successful you need to attract customers to your stores. That's simple enough, but how do you go about it?

Well, you can select a great location. (You know, one of the main principles of retailing is location, location, location.) And, you can attach a huge, shiny chrome reverse-neon sign to your building that announces to the world your company name, the categories of merchandise you offer, your phone number, etc. You can also hire the best store manager in the RTO business and surround him or her with wild-eyed, eager account managers who are itching to make deliveries and use their powers of persuasion to keep weekly closing percentages within your

strict guidelines.

However, if you don't attract enough customers to your store to push rental income from your BOR (balance on rent) past operating break-even, you won't make a profit.

So, how do you attract customers to your stores? I'll concede that quality customer service will go a long way toward achieving this fundamental goal. Quick and reliable repairs, on-time delivery, attempting to really understand the problems of your individual customers. These are things that win customers from your competitors.

Yes, you can build awareness through word of mouth — probably the oldest form of advertising known to man. Another old saying in advertising circles goes something like this: You can advertise a good product and people will beat a path to your door. You can advertise a bad product and some people will buy it one time but not again.

The basic premise of this article is that advertising is the fuel that drives your engine. I'll relate an analogy to show how this works. Picture your business as a steam ship sitting in the ocean. It has a very pointed front end and a very square stern. Think of the pointed front end as the most visible (to your customers). The

CONTINUED ON NEXT PAGE

Continued from previous page

“pointed” elements of your business include store front, merchandise arrangements, delivery vehicles and employees (how they dress and act).

If these visible elements of your business are coordinated and sharply focused you’ll have a pointed ship that will cut a smooth path through the water. Meanwhile, behind the ship’s front is your support staff. This consists of the home-office crew that rarely — if ever — is seen by your customers. The support staff provides the services needed to operate the ship and train the crew. Farther back is the engine room that provides power to keep the ship moving.

The point? Your advertising program is the engine room, and advertising itself is the fuel that keeps your ship running. Advertising creates awareness of your business and brings traffic into your stores.

Finally, at the back of the ship you have your accounting department or outside accountant to analyze the course, direction and speed of your ship. Your total operations, from a numbers point of view, are critically watched for trends and variances from course. However, sometimes the financial and accounting operations become the major driving force of a business.

The inherent danger is a ship going backwards, cutting a choppy and cumbersome path through today’s turbulent business waters.

A well-focused, pointed ship — with the right mixture of advertising fuel — is more likely to run on a smooth course that builds BOR and rental income.

But just what is the right advertising mix? Do you use television, radio, direct mail, outdoor boards? Do you use your logo in community relations projects such as stamped on vinyl footballs to be given away at local high school games or on placements at local

restaurants or eateries?

These latter options are not necessarily bad ideas because there probably is some public relations value in them. However, if you were to count up all the requests your company typically gets in one year and cost out the total, you’d be surprised at how many additional TV or radio spots you could buy. Not to mention how many more fliers you could produce and distribute.

Advertising costs, but it is an investment. View it as an investment rather than an expense item on your income statement, but always look for a good return.

How much should you budget and spend on advertising? Judging from articles published over the years in RTO trade publications, between 5 percent and 7 percent of total revenue is a beginning benchmark. How should you spread it? At the start, we talked about a once-held attitude that half of advertising is basically wast-

FRANCHISE OPPORTUNITY

Are you finding it hard to compete with the large national chains?

Why not join one?!



Call: 1-800-551-6015

APRO Associate Member since 1983

Today's sophisticated tools, which include zip code and database pinpointing of prospects, help you precisely target your audience and deliver marketing messages directly like never before ... The technology to further target your audience down to the street block is already here.

ed. Fortunately, that's no longer the case because we now know much more about the effectiveness of advertising and how to track its accountability.

Today's sophisticated tools, which include zip code and database pinpointing of prospects, help you precisely target your audience and deliver marketing messages directly like never before.

Let's review some of the more traditional and popular vehicles. Television is a mass medium, expensive to use but often very effective. But one of the problems of TV, and radio, is we don't really have any guarantee that our prospective customers are watching or listening. This is especially true with today's fragmented audience patterns. During the last decade we've seen a phenomenal growth of cable TV and AM-FM radio stations. The pie keeps splitting into smaller and smaller pieces.

Newspaper advertising is effective for some dealers in smaller markets, if there's not too much clutter. It provides an outstanding opportunity to communicate an exciting offer with visual appeal and bold type.

Direct mail and handouts. Usually when we think of direct mail in this industry we're thinking of fliers as opposed to letters, which a lot of other industries use. My main area of expertise is fliers, but I won't try to oversell you on their benefits. However, there are some fundamental truisms about fliers and direct mail. Whether distributed in a marriage-mail program (Advo Systems, for example) or solo mailed, or distributed through hand delivery by your employees to prospective customers' homes, fliers constitute the one medium that gives you the assurance that your target audience receives your offer.

Portions of your target audience may not read the flier, but at least they receive it. Research shows that most

well-designed, four-color fliers are read. (Venture and K Mart stores have been doing followup research on their Sunday supplement newspaper inserts for years.)

On a cost-per-thousand (CPM) basis, direct mail is usually very effective. If your stores are in markets covered by Advo Systems it is possible to pinpoint flier distribution to specific carrier routes where the bulk of your deliveries are being made and where the true potential for additional business is located.

The technology to further target your audience down to the street block and lot number is already here. So by carefully selecting where you mail, to whom you mail and what you mail, you can be assured that half of your advertising investment is not wasted.

(Editor's note: For more on direct mail, see dealer David Shapero's page 17 article.)

I sincerely hope you either feel more confident than ever before about your advertising expenditures or, if you don't, that you'll have the courage to try new promotional ideas and media mixes. Often it's the only way to determine what is the best advertising approach for your market.

Finally, an observation about advertising during a recession. Research has proven time and time again that those companies that can afford to advertise aggressively during a recession will emerge following the recession with a higher marketshare.

It's called survival of the fittest, an evolutionary term that will apply to your business as long as you don't neglect the fuel that runs the RTO ship's engine — advertising. **PR**

Bonnie Nitzsche is owner-operator of her own business, Bonnie "The Flyer Specialist," which specializes in design and production of direct-mail pieces for rental dealers. She can be reached at 1-800-83-PRINT.

LOW-COST RENTAL AGREEMENT FORMS

APRO now has low-cost rental agreements that comply with all state laws for regulated and unregulated states as well as computerized and non-computerized stores. (They are compatible with RSSS software.) These forms are three-part, NCR, 8 1/2 x 11 and may be used on continuous-feed printers and are available to members and non-members.

To order forms for your store, simply fill out the form below or call Hilde Parker at 512-794-0095. Please specify the state(s) you need. For next-day delivery, call before 1 p.m. (eastern time).

The cost per form is 15¢ for members and 20¢ for non-members. Min. order: 500. ✂

Yes, I would like to order _____ forms.

The total amount for this order is \$ _____

Name _____

Phone () _____

Company _____

APRO Member? _____

Address _____

City _____

State _____ Zip _____

My Check is Enclosed

Or Charge My:

MasterCard

American Express

Visa

Account Number _____

Exp. Date _____

Signature _____

Clip Out and Mail To:

APRO

Association of Progressive

Rental Organizations

6300 Bridgepoint Pky. #305

Austin, TX 78730-5016

(512) 794-0095

FAX (512) 794-0097



Financial summit conferences super

This year's plans are part of APRO's new three-day, East vs. West approach to spring seminars

SOMERS WHITE.

IF YOU SEE HIM, YOU WILL REMEMBER HIS NAME.

YOU'LL GET THE CHANCE TO SEE AND HEAR THIS HIGH-POWERED SPEAKER AND FINANCIER AT APRO'S 1992 FINANCIAL SUMMIT CONFERENCE, WEST, IN PHOENIX, ARIZ., MAY 14-16.

White holds a bachelor's degree from Amherst College and a master's degree from Harvard Business School. At one time he held the title of "Youngest Bank President in America" for any bank located within a major metropolitan center. He has been an Arizona state senator, president of the Phoenix Society of Financial Analysts and currently teaches management courses at Arizona State University.

Today, White runs his own company, which specializes in helping organizations prepare and present themselves properly for financial and other types of negotiations.

Executives and sales personnel from 400 of Fortune's list of 500 largest companies have attended seminars conducted by White. Business men and women from 25 countries have paid more than \$1 million to attend his presentations on negotiating.

For APRO, White will speak on how to convince your banker to lend you the money you need.

The financial summit conference is part of APRO's spring seminar program, which this year follows an all-new, three-day conference format. What's more, participants get to choose between East and West locations for 1992.

The "East" conference is scheduled earlier in the spring — March 19-21 in Nashville, Tenn. Robert Sibley, a finan-

cial resources expert with 21 years of experience in commercial lending, will lead the financial summit conference there.

Before forming his own company in 1988, Sibley served as vice president of several regional banks. His specialty is putting businesses together with financial sources.

Both conferences — East and West — will be moderated by Wayne Chambers, APRO president and chairman of the association's tax and accounting committee. Chambers will give an overview of what has happened in rent-to-own financing over the last year.

"We have a program tailor-made for RTO," Chambers said. "We've really nailed down the experts in financing who can help dealers understand the new game rules — and make them work for their companies."

In past years, APRO has offered annual updates for accountants and lawyers, financial summit conferences as well as various educational seminars spaced throughout the year.

"So you can fit as many of these important meetings into your busy schedule as possible, APRO is offering all of these seminars packaged in a three-day conference — once in the East and once in the West," said Shelley Martinek, APRO director of education.

Here's a brief overview of the conferences:

Day 1 — Nashville, 1-5 p.m.

Day 3 — Phoenix, 9 a.m.-2 p.m.

Rent-to-Own for Accountants and Lawyers

This annual update has become a must for professionals in the RTO industry. The latest in tax and legal issues affecting rent-to-own will be covered by top professionals in RTO.

Day 2 — Nashville and Phoenix, 9 a.m.-5 p.m.

Negotiate for Success; Negotiations Skills Workshop

This lively seminar will help participants reach mutually beneficial agreements, save money and increase profits. You will learn every aspect of the negotiating process, including approaches, strategies and tactics — and when each is appropriate.

The seminar will be led by Richardson Day Corporation, in affiliation with Schoonmaker and Associates. Their dynamic training programs for Fortune 500 companies have provided negotiations training throughout the world. Allan Schoonmaker is the author of the best selling book *Negotiate To Win*. RDC is known for high content and involvement in this dynamic and effective training program.

You will learn how to:

- Understand the entire range of negotiating approaches.
- Implement an approach using three main negotiating steps.
- Perform four key tasks to prepare for any negotiation.
- Create, maintain and control momentum toward a deal.
- Position yourself in advance for demands that may come later.

Day 3 — Nashville, 9 a.m.-2 p.m.

Day 1 — Phoenix, 9 a.m.-4 p.m.

APRO Financial Summit Conference

No topic has been on the lips of RTO dealers more the past few years than financing. Updates and overviews of RTO financing will be presented. Discussion will follow, allowing input from those attending the conference.



Dynamic seminar presenter Somers White, whose appearance before APRO is being sponsored by the RTO industry vendors listed below.

A panel of rental dealers who have been successful securing bank financing will discuss how they accomplished this. It is vital to the survival of the industry to keep you informed on what is happening within the financial community and how it affects your RTO company.

The schedule for the "East" seminar, in Nashville, Tenn., will include Sibley of Synergy Financial Services,

Baltimore, Md. Before forming his own company in 1988, he had more than 21 years experience in commercial bank lending, primarily as vice president of several regional banks. Sibley's specialty is putting businesses together with financial sources. He will speak on the last day of the seminar — the APRO Financial Summit Conference.

The schedule for the "West" seminar, in Chandler, Ariz., will present the nationally recognized banker and financier, White. On the first day, White will speak on how to convince your banker to lend you the money you need. White is a major speaker, so you won't want to miss this opportunity.

"In keeping with APRO's past rental retreats, we are pleased to offer this exciting three-day conference at elegant, yet affordable, locations," said Martinek.

East — Nashville, Tenn.

March 19-21

Sheraton Music City Hotel

The Sheraton Music City Hotel is an elegant Southern manor set atop 23 beautifully landscaped acres. The air-

CONTINUED ON NEXT PAGE

APRO 1992

Financial Summit Conference

sponsored by the following:



FORESIGHT
PREFERRED CUSTOMER CLUB



SEARS
Contract Sales



ZENITH



Highly
TOUCH



Voyager
Insurance
Companies



RSSS

Continued from previous page

port is just two miles away and free transportation will bring you right to the door. It is near downtown Nashville and the city's most famous attractions — the Grand Ole Opry and Opryland USA.

The Hermitage Golf Course, home of the Sarah Lee Classic, is located just eight miles from the hotel. Call (615)847-4001 for advance tee-time reservations.

Each luxurious room has a private balcony with a view of the pool courtyard or rolling hills. The hotel's phone number is (615)885-2200. Be sure to mention that you are with APRO.

West — Chandler, Ariz.

May 14-16

Sheraton San Marcos

On the National Register of Historic Places, this 75-year-old resort blends historic charm and character with modern, luxurious accommodations.

The financial summit conference is part of APRO's spring seminar program, which this year follows an all-new, three-day conference format. What's more, participants get to choose between East and West locations for 1992. In past years, APRO has offered ... various educational seminars spaced throughout the year.

Each new guest room has a private patio or balcony. Exquisite furnishings are enhanced with southwestern accents. Located just 18 miles from Phoenix Sky Harbor Airport, this legendary resort is convenient to everything you want to see and do in the Valley of the Sun.

An 18-hole PGA championship golf course is a tradition more than a half-century old and is located right outside the guest rooms. Tee times are assured to guests.

APRO registrants receive the unbelievable rates of only \$55 single/double for your hotel room. Junior suites

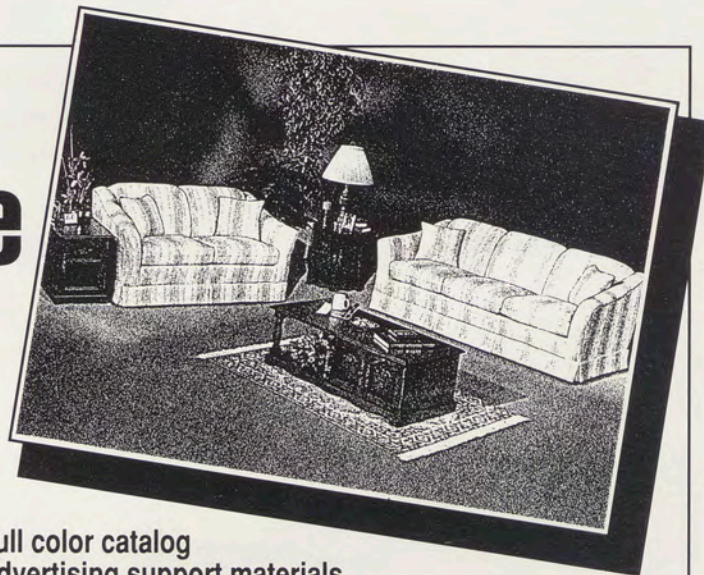
are available at \$75. Reservations must be made by Tuesday, April 14, to assure the discounted rate. Call (602)963-6655 and say you are with APRO.

In addition, APRO has negotiated discounted airfares for its members who'll be flying to either Nashville or Phoenix for the spring conferences. Call 1-800-221-1212 and refer to file number H13182.

To register with APRO, use the form at right. If you've got any questions about the 1992 spring conferences for rent-to-own, call Martinek at the APRO office — (512)794-0095. **PR**

46 Years Of Quality And Value

Riverside Furniture Lets You Buy Factory Direct And Save



- Full color catalog
- Advertising support materials
- Guaranteed freight rates in continental United States
- Low freight minimum
- Rent-To-Own quick ship program on sofas, loveseats, sleepers, entertainment centers, occasional tables, curios, desks and home office furniture

**To Order Your Free Color Catalog
Call 501-785-8183**

APRO Associate Member



• REGISTRATION APRO SPRING CONFERENCE •

Name _____
 Company _____
 Company address _____
 City _____ State ____ Zip _____
 Company phone _____

Location attending:

Phoenix (register by May 1; hotel by April 14)

Seminars attending (check all that apply):

APRO member Non-member

- ▶ Accountants and Lawyers Seminar
\$75 \$100
- ▶ Negotiate For Success Workshop
\$75 \$100
- ▶ Financial Summit Conference
\$75 \$100
- ▶ Complete Conference: All three days
\$200 \$275

Check enclosed \$ _____ or credit card: _____

AMEX _____ VISA _____ MasterCard _____

Card number _____

Exp. date _____

Signature _____

Return to APRO with payment:

6300 Bridgepoint Pky. #305
 Austin, TX 78730-5016
 Phone 512-794-0095
 FAX 512-794-0097

R T O INDUSTRY VENDORS:

Booth space is going fast
 for the
 1992 APRO convention
 and trade show —
Jazz It Up!

Trade show dates are
 July 22-26 at the
 Hyatt Regency
 New Orleans.

Call now to secure your
 booth space while
 good spots are
 still available.

Phone (512)794-0095.
 Ask for Cindy Ganther or
 Carolyn Fitzsimmons.

Taking the 'direct' route to finding new customers

TO THE SMALL RENT-TO-OWN DEALER, THE TASK OF FINDING NEW CUSTOMERS MAY SEEM DAUNTING.

OF COURSE, BIG COMPANIES CAN HIRE OUT THE WORK TO RESEARCH FIRMS THAT CAN USE SCIENTIFIC PROCEDURES AND DEMOGRAPHICS TO NAIL DOWN WHERE THEIR CUSTOMERS LIVE.

•••••

But how do you do this yourself? Believe me, once you understand a few terms and principles, you can do it — inexpensively and accurately.

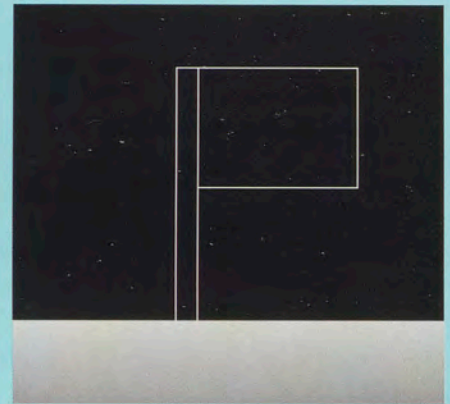
To start off, I'm going to assume you've decided that direct mail is the method of advertising you want to use. Although arguments can be made for all types of advertising media, I will only deal with direct mail (I am convinced that for small dealers it is best).

The only crucial term that may be unfamiliar, but must be understood, is carrier route. What is a carrier route? It is the smallest unit that the U.S. Postal Service has. In practice, this means the actual area each mail carrier covers in his or her daily rounds. If you use carrier route sorted mailings, you will get the cheapest rates for postage — and also send your message to only those who are most likely to want it.

The first step in pinpointing your customers is to order a special publication from the USPS. This is available by writing:

CRIS Address Information Center, 6060 Primacy Pkwy., Memphis, Tenn., 38188-0008.

From this office you must request the carrier route information for



your local zip codes. If you live in a large city this might be all zip codes starting with the same three digits. You know your area best. There is usually no charge for this publication but, depending on the USPS' current policies, this could change. At any rate, write to them and ask for information.

Or, you can contact your local post office and ask for this information. However, since most postal service employees know only their specific job and are completely lost when you ask them anything else, you might not get the information you need locally.

Obtaining carrier route information is the most important and often most difficult part of setting up your direct-mail program in-house.

Good luck.

Once you have the carrier route information you need, you must then perform a simple census of your customer base. Typically in an RTO operation, your paid-out customers are your best customers. Pull out all the files of all paidouts and cross check them against the carrier route information you obtained from the postal service.

If you are computerized this can be somewhat easier, but there's still some pen-and-paper work

CONTINUED ON PAGE 37

Apparently, rent-to-own is not recession-proof after all. But RTO companies can combat a slow economy by deciding to ...

Re-energize

ACCORDING TO PRESIDENT GEORGE BUSH IN A NOV. 18, 1991, MEETING WITH THE PRESS: "INFLATION IS DOWN, INTEREST RATES ARE DOWN, PERSONAL DEBT IS DOWN AND INVENTORIES ARE DOWN."

THEN WHAT IS THE PROBLEM? SO IS THE MOOD IN THE COUNTRY.

•••••

BY

WAYNE OUTLAW

The announcements of major layoffs in the news every day have shaken the confidence of not only the consumer, but of businesses as well. According to the U.S. Chamber of Commerce's Business Ballot, business confidence was at a 18-month low as recently as last October.

For the first time it appears a tough economy is affecting rent-to-own. Because of this, the managers and owners of rent-to-own companies ask themselves daily, "What do we need to do to get better results in these uncertain times? What has to happen for the energy, enthusiasm, and vitality to be at its peak like it once was?"

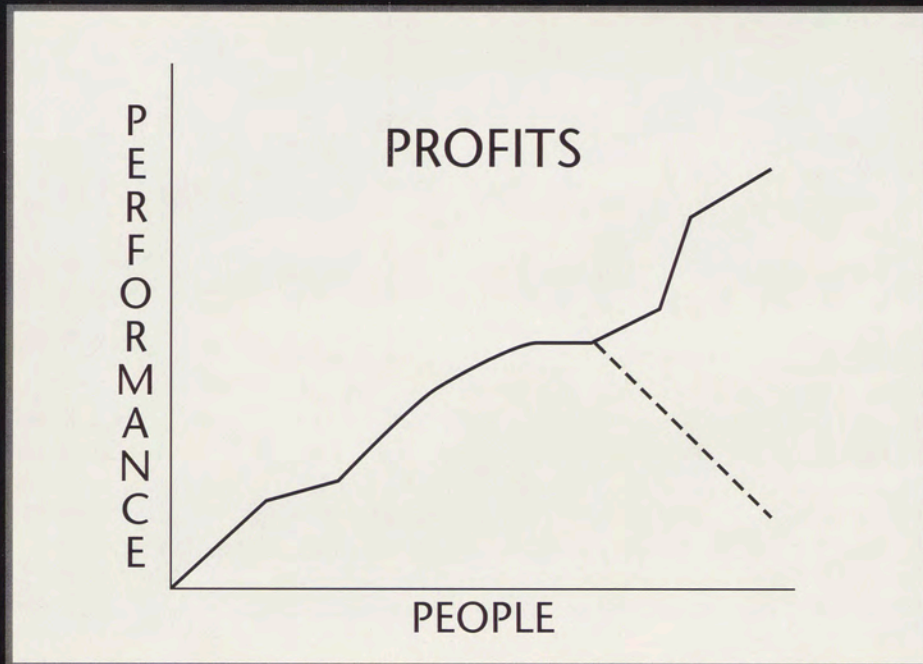
To understand what is happening to any company, not just a rent-to-own company, management must look at more than just the external economic environment. By examining all the factors involved and making informed and sound decisions, the performance of a company, even if it has gotten sluggish, can be re-energized.

The first step in re-energizing any business is to understand and acknowledge the predictable stages that all businesses go through. These stages are generally

defined as start-up, growth, maturity, and decline. Different labels can be attached but everyone can identify these periods in their own business.

The start-up stage is when the operation is just beginning and the real business concepts that will guide the business are developed. The growth stage is typified by continual expansion. There are new customers everyday and the revenue continues to climb and appears as though it will never stop. This stage can also be characterized by acquisitions and opening new locations. The problems during growth are centered around coping with adding people, locations, and the capacity to serve customers.

Maturity is characterized by efforts to sustain the levels of results that have been attained. Decisions and actions focus on procedures, ways to avoid problems, keeping customers and even ratios of results. The fourth stage of a business is decline. Decline is characterized by erosion of results despite expending additional effort using the techniques that were successful earlier. What achieved results



This smart RTO manager will conclude that people are the real key to performance, which equates to profits.

in the past is now no longer good enough to reverse the trend.

All companies will go through similar stages, but there are additional factors that influence performance. Each industry, such as the rent-to-own, goes through similar stages. Startup could be characterized by the early entrepreneurs with their brave spirit and new ideas. Growth can be characterized by the years when almost everything worked and peo-

ple were successful possibly without knowing why. Maturity can be characterized by the search for better methods, the development of sophisticated financial ratios to compare results against, and possibly the acceptance of lower profit margins.

For an industry to continue to thrive and grow and not decline, they must learn lessons from others. Rent-to-own, nor any other industry, wants to be the railroads of tomorrow.

In years past, the stages of a business and an industry took many years. Because of the increasing competitive nature of business and the advent of new information technology, no one is insulated from the fast pace of change. All of us can remember only a few years ago when the cellular telephone was announced and was the glamour product of the future. Many people spent thousands of dollars for

CONTINUED ON NEXT PAGE

Continued from previous page

the first phones. Today car phones are much less costly.

Recently, a banker offered me a free cellular telephone if I would open a savings account. What was a high profit and glamour product just a few years ago has become a product to be given away, much like the toaster was years ago. The pace of change is very rapid today and will continue to increase.

External factors also affect a company's results within a stage. These changes are caused by things such as seasonal trends, changes in the marketplace, competition and the nation's economy. Many will argue today that the economy is no small factor.

While each company goes through predictable stages and external factors can cause ups and downs within those stages, companies can choose to not allow events, especially external ones, to determine their success. They can choose to add a new dimension by re-energizing the organization. In short, regardless of the stage, the company

Companies can choose to not allow events, especially external ones, to determine their success. They can choose to add a new dimension by re-energizing their organization ... the company can begin growing again, if not in terms of locations, at least in terms of energy, revenue and profits.

can begin growing again, if not in terms of locations, at least in terms of energy, revenue and profits.

Even during these recessionary times, management can re-energize the company to be more successful and poised for future growth. Conventional wisdom and history points out that the companies that are well run tend to remain strong in tough times and are far more prosperous than others during good times.

No matter what stage your company is in, it can improve results. If your company's growth has slowed down, it can begin again. If it's growing, it can reach new heights. To re-energize your company, no matter where you

are, you and others must avoid specific pitfalls. Unfortunately, many of the pitfalls that hurt us most are the ones that are very natural. Those we must avoid include:

• **Listening to the wrong people.**

In a close-knit company or industry, there is a great deal of camaraderie. Some people can be positive influences, while others can be negative. When times are tough, many people want to hear they are not alone and others are experiencing the same difficulty. However, listening to other people and determining how well you are doing based on what others are accomplishing is dangerous. They don't have your marketplace, your employees or your customers.

• **Just pushing harder.** One method to get greater results is to push harder, worry more, and work longer. If coercion, threats, and pressure are used to get employees or stores to improve their performance, the results will be short term at best. Performance will go below previous levels once pressure is removed. This method might work for a while but will eventually fail.

• **Simply cutting expenses to solve the problem.** Once expenses have been reduced to reasonable and necessary levels, anymore cuts can be dangerous. Cuts in key areas can be disastrous. Owners tell store managers to replace bad tires on a delivery van because the cost of an accident will far exceed the price of four tires. However, these same owners will consider cuts in other areas, such as training and advertising, that will be much more disastrous in the long run. Bad tires will take little to replace compared to a derailed company.

• **Letting external factors manage the company.** It is easy to get caught up in running a company and making decisions based on what someone else, such as a current or future lender,

COMPUTER SOLUTIONS for RENT TO OWN & RETAIL SALES

FURNITURE - APPLIANCE and ELECTRONIC STORES

Over 450 stores depend
on RSSS.
Some since
1979!



Installation
Software Only
Hardware Only

Turnkey
Leasing Available

- RETAIL POINT OF SALE
- RENT-TO-RENT
- RENT-TO-OWN
- ACCOUNTING G/L, A/P, A/R
- TIME & ATTENDANCE
- INVENTORY CONTROL
- SERVICE DEPARTMENT
- BARCODING
- INVENTORY ANALYSIS
- ORDER ENTRY
- PURCHASE ORDER
- TELEMARKETING
- REGISTERED MAIL
- PAWN SHOP

Single Store or Home Office with Remote Stores

DOS - Multi-User XENIX - UNIX

RSSS

Rental & Sales Software Systems
457 Robert Drive • Corpus Christi, TX 78412
1-800-334-5224

might say. While it is prudent to keep this in mind, the owner must realize the numbers they present are a product of the way the company is run. Making decisions just for the benefit of today's financial reports has caused, large and small companies alike, a great deal of pain and headaches.

For companies to re-energize their performance and produce greater results, they must focus on the factors that affect their business. These factors are the attitudes of those in the company, their skills (especially people skills), their performance levels and their focus on key results. Strong companies tend to do well during hard times and prosper even more when times improve. The following strategies, if employed well, will go a long way toward re-energizing a company. They may not cause you to open another store in the next three months, but they'll help the company weather a tough period and position it for success when conditions improve.

Strategy: Understand conditions but

don't be held hostage by them.

We all read and hear the news reports daily and see the gloomy picture of the economy painted by the media. As a matter of fact, many people believe the media can at least affect, if not cause, a recession.

Companies and key managers must be aware that their attitudes are contagious and what they say and do cause events to occur. Perceptions of employees and customers are self-fulfilling prophecies and many times become reality. If employees think it is good, they will act as if it is good and it will have the same effect as reality. (see *Progressive Rentals*, January 1990 article "Great Expectations" for additional information on self-fulfilling prophecies.)

Since attitudes are very contagious, it's critical that a manager maintain a positive attitude. I've seen stores have significant increases or decreases in BOR in a month just because of a change in the manager's attitude. If the store manager's attitude is impor-

tant, what about the district managers' and owner's? You should not ignore reality, but your attitude is critical while you are examining the problem and solving it. Focus on the solution, not the problem.

Strategy: Make an objective assessment of the situation.

Unfortunately, those who guide and run a company, group or store can get so close to the situation they do not see it clearly. Gradual changes over an extended period can go unnoticed. Short-term changes can be over-emphasized. Eleven good months can be overshadowed by one bad month, or one good month after eleven bad ones can give false hope. An objective evaluation of the company by an outside party or consultant can provide invaluable information to base critical decisions on. For an evaluation, look at more than just computer reports. Examine attitudes, skill levels, activity levels, and performance of employees and stores.

CONTINUED ON NEXT PAGE

THE FASHION CRAFT

**Ready
To
Operate**

FINE JEWELRY PROGRAM

GREAT MERCHANDISE — GREAT MERCHANDISING!

Styles that sell in men's and ladies 10K and 14K diamond rings supported by stock balancing that keeps the merchandise fresh / unit pricing / in-house training / POP support including display trays and a video / operational consulting / full advertising and marketing support / Lifetime Guarantee.



The Fashion Craft RTO Ready-To-Operate program is under \$10,000 a store, including a lighted and locked display case. You can rely on Fashion Craft...serving fine jewelry and department stores for over 60 years.

The **FASHION CRAFT** Corporation

1824 Johns Drive
Glenview, IL 60025

1-800-877-7907

Call and ask for the RTO Merchandising Kit.

APRS Associate Member since 1990

Continued from previous page

Strategy: Have a mission that motivates.

Politicians realize that words and phrases focus energy. Just looking at past election campaigns proves that those who can create a sense of mission tend to energize the people. Find a phrase that is easy to express which will excite employees and will ensure success if accomplished. Phrases such as "Be the No. 1 rental dealer in size and profit," "Be the dealer of choice for RTO customers" or simply "Exceed last year's growth" focus employees' energy and guide their actions.

If you want to see an example of this strategy used well, look at the walls in a Sam's Wholesale Club. They have taken what could have been an un-glamorous business and made it exciting for employees, good for customers and, very importantly, have energized performance in a very competitive business.

Strategy: Have clearly defined goals in key result areas.

If a company does not have specific goals in key result areas, it cannot accurately measure performance, and must rely on feelings, intuition and emotions. Key result areas are the indicators that define the health of a business. If we use information from sources other than key result areas to determine our future actions, it can be like a pilot flying a plane without instruments or with faulty data.

To be successful, it is essential to know exactly what key areas you have to produce results in. It is easy to simply come up with the three to four common indicators of the rent-to-own business. However, each company is different and your key result areas will be different from others and may change from time to time.

Strategy: Develop a plan to achieve goals.

Many top managers know what they want to accomplish or change, but may not develop the specific actions or steps that must take place. They believe that by telling those responsible, they will make it happen. It's been said: "The more you do of what you have been doing, the more you will get of what you have

Don't be misled by symptoms. One of the most common problems ... with companies is they try to treat the symptom, not the real problem. They may look at a store or the company and say expenses are too high, or BOR and APU are too low. These symptoms are the result, not the cause of the problem. The real problem may be the skill or activity levels of employees or the way they are managed.

been getting." If the actions of employees and managers have not been producing the right type of results, new actions or strategies must be developed and implemented for results to improve.

Based on the assessment of the situation and the mission, create a plan that will ensure success if implemented.

Strategy: Constantly know how you are performing.

Measure your performance against the goals you have set in key result areas frequently and communicate it to key people. Each month compare results to budgets and the previous year. In tough times, it is even more critical to have current information to know how you are doing. Use good financial management techniques, such as budgets for income and expenses in all key areas.

Accurate and up-to-date information will help provide a balanced orientation between short- and long-term objectives and allow decisions to be made on facts, not emotion.

Strategy: Know the reasons for performance.

Don't be misled by symptoms. One of the most common problems we have observed with companies is they tend to try to treat or fix the symptom, not the real problem. They may look at a store or the company and say expenses are too high, or BOR and APU are too low. These symptoms are the result, not the cause of the problem. The real problem may be the skill or activity levels of employees or the way they are managed.

Strategy: Keep everything in perspective.

It is very important to understand what we do and do not have control

over. The debate and discussion each evening on CNN over what bill Congress will pass or what the government will do is beyond our control. Let's leave that to APRO and the state associations who do a great job of government relations. We control what we do each day to serve customers, manage employees and run the business.

We will get greater dividends from spending our time and energy on things we can control, such as our attitudes and actions. It is a crime to waste time and energy on the things we cannot affect. As a CEO, district manager or store manager, you have a limited amount of time and mental energy. Be sure they are invested well.

Strategy: Keep a balanced orientation.

Some people do not want to worry about expenses, but look to simply increase revenue to outrun past sins or mistakes. Unfortunately, some things cannot be outrun. Others look to reduce expenses below current income to produce the desired profits. This strategy may work in the short term, but not in the long term. One could cut out all advertising, hiring and training for a short period and profits might improve. However, before long the results would be disastrous.

The soundest approach is to first reduce expenses to a reasonable and prudent level. You might use the approach of examining any expenditure and asking, "What will be the return on this investment?" Or, "What will I get for it?" Once expenses are in line, focus on increasing income.

During a recent seminar exercise, we asked managers how they thought

CONTINUED ON PAGE 50

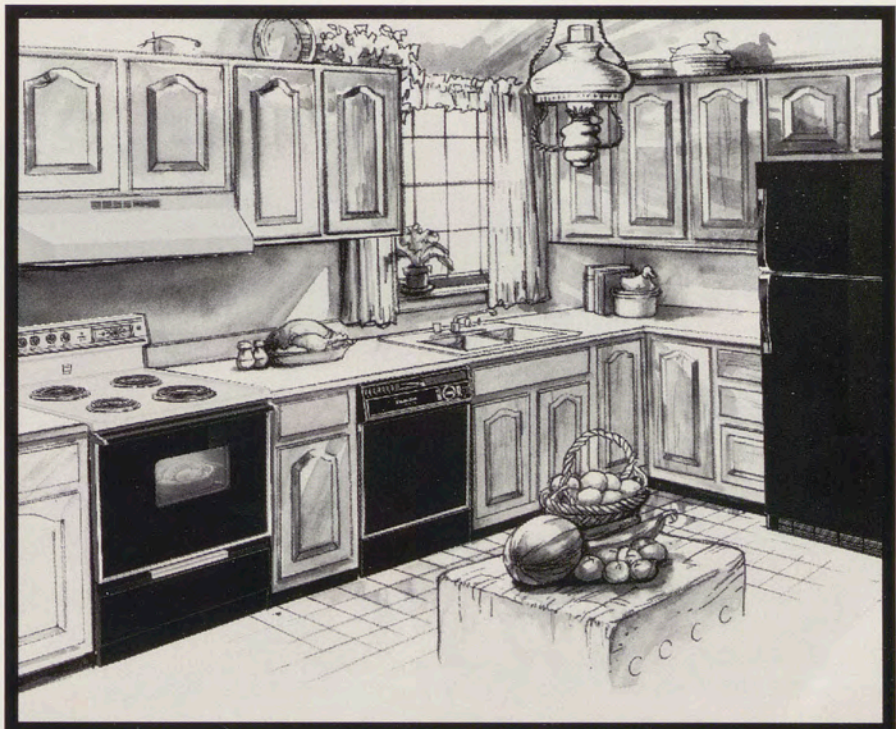


Magic Chef[®] and Admiral[®] Profitable Appliances for the Rent-to-Own Market.

- A full line of major home appliances with exclusive features at competitive pricing.
- Dependable factory-direct distribution nationally, either in bulk from our major supply centers, or in smaller quantities via 60 cross dock warehouses.
- Maycor—our national parts and service organization.
- National advertising support reaching your customers.

For more information, contact:

Charlie Northrup
Magic Chef, Inc.
740 King Edward Avenue
Cleveland, TN 37311
(615) 472-3371



Powerful and increasingly complex forces drive our nation's economy and businesses

Causes and their Effects

MORE SO THAN ANY PERIOD IN RECENT MEMORY, THE REALITY OF THE 1990S IS THAT THE NATION'S ECONOMY IS INEXTRICABLY INTERTWINED WITH ALL BUSINESS ENTERPRISES, IN A CAUSE-AND-EFFECT RELATIONSHIP.

.....
BY
BILL KEESE

Having been an owner of a business, and having been an avid participant in politics on both the state and national level, I am convinced that there were many influences on my business that were simply not within my control. Some of my fellow business friends believed the local economy dominated their business, to which I partially agreed.

However, I thought the nation's, even the world's, economy had a much greater affect on my small business than the local fluctuations of my town or region.

I am even more convinced of the influence of the national economy on individual businesses today than ever before.

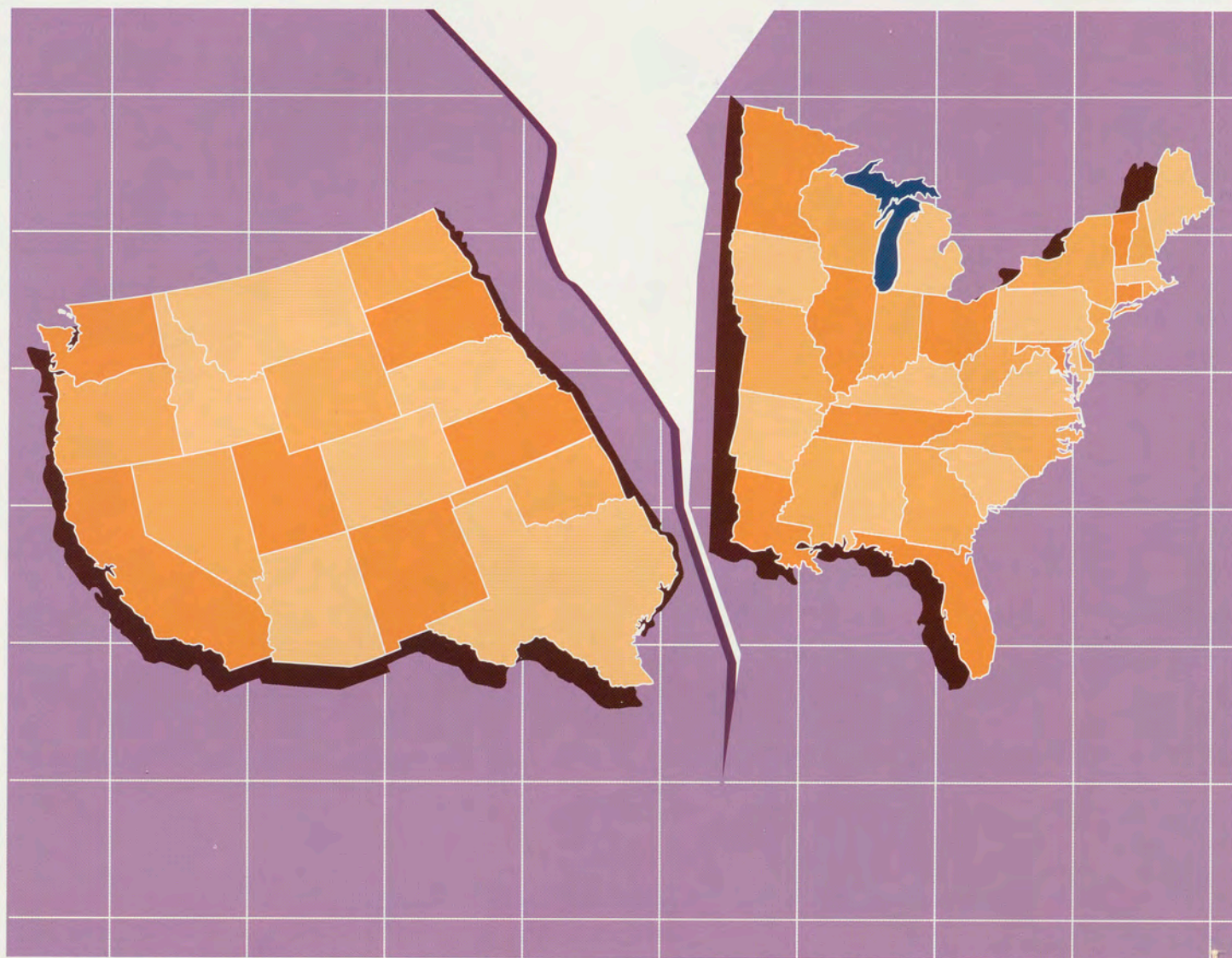
Experts and amateurs alike attempt to analyze, characterize, cuss and discuss today's economic climate, with contradictory conclusions. Some economists are preaching doom and gloom, saying there is a fundamental shift in the foundation of the nation's economy. Other economists, with credentials just as impressive, analyze the current recession and are declaring this to be a mild recession by all traditional indicators. These same

economists are confused as to the reasons for the overall negativity of the people.

Jimmy Carter addressed the nation more than a decade ago about the general "malaise" of the people, and suggested that this attitude was standing in the way of an economic recovery. He lost his bid for reelection. Privately, some say George Bush is concerned about this "malaise" but won't utter the word in public since this is, after all, a presidential election year.

Our recent economic past has been littered with the debris of failed savings and loans, junk bond debacles, the collapse of real estate values, and highly visible business bankruptcies. The future holds the potential for large scale insurance and banking failures.

There are those who claim to be in the know who believe we are in the midst of a techno-economic revolution, and the economy won't stabilize for another 10 years. This view cites the conflict between falling productivity of American workers and the large-scale use of high-tech innovations as the major disruption of the econ-



America's current recession defies conventional economic wisdom; experts are divided on its severity and long-term impact.

omy. Business must learn to adapt to the revolutionary realities of the 1990s.

IBM layoffs, Macy's bankruptcy, the decline of the American auto industry, defense industry layoffs attributed to lost contracts as a result of the "peace dividend" and the elimination of whole divisions at Sears are all highly visible effects of an economy in trouble. To combat whatever is going on with our economy, the Feds have lowered prime interest rates to near record lows. The irony of the situation is that while the bulls are running on Wall Street, the bears in finance are hibernating with their lending policies. Nearly every industry in the country is experiencing the hardships of a shrinking credit system.

The major issue for our particular industry is finance. Rent-to-own financing is a problem primarily because of factors beyond the control

of individual dealers or the industry as a whole. We are not the only industry experiencing withdrawal of financial sources; we are one of many.

The retail industry has suffered more than rent-to-own during this recession. Some of our traditional lenders have told me that their rent-to-own portfolio is healthy, but losses in their retail portfolio, and the great need for cash from their parent companies, are forcing them to withdraw from the rent-to-own industry. Here, the recession hit RTO from the back side.

The environment for rent-to-own in this current recession differs from the last one in many aspects. During the recession of the early 1980s, our industry was booming. Consumer interest rates were high; there was less competition in the rent-to-own marketplace; expansion money was readily available; and the tax laws were

more advantageous for business expansion. However, the environment today is much different. Consumer interest rates are low; there is more competition; money is scarce — not only for expansion but, more fundamentally, for financing inventory; and the tax laws are not what they used to be.

This recession hit our industry earlier and harder than any previous recession. The severity of the recession has been amplified by the national news media. National Public Radio recently reported that a survey of the three major television networks reveals nearly three times the number of recession-related stories in 1991 than were broadcast in 1981-82. Certainly, consumers have been flooded with economic bad news, helping undermine consumer confidence. Rent-to-own has had no part in this, but is suffering

CONTINUED ON PAGE 44

What do smart dealers do when faced with market saturation and/or eroding margins?

Club programs

YEARS AGO, RETAILERS DISCOVERED THE VALUE OF ADD-ON SERVICES AS A WAY TO COMBAT ERODING BOTTOM-LINE PROFITS.

THE IMPACT NON-MERCHANDISE PROGRAMS SUCH AS INSURANCE AND EXTENDED WARRANTIES HAVE ON THE NET PROFIT OF A BUSINESS IS EASY TO UNDERSTAND WHEN YOU CONSIDER THAT THE MAJOR COST ELEMENTS OF MERCHANDISE DO NOT EXIST WITH SUCH PROGRAMS.

For example, in marketing non-merchandise programs a rent-to-own dealer has no:

- Interest cost.
- Floor space requirements.
- Charge-off exposure.
- Delivery cost.
- Maintenance cost.
- Inventory responsibility.

These non-merchandise programs can provide RTO type markup without the usual exposure the RTO environment brings. Any dealer given the opportunity to rent regular merchandise under these conditions would have his warehouse bulging with such a product.

In many retail operations, the profit generated from such programs account for the entire bottom line of the business. The RTO industry has found the value of such programs in the form of damage waiver and leased property insurance. These two types of programs account for nearly \$80 million of annual revenue in rent-to-own.

Extended warranties theoretically could offer an RTO dealer equal opportunity. However, care must be taken to make this concept function properly in RTO. Because of the lack of adequate government regulation, the RTO dealer should know who he is dealing with before accept-

ing the promise of future claim payments in exchange for cash.

An RTO extended warranty program structured like retail does not normally work well because not all customers who rent become the owners of the product and have exposure to repairs. For this reason, if the dealer collects money for the warranty while the customer is renting and the customer does not go to term, the customer is entitled to a refund of the amounts paid toward warranty he will no longer need.

The alternative is to wait until the customer has paid out and then collect for the warranty. This sounds good but experience shows few customers opting for this approach.

There are other add-on services which may be applicable to the RTO customer. How about insurance for the customer if he loses his job or if he is sick or becomes disabled? These are programs which have been successful at retail. They also offer great value to the customer and profit opportunity for the RTO dealer.

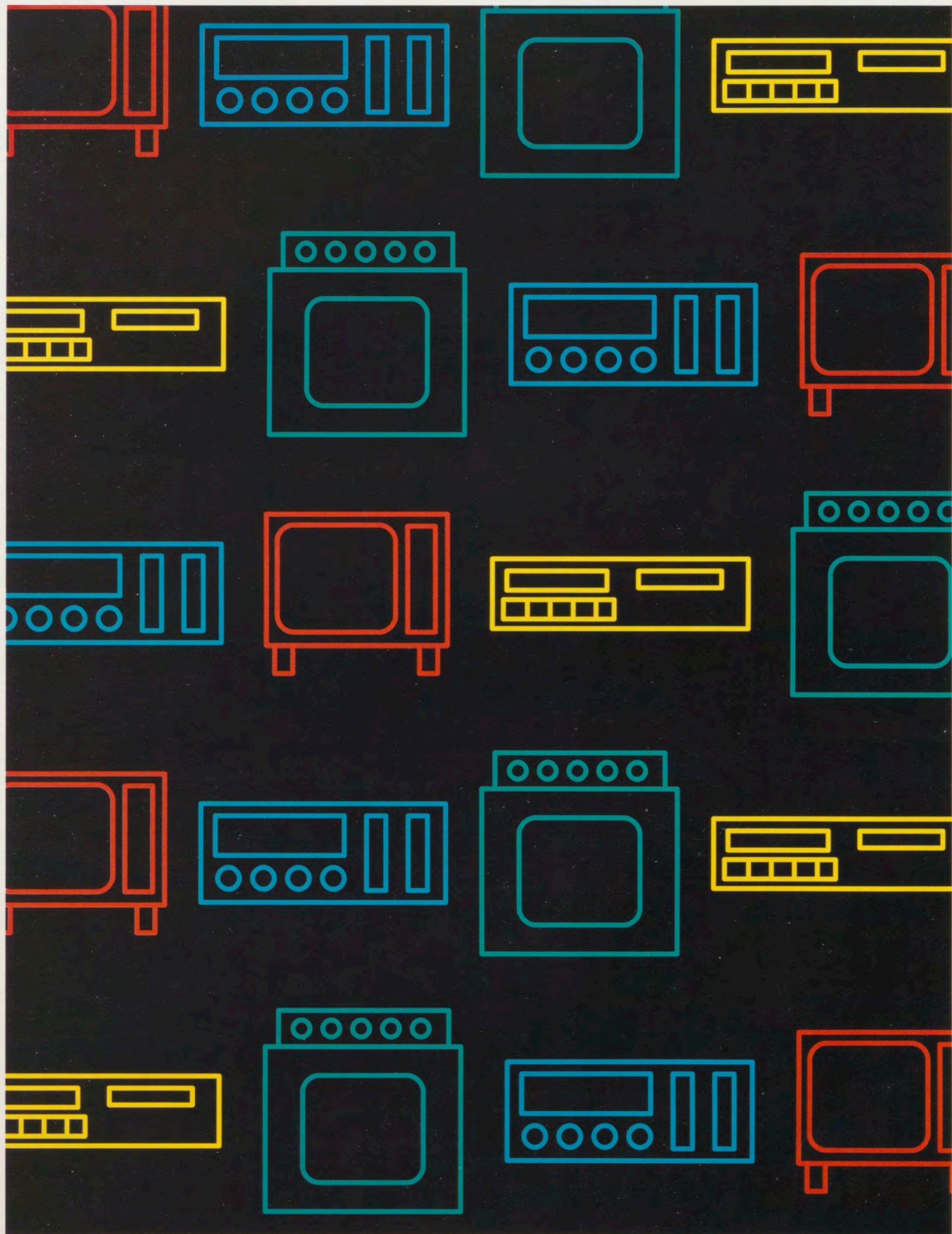
But, wait a minute. When is enough truly enough? After all, didn't the customer come to the store to rent a TV? Is a dealer or salesperson going to follow the closing of the

CONTINUED ON PAGE 45

.....

BY

DANNY WRIGHT



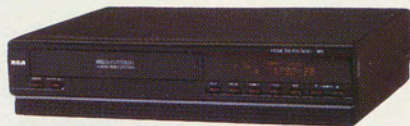
It's RCA I Lead



Super VHS
4-Head ProEdit® Camcorder



20" diag.
ColorTrak® Table Model
Remote Control TV



VHS Hi-Fi
Stereo 4-Head VCR



46" diag. ColorTrak 2000™ Stereo
Picture-In-Picture Projection TV

We Have Tomorrow In Mind When We Design Today.

That's right. When your customers rent RCA leadership products, they know the prestige will still be there when they own them. You can see our enduring quality in the selection of RCA TV's ranging from Spacemaker™ through table and console sets and into the popular Home Theatre projection models. RCA VCR's are feature-filled and right in step with today's sophisticated electronics. RCA ProEdit® and Pro8® camcorders not only last but bring lasting enjoyment to your customers.

For more information write to: RCA Rental Services, P.O. Box 24459
Louisville, KY 40224-0459 or FAX (502) 425-3441

"We have great innovative
your rental customers."

"Yeah!
That's because
we're RCA."



R
Changing Ente

APRO Char

or Rental ership



100 Watt Hi-Fi Bookshelf System 052
with Unified Remote Control and CD Player



120 Watt Video Enhancement System 120
with Learning Remote Control and Dolby®
Surround Sound



100 Watt Hi-Fi System 108 with Unified
Remote Control and 5-Disc CD Changer



110 Watt Home Theatre Hi-Fi System 210
with Unified Remote Control

**Introducing The All-New All-Sensational Line Of RCA High Fidelity Systems
And Components.**

Now you can offer your customers a complete selection of rack systems in sleek,
attractive, contemporary styling ranging from 100 watts to 120 watts.
Ask today for more information on our profit-payoff products.

Dolby is a registered trademark of Dolby Laboratories.
(1) RMS, 100 watts per channel, 40 Hz to 20 kHz, .09%THD, 8 ohm load. (2) RMS, 110 watts per channel, 20 Hz to 20 kHz, .09%THD, 8 ohm load.
(3) RMS, 120 watts per channel, 20 Hz to 20 kHz, .09%THD, 8 ohm load

entertainment. Again.

Associate Member

APRO convention '92 in New Orleans:

Laissez les bon temps rouler

GONE ARE THE ALLIGATORS, THE SNAKES AND MOST OF THE MOSQUITOES THAT INHABITED THE BOG BETWEEN THE MISSISSIPPI AND LAKE PONTCHARTRAIN IN 1718, WHEN TWO BROTHERS, PIERRE AND JOHN-BAPTISTE LE MOYNE, SIEURS D'IBERVILLE AND DE BIENVILLE, RESPECTIVELY, MAPPED OUT THE CITY OF LA NOUVELLE ORLEANS.

In the years that followed, John Law, a financier and real estate speculator with friends in high places, attracted hundreds of colonists from Europe with promises of wealth and prosperity in the roughshod French colony near the mouth of the Mississippi. The aristocrats came, as did a rougher element that included 88 women freed from Parisian prisons and sent to New Orleans as brides for the settlers.

After years of struggling to establish a gentele way of life in the new land, the French ceded Louisiana to Spain in 1762. The Spaniards continued the effort to create a gracious existence in the colonies, but the contrast between the aristocracy and the waterfront elements continued and gave the city much of its spice.

The lucrative sugar industry thrived on nearby plantations, as did the port of New Orleans, but the city burned twice, in 1788 and 1794, and had to be rebuilt. What is today known as the French Quarter was built after the last fire, with largely Spanish influence evidenced in the ornate ironwork, balconies and other architectural features.

The New Orleans of today is a city of contrasts, from the modern Louisiana Superdome to the 274-year-old French Quarter, it is sure to fascinate and captivate you.

View from the top

Get an "overview" of the city from the top of the Hyatt Regency, APRO's convention headquarters, in the 27th-floor revolving restaurant, or from the Top of the Mart cocktail lounge atop the International Trade Mart. You'll see the busy port of New Orleans on the Mississippi, the bustling business district along Canal St., the huge expanse of Lake Pontchartrain, and the distinctive architecture of the historic French Quarter.

The French Quarter, or Vieux Carre (VOO cah-RAY) encompasses the 70 blocks that made up the original settlement of New Orleans, a captivating blend of naughty and nice that is part of the city's history.

Begin at Jackson Square, the heart of the Quarter, with its Old World flavor. St. Louis Cathedral, the oldest cathedral in the country and one of the world's most photographed, sits on the northwestern side of the Square, flanked by the historic Cabildo and the Presbytere, both part of the Louisiana State Museum.

The Cabildo, the statehouse from which the Spanish governor and the governing body ruled Louisiana, dates back to 1795. The Presbytere, which served as court chambers, now houses the Louisiana

CONTINUED ON PAGE 46



GNOTCC photo by Michael Teranova®

New Orleans' famous French Quarter, or Vieux Carre, shows off its European architecture. APRO convention-goers will roam the Quarter's cobblestone streets July 22-26.

•••••

BY
BARBARA
STOOKSBERRY

Aaron's rolls out new RTO franchises

Aaron's Rent-To-Own, a division of Aaron Rents Inc. — one of the nation's largest furniture rental and sales chains with more than 155 showrooms nationwide, is launching a franchise program for rent-to-own dealers.

"With the rent-to-own division, we currently have 30 company-owned units," said Todd Evans, the company's director of franchise development, "and are in the process of developing a franchise program. Our plans are to continue entering new markets with company-owned units and 'fill in' the contiguous market with franchise units."

Evans said Aaron's Rent-To-Own will be offering a traditional "startup franchise program" as well as a "conversion franchise program." The latter is designed to help existing rental



Aaron's Rent-To-Own is offering a new franchise program, featuring a total look.

dealers grow and post more profits.

In both situations, Aaron's Rent-To-Own will provide:

- A proven, successful 12-month rent-to-own system.
- A well-respected name.
- Bulk purchasing of electronics

and appliances.

- Proprietary computer software.
- Fleet leasing for vehicles.
- Comprehensive training.
- Access to MacTavish Furniture Industries (a division of Aaron Rents) "knock-down" frame furniture in which the arms, seats and backs are built as separate modules. If a piece is damaged while on rent, the damaged part can quickly and easily be replaced and the dealer can get the piece back out on rent.

- An inventory ordering system.
- Site selection assistance (for startup franchises).
- Store design assistance.
- Quality advertising materials.
- Ongoing consultative support.
- Operations manuals.
- And inventory financing.

For more information on Aaron's Rent-To-Own franchise program, contact Evans at 1-800-551-6015. **PR**

BIG SCREEN TV \$25!

Remember that file cabinet where all your skips and charge-offs are stored? The facts are, those skips will eventually try to rent from another store. And when they do, within minutes, Tele-Track will give you their current address, phone, and work place. With over 1500 nationwide calls daily, Tele-Track's expansive network finds an average of 55 skips per day. The cost? \$25 per skip located, \$50 rush service. Imagine the impact a \$25 recovered Big Screen will have on your bottom line. You pay only for the skips found.

For Tele-Track subscribers, skip locating is part of your normal service.

Call 1-800-729-6981 and ask for a free brochure.

TeleTrack

1000 Holcomb Woods Pkwy #410-C
Roswell, GA 30076
Telephone: (404) 587-1960
FAX 404-587-1609

Associate Member since 1991

Established R-T-O company seeking experienced multi-store manager to become part of a management team geared for fast growth. The right individual will receive liberal salary plus incentive based upon results. Send resume in complete confidence to: P.O. Box 13161, Columbus, OH 43212-0161.

Dealers share their opinions on issues important to rent-to-own

In the last issue of *Progressive Rentals* we started a new feature — a dealer opinions page.

To accomplish this, we called up a couple of dealers and one rent-to-own company executive for phone interviews covering general and specific subjects that are pertinent to RTO.

For this issue, we talked with two people — one dealer and one executive. Both are based in Indiana and both of their companies are comparable in size.

We talked with former APRO president and longtime dealer R.L. "Dick" Grauel at the Atlanta Winter Furniture Market in January. Also, Larry Warshawsky, general manager of a 40-store RTO company, visited with us by phone.

...

R.L. "Dick" Grauel
Owner/operator
Mr. Steve's (40 stores)
Lafayette, Ind.

On financing: "In the long-term, in my opinion, the industry faces the biggest challenge by learning to standardize our accounting systems, as (current president) Wayne Chambers has tried to do for so many years, so every banker and investor can understand. Then, we as an industry have to start using the books that we publish. And there you've got the *Business Plan Development Guide*, a treasure, and the *Financial Statement Presentation (Guide)*. Now what this just basically tells you is how to do it so a banker understands the rent-to-own industry.

"We can't expect to be financed in the dollars that we need financed, unless we change our ways so that we do what the banker wants done. Then we can start getting those outside investors to come in and understand our industry because we are very good. We pay very high interest, very consistently, and are a very good risk. But we just have to learn how to standardize our financial presentations."

On product lines: "The suppliers

have been absolutely super in developing packages that are far better priced for rent-to-own than I've ever seen before. Right now we're buying stuff cheaper than we have in many, many years — with the same quality. You're finding more and more of the manufacturers, especially in furniture, manufacturing especially for rent-to-own. But that's also becoming true in white goods now ..."

On middle class and RTO: "For so many people their actual line of credit is their savings — it's their emergency money. Well, they're not going to occupy that line of credit with a big purchase like furniture or white goods. They use us because, No. 1, they can get it for the first week and they can get out of it when times become good again. But, the other part is, when they fill out a financial statement they don't have to list us. So, more and more people are finding us (rent-to-own) as a very, very acceptable thing."

...

Larry Warshawsky
General manager
Royce Rentals (36 stores)
Indianapolis, Ind.

On financing: "You know, our financial house was recently put in order and we did it with the bank. We were very, very pleased to have gotten that done and out of the way. So, from a financial standpoint, we're doing great."

In general: "My concern, basically, is you just can't go into a market and open up a store and expect to be successful anymore. This business is not recession-proof, as some people in the early years would have believed.

"Where do you go to get your growth? There are no new products out there that capture the imagination like VCRs did some three or four years ago. Obviously, the video boom helped everybody get big, big numbers — almost overnight. Well, you don't have that anymore. You have a person you rent a washer and dryer

CONTINUED ON PAGE 53

Quality RTO Reading

RTO Network News brings you information on legislative and legal developments impacting the rent-to-own industry. The News' sister publication, *Progressive Rentals*, is a full-color magazine offering more in-depth articles on industry issues and profiles on the entrepreneurs — both past and present — who help make the RTO business interesting.

APRO members receive *Progressive Rentals* automatically as a benefit of their membership. If you are interested in joining the national trade association for the rent-to-own industry, and want to reap the full benefits of membership, call the APRO offices at (512)794-0095. If you only want to receive *Progressive Rentals*, simply fill out, photocopy and return the subscription form below to:

APRO
6300 Bridgepoint Parkway, #305
Austin, TX 78730-5016 ✂

Yes, I would like a subscription to APRO's bimonthly magazine, *Progressive Rentals*. Enclosed is my \$30 for the next six issues.

Name _____

Phone () _____

Company _____

Address _____

City _____

State _____ Zip _____

NOTE: Please pay by check or (circle) Visa/MasterCard or AmEx.



Card # _____

Exp. date _____

Signature _____

*In recession-plagued times,
it's important to ask yourself:*

How do I create new sources of revenue?

WHEN I FIRST STARTED IN THE RENT-TO-OWN BUSINESS IN 1982, INTEREST RATES WERE AT 18 PERCENT AND THE COUNTRY WAS IN THE THROES OF A RECESSION. BORG-WARNER (LATER TRANSAMERICA) WAS LENDING MONEY AT 24 PERCENT TO ALL TAKERS. THE FIRST REAL APRO CONVENTION TOOK PLACE IN DALLAS.

NOWHERE WAS THE DIRTY WORD RECESSION MENTIONED, AT LEAST IN RTO CIRCLES. BUSINESS WAS GOOD AND, UNLESS YOU WERE A FOOL OR A CROOK, RENT-TO-OWN WAS A WINNER.

Ten years later, we are again in a recession. (If you were to ask most people, they would probably call it something else.) Now interest rates are low and maybe going lower. And something else is different. Today, Transamerica owns a lot of RTO stores.

This time around everyone is singing the blues. We have awakened from a great dream only to find the nightmare is a reality: RTO is not recession-proof. Although it does nothing for your bottom line to know that others are suffering as much as you, it does relieve your ego to think that at least it's not all your fault. Business is bad, but what can I do? Hey, it's a recession.

During times like these, the small independent dealer has one big advantage over large chains. If you fit in the former category, you can seize upon a new profit center and go for it — without jeopardizing your bread and butter, RTO.

There are, after all, many types of businesses related to RTO that don't pull from exactly the same customer base. If you can discover some of these ideas, you can implement them in your same building, using the same personnel. This saves you from having to increase your overhead and

maybe, just maybe, helps put a little more black ink on your bottom line.

Many independents got into RTO from the television and appliance repair business. They were taking in repairs for folks when the inevitable question came up, "Where can I get a TV while mine's on the fritz?" The savvy repairman's answer was, "Rent one from me."

Working backwards from this situation, you have the RTO store owner getting into the repair business. Not only do repairs generate their own revenues, they can bring you new renters.

Of course, like any other good idea, it has its drawbacks. You must first find reliable repair personnel. You can either call an electronics repair school for recommendations or put an ad in the classifieds. You can either hire someone and set up a repair bench and pay him a wage, or find someone to pick up your work and pay him on a piece basis. It's crucial to get reliable help. I've gone through half a dozen people before I finally found a good one. You may be luckier. As always, check references.

Repairs can also be a great tie-in for advertising. Try this approach: "Five dol-

CONTINUED ON PAGE 36

.....

BY

DAVID SHAPERO



Joel B. Mathews

Mystery shopping

MYSTERY SHOPPING. EVEN IF YOU HAVEN'T YET TRIED IT IN SOME OF YOUR STORES, YOU'VE PROBABLY HEARD ABOUT IT FROM OTHER DEALERS WHO HAVE.

•••••

Just what does it typically accomplish? A mystery shopping program (MSP) can answer vital questions about your business, such as:

How effective are your employees in dealing with the hundreds of customers who call or visit your stores? Are they turning those visits and calls into sales? What are your employees doing right, and what are they doing wrong? Are your merchandising techniques — advertising, step-up selling, customer referrals, etc. — being utilized to their full extent?

How does it work?

A mystery shopper calls your stores and rates the service received based on criteria you provide. A mystery shopper, unknown to you or your employees, has not had any prior contact with your business. He or she enters your store or calls on a random basis and inquires about renting a product.

The results of the encounter are recorded and made available to you for evaluation and action. Tape recordings of the calls are made only with your company's permission.

As part of the communication of the MSP to employees it is necessary to explain the program and inform the employees of the recording of the mystery calls. Recordings may not be provided without this disclosure and the consent of the company. A mystery shopping program gives you a customer's perspective of your services. It will tell you what you're doing effectively



and what you're doing wrong.

In the rent-to-own industry, the sales program is fairly standard and there are generic items that are evaluated. They include telephone answering method, employee attitudes, product knowledge, selling ability, and general information gathering such as name and address.

What may differ is your specific rent-to-own program. For example, do you offer a buyout option, extended warranty or money-back guarantees? A good shopping program is developed for your particular business based on your sales program. An evaluation form is designed with specific criteria for your program. This evaluation form provides a uniform method to shop multiple locations. It will allow you to assess individuals and single locations — and compare all of your locations. It will also point out improper sales techniques and allow you to implement common training programs.

In addition to the "objective" questions, a program may also incorporate subjective comments to the shopper. This gives you additional insight as to the shopper's feelings on how they were treated as a customer and whether or not they

CONTINUED ON PAGE 43

Continued from page 34

lars off on repair and another five dollars off for the first week's rent." A lot of folks are repairing their TVs instead of buying new ones. Remember: There is a recession going on and money is tight.

I recall a few years ago when I was in Las Vegas for the winter CES and needed to rent a VCR. I called about eight or nine RTO stores and no one would rent me a VCR. I had no local references or job. Stupid. How many times have you had business people call you and ask to rent a TV and VCR for a business presentation and you turned them down because they had no local references? Shame on you.

To take advantage of this type of business opportunity, get on board with MasterCard and VISA. For a small percentage of the ticket, you can go after businesses and a lot of people who are just in town for a month or so and need a TV. They don't have any local references, but their money is very good. If you have your equipment secured with a credit card slip, you are in good shape.

A good unit to carry in stock in limited numbers is a TV-VCR combination. With a 13-inch screen and videocassette recorder built in, these units are very handy and can be carried around easily. Large-screen TVs are another possibility for business rentals. Establish a daily rate for these, and don't be afraid to charge enough to cover a two-man delivery and pick-up.

Businesses are not as sensitive to price as our regular customers. They need what they need and they'll seldom dicker over the rental rate.

Is there a great deal you've negotiated on supplies? Do you have a special relationship with a vendor or a brother-in-law who sells dryer venting? Why not contact your state or local government procurement office and get on their vendor list? Would you be willing to supply televisions or washers and dryers on a lease basis? Government procurement offices are looking for you.

Usually you have to jump through a lot of hoops and fill in a lot of forms, but government contracts are available to those who can meet the specifications that are demanded. You can

do it. The size of your company is not important. In large cities you may have to file an affirmative action plan to get contracts, but don't let this stop you.

If you want to survive in tough times, you have to find new ways of thinking. Be a guerrilla marketer. Take the fight to the streets. Being a big RTO chain with 50-plus stores does not automatically — and exclusively — equate to success. The small dealer can survive. You must be willing to try new things, think new thoughts and prepare yourself for new times — and the new rules that come with them.

I am no prophet, but I do know that RTO will never be the same. Maybe it will be better, maybe it will die out. But if you find new profit centers that compliment your business without increasing overhead, you'll prepare yourself for whatever the future brings.

PR

David Shapero is owner-operator of Rent City in Louisville, Ky. He is president of the Kentucky Rental Dealers Association and was elected to the APRO Board of Directors last summer.

Continued from page 17

involved. Simply write down each payout's carrier route as it occurs the first time, and make a mark by it as it reoccurs from another payout.

Soon a pattern will emerge and you'll be left with many carrier routes with one or two payouts, and a few carrier routes with many payouts. These carrier routes are where the highest concentration of your prospective new customers live. Now you have it. You have scientifically located your hottest carrier routes and you know where to concentrate your future direct-mail pieces.

Another method would be to take a street map of your area and make a mark on the map for every payout customer. Then cross check the carrier routes from the USPS' Carrier Route Information Sheet. Different method, same result.

If you want to be truly scientific about finding more carrier routes that match the demographics of your hot carrier routes, you can request a carrier route survey from a company called DATA MAP. Ask them to prepare a survey of an area five or 10 miles radius from your store location. This information should be broken down in carrier routes listed in distance from your store.

Find the carrier routes you identified from your payouts and study the demographics (average income, percentage of homeowners, etc.). Now match these demographics with others in your store area.

Voila, you now have many more carrier routes to target for your advertising. If you locate large pockets of your kind of carrier route far from your store, maybe that would be a good place for another location.

Using current customer lists to find carrier routes for advertising is a valuable tool. — *David Shapero*


Yes! I might have "gaping holes" in My Insurance Coverage!

And I would like to have The Insurance Mart see if I do.

MART THE INSURANCE

800-233-7075 (In Mississippi, 800-338-5513)

APRO Associate Member since 1982

Underwritten by
The Travelers 
You're better off under the Umbrella.SM
The Travelers Indemnity Company and its Affiliates
Hartford, Connecticut 06183



Rent-to-own companies cannot expect to attract the best without

Paying people

ASK ANY RENT-TO-OWN DEALER FOR A LIST OF THE BIGGEST PROBLEMS OF 1991 AND "LACK OF GOOD PEOPLE" WOULD LIKELY BE RIGHT UP THERE WITH "LACK OF FINANCING." BUT THIS SO-CALLED "PEOPLE PROBLEM" IS NOT A NEW ONE. CHECK THE EARLIEST ISSUES OF THIS PERIODICAL.

MEANWHILE, WE'VE GONE THROUGH A COUPLE OF RECESSIONS, A BOOM OR TWO, AND AT LEAST ONE WAR.

•••••

Where did all the good people go? Manufacturing jobs in America have all but disappeared. Retailing has trimmed so many layers and traded so many junk bonds that it's hard to tell who owns what — and whether it'll still open for business on Monday. Homebuilding is only a memory.

Unemployment approaches 8 percent and classified advertising lineage is down all over the country. And still the neighborhood RTO store "can't find good people."

But statistics recently released by the U.S. Department of Labor may reveal at least part of the answer. For the first time since the Great Depression, real wages of the average worker in America have fallen from what he earned 10 years earlier. The employee earning \$287 a week in 1981 now makes about \$265 in equivalent income.

Does that sound like the average wage of a route manager in Des Moines or Charlotte? Does the average rental company still write bigger paychecks, or has it joined the ranks of the real world?

Rent-to-own companies 20 years ago were able to attract the "best and the brightest" largely (only?) because the industry offered income potential far exceeding anything to be found elsewhere. And many of the "best and brightest" are now owners who can't clone themselves.

Not with \$267 salaries, anyway.

Before anybody worried about debt multiples, before any owner ran afoul of his banker, before any RTO giant operated 1,000 stores, there was always this truism about rent-to-own — hardworking people managing risk could make an owner wealthy, and do all right for themselves in the process.

But times changed and more than a few rental dealers missed the turn. Competition increased and costs went up. What got slashed wasn't waste and inefficiency, but salaries, incentive plans and benefits. Then when the wheels fell off, everybody cried "foul."

Increasing operating costs, shrinking credit markets, smarter competition and tough regulation aren't exclusive to RTO. But many of today's dealers seem to think they've been unfairly singled out for attack by these forces. What had been a "free ride" now requires a ticket, and some don't want to pay. What was a goldmine with easy entry now looks like a landmine requiring investment, planning and forward-thinking management.

The real measure of any business today is its ability to manage change, if not to create it. For that predicts its survivability. What we used to be counts for little (while dinosaurs are certainly interesting, they're uniformly dead). Today's managers must control costs while expanding their markets. Big is no longer better unless it's the bottom line. At the very point in its history when RTO most needs smart management, it can't afford to pay for it.

Or can it?

•••••

BY

BUD HOLLADAY

Any RTO company unwilling to pay for good management is doomed to fail. This is evidenced by the recent APRO dealer survey wherein both the one-store owner and the largest operators had the best numbers. It's my opinion that each likely has pretty much the same caliber of person running the store. One has an investment of his life and the other has a life worth investing. It's the guy in between with 10 to 20 stores being managed by everybody's leftovers and rejects who has the worst numbers (and the worst prognosis).

Arguably, sufficient profits can be squeezed from all but the most fragile companies long enough to satisfy a shortsighted owner. But any problem quickly becomes a disaster. And, inevitably, the competition, the lender, the customer get most of the blame.

It's time for RTO dealers to ask some hard questions about this people problem:

- How can the average RTO employee buy into the company's latest marketing plan or bold new policy when even the best effort won't generate any bigger payoff for him?

- What amount of time and effort can be given to beating last year's numbers when the worker's primary concern is paying last month's light bill?

- How excited can any assistant manager get about the store's profit potential when he lives no better than most of his customers and nobody knows he even exists?

- And how serious can any trainee be about learning the management process when it pays little more than a shoe clerk's job at the local mall?

There are unique demands on the time and talents of RTO workers that don't show up on job descriptions at McDonald's or the computer store. Recognizing that, the intelligent rent-to-own company will create vast reward for those who produce extraordinary results, and quit fooling with those who never can. But first a process must be created so those superstars can be recruited, hired and developed.

For some reason that defies logic, RTO companies easily spend thousands on advertising gimmicks, space-age logos and nifty slogans, while throwing suspicious glances at worker training and performance-based pay

Rarely does investment include loading into the budget an allowance for finding, training and nurturing the right people. That means tolerating the early mistakes that are sure to be made and the goals that are certain to be missed.

plans. Perhaps the owner has his own logic: "They won't be here long enough to make it work, anyway." Rent-to-own has become the depository for self-fulfilling prophecies.

Everybody talks about investment in the business, but too often that's only a code word for "more financing." Rarely does investment include loading into the budget an allowance for finding, training and nurturing the right people. That means tolerating the early mistakes that are sure to be made and the goals that are certain to be missed.

But perhaps the most difficult part of this process is measuring the progress of management. How can you tell if this person or that is making the kind of advancements now that will pay big dividends later? The smart

people find a way to chart the key ratios and performance statistics vital to profit and growth.

Nobody can get 50 percent better in a week. Few can improve by a tenth of that over 30 days. But realistic goals can be set in every area where you absolutely must see improvement and advancement:

Are delinquencies a point or two better each Monday? Are pickups as a percentage of BOR going down or up? Is real income as a percent of potential income increasing or decreasing? Are "receivables" building or declining?

Some things can never be immediately reflected in your operating summaries. Those are the "soft" areas: judgement, recognition of benefit-to-

CONTINUED ON PAGE 41

Give Bad Sales Techniques the Boot and Step Up to Improved Profits!



Mystery Shopping

Are you using a professional shopping service to insure proper telephone and in-store sales techniques? Use telephone shops \$9 - \$10 includes evaluations and computer reports.

Call ShopAmerica 419-473-9012

Top 10 reasons for everything in RTO during '91

It's that time of year again — the dreary post-holiday season when management digs into the books to analyze last year's performance.

That means a lot of vice presidents are now busy scrambling for ways to explain why the expected didn't occur and the unexpected did.

Save your time, boys and girls. What follows is a list of the top 10 reasons for nearly anything that might've happened over the last 12 months.

— *Bud Holladay*

Top 10 reasons BOR was down

1. We don't count drawers and tablelegs anymore.
2. That new puka-shell jewelry line didn't go over.
3. Muffy's mom screwed up the advertising again.
4. We guess everybody already has a TV.
5. Killer and Sluggo's pickup contest.
6. Nobody saw our spots on the Home Dialysis Channel.
7. Sam's Wholesale Club slashed membership fees.
8. That new deal about closing on Saturday.
9. RentaCenter opened their 1,000th store.
10. We were concentrating on profit.

Top 10 reasons profit was down

1. The auditors caught on to that depreciation deal.
2. The Christmas office party went over budget.
3. We didn't realize minimum wage applied to us.
4. RentaCenter opened their 1,000th store.
5. We thought that lawsuit was dead.
6. The cost of bail bonds went way up.
7. The guy in accounting had a pension plan.
8. Our projections must've been wrong somewhere.
9. APU fell a little short of the \$98.50 we needed.
10. We were concentrating on BOR.

Top 10 reasons revenue was down

1. They found out about that sales tax deal.
2. All our route guys had to be home by midnight.
3. RentaCenter opened their 1,000th store.
4. A couple of managers figured out the computer.
5. Our "Pick A Due Date" plan still needs work.
6. Our collection manager went back to pro wrestling.
7. We were concentrating on BOR.
8. Those new Hallmark Collection Cards didn't work.
9. Marketing's "5 for 1" deal.
10. They made us stop that \$49.95 late charge.

Top 10 reasons we didn't expand

1. Our marketing guy lost his flip charts.
2. The check cashing place had all the good spots.
3. They wouldn't raise our MasterCard limit.
4. After Sleepy, Dopey and Doc we ran out of regionals.
5. RentaCenter opened their 1,000th store.
6. The sign guy ran out of logos.
7. We just couldn't see re-doing the whole budget.
8. Walt back in service said he's swamped already.
9. The deal on used trucks fell through.
10. We heard Sears was getting into the business.

Top 10 reasons we weren't bought out

1. The guy who offered a 12 multiple is broke now.
2. RentaCenter was busy opening their 1,000th store.
3. Our broker has a junk bond deal in the fire.
4. The bankruptcy judge is totally unreasonable.
5. We'd have to pay our own way to Las Vegas.
6. Some kind of tax lien deal.
7. The owner never got that alimony thing fixed.
8. Sears decided against going into rent-to-own.
9. They wanted us to throw in the fishing boat.
10. We're working on a merger with 4,000 other guys.

Top 10 reasons we closed two stores

1. We never could figure out that profit deal.
2. Our buildings went condo.
3. It makes our letterhead look more balanced.
4. The disk was full on our computer.
5. RentaCenter opened their 1,000th store.
6. We needed their office furniture at corporate.
7. We wanted to save on utility expense.
8. All those numbers confused our CPA.
9. A dyslexic regional thought they had 942 BOR.
10. Tiffany and Crystal hired on down at Denny's.

Top 10 reasons I didn't get promoted

1. That high school diploma thing is unfair.
2. Somebody put stuff in my personnel file.
3. They got wind of that letter to IRS.
4. The training classes were on my bowling night.
5. My probation officer gave a crummy reference.
6. That expense report deal.
7. Something about calls to 900 numbers.
8. I made the auditor pay for his own drinks.
9. The drug tests were rigged.
10. That hot tub incident at the owner's house.

Top 10 reasons we didn't get the loan

1. The loan officer used to work here.
2. Some kind of credit deal.
3. They were afraid it would only encourage us.
4. That old bankruptcy thing.
5. Somebody must have it in for us.
6. RentaCenter bought out the bank.
7. UPS never picked up the paperwork.
8. We had to sign too much stuff.
9. The ATM card was a dealbuster.
10. We filled out the application in pencil.

Top 10 reasons turnover was up

1. That new Mexican health plan.
2. The deal on faxing paychecks.
3. RentaCenter opened their 1,000th store.
4. Those videos from the company picnic.
5. Some states increased welfare benefits.
6. That new immigration crackdown.
7. The child labor laws are rigged.
8. That new drug policy.
9. The extradition laws were changed.
10. That deal on electing managers by secret vote. *PR*

Continued from page 39

risk, initiative and creativity. They improve in direct proportion to the degree of success realized in the other areas. Confidence can't be taught and experience can't be borrowed.

On the other hand, if the manager is only pushed and pounded to "hit numbers," those numbers absolutely will be achieved in the short run — at the cost of replacing the tired and stressed out manager who leaves tomorrow. "Hitting the numbers" must become the result of absorbing the training and understanding why things are done, then doing them that way. It can never become the objective.

Then comes the "inspection" part of the process. If ownership is willing to pay for good management — willing to spend the time and money for a deferred benefit — then it must inspect the work product and the workplace to be sure that what is expected is in fact being done. This is the most common failing. Go to any APRO convention and you can buy

There are "good people" out there. Trouble is, most of them are looking for good companies.

truckloads of manuals, charts, tapes and posters. Everybody knows what's EXPECTED. But nobody INSPECTS to see that it actually works that way in practice.

Some farsighted owners have already determined that their future lies in the skills and abilities and initiatives not of themselves, but of others (some of whom haven't been hired yet). They are willing to share the wealth. They have competitive pay, generous benefits and generally good working conditions, with opportunity for real advancement. These owners share a common quality: willingness to change, along with an acceptance of risk.

Owners who want to make things better without changing anything not only fail to attract the good people, they can't even determine who those are. So they settle for people who pose

the least risk: nice folks; people who are polite, punctual, stable — never demanding and absolutely without original thought. How many people like that run the best rent-to-own companies today?

There are "good people" out there. Trouble is, most of them are looking for good companies. And some of the others don't yet know how good they can be. Here's a simple test to determine your chances of finding one today: Ask the same kind of questions about your company that you might ask a management candidate. Now if you were on the other side of the table, would you hire this company?

A math teacher once wrote about one of his students, a boy who was shy, had trouble reading and often let his mind wander: "This boy will never amount to much."

The student was Albert Einstein. History fails to record whatever became of the teacher. **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.

Spectacular Offer!

NOT 1, NOT 2, BUT...
A SET OF THREE
BRASS LAMPS
FOR

\$59⁹⁵



SAVE \$

BUY DIRECT! #36011 3-Pack

DANIEL LAMP CO.

3611 W. Cermak Road
CHICAGO, ILLINOIS 60623 U.S.A.
Tel. (312) 521-1000
FAX (312) 521-1008

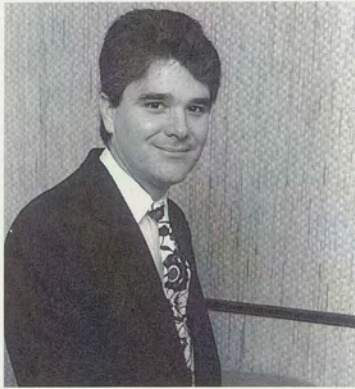
RTO Managers

**Are you worried about your future
in the rent to own industry?**



Does your supervisor demand more BOR, but you haven't had any new product in six months? Every company has been affected by the lack of credit availability that is facing our industry. Not National Rentals. 1992 will be another record year for both profits and new growth. Our acquisition department has never been so busy. Good deals are everywhere and the only thing that will slow us down is the lack of quality store management. We are looking for store managers and regional managers who haven't forgotten that the way to financial success is through leadership and hard work. We want people who will have a direct impact on the success of our company. For the right people we offer the best bonus potential in the industry today. If you would like to be a part of our winning organization, you need to talk with us. All replies strictly confidential. Please submit your resume to:

Steve Scoggins
C/O National Rentals
P.O. Box 1479
Cleveland, TN 37323



Callers to radio talk show prove that consumers believe in rent-to-own

Legal aid isn't vox populi

I HAD OCCASION TO LISTEN TO AN A.M. RADIO TALK SHOW FROM WEST VIRGINIA ABOUT RENT-TO-OWN FEATURING A RENTAL DEALER, ROGER SHARP, A LOCAL LEGAL AID LAWYER, AND A CAST OF SEVERAL INTERESTED LISTENERS FROM RADIO LAND WHO HAD OPINIONS ABOUT OUR BUSINESS.

.....

I wasn't in West Virginia the day after Christmas and WCHS in Charleston doesn't carry to Texas. Roger had the show taped and my office transcribed the tape. I actually listened to the tape several times to proof the accuracy of the transcription, but also because of the revelation that came to me as I listened to what the callers had to say. I think even Roger was a little surprised.

I suppose that I have been mistrustful of the media ever since Walter Cronkite retired. Even so, there is an instinctive desire in all of us to believe what we hear and read, and so even with my law school-trained skepticism, I often get to where I assume what I hear and see in the media is reflective of the public sentiment. What a silly notion! I realized just how silly when I listened to the callers on the Morning Exchange.

It was clear that Roger had not packed the calls because a couple of callers out of 11 called to bedevil him about high RTO prices and to accuse Roger and RTO companies of preying on the poor people, especially minority poor people.

But most callers telephoned to say that the legal aid lawyer's laments were just

more examples of big government on the backs of the little guys of the world. They went on to say that the legal aid lawyer was not really helping the people whom he claimed to be helping, and that if the legal aid lawyer were successful, people would have fewer choices in the marketplace and some people wouldn't have color TVs.

The revelation for me was that the common man in America has such a good, instinctive understanding of economics. I too often fear that everyone works for the government, doesn't know what it means to have to make a payroll and honestly believes that you can come in, legislate lower prices and have nothing else change. That is, incidentally, the legal aid argument and legal aid lawyers, incidentally, do work for the government and don't have to make payrolls.

The show reminded me that I can and should have more confidence in the native intelligence of my fellow man. The show also pointed out to me the vast gulf that exists between the media and public perception. I get in the habit of thinking that most people believe what they read in the papers and hear on TV. If that were true, we would all be in a different business today, since very little good, or even objective, has been said or written about rent-to-own in the media.

Even so, we continue to have millions of customers, most of whom are presumably satisfied. And when push comes to shove in state legislatures around the country, where there is a lot of pushing and shoving going on, we end up with balanced laws that we can live with.

Those of you out renting TVs every day may not have the revelatory experience

.....

BY

ED WINN III

reading this transcript that I did. You, after all, are rubbing elbows with the common man every day and have a good grasp on how he thinks. Part of my job, however, is to listen to every negative thing that is said about rent-to-own and who said it and when and where. It has been relentless for 11 years, and it gets to me sometimes.

How refreshing, then, to hear the voice of America on the radio give a little back to the other side, saying essentially what I would say, but from me, a paid spokesman for an industry, it would be discounted. I was listening to the vox populi and what they had to say was music to my ears.

We have threatened a time or two to circle a state capitol building with rent-to-own customers when we were threatened with extinction. That is a real and bona fide threat, I learned. I only wish we could get a few militant anti-rent-to-own lawyers to listen to this broadcast and have the same kind of revelation I had. **PR**

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

Continued from page 36

would buy the product. To have an effective mystery shopping program, it's important to combine the objective questions and the subjective comments in your evaluation.

Some shopping services provide both in-store and telephone mystery shopping. Both can be extremely effective. However, when using a telephone service be sure it includes a tape recording of the mystery call which you can review. This gives you both the written report from the shopper and the opportunity to evaluate the episode personally and make your own interpretations.

Both in-store and telephone services can provide good information about your business. However, you must decide which to use based on your individual situation.

Typically, in-store shops are three to four times as expensive as telephone shops and will not provide

you with the opportunity to "personally" view the shop. You need to decide which is better, or which combination is better suited to your operation. Frequency is also important. When you start a mystery shopping service, it should be used no less than once per week for the first several months.

The MSP program should be communicated to the employees. If used properly, it can motivate your employees and improve their performance. It can also be used as a training device. An MSP is particularly effective in conjunction with a reward system for employees.

An MSP can have a positive effect on your customers, employees and your bottom line. It's another resource for effective management.

PR

(Editor's note: ShopAmerica, a company that provides mystery shopping services to rent-to-own dealers, provided this article. ShopAmerica's phone number is (419)473-9012.)

WE LOOK AT RENT-TO-OWN SOFTWARE FROM YOUR POINT OF VIEW.

- **Ease of Operation**
- **Speed**
- **Useful Accurate Information**
- **Affordable Lease or Purchase**
- **Single or True Multi-User**
- **IBM PC Compatible with Flexible Hardware Options**
- **Fast Reliable Support**
- **Over 15 Years of Rent-To-Own Experience**
- **Over 450 Stores in Operation**
- **Rental Information Systems Has Been Selling and Supporting Rental Software Since 1985**



THE RAM SYSTEM



Rental Information Systems, Inc.

316 E. Union Street • Magnolia, AR 71753

APRO Associate Member since 1987

For additional information about The RAM System or to discuss a demo, Call (501) 234-2200

Continued from page 25

from the consequences.

Rent-to-own dealers who have survived both the shakeout and the recession are forced to adapt to this new environment. With the traditional lenders exiting the rent-to-own industry, many dealers are approaching local and regional banks for financing. To have a more attractive package, dealers are reducing their debt as rapidly as possible. They are also having to educate bankers on the rent-to-own industry in general and RTO financial statements in particular. Those dealers who are successful in securing bank financing have restructured their financial presentations so bankers can better understand the RTO business.

While more rent-to-own dealers are switching to bank financing, there are some drawbacks, at least for the immediate future, with this alternative. Until bankers become more comfortable with the industry, they will more than likely restrict the lines of credit to inventory financing only. Little credit for the opening of new stores will be available and expansion of the industry will be limited.

Typically in times like this, aggressive entrepreneurs find opportunities where others see crisis. Perhaps only those rent-to-own dealers who have been able to find expansion capital or who have deep pockets of their own will be in a position to capitalize on whatever opportunities exist out in the marketplace.

This will keep the snowball of industry consolidation rolling down the hill, picking up speed and size. Perhaps fewer rent-to-own companies will accumulate more and more stores. Here again, though, consolidation has been occurring in nearly every industry in the United States and is not unique to rent-to-own.

Our industry is in what appears to be a natural cycle for maturing industries nationwide, perhaps worldwide. The causes that have been affecting rent-to-own have been impacting other, more mature, industries before ours. Just like other industries, the rent-to-own industry will survive as it matures. It may take on new, unexpected characteristics. We, as an industry, must learn from the past but not

dwell on past difficulties. We must get back in touch with the "can do" attitude that fostered this industry.

By doing so, rent-to-own will survive and prosper. There simply are

too many bright, adaptable rent-to-own dealers in the industry today for it not to. **PR**

Bill Keese is APRO's executive director.

Don't litigate; instead, mediate

AS A RENT-TO-OWN MANAGER OR COMPANY OWNER, DO YOU FIND YOUR MOST DIFFICULT PREDICAMENTS TEND TO BE THE SO-CALLED "PEOPLE" PROBLEMS?

IN THE PAST, SERIOUS ENOUGH MATTERS WERE HANDLED BY ATTORNEYS — OFTEN AN EXPENSIVE APPROACH THAT CAN TAKE A LONG TIME BEFORE SEEING ANY RESOLUTION.

•••••

But with most problems, you need to solve them and move on, without losing or alienating valuable employees and partners in the process.

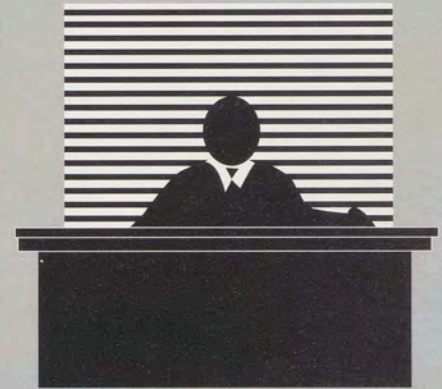
Mediation might offer the best solution.

According to Certified Resources Corporation, a Dallas-based company that has done work for RTO clients, mediation is "a method used to enable individuals, companies and organizations ... to work out their differences amongst themselves, with the assistance of an impartial third party."

What does the mediator do?

"The mediator's role is to go between the disputing parties and help each side to reach a mutual agreement that ends their conflict," said M.A. Grigory, president of CRC.

Grigory says five key factors indicate a situation in which mediation can probably help:



- When the law cannot provide the remedy wanted.
- When you want to end a problem, not a relationship.
- When the dispute is no one else's business — and you want to keep it that way.
- When you want to minimize costs.
- When you want to settle a dispute promptly.

Certified Resources Corporation is apparently winning over its share of RTO converts. "Dr. Grigory's services are far more valuable than an attorney," said Sue-Ellen Farland, vice president and chief financial officer of All Clear Inc., a ColorTyme franchisee. "She looks out for your best interests and is not concentrating on the fee she will collect." Grigory obviously believes in the power and benefits of mediation for today's businesses.


"Mediation is not a court, but is a process that can be applied to all kinds of disputes," she said. "It works because it is forward-looking, not backward-looking."

— John Gormley

LOW-COST RENTAL AGREEMENT FORMS

APRO now has low-cost rental agreements that comply with all state laws for regulated and unregulated states as well as computerized and non-computerized stores. (They are compatible with RSSS software.) These forms are three-part, NCR, 8 1/2 x 11 and may be used on continuous-feed printers and are available to members and non-members.

To order forms for your store, simply fill out the form below or call Hilde Parker at 512-794-0095. Please specify the state(s) you need. For next-day delivery, call before 1 p.m. (eastern time).

The cost per form is 15¢ for members and 20¢ for non-members. Min. order: 500. 

Yes, I would like to order _____ forms.

The total amount for this order is \$ _____

Name _____

Phone () _____

Company _____

APRO Member? _____

Address _____

City _____

State _____ Zip _____

My Check is Enclosed

Or Charge My:

MasterCard

American Express

Visa

Account Number _____

Exp. Date _____

Signature _____

Clip Out and Mail To:

APRO
Association of Progressive
Rental Organizations
6300 Bridgepoint Pky. #305
Austin, TX 78730-5016
(512) 794-0095
FAX (512) 794-0097

Experts estimate future club sales to exceed \$100 million with a potential 1.5 million customers participating. At a time when financing is a critical issue for the rent-to-own industry, a close examination of programs which generate revenue yet do not require cash outlay is the prudent and logical thing to do.

Continued from page 26

rental decision with an endless volley of add-on programs? Would the customer sit still for this kind of attack?

No, of course not. There has to be a vehicle for delivering these benefits that makes them affordable and easy to accept. Enter, rent clubs. Rent clubs provide a way to package a variety of different programs into a single product for a single price, with a single solicitation to the customer.

Rent clubs give RTO dealers the opportunity to add benefits of their own or pick and choose from a menu of benefits made available by the club provider. Rent clubs give the dealer who is already doing a great job selling damage waiver or leased property insurance a way to increase his profits without adding customers or BOR (balance on rent).

A rent club, properly structured, priced fairly and marketed consistently, can double the profits and revenues generated by leased property insurance and damage waiver — in as little as 90 days.

For the customer, rent clubs provide a way to secure many benefits on all of the products he's renting for one single weekly or monthly fee. Most rent clubs offer other benefits besides insurance, such as eyewear and prescription drug discounts, discount movie tickets, travel services and other things.

The programs are priced to the customer at anywhere from \$1.99 to \$3.99 per week per customer, depending on how loaded up the package is and what the dealer believes his market will permit.

Since the customer pays only one membership regardless of how many products are on rent, the multi-product customer really sees a value. The dealer is able to make several differ-

ent programs available to the customer as a single offering, and the customer need only make one decision.

However, unlike product, the customer is not likely to introduce the subject of club on his own. To be successful in selling rent clubs, store employees have to make the offering of the rent club as a normal part of the rental transaction.

Acceptance of the rent club in an RTO operation ranges anywhere from 10 percent to 90 percent. For the most part, price and the way the program is presented determines the acceptance level at an individual store location.

Many people believe that rent clubs are the wave of the future for marketing add-on programs. Some clubs offer dealers the flexibility to incorporate their own damage waiver or extended warranty into the package rather than purchase the coverage from the club provider. Dealers sometimes have the option of private labeling the club to give it an identity unique to individual dealership.

Experts estimate future club sales to exceed \$100 million with a potential 1.5 million customers participating. At a time when financing is a critical issue for the rent-to-own industry, a close examination of programs which generate revenue yet do not require cash outlay is the prudent and logical thing to do.

RTO dealers realize that the path to growth is new sources of revenue.

If there's anything to learn from RTO's sister industry, retail, then rent clubs could be just what the doctor ordered.

PR

Danny Wright heads the FORESIGHT division of Steve Owens & Associates. During the last three years Wright has moved the organization into new markets, including rent-to-own. He was general manager of financial services for a 600-store retail chain.

Continued from page 30



Jazz It Up!

APRO 1992

• NEW ORLEANS •

Portrait Galley and changing exhibits on historic and current topics. Jugglers, mimes, and street artists strut their stuff along St. Ann and St. Peter streets at the edge of Jackson Square.

Also part of the Louisiana State Museum and scattered about the Quarter are the Louisiana State Arsenal (1839), which stands on the site of the 1769 Spanish Arsenal, and the U. S. Mint, which first operated as a Federal mint from 1838 to 1861 and again from the 1870s to 1909. In its courtyard is the "Streetcar Named Desire," and the Jazz and Carnival Museums occupy the second floor.

The Carnival Museum houses the largest known Mardi Gras collection.

The Lower Pontalba is also part of the museum. The Upper and Lower Pontalba buildings, located on either side of Jackson Square, were built as luxury apartment houses with ground-floor offices and shops.

Walking tours of the Quarter can take you to a number of other sites of interest:

The Hermann-Grima House (1831) is one of several restored mansions, with slave quarters, stable, and courtyards, that can be toured for a look at New Orleans life as it was 150 years ago.

The historic New Orleans Collection is a complex of 18th- and 19th-century buildings, including the Williams Residence, with cultural and historical displays.

The Musee Conti — Wax Museum of Louisiana Legends displays historic figures in Louisiana history in authentic settings, a great way to explore the myth and magic of the city. Experience the story of New Orleans — said by many to be stranger than fiction — and visit the Haunted Dungeon, with scenes from famous horror stories.

New Orleans Pharmacy Museum displays a collection of voodoo potions, widely used in the New Orleans of yesteryear, a botanical herb garden and 1855 soda fountain.

U.S. Customs House, built in 1849 on the site of old Fort St. Louis, was captured by the North in 1862 and used as a prison for Confederates during the Civil War.

Old Ursulines Convent, built in 1749, is believed to be the only structure that survived the two devastating fires that destroyed the city in the 18th century.

The French Market, built 165 years ago, is where the great chefs of New Orleans shop well into the night for ingredients for the next night's fare. The Cafe du Monde, at the Market's south end, features beignets (French doughnuts) and chicory coffee 24 hours a day — a New Orleans must!

Jax Brewery, situated on the banks of the Mississippi at the southwest corner of Jackson Square, no longer houses a brewery, but myriad shops of every description. Antique shopping is at its finest along the Quarter's Royal Street.

Outside the Quarter

The fun's not confined to the French Quarter, though. This modern-day city offers plenty to do, and much of particular appeal to families.

The Aquarium of the Americas, located on the Mississippi River at Canal Street, is a two-story structure opened in 1990 that houses more than 10,000 specimens of marine life in a million gallons of water.

Audubon Park Zoological Park displays more than 1,500 animals in simulated natural habitats — including descendants of the original inhabitants of New Orleans in a swamp-like setting.

In the extensive City Park, you can drive past splendid old homes, a botanical garden, and storyland, ride a miniature train and an antique carousel, and visit the New Orleans Museum of Art, with its extensive Faberge Collection and portion of the Kress Collection of Renaissance Art.

Louisiana Children's Museum offers hands-on experiences for children and their favorite adult companions. Touch, explore, discover!

Louisiana Nature & Science Center features the Nature & Science Museum, planetarium, and nature trails through forest and wetlands. Or, you can tour the Louisiana Superdome, the largest structure of its kind at 27 stories tall.

New Orleans shopping isn't confined to the Quarter either. Canal Street is the main downtown shopping area, with traditional stores

Whether you call it N'Awlins, N'Orlyuns, or N'yawluns (never Noo Orleans), you'll want to capture as much as you can of what makes New Orleans special.

like Holmes and Maison Blanche, and at street's end, there's Canal Place, home to Saks Fifth Avenue and other fine stores. At Riverwalk, along the Mississippi at the foot of Poydras and Canal streets, is a sprawling complex of 200 shops on the site of the 1984 Louisiana World's Fair. Small shops line Magazine Street and fill The Rink, a restored 19th-century skating rink in the Garden District.

If you want to get out of the city for a few hours, cross Lake Pontchartrain on the world's longest overwater highway bridge. Spanning 24 miles across open water, the causeway takes you out of sight of land for eight miles!

Any trip to the Old South should include a visit to a plantation home or two, and you don't have to go far to step back in time to the luxury of the antebellum South. At Longue Vue House and Gardens in Metairie, an old New Orleans suburb, you can visit the stately Greek Revival mansion furnished with American and English antiques and stroll the eight acres of landscaped gardens. This was the home of New Orleans cotton broker Edgar Bloom Stern and Edith Rosenwald Stern, the Sears heiress. A little bit more of an excursion can take you to other magnificent plantation homes in the New Orleans area.

For another trip through time, take the St. Charles Avenue streetcar through some of the loveliest parts of the city, the Garden District, the campuses of Loyola and Tulane universities, and Audubon Park. The 13-mile-plus sightseeing excursion from Canal Street to the line's end and back again will cost you a mere \$1.60 and take about an hour and a half. To complement the 35 olive-green cars of this line are the "Ladies in Red," seven vintage streetcars that connect cultural and commercial developments along the riverfront.

River, bayou and swamp tours also enhance the New Orleans experience. The Bayou Jean Lafitte Cruise leaves Jackson Square for a five-hour cruise

past Chalmette National Historic Park to Bayou Baratavia, once the haunt of Jean Lafitte and his comrades, and returns through Harvey Canal to the Mississippi. The Cajun Queen also offers a five-hour cruise that includes a look at Cajun life on the bayou and cruise past plantation homes. At least two paddle boats also cruise the river.

A treat in taste and sound

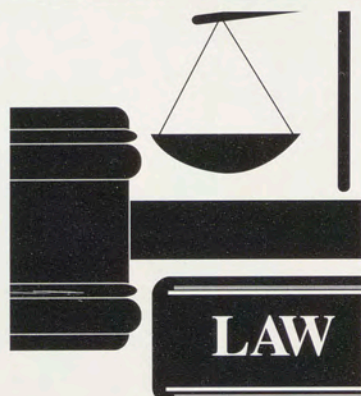
The tastes and sounds of the city are two of the elements that make New Orleans unique, for New Orleans is the birthplace of jazz and home to Creole and the spicier Cajun cooking, both amalgams of French, Spanish and African cooking. Among the world-class restaurants in the city are Galatoire's, where long lines speak to its reputation; Antoine's, which dates from 1840; Brennan's; and Arnaud's. You can also try the oysters at Felix's Restaurant and Oyster Bar or Acme Oyster House, creole/Italian dishes at La Louisiane, and hickory-grilled dishes at Mr. B's Bistro. The list of top-rated restaurants is endless and not confined to the French Quarter.

Sample New Orleans jazz at any of a number of night spots. From the Top of the Mart to Bourbon Street, jazz and good times go together in the Crescent City. If jazz has special appeal to you, one place you won't want to miss is Preservation Hall, where five or six different bands perform each evening. Here you'll experience jazz in its truest form. You'll have to wait in line to get in and probably stand throughout the performance, but here is where it all began, and it's a not-to-be-missed stop on the sightseeing agenda. In the Quarter, there is entertainment to fit every taste and budget.

So, whether you call it N'Awlins, N'Orlyuns, or N'yawluns (never Noo Orleans), you'll want to capture as much as you can of what makes New Orleans special. So, laissez les bon temps rouler! Let the good times roll!

PR

Barbara Stooksberry is a freelance writer who specializes in travel.



In working with our consumer-advocate friends,

Just what is the real hangup?

THE FEBRUARY EDITION OF *RTO NETWORK NEWS* CARRIED A FRONT-PAGE TRANSCRIPT OF A RADIO INTERVIEW AND DEBATE BETWEEN APRO MEMBER ROGER SHARP, PRESIDENT OF THE WEST VIRGINIA RENTAL DEALERS ASSOCIATION, AND DAVID MCMAHON, LEGISLATIVE ADVOCATE FOR THE WEST VIRGINIA LEGAL SERVICES PLAN, INC.

•••••

I believe Sharp did an outstanding job of representing the rent-to-own industry's point of view, and I think other RTO leaders should have the opportunity to benefit from his experience. I urge all of you to read that interview, if you have not already done so.

No only did Sharp do an excellent job articulating APRO's position, but, once again, RTO customers and ordinary everyday people (including several who have never rented from RTO stores) proved that society's self-appointed legal and legislative representatives, specifically legal aid lawyers, do not reflect public opinion and, in fact, are so far from the public pulse, that they have little comprehension of it.

Almost every single caller to the call-in radio program voiced support for the RTO concept or accepted Sharp's sincere answers to typical questions regarding rent-to-own costs versus retail costs. A few leveled criticism at those who would kill entrepreneurial instincts in this country or burden the economy with too much regulation. These were not, incidentally, people who were "planted" by Sharp or anyone else and, rather, most were regular listeners of the call-in program.

Once again our greatest asset, the consumers themselves, came to the rescue.

Unfortunately, most people can't afford to take time off of work and travel to the state capitol to support issues that concern them — for example, the RTO industry's right to do business. Instead, the so-called consumer advocates, mostly government employees who get their paychecks regardless of what they do, can spend all the time they want in state capitols arguing for bills they think will make the world a better place.

While their persistence in state legislatures, doubtless, affects politicians, it merely means that our legislators get the wrong message because consumers simply do not hold the same opinions of those who claim to act on their behalf.

Early in the interview, the host of the show, a former state representative, asked the consumer advocate if he had any problem with people renting items forever. The response was, "I don't have any problem with a place that rents." I recently had the opportunity to question this particular legal aid lawyer, McMahon, in depth on that issue. This was during a series of negotiations I sat in on between McMahon and industry attorney Chris Korst.

McMahon indicated that it was the "ownership option" that caused him problems. He did not care if his clients rented items such as those marketed by RTO stores — essentially forever. And he had no qualms regarding straight rental rates "as long as ownership did not transfer." I asked him if he would rather have consumers rent an item indefinitely or for a fixed period of time after which the item would be given to them for the same or close to the same rate as they would have rented it for in an indefinite period. He said he would have to think about that issue, because he had never looked at it that way.

He admitted that he is hung up on the "own" aspect of rent-to-own transactions. Furthermore, he believes that RTO deal-

•••••

BY

RON WATERS

Rent-to-own and rent-to-rent: How the prices compare

MARKETING COMPARISONS CAMCORDER

ITEM	RENT TO RENT	RTO	CREDIT SALE	CASH SALE
Cash Price	NA	\$953	\$901 includes tax	\$901 tax included
Minimum Initial Payment	Major credit card plus \$24.95 per day	\$36.45 per day includes tax plus one time \$10.00 process fee	\$90.10 10% down payment	\$901
Payment Rate (Monthly)	\$535.00 + 32.10 tax \$567.10 mo.	\$65 + 3.90 tax \$68.90 mo.	\$57.50 + 3.45 tax \$60.95 mo. (18% APR)	NA
Based on 18 mo. cost above retail	\$9,306.80	**\$752.60.36	\$196.10	-0-
Total Cost	***\$10,207.80	**\$1,653.60	\$1,097.10	\$901.00
% of Retail Cost Needed to Initiate Choice	2.75% plus major credit card	4%	10% plus credit approval	100%
Market Segment	Upper 45%	Upper 75%	Upper 65%	Upper 25%

Fair Market value amount reserved on credit limit until unit returned.
 **RTO is 24 month purchase plan on this item.
 ***No ownership even at this amount.

Rent-to-own's opponents tend to dwell on total cost comparisons with straight retail purchases, but RTO is much more like rent-to-rent — if comparisons must be made.

ers lure customers into their stores under the pretense of selling them merchandise. Therefore, according to his reasoning, RTO dealers ought to be limited to the same prices charged by other retailers. It is RTO's marketing techniques that give our legislative opponents the ammunition that they need to convince uninformed legislators that there is an entire industry of disguised retailers out there avoiding consumer protection rules and charging consumers hidden interest that other businesses are not allowed to charge.

Surely brighter minds than mine have already thought of this. But it occurs to me that perhaps we should begin explaining that we are much more like rental stores than retail stores and that instead of keeping products in inventory forever, we have calculated the shelf-life of products and simply given title to products to customers after a certain amount of income has been derived from the product.

Even legal aid lawyers have a hard time objecting to an industry giving away products to consumers after we have rented them long enough to surpass their value as reusable items. Legislators might find the analogy even more compelling, especially if we can document for them how favorably our rates compare to traditional rental stores, which usually charge by the day or even by the hour; or to other retail outlets, such as video stores, which rent VCRs for the day or for the weekend.

Comparisons which were done in Texas and California confirm that our rates compare favorably with such businesses.

To some extent we play into the hands of consumer advocates by trying to document that on some items our prices are competitive with some retailers (as with furniture), while at the same time we also try to make distinctions between our services and those of retailers.

Perhaps we should avoid that kind of comparison altogether and consistently offer comparisons between our rates and traditional rental stores. We are currently surveying those rates for comparison in West Virginia to use in that state's legislative battle as needed.

In the Texas and California surveys,

rent-to-rent rates were compared as a percentage of the retail price of the items rented. Those rates were then compared to rent-to-own rates, again as a percentage of the retail price of the items rented. In those surveys, we found that our rates on items are generally lower than what rental yards charge for their items. Most rent-to-own items had a ratio of 0.3 percent to 0.6 percent (daily rental rate/retail price), while most rent-to-rent items were in the 3 percent to 7 percent range (daily rental rate/retail price).

Interestingly, rental yards seldom advertise price and probably have healthier margins than RTO stores. Rental yards do not suffer consumer advocate attacks like RTO, arguably because they do not advertise any ownership options.

In the West Virginia survey preliminary results show that in that state RTO stores have rental rates lower than rent-to-rent stores offering the same items. For example, a camcorder rented through a video store

in Charleston would cost more than \$9,000 if rented by the day or weekend and kept for 24 months and, presumably, ownership would still not transfer. In a typical RTO store in the same market, the RTO price is \$1,653.60 over the same period of time and ownership would transfer. A retail credit purchase of the same model item would cost \$1,097 at allowable interest rates in the state and the cash purchase would cost \$901 for the same item.

Assuming a \$150 price for a service policy extending 24 months and covering all of the repair obligations which are included in an RTO plan, the cost of RTO ownership over a credit sale totals \$393 or about \$16 per month. This is the premium a consumer would pay for the privilege of changing his mind, for any reason whatsoever, returning the merchandise at any time with no further obligation which, of course, is what renting is all about. These numbers

CONTINUED ON PAGE 53

Insuring Your Success

Helping your business succeed with competitive premiums and the most professional claims service in the RTO industry.

1-800-365-3652



INSURANCE AGENCY
10600 W. Alameda Lakewood, Colorado 80226



Continued from page 22

they could increase profits. Predictably, they began giving answers on ways to reduce expenses. Soon the managers began to express frustration because they felt expenses could not be reduced any lower. Then they began to realize they must invest expense dollars to increase revenue and profit.

Money must be invested to produce the desired profit level. Some companies and managers continue to focus on reducing expenses long after they should. There are certain costs of doing business that will not go away, no matter how much you want them to, unless the business closes. In a well-run store, it can be much easier to increase income by a dollar than to cut expenses by a dollar.

Strategy: Reward employees for incremental performance.

A great deal of energy and money is expended to get additional customers and BOR. Many companies use promotions such as "five dollars off the first week" or "99 cents delivers" to cause the customer to act, but would not think of rewarding the employee for getting the customer to rent. Consider balancing incentives among the customer and employees. Isn't it better to collect a dollar and pay it to the employee responsible for the performance than to discount the merchandise by the same amount? Use frequent, well-designed promotions to reward employees for additional or incremental performance. It will help keep them energized during a difficult time and sustain motivation.

Strategy: Improve the performance of marginal employees and stores.

During these difficult economic times, no one can afford employees and stores that are not pulling their weight. Ensure each position is staffed with a person who can and wants to do the job. No matter what the circumstances, individual and store productivity must be high.

One of the things that has caused IBM trouble recently is they have forgotten that each employee must produce visible results and make a contribution to performance each day. According to John Akers, the computer giant's CEO, in the July 15, 1991,



Statement of Ownership, Management and Circulation

(Required by 39 U.S.C. 3685)

1A. Title of Publication Progressive Rentals Magazine		1B. PUBLICATION NO. 7 0 1 0 7 0		2. Date of Filing 9/13/91
3. Frequency of Issue Bi-monthly		3A. No. of Issues Published Annually 6	3B. Annual Subscription Price \$30.00	
4. Complete Mailing Address of Known Office of Publication (Street, City, County, State and ZIP+4 Code) (Not printers) 6300 Bridgepoint Pky. #305, Austin, TX 78730-5016				
5. Complete Mailing Address of the Headquarters of General Business Offices of the Publisher (Not printer) same				
6. Full Names and Complete Mailing Address of Publisher, Editor, and Managing Editor (This item MUST NOT be blank)				
Publisher (Name and Complete Mailing Address) Bill Keese, APRO, 6300 Bridgepoint Pky. #305, Austin, TX 78730-5016				
Editor (Name and Complete Mailing Address) John Gormley, APRO, 6300 Bridgepoint Pky. #305, Austin, TX 78730-5016				
Managing Editor (Name and Complete Mailing Address)				
7. Owner (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given. If the publication is published by a nonprofit organization, its name and address must be stated.) (Item must be completed.)				
Full Name Association of Progressive Rental Organizations (APRO)		Complete Mailing Address 6300 Bridgepoint Pky. #305 Austin, TX 78730-5016		
8. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages or Other Securities (If there are none, so state)				
Full Name none		Complete Mailing Address		
9. For Completion by Nonprofit Organizations Authorized to Mail at Special Rates (DMM Section 424.12 only) The purpose, function, and nonprofit status of this organization and the exempt status for Federal income tax purposes (Check one)				
<input checked="" type="checkbox"/> (1) Has Not Changed During Preceding 12 Months		<input type="checkbox"/> (2) Has Changed During Preceding 12 Months (If changed, publisher must submit explanation of change with this statement.)		
10. Extent and Nature of Circulation (See instructions on reverse side)		Average No. Copies Each Issue During Preceding 12 Months	Actual No. Copies of Single Issue Published Nearest to Filing Date	
A. Total No. Copies (Net Press Run)		4,050	3,342	
B. Paid and/or Requested Circulation 1. Sales through dealers and carriers, street vendors and counter sales				
2. Mail Subscription (Paid and/or requested)		2,500	2,547	
C. Total Paid and/or Requested Circulation (Sum of 10B1 and 10B2)		2,500	2,547	
D. Free Distribution by Mail, Carrier or Other Means Samples, Complimentary, and Other Free Copies		1,435	688	
E. Total Distribution (Sum of C and D)		3,935	3,235	
F. Copies Not Distributed 1. Office use, left over, unaccounted, spoiled after printing		94	75	
2. Return from News Agents				
G. TOTAL (Sum of E, F1 and 2—should equal net press run shown in A)		4,029	3,310	
11. I certify that the statements made by me above are correct and complete		Signature and Title of Editor, Publisher, Business Manager, or Owner <i>Bill Keese, Executive Director</i>		

PS Form 3526, January 1991

(See instructions on reverse)

edition of *Fortune* magazine: "All of us must get better. The work force must be made up increasingly of those who really pull their weight."

These same sentiments apply to employees and stores in rent-to-own.

Now, more than ever, it is important to ensure that everyone at every level has the operational and especially the people skills to perform at or above minimum expected levels. Invest in improvement.

Strategy: Hire high-quality candidates.

Take the opportunity now to ensure each position is staffed by a highly motivated and qualified person. Because of the economy, the pool of

high quality candidates is better than it has been for years. Higher quality people will be easier to train and be productive quicker. However, if a person is added to staff, be sure they produce at least enough incremental income to pay for themselves.

Recently, a manager reviewed the operation of a store to see why profits declined while the BOR and revenue remained constant. He discovered that even though an assistant manager had been added, the store failed to get incremental productivity and additional income to offset this expense. Naturally, profits suffered.

Strategy: Exercise strong leadership skills.

Tough times require positive action. Those who display decisive, confident and positive leadership skills will make the best of any situation. In tough times, leadership is essential.

The strategies companies use to respond to tough times, and how they manage their people, will affect both profits and balance sheets. **PR**

Wayne Outlaw is president of The MARCON Group, which provides training, consulting and performance development programs. He is a member of the National Speakers Association and is a certified professional consultant. He can be reached at 1-800-347-9361.

Who's Who in RTO management services

* Advanced Retail Technologies
P.O. Box 833822
Richardson, TX 75083-3822
(214)480-8600
Special services — screening and recovery

Y* Aerobic Rental Enterprises
3032 S. 87th St.
Omaha, NE 68124
(402)391-7837
Exercise equipment

Y* American Bankers Ins. Group
11222 Quail Roost Dr.
Miami, FL 33157
(305)253-2244
Insurance

*Y Bonnie "The Flyer Specialist"
7569 Barrett Rd.
West Chester, OH 45069
(800)83-PRINT
Direct-mail, design, printing services

* C & W Publications
415 Sue
Magnolia, AR 71753
(501)234-6953
Special services

*+ Certified Resources Corp.
8730 King George Dr.
Dallas, TX 75235
(214)631-5997
Mediation conflict and resolution

* Chrysler First Comm. Corp.
12647 Olive Blvd., Ste. 350
St. Louis, MO 63141

(314)878-0011
Financial services

Y Color Mail/Katz Corp.
18590 Cranwood Pkwy.
Cleveland, OH 44128
(216)475-8920
Traffic-building promotions

*Y+ FORESIGHT/Steve Owens & Associates
3700 W. Robinson #230
Norman, OK 73072
(405)366-8804
RTO add-on programs

*+ G-K-S Insurance Agency
10600 W. Alameda Ave.
Lakewood, CO 80226
(303)988-1234
Insurance

* IIT Commercial Finance Corp., Curtis Mathes branch
Box 832147
Richardson, TX 75083-2147
(214)437-4100
Financial services

* John Alden Ins./RCSI 2B00
7300 Corporate Dr.
Miami, FL 33126-1208
(305)594-1460
Insurance

Y Just Art
P.O. Box 1034
Denton, TX 76202
(800)659-6231
Advertising services

*> Kirkpatrick, Sprecker & Co.
311 S. Hillside
Wichita, KS 67211
(316)685-1411

Management consulting, rental accounting, auditing and tax services

Y* McDonnell Douglas Finance Corp.
10561 Barkley #610
Overland Park, KS 66212
(913)661-0234
Financial services

* Michael S. White, CPA
1020 N. Main, Ste. B
Wichita, KS 67203
(316)265-4877
Accounting services

*Y+ Northern Electronic Research
P.O. Box 2065
Hayden Lake, ID 83835
(208)772-4979
Special services — time-lock device

Y T. Buff & Son Promotions
17727 Junegrass Place
Parker, CO 80134
(800)359-7880
Advertising, promotions for RTO

*+Y TRIB Group
3180 Presidential Dr. #F
Atlanta, GA 30340
(404)451-4302
RTO industry buying group

+Y* Tele-Track, Inc.
1000 Holcomb Woods Pkwy.
#410C
Roswell, GA 30076-2575
(800)729-6961
Loss-prevention/merchandise-recovery system

*+Y The Insurance Mart
6045 Ridgewood Rd.
Jackson, MS 39211
(800)233-7075
Rental, general business insurance

Y* Transamerica Rental Finance
13760 Noel Rd., Ste. 918
Dallas, TX 75240
(214)458-5860
Financial services for RTO

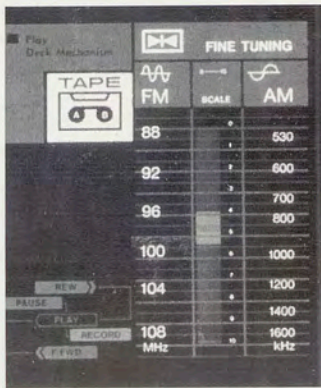
*+Y Voyager Insurance Companies
P.O. Box 2918
Jacksonville, FL 32203
(800)533-4284
Rental, general business insurance

* Warranty Services
— East coast (Alan Stein)
7522 Wiles Rd. #213
Coral Springs, FL 33067
(305)344-7900
— West coast (John Ihrig)
5665 Oberlin Dr. #202
San Diego, CA 92121
(619)457-0711
Insurance programs

> Harry Weisbrod Associates, Inc.
10300 N. Central Expressway,
Suite 350, Bldg. V
Dallas, TX 75231
(214)373-0435
Wage-hour consulting

* Whitsell & Company, P.C.
1250 E. Copeland Rd. #600
Arlington, TX 76011
(817)261-4454
Rental accounting

Coordination is the key to operating a rent-to-own store. This requires a number of management services from insurance to point-of-purchase signs, to advertising and extended warranty programs. Each company listed below supports APRO as an associate member (), advertiser (+) or convention exhibitor (Y). Consultants are denoted with a fourth symbol (>).*



THORN buys Remco

Rent-A-Center (RAC) President and Chief Executive Officer Walter E. Gates announced that THORN EMI plc, RAC's London-based parent company, has expanded its rent-to-own operations in the United States by acquiring Remco America, Inc.

Headquartered in Houston, Remco has 64 stores, principally in Houston, Dallas, Chicago and North Carolina.

"The Remco acquisition is strategically valuable to THORN, because it strengthens its presence in the rent-to-own industry in this country," Gates said.

Gates added that Remco will retain its current operations and management team, headed by president George Fink, and will continue under its existing name.

Fink will report to Dave Goebel, RAC executive vice president — business development, who is in charge of emerging new concepts, Canadian operations and RAC's second brand, Thorn International Rentals (TIR). The 34 TIR stores will eventually become part of Remco.

"TIR was created two years ago as our first effort toward developing a second brand," said Gates. "Through the acquisition of Remco, THORN is accelerating that development and growth by folding TIR into what is already a well-established company."

THORN is a holding company with worldwide interests in such industries as

rental, music, electronics, security and software. Rent-A-Center is the largest rent-to-own company in the United States, employing more than 450 at its headquarters in Wichita and 5,000 in more than 1,000 stores throughout the country.

Both RAC and Remco are involved in the rental of electronics, furniture, appliances and jewelry.

SkipGuard powerful

Tele-Track announces a new software program, SkipGuard.

SkipGuard is designed to stop the people who rent from several rent-to-own dealers and then skip out with the units.

"These habitual con artists have been difficult to detect because they use a good Social Security number that has no prior skip history," said Mark Sutherland, Tele-Track president. "SkipGuard enables Tele-Track to detect multiple inquiries on a single Social Security number within a 60-day window."

According to Sutherland, if, during a 60-day period a SSN is tracked three or more times, Tele-Track customer support is alerted. Tele-Track personnel immediately call all stores involved to establish the extent of the problem. When warranted, Tele-Track notifies the entire market of any potential scam.

Sutherland expects company growth in 1992 to occur "at an exponential rate," and he said Tele-Track is always looking for ways to improve its service to the rent-to-own industry.

"It came to our attention that professional skips often come to a city, set up false references, rent from every dealer in town — and skip. We had to find a way to stop this ... SkipGuard has just the added edge we are looking for."

SkipGuard is available nationwide to existing customers of Tele-Track at no additional charge.

Tele-Track is the nation's only provider of state-of-the-

art loss prevention and recovery systems for the rent-to-own industry and is widely accepted as the industry's central source for complete information on high-risk customers.



Wayne Outlaw, a frequent contributor to *Progressive Rentals*, is named a *Certified Professional Consultant*.

Outlaw gets CPC title

Wayne Outlaw, a noted speaker, trainer, consultant and writer, has become a member of The Academy of Professional Consultants & Advisors (APCA) and earned the prestigious Certified Professional Consultant (CPC) designation.

Outlaw is president of The MARCON Group, a Mt. Pleasant, S.C.-based speaking, training and consulting firm that specializes in helping entrepreneurial organizations. Outlaw regularly works with rent-to-own organizations, conducting seminars and training sessions for managers and other RTO employees.

He is a member of the National Speakers Association, a 1991 nominee for Entrepreneur of the Year, and a contributing editor to several national trade publications, including *Progressive Rentals* magazine. Outlaw has written more than 30 published articles on management and sales during the last two years alone.

Outlaw earned the CPC designation in recognition of his professional competence and ethical standards, according to Howard L. Shenson, chair of the

Woodland Hills, Calif.-based academy.

"I am pleased that Wayne Outlaw accepted the invitation to become a member of the academy," Shenson said. "Wayne represents the very highest standards of professionalism and the type of creative processes that will benefit the professional as a whole, as well as his clients."

Home fax network

Fax Access Xchange, Inc. (FAX, Inc.) has developed a home fax network that will provide the benefits and justification for the home consumer to rent-to-own a personal fax machine.

The network product is designed to significantly open up the home fax market for rental companies.

Customers of RTO companies using the service will receive special rental and service bulletins regarding the RTO companies' products and services.

Additional information on these special offerings will be available to network users by the FAX, Inc. fax-on-demand service.

In addition, FAX, Inc. provides a fax package that includes an inexpensive, personal fax machine to participating rental companies.

For more information on how to become a member of the home fax network, phone: (214)931-5800; or fax an inquiry to: (214)248-8404.

Big honor for Owens

The Walter Camp Foundation recently honored Steve Owens, president of Steve Owens & Associates and creator of the FORESIGHT Preferred Customer Clubs, as its alumnus of the year.

The award announcement was made in Newhaven, Conn.

The Walter Camp Foundation Alumnus of the Year award is bestowed annually upon a worthy former Walter Camp football All-American who has done good works for others. **PR**

Continued from page 49

are a far cry from the hand-wringing exclamations of RTO customers paying two or three or four or even five times the retail price of goods through renting-to-own.

Of course, our legislative opponents would counter that the comparison is invalid, since no one would ever rent a VCR for that long when they could obtain it for much less at an RTO store and for so much less, again, by pay-

Continued from page 33

to and, if they stay with you enough, they take it to term. Then, in effect, you have taken them out of the marketplace for a washer and dryer for ... eight to 10 years. So your ability to rent to those customers, at least laundry product, is nil.

"Then, obviously, you want to look for other things you can place with them and provide them. But, again, where do you go for the growth? In any business that does not grow, remains status quo or stagnates I think there eventually will be trouble. Because salaries go up ... and your expenses are going to go up. The cost of doing business is going to grow. If you don't grow your revenues, you can only cut expenses so far. And then you are in deep, deep trouble."

On business strategy: "We're just fighting, right now. We're preaching maintenance. We've worked real hard to get to a certain level. Let's work hard to keep it that way. In the first quarter you're going to experience ... returns and payoffs. That's what we're in business for — to take these people to term and provide them with a product. The money's good, but then you wake up next week and you've got to replace those pieces. That's the catch-22 of this business."

Overall assessment: "The main challenges are dealing with the recession, maintenance of revenues and growth, and holding onto quality people. Some companies experience 300 to 400 percent turnover. That would absolutely kill us. We've got some people who have been with us since we opened the doors." **PR**

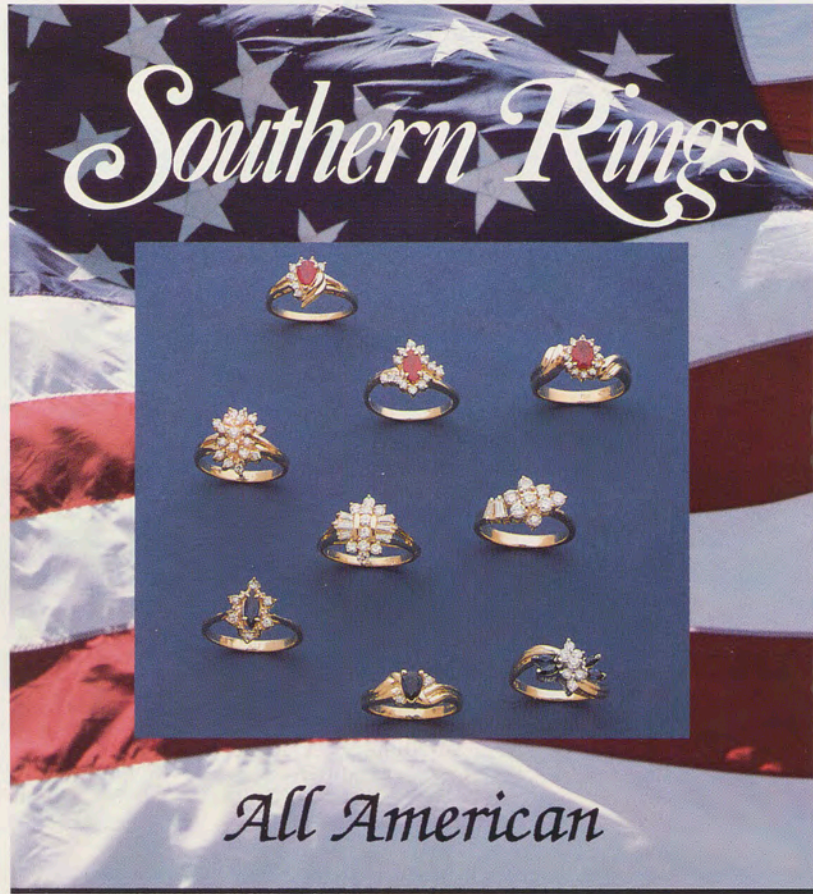
ing cash. But I will bet even legal aid lawyers would not think to attempt passage of legislation to prohibit video stores from renting tapes or VCRs for that long or to limit the rental rate that can be charged in such stores.

The rent-to-rent versus rent-to-own comparison makes at least as much sense as comparing RTO to retail. The point is that they are all dif-

ferent kinds of transactions, offering different and unique services, charging market-dictated prices for those services. False comparisons, of which our opponents are champions, are misleading and do a disservice to the debate about our industry.

PR

Ron Waters is APRO's director of government affairs.



CONSIDERING ADDING JEWELRY TO YOUR PRESENT RTO PROGRAM?

Select **Southern Rings** as a most valuable member of your program ----
For less than you thought Possible ----
We Offer a Tradition of Excellence, A Commitment to Quality, Competitive Pricing, Innovative Design and Reliable Service.
Anyone can sell you Diamond Jewelry ---
"BUT OUR DIAMOND JEWELRY SELLS"

2900 Hessmer Avenue
Metairie, LA 70002

1-800-826-8812 504/887-5617
LA 1-800-325-1662 504/455-5617

APRO Associate Member since 1991

Betty: A loyal friend whose absence will be felt

There is going to be an empty seat at future industry functions. Betty Coolidge, a rental dealer since 1974 and a charter APRO member, passed away suddenly in January, and many of us in the rental industry will miss her very much.

Betty was an "old-timer" in the RTO business. She never chose to carry as high a profile as some of our more flamboyant personalities, but she got started in the business early on with the rest of them in the early 1970s. She never pressed to the front of the line for plaques or accolades, but as a dealer was as deserving as any. She learned the rudiments of RTO from the same man who taught everybody else, Ernie Talley, and paid him the compliment of naming her stores Mrs. T's after Talley's Mr. T's.

She was a pioneer in the business and grew a small, tidy and always profitable chain of stores in a business that has never been for the faint of heart. She peopled her stores with



A heart attack claimed the life of Betty Coolidge on Jan. 21. She was a charter member of APRO who remained active.

her kinfolk, whom she loved and trusted, and was finally able in later years to leave the stores with those

people, while Betty set about to see as much of the world as she could.

I do not think that Betty ever missed an APRO meeting, or seminar, or convention, or trip. She was an attendee we at APRO could always count on at every meeting — and we are talking about hundreds over the years. She seemed genuinely glad to be able to mingle with other rental dealers to pick up a few tidbits to carry home to her stores.

It has been rental dealers like Betty who have made me and other APRO staffers feel as if our jobs were genuinely worthwhile, because Betty would never fail to thank us for our efforts whether it was an Acapulco outing or an event less glamorous like a one-day shot at a DFW hotel. It really didn't matter to Betty. She came; she learned; she shared; and she appreciated the experience.

I'm sure that Betty during her long life knew her share of misfortune. But in the 12 years I knew her and saw her several times a year, I never saw her without that signature smile that would burst out on her face when she ran into old friends and a chance to show pictures of the latest additions to the Coolidge clan — she had five children, eight grandchildren and two great-grandchildren — or tales of gambling and adventures in exotic places.

Betty was a businesswoman and a good one — good enough to maintain a self-financed rental business for 18 years. But she wasn't just a businesswoman. She could be as playful and carefree as anyone I have ever met. Not all business people can escape from the daily concerns of running their affairs. I know lots of rental dealers who can only talk and, I suspect, think about their businesses. Betty wasn't like that. Betty minded her stores when she needed to, but when it was time to play, Betty played. She had boundless reserves of energy. I never saw her leave a party early.

Betty lived every day and lived fully. She has left us too soon at age 55, but not before having lived a life so full that most of us will have to live twice that long to accumulate such a wealth of friendships and experiences. Goodbye, Betty. We miss you.

— Ed Winn III

TRIB + YOU = PROFIT\$ Yes. PROFIT\$

When you join The Rental Industry Buying group, it's possible for you to experience a 5% to 20% increase in profits. You'll be able to take advantage of our millions of dollars of buying power. And you'll still be buying from many of your same suppliers!

But you'll profit in many other ways, too. You'll profit from a valuable bank of knowledge and information about industry merchandising trends, legal issues and a sharing of ideas and business suggestions with fellow rental dealers.

It all adds up! Join the over 700 stores who now profit from TRIB. We know you'll profit too!

For more information, contact:

John Blair
3180 Presidential Drive
Suite F
Atlanta, Georgia 30340
(404) 451-4302

APRO Associate Member



"Governed by the members for the members"
Since 1983
a non-profit organization

ALECO

METAL FURNITURE MFG. INC.

EUROPEAN DESIGNS

- ★ CHAIRS
- ★ COFFEE TABLES
- ★ BAR STOOLS
- ★ WALL UNIT

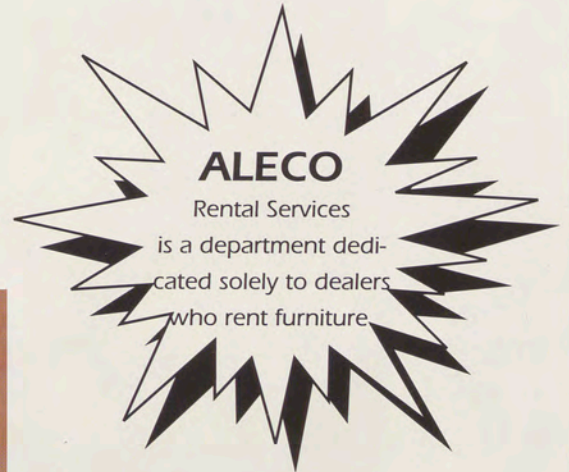
- ★ DINING ROOM SET
- ★ BLACK ■ ALMOND ■ WHITE COLORS
- ★ MELAMINE, GLASS, FORMICA TOPS
- ★ **INTRODUCING**
DURABLE TOPS FOR RENTAL FURNITURE
NON SCRATCHABLE
NON FLAMMABLE
OUTDOOR/INDOOR



Quality Style Dining Set



- VISIT OUR SHOWROOMS
- ★ LOS ANGELES SHOWROOM
4770 E. 50th SREET
VERNON, CA.
 - ★ SAN FRANCISCO SHOWROOM
MART #1 BLDG. #665
 - ★ RENTEX-ATLANTA SPACE #411
 - ★ A.P.R.O. '92 NEW ORLEANS
SPACE #309



Contact Our Rental
Sales Representative
Bob Bradlin

ALECO
Products Fit Any
Taste and Any Budget

In Stock for Instant Delivery
No Assembly Required
(Ready to Use)

4770 E. 50th Street ■ Vernon, CA 90058
Tel (213) 581-3551 ■ FAX (213) 589-3567 ■ 1-(800)-352-3334

FOR ALL THE RIGHT REASONS!



SELECT ZENITH

Select the only brand with a strong network of distributorships throughout the USA. The brand with quick reaction to your needs. Quick delivery and service. Select the brand that offers table, console and projection TV in sizes, styles and finishes for every type of customer. The brand with leading-edge performance including stereo surround sound, full color picture-in-picture, complete Home Entertainment Ensembles, and Zenith's innovative built-in Closed Captions.

WHEN YOU RENT, RENT THE BEST



Contact your local Zenith Distributor or Norm Smith, Zenith Electronics Corporation,
1000 Milwaukee Avenue, Glenview, IL 60025 (708) 391-8231

APRO Charter Associate Member