

Progressive

June/July 1992

Rentals

The magazine of the rent-to-own industry

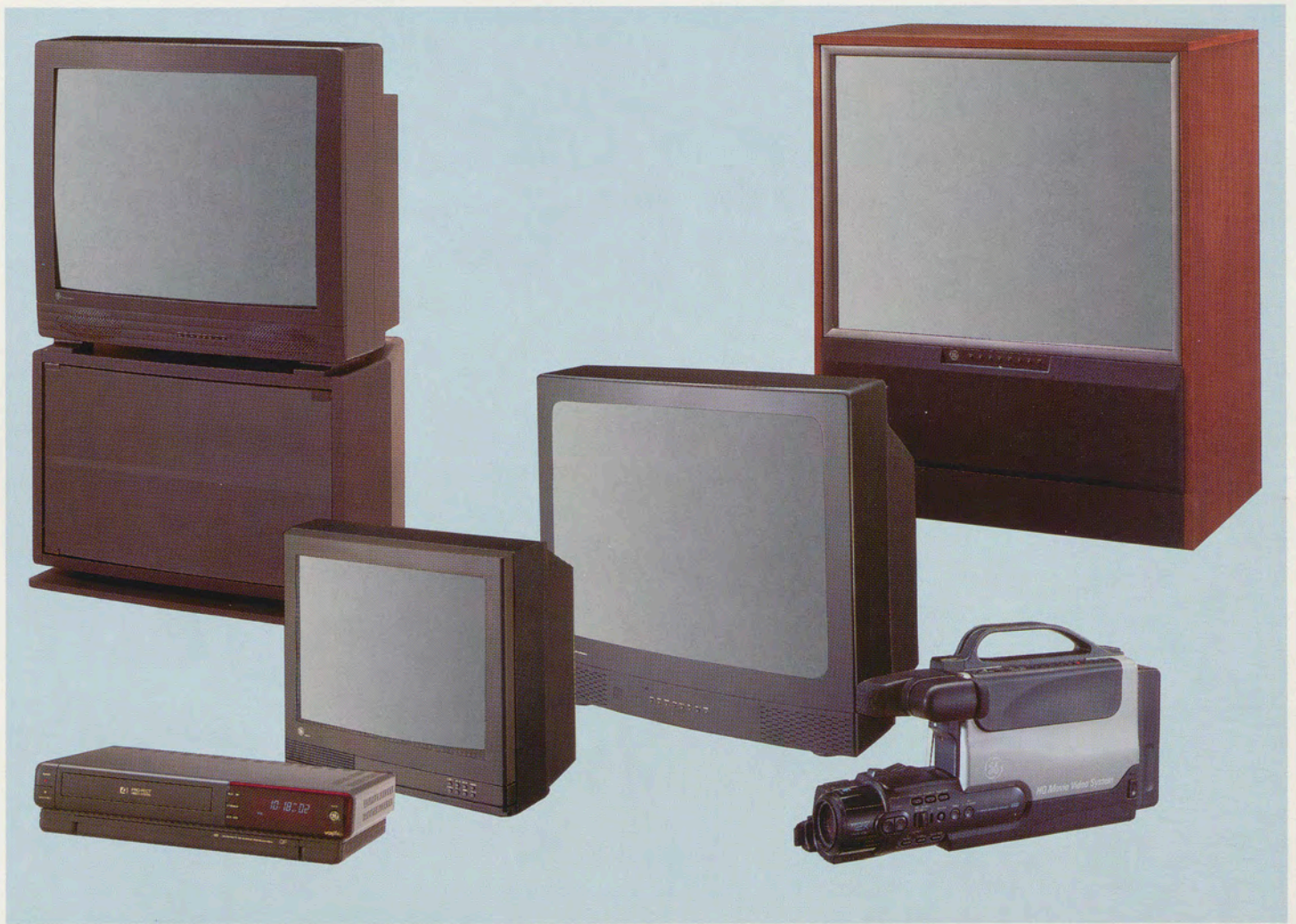
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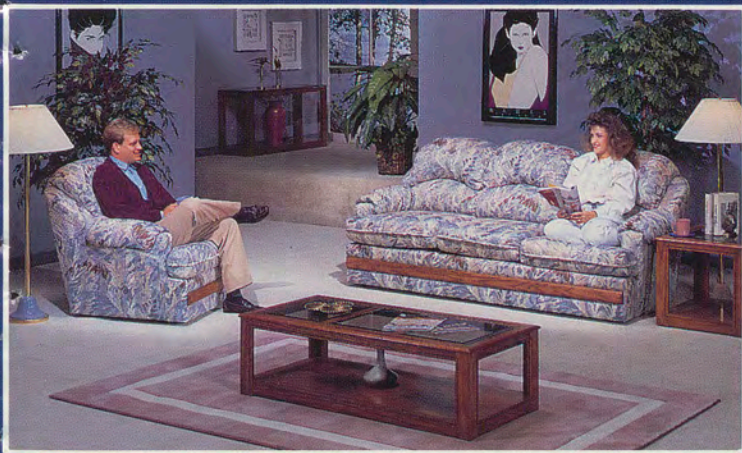
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PR

Progressive Rentals

June/July 1992

The magazine of the rent-to-own industry

Volume 12, Number 3

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L.A. riots and rent-to-own

Unfortunately, rental dealers were not exempt from the destruction that was touched off by not guilty verdicts in the Rodney King case.

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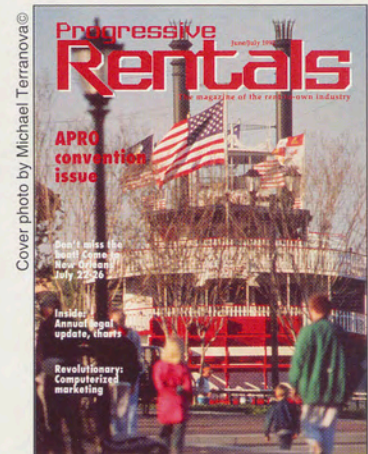
New product boosts BOR

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Affordable audio/video

Our product focus takes a close look at the latest trends in electronics for the RTO market. Continuing advances in technology, and competitive price points, keep dealers happy.



Cover photo by Michael Terranova©

ON THE COVER: Port of call for rent-to-own dealers from all over will be New Orleans, July 22-26. That's when the APRO convention and trade show descends on the Crescent City. APRO '92: Jazz It Up! is only a couple of weeks away. Our cover story starts on page 30.

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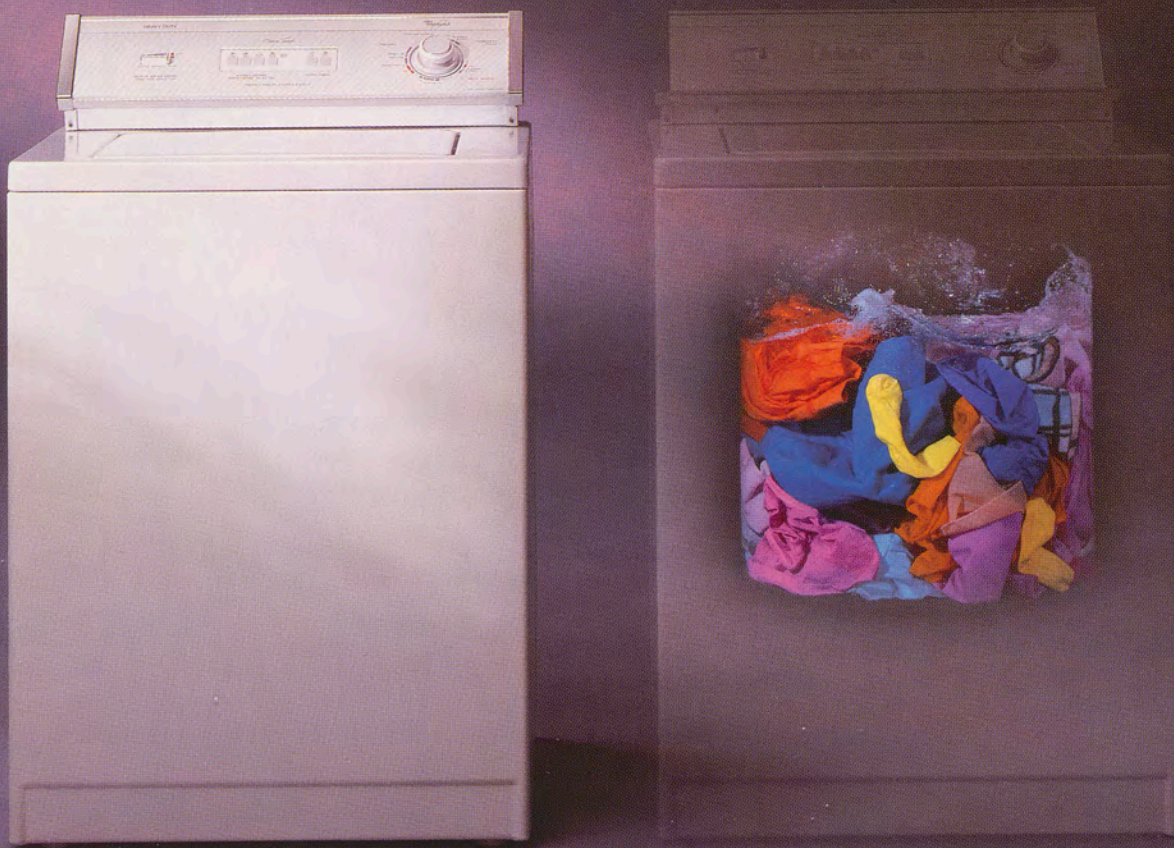
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News & Products



WE LOOK AT RENTAL WASHERS FROM YOUR POINT OF VIEW.

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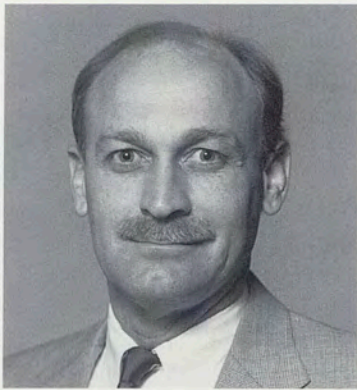
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Rent-to-own dealers who go to New Orleans convention more likely to be on cutting edge

It's that time of year!

AS WE APPROACH THE JULY 22-26 APRO CONVENTION IN NEW ORLEANS, I WOULD LIKE TO GIVE MY THOUGHTS ON WHAT YOU CAN EXPECT TO SEE AND HEAR. THE APRO STAFF HAS WORKED VERY HARD TO DEVELOP AN AGENDA THAT IS PACKED WITH SEMINARS ON HOW TO IMPROVE YOUR BUSINESS. SEVERAL ADDRESS IMPORTANT TOPICS AFFECTING RENT-TO-OWN.

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Seminar subjects include working with unemployment claims, the Americans with Disabilities Act, hiring and keeping top employees, legislative and tax issues, maximizing rental revenues and even humor in the workplace.

These subjects only scratch the surface, and I am sure that everyone will get something out of the seminars.

The vendor and product lineup is nothing short of fantastic. All of the traditional vendors will be showing their lines of rent-to-own products, while several new vendors will be demonstrating products that you may not have yet been able to see. I am excited because it looks like the exhibitors will overflow into a second exhibit hall. I encourage you to visit with vendors in both exhibit halls.

The general business session on Thursday, July 23, will provide you the opportunity to hear what your association has been doing during the last year. Topics at the general session will include association finances, membership, publications, government relations, education and reports from several special committees concerning taxes and financing.

The general session will also include the election of board members and a stimulating keynote speaker. You should plan to attend the general session to catch up on what's going on in rent-to-own.

The annual APRO convention is a time

for all dealers to come together and participate in an experience that includes visiting old friends while making new friends, updating product knowledge, learning about improved business techniques.

Most dealers who go to convention are interested in finding out what is going on in the larger rent-to-own world around them, while having some fun at the same time. Those who work the convention to its fullest walk away with more successful businesses.

During the past year your board of directors has expended a great deal of time and effort expanding the lines of communications across the country. The idea is to provide information concerning subjects that are important to all of us.

To the best of my knowledge, an APRO board or staff member has attended all of the state association meetings and almost every major trade show or convention that has some connection with the rent-to-own industry.

I am still amazed at the much-too-large number of dealers who are not members of either their state association or APRO and, consequently, do not have a clear understanding of what is happening around them. I believe each of us should reach out and encourage them to join both their state and national trade associations.

I would not like an uninformed dealer to make a decision that might affect my business practices negatively. I'm sure you feel the same way.

Finally, I would like to give special thanks to David Egan, who recently announced his departure from the APRO Board of Directors after serving nearly nine years. Dave was instrumental in the development and implementation of APRO's government relations programs.

Dave's presence will be greatly missed, especially since he was always good for a couple of bucks on the golf course. All joking aside, I'm sure Dave will continue to be visible at association events and can always be counted on as a valued friend to the rest of us in the RTO industry.

PR

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BY

WAYNE CHAMBERS

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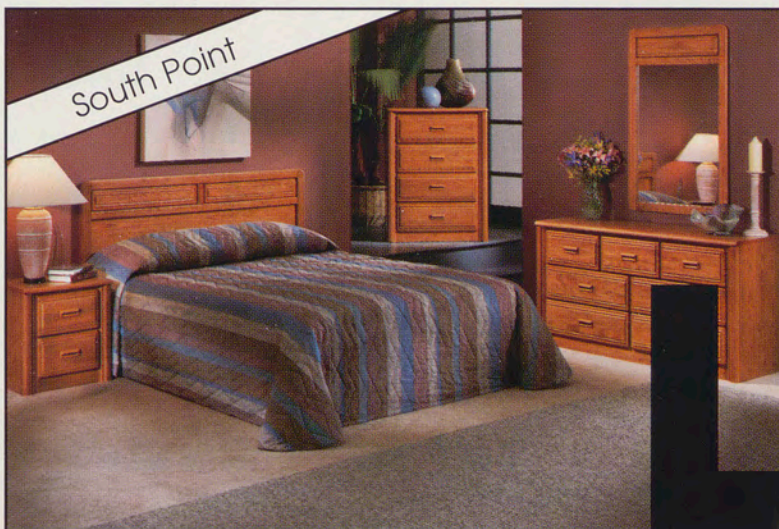


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What's the real difference between the highly successful operations and those that aren't?

Informed dealers

APRO RECENTLY SPONSORED A THREE-DAY SEMINAR IN CHANDLER, ARIZ., WHICH WAS ARGUABLY ONE OF THE FINEST EVER GIVEN BY THE ASSOCIATION. ON THE THIRD DAY OF THE SEMINAR, A RENT-TO-OWN DEALER APPROACHED ME AND MADE AN INTERESTING OBSERVATION.

•••••

He commented that he has been attending APRO-sponsored events for several years and it appeared to him that only successful RTO dealers attend APRO seminars and conventions.

After pondering this notion, I tend to agree. But we must ask ourselves why this is so. Could it be that only successful dealers can take the time away from their businesses to attend association-sponsored events? A few days later I called the dealer who made the comment to discuss this further with him. He totally disagreed with the notion that only successful dealers had the time to attend, stating that these same dealers weren't successful when they first started attending these events.

He strongly argued that both the formal and the informal information gathered by individual dealers attending APRO's events have given them the needed tools to become successful. Not only have the topics at seminars and conventions been timely and critical, but also RTO dealers learn a great deal from discussing RTO business with other dealers in attendance.

The old saying "You don't have to reinvent the wheel" comes to mind. In the early days of the association, many dealers attending APRO seminars learned most of the needed operational techniques from the founders of the industry. I've had very successful dealers tell me that 80 percent of their current operations were learned by attending the association's

seminars and conventions in the early 1980s.

Most every dealer in today's environment knows the basics of RTO and rent-to-own transactions. However, as with every industry in today's environment, the art of doing business is more complicated and technical than it was 10 years ago. Things change. New topics are being discussed that will affect the manner in which the rent-to-own industry operates. What was valid yesterday may not be so tomorrow.

A changing environment can be frustrating. As Wayne Chambers has pointed out in the President's View this month, there are dealers who probably don't know the environment is changing as rapidly as it is. Keeping up with these changes is the key reason dealers continue coming to APRO seminars and conventions.

In a world where information is power, successful dealers and those who want to be successful seek all the information they can to continue building their businesses.

There are few better ways of investing in your business, and certainly none more enjoyable, than attending the annual APRO convention and trade show. With the convention and trade show this year in New Orleans, it is more accessible to more dealers than before. We are seeing more companies registering more of their employees to bring to the convention than before. Dealers are bringing their regional managers as well as store managers. Many are driving to New Orleans, which certainly cuts the cost of attending.

If you haven't registered yet, what are you waiting for? If you have already registered, why not think about bringing more of your top people with you? Don't you want your key personnel to be more knowledgeable in ways of improving your business and profitability? It would certainly be a cost-effective way of rewarding your best performers and encouraging

•••••

BY

BILL KEESE

them to do more.

When you talk with other RTO dealers, be sure to let them know that you're attending the convention and encourage them to do so. It's in every dedicated dealer's best interest to make sure that an isolated, non-participating RTO dealer doesn't do something wrong that will negatively affect everyone else's business.

...

For more on the convention, see our page 30 cover story. APRO '92: Jazz It Up! starts July 22. The New Orleans Hyatt is our headquarters hotel. *PR*

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New Orleans**

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APRO Industry Profile	\$50/\$100
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APRO Bankruptcy Manual	\$25/\$75
Recovering Your Merchandise — A Skip-tracer's Guide	\$10/\$30
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APRO's Who's Who in Rent-to-Own (Available To Members Only)	\$25/na
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Unfortunately, rental dealers were not exempt from the destruction:

How the L.A. rioting affected rent-to-own

.....

BY
SHANON
LARRIVIERE

"DON'T FIX THE WINDOW BECAUSE WE'RE GOING TO BE COMING IN TONIGHT."

THAT WAS THE ADVICE JERRY KANE, OWNER OF A COLORTYME FRANCHISE STORE IN LOS ANGELES, RECEIVED FROM PEOPLE WALKING BY WHILE EMPLOYEES SWEEPED UP SHATTERED GLASS FROM THE FRONT STORE WINDOW. LUCKILY, NOTHING WAS STOLEN THAT WEDNESDAY, APRIL 29.

However, rage continued to ignite over the acquittal of four police officers involved in the Rodney King beating, and the world of rent-to-own didn't go untouched.

Kane remembers his experience: "The next morning (Thursday, April 30) I went to the store ... hoping to be open ... but there was nothing left. They just took everything that was in there. They took counters ..."

One witness described the scene at Kane's ColorTyme store as chaotic, with cars coming to a screeching stop, people grabbing all they could and then driving off with their loot.

Fortunately, some ColorTyme stores in the riot areas went unharmed. John Schoenenberger, regional vice president of ColorTyme's company stores in California and Texas, wondered if the California corporate stores would be spared. "My Pasadena store was warned a couple times by our better customers that they had heard on the street that we might be attacked, but it never came."

Crown Rentals also escaped the riots. But others weren't as lucky. Contempo Leasing lost both of its stores within 48 hours. Ken Upton, part owner, felt powerless since he was thousands of miles

away when it happened. "I was in beautiful Hawaii ... watching my store go up (in flames) on CNN."

As it turned out, that was relatively good news for Upton because his insurance covered fire, but would not have covered theft.

Some dealers found they were underinsured, while others misunderstood their lease policies.

"If you want to get a lesson out of this look at your leases," said Upton, "because in a lot of leases, even though the building has burned down, when they rebuild it (most contracts say landlords must rebuild within a 'reasonable length of time') you are required by your lease to go back in and reoccupy."

Just what is considered a reasonable length of time? Upton says it differs.

"In the rent-to-own business if your store is gone for 60 days ... you're in big trouble. And a reasonable length of time for them may be six months."

Another lesson was learned on what rent-to-own dealers should do in such a crisis.

Some stores, like ColorTyme and Crown Rentals, chose to offer store space to their competitors. Contempo Leasing received some money from one rent-to-own dealer and a postponement on dues for a buy-



This spring, some rent-to-own stores in Los Angeles neighborhoods were looted and burned. The damage inflicted to RTO stores was a case of wanton destruction—in riots following the not guilty verdicts of the Rodney King case.

ers' group. However, most offers, although scarce, went unaccepted. And those hurt by the rioting seemed to understand the limited aid.

"It's the recession; people are struggling," Upton said. "They can't afford to be handing out a lot of bucks to people who got burned out."

Not only do the stores now have to repair, rebuild and reorganize, but they must also handle customers, especially those trying to avoid payment. Said Upton: "You wouldn't believe some of the stories we've heard. Someone must be putting out a book ..."

Still, most rent-to-own dealers are quick to say that the majority of customers are honest and have legitimate reasons for delayed payment.

"We've got some really great customers, even though we had some who thought that they didn't have to pay," Upton said. "We had a lot of people who were terribly disturbed by what happened. You get so hostile when something like that happens, and it's nice to have people come in and express their feelings."

For those customers who need financial help, rent-to-own dealers were offering alternatives on a case-by-case basis. Kane says his policy was to tell customers: "We understand

your problem. Let's work together. Bring in what you can and we'll get you caught up by the end of the month."

Schoenenberger said most of ColorTyme's company-store customers in the area didn't ask for anything, but store personnel worked with those who did. "We didn't want to make it worse than it already was," he said. "We didn't run any collections for that whole period (of the riots.) We didn't even call people because we didn't want to incite anything else or give them a reason to turn their anger toward ColorTyme."

Despite the destruction, most rent-to-own stores will remain in Los Angeles, according to Upton, because "our business thrives in that area. That is why we went back in. That is where our type of customer is. I certainly can't do that kind of business in Beverly Hills."

So it is certain that most dealers will stay, but what does the future hold for this divided city? Everyone admits Los Angeles is going to hurt socially and economically for years. People were and still are angry.

"But the overall attitude from the (rent-to-own) customer toward the whole riot was they just couldn't

understand why they were taking their anger out on their own community," Schoenenberger said.

Tourism is also down, adding to the domino effect of joblessness that the riots produced.

"It will take a long time to get back to where it was, which was not great," said Jim Spark, vice president of Crown Rentals. "The areas that were burned—we're talking about very poor sections of the city. Now they are even poorer."

But there is a saying that goes something like this: For every dark cloud there is a silver lining. Indeed, with some competitors temporarily out of commission, other stores were likely to experience temporary business booms. It was mostly a matter of luck—good or bad—for dealers.

People still need TVs, furniture, washers and dryers. The riots didn't change that. But more important than making a profit, dealers say the riots will hopefully remind RTO store personnel and their customers to "reunite instead of fight with each other." **PR**

Shanon Larriviere is a senior broadcast journalism student at the University of Texas at Austin. She is serving a summer internship in APRO's communications department.

Dealers share their opinions

Shanon Larriviere, APRO's summer communications intern, conducted telephone interviews for the dealer views department in this issue of *Progressive Rentals*.

Larriviere is a senior broadcast journalism student at the University of Texas at Austin.

We chose Jack Callender and Bob Hardesty because the July 22-26 APRO convention will practically be in their backyards. Both dealers' home offices are in the same New Orleans suburb.

—John Gormley, editor

...

Jack Callender
Dealer/owner
Television Management (14 stores)
Metairie, La.

Starting out in the '60s: "Nobody even knew what I was talking about. Nobody had ever heard the word 'rent-to-own.' What does that mean? Are you renting it or owning it? But everybody was young and it seemed like a good thing to try."

On important issues: "Financing is the most important thing to everybody in the rental business right now. Training is an ongoing thing that you always have to stay on top of. Financing and new products are the two most important issues."

On new products: "Someone needs to come up with some new products. And that is always the hard part. You know you can sit around all day long and think: 'What can I rent to make some money with?' And just about the time you think there is nothing out there, something will come along and, all of a sudden, you'll do well with a new product."

...

Bob Hardesty
President/CEO
Renter's Choice (92 stores)
Metairie, La.

On dual nature of laws: "Where there are laws, naturally, it rather helps because there is something spelled out. Where there are no laws or where there

is legislation now trying to change or enact laws, it hurts. Because it's hard to play the game when you don't know the rules. When you know the rules it's easier to play."

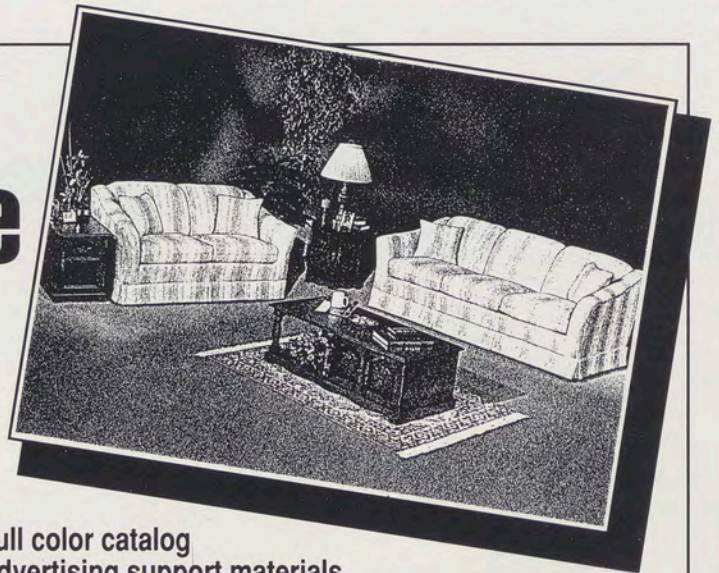
RTO in the future: "I've predicted for over 15 years that rent-to-own would grow and grow and grow. The market keeps becoming larger and larger simply because of the acceptance of rent-to-own."

On learning: "I went in the business when I was in my early 20s with 50 cents in my pockets. You learn as you do things. I was very ignorant and made many mistakes. I've learned considerably. I always thought working was the way you made money, but I found out later it's not. One wise man told me years ago: 'Never do anything that you can afford to pay someone else to do.'"

Personal philosophy: "All of the things I've accomplished in my life I was told I couldn't do—it was impossible. And that is an error that a lot of people make. They give up because someone tells them it can't be done. Taking 'no' for an answer is the worst thing that anyone can do." **PR**

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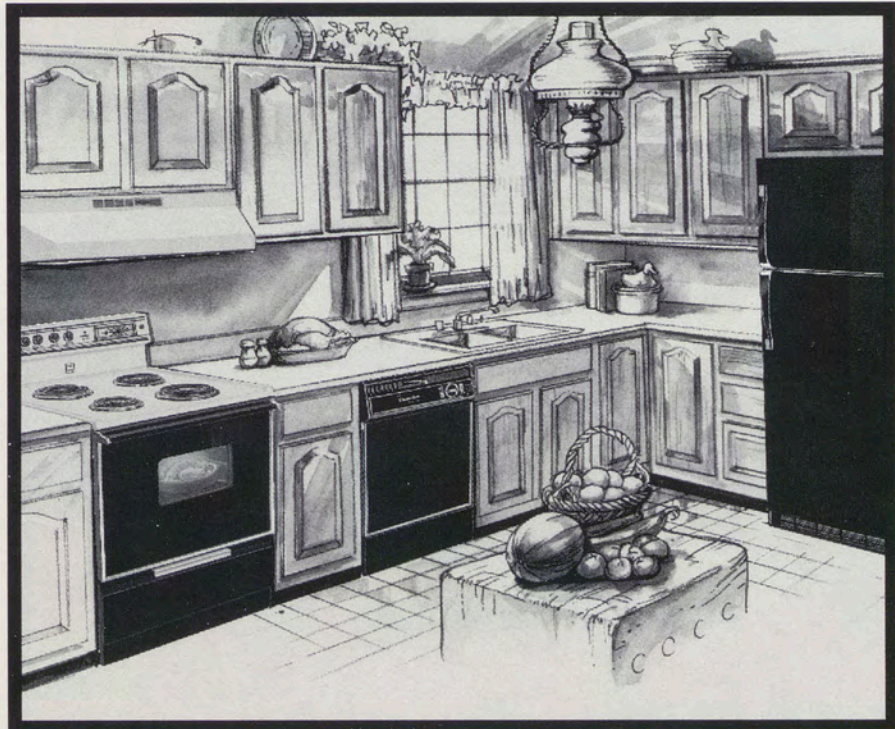
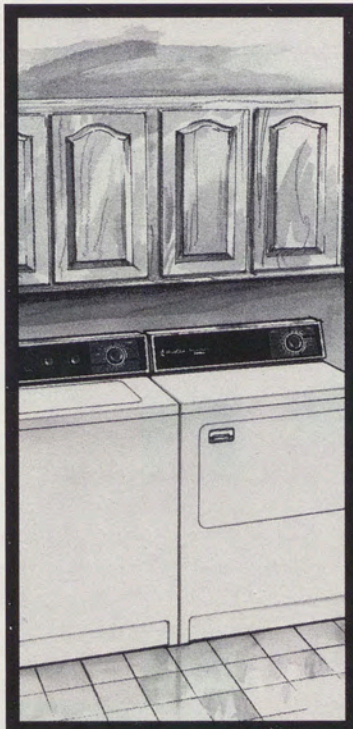


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It's time we demystified rent-to-own

Franchising

IF THE LAST FEW ISSUES OF THIS PUBLICATION ARE ANY INDICATION, RENT-TO-OWN FRANCHISES MAY AGAIN BECOME THE WAVE OF THE FUTURE. THIS IS NOT TO BE CONFUSED WITH THE TIDAL WAVE, THE WAVE AT YANKEE STADIUM, THE PERMANENT WAVE OR ANYTHING PERMANENT, FOR THAT MATTER.

•••••

Nevertheless, there are bound to be some folks reading this who already have been seduced by the lure of old refrigerators and used bedding. Before those souls cash in their CDs, 401ks, grandpa's war bonds and anything else they can get their hands on, and call that guy at 1-800-ROYALTY, here are a few tips that could end up saving somebody big bucks.

One of the most important factors to consider is the track record of the franchise company. For example, have they ever actually seen a rent-to-own store? Was it in this country? A good source is the Better Business Bureau. If the BBB offers to send over a truck with their files on the company, you probably should think twice. Your state attorney general's office can also provide information. If the guys in consumer fraud come on the line and ask if you happen to know the current whereabouts of the franchise company's officers, it's a safe bet you should pass on this one. Another simple but oft-ignored rule is, never buy a franchise you saw advertised on the Home Shopping Network.

Since it's your money—or at least, it used to be—don't hesitate to ask probing questions of the franchise director. If he says he'll have to check with his boss, Three-Finger Tony, that might be a good time to break off discussions altogether. Remember, franchise directors are usually desperate people who survive only by selling franchises to people like you. That should be warning enough. If it isn't, at least get something in writing on all the promises that are bound to be made. If

you're really clever, this will also allow you to come away with a handwriting sample. And while you're at it, be sure you get a good look at this guy so that you'll later be able to identify him under oath. That could be important.

The actual franchise agreement should always be approved by competent legal counsel. Or you could get a lawyer, whichever you prefer. Some things to look out for include: franchise fees that include a percentage of any money your children earn from paper routes; financing guaranteed by the Bank of Iran; requirements that you buy all your trucks from a guy named Slick, and any fine print containing phrases like "arson squad," "pyramid scheme," and "over our dead body."

Once you've quizzed the principals and analyzed the agreement, all that's left is where to open your first store. Most franchise companies will offer you a choice of markets only if they've run out of relatives, former business partners and tax dodges, or if they plan never to retire. No matter how pretty the brochure is, don't accept the following markets: Haiti, Beverly Hills, the Bronx, Beirut, anywhere in Texas and Northern Ireland. The clinics are full of guys just like you who also liked the idea of no competition. You should also know there's no truth to the rumor that RentaCenter is offering franchise opportunities in the old Soviet Union. Those mysterious trade journal ads describing "Eastern European opportunities" refer to stores in Pittsburgh, Chicago and Cleveland. Only magic could make those work.

The basic rules for site selection developed over the years still apply today. For instance, never locate on an unmarked, one-way street. That makes it too hard for your district managers to find the store. Most of the customers could care less; they've been down plenty of deadends already. And try not to lease space too close to penal institutions or asylums. There's no sense having the old franchisee watching your every move. If you have real doubts about the location suggested by the franchise company, you're already

•••••

BY

BUD HOLLADAY

on the road to success.

Hiring and staffing is generally done with assistance from the franchisor. They always have plenty of executives around with not much to do, and some of them can easily learn to run routes for you, providing you don't worry about closeouts or deliveries. Be wary, though, of those seminars wherein you send your employees to them for 24 hours and they send back qualified, eager, rent-to-own experts. They obviously are switching people somewhere along the line and you could end up getting sued by some kid's family. Not many people are aware of it, but they made a movie about this in 1956: "Invasion of the Body Snatchers." This is an old trick. Don't fall for it.

Perhaps one of the most notorious ploys of unscrupulous companies is requiring the franchisee to buy thousands of dollars worth of useless store fixtures and supplies from them at inflated prices (this is not to be confused with a home office). This practice is known in the trade as The Law of Supply and Demand: they'll keep supplying this junk until you demand

they stop. It is a smart idea, however, to buy your sign from the same company where you purchased your rental franchise, and not from the franchisee who used to occupy your store space. This prevents you from ending up with a giant neon chicken atop your building, or a fish logo right under the RCA sign. That makes you look dumb. Don't do that. You'll look dumb enough later when you try to explain to the children what happened to their inheritance.

When you're all set to open for business, it's time to look into advertising. Many franchise companies offer complete advertising kits that allow even the novice RTO dealer to waste money in the same places the big guys do. Even though advertising is more of an art than you might imagine, try to stay away from the deals where they send two guys and a skywriter to your town over a holiday weekend. The only thing worse than that is the four-color mailer that goes out to the wrong zip codes (you'll know this happened when you start getting calls for daiquiri machines and pasta makers).

Perhaps the most tried-and-true method of RTO marketing is the old-fashioned approach used by a small franchise outfit on the west coast (Bob's Boombox Boutique). They pay the customer \$20 to rent anything and then give him the first month free. While this sounds extravagant, it works out pretty good compared to the cost per delivery for some dealers. And it eliminates first-payment defaults.

Finally, the thing about rent-to-own franchises is—no matter how hard you try, how thorough your investigation, how diligent your research—you will still pick the wrong company about half the time. Of course, this means that the other half of the time some franchise company is picking the wrong dealer. So odds are pretty good that the guy across the street won't be any smarter than you.

If it turns out you've picked the wrong franchise, just pick up the phone and cancel the deal. It's a rental.

PR

Bud Holladay is vice president of marketing for Alrenco. He is a former RTO dealer and founder of APRO.

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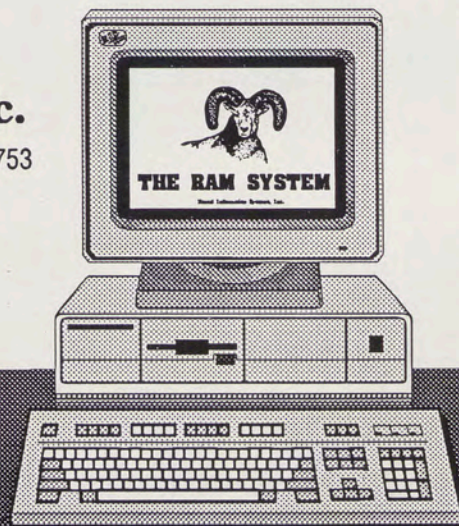
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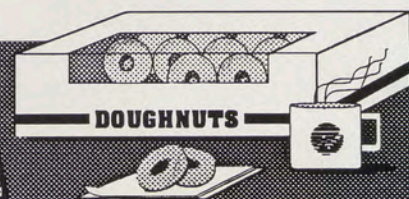
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HOW MANY TIMES HAVE YOU HEARD A TELEVISION ADVERTISING SALESPERSON SAY, DURING AN ELECTION SEASON, SOMETHING LIKE THIS: "I'M NOT SURE YOUR SPOTS ARE GOING TO RUN BECAUSE OF ALL THE POLITICAL CANDIDATES WE'VE GOT LINED UP."

•••••

This is a common problem that occurs every two and four years. Most elections are every two years, with the presidential election every four. And with another presidential election coming up this fall, there's no getting around this media nightmare for the advertising side of your business. Except through careful planning.

Keep in mind: That famous first Tuesday in November is what every-

BY

RANDY BUFFINGTON

•••••

body is working up to. The media assaults unleashed by political campaigns looking for votes tend to dominate the airwaves.

To offset this situation, start planning your advertising at least four months ahead.

For print jobs, two months' lead will usually allow you enough time.

For TV and radio, however, you'll need more lead time in an election season—and even then it can still be a roll of the dice. I'm not saying forget about radio and television. Just keep in mind these points:

1. Politicians, by law, get the lowest rates.
2. Political spots are rarely, if ever, preempted.
3. If you normally like placing spots

ROS (run on schedule), you can just about forget it during an election season.

If these points aren't enough to give you second thoughts about your media strategy for next fall, remember that fourth-quarter rates for electronic media (radio or television) are higher than any other time of the year.

If you have been a steady advertiser with either your radio or TV station, most likely they will try to accommodate you. But you need to take some time with your electronic media. Start planning early. I would make a six-month television buy ahead of time. Ask your rep what's available. Do this in July, or as soon as possible before the fourth quarter.

Any advertiser who waits until the last moment during an election season is just asking for headaches. When you throw in the wild card of the political candidates come this fall, it's likely to be a media free-for-all. **PR**

Randy Buffington is partner of T. Buff & Son Promotions, which handles advertising consulting and design for rent-to-own and retail clients. He can be reached at 1-800-359-7880.

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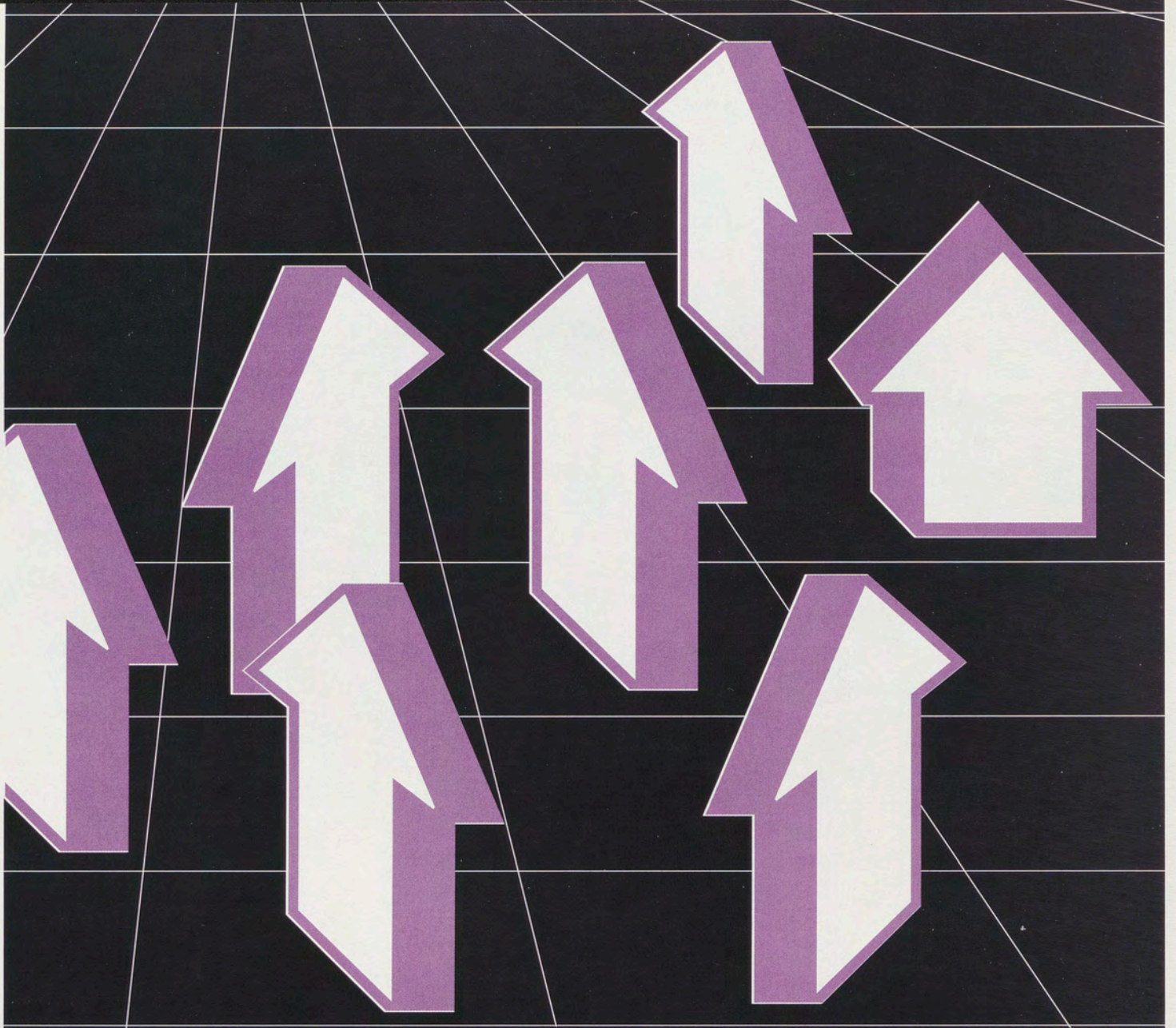
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NO-COST REVENUE

.....

BY

BUD HOLLADAY

The key to profits isn't always more BOR:

Manage what you've got

MARGINAL IMPROVEMENT IN TWO KEY REVENUE AREAS CAN DOUBLE THE PROFIT OF AN AVERAGE RENT-TO-OWN STORE WITHIN THREE MONTHS. AND IT WON'T COST YOU A PENNY, JUST SOME TIME IN TEACHING THE NUMBERS AND SOME PAIN IN BREAKING OLD HABITS.

You don't have to rent more products; perhaps you should rent less. You don't need to hire people, just develop the ones you have.

I've had the good fortune, through APRO's continuing seminar program, to meet and talk with more than 250 rent-to-own people in the past year or so. Unfortunately, I've discovered that few of those bright, hardworking folks really understand inventory and revenue beyond making deliveries and hitting closeouts.

Judging by what our employees think is important, it appears we've been managing some of the wrong things. But the good news is that managing the right ones won't cost any more, and will create more profit and better employees as well.

It's no secret that some companies today are in deep trouble, with little idea how to get out. Others, while still healthy, find revenue and profit growth increasingly difficult. Certainly, economic conditions and competition have something to do with that. But more often such problems are a result of critical failures in reading and controlling the few key numbers that drive your financials.

Everybody knows rent-to-own dealers usually price product as some multiple of its cost. But the arithmetic too often works like this: buy a \$300 product, price

it at 3.5 times cost and—instead of recovering \$1,050—you end up getting less than \$700 because idle inventory is 25 percent and collection efficiencies are less than 88 percent. Don't be fooled into thinking this can't happen because you have 6 percent closeouts. Collection efficiencies are not the same as closeouts.

In that scenario, a full quarter of the debt (read: inventory) produces no revenue at all while the part that does is only 88 percent efficient. So the owner demands more deliveries to generate more revenue. And that requires more new inventory. And so on. How can this machine keep going? Only by accumulating more debt. The result is shrunken equity, declining profits and an inability to fix things because we don't understand the real problem.

The real problem is not customers who steal our products, and the answer is not renting more units. In many cases, more BOR (balance on rent) is the last thing needed. If you want to reduce debt, increase net worth and get the most from your inventory investment—without spending another dime—take this article into every store in your system and discuss it with the same intensity that you would closeouts and BOR gains. The principle is no more difficult, and much more

CONTINUED ON NEXT PAGE

Continued from previous page

profitable once mastered.

Start with inventory. You created debt by buying inventory, and only by marketing and managing that inventory can debt be reduced. That requires more than just counting and stacking. Every employee must understand that inventory is the only thing in the company that creates value. To line employees, that means paychecks and jobs. To owners, it's equity. And inventory is a finite resource. We can't always get more. Controlling inventory, and managing the revenue it generates, is far more important than controlling overhead.

Few companies go broke because expenses are 5 percent too high. But five points on inventory and two on revenue are the difference between profit and loss for most rent-to-own operations these days.

The two key revenue factors are average rental rates (ARR) and maximum potential revenue (MPR). All the rent due from all BOR, exclusive of

If you've been wondering how to increase yields, this is it.

fees, taxes and sales, is your maximum potential revenue, or MPR. The percentage actually realized is your rate of efficiency, or MPR performance. It should always run from 92 percent to 95 percent. If it's less than 94 percent, you're giving away profit. If it's less than 90 percent, somebody is stealing the profit. You just can't give away 10 percent of potential rent in a period without major league theft problems. That ugly truth is based on 25 years of experience in both manual and computerized operations. Ignore it at your own peril.

Next, audit the "free rent" given away in your stores. Use the computer audit files or customer records. You'll likely discover that "free rent" is often a tool for weak managers. Customers get "free time" when their service call is ignored for a week. Untrained

sales and collections people use "free days" to move due dates instead of prorating amounts due. And weak sales people use "free rent" as an opener rather than a closer. Free rent awarded for all purposes should never be more than 2 percent to 3 percent of the MPR in a well-managed operation.

Then look at the number of units picked up with 10 or more days of rent owing because collections people, under pressure not to lose units, "worked with the customer." Work to accomplish what? This is where collections and marketing must merge to ensure that tight collections force unpaid inventory back into the store where it's promptly rented again, thus replacing units you'd otherwise have to buy. When pickups average under seven days past due, you've got it down. When they're at five, you're cooking.

After free rent and rent lost on pickups is controlled, you can work on raising the average rental rate. This is the average contract rate across all units on rent. There's no point in trying to increase this until you're able to stop giving away the rent already due to you. It's easy to see that if you increase the average rate by a dollar and increase collection efficiency from 88 percent to only 94 percent, you can realize significant revenue increases.

But you don't change your price list to accomplish this. Instead, simply monitor what's being rented (for what amount) and merchandise your stores to move high-yield products. This requires nothing more than training and awareness, two commodities often in short supply today. Start with showrooms. Yields go up when stores offer a limited but representative sampling of units renting UNDER \$12 but a wide selection of those over \$15. There are big differences in furniture, but not much among portable TV sets, microwave ovens and VCRs. Why show 10 to rent one?

Figure the "rent value" of your store-room, service list and loaner list: how much rental income would be produced if every item there was rented today? And what are the odds it will be rented at all unless it's repaired, cleaned and displayed? But if ownership is willing to ship in new prod-

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

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APRO Associate Member

ucts, there's little reason to take care of this.

You can still use "leaders," but only inexpensive add-on products that current customers can rent and take home with them when making a payment in your store. Replace the bubble gum machines and fitness center coupons at your sales counters with a boom box or microwave oven and you'll get results. If you must rent \$10 units, don't add a new customer in the process. That's expensive. Only add a new customer for a \$20 return. Your highest risk is the newest renter. So get the highest return. Reward solid, proven customers with the low-cost goods they can take home today in their car. It saves you delivery costs.

ARR and MPR performance can shoot up almost overnight. But you must stop giving away free rent and start managing accounts. You cannot chase \$10 payments while losing \$20 accounts to poor service. Your store must be merchandised to push big-ticket goods instead of letting \$10 TV sets sell themselves to people who never get stepped up. You must teach, monitor and direct. Then inspect, inspect, inspect some more.

Raising average rental rates (on a per-product basis) from \$50 to \$51.50 while improving MPR performance from 88 percent to 94 percent will take about six weeks. And it will increase rental income \$4.40 per unit or \$2,600 a month in a 600-BOR store.

A five-store company can thereby reduce debt an additional \$13,200 a month. Over a year, that revenue creates a \$160,000 increase in net worth, a \$160,000 decrease in debt. And this does not include the correspondent increase in fees that you see when other efficiencies improve.

All this will have been accomplished without buying more products or spending more money.

These improvements offer the same impact on revenue as gaining 300 BOR on the old program. But they're even better, because you don't have to come up with 300 pieces of inventory or increase the advertising. You don't have to raise the advertised prices. Just collect what you advertise and rent what you have.

If you've been wondering how to increase yields, this is it. There really isn't much difference between the

store that gets \$60 and another getting \$55—except that one manages the numbers and the other is held hostage to them. To be sure, some will complain that this program requires a lot of management time and perhaps more talent than they have on board. But average people can achieve these numbers if they are instructed and directed by the same supervisors who today are counting receipts, inspecting toilets and chasing skips that will never be found.

These rather nifty improvements in your operation will come considerably faster when the people responsible have real incentive to make it happen. One attractive benefit is that any incentive or commission plans are pretty much self-funding.

An old axiom says you don't get something for nothing. But if you aren't getting these results, aren't you getting nothing for something? **PR**

Bud Holladay is Alrenco's vice president of marketing. He is a former RTO dealer and founder of APRO. Besides feature articles, he also writes a regular opinion/humor column.

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Four more rental-purchase bills have passed since last summer, bringing total of state rent-to-own laws to 31

Regulating RTO for the good of all

THIS IS THE SEVENTH IN A SERIES OF ARTICLES WHICH WAS BEGUN IN 1986, ANNUALLY REVIEWING THE STATUS OF RENT-TO-OWN LEGISLATION AROUND THE COUNTRY. EACH ARTICLE, WITH THE ACCOMPANYING CHARTS (BEGINNING ON PAGE 42 THIS YEAR), ASSESSES THE VARIOUS RTO ENACTMENTS AND AMENDMENTS THAT OCCUR EACH YEAR.

.....

BY

ED WINN III

These articles also offer commentary about legislative trends concerning the industry, legal issues raised by the statutes and the like. If you'd like articles in this series from previous years, call the APRO office at (512)794-0095.

Since July, 1991, the approximate date of the last survey, four more states have added RTO-specific legislation, bringing to 31 the number of states with rental-purchase legislation on the books. The RTO legislative march is continuing apace. Delaware and Louisiana both enacted statutes last summer. Maine and Washington state enacted statutes this spring.

The Council on State Government's suggested bill is making itself felt, and the pattern for states is becoming the adoption of that bill almost word for word. There is also movement, as of this writing, on the federal level.

The Delaware statute tracks the CSG's suggested disclosures closely. It adds price tag disclosures and a statutory early buyout formula pegged at 55 percent of the difference between the RTO price and the total rent paid. This is consistent with

South Carolina's early buyout formula, on the books since 1985. The act set forth a notice to lessee, which is not part of the CSG's suggested bill, but it is similar to statements in several other states.

The statute gives Delaware dealers a 10-day grace period after the date of the agreement to proof it for errors. Corrections during this period prevent exposure to liability under the statute. Delaware dealers will be well advised to use the 10-day period and set up a system to review signed rental agreements for errors. It is easy for the computer or store personnel to miss a blank or make a mistake in arithmetic. A review program could save a lot of time and money.

Louisiana was one of the first states to recognize the importance of leases in commercial transactions. In 1985, the state adopted a comprehensive lease of movables act recodifying some existing statutes and adding some new language. It may have been that commercial leases were more widespread in Louisiana because of the absence for many years of the Uniform Commercial Code and the protections afforded creditors under Article 9.

The Louisiana Lease of Movables Act carefully defines and distinguishes financial leases, short-term leases and true leases. It was never clear exactly where RTO transactions fit into this regulatory scheme, and the matter was never litigated. Some Louisiana dealers had long been concerned that, even if their contracts were not re-characterized as credit sales, their business practices could have been curtailed if they had been deemed financed leases under the act.

There was some exposure for RTO dealers even if their transactions had been characterized as true leases. Louisiana's new rental purchase agreement act solved all those potential problems, however, by segregating RTO transactions from sales and also from all other leases. Beyond that, the statute adopts the CSG's suggested disclosures, terms for reinstatement and most other matters with accommodation for Louisiana's civil code system.

Importantly, the act also speaks about the issue of taxation. For years, Louisiana has been a state that has subjected RTO dealers to double taxation. They were required to pay an inventory tax on their wholesale purchases as lessors and, in turn, collect and remit a sales/use tax on each rental transaction. Dealers in the state had tried periodically to amend the tax code without success. The RTO statute speaks to the issue by declaring that RTO transactions, as defined, are to be deemed sales for state and local tax purposes only. This language enables dealers to avoid the inventory tax on wholesale purchases.

The Louisiana act goes on to state that the tax due at the other end, at the retail level, is "payable in equal installments over the term of the agreement rather than at the inception." Louisiana dealers now can safely collect sales tax on each payment, like dealers in most other states.

The enactment of the Maine RTO statute was a happy ending to the long and troublesome story of RTO in that state, beginning with the Hawkes' travails in 1980. (For more on Maine's RTO history, see April-May *Progressive Rentals*, page 40.) The Maine statute, enacted on April 3 and scheduled to become effective Jan. 1, also closely tracks the disclosures recommended by the Council on State

The Council on State Government's suggested bill is making itself felt, and the pattern for states is becoming the adoption of that bill almost word for word.

There is also movement ... on the federal level.

Governments in its suggested RTO legislation. Added to the CSG bill, however, are substantive limits on late charges, reinstatement fees, damage waiver fees and, finally, RTO pricing.

Maine elected to follow the lead of New York, Ohio, Iowa and Connecticut by placing a two-times-cash-price limit on the RTO price.

In addition, Maine's RTO act limits processing fees, delivery charges and in-home collection fees. Maine, a Uniform Consumer Credit Code state, follows other UCCC states that require customers in arrears be given a separate written notice of their reinstatement and other rights before they can be sued for returned property and back rent. Like the other states, this notice requirement need only be given once every six months. Dealers in states which have had this requirement have not reported the additional paperwork to be unduly burdensome in their systems.

An interesting legal issue is raised by the Maine statute and other states with statutes which carefully regulate "other charges" that appear in rental agreements. The issue arises from the application of a venerable Latin phrase, "expressio unius est exclusio alterius," which means that the expression of one thing is the exclusion of another. In the world of statutory interpretation, it can mean that if a statute specifies one exception to a general rule, other exceptions are excluded. In the case of "other charges," various UCCC administrators and attorneys general have warned rental dealers that the express limiting of certain fees excludes charging any other fees altogether.

The issue is alive in Iowa, South Carolina and several other states as well.

To some extent the issue has been born of consumer advocates' antagonism toward RTO dealers' "other charges" generally and not some sudden revelation about the interpretation of RTO laws. Statutes generally

mean what the words on the paper say—the "plain meaning" of the statute. Occasionally, if that meaning is unclear, one must resort to determining the legislative intent when the law was passed.

The whole ideal of legislative intent is murky and often argued about ad nauseum. (Once a lawyer lapses into Latin, it is hard to get back.) It is no easy task to determine what 100 or so politicians were each intending to do when they voted for a certain bill. They probably all intended something different and will be quick to explain their own intentions; thus, the inherent difficulty with the notion.

If a state legislature really wished to forbid all other charges besides the ones listed, it could easily and clearly do so. The Oklahoma Legislature, in fact, did just that in a 1989 amendment to the RTO statute there. It added language that prohibited "requiring the payment of any other additional charges of any nature whatsoever, other than those specified."

No other RTO statute has this language and dealers have an excellent argument that, in the absence of such language, the legislatures intended to regulate the amounts of certain kinds of other charges and let the marketplace regulate new and different kinds, as they develop. Maybe the various agencies critical of rental dealers' other charges are right and maybe they are wrong. Judges finally tell us all what statutes mean, but RTO statutes have not been the subject of widespread judicial review.

Dealers, quite rightly, prefer renting televisions to litigating. The effect of the threats, and that is the proper word, from the various regulatory bodies, however, has been to chill the marketplace. Dealers tend to forego offering damage waiver or leased property insurance options when they have been told such items are in violation of their RTO statute by state officials.

CONTINUED ON PAGE 41



Events in Los Angeles only reaffirm there's

No place for racism in our business

THERE IS TUMULT IN THE AIR. MY PET THEORY IS THAT AS THE MILLENNIUM APPROACHES, THERE IS GOING TO BE MORE AND MORE OF IT, NOT BECAUSE THE WORLD IS REALLY COMING TO AN END BUT BECAUSE PEOPLE THINK THAT IT IS.

EVENTS IN LOS ANGELES AS RECENT AS A COUPLE OF MONTHS AGO PULL US PERFORCE OUTSIDE OF OUR DAILY WORRIES ABOUT THE HELP, DELIVERIES, PAST-DUES, FINANCES AND WHATEVER OTHER WOES PLAGUE OUR RESPECTIVE BUSINESSES.

.....

At least a dozen rent-to-own stores were gutted during the L.A. riots (see page 10 story this issue). They had, after all, TVs and stereos in the windows, albeit barred windows, and those are attractive items in riotous times.

RTO dealers with stores in other inner cities may be cursing their fate, secretly fearful of what the long, hot summer may bring. In any case, they are reviewing insurance policies and generally looking over their shoulders these days. In the meantime, the social fabric of the country is being stretched, and we are getting to watch it live on television.

We in RTO make our living dealing, to some extent, with the country's disenfranchised citizens. So, our industry cannot simply look the other way and hope things get better. Many of the people in this country are the angriest over recent events, the Rodney King verdict in particular.

But the very real charge of racism in America, generally, are our customers. And the reality is, we have to deal with

them again this Friday.

So, what should we do? What can we do? As an industry, we are already doing something. We have opened stores and delivered merchandise, on occasion, where even angels feared to tread. We have opened up the material part of the American dream to many people who otherwise would have been cut off from it. A lot of people have the accoutrements of the good life—color TVs, VCRs, stereos, washers and dryers, nice furniture—thanks to RTO. Even if they do not own it yet, they still have a nice big TV in the living room and that makes life a little sweeter.

One of the reasons that people riot is that they look around and see a system that treats them so unfairly. It was the legal justice system, to be sure, with the Rodney King verdict, that so angered the citizens of south Los Angeles and black Americans everywhere. But it is also the economic system, the education system, the social system and every other part of American life that seems to brand some people as inferior to others that has much of the country angry or fearful, depending upon which end of the stick they are holding.

In its own small way, the RTO industry has spoken to the issue of fairness by spreading the wealth around, however slightly. In a very real sense, one reason that the radical left hates our business so is that we help hold back the revolution that they want to come; the revolution they believe will refashion society and do away with the distinctions between the haves and the have-nots. If there is a way to provide the poor and disenfranchised with the good things in life, it will assuredly slow people from picking up iron tires and guns and hitting the streets. As aghast as was most of the country at the rioting and looting that we all saw live on TV just two months ago, make no mistake that there were

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BY

ED WINN III

some who cheered the anarchy and wished only that it would spread.

If the industry is doing what it can, as individuals and citizens, we can all do a lot more. If we harbor racist emotions, we can look to their sources, try to understand them and try harder to outgrow them. Racism, as an attitude, cannot prevail in this country without another civil war, literally. Its persistence in American culture will only mean more rioting and senseless loss, and perhaps that will be the fate of this great country. In any case, white people in America are not going to be able to insulate themselves from black rage, least of all—RTO dealers, many of whose livelihoods are invested in black neighborhoods. We had better cultivate a little understanding. We had better cultivate a little empathy. We had better make sure that, as individuals, we are doing all we can to create a just and integrated society. Riots and looting create staggering economic waste. We all lose with economic waste. But those with the most, obviously, lose the most.

We in RTO are particularly vulnerable because of the nature of the business. If the violence continues, we will lose first. That means that we all had better do more than our fair share to keep this country from splitting along racial lines.

I took a year off in the '70s to teach in an all-black inner city junior high school to better understand my personal relationship with black America. I am still a lot of things, but I am no longer a racist, which my Southern good-ole-boy upbringing had fashioned me to be. RTO dealers make a living dealing with black customers. Surely we can learn from that experience and, ideally, pass along the benefit of that wisdom to all who will listen.

I wish that I thought it was over—a momentary loss of control from a highly publicized miscarriage of justice that resulted in the worst racial rioting in this country in 75 years.

But there is too much anger over too many wrongs. As fellow citizens on the planet, we have a duty not to make it worse. Perhaps some of us can work to make it better. **PR**

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



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Here's how to use your computer to produce a pro forma financial statement that works for bankers

WITH THE LOSS TO RENT-TO-OWN OF ITS TRADITIONAL SOURCES OF FINANCING, WE FIND OURSELVES TURNING TO BANKS MORE AND MORE. (SEE TED WILSON'S EXCELLENT ARTICLE IN THE APRIL-MAY ISSUE OF *PROGRESSIVE RENTALS*.) THESE FOLKS DON'T KNOW US AND DON'T KNOW HOW WE OPERATE.

This old saying seems to fit many dealers' financing situations: "If the mountain won't come to Mohammed, Mohammed must go to the mountain." What I mean to say is, simply, that you should try to understand the banks and learn to play by their rules. Approach bankers speaking their language.

Among the things bankers like to see, beyond the officers' or owners' personal financial statements, is the company's financial statements. Included in this category is the cryptic term "pro forma statement." This little jewel is simply a cash-flow projection of your business to demonstrate where the money you plan to borrow will be used and how you plan to pay back the bank.

Sometimes referred to as a budget statement, this instrument not only helps you with your dealings with your lender, it can also serve as a useful learning tool for you. And that's why you should know how to prepare one.

This article provides an example of a typical pro forma statement for opening a new RTO location. Remember: The numbers and entries you'll see on the page 28 example should be used only as a guideline. You know best what numbers will work for your particular situation.

Turning the page back and forth as needed, follow the line numbers on the left

side of the page 28 pro forma statement, as I explain the purpose of each entry. This example statement is for the first year of business for a new store. You can easily adapt it to work for your needs. Now, let's take a look at this mass of numbers and see if we can make any sense out of it.

Lines 1 through 9 are your initial start-up costs for opening a new store. You may wish to add additional lines for more detail, or change some of my assumptions. The total will be used down below in line 35.

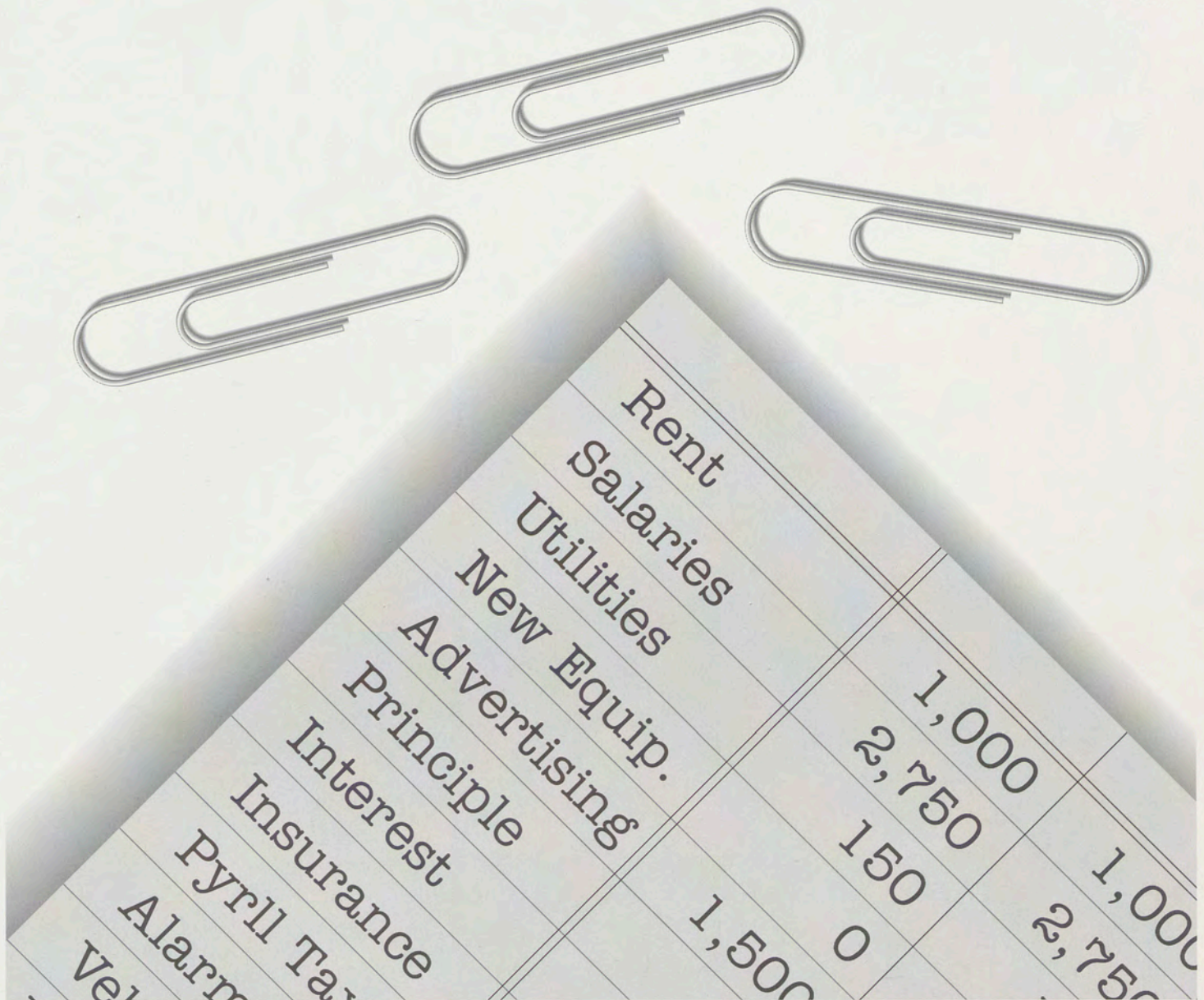
Lines 14 through 17 represent the heart of the loan information. Principal is the total amount we wish to borrow from the bank. Interest is 12 percent, but you may have to change this to represent real-world numbers. Line 16, term, is the number of years you expect to pay back the loan. Line 17 is the monthly payment you would pay to the bank for the use of the principal. This payment includes both principal and interest.

Skipping to the next section, lines 20 through 33 represent the amount of cash needed for the month. Of particular importance are lines 25 and 26. This is a breakdown of the payment from line 17 above. Notice how these two amounts change over time, reflecting the amount of the payment that goes toward interest and reducing the present value of the loan. (The

.....

BY

DAVID SHAPERO



payout, if you will.) You know best how to fill in the other blanks. Note that line 28, payroll taxes, is a percentage of line 21, salaries. Sales tax might be another item that you could add to this section.

Line 35 reflects how much cash you have at the beginning of the month. (The loan kicks in below in line 43.) Next, line 36 is projected revenue, which is a multiple of line 37, BOR (balance on rent). If you have a breakdown of other projected revenues, they should go in this section. Line 39 is total revenue for the month. The next line is cash balance. This is the sum of line 33, cash out; line 35,

beginning cash balance; and line 39, total revenue.

Line 42 is the amount of any existing loans. Line 43 is any additional loans for the current month. Line 45 is the cash balance at the end of the month. (This amount is carried over to line 35 of the next month.) Finally, line 46 is the current present value of the loan. Note how every month this amount goes down in accordance with the amount in line 25.

As you look over this pro forma, notice how certain expenses fluctuate, reflecting either the growth of the store or seasonal changes. Since this statement was produced using com-

puter spreadsheet software (Lotus 1-2-3), changes can be made that instantly become recalculated on the bottom lines across the whole sheet.

Notice also that in the eighth month you may have to return to the bank for more money. This would more than likely be a big negative for the bank. They never like you to come back for more money in the same year. Try to ask for enough at the beginning, or adjust your estimates of the growth you project.

I hope that this example of a pro forma statement can help you. Even

CONTINUED ON NEXT PAGE

START UP COSTS FOR NEW LOCATION

1	REMODELING	10,000
2	SALARIES	3,000
3	FIXTURES	2,500
4	VEHICLES	13,000
5	COMPUTERS	2,500
6	SIGNS	1,500
7	RENTAL EQUIP	30,000
8		
9	TOTAL	62,500

14	PRINCIPAL	170.000
15	INTEREST	12.00%
16	TERM	5
17	PAYMENT	3.782

19		1	2	3	4	5	6	7	8	9	10	11	12
20	RENT	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
21	SALARIES	2,750	2,750	2,750	3,000	3,000	3,000	3,000	3,250	3,500	3,500	3,750	3,750
22	UTILITIES	150	150	150	150	150	150	150	150	150	150	150	150
23	NEW EQUIP	0	2,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	6,500	6,500
24	ADVERTISING	1,500	1,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
25	PRINCIPLE	0	2,082	2,102	2,123	2,145	2,166	2,188	2,210	2,232	2,254	2,277	2,299
26	INTEREST	0	1,700	1,679	1,658	1,637	1,615	1,594	1,572	1,550	1,528	1,505	1,482
27	INSURANCE	200	200	200	200	200	200	200	200	200	200	200	200
28	PAYROLL TAXES	413	413	413	450	450	450	450	488	525	525	563	563
29	ALARM	60	60	60	60	60	60	60	60	60	60	60	60
30	VEHICLES	300	300	300	300	300	300	500	500	500	500	500	500
31	UTILITIES/MISC	3,000	3,500	3,500	3,500	3,500	3,500	4,000	4,000	4,000	4,000	4,000	4,000
32													
33	CASH OUT	9,373	15,654	26,154	26,442	26,442	26,442	27,142	27,429	27,717	27,717	21,504	21,504
34													
35	BEG. CASH BAL.	(62,500)	100,228	88,773	68,919	50,878	34,936	21,095	8,653	(1,976)	(10,792)	(17,509)	(16,963)
36	RENTAL REV	2,100	4,200	6,300	8,400	10,500	12,600	14,700	16,800	18,900	21,000	22,050	23,100
37	BOR	50	100	150	200	250	300	350	400	450	500	525	550
38													
39	TOTAL REV	2,100	4,200	6,300	8,400	10,500	12,600	14,700	16,800	18,900	21,000	22,050	23,100
40	CASH BAL	(69,773)	88,773	68,919	50,878	34,936	21,095	8,653	(1,976)	(10,792)	(17,509)	(16,963)	(15,367)
41													
42	EXISTING LOAN	0	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
43	ADD. LOAN	170,000	0	0	0	0	0	0	0	0	0	0	0
44	TOTAL LOAN	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
45	END CASH BAL	100,228	88,773	68,919	50,878	34,936	21,095	8,653	(1,976)	(10,792)	(17,509)	(16,963)	(15,367)
46	LOAN END BAL	170,000	167,918	165,816	163,693	161,548	159,382	157,194	154,985	152,753	150,499	148,222	145,923

The author's example pro forma statement proves that a simple computer spreadsheet and a little know-how can be used to create documents prospective lenders will appreciate. An advantage of spreadsheets: It's easy to try 'what if' scenarios.

My favorite software

THE EXAMPLE PRO FORMA STATEMENT ABOVE WAS PREPARED WITH AN ELECTRONIC SPREADSHEET PROGRAM, THE UBIQUITOUS LOTUS 1-2-3.



With this computer software, a pro forma statement really comes alive. You can change one number and see its effect on the whole spreadsheet. For instance, if you change the revenue projected for each item rented (APU) you will change the total revenue and affect all the related results throughout. Similarly, if the figure for the interest rate were to change, all results

would be affected. I prepared this spreadsheet with 1-2-3 for Windows, but any spreadsheet could be used since this is a fairly simple application of this powerful type of computer program.

Clearly, an electronic spreadsheet is one of the most useful programs to have. What other software, besides RTO-specific, should the modern manager have and use?

I will deal only with IBM-compatible software in this article because virtually all software written for RTO operations is written for this type of computer. (For brevity, these types of computers are simply called PCs, for personal computer.)

CONTINUED ON PAGE 37

Continued from previous page

if you don't need to go to a banker just now, you should try it as a matter of good business. It will help you evaluate where you are and how your resources are being allocated.

There are, of course, many ways to construct a pro forma statement, but this particular form has been most helpful for me when it comes to RTO. With a few minor adjustments, it could be used for almost any other business as well. However, to avoid any possible embarrassment, be sure to have your accountant look over your statement before you take it to the bank.

PR

David Shapero is owner-operator of Rent City in Louisville, Ky. He is president of the Kentucky Rental Dealers Association and a member of the APRO Board of Directors.

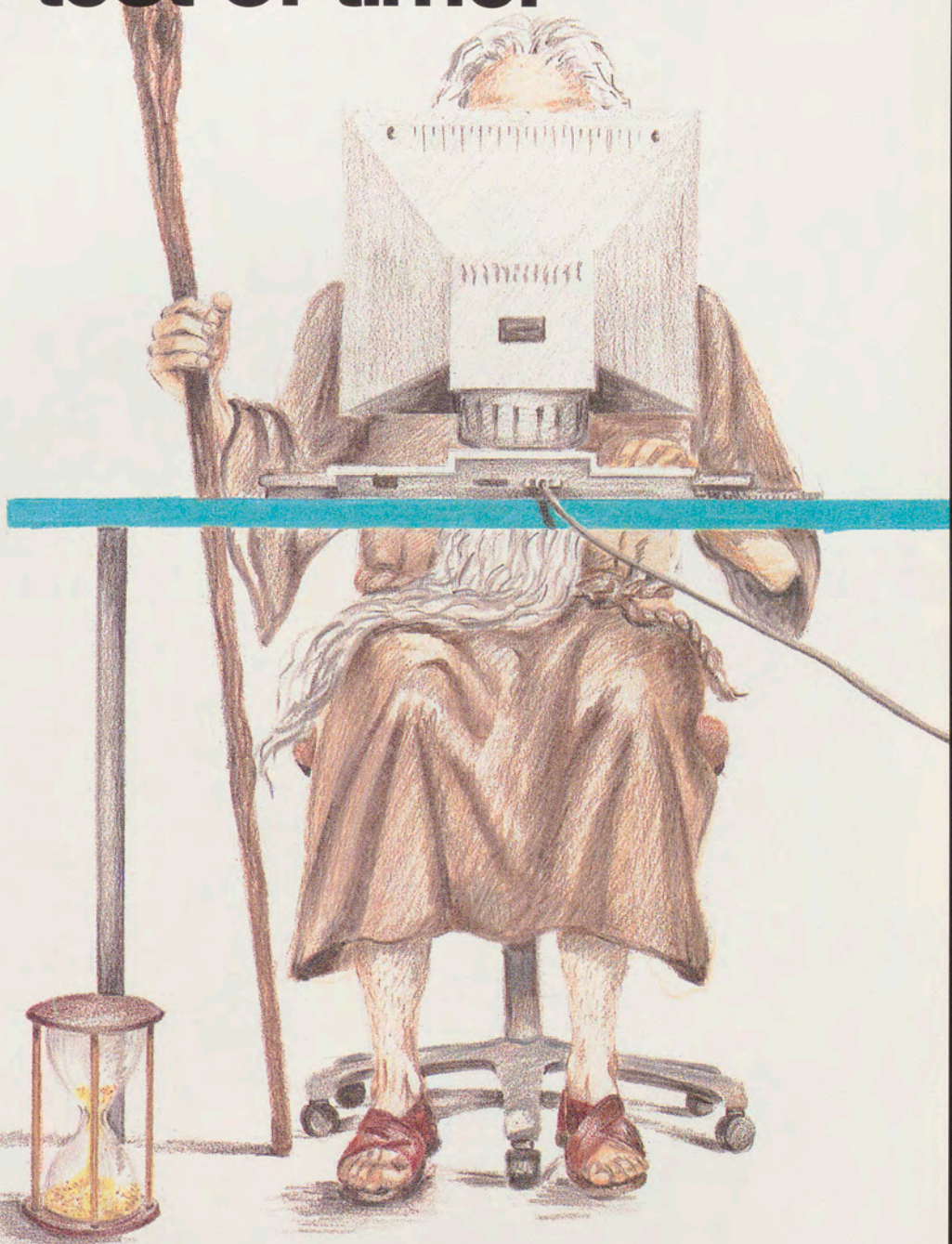
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Convention's coming July 22!

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Along with all this business and learning, however, APRO always remembers to stir some "play" into the recipe. So, party hearty—New Orleans is the place to do it, July 22-26, and we're the people to do it with.

Registration for APRO '92: Jazz It Up! convention and trade show is open from noon until 6 p.m. Tuesday, July 21, for those of you who arrive early for some sight-seeing on your own. Registration continues on subsequent days from 8 a.m. until 5 p.m. Remember, all convention activities are set for the headquarters hotel, the Hyatt Regency, which is downtown near the French Quarter. The Hyatt is adjacent to the Louisiana Superdome and New Orleans Centre, the city's newest shopping mall, and minutes from the French Quarter via free shuttle.

As you settle in at the Hyatt, you can enjoy cocktails and dinner at the Top of the Dome, New Orleans' only revolving rooftop restaurant, drink beer by the "yard" at Hyttops Sports Bar, chow down on breakfast, lunch or dinner beneath a canopy at The Courtyard, nibble delicatessen-style at Le Cafe, or relax over cocktails at The Mint Julep.

The name of the game

If you plan to play in the APRO golf tournament early Wednesday morning,

saddle up by 6:45 a.m. for the bus trip to the English Turn Golf & Country Club. (A later bus leaves the Hyatt at 7:10, for those who like to live dangerously.) Capture the \$10,000 prize provided by Whirlpool Corp. for a hole-in-one on the designated hole, and you can buy everybody round-trip cab fare (about \$25). The shotgun start for the Third Annual APRO/Joe Eason Golf Tournament is at 8 a.m. sharp.

The course, with its rolling contours and luxurious greens, is a masterful feat of engineering and design (see sidebar on page 35). English Turn, named for the ill-advised maneuver of a British naval captain in pursuit of French vessels on the Mississippi River in 1699, presented drainage and soil problems of major proportions to the design team of Jack Nicklaus and Robert Sierra.

The result, however, is a well-paced, 18-hole course that is a challenge and treat for any true golf aficionado. The pacing provides comfortable play for golfers of all proficiencies, with difficult holes followed by easier ones for a more pleasant experience. Water comes into play on 13 holes to challenge all players.

Topping it all off is a Louisiana Plantation-style clubhouse, a dramatic, two-story structure with a hand-crafted Waterford chandelier from Ireland in



Jackson Square, on the edge of the French Quarter just across from the Mississippi River, is a historic place in New Orleans.

the entry foyer and green slate roof imported from China. Visible from any spot on the course, the clubhouse is the crowning touch on one of the South's premier golf courses.

Exhibits, exhibits

A recent survey by the American Society of Association Executives (see page 36 sidebar) shows that its members enter the exhibit hall with three expectations: to gather information, to reinforce previous contacts, and to find new resources. APRO's trade show is planned with these objectives in mind.

The 1992 APRO trade show opens at 11 a.m. on Thursday in the Hyatt exhibit hall and remains open until 5:30 p.m., with a cash lunch available outside the exhibit hall from 11:30 a.m. until 1:30 p.m. On Friday, the exhibit hall is open from 9 a.m. until 1 p.m., with a cash continental breakfast from 9 to 10:30 a.m. and cash lunch, 11 a.m. to 12:30 p.m. On

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BY

BARBARA

STOOKSBERRY

Saturday, the exhibit hall is open from 1 to 4 p.m., with a cash lunch available between 1 and 2:30 p.m.

Because of the importance and popularity of the trade show, APRO has, as in previous years, scheduled the trade show to avoid conflict with other convention events. The uncluttered hours and on-site meals provide every opportunity to visit the exhibit area comfortably and unhurriedly.

This is your best opportunity all year to talk one-on-one with manufacturers in furniture, appliances, electronics, jewelry and other RTO product lines—ask your questions, provide valuable feedback, exchange ideas, find out what's on the horizon. Because all the major suppliers can be found under one roof, you can

conduct business in a truly cost-effective way. This is also the time to get information first-hand on new RTO products and services, such as club programs and in-store computerized marketing, that might mean megaprofits for you, and to get the straight dope from other RTO dealers who've tried these new products and can speak to their virtues from their own experience.

Participate, nominate, legislate

A distinct advantage of membership in the association that exclusively serves the rent-to-own industry is the clout you gain in legislative and legal issues. APRO is the watchdog for relevant RTO legislation and regulatory agencies nationwide.

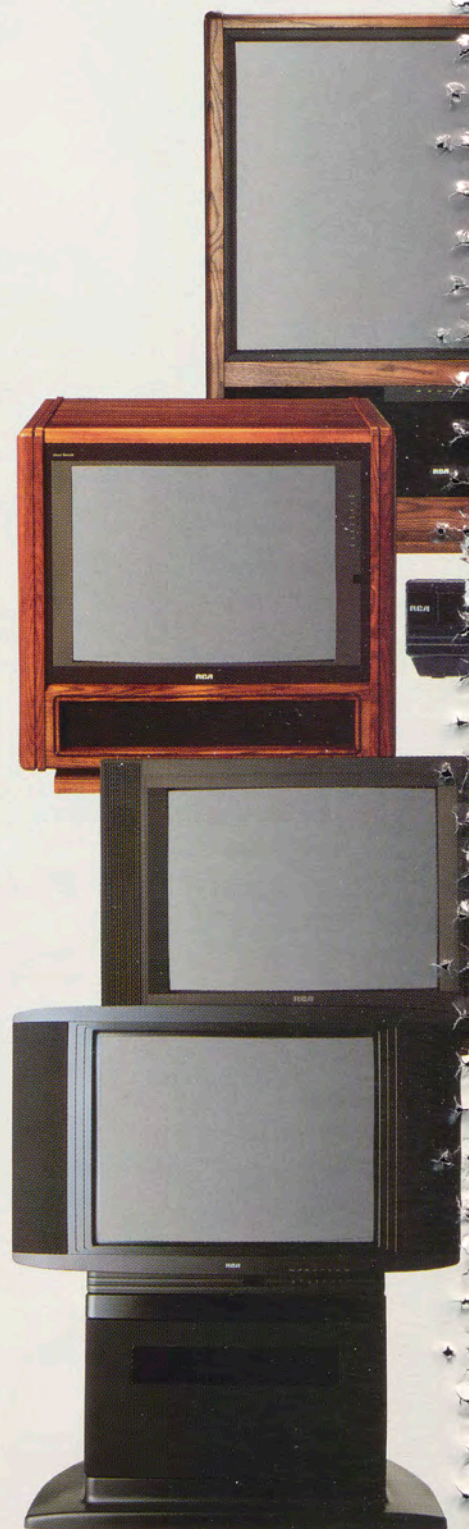
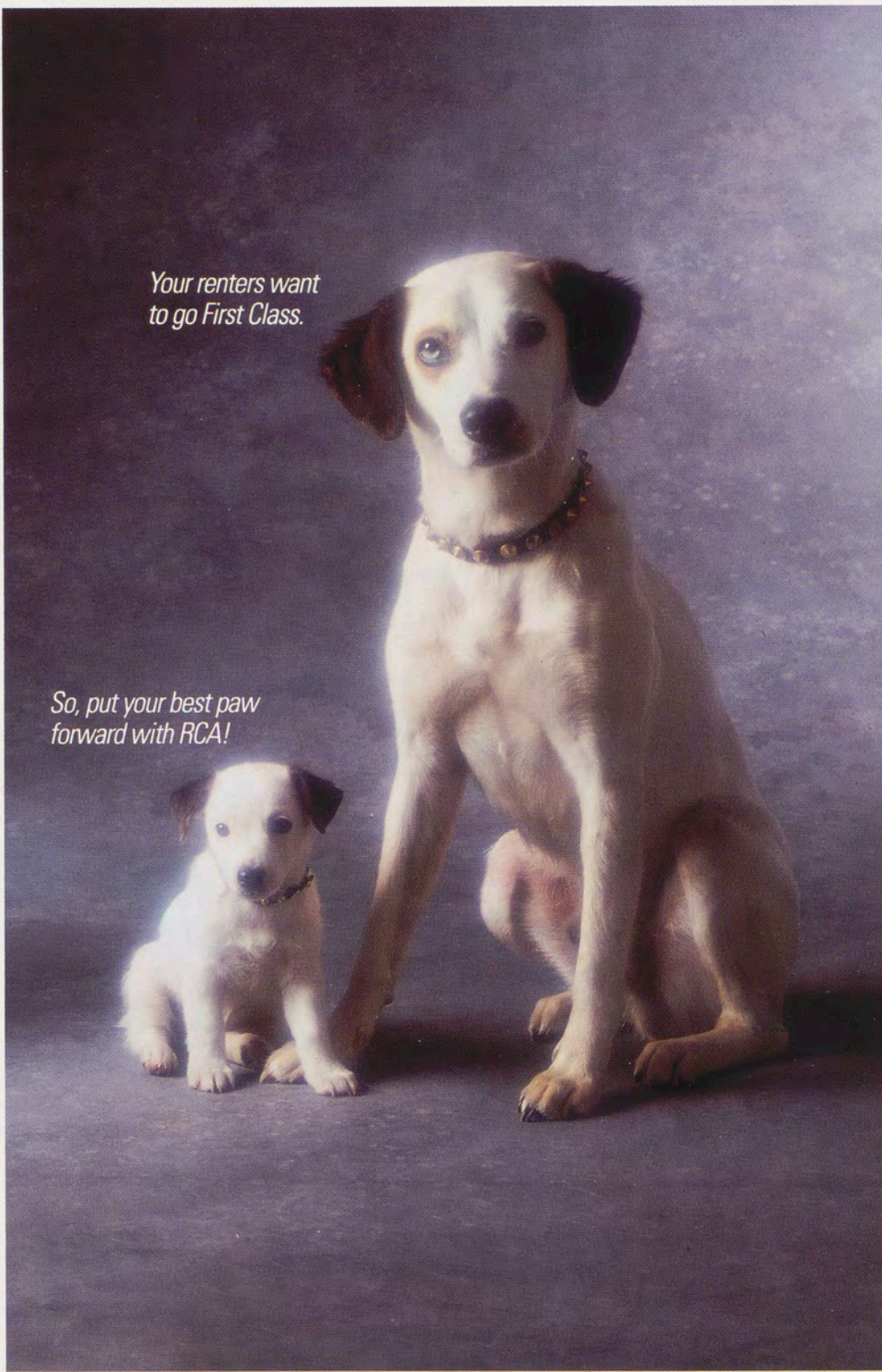
The APRO Presidents' Council is a newly created advisory body of state association presidents who will make

CONTINUED ON PAGE 34

Putting on

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Continued from page 31

recommendations to APRO leadership on state organizational structure, legislative issues, and business and legal trends in various geographical regions. The council should strengthen the national organization by providing input through regional representatives. Its influence will be felt in legislative and legal-issue forums during the convention.

The APRO Presidents' Forum breakfast for state association presidents is from 8 to 9:30 a.m. on Thursday, under sponsorship of Fraenkel Wholesale Furniture Company, with the APRO general session and business meeting following at 9:30.

One of the main orders of business Thursday morning is the election to fill eight vacancies on the APRO Board of Directors. Sixteen members serve two-year terms on the board, with half the membership up for reelection each year. Find out who's running and cast your ballot for the nominees of your choice. A meeting of the new board on Sunday, July 26, will choose officers (APRO Executive Committee) for the upcoming year.

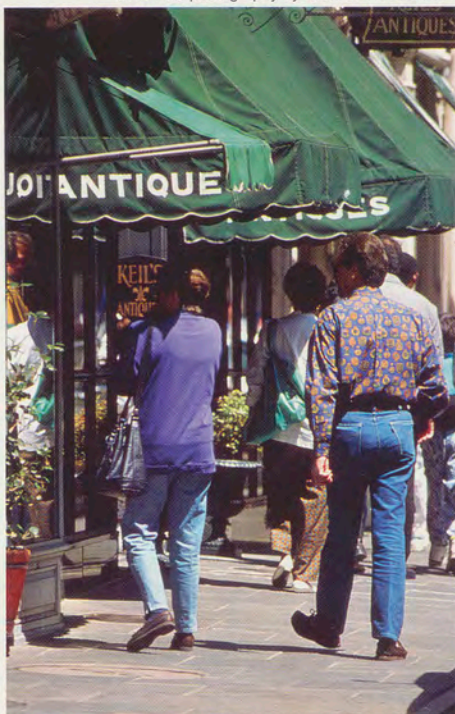
High Touch and Sanyo-Fisher are sponsoring the general session's keynote speaker, Mark Twain.

Back to school

On Friday, July 24, it's back to school, as you update your skills and business know-how with an afternoon of hour-and-a-half continuing education seminars covering a range of subjects.

The most recent APRO statistical survey will be the topic for former APRO President Ted Wilson and association executive director Bill Keese. Complimentary copies of the results will be available for those companies that responded to the survey. Wilson, a member of the APRO Board of Directors since 1986, has been vice president of finance and administration for Alrenco, Inc., since 1984. Keese is a former Texas state legislator with senior management experience in several industries. Here in a nutshell are the relevant statistics on every facet of the rent-to-own business.

Using advertising to your advantage



Antique shops on Royal Street in New Orleans' French Quarter.

in surviving the recession in the RTO business is the subject of David M. Wilson, marketing and advertising director of Borman Advertising & Marketing, Las Cruces, N.M. Wilson will tell how to get the most out of your advertising dollars, create an image for your company that will put you ahead of the competition and choose the medium that works for you.

Attorneys James D. Walker Jr. and Edward L. Winn III will provide the low-down on avoiding lawsuits and costly attorney fees that can result when rental agreements are not in compliance with state regulations. Walker and Winn, both experts in RTO law, will point out major differences in state laws and discuss the pitfalls of noncompliance. Sample copies of state rental agreements will be available. Walker is a partner in the law firm of Surrent, Walker, Creson & Colley, Atlanta, Ga. Winn, general counsel for APRO since its inception in 1980, is a partner in the Austin law firm of Overstreet, Winn and Edwards.

Motivational speaker Ron Useldinger will conduct seminars in two areas: employee injury prevention, with an eye toward keeping workers' compensation costs down and improving employee performance; and stress management. Useldinger draws on his expertise

with the Fitness Motivation Institute of America in discussing the health-care crisis in the United States.

Donna Wesson Smalley will give a businessperson's primer in legal procedure. A private practitioner in Tuscaloosa, Ala., Smalley represents most APRO member businesses in her area. She will cover jurisdictional issues, civil vs. criminal laws, deciding whether litigation is appropriate, and other basics of business law, with a question-and-answer session following.

In other sessions, Lyle Jones of High Touch, Inc., offers advice on putting your computer system to work for you; and Dan Whitsell, a certified public accountant (CPA) and member of APRO's accounting committee, will do a step-by-step presentation on structuring your balance sheet. Experts also discuss accounting and tax issues relevant to the RTO industry.

Also on Friday, Larry Sutton of Champion TV and Appliance suggests ways to inject a little humor into your work as a means of relieving the everyday stress of the job; a panel of experts in appliances, electronics and furniture will help you find the key to effective in-house merchandizing; and APRO Executive Director Bill Keese will share his public relations know-how so that you and your business present your best image to the public.

Rent-to-own wives? Does this constitute a new line of RTO merchandise? Alas, no. This intriguing seminar topic refers to the spouses you already have. Our panel of spouses of RTO company owners and top-level management can make life easier on you and your spouse by sharing ideas and solutions to problems they've encountered in this business.

If your merchandise has a way of showing up missing, hear a master in the field of property recovery give tips on putting the skids on skips and stolens. Tele-Track will provide the speaker.

Building a state RTO association from scratch or reinvigorating an old one? Representatives from the National Federation of Independent Business and the Louisiana Association of Business and Industry can tell you how to go about it the right way.

Finally, club programs are among

CONTINUED ON PAGE 54

Convention golfers to play PGA Tour course

IN 1699, A BRITISH CAPTAIN ALTERED COURSE 180 DEGREES AFTER LEARNING FROM FRENCH RIVERMEN THAT SEVERAL WELL-ARMED VESSELS WERE AROUND THE NEXT BEND OF THE MISSISSIPPI RIVER. OF COURSE, THE FRENCHMEN WERE BLUFFING, BUT FROM THAT ACTION CAME THE AREA'S NAME—ENGLISH TURN.

•••••

English Turn Golf and Country Club was formally opened on Nov. 1, 1988. Golf great Jack Nicklaus and some of Louisiana's most famous personalities joined in ceremonies heralding the championship, 18-hole course.

Now the permanent site for the PGA Tour's USF&G Classic, English Turn reflects the uncompromising excellence of a Nicklaus-designed course.

The course was built around the concept of pace—a comfortable arrangement of difficult, moderate and easy holes. A course designed with proper pace will have difficult holes followed by easier holes which allow the player to “get even.” English Turn has good pace. Consequently, “it won't discourage anyone,” Nicklaus said.

From the tournament tees, English Turn plays a stern 7,106 yards with water coming into play on 13 holes. Gallery mounds provide superb views of tees, fairways and greens. The design creates an ideal situation for players and spectators to best enjoy the USF&G Classic.

Recognizing that the course will host the PGA Tour only once a year, Nicklaus' ingenious design for English Turn makes it a remarkably playable course for those whose handicaps are expressed in purely human terms.

Waste bunkers, special contours, mounds, doglegs and multiple tees take the water out of play on five holes. The waterway is generally to the golfers' left, making it less hazardous for those who play left to right. English Turn plays to 6,508 yards



Photo courtesy of English Turn Golf & Country Club

No. 18 at New Orleans' English Turn guarantees an exciting finish, and APRO golfers will join those lucky enough to hold the distinction of having played there.

from the members' tees, 6,145 yards for seniors and 5,430 yards for women. Par is 72.

No matter what our ability may be, it's not often that we “hackers,” “slashers” and overall “duffers” are allowed to play a golf course the caliber of English Turn. But, what a thrill it is to tread the same links, calculate the same yardage, eyeball the same putts as Jack, Ian, Greg, Davis and Chip.

As Nicklaus says: “This course will test a golfer's ability to play smart shots. It will provide an enjoyable

challenge for players of all levels.”

So, if you haven't registered to play the English Turn at the APRO convention (Wednesday, July 22), you should. This opportunity doesn't knock very often.

—Tom Kitchens

(Editor's note: Whirlpool Corp. is sponsor of the APRO convention golf tournament. Whirlpool's Tom Kitchens personalized the above account of the PGA Tour course that APRO conventioners get to test. Much of the article originally appeared in Southern Golf Journal.)

Trade show attendees getting sophisticated

YOU'VE BARELY SET FOOT IN THE EXHIBIT HALL WHEN A PARTICULAR BOOTH CATCHES YOUR EYE. AS YOU APPROACH THE BOOTH, AN EXHIBITOR GREETES YOU.

.....

The next thing you know, he's asking all the questions without providing information on the product that caught your eye in the first place. Then you turn to leave—trying politely to tell the exhibitor you are not interested—and he gets a bit annoyed because you don't offer your business card.

Is this prototype exhibitor—aggressive and not informed—one you'd likely run into at your association's trade show?

ASAE (American Society of Association Executives) explored this question—along with a host of other attendee- and exhibitor-related issues—last year by surveying its members and exhibitors to assess attendee and exhibitor expectations and to determine if ASAE was meeting those needs.

"The most revealing part of the survey is that the attendee is much more serious than the exhibitor perceives," said Allen Konopacki, president of Incomm Center for Trade Show Research and Sales Training, Chicago, who conducted the ASAE study.

"The attendee needs to accomplish more in less time and sees the trade show as a convenient way to expedite business decisions for his or her association."

Konopacki says the ASAE findings are not unique. Identical surveys conducted with the American Chemical Society and the North American Telecommunications Association, both in Washington, D.C., produced similar results. Based on his research of other associations, Konopacki has identified



The trade show is a big part of every APRO convention, including the one that begins July 22 in New Orleans.

the following trade show trends:

1. Attendees have more responsibility than before. Economic limitations are driving organizations to expand the responsibilities of their employees. Attendees are no longer generalists; they want details and tailored answers. Konopacki explains that exhibitors are eager to bring attendees into the booth, but they aren't prepared to give them specific answers.

"The world is changing. People are crossing over department lines and becoming responsible for other areas," said Konopacki. "The person who walks down the show floor may be interested in a product or service even if his or her badge doesn't reflect that."

As attendees take on multidepartmental responsibilities,

exhibitors must change the way they view their customers, contends Konopacki.

2. Attendees are better informed than previous trade show participants. The average attendee gets 600 times more information today—via facsimile machines, direct mail, magazines, cable television and so forth—than five years ago, according to a study conducted by the Massachusetts Institute of Technology (MIT), Cambridge, and International Business Machines (IBM), New York City.

"As a result of this massive amount of communication, attendees no longer need to see what's new. They already know what's on the market," Konopacki said. "Instead, they are more prepared to have a serious business meeting and to discuss the specifics to application of what the exhibitor offers."

3. Attendees need information more quickly than ever. When an attendee asks an exhibitor a question at a trade show, he or she often responds, "Let me get your business card, and I'll get back to you later." But Konopacki says attendees want immediate answers.

"Since attendees have more responsibility and less time, they want to get things resolved in their minds before they leave the trade show. They don't want to leave their business card or take home a brochure. They want to leave with an answer."

4. Attendees have less time to visit with exhibitors. The need to accomplish more in less time results in some attendees spending less time at conferences.

Konopacki believes exhibitors need to eliminate communication clutter and more quickly get onto an attendee's agenda. "Exhibitors need to (conduct) search talk—asking smart questions to determine attendee needs ..."

PR

(Editor's note: The above is reprinted with permission from the April issue of ASSOCIATION MANAGEMENT magazine, © 1992, ASAE. The original author is Patricia A. Mascari, senior editor of ASSOCIATION MANAGEMENT.)

Exhibitors' expectations of shows vary

The American Society of Association Executives (ASAE) conducted mail and telephone interviews with its members and exhibitors in the spring of 1991 to better understand their expectations so that the association could improve its trade shows.

Incomm Center for Trade Show Research and Sales Training, Chicago—which ASAE hired to conduct the survey—polled exposition attendees (50 by telephone, 100 by mail) and exhibitors (25 by telephone). Here are some of the results. Only the most frequent responses are noted here; thus, figures do not add up to 100 percent.

From attendees:

- Of those who plan their time prior to visiting the exhibit area: 45 percent review who is exhibiting and set an agenda; 33 percent walk the floor and then return to specific exhibits.

- Attendees identified these specific pet peeves: list building (using booth gimmicks such as free popcorn, pens and so forth to build prospect lists); no information (not knowing answers to simple questions); lack of discussion time (not having enough personnel to assist or the inability to conduct meaningful discussions in the booth); and pitch posture (overly aggressive exhibitors).

From exhibitors:

- Of their expectations from exhibiting: 43 percent hope to obtain qualified leads; 32 percent hope to build on existing relationships; 25 percent

hope to develop their image.

- The ways in which exhibitors measure their effectiveness: 30 percent measure by volume of leads; 16 percent measure by booth traffic; 16 percent measure by customer contacts.

- Of the type of training provided to exhibit staff: 36 percent conduct a preshow briefing by a staff member;

27 percent do not train their staff but send experienced staff; 23 percent attend a sales training seminar.

- Of the exhibitors who set goals: 43 percent don't get specific. **PR**

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Continued from page 28

Since the data produced by your store computer is most likely to be written for this type of computer, it makes sense to use a computer for your personal work that can read and manipulate this data.

Everyone needs a good database program. My personal favorite is Rapid File. It is produced by the same company that made dBase II, Ashton-Tate. I use this program because it is 100 percent compatible with the data produced by all PCs. This means I can take any data file out of my store's computer system—all my customers, for instance—and easily produce any type of report I wish.

Although your store software may have some of this type of flexibility, it most likely won't be able to do everything you need without having programming skills (which I don't). I can make mailing lists of just those customers who have rented in the last 24 months, who have spent at least \$150 and who didn't skip with my equipment. I can then use this list to print mailing labels sorted by zip code.

You name it, I can do it. You don't need any of the big programmable databases to do this type of printout. Just a simple "flat-file" kind will do.

A good word processor is a must as well. I use Ami Pro. It is a graphically-oriented word processor which allows me to see exactly what my documents will look like on the screen before I print them. I had my logo electronically scanned at a



Deciding which software programs to buy is an important step in using computers to help run your business.

local print shop, and can put it right on my letters. Although you must have Windows (the new operating system from Microsoft) to run Ami Pro, the ability to see what your text will look like and the logical way the program works make it worth the extra expense. You must also have Windows to run my favorite new program, Microsoft Publisher.

This program is the easiest-to-use desktop publisher I have ever seen. You can make professional-looking documents in less than 30 minutes from the time you open the package. It's that easy. It is extremely powerful and versatile. It has a feature called Page Wizards. These Page Wizards lead you through the development of the document you wish to create, then quickly produce the perfect document on screen while you watch. It does everything from fliers and store signs to incredible paper airplanes—you can even put your logo on them!

There you have it. My favorite software. My emphasis (and yours) is on ease of use and versatility.

—David Shapiro

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*Stagnant stores?
Here's a program
to help dealers*

Boost BOR

WHILE IT'S NO PANACEA FOR ALL PROBLEMS IN A RENT-TO-OWN OPERATION (SEE BUD HOLLADAY'S PAGE 18 ARTICLE ON NO-COST REVENUE GROWTH), CONTINUING GAINS IN UNITS ON RENT TEND TO MAKE LIFE EASIER ON EVERYONE.

BUT MANY DEALERS REPORT THAT IT'S GOTTEN A LOT HARDER TO INCREASE BOR (BALANCE ON RENT) THESE DAYS.

Enter computerized marketing. Computerized marketing is a management tool that can help rent-to-own personnel make the kind of judgments that directly lead to new rentals.

Computerized marketing was created to spur BOR growth and reduce pickups in rent-to-own stores that use it. (For a look at how it's worked so far with one RTO company, see sidebar on Yam's.)

RTO is a point-of-rental type of business. Everything begins with—and stems from—contact between store personnel and customers. A couple of key elements:

- The right presentation, based on the individual customer's wants (what product he'd like and why your store is the place for him to get it).
- The right followup, based on the individual customer's needs (when he or she tells your people to check back—on payday, when the sofa she wants is in stock, etc.).

If your store personnel consistently make these judgments correctly, a lot of potential customers become actual, paying customers. Thus, BOR begins to climb.

That's one of the things computerized marketing does. It provides a structured, consistent approach, complete with built-in checks and balances, so nothing falls through the cracks when your personnel are dealing with potential customers.

What is computerized marketing?

It is not regular, inventory-tracking software for rent-to-own such as those packages offered by High Touch, RSSS or other computer software companies. According to RTO dealer and program developer Roy May, it works independently from any computer or manual system dealers already have in their stores. Computerized marketing revolves around an "in-store payment booth" that includes a desk and a stand-alone personal computer running specialized software.

How does it work?

Store personnel have customers fill out a short, plain-English questionnaire (it's much briefer than a standard rental agreement, which comes later in the process). Completed questionnaires tell store personnel basic information about customers like their type of job, length of employment and how long they've lived at the current residence.

From there, store personnel take customers' basic information, along with the type of product they want, and feed that into the computer as required by screen prompts. The computer then generates several payment options for the customer to choose from.

Customers tend to be impressed with the program, and have few reasons to say "no" once the presentation has run its course. Everything is covered; the benefits of trading with the dealer are clear.

•••••

BY

JOHN

GORMLEY

All that's left is to fill out the traditional rental agreement, and stores can use the same one they've been using.

The main reasons rental dealers would want to use in-store computerized marketing relate back to key BOR-building elements:

- The right presentation is made every time. (It matters little whether the salesperson is inexperienced or a polished veteran. Consistency is built in, but with an approach tailored to build self-esteem with each customer.)

"The computer picks things up for the salespeople," explained May, owner of five-store RTO company Yam's in Little Rock, Ark. "If we don't happen to have real experienced salespeople at the time, the computer helps with the process. It tells right on the screen all the benefits of trading with us."

- The right method of payment is automatically determined, and management can better control its markups. (Potential customers who are more closely identified with the middle class—or who generally eschew the idea of "renting-to-own"—will now do business with RTO stores because it fits their upscale image, and they like the terms and services.)

"We've developed a concept to analyze customer data ... how long they've lived there, what type of job they have and so forth" added May, who has spent several years fine-tuning the program. "We ask them about three or four questions, and the computer does the rest."

- The right followup is ensured. (Computerized marketing tracks potential customers, and flags the correct time and actions required for store personnel to follow up effectively.)

"It does a report at the end of the day that shows how many customers came in, what percent of them were closes, why they didn't rent and the dates to follow up," May said.

What is the safety net for a dealer? The consistency of the system, which qualifies customers without credit checks, and the dealer's flexibility in setting his markups through the system's control file.

Once a store starts building accounts under the program, the usual backslide—two new rentals, one quickly returned—isn't so inevitable. The

CONTINUED ON NEXT PAGE

A revolutionary program for RTO? New Yam's store makes a case

ROY MAY BELIEVES CHANGE IS INEVITABLE. BUT INSTEAD OF BEMOANING THIS FACT, HE'S EMBRACED IT. AND, HIS RENT-TO-OWN BUSINESS HAS THRIVED.

•••••

"The business environment out there is changing every day," said May, "and you'd better stay in tune with what's going on ... or you're going to get left behind."

May's Yam's stores, all in highly competitive central Arkansas markets, are posting significant gains in BOR (balance on rent) and profit. The five-store company has more than 4,300 accounts, despite the fact that one of its stores is less than eight months old. In the month of May alone, Yam's gained 254 units.

By combining a rent club with May's own in-store computerized marketing program, the newest Yam's store—this one in Pine Bluff—hit the 700-account mark just seven months after it opened on Nov. 1, 1991. That was more than twice the original projection.

Yam's Pine Bluff store is the test case for in-store computerized marketing. "We built the store around the system," May confirmed.

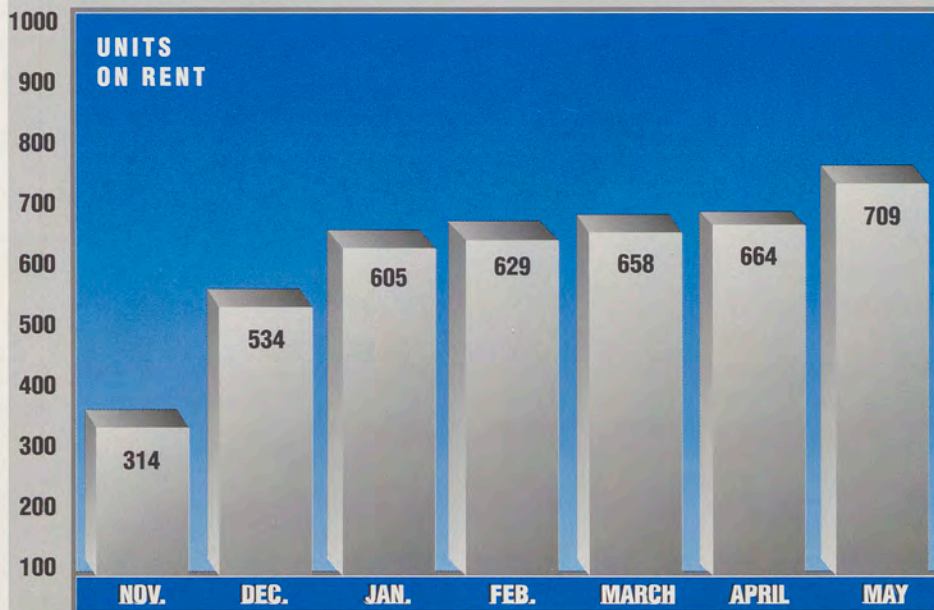
Mike Rowe, who has five years of experience in rent-to-own, was chosen manager of the new Pine Bluff store. He was there when the doors opened late last year. Rowe attributes much of the fast start to an in-store computerized marketing booth, which attracts a broad spectrum of customers thanks to its wide range of payment options.

"We're trying to get more of the market out there," Rowe said. "Obviously, with the image that we try to portray in the ... store ... it's really been working for us. It's a very conscious effort."

That's fine for a new store. But what about a mature RTO store that needs a boost in BOR?

Derek Rieathbaum is manager of Yam's North Little Rock store, which fluctuated between 450 and 500 accounts ever since 1983. But at the end of May, after less than three months with the in-store comput-

CONTINUED ON NEXT PAGE



Yam's Pine Bluff, Ark., store is the test case for in-store computerized marketing. Since opening last November, BOR gains have been impressive. Managers attribute the store's fast growth to their new marketing program, combined with clubs.

Continued from previous page

normal see-saw effect of fluctuating BOR is diminished.

"Payments are a little bit cheaper in some cases and, because of that, people keep it longer," said Chuck Hicks, assistant manager of Yam's North Little Rock store.

May recently gave his son Jerry, Jack Weir, Gerald Burke and several advis-

Basic components of the turn-key program include PC hardware, customized software package, training and support, and a knockdown in-store payment booth. AMY Computerized Marketing will exhibit at the July 22-26 APRO convention and trade show in New Orleans.

ers rights to market the program. They formed a new company, The AM Group, to offer the AMY Computerized Marketing program to

rent-to-own and jewelry companies.

Basic components of the turn-key program include PC hardware, customized software package, training and support, and a knockdown in-store payment booth. AMY Computerized Marketing will exhibit at the July 22-26 APRO convention and trade show in New Orleans.

"The prospecting and customer followup that's built into the system are big keys with (store) managers. It's a tremendous tool," said Weir, vice president of sales and marketing for The AM Group.

Hicks, the assistant store manager in North Little Rock, concurs. "The people who used to walk away ... because of this, we're getting 80 percent of them back," he said.

Weir says official roll-out of the program, including an informational video and latest computer demo, is planned for the APRO show. But by early summer, the company's sales and training efforts were already gearing up, with selected dealers serving as advanced test sites.

Assuming that in-store computerized marketing gains a foothold in the RTO industry, one result could be the opening up of rent-to-own to a new middle ground. Some demographers believe there's a growing number of middle class Americans who either do not fit consumer credit profiles or don't want to. They may have credit problems or perhaps are looking for alternative means of using products and services.

Only time will tell what kind of impact in-store computerized marketing has on RTO. The gains on the front end—mainly, increased BOR—are of primary interest to dealers.

But the potential rewards on the back end—a vast new market of middle class customers—could, if enough dealers try it for a long enough period of time, change the rent-to-own business for the better. **PR**

John Gormley is APRO's director of communications.



Photo by John Gormley

Debra Gibson, Yam's Pine Bluff sales manager, at in-store marketing computer.

Continued from previous page

erized marketing program in place, Rieathbaum and his crew were suddenly looking at 650-plus BOR.

"It's just taking off," said Chuck Hicks, North Little Rock assistant manager. "A lot of it's got to do with this new program. I think one of the things they (management) wanted to see is what it would do in an existing store. I was really shocked because it was so hard just to keep this store at 500 (BOR), before."

Some remodeling was necessary to gear up the North Little Rock store for in-store computerized marketing. The intent was "to give it a little bit of a retail flair," May said. "It wasn't anything major, but that booth, when they (customers) walk in, jumps out at them."

What do customers think of the program?

Judy Thomasson is a Yam's Pine Bluff customer who first bought a camcorder under the "90 days same as cash" option and later came back

for a kitchen table-and-chairs set. Thomasson, who considers herself middle class, said she had never done business with a rent-to-own store before. Now, she's a repeat customer.

Pine Bluff sales manager Debra Gibson says she's seeing more and more people like Thomasson who don't fit the traditional profile of RTO customers. On top of that, Gibson reports getting a fair share of customers from the competition.

May spent several years developing the in-store payment plan, which now includes the computerized marketing program, for his own Yam's RTO stores. Recently, May gave marketing rights over to The AM Group, formed by his son Jerry, associates Jack Weir and Gerald Burke, and several advisers. The AM Group is offering the complete program, AMY Computerized Marketing, to rent-to-own and jewelry companies.

"All I'm going to do is create a lot of competition for myself," May said with a laugh.

—John Gormley

Continued from page 23

Optional fees for rent clubs are now in vogue, but rent clubs were not in existence when most RTO statutes were being passed. Legislators had no intentions regarding rent clubs, regardless of how they may pontificate ex post facto.

One could envision a new generation of computers available for rental with some type of periodic "other charge" for programming—or RTO above-ground swimming pools with an optional chlorination fee. The list is endless. It is not the answer to trot back to the legislature for another amendment every time market circumstances change. Such a procedure is always cumbersome, expensive and can be fraught occasionally with peril. Nonetheless, once the re-characterization issue is resolved, these kinds of issues become important to rental dealers.

Other charges, in particular, are a source of revenue to dealers and, of

course, anathema to RTO critics. Even well organized states like Indiana feel the constant pressure to minimize these other charges. This trend can be expected in other states with RTO statutes and is an important reason for staying organized and alert to state legislative activities.

Washington state rental dealers were rewarded for their patience with the passage of the Washington Lease-Purchase Agreement Act in March. The bill takes the CSG's suggested disclosures in toto, and otherwise tracks the CSG's recommendations on topics in the statute—reinstatement, renegotiation and advertising.

The Indiana legislature amended its RTO statute for the third year in a row. The good news is that they are finally running out of things to amend. This year, other than changing the term "administrator" in the statute to "department," the only change was to amend the section on late charges from a flat \$3 fee to a sliding scale as follows at the top of the next column:

Rental payment	Late charge
\$0-\$9.50	\$1
\$9.50-\$19.50	\$2
Above \$19.50	\$3

In addition to the four states with new RTO statutes, the industry had a scare in West Virginia and narrowly escaped passage of anti-RTO legislation during the closing hours of the 1992 legislative session there.

The evils offered in the West Virginia bill were analyzed in the last issue of *Progressive Rentals*, in an article entitled: "Close call in Appalachia."

There has been anti-RTO fury threatened in California by CALPIRG (California Public Interest Research Group), and dealers there have organized for a legislative battle in 1993. No legislation was introduced by either side during 1992.

New Jersey remains a political hot spot for RTO due in part to its proximity to Pennsylvania—and in part due to the New Jersey PIRG. New

CONTINUED ON PAGE 51

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RTO Contract Disclosures

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

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

Specifications on Fees & Payments

	Model	AL*	AR*	CO*	CT	DE	FL*	GA**	IA*	IL*	IN*	KA	KY*
1 Late charges/reinstatement fees/delinquency charges permitted:	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Statutory amount (per missed payment):				\$5/monthly \$3/weekly	Lessor of 5% or \$5	Greater of 10% or \$3	\$5 max.	\$5 max.	\$5/monthly \$3 weekly	\$5/max	\$5/monthly \$3/weekly		
Grace period on late fees, etc. <i>Monthly</i> <i>Weekly</i>				5 days 3 days	5 days 3 days	2 bus days 2 bus days			5 bus days 3 bus days	3 days 3 days	5 days 3 days		
2 Separate reinstatement fee permitted. Statutory fee limits:	Yes		Yes	Yes \$5 max.	Yes	Yes \$5 max.	Yes \$5 max.		Yes \$5 max.		Yes \$5 max.	Yes	
3 In-home collection fees permitted. Statutory fee limits:		Yes	Yes	Yes**	Yes**	Yes	Yes	Yes	Yes**	Yes	Yes		
<i>Monthly</i>				\$10 (3 times per 6 mo.)	\$5 (3 times per 6 mo.)				\$7 per trip (limit 6 per 6 months)		\$10		
<i>Weekly</i>				\$10 (3 times per 6 mo.)	\$5 (3 times per 6 mo.)				\$7 per trip (limit 6 per 6 months)		\$10		
4 Processing fees permitted. Statutory fee limits:	Yes		Yes	Yes \$10	Yes \$10 per aggreement	Yes	Yes \$10	Yes	Yes* \$10 per aggreement	Yes	Yes \$10	Yes	Yes
5 Delivery charges permitted. Statutory fee limits:	Yes	Yes	Yes	Yes \$15-5 items or less \$45-over 5 items		Yes	Yes	Yes	Yes \$10 (\$25-over 5 items)	Yes	Yes	Yes	Yes
6 Redelivery fee after repossession permitted.	Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
7 Fees or penalties for return of the merchandise or termination of the agreement permitted.	No	Yes	Yes	No	No	No	No	No	No	Yes	Yes	Yes	
8 Security deposit permitted.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
9 Final "balloon payments" permitted.	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes
10 Requiring insurance to be purchased from RTO dealer.	No	No	No	No	No	No	No	No	No	No	No	No	No
11 Limits on rent-to-own pricing													
					RTO price cannot be greater than 2 times cash price						RTO price cannot be greater than 2 times cash price		
12 Optional damage waiver fee permitted by statute	Yes			Yes grtr. of 10% of \$2 weekly; 10% or \$5 monthly	Yes 7.5% of payment								
Statutory fee limits:													
13 Optional leased property insurance permitted by statute	Yes			No	Yes 5% of payment								
Statutory fee limits:													

MA***	MD*	ME	MI**	MN*	MO*	NE*	NV	NY**	OH**	OK*	RI*	SC*	SD	TN*	TX*	VA**	WA
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	\$5 max.	Greater of 5% or \$2	Lesser of 5% or \$5	Greater of 5% or \$3	\$5 max	\$5/monthly \$3/weekly		Greater of \$3 or 10% weekly or greater of \$5 or 10% monthly		\$5 min \$3/weekly		\$4/monthly \$2/weekly			\$2 - \$5		Yes
		5 days 2 days	1 month 1 week	3 bus days 2 bus days		5 bus days 3 bus days		7 days 3 days	5 days 2 days			5 bus days 3 bus days			7 days 7 days		Yes
			No	Yes \$5 max.	Yes \$5 max.		Yes		Yes \$5 max.	Yes	Yes		Yes			Yes	Yes
	No	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes**	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Yes	\$5 \$5		\$7 (3 times per 3 mo.)						\$10 (3 times per 6 mo.)		\$7 per trip (limit 3 per 6 months)					Yes
				\$7 (3 times per 3 mo.)								\$7 per trip (limit 6 per 6 months)					No
Yes		Yes, \$15 per customer	No	Yes	Yes	Yes \$10 (\$25-over 5 items)	Yes	Yes	No		Yes	Yes \$5	Yes	Yes	Yes	Yes	Yes
Yes		Yes, \$20 for 3 items or less	Yes \$15-5 items or less; \$45-for over 5	Yes \$15-5 items or less; \$30-for over 5	Yes	Yes \$10 (\$25-over 5 items)	Yes	Yes	No	Yes \$10 per agreement	Yes	Yes \$15-5 items or less; \$45-for over 5	Yes	Yes	Yes	Yes	Yes
Yes			Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes		No	No	No	Yes		No	Yes	Yes	Yes	No	No	No	No	Yes	Yes	No
Yes			Yes	No	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	
Yes		No	No	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	
No		No	No	No	No		No	No	No	No	No	No	No	No	No	No	
		RTO price cannot be greater than 2 times cash price	RTO price cannot be greater than 2.2 times cash price					RTO price cannot be greater than 2 times cash price	RTO price cannot be greater than 2 times cash price								
		Yes greater of 5% or \$2 for weekly; 5% or \$5 monthly		Yes required by statute 10% of payment			Yes			Yes 5% of payment							
							Yes			Yes							

	MA***	MD*	ME	MI**	MN*	MO*	NE*	NV	NY**	OH**	OK*	RI*	SC*	SD	TN*	TX*	VA**	WA
Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Rental rate due at start of lease	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Amount of initial payment	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate	Reference to or statement of a rental rate
OR	AND	OR			OR	OR	OR	AND	OR		AND	OR	OR	AND	OR	OR	AND	OR
No down payment	Reference to RTD of a specific item	Reference to RTD of a specific item			Reference to RTD of a specific item	Reference to RTD of a specific item	Reference to RTD of a specific item	Reference to RTD of a specific item	Reference to RTD of a specific item		Reference to RTD of a specific item	Statement that no initial payment due	Reference to RTD of a specific item	Reference to RTD of a specific item	Reference to RTD of a specific item	Reference to RTD of a specific item	Reference to RTD of a specific item	Reference to RTD of a specific item
ID transaction as a lease	ID transaction as an rental-purchase	ID transaction as an RTO agreement	Amount of initial payment due	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an rental-purchase	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	Amount of initial payment due	ID transaction as an rental-purchase	ID transaction as a lease	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as a rental purchase agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement
Total initial payment due	Total amount and number of payments necessary to acquire ownership	Total of payments necessary to acquire ownership		Total of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership	Total and number of payments necessary to acquire ownership labeled "total cost"		Total amount and number of payments necessary to acquire ownership	Total initial payment due	Total of payments necessary to acquire ownership		Total of payments necessary to acquire ownership	Total of payments necessary to acquire ownership		Total of payments necessary to acquire ownership
Security deposit, if applicable	No equity statement	No equity statement	Cost of lease services	No equity statement	No equity statement	No equity statement	No equity statement	No equity statement	Availability of early buyout ownership options	Total number of payments necessary to acquire ownership	No equity statement	Security deposit, if applicable	No equity statement	No equity statement	No equity statement	No equity statement	No equity statement	No equity statement
number, amounts and timing of payments Possible extra charge @ lease end	(Yellow Pages exception)		Total of all payments necessary to acquire ownership						(Yellow Pages exception)			number, amounts and timing of payments					(Yellow Pages exception)	(Yellow Pages exception)
Amount of lease payments and rate necessary to acquire ownership of a particular item									Multiple items and rate information			Amount of lease payments and rate necessary to acquire ownership of a particular item						
Total of payments necessary to acquire ownership									New or used			Total of payments necessary to acquire ownership						
Early buyout formula rental purchase agreement									ID transaction as rental-purchase agreement			Early buyout formula rental purchase agreement						
No equity statement									No equity statement			No equity statement						

Reinstatement Rights

	Model	AL	AR	CO	CT	DE	FL	GA	IA	IL	IN*	KA	KY	
1 <i>Weekly Payments</i>		2 days; if property returned, then 21 or 45 more; depends on rental payments made	2 days; then 30 more days if returned	2 business days; then 30 more days if returned	60 days; then 120; depends on payments	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 60 to 180 days; depends on payments made	60 days	21 days	60 days	7 days; then 30 more days if property returned	60 days	2 days then 21 or 45 more; depends on rental payments made	2 days; then 30 more days if property returned
2 <i>Monthly Payments</i>		5 days; if property returned, then 21 or 45 more; depends on rental payments made	5 days; then 30 more days if returned	5 business days; then 30 more days if returned	60 days; then 120; depends on payments	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 60 to 180 days; depends on payments made	60 days	90 days	60 days	15 days; then 30 more days if property returned	60 days	5 days then 21 or 45 more; depends on rental payments made	5 days; then 30 more days if property returned
3 Statutory "cure period" after notice before suit can be filed														
<i>Monthly</i>									5 business days					
<i>Weekly</i>									3 business days					

In-Store Price Tag Disclosures

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

MA	MD	ME	MI	MN	MO	NE	NV	NY	OH	OK	RI	SC	SD	TN	TX*	VA**	WA
No statutory reinstatement	2 days then 15 or 45 more; depends on rental payments made	Upon return of property 45 to 180 days; depends on payments made	21 days	7 days, then 60 to 180; depends on payments	21 days	3 business days if property returned, then 30, 60, or 180 days; depends on rental payments	2 days then 21 or 45 more; depends on rental payments	7 days; if property returned, then 30, 60, or 180 days; depends on rental payments made	21 days	2 days; then 30 more days if property returned	21 days	60 days	2 days then 21 or 45 more; depends on rental payments	2 days; if property returned, then 30, 60, or 180 days; depends on rental payments made	7 days; then 30 more days if property returned	2 days then 21 or 45 more depends on rental payments made	5 days, then 21 or 45 days; depends on rental payments made
No statutory reinstatement	5 days then 15 or 45 more; depends on rental payments made	Upon return of property 45 to 180 days; depends on payments made	90 days	7 days, then 60 to 180; depends on rental payments made	90 days	5 days if property returned, then 30, 90, or 180 more; depends on rental payments made	5 days then 21 or 45 more; depends on rental payments	15 days; if property returned, then 30, 60, or 180 days; depends on rental payments made	90 days	5 days; then 30 more days if property returned	90 days	60 days	5 days then 21 or 45 more; depends on rental payments	2 days; if property returned, then 30, 60, or 180 days; depends on rental payments made	15 days; then 30 more days if property returned	5 days then 21 or 45 more depends on rental payments made	10 days, then 21 or 45 days; depends on rental payments made
		3 business days before notice can be sent, then 5 business days 3 business days		7 days 7 days								5 days 5 days					

Notice to consumers

FLORIDA

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

MICHIGAN

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

IOWA

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

OHIO

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

NEBRASKA

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

COLORADO

- Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.

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

MAINE

- Do not sign this agreement before you read it.
- You are entitled to a copy of this agreement

DELEWARE

- Do not sign this lease-purchase agreement before you read it or if it contains any blank space.
- You are entitled to a completely filled in copy of this agreement.
- Under the Law, you have the right to exercise an early purchase option which will result in a lower cost to acquire ownership



What can state RTO associations do following successful passage of their rental-purchase laws?

An organization gets a new vision

AFTER 1987, WHEN OUR RENT-TO-OWN LAWS WERE PASSED, THINGS WENT SO WELL AND SO SMOOTHLY, WHO WOULD HAVE EVER IMAGINED HAVING ANY PROBLEMS IN THE FUTURE?

I HAD MANY CONVERSATIONS WITH MEMBERS OF THE INDIANA RENTAL DEALERS ASSOCIATION ABOUT WHETHER WE SHOULD CONTINUE WITH THE ORGANIZATION.

•••••

The possibilities we considered included offering training meetings, organizing an annual golf outing and recruiting vendors to sponsor a trade show. We also considered raising capital to promote the RTO business through image advertising.

The alternative was to just forget about all these organizational problems and go home and tend to our individual businesses.

Well, the consensus was that the association had served its purpose of getting our rental laws passed—and that that should be the logical end of the Indiana Rental Dealers Association.

One year later, however, the association was reorganized and planning was under way on how to offer many benefits to IRDA members. To afford the best lobbyist in tune with our business was another area of great concern. And to support the lobbyist fee, it quickly became apparent that membership dues alone could not generate enough income to cover this important expense.

As an officer and later president of the

Indiana Rental Dealers Association, I started to look at the association as if it were a business. Every decision had to take into consideration the goals of the “business”—and the very real need for adequate revenue to support these goals and maintain a productive, meaningful organization.

Mailing out literature and offering training seminars helped increase attendance because it grabbed attention and provided a reason for dealers to attend the meetings.

Hard work, many hours spent with peers working together toward a common goal, and followup, followup and more followup helped keep our organization alive.

Staying involved with local and regional legislation, and getting active in community events are also very important in establishing a credible association. We have sustained a great working relationship with a key state regulatory agency, the Indiana Department of Financial Institutions, and their representatives have been very open to our suggestions and concerns.

Our organization has been fortunate to be able to raise funds for a charitable organization called The Children’s Miracle Network for Riley Hospital.

For 10 years, Children’s Miracle Network has helped provide life-saving care to millions of youngsters in hospitals in the United States and Canada. Children’s Miracle Network is dedicated to the health and well-being of children. More than five million kids are treated each year at hospitals participating in Children’s Miracle Network, and 100 percent of the Indiana Rental Dealers Association’s pledge remains in our communities. We feel very fortunate

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BY

DAVID P. DAVID



**Children's Miracle Network
Telethon For Riley Hospital**
INDIANA UNIVERSITY MEDICAL CENTER

The Indiana Rental Dealers Association raised and donated \$10,000 to the Children's Miracle Network for Riley Hospital in 1992.

to have Riley Hospital, one of the best hospitals for children, in Indianapolis.

So it was with great honor and pride that our state RTO association, IRDA, contributed a check for \$10,000 on the last day of May this year to the Children's Miracle Network for Riley Hospital. The funds were raised by members of the association.

Being involved with the Children's Miracle Network on a state level helps children in our communities live healthier lives. It is the kind of worthwhile endeavor—giving back to the community—that any state association should involve itself in once protective legislation has been passed.

PR

David P. David, general manager of Bloomington, Ind.-based Full-O-Pep, is president of the Indiana Rental Dealers Association and a member of the APRO Board of Directors.

Continued from page 41

Jersey dealers are prepared for a political struggle there in 1993 also. But for these few trouble spots, most places seem to accept RTO for what it is. The RTO statutes appear to be working.

Dealers are complying with the disclosure statutes. But on the rare occasions when they do not, they are paying. The nature of the business is such that the industry cannot claim to be free of consumer complaints. However, no retail establishment is ever totally free from complaints, either. In annual surveys conducted by Better Business Bureaus, attorneys general and other consumer groups of the businesses that attract the most consumer complaints, RTO is never even on the lists.

The industry, overall, has worked hard to improve its image and its relationship with its customers. The RTO statutes have helped guide the industry. The future should see more states with their own RTO laws until, finally, the industry is regulated everywhere in a responsible fashion. That will require turning back the clock in Pennsylvania, a task the industry has been unable to accomplish as of yet. Perhaps when the 49 other states have gone the other way on RTO, then the good legislators in Harrisburg will be willing to revisit the issue meaningfully. Until then, Pennsylvania remains a sore spot on the remarkable record of legislative achievement by the industry.

On the federal front, as of this writing, a public hearing had been scheduled before the U.S. House Subcommittee on Consumer Affairs

on H.B. 4497, the proposed lease-purchase agreement act. The lack of any public hearings in the House has been one of the roadblocks in moving federal RTO legislation over the years. Industry opponents have been successful bottling up the process at this threshold level until now.

A public hearing is certainly no guarantee of federal legislation, but it is a necessary next step. The industry has long had supporters in the Senate who presumably could move a bill there, as occurred way back in 1983. Legal-aid lawyers with the ears of liberal House members may yet derail this latest effort. But the call for a hearing by congressman Torres, D-Calif., chairman of the U.S. House Subcommittee on Consumer Affairs, moves the issue along farther than it has been moved in recent years.

With the passage to date of RTO legislation in 31 states, the question has arisen about the wisdom of pushing for federal legislation at all, since, in so doing, the industry uses resources that could be spent on more profitable undertakings. It is a fair question; and there is no quick, easy answer.

It would, of course, be a serious mistake for the industry to abandon Washington altogether. Left entirely to their own devices, industry opponents could work federal mischief on the industry and undo much of the good work already performed in state legislatures.

Then, there is the issue of the 19 states without RTO-specific legislation, which include such trouble spots as Pennsylvania, North Carolina and Wisconsin. California remains unregulated and has been a bellwether state for legislative movements in the past. Federal RTO legislation would lay to rest whatever risks or confusion remain on the re-characterization issue. It would also work to forestall any state legislature with an RTO law on the books from revisiting the RTO issue in too radical a fashion.

Part of the importance of a federal bill lies in the strength of the pre-emption language, if any. Strong pre-emption language would prevent a state from re-characterizing as a sale a transaction defined under federal law as a lease. Sufficiently strong pre-

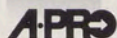
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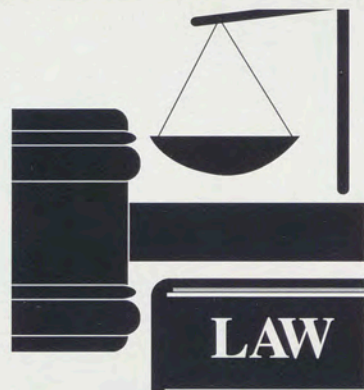
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Voter discontent seems to be at an all-time high, especially when it comes to Congress

A changing of the old guard?

WE ARE HEARING AND READING A LOT LATELY ABOUT VOTERS ANGRY WITH THE U.S. CONGRESS, AND WE'LL LIKELY HEAR EVEN MORE DURING THE UPCOMING FALL CAMPAIGN.

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If the incumbent candidate loses the presidential election this fall, I believe the loss will have more to do with voter frustration with government institutions—and voters' unease about their own economic future—than anything positive the other candidates may have brought to the debate.

Similarly, if more than the usual number of congressmen are defeated (usually about 40 to 50 per election), it will be because of the extremely high frustration level of voters with Congress as an institution.

Insiders are already predicting as many as 150 new congressmen will be elected this fall to replace some of the 435 running for re-election. Usually, incumbent congressmen enjoy a 95 percent return rate for re-election.

Voter frustration with the federal government in general and Congress in particular has always been pretty high, for several reasons. However, this time it will probably result in substantial changes in the representatives elected. One of the truisms taught in college political science 101 is that about one-third of voters are anti-incumbent at any given time, because of general frustration with the institutions of power.

So most challengers know they start with about one-third of the vote when they go after an incumbent. All they have to do to win is figure out how to add another one-sixth plus one (assuming they don't lose any of the one-third malcontents). That's the real trick.

But it's easier said than done, partly

because many would-be politicians don't understand another truism of getting elected: Most voters pull the lever not for someone they like, but against someone they don't. Some incumbent politicians may have taken political science courses in college, but most who stay around long enough learn these things through the school of hard knocks.

They know to target their opponents with negative campaign advertising that will help compel voters to vote against this perceived dangerous threat to an already troubled institution. It usually boils down to choosing the lesser of two evils (the incumbent) in the voting booth.

However, this scenario is probably not going to be the case come the fall. All the insiders know this already, so many congressmen are surrendering before they are tagged at the polls in November.

Why is this happening now, and not two years ago or 12 years ago when Ronald Reagan rode the same kind of anti-Washington sentiment into office? The reasons are many and subject to debate among the so-called political experts, but the main reason this time will be that Congress' turn in the barrel is finally at hand. The long-growing general disdain for Congress finally hit an apex with a couple of recent scandals.

The first was the media spectacle of an all-white, male panel of senators grilling Anita Hill during the Clarence Thomas confirmation hearings to the U.S. Supreme Court. The second scandal, perhaps even more damaging because of Americans' concerns over Congress' ability to balance the country's budget, was the House check-bouncing revelations.

While Congress has been saddled with a negative image among voters for some time, individual congressmen have—for the most part—been able to escape voter wrath. Until now. That's because most voters, although they don't have a positive view of Congress overall, do like their

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BY

RON WATERS

These days, more and more people are not only unhappy with Congress, they've also become disenchanted with their own individual congressmen.

individual congressman. But current polls indicate even this is changing. These days, more and more people are not only unhappy with Congress, they've also become disenchanted with their own individual congressmen.

Election results seem to be confirming this trend, since most congressmen with a large number of bounced checks in the aforementioned scandal are being defeated in primaries where they face challengers. Women candidates should especially benefit from the mood for change because they are perceived as more likely to challenge the status quo.

What does all this mean in terms of what voters want, real change? Unfortunately, not much. Neither a new president nor a substantial number of fresh congressmen will likely change the fundamental nature of our political system.

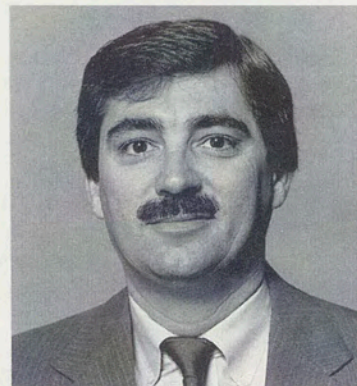
It is the system itself that breeds the environment for frustration. It is the nature of our checks-and-balances system to find itself in a gridlock most of the time. Blame the founding fathers, who basically didn't trust either politicians or "the people" with power. That's why they created a system of indirect democracy (called represen-

tative government) with overlapping authority that requires consensus among competing forces. When you overlay the modern complexity of the two-party system with the legislative labyrinthine, you begin to understand the problem.

The founding fathers were more concerned about radical or too-rapid change than with the opposite (modern-day) problem of political stalemate. But today's citizens desire rapid, immediate answers and so are frustrated with the current situation. The only variable that can cause rapid change within our current system is a strong, charismatic president; someone who can both electrify the American public and diplomatically coerce congressmen into accepting his interpretation of the American public's desires.

Congress has worked best in this century when such presidents occupied the White House. Roosevelt, Kennedy and Johnson come to mind as examples.

All of this probably sounds like an argument for a strong presidential candidate. Americans are desperate for one. It's just picking the right person that seems to be the problem. **PR**



Ron Waters is APRO's director of government affairs.

12 ways to get politically 'fit'

1. Run for public office.
2. Send a check to a candidate.
3. Host a "meet the candidates" night at your store.
4. Place campaign posters in your store window.
5. Provide furniture as an in-kind contribution for election headquarters.*
6. Provide a big-screen TV for election night party.
7. Invite other business owners in your area to your home to meet your candidate.
8. Place a lawn sign on your front lawn.
9. Invite the League of Women Voters to set up a voter registration booth in your store.
10. Encourage your employees to vote for the candidate of their choice.
11. Have all employees (including you) wear campaign-style boaters (hats) on election day or during election week. Hat signs should be non-partisan and say VOTE.
12. Pledge to meet all candidates running for office in your store and home districts.

**Check your state's election laws to be sure that all your activities are thoroughly approved.*

Source: *Stateside Associates.*

Continued from page 34

the hot, hot, hottest new products in the RTO industry today. Is this program for you and your customers? This seminar will help you decide.

Rounding out the Friday menu are programs on learning to delegate, maximizing your rental revenues, setting up and building up effective Political Action Committees (PACs) and saving money on unemployment claims.

On Saturday, three-and-a-half-hour seminars will consider in greater depth the hiring and keeping of top employees; sexual harassment and drugs in the workplace; and the Americans with Disabilities Act. APRO President Wayne Chambers heads a panel that will delve into the future of rent-to-own, while APRO Director of Government Affairs Ron Waters and other speakers will report on legislative issues affecting the rent-to-own industry.

APRO after hours

APRO planners always pack the

agenda with plenty of fun because that's an important part of any convention, too. This year the after-hours program kicks off with the Welcome Cocktail Reception at "Fat O'Brien's Piano Bar," beginning at 7 p.m. on Wednesday. Foresight Preferred Customer Clubs sponsors the event.

Relax in a piano bar created just for you. This is the perfect opportunity to renew old acquaintances and make new friends in a casual atmosphere. Open bar and light hors d'oeuvres are the order of the evening.

The Vieux Carre (French Quarter) comes to you at 7 p.m. on Thursday with APRO's gala cocktail reception at the Hyatt. Street entertainers will stroll cobblestone walkways, as a Zydeco beat adds to the authentic Mardi Gras scene. Mark Twain promises to visit (courtesy of Hart Furniture) and so should you! Heavy hors d'oeuvres spiced with a Cajun or creole touch will complement the cash bar. Voyager Insurance Companies is sponsoring the event.

Friday night you're on your own, but the selection of night spots in New

Orleans can't be beat. The Crescent City is a 24-hour kind of town, with no law against toting your drink on Bourbon Street and closing times of 3 and 4 a.m. at many favorite venues, even during the week. Hit "the Quarter" for the jazz that made New Orleans famous, or visit one of dozens of top-notch restaurants.

Saturday night, 6:30 p.m. to midnight, is APRO's big dress-up affair—it's semiformal, or you can dress the part for "Le Masquerade: A Masked Ball." Masks will be provided at the door, if the mood strikes you (or bring your favorite from home, right?). Some of you will become part of the act when the entertainment troupe, Le Masquerade, performs. The high-energy antics and audience involvement promise a great time for all. A complimentary cocktail party, sponsored by Thomson Consumer Electronics, precedes the banquet and awards event. After dinner, a cash bar will be available while you dance.

For the spouses

This year, APRO has planned two special events for spouses. On Thursday at 9 a.m., spouses can board buses for a short ride to Oak Alley Plantation, a plantation home built in 1837 by a wealthy French sugar planter for his bride. A quarter-mile alley of sheltering live oaks more than 250 years old give the plantation its name. A creole barbecue in an open-air pavilion follows the home tour.

On Saturday morning, Joe Cahn, owner and instructor at New Orleans School of Cooking, shows off his talents in the kitchen. When you get home, you'll (hopefully) be able to do it, too! Sample New Orleans specialties prepared by one of Cahn's chefs, then spend the afternoon browsing the myriad shops at Jackson Brewery.

The many things to see and do are remarkable in this city that sits on the protective bend of the great Mississippi, which has shaped the community in both spirit and geography. The French, Spanish and other influences have created a zesty gumbo of adventures, tastes, sounds and pleasures to delight and charm every visitor. APRO conventioners, this one's for you!

PR

Barbara Stooksberry is a freelance writer who specializes in travel.

RTO Managers

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



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

Jazz It Up! schedule, July 22-26, New Orleans Hyatt

TUESDAY, JULY 21

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

WEDNESDAY, JULY 22

- 8 a.m., **Golf tournament.** Sponsored by Whirlpool Corp.
- 8 a.m.-10 p.m., **Exhibitor setup.**
- Noon-7 p.m., **Registration.**
- 7-9 p.m., **Welcome cocktail reception**—"Fat O'Brien's Piano Bar." Sponsored by FORESIGHT Preferred Customer Clubs.

THURSDAY, JULY 23

- 8 a.m.-5 p.m., **Registration.**
- 8:30-9:30 a.m., **APRO members pick up ballots** for board election.
- 8-9:30 a.m., **Presidents' Forum Breakfast.** Sponsored by Fraenkel Wholesale Furniture Co.
- 9:30-11 a.m., **General session** and business meeting. Keynote speaker sponsored by High Touch and Sanyo-Fisher.
- 9 a.m.-3 p.m., **Spouse program**—Tour and creole barbecue at Oak Alley Plantation.
- 11 a.m. — **Exhibit hall ribbon-cutting ceremony.**
- 11 a.m.-5:30 p.m., **Exhibit hall open.**
- 11:30 a.m.-1:30 p.m., **Cash lunch**—Exhibit hall.
- 7-9 p.m., **Gala cocktail reception** "Vieux Carre." Sponsored by Voyager Insurance Companies.

FRIDAY, JULY 24

- 8 a.m.-5 p.m., **Registration.**
 - 9 a.m.-1 p.m., **Exhibit hall open.**
 - 9-10:30 a.m., **Cash continental breakfast**—Exhibit hall.
 - 11 a.m.-12:30 p.m., **Cash lunch**—Exhibit hall.
 - 1-6 p.m., **Seminars.**
- Evening—On your own.

SATURDAY, JULY 25

- 8 a.m.-5 p.m., **Registration.**
- 9:30 a.m.-1 p.m., **Seminars.**
- 9 a.m.-1 p.m., **Spouse program**—New Orleans School of Cooking.
- 1-4 p.m., **Exhibit hall open.**
- 1-2:30 p.m., **Cash lunch**—Exhibit hall.
- 6:30-7:30 p.m., **Cocktail reception.** Sponsored by Thomson Consumer Electronics.

- 7:30 p.m.-midnight, **Awards banquet and dance**—"Le Masquerade: A Masked Ball."

SUNDAY, JULY 26

- 8 a.m.-4 p.m., **Exhibitor teardown.**

(Note: The popular APRO Convention Daily is again being sponsored by Philips Consumer Electronics.) **PR**

Continued from page 51

emption language could work to overrule the decisions of the Pennsylvania and North Carolina legislatures which did re-characterize RTO transactions.

There are several lawsuits pending in Minneapolis which claim that the Minnesota legislature in 1990, when it enacted that state's rental-purchase act, actually intended for RTO transactions to be covered by two contradictory sets of laws—the new RTO statute and the state retail installment sales act.

This argument, pled in at least three pending lawsuits by the same lawyer, coincidentally, maintains that the legislature intended for RTO dealers to make two sets of disclosures to customers—one to explain the transaction as an RTO agreement and another to explain the transactions as a credit sale. Fanciful stuff.

For the moment, the preemption language is weak and unlikely to work to override Pennsylvania, North Carolina or whatever result obtains from the Minnesota lawsuits.

Another advantage to a federal law is that it might one day move the industry toward uniform disclosures so that an RTO customer anywhere in the country would see the same RTO contract and disclosure form, for easy and convenient comparisons. As it stands, every state requires its own set of disclosures, each with its own quirks. Dealers with stores in several states know the confusion and extra expense that this causes.

The current federal proposal allows states to revise their own disclosures and otherwise provide "greater protection" than the federal language. That may mean little uniformity.

Nonetheless, the proposed rental-purchase federal legislation is a fair and balanced bill, and the U.S. Congress ought to pass it. Of course, the Congress in 1983 should have passed that law, too, and it did not. Industry observers of the federal scene are not exactly holding their collective breaths this time around, either.

PR

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

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|--|---|

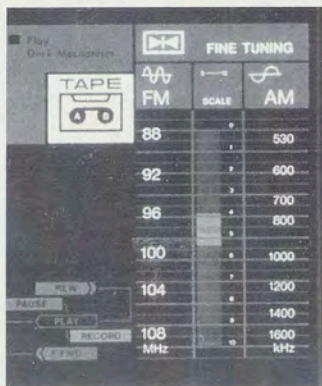
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NARDA helping disabled workers

The National Association of Retail Dealers of America (NARDA) is helping disabled employees find jobs in the Chicago and Rockford, Ill., area through the NARDA Project With Industry.

In addition to donating office space, phone answering services and mail room use, the project provides free job placement and consultation on employment issues pertaining to disabled persons.

The Electronic Industries Foundation is funding the project through a grant received from the U.S. Department of Education.

Audit activity up

Escaping audits by revenue-hungry states is becoming more difficult, according to a recent survey conducted by Vertex, Inc.

Of the 444 businesses surveyed, 82 percent of respondents reported being audited for an average of three-and-a-half months each. Sixty-five percent of the financial professionals surveyed say they believe auditing actions have shot up within the last three years. And 77 percent of professionals attribute this increase to the recession.

"The impact of the recession, coupled with dwindling federal support in recent years, has caused state governments to become more aggressive, particularly in initiating out-of-state tax audits," said Jon Riewe, vice president of research for

Vertex, in a *Wall Street Journal* interview.

Indeed, more companies are being audited. And the survey shows that state audits are resulting in more assessments for taxes owed with assessment amounts rising.

The average cost per audit is \$5,029. But when compliance and assessment expenses are added, the average cost jumps to \$106,275 a year. These costs vary according to company size. Smaller companies pay on average \$47,917 for auditing expenses, while larger companies pay on average as much as \$257,149 a year, according to Vertex.

However, even though larger companies pay more on the average for the auditing process, the compliance burden rests hardest on smaller companies. Businesses that make less than \$50 million in annual sales spend more than \$10 for every \$1,000 of taxable revenue. Whereas companies with revenues between \$50 million and \$100 million pay approximately \$7.26 per \$1,000 of taxable revenue. Still, larger corporations which exceed annual sales of \$100 million pay a mere \$2.80 per 1,000.



RAC attorney Chris Korst.

Korst gets hitched

Chris Korst, staff attorney and legislative coordinator for Rent-A-Center, was married to the former Clare Jo Focht on Saturday, June 27, at the First United Methodist Church in Wichita, Kan.

Korst is well known in rent-to-own circles for his expertise in legal and

legislative issues. He has traveled to numerous capitols across the country during his six-and-a-half years with Rent-A-Center (RAC), which was recently renamed THORN EMI Rental Americas.

Korst has helped secure passage of rental-purchase legislation in dozens of states.

The 32-year-old graduated from Creighton Law School in 1984 and was in private practice for 18 months in Kansas City, Mo., before joining RAC. Korst currently serves on the APRO Government Relations Committee and continues to be involved in state and federal legislative efforts for the RTO industry.

His wife is a Wichita native and graduate of the University of Kansas and University of Illinois Champaign-Urbana. The newlyweds live in Wichita.

Business-plan software hits market

The American Institute of Small Business is unveiling its new software package version of How To Write A Business Plan. This program is ideal for businesses just beginning or for those businesses interested in expanding through internal company activities.

The program asks some 200 business-related questions that provide all necessary information for the user to create his or her own plan. The software also provides access to spreadsheets, including profit and loss, cash flow and balance sheet statements.

"Not only does our package provide the user with a complete financial or loan proposal, but it gives the user a road map that one needs to diversify, acquire, expand or start a new business," said Max Fallek, president of the American Institute of Small Business. "It allows one to make detours, change directions and alter the pace needed in operating a business."

The software sells for \$125. It is available on IBM-compatible 3.5-inch or five-and-a-quarter inch diskettes. Apple Macintosh and Apple II versions are also available.



Fashion Craft Corp. has a new 12-page color catalog.

New jewelry catalog

Fashion Craft Corporation is making it easier for rent-to-own stores to showcase jewelry from the company's extensive line of gold rings and chains with its newly published 12-page color catalog.

Fashion Craft's catalog features 10- and 14-karat gold rings with diamonds and colored stones, and 14-karat Italian chains.

Fashion Craft supports the RTO dealer with a full merchandising program, including a variety of advertising slicks and a colorful three-by-five-foot banner.

For more information, write: Fashion Craft Corporation, 1824 Johns Dr., Glenview, Ill., 60025. Or, call: 1-800-877-7907.

SCIC gets active

The Service Contract Industry Council (SCIC) has produced a new program designed to identify and influence all legislation regarding the service contract industry.

The SCIC Legislative Project is able to watch all states' legislative actions and the actions of Congress, with the aid of the LEXIS computer system. Currently, 21 states have legislation. **PR**

A picture so real it could fool the Audubon Society.

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And the RTO customer is apparently eager to enjoy it all.

Alan Appel of Philip M. Bell says his company still sells a lot of 19-inch televisions, but the popularity of 25-, 27- and 31-inch screens is increasing. Philip M. Bell also handles a 19-inch television/VCR combination that has tripled in sales over the past year. The supplier still sees a lot of interest in consoles, but the larger table models are taking some of that business.

John Blair of TRIB Group believes the attraction of the larger tabletops over the consoles is their portability. They can be moved around easier and fit into A/V systems. Both TV/VCR combinations and A/V systems with furniture as a whole package are big sellers for the Texas rent-to-own dealers served by Michie Distributing, says James Michie.

Jay Rogers, who co-owns four Pay-Less Rent stores in Illinois and Missouri, finds 19-inch TVs still going strong in his market, though interest in 25-inch models is picking up. Rogers carries mostly Zenith and finds the name identification important with his customers.

Bill Park says his company, Curtis Mathes, is experiencing growth in 25-inch and larger television screens and in stereo

sound, although not as much in RTO as retail. Ken Gay of Philips Consumer Electronics, which markets Sylvania and Magnavox for RTO, suggests dealers can do well with even larger direct-view screens—31- and 35-inch. The company's first-time customers in projection sets are often opting for 52- and 60-inch screens over the 46-inch.

Fisher, meanwhile, is expecting success with a new line of 31-inch direct-view televisions with top-of-the-line features, says company spokesman David Claus.

Hitachi is seeing a bigger demand for 27-inch and 31-inch direct-view televisions, as well as projection TVs. One of the problems with projection TVs in RTO, says Hitachi spokesman Matthew Hauck, has been that they are sometimes too bulky to get through the doors of a customer's home in one piece, so would have to be partially assembled on site. Hitachi's new slim-line cabinets fit through almost any doorway, so there is no special expertise needed for hookup.

VCRs—Take your pick

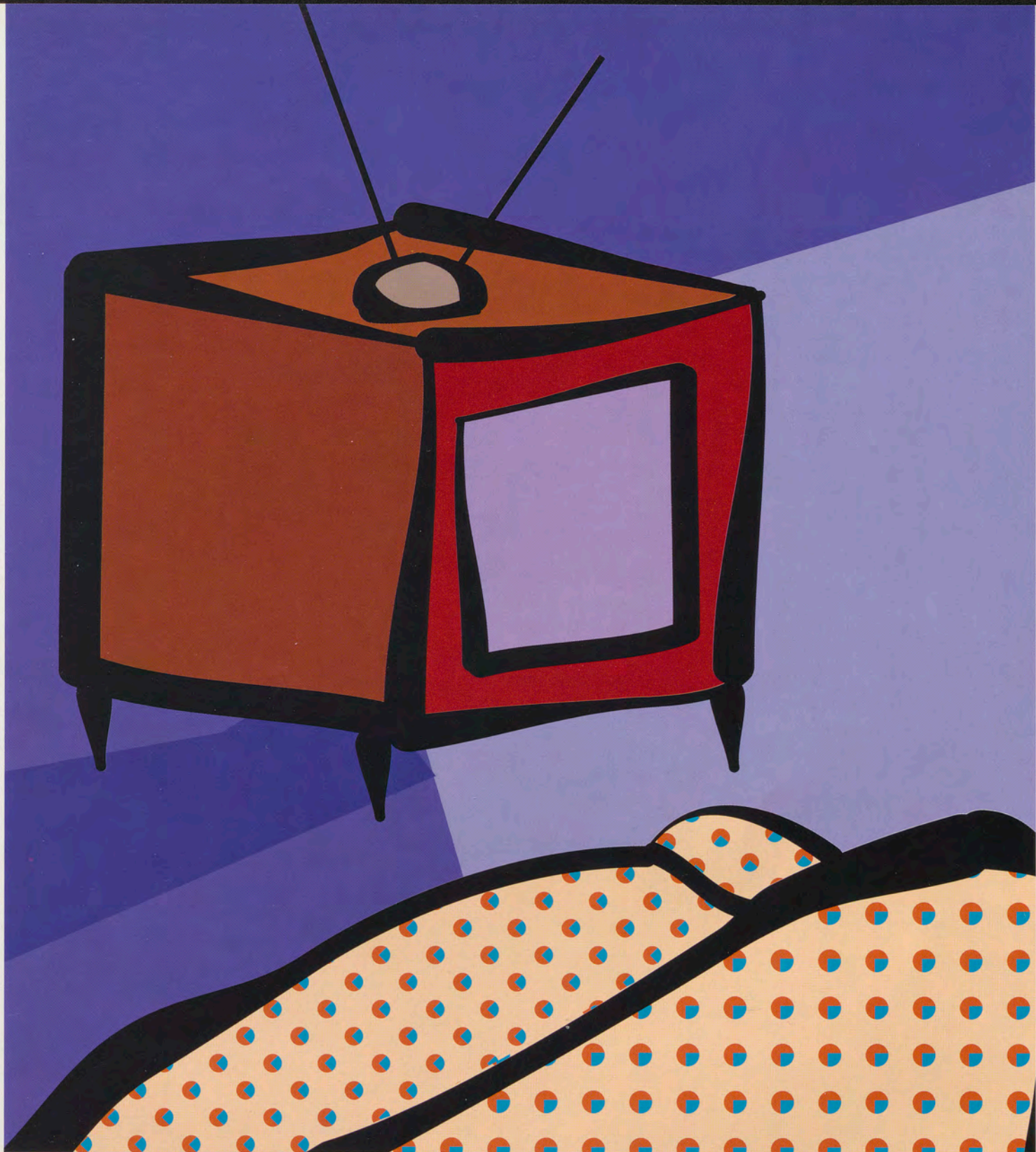
VCRs in the rent-to-own markets are still very hot, with the demand for two- or four-head units varying from dealer to dealer and from manufacturer to manufacturer.

•••••

BY

BARBARA

STOOKSBERRY



Julie Atwood of Coffin's TV and Rentals in Waterbury, Vt., says most of her customers use their VCRs for watching movies and are still content with two-head models, rather than four. Coffin's is experiencing the trend toward larger televisions, 25- and 27-inch, with an occasional big-screen model going out the door.

In other markets, customers are rent-

ing mostly replacement VCRs and are taking the opportunity to move up to the more versatile four-head VCR. Hauck of Hitachi sees customers continuing to move up the ladder—from two-head to four-head and from four-head to four-head high fidelity, which enhances the stereo sound in which most movies are recorded and adds to the home-theater experience.

RTO as well as retail customers are looking for ease of operation, and that is the premise most manufacturers are working under. Today's on-screen programming directs users in a more logical manner and easier-to-understand language than the manuals of yesterday. The VCR Plus+™

CONTINUED ON NEXT PAGE

Continued from previous page

(a trademark of Gemstar) feature allows viewers to record by punching in a code given in television programming guides, rather than going through an elaborate set of steps.

Though remote control has been the status quo for a couple of years, the big demand now is for the universal remote, which operates both the television and VCR. The universal remote can save the day, says Hitachi's Hauck. When the TV remote will operate almost any brand of TV or VCR and the VCR remote will do likewise, it is not catastrophic if a remote is lost. Automatic head cleaners, available from most manufacturers and on all Hitachi models, can be a big help to RTO dealers because they cut down on maintenance and down time caused by buildup on VCR heads, a particular problem with rented movies.

Mike Parker, assistant manager of the U-Can-Rent store in Asheville, N.C., does the bulk of his television business in color portables, particularly Zenith, Sharp and JVC, but also reports some traffic in big-screen projection TVs. The hottest item in Parker's store is the VCR, though, and he says they do a brisk business in

both two- and four-head, with more toward the two-head.

One buyer for a large chain in the Midwest says the general trend is toward replacement VCRs, and a lot of customers take the opportunity to step up to the four-head hi-fi in renting a replacement because it doesn't cost that much more for the added features.

Dealer Rodger Poteet of Economy Rentals in Cleveland, Tenn., outside Chattanooga, says on-screen television and VCR programming is another boon to RTO dealers because you don't have to keep up with manuals. His customers want remotes, but they don't particularly demand universal remotes. The market has definitely changed, though, says Poteet, from when a selection of basic 19- and 20-inch televisions would do. Today, he carries models in a variety of screen sizes. Some feature stereo sound.

The listening experience

In audio, the CD is an absolute necessity in any stereo system, says Bill Park. At the lower price points, that means the single-play CD player. However, the multi-play is becoming more of a demand item. Curtis Mathes continues to move its rack-style stereo systems well in RTO.

Park, an unabashed enthusiast of

high-quality sights and sounds, looks for demand for the laser disc player to increase as more software becomes available through such outlets as Blockbuster.

Meanwhile, Lanny Newton, electronics buyer for Amarillo Hardware Company, a wholesale distributor for RTO stores in Texas, Oklahoma and New Mexico, says the CD "fuels stereo sales." Rack systems with carousel CD players are also a good item for his RTO accounts.

Appel of Philip Bell finds the rack systems far outpelling shelf systems in the rent-to-own markets his company serves, but acknowledges there is room for both. Customers demand a remote control and CD player, preferably a five-disc changer. Appel also sees a place for home entertainment systems, where the components fit into a cabinet designed to suit the equipment.

In general, rental dealers these days are using better stereo equipment—120- and 150-watt with 15-inch speakers. Appel's observation has been that the customer is attracted to the more highly featured, more powerful systems and that they stay out longer in RTO than their lesser cousins.

This does not hold for all markets,

CONTINUED ON PAGE 62

Who's Who in RTO audio/video

Y Curtis Mathes Corp.
One Curtis Mathes Pkwy.
Athens, TX 75751
(903)675-2292
Electronics

Y Funai/Symphonic
100 North St.
Teterboro, NJ 07608
(201)288-2063
Audio-video product lines

* Goldstar Electronics
1000 Sylvan Ave.
Englewood Cliff, NJ 07632
(201)816-2000
Electronics

*Y Herman Electronics
1365 NW 23 rd Street
Miami, FL 33142
(305)634-6591
Electronics

*Y+ Hitachi Home Electronics,
Inc.

3890 Steve Reynolds Blvd.
Norcross, GA 30093
(404)279-5600
Electronics

*Y+ JVC Corp.
41 Slater Dr.
Elmwood Park, NJ 07407
(201)794-3900
Audio-video product lines

* Michie Distributing Co.
1408 N. Broadway
Carrollton, TX 75006-3817
(214)245-0006
Audio-video product lines

*Y+ Mitsubishi Electronics
5665 Plaza Dr.
Cypress, CA 90630-0007
(714)220-4721
Audio-video product lines

*Y+ Philips Consumer
Electronics
One Philips Dr.

Knoxville, TN 37914-1810
(615)521-4711

Audio-video product lines

*Y+ Philip M. Bell Co.
118 Northeast Dr.
Loveland, OH 45140
(800)686-0102
Audio-video product lines

*Y Quasar Co.
1325 Pratt Blvd.
Elk Grove Village, IL 60007-
5796
(708)228-6366
Audio-video product lines

* Samsung Electronics America
1355 Terrell Mill Rd.
Marietta, GA 30067
(404)956-0800
Audio-video product lines

*Y+ Sanyo Fisher (USA) Corp.
21350 Lassen St.
Chatsworth, CA 91311
(818)998-7322

Audio-video product lines

*Y Soundesign Corporation
400 Plaza Two
Jersey City, NJ 07311
(201)434-1050
Audio-video, furniture product
lines

*Y+ Thomson Consumer
Electronics/RCA
600 N. Sherman Dr.
Indianapolis, IN 46201
(317)267-5838
Audio-video product lines

Y Welton/Techwood
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Carrollton TX 75006
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Audio-video product lines

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Glenview, IL 60025
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hassles. Today's

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SEE US AT BOOTH 103 & 105

Continued from page 60

however. David Claus says Sanyo-Fisher sees significant growth potential in minisystems, which save space and offer features such as surround sound speakers, formerly found only on larger systems. Fisher has responded to the demand with five new min-

isystems, all with CD players; the top two offer 10-disc CD magazines.

Soundesign, says Walter Wattenberg, has two inexpensive packages that are doing well with or without a CD player.

Hitachi rack systems do well in RTO because of their reliability, says Hauck. In fact, Hitachi systems have admittedly less pizzazz, with lower power

and fewer lights, bells and whistles, and a generally higher initial cost which, says Hauck, is offset by customer satisfaction and a two-year warranty on parts and labor.

Philips Consumer Electronics does 60 percent of its CD-player business in multi-disc units.

Pretty as a picture

As far as camcorders go, how they are going in rent-to-own varies depending on whom you ask. U-Can Rents does well in short-term rentals for vacations and special events, especially with the low-hassle models. Poteet of Economy Rentals has 15, most of which stay out over the long term. Hitachi says customers are getting a better value these days as pricing comes down and popular features become standard on low-end models.

Camcorders have become more automatic, function well at lower light levels and produce better quality pictures, all at lower prices.

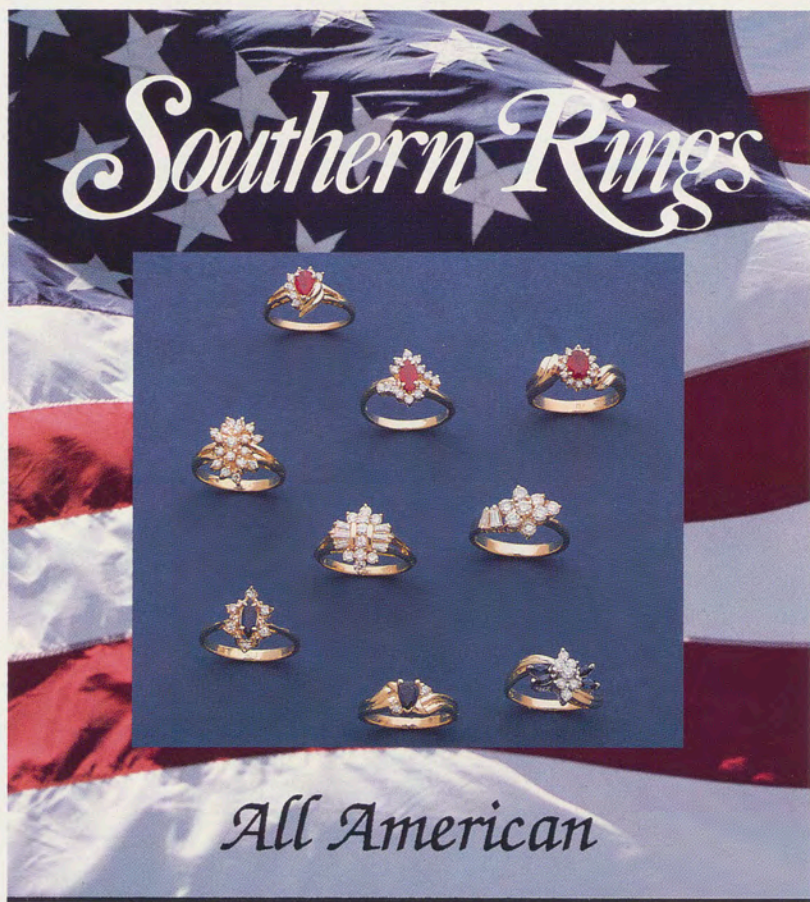
The sizzle, not the steak

One thing there's plenty of room for in today's electronics picture is salesmanship—to demonstrate, excite, create a desire and build customer confidence. Zenith's Norman Smith believes that the increased demand for higher-end, namebrand products indicates employees in display areas and behind the counter are practicing step-up renting.

For example, he says, by displaying table model televisions on stands that have a shelf to hold a VCR, salespeople can often effect a "dual rental"—a TV and VCR on the same rental agreement. Stands also make for a longer keep rate for televisions, Smith says, which increases profitability. Keeping in mind the seasonal nature of the products, such as boom boxes for the summer and televisions for the new fall lineup and football games, can help in promotions and boost rentals.

There are wonderful things on the horizon for electronics customers, such as the digital compact cassette Philips Consumer Electronics will market this fall. But, like other innovations, it won't likely hit RTO at first. **PR**

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



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