

Progressive

August/September 1992

# Rentals

The magazine of the rent-to-own industry

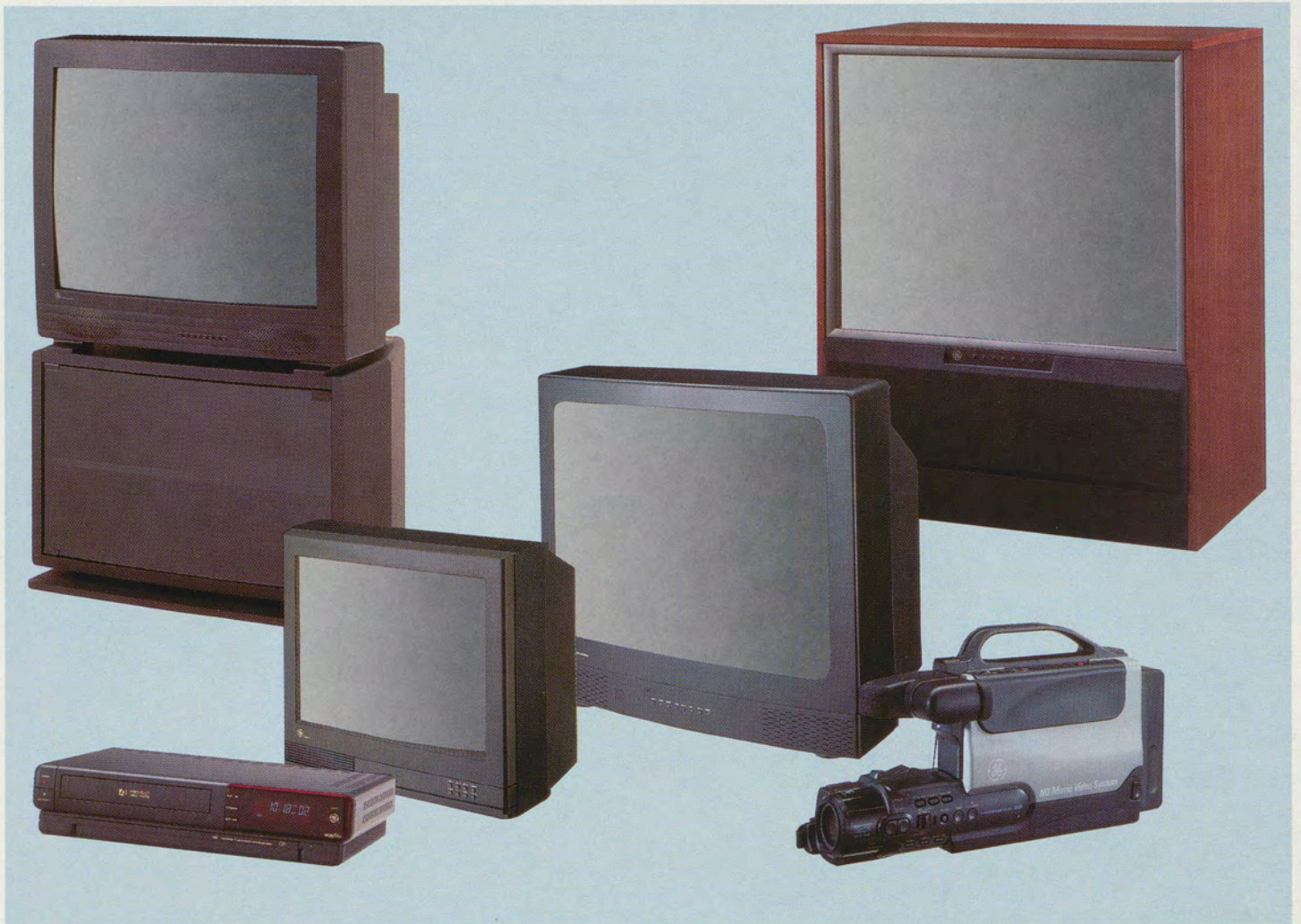
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**APRO**

**PR**

# Progressive Rentals

August/September 1992

The magazine of the rent-to-own industry

**Volume 12, Number 4**

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### Entrepreneur's environment

Managing in an entrepreneurial environment like rent-to-own has a unique set of challenges, and it requires a specific style. Connecting visions to daily decisions is the key.

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### Retirement plans: do or die

Retirement planning has its own built-in sense of urgency. Even though you're busy running your business, you should do it soon—or run the risk of ending up poor.

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### New regs for appliances

Possibly the most pressing issue in appliance trends is the need for product alterations. That's because the federal government is making more demands these days that affect manufacturers and even dealers.

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### Convention '92 a big draw

For years, "conventional" wisdom has maintained that APRO's Las Vegas conventions would always attract the most participants. Well, this year's event in New Orleans totally disproved that theory.

**36**

### Federal hearing on RTO

In mid-summer of this year, a congressional subcommittee held a hearing on rent-to-own. Anti-RTO consumer advocates were there, but the pro-RTO voices of reason made the best impression—by far.



John McCusker/New Orleans Times-Picayune

**ON THE COVER:** New Orleans Saints quarterback Bobby Hebert picks up a rent-to-own TV upon arriving at the pro football team's summer training camp in La Crosse, Wis., last July. RTO dealer Jeff Lebakken says business is heavenly when the Saints come marching in each year.

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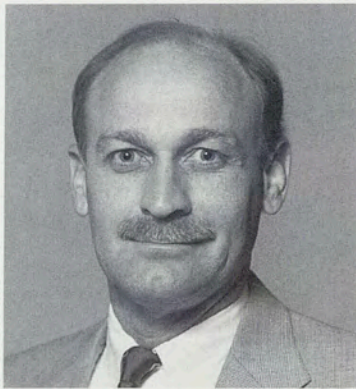
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Now that a great convention is over, it's time to concentrate on APRO's purpose and members

# Focus on needs

MY HATS OFF TO BILL KEESE AND THE APRO STAFF FOR PUTTING A GREAT CONVENTION TOGETHER IN NEW ORLEANS. A BIG "THANKS" TO SHELLEY, HILDE, CINDY, TULISHA, CAROLYN, CAROL, SHANON, JOHN AND RON. A JOB WELL DONE!

THANKS ARE ALSO IN ORDER FOR DEALERS, EXHIBITORS, SPONSORS, SPEAKERS AND ASSOCIATES WHO ATTENDED THE SHOW. THE ASSEMBLAGE OF MANY MAKE THE EVENT MEANINGFUL FOR THE INDIVIDUALS.

•••••

I've had many dealers and exhibitors tell me this was the best convention ever. It took a lot of hard work and planning for it to run so smoothly.

In the process of charting a course for the 1992-93 year, the APRO staff and I met recently to review the APRO Mission Statement and concentrate on what it means to be "responsive to its members" and "promoting professionalism in the industry." I would like to address each of these topics briefly.

It is generally thought that APRO needs to be responsive to three basic classes of members:

- The smaller dealer of one to 10 stores is attracted by educational programs, information networking and economic value from being a member.
- The larger dealers of greater than 10 stores or multi-state chains are more interested in state networking, industry credibility (ethics and professional standards) and general business-protection programs.
- Most of the associate members are drawn to APRO by access to dealers, marketing information and an understanding of the business. APRO's job is to create value for all of its members, and that

defines the direction for us during the coming year.

For the associate member we will work to improve the industry information and the attendance at all APRO functions, including the convention. We are working to strengthen the state networking and business-protection programs for all dealers across the country. Legislation and tax issues are being addressed almost daily.

Educational programs are being reviewed and several member services that offer economic value will be introduced within the next 60 days. These services are designed to save you money or enhance the way you do business. Programs like long-distance telephone service, improved casualty insurance, group health insurance and freight discounts are being seriously considered for member participation (see *News & Products*, page 52, this issue).

One of the areas that we often talk about but do very little to improve upon is our industry credibility. Most APRO members probably do not even realize that we have an APRO Code of Ethics and an APRO Collection Practices policy. The essence of each is to establish the highest ethical framework between APRO members and their customers.

If this framework is enforced by APRO members among themselves, it is my belief that those looking from the outside in at rent-to-own will have the most respect for what we do. It is that occasional slip of professionalism that causes us to come under fire from rent-to-own critics. For every crack we leave in the door there is someone waiting to drive a truck through it.

APRO is as committed as ever to the improvement of the industry. In addition to the above-mentioned benefits, we are continuing to work on securing alternative financing and are quietly spreading the communications network. We're trying to reach out to all rental dealers, nationwide. I invite you to join us. **PR**

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BY

WAYNE CHAMBERS

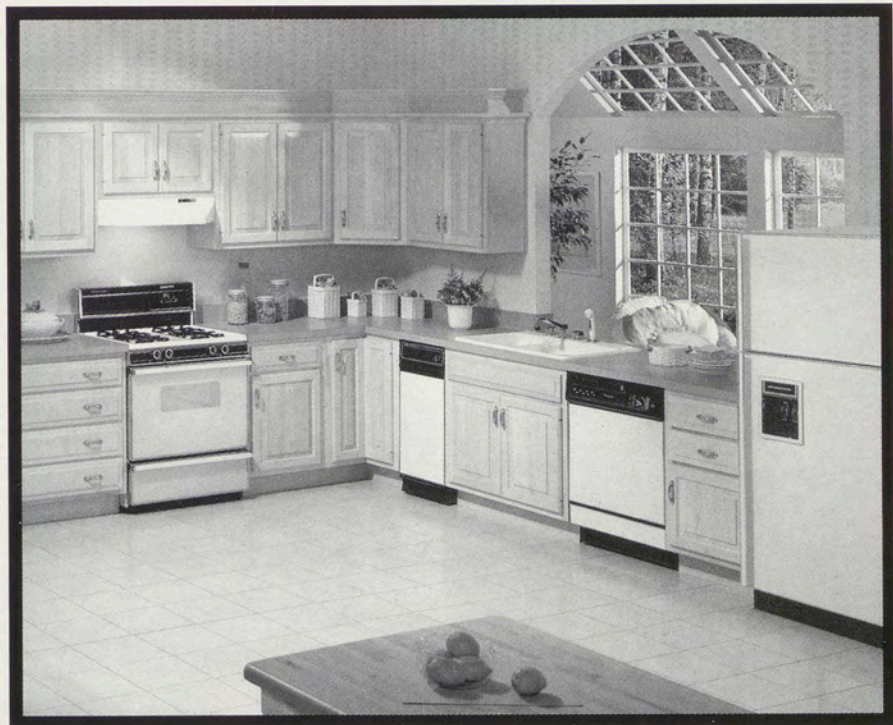


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# Quick response

*We're ready to launch counteroffensives*

ANYONE WATCHING THE RECENT REPUBLICAN NATIONAL CONVENTION ON TELEVISION WAS A WITNESS TO ONE OF THE TRULY INNOVATIVE TACTICS TO BE APPLIED TO POLITICS IN MANY YEARS. THROUGH THE USE OF TECHNOLOGY, THE "QUICK RESPONSE" HAS FINALLY COME OF AGE AS AN EFFECTIVE DEFENSE FROM VERBAL ATTACKS AND "MUD SLINGING" IN POLITICAL CAMPAIGNS.

.....

Some TV commentators described how the Democrats were using live television coverage, laptop computers and fax machines to respond to every charge that was levied against them within minutes of the occurrence. This is a far cry from events of four years ago, when Michael Dukakis ignored accusations and attacks for six weeks without responding. Then, the Democratic nominee looked weak and indecisive, whereas, now, the nominee is countering almost immediately to anything thrown his way.

.....

BY

**BILL KEESE**

The "quick-response" defense seems to have a lasting effect—"mud" isn't sticking to the candidate. Even before the convention season started, we at APRO were using "quick response" for rent-to-own.

Back in July, the Consumer News and Business Channel (CNBC) in New Jersey, a nationally syndicated program, ran a negative exposé on our industry. Through the network of dealers that we've been developing for several years, I received a call the morning after the show *Steals & Deals* aired. The next day, I viewed a video of the segment on RTO, analyzed it, and responded with a three-page letter detailing the inaccuracies of the report.

Much to my surprise, the producer called me a few days later and invited me to respond.

The followup show has just been broadcast and, while the program's producers still emphasized negative comments about RTO, the commentary ended with:

"So, if you're thinking of renting for a limited time, work out the numbers; rent-to-own may be what you're looking for."

And: "Consumer advocates stress that you should run all the numbers before you rent-to-own because it may not be as cheap as it seems."

That's a far cry from the original program that had two consumer advocates decry that rent-to-own should not be allowed to exist. Our job was, at least, partially successful.

The point I want to stress here is that a "quick response" is essential to enable rent-to-own to counter negativity about our industry and to tell our story, which is an excellent story for consumers. But we need your help. Whenever a reporter calls you or any of your stores, or whenever a local television station or newspaper runs a story about rent-to-own, call me or fax any information about media contact to the APRO office. We'll work with you to fashion a quick and appropriate response.

It is through this type of networking that we will all benefit. We need your help to spread the word. As you're reading this, you know RTO dealers who are not members of either APRO or your state association. Call them up, right now, and solicit their support. Don't let that uninformed dealer be the one to cause you and everyone else in the industry pain.

A united front, providing a consistent message to the media, will help deflect the headline-getting, outrageous comments from those who would like to put you out of business.

Archibald MacLeish has said, "There is only one thing more painful than learning from experience and that is not learning from experience."

This is a call to arms! We must learn from the experience of not responding to our critics—just as, apparently, the Democratic party has learned. Let's join together and tell the real story of rent-to-own in a professional, comprehensive manner.

No longer can any of us defer to someone else to take charge; each of us must take responsibility for ourselves and our industry. **PR**

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THE

# *Entrepreneur's environment*

MANAGING IN AN ENTREPRENEURIAL ENVIRONMENT LIKE A RENT-TO-OWN CORPORATION HAS A UNIQUE SET OF CHALLENGES AND REQUIRES A SPECIFIC STYLE.

MANY TRY METHODS AND TECHNIQUES THAT HAVE BEEN SUCCESSFUL IN MANAGING FORTUNE 500 COMPANIES. BUT THESE MUST BE ALTERED OR EVEN REVAMPED TO FIT THE FAST-CHANGING, HIGHLY COMPETITIVE, RESULTS-ORIENTED ENVIRONMENT IN WHICH THE ENTREPRENEUR OPERATES AND MANAGES.

If long-term plans or visions are not connected to the daily decisions and actions of entrepreneurs and managers, results will suffer.

Better results come from using a plan as a live working document to manage the business. Doing this requires more than an attitude; it requires an entrepreneurial management process that connects the entrepreneur's vision to not just his or her decisions and actions, but also to those of all managers.

Many would say something like, "I have set goals and objectives for the future. Isn't that enough?" Unfortunately, merely knowing what you want to accomplish will not ensure its accomplishment. It requires a focus on "how to" and on implementation.

The entrepreneurial management process involves seven steps, each of which is constantly refined and renewed. We'll look at the five most important:

**1. Define the organization's mission.**

Quite simply, the mission is why the organization exists. It generally relates to and states what the organization provides the customers and its employees.

**2. Clarify and communicate the vision**

**of the organization.**

The vision incorporates the goals, hopes and dreams of the organization and key managers. It involves how the organization will look and what it wants to accomplish.

It is important to identify the objectives or milestones necessary for the vision to become a reality. Once this is done, the key areas—marketplace, competition, management and products—that contribute to or detract from the accomplishment of these milestones can be identified.

Each of these should be analyzed in these five areas: current situation, strengths, weaknesses, opportunities and threats. The information from this analysis will assist in determining how to reach the specific performance objectives. This will provide significant background and information in the development of a viable business plan.

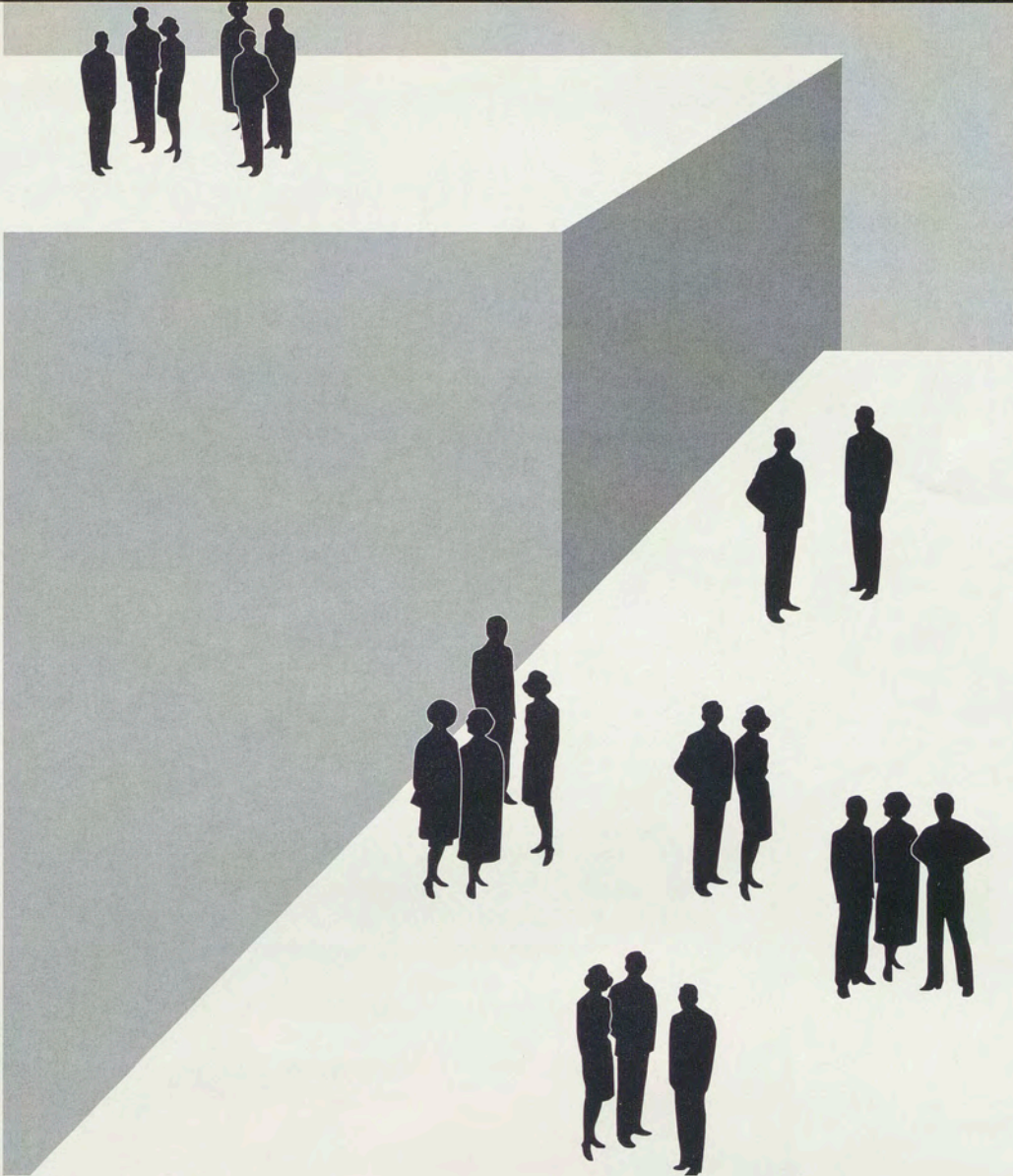
**3. Write a business plan.**

Business planning has become very popular lately. With the recent lending crunch, many businesses and managers have completed plans specifically for obtaining outside financing. After financing is secured, many of these valuable documents are put aside and forgotten. Months or even years

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BY

WAYNE OUTLAW



Joel B. Matthews

later, entrepreneurs dust them off only to find that the things planned were not implemented and the goals set not attained. If used properly, business plans will enhance the organization's level of success. If the plans have not been implemented, the lender will have questions.

When used properly, business plans are effective maps that direct business owners and managers in their quests to achieve organizational goals. However, in many cases, entrepreneurs invest precious time and effort to develop well-organized and well-written business plans only to use them as presentation tools to communicate business ideals to outsiders.

Many businesses and managers do not connect their daily decisions and actions to the visions and goals in their

business plans. If the visions and objectives do not directly guide actions, they will not provide the fuel necessary to bring the vision into reality.

Classic wisdom looked at business plans as long-term documents that covered five to 10 years, but this has changed. The average business plan now covers only two to three years because of the faster pace of business.

Unfortunately, business plans in many cases focus heavily on "what" rather than "how." Until the plan is translated into a "how-to" working document, it tends to be of little use in the day-to-day operation of the business.

Why do people go to such great lengths to develop business plans only to let them gather dust? Many give reasons such as:

- "Things always change, so why should I spend time and effort planning? I'll just have to change it anyhow."

- "I'm much better using my instincts to run the business. A detailed plan only slows me down."

- "We can't write a plan because we don't know what the conditions will be like in the future."

- "We've always done okay without it. Why should we change?"


While these sentiments are common among entrepreneurs, owners and key managers, they will not make the business more effective. Conducting business without a plan is like racing across the country without a road map. You may eventually reach your destination, but it will take you much

CONTINUED ON NEXT PAGE

# LOW-COST RENTAL AGREEMENT FORMS

APRO now has low-cost rental agreements that comply with all state laws for regulated and unregulated states as well as computerized and non-computerized stores. (They are compatible with R5SS, Rental Information Systems, High Touch and Ideal Software.) These forms are three-part, NCR, 8 1/2 x 11 and work on continuous-feed printers.

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*Continued from previous page*

more time and effort than a competitor who takes full advantage of a well-planned, detailed map.

#### 4. Create a performance plan.

The performance plan differs from a business plan because it is a working plan that is constantly adjusted to reality. It is seen only by the people inside the organization and is more functional and candid than a business plan.

Knowing what you should accomplish in a two- to three-year period does not ensure that it is accomplished. Developing a working performance plan to fulfill the business plan is an excellent way to convert dreams and visions into reality by allowing them to be connected to daily decisions and actions.

Since each organization is different, it is necessary for each to develop its own performance plan. This begins by identifying the key elements necessary for the success of that particular business at that time. Some of the common areas to consider in businesses are customer service, products sold, services provided, performance objectives and growth. Once the areas are identified, it's important to brainstorm with others to develop and collect the information to build the plan.

Unfortunately, sometimes you may not have the answers to some of the key questions. You may only have the questions. Don't be concerned. Since this is a live and working document, it will be adapted and updated as time progresses and answers are discovered.

The performance plan is developed in as much detail as needed. Some individuals and organizations may have performance plans that are very detailed, while others are brief and succinct. Regardless, the more precise the performance plan, the greater the results. Experience has shown that those who spend time planning and implementing the plan will achieve greater results each day.

In each of the key areas, objectives or milestones must be determined to measure progress. Since the performance plan acts as a thermometer to determine the health of a patient, the objectives and milestones must be con-

tinuously monitored and reset to get the greatest results.

#### 5. Continuously implement the performance plan.

To produce results, the performance plan must be implemented. This can be difficult but provides a tremendous payback, if it's done well. The manager must manage individual employees and groups to accomplish results. Remember that direction flows downward and feedback flows upward.

As the performance plan is carried out, it will become apparent that it must be changed to adapt to conditions and account for new information. Sometimes, it may even involve a change in mission or vision.

Since the performance plan is implemented on a daily, weekly and monthly basis, if it is not continually updated, it will be of little value. How often it needs to be updated depends on the plan and the organization. A good rule of thumb is to set quarterly objectives at least three months ahead and finalize monthly objectives at least 30 days in advance. Since this is a working plan not for presentation to outsiders, it is easily revised with a pen or pencil.

By using a performance plan, the manager in the entrepreneurial environment can focus on and manage the key areas that produce results. While each organization varies, some key areas that produce results include:

**Priorities.** In every business there are demands on time. Managers and employees are constantly asked to make decisions. Which task or situation will be responded to? The most significant time problem in entrepreneurial companies is managing priorities. If any factor—such as urgency or habits—other than degree of importance determines priorities, managers decrease their effectiveness.

**Plans.** By nature, the entrepreneur tends to react and adapt quickly. As a result, those who manage in the entrepreneurial environment tend to want to trust their instincts and be able to adjust quickly. They may not develop or use detailed plans. A plan keeps the organization and, most importantly, the employees focused on producing the greatest results.

**Projects.** Many things that we do involve others and require a significant number of steps. These projects

may be complex and tend to be things that we don't get around to, such as adding a new product line, obtaining new financing or opening a new location. To accomplish them we must divide them into smaller tasks or pieces and schedule them into our daily and weekly activities. This is especially important if we need information or assistance from someone else.

**People.** It's critical that we get results from those both inside and outside the organization. By managing the interaction, we can get the information and assistance needed to be successful. Our success depends not only on the support of an employee, but also on others such as the accountant or advertising agency.

**Performance.** The purpose of activity is results. The level of performance obtained by that activity or effort is a measure of its success. Performance in all key areas must be monitored to ensure that we are staying on track and, most importantly, to see what else must be done or changed.

**Profit.** The first objective of a busi-

*The first objective of a business is to make a profit. In an entrepreneurial business, it is even more paramount, because it determines tomorrow's survival. It is necessary to keep a watchful eye and monitor bottom-line profits. Results in this area will affect all elements of a business and even the managers' decisions.*

ness is to make a profit. In an entrepreneurial business, it is even more paramount, because it determines tomorrow's survival. It is necessary to keep a watchful eye and monitor bottom-line profits. Results in this area will affect all elements of a business and even the managers' decisions.

Objectives must be set and activities scheduled in each of the areas listed above for the day, week and quarter. These can be used to measure performance—not only in the numbers but also in the progress against targets in implementing the plan. Tomorrow's numbers are a result of today's actions.

Setting short-term objectives for groups and individuals help keep the focus on what causes results. Without a clear focus on accomplishing objectives, the environment—instead of the activity's real importance—determines priorities.

Days, weeks and months must be viewed as building blocks of success. Accomplishing daily objectives ensures the meeting of weekly objectives. Accomplishing weekly objectives ensures meeting monthly objectives.

By coordinating and delegating tasks and activities, the entrepreneurial

CONTINUED ON PAGE 42

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# Information memorandum

*This specific type of document can help you get on top of today's lending game*

OVER THE PAST THREE YEARS, THE AVAILABILITY OF DEBT FINANCING FOR THE RENT-TO-OWN (RTO) INDUSTRY HAS CONTRACTED SIGNIFICANTLY. THE RTO INDUSTRY IS NOT ALONE IN THIS EXPERIENCE; MANY OTHER TYPES OF CASH FLOW-BASED BUSINESSES HAVE ALSO BEEN NEGATIVELY IMPACTED.

GENERALLY, LENDERS HAVE PULLED BACK FROM CASH FLOW OR NONCOLLATERAL-BASED TRANSACTIONS BECAUSE OF CREDIT LOSSES CAUSED BY THE ECONOMIC DOWNTURN.

Specifically, lenders have difficulty collecting loans to RTO because of a lack of collateral liquidation value.

RTO is viewed as a speculative or risky type of transaction by most lenders thanks to the lack of collateral, generally low net worth and longer equipment payback cycle. However, it is possible to enhance your probabilities of successfully locating a lender by producing an information memorandum which better explains your business.

An information memorandum (IM) sets forth an explanation of your business, lays out your past financial performance, projected performance and management philosophy. The IM is your chance to sell your story about why you are or will become a successful business. It should provide the answer to the key question a lender has to answer: If I make this loan, am I going to get repaid, and how?

An information memorandum is helpful to both you and the lender. For your company to successfully complete an IM, you must fully understand your current financial position and be able to construct a credible business plan. Additionally, the facts contained in the IM can be used in the construction of the lender's credit request. Remember that loan officers process many credit requests

and the more you can make your business stand out, the higher the probability of a loan commitment.

An information memorandum should include but not be limited to the following sections:

- Executive summary.
- Description of business.
- Company summary/history.
- Analysis of last two years' financial statements.
- Current business plan and analysis.
- Collateral repayment.
- Description of management/ownership.
- Glossary of industry terms.

It is usually best to preface the entire IM with an executive summary that outlines the business and the amount of credit requested, security offered and payment terms expected.

## Description of business

Discuss the size of the operations, current revenues, profitability and outlook. You should also explain who your customers are, selling terms, the length of time product stays out on rent, purchasing cycles, the reason for idle inventory and

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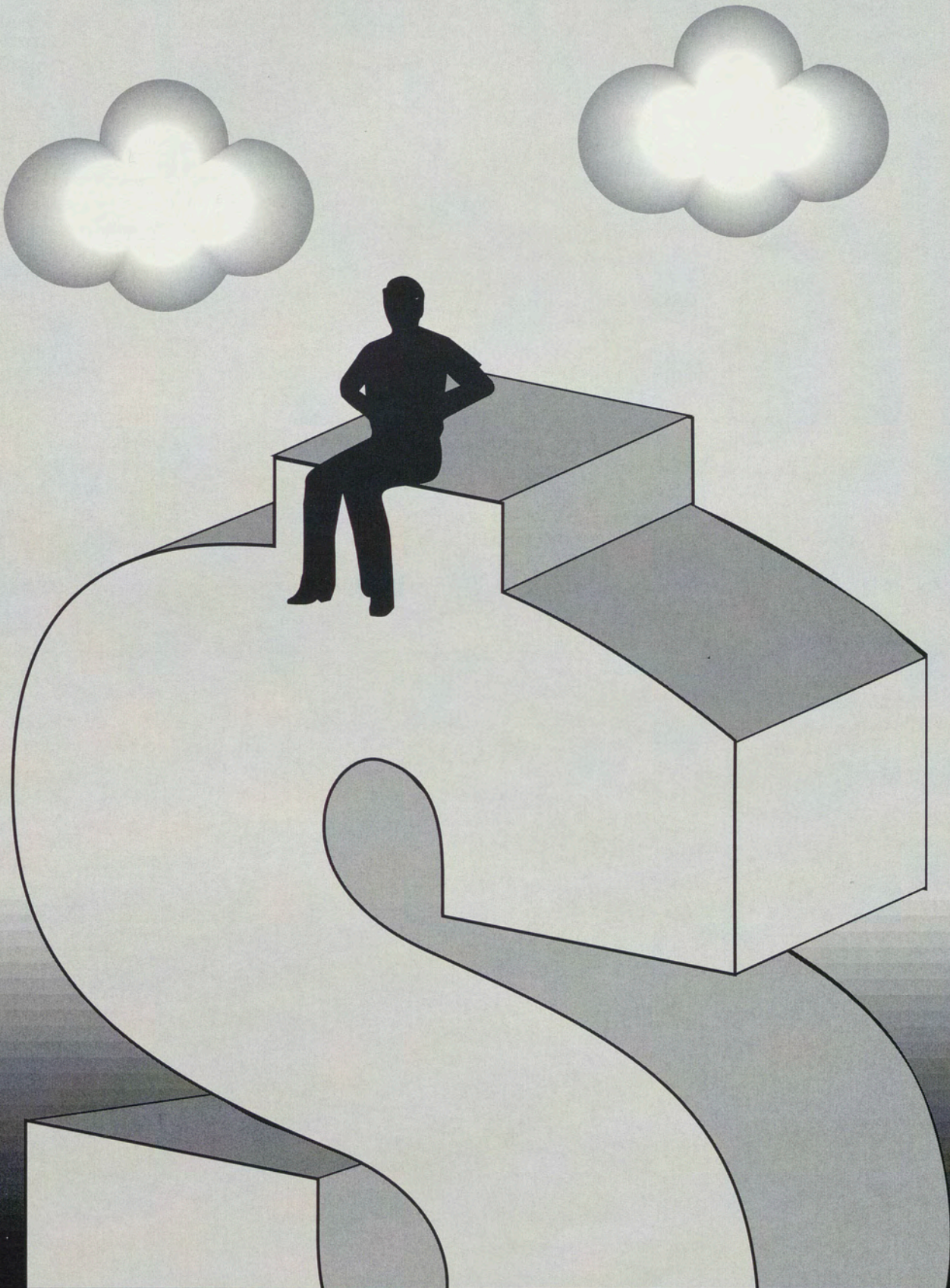
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BY

JERRY ROBINSON

AND

PATRICK CHAMBLISS



Continued from page 14

the competition in your marketplace.

### Company summary/ history

Explain the origin of your business, when acquired, how financial ownership is structured, size, geographic location, previous or planned expansion, and any significant events that a lender would want to know about how you got to where you are today.

### Analysis of last two years' performance

Review at least the last two years of operations and explain increases/decreases in revenue, operating expenses, equipment purchases, store and BOR (balance on rent) growth as well as yield and turnover (pickup) calculations. Explain the profit or loss of your company. If you have posted a loss, analyze the reasons for your loss: was it due to new store openings, extraordinary expenses for remodeling, fire, flood, etc.? If you can't explain

*Explain the origin of your business, when acquired, how financial ownership is structured, size, geographical location, previous or planned expansion, and any significant events that a lender would want to know about how you got to where you are today.*

why you had a loss and why you don't think it will continue, why should the lender make you a loan?

### Current business plan/ history

This section should include a side-by-side comparison of three years of history and two years of projected financial statements. Project the expected normal growth of your store(s) and associated operating expenses. Use conservative and realistic assumptions about yield and expense growth. For example, if your yield was \$45 last year, use of a \$43-\$47 range would be acceptable. Support and discuss any major changes such as falling expenses or

abnormal increases in BOR. Compare your business to APRO's industry standards. A lender wants to know what to expect; if you can't tell him, at least in a range, then why should a lender give you money?

### Collateral/repayment

First, discuss repayment through the excess cash flow from operations. Absent any free cash flow, the lender will have to look to liquidation. Therefore, discuss the average length of time product stays out on rent.

A lender is going to look at the revenue available to pay down debt in a liquidation or cessation of operations. If product averages three months before being returned then your liq-

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liquidation values would be three months revenues less a reduced operating expense level. Be creative but realistic. You have to convince the lender that he will be repaid.

### Management/ownership

Lender always want to know who the key management people are and their backgrounds. A paragraph describing each of these people should be adequate. Also, describe the ownership structure, corporation type (C or S), partnership, sole proprietorship, etc.

### Glossary of terms

Since RTO has some unique terms, a listing of key ones such as BOR, yield or chargeoffs would be helpful to the lender. (*Editor's note: APRO has its Glossary of Terms how-to publication available to members for \$5; the non-member price is \$10.*)

Remember to supply your lender with concise information about why the loan should be made. Add other sections as deemed appropriate to convey your company's unique message. Regardless of the information you present, you have to make your business post a profit and generate positive cash flow. Without a book profit, most lenders will in a short to intermediate time frame cease lending to your company.

This may require cutting non-essential expenses, selling unprofitable stores or lowering your idle inventory rate to reduce your inventory, which pays down your loan and reduces your interest expense.

By putting the information memorandum (or IM) together, you should understand your business better and be ready to explain it to potential lenders. The easier you make it for the loan officer the better chance you'll have of obtaining the loan.

PR

*Jerry Robinson, CPA, is manager of capital sourcing for Coopers & Lybrand. Robinson has more than seven years of lending experience, most recently with Transamerica Business Credit as national credit manager of the company's rental-finance subsidiary. Patrick Chambliss, CPA, is a senior associate in the corporate finance group of Coopers & Lybrand. They can be reached at (312)701-6390 in Chicago.*



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*Retirement planning has its own built-in sense of urgency:*

# *Do or Die*

BUSINESS OWNERS ARE A PECULIAR BREED. THEY PREFER THE RISK AND CHALLENGE OF MANAGING THEIR OWN ENTERPRISES. THIS CONTRASTS WITH MOST OF WORKING AMERICA—SALARIED AND HOURLY EMPLOYEES, WHO USUALLY TOIL IN ENVIRONMENTS WHERE THE RISKS ARE FEWER AND THE PAYCHECKS REGULAR.

Owners rarely consider their own retirement alternatives until they reach a certain level of success and they realize the business is not going bankrupt. Their objective to establish a retirement program can be motivated out of:

- Fear of living too long (and not having enough money).
- Personal greed.
- A goal to attract and retain quality employees.
- Tax advantages.

Let's assume that our typical owner has motivation in all of these areas. As an employer, you want a program that allows for a minimal and flexible contribution by you. At the same time, you need a program that encourages employee participants to defer pre-tax income from their salaries as well.

## Qualified vs. non-qualified programs

There are two basic types of retirement programs available to the business owner: qualified and non-qualified (see chart).

Qualified plans. There are a lot of options that could be explored. But rather than go through the different types of qualified plans and debate the difference between defined contribution and defined benefit-type programs, let's focus on the seemingly popular 401(k) retirement program.

Most 401(k) plans provide the following features for the employee participant and the employer:

- Participants can defer pre-tax income in excess of personal IRA limits (not to exceed \$8,728 in 1992).
- Employee and employer deferrals are tax-deductible and accumulate tax deferred.
- Taxes are paid on benefits at time in which benefits are received by participants.
- Multiple-investment options which are participant-directed with at least the following options: growth/equities, balanced/equity bonds, fixed income/governments-corporate, guaranteed rate account, money market.
- Excellent record-keeping, which should provide participants with at least quarterly statements.
- All assets are segregated in an employer-sponsored trust.

## Where do you get a 401(k) plan?

There are many ways to acquire a 401(k) program for your company. Here's a partial list of providers:

- Bank/trust department.
- Investment/mutual fund houses.
- Insurance companies.
- Advisers: Attorney/administration companies/CPAs

•••••

BY

J. R. GANDY

## How expensive are these plans?

Start-up costs can range anywhere from a few hundred dollars to a couple of thousand dollars. The ongoing annual administration cost is typically a base amount ranging from \$500 to \$1,000 plus an amount per eligible participant.

The old saying "You get what you pay for" is especially true when dealing with the actuaries, other professionals and administration companies—since their time is usually billed by the hour. If the price seems like it's too good to be true, then it may be. Check to be sure what services they provide versus the competition. The low price may require more work from the payroll department and your CPA.

Obviously, you should consult your tax consultant and/or attorney and other advisers to determine if this type of planning is in your company's best interest—before you move forward.

## What can I expect from a 401(k) plan?

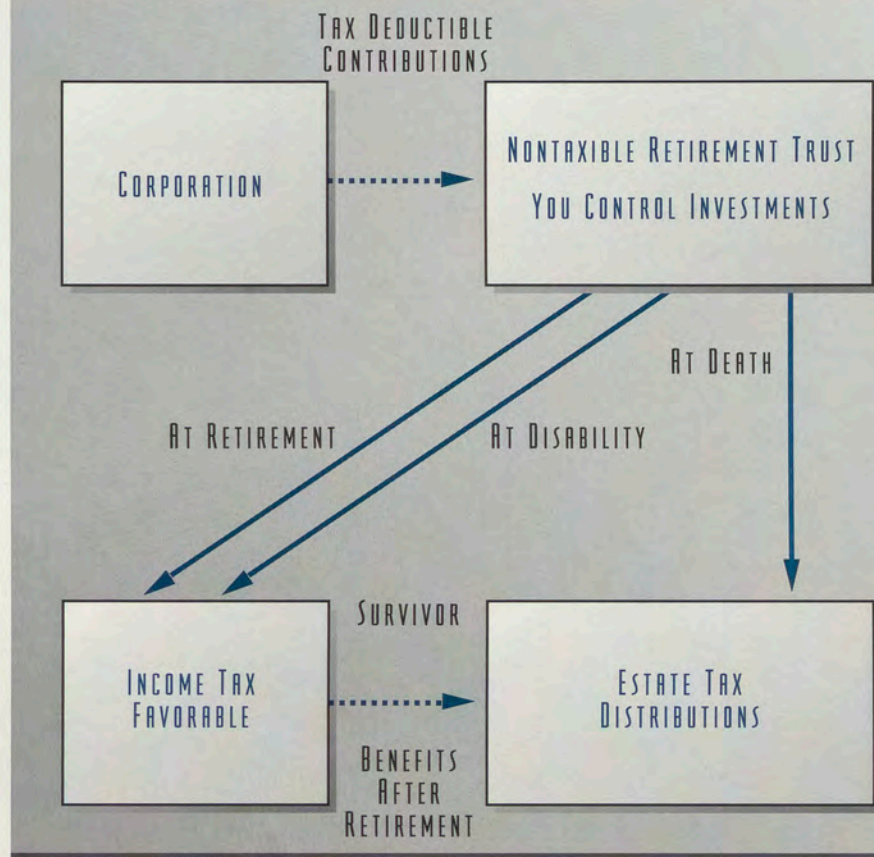
As a participant, if you deferred \$200 per month in a 401(k) plan for 20 years, assuming an 8 percent earnings assumption, you would have approximately \$117,000; 30 years would net you \$298,000. If you assumed a 10 percent compounding rate you would have \$452,000 in 30 years.

Tax savings would be about \$672 a year (assuming a 28 percent personal tax bracket). Therefore, the real cost of saving \$2,400 is \$1,728. If your employer were to offer a matching contribution then the returns really start to mount up. Matches by the employer usually go something like this ...

Example: An employee wishes to defer 4 percent of salary monthly into a 401(k) plan. The employer matches this deferral at the rate of 25 cents to the dollar deferred, not to exceed a maximum deferral of 4 percent of the participant compensation.

In other words, for every \$100 the employee defers, his employer defers \$25. So, the employee actually receives \$125 in his account. Typically, the employer's contribution is subject to a vesting schedule whereas the employee's contribution

# QUALIFIED RETIREMENT PLANS



*Employer-sponsored retirement plans offer benefits for employees and employers.*

is 100 percent vested from the point of deferral.

As an employer, you can expect that everyone will not voluntarily participate, though it's not uncommon to have employee participation in excess of 75 percent of the eligible employees. (Eligible employees are those with one year of service who are 21 years or older.)

Certain tests are done on a regular basis (at least annually) to be certain of the plan staying in compliance with the Internal Revenue Service's (IRS) code. In the event that your plan does not pass a test, there are adjustments that can be made to bring it into compliance. These adjustments could be in the form of some percentage of participant deferrals returned to the highly compensated employees. Or, additional contributions could be required on the part of the employer.

These plans are cost effective if employers have more than five participants, since the employer would

offer a match in the range of 25 percent to 50 percent of employees' deferral to a stated maximum (this could be any range that the employer is comfortable with).

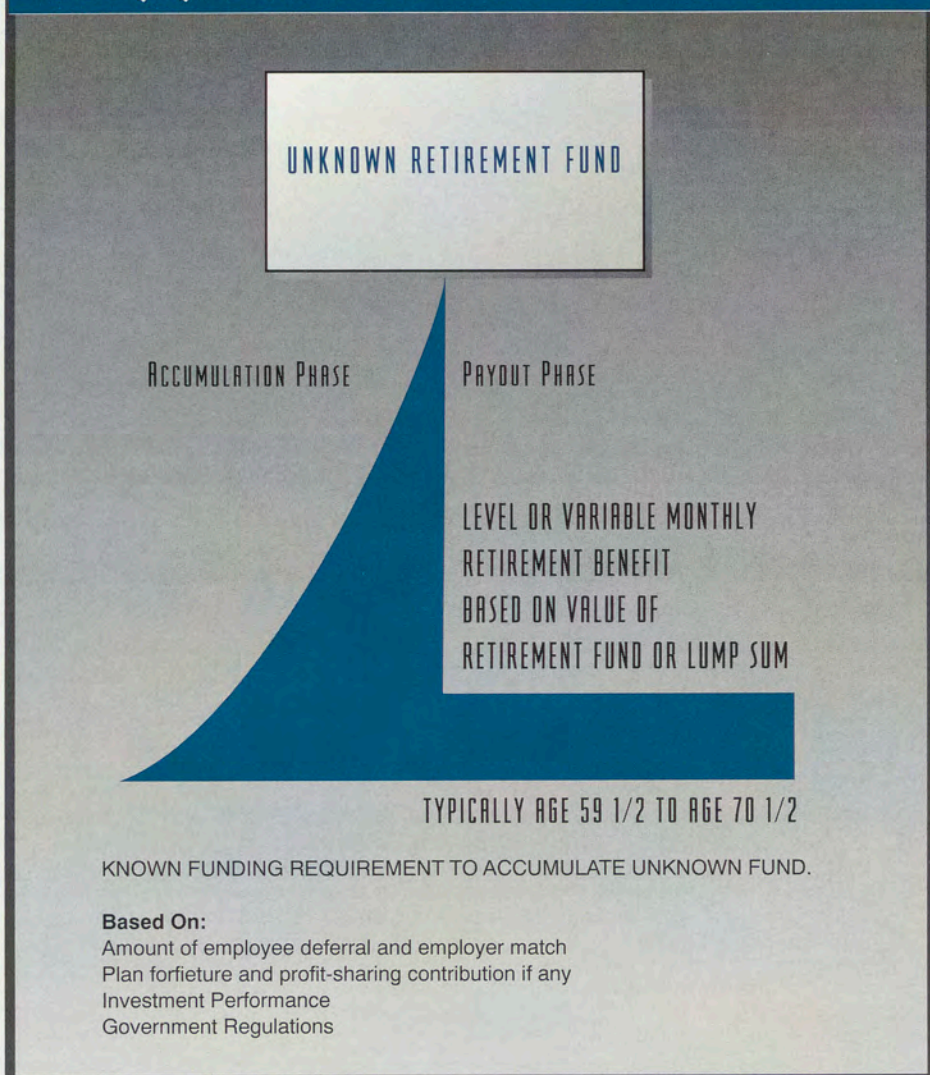
This employer match may vary from year to year and can be tied to corporate profitability. The best way to approach this is to first decide how much can be allocated toward a 401(k) plan and then contact a provider for an initial feasibility study. If the expense of a 401(k) plan is too great for a small company, the alternative is either a simplified employee pension (SEP) or a non-qualified salary continuation/private pension plan.

Qualified plans are not always the solution to an individual or corporate retirement dilemma. Benefits available to the higher-compensated executives and corporate shareholders from qualified plans have been limited and reduced:

- Plans must cover all eligible

CONTINUED ON NEXT PAGE

# 401(k) FUNDING AND DISTRIBUTION



*The popularity of 401(k) plans has increased among employers in recent years.*

*Continued from previous page*

employees.

- Plans must not discriminate in favor of the highly compensated.
- Tighter vesting requirements.
- \$30,000 annual limit on defined contribution plans.
- Tax deductible to the corporation; Tax deferred to the participant until withdrawn at retirement.
- \$ 8,728 pretax limit on 401(k) contributions.
- 10 percent tax penalty, in addition to normal taxes due, on distributions prior to age 59-and-a-half.
- 15 percent excise tax (additional) on all benefits exceeding \$136,204 annually.
- Double taxation (income and

estate) on values remaining at the death of the participant.

## Non-qualified plans

The alternative to an unpleasant aspect of a qualified plan can usually be overcome with a creatively designed non-qualified plan. A salary continuation/private pension plan is established by a contract between the employer and the employee.

The contract can be drafted to retain a key employee by encouraging him or her to remain loyal and faithful through a form of "golden handcuffs." The benefit could be a reward in the event the business is sold so that the employee owns "shadow stock" instead of diluting the stock ownership. Or, it could be in the form of an additional retirement plan, such as

salary continuation.

These plans are usually provided through a financial planner or insurance specialist. The client utilizes an insurance contract as a funding vehicle for the private pension plan because of its tax advantages and investment performance. Traditional whole life, universal life and variable-life products can be used either in the corporation or personally in the private pension plan.

These plans are always designed on a custom basis. The ongoing annual administration expense is non-existent. The only significant expenses to consider are the legal and product expenses that will probably be confined to the initial contract preparation and acquisition cost.

Non-qualified plans are usually:

- Tax-deductible to the company; income taxable to the participant at the time the contribution is made to the plan. Or, it can be set up as an after-tax contribution by the corporation with the benefits taxable to the participant at the time the benefit is received.
- Totally selective; the employer chooses the participants.
- Free of IRS and ERISA reporting requirements.
- Free of administrative costs.
- Without contribution limits.
- Accumulates tax-deferred earnings.
- Able to provide tax-free income.
- Completely liquid, allowing employers to begin income distributions on their timetables (not the IRS'); cash can be withdrawn.
- Can be drafted so that plan is owned outside of the company and not subject to the claims of the company's creditors.

When choosing an insurance company, check the rating services. Take the time to make a good choice.

Gather extensive legal, tax and insurance information before making any decisions final. Seek out advice from your most trusted colleagues and consultants. Because retirement planning can be a do or die (poor) proposition.

**PR**

*J.R. "Rocky" Gandy specializes in business succession, estate and retirement planning, and has worked with corporations in the rent-to-own industry since 1985. He can be reached in Houston at (713)621-9946.*

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*Appliance manufacturers, even RTO dealers, starting to consider*

# The New Regs

POSSIBLY THE MOST PRESSING ISSUE IN APPLIANCE TRENDS IS THE NEED FOR PRODUCT ALTERATIONS. THE FEDERAL GOVERNMENT IS MAKING MORE DEMANDS THESE DAYS, PARTICULARLY IN THE AREA OF ENVIRONMENTAL CONTROLS. AND THOSE DEMANDS ARE COSTING A LOT OF TIME, MONEY AND RESEARCH IN THE APPLIANCE INDUSTRY.

"Refrigerators must operate with 30 percent less energy by 1993," said G.E. Appliances' Dick Gossom. By 1996, refrigerators will have to run on even less energy. Gossom said other changes will be needed in years to come.

"All refrigerants have CFCs (a chemical that aids in insulation) in it. And if they are emitted then they are adding to the depletion of the ozone layer. So, by the year 2001, refrigerators have to be free of CFCs."

With this new regulation, inventive alternatives are being sought in refrigerator manufacturing. "The refrigeration industry is going to have to invent a new refrigerant and invent either new insulating materials or other ways to insulate the refrigerator with existing materials," said Gossom.

The law regulating CFCs is an international one, but the energy reduction regulations don't apply, as of yet, to other parts of the world. Because other markets—like those in Europe—are not saturated with appliances, there is not an urgent need for strict regulations on CFC emissions, as there is in the United States.

"In most other countries there is much less usage of appliance products like dishwashers and dryers," Gossom said.

This means the big growth opportunities lay elsewhere. "Most of the United States manufacturers believe that their best growth opportunities are outside of the States."

Gossom also predicts that the industry in the U.S. will be relatively flat over the

next five to 10 years. "The population doesn't change that much," he said. "Appliance businesses are tied to housing starts and housing completions. Unless that goes off the chart you aren't going to see a whole lot of growth."

Whirlpool is also taking some of its manufacturing abroad. Whirlpool's Tom Kitchens says the newer washers and dryers will increase in capacity. "We are sourcing them not offshore but out of the country ... down in Mexico. It will be a new product for us, but we hope at a little lesser price."

Indeed, the laws regulating appliances are changing. But what customers are looking for has varied little, according to Kitchens. He said Whirlpool's biggest seller remains the standard washer-and-dryer combination. "It's hard to believe," said Kitchens, "but it's still about the same product. It has not changed dramatically."

John Duck says Frigidaire also sells more washers and dryers than anything else. Duck attributes duration as a link to why more washer-and-dryer combinations are sold. "Washers and dryers don't last as long as refrigeration," said Duck. "Also, a lot of rental property comes with a refrigerator and stove but not laundry. So you have a vast amount of the market that is looking for that washer and dryer."

Frigidaire's new feature is the compact, portable washer and dryer. "There is a segment of the market that doesn't have space for a full-size washer and dryer. We

.....  
BY  
SHANON  
LARRIVIERE

CONTINUED ON NEXT PAGE

## 'Green Machine' recovers CFCs from appliances, helps ozone

The Frigidaire Company's "Green Machine," a compact, new refrigerant-recovery system, is up and running in the company's U.S. factory-operated service centers.

The Green Machine fulfills the recent federal regulations by the Clean Air Act, banning deliberate venting of refrigerants, namely ozone-depleting chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) found in appliances such as refrigerators and room air conditioners.

"As of July 1, our factory-operated service centers were equipped nationwide and trained to use the Green Machine," said Roger Felch, director of national service.

The Green Machine is a compact device, weighing just 38 pounds. The recovery tank can hold the refrigerant from approximately 60 refrigerators or 15 room air conditioners. It operates with a high capacity compressor which pumps the refrigerant into a DOT-approved recovery tank and has built-in high and low side gauges to monitor the recovery operation. The recaptured refrigerants can be recycled and

safely reused.

The machine was constructed with several safety features including a function that automatically shuts off the recovery pump when the tank has reached 80 percent of its capacity. A "tank-full" light on the Green Machine control panel also illuminates at this time. The unit is equipped with an automatic oil return system to protect the compressor from damage. The Green Machine was designed by Frigidaire Company's own technical group.

Frigidaire manufactures refrigerators that exceed the 1993 U.S. Department of Energy (DOE) standards by 30 percent and contain 50 percent fewer CFCs than previous models built as recently as 1987.

UltraStyle™ design refrigerators, including two new top-mount and three side-by-side models, are the most energy-efficient units in their class currently on the market.

Frigidaire Company, headquartered in Dublin, Ohio, manufactures Frigidaire, Tappan, White-Westinghouse, Gibson and Kelvinator brand appliances, and operates 26 service centers. **PR**

*Continued from previous page*

can offer a compact that will either stack or sit side by side and is also portable."

Duck also says the ice-and-water model refrigerators have begun to really take off. "A few years ago, you never saw ice-and-water units. Nobody wanted to invest that much money to put it on the floor. Now that they see they can sell them ... a lot of them (dealers) are stocking it and showing it."

Door handles on refrigerators is another change for the better, according to Gossom. "We have a design (for refrigeration) that doesn't have a (traditional) handle—it's a pocket handle. Rent-to-own dealers indicate that when a product comes back from a renter and needs to be refurbished, in a lot of cases the handle has become loose or damaged. But we don't break off any handles because there aren't any."

Stove tops are advancing, too. "A smooth top range is new in RTO," said Magic Chef's Doug Eden. "It's much easier to clean, and it only gets hot where the burner is. In fact, you can turn all of the burners on, put an ice cube in the center of the stove and it won't melt."

Larry Greer with Sears reports that color is another area of appliance focus. "I've got some companies toying with black-on-black pieces. It (totally black appliances) looks extremely sharp."

Eden also sees the need for a new color in the appliance industry. But he is quick to point out that it isn't simple to introduce a different color in the United States. "It's really hard to make a new color fly unless they (manufacturers) all come out with the same color," Eden said.

If different manufacturers' versions of the new color don't match then it becomes too hard to sell and the color flops. But, then again, new colors are necessary. "You've got to come out with another color to cause people to want to change," said Eden.

Indeed, one thing all of those in the appliance industry agree on is that customers want the best product. "The consumer really wants top-of-the-line

## Who's who in appliances

*The following list of appliance companies that cater to rent-to-own provides useful contact information, as well as a brief description of the type of appliances each company manufactures or distributes. All are either APRO Associate Members (\*), advertisers (+) in APRO publications or APRO convention exhibitors (Y).*

\*Y Amana Refrigeration, Inc.  
Highway 220  
Amana, IA 52204  
(319)622-2688  
Amana/Speed Queen appliances

Y Brother International Corp.  
200 Cottontail Ln.  
Somerset, NJ 08875  
Appliances

\*Y+ GE Appliances  
Appliance Park, AP4-241  
Louisville, KY 40225-0001  
(502)452-5655  
Major appliances

\*Y+ Frigidaire Co.  
6000 Perimeter Dr.  
Dublin, OH 43017  
(614)792-4100  
Major appliances (formerly WCI)

\*Y+ Magic Chef/Admiral  
740 King Edward Ave.  
SE  
Cleveland, TN 37311  
(615)472-3371  
Major appliances

+ Saf-Chem  
1616 Brice's Creek Rd.  
New Bern, NC 28562  
(919)637-9733  
Appliance deodorizer

\*Y+ Sears, Roebuck & Co.  
Contract Sales Dept. 732-G  
34 Sears Tower  
Chicago, IL 60684  
(312)875-2994  
Major appliances

\* The Eureka Co.  
1201 E. Bell St.  
Bloomington, IL 61701  
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APRO Industry Profile	\$50/\$100
APRO Business Plan Development Guide	\$50/\$100
APRO Glossary of Terms	\$5/\$10
APRO 1992 Industry Survey (Complimentary To Participants)	\$300/\$300
APRO Bankruptcy Manual	\$25/\$75
Recovering Your Merchandise — A Skip-tracer's Guide	\$10/\$30
Collections Manual — Preventative Maintenance & Efficient Results	\$20/\$75
APRO's Who's Who in Rent-to-Own (Available To Members Only)	\$25/na
RAE Advertising Awards Book	\$10/\$10



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*Continued from page 24*

merchandise," said Duck. "Whether they are renting or buying, they want the conveniences that higher-priced products offer."

Greer says that even with the current economic lull, people are not skimping on appliances. "People are not asking for the normal appliances that were always sold to them. They are asking for self-cleaning pieces, they're asking for side-by-side refrigerator doors, slide out trays and crispers." Greer believes it's as if consumers are saying, "I'm getting what I want instead of what I can afford."

Greer confirms that the trend is changing and end-users are asking for more and more. "People want a lot of the same things ... They know others have it and they are willing to go out and make the effort to get it." **PR**

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

## ATTENTION OWNERS

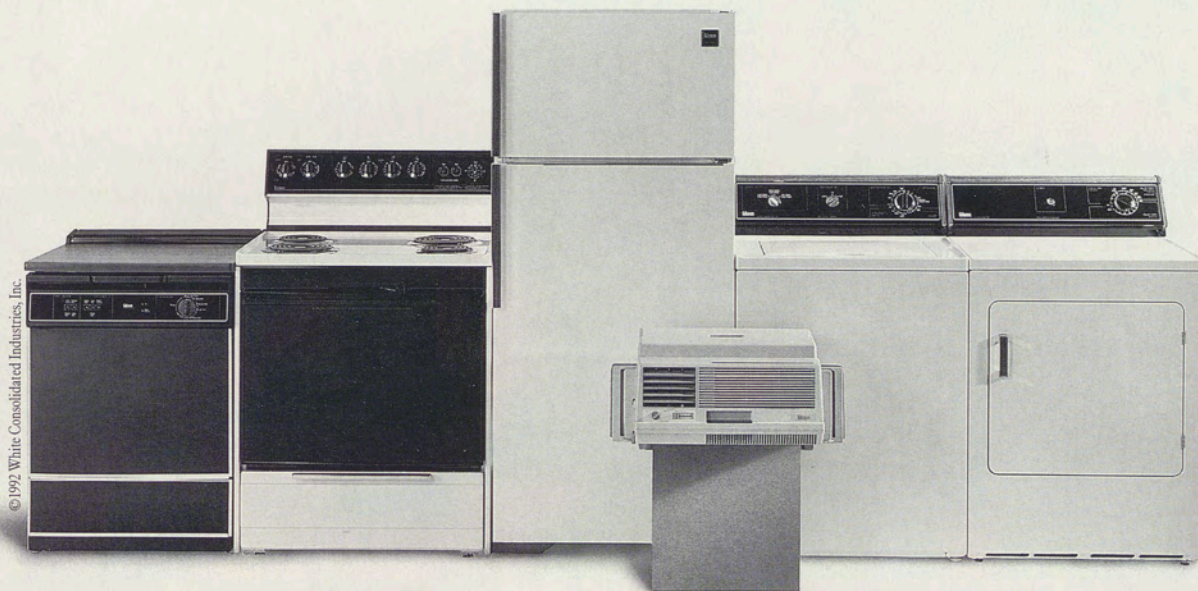
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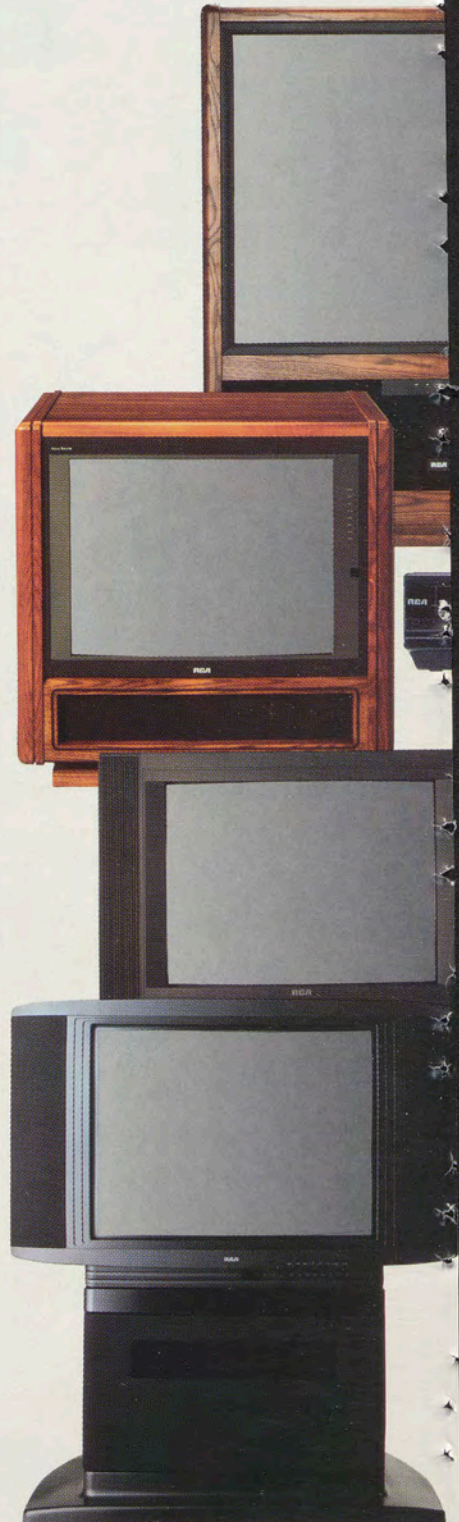
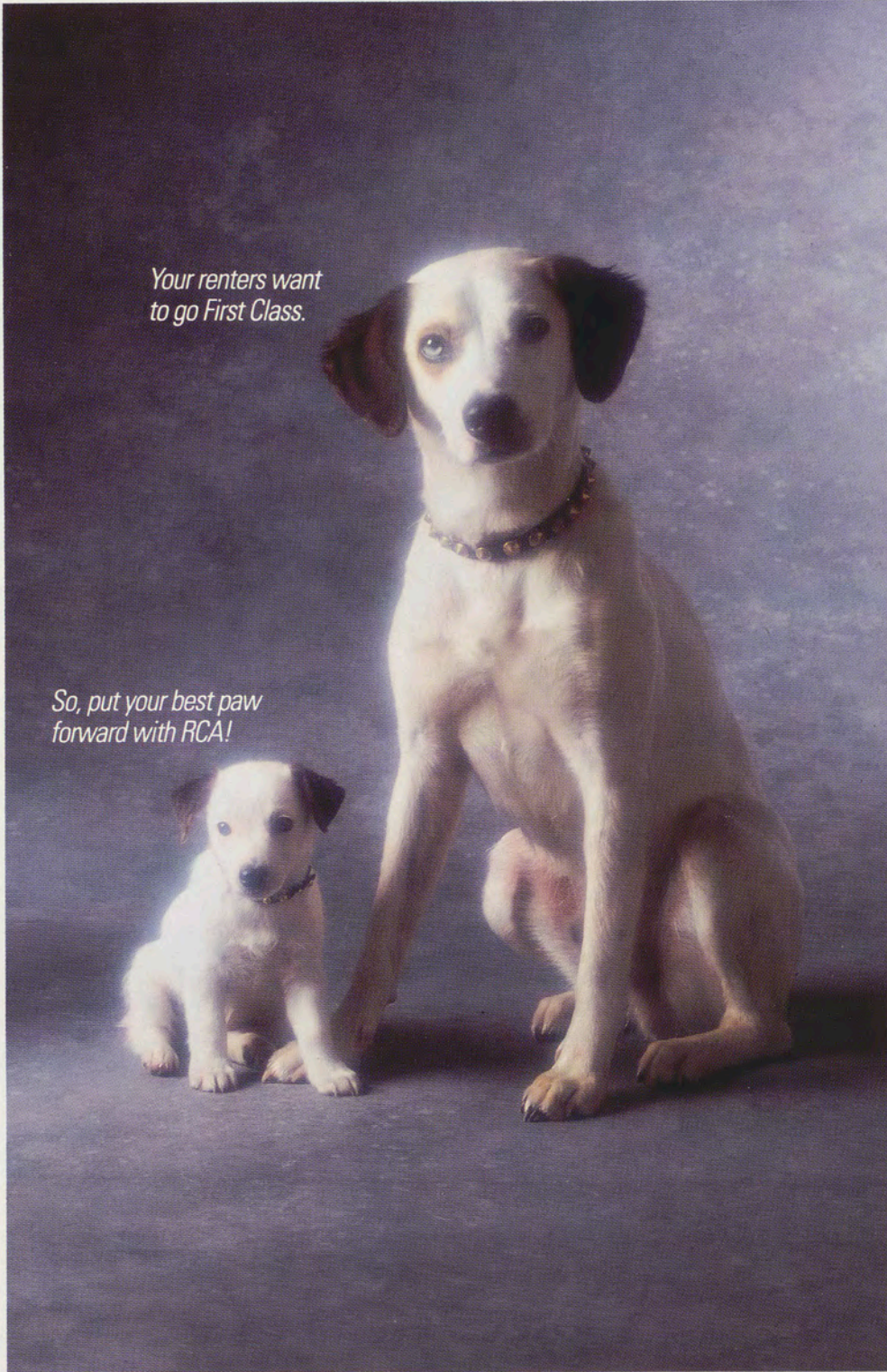
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# Chronicling APRO convention '92:

# Crescent City Class

FOR YEARS, CONVENTIONAL WISDOM HAS HELD THAT APRO'S LAS VEGAS CONVENTIONS—WHICH COME EVERY OTHER YEAR WITH THE ODD-NUMBERED DIGITS—WILL ALWAYS ATTRACT THE MOST PARTICIPANTS. CONVERSELY, ACCORDING TO THIS GENERALLY ACCEPTED VIEW, WHENEVER APRO GOES EAST IN THE EVEN-NUMBERED YEARS, ATTENDANCE WILL INEVITABLY SUFFER JUST A LITTLE.

Nineteen-ninety-two was supposed to be one of those years. The annual summer convention was set for New Orleans, not Las Vegas. However, this year turned out to be one of the best-attended APRO conventions in the event's 12-year history.

APRO '92: Jazz It Up!, rent-to-own's 1992 convention and trade show, surpassed all expectations with more than 1,100 participants—equaling last year's numbers in Vegas—and rave reviews on all aspects of the New Orleans event.

"This is the first convention I can remember where we didn't get any negative comments," said APRO staffer Shelley Martinek of the July 22-26 industry gathering. "It's really hard to please everyone, but this time I think we came pretty close. We just had terrific comments on all aspects of the convention," added five-year APRO veteran Martinek, who now serves as the association's chief convention planner.

The convention provided RTO-gear'd seminars with topics on how to manage your business more efficiently, along with timely updates on legal issues affecting the industry. For entertainment, there were cocktail parties, a golf tournament and the traditional grand finale awards banquet, "Le Masquerade—A Masked

Ball," on Saturday, July 25.

Here's a look at APRO '92: Jazz It Up!, by major event:

## General session

The general session and election of directors is always one of the most important events of the convention.

On Thursday, July 23, APRO members in good standing cast ballots and voted for directors to sit on the APRO board. Eight positions were up for grabs this year (as is the case every year) because of the staggered two-year terms of the 16-member board.

Five board members were re-elected: Wayne Chambers, Mac McCullar, Roger Sharp, Bob Simons and Bill White.

Richard Bartel and Chris Korst were newly elected to the board. Charles Cloud was technically re-elected as a board member but will be serving his first full term this year. Cloud first became a member of the APRO board through a special election, about four months before the convention.

The new board convened on Sunday, July 26, and chose APRO's officers for the next year. Wayne Chambers was re-elected president and chairman of the board. Allen Lewis was chosen to serve on the APRO Executive Committee as first vice



*Cornstalk fences, horse-drawn carriages and bed-and-breakfast inns a familiar sight in N.O.*

president, while Roger Sharp was re-elected second vice president. Bob Simons holds the secretary's office, while former president Ted Wilson presides as treasurer. (For more on APRO's top officers, see page 49 sidebar.)

### Awards banquet

One highlight of the convention was the last night's awards banquet and dance, "Le Masquerade—A Masked Ball."

•••••

BY

SHANON LARRIVIERE

APRO Executive Director Bill Keese announced the Rental Advertising Excellence (RAE) Awards and the golf tournament's winners, who all earned trophies. Special awards were also presented during the banquet.

Ron Waters, APRO director of government affairs, presented the State

Association of the Year Award to the Texas Association of Rental Agencies (TARA). Bill White accepted for TARA, which also earned the award for the Largest Delegation at Convention. Troy Allen, TARA's president, accepted that award earlier during the convention. For the APRO Most Improved State Association award, the Ohio Rental Dealers Association came up as the

CONTINUED ON NEXT PAGE

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winner. President Allen Haines accepted the award. Oregon Rental Dealers Association won for Best Attendance at an APRO/State Association Seminar. Richard Bartel, president, received that award. And APRO Legislator of the Year was presented to state Rep. Don Carroll of Maine.

Keese made the presentation to Mike Walts of Alrenco for the APRO Special Presidential Recognition award. Lyle Jones of High Touch won APRO Vendor of the Year. And the APRO Rental Dealer of the Year award (for making significant contributions to the industry) went to Kevin Quinn of Quality Rentals in Washington state.

President Wayne Chambers gave honors to Bud Holladay of Alrenco for the APRO President's award, which is for advancing the industry and APRO. And David Egan of Rent-A-Center received the APRO Board Emeritus award.

"Le Masquerade" provided dancing and entertainment throughout the evening to the themes "Road to Rio," "Phantom of the Opera," "A Chorus Line" and "Hammer." And after the awards were pronounced, there was dancing the rest of the night.

## RAE Awards

The annual RAE Awards are the



*APRO President Wayne Chambers takes the podium during general session.*



*APRO's Wayne Chambers and Bill Keese open exhibit hall, as Mark Twain observes.*



*APRO golfers rev up their (electric) engines for shotgun start of annual tourney.*



*Alrenco's Mike Walts finetunes his putting at English Turn Golf & Country Club.*

most prestigious advertising honors in the rent-to-own industry.

APRO staff member Hilde Parker coordinates the annual contest. "I think the judges made excellent selections," she said. "The judgments were based on content and not so much on appearance. Also, not all categories received gold, silver and bronze awards, so those who did win should know that their honors were well deserved."

Here's a list of the 1992 RAE winners:

Print materials, catalog/brochure, 4 color or more—Rent America (gold); Rent America (silver); Blue Ribbon Rentals (bronze).

Print materials, letterhead, logo or trademark design—Champion TV (gold); Champion TV (silver); Diamond Leasing Corp. (bronze).

Print materials, poster, less than 4 color—Rent America (gold).

Print materials, poster, 4 color or more—Action RTO (gold); Rent America/standing display (silver); Action RTO (bronze).

Print material, other (door hangers, coupons, contests, etc.)—Action RTO (gold); Royce Rentals (silver).

Direct marketing, order solicitation, single mailing—Action RTO (gold); Action RTO (silver); Action RTO (bronze).

Newspaper, black & white, half page or less—Action RTO (gold); Action RTO (silver); Save All Rentals (bronze).

Newspaper, color, half page or less—Save All Rentals (gold); Action RTO (silver); Action RTO (bronze).

Newspaper, color, more than half page—Action RTO (gold).

Radio, :60 sec, under \$100—Champion TV (gold); America Rentals (silver).

Television, :30 sec or less, under \$100—Gary Hughes/ColorTyme (gold); Amigo Rentals (silver); Action RTO (bronze).

Television, :30 sec or less, over \$1,000—Renter's Choice (gold); Action RTO (silver); Champion TV (bronze).

Specialty items advertising, specialty item, unit cost over \$2—Action RTO (gold); Action RTO (silver).

Specialty items advertising, Point-of-purchase material (poster, sign banner, display, etc.)—Action



RTO founder Ernie Talley showed up, at the invitation of friend Norm Smith.

### All photos from APRO '92: Jazz It Up! July 22-26 New Orleans

RTO/Banner (gold); Action RTO/display (silver).

Billboard/Outdoor, outdoor billboard, any size—Save All Rentals (gold)

Billboard/Outdoor, transit poster, interior or exterior—Action RTO (gold); Blue Ribbon Rentals (silver).

Non-English advertising—Action RTO (gold).

Creative Consultants is the adver-

tising firm that judged the 117 entries.

"APRO would like to extend congratulations to the award winners and to all of those who participated in the contest," said Keese.

### Continuing education

Judging from the evaluation forms, APRO's 1992 convention seminars had something for everyone. The topics varied from hiring top employees to structuring balance sheets to learning to delegate authority.

The most-attended seminar was "Talking Shop ... the Future of RTO,"

CONTINUED ON NEXT PAGE



APRO's 1992 convention in New Orleans certainly had its cast of characters. Board member Lindsey Semon, left, was a hit at Saturday night's grand finale. Mark Twain, right, provided wit, wisdom and mirth during Thursday's general session.



The trade show was a big success, since it attracted a high level of dealer interest.

*Continued from previous page*

moderated by Wayne Chambers. The second most-attended seminar was David Wilson's "Advertising Comparison—Surviving the Great Recession in the RTO Business." A close third was "Skips and Stolen—How to Protect Your Merchandise," by Jay Pena.

This year, seminars were given a different spin. On the second seminar day, sessions were held in three-hour-and-30-minute blocks instead of the regular one-hour-and-30-minute time slots.

Martinek said the longer seminars got mixed reviews. "We did still have a good turnout," she said. "We didn't start as early in the morning and I think the time adjustment helped a lot. There is a big difference when you begin a seminar at 9:30 a.m. instead of 8 a.m."

Each year the association's seminar committee reviews the convention to make improvements and changes in the annual educational program. If you have any suggestions or topic ideas for seminars, contact a committee member or call the ARPO office at (512)794-0095.

## Trade show

The trade show was bustling with business. More than 100 companies took up 161 booths to show off the

newest products for RTO dealers.

"This is a quality show," said RTO veteran Bill Simpson of Welton/Techwood. "We've had a great turnout. We were busy all day on the first day. We had customers at our booth 100 percent of the time."

Another exhibitor, Frigidaire Co./White Westinghouse's John Duck, also had a good response at APRO's trade show. "We had more people come by our booth today (Thursday, July 23) than all three days combined last year. We've had more inter-



The convention educational program provided variety. Harry Weisbrod, an APRO seminar veteran, talked wage-and-hour issues, left; while Action's Kent Sutherland discussed hiring and keeping top employees.



APRO's booths were busy, too.

est, more contacts and more end-users this year."

Kathy Levine with The Tree Factory said she enjoyed the show. "I've made good contacts. Quality people are here and the mood is up. It's very positive. It's great. I'll be here again."

Marty Raucher of Canyon Rentals especially enjoyed the Sears booth at the show. Raucher was the big winner in Sears' camcorder drawing.

"I just put a business card into a bucket," Raucher said. "In fact, I didn't even have any business cards left and



so I just wrote my name on a piece of paper."

The prize was delivered to Raucher several days after the convention. "I was very surprised," Raucher said. "I've never won anything before in my life."

Raucher didn't keep the camcorder, however. He opted to give it to his son, who has been married for two years and now has a baby.

"I'm older. I don't need a camera ... but I was thrilled. In fact, I called them (Sears) up as soon as I got it to thank them for it," added Raucher. "I was thrilled that I had won it."

Exhibit hall hours began Thursday, July 23, at 11 a.m. with a ribbon-cutting ceremony. The hall stayed busy until the last day, Saturday, July 25.

### Golf tournament

Nearly 120 golfers got a chance to hit the links during the third annual APRO/Joe Eason Invitational Golf Tournament. The event was held at New Orleans' English Turn Golf and



FORESIGHT's Danny Wright and Steve Owens sponsored the opening party.

Country Club course, where the USF&G Classic is played each spring.

The course, designed by golf legend Jack Nicklaus, is intricate in no small part because 13 holes involve water.

Tee time was 8 a.m. but rain inter-

rupted the tournament twice throughout the day, causing a two-hour delay.

However, Parker, the APRO staff member who coordinated the event,

CONTINUED ON PAGE 49

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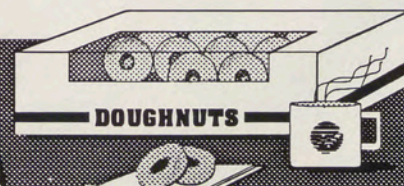
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*There's movement on the federal front, but don't get too excited, yet*

# Congressmen, feds hold RTO hearing

ON JUNE 24, THE U.S. HOUSE OF REPRESENTATIVES SUBCOMMITTEE ON CONSUMER AFFAIRS AND COINAGE OF THE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS HELD A PUBLIC HEARING ON H.B. 4497, PENDING LEASE-PURCHASE AGREEMENT ACT.

APRO SUBMITTED WRITTEN TESTIMONY IN SUPPORT OF THE BILL AND ALSO SENT A WITNESS TO TESTIFY AT THE HEARING.

Also, either appearing in person or submitting written testimony—or both—were representatives from the Federal Trade Commission, the Federal Reserve Board, the Legal Services Corporation, U.S. PIRG, Rent-A-Center, Inc., and the Minnesota Attorney General.

The history of the movement to regulate RTO transactions at the federal level is well known to many industry members who have supported the effort over the years, to date, to no avail. The highlight of the effort still must be considered to have been in 1983 when, after hearings in the U.S. Senate, an RTO measure passed that body by a vote of 95-4, as a part of comprehensive bank deregulation legislation.

Unfortunately, the RTO piece of the package was cut out in the House, and no RTO proposal, good or bad, has ever progressed any further. It will be interesting to see whether this latest round of hearings will produce any concrete results from Congress. Based on the testimony and the fact that this is a big election year, rental dealers need not start reprinting contracts, yet.

H.B. 4497 was introduced by Rep. Larry LaRocco, D-Idaho, a freshman congressman who sits on the House Consumer Affairs Subcommittee. In his opening statement, Rep. LaRocco explained that

three million consumers use RTO services every year and many of those people are in states with no disclosure laws whatsoever. He also reported that according to the attorney general in Idaho, which has no RTO regulation, consumer complaints about RTO ranked second only to landlord-tenant issues. Thus the need, in his opinion, for serious consideration of his bill for the federal regulation of RTO transactions.

The report from the Idaho Attorney General was in sharp contrast to reports from the two federal agencies which testified, both of which stated that they had received virtually no complaints about RTO over the years. Ordinarily, that would be high praise for an industry, and it is. It is not particularly helpful testimony, however, when one is arguing the need for federal legislation.

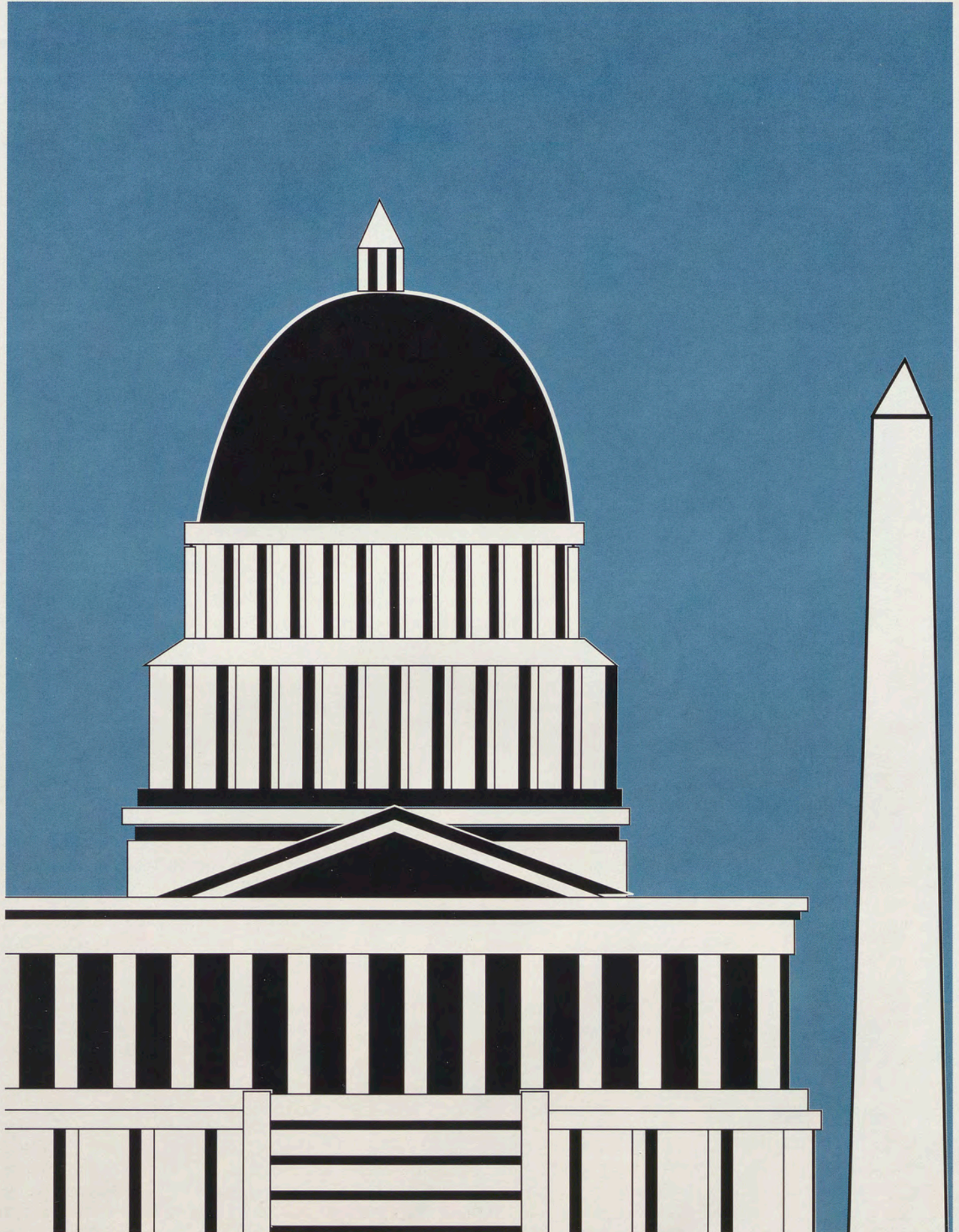
Originally, it was the Federal Reserve Board which sent the first RTO proposal to Congress in 1983 with a recommendation that the industry be regulated. This time around, the Fed was much more circumspect in its advocacy for the bill. The times have changed, and so has the Fed's attitude toward the need for RTO legislation. In the late 1970s and early '80s the move was afoot to update and simplify the

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BY

ED WINN III

CONTINUED ON PAGE 44





*The price we pay for the phrase, 'rent-to-own'*

# What's in a name

THE TITLE OF THIS MESSAGE HAS BEEN SITTING AROUND ON MY DESK FOR SEVERAL YEARS NOW, BUT THE MESSAGE ITSELF NEVER SEEMED TO MAKE IT TO PAPER. THE TOPIC SURFACED RECENTLY AT THE 1992 JAZZ IT UP! CONVENTION, AND SO WHILE THE ISSUE HAS BEEN TIMELY FOR A LONG PERIOD, I WILL NOW ATTEMPT TO PUT SOME MEANINGFUL WORDS BEHIND THE SEXY TITLE.

• • • • •

Since APRO began, I have heard critics complain to judges, legislators, the press and anyone else who would listen about how rental dealers were really selling their TVs, not just renting them. "Why just look at how they advertise, with all of the emphasis on ownership." They were referring, as often as not, to the moniker "rent-to-own."

I never agreed that ownership was necessarily being stressed in ads bearing "rent-to-own," and insisted that it was merely an available component of the transaction. Nor did I ever buy the argument that the very name "rent-to-own" emphasized ownership. However, it was an argument that I heard made repeatedly over the years, and it's one that I still hear today. At the June public hearings in Washington D.C., the National Consumer Law Center testified: "The RTO industry by name, deal and in advertising is in the retail sales business."

There was a time prior to 1985 when "rent-to-own" was not legally recognized anywhere. It was a world of black and white. For us, it was a world of sales or leases. We spent our time proving that we were not sales, the more heavily regulated of the transactions, to stay in business.

It was not until Michigan passed the first RTO statute (the Michigan Lease Purchase Act) in the closing days of 1984 that the industry had any legal recognition. In those early days, I preached to

dealers that they were just in the rental business. Most dealers who were using the term "rent-to-own" just liked it too much to quit, although a few dealers did, indeed, heed the warning. One major company changed its corporate name from Rent-to-Own, Inc., to RTO, Inc.

Rental dealers were careful then, as they are today, to write legal rental agreements that, when fairly read, could only be construed as true leases and not sales, because they only ran for a week or at most a month at a time. Legal-aid lawyers tried hard in those earlier days to get courts to look at a rental company's entire method of doing business, arguing that customers were being drawn to the stores with the promise of ownership and were signing agreements with the intention of one day having ownership. That made for a disguised sale in their eyes. And the prominence of the term "rent-to-own" was a primary culprit.

The anti-RTO argument in courtrooms in those days was that a contract is more than just the words on the paper. The dispute was that a contract should include all of the dealings between the parties, and can include advertising and all kinds of other factors. This argument gained its highest acceptance in the U.S. Eighth Circuit Court of Appeals in *Clark v. Rent-It Corp.*, 685 F. 2d 245 (1982).

This court held that it was appropriate to look beyond a written RTO agreement at three specific factors to determine whether the transaction was really a disguised sale: (1) whether the customer was led to believe and did believe that he was buying the merchandise; (2) whether the business was aimed at low-income customers who have no credit, and cannot afford to pay cash, but who nonetheless desire to purchase merchandise; and (3) whether "numerous" customers were using the transactions to obtain ownership. If the Eighth Circuit's application of the law was faulty, the general proposition is not bad law.

Article 2A's definition of a lease agreement reads "the bargain, with respect to the lease, of the lessor and the lessee in

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BY

ED WINN III

fact, as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance as provided in this article."

This language borrows heavily from the Uniform Commercial Code's definitions of "agreement" (UCC 1-201(3)) and "contract" the latter of which reads, "the total legal obligation which results from the parties' agreement as affected by this act and any other applicable rule of law." (UCC 1-201(11)). An expression of unilateral, i.e. one-sided intent, does not make a contract, or I would be driving a Mercedes.

No one has ever proven that rental dealers intend an agreement to do other than what is in the written rental agreement. This explains why these challenges have not been successful, generally, in court, although they continue to be a burden and an expense to the companies involved.

What we did with our focus on the term "rent-to-own" was to distinguish ourselves from the whole world of renting and leasing, generally, which has existed for a long time without undue legal scrutiny.

The furniture rental industry, for example, variously uses rental or lease agreements, all of which contain purchase options, and which in many cases are legally indistinguishable from "rent-to-own" contracts. They have never had to weather the legal storm we've had to endure because they have never focused on the ownership aspects of their transactions. I am certain that if you fall in love with a car you rented for the day from Hertz, the company would sell you the car. The same is certainly true of a rental yard and a backhoe it rents.

It could be argued that all personal property leases, no matter how "true," have the potential for the customer/lessee to own the property. We, though, are the industry which has elected to emphasize that point, and we have done so and not just with an occasional ad campaign. We have done it in fundamental fashion with the very name we have given to our industry. As a result, we are the industry which suffers vilification for our efforts by the media and consumer champions at every turn.

But, we are paying for being "rent-

*Niche marketing is the play these days, and "rent-to-own" is a clearly defined, albeit self-limiting, niche. Perhaps, also, the negative connotations associated with "rent-to-own" have kept mainstream retailers and others out of the business.*

to-own." In the world beyond our customers and their self-anointed advocates, there are financial markets to which the industry has lately had to turn, and in those markets, reports have come back that "rent-to-own" is a risky investment. Part of that reputation comes from the recent unhappy past of the industry's primary lenders, and that story has the name "rent-to-own" on it.

Even more fundamental, though, is the persistent barrage of negative press, most with multiple references to "rent-to-own," that has followed the industry around for years. A banker looking at an RTO company may or may not hear the TransAmerica Rental Finance Corp. story before all is said and done. But if he calls a clipping service, he will get a folder full of negative press identifying his prospective borrower with a bunch of consumer bandits brazenly parading around as "rent-to-own."

Bankers can and probably should look beyond the numbers, and the name "rent-to-own" and the story that goes with it have slowed the opening of new financing sources for the industry. This latest "rent-to-own" onus we bear means slow or no growth for many RTO companies and sleepless nights for owners with big notes due and nowhere to turn.

If there are negatives to the associations that "rent-to-own" calls to the minds of many, are there any positives? Presumably, yes, or else the industry would not insist on the name in the face of such adversity. It would be a stretch to suggest that RTO customers like the name "rent-to-own"—it is unlikely they care much. But they do understand what the term means by now in most markets. That makes it easier for companies to advertise and otherwise explain what business they are in to potential customers. And that has value.

Niche marketing is the play these

days, and "rent-to-own" is a clearly defined, albeit self-limiting, niche. Perhaps, also, the negative connotations associated with "rent-to-own" have kept mainstream retailers and others out of the business, although it might equally be the case that the nature of the business itself, whatever the name, has deterred Sears and others from joining the fray. And even without major retail chains offering "rent-to-own," it can hardly be said that the business is not competitive today.

It is difficult, looking back, to argue finally that the name has kept the industry from being successful, either commercially—the industry continues to grow at a better-than-average pace—or legally and legislatively—31 states have passed RTO legislation during the past eight years.

(Interestingly, no state calls the transaction "rent-to-own." It is a "rental-purchase agreement" or "lease-purchase agreement" or a "consumer lease.")

If there is a price that we pay for the name, "rent-to-own," what can we do or what should we do for the future? There are several options. The most likely course for the industry is more of the same. We stick with the name "rent-to-own." We take our licks when we must. We keep renting TVs. And we laugh all the way to the bank, assuming we can find one to take our money.

Another path is to keep the name and spend some serious time and money improving the image and making it sound more attractive to the public. The idea is being given serious consideration by some of the industry leaders. To be sure, the transaction can certainly be clarified in the general public's mind better by the people who are in the business than by the critics who define us by proclaiming triple-digit interest rates and

CONTINUED ON PAGE 43



*Convention '92: What really happened ...*

# *The Insider*

VISITORS FROM ANOTHER PLANET LANDING IN NEW ORLEANS IN JULY LIKELY WOULD FILE THIS REPORT: "NO INTELLIGENT SIGNS OF LIFE, BUT SOME GREAT DEALS ON JEWELRY."

AH, CONVENTION! FEW SIGHTS ARE MORE BIZARRE THAN THE SPECTACLE OF 1,000 SNEAKER-CLAD PEOPLE WALKING AROUND WEARING THE LIKENESS OF A CRAWFISH ON THEIR CHESTS, TRYING TO LOOK SOPHISTICATED AND KNOWLEDGEABLE IN FRONT OF 500 SALESMEN IN ITALIAN SUITS.

.....

This is the time of year when everybody has unpacked their convention bags, thrown away all the handouts, and sobered up enough to realize that this year's trip again cost just slightly more than opening a new store. Sorting through all the deals, prices, products and pitches, and then coming up with a plan for next year, can create the kind of stress that keeps cardiologists in BMW showrooms. To help you make it through the post-convention blues and prepare for next year, Progressive Rentals offers these observations ...

It's important when assessing any benefits your company might realize from convention to remember that even a blind pig finds an acorn once in awhile. The fact that the only pig at convention was torn apart and eaten by 300 partygoers on the first night shouldn't color your thinking. The thing is, not all benefits are direct or even very visible. Consider, for example, the jewelry booths in the first floor men's rooms. The crowds were small, the noise level low (usually), and your competitor was likely too busy to interfere. Thus, you had the perfect opportunity to clean up in more ways than one.

Some vendors conducted focus groups in private hospitality suites. At least, that's

their story and most of them are sticking to it. The real function of these groups was debatable, being either (a) to introduce new buyers to exotic brands of liquor while at the same time showing them how purchase orders work; or (b) to distribute the videotapes from last year, thereby generating lots of new orders for this year.

All wasn't a party for some exhibitors, though. Many vendors report that endless hours were spent in the exhibit hall merely waiting; hours filled with sweat, toil and hope. Then, when somebody who actually had financing finally came along, three guys from across the aisle would trip him, causing him to fall into their booth. You'll know your buyer was victimized by this when she tells you, "Boy, did I fall into a deal!" If you hear this more than once, you'll want to give those fall shipments extra scrutiny.

Some exhibitors reported record crowds, drawn in part by the novel promotions offered. One furniture manufacturer reportedly gave away more than \$12,000 in two-dollar bills before realizing most of his crowds were coming from the homeless camp across the street. The ruse was uncovered, according to company spokesmen, when the guy with the shopping cart said he had 50 stores. One stereo company appeared to be doing land-office business with their unique "buy one, get that one free" campaign. They're now reportedly developing a plan to recover from Chapter 11 and hope to announce that soon.

This year's convention had its share of close calls, too. On the last night of convention, Roy and Rosemary Wobble, of French Lick, Ind., found themselves trapped on an elevator with a dangerous character who demanded their money and checkbooks. Only the quick thinking of Mr. Wobble averted certain tragedy.

"I gave him an order, instead," Wobble told Progressive Rentals. "I figured we could use some of them velvet Elvis paintings somewhere."

The Wobbles eventually made it unharmed to the much-ballyhooed Gem-

.....

BY

BUD HOLLADAY

O-Rama cocktail party at a nearby Motel 6, where they regaled the crowd with their adventure and, according to Mrs. Wobble, sold nine Elvis paintings in the parking lot.

Later the same night, two first-time attendees from a small town in Iowa got lost in the exhibit hall. The two were forced to survive on soft drinks and miniature tootsie rolls before being finally discovered huddled in the middle of a silk tree display. They told hotel security they weren't coming out of the woods until the danger was gone. The pair was coaxed into coming out only after being persuaded that all the furniture reps were attending a sales meeting across town.

For the first time in recent memory, RTO lenders kept a low profile at convention. Memories of previous bashes where deals were cut and empires were born over a cocktail are just that. Of course, some dealers still came to make deals and a few lenders were on hand to listen. Tony "Two-Fingers" Anttanazzi and Fat Billy Flanagan seemed to be getting the most action. Their "guaranteed in concrete" loan terms were a topic of discussion at more than one hotel bar.

And some dealers who'd brought complete sets of financials were perplexed when the two seemed to be more interested in pictures of the family. More on that in future articles highlighting the New Jersey area.

Many seminars and workshops focused on the availability of financing and what dealers could do to prepare for the day when their present financing agreements expire. Some of the options discussed include leaving the country, acquiring short-term fire insurance, and making friends with Melvin Belli.

An accountant, in one class, suggested companies should immediately stop building up debt. Careful analysis, however, revealed that such a radical move likely would have a negative impact on tax liabilities and the price of luxury cars.

And, as happens each year, APRO's slate of new directors was elected and introduced at the convention. Rumors that this year's election was rigged arguably sprang from some hard campaigning by a few nominees who might otherwise have been overlooked by voters. At presstime, only

*An accountant, in one class, suggested companies should immediately stop building up debt. Careful analysis, however, revealed that such a radical move likely would have a negative impact on tax liabilities and the price of luxury cars.*

a few dealers had not yet returned the photographs or the cash, and most were still trying to figure out how their spouses got wind of the whole thing, anyway. Some people were heard grumbling that APRO ought to stick to Las Vegas because "there's plenty to do there." But late news of the legislation authorizing casino gambling in Louisiana seemed to mollify even the hard-liners, especially dealers from nearby states who can now plan on losing the same amount of money in far less time. With everybody worrying about efficiencies these days, that's something that any company exec should include in the planning process.

Planning for the next convention already is well under way at APRO headquarters in Austin, Texas. Staff

anticipate at least several mid-winter trips to Las Vegas to conduct casino ground surveys and troubleshoot any potential problems. Careful thought will be given to the quality and quantity of the three factors critical to a successful convention: bar service, room service and valet parking.

APRO Executive Director Bill Keese reports that any winnings as a result of the casino ground surveys will be donated to APRO's newest official charity, the Home for Aged and Infirm Manager Trainees, on Bill Keese Boulevard in beautiful Keese, Texas.

**PR**

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

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Continued from page 13

manager can increase his or her effectiveness. Once the objectives have been set, the manager can meet with the staff together or individually to delegate and follow up. Setting a consistent time and agenda for a group meeting, such as a weekly meeting, will make coordination and followup easier.

One might think that creating and implementing a performance plan could be time consuming and difficult. It doesn't take time; it makes time.

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Manual systems, such as my company's planning resource, which is adapted to the individual's and organization's needs, have been very successful. Whether the tools are

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Managing today's fast changing and highly competitive environment is more demanding than ever. Those who use yesterday's methods find they are not able to get the level of results needed today and certainly not tomorrow. It is essential that a person managing in an entrepreneurial environment understands its unique challenges and needs, and develops the specific skills to achieve results.

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Improvement and growth require change. Would you like to find better ways to be successful? Look at how you are managing. **PR**

*Wayne Outlaw is president of The MARCON Group in Mt. Pleasant, S.C. He provides training, consulting and performance development to increase individual and group results. He can be reached at 1-800-347-9361.*

# Quality RTO Reading

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

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

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disguised sale all of the time. But there may be limits to such a campaign.

By way of loose analogy, pawn-shop owners have generally upgraded the image of their industry lately by some upscale marketing from some of the publicly traded pawn-shop companies. But they are not yet running ads to expand the customer base like the Dairy Council does for milk and cheese or, lately, the cotton fabric manufacturers are doing for their product. It would take a clever marketer indeed to sell the concept persuasively to a new universe of customers. "Short on cash? Come hock your Rolex."

Likewise with RTO, although there probably is a universe of customers which misunderstands the convenience aspects of the transactions and is put off by the "dirty-window" image of the industry that persists.

Another avenue is to downplay "rent-to-own" or drop it altogether and rejoin the larger universe of consumer rentals and consumer leasing. This is the most radical path, and one the industry is the least likely to follow. We like the term "rent-to-own," we are used to it, and some of us have spent a lot of money promoting it.

Those companies probably will not change unless they have to. The suggestion here, however, is that in the world of consumer leasing, which includes automobiles leased for years, apartments leased a year at a time, hand tools rented by the hour, and everything in between, there may be room for some variations on the theme of "rent-to-own" to market the goods and services RTO has traditionally offered.

The question is whether we can successfully market our products and services without focusing as much on the ownership aspects of the transaction. Some will certainly say that we cannot. Others may say, "maybe," and experiment with the various rental and leasing concepts that already exist or, perhaps, create some new ones.

The suggestion was made at the convention by a knowledgeable financier that if you want to borrow money today, you should distance yourself from "rent-to-own" and call your transactions consumer leases. That

*There might be some people, perhaps a lot of them, who would rent their furniture and electronics if they were available on some other program besides "rent-to-own."*

may not be the answer to the industry's current financing struggles, but it is advice worth pondering.

An Australian company tells me that in a city of 400,000 households, they have rental units in 100,000 homes, for a market penetration of 25 percent, and they do not yet carry any furniture. They are using a rental program with a variety of purchase options, but they are "just renting" all of those electronics. That number has captured my imagination since I first heard it.

We used to say in the earlier days of RTO that we would grow to a 25 percent share of the consumer electronics market in the U.S. It has not happened, yet, and it is not likely to unless we look beyond the barriers imposed by the term "rent-to-own" and make what we have appeal to more people.

I am a lawyer, not an ad man, and I will confess that I do not see clearly

how to get there. I do read the papers, though, and see the great creativity that vehicle lessors have brought to their concept—Audi's three year "no-obligation lease" and Lexus' new flex-lease program. Every car dealer has at least one lease program, and often several. There is nothing sacred about 78-week "rent-to-own" agreements. They work, to be sure, but they are not the only rental concept that will work to put consumer durables in people's homes.

There might be some people out there, perhaps a lot of them, who would rent their furniture and electronics if they were available on some program with a name besides "rent-to-own." That is a path some rental companies may take as we move toward the next century. **PR**

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

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Truth-In-Lending Act. The impetus came largely from lenders who were suffering from lawsuits alleging technical violations of the TILA and generally from the onus of being overregulated. When that measure was accomplished in 1981, major lessors and the Fed both immediately undertook the task of simplifying the Consumer Leasing Act, a logical next step, with the addition of RTO as a hot new industry that fell through all the cracks of existing federal legislation.

Even with the backing of the Fed and the leasing industry generally, there was insufficient enthusiasm for simplifying the CLA or regulating RTO, and nothing happened. The lessors since then have abandoned all visible efforts toward changing a few details of the CLA. One of the chief reasons for the lack of effort is the remarkable lack of controversy surrounding the CLA. There have not been the myriad lawsuits filed for technical violations of that act as occurred under TIL. The FRB reported in testimony on H.B. 4497 that it had received only 15 complaints on leasing generally out of 3,500 total complaints during 1991 (none of the 15 involved RTO).

A federal RTO law would help commerce in the country. It would certainly help consumers, because there are still thousands of RTO customers in some unregulated states who are not being told the total cost of the transaction or even whether the rental property is new or used. It would help the industry by regulating the bad apples and by making it harder for a state legislature to change its collective mind in the future on the lease-versus-sale issue.

RTO opponents, of course, are not interested in furthering commerce in the U.S. They ought properly to be concerned about their clients, some of whom are RTO customers—and some of whom are being misinformed and abused even today in unregulated states. But those clients, without their knowledge or permission, are being sacrificed to the political agenda of their protectors, one aspect of which is the eradication of RTO.

*Mamie offered no hyperbole about the business being any better or more grandiose than it is; nor was she ever the least bit defensive about her chosen line of work. Her enthusiasm, energy and commitment stood in sharp contrast to the angry, sullen, almost belligerent attitude of the consumer-advocate witnesses.*

So, even if the current version of the federal RTO bill is not perfect, the consumer advocates universally testified that it is a bad bill and is, in fact, worse than nothing at all, because it would "give new legitimacy to an industry which terribly exploits the vulnerabilities and pocketbooks of low-income Americans ... its vastly overpriced products ... sucking the life-blood from our country's low-income communities." (written testimony on H.B. 4497 submitted by the National Consumer Law Center).

Turgid prose, this, and representative of the deep-seated antagonism felt by consumer champions toward RTO, which they are all happy to broadcast at every opportunity. One of the reasons that there is not yet any federal RTO legislation—in addition to the fact that the federal legislative process is at once complicated, cumbersome, time-consuming, expensive and, at times, downright mysterious—is the almost religious fervor with which opponents have attacked the issue. It was no different during this latest round of public hearings.

Despite the flamboyant written testimony submitted by the NCLC, there was no soaring oratory during the hearing. Most of the handful of subcommittee members in attendance dutifully read prepared statements or deferred to their colleagues. Witnesses either read their statements or gave lackluster ad libs. The one bright and energetic spot in the day was the RTO industry's witness, Mamie Saserak, a one-store ColorTyme franchisee from El Paso, Texas. Mamie told the subcommittee how it was—how RTO works generally, and how her operation in El Paso works specifically.

In a polite and forthright manner, she exhorted the subcommittee to move the RTO bill and give her a safe legal harbor in New Mexico, an unregulated state, so that she could open

another store there. Mamie offered no hyperbole about the business being any better or more grandiose than it is; nor was she ever the least bit defensive about her chosen line of work. Her enthusiasm, energy and commitment stood in sharp contrast to the angry, sullen, almost belligerent attitude of the consumer-advocate witnesses.

The FRB and the FTC representatives began the day's testimony. The FRB explained its early involvement with the RTO issue as part of the larger plan to simplify the CLA. The FRB has ongoing regulatory authority over most lenders and large lessors, which today are often the same lending institutions. The FRB's position was that with the movement to simplify the CLA dead and the states moving steadily to regulate RTO, there is little reason to press hard for federal RTO legislation, and little interest from the FRB for that to happen. The FRB disavowed any "first-hand experience with RTO" and further explained that it is not currently supervising any companies engaging in RTO transactions. The FRB candidly suggested that if the legislation were to move forward, the Federal Trade Commission ought to have enforcement authority over RTO companies instead of the FRB.

When it was the FTC's turn, it insisted that the Federal Reserve Board had the most experience drafting regulations and forms in this area generally, and therefore the FRB should have the regulatory responsibility. What the subcommittee heard were two bureaucratic behemoths seeking to avoid being given any more regulatory responsibility, since there was no talk of any increased funding to do the job.

Like the FRB, the FTC questioned the need for federal RTO legislation at all, citing the very few complaints

concerning leasing of all kinds received by the commission, about 50 per year, or .0015 of total FTC complaints. Few, if any, of the 50 concerned RTO. The FTC also asked rhetorically whether the state RTO statutes were working, and urged the subcommittee to investigate this question "to determine if inconsistent or ineffective state laws warrant federal action."

In addition, the FTC raised the issue of the compliance burden of federal legislation on the industry. The commission suggested that if there were substantial compliance burdens, as was the case, clearly, with the early TIL Act for lenders, it might be too costly to small dealers.

Both in terms of substantial start-up costs and possible ongoing legal fees arising from legal advice and litigation, the measure could impose compliance obligations that many of these small businesses simply could not meet. If these assumptions are true, the commission questions whether the primary result of implementing the new rules under the bill may not be to "drive out the competition," leaving only the few largest lease-purchase businesses in operation (written testimony on H.B. 4497 submitted by the Federal Trade Commission).

To some extent the views of these two groups merely reflect the anti-regulatory philosophy of the administration to which they both report. A long-standing plank of the Republican administration has been to unshackle business from the chains of government regulation. It was no real surprise, then, when the administration witnesses questioned the need for any new RTO law, particularly in light of the negligible number of complaints made against the RTO industry.

During questioning, the FTC representatives admitted that they had not carefully polled the states to see if there were large numbers of complaints about RTO in the various state agencies assigned to regulate consumer affairs. Such a poll will likely show relatively few complaints, as rental companies are usually good at resolving customer complaints before they grow into official complaints to consumer protection bureaus or lawsuits.

The next panel of witnesses claimed to be there on behalf of consumers and included representatives from U.S. PIRG and the National Consumer Law Center. The testimony of these witnesses was less about H.B. 4497 than it was about the perfdies committed by the RTO industry on a daily basis. The NCLC testimony was replete with references to the "scurrilous" RTO industry's "exploitation" of the poor, its "abusive practices," its "outrageous prices," its "gouging" and the allusion was made that RTO was even responsible for the then recent L.A. riots. "The seeds of intense frustration and anger that exist in our low-income communities are sown in no small part by businesses like RTO stores."

The NCLC argued that the entire RTO industry is based upon a legal loophole and that RTO industry has made paying lawyers to keep the loophole open a cost of doing business. Legal Aid told the subcommittee that when Rent-A-Center went public in 1983, the owners of the company became "overnight" multi-millionaires.

That was a 20-year night for Tom Devlin and others, but the truth has never interfered with zealotry, and it did not get in the NCLC's way during these public hearings.

An example of the extremes to which consumer advocates will go in support of their agenda came when the NCLC witness, Margot Saunders, was questioned about her insistence that any federal legislation include limits on RTO pricing. Rep. LaRocco asked whether this was a negotiable item for the NCLC since, in his opinion, "this Congress isn't going to set prices." Saunders confided to the congressman, "Well, you can set prices without setting prices." The congressman, like everyone else in attendance, is presumably still waiting to learn exactly how one can do that.

Saunders, incidentally, can claim responsibility for the legal situation in North Carolina. She was a legal aid attorney/lobbyist in Raleigh for 14 years before her recent move to Washington. North Carolina has the

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anomalous situation of a completely unregulated RTO industry as long as RTO dealers provide a final 11 percent balloon purchase option, which all companies do.

Consumer advocates, including Saunders, boast that North Carolina is one of "their" states, like Pennsylvania with the RTO industry tightly regulated as a credit sale. Even a little logic applied to the issue in North Carolina would have resulted in meaningful regulation of the RTO industry either in 1983 or 1987 when the RTO issue was debated intensely in the state. Once again, this time in Washington, the NCLC's insistence on ideological purity which allows for no compromise may kill the federal bill. But it will inevitably harm the unprotected consumers, whom Saunders and her colleagues are being paid tax dollars to defend.

The other consumer advocate witness from U.S. PIRG reviewed with the subcommittee the anti-RTO mate-

rials developed by CALPIRG (the affiliated organization in California) last year. The witness said that he agreed with everything Saunders had said. But he did say one interesting thing that has the potential for breaking the current logjam that exists at the federal level on this issue. After first insisting that the RTO industry disclose an APR reflecting the difference between the cash price and the RTO price, the U.S. PIRG witness suggested, as an alternative, that the RTO price be indexed to the cash price.

The witness did not define what he meant by indexing, but in effect that is the law in several states, including New York, Ohio, Iowa, Connecticut and Maine. In all of these states the RTO price cannot be more than two times the cash price and, in addition, one-half of each payment must be subtracted from the cash price to determine the statutory early buyout price. In these states, the RTO price is statutorily indexed to the cash price at two times. If U.S. PIRG understands what is going on in those states and can accept that definition of indexing, there may be common ground for negotiating a federal bill, although that is not yet clear. U.S. PIRG has not yet explained what it meant by indexing.

The third panel of the day was the loan-industry witness testifying in support of the bill. Reacting to allegations that RTO is a "well-heeled industry, represented by a phalanx of lawyers," APRO elected not to put forward any industry attorneys as witnesses to speak for H.B. 4497. Instead, the association chose Mamie Saserak, a bright and well-spoken one-store

dealer from El Paso, Texas. Industry leaders felt that she could give legislators a better feel for the industry than the lawyers could, and they were right.

In a few short moments, she charmed the room, legislators and staff members alike. She told APRO that she had never done anything like this before, but she did grow up in the business and she believes in what she is doing. It showed. Mamie Saserak is not gouging or exploiting anyone. She is renting quality merchandise, often to military personnel, at fair, competitive prices. She takes great pride in her operation, which she communicated effectively to the subcommittee.

It is hard to predict what will happen next, although nothing is a fair bet. What could happen is that the subcommittee votes on the bill favorably and sends it to the full committee, which in turn votes on it favorably and sends it to the full House for a vote. The full House could vote on the measure affirmatively and send it to the Senate. Since there have already been hearings on the issue there, the process could be speeded up for a full Senate vote quickly thereafter. Of course, consumer advocates, who oppose the bill as currently drafted, would be trying to add or change language in the bill at every step along the way or simply kill the effort altogether.

Then, there is the timing factor. It is an election year, and all of the House and one-third of the Senate is up for re-election. That means there are relatively few weeks left during which the Congress will conduct business.



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Congress was expected to meet for a few weeks in September, but will adjourn in early October to allow members to campaign at home. After the election, the then lame-duck Congress may or may not return to clear up any unfinished business, depending upon whether international affairs or compelling economic issues force them back.

The current outlook is that they will not come back after the elections. When this Congress adjourns sometime in 1992, all pending legislation dies, and if the debate on those issues is to continue, new bills must be introduced into the new 103rd Congress which will convene in January 1993.

As of this writing, industry lobbyists and consumer advocates are meeting periodically to attempt to hammer out a compromise bill, which is the only realistic chance for getting RTO legislation this year. Consumer advocates have offered the following points as items they want added to H.B. 4497:

- Additional disclosures on the cost of renting-to-own.
- Prohibition on the use of crimi-

nal prosecution against non-paying RTO customers.

- Limits on all "other charges" and fees.
- Reinstatement fees limited to 5 percent of the amount due or \$1.
- 50 percent mandatory early buy-out formula.
- Elimination of mandatory damage-waiver fees.

While the industry can yield on certain items (dealers do not generally charge a mandatory damage-waiver fee), it cannot yield on all of them. It would not be proper for a federal statute to redefine criminal conduct as defined by state penal codes.

Whatever happens in Congress, the industry made a good public record for itself during these hearings. There were no reports of abuses from any neutral observers, and the shrill and hyperbolic lamentations of legal aid have been heard before. Nothing new was added in the way of criticism of the RTO industry, and the industry itself put its best foot forward in both its written and oral testimony.

The objective public record that is accumulating ever so slowly about RTO—these public hearings, the 1983 hearings, the 31 state RTO statutes—is mounting and may one day rival the contrived and bitter attacks hurled at RTO by portions of the media and consumer advocates. In the meantime, the marketplace recognizes the value of the RTO concept through the millions of customers who freely choose the RTO alternative each year.

It is difficult to get the U.S. Congress to hear those voices. They are not organized—they are just a percentage of the American consuming public—and their self-appointed spokespeople insistently misrepresent their feelings and opinions on the RTO issue.

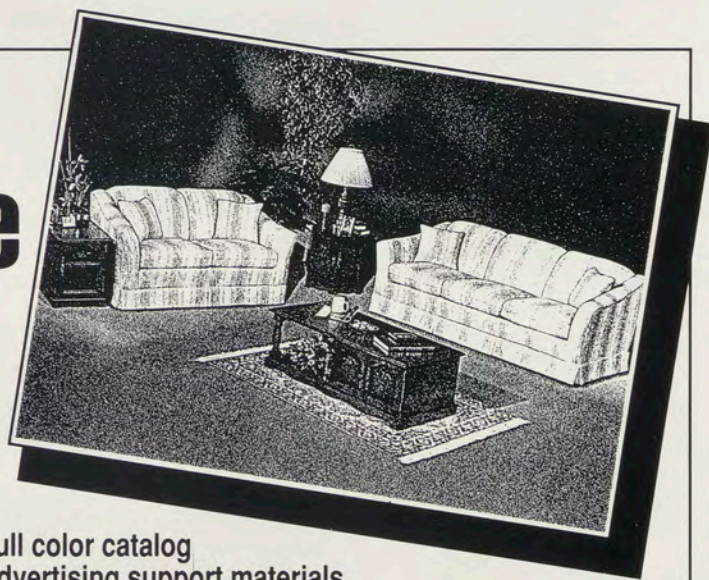
The RTO industry, itself, does not represent its customers; it merely does business with them—a mutually beneficial activity for all concerned. And that will certainly continue regardless of how the RTO story in Washington plays out this year.

**PR**

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

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said everyone coped with the weather. "Our golfers didn't forget to have fun—in spite of getting a little wet," she said. "In fact, they almost bought out the pro shop during the rain delays."

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First place—Team No. 11: Kevin Dellabianca, Rental World; Pat Parker, Thomson Consumer Electronics; Mike Decker, Thomson Consumer Electronics; Hank Hutcherson, Thomson Consumer Electronics. Net Score: 57-<sup>1</sup>/<sub>2</sub>.

Second place—Team No. 20: Bill Kaspar, Today Rentals; Scott Savell, Save All Rentals; Danny Wilbanks, Remco America. Net score: 61-<sup>1</sup>/<sub>2</sub>.

Third place—Team No. 7: Chris Gibson, John Alden Insurance; Steve Owens, FORESIGHT Preferred Customer Clubs; Don Patteson, Rentronics; Danny Wright, FORESIGHT Preferred Customer Clubs. Net score: 61-<sup>3</sup>/<sub>4</sub>.

Fourth place—Team No. 12: Bruce Johnson, Magic Rentals; Norm Smith, Zenith Electronics; Tom Kitchens, Whirlpool; Ken Gay, Philips Consumer Electronics. Net score: 61-<sup>3</sup>/<sub>4</sub>.

Fifth place—Team No. 24: Gary Bryant, Lea Industries; Ed Beckham, WBC Holdings; Denny McGuire, McGuire Agency; Jeff Loeb, R.T.O. Inc. Net score: 62.

Fewest putts (18)—Team No. 23: Richard Rose, Art Sayre, Bob Wainwright, John Ansel.

Most putts (30)—Team No. 22: Bruce Hochberg, Terry Musick,



*Right on the Money!*, APRO's 1993 convention, promises to be another great one.

David Hochberg, Al Zagorniak.

Bob Simons earned recognition for the longest drive on hole No. 5. John Blair earned the same honor for hole No. 14. Chris Williams was closest to the hole with his No. 3 tee shot. And Terry Musick had the closest-to-the-hole tee shot on No. 17.

All of the golf winners were recognized at the awards banquet and received trophies. Congratulations and thanks to all who participated, said

Ted Wilson, former APRO president and 1992 tournament organizer.

### Industry survey

Results of APRO's 1992 industry survey were shared at the July 22-26 convention during a seminar given by former president Wilson and Keese.

"This is perhaps the most important information available to rent-to-

CONTINUED ON PAGE 54

## 1992-93 APRO officers elected in New Orleans

APRO's full board traditionally meets on the day after convention ends to elect association officers for the coming year.

This year, the board met on Sunday, July 26. Wayne Chambers was re-elected by his peers on the APRO Board of Directors to serve as chairman of the board and president of the association.

Chambers is general partner of Houston-based CWD Enterprise Two Ltd. He began his rent-to-own career with Remco in the mid-1970s.

Besides Chambers' re-election to the top post, here's a look at other members of the 1992-93 APRO Executive Committee:

**First vice president.** Allen Lewis, Amigo Rentals, Albuquerque, N.M. Lewis served during the previous year as the association's treasurer.

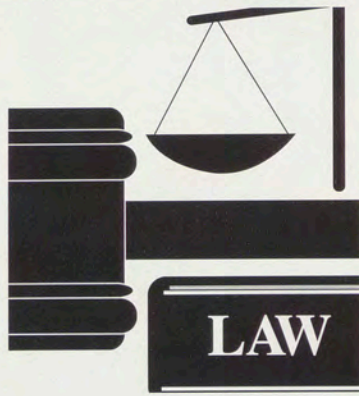
**Second vice president.** Roger Sharp, Appalachian TV Rentals, Huntington, W.Va. Sharp was re-elected to a sec-

ond consecutive term in this post, which includes chairmanship of the APRO Publications Committee.

**Secretary.** Bob Simons, All Star Rental, N. Charleston, S.C. Simons was re-elected as association secretary.

**Treasurer.** Ted Wilson, Alrenco, New Albany, Ind. Wilson sat on the executive committee during the previous year as immediate past president. He first served as APRO treasurer in 1988 and was a two-term president of the association from 1989-91.

PR



*Why we gather together like we do, for achievement, honors—and each other:*

# Associations

WHILE THE APRO STAFF DIDN'T GET MUCH TIME TO BASK IN THE GLOW FROM THE RECENT ANNUAL CONVENTION, WE DO FEEL GOOD THAT EVERYONE SEEMED TO ENJOY THEMSELVES. COMMENTS INCLUDED ON THE SEMINAR EVALUATION FORMS AND IN PERSONAL CONVERSATIONS WITH CONVENTION-GOERS CONFIRM THIS.

•••••

Several exhibitors and members have sent us thank-you cards—one especially nice one came from Bill and Shelley Morgenstern—and some even sent us fruit baskets for a job well done. I only hope there's no hidden message in their choice of a gift to send us.

The convention was a great success and a good starting point for even better things to come. It's good for old friends and colleagues to network together, for the good of the cause—and recognize each other for the extra effort put forth during the past year.

Conventions really serve several functions in one place, and the use of economy of scale makes it all take place in a more exciting atmosphere.

People attend conventions to take advantage of educational seminars usually offered in bulk there and preview potential product lines for their inventory and/or leverage their product-buying opportunities. They also conduct the official business of their industry association and network with their particular circle of friends and associates.

Trade conventions have their roots in medieval times when "guild members" of various trades began holding festivals similar to those long held by royalty. The royals congregated in one place with their subjects. The subjects would perform or compete to impress the royalty with their exceptional skill in some trade or service,

which the royals might find useful later for a price.

Guild members began holding their own festivals where they'd compete among themselves to enhance their reputations, particularly with royalty, who would then invite them to their own annual festival and hire them to ply their exceptional skills.

Trade guilds were also the predecessor to unions, eventually ranking their members' skill and negotiating jobs based on that ranking. Thus, the concept of seniority was born.

Most convention participants also are drawn to particular city attractions different from their own home environment. In other words, many are combining business with pleasure. For some, attending a convention out of town becomes their only vacation from the office as well as only opportunity to stock up inventory for the coming year.

That's a big reason why putting on a good convention is so important to association members and why so much of our time and energy as a staff is devoted to it. Shelley Morgenstern articulated this sentiment eloquently in her note to the staff:

"Please believe that when Bill and I say that APRO trips have truly been some of our most favorite vacations that we are being totally honest in our statements. We had a ball this year and we thank each of you for the many hours of hard work and preparation to pull off such an outstanding affair," she wrote.

I knew we had a successful convention when on Saturday night during the awards banquet I stood to the side of the hall waiting to make my presentations to awards recipients. I saw the happy faces of so many people I recognized from state meetings. They and their spouses were dancing enthusiastically with the professional dance troupe that entertained during breaks from the presentations.

People were having a good time.

•••••

BY

RON WATERS

*Some may try a little harder on association tasks next year, knowing that their extra effort will be appreciated and recognized somewhere down the line.*

Awards were handed out that evening to various members who deserved recognition for extra or exceptional efforts on behalf of the industry. Given annually, these awards not only recognize particular members who have distinguished themselves in some way during the last year but also encourage other members to accept that extra association responsibility. Some may try a little harder on association tasks next year, knowing that their extra effort will be appreciated and recognized somewhere down the line.

In addition to the government relations awards, several awards are given annually to members performing exceptional service to the association.

This includes the APRO President's Award, given this year to Bud Holladay of Alrenco (he is also the original organizer of APRO) for his tireless and exceptional efforts to educate RTO employees and owners through countless seminars.

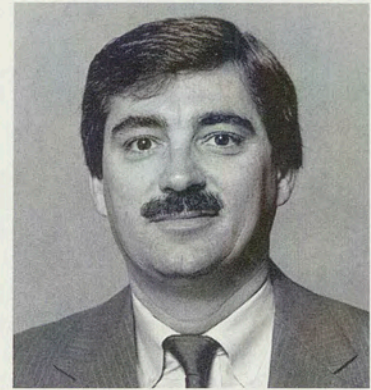
Another went to David Egan of Rent-A-Center, longtime APRO board member, officer and government relations committee chair, for his successful efforts to bring cohesion and focus to APRO's government relations program. APRO President Wayne Chambers granted him board emeritus status, a first for an APRO member. Special presidential recognition went to Mike Walts of Alrenco for his generous loan of Holladay and Ted Wilson to work on APRO projects.

APRO Vendor of the Year is Lyle Jones of High Touch and APRO Rental Dealer of the Year is Kevin Quinn of Quality Rentals in Washington state. Of course, the annual RAE Awards (advertising) and golf tournament trophies were also given out during the banquet. (A full listing appears in the August issue of *RTO Network News*.)

Several state association presidents and one state legislator received awards for government relations activities. During the annual state presidents' breakfast three state association presidents accepted awards. They were Troy Allen of Texas, who accepted recognition for the largest delegation in attendance at the convention; Richard Bartel of Oregon, who accepted recognition for best attendance at an APRO/state association seminar; and Allen Haines of Ohio, who accepted an award for the most improved state association.

During the awards banquet, Texas was also presented with the state association of the year award, while state Rep. Don Carroll of Maine accepted the award for legislator of the year.

While each of these awards was given to recognize those outstanding individuals and organizations, all the awards were given to encourage the rest of us to redouble our efforts and renew our spirit of enthusiasm. We can be comforted that our peers, at least, will pause someday to recognize our own individual and collective efforts to accomplish. **PR**



*Ron Waters is APRO's director of government affairs.*

## Insuring Your Success

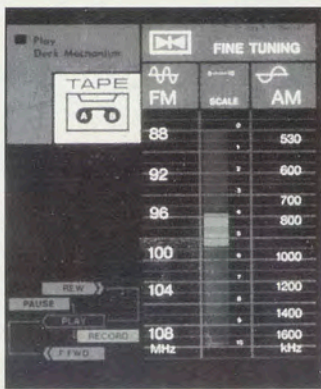
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**APRO**



**APRO offers new long-distance service**

APRO has just concluded negotiating a contract to provide discounted long-distance service to APRO members and stores.

This service will provide nationwide long distance rates at a maximum of 14.5 cents per minute during peak hours and 13 cents per minute for off-peak hours.

Before signing the agreement, APRO did its homework. Several of APRO's member companies submitted actual phone bills to the long-distance company for comparison shopping. The companies' annual savings were substantial. Some multi-store companies will realize more than \$6,000 in annual savings with this new APRO member benefit, according to APRO Executive Director Bill Keese.

Also, any APRO-member company that signs up with the new service will be able to offer the low rates to employees' home lines, with no liability to the company.

"This service is just one new benefit that APRO is providing in its goal to have members realize tangible returns for their dues dollars," Keese said.

Information on this new service will soon be mailed to APRO regular and associate members. "We hope that all members will take advantage of the price reductions offered by this program," added Keese.

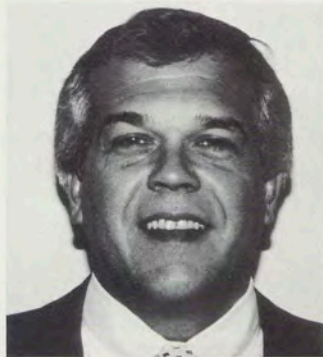
Call Carolyn Fitzsimmons at the APRO office, (512)794-0095, for more information.

**Hagen ColorTyme's new president**

Thomas R. Hagen, 44, has joined ColorTyme as its president and chief operating officer.

Hagen is the former vice president and general manager of Transamerica Rental Finance Corp. in Dallas. He brings more than 22 years of management experience to ColorTyme, a national franchisor of rent-to-own stores.

Willie R. Talley remains chairman of the board and chief executive officer of the Athens, Texas-based RTO company.



**Thomas R. Hagen**

**Saf-Chem offers deodorizing products**

Saf-Chem, Inc., announces Odorid, Odor-Con and Odor-Dry, a new line of deodorizing products for the rental industry.

Odorid and Odor-Con may be used to save millions of dollars in the industry, according to the products' parent company. These products are used in refrigerators, in freezers; on furniture and on carpet. They eliminate odors which come with units that have been turned off for a time and are particularly effective against odors from:

Spoiled food, seafood, smoke, mold and mildew, and pet accidents.

The odor-eliminating biocide in these products is chloride dioxide, which is non-toxic, non-carcinogenic, non-mutagenic, non-allergenic, biodegradable. Best of all, it eliminates odor.

Odorid is colorless and has no odor of its own.

Saf-Chem's products are used by hospitals, institutions, veterinarians, refrigeration-equipment companies and the food industry.

For more information, call Saf-Chem at 1-800-995-9733.

**TRIB Group has successful meeting**

TRIB Group, a nine-year-old buying group that caters exclusively to rental dealers, had its annual convention Aug. 21-23 in Atlanta.

According to TRIB Group Executive Director John Blair, attendance was double this year over previous years. He cited the size of the annual banquet, which served more than 160 people.

Elections for TRIB's board of directors were conducted during the Aug. event in Atlanta. Officers and directors include:

President—Norman Slatton, Buddy Bi-Rite, Fla.; vice president—Jim Simms, Term City, Ill.; treasurer—Darrell Tissot, Countryside Rentals, Ohio; secretary—Cynthia Baber, Babers Leasing, Miss.; director—Lowry Shrader, King Frog Rentals, Tenn.; director—David Blevins, Showcase Rentals, Ala.; director—Bill Kasper, Today Rentals, Md.; and director—Andy Ariaz, Amigo Rentals, N.M.

TRIB is a non-profit organization that is run by a member-elected board of directors. According to Blair, the formation of product committees to negotiate the best programs for members is a major focus.

Available to members during the annual convention were special product buys from vendors, guest speakers Wayne Chambers and Bill Keese from APRO, and professional speaker Joe O'Rourke. A full-day workshop on setting up in-house training programs for RTO dealers, which included a two-hour brainstorming session, provided a strong

educational platform.

Mary Hughes, TRIB Group's administrator, was responsible for much of the convention details, as well as a spouse tour to Atlanta's famous Callaway Gardens.



**Wayne Outlaw**

**Outlaw honored entrepreneur again**

Wayne Outlaw, president of The MARCON Group, a speaking and consulting firm located in Mt. Pleasant, S.C., was recently nominated for The Entrepreneur of the Year Awards for North Carolina and South Carolina.

It marked the second consecutive year Outlaw has been nominated for the honor.

The Entrepreneur of the Year Awards, now in its sixth year, is designed to celebrate the spirit of entrepreneurship across the country. Sponsored each year by Ernst & Young, Inc. magazine and Merrill Lynch, the awards are held regionally with the winners going on to compete for national awards.

The awards are broken up into several categories and presented by region. Outlaw will be considered in the categories "innovative entrepreneur" and "non-financial services."

The MARCON Group specializes in sales management and customer service. Outlaw is a member of The National Speakers Association and contributing writer to several national trade publications, including *Progressive Rentals* (see page 10 this issue).

**PR**

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

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

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

—John Gormley, editor

•••

Justin Mire  
Owner/dealer  
Rental Depot (two stores)  
Franklin, La.

**Post-convention comments:** "I think the conventions are great and everyone should attend them, even if it's just to get away from the business for awhile. It's good to get out of the daily grind to talk to other people who are in the business and have a little enjoyment, because they do have events and gatherings that are fun."

**On business status:** "I think the business is doing great. It's steadily growing. We're just concentrating on continuing to grow and on getting better. That is where I'm putting my

emphasis right now—just becoming better as far as service and what you can offer."

**On customers' wants:** "Customers are getting upscale. They're wanting better goods, better-looking goods, better-quality goods. They're willing to pay a little more."

•••

Gary Jensen  
Owner  
Home Rental Center (nine stores)  
Santa Rosa, Calif.

**On getting started:** "I joined APRO before I even opened my first store. I came to a convention and just talked to people, learned about it and then went back and opened a store."

**On APRO membership:** "I keep my membership for the obvious benefits: the training that they offer at the conventions and the great learning experience from other dealers at the annual conventions. And, of course, the political work that they do for us. And the legal work; the legislation that they are helping us pass."

"I think Bill Keese and Wayne Chambers just absolutely do a great

job. So, I really don't have a lot of suggestions. I just hope they keep doing what they're doing."

**The big issues:** "Our No. 1 priority this year is to work on California legislation. Other than that, we are just going to keep an eye on the bottom line and try and keep our profit up based on the slower economy. We're doing a little more advertising and paying a little more attention to our expenses."

**On the economy:** "In the last couple of months we've seen it on buy-outs where normally they would go ahead and rent another item. They're not doing that. They're just saying, 'Not right now. I don't want to obligate myself to another payment right now.' Yes, we are seeing the economy affect the re-rents."

**On business changes:** "We are promoting two weeks' free rent with two weeks paid. We are doing that to initiate new rentals. And we have gone to 21 months as opposed to 18 months."

**On starting out in RTO:** "I was in the retail TV/appliance business. I just saw the profit getting smaller and smaller and ran across the rental business and it looked very good to me. So, I joined APRO and learned more about it and then opened a store."

"I did about one year of research before I opened my first store."

PR

## Letters to APRO

### Convention congrats

My sincere congratulations to you and your entire staff on the tremendous success of the APRO convention in New Orleans.

The entire convention was run in a most professional manner. The strong attendance was a means of thanking you and the staff for the outstanding job you have done over the past months of promoting this convention.

I am sure that all who attended felt that APRO's 1992 convention was the best yet and the executive staff was doing a great job.

—Norm W. Smith, Zenith Electronics

### More convention praise

I just wanted to drop you a note to let you know that we felt the trade show held in New Orleans was the best show we have attended in the last 10 years.

The convention could not have been the overwhelming success that it was without the contributions made by the APRO staff. Thank you for your efforts.

I will look forward to seeing you next year.

—Alan Stein, Nationwide Club Administrators

### Convention/magazine

I thought it (convention) was very well organized with a good balance of education, information and fun. It was good to ... meet some of the other APRO people who were only names to me.

Please accept the thanks of all of us at Action for your and your staff's efforts to make *Progressive Rentals* more interesting to look through and actually read. We appreciate your commitment to challenging the industry and being the cutting edge of sharing information.

—Kent Sutherland, Action Rent-To-Own

### APRO's support of dealers

John (Tuckwell) and I often discuss your organization and reflect that the RTO (dealers) in your country are very lucky having APRO to fall back on for help and support. We also found it interesting that your organization is beginning to pursue a more "up-market" approach.

—David J. Filsell, Radio Rentals (Australia)

Joel B. Mathews



*Jazz It Up!*

**APRO 1992**

• NEW ORLEANS •

*Continued from page 49*

own dealers," Keese said. "It allows them to compare with others in the industry. It's a management tool. The survey is also valuable because it aids in retaining and attracting new sources of financing. And they salivate when they see that RTO is a \$3.6 billion industry."

The survey features in-depth information on products, operations, financing and more. Keese said the survey is especially useful when applying for financing because it provides the banks with key information.

Survey forms are mailed out each February. The returned surveys are then compiled by a separate accounting firm and the results presented later, during convention. Those who participate in the survey receive a complementary copy of the results at convention. Those who do not participate by filling out a survey evaluation form must pay \$300 for a copy.

This policy was intended to encourage greater participation and it has worked, according to Keese. Last year, 25 percent of RTO businesses took part. This year, 36 percent joined in.

### Looking ahead

The APRO staff is already hard at work organizing next year's conven-

*The '93 rent-to-own convention and trade show is scheduled for Aug. 13-17 at Bally's in Las Vegas.*

tion. The 1993 theme is Right on the Money! The '93 rent-to-own convention and trade show is scheduled for Aug. 13-17 at Bally's in Las Vegas.

Looking even further down the road, the 1994 APRO convention and trade show is scheduled for Aug. 3-8 in Orlando at The Dolphin. So, start planning ahead. If they're anything like this year's convention in New Orleans, you won't want to miss future editions of the premier RTO event. **PR**

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

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easy placement and many, many more rental convenience features.

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