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June/July 1994

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The magazine of the rental-purchase industry



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APRO

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Progressive Rentals

June/July 1994

The magazine of the rental-purchase industry

Volume 14, Number 3

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Business in Lake Tahoe

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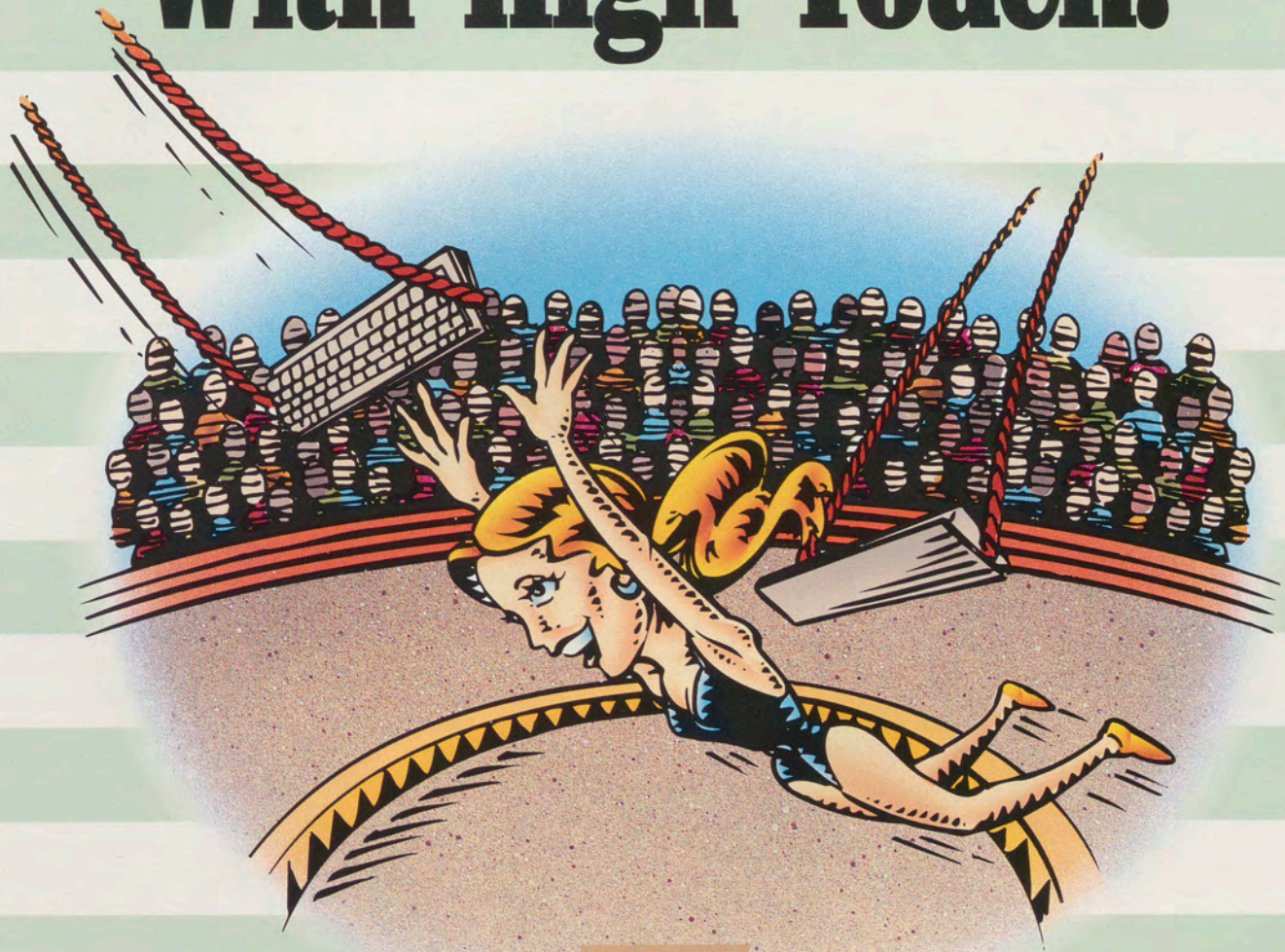
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We're a month from convention, time for

Our year-end celebration

AH, THE END OF SPRING AND THE BEGINNING OF SUMMER. IT ALWAYS BRINGS TO MIND THE END OF A PIECE OF ONE'S LIFE AND THE BEGINNING OF ANOTHER.

.....

At this time of year, kids all over the country are thinking of the end of another year and the accomplishments that it brings, and the excitement of the start of a new year and the challenges it will bring. Some of them have even more excitement because they are ending elementary school and starting junior high, or junior high to high school.

But of course the most excited are the ones who are just graduating from high school and going to college, the military or just to the future life as an adult. I would like to say congratulations to two particular people, Bill Keese's daughter, Maura, and my nephew, Garrett Quinn. I wish them a positive and successful future.

.....

BY

KEVIN QUINN

I bring the transition years of a school child up because it runs so close to the same time and is so much like the year-ends of our association. Like the school kids, our association is coming to the end of another year. We are all in the stages of planning to get together for our year-end celebration. The convention in Orlando should be one of the biggest ever. It means having the excitement of being on Disney property, the great parties, the largest collection of vendors at any APRO convention, and the chance to meet with old friends and an opportunity to meet new ones.

If you are a rental-purchase dealer, you won't want to miss it. But like school kids, it is a chance for us all to reflect on our past accomplishments.

As president this past year I have been looking at 1993-94 with a feeling of pride,

but with some reservations for the future. This past year we stopped any bad legislation, we developed a communications system to keep dealers better informed, we are prepared and ready to challenge the IRS in tax court, and we have formed one of the best staffs any association could have. However, our biggest and greatest accomplishment is that we have come together as an industry with our differences, egos and ideas to fight for one common goal—to have rental-purchase recognized for what it is; not for what a handful of people think it should be.

But as I look at our past accomplishments, I am disappointed that we have not gotten to our common goal. This year the free world has celebrated a day that our country helped keep America and other nations with a democratic society free. Capitalism is an important part of all democratic societies. So it is hard to comprehend that in this year of celebration of the victory of maintaining democracy and all that it brings, we are having to fight to preserve capitalism in the United States.

As we embark into the next year I compare our industry's fight to the Normandy invasion. Like the battle at Omaha Beach, we have secured our position on Capitol Hill, as the troops did on the beach that day. But also like the first stages of Omaha Beach, we have been unable to go over the wall to final victory. Let us take a lesson from our fathers, grandfathers and uncles from that day: Never lose sight of our goal, and continue to fight together and we will get over the wall. We all need each other.

This past year it has been a pleasure serving as president of our association. It has been a true highlight of my life. I hope that this year you feel you have been served well. Like the school kid, I am anxious for the year-end celebration and for the next year to begin. I hope to see you all in Orlando.

PR

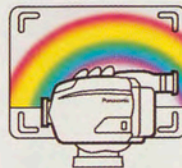


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Unconventional

THERE IS MORE ELECTRICITY IN THE RENTAL-PURCHASE AIR TODAY THAN WE HAVE SEEN SINCE THE EARLY DAYS OF OUR INDUSTRY'S DEVELOPMENT. DEALERS ARE FULLY ENGAGED IN ISSUES OF REGULATIONS, TAXES, PUBLIC RELATIONS, CUSTOMER RELATIONS, MERGERS AND ACQUISITIONS, AND NEW MARKETING CONCEPTS. ONE UNDENIABLE OBSERVATION ABOUT OUR INDUSTRY IS THAT IT IS CHANGING, AND CHANGING VERY RAPIDLY.

.....

Everyone in rental-purchase has a personal reason to be apprised of as many issues affecting our industry as possible just to stay competitive in today's environment. There are more reasons than ever before for attending the APRO annual convention and trade show in Orlando.

.....

BY

BILL KEESE

During the past year, we have learned more about positively changing the regulatory environment than ever before. We have blocked chairman Gonzalez's attack on our industry, at least for this year. We need more people in our industry knowledgeable about the process in order to continue to block unwarranted industry attacks and to eventually pass proper regulations in Congress and in other states. We will need your help next year and you can best learn how to help your industry at the convention.

We are beginning to see our message getting through to the media. At least we are having more balanced coverage of our issues. Much has been learned this year with dealing with the press.

I have always argued with the media that ours is a much more competitive industry than retail. A customer can shop price, quality and service in retail. But

once they decide to purchase, competition ceases. However, a rental customer also shops price, quality and service not only once when they make their initial rental payment, but since there is no obligation to continue to rent, market competition continues until the customer either exercises the ownership option or until their need to rent is satisfied. Come to the convention and see and hear more about this industry's and your opportunities for getting ours and your messages across.

At any gathering of rental dealers you will find out who is buying and who is selling. Since the annual convention is the largest assembly of rental dealers in the country, you can get first-hand information by visiting with your peers. Mergers and buyouts of the magnitude that are occurring will have impact on the industry as a whole. You can benefit by being in on all the informal discussions.

We are witnessing new marketing ideas involving the rental-purchase concept. Perhaps more than anything else, these issues will change the industry as we now know it. Twelve-to-own, flex terms and other concepts will be some of the hottest topics in Orlando. Some say they are the wave of the future, while others say these marketing tools are bad for the industry. The debate rages on and you will hear first hand the pros and cons while attending the convention.

The trade show is a complete sellout. As of now, 212 booths have been sold and we have a waiting list of companies eager to show you their products. You will see traditional products as well as new products you probably haven't seen before. When attending the trade show, don't forget to bring your buyer and your checkbook. Our vendors support this industry and all our efforts and we need to support them (see Al Zagorniak's story about vendor relations on page 60). As

of this writing, we have more hotel rooms booked than the total last year in Las Vegas, and we are still more than six weeks out from the convention. If you haven't made your reservations or sent your registration in, do so immediately. Last year we ran out of rooms at the hotel.

Excitement is in the air. The industry is moving again. Be a part of the change and growth and I can assure you, you won't regret it. **PR**

LETTERS to APRO

May 9, 1994

Dear Bill:

My thanks to you and your staff for the excellent seminar in Tahoe. The seminar sessions were timely and thought-provoking, and the setting and accommodations were excellent. We look forward to participating in the annual convention in Orlando.

Sincerely,
(signed)
K. David Belt
Vice President
Action Rent-To-Own

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ColorTyme manager leads mission

ON APRIL 25, THE CITIZENS OF LANCASTER, TEXAS, STOOD HELPLESS AS A TORNADO TORE THROUGH THE HISTORIC DALLAS SUBURB. IN ITS DEADLY WAKE, THE TWISTER LEFT FOUR DEAD, ABOUT 20 INJURED, 475 HOMES DESTROYED AND APPROXIMATELY \$400 MILLION IN DAMAGES.

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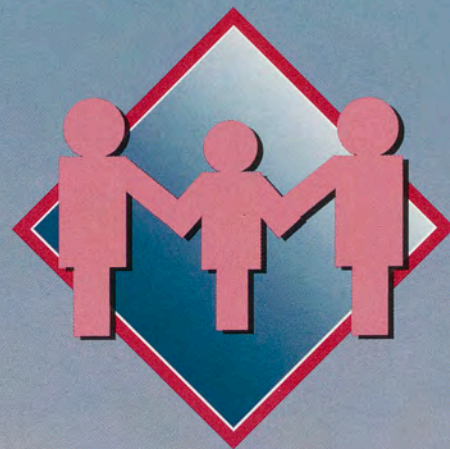
Down in the central Texas city of Waco, where he manages a ColorTyme store, Lancaster native Steve Stringer saw the news reports of the disaster and knew he couldn't just watch as his hometown of 27,000 people struggled. By the next morning, with the blessing of 12-store ColorTyme franchisee Tom Chorn and operations manager Tom Blassengame, Stringer began organizing a rescue effort.

"When I saw what happened, I knew something had to be done," Stringer recalls. "That was my hometown. Billy Branam, who manages our store in Huntsville, was born and raised there, too. Our parents, all of our families still live there. We had to help those people."

By the next morning, Stringer began organizing a collections effort at all 12 of Tom Chorn's Texas ColorTyme stores. Stringer told the radio and television stations in Waco to announce his efforts, and soon folks were bringing clothing, sheets and blankets to his store. He was on his way to Lancaster the next day.

"We had an 18-wheeler full of household goods, appliances, clothes and bedding," says Stringer. "I don't know if you've ever been through a tornado, but it looked like somebody dropped a bomb on that part of Lancaster. It was really, really bad."

Stringer coordinated his efforts with a Lancaster church, and he says the reaction to his delivery was appreciated. There was only a brief moment when he didn't see smiles.



By the next morning, Stringer began organizing a collections effort at all 12 of Tom Chorn's Texas ColorTyme stores.

"I'm pretty well known there, and people were glad to see us," he says. "But after we got the truck unloaded, about 10 squad cars came rolling up. The officers got out, and you could tell they had bad attitudes. They thought we might be there to sell everything and take advantage of the storm victims. When I told them who I was and showed them we were giving it all away, they got real friendly."

To make sure the goods went to the truly needy, Stringer was careful to get names and addresses from the victims. The folks who needed help the most were the ones who were served. In all, Stringer reports some 50 families received major appliances, bedroom suites, dining-room suites, beds, washers and dryers.

Making the trip to Lancaster from the ColorTyme stores were 20 refrigerators, 10 living-room suites, 25 queen-size beds, 20 washers and dryers, 15 twin beds, and about 15 dinettes.

Stringer says he made a trip back to his hometown on the weekend of June 4. "The mess is all pretty well cleaned up," he reports, "but there is an awful lot of open land now."

—John Massey

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Mid-year conference focused on pressing issues

All business in Lake Tahoe

IN YEARS PAST, APRO MID-YEAR CONFERENCES HAVE BEEN AN EQUAL MIXTURE OF FUN AND WORK FOR RENTAL-PURCHASE DEALERS. THIS SPRING, HOWEVER, THE MORE THAN 100 DEALERS ON HAND IN LAKE TAHOE FOUND THEMSELVES WITH LESS TIME TO ENJOY THE BEAUTIFUL SURROUNDINGS ON THE NEVADA-CALIFORNIA BORDER.

Most noticed the agenda was top-heavy with seminars, but few complained. This is a critical time for the rental-purchase industry and attendees were anxious to learn all they could to help their businesses.

Through the 2-1/2-day schedule, dealers discussed federal legislative affairs, tax and accounting issues, the legal ramifications of some new and risky marketing strategies and industry-image issues.

"These conferences are usually retreats," says Missouri's Gary Romine. "Having a full schedule like that keeps the guys from enjoying some things, but with the issues the industry is facing today, I guess we needed to extend the sessions."

Romine, owner of eight-store Show-Me Rent-To-Own and president of the Missouri Rental Dealers Association, says he was most interested in the complicated tax issues discussed by former APRO president Wayne Chambers.

"In talking at the meeting I got a real firm feeling on how the association and the rental dealer group as a whole want to handle the personal property tax issue," Romine says. "I had a hearing yesterday (June 1) with a city alderman concerning personal property. Knowing that rental companies should pay personal property tax, whether the inventory is on rent or idle, there was no debate (with the

alderman). We both understood the position we were going to take, and it was a lot easier. It gives you confidence knowing how the industry stands on this."

Also attending from the Show-Me state was three-store owner "Tiger" John Cleek, an 18-year veteran of rental-purchase. Cleek said it was important to him to meet the people who are on the front lines of this industry's battles. He especially enjoyed having dinner with Samuel Sterrett, a former federal tax judge now working for Vinson & Elkins law partnership. Sterrett is representing rental-purchase in tax court against the Internal Revenue Service on the sale-versus-lease issue.

"It was good to see and talk to the man who is going to be representing our whole industry," Cleek says. "I mean, there's the guy. He's not just some figurehead. I am very impressed with Judge Sterrett and I'm confident that we are going to win. Anybody who went to the conference had that same opportunity."

Cleek also took pages of notes at the conference seminars and went back home to share the information with his employees.

"Like most APRO members, I try to keep abreast of everything that's going on," Cleek says. "I learned a lot by talking with

CONTINUED ON PAGE 56

Quinn vs. WashPIRG: Sometimes you can win

Attempting to set the media straight can be a tricky proposition, because they always get the last word. But it needs to be done whenever coverage is grossly unbalanced. APRO President Kevin Quinn took issue with a March 28 consumer column in the Tacoma (Wash.) News Tribune.

Columnist Rob Tucker accepted propaganda from U.S. Public Interest Research Group (PIRG) and one of its state affiliates, WashPIRG, as the unvarnished truth. After the column was published, Quinn contacted Tucker. The result: a much more balanced look at the issue.

Here's Tucker's April 18 column.

•••

The Public Interest Research Group's nationwide criticisms of rent-to-own stores was unfair, says the president of the Association of Progressive Rental Organizations.

Kevin Quinn of Puyallup owns seven rent-to-own stores, including one on South Hill. He's president of a

Washington corporation that operates 23 rent-to-own stores, as well as president of the national association based in Austin, Texas.

He believes my March 28 column and the news media nationwide relied too much on what PIRG said and had too little in defense of the rent-to-own industry.

WashPIRG, the Washington state chapter of the consumer advocate group, released a report this spring that says rent-to-own stores charge an average interest rate of 111 percent, when the prevailing rate for credit-card purchases is 17 percent to 23 percent. The group wants rent-to-own stores to list annual percentage rates—a measure of the true cost of credit—on all merchandise.

Quinn says his stores don't lend money, so asking for a credit-type comparison for consumers is unnecessary. The stores rent goods, like televisions or sofas. The customer pays the first installment in advance.

"The product remains the possession of the store owner. It's not a credit sale," he said.

It's true that rent-to-own stores charge higher prices on some items, he said. But there are advantages, too:

- People without credit can rent-to-own;
- You can try items like furniture or computers before buying;
- People who aren't sure of their jobs—some Boeing employees, for example—can rent big-ticket items like appliances by the month or by the week. That way they're not committing to a longer purchase plan;
- You don't get the hassle of paying for repair and service.

Rent-to-own stores are regulated in Washington. To suggest, like PIRG did, that they are loan-sharking is unfair, Quinn said.

A sample of his rent-to-own agreement discloses the total cost of the property rental for the agreed upon time. It discloses the total cash price for the item and fees for late payments. The customer has an early purchase option at any time by paying 50 percent of the remaining total cost of the property rental, according to a rental agreement supplied by Quinn.

The customer also has reinstatement rights under the rent-to-own contract. If the monthly rental agreement or lease expires, a customer can reinstate it within 10 days of renewal date by paying the rental payment and any other charge, like a late payment fee, Quinn's sample contract says.

If the customer returns the rental property upon request within 10 days, the customer can reinstate the contract within 21 days of returning the property. The customer has 45 days to reinstate the contract if he or she has paid two-thirds or more of the total cost, the sample contract says. The customer receives full credit for previous rental payments under these reinstatement conditions, Quinn said.

WashPIRG urged consumers to back congressional legislation proposed by U.S. Rep. Henry Gonzalez (D-Texas) and U.S. Sen. Howard Metzenbaum (R-Ohio). The proposed federal law would define rent-to-own agreements as credit transactions and lower interest rates to levels of other credit sales. The proposed law would force owners to label the rent-to-own merchandise with the annual percentage rate.

The industry backs another proposal before Congress. This bill further regulates the industry but doesn't make rent-to-own transactions credit sales.

The bill is supported by U.S. Reps. Norm Dicks of Bremerton, Mike Kreidler of Lacey and Jolene Unsoeld of Olympia and 28 other representatives.

Why do our local congressmen support this bill instead of the one PIRG groups want?

The bill addresses some of PIRG's concerns, but committee hearings have shown that rent-to-own payments aren't interest payments, they are rental payments, said George Behan, press secretary for Dicks.

The bill is a remedy to the Gonzalez proposal, which is based on a "philosophical argument" that rent-to-own is a credit transaction, he said.

The bill supported by Dicks, Unsoeld and Kreidler ensures truth in advertising, full disclosures of terms up front and authorizes consumers the right to appeal in federal courts, Behan said.

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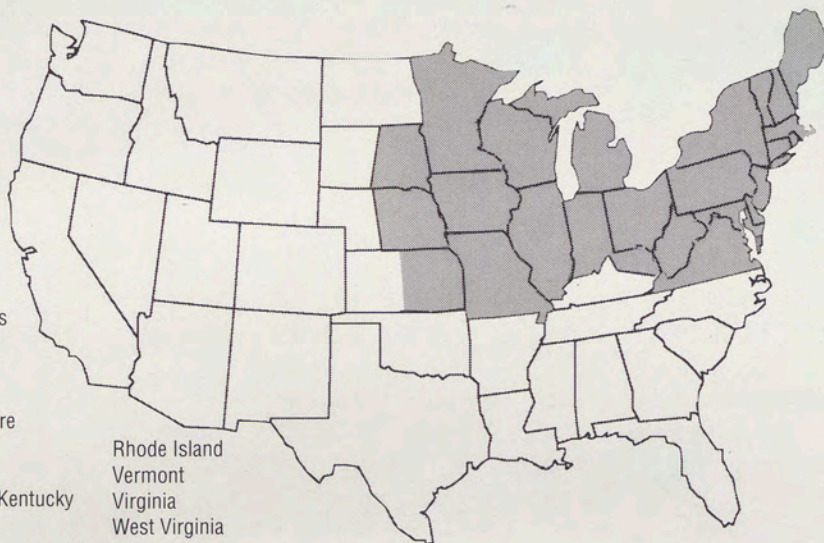
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Dealer views from two countries

Ed Beckham
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Rentronics
Houston, Texas

On mid-year conference: "What you get most out of these meetings is the chance to visit with other dealers and find out what problems they are having. You get to see what kind of solutions they've come up with. The dealers who attend these APRO meetings are all open, above-board and honest. The interplay between dealers, to me, is the highlight of every meeting."

On 12-to-Own philosophy: "What some dealers are doing, they're not staying the course. They're jumping off and reacting to others' (marketing) philosophies, like 12-to-Own and flex terms. I don't know if anyone has really proved that 12-to-Own will make you money, but it's definitely having an impact on marketing. What I got from some of the dealers, on how

they're planning to combat the 12-month plan, is they are just going to stay the course. It's tough competition, sure, but if you service your customers right, you are always going to be able to stay in business."

On "pawn-shop" issues: "Ed Winn covered the issue in his seminar and I got some more information from other dealers. I heard how they are successfully dealing with pawn shops, and that's important to know. It seems more customers are taking our property to pawn shops these days. You've got to get it back somehow; sometimes you have to buy it back. I got some real good pointers and we're developing a strategy for our stores to follow based on that information."

...

Bill A. Moore
The Brandon Renter Center
Brandon, Manitoba
Canada

On current affairs: "Of course, in

our area we are not infested with the political maneuvering you are having in the States. We haven't had to spend the time worrying about what the politicians are going to do to us."

On current trends: "We see a trend in the living-room furniture, with the designs of New Mexican-Aztec type of materials. They have been catching on very well. It's so different from what we had before, people saw it and liked the look. We have always dealt with high-quality goods to avoid any problems with them. We avoid any low-quality manufacturers and low-quality goods."

On his most popular items: "People are moving up. In Canada, we're just a little behind the United States (in trends). Where you have moved into home theater already, we've moved into the 29-inch TVs. We're moving up in audio to a 24-disc CD player, rather than a single disc."

On predicting trends by watching the U.S. market: "It's pretty accurate. The trends in the United States flow northwards."

PR

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Need a home for financing?

Furniture company Home Line diversifies, offering generous loans to solid rental-purchase dealers

DEALERS WHO HAVE BEEN IN THE RENTAL-PURCHASE BUSINESS FOR SEVERAL YEARS REMEMBER THE DAYS WHEN THERE WAS LITTLE TROUBLE GETTING LOANS TO EXPAND THEIR COMPANIES. AS THE INDUSTRY BOOMED, COMMERCIAL LENDING INSTITUTIONS WERE ANXIOUS TO PROVIDE FUNDS TO DEALERS.

But when the growth boom ended and hard financial times hit, many dealers, large and small, found themselves over-extended and scrambling for the cash to repay their debts. Some businesses folded, some were taken over by lending institutions or other companies, and the rest suffered but survived.

As a major manufacturer and supplier of household furniture for the industry, partners and brothers Joe and Lew Verne of Home Line Industries have a vested interest in the survival of rental-purchase stores. They've seen companies come and go. After about three years of testing the market, Joe Verne, Home Line president, and Lew Verne, executive vice president, say they're getting into the commercial lending business.

"Three years ago, on an experimental basis, we took a handful of rental-purchase companies, ranging in size from 100 stores to five stores, and we provided them with financing," Joe says. "We've always financed, but not to the degree where we've acted like a McDonnell Douglas or a Transamerica. The response has been unbelievable."

Joe Verne says he has seen how difficult it's been the past several years for dealers to get financing from banks and other lending institutions. He said those institutions stay away from the industry because of the lack of federal laws governing the busi-

ness and because of the current audits being run by the Internal Revenue Service. If the IRS can't even figure out how to tax this industry, he reasons, traditional financial institutions sure won't spend the time to see how the industry really works.

"We understand this business," Verne says. "We are confident there will be federal laws passed in favor of this industry and the IRS will be understanding after a while."

"Of course, we're not going to be as liberal as some (lenders) have been in the past, lending too much money," he adds. "My brother and I have been looking into this for a good while. We thought, 'What can we do to help these guys?' We think there's a need for us to step in as a one-stop shopping, not only for financing, but for supplying the furniture. We're delivering furniture to dealers within 48 hours, so let's see if we can deliver financing to them quicker."

Home Line is currently financing 17 companies, from very large to small in size. By mid-July, Verne expects to have added three or four more to that list. As excited as he is about lending to rental-purchase dealers, Verne said his company is still very cautious.

"Not everybody is going to qualify," Verne says. "Some guys are so leveraged out that they need God to help them. We're looking for the good companies out there

.....

BY

JOHN MASSEY



who were victims of circumstance when (the other commercial lenders) pulled the carpet out from under them. The amount of loans we're going to be doing are from a half-million to \$5 million."

Verne says his company is offering financing in only the 27 states in which Home Line is trading. For the rental-purchase dealers who qualify, Verne says Home Line will prove to be a bit different from other lenders.

"We're doing what the banks were once doing, except you can call up and talk to us," Verne says. "We're not bank people. We're business people who understand the rental-pur-

chase industry. You won't be talking to a wall. We've helped to turn around a lot of companies in a short time and it's worked out well for both sides. We've got 17 on board now and we're shooting for 100."

Over the next few years, Verne expects to see another "shakeout" in the industry, where only the strongest companies will survive. He sees the very large corporations getting stronger, but he also expects owners who have a handful of well-run, financially fit stores to thrive.

"The real big guys are going to survive, but there's still going to be that niche for the small dealers," he adds.

"The owners who operate their stores the right way and don't take all of their money out to buy houses and cars, they'll be around to grow solidly with the program we offer."

What's the incentive?

"Why are we jumping in when everyone else has jumped out?" Verne asks. "For one, we understand this industry, how it works and how to work with dealers to make them successful. But we're doing this for ourselves, also. We're here to help dealers grow and help ourselves grow. It's a two-way street."

PR

John Massey is APRO's associate editor.

Here's how to translate P&L terms into concepts your front-liners can relate to

The P-Word

THIS MESSAGE IS DIRECTED TO ANY RENTAL STORE EMPLOYEE WHO WANTS TO GET AHEAD. NOW, IF YOU HAPPEN TO BE A RENTAL STORE OWNER WHO DOESN'T HAVE MANY EMPLOYEES LIKE THAT, READ ON. THERE'S A GOOD CHANCE YOU CAN CONVERT THE ONES YOU DO HAVE. BE WARNED, HOWEVER: WHAT FOLLOWS IS A LOT OF TALK ABOUT THE "P" WORD.

Some companies pay managers on profit and share the financials with them on a regular basis. It's no coincidence that those are usually the same managers that everybody else is trying hardest to steal. Other companies, apparently acting on the belief that some mysterious force other than management drives the bottom line, invent complicated incentives that have little to do with producing profit and a lot to do with simple tasks like deliveries or closeouts. (Is there a rental store anywhere that doesn't make at least a few deliveries and manage a closeout once in a while? Why aren't all these wildly profitable?)

Regardless of the pay plan, any rental store employee who wants a real future in the business better start thinking like an owner today. That means thinking about profit. A good working knowledge of the financials helps store employees understand what owners expect from their investment, and how to better provide it. In case you didn't know, it all starts with revenue.

REVENUE is at the top of the financial statement because it is the lifeblood of any business. Rental store revenue includes rent, fees, and any other income derived from inventory (including "club dues," because if nobody rents the inventory there likely won't be a club). Expenses are always shown both as a dollar amount and as a percent of total revenue.

Managers are measured by these percentages.

Managers who do the best job growing revenue are those who play fast and loose with order approval because they control risk with good delivery procedures and an effective collections strategy. Accomplishing this means the company gets full value (revenue) from its biggest investment (inventory). But what about expenses?

Because the overhead in a rental store varies little from month to month—or even from company to company—changes in revenue have far greater impact on profit than expenses. There's so little fat in the average rental store that even the deepest cuts produce little improvement.

But attention to revenue—like 5 percent more BOR coupled with a 2-percent improvement in collection efficiency—can easily double the profit of a small store. This is often overlooked by owners and managers who think the problem is all about skips or high utility bills. They overlook the obvious.

Mega-companies like Rent-A-Center don't get that way by having the lowest overhead. They become giants because they are better at growing revenue than anybody else. And if they're only average at controlling costs, they will still win the war. Guess who loses? Said another way, cutting overhead always creates the risk of losing a few customers.

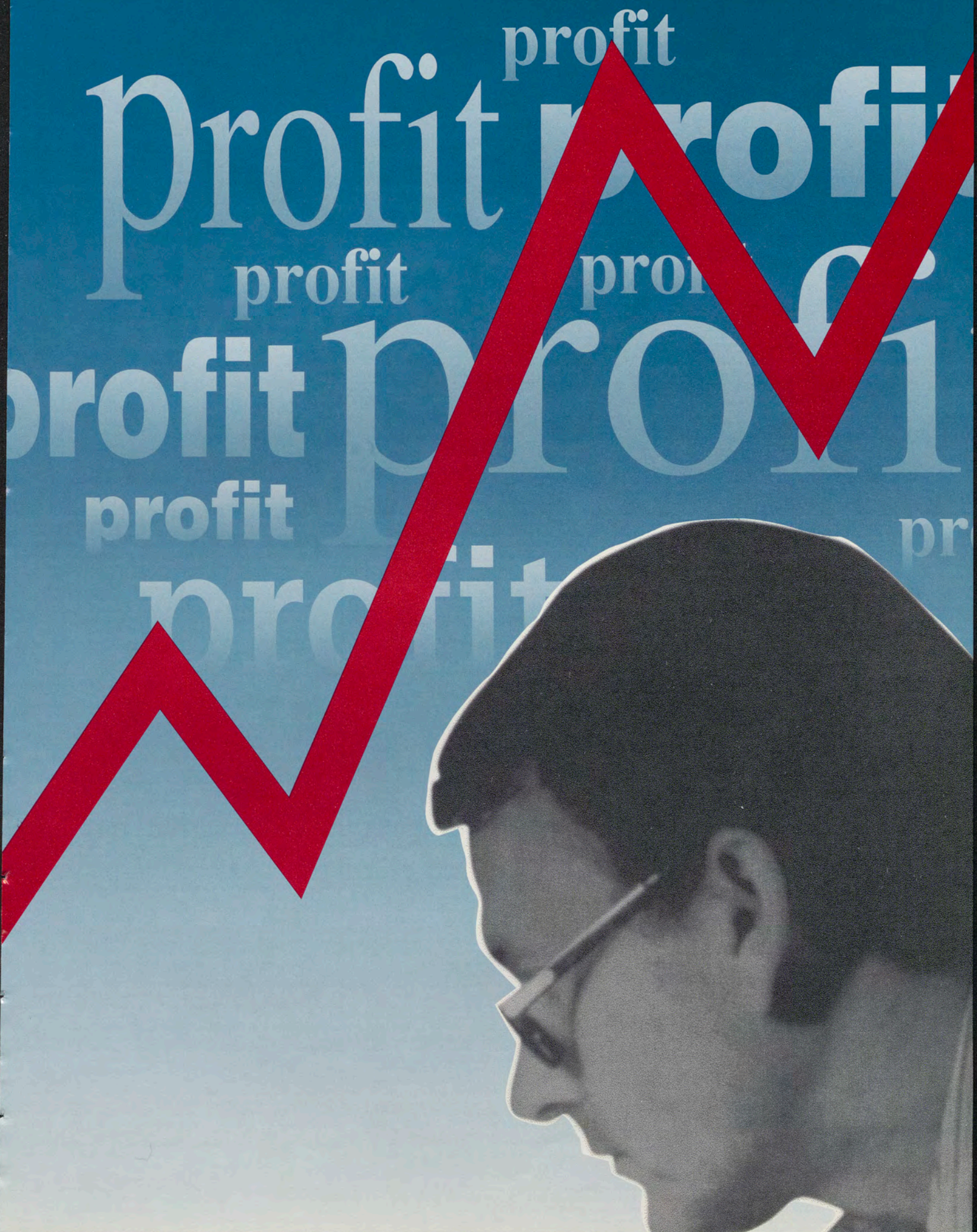
Adding revenue means the other guy is losing customers. Think like an owner.

CONTINUED ON PAGE 20

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BY

BUD HOLLADAY



Choose the plan you like best.

INVENTORY DEPRECIATION is the way rental dealers account for the cost of the goods they rent. Most rental goods have a "life" (usually 18 to 24 months) during which they are expected to produce a certain amount of income. The company pays for its goods up front, and then deducts a portion of the cost each month as an expense against any revenue produced. That number is called "depreciation."

High idle counts, poor service and no organized system for revenue collection can all be reasons why inventory doesn't produce enough revenue to cover both its cost and the cost of operating the store. When that happens, depreciation is said to be too high in relation to sales (revenue).

This can also occur when companies pay too much for goods and rent them for too little in hopes of staying competitive in a tight market. If untrained employees then fail to collect a high percentage of these new,

lower rates, inventory debt can't be repaid because there's simply not enough money to go around. Instead of getting bigger and healthier, the company eventually fails because it can't repay its debt. The BOR was a burden, not an answer.

GROSS PROFIT is arrived at by subtracting inventory depreciation from revenue. All other costs—delivering, servicing and collecting on the goods—must come out of gross profit. When the gross goes down, warning bells should go off: We're bringing in less money on the same amount of goods; what happened? And what more serious problem could there be?

Tight controls over the inventory and the revenue it produces should result in gross profit in the range of 72 percent to 75 percent. Those controls include regular audits and lots of training in inventory handling and revenue collection.

DIRECT EXPENSES reflect the daily costs of operating a store, not including home office or corporate overhead. Direct expense generally includes payroll, utilities, rent, truck expense, advertising and other somewhat

"fixed" expenses that result more from the actions of local employees than any corporate decision-making. While these expenses may be "fixed" in terms of dollars, they can fluctuate wildly as a percentage of business-revenue.

Managers control direct costs by the way they hire, train, schedule and supervise the people who handle company assets (cash, inventory and vehicles). For example, "parts and labor" can skyrocket when employees don't make good installations or fail to check products going out, thus creating unnecessary service calls (or, worse, pickups).

What used to be acceptable "payroll expense" can look too high after six months of revenue erosion during which nobody counted missed deliveries but everybody was directed to use less gasoline and turn out the lights earlier because profit was down. Memo to home office: It's revenue, stupid.

OPERATING PROFIT is calculated by subtracting direct expenses from gross profit. Corporate expenses are then deducted from the operating profit to reflect "profit before taxes" (state and federal income taxes then wipe out about 40 percent of that). Field managers paid on profit should be paid only on this operating profit because they have little or no control over corporate overhead.

CORPORATE EXPENSE ALLOCATION reflects that store's share of corporate overhead—all the expenses that can't be charged to a specific location, such as form printing and home office rent. If ownership doesn't want people in the stores to know how much it takes to operate the home office, this entry can be left off store financials and everybody out there will still get the information they need to run a profitable operation.

A final note about the P Word. Ted Wilson, a vice president of the company where I work and the former president of APRO, once defined profit as "The reward for risk."

Owners who don't pay for profit still have the same risk. But are they getting the right reward? When employees start thinking like owners, the answer has to be yes. **PR**

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

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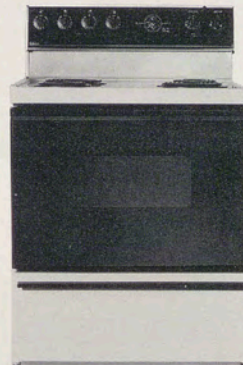
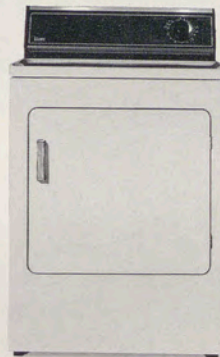
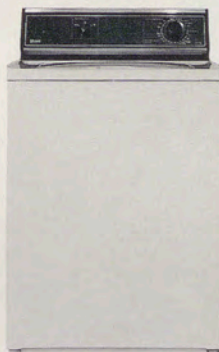
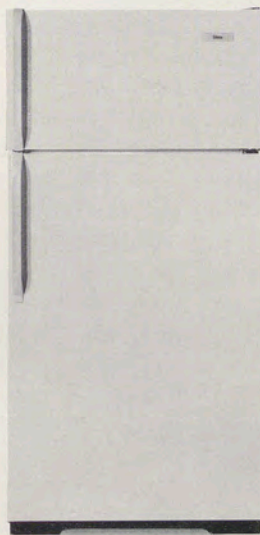
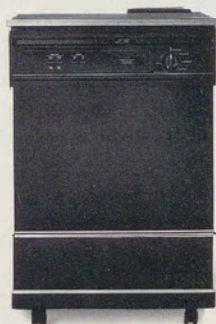
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State rental-purchase laws on the books now total 38

A decade of RTO legislation

WITH NO FEWER THAN FOUR BILLS PENDING ON THE RENTAL-PURCHASE ISSUE AT THE FEDERAL LEVEL, IT SHOULD COME AS NO SURPRISE THAT THERE HAS BEEN RELATIVELY LITTLE RENTAL-PURCHASE LEGISLATIVE ACTIVITY AT THE STATE LEVEL. LOOKING BACK, AND BEGINNING WITH THE MICHIGAN RENTAL-PURCHASE STATUTE ENACTED IN LATE 1984, THE INDUSTRY HAS SURVIVED A DECADE IN WHICH 38 STATES HAVE EXAMINED THE INDUSTRY AND ELECTED TO REGULATE IT WITH INDUSTRY-SPECIFIC LEGISLATION.

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BY

ED WINN III

As of this writing, Vermont has just passed rental-purchase legislation in outline form. Also, the New Hampshire Rent-to-Own Agreement Act is sitting on the Governor's desk awaiting signature. Industry representatives do not expect any opposition to the bill's enactment. Vermont and New Hampshire will raise to 38 the number of states to have enacted rental-purchase legislation.

The Vermont statute has no disclosures, yet. Rather than deal with the rental-purchase issue, the Vermont Legislature enacted a skeleton law declaring rental-purchase transactions not to be credit sales and then left to the attorney general the task of fashioning contractual and advertising disclosures using the attorney general's rule-making authority.

New Hampshire's bill borrows heavily from the Council on State Government's Suggested Bill, which has become the model for most states during the past several years. (Even though the bill is not yet law, its provisions are included in

the charts that appear on pages 42-49.)

The disclosures required in New Hampshire are the same as those in the model. New Hampshire will require adding the following sentence to all rental-purchase agreements: "If you want to purchase this or similar property now, you should consider cash or credit terms that might be available to you." This is hardly egregious language calculated to drive business away. It should be noted, nonetheless, that retailers are not required to advise their customers to "shop around at competitor's stores to make sure you are getting the best price." In all other aspects, the New Hampshire bill tracks closely the model.

As this article goes to press, rental-purchase bills are pending in Arizona, California, New Jersey, and Vermont, and the chances of passage in 1994 vary from likely in California to unlikely in Arizona.

Industry legislative assets—the time and money committed to the legislative pro-

cess through the association and through individual company efforts—have been mainly directed, of necessity, toward the federal effort.

No one can safely predict the outcome of the battle over the rental-purchase industry in Washington, but it is true that if Rep. Gonzalez and Sen. Metzenbaum have their way, a federal law will overrule the 38 state statutes which are currently regulating the industry. To most people who live and work “the Beltway,” as Washington is known, it is incredible that the Congress could seriously consider such a move, but it has before and may again. Such is the hubris of many of the people sent to Washington to represent the citizens of this country.

During all of the activity in Washington, there has also been activity in three states this year, so far, to amend the rental-purchase statutes. Perhaps the most interesting set of amendments comes from the legislative rule adopted in West Virginia. Readers may remember that after a struggle of several years, the West Virginia legislature enacted the comprehensive Consumer Goods Rental Protection Act in the summer of 1993. Among other things, the West Virginia statute proposes to fix rental-purchase prices to a degree unknown in the rental-purchase industry or anywhere else in the marketplace for consumer goods generally. In order to fully understand the degree of price control that now exists in West Virginia, one must look first at the statute which requires dealers to disclose each item’s “retail value,” adopting this new language instead of the more usual “cash price.” The words in the statute do not define the term precisely, nor do they assist dealers in accurately determining retail value for their products:

“Retail value” or “fair market value” of particular consumer goods means the price at which goods of like type, quality and quantity would change hands between a willing seller and a willing buyer, at retail for cash, in the particular market area at the time of the rent-to-own rental agreement, which price does not include any applicable sales, use, privilege, excise or documentary stamp taxes payable upon the transfer of such goods.

In addition, the statute, in a remark-

able display of buck-passing by the legislature, instructs the Attorney General to “adopt, amend and repeal such reasonable rules and regulations...as are necessary and proper to determine [the] formula, or method of ascertaining retail value....” These legislative rules drafted by the Attorney General, once they are blessed by the legislature, have the effect of law.

The West Virginia legislature determined that rental dealers in the state were either not competent to set retail prices on their own or could not be trusted to do so fairly. The legislature clearly determined that setting prices was not a task that body was up to, and so it told the attorney general to do so with the guideline that the attorney general do so “reasonably.”

The attorney general, whose minions had been eager anti-rental-purchase advocates during the legislative process, dutifully went about developing a methodology for setting retail values and offered rental dealers several choices in his legislative rule.

The first methodology tracks the statutory language closely and relates to actual sales. The regulation permits dealers to use evidence of actual sales by retailers, defined as merchants in the business of selling the merchandise being priced, and not related to the rental dealer, in the relevant market. For the rental dealer to use this price the retailer must have made sales to more than one buyer at that price. The regulation does not explain how rental dealers are to obtain this information from retailers and one may legitimately wonder how willing the major retail chains or mom and pop retailers—either one—are going to be to disclose prices actually paid for merchandise when rental dealers come asking for such information. Because of the logistical hurdles to accumulating information under this methodology, it is not likely that rental dealers will be able to use it.

The error in this methodology is that it appears to assume the marketplace for the hundreds of consumer goods offered by rental merchants is more like a commodities exchange where there are a few fungible goods bought and sold at widely publicized prices instead of the unorganized sprawl that is the consumer retail mar-

ketplace. Rental merchants will never be able to collect precise information regarding actual retail sales of products in their markets, even assuming they know where their markets are. To close the VCR sale, did the salesman throw in some video rentals or a few cables? Did he throw in delivery to move the living room set? Or some dishes to close on the appliances? The vagaries and last minute negotiations even in ordinary consumer transactions may never get detailed in the paperwork. Nor, of course, is there any reason to suppose that Circuit City or any other retailer is going to let rental merchants come browse their sales records to figure out actual selling prices of goods; yet that is exactly what the West Virginia attorney general tells rental dealers they can do.

The second alternative is even more preposterous from a marketplace point of view, because it actually involves setting prices at certain levels by the state government. The language in the regulation is actually quite simple:

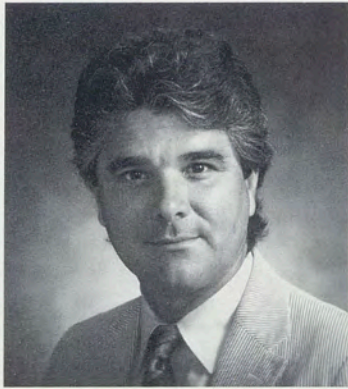
“The retail value of new goods may be established by multiplying the supplier’s charge, including freight, to the dealer by the following percentages and adding that amount to the supplier’s charge.”

For kitchen and major appliances 56%, for electronics 56%, for furniture 67%, for jewelry 82%, for other household goods 67%.

Once again, the supplier cannot be related in any way to the rental dealers, as defined in the statute, which means that a rental company cannot set up its own distribution company in the supply chain in order to enhance the “supplier’s charge.”

An appliance costing the dealer was \$100 now has a government-mandated cash price of \$156. It can, presumably, be less, but it cannot be more. This is the price regardless of what other sellers in the market may be charging. Yes, Virginia, this is price-fixing by the government, which is legal for the government to do, however ill-advised. At any such government intrusion into the marketplace such as this, immediate questions arise. Where did these percentages come from? Why do they vary so? Are they too high? Are they too low? What

CONTINUED ON PAGE 25



Does the media influence our customers?

Only time will tell

THERE IS SOME ANECDOTAL INFORMATION TRICKLING IN FROM RENTAL DEALERS THAT THE BARRAGE OF NEGATIVE PRESS THAT HAS BEFALLEN THE INDUSTRY LATELY IS TAKING A TOLL ON THE BUSINESS. EVER SINCE THE GONZALEZ HEARING, HELD IN MARCH A YEAR AGO, THERE HAS BEEN A FAIRLY STEADY STREAM OF UNFLATTERING MEDIA COVERAGE ABOUT THE BUSINESS.

• • • • •

During the same time, the industry reports a relatively flat growth curve overall. Some dealers report that deliveries are off. Others report that deliveries are holding steady but that everything is coming back, and quickly—"nothing sticks."

Other dealers report that an increasing number of customers are calling in to say that they feel they have paid enough and that they are not going to pay any more. That means that the dealer either must write the unit off or, alternatively, must spend the time and money to invoke the legal process to get the unit back. Dealers know that they do not make any money by going to court. These reports are delivered with feelings of anger and frustration.

The first two reports from dealers—declining deliveries or increased pickups—might be attributed to local market conditions. A bad economy, a sudden surge in the competition, and any other of a number of factors can affect store growth. Negative press also affects employee morale, which in turn can affect deliveries and, to some extent, pickups.

But market conditions and even employees' bad attitudes probably do not have much impact on consumer attitudes about the business. That is probably coming from the news media. Rental customers hear or see or read enough "rental rip-off" stories and conclude that they, too, have been victims of sharp rental practices and, conveniently, have paid enough for their TVs.

Negative media coverage can also affect rental dealers themselves. Most of them, however, have their butts on the line to

the bank with their businesses. They have payrolls to make each week and do not have the luxury of adopting victim status when the going gets rough in the media.

At this level, the negative press has generally energized people to get involved in the political process with letters, calls and visits to Washington. The industry political grassroots efforts have been successful as never before. Good politics helps, but it will not help much if dealers cannot rent TVs or if customers will not pay for the ones that they do rent.

It is, of course, theoretically possible that an industry public relations blitz—sustained and ongoing—of the size and magnitude suggested by Rent-A-Center's Bud Gates at the convention last year, might turn this negative-press trend around.

But industry members appear sufficiently skeptical that such a blitz is unlikely. To understand what blitz really means, here, contrast the \$100,000 APRO spent on industry public relations last year with the \$12 million that Gates suggested would be needed. The industry would have to come forward with 120 times as much money as it has been willing to spend on image enhancement and other public relations efforts than it has seen fit to so far.

That is not likely to happen anytime soon. Actually, APRO has boosted its public relations budget 2.5 times and this money, spent wisely, should help.

Time will also help. The media have a history of pounding on an industry or issue and then moving on to the next target. A few Legal Aid lawyers may have made the eradication of the rental business their lives' work, but reporters are not as emotionally involved with the issue. The level of scrutiny by the press will almost certainly recede as newer, fresher issues demand coverage. The media must finally pay attention to what is important to its customers to be competitive.

An example of what is really important in the consumer protection field, oddly enough, comes from the Minnesota attorney general's office. If the industry is a problem anywhere, it surely must be in Minnesota. The law is confusing there. There are more lawsuits pending against

CONTINUED ON PAGE 39

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BY

ED WINN III

Continued from page 23

happens if they do not reflect the realities of market pricing. The necessarily awkward answers to these and other similar questions are the reasons that price-fixing by the government in all but the most unusual circumstances, such as natural monopolies, war or natural catastrophe, is such a bad economic idea.

The law does not explain whether everything that a dealer might offer is a "household good," boats or portable buildings, for example. What is a radar detector? What is a portable generator? There have not been any loud complaints from West Virginia rental dealers because, apparently, the percentages set by the attorney general are sufficiently generous to allow dealers to price their goods and do business comfortably. Now that the attorney general has a taste for setting prices, though, one may ask how long this "largesse" will continue before the attorney general comes back in to set prices again at some new, less pleasant level.

These percentages, whether good or bad, are the ones that West Virginia rental dealers can now use in the state to formulate "safe harbor" retail values for their products. Initial reports from rental dealers who have been experimenting with these percentages are that they will work in West Virginia markets as they are currently operating. Of course, retail markets, including pricing, can and do change, sometimes quickly. The earliest response from the attorney general and legislature would be six months or so, if everyone agreed the percentages needed changing. In such a case, rental dealers would have to begin using another methodology.

A third methodology concerns new goods and permits the use of retailer catalogues as evidence of retail value. The rental dealer must have the catalog approved in advance. The attorney general has a reasonable time to approve or disapprove a catalog, and the dealer can contest it by going through the state's administrative procedures act, which allows a hearing before a hearing examiner.

Yet another methodology for new or used goods is to rely on retailer

advertisements from the relevant market area. Dealers must keep record of any such evidence in their files.

Another methodology for pricing used goods using "blue book" prices for used electronics and appliances. These books must be "generally distributed and used and generally relied upon by persons and organizations other than rent-to-own dealers as stat-

ing fair market value." The pawn industry makes regular use of such books to value merchandise brought in for pawn, and several companies publish these books on a regular basis.

The legislative rule dictates stringent record-keeping requirements for all of these methodologies and puts on the rental merchants the burden of

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Continued from previous page

proving that the retail values used were permissible. Rental merchants are given 30 days in the rule to respond to any request by the attorney general to prove up retail value.

The rule states that contract disclosures must be made for every item separately. It does allow merchants to aggregate values as long as price tags for each item are attached to the agreement and made a part of it.

The legislative rule also has precise requirements for price tags, advertising, and telephone conversations with potential customers. The rule also provides the exact language for forms required in the statute including the "Notice of Termination and Notice of Right to Reinstate" and "Notice of Right to Reinstatement of your Right to Obtain Ownership of Goods." With enactment of the legislative rules in West Virginia, dealers there have the most regulated rental-purchase industry in the country. It remains to be seen whether the business can con-

tinue to thrive under such regulation.

Elsewhere, Illinois rental dealers had a scare last March when a bill was introduced which would have repealed the existing rental-purchase statute and replace it with Gonzalez-like legislation. The change would have made rental-purchase transactions the functional equivalent of credit sales, subjecting dealers to the federal Fair Debt Collection Practices Act and other onerous terms which would have threatened the survival of the industry in the state. The story had a happy ending, as state rental dealers and their lobbyist were able to work with the bill's sponsor. The two sides fashioned a compromise bill, amending the existing statute by adding a price tag requirement on all items for rent in the store and by extending the reinstatement period from 30 to 60 days under certain circumstances.

The only other state to revisit its rental-purchase statutes, South Carolina, did not change its act substantively, but did by legislative rule of the South Carolina Department of

Consumer Affairs, amend the record-keeping requirements for state rental dealers. The rule specifically allows dealers to keep computerized records of transactions, but allows the Department access to those records and approval authority.

Despite the lamentations of industry opponents, the past decade of legislative activity in the states has seen the birth and development of a comprehensive regulatory scheme in this country that actually works. Consumers are getting information about the rental-purchase transaction they did not get at one time. Many readers can remember when the industry seriously debated whether to voluntarily disclose the total rental-purchase cost in the agreement.

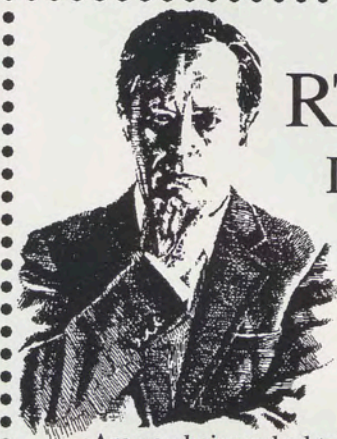
The rental-purchase statutes, ten years later, have stood the test of time. Had there continued to be an outcry from consumers about rental-purchase rip-offs, the legislatures would have stepped back in and tightened up the regulations or done away with the transactions altogether by folding them into credit sales laws. Not a few of these rental-purchase statutes were enacted with the understanding that the legislature would continue to monitor complaints about the business and step back in if the rental-purchase statutes did not solve the problems customers were having.

It can now be asserted that the state statutes are working. During the past ten years, a few states have stepped back in to regulate various "other charges," and a couple of states have added caps on the total rental-purchase cost, but no state has felt the need to step in to re-characterize the transaction as a credit sale. That is strong evidence that has stood the test of time. The laws were designed to give consumers information with which to make informed choices in the marketplace. Rental-purchase is just another consumer choice. The state statutes ensure that consumers are not misled about the economics of their choices.

Ten years hence, one might hope for the rest of the states to have their own statutes and, maybe, a federal overlay consistent with state treatment.

PR

Ed Winn is APRO's legal counsel and a veteran writer on RTO issues.



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Wednesday, August 3
State presidents' awards reception

Home Line Industries

Wednesday, August 3
Welcome reception, "The Main Event"

MAGNAVOX

Thur.-Sat., August 4-6
"APRO Convention Daily" publication



Friday & Saturday, August 5 & 6
Seminar refreshment breaks



Thursday, August 4
General Session, keynote speaker



Thursday, August 4
Gala cocktail reception, "Beach Bash"

THOMSON CONSUMER ELECTRONICS

Saturday, August 6
Pre-banquet cocktail reception



Saturday, August 6
Awards banquet, "Fantasy Ball"

*Who is he, what does he do,
and why?*

Grassroots Man

GRASSROOTS MAN. WHO IS HE? WHAT DOES HE DO, AND WHY?

THE EVERYMAN OF GOVERNMENT RELATIONS IS NOT A WELL-PAID LOBBYIST. HE OR SHE IS USUALLY A BUSINESSPERSON, TAX-PAYER AND CONSTITUENT WHO DEVOTES TIME TO DEVELOPING RELATIONSHIPS WITH ELECTED OFFICIALS. GRASSROOTS MAN GETS INVOLVED IN POLITICS—AT LOCAL, STATE AND FEDERAL LEVELS.

The figurative Grassroots Man is any APRO-member dealer who makes the extra sacrifice to get involved in government and regulatory issues. Why do these rental-purchase dealers go to the trouble? Because they know it's essential to their livelihoods, not to mention those of their employees.

This year, APRO's grassroots network of dealers has grown strong in size and effectiveness, according to Richard May, APRO assistant director of government affairs.

So far in 1994, APRO has organized three major educational efforts on Capitol Hill. The most recent was June 27-28, when rental-purchase dealers convened in Washington, D.C., to visit with members of Congress about two things:

1. Pending legislation in both houses that would regulate the rental-purchase industry; and
2. A recent amendment to a Senate bill that would affect dealers' ability to collect rented merchandise from customers who file bankruptcy.

Anti-RTO forces, with the help of Ohio Sen. Howard Metzenbaum, author of S. 1566; and Texas Rep. Henry B. Gonzalez, author of H.R. 3136, are determined to ram legislation through Congress that classifies rental-purchase transactions as credit sales and also institutes price controls.



The industry, meanwhile, supports alternative legislation proposed by Idaho Rep. Larry LaRocco, H.R. 2803; and Alabama Sen. Richard Shelby, S. 1956. These bills provide for robust consumer protections, including full cost disclosures and generous reinstatement rights. In the House, banking chairman Gonzalez

CONTINUED ON PAGE 54

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APRO's Aug. 3-7 convention mixes vital RTO issues, trade show and other fun ...

Opportunities in Orlando

WITH AUGUST FAST APPROACHING, YOU'RE ALREADY FAMILIAR WITH THE GENERAL PROGRAM LINEUP FOR THIS YEAR'S CONVENTION IN ORLANDO, BUT THIS BRIEF RECAP—PLUS A RUN-DOWN OF SEMINAR SPEAKERS—WILL CONVINCING YOU THAT YOU'RE GLAD YOU ARE GOING TO BE A PART OF IT.

Keeping with tradition, the annual Joe Eason Golf Tournament tees off bright and early on opening day, Aug. 3, with the welcome cocktail reception that evening at our headquarters hotel, the Dolphin at WALT DISNEY WORLD® Resort. Dubbed "The Main Event," the reception gives you the chance to visit informally with other dealers and vendors and shake hands with former world heavyweight boxing champion Joe Frazier, now marketing director for Home Line Industries.

Thursday morning, keynote speaker Brian O'Malley, adventurer, mountain climber and award-winning photographer, brings his inspirational message to the general session, and, at noon, Mickey and Minnie cut the ribbon to open the APRO trade show, which remains open until 5:30 that evening and reopens on Friday and Saturday. The APRO trade show is your annual mixer with products experts—the people who can provide the information that enables you to make discriminating buying decisions, answer customer concerns, and present merchandise to its best advantage.

On Thursday night, the APRO Beach Bash beckons you to the Rock & Roll Beach Club on Pleasure Island for a gala cocktail reception with a live band. Later that evening you can enjoy free admission to any of the other six nightclubs on the

island. Saturday evening, APRO stages its annual awards banquet and dance. For the industry's most elegant evening of the year, bring your party duds—it's a semi-formal affair. Le Masquerade will entertain at this year's Fantasy Ball.

Bring on the experts

The all-important APRO seminars are set for Friday and Saturday afternoons. Here's where APRO planners really show their stuff, as they bring speakers from inside and outside the rental-purchase industry to share their expertise on a multitude of business topics. The slate of speakers for this year's convention is top notch and sure to address your foremost business concerns.

When it comes to management, nobody does it better than Disney. If you want your management team to be the best in the business, hear Disney managers tell how this first-rate company develops commitment and pride in its 35,000 employees. Taught by Disney University Seminars, this session will highlight major aspects of Disney management in such areas as corporate culture, selection, training, communication and care. You'll have only one chance to hear from representatives of one of the world's most successful companies.

In "Change-Challenge-Choice," Larry

.....

BY

BARBARA

STOOKSBERRY



©The Walt Disney Company

Pleasure Island and its various clubs will be the site of one of APRO's evening parties on this year's convention schedule.

Sutton, president of Champion Rent to Own/B&L Concepts, will show you how to adopt a belief system that will help your managers aspire to and achieve greater levels of performance in an economy that promises to increase your potential customer base by half. Sutton, known throughout the industry as "The Preacher," is one of the most knowledgeable and most requested speakers in the rental-purchase business.

Kim Slatton, controller for Bi-Rite Co., Tampa, tells how to "Hook Your Banker" and get favorable bank financing by having the right answers to bankers' questions. Slatton has extensive experience in company financing, insurance, lease negotiations, legal issues and personnel benefits. She will present two sessions on this very important topic.

For the latest in providing health care for your employees at a cost that won't break you, hear Mark Robinson of Wellness Solutions in "Is

Good Health Care Bad for Business?" Robinson is president of Wellness Solutions, a professional speaking firm specializing in health-care cost control, health-care reform and health promotion. He has advanced degrees in education and physiology, and his proficiency in health-care design has documented results—a savings of \$6.8 million for Haggar Apparel and more than \$15 million for Electronic Data Systems. Don't miss this dynamic speaker.

If the sale or purchase of a rental-purchase business is in your future, you'll want to hear APRO General Counsel Ed Winn, former professor of business law at the University of Texas at Austin and a full partner in the law firm of Overstreet, Winn and Edwards, tell "How to Value a Rental Store for Sale/Purchase." Winn has been with APRO since its inception in 1981 and is the foremost authority on the legal and business aspects of the industry.

Challenge your managers to produce bigger and better results through techniques outlined by Kent Sutherland, director of human resource development for Action TV & Appliance Rental. Kent is a certified instructor for the National Safety Council, member of various professional organizations, and a writer and featured convention speaker. He has developed a safety program for rental stores and employee benefits programs designed to improve turnover rates.

Sutherland's seminar, "The Challenge of Store Management Development," will guide you into identifying specific skills and demonstrate how they these skills differ from habits. Southerland will outline in specific detail a program for developing those skills; and provide an open forum for questions and ideas on management skill development.

CONTINUED ON PAGE 60

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35" Home Theatre™ TV



35" Home Theatre™ Console TV



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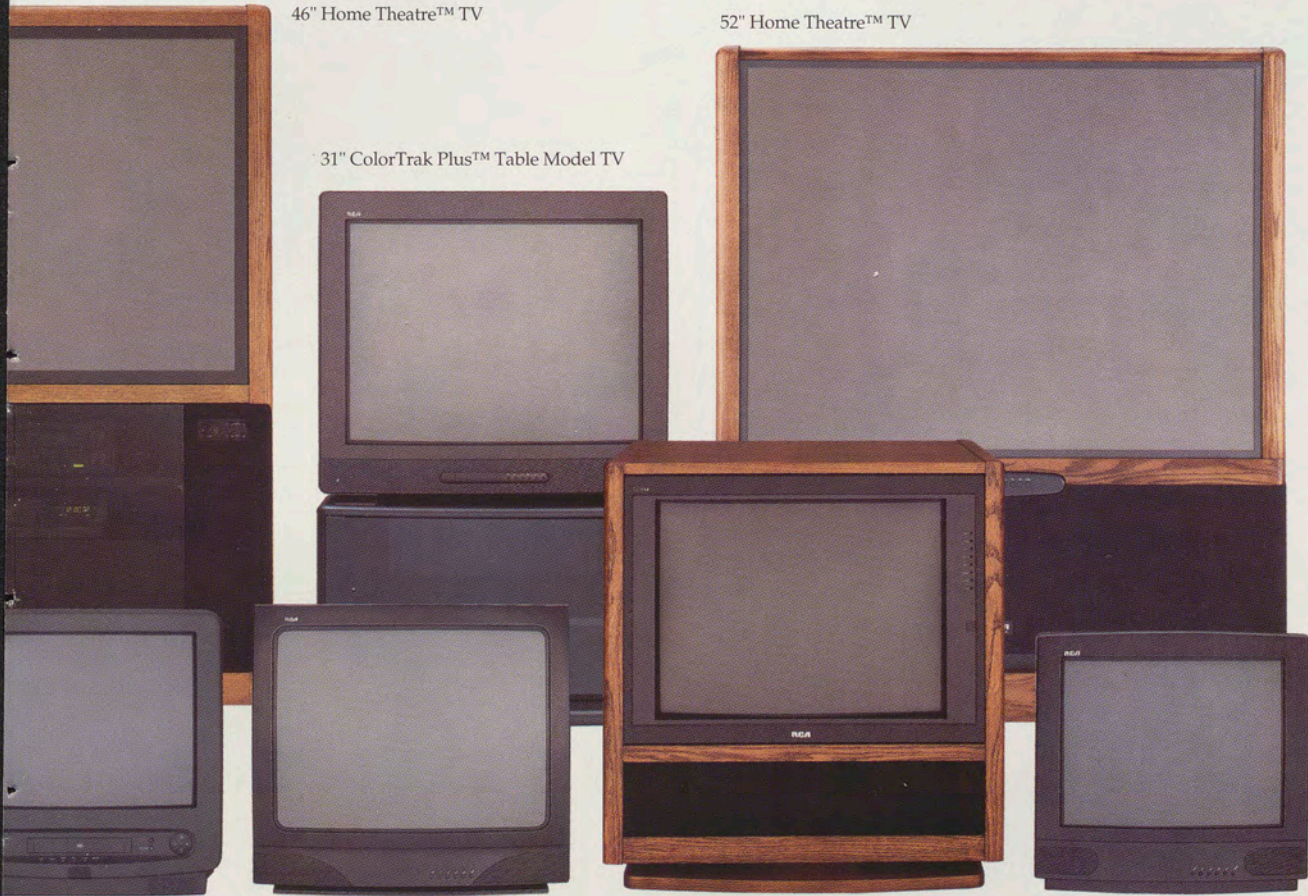
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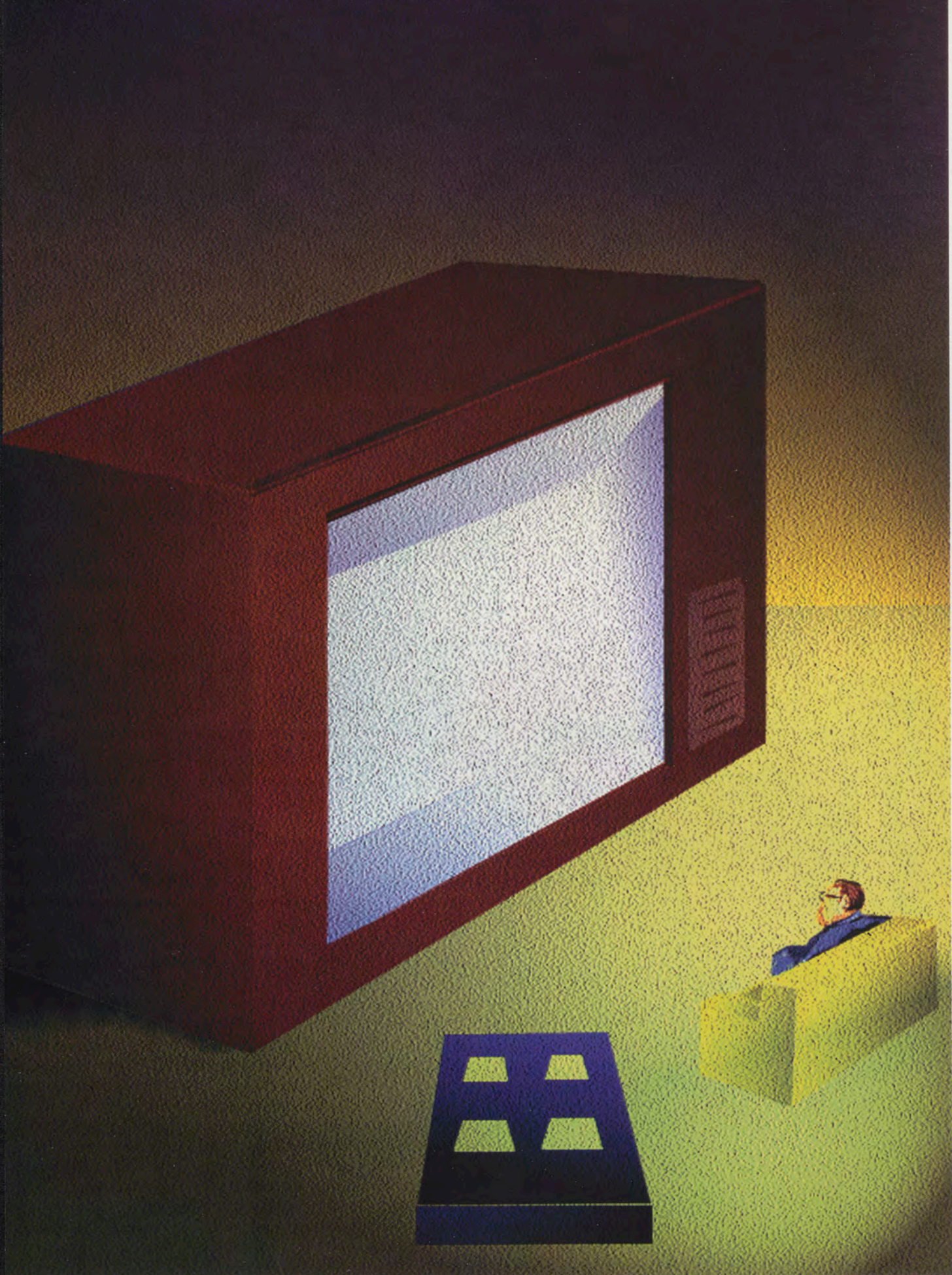
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TV screens are measured diagonally.
Base cabinet and audio products sold separately.
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Joel B. Mathews

As technology levels off, extra 'bells and whistles' attracting

Audio/video consumers

ABOUT 40 YEARS AGO, THE AMERICAN IDEAL WAS A CHICKEN IN EVERY POT AND A CAR IN EVERY GARAGE. AS WE RACE TOWARD A NEW MILLENNIUM, THAT PHRASE SHOULD BE REVISED TO INCLUDE A TV IN EVERY ROOM, AND A WHOLE LOT MORE ELECTRONIC GADGETRY IF YOU'RE LUCKY ...

Rental-purchase dealers bear witness to this technological proliferation and, in fact, sing the same litany:

"TVs are always our most popular item in audio/video equipment," says Mike Beard, owner of Chattanooga Appliance Rental in Chattanooga, Tenn.

Twenty-one percent of his rental business is made up of TV rentals with the favorite sizes being 19- and 20-inch console cabinets.

"By far, we rent TVs the most, especially 25- and 27-inch models," says Kevin Quinn, president of Quality Rentals in Puyallup, Wash., and APRO's chief elected officer and chairman of the board. "Years ago, everyone rented 19- or 20-inch tabletops on consoles, but the price has come down on these bigger models so they've increased in popularity."

"Twenty- and 25-inch TVs account for 80 percent of our TV rentals," says Gregg Daum, owner of Ace Rentals in Los Angeles. Unlike his compadres, Daum evenly splits his audio/video proceeds among three categories: stereos, TVs and VCRs.

Ah ...VCRs and TVs. They go together now like burgers and fries. Who can have one without the other?

"Our most popular VCR is a four-head, hi-fi," says Quinn. "We've found that most people have two-head VCRs in their homes already. Now they're looking to upgrade."

But it's a mixed bag when it comes to VCR features. Nick Azar, assistant gener-

al manager with Panasonic, Norcross, Ga., says he sells "tons" of the industry standard four-head, while Daum's customers are content to rent simple two-head models.

On the other hand, Daum has done really well with TV/VCR combos. These combos offer the meat and potatoes all in one dish and have emerged as the answer to customers who want to enjoy a VCR in multiple locations.

"People just like the fact that they are built together," says Daum. "They like not having to contend with the wires."

Thomson Consumer Electronics, Indianapolis, Ind., has taken the whole operation into the kitchen. "We offer a 13-inch TV/VCR combo that comes in a white cabinet with a matching white remote control," says Thomson Consumer Electronics National Accounts Coordinated Sales Manager Timothy Shannon. "This unit is designed for the kitchen, comes packaged with a cooking video and rests on a lazy susan."

"TV/VCR combos are the marriage of audio/video and are very popular," Shannon adds. "Beyond these combos, we've had great success in the home entertainment category. We have our own cabinet factory so we can offer a variety of cabinets and guarantee the quality. This gives us a competitive edge."

Home entertainment systems offer customers a tremendous choice of audio/video

CONTINUED ON NEXT PAGE

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BY

SUSAN de BLANC

Continued from previous page

products. They most often include a cabinet, TV, audio/video components, stereo with tower and/or surround speakers and a VCR.

Ken Gay, director of major accounts at Philips Consumer Electronics in Knoxville, Tenn., says his firm is producing a line of AV systems that are built into one cabinet at the manufacturing site. "We preassemble a VCR, 15-watt dual-well cassette deck with five-disk CD player, speakers and a 19- or 27-inch TV. There is also growing interest in a product we call home theater."

Whereas Philips' assembled system uses a mid-sized TV, its Home Theater unit incorporates a large-screen TV, anywhere from 46- to 52-inches into cabinetry that is add-on. "This product is starting to receive some interest," he says, "but we are seeing an extremely strong demand for big-screen TVs. This has probably been the one area that has grown strongest for us over the last five years."

At Panasonic, the emphasis is more on the audio system. "We have just introduced an all-in-one, surround-sound audio system," says Azar. "All you have to do is add a TV and VCR. It's called Panasonic Home Theater, and includes rack, speakers and amplifier. It gives you theater-quality sound."

Add a camcorder to this and not only can rental-purchase customers watch their own movies, they can make them, too.

"Camcorder sales to the rental/purchase industry have grown tremendously within the last few years," says Shannon. "Although Thomson offers all three formats of camcorders—full-size VHS, VHS-C and 8-millimeter, we have done very well with full-size. The key is that customers don't have to use adapters. They can simply flip the tape into their VCRs."

Panasonic is capitalizing on its palmcorder. "The majority of our RTO business is based on this piece of equipment," says Azar. "We're still selling a lot of full-size recorders, and we expect they'll be around for a while."

For customers who want to become sound engineers as well as directors, stereos are still popular in the rental-purchase industry, although mini systems simply haven't caught on. Bigger remains better so the overall favorite is still the rack system.

"Actually, we're experiencing more demand for component stereo units versus rack units," says Pat Custer, chairman of Curtis Mathes in Dallas. "When you separate components you get better quality because you're not using the same circuitry for all elements. Another reason we're seeing an increase in component popularity is that—if you are on a limited bud-

get—you can add high-quality components as you go along."

Whether it be rack or components, Custer agrees that the emphasis is on quality and features. Today's savvy electronics consumers are looking for more features in all their audio/video acquisitions. The challenge to RTO dealers is in convincing them to seriously and continuously upgrade by offering a bigger variety of items.

"Our customers are not audiophiles," says Quinn, "but they know what they want. They want the same things as the everyday retail customer."

"Customers are becoming more sophisticated in their product knowledge," says Custer. "They know more about electronics and what to expect. The RTO industry has gone through a maturing process. People used to look to RTO for basic, simple needs. However, as RTO has increased in acceptability, consumers are expanding their horizons.

"Typically, RTO dealers put out what they want to rent, then they do a good sales pitch. This works less and less. Many RTOs concentrate on selling the rental agreement itself and not the product," he says.

"For that reason," says Quinn, "we employ salespeople who are well versed in the audio/video industry. Our competition has dictated that we have more production knowl-

CONTINUED ON PAGE 51

Who's Who in rental-purchase audio/video

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

+Y* Hitachi Home Electronics, Inc.
3890 Steve Reynolds Blvd.
Norcross, GA 30093
(404)279-5600
Electronics

+Y* Home Theater Products, Inc.
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Anaheim, CA 92805
(714)937-9300
Electronics

Y* Jasco Products

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Oklahoma City, OK 73114
(800)654-8483
Electronics

+Y* JVC Corp.
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Elmwood Park, NJ 07407
(201)794-3900
Electronics

*** Mitsubishi Electronics**
5665 Plaza Dr.
Cypress, CA 90630-0007
(714)220-4721
Electronics

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Norcross, GA 30093
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Knoxville, TN 37914-1810
(615)521-4711
Electronics

+Y* Quasar Co.
1707 N. Randall Road
Elgin, IL 60123-7847
(708)468-5600
Electronics

Y RES
P.O. Box 24655
Tampa, FL 33623
(813)286-8686
Audio/Video

+Y* Sanyo Fisher (USA) Corp.
21350 Lassen St.

Chatsworth, CA 91311
(818)998-7322
Electronics

+Y* Thomson Consumer Elec. RCA/GE
10330 N. Meridian
Mail Stop INH 300
Indianapolis, IN 46290
(317)587-3043
Electronics

Y Welton/Techwood
2109 Luna Road, Suite #100
Carrollton, TX 75006
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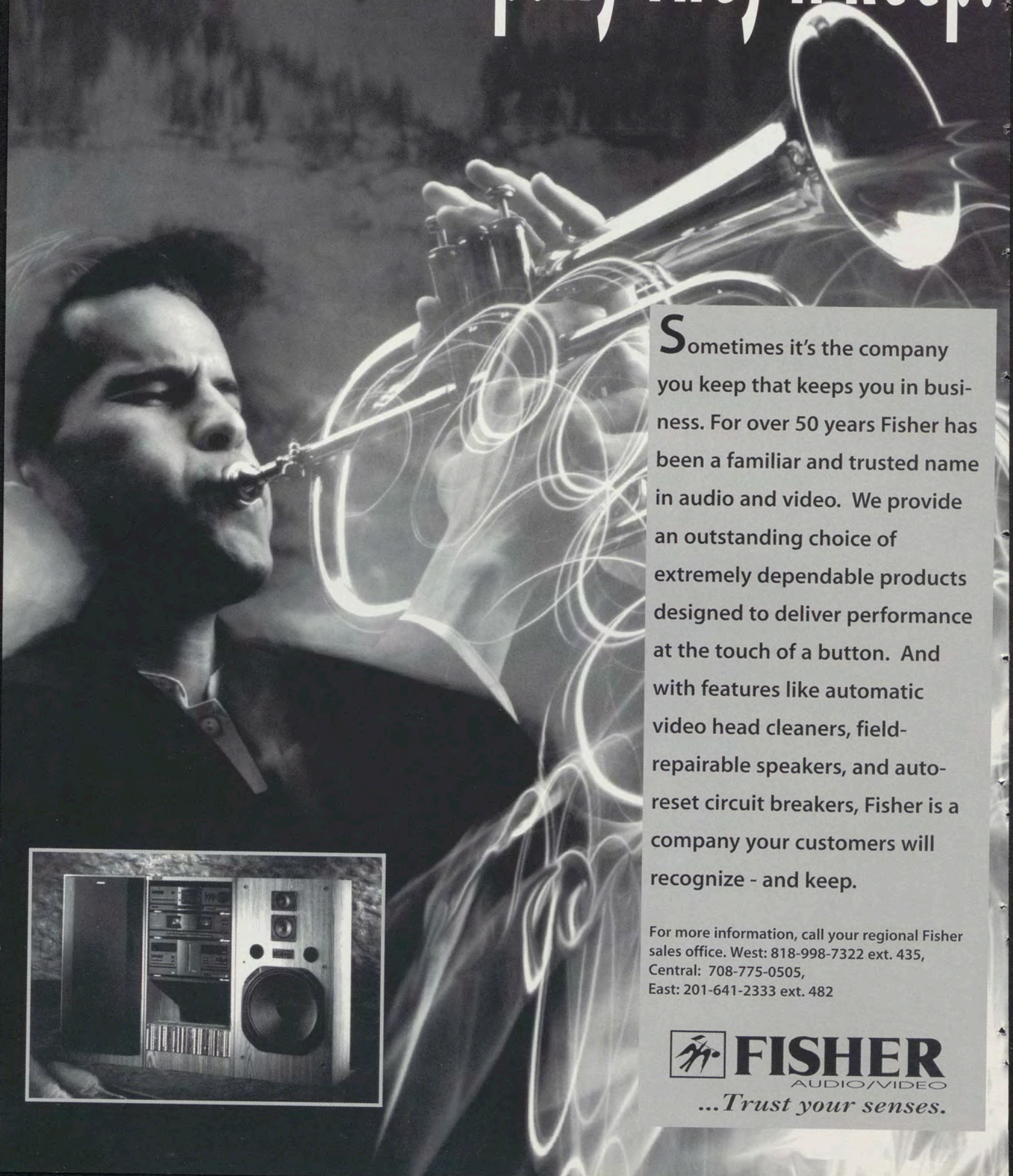
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Continued from page 24

rental-purchase companies in Minnesota than in all the rest of the states combined. David Ramp lives there. Hubert Humphrey III, the Minnesota attorney general, does not like the industry and has joined several of the rental-purchase lawsuits as a "friend of the court" to denounce rental companies' practices.

In a publication entitled, "Consumer Rip-Offs. Fighting Back: Education, Mediation, and Enforcement, 1993," the attorney general's annual report to the Minnesota citizenry, one might expect to read details of the horrors of rental-purchase in the state. But, that is not the case because, in fact, there were far worse horrors confronting Minnesota consumers in 1993, just like in every other year.

Here's the list of the top 10 complaint categories received in writing:

- Telemarketing/contests/sweepstakes—1632, 15.3%
- Motor vehicles—1218, 11.4%
- Publications—719, 6.7%
- Mortgage—630, 5.9%
- Credit-collections—536, 5.0%
- Mail order—528, 5.0%
- Construction/housing—505, 4.7%
- Financial—334, 3.1%
- Pyramids—289, 2.7%
- Home furnishings—239, 2.2%

Rental-purchase is notably absent from the list and is, incidentally, a separate category in the attorney general's office because elsewhere the report mentions the lawsuits.

The Minnesota attorney general receives complaints from all over the state and gets them by the thousands. David Ramp told the U.S. House Banking Committee last year that his local Legal Aid office in Minneapolis received four to five complaints about the rental-purchase business a week. It is, of course, possible that Mr. Ramp's office has cornered the market on rental-purchase complaints, but I doubt it.

It is only when the sworn enemies of rental-purchase can manage to get their moment in the sun that the business takes the kind of media beating it has had to endure lately. It will almost certainly pass, although perhaps not before unfriendly members of the Congress quit holding hearings.

Closer to home, it is finally dealer

by dealer that the industry will or will not improve its image. Dealers need to make sure that every single employee understands and is committed to the company and the business. They need to make sure that every single customer understands the nature and details of the transaction.

Dealers need to be sure they are giving full value for the dollars they are

collecting from their customers. If every company did these things every day, the industry would have no need for public relations. There would be a universe of happy and satisfied customers and employees out there, and that is not a story worth reporting for the media. **PR**

Ed Winn is APRO's legal counsel and a veteran writer on RTO issues.

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Wade was tired of wasting time and losing money here and there. Heather was especially glad her daddy made the decision to finally take control of his business. Life's too short for hassles. Call Ideal today.

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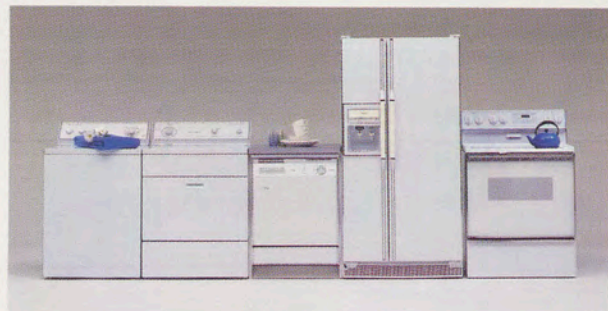
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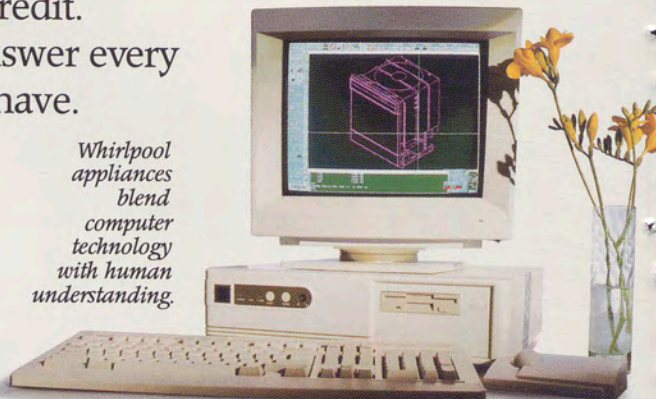
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Fax registrations to 512/794-0097.

CANCELLATIONS

All cancellations or changes must be received in writing in the APRO office, postmarked by July 1, 1994. A processing fee of 20 percent of the total registration will be charged for all cancellations. After July 1, no fees will be refunded.

HOTEL RESERVATIONS

DEADLINE, JULY 1. Make your reservations by calling 1-800-227-1500. PLEASE NOTE: Hotel reservations must be received July 1, 1994 to guarantee the special APRO rate of \$138 single/double and by **June 1, 1994 for "free room" contest.** Be sure to mention you are with APRO to get the special convention room rate.

AIRLINE/AUTO RESERVATIONS

APRO is offering discounted rates to Orlando. For airline or auto reservations call, or have your travel agent call, Conventions in America at 1-800-929-4242. Refer to APRO#680 or you may call Delta at 1-800-241-6760 and refer to File #P0457 or Alamo Rent-A-Car, 1-800-732-3232; ID #77274, Rate Code GR.

No soliciting will be allowed at any APRO social function or on the trade show floor by non-exhibiting vendors. For information on exhibiting at the APRO trade show, call the APRO OFFICE AT 512/794-0095.

FOR OFFICE USE ONLY:

MID# _____
Date rec. _____ Date ent. _____
Ck.# _____ Amt. Pd. _____
Pre _____ On-site _____

Please print or type, one form per registrant & spouse/guest. (Please note: Personal guest is defined as "significant other" or immediate family member.) You may photocopy this form. A written confirmation will be sent to you from the APRO office prior to convention. If your registration is received in our office after July 22, it will be treated as an on-site registration, and no confirmation will be sent.

Last name: _____ First name (for badge): _____

Spouse/guest—Last name: _____ First name (for badge): _____

Teen/child—Last name: _____ First name (for badge): _____

Teen/child—Last name: _____ First name (for badge): _____

Company name: _____

Company mailing address: _____

City/State/Zip: _____

Business phone: _____ FAX: _____ First-time attendee? yes no

Rental Dealer Non-exhibiting vendor Other (explain) _____

Any special need? (explain) _____

Note: Exhibitors should not use this form as they will receive special badge form with exhibitor information.

FULL REGISTRATION

	By 7/1	After 7/1
Includes Welcome Reception Wednesday, Cocktail Reception Thursday at Pleasure Island, Awards Reception and Banquet Saturday, all seminars, general session, entrance to exhibit hall. Not included-Golf Tournament or Behind the Scenes Tour.		
<input type="checkbox"/> APRO Member	\$275	\$325
<input type="checkbox"/> Non-Member	\$375	\$425
<input type="checkbox"/> Spouse/Guest	\$150	\$165
<input type="checkbox"/> Teen (13-17)	\$100	\$115
<input type="checkbox"/> Child (3-12)	\$75	\$90
<input type="checkbox"/> Under 3	Complimentary	

A LA CARTE

A la carte prices allow entrance only to individual functions as listed:

	Member	Non-Member
<input type="checkbox"/> Seminars, Day 1 (Friday, August 5)	\$100	\$150
<input type="checkbox"/> Seminars, Day 2 (Saturday, August 6)	\$100	\$150
<input type="checkbox"/> Exhibit Hall Only (will not allow entrance to seminars or social functions)	FREE	FREE
<input type="checkbox"/> Welcome Reception, Wednesday "The Main Event"	\$35	\$35
<input type="checkbox"/> Gala Cocktail Reception, Thursday, "Beach Bash" at Pleasure Island (under 21 not allowed)	\$50	\$50
<input type="checkbox"/> Reception & Awards Banquet, Saturday "Fantasy Ball"	\$80	\$80

OPTIONAL PROGRAMS

- "Behind the Scenes at Walt Disney World" Wednesday, August 3 1-4:30p.m.
\$60 per person (under age 16 not allowed)

GOLF TOURNAMENT

- "1994 APRO/Joe Eason Golf Tournament" Wednesday, August 3, 8a.m. \$85 per person.
 Mens Division Womens Division My personal check is made out to APRO PAC

Name of Player: _____ Handicap or Average Score: _____

Requested Team Pairing (if possible): _____

ADD ALL FEES DUE AND ENTER TOTAL HERE: TOTAL \$ _____

- My check is enclosed and made payable to APRO. Charge my VISA MasterCard American Express

Account # _____ Exp. date _____

Signature _____

Print name as appears on card _____

MAIL WITH PAYMENT TO:

APRO
The Houston Building, Suite 220
9171 Capital of Texas Highway North, Austin, Texas 78759
Phone: 512/794-0095; FAX: 512/794-0097

RTO CONTRACT DISCLOSURES

Model AL* AR* CO* CT DE FL* GA** IA* ID IL* IN*

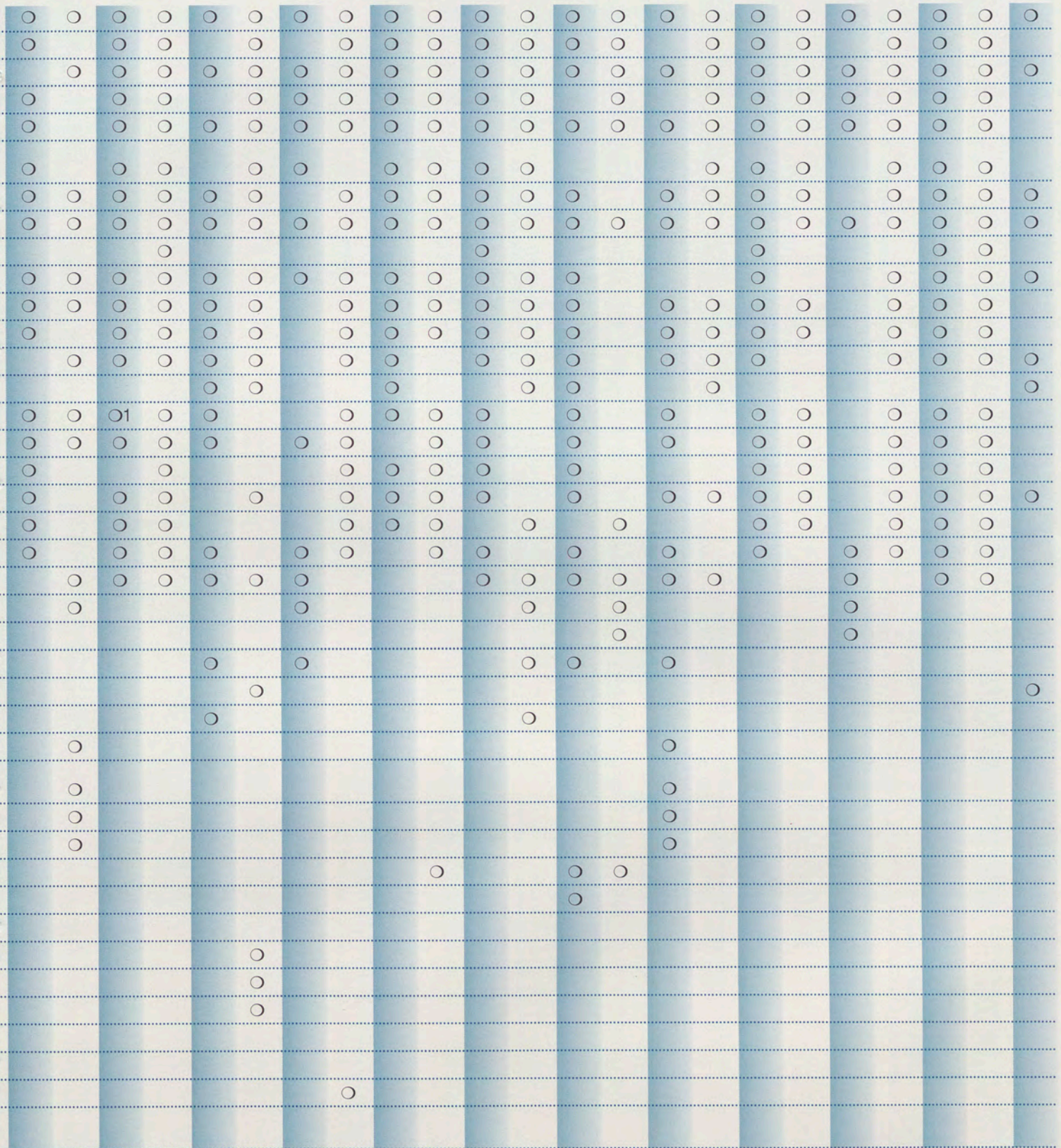
	Model	AL*	AR*	CO*	CT	DE	FL*	GA**	IA*	ID	IL*	IN*
1	Total cost of rental ownership.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>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

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

1 Lessor required to provide maintenance

Charts for comparison only. For details of any state's rental-purchase requirements, refer to the statutes.

LA MA*** MD* ME MI** MN* MO* ND NE* NH NV NY** OH** OK* RI* SC* SD TN* TX* UT VA** WA WV



Charts edited by Ed Winn
 Chart design by Kim McBride

SPECIFICATIONS ON FEES & PAYMENTS

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

MD*	ME	MI**	MN*	MO*	ND	NE*	NH	NV	NY**	OH**	OK*	RI*	SC*	SD	TN*	TX*	UT	VA**	WA	WV
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
\$5 max.	Greater of 5% or \$2	Lesser of 5% or \$5	Greater of 5% or \$3	\$5 max	Greater of \$3 or 5%	\$5/monthly \$3/weekly	\$5		Greater of \$3 or 10% weekly or greater of \$5 or 10% monthly		\$5 min \$3/weekly		\$4/monthly \$2/weekly			\$2 - \$5	Greater of \$20 or 5% weekly or monthly		Yes	Lesser of 5% or \$15 weekly or monthly
	5 days 2 days	1 month 1 week	3 bus days 2 bus days			5 bus days 3 bus days	5 days 2 days		7 days 3 days		5 days 2 days		5 bus days 3 bus days			7 days 7 days	10days 10days		Yes	5 days 3 days
		No	Yes \$5 max.	Yes \$5 max.		Yes \$5	Yes	Yes	Yes	Yes \$5 max.	Yes	Yes	Yes	Yes				Yes	Yes	Yes \$5
No	Yes	Yes	Yes	Yes				Yes	Yes	Yes	Yes**	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
Yes	\$5 \$5		\$7 (3 times per 3 mo.)								\$10 (3 times per 6 mo.)		\$7 per trip (limit 3 per 6 months)							Yes
			\$7 (3 times per 3 mo.)										\$7 per trip (limit 6 per 6 months)							No
	Yes, \$15 per customer	No	Yes	Yes		Yes \$10 (\$25-over 5 items)	Yes	Yes	Yes	No		Yes	Yes \$5	Yes	Yes	Yes		Yes	Yes	No
	Yes, \$20 for 3 items or less	Yes	Yes \$15-5 items or less; \$30-for over 5	Yes	Yes	Yes \$10 (\$25-over 5 items)	Yes	Yes	Yes	Yes	Yes \$10 per agreement	Yes	Yes \$15-5 items or less; \$45-for over 5	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	No	No	No	Yes			No	No	Yes	Yes	Yes	No	No	No	No	Yes		Yes	No	
		Yes	No	Yes			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes		
	No	No	No	No		Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	No		Yes		
	No	No	No	No			No	No	No	No	No	No	No	No	No	No	No	No	No	
	RTO price cannot be greater than 2 times cash price	RTO price cannot be greater than 2.2 times cash price							RTO price cannot be greater than 2 times cash price	RTO price cannot be greater than 2 times cash price										RTO price cannot be more than 2.4 times retail value
	Yes greater of 5% or \$2 for weekly; 5% or \$5 monthly		Yes required by statute 10% of payment				Yes	Yes			Yes 5% of payment									Yes
							Yes	Yes			Yes									Yes

ADVERTISING DISCLOSURES

Model AL* AR* CO* CT DE FL* GA** IA* ID IL* IN* KA KY* LA MA***

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

Reference to or statement of a rental rate AND Reference to RTD of a specific item	Reference to or statement of a rental rate OR Reference to RTD of a specific item	Rental purchase agreement	Reference to or statement of a rental rate OR Reference to RTD of a specific item	Reference to or statement of a rental rate AND Reference to RTD of a specific item	Reference to or statement of a rental rate OR Reference to RTD of a specific item	Reference to or statement of a rental rate OR Reference to RTD of a specific item	Rental rate due at start of lease of a specific item	Reference to or statement of a rental rate OR Reference to RTD of a specific item	Reference to or statement of a rental rate AND Reference to RTD of a specific item	Reference to or statement of a rental rate OR Reference to RTD of a specific item	No advertising requirements in statute	Reference to or statement of a rental rate OR Reference to RTD of a specific item	Reference to or statement of a rental rate OR Reference to RTD of a specific item	Reference to or statement of a rental rate AND Reference to RTD of a specific item	Reference to or statement of a rental rate OR No down payment
--	---	---------------------------	---	--	---	---	--	---	--	---	--	---	---	--	---

Disclosures - must make all of the following disclosures:

(A)	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement	Amount of initial payment due	ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as an RTO agreement		ID transaction as an RTO agreement	ID transaction as an RTO agreement	ID transaction as a rental purchase agreement	ID transaction as a lease
(B)	Total amount and number of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership			Amount of initial payment due	Total amount and number of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership	Total amount and number of payments necessary to acquire ownership			Total amount and number of payments necessary to acquire ownership	Total of payments necessary to acquire ownership	Total initial payment due
(C)	No equity statement		No equity statement	Ownership OptionS	No equity statement	No equity statement	Cost of lease services	No equity statement	No equity statement	No equity statement		No equity statement	No equity statement	No equity statement	Security deposit, if applicable
(D)	(Yellow Pages exception)						Total of all payments necessary to acquire ownership		(Yellow Pages exception)				(Yellow Pages exception)		number, amounts and timing of payments Possible extra charge @ lease end

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

															Amount of lease payments and rate necessary to acquire ownership of a particular item
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---

Disclosures (E)

(E)															Total of payments necessary to acquire ownership
(F)															Early buyout formula rental purchase agreement
(G)															No equity statement

REINSTATEMENT RIGHTS

1 Weekly Payments

Model	AL*	AR*	CO*	CT	DE	FL*	GA**	IA*	ID	IL*	IN*	KA	KY*	LA	MA
2 days; if property returned, then 21 or 30 more; depends on rental payments made	2 days; then 30 more days if returned	2 business days; then 30 more days if returned	60 days; then 120; depends on payments	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 60 to 180 days; depends on payments made	60 days	21 days	60 days	2 days then 21 or 45 more; depends on rental payments made	7 days; then 30 more days if property returned	60 days	2 days then 21 or 45 more; depends on rental payments made	2 days; then 30 more days if property returned	2 days then 21 or 45 more; depends on rental payments made	No statutory reinstatement

2 Monthly Payments

5 days; if property returned, then 21 or 30 more; depends on rental payments made	5 days; then 30 more days if returned	5 business days; then 30 more days if returned	60 days; then 120; depends on payments	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 60 to 180 days; depends on payments made	60 days	90 days	60 days	5 days then 21 or 45 more; depends on rental payments made	15 days; then 30 more days if property returned	60 days	5 days then 21 or 45 more; depends on rental payments made	5 days; then 30 more days if property returned	5 days then 21 or 45 more; depends on rental payments made	No statutory reinstatement
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3 Statutory "cure period" after notice before suit can be filed

Monthly

Weekly

								5 business days							
								3 business days							

IN-STORE PRICE TAG DISCLOSURES

MICHIGAN	NEW HAMPSHIRE	NEW YORK	OHIO	MARYLAND	MINNESOTA	CONNECTICUT	MAINE	DELAWARE	W. VIRGINIA
Cash price	Cash price	Cash price	Cash price amount of payments required for owners	Number and	Cash price	Cash price payments needed for ownership	Number and	Cash price value	Retail
Amount of a periodic payment	Amount of a periodic payment	Amount of a periodic payment	Amount of a periodic payment	Total rent-to-own price payment	Amount of a periodic payment	Amount of a periodic for ownership	Total amount of payments payment	Amount of a periodic	Rent-to-own charge
Number of payments for ownership	Number of payments for ownership	Number of payments for ownership	Number of payments for ownership	New/Used	Total cost	Total cost	Total cost	Total cost	Rental period
	Total cost	Total cost	Total cost						Number of periodic payments required for ownership
									Amount of each periodic payment
									Total of all payments
									New or used

21 days	7 days, then 60 to 180; depends on payments	21 days	2 days then 21 or 45 more; depends on rental payments made	3 business days if property returned, then 30, 60, or 180 days, depends on rental payments made	2 days; if property returned, then 21 or 30 more; depends on rental payments made	7 days; if property returned, then 30, 60, or 180 days, depends on rental payments made	21 days	2 days; then 30 more days if property returned	21 days	21 days	60 days	2 days then 21 or 45 more; depends on rental payments	2 days; if property returned, then 30, 60, or 180 days, depends on rental payments made	7 days; then 30 more days if property returned	2 days then 45 to 90 more depends on rental payments made	2 days then 21 or 45 more depends on rental payments made	5 days, then 21 or 45 days; depends on rental payments made	60 days to 90 days; depends on payments made
90 days	7 days, then 60 to 180; depends on rental payments made	90 days	5 days then 21 or 45 more; depends on rental payments made	5 days if property returned, then 30, 90, or 180 more; depends on rental payments made	5 days; if property returned, then 21 or 30 more; depends on rental payments made	15 days; if property returned, then 30, 60, or 180 days, depends on rental payments made	90 days	5 days; then 30 more days if property returned	90 days	90 days	60 days	5 days then 21 or 45 more; depends on rental payments	2 days; if property returned, then 30, 60, or 180 days, depends on rental payments made	15 days; then 30 more days if property returned	5 days then 45 to 90 more depends on rental payments made	5 days then 21 or 45 more depends on rental payments made	10 days, then 21 or 45 days; depends on rental payments made	60 days to 90 days; depends on payments made
	7 days											5 days						7 days
	7 days											5 days						7 days

Notice to consumers

FLORIDA

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

MICHIGAN

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

IOWA

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

OHIO

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

NEBRASKA

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

COLORADO

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

MAINE

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

DELAWARE

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

NORTH DAKOTA

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



RentSpeak

RESEARCH HAS REVEALED THAT SOME OF THIS PUBLICATION'S MOST LOYAL READERS ARE NEW TO THE RENTAL BUSINESS. AND THAT MEANS THEY CAN BE PUZZLED BY THE VERNACULAR THAT COMES SO EASILY TO THE REST OF US. YOU'VE HEARD IT BEFORE: RENTSPEAK, THE OFFICIAL LANGUAGE OF THE RENTAL-PURCHASE INDUSTRY.

•••••

RentSpeak has even changed the name of this business. Most will recall that what's now Rental-Purchase used to be "Rent-to-Own." Of course, that was before we washed the trucks and reinvented monthly payments (which, of course, had nothing to do with *The Wall Street Journal's* reinvention of journalism).

This corner believes it's in the best interest of the industry for new entrants to be informed. To that end, our crack staff has compiled the following glossary of RentSpeak terms. Get these down and you'll be able to make even the wildest of rumors sound true. In other words, you'll be ready for convention.

•••••

BY

BUD HOLLADAY

ACCOUNT MANAGER—the intermediary between 400 rental customers and the person they all want to speak to.

BOR—"Balance On Rent," or that portion of the store's inventory which neither the company nor the customer has paid for, yet only one of them knows where it is.

BROWN GOODS—see "white goods."

CASE GOODS—furniture which can come in a packing case or look like a packing case, depending on which kind you bought (Low-End Case Goods have to be thrown away before you can rent the packing case).

CLOSEOUT—the number of customers, expressed as a percentage of the total, who have more rental experience than your collectors.

CLUB—a device that allows managers who aren't very good at collecting rental

payments a chance to collect insurance premiums instead, without changing jobs.

COMMITMENT—a promise to make an overdue payment next week from the same customer who couldn't make it last week but has a better reason now.

CORPORATE ALLOCATION—money produced by managers, account managers and clerks to support faraway people who can't do those jobs but constantly remind managers, account managers and clerks how they should be doing them. Similar to "Foreign Aid" but more expensive.

DEBT RATIO—a number that represents the odds of your company staying in business (2 to 1; 4 to 1, etc.)

DEBT-TO-EQUITY—the amount owed against the business less the amount of office supplies that are paid for.

FREETIME—a management tool whereby customers who can't pay all they owe make part of a payment while other people who want to be customers pay nothing at all, thereby satisfying the owner by adding BOR and getting closeouts too.

INVENTORY ADJUSTMENT—a means of accounting for the cost of rental inventory; not necessarily the same as depreciation, which accounts for the condition of the trucks you deliver it in; nor is it the same as appreciation, which is what you hope your customers will develop for the goods you're not depreciating instead of sending them back in the trucks you are. The good news is nobody else understands this, either.

INVENTORY TURNOVER—the number of times refrigerators and TV sets can turn over in a van and still produce revenue.

KEEP RATE—a formula that determines how many Hawaii trips your buyer can take in the next 18 months.

LOANER—merchandise used by customers while Service figures out how to fix theirs, or goods used by managers who have figured out how to fix the computer.

MARKET—the number of charged-off accounts and former employees available for recycling among all rental com-

panies within a defined area.

MARKET SHARE—the number of charged-off accounts and former employees that you have compared to the competition.

ORIGINAL COST—something like original sin, but only if you paid too much and didn't get the discounts either.

PICKUPS—any BOR added during a sales contest; also (a) merchandise that not even past due customers want anymore or (b) the vehicles it was delivered in.

REMAINING TERM—the number of years left before your former tax accountant gets out (not to be confused with remaining life, which is the number of years left before you can get out of the rental business).

TRAINING—an activity conducted by managers in the same sense that Woody Woodpecker does carpentry.

WHITE GOODS—what brown goods looked like when they were new.

YIELD—the amount produced by each rental unit (BOR) after freetime, flexitime, refunds, rebates, reductions, rewrites, last rites and unauthorized profit-sharing distributions.

That's all the RentSpeak you should need to get through convention. However, if you've studied hard and discover you still don't know what all those other store owners and employees are talking about, don't worry. Just ask for a raise and a bigger office. You're vice president material. **PR**

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

Thank you
Bonnie Nitzsche,

for all you've done in providing coordination, printing and distribution of grassroots petitions and posters for rental-purchase dealers' educational campaign with the U.S. Congress.

Continued from page 36

edge than ever before. Pricing is about the same for audio/video equipment from one RTO to the next. It's the RTO that has the best service and knowledge of the product that closes the most deals. By service, I mean quick delivery and professional courtesy from the point of rental to the signature on the rental agreement."

It's good advice to rental-purchase owners who may be trying to rent audio/video equipment that hasn't changed in the past couple of years.

"The audio/video market is flat for new technology at this time," adds Quinn. "They're just adding a lot of bells and whistles to products that have been around for a while. That's one of the reasons I've seen a downturn in that market compared to a few years ago. A higher percentage of our business is turning to furniture and appliances. What's more, the rental business is usually a year or two behind retail in its acceptability, so products like compact disk interactives have not."

"It's true," confirms Custer, "there have not been any really dynamic improvements in the audio/video field. No state-of-the-art products have been developed that make everything else obsolete. We are seeing less new technology developments and more trends."

So how can dealers entice their customers to change products?

"You can't just change the cosmetic look of a TV and expect customers to upgrade," believes Custer. "Give them new features, things that haven't been available. Picture-on-picture TVs offer one of these technologies. The trend right now is toward larger TV sets and higher-end units. Customers are demanding more features, and they want higher quality components."

Custer says it's also important to remember that audio/video acquisitions in the RTO market can be much more attractive than with retail. It doesn't take as much cash up front to come away with a great system. Renters can experiment with different products. Rental-purchase also offers an easier method of upgrading products on a periodic basis, and it eliminates the financial worries

attached to retail service agreements.

"Customers are getting a lot more bang for their buck," adds Shannon. "Twenty years ago, a simple TV was \$800 or \$900. Now you can get a whole entertainment system for nearly that amount. Your dollar goes a lot further these days."

A point that resurfaces from audio/video vendors and progressive dealers alike: Rental-purchase stores need to lead customers—educating them—toward features and upgrades.

"You need to be a step ahead of the RTO customer in providing what he or she wants," Custer says. "Don't make the mistake of assuming that this customer will be satisfied with what you have on the floor. You've got to have some upscale units in your stores. You still have to have low end, but a lot of RTOs are not displaying these higher-end products. I talked to a guy who is only buying lower-end products. He's probably losing half of his potential business." **PR**

Susan de Blanc is a freelance writer and former trade-journal editor.

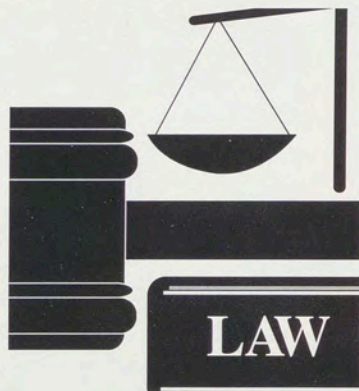
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Remembering the discussion at 1993's mid-year conference, our position wasn't so strong as today

What a difference a year has made

A LITTLE MORE THAN ONE YEAR AGO WE WERE MEETING TOGETHER AT OUR MID-YEAR CONFERENCE IN PALM SPRINGS TO DISCUSS THE VERY RECENT PUBLIC LYNCHING WE HAD RECEIVED AT THE HANDS OF CHAIRMAN HENRY B. GONZALEZ OF THE HOUSE BANKING COMMITTEE. IT WAS THEN THAT WE DEVELOPED OUR PLAN OF ACTION TO RESPOND TO THIS VERY REAL THREAT TO OUR INDUSTRY.

.....

One of the four goals of that plan called for us "to keep Congress from enacting any legislation that would adversely affect the rental-purchase industry."

I am pleased to report that we have been successful in achieving our primary objective during the past year. We do not expect to see any anti-RTO legislation enacted during the remainder of this session of Congress.

We are also very pleased to report that substantial progress has been made toward achieving the second goal of that plan, "to encourage Congress to pass leg-

islation that would create a safe business environment for the rental-purchase industry and to provide for appropriate and responsible consumer disclosures."

We have accomplished the primary objective by blocking the chairman of the United States House of Representatives Committee on Banking, Finance and Urban Affairs from passing his own legislation from his own committee. The method we employed to accomplish this task was to endorse and encourage co-sponsorship of alternative legislation pending in that committee, commonly known as the LaRocco bill. To date we have gained the signatures of 49 co-sponsors to that bill, H.R. 2803.

We believe we can successfully block companion legislation to the Gonzalez bill in the United States Senate.

In accomplishing our task in the House Banking Committee we had to overcome the natural tendency of career-oriented partisan Democrats "to go along to get along" with the chairman of their committee who was not on our side of the issue. Rep. Henry B. Gonzalez's ability as chairman to make sure other members' bills are placed on the committee agenda is a form of intimidation most members will not challenge.

The fact that we were able to convince

.....

BY

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The most important relationship with a Democrat on that committee came to us first from our Washington counsel.

committee members to publicly support another bill on a subject of particular interest to the chairman is indeed a legislative coup d'état.

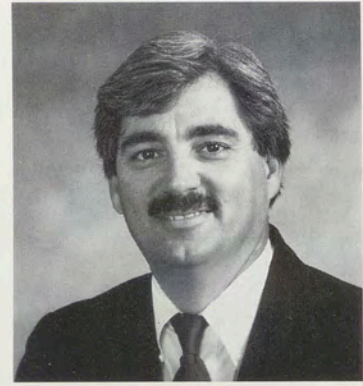
Our first step was to "target" 16 Democrats on the committee of 31 Democrats and 20 Republicans who might be courageous enough to act independently of their democratic chairman. Coupled with the 20 Republicans on the committee, targeted because of their natural alliance with business groups and hesitancy to vote with the chair, we saw a potential majority of the committee.

We now have eight of the original 16 targeted Democrats signed up on alternate legislation. We only need a minimum of six Democrats if all 20 Republicans vote against the chair on his bill.

Those eight Democrats from our target list: Larry LaRocco of Idaho, Bill Orton of Utah, Jim Bacchus and Peter Deutsch of Florida, Floyd Flake of New York, Elizabeth Furse of Oregon, Stephen Neal of North Carolina and Cleo Fields of Louisiana. Each of these congressmen co-signed the LaRocco bill after personal visits from APRO members in their districts. Any dealer from those states should take pride in their efforts to educate these members of Congress.

The most important relationship with a Democrat on that committee came to us first from our Washington counsel, John Raffaelli, although many of us have since cultivated a personal relationship with Larry LaRocco of Idaho. I cannot say enough good things about both of these men, and I urge you to support them both as they represent our case in Congress.

Congressman LaRocco attended our annual convention last year and spoke with many of you personally. He continues to pursue every opportunity to find potential areas of compromise that might break the stalemate that now exists in his committee. **PR**



Ron Waters is APRO's director of government affairs.

IN-FOR-MA-TION (in 'fər-mā'shən) *n.* Knowledge derived from study, experience or instruction.

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is blocked in his own committee since Rep. LaRocco's bill has attracted so much widespread support—49 co-sponsors compared to Gonzalez's 15 in the full House.

"It has truly been a legislative coup d'état," says Ron Waters, APRO director of government affairs. "Our aggressive ... efforts convinced many committee members to openly support another bill, thus defying the chairman on an issue dear to his heart."

On the Senate side, Sen. Shelby's bill, S. 1956, was introduced on March 23 with four original co-authors representing a moderate cross section in the Senate. Contrast that with lame-duck Sen. Metzenbaum's list of co-sponsors—a grand total of two—more than six months after S. 1566's introduction.

The Senate quickly became the new battleground for the rental-purchase issue. During May and June, APRO leaders were scrambling to get ready for a Senate Banking Committee hearing on rental-purchase that never hap-

pened. It was a bizarre case of on-again, off-again scheduling conflicts, punctuated by different priorities among staffers and members on Capitol Hill.

Originally, the Senate hearing was scheduled for May 13. Industry analysts feared another "kangaroo court" similar to the 1993 hearing in front of Gonzalez's House Banking Committee. Sen. Shelby, author of industry-supported S. 1956, could not attend on May 13.

APRO's grassroots network kicked in, with dealers calling and writing their senators on the banking committee to request a rescheduled hearing date so Sen. Shelby could participate.

The hearing was postponed with no immediate replacement date. Then, a rumor surfaced that had the hearing penciled in for June 16 or 17, but it turned out to be false. Finally, a Senate staffer "confirmed" the hearing for Wednesday, June 29, but that date was apparently nixed by U.S. Sen. Donald Riegle, chairman of the Senate Banking, Housing & Urban Affairs Committee.

In late June, there was still no new

date for a Senate rental-purchase hearing, although analysts speculate one could come at almost any time during July or August.

While the U.S. Senate Banking Committee continues to be an important educational front, the House Judiciary Committee has become another area of dealer focus. Judiciary is the next committee of jurisdiction for a bankruptcy bill, S. 540, that cleared the Senate with an amendment that would apparently exclude rental-purchase property from repossession in personal bankruptcy cases. The House version of the bill is H.R. 2326. (For more information, request document No. 501 on APRO Facts Line, 512-794-0258.)

The awesome power of grassroots contact can be used to help Congress cut through the confusion on issues such as the Senate bankruptcy amendment. Here's a real-world example:

Florida Sen. Connie Mack's aide, Buzz Gorman, was checking out the Senate floor proceedings April 21 when he noticed Sen. Metzenbaum tacking on amendments to a bankruptcy bill that involved "rent-to-own." First thing Gorman does when he gets back to the office is call up Margo Tillotson of Champion, because she's a constituent who has established a record of contact with the senator's office.

"Buzz Gorman probably would have never cared or paid attention to this amendment if it hadn't been for the Champion folks going up there to Washington," May says. (For more examples, see "How to 'Champion' the rental-purchase cause on Capitol Hill," April-May *Progressive Rentals*, page 34.)

Clearly, the value of personal relationships is the biggest key to the power of grassroots.

During the June 27-28 round of meetings on Capitol Hill, rental-purchase dealers met with Senate Banking Committee members and staff to discuss the two different approaches to federal RTO regulation—and with House Judiciary members and staff to urge that the Senate's version of the bankruptcy bill be amended to exclude RTO merchandise from bankruptcy protection.

"We need to get more and more peo-

CONTINUED ON PAGE 62



This chart shows the increase in co-sponsorships for industry-supported H.R. 2803.

*While rental-purchase
opponents equate rental trans-
actions to conditional sales,*

FORESIGHT forces a distinction

Consumer value is the greatest single weapon the rental-purchase industry has available in justifying the revenue it receives from their customers.

.....

Many rental-purchase dealers are using the consumer benefits provided in the *FORESIGHT* Preferred Customer Club to separate the rental-purchase transaction from that of a retail-type sale.

The *FORESIGHT* Club includes a menu of benefits such as Involuntary Unemployment coverage, Accidental Death and Dismemberment insurance, a Two Year Warranty at contract completion, Leased Property protection, discount eyewear, discount medication, savings on groceries, discount travel, and other free services that are not usually associated with retail transactions.

To accomplish the separation, dealers take the cost of the benefits provided in the Club and build it into the rental rate as though the benefits come with the product.

Unlike the *FORESIGHT* Preferred Customer Club that is sold as an add-on sale, this approach takes the benefits and gives them to every customer at no additional cost when they rent a product.

The approach gives the dealer and floor salesperson ammunition to combat competition, while at the same time it demonstrates a clear difference between renting and acquiring product.

Where in retail has a customer ever had such an opportunity to receive these insurance and discount benefits at no additional cost.

Employees in stores that have in-boarded the Club benefits enthusiastically welcomed this idea. Even though implementing the program means a rate increase to offset the cost, they see the overall value it brings to the store.

When the value provided in a rental transaction is above and beyond that obtained in a normal retail sale, the distinction between renting and retail becomes easier to see.

Combining *FORESIGHT* benefits with the normal advantages provided to rental customers truly establishes uniqueness to the rental purchase transaction.

Other dealer benefits realized by this approach include stronger customer relationships, higher retention rates and last, but certainly not least, greater profitability.

Another reason rental-purchase stores make such tremendous values available to their customers at no additional cost is to create a clear impression that whenever a customer

rents from another store, regardless of what they pay, they do not receive the same benefits.

"The in-boarding of Club benefits is receiving a good deal of interest," claims Danny Wright, President of *FORESIGHT*, the Norman, Oklahoma based company who introduced this concept.

The *FORESIGHT* Preferred Customer Club is marketed through more than 1,000 rental stores. The company is a major sponsor of *APRO* conventions and has been influential in gaining support for the rental-purchase industry in Congress and the Senate.

"We have a vested interest in this industry," Wright said.

"When it is attacked, we feel the pain. We share the concern that every rental dealer has for the future of his business," Wright added.

"We will not hesitate if we can use our influence, or our finances, or our creative skills to better position the industry in its struggle," Wright concluded.

More can be heard on this new concept at the upcoming *APRO* convention in Orlando. A special seminar titled, "*Dealers Speak Out on Club Programs*," is scheduled for Saturday, August 6th.

■ ■ ■ ■

ADVERTISEMENT

those dealers who have been to Washington, D.C., and the others who are in on the decision-making for this association.

"When I came back home, I let our employees know everything that's going on. Sometimes (owners) lose sight of the fact that these folks are looking to us for a paycheck and a career. They have a vested interest. I know they are thinking, 'Can Cleek survive?' They need to know the costs in a worst-case scenario, but they know I'm now confident we can survive. I think we'll win in tax court. I think we'll have to wait another year to get a good (federal) bill passed legislatively, but I don't think we'll see a negative bill passed."

Cleek said it was good to learn exactly where the money goes when he writes membership checks and more checks to the APRO Task Force. On the opening day of the conference, those in attendance were given a breakdown of the task force budget, they watched an inspirational APRO video, they heard about the successful APRO grassroots campaign and they heard from APRO's Ron Waters and Washington, D.C., lobbyist John Raffaelli.

"For 18 years this business has been real good to me," Cleek adds. "I've already paid my \$300 per store to the task force, and for the second year in a row I wrote a personal check for \$1,000 to the PAC fund. In my mind, I don't think you can afford not to do that. I'm a three-store dealer, and if I can put in \$1,000, most anybody can. If dealers can do that, we can win this thing going away. It's an expensive fight, but I know we can win."

Like his colleagues in Missouri, eight-store owner Kenneth Moye believes there is safety in numbers. He says the industry needs to remain focused on some very critical objectives, and membership in APRO is the only way to win.

"I leave these meetings feeling much more confident about the future of this industry and the future of my business," Moye says. "I have a great deal of confidence in the people we have representing us, but I also like to see and hear what's going on. For a deal-

Moye compares APRO and its annual spring meeting to the annual winter meetings held by Major League Baseball owners. While the competition among individual "teams" is furious, all members cooperate to strengthen the "league."

er not to want to know that, he's got to be crazy."

Moye, who has stores in Delaware, Maryland and Pennsylvania, compares APRO and its annual spring meeting to the annual winter meetings held by Major League Baseball owners. While the competition among individual "teams" is furious, all members cooperate to strengthen the "league."

"These trips and meetings are essential to my emotional well-being," says Moye. "There are some operators out there who have been around for a long time, they have their nest eggs stashed away, and their families will be taken care of. I'm not there yet. I invest my money back into my company to build it, and if something happens tomorrow, I'm in big trouble. When I come from meetings like the one in Lake Tahoe, I can make much clearer and more-informed business decisions."

Both Moye and Romine say they were inspired enough by recent grassroots trips to Washington and Lake Tahoe to throw their names into the hat for the APRO Board of Directors. Both dealers said they were encouraged by current and past board members to run in the election in August.

Two of the hottest topics discussed at the conference were the relatively new marketing strategies of "12-to-Own" and "flex terms." APRO legal counsel Ed Winn discussed both plans in his seminar, noting potential dangers of both.

With a 12-to-Own program, Winn warns that wide-spread use across the industry could easily increase the overall industry keep rate, which has been pretty steady in the past, somewhere between 20 percent and 25 percent. As a dealer's keep rate gets higher, according to Winn, the more his transactions resemble credit sales. Winn notes, however, that his study into the issue has not yet turned up dramatic increases in dealer keep-rates.

Winn is less forgiving of flex terms,

saying those programs look too much like disguised credit sales. With flex terms, dealers offer the same merchandise at different rental rates, the rental payments decreasing as the "term" lengthens. Some dealers claim the choice of various flex-term rental rates is attractive to customers, offering the weekly or monthly payment that is just right for customer budgets. APRO's legal counsel, however, says offering flexible payment schedules is a retail marketing strategy that could get rental dealers quickly classified as retailers by taxing authorities.

In addition to the sale-versus-lease side of the flex term argument, Winn challenged the audience in Lake Tahoe to explain what a dealer offers to the customer who pays more money on a shorter agreement than another over the same period of time. If both customers return the merchandise after four months, why has one paid more than the other? Winn emphasized the importance of giving value for every customer dollar. He believes flex terms may undermine the very concept of the rental transaction.

"I thought Ed Winn gave a good scenario," Romine says of the flex-term issue. "If we're really in the rental business, we've got to stay in the rental business. I haven't seen flex terms in my market yet, so this discussion was a surprise and I learned a lot. I think flex terms could really hurt the industry."

As for the 12-to-own debate, Romine acknowledges he has seen some competitors in Missouri start using the program, but it's too early to judge the results.

"But if keep rate is one of the issues the IRS is going to hang its hat on," Romine adds, "the dealers using (12-to-Own) are the ones who'll have to deal with it in the long run. They might be in bad shape if their keep rates are out of proportion with the rest of the industry."

—John Massey

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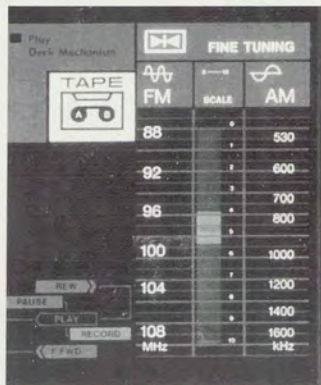
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Alabama dealers mourn for Mann

The Alabama Rental Dealers Association said goodbye in May to one of its most active members, Gary Mann of six-store, Montgomery-based ColorMart Rentals.

Mann, who died of a heart attack, was 48.

"Gary was one of the great supporters of our state association and of the whole industry," said ARDA vice president Jimmy Wammock. "He was a good friend to us all and he was a lot of fun to be with. There's no question he'll be missed by his colleagues, and we wish the best to his family and friends."

Mann was in the rental-purchase business for 15 years, 10 years as an owner, says his wife, Freddie.

"Gary was very much involved in getting the (RTO) bill passed in Alabama," she says. "Nobody enjoyed this business more than my husband."

Rent-Way completes strategic acquisition

Rent-Way, Inc., announced on May 20 that its merger with 20-store D.A.M.S.L. Corp. in upstate New York is complete. The acquisition of the new stores doubles Rent-Way's store total to 40.

"This is our first major strategic expansion since going public in August 1993," says William E. Morgenstern, president and CEO. "We are in a good position to take advantage of the increased revenues and efficiencies of scale made

possible through our corporate infrastructure."

The terms of the agreement provide for Rent-Way to issue 200,000 shares of its common stock (NASDAQ-RWAY) and an additional 200,000 shares in July 1995, contingent upon certain performance factors. The value of the transactions is approximately \$6 million.

Ganther, Martinek earn top honors

APRO staffers Cindy Ganther and Shelley Martinek each won first-place awards this spring in the Texas Society of Association Executives (TSAE) Toastmasters competition.

Ganther, APRO's director of marketing, earned top honors in the Speech Evaluation category.

Martinek, APRO's education director, was judged first in Toastmasters' Interpretive Reading.

An excerpt from the Toastmasters mission statement:

"Toastmasters International helps men and women learn the arts of speaking, listening and thinking—vital skills that promote self-actualization, enhance leadership potential, foster human understanding, and contribute to the betterment of mankind."

Martinek joined the Austin, Texas, Toastmasters club in October, 1993. Ganther joined in December. Both have already been chosen for leadership roles in the organization. On June 16, Ganther was installed as TSAE Toastmasters' new vice president—membership. Martinek, meanwhile, is the organization's new secretary.

APRO Executive Director Bill Keese says the awards underscore the commitment from APRO staff to constantly improve their skills and worth to the association.

"Naturally, I'm very proud of Shelley and Cindy," Keese says. "It's always gratifying when we receive recognition in professional circles that



APRO's Cindy Ganther

confirms my long-held belief—that APRO members have one of the best association staffs in the country."

Martinek is the ranking veteran on APRO's staff. She came to work for APRO in June, 1988. Ganther also has a long tenure. She joined the APRO staff in August of 1989.

APRO recognized for graphics excellence

The Association of Progressive Rental Organizations (APRO) was recognized twice in the 1994 Texas Graphic Excellence Awards.

APRO earned Awards of Merit for *Progressive Rentals* magazine in the Magazines, Monthly with Advertising category and for its publications advertising sales materials in the Sales Campaign Three or More Pieces category.

John Gormley, APRO communications director, edits *Progressive Rentals*, along with associate editor John Massey. Cindy Ganther, marketing director, manages ad sales. Joel Mathews designed the cover of the winning issue (October, 1993). Mathews is a freelance artist who serves as design consultant to *Progressive Rentals*.

Ganther coordinates design and production of all advertising sales materials. She worked with Kim McBride, a freelance artist who designed the winning entry in the Sales Campaign Three or More Pieces category.

Communications Specialists, Inc. (CSI), an

Austin, Texas-based commercial printer, printed both winning entries. Vickie Kirkland is the CSI sales consultant for APRO.

In fact, CSI was awarded "Best in Texas" among commercial printers. It marks the first time an Austin printer has ever received the prestigious award for best printing job in Texas, and CSI beat out more than 1,500 entries submitted by 127 firms—many of them based out of Dallas and Houston. John Gray Jr. is CSI's owner; Bob Ellis is vice president.

The 1994 Texas Graphic Excellence Awards are judged and presented by the Printing Industries Association of Texas and the Printing Industries of the Gulf Coast.

APRO's Gormley elected to post

John Gormley, APRO's director of communications, was elected by his peers in the International Association of Business Communicators (IABC) to an officer's position on the board of directors, Austin, Texas, chapter.

He was elected in June and will serve as vice president—finance for IABC/Austin during the coming year.

In July of 1989 Gormley began work at APRO.

Kansas CPA White left off listing

Michael S. White was inadvertently omitted from a listing published this spring in a special report for APRO Task Force contributors and association members.

White serves on the APRO Tax and Accounting Committee but his name did not appear in a list of committee members published this spring in the *APRO Task Force Annual Report*.

The association's tax and accounting committee helps formulate strategy on federal tax issues such as sale-vs.-lease and depreciation.

White is a certified public accountant based out of Wichita, Kan.

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So much to know

Rentown USA's Rich Bartel, APRO board member from Vancouver, Wash., will lend his expertise on two important topics: "What's Happening with New Products" and "How to Talk to Your Congressman." The products seminar will bring you up to date on new products being tried in rental-purchase outlets—are they a boost to business or a waste of time, space and money? More importantly, will they work for you?

Bartel has been in the rental-purchase business and involved with APRO for more than a decade. He is owner of a mattress factory and 19 stores in Oregon and Washington, and he is a board member of the Washington state association and state president of the Oregon Rental Dealers Association. He has been on the APRO Board of Directors since 1992.

With legislative activity really heating up this past year, it is in the interest of every rental-purchase dealer to become proficient at communi-



Disney-MGM Studios Theme Park is one of the many exciting places to visit during your convention stay.

cating with his or her elected representatives in Washington. Bartel joins Kevin Quinn, APRO president and owner of K.L.Q. Enterprises, Puyallup, Wash., in suggesting how to make a

difference in the rental-purchase industry by becoming involved in the legislative process and making it work to your advantage. Quinn is a long-time APRO member and he's active in the Washington state association. Quinn purchased his first RTO store in 1982 and was the first franchisee of Prime Time Rentals. He currently owns seven stores.

Quinn will also moderate a panel discussion on club programs—find out from your fellow rental dealers if a club concept really works. In another session, hear dealers discuss legal aspects of "12 to Own" in a panel discussion moderated by Darrell Tissot of Countryside Rentals.

Bud Holladay of Alrenco, based in New Albany, Ind., has been president, chairman and director of APRO and he knows rental-purchase inside and out. Drawing on his experience as owner, operator and consultant in rental-purchase since 1968, Holladay helps you take a hard-nosed look at your business operation to determine why you're not meeting your growth expectations. "Why You Don't Grow" will analyze everything from tele-

Vendor relations committee serves all

When the APRO Vendor Relations Committee met this spring in Lake Tahoe, association president Kevin Quinn challenged committee members, and myself as spokesperson to the APRO Executive Committee, to do a better job of communicating to the entire association.

We committee members were also challenged to have a better line of communication with our many vendors. I believe it is important to invite any and all comments from APRO members to the vendor relations committee or the APRO staff. Your comments are all welcome.

Here are the members of the APRO Vendor Relations Committee, followed by company and telephone numbers:

Ken Gay, Magnavox/Sylvania, (615)521-4711; Dick Gossom, General Electric, (502)452-5655; Tom Kitchens, Whirlpool, (616)923-2417; Sherry Workman, High Touch, (800)326-6059; Richard Anderson, The Fashion Craft Corp., (800)437-0799; Joseph Savovic, Pilliod Cabinet Co., (910)884-3929; Norm Smith, Zenith Electronics, (708)391-8231; David Weiss, Beekman

Furniture, (800)445-4318; Alan Stein, Nationwide Club Administrators, Inc., (305)344-7900; Al Zagorniak, Sears Contract Sales, (913)642-1617; and Tim Shannon, Thomson Consumer Electronics/RCA, (317)587-3043.

The duties of the APRO Vendor Relations Committee are many. It is our responsibility to aid the APRO staff in selecting convention and trade show sites, taking into consideration the needs of exhibitors, who are based across the nation. The site must be attractive enough to draw dealers, offering entertainment options for families. There must be plenty of room for display booths, with easy access and good security. And, the cost for all of this must be reasonable.

The committee also must work to strengthen the association. Many of us "work the streets," so we are close to the heartbeat of the industry. We carry information to dealers about market trends, changes in industry demographics, and even news about tax and legal issues.

When we meet with prospective APRO members we always hand out

the association's new member package, which outlines the benefits of being a member of APRO. We travel to many trade shows every year, and we are proactive in recruiting rental-purchase dealers as new members of APRO.

To help the association keep its membership dues down, many of us vendors sponsor events throughout the year. We hold raffle drawings in the exhibit hall during convention.

We vendors also promote and encourage dealer members to buy from member vendors. We work hard to develop partnerships and we write articles and produce educational videos. We establish other product knowledge training materials and conduct "How-to" seminars as requested by APRO staff.

As in any association, you get back what you give. I encourage all dealers to contact a member of the APRO Vendor Relations Committee, an APRO board member or staff member. Take time to share your ideas, suggestions and concerns. I hope to provide an informative article after each vendor relations committee meeting to keep our lines of communications open.

—Al Zagorniak

Convention schedule

Tuesday, Aug. 2

Optional "Disney day;" Attendees arrive early to tour on own.

- 8 a.m., APRO early registration.
- 3:30-5 p.m., APRO executive board meeting.

Wednesday, Aug. 3

Optional "Disney day;" Attendees arrive early to tour on own.

- 8 a.m., Golf tournament (Palm & Magnolia courses); sponsored by Whirlpool.
- 8 a.m.-10 p.m., Exhibitor setup.
- 8 a.m.-6 p.m., APRO registration
- 1-3:30 p.m., APRO Government Relations Committee meeting.
- 1-4:30 p.m., Optional tour "Behind the Scenes at Walt Disney World."
- 3:30-5 p.m., State presidents' awards reception; sponsored by Voyager Insurance Companies.
- 6-8 p.m., Early bird reception "THE MAIN EVENT," featuring Joe Frazier; sponsored by Home Line Industries.

Thursday, Aug. 4

- 8:30 a.m.-5:30 p.m., APRO registration.
- 8:30-9:30 a.m., Spouse coffee.
- 8:30-9:30 a.m., APRO members pick up ballots for board election.
- 9:30-Noon, General session and business meeting; keynote speaker sponsored by G.E. Appliances.
- Noon, Exhibit hall ribbon-cutting ceremony.
- Noon-5:30 p.m., Exhibit hall open.
- Noon-3 p.m., Cash lunch in exhibit hall.
- 4-5:30 p.m., Congressional leadership council briefing session.
- 6-8 p.m., Gala cocktail reception "BEACH BASH" at Pleasure Island; sponsored by FORESIGHT.

Friday, Aug. 5

- 9-5 p.m., APRO registration.
- 9:30 a.m.-1:30 p.m., Exhibit hall open.
- 9:30 a.m.-1:30 p.m., Cash breakfast/lunch in Exhibit hall.
- Noon-1:30 p.m., Presidents' council luncheon.
- 1:30 p.m., Spouse program—outlet mall.
- 1:30-6 p.m., Seminars; breaks sponsored by TRIB Group.
- Evening—On own.

Saturday, Aug. 6

- 9 a.m.-5 p.m., APRO registration.
- 9 a.m.-1 p.m., Exhibit hall open.
- 9 a.m.-1 p.m., Cash breakfast/lunch in exhibit hall.
- 1-6 p.m., Seminars; breaks sponsored by TRIB Group.
- 2 p.m., APRO Vendor Relations Committee meeting.
- 7-8 p.m., Reception; sponsored by Thomson Consumer Electronics.
- 8 p.m.-midnight, Awards banquet "FANTASY BALL;" sponsored by High Touch, Inc.

Sunday, Aug. 7

Optional "Disney day;" Attendees can tour theme parks.

- 8 a.m.-2 p.m., Exhibit tear-down.
- 10 a.m.-noon, APRO board meeting.

NOTE: APRO Convention Daily newspaper sponsored each day by Philips Consumer Electronics.

phone presence to showroom presentation to employee priorities, and make suggestions that will put you on your way to realizing your business potential.

APRO's immediate past president, Wayne Chambers, moderates a panel discussion designed to help you survive an IRS audit. Panelists for this double-session seminar are rental dealers who have dealt with recent IRS audits—and lived to tell the tale. Their experiences can help you survive as well, as you cope with the difficult subject of tax laws as they relate to rental-purchase. Chambers is a veteran in the industry, having started in 1976, and general partner in CWD Enterprise Two Ltd., a Houston company that operates RTO stores around the country.

Psychologists Stuart Vexler and Cari Kahn address the human side of the industry in two important seminars that can make a difference in your business. In "Orienting Your Employees Toward Customer Satisfaction," they show how to compete effectively in a competitive marketplace by motivating your employees toward pleasing the customer. In "Being Positive During Negative Times: Handling Negative Impressions," Vexler and Kahn explain how positive thinking can eliminate negative patterns and help your staff maintain a positive outlook during times of crisis.

Vexler is a specialist in organizational psychology, training and career counseling and an adjunct professor at the University of Texas at Austin School of Business, where he teaches organizational behavior. Kahn specializes in group and individual psychotherapy and has provided training and consultation on such topics as conflict resolution, supervisory skill development, interpersonal communication and customer relations.

And furthermore ...

APRO Executive Director Bill Keese has said that the rental-purchase industry must work to alter the general public's image of the industry if it is to be treated fairly by government and in the media (*Progressive Rentals*, April-May 1994, page 8). In the RTO public relations seminar, Keese joins

Colburn Aker of the APRO public relations firm of Aker Narsavage Partners in a discussion of what needs to be done to achieve this industry goal. A former Texas state legislator, Keese has been APRO's executive director since 1989 and has extensive senior-management experience in several industries.

In "Employee-Driven Marketing," Dan Matthews, vice president of Action Rent to Own, examines a variety of corporate and in-store marketing techniques and outlines ways to define your marketing goals and develop a marketing strategy that works for you. Matthews has been an in the rental-purchase business for 21 years, serving in many capacities.

In another informational session, Keese and Ted Wilson, vice president of finance and administration for Alrenco and a former APRO president, will review 1994 APRO statistical survey results for those who participated by completing and returning the survey to the APRO office.

APRO Government Affairs Director Ron Waters will join Ron DeMoss and Chris Korst of Rent-A-Center in updating state association officers, congressional leadership council members and others on the status of various state legislative bills, federal legislative strategy and future state legislative targets. Korst chairs the APRO Government Relations Committee.

Wrapping up the seminar lineup are two sessions on security measures for RTO stores, conducted by Paul DeLorey of Avant and James W. Bassett of J.W. Bassett Co., and two sessions on "How to Control Damage and Loss," an insurance-based seminar offered by representatives of companies dealing specifically with the rental-purchase industry.

Fun in the sun

With the 1994 convention in Orlando but a few weeks away, you're no doubt already sold on the fabulous convention site, the charm and promise of vacation land Florida, and promising convention agenda.

Ride the wave—there's no telling where it might take you. **PR**

Freelance writer Barbara Stooksberry has been writing about APRO convention destinations since 1989.

ple up here doing this kind of thing," says APRO Executive Director Bill Keese. "We also need to get more and more rental dealers involved in the political process."

Grassroots activity isn't confined to meetings in Washington. Letters, phone calls, and the industry's petitions and posters campaign are other forms of dealer contact with Congress.

However, personal meetings typically have the biggest, most lasting impact. And, of course, some of these face-to-face meetings take place back home in the congressional districts.

Consider Allen Lewis' example.



Photo courtesy of Amigo Rentals

Rep. Joe Skeen meets Rico Amador at a Las Cruces, N.M., Amigo Rentals store.

Lewis, CEO of Amigo Rentals and first vice president on the APRO Executive Committee, met with U.S. Rep. Joe

Skeen, R.-N.M., in his district office and later invited the congressman to visit an Amigo store. Rep. Skeen took Lewis up on the invitation. On March 29, the congressman met with Lewis and other Amigo workers at one of the company's Las Cruces, N.M., stores.

Lewis says the congressman expressed genuine interest in the RTO bills pending before Congress. Lewis also briefed Rep. Skeen on another business-related issue outside of rental-purchase that was coming up for a vote in the House.

"Being from a business background, congressman Skeen was very supportive," Lewis says. "He asked intelligent questions and spent a lot of time with us."

The fact that Lewis addressed more than one important issue with his federal representative also shows that personal relationships with elected leaders can work for a variety of purposes. It's all about connecting the faces and names of voters to issues.

APRO's May is convinced that lessons learned from grassroots involvement can apply to life, not just to rental-purchase or any other issue.

In just a short time, the association has built a trained grassroots army—a cadre of articulate, focused constituents. APRO dealers have the education, political savvy and familiarity with Congress. A collective Grassroots Man, if you will.

There are other battlegrounds besides the U.S. Congress, and many levels of grassroots.

"It's all about representation," says May. "It's also ensuring broader representation for the many facets that govern our lives, from city to state to federal."

PR

APRO Member Grassroots Activity Chart

Please fill out and send to the APRO offices. Attention: Richard May.
The Houston Bldg., Suite 220
9171 Capital of Texas Hwy. N., Austin, Texas 78759

APRO Member	
Address	
Congressman(woman)/Senator	

VISITS

Date	Comments
Date	Comments
Date	Comments

LETTERS

Date Letter Sent		
Return Letter	Copy to APRO	Date
Date Letter Sent		
Return Letter	Copy to APRO	Date
Date Letter Sent		
Return Letter	Copy to APRO	Date

PHONE CALLS

Date	Comments
Date	Comments
Date	Comments

PETITIONS

Petition	Estimated # of Signatures
Date Presented to Congressman(woman) Senator	

EMPLOYEE/CUSTOMER LETTERS

Number	Copies to APRO
--------	----------------

OTHER

Campaign Functions, Dinners, Postcards, etc.
--

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