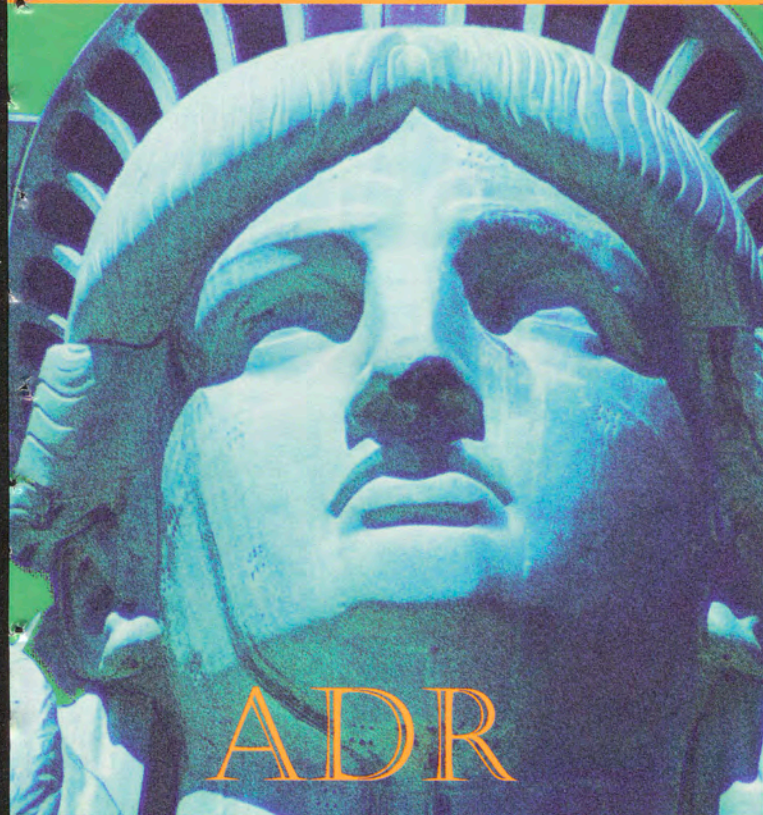
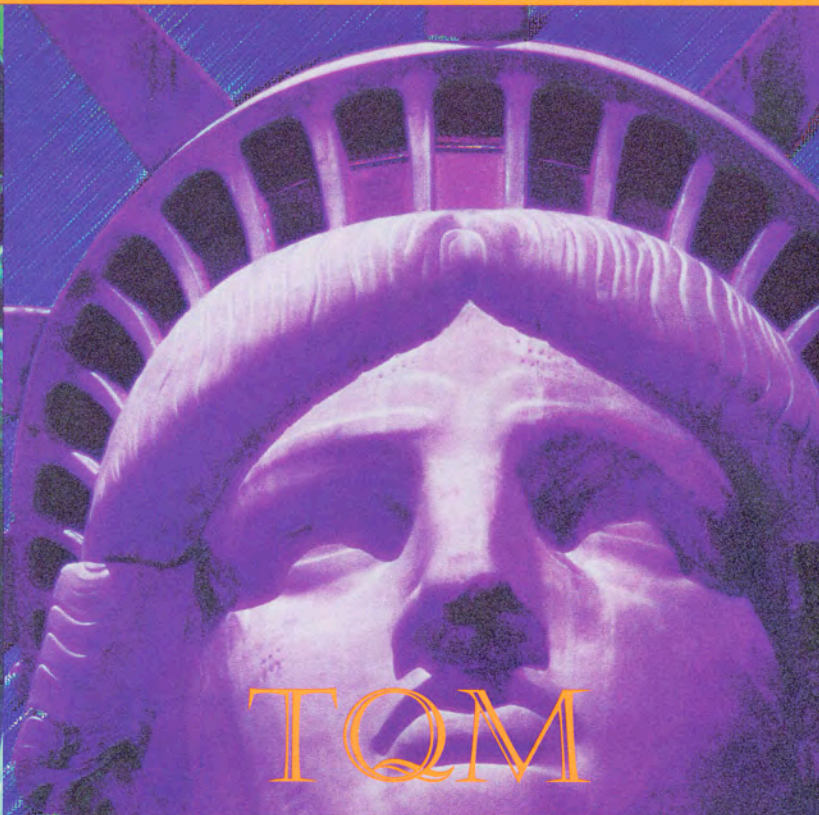


PROGRESSIVE Rentals

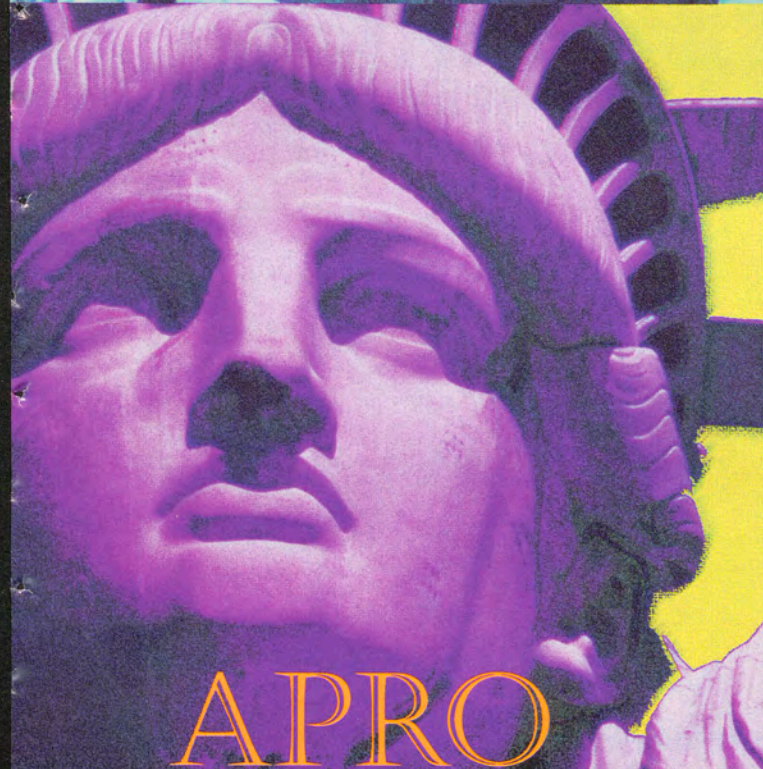
The magazine of the rental-purchase industry • February/March 1996



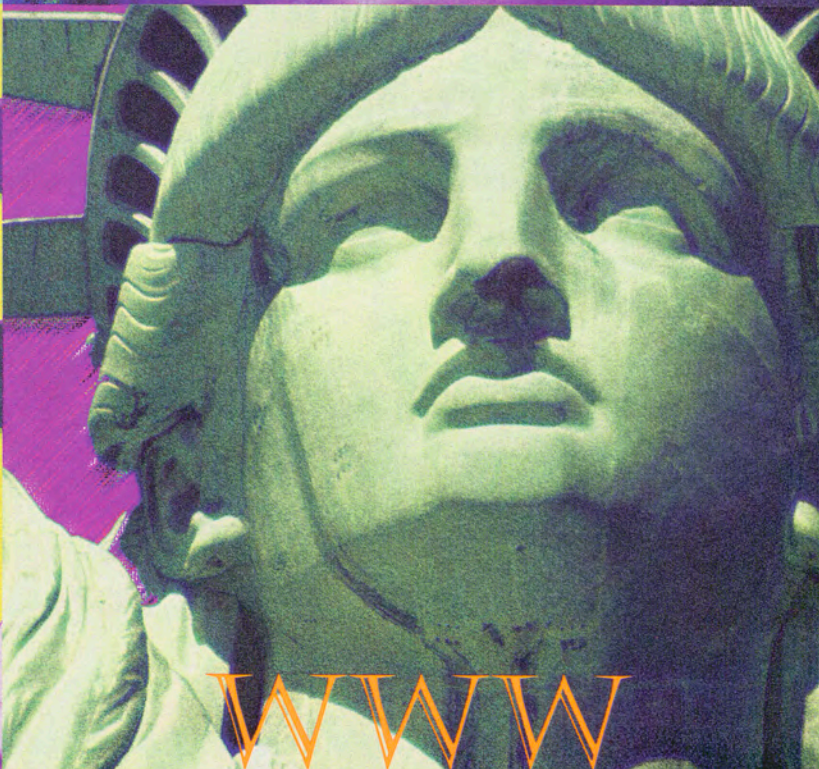
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WWW



19" Diagonal TV/VCR Combination



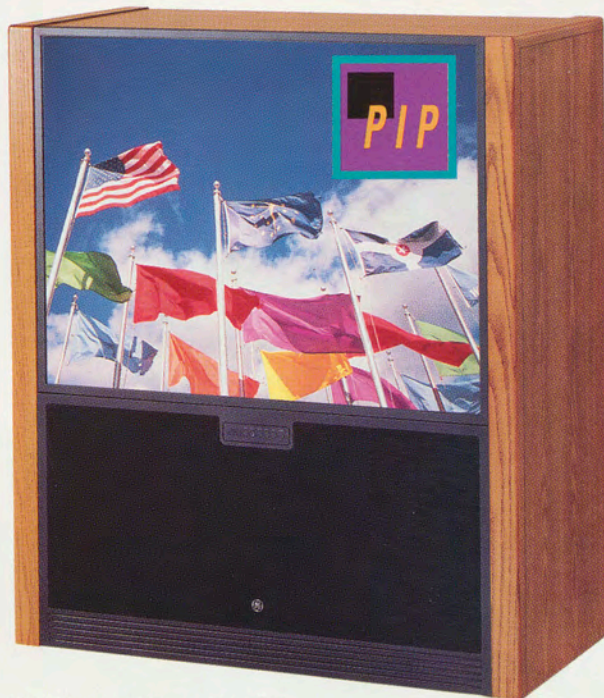
19" Diagonal XS® Stereo TV



25" Diagonal XS® Stereo TV



13" Diagonal KitchenVision®
TV/VCR Combination



46" Diagonal Projection TV



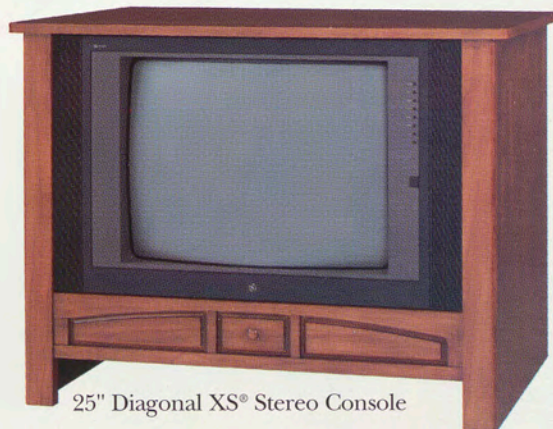
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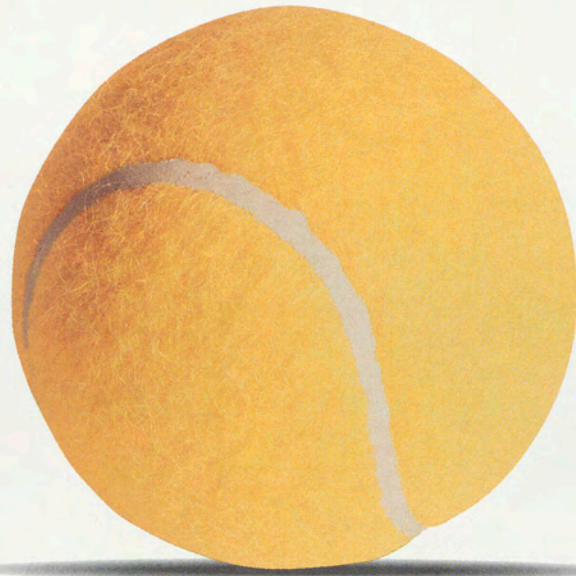
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If you've been shoveling snow for the past several months, focus on this: The 1996 APRO Mid-Year Conference, which begins April 14, will be in scenic, sunny Monterey, Calif.



Renting on the Internet 18

There's a dynamic new frontier for businesses, both large and small. Companies are racing to market their products and services on the Internet, like prospectors rushing to a boom town. Here's an overview of the possibilities.

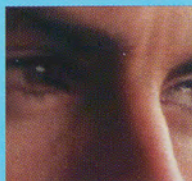
Rollin' on the River 20

When you think of APRO conventions, you think of business opportunities and great times. This year's convention and trade show, Aug. 11-15, returns to New Orleans—a favorite spot for rental-purchase dealers and one that has even more to offer in 1996.



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What about the rental customer who doesn't have \$20 today, but does have maybe \$5 or \$10? Rather than picking up the item, would you consider renting for shorter terms than the traditional weekly period? Ed Winn looks into the pros and cons of this idea.



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Alternative Dispute Resolution has become a most viable "court" of the future because it gets lawsuits settled quicker and less expensively. More and more companies like this alternative to litigation.



Quality Management 30

Total Quality Management: in essence, it means teamwork. The concept is as applicable in large corporations as it is in small businesses. For your business to truly prosper, your employees have to believe they're able to—and, in fact, do—bolster the bottom line.



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Why is it that every time you open your hometown newspaper, it seems the same business gets all the ink? You've heard that the squeakiest wheel gets the grease. Well, media-savvy people know this to be true. And they know how to approach editors.

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Cover design by Joel B. Mathews



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Gates leaves THORN post

Walter E. "Bud" Gates, stepped down as chairman and CEO of Rent-A-Center parent THORN Americas, Inc., the company announced Feb. 22. John R. Isaac, who served as Rent-A-Center's chief operating officer since 1995, has assumed the titles of president and CEO.

Also on Feb. 22, two THORN Americas executives announced their retirement plans. David Egan, who served as executive vice president and general counsel, accepted an advisory position within the company as general counsel emeritus. Joseph Kieffer replaces Egan as general counsel.

John Slaymaker announced his plans to retire from his post as executive vice president and chief financial officer, effective Aug. 31. On that date Randy Underwood will assume both positions.

In other action, THORN Americas parent company, London-based THORN EMI plc, announced its plans to demerge its rental empire and its EMI music arm. Sir Colin Southgate will serve as chairman of both the EMI Group plc, made up of the music and HMV specialist retailing businesses, and THORN plc, the rental and rental-purchase businesses.

Alrenco takes stock public

Alrenco, Inc., a 69-store rental-purchase company based in New Albany, Ind., made an initial public offering of 1.8 million common shares of its stock on Jan. 23. Traded on the NASDAQ board under the ticker symbol RNCO, Alrenco's stock opened the trading day at \$14 per share and jumped to more than \$15.50 on the first day.

Michael D. Walts Sr. is Alrenco president and chairman of the board, and his son Michael "Mick" is vice president of purchasing. Association of Progressive Rental Organizations (APRO) founder Raymond C. "Bud" Holladay is Alrenco's executive vice president and chief operating officer, and longtime association board member Ted Wilson is executive vice president and chief financial officer. Holladay and Wilson are former APRO presidents, and they hit the road in early 1996 to educate potential investors on their company.

Alrenco acquired 15 stores in late 1995 from Television Management, Inc., and is expected to acquire more from other companies during '96.

TRIB Group sets convention dates

The Rental Industry Buying Group, better known as TRIB Group, will hold its annual convention May 16-18 at the Nashville, Tenn., Opryland Hotel.

TRIB Group's executive director, John Blair, said a convention information package will be mailed to members during the first week of March. TRIB Group membership has increased from 58 rental companies and 600 stores to 86 companies with more than 1,250 stores since 1993.

Blair said the buying group represents more than \$160 million in buying power. For more information on TRIB Group membership, or for more convention details, contact Blair at (770)451-4302.

Manning takes GE post to serve RTO

Bruce Manning, an 18-year GE veteran, has taken over the lead role for GE Appliances' rent-to-own national accounts, the company announced on Jan. 10.

Manning replaces 37-year GE Veteran Dick Gossom, who has served the rental-purchase industry since 1992. Gossom, who also served on the APRO Vendor Relations Committee, has been assigned to take over other GE national accounts outside the rental-purchase industry.

Manning will oversee the ever-growing GE commitment to the rental-purchase marketplace. He has held several sales positions during his 18 years with GE.

Since 1992, Manning has handled several national rental accounts, including Rent-A-Center, Aaron Rents, Remco, Champion, Easy Rentals and TRIB Group.

APRO earns more publication awards

APRO's main publications, *Progressive Rentals* magazine and *Network News*, both earned top awards in the 1995 Best of Austin Awards and Evaluation Program, sponsored by the International Association of Business Communicators' Austin, Texas, chapter.

Progressive Rentals received an award of excellence—the top possible honor—in the Best Magazine (four-color) category. APRO's tabloid *Network News*, which was redesigned early last year, won the award of excellence in the Most Improved Periodical category.

In other news, APRO's 1995 Convention Registration packet received an award of merit in the Printing Industry Association of Texas' Graphics Excellence awards competition.

Press Corps, an Austin-based commercial printer, printed all three award-winning APRO products.

PUBLICLY TRADED RTO STOCKS

RTO Company	Symbol	2/26 Price	52-wk. hi	P/E
AaronRents A	ARONA	19-3/4	19-3/4	15
AaronRents B	ARONB	20-1/4	20-1/2	--
Alrenco	RNCO	14-63/64	15-7/8	--
Renters Choice	RCII	17	18-1/4	33
Rent-Way	RWAY	7-5/8	11-1/8	27

RAC adds stores

THORN Americas, parent company of industry giant Rent-A-Center, increased its store count by 129 in January, acquiring 99-store COMCOA, Inc., seven AdvantEdge stores and 20-store Tidewater Rental Corp.

COMCOA, which was owned by Delaware-based Advantage Companies, Inc., operated 99 Rent-A-Center franchise stores in Florida, Alabama, Mississippi and Georgia. Advantage used to be traded on NASDAQ under the ticker symbol ADVG. Tidewater, also a THORN franchisee, had 20 stores in Virginia.

Rent-A-Center remains the largest rental-purchase operation in the United States, with 1,232 Rent-A-Center stores in 49 states and the District of Columbia. THORN has 24 Rent-A-Center stores in Canada, plus 141 Remco stores in 17 states.

Wisconsin banking chief changes mind

Richard Dean, Wisconsin's commissioner of banking, reversed a ruling on rental-purchase transactions that may affect how rental transactions are treated in that state.

Dean's reversal of a ruling he made in 1994 was apparently made in order to improve his working relationship with Wisconsin Attorney General James Doyle. Media reports said that Dean informed Doyle by letter of his reversal, saying that his 1994 ruling in favor of the rental-purchase industry was a stumbling block between the two state departments' efforts to protect consumers.

While saying he still believes his 1994 ruling on rental-purchase is correct, Dean admitted that he and the attorney general should work together to regulate the industry. Recent efforts to regulate the industry in the state assembly failed.

During the last week of February, Doyle's office filed a contempt action against ColorTyme in Milwaukee. Doyle aide Jim Haney said that Dean's reversal prevents ColorTyme from using the 1994 ruling as a part of its defense.

Wightman to serve as RTO consultant

Dennis R. Wightman, a Merrill Lynch financial consultant with experience as a rental-purchase executive, announces his availability to aid industry dealers with financial needs.

Based in Cincinnati, Wightman holds a series seven securities license, an investor adviser license, a life and health insurance license, and a variable annuities license.

From 1991-94, Wightman was general manager and chief of operations for a 53-store rental-purchase company. He consults RTO dealers on a variety of financial services, including lines of credit, term loans and cash-management services. Wightman may be reached at (800)234-2099 or (513)579-3629.

DeMoss on Rent-Way team

Ronald D. DeMoss, who had served for more than five years as a staff attorney for Rent-A-Center parent THORN Americas, was named vice president and general counsel at 82-store Rent-Way, Inc.



DeMoss, who was instrumental in major industry legislative victories at the state and national levels while with THORN, assumed his new position on Jan. 10. Since 1992, DeMoss played a major role in the passage of industry-supported state laws in Utah, Idaho, North Dakota, West Virginia, Oregon, New Hampshire, Vermont, Arizona and California.

In another personnel move, Rent-Way CEO and chairman William E. Morgenstern appointed Thomas E. Wurm as Rent-Way's vice president of operations.

Wurm was previously a regional director with Rent-A-Center, overseeing 116 stores in 15 states.

Readers respond to release

Coming to a newspaper near you: an article touting rental-purchase as an alternative for consumers who don't want to add to their debt.

APRO, working in conjunction with North American Precip Syndicate (NAPS), developed a camera-ready news release that was distributed to 10,000 newspapers across the country in January. It is the first of four to be distributed in 1996 and it appears on this page under the heading: "Budget Stretching Ideas; Rent-To-Own Products Solution to Staying Out of Debt."

The message, which takes into account Americans' concerns over their personal debt levels, is designed to appeal to an expanding middle-class market for RTO dealers. The news release includes a toll-free number so interested consumers can call APRO for more information about "rent-to-own" stores in their areas.

Already, consumers are taking APRO up on the offer. Said John Gormley, APRO's communications director:

"This is taking our message to the next level which is true, two-way communication. With our 800 number for prospective new customers, it gives us a feedback mechanism. We can now gather informal research on consumer attitudes and—best of all—provide potential new customers with the phone numbers and locations of APRO-member stores. So the program serves our members' marketing aims as well."

The NAPS releases give APRO a big bang for its buck. While NAPS handles the design and mass distribution for the "Budget Stretching Ideas" news release, it also maintains a database and clipping service that tracks placement, readership and some reader demographics.

On Jan. 26, just two weeks after the distribution of the news release, NAPS reported placements in 16 different newspapers in four states, with a potential readership of 802,640.

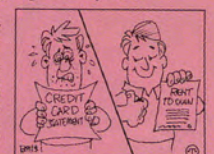
BUDGET STRETCHING IDEAS Rent-To-Own Products Solution To Staying Out Of Debt

(NAPS)—More and more, Americans are carefully watching what they spend in hopes of staying out of debt. One way to do this is by taking advantage of rent-to-own products and services. Today, you can rent just about anything you can buy including televisions, computers, home appliances and furnishings and cellular phones.

There are about 7,500 stores nationwide that offer a unique choice: To rent with the opportunity of owning the item later. More than three million Americans a year are now enjoying the flexibility and convenience of this relatively new consumer option. It may make sense for you, especially when unavailable cash or credit is keeping your family from buying what it needs.

Some of the perks of rent-to-own products and services include full service and repairs, no obligation to buy, the ability to return the item at any time and no interest charges.

The 1980s may have represented conspicuous consumption, but the 1990s are about making smart



Millions of Americans have found that renting products and services with the option to buy makes better economic sense than buying them outright.

economic choices. Studies have shown that acquiring useful products and services is very important to people. That is why convenient rent-to-own businesses are so popular with so many debt-conscious consumers.

For information about a rent-to-own store near you, write the Association of Progressive Rental Organizations (APRO) at 9015 Mountain Ridge Drive, Suite 220, Austin, TX 78759 or call 1-800-204-2776.



As we become more and more consumed with big-picture concerns, such as federal tax policies, regulatory legislation and our industry's public image, it's easy to neglect the basics of our business and why we're all here.

Let's not forget the most fundamental reason: we provide a valuable service, and that is why rental-purchase remains a viable industry.

A knowledge of, commitment to, and attitude which reflects that service is a focus we must never lose. Service to our association members and to our companies' customers will, in turn, serve us well in the present and into the future.

As an association, we are committed to serving the membership of APRO, listening to the concerns and changing needs of members, and responding in an appropriate manner. We realize that the external environment is in flux; it is always changing. We, too, are prepared to change in order to meet any new challenges to the industry and help our mem-

bers survive and thrive. Not only are we prepared to listen, we are prepared to lead; to help interpret changing times and anticipate what is needed down the road.

As individual companies, we also need to listen to our customers. It is dangerous to hold too many old assumptions about our customers, because they are also changing. Customers' needs change as well as the customers themselves. Their circumstances and expectations change.

If we do our core job right—taking care of the customer within our individual companies—everything else will fall into place. Let's

not lose sight of this unwavering truth or our problems will tend to multiply.

The late great inspirational speaker, Earl Nightingale, knew this all too well. Nightingale used to tell a story called, "Acres of Diamonds." It was about a landowner who sold his land in order to go search for diamonds. Well, the new landowner found an incredibly rich source of diamonds—right underneath the previous owner's nose. The first owner had failed to focus, first and foremost, on tending to his own property. If he had, he would have found riches beyond imagination—literally in his own back yard.

I think this story has a two-fold message. First, resist the temptation to act in a fickle manner when it comes to what you already have. Second, stay close to the ground.

Yes, it is important to study the landscape outside of our own companies and think strategically, even globally, and always in the long term. However, it is equally as—if not more—important to pay attention to what happens on the front lines in our own companies every day. The daily activity in our stores is where our companies succeed or fail—and, ultimately, our industry along with them.

My company is currently re-focusing inward to determine if our everyday practices continue to serve our customers in the best way, according to their needs today. It is so easy to lose sight of our real business when we're constantly bombarded by the fog of numbers, regulations, personnel issues, and all of the other forces competing for the attention of owners and managers.

Whenever we focus on serving one customer at a time and deliver that service consistently, I believe all of the other issues are less complex and easier to resolve.

Bill White, in his first term as APRO president, is owner of Action TV & Appliance Rentals, Inc. based in Mesquite, Texas.

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APRO enlists TateAustin PR firm

APRO has selected TateAustin, a public relations and advertising agency based in Austin, Texas, to oversee the association's national public relations campaign. Central to the decision to hire TateAustin was the experience of the staff and the proximity of the firm to APRO headquarters.

"We reviewed several firms' capabilities and were simply most impressed with the enthusiasm and experience at TateAustin," says Bill Keese, APRO executive director.



Kerry Tate

Kerry Tate, president of TateAustin, and a veteran of the public relations industry, says she appreciates the challenge the APRO business presents: "The rent-to-own industry has had its share of bumps and scrapes with the press," she says. "What you're facing now is the classic underdog scenario, and who can resist that? It's time the industry got recognized for the good things you are doing."

TateAustin account supervisor Nancy Edwards brings 10 years of experience in public relations and advertising to the APRO campaign. She most recently developed an extensive public relations campaign for the American Booksellers Association that brought national media attention to the struggle of independent bookstores to compete with the encroachment of chain "super bookstores." Edwards also supervised a national advertising campaign for Toyota dealers, touting their community relations achievements in the pages of *People* magazine.

"I have tremendous appreciation for entrepreneurship and its effects on local communities," Edwards says. "I think we can leverage that spirit to shift the APRO debate in a positive direction."

A 22-year-old firm, TateAustin serves a wide range of local, regional and national accounts in diverse industries such as healthcare, retail, hospitality, transportation and utilities. Headed by Tate and partner Dave Wenger, who serves as executive creative director, the firm is known for tackling tough issues and producing campaigns that often become news. In addition to her agency role, Tate serves as chair of the Austin Chamber of Commerce.

"In the past, APRO's public relations efforts were defensive, just responding to negative news coverage as it occurred," says APRO's Keese. "But I think this industry has matured to the point where it should aggressively promote its services and value to the marketplace. I believe this strategy will not only educate consumers about the rental-purchase option, but it will bring in new customers into our members' stores."

Details of the new APRO public relations campaign will be unveiled to members at the mid-year conference in Monterey, Calif., April 15-17. The firm is currently conducting a random survey of APRO member companies for input, developing campaign materials and handling the association's media relations on an ongoing basis.

For more information or to make suggestions to APRO's public relations efforts, please contact Nancy Edwards at TateAustin, (512)476-7696.



Nancy Edwards

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Catchy quotes and 10-second sound bites, providing little, if any, accurate information, is what news coverage seems to be about these days.

Reasons given for "capsulated" reporting vary, but include tight deadlines; report first regardless of the consequences; short reader attention spans; sexy "hot" buttons reporting is trendier than in-depth coverage; and lazy reporting.

An interesting example of "hot" button-vs.-in-depth coverage just occurred yesterday (Feb. 5). I was told that Bill Clinton had purposely withheld information about losses in Medicare from the Republican-controlled Congress during budget negotiations. The Republicans were livid with this transgression according to the news. The evening national news reported this story at 5:30 and the local news repeated it at 6 and 10 p.m. Like most Americans, I figured the story must be true, having heard it so often. I was angry.

This morning, I turned on the news and heard the White House was unaware of the dollar loss in Medicare. It seems the President's press secretary read about the problem yesterday, just as most others.

The Treasury Department published this information in October, sending copies of the report to all members of Congress and the White House. No one bothered to read it.

This certainly must have been embarrassing for the Washington politicians, but I wonder how many people heard only the first report—the one that said the President was purposely withholding information from the Republicans. How many of those same viewers heard the report stating the information was available to everyone last October, long before the budget talks?

I strenuously object to this "report first and damn the consequences" style of journalism. No wonder we have begun to recognize a credibility gap with news reporting. The more heinous consequence, however, is the undermining of our societal institutions. A recent example of the "news as entertainment" school of journalism involved an interview I had with a reporter for the San Antonio Express-News. The interview quoted me as saying, "It's not like they're loan sharks or something." In reality, the reporter's first question was "Isn't rent-to-own just another

example of loan sharking?" To which I replied: "No, there is no comparison. We are renting products to customers and the customers have no obligation for more than a week or a month."

Folks, the truth just doesn't seem to sell enough newspapers. So why don't we just combine a little here and a little there and have a more entertaining story?

A new book is in your bookstores that I find refreshing. *Breaking the News*, by James Fallow, argues that the media's fixation on mindless conflict is alienating the public. I hope he's right. The news media have certainly alienated me.

The real question Fallow asks is whether journalists want merely to entertain the public or engage it? If journalists want to merely entertain, they will keep doing what they have done for the past several years.

Entertaining the American public with the news is always at someone's expense. The sad fact is the news media doesn't always know or care about the truth.

Fallow relates an astonishing story about the misreporting of the Clinton health plan. In an article in the *New Republic*, written by Elizabeth McCaughey, the author states that the Clinton health plan would not allow people to buy their own health care outside the proposed new system. The story grew when George Will, a contributing writer for *Newsweek* and a popular political pundit on television, passed on to millions the further exaggerated claim that anyone buying health-care programs outside the Clinton plan would end up in jail. A national magazine award was presented to McCaughey for her exposé about the Clinton plan. The award and the publicity lifted Elizabeth McCaughey to the lieutenant governorship of the state of New York.

One problem, folks. The accusation was not true according to Fallow's research. People

could buy health-care plans outside the proposed system and no one was going to jail if they chose to.

Tell the story and worry about the facts later. How many times has this happened to us, eh, *Wall Street Journal*?

It's going to get worse before it gets better. Negative news has more than doubled since 1970 and now exceeds positive news coverage. I'm not surprised, are you?

The choice is ours. There is quality reporting available. We can affect the current environment by listening, reading and watching those news reports that emphasize substance over strategy, advocacy over attack and consensus over conflict. Every time we read an article, whether it's rent-to-own or not, and we know it to be sensationalism or a downright lie, we should write letters, make phone calls, stop buying those publications; when we watch a TV report and know it to be one-sided and shallow, we should call the station management to complain, then turn the channel. Every time our industry or your businesses are attacked publicly, you should use your economic strength to fight back.

It does no good to merely complain about the current state of affairs. I'm certainly not advocating government intervention to regulate the situation. I am advocating personal responsibility exercising our constitutional rights. Speak up. Say enough is enough. Don't rely on someone else taking the initiative and don't excuse yourself from lack of action with the notion that you can't do anything about bad press. Insist that all of our institutions, the press, the government and the bureaucrats act responsibly.

And, by the way, always, always take responsibility for your own actions. Always act responsibly with your employees and your customers. We must not tolerate any less.

Bill Keese is APRO's executive director.

High Risk Consumer Information



You don't need a crystal ball to find current information on high risk consumers. Tele-Track's information **reduces losses** and **increases recoveries** of skip accounts. Our customers tell us that unlike any information service they've ever used, Tele-Track adds profits to the bottom line.

Tele-Track's risk assessment services are designed to provide the missing piece of the application verification puzzle. You are instantly informed if an applicant has a history of skipping on rental, finance or service agreements, or uses a fraudulent social security number to get an applications approved.

Tele-Track has been providing **risk assessment, fraud alert** and **computerized skip tracing** services to merchants which cater to high risk consumers since 1989. When an individual falls into the high risk category, often the only source of current information about them is Tele-Track ... or a crystal ball.

**Call 1-800-729-6981
for complete information.**



Mid-year in Monterey

If you've been shoveling snow for the past two months, focus on this: The 1996 APRO Mid-Year Conference kicks off on April 14 in scenic, sunny Monterey, Calif. Monterey is located in the heart of the breathtakingly beautiful Monterey Peninsula, where the whale played a "big" role in its growth and development, but the tiny sardine really put it on the map.

Headquarters for the mid-year conference is the Monterey Marriott, ideally located downtown, within walking distance of Fisherman's Wharf, Cannery Row and the Monterey Bay Aquarium, and accessible to all area attractions. The Marriott offers quality guest accommodations with all the amenities and fine dining in its Ferrante's rooftop restaurant and bar, casual Three Flags Cafe, and Characters Sports Bar and Grill. Its 12,000 square feet of meeting space will assure a successful meeting.

Monterey restaurants serve the freshest of foods, from the fish entrees just plucked from the sea to fruits and vegetables from the Salinas Valley. If you happen to down an artichoke, it almost certainly is a native, as nearby Castroville grows a whopping 80 percent of the nation's artichoke crop. Just as Monterey's history was shaped by a variety of cul-

tures, so is its cuisine, and you can find a diversity of ethnic restaurants here.

The biggest treat may be for all you golf fanatics out there, because Monterey is known as the "Golf Capital of the World." From the 18 top-notch courses on the peninsula, APRO has chosen The Links at Spanish Bay for its first mid-year tournament, which tees off at 1 p.m., Tuesday, April 16, under sponsorship of Whirlpool. Spanish Bay (800-654-9300) was carved from a defunct sand mine along the ocean under the watchful eyes of Frank Tatum, Tom Watson and Robert Trent Jones. With the addition of 500,000 native plants and some imagination, they have created a links-style course that will remind you of Bonnie Scotland, where golf got its start. It is a windy, bumpy, tricky course that challenges the golfer with rolling fairways, dunes up to 24 feet high, occasional fog, and holes bordered by sand and native vegetation.

"Spanish Bay is so much like Scotland," says Watson, "you can almost hear the bagpipes." Register now so you won't be left out. The golf tournament is limited to the first 40 registrants.

Because tee times are so much in demand at all area courses, you might want to call one of these public courses

By BARBARA STOOKSBERRY

to reserve a time: Pebble Beach, Spyglass Hill and Spanish Bay, 800-654-9300 or 408-624-3811; Poppy Hills, 408-625-2035; Carmel Valley Ranch, 408-626-2510; Quail Lodge, 408-624-1581; Old Del Monte, 408-373-2436; Laguna Seca, 408-373-3701; and Pacific Grove Municipal Golf Links, 408-648-3177.

APRO BUSINESS

After a weekend of board and committee meetings, APRO has its first official session Monday afternoon, April 15, with speaker Bryan Flanagan of the Zig Ziglar Corporation. Flanagan, in a seminar on stress, will challenge you to put your personal and professional life in perspective so that you can get the most out of life and be happy and productive at the same time.

Monday evening is get acquainted time, with a welcome reception sponsored by The Quantum Group and Nationwide Club Administrators.

In the opening seminar on Tuesday morning, speakers from the National Association for Dispute Resolution tell you how to avoid the courtroom and resolve employment disputes using mediation and arbitration instead of lawyers and lawsuits. At 10:30, APRO kicks off its comprehensive public relations campaign with the introduction of "Gus," starring in the first-ever rental-purchase industry commercial designed to polish our image. APRO staff will be available to answer questions and fill out paperwork so you can be in on the ground floor of this nationwide effort.

Wednesday morning brings APRO's annual legal/tax and accounting update, with APRO General Counsel Ed Winn addressing such issues as state litigation, cash-advance schemes, bankruptcy, and compliance and collection issues, and the APRO Tax and Accounting Committee, chaired by Wayne Chambers, presenting an overview of tax and accounting issues impacting the rental-purchase industry.

Natural and manmade wonders are on the agenda that afternoon, as APRO offers a trip 90 miles south along magnificent Pacific Coast Highway to San Simeon for a tour of Hearst Castle. The ride through the Big Sur

takes you into rugged country of unparalleled beauty. You'll cap the day off with dinner at one of the area's most famous restaurants, Nepenthe. Cost is \$65, not including dinner, and is on a first-come, first-served basis. Space is limited, so register early.

Deadline for hotel reservations at the APRO rate is March 15. Call the Monterey Marriott



at 408-649-4234 for reservations. There is air service to Monterey Peninsula Airport, as well as shuttle bus service from San Francisco and San Jose airports. For shuttle information, call Monterey Salinas Air Bus at 800-291-2877.

FROM HUMBLE BEGINNINGS

Juan Rodriguez Cabrillo was the first European to see and appreciate Monterey Bay, claiming the land for Spain in 1542. Sixty years later, Sebastian Vizcaino sailed into the harbor and named the port for the Count de Monte Rey, a viceroy of New Spain (Mexico). Colonization began in 1770 with the building of a mission and presidio on the peninsula. The Royal Presidio Chapel, which still stands, dates back to this period.

For a brief time after the Mexicans gave up the peninsula to the U.S. Navy in 1846, Monterey was the center of the California political arena, but that didn't last. A whaling boom in mid-century drew European and Asian immigrants to the area, and the fishing industry flourished for about 30 years.

When the fishing boom dropped off, tourism kept the economy going, as thousands of visitors each year flocked to the Hotel Del Monte,

an elegant seaside resort.

The sardine canning industry breathed new life into the area, and Monterey reigned as the fish-canning capital of the world during the 1930s, with Cannery Row at the center of the industry. To this day, the commercial fishing fleet, now based at Municipal Wharf, harvests salmon, albacore, tuna, mackerel, rock cod

and squid from nearby waters each day, but Cannery Row has become home to trendy restaurants, shops, art galleries, wine-tasting rooms and a 50-store factory outlet mall.

John Steinbeck immortalized the Cannery Row of yesteryear in his novel of the same name, and it was here that Robert Louis Stevenson walked the sidewalks of crushed whalebone in 1879 and dreamed up the plot for his novel, *Treasure Island*.

Tourists to the area visit these remnants of the past, as well as

Fisherman's Wharf; the Custom House, California's oldest public building and the site where Commodore John Drake Sloat and his troops first raised an American flag in 1846; and Colton Hall, where California's constitution was written during the constitutional convention three years later. These buildings and others—40 in all—are part of Monterey's Path of History, which can be visited all day for a \$4 ticket.

Other attractions include the adobes of the 1800s, the Old Whaling Station, and the Maritime Museum of Monterey. The aquarium is supposed to be spectacular, as are the sunsets. Short side trips allow you to take in additional sights in Carmel and Pacific Grove.

All in all, Monterey is a great place to say goodbye to winter and hello to spring, and to gear up for another year of business success in this challenging and ever-changing industry.

Barbara Stooksberry is a veteran freelance writer for Progressive Rentals.



Managers and owners like to point with pride at how smoothly their operations run. Some run so smoothly, in fact, that nothing ever gets done.

The wheels are greased and the engine is oiled, but instead of driving the machinery of production, all the moving parts just glide silently along, never touching and never firing.

If your BOR averages are under 800 with less than \$600,000 annual store revenue, this has to sound familiar. You know that nothing bad ever happens, but no giant leaps forward are being taken, either. The company just rocks along.

There is something to be said of friction. Friction causes both heat and light, and seldom has either damaged any enterprise of note. It has long been my belief that a certain kind of friction can keep a small business going and even drive it to new heights.

I call this Organized Chaos.

Now, don't confuse this with ordinary chaos, which can be described as a mob in search of a leader—activity gets confused with productivity and nobody notices because they are too busy. Organized Chaos, on the other hand, occurs when talented and independent people work toward a singular goal with unbridled zeal and more or less at the direction of a strong leader. There is just as much activity as with ordinary chaos, but it seems more organized and purposeful.

Organized Chaos has less wasted movement and fewer trips and falls. The real difference is that it produces results: more deliveries, higher revenue and many other good things. Everybody knows exactly why they are there and what they are to do. They understand the company's business and agree with its goals. They also know that the guy across the desk is as capable and he'll either cut your throat or help you, depending on the bonus plan and where the store's numbers are today.

Organized Chaos begins when everybody reports to work with the day already laid out. Individuals are assigned responsibilities, goals and targets, and everybody is briefed on where the store stands regarding the rest of the company, last month and last week. Then it's all follow-up and monitoring as the manager turns the people loose to do good work while he roams the store all day, making sure

good work is being done and the goals are being hit.

Organized Chaos doesn't work in every department. The rental store is divided into two parts: front end and back end. Front end is where revenue is generated and back end is where it is put in the bank. Organized Chaos only works in the front end. This is because efficient collections—a major back-end area—requires persistence and close attention to detail while performing tedious and routine tasks with frustrating regularity.

Collections also requires strict adherence to the rules. You can't make it up as you go and you can't be the new gunslinger in town when it doesn't work. Organized Chaos here will produce little more than higher legal bills. If you have a capable but uninspired drone on staff, stick him in collections with clear goals on closeouts and income performance. He can't hurt you there and can only do good.

The front end of a store working in Organized Chaos always looks and feels busy. But most of the paperwork and all the tasks have been formatted to meet one simple test: does it get a new rental or keep one on the books? If not, it is low priority. No document is ever handled twice and decisions are forced to the lowest possible level where their impact will be felt. Organized Chaos creates a high level of activity and output with a minimum of rules and procedures. Ask the manager running Organized Chaos what's happening today, and you will hear things like, "Ten deliveries with three more possibles. That puts us only 19 ahead of last month, so we need six more to hit target."

Ask the same question of the Associate-In-Charge at the low-volume store across the street and you will probably be told, "Oh, we're having a good day. Looks like we might get five out." Bet it runs smoothly.

Running Organized Chaos requires that good people be given their heads and a minimum

of direction to achieve outstanding results. This is scary to some managers. It reduces their dependence on procedural routine to organize the workday. In other words, they have to manage by looking like they are not managing at all. That can be hard, especially if you are not a particularly good manager in the first place.

The real obstacle to bringing Organized Chaos into your operation is the insecure middle manager who must have his or her finger on every button. The idea of people "rockin' and rollin'" and even breaking a few company rules (but never any serious ones) to increase BOR in the middle of the week is scary to somebody firmly mired in mediocrity.

Raising the activity level in any store requires only a few things. First—odd as it may sound—the company must decide that it really wants to grow. As Jack discovered with the beanstalk, growth is not without some drawbacks. All the old ideas about advertising, pricing, merchandising, and even employee compensation must be thrown out. Stores have to keep retail hours; that means staying open until at least 7 p.m. It may surprise you, but there are some rental stores out there that close about 30 minutes before their best customers get off work.

Most of the old rule book has to go, too. Someday we may all learn why people who don't understand how to grow stores always end up writing the rules for those who do. The rules always seem designed to thwart initiative and foil errors.

It seems the real purpose for these old rules is to provide a paper trail that makes it easier to round up the usual suspects when something goes wrong—as it invariably will if the company is doing any business at all. People soon realize that the safest way to work in this environment is simply to do nothing.

The attitude of ownership looms large in the

conversion from low-revenue idler to high-octane thriller. If the owner doesn't endorse the plan and back it up every step of the way, it is doomed. Somebody has to lay out the numbers that the company is to reach by a predetermined date and at the same time remind the old crusties at home office that a new day has come and the work ethic has changed. That person has to be the one whose name is on the paper. And the figures and the date must be precise.

"We will have 1,000 BOR per store by July 31, 1997, with average store revenue of \$65,000." It can be that simple.

And then everybody and everything is thrown into the battle. Every communication, meeting and event now carries The Number and The Day. No one can put in a day's work without hearing about The Number and The Day at least once. It is in every facet of the company's being. It is what the company is about. Buying decisions and advertising decisions are made with meeting The Number and The Day foremost in mind.

Organized Chaos can easily become disorganized chaos if management is not on top of things; certain monitoring and measuring devices are essential. There are 10 things that any company must know before it can grow with the big boys and management must follow them on a regular basis. They are:

1. How many orders do we write?
2. How many of those are approved?
3. How many approvals are delivered?
4. What happens to the rest?
5. Where does our toughest competitor advertise and how much does he spend?
6. What is the competition offering in product, price and term, and are we competitive?
7. What is our market; how many potential rental-purchase households exist within a five-mile radius of the store?
8. How many pickups can be eliminated, and through what methods?

Rental Stores Wanted

We are interested in acquiring Midwestern rental companies or individual stores.

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Attention: William Kabourek
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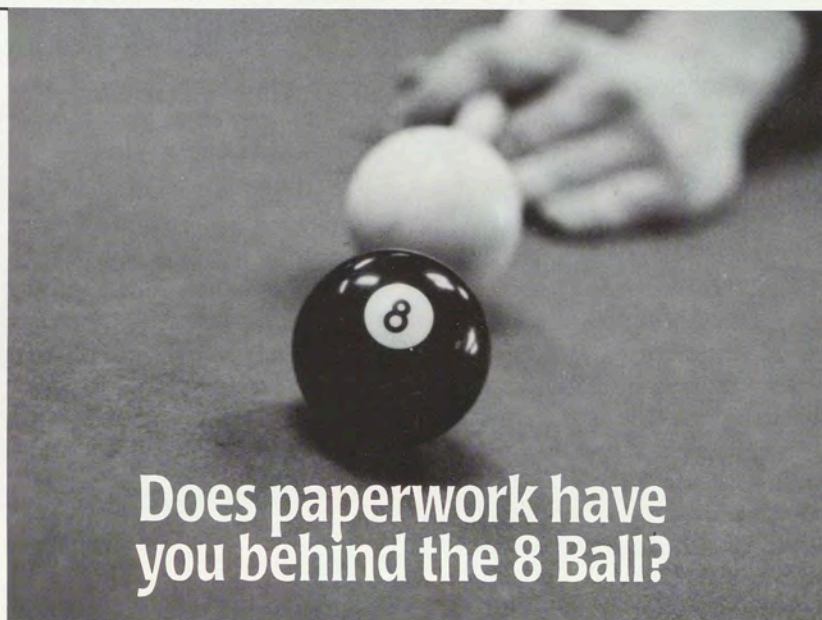
9. What are all the things we can do to solicit our past customers, payouts and new referrals?

10. What will the average employee get from our BOR and revenue growth?

The answers to these questions are crucial because they go to the heart of what the store must do to compete. Make no assumptions and accept no excuses. If somebody throws out a figure, make them prove it. If another person tells you the competition's weekly rate on 25-inch consoles is killing you, produce the killer ad to prove it. Everybody gets a reality check. Nobody gets any slack.

Back to Organized Chaos. How will you know it when you see it? Simple. Your customers leave happy. Employees hustle and run to the customer and the phone instead of looking around to see who is up next. Orders are being taken and merchandise is being moved. In the middle of it all, like a traffic cop on the town's busiest corner, is the store manager. Directing, checking, encouraging, selling, pointing, asking.

Raymond C. "Bud" Holladay is chief operating officer and executive vice president of New Albany, Ind.-based Alrenco.



Does paperwork have you behind the 8 Ball?

Does manual record keeping of every rental make you feel like you've scratched the cue ball? **Ideal Software Systems, Inc.** understands the time that it costs you to account for each rental you have in inventory. And in the Rent-To-Own business, time equals money lost. That's why **Ideal** has created a software program designed especially for the RTO industry.

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Ideal will help you make the transition from manual record keeping with on-site training to technical support in answering your questions. We also provide system updates as the RTO industry grows and your business changes.

Break the cycle of manual record keeping and paperwork with a software program from **Ideal Software Systems, Inc.** The internal security you gain will make you feel like you have run the table and sunk the 8 Ball.



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RENT-TO-OWN • PAWN SHOP • SHORT TERM RENTAL • CHECK CASHING



As the rental-purchase marketplace heats up and competition stiffens, rental dealers quite naturally seek ways to maximize revenues from each customer.

Some of the things rental dealers do are wise responses to the competition—determining additional consumer needs and renting additional product, for example. Some decisions are unwise.

An example of that kind of a decision is the canceling of a customer's early purchase option during the final few months of the rental agreement. Rental dealers do this up front in their agreements by stating that the early purchase option expires or is not available during, say, the last 90 days of the agreement. Rental dealers are inspired to do business this way because of "too many payouts."

Note, this policy does not reduce payouts, but it does postpone them for a few months and it will, therefore, increase revenues on existing contracts that are or get to be 15 months old. A customer making \$60-per-month payments will have paid up to \$900 after 15 months. If the company had a 50-percent early buy-out formula, the customer could own the unit for another \$90, after having paid most of \$1,000. If the early buy-out option goes away, the customer is locked into paying another \$180 for ownership for a total of \$1,080.

What is wrong with this picture? What benefit is there to the customer when he loses his early purchase option late in the deal?

The answer is none.

The perceived benefit is all to the company in increased revenues. But the benefit to the company is really only a perceived one unless the company is going out of business and knows it. Then it may make perfect sense to maximize every opportunity from a disappearing customer base. But for the company planning to be around for a while, the policy is short-sighted and economically harmful. Here's why.

Rental customers are simply not as foolish or gullible as some rental dealers might wish they were. Rental customers, the moment they are signing a rental agreement and while in the rosy glow of getting some long-sought consumer goodie, may not focus on what is going to happen to their early purchase option, the option so highly touted during the

rental pitch, after 15 months. Most rental customers never get that far into the deal anyway, and so they aren't affected by the loss of the purchase option. Some rental customers will never get far enough ahead to exercise a purchase option, and they won't really care whether they have one or not.

Offering a purchase option to these customers all the way to the end of the agreement costs the company nothing for all of these customers. But a few of the company's very best customers will get there, and they will have the money, and they will realize what the company has done to them. These customers will be very upset. As you would.

Here is a customer who has been with you for 15 months and who has paid you \$900 on average by now. Here is a customer you should treasure as one who has given you a steady cash flow with no pick-up expenses for a long time, when you would have to find two or three or four average customers to generate that much revenue. And what do you do?

What you should do is move heaven and earth to get this loyal customer on another contract for something else in the store to keep him on the books for another 15 months, and, you hope, another 15 months after that. But what do you do? You upset him only to beat him out of another \$100, almost certainly the last money you will ever see from this customer, because he knows you are taking advantage of him.

No, you can't sign every single payout up again. Some will move on—to other rental companies or to retail. But why not make the very best effort you can to keep them on the books for another round or two? I'm thinking not only a sweet early buyout but some free rent on the next deal.

I just do not believe that a customer who has made it 15 months with you does not understand what you are doing. Customers may not say anything, but they are surely thinking

what I am writing and they will let their feet do their talking by moving on.

If a customer is leaving the books, it only makes sense to part friends, so that you can hope he will tell his friends and family about how he was treated. It simply makes no sense to poison what is already a long-term relationship in this business—15 months—by squeezing that last dollar.

By the way, it is illegal in a number of states not to offer an early purchase option for the full term of the rental agreement.

Dealers in states with mandatory early buy-out formulas must offer the option until the end of the agreement. Other states require dealers to disclose that consumers have an early purchase option "at any time during the period that the rental-purchase agreement is in effect" without mandating what the purchase option shall be.

Intrepid dealers faced with this language could disclose that the early purchase option after 15 months is equal to the total remaining rental payments, but they would be on thin legal ice. It may not be an early purchase option if you can't save any money by exercising it. Despite this caution, the fact is that the practice is probably legal in a number of states. That does not make the policy any wiser in those places.

When customers figure out what is going on, they will either pay you off and resent you or, worse, they'll quit paying you altogether. Are you really going to sue a customer who is 15 months into an 18-month deal? Do you suppose that your customer doesn't know that? Either way you've lost him.

As clever as it may seem, with these disappearing early purchase options, we once again threaten to outsmart ourselves with a policy guaranteed to backfire—in about 15 months.

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



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Almost overnight, the world-wide computer network known as the Internet has become a dynamic frontier for businesses, large and small. Companies are rushing to get on the Internet, like prospectors heading to a boomtown.

That part of the Internet known as the World Wide Web—or just The Web, for short—is the fastest growing section of the online world and the part most useful to companies interested in growth, like the rental-purchase industry.

Before discussing exactly how to put your rental business on the Internet, let's take a drive down the Information Superhighway and pull up at some of the rental industries already on the Internet.

RENTAL SITES ON THE INTERNET

Automobile rental is well represented on the Internet, as demonstrated by the Freeways site established by Alamo Rent A Car. On Alamo's homepage, you can book your own car for rental and even specify the model of car you want to rent. By filling out a form online, you can specify the cities of departure and destination, and your car will be ready for you when you arrive.

Rent A Wreck, the unique auto rental company that offers not-so-new cars at low rental rates, also has a spot on the World Wide Web. The company's colorful homepage offers an audio file of the Rent A Wreck advertising jingle as well as a 1-800 number for booking rentals at one of 400 locations. A potential renter can send a request to any Rent A Wreck affiliate via E-mail.

Computer and software rental, as might be expected, is thriving on the Internet. G.E. Rental Lease offers computer rentals of the latest products from IBM, Apple, Sun Silicon Graphics and others. Notebooks, peripherals and multimedia equipment is also available. G.E. Rental Lease's 22 rental centers in the U.S. and Canada offer local service, but the homepage does not say what to do if you're not a local customer.

Personal Computer Rentals (PCR), however, has 80 rental centers and 100 affiliates that will deliver and install at most locations. This Cranbury, N.J.-based firm specializes in renting IBM, Compaq and Apple computers on daily, weekly or much longer terms. From the company homepage, you learn that PCR offers 24-hour technical support and a toll-free number if you have questions.

Vacation and time-share real estate rentals are well represented on the Web. The World Wide Web's Virtual Library has a homepage with links to many real estate-related businesses that offer vacation rentals. Customers can go to this spot for vacation rentals in Colorado, Hawaii, Bermuda and many other locations. This site also offers links to other travel-related homepages.

The Swingles Furniture Rental homepage displays some of the furni-

ture rental packages this rent-to-rent company offers, from the budget package to the executive level. Pictures of some of the furniture and rental options are explained and an E-mail address is provided for more online questions and answers. Swingles, however, only serves the Chicago, Wisconsin and Miami areas.

On the eclectic side of the rental business, you can go to the Backstage World homepage. This is a central meeting place for show business folks who need to rent sound, lighting and stage equipment. Lists of equipment companies are linked together and information is provided for the U.S. and Europe.

We've cruised the Internet, so now let's examine the major business functions that using the Internet can offer your rental business.

COMMUNICATE VIA ELECTRONIC MAIL

E-mail allows you to send information on demand to anyone who wants or needs it. E-mail can be useful for distributing announcements, newsletters or descriptions of products and services, as well as just communicating among employees. Retailers on the Internet can provide price and availability information or product advice without paying postage costs or long-distance charges. And an E-mail tool called Listserv enables you to send E-mail automatically to a target audience.

MARKETING ON THE WEB

As you've seen, the portion of the Internet known as the World Wide Web is the fastest growing, most user-friendly and fun part of the Internet. Information on the Web is linked together—much like a spider's web—so that it is possible to browse among several Internet shopping and information sites quickly and easily. Internet-savvy rental businesses will take advantage of this ability to link many sources of information on their Web pages, providing a central gathering place for all things related to their business rather than simply renting product only to customers who walk through the door. This type of value-added approach is appreciated by Web users—and online shoppers will visit your site often.

The reason the Web is so fun and popular is that it can bring full-color graphics, sounds and even short video clips to users' computer screens. A business can provide a colorful photographic "showroom," offer customer support via E-mail or have a colorful product catalog and even make rentals online.

Software programs used to set up such online packages are called web browsers. The two most widely used browsers are Netscape, produced by Netscape Communications Corporation (415-528-2555, or send E-mail to info@netscape.com); and Mosaic, developed by NCSA Mosaic (217-244-4130, or send E-mail to orders@ncsa.uiuc.edu).

Continued on page 34

BY JEFF ROSEN AND RON CHEPESIUK



Rollin' on the
River

1996 APRO Convention

BY BARBARA STOOKSBERRY

What do you think of when you think of New Orleans—besides food, that is. How about fun? Opportunity? Convention? That's right. This year's APRO convention, Rollin' on the River, Aug. 11-15, kicks off a few short months from now in magnificent, bodacious New Orleans.

Because New Orleans is a favorite APRO convention site, most APRO folks are no strangers to the Crescent City, but the good news is that New Orleans is ever-changing, and it just keeps getting better, particularly where tourism, facilities and accommodations are concerned.

Take, for example, this year's convention headquarters hotel, the New Orleans Hilton Riverside. Hilton Hotels, known the world over as the first name in hotels, offers the city's most beautiful riverside view, and it is close to everything, from all the activities at the city's state-of-the-art convention center to the riverfront gambling venues to all the excitement and color of the French Quarter.

You won't have to leave the hotel, however, to try your luck in the casinos, because the Hilton's own Flamingo Casino is one of the best. This first-class amenity can accommodate as many of 2,400 of you at once and

offers 1,400 slot and video poker machines, roulette, craps and blackjack, along with live music and New Orleans-style snacks to keep you happy no matter how your luck runs.

The Hilton is also home to Pete Fountain, King of New Orleans Jazz, who performs five nights a week at his Hilton nightclub, and to the South's most extensive racquet and health club. RiverCenter offers eight indoor tennis courts, as well as four racquetball and three squash courts, a complete golf studio, a weight room, jogging track, and the latest in Nautilus equipment, Lifecycles, Stairmasters and rowing machines. A tanning salon, massage facilities, sauna, whirlpool and exercise classes all help you keep in tip-top shape.

Just to make sure you have something to work off, you'll want to try all of the Hilton's selection of delicious dining facilities. Sunday brunching has been raised to an art form in New Orleans, and the Hilton offers your choice of two brunch venues, Horizons on the 29th floor and Le Cafe Bromeliad. Both offer a full seafood smorgasbord, with every fishy thing they could think of, as well as a choice of steamship rounds of beef and roasted ham or traditional breakfast fare. They top it all off with a succulent selection of scrumptious desserts. C'est si bon!

Sports enthusiasts can relax with casual munchies while enjoying satellite sports in the casual environment of Kabby's Sports Edition & Grille. You can snack or have a full meal and not miss any of your favorite team action. For more formal dining, Kabby's on the River is the epitome of a room with a view. With floor-to-ceiling windows, Kabby's sits right on the Mississippi. Chef Stanley Jackson and his staff offer an appealing menu of fine Continental, Cajun and Creole cuisine.

Nice as it is—and you'll love it—you won't want to stay at the hotel all the time. There are just too many neat things to do in New Orleans not to try at least some of them. With convention activities starting on Sunday evening for most folks, you'll want to arrive early in the weekend to take in some of the fun of this city.

LIKE A BOX OF CHOCOLATES

Just as San Francisco, Las Vegas and San Antonio have flavors all their own, New Orleans is a one-of-a-kind American city, a city for which "interesting" seems a gross understatement. Yet, interesting it is. New Orleans is an amalgam of the many cultures that have influenced its growth—French,

Continued on next page

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Spanish, African-American, American Indian, Caribbean—each leaving its mark on the architecture, language, music, customs and cuisine.

Built on “land” that it is generally agreed should never have been built on (90 percent of the area was originally swamp or water), New Orleans was founded by French Creoles, if you don’t count the Choctaw and Chickasaw, who were there first.

The delta area was sighted in 1682 by Rene Robert Cavalier, Sieur de la Salle, who followed the Mississippi River to its mouth and claimed all the land drained by the Mississippi for France. In 1718, Pierre le Moyne, Sieur de Bienville, chose the site for what became the French Quarter.

Meanwhile, back in France, an unscrupulous, albeit ambitious, Scotsman named John Law was worming his way into the graces of the French royal court, which granted him a 25-year charter to exploit the Louisiana Territory. The new settlement was named for Law’s good friend Philippe, duc d’Orleans.

Perpetuating a land scam that would rival any we’ve seen since, Law advertised across Europe, shamelessly promising wealth of grand proportions in the new land, only to draw newcomers to a settlement of crude shacks sitting precariously on mosquito-infested swampland. By 1737, New Orleans had become a French crown colony, only to be transferred by treaty to the Spanish in 1762. Disastrous fires in 1788 and 1794 destroyed much of the city, but because of its strategic location and value as a port, it was quickly rebuilt.

The Louisiana Territory was returned to France under Napoleon in 1800 and, in 1803, an envoy dispatched to Paris by U.S. President Thomas Jefferson purchased the entire territory from France for \$15 million. (Jefferson knew a deal when he saw it.) New Orleans was incorporated as a city in 1805, and Louisiana became a state seven years later.

The well-established Creoles, native-born city dwellers mostly of French descent, and the Cajuns, the rural version, clung to the French language and culture. The Creoles were high-brow and educated, whereas the Cajuns were rustic descendants from the Acadians ousted by the British from Nova Scotia in 1765. Neither group was any too ecstatic over the rapid influx of Americans who floated downriver to settle in the area after Louisiana achieved statehood. The animosity was so

great that Canal Street was declared a neutral area between the French Quarter and “The American Side,” and each was governed as a separate city.

Living on what is essentially an island, New Orleans residents were isolated for two cen-

With no legal closing time, New Orleans rivals Las Vegas with late-night entertainment options on Bourbon Street and beyond. Hear the music of traditional jazz, Cajun and zydeco, rock and even country.

turies from many of the influences of the outside world. The first causeway to span Lake Pontchartrain was not built until 1957 and the first metropolitan bridge was built a year later. Until this century, canals and streetcar lines formed the principal modes of transportation. Because only isolated patches of land were habitable, the city grew oddly as a collective of disconnected suburbs, defying traditional urban growth patterns by growing together from disconnected suburbs rather than outward from a central core.

The port city did, however, continue to grow despite occasional setbacks and the advent of the steamboat helped boost New Orleans’ population to the fourth largest in the country by 1840, second in wealth only to New York. Many of its citizens live in houses their families have held for generations. In fact, 10 New Orleans neighborhoods have retained enough of their historical character to be listed among National Historic Districts. In the classy residential area known as Uptown, 82 percent of its 11,000 buildings were built before 1935. A ride on the St. Charles Avenue streetcar transports you from Canal Street in the central business district to and through this lovely area at a cost of \$2 for a round trip. To this day, the city’s Old World ambiance charms its visitors and makes it a favorite convention and travel destination.

UPTOWN, DOWNTOWN, ALL AROUND

Speaking of streetcars, they’re not a bad way to get around. In addition to the St. Charles line, the Ladies in Red, seven vintage streetcars painted in the mode of the old French Market line transport you among the many cultural and commercial sights along the riverfront.

It may be old, but the French Quarter is a happening place. Although most of its buildings are 100 years old or thereabouts, they house a variety of fine restaurants, hotels and guesthouses, bookstores, antique stores and music

clubs, in addition to such mundane businesses as groceries and laundromats that serve residents of the Quarter.

With no legal closing time, New Orleans rivals Las Vegas with late-night entertainment options on Bourbon Street and beyond. Hear

the music of traditional jazz, Cajun and zydeco, rock and even country played by some of the country’s best musicians. Last year, the city celebrated the 100th anniversary of the birth of jazz. Thanks to such music pioneers as Louis Armstrong and Jelly Roll Morton, the city is known for its jazz. A visit to Preservation Hall at 726 St. Peter Street will take you back to the early days of jazz for \$3.

In a city where history abounds, you can catch something worth seeing in almost any direction you turn. In Jackson Square, visit St. Louis Cathedral, the country’s oldest active cathedral, or the newly refurbished Cabildo, where the Louisiana Purchase was finalized. It underwent a complete restoration after a devastating fire in 1988. Exhibits cover settlement, colonization and growth in the area, as well as the influences of various cultures, and it features a special Mardi Gras exhibit. The Jackson Brewery, The Millhouse and The Marketplace sit on the site of the famed Jax beer brewery and now house an assortment of shops and boutiques. Other typical New Orleans treats include horse-drawn carriage and walking tours of the French Quarter, and trips aboard Creole Queen, a replica of a 19th-century paddlewheeler that transports you to the site of the Battle of New Orleans.

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To fully maximize your visit, pick up a copy of the Tourist Commission's French Quarter Walking Tour, which highlights historic sites in the Vieux Carre and includes a driving tour that takes in the Garden District.

Such writers as Tennessee Williams, Lillian Hellman, O. Henry and Mark Twain lived and worked in the Crescent City. *A Confederacy of Dunces*, a rollicking tale of New Orleans life written by the late John Kennedy Toole, won the Pulitzer Prize in 1980 and is touted by several sources as a must-read.

KIDDIE, KIDDIE, KIDDIE

Though there's no Disneyland, there's also no shortage of family focused entertainment. In addition to being one of the world's finest aquariums (you can pet a shark!), the relatively new Aquarium of the Americas on the riverfront offers one of only five IMAX 3D theaters in the country and features films with educational and conservation themes.

In addition to the fine existing Audubon Zoo, the Audubon 2000 expansion project is scheduled to bring a 16-acre park, open-air river museum, themed playground and small performance pavilion, and a 30,000-square-foot living science museum to the riverfront area this summer. If you've never seen one million

species of insects at one time, this is the place to do it!

In 1994, the completion of a \$2.8 million expansion tripled the size of the Louisiana Children's Museum and made it one of the premier children's museums in the country. Among the activities are a playscape for one-to three-year-olds; minisupermarket with real cash registers, carts, bakery, deli and produce sections; a tugboat onto which children can load sacks of coffee in a cargo net; a real car and police motorcycle; waterworks display; math and physics lab; and historical exhibits.

In addition, New Orleans is home to one of the nation's largest and most beautiful botanical gardens and to Storyland at City Park, a children's fairytale theme park where 26 larger-than-life exhibits bring favorite children's storybooks to life. City Park also offers golf, canoeing and paddleboats for the family, as well as amusement rides and food concessions.

TIME TO EAT, AGAIN

This brings us back to the subject of food. Start your day off with chicory-laced coffee and beignets at Cafe du Monde in the historic French Market—it's a tradition you won't want to miss—or go for the famous breakfast

at Brennan's. Later in the day, you'll want to sample such New Orleans specialties as crawfish etouffee, jambalaya, shrimp creole or gumbo, or fine seafood dishes with main ingredients just fished from the Gulf. Red beans and rice, po-boys and muffulettas are New Orleans originals, as are Oysters Bienville and Oysters Rockefeller. Be prepared for spicy fare in these parts, especially in the Cajun dishes. It's also part of the tradition, but may catch the uninitiated unaware.

Oh, and in between meals, you can visit the APRO trade show, your best chance in any year to visit with vendors and see what's new on the rental-purchase horizon; network with friends and colleagues in the industry; and attend educational seminars designed just for you. In the evenings, there will be plenty of parties and fun activities—some of which will also include food!—and all the other elements you've come to expect from an APRO convention. More details in the next issue, but you'll want to plan now to attend the Aug. 11-15 event. New Orleans never lets you down! Watch for your registration packet in April.

Barbara Stooksberry is a veteran freelance writer for Progressive Rentals.

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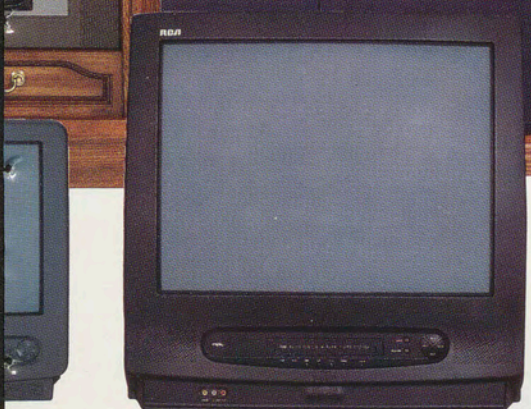
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Paying for the Time

One might suppose that after 30 or 40 years of marketplace evolution the rental-purchase concept has been pretty much perfected. There will certainly be new product categories to come along, but the question persists whether the essential nature of the transaction, "rent it by the week or by the month, with no obligation, and if you rent it long enough, you own it," is subject to further refinement or evolution?

Rental-purchase began primarily as a weekly transaction, a response to a marketplace which was structured to count everything by the month and a customer demand for products that were not, in many cases, readily affordable on monthly payment plans. The very first rental customers may have wanted to buy by the month, but could not because their credit was no good, and the business befriended these first customers with a weekly payment plan and expanded from there.

Remco under Chuck Sims made an evolutionary step in the late 1970s when the company made a conscious decision to shift from a 75-percent weekly business to a 75-percent monthly business. The strategy was to reduce the costs associated with repeated and frequent customer contacts and to increase profits. At the time it was a daring innovation. Other companies watched with interest, but many dealers privately thought that the concept would never fly. Either the monthly rental business just was not there, or too many TVs would disappear if someone from the company did not check up on them every week.

The idea did work, for Remco at least, and Sims reported converting the entire company over to a predominately monthly cycle in less than a year with resulting bigger BOR per store, higher revenues per store, and higher per-store margins. A byproduct of the decision to focus on

the monthly business was a higher income customer, although perhaps this customer was also as much in debt or even more so than lower-income customers, and therefore just as attracted to the rental-purchase concept.

Other companies have followed the Remco model. A few rent only new merchandise by the month and dispose of rental return goods by sales off the floor or through sales from other outlets. While there may be room for other companies to follow the Remco model and aim for the monthly business, clearly not all companies can market here without abandoning the weekly business which is what made the industry in the first place.

Most companies today have accepted their customer base to be what it is, market by market. Location will in many cases determine the weekly/monthly mix. Unless the company has a business preference for a particular payment plan, customers will end up paying when it is most convenient for them to do so. The weekly/monthly mix will vary from company to company and from store to store within a company.

If the industry has proven it could be successful going "up" to capture the monthly business, an intriguing question is whether a rental company could be successful going the other way and offering customers the ability to pay more often than weekly.

There has been little experimentation to date with flexible rental terms beyond allowing customers to switch back and forth, from weekly to monthly and adding two-week or semi-monthly options in some companies. A few dealers have used daily rental rates, but they have been

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BY ED WINN III



BY KELLI MONTGOMERY

Negotiating Disputes



Former U.S. Supreme Court Chief Justice Warren Burger once said that the notion that people want their civil disputes settled by a judge and a jury of strangers in a pine-paneled room is wrong. "People in trouble, like people in pain, want relief as inexpensively and as rapidly as possible," said Burger, who has been a leading proponent for the legal process known as alternative dispute resolution (ADR).

ADR is a legal system that uses unbiased, third-party neutrals to mediate or arbitrate disputes outside of the courtroom. For many industries, it has become the most viable

"court" of the future because it gets cases settled quicker and less expensively.

Many companies in the United States have even begun to implement private systems where employees sign contracts guaranteeing their disputes will be settled through ADR only.

"ADR is the result of business men and women seeking rational, reasonable and inexpensive ways to resolve their legal problems," says Richard Faulkner, executive director of the Dallas-based National Association of Alternative Dispute Resolution (NADR) and an experienced judge.

"Generally, if people can just sit down and talk out their problems, some sort of agreement can be reached. If they can't reach an agreement, we can end the dispute through arbitration," says Faulkner, whose association has a national panel of more than 3,000 neutrals to mediate and arbitrate disputes nationwide.

In most jurisdictions, by federal and state statutes, a dispute-resolution system can be specifically designed to require all employment disputes be resolved by ADR.

The first step in the process is known as mediation. Like a therapy session, a skilled

mediator walks both parties through the disputed issues. Once everything is on the table, the parties work together to reach an agreement both sides can live with.

"The typical 'win-lose' factor of litigation is eliminated that way," Faulkner says.

About 93 percent of all mediated disputes are settled, within a one-day period, according to statistics from the U.S. Department of Justice.

However, if no agreement is reached in mediation, the case then goes to binding arbitration. In this scenario, the two parties and their legal counsels present their case to three neutral arbitrators who come to a final decision on the matter.

Critics contend this approach infringes on a person's right to a fair trial.

By agreeing ahead of time to settle complaints through ADR, both parties knowingly waive their right to a jury trial. The parties in the lawsuit, however, do not give up any substantive rights, says attorney-mediator Larry Montgomery, NADR president.

"Anything they could win at a courthouse, they could obtain through a mediation or arbitration award," he says.

Primarily, the purpose of ADR is to eliminate the downsides of the typical jury process for both parties—the cost, the time, the publicity and unpredictability associated with the courts.

For instance, administrative fees for court litigation usually range between \$10,000 and \$20,000 with an 18-month waiting period before the case even goes to trial, according to a study by the RAND Corporation Institute of Civil Justice. Mediation costs about \$1,500 to \$2,000 per day and cases are typically settled within one to two days, the study indicates.

So what does all this mean for the rental-purchase industry?

"With the justice system and legal system the way it is today, I think ADR is something that all dealers are going to need to look at," says APRO President Bill White, owner of Action TV & Appliance.

White recalls: "A few years ago, Ed Winn (APRO's general counsel) told dealers it's not going to be the customer complaints you worry about; it's going to be employees filing complaints. He was right."

Since the 1991 Civil Rights Act and the Americans with Disabilities Act took effect, liability lawsuits by employees suing their employers have soared. Claims alleging sexual harassment, wrongful termination, discrimination and so on have led to huge jury verdicts.

In the past two decades, discrimination claims alone have risen 2,200 percent in the United States.

Currently, the Equal Employment Opportunity Commission (EEOC) reports such a backlog that there's an expected two-year waiting period to hear each case.

As the court process drags on, costs escalate. For small businesses, defense costs can be stagger-

Currently, the Equal Employment Opportunity Commission (EEOC) reports such a backlog that there's an expected two-year waiting period to hear each case.

ing. To defend one claim at the EEOC, administrative and other costs through the trial commonly add up to around \$170,000. Employees may also sue for punitive damages, like pain and suffering, for up to \$300,000.

Generally, these types of costs lead employers to settle immediately rather than try to defend the claims.

"As an employer it's very frustrating. There are a horrid myriad of things happening in the legal climate these days," says Larry Sutton, owner of B&L Concepts, a Champion affiliate. "It seems like any time you fire someone, you can expect to be sued."

Many employees who should be fired, he adds, are often kept on staff because of the threat of lawsuits. "It costs more to defend an invalid claim in litigation than it does to win. That takes money away from the legitimate grievances," Sutton says.

Seeing the problems associated with the courts, many Fortune 500 companies have mandated arbitration for employment disputes since the 1920s. Well-known companies like Kroger Food Stores, Texas Instruments and PepsiCo also began using ADR recently following multi-million dollar jury verdicts resulting from employee lawsuits.

Following the enactment of ADA legislation, the EEOC received approximately 14,330 charges of discrimination claims against the disabled in 1993. Of those, "back impairments" accounted for almost one-fifth of all complaints. Additionally, more than half of the complaints filed at the EEOC were from workers who had been dismissed from their jobs.

White says he's seen a significant increase in employment liability claims against his company in the past few years. Many of them, he says, have been frivolous, often the result of a disgruntled employee suing the company after

being fired.

For employers, that means lots of time and money wasted defending claims that may not be valid.

In January, White signed up his employees with the National Association of Alternative Dispute Resolution, Inc. Any employment case that arises will now be mediated or arbitrated by a neutral third party.

The way it works is that an employer pays a per-employee negotiated fee to sign up all employees for ADR process. Everyone in the company becomes bound legally by the same system. If a dispute arises, the case first goes to mediation with a third-party neutral. If mediation does not settle the dispute, it goes to binding arbitration and is settled within a 180-day time frame.

White adds: "We're pitching this as a benefit. Not only does it save money in attorneys' fees, but it's private and it gets the matter resolved quickly without going through a process that drags on and upsets the employees."

Not alone, White says he's fed up with the current civil court system. In one employment dispute case, for example, Action TV & Appliance spent about \$500,000 and two-and-a-half years preparing for the trial, only for it ultimately to be settled in mediation for a fraction of the cost.

"If I would have gone through mediation first, I wouldn't have had that problem," White reasons. Other dealers share similar sentiments.

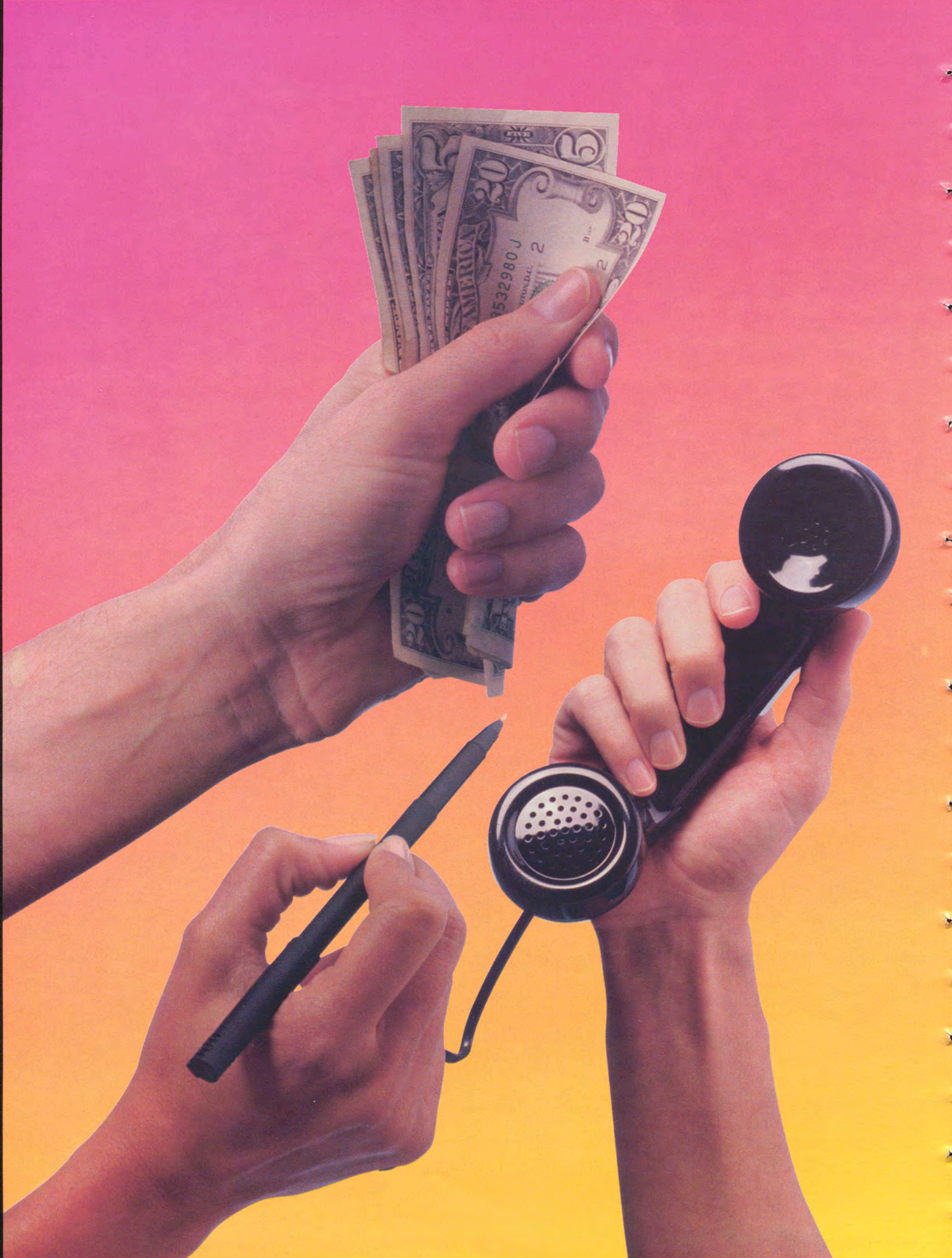
At the heart of the problem is the fact that most of today's personnel disputes are not covered by standard insurance policies. While it's relatively easy to buy a standard policy that protects a business from catastrophic losses like fire or

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Total Quality Management and the Value of Teamwork

BY CAROL AND VINCE BRZOZOWSKI-GARDNER

The still-in-vogue buzzphrase in today's business circles is Total Quality Management, or TQM. In essence, it means teamwork. And the concept is just as applicable in large corporations as it is in small businesses with a handful of employees.

The underlying philosophy of Total Quality Management demonstrates that if you want to please the customer—and reap the benefits in an ever-increasingly competitive business environment—a “dictator” style of management will be less likely a way to get your people on board than a “teamwork” approach.

Every employee wants to feel good about their role in the business. Think about a job you had that you came to detest because of a lack of appreciation. You resented the boss. You drove to work with your hands clenching the steering wheel. You loathed Sunday nights, since it brought on Monday morning.

Now think of a boss you've had who made you feel so good that you would gladly go the extra mile. Overtime? No problem. Because you knew he or she would come through for you when you needed a favor.

Traditionally, managers were either expected to—or believed they had to—handle problem-solving singlehandedly. Typical thoughts accompanying this scenario: “If I can't do it, no one can.” Or, “If this can't get done, my neck is on the chopping block.”

This style of management does not allow for full use of the skills and talents of the employees. To make the system run smoothly, the management needs to tap into those vast human resources.

And what is that system? Teamwork. The team of employees can make a manager's job much easier. Ironically, some supervisors are

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Media Matters

Why is it that every time you open your hometown newspaper, it seems the same business is getting all the ink?

That's because—pardon the slang—they're the greasiest wheel. There is someone at that business who knows how to promote the business in the news media.

Most likely they built that relationship by establishing themselves as the experts in their field. They also probably have, over the years, flooded local editors' desks with press releases about their business and their industry.

No need to be shy. You can do this, too.

Here are some tips on how:

1. Assign a person in your organization, be it yourself or someone experienced in public relations, who can serve as a media contact. The media contact can field questions and do marketing on your



behalf. If you don't have the time to do this and there is no one in your company who can handle the responsibility, consider hiring a freelance marketing or public relations person. A freelancer is more likely to work less expensively than a firm.

2. Whoever your media contact person is, make sure they meet with and get to know the local business editor or writer. A greater understanding can be achieved when people meet face to face and get to know each other on a personal level. Trust is important.

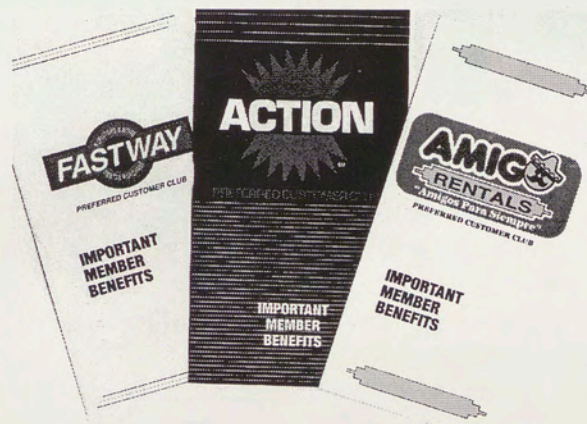
It's crucial to remember that, whether your conversation with a member of the news media is an interview, just a "background" talk or a chat about each other, your comments are considered to be "on the record." Reporters and editors take notes or record conversations,

so it's best not to make off-hand comments you'd rather not see in

Continued on page 40

BY CAROL BRZOWSKI-GARDNER

More Industry Leaders Join *FORESIGHT*



Continuing the phenomenal growth pattern *FORESIGHT* has experienced over the past five years, more industry leaders

have joined in offering the *FORESIGHT* Preferred Customer Club to their customers.

While Rental Purchase companies decide to go with *FORESIGHT* for many different reasons, the key interest for most is in the potential additional income the Club program brings to their operations.

What makes the Club even more attractive is that dealers realize the increased income with no investment. This is something no other product can do for a store.

In addition to increasing profits, *FORESIGHT* also adds value to the rental transaction. This is a significant factor in attracting and retaining customers.

"The added benefits of the *FORESIGHT* program

provide a real value to our customers," said Charles Cloud, Chairman of *FASTWAY* Rental Purchase.

Both *FASTWAY* and *AMIGO RENTALS* have recently converted to *FORESIGHT* from another Club program.

FORESIGHT Inc., an Oklahoma based company, has been providing Club benefits exclusively to the Rental Purchase Industry since 1989.

They are the largest Club provider in the Rental Purchase industry with over 2,500 stores who realize the benefits of *FORESIGHT* by offering this Club program to their customers.

To find out more about *FORESIGHT* Preferred Customer Clubs, call 1-800-733-0811 or write *FORESIGHT* at 3700 W. Robinson, Suite 230, Norman, OK 73072.

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Continued from page 19

Use one of these software packages and the World Wide Web will enable you to create a truly graphic storefront (One virtual mall on the Internet actually has a food court!), where potential customers can browse through photographs of your products and even rent goods online. The marketing possibilities are endless.

DEVELOPING AN INTERNET PLAN

Before getting your rental business onto the Internet, you need to develop a well thought-out business plan. Ask yourself some important questions:

- What do I want to accomplish by placing my business on the Internet?

Perhaps meeting rental goals is your motivation, or maybe you want to get the edge on a competitor by being the first guy on the block with the latest marketing technology. (Editor's note: See "Renting on the 'Net," page 22, December 1995/January 1996 *Progressive Rentals*, for an RTO dealer's story.) Whatever the answer, it's important to know what you want before you begin this project.

- In what ways do I want to use the Internet?

Perhaps you have multiple stores spread far apart and you plan to improve employee communications via E-mail. Maybe you want to provide customer-service information online so you can free up your toll-free service line.

- Do I have someone on staff who can get me online and deal with Internet matters?

You'll be lucky to find someone on staff, but even if you do, you must be willing to invest time and money in training your people well. In terms of your business Internet presence, design and implementation, the more you can accomplish in house, the more control you have and the lower your costs.

CONNECTING TO THE INTERNET

The quickest and easiest way to get your business onto the Internet is to find an Internet service provider. The advantage? The costs are spread over many businesses. It's difficult to provide specific numbers for costs, though, because the cost of Internet access can vary widely, depending on the level of service provided.

To find an Internet provider, check your local

The quickest way to get your business onto the Internet is to find a service provider. The advantage? Costs are spread over many businesses. Check your telephone directory under the headings "Internet" or "Computer Services."

telephone directory under the headings "Internet" or "Computer Services." With your well-thought-out business plan in place, you have a clear idea what your present and future needs may be. But when talking with a service provider, get answers to these important questions:

- Does the provider charge flat fees for unlimited usage or basic fees with added charges for additional hours of use?

It's important to shop around for good service, and then compare providers' rates. Some rates change depending on what time of the day the system is online.

- Are there sign-up charges in addition to the monthly fees?
- Will the service provider charge storage fees for E-mail and other files?
- What modem speeds can the provider support?

It's important to know that while a slow-speed access line is fine for text files, anything slower than 14,400 bauds-per-second (BPS) will not easily support color graphics

displayed by Web browser software.

- Is technical support provided, or is that an additional expense?
- Can the service provider provide references from businesses currently using the service?
- Does the service provider have a toll-free or local access telephone number so customers can reach the Web site without long-distance charges?

WHAT A SERVICE PROVIDER CAN DO

A service provider can help you supply information about your business to the rest of the world. The provider will place the storefront or homepage that you design on the Internet, or the provider will help you find the right design to promote your business.

So what's the best strategy for estimating your costs? Talk with several Internet service providers, give them your business plan for the Net and explain to them what you want to accomplish on the Internet. Then ask the service provider to quote the costs for these services, preferably a quote in writing that they will stand behind.

THE BOTTOM LINE

To summarize, it will take several steps to get your rental business on the Internet:

1. Get your personal computer "wired" to the Internet through a local access provider.
2. Take some time to learn how to use the information highway's key tools, including E-mail and the World Wide Web. Look how other businesses are using these tools.
3. Plan what you want to do with your business on the Internet. Then find a service provider who understands your goals, and is able to help you deliver your goods and services online.

Follow these steps and you can become a favorite pit stop on the Information Superhighway for cyber travelers who want to rent online.

Jeff Rosen and Ron Chepesiuk are freelance writers residing in Arizona and South Carolina, respectively. They collaborate long distance via the Internet.

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Continued from page 26

used more as devices to collect late charges rather than an effort genuinely to rent products a day at a time.

Rental dealers have, of course, done considerable experimentation with the length of a rental agreement for ownership. Originally, it was 18 months; not because some focus groups all said that they would like to own their TVs in 18 months, but because the initial commercial financing offered to rental dealers to purchase rental inventory was structured with 18-month term notes on the merchandise. No one has ever explained why the lenders chose 18 months.

In any case, rental dealers have moved up and down from 18 months, although that term is still a mainstay of the business. There are terms as short as six months for used goods and as high as 36 months for some higher-end furniture. By contrast, the old 36-month car note has undergone similar evolution, although generally for longer terms, not shorter ones. Car dealers regularly offer 84-month car loans today.

The argument for adding flexibility to the rental term beyond the weekly/monthly model is that there is currently a pool of cus-

tomers in every store who want to renew their rental agreements and keep the property but who do not have the \$70 to make another monthly payment or the \$20 to make another weekly payment. In any store at any time, from 10 percent to 30 percent of customers will be in this position.

The business has always been willing to accommodate the monthly customer by converting the agreement from a monthly pay to a weekly pay, assuming that if the customer didn't have \$70, he could find \$20. Otherwise, the deal was off and the unit was retrieved.

But what if the customer only had \$5? Traditionally, it has not been enough, although some companies will accept a partial payment from an otherwise good customer at least occasionally. To most dealers, though, the lack of a weekly payment was evidence of the beginning of the end, and the dealer would insist on payment of all past-due charges plus at least a week going forward—or go get the product.

The question is whether dealers are leaving money on the table. Presumably, yes—at least \$5. Then the question becomes whether the costs of collecting the money are greater than the funds tendered.

Rental customers know that they cannot get another week of TV for \$5 if the regular weekly rate is \$20. They might be willing to go into debt with the rental company and make up the \$15 shortfall later, but that changes the nature of the business from renting to extending credit and is probably not a good idea over the long run. But what if that customer could, with his \$5, buy \$5 worth of time from the rental company and not be in arrears on the company books until that \$5 worth of time had expired. Five dollars won't buy much these days and it might only carry a customer from Saturday to Monday. But by Monday, the customer might have found another \$5 to carry him until Wednesday. If not, the store is exactly where it was on Saturday, with a customer whose agreement has expired. And \$5 more in revenue.

But is the store in the same place? The store may have had to crank up some collection efforts on Saturday to get the \$5. It will have to crank up those efforts again on Monday, either to get another \$5 or to recover the unit. That does not sound as if the benefits—\$5—outweigh the costs—collection efforts—which is why most dealers have not tried such programs on a regular basis.

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thinking would have to change dramatically. The store would have to get out of the business of renting TVs by the week or month, and instead get into the business of renting TVs for whatever period of time a customer would or could rent one for. It might be a day at a time or, in theory, even smaller increments. Rental yards, after all, rent their tools by the hour.

The theory is that the 10- to 30-percent existing customer base, many of whom currently avoid contact with the store because they don't have a full weekly or monthly payment, would feel free to come in with whatever money they did have and buy some more time. In addition, the store should attract some customers who do not ever seem to have quite enough money on hand for a full weekly or monthly payment to get them started in a rental program in the first place.

The common wisdom among people unfamiliar with how the business really works is that it is folly anyway to rent a TV that costs \$300 to someone for a \$20 rental payment without running a credit check on the customer—and without committing the customer to making any additional payments. And yet, that is the nature of the business. And many

millions of customers later, the industry has proven the fallacy wrong. Is it so fatal to suppose the deal cannot work for a period of time shorter than a week and for a \$10 payment, or even a \$5 payment, instead of \$20?

From a risk-of-loss-from-theft point of view, there should be some additional comfort because the store will have to have contact with the customer more often if he only pays \$10 instead of \$20. Many rental dealers like plenty of customer contact. They know that if they are in contact with their customer, they still have a unit whose whereabouts are known, and at least a chance of getting it back.

But, of course, all of that customer contact costs money and, at some point, it costs more to get the money than the customer is likely to pay.

Then there is the significant question of what effect such a program would have on the 90 percent to 70 percent of customers who pay weekly or monthly more or less on time. If they know that instead of having to come up with \$20 each week for renewal, they could keep watching TV for \$5, would the system spoil them, allow their discipline to lapse, and

cause a lower payment for the rental store and subsequent pickup? Rental dealers who are persuaded that they must help customers manage their money and impose the discipline of requiring regular payments at timed intervals, usually closely associated with pay-days, will think this whole idea is heretical.

In a pure pay-for-the-time system, all merchandise would be available to all customers at daily or other rates. As a practical matter, rental dealers are not going to want to deliver an apartment full of furniture one day and go pick it up the next. And so, the system would likely have a minimum initial rental period, at least for certain items.

Rental dealers could certainly charge higher rates for shorter periods of time and, in fact, already do. Nearly all rental stores charge monthly customers less than weekly customers. Daily customers might reasonably expect to pay more by the day than by the week.

This system could give a company a marketing edge over other traditional rental companies. The angle would be that customers rent for as long or as short a time as they want and

Continued on next page

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Continued from previous page

pay only for the time they actually use the product.

Rental dealers know that for many customers, every week or month, there is a struggle to pay the bills. There are always more bills than funds available, and the secret for rental companies and for all companies with whom the customer does business is to get to the top of the payment list. Some weeks, the rental company will get to the top and some weeks it will not. When it is at the top, the company gets a renewal payment. When it is not, it gets a rental return.

The pay-for-the-time system takes some pressure off of the customer by allowing him increased flexibility to pay the rental company. It does not, finally, put any more money in the customer's hands and the question is whether the system will generate more revenue for the rental company than the traditional system.

Would the system increase BOR? Is there really a pool of would-be rental customers who can never or only rarely manage to come up with a full weekly or monthly payment, but who could nonetheless regularly come up with \$5 or \$10 and who would like to spend that money renting some modern conveniences?

Ideally, a rental dealer would implement a pay-for-the-time program for that pool of customers and keep all of the regular pays on weekly or monthly programs. But how to distinguish between customer groups? Rental dealers can only determine payment habits after the fact; as a practical matter, there is no way to tell.

Making a pay-for-the-time system available only for some class of good, regular, paying customers would defeat the purpose of the program because it would not add new customers to the store and would perhaps spoil the paying habits of existing good customers.

In the days of manual operating systems, a pay-for-the-time notion would have been unthinkable. Too much paper shuffling. But computer programs today would easily allow the computation of rental rates for any period of time.

Some of the common wisdom in the industry to date has been that if a customer cannot come up with at least enough money for a full weekly payment, then the best course of action is for the dealer to retrieve the unit and rent it to someone who can. But this system

costs money as dealers well know. It costs money to pick up a unit and it costs more money to find another customer for the unit.

Ideally, a pay-for-the-time system would keep units out on rent better. Keep rates should improve modestly because customers would not have to come up with much money at any interval to renew. A small amount of money would buy a small amount of time.

Of course, it would do no good to take in just enough money to get the customer current without more. That is not a pay-for-the-time system. The customer would have to pay for some period of time in advance or return the unit.

Such a system would surely increase employee activity in the store. No longer would employees see those long, lazy Tuesdays and Wednesdays of polishing TV screens—followed by the chaotic crush of Fridays and Saturdays. Store traffic would increase everyday with customers making several \$5, or \$6, or \$8, or \$10 payments during the course of a week instead of one \$20 payment. Whether it would increase store activity sufficiently to increase store labor costs would depend on how fully utilized store employees are to begin with.

Is there some magic, minimal amount of money that a store must get from a customer below which amount it is not economically feasible to do the business? If so, how much is it, and can that amount of money be computed as rental time?

There was a business many years ago that rented TV sets to customers by the hour. Customers had coin boxes attached to the TVs in their homes and when they wanted to watch some TV, they dropped in a quarter for 30 minutes or an hour's worth of viewing time. In those early days of television they were paying for the time. Similar TV-viewing systems can be seen in a few airports around the country.

If some brave rental entrepreneur out there has tried this pay-for-the-time concept, we would like to hear what happened. It is not a glamorous notion. But it would change how we all are used to thinking about the business. And, obviously, everybody cannot do it. The question is would it work?

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

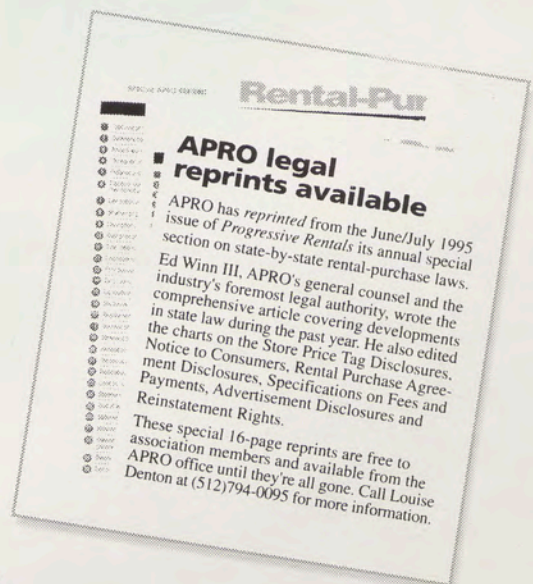
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put off by the teamwork concept, believing it undermines their authority.

On the contrary: when applied properly, it enhances the cooperation of the subordinates with the supervisor.

Not only does the idea of Total Quality Management scare supervisors, but so too does it scare employees. New buzzwords and catch phrases turn some people off, especially those of tradition.

How a manager introduces Total Quality Management can make a big difference. Let your people know that you are not changing the way they have to do their job. You are empowering them to improve their work situation.

Total Quality Management is a process that gets everyone involved in the task of achieving quality in the organization. This is accomplished by eliciting ongoing feedback and delegating responsibility (and thus allowing the person to act upon that responsibility, rather than having management constantly interfering in their work).

Here are six ways managers can elicit feedback:

1. Place a suggestion box in a common area for employees. Allow them to remain anonymous if they so choose. Always follow up on suggestions, no matter how trite.
2. Ask your senior personnel to list those obstacles to getting their jobs done well. Make sure they get feedback from co-workers.
3. Get out of your office and spend time among the people "on the floor." Let them see you present while you ask them if there is anything you might do to help.
4. Give your people a pat on the back, even for the smallest accomplishments. Tell them how much you appreciate their efforts.
5. Inform your people that they now have a chance to make their work easier and more productive. Don't promise or even suggest something you cannot guarantee.
6. Ask your employees to get feedback from your customers. The ultimate goal of Total Quality Management is customer satisfaction.

These steps can help foster a feeling of kinship among you and your employees, which is the key to getting Total Quality Management off the ground.

Unfortunately, for years, workers have believed the boss is just waiting to "catch them" doing something wrong or is "using"

them for personal gain. Total Quality Management helps change that mindset by emphasizing that it is not the boss vs. employees, but the boss with employees: that together, you work toward the common goal of success for the business and, by achieving success, all stand to benefit.

The biggest asset to winning your people over is to gain the trust of a few natural leaders in your business; others will eventually follow. Most important is to show sincerity and trust.

How do you identify the natural leaders? They're not necessarily supervisors, but at times have more influence on the other employees than supervisors. Keep an eye out for people who exhibit leadership qualities such as: fast learners, those who help new workers learn their jobs, those who don't have to be told what to do before they take action, and people who are willing to take risks to try to solve problems on their own.

Your bull's eye for Total Quality Management should be this: Increase quality production and service at the lowest possible cost, and satisfy your customers by having everyone in the company take responsibility for the quality of their work.

Look to others who have already implement-

ed Total Quality Management, such as large corporations or successful government agencies, and seek out what knowledge they have to share. Educate yourself by reading up on the Total Quality Management concept in business journals.

Your goal needs to be clear: trust your people as they must trust you. Everyone has to be willing to give or receive feedback without fear of criticism or reprisal. A workplace built on trust and a desire for improvement is a workplace of winners.

Workers are not solely motivated by money. For most workers, a feeling of accomplishment and job satisfaction is just as important as monetary compensation. By allowing for feedback, self-initiative and creativity, you will find that workers will have these priorities met. Once they are met, workers will exhibit enthusiasm and greater productivity.

If the employees are happy and feel good about their jobs, it will reflect in the quality effort they put into those jobs, which ultimately will accomplish the goal of customer satisfaction.

And that's the bottom line.

Vince and Carol Brzozowski-Gardner are Florida-based freelance writers.

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Continued from page 32

tomorrow's newspaper. Nothing is "off the record" until a journalist agrees to it—and even then it's best to just avoid those situations.

3. Promote even your smallest events, promotions or product developments. Many newspapers these days have separate business or community sections which feature small news items, so don't be afraid to send out reams of press releases for these sections. And don't ever underestimate the power of the news media; people read those columns.

Promote even your smallest events, promotions or product developments. Many newspapers these days have separate business or community sections which feature small news items, so don't be afraid to send out reams of press releases for these sections.

You could gain a great deal of business exposure with just a small press release.

4. Announce upcoming days or events which tie in to your business and write a press

release explaining them. Don't assume reporters know everything about your business. Explain terminology, no matter how

Continued on page 43

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The above list of management-services providers cater to the rental-purchase industry. All are either APRO Associate Members (*), advertisers (+) in APRO publications or APRO convention exhibitors (¥). In addition, three are APRO-endorsed consultants (>).

Continued from page 29

theft, how does the employer protect against big employee lawsuits?

Historically, civil cases were never intended for jury process. The English system of law, from which ours is modeled, excludes juries from hearing civil dispute cases. Instead, a judge hears the cases and decides on the matter. Civil trial by jury was purely an American wrinkle. Few other countries in the world practice such a process.

ADR precedes the court system. It has its early roots in ancient Mesopotamia, where a king required all civil disputes be mediated by the village elders first before a case could be tried.

In England, when the civil courts were created as revenue generators for the English Crown, business people decided they would be better off handling matters themselves and adopted a system of ADR.

Internationally, business transactions are frequently sent to arbitration as a way to determine before a dispute arises where the case will be tried, what laws will be used and what language will govern the negotiations.

"It has been the preferred method of resolving civil and commercial disputes for thousands of years," claims Faulkner. "It's a philosophy that allows commercial businesses to work out their disputes without interference from the government."

In the U.S., federal mediators have frequently

services. He signed up his employees for an ADR system last year.

"For employers, it's something that is kept confidential and is not subject to the wild-card settlements of today's juries," Gersema says.

White says his company already had a for-

Historically, civil cases were never intended for jury process. The English system of law, from which ours is modeled, excludes juries from hearing civil dispute cases. Instead, a judge hears the cases and decides on the matter. Civil trial by jury was purely an American wrinkle.

been used to settle labor strikes. Today, many judges at the local levels are requiring mediation before trial as a way to eliminate some of the bottlenecks in their dockets.

Proponents say it lessens the tension of the grievance process.

"It gives employees with legitimate grievances a fast, fair and reasonable judicial process," says George Gersema, CEO of Employer's Resource Management, Inc., a national organization for co-employment

mal grievance procedure in place. However, employees saw it as having "the cards stacked against them."

Adds White: "What ultimately sold us about the ADR system was the fact that a neutral party comes in to settle the disputes. Everyone gets a fair deal that way."

Kelli Montgomery is a magazine journalism graduate from the University of Texas at Austin and former APRO intern (1993).

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How well do you really manage time? To answer this question—and to brush up on the key principles of time management—grab a pencil or pen and scratch pad, and take this brief "time test."

Give yourself 1, 2, 3, or 0 points, according to the following scoring key, as you answer each question. If your answer is "always," give yourself 3 points. If your answer is "usually," give yourself 2 points. If your answer is "occasionally" or "sometimes," give yourself 1 point. If your answer is "rarely" or "never," give yourself 0 points.

TIME TEST

1. Do you regularly review long-range goals for your personal and professional life?
2. Do you spend a few minutes thinking about and planning your day before you start it?
3. Do you outline each day's appointments and key tasks in your calendar?
4. Do you list your tasks and activities in priority order and concentrate on these top priorities?
5. Do you keep and use an ongoing "to-do" list, consisting of things you'd like to do in the future?
6. Do you handle the most important tasks of the day when you feel the most alert?
7. Do you group similar tasks together and do them all at the same time?
8. When you enter your office or pick up your mail, do you immediately discard messages and items you don't need?
9. When you're working on a large project, do you break the task down into small chunks and work on one piece of the project at a time?
10. Do you shut your door or engage in "quiet time" when you must handle "detail work"?
11. Do you keep reference materials, like telephone books, address books and important manuals within arm's reach of your primary work area?
12. Do you organize your working tools, like

pens, rulers, telephones and other equipment so they're ready to use the minute you want them?

13. Do you maintain a simple, but well-defined filing system, into which you place all loose papers and materials?
14. In completing paperwork, do you handle each piece of paper only once?
15. Do you use a dictating machine to handle memos, messages and correspondence?
16. Do you skim magazines, journals and reports to learn key information?
17. Do you use waiting time and travel time to handle small tasks or to catch up on reading?
18. Do you make decisions and embark on courses of action quickly?
19. When you start a project or task, do you have "backup" plans which can be quickly and easily implemented if your original plans don't work out?
20. Do you keep your secretary, assistant or colleagues informed about your work so they can handle minor tasks without interrupting you?
21. Do you give clear instructions to subordinates and colleagues—clear enough so they do not have to return several times?

22. Do you set clear agendas for meetings and then stick to them?

23. Do you stop working on a task when you begin to feel stress or a loss of energy?
24. Do you keep a simple time log to systematically assess where and how you spend your time?
25. Do you take time each week to appraise your productivity and determine whether you've completed the goals you set out to accomplish?

To determine your "time-management quotient," total the number of points you received on the time test. If your score ranges between 65 and 75, congratulations. You're a fine time manager and, chances are, you're using your time to get top results.

If your score ranges between 45 and 64, not bad. With some modest improvements in your time-management habits, you can probably become more productive each day.

If your score ranges between 25 and 44, you've got the right idea, but you'll have to work hard to begin using time-management principles.

If your score is below 25, you've got a lot of work to do to achieve more of your goals.

—Richard G. Ensman Jr.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

January 24, 1996

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Continued from page 40

elementary it may seem to you. These releases may prompt a call from a reporter and get you quoted.

If you live or work in a town that has a small newspaper, offer to write a column highlighting your expertise—perhaps a question-and-answer column, popular in many small community newspapers. You won't get paid much—if anything—for your writing, but the exposure is good for business.

5. Be available for important stories. Make sure the local reporter has a phone number where you or your media contact may be reached at night. Many reporters work well beyond the dinner hour. It is better to have your evening meal disturbed by a telephone call than to open the newspaper the next morning and read an incomplete story which could have been more balanced with your input.

6. Know how to write an effective press release. Every press release should be typed, double-spaced and include the basics—who, what, when, where, how and why. Include phone numbers for contacts and get the press release to the editor's desk well before deadline.

7. Don't be discouraged if something you sub-

mit is not published. It's a game of numbers in the news business. You're bound to "win" column inches at some point.

8. Have your business invite the local business

If you live or work in a town that has a small newspaper, offer to write a column highlighting your expertise—perhaps a question-and-answer column, popular in many small community newspapers. You won't get paid much for your writing, but the exposure is good for business.

writer to speak to employees at a seminar or less formal gathering. Unveiling the media mystique can do nothing but improve your relationship.

9. The newspaper is the pulse of the community; don't shy away from getting your business to be a beat in that pulse. Organize letter-to-the-editor campaigns to praise and protest certain types of coverage. This lets editors know you are alive and standing to be counted.

10. Avoid broad-based criticism of the news media. Focus your comments on the facts and stay with those facts. Explain how you believe fairness may be achieved. It's too easy to blast

the news media with generalizations, just as it's easy for the news media to generalize. Nothing speaks the truth louder than the facts.

As a former newspaper reporter and now a

freelance writer, I've always believed people underutilized the opportunities local media outlets afford. The people whose news items made it into my "people" column, and whose quotes made it into my news stories, made themselves known to me through phone calls, mail and personal contact.

If done in a tasteful and polite way, you can see a positive increase in your media exposure by following these steps.

Carol Brzozowski-Gardner is a Florida-based writer.

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Ethics

BY WAYNE CHAMBERS

Ethics encompasses a system of standards of conduct and moral judgment for a particular person or group. The standards of conduct and moral judgment have developed for the rental-purchase industry through the years.

The question is whether or not the industry has come far enough.

Compared to 20 or 25 years ago, the standards of conduct have improved considerably. Many of the improvements have been dictated by the size of the industry and the exposure to outside influences such as government regulation, media exposure, state and federal taxing authorities, and state, local and federal courts.

Credit should also be given to the formation of a national trade association and the education processes that are brought to the industry.

However, is that enough? And how far should the standards of conduct be developed?

Outside forces have determined many standards that have been established, perhaps because the industry did not move fast enough. Those standards include:

- The language mandated in most every rental agreement;
- Disclosures mandated in all advertising;
- Pricing restrictions in many cases;
- And even the way in which dealers may mark merchandise in their stores.

Yet even with some of these guidelines established in state laws, some dealers have knowingly maintained old language in their rental agreements, stretched their interpretation of advertising disclosures, ignored pricing requirements and not provided customers with proper pricing disclosures. Interestingly, it seems these dealers are also the ones who show little interest in joining their state and national trade associations.

Many of these dealers are driven by numbers—the bottom line—and show little respect for their customers and employees, and foster a poor company culture. Unfortunately, those are also the dealers who get caught, make the nightly news and daily newspapers, and end up fostering a negative perception of this industry with the news media. A news story on these types of dealers gives the impression that there is no system of standards and proper conduct within the rental-purchase industry.

A level of numerical greed may also be part of the problem. In a quest for numerical supremacy, companies often forget that high standards of conduct have the customer and employee in mind. The employee is the first line of contact with the customer—and if employees do not show a high level of moral and ethical values, the system will break

down. Therefore, the establishment of those values begins with the quality of the people hired, the training they receive and the ethical practices embraced by the company's management and ownership.

A few things to consider which will improve the standards of conduct within your rental-purchase operation:

- A clearly defined mission statement that includes a statement about the treatment of customers and employees.
- A set of philosophies that clearly defines your company's position toward customers, employees, business relationships and the communities in which your company conducts business.
- A strong set of corporate policies, detailing codes of conduct and values.
- An employee policy and procedure manual that again outlines your company's standards of conduct.

All of the manuals, training and verbal statements mean nothing, though, if the commitment of management and ownership is not there. Ethics begin at the top and filter down, so managers and owners need to look at themselves and see what example they set.

As a manager or owner, ask yourself these questions:

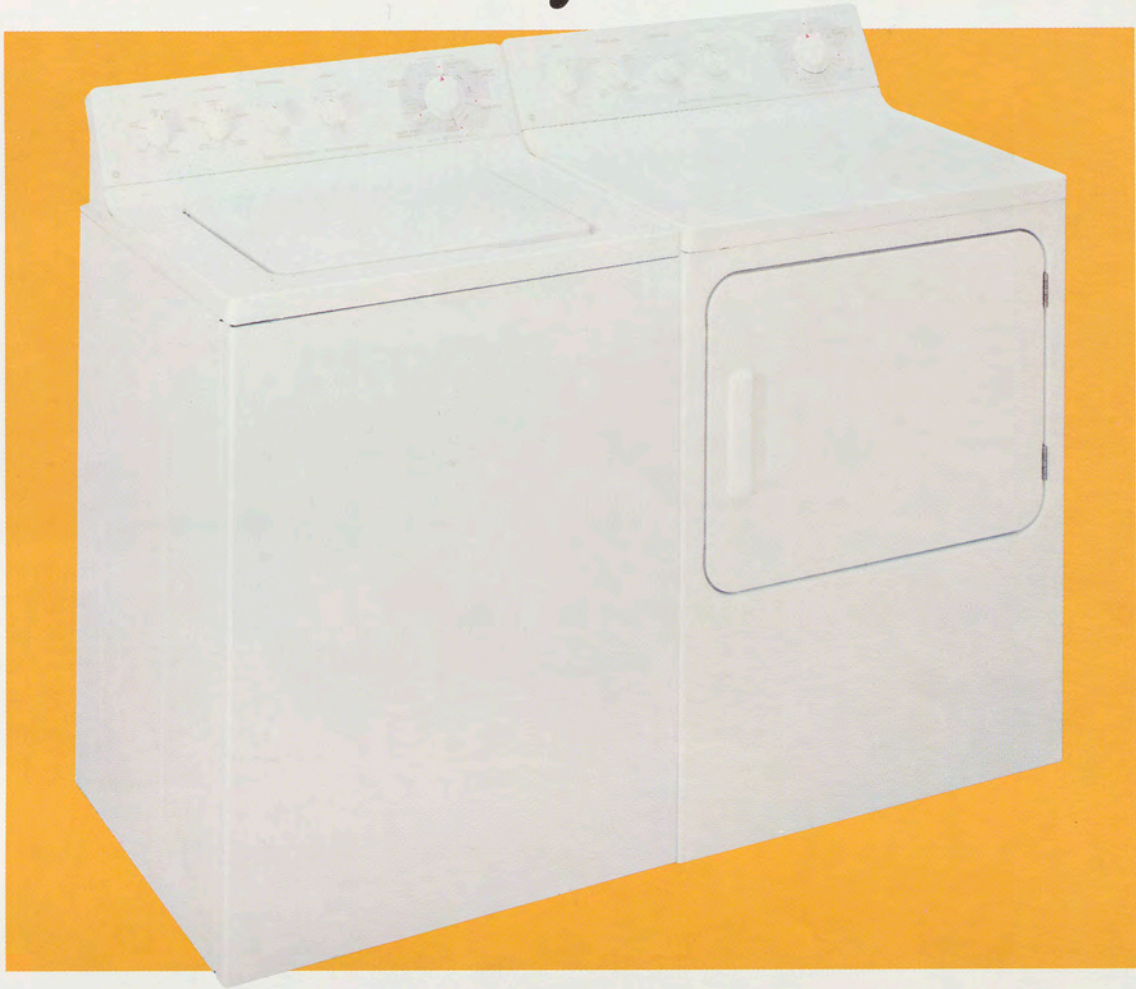
- What do I do when a coworker or employee mistreats a customer? Is this the way I'd like to be treated as a customer?
- When do I take corrective action when someone breaks policies or procedures? Now or later?
- Have I ever made a derogatory statement about a customer or employee in front of another customer or employee? Why?
- Does my company stress customer and employee relationships or just numbers? Why?
- As the owner, have I ever made a commitment to a customer or an employee that I knew I could not keep? Why?
- Have I ever underreported income for tax purposes? Why?

Of course, these questions can go on and on. Most of us have broken a rule or two and have allowed our standards of conduct to slip at one time or another. But it is important to remember that it's up to us to maintain a strong system of ethical conduct.

If we do not take individual responsibility for upholding high moral and ethical values in our businesses, then we really do not have room to complain how we are treated.

Wayne Chambers is chief operating officer for Albuquerque, N.M.-based Amigo Rentals. He is a former dealer and two-term president of APRO (1991-93). Chambers continues to serve on the APRO Board of Directors and chairman Charles Cloud's ethics committee, among others.

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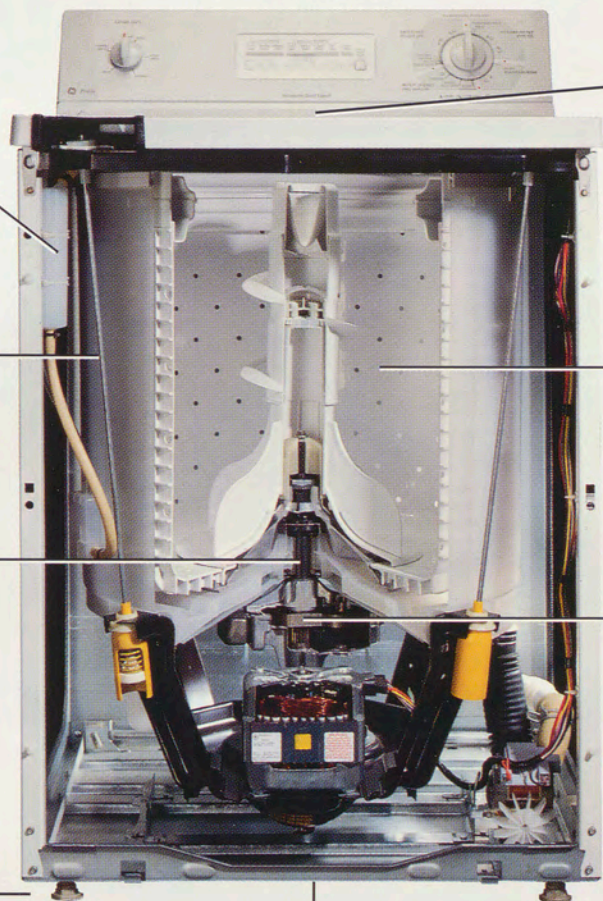
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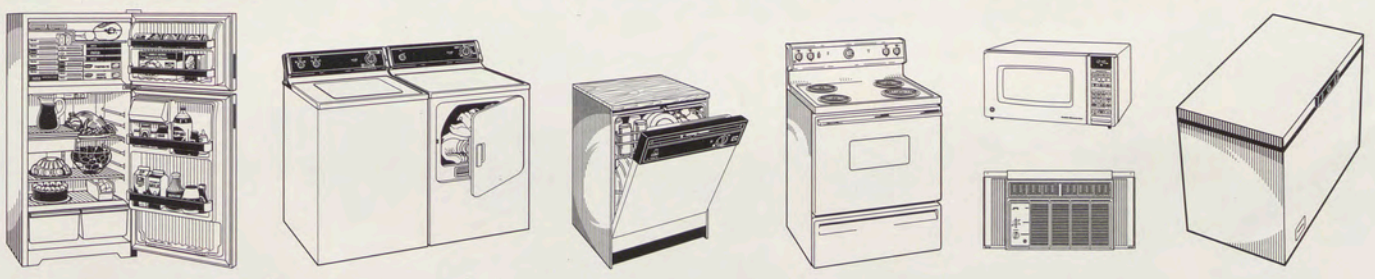
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