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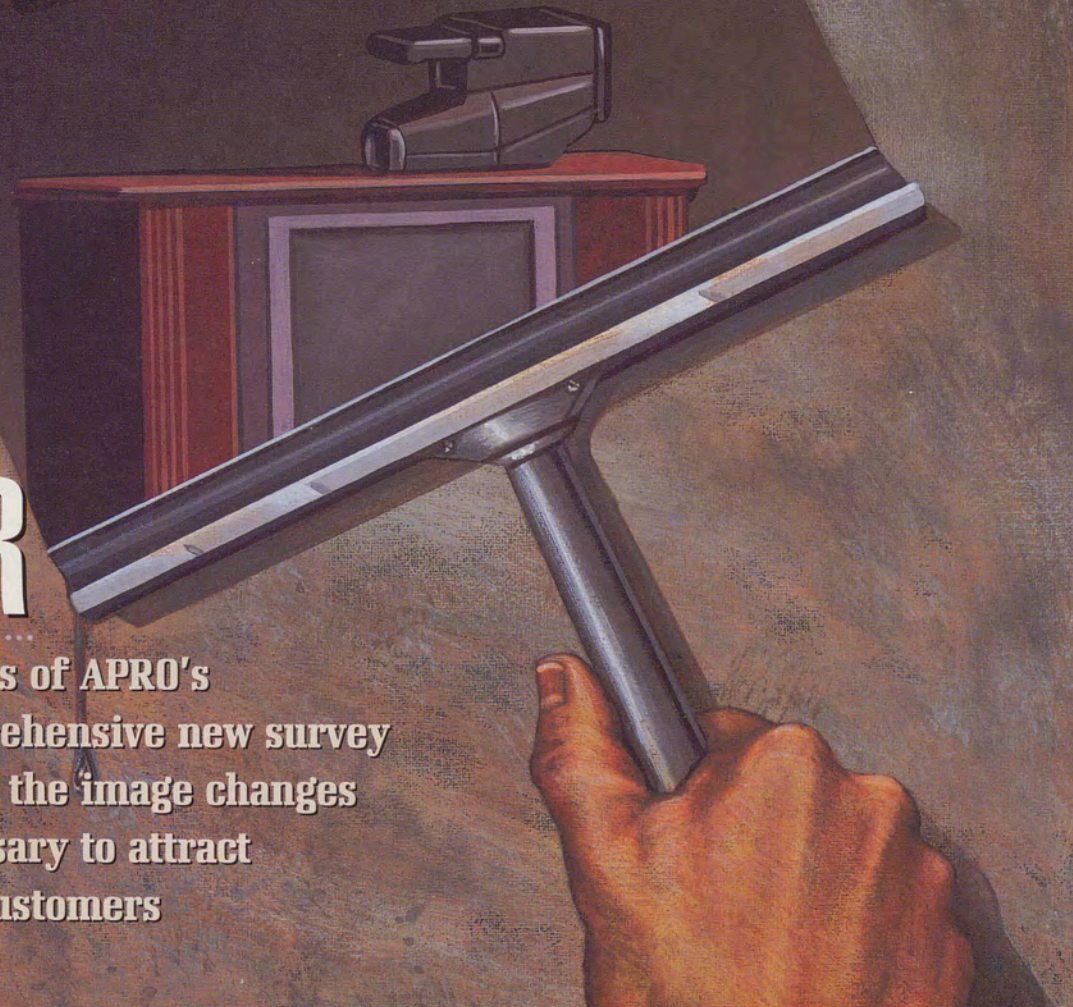
Rentals

THE VOICE OF THE RENTAL-PURCHASE INDUSTRY | FEBRUARY-MARCH 1997

RENT-TO

CREATING A CLEARER IMAGE OF RTO

Results of APRO's comprehensive new survey reveal the image changes necessary to attract new customers

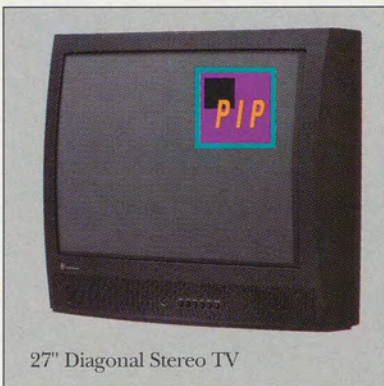


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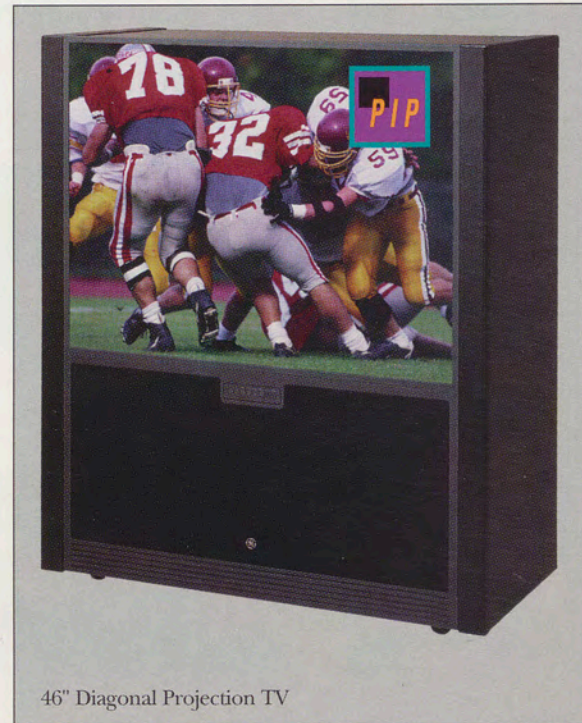
Universal Remote Control



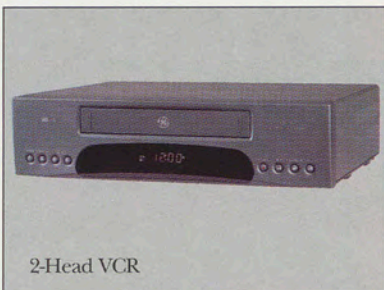
27" Diagonal Stereo TV



25" Diagonal XS® Stereo TV



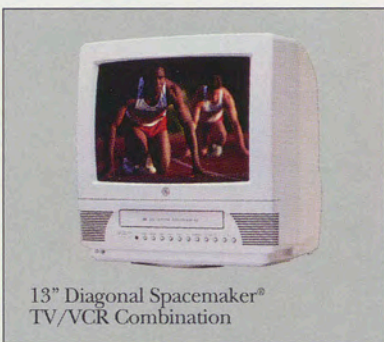
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4-Head Hi-Fi Stereo VCR



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February/march



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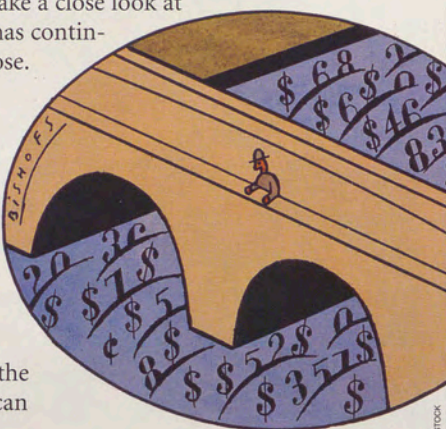
To effectively manage the rental-purchase industry's public image, the first phase of a major research effort was recently completed by TateAustin, APRO's public relations firm. Nancy Edwards of TateAustin highlights some of attitudes and responses unveiled during focus group interviews with non-RTO customers across the country. The hard truth is that the industry's image is having a serious effect on its growth potential.

24 | Riding the wave of consolidation

As RTO store consolidation opportunities continue, many question its merits and wonder about the implications for the welfare of the industry. Paul Huffman and C. Marks Hinton from Equitable Securities take a close look at the reasons why this consolidation "frenzy" has continued and why it looks as if it's coming to a close.

28 | Bankruptcy

Why is it that rental dealers don't see Hertz or Avis having to reclaim their vehicles in bankruptcy court? Court prejudice aside, with the number of personal bankruptcies on the rise, it would behoove RTO dealers to recognize bankruptcy for what it is and what it isn't. Ed Winn III takes you through the bankruptcy maze and talks about what you can expect and how to play by the rules.



© H. HENRY/LAUNDRY STOCK

32 | Get ready to Rally!

It's time to start making plans for the 1997 APRO convention, scheduled for August 11-15 in one of RTO's favorite hot spots, Bally's in Las Vegas. Barbara Stooksberry touches on some of the highlights planned for attendees this year, including what's new to do in Las Vegas.



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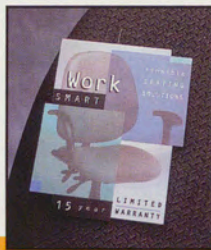
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news

B R E A K

**COMPILED BY
NICKI CARLSON,
RICHARD MAY AND
JULIE SHERRIER**

Consolidation: RTO's chain reaction

Since the *Third Quarter Update* on the rent-to-own industry report from The Robinson-Humphrey Co. Inc., a total of 40 more stores have been purchased during and a total increase of 2 percent — from 36 percent to 38 percent — of the industry stores are owned by the 10 largest firms.

Despite strong egos within the industry, potential economies of scale should drive a consolidation among the consolidators within the next 12 to 18 months. The recent decline in public company valuations may accelerate this inevitable consolidation.

Privately held RTO Inc. — a new entrant into the consolidation process which acquired the 101-store Dallas-based Action TV chain — started the year with 117 stores and expects to nearly double its store base to approximately 200 stores via acquisitions by the end of the first quarter of 1997.

The number of stores controlled by the five public chains rose 85 percent to about 1,200 stores (including franchised stores) at the end of 1996, which is 14 percent of the industry's total. The store count of the 10 largest chains increased 28 percent to roughly 3,100 stores, which is equivalent to

about 38 percent of the industry's total stores.

As a group, RTO chains enjoyed strong fundamental growth in 1996. Total revenue of the five public U.S.-based RTO chains rose 73 percent in the first quarter, 60 percent in the second quarter, 40 percent in the third quarter and an estimated 28 percent in the fourth quarter.

Source: Fourth Quarter Update, The Robinson-Humphrey Company Inc.

Loudermilk heralded as hero

Charlie Loudermilk, president, chairman, CEO and founder of Aaron Rents based in

APRO staffer goes live

A PRO administrative assistant Amber Roberts was driving to work one morning — the week prior to the Super Bowl — when she heard someone on the radio say he was going to buy a big-screen television just to watch the game and return the set the following day.

Amber took it upon herself to call the station from her cellular phone and suggested that people take advantage of rent-to-own stores instead of doing the buy-and-return scheme. "Why buy a big-screen television, unpack it and then re-pack it when an RTO store will deliver it and pick it up for you?" says Amber. Hats off to Amber for her quick thinking!

GO PACKERS!
GO PATRIOTS!
GO RTO!





Atlanta, was featured in an article in *Sky* magazine for his

charitable heroics in reviving a dying town. Over the past 10 years, Loudermilk has worked diligently to bring jobs, build roads and a baseball field to the town of Coolidge, Georgia, which is near a 4,500-acre hunting retreat where Loudermilk spends a good deal of time hunting quail.

"Coolidge was a Third-World country," Loudermilk was quoted as saying. "There was raw sewage, outhouses. In some of the houses, if you stepped too hard, your foot would go right through the floor and rats would come up through the holes. It was just unbelievable," he says in the article.

Loudermilk brought MacTavish Furniture Industries to the town (MacTavish is Aaron Rents' manufacturing subsidiary), which now employs 230 people from the area. And the city now has a new four-lane highway, a traffic light and a desperately needed sewage system.

While he has met with some local resistance to change, as some residents have taken offense to the negative publicity of the state of the town, this hasn't deterred Loudermilk from making progress. "I don't care

R T O F Y I

Less than 30 percent of the potential customer base has been penetrated; therefore, new store openings should accelerate once the consolidation process slows. Pennsylvania recently passed a favorable RTO law and will be a likely place for new store openings and acquisitions.

As the consolidation process continues during the next couple of years, major transactions involving the merging of major consolidators may take place so large chains can sustain growth rates.

Source: Third Quarter Update, Robinson-Humphrey Company Inc

what you do, you're going to have some opposition," he says. "We just try to do things here that are going to improve the community—and it's working...If we are all so sensitive and worry about what somebody might say, nothing would ever get done."

Community service reaps rewards

While many RTO dealers talk about getting involved in the community, there are many who are already making good impressions. Two such dealers are Barbara and John Keller of Keller's Rental in Rolla, Missouri. The Kellers were featured

in a local monthly magazine in Rolla called *The Good Life* in an advertorial entitled, "It's time to rethink renting."

The article extolled the virtues, flexibility and different reasons to rent, the variety and high quality of merchandise offered in their store, the family-business atmosphere and that the store recently added computers to its inventory. The full-page advertorial ran with photos and an invitation to make a visit to the store.

The tone of the article was down-home friendly and straightforward. And the advertorial approach to reaching customers was rather unique. The Kellers deserve a pat on the back for doing what they appear to do best: serving their community.

TRIB adds West Coast furniture vendors

The U.S. rent-to-own industry's largest buying group, originally strongest in the Southeast, has strengthened its national reach by selecting its first West Coast furniture vendors, according to *Furniture Today*.

John Blair, national director of The Rental Industry Buying Group, signed on six furniture resources for its West Coast members. The new vendors are: Fireside

1997

CALENDAR OF EVENTS

APRIL 10-18

High Point Furniture Market, 910/888-3700

APRIL 10-18

High Point Furniture Market, 910/888-3700

MAY 1-3

APRO Mid-Year Conference Casa Marina Historic House by the Sea Key West, Florida See pages 6 and 7 for more information and registration form.

MAY 15-18

TRIB annual meeting, San Antonio, 770/451-4302

JUNE 2-5

CES with Comdex, Atlanta, 202/457-8700

JUNE 28-JULY 1

Dallas Furniture Market, 800/325-6587

JULY 10-13

Atlanta Furniture Market, 404/220-3000

JULY 18-22

San Francisco Furniture Mart, 415/552-2311

AUGUST 11-15



APRO '97 Rally at Bally's! Annual Convention & Trade Show, Las Vegas See page 32 for more information.

AUGUST 21-24

Tupelo Furniture Market, 601/844-1473

OCTOBER 16-24

High Point Furniture Market, 910/888-3700

Classics and J. Remington Design in Wilsonville, Oregon, for upholstery; Images in Surrey, British Columbia, for entertainment centers and television stands; Furniture International in Kent, Washington, for tables; Michaels & Co. in Linwood, California, for bedroom and dining room furniture; and Summit House in Ontario, California, for dinettes.

The six are among 20 primary furniture

resources for TRIB. The vendors offer special product programs and pricing to TRIB members and participate in the annual TRIB vendor show, which is scheduled to be held in May in San Antonio.

APRO executive committee member Rich Bartel assisted in the vendor selection as he is a member of the TRIB Furniture Committee, along with committee chairman Judy Garrison

Continued on page 8

Ther-A-Pedic's cyber sleep site

Ther-A-Pedic International announces the development of its new World Wide Web site at www.thera-pedic.com. Featured on the four-page site is a "Rest Test" where visitors can determine if their current sleep system is adequate. The site also includes information about the company's patented features such as Medi-Coil, Tri-Tec with Triple Edge, Perma-Grip II non-rip mattress turning

handles and its new Medi-Coil 660 Prism Triple Edge, high-profile continuous coil sleep system.

"We listed all of our worldwide factory members so that any interested visitor from anywhere in the world can e-mail, phone or fax the factory nearest to them for information on our closest customer out-

let...from sleep shops to department stores to RTOs," says Michael Pino, vice president of marketing. "We intend to update the site continually with new product information."



Mid-Year Conference in Key West offers a perfect getaway to get ahead

The 1997 APRO Mid-Year Conference offers a unique opportunity to get away from it all while brushing up on the latest developments occurring in the rental-purchase industry. Scheduled for May 1-3 in the United States' southernmost city, the conference will cover the latest research results from APRO's public relations campaign in addition to the annual RTO legal update, tax and accounting update and an industry round table discussion.

1-5 P.M., THURSDAY, MAY 1

Attracting new RTO customers: APRO public relations investigative report

Nancy Edwards, public relations manager, TateAustin

In the past year, APRO has stepped up its efforts to enhance the image of RTO and determine how the public perceives the industry across several demographics. APRO has enlisted the help of TateAustin, a nationally recognized public relations firm, to help determine not only who is using RTO, but also who is not. Through focus groups and telephone surveys, TateAustin has compiled a comprehensive study of the RTO customer. Nancy Edwards will share these research findings at the Mid-Year Conference.

6-8 P.M., THURSDAY, MAY 1

Rental Dealers Hospitality Suite

Sponsored by Foresight Inc.

9 A.M.-12 P.M., FRIDAY, MAY 2

APRO Annual RTO Legal Update and Tax and Accounting Update

*Ed Winn III, APRO general counsel
Tom O'Keefe, vice president and CFO of
Champion Rent-To-Own*

During the legal update this year, Ed Winn will review recent litigation that may have a big impact on RTO, including decisions in Minnesota, Wisconsin, New Jersey and North Carolina. Other topics will include: insurance, pricing, bankruptcy, used bedding and dispute resolution.

The tax and accounting seminar will feature Tom O'Keefe's update on the status of the income forecast method depreciation issue and will include court case studies. O'Keefe will also discuss legislative



MARRIOTT CASA MARINA

efforts relating to RTO tax issues as well a review of sales tax, property tax, accounting and reporting concerns.

12 P.M., FRIDAY, MAY 2

Complimentary luncheon

Sponsored by Nationwide Club and Administrators

9-11:30 A.M., SATURDAY, MAY 3

Industry Round Table

Moderated by members of the APRO Executive Committee

Join fellow industry insiders in focused discussions on issues affecting RTO. Topics will include the image of the industry and its impact on business, industry consolidation and new products and technologies.

"Key" attractions. Conference attendees can enjoy not only the sun in Key West, but also the city's museums, art galleries, theaters and special attractions. Water sport lovers can choose from snorkeling, diving, wave runners, kayak tours, charter fishing and other activities. Experience the charming lanes, quaint shops, "Conch Homes" and lush tropical landscaping. For more information on Key West, call 800/LAST-KEY.

Golf by the Gulf. Attendees can partake in Key West Golf Club's paradise. Golfers will enjoy the unique 18-hole course that covers 200 acres of beautiful Florida Keys foliage and wildlife. Golf legend Rees Jones masterfully designed the course to be a challenge to players of all abilities. To set up a tee time, call 305/294-5232.

Conference registration. The registration deadline for the 1997 Mid-Year Conference is April 15. Please fill out the form at right and mail it, with payment, to: APRO, 9015 Mountain Ridge Dr., Suite 220, Austin, Texas 78759. Registration on-site will be available; however, we strongly urge you to make your hotel reservations as soon as possible as rooms are limited.

Hotel reservations. The historic Marriott Casa Marina—the oldest and largest hotel in Key West, pictured at left—will be the meeting site for the Conference. There are only a limited number of rooms available and those will be reserved on a first-come, first-served basis. The room rates for the Conference are \$179 for an ocean view and \$149 for a non-ocean view. The deadline for making reservations is March 31. Call 800/626-0777 or 305/296-3535; or write to Marriott's Casa Marina, 1500 Reynolds St., Key West, Florida 33040 to reserve a room now.



ERNEST HEMINGWAY'S HOME

APRO's 1997 Mid-Year Conference Registration Form

Name _____

Company name _____

Address _____

City _____

State _____ Zip code _____

Business telephone (_____) _____

Business fax (_____) _____

- ▶ Registration fee is \$300 for members/\$500 for non-members for the entire conference; or \$125 for members/\$200 for non-members per individual session.

Please indicate appropriate registration below:

- May 1:** Attracting New RTO Customers: APRO Public Relations Investigative Report, 1-5 p.m. (\$125/\$200)
- May 2:** APRO Annual RTO Legal Update and Tax and Accounting Update, 9 a.m.-12 p.m. (\$125/\$200)
- May 3:** Industry Round Table, 9-11:30 a.m. (\$125/\$200)
- All sessions** (\$300/\$500)

Are you an APRO member? Yes No

Check enclosed

Charge to:

American Express MasterCard Visa

Credit card number _____

Expiration date _____

Authorized signature _____

- ▶ Photocopy this form for additional registrants.
- ▶ Hotel registration is separate and can be made by contacting the Marriott's Casa Marina at 800/626-0777; or write to Marriott's Casa Marina, 1500 Reynolds St., Key West, Florida 33040.
- ▶ Please mail this form, with payment, to: APRO, 9015 Mountain Ridge Dr., Austin, Texas 78759; or fax to 512/794-0097. Pre-registration deadline is April 15. On-site Conference registration will be available, but we recommend that you reserve your accommodations at the Marriott's Casa Marina now as space is limited. Hotel reservation deadline is March 31.

of Champion Rent-to-Own and John Blair.

New bed design is music to the ears

Danny Bozof and Frisco Furniture have paired up to produce one of the most exciting furniture introductions in recent



years—a stereo bed! The headboard comes complete with 100-watt built-in speakers and a compartment for the stereo system. The components all fit beautifully into the headboard. Bozof says the product design has been completed and that a patent is pending. Look for a more detailed product announcement in an upcoming issue of *Progressive Rentals*.

TRIB convention dates set

The annual TRIB convention will be held May 15–18 at the San Antonio Convention Center. Instead of the usual 20,000 square feet of exhibit space, this year TRIB has contracted for 60,000 square feet to

allow exhibitors more exhibit space for their displays.

“No, we haven’t doubled our vendor listings!” says John Blair, TRIB executive director. “We want to bring the furniture market atmosphere to the TRIB Convention where the approved furniture vendors are able to display 12 living room groups instead of two,” he says.

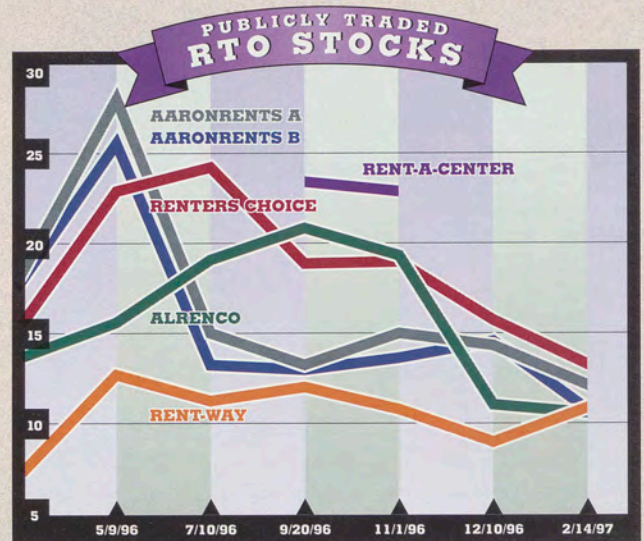
A golf outing is in the works for May 14 at the famous Quarry Golf Course, along with a Mexican fiesta opening reception on May 15 and the annual TRIB award dinner on May 17.

For registration or exhibitor information on the TRIB convention, contact Mary Hughes at TRIB at 770/451-4302.

Are temporary employees here to stay?

According to an Office-Team study in 1995, two-thirds of large corporations anticipate using more temporary help between 1996 and 1998 than in any previous year.

The Census Bureau’s 1987 and 1990 *Surveys of Income*



and Program Participation cite that 9 percent of blue-collar jobs were staffed with temps in 1983. By 1993, this number rose to 23 percent.

With the growing trend toward temporary work, many people will be unsure of their future income. Such a situation provides an excellent marketing and advertising opportunity for rental-purchase companies to promote the benefits—such as return options and weekly or monthly payments—of rent-to-own to a targeted and likely receptive audience.

Equitable’s C. Marks “Bubba” Hinton Jr.

outlines another way the rental-purchase industry can capitalize on the rise of temporary employment. “If corporations are renting employees, why would they want to buy office furniture or permanently move their people to new locations?” he asks. Rental-purchase companies could target these businesses with advertising and promotions for office furniture and appliances.

Source: Bubbagram, August 2, 1996

APRO dishes out thanks

The APRO staff would like to thank Al Zagorniak of Sears Contract Sales for the generous contribution of a much-needed dishwasher for the APRO office. The dishwasher arrived just in time to assist in cleaning up after the annual APRO Christmas lunch.



"The Club program benefits both the rental-purchase customer and the store."

In the December-January issue of *Progressive Rentals*, Ed Winn III, APRO's general counsel, outlined the dangers of packaging damage waiver and leased property insurance into the rental transaction. He made analogies to the small loan industry and warned of the potential for lawsuits should dealers use these business practices.

When the customer is offered a service with real value, there is no need to "hide" any additional fees for that benefit. A recent survey including both American and European firms showed that one-third of the responding compa-

ing the product replaced or repaired if it is stolen or damaged, customers also receive

payment protection if they involuntarily lose their job, two years of additional service protection after they own the merchandise, \$10,000 accidental death and dismemberment coverage, automotive benefits, health and food savings, entertainment discounts, travel savings and many more services.

With myriad benefits offered in the *FORESIGHT* Club, it is easy to find something that addresses the needs of the rental customer and increases the value of the rental transaction. Plus, one membership in the Club covers all agreements a customer has with the rental store.

Clubs remove optional fee risks

nies found that value-added services helped them maintain their competitive edge. In addition, one-quarter of respondents said the value-added programs actually gave them a competitive *advantage*.

Other findings from the survey indicated that 67 percent of the respondents said value programs increased their customer retention; 64 percent said these programs helped to build long-term relationships with customers; and 56 percent claimed that these programs help attract new customers. All of these benefits spell additional profits for a store.

When value is built into a rental transaction, it actually lowers the cost of the item in the customer's mind. By solving a customer's problems through the benefits of the product or service, the overall cost of the item decreases. In other words, when the perception of the value goes up, the product's cost goes down.



By **RON LOGAN**

This is what the *FORESIGHT* Preferred Customer Club does for more than 2,500 rental-purchase stores across the nation and it is one reason why it is better than damage waiver coverage.

While one of the benefits in the *FORESIGHT* Club is leased property insurance, this is not the only benefit to the customer. In addition to hav-

This program truly gives customers value for their money.

In addition to customer retention and new customer attraction, the *FORESIGHT* Preferred Customer Club is another source of income for the rental-purchase store. So, the Club program benefits both the customer and the store.

The *FORESIGHT* Preferred Customer Club is an excellent means to add value to the rental transaction, increase profits and avoid the potential of lawsuits through traditional damage waiver and leased property insurance. For additional information on *FORESIGHT*'s Club program, call 800/733-0811. ■

Ron Logan is executive vice president of sales and marketing for FORESIGHT Inc.

Whatever we have been able to accomplish as an industry over the past 16 years has been the result of people getting involved in the issues facing RTO and going out and doing something about it. Our industry has been fortunate to have many talented men and women who have given their time, talents and money to make this industry the great success it is today. Volunteerism is the key to success for APRO, RTO and any other industry and trade association.

I hope to grab the attention of those of you

few reasons for not getting involved. If you work for one store or a multi-store company, you can become active in APRO and give back some of what this industry has given you. Talk with your boss or the owner and express that desire. It's a good way to raise your profile in the industry.

There are many RTO adventures to challenge your involvement. You can become more active in your state association. The industry leaders in your state will welcome you and be happy to assist you in getting involved. Active participation on the state level can be rewarding professionally and personally. I have been involved in my state association for many years and have always received more than I ever gave.

In just a few months, we will begin the process of nominating candidates for the eight positions on the 16 member board of directors. You should seriously think about serving on the APRO board of directors. To keep this Association vital, we need new ideas and energy. The industry and the Association have a bright future as long as we can continue to develop the leadership we have been blessed with in the past.

If it is premature for you to get involved either on the state or national level, you can get involved in many other activities. Participate in your state association's annual meeting. Attend the APRO convention, Mid-Year Conference and other gatherings of RTO leaders. If you are serious about developing a career and/or an RTO business, you owe it to yourself to get involved. Look around you. The most successful owners and managers in RTO are involved in the industry.

You, too, can be successful. Join in the networking, the camaraderie, the work and development of an expanding industry. Remember: RTO Wants You! ■

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

"If you are an owner of a store, you have every reason to become an active volunteer and few reasons for not getting involved. If you work for a store, tell the owner you want to give back some of what this industry has given you."

Your industry wants you

who are potential volunteers in our ongoing efforts, who have not yet stepped forward to contribute to your industry and your Association. You may think you don't have anything to contribute by getting involved with APRO. You may say that you are too busy and leave it to others to contribute. I want to ask you to think again.

I am of the generation who can remember the World War II posters with a picture of Uncle Sam saying "Uncle Sam Wants You." If I could have a poster to represent my thoughts in this column, it would say, "Your Industry Wants You."

Let me give you a brief example of just one person whose volunteer activities have made a difference. On many occasions, Wayne Chambers was encouraged by his boss, Chuck Sims, to become active in APRO.



By BILL WHITE
APRO's President

Wayne did get involved and in a big way. He served on the APRO board and the executive committee. He organized the tax and accounting committee and served as its chairman through some of the industry's bleakest days and stayed on to see the victory of the lease vs. sale issue. He served as APRO president for two years. His many contributions were often crucial to both APRO and the industry.

I believe there are more Wayne Chambers' out there who are reading this column. If you are an owner of a store or a chain of stores, you have every reason to become an active volunteer and



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I have read that at the turn of the last millennium, most people predicted change and many preached doom. With three years left until the next millennium, we are already hearing the same messages. As for myself, I always predict and welcome change. I don't agree with anyone who preaches doom. I see only opportunity.

Great changes will occur in our industry in the next millennium. Is the industry prepared for great changes and, more specifically, are *you* prepared? If you can't yet answer the question, you still have time. If you *are* prepared, you are in a better position than most.

A commercial adventure

In the December-January issue of *Progressive Rentals*, we posed the question: "Have we been selling ourselves short?" The research APRO has conducted reinforces the notion that we have, indeed, sold ourselves short in our advertising messages over the past 20 years. Not David Ramp, not Henry B. Gonzales, not even the *Wall Street Journal* have inflicted the wounds to RTO that we have inflicted upon ourselves through our collective approach to advertising.

Our industry's advertising efforts have been a double-edged sword. For 20 years or more, RTO advertising has brought customers into our stores to rent from us. Yet, at the same time, it has alienated millions of potential customers. The overwhelming results from our current research is that we have been responsible for communicating a broad, negative image of our own industry. What are we to do?



By BILL KEESE
APRO's Executive Director

Seventy-five dealers have ordered and are using the Gus commercial. The overwhelming response has been favorable. Most dealers using the Gus commercial are asking for more quality television commercials from APRO.

This is a decision the board of directors will make in the next few months.

But one or two commercials a year from APRO will be too little, too late, to overcome the years of negativity surrounding RTO. What we need is a collective effort to improve the quality of our ad-

vertising in order to quantitatively improve the industry image. (Actually, we need many other changes including better personnel training, more professionalism, etc., but I will address these issues in future columns.)

Last year, APRO conducted an internal audit of rental dealers and their advertising and public relations efforts. We know that more than 90 percent of dealers who advertise on television have production budgets of \$1,000 or less for each

television ad. Focus group participants have told us that the television ads for the industry look cheap. They conclude that we have inferior products in our stores, that we target poor peo-

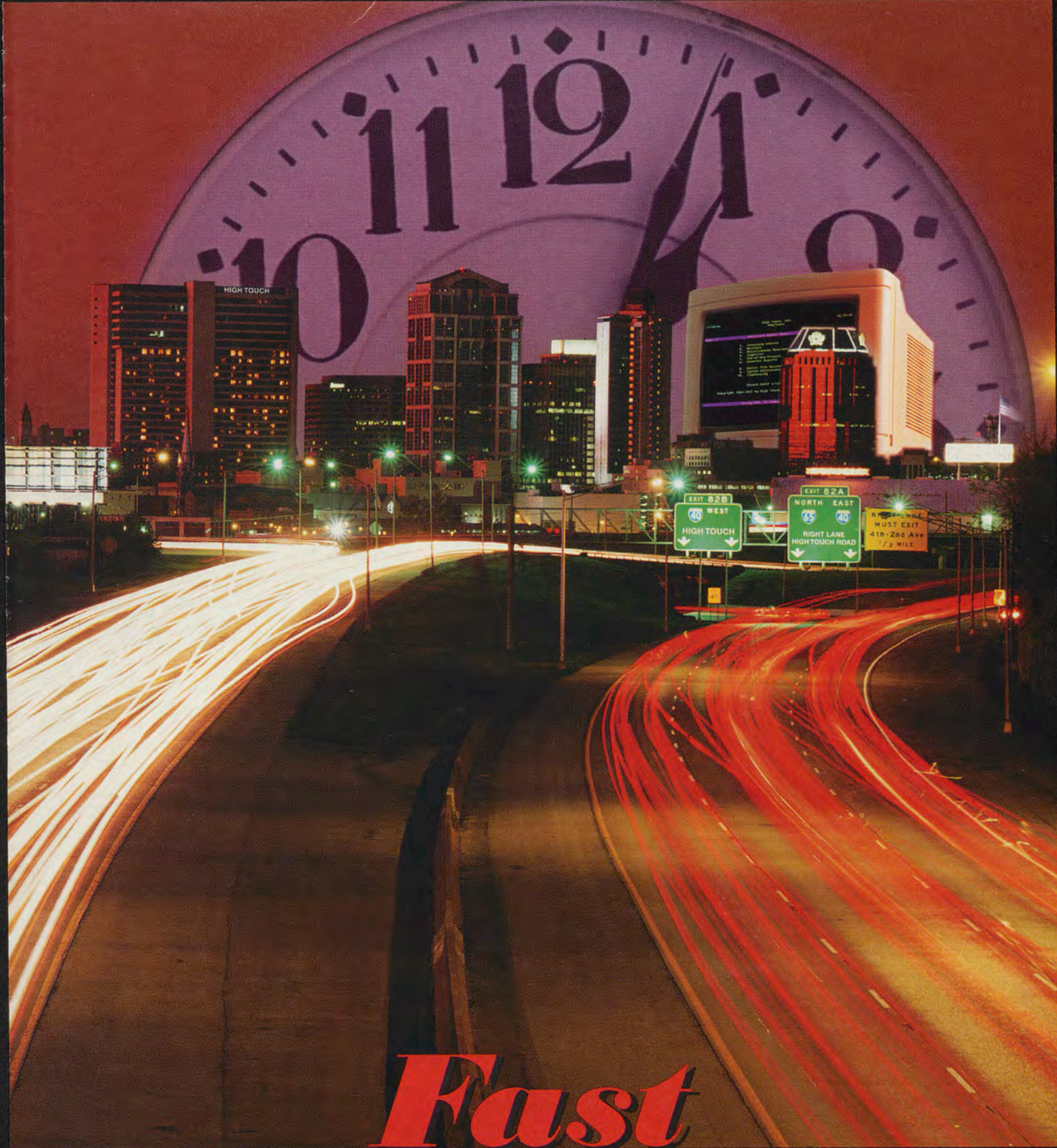
ple and that our customers are poorly educated because they respond to cheap advertising. Our messages in our ads have focused on the least favorable aspects of the rental transaction.

I am not saying that these low-budget, cost-effective ads haven't been successful. We have 3 million customers a year who rent from the industry. What I am saying is that these kinds of advertising messages are a key factor in alienating some 28 million potential customers.

The APRO board of directors adopted a policy almost two years ago that the Association would take the lead in working to improve the industry's image. This is the most noble and beneficial goal APRO can undertake. I am convinced we can achieve this goal by working together, by being innovative in our approach to the image problem and by continually taking the leadership role in this new direction.

As we approach the millennium, we face our greatest challenge. APRO must continue to anticipate the needs of the industry and provide each of you with value you can bank on. At the 1997 Mid-Year Conference and at the annual convention and trade show in July, we will be exploring concepts that most of us have never thought about, but have proven to be successful in other arenas. As long as we continue to seek opportunities and not dwell too much on our usual problems, we will all be much better off in the year 2001 than we are today. ■

"The overwhelming results from our current research is that we have been responsible for communicating a broad, negative image of our own industry."



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"You ought to read as much of this book as you can stomach. It won't make you a smarter rental dealer. It might make some of you more careful rental dealers."

I am recommending two books to rental dealers. They are "must reads" if you are thoughtful at all about your industry's place in the grand scheme of American commerce. *Fringe Banking: Check Cashing Outlets, Pawnshops and the Poor* by John P. Caskey (Russell Sage Foundation, 1994) may even give you insight into how to grow your business. While the rental-purchase industry is not the focal point, rental-purchase customers are integral to the book, as well as how two industries have evolved to serve the needs of those customers.

Caskey, an economics professor at Swarthmore College, posits four themes: 1) the theory that the

not, you need to know what your critics are saying about you. There is nothing new or original in this book, but it puts the worst spin you can put on the business in print.

Our business appears in Chapter 8: "A Few Bucks a Week: The Rent-to-Own Industry." The chapter consists of a reprint of the 1993 *Wall Street Journal* article about Rent-A-Center and a previously published article by Hudson.

The book's theme is that there is a new institution in American commerce known as the "poverty industry"—owned and controlled by some of the major corporations in the country. For reasons unclear, traditional banks and savings and loans withdrew from poor neighborhoods, paving the way for alternative financing services businesses. These are listed as chapters in this book: finance companies, pawnshops, check cashing outlets, high-risk mortgage companies, manufactured housing companies, car loan companies, slum lords, the rent-to-own industry and trade schools. Each is portrayed as being worse than the others. All are out to seduce, manipulate and rip-off the poor in order to reap obscene profits.

When you finish this book, you are supposed to be so disgusted with American commerce that you will march immediately to Washington, D.C. and not rest until all of the brigands festooning this book have been brought to their knees. The book is a broad-based attack on free enterprise. At least the rental-purchase industry is in good company—your co-conspirators in this massive assault on the poor and disadvantaged include Ford Motor Company, Citibank, NationsBank, Bank of America, ITT, American Express, Western Union and others.

Like its predecessors, this book is bound to become part of the ammunition in the never-ending crusade against free enterprise and economic self-determination in this country. You ought to read as much of it as you can stomach. It won't make you a smarter rental dealer. It might make some of you more careful rental dealers. It will remind all of you that the battle continues. ■

Ed Winn III is APRO's general counsel.

Two must-reads on RTO

poor pay more for financial services; 2) the economic strata of consumers became more polarized during the 1980s—with more rich people, more poor people and fewer people in the middle; 3) many fringe banking consumers actually choose to use those services, even though they have other choices and are aware of them; and 4) predictably, the fringe banking industry needs further study and, perhaps, regulation.

Caskey is surprisingly neutral in his analysis of the financial industries catering to lower-income consumers. Even if you have no particular interest in check cashing or pawnshops, you can draw some dramatic parallels between growth in these industries and in the rental-purchase industry.

Rather than berate the perceived too-high rates charged by check cashers and pawnbrokers, Caskey examines the economics of these transactions, including risks, transaction costs, transportation costs and other aspects. He concludes that the growth of these transactions are occurring in a highly competitive market where both sides are fully informed of the alternatives and the prices charged for the services may not be "too high" after all.

The book is, overall, an entertaining read.

On the other hand, *Merchants of Misery*, edited by Michael Hudson (Common Courage Press, 1996) is a miserable read. Whether you want to or



By ED WINN III
APRO's General Counsel

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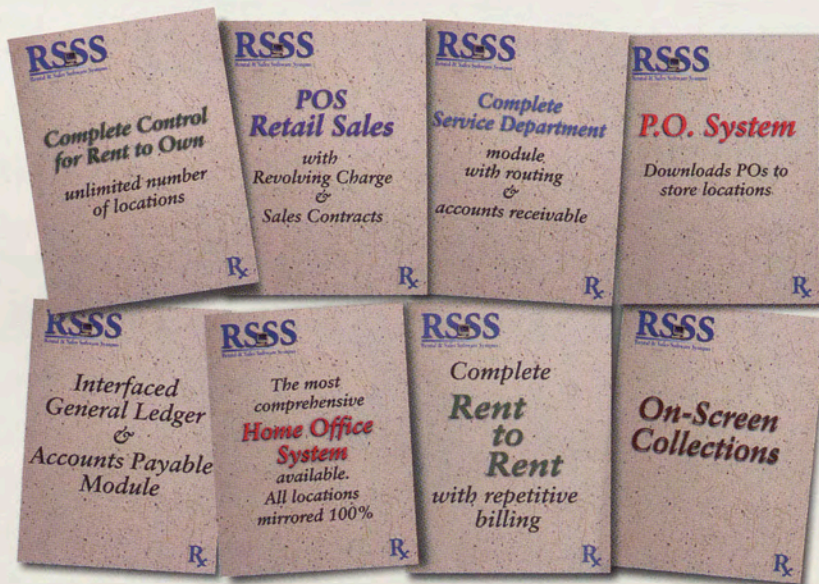
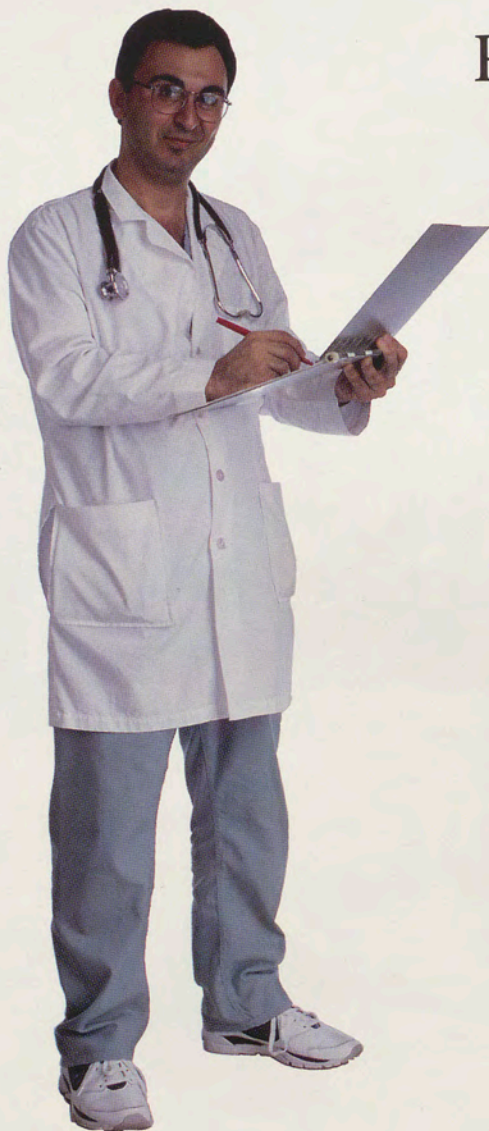
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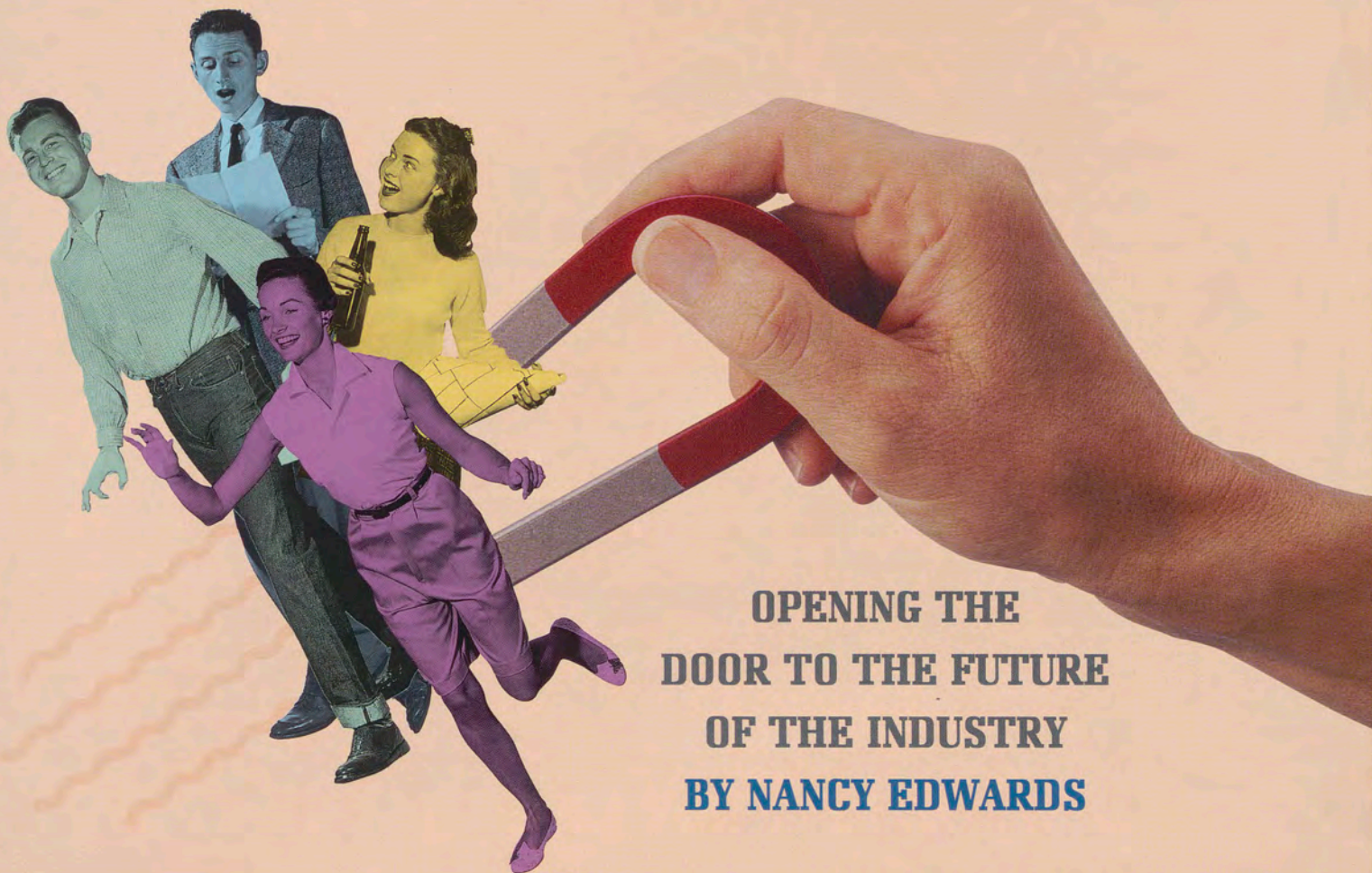
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Attracting the rent-to-own non- customer

A SPECIAL REPORT





OPENING THE DOOR TO THE FUTURE OF THE INDUSTRY BY NANCY EDWARDS

One of the central issues facing the rent-to-own industry today is where to find the customer of tomorrow. As competition from other retail sectors continues to rise, consumers' attention spans seem destined to dwindle. In the midst of such market chaos, the question remains: Can the RTO industry expand its customer base beyond the current borders?

Industry analysts claim that the RTO industry is currently tapping only 8 percent to 15 percent of its potential customer base. Over the past several months, APRO has conducted extensive research to determine who those potential customers are—and what motivates them to rent-to-own. The result of those efforts is powerful marketing information for every APRO member. But beyond that, it provides a glimpse into the future of rent-to-own.

Turning the tide

Over the past several years, the rent-to-own industry has wrestled with the issue of public image. Dogged by negative headlines and legislative attacks, APRO decided it was time to take action. If the industry was going to survive—much less grow—it would need to turn the tide of public opinion. It would have to lead the charge against its

critics with a message that was both positive and compelling.

Wisely, APRO's Public Relations Committee decided that the first step in its public relations effort would be to conduct a "personal inventory" to see just how bad the industry's image was. Were the critics right? Did the public really hold such a negative impression of the RTO industry? And how important is public image to the average store's bottom line, anyway?

In October, a major research effort was launched to discover just exactly what the public thinks of RTO. The consumers studied represented likely RTO customers in terms of age, income and other demographics, with one important distinction: They were not currently customers of rent-to-own.

The purpose of the research was to find out why these consumers, who were so similar demographically to current customers of RTO, had chosen not to be RTO customers. Was it the image problem? Or were there other factors contributing to their resistance? By building a profile of the "non-user," we could understand some of the barriers to RTO in the marketplace. And by understanding these potential customers better, we could create a marketing effort that responded to their needs.



NEGATIVE IMAGES ASSOCIATED WITH THE INDUSTRY OUTNUMBERED POSITIVES TWO-TO-ONE. THE HARD TRUTH IS, THE INDUSTRY'S IMAGE IS HAVING A SERIOUS EFFECT ON ITS GROWTH POTENTIAL.

Perception vs. reality

Focus groups were held in Seattle and St. Louis to survey these potential customers and discover their underlying attitudes toward rent-to-own. Almost without exception, impressions of the industry were overwhelmingly negative. In the nationwide telephone survey of 400 non-customers of rent-to-own with demographic backgrounds similar to current customers, 57 percent held negative top-of-mind impressions of rent-to-own. In fact, negative images associated with the industry outnumbered positives two-to-one. The predominant image of RTO stores was expense-related, with 40 percent describing the industry as overpriced, more expensive than buying, or, more colorfully, as a high-interest racket or ripoff scheme.

The hard truth is the industry's image is having a serious effect on its growth potential. The flip side of that coin is where the potential lies. In the same consumer survey, those who indicated interest in renting to own were significantly more likely to express positive images of the industry. Among the 26 percent of those surveyed who held positive impressions, factors such as convenience, the ability to obtain items without a lot of money and the ability to establish credit were associated with the RTO transaction.

What differentiates those who hold negative vs. positive impressions of rent-to-own? Is it their age? Their income? Their education? In part, all of these have an influence, but the most determining factor was no single demographic trait at all. While the national sample was made up of people who were not currently rent-to-own customers, one-fifth of the sample had previously rented to own. Those with the most positive impressions and, consequently, the most interest in renting to own were significantly more likely to have had recent prior experience with RTO (within the past three years). This suggests that once consumers have sampled RTO, they're pleased with the experience. Apparently, the best way to change the industry's image is by introducing the RTO experience to the people who would be most open to it.

Motivating the masses

If the key to growing the RTO industry is attracting new customers to the experience, how do we get them through the door? And what's been stopping them before? Image is one thing. Competition is quite another. To attract more RTO customers, you've got to know exactly what they want—and deliver it. In the research, it was revealed that there is a significant gap between what people want when they shop for home furnishings or appliances and what they believe the RTO option delivers. In a word: value.

Simply put, consumers want competitive prices

for top quality products. And while focus group participants could easily recall price-driven RTO advertising (usually on TV), very few were convinced that RTO represented a good value for their money. In the national sample, value again ranked highly. While those most interested in the possibility of renting to own cited "financial reasons" as the primary motivator, RTO prices were a significant stumbling block.

Fortunately, there is some good news on the financial side. The survey respondents most interested in rent-to-own rated the lack of credit hassles, the option for flexible, early payoff plans and the opportunity to establish credit as important attributes that could influence their decision to rent-to-own. These are important distinctions to note. For while the bottom line for these consumers is financial, there are other ways to treat the subject of price without driving your advertising with it. A rational marketing message focused on pricing options and other benefits of renting to own would appeal to these consumers, because unless the overall pricing structure of the industry can change, the price-focused message won't convince them that RTO is the best way to go.

Hot buttons

Besides price, what are the other "hot buttons" that can motivate consumers? Respondents were asked to name their top two attributes of importance and the results should be helpful in formulating marketing messages. In particular, product quality issues such as name brand items, selection and the fact that merchandise is "new" was one of the top two factors of importance to 36 percent of respondents.

The availability of free repairs and service/warranties on products were top factors to 20 percent of the sample. This result was also echoed in the focus groups, where participants expressed significant frustration with the experience of purchasing products and bringing them home to find that they are defective.

Credit issues, such as the lack of credit hassles and help establishing credit, were named as one of the top two factors of importance by 18 percent of the sample, but these issues were seen as much more important to those interested in long-term renting to own (33 percent versus 13 percent for those with no interest).

The staff at rent-to-own stores is also important, with 17 percent mentioning knowledgeable, friendly, no-pressure staff as one of the two most influential factors in their decision of whether to rent to own. Interestingly, the lack of long-term obligation was named as one of the top two important factors for 16 percent of respondents, but for those interested in long-term rentals, the importance dropped to 6 percent.

The medium is the message

One of the most important results of the research APRO conducted was the lack of real awareness about the industry. While consumers expressed negative perceptions about RTO, when it got right down to understanding how the RTO transaction worked and what its particular benefits were, respondents did not have a tremendous amount of awareness unless they had prior experience with RTO.

The good news is, misinformation is easy to correct. It's interesting to note that the No. 1 source for information on RTO is not the news media, but the industry's own advertising. And it's not getting high marks. In both the focus groups and the telephone survey, advertising was described as portraying negative, overbearing, unflattering images of the industry.

In particular, while price was cited as consumers' most important concern, the price-centered messages in RTO's advertising communicates just the opposite of what consumers want. In essence, RTO's own advertising is communicating that prices are not fair and reasonable, but rather too high in consumers' estimation.

Obviously, from a consumer understanding perspective, the RTO industry is not doing a particularly good job of telling its own story through advertising. Instead of focusing solely on price, other benefits of RTO, such as product quality and selection, should be emphasized. The availability of free repairs and credit issues are other messages of importance. And a more low-key, trustworthy tone to advertising will go a long way toward establishing your credibility as honest, reputable stores.

But advertising isn't the only way to get your

message across. Community involvement is also important to your audience. According to the research, 42 percent of respondents reported they would be more likely to consider renting to own if the store demonstrated involvement in the community. Women were especially positive about the impact of community relations; with 48 percent reporting they would be more likely to try RTO if a particular store was contributing to the community.

Improving industry advertising and taking an active role in the community will help you to attract new customers, but then the question becomes, how do you keep them coming back?


The answer to that question is another article entirely, but suffice it to say that RTO must begin to do a better job at providing customers the value they want at the prices they need. More flexible pricing options and early payoff incentives are two ways to approach the price issue that meet with high marks from potential customers.

Quality and selection of products must also be improved to retain these borderline customers. In particular, brand-name products are a must and presentation is important. Again, this may be an issue of perception: Does your advertising always tout the fact that you offer top-quality, brand-name merchandise? And how attractive are your store displays? Remember, presentation is everything.

Staff professionalism is also an issue with your potential customers. One past customer in a focus group recounted to the rest of the group's horror a story about her local RTO store coming to collect a payment that was only one day late—during a barbecue in her backyard! She had been making regular payments and was just too busy to make it into the store that particular day. Collection is obviously a big issue in the industry; one that needs to be dealt with positively, not punitively. Suggestions were made that perhaps rewarding regular payment with discounts or other incentives would help reduce the number of late payments.

Change is difficult. In an industry with the size and diversity of rent-to-own, change will not come quickly. However, to deliver RTO to a 21st century of continued growth and prosperity, change is in order. Compare your own store's performance to some of the issues raised here. Then consider ways to improve your own public image—and your profits—with a marketing program that informs, educates and, most importantly, satisfies every customer that walks through your door. ■

Nancy Edwards is a public relations account manager with TateAustin, a public relations and advertising firm in Austin, Texas.



THE GOOD NEWS IS THAT MISINFORMATION IS EASY TO CORRECT. IT'S INTERESTING TO NOTE THAT THE NO. 1 SOURCE FOR INFORMATION ON RTO IS NOT THE MEDIA, BUT THE INDUSTRY'S OWN ADVERTISING.

Zeroing in on the customer

So who is the customer of tomorrow? Not surprisingly, he or she probably looks a lot like your current customer. While short-term rental appeals to a slightly broader demographic group, to capture those consumers with a better-than-average renting potential it will still be most effective to target young people, ages 18 to 34, with household incomes under \$25,000, who rent rather than own their home. The age group most interested in renting to own

for both short- and long-term needs is 18 to 24.

Judging from the frequency of past RTO customers in our sample of non-users, there is evidence to suggest that the industry could improve its efforts at customer retention. As the marketing maxim holds, it is always much easier to keep an existing customer than to attract a new one. And since long-term rentals involve less product churning and repairs, they have more profit potential over time.

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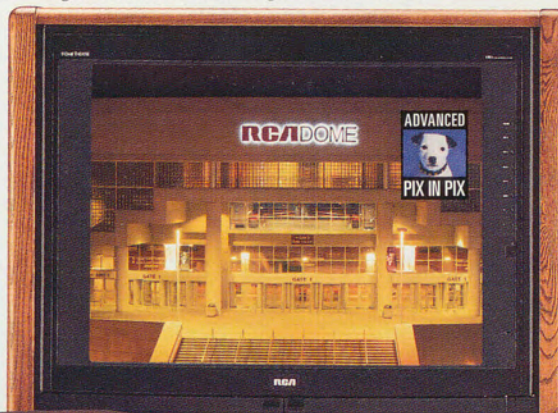
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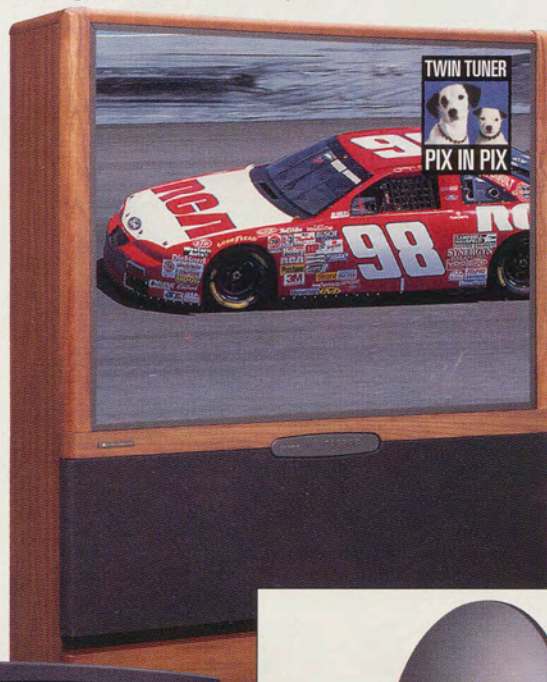
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RIDING THE WAVE OF

CONSOLIDATION

W

hen discussing the rental-purchase industry with both operators and investors, one topic dominates the conversation — acquisitions. The current environment is often described as an acquisition “frenzy.” Consolidation opportunities have increased considerably the number of participants in the “acquisition game” during the past five years. The number of public rental-purchase companies has increased and new, financially sound buyers have entered the business. Almost every rent-to-own operator has evaluated offers to sell his or her business over the past two years and many have actively solicited multiple offers for their companies.

As consolidation continues into 1997, observers increasingly question its merits and wonder about the implications for the welfare of the industry. Virtually all participants, including

**By Paul J. Huffman III
and C. Marks Hinton Jr.**

some of the industry’s most rapid consolidators, agree that opening new stores is inherently more profitable than buying an existing store. *De novo* units generally have a better “look and feel” than stores that

have been acquired and converted to a new operating format. Also, the new stores’ profitability is not burdened by the amortization of intangible assets that often is created by acquisition accounting. Companies must constantly weigh the costs and benefits of rapid growth, higher

Over the past several years, the rental-purchase industry has experienced acquisition “frenzy.” What are the implications of all this consolidation — for both the big players and the mom-and-pop operators?

quality earnings and the additional risks involved with acquisitions.

If acquired stores are less profitable and present more risks than new stores, why has the consolidation continued? This question has several answers. Also, the recent acquisition environment of the rental-purchase industry needs to be examined, as well as its implications for the health of the industry and how it has affected the value of independent operators’ chains.

Historical perspective

In order to discuss the current acquisition environment, let's take a quick look at the history of the industry. Three distinct phases of recent acquisition activity can be identified. The first began following the debt-driven expansion of the industry during the 1980s when lenders were forced to repossess many stores operated by small- and medium-sized operators. These stores were aggregated into what became several of the industry's largest chains.

These repossessed units and several other large chains that were not operating at high levels of profitability became the initial acquisition targets for the second phase of consolidation. Lenders had little interest in operating rental-purchase stores and became highly motivated sellers. Other owners' businesses outgrew their capital resources or management skills. These chains were subsequently acquired, in whole or in part, by companies that are now among the largest in the industry, including Alrenco, Central Rents, Rent-A-Center, Renters Choice and Rent-Way.

Phase two was extended by the success of the industry in the public equity markets. Publicly held companies used their abundant capital resources—coupled with high stock prices—to increase significantly the size of their store base

and increase operating leverage. These firms acquired most of the remaining larger, underperforming chains and many of the smaller, well-run operators at attractive prices.

Now that many of the highly motivated sellers have sold their stores, the merger and acquisition market has moved into its third phase. Public companies continue to drive overall acquisition activity, but the types of transactions have changed. Prices have increased for larger stores as they have become increasingly scarce; buyers are focusing their attention on the more abundant, smaller chains. Due to increased valuations for larger chains, smaller operators' expectations have also increased. Now acquirors must carefully evaluate the "buy vs. build" equation when valuing smaller chains to avoid overpaying.

Valuation and other trends

The prices paid for acquisitions have remained relatively stable, although certain recent transactions have taken place at higher value levels. Industry players historically have valued companies in terms of a multiple of monthly revenue. Three years ago, many stores were valued at four times to six times their monthly revenue. In the current environment, most transactions range between seven times and ten times

the monthly revenue. While some purchases have occurred at prices higher than ten times, these transactions can be explained by the stores' larger size, strategic geographic territory, high levels of revenue per store, profitability or other considerations.

One factor that influenced acquisition pricing over the past three years was the availability of distressed chains. Many of the industry's significant transactions during 1993–95 were of troubled operators who were left from the industry's debt-financed expansion in the 1980s. These chains were bought at relatively low prices and affected the industry's views on valuation. The absorption of most of these distressed stores resulted in much of the apparent price "inflation" for the industry's recent acquisitions.

The requirements of the purchaser play a significant role in determining a particular store's relative value. Each company that considers a potential acquisition bases its decision upon the way that company will integrate the stores into its existing operation. Intangible aspects of value such as name recognition command little

Transactionactions

The following table presents selected acquisitions during the past three years. Hundreds of other stores have been purchased during this period, many of which were part of smaller transactions.

Date	Target	Number of stores	Acquiror
MARCH 1993	DEF Investments	84	Renters Choice
MAY 1994	RTO Enterprises	119	Central Rents
MAY 1994	WBC Holdings	57	Central Rents
JULY 1994	MRTO Holdings	18	Alrenco
APRIL 1995	Crown Leasing	72	Renters Choice
JUNE 1995	McKenzie Leasing	52	Rent-Way
JULY 1995	Advantage Companies	98	Rent-A-Center
JULY 1995	Tidewater	20	Rent-A-Center
AUGUST 1995	U-Can-Rent	92	Rent-A-Center
AUGUST 1995	MRTO Holdings	135	Renters Choice
SEPTEMBER 1995	TV Management	15	Alrenco
MARCH 1996	Easy Rental	14	Alrenco
APRIL 1996	All Star Rental	15	Bestway
MAY 1996	ColorTyme	313	Renters Choice
AUGUST 1996	Network Rental	14	Alrenco
AUGUST 1996	Action Rent-to-Own	105	Investor Group
JANUARY 1997	Fastway	28	Alrenco

premium from a buyer who intends to convert the stores to another name and format. Even superior pretax profit margins due to a lean overhead structure may not command a premium since the buyer must apply his or her own overhead structure to the stores. In addition, unique products, payment plans or business techniques that enhance profitability often add little or may actually reduce the attractiveness of a company to an acquirer who does not intend to adopt this business practice.

Recent turbulence in the public market for rental-purchase companies has created considerable uncertainty for independent operators. Many acquirors report increased anxiety among sellers as the industry's stock prices declined. Apparently, independent operators are concerned that the current prices are not sustainable.

This anxiety has led many owners to devote increasing amounts of their time to the sale of their business. Unfortunately, due to the nature of the business, the distraction of owners from the day-to-day operations during sale negotiations can lead to a deterioration of the rental account base, which can reduce a company's value.

One of the puzzling aspects of the recent consolidation phase is the almost exclusive use of cash as acquisition consideration. Given the outstanding performance of the public companies' stock prices, one would assume that stock would be quite attractive to independent owners. Transactions involving stock may not trigger a taxable event on the sale and provide the opportunity for additional gain. Due to the increased complexity of deals involving securities, larger transactions are more likely to involve stock. To date, many of the sizable purchases have been of distressed chains that had a high need for liquidity. More acquisitions involving securities are likely for larger, well-run operations whose owners realize the potential for future gain and are not simply "selling out."

The creation of several large, well-capitalized companies should improve

years, the industry focused on two issues: exposure and capital. Most knowledgeable observers agree the industry's services are recognized by only a small portion of its potential consumers. In addition, the industry has always been in need of additional capital for expansion.

the industry's problems and create additional opportunities for smaller operators who choose to remain independent.

The creation of several large, well-capitalized companies should improve the industry's problems and create additional opportunities for smaller operators who choose to remain independent. The larger companies expand brand recognition across the country and implement standardized advertising messages. These companies have access to substantial debt and equity capital at favorable rates. Virtually all of these chains plan to accelerate store opening

schedules in the coming years, refocusing capital from consolidation of the industry to expansion of the store count.

The future

Most industry observers agree that there are approximately 7,500 rental-purchase stores currently in operation. The 10 largest chains account for approximately 3,000, or 40 percent of the total stores in operation. At the current rate of consolidation, several years would be required to acquire all of the stores remaining outside of the top 10 chains. However, this level of consolidation is unrealistic.

Not all stores are desirable acquisition candidates either due to location or business characteristics and many operators will choose to remain independent. We believe that there are between 2,000 and 2,500 stores that are realistic candidates for acquisition. At the current rate of consolidation, this supply translates into two or three more years of acquisitions.

As the supply of attractive acquisition candidates decreases and average valuations increase, the larger, better-capitalized operators must exercise extreme caution. At a certain price, an acquisition does not make economic sense when compared to new store openings. Larger companies are preparing to accelerate store opening programs in anticipation of the closing of the acquisition "window." These factors should help keep acquisition prices relatively stable for smaller groups of stores with little strategic value. Conversely, larger companies with strong market presence should become more valuable as they become increasingly rare. ■

Implications for the industry

Initially, acquisitions were very attractive on a price basis. The stores that served as the first and second waves of consolidation were available at prices that were, in many cases, lower than the cost of opening a new store. These acquisitions were "no brainers" for companies with the management strength to control additional stores.

Following these transactions, the high valuation assigned to the industry in the public markets created a substantial "spread" between the acquisition price and the value of their earnings to public companies. Even as the size of this spread decreases, the stock market's demand for consistent earnings growth continues to make acquisitions desirable. However, store prices may be approaching levels where purchasers will not be able to provide future income growth.

In general, consolidation has and will continue to improve the health of the rental-purchase industry. In recent

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BANKRUPTCY

B

Bankruptcies by American consumers are on the rise. Estimates are that more than a million individuals declared bankruptcy in 1996—a 25 percent increase from 1995 and the highest number of individual bankruptcies since 1992. Some of those million-plus bankrupts are also rental customers.

Rental dealers find themselves increasingly frustrated by the bankruptcy process and do not understand why they should have to be involved since they are in the rental business. They do not see Blockbuster Video down at the bankruptcy court to get movies back from bankrupt customers. Nor do they see Hertz or Avis down there trying to get their rental cars back. So why should dealers have to be down there to get back their TVs, appliances or furniture?

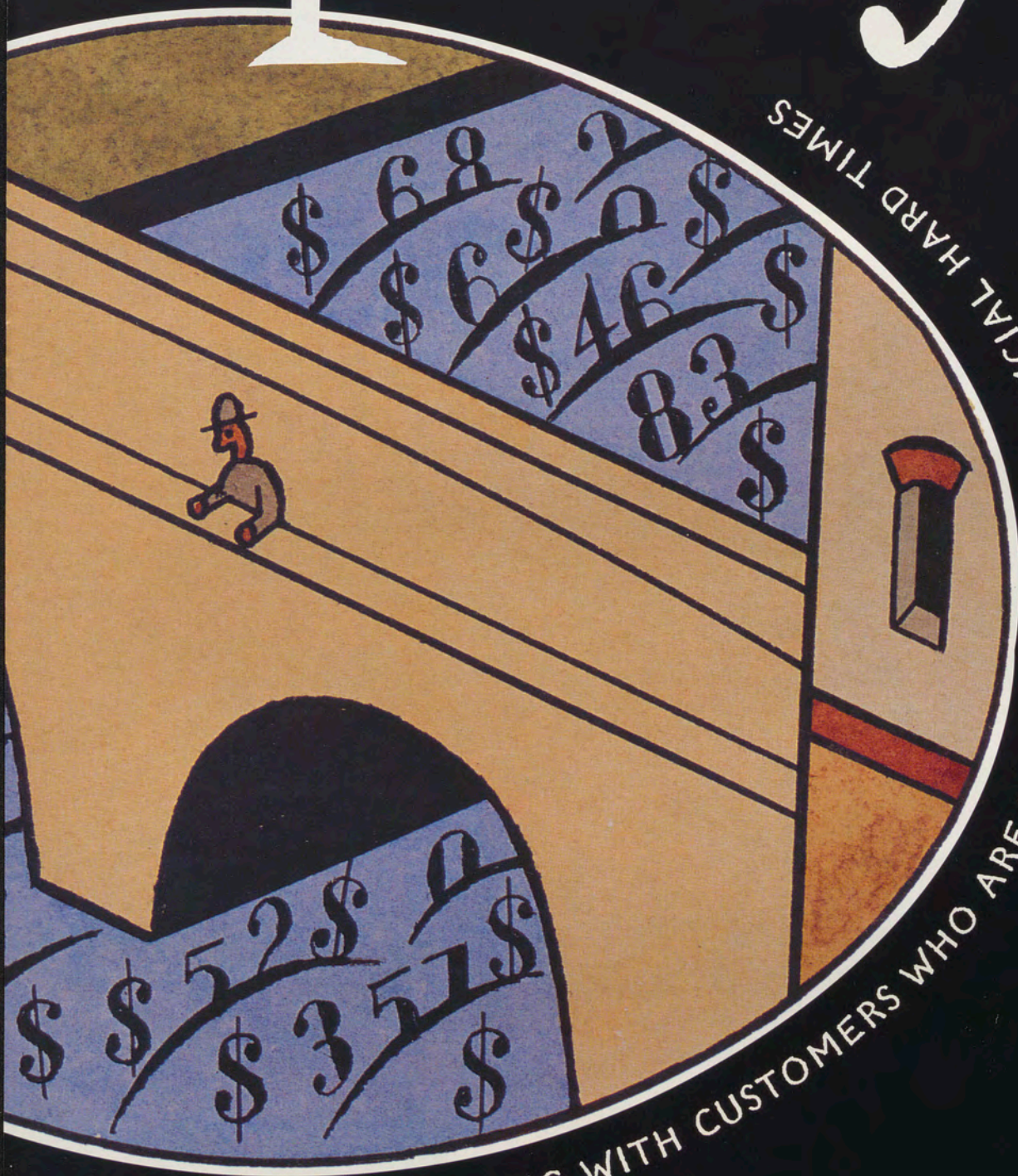
Dealers are especially infuriated when customers swing by the store and load up on as many rental agreements as they can, literally on the way to the courthouse to file for bankruptcy, often on the advice of a bankruptcy lawyer.

Rental dealers have every right to feel frustrated and angry. Bankruptcy can be a frustrating process. Nonetheless, rental dealers need to know the bankruptcy rules and play by them lest they risk losing their property, being held in contempt of court and/or being subjected to heavy civil penalties.

BY ED WINN III

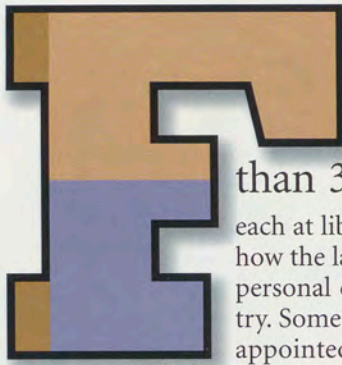


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SEMI-FINANCIAL HARD TIMES

A PRIMER FOR DEALING WITH CUSTOMERS WHO ARE DEALING WITH FINANCIAL HARD TIMES



First of all, bankruptcy rules aren't the same everywhere, even though the Bankruptcy Code is federal law. There are more than 300 bankruptcy judges in the country interpreting the Code,

each at liberty to put his or her unique spin on how the law reads. A few of those judges have a personal dislike for the rental-purchase industry. Some were legal aid lawyers before they got appointed to 14-year terms as bankruptcy judges. These judges, of which there are happily only a few, delight in simply handing over rental property to customers, knowing that they are taking great liberties with the law and that it will cost the rental company more in legal fees and court costs to have the decision overturned than the property is worth.

THE ABYSS

So what are the rules in bankruptcy? Why do they apply to the rental business at all? And how can rental-purchase dealers minimize the time, trouble and money it takes to fool with the process when a customer files bankruptcy? Readers should consult the *APRO Bankruptcy Manual* for detailed guidance through the bankruptcy process. This article will, however, summarize a few techniques for minimizing what can be a painful experience for everyone.

Rental dealers must recognize bankruptcy for what it is. However exasperating it may be for the rental company, bankruptcy is always far more painful and frustrating for the person declaring it. Lawyer advertisements for \$100 bankruptcies notwithstanding, people don't file bankruptcy unless they absolutely have to. Also, nobody ever filed bankruptcy just to beat a rental dealer out of a TV or even an apartment full of furniture. Customers can and do try to take advantage of rental companies on the way to the bankruptcy court, but no rental agreement ever catapulted a customer into the bankruptcy abyss. It helps to remember the context of a bankruptcy, which is that someone has gotten so far underwater financially that he or she finally has no other choice. Declaring bankruptcy is a humbling, often humiliating experience.

THE CODE AND RENTAL-PURCHASE

How do you know if a customer has really filed bankruptcy? This is not usually a question, because the customer has been avoiding all contact with the store and then one day you get a notice of bankruptcy in the mail from the bankruptcy court. Other times, however, the customer or someone else may simply assert that a bankruptcy has been filed. If that is the case, ask in which court the bankruptcy was filed and ask for a case number. Note that an intention to file bankruptcy offers no protection. The customer

must actually file the documents. The moment that occurs, the case will have a name and number. A call to the courthouse will verify whether there has actually been a filing. It is usually worth suspending collection efforts long enough to make this call.

If a customer files bankruptcy, does it apply to rental-purchase property? The answer is yes. The answer is yes until the bankruptcy judge determines otherwise or until you and the customer, now called the debtor, negotiating through his lawyer reach an agreement about your rental-purchase property.

As soon as someone files bankruptcy, the law puts an "automatic stay" in effect over all of the property in the debtor's possession.

People usually file bankruptcy because creditors

NO ONE BANKRUPTCY MAY
OVER THE LONG
GOOD OPINION ON THE BOOK
THE RENTAL-PURCHASE

are after them in some fashion — phone calls, letters, attempted repossessions and the like. The Bankruptcy Code's "automatic stay" prevents creditors from doing anything for a while. It gives the debtor breathing room to order his affairs and to keep all creditors where they are, preventing one from racing to the courthouse or taking some other action to gain an advantage over the others. It gives the bankruptcy court control over all of the debtor's assets while the issues in the bankruptcy get resolved.

But wait, you say — your rental-purchase property is not one of the debtor's assets. It belongs to you. This is true, but the bankruptcy also covers all of a debtor's leases and contracts. But wait, you say — the debtor's rental-purchase agreement expired before the customer filed bankruptcy. Well, what about reinstatement rights? Does the customer owe you any back rent? If so, then you are a creditor.

The Bankruptcy Code was written to protect debtors and casts a broad net. The debtor has probably listed the rental company as a creditor of some sort in the schedules i.e., the documents filed as part of the bankruptcy and that means the court's stay applies to rental-purchase property.

It is important to determine first how the debtor is trying to treat the rental-purchase property. If it is not clear from what you get in the mail, the debtor's lawyer may be able to tell you. Rental dealers often

deal efficiently with the bankruptcy process by writing a letter to the debtor's lawyer. They are notoriously difficult to get on the phone. Outline your point of view in the letter. There is a sample in the *Bankruptcy Manual*. Attach a copy of the customer's rental agreement and a copy of your state's rental-purchase statute, if there is one.

Often, the letter with some persistent follow-up with the debtor's lawyer's office can resolve the issue for you with an agreement that you waive claims for back rent in exchange for prompt return of the property to the company.

Some courts have developed special rules for dealing with rental-purchase agreements and property. For example, the southern district in Ohio has a court administrative rule for rental-purchase agreements. A call to the bankruptcy clerk where your customer filed will tell you of any procedures for you to follow.

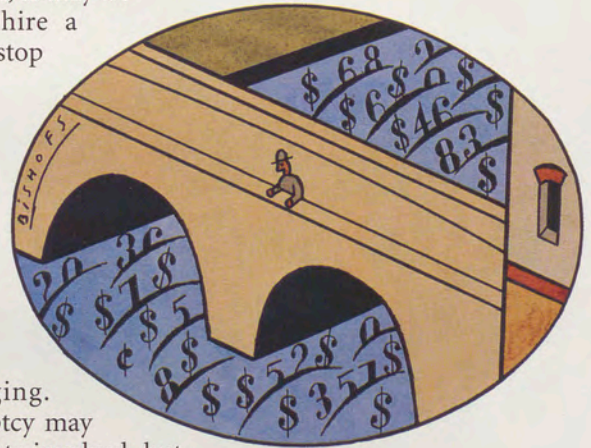
Not all debtor's lawyers are cooperative. Some are running "bankruptcy mills" with lots of low-priced

ty back, unless you hire a lawyer to press the issue for you. The best you can hope for is to recover your unit. Your customer has declared bankruptcy after all. You aren't going to get any money. Using a lawyer to file a motion to lift the automatic stay or other strategy will likely cost you \$400 to \$800, which is probably close to what you have in the unit.

If your customer filed a Chapter 13, you are probably listed in the plan and are scheduled to get some money, although less than is called for under the rental agreement and it is going to take you longer to get it—up to five years. Once again, if you don't like what the debtor is proposing, you have the Hobson's choice of hiring a lawyer to file motions on your behalf to try to recover your unit or eat the loss. Not a pleasant choice, but usually not fatal either way you go.

If your company is getting pounded bloody in bankruptcy court, it may be worthwhile to hire a lawyer to try to stop

WORTH THE COSTS INVOLVED, BUT
IN IT MAY BE WORTH TRYING TO GET A
YOUR JURISDICTION THAT
TRANSACTION IS NOT A SALE.



bankruptcies. They have neither the time nor inclination to work with individual creditors and won't. That means you will have to deal with the bankruptcy court.

What you cannot do is bypass the lawyer, regardless of how uncooperative he or she may be, and go directly to the customer. The automatic stay puts your property and the debtor/customer off limits. Contacting the customer without the consent of the debtor's lawyer or the court puts you at risk of being held in contempt of court and can subject you to civil fines.

You can talk to the debtor at the meeting of creditors, which is usually well publicized, although not typically well attended. The debtor will be there and the debtor's lawyer will be there. Bring your own file. Either before, during or after the meeting, you may be able to negotiate some sort of deal that lets you recover your property within a reasonable time and which otherwise suits you.

If none of these strategies work, you may have to make the hard business decision of either trusting the bankruptcy process or hiring a lawyer. Either may cost you money. If the debtor has filed a Chapter 7, you may have to wait until the debtor receives his discharge to get your proper-

the hemorrhaging.

No one bankruptcy may be worth the costs involved, but over the long run it may be worth trying to get a good opinion on the books in your jurisdiction that rental-purchase transactions are not sales. That is already the law nearly everywhere, but you may have to spend some money to get a bankruptcy judge to say it for you.

APRO has collected all of the bankruptcy opinions around the country that exist on this topic. You or your lawyer can get a copy of *APRO's Legal Reference Index*. APRO also has the names of some bankruptcy lawyers in different parts of the country who have experience with the rental-purchase industry. You can call to see if we know anyone near you whom we can recommend.

It is no exaggeration to say that bankruptcies are no fun for anyone involved—neither debtor, nor creditors, nor rental-purchase dealers. They are, nonetheless, a fact of life in this country. We did away with debtors' prisons when we created the union and, in America, people get a second and sometimes a third or even fourth chance. Sometimes rental dealers have to be a part of the cost of those second chances. ■

Ed Winn III is APRO's legal counsel.



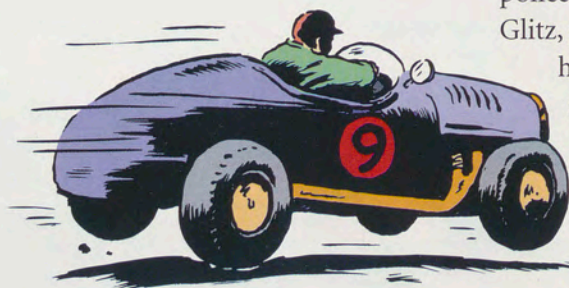
GET READY TO

BET ON APRO FOR AN
UNCONVENTIONAL CONVENTION IN '97
AUGUST 11-15 IN LAS VEGAS
BY BARBARA STOOKSBERRY

t's the dead of winter, but APRO staffers are already at work planning the 1997 convention, set for August 11-15 at Bally's in hotter-than-hot Las Vegas! Las Vegas is a city that continually reinvents itself and the ever-new, improved Vegas is the perennial convention favorite for APRO members. Part of the reason, surely, is that Las Vegas really knows how to host a convention. It's a city where tourism is so important to the economy that even the police are schooled in guest relations.

Glitz, glitter and gambling are only secondary reasons for heading to APRO's 1997 convention, however. The seminars, trade show, golf tournament, networking, parties and camaraderie are the real reasons to attend the show.

"Every year we fine-tune the convention just little further," says longtime APRO convention planner Shelley Martinek. "We find out what works and what doesn't. We listen to what our members tell us. Then we take all that into consideration in planning the next convention."



ROUNDTABLES RETURN

One of the big hits at last summer's New Orleans convention was the roundtable discussions held as part of the seminar schedule. For these discussions, seminar participants were divided into four groups by number of stores and, with industry leaders serving as moderators, the discussions centered on business concerns. In the 1997 schedule, an entire afternoon will be devoted to roundtables, but these discussions will be just part of a schedule of excit-

with two main objectives: continuing education and needs-shopping. APRO seminars address the first need; the trade show and exhibits address the second.

ONE-STOP SHOPPING

"Each year our trade show gets bigger and better," says APRO Marketing Director Cindy Ganther. "Last year, we sold 282 booths, which was up from 232 booths in 1995 and 180 in 1994. We're adding 20 booths this year and expect to sell out," she says.

RALLY!

ing seminars and speakers designed to keep you current on developments in all aspects of the industry.

A recent survey by the Trade Show Bureau, the research and education branch of the exposition industry, suggested that people attend conventions

What this means to RTO dealers is a more worthwhile show, with new products and more variety. Because of dealer demand, show hours have been expanded this year to give dealers and managers a bit more time to look around at an agreeable pace and to



WHAT'S NEW IN VEGAS

So the 1997 APRO convention is in Las Vegas again. Not to worry! Las Vegas isn't a "been there, done that" kind of town. In fact, even if you were there day before yesterday, something's probably changed by now. It is, after all, the fastest growing metropolitan area in the country.

Las Vegas is home to 11 of the world's 12 largest hotels. You may already be familiar with the MGM Grand, the world's largest hotel/casino; the Luxor, with its 30-story pyramid; the Mirage, where dolphins frolic in their private pool and a volcano does its thing every few minutes; and Treasure Island, where battle breaks out between a pirate ship and British brigade in a man-made lagoon.

New to the Strip are the 3,000-room Monte Carlo Resort and Casino; the just-opened New York New York Hotel and Casino, which features a replica of the Statue of Liberty, New York skyline and Coney Island-style roller coaster; and the Orleans Hotel and Casino, which brings New Orleans to the Nevada desert.

Two million lights and a 540,000-watt sound system have transformed the faded downtown gambling district into the Fremont Street Experience—5 blocks, 10 casinos, 17,000 slot machines, 41 restaurants and lights, lights, lights on an overhead canopy. With no dolphins, volcanoes or theme parks, downtown Las Vegas is unabashedly there for one purpose—gambling!

Most spectacular of all is The Stratosphere Tower, the tallest freestanding observation tower in the country, which rises 1,100 feet over the Strip and has a roller coaster on top!

Star Trek at the Las Vegas Hilton, a \$50 million undertaking that will incorporate a simulator ride, computer games, interactive video and virtual reality stations, as well as retail shops, restaurant and lounge, is scheduled to open this spring.

Also under construction: the Paris Resort Casino, which will bring the Eiffel Tower, Arc de Triomphe, and Champs d'Elysses to Nevada and Bellagio, a \$1.25 billion resort inspired by a lake resort in Italy.

Early Spanish explorers were unimpressed when they first saw this caliche lake bed in the middle of the desert. The Mormons, who made a stab at settling the area in the mid-1850s, never thought it would amount to much, either. Boy, were they wrong! For convention visitors of the 1990s, there's no more exciting venue and no bigger treat than experiencing all the sites and sound of Vegas!

STORE MANAGERS/ ASSISTANT MANAGERS

If you have experience in rent-to-own store management, we want to talk to you. We will also consider people with store management experience in retail or fast-food operation. Our stores are located in small Texas towns that offer quiet, rural living — which is excellent for families.

We offer a competitive base salary, incentive plan, medical insurance, 401K and more.

Send résumé with salary history to P.O. Box 450392, Garland, Texas 75045.

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Send résumé to:

President
2358 Logan Circle
Atlanta, Georgia 30319

gather information that will prove invaluable when making future purchasing decisions.



“This is the only time all year when rental-purchase dealers can attend a trade show with products geared specifically to their needs all under one roof. All major brands will be represented,” says Ganther. In addition to free admission

tournament through his employer, Whirlpool Home Appliances. Such details as when and where haven't been finalized yet, but with top-notch courses to choose from, it's sure to be a good tournament.

Same goes for the parties in Sin City, where it's always party time — and nobody throws parties like APRO! We haven't let you down yet, so check future convention updates for entertainment particulars.

**BALLY'S—THE “CITY WITHIN A CITY”—
JUST UNDERWENT A \$37 MILLION
REMODELING AND EXPANSION PROJECT.**

to the trade show, breakfast and lunch will be complimentary.

So what do you have to lose? Here's a great opportunity to see what's new and different, talk face-to-face with vendors, make contacts, pick up literature and exchange war stories with other RTO dealers. It all makes for better business and better profits for the upcoming year.

DID YOU SAY FUN?

Of course, APRO convention planners never neglect the fun aspect of every APRO convention, with the golf tournament, cocktail receptions, parties and free time to enjoy the city — which are all part of the schedule. The annual golf tournament has been renamed the Tom Kitchens-Joe Eason Golf Tournament. The name of the late Tom Kitchens, who died recently, has been added to recognize his consistent support of the

As in 1995, all meetings, seminars and exhibits will be held at Bally's, which bills itself as a “city within a city.” The hotel just underwent a \$37 million remodeling and expansion project and now boasts 2,820 large, luxuriously furnished guest rooms; lounges and restaurants; a shopping mall; an events center; a fully equipped health spa; an Olympic-sized outdoor swimming pool; tennis courts; and a 56,200-square-foot casino. Superstars like Barbara Mandrell and Harry Connick Jr. have performed there and the stage extravaganza, “Jubilee,” unfolds nightly in Bally's two world-class showrooms.

APRO members will be seeing much more in upcoming months about convention registration, hotel reservations at special rates and bargain fares and car rentals, so keep tuned. You won't want to miss a single minute of APRO '97: Rally at Bally's. ■

TRIB Group

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Bardstown Electronics* Bardstown, KY	Discount TV Corp* Surfside Beach, SC	Lease To Own, Inc.** Waxahachie, TX	Rent To Own Casper, WY	* 5-year Member ** 10-year Member
Basham Furniture Rentals* Wichita, KS	Easy Rentals/Klopp Enterprises Marietta, GA	Magic Rentals Goldsboro, NC	Rentown, Inc.** Plantsville, CT	
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Best Way, Inc. Dallas, TX	Family Rentals, Inc. Harrisburg, PA	Mr. C's Rentals Greensboro, GA	Rent-Way, Inc.* Erie, PA	
Best-Way Rentals/R.T.O., Inc. Norfolk, VA	Fast Rentals, Inc. (J.D.N.) Atlanta, GA	Mr. Steve's Rentals Lafayette, IN	Royce, Inc. Indianapolis, IN	
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214/855-7300

Kirkpatrick, Sprecker & Co.*

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311 S. Hillside St.
Wichita, KS 67211-2130
800/275-5935

Smith, Todd, McEntee & Co., P.A. CPAs*

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Palm City, FL 34990-2740
407/288-3797

White & Co.*

Contact: Michael S. White
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Wichita, KS 67203-3617
316/265-4877

Whitsell & Co., P.C.*

Contact: Daniel Whitsell
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Arlington, TX 76011-4914
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504/455-7034

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Smyrna, GA 30082
770/431-2511

Bagwell Agency*

Contact: John F. Bagwell
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972/234-6223

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Cincinnati, OH 45241
800/83-PRINT

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Port Washington, WI 53074
800/749-6245

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800/347-6273

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214/890-5367

Equitable Securities Corp.*

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NAFCO*

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Rauscher Pierce Refsnes Inc.*

Contact: George Sutton
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Dallas, TX 775204-2936
214/989-1000

Stephens Inc.*

Contact: Jerry Robinson
950 E. Paces Ferry Rd., Suite 3120
Atlanta, GA 30326
404/240-1255

Stockbridge Partners*

Contact: Joseph L. Feshbach
425 Sherman Ave., Suite 220
Palo Alto, CA 94306
415/688-3151

The Robinson-Humphrey Co.*

Contact: Dennis Van Zelfden
3333 Peachtree Rd. N.E., 9th Floor
Atlanta, GA 30326
404/266-6152

Wheat First Butcher Singer*

Contact: John A. Baugh
901 E. Byrd St.
Richmond, VA 23219-4069
804/782-3297

FRANCHISING AND STORE LICENSING

Aaron's Rental Purchase**

Contact: Jim Steger
309 E. Paces Ferry Rd., N.E.
Atlanta, GA 30305
404/237-4016

ColorTyme Inc.*

Contact: Mitch Fadel
P.O. Box 168328
Irving, TX 75016-8328
972/751-1711

Premier Rental-Purchase*

Contact: Trooper Earl
213 McLaws Circle, Suite 2
Williamsburg, VA 23185-5649
757/229-1400

Rent-America Inc.*

Contact: Larry Tinney
5408 Yadkin Rd.
Fayetteville, NC 28303-3199
910/864-5778

INSURANCE

Blue Ridge Burke Insurance*°

[Property/liability insurance for members east of the Mississippi]
Contact: Sherry Stevenson
P.O. Box 168
Winston-Salem, NC 27102
800/466-0488

Mass Marketing Insurance Consultants°

[Group health insurance for members]
Contact: Ed Sterczek
14616 John Humphrey Dr.
Orland Park, IL 60462-2642
800/349-1039

RTO Systems Inc.*

[Property/liability insurance for members west of the Mississippi]
Contact: Jeanette Willingham
19 N. D St.
Sierra Business Center
Porterville, CA 93257
800/457-9362

MISCELLANEOUS

AIRBORNE EXPRESS PROVIDER

Unishippers Association of San Francisco°

Contact: Bruce Collett
2171 Pacific Ave., Suite 203
San Francisco, CA 94115
800/962-0782

CLUB PROGRAM

FORESIGHT Inc.**+°

Contact: Danny Wright
3700 W. Robinson St., Suite 230
Norman, OK 73072-3639
800/733-0811

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, there are APRO endorsed member benefit program providers (°).

**CLUB PROGRAM, LEASED
PROPERTY INSURANCE,
EXTENDED WARRANTY AND
SERVICE AGREEMENTS**

Nationwide Club

Administrators*^+

Contact: Alan Stein
2801 University Dr., #306
Coral Springs, FL 33065
954/753-5849

**CROSSLINK ELECTRONIC
TAX FILING SOFTWARE**

Petz Enterprises Inc.*^+

Contact: Leroy E. Petz Sr.
P.O. Drawer 611
Tracy, CA 95378-0611
209/835-2720

**CUSTOM STORE FIXTURES,
SIGNAGE AND DESIGN**

Rental Planning &

Merchandising Inc. *^

Contact: Robert Herd
P.O. Box 1207
Holly Hill, FL 33065
904/676-0864

**MEDIATION/ARBITRATION
PROGRAM FOR MEMBERS**

National Association for

Dispute Resolution Inc.°

Contact: Larry Montgomery
P.O. Box 470247
Fort Worth, TX 76147
800/685-0999

MYSTERY SHOPPING

Shop America*

Contact: Wesley Miller
3609 W. Alexis Rd., Suite 202
Toledo, OH 43623-1348
419/473-9012

Shoppers View*

Contact: Steve Leach
3939 Mayfield Ave. NE
Grand Rapids, MI 49505-2368
616/361-5677

ON-HOLD MESSAGE PRODUCER

Sold on Hold**

Contact: Damon Oran
12700 Park Central Dr., #1401
Dallas, TX 75251-1502
972/404-1000

**RENTAL AGREEMENTS/
BUSINESS FORMS**

Moore Business Forms*^

Contact: Wendy Fryman
10300 Linn Station Rd., Suite 400
Louisville, KY 40223
502/426-7105

RTO CONSULTING

Creative Business Solutions*

Contact: Bill Sleep
1711 Chateau Bend Ct.
Katy, TX 77450
713/578-8020

RTO Consulting &

Management Inc.*

Contact: Lindsey Semon
101 Gerald Lee Ct.
Charlotte, NC 28270-1498
704/442-1194

RTO EMPLOYEE TRAINING

Triad Learning Systems Inc.*^+

Contact: Larry Randolph
P.O. Box 450392
Garland, TX 75045-0392
214/530-1260

RTO LEGAL SERVICES

Saperston & Day, P.C.*

Contact: John B. Elleman, Esq.
500 S. Salina St.
Syracuse, NY 13202
315/422-5900

**RISK ASSESSMENT, FRAUD
ALERT AND COMPUTERIZED
SKIP TRACING SERVICES**

Tele-Track Inc.*^+

Contact: Dana Webster
3841 Holcomb Bridge Rd.
Norcross, GA 30092-2205
800/729-6981

**THE RENTAL INDUSTRY
BUYING GROUP**

TRIB Group*^+

Contact: John Blair
3180 Presidential Dr., Suite F
Atlanta, GA 30340-3900
770/451-4302

**WAGE-AND-HOUR
CONSULTATION FOR MEMBERS**

Harry Weisbrod Associates Inc.°

Contact: Harry Weisbrod
P.O. Box 821329
Dallas, TX 75382
214/373-0435



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~RTO~

on display



Stop traffic with Sale!Signs

Sale!Signs, one of RTO's largest suppliers of promotional needs, introduces its new Traffic-Stopper. This heavy-duty, steel A-frame sign comes with two 30-inch by 36-inch interchangeable aluminum sign inserts, with custom messages on the front and back. The inserts slide out easily so each message can be rotated.

The large 48-inch-tall frame folds quick and easy for storage. A side-mounted handle allows for easy carrying.

For more information, contact Dan Moesch, Sale!Signs, 314 St. Paul Blvd., Carol Stream, IL 60188, 800/346-8116.

Brand-name computers at the right rate

Are you still shying away from the lucrative computer-rental market because you are afraid of what some consider to be unrealistic rental rates? BDI and Packard Bell have teamed up to offer an

exciting new line-up that incorporates a complete system to allow your company to rent computers for as low as \$30 a week!

This feature-packed computer includes an Intel Pentium 120Mhz processor, full multimedia and Internet capabilities as well as an impressive array of software (a \$1,200 value)

that comes pre-installed on each system. Packard Bell's critically acclaimed Navigator software, lauded by *Business Week* as "the front-end of choice for novices," is also included. All of this is backed up by Packard Bell's nationwide service network, including toll-free technical support, makes this the ultimate system for the RTO industry.

For more information, contact Dean Sottile, BDI Distributors, 2100 Marietta Blvd., Atlanta, GA 30318, 404/351-9816 x139.

A great business tool hits the screen

Rental Information Systems, a leader in the rental-purchase automation industry, announces the release of version 6.0 of The RAM System. New ideas from dealers across the nation have been incorporated into this latest version.

New features include an on-screen collections system, package/pricing, purchase orders and an agreement reinstatement feature.

The on-screen collections system offers a new customer communications feature that allows managers to select specific groups of customers to call for collection and then

Add your own spin to Gus with RTO promotional products

Inform Business Systems is now offering APRO members with any and all of the Gus promotional products needed to sup-

port and complement the Gus television commercials. Mugs, stadium cups, key chains, umbrellas, magnets, beach balls and just about any other ad specialty product you can imagine can be imprinted with your store name and locations along with Gus. Get the most for your advertising dollar with a total campaign that lets the customer take a little bit of you and Gus home.

For more information, catalogs and samples, contact Marybeth Horne, Inform Business Systems, 1209 S. Ridgewood Ave., Daytona, FL 32114, 888/786-3676.



Lighten up

BW Lighting Corporation has added a new accessories line that includes solid oak K.D. occasional tables and lamps. Models 255-F and 207-F are combination round tray/tables — that come with or without an attached magazine rack — and floor lamp. The unit is 58-inches high with the tray/table 17¾-inches in diameter. Also available are the model 65 magazine rack with table that is 22-inches high with a tray size of 21½ inches by 15½ inches and model 63 magazine rack, which is 13-inches long by 13-inches high.



For more information, contact Carlos Beltran, BW Lighting Corp., 6930 Camino Maquiladora, Suite C, San Diego, CA 92173, 619/661-5597.

enter details about the conversation. The package/pricing feature gives dealers many options in the way that items are grouped together and priced. The purchase orders may be generated at the store or home office and the agreement reinstatement allows the user to reinstate a customer's rental agreement.

For more information, contact Doug Ruby, Rental Information Systems Inc., P.O. Box 1165, Magnolia, AR 71753, 501/234-2200.

Increase store traffic

Total Package Marketing Inc. announces the newest arrival of a unique monthly program designed specifically for the rent-to-own industry.

For as low as \$475, Total Package Marketing will provide store dealers with window signs, in-store hangers, hand-outs and hang tags — plus a bonus of 10,000 color inserts for only \$175 more.

For more information, contact Maria Heck, TPM Communications Inc., 101 Executive Dr., Unit 7, P.O. Box 596, Moorestown, NJ 08057, 800/394-1TPM ext. 12.

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<http://www.apro-rto.com>

GET A DIRECT LINK

Advertise your company and services on the APRO Web site. For placement preference and rates, contact Cindy Ganther, director of marketing, at 800/204-2776 or 512/794-0095.

▲ Check it out.

Stores for sale

Three stores for sale in small Texas towns.

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"What bosses really care about is your ability to contribute to their own success. Bosses get to be bosses largely because they are good at looking out for No. 1."

We've all seen it. Some new guy comes to work and after six months on the job, he expects to be promoted into the first management job that opens up. He knows all the job descriptions and the procedures for doing just about everything. Never mind that he hasn't really accomplished much as a result of all this knowledge. He's qualified. After all, hasn't he been taught that knowledge is power and those who know get the dough?

So many bosses have bought into this nonsense that it is not uncommon to see people in charge of

long-lived, theory about why people don't get ahead. No boss wants not to promote qualified and capable people. Bosses get paid for producing goods or providing services that generate sales and profits. Period. What bosses really care about is your ability to contribute to their own success. Bosses get to be bosses largely because they are good at looking out for No. 1. Bosses get paid for results. If you are getting results and not getting ahead, then there are only two possibilities: 1) You are working for the wrong outfit or 2) You are confusing activity with results.

There is a third possibility, but in the rental business it is so remote as to be almost non-existent. That is, you could be working for a company with no openings and no prospects for any. In that case, use the opening every company has—the front door—

and go find a future. If you have been to a number of companies and still haven't found a future, then one must assume that the problem is you and not any of those companies.

Everything about you is a part of your résumé. No matter how cleverly put together, the boss can only see printing on a page; he can't see the enthusiasm you fostered, the great people you recruited or the ideas you generated at your last job. What he can see is the dopey-looking cartoon tie you wore to the last management meeting along with the shoes that always need shining or the makeup that makes you look like one of the chorus from *Night of the Living Dead*.

Don't make the mistake of ignoring John T. Malloy's "dress for success" maxims. What you are wearing and how you are groomed signals others how they should respond to you. It tells them something about your status, your self-image. If you are careless enough not to notice how successful people dress and emulate them to whatever extent you can, then you deserve being left off the promotions list.

Some things about leadership and management are not as easily definable as what to wear. One of those is something called "command presence." Having command presence means that when you talk, others listen. Some even take

Continued on page 42

Why Johnny can't lead

sizable departments, even entire companies, with plenty of experience and lots of knowledge, but only the vaguest understanding of what management is and where leadership fits in.

Fact is, these days you can still get the dough if you know just a little or even perform poorly or not at all. There is proof of that all around. Today's last-place Little Leaguer gets the same trophy as the champion because nobody wants the kids to feel like losers. Some school districts are abolishing grades altogether so that low-achievers won't stick out. (Isn't the grading system designed to point out those who are progressing and those who need help?)

Many companies don't even have "employees" anymore; they have "associates." When everybody is in charge, nobody is.



By BUD HOLLADAY

In a world where everybody is job-qualified, few are equipped to lead. When the downside is deeper and more slippery and the upside is harder and takes longer, the qualifications for management must be expanded to include some things that aren't as obvious as good math skills or functional job knowledge. If you are one of those waiting for a promotion or if you are already the top banana with a whole bunch of the lesser bananas screaming for advancement, this is a good time to take inventory.

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HOLLADAY *continued from page 40*

notes. But if you truly have command presence, you will only talk when you know the subject and have something valuable to contribute.

If you look, walk, talk and act like you are in charge, then odds are you soon will be. Now, that alone is not the stuff of command presence—it also describes some schoolyard bullies and certain corporate stuffed shirts. But add mental and moral discipline, good people skills and a fierce inner drive and you have command presence. You won't go far without it.

Another trait is the sense of urgency that all good managers seem to have. It, too, can be identified early and almost always marks somebody on their way up. This sense of urgency works like the combined effect of a steam engine and gyrocompass buried inside one's body. The engine puts forth a great amount of energy and drive while the gyrocompass keeps everything level and pointed in the right direction. The result is a great amount of directed activity with a predictable and positive outcome. The opposite of this is the frantic mob in search of a leader; lots of activity,

little direction and no certainty of outcome.

Finally there is the intangible called "fire in the belly." Spark. Hustle. Drive. Pete Rose had it and did serious jail time. He lacked moral discipline. Most observers thought Jimmy Carter didn't have the fire and he became president of the United States. His was the slow and even-burning kind fueled with quiet resolve.

But without this fire in the belly, you won't go far in an industry populated with mavericks, entrepreneurs, bootstrap millionaires and former repairmen who now employ hundreds of people in dozens of markets. Those folks are the real competition, not the guy sitting next to you who's just trying to hang in there until the Ford plant calls him back. ■

Raymond C. "Bud" Holladay is COO and executive vice president of Alrenco, based in New Albany, Indiana.

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APRO Associate Member since 1987

What can the rental-purchase industry do to change its image?

Dan Companion

RENTAL ASSOCIATES LTD./RENTAL EXPRESS
BURLINGTON, VERMONT

This industry can change its image, but it will have to be through a grassroots campaign. We should start by making sure our customers know everything about the rent-to-own transaction. We have to be open and upfront about the fact that in a society like ours where credit is so important, people with bad credit or no credit need options—and we provide those options.

We can't change everyone's attitude, but we can keep our public image clean and acknowledge that this is a no-obligation transaction and focus on the fact that we provide a needed service for some segments of the public. People telling people—that is, customers who have had positive experiences with RTO who spread the word—is the basis of the grassroots campaign that will help put us in a favorable light with the public.

Dale Frederick

BARGAIN CENTER
GROVE, OKLAHOMA

Changing the image of RTO will be a slow and gradual process, but it can be done. APRO's direction and focus in this area have been very helpful. The Association's efforts will work hand-in-hand with the competition found in our free-enterprise system. For example, if I am running my business with high ethics, quality products and fair prices, I am causing other businesses to do the same so they can compete with me. As the industry grows, it will become harder for a dishonest person to survive. It's a natural

process that, combined with APRO's efforts, will change how the public perceives the industry.

Robert D. Mims IV

MATTCAM INC. DBA RENT AMERICA
SAVANNAH, GEORGIA

There are numerous ways we can change the industry's image. First, senior management and owners of RTO companies need to attract educated, skilled, talented employees and develop a plan to keep them. All our efforts to achieve success in business are null and void if we can't retain quality employees. I know many owners and dealers who just take and take from their stores; instead, they should be reinvesting their profits in their businesses and following through with commitments to their employees for raises, promotions and so forth.

Reinvesting in business can take many forms, including increasing the emphasis on and financing for training, improving store appearance by remodeling and offering stock ownership options to employees. We stress the three D's: drive, determination and dedication. Employees who display these qualities are recognized with the option to gain private stock in the business.

Another way we can improve our image is by getting involved in our communities through volunteer work, supporting local, state and nationally elected officials and supporting charitable causes. We chose to support the Vietnam Veterans Association earlier this year and were amazed at the generous cooperation we received from our vendors. We received a great deal of community awareness for our-

selves and our chosen cause.

We can also positively affect the industry's image by offering "above and beyond" customer service. Big companies often don't deliver the kind of service they promise and when one company mistreats a customer, it reflects on every dealer in the industry.

APRO has done a good job improving the industry's image thus far. We should continue to support our industry through APRO so this progress can continue and so we can eventually gain the tax legislation we desire.

Ed Evett

NEW ERA SALES & RENTALS
DIXON, ILLINOIS

We make our own image as individual business people. How we look at our business—as a service to our community or just as a way to make money—will determine how others look at us as well. You can't advertise image or pour it into your employees because it is an individual thing that relies on your relationship with every customer. Either you care or you don't—that's what people see and that's where your image comes from. This is a very personal business; the more you get to know your customers, their needs and their family's needs, the better your service and therefore your image will become.

Many RTO customers first come into a store because they feel they have few options, but as their financial situation improves, they will stay with a good dealer who treats them well. In retail, once the sale is made the store is finished with the customer, but in rental that's not the case. Knowing that a particular dealer will take care of you—one who will fix a problem if it arises—is important to maintaining a customer base in this industry. In the '80s, the emphasis was on price; in the '90s,

Continued on page 44

COMPILED BY
**NICKI
CARLSON**

Continued from page 43
 service after the sale is getting the attention. Service is where our industry can excel and where our image will be made—in the relationship between every customer and dealer.

Terry Stanfill

ROCKY MOUNTAIN RENTAL CENTER, L.L.C.
 DENVER, COLORADO

APRO is currently presenting advertising and commercials for the rental-purchase industry that are similar to those for the milk and cotton industries. This effort is certainly a first step to improve our image. The number of quality businesses in the industry has been growing and will also change the way the public looks at us. RTO companies that were involved in less-than-professional transactions have fallen by the wayside as a result of APRO and other business people who have continued to raise the standards. If we could get

federal tax legislation passed that would legitimize our businesses as well as protect consumers, we could put a stop to many of the negative perceptions about RTO.

Unfortunately, the media is not always supportive of RTO. The media has taken isolated incidents and blown them out of proportion. Over the past couple of years, better journalism practices have decreased the number of these stories. I think more positive coverage of our industry will continue. To combat the media's portrayal of RTO, however, we need to increase the public's access to information about the industry and make the public aware of the service and products we provide.

Jim Ratner

BIRDSONG LSG./THE RENTAL ZONE
 PORTLAND, MAINE

Changing the public's perception of the industry will depend upon our advertising. The media

has placed many preconceived, negative notions in people's minds about RTO. If we want to change those images, we will have to put out consistent, frequent, quality advertising over a long period of time. We need to overwhelm the public with an alternative, positive view of renting to own.

In our advertising messages, we should emphasize the service aspects of RTO and the idea that RTO is simply one option among many to acquire household products. The media and politicians should not be able to take away the freedom of choice. We should tell the public that it will get full disclosure on every RTO transaction and that the public should protect its right to go to an RTO store and make a decision based on an individual's personal financial situation. ■

Nicki Carlson is a free-lance writer living in Austin, Texas.

WANTED

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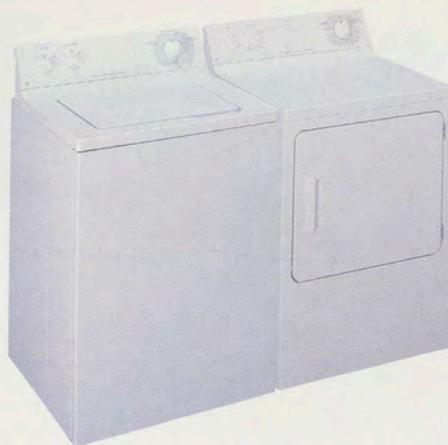
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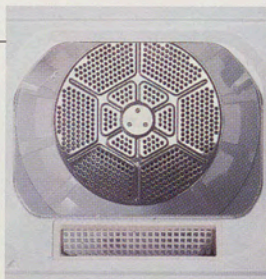
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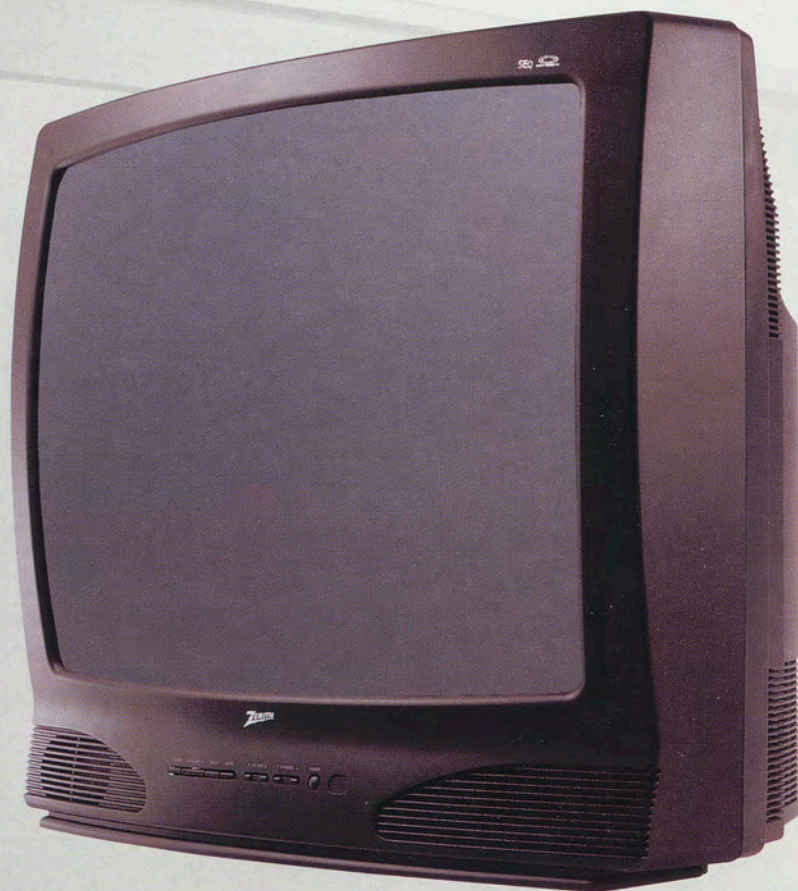
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