

RTO computer update | Norm Smith changes channels

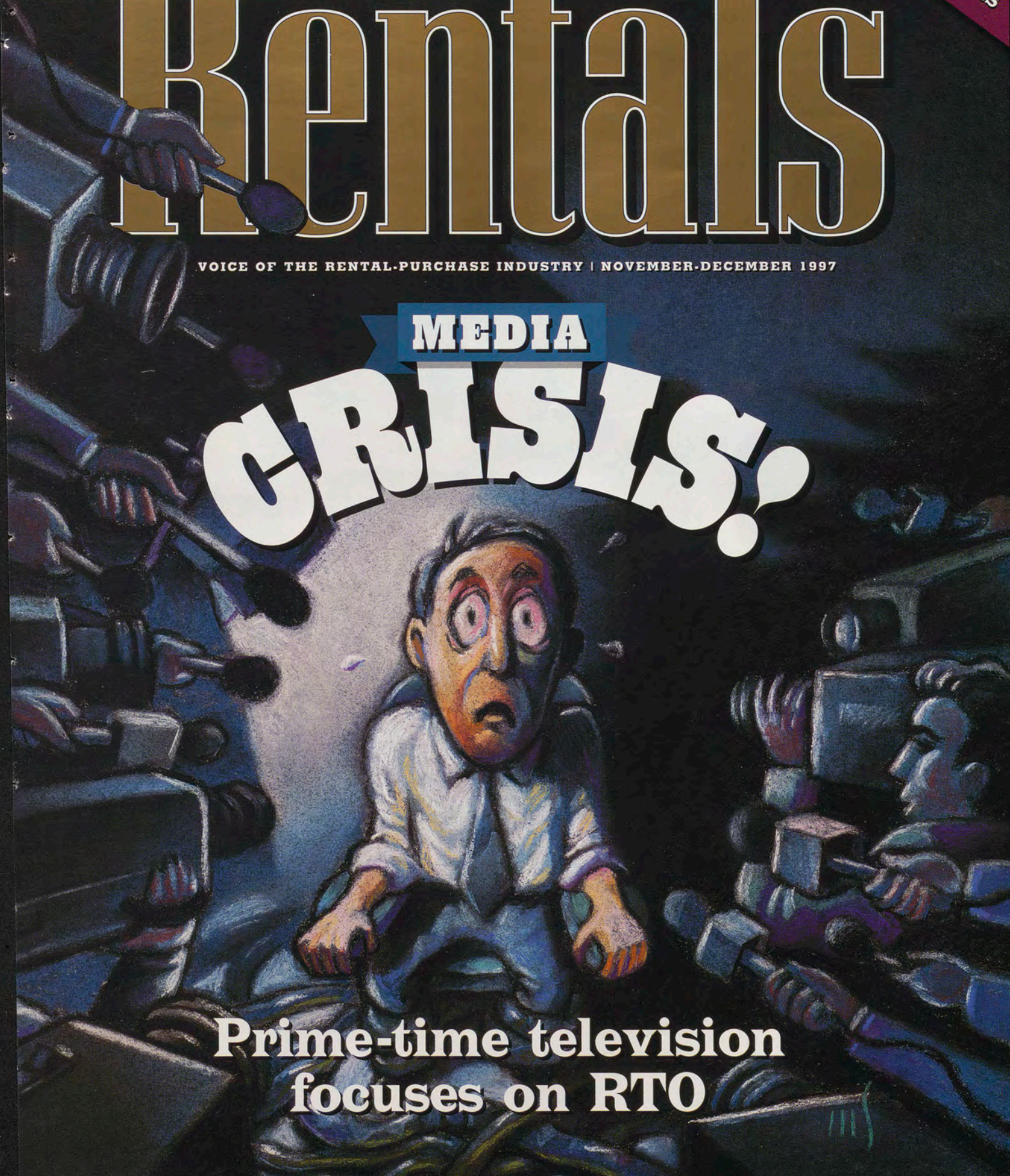
Plus:
An overview
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PROGRESSIVE
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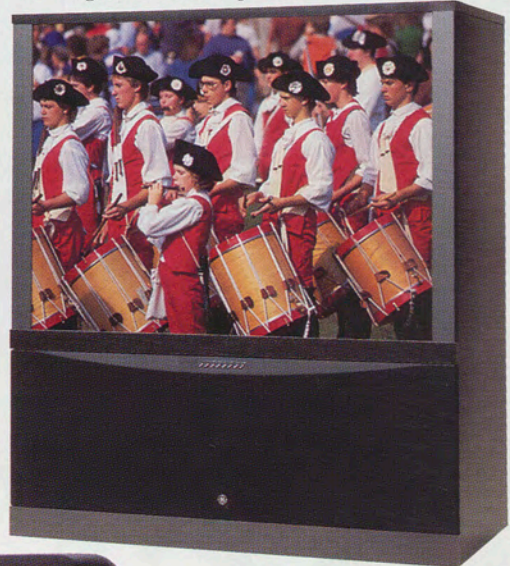
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november december



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Handling a media crisis: RTO in the public eye

"It all started in Reno," starts Ed Winn in this chronicle of preparing for the prime-time nightmare that has dogged APRO and the industry for the past three months. As the selected industry spokesperson, Winn shares his newfound insight into talking to reporters, media training and being grilled by not-so-kind interviewers.

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In the market for a Market?

Which furniture market is right for you? Writer Julie Harris researched the five top furniture markets in the country to find out what each market has to offer rent-to-own dealers. From High Point to San Francisco, each one possesses its own unique flavor. And, not surprisingly, more of the markets are recognizing the increased buying power of RTO dealers.



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Zenith's Norm Smith changes channels

At the zenith of his career, RTO pioneer Norm Smith isn't really retiring, he's just taking a step down from a successful 15-year venture into rental-purchase. Smith, one of the industry's best-known consumer electronics experts, was responsible for creating Zenith's unique partnership with the RTO market.



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RTO computer update

Jessica Schneider explores the pros and cons facing RTO dealers when renting computers. Once a dealer's techno-fears are addressed and resolved, however, the potential for growth is great for increasing customer base and gaining an edge on the competition.

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COVER ILLUSTRATION BY WALTER STANFORD

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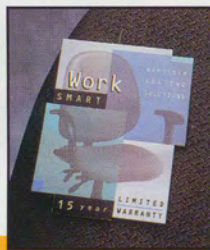
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PROGRESSIVE Rentals

PUBLISHED BY THE
ASSOCIATION OF PROGRESSIVE
RENTAL ORGANIZATIONS

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PROGRESSIVE RENTALS (ISSN 8750-6106) is published bimonthly by the Association of Progressive Rental Organizations (APRO) at 9015 Mountain Ridge Drive, Suite 220, Austin, Texas 78759; 512/794-0095. Basic price \$1 per year to APRO members. Additional subscriptions: U.S. and Canada—1 year (6 issues), \$30; 2 years (12 issues), \$50; 3 years (18 issues), \$65. Periodicals postage paid at Austin, Texas. **POSTMASTER:** Send address changes to Progressive Rentals, 9015 Mountain Ridge Drive, Suite 220, Austin, Texas 78759.

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RTO in the national spotlight

Despite the industry's efforts to clean up its image and put its best foot forward, negative press still dogs us. This year has not been a good year for positive press. In June, the U.S. Public Research Interest Group held a press conference slamming the industry, which generated hundreds of print and broadcast reports. The coming months may to our mettle further as ABC's *20/20* and CBS's *Public Eye* news shows

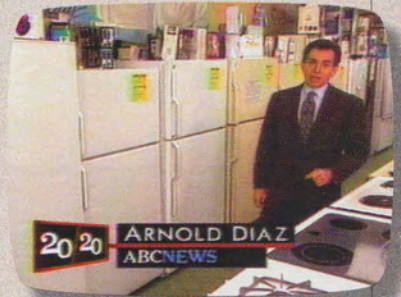


are focusing their cameras on RTO.

At the 1997 APRO board meeting in Reno in

September, during the Public Relations Committee meeting, it came to light that these two television shows had made contact with the industry and were requesting interviews. The producer of *20/20* revealed to APRO Execu-

this crisis. During the months of October and November, APRO General Counsel Ed Winn, RAC executive vice president George Hanson and Champion's Jeff Underwood received intensive



media training for scheduled interviews with *Public Eye* and *20/20*.

Needless to say, the interviews with *20/20* and *Public Eye* were not RTO friendly. Questions surround the credit vs. lease issue, exorbitant "interest rates," targeting the poor and "duping customers, were fired at industry spokespersons.

tive Director Bill Keese that two RTO companies — Rent-A-Center and Champion — were the initial focus of the piece. A task force was formed immediately during that meeting with Rent-Way's Bill Morgenstern serving as task force chairman.

Morgenstern, with APRO board approval, contracted with Hill & Knowlton, a New York public relations firm, for professional guidance during

Needless to say, the interviews were not RTO friendly. Questions surrounding the age-old credit vs. lease issue, exorbitant "interest rates," targeting the poor, "duping" customers and more, were fired at these industry spokespersons.

To prepare the APRO membership, memorandums were delivered alerting members of the pending news stories and airing dates. APRO asked that members also prepare for local press running similar stories once the national stories have

1998

CALENDAR OF EVENTS

JANUARY 1998

- 7-16 Atlanta Furniture Market, 404/220-3000 or 800/ATL-MART
- 8-11 CES Las Vegas, 703/907-7600
APRO/Audiofile Home Theater; Hospitality, January 9
- 10-13 Dallas Furniture Market, 800/325-6587
- 23-27 San Francisco Furniture Market, 415/552-2311; APRO/Emerald Home Furnishings Hospitality, January 24
- 26-27 Texas Association of Rental Agencies [TARA] seminar and board meeting, Lubbock, Texas

FEBRUARY 1998

- 8-10 APRO Legislative Conference, Washington, DC, 512/794-0095
- 16-19 American Rental Association, Orlando, 309/764-2475
- 19-22 Tupelo Furniture Market, 601/844-1473; APRO/Benchcraft Hospitality, February 20

APRIL 1998

- 23-May 1 High Point Furniture Market, 910/888-3700; APRO/Progressive Furniture Hospitality, April 25

MAY 1998

- 3-6 1998 APRO Mid-Year Conference, Puerto Vallarta, Mexico, 512/794-0095
- 27-31 TRIB, Opryland, Nashville, 770/451-4302

JUNE 1998

- 27-30 Dallas Furniture Market, 800/325-6587

JULY 1998

- TBA Texas Association of Rental Agents Annual Meeting, 903/581-4943
- TBA Indiana Rental Dealers Association Annual Meeting, 812/949-3370
- 8-12 Atlanta Furniture Market, 800/ATL-MART
- 24-28 San Francisco Furniture Market, 415/552-2311

AUGUST 1998

- 12-16 APRO Annual Convention and Trade Show, Orlando, 512/794-0097
- 20-23 Tupelo Furniture Market, 601/844-1473

aired. APRO press kits are available from the APRO office and a "key messages on rent-to-own" was delivered to APRO members on November 11.

As a result of this unfavorable attention, APRO is soliciting bids from several media trainers in order to train key members in dealing with the media. If your store is contacted by the local or national press in the coming weeks, please call Richard May at APRO at 800/204-2776 or 512/794-0095.

EDITOR'S NOTE: *The 20/20 story aired on Friday, November 28, right before Progressive Rentals went to press. As expected, the story was not RTO-friendly; however, the APRO office has not experienced any additional media attention since the story ran. Several elements were in our favor: 1) the story ran during a holiday weekend; and 2) the story was weak. APRO members were notified of the November 28 air date prior to the Thanksgiving weekend. The Public Eye segment on rental-purchase may or may not run; APRO will keep you posted. See the related feature article on page 20.*

Forbes list includes Aaron Rents

Aaron Rents Inc. was chosen as one of "The

200 Best Small Companies in America" by *Forbes* magazine. More than 6,000 companies were reviewed to make the list. Aaron Rents ranked 181st on the basis of profitability and growth in sales and earnings.

The company's profitability record included a five-year average return on equity of 15 percent. Sales growth averaged 15 percent over five years and earnings per share had a five-year average of 25 percent.

Aaron Rents' sales for the latest 12 months were \$296 million and net income was \$16.3 million. According to *Forbes*, the company's market value was \$344 million based on a recent stock price of \$17.50 per share.

Forbes magazine's selection criteria included earnings of at least \$1 million for the latest 12-month period, five-year average return on equity of at least 14 percent, five-year average sales growth of at least 15 percent and five-year average earnings per share growth of at least 8 percent.

Lefort moves into RTO business

Furniture/Today's "Distributors Report for October" includes RTO as an option for wholesalers trying to adapt in chang-

ing markets. Atlanta's Lefort Wholesale Furniture had some serious adapting to do. When the company went into business in 1982, 99 percent of their customer base was small independent rural dealers. Today Georgia is served by more chain stores per capita than any other state.

"We reinvented ourselves," President Mike Lefort says. "We began to service rent-to-own." Lefort says his company's immediate goal is to increase business in rent-to-own, despite the industry's troubles. "Many state legislatures

attempted to outlaw RTO, but 45 states now have protective legislation in place thanks to APRO," Lefort says.

Rent-Way to acquire 50-store chain

Rent-Way Inc. announced on October 14 that it signed a letter of intent to acquire a chain of 50 rental-purchase stores concentrated in South Carolina. The chain is privately owned and brings in annual revenues of approximately \$22 million.

The transaction still depends on the completion of due diligence, the preparation of a definitive closing agreement and other standard closing conditions. Rent-Way, with 184 stores in Colorado, Delaware, Florida, Illinois, Indiana, Kentucky, Virginia, West Virginia and Washington, D.C., stands to gain a stronger foothold in the southeast's growing RTO market with the acquisition.

Robert C. Loudermilk named president of Aaron Rents Inc.

Robert C. Loudermilk Jr. was appointed president and chief operating officer of Aaron Rents Inc., one of the nation's leading furniture rental and sales companies. Previously, these responsibilities were carried out by R. Charles Loudermilk Sr., who continues as chairman and chief executive officer.

Loudermilk Jr., 38, has been a director of the company since 1983. He began his career with the company as an assistant store manager in 1985; two years later, he became general manager of MacTavish Furniture Industries, the furniture manufacturing division

DID YOU KNOW?

The APRO bylaws are published annually in the back of the *Who's Who in Rental-Purchase* directory.

of Aaron Rents. In 1988, he was named vice president and served in that position until 1990. From 1990 to 1991, he served as executive vice president of Ball Stalker Co., then a subsidiary of Aaron Rents. During the next two years, he was in a private investment business before rejoining Aaron Rents in 1993. Since 1993, he has served as vice president, real estate.

"Robin Loudermilk has been instrumental in the rapid growth of this company," said Loudermilk Sr. "His background is especially valuable in facilitating the continuing accelerated growth of Aaron Rents," he said.

West Palm Beach praises Alrenco's good deed

After loaning bedroom furnishings for



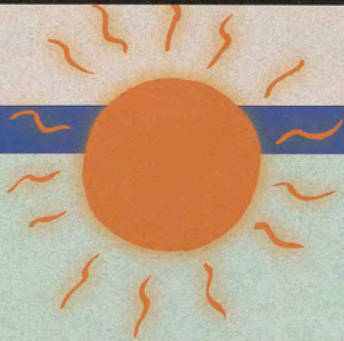
West Palm Beach's Freshwater Lakes Development

model home, Alrenco Vice President Bud Holladay received warm thanks from the city. "To date, your commitment to the project has assisted us with making home ownership a reality for

Zenith gets a face-lift

Be on the lookout for a new and improved Zenith, reports TWICE magazine. Zenith executives have re-evaluated the way they manufacture, distribute, price and sell their products and President/CEO Peter S. Willmott has vowed to keep the changes coming. Finally, after years of operating in the red, executives have stabilized pricing and losses are slowly narrowing. But, says Willmott, it may be months before the company regains profitability.

Some changes include emphasizing big-screen televisions and putting more importance on projection television. The company will also focus on marketing improvements and will spend \$10 million on a national advertising campaign, something the company hasn't done in five years. In an attempt to reach a younger consumer group, Zenith will sponsor a blues tour this summer. Also, Zenith plans on leading the HDTV pack, stressing the company's role as a pioneer in the development of the technology.



Resort to Puerto Vallarta for the 1998 APRO Mid-Year Conference in May

What better way to get through a cold winter than by dreaming of a great getaway trip in sunny Mexico? Plans are already underway for the 1998

APRO Mid-Year Conference, to be held May 4–6 in Puerto Vallarta, Mexico. The 1998 Conference is scheduled to be held at the expansive Marriott Casa Magna resort—a tropical paradise with all the amenities.

The Mid-Year Conference is an annual gathering for both APRO members and non-members who want to learn about the most recent tax, accounting and legal issues facing the rental-purchase industry. In addition to these regular seminars, a human resource forum has been added to the agenda due to high interest, along with a rental round table discussion.

In between meetings, attendees are encouraged to take full advantage of everything Puerto Vallarta has to offer: swimming, snorkeling, scuba, golf, tennis, fishing, horseback riding and more! Nestled on the Bay of Banderas, Puerto Vallarta has 25 miles of soft sand beaches, fine dining, movie-star fame and a picturesque downtown with quaint, red-tile roofs, whitewashed adobe buildings and clusters of bright tropical flowers cascading down walls and balconies.

Club Corp of America manages the Marina Vallarta “Club de Golf” 18-hole championship golf course designed by Joe Finger. The colonial-style clubhouse is just across the street from the Marriott, within walking distance. The course’s fairways are dotted with lakes, ponds and lagoons. Postcard-perfect

obstacles include waterfalls at the green sites, a peninsula filled with cocoa palms and a natural lagoon with white herons, ducks and Mexican sand cranes. Playing



TENTATIVE SCHEDULE

MONDAY, MAY 4
**Human Resources
Forum**
**Rental Dealers
Hospitality Suite**
**sponsored by
Foresight Inc.**

TUESDAY, MAY 5
**APRO Annual RTO
Legal Update and
Tax and Accounting
Update**
**Complimentary
Luncheon**
**sponsored by
Nationwide Club
Administrators Inc.**

WEDNESDAY, MAY 6
**Rental Round Table
Discussion**



the 210-yard par-three 13th hole—from tee to green—golfers have an unequalled view of the sea and the Sierra Madra mountains.

The 1998 APRO Mid-Year Conference will prove to be an education in relaxation as well as in the latest issues facing the rental-purchase industry. The deadline for hotel reservation is April 1. Room rates are \$90. Call 800/228-9290 for reservations or call APRO at 800/204-2776 or 512/794-0095 for more information. Watch for future issues of *Progressive Rentals* and *Network News* for registration information.



America takes a new look

The new rental-purchase advertising campaign began its first month with a bang. As of October 1, reports of the Association-sponsored television spots, "Couple" and "Image," ran nearly 1,000 times over 40 broadcast groups in 23 markets. Twenty-two of the 23 markets represent the top 20 markets in the country. The top 20 markets represent the highest audience penetration and media dollars spent through advertising.

The two APRO spots are encrypted with invisible codes allowing accurate tallies of when and where they air. This tracking also helps establish a guideline for media dollars spent on Association advertising as a national campaign even though the commercials are run individually by companies throughout America. Media dollars are important because they reflect audience penetration for a message, commercial, advertisement, etc. So far, media dollars spent for the two spots represent more than \$100,000 in one month.

More accurate figures will be generated after an 11-week cycle.

Another strategy to spread the word and exploit the media dollar is to cop the media buy through your rental-purchase state association. The Iowa Rental Dealers Association successfully assessed each RTO store member and also used state association funds to air "Gus" throughout the state on a heavy rotation. Now, with the two new commercials, other state associations are looking to organize through the statewide media buy. Missouri, Illinois, Oregon, Idaho, Washington, Virginia and North Carolina currently are all looking to maximize their state association's buying power and media dollars. For more information on APRO television advertisements, contact Richard May at APRO at 800/204-2776 or 512/794-0095.

13 first-time homebuyers," wrote Faye Outlaw, director of housing and community development for the city.

Professional designers added accessories to

Alrenco's furniture and the result brought praise for its interior design merits. "Ultimately, the model home was breathtaking and its decor attracted homebuyers

from near and far," Outlaw wrote. Alrenco's contribution will be recognized on a display plaque in a new model to be completed by December 1997.

Aaron Rents executive advises leaders' conference

Charlie Loudermilk of Aaron Rents has been



named to the advisory committee for the *Furniture/Today*

Leadership Conference. Loudermilk is one of 24 committee members chosen for the conference.

The leadership conference, scheduled for December 7-9 at the Ritz Carlton in Palm Beach, is designed to bring together top retail and manufacturing executives from all over the country to address challenges in the furniture industry. Steve Forbes, president and CEO of Forbes Inc., will be the conference's keynote speaker.

Positive press/negative press

► *Furniture/Today* reported that Jerry Robinson, RTO analyst for the Stephens securities firm, called the pending merger of RTO and Alrenco "a good deal for both." Robinson said the merger will enhance and strengthen the entire RTO industry and benefit shareholders of both companies.

According to Robinson, the merger will solidify the efforts of



RTO and Alreco when it comes to acquisitions. After many tries at buying the same deals, Robinson said the merger will “take a strong competitor out of the market.”

RTO’s strength will benefit the combined company, according to Robinson. He cited the “deep organization” built at RTO through this year’s addition of leaders like Larry Sutton of Champion RTO, Wayne Sutton of Instant Rentals and Wayne Chambers of Amigo Rentals. Robinson also called RTO chairman George Johnson an executive “who can run a 5,000-store company.”

In Robinson’s estimation, the entire rental-purchase industry will profit from the visibility provided by the merger. “This will be over \$300 million in capitalization,” he says, “and that will attract an entirely different group of investors.”

► In the September 3 issue of the *Gazette* in Trenton, TN, writer Deborah Seward gave her answers to common consumer questions about the rental-purchase industry. After receiving

18 calls for information about RTO in the past month, Seward, a credit services agent, took her answers to print.

“Items such as appliances, furniture and electronics will cost you more and a matter of personal preference,” Seward wrote, “but consumers should know the facts of this purchase plan.” She went on to say RTO agreements are often used by individuals who do not have good credit or have difficulty saving for wanted items.

She emphasized that “most consumers are not aware that purchasing items this way usually costs two- to four-times more,” but she did not warn customers away from RTO agreements. “If the item is one you must have,” Seward

wrote, “shop around to select the best rent-to-own agreement and remember, read before signing on the dotted line.”

► In the September 23 *Seguin Gazette-Enterprise*, a four-page story touted the convenience of renting to own. “Rent-Buy, like Tire Time Rentals, like Colortyme, like ET Rentals, has been [renting convenience] since the day the doors opened,” the story says. “And they’re doing it well.”

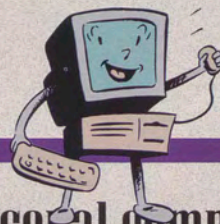
The overwhelmingly positive article featured comments from Ernesto Torres, a happy Tire Time Rentals customer. Tire Time, a three-year-old franchise operation,



allows customers to rent tires and wheels. With only his Social Security income, Torres was unable to buy tires and Tire Time made him a rent-to-own fan. “There are people who say they don’t like it, that [renting is] not good for them. But, to me, to let you rent it is sometimes the only way,” Torres says.

James Sims, a Rent-Buy customer, says he disagreed with the criticisms of RTO detractors. Sims and his wife have been Rent-Buy customers for years. They use renting to own as a way to space out payments on household purchases.

► An August 27 *Miami Herald* editorial had strong words for the rental-purchase industry:



The RTO personal computer market

- Customers who make less than \$20,000 a year in total family income want a personal computer to access the Internet, play games and work at home as much as customers who make more than \$30,000 a year.
- Only 12 percent of customers who make less than \$30,000 have a PC [*USA Today*].
- More than 40 percent of customers who make more than \$30,000 a year have a PC [*USA Today*].
- Based on this information, there is 28 percent of market share to gain in the USA.
- Market surveys conducted indicate the average price to rent a PC is \$170–\$190 a month and most stores have a waiting list of potential customers.
- RTO store personnel estimate that each store could rent between 10 and 30 units each month at the current pricing if inventory was available.
- Previously stated market share could be captured very quickly if price points were targeted at \$120–\$130 a month.

ON THE MOVE



Cornelius named Ther-A-Pedic president

Ther-A-Pedic International, one of the rental-purchase industry's leading suppliers of bedding products, announced the promotion of Niles Cornelius



to president on October 7. Cornelius will replace Richard Glaubinger, who died May 8.

Cornelius has been in the bedding business for 25 years, with experience as a regional sales manager at Sealy and Stearns & Foster before joining Ther-A-Pedic's Florida licensee as vice president of sales. He was Ther-A-Pedic International's vice president of sales from November 1995 until his appointment as president.

Two changes in the Ther-A-Pedic board of directors accompanied the appointment of a new president. Jeffrey Sherman, president of Ther-A-Pedic licensees in Rock Island, IL, and South Bend, IN, was named chairman. Joseph Roff was also appointed to the board. Roff is president of Ther-A-Pedic's Texas licensee, with plants in San Antonio and Houston.

Based in Middlesex, NJ, Ther-A-Pedic is one of the world's largest sleep products associations. In addition to continued sales responsibilities, Cornelius will assist in all levels of factory support to help add to the company's successful growth.

Bozof to represent New Generations

Danny Bozof, formerly Gaines Furniture Manufacturing Company, will now represent New Generations Furniture Company in its dealings with the RTO industry. "An opportunity to represent a company making a product so perfectly suited for the rent-to-own industry was one which I could not pass by," he says.

Bozof says he enjoyed working for Gaines, which he considers to offer a great line of furniture. "It was definitely one of the hardest decisions I have ever had

to make," he says.

According to Bozof, New Generations furniture is well suited for the RTO business because of its features and benefits. "Our seat cushions carry a five-year warranty," Bozof says. "That is unheard of in promotionally priced upholstered furniture." Bozof also cited the ability to ship small quantities quickly and without damage. "Not only do we wrap the goods in plastic but we carton everything as well," he says. "We ship all over the country. By taking the extra steps in packaging, we greatly reduce the potential for freight damage."

Bozof says New Generations CEO Ben Gaines and President Rich Fivata bring great industry experience to the table. "I am very proud to be associated with them and am excited to have such a great line to sell," he says. "I feel this line will prove to be very profitable for my customers. Not only do we have the best leather-match lineup in the industry, but our fabric lineup is every bit as strong."

RTO Inc. names Steckart EVP/COO

James Steckart was appointed executive vice president and chief operating officer of RTO Inc. in November, announced Bill White, president and chief executive officer. An industry veteran, having most recently served as president of Comcoa, a publicly traded Rent-A-Center franchise, Steckart has served in a variety of senior level management positions, including regional director and director of franchise operations and development.

"Jim brings a unique combination of extensive industry experience and proven success to our team," said Bill White. "He was our first choice to take our operations to the next level," he said.

RTO Inc. is expanding rapidly in the South and Midwest through store acquisitions and new store openings. The chain opened four new stores in October and two new stores in November, bringing its total store count to 254.

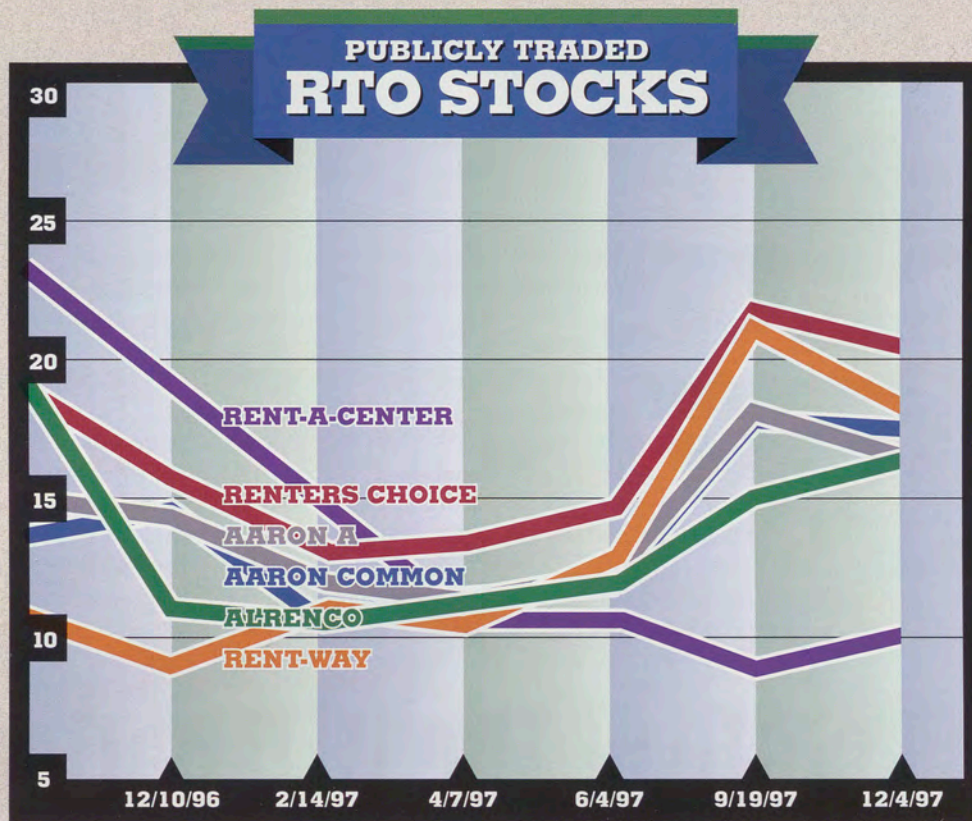
"Knowledge is power, particularly in the marketplace," the editorial began. "Full disclosure about terms of a sale and costs should be routine."

"Baloney," the *Herald* said to the industry's claim that RTO transactions are extended rentals and not extensions of credit. "For those who have been shut out of the economic mainstream for disparate reasons, rent-to-own may seem like a good deal, but they need information to know for sure. For two years, the industry has defeated attempts to require such information."

The editorial maintained that "just as Americans have a right to know how monthly interest rates translate into annual percentage rates, consumers who rent-to-own are entitled to know exactly how much they'll pay."

► APRO Executive Director Bill Keese defended the rental-purchase industry in an August 31 story in the *News Tribune* of Tacoma, Wash. The article cites unhappy RTO customers and consumer advocates who say the industry misleads its customers.

"Our customers are primarily people with short-term needs or people in transition and the benefit of rent-to-own is they can get a product immediately with no long-term commitment," Keese says. He cites mar-



ket research statistics showing that 94 percent of RTO customers have a high school degree, more than 20 percent have college or graduate school degrees and more than 20 percent have annual household incomes of at least \$50,000.

"Our customers are wealthier and more educated than the proponents of Gonzalez's legislation would have you believe," Keese says in response to critics who say RTO is part of the "poverty industry" found in low-income urban areas. "They have a very paternalistic view of certain people in our society and other industries."

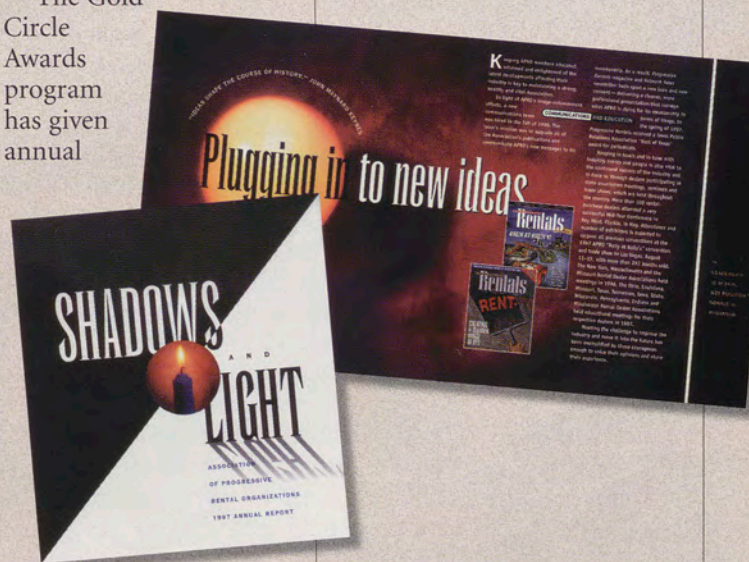
APRO garners two Gold Circle Awards

APRO recently won

two first place awards in the national 1997 Gold Circle Awards competition for its 1997 Annual Report and *Progressive Rentals* magazine. The Gold Circle Awards are sponsored and awarded annually by the American Society of Association Executives to recognize excellence in communications.

The Gold Circle Awards program has given annual

recognition to the best in association publishing and public relations works achieved by association executives. The awards are objectively judged and scored by a panel of qualified peers. The 1997 competition attracted more than 1,000 entries in 22 categories.



The APRO board of directors and its committees met in Reno (the site of our 1999 Convention) during the last week of September. Along with the usual agenda, the board was informed of a developing news story by ABC's *20/20*. According to our information, *20/20* personnel had visited the stores of at least two APRO members to obtain video footage for the story. Subsequently, representatives from CBS's *Public Eye* also contacted APRO concerning a piece they were planning.

Because of the high profile of these two news venues, the APRO board decided to enlist the ser-

vice of Hill & Knowlton, a New York-based public relations firm, to help formulate our industry's and member's responses to any inquiries and/or developments. The APRO board felt that the industry had progressed too far these past few years correcting the negative and inaccurate statements spouted by our enemies and the misinformed to ignore these expected attacks. APRO General Counsel Ed Winn and a representative from two APRO member companies were interviewed by each of the networks.

Additionally, your board has committed to continue to work toward federal legislative recognition of our industry's transaction as a lease, not a sale. I want to encourage each of you to become more politically active and educate your congressmen and senators about our industry and explain the importance of fair legislative treatment.

APRO's annual Legislative Conference is scheduled for February 8-10, 1998, in Washington, D.C. You should have already received a flyer with all the details of the Conference. I urge you to attend so that our elected officials will know we are observant and concerned about the actions they take. Our industry does not have millions of dollars to spend on lobbying, but we can mobilize and underscore our concern with effort. I challenge you to follow our "Rally at Bally's" example by making this year's Legislative



By **DARRELL TISSOT**
APRO's President

Conference the largest attended to date. See you at our nation's capital.

The APRO board also discussed its structure and makeup. With all of the recent consolidation, some members have expressed concern about whether there will be enough quality people to serve the industry if we maintain the one-person-per-company rule. We must not only address potential number of representatives per company, but also define what a company is and how related companies are viewed.

Please talk to your board and let us know your concerns and views on this important matter. I guarantee that this subject will be addressed at the 1998 APRO Mid-Year Conference in May.

Finally, the board reviewed APRO's current dues structure. There have been some concerns about underpayment of dues and as dues are now based on revenue, it is difficult to verify the proper amount each company should pay. Several different scenarios have been discussed, from basing dues on store counts to also including Team APRO funds in the general budget and adjusting the dues accordingly. Since any change in this area could have a major impact on individual companies as well as APRO's overall budget, it is important for the board to hear from members so that the action we take will represent the desires of our members.

As you can see, the APRO board constantly faces a variety of issues that impact each of our members. Your input on these issues is essential for the continued success of this organization and the health of our industry. ■

Darrell Tissot is owner of Countryside Rentals, based in Bainbridge, OH.

"The APRO board felt that the industry had progressed too far these past few years correcting the negative and inaccurate statements spouted by our enemies and the misinformed to ignore these expected attacks."

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Some of the readers of *Progressive Rentals* may be new to the rental-purchase industry and may not have been involved with APRO or the industry in 1993-94. Most of us old-timers remember the days of the *Wall Street Journal* article, the Gonzalez hearing and the accompanying media attention. In retrospect, those would appear to be the darkest days for RTO. Full-page articles with accusations of outrageous behavior, stories by ABC, CBS, NBC, CNBC, CNN, NPR and other national news organizations filled the air waves and print media with negative stories about our

effect this kind of coverage will have on the industry. Some believe in grand conspiracy theories that somebody or some organization is manipulating the media to "uncover or expose" the underbelly of RTO. Some believe this coverage to be the most significant event in the history of RTO. Some believe that we are unprepared for such an attack and must scurry to big-city professionals for our salvation.

Let's weigh our collective experience. First of all, we have the truth and the facts on our side.

Our customers know that they have all the facts they might possibly need to make a rational decision that fits their needs.

Secondly, there isn't a politician alive today nor is there a single group that has the clout to manipulate two major networks. Even if there were, we're simply not that sexy of a story.

And let's not forget that back when we had the chairman of the House Banking Committee taking pot shots at us in front of the nation's leading news sources. We were on all the national evening news and dozens of local newscasts back in 1993, which triggered hundreds of calls and stories in newspapers and radio spots all across the country. Our industry spokespersons told the truth about the industry and, in some rare cases, our responses were even included in the news coverage.

The fact remains that we still have many of those same industry leaders around that we had back then. Added to that is four more years experience dealing with politicians and the press.

Don't misunderstand me. We can always do a better job, be more alert to potential dangers and sharpen our message. But we can't afford to lose our cool or panic.

Our most important message is to stay calm and stay the course. Otherwise, we risk tipping the boat and sinking to the bottom. ■

"We can always do a better job, be more alert to potential danger and sharpen our message. But we can't afford to lose our cool or panic."

Stay calm. Stay the course.

industry, some companies and the entire concept of rental-purchase.

A handful of us were in the trenches back then. Wayne Chambers, Kevin Quinn, Chris Korst, Ed Winn, Ron Waters and I lived with the reality that every day and every hour a reporter, a television network, a congressman or even an IRS official would deliver a crushing blow to our industry. Most of the rest of the industry believed in APRO and waited anxiously for news from the front.

We all worked together, stayed together and held together. The main characteristic of the leadership was the ability to stay calm and reasonable at all times. We did the best we could. We made some mistakes; we could have done some things better. But the results speak for themselves. We

beat the IRS, we battled our opponents in Congress and the one-sided, outspoken, truth-be-damned journalist failed to convince the public, state and local decision-makers and the financial community that there was anything illegal, unfair or unjust about our industry.

Recently, we learned that two major national network television shows are focusing on RTO. ABC's show *20/20* and

CBS's new show *Public Eye* have "investigated" and "interviewed" various people about rent-to-own and our unique transaction. RTO has never had this kind of prime time coverage before.

Some subscribe to various theories about what



By **BILL KEESE**
APRO's Executive Director

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"By adopting these new canons, APRO took an important step to regulate a crucial aspect of relations among competitors."

Ethical concerns remain a focus of Association leaders. Lately, their attention has turned to recruitment of rental company employees. With low unemployment and high turnover, competition for employees has become vicious at times. There have been reports of signing bonuses, rumors of an imminent sale floated among store employees and bold mid-day raids into stores with offers of raises right across the street.

The APRO Ethics Committee, Executive Committee and the full board examined this activity in the personnel marketplace as well as their own conscience as employers and adopted three new

recruitment pitches in a competitor's store on a competitor's time. Thus came the first new canon, which many Ethics Committee members consider the most important.

The second canon was inserted to ensure that an employee with valuable information important to the former company would provide that information in litigation. The company needing the information might or might not be able to get the employee to testify, but at least the new company should not get in the way.

The third canon simply mirrors the law in most states. A company's trade secrets, including such things as customer lists and operations manuals, are protected everywhere, usually by criminal statutes. It is a felony in most states for an employee to steal an employer's trade secrets.

The Ethics Committee considered other aspects of the employee recruitment issue. It considered requiring the new employer to reimburse the former employer for any recent relocation costs. The committee considered limiting an employee's ability to work in a store close to the former employer's stores for a period of time. The committee considered requiring the new employer to reimburse the former employer for any debts the employee owed the former employer under certain circumstances. After thoughtful and, at times, forceful discussion, these proposals were rejected. Only the three canons listed above were adopted.

These additions to the Code are the first in a number of years. They mark the first time APRO has turned its attention specifically to employer/employee relations. It will do no good for the industry to make ethical commitments to customers if it is not willing to make similar ethical commitments to employees, suppliers, competitors and all the others who deal with the industry.

By adopting these new canons, the Association took an important step to regulate a crucial aspect of relations among competitors. They were adopted after careful reflection on what is best for the future of the industry and not an individual dealer's lament over the loss of a crackerjack store manager. ■

New canons for the Code

canons for addition to the APRO Code of Ethics:

1. Members shall respect the employer/employee relationship of other members and shall recruit employees of other members, if at all, only during the employee's personal time and never on or about the premises of other members.

2. Members who successfully recruit the employee(s) of another member will allow the employee(s) reasonable time off to assist the former employer in litigation matters as reasonably requested and required by the former employer.

3. Members who successfully recruit the employee(s) of another member shall insist that the employee(s) return all confidential and proprietary information, including customer lists, to the former employer without making use of any such information.

The industry has long had a well-established grapevine. This informal network serves a lot of useful purposes—mainly the tracking of skips and stolens, the recovery of property and generally keeping the competition keen. When considering the issue of store empire recruitment, most dealers know they

could not reasonably expect employees not to talk to competitor's employees. Nor would it be useful to try to dictate the content of those conversations. "Thou shalt not attempt to recruit the employees of a competitor" could never be enforced. But it did seem fair for employees not to make re-



By ED WINN III
APRO's General Counsel

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where will consumer
technology be tomorrow?

what new channels will affect the
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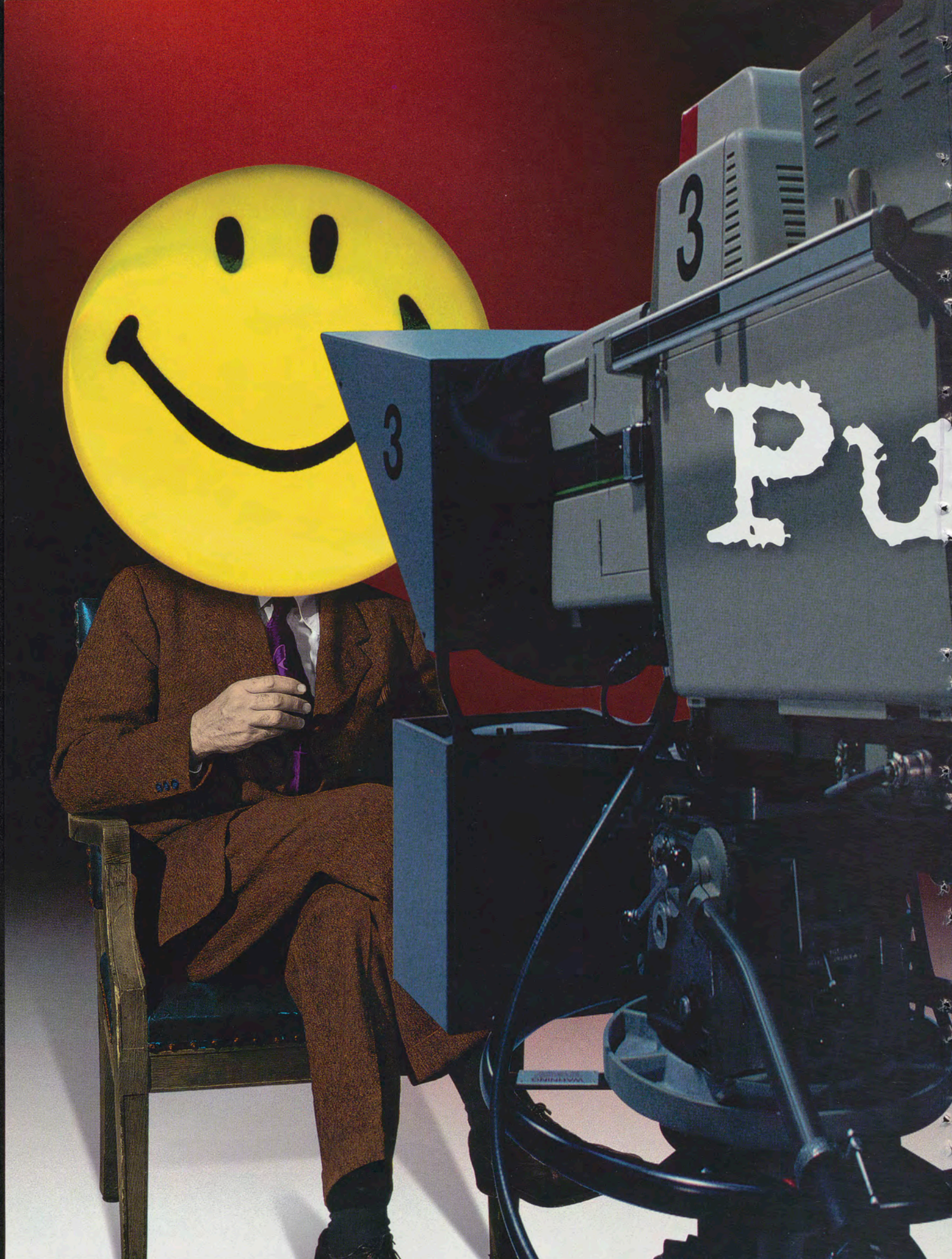
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HANDLING A MEDIA CRISIS:

RTO in the Public Eye

RECENTLY, RENT-TO-OWN BECAME THE FOCUS OF TWO NETWORK NEWS PROGRAMS: *20/20* AND *PUBLIC EYE*. APRO'S GENERAL COUNSEL **ED WINN** FLEW TO NEW YORK TO FACE THE CAMERAS AND REPORTERS ON BEHALF OF OUR INDUSTRY. BUT HE—ALONG WITH SOME OTHER APRO MEMBERS—ALSO WENT THROUGH A SORT OF MEDIA-HANDLING BOOT CAMP, WHERE HE LEARNED THAT IT'S NOT JUST WHAT TO SAY AND WHAT NOT TO SAY—BUT *HOW* TO SAY IT.

It all started in Reno at the annual fall board meeting...



First one call and then more calls came in to rental company home offices and then the APRO office. ABC's *20/20* was doing a story on some rental companies—or maybe on the rental-purchase industry—and wanted some interviews with company representatives—or maybe with industry spokespeople. Tentative

and cautious callbacks disclosed that *20/20* had found one or more disenchanted customers in Virginia who had complaints “too numerous to list.” Before the group could do very much hand-wringing over the *20/20* piece, CBS started calling rental companies and then APRO to get interviews for a piece on Bryant Gumbel's new *Public Eye* show.

It does not take the prospect of much negative publicity to work rental dealers into a frenzy. The first question on everyone's mind was: What is suddenly making the industry so newsworthy? Was Henry Gonzalez going to reintroduce his bill? Is Ernie Preate, the former Pennsylvania attorney general, trying to make a political comeback on the rental industry's back? There were new and provocative allegations of racial discrimination versus a rental company in the Midwest. The same company in New Jersey had just been socked with a \$120 million judgment by a state trial court judge there. Maybe PIRG and Legal Aid, having witnessed Congress change the tax law in August to recognize the rental-purchase transaction as a lease, feared losing the war and decided to pull out all the stops to prevent any additional federal legislation.

Speculation ran wild and furious. We still do not know what generated the sudden media interest, although the latest rumor is that Rep. Joe Kennedy intends to introduce the Gonzalez bill and has engaged the Kennedy media machine. The networks, when finally asked, lamely told us they really did not know—maybe it was the nine-figure New Jersey judgment, since it was reported in the *The New York Times*.

Whatever the genesis of the interest, it had to be faced head on.

PREPARING FOR BATTLE

The initial communications from ABC and CBS both were to specific companies. The networks wanted to give these companies a chance to respond. Fearful of a media lynching, the companies argued that the industry should respond, at least to the extent that the stories were about the rental-purchase transaction itself or rental-purchase customers, rather than some isolated company-specific problem. I thus began my role in the media crisis as negotiator

(and eventually industry spokesperson) with the networks to learn what the stories were about. At the same time, the APRO board appointed a media crisis task force to develop and organize a strategy. Bill Morgenstern, president of publicly held Rent-Way Inc. and veteran of a decade of political and media battles in Pennsylvania, was named chairman. A handful of industry leaders were given the task of putting the industry's best foot forward on national TV during prime time—not once, but twice.

The task force went looking for a heavy-weight public relations firm and lit on Hill & Knowlton in New York City. (When the U.S. sent troops into Iraq in 1994, Saddam Hussein allegedly hired Hill & Knowlton to do PR for his country and paid them \$10 million.) Hill & Knowlton has media crisis teams and we hired one.

Hill & Knowlton proposed a multi-level media crisis response with notices and alerts to affected parties, selection and training of industry spokespeople, preparation of key messages and delivery systems for those messages to identified targets; a post-crisis strategy to regain any ground lost because of the negative stories; and a long-term strategy to polish the industry's image further and reduce the likelihood of such attacks in the future. Today, we are still in phase one, negotiating with the networks and attempting to get the fairest possible stories on the air.

ARMING THE TROOPS

Hill & Knowlton recommended that the industry put forward a spokesperson to speak about industry-wide issues and company spokespeople to address company-specific issues. Both networks insisted that they intended to do “balanced” pieces.

Without agreement among industry members about who the spokespeople would be, how many there would be or when they would be available for an interview, we began crisis media training in the studios of Hill & Knowlton. Hill & Knowlton was not wild about having a lawyer speak for the industry, but after a few practice runs under the lights, I was given the nod.

Learning to deal with the media is counter-intuitive. We are all taught from childhood to answer questions when they are asked. News people know this and play on that instinct. They feel entitled—not to uncover the truth, but rather to capture a provocative sound bite by asking unfair or unanswerable questions. “Why do you insist on charging the poorest, neediest Americans 300 percent interest when you sell them shoddy, second-rate goods?” They can only hope for an angry, emotional response—even a flat denial. It makes for exciting TV. They also ask the same question over and over again until, out of weariness or exasperation, the interviewee gives a less than perfect response. And then,

"Learning to deal with the media is counter-intuitive. We are all taught from childhood to answer questions when they are asked. News people know this and play on that instinct. They feel entitled-- not to uncover the truth, but rather to capture a provocative sound bite by asking unfair or unanswerable questions. It makes for exciting TV."

finally, they own the cutting room.

In the interest of TV ratings, the media feel perfectly justified in snipping an answer here and there to craft a sound bite to fit the angle of the story they have chosen. For example: Question: "Why do you hide your high interest charges? Why don't you tell those welfare mothers that you are charging them 300 percent interest?" Answer: "We aren't hiding anything. We make full disclosures in our rental-purchase agreements and, indeed, *are required to do so* because of very stringent rental-purchase legislation in 44 states. We must disclose rental rates and terms, whether the property being rented is new or used, the total of rental payments to acquire ownership, the terms of any early purchase option, etc." All the while the interviewer nods understandingly and patiently. In the cutting room, the sexy part is at the beginning—the instinctive answer to the question, "We aren't hiding anything."

Juxtapose that with an unhappy customer who insists she was never told how much her washing machine would really cost and the interviewee can be made to look just like Richard Nixon declaring his famous "I am not a crook" line.

THE INTERVIEW FRONT

One of the secrets of media training is to turn off the instinct to answer the question and instead use one of the topics raised by the question to bridge to one of the handful of key messages you want to deliver. The answer above might contain a key message about the industry being a highly regulated one, with a number of state laws requiring disclosure of the important terms of the transaction in contracts and in advertising.

The best an interviewee can do is say nothing provocative, deliver key messages politely, emphatically and repeatedly and to frame a response close enough to the topic raised by the question so as not to appear evasive. Then, if any of the interview actually makes it on TV, it will be the interviewee delivering a key message.

The real artistry in media relations is to do all that in a three- or four-second sound bite that is catchy and memorable. The idea is to speak in headlines. A careful and lengthy explanation of how the rental-purchase agreement works and the benefits of the agreement for different people in different circumstances would take a long time and drive viewers to other channels. What the journalist wants is some brief retort to the charge of 300 percent interest, which must be an effective sound bite. At the same time, the industry sound bite cannot seem negative or defensive.

I can only tell you that the process is a lot easier to write about than it is to do. It takes a lot of practice. Media training consists of being interviewed with the cameras rolling while your friends and allies pepper you with the hardest, crudest and most unfair questions they can think of. The answers are played back and critiqued by everyone, who then offers suggestions

about how to respond more effectively to the different questions. And you do it again and again. The trainers told me that after about seven hours you hit the law of diminishing returns and may as well call it a day.

TIPS FROM THE MEDIA COLONELS

Some of the media training is pretty common-sense stuff. Journalists are never off duty. You can never assume anything is "off the record," even if you ask it to be. The safest course is simply not to say anything you are not willing to have broadcast on TV.

APPEARANCE. Appearance obviously matters on TV. The trainers told me how to dress and—to the extent that critics accuse the industry of being unprofessional—they wanted me to dress professionally. Where you look during the interview and how you sit are important elements of the training. What you do with your hands matters. The audience is *watching* as well as listening. Here is some verbiage from the written materials to give a flavor of media training.

EYE CONTACT. Good eye contact with the interviewer throughout the question and into the first part of your answer is critical to your credibility. To lose eye contact is the crossover moment. To shift eye contact between question and answer can be perceived as evasion, anxiety or dishonesty.

POSTURE. Sit fairly erect during the interview. It will help to maintain a high energy level and you'll look attentive and eager to participate. Avoid any tendency to swivel or lean to one side. Further, animate your delivery by using gestures when you make your important points. Make sure, however, that the gestures are shoulder-high so they'll be seen on television close-ups.

DICTION. Speak up clearly and distinctly with an even pace to your delivery so messages will not be lost by too fast a pace or bore the audience by too slow a delivery. Maintain a high-energy level. And give some extra "punch" to your key messages to drive them home.

SHOOTING THE CANNONS

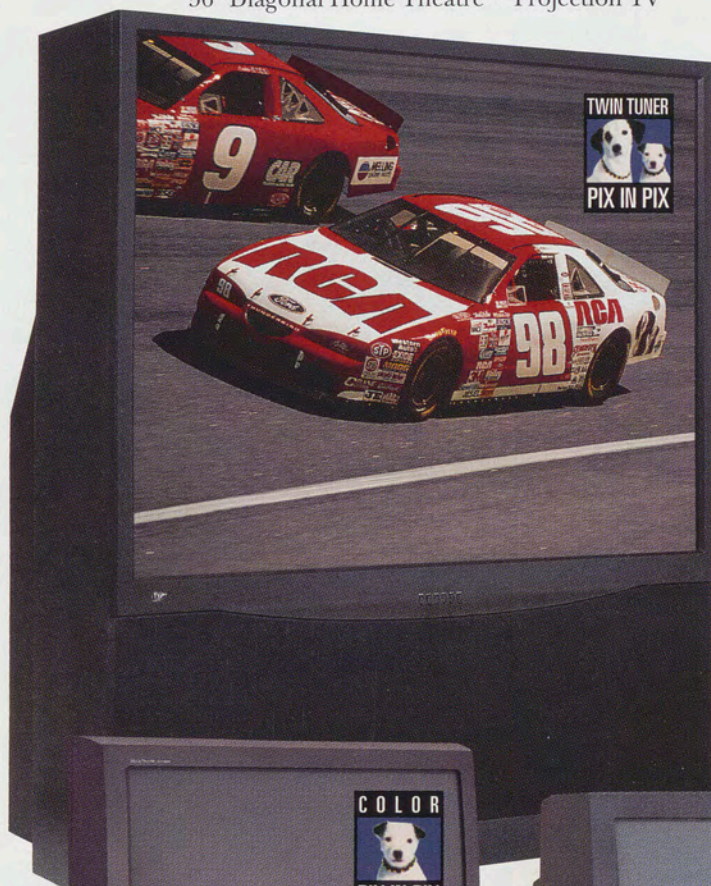
And so when Cindy Bauer of CBS asked me questions, damned if I still didn't want to answer them first before getting on with my mission of delivering key messages. With the cameras rolling, she told me that I probably thought she was going to do a hatchet job on the industry, but that she was really interested in doing a fair piece. I wanted to believe her. She then asked me ever so sweetly how I could live with myself as a representative of an industry that preyed on the poor and sold them goods under false pretenses.

Arnold Diaz of ABC spared me any false pleasantries. He just wanted to know how I could justify selling a VCR worth \$450 for \$1,800. He showed me a rental agreement, or what he said was a real rental



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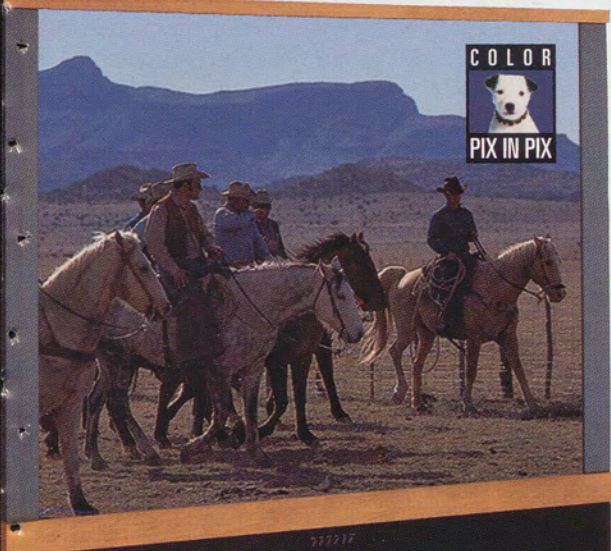
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agreement and those were the numbers. He stuck it under my nose right there with the lights shining and the cameras rolling. "Here, read it," he said.

I was caught off guard because it was not a form with which I was familiar. He did sit there patiently while I tried to make sense out of this strange piece of paper. It was a long few moments of silence. I kept having this vision of a deer caught in headlights. Finally, I deciphered the document, sort of. It was some sort of disclosure statement, not a complete rental agreement, and it was from New Jersey and it had a large balloon purchase option at the end of it. But the fact remained that it referred to a rental transaction for a VCR and the total cost to own that VCR was right at \$1,800. I didn't have a good answer for the question of how a VCR could possibly be worth that much with the cameras rolling. And you know what? I still don't have a good explanation. I can explain the difference between an installment sale and a rental-purchase transaction. I can explain why comparing low-end cash prices to rental-purchase prices is unfair and misleading. I can explain the value of no obligation and the services provided in a rental-purchase transaction. But I can't explain why a VCR costs \$1,800. I couldn't do it then; I can't do it now.

My key messages were not really novel, but they were and are genuine. The transaction is unique in the marketplace; it is convenient and, above all, it is flexible. I told both reporters in response to their persistent and hostile questions about why the transaction costs so much that if a consumer knows exactly what product he or she wants, the brand, size, color, model number, etc. and, also, looking ahead sees no personal or financial uncertainty over the next 18 to 24 months—no job layoff, no move, no change in income level, no divorce, then that consumer can go buy that product and put it on a credit card and get it cheaper than through a rental-purchase transaction (yes, I know we are very competitive on some furniture and some large brown goods, but this is TV.) But, if the consumer is not absolutely sure what he or she wants, and perhaps wants to "try it before buying it" or if the personal or financial circumstances are less than certain, then that consumer ought to think about renting.

There is a good value there. That was my mantra, with variations, and I said it many, many times during both interviews. I hope it gets on TV, but it probably won't. My key message about the industry, overall, was that it is highly regulated, highly competitive and is fundamentally a relationship business and not one where we merely try to push product out the door. I went to this point repeatedly

"Now, if I just had access to the editing room, I could produce an interesting piece that would not only inform the American public about the rental-purchase agreement, but drive some new business into stores. But I do not have the key to that room and those who do, I fear, have little interest in a story with a pro-business slant."



when confronted with sundry questions about consumer abuse.

I described our customers as working Americans who, for a variety of reasons, want flexibility. I insisted that all of our customers have choices. No one is forced to do business with rental-purchase stores, although that was the insinuation in a number of questions in both interviews. I described our customers as generally savvy consumers who know and understand their choices. They are often on a budget, must watch their dollars carefully and have come to rental-purchase because the transaction works well for them in their particular circumstances.

I gave our critics a shot when I could and argued that they really wanted the government to decide how people can spend their money and allowed as how I did not think that would work in this country.

In response to questions about unhappy customers, in addition to the relationship rap, I cited the Better Business Bureau Survey in which out of 1.3 million consumer complaints filed nationally in 1995, 126 were logged against rental-purchase companies.

I also explained why rental-purchase transactions bear no interest and why it would be misleading to consumers to impose an APR disclosure on a transaction in which there is no debt. I challenged the bargain basement cash price versus rental-purchase price components in the ABC interview and insisted on an installment sale with service and interest comparison, and acknowledged that our transaction would still cost more because of the flexibility. I made all these points and more.

Now, if I just had access to the editing room, I could produce an interesting piece that would not only inform the American public about the rental-purchase agreement, but drive some new business into stores. But I do not have the key to that room and those who do, I fear, have little interest in a story with a pro-business slant. So, rental dealers of America, hang on to your hats when you sit down with Bryant Gumbel, Cindy Bauer and Arnold Diaz for two prime time pieces about your business. I told your story the best way I knew how and I was well-trained to do it just the right way. But I suspect my story—your story—has been left lying on the cutting room floor. Stay tuned. ■

EDITOR'S NOTE: *At press time, Public Eye had not broadcast the RTO piece. The 20/20 report was broadcast on November 28 and included portions of the interview with Ed Winn. The Public Eye piece was scheduled to run in late October, but was bumped and has now been postponed indefinitely. Watch for future issues of Progressive Rentals for coverage of the story when and if it is broadcast.*

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IN THE MARKET FOR A
Market?

From big-city variety to small-town hospitality, there's something for nearly everyone on this year's furniture market calendar. We could oversimplify things and tell you Dallas is the place for more than just furniture, High Point will show you more furniture than you ever dreamed of seeing and Tupelo's the place to go for locally made products and hometown hospitality. But we won't. This year's slate of furniture markets offers variety that could make any potential buyer dizzy, so we've put together a summary of what's out there to help you make the best market plans for the coming year.

FROM THE LAND OF COWBOYS TO THE LAND OF KINGS, THE 1998 FURNITURE MARKETS OFFER RTO DEALERS A VARIETY OF PRODUCTS
by julie harris

high point

OF THE SEASON

APRIL 23-MAY 1 AND
OCTOBER 15-23

High Point, North Carolina, was the home of the first Southern Furniture Market in 1909. Today, 70,000 people descend on High Point and nearby Thomasville each year for the International Home Furnishings Market, which bills itself as the largest assortment of casegoods, upholstery, accessories,

lighting, bedding and rugs on display in the world.

Rental-purchase buyers are welcome at High Point, according to Richard Barentine, executive director of the International Home Furnishings Marketing Association. Barentine says 60 different channels of distribution, including RTO, are represented at the market. "We're very user-friendly for all those channels of distribution," Barentine says.

APRO members were officially represented at the October market. Cindy Ganther, APRO's marketing director, and Carolyn Fitzsimmons, APRO's membership director, hosted a wine-and-cheese event for rental-purchase dealers at High Point and manned the APRO booth at the market.

Significant growth in the past 10 years has strengthened High Point's claim on the furniture market: attendance has risen 62 percent and the number of exhibitors is up 47 percent. Permanent showrooms take up 7 million square feet of space in 150 separate buildings, which equals 160 acres of square footage. Ten percent of each market's 2,300 exhibitors come from other countries.

The Mid-October and late April markets don't really differ much, according to IHFMA's Barentine. "Some things like climate determine when international buyers want to come," because they want to leave their countries when it's cold and come here when it's not, but Barentine "can't tell an appreciable difference" between the two markets each year.

For registration information, contact the International Home Furnishings Marketing Association at 910/889-0203.

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JANUARY 7-16 AND
JULY 8-12

The show is Atlanta's largest convention; the amount of planning that goes into it reflects its size. A staff of eight handles nothing but buyer relations, according to Masa Kisner, executive director for buyer relations and international development for AMC Inc.

The show draws 45,000 qualified buyers in January and 42,000 in July. Thirty percent of those buyers are from outside the region—they come from all over the United States and 70 different countries. AMC Travel, the market's own travel agency, helps with travel plans and accommodations. Kisner says AMC Travel regularly reserves room blocks in about 40 hotels.

At Atlanta's Americas-Mart stages the Atlanta International Gift and Home Furnishings Show twice each year.

There's more to the Dallas furniture market than just the Dallas Furniture Market. The "Super Market" concept allows Dallas Market Center to draw people looking for everything from home furnishings to handcrafted gifts to decorative accessories. It combines the Dallas National Gift and Decorative Accessories Market, Dallas International Lighting and Accessories Market, Beckman's Handcrafted Gift Show and the Dallas Furniture Market. Also included are showings of bed, bath and linens items and gourmet food.

"We cater to the small specialty store, but we also have department stores and on up," says Ellen Horton, spokesperson for Dallas Market Center. "That's really our claim to fame, because we combine all the smaller markets into one large market." The Super Market attracts buyers from all 50 states and 35 foreign countries, Horton says.

The entire Super Market runs January 8-16, with the furniture portion open January 10-13. "There's a ton to see," Horton says. Two buildings, the Trade Mart and the World Trade Center, comprise the home furnishings part of the market, taking up a total of 4.1 million square feet. About 1,500 permanent showrooms and four floors of temporary exhibits constitute the market's home furnishings space.

Kisner says Atlanta planners have not specifically targeted the RTO industry so far. "We're in a metamorphosis," she says, "adding different product centers and categories to the market."

Staffers ask specific questions of buyers when they register in order to determine which category they fall into, but Kisner says they haven't sought information that would tell them whether buyers were part of the RTO industry or not. "You're going to find something a little more upscale here," Kisner says, adding that the market includes everything from reproductions to contemporary design furniture. The Atlanta market is "design-oriented," according to Kisner, and offers a wide variety of accent furniture and accessories instead of casegoods.

Planners of the Atlanta market say efforts at cross-merchandising set it apart from the rest. The market is most similar to Dallas because it offers about 1,000 permanent showrooms set up like actual stores, as well as 4,000 booths of temporary exhibitors.

Another difference between Atlanta and other markets is the infrastructure the city offers. For about \$1.50, buyers can take a monorail from the airport into the bottom of the market building, where they have access to five major hotels and connections to the market campus via sky bridges—without ever going outside.

For information on the Atlanta market, call 800/ATL-MART.

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Horton estimates that between the Trade Mart and the World Trade Center there are about 17,000 lines represented by both manufacturers and sales representatives. Of that number, 1,340 are furniture lines, 240 are portable lamp lines, 182 are lighting fixture lines and 2,700 are decorative accessory lines.

Attendance at the Super Market is "very diverse," Horton says, attracting between 20,000 and 30,000 people. Some major players include JCPenney and Dillard's. But Dallas officials haven't courted the rental-purchase market. "I don't know about RTO specifically," Horton says.

The Dallas Furniture Market is part of

both the January and June Super Markets. Horton says there's little difference in the inventory available at the two. "Furniture is active in both these markets," she says. January's Super Market tends to be the big market for lighting. The June market is known as the Christmas preview.

Accommodations aren't usually a problem unless something else is going on in Dallas. Included in registration materials is a list of preferred hotels in the area and complimentary amenities for buyers staying in those hotels.

Horton says the difference between the large High Point and Dallas markets is a matter of variety. High Point is deep in furniture, she says, but "we tackle a lot more categories. The Super Market concept is what differentiates us from High Point. It's kind of apples-to-oranges to compare the two."

Information on the Dallas Super Markets is available by calling 800/DAL-MKTS.

The San Francisco market is seen by many as the "home of the Western furniture industry," according to San Francisco Mart President Michael Gennet. Each market

san francisco
HERE WE COME
JANUARY 23-27 AND JULY 24-28

FURNITURE MARKETS:

Rent-to-own gains favor

BY HENRY HOWARD

RTO furniture customers are gaining important benefits from the increased time and effort dealers are investing in furniture markets. With furniture and home accents now accounting for 30 percent of BOR and nearly 37 percent of revenue, it's no wonder dealers are giving more emphasis to this growing category.

An obvious consumer benefit of more thorough shopping of markets by dealers is the better value that results from dealers driving harder bargains. They can buy better because their market attendance teaches them more about how furniture manufacturers make and market their product. By combing the showrooms, they become more effective comparison shoppers.

Another big plus for customers is the better color and style selection that invariably results from dealers' scrutiny of a wider variety of product.

The recent October market in High Point, NC, is a good case in point. Most of the major RTO play-

ers, plus a representative number of regional chains, worked this huge show that keeps growing; 7 million square feet of showroom space will be enlarged by another 600,000 square feet next fall.

By all accounts, RTO buying teams were better received in showrooms than ever before. Manufacturers are clearly recognizing RTO as a reputable, profitable, viable industry with a bright future. In upholstery, bedroom, dining room and other display areas, RTO dealers worked out programs for the near term and the long term. A number of dealers put together detailed promotional programs for next May.

While most manufacturers market their product in showrooms by conventional price points, more and more of them are demonstrating their commitment to RTO by showing a comfort level with the variety of RTO conversion formulas for turning retail prices into weekly or monthly rental fees for contracts of 12, 18 or 21 months and more.

As the furniture and accessories category continues to gain impor-

tance to both dealer and customer, we can look for still more furniture manufacturers to accommodate the RTO industry's needs. The earliest signs of their new interest will likely emerge at furniture markets.

Judging from the recent High Point experience, it's a good bet that at Tupelo's February market more vendors than ever will be wooing RTO dealers. Likewise, another step-up can be expected next April in High Point.

The bottom line is this: Operating in its best legal environment ever, the RTO industry has a fresh opportunity to put its best foot forward as it seeks an enhanced reputation and a larger business relationship with consumers. An integral part of that positive step should surely be the offering of an appealing, comfortable, sturdy and reasonably priced selection of furniture—the kind of inventory most effectively assembled at the various furniture markets.

Henry Howard is senior editor at Furniture/Today.

draws a crowd of 13,000 to 14,000 visitors; 93 percent of them come from the western states.

Gennet says most of those who attend the market fall into three categories. Independent stores from the 13 western states depend heavily on the San Francisco market. In fact, two-thirds of independent stores based in the West go to no other market, according to Gennet. "Because we're full, we can supply most of their needs as a one-stop shopping experience," he says. National chains and major national stores make up the second element of San Francisco's attendance. "San Francisco is a very viable alternative venue for them to see what they can't see any place else," Gennet says. Buying groups, which consist of groups of independent stores banding together to buy inventory, also frequent the San Francisco market.

January's market traditionally has higher attendance. Gennet suspects retailers have lower inventories after the holiday shopping season, so they have more buying room. Many buyers also think the January market offers them the chance to see what's new for the year, though Gennet says new products show up throughout the year.

"There are many reasons why people should come to the market other than to buy," he says, suggesting the chance to get out of stores, interact with manufacturers, get new marketing and display ideas, see new merchandise at the same time as competitors and just get refreshed are reason enough to come to San Francisco without the intention to buy.

"There's a lot to see in a very tight area," Gennet says. Much of the market is contained in two buildings, totaling a million square feet. A 72-page advance market planner and a 250-page buyer's guide are designed to simplify planning and navigation.

Planners for the market offer special a travel promotion for retail buyers which allows them to stay in major Union Square hotels at discounted rates. About 10,000 rooms are reserved for each market.

As for the rental-purchase industry, Gennet says he wishes more RTO buyers would come to San Francisco. "We do not get enough of that market," he says. "Dealers may not realize that we have as much as we do in their price range." He says his market offers uniqueness that could save RTO dealers from looking like the store down the street. "I think an RTO chain of any size should consider making at least an annual and maybe a semiannual visit to San Francisco," he says. "I think we're too big to ignore."

APRO certainly shows up in San Francisco. Look for the hospitality event hosted by Emeralds on Saturday, January 24.

For San Francisco market information, call 415/552-2311.

"we do not get enough of [the rto] market. dealers may not realize that we have as much as we do in their price range."

MICHAEL GENNET
SAN FRANCISCO

The next two furniture markets in Tupelo run from February 19-22 and August 20-23. February is always the bigger of the two Tupelo markets, Leathers says, probably due to the arrival of new product lines. However, attendance at the August market was up 20 percent this year.

The people of Tupelo (population 35,000) provide small-town hospitality to everyone attending the market. "The people here give so much to the market," says Leathers. "They open their homes and even keep the restaurants open late. They'll do whatever it takes to make these furniture people happy."

Services offered at Tupelo set them apart from other markets, according to planners. A complimentary shuttle picks up attendees at the Memphis airport and delivers them to any destination around Tupelo. A shuttle service around town is available throughout the week with less than a three-minute wait. "They'll take you to the mall or to the barber shop if you want," Leathers says.

The Tupelo market's housing department makes hotel reservations and arranges stays in host homes. Leathers says planners of the market try to keep buyers in hotels because they come in for just a few days. Exhibitors are encouraged to stay in host homes offered by the housing department because they usually stay for the duration of the market. But housing options in Tupelo are multiplying. Five new hotels were built last year.

Free food and entertainment are available every night to anyone in town for the market, including an open bar, live band and dancing. Benchcraft will welcome rental dealers for food and music at APRO's Hospitality Night, February 20, at the Benchcraft showroom.

Call 601/842-4442 for Tupelo Furniture Market information. ■

Julie Harris is a senior in journalism at The University of Texas at Austin.

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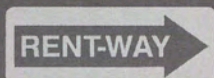
FEBRUARY 19-22 AND AUGUST 20-23

Folks in Tupelo insist their furniture market is a natural for RTO dealers because there's more upholstered furniture in north Mississippi than anywhere else in the world. Kim Leathers, marketing director for the Tupelo Furniture Market, says local production keeps shipping costs down.

Leathers says Tupelo has plenty to offer the RTO market. It falls somewhere in the middle of the scale—it's not a high-end market, but it has expanded over the years beyond its beginnings as a strictly promotional market. "We have lots of RTO people who come to our market," she says.

"We consider ourselves the second biggest market," Leathers says. A total of 24,000 people come to the Tupelo Furniture Market, including exhibitors, buyers and suppliers.

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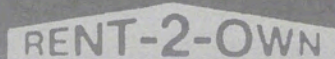
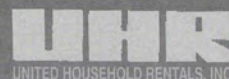


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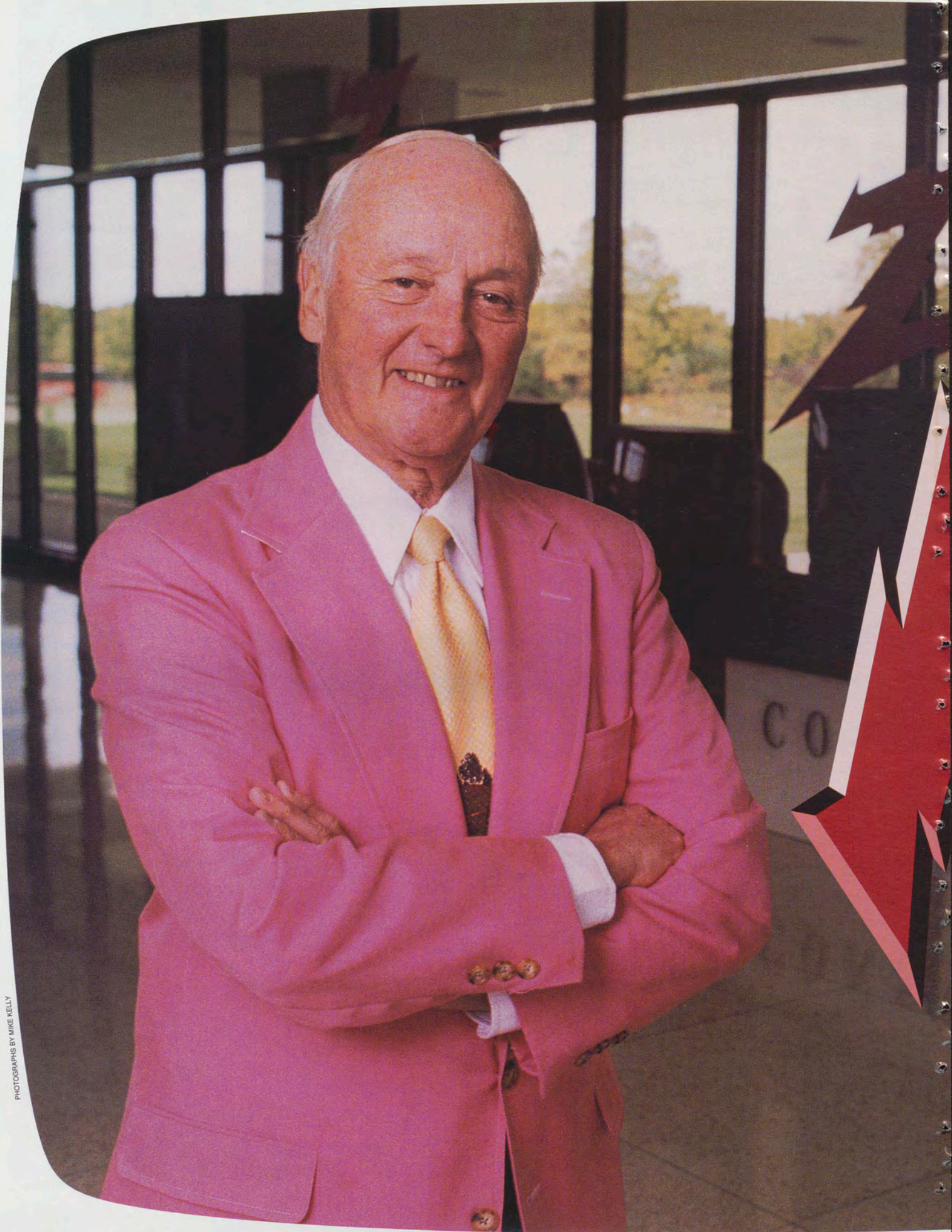
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NORM

NORM SMITH isn't really retiring. He's stepping down as head of rental market sales at Zenith Electronics Corp., but he will remain with Zenith as a consultant when he leaves his position at the end of 1997.

"I'm grateful that as a consultant I'll be able to keep the many wonderful friendships that have been developed in the rental industry," Smith says. "And I plan to stay on top of the changes that will occur in the industry."

Smith, one of the industry's best-known consumer electronics experts, was responsible for Zenith's leap into the RTO market almost 15 years ago. After years as marketing vice president for Sunbeam's microwave oven company, he realized the growth potential for durable manufacturers in the rental industry. So he pitched the idea to a longtime friend, the late Walter Fisher, who was then president of the Zenith Sales Company.

"I gained an understanding of the market before coming to Zenith," Smith says. "About one out of every three people in the United States is a potential rental-purchase customer because they don't have established credit or simply can't afford to make major purchases of consumer electronics, appliances, furniture or jewelry.

"Zenith was interested in opportunities that could help expand its market share. The company realized that it did not understand rent-to-own and had done nothing to become a part of this business opportunity."

**AT THE
ZENITH
OF HIS CAREER,
RTO PIONEER
NORM
SMITH
ISN'T REALLY
RETIRING.
HE'S JUST
CHANGING
CHANNELS.
BY ALFRED
DELEON**

Smith was tapped to build Zenith's rental division from the ground up and in November 1982, he began what would end up as a 15-year career leading the company's rental market sales activities.

His first job was to educate Zenith's regional sales managers about the rental-purchase indus-

try—its procedures, its terminology and its companies. Once he oriented the sales staff, he had to educate the company's nationwide network of wholesale distributors. At the time, Zenith used two-step distribution, selling consumer electronics products to distributors who, in turn, sold to retailers and rental companies.

Smith, who won the first APRO Vendor of the Year Award in 1991 (now called the Norman Smith Vendor of the Year Award), says direct contact with rental dealers is the best way to understand their challenges and to create new opportunities.

Besides conventions, he

Smith for five years. "Sometimes I'll see a customer's name that doesn't look familiar and I'll ask him about it. Almost all the time, he knows it off the top of his head without having to look it up. He knows the dealers and managers like his own family."

Don Julson, who has been Smith's right-hand man in Zenith rental markets for eight years, says, "Norm taught us not only the rental business, but we also learned a great deal from him about how to work with people." Lorry Netzband, who runs Zenith's order desk for rental sales, adds that it has been "exciting to see the business grow year after year under Norm's leadership."



“NORM TAUGHT US NOT ONLY THE RENTAL BUSINESS, BUT WE ALSO LEARNED A GREAT DEAL FROM HIM ABOUT HOW TO WORK WITH PEOPLE.”

try—its procedures, its terminology and its companies. Once he oriented the sales staff, he had to educate the company's nationwide network of wholesale distributors. At the time, Zenith used two-step distribution, selling consumer electronics products to distributors who, in turn, sold to retailers and rental companies.

"We achieved a lot of success initially as the local distributors became acquainted with rental dealers," Smith says. A few years ago, as the company phased out its two-step distribution, Zenith began to work directly with rental dealers and companies to achieve a new level of mutual success. "The rental dealers appreciate the streamlined pricing that resulted from direct distribution," he says.

As Zenith's distribution program changed, so did Smith's job. In the beginning, he spent the majority of

spends a lot of time projecting what his customers need from Zenith to succeed. "There is everyday concern over the availability of products ordered for shipment," he says. "Forecasting future needs has become paramount at Zenith. Our challenge is to work with all major rental companies and to ensure they have the merchandise required for everyday business and scheduled promotional programs."

It becomes clear after talking with Smith for just 20 minutes that he knows a great deal about the rental-purchase business. And it's not just the awards that hang on his office wall and sit on his tables. It's Smith and the way he talks. He speaks slowly, but everything he says sounds natural, like it's his second nature to discuss the history of the rental industry. The RTO business is Norm Smith's life.

"I'm really going to miss his knowledge of the industry," says Terri Martini, a Zenith rental market specialist who has worked with

Smith, who earned his bachelor's degree in economics from Iowa State University, has seen the industry grow from its infancy, when only a few companies were involved with RTO, to its peak today where some rental-purchase companies have gone public and the market is at its strongest.

"Growth in the number of stores and the improved prestige of rental dealers has added stability to the industry," he says.

When asked about the future of RTO, Smith smiles as if he expected to hear that question. "We will always have numerous small rental companies, but it's been economically sound for medium-size ones to sell out or merge," he says. "There's a trend now toward consolidation, and I don't think it will go away."

So why would Smith want to leave a business in its prime, a business he knows better than just about anyone, a business that has been so good to him? He says it was not an easy decision, and it was simply time to look ahead.

"I never thought I'd see my 70th birthday," Smith says. Reaching that milestone last April and wanting to spend more time with his daughter, Norma "Skippi" Smith, made him think about retiring.

But he's not really leaving the business. In addition to working as a consultant for Zenith, Smith is forming his own consulting firm, Norman Smith & Associates Ltd., to continue his work in the industry. So while Smith is stepping down from his official duties as Zenith's head of rental markets, the industry will still benefit from his expertise.

"This is an ideal situation," he says. "I enjoy what I do and wouldn't want to just sit around and play golf all the time. I love the game, but if I played six days a week I'd get tired of it."

Luckily, Norm Smith will never get tired of the rental industry. At Zenith's reception during the APRO Annual Convention last August in Las Vegas, Norm Smith announced his plans to step down at the end of 1997. Bill Sims, president of Zenith Sales Company, immediately announced that he was pleased Smith would continue on as a Zenith consultant and would participate on the company's behalf at all major industry functions as we swing into 1998.

Smith concluded his APRO convention presentation with an exclamation point: "I have so many beautiful thoughts and memories of the fun times I've had working with so many of you — reviewing product line-ups, scheduling promotions, meeting with store managers and participating in conventions. And if I were to add them all up and multiply it by a million, the grand total would still be inadequate to represent the sincerity behind my simple expression to the rental industry: thank you!"

Al deLeon is a freelance writer based in Evanston, IL. He got acquainted with Norm Smith when, as a student at Northwestern University's Medill School of Journalism, deLeon worked for Glenview, IL-based Zenith.

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R T O m U





et's face it...

COMPUTER

...computers are everywhere,

and like it or not, soon every home will need one. RTO can offer this technological luxury to those who otherwise couldn't afford it or aren't ready to make the financial commitment to buying one. But dealers are still hesitant. Perhaps they've heard computers require too much training, or that the overhead involved will exceed profits. Or maybe they're afraid technology is moving too fast and the computers they buy will be obsolete within a matter of months. Those are the horror stories, but how true are they?

BY JESSICA A. SCHNEIDER
PHOTOS BY TODD V. WOLFSON



Tommy Underwood, director of support operations at Royal Crown Leasing dba Rent America, says his company looked at four different computer vendors before deciding on one. They had to find the right company, Underwood says, and that took a very diligent approach.

We took our time, we were very patient, we looked at a lot of different computers and talked to a lot of different people who had already been in the business," Underwood says. "I feel like our immediate success in renting computers is directly attributable to the fact that we were patient and tried to make some good decisions," he adds.

When it comes to choosing a computer distributor, rental dealers are looking for one thing: service. Store owners don't want to train their salespeople to become computer experts—with the amount of turnover these days, training would be an ongoing expense. If dealers decide to rent computers, they want to buy them from a company that offers guaranteed service to their customers.

Dealers also worry about who will service the machines when they break down and who will answer software questions when they arise. For that reason, companies with 24-hour hotlines and a direct connection to the computer company are more likely to close the sale.

Both BDI Distributors and Alliance Computing Technologies Inc., two major players in the RTO arena, have found success because of their training programs. Both offer extensive seminars and classes to salespeople and owners of RTO stores and provide toll-free numbers for technical

support. Both use well-known, name-brand computers like Packard Bell and Compaq and recognizable software like Windows 95 to get the customer started.

Dean Sottile, an account manager with BDI, says his company is a strong proponent of making it easy to rent computers. "We're of the opinion that it's better to crawl before you walk. We want to make it as easy as possible to start, because we believe there's a learning curve," Sottile says. BDI likes to recommend a one-product-at-a-time approach to start and then offer work stations, chairs and promotional materials to first-time dealers.

John Foster, CEO of Alliance Computing Technologies Inc., expects the rental dealer to designate at least one person to be the computer person for the store. "That person will go through computer 'basic training' at no additional cost to the dealer," Foster says. "The objective for this basic

together an upgrade program using either Packard Bell parts or other vendor parts to upgrade the systems to more current versions," Sottile says.

Alliance's John Foster says that while technology determines the pace at which new models are introduced, real obsolescence happens more slowly. "Marketing creates the perception that older models are less desirable," Foster says, "but they are more than capable of providing for the needs of all but the most demanding uses. But we do provide upgrades and try to keep the cost low," he adds.

Upgradability was a big factor for Tommy Underwood at Rent America. "A computer that we wouldn't be able to upgrade down the road as new technology developed was certainly a key issue in our purchasing decision," he says.

Because styles are constantly changing, dealers have to stay on top of their inventory. Rental dealers must

"There is an unlimited market for computers, whether it's RTO or retail. If rental dealers are looking for ways to increase customer base, the potential for growth is made unlimited with computers."

training course is to make it easier for salespeople to discuss computers with the rental customer," he adds.

Techno-fear

Perhaps the biggest challenge dealers face is keeping their inventory current. John Cleek Jr., general manager of Cleek's Appliance, says renting computers takes a strong commitment to learning the merchandise and what's available. Cleek was concerned with the obsolescence factor, since computers are always getting faster and quicker. Although he's only been renting computers for a few months, he has seen models begin to change.

Dean Sottile at BDI knows this fear and can respond to it. "Everybody is really worried about their computers becoming obsolete, so we've put

know when models are becoming obsolete so they can make changes quickly and keep their displays up to date. But with improved technology comes more training. One rental dealer says training is an ongoing expense—when new systems come in, salespeople need to learn about them.

"Everyone looks at the computer and says 'What do I do?'" says John Cleek of Cleek's Appliances. "The trick is getting all of your employees familiar with them."

To stock or not to stock

Like any other new rental product, the big question is whether to keep a backstock or work on an order basis. All stores must have at least one for display, but should dealers keep an

software

for RTO

inventory? BDI suggests a one-to-show, two-to-go approach. Dean Sottile says stores that haven't gotten into computers will usually get a lot of calls from loyal customers waiting for the technology to become available.

"When dealers first get computers, there's a lot of excitement," Sottile says. "There are customers who have been waiting for their store to get computers, so dealers will find that the inventory moves very quickly in the first two to three months," he adds.

Dealers who were conservative in their decision to rent computers are also conservative in their stocking approach. Cleek's Appliances tries to keep one computer in each store with no backstock. They've also not been too aggressive in their advertising tactics. John Cleek says they've done some phone solicitation, but they've been selective in deciding to which groups to market their computers, since they haven't identified a target group yet.

Rent America and Tommy Underwood have found that computers have been successful with long-term customers. Underwood believes computers are an impulse rental, especially for those customers who have been shopping with them for years. For this reason, Rent America tries to keep a constant stock. The company tries to stick to the same price points, but as Underwood has found out, that is not always possible.

"You're a victim of what's available," Underwood. "Rental-purchase dealers are famous for waiting until we run out to order, so when we call, the vendor might not have the ideal product. Sometimes you have to make a conscious decision to spend a little more money for the type of computer you want," Underwood adds.

Barbara Keller, owner of Keller's Rental Place, says when her store began carrying computers, they ordered the computers as they were requested. But after time, they found that stocking them worked better. "When we were ordering and we told the customer they were next on the

Computer companies aren't the only technology giants gaining steam in RTO. Software companies are also holding their own in the industry. But these programs aren't for rent. Software companies have found a strong niche in RTO store offices, organizing companies' sales and accounting procedures.

Most software companies offer an integrated system that links the databases of every store. Integrated systems allow large chains to stay linked without the manual transfer of information. Throughout the day, each store will have accounts entered, payments posted and inventory counted. At the end of the day, the home office system downloads all this information into one database. This system eliminates the need to re-enter the data, decreasing the human error factor. It also categorizes and organizes the information into one system with the ability to recall any combination of data. Integrated software is an efficient and accurate way to keep all the stores in a chain connected.

High Touch offers three programs to completely integrate your systems. PRO/Store, PRO/Office and PRO/Accounting is a complete line of software that will link your files from the point of sale to the executive office's annual report. Employees won't have to re-key daily payment entries for the home office. High Touch offers the software package for a monthly right-to-use fee per store. The company will offer training upon system installation as well as annual upgrades.

Rental & Sales Software Systems uses a similar integrated system, ideal for multiple-store chains. Founded in 1979, the company developed software to integrate retail and rental outlets to the home offices. Ellison Crider, director of sales and marketing for the company, describes the software as module packages for different levels of operation.

At the store level, RSSS software handles inventory control with an extensive bar coding program and a customer control program that tracks payments, due dates and the merchandise on rent. The home office software includes a summary system and a ledger journal. The company offers 24-hour, seven-day support service as well as a web site to post problems and help requests. RSSS, along with High Touch, offer programs in steps so dealers don't have to convert their accounting systems overnight. The two companies recognize the need to ease into the software.

Rental Information Systems Inc. prides itself in its excellent customer support. RIS Inc. will convert all existing data to their Rental Account Manager (RAM) software system and will offer on-site installation and training. The software handles everything from collections to corporate level reports, but also offers smaller dealers help with collections. RIS Inc. incorporates an on-screen collection system into its software. Help is available 24 hours a day, seven days a week.

For smaller companies, both RTO Plus for Windows and Rentek offer superb software packages that specifically address the independent dealers' business needs.

list, there was some kind of immediacy about it and there was a lot of anticipation," Keller says. "But now, we're able to serve the customer better because we have a wide variety of models in stock," she adds.

The bottom line

Despite the high set-up costs and the fear of technology, most vendors find computers to be a very profitable

investment. Dealers can expect to spend an average of \$6,000 per store in computer start-up costs, but the profit turnaround makes it worthwhile. Most systems rent for an average of \$40 per week, much more than a TV or VCR.

Cleek's Appliance found that labor costs have lowered and they now get more money for less product. As a result, their revenue and average revenue per unit go up. But the possibili-

ties don't just stop there.

"There is an unlimited market for computers, whether it's RTO or retail," John Cleek says. "If rental dealers are looking for ways to increase customer base, the potential for growth is made unlimited with computers," he adds.

Vendors who rent computers in college towns expected the majority of their clientele to be university students. But what all have found is that

WHO'S WHO IN

rto computers

The following list of computer suppliers cater specifically to the rental-purchase industry. Please feel free to contact any of these companies for information, pricing and product specifications. They are designated as APRO associate members [*], advertisers [+] in APRO publications and/or APRO convention exhibitors [^].

Alliance Computing Technologies Inc.*+^

CONTACT: John P. Foster
3105 W. Waters Ave., Ste. 215
Tampa, FL 33614
888/615-5ACT; fax 813/209-0184

BDI Distributors*^

CONTACT: Dean Sottile
2100 Marietta Blvd. NW
Atlanta, GA 30318
404/351-9816 ext. 139; fax 404/355-0430

CMAX Inc.*^

CONTACT: Wayne Wilhelm
P.O. Box 3683
Cleveland, TN 37320-3683
423/476-9148; fax 423/476-9140

High Touch Inc.*+^

CONTACT: John Rogers
1900 N. Amidon #200
Wichita, KS 67203
800/326-6059; fax 316/832-9503

Ideal Software Systems+^

CONTACT: Jammy Berry
P.O. Box 110
Meridian, MS 39302-0110
601/693-1673 ext. 105; fax 601/693-1680

Pomeroy Computer Resources*

CONTACT: Jeff Hayes
908 Dupont
Louisville, KY 40207
502/893-2800 ex. 114; fax 502/893-0747

RTO Plus for Windows*^

CONTACT: Bob Yarbrough
1201 N. Salisbury Ave.
Spencer, NC 28159
704/642-1002; fax 704/642-0901

Rentek*

CONTACT: Jerry Rankin
6804 Bancroft Woods Cr.
Austin, TX 78729
800/9-RENTEK; fax 512/249-0643

Rental & Sales Software Systems*+^

CONTACT: Ellison Crider
457 Robert Dr.
Corpus Christi, TX 78412-2454
800/334-5224; fax 512/993-1731

Rental Information Systems Inc.*+^

CONTACT: Larry Burns
P.O. Box 1165
Magnolia, AR 71754-1165
800/863-7394; fax 870/234-3797

renting computers has expanded their customer base to the non-traditional customer.

"Most of our customers are people who have in-home businesses," Barbara Keller says. "The majority run childcare, foster homes, travel operations and even hauling businesses out of their homes." When families come in to look at computers, Keller says, whether they rent is based on the need. If the computer can be put to a business use as well as an academic one, they will be more inclined to rent them.

There's no denying the importance or popularity of having a computer in the home, so the only real problem RTO dealers face is finding the right company to deal with. Going direct means a large minimum order requirement and fewer service options. Distribution companies seem to be the best option for RTO, but cloning companies are also a option for dealers. What's most important is finding a company that offers the best service and support to customers.

Alliance CEO John Foster predicts that the demand for computers in the RTO industry is "set to explode." "I think dealers have realized the nature of a computer differs from furniture, appliances and other electronics. There is a need for training to make the rental and support to sustain customer satisfaction after the transaction. With that in hand, I believe dealers will quickly seize on the profits to be made by introducing computers into their product mix," Foster says.

Tommy Underwood of Rent America agrees. "This is an area that can be beneficial to all of us," Underwood says. "I think this is a viable business to which we all need to explore and dedicate ourselves. There's a lot of money laid out front, but I think it's an area we're going to have some success in." ■

Jessica Schneider is a free-lance writer living in Aspen, CO.



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South Daytona, FL 32119-1952
Attn: Director of HR
Fax: (904)322-1195

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Solid wood for sale

Parris Manufacturing Company of Savannah, Tenn. is making its entry into the furniture industry. The company, known for 50 years of manufacturing the world famous Trainerifle, now offers solid wood den groups, bunk beds and futons.

Several different cushion fabrics are available for the six-piece, knock-down den groups. Bunk beds in spindle, slat and bookcase designs are also crafted from solid wood, as are Parris Manufacturing's futons. The Parris Futon Bunk Bed (#6013) features a twin bed on the top bunk and a lower bunk that converts from a futon sofa to a full bed.

Pictures of items in the Parris line, fabric swatches



and paint chips are available upon request. Contact Parris Manufacturing Company, P.O. Box 338, Savannah, TN, 38372-0338, 901/925-3918, or send e-mail to parrismfg@centuryinter.net.

GE's new model features storage for snacks

GE's newest refrigerator for the rental-purchase

industry offers space and flexibility for storing those favorite snacks. The new top-mount no-frost refrigerator (model TBX18IAZ) with a capacity of 18.2 cubic feet is even equipped for an optional icemaker.

Two extra-wide fixed door shelves will hold those bulky gallon milk jugs, three glass cabinet shelves in the main refrigerator may be adjusted to fit storage needs and two clear vegetable pans with glass covers allow the customer to see inside. Other customer-friendly features include a clear sealed snack pack, clear dairy compartment with a butter trivet, utility bin, adjustable freezer shelf and Ice 'n Easy trays with an ice tray shelf.

For more information on GE's model TBX18IAZ, contact Paula Allison, GE Rental Sales, 307 N. Hurstbourne, Louisville, KY 40222, 800/782-9083.

Detailier offers new levels of comfort

Long known for its motion furniture, Detailier Group of Canada now offers a new innovation in glider rockers. The Glide-R-Motion mechanism now makes smooth, effortless rocking possible



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Matching ottomans with the same gliding motion are also available.

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FINOVA Capital Corp., the country's largest independent commercial finance company, offers creative financing solutions for expanding companies. A division of FINOVA Financial Innovators, the company has provided capital to finance receivables growth, mergers, acquisitions and debt restructuring for growing businesses for over 42 years. FINOVA is an NYSE-traded company with assets exceeding \$8 billion.

The company's Rediscount Finance Group provides secured revolving credit facilities from \$1 million to \$35 million to meet the needs of a variety of growing companies.

For more information, contact Paul Whitley, FINOVA Capital Corp., 13355 Noel Rd., Suite 800, Dallas, TX 75240, 972/458-5600.

Ashley unveils new motion furniture

At October's High Point market, Ashley Furniture Industries unveiled nine new groups of motion furniture designed to work better and last longer. Ashley calls them "the most trouble-free motion products at High Point."

Innovations from all-steel box construction to new upholstery designs offer RTO dealers the benefit of stylish furniture made to last longer and solve the common problem of damaged mechanisms. A unitized tubular steel seat frame and integrated mechanisms come together in the newly designed Leggett & Platt mechanism available only from Ashley.

This season's fabrics should please discriminating customers. Many pieces feature wood accents and fabrics to fit almost any decor. From blue, camel and red plaid to teal or ivory and taupe prints, Ashley aims to provide the latest in upholstery styles. For the best in reading and channel-surfing comfort, seat backs recline and lock to any position.

For more information, contact Bill Meadors, Ashley/Millennium, 19 Carrollton Ct., Little Rock, AR 72211-1600, 800/621-2845, ext. 465.

Dutailier's wide selection of models, fabrics and finishes means there's a glider rocker to match almost every decor. Dutailier's rockers and ottomans boast a hand-sanded and stained finish sealed to resist scratching, ultra-violet light, perspiration and most household chemicals.

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For more information, contact Dutailier Group at 299 Chaput, St-Pie, Quebec, Canada, J0H 1W0, 514/772-2403, or check their website at info@dutailier.com.



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Title of publication: Progressive Rentals. Publication number: 8750-6106. Date of filing: 10/9/97. Frequency of issue: published bimonthly. No. of issues published annually: 6. Annual subscription price: \$30. Complete mailing address of known office of publication: 9015 Mountain Ridge Drive, Suite 220, Austin, TX 78759. Contact person: Laurie Derton. Telephone: 512/794-0095. Full names and complete mailing addresses of publisher and owner: Bill Keese, Association of Progressive Rental Organizations, 9015 Mountain Ridge Drive, Suite 220, Austin, TX 78759. Editor and Managing Editor: Julie Sherrier, Association of Progressive Rental Organizations, 9015 Mountain Ridge Drive, Suite 220, Austin, TX 78759. Known bondholders, mortgagees and other security holders: none. Tax status has not changed during preceding 12 months. Publication title: Progressive Rentals magazine. Issue date for circulation data below: June-July 1997. Extent and nature of circulation (average no. of copies each issue during preceding 12 months and to actual no. of copies of single issue published nearest to filing date, respectively): total no. of copies: 6,414; 5,760; paid and/or requested circulation, sales through dealers and carriers, street vendors and counter sales: 0; 0; paid or requested mail subscriptions: 5,874; 4,930; total paid and/or requested circulation: 5,874; 4,930; free distribution by mail: 110; 121; free distribution outside the mail: 162; 295; total free distribution: 272; 416; total distribution: 6,146; 5,346; copies not distributed: 260; 397; returns from news agents: 0; 0; total: 6,406; 5,743; percent paid and/or requested circulation: 95.5%; 92.2%. Signed, Julie Sherrier, editor.

How do you boost morale when bad press hits?

Mark Vega

SPOKANE RENT TO OWN INC.
SPOKANE, WASHINGTON

We tend to discuss it continually. As things come to light, it's very frustrating for the employees and we try to keep as open-minded to all of it as possible. In the past, we've always just kept quiet on the deal as an industry, but you have to wonder when to put your foot down. It is deflating. It's frustrating when you're fighting to operate a business and you're continually knocked in a way that's un-American, really. We try to convey the positive to our customers.

John Spangle

PARTNER'S RENTAL PURCHASE INC.
FRIENDSWOOD, TEXAS

Right now it's not a problem because we have a start-up company. When I've worked with other major companies and supervised up to 40 stores in the past, these issues didn't generally affect employees. I don't think our employees keep up with current issues, for the most part. The ones who do—who address it—know where it's coming from. So it affects management operations more than store operations.

Kent Lycka

KENTCO INC. DBA RENT-2-OWN
ALVIN, TEXAS

I tell them not to listen to the bull. They're all veteran people so they're familiar with it. We've talked about it among ourselves,

but we've had no questions from the public. We're not really in the limelight. We don't really have a bunch of trouble here where we are, but we're about to go into Houston so that may change. We haven't had any flak. Everything's positive.

S.D. Van Orden

CAIN'S INC.
DBA FURNITURE & APPLIANCE OUTLET
TWIN FALLS, IDAHO

It doesn't give us as much of a problem out here in the country as it gives those of you there in the center of it all. We've got a state association here that's been pretty upbeat. I think employees see that what they're doing is providing a service and giving people what they need.

We've designated somebody in the company to handle these things if they rear their head, but they haven't. We haven't had anybody in the area that's been bringing down the wrath of the local folks. We just hope it will stay that way.

Patrick Parker

UTICA RENTAL SYSTEMS INC.
DBA COLORTYME
MANDEVILLE, LOUISIANA

We talk to employees repeatedly about what we're doing. If



you're a good salesperson, you can be a good collector. If you're selling your plan and your product and your compa-

ny, you eliminate a lot of that collection process. We talk to them about performance and expectations. Then, when these negative things come along, you're more likely to overcome them.

We also take a proactive approach to keep that knowledge level and customer relations level up. We know the No. 1 reason people deal with you is because they like you. When I see these people coming out with all this negative stuff, it's pretty obvious they don't know what they're talking about. ■

Julie Harris is a senior in journalism at The University of Texas in Austin.

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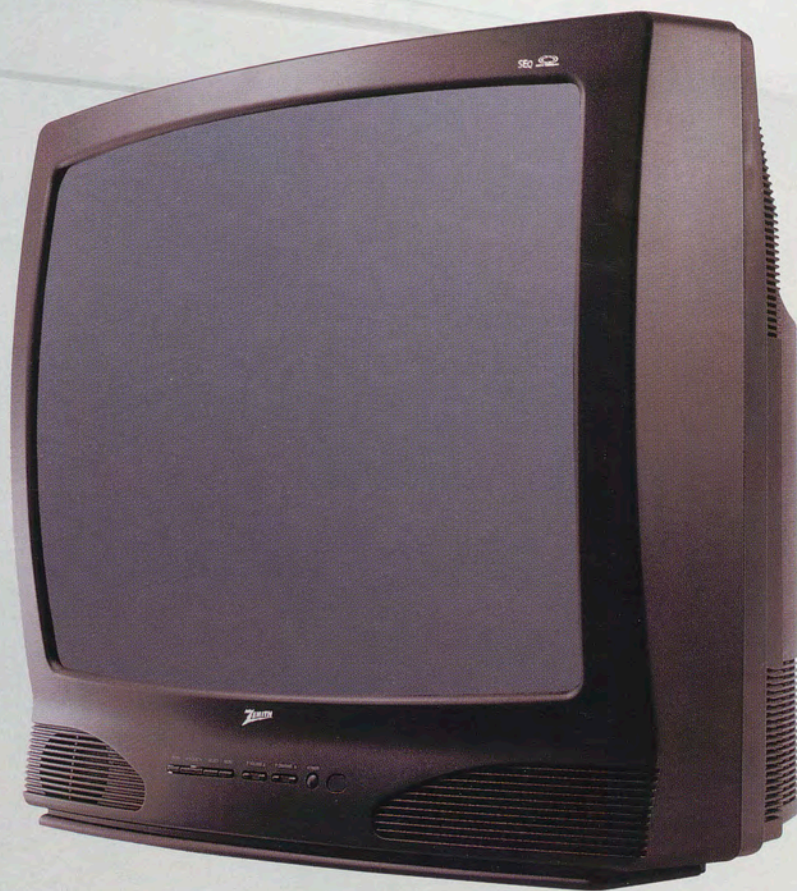
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