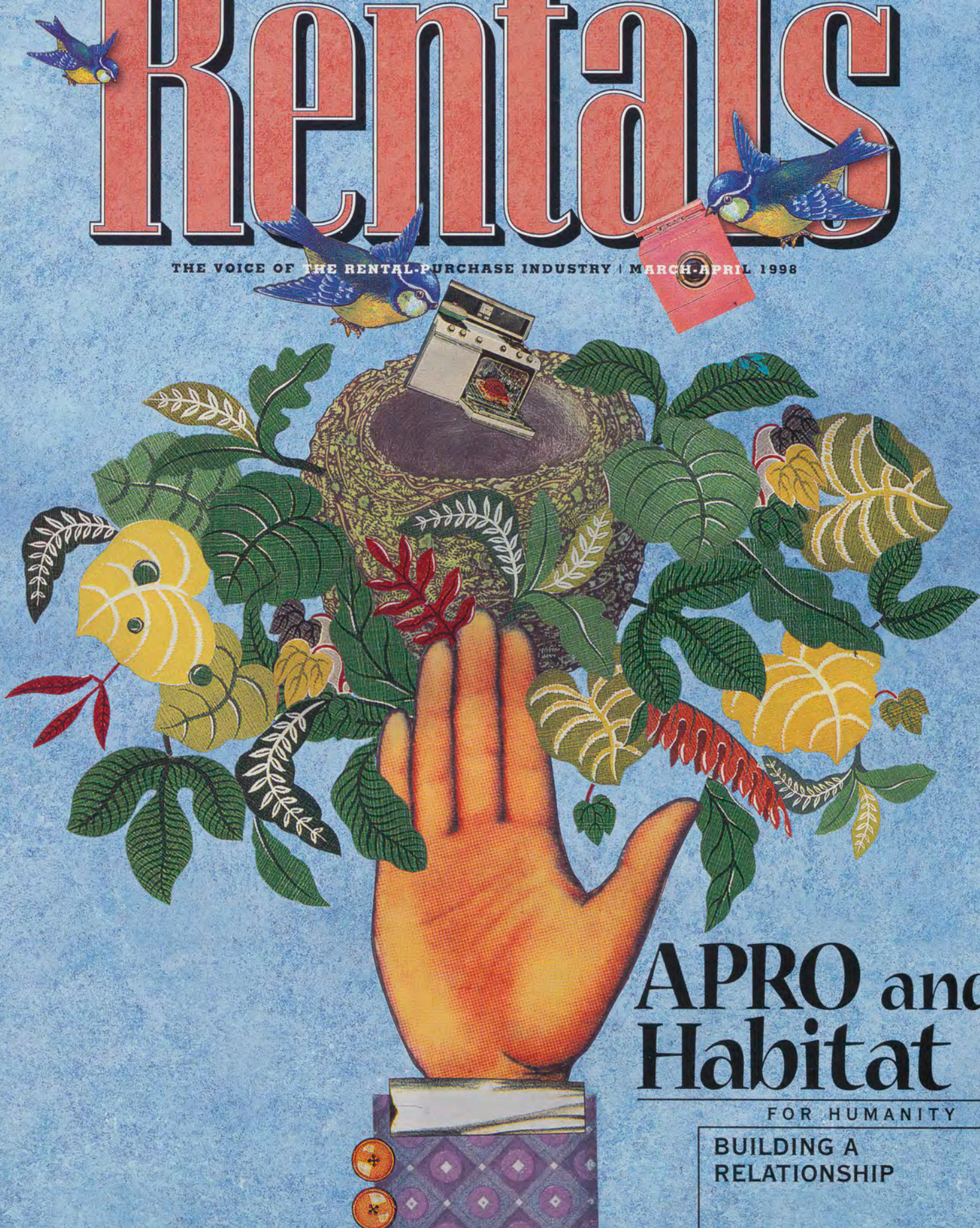


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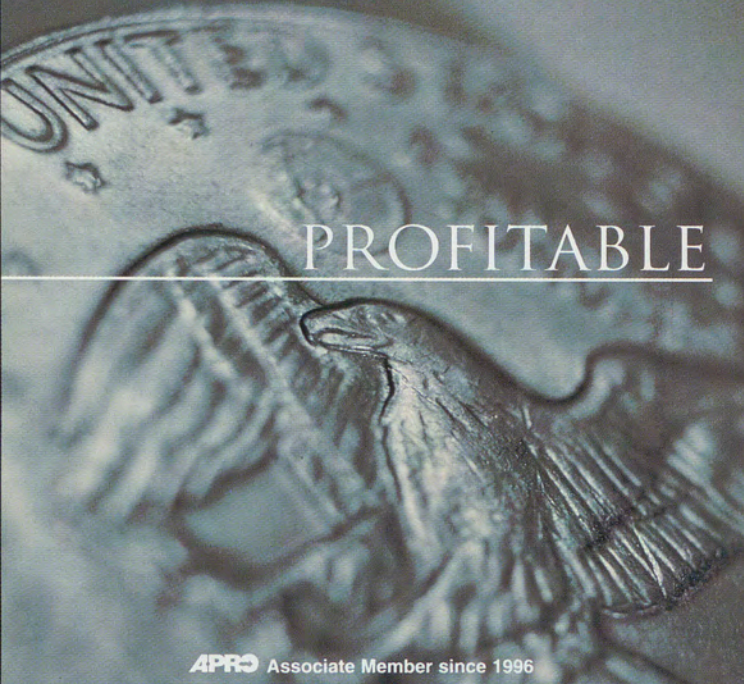
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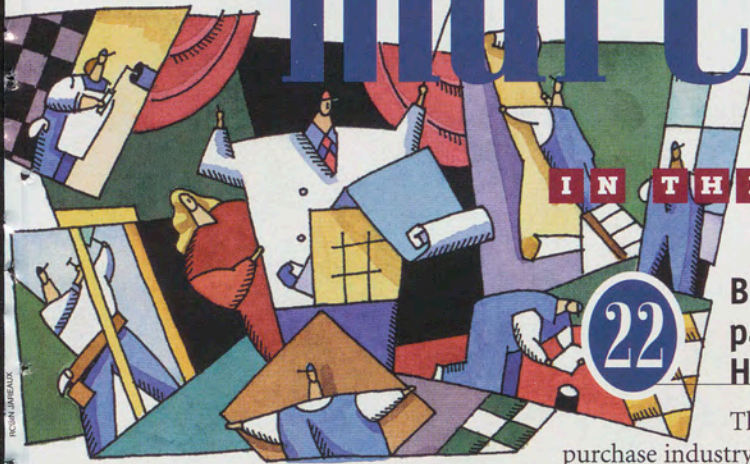
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IN THIS ISSUE

22

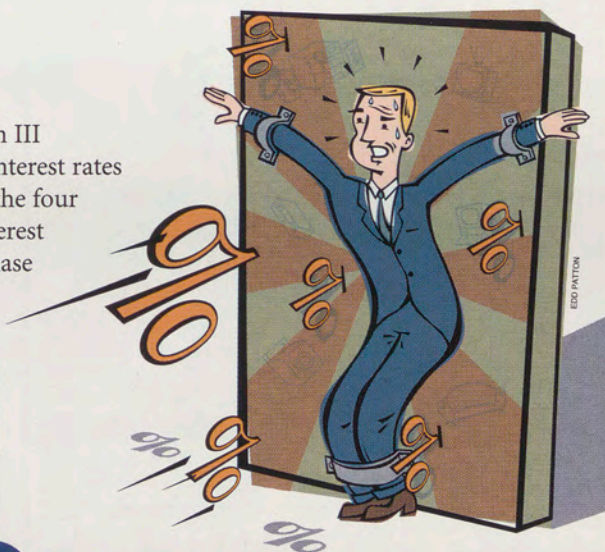
Building a partnership with Habitat for Humanity

The time has come for the rental-purchase industry to share its abundance. As the official stove sponsor for Habitat for Humanity International's 1998 Jimmy Carter Work Project, APRO and its members have a golden opportunity to extend a helping hand. Serenity Leisering reports on the upcoming build.

32

Taking a stab at the interest debate

APRO General Counsel Ed Winn III reviews the issues surrounding interest rates and interest rate disclosure and the four most important reasons why interest cannot apply to the rental-purchase transaction.



38

APROfile: Raj Gauri

There's nothing average about Rent America RTO veteran Raj Gauri. Writer Ellen Bulgar paid Gauri a visit at his store—located in an upscale, highly urban neighborhood in South Norwalk, CT—to find out to what he owes his success.



44

Employment Practices Liability Insurance

With the dramatic increase of employment-related lawsuits, it behooves rental-purchase dealers to take a closer look at the protection employment practices liability insurance offers. It may come as a surprise to many that traditional insurance coverage does not cover employment-related claims.



DEPARTMENTS

6 | NEWS BREAK

Legislative Conference draws record crowd; ORDA contributes \$5,000 to Team APRO; APRO '98 Convention preview and registration; RTO gets "fleece" by NBC.

16 | PRESIDENT'S VIEW

APRO President Darrell Tissot recaps the latest APRO developments.

18 | RTO PERSPECTIVE

APRO Executive Director Bill Keese brags about some positive RTO press.

20 | THINKING RTO

APRO General Counsel Ed Winn III questions referring to customers as "those people."

49 | WHO'S WHO IN FURNITURE

An annual listing of companies that offer furniture and furniture accessories to the RTO industry.

54 | ON DISPLAY

New products and services.

56 | VIEWPOINT

"How do you feel the industry will be affected by recent consolidation?"

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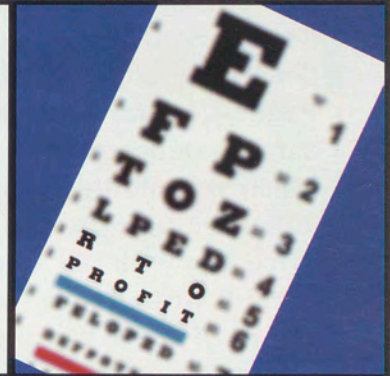
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'98 Legislative Conference draws record crowd

The Fifth Annual Dave Egan Congressional Conference, held in early February, drew a record number of APRO members. Approximately 65 APRO members from across the country

by Walter Jones.

Four new co-sponsors had already co-signed the bill by the end of the conference, including Richard Baker (R-La.), John Porter (R-Ill.), Sue Kelly (R-N.Y.) and Thomas Bliley Jr. (R-Va.). These four now join eight previous co-sponsors: Gary Ackerman (D-N.Y.), Thomas Manton (D-N.Y.), Bill McCollum (R-Fla.), Michael Crapo, (R-Idaho), Bob Livingston (R-La.), Chip Pickering (R-Miss.), Pete Session (R-Texas) and Todd Tiahrt (R-Ks.).

Another milestone of the conference was the large number of first-time attendees. More than a third of those in attendance were first-time participants. Attendees were armed with a new "Basics of Lobbying" seminar, more printed back-

ed to participants was the record vote on "The Taxpayers Relief Act of 1997," which included language directing the Internal Revenue Service to treat the rental-purchase transaction as a lease for federal tax purposes and granting the industry a three-year MACR depreciation schedule instead of the five-year MACR schedule previously ordered by the IRS. More than 75 percent of Congress voted for this bill's passage last year and dealers were armed with the members' voting record on this issue to remind them that the only vote consistent with that vote would be for HR 2019.

Attendees Gary McDougal and Dave Matthews of American Rentals, Jimmy Strong of Easy Way and Brad Denison of Thorn Americas were winners of the U.S. Flag Contest for scheduling the most meetings with members of Congress and for representing the state with the highest number of conference attendees. APRO would like to thank the following conference sponsors: Foresight Inc., Maytag and Zenith.

ORDA contributes \$5,000 to Team APRO

The Ohio Rental Dealers Association has

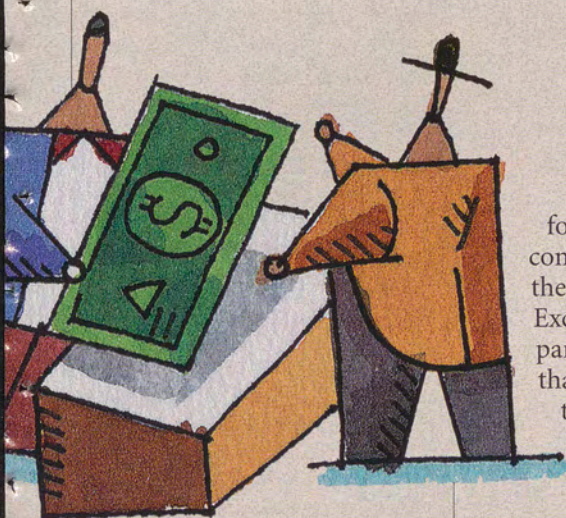


Legislative Conference attendees included [above]: Robert Briley, Matt Roberts, Amber Roberts, Brad Denison, Joe Arnette, Mike McCarthy, Jim Brown, Debbie Brown and Mike Cebulko. [Right]: Kenny Spanier, Shirley Spanier, Debbie Brown [seated], Senator Pat Roberts [R-Kansas], Jim Brown and Brad Denison.



attended the annual two-day blitz of grassroots lobbying that resulted in 20 to 30 potential new co-sponsors of HR 2019

ground material and new legislative ammunition to help them in their efforts. The new legislative ammunition provid-



for listing of its common stock on the New York Stock Exchange. The company anticipated that its shares were to begin trading on the NYSE before the end of March. In

stepped up to the plate with a \$5,000 contribution to the Team APRO fund and challenges other state rental dealer associations to do the same. "ORDA is proud to present Team APRO with a check for \$5,000 to support our industry's national legislative efforts," says Amy E. Zeller, ORDA president.

Team APRO is a separate, voluntary fund established by APRO and designed to supplement the industry's lobbying and public relations efforts. "We are proud of APRO's work and challenge other state associations to join us in this pledge of committing to a similar contribution," says Zeller.

To find out how you and/or your state rental-purchase dealer association can meet this challenge, contact APRO Executive Director Bill Keese at 800/204-2776 or 512/794-0095.

Aaron Rents applies for NYSE listing

On February 25, Aaron Rents Inc. applied

January, the company completed its \$18 million deal to acquire the 40-store rent-to-own chain RentMart.

"We have considered making this move for some time," says R. Charles Loudermilk Sr., chairman and CEO of Aaron Rents Inc. "Over the past seven years, we have seen our market capitalization grow from under \$40 million to more than \$350 million today. A NYSE listing should maximize shareholder value by increasing our company's visibility in the investment community, expanding our potential investor base and reducing trading volatility," he says.

Also on the Aaron Rents front, the company announced plans to build a furniture distribution facility in Cairo, GA. The new 200,000-square-foot center will distribute furniture manufactured by MacTavish Furniture Industries, an Aaron Rents division based in Coolidge, GA, to the company's regional distribution centers and directly to Aaron Rents and Aaron's Rental-Purchase stores.

The company currently has five smaller, regional distribution centers throughout the country with plans for a sixth center to be built later this year in the Midwest. The new facility, using the most modern material handling equipment, will provide a readily available supply of merchandise to ensure the company's commitment to next-day delivery.

20/20 backlash in Arkansas

AAA Rent-All & Sales Inc., from Searcy, AR, hit a roadblock when a local planning commission indicated that it would vote to reject a re-zoning plan that would include a fifth store location for AAA Rent-All & Sales. The planning commission opposes the re-zoning for the rental company because some people in the neighborhood said they watched the ABC News *20/20* piece on rent-to-own and claim that a rent-to-own business would tarnish their community. AAA Rent-All & Sales representatives have been told opposition would be dropped if rent-to-own was not a part of the business in the newly re-zoned area.

AAA Rent-All rents heavy equipment and does some rent-to-own, yet the company's progress is being impeded because of its rent-to-

1998

APRIL

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

MAY

3-6
1998 APRO Mid-Year Conference, Puerto Vallarta, Mexico, 512/794-0095

27-31
TRIB, Opryland, Nashville, 770/451-4302

JUNE

7-8
Texas Association of Rental Agencies 1998 Convention, Irving, Texas, 972/513-1948

9-11
Midwest Rental-Purchase Dealers Trade Show, 812/333-7496

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

JULY

8-12
Atlanta Furniture Market, 800/ATL-MART

24-28
San Francisco Furniture Market, 415/552-2311

AUGUST

12-15
APRO Annual Convention and Trade Show, Orlando, Florida, 512/794-0095

20-23
Tupelo Furniture Market, 601/844-1473

SEPTEMBER

14-16
Missouri Rental Dealers Trade Show, Lake of the Ozarks

OCTOBER

15-23
High Point Furniture Market, 910/888-3700

Get focused at the 1998 APRO Convention

It's a small world after all. Imagine hundreds of rent-to-own chief executives, owners and managers in one of America's funnest cities! Well, that is what you can expect at the 1998 APRO "In Focus" Convention, August 12-15 in Orlando. Here's a glimpse of this year's event:

WEDNESDAY, AUGUST 12

- 8 A.M. Golf Tournament (sponsored by Whirlpool)
- 9 A.M.-5 P.M. Registration
- 4-5:30 P.M. State Presidents/Congressional Leadership Reception (sponsored by Nationwide Club Administrators)
- 6-8 P.M. Welcome Reception (sponsored by RES and Continental Diamond)

THURSDAY, AUGUST 13

- 9 A.M.-5 P.M. Registration
- 10 A.M.-NOON General Session and Business Meeting (sponsored by Finova)
- NOON Exhibit Hall Ribbon Cutting Ceremony/Champagne Welcome (sponsored by Audiofile)
- NOON-5 P.M. Exhibit Hall open
- 6-8 P.M. Gala Cocktail Reception (sponsored by Foresight)

FRIDAY, AUGUST 14

- 8:30 A.M.-5 P.M. Registration
- 8:30 A.M.-NOON Educational Seminars (breaks sponsored by TRIB)
- NOON-5 P.M. Exhibit Hall open
- 8-10 P.M. APRO President's Hospitality/PAC

SATURDAY, AUGUST 15

- 9-10 A.M. APRO Full Board Meeting/Election of Officers
- 9 A.M.-5 P.M. Registration
- 9 A.M.-1 P.M. Exhibit Hall open
- 1-5 P.M. Educational Seminars (breaks sponsored by TRIB)
- 6-7 P.M. Awards Reception (sponsored by Thomson Consumer Electronics)
- 7-11 P.M. Awards Banquet (sponsored by G.E. Appliances and High Touch; entertainment sponsored by Audiofile)

APRO Convention Daily sponsored by Sears;
Exhibit Hall Relaxation Station sponsored by TRIB

Registration

Non-family members of the same firm must complete a separate registration form. This form may be photocopied.

Convention badges

Only individuals registered with an APRO convention badge may attend. Your name and company will appear on your badge exactly as you indicate on this form.

Registration fees

Save by signing up for full registration and take advantage of early registration for additional savings. Fees must accompany completed registration form. Credit card registrations will be accepted by phone or fax until July 15, 1998. No phone or fax reservations will be accepted after July 15. If mailing your registration, please allow time for it to be received in the APRO office by July 15. Registrations will be taken on-site.

Cancellations

All cancellations or changes must be received in writing in the APRO office, postmarked by July 15, 1998. A processing fee of 20 percent of the total registration will be charged for all cancellations. After July 15, no fees will be refunded.

Hotel accommodations

Walt Disney World Contemporary Resort, 4600 N. World Dr., Lake Buena Vista, FL 32830. Reservations: 407/824-3996 or 407/824-1000 (Group #APRO). Convention rates available August 12-15. Room rate: \$112 single/double. The deadline for convention rates is July 1.

Airline/car rental

APRO is offering discounted rates to Orlando. For airline or car rental reservations, call Conventions in America at 800/929-4242 and mention APRO file #680.

For more information

Call 800/204-2776 or 512/794-0095. Fax registrations to 512/794-0097. Or visit www.apro-rto.com/.

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



convention registration

THE ASSOCIATION OF PROGRESSIVE RENTAL ORGANIZATION'S
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Please print or type, one form per registrant and spouse/guest. [Personal guest is defined as "significant other" or immediate family member.] A written confirmation will be sent to you from the APRO office one week prior to the convention. If your registration is received in our office after July 15, it will be treated as an on-site registration and no confirmation will be sent.

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

Last name _____ First name [FOR BADGE] _____

Company name _____

Company mailing address _____

City _____ State _____ Zip code _____

Business phone [_____] _____ Fax [_____] _____

Any special needs? _____

Is this the first APRO Convention you will have attended? Yes No

Attendee type: Rental dealer Non-exhibiting vendor Other _____

What best describes your title? Owner Executive officer District manager Store manager Account manager Other _____

What is the size of your company? 1 to 2 stores 3 to 12 stores 13 to 25 stores 26 to 100 stores 101 + stores

Spouse/guest last name _____ First name [FOR BADGE] _____

Child [12 and under] last name _____ First name [FOR BADGE] _____

FULL REGISTRATION

Includes Welcome Reception on Wednesday, Cocktail Reception on Thursday, Awards Reception and Banquet on Saturday, all seminars, general session, entrance to exhibit hall. The Golf Tournament is not included. Your spouse/guest registration also includes the spouse/guest luncheon. Please indicate at right if registrant will be attending the luncheon [participants must pre-register to attend].

NEW FOR 1998!

APRO is offering discounts for multiple attendees from the same company. To qualify for discount, multiple registrations must be sent to APRO together along with full payment. If registrations are not together, they will be charged at the higher rate. Please, no exceptions!

CONVENTION ATTENDEE	FULL REGISTRATION [AFTER JULY 1]	DISCOUNT RATE FOR REGISTERING BEFORE JULY 1
<input type="checkbox"/> First through third APRO member from same company	\$385	\$350
<input type="checkbox"/> Fourth APRO member and over from same company	\$360	\$325
<input type="checkbox"/> Non-member	\$485	\$450
<input type="checkbox"/> Spouse/guest	\$275	\$225
Includes spouse/guest luncheon on Thursday. Please indicate whether the spouse/guest will attend the event: <input type="checkbox"/> Will attend event <input type="checkbox"/> Will not attend event		
<input type="checkbox"/> Child [12 and under]	\$85	\$65
Does not include Pleasure Island Event, August 13 [for those 21 and over only].		

A LA CARTE [for those who do not purchase full registration]

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

	APRO member	Non-member
<input type="checkbox"/> Exhibit hall only [will not allow entrance to seminars or social functions]	FREE	FREE
<input type="checkbox"/> Seminars, Friday, August 14	\$150	\$200
<input type="checkbox"/> Seminars, Saturday, August 15	\$150	\$200
<input type="checkbox"/> Welcome Reception, Wednesday, August 12	\$45	\$45
<input type="checkbox"/> Gala Cocktail Reception, Thursday, August 13 [Must be 21 or over to attend]	\$65	\$65
<input type="checkbox"/> Reception and Awards Banquet, Saturday, August 15	\$85	\$85
<input type="checkbox"/> Spouse/Guest Luncheon, Thursday, August 13	\$25	\$25

GOLF TOURNAMENT

Important! Golf registration deadline is July 15. After that date, golfers will be accepted on a space-available basis only.

- 1998 APRO Joe Eason/Tom Kitchens Golf Tournament, Osprey Ridge, 8 a.m., August 12; \$60 per person
- I am an APRO member and my personal check is made out to APRO PAC [optional].

Name of player _____ Handicap or average score [required] _____

Requested team pairing [if possible] _____

OPTIONAL PRE-CONVENTION PROGRAMS

- Richard Petty Rookie Driving Experience, 8-11 a.m., Tuesday, August 11; \$333 per person [space is limited to first 20 pre-paid registrants]
- Richard Petty Ride-Along, Tuesday, August 11 [approximately one hour, anytime between 9 a.m. and 5 p.m.]; \$92 [space is limited to first 20 pre-paid registrants]

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NBC's "Fleecing of America" focuses on RTO

NBC *Nightly News with Tom Brokaw* featured the rent-to-own industry during its standard two-to-three-minute segment series, "The Fleecing of America." The segment focuses on situations, industries or government programs which waste, overcharge or mismanage money. On February 25, "The Fleecing of America" chose to profile the rent-to-own industry.

The three-minute news segment began with RTO customer, Mary Mazzo who "...has had very hard times. Despite divorce and a meager income, she's been able to provide for her family through a convenient business. It's called rent-to-own."

The story used New Jersey customer Mazzo to emphasize the Public Interest Research Group's and Rep. Joe Kennedy Jr.'s (D-Mass.) charge that renting to own a \$367 dryer for \$735 is "outrageous." PIRG's 1997 study and Kennedy's interest in promoting adverse federal legislation represented the controversy on which the story hinged — interest rates and "fleecing the poorest Americans."

APRO Executive Director Bill Keese offered brief remarks on behalf of the industry. Mazzo, a proud and satisfied Renter's Choice customer, told of how she could not provide furniture and appliances for herself and her two children without rent-to-own. Keese's points were limited to "this is a business consisting of satisfied and repeat customers. Interest is not applicable without incurring debt."

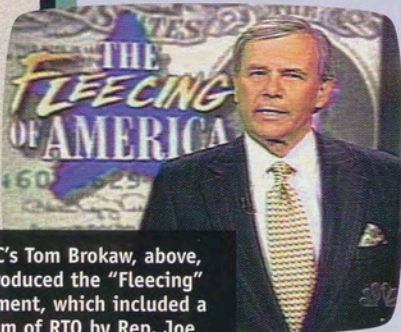
"Although the story ran under the banner of fleecing America, rent-to-own was afforded time to express some positive information about the industry and its transaction. This is in sharp contrast to national news stories in the past where our side of the story has been virtually non-existent," says Tate/Austin public relations consultant Phil Hudson.

As of press time, only one news station, located in Abilene, TX, expressed interest in following up on the story with a local spin. Follow-up by news affiliates and local media is a primary indicator of the impact of a national news story. The November ABC 20/20 story generated less than a dozen follow-up calls whereas the 1997 PIRG press conference generated more than 150 calls.

Transcripts are available to members upon request.

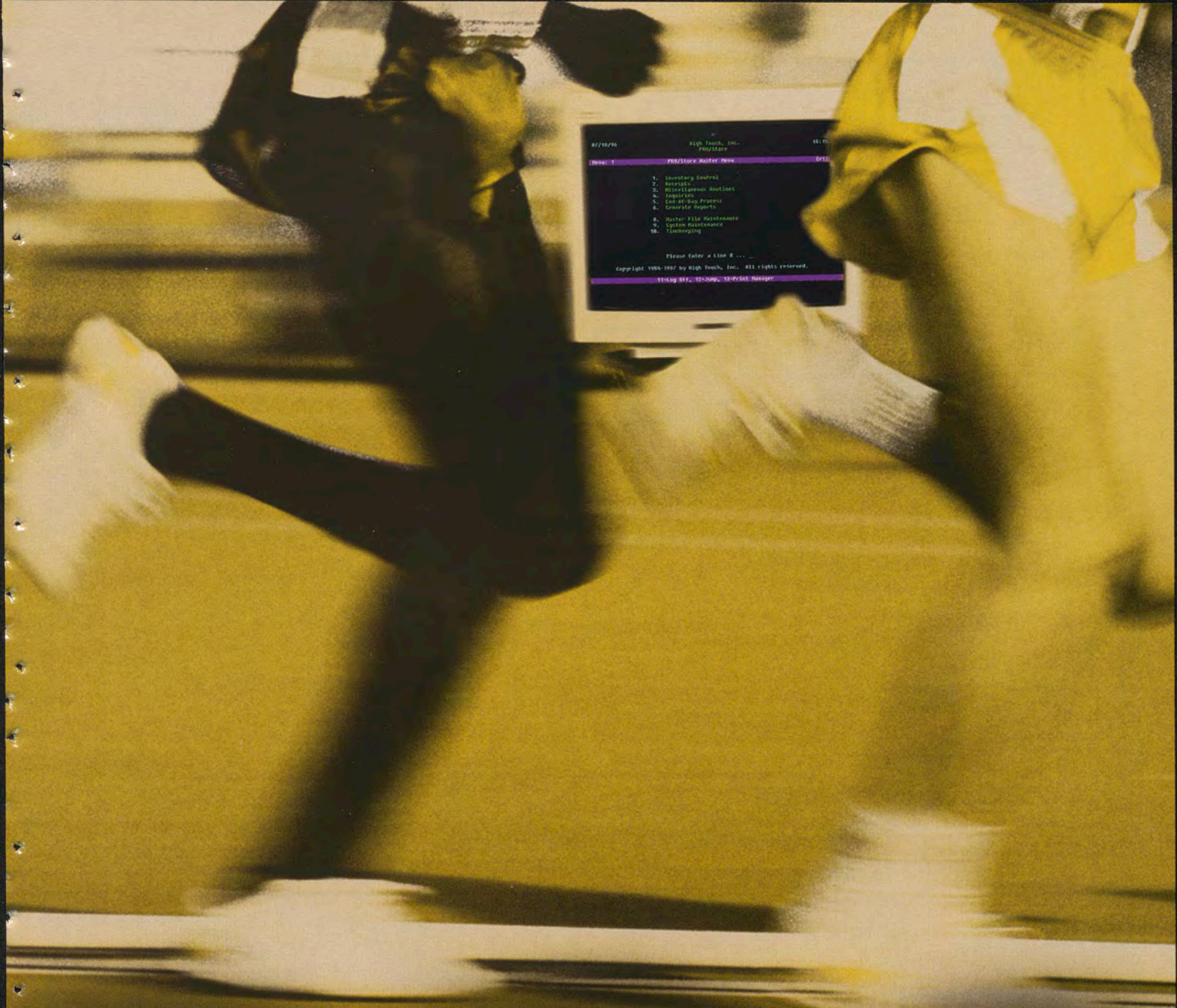


APRO's Executive Director Bill Keese defended the RTO industry's position.



NBC's Tom Brokaw, above, introduced the "Fleecing" segment, which included a slam of RTO by Rep. Joe Kennedy [D-Mass.], below.





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- Much Much More!

ColorTyme is one of the oldest and most recognizable names in the industry. We'd love to show you the advantages of converting your store or stores, to ColorTyme, or if you are not already an owner, we would like to show you how easy it is to open your very own ColorTyme store.

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NEWS BREAK

own option. Company representatives are currently mounting a campaign to educate the planning commission that rent-to-own is truly a reputable and legitimate business. The vote is scheduled for sometime in April. APRO President Darrell Tissot wrote a letter to members of the Searcy, AR, planning commission in support of AAA Rent-All & Sales Inc. and to further educate the commission on the benefits of the rent-to-own transaction.

Positive press/negative press

► *The Philadelphia Inquirer* ran a very positive article on leasing in its February 8 Lifestyle section. The article, titled "Why Buy?" extolled the virtues of leasing and predicted an increase in leasing well into the next millennium. The subtext of the headline went on to say, "Whether for convenience, cost or just a change of pace, more and more consumers are turning to leasing. Everything from computer systems to home furnaces."

"Leasing removes the burden of ownership," says *Inquirer* writer Lini Kadaba. "By leasing, we no longer pay for the product itself, but for the function derived from the product," quotes Steve Millett, a manager at Battelle, an R&D com-

**HURRY!
DON'T
MISS IT!**

This is your last chance to pre-register for the Conference in beautiful Puerto Vallarta!



Last chance to register for the '98 Mid-Year Conference

Even though the official registration deadline for receiving the special room rate at the glorious Marriott CasaMagna Resort in Puerto Vallarta has passed, you can still pre-register for the Conference or register on-site. The Conference will be held in sunny Puerto Vallarta, May 4-6.

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 seminars, a human resource forum has been added to the agenda, along with a round-table discussion.

Take full advantage of everything Puerto Vallarta has to offer: swimming, snorkeling, scuba, golf, tennis, fishing, horseback riding and more! Nestled in the Bay of Banderas on the west coast of Mexico, Puerto Vallarta has 25 miles of soft-sand beaches, fine dining and a picturesque downtown with quaint, red-tile roofs, whitewashed adobe buildings and clusters of bright, tropical flowers cascading down walls and balconies.

Again, the deadline for making hotel reservations at the Marriott CasaMagna Puerto Vallarta has passed, but you can contact the hotel to try to reserve a room at the non-conference rate. Call 800/228-9290 or write to Marriott CasaMagna, Paseo De La Marina No. 5, Marina Vallarta, C.P. 48354, Puerto Vallarta, Jalisco, Mexico. To pre-register for the conference, fill in the registration form and mail it, with payment, to APRO, 9015 Mountain Ridge Dr., Suite 220, Austin, TX 78759. Registration on-site will be available, however, no rooms can be guaranteed at this point in time.

1998 Mid-Year Conference Registration

Name _____

Company _____

Address _____

City _____ State _____

Zip code _____

Business telephone [____] _____

Business fax [____] _____

- ▶ Registration fee is \$350 for members, \$550 for non-members for the entire conference; or \$150 for members, \$225 for non-members per individual session.

Please indicate appropriate registration below:

- May 4: 1998 Human Resource Forum, 1-5 p.m. [\$150/\$225]
- May 5: APRO Annual RTO Legal Update/Tax and Accounting Update, 9 a.m.-12 p.m., [\$150/\$225]
- May 6: Rental Dealer Round Table Discussion, 9 a.m.-12 p.m., [\$150/\$225]
- All sessions [\$350/\$550]

Are you an APRO member? Yes No

Check enclosed

Charge to: American Express MasterCard Visa

Credit card number _____

Expiration date _____

Authorized signature _____

- ▶ Photocopy this form for additional registrants
- ▶ Hotel registration is separate and can be made by contacting the Marriott CasaMagna at 800/228-9290; or write to Marriott CasaMagna, Paseo De La Marina No. 5, Marina Vallarta, C.P. 48354, Puerto Vallarta, Jalisco, Mexico.
- ▶ Please mail this form, with payment, to APRO, 9015 Mountain Ridge Dr., Austin, TX 78759. Preregistration deadline is April 20. On-site conference registration will be available, but we recommend that you reserve your accommodations at the Marriott CasaMagna now as space is limited.

ON THE MOVE



Five senior executives have been added to Alreco Inc. (which recently merged with RTO Inc. dba HomeChoice), announced Bill White, president and CEO of Alreco Inc.

Michael Novembrino joins Alreco as division vice president of operations. Novembrino spent the past 12 years with Thorn America's Rent-A-Center, most recently as division vice president.

Kent Clark is now vice president of purchasing for Alreco. His past experience includes positions with Rent-A-Center, Aaron Rents and Transamerica Rental.

Robert Kidder was named vice president of human resources for Alreco. Kidder brings 23 years of human resource management and consulting experience, having worked for Bonnet Resources, Banc One, Halliburton and Otis Engineering.

Brendan Carpenter is controller at Alreco. Formerly with Coopers & Lybrand, Carpenter brings senior audit experience to round out Alreco's financial management team.

Alreco's new vice president of real estate, Robert Austein, was most recently vice president of real estate and development for Country Seat Stores Inc.

Alreco, now headquartered out of Mesquite, TX, operates a total of 440 stores in 23 states. Currently, Alreco Inc. is in the process of repositioning and branding all of its primary stores under the HomeChoice brand name.

Debbie Hall, formerly with Action TV & Appliance (now RTO Inc. dba Home Choice) has accepted a position with ABS Artistic Jewelry as the company's director of training. Hall started her new job late last year after working for Action for 10 years in various positions, most recently as a buyer.

ABS Artistic Jewelry is based out of Atlanta, GA, and offers jewelry programs to rent-to-own and retail businesses.

pany in Columbus, OH. APRO Executive Director Bill Keese was also quoted in the story in a positive light.

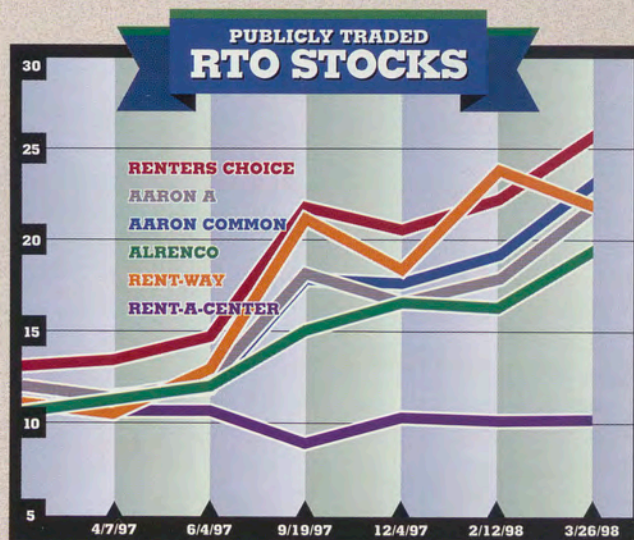
The story concluded with a quote from Temple University psychologist Donald Hantula: "We may lose the satisfaction of working hard, saving up and then taking care of our hard-won car for the next 10 years... Then again, such thoughts might be a bunch of 'sentimental drivel,' especially in a fast-paced, technology-savvy, lease-it-or-leave-it kind of world."

APRO wishes to commend Mike Cebulko, president of the New Jersey Rental Dealers Association, for defending the rent-to-own industry in three separate editorials that appeared in New Jersey newspapers in January. The articles supported consumer protection legislation that was up for a vote in

the state Senate and Assembly. They were featured in the *Asbury Park Press* of Neptune, the *Jersey Journal* of Jersey City and the *Record* of Hackensack.

The *Madison Press* from London, OH, reported the good deeds of Rent-To-Own, a local rental-purchase store, that took on the role of Santa's helper this past Christmas. The store's assistant manager, Amy Conkle, arranged to have a shiny, new, red mountain bike donated to the son of customer Janice Hoover on Christmas morning. Conkle had read a story about the family in the paper and decided they could use some extra Christmas cheer.

Conkle also shared the family's story at a neighboring grocery store and collected enough funds to purchase Hoover and her son some new clothes and additional gifts.





1998 RAE AWARDS CALL FOR ENTRIES

With all the focus on image these days, it is only appropriate that we show off what great advances you've made in your advertising this past year. This is your entry call for APRO's 1998 Rental Advertising Excellence awards program, which presents an opportunity for rental-purchase dealers to show off their best advertising efforts.

Entry fees are \$30 per entry for non-APRO members and \$15 per entry for APRO members. All entries must have been created and used between May 1, 1997, and April 30, 1998. Only ads written in English will be judged. The deadline to receive entries is 5 p.m. Central Standard Time, May 15, at the APRO office in Austin, TX.

Remember that rental-purchase is not a credit sale and there is no interest involved, so entries will be disqualified if they imply that credit is somehow extended or needed.

All winning entries will be displayed at the 1998 APRO Convention, to be held August 12-15 at the Walt Disney World Contemporary Resort in Orlando. Print winners will be mounted professionally; television and radio spots will be available on VHS and cassette. Winners are responsible for shipping their displays home from the Convention.

An entry form [right] must accompany each entry. Also, please include the name of your advertising agency if you wish to share the recognition.

1998 RAE AWARDS ENTRY FORM

ENTRY DEADLINE: MAY 15!

PARTICIPANT INFORMATION

Owner/president _____
Company _____
Address _____
City _____ State _____ Zip _____
Business telephone [_____] _____
Signature _____

ADVERTISING AGENCY

Contact _____
Agency _____
Address _____
City _____ State _____ Zip _____
Telephone [_____] _____

Print. Submit two tear sheets or samples of advertising. Do not send photocopies or original artwork.

Radio. Submit entries on audio cassettes. Only one entry per cassette.

Television. Submit entries on half-inch VHS videotape. Only one entry per tape.

Outdoor. Submit a 5x7 or larger color photograph of entry

Ad specialties. If possible, submit the actual product. Otherwise, send a 5x7 color photograph.

Community relations. Submit video footage, news articles and/or photos, along with a description of the program and its impact.

CATEGORIES

Print materials

- 1-A Brochure or free-standing insert, one page, front and back
- 1-B Catalog/brochure, four pages or more
- 1-C In-store point-of-rent signs, posters and/or banners
- 1-D Other — door hangers, coupons, contests, etc.

Direct marketing

- 2-A Order solicitation/direct-mail pieces or campaign designed to produce a direct response

Newspaper

- 3-A Black-and-white, half-page or more
- 3-B Color, half-page or more

Radio

- 4-A 30-second spot
- 4-B 60-second spot

Television

- 5-A Spent less than \$1,000 to produce
- 5-B Spent more than \$1,000 to produce

Specialty items advertising

- 6-A Specialty item/giveaway as a referral item, bonus gift with rentals, etc.

Billboard/outdoor

- 7-A Outdoor billboard, any size

Campaign

- 8-A Creative campaign design, more than 30 days but less than 90 days; single-themed campaign using print, television and/or radio; designed to get a direct response.

Community relations program

- 9-A Food drive, donations, volunteering at homeless shelters, Toys for Tots, etc.

APRO's legislative visit to our nation's capitol has passed. This sixth annual Dave Egan Congressional Conference was another success for the federal legislative program as a record number of meetings were held with congressional offices. Sixty-five APRO members attended—a 50 percent increase from last year's numbers. As a result, there are 20 to 30 potential new co-sponsors of HR 2019 by Congressman Walter Jones.

At last check, we have 20 co-sponsors signed up for follow-up meetings by APRO staff and the Washington Group. Supported by those letters I

I believe that this lack of follow-up attention results from the success of both our public relations and government relations programs. They are working!

It is imperative that Team APRO get enough funding. As of this date, we are desperately short of funds to do the job that needs to be done. Please, if you have not yet sent your \$300 per store to Team APRO, do it now. I can assure you that my pledge has been paid in full since last year's convention. Do your share!

APRO members recently were asked to give direction to the board concerning some important issues. The first

issue concerned eligibility to serve on the board and whether the bylaws should allow more than one person to serve from any company. The results of that survey to date reflect an almost even split. I'm sure there will be a lot of discussion at the May meeting concerning this subject.

The second issue asked whether the long-standing "Gambini Rule" should remain in effect (let members serve out their term should they sell their company). You overwhelmingly responded in favor of ending the service of those particular board members at the next convention.

You now have in your possession another questionnaire soliciting your opinions on APRO dues and Team APRO funding. The responses so far would lead the board to adopt store number as a criteria for dues and would keep the Team APRO fund separate from the dues. If you have not yet responded, please do so now. Your board can best serve you if we know what you want.

The May board meeting is fast approaching. If any of you have ideas or concerns that you would like addressed, now is the time to get in touch with your favorite board member. We can't read your minds.

Thank you for listening. If I don't see you in Puerto Vallarta, I will in Orlando. Have a great summer! ■

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

.....
 "Even if HR 2019 does not succeed this year, we need to make sure Congress and the Senate remember us should there be an opportunity to attach an amendment to an existing bill that is moving."

Our efforts are paying off

recently asked you to send, the number of co-sponsors should go up to about 30. Keep those cards and letters coming. Each of you received a sample letter from the APRO office to help you. Even if HR 2019 does not succeed this year, we need to make sure Congress and the Senate remember us should there be an opportunity to attach an amendment to an existing bill that is moving. Senate hearings on such a bill are being held as I draft this column, so be sure to watch your mail and fax machine for more details.

Over the past few years, APRO's efforts have begun to pay off. Beginning with the IRS's technical advice memorandum a few years ago and continuing with the "Taxpayer's Relief Act of 1997"—where rental inventory was given a much fairer tax treatment by being declared three-year property for tax depreciation purposes. These accomplishments were the direct result of members' contacts with the House and Senate. We need to stay active. Although it definitely takes money, our personal contacts and the prospect of losing or acquiring votes is ultimately the driving force in our nation's capital.

I must also comment on the "Fleecing of America" piece done by NBC. Although the spot was not favorable, I personally thought it was fairer than almost any so far. The fallout (calls, responses, etc.) from this airing was not much at all.



By **DARRELL TISSOT**
 APRO's President



After 85 years of laundering,
we know a little something
about helping you make money.

Making money for your rental business is easier when you carry Whirlpool® products. Not only is Whirlpool one of the most recognized brand names, but our appliances are among the most respected.

In fact, when discussing our laundry products, a leading consumer magazine said no one has fewer repairs. To learn how to put our money-making operation to work for you, call 1-800-253-1301 or access www.whirlpoolappliances.com



A JOB WELL DONE.™



World Leaders

Whirlpool is the world's leading manufacturer of laundry products.



Full Line Of Major Appliances

We also provide a wide array of cooking products, refrigerators and dishwashers.



Quality Service

A dedicated coalition team is there to assure nationwide customer service.



Unmatched Delivery

Our very own Quality Express® drivers promptly deliver your product with care.



APRO

Member since 1981, longer than any other appliance manufacturer.

After nine years as your executive director, I have answered the question, "why rent?" several hundred, if not thousands of times. You can imagine my shock when I read an article about our industry entitled, "Why Buy?"

Back in January, I had a teleconference interview with Lini Kadaba, a reporter for the *Philadelphia Inquirer*. At first, I thought little of the reasons for the interview, thinking this was yet another negative piece about our industry. I was somewhat surprised when, at the end of the interview, Kadaba informed me that she was

transactions to individual consumers. I was surprised to read in the article that Dell Computer Corp., a computer manufacturer here in Austin, TX, recently became the first major computer manufacturer to lease PCs to individual consumers. Some of our rental dealers, however, have been

successfully renting PCs for a long time.

During her research for this article, Kadaba interviewed an assistant professor of organizational behavior at Temple University, Donald Hantula.

His explanation for increased consumer leasing acceptance is that people want to pay for convenience and use-time. Hantula also believes people lease for "a measure of excitement that accompanies constant change and a way of life, one without the drudgeries — mainly upkeep — associated with ownership."

Does this sound familiar? Isn't this what we've been saying for years? We have always offered the ownership option, except where prohibited by laws enacted at the expense of the customer.

This article in the *Philadelphia Inquirer* is certainly one of the best articles ever written about the benefits of our transaction. Rather than buying into the reactionary propaganda perpetuated by misdirected consumer advocates, who claim they know what's best for our customers, this reporter looked at the issue on a broader scale in the context of today's consumer needs. No wonder we fared more favorably. Ms. Kadaba, I thank you for honest reporting. I see it so seldom anymore. ■

EDITOR'S NOTE: *The full text of the Philadelphia Inquirer article is posted on the APRO web site at www.apro-rto.com/.*

For once, logic prevails

doing a general piece on the growing concept of leasing and what it might evolve into in the future.

I usually speak with a couple of reporters every week or two. This interview, I thought, had an unusual twist, but would nevertheless be just another "hatchet job."

How wrong could I have been! On February 8, the piece ran in the *Inquirer*. A few days later, we were notified that a positive piece on leasing had made the paper in Philadelphia. As it turns out, our industry was only a part of a much bigger story entitled, "Why Buy?"

Kadaba had contacted a variety of consumers leasing a bevy of products such as apartments, automobiles, museum quality art, heating and air conditioning equipment and home furnishings, including computers, televisions and furniture.

One of the premises of the article is that individual consumers are learning lessons from corporations and that there are benefits to not owning. "If you own it and it breaks, it's your problem. If you lease it and it breaks, it's someone else's problem." One corporate type in

the article states that by leasing, you no longer are paying for the product, but for the function derived from the product, which, he says, makes sense in today's service economy.

More companies, it seems, are marketing lease



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

In an **IDEAL** world... everyone would use the perfect software ... **Ours.**

(You'll find it hard to believe that sophisticated software can be so easy to use!)

At **IDEAL** Software, our first priority is Customer Service. Guaranteed.

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- Club • Foresight • Tele-Track
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APRO Associate Member

We still have a split among rental dealers over how rental customers are viewed, talked about and, finally, treated. The point was brought home vividly to me during our latest round of legislative visits in Washington, D.C. I sat in on a number of meetings between members of Congress and their staffs and constituents, in this case rental dealers. The rental dealers' tasks were first to make sure that the legislative audience understood how the rental-purchase business works and then to solicit support for federal legislation that would fairly regulate it. I was in attendance to

What must morale be like in stores where owners see customers only as "those people?" Many employees, after all, are often rental customers themselves. What are they supposed to think about the business and about themselves?

Rental customers are not "those people." They are just like the rest of us. They want the same things out of life that the rest of us want. Some of our customers do not

.....
"Words matter. Choose yours carefully. Our customers are neither better nor worse than the rest of us. Remember who your customers are and be grateful they have chosen to do business with you."

Customers, not "those people"

offer technical advice about the various bills pending in the Congress.

Most of the dealer's descriptions of the business warmed my heart. I heard earnest explanations about "families serving families" from small business owners. I heard dealers with a sharp focus on service explain the choices and flexibility they offered their customers. I heard dealers talk proudly of loyal employees and their even more loyal customers.

But then I heard a few dealers talk about "those people." They were referring to their customers, but they spoke as if of an alien race. There was no warmth, no caring, no sensitivity in these descriptions. It was not unlike how I imagine

carriers must talk after hours in their tents and trailers about their marks. The rental dealers described "those people" with some disdain as a demographic group having no choice but that of rental-purchase. This was not locker-room talk, mind you. We were on Capitol Hill and these dealers were making every effort to put their best foot forward. They were speaking from the

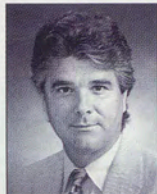
heart. Perhaps they viewed themselves as benevolent capitalists extending their goods and services down to "those people." The effect was a predatory, paternalistic, almost mean-spirited sounding message.

are overextended. Some of us are overextended. Some of our customers do not want to defer gratification. They want it now. Are we so very different about things that we want?

Our customers have looked around at their choices—of which they always have several—and decided that rental-purchase makes sense for them. Most rental dealers are grateful that theirs is the choice their customers made. Dealers who see only "those people" must think their customers have no choices and that is why the business exists. They see themselves as merchants of last resort. It is a dreadful description of the business and a false and inaccurate one.

Words matter. Choose yours carefully. Our customers are neither better nor worse than the rest of us. If you have done well as an entrepreneur in your business, you may have a better cash flow than your customers. That does not make you better. Remember who your customers are and be grateful they have chosen to do business with you. Repeat after me: Our customers. Our customers. Our customers. ■

Ed Winn's e-mail address is edwinn@ibm.net.



By ED WINN III
APRO's General Counsel



Great Furniture. Fast!

It's great because we build affordable furniture to the highest standards possible. We use Frisco's 6-Way Better techniques to create beautiful, durable, promotional furniture.

It's fast because we ship directly to you on our own trucks. You can usually have your order within two weeks. And when it's sold, you can get more – FAST!

At Frisco Furniture, we understand that you need great furniture. Fast!

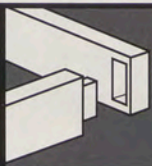
Sales/Marketing:
336-885-5310
101 S. Main St., Suite 813
High Point NC 27260

Manufacturing:
334-267-3111
57 Chambers St., P.O. Box 40
Frisco City, AL 36445

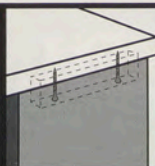
FABULOUS
FRISCO[®]
FURNITURE

*The New
Resource in
Rent-To-Own!*

FRISCO'S
6-WAY
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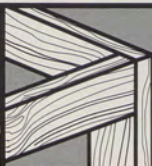
1. Mortise & Tenon
Construction For
Strength
And Long Life



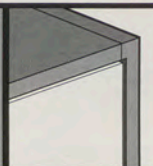
2. Screw-Attached
Case Tops For
Added Strength



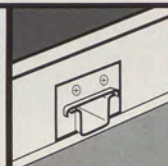
3. Durable, Engraved,
Laminated Finish To Resist
Stains And Provide
Authentic Reproduction



4. Solid Wood
Structural Parts For Years
Of Added Strength And
Carefree Service



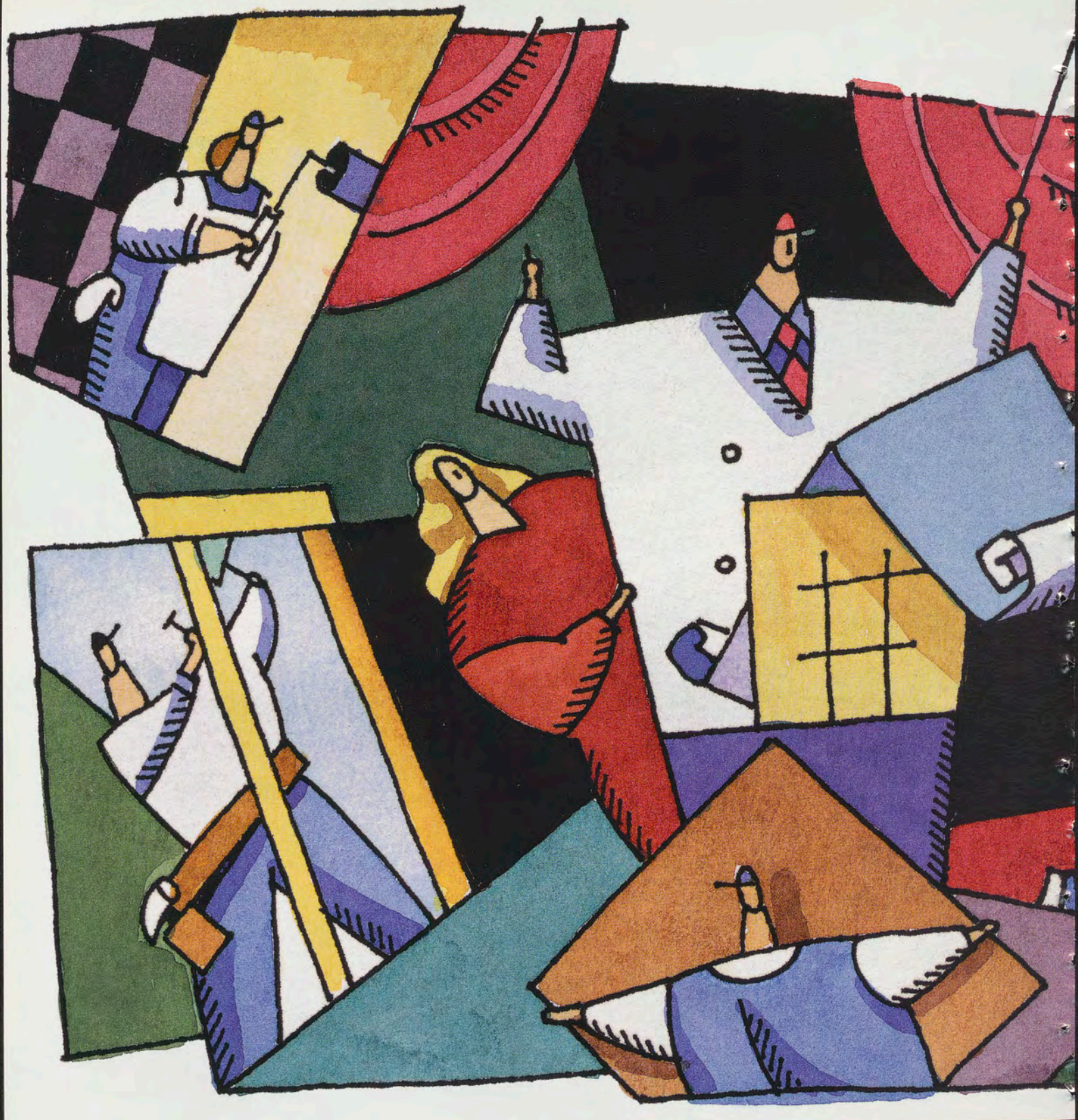
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Structural Integrity



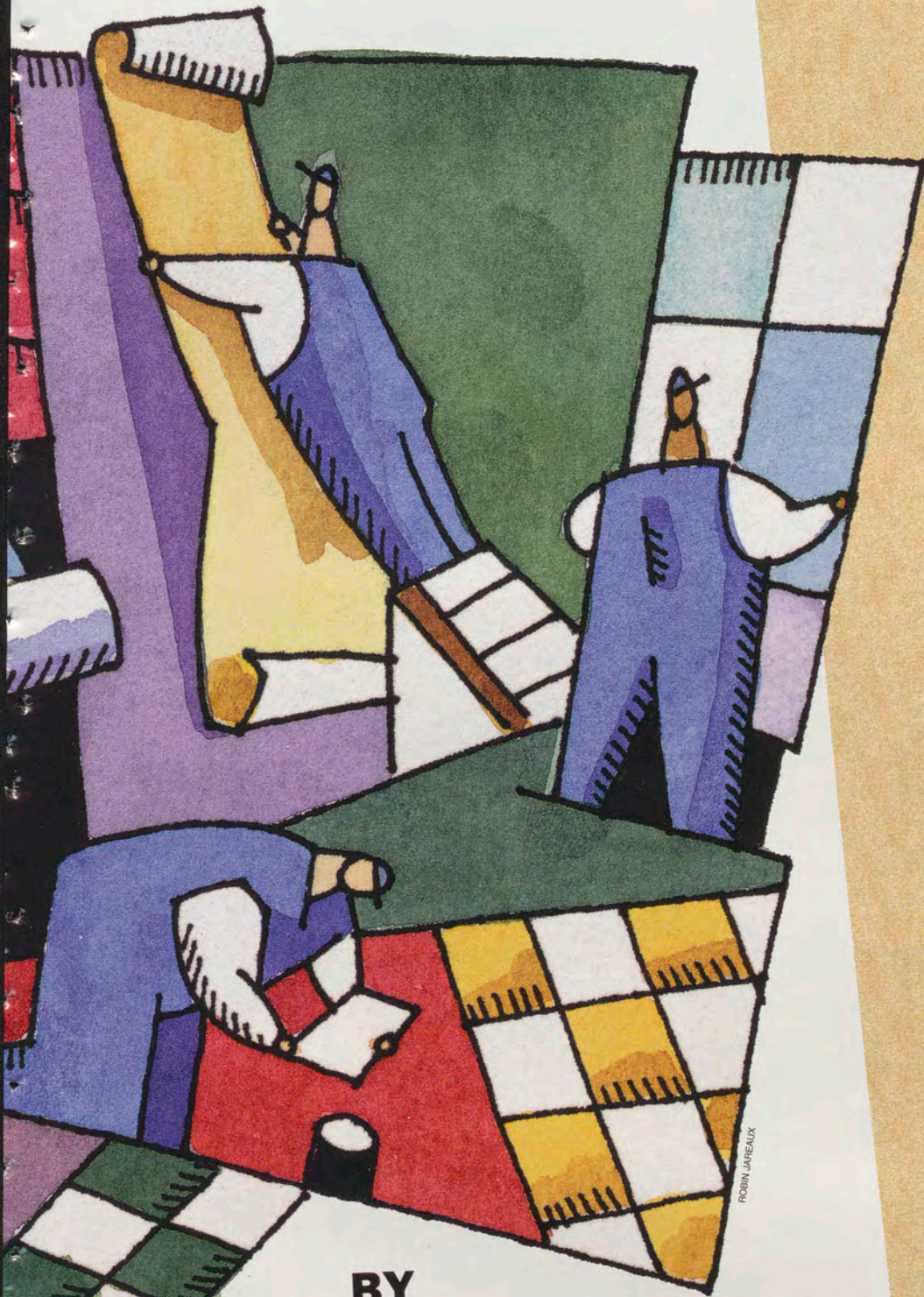
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Drawer Guides For A
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And Positive Stops



*Fast Delivery On
Our Trucks Directly
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BUILDING A
PARTNERSHIP WITH



ROBIN JAREUX

BY
SERENITY LEISERING

“The test of our progress is not whether we add more to the abundance of those who have much. It is whether we provide enough to those who have too little.”

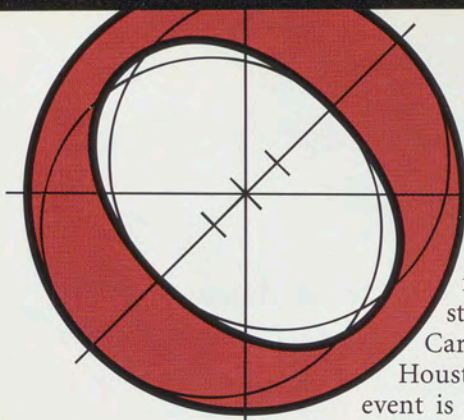
FRANKLIN DELANO ROOSEVELT

It is time for the rental-purchase industry to share its abundance with those less fortunate. What better way to do that than by building houses in partnership with people in need. APRO has heeded the call and now the RTO industry needs to take some action and make a difference in the communities in which it does business.

A strong relationship with the community is vital for the long-term success of the industry.

“It is incumbent for all of those who make a profit to give a little back,” says Richard May, APRO public affairs director. “APRO means more than money; we need to show that,” he adds.

HABITAT



On June 14–20, 1998, APRO and members of the RTO community will be hammering nails and hauling stoves to the 1998 Jimmy Carter Work Project in Houston, TX. This annual event is hosted by Habitat for Humanity International.

Habitat for Humanity International is a nonprofit, Christian housing ministry dedicated to eliminating substandard housing and homelessness worldwide and to building adequate, affordable shelter for and with those in need.

Each summer, Habitat for Humanity International and Habitat affiliates host a massive home-building effort known as the Jimmy Carter Work Project. Thousands of national and local volunteers, including former President Carter, participate in a week-long “blitz build” to construct a large number of homes in one week. The goal of this year’s JCWP is to build 100 homes during that week—the most ever built during a Jimmy Carter Work Project held solely in the United States.

“Houston Habitat for Humanity works with the lowest income sector of the city that many subsidized housing programs can’t handle,” says Carl Umland, executive committee member for Houston Habitat for Humanity. “This community project is an inspiration for our city. It will gain more attention

to the problem of poverty housing.”

APRO will serve as the official stove appliance sponsor for the 1998 JCWP in Houston and will provide 100 stoves for the new homes. Home Choice and Rent-Way have stepped up as the lead companies to supply the stoves. In addition, APRO members and staff will work alongside 6,000 other volunteers from around the world, all of whom will pay to come to this event, to give labor support and cash donations.

“I support the industry’s efforts to affiliate itself with such an important cause as Habitat. We feel that this is an ideal opportunity for us to help people in need,” says Bill White, CEO of Home Choice.

It is essential, according to Phil Hudson of TateAustin, APRO’s public relations firm, that the entire industry rally behind this “build” to make it a success. APRO is hoping to build a relationship with Habitat for Humanity International for the next decade. “All of the work done this coming June and in the years ahead is going to help everyone by building our reputation on a national scale,” says Hudson.

A PERFECT PARTNERSHIP

APRO’s commitment to Habitat for Humanity International is part of a community relations program designed by TateAustin to get the rent-to-own





APRO will serve as the official stove appliance sponsor for the 1998 Jimmy Carter Work Project in Houston and will provide 100 stoves for the new homes.

industry more directly involved with the community. Hopefully, through individual dealers' charitable efforts with Habitat for Humanity International, their generosity will spill over onto the entire industry and help generate some positive press for rent-to-own.

"Habitat for Humanity was picked for its synergy with the industry. We are the people who help make houses into homes," says May.

"It makes sense for RTO to work with Habitat. Rent-to-own employees can supply a huge work force. The employees are skilled workers and will be quite useful at the local and national level," says Hudson.

The seed of the Jimmy Carter Work Project (JCWP) was planted in March of 1984 when former President Carter worked at a Habitat site in Americus, GA. He has led the annual event that bears his name for more than a decade. The JCWP is an internationally recognized event at which Jimmy and Rosalynn Carter join Habitat volunteers to build homes and raise awareness of the critical need for affordable housing everywhere. Held at a different location each year, the JCWP has resulted in more than 380 homes built in the United States, Mexico, Canada and Europe.

Corporate sponsorship enables companies to establish mutually beneficial relationships with Habitat for Humanity International and its affiliates. This program offers company management and employees an opportunity to give back to

HABITAT'S HEROIC MISSION

Habitat for Humanity was founded in 1976 by Millard and Linda Fuller. Their mission is "to create an environment of hope, dignity and a truly human existence for all people through affordable housing." Habitat for Humanity has built more than 60,000 houses around the world, providing more than 300,000 people with safe, decent, affordable shelter.

The future homeowners and the local community work together to build each Habitat house; it is a conglomeration of people of many skill levels — all with a desire to assist people in their community. The standard Habitat home is a modest, three-bedroom house that averages in price around \$42,900. These homes are built primarily in lower income areas where people are most likely to need affordable housing.

The families go through an application and screening process before they are allowed to begin work on their houses. A committee at their local Habitat affiliate takes into consideration each family's level of need, their ability to make mortgage payments and their willingness to fulfill their commitment to Habitat.

The families purchase the home with a 7- to 30-year, interest-free mortgage with monthly payments of approximately \$275. This price will vary based on local property taxes. As part of the down payment, the new homeowners must put in 300-500 "sweat-equity" hours building their own home or other Habitat homes.

Habitat builds and rehabilitates simple, decent houses all over the world through volunteer labor and donations of money, materials and land through cash and in-kind donations. There are more than 1,400 active Habitat for Humanity affiliates in the United States and more than 300 affiliates worldwide coordinating more than 800 projects in 56 countries. To find out about the Habitat affiliate nearest you, contact Beth Foley, Habitat for Humanity International, 912/924-6935, ext.586.

the communities where they work and to see tangible results of their efforts. The results of corporate sponsorship are boundless, as sponsorship encourages employees to volunteer, provides financial support for Habitat, offers the opportunity for the sponsoring company to receive increased visibility of community good will and addresses the problem of poverty housing with a positive solution.

"We are so excited that APRO has decided to donate the stoves for the JCWP. It is a tremendous help to Habitat when organizations step up and help us pull such a big project like this together," says Beth Foley of Habitat for Humanity International.

THE GIFT THAT KEEPS GIVING

While there is no argument that Habitat for Humanity International and the families it represents receive the most benefits from corporate sponsorship, the corporate partners get substantial rewards for their efforts as well.

"As a corporate sponsor, members of APRO and the associates who volunteer will gain a personal benefit, a shared feeling of doing something good

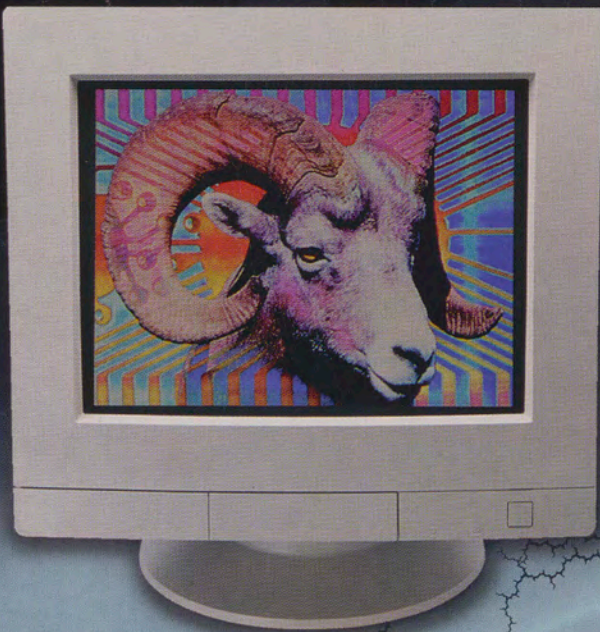
for somebody else. It is a morale booster when you know that your time, energy and money are going into something worthwhile," Hudson says.

Getting involved with a charity also shows the American public that RTO dealers are real people who are responsible and who give back to their communities, says Hudson.

"An affiliation with a cause that is positive will help steer rent-to-own toward building a more positive image," says May. "It is an investment in the future," he says. In addition, when you associate your company with a good cause, it shows up in consumer buying patterns, says May.

For example, in a recent national survey, three out of

"An affiliation with a cause that is positive will help steer rent-to-own toward building a more positive image. It's an investment in the future."



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four adults said that they would consider switching brands and 33 percent would change retailers if the competition was associated with a good cause. In APRO's national consumer research on the rent-to-own industry, 42 percent of people surveyed said that they would be more likely to consider rent-to-own if the industry were more involved in contributing to the community.

"Successful RTO businesses need to know about their commu-



nities and the community needs to know about them. This goal cannot be accomplished by a simple donation to charity—you must make your company visible in the eyes of the community as a valuable contributor to the overall quality of life," says Hudson. "As a national program, Habitat for Humanity offers the opportunity for such exposure," he adds.

Under the direction of Bill Morgenstern, president and CEO of Rent-Way, employees of his company have generously given support to the Habitat for Humanity affiliate in Erie, PA, for the past three years. Each summer, the Habitat affiliate builds a house in the area and Rent-Way employees dedicate two full work days to help build the house. In addition, Rent-Way is developing plans to work with Habitat for Humanity on a national level.

"Working with Habitat has been a great way for our employees to work together and bond in a non-work atmos-

HOME SWEET HOME

By Scot Ninnemann

[BEREA, KY.] When Joan Hembree gave her granddaughter a tour of their new Habitat home, the first thing they wanted to see was the bathroom.

"The first house we rented when we moved to Kentucky didn't have a bathroom," Hembree explains, "just a little shack out back." There was no bathtub whatsoever. "They walked around the house," she says of her grandchildren, "and they said, 'Papa, where's the bathtub?' He said, 'You see the kitchen sink there? That's where you'll be taking a bath.'"

A year and a half ago, Joan and Glenn Hembree and their granddaughters had moved to a different house, only marginally better than the first. "I was afraid it was going to fall," Hembree says. "You could throw a cat between the walls and not touch a hair on the cat!"

Then the Hembree family learned they had been selected to become Habitat homeowners. Like the other families who received homes built during the 1997 Jimmy Carter Work Project, the Hembrees were selected on the basis of need, ability to repay a no-interest loan and a willingness to partner with the Habitat program.

"We're thankful to God to be able to obtain a home this way," Hembree says. "Ordinarily we would have never been able to obtain our own home."

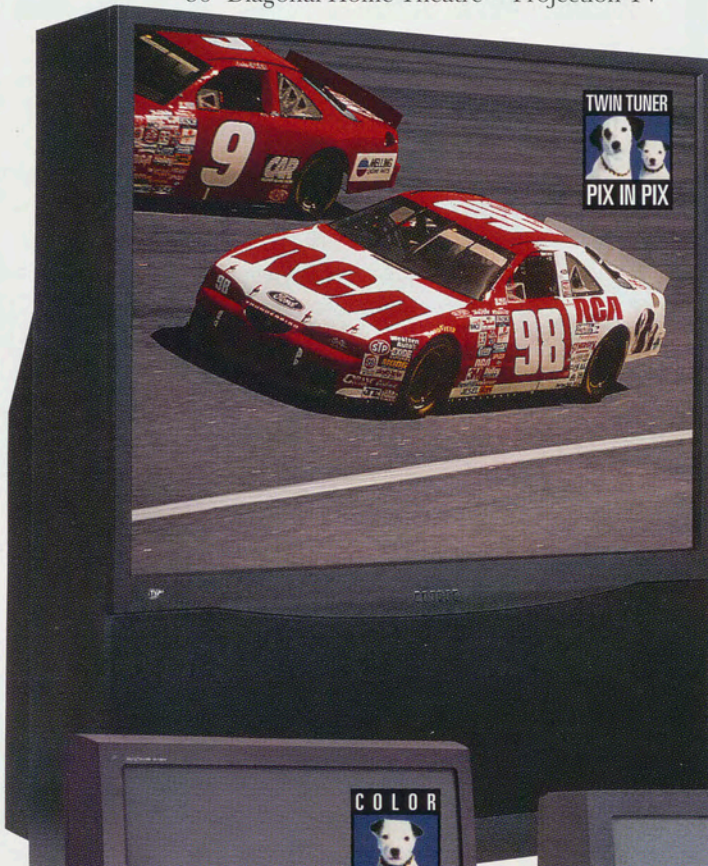
As the caregiver for her elderly mother, Hembree is especially grateful for the affiliate's consideration of her mother's needs in the house design. "They were beautiful, they widened the doors to make the house wheelchair accessible...Anything they could do to make it more comfortable and easier for the family," Hembree says.

The reality of the new home began to sink in when the family saw the walls of their new house go up. "Then it really hit, this is really happening! And it's happening to us!" Hembree says.

Reprinted from the Habitat for Humanity International website at www.habitat.org/.

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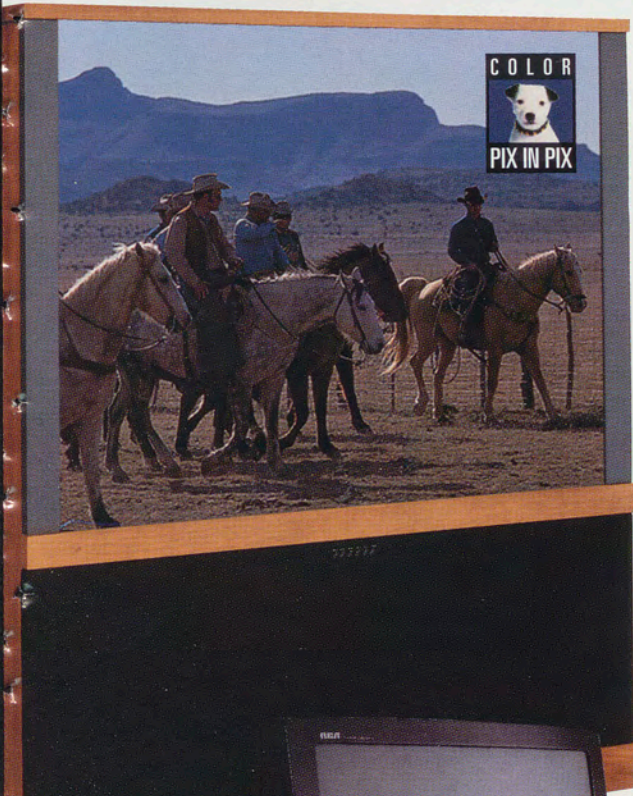
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LEND A HELPING HAND!

APRO members across the country can lend a hand in APRO's commitment to assist with Habitat for Humanity's projects. By helping Habitat, you are helping to provide homes for families who previously had none. Your contributions are tax deductible; there are many ways to help. Please fill out the form below to indicate just how you would like to help, include any checks (made out to Habitat for Humanity), and mail it to APRO at 9015 Mountain Ridge Dr., Suite 220, Austin, TX 78759.

- I would like to sponsor _____ stoves at \$400 per stove for the 1998 Jimmy Carter Work Project.
- I would like to sponsor _____ employees at \$250 each for the 1998 Jimmy Carter Work Project [APRO will provide the employees].
- I would like to contribute \$ _____ for Habitat for Humanity.
- I am an APRO member who would like to physically participate in the Jimmy Carter Work Project in Houston in June.
- I would like to participate with my local Habitat for Humanity affiliate, please tell me who I should contact in my area.

Name _____

Company _____

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Since APRO has made a substantial commitment to Habitat for Humanity, any past, present or future local participation with Habitat by APRO members should be reported to Richard May at APRO at 800/204-2776 or 512/794-0095. Help us help you build upon the industry's national effort to get involved with Habitat for Humanity.



phere," says Melani Weidner of Rent-Way. "Whenever the sign-up sheets go up to work on a Habitat house, they fill up pretty quickly. We could easily fill enough spots for a whole week if Habitat would let us," she adds.

In fact, Habitat for Humanity has been chosen as a national APRO program. APRO has committed to \$75,000 of in-kind donations. In order to be recognized nationally as a corporate sponsor and to be able to use the Habitat for Humanity logo in marketing materials, APRO must contribute a total of \$150,000. RTO dealers nationwide are encouraged to participate in this endeavor locally and report back to APRO on their individual involvement. To get involved, your store can send cash or in-kind donations to Habitat for Humanity International or to one of the local affiliates. Your store also can provide labor support by volunteering to work at a local or national building site.

The use of the Habitat logo in marketing materials is a tremendous incentive for supporting this national campaign. Endorsements of this type allow the public to see the "feel-good side" of a corporation on a national level that trickles down to a response on the local level. It will allow your customers to see your individual business in a more positive light.

APRO is dedicated to becoming an active volunteer through the continuous giving of money, in-kind goods and labor to Habitat for Humanity International, but we need the support of the entire industry.

"The more you put into it, the more you'll get out of it. Our ultimate goal is to make people feel better about themselves, the world and the rent-to-own industry," says May. ■

Serenity Leisering is a journalism major at the University of Texas at Austin.

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taking a
stab at

the interest debate



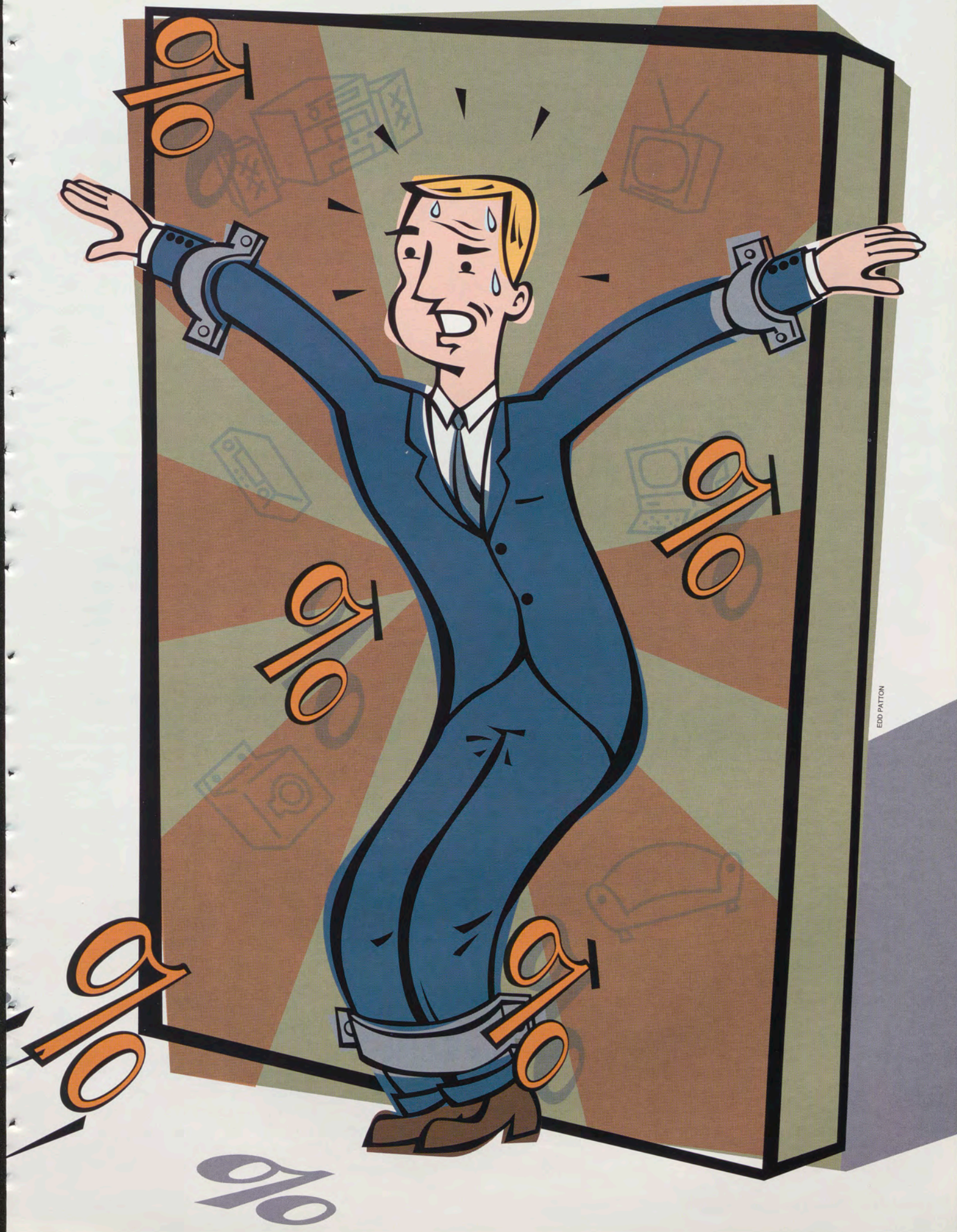
BY ED WINN III

Interest: A charge for borrowed money generally a percentage of the amount borrowed. [*Webster's Collegiate Dictionary*, 10th Ed.]

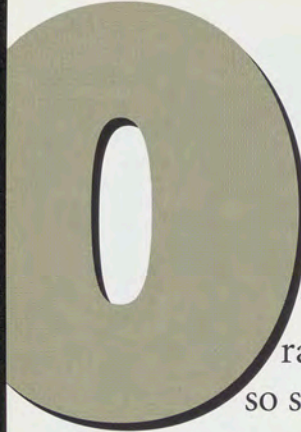
Interest: The compensation allowed by law or fixed by the parties for the use or forbearance or detention of money. [*Black's Law Dictionary*, 4th Ed.]

“Why won't you disclose the interest rate in your transaction?” “If you would just disclose the interest rate, we would leave you alone.” “The only way consumers can really compare rental-purchase transactions with other choices they have is if rental-purchase dealers disclose an interest rate.”

The industry has heard these and similar entreaties for years. In an interview for the most recent *NBC Nightly News* piece, the reporter asked an industry representative at least a dozen times why the industry has consistently refused to disclose an interest rate in its transaction.



EDO PATTON



Over the years, the interest rate issue has become the proverbial “line in the sand” for the rental-purchase industry. A dealer asked me the other day why this is so. It seems timely, therefore, to review the issues surrounding interest rates and interest rate disclosures and to review exactly why the industry has so steadfastly maintained the position it has.

The interest in interest

The notion of interest is an emotionally laden one. There is an old testament prohibition against charging any interest at all:

If you lend money to any of my people with you who is poor, you shall not be to him as a creditor, and you shall not expect interest from him. —EXODUS 22:25.

And if your brother becomes poor, and cannot maintain himself with you, you shall maintain him; as a stranger and a sojourner he shall live with you. Take no interest from him or increase, but fear your God; that your brother may live beside you.

You shall not lend him money at interest, nor give him your food for profit. —LEVITICUS 25:35-37.

Over the centuries as commerce developed, the biblical proscription became inefficient and was ignored. Consumer credit arose during the industrial revolution when economies began producing goods expensive enough for consumers to acquire over time. The acceptable interest rate to charge consumers settled around 6 percent. Usury statutes were enacted during the late 19th and early 20th centuries making it illegal to charge interest above a certain rate. Today, it is common for states to have dozen or so different rates for different kinds of consumer transactions: small loans, retail installment sales, motor vehicle sales, home repair financing, mobile home sales, credit sales, pawn loans and the like.

As indispensable to the purchase decision as an interest rate disclosure is, according to consumer advocates, calculating an interest rate is complicated. There are, first of all, a number of different ways to calculate interest rates, all yielding different answers: simple interest, add-on, discount rate and annual percentage rate. In fact, it was the wide variety of calculations and methods of disclosure being used by creditors, including no disclosure at all, that prompted the enactment of the federal Truth-In-Lending Act in 1969.

Without attempting to regulate how much interest creditors could charge, Truth-In-Lending codified APR and required that all consumer credit transactions calculate and disclose an interest rate uniformly. But even APR has two different calculations, the actuarial method and the

United State Rule. The Federal Reserve Board has published tables showing finance charges and APR interest rates, because the mathematical formula for deriving APR is too complicated for most people. No one seriously argues that consumers understand how APR is calculated, but the disclosure is uniform among all extensions of credit and, in theory, allows consumers to shop meaningfully for credit. Of course, APR can only be calculated on an amount financed, which is generally the cash price of an item less the down payment, if any. Retailers can and do manipulate cash prices in order to show a proper APR and still achieve desired margins.

So, why can't or why won't rental dealers insert an APR disclosure in their rental agreements?

Interestingly, one of the reasons is not that the percentage would be so large that consumers would start staying away from rental stores in droves. That may be wishful thinking on part of consumer advocates, but has little basis in fact. Some rental dealers argued 20 years ago that the industry could not dare disclose the total rental-purchase price in dollars, because then no one would rent anything. The industry today discloses the total rental-purchase price everywhere and business is booming. That old-school attitude demeans rental customers who are better at math and more careful shoppers than their advocates want to admit. Rental customers generally understand exactly what they are doing in rental and other transactions and the industry has nothing to hide from its customers.

In Texas, pawn brokers must disclose an interest rate on each pawn ticket. The rate is set at 240 percent APR. The pawn business has never been better in Texas.

100% against APR

THERE ARE AT LEAST FOUR GOOD REASONS FOR NOT DISCLOSING AN INTEREST RATE IN RENTAL-PURCHASE TRANSACTIONS:

1. It's confusing

A chief reason for not disclosing an APR is that to do so would be confusing to consumers at best and downright misleading at worst. Since 1969, APR has come to have a very definite meaning in the minds of consumers. If they cannot make the calculation,

they do understand that it is the price of going into debt and then being able to pay that debt back over time, calculated on an annualized basis. Truth-In-Lending defines credit as “the right to defer payment of debt or to incur debt and defer its payment.” It defines APR as “a measure of the cost of cred-

it, expressed as a yearly rate." Most often, APR is accompanied by the finance charge, the amount of interest the consumer must pay on the debt expressed in dollars. Together, those two numbers explain the cost of debt.

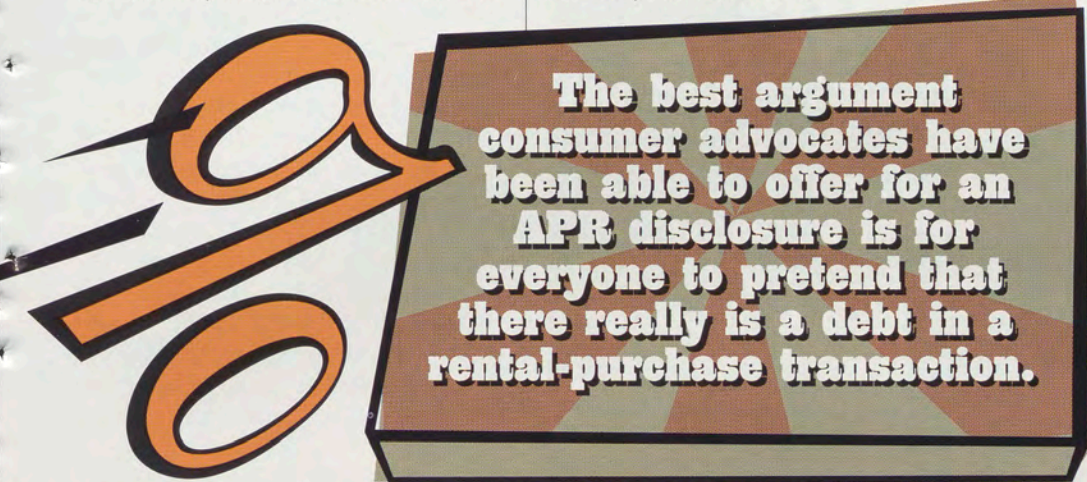
To impose an APR onto a no-obligation rental agreement will confuse consumers as to whether they are going into debt or not. Worse, it might mislead consumers into supposing they are taking on debt, when in fact, they are not. The industry has learned the hard way that a confused customer

and artifice.

The rental-purchase transaction is unique in the marketplace and relatively new. Many consumers are still unfamiliar with how the transaction works. It would be unfair to add to the industry's hurdle of explaining the transaction to consumers accurately by adding a superfluous, confusing and potentially misleading bit of information, which the industry would then have to turn around and explain away. "Yes, that is an APR disclosure, like on your credit card

There is a debt in a vehicle lease, to be sure, but the amount financed is so much within the control of the car dealer as to render a comparison of lease rates among themselves or to credit APRs meaningless. If vehicle lessors voluntarily disclose a lease charge, they cannot call it an APR and they must state, "This percentage may not measure the overall cost of financing this lease."

The same thing is even more true for rental dealers. Rental dealers have the cash price plus their bundle of lease services—delivery, repair, the no-obligation feature, the availability of loaners, the no-credit check feature and the like—that could all be priced as a bundle, or separately. In a rental-purchase transaction with a product cash price of \$700 and a total rental-purchase price over 18 months of \$1,200, the dealer could price lease services at \$500 and disclose an APR of 0 percent. Or lease services could be priced at \$400, then the APR would be 11.2 percent. The Kennedy/Gonzalez approach is to fix the price of terminability by the federal government at 5 percent of the cash price, but there are all those other components of lease services, plus the cash price itself. Even Kennedy/Gonzalez have balked at having the Congress try to fix all of those prices.



The best argument consumer advocates have been able to offer for an APR disclosure is for everyone to pretend that there really is a debt in a rental-purchase transaction.

is a dangerous customer. They can become the stuff of lawsuits. That is why the industry has been purposefully willing to subject itself to regulation requiring disclosure of information pertinent to the transaction, but has not been willing to redefine "interest," "credit," "APR," "finance charge" and other credit terms and then jam them into a transaction where none properly applies.

The best argument consumer advocates have been able to offer for an APR disclosure is for everyone to pretend that there really is a debt in a rental-purchase transaction. Pretend the cash price of the property is the amount financed. Pretend that the consumer will make all of the rental payments and obtain ownership. Pretend that the consumer is obligated to make all of the payments. Then calculate the APR and disclose it. The industry, which knows that most of its customers do not want to be in debt and will not make all payments for ownership, has simply been unwilling to go along with all of this pretension

or in a credit sale, but there really is no interest in this transaction. You assume no debt. You can return the property at any time, so APR doesn't mean what it usually means..." That is no way to have to run a business.

2. It's meaningless

An APR in a rental-purchase transaction would be fatally subject to dealer manipulation and be therefore meaningless. When the Federal Reserve Board was recently contemplating a requirement for vehicle lessors to disclose a lease charge and a lease rate at the insistence of consumer advocates, the Board finally concluded that the calculations were too subject to car dealer manipulation to be meaningful. A vehicle lease charge would ultimately depend on the price of the car—the amount financed in credit sale parlance, the gross capitalized cost in vehicle lease parlance—as well as the estimated residual value of the vehicle at the end of the lease.

3. Where's the equity?

If there is an APR, then there must be some debt somewhere, maybe an "implied" debt or an "effective" debt. Each rental payment must, then, have an interest component and a principal reduction component. That is how interest works. If consumers are somehow reducing principal by making rental payments, they must, at the same time, be building up equity in the merchandise they are renting. The law protects equity in most cases, which means that when consumers return rental merchandise, the deal is not finished. The consumer owns some of that television and rental dealers will either have to give the con-

sumer some money back or make some other arrangement to protect the consumer's equity. This is what Article 9 of the Uniform Commercial Code does in secured transactions. At best, dealers would have an accounting and paperwork nightmare. At worst, dealers would have, in addition, a financial nightmare, having to track

down customers to give them checks for merchandise they rented years ago.

The only way the rental business can work is if dealers are free to rent and re-rent and then re-rent again their rental property. The reason consumers rent is because they want the option of renting the property with no further debt or obligation. The current uni-

verse of rental-purchase customers is returning merchandise at a 75 percent clip. If dealers cannot re-rent merchandise as they see fit, then they cannot be profitable in the rental business.

4. What next?

The APR disclosure is on the cusp of a slippery slope that leads to recharacterizing rental-purchase transactions as credit sales. No one supposes that consumer advocates or regulators would finally be content with the industry merely disclosing an interest rate. Soon, they would want to dictate how much it could be. After all, even in an era of considerable deregulation, most interest rates for consumers in most states are regulated by the government and subject to its whims. Maybe it is the biblical thing. There is no economic reason to control the price of borrowing money any more than to control the price of milk or cars or clothes or movie tickets. But the government has nearly always seen fit to "fix" interest rates, i.e. the cost of money.

If rental dealers have to start disclosing APRs, the next logical step is for regulators to fix the amount that dealers may charge. And since a rental-purchase transaction looks more like a credit sale than anything else, why shouldn't rental dealers have the same limits as credit sellers? The bottom of this slope is for the law to fail to recognize any distinction between being in debt in a credit sale and not being in debt in a rental-purchase transaction. By that time, there will be no rental-purchase industry. When the lease-sale distinction is gone, rental-purchase will have ceased to exist.

It is always worth listening to critics and others with an interest in the industry. The industry operates better today than it did a few years ago because it has been under legal, political and consumer advocate scrutiny. The interest rate issue persists, stubbornly, but the industry cannot and has not and should not compromise its interest in not disclosing interest. ■

*Ed Winn III is APRO's legal counsel.
His e-mail address is edwinn@ibm.net.*

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Voyager Insurance Companies

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4-5:30 p.m., Wednesday, August 12



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General Session and Business Meeting

10 a.m.-12 p.m., Thursday, August 13



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Gala Cocktail Reception: "Strike a Pose" at Pleasure Island

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Raj Gauri

NOTHING IS
AVERAGE ABOUT
RENT AMERICA
OR ITS OWNER

R

ent America is not your typical RTO store. For one thing, it's in South Norwalk, Connecticut. SoNo, as it's called, is a lively urban neighborhood comprised of converted turn-of-the-century factories. The Norwalk Maritime Center, with its tanks of sand tiger sharks, is a tourist draw. Nightclubs and brew pubs sit cheek by jowl with French bistros and art galleries. If the common wisdom about the RTO industry was accurate, you wouldn't find a rental-purchase business in upscale SoNo.

BY ELLEN BULGAR

PHOTOS B

Much of what makes Rent America stand out must be credited to Raj Gauri, a Rent-A-Center alum who opened Rent America in 1996. Together, with partner Paul Chadha, he owns and manages the store.



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LARRY CLARINO



RENT AMERICA CO-OWNERS RAJ GAURI AND PAUL CHADHA

Testing the waters

Gauri got his MBA at The University of Denver where he was recruited by a New York insurance firm. He spent two years with the company. Time well spent, he says, because both insurance and rental-purchase are customer-oriented businesses. When Gauri answered a Rent-A-Center ad for managers, he hadn't even heard of rental-purchase.

"I couldn't actually figure out the ad," admits Gauri. "Rent-A-Center? It sounded weird to me. I thought they rented out office cubicles or something. I had no clue that rental-purchase was such a big industry. I decided to find out more about it and had an interview just to get the hang of it. But the manager was very helpful. He sat down and explained everything. It made sense, so I decided to jump in and check it out," he says.

"NORWALK WASN'T A NEW PLACE. PEOPLE KNEW ME. THEY WELCOMED ME IN A WAY THEY WOULDN'T HAVE A STRANGE COMPANY. THAT HELPED AND STILL HELPS ME. WHEN THEY WERE MY CUSTOMERS, I REALLY WORKED WITH THEM AND THEY REMEMBERED THAT."

Rent-A-Center provided a solid grounding for Gauri's future. He speaks highly of the company's training and focus on the basics of the rental-purchase transaction and how it differs from a retail transaction. But, although the education was a good one, Gauri found that his creativity and innovations were not being fully utilized.

"I was doing things to grow the business, but Rent-A-Center didn't always see eye-to-eye with me," Gauri says. "We were doing very well in the Bronx location. I was going to New York City getting big banks involved.

I wanted my bosses to let me do what I do best—grow the business—and have someone else to take care of those small items. That's when I started thinking about starting my own business," he says.

Setting a course

"I'd been trained in Stamford [just minutes from Norwalk] and had a pretty good handle on the area," Gauri says. "Norwalk wasn't a new place. People knew me. They welcomed me in a way they wouldn't have a strange company. That helped and

still helps me. When they were my customers, I really worked with them and they remembered that. We didn't have to wait six months to establish our clientele, from day one we had good business. People in the area were aware of the rental-purchase business because of a Rent-A-Center store in Stamford, so we didn't have to educate them.

"There are people in Norwalk, however, who haven't heard of RTO. That's why we're open seven days a week. A lot of people from Greenwich, Darien and Westport [well-to-do surrounding towns] come out on weekends. Then they'll walk in. It's a public relations thing for us. On Sundays, we don't do much business, but it helps us spread the word. We give out fliers. We answer questions. We get very good clientele and a lot of them are not typical, not what you used to think of as RTO clients. We have customers here who have excellent jobs. We have executives. We have an assistant district attorney from New York who is renting from us.

"It can make sense to rent-to-own because customers can try out a product and make up their minds to either buy it or not. We can get any name brands: Ashley, Bassett, Klaussner, Whirlpool, Roper, GE, Jennair, Magic Chef and Maytag. It's not some brand they've never heard of. These are advertised products. We can't display a lot. We haven't the room. But we certainly tell customers to shop around and get us the model number and brand. Most of the time, we can get it. Sometimes, at other RTOs, a lot of pressure is put on managers to rent the stuff they have on the floor because inventory is too high. Most of the time, if you give them a choice, customers end up getting something from the floor anyway," says Gauri.

When customers get exactly what they want, instead of having products foisted on them, the rental-purchase experience is more likely to be repeated. Gauri stresses the importance of customer retention. For this reason, staying on top of service issues is a major priority. Rent America's retention rate, he points out, is twice the national average. A satisfied customer keeps rentals longer. This translates into

less overstock in the store, less loss due to depreciation and increased rental revenues. It's a win-win situation.

Watching for wind shifts

"Seventy percent of our business is furniture. The typical RTO store does that much in electronics and only 30 percent in furniture. Furniture items typically are rented at higher prices than electronics such as TVs and VCRs. We try to move where we can maximize our profits. We rent twice the furniture that the regular RTO store does. Electronics rent for less and the term is lower. An electronic item will rent for about a year and a half. Furniture will typically do 21 months. A higher dollar rental plus higher term shows up in our cash flow.

"Rent-to-own has its advantages and disadvantages. We offer many services for no additional fees. We don't charge extra for delivery and pickups. We don't charge for service calls. If service is required, we're there within 24 hours. If I own a TV and it goes on the blink, I have to call an authorized dealer. He tells me where to go and I have to take it there. By the time it comes back, I'm looking at four to five weeks. I have to do everything, even if it's under full warranty. If a customer is renting something from us—anything—all they have to do is call. We are there within 24 hours. If it's a TV, we give them a loaner at no charge, pick up their TV, fix it and bring it back to them.

When the ABC television program *20/20* (with ominous fanfare and drum roll usually reserved to score exposés of child pornography rings) aired its segment on dishonest practices at some RTO stores, Rent America was flooded with calls from supportive customers. Many were shocked by the video footage because it was unlike anything they had experienced at the Norwalk store.

Gauri, himself, is overwhelmed by the *20/20* journalists' approach of going after the little guy and ignoring the higher-ups. He notes that the salesman shown in the segment would surely lose his job when the manager



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above him was more culpable. Proper training and management priorities are crucial, Gauri believes. It is the responsibility of the management to screen applicants so the new hires are suited to this unique business. The process, he says, doesn't stop at the training level. Rent America has weekly meetings for the staff and management. Gauri and his partner are looking to open more stores. But, no matter how large the company gets, communication with employees will continue to be a priority.

"Some people will say there is no time. But there's always time," he insists. "You've got to talk to them. It's important to have a regular opportunity to clear up misunderstandings. The more our people know about what we expect, the better job they do. The more respect they have for the customer, the more pride in their work. It's better all around," he says.

Communication with staff and customers is a subject Gauri brings up repeatedly. Because consumer awareness of RTO has a ways to go, anything that gets the public talking about rental-purchase can be used to further the business. "Television is going to show the negative side of everything—they've got to think of the ratings," he says. "Here, we're not worried. Most of our customers love us. There are very few who would say they don't like coming here. They bring their kids; they bring cakes. Television doesn't cover that angle.

"If we are in the public eye, it's challenging. But it gives us a chance to prove ourselves. Bring on the cameras. I'm willing to talk. They can talk to our customers. If something is not right, I would like to know that. Hopefully, all of us are flexible enough to make the necessary changes. We are a for-profit business, but we don't want to swindle anyone," he adds.

Gauri feels that solid corporate clients can do much to enhance the credibility of RTO stores; he has cultivated more than a few. For example, Rent America furnishes employee rooms for the Greenwich Hyatt. Insurance adjusters place clients in rental properties furnished by Rent America while waiting for fire-damaged homes

“MORE RENTAL DEALERS NEED TO CONTRIBUTE. SOME DEALERS DON'T WANT TO KICK IN \$300 A YEAR, BUT IT'S GOING TO COME BACK TO HAUNT THEM. THEIR SUPPORT WOULD REALLY HELP US TO FIGHT FOR OUR CAUSE, TO SUPPORT OUR BILL.”

to be rebuilt, sometimes for as long as 18 months. Shorter-term rentals include refrigerators, microwave ovens and gas ranges to catering companies and televisions and furniture to banks and advertising agencies. These types of rentals represent solid profits. Gauri is continuing to explore and expand into different markets.

An eye on the horizon

Credibility and customer relations will keep RTO on solid footing, but favorable legislation, says Gauri, is crucial. As Connecticut has few RTO stores, there is no controversy and no state laws

pending. He is concerned that as more rental-purchase businesses come into the state, one bad apple could cause problems. Negative publicity, he observes, would run the offender out of business, but could cause legislative repercussions for the rest of the industry in Connecticut.

“Our state rental-purchase association meets at least two or three times a year. We contribute to APRO’s political action committee. I don’t know how many of the RTO dealers are members of APRO. I’m sure there are still a lot who aren’t.

“On a national level, if rental-purchase is defined as a retail transaction, it will be a problem. If APRO’s politi-

cal action committee doesn’t have the cash, they can’t effectively lobby. Big corporations have strong lobbies that do what needs to be done. Until APRO has good support, it hurts us. More rental dealers need to contribute. Some dealers don’t want to kick in \$300 a year, but it’s going to come back to haunt them. Their support would really help us to fight for our cause, to support our bill,” Gauri says.

Success requires favorable legislation, a positive public image and the willingness to experiment. Raj Gauri has the vision to see the big picture. He believes the future of rental-purchase crackles with possibility. The secret will be the creativity to see new opportunities, regular communication with customers and staff and a willingness to be flexible. Credibility, believes Gauri, does not compromise profitability, it enhances profitability. ■

Ellen Bulgar is a free-lance writer based in New Haven, CT.

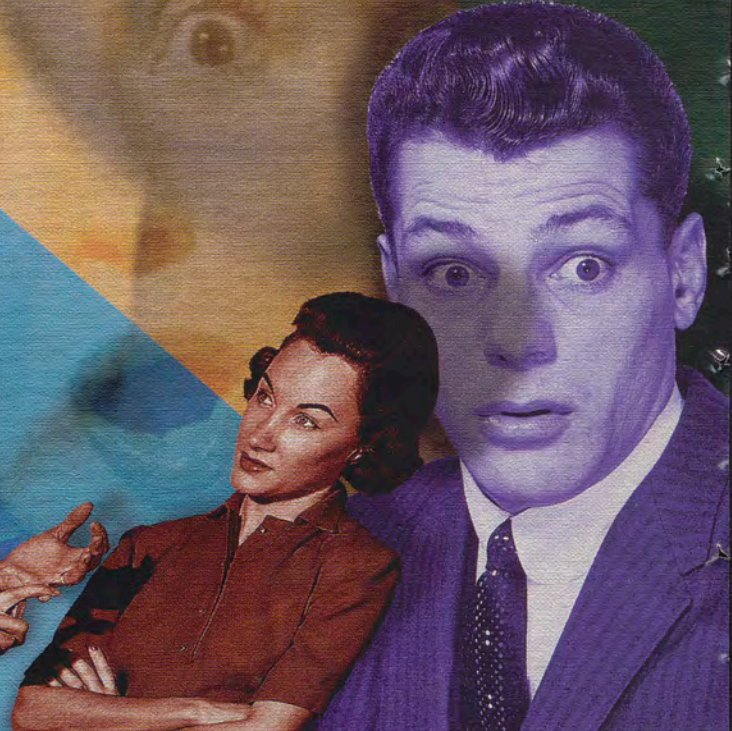


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C O N S I D E R T H I S :

EMPLOYMENT PRACTICES LIABILITY INSURANCE

R U N F O R C O V E R A G E


BY SHERRY STEVENSON



ake, for example, Rent A Bargain, a fictitious rental-purchase company. RAB hired an experienced driver based on a referral from an existing employee, but didn't bother to conduct a formal interview or explain the basis on which this new employee would be

judged or provide a formal orientation to the company's policies and procedures. When the new employee showed up for work the first day, the owner handed him the truck keys, a work order and sent him on a delivery. The new driver was involved in a minor at-fault accident during that delivery and then was dismissed the same afternoon.

A judge later decided that because RAB had no formal employee rules, there was no orientation and no employment application on file, that RAB had no basis for dismissal and owed back pay. Because RAB had no employment practices



employment practices liability doesn't have deep roots, but like kudzu vine that grows wildly in the southeastern united states, it covers every bit of terrain it has been able to get into so far. employment practices lawsuits do apply to your business and you will be affected by them.

liability insurance, the company had to pay defense costs for its own lawyers out-of-pocket.

Employment practices liability doesn't have deep roots, but like kudzu vine that grows wildly in the southeastern United States, it covers every bit of terrain it has been able to get into so far. Employment practices lawsuits do apply to your business and you will be affected by them. This article will give you some information you need to know to minimize the risk of these lawsuits and what you should look for in terms of protective insurance coverage.

Employment practices liability has been around for more than 20 years, but has become more prominent with the passage of the Americans With Disabilities Act of 1990 and the Civil Rights Act of 1991. Laws created within these acts put meaningful teeth into rights of employees and damages available to them when these rights are violated. Referred to tongue-in-cheek as the plaintiff attorney's relief acts of 1990 and 1991, a tidal wave of litigation has been created. Here are some statistics that illustrate this increase:

- ▶ The Equal Employment Opportunity Commission received more than 91,000 complaints in 1995.

- ▶ The average award in an employment practices case is \$350,000.

- ▶ More than 30 percent of all companies that purchased employment practices liability insurance coverage experienced claims in 1995.

- ▶ The largest action resulting in claims is for wrongful termination due to age discrimination.

The real surprise to many is that traditional insurance coverage under general liability and workers' compensation does not cover employment-related practices claims. Both general liability and workers' compensation insurance policies contain exclusions specifically related to compensation for damages as a result of violations of employment practices laws. So you can pay this out of your pocket or look into prudent risk management and employment practices liability insurance.

Employment practices liability insurance is just now becoming available on a broad basis. In 1990 and 1991, insurers were so certain that their coverage was indefensible and so little statistical information was available on employment practices lawsuits, it was believed there wasn't enough money available to pay the claims that would result. Therefore, no market was available in which to place this type of insurance. With the passage of time and development of statistical data, enough insurers took positions of leadership that a "market" has been created. Employment practices liability insurance is not as inexpensive as it will be in the future as more buyers enter the market among which the costs can be spread. As a new type of coverage for employers, there are a variety of elements to consider when buying EPLI.

Here are some main points to note:

- ▶ Buy coverage on an "occurrence" basis rather than on "claims made" if it is available.

- ▶ Check for policies that carry both deductibles and co-pay provisions. In some cases this is like having two deductibles. You don't want that, unless the premium savings is commensurate.

- ▶ Check the entity insured. You want to buy EPLI for the corporate entity and, if available, the board of directors and officers also. Be sure your supervising employees can be included too.

- ▶ Buy coverage that carries defense costs "outside the limits" if you can. This means defense costs are paid in addition to the limit of liability, which in this case means that 100 percent of the damages are covered. If you buy "inside the limits," the defense costs are deducted from your limits of liability and you could run out of insurance sooner, at which time your insurer might step aside altogether and let you finish the claim.

- ▶ Exclusions in typical EPLI policies include things like

willful misconduct, punitive damages, enforcement actions of EEOC, Employment Retirement Income Security Act (ERISA), Consolidated Omnibus budget Reconciliation Act (COBRA), workers' compensation related claims, disability claims and costs to alter physical facilities to comply with ADA. You can buy some of these exclusions back for additional premium, but this market changes every day and some of these exclusions could be automatically included in your policy in the near future. Consult a professional insurance person about what is current.

The good news is that with a little work and preparation on your part, you can dramatically decrease your company's exposure to employment related offenses. However, you will need to be able to show some measures of prevention in order to qualify for and buy the coverage. Why not go ahead and undertake the following to benefit you both for preventive measures and to buy your coverage cheaper:

▶ Get an attorney who specializes in employment and labor law to help you draw up a employment practices claim prevention plan.

▶ Implement the following major human resources elements: (these are all questions from an insurance company EPLI application that will need to be answered positively in order to buy coverage. They are also prudent risk management steps.)

- Establish a human resource department or assign it as one single persons' responsibility.
- Use written employment applications.
- Have written procedures in place for disciplinary actions.
- Have written procedures in place for termination for cause, voluntary and involuntary.
- Publish an employee handbook.

▶ Properly document all matters related to employment.

▶ And remember that e-mail is part of your "documentation" and that nothing is ever erased from e-mail. It can all be called up again.

If Rent A Bargain had followed the procedures outlined above and documented the process consistently, it would likely have had cause to dismiss the new driver. RAB could have saved itself from paying for damages and defense costs. Even greater, it could have avoided the lost productivity of an inappropriate hire in the first place. You can dramatically control

your risk of loss in the area of employment practices liability. If you do not address the issue, your employees may force you to do it. It is your business and your choice.

For a free list of additional human resources guidelines and a list of "do's and dont's" on documentation, fax your letterhead with the letters "EPLI" to Sherry Stevenson, Blue Ridge/Burke at 336/722-2308; or call her at 800/466-0488. ■

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Standard Furniture^{*^+}

Contact: Don Mecke
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Contact: Barry Prochaska
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Glen Ellyn, IL 60137
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Taylor Edward Inc./**Addison Industries^{*^}**

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Indianapolis, IN 46239
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213/583-2423

Ther.A.Pedic**International^{*^+}**

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732/968-1777

Union City Imports^{*^}

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Union City, NJ 07087-0825
201/867-1827

WEHSCO[^]

Contact: Adrienne Kessel
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Weiskopf, Knuehl and Associates*^
Contact: Sara Weiskopf
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Cincinnati, OH 45215
513/761-0741

Wild Rose Furniture (Mfg) Ltd.*
Contact: Ron Bolen
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Newton, NC 28658
704/466-2182

Woodson & Bozeman Inc.*
Contact: John W. Cowart
P.O. Box 18450
Memphis, TN 38181
901/362-1500

Classic Brass Collection Inc.*^
Contact: David Mayemura
6180 S. St. Andrews Place
Los Angeles, CA 90047
213/750-0122

D&W Silks Inc.^
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502/584-1777

Emess Lighting/Alsy/Cresswell*^
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Ellwood City, PA 16117
412/758-0707

Harris Potteries^
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650-C Anthony Tr.
Northbrook, IL 60062
847/564-5544

Holiday Lamp & Lighting^
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Glencoe, AL 35905-7149
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Accessories By Sherwood*^
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21 Penn Plaza, Ste. 1001
New York, NY 10001
212/736-4440

Artistry Designs^
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Bennettsville, SC 29512
800/334-5088

B.S. Trading Co. Inc.^
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3605 S. Cooper St.
Arlington, TX 76015-3412
817/261-0671

Beaulieu of America*^
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Dalton, GA 30719-4539
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Houston, TX 77083-5709
713/568-1455

LABS Inc.*^

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800/752-6877 ext. 22

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07208-0909
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Malorni's Pictures^

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Ontario, CA 91761
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Manifestations^

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760/598-3466

Mid West Tropical^

Contact: Ken Burnett
3700 W. Morse Ave.
Lincolnwood, IL 60645
847/679-6666

Mirror Dynamics Ltd. Inc.*^

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Newark, NJ 07103
201/824-5509

MirroTek International, LLC^

Contact: Joseph Bezborodko
90 Dayton Ave. Bldg. 1F
Passaic, NJ 07055
201/472-1400

Next Dimension/ Laurel Arts*^

Contact: Eric J. Moore
7080 Industrial Rd.
Florence, KY 41042
606/727-9701

Pulaski Furniture Corp.*^

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One Pulaski Sq.
Pulaski, VA 24301
703/980-7330

Strachan & Associates^

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Bolton, Ontario L7E 5R8
Canada
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Weiskopf, Kneuhl and Associates*^

Contact: Sara Weiskopf
15 Vale Ave.
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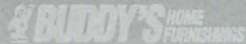
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For more information, contact Leroy Petz, Petz Enterprises Inc., P.O. Box 611, Tracy, CA 95378-0611, 209/835-2720.

ADVERTISER INDEX

Alliance Computing Technologies	2, 36, 51
Benchcraft	5
BJ Rental	41
Central Rents	2
ColorTyme	12
E-Z Rentals	2
FLX Industries	42
Foresight	4
Frisco	21
GE Appliances	IBC
GE Electronics	48
High Touch	11
Ideal Software Systems	19
J.D. Byrider	55
Midwest Rental-Purchase Dealers	42
Petz	IFC
Rental Information Systems	26
RES Accessories	52
RSSS	3
Tele-Track	31
Thomson/RCA	28-29
TRIB Group	53
Whirlpool	17
Zenith Electronics	BC

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How do you feel the industry will be affected by recent consolidation?

Ernie Talley

RENTER'S CHOICE
DALLAS, TEXAS

Consolidators have the ability to continue to grow and will encourage the industry to grow. For the smaller companies, it is going to provide them a market to sell their businesses for a profit. A while ago, there wasn't a market for these businesses. You couldn't sell these stores for anything.



The buy-outs will also help improve the image of the industry. The industry will have more growth in the eyes of the public.

Ernie Hodges

QUALITY RENTALS INC.
RUSSELLVILLE, ARKANSAS

We sold a few of our stores. I feel pretty good about it. The consolidations will probably help rent-to-own because the companies that are buying are more in-tune with the industry. They are more able to put money into running these stores better and moving the industry in the right direction.

Ronald Sowers

DISCOUNT RENTAL
SURFSIDE BEACH, SOUTH CAROLINA

I don't think the consolidations are going to have a big effect on the industry. They have their

business and the small companies have their business. It all boils down to customer service. There is always going to be a niche for the small businessman if you know how to run your business right. If a company gets too big, before you know it, the right hand isn't going to know what the left hand is doing. If you stay ahead of the game, then you'll stay in business.

Ray Peel

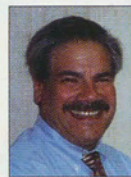
COLOR VISION RENTAL SYSTEM
ABILENE, TEXAS

I am concerned about the consolidations. It may eventually start to drive out small businesses. On the other hand, the bigger companies have done a lot to help improve the image of the industry. They have been pushing legislation through and pumping in more money to bring in more business to the industry. I am not losing any sleep over it, however. The big companies have made us try harder to run our business better. As long as I do my part, I think we'll be fine.

Robert Fishman

RENTOWN
PLANTSVILLE, CONNECTICUT

I would think the consolidation is going to benefit the industry because it means the stores are going to have more value now and in the future. The fact



that the larger companies don't even have to be a member anymore of a group like The Rental Industry

Buying Group because they are so successful speaks for itself.

The smaller stores and companies need to get together in a group like TRIB to be more attractive to their vendors and to keep their share of the market.

Bill White

HOME CHOICE INC.
MESQUITE, TEXAS

All of the consolidations are going to end up pushing the mid-size companies (20-80 stores) by the wayside. They are not large enough to compete with the big guys and not small enough to compete with the mom-and-pop shops. Mid-size companies are either going to have to get bigger or smaller if they want to stay competitive as the consolidations continue to run their course. ■



Serenity Leisering is a senior in journalism at The University of Texas in Austin.

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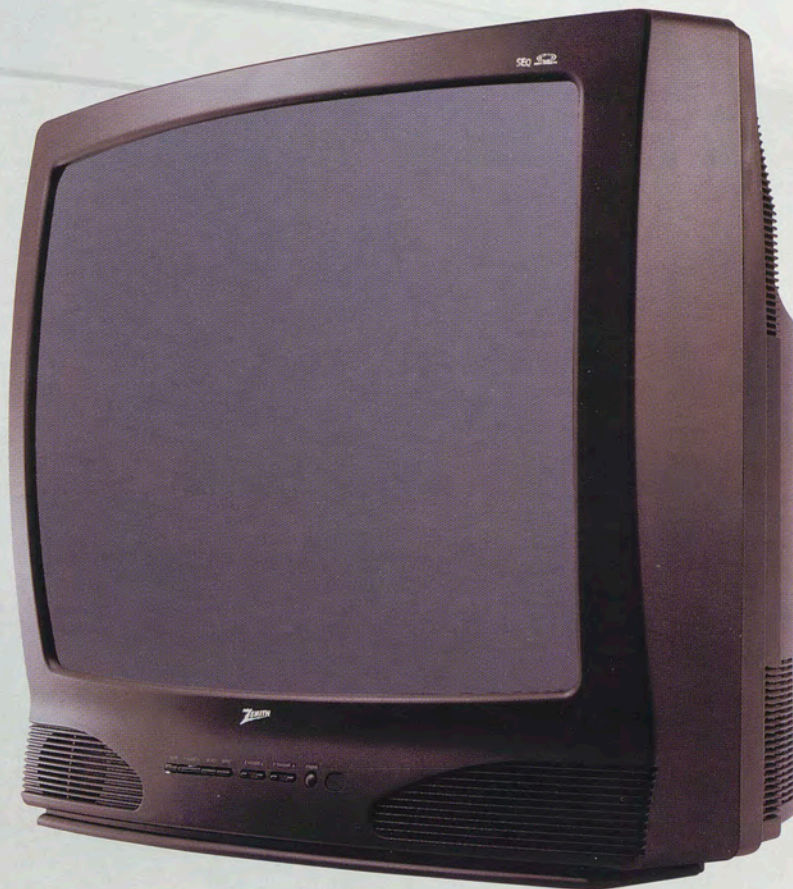
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