


Doing business the RentWay • How APRO came to be • Convention refocused

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MERGING



at the

TOP



Renters Choice buys

Thorn and RentWay is vying
for Home Choice—making
the big guys even bigger.

How will these mergers
change the industry?



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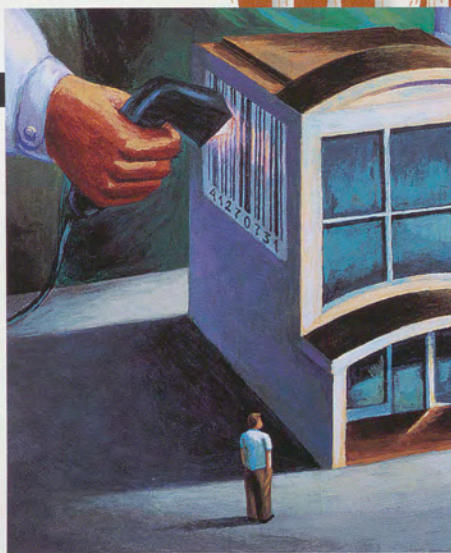
**HIGH
TOUCH**

September October

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Industry consolidation reached new heights this year with the acquisition of Thorn Americas by Renters Choice, which made Renters Choice the largest rental-purchase chain in the country. Chris Kosta chronicles the rapid growth of Renters Choice and gauges the reaction to this merger from dealers across the United States.



CARL PRESCOTT

28 Doing business the RentWay

Meet the man who may be the new heir apparent to the rental-purchase crown: Bill Morgenstern of RentWay. Markus Beeby talks to this second generation RTO dealer who started off with one store less than 20 years ago and, pending the merger agreement with Home Choice, will run the second largest chain of U.S. rental-purchase stores.



BILL MORGENSTERN

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The spirit of the 1998 APRO convention and trade show lives on in this photo montage highlighting the people, the fun and the events that occurred in Walt Disney World in August.



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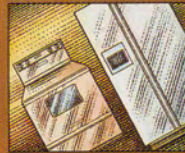


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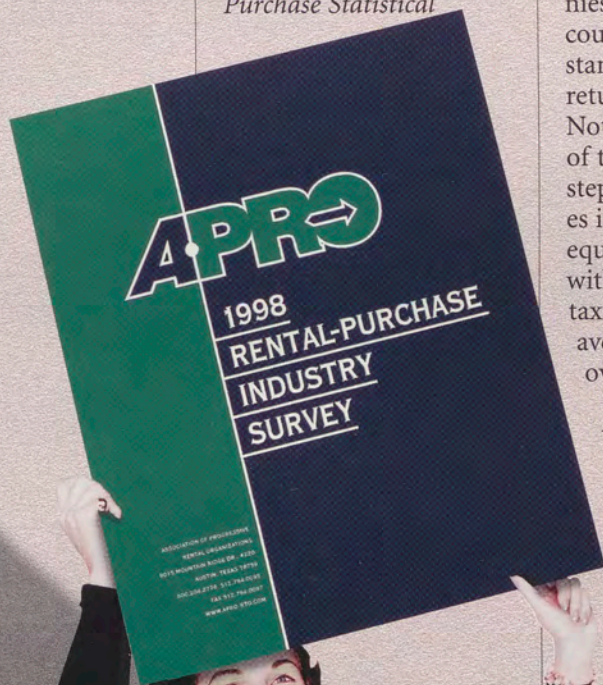
news

BREAK

COMPILED BY
JULIE SHERRIER AND
MARKUS BEEBY

1998 rental-purchase statistical survey numbers in

After weeks of compilation, the *1998 Rental-Purchase Statistical*



Survey results have been tallied, printed and released. The most notable highlight of the survey is that even with the high rate of mergers and acquisitions this past year, single-store companies outperformed their counterparts with a substantial increase in return on equity. Notwithstanding, the rest of the industry also stepped up with increases in both return on equity and net profits, with net profits before tax as a percent of sales averaging 7.2 percent overall.

Prepared by Industry Insights Inc., this annual survey represents the most complete, accurate and up-to-date comparative financial performance information available anywhere for rental-purchase dealers. The study is designed to serve as an easy-to-understand tool for industry firms to use to evaluate their own company's operating results in order to pinpoint strengths and weaknesses and improve-

ment opportunities.

For example, included in the 1998 survey is a BOR list broken down by rental-purchase products. The top five products rented in the typical RTO store are televisions, bedroom furniture, upholstered furniture, stereos and washers. The least popular leased items are cell phones and air conditioners.

Annual industry revenue has grown nearly \$300 million since 1997 and more than half a billion dollars since 1995. The industry is serving approximately 2.9 million households across the country. Also interesting to note is the high number of stores bought, projected openings and projected store purchases by companies with 40 or more stores compared to 1997.

The 1998 survey results are broken down by company size and include five-year comparison statistics. More than 90 rental-purchase companies representing close to 2,000 stores participated in the survey. For more information on obtaining a copy of the 1998 survey, please contact Carolyn May at APRO at 800/204-2776 or 512/794-0095.

RentWay to purchase Home Choice

The top five rental-purchase companies keep



APRO welcomes new president and board members

Ernie Lewallen, president of United Household Rentals in Cincinnati, OH, was elected as the Association's 11th president for 1998-99 during APRO's 1998 convention and trade show in August. Lewallen most recently served as APRO's first vice president and as chairman of the APRO public relations committee. He was responsible for leading the Association's image campaign and research, as well as paving the way for the production of several industry television commercials.

An 18-year industry veteran, Lewallen runs seven United Household Rental stores in Ohio and Kentucky and was elected to the APRO board in 1993. In 1996, he received the APRO President's Award for his dedication to improving the industry's image. Lewallen has been active in the Ohio Rental Dealers Association, having served as ORDA's president, vice president and secretary/treasurer. He played an important role in getting that state's rental-purchase legislation passed and also has been very involved on the federal front, attending more than 40 constituent meetings

with his state's federal officials in Washington, D.C.

In addition, eight new board members were elected (or re-elected) to serve on the 16-member APRO board of directors for two years. The elections took place during the 1998 APRO convention business meeting, held August 13, at the Walt Disney World Contemporary Resort in Florida.

These board members are: Joe Arnette of Renters Choice Inc. in Dallas, TX; Rich Bartel of Rentown USA in Vancouver, WA; Sandra Blackwell of Aaron's Rental Purchase in Atlanta, GA; "Tiger" John Cleek of Cleek's Appliances & Home Furnishings in Columbia, MO; Ron DeMoss of RentWay Inc. in Erie, PA; Mamie Harper of Fiesta Rent To Own in El Paso, TX; Gary McDougal of American Rentals in Hixson, TN; Kim Slatton of Buddy's Home Furnishings in Tampa, FL; and Dan Weiss of Weiss Brothers in Worthington, OH.

Mac McCullar of ATM Enterprises Inc. in Lithonia, GA, also was elected to fill a vacant seat on the APRO board until next year's elections.



Ernie Lewallen



Joe Arnette



Rich Bartel



Sandra Blackwell



"Tiger" John Cleek



Ron DeMoss



Mamie Harper



Mac McCullar



Gary McDougal



Kim Slatton



Dan Weiss

jockeying for that No. 1 spot on the rent-to-own chart. Most recently, RentWay Inc. and Home Choice Holdings Inc. announced that a definitive agreement to merge was signed on September 2, according to a RentWay news release. The merger would require that Home Choice merge with RentWay. Once the deal is closed, RentWay will become the second largest rental-purchase company in the United States, operating 847 stores in 32 states.

This merger comes on the heels of the Renters Choice and Thorn Americas merger, which placed Renters Choice in the No. 1 spot as the largest rental-purchase company

in the country, with almost 2,100 stores and \$1.2 billion in annual revenue.

Commenting on the RentWay merger, RentWay President and CEO Bill Morgenstern said, "In an industry that continues to consolidate, this merger presents RentWay with a unique opportunity to acquire a large number of stores in a single transaction. Following closing, we expect to bring our significant acquisition experience to bear by quickly and efficiently, integrating Home Choice's operations and emerging a stronger and even more dynamic company."

George D. Johnson, chairman of Home

Choice, said, "RentWay's management has a proven record for producing rapid and profitable growth through acquisitions. As a result, RentWay has reported 19 consecutive quarters of record revenues and earnings. Combining Home Choice's attractive store base with RentWay's proven management provides an outstanding opportunity to create long-term value for our shareholders."

RentWay operates 384 rental-purchase stores in 21 states, primarily in the Southeast, Midwest and Northeast. Home Choice operates 463 stores in 25 states, primarily in the Southeast, Midwest and Southwest.

Aaron Rents acquires five stores

Aaron Rents Inc. acquired five franchised Aaron's Rental Purchase stores from Affordable Rents LLC. Affordable Rents opened its first franchise in 1995 and its five stores currently produce approximately \$3 million of annual revenue, according to a news release.

The five stores are located in Winston-Salem, Wilmington and Rocky Mount, NC, and in Florence, SC, and will provide an opportunity for further development by Aaron Rents as there are currently no Aaron's-



Got mail?

APRO is soliciting e-mail addresses from both members and non-members involved in the rental-purchase industry. The addresses will not be distributed to vendors, but will be used only to communicate late-breaking news regarding the industry. Please e-mail Laurie Derton at APRO (lkderton@apro-rto.com) with your e-mail address.

CALENDAR OF EVENTS

1998~99

OCTOBER

14
Mississippi Rental Dealers Association
Biloxi, 601/769-3782 ext.880

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

JANUARY 1999

6-15
Atlanta Gift and Home Furnishings Market,
404/220-3000

7-10
Consumer Electronics Show
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9-12
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15-19
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FEBRUARY 1999

8-10
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8-11
American Rental Association;
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18-21
Tupelo Furniture Market,
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APRIL 1999

15-23
High Point Furniture Market,
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MAY 1999

Date to be announced
APRO Mid-Year Conference

JUNE 1999

9-13
TRIB annual meeting
Tucson, AZ, 770/451-4302



Frisco Furniture appoints new president and EVP

APRO associate member Frisco Furniture named **Gary Bryant** president, replacing Jeff Holmes who resigned. Bryant previously worked as director of sales and marketing with AP Industries and held executive positions with Singer, Lea Industries and Armstrong. With Bryant's strong background in youth furniture, he says Frisco will be placing more emphasis on this category. Also, **David Brewer** was promoted to executive vice president and chief operating officer of Frisco Furniture with overall responsibility for Frisco's Alabama production facilities.

Total Package Marketing announces several staff promotions: **Carolyn Clark Holmes** to director of operations; **David Martino** to direct mail supervisor; and **Maria Heck** as sales promotion manager. TPM is a print management, direct mail and sales promotional firm, supplying events and promotions to the mattress, furniture and appliance industry and is also an APRO association member.

Larry Resnick has joined Progressive, a manufacturer and importer of promotional case goods and occasional furniture, as senior vice president of sales. He will oversee sales for both the company's domestic and imported divisions. Most recently, Resnick served as a sales representative for BenchCraft.

Aaron Rents Inc. promoted four key managers to vice president of the Aaron's Rental Purchase division. **James D. Almond**, former director of franchise development, was promoted to vice president, franchise operations. **David M. Deignan** was promoted to vice president, marketing and merchandising, where he was former director of those areas. **Todd Evans**, former director of franchise development, was promoted to vice president, franchise development. And **Michael B. Hickey** was promoted to vice president of management development. He was former director of management development.

operated Aaron's Rental Purchase stores in North Carolina.

To date, Aaron Rents Inc., based in Atlanta, GA, has a total of 421 stores in 32 states.

Ther-A-Pedic donates bedding to SAFE

APRO associate member Ther-A-Pedic of Midwest and MidAmerica, along with Mattress Mart of Michigan, recently donated more



Sue Clark, Family First supervisor at SAFE Place accepts a Ther-A-Pedic mattress from Jeff Scheuer, co-owner of Mattress Mart.

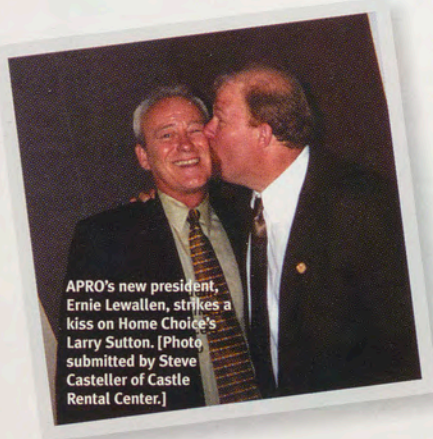
than \$1,500 of new bedding to SAFE Place, a United Way agency providing crisis intervention services. The Ther-A-Pedic mattresses were provided for SAFE Place's domestic violence shelter and transitional housing program.

Foresight's

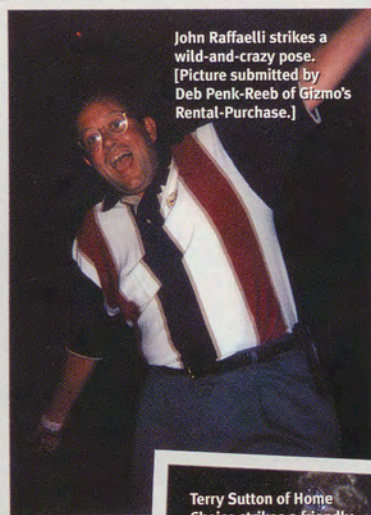
STRIKE A POSE PARTY



Fun was had by all during the Gala Cocktail Reception sponsored by Foresight at the APRO Convention in Orlando. Foresight is pleased to present the winning pictures for the Strike-A-Pose contest. These pictures tell it all—everyone had a good time!



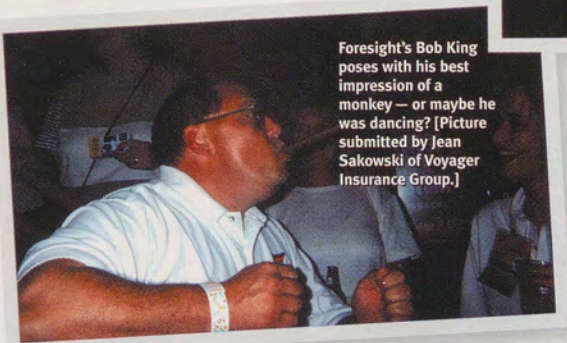
APRO's new president, Ernie Lewallen, strikes a kiss on Home Choice's Larry Sutton. [Photo submitted by Steve Casteller of Castle Rental Center.]



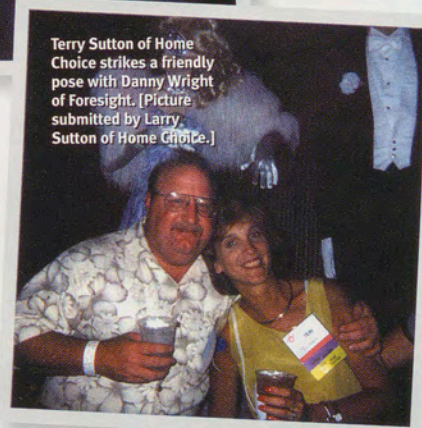
John Raffaelli strikes a wild-and-crazy pose. [Picture submitted by Deb Penk-Reeb of Gizmo's Rental-Purchase.]



Two Mannequin's dancers strike a pose outside of the Dance Palace. [Picture submitted by Dan Matthews of Home Choice.]



Foresight's Bob King poses with his best impression of a monkey — or maybe he was dancing? [Picture submitted by Jean Sakowski of Voyager Insurance Group.]



Terry Sutton of Home Choice strikes a friendly pose with Danny Wright of Foresight. [Picture submitted by Larry Sutton of Home Choice.]



Larry Sutton of Home Choice strikes a "pray-to-the-rental-gods" pose. [Picture submitted by Deb Penk-Reeb of Gizmo's Rental-Purchase.]



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PR
WATCH

Habitat for Humanity efforts gain momentum

Continuing to honor the Association's commitment to Habitat for Humanity that began in June with the Jimmy Carter Work Project in Houston, the Ohio Rental Dealers Association joined the effort by serving as the official appliance sponsor for the July 23, Canton, OH, Habitat for Humanity build. Marion, OH-based Showplace Lease/Purchase delivered and installed nine out of 10 donated refrigerators and stoves (one family already had its appliances secured) as one of the final touches to construction of the new homes. The donation, which was valued at approximately \$5,600, is part of a planned \$150,000 worth of appliances



and in-kind donations that APRO members will supply to Habitat for Humanity International this year.

Many in the \$4.4 billion-a-year lease-purchase business view APRO's goal of providing an appliance for every Habitat for Humanity home in 1998 as a much needed act of goodwill by an industry that has been plagued by negative media coverage in recent years.

Also joining in the Habitat for Humanity spirit is the Tennessee Rental Dealers Association.

TRDA President Dave Matthews sent a letter to all TRDA members requesting a commitment from dealers in Tennessee to donate new appliances as needed for any Habitat for Humanity builds in their state. "Habitat enjoys an extremely good reputation. We can do no better than to align ourselves with them," says Matthews. "I will be donating appliances for homes being built in the Athens area this year, as well as Gary McDougal, who is contributing appliances for homes being constructed in the Chattanooga area."

Aaron Rents is pursuing the possibility of creating its own campaign with Habitat for Humanity International. The company has been meeting and working with HFHI representatives to nail down the particulars.

Meanwhile, the Texas Rental Dealers Association wants to endorse HFHI as its state association-sponsored charity. TARA President Clyde DeLoach appointed a special committee to facilitate the program, with Kelly Sayre of Alliance Rental Corp. in Denton, TX, serving as chairman.

The Louisiana Rental Dealers Association is also looking at organizing a statewide charity program, through the leadership of LRDA President Tom Neyhart of TJ Rental Systems Inc. in Mandeville, LA.

APRO has developed two public service advertisements announcing the industry's participation in Habitat for Humanity events. To get a copy of these ads, contact APRO Public Affairs Director Richard May at 800/204-2776, 512/794-0095 or rmay@apro-rto.com.

Thorn PLC purchased by London company

Just two weeks after the agreement to purchase Thorn Americas by Renters Choice Inc., British parent company Thorn PLC was purchased in early July by London-based Future Rentals PLC. The new company, formed by the Japanese-owned Nomura International PLC, will acquire the U.K.'s second-largest rental appliance

business for about \$1.64 billion in cash. Thorn, which originally spun off from music company EMI Group PLC in August, 1996, has suffered from a switch among British consumers to buying rather than renting appliances, the strong pound that has cut overseas income and class-action lawsuits from U.S. consumer groups.

Zenith receives exhibitor award

Congratulations to Zenith for winning the



Everyone was a winner at the 1998 Missouri Rental Dealers Trade Show, held in September at the Lake of the Ozarks. Gary Romine [far left in top photo] presides over the golf trophy winners. "Tiger" John Cleek and Darryl Darling show off their fishing trophies [above right]. Attendees visit during the 1998 Missouri trade show [left].



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NEWS BREAK

"Superior Booth" award from seminar speaker Larry Helms. During the annual APRO convention in Orlando in August, Helms walked the APRO trade show floor to evaluate the booth design and presentation of exhibiting companies. Zenith walked away with the grand prize.

Rent Rite Rental Purchase opens corporate office

The Boca Raton, FL-based Rent Rite Rental Purchase Inc. opened a corporate office with a seasoned staff to handle the company's aggressive growth plans for the next three years. Rent Rite President Ed Stanko says that he plans to open seven new stores this year and 30 new stores in both 1999 and 2000. "Our current plans are to concentrate growth in the south and central Florida markets with future plans to expand north and west," says Stanko.

The new management teams consists of Chuck Wheeler as vice president, marketing; Julie Apple as management information systems manager; Tom Simon as director of purchasing; David Pagano and Manuel Darowiche as district managers. Rent Rite Rental Purchase Inc. is a privately held corporation with two stores.

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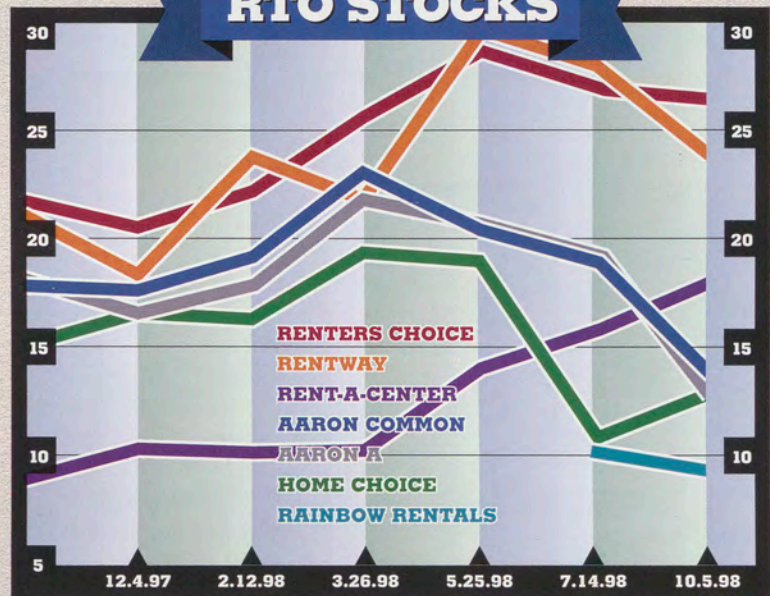
California-based Mrs. T's changes name

Mrs. T's Rentals in San Bernadino, CA, is now FastBall Furniture & Accessories, according to owner Zakee Saleem. "We're trying to make some positive changes for the year 2000," says Saleem. "There is so much bad news regarding the word 'rent.' We wanted to capitalize on the positive."

Saleem is trying to position his store to be more in line with the retail environment, complete with remodeling to

give the store "more of a furniture retail look." He says his prices are pretty much in line with those in retail, along with offering more customer incentives such as 90 days same as cash and 12-month rental agreements. Saleem also said he will be giving his managers to ability to make decisions on the spot in order to improve customer service. "We're getting back to the basics," he says.

PUBLICLY TRADED RTO STOCKS



Thank you Sears

The APRO office is boasting about its newest addition — a new Sears

Kenmore refrigerator, complete with ice-maker! The APRO staff sends a warm thanks to Al Zag-noriak for his generosity.

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As our Association approaches its twentieth year in existence, old-timers like myself would like to think that we are seeing a rebirth of new store growth possibilities. Just consider what has transpired in past 48 months. Think of the companies that were credited with building this fine Association that no longer exist. Names such as Rent-A-Center, Remco, RTO Rents, Champion, Alrenco, Action, Crown, Central and Rentronics will most likely never represent our industry again.

What has resulted, however, is great for every-

to finance store growth for the sole purpose of turning that growth into profit by selling to those eager to acquire rental agreements.

The net effect of these mergers is an indication that store count is reducing quickly. This is a sign of opportunity. In my own community, I have seen instances where five competitors have literally merged into two. Remember, customers want options, they crave choice. The fewer number of doors open to our customers limits option and choice. Many of those entrepreneurs who left during the first wave of acquisitions are already coming back to the industry in towns and cities where exclusivity agreements don't reach. Look for others to follow soon.

Many dealers have made great gains by opening larger, more visible stores in smaller, rural communities.

There isn't anyone in this business making headway in revenue growth who hasn't realized the value of good service. Almost all of us recognize that the continual makeover of our image is crucial to survival. Vendors are bringing new product concepts to us every day. Any one of these could be the next VCR or computer that could set off unprecedented future growth.

While the giants sort out their acquisitions, medium and small dealers should take immediate notice of this window of opportunity. If smaller dealers operate with a sense of urgency, short-term gains can be realized while the big guys sort out the complications that must come with the merger of all those cultures. Hey, it seems to me that if a guy could get \$1,000 for every store Tally and Morgenstern don't know they own, he could be rich in little time. ■

Ernie Lewallen is president of United Household Rentals in Cincinnati, OH.

.....
 "Like locusts, we had covered the map and virgin turf had become as endangered as the bald eagle."

New opportunities abound

one who ever dreamed of renting household goods. By 1995, our industry statistics showed new store growth stagnation for the first time. Like locusts, we had covered the map and virgin turf had become as endangered as the bald eagle. We focused not on new leases, but instead on new product categories. How many companies jumped at the opportunity to increase same store revenues by adding pagers, cell phones, big-screen televisions, home theater systems, higher-end appliances, furniture and computers to our product line-ups? The net effect showed revenues and profits increased.

The talk of the day at our conventions in 1994 and 1995 was who was offering inventory financing and what multiple of revenues were available.



By ERNIE LEWALLEN
APRO's President

For those lucky enough to find available financing, the choices were limited. The alternatives didn't exist the same way they do today. Exit strategies didn't include selling to competitors in multiples exceeding 12 times revenues. The typical price for an RTO acquisition hovered in the range of four to six times an average of three-month's revenues.

Then the first wave of companies went public in 1995 and early 1996. For the first time in history, rental-purchase companies were being bought and sold at a significant premium. It doesn't take a Rhodes scholar to understand that money could be made by borrowing money

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For most of my adult life, I have been a news junkie. I watched the morning, evening and late-night news. I tuned in to many of the Sunday morning political news shows. I read the daily newspaper and several news magazines. Driving home from the office, I would listen to National Public Radio to prepare myself for the evening news. I couldn't get enough. Then, one day, my life changed forever.

Do you remember the scene in the movie *Forrest Gump* when Forrest had been running for a couple of years across America? He had grown a long beard and had a few dozen disciples running

of the reports. Twenty consumer reports were selected for review and only 12 were found to be consid-

ered fair. Even of those 12, the networks were guilty of overplaying danger or used heart-wrenching footage, obscuring the real crux of the stories. In *Brill's* sample, it was determined that three of six *20/20* segments were fair, five of six *PrimeTime Live* pieces were fair and four of eight *Dateline* segments were fair.

Isn't it interesting that *PrimeTime Live* has never been interested in our industry, while last year's *20/20* hatchet job cost our Association \$180,000 defending RTO?

We can take some comfort in the knowledge that we haven't been the only industry unfairly attacked. In 1992, *20/20's* Tom Jarrel decided to go after podiatrists. Jarrel reported that "critics" claimed the nearly 14,000-member podiatric profession was "riddled with doctors who operate storefront clinics, use unsafe medical practices and make money through insurance claims for unnecessary surgery."

Officials at the American Podiatric Medical Association say they cooperated and provided *20/20* with ample information proving that the podiatric field is not full of quacks. They also told the producer of the segment that regulators in 42 states require podiatrists to complete one-year post-doctoral hospital residencies. *Brill's* concluded that this report could have performed a consumer service by alerting people to the dangers of unaccredited foot doctors. Instead, *20/20* presented an overwhelmingly one-sided and negative story that tarred an entire profession.

At the end of the segment, Barbara Walters said, "Of course there are many very good podiatrists," contradicting almost everything else in the show. Does this sound strangely familiar?

As to *20/20's* response to the *Brill's Content* story, when pressed on the specific issue of fairness, a spokesperson said, "We wouldn't have put the piece on the air if we didn't think it as fair."

I don't know about you, but my experience tells me I was right to abandon the news. Today, I can truthfully say I find more believability in *The Simpsons's* than I do in American news. ■

.....
 "We can take some
 comfort in the
 knowledge that we
 haven't been the
 only industry
 unfairly attacked."

Journalism in the '90s

behind him, following his every move. And then, one day, Forrest just stopped in the middle of a road in the middle of a desert. He turned around and said, "I think it's time for me to go home now."

That day came for me one day in 1995 when I simply had enough of the news. There seemed to be too much negativity, too many inaccurate stories and too much sensationalism. I wanted to go home. I canceled my subscription to the daily newspaper, all news magazines and didn't bother to turn on the television at 5:30 p.m. and 10 p.m. Sunday mornings were suddenly quiet again and much more conducive to reflection.

I also just got fed up with the bad press dealing with rent-to-own.

Recently, however, I subscribed to a new magazine called *Brill's Content*. The editorial director, Michael Kramer, says the magazine stands for journalistic accuracy and accountability. Further, he states, "We believe that journalists should hold themselves as accountable as any of the subjects they write about."

What a revelation!

The latest issue is dedicated to reviewing TV news magazine shows, such as *Dateline*, *20/20* and *PrimeTime Live*.

Brill's focused on 1995 and 1996 to provide a slice of consumer reporting. The investigation checked the facts presented, attempted to talk to the main subjects and gauged the overall fairness



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

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The rental-purchase industry, despite the emerging behemoths that might ordinarily imply some marketplace stodginess, remains nimble, versatile, flexible and creative.

Witness the advent of two new products: tire and telephone rentals. At first blush, tire rentals might seem a stretch. Who would just rent tires? How does a customer give them back? What do they do, roll home on the rims? But then, remember how many cars are leased in this country. By last count, it was well over a third and the percentage keeps growing. A lot of car leases are for three, four or five years. Tires may wear out in

to set up their own telephone companies and are renting the appliances as well as the air time to consumers who want them. Here is another business that is growing.

This business appeals to a number of consumers who may have never had telephone service before because these new small telephone service rental companies are aggressive marketers and make doing business with them easy and convenient. Another market consists of consumers who have had their phones disconnected by Bell or others. These consumers must ordinarily come up with significant cash deposits before they can get their phones reconnected. Enter the new telephone service rental

companies who welcome these consumers with open arms, require no cash deposit and rent out phones and phone service by the week or by the month.

These are just two quick examples of entrepreneurial minds and spirits at work. Sure, there are bound to be a few consumer advocates watching the marketplace develop and wailing, "How could they!" In the meantime, the rental industry is sailing innovatively full-speed into the next century with an ever-expanding array of goods and services which add comfort and convenience to the lives of American rental customers. ■

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

.....
 "The rental industry is sailing innovatively full-speed into the next century with an ever-expanding array of goods and services."

Of tires and telephones

two. Then the customer may be faced with an expensive purchase for a vehicle he will not own in another year or two. It may make perfect sense to rent the tires on the car that's being rented.

Even if the customer owns the car, tire rental may be appealing for all of the economic reasons that people rent other things: lack of ready cash, uncertain economic future, convenience and the like. Tires were not on the table when legislators were debating rental-purchase statutes, but they fit the definition of "personal property for use by a consumer for personal, family or household purposes..." which is included in these laws.

The mechanics of this transaction are necessarily different; tires may not be an easy add-on to a traditional rental-purchase store. You need a garage with bays and lifts and jacks and a whole assortment of tools for putting tires on and taking them off. The market apparently has answers for the details of exactly how you run the business because a number of entrepreneurs have thriving tire and wheel rental businesses already up and running in several states.

With telephones, the concept has almost come full circle back to the days when Bell Telephone was the only company anywhere and everybody with a telephone was renting it from "Ma Bell." Today, savvy entrepreneurs have figured out how



By ED WINN III
APRO's General Counsel

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from **BIG** to
BIGGER

by *chris kosta*

IN APRIL, BankAmerica Corporation and NationsBank Corporation announced their agreement to merge in a transaction that will create the first truly national United States banking franchise. This merger is touted to provide unprecedented capabilities and convenience for people and businesses around the world. Expected to close in the fourth quarter of 1998, the company will have relationships with 29 million households in 22 states across the nation and serve 2 million businesses in the United States and 38 other countries. Its 180,000 employees will live, work and participate in thousands of communities across the country.

*From Rent-A-Center to Renters Choice.
From Home Choice to RentWay. How will
it change the industry?*

CARL PRESCOTT

C

ONSOLIDATION

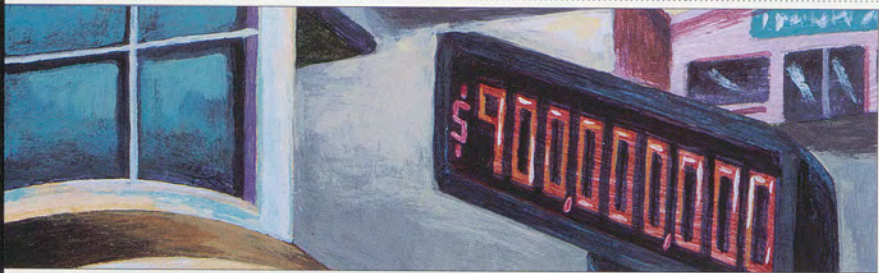
isn't new to the banking industry and has been known to come and go in cycles. But even to an industry seasoned in growth through mergers and acquisitions, this is a deal like no other that will likely evoke diverse opinions. From speaking with several executives in the rent-to-own business, the rental-purchase industry's growth through mergers and acquisitions has been met with resounding approval.

Columbia. Thorn Americas operated stores under the names Rent-A-Center, Remco and U-Can-Rent. Renters Choice operates stores under the Renters Choice brand.

It's estimated that the combined company will generate approximately \$1.3 billion in total revenue in fiscal year 1999 and that the acquisition will significantly and positively impact Renters Choice's earnings per share after an initial transition period of less than one year. Renters Choice is assuming responsibility for the current class action litigation against Thorn Americas, which was taken into account during the negotiations. The acquisition was the second made by the company this year. Renters Choice acquired Central Rents, a 176-store chain in May, and is followed by Home Choice and RentWay as the largest rent-to-own chains. [Editor's note: Home Choice signed an intent to merge with RentWay on September 2.]

While the acquisition is the largest the industry has ever seen, it is just part of the aggressive investment activity that has taken place in the rent-to-own business during the past year. RentWay had an active past six months, acquiring Ace TV Rentals and Champion Rentals Inc. Rainbow Rentals, which has 67 stores, went public in early June, raising \$22.5 million in gross proceeds. Aaron's Rental Purchase, America's oldest rental company, acquired the 40-store Rentmart rental-purchase chain in the last quarter of 1997 from Associates First Capital.

Mark Speese, chief operating officer of Renters Choice, says the company came to the Thorn Americas acquisition through others and that the purchase is very consistent with its business model. The company will consolidate operations, continuing to be based in the Dallas



Renters Choice is now the nation's largest rental-purchase chain, operating 2,084 company-owned stores and franchising 343 stores.

The recent purchase of Thorn Americas by Renters Choice generally is considered to be a step in the right direction. Small dealers and executives of large public companies alike welcomed the news, trusting that the example of Renters Choice and Ernie Talley, its chief executive officer, will impact the industry's image and business practices in a positive way.

On August 5, Renters Choice Inc. announced that it closed the acquisition of the 1,400-plus store Rent-A-Center chain from Thorn Americas Inc. for an aggregate purchase price of \$900 million in cash subject to adjustments. As a result of the acquisition, Renters Choice is now the nation's largest rent-to-own chain, operating 2,084 company-owned rental-purchase stores and franchising 343 stores, in 50 states, Puerto Rico and the District of

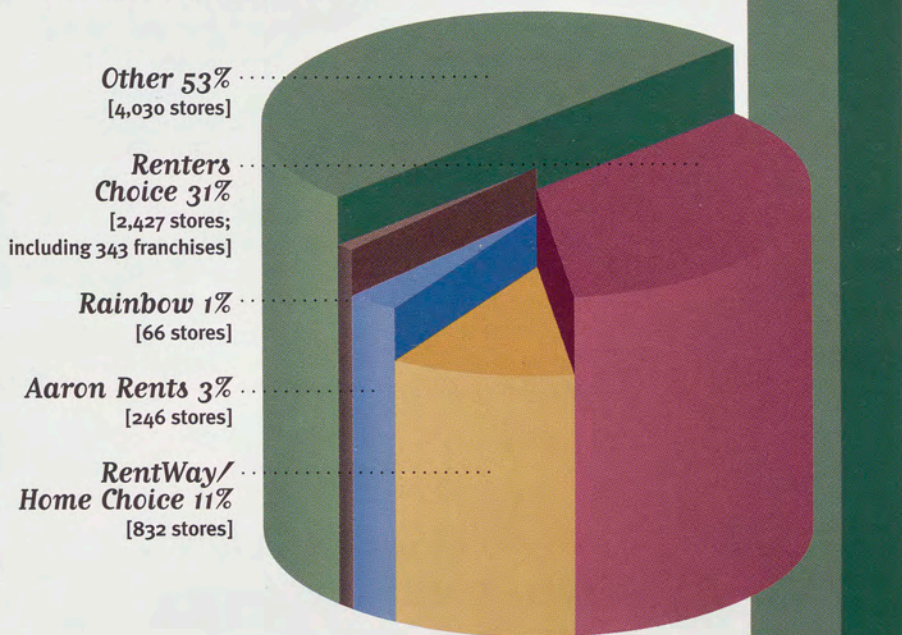
area and leadership has no plans to close stores at this time.

"We chose to acquire Thorn Americas because we felt it was the best platform for Renters Choice's future growth. Thorn Americas has inherent value that, to this point, hasn't been fully realized," Speese says. "Renters Choice prides itself on the way we've conducted business to this point and the quality service we've been able to provide. We expect further operational benefits to the consumer as we'll be able to serve them more efficiently."

Setting high standards

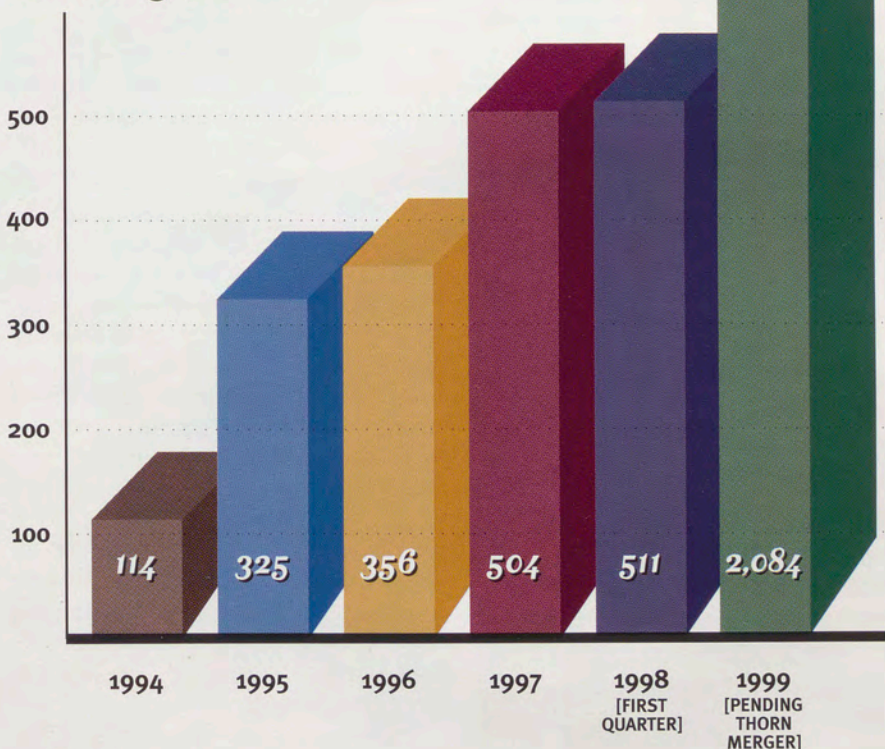
For many reasons, both large and small dealers are pleased with the news of the latest and largest industry deal. Most are optimistic, given Renters Choice's exceptional track record for acquiring under-performing stores and turning them around. Several expressed genuine trust in rent-to-own's legendary Ernie Talley to lead by example, ultimately forging a more positive public image of the industry. Talley developed what many believe was the first rent-to-own chain, Mr. T's, in 1974 and is credited for having spawned a slew of successful entrepreneurs—some of the most recognized names in

Rental-purchase market share



SOURCE: STEPHENS INC.

Renters Choice store growth



SOURCE: STEPHENS INC.

the industry.

Charlie Loudermilk, founder and chairman of Aaron's Rental Purchase, thinks that having a strong industry leader will set standards for doing better business, thus creating a better image of rent-to-own by the media and the public. "I hope that if you have one dominant group, they will set the pace for conducting all business in a very ethical manner in general and, in particular, in terms of pricing," Loudermilk says.

"Tiger" John Cleek, owner of Missouri-based Cleek's Appliances & Home Furnishings also predicts the acquisition will affect the industry positively. "I'm glad to see Renters Choice be the largest choice for consumers in the industry. Ernie Talley has a long history of concentrating on serving customers," Cleek says.

Jerry L. Robinson, vice president of Stephens Inc., an Atlanta-based investment firm, believes this acquisition will heighten the public's awareness of Renters Choice and agrees its leadership will enhance the industry. "Renters Choice has run a quality operation. They've been a regional force; this purchase makes them a national force," he says.

"A more proactive ownership of 1,400 stores in the industry will positively enhance the rent-to-own perception in America. Fourteen hundred out of 8,000 stores are now in the hands of an operation that's clearly focused on enhancing business, sales and profits through good customer service," Robinson says.

Improving the industry's image

Not only do dealers foresee positives when it comes to APRO with Talley at the helm of the largest player in the industry, but also small dealers think the acquisition will create more opportunity for them. Larry Carrico, president and owner of

Rent One, thinks the positive effect on the industry's image alone will improve business for small dealers. "My business will increase because of awareness. When there is more awareness of rent-to-own among consumers, it becomes more acceptable as a choice. Rent-to-own has been seen as something people had to do; now it can be seen as a choice," says Carrico.

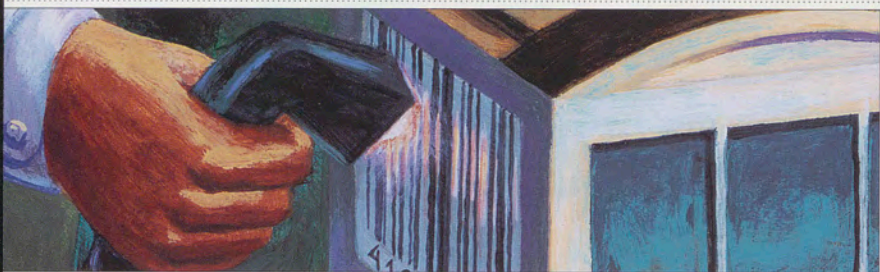
It appears dealers believe today's Renters Choice will bring the same heightened awareness to the industry as that of rent-to-own companies going public. Most agree that RTO companies going

Consolidation trends continue

Robinson says the increased confidence people have in the rent-to-own industry is felt in the Thorn Americas purchase. "The fact that Renters Choice was able to finance with institutional debt and equity a \$900 million acquisition and close within less than two months shows the credibility of the rent-to-own industry," he says.

Robinson sees acquisition opportunities for the well-capitalized companies, given 50 percent of the industry is controlled by owners with fewer than 30 stores. "The mom-and-pop stores still have close to half of the industry's stores. While the consolidation will be on a smaller scale, unless the public companies join in, we'll see more of it."

Lewallen says, "I absolutely believe we'll see more consolidation in this industry. Once the big machines get accustomed to what they've



Consolidation and companies going public have led to rental-purchase businesses being held at a new level of accountability.

public has made the smaller dealers more valuable should they decide to sell. Carrico says publicly traded companies, a relatively recent trend in the rent-to-own industry, have strengthened the industry's image. Lewallen thinks the trend has driven up the value of businesses as much as three times by placing focus on the industry and its image. As a result, he says both customers and legislators feel better about rent-to-own.

done, they'll have the same opportunities again."

Wayland Russell, president of Rainbow Rentals, says the consolidation in the industry to date has had a positive impact on consumers. "The weak were having a hard time competing and resorting to marginal tactics, which ended up contributing to their demise. Consolidation and companies going public have led to rental-purchase businesses being held at a new level of accountability, resulting in a purification of the industry.

"This acquisition will do even more to improve the image of this industry—in the eyes of the public and the capital markets. I know the capital markets were looking at Rent-A-Center as a 1,000-pound gorilla that had the disease. Ernie Talley will heal the disease," says Russell.

As for Renters Choice, Speese says it will be a while before the company gets back in the consolidation game. "The rent-to-own business is still very competitive. As fragmented as the industry is and with its low barriers to entry, I think we'll see more growth—both through acquisition and new growth," he says. "Renters Choice will concentrate on the performance of the operation as it is now for the next 18 to 24 months. At that point, we may look at future acquisitions. Helping the industry grow as a whole benefits everyone." ■

Chris Kosta is a free-lance writer living in Austin, TX.

RENTERS CHOICE II:

After the acquisition

Renters Choice acquired the 1,400-plus store Rent-A-Center chain from Thorn PLC. The company paid \$900 million or 12 times monthly revenue for the chain. The acquisition makes Renters Choice the largest rental-purchase chain, with almost 2,100 company-owned stores.

The company is estimated to generate approximately \$1.3 billion in total revenue in fiscal year 1999, including the Rent-A-Center acquisition. The current poor performance of the Rent-A-Center stores and the dual corporate overheads that will exist for the first few months following the acquisition will, initially, negatively affect earnings. However, beyond 1999, the transaction is expected to be highly accretive. Stephens Inc. assumes Renters Choice will be able to bring Rent-A-Center's operating margins to a conservative 16 percent and revenue to the \$920 million level by 2001.

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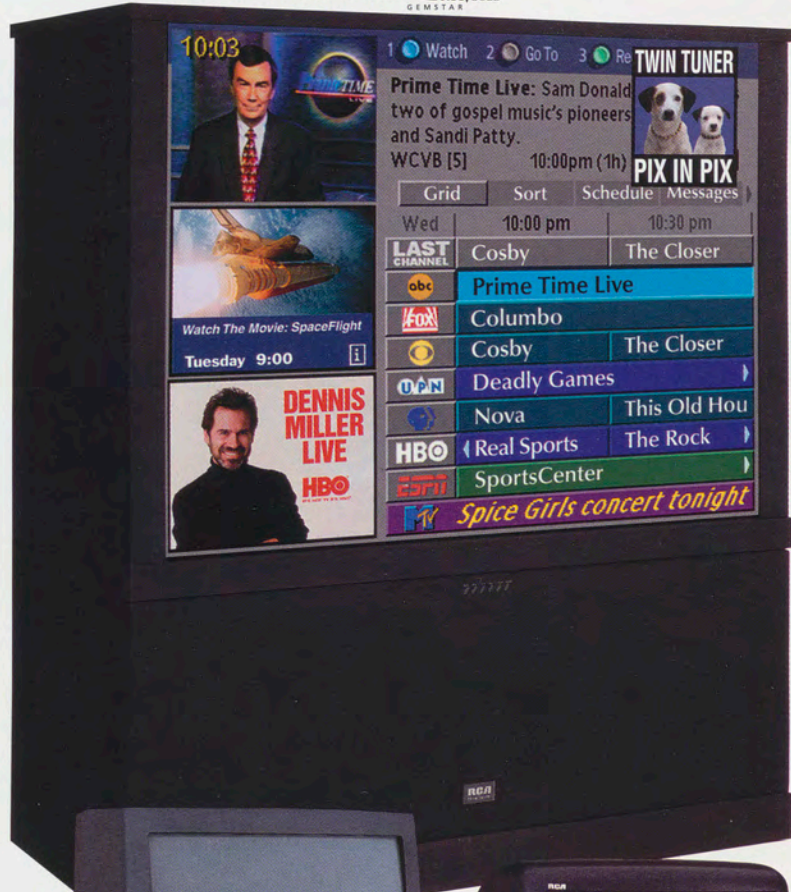


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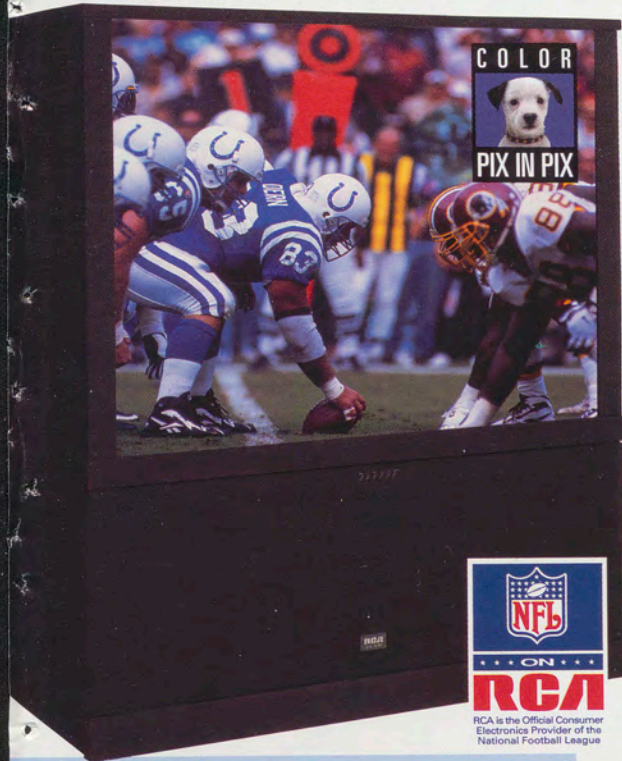
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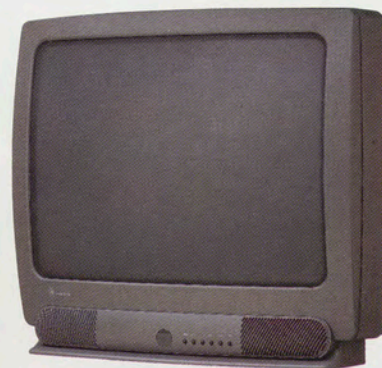
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Doing Business Rent the way

BILL MORGENSTERN

COMPANY: RentWay

POSITION: President, CEO

AGE: 39

YEARS IN RTO: 19

SECOND-QUARTER 1998 REVENUE: \$52,491,456

PHILOSOPHY: "Sometimes you have to make a little less so you'll be around for a long time."

THE SECRET OF HIS SUCCESS: "One hundred percent management. That's something I've been blessed with: an absolute, dynamic, fun group of hard-working folks that just never seem to want to quit."

GREATEST ACHIEVEMENT: "Taking the company public."

HOT RENTAL IDEA: Computers

ON THE PRESS: "The industry needs to make a substantial investment in public relations. It's the last great frontier of the industry: to get the truth out there."

BEST ADVICE: "Guard integrity at all cost."



APR→file

BY MARCUS BEEBY

In a chronological model of the rental-purchase industry, many would place Ernie Talley of Renters Choice at the top, followed by Rent-A-Center founder Tom Devlin. At a mere 39 years old, and seemingly forever in the pursuit of expansion, the heir apparent to the RTO crown looks to be RentWay's Bill Morgenstern.

"Being a manager in [Devlin's] operation, I saw a guy who had a lot of ambition and had a real 'can-do, knock-down-any-walls' attitude. You do whatever it takes to get the job done and you'll be able to live out your dreams," says Morgenstern.

Following Devlin's example, Morgenstern's career is now the stuff that dreams are made. After 19 consecutive record revenue quarters and its announced September merger with the 436-store Home Choice chain, RentWay will stand as the second largest rental-purchase chain in the industry, operating 847 stores in 32 states. Progressive Rentals caught up with the busy Morgenstern to find out about the background, interests, newest pursuits, ideas and forecasts for both RentWay and the industry.

How did you get started in rental-purchase?

I started at Rent-A-Center back in 1979 in Fort Worth, TX, as account manager, a route man. I then worked my way up to store manager in Oklahoma City and then moved to Erie, PA, and was a store manager and district manager. I helped the company open up stores in Buffalo and a few other places. Then I decided it was time to try it on my own. I partnered up with a fellow named Tony Ryan. Tony and I got together and started the first store here in Erie and have been growing ever since.

You played a big part in the industry's race to go public. Tell us about that.

Well, after Rent-A-Center and Aaron's, the only two public entities in the industry at the time, we were the first small company to go public. We went public in August, 1993, with 17 stores and less than \$8 million in sales. It was quite a challenge to convince Wall Street that this was a great industry that served a particular interest to a particular customer with good value and good product. We saw an opportunity for consolidation as a lot of operators were looking for exit strategies and capital was difficult to

come by. But we convinced Wall Street that we had the people, the dream and the vision to participate in the consolidation of the industry.

There were a lot of anti-RTO laws in Pennsylvania and you had some part in reversing those.

We have always been interested in the legislative process, as a company and as individuals, and in helping to get the real story out about what rental-purchase is. Simply put, we have been able to convince people about the truth of the industry: we offer the customer the use and enjoyment of products without a long-term obligation and give them the option to own. The customer really does value all of that and wants quick access and use, and a flexible transaction that offers the option to own. But customers also want the option to terminate the transaction for whatever reason—they can't afford the products or don't want them anymore—there's a variety of different reasons people want to return things. I believe that if you just talk about the truth of the transaction and what the true needs and desires and wants of the customer are, the story is very easy to understand.

You have worked with well-known public relations firms like Hill & Knowlton in the past. Do you think that public relations firms are helpful to the industry right now?

The industry needs to make a substantial investment in public relations. It's probably the last great frontier of the industry: to get the truth out there. We have had so much negative publicity that only tells half of the story or a quarter of the story and doesn't do the customer justice. Just because our customers don't have a lot of cash or have ready access to credit doesn't make them ignorant. They are people who have specific needs and specific lifestyles. They have temporary needs that we help fill as well as provide an option if they decide to *permanently* fill that need through us. We give them an option and a vehicle to do that.

With the way the industry has been depicted recently by the media, do you think the picture that's been painted is justified in any way?

No, of course not. The negative publicity that's out there right now ignores the customer. It's unfair to assume that the customer doesn't understand the cost of this transaction. It's unfair for the media to point out the total cost of this transaction without pointing out the cost differences, the cost to offer this type of a transaction. You've probably heard the argument, and the fact, that if you went to Sears and said you wanted a new washer and dryer today, that you had no credit or didn't want to tie up the credit that you did have, that you didn't want to spend cash and wanted to pay \$15 or \$16 a week and have total service provided within 24 hours and also have the option



to bring it back at any time (which happens 75 percent of the time with our transactions), I think you'd see Sears charging a greater cost than it does now. The media needs to look at the whole package that we offer the consumer. It's important for us to get the word out that this type of a transaction is not right for everybody. But at certain times and under certain circumstances, this transaction has a high value to different folks.

Aside from PR firms, how else do you see the industry improving its image?

The larger, better capitalized operators are behaving in a way that's more conducive to positive commerce. These companies are offering customers better quality products, better service and are taking better care of customers. The practices of rental dealers as a whole have matured over the past decade.

It appears that the industry has been doing very well recently. Company performances have been going up despite negative press. Do you see a saturation point for the industry?

The real rental-purchase transaction is offering customers the use and enjoyment of the product without any long-term obligations. As the transaction itself becomes better understood, more and more people will see that, at different times in their lives, it may be of value. If you get past all the negative press and really look at what happens in a professionally run rental-purchase store, the market will continue to grow.

What is your personal forecast for the next five to 10 years for the rental-purchase industry?

That's difficult to say. I think you'll see overall industry growth over the next five years and a continued consolidation effort in the industry.

Do you see any obstacles to continued growth?

It's best kept on track by people following the rental-purchase laws that are out there. We have to stay vigilant and make sure that the

true story gets told and people understand the entirety of the transaction and not just microscopic pieces that some reporter might want to pick up.

Certain products like the VCR have really given a boost to the rental-purchase industry. Do you see anything like that coming out any time soon, maybe DVD or other digital products, that might give the industry a boost?

The whole computer world is still virtually untapped by the industry in a big way, primarily because of the obsolescence of computers. Again, the nature of our transaction is one in which the customer is not obligated to keep the merchandise. So, as computers become obsolete, which happens very quickly—you go through the generations of 386, 486, Pentium machines and so forth—rental dealers have been hesitant to invest big in them. But as computers become more focused on application, "I want to do this. What computer does this?" versus speed and changes, I think you'll see the product, as it stabilizes, become a better rental-purchase product. In fact, you see a move now in the marketplace for the \$500 to \$1,000, the sub-\$1,000 computers that really are application driven versus speed and processing and so forth. That, I believe, could become a very dynamic product in the industry, probably within the next 12 months.

Do you think that rental-purchase can draw a more high-profile customer?

I'm not a believer that this industry will ever attract different folks than the people who really need the service. The best analogy I can give you is if you're a customer who has Chrysler credit, General Motors credit or Ford Motor credit and you need an automobile, you're not the type of person to do things of a short-term nature. There's no reason for you to go to a buy-here, pay-here car lot. You could have the best looking buy-here, pay-here car lot in the world, but if someone has credit from one of the big-three auto makers, there's no need to go to a buy-here, pay-here car lot no matter how high quality it is. I think it would be wrong to say that we need to look for a different customer. We have a

"We saw an opportunity for consolidation as a lot of operators were looking for exit strategies and capital was difficult to come by. But we convinced Wall Street people, that we had the dream and the VISION to participate in the consolidation of the industry."

Morgenstern spoke to APRO convention attendees in August about his early and continued involvement with Habitat for Humanity.

specific customer who has a unique need. We have a unique relationship with that customer. It's better to build a better relationship and look for better ways to serve that customer.

Going on to your company and what you've accomplished, when you started in the business, were there any mentors that led you in your career?

There are a lot of different folks over time who have given me advice in a lot of different areas. Many very good rental dealers have given me advice. There're a lot of people who have given me good advice from a stock market perspective. One of my board members is a fellow named Robert Fagenson, who is vice chairman of the New York Stock Exchange, and, needless to say, he has been an excellent mentor at how to run in the capital markets.

What's the best piece of advice you've ever been given?

"Guard integrity at all cost."

RentWay now has upwards of 370 stores in the Southeast and the East. Are you looking to expand to different parts of the country?

Yes. We're looking at opportunities virtually everywhere. We're not restricted geographically. We try to cluster stores in an area so that we can share advertising and multi-unit management talent. But, other than that, we're looking into other possible opportunities.

Do you see any limits to the expansion of RentWay?

We're limited by our own imagination [laughs]. We can continue to grow and take advantage of opportunities that are presented to us. We have a good solid management team that works hard and works smart. That's something I've been blessed with: an absolute, dynamic, fun group of hard-working folks that just never seem to want to quit. They just keep moving forward.

Do you think that it's RentWay's management makes it unique?

One hundred percent management. It's the quality of the people here and the commitment that they've made to working hard to improve the industry from a

standpoint of getting better products, better service to the customers and treating the customers well that makes the team work together well.

How do you find good people like that?

You recruit, you do a lot of talking, you spend a lot of time out there, you hold them to a high standard and they get to share in holding you accountable for high standards as well.

As far as RentWay's recent success is concerned — it seems like every quarter is another record-breaker — how do you account for that?

Again, it all goes back to the people dedicated to staying focused on the numbers, staying focused on their business, staying focused on doing what they're supposed to be doing and doing it for the right reasons.

Which are...?

Not just make every last dime of profit, but to build a continuously profitable company so it will be here for a long time. To make sure that it's a company where we can live up to what is embedded within our mission statement: To "create an environment where employees and customers feel welcome, wanted and important."

Do you think that comes across?

Absolutely I do. I think our folks work very diligently at that. We're constantly challenging ourselves to improve and hitting our mission of being the rental company of choice by creating that environment.

In what area do you see your mission statement being acted out in its fullest?

I would hope that we become continually better at delivering that "welcome, wanted and important" environment, as well as making continuously profitable decisions. You can make decisions today to be extremely profitable in just short-term profit. Sometimes you have to make a little less so that you'll be around for a long time. That means making investments in people, it means making investments in customers, it means making investments in relationships, in systems and infrastructure and those types of decisions are continuous prof-

"We're limited by our own imaginations. We can continue to grow and take advantage of opportunities that are presented to us. We have a good solid management team that works hard and works smart. That's something I've been blessed with."

itable decisions, not just short-term, "let's make as much as we can today" decisions.

How is competition in the industry?

People are extremely competitive, as in all retail businesses, but I think that they respect each other as dealers and realize there's enough out there for everybody and there's no need to get into nasty battles. But I think it's a fairly intense competition.

Do you see any competition coming from outside the industry?

I don't see any right now. However, there's always that possibility that as the industry continues to mature and develop and as more and more people start to understand and desire what the transaction offers, there could be some enterprising folks out there in the marketplace. But I don't see much of that happening.

Where did you go to school?

I attended Youngstown State University. I majored in law enforcement/criminal justice with a minor in forensic science.

Has that helped you in the rental-purchase industry?

Any education helps. You get exposed to different situations and circumstances. I don't remember who said it, but some great philosopher once said, "You're nothing more than the sum of your experiences." You never know what you're going to learn today that has the potential to help you. I have to say that all experience is educational, business and otherwise.

What's been your biggest business experience, the one you've learned the most from, either good or bad?

Taking the company public and keeping a public company growing and consistently delivering to the market has been my biggest challenge. Delivering and exceeding market expectations so that people maintain a high degree of interest in your company and its stock is a constant challenge. Hopefully they will believe in the vision of the company and have confidence in the team to execute what's been promised to the marketplace.

The industry is beginning to become a big contributor to Habitat for Humanity. You have been involved for a long time now. Tell us about your experience with Habitat.

I was involved with Habitat for Humanity here in Erie years ago when it first started. I was on the family selection committee. That was a time when basically the responsibilities were to help review people who applied for Habitat homes, to

look at their circumstances. It was a difficult process because you receive a lot of applications for homes and have to find the family that truly is most deserving. I think Habitat is a great charity because there is an equity created when an individual has to contribute by way of sweat-equity. They don't just get the house handed to them. They have to help work in a Habitat home and do certain things to be able to earn that interest-free mortgage. ■



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◀◀◀ **LOOKING BACK,**
HOW AND WHY A PRO CA

BY ED WINN III

industry without an association...



LOOKING AROUND at the most recent Association of Progressive Rental Organizations' convention in Florida, I saw relatively few faces from the "good old days." Instead, I saw many new faces representing the new blood in the industry. For the relative newcomers who have joined this exciting industry and whose companies are part of this loose confederation of competitors, a little history might offer some insight on how the industry got where it is today.

ME TO BE

MOVING FORWARD >>>

APRO HASN'T ALWAYS BEEN AROUND.

Ernie Talley and a few others will remember a thriving industry years before anyone thought about organizing a trade association. The idea of APRO began in the 1970s, when the infant rental business slowly started looking like an enterprise with real possibilities to a few visionary people who had stumbled into it. It was mostly the TV rental business back then. VCRs hadn't been invented. Furniture rental was an entirely separate industry aimed at apartment complexes and executives on location. There was no "rent-to-own" furniture business at all.

A fair number of early entrepreneurs got in the business to make a quick killing. They saw no long-term prospects and figured they would rent a few televisions for as much as they could and be ever ready to get out of town when things got hot. A few of the early rental dealers, however, held out hope for more and envisioned empires—dealers like Chuck Sims, founder of Remco; Tom Devlin, founder of Rent-A-Center; and Bud Holladay of ABC Rentals.

These would-be empire builders had a problem, however. They were in a business that had uncertain legal underpinnings. Companies were getting sued sporadically during the '70s and, even while winning these suits, rental dealers knew there had to be a better way to do business than through the courthouse. They wanted to make their point and legitimize the business on which they had staked their entrepreneurial futures. It was in July 1980 when Bud Holladay convened the first meeting of rental-purchase dealers in Dallas. Bud didn't know all of the players at the time, but sent invitations to the ones he did know, most of whom who had worked for one of the Talley brothers.

THE ASSOCIATION

The consensus thought that emerged from that first meeting of maybe 40 rental dealers was that they ought to consider forming an association to protect their interests. They first considered becoming part of several already existing organizations. Rental-purchase dealers talked to the American Rental Association, the Furniture Rental Association of America, various leasing trade associations and more. These and other trade associations related to the rental business had been around for years, had stable well-developed programs and were always interested in new members, but they had not had to confront the specific lease-sale legal issue of concern to this industry.

Rental-purchase dealers finally concluded that many issues were unique to the industry. They needed their own group. As an aside, some of the other rental groups at the time were insistent that this band of rental-pur-

chase dealers do nothing to besmirch the good and untainted name of "rental" in the marketplace or the political arena. These groups also strongly suggested that this industry delete the term "rental" from the association name and, while they were at it, from store fronts as well. At the same time, many rental-purchase dealers wanted to stay close to the stable and well-regarded world of rental and far away from the retail world in order to keep retailers from discovering this profitable new niche and attempting to capitalize on it.

After a careful study of the trade association marketplace, the Association of Progressive Rental Organizations was born as a separate, non-profit, corporate entity in November 1980.

While the U.S. Constitution guarantees freedom of association, rental-purchase dealers had to learn early on that there are rules about competitors associating among themselves. There is always the danger that a collection of competitors will become a conspiracy whose goals are to thwart the laws of supply and demand by fixing prices, markets or both. Early rental-purchase dealer meetings were full of instruction about U.S. and state antitrust laws and the many do's and don'ts that control the activities of business trade associations.

The original entrepreneurs responsible for the creation of APRO did so with the goal of easing the legal uncertainty that surrounded the rental-purchase transaction. This legal issue was the only reason some dealers joined the Association. They were not interested in making the industry "better" or in sharing industry business methods or "secrets." Tom Devlin said once that Wendy's and McDonald's owners didn't sit around talking about how to make hamburgers, and he wasn't about to talk to other rental dealers or anyone else about how to rent televisions. And he never did.

Nonetheless, the early Association did more than work the lease-sale legal issue. A number of dealers came to APRO meetings with financial statements from good and bad stores and patiently explained to anyone who cared to listen how they ran their businesses, what they looked for in people and in merchandise, store locations and what they avoided in marketing, advertising and collections. In short, the Association established an early tradition of the free exchange of information and ideas about making the business better, which to some extent continues today.

PROGRESSIVE

The initial group of rental-purchase dealers thought long and hard about who they wanted to be. In fact, the industry today may well owe its existence to the decisions



BUD HOLLADAY

reached in those early days. At the first meeting, those present estimated there were maybe a total of 400 stores in the country. Remco was the giant at the time with 50 outlets. Most rental dealers owned one or two stores—Tom Devlin had six at the time. Some viewed the business as necessarily rough. Customers were not honest, they thought, and the only way to run the business successfully was to be tough with them. Another camp viewed their customers differently, worthy of the same kind of respect and attention as customers of any other stores. Readers know that the second camp won the day



CHUCK SIMS



TOM DEVLIN



ERNIE TALLEY



APRO FOUNDERS UNDERSTOOD ACUTELY THE LEGAL PRICE FACED BY THE INDUSTRY IN THE ABSENCE OF ANY REGULATION WHATSOEVER IN THOSE DAYS. THE ASSOCIATION LED WITH THE RENTAL CONCEPT INTENTIONALLY. IT WAS AND REMAINS THE FOUNDATION OF THE BUSINESS. MOST PEOPLE JUST RENTED BACK THEN. MOST PEOPLE ARE STILL JUST RENTING WHEN THEY DO BUSINESS WITH RENTAL COMPANIES TODAY.

and named the Association “progressive” to reflect the attitude that this burgeoning industry could and should improve and treat its customers better while at the same time forging a lasting legal and political identity. Readers also know that the other camp still has not gone away entirely. They did, however, quit coming to Association meetings and doubtlessly viewed the original organizers as weak, ineffectual do-gooders who did not understand the true nature of the rental business.

The founders of APRO decided to name it and, indeed, make it “progressive” on purpose. The initial board spent a lot of time developing the list of purposes of the Association that are in the current APRO bylaws. Paramount to the organizers was the forging of a safe legal environment and they had the very progressive, even radical idea at the time, of initiating conversations with the government with the request that this unregulated industry be regulated.

Make no mistake, there were some howls about this approach. Some dealers were willing to have a group, but viewed APRO as a purely defensive mechanism in the legal and political arenas. They thought that their business and, really, all businesses, should be unregulated

and to go to the government at any level to seek regulation was the very height of folly.

Even among the camp wanting to go to Washington, there was intense disagreement over just how “progressive” the Association ought to be. Disclose rental rates? Maybe. Disclose the total rental purchase price? Never. Disclose whether the property is new or used? No. Customers won’t want to rent used stuff and, besides, you can’t always know in advance if you are delivering furniture from a central warehouse. The debates were constant, vigorous and are not really over yet. Witness the current debate over how to disclose cash prices.

RENTAL

Yes, APRO represents rental organizations. The last word may have been more marketing than anything, to give the group a catchy name. “Rent from A-Pro,” was one of the slogans recommended early on.

Rental dealers have never been certain exactly what to call themselves. The debate raged then. The debate rages still. APRO founders understood acutely the legal price faced by the industry in the absence of any regulation whatsoever in those days. The Association led with the rental concept intentionally. It was and remains the foundation of the business. Most people just rented back then. Most people are still just renting when they do business with rental companies today. APRO debated using the term “lease,” but it was not how the existing customer base knew the business and the term “rental” won the day.

No sooner was the Association formed than its representatives went straight to Washington, D.C., to seek a satisfactory answer to their chief legal issue. APRO met with the Federal Trade Commission and the Federal Reserve Board. The FTC had never heard of the industry, had never received any complaints and was not interested. The FRB, on the other hand, was in the middle of “simplifying” the Truth-In-Lending Act, understood the industry and the lease-sale issue and was interested in some federal clarification. Within three years of its creation, APRO saw a federal bill regulating rental-



THE EARLY APPROACH

purchase transactions with a scant six disclosures and clarifying that the transaction is a lease under federal law pass the U.S. Senate by a vote of 94-0, only to die, finally, in the House. Those were heady times and successful

ones. The Association was young and eager and light on its feet. Since then, it has matured and become more complex, much as the industry itself. Opponents today are better organized and more entrenched.

Without getting the quick fix it hoped for in Washington, APRO had to turn to the states. The state program has been successful. Most rental-purchase dealers now enjoy a safe legal environment allowing them and their bankers to sleep peacefully at night. A number of states today have well-organized and active trade associations of their own. But coming together as a group is not a natural tendency of competitors. Without a common goal or a common enemy, it rarely happens for legitimate purposes. APRO members have shared both common goals and common enemies over the years and have come together as perhaps few other industries in recent history.

Newcomers are part of a grand and important rental-purchase tradition — members of a vital and “progressive” organization that began with the industry’s best interests at heart and continues today with those very same interests in the very same place. ■

Ed Winn III is APRO’s general counsel. His e-mail address is edwinn@ibm.net.

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A look back at
APRO '98: "In Focus"
Convention and
Trade Show

Once more, with focus



Like the oxygen pumped into the casinos in Las Vegas to keep people up and gambling, Walt Disney World pumps never-ending entertainment options to keep its visitors hopping. The APRO '98: In Focus convention and trade show welcomed more than 1,289 attendees and vendors to Walt Disney World Contemporary Resort August 12-15. In between visits to Epcot Center, the Magic Kingdom and the endless variety of amusement parks, industry veterans and newcomers gathered to view the latest in products and services from the country's largest RTO trade show, with more than 275 booths from 144 exhibiting companies, to attend seminars and to honor their peers.

Highlights

▶ Barry Asmus kicked off the convention with an eye-opening address on the future of the American economy. Asmus touched on issues such as foreign trade, the ingenuity of American workers and reawakening the patriotic spirit.

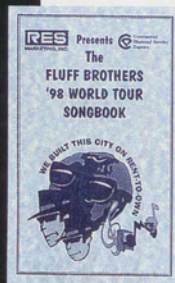
▶ 1997-98 APRO President Darryl Tissot of Countryside Rentals in Bainbridge, OH, passed the gavel and the APRO presidency to Ernie Lewallen of United Household Rentals in Cincinnati, OH, for 1998-99.

▶ APRO kicked off its affiliation with Habitat for Humanity International. Attendees previewed two public service announcements promoting the industry's participation in HFHI builds across the country, along with a video of the RTO industry's donation of 100 stoves to HFHI's 1998 Jimmy Carter Work Project in Houston, TX, in June.

▶ Former Home Choice CEO Bill White, Renters Choice CEO Ernie Talley, SKC Enterprises' Larry Carrico, Rental & Sales Software Systems' Larry Feldser and the Illinois and Missouri Rental Dealers Associations all received APRO's new "Buddy" award for exemplary conduct and contributions to the industry during the 1998 awards banquet. (See page 42 for highlights.)



APRO's 1998-99 President Ernie Lewallen of United Household Rentals in Cincinnati, OH.



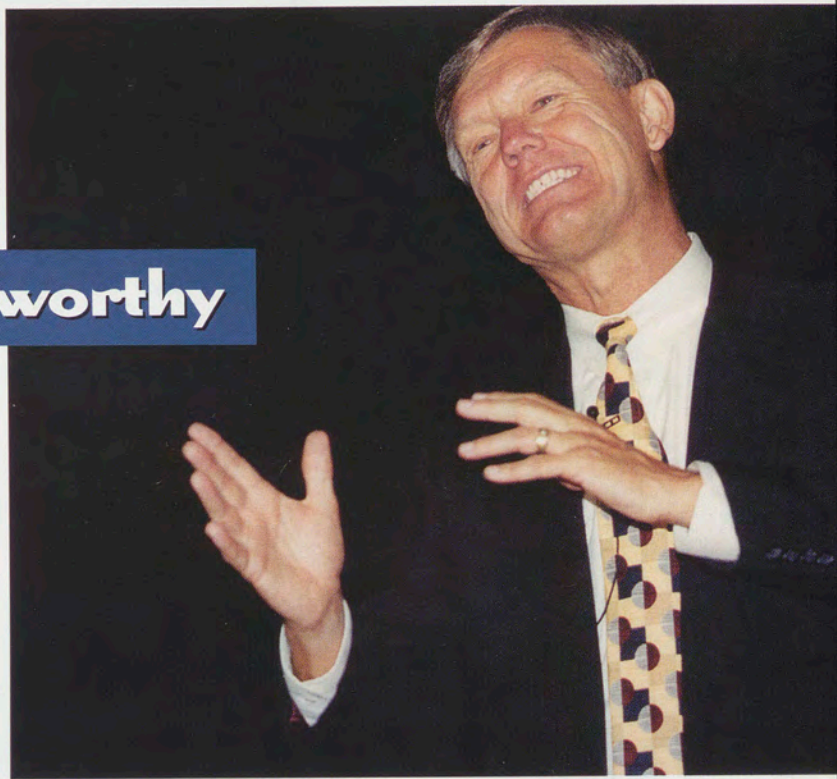
"Fluff Brothers" Jake and Elwood (aka Larry Sutton and Craig Smith) belted out some unique, yet vaguely familiar, tunes during the APRO '98: In Focus convention and trade show welcome reception, "Heart Attack Diner."

Heart attacks and Fluff





Keynoteworthy



Dr. Barry Asmus rekindled patriotism among APRO convention attendees with his keynote address. Asmus spoke of the importance of free enterprise, low taxes and limited government.



Ohio rules!

APRO's 1997-98 President Darrell Tissot of Countryside Rentals in Bainbridge, OH, gives his farewell address (top left). APRO Executive Director Bill Keese presents a birthday cake to incoming APRO president and birthday boy Ernie Lewallen during the Awards banquet (top right).





Convention attendees soared—or got down—to new levels during Thursday evening's gala cocktail reception, "Strike a Pose at Pleasure Island."

Striking poles



Trade show business



More than 275 booths from 144 exhibiting companies catering to the rental-purchase industry filled the exhibit hall floor. Jerry Bogo Co.'s Robby Tyson and Richard Grossman show Lynn Porter (center) the latest in watch styles and prices on the exhibit floor (right).



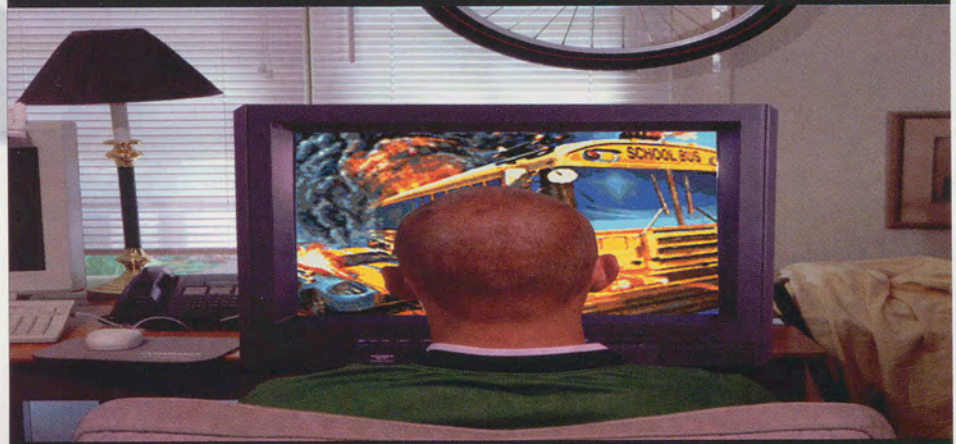


Departing directors

Outgoing 1997-98 APRO board members received recognition for a job well done. Pictured above, from left to right, are Bill White, Ron DeMoss, Larry Sutton, Rich Bartel, Sandra Blackwell, Gary McDougal, Mac McCullar and Joe Arnette.



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Buddy is born



"Nothing great was ever achieved without enthusiasm," said Ralph Waldo Emerson. It is the enthusiasm and achievements of those APRO members who have gone above and beyond their duty to make RTO the best industry it can be that is recognized each year. At the annual APRO Awards Banquet held August 15 during the 1998 APRO convention, the recipients of the Lifetime Achievement Award, the President's Award of Excellence, the Rental Dealer of the Year, the State Association of the Year and the Norm Smith Vendor of the Year award were named. These outstanding individuals and organizations received the first "Buddy" awards. The new cast bronze statuette is named after Bud Holladay, APRO's first president, and signifies camaraderie and team spirit.



Darrell Tissot honors Bill White.

Every so often, APRO recognizes those achievers whose contributions to the industry span a lifetime. This year, APRO presented its Lifetime Achievement Award to Bill White, former CEO of Home Choice Inc. White served as APRO president from 1995-97

Lifetime Achievement Award

and was one of the longest-serving board members in APRO history. It was during White's term as APRO president that the Association began its foray into image building and boosting the public relations effort on

behalf of the industry.

It was also during White's term as APRO president that the industry finally realized long-sought tax relief with the successful passage of the Tax Relief Act of 1997, in which the Internal Revenue Service recognized the rental-purchase transaction as a lease rather than a sale. White opened his first Action TV, Stereo and Appliances store in 1975, which he built to a 102-store chain by 1996, when he sold to what is now Home Choice Inc. White, 64, recently resigned as Home Choice Inc.'s chief executive officer in July, 1998, to pursue other interests.

One of the highest honors bestowed upon an APRO member is the annual President's Award of Excellence. It is awarded to the person who exemplifies the best of the industry through operations, involvement and support of industry goals. This award can go to anyone who represents what the industry strives to be as a whole. This

President's Award of Excellence

year, the award went to Ernie Talley of Renters Choice.

It's been said that in Italy, all roads lead to Rome. In rent-to-own, it seems, all roads lead back to Ernie Talley. Talley began building the first chain of RTO stores in the 1960s, sold them and got out of the business by the mid-'70s and re-entered RTO in the 1990s with what is now

Renters Choice. Nearly every major dealer who has contributed to furthering the rent-to-own industry sprang forth from Talley's employ. With his reintroduction to the industry, he lead the effort to bring rent-to-own into the public trading arena, another very significant milestone for the industry. His success as a publicly traded company has

turned the heads of Wall Street to Congress. His company has grown (twice) from a multi-store chain to leaders of the industry. He embodies the history of rent-to-own and his company represents the future and commitment to APRO and the industry.



Joe Arnette accepts the President's Award of Excellence for Ernie Talley.



Larry Carrico (right) receives his "Buddy" from last year's recipient, Dan Weiss.

The Rental Dealer of the Year was awarded to Larry Carrico of SKC Enterprises Inc. dba Rent One, based in Mount Vernon, IL. Carrico's involvement in the state associations of Illinois and Missouri has kept those two states in the forefront of rental-purchase legislative issues. He has served as president of the Illinois Rental Dealers Association for several years.

More recently, Carrico has created his own in-house ad agency, applying the recent APRO research results to improve the image of his company through better advertising. He coordinated

the only 1997 statewide media buy of APRO's new commercials for Missouri dealers, negotiating with every television station throughout the state. In addition, Carrico is the current president of the area's United Way and has raised funds for Habitat for Humanity. He is an

Rental Dealer of the Year

exceptional rental dealer who has advanced the RTO concept in a positive and recognizable manner through store management, community involvement and support of legislative efforts.

The State Association of the Year award is awarded simultaneously to the Missouri and Illinois Rental Dealers Association. Both of these state associations have gone above and beyond meeting the criteria for receiving this award. The criteria includes the establishment of a well-defined leadership structure, including periodic election of officers, a continuity of organizational structure with annual or regularly scheduled meetings and, most importantly, the State Association of the Year must have sustained membership support over time and demonstrated strong legislative and educational performance. Under the leadership of MRDA President "Tiger" John Cleek and IRDA President Keith Carrico, these state associations were recognized for their exemplary performance over the past year.

State Associations of the Year

Illinois Rental Dealers Association President Keith Carrico



The Norm Smith Vendor of the Year award is given to an outstanding associate member who has supported the Association and its activities. This year, Les Feldser of Rental & Sales Software Systems received this award. Feldser has been an active member of APRO for more than 10 years and has been involved in the industry since it started. A former rental dealer, Feldser has been a member of the APRO vendor relations committee. Not only does RSSS offer support through advertising and event sponsorship, but also has supported the industry through his involvement and promotion of the industry.

Vendor of the Year



Les Feldser (right) accepts his award from last year's recipient, Al Zagorniak.



Missouri Rental Dealers Association President "Tiger" John Cleek

RAE Award winners

Print materials — brochure or free-standing insert, one page, front and back

Silver: Larry Carrico, SKC Rent-One; ad agency: Imagery, Rick Linton
Bronze: Larry Carrico, SKC Rent-One; ad agency: Imagery, Rick Linton

Print materials — catalog/brochure, four pages or more

Gold: Paul Gibbons, ColorTyme Inc.
Silver: Robert Shiffler, Shastar Inc.
Bronze: Paul Gibbons, ColorTyme Inc.
Bronze: Tom Neyhart, Utica Rental Systems
Bronze: William Wendell, Blue Ribbon Rentals

Print materials — in-store point of rent signs, posters, banners

Silver: Paul Gibbons, ColorTyme Inc.
Bronze: Mac McCullar, First American Rental; ad agency: In-house, Monica Lillard

Print materials — other [door hangers, coupons, contests, etc.]

Silver: Dan Weiss, Weiss Brothers
Bronze: Norm Slatton, Buddy Bi-Rite; ad agency: In-house, Joe Gazzo

Order solicitation — direct-mail pieces

Gold: Dargan Leasing; ad agency: Central File, Steve Leach
Silver: Gary Ferriman, Showplace Inc.
Silver: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Silver: Martin & Sheehan; ad agency: Central File, Tom Weirich
Silver: Norm Slatton, Buddy Bi-Rite; ad agency: In-house, Joe Gazzo
Bronze: Gary Ferriman, Showplace Inc.
Bronze: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: Norm Slatton, Buddy Bi-Rite; ad agency: In-house, Joe Gazzo

Newspaper — color, half page or more

Bronze: Larry Carrico, SKC Rent-One; ad agency: Imagery, Rick Linton

Radio — 60 seconds

Silver: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: Gary Ferriman, Showplace Inc.

Television — less than \$1,000

Bronze: Wayland Russell, Rainbow Rentals Inc.;
ad agency: Rainbow Advertising, Terry Polonsky
Bronze: Robert Fishman, Rentown LLC CT

Television — more than \$1,000

Silver: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: Paul Gibbons, ColorTyme Inc.

Specialty item

Bronze: Ernie Lewallen, United Household Rentals; ad agency: Central File, Steve Leach

Creative campaign design

Gold: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Silver: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy
Bronze: William Morgenstern, RentWay; ad agency: Bernstein-Rein, Suzanne Levy

Store display/layout

Silver: Joe McFarland, Showcase Rent To Own
Bronze: Wayland Russell, Rainbow Rentals Inc.;
ad agency: Rainbow Advertising, Terry Polonsky



Highli

APRO attendees took more than just one revolution on the dance floor during the convention's final event and awards banquet, "Beatlemania," on Saturday night.

Yeah! Yeah! Yeah!





COMPUTERS

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

Alliance Computing Technologies Inc. *+^

Contact: John P. Foster
3105 West Waters Ave., Ste. 215
Tampa, FL 33614
813/936-0165
Fax 813/209-0184

Almo Distributing *

Contact: Jim Lewis
8600 109th Ave. N.
Champlin, MN 55316-3743
612/566-3055, ext. 102
Fax 612/566-9112

BDI Distributors **

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

Blue Ridge Computers **

Contact: Bob Yarbrough
1201 N. Salisbury Ave.
Spencer, NC 28159
704/642-1002
Fax 704/642-0901

CMAX Inc. *

Contact: Wayne Wilhelm
PO Box 3683
Cleveland, TN 37320-3683
423/476-9148
Fax 423/476-9140

Futureware Enterprises Inc. ^ +

Contact: Ron Ganus
5026 Gall Blvd.
Zephyrhills, FL 33541
813/782-6299
Fax 813/788-1711

High Touch Inc. * + ^

Contact: John Rogers
1900 N. Amidon, Ste. 200
Wichita, KS 67203
800/326-6059
Fax 316/832-9503

Ideal Software Systems **^

Contact: Todd Vance
P.O. Box 110
Meridian, MS 39302-0110
601/693-1673 x 104
Fax 601/693-1680

RENTEK *

Contact: Jerry Rankin
6804 Bancroft Woods Dr.
Austin, TX 78729
800/9-RENTEK
Fax 512/249-0643

Rental & Sales

Software Systems **^

Contact: Les Feldser
457 Robert Dr.
Corpus Christi, TX 78412-2454
800/334-5224
Fax 512/993-1731

Rental Information

Systems Inc. **^

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

Statement of ownership, management and circulation

Title of publication: Progressive Rentals. Publication number 8750-6106. Date of filing: 9/23/98. Frequency of issue: published bimonthly. No. of issues published annually: 6. Annual subscription price: \$30. Complete mailing address of known office of publication: 9015 Mountain Ridge Drive, Suite 220, Austin, TX, 78759. Contact person: Laurie Derton. Telephone: 512/794-0095. Full names and complete mailing addresses of publisher and owner: Bill Keese, Association of Progressive Rental Organizations, 9015 Mountain Ridge Drive, Suite 220, Austin, TX, 78759. Known bondholders, mortgagees and other security holders: none. Tax status has not changed during preceding 12 months. Publication title: Progressive Rentals. Issue date for circulation date below: July-August 1998. Extent and nature of circulation (average no. of copies each issue during preceding 12 months and to actual no. of copies of single issue published nearest to filing date, respectively): total no. of copies 6538, 5600; paid and/or requested circulation, sales through dealers and carriers, street vendors and counter sales: 0, 0; paid or requested mail subscriptions: 6049, 5090; total paid and/or requested circulation: 6049, 5090; free distribution by mail: 98, 74; free distribution outside the mail: 210, 300; total free distribution: 308, 374; total distribution: 6357, 5464; copies not distributed: 174, 116; returns from news agents: 0, 0; total: 6531, 5580; percent paid and/or requested circulation: 95.2%, 90.4%. Signed, Bill Keese, publisher.

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~R T O~

on display

Whirlpool heats up the kitchen

Busy families who need to cook multiple meals simultaneously can now do so with ease with Whirlpool's new freestanding electric range. Featuring a ceramic cooktop, electric EZ Touch control panel and Super Capacity 465 oven (the largest in the industry), the Whirlpool Gold range fits a wide range of needs. Also included with the range is a new Keep Warm fifth element, which works like a low-watt hot plate to keep dishes warm until other dishes are ready to be served. And no matter how many meals are cooking in the oven, customers can count on consistent baking performance every time with Whirlpool's AccuBake system.

For more information, contact Bradley Wire, Whirlpool Corp., 2000 M 63, Benton Harbor, MI 49022, 616/923-3243.

Accutrak provides background checks

By searching through job applicants' criminal history, credit history, Social Security number verification and driving records,



Accutrak provides employers with a background check that is thorough enough to defend against any irresponsible hiring claims in court.

Since the negligent hiring civil tort was judicially created in 1979, litigation against employers who don't conduct such background checks has exploded

across the country, with the average award approaching \$2 million. By showing a lack of "due diligence" in the hiring practices of a company, a plaintiff can hold a company responsible for the actions of an employee beyond their normal job responsibilities.

Additional benefits to

background checks include increased productivity and a safer, more productive work environment. It is also proven that conducting background checks acts as a powerful deterrent to dangerous and violent people who may otherwise apply for employment. Since the cost for a typical back-

ground check is often less than one day's wages for the average employee, this service is a cost-effective investment for any business.

For more information, contact Tom Nelson, Accutrak Professional Investigative Services, P.O. Box 260, Allen, TX, 75013, 972/390-2109.

Home Star expands folding chair line

A jump in the number of home offices and family entertaining events has led to the virtual reinvention of the folding chair. Just in time for this trend, the Home Star division of Office Star Products recently expanded its folding furniture selection to help dealers capitalize on this opportunity.

Now that America knows that folding chairs aren't just for bridge anymore, Home Star offers folding chair styles from the heavy duty all-metal classic to the Scotchgard-ed™ dinner seat. Ideally suited for the rental market, Home Star has also



Ther-A-Pedic launches new luxury mattress line

Ther-A-Pedic unveiled its new D'amani International Collection of luxury bedding, featuring a series of three ultra-premium beds: the Florencia, the Tuscana and the Calabria. All three mattresses offer the patented Triple Edge support system, a state-of-the-art construction designed to prevent edge breakdown, a heavy-gauge box spring coil system, hand-crafted padded handles and a strong consumer warranty package good for up to 20 years, non-prorated.

Competitively priced, the Florencia features a customized duvet pillow top, filled with luxurious materials such as cashmere and silk; the Tuscana and Calabria were designed to cradle the body naturally and provide a well-balanced, rejuvenating sleep.

For more information, contact Niles S. Cornelius or Michael Pino, Ther-A-Pedic International, 601 Bound Brook Rd., Middlesex, NJ 08846, 732/968-1777.

added the lightweight and durable Model FD70011 and FD70012 with built-in

carrying handles for easier set-up and dismantling. They come six to a case pack for economical shipping and can be easily stacked with today's most popular auditorium-style folding chairs.

For more information, contact Jerry Peluso, Office Star Products, 2883 Surveyor St., Pomona, CA, 91768-3251, 800/950-7262.

Deliver legendary service

Get your staff into the habit of delivering leg-

endary service and rentals with Signature's service and sales techniques. Offering a customized, one-day program designed to convert routine telephone inquiries into rental contracts, Signature can assist your employees in turning up the volume on your store's BOR.

The Signature program is comprehensive and includes a thorough assessment of your operations, a customized program and materials, interactive training, coaching calls, shopping calls and quarterly training. This training is

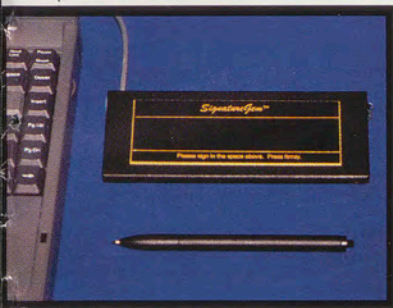


an investment in your staff as they learn critical service skills. It is an investment in your customers as they will receive the level of service they desire. It is an investment in your business because now you will be converting opportunities that would have been missed.

For more information, contact Barry Himmel or Mike Wolever, Signature Legendary Sales & Service Training, 3770 Ridge Mill Dr., Hilliard, OH 43026, 614/766-5101.

Electronic signing on the go

Collecting signatures electronically eliminates paperwork and saves company time. Topaz Systems' SignatureGem, with its compact and light design, is a portable unit which uses an electronic pen to



digitize signatures for computer storage. Powered through a computer's serial port, the SignatureGem comes with signature capture software to get you up and running immediately for the price of \$210.

For more information, contact Anthony Zank, Topaz Systems, 1875 Angus Ave., Unit B, Simi Valley, CA, 93063, 805/520-8282.

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As the industry changes, what role to you see APRO taking?

Richard Ortley

GO LEASING
ARDMORE, OK

I am a member of APRO and state president for the Oklahoma Rental Dealers Association. With the big guys getting bigger, they still have their stores in local areas. Their concerns are the same as ours: to get federal legislation passed that would benefit us all in the industry. I see no conflict of interest. APRO does a good job representing both large and small dealers.

Amy E. Zeller

CITY RENTALS
DEFIANCE, OH

Due to the shifting structure of the big players, they have more exposure than ever before. APRO should maintain a dues structure that allows small dealers the full benefits the Association offers, while shifting the load to the larger companies who have the biggest liability, who have the opportunity to gain or lose more.

APRO could possibly find ways to tailor a program so the small, independent dealers can survive like the big guys. Perhaps it could set up a committee geared toward the independent dealers so we won't get lost in the shuffle.

Most important, APRO should maintain attention and dedication to the smaller dealers. Big or small, we are all in the same industry and need our national trade association and its continuous support in maintaining our legislative position, image and industry.

Dan Companion

RENTAL EXPRESS
BURLINGTON, VT

APRO has been contributing to smaller dealers in many ways, especially since the big guys have the resources to represent themselves. The larger chains have their own legal, accounting and public relations departments where the smaller guys rely on APRO for assistance in those areas. In that regard, APRO has to stay on the cutting edge to help keep the smaller dealers alive with better business practices, better buying opportunities similar to TRIB and these types of things.

However, there is still enough margin of profit for big and small rental-purchase dealers to work together. We are a service industry where our customers enjoy seeing and working with familiar faces — whether those faces belong to a large or a small chain.

APRO has done a good job keeping the small and big dealers together. In our industry, the small guys still mean something. However, if APRO allows the larger companies to dictate to the rest of the industry, we'll see segregation. This industry can't handle internal conflict as there is so much external conflict to deal with.

It concerns me that some of the big chains don't think they have to be a part of the industry

association anymore. If there is dissension within the Association, it will cause a downfall to the industry. APRO needs to do its best to keep together its team effort.

Stewart Libby

RENTOWN INC.
PRESQUE ISLE, ME

I run a two-store outfit. I need APRO for its representation and its resources. Most every time I've used the services APRO has to offer, I've been pleasantly surprised. However, I'm told that the trend in this business is that all the little guys will be absorbed by the larger chains. How that is going to affect the industry, I'm not sure.

If the big guys decide they don't need APRO anymore, how is this going to affect APRO's level of effectiveness and the amount of dues I pay? My immediate reaction is that services will be cut. I would like APRO to continue at the same level as it has been.

If APRO's benefits are slanted toward larger dealers today, I am not aware of it. The single biggest issue I see is that there is no way to make someone belong to the Association. We need APRO. It's a clearinghouse for the industry, for information. I am concerned that we remain united in our efforts, not divided. ■



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