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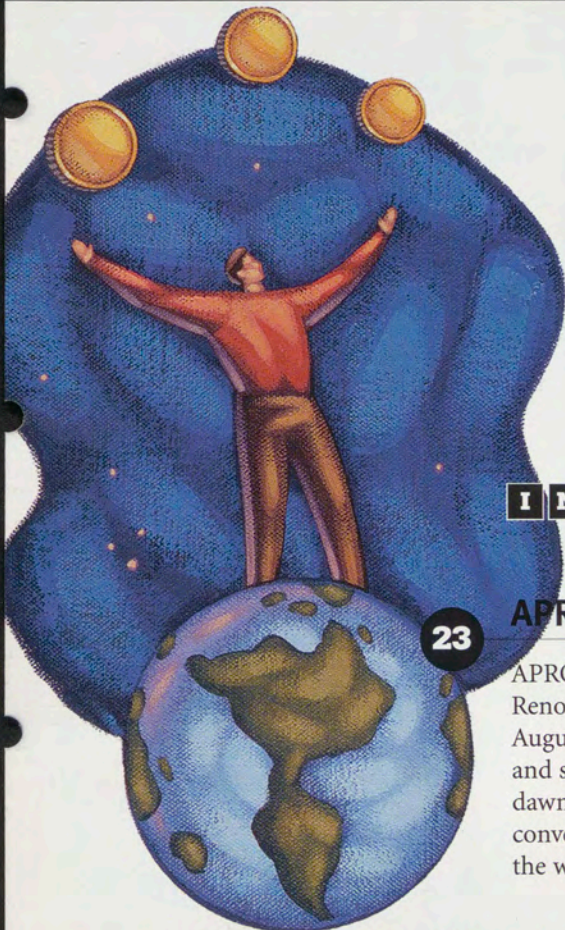
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APRO '99: Mining your business

APRO has lined up a spectacular adventure in Reno for its 1999 convention and trade show, August 9–12. Out-of-the-ordinary parties, seminars and special events will keep you entertained from dawn to dusk. Check out what's in store for 1999 convention-goers in Reno, "the biggest little city in the world," this summer.

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Writer Allison Hunt caught up with seven of APRO's past presidents to see what they're up to these days. While some have gracefully crossed the retirement river, most have kept their hands in the industry by either starting new stores, continuing in the same business or investing in sideline interests. One thing is definite — each has a past to be proud of and is busy planning for the future.

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Rental revelations: What our customers think

Conducting polls may not be the best way to run the country, but it is still the best way to run a business, says APRO General Counsel Ed Winn III. The second APRO rental-purchase customer survey results were released earlier this year. Find out just how happy or unhappy your customers are and just how well they understand the rental-purchase transaction.

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Meet Rent Rite's Ed Stanko, who has a plan to turn his 17-store Florida rental-purchase chain into a big industry contender in the next few years. Free-lance writer Markus Beeby talked to Stanko to find out just how he plans to take Rent Rite to the next level and why Rent Rite is going to stand out from the crowd.

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SEEING OUR APRO FRIENDS
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Rentals

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

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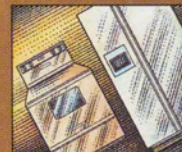


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Legislative Conference reaps sponsors

More than a dozen new co-sponsors to the rental-purchase industry's federal legislative initiative, H.R. 1634, signed on due to the overwhelming participation in this year's annual Dave Egan Legislative Conference, held in Washington, D.C., May 4-6, at the Doyle Washington Hotel.

More than 75 rental-purchase dealers from across the country made their voices heard in more than 160 meetings with congressional offices. Not only did the usual crowd of politically involved rental dealers show up for the three-day event, but also the largest gathering of first-time Conference participants



attended by not only the visiting rental-purchase dealers, but more than a dozen staffers and congressmen.

Overall, the 1999 Dave Egan Legislative Conference was a success in attracting new bill co-sponsors, raising new APRO political action committee funds as well as introducing first-time industry dealers to the in's and out's of the political process.

signaled new strength for the industry's federal legislative effort.

On Wednesday evening, conference attendees were treated to a tour and dinner at Mt. Vernon, George Washington's estate. Rep. Walter Jones, sponsor of H.R. 1634, and his legislative aide, Glenn Downs, were in attendance for the night's festivities.

A congressional luncheon, held on Thursday at the Cannon Building on Capitol Hill, was well-

Left top: Rep. Jones' Chief of Staff Glen Downs, APRO President Ernie Lewallen and Rep. Walter Jones [R-N.C.] Left below: Participants Mamie Harper, Joe Arnette, Kim Slatton and Tiger Cleek. Top: Mamie Harper and Rep. Jones. Above: Participants Rich Bartel, Sandra Blackwell, Dan Weiss, Kim Slatton, Terry Beville, Mark Windsor and Jeff Lebakken.



L. Dowell Arnette, former chief operating officer for Rent-A-Center, was promoted to the additional post of president. Arnette has more than 26 years of experience in the rental-purchase industry. Before joining RAC in 1993, he was executive vice president of DEF Investments, which was acquired by the company that year.

Mark Speese resigned from the position of president of the company, but will continue as a director and significant shareholder. "Mark Speese has been with the company virtually from inception and has contributed mightily to our success," says J. Ernest Talley, chairman and CEO.

Rent-A-Center also announced that **Dana F. Goble**, a senior vice president with the company, was appointed executive vice president of operations, the position held by Arnette prior to his recent promotion. Goble also hails from DEF Investments, which was acquired by RAC in 1993.

Cathy Geis has achieved great success since she accepted a position with Used Appliance Warehouse as rental manager a year ago in Pittsburgh, PA. Utilizing her 12 years of experience in the rental industry, Geis and her assistant, Bill Knauff, established affordable bi-weekly and monthly payments, improved customer service and made customers feel at home with Used Appliance Warehouse. Their efforts have expanded the rental department to more than 500 agreements, with continuing growth every month and a delinquency rate of around 10 percent.

Total Package Marketing Inc., a printing, direct mail and sales promotion management firm based in New Jersey, has announced two staff promotions and additions. **Pat Martin** has been appointed direct mail coordinator. **Joseph McMaster** joins TPM's sales and marketing department as a sales and marketing coordinator.

Rent-A-Center succeeds with unique SKU rationalization

The stock price of Rent-A-Center, formerly known as Renters Choice, suddenly shot up by almost \$4 on April 13 after reporting that the \$30 million in synergies

that it projected for the acquisition of Thorn Plc. in 1999 are moving ahead of schedule.

A key element of Rent-A-Center's strategy has been its stock keeping unit (SKU) "rationalization." By eliminating lower-priced rental merchandise like pagers and mobile phones and shifting toward branded elec-

tronics, furniture and appliances, Rent-A-Center has been able to increase both the number of units on rent as well as the average price per unit in stores.

More important, the SKU rationalization entails the wholesale dumping of non-core items. When RCII acquired Rent-A-Center

and then took its name, it lowered the SKU count from 1,000 to about 150. This promptly reduced delinquencies to roughly 6 percent. Eliminating discount promotions that led to big volume and even bigger collection headaches was key to Rent-A-Center's current success.

In the future, look for Rent-A-Center's changes to the incentive structure for store managers, market managers and senior management—aligning compensation with unit level operating performance.

RentWay introduces revolutionary program

After climbing to the No. 2 slot in the rental-purchase industry, RentWay will now attempt to further increase its market share this month with the television debut of two new spots and a revolutionary new rental program.

The spots tout RentWay's new Lifetime Reinstatement program, which lets customers return items anytime, for any reason, and then re-rent them without losing their investment. According to RentWay's Director of Advertising Michele Brooks, this is an industry first.

"Lifetime Reinstatement will change the way

people look at renting," Brooks says. "At most places, if a customer has to bring something back and then wants to rent it again later, he has to start over. But with Lifetime Reinstatement, he simply picks up where he left off. That puts him one step closer to owning it."

It should also put RentWay one step closer to dominating the estimated \$4.4 billion rental-purchase industry. The Erie-based company has already captured more than 10 percent of the nation's rent-to-own business. It recorded its 20th consecutive quarterly increase in earnings and more than \$177 million in revenue for the last fiscal year.

With the Lifetime Reinstatement program, RentWay hopes to build an unprecedented level of customer loyalty in an industry that has come under fire from consumer groups for repossessing merchandise when customers miss payments near the time they would acquire ownership. This program ensures that no customer who wants to own merchandise will be deprived of that opportunity.

"Everyone goes through some kind of financial constraint at one time or another," Brooks says. "But if we can help a customer through those times, we're likely to keep that customer. And in an industry where cus-

tomers bounce from company to company, that could have a huge impact in building brand loyalty."

RentWay's multi-million dollar national television campaign began in April with two humorous spots using problem/

solution scenarios to show the advantages of Lifetime Reinstatement. The campaign will also incorporate telemarketing and direct mail to spread the word, as well as special point-of-sale kits for each store.

FTC survey complete

The Federal Trade Commission survey that was publicly requested last year on rental-purchase customers has been completed. Results will be released sometime in the summer, according to Ron Waters, APRO government affairs director.

During APRO's meetings and communication with the FTC, officials

claimed the purpose of the survey was to gather information in case of potential legislative activity. A recent draft of a White House proposal regarding a consumer privacy protection act, however, mentioned rent-to-own in one of its provisions but reserved action prior to the release of the FTC survey.

APRO will continue to



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13-15
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Dealers Association Trade Expo,
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23-27
San Francisco Furniture Market,
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APRO's Annual Convention and
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13-17
NARDA Summer Institute,
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19-22
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The same old story...

Attorneys general throughout the nation are releasing news articles that are appearing in newspapers across the country. The headlines range from "Rent-to-own: know the costs," "Rent-to-own may not be a good deal" to "[Attorney General] Doyle warns against rent-to-own scams."

"These type of articles are nearly a decade old," says Ron Waters, APRO director of government affairs. "And it's always the same old story."

Recently, a number of these articles have appeared in newspapers in Wisconsin, an unregulated rent-to-own state, by the state Attorney General James Doyle. Other articles have appeared in papers in Iowa, Texas and Minnesota. They are in sharp contrast to articles seen in the Philadelphia Inquirer and, recently, in the Sioux Falls (SD) Argus Leader.

The Sioux Falls paper ran a story in January 1999, entitled "Attraction grows for renting technology." The story featured the flexibility of the rental-purchase transaction touting, "if you're dazzled by the latest technology, but dazed by the price tag, take heart. Instead of buying consumer goods, many people are opting to rent or lease."

The story featured APRO member, Elmen Rent All, quoting marketing director John Anderson.

Along with the Sioux Falls article, other positive articles are popping up throughout the nation. An APRO-sponsored initiative has seen placement of a newspaper article titled, "Rent-to-own products:

Solution to staying out of debt," in New York, Chicago and Butte, MT.

This just-released article is being distributed through a media placement company called the North American Precis Syndicate, or NAPS, which provides articles for newspapers throughout the nation. APRO plans to release four articles by the end of the year. The second article will be released at the end of May.

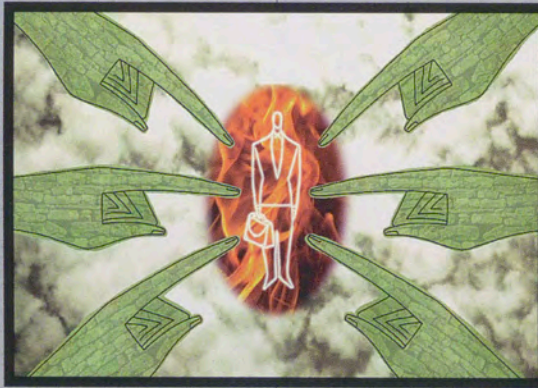
"It is unfortunate that the Wisconsin attorney general also has a similar media campaign except with a negative message," says Gary Romine, APRO Public Relations Chairman.

"Especially in light of the recent Council of Better Business Bureaus

Annual Inquiry and Complaints report."

The CBBB report shows rent-to-own with only 171 complaints in one year, ranking No. 227 among other businesses, which represents a drop of 18 percent from five years ago. Rent-to-own falls well below the retail industry and computer dealers. Computer dealers ranked No. 5 with 6,662 complaints. Not only have consumer complaints about rent-to-own dropped, but satisfaction levels with rental-purchase customers is 10 percent to 15 percent greater than retail counterparts, according to the latest rent-to-own customer survey by America's Research Group.

While attorneys general churn out the same old story, maybe they should take a new look at rent-to-own because rental-purchase is not the same old industry.



monitor the progress of the survey and would like to remind everyone that this may cause future public debate and legislative activity regarding rental-purchase—good or bad.

Shoppers' View introduces customer card

Shoppers' View is offering the rental-purchase industry its latest customer comment card program, which can be used to compliment its other services, including the Customer Care Program, on-site evaluation services and telephone mystery shopping.

The new program will give a short, postage-free card to every customer who has merchandise delivered. The customer will then rate the rental store on several key areas and provide other valuable feedback for rental dealers. Shoppers' View will send a monthly recap report to the company, breaking down overall results along with a recap by each store.

This program will offer rental dealers an easy way to monitor customer satisfaction. It will also alert a company to customer concerns so actions can be taken promptly. Interested companies should contact Blair Bundt or Steve Leach at Shoppers' View at 616/356-2588.

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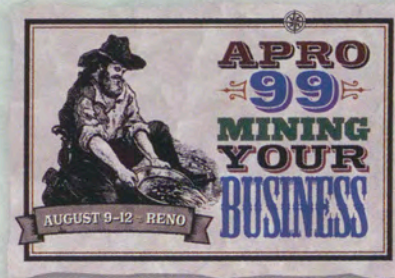
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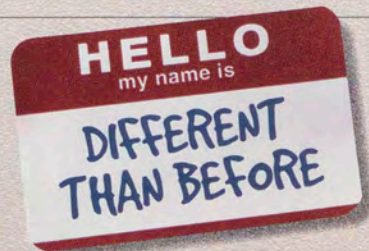
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LJ Koch of Koch Originals dies

Koch Originals President, Louis J. Koch, died on February 25, 1999. He was 74.

Koch was involved in many major projects at George Koch Son Inc. before spinning its metal craft division into Koch Originals, a high-end manufacturer of furniture, wedding candelabra and related accessories.

Koch's sons will continue to run the family business. Albert Koch will succeed his father as president of the Koch Originals; George and Kim Koch will serve as vice presidents.

Bell Furniture, International Bedding team up

Bell Furniture Industries Inc. and International Bedding Corp. have teamed up to create Bell Sleep Products, a new line of high-quality bedding products. Bell Sleep Products will be manufactured

in IBC factories and strategically located throughout the country.

"This exciting new product line is being developed with the guidance of Bell Furniture Industries' major accounts, utilizing IBC's exclusive designs and proprietary spring technologies," says Tom Holmes, president of Bell Furniture. "Furthermore, this new venture will allow our extensive Bell dealer base to enjoy the same great merchandise, technology and profit that only the very largest mattress retailers in the United States could experience."

The premiere showing of Bell Sleep Products was unveiled at the High Point Market in April.

Standard acquires Frisco

Standard Furniture has acquired the factory, equipment and product line of Frisco Manufacturer., a former competitor in promotional

Same staff, new names

You might see some new APRO staff names in this magazine or on the APRO Web site and think that there's been a big turnover at the office in Austin.

To the contrary, the APRO staff has not changed personnel since 1986. What has changed, however, are the names of several staff members.

APRO Membership Director Carolyn Fitzsimmons is now Carolyn May; Marketing Director Cindy Ganther is now Cindy Ferguson; Communications Director Julie Sherrier will soon be Julie Stephen; and Administrative Assistant Amber Roberts is now Amber Watts. Just for the record, Carolyn May is APRO Public Affairs Director Richard May's sister and Cindy Ferguson is not related to Art Director Neil Ferguson. Rumors that Executive Director Bill Keese may change his name to The Boss Formerly Known as Keese are unfounded.

bedroom and dining room suites. The 200,000-square-foot Frisco plant in Frisco City, AL, started production on April 5 after a one-month shutdown. Furniture began shipping in early May.

Frisco filed for Chapter 11 bankruptcy protection in February after Michels & Co. withdrew its offer to buy the company. The acquisition by Standard ends Frisco's 52 years in business. Standard did not disclose the terms of the deal.

Standard will be blending some of Frisco's best-selling suites into its own product line. The transition is expected to be smooth due to the estimated 70 percent overlap in the two customer bases, says Don Mecke, vice president of

sales and marketing for Standard. The acquisition will provide both a wider merchandise assortment and some needed manufacturing capacity for Standard, bringing its total production space to 1.8 million square feet.

Positive press/negative press

▶ Attitudes toward the RTO industry may be changing in New Jersey. The *Today's Sunbeam* spotlighted South Jersey Latinos and Friends, two local New Jersey organizations that are supporting legislation that will educate consumers about rent-to-own options. Efrain Feliciano, chairman of South Jersey Latinos, is confident that

Correction

Danny Bozof is the new national accounts manager of rent-to-own for River Oaks Upholstery Company, not Gentry Upholstery, as was reported in the previous issue of *Progressive Rentals*. Bozof will be working with River Oaks CEO Tom Deitrich, former vice president of Ashley Furniture.



the legislation will benefit Latino consumers.

"Basically, what I was really concerned about was the issue of full disclosure to the consumer and that if the consumer does not speak English, they be provided with translated information," says Feliciano.

Michael Turner, spokesperson for Alliance for Consumer Rental Options, stressed that the legislation will require a detailed disclosure, including the amount of monthly payments, the total it would cost to purchase the product from the rent-

to-own dealer, the rental rate and the current price of the product if the consumer were to purchase it from a retail store.

▶ Atlanta-based Aaron's Rental Purchase recently named its Bakersfield, CA, location Store of the Year for 1998. Surpassing the revenues of all 136 Aaron's Rental Purchase franchise stores across the country, the Bakersfield location is the first of 24 Southern California stores to be opened within the next two years, reported the Bakersfield *News Observer*.

Franchisee Randy Sultan, president of Sultan Financial Services, opened the Bakersfield store in December 1997, and his second store, located in Fontana, CA, opened in October 1998. Sultan plans to open four more.

"We're always on the lookout for the next growth market and Southern California is at the top of our list," says Todd Evans, Aaron's vice president of franchise development.

▶ The rental-purchase option is making sense to all types of movers.

Tony and Chona Tor-

res made the move to the United States and into an apartment last year from the Philippines. Furniture was something they left behind because furniture shipped from the Philippines to the United States was likely to be damaged. The Aurora, IL, couple didn't have the money to replace it, so they rented it all, according to Copley News Service.

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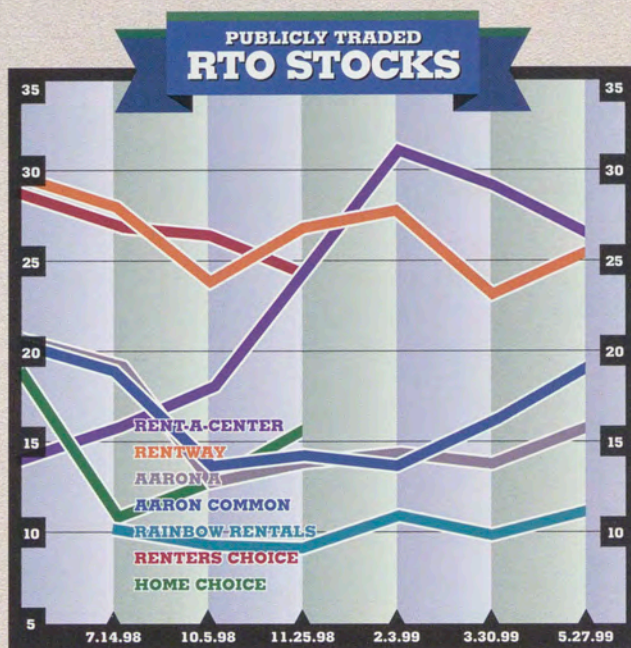
entertain people on and a dinette you can eat on," says Tony Torres.

Considering the convenience of renting and the door it opens for today's mobile society, it's no surprise the rental industry is booming.

"The main reason for the industry's success is that we're such a mobile society and there's a lot of uncertainty. Rental-purchase is for anybody who needs to have the flexibility to change their mind," says Christa Landgraf, vice president of sales for Brook Furniture Rental in Elk Grove, IL.

Corporations as well as individuals are enjoying the freedom of rent-to-own. Referred to as third-party companies, corporate housing services are finding temporary housing for relocated executives and filling the homes with rental furniture. The executive's company pays up front for the furniture rental: the person on temporary stay is responsible for paying one bill to their company upon leaving, according to Copley.

▶ The RTO industry was recently highlighted in the 1999 Minnesota



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that the agenda, based on the labor federation's Working Family Agenda,

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proposes three priorities for the current session of the Legislature and describes Minnesota AFL-CIO positions on several key issues.

While legislators will be supporting measures to increase funding for public schools, colleges and universities and to restrict ATM user fees, they announced their opposition to allowing businesses to charge exorbitant "interest" in rent-to-own purchases.

Surf the Web for bankruptcy filings

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In recent weeks I have learned that the APRO board is losing some real stars. Longtime members Darrell Tissot, Dick Eichlin and Sandi Blackwell are taking a well-deserved retirement. Since none of them will ever tell you themselves and since I have witnessed their board careers, I feel someone needs to celebrate what they have meant to you and to the Association. This trio has had tremendous influence in the decision-making process that has shaped your futures. Each has represented something quite unique to the board.

Dick supported the small dealer. Often with quiet reserve, Dick would wait for the moment to

Her work and commitment to this Association are to be admired. I think she may have served on practically every APRO committee. She defined right and wrong more times than I can count. She is leaving me with her beliefs. I won't lose them.

These three people have more than 25 years of collective APRO board experience. No team can lose the likes of these people and not have to work very hard to find suitable replacements. I will miss

the hundreds of hours and thousand of miles we have journeyed together to fight for our causes and

to keep APRO the kind of association it is. They are truly my friends as well as yours. I love them all and will greatly miss their camaraderie.

Change is upon us. Now that these three are leaving us, David David, Rich Bartel and I become the longest-serving board members. Dick, Darrell and Sandi are unique in personality, but alike in their belief that they would never ask for thanks for a job well done. They would ask you to pick up the ball. They have more than paid their dues. They would hope their commitment to this Association would inspire people like you to become the next generation of APRO leaders. This group will be difficult to replace. Our retiring fellow members gave of themselves because it was the right thing to do. If you truly want to thank them or honor them, aspire to replace them. Select member(s) from your company to ensure that their legacy can live on. Represent yourself as these three did years before by running for board election. ■

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

Parting is such sweet sorrow

strike when he believed that something might negatively impact the small dealer members. Dick kept the board in check. He was a board member who operated with calm reason. He could sway group decisions just by speaking out on an issue. I know he was never aware of those skills. He has such a sense of honest decency that he would never take credit. From Dick, I have learned a much stronger sense of maturity. He has spent nearly 20 years trying to teach me.

Darrell is our champion. He is a master of the bylaws. Every group has to have a guy like Darrell. He actually replaced Roger Sharp as our resident historian. I know few who are more driven by a sense of fair play than Darrell. Few in this industry really know how hard Darrell worked to apply the glue that kept this Association together. If he witnessed proposed changes for APRO that hadn't been well thought out, he would stop it in its tracks. Darrell kept the board straight with his leadership. He was a great president. I will never forget his level of commitment to me and this board.



By ERNIE LEWALLEN
APRO's President

Sandi Blackwell is our flame. She can and will argue through an issue with more fervor and tenacity than anyone serving during my six years on the board. She speaks and speaks often in support of issues that would strengthen the legitimacy of our efforts. Sandi's sense of morality has guided decisions we have made over the years.

"No team can lose the likes of these people and not have to work very hard to find suitable replacements. They are truly my friends as well as yours."

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The Rev. Jesse Jackson was holding court with the Capitol Press Corps in front of the Cannon Caucus Room. His concern was America's response to the atrocities of Slobodan Milosevic toward the ethnic Albanians. The rhetorical question he posed was the wisdom of bombing for peace. Nearly 30 rental dealers listened to every question and every response.

When the Rev. Jackson abruptly ended the press conference, the way was clear for APRO legislative conference attendees to enter the Cannon Caucus Room where, in just 15 minutes, they

were successful in solving our IRS tax problem. This 15-minute drill would have made all of you proud.

One dealer turned to me and said, "When you are in the rental business, you are not afraid of work." To which I added, "When you are in the rental business,

.....
 "One dealer turned to me and said, 'When you are in the rental business, you are not afraid of work.' To which I added, 'When you are in the rental business, you all need to work together.'"

you all need to work together."

Now that the merger mania seems to have subsided, we all need to reflect on the axiom some of us seem to have forgotten. Team work!

The history of our industry illustrates what cooperation and teamwork can do for the entire industry. Our more recent history is too full of suspicion of each other and questions of who is buying and who is selling. We have an industry that has changed and has a different look and feel about it. New faces have appeared and many of our old friends who fought so hard for all of us in the industry are now gone. Many, me included, were fearful we lost that spirit that has made us what we are.

I witnessed firsthand a rekindling of this spirit last month at the annual APRO legislative conference. I hope we can nurture this spirit and once again show everyone how strong and innovative this industry is when we all belong and all work together.

There are many challenges ahead. We need to protect our accomplishments in state legislatures around the country. We need to continue to pursue and obtain federal legislation. We need to improve our relationships with our customers. We need to pursue perfection in ethical behavior.

We should all work together for the common goals facing the industry. We should focus those efforts through APRO. We should each get a rental dealer this year to join APRO.

Just think what a grand room we could set up if we did this? ■

Bill Keese's e-mail address is bkeese@apro-rto.com.

Teamwork really works

were scheduled to sit down to lunch in the company of congressmen and Capitol Hill staffers. The room was set up for 200 in the classical classroom setting: the buffet had not yet been set up and the Cannon Caucus Room personnel, who were to set the room up for 150, were nowhere to be seen.

Without a single cry for help, all the rental dealers and APRO staff present rushed into the Caucus Room, moved 200 chairs, found 15 round tables in a back storage room, organized into work teams and, in less than 15 minutes, had the room set to feed 150 people. Tablecloths were in place, salt and pepper shakers were set and dessert was placed at every setting. While we were making the room ready, the Doyle Washington Hotel staff, hired to cater the event, laid out a great luncheon buffet for the expectant crowd.

When the first Congressman and staffers arrived, all was ready for the feast.

I point out this small, but significant, event for an obvious reason. Teamwork and group cooperation can accomplish great things. We had big rental dealers and small ones, owners and employees, working together to put forward the best possible image for the industry for national decision-makers.

Quite frankly, I haven't seen the industry work together like this since the days when we tried and



By BILL KEESE
 APRO's Executive Director

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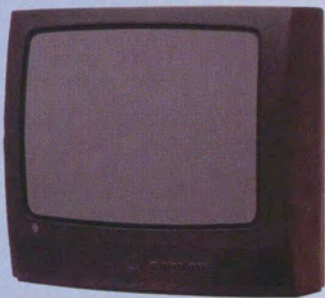
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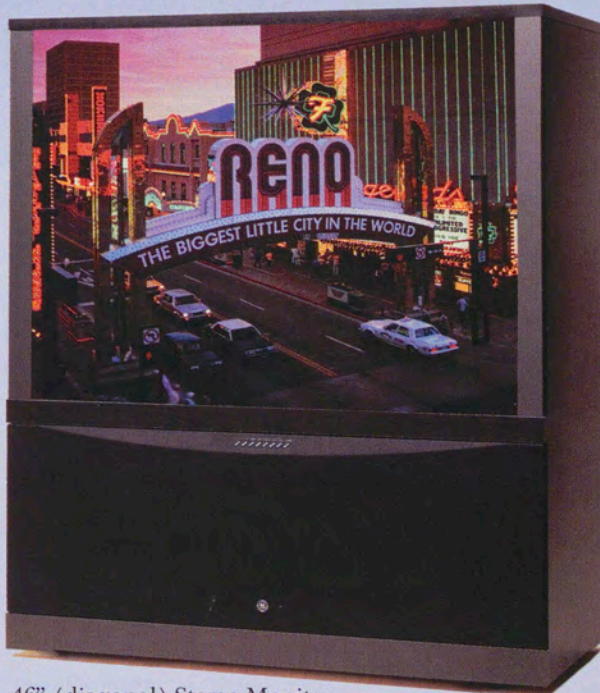
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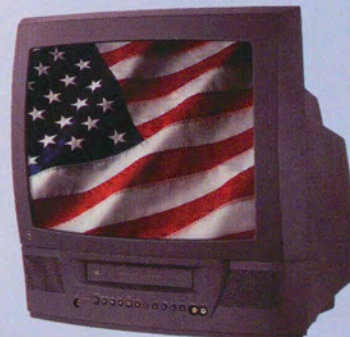
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THOMSON CONSUMER ELECTRONICS

Over the years, the rental industry has run the gamut with late fees, trying no charge at all, daily assessments, fixed amounts with and without grace periods, percentage amounts with and without grace periods, minimum fees, maximum fees and variations on all these themes.

Late fees serve much the same function in the rental industry as they serve the mortgage, retail and other industries. Late fees work as an incentive to get consumers to do something timely or else pay a penalty. In most cases, the incentive is to pay on time. In the rental industry, the incentive is to make the decision to renew or not, and then

also switching rental periods. Say a customer started a monthly agreement, made two timely monthly renewal payments and then came in four days late with a weekly renewal payment. Suppose further that state law gives monthly customers a five-day grace period and weekly customers a three-day grace period. Does the customer owe a late fee at all? If so, how much? Assume late fees are \$5 on monthly accounts and are \$3 on weekly accounts.

.....
 "These questions hover in the air over the rental industry, arising to float about in real life from time to time and are finally unanswerable in any absolute sense."

The late-fee condundrum

make a renewal payment or return the merchandise timely. Failure to return the property in a timely manner incurs the same penalty as not renewing on time, although how diligently companies attempt to collect such amounts varies considerably.

The questions of how much to charge and when to accrue late fees have been answered by rental-purchase statutes in at least 24 states. These statutes set the exact amount of the fee; 22 states offer consumers grace periods after the renewal date before late charges accrue. States that regulate the amount of late charges peg the amount to the rental rate or the rental period or just set a maximum amount. It usually costs more to be late on a monthly account than it does on a weekly account.



By **ED WINN III**
 APRO's General Counsel

And that is how the conundrum arises. Most dealers offer customers the choice of selecting the next rental term at every renewal without having to write a new agreement. For example, monthly customers can start making weekly payments anytime they choose and vice versa. It is not unusual for a customer to change back and forth from monthly to weekly and then from weekly to monthly several times over the course of an agreement.

The puzzle is what late charge and what grace period to apply when the customer is late and is

No statute that sets out the grace periods and the limits on fees answers these questions. Instead, these questions hover in the air over the rental industry, arising to float about in real life from time to time and are finally unanswerable in any absolute sense.

Rental dealers are practical people for the most part and have little time to ponder conundrums in the business. One practical solution is to look at the initial payment, which is how the account was set up initially and, depending on the company and the computer system, may dictate the grace period and late fee disclosed in the agreement. If the initial payment was monthly, the customer is a monthly customer and gets monthly grace periods and pays monthly late fees during the agreement regardless of how the customer may elect to pay after the first payment. Using this solution in the example above, the customer isn't late, yet, and owes no late fee.

Another practical solution is to look at the last payment made. A customer is defined by how he last paid. If the last payment was monthly, he gets a monthly grace period and gets tagged a monthly late fee, even if the next payment is weekly. In the example, the monthly grace period hasn't expired, yet, and, no late fee is due.

Additional solutions become increasingly less practical. Another possibility might be to count the number of rental payments made or rental dollars collected to date. If the customer has made more monthly payments or paid more money in monthly payments, then he is a monthly customer, but this is a cumbersome calculation and

AT YOUR SERVICE

does not seem any more preferable than the simpler solutions offered above.

An ideologically attractive, but finally impractical, solution is to declare the policy of always giving the customer the benefit of whichever calculation is most advantageous to the customer at any time. This sounds noble, but there are no computer programs that can make that calculation and store personnel on a busy Friday afternoon will not get it right every time. And make no mistake, even this solution would not placate critics who will harp that you shouldn't be charging late fees in the first place, that the fees you charge are too high and the grace periods too stingy.

The only other possibility is to adopt a policy of guaranteeing the most revenue possible to the company in any situation. There may be rental dealers who have this policy, but it is unlikely that they are readers of this magazine. This solution is tacky and will not work long-term because customers figure out a sharp dealer, finally, and go elsewhere.

The best advice for dealers is to examine the issue, figure out a practical solution that will work in their own stores and, most importantly, apply it consistently. Not having a policy at all is a bad idea, as is allowing employees discretion to play favorites among customers.

It is in some measure remarkable that no state, among the many to have regulated late fees with some precision (and a few states have revisited the late fee/grace period issue several times), has addressed this issue. That's what makes it a conundrum, after all, "a problem admitting of no satisfactory solution."

We aren't giving prizes at APRO for this, but if any enterprising rental dealers out there have better solutions than those offered here, we'll print them and give you credit. ■

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



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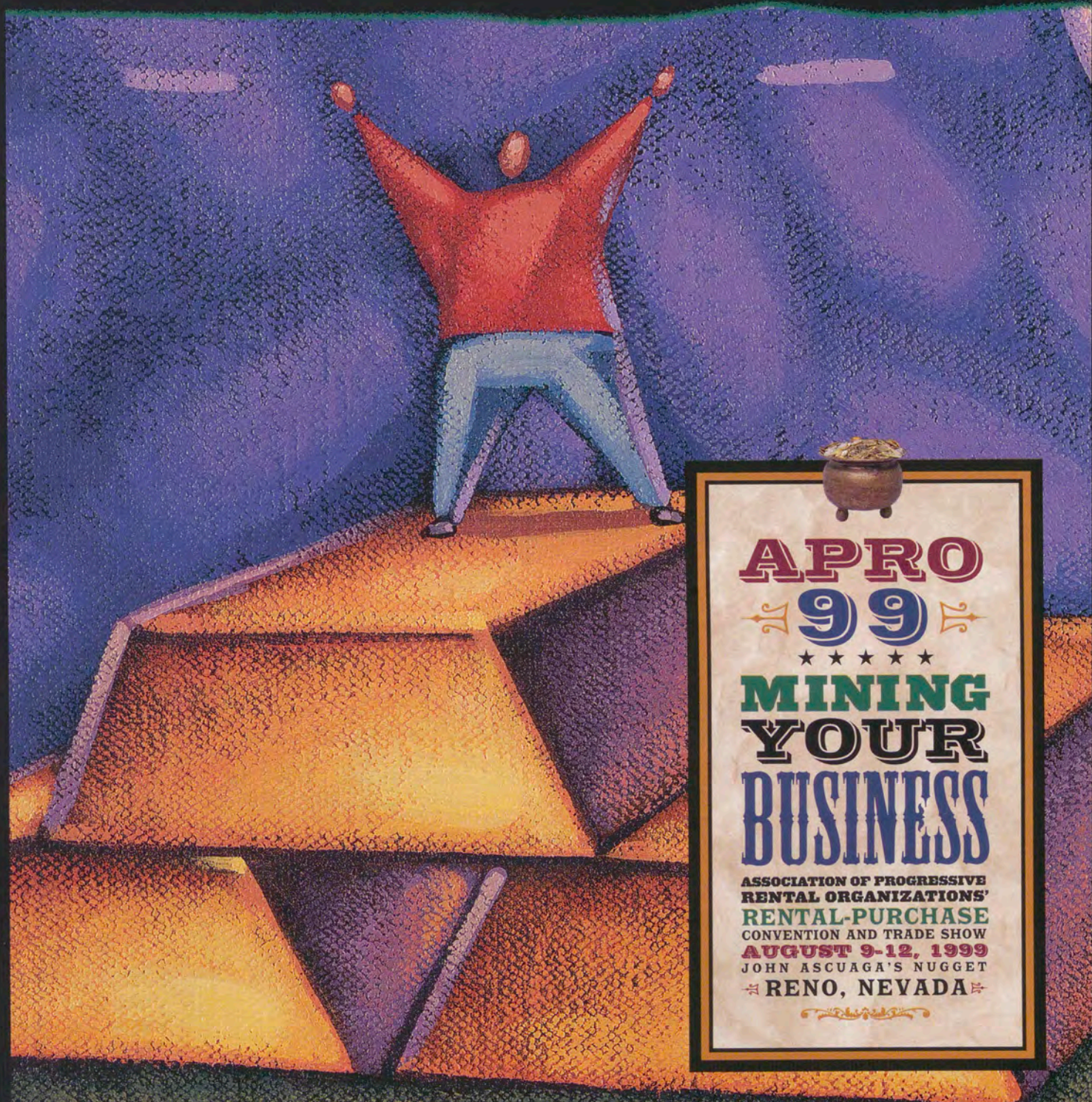


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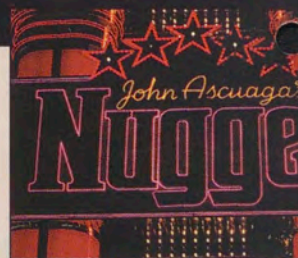
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eno, the Biggest Little City in the World,"

will be the site of APRO's 1999 convention,

August 9-12. Like Las Vegas, Reno offers the glamour and dazzle of

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high costs. APRO has chosen John Ascuaga's Nugget as the conven-

tion's host hotel for its promise of first-class accommodations and

service. With 1,600 rooms and two 29-story towers that give sweeping views of the Sierra Neva-

da mountains, the Nugget will give you everything from 24-hour gaming to a 16-foot Jacuzzi to

restaurants serving Mediterranean and Polynesian cuisine.



Step outside the Nugget and you'll also find a wealth of adventures for the whole family. Lake Tahoe, the Jewel of the Sierra, is just 45 minutes away. Reputed nationwide for its beauty, this exquisite lake's shores offer every imaginable activity you can think of: golfing, sleigh riding, hot-air ballooning, hang glid-

ing, skiing, sailing, snowshoeing, wind surfing, horseback riding—you name it. You may even want to plan for a few extra days before or after the convention to fully enjoy all available recreations.

In the heart of Sparks, Reno's sister city to the south, you'll find Victorian Square, an eight-block area with bandstands, gazebos, fountains and an amphitheater seating more than 450 people. A \$6.5 million redevelopment project also brought a newly-built 14-screen, 3,200-seat multiplex theater to the area.

APRO has also lined up a spectacular three-day adven-

ture for your convention trip. For example, you'll get to spend an evening at the Ponderosa Ranch, where *Bonanza*, the longest-running Western in television history, was filmed for more than a decade. If golf is your

BY LINDA HSIEH

passion, you'll want to join the Tom Kitchens/Joe Eason Golf Tournament, to be held at the Red Hawk Golf Club, one of the finest courses in the West. For car lovers, APRO will hold a cocktail reception at the National Automobile Museum, the house of more than 200 cars, trucks and motorcycles, including the 1912

APRO '99: MINING THE POSSIBILITIES

SCHEDULE OF EVENTS

SUNDAY, AUGUST 8

- 2-6 p.m. Early registration
- 4-5 p.m. APRO Executive Committee meeting
- 5-6 p.m. APRO Government Relations Committee meeting

MONDAY, AUGUST 9

- 6:30 a.m. Buses depart for golf tournament
- 8 a.m. Golf tournament, Red Hawk Golf Club [Sponsored by Whirlpool]
- 9 a.m.-5 p.m. Registration
- 9 a.m.-10 p.m. Exhibitor set-up
- 3-4 p.m. State Presidents workshop
- 4-5 p.m. State Presidents/Congressional Leadership reception [Sponsored by Nationwide Club Administrators]
- 5:30 p.m. Buses depart for National Auto Museum
- 6-8 p.m. Welcome reception: "Swingin' Through the Century" [Sponsored by England-Corsair, Maytag, Ther-a-pedic International and Midwest Tropical]

TUESDAY, AUGUST 10

- 8 a.m.-4 p.m. Registration
- 8-10 a.m. Exhibitor breakfast/training session
- 8-9 a.m. Pick up ballots for board election
- 9-11 a.m. General Session and Business Meeting [Keynote speaker sponsored by G.E. Appliances]
- 11 p.m. Exhibit hall ribbon-cutting ceremony/champagne welcome [Sponsored by RSSS]
- 11-4 p.m. Exhibit hall open
- Complimentary ice cream break [Sponsored by Ashley Furniture]
- 2-4 p.m. Spouse/guest seminar
- 5 p.m. Buses depart for Ponderosa Ranch
- 6-9:30 p.m. Gala cocktail reception: "Party at the Ponderosa" [Sponsored by Foresight]

WEDNESDAY, AUGUST 11

- 8 a.m.-5 p.m. Registration
- 8 a.m.-12 p.m. Educational seminars [Breaks sponsored by Igloo Products Corp.]
- 11 a.m.-4 p.m. Spouse/guest outing, Virginia City Victorian Fashion Show and Luncheon
- 12-5 p.m. Exhibit hall open
- Complimentary ice cream break [Sponsored by Finova Capital]
- 8-9:30 p.m. APRO president's hospitality/PAC reception

THURSDAY, AUGUST 12

- 8-9 a.m. APRO Vendor Relations Committee meeting
- 9-10 a.m. APRO full board meeting/election of officers
- 9 a.m.-5 p.m. Registration
- 9 a.m.-1 p.m. Exhibit hall open
- 1-5 p.m. Educational seminars [Break sponsored by Igloo Products Corp.]
- 1-6 p.m. Exhibitor tear-down
- 6-7 p.m. Awards reception [Sponsored by Thomson Consumer Electronics]
- 7-10 p.m. Awards banquet: "This Magic Moment" [Banquet sponsored by High Touch; entertainment sponsored by Audiofile]

FRIDAY, AUGUST 13

- 8 a.m.-2 p.m. Exhibitor tear-down

ADDITIONAL SPONSORS

Sears: Convention Daily and badge neck straps; TRIB Group: Relaxation Station in the exhibit hall; Nationwide Club Administrators and Inform Saf-Write: tote bags; Alliance Computing Technologies: registration computers

Rambler used in the opening scenes of the movie *Titanic*.

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SPECIAL EVENTS

Welcome cocktail reception: "Swingin' Through the Century"

6-8 P.M., MONDAY, AUGUST 9
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fit and dance in the streets of the past as you visit the different eras of the automobile in America. The museum will be open to APRO exclusively. Hors d'oeuvres and complimentary cocktails will be served. Casual attire or 1940s-style garb.

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Gala Cocktail Reception: "Party at the Ponderosa"

6-9:30 P.M., TUESDAY, AUGUST 10
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Kick up your heels at the legendary home of the Cartwright's of television's *Bonanza*. Enjoy touring the Ponderosa Ranch House and see Hop Sing's kitchen, Ben Cartwright's library, the barns and the collections of antique farm equipment. Stop in for a drink and some



country-western dancing at the Silver Dollar Saloon.

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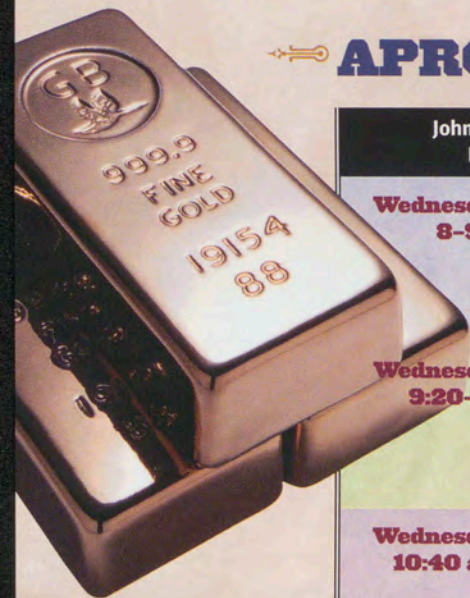
Annual Awards Reception and Banquet: "This Magic Moment"

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Wednesday, August 11 8-9:15 a.m.	Mining For Market Leadership Jeff Lebakken, Lebakken's Inc.	Stake Your Claim: Who is your customer? 1999 RTO Customer Research Britt Beemer, America's Research Group	Below the Surface: Hot Issues in Human Resource Management Kent Sutherland Kent Sutherland and Associates
Wednesday, August 11 9:20-10:35 a.m.	Prospecting for Space... Negotiating Store Leases Panel	Stake Your Claim: Who is your customer? 1999 RTO Customer Research Britt Beemer America's Research Group	Down the Shaft: Successful Collection Techniques Dun & Bradstreet Business Education Service
Wednesday, August 11 10:40 a.m.-12 p.m.	Prospecting for Space... Negotiating Store Leases Panel	Below the Surface: Hot Issues in Human Resource Management Kent Sutherland Kent Sutherland and Associates	Down the Shaft: Successful Collection Techniques Dun & Bradstreet Business Education Service
John Ascuaga's Nugget	Southern Pacific A/B/G [third floor]	Southern Pacific C/D [third floor]	Southern Pacific E/F [third floor]
Thursday, August 12 1-2:15 p.m.	1999 Rental-Purchase Industry Statistical Survey Results Thomas J. Noon, Industry Insights	There's Gold in Them Thar Hills: Your Investing Map Michael Allen, Allen Advisory Service	"Dynamite" Performance Reviews and Agreements Gary Ferriman, Showplace Inc.
Thursday, August 12 2:20-3:35 p.m.	The Rush is On: Computer Rentals in RTO Dealer Panel	There's Gold in Them Thar Hills: Your Investing Map Michael Allen, Allen Advisory Service	"Dynamite" Performance Reviews and Agreements Gary Ferriman, Showplace Inc.
Thursday, August 12 3:45-5:30 p.m.	Rental Round-Table Sessions 1-2 stores	Rental Round-Table Sessions 3-12 stores	Rental Round-Table Sessions 12-plus stores

presented during the dinner, followed by a performance by two of the most influential music groups of the 1950s—the Drifters and the Coasters. Take a trip down memory lane with such hits as “Save the Last Dance for Me,” “Up On the Roof,” “Under the Boardwalk” and “This Magic Moment” from the Drifters and “Yakety Yak,” “Charlie Brown” and “Poison Ivy” from the Coasters. Complimentary cocktails during reception. Cash bar during dinner. Semi-formal attire.

1999 General Session and Business Meeting

TUESDAY, AUGUST 10
PICK UP BALLOTS FOR APRO BOARD ELECTION 8–9 A.M.

9–11 A.M., NUGGET CELEBRITY SHOWROOM
KEYNOTE SPEAKER SPONSORED BY G.E. APPLIANCES

An overview of association activities and election of board members will begin the 1999 business meeting. This year’s keynote speaker is Dr. Jackie Freiberg, co-author of the *USA Today* and *Business Week* bestseller, “Nuts! Southwest Airlines’ Crazy Recipe for Business



Central Pacific [third floor]

Genoa [second floor]

It's Not the Pony Express: You've Got Mail...Now What?
Jeanette S. Cates, Ph.D.

Strike It Rich!
How to Get Yourself To Do What You Need To Do
Lawrence C. Helms, Ph.D.

Y2K: Ready or Not!
Jeanette S. Cates, Ph.D.

Strike It Rich!
How to Get Yourself To Do What You Need To Do
Lawrence C. Helms, Ph.D.

Y2K: Ready or Not!
Jeanette S. Cates, Ph.D.

Mining For Market Leadership
Jeff Lebakken,
Lebakken's Inc.

Central Pacific [third floor]

Genoa [second floor]

Silver Lining: RTO Financial Statements
Terry Beville,
Bi-Rite Co.

Scratching the Surface: Wage and Hour Update
Harry Weisbrod,
Harry Weisbrod Associates

1999 Legal and Accounting Update
Ed Winn III, APRO, and
Terry Beville, Bi-Rite Co.

Scratching the Surface: Wage and Hour Update
Harry Weisbrod,
Harry Weisbrod Associates

Seminar breaks sponsored by Igloo Products Corp.

and Personal Success.” This award-winning book has sold more than 100,000 copies and provides an inside look at the leadership principles and practices that have created the greatest success story in the history of commercial aviation. Freiberg will present ways to help you and your team find new ways to make your organization more competitive, more profitable and a more enjoyable place to work.



Following the keynote address, John Ascuaga himself, owner of our host hotel, will help APRO open the 1999 Trade Show.

APRO's Trade Show

TUESDAY–THURSDAY, AUGUST 10–12
JOHN ASCUAGA'S NUGGET EXHIBIT HALL

The APRO exhibit hall is the only national trade show dedicated specifically to the rental-purchase industry. Attendees will be able to

view hundreds of booths displaying products targeted for our industry: appliances, electronics, furniture, jewelry, special services and more. Admission to the trade show is complimentary for those involved in the rental-purchase industry. Proper business identification is required to receive an entrance badge.

Rental Advertising Excellence Awards

Winning entries from the prestigious RAE awards will be on display in the exhibit hall during the APRO convention. Categories for entry into this annual presentation include print materials, direct marketing, newspaper, magazine, radio, television, billboard/outdoor and more.

1999 APRO Tom Kitchens/ Joe Eason Golf Tournament

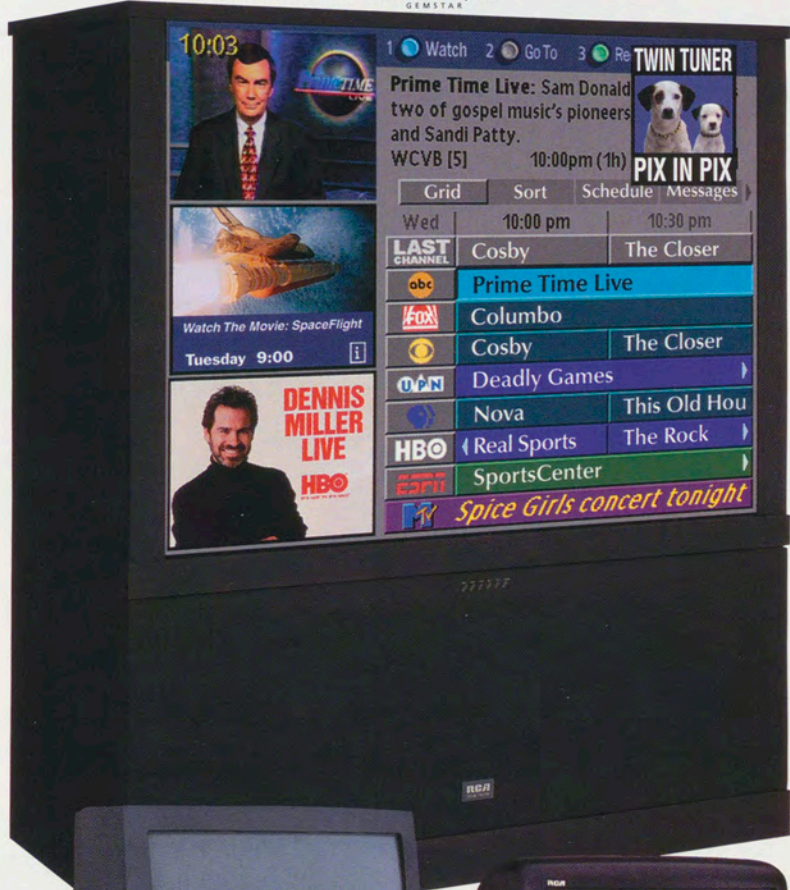
8 A.M., MONDAY, AUGUST 9
RED HAWK GOLF CLUB, RENO
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The 1999 APRO Golf Tournament will be held at one

RCA 56" Diagonal Home Theatre™ Projection
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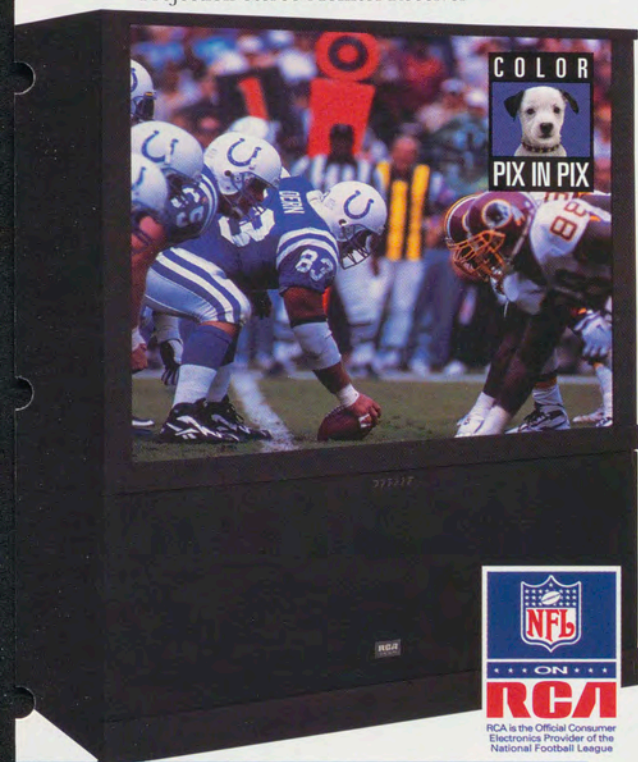
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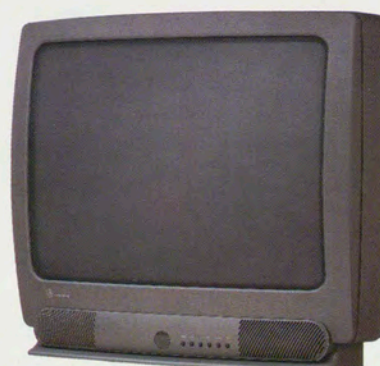
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GE 19" Diagonal Stereo TV



GE 25" Diagonal XS® Stereo TV



RCA 36" Diagonal Home Theatre™ Stereo
Monitor-Receiver

RCA Digital Video Disc Player



Bush⁴ Universal Television Bases
Accommodate 27"-36" televisions.



Dolby Pro Logic Surround Receiver with 5-Speaker Package

Rental Purchase Industry.

Our electronics product line includes: TV's, TV/VCR Combinations, VCR's, all three Camcorder formats, DVD Players, DSS³ Systems, Home Entertainment Audio Systems with up to 200 Watts¹ featuring CD and Dolby² Pro Logic Surround System. Choose from a selection of Bush⁴ TV stands and Home Entertainment Centers, to complement your electronic order.

Thomson Consumer Electronics is a long-time partner to the Rental Purchase Industry, offering exceptional service and a single source for two great brands. Call Tim Shannon at 1-800-217-3935 for all your consumer electronics products.

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**Thomson Consumer Electronics
Rental Division
PO Box 24459
Louisville, KY 40224-0459
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¹50 watts/channel, both channels driven into 8 ohms at frequencies from 40Hz to 20 kHz with no more than 0.9% Total Harmonic Distortion (THD). ²Dolby and the double-D symbol are registered trademarks of Dolby Laboratories Licensing Corporation. ³DSS is a registered trademark of DIRECTV, Inc., a unit of Hughes Electronics Corporation. ⁴Bush is a registered trademark of Bush Industries, Inc. GUIDE Plus+ GOLD is a trademark of Gemstar Development Corporation. VCR or second video source required for Color P-I-P. Specifications are subject to change without notice. Simulated pictures.



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GOLDEN OPPORTUNITIES

of the finest courses in the West — the Red Hawk Golf Club. Red Hawk has been carefully designed to inte-



grate awe-inspiring scenery with a top-notch course designed by Robert Trent Jones Jr. and Hale Irwin. The course consists of 18 meticulously manicured holes playing 7,127 yards from the tips and featuring two distinctive nine-hole courses.

The tenth annual APRO Golf Tournament will follow tradition with a shotgun start at 8 a.m. This tournament is always an early sell-

out, so be sure to register right away as space is available on a first-come, first-served, basis. Your space in the tournament cannot be reserved until payment has been received by APRO. The registration deadline is July 15, or when all tournament slots are filled, whichever comes first. The cost is \$85 per person.

Spouse/Guest Seminar: Birth Order **Lawrence C. Helms**

2-4 P.M., TUESDAY, AUGUST 10
NUGGET POOLSIDE TERRACE

What are the characteristics that differentiate a first-born from the last-born in a family? Why does a gap of three years between children make a difference and what is the rebound effect with same-sex children? Atten-



dees will learn the answers to these questions and more during an informative presentation. Learn why birth order does indeed make a difference in a person's life and explore the ramifications in your life of both birth order by age and also by gender.

shops and attractions along the main street of a city that once concealed treasures of great wealth and held the attention of the world for half a century, pouring more than \$400 million in silver and gold into the economy of an expanding nation.

IMPORTANT! You must be pre-registered for the Spouse/Guest events to attend. There are no exceptions! The cost of this event is included in Spouse/Guest registration fee. If you would like to purchase individual tickets for this tour, the cost is \$40 per person. See registration form to reserve your spot and check the appropriate boxes. Space is limited and assigned on a first-come, first-served basis.

APRO CONVENTION REGISTRATION IN THREE EASY STEPS:

- 1. HOTEL RESERVATIONS.** Deadline is July 1 to guarantee the special APRO rate of \$90 single/double at John Ascuaga's Nugget. Call 800/648-1177 and ask for the APRO convention room rate.
- 2. AIRLINE/CAR RENTAL RESERVATIONS.** APRO is offering discounted travel rates through Conventions in America. Call 800/929-4242 and mention APRO [group 680]. By making your airline reservations through Conventions in America, you will be entered in a "free airfare" drawing. Take advantage of lower airfares by making your reservations early.
- 3. APRO CONVENTION REGISTRATION.** Send in your APRO registration form by July 1 for discounted registration rates. Pre-registration deadline is July 15. Registration will be taken on-site. Call 800/204-2776 for additional registration forms. Or visit the APRO web site at www.apro-rto.com/.

Spouse/Guest Outing: Virginia City Victorian Fashion Show and Luncheon

WEDNESDAY, AUGUST 11,
11 A.M.-4 P.M.

This tour will take place in the former mining town of Virginia City. Be transported back to the 19th century and be entertained and educated with a presentation on Victorian clothing while you dine in your own private parlor of the Delta Saloon.

After lunch, explore the many

Hotel reservations

The APRO rate at John Ascuaga's Nugget is \$90 single/double and can be made by calling 800/648-1177 and mentioning the APRO meeting before the deadline of July 1. The hotel offers a

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Colby Furniture
ColorTyme Inc.
Comfort Furniture
Comm South Companies
Compaq Computer Corp.
Continental Jewelry Express
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DMC Inc.
Daystrom Furniture Inc.
Douglas Furniture of California Inc.
Dover Furniture Manufacturers Inc.
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FLX-Industries Inc.
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ISG Computerland
Ideal Software Systems Inc.
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JVC Corp.
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Midwest Tropical Inc.
Mirror Dynamics Ltd. Inc.
NatCom Systems Inc.
Nationwide Club Administrators/
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Owen-Benton Furniture Industries Inc.
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Pilliod Furniture Inc.
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Rental & Sales Software Systems
Rental Information Systems Inc.
Results Direct Marketing
River Oaks Furniture
Sealy Inc.
Sears Contract Sales
Shoppers View
Sold on Hold
Southern Rings
Standard Furniture
Steve Silver Co.
Stoneville Furniture Co. Inc.
Stratolounger/
Simmons Upholstery
TRIB Group
Tele-Track Inc.
Tempo Industries
The Relax-R Corp.
Ther.A.Pedic International
Union City Mirror & Table Co./
Union City Imports
United Distributors
Washington Furniture Mfg. Co.
Welton/Techwood
Whirlpool Corp.
Zenith Electronics Corp.

free shuttle to and from the airport, 6 a.m.–10 p.m.

Travel reservations

Book early — discount fares are limited! Call APRO's official travel agency, Conventions in America, at 800/929-4242 to receive the lowest available fares on any airline, free flight insurance and discounted auto rates. You automatically will be entered in Conventions in America's monthly drawing and may win complimentary airline tickets. Be sure to mention the APRO convention [Group 680] when you call.

Convention registration

Save money by signing up for full registration and take advantage of early registration for additional savings. Fees must accompany completed registration form. Credit card registrations will be accepted by phone or fax until July 15. No phone or fax reservations will be accepted after July 15. If mailing your registration, please allow time for it to be received in the APRO office in Austin, Texas, by July 15. Registrations will be taken on-site. Non-family members of the same firm must complete a separate registration form. This form may be photocopied.

Convention badges

Only individuals registered with an APRO convention badge may attend. Your

name and company will appear on your badge exactly as you indicate on this form. Please print clearly.

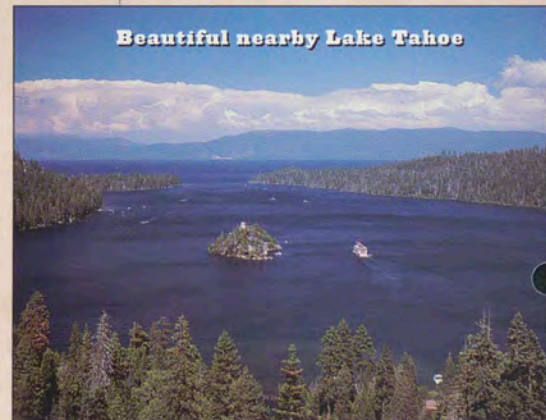
Cancellations

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

Solicitation

No soliciting will be allowed at any APRO social function or on the trade show floor by non-exhibiting companies. For information on exhibiting, contact Cindy Ferguson [cferguson@apro-rto.com] or Carolyn May

Beautiful nearby Lake Tahoe



[cmay@apro-rto.com] at APRO at 800/204-2776 or 512/794-0095.

For more information

Call Shelley Martinek [smartinek@apro-rto.com] at 800/204-2776 or 512/794-0095. Fax registration to 512/794-0097. Or register on-line at www.apro-rto.com/.

REGISTER TODAY!

Association of Progressive
Rental Organizations'
1999 Convention and Trade Show
August 9-12 Reno, Nevada

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

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

Last name _____ First name [FOR BADGE] _____

Company name _____

Company mailing address _____

City _____ State _____ Zip code _____

Business phone [_____] _____ Fax [_____] _____

Any special needs? _____

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

Attendee type: Rental dealer Non-exhibiting vendor Other _____

Job title: Owner Executive officer District manager Store manager Account manager Other _____

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

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

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

FULL REGISTRATION

Includes:

- ▶ Welcome Reception [8/9]
- ▶ Gala Cocktail Reception [8/10]
- ▶ Awards Reception and Banquet [8/12]
- ▶ All Educational Seminars [8/11 and 8/12]
- ▶ General Session [8/10]
- ▶ Entrance to Exhibit Hall
- ▶ Golf Tournament is not included
- ▶ Spouse/Guest programs included in Spouse/Guest registration only

SPECIAL SAVINGS

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

CONVENTION ATTENDEE	FULL REGISTRATION [AFTER JULY 1]	DISCOUNT RATE FOR REGISTERING BEFORE JULY 1
<input type="checkbox"/> First through third APRO member from same company	\$385	\$350
<input type="checkbox"/> Fourth APRO member and over from same company	\$360	\$325
<input type="checkbox"/> Non-member	\$485	\$450
<input type="checkbox"/> Spouse/guest. Includes spouse guest programs, August 10 and 11. Space is limited. You must indicate in advance if you plan to attend spouse/guest programs: <input type="checkbox"/> Will attend <input type="checkbox"/> Will not attend	\$275	\$225
<input type="checkbox"/> Child [12 and under]	\$85	\$65

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

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

	APRO member	Non-member
<input type="checkbox"/> Exhibit hall only [will not allow entrance to seminars or social functions]	FREE	FREE
<input type="checkbox"/> Seminars, Wednesday, August 11	\$150	\$200
<input type="checkbox"/> Seminars, Thursday, August 12	\$150	\$200
<input type="checkbox"/> Welcome Reception: "Swingin' Through the Century," Monday, August 9	\$45	\$45
<input type="checkbox"/> Gala Cocktail Reception: "Party at the Ponderosa," Tuesday, August 10	\$65	\$65
<input type="checkbox"/> Reception and Annual Awards Banquet: "This Magic Moment," Thursday, August 12	\$85	\$85
<input type="checkbox"/> Spouse/Guest Program: Virginia City Victorian Fashion Show and Luncheon, Wednesday, August 11	\$40	\$40

GOLF TOURNAMENT

Important! Golf registration deadline is July 15. Space is limited and assigned on a first come, first served basis—so get your payment in early.

- 1999 APRO Tom Kitchens/Joe Eason Golf Tournament, Red Hawk, 8 a.m., August 9; \$85 per person

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

Requested team pairing [if possible] _____

ADD ALL FEES DUE AND ENTER TOTAL HERE

➔ TOTAL \$ _____

- My check is enclosed and made payable to APRO. Charge my credit card: American Express MasterCard Visa

Credit card number _____ Expiration date _____

Signature _____ Name as it appears on card _____

PLEASE MAIL THIS FORM, WITH PAYMENT, TO:



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800/204-2776; 512/794-0095
fax 512/794-0097; www.apro-rto.com

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ID no. _____ Date received _____ Date entered _____
Check no. _____ Amount paid _____ Pre-reg. On-site

BARRY GAMBINI 1982-84

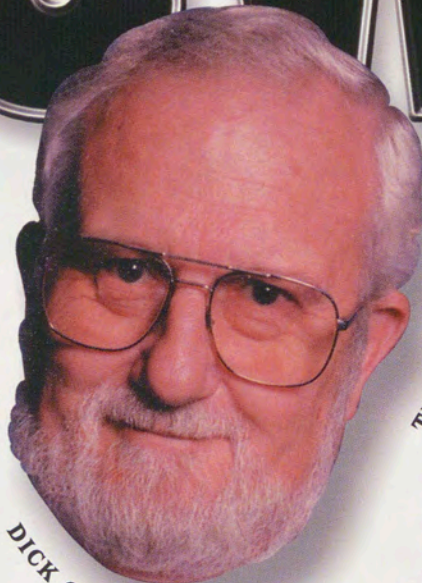


APRO's past presidents

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GLEN DAVIS 1985



DICK GRAUEL 1988

TED WILSON 1989-90



WAYNE CHAMBERS 1991-92




KEVIN QUINN 1993-94



BILL WHITE 1995-96



Then



*An update on some of APRO's
former leaders by Allison Hunt.*

*What they do now, what they did then
and what they think of the state of
the industry they helped to shape.*

APRO has seen its share of great leaders over the past two decades. Spotlighted here are seven former APRO presidents whose contributions to the RTO industry and the Association helped build the momentum that has led to the rental industry's continued success. Some are enjoying the fruits of retirement, while others are busy expanding their horizons professionally and within their communities. One thing is for sure — each man has a past to be proud of and a future to look forward to.

BARRY GAMBINI

Barry Gambini is a family man. He and his wife, Susan, are parents of 11 children, three being natural born and eight adopted. It's no surprise he describes Susan as one of the most important people in his life.

"When I think I can walk on water, she explains to me, very eloquently, that no, there was only one person who could walk on water. She keeps me from getting too big for my britches," says Gambini.

Gambini thinks big. At 56, he is racing BMW cars, working in the insurance business, mentoring to troubled youth and raising four children at home in California. Gambini is busy planning for the future but took time to remember his 1982-84 APRO presidency, which won him the 1984 APRO President's Award of Excellence.

"I will never forget negotiating settlements, perhaps at APRO board meetings, with Bud Holladay, Chuck Sims, Tom Devlin and Ed Winn. There were a lot of egos in that group; you had to be pretty good to be heard," says Gambini.

APRO made Gambini proud.

"APRO came together as a non-profit trade organization to support Big Brothers and Big Sisters of America. That was very unusual for a non-profit organization to make financial contributions to another non-profit organization. APRO learned to think outside the APRO community and reach out," says Gambini.

Renting 20 turquoise-colored wash-

migrant California farm workers in 1968 was Gambini's first endeavor in RTO. He was working for Maytag, supplying washers and dryers to laundromats when he accepted 20 used turquoise, coin-operated washers in trade for some Maytags he had sold. Clueless about what to do with them, the idea finally hit him to rent the washers out cheaply to families.

Gambini left Maytag and went on to control RTO Inc., which owned 33 rental stores throughout California

"My advice to dealers starting up is don't get overextended. By this, I mean be cautious about taking on new stores beyond what you can pay for."

until he sold the company in 1984 and retired.

Gambini and his wife have spent the majority of their life together reaching out to others, particularly adolescent boys in trouble. Currently, the Gambinis financially support a ranch operation established to help young men who have drug and alcohol problems. Their goal over the next decade is to build a residential treatment center for California's young men at risk. Gambini also had some advice for young RTO dealers on setting goals.

"Don't lose sight of the reason you're in business: to make a profit while serving a specific pocket of clients. Remember, too, not to be swayed by the opinions of others," says Gambini.

Business after RTO is treating Gambini well. "My insurance business has grown nicely, but not any more than I want it to," says Gambini.

GLEN DAVIS

A veteran of the RTO industry, Davis began selling rental merchandise to dealers in 1975. He has been a carrier for Sharp, Technics, JVC, River Oaks Furniture, Paramount Home Theaters and Comfort Furniture, just to name a few. Davis started his own company, RTO, in 1986 with eight stores in the Fort Worth, TX, area and seven in New York, all of which he sold in 1990. Currently, Davis is a distributor for Johnson Comfort Furniture, Steve Silvers, O'Roark and IBM.

"The best things on the market in 1975 were 19-inch televisions and 8-track stereo systems. Our market has grown 100 percent since the '70s. Computers and big-screen televisions are what's hot now," says Davis.

Davis has played a big role in RTO growth over the years. Serving as the



casino — complete with lions, tigers and zebras. It was a lot of fun,” says Davis.

Davis credits much of his success in life to his wife, Betty.

“She has encouraged me since I was in college to take every opportunity that comes my way. She has stood by me through thick and thin,” says Davis.

In his eyes, Davis’s greatest personal accomplishment is his daughter Jessica and her success at Southern Methodist University. Jessica has a father to be proud of, too.

DICK GRAUEL

APRO’s 1988 president Dick Grauel and his wife, Shirley, are on the move. The couple resides in Estes Park, CO, but at any moment, chances are the Grauels are traveling the states via their motor home.

“Shirley is the most important person in my life. She stood by me through the long IRS audit that threatened to destroy RTO and much, much more,” says Grauel.

Grauel is a veteran of the RTO industry with Grauel Enterprises having its 20th anniversary this year. Prior to running his own company, some of Grauel’s former employers include Wabash railroad, Anheuser-Busch and General Foods research and development department.

“I’ve done a lot of interesting things in this life,” says Grauel.

Restructuring the APRO office by hiring Bill Keese as the executive director is one of Grauel’s positive memories as APRO president. On a personal level, watching his employees of Grauel Enterprises develop has become a source of Grauel’s pride.

“I enjoy watching my employees become successful enough to buy new homes and live well,” says Grauel.

Grauel is hoping to sell his company to one or a group of his employees sometime in the next decade. With 35 stores scattered across Colorado, Indiana, Nebraska and Wyoming, ownership of the company will be a rewarding challenge to new dealers.

“My advice to dealers starting up is don’t get overextended. By this, I mean

be cautious about taking on new stores beyond what you can pay for. The RTO industry is growing more professional each day; it is a prosperous industry,” says Grauel.

TED WILSON

At age 53, Ted Wilson is living the good life. His daily priorities are playing golf and spending time with his

family. Enjoying retirement in New Albany, NY, Wilson served as APRO president 1989–90. As the recipient of the 1989 APRO President’s Award of Excellence, Wilson has memories to share as well as visions for the industry’s future.

“The annual conventions are what I miss most about the RTO industry. My fondest memory of my term as APRO president was the 1990 convention in

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Orlando. The rental association was struggling; we were in the process of a massive rebuild. It was the culmination of APRO as we know it. On top of that, it was APRO's 10th anniversary.

The crowd enjoyed a champagne toast and birthday cake. It was a wonderful time," says Wilson.

Wilson's involvement in taking Alrenco, his former employer, public was the highlight of his professional life since his presidency. An active follower of the rental-purchase field today, Wilson feels the industry is taking a positive turn.

"We're seeing a more sophisticated environment. The management is professional, financially astute; they are real businessmen and women. As for industry growth, there is a lot of consolidation going on, opening the door for smaller dealers. My advice to new dealers is pay attention to the customer and details, business will take care of itself," says Wilson.

If you're looking for Wilson these days, try the Coeur d'Alene Golf Course in northern Idaho, his favorite spot to work on lowering his handicap to a 12.

"Retiring early has always been a dream of mine. My wife, Jane, made it a reality. She encouraged me to relax and enjoy life. That's exactly what I plan on doing," says Wilson.

WAYNE CHAMBERS

There's "no place like home" for Wayne Chambers these days. Chambers, working full time on his ranch east of Wichita, KS, while spending quality time with his family, is enjoying a time when his current financial position is finally allowing him to slow down.

"I don't know where I'll be in the next decade. That is a decision my family and I will make together," says Chambers.

The RTO industry has kept Chambers busy for a long time. He started out in December 1976 in the accounting department at Remco and, along with a few partners, became a franchisee. The group later disenfranchised, changing their store names to Dial Rent-to-Own. Upon selling the

business in March 1995, Chambers became involved with Home Choice.

"It was a lot of fun getting involved with a public company. We went through some difficult times, but worked to resolve our issues and to grow," says Chambers.

Chairman of the APRO tax and accounting committee for 10 years, Chambers was recognized by APRO

"I predict that somebody will be coming up with a financial alternative to RTO in the future. There will be a change."

for making strides with the depreciation and sale/lease issues. He served as APRO president in 1991 and 1992 and received the 1989 APRO President's Award of Excellence. In 1995, Chambers was honored with the APRO Lifetime Achievement Award.

Ranching may be his current profession, but Chambers still has an eye on RTO.

"We're seeing major consolidation within the industry and will continue to see it, I believe, for another one to two years. New small dealers are beginning to grow in numbers as well. I predict that somebody will be coming up with a financial alternative to RTO in the future. There will be a change," says Chambers.

"New dealers should make a point to become members of both their state trade organizations and APRO. They will get exposure to vendors, important information and learn which mistakes they can avoid making," says Chambers.

Chamber's youngest daughter, Shayna, will be a freshman at Kansas State in the fall. Her college experience will surely prove exciting and faster-paced than life on the farm, but for Wayne Chambers, that slower pace is just fine.

KEVIN QUINN

Kevin Quinn left the APRO team in 1994 following his term as president and moved on to something bigger: the girls' fast-pitch softball World Series. Coach Quinn, following win-

ning seasons, took both of his daughters' fast-pitch softball teams to the Series two consecutive years. His daughters Courtney, 17, and Casee, 16, probably each voted him coach of the year.

Quinn has enjoyed success off the field as well. Voted 1992 Rental Dealer of the Year, he has been contributing to the RTO industry for more than 17

years. Purchasing his first rental-purchase store in 1982, Quinn was the first franchisee of Prime Time Rentals. Upon Prime Time's sale to Rent-A-Center in 1988, Quinn formed a franchise company with five associates under the name Quality Rentals of which he is president. Quinn currently owns eight of 24 Quality Rental stores, all located in Washington.

"I've seen my company's, KLQ Enterprises, customer base income level expand three-fold and the RTO business become acceptable among financial institutions and people outside of the industry," says Quinn.

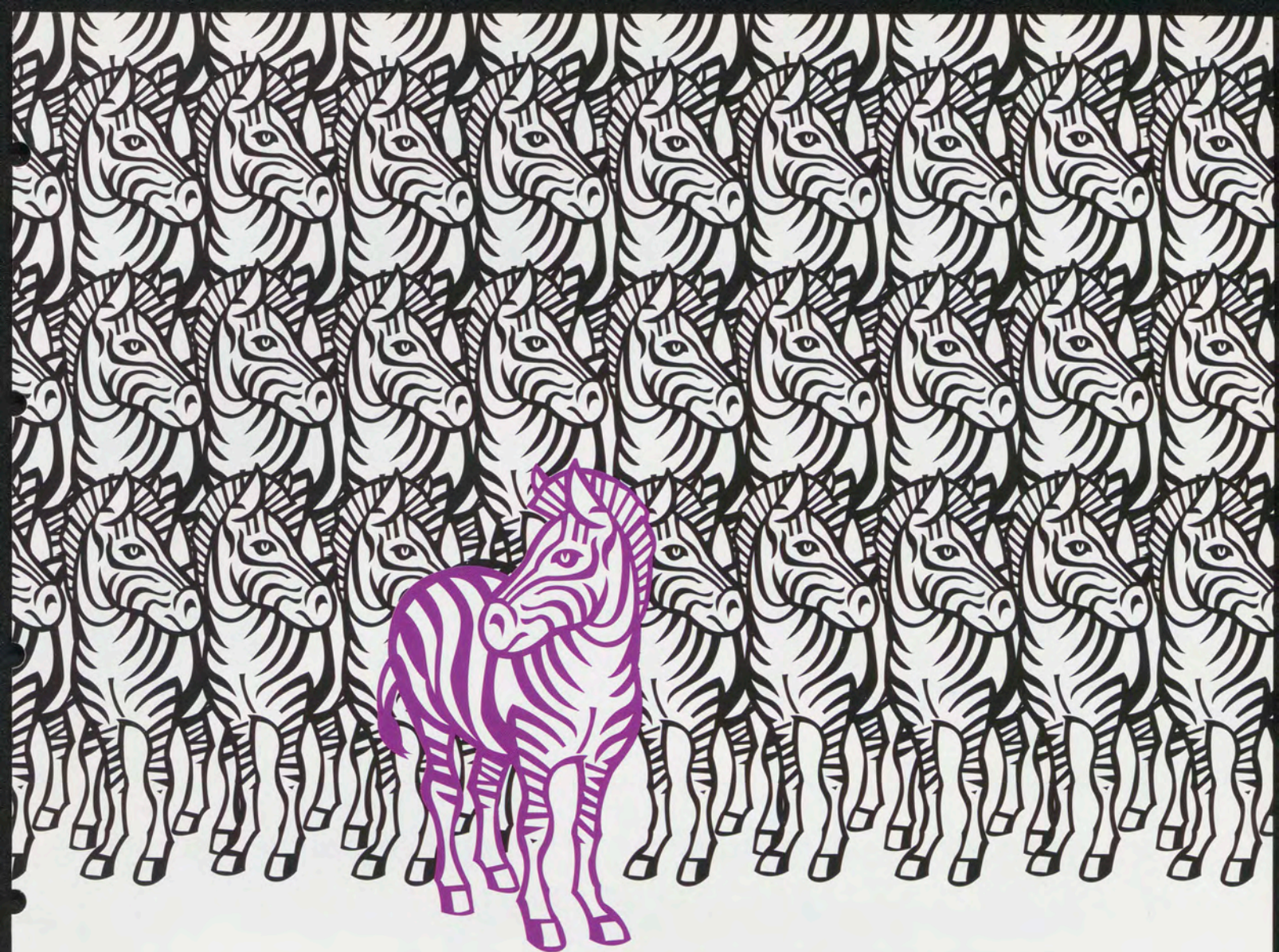
Quinn served as a leader of the RTO industry during his 1993-94 presidency. One of the highlights of his term was getting the Rev-Proc ruling from the Internal Revenue Service stating that the rental-purchase agreement was a lease, not a sale. Quinn has had some professional highlights since his APRO presidency, too.

"At KLQ we've seen constant revenue growth over the years and continue to drop our debt load. In the next millennium, I hope to achieve steady growth within the company and to develop someone or a group of people within KLQ to take me out of ownership," says Quinn.

Rental dealers starting out could benefit from Quinn's advice.

"RTO is a great, fun business that can be as profitable as you want it to be if you'll stick to the basic elements such as home furnishings and elec-





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tronics. I envision an influx of new, young dealers replacing some of the larger companies," says Quinn.

So how will Quinn spend his time in the 21st century if he does retire from KLQ enterprises? He'll be near water fishing and waterfowl hunting and hopefully staying out of the water on the golf course. He'll also be with his wife, Angela.

"We'll be married 20 years in September. She has been the driving force behind my business, constantly pushing me to expand. I could not have served as APRO president without her," says Quinn.

BILL WHITE

Straight from the slopes of Colorado, Bill White took five minutes out of his family ski trip to share a glimpse of his past and future. White, 1995-96 APRO president and Lifetime Achievement Award winner, is focus-

ing on family these days.

"My greatest pleasure is traveling with my wife, children and grandchildren. Lilly, my wife, is the most important person in my life. They say behind every good man is a good woman. She stands behind me in all endeavors and her support and influence have brought me the joy I know today," says White.

White's joy can also be found in his success with the RTO industry.

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 it to what is now Home Choice Inc. and served as CEO until his retirement last July. During his presidency, White was involved with the passage of the Taxpayer Relief Act of 1997, an act that defined a typical rental-purchase transaction as a lease for tax purposes for the first time. White left the RTO industry in 1998 to start up an invest-

ment company.

"Setting up another company from ground zero stands out in my mind as my greatest professional accomplishment," says White.

While White misses the camaraderie of the RTO industry, he is still in touch with the latest RTO trends and where they will take the industry in the 21st century.

"We're seeing a lot of merging and acquisitions taking place within the industry. Over time, I see two or three national companies evolving and small regional mom-and-pop stores handling small-town economies. Success comes from running a straightforward, honest business and taking care of the customer. That will never change," says White. ■



Allison Hunt is a journalism student at The University of Texas at Austin.

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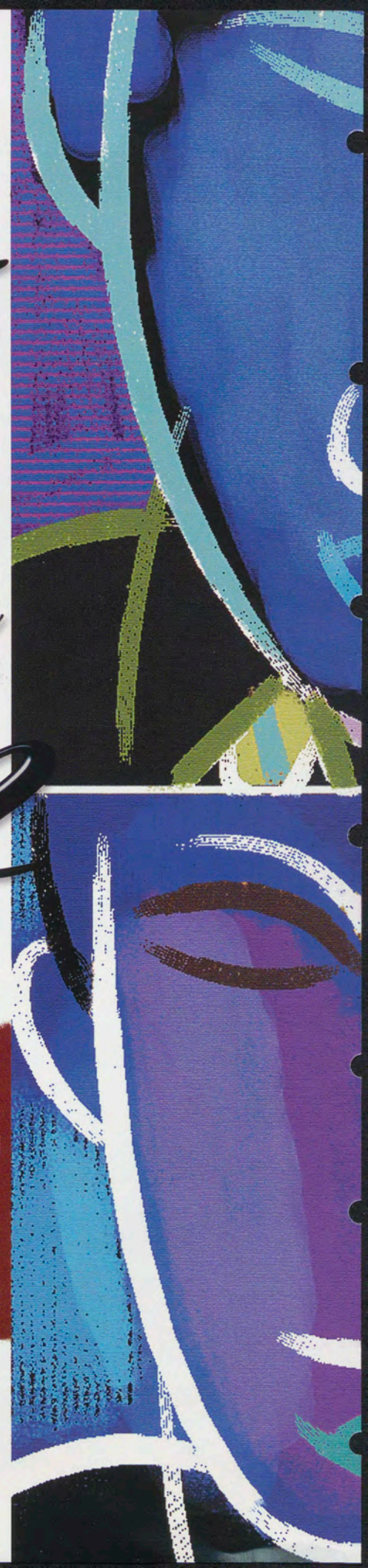
RentWise represents a unique combination of top-tier private equity investors, top operators from the rent-to-own industry and retail experts that have helped lead the roll-outs of Blockbuster Video, Boston Market, Einstein Bagels and Zuka Juice.

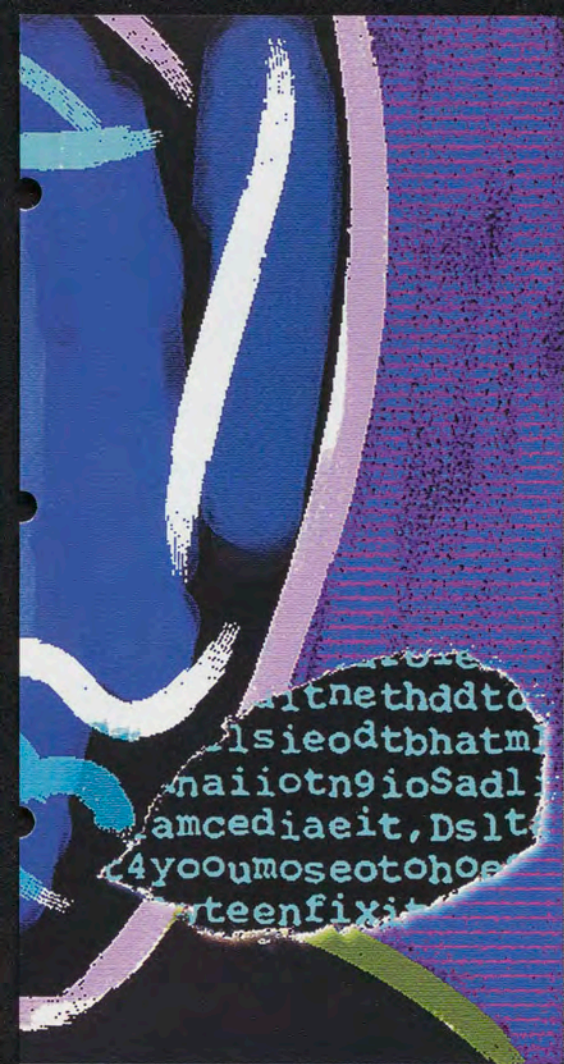
rental revelations:

What our customers think

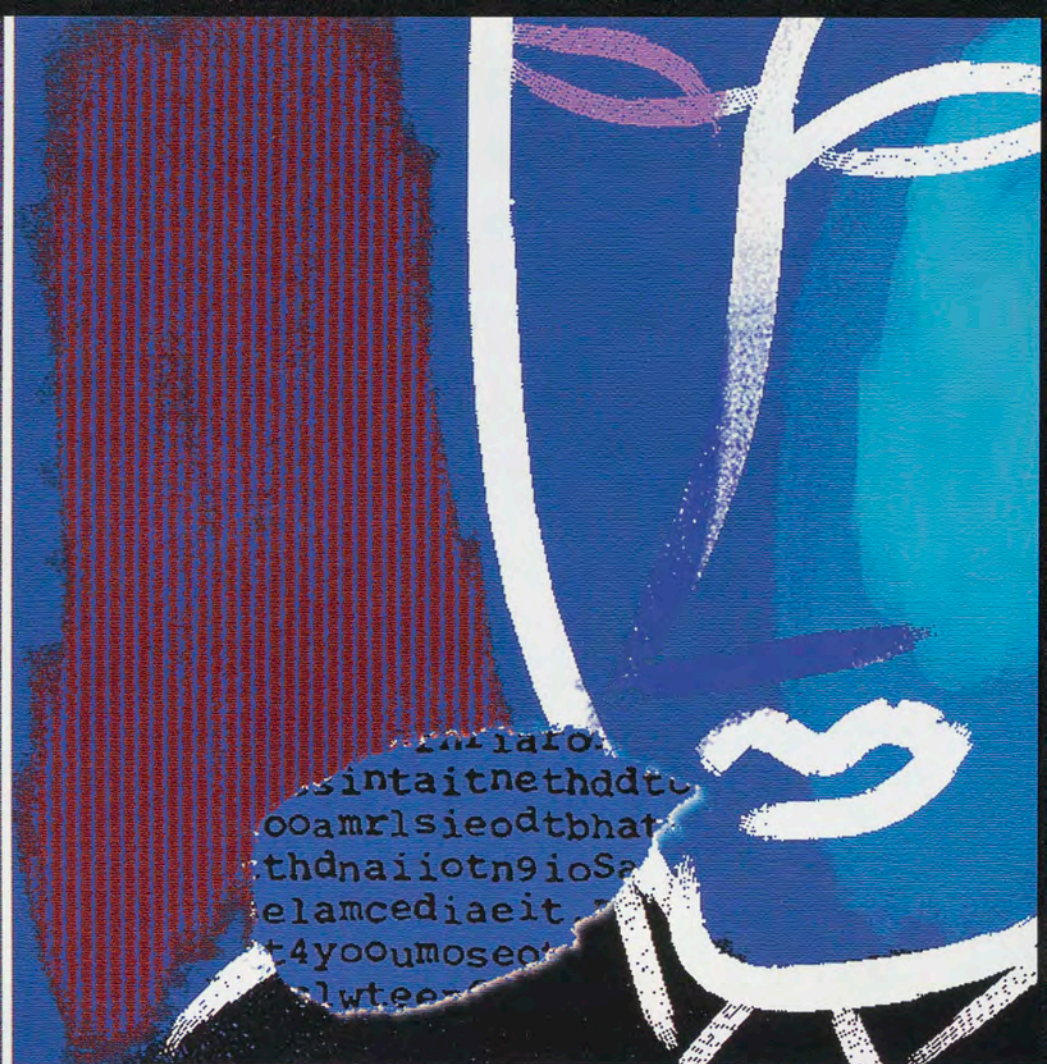
CONDUCTING POLLS MAY NOT BE the best way to run the country, but it is still the best way to run a business—find out what your customers want and then provide it. APRO now has the results of its second national rental-purchase consumer survey. The first was commissioned in 1994 and sampled current and former rental customers about their rental experiences. The 1999 survey asked many of the same questions to measure how much consumer opinions have changed about the industry over the past few years. APRO conducts these surveys to learn how to improve the industry's public image as a whole. APRO makes the information available to members so they can shape business practices to meet consumer demand better.

by ed winn III





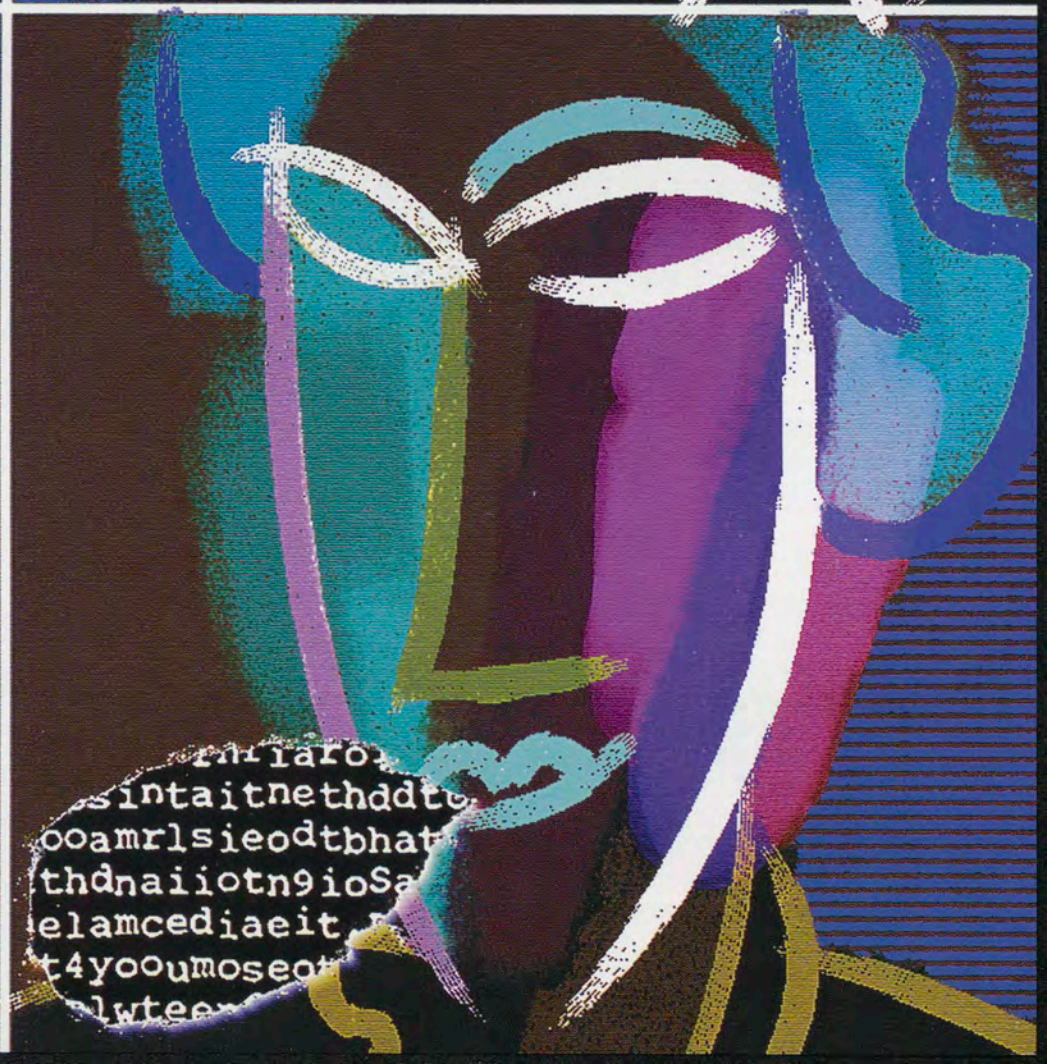
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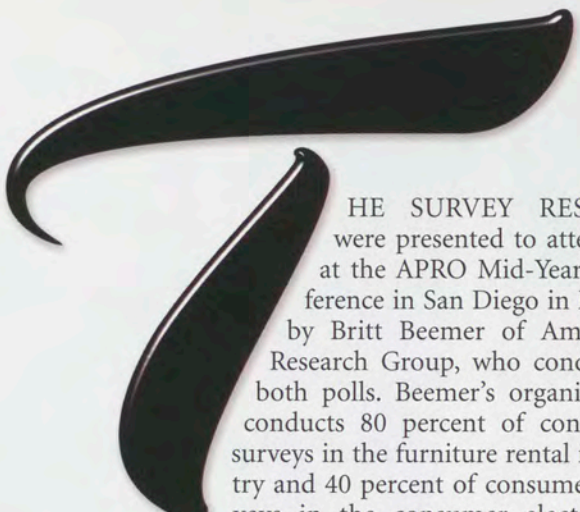
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THE SURVEY RESULTS were presented to attendees at the APRO Mid-Year Conference in San Diego in March by Britt Beemer of America's Research Group, who conducted both polls. Beemer's organization conducts 80 percent of consumer surveys in the furniture rental industry and 40 percent of consumer surveys in the consumer electronics industry. As a result of this experience, Beemer was able to offer rental dealers valuable insights into the different perceptions held by rental customers and retail customers about the respective industries.

Both rental surveys were conducted by random telephone dialing, causing some dealers

Rental orphans

An interesting finding from the 1999 survey concerned "rental orphans." The spate of consolidations in the rental industry over the past several years has left a significant number of rental customers without a rental "home." These are customers who had, over time, developed a certain rapport with the independent neighborhood rental store. They knew the products and the personnel in the store, were used to how the store ran the business and were comfortable doing business there. They felt at home. Then, when the store was taken over by a large chain, the name and personality of the store changed. Some customers could no longer relate to the new store personnel or practices and so they returned units and quit doing business there. The result: rental orphans—would-be rental customers looking for a new home. According to Beemer, 5 percent to 7 percent of the rental customer base feels this way. That translates to between 150,000 and 210,000 customers. That is a lot of potential BOR!

Beemer concluded that the finding was good news for independent dealers in markets where the big chains had made acquisitions and suggested that the big chains need to do a better job of preparing the customer base of the acquired stores for the changeover.

Who rents more than once?

A surprising 54 percent of those surveyed had rented only once from a rental company. That statistic surprised a number of dealers at the conference, since the common wisdom suggests that many rental customers rent for a while from one store, get behind, give the product back, do without for a while and then go rent something from another store. The Beemer survey suggests that rental customers are not jumping from store to store, at least not as much as

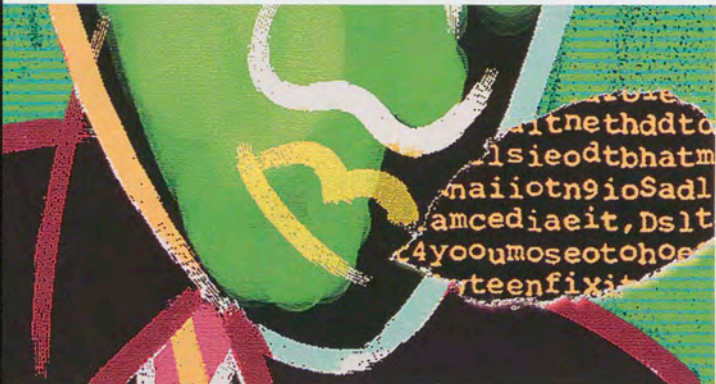
the industry thought. Among those who had rented only once, 33 percent said that they were unhappy with the experience. This is a 25 percent increase from the 1994 survey, which rise Beemer attributes in part to the rental orphans. Beemer suggested that the ideal percentage here would be 10 percent.

Understanding rental-purchase

According to the survey, 9 percent of customers did not understand the terms and conditions of the rental-purchase agreement. The good news is that 90 percent of rental-purchase customers say they did understand the transaction, but that still leaves 270,000 rental customers who did not fully understand the deal they were getting into.

Confused customers most often result in unhappy customers. These customers also thought that the transaction was unfair. They didn't understand the no-obligation feature of the transaction. They didn't think the store had a good reputation and didn't think the store employees were honest. They felt they were treated with disrespect in the store. When they got behind in their payments, they thought the store personnel were too tough on them.

The survey brings home the uniqueness of the rental-purchase



"Rental orphans"... The spate of consolidations in the rental industry over the past several years has left a significant number of rental customers without a rental "home." According to Beemer, 5 percent to 7 percent of the rental customer base feels like "orphans." That translates to between 150,000 and 210,000 customers. That is a lot of potential BOR!

to wonder if the results might be skewed because of the number of rental customers without telephones. Beemer explained that the survey results were valid because his firm also does in-person consumer interviews and those polls have consistently shown that there is no statistical difference between the opinions of consumers with phones and those without for the kinds of information the Association was seeking. Indeed, had the issue been significant, Beemer would have recommended a different kind of survey.

transaction. It is significantly different from any other transaction into which most consumers have ever entered. Certainly that is the case for the 1.6 million customers last year who were doing rental-purchase for the first and only time. Most consumers have only bought things during their lives. Their only experience with renting is tapes at the video store. The closest kind of transaction to rental-purchase for most consumers will have been a credit purchase.

Nearly half of the survey respondents who got behind in their payments (40 percent of those surveyed) thought that the store was too tough on them during the collection process. This percentage is fully twice as high as in retail for customers who fall behind in payments on credit sales. In raw numbers, 1.2 million rental customers got behind in their payments and nearly 600,000 thought the store was too tough on them when they did get behind. That is a lot of unhappy customers. Too many. Beemer suggests that part of the reason this number is so high is because of the significant numbers of customers who did not fully understand the deal in the first place.

Explaining rental-purchase

Beemer suggests that because of the uniqueness of the transaction, the agreement may need more than one explanation. He suggests that rental stores commit to a second explanation of all elements of the transaction within 48 to 72 hours after the product has been delivered in the customer's home. This second explanation could be done on the phone by someone trained to do this job of explaining. While several companies at the Mid-Year Conference had policies to follow up with customers after delivery, only one customer in three in the survey could remember any store contact post-delivery to inquire about satisfaction with the product. Too often in this industry, the second contact a customer has with the rental store is when he or she has missed a payment.

The goal of the industry must be to reduce the percentage of customers who don't understand the transaction to zero. Beemer suggests a hand-written thank-you note to every rental customer—in addition to the telephone call to re-explain the rental agreement.

Often rental customers want to justify renting to family and friends who criticize



them by getting into a "bad deal." The answer for the rental customer in this situation is to explain that rental-purchase is different from buying and comes with more and valuable services. The rental industry needs to show rental customers those services as early in the transaction as possible. If the customer doesn't want to terminate the deal and walk away the first week and the product was properly installed and doesn't need any service, at least

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the rental store can touch the customer, thank him for the business and let him know that he is important and valued by the rental store. The rental industry needs to do better than retail here, because the transaction, in the eyes of many, costs more than retail.

Making these kinds of multiple contacts with customers after delivery takes effort and costs money, which is why it doesn't happen in most companies. But if the industry is serious about improving customer relations and its reputation, generally, these kinds of things must start to happen.

Rental pressure

Rental store personnel got high marks for not pressuring potential rental customers in the store or on the phone. Only 12 percent of respondents felt pressure, which is lower than the 16 percent to 19 percent of retail customers who feel pressured. If the goal of the industry is to have 100 percent of rental customers having nothing less than a wonderful experience with a rental store, then, obviously, feeling little or no pressure on the front end will help.



“Costs a little more”...Price remains the only objection to address; therefore, the industry needs to raise service levels much higher. This will ultimately make price less objectionable, because most Americans don't mind paying a little extra if they get great service.

Remember Clorets?

“It costs a little more, but it does so much more.” That was the marketing theme for Clorets chewing gum for decades. Curtis-Mathes did the same thing when it touted, “the most expensive TV set in America and darn well worth it.” Here's what Beemer said, “Price remains the only objection to address; therefore, the industry needs to raise service levels much higher. This will ultimately make price less objectionable, because most Americans don't mind paying a little extra if they get great service.”

There is, of course, another way to go, but not as long as ownership remains cemented as the focal point of industry marketing. That is to focus on the rental aspects of the transaction including the rental rate. Rental-purchase stores generally have the cheapest rental rates in town. VCRs at Blockbuster or baby beds at the Rental Yard, for example, are far more expensive to rent than the electronic and furniture products carried in rental-purchase stores.

One problem, however, is that rental-purchase stores are often market makers and there may be no other place in town to rent the items carried in them. And, finally, rental dealers have shown themselves loathe to abandon the ownership hook in marketing. No matter that “rent-to-own” is really a misnomer given the relatively small

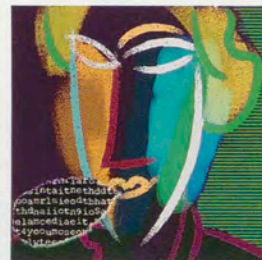
percentage of customers who are, in fact, renting long enough to own. The phrase has panache and appears to be here to stay. That makes Beemer's observation about adding value and explaining it better a valid one.

Then and now

Overall, the industry got high marks from consumers in both surveys. In both surveys, more than 90 percent of respondents reported that both product quality and selection was good in rental stores. More than 90 percent reported that the delivery time was good. Eighty-eight percent of respondents in 1994 and 90 percent of respondents in 1999 reported that they felt appreciated and were helped in the store when renting. The percentage of respondents answering that the rental company's reputations was good fell slightly from 93 percent in 1994 to 88 percent in 1999. In both surveys, 85 percent of customers reported that the rental company had honest people working in the store. In both surveys, only 11 percent of those surveyed reported being treated disrespectfully by anyone in the rental store.

In both the 1994 and 1999 surveys, more than 90 percent of respondents were satisfied with the product and 88 percent were satisfied with the store; 85 percent were satisfied with the people working in the rental store. When asked if rental stores should be closed because they charge too much, a steady 10 percent answered yes.

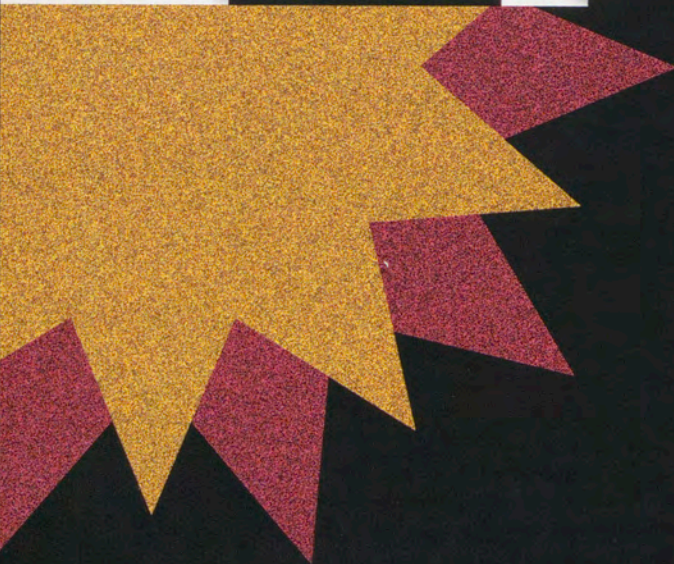
The industry wants to know how consumers feel about doing business in rental stores. Company by company, rental dealers want the rental experience to be a positive one. Beemer notes that while the industry got a good report card, generally, from its customers, there is room for improvement. Beemer thinks there is ground to be gained by emphasizing the “no-hassle” aspects of the transaction—no pressure on the front end—no credit check, friendly and welcoming store environment, free set-up and delivery, frequent customer contact and follow-up, no hassle in the middle—free repairs, use of a loaner, and minimal pressure on the back-end. With hard work in all three areas, the industry can show even better numbers in future surveys. ■



Ed Winn III is APRO's general counsel.

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Rent Rite's
Ed Stanko sets his
sites on the top
By Markus Beeby
Photographs
by Jerry MacFarland



Starting a rental-purchase store isn't brain surgery. You hire a staff, you get the merchandise and, after the first few months of tweaking details, things settle down. Starting a few more stores to go with the first one gets a little more complicated. Suddenly you're dealing with inter-store communications, getting everyone to follow similar marketing strategies and trying to stay on top of everything and everybody at once. Still not brain surgery, but more of a battle than you'd thought. Well, imagine planning to start, from scratch, a chain that will quickly number in the hundreds and begin to vie for the crown of King of all Rental Chains. No need to get the scalpel ready, Doc: Rent Rite's Ed Stanko is poised and ready to slice his way to the top of the rental-purchase big boys. And, according to him, it's not exactly brain surgery either.



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or Ed Stanko, the world of rent-to-own has been more like the world of ready-to-merge. In that respect, his résumé reads much like an oft-traded relief pitcher. Leaving multi-unit responsibilities at Comcoa

after its sale to Rent-A-Center, Stanko was hired at Rental King as vice president of operations. Leaving Rental King after its sale to RentWay, he took the same job at Alrenco.

On the third pass, Stanko felt it was time for something different. Before Alrenco was sold to Home Choice, he left the company and decided that it was time for him to start out on his own.

"In the days of everybody buying everybody, I wanted to be at least partially in control of the decision of whether or not to sell the company," says Stanko.

"Now I am and what we want to do is grow this company. We're not in this for the short haul—to grow 50 or 70 or 100 stores and then sell. We're in this for the long haul, to make this a company that can com-

pete with the major companies in the nation."

With 17 stores currently open or under construction in Florida, he plans to have about 28 stores in the state by the end of the year and 100 stores throughout the nation in the next several years.

His plans, however, don't include anything revolutionary. Just starting a sound business and being prepared for the big time.

Keeping it simple

"We've tried to keep it simple; we're not going to get fancy and we're not going to reinvent the wheel," says Stanko.

Opening Rent Rite in May, 1998, Stanko incorporated the lessons he learned from both his years in the industry and his 20 years spent in the foodservice industry as a multi-unit supervisor.

"Service is key," he says. "Right at the beginning, employees need to know that the customer comes first. They need to be respected even though their means might not be what they want them to be. They need to be served with a product that they can be proud of."

With his years of experience with Friendly's Restaurants, Stanko feels

that he understands what will make his chain work.

"I've spent 20 years in the food industry and have noticed that the biggest problem that large chains have is that you lose the entrepreneurial feel in the single units," he says. "Any company that wants to grow and keep that feel has to be decentralized. You've got to have decision making as close to the customer as possible."

Stanko feels that making decisions on a store-by-store basis will keep his company from falling into typical big company problems.

"Big chains start thinking that the people in the home office know better than the people in the field," he says.

"When a company gets to the point where it doesn't listen to its store managers or its district managers, it's going to start running into some problems. I'd like to think that Rent Rite will be able to have our people think with an ownership mentality and do the right thing for our customers and employees. If we do that, I think that we'll be a successful company."

Being prepared

Returning to Florida to open up Rent Rite's corporate office last year, Stanko stumbled upon some of the talent that was available because of the constant merging in the industry. With strong ties to the area from his years there with Comcoa, he found that recruiting was easier than he had expected.

"We've been fortunate, with all of the consolidation, that some quality people have become available to us," he says. "We don't have to deal with the learning curve that starting companies have. We're not going to make the same mistakes that someone just starting in this industry may make."

And that is just the beginning of the advantages that Stanko says his chain will have over the competition. With a number of multi-unit men on board, he feels that Rent Rite is ready to expand safely.

"You need to have proper training and proper supervision and have





“We’re not in this for the short haul – to grow 50 or 70 or 100 stores and then sell. We’re in this for the long haul, to make this a company that can compete with the major companies in the nation.”

your multi-unit guys in place from the very beginning,” he says. “Multi-unit supervisors need to be trained well. Many times they get promoted, ‘Congratulations, you’re a multi-unit guy. You just left single store management, now go out and run a district.’ And then they say, ‘OK, what do I do?’ It’s not the same position. They need to be trained better.”

Stanko feels that stressing the importance of quality training avoids some of the pitfalls of opening up too fast and not staffing properly at the multi-unit level.

“I’ve seen a couple of companies

that have come and gone that tried to open without the infrastructure in place,” he says. “When you’re in the infant stage you can’t think like a five-store company. You have to think like a 40-store company.”

Thinking like a 40-store company has had sizable up-front costs for Rent Rite. Implementing a real-time on-line system that allows up-to-the-minute inventory and agreement updates, investing in higher quality furniture and operating an involved training program have been expensive options. But for the job to be done the “Rite” way, Stanko feels that

this is the only way.

“We could have gone with less experienced people, a cheaper computer system and without a training department,” he says. “Though it does cost more up front, our investor group understands that for us to become a larger chain, we need to operate like a larger chain.”

The basics

If there is anything that Ed Stanko has learned before opening up Rent Rite, it’s that service is the name of the game. While he has great plans

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for his chain, his philosophy for success is unburdened by complications.

"If I could come up with a unique, great product that would increase our sales tremendously, I would. But I can't," he says.

"I think one of the things that we try to do is look for that magic bullet that will drive our company. But the reality is that our customers need refrigerators, TVs, washers...the basics of life."

Working in an industry that has suffered its fair share of public relations nightmares, Stanko knows that servicing the customer is still the key to success.

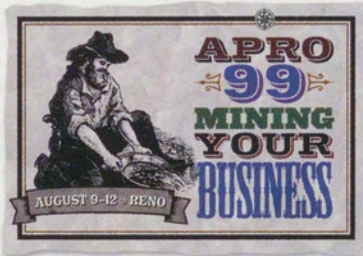
"We have to look at our customers as being the kind of people who want the same things that we want," he says. "We want nice products in our homes and they want nice products in their homes and, as an industry, we're capable of providing that for them. I had a woman in the Bronx tell me that she wanted her kids to have the same computers that the children in better-off areas were getting. We need to help our customers get the things they need and not be afraid to say that this is what we do for a living."

Ed Stanko makes the industry sound almost too simple, but who could argue with the points he makes? He thinks that customers and employees should be treated the "Rite" way. That better quality and big planning will lead to a Rent Rite empire. But even with his confidence firmly intact, he knows that now is put-up time.

"Even though I know the pitfalls, I can't say that when we get to that size someday we won't start making the same darn mistakes," he says. "But I'd like to think that, with a little hindsight, we won't."

On June 16, after the company's board of directors meeting, Rent Rite announced its first national expansions. Stanko hopes things will go the distance. After all, it isn't brain surgery. ■

Markus Beeby is a free-lance writer living in Austin, TX.



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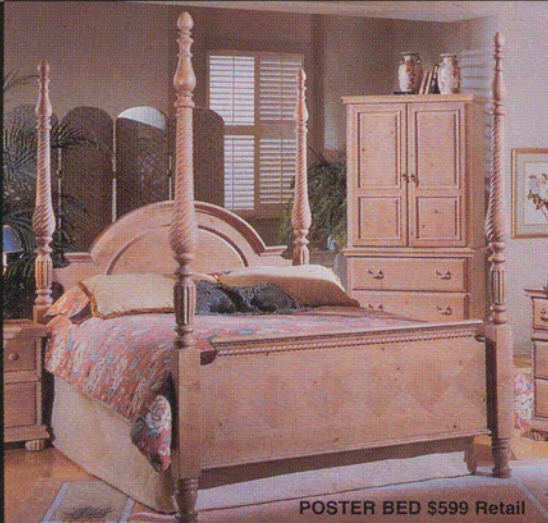
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How do you handle customers' late fees?

Rich Anderson

VALLEY RENTALS SUPERSTORE
GLENVIEW, IL

I think late fees are just part of the business. We try to use our best judgment in each case and try not overly to aggravate anyone so they'd want to sue us. My philosophy is just to keep a low profile when it comes to litigation.

I've owned rental stores in other states, and in Indiana, the state law allowed us to charge \$1 or \$2 for each day they were late. That money adds up; the customers are generally more anxious to make payments and renew on time. In Ohio, where you're charged a flat amount of \$5 for being late, no matter how late you are, customers don't seem to mind being late as much. Of course, the first way works better for the dealers because customers tend to make more timely payments, but it can also aggravate some customers.

I would say that we collect the money about 95 percent of the time, but sometimes the customers just don't have the money. My policy is to try not to lose any friendly customers over the late fee.

Jeff Lebakken

LEBAKKEN'S
CHIPPEWA FALLS, WI

Right now our method is charging \$1 per day the customer is late, but we're going to be changing that soon to a new

method where we charge a flat fee of \$5 per month. That's because of a change in the state law, but I really don't think it's going to work better. I prefer the method we're using now, but we'll do it to comply with state laws.

Don Elbert

FURNITURE LEASING INC.
BROWNSVILLE, TX

We charge according to Texas state laws, \$2 or \$5 per rental period depending on the contract. We enforce this very consistently and have never had any problems. This method works very well and we won't be changing it unless the state of Texas says we can raise the fee. If the

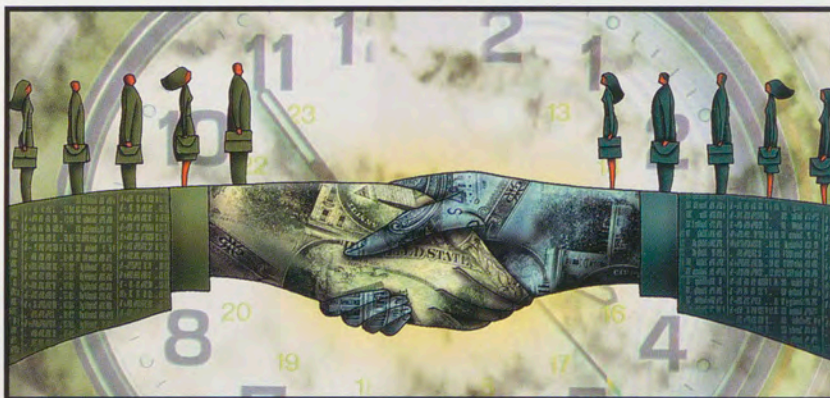
fee. We do try to enforce this consistently, but we'll take into consideration things like how long the customer's been with us or how many items he has rented or how well he's paid in the past. We're not to the grindstone about this. I mean, if the customer is paying \$150 in rent every month, a little \$5 fee really isn't worth fighting about.

Al King

RENTQUICK
TULSA, OK

We know that each case is individual and, if there is a problem, we'll look at it. The customers know that if they're going to be late, they'll have to pay for that, just like any bank or finan-

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customer doesn't have the money, we'll wait.

John Zouse

PRUITT'S TV & APPLIANCES
CUMMING, GA

If the customer is late three days or more, we charge a \$5 late

cial company would do. Of course, if a customer has four or five accounts with us and falls behind, we'll work with them to get them back on track. ■

Linda Hsieh is a journalism student at the University of Texas at Austin.

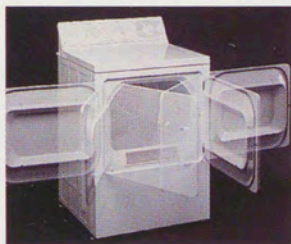
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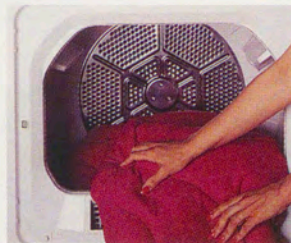
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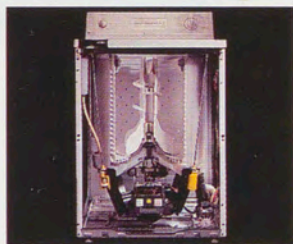
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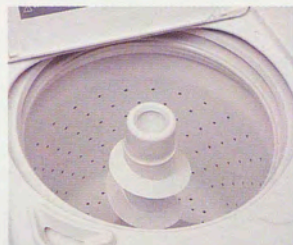
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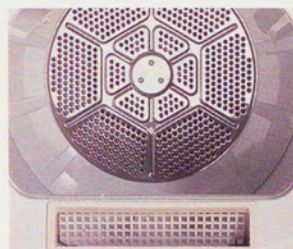
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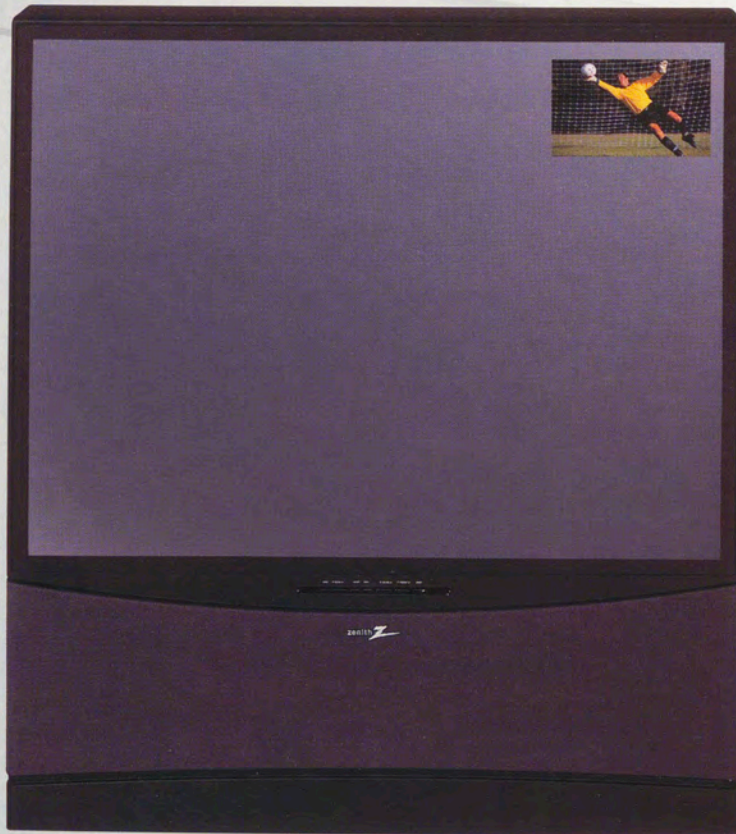
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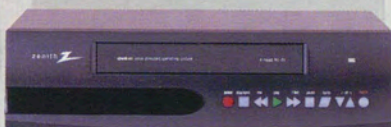
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