

PROGRESSIVE

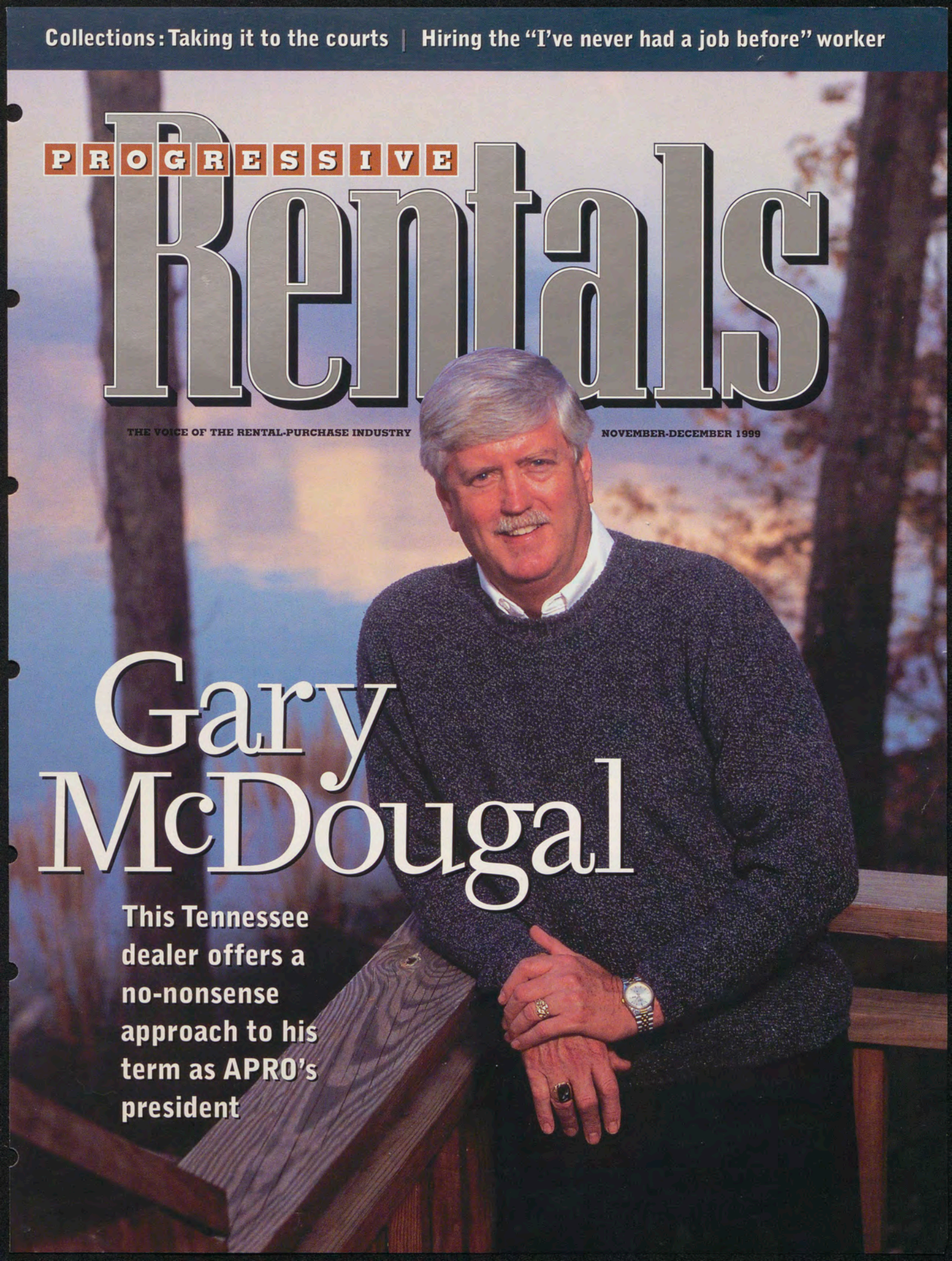
# Rentals

THE VOICE OF THE RENTAL-PURCHASE INDUSTRY

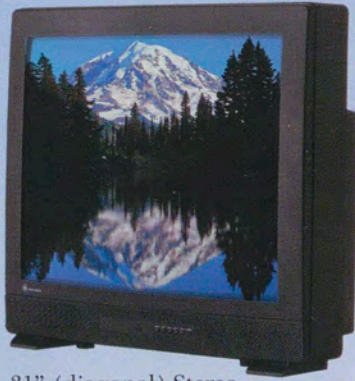
NOVEMBER-DECEMBER 1999

## Gary McDougal

This Tennessee dealer offers a no-nonsense approach to his term as APRO's president



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Monitor Receiver



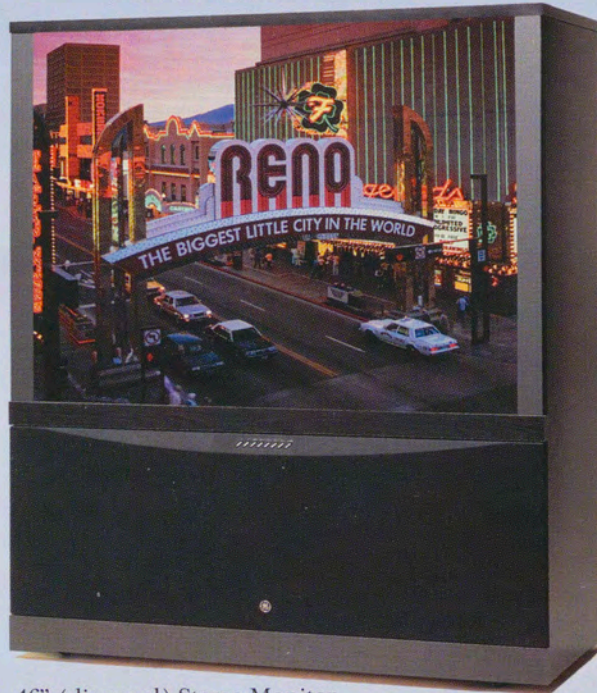
35" (diagonal) Stereo  
Monitor Receiver



27" (diagonal) XS® Stereo  
Table Television



19" (diagonal) XS®  
Stereo Table Television



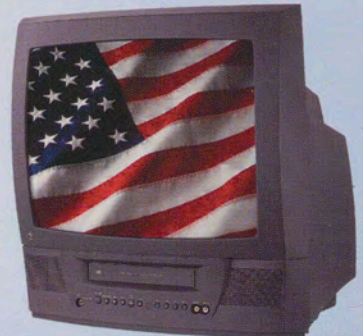
46" (diagonal) Stereo Monitor  
Projection Television



25" (diagonal) XS® Stereo  
Table Television



19" (diagonal) Table  
Television



19" (diagonal) TV/VCR  
Combination



4-Head VCR



13" (diagonal) Portable  
Television



13" (diagonal) TV/VCR  
Combination



4-Head Hi-Fi Stereo VCR

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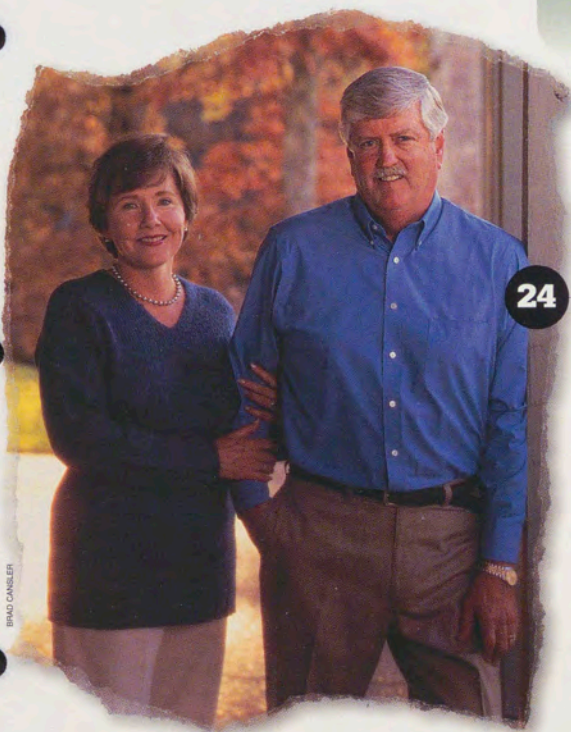
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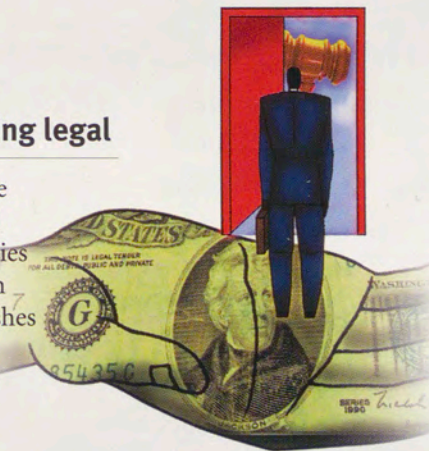
24

## Satisfaction guaranteed: An APROfile of Gary McDougal

Elected to serve as APRO's 1999-2000 president, Gary McDougal is a small-chain dealer with a large company outlook. The owner of the five-store American Rentals chain based in Hixson, Tennessee, McDougal doesn't mince words about friends or foes and certainly doesn't beat around the bush when talking industry politics. Writer Markus Beeby talked to McDougal about his experience, outlook and plans for the year ahead.

## 30 Reflections on collections, part two: Going legal

APRO General Counsel Ed Winn III continues the education process of navigating the complex legal system in this final installment of his two-part series on what rental dealers can expect when faced with unsuccessful collection processes. Winn distinguishes between civil and criminal trails, bringing suit in small claims court and the expenses of both time and money required when pursuing legal action against past due accounts or stolen property.



36

## Hiring the "I've never held a job before" worker

How do you evaluate a young, wet-behind-the-ears worker who says, "I've never held a job before"? That's a vital question in the age of shrinking labor pools, where employers are often forced to fill positions with high school students and recent college graduates. Phillip M. Perry talks to five human resource consultants to offer you a road map for your own quest to problem-free first-time hires.

DEPARTMENTS

7 | NEWS BREAK

2000 APRO Mid-Year Conference dates set; Rainbow Rentals hits *Forbes' 200* list; state association news; and more.

16 | IN MEMORIAM

Norman Wayne "Slats" Slotton, 1930-99

18 | PRESIDENT'S VIEW

1999-2000 APRO President Gary McDougal recaps the happenings at the fall board meeting in Austin.

20 | THINKING RTO

APRO General Counsel Ed Winn III questions the perception that auto leasing is such a good deal for consumers.

43 | WHO'S WHO IN APPLIANCES

An annual listing of companies that supply appliances to the RTO industry.

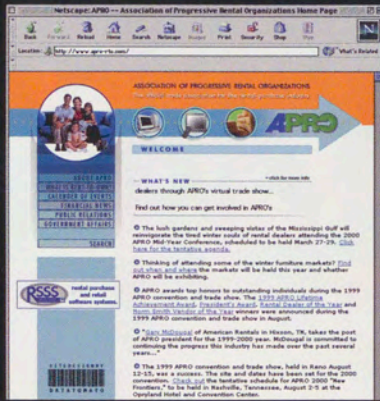
44 | VIEWPOINT

How do you handle angry customers who are behind in their payments?

COVER PHOTOGRAPH BY BRAD CANSLER

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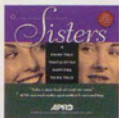


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# news

## BREAK

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JULIE SHERRIER AND  
RICHARD MAY

### Don't miss Mississippi for the APRO Mid-Year Conference in March

**T**he lush gardens and sweeping vistas of the Mississippi Gulf will reinvigorate the tired winter souls of rental dealers attending the 2000 APRO Mid-Year Conference, March 27-29.

The site of the confer-

ence is the new luxury resort, Beau Rivage, in Biloxi, MS, with its canopied entrance, lush gardens and fragrant magnolias, gracing acres of white sand beach with panoramic views of the Gulf. As the newest Mirage Resorts property, Beau Rivage features 12 distinctive restaurants, a single-level casino, the 1,500-seat Cirque du Soleil showroom, an exquisite spa and salon, a shopping esplanade, a deluxe mari-

na and a 30,000-square-foot conference and convention center.

The focus of the 2000 Mid-Year Conference is in-store marketing, store design and industry updates. An in-store marketing/decor workshop, as well as a panel of dealers discussing successful in-store marketing tips and an APRO industry networking session are planned over the three-day meeting.

To re-energize after meetings, attendees may want to practice their swing at the nearby championship golf course or head out to sea for some sportfishing. In the evening, attendees can experience the world-renowned performance group, Cirque du Soleil, where performers awe their audiences with inspiring acrobatics, flamboyant costumes, brilliant choreography and an award-winning musical score.



ence is the new luxury resort, Beau Rivage, in Biloxi, MS, with its canopied entrance, lush





## Winter markets heat up after the holidays

**T**o escape those post-holiday season blues (or to escape from such unsightly chores such as taking down the decorations or outdoor lights), many rental dealers take to the slopes or attend the annual winter markets. As always, APRO will keep you posted on dates and registration information for these markets, as well as APRO's participation in them.

- ▶ The first market of the year is the Atlanta International Gift and Home Furnishings Market, January 5-14. APRO will not be attending the market. For information on registration, call 800/ATL-MART or 404/220-3000.
- ▶ The 2000 Winter Consumer Electronics Show will be held in Las Vegas, January 6-9. APRO will again have a booth in the lobby of the convention center (T-1). Thomson Consumer Electronics will host a hospitality suite 6-8 p.m., January 7 at the Paris Resort. You can visit the CES Web site at [www.CESweb.org](http://www.CESweb.org) or call 703/907-7600 for registration information.
- ▶ The Dallas Furniture Market will be held January 8-11. APRO will not be attending, however. Registration information is available by calling 800/325-6587.
- ▶ The final January market will be the San Francisco Furniture Mart, January 21-25. Visit the APRO booth in the lobby of Mart 1. Emeralds Home Furnishing will sponsor a Rental Hospitality, 5-7 p.m., Saturday, January 22, in Suite 918 of Mart II. Registration information is available by calling 415/552-2311.
- ▶ February 17-20 brings the Mississippi Furniture Market in Tupelo. Look for the APRO booth in the lobby of Hall B in the Mississippi Market Complex. Benchcraft will welcome rental dealers for great food and music 5-8 p.m., Friday, February 18 at the Benchcraft Showroom during APRO's Hospitality Night. Information on the Tupelo market can be obtained by calling 601/844-1473.
- ▶ Next comes the High Point spring furniture market, April 6-14. APRO will host a rental dealers hospitality evening, 6-8 p.m., Friday April 7 in the Progressive Furniture Showroom, our sponsor for the evening.

A calendar of events for the upcoming year is included on the facing page or you can check out the calendar on the APRO Web site at [www.apro-rto.com/](http://www.apro-rto.com/).

Reservations will be taken after December 1, 1999, at the Beau Rivage Resort, 800/567-6667. You can register on the APRO web site after December 15 at [www.apro-rto.com/](http://www.apro-rto.com/). Brochures will be mailed out next month. See you in Biloxi!

### Rent One receives local recognition in the media

Rent One, as one of United Way's "Pacesetters," collected \$128,486 for the Jefferson County United Way's fund-raising theme of Caring Hearts Build Hope this fall. The fund-raising requests were for a half a million dollars and, according to United Way Director Cindy Vincent, the Pacesetters have already helped meet the goal halfway with \$257,000 in donations. At the kick-off breakfast, Donna Fally of Rent One received one of the awards for best-theme table for her NASCAR theme. Other members of the Pacesetters are National Railway, JC Penney, Kroger, local financial institutions, Wal-Mart and General Tire.

In other Rent One news, helping out your co-workers is just as important as helping strangers. This was illustrated when the compa-

## 2000

## JANUARY

5-14  
Atlanta Furniture Market,  
404/220-3000

6-9  
Consumer Electronics Show,  
Las Vegas, NV, 703/907-7605;  
APRO booth T-1 in lobby of  
Las Vegas Convention Center;  
APRO Hospitality Suite,  
6-8 p.m., January 7, Paris Resort  
[sponsored by Thomson  
Consumer Electronics]

8-11  
Dallas Furniture Market,  
800/325-6587

16-17  
Louisiana Rental Dealers,  
Baton Rouge, 504/674-2458

19  
Ohio Rental Dealers meeting,  
419/782-1188

21-25  
San Francisco Furniture  
Market, 415/552-2311;  
APRO Hospitality Suite,  
5-7 p.m., January 22 [sponsored  
by Emeralds]

24  
TARA seminar, Austin,  
214/488-8000

## FEBRUARY

17-20  
Tupelo Furniture Market,  
Tupelo, MS, 601/844-1473;  
APRO Hospitality Suite,  
6-8 p.m., February 18  
[sponsored by Benchcraft]

## MARCH

26-30  
APRO Mid-Year Conference,  
Beau Rivage, Biloxi, MS,  
800/204-2776

ny's payroll employee Brenda Williams needed help refurbishing a former rental home she bought in the company's hometown of Mt. Vernon, IL. Her coworkers and family joined in the effort.

"You've heard about Habitat for Humanity," says Williams in a local newspaper article that covered the story, "I'm calling this Habitat for Brenda."

"She's a real good employee," says Richard Bergman, general manager of Rent One. "I just wanted to come out and help. I'm just helping where needed."

"We're doing a little bit of everything," says coworker Donna Fally. "We heard about her house and thought we'd spend one day making a concerted effort to get everything done."

In view of such generosity, Williams summed it all up by saying that what was happening there was a miracle of giving and the miracle of friends.

## Habitat for Humanity donations garner praise

Rental dealers in Virginia and Illinois were recognized by local Habitat for Humanity affiliates for their generous donations of

appliances and cash for new homes built in October. Star Rentals of Harrisonburg, VA, and Rent One in Centralia, IL, donated a washer and dryer and \$1,000, respectively, to new Habitat

homes. To date, appliance and in-kind donations by rental-purchase dealers to Habitat for Humanity affiliates across the country have totaled approximately \$150,000 for 1999.

## Rainbow Rentals hits *Forbes* 200 list

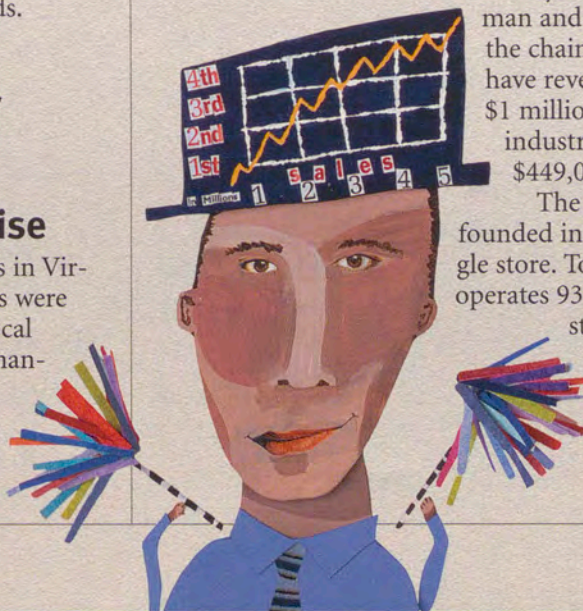
"It's the people that keep Rainbow shining," is what an Ohio Valley local newscaster said when announcing that Rainbow Rentals Inc. had made the cut on *Forbes*' 200 best small companies in the United States.

Rainbow ranked 161st on the elite list of publicly traded companies published in the November issue of *Forbes*. The companies were judged by a "clear evidence of profits—a five-year average annual growth in earnings of 10 percent," among other factors such as return on equity and the debt/equity ratio. After only 16 months after the company's initial public offering, Rainbow boasts a 35 percent five-year average of return on equity with a zero percent debt/equity ratio.

"We were surprised we were in the listing because we didn't know we were going to be in there," says Rainbow's Chief Financial Officer Mike Pecchia. "But we are not surprised at the recognition or the results because it's been the culmination of a lot of hard work."

Wayland Russell, chairman and CEO, reports that the chain's stores typically have revenue of more than \$1 million a year, while the industry average is \$449,000 a year.

The company was founded in 1986 with a single store. Today, Rainbow operates 93 stores in nine states and reported 1998 sales of \$63.5 million and earnings of \$3.6 million.





## Searching for the best

**A** PRO begins a nationwide search for the customer and employee of the year. To celebrate APRO's 20th anniversary and the millennium, APRO unveils a nationwide contest for the rental-purchase industry.

"Contest" may not properly define the program because finding the employee and customer of the year is not a contest but a commitment. A commitment by the industry to focus on the grassroots of this industry — the customer and the employee.

"During APRO's first 20 years, we had to focus on the basics, such as defining ourselves in the courts, legislatures, the IRS, Congress, the media, etc. Now, as we fulfill those commitments, we can look to the next 20 years and focus on what makes our industry so strong and proud," says Gary Romine, APRO Public Relations Committee chairman.

"Honoring the customer and employee of the year will be the mantelpiece for this industry's and Association's commitment."

Currently, there are no rules nor regulations for the contest. A subcommittee of rental dealers will piece together the details. "Regardless of the details, the winners will be the ones with the best story to tell," says Gary McDougal, APRO president.

"What I mean by a story does not constitute the employee who makes the most profit or the customer who rents the most stuff, but those who have helped change peoples' lives for the better."

Although the details are not completely set, the following is a guide for the nationwide search. The winners will receive a free trip to be honored at APRO's annual convention next August in Nashville, TN. Candidates must be nominated by any peer in the industry who is an APRO member. Candidates will be judged by a narrative of 100 words or less describing why the nominee is valuable to the industry and to their respective store(s).

Forms will be sent out at the beginning of the year and will be found in APRO's various publications as well as the web site at [www.apro-rto.com/](http://www.apro-rto.com/). As of now, search for your best story and be ready to tell APRO and, perhaps, the world.

## "Stock Watch" says RentWay is a buy

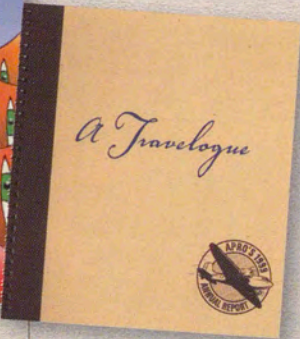
With the headline, "Rent the stuff; own the stock," the *Syracuse Herald-Journal* profiled the growth and recent acquisitions of RentWay Inc., based in Erie, PA.

Reporter James T. Mulder wrote, "The success RentWay has seen from its own stores, several of which were already in Central New York, along with a string of successful acquisitions ending with Rentavision, have and will give the company tremendous growth, the experts say."

"The rental company industry in general has been under-observed, some analysts say. Chains like RentWay are showing considerable and consistent earnings growth. Six of eight brokers covering the company recommend it as a strong buy. The other two recommend a moderate buy," wrote Mulder.

## Progressive Rentals and APRO annual report win national awards

In November, the Association of Progressive Rental Organizations garnered two Gold Circle Trophy national awards for its bimonthly publication, *Progressive Rentals*, and its 1999

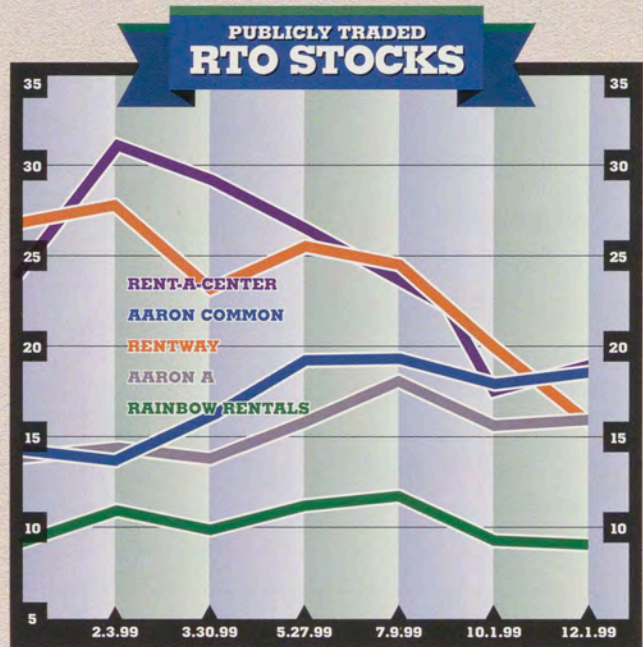


**Annual Report.**

The 1999 Gold Circle Awards, presented by the American Society of Association Executives, honors the best in association communications. More than 900 entries were submitted and winners were selected in 23 categories, from Web site

design to media kits. In all, 140 communication projects were recognized.

Sponsored annually by ASAE's Communication Section, the program recognizes the most creative and professional publications and public relations projects by associations, as cho-



sen by a panel of peer judges. Only 37 entries captured Gold Circle tro-

phies, while 66 runners-up received certificates of achievement.

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## Missouri celebrates success with annual gathering

The 1999 Missouri Rental Dealers Association annual meeting and trade show went off without a hitch September 14-15 at Tan-Tar-A Resort in Lake of the

Ozarks, MO. With a record-breaking 209 attendees and a sold-out trade show boasting 51 booths, the state association raked in approximately \$8,600, compared to a loss of \$7,600 two years ago.

"We've come a long way," says "Tiger" John



Far left: Missouri Rental Dealers Association President Dan Cole and "Tiger" John Cleek hope the Ozark fish take the bait; above: APRO President Gary McDougal attended the Missouri gathering; left: the trade show was "Ideal" for many vendors; below: Larry Sutton kept the attendees informed and amused.



Cleek of Cleek's Rent To Own in Columbia, MO. "What has really helped our show was hiring Ken Steiner of Steiner and Associates to run the thing. He takes care of the mailings, takes minutes at our meetings and handles most of the details. A few years ago it became apparent that we either had to hire outside help or quit doing the show altogether. Steiner has made this show a success."

Both a golf and a fishing tournament were held, along with an informative and entertaining seminar by Larry Sutton, the "Reverend of rent-to-own."

"We actually have a waiting list of vendors to exhibit at next year's show," says Cleek. Gary Romine of Show-Me Rent-To-Own Inc. in Farmington, MO, says the trade show was a wonderful opportunity for store managers to sit down and visit with the vendors. "There was a lot of activity on the show floor," says Romine. "It was a really good turnout."

Other state associations interested in talking to show manager Ken Steiner of Steiner and Associates to assist in the production of other state trade shows and meetings can contact Steiner at 573/442-2963.

## Safety issues grow with home entertainment units

Delivery personnel setting up heavy televisions and home entertainment units in customers' homes need to make sure the units aren't precariously perched. Accidents involving wobbly televisions and home entertainment support units apparently have escalated to the point where a national committee has been appointed by the consumer electronics industry to address these safety concerns.

The Consumer Electronics Manufacturers Association announced the formation of the Home Entertainment Support Safety Committee, comprised of television and consumer electronics furniture manufacturers. "The goal of this committee is to educate consumers about the safe use of television stands and other home entertainment support units," says Gary Shapiro, CEMA president.

"This CEMA group has brought together two industries that have been working for several months on strategies to encourage safe and intended use of TV sets and their support units," says Shapiro. "We have been also coordinating closely with the Consumer Product Safety Commission and Underwriters Laboratories, and we are trying to garner the input and involvement of related industry and consumer organizations."





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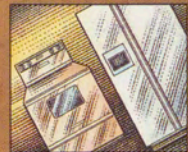


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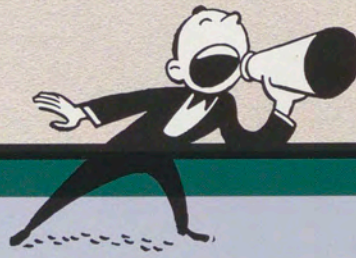
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# APRO prez educates Tennessee reporters

**I**n an article announcing his new post as APRO president in the *Chattanooga Times & Free Press* on October 26, Gary McDougal of American Rentals in Hixson, TN, saw an opportunity to spread the good word about the rental-purchase industry. During the interview, McDougal broadcast his knowledge of the industry. He was quoted as saying that 15 years ago there were only four rent-to-own stores in Chattanooga whereas today there are 49 and 8,000 more stores nationwide, serving 3.3 million customers. Also, there are 307 stores in Tennessee alone, bringing in revenue of \$137 million annually.

One of the reasons the industry has grown to its present size is because people are mobile these days, says McDougal in the article. For instance, an executive who is coming in on a one-year assignment needs to furnish his house and doesn't want to be bothered with keeping the furniture at the end of that one year period. Furthermore, there are people who don't have \$1,000 to lay down on a washer/dryer. Hence, the solution is to rent it for \$15 a week, which is cheaper and more convenient than doing it at the local washateria.

When asked by the reporter about regulation,

McDougal responded by saying, "This business is so competitive that it basically regulates itself. Today, a rental store has to offer services, support to customers, fair pricing and quality merchandise or it won't keep its customers. Competition keeps everyone in line."

McDougal also touted the industry's affiliation with Habitat for Humanity and his company's involvement with Red Cross.

Not one to let a chance for educating the public pass him by, in another interview with *The Commercial Appeal* on October 10, McDougal made it clear how much the industry has changed over the years, especially when it came to the wide variety of quality products available to rent.

The article acknowledged the "stigma" attached to the industry, but McDougal countered with, "Before the industry was regulated, we were looked upon just like the check cashing business because some were not doing business the way they should have been."

*The Commercial Appeal* reporter also included positive comments from analyst Arvind Bhatia of Southwest Securities in Dallas, information from the APRO web site and an interview with Mike Pokorny of Aaron Rents.



Gary McDougal of American Rentals in Hixson is the new president of the Association of Progressive Rental Organizations, representing industry that grows as Americans become increasingly mobile.

**McDougal President Of Rental Organization Active Roles in Community Urged**

BY CHRIS BRACKLEFORD

Heard to speak, an RTTO has been an identifiable industry in the United States for more than 30 years.

The \$4.7 billion-a-year industry is composed of dealers nationwide who sell and rent furniture, electronics, appliances, and other household items.

Q: How big is the rent-to-own industry today and why is it so popular with consumers?

A: When I first started in the business 12 years ago, there were four rent-to-own stores in Chattanooga. Today there are 49 in the area.

Q: How big is the rent-to-own industry today and why is it so popular with consumers?

A: When I first started in the business 12 years ago, there were four rent-to-own stores in Chattanooga. Today there are 49 in the area.

“Our seminar sponsors automatically become members for a year,” says Zeller. “We now have 18 to 20 new vendor members, compared to five from previous years.” Zeller says the ORDA fall seminar was geared for store employees and featured speakers Ed Winn III, APRO’s general counsel, Gary Ferriman, who spoke about performance



Griffin and Zeller

reviews, and two-time Heisman Trophy winner Archie Griffin, who talked about “The Three D’s of Success.”

“Overall, the seminar was very well received,” says Zeller. “We reintroduced the golf outing, which was an absolute hit with everyone and will be repeated at next year’s meeting. There were lots of prizes and the vendors were able to socialize with the dealers in a relaxed atmosphere.” The event sponsors were Bell Furniture Industries, Nitsche Advertising and Sound Worx on Hold.

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# Norman Wayne "Slats" Slatton

SEPTEMBER 24, 1930 - NOVEMBER 18, 1999

**"T**he people I have met in this industry are my friends and this industry is my life," said Slatton earlier this year when he was honored with the Association of Progressive Rental Organizations' Lifetime Achievement Award. "I saw the potential that rent-to-own had as an industry and dedicated my life to that potential. I now have a family who will carry on my goals and my business for me."



The rent-to-own industry mourns the passing of one of its

He was active in state and federal legislative issues and dedicated much of his time to working with legislators and bankers to help them understand the rental-purchase industry. He also initiated the TRIB Group rebate program during his term as president.

"Slats" liked networking with other dealers and spent many hours on the phone and exchanging operational visits. He leaves quite a legacy for rent-to-own as several previous Buddy's employees have gone on to become industry dealers or vendors. He also has several relatives who work in the industry, including his niece,

**"The people I have met in this industry are my friends and this industry is my life."**

leaders, Norman Wayne "Slats" Slatton, who died on

November 18, 1999, as a result of complications from a brain aneurysm he suffered in June 1998. Slatton was the founder, CEO and owner of Buddy Bi-Rite and Buddy's Home Furnishings, headquartered in Tampa, FL.

A U.S. Air Force veteran, Slatton began a television and appliance store chain in 1961 and entered the rent-to-own arena in the early 1970s. Having worked for Sears & Roebuck and Whirlpool Corp., "Slats" was well known to many in the furniture, appliance and electronics world. He contributed to the rental-purchase industry in many ways, serving as a member of the Florida Rental Dealers Association, on the APRO board of directors and as a past president of The Rental Industry Buying group.

Judy Garrison, who is a representative for ABS Jewelry and Meadowbrook Upholstery, his nephews, Larry Sutton, who previously owned several Champion Rent-To-Own stores, and Steve Sutton, vice president of Rent Quest. Four of Slats' five children, Kim, Karen, Jamie and Norm Jr. now run the Buddy's Home Furnishings chain which has grown to 43 stores in Florida and Georgia. The oldest, Christina, runs her own small business in Tampa. Slats also is survived by his wife of 48 years, Lois, and six grandchildren.

In lieu of flowers, the family respectfully prefers that a donation be made to support research at City of Hope. Please forward these donations to The National Home Furnishings Industry Chapter, City of Hope, 1055 Wilshire Blvd., Los Angeles, CA 90017, or call Sharon White-Kuo at 800/544-3541.

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**T**he APRO board of directors recently met in Austin for the 1999 fall board meeting. The committees met for three days and capped off the week with a full board meeting. I applaud the efforts of both new and old board members for their enthusiasm and dedication to furthering the interests of the industry through their involvement.

The board meeting kicked off with a review of APRO's history and its growth and changes over the past two decades. Next year, the Association will celebrate its 20th anniversary. This milestone should be celebrated thoroughly as there were

# Board report

events that occurred not so long ago that could have robbed us of this victory.

What we did next was something I wish every APRO member could do—we visited with the staff at APRO headquarters. Not only was it educational for the board members to familiarize themselves with the staff and their respective department operations, but it was also nice to visit with APRO's 11 staff members in their offices and hear from them directly about what they're working on, how they spend their days and any problems and/or concerns they wanted the board to address. The staff was very interested to hear any suggestions on how to meet the board's and members' expectations.

Then the real work began. The committees met and discussed issues ranging from the perfunctory to the exciting, sometimes generating heated discourse, sometimes reaching 100 percent consensus. All in all, your board worked hard to develop the direction APRO will take during the upcoming years. Here's a brief recap of the committee meetings:



By **GARY McDOUGAL**  
APRO's President

The public relations committee formulated plans for the upcoming year. This hard-working committee, comprised of old and new board members, continues to push forth with a major effort to give your industry the best image possible and move us into the next century.

The communications committee changed some advertising policies. Participants discussed the positive reception of *View*, which debuted in January and the redesign of—and increased traf-

fic on—the APRO Web site.

The membership committee, with our new appointment from the vendor relations committee, Al Zagnoriak of Sears, implemented some great ideas on increasing membership and introducing new member benefits.

The ethics committee discussed the hiring practices currently happening in the industry and its effects on the industry in general. In keeping with the strategic plan developed in October 1998, the committee is committed to a thorough review of our code of ethics and will report to the board and the membership on its findings.

The government relations committee has many new members this year in an effort to bring more people into the information loop. Our Washington lobbyist, John Raffaelli, talked about our most recent "near miss" to get our long-sought-after federal bill passed. Detailed plans were agreed upon concerning the 2000 Legislative Conference in Washington in May. Please reserve time on your calendar to attend this event. Our PAC chairperson, Mamie Harper, is working with her committee to make sure we have the resources necessary to fulfill our legislative mandate.

The education committee discussed various locations for the 2000 Mid-Year Conference, to be held March 27–29. I am pleased to announce we have selected the Beau Rivage Hotel in Biloxi, Mississippi. It's a beautiful facility with plenty of top quality golf, fishing and historical exploring, not to mention the grand casino in the hotel. The 2000 APRO convention will be held at the Opryland Hotel in Nashville, August 2–5. This is our 20th anniversary and we're pulling out all the stops to make this meeting memorable.

I want you to be aware of the outstanding work your board did during this week of intense meetings. Your board is dedicated to serving your needs and the needs of the entire industry in a financially sound manner. ■

*Gary McDougal is owner of American Rentals in Hixson, TN.*

.....  
**"Next year, the Association will celebrate its 20th anniversary. This milestone should be celebrated thoroughly as there were events that occurred not so long ago that could have robbed us of this victory."**

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**P**erceptions. They are funny things, perceptions. They may not have a lot to do with reality. Take automobile leasing, for example. The common perception of car leasing is that customers can get into nicer cars for less money down and for a lower monthly payment than if they were to purchase the vehicle outright. That is how vehicle leases are marketed, and the rapid growth of that industry indicates that is what consumers think.

The U.S. Department of Labor, the Bureau of Labor Statistics, put out a report last June enti-

of years now. The goal is and has been to improve the image of the rental-purchase industry. It may be a little early to measure the results of these efforts, but they almost certainly will not raise the image of the TV, appliance and furniture rental industry to the level enjoyed by the vehicle leasing industry. Even such luminous consumer advocacy publications such as *Consumer Reports*, which are always ready and quick to condemn rental-purchase, remain devoutly neutral about automobile leasing and merely urge consumers to study the market and choose the transaction that is best for them and their circumstances. The rental-purchase industry should live so long as to have consumer advocates say that about them.

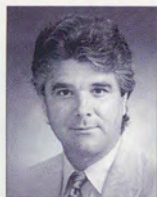
.....  
 "It may be a little early to measure the results of our public relations efforts, but they almost certainly will not raise the image to the level enjoyed by the vehicle leasing industry."  
 .....

# The perception deception

tled, "Trends in Automobile Leasing." Here is the reality vs. perception of car leasing:

The average down payment for a leased vehicle is actually \$400 more than for one that is purchased, \$2,066 for a lease versus \$1,667 for a purchase. Moreover, the average monthly lease payment (\$344) is \$60 higher than the note payment on a vehicle purchase (\$284). Surprising, huh?

Nonetheless, the perception that vehicle leasing is popular and growing is accurate. The percentage of consumers leasing vehicles more than doubled from 1992 to 1996, from 2.3 percent to 5.5 percent. Rich people lease vehicles at a higher rate than poor people. (Incidentally, automobile leasing is more popular in some regions of the country than others. It is most popular in the Northeast and Midwest; least popular in the West and South—7.7 percent of consumers leased a car in the Northeast in 1996 versus 1.4 percent of consumers in the South.)



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

So, how is the automobile leasing industry able to market low down payments and low monthly lease rates so successfully when the facts contradict the marketing effort and the perception it has created among consumers? More important, why can't we do that?

The rental-purchase industry has had a serious public relations campaign going on for a number

Yes, they are curious things, perceptions. What we all know about them, however, is that they can be shaped and are being shaped every day. The rental-purchase industry's continuing commitment to reshaping consumer perceptions about the services it performs and the value and choices it adds to the marketplace can only be a good thing. Consistently applied over time, the effort is bound to have an ameliorative impact on public perceptions of this industry. ■

*Ed Winn's e-mail address is [edwinn@ibm.net](mailto:edwinn@ibm.net).*

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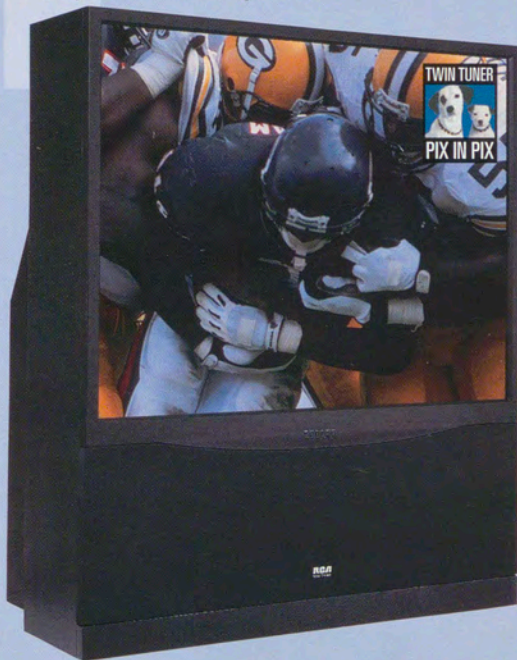
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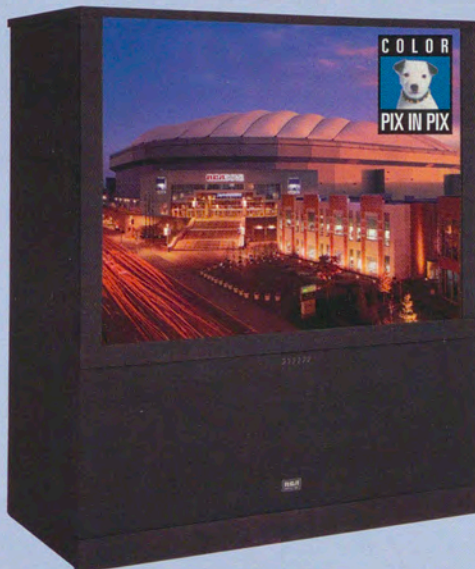
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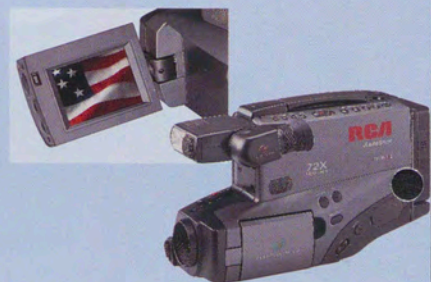
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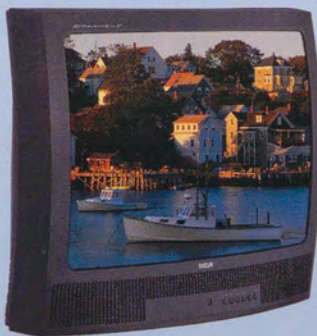
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APRO's President  
**GARY**  
**McDOUGAL**

An APROfile by  
**Markus Beeby**

Gary McDougal isn't a complicated guy. He doesn't mince words about friends or foes and certainly doesn't beat around the bush when talking industry politics. He's quick to point out that he thinks that fluffy interview pieces are for somebody else. As far as the new APRO president is concerned, he could care less about whether this article is printed or not. His greatest strengths? He doesn't need to tell you. His greatest weakness? Well...his wife says that he just can't seem to hang pictures straight.



Gary, wife Mary and  
15-year-old dachshund,  
Maggie, at home in  
Sale Creek, Tennessee.  
Photographs by  
Brad Cansler

**B**

ut this is just Gary. If you want to know the truth, just ask him. He'll tell you that legislative issues are still very scary for the Association, that the rifts between small and large companies won't last and more about his beloved Tennessee Volunteers football team than you thought that anybody knew.

A typical example of McDougal's no-bull attitude is his stance on the legislative foes of the industry.

"You can't tell those suckers a damn thing," he says of rent-to-own's enemies on Capitol Hill. "And you can't tell their staff a damn thing. You're wasting your time. They have got to have a mission and they won't stop to think about it."

It is confidence, not arrogance, that affords McDougal his strength of opinion. He knows the industry well and speaks from years of experience. He sees his job with APRO as a duty of that experience. A duty that should come without any ego stroking.

"I don't want to cater to that," is his response to a request for self-praise. "You have got to have a lot of faith in the board to allow them to pick out who they want for this job. The membership elects a board and the board has faith in me and knows what I've done."

### Qualifications

What McDougal has done for APRO in his 15 years in the rental-purchase industry is serve 10 years as president of the Tennessee Rental Dealers Association, win the 1994 APRO Rental Dealer of the Year award, head up the government relations committee, attend every APRO meeting when lobbying for rental-purchase legislation in Washington, D.C. and win the 1998 American flag competition for having the most meetings with elected officials to sign on HR 2019.

But while McDougal has also grown the Hixson, Tennessee-based American Rentals into a "good and solid" five-store chain, what he really hangs his hat on is his relationships with the people he knows in the industry — employees, competitors and customers alike.

Having experienced the lack of communication that plagues giant companies in his 20 years working for Sears Roebuck, he appreciates knowing all of the people that surround him in his work life.

"You lose touch with the business in a lot of ways when you're that big. At Sears and Roebuck, there were 300,000 employees," he says.

"At American, we know when someone's having a

baby or when someone is graduating from high school. When I go to work every morning, I am excited to keep all the people who I work with eating."

### The customer

From his 20 years at Sears that moved him from Seattle to Florida to Tennessee, doing everything from driving the trucks to finishing as a retail distribution/customer service manager, McDougal draws his most important practices in handling customers.

"I was in the Sears management training program and they taught me more than you could ever say. You couldn't buy it," he says. "They teach you that the important thing is the customer, then comes your employees and then the management."

But the biggest difference between retail and rental, says McDougal, is becoming a bigger part of the customer's life than just a one-time trip.

"When a guy opens a rental store and goes into business, it's not like buying a piece of merchandise, where you just put it on the shelf. You kind of marry that customer for the transaction," he says. "In retail, the customers just walk out the door."

Having spent 15 years "marrying" his customers, McDougal knows the in's and out's of keeping his customers.

"I have grown with a lot of them," he says. "I know that I have to help them along to be a good store operator. My store managers know how I feel about our customers: We need to gauge customers by the position they are in. If they have a job and they get laid off, we have to figure out exactly how we are going to be able to make them continue to be our customers."

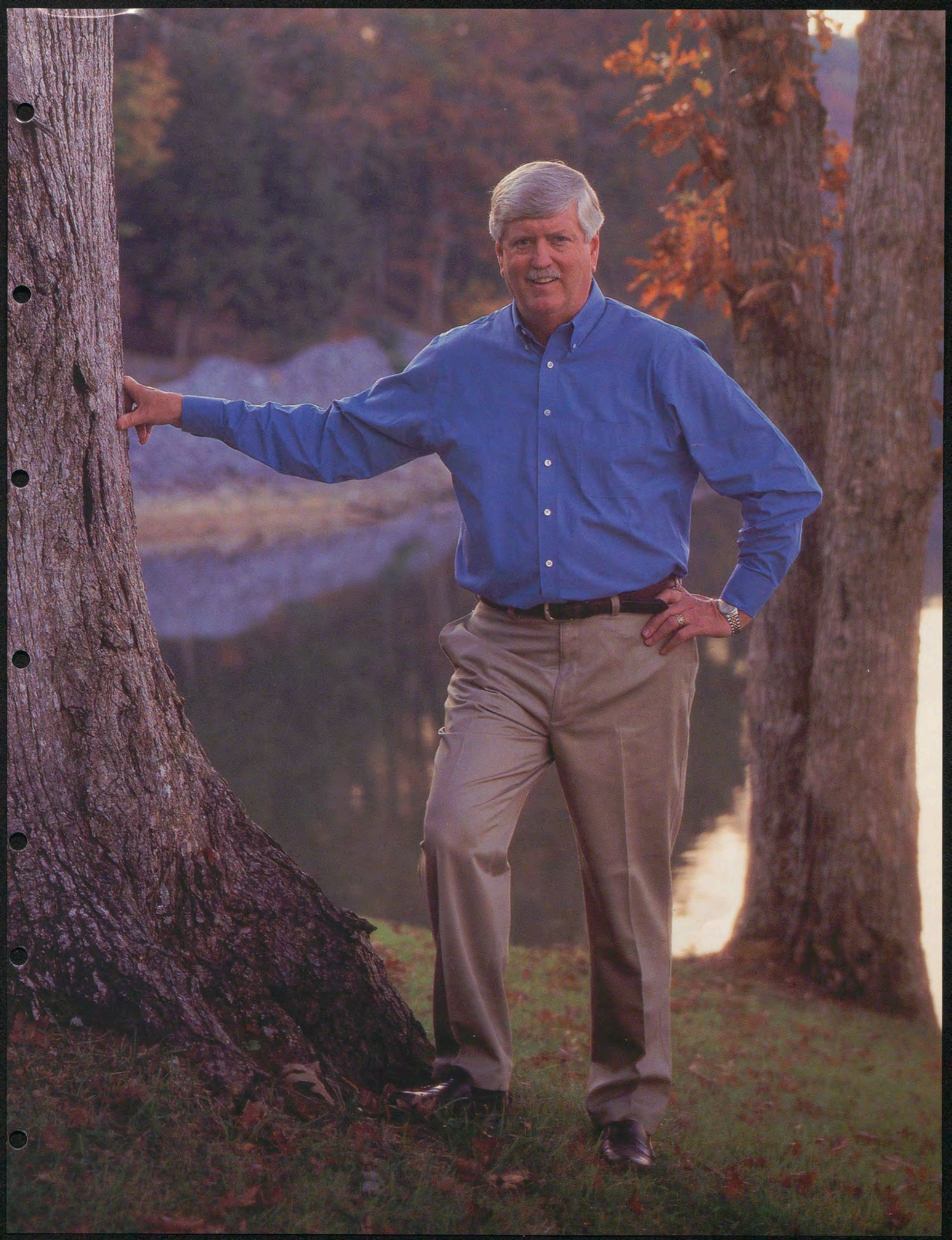
He adds matter-of-factly, "We are just good old Southern folk trying to take care of our customers."

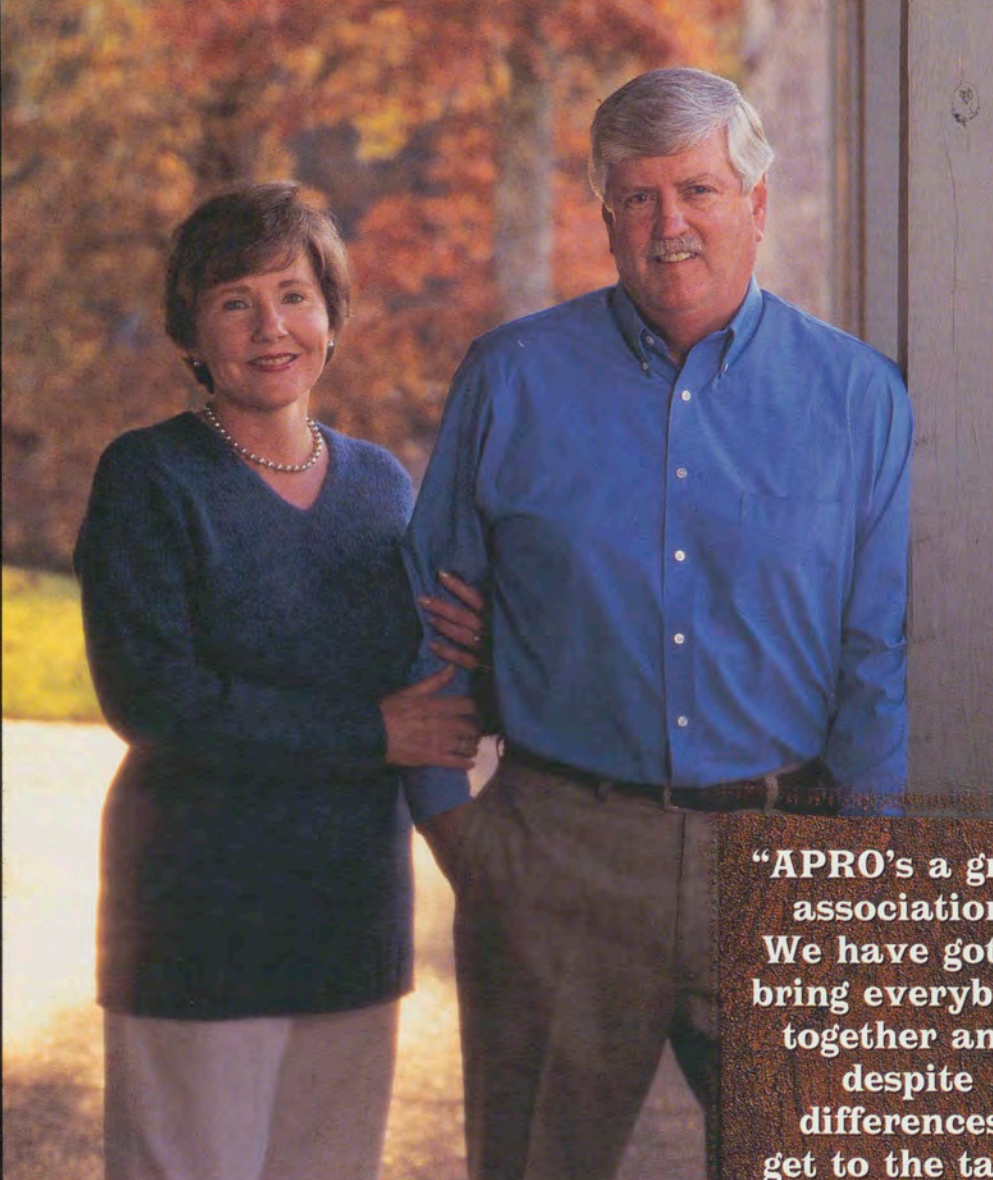
### The legislative effort

And the customers, in turn, are the ones who McDougal feels will help the industry earn the federal legislation that APRO seeks. His store motto is "satisfaction guaranteed or your money back" and he stresses the importance of customer satisfaction in the battle against Capitol Hill foes.

"I think the customers are the ones who will help us get this done," he says. "We have had customer surveys all over the country that support what we're trying to do. House Rep. Barney Frank in Massachusetts saw that and wrote a letter that said that 'as long as I am here I will continue to support this industry because I understand

**"At American, we know when someone's having a baby or when someone is graduating from high school. When I go to work every morning, I am excited to keep all the people who I work with eating."**





Association is together and the government relations committee has worked hard to keep on top of things.”

### **The future of APRO**

Starting at Sears and then running what he describes as a “mom and pop” operation alongside his wife, Mary, McDougal well understands the contrasting styles and personal goals of the vastly different sized companies in the industry. Though interested in pursuing small companies more actively for membership, McDougal doesn’t see any need to worry over some of the recent divisions among large and small companies.

“I am not worried about it,” he says. “Everybody does their business differently whether they sell automobile tires or whether they rent clothing. This won’t separate the industry because I think that we will all come to the same ultimate goal: taking care of the customer.”

Though, at 54 years old, Gary McDougal considers grandchildren to be his greatest current expansion effort, he feels that he can relate to the large chain owners. He knows, from working at Sears, what they are faced with.

“I may personally look at it differently than those fellows who have 500, 800, 2,000 stores,” he says. “But I understand what they’re doing and the industry is lucky to have guys who will run the big chains well.”

And that is what being APRO president is truly about for Gary McDougal: An opportunity to serve the industry that he knows so

well. With continued legislative and public relations efforts, coupled with a focus on genuine customer satisfaction, he feels that APRO can make strides toward the success of the five-year master plan, which was laid out one year ago.

“APRO is a great association. We have got to bring everybody together and, despite differences, get to the table and all communicate. It is where we come to the table and get things ironed out.”

And, with his no-nonsense demeanor firmly intact, it seems that Gary McDougal is ready for the biggest challenges 2000 has to offer. ■

*Markus Beeby is a freelance writer living in Austin, TX.*

**“APRO’s a great association. We have got to bring everybody together and, despite differences, get to the table and all communicate. It is where we come to the table and get things ironed out.”**

why it is needed.’ Those are the types of things that we need to do. We need to have our customers helping us along.”

McDougal points to overwhelming satisfactory customer service polling as a key in the progress towards federal legislation. But, he insists, consistently getting things done on a grassroots level will be key for continued success.

“I think we have come a long way and are out of the hole and climbing the ladder,” he says. “We have to be careful that nothing happens that would cause us to lose some major judicial cases that might change the way rent-to-own operates. I am going to continue to be there and they’re going to know we are around and working to get this thing passed.”

But McDougal is a realist, not an optimist. While extolling the virtues of the legislative efforts, he takes great effort to explain that dangers to the health of the industry are very real and present.

“The heat’s on,” he insists. “In Wisconsin and Minnesota, anti-RTO groups are a problem and it’s scary. New Jersey is a fireball and Vermont is a small problem, but one that we need to keep our eye on. Right now the

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*Reflections on collections:*

*Part two*



**W**hen a rental dealer's best and most persistent collection efforts fail to produce results, the dealer is faced with the decision of writing the unit off or pursuing the customer through the legal system. There have been successful rental companies with thought-out corporate policies never to sue rental customers. These policies were developed when the transaction was more at risk legally, but some of them still continue today. Other dealers spend a lot of time in the courthouse and regularly pursue nearly all customers who are 30 days or more past due. Whatever a rental dealer's attitude toward the legal system, it is there to serve them every bit as much as legal aid lawyers. Therefore, it is useful to review how the system works, generally, and what dealers can reasonably expect should they elect to invoke it.

*Editor's note: This is the second article in a two-part series by Ed Winn III on the laws surrounding collections activity.*



The legal system is divided into two parts: civil and criminal. These two sub-systems have different substantive laws (the rules that govern conduct), different procedural laws (the rules that govern how the system itself works), as well as different lawyers, different judges, different courtrooms and different goals. For a given set of facts, a rental dealer might want to engage one system or the other or, perhaps, both. Remember the O.J. Simpson trials. He was acquitted in the televised criminal trial for murder. The jury found him not guilty. However, he was found liable in the less publicized civil trial brought by the parents of the victims against Simpson for the tort of wrongful death. In that trial, he was found liable and had a judgment entered against him for \$30 million.

The civil justice system regulates citizens' relationships with other citizens. The criminal justice system regulates citizens' relationships with the government. Citizens, including rental dealers, cannot bring criminal actions. At best, they can report evidence of crimes to the proper authorities. Then, the government, acting through its agents—the police, prosecuting attorneys, district attorneys and others—will investigate the matter and make a decision whether to prosecute the alleged wrongdoer. The government lawyers may invoke the assistance of a grand jury to help interpret the evidence against someone.

The goals of the criminal justice system are very different from those of the civil justice system, although both systems work toward achieving "justice." In the civil system, the remedy that the system provides for an aggrieved plaintiff is usually money, an amount sufficient to "make the plaintiff whole again," although civil courts have other powers they can exercise, e.g. the power to dissolve a marriage, award custody of a child or issue injunctions, which are court orders to control behavior.

The criminal justice system is not concerned with the victim as much as it is the wrongdoer and society as a

whole. Even fines that convicted criminals may be required to pay go to the government, not to the victim. The criminal justice system seeks to punish the wrongdoer, to restrain the wrongdoer for a period of time, to rehabilitate the wrongdoer and turn him from a path of crime and, finally, to deter the wrongdoer and other potential wrongdoers from the inclination to do wrong in the future. The penalty in the criminal justice system is most often jail time for misdemeanors or prison time for felonies.

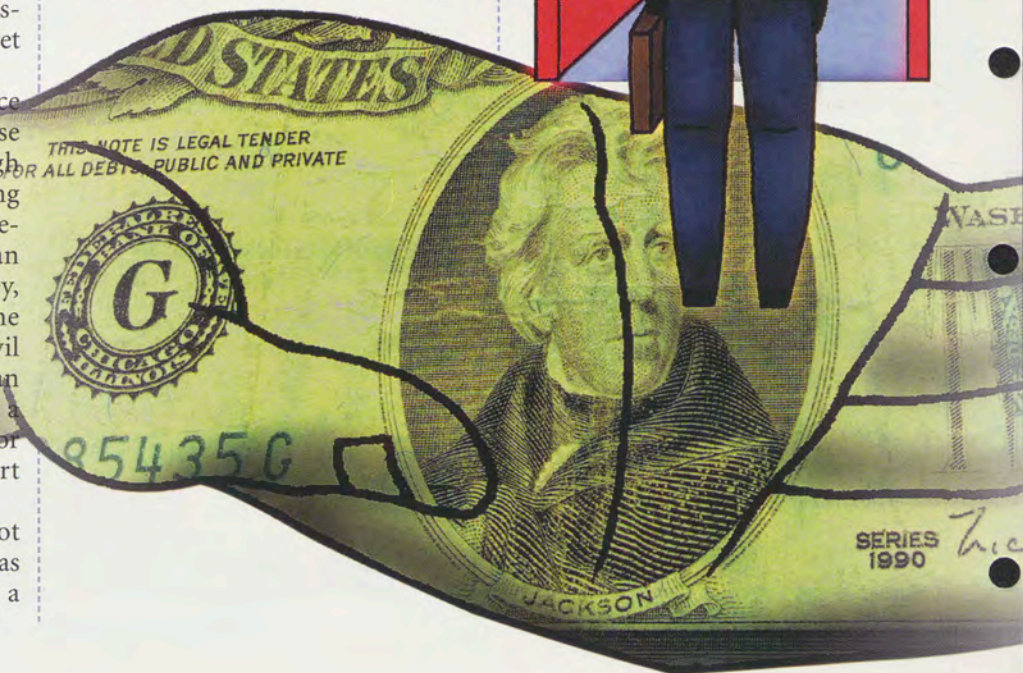
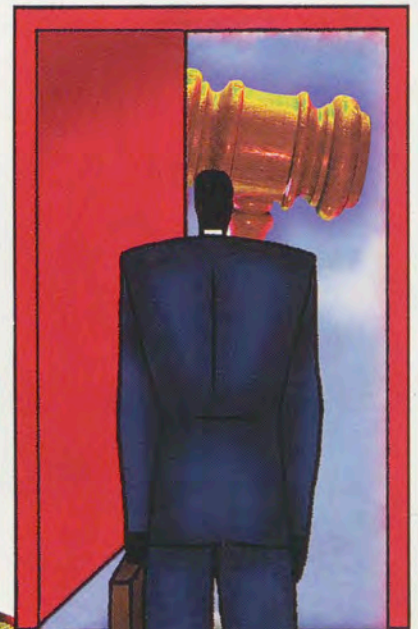
Rental dealers must understand that the goal of the criminal justice system does not include the recovery of stolen TVs. The goal, rather, is to punish thieves. Rental dealers may want to invoke the criminal justice system for a variety of reasons, most of which arise from an emotional reaction to something that has gone badly wrong with a customer. Rental dealers who are unemotionally assessing skips, stolens and the bottom line in their companies will rarely attempt to pursue criminal penalties against a customer. If they feel the need to "go legal," they will sue civilly and attempt to recover their property or get some money for it.

### *Small claims*

It is not unusual to hear rental dealers complain that the legal system costs

too much and takes too much time. The system was not designed for the recovery of \$500 TVs, but it will nonetheless work for small recoveries, assuming that the dealer can locate either the customer or the rental property. If both are gone, there is little the legal system can do.

The dealer can sue the customer in the jurisdiction where the customer lives or where the agreement was made. Often a dealer can use the small claims court process, where the dealer can go without having to hire a lawyer. Some states will not allow corporations to bring suit in small claims courts, however, and the company may have to assign its rights in the



agreement to the owner or some other individual. The dealer will file suit for breach of contract and, in the alternative, for the tort of conversion. If someone besides the customer has the property and won't return it, the dealer can sue that person for conversion which is "the unauthorized exercise of the right of ownership over goods that belong to another." Conversion is to civil law what theft is to criminal law.

In most small claims courts, clerks have the paperwork already available. The dealer need only fill in the blanks and pay the filing fee. At the end of the process, the rental dealer will get a judgment against the customer for the value of the merchandise. Judges do

has, for example, threatened to take the property out of the country if the rental dealer doesn't back off, then the dealer can, without notifying the customer what he is doing, go to the judge with an affidavit reciting these facts, post a bond and ask the judge for a writ. The writ has different names in different states, but the process exists in all states. It is variously called a writ of detainer, detinue, delivery, claim and delivery, replevin, claim and demand, possession, or sequestration.

If the facts are compelling, the judge can issue a writ effective immediately, ordering the sheriff, constable or other officer of the court to go out

records concerning the transaction. Those records have to be in perfect order if the prosecution is to be successful. It will take some time out of the dealer's day and may cost some money even though it is the state that is leading the prosecution.

To go this route, rental dealers need to have the goal of sending the customer to the penitentiary rather than using the criminal justice system as leverage to recover property. Even if the TV is ultimately located and returned, the customer can still go to the penitentiary, because the unit was not returned within the time period set forth in the law.

Rental dealers have reported a

**IT IS NOT** *unusual to hear rental dealers complain that the legal system costs too much and takes too much time. The system was not designed for the recovery of \$500 TVs, but it will nonetheless work for small recoveries, assuming that the dealer can locate either the customer or the rental property.*

not collect on judgments; they merely issue them. Other officials in the system actually execute on judgments, such as sheriffs, constables and others. These officials are empowered to do all of the things rental dealers might sometimes wish that they could do, like pick locks, go into empty houses, knock doors down and seize bank accounts and other property. In many states, dealers can take judgments and use them to garnish a customer's wages. Then the dealer will get a check from the court or the customer's employer each month until the judgment has been paid in full.

#### **Hurrying the system**

In certain circumstances, the dealer can ask the court for "extraordinary relief." Every court system allows plaintiffs to plead facts that require a judge to act more quickly than usual when there is a "substantial likelihood of irreparable harm." If the customer

and seize the property that same day and hold it pending a trial on the merits. While dealers do not use the writ process often, those who have used it have reported success in recovering property. A few dealers report that some sheriffs have been reluctant to pick locks or break down doors to recover TVs, which they have the legal authority to do with a writ in hand, often out of fear for personal safety.

#### **Going to the big house**

On the criminal side, rental dealers can file charges against customers who have stolen rental property. They generally can do so by filling out a theft report at the police station. They will then have to follow the system closely and work with police and prosecutors as the case is investigated and the customer brought to trial. The dealer has to be available for interviews and as a witness during the trial. The dealer will have to provide

number of difficulties when pursuing customers criminally. Some police departments will not take theft reports from rental companies. Some prosecutors will not prosecute theft of rental property crimes for rental-purchase companies, although, presumably, they will do so for car rental companies, movie rental companies or rental yards.

There is in criminal law something called "the doctrine of prosecutorial discretion." Translated, this means there are more crimes being committed daily than can ever be prosecuted. Therefore, prosecutors must pick and choose among the many cases available where to allocate limited prosecutorial and judicial resources depending upon the prevailing political winds in the community.

There is no debtor's prison in this country. Sears and other retailers cannot criminally prosecute customers who do not pay their bills. Some prosecutors who do not fully understand

the rental-purchase transaction may feel that rental-purchase companies are close enough to retailers that they should not be allowed to use the criminal process against their customers, either.

The chances are good that a new prosecutor will know nothing about the theft of rental property statute or the rental-purchase industry. It is not a topic covered in law school. First impressions are important; rental dealers are cautioned against barging into prosecutors' offices demanding their rights. Rental dealers would be better served by hiring a local criminal defense attorney with a good reputation in the community to explain

assure the prosecutor that he does not intend to abuse the system with bad cases or a lot of cases, then the prosecutor may be more willing to help spread the word.

However useful an occasional criminal prosecution might seem, it is not necessary in order to run a successful rental operation. In 1988, South Carolina amended its theft of rental property statute specifically to exclude rental-purchase transactions. For more than 10 years, South Carolina rental dealers have not been able to file theft charges against customers regardless of the circumstances. Multi-state companies report losses to be no higher in South Carolina

may. They often feel that the deck is stacked against them. At the same time, they are unwilling to write off units on unworthy customers who could and should return the unit or pay for it. Like anything else, the court system is most intimidating for those who use it least. Dealers who have forced themselves to go through the legal learning curve, either with lawyers or on their own, are less intimidated by the system, and generally report less frustration.

"Going legal" will likely always cost more money and take more time than rental dealers would like. There is an intentional element of delay built into the system. Ninety-five percent of

**IF A RENTAL DEALER** *is able to obtain access to the criminal justice system, he must approach it cautiously. Someone must be able to identify the customer personally. A customer who is made a criminal defendant and who is not convicted may turn around and sue the rental company.*

how the applicable theft statutes interrelate with the rental-purchase business. These initial meetings are times for astute public relations efforts, but even the best efforts may not always work. Prosecutors will be wary of rental dealers attempting to use their public offices to collect on a dealer's bad accounts. Moreover, the office may be genuinely understaffed and overworked dealing with gang wars, drug wars or other crimes that daily spill blood in their communities. In such situations, dealers must accept that TV theft is going to take a back seat.

Rental dealers need to be willing to negotiate with prosecutors about the use of the theft of rental property laws. Most dealers do not want every overdue 30-day account to end up on the chain gang breaking rocks in the hot sun. They do want the rental community to know that there is a criminal law on the books and that stealing TVs is a crime. If a dealer can

than in other states.

If a rental dealer is able to obtain access to the criminal justice system, he must approach it cautiously. All paperwork must be in perfect order. Someone must be able to identify the customer personally. The burden of proof in criminal courts is "beyond a reasonable doubt," and every criminal defendant carries the presumption of innocence. A customer who is made a criminal defendant and who is not convicted may turn around and sue the rental company for false arrest, malicious prosecution and civil rights violations. The lack of an eyewitness at the trial and faulty record-keeping have doomed more than one criminal prosecution of a rental thief and cost rental companies money afterwards in negotiated settlements in civil suits.

#### **Summary**

Most rental dealers look at the legal system with a certain amount of dis-

lawsuits are settled. The expense and delay surrounding the legal process helps bring the parties to the negotiating table. Just how important is that TV the company wrote off eight months ago, after all?

Whatever dealers think of the legal system, it is the forum to which they and every other business person must go to seek redress for their grievances. A dealer who needs the legal system every week has probably got some deficiencies on the front end, such as inadequate training of staff, insufficient screening of rental applicants, inadequate explanation of the transaction to customers, poor delivery technique, bad bookkeeping, etc. However, a patient, disciplined and careful use of all elements of the legal system is a part of the business for most well-run rental companies and it helps keep collections fine-tuned. ■

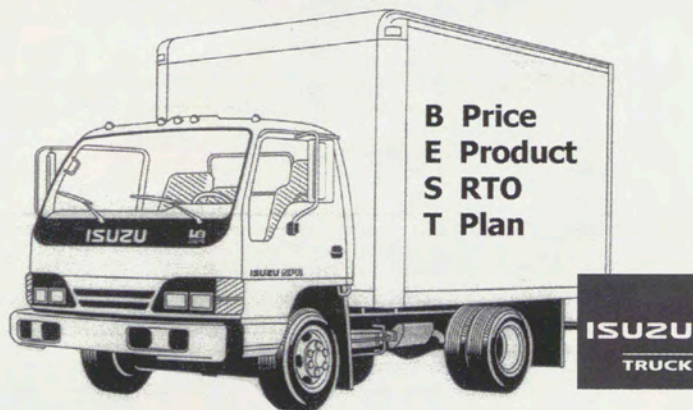
*Ed Winn III is APRO's general counsel. His e-mail address is edwinn@ibm.net.*

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“I’ve  
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# Hiring the never had job before” Worker

BY PHILLIP M. PERRY \* ILLUSTRATION BY EDD PATTON

“So tell me about your previous job.”

“What were your responsibilities?”

“Describe a situation in which you solved a tough problem for a customer.”

All great interrogation when you're hiring for an entry-level job. Seasoned interviewers know that a candidate's previous work achievements are the best indicators of future success. But how do you evaluate a young wet-behind-the-ears worker who says, “I've never held a job before?” That's a vital question in this age of shrinking labor pools, where employers are often forced to fill positions with high school students and recent college graduates — individuals who are new to the world of work.





n a tight labor market, a rising economy lifts all résumés. Even so, employers face costly risks in hiring untested workers. The hard reality is that many of these individuals will come in late, perform poorly and treat customers shabbily.

In other words, they will have bad attitudes. And that's the No. 1 reason why so many new hires end up being escorted off the premises after a few weeks on the job.

"The U.S. Department of Labor tells us 87 percent of all hiring failures occur not because people can't do the job, but because they won't," says Mel Kleiman, president of Humetrics, a Houston-based consultancy that helps businesses hire the right people. "Attitude makes the difference between a successful employee and a workplace washout."

And hiring the wrong person can be costly to your bottom line. Replacing individuals with whom you spent weeks of time and lots of money training is just the first step in repairing the damage from a bad hire. You also have to woo back angry customers who have abandoned your business for the competition.

"There are really two costs of a bad hire," says Francis J. Friedman, president of the New York based consulting firm, Time & Place Strategies. "The first is the cost of the hire itself, which often involves a significant amount of time in selecting, checking references and training. The second can be greater: the opportunity cost of not hiring someone else who would have performed better and contributed to your profits."

The moral: Hire as though you expect the individual to stick around for a year or two. Maybe it's easier said than done. But here's help. In this article, five human resources consultants offer a road map for your own quest to problem-free first-time hires.

**Hire for attitude**

When faced with inexperienced candidates, most interviewers try to assess verbal skill and personality.

Let's take an imaginary potential employee named Tiffany, for example, who is articulate, friendly and accommodating. She says she loves working with people. It follows that she will show initiative on the job, charm customers with her natural charisma and merge with your team like a hand into a glove. Or so goes the prevailing theory.

Wrong. "Verbal skills don't magically develop into workplace skills," says Kleiman. "Many people are articulate, friendly and outgoing. That's wonderful. But you are hiring employees, not friends."

Hiring by personality is gambling with the future of your business. Nothing tells you if Tiffany will be late for work, carries a cache of cocaine in her purse, will only perform duties specified in her job description or will exhibit any of a host of headache-inducing attributes that give many first-time hires a bad reputation. A candidate can be an interview wizard but a workplace dud.

O.K. If you can't assess Tiffany's skills and you can't go by her surface personality, what can you do?

"Interview for attitudes," says Kleiman. "Before any of us get to our first job, we have developed a set of attitudes that we carry around with us." Prior to making job offers, assess the individuals' perspectives toward the world of work. Do they pitch in and help when the opportunity arises? Do they take leadership positions? Do they take pride in being on time? Do they go above and beyond the requirements of the position?

You can interview for attitudes, if you plan ahead. Here's some guidance.

**Conduct interviews that assess punctuality and team work**

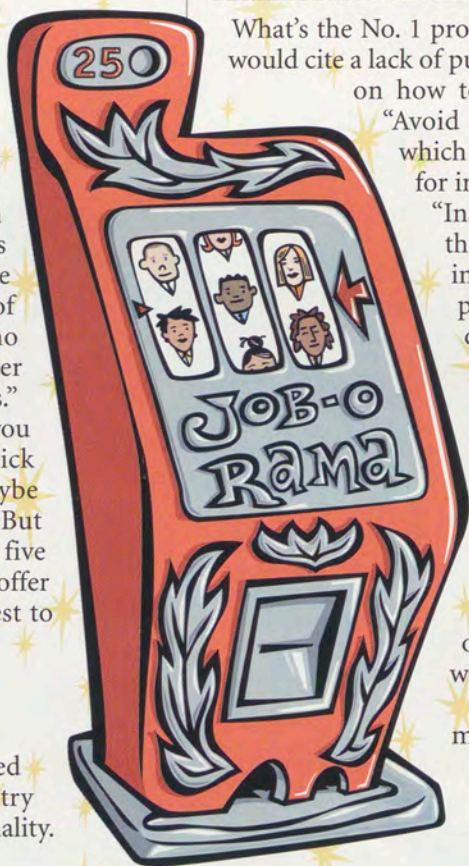
What's the No. 1 problem with first-time hires? Most employers would cite a lack of punctuality. Here's some advice from Kleiman on how to get an early reading on dependability.

"Avoid arranging for the popular 'cattle calls' in which all applicants are asked to drop by the office for interviews any time on a certain day," he says.

"Instead, specify appointment times with all of the candidates. Let them know you have nothing else scheduled for that time frame. If people show up late, that already tells you they do not believe it is important to be prompt or to be mindful of another person's time."

If you plan it right, the initial interview can be a vital tool for assessing how well applicants work with others. Kleiman suggests meeting with a number of the candidates in a group. For the first 20 minutes or so of the interview, provide an overview of your business and the positions that are open. Then talk a bit to observe the skills of the applicants when working with others.

Stimulate interaction among the group members by asking questions such as, "Tell us the funniest thing that happened in your life," or "What happened when you disagreed with someone recently?" "Observe



how the candidates listen to each other," says Kleiman. "Who was paying attention rather than just thinking about themselves? Did someone try to show the others up? Was there a natural leader in the group?"

Bonus tip: Invite the people who will supervise the new hires to observe. When you identify the individuals with the characteristics you want, invite them back for more traditional one-on-one interviews.

### Set the stage for productive interviews

Your goal as an interviewer is to open up applicants so they reveal their true selves. This can be difficult when applicants are so nervous they cannot give a good answer if their lives depended on it. You must set the candidates at ease before you can expect them to remove their emotional guard and open up to you, says Mary Bresnahan, president of The Bresnahan Group, Wheaton, IL.

"Invite the candidates to relax and start with some small talk about their trip to the interview," says Bresnahan. "Ask if they got lost along the way or if the directions were clear. Then you can move on to a general question as to why they have chosen your company for an application." Some will know more about your business than others. That will tell you something about their awareness.

Finally, give some thought to the physical setting of the interview. "Avoid sitting behind a large desk," says Bresnahan. "It looks like an inquisition. Try sitting near the person instead." When you appear relaxed, your partner in conversation will be encouraged to feel the same way.

The main idea at this point is to encourage applicants to feel good about both their application and your business environment. "Like all of us, first-time job applicants have the need to feel worthy and accepted and to feel competent in what they do," says Fred Martels, president of People Solution Strategies, Chesterfield, MO. "While the rate of pay is important, people really want to know answers to questions such as: 'Am I going to fit in here?' 'When I get there who will show me where to hang up my coat?' 'If I ask a question will I sound dumb?' 'What if I fail?' For teenagers, the worst thing in the world is to feel stupid. So treat them with absolute respect. Smile and look them in the eye."

How about those candidates who arrive with a portfolio of polished but cagey responses to standard questions? Get ahead of the curve by telling them your real expectations. Let applicants know you expect them to tell the truth during the interview.

Watch for indications of a good hire as you chat with the candidate. "Even with unskilled workers, you want to find out two things," says Dr. Alan Weiss, president of Summit Consulting, East

Greenwich, RI. "The first is their level of enthusiasm. Are they excited about something? Maybe it's a hobby, hard rock or basketball. The fact they have passions about anything is a good sign that they can become motivated about the job once they know what it entails."

"Second, if they will be dealing with the

## Employees on trial

Many employers like to hire employees on a trial basis before accepting them as permanent workers. "Trial periods allow you to assess the candidates in many ways," says Mary Bresnahan, president of The Bresnahan Group, Wheaton, IL. "You can monitor their attendance and evaluate soft skills such as communications, interpersonal relationships, adaptability and initiative. Are they willing to go above and beyond their job description?" Bresnahan notes some downside, though—the individual's supervisor must be willing to devote the required energy to adequately evaluate the candidate. Careful, too, about state laws. In some cases, an individual is entitled to unemployment compensation after a working period of as little as 30 days.

public at all they need to show communication skills," says Weiss. "Do they establish eye contact when they speak? Do they comprehend your questions and respond to them in understandable English? And are they able to ask questions intelligently when they do not understand something?"

During the interview, watch body language to assess any sudden increase of nervousness that may indicate the person is not telling the truth. Examples of such behavior are: fidgeting, crossing and uncrossing the legs and holding a hand over the mouth.

### Ask questions that reveal attitudes

Here's where we uncork some magic potions. What are the questions that conjure up the truth about attitudes? Kleiman of Humetrics offers these examples:

"Tell me about the very first job you got paid for." Wait a second — isn't it true that this applicant has never held down a job before? Yes, but the average young person spends from \$25 to \$50 a week. Has that money been given to him by doting parents or has he earned it?

When you ask how the applicant earns money, you may get answers such as: "I baby sat." "I cut lawns." "I delivered newspapers." "I was paid for good grades." You are looking for evidence that this person has developed good work habits and the resultant attitudes that money must be earned.

"Did you have chores around the house?" Here is a good follow-up question. Once again, a detailed response will indicate the individual has developed the attitude that work responsibilities are important.

"What is the hardest thing you ever did?" "What is the hardest (part-time or temporary) job you ever had?" Look for evidence that the applicant has devoted great effort to some task or has done something to earn money. This will reflect good attitudes toward hard work and perseverance.

"What is your definition of being on time?" This may seem like a dumb question, but when you hear some answers, you may change your mind. Watch for responses that devalue promptness. Here's an example: "If I get in, like, an hour after I am asked to arrive, then I've been told I was doing O.K."

"How many times have you been late to school in the past six months?" The idea once again is to assess attitudes toward punctuality.

"Tell me about the worst trouble you have ever been in." You may hear a response such as, "I went joy riding." Express an interest in this response and repeat it back with another question. "That's very interesting. You went joy riding. Is that the worst trouble you have ever been in?" The idea here is to uncover details about actions that reflect attitudes of dishonesty or undependability.

"Tell me about your school experience. What courses did you like and dislike?" The actual courses cited as "most liked" are less important than the individual's attitudes toward school, which represents work. You are seeking individuals who took their schooling seriously.

"Have you ever had a situation in which you were asked to do something that wasn't right? What did you do?"

This question reveals attitudes toward honesty and fair dealing with others. Prompt the individual about actions taken when friends wanted to do something that was not right.

"Have you ever planned a party, and what was your role?" Ask questions such as this one to elicit information about the individual's attitude toward taking responsibility.

"I'd like the names and phone numbers of several of your teachers. When I call them what will they tell me about you?"

"When I talk with your friends — and I'd like several names and numbers from you to whom I can talk — what will they say about you?"

"What will your parents and grandparents tell me about you?"

These questions leverage out the truth about attitudes that would otherwise remain hidden. Applicants realize it is better for them to reveal information rather than have you hear it from a third party. You may hear, "My teacher, Mr. Brown, may tell you that I was usually late handing in my assignments."

Following the interview, call the individuals whose names and numbers have been given you. These individuals are great sources of information about the applicant's attitudes. "In particular, grandmothers don't lie," says Kleiman. "Ask grandma to tell you about Tiffany and you may hear something like: 'I'm so glad Tiff is looking for work — maybe she will get off her drug habit.'"

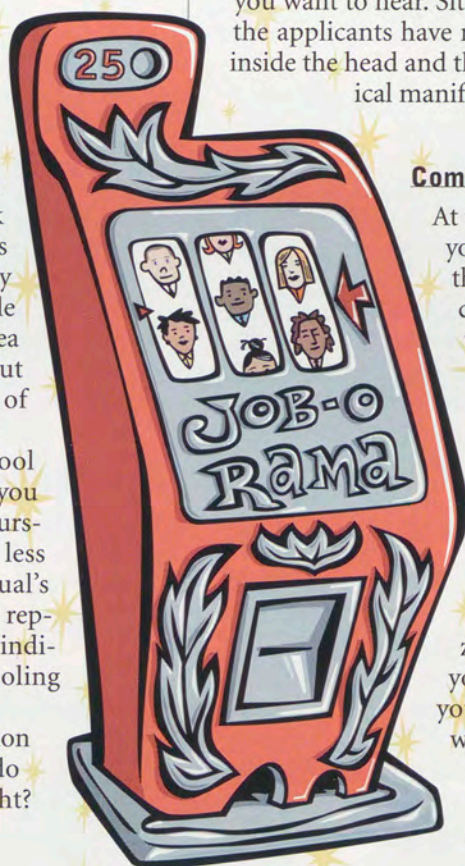
We've covered some questions that will take the lid off hidden problems that first-time job applicants carry with them. Notice the lack of hypothetical questions such as, "Suppose you were asked to organize a filing system for incoming mail. What would you do?" Such questions too often elicit only answers that the applicant feels you want to hear. Situational questions, in contrast, uncover how the applicants have responded to actual incidents. Attitudes live inside the head and the heart: We can only see them in their physical manifestations.

### Communicate your expectations

At the end of the interview, tell applicants what you expect of them should they be hired. Since these people have never held a job before, you can take nothing for granted concerning their work habits.

"Start by explaining your work rules," says Kleiman. "They must arrive on time. They must be willing to do more than what is in their job description. They must show initiative in helping customers. Give the reasons why you hire and fire individuals."

At the same time, it's important to communicate your intention to treat individuals fairly should they join your organization. You want the top applicants to realize you are the best employer around. Tell them your place of business treats people well. You will give them the time off they need to pursue their other life activities as long as they communicate these needs to you well in advance. You will give them opportunities



to be entrepreneurial when you can. If they are conscientious in their work habits, you will not penalize them by piling on more work because another worker slacks off. And you maintain a workplace in which two-way communication about conflicts is not only encouraged but required.

## For more info...

**Hire Tough: How to Find and Hire the Best Hourly Employees,** by Mel Kleiman. Practical advice on avoiding costly turnover by hiring right the first time. Humetrics Press, 8300 Bissonnet, Ste. 490, Houston, TX 77074, 800/627-4473. (1999) \$15.95.

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**Streetwise Hiring Top Performers,** by Bob Adams and Peter Veruki. Includes 600 key questions and information on all aspects of hiring. Adams Media, 260 Center St., Holbrook, MA 02343, 781/767-8100. (1997) \$16.95.

Equally as important, says Friedman of Time & Place Strategies, is to let the candidates know there is room for advancement for individuals who perform well. "These kids are in a hurry and have unreasonable expectations of becoming chairman and driving a Mercedes," he says. "They have not yet learned about time and patience. So establish a mini-career path to move them long more quickly." For example, let them know that six months down the road they will receive a modest pay increase if their performance is good.

By communicating your expectations to potential employees, you have laid out the ground rules for success. The prospect is on notice that if a hiring decision is made, honest dealings and hard work are required to keep the job. And the applicant understands that your place of business is in many ways superior to others because you treat workers fairly.

### Call the references

Finally, follow up on interviews by making the calls to references. "Talk with coaches, the parents they have been baby-sitting for and others at their school who can provide insights into their reliability," says Bresnahan. "All of these people can tell you if the applicant has shown up on time and is a team player." Bresnahan suggests asking specific questions such as, "How often was Tiffany more than a half hour late?" rather than, "Was Tiffany always punctual?" That's because one person's standard of punctuality may be different from your own.

With these suggestions, you should be better equipped to hiring first-time employees who contribute to the health of your bottom line. ■

*Phillip M. Perry is a free-lance writer specializing in management and legal issues.*



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For more information contact our  
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Toll Free: (800) 775-6764  
<http://www.midwest-tropical.com>

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Forget about winter, bring a bit of the tropics indoors! These palm trees carry constant streams of dazzling bubbles and colorful lights to create a distinctive atmosphere for your office, home or anywhere! Narrower than the original *AquaPalm*™, the clear acrylic sculptured trunk is illuminated from within, and comes with four color filters (blue, magenta, green, and orange). Change them as often as you change moods! Comes with acrylic planter base, silk palm fronds, and a patented aerator system. Available in mirror or black base, green or white fronds. Approximately 8 feet tall.

Products shown are covered by the following U.S. patents: D348,535; 5,349,771; D390, 157; 5,738,018; D396,985. Additional patents are pending. © Copyright 1998.



# Appliances

The following list of appliance suppliers cater to the rental-purchase industry. All are either APRO Associate Members (\*), advertisers (+) in APRO publications or APRO convention exhibitors (^).

**Capitol Sales Co. \***

Contact: Stephen Konsor Sr.  
3110 Neil Armstrong Blvd.  
Eagan, MN 55121-2234  
800/467-8255, ext. 116;  
fax 800/440-4077

**GE Appliances \* + ^**

Contact: Joe Daily  
Appliance Park, 4-200-A12  
Louisville, KY 40225  
800/782-8097; fax 800/772-6704

**Igloo Products Corp. \* ^**

Contact: Eve Heim-Grubb  
1001 W. Sam Houston Pkwy. N.  
Houston, TX 77043  
713/461-5955, ext. 4608;  
fax 713/935-7702

**Maytag Appliances \* ^**

Contact: Craig P. Kirchner  
403 W. 4th St.  
Newton, IA 50208  
515/787-8782; fax 515/787-8779

**RES Marketing Inc. \* + ^**

Contact: Michael E. Gerwe Jr.  
4909 Nassau St.  
Tampa, FL 33607  
800/444-7304, ext. 210;  
fax 800/444-7312

**Sears Contract Sales \* + ^**

Contact: Al Zagorniak  
5600 Bannister Rd.  
Kansas City, MO 64137  
816/761-2939; fax 816/761-2533

**Whirlpool Corp. \* + ^**

Contact: Bradley H. Wire  
2000 M 63, Mail Drop 3303  
Benton Harbor, MI 49022  
616/923-3243; fax 616/923-7231

**Woodson & Bozeman Inc. \***

Contact: John W. Cowart  
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### ADVERTISER INDEX

APRO Advertising Co-op .....	5
CES .....	29
ColorType .....	2
Florida State Games.....	19
FutureWare.....	15
G.E. Appliances .....	IBC
G.E. Electronics .....	IFC
High Touch.....	3
Ideal Software .....	21
Integrated Solutions Group.....	4
Midwest Tropical .....	42
Qwest .....	43
Rental Information Systems...11	
RES Accessories .....	35
RSSS .....	17
TeleTrack .....	6
Thomson/RCA .....	22-23
Tom's Truck Center .....	35
TRIB Group .....	15
Whirlpool.....	13
Zenith.....	BC

# How do you handle angry customers who are behind in their payments?

## Dave Matthews

AMERICAN RENTALS  
ATHENS, TENNESSEE

Generally, we try to retrieve the merchandise as soon as possible. In some cases, we extend the payment or give the customer time to pay. If that doesn't work, we have to pick up the product and it's done in a professional manner. The worst scenario we have had is people swearing at us. At that point, we explain to them that we have been patient and are willing to work it out with them. In fact, we never had to use the police to pick up merchandise. We have been fortunate enough to have our merchandise returned.

## Tracey Morgan

RENT AMERICA  
GAITHERSBURG, MARYLAND

We instruct and train our staff to identify the reasons why a customer may be angry. Then we try to identify whether it is a service-related problem with the merchandise or a problem with how the customer is being treated by our staff. If it is neither, then we try to have our customers remain calm and ask them about their financial situation. If they can't pay, we then use our storage plan. This is simply placing the merchandise in storage at no charge to the customer. Then when the customer makes the payments, the rental agreement is reinstated and the customer gets a 100 percent credit towards the earlier rent-to-own merchandise.

## Dave Batten

BEST RENTALS  
WILMINGTON, NORTH CAROLINA

We do everything to try to help our customers, including a one-time extension plan which extends the payment for a week or two or even longer depending on the customer's past payment history. This helps the customer get back on track. As far as recovery is concerned, we first call, then visit the customer at home. If the customer refuses to pay or return the merchandise, we eventually write it off. Previously, we would take this type of customer to court, but we don't do that anymore. Also, we don't send in the customers' names to a collection agency, either.

## Jim Brown

ABC RENT TO OWN OF WICHITA INC.  
WICHITA, KANSAS

Each situation is different. We re-explain the rental agreement to customers and tell them what the terms are, but that also we are willing to work it out with them. We have to be persistent. If at the beginning of the agreement we don't collect the payment when it is due, then the customer may think that he or she can continue to delay the payment for the rest of the agreement.

## Jan Arnett

Z-BEST RENTALS INC.  
ST. AUGUSTINE, FLORIDA

We try to listen to our customers and be attentive. When

they come in, we ask them to relax and then we'll go over their payment history with them and review their receipts. We just go through a process of elimination and mainly try to eliminate their feeling that the store is the culprit. We try to find out what went wrong and then just take it from there.

## William Christensen

FIRST CHOICE RENT TO OWN LLC  
BRENHAM, TEXAS

Normally, if a payment is delayed past 60 days, we send a letter to the customer saying either to pay or return the merchandise. We also see how much credit has already been made toward the merchandise. We don't file small claims against non-paying customers. It's too much of a hassle. Other than that, we may take delinquent customers to the manager's office where we take a look at their payment history and explain where they fell behind in the payments and try to help them. If it is a really good customer who has been with us for a long time, then we'll update the account in order not to lose the business. ■

*Nariman Ahmed is a student intern attending the University of Texas at Austin.*

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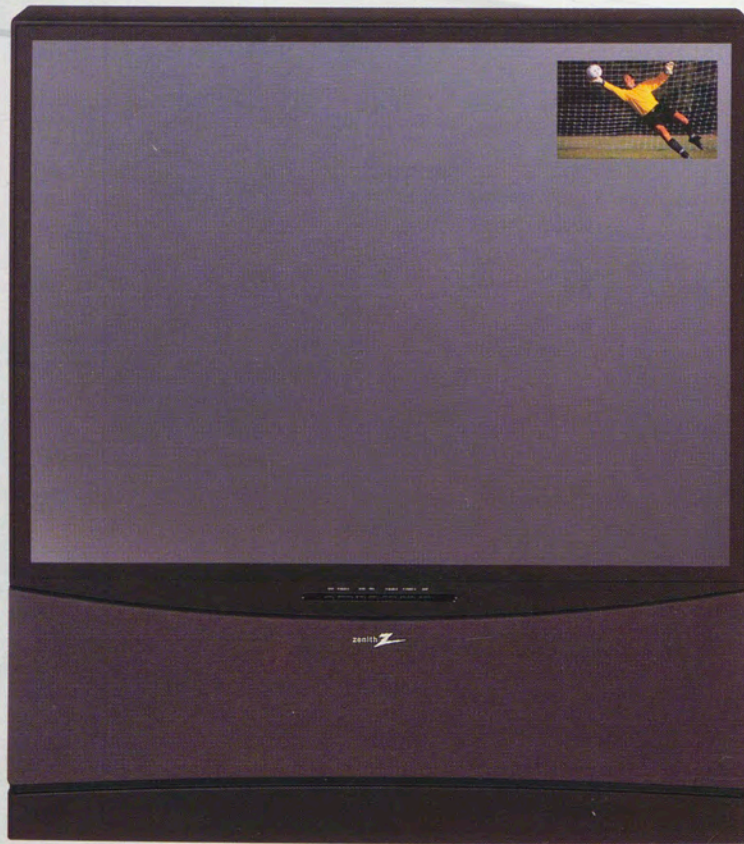
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