

PROGRESSIVE

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RENTAL-PURCHASE INDUSTRY  
SEPTEMBER-OCTOBER 1999

# Rentals

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PAYMENT  
PLAN

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taking another look



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# September October



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### In my opinion: Monthly is the future of RTO

Once upon a time, weekly payments were the only way for customers to take home rental-purchase merchandise. But Ray McCabe, president and CEO of McCabe Enterprises Inc., reveals how monthly payments are more profitable, require less work and are cheaper to control. McCabe also points out that a weekly payment-only store may actually be turning off new customers who want the convenience of paying by the month.

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### Reflections on collections

APRO General Counsel Ed Winn III, in the first of a two-part series, revisits the law surrounding collections activity. The increased recognition of individual rights over the past 40 years has stacked the legal deck against rental companies and all others in the self-help collections business. Find out what you can and cannot do when it comes to reclaiming property and/or payments.



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### Kim Slatton: The industry's buddy

Freelance writer Markus Beeby shows us the stuff of which Kim Slatton is made. Slatton, vice president of Buddy's Home Furnishings and a member on the APRO board of directors, talks about how she got started in the industry by working in her father's store, her return to the family's rent-to-own business and devotion to a brighter future for the industry.



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### Golden memories of Reno

The spirit of the 1999 APRO convention and trade show lives on in this photo montage highlighting the people, fun and events that made this a golden moment.



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## PROGRESSIVE Rentals

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ASSOCIATION OF PROGRESSIVE RENTAL  
ORGANIZATIONS

### EDITOR

Julie Stephen Sherrier

### ART DIRECTOR

Neil Ferguson

### DIRECTOR OF MARKETING (ADVERTISING)

Cindy Ferguson

### EXECUTIVE EDITOR

Ed Winn III

### EXECUTIVE DIRECTOR

Bill Keese

### COLUMNISTS

Bill Keese, Gary McDougal,  
Thomas Neyhart and Ed Winn III

### CONTRIBUTORS

Markus Beeby, Ray McCabe,  
Nariman Ahmed and Ed Winn III

### DIRECTOR OF CIRCULATION

Laurie Derton

### EDITORIAL/ADVERTISING OFFICES

9015 Mountain Ridge Dr., Suite 220  
Austin, Texas 78759  
512/794-0095; fax 512/794-0097  
E-mail [jsherrier@apro-rto.com](mailto:jsherrier@apro-rto.com)  
[www.apro-rto.com](http://www.apro-rto.com)

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Thomas Neyhart, Kim L. Slatton,  
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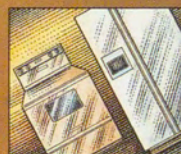


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Phone: (847) 679-6666 Fax: (847) 679-6669  
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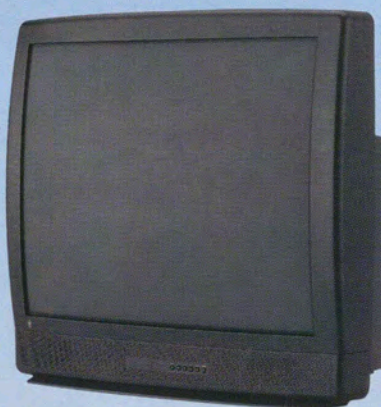
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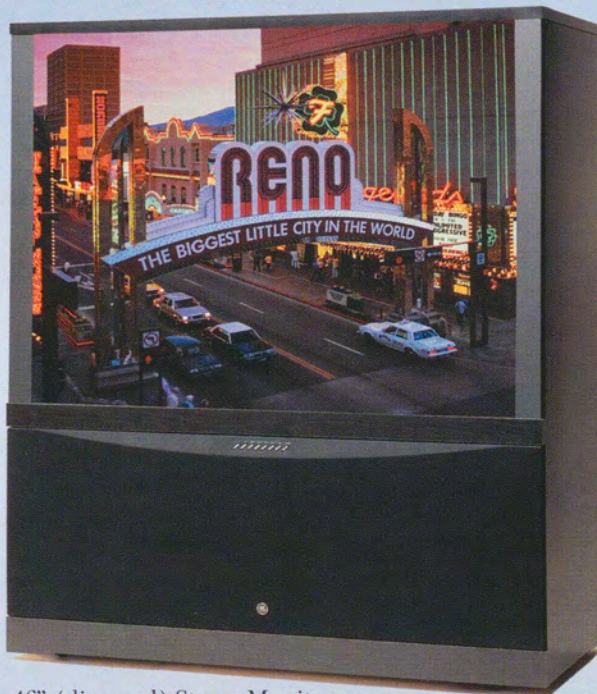
35" (diagonal) Stereo  
Monitor Receiver



27" (diagonal) XS® Stereo  
Table Television



19" (diagonal) XS®  
Stereo Table Television



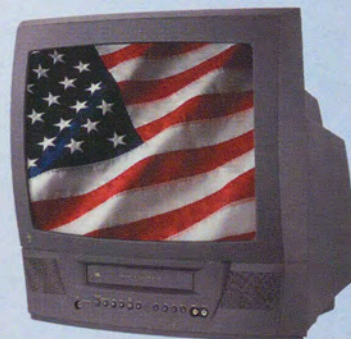
46" (diagonal) Stereo Monitor  
Projection Television



25" (diagonal) XS® Stereo  
Table Television



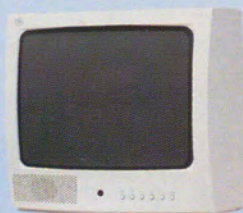
19" (diagonal) Table  
Television



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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# news

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## APRO announces 1999-2000 officer slate

**E**lections held at the 1999 APRO convention and trade show last month in Reno, NV, produced the

directors for the next two years are: Larry Carrico of SKC Enterprises in Mt. Vernon, IL; David P. David of Full-O-Pep

Marion, OH; Ernie Lewallen of UHR Rents in Cincinnati, OH; Tom Neyhart of ColorTyme in Mandeville, LA; Gary Romine of Show-Me Rent-To-Own in Farmington, MO; Kim Slatton of Buddy's Home Furnishings in Tampa, FL; James Strong of Easy Way Inc. in Delhi, LA; and Shannon Strunk of Baber's Leasing in Pascagoula, MS.

"This year's election brings together a group of leaders who are committed to the industry and who are ready to work hard to achieve the Asso-

following officer slate for the coming year:

President: Gary McDougal of American Rentals in Hixson, TN;  
First vice president: Ronald DeMoss of Rent-Way Inc. in Erie, PA;  
Second vice president: Gary Romine of Show-Me Rent-To-Own Inc. in Farmington, MO;  
Treasurer: James Strong of Easy Way Inc. in Delhi, LA;  
Secretary: Richard Bartel of Rentown USA in Vancouver, WA;  
Immediate past president: Ernie Lewallen of UHR Rents in Cincinnati, OH.

Also elected to fill the nine vacancies on the 16-member APRO board of

Appliances in Bloomington, IN; Gary Ferriman of Showplace Inc. in

ciation's goals for the next century," says APRO Executive Director Bill Keese.



McDougal



DeMoss



Romine



Bartel



Strong



Lewallen

## Competition for employees outweighs the competition for customers

**M**any rental-purchase dealers report experiencing the revolving door syndrome as they watch their employees head out the door to join forces with another dealer down the road. While it may not ease the pain to know that competition to hire and retain good workers is affecting U.S. industries across the board, it may help to know what other companies are doing to keep their workers happy.





## APRO/Qwest program offers great low rates

**A** PRO and Qwest Communications have partnered to provide APRO members and associates with a new member benefit. All APRO members are now eligible to receive interstate long distance at a highly competitive 6.9 cents per minute.

Qwest is a global multimedia communications company, the fourth largest long-distance company in the United States and has just completed an 18,500-mile national fiber network.

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- ▶ Low, flat rates 24 hours a day, 7 days a week
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- ▶ One toll-free number with no monthly fee
- ▶ No surcharge on calling card calls within the United States
- ▶ Round-the-clock customer support
- ▶ On-line account management
- ▶ Design your own statement, tell us how you want to track usage across multiple locations

For APRO members with more advanced communications needs, Qwest offers dedicated long-distance for as low as 5.4 cents per minute. With a dedicated connection, your company can use one supplier for the bandwidth to carry voice, data and provide Internet access.

To receive an evaluation of your current spending and find out how Qwest can save you time and money, call the APRO/Qwest affinity program hot line at 888/374-9451.

Recent accounts and statistics by the Bureau of Labor Statistics indicate the gap between the available workers or "true labor force" and the number of jobs open continues to widen. The Employment Situation Report in July 1999 points to an increasing demand for employees, which is resulting in increased wages as the competition for this valuable resource heats up. For example, average hourly wages rose by \$.06 per hour in July. Over the year, wages have risen 3.8 percent for hourly earnings and 3.4 percent for weekly earnings. Average hourly earnings went from \$12.68 in July 1998 to \$13.16 in July 1999.

What's a company to do? A survey by Outlaw Group Inc., a consulting firm based in Mt. Pleasant, SC, found that innovative companies are being more selective at hiring those who have the natural affinity for the work, the capability to learn and, as a result, will be extremely productive. "The focus of ensuring that individuals fit the position is complemented by extremely aggressive employee development programs, sound management techniques and, most importantly, innovate rewards to create a strategic staffing system," says Wayne Outlaw.

"The past drive and innovation associated

with the acquisition and retention of customers is now being applied by innovative companies to attract and keep top employees to fuel their growth and success," says Outlaw.

In other words, making sure that a potential hire is a good fit for an available position is critical to the longevity of that employee, in addition to incentive programs, good management and training. And empowering employees to make decisions and be an integral part of a company's success can help, too.

## Color Vision Rental Systems celebrates 20-year anniversary

Ray and Wanda Peel, owners of the six-store Color Vision Rental Systems chain in Texas, chalked up 20 years in the business this year. The Peels, both in their sixties, opened their first store in Abilene in 1979 and now have stores in Brownwood, Decatur, Eastland and Stamford, and a second Abilene store. At one time, the Peels had 12 stores up and running and downsized to a more manageable six.

Ray Peel, 69, continues to commute into work several times a week from his lake home



RAY AND WANDA PEEL

in Brownwood and keeps in touch with all aspects of the business. Tracy Martin, office manager, has worked for the Peels for 11 years, while Janice Lewis, manager of the Decatur store, has worked for the Peels for 15 years. The Peels keep busy in their off hours with their growing family of eight children, 18 grandchildren and one great grandchild.

## DVD players are hot, hot, hot

Rental dealers take note: year-to-date sales on digital versatile disc (DVD) units reached 1 million in June, according to the Consumer Electronics Manufacturers Association. With demand soaring for this new technology, rental-purchase stores can tap into the excitement by adding DVDs to the product mix—or increase the number of units available for rent. The CEMA sales figures increased its previous predictions of 1.8 million unit sales for 1999 to 3 million.



### CALENDAR OF EVENTS

# 1999 2000

#### OCTOBER

14-22  
High Point Furniture Market,  
High Point, NC, 910/888-3700

#### JANUARY

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

6-9  
Consumer Electronics Show,  
Las Vegas, NV, 703/907-7605

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

21-25  
San Francisco Furniture Market,  
415/552-2311

#### FEBRUARY

17-20  
Tupelo Furniture Market,  
Tupelo, MS, 601/844-1473

#### MARCH

TBA  
APRO Mid-Year Conference

#### APRIL

6-14  
High Point Furniture Market,  
High Point, NC, 910/888-3700

#### MAY

TBA  
APRO Legislative Conference,  
APRO spring Board meeting  
Washington, DC, 800/204-2776



## We've got quality commercials!

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That's the concept of APRO's newly produced advertising co-op footage designed for individual dealers to produce quality television commercials for top-quality prices — and it's free to APRO members. Twenty-two minutes of broadcast quality footage of furniture, appliances and electronics gives dealers an almost endless supply of video to update at will and customize television commercials.

Add that to the film-produced "Image," "Couple" and "Gus" spots and your company has a professional rotation for your television advertising. Along with the award-winning "Sisters" radio-spot, APRO is the production warehouse to improve your message, your bottom line and the image of the industry.

Along with the newly produced advertising co-op footage, APRO has a 30-minute professionally produced CD of generic voice-overs to piece together the audio for your television spots or to create a radio spot. The CD allows dealers to use professional talent from the footage to the messaging.

Each of these spots represents thousands of hours and dollars in RTO customer research, RTO demographic research and message testing, which are all necessary and important components to successful advertising and, subsequently, very expensive, unless, of course, you're an APRO member.

Call APRO for your broadcast-quality copy or to review a copy to see if it fits in with your advertising campaign. If you do not know what type of film format your television station broadcasts in, then call your television station representative to find out. We have both beta, 3/4-inch and VHS.

## New twist on RTO: Leasing fine art

Leasing fine art used to be the domain of major metropolitan museums with the customers being corporations and law and accounting firms. However, arts organizations in need of cash are tapping into a new market and profits by leasing art to individuals, reports *The Orange County Register* in an August 8 article entitled, "Need art? Rent it."

So not only can furniture, appliances, electronics and transportation be leased these days, but fine art as well. Rental prices can range from \$14-\$60 a month. "These new art-lovers-by-the-month cite a collage of reasons," reports Rachel Howard. "Some have just bought their first home and want to spruce a blank wall. Some have always loved art, but can't afford to start their own collections. Some could afford to collect, but don't know enough about art to buy wisely. And some, at least at first, just need to impress."

Sound familiar?

Some art renters become so attached to their particular piece of rented art that they are renting to own. And the profits aren't bad, for example, the Los Angeles County Museum of Art rental program grosses

\$700,000 a year from both corporate and individual renters.

### Creative ideas for rewarding employees this holiday season

The holidays are around the corner, raising the stress level for everyone—including your employees. With the competition hot for good employees, this holiday season you may seriously want to reward your staff instead of giving token gifts that are meaningless. Alex Hiam, a trainer and consultant, points out, "It is important to recognize employees all year, but as the holiday season approaches, it becomes even more significant to keep the holidays productive and to help the company end the year on a positive note."

"Employees are preoccupied and increasingly busy during the holidays, so your personal appreciation toward them can really help their motivation during this harried

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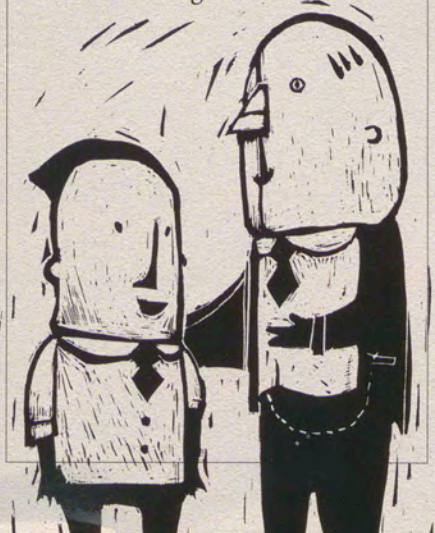
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## RentWay's Chairman Ryan retires

One of the pioneers of RentWay Inc., Chairman Gerald A. "Tony" Ryan retired to the position of chair emeritus on September 30. Ryan, along with current President and CEO William E. Morgenstern, co-founded the company in 1981, which has grown to 865 stores in 35 states.

"Tony demonstrated his unique brand of entrepreneurial zest and, some would even say courage, when 18 years ago he decided to back RentWay financially and the then-new idea of offering home furniture for rental purchase," says Morgenstern. "We are fortunate to have him remain a director of RentWay Inc., where we can continue to tap into his in-depth knowledge of finance and acquisition strategies."

In the meantime, Morgenstern will be elected chair, while retaining the title CEO at the next board meeting.

In other RentWay news, Jacqueline E. Woods was named a new member to RentWay's board of directors. Woods, a nationally recognized educator and specialist in the adult and community college arena, is currently employed full time with the federal government. Previously, she served as vice chancellor for External Affairs for the City Colleges of Chicago, as vice president for Institutional Advancement at the Community College of Philadelphia and also held positions at colleges from Michigan to California.

"Ms. Woods brings to the board considerable experience in matters relating to the community and education. She has an understanding of what is needed to keep RentWay a good corporate citizen in the communities where we do business," says Morgenstern.

time of year and morale-building rewards don't have to be expensive," says Hiam.

Hiam offers some ways a company can help employees shine this holiday season:

- ▶ Give a day off to help out in a soup

kitchen or help the Red Cross serve their holiday meal to get them in the holiday spirit and feel better about themselves and the community;

- ▶ Give the gift of understanding by taking their place for an hour to a full day for a holiday

break;

- ▶ Give the gift of free time around the holidays, even just letting them go home an hour early to do some shopping;

- ▶ Give the spirit of the season by bringing in flowers, fresh fruit or

holly to keep the office cheery all winter long;

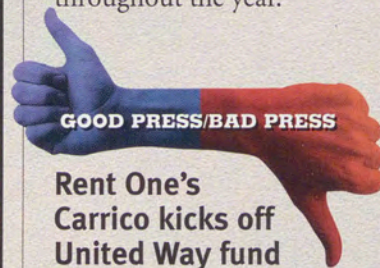
- ▶ Let employees do the giving by empowering them to give a little holiday gift to their 20 best customers;

- ▶ Promote team-building by making sack lunches to hand out to the homeless one afternoon;

- ▶ Make holiday wishes come true by creating a holiday suggestion system and have a drawing;

- ▶ Make charitable donations to employees' favorite causes.

Get creative this year. Gift baskets are standard, turkeys are overdone and gift certificates lack meaning if not personalized. Make your gifts count this year and employees will remember your extra holiday efforts throughout the year.



## Rent One's Carrico kicks off United Way fund drive

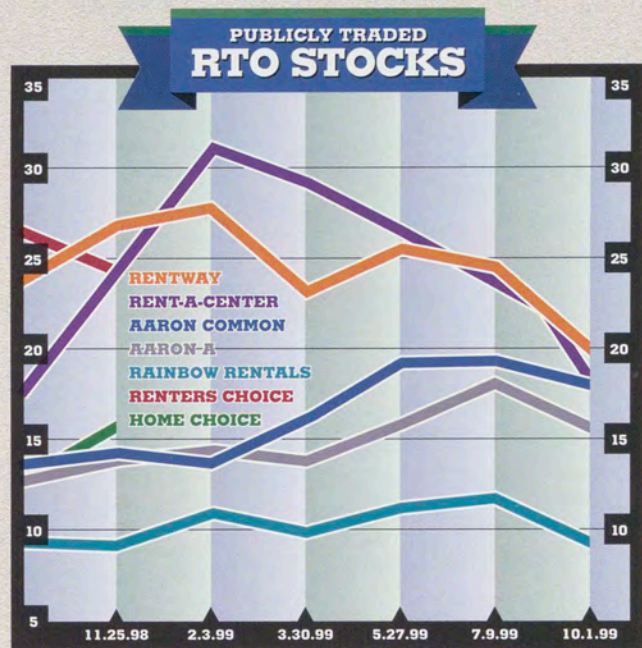
The United Way of Jefferson County, IL, kicked off its 1999 campaign fund drive with a kickoff breakfast September 2. Larry Carrico of Rent One in Mt. Vernon, IL, was joined by other contributors who pledged nearly \$129,000 to the county's United Way—more than half of the local organization's \$257,000 goal for the year.

## RAC manager racks up good quotes

**R**ichard Watts, manager of the Rent-A-Center in Pittsfield, MA, gave a stellar interview and helped clear up common misunderstandings as they pertain to the rental-purchase transaction in an July 19, 1999, article appearing in *The Berkshire Eagle*. The article began with a familiar tale of a rental-purchase customer who was "lured" into spending her limited income on a rented refrigerator, with quotes from a representa-

tive from the Berkshire County Regional Housing Authority warning the public about the "preying" nature of rent-to-own stores.

Watts, while acknowledging that rent-to-own is more costly than buying an item outright, gave clear and concise arguments refuting the allegations made by the Housing Authority. Watts explained that many of his customers use credit cards to make payments; that Rent-A-Center offers a 90-days-same-as-cash option; how long it would take to pay off a \$3,000 item on a Sears



credit card charging 18.9 percent interest making only minimum payments; RAC's reinstatement fee; his store's early buyout option; and more.

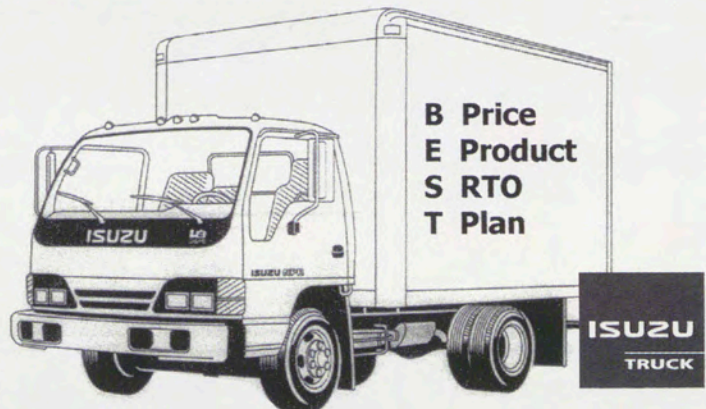
"Everything has a cash

price, everything has a rent-to-own price," says Watts. He added that payment schedules are flexible and that all fees are clearly disclosed.

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**I** hope that everyone who attended the 1999 convention has had a chance to reflect on their experience. I attended my first APRO convention 15 years ago at the behest of a well-known retail-turned-rental dealer from Atlanta, whom I had turned to when I was considering going into the rental business after 20 years in retail. While at the convention, my wife, Mary, and I met a dealer from Denver, Del Wendler, and told him of our interest in the business. Del and his wife, Kay, invited us to visit and learn all there was to know about rent-to-own. In the ensuing years, we developed a close relationship, but we lost Del

who elect not to be members on the same page. It is disheartening to see the hard efforts of those who have worked on federal and state legislation and public relations only to realize that there are unnecessary divisions among us that prevent us from achieving universal goals. We must follow the legislation that we have passed and continue to review our business practices.

.....  
 "We have an excellent across-the-board representation reaching from coast to coast. This group of fine people will always keep the best interests of every dealer at heart."

Education Committee: Larry Carri-co. Larry will make sure that our seminars and educational direction will be available on a national basis so that the

industry has available the necessary tools to succeed.

State Association Committee: "Tiger" John Cleek. "Tiger" will continue to network the states and develop standards for all state associations.

Political Action Committee: Mamie Harper. The APRO PAC needs to have a person with continued drive and we have that in Mamie. PAC contributions are essential to the industry's success.

Membership Committee: Rich Bartel. With the help of state associations and the Vendor Relations Committee chair, Al Zagorniak, we will be able to recruit new members.

Jimmy Strong will head up the Budget Committee. Gary Romine will also serve as the Communications Committee chairman. Ron DeMoss will head up the Nominating Committee for 2000.

Please get involved. Call these chairmen and get on their committees. They will welcome your help and involvement.

In closing, we must continue to develop a positive image in Washington, D.C. During the summer recess, I spoke with both congressional and senatorial staff. They seem positive we are moving forward. It takes all of us to do this. Please get involved. Don't take your future for granted. ■

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

## A board with direction

a few years back to cancer. I will always remember these two men and the important role they played in helping me change careers. Without the fostering of business relationships that APRO and the annual convention provides, many of us wouldn't be where we are today.

My hat is off to the APRO staff and organizers for making this year's convention as good as it gets.

While in Reno, many of you cast your votes for new board members. As a result, we have an excellent across-the-board representation reaching from coast to coast. This group of fine people will always keep the best interests of every dealer at heart. I thank them for choosing me to be their leader.

With the new board in place, we have new committee chairmen. They are as follows:

Government Relations Committee: Ron DeMoss. Ron has headed up this committee before; we are fortunate that he will be there again. He will lead the effort for passage of federal legislation and work on the four states that do not have safe harbor legislation.

Public Relations Committee: Gary Romine. Gary will continue his leadership of this committee and will work to improve our image through advertising practices, Habitat for Humanity and community involvement.

Ethics Committee: Dan Weiss. This is an area in which we must get our membership and those



**By GARY McDOUGAL**  
 APRO's President

# Think you can spot your next skip?



Moves every six months to avoid bill collectors. Merchandise never recovered on her last rental agreement.



Moved...with the rental-purchase store's merchandise... left no forwarding address.



Skipped on two rental stores including two stereos, two diamond rings, and two bedroom suites.



Using his deceased grandfather's social security number to get a rental application approved.

## Tele-Track can.

### Tele-Track Features

- Pre-screen customers to identify those people who are most likely to skip on rental agreements
- Identify individuals who have acquired similar merchandise from multiple stores in a 60-day period
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**W**hen I was young, the American economy was primarily based on the production and use of products. How things have changed! Today's economy is now built upon service. Practically all newly created jobs are in the service sector and this has been a fact throughout most of the '80s and all of the '90s. It's rare when we hear of friends or family getting a job actually producing a product.

The key to success in a service-based economy is beating the competition on the human level. People, not machines, provide good service and

and, therefore, a primary reason in building new business.

One-third of our customers attributed the reason for renting instead of buying to the fact that they were treated better by us than they are treated in a retail store.

We've said for many years that rental stores have taken the place of the "mom-and-pop" electronics and appliance stores of the past that have virtually disappeared because of the evolution of the discount, mass merchandising super stores. Back when I was a kid, everyone knew the owner and employees of the local, neighborhood appliance store that also carried a few black-and-white televisions. We trusted them and did business with them. They, in turn, took care of us, delivering the family's new 21-inch black-and-white television and showing us how to adjust the contrast manually. When the picture started "rolling," we would call our friend and he would send his service man to our house with a giant case of assorted tubes.

The mass merchandising discount super stores of today would laugh at a customer requesting a home visit. Rental-purchase customers, on the other hand, call us when they have a problem and we go to their homes and take care of them. The trust and bond created between a rent-to-own customer and the people who work in a rent-to-own store is essential for the success of that store. Therefore, store personnel must be bright, enthusiastic people who want to serve our customers.

The paradox of our industry is that it has been built and will only continue to grow by treating our customers better than retailers treat their customers. Yet, those who oppose the growth and, indeed, the very existence of our industry, have the misconception that we don't take care of our customers. ■

*Bill Keese's e-mail address is [bkeese@apro-rto.com](mailto:bkeese@apro-rto.com).*

**"One-third of our customers attributed the reason for renting instead of buying to the fact that they were treated better by us than they are treated in a retail store."**

## The service paradox

successful companies have mastered the art of hiring, motivating and keeping good people. The rent-to-own industry is no different.

Since the massive consolidation and growth in our industry, the most difficult aspect of running a rent-to-own store is hiring enough qualified people to serve our customers. During this same period, the unemployment rate in America is at or near record lows. I know of companies paying employees as much as \$1,000 to recommend and recruit a new, good employee.

Hiring is only the first step in developing a good store-based team. Once a new rent-to-own employee is trained and has a proven track record of customer service, the market place competition for that employee has gotten fierce. Inter-company competition for employees has taken on gargantuan proportions and generates the most ethical complaints among our members.

When you examine the empirical evidence on the value of employee competence, you find the underlying reasons for building successful companies.

When customers are 100 percent satisfied with their rental experience, they would recommend renting to others. According to APRO's recent survey, 90.5 percent of customers feel that the store personnel appreciated and helped them. This is the chief reason customers were satisfied with their rental experience



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

**\$15 MILLION & GROWING!!**



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the smart choice

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- STORE SUCCESS = EVERYTHING
- KEEP THINGS SIMPLE

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## WE ARE BUILDING A STRONG & SUSTAINABLE BUSINESS.

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- Strong Equity Packages for most senior positions



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**I**went to an Equal Employment Opportunity Commission-recommended mediation session the other day. The EEOC paid for it. What that means is that you and I paid for it, but it felt a little like a freebie. The EEOC has gotten so far behind in dealing with its caseload of employee grievances filed against employer companies that the bureaucracy has instituted a mediation program to speed up the process.

Mediation is an alternate dispute resolution method that is different from arbitration. In mediation, the parties have to reach an agreement with the assistance of the mediator in order to

law must go through the EEOC. When a credible grievance is filed, the EEOC will request the production of documentary evidence relating to all of the company's employees and applicants over the past three years—looking for statistical evidence of discrimination.

The new voluntary mediation program gives the parties an opportunity to attempt to reach a satisfactory settlement. The negotiations cannot later be used in a lawsuit. The parties can bring lawyers, but they don't have to. The mediation process should-

.....  
 "I found the process to be fair and efficient for my client. The mediator told me that about two-thirds of the mediations he has conducted ended in a settlement."

## Transcendental mediation

resolve the matter. The mediator facilitates the discussion, but does not render a right or wrong decision as a judge or arbitrator might. Mediation is often pursued before arbitration or litigation.

If you hire enough employees, sooner or later, you will get an EEOC complaint that an employee's civil rights have been violated. There are some real wrongs that occur in the workplace, often without the knowledge of upper management. Discrimination of all kinds exists in the workplace in varying degrees.

There is also a population of employees who would rather file EEOC grievances and exact settlements from companies than work for a living. They go to work sensitized to wrongs, real or imagined, that might give rise to an EEOC complaint.

They know the symptoms to exude when complaining of discrimination. They aren't above provoking a little discriminatory conduct to help fuel the fire. They know their rights. They know that if they've got a good enough story to tell with few witnesses to contradict them, they can find a lawyer to take their case. They also know what it will cost the company to defend itself,

say \$15,000 to \$30,000 in attorney fees. Armed with that knowledge, these employees can work toward exacting some lesser amount in a settlement and the company saves money.

Anyone claiming discrimination under federal

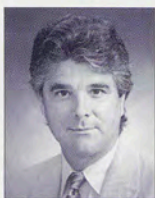
n't last more than half a day in most cases.

I found the process to be fair and efficient for my client. The mediator told me that about two-thirds of the mediations he has conducted ended in a settlement. Of those, 5 percent to 10 percent ended up with the employee withdrawing the complaint. That means that employers wrote checks or took some other action in the other 90 percent to 95 percent of the cases.

The mediator offered some useful suggestions about layering grievance procedures within the company to head off complaints filed with the EEOC. While my client does not get many complaints filed, it has gotten a few. I suspect that the company will look closely at the mediator's recommendations.

I was happy to learn of the EEOC's relatively new mediation program and want rental dealers to know about it. The worst thing that can happen is that you cannot reach an agreement and lose a little time and then the process moves on in its regular course. If you've gotten an EEOC notice lately, you have probably gotten information about EEOC mediation. Give it a try. ■

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



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

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**W**ow! I have to say I was a little overwhelmed at this year's convention. I was fairly certain I would be awarded a flag for the most legislative visits and had an idea that our state association was in the running for State Association of the Year, but to also be elected to the board of directors and to receive the 1999 APRO Rental Dealer of the Year award was incredible.

I was very honored to receive the flag. However, what was even more gratifying to me was to see both Lisa Neyhart, my wife and vice president,

in Baton Rouge for the final hearing. At the risk of offending someone I may forget to mention, there are a couple of LRDA members whose efforts went above and beyond. I want to give special thanks to Chris Overton, Ricky Brooks, Pat Parker, Jimmy Strong, J.J. and Courtney Engeran, Fernando Flores, Butch Gautreaux and Steve Angelette. I have definitely considered it a privilege to be this group's president for the past two years. I look forward to one of these individuals stepping forward to lead our organization in the year 2000!

Regarding my election to the APRO board, I first want to thank everyone who voted for me. I also want to give special thanks to Dick Eichlin, Tiger Cleek, Pat Parker, Ron Waters and Gary McDougal for encouraging me to run after two near misses. I want to extend a very big thank you to Ernie Lewallen for including me in the Legislative Advisory Committee, his continued encouragement and for nominating me this year.

Receiving the 1999 APRO Rental Dealer of the Year award meant a lot; it was truly the icing on the cake. To be honored by my peers in this manner is overwhelming. My thanks to Bill Keese not only for nominating me, but also for his continued encouragement. I also want to thank my beautiful wife, Lisa, for her support personally and also for her work as my vice president. Without her and my other vice president and friend, Marco Scalise, running the company, I would not have had the time to become involved in the activities that have allowed me to receive this award. Finally, I would like to thank Pat Parker, my partner, friend and mentor, without whom none of this would have been possible.

In closing, I would like to urge every member of this great organization to get involved, stay involved and remember that this is a great industry. ■

*Tom Neyhart is COO of Utica Rental Systems Inc., dba ColorTyme, in Mandeville, LA.*

.....  
 "The fact that we had so many dealers, both first-timers and old pros in Washington working so hard for our industry speaks of what APRO is all about."

# Honored to be in APRO

and Pat Parker, my partner and friend, also receive flags. To my knowledge, this is the first year that three flags were awarded. For the two of them to have over 30 legislative appointments the first time they attended the conference was a tremendous achievement. The fact we had so many dealers, both first-timers and old pros in Washington working so hard for our industry speaks of what APRO is all about: rental dealers working together for the common good of our industry. I cannot stress enough the importance of what our organization is trying to accomplish. Therefore, I encourage every one of you to step forward and become part of the push to pass our legislation. Pick up the phone and make a call, send a letter or make an appointment to visit your congressman when he/she is in your home district. Every contact makes a difference.

The 1999 APRO State Association of the Year award is truly an award for our association. Our Louisiana Rental Dealers Association members came through as a group and worked hard to defeat anti-industry legislation in our state. We went from having only one vote on the committee to defeating the bill with a vote of 9-3! This was due to every one of our members getting out and making appointments, sending letters and making phone calls to their congressmen. More than 25 percent of our members showed up



**By THOMAS A. NEYHART**  
 APRO Board Member

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# MONETARY





# ...IS THE FUTURE OF RTO

**It's more profitable, less work and cheaper to control. Our future may depend on it!**

WHY DO OUR customers pay us weekly? Is it because they pay all their other bills weekly? Think about it. What bills do you pay weekly? All my bills and all my customers' bills are paid monthly. Car payment, electric bill, house payment, gas bill, utilities, credit cards, all major purchases are paid monthly. If your customers are living in a motel or buying a car from a small independent lot, then they may pay those bills by the week.

**In my opinion: By Ray McCabe**

**G**ranted, many of our customers get paid by the week, but they pay their bills, for the most part, monthly. The first week they may pay their mortgage payment or rent. The next week may be their car payment and so on. The public is programmed to pay their bills monthly.

Then rent-to-own came along.

The rent-to-own industry was born because the low income, welfare, bankrupt, bad credit, no credit, high-risk customer had nowhere to go. We did not want these customers to take an item home with them because we wanted to verify the address we were delivering to. We did not want them to mail their payment or pay by check. We wanted them to come into our store in person, with cash, to pay their bill each week so that we could see that they were still in town and hadn't skipped out. We wouldn't let them pay monthly, because, God forbid, they would have a 30-day jump on us to skip out. The entire transaction was based on mistrust.

We persuaded the customer to pay us weekly.

Today, however, the rent-to-own transaction has become as common and as well known as going to a department store and charging an item, only without the credit hassles and long-term commitment. Our stores are carrying higher-end products and all the newest electronics. Our customers now come from all economic backgrounds. The problem is that consumer groups such as the Public Interest Research Group are giving us a bad rap. On the *20/20* show that aired last year with a segment on our industry, the reporter said that we are targeting and taking advantage of the poor, uneducated, low income, welfare customer with our attractive low weekly rates. The show didn't mention that we also do business with educated higher-income customers because the producers only want the public to see what they want them to see.

The more we advertise low weekly rates, however, the more ammunition we give to support arguments presented by groups such as PIRG. The people—our potential customers—who watch these shows and who have not yet done business with a rental store form their opinions from this type of negative publicity. People tend to believe what they see on these types of shows. Monthly advertising would weaken the PIRG

complaint because it would attract everyone and not look like “bait” for the poor and uneducated public.

## TURN UP BUSINESS WITH MONTHLY RATES

Believe it or not, we lose business by letting people think that our transactions are done only by the week. Some first-time renter may call to rent an item and the minute he or she is quoted weekly rates, the potential renter is turned off. This potential renter may not know that you offer a monthly plan if it is never mentioned. The renter just hangs up the phone.

Even if you continue to advertise weekly, you can tell customers that they can save even more money by paying monthly. The more our industry becomes commonplace, the more we are going to attract monthly customers. Face it, less than 12 percent of the population is poor and/or on welfare. More than 65 percent of the population is blue- and white-collar middle income, secure with a good job, trying to buy a home, paying bills monthly and will rent to own if we go after them. Why not try to expand our customer base instead of limiting it?

Monthly rentals are easier to control because you only have to deal with the customer one time instead of four or five times a month. Your collection department has fewer field runs. Monthly business saves gas and wear and tear on vans and trucks. There is less credit contact with the customer, which can be a plus when you consider that we lose some customers because they get mad at an aggressive collector.

Monthly is also cheaper to maintain. Take a 1,000-unit store that is all weekly, that's 4,000 transactions a month. How much cheaper do you think it would be to cut down to only 1,000 transactions a month?

Monthly also holds a better keep rate. How many times have you run an ad that said, “First week free or 99 cents delivers”? You generate lots of deliveries only to generate lots of pickups the rest of the month. The net result is a lot of work with not a lot of gain. If you ran an ad that said, “50 percent off the first month's rent,” you most likely would attract a customer who pays bills monthly and who would most likely keep the item longer. Fewer deliveries may result in bigger gains. I have worked for a pay-by-the-week store that had 400 deliveries a month and hopes just to break even. I have also worked for a pay-by-the-month store that only had 150 deliveries a month, but gained 25 to 50 new BOR almost every time and kept the deliveries out.

A lot of people in the rent-to-own industry think that if they go monthly it will hurt their business. They say others have tried it and failed. They say they will lose their weekly customers. That's narrow-minded thinking. *You don't lose any business!* Remember, we persuaded our customers to pay weekly in the first place. I am not suggesting that you stop renting weekly, I am simply saying that we start quoting monthly rental prices as much or more fervently as we do weekly prices.



I have been in the rent-to-own business since 1977. I have worked in Oklahoma City, Houston, Seattle, Dayton, Kansas City, Dallas, Palm Beach and now in southern California. If you think that your market is a weekly-only market, think again! In every town, I did the same thing—I simply stopped quoting weekly rates and started quoting monthly rates. The stores turned completely around in 18 months. I didn't stop renting to anyone who wanted to pay by the week, but simply stopped quoting weekly rates in my sales pitch. If customers asked if they could rent by the week, I said, "Sure you can pay by the week; however, it is cheaper to pay by the month. You can save some money by paying monthly and it's less hassle, you only pay once a month instead of four times." I would make the weekly rate sound as bad as I could to get them to rent monthly. I only had to do this with regular rental customers. New customers just thought that the monthly payment was normal.

#### DO THE MATH

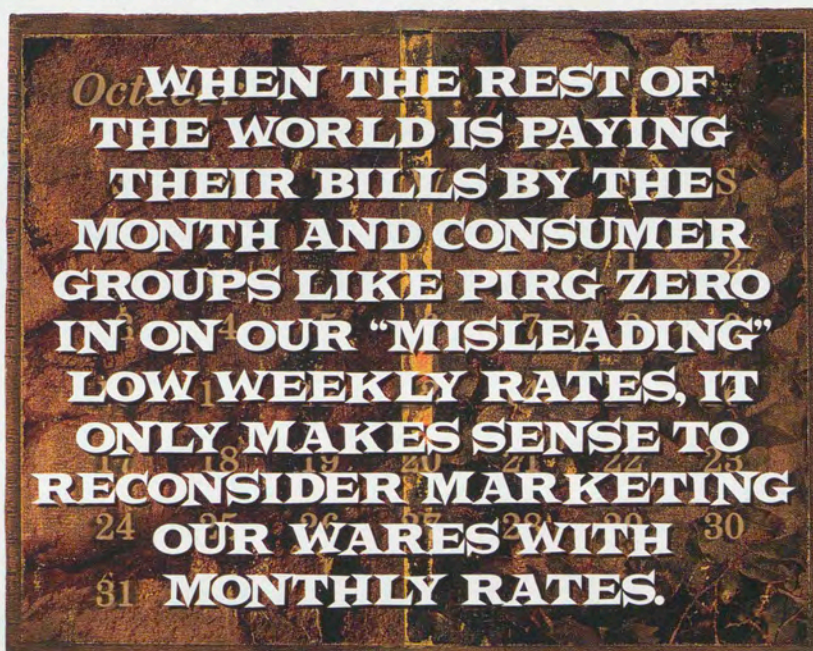
**E**ven if your weekly rate is calculated by dividing your monthly rate by four, there are still 4.33 weeks in a month. Monthly is cheaper, even if just a little bit. My weekly rate is calculated by dividing the monthly rate by 3.5. Therefore there is a significant savings by paying monthly. A \$20-a-week item is only \$69 a month. My competitor may only charge \$19 a week, but \$76 a month. Who is really cheaper? Most customers would prefer monthly if given the option to save money. *Do not* go raising your weekly rates to make your monthly rate as cheap as I have. You will hurt your business, especially if you're in a heavy weekly customer market. The change has to be gradual. Simply change your way of selling the program. Get all your employees on the same sheet of music and have them stop quoting weekly rates. It's that simple.

If a customer asks for a weekly rate or if it looks as if you are going to lose a customer, then use the weekly rate as a tool to get the delivery, but let the customer know that he can save money by paying monthly. If you want to lower your monthly rate by \$1 or even \$5 to help it look even cheaper, then do it. I am sure you will save that much in less work over the long haul. As you see the shift from weekly to monthly payments increase, then start raising the weekly rates instead of lowering the monthly rate. Once again, remember that we persuaded customers to pay weekly in the first place, now let's persuade them to pay monthly. It is easier than you think. Within six months, you will start seeing a major shift in your business. Your business will be better for it. Your employees will love it when they see the work load go down and business go up.

#### ONE FINAL ARGUMENT

Most weekly stores use Saturday as the payment due date. Therefore, these stores do more business on five weekend months. Monthly stores use standardized due dates. Let customers choose the date that fits their budgeting the best. I recommend that you can use the 1st, 8th and 15th of each month. For customers who get paid toward the

end of the month, you can also use the 22nd, but keep less than 5 percent of BOR from being due after the 15th of the month. If a customer gets paid on the 3rd of the month, ask him if he would prefer the 1st or the 8th for the due date. Try not to create a 3rd of the month due date. The fewer due dates available, the easier it will be to control your collections. By arranging your monthly due



dates this way, you will have all of your accounts in your credit manager's hands by the 15th of the month. He can hit his credit goals by the 25th, which then lets you concentrate on gaining BOR for the rest of the month. This will also eliminate the high's and low's you have in your income when you go from a five-weekend month to a four-weekend month. Your revenue will be more consistent. You can still do more deliveries and revenue with the fifth weekend. The revenue just won't be controlled by your current accounts.

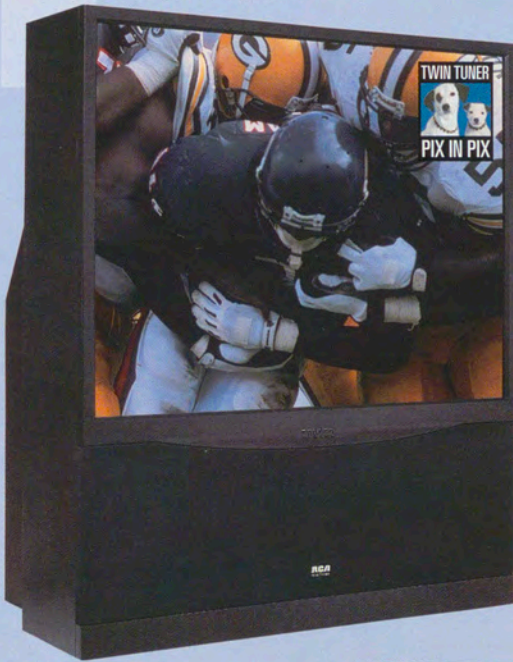
The four stores I run in southern California are 100 percent monthly and have been for 13 years. We average month-end credit closes of 4 percent to 6 percent.

When the rest of the world is paying their bills by the month and consumer groups like PIRG zero in on our "misleading" low weekly rates, it only makes sense to reconsider marketing our wares with monthly rates. As the concept of leasing gains social acceptability, the rental-purchase industry can only stand to profit. However, marketing weekly payments to this new generation of consumers will only serve to alienate them. ■

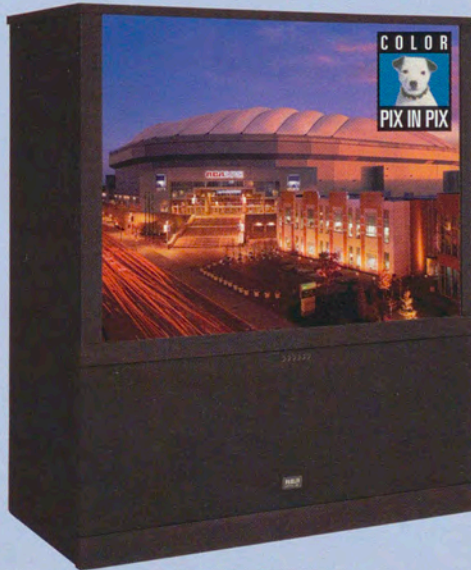
*Ray "Mac" McCabe is president and CEO of McCabe Enterprises Inc. dba ColorTyme in Anaheim, CA.*

# Let Your Thomson Rental Team Take Care of You

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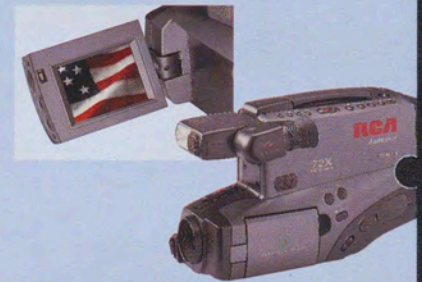
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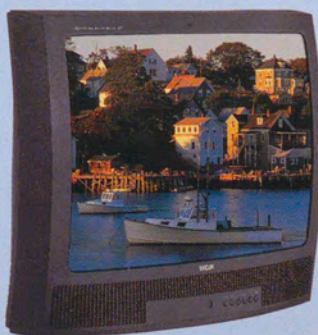
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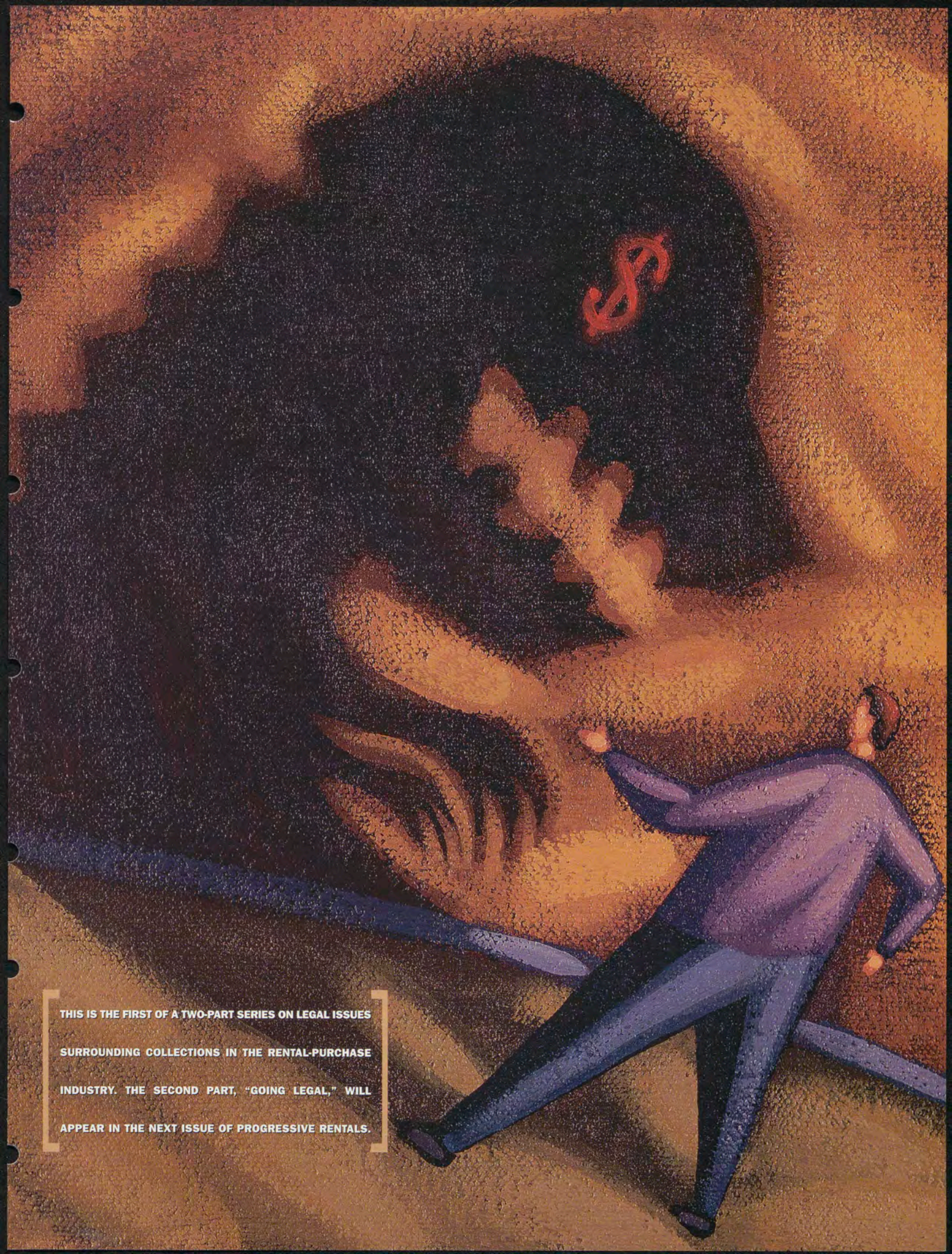
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# REFLECTIONS on COLLECTIONS

rental sage once said that this business is really a simple one. A dealer only needs to do two things: rent and collect. Succeed at both and the dealer is on the way to building an empire. Fail at either and the dealer has lost the company. If renting is the fun part of the business, then it is fair to say that collecting is the less fun part.

By Ed Winn III



THIS IS THE FIRST OF A TWO-PART SERIES ON LEGAL ISSUES SURROUNDING COLLECTIONS IN THE RENTAL-PURCHASE INDUSTRY. THE SECOND PART, "GOING LEGAL," WILL APPEAR IN THE NEXT ISSUE OF PROGRESSIVE RENTALS.

**T**he collections end of the business can be frustrating for all involved — customers as well as store employees and owners. No one takes any delight in either giving back or getting back that television. It is not, after all, how the rental company makes money. But it is, nonetheless, an integral part of the business and one which absorbs huge amounts of store time and employee thought and effort. Customers change their minds, have financial or other emergencies, lose jobs, change spouses, run out of money and for all of the vagaries of human nature, decide that they no longer can or want to continue renting.

Every month, in almost every rental store in the country, for every 100 deliveries made, there will be between 60 and 80 pickups. It is a tribute to the men and women who work in rental-purchase that there are so many pickups and so few disputes about how the process was handled.

Collections is an area of the business surrounded by an assortment of laws restricting dealer conduct. Rental dealers have a legal right to recover their property when the rental agreement terminates. At the same time, rental customers have rights of privacy, which include the right to be free from harassment and abuse. It is the tension between these various and occasionally competing rights that has created the patchwork of laws that govern the area of collections today.

The increased recognition of individual rights in this area of the law by courts over the past 40 years has stacked the legal deck against rental companies and all others in the self-help collections business. The law's rationale for this imbalance is that there are legal remedies for creditors in the courthouse where a judge can oversee the process and provide balance. It is true that there are legal processes for recovering property — the subject of the second part of this article, scheduled to appear in December — but they are time-consuming, expensive and not designed for the recovery of \$400 televisions.

Most collections business is a rather matter-of-fact affair. If the customer has understood the transaction, then he knows that when he chooses not to renew the rental agreement, he must

return the property. Most customers will do so without much fuss. A customer may not like giving back a television, but he knows the rules and is not going to challenge the rental company's right to retrieve its merchandise. That is the case with most rental customers or this industry would never have gotten off of the ground. Most people are honest and want to do the right thing. But, of course, not all people are honest and some people seem to take delight in doing the wrong thing.

Not every customer who fails or refuses to return a television is dishonest, of course. A fair number of collections disputes begin as accounting disputes. The customer thinks that a payment has been made on time and the dealer thinks that it hasn't. Common sense would suggest that the dealer be ready to supply the full records for the customer's review, at least the first time or two that such a dispute arises. Beyond that, much of collections work for rental dealers involves the fine arts of patience, persistence and negotiation.

### The law in a nutshell

**O**nly four state rental-purchase statutes contain provisions relating specifically to collections: Arizona, California, Minnesota and West Virginia. These statutes are similar to one another and can provide a useful guide to rental dealers in all states. In addition, more than 20 other states have debt collection statutes that apply to rental dealers as well as other kinds of businesses which do collections in-

house as opposed to businesses which routinely turn bad accounts over to debt collection agencies. In 1980, Congress enacted the federal Fair Debt Collections Practices Act, which can be useful for guiding collections behavior, but which, in fact, only applies to debt collection agencies and excludes companies collecting on their own account. There is finally the common law in all states which provides that no person may "breach the peace" when attempting to collect a debt. More than half of the rental-purchase statutes have codified the common law by declaring that rental merchants may not breach the peace when attempting to recover property. What is a breach of the peace has a long and colorful history in this country, developed in large part by the antics of "repo men" trying to recover automobiles for banks, finance companies and other lenders. Other aspects of the common law may come into play during self-help repossession, e.g., trespass, assault, battery and other torts, depending upon what happens.

### The front end

**M**ost dealers know by now that the better the explanation of the rental-purchase transaction on the front end when renting the product, the fewer and less serious the disputes are on the back end when collecting. If customers understand the rental-purchase deal initially and are reminded of how it works occasionally, then they are more likely to understand their rights and obligations when the agreement terminates.

There is some old language which used to appear regularly in rental-purchase agreements which has been rendered suspect by court decisions. Rental dealers used to get customers to agree in advance that the dealer could enter the customer's premises to recover property if the need arose. Such language would be dangerous today. Rental dealers cannot use language in a rental agreement which misleads customers about their legal rights. It is a deceptive trade practice to do so because customers have the right to say "No" when the dealer appears on the doorstep. It is arguably misleading to imply in the agreement that the customer does not have this right.

### Talking the talk

**C**ollections activity ordinarily begins on the phone and dealers need to know what they can say and to whom they say it is regulated. As a general rule, rental dealers can only talk about an account with the person(s) who signed the rental agreement. A person's debts and other financial arrangements are private matters between the debtor and the creditor and as tempting as it may be to call the mother or some other reference listed on the rental application to prod the customer into action, it is a violation of state debt collection statutes. Rental dealers can only talk to third parties (anybody besides the customer) to obtain location information on the customer. Something like, "My name is John and I work for AAA Rental Company. I am trying to locate a customer of ours, John Smith. Do you have a telephone number or an address for him?" No mumbled asides about Mr. Smith having moved away suddenly with a houseful of your furniture. No details about the account. No wistful musing to Mom about what this bad account is going to do to her son's credit. And once the location information has been obtained, no more calls to the third party.

Talking with customers must remain at all times businesslike. The law provides that dealers cannot engage in language or conduct that

would "harass, oppress or abuse any person." That includes threats of violence, obscene, profane or abusive language, calling a customer without identifying the caller's identity or causing the phone to ring repeatedly. This means that rental dealers may have to absorb some abuse on the phone without giving it back. It is bad manners for a customer to curse a rental employee. It is against the law for the employee to curse back.

Rental dealers can only call customers at reasonable times and places. Assume after 8 a.m. and before 9 p.m. is reasonable. Some states have declared it unreasonable to call a customer at work without getting permission from the customer beforehand and, in all states, it cannot be done after the customer has told the dealer not to do it. Rental dealers have to quit talking to the customer if the customer tells the dealer to quit in writing or after the customer hires an attorney.

Rental dealers need detailed written policies about telephone collections work and need to review these policies regularly with employees who are on the phones.

It is this same issue of privacy that controls door hangers. Rental dealers can leave door hangers asking the customer to contact the store, but the door hanger cannot contain any information about the account because of the likelihood that others might see it. Some handwritten

messages on door hangers by understandably irate store employees have cost rental companies a lot of money over the years.

### Walking the walk

**N**ot all telephone collections efforts are successful, of course, and so then rental dealers have to do field collections work. This step increases the risk of something going wrong exponentially. It is on the customer's doorstep that the true art of the business comes to the forefront. The law is such, alas, that if a dispute arises on the doorstep, it will likely be deemed the rental company's fault. Any damages that result will be paid by the rental company. The employee is there to recover merchandise and must at all costs avoid breaching the peace.

The rule is simple to state; less simple to follow, perhaps, when an account manager has finally run down a first week skip on a big screen television and a VCR and emotions are running high. The rule is

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that a rental dealer must take "no" for an answer and, like in dating, "no" means "no," now more than ever. Any action by the dealer after a "no" from the customer is likely a breach of the peace, even if the customer has his hands in his pockets when he says it. If, for example, there is the company's washing machine on the front porch and the customer is sitting on the porch and hasn't made a payment in two weeks, the dealer still has to get the

customer's agreement before he can retrieve his washer. The customer can keep rocking and smiling and saying "No" and if the dealer takes the washer anyway, then he has breached the peace and probably committed trespass as well. Of course, if the customer is not there to say "no," the dealer may be able to retrieve it without breaching the peace or committing trespass.

This is not the case if it means going inside the house. The rule here is that

the dealer must have the contemporaneous consent of the customer or someone who lives there and who is at least 18 years old. It is still a breach of the peace and perhaps a trespass if the door is open and the unit is just sitting there. Even entering abandoned premises is not without risk. How can a dealer be sure that a dwelling has been abandoned? Some people just don't have much furniture. If the place has not been abandoned and the dealer enters without permission, it is a trespass.

Any activities which interfere with a customer's peace, especially at the customer's house, will likely be viewed as a breach of the peace. Blocking the driveway or disconnecting the cable or worse will cost far more than the value of whatever merchandise is in the house if the customer pursues his legal remedies against such conduct.

The laws in most states allow the dealer to recover legal fees and the reasonable costs of collection if the customer refuses to surrender the unit voluntarily. Most rental-purchase agreements explain this to the customer and dealers can remind customers of this point during the collections process. When it becomes apparent that there is no longer any reasonable hope of collecting any money on the account and the goal has become the retrieval of property, most dealers will negotiate over back rent and other fees due in exchange for the customer's agreement to return the property. It makes good sense to negotiate some of those fees away in exchange for a peaceful repossession of the property.

Over the years, rental dealers have shown great creativity in collection techniques. While dealers have occasionally argued that some techniques involving some lack of candor or even subterfuge actually allow dealers to recover property without breaching the peace, these arguments have failed when challenged and the techniques have cost the dealers money. However convenient and time saving a "white lie" might appear to be with a hard account, it is clear that such conduct is unlawful.

A new collection technique has

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been in the news lately involving a used car dealer in Detroit. His program is to lease used cars by the week or month. The catch is that each car is equipped with a shut-off device wired into the engine. If the customer fails to make a timely lease payment, the car won't start. These kinds of devices have been available to the television and appliance rental industry for a number of years, but have never really caught on. There is a cost to adding the device to electronic equipment and if a customer can rent a normal television for \$10 per week or a television with a shut-off device built into it for \$11 a week, what is the likely choice? And there is the issue of disclosure. The car dealer is clear up front how his program works. The cars have a large timer installed on the dashboard. If rental dealers were to offer televisions and appliances with shut-off devices without disclosing that fact to customers, such conduct would likely be challenged as a deceptive trade practice.

Despite the imbalance in the law of self-help collections and the inherent unpleasantness associated with certain aspects of the task, rental dealers are phenomenally successful at collecting their accounts. They are so successful that debt collection agencies, companies whose only goal is the collection of accounts for others, have been able to add nothing to the industry. If a rental dealer cannot collect an account, then there is a good chance that it cannot be collected.

There is, finally, a tiny subset of customers on whom all of the arts of persistence and negotiation are wasted. Some just want to watch television for free and will say so. Some want to hide from rental dealers and any other obligations that life has thrown them. Some are sinking under troubles far larger than they can handle and an expired rental agreement is just a sordid detail to them. Some have such extraordinary and bizarre powers of rationalization that they have persuaded themselves that they are entitled to that television and so the rental dealer becomes an interloper in their lives. For whatever reason, these customers are not going to pay any more rent and

aren't going to be cajoled or negotiated into returning the unit. What's a rental dealer to do?

For all of the impediments it puts in the way of a dealer recovering property through self-help repossession, the law does provide an answer. The dealer can sue the customer to recover the unit or get a judgment in the amount

of the value of the property. In the November-December 1999 issue of Progressive Rentals, the second part of this article will investigate how rental dealers can use the legal system to their best advantage. Stay tuned. ■

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

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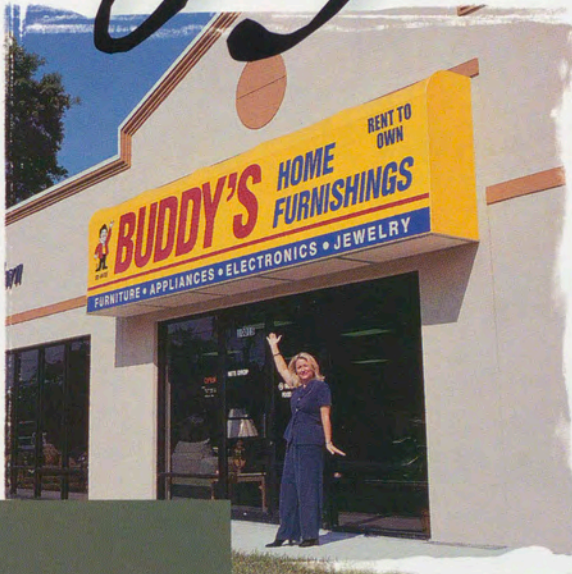
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# The industry's Buddy



**T**here may be no one who believes in the rental-purchase industry like Buddy's Home Furnishings' Kim Slatton. To hear the company's vice president tell it, it is a place where progress is unstoppable and problems are to be met halfway and stomped out in their infancy. Essentially, she is a person who is proud of what her industry has to offer and can't understand someone not seeing it as such.

Of course, there are some influencing factors in Slatton's case. One of the second generation of Slattons to enter the rent-to-own field — she is the daughter of Bi-Rite President and CEO Norman Slatton Sr. and Lois Slatton — Kim's formative years spent in her dad's Buddy Bi-Rite stores no doubt have influenced her opinions on the way the industry works. When it comes to rent-to-own, she is all positives.

**APPROFILE**  
*By Markus Beeby*



PHOTOGRAPHS BY TOM LEVINE

O

ne thing that concerns me is that some dealers feel so strongly that rent-to-own has a negative image and the discussions about this 'negative image' seem to be so prevalent," Slatton says.

"In my eyes and with our customers, I don't believe Buddy's has a negative image. I think that people love to do business here. Buddy's is a fun company. If every dealer believed that, maybe the atmosphere wouldn't be at all negative."

### *Starting early*

Kim Slatton started working for her dad's retail stores during her childhood. She and her siblings swept floors and polished TVs and by the time she was in junior high school, Slatton had graduated to office work.

"I have been doing retail administration work since I

was in my teens," says Slatton. "I was in high school working for my dad when he first started a rent-to-own business. He had a side company that was dabbling in it and because it did so well, he started opening up more and more stores."

After leaving the company when she was 20 years old, Slatton returned 11 years later, in 1988, to a comptroller position in her family's company. With her life experience honed from years of work for a major electrical contractor with several different contracts around the world, Slatton's return to Buddy's brought a new degree of professionalism and performance to Buddy's home office operations.

"I was real excited about it," says Slatton. "It was difficult at first because I had earned my own respect elsewhere and when you work for your family, there is so much history attached. Your family looks at you differently. Your parents look at you as a kid and your siblings see their history with you."



*The Buddy's executive team: Karen Slatton-McCormick, Joe Gazzo, Kim Slatton, Craig Bouilly and Terry Beville*

In returning to Buddy's, Slatton was pleasantly surprised to experience a rejuvenated relationship with her siblings. Her sister Karen, also a vice president, works with her in the company's Tampa, FL, office. Her brothers Jamie and Norm Jr. have teamed up to open stores in Georgia.

"We really have a great team," she says about Bi-Rite's second generation of Slattons. "It has been challenging, but also rewarding and empowering because my brothers and sister and I have had to take on new responsibilities, learn the company and make decisions. My sister and I have gotten that closeness back again. It's just something you can't buy, it's wonderful."

"It's a great feeling to know that we've done so well this year. We hear that we beat the pants off other rental-purchase stores in our markets. We're very proud of that. Dad saw to it that we had a solid base to build from, and our team is ready to take it to the next level. Even though putting in new stores is a large part of my job, I certainly can't take all the credit. We operate with a five-person senior executive team with diverse strengths. Vice President of Operations Karen Slatton-McCormick is a brilliant thinker, Marketing Managers Craig Bouilly is as enthusiastic as they come and Joe Gazzo comes up with great promotional ideas and CFO Terry Beville knows exactly where our numbers are going (and they're going up!) We have five very strong individuals, so the synergy is fantastic."

### *The founding father*

As far as rent-to-own bloodlines go, the Slatton family may have one of the strongest. Norman Slatton Sr. was honored at this year's APRO convention with a Lifetime Achievement Award. Inspired by their father's will to succeed and no-nonsense attitude, the new generation of Slattons hopes to continue the success that the company has

**"I think that one of the great things that has happened over the past year is that we have all gained a sense of ourselves and what we can accomplish and it has strengthened us. Now, we feel pretty much on top of the world — we have a strong team and a strong company. We are excited, but we're not taking our eye off the ball."**

enjoyed, while he has turned over much of the company's responsibilities to them. For Kim and her siblings, the challenge of pleasing dad is the real task at hand.

"My dad is a tough guy," she says. "He's one of the best bosses I have ever worked for because he is very detailed — he holds you accountable and he follows up. For example, that one thing that you said you were going to do, the one thing that you don't get done, that's what he is going to ask

you about. He never fails to follow up. He knows what we are all doing and what's going on. He will come in a few times a week and ask us to bring him up to date and where we are on a project. To say the least, he holds us to task (laughs)."

Personally, Slatton says, taking on the responsibilities of running the 40-store company has been an empowering experience.

"My dad has always put a lot on my plate; I surprise myself with what I can accomplish," she says. "I think that one of the great things that has happened over the past year is that we have all gained a sense of ourselves and what we can accomplish and it has strengthened us. Now, we feel pretty much on top of the world — we have a strong team and a strong company. We are excited, but we're not taking our eye off the ball. My dad has always said to take care of your customers and they'll take care of you. He also taught me to listen to my instincts and go with my gut when it comes to making a decision."

### *Presenting a point of view*

This advice in mind, it's not too surprising that when Kim Slatton became interested in joining the APRO board of directors, she went with her gut and found herself elected to the board in 1998. Given her father's involvement in the APRO convention and trade show and the Florida Rental Dealers Association, the choice seemed obvious. Since then, Slatton has become an aggressive member of the board, bringing her candid nature and experience to the APRO public relations and other committees. With her vigorous belief in the good that rental-purchase does for people, she finds it simple to convince others about quality in the industry.

"The industry today reminds me of when I was a teenager and retail was all about the personal attention the customer was getting," she says.

"These days, if I go buy something at Circuit City or Best Buy and pay for it with a credit card or cash, I can barely find someone to help me or answer questions

about the product, much less bend over backwards to get it delivered to my home for nothing. I really think that our customers are getting that special attention that only high-end credit customers used to get."

"Now is a great time to be in this industry, especially for the smaller dealer who has more control over the specialized attention they can give their customer. Also, the mergers that have been going on over the last several years open



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up some new areas of opportunity for the smaller dealer. We've really been profiting from these consolidations and we're focusing on making sure we don't lose this market share once everything settles down."

Another part of the industry that excites Slatton is the increased presence of women in rental-purchase. She feels that a simple introduction to the rent-to-own field is all that is keeping most women from achieving in the industry. She notes that the numbers of female senior managers is on the rise at Buddy's and they are gaining respect and attention from their peers as well as supervisors.

Women make many of the important decisions at Buddy's home office as well. Human resources, management information services, auditing and merchandising are all headed by women who started in ground level positions with the company.

"They all are above average in their performance in our company and several of them walked away with the big awards at our annual meeting," she says.

Buddy's "ground up" promotion philosophy has produced a solid base of store managers and division managers. "We believe that employees come first and are always looking for ways to make Buddy's a great place to work," says Slatton. "We know we've succeeded when employees leave for 'greener grass' at the big companies and return to us. Our training, promotion opportunities, store growth, benefits, services and products are all planned with our employees in mind. If they're not happy and proud of what they do, our customers won't get the service they deserve."

As far as the industry as a whole, Slatton says, "We're looking forward to continued involvement with APRO and our state association. It's important for every rental dealer to stay abreast of what's happening in the industry. We can't sit back and let the "big guys" do all the work. Oftentimes it's better to hear the "little guy's" story. Many people outside our industry have noticed how well our dealers network together. This is an important asset for the future of rental purchase. Each one of us needs to do our part to make sure it stays that way." ■

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

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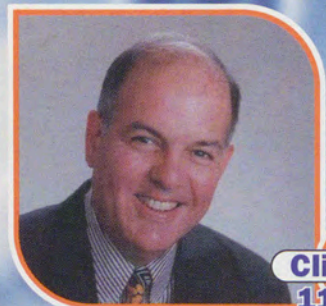
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[HERE ARE APRO'S OTHER COMMERCIALS]



### *Sisters*

The *Sisters* radio spot is a national award-winning, entertaining 55-second radio spot with a 5-second tagline to add your information.



### *Couple*

The *Couple* film-produced television spot is, by far, APRO's most popular commercial production to date. A 25-second TV spot with a 5-second tag.



### *Image*

The *Image* spot is an elegant film-produced commercial portraying the quality, name-brand products you get with rental-purchase. A 25-second TV spot with a 5-second tag.



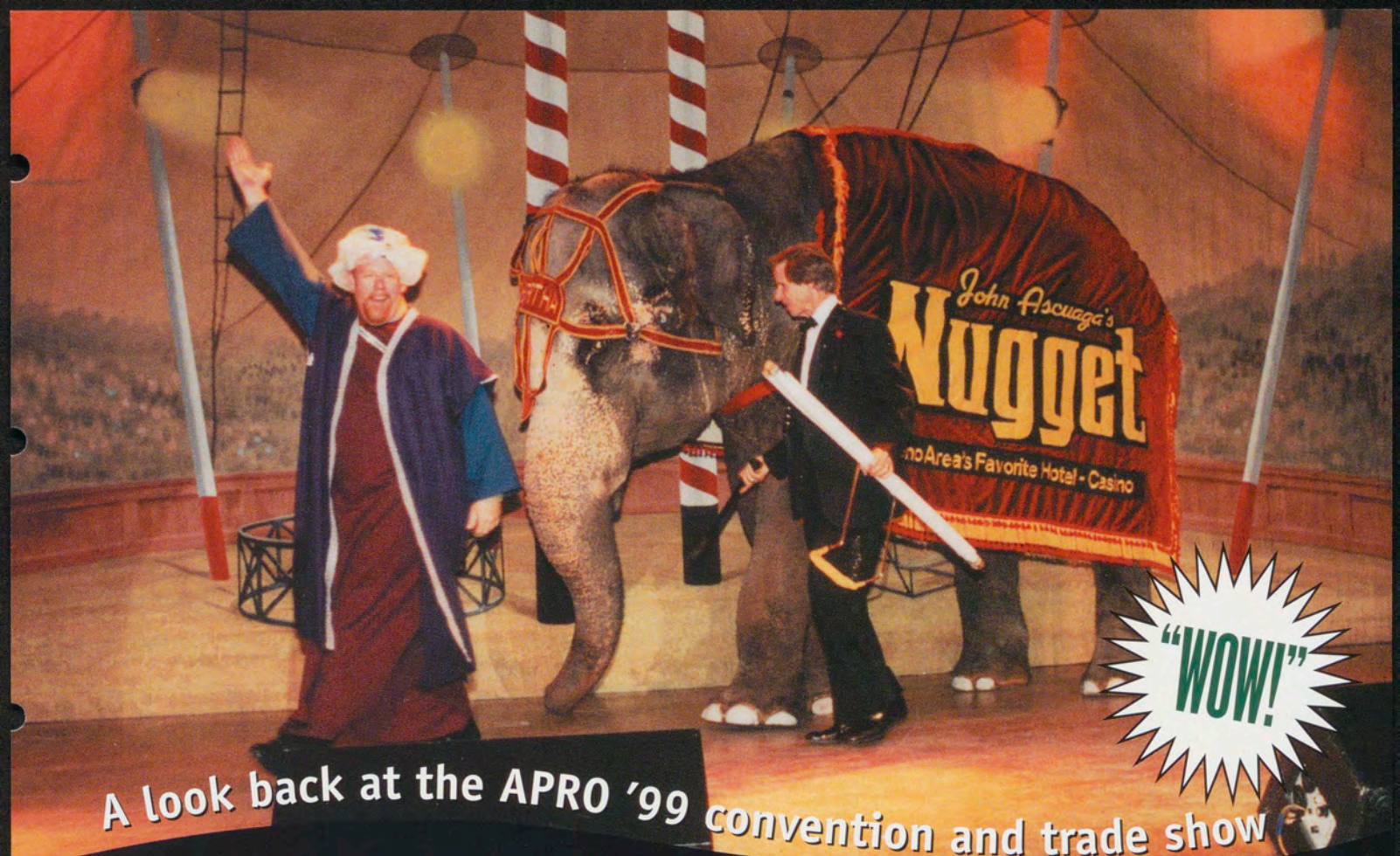
### *Gus*

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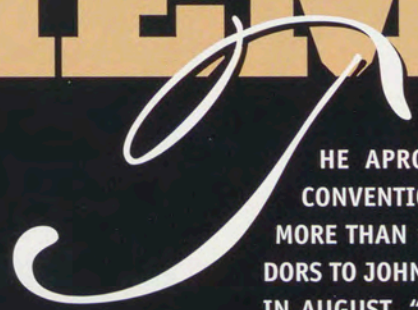
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**"WOW!"**

A look back at the APRO '99 convention and trade show

# GOLDEN MEMORIES



THE APRO '99: MINING YOUR BUSINESS CONVENTION AND TRADE SHOW WELCOMED MORE THAN 1,000 RENTAL DEALERS AND VENDORS TO JOHN ASCUGA'S NUGGET IN RENO, NV, IN AUGUST. "PRAISE IS POURING IN REGARDING THE EXCELLENT SERVICE AND QUALITY OF THE HOTEL, THE FUN EVERYONE HAD AT THE SOCIAL EVENTS, THE HIGH TRAFFIC IN THE EXHIBIT HALL, THE GREAT EDUCATIONAL SEMINARS AND DYNAMIC GENERAL SESSION THIS YEAR," SAYS APRO EDUCATION DIRECTOR SHELLEY MARTINEK. "IF THERE IS ONE WORD TO DESCRIBE THE 1999 APRO CONVENTION AND TRADE SHOW AT THE NUGGET, IT'S 'WOW!'"



# Highlights



The first-place team in the Tom Kitchens/Joe Eason Golf Tournament: Mark Windsor, Al Zagorniak, Dennis Valkanoff and Donald Wolford



FORE!

- ▶ 1998-99 APRO President Ernie Lewallen of UHR Rents in Cincinnati, OH, passes the elephant, er, gavel, to incoming 1999-2000 APRO President Gary McDougal of American Rentals in Hixson, TN.
- ▶ More than 210 booths lined the exhibit hall representing more than 100 companies, with many vendors saying it was their best APRO show ever.
- ▶ Former RAC General Counsel Chris Korst, Buddy Bi-Rite and Buddy's Home Furnishings' Norman Slatton Sr., Rentown USA's Rich Bartel, ColorTyme's Tom Neyhart, Whirlpool's Brad Wire and the Louisiana Rental Dealers Association all received the APRO "Buddy" award for exemplary conduct and contributions to the industry over the past year. (See page 48 for highlights.)
- ▶ Author Jackie Freiberg kicked off the 1999 general session with an inspiring address on how to apply some of the wonderfully successful Southwest Airlines' management principles to your own companies.

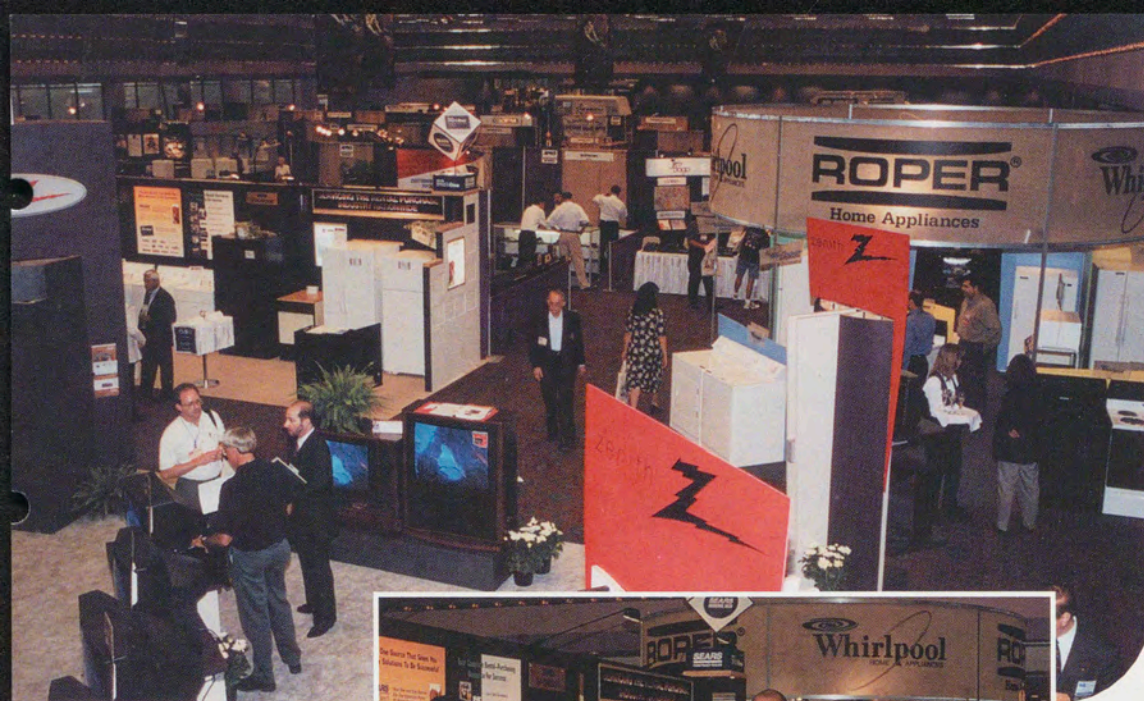
## THE LINE UP



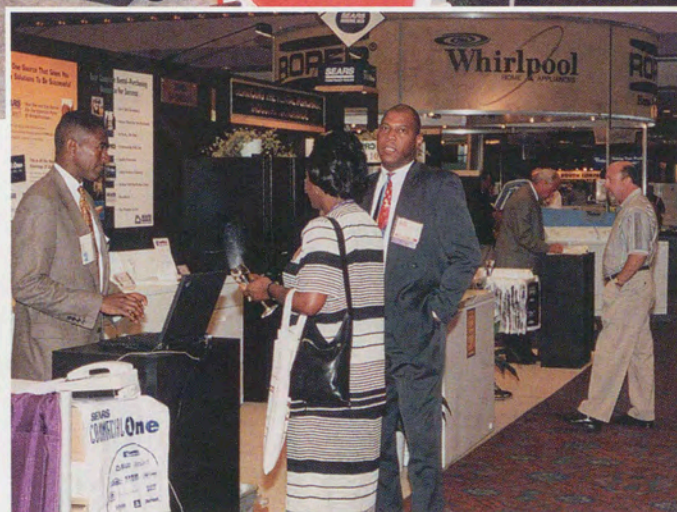
Ribbon cutters — and general session speakers — Gary McDougal, Mamie Harper, Nugget owner John Ascuaga, Ernie Lewallen, "Tiger" John Cleek and Gary Romine start the show.



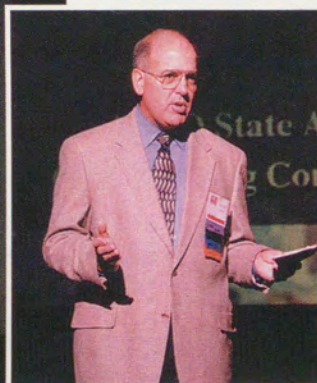
Honoring outgoing board members Darrell Tissot, Kim Slatton, Ernie Lewallen, James Strong, Dick Eichlin, Gary Romine, Mac McCullar, David P. David and Sandra Blackwell



## SHOW BIZ



**E**veryone was a winner at the 1999 APRO Convention and Trade Show. The entire convention walked away with great business tips from Jackie Freiberg (below left), who let us all in on some great Southwest Airlines ideas for success. One rental dealer has called to let APRO know that he has implemented some of Jackie's ideas in his own business already! Attendees walked away with invaluable tips and renewed commitment to their rent-to-own companies from the many and varied educational seminar topics. Let us know if you are using ideas that you got at the APRO meeting in your own business. E-mail Shelley Martinek at the APRO office at [smartinek@apro-rto.com](mailto:smartinek@apro-rto.com) or send your ideas to the APRO office (address on page 2). We'd love to hear from you!

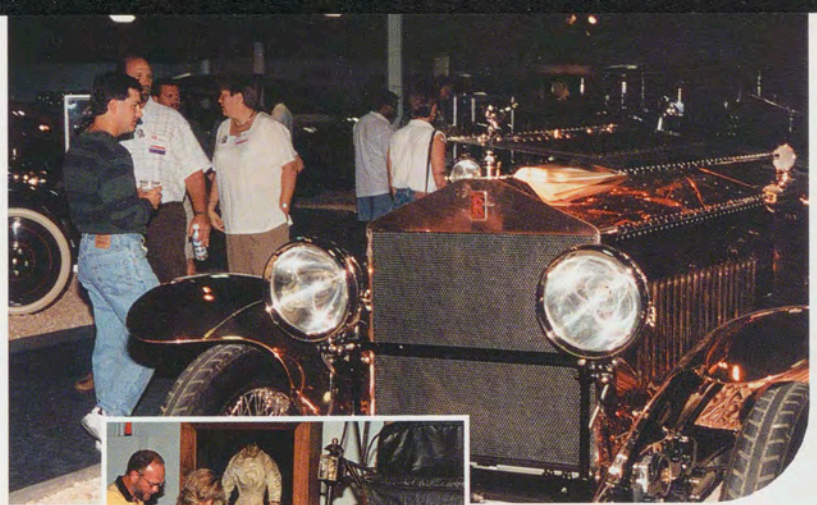


## CROWD PLEASERS



# Fun!

The 1999 convention site in Reno, Nevada, offered many new choices for APRO's social functions this year. The welcome reception at the National Automobile Museum brought back memories for many. The Ponderosa Ranch turned out to be one of the most interesting and entertaining venues for an APRO convention social event. There was something for everyone, from *Bonanza* history to calf roping and quick-draw shooting! Attendees were taken back in time during the final "Magic Moment" awards banquet, with entertainment by the Coasters and the Drifters. APRO members were dancing in the aisles at the awards banquet. A fabulous comedian/ventriloquist opened the show. Begin planning now for APRO 2000, August 2-5, at Opryland in Nashville, Tennessee!



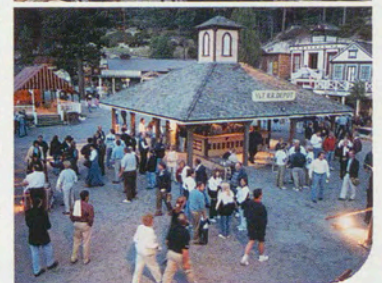
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# Buddys

THE APRO "BUDDY" AWARD WAS CREATED LAST YEAR TO RECOGNIZE THOSE OUTSTANDING INDIVIDUALS AND ORGANIZATIONS THAT HAVE RAISED THE LEVEL OF WHAT CAN BE DONE TO BETTER THE INDUSTRY FOR EVERYONE. AT THE ANNUAL APRO AWARDS BANQUET HELD AUGUST 12 DURING THE 1999 APRO CONVENTION AND TRADE SHOW IN RENO, THE RECIPIENTS OF THE LIFETIME ACHIEVEMENT AWARD, THE PRESIDENT'S AWARD OF EXCELLENCE, THE RENTAL DEALER OF THE YEAR, THE STATE ASSOCIATION OF THE YEAR AND THE NORM SMITH VENDOR OF THE YEAR WERE NAMED. HERE ARE THIS YEAR'S WINNERS:

## Lifetime Achievement Award

Every so often, APRO recognizes those achievers whose contributions to the industry span a lifetime. This year, APRO presented its Lifetime Achievement Award to two individuals: Chris Korst, former general counsel for Rent-A-Center, and Norman Slatton Sr. of Buddy Bi-Rite and Buddy's Home Furnishings in Tampa, FL.

Chris Korst served on APRO's board of directors for several terms as second vice president and as chairman of the APRO government relations and communications committees. He received the APRO President's Award of Excellence in 1991. During

his watch on the government relations committee, 31 state legislatures passed industry-supported rental-purchase legislation. Korst's involvement in these state battles was instrumental to the successful passage of the legislation.



Korst is currently vice president and chief operating officer of Wichita, KS-based AdvantEDGE Quality Cars. "I am truly honored to be recognized by my peers," says Korst. "My involvement in APRO has meant so much to me and has done so many good things for this industry. I am glad that I have been able to be a part of it and to have made a difference."

Norman Slatton Sr. was at the forefront of the rental-purchase industry as it began to form. He served on the APRO board of directors and

dedicated much of his time to working with the legislators and banks to help them understand the rental-purchase industry. Slatton has influenced many budding rental-purchase entrepreneurs, including his daughters and sons, who all work in the business Slatton began. Slatton's daughter, Kim, has followed in his footsteps as she is currently serving on the APRO board.

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

## President's Award of Excellence

One of the highest honors an APRO member can achieve is the President's Award of Excellence. This is awarded to the person who exemplifies the best of the industry through operations, involvement and support of industry goals. This award can go to anyone who represents what the industry strives to be as a whole. This year, Rich Bartel of Rentown USA received the President's Award of Excellence.

A Northwest native, Bartel has proven himself an innovator in the industry by creating one of the first regional rental dealer groups in the nation and developed a tri-state annual meeting for Washington, Idaho and Oregon. His Rentown USA stores were the first rent-to-own company to create a Web site. At Bartel's urging, APRO also established a presence on the Internet. Bartel has served on APRO's public relations, government affairs, ethics, communications, education and membership committees over his eight years as a board member.

President of the Oregon State Rental Dealers Association for five years, Bartel has also served on the board of directors for the Washington State Rental Dealers Association.

tion for seven years.

"I have been part of this business for almost 20 years and am very honored to receive this distinction," says Bartel. "I truly appreciate the

recognition and hope

to continue my work to improve this industry as I fulfill my term on the APRO board of directors and executive committee." Bartel is currently secretary of the Association.

### **Rental Dealer of the Year**

The APRO Rental Dealer of the Year was awarded to Tom Neyhart from Hammond, LA.

30 members of Congress at the 1999 APRO Legislative Conference held in Washington, D.C., in May. Neyhart is also serving his second term as president of the Louisiana Rental Dealers Association and is continually supportive of the industry through grassroots political activities.

"I am honored to receive the Rental Dealer of the Year Award for 1999," says Neyhart. "Our goal as rental dealers should be to provide our customers with the best possible product and the highest level of service with the respect and fairness they deserve."

"My involvement with the state association and with APRO has always been a positive experience. Throughout my years in this business, I



Whirlpool, received this award. Wire has been an active member of APRO since he joined the industry three years ago.

Wire helped organize the donation of appliances to the Jimmy Carter Habitat for Humanity build in Houston in late 1998. Because of his efforts, more than 100 stoves were donated to this build, which spurred other appliance vendors to donate across the country. APRO is an official sponsor of Habitat for Humanity.

"The relationship between Whirlpool and APRO has always been strong," says Wire. "I am honored to be recognized by APRO and will strive to maintain good relations with this organization. With the team of APRO and Whirlpool, we have been able to accomplish so many goals for the industry and have been able to give back to the community through programs such as Habitat for Humanity."

ture, including periodic election of officers, a continuity of organizational structure with annual or regularly scheduled meeting and, most importantly, the State Association of the Year must have sustained membership support over time and demonstrated strong legislative and educational performance. Under the leadership of LRDA President Tom Neyhart of ColorTyme, the Louisiana Rental Dealers Association was recognized for its exemplary performance over the past year.



Neyhart is co-owner of the two-store chain ColorTyme, with corporate offices in Mandeville, LA. Neyhart joins an elite group of rent-to-own owners/operators who exemplify the dedication to furthering the interests of the industry, superior customer relations and ethical business practices.

Before opening his own stores in 1995, Neyhart had worked for several rental-purchase store chains. He has been a member of APRO's government relations committee and met with more than

have learned so much from my colleagues in the Association and look forward to giving back my time and energy as a member of the board."

Neyhart recently was elected to a two-year term to serve on the APRO board of directors.

### **Vendor of the Year**

The Norm Smith Vendor of the Year award is given to an outstanding associate member who has supported the Association and its activities. This year, Brad Wire, national account executive of

### **State Association of the Year**

The State Association of the Year award was presented to the Louisiana Rental Dealers Association. The criteria for this award includes that the state association has a well-defined leadership struc-

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

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**Futureware Enterprises Inc. +^**  
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**High Touch Inc. \*+^**  
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**Ideal Software Systems Inc. \*\*^**  
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**ROC Software \*\*^**  
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 Fax 512/258-6968

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Zenith .....	BC



# Do you offer monthly payment schedules?

## Mamie Harper

M RENTALS INC. DBA FIESTA RENT TO OWN  
EL PASO, TEXAS

We do offer monthly payments, however, the majority of our customers still pay weekly. The reason for this is that our customers are paid weekly. There are a lot of factories that pay on a weekly schedule here in El Paso.

Stores need to give every option available and let customers choose. We try to encourage customers to pay monthly because there is savings involved. It's cheaper to rent monthly, especially during months that have five weeks. We're a service business and that's what we have to keep remembering. The customers are No. 1 and they need to decide what's best for them.

## Mike Doty

GIANT TV RENTALS  
LAFAYETTE, INDIANA

We started offering monthly payments back in 1981. The monthly customer gets a discount and is charged the equivalent of four weeks' worth of rentals. This means a savings of 33 percent off one week every third month the customer pays on the product. Ultimately, with the monthly payments, there is considerable savings for the customer over the term of the agreement.

## Dwight McQuade

RENTACOLOR  
KANSAS CITY, MISSOURI

For the past 12 years, we have

offered monthly contracts because it is convenient for ourselves and our customers. As far as savings is concerned, monthly payments reduce collections to only once a month as opposed to collecting every week. However, we are losing some revenue due to months that have five weekly payments. But there is a definite savings for the customers since they don't have to pay that additional week on some months.

## Jim DeClue

SUN RENTAL CENTER  
BUTTE, MONTANA

We have a 98 percent monthly to 2 percent weekly payment ratio. I still don't understand the motivation for weekly payments. I guess I should see it in a larger store or a city environment where people get weekly paychecks and come in each Friday and make their payments. The majority of our customers come in around the first of the month and it is easier for them to set up a payment schedule on a monthly basis. All of our prices are marked monthly, so we quote monthly rates. But if someone asks whether it can be done on a weekly basis, only then do we give them the weekly rate.

## Richard Bartel

RENTOWN USA  
VANCOUVER, WASHINGTON

We have run a 95 percent monthly payment store since 1985. We prefer to do it this way because it means less contact

with the customers. What I mean by this is that we are not agitating them because, from their point of view, it'd be like getting a call every week saying, "You owe me some money." After a while, customers get tired of that. Also, operating on a monthly schedule means less man hours in that we only have to contact the customer once a month for payment as opposed to four or five times a month.

## Robert Brenning

RWB RENT TO OWN  
NEW LEXINGTON, OHIO

Weekly payments represent a greater portion of our business mainly in order to tailor to our customers' income flow. We have offered weekly, biweekly, semi-monthly and monthly payment schedules for the past 7 years. The percentage of our weekly payment business is about 46 percent, followed closely by biweekly, which is 24 percent. However, the percentage for the biweekly payments is increasing because most of our customers are paid biweekly. There isn't much savings other than the possibility of not incurring late charges as often simply because there are not as many payments to be made. And we don't discount items for the customers who choose to pay monthly. ■

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

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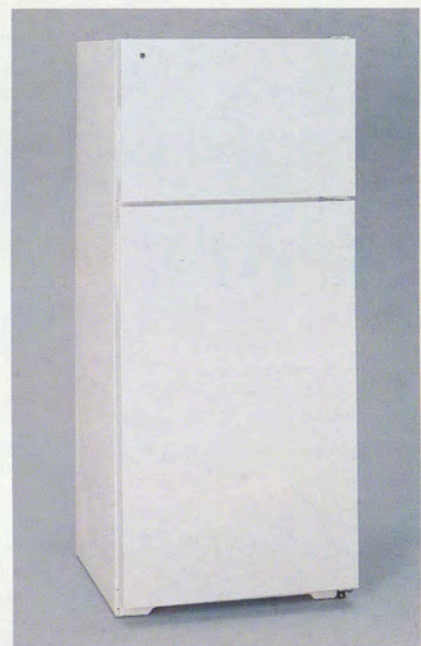
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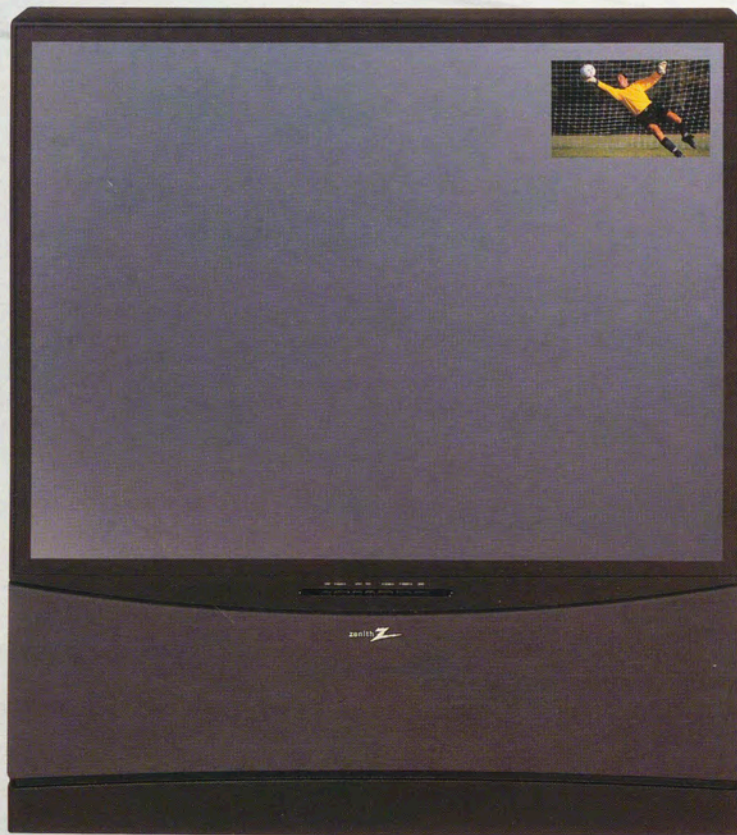
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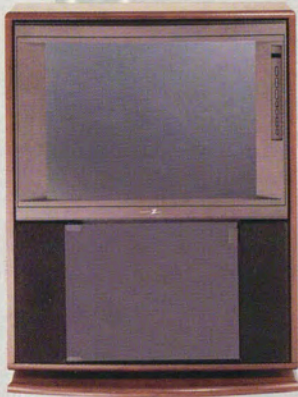
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