

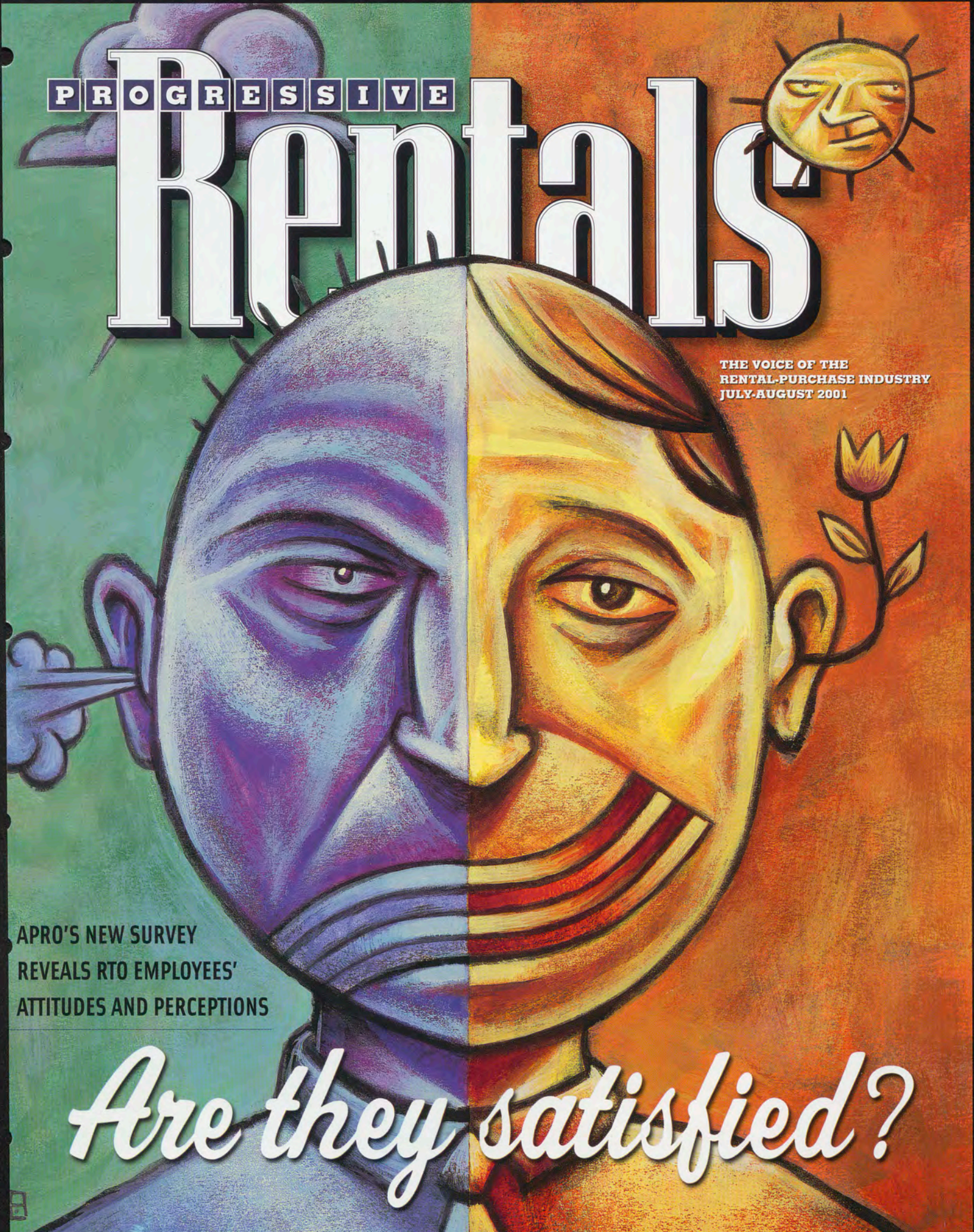
PROGRESSIVE

Rentals

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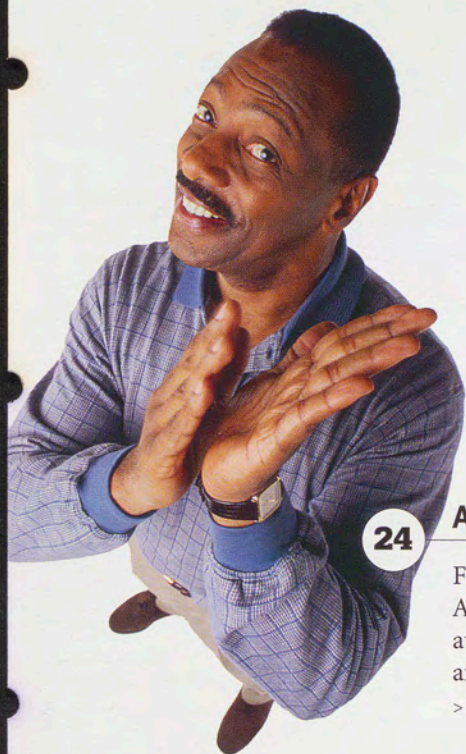
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july august

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And now a word from your employees

Find out the good news and the bad news from the latest APRO-sponsored survey of rental-purchase employee attitudes and opinions about their jobs, their employers and their industry.

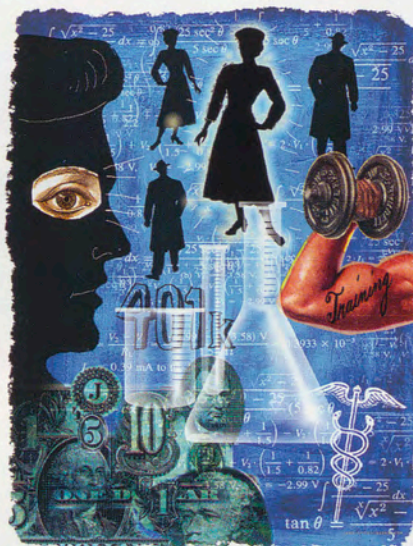
> BY ED WINN III

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The alchemy of RTO human resources

Gleaning bits and parts of information from the APRO survey of rental-purchase employees, *Progressive Rentals* talked to several rental dealers around the country about their human resource programs, practices and approaches. Issues such as training, wages, attitude and hiring practices are discussed among small, medium and the largest RTO chains.

> BY MARGARET HARRIST

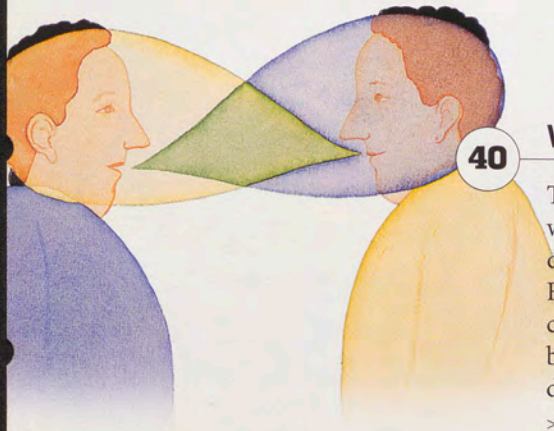


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What'd I say?

There are fundamental differences in men's and women's communication styles. When people don't communicate well, they perform poorly. Find out how to cast some light into the communications darkness at your own workplace by understanding the reasons behind these differences.

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Bank financing, root canals and appendectomies

Going to the bank for financing doesn't have to be painful. If you are prepared, organized and have done your homework before you even step in the door, you are well on your way to getting the help you need.

> BY RORY ROWLAND



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COVER ILLUSTRATION
BY BARRY FITZGERALD



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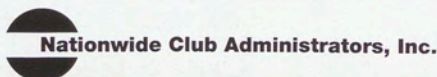


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State President's/Congressional Leadership Reception
4-5:30 p.m., Monday, August 6



Welcome Reception: "APRO Class Reunion"
6-8 p.m., Monday, August 6



General Session and Business Meeting
10 a.m.-12 p.m., Tuesday, August 7



Complimentary Ice Cream in Exhibit Hall
1-3 p.m., Tuesday, August 7



Exhibit Hall Champagne Welcome
12 p.m., Tuesday, August 7



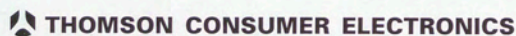
Gala Cocktail Reception: "Hawg Wild at the Harley-Davidson Café"
6:30-9:30 p.m., Tuesday, August 7



Complimentary Ice Cream in Exhibit Hall
2-4 p.m., Wednesday, August 8



Exhibit Hall Coffee and Doughnuts
9 a.m.-1 p.m., Thursday, August 9



Awards Reception
6-7 p.m., Thursday, August 9



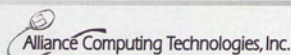
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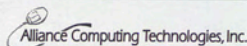
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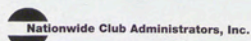
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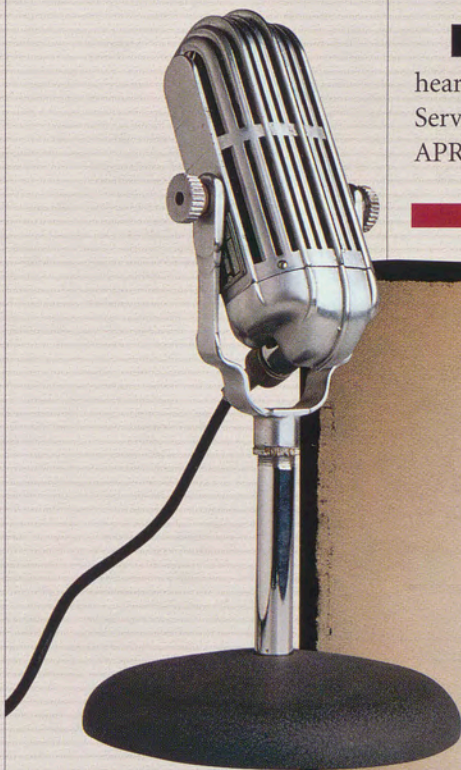
RTO industry testifies before subcommittee hearing in D.C.

The U.S. House of Representatives scheduled a public hearing regarding the rent-to-own industry and the industry-supported federal legislation (HR 1701) on July 12. APRO presented testimony for the hearing, which was held before the U.S. House Financial Services Subcommittee on Financial Services and Credit. APRO fully supports and has lobbied for HR 1701.



The agenda for the hearing included testimony from two panels over approximately two-and-a-half hours. The first panel consisted of representatives testifying on behalf of the Federal Trade Commission and the Federal Reserve Board. The FTC reported on its recent survey of the rental-purchase industry. The second panel consisted of testimony from two rental dealers—Mamie Salazar-Harper of Fiesta Rent-To-Own in El Paso, TX, and James Byrd of Byrd's TVs, dba Curtis Mathes, in Florence, SC—and then testimony from representatives of two consumer advocate group representatives. The consumer advocate testimony came from David Gilles, a representative from the Wisconsin Attorney General's office who opposes HR 1701 and Margot Saunders, who represented several consumer groups including Public Interest Research Group and the Consumers Union.

The hearing got off to a rough start, with Democratic Rep. Maxine Waters attacking the integrity of the industry and announcing the re-introduction of the old Henry B. Gonzales bill. However, the rest of the hearing went very smoothly, says APRO Executive Director Bill Keese. "Mamie and James did very well," says Keese.



Rent One hits the greens for Habitat for Humanity

By all appearances, it was your average golf outing, but those attending knew better. For the seventh year in a row, the Annual Rent One Vendor Appreciation Golf Outing took place to raise funds for charitable causes in communities where Rent One does business.

Sponsored by Rent One owner Larry Carrico, the outing began as a way to get together vendor reps and Rent One employees and to say thank you. The event included an 18-hole, four-man scramble, lunch, dinner, the chance to win some great prizes and lots of fun

(especially since no prior golf experience was required).

There was no fee to attend. Instead, corporate donations were sought for

donate more than \$7,000 to Habitat for Humanity this year alone.

"Habitat has been a great cause for Rent One and its employees," says Carrico. "I think people appreciate it so much because you can really see the results of whatever efforts you put forth."

In addition to funds from the annual golf event, Rent One supplies all appliances for Habitat builds throughout southern Illinois through a funding program. Many Rent One employees also donate on-site labor hours regularly to local Habitat builds. The company also showed its commitment to Habitat in June 2000 at the APRO Habitat build in Austin, TX, when Carrico and seven employees flew in and worked for four days at the site.

"Almost everyone who knows me knows my philosophy," says Carrico. "I've always believed Zig Ziglar's adage: 'You can get everything in life you want if you just help enough other people get what they want.' You

can apply this theory to lots of different things and Habitat is a great example."

[CONTINUED ON PAGE 16]



hole and prize sponsorships. When the first outing took place in 1995, money raised was donated to The United Way Agency. In recent years, however, all proceeds have been directed to Habitat For Humanity, also endorsed and supported by APRO.

Attendance and financial support for the event continues to grow each year. Nearly 100 people attended the 2001 golf outing, held June 21 in Mt. Vernon, IL. Proceeds from the annual outing over the past seven years total more than \$40,000. Through hole sponsorships, prize contributions, raffles and cash donations, Rent One will



2001

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16-19
Tupelo Furniture Market,
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12-14
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17
Texas Association of Rental
Agencies meeting, Lubbock,
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18-19
Missouri Rental Dealers
Association meeting,
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JANUARY

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CES Las Vegas, 703/907-7600,
www.cesweb.org

18-21
San Francisco Furniture Mart,
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RentWay resolves accounting crisis

Colburn Aker of Aker Partners Ltd., a public relations firm in Washington, D.C., was hired to assist in the preparation of witness testimony and to monitor any media coverage. Aker is the same public relations firm that was hired in 1993 by APRO during the Gonzales hearings.

However, since this hearing was not investigative in nature and just routine House business, "We don't anticipate a media circus like we experienced with the Gonzales hearings," says APRO Executive Director Bill Keese.

More details on the hearings will be published in the next issue of *Progressive Rentals* as well as APRO's bimonthly newsletter, *View*.

Correction

In the May-June 2001 issue of *Progressive Rentals*, BDI-Laguna was inadvertently left off the "Who's Who in Electronics" list. The listing should have read:

BDI-Laguna

Contact: Jay Nardone
3655 Atlanta Industrial Dr.,
Ste. 100

Atlanta, GA 30331
404/696-9996, ext. 137

BDI-Laguna is a *Progressive Rentals* advertiser, APRO trade show exhibitor and associate member.

For the past eight months, RentWay has had to navigate some pretty tough waters after discovering accounting improprieties totaling \$98 million, causing some serious investor concern. On June 27, the company issued a statement releasing final figures for financial statements for the years 1998, 1999 and 2000.

The company also announced that it has reduced bank debt by \$40 million and trade payables by nearly \$10 million since January 2001. Its fiscal 2000 revenues grew 19.9 percent over the prior year. The company reiterated its confidence in executing its plan to reach 14 percent to 16 percent operating margins by March 2002.

"After several months of uncertainty and frustration, the filing of our 10-K will be a major step toward ending the most trying episode in our 20-year history... We have restructured our operations to maximize cash flow and have taken steps necessary to enhance earnings over the next several quarters," says RentWay Chairman and CEO William E. Morgenstern.

"We are well along a path toward solving our problems. RentWay operates a business with a revenue run rate of \$650 million annually. We have more than 5,000 loyal employees at over 1,100 locations in 42 states, doing business with thousands of customers."

[CONTINUED ON PAGE 10]



APRO raises nearly \$14,000 in scholarship money

In order to broaden the industry's legislative ties in Washington, D.C., APRO has assisted the Congressional Black Caucus Spouses Education Foundation by helping to raise scholarship money for college and graduate students. For the past eight years, the Congressional Black Caucus Spouses organization raises scholarship funds through a series of events, including a boat ride on the Potomac River and a golf and tennis tournament held in the Washington, D.C., area.

The 2001 event was held June 23-25. For the fourth year in a row, APRO members showed CBCF their support by attending the three-day event and donating products for a silent auction. This year APRO members provided 20 out of the 29 products for the silent auction. After the

BY RICHARD MAY

bidding was complete, donated products from the RTO industry raised more than \$13,000 for CBCF. APRO members throughout the country donated computers, stereo systems, printers, DVD players, camcorders and money.

APRO's involvement with and contributions to the CBCF raised the rent-to-own industry's profile to Gold Status. APRO members Gary McDougal, Gary Romine and James Byrd attended, joining in the fun

and playing cards and golf with the likes of U.S. Representatives Earl Hilliard, Stephanie Tubbs Jones, Eddie Bernice Johnson, as well as hobnobbing with celebrities such as Ben E. King.

"The event is truly a remarkable opportunity to present our industry in a positive and very memorable manner. I believe the industry has made more friends on Capitol Hill in three short days than we could have done through traditional methods," says Romine, APRO Public Relations chairman.

Each year, the CBCF raises approximately \$500,000 in scholarship funds. The money is divided equally among the 43 Congressional Black Caucuses in which separate committees decide who and how much students receive.



to establish Fashion Factory Outlet in the 1970s, Glick was a certified public accountant.

"Dots has enjoyed tremendous growth and success under Bob's leadership," says Russell. "We look forward to capitalizing on his experience and talent he will add to our board."

Alliance Computing Technologies celebrates fifth anniversary

Alliance Computing Technologies Inc. (ACT) celebrates its fifth year of providing the rent-to-

own industry with computer products, services and support. Since becoming a supplier to RTO five years ago, the rental-purchase industry



has experienced significant revenue growth with computers, printers and scanners. What once was a complicated and frustrating product to rent has become one of the fastest—if not the fastest—growing item in most rental stores. ACT was a pioneer in providing quality product and hassle-free support and service to the industry



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NEWS BREAK

that five years ago was looking for new products to help bolster overall growth.

Dealing with rapid technology change and demand for customer service have been the most challenging aspects of computer rental. ACT continues to provide the industry with the right technology at the appropriate time.

As a five-year member of APRO, ACT's level of activity within the organization ranges from providing computers for registration at each annual APRO conven-

tion, attending and participating at each Mid-Year Conference and being an active board member on the Vendor Relations Committee.

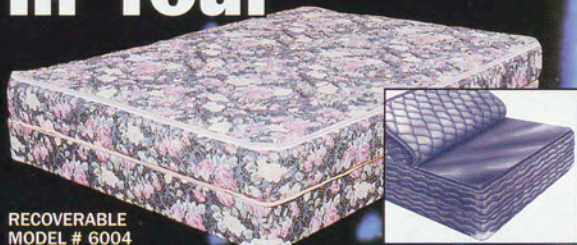
Looking to the future, ACT intends to utilize its relationship with Hewlett-Packard to continue providing high-quality computer products and peripherals. As technologies change and new products are released, ACT plans to continue to look for appropriate products to meet the RTO customer's needs.



Jewelry company offers training video

The Jerry Bogo Company, a jewelry supplier to the rental-purchase industry and an APRO associate member, has produced a jewelry training video for RTO store personnel. The video is a self-training sales and product information aid that provides rental dealers the opportunity to educate personnel on the best way to present the Jerry Bogo Jewelry program. A brochure and work folder is included with the video. Some topics covered in the video are: how to set up and display the product, qualifying the customer, selection and presentation, overcoming objections, closing and security. For more information, contact John Blair at Jerry Bogo at 678/445-7981 or Robby Tyson at 800/251-7640.

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New law endorses arbitration

APRO has long been a pioneer in innovative, new concepts to aid the small business owner. In 1995, the APRO board endorsed a system and service for the resolution of employment disputes outside of the litigation process. Despite its novelty at the time, many APRO members subscribed and over the years have reported the effectiveness of the concept.

If an employment claim of any kind arises between employer and employee, the parties first attempt to settle using mediation, which settles around 90 percent of the claims. A party does not have to settle in mediation, however, and failing settlement, mandatory, binding arbitration is used to dispose of the claim, without the requirement of court litigation.

Over the past six years, there has been controversy and challenges by the EEOC and the employment plaintiff's bar objecting to the use of mandatory, binding arbitration for the resolution of statutory employment claims. Last March, however, the Supreme Court of the United States handed down a landmark employment law decision in *Circuit City Stores v. Adams*.

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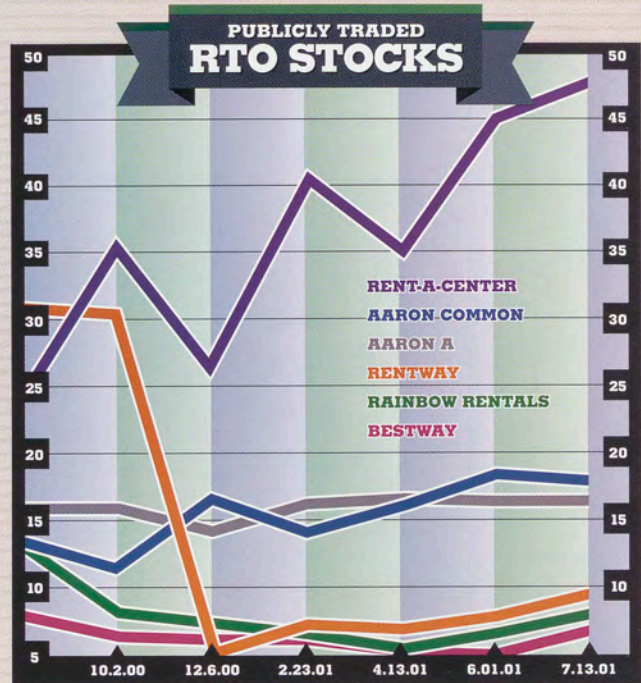
NEWS BREAK

The law is clear that employers may now require employees, as a condition of employment, to agree to mandatory, binding arbitration of all federal and state statutory employment claims. These claims may include discrimination of many kinds—sexual harassment, wrongful termination, disabilities and many others.

APRO continues to bring to the attention of its members the best products on the market, which are especially priced for APRO members. truce, a concept of Dispute Systems Inc., has been carefully designed to meet all legal require-

ments for binding arbitration while at the same time being more “user-friendly,” in order to meet new human resource considerations. truce, founded by Larry Montgomery (the person who first brought dispute resolution to APRO in 1995), is offering special rates to APRO members, designed to make this very important risk management service affordable for all RTO owners, regardless of size.

For more information, drop by the member services desk at the APRO convention in Las Vegas in August or contact APRO’s Carolyn May at 512/794-0095.



[RENT ONE FROM PAGE 8]

This year, however, it's a Rent One employee who is experiencing Ziglar's philosophy first hand. After helping orga-

nize the golf outing and working on Habitat builds for several years, Robin Theuvenin, an office assistant at the company's corporate headquarters, is an approved applicant for a Habitat home in Jefferson County.

"I've always tried to help out with Habitat builds and the golf outing. Of course, this year it all has a lot more meaning to me," says Theuvenin. "I'm excited about the house and happy to be involved with Habitat. I'm sure I'll keep volunteering for a long time!"

To find out how you can help Habitat for Humanity, visit them online at habitatforhumanity.com or look in your local phone book for the nearest contact office. Whether it's hitting the greens or hitting a nail, everyone can be a part of Habitat for Humanity's efforts.

Blizzard impedes Peterson's Mt. Rainier climb

As mentioned in the May-June issue of *Progressive Rentals*, Mark Peterson of H&H Furniture Inc. in Yakima, WA, and three friends were planning on taking an APRO flag up 14,000 feet to the top of Mt.

Rainier in June. Unfortunately, Peterson's group was met with a terrible blizzard with winds topping 55 mph on the day of the climb.

"We were wading in snow up to our waist. We left camp to go to the base camp and ended up turning around on our way there. It took us seven hours to leave and come back. We were totally lost. Even though we had four guides, when we came back down we were a mile off from where we should have been," says Peterson. "We were up against something we couldn't get by."

In the meantime, the APRO flag has been returned to the APRO offices, but Peterson says he is going to try again in late August or early September.



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APR Charter Associate Member

For three days in late June, I attended the 2001 Congressional Black Caucus Spouses Education Foundation's annual event in Washington, D.C., with APRO members Gary Romine, James Byrd, my wife Mary McDougal and APRO Public Affairs Director Richard May. This is the fourth year that APRO has attended this event. The CBCF raises scholarship money for college and graduate students

APRO members throughout the country generously donated many products for the CBCF

A new bill on the horizon

silent auction. Due to this rather substantial contribution, APRO was recognized as the largest contributor of products at this event. APRO member donations raised more than \$13,000. Twenty of the 29 products auctioned off were provided by APRO members and included computers, stereo systems, printers, DVD players, camcorders and money. As a result, APRO was recognized as a Gold Status member, joining the ranks of organizations such as Anheuser Busch, Heineken, Philip Morris, Miller Brewing, UPS, AT&T, Pepsi and Verizon.

During the CBCF event, we met with 37 congressional members of the Black Caucus or their spouses. This allowed us the opportunity to educate them about the rent-to-own industry and its issues. We are gratefully gaining much needed support for the industry-supported federal bill, HR 1701, from this organization. We are confident that CBC members will help us get it passed when the time comes.



By **GARY McDOUGAL**
APRO's President

I want to thank the more than 30 rental dealers who donated products for this event. I salute every one of you for your dedication to furthering our federal cause.

With the subcommittee hearing on the industry-supported federal bill HR 1701 scheduled for July 12, we should see some positive movement this summer with this bill. I am hoping that come fall, HR 1701 will move through committee and

then, hopefully, to the House. While it is too early to become overly confident that HR 1701 will pass, all of our efforts are concentrated toward this end. Your Association has been working very hard in

D.C. this summer. Please do what you can in your district to keep awareness up on HR 1701. We need to make Congress aware that we need its support. Please contact your local congressman. To find out how you can become part of the APRO grassroots effort in getting HR 1701 passed, contact Richard May at APRO at 800/204-2776 or 512/794-0095.

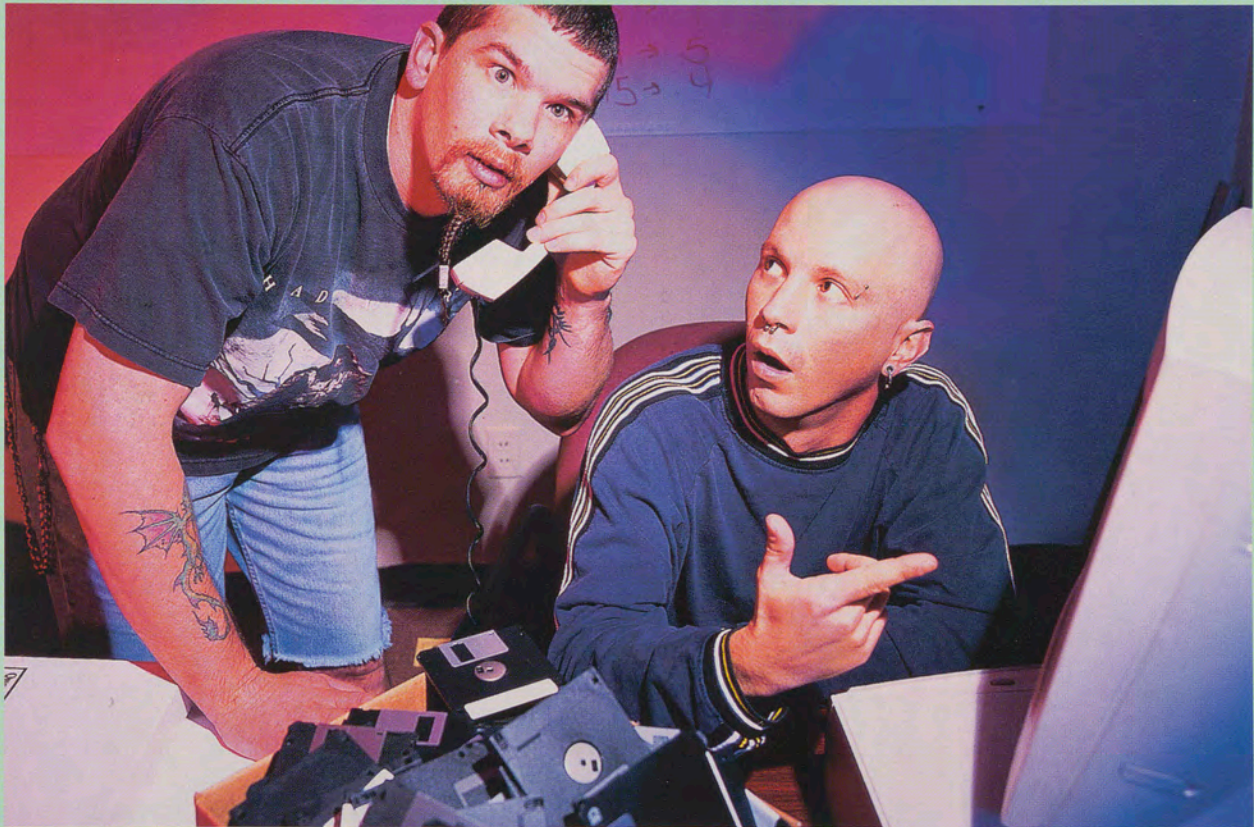
Moving ahead, APRO is pleased to announce that its Education Committee, chaired by Larry Carrico, has reached its fund-raising goal for the new "Rental Training Online" education program. Thanks to the hard work and dedication of Larry, several state associations have come on board as sponsors to this new and exciting educational opportunity for the rent-to-own industry. The participating state association members will receive access to these courses at discounted rates. Authors are hard at work finalizing several of these courses now, and you will be able to preview the program at the convention. I know the industry as a whole will benefit greatly from this unique educational opportunity.

Most of you will be reading this issue at the 2001 APRO Convention and Trade Show in Las Vegas. I want to thank you all for attending and encourage you to not only take advantage of the education seminars, but also make a trip through the exhibit hall. Without the support of our exhibitors, the APRO show wouldn't be what it is today. Please take the time to visit the booths and thank them for their involvement. And I hope everyone leaves with more than what they came with—and I'm not taking about what's in your wallet! ■

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

.....
"Please do what you can in your district to keep awareness up on HR 1701. We need to make Congress aware that we need its support."

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I talk with rental dealers and vendors every day from all across America. The topics vary widely, but most conversations usually get around to asking the question: "How's business?" Lately, many rental dealers are telling me that business is either "flat" or "growth is really slowing down." However, some dealers are telling me the opposite. They report that quality customers are out there, you just have to know how to attract them to your store.

The same mixed responses are coming from the vendors.

One commonality I see from dealer-to-dealer

So, how's business?

and vendor-to-vendor is the necessity of evaluating one's business—every aspect from business plan, to operations and marketing—indeed, even your vision of what you want your business to look like.

It is, therefore, a good time for all of us—rental dealers, vendors, APRO board members and staff—to do the same evaluation about the importance of belonging to and supporting both state and national rent-to-own trade associations.

Wayne Chambers, a past APRO president, advised me years ago that my primary role as your executive director was to visualize the big picture, plan accordingly and help lead the Association into the future.

Accordingly, I do spend time evaluating APRO's role and the value of APRO membership. APRO offers a wide variety of member benefits and services that are customary for associations. You know what they are and if you don't, we publish a list in almost all our publications.



By BILL KEESE
APRO's Executive Director

But what about the intangible benefits of membership, which, I believe, are more valuable than our menu of benefits and services? It's the power of participation.

Ask yourself, who is the better customer? Is it the anonymous one who just pays his or her rental payments on time or the one who comes in every week, visits with store personnel and brings a friend or family member along?

Who is the better employee? Is it the one who comes to training sessions and is careful not to be conspicuous or the one who sits in the front row, asks questions and talks to the instructor both during and after the session?

It is obvious that both the customer and the employee who participate gain more than the non-participants do. Because they participate, not only do they learn more, but also give more back in making the industry better.

This analogy is useful in explaining membership in APRO and state associations. The more you participate, the more you gain and, ironically, the more you advance the rent-to-own industry. If you are a vendor and aren't selling as much to this industry as you want to, ask yourself if you are a fully participating partner in rent-to-own. As the axiom goes, "the more you give, the more you will receive."

There are rental dealers who are what I call single-issue participants. They either participate because of a single issue or cause or decline membership because of a single issue or cause. Some join or leave because they do or don't want to be associated with a particular person or company.

If you are one of these single-issue "ginners," you are cutting yourself off from improving your company by not participating. John Donne once said, "No man is an island, entire of himself... every man is a piece of the continent, a part of the main." The wisdom of the ages says it is foolishness to try to make it on your own.

If you are a single-issue participant, broaden your horizons about your level of participation. By constricting your interests, you limit your possible gains.

APRO and state associations provide a vehicle for individuals to participate in order to improve the whole. By so doing, the individuals benefit.

That is the power of participation. ■

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

"No man is an island, entire of himself...every man is a piece of the continent, a part of the main." The wisdom of the ages says it is foolishness to try to make it on your own.

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The U.S. Congress held the fourth-ever public hearing on the rental-purchase industry when the House Subcommittee on Financial Institutions and Consumer Credit considered

H.R. 1701, the Consumer Rental-Purchase Agreement Act on July 12. The hearing and its aftermath will do much to consolidate the many friends the industry has made in Congress over the years and further marginalize its few persistent enemies. Those who are following the federal legislative effort will know that H.R. 1701 has broad bi-partisan support. At least 20 Democrats

have signed onto the bill as co-sponsors.

The chairman of the subcommittee,

Rep. Bachus (R-Ala.), gave a stirring talk at the close of the hearing about freedom in America. He told the story of a child of his and 300 other students at the University of Alabama who recently pawned various items of personal property to raise money to buy tickets to go hear the Dave Matthews Band which was giving a concert in town. He predicted that some students would redeem their merchandise from the pawnshops and that some would not. And that in any case, the decision to pawn something for tickets to hear Dave Matthews was not a decision he would have made.

He went on to note, however, that the choice those students had was what makes this country great. He told the legal aid lawyer witness and the

Wisconsin assistant attorney general witness that it was not the role of Congress to make choices for people about how they spend their money, even when we may disagree strongly with the choices that are made. It is what freedom means, the chairman reminded the consumer advocates. Nor, he noted, should we or would Congress condescend in judging other people's choices. It was

good stuff, and but for the august surroundings and the solemnity of the proceedings, I would have stood up and cheered. I want readers to know that there are members of Congress who feel that way and who are not afraid to say so.

Not all of the hearing was a stirring, however. The ranking Democrat on the subcommittee, Rep. Max-

ine Waters, told the committee that rental-purchase transactions should be regulated as credit sales under federal law and that toward that end she was re-introducing Henry Gonzalez' old bill from 1993. This was a bill that Rep. Gonzalez could not get out of the committee he chaired because the bill would have crippled the industry, which only a few diehard, ultra-liberal legislators wanted to see happen. The reintroduction of an eight-year-old bill that never went anywhere is evidence of a lack of legislative imagination on the part of the industry's critics.

The industry offered testimony from a one-store dealer from South Carolina who has been a business owner for 42 years and from a four-store dealer in Texas and New Mexico. Theirs was powerful testimony against the proposition that a federal law would only benefit the large rental companies.

H.R. 1701 has incorporated recommendations made by the Federal Trade Commission in its staff report on the industry last year as well as some recommendations from more moderate members of Congress who often champion consumer causes.

It is still difficult to get things done in Washington, D.C. It is still easier to kill proposed legislation than to get it enacted. The process is cumbersome by design and even the best ideas with the most widespread support can get bogged down. The industry enjoys more support that it has ever had and Rep. Waters' comments and the accusations of legal aid notwithstanding, the industry, with a successful public hearing concluded, is off to a good legislative start.

Each of you can help the process by following closely what is happening and responding quickly and responsibly if the Association calls you. As voters, you can have a powerful voice in the political process by telling your members of Congress how you feel. Many of them will listen and try to help. ■

Ed Winn's e-mail address is edwinn@e-bylaw.com.

.....
"But for the august surroundings and the solemnity of the proceedings, I would have stood up and cheered."

Hearing voices



By ED WINN III
APRO's General Counsel

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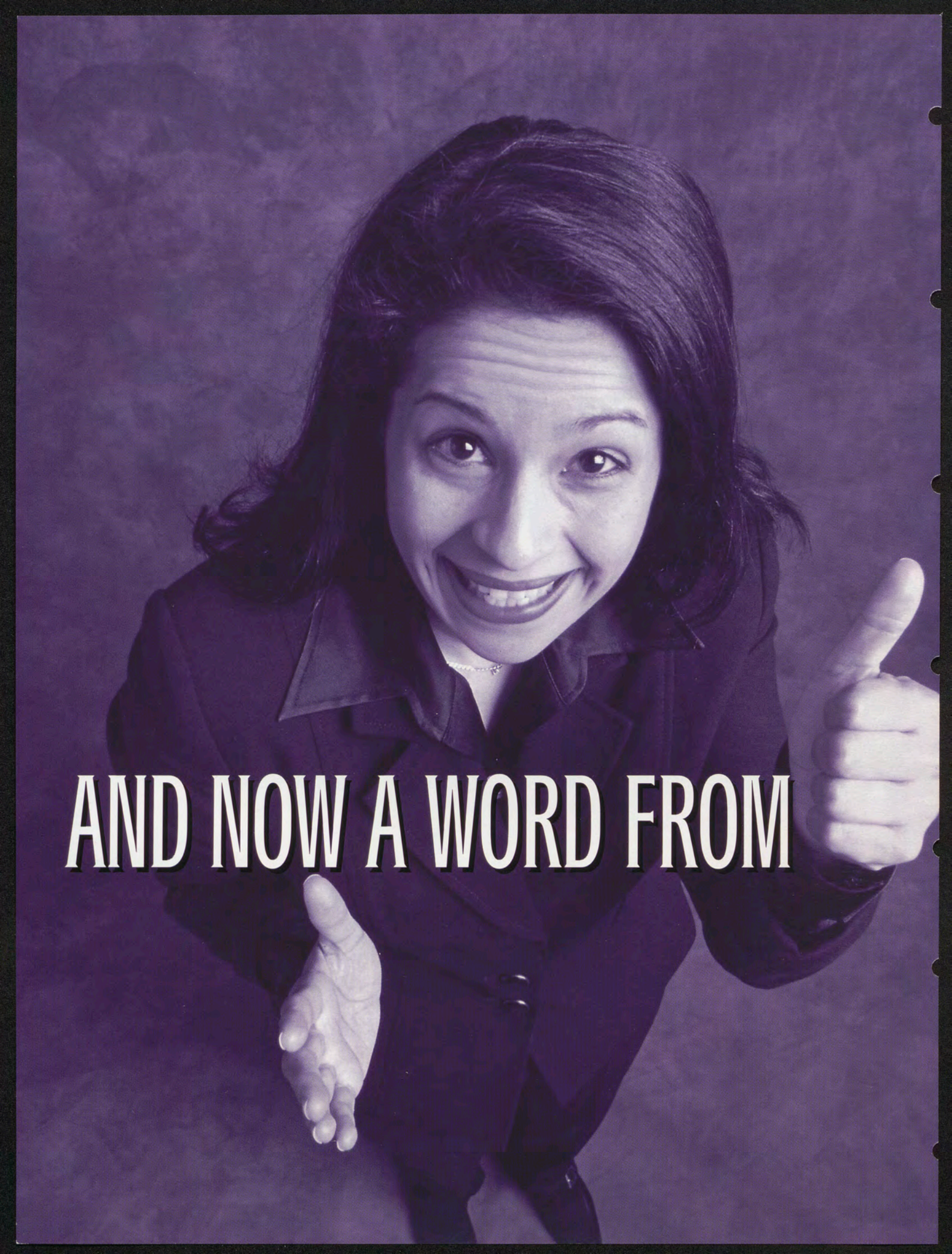
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A woman with dark hair, wearing a dark suit jacket over a dark collared shirt, is smiling broadly and looking directly at the camera. She is giving a thumbs-up with her right hand and gesturing with her left hand. The background is a textured, light-colored wall.

AND NOW A WORD FROM



*What do your
employees think about
rental-purchase?*

*The answers may be found
in APRO's new national
survey and market
research findings on
employees' attitudes and
perceptions of the industry.*

By Ed Winn III

YOUR EMPLOYEES

There is good news and bad news from the latest APRO-sponsored survey of employee attitudes and opinions about their jobs, their employers and their industry. The Association hired America's Research Group to conduct a random-dial telephone survey of current rental-purchase employees. The survey asked 40 questions of 525 rental-purchase employees and got answers with a 4 percent margin of error. The survey tabulated the raw results and then cross-tabulated the findings by company size, region of the country, size of market, job title, age, sex, educational level and gender.

The survey requested the employees who were interviewed to put themselves in one of the following categories: sales (32 percent), store manager (30 percent), account manager (14 percent), assistant manager (10 percent), delivery (7 percent), secretary (2 percent) and other (6 percent). First the good news. Ninety-five percent of rental-purchase employees feel appreciated at work. That is a high percentage and a good one. If that percentage ever falls to 80 percent in a company, the business will self destruct.

It is not unusual for customers to ask delivery people about the truth and honesty of the transaction. "Is this really a good sofa?" "How does this company treat its other customers?" "Are they as hard on other customers as they are being with me?" The survey indicates that a certain percentage of delivery people, the dissatisfied ones, might not be answering these customer questions with the company's best interests in mind.

More than 90 percent of store employees indicated a good working relationship with the home office overall. However, one-third of delivery personnel and one-fourth of the sales personnel said that they did not have a good relationship with the home office.

Over 95 percent of store employees feel that rental-purchase stores offer a valid service to customers and 90 percent feel that their store offers quality products to customers. Also, more than 90 percent feel that the store offers competitive pricing compared to the services offered. These findings dispel the idea that store employees secretly harbor feelings that the business is ripping off its customers. Almost half of rental store employees have been rental store customers in the past.

Who's telling your story to the public?

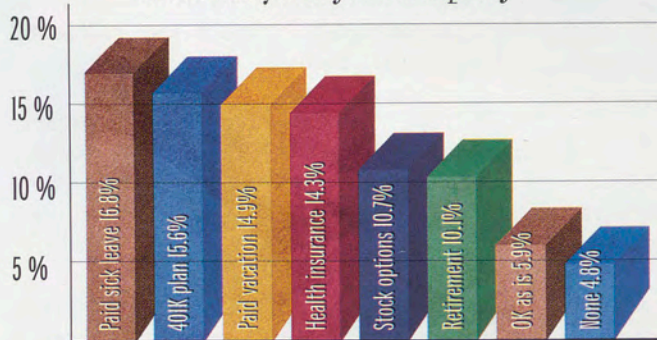
Among the few who feel unappreciated, most are in delivery and sales positions. Over half of those dissatisfied cited pay as the cause of their dissatisfaction. When cross-referenced by store size, the larger the company, the less appreciated the employee feels. The survey drew the general conclusion that the industry is not paying enough attention to delivery people who are the most dissatisfied employees and also are likely to have the most unsupervised contact with customers when delivering and picking up merchandise.

EMPLOYEE BENEFITS

How would you rate your current employer's benefit package compared to other companies for whom you have worked?



What benefits would you like to receive from your company?



The high cost of high relationship businesses

Now for the other news. It is an old saw by now that rental-purchase is a relationship business, not a product-driven business, which distinguishes it from traditional retail selling. The best location, the best products and the lowest rental rates in town will not grow BOR without the right kind of people in the store. Except perhaps for some senior citizens and their pharmacists, no other American customers have more regular contact with employees than do rental customers with rental store employees. At the same time, no other industry except for fast food has a higher turnover rate than rental purchase.

The relationship established with customers is entirely dependent upon the employees. Of course, high turnover has a corrosive effect on establishing these good relationships with customers.

The customer relationship begins immediately. Somebody in the store first meets the customer and quickly gets to know the customer's personal references—friends, neighbors, relatives—learning about the customer's life in far more detail than in another store setting. Somebody in the store will see where the customer lives when the unit is delivered. If it is a successful delivery, the customer and the employee will spend time together learning the features of the product and exactly

how it works. Then, for many customers, somebody in the store will see them at least 4.3 times a month and will often talk to them more often than that, discussing the account, taking a commitment, cajoling, wheedling, leaving door hangers, leaving phone messages and making a trips to the house for a payment.

All this contact is creating a relationship, a good one or a bad one, with the customer. It is not being written down anywhere, this history, nothing more than the wisp of a note from time to time in the customer's file. Instead, this complex evolving relationship with the customer is being carried around in the heads of one or more employees in the store.

That history, which is the basis for the relationship that the customer has with the store, is also the key to dealing with the customer and with keeping that customer a happy, paying one. That history, as it develops, informs the store employee how to treat the customer. When the employee leaves, the history is lost, the relationship is ended and a new one must be created.

A new employee will not know that mama, who has been loaning the customer some money to get caught up on a few payments from last summer because the boyfriend got drunk and stole all the customer's money, had to raise bail money for another child two weeks ago. The new employee also will not know that the customer got a new job last week and is going to be getting paid on

Saturdays instead of Wednesdays now, so that the paychecks and payments are now going to run a week behind. He also does not know that the customer's dog died over the weekend, causing great sadness throughout the neighborhood. This customer, a gregarious sort, was also responsible for bringing in four new customers on her street during the past three months, which are all still good, paying accounts. Finally, the new employee does not realize that now is not the best time to be pressing too hard if the store wants a customer and not a pick-up.

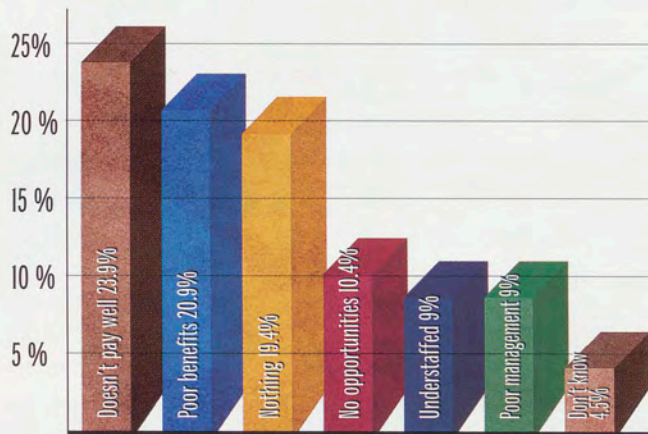
The employee who left with the story in his head knows that the store early on took a chance and gave this customer a break. The payment card is spotty, but this customer is loyal beyond all measure because somebody at the rental store took the time to listen to her story and cut her a little slack when the going was especially rough.

The new employee will only see an account in arrears and a chance to clean up a little credit and impress the boss. Just that quick, the history, the relationship and the account are all lost forever and probably the other accounts in

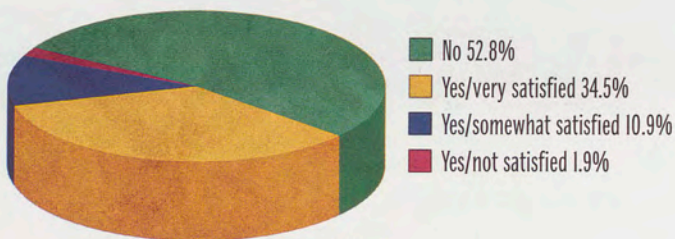


RATING THE INDUSTRY

What prevents you from recommending your company as a place to work?



Have you ever used rent-to-own? If so, how would you rate the experience?



the neighborhood as well before too long, because that is how the business works.

Turnover costs RTO more

Turnover costs the industry an incalculable amount. In retail, according to Beemer, one replaced salesperson on the floor costs an average of \$18,000 in lost sales, not counting the additional expense of training the new person. Nordstrom's, a major retail chain with a reputation for personal service, calculates the loss from turnover at \$36,000 per employee. Can it be much less in a rental store? Might it not be even higher?

Turnover also affects morale among the employees who stay. One-half of rental store employees surveyed recognized that turnover is high in the store. What turnover means for the employees who are left is more work. There is always a gap between losing an employee and finding a replacement and then the new person must be trained. During this time, the other employees must pick up the slack and do the job for the missing employee and then the new one, until he or she gets up to speed. All of this is

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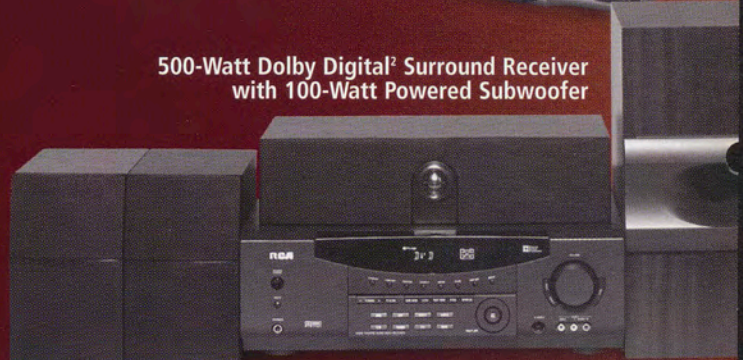


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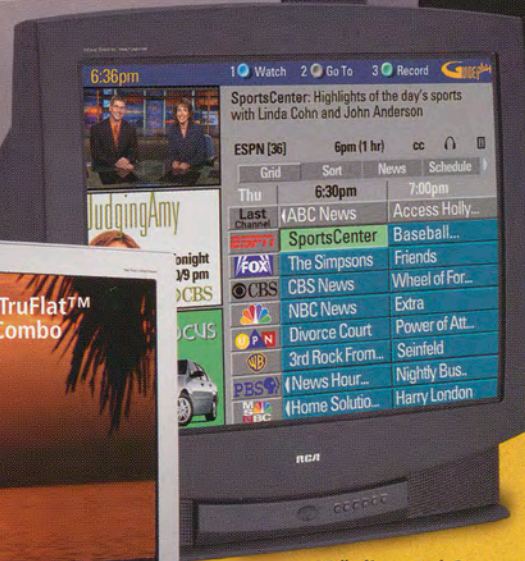
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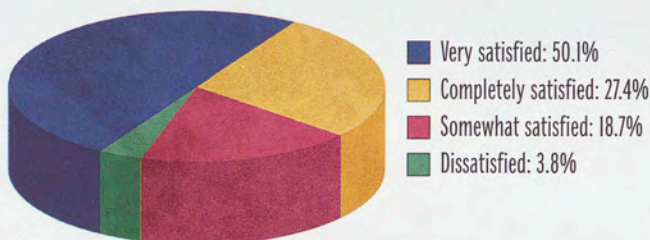
The survey showed that two-thirds of rental store employees have been with their current rental company less than two years. Fewer than 18 percent have been with the company for five years or more. The main reasons cited for leaving rental companies were the lack of opportunity for advancement and pay and benefits. A full 25 percent of current rental store employees have some level of job dissatisfaction. Ideally, this percentage should be 10 percent or less.

Are you paying enough?

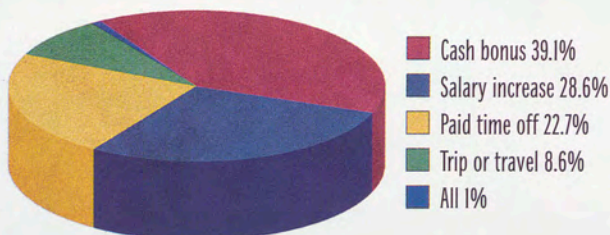
Among store employees, store managers were the happiest; delivery and sales people the least satisfied. Among dissatisfied employees, one-half cited pay as the reason for their dissatisfaction.

MAKING EMPLOYEES HAPPY

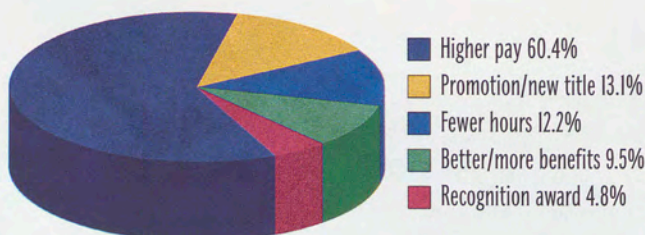
How would you define your satisfaction level at work?



What type of incentive would most influence you?



What would you rather have?



Rental-purchase employees feel they should be paid more than their retail counterparts. This is because they have more contact with customers and inevitably that means more confrontations with customers. Compared to retail, rental-purchase store locations are often sub-par, giving rise to personal safety and security issues. Rental-purchase stores are also often understaffed due to the high turnover, which means more work for the employees who are on the job.

When asked whether they thought their opinions could make a difference in the company, only 45 percent answered positively. Ideally, that percentage should be two-thirds or higher.

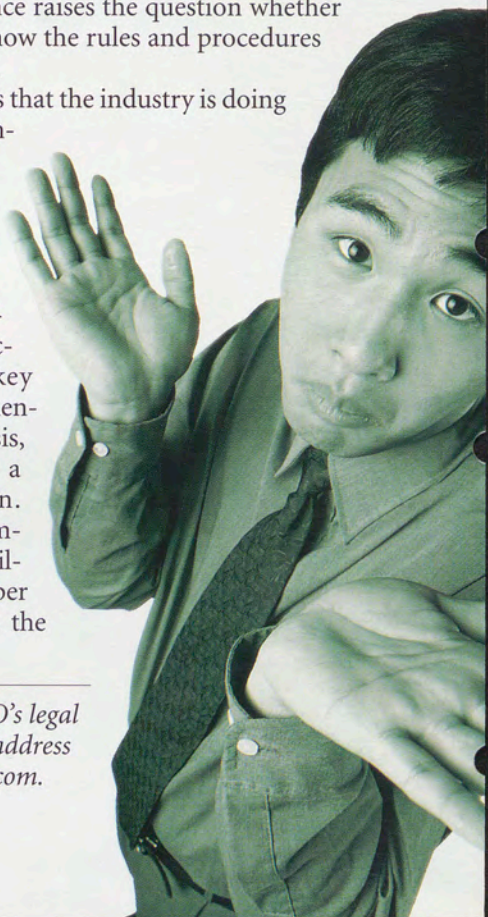
The Beemer employee survey drew the general conclusion that the industry as a whole is not paying enough attention to delivery people who are the most dissatisfied employees in the industry and who are likely to have the most unsupervised contact with customers.

Training issues

Training is an issue in rental companies. Only one-third of employees reported definable training. One half of employees cited "on-the-job" training, which most often means following another employee around for a few days watching what is done. Management experts decry on-the-job training as not really being training at all. Real, definable training involves classroom instruction, assignments, role-playing, evaluation, testing and feedback. Employees in the survey generally did not talk about their company's manuals and policies when discussing training. This absence raises the question whether rental employees know the rules and procedures of the organization.

The survey shows that the industry is doing some things well insofar as its employees are concerned and there is room for considerable improvement in other areas. The survey includes an executive summary, key marketing recommendations, data analysis, observations and a marketing plan. Copies of the complete survey are available to APRO member companies through the home office. ■

Ed Winn III is APRO's legal counsel. His e-mail address is edwinn@e-bylaw.com.



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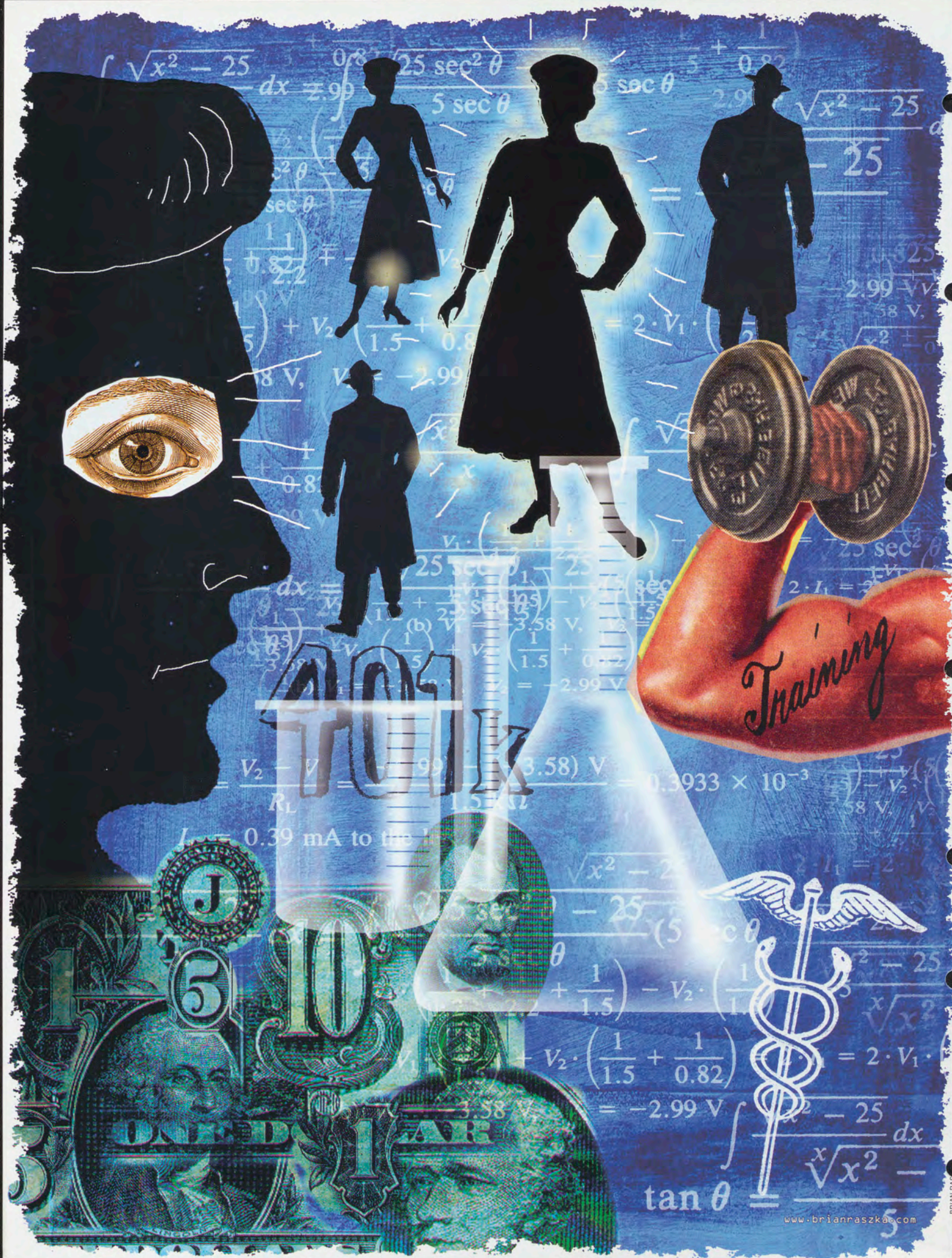
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■ *By Margaret Harrist*

THE ALCHEMY OF RTO HUMAN RESOURCES

inding the right combination of employee benefits and programs for your company may seem a bit like modern alchemy. Add in the unwelcome catalyst of an extremely tight labor market and many rent-to-own companies across the nation are struggling to recruit and keep staff on board. Is there an elusive, secret formula that can help companies hire and retain top-notch employees? To find out, APRO hired America's Research Group to conduct a telephone survey of current rental-purchase employees. Employees were asked 40 questions to gauge their attitudes and opinions about their jobs, their employers and the rent-to-own industry.

The survey results reflect the comments of a wide range of employees, including sales, store managers, account managers, assistant managers, delivery personnel, secretaries and others. Overall, the survey indicated that employees consider rent-to-own a good place to work, but pointed to a number of areas where improvements could be made.

But before tweaking components of your human resources program, "It's important to look at the overall human resources system you have in place," says Keith Carrico, owner of Innovative Insights, a consulting firm that specializes in providing human resources services to mid-sized companies.

"Employee relations is truly a balancing act," he says. "There is a chain reaction when problems take hold in human resources; each factor affects another. It really is hard to see the forest for the trees and when you keep running into the same tree, it's tempting to just cut that tree down. But the real solution is to review your company's human resources system regularly because employee needs and market forces change over time."

Hiring and keeping a great team

Two of the biggest issues for rent-to-own companies is developing a compensation system that truly reflects job responsibilities and then putting in place a system for developing employees, Carrico says.

"Pay and training go hand in hand," he says. "If you are good at developing employees, but don't pay enough to get the right people through the door in the first place, you won't get the results you're after. And if you promote employees through turnover, but don't train them adequately, it shouldn't be a surprise when those employees don't do well."

Almost half of the employees surveyed said their initial training was on-the-job—a method that does not provide consistent messages across a company. "Unfortunately, training tends to get shortchanged in many instances," Carrico says.

But that isn't the case at Showplace Inc., a rent-to-own chain with 23 stores in northern Ohio. Employee development is a key component of the company's human resources program.

"We have about 150 employees and there is someone in training 60 percent or 70 percent of the time either in the

corporate office, regionally or in a store location," says Gary Ferriman, company president. "We're fairly entrenched in the management theories of Franklin-Covey and have several licensed Covey trainers on staff. We invest a lot of time, money and effort in training."

Like other rent-to-own companies, Showplace struggles most with hiring and retaining entry-level employees, says Ferriman. "We're starting to use the Covey philosophy in developing a competency management program that should help in this area. We're asking our outstanding employees in each job category to identify the important competencies involved in their work. We'll then design our interview questions based on

that information to better gauge whether potential employees will be successful in that position. After employees are hired, we will periodically identify competency gaps and provide the resources—including training, reading materials and a mentor—to help them to improve."

Ferriman adds that the competency management program is just getting under way and will probably take a few years to fully implement. "We don't have a formal career path for employees, but that's what this program is intended to do," he says.

At Rent-A-Center, a chain of 2,100 stores that employs some 12,000 people, competency tests are used at the pre-employment stage, before promotions and to help design the company's training programs. The company provides new employees with training on the basics of rent-to-own and subsequent training that uses the company's actual financials.

"Some 99 percent of our managers started out as hourly employees, just learning the basics," says Marty Roustio, who joined the company as an account manager in 1990 and is now manager of coworker relations. "I think the opportunities with this company are unbelievable."

Money and advancement

Money matters ranked high on the list of surveyed employees, with 60 percent stating they'd rather have higher pay than any other benefit. In addition, more than 40 percent said that low pay or poor benefits at their company prevents them from recommending it as a good place to work.

Roustio says that, according to his company's research, Rent-A-Center is one of the highest-paying rent-to-own companies, with account managers starting at \$30,000. "Our turnover still varies according to the job level, but I believe our high rate of pay helps get more people in the door. We don't have a problem hiring, but that doesn't guarantee a good fit," he says.

KLQ Enterprises, a 17-store chain located in Washington, has found that a holistic view of the business and its

employees is a good approach. "Our philosophy is that we don't have drivers and salespeople; we don't put people into peps. Everybody is being trained to learn every part of the store. We believe that the people making deliveries are extensions of the sales people; if they don't understand the sales process, they're a hindrance to us out in the field. We educate our people on how the industry makes money and make sure they understand how each part of the store contributes to that," says Kevin Quinn, KLQ president and former APRO president.

All but one of KLQ's 17 current managers started out with the company as account reps and the shortest-tenure manager has been with the company for eight years. "We feel that if a person has come from within they understand our thought processes and our way of doing business," he says. "I'm very proud of the longevity in our company."

In almost 20 years in the business, Quinn says that he has changed his way of thinking about money and success. "When I started out, my goal was to make \$40,000. Once I achieved that goal, I raised the amount. But then I realized that this type of goal setting is the wrong way to go. My goal is now to pay my employees really well because if I can do that, this company is doing really well," he says.

Operational matters

In a large chain such as Rent-A-Center, there is the risk that store-level employees feel detached from upper management. In the APRO survey, one in three delivery people and one in four sales people don't trust the corporate office or the owners of the company.

Recognizing that risk, Rent-A-Center designed its corporate structure to ensure a solid connection between the stores and corporate headquarters. Each store manager reports

ees, including helping with training, recruiting and coaching," Roustio says. "Although my door is always open and the home office is accessible by all employees, the market manager can also serve as a connection between the home office and each store."

Mike Tissot, vice president of the Countryside Rentals chain of stores in Ohio and Kentucky, finds that there's no substitute for getting out in the field himself. His company includes 12 stores; he can be found in one of them two to three days of each week.



"I ride with my delivery people on the trucks and work in the stores. It's absolutely invaluable because it's the only way to find out what's really going on," he says. "Access to leadership in a company is very important. And my employees know that I care and that I'm not just ruling from an ivory tower."

Recognition scores high

A large number of rent-to-own companies offer employees periodic bonuses or incentives to recognize performance. For example, KLQ Enterprises has a number of bonus programs designed to acknowledge the accomplishments of individual stores and employees. Quarterly bonuses are paid to employees when their store meets certain operational goals. The company also names a "store of the quarter" and honors those employees and their spouses with dinner and a cash bonus. And any manager whose store records \$1 million in revenue receives a one-time net bonus of \$10,000.

KLQ also awards trips to its manager of the year (with spouse) and, if the company as a whole meets its budget, any manager who hits his budget also gets a trip (along with his spouse). In September, KLQ is taking 30 people to Hawaii.

Although these big recognition programs are popular, KLQ's Quinn also makes sure that recognition happens on a daily basis—and at a very



"I RIDE WITH MY DELIVERY PEOPLE ON THE TRUCKS AND WORK IN THE STORES. IT'S ABSOLUTELY INVALUABLE BECAUSE IT'S THE ONLY WAY TO FIND OUT WHAT'S REALLY GOING ON. ACCESS TO LEADERSHIP IN A COMPANY IS VERY IMPORTANT. AND MY EMPLOYEES KNOW THAT I CARE AND THAT I'M NOT JUST RULING FROM AN IVORY TOWER."

to a market manager, who is in charge of six to eight stores. The market managers are able to visit each of their stores on a regular basis and get to know each manager and the employees on a more personal level.

"Our market managers assist the store managers in managing the business and the employ-

personal level.

"When you have more than 100 employees, you get to where you don't know who the new hires are. So we have the names and pictures of each of our employees in a book at the home office. We study that book before walking into each store," he says.

Countryside Rentals also recognizes top performers and stores on a monthly, quarterly and/or annual basis, but the company takes employee recognition a bit further. "I send an e-mail to all of our stores every Monday recognizing the top performer the previous week. If that e-mail doesn't go out on time, I hear about it," Countryside's Tissot says with a laugh.

Employee empowerment

In the APRO survey, one in eight employees are not sure or don't think they make a difference in their company's success. Only 25 percent of delivery and sales people feel that they make a difference for the company.

One of the pieces missing in many instances, says Carrico, is that employees don't have a full understanding of how the company or the industry works. As a member of APRO's

of the company. And six years ago, Showplace became an employee-owned company.

"My partner sold his shares and I sold one percent, so the company is now 51 percent employee-owned. I am peer-reviewed by my staff on my performance as president and everyone has a quarterly performance review so that we all understand what's expected of us and how we're doing," he says.

Ferriman thinks the move to employee-ownership has had very positive effects on the company. "Turnover is almost non-existent at the manager level and has decreased significantly company-wide since making this change. Another benefit is that employee-owners tend to speak up when they see opportunities for improvement because they feel connected to the business," he says.

Sharing information on the business

"THE COMPANY IS NOW 51 PERCENT EMPLOYEE-OWNED. I AM PEER-REVIEWED BY MY STAFF ON MY PERFORMANCE AS PRESIDENT AND EVERYONE HAS A QUARTERLY PERFORMANCE REVIEW SO THAT WE ALL UNDERSTAND WHAT'S EXPECTED OF US AND HOW WE'RE DOING. TURNOVER IS ALMOST NON-EXISTENT AT THE MANAGER LEVEL AND HAS DECREASED SIGNIFICANTLY COMPANY-WIDE SINCE MAKING THIS CHANGE."

Education Committee, he is helping to develop a variety of e-learning programs to help in this area, including courses on the rent-to-own industry, delivery and safety, account management, customer communication and salesmanship.

"It's important to educate employees about the rent-to-own industry, but then each company has to make the link to what that means on a daily basis," he says. "E-learning is a tool, but cannot in itself fix these problems."

Showplace's Ferriman noticed long ago that employees who feel connected to the success of the store benefit the business significantly. "We had some employees who were really good at displaying an ownership attitude and saw that the customers took to them very well. So we started wondering how to get employees to take ownership and feel like they had a greater stake in the business."

First, Ferriman and his business partner (who has since left the company) started sharing information with employees—including annual planning documents, monthly P and L statements and corporate P and L statements. Next, they introduced an employee incentive/bonus program for nearly every department in the company so employees could share in the profits on a monthly or quarterly basis. Ten years ago, Showplace introduced a profit-sharing retirement program so employees had a stake in the long-term profits

with employees is also the policy at Countryside Rentals. "We practice total open-book management with all of our employees so they can see how the company is performing. Every employee gets a share of the profits twice a year and that goes a long way toward making store-level employees conscious of how their store performs," Tissot says.

Opportunities ahead

The bottom line to any human resources program is consistency, Carrico says. "When reality doesn't jibe with what was presented in the interview, employees get frustrated pretty quickly. A company has to be consistent in thought, word and deed."

His best advice? Review your overall human resources program to make sure there aren't contradictions or policies that undermine your business goals.

And finally, Carrico encourages business owners to get out there in the field and see what is working. A policy in practice may not always have the effect that was intended, he says. ■

Margaret Harrist is a free-lance writer.



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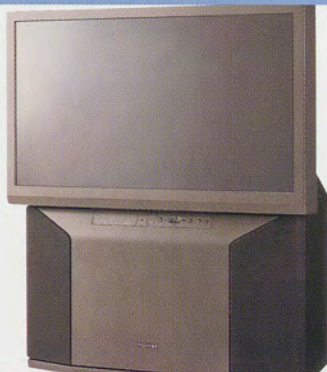
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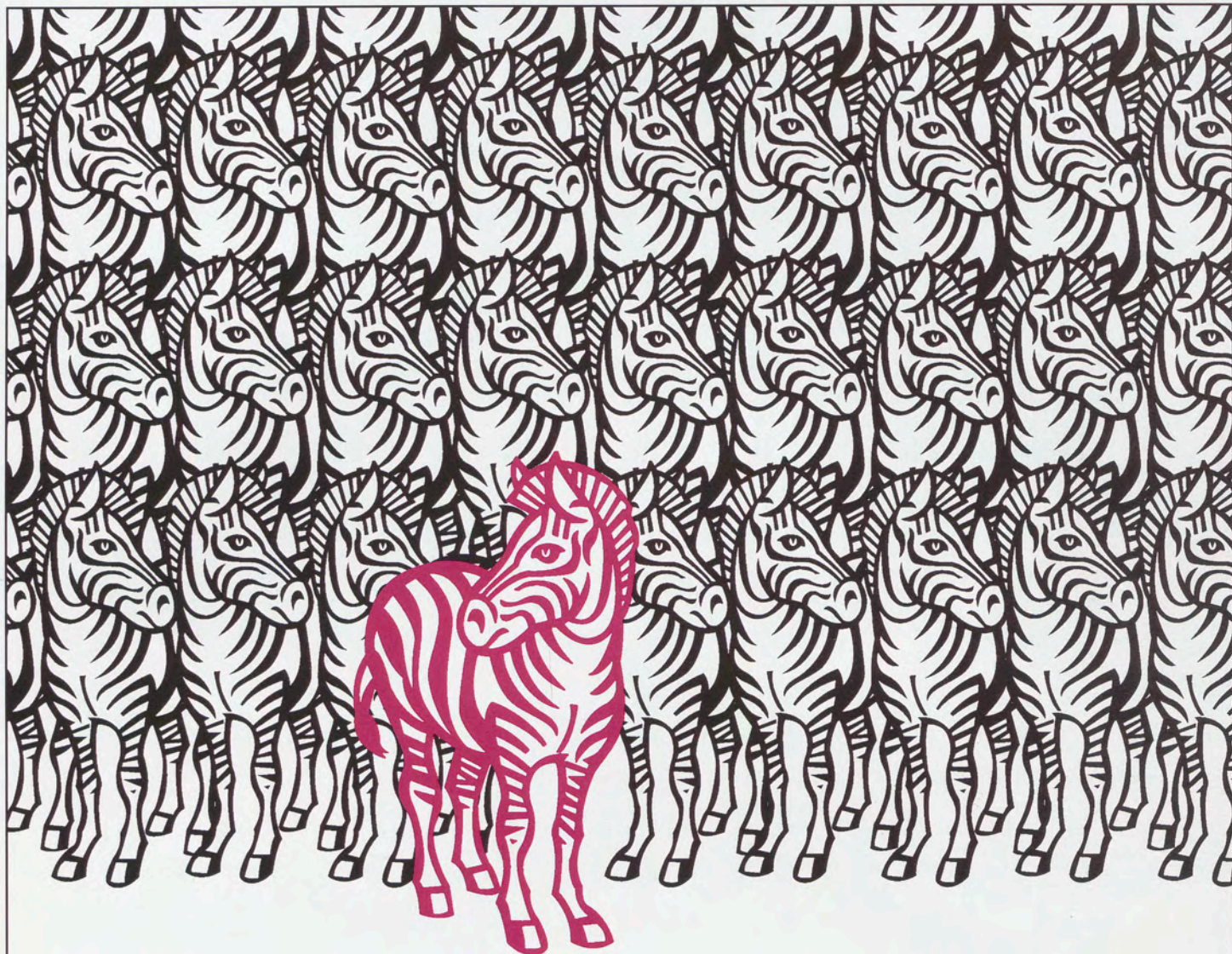
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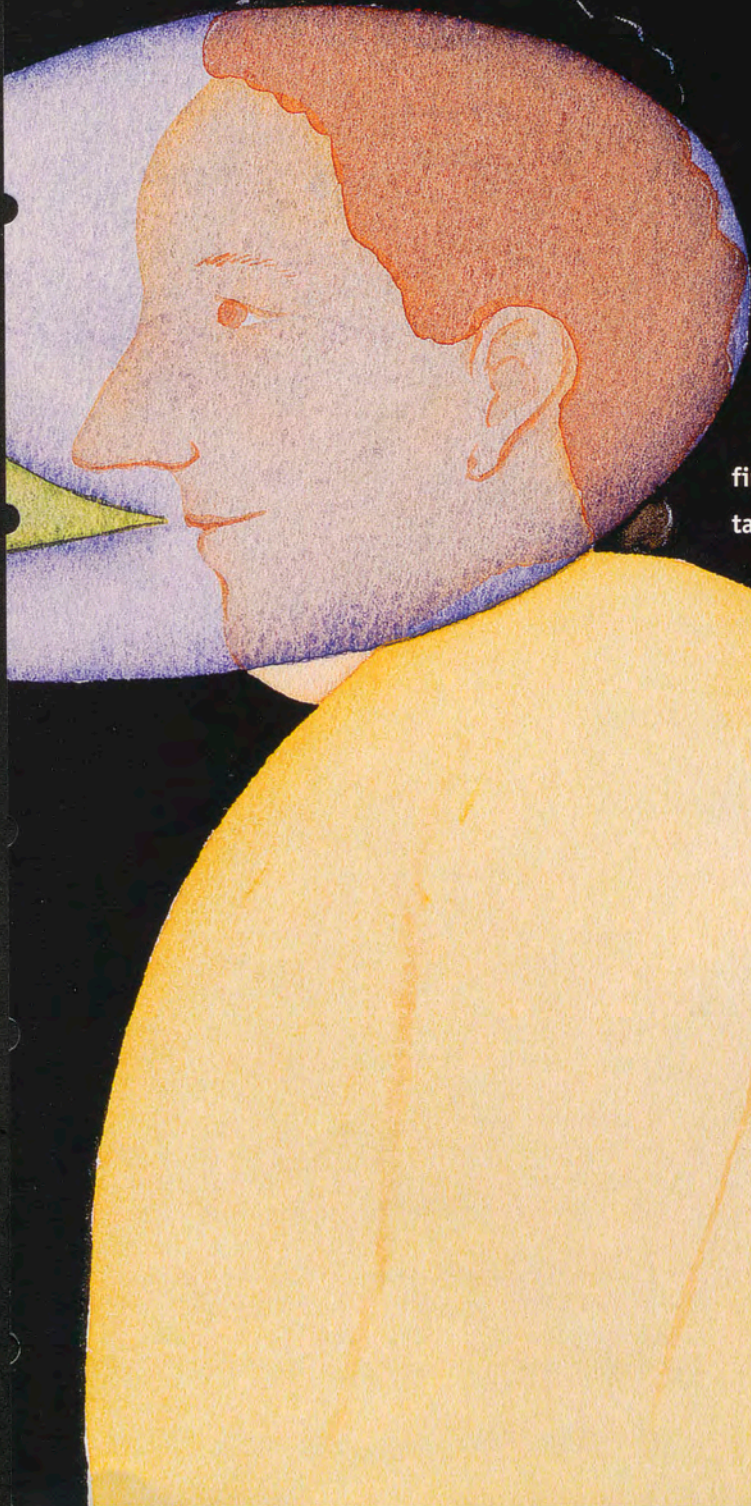
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Communicate this!
Bridging the
workplace gender gap

BY PHILLIP M. PERRY

I Say?



When a failing promotional campaign threatened to scuttle a company's profits, the head of marketing asked Bob and Linda to turn things around with the help of a small task force. No sooner had the group gathered for its first meeting than Bob started assigning duties. "I'll take care of getting the data we need from the agency," he barked. "Joe, you coordinate with the people in sales. Linda, you make sure the art department's on board so we make deadline..." While Bob droned on, Linda became increasingly alarmed. Not only did she feel insulted by her colleague's bossy attitude, but she believed rushing into the project was a mistake. "Wait," she interjected. "Shouldn't we hear from everybody on this team first to see what each wants to contribute? And I think we should get feedback from others in the company to make sure our plans don't create problems for their departments."

Bob slammed a stack of papers down on the table. "We don't have time!" he exploded. "We have to get this project done! Why do you women always want to talk something to death before getting started?"

This team's in trouble—and so is the employer's bottom line. The reason? Fundamental differences in men's and women's communication styles have created conflict. Bob, like most men, takes a direct approach. Linda, like most women, wants to reach consensus before deciding on a course of action. So Bob thinks Linda is a time waster—and Linda thinks Bob is a boor.

Similar scenes play out far too often in today's workplace. "We are in a virtual epidemic of failed communication," says Rochelle Turoff, president of R.J. Scott & Associates, a Roswell, GA-based consulting company specializing in organizational assessment and strategy. "Very few people are skilled at communicating in the first place. The fact that men and women have very different styles only makes matters worse."

When people don't communicate well they perform poorly. And that's a bottom line issue. "Any time there is resentment among people you experience a delay in the time it takes a group to complete business tasks," says Dr. Judith C. Tingley, director of Performance Improvement Pros in Phoenix, AZ. "This interferes with productivity. When the situation becomes severe, you have problems retaining qualified people since women often respond to the male culture by leaving for competitors or starting their own businesses."

You can cast some light into the communications darkness at your own workplace by understanding the reasons behind the differences in styles. Then adjust your communication habits to acknowledge those differences and respond to them in a constructive manner.

Emotions cause conflict

Emotions lie at the root of the great communications mismatch. "Men and women have different strengths in emotion," says Dr. Daniel Goleman, author of the best-selling *Working with Emotional Intelligence*. "Women tend to be better than men at empathy, at reading other people's emotions. Men are better at handling their own emotions—particularly the distressing ones."

These strengths translate into unique workplace skills. "Women may be more attuned to the emotional currents that are running among the staff," says Goleman. "But they may also be more upset by them. Men, on the other hand, will be less upset by emotional currents but more tuned out of them." Hence the tendency of the former to reach consensus and the latter to get tasks done fast.

Goleman offers this advice for building a bridge over troubled waters: "Men need to make an extra effort to tune into the emotional signals in a situation. And women need pay more attention to keeping their own emotional reactions under control."

Easier said than done? Well, here's some assistance. Let's see how top communications gurus handle some common workplace gender conflicts.

Conflict 1: Bob wants the show on the road; Linda wants to talk with the performers.

Resolution: Let's return to our opening story. To analyze what went wrong we asked for comments from consultant Turoff. "In a group setting like this one, men are more likely to make statements such as choosing who will work on what projects," she says. "A woman will more likely start a dialog to discover who wants to do what." Turoff says Linda has done the right thing by speaking up. In response to Bob's outburst, Linda should emphasize that rushing into a solution will do no good if other individuals are not on board. Indeed, disruptive actions will only make matters worse. Then Linda should invite other group members to join a dialog about what should be done.

After the meeting, says Turoff, Linda should inform Bob that she expects to be an equal partner in decision-making. She might say: "I would prefer that we discuss alternatives first when it comes to assigning tasks." In this case, the woman is educating the male partner and showing him what to do differently. Speaking up is important, or the man will never change.

And Turoff's advice to the man? "Rather than following your instinct, understand that women want to have some dialog before decisions are made."

Conflict 2: Sam and Marge are up against it: their marketing report's due tomorrow and there's a lot left to do. Suddenly Marge comes through with a solution that cuts through the bulk of the remaining work. As both breathe sighs of relief, Sam says: "Well, you can put another notch on your belt. The boss will really appreciate your brainstorm." Marge feels hurt; she had made her extra effort not for personal aggrandizement but to help her team pull through a difficult time.

Resolution: Marge expected Sam to acknowledge how her work had helped them both achieve success. Indeed, this would most likely be how a woman would acknowledge the emotional feelings that resulted from Marge's work.

In such situations, Goleman suggests that men pause and acknowledge the feelings of the woman. The man might say, "Oh, your work really helped us out and you must be feeling as good about it as I do!"

"It's important to make a nod to how a person is feeling rather than to check off a list of accomplishments, which is what guys tend to do," says Goleman.

And the woman who has been confronted with a Sam? Goleman

suggests a little self-talk like this: "I can understand that Sam is not as tuned into the feeling level as I am and it doesn't mean he doesn't care."

Conflict 3: Bart always refers to the women he works with as "girls." The women members of the staff have been expressing resentment. When someone suggests that the term "women" is more appropriate, Bart takes offense. "Why should I defer to what is comfortable for them?" he steams. "My comfort is as important as theirs."

Resolution: Start by understanding why Bart is resisting. "Men are used to being the bosses of whatever it is they do, whether doing their professional job, working around the house, driving a tractor or launching a rocket," says Tingley. "So it's almost like asking them to sell their souls to change their comfortable, familiar and previously successful behavior. They feel change is an affront to their masculinity. They will ask, 'I've been calling them girls for 100 years why should I change? Why shouldn't they change?' Men see this as a logical position."

In suggesting how women should handle Bart, Tingley advises against attributing bad motives to him. Instead, say something like this: "Bart I know you are a good person and a good manager and your intentions are good. Perhaps I'm oversensitive to this but I would prefer to be called woman than a girl."

Management needs to realize that women are becoming resentful of not being taken seriously or seen as competent by some men in the workplace, says Tingley. "These women are asking, 'why should I say I am being oversensitive and Bart is a good guy when he is being an idiot?'" Management needs to counsel their workplace Barts to address other people the way they prefer. Outdated terms can create conflict that affects productivity and can spark litigation.

Conflict 4: A group of supervisors have always gotten together for lunch once a week. Sandra, the sole woman supervisor, is never asked to come along. On the rare occasion when she tags along she feels out of place. Not only do the luncheon discussions center around sports—a subject which she avoids—but there were jokes with sexual innuendos. Sandra felt ignored and resented.

Resolution: Women need to feel welcome members of informal groups that are power bases for organizations. "This is an inclusion issue," says

Turoff. "Anyone in the workplace who wants to create an inclusive environment doesn't create cliques." Most likely, though, the men don't mean consciously to exclude Sandra. They are accustomed to hanging out in their own group and believe a woman would feel uncomfortable.

So what should Sandra do? Turoff suggests starting a dialog by saying something like this: "I observe that you all go out for buddy-ing frequently, and I'd like to understand that better." Sandra should communicate that she wants to be included.

The group will also have to modify its behavior in the area of jokes with sexual innuendos. "Sandra should speak out if she is uncomfortable about anything," says Turoff. "If any sexual innuendos were made, for example, she should say something like: 'When you said [...] I felt very uncomfortable and I would appreciate it if you would refrain from making such remarks.'" When should Sandra speak up? "It depends on the context," says Turoff. "In some cases if several men are involved she might speak up on the spot. But if it was just one person, she may want to approach him later."

Finally, Sandra may have to stretch a little to learn something about sports. "Learning gender communication is a lot like visiting a foreign country," says Turoff. "If you visit Italy, for example, you would like to know a few words of Italian and read up on the country. If you go to a cocktail party with

Speak easy: Get more information

▶ *Working with Emotional Intelligence*, by Dr. Daniel Goleman. A best-seller about how understanding and controlling our emotions can lead to success. Bantam Doubleday Dell, 1540 Broadway, New York, NY 10036; published 2000; paperback edition \$15.95.

▶ *Genderflex: Men and Women Speaking Each Other's Language at Work*, by Dr. Judith C. Tingley. Techniques for reducing the communication barriers between men and women, with the goal of increasing productivity and profits. American Management Association, 1601 Broadway, New York, N.Y. 10019; published 1993; \$19.95

▶ *A Safe Place for Dangerous Truths*, by Annette Simmons. A guide to creating workplace dialog where people can speak frankly without fear of losing their jobs. American Management Association, 1601 Broadway, New York, N.Y. 10019; published 1999; \$27.95

politicians you will want to bone up on politics. Likewise, if you hang out with men who talk sports you should learn a little about sports. But it's up to you to make sure sports aren't the only topic discussed. Chime in about the sports topic, then lead the conversation into an area that you find more interesting. Communication is a mutual experience."

Conflict 5: "I've had it with this project," says Florence to a male co-worker. "No one seems to be responsible for themselves and for meeting their deadlines without getting nagged!" Parker rubs his chin a little, analyzing the situation. "What you ought to do is get people together and insist that each step of the process is written down with a deadline," he says. "Then make sure everyone checks in with you weekly to show how they are meeting the deadlines."

Florence is taken aback. "I didn't want advice; I just wanted a little sympathy."

A surprised Parker thinks to himself: "I guess Florence was insulted that I thought she needed my help. But why did she ask for it?"

Resolution: Parker thought Florence was bringing her problems to him for solution, but that was hardly the case. "Women talk about their problems with their peers to share their experiences rather than to seek advice," says Tingley. "Yet men usually feel they are expected to provide solutions." As a result, men often provide "fix it" statements when women are really looking for is to be heard and to gain some sympathy.

Even when Florence told Parker she was looking for sympathy, her male peer failed to take the statement at face value. Parker figured Florence had been insulted. It's tough for men to see the value of sympathy, which they consider a waste of time since it doesn't solve a problem.

Rather than offer solutions, Parker should communicate with statements that reflect and paraphrase what his companion is saying. Examples: "Sounds like you are frustrated that people don't take deadlines seriously" and "So when you're not around people just aren't sticking to the plan."

And what if the shoe is on the other foot? "Rarely do men take their problems to women," says Tingley. "But when they do, it's usually to get advice."

Conflict 6: John, who has an abrupt method of supervising subordinates, is unhappy about the job Peg has done on a marketing report. He calls her into his office. "Peg, this just isn't cutting it," he says. "Get it right!" Peg, who had worked hard on the project, is devastated that John didn't even acknowledge how she uncovered some critical raw data that no one else knew existed.

Resolution: Time for a reality check. "Men should become aware that their tendency is to be terse," says Turoff. "It's better to start with some praise." John should start by being aware of the subordinate's feelings: mention the important new data that Peg discovered. Then follow up with a statement such as, "I appreciate the work you have done. You're making progress. Now here's what you need to do to iron out the wrinkles."

What if the roles are exchanged, and the woman is correcting a male subordinate? "Women tend to struggle with the sense that authority figures are typically direct and brutal and uncaring," says Turoff. "Women don't view themselves that way, so there is always some internal conflict." Women should use the same approach as Turoff suggested for John, but avoid going too far and making the common error of being apologetic about having to correct the subordinate. "Women have an enormous tendency to self-denigrate and apologize."

Turoff adds that in building the bridge across the gender gap, there's room for movement on both sides. "Better communication is a shared responsibility," she says. "Both sides need to compromise and come to the middle." For their part, men need to get in touch with their emotions and those of their women colleagues and acknowledge emotions in their conversations. And women need to work with their own sense of tentativeness. "Don't personalize everything you hear," says Turoff. "Learn how to take feedback without having it positioned as you like to hear it all the time."

For both sides, the challenge is more to increase understanding than to make fundamental personality changes, says Turoff. "You don't have to change who you are, but you need to understand who and how you are in terms of your communications style and thereby

appreciate that others have different styles," she says. "Our ultimate communications goal is not what we say but what we want people to hear. If you don't understand another's style of listening then you can't have your message heard."

Phillip M. Perry is a free-lance business writer based in New York City.



"You don't have to change who you are, but you need to understand who and how you are in terms of your communications style, and thereby appreciate that others have different styles."

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HELP YOU NAVIGATE THE WATERS A BIT MORE EASILY, YOU MAY WANT TO FIND A MENTOR—SOMEONE WHO HAS BEEN THERE AND DONE THAT. MENTORS CAN BE OTHER BUSINESS OWNERS FROM YOUR AREA OR RENT-TO-OWN OPERATORS IN OTHER PARTS OF THE STATE OR REGION.



THESE ARE TWO OF THE MOST IMPORTANT QUESTIONS to which your banker will want good answers. If your answer is that your business is profitable and you want to open another shop, that is great as bankers love that kind of success. If one of your answers is oops, things haven't gone so well this year and you need operating money, you will probably get a sympathetic look, but not a check in your hand.

BE PREPARED: THE BUSINESS PLAN

Before you head out the door, the first thing you need to have is a solid business plan. The easiest way to create a business plan if you don't already have one prepared is to purchase some business plan software. These programs walk you through the process and allow you to fill in the blanks.

For example, Business Plan Pro from www.paloalto.com is a good planning tool to help you get your business plan started. A banker will not consider your request seriously unless you have a complete and detailed business plan.

Another good Web site for business planning is www.businessplans.org. This site gives you a variety of resources to start the process of creating a business plan.

Business Plan Software is also a good site because it includes free examples, free templates, outlines and sample plans and tips for how to write a business plan. You can find these at www.brs-inc.com and can even download the software from the Web site.

Again, if you don't have a business plan and plan on visiting the bank soon, you are going to need one. You won't get very far in your business without a business plan.

Another business plan resource is your local Small Business Administration office. You can find the SBA in your Yellow Pages or on the Internet at www.sba.gov.

If you feel more comfortable formulating your business plan with a live person who won't cost you an arm and a leg, contact SCORE—Service Corp. of Retired Executives. You can find this organizations on the Internet as well at www.score.org. A retired executive who volunteers to serve with SCORE may help you put your business plan together.

To help you navigate the waters a bit more easily, you may want to find a mentor—someone who has been there and done that. Mentors can be other business owners from your area or rent-to-own operators in other parts of the state or region. Ask if they have obtained financing for their businesses and if they would be willing to help you. This can be a great way to get additional information about the financing process.

THE BANK'S BUSINESS

Once you have your business plan prepared, your neighborhood banker will want to know what you plan to do with "their" money. Yes, they consider it *their* money. Bankers have three concerns when they loan you their money:

- 1} Will they make money on the deal?
- 2} How will it improve their bottom line?
- 3} And yes, will they get their money back?

For obvious reasons, bankers are attached to their money. However, when you borrow money, these items are not really your concern. Your interests lie in how soon you can get the banker's money and put it to good use—that and keeping the payments as low as possible so you can use it longer. In between lies the compromise between the banker and you. Here are some of the questions the banker will want answers to before you are loaned any money:

- ▶ Is your business growing and is that why you need the money?
- ▶ Is your business cyclical? This is important for a payment structure.
- ▶ What is your credit history? If your company is new, how will it be capitalized and who is backing the company?
- ▶ Have you been successful before in this type of business? Bankers love success stories and bankruptcies in your past scare them to death. This is very important; without some success in this business, you will not get financing.
- ▶ Has the business had credit problems?
- ▶ What is your customer base and how often do they do business with you? What are the tangible assets of the business and can the bank use them as collateral?
- ▶ Bankers also will want to know about the size of the down payment or your contribution to the cause. They believe that the greater the involvement on your behalf, the greater the likelihood of getting repaid.
- ▶ How big is your payroll?

If your answers meet the satisfaction of the banker, you are on your way to obtaining bank financing.

Another important thing to remember is that just because one bank doesn't loan you the money, it does not mean anyone else won't. Learn from the process. Harvey McKay, author

of *Swim with the Sharks without Being Eaten Alive*, tells the story about how he obtained financing for his first business. He would get rejected, ask why and then use the information to improve his business plan. He wrote that after 18 rejections, he had a pretty good business plan.

IT'S ALL IN THE NUMBERS

Once you have your business plan together, what other information will you need to bring with you to the bank?

Jim Jaklevic, vice president of Brotherhood Bank in Shawnee, KS, says he needs to see a copy of the company's most recent financial statement.

Jaklevic says that when a client has a business plan and orderly financials, they are off to a running start. Organized information is critical.

Tax returns from the past three years are important—both personal and business tax returns. Bankers want to see the financial performance of the individual and of the business. Have them ready when you walk in the door. You will also need to have a cash flow analysis of the business.

If you provide good financial data with an effective business plan, you are well on your way to receiving serious consideration for a loan, says Jaklevic.

Craig Nichols, senior vice president of First National Bank in Overland Park, KS, says he wants to see detailed projections on the numbers. "What will happen with the financing? How will it impact the future of the business? How will your financial statement look in two to three years with the new financing?"

Another important item the banker will want to see is the cash flow analysis of the business. The cash flow analysis basically consists of total income for the business, minus expenses, minus debt service and then your lifestyle. The more conservative you are, the better you will look to the banker. Questions that might be asked include: Do you have the resources to weather a rough road? Can you handle a financial setback and still repay the loan? Cash flow analysis will help determine your financial stability.

EDUCATION IS A TWO-WAY STREET

Nichols says he also looks at whether the business owner understands the business. "Someone off the street with no experience is not the type of client banks are looking for to lend money. We are looking for business relationships that will enhance the bank and help the client. We are experienced in lending money; we want the business partner to be experienced in using the money wisely," he says.

Dan DeVasto, CEO of Wolf & Co. PC, a

Boston-based accounting firm, advises that before approaching a bank for financing, he makes sure he has every relevant scrap of data on his client: a mission statement, list of products and services, outlook for the industry and a description of the competition. Typically, he approaches a bank with a 15- to 25-page spiral binder detailing this information. "The key is to have the banker thoroughly understand the business," says DeVasto.

It is also just as important that you understand a little about the lending institution you go to. Do your homework before approaching a particular bank. A great source of information about a bank and how receptive it is to business loans is local accounting firms. Bankers network furiously and CPAs are among the people they court most ardently because CPAs' clients are a promising source of new business. Thus, the first step is easy: contact your CPA or start a relationship with one. "We absolutely actively seek out CPAs," says Hattie Hamlin, a vice president at Crestar Bank, a regional institution headquartered in Richmond, VA.

Also, find out who makes loan decisions at the bank. Ideally, the local loan officer who now understands your business is the decision-maker. That leaves latitude for personal judgment. However, merger mania has grown many banks into impersonal Goliath's. Loan decisions that once were made by individual bankers at the local level—people who knew their customers well—may now be made by computers programmed for automated credit scoring.

In other words, loans are approved or rejected based on a strict formula that takes into account factors such as a client's income and number of years in business. In too many cases, the loan-approval process has become formulaic, anonymous and committee based. You are not going to be served well by a bank that does not take a personal interest in you, especially if you have a credit history that is less than stellar.

Inquire about the bank's lending formulas. What will the bank accept as collateral? Most banks accept a company's inventory as collateral on a loan; some also accept real estate holdings. Determine what percentage of the collateral's value the bank is willing to lend against. Will it advance 70 percent of the value of inventory or 80 percent? And what is the bank's lending limit? If you represent a fast-growing client, a \$50,000 loan ceiling may quickly become too small.

PERSONAL GUARANTEES

Then there's the question of personal guarantees. Many business owners balk at backing up loans with personal guarantees because it puts their homes and cars at risk should the business fail, but bankers want to see a level of



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AND BANK
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NECESSARY,
TO GET YOUR
BUSINESS OFF
THE GROUND.**



commitment. For example, how much are you willing to risk before they risk too much? The banker wants to be a partner in the loan, but not the holder of the entire loan.

ALTERNATIVES TO BANKS

If banks seem reluctant to meet your needs, look to alternative sources of financing. As mentioned earlier, you may want to contact the Small Business Administration. The SBA's loan regulations are immensely complicated, so you'll need to approach a bank that has experience in this area. To find one, go to your state or district SBA office or visit the SBA Web site (www.sba.gov). You might also look to industrial finance agencies, venture capital firms or high-risk asset lenders, among others.

Check with the state CPA society as some states have a committee on alternative financing sources.

Another source could be "angels" or private investors (venture capitalist firms) who back your company right from the beginning. The amount of control angels want varies. Some are very hands-on, others are not. You can combine venture capital contributions and bank

financing, if necessary, to get your business off the ground. However, make sure you reveal this source of funding to your banker.

Denver-based DataMerge Inc. provides a number of interesting Web links through its home page at www.datamerge.com. DataMerge's Financing Sources Databank is a national database of alternative lenders and equity investors, including profiles of their lending policies or investment criteria. The company also offers loan proposal software.

Again, when approaching a banker, the SBA or a venture capitalist for financing, you need to be organized, prepared to answer questions. You will also need to explain what you want the money for and how you will use it. If you have a clear game plan and a track history to show you know what you are doing, then you are well on your way to obtaining the bank financing your growing business will need. And it shouldn't require medical assistance. ■

Rory Rowland, a business consultant, will present 10 Ways to Avoid Bank Financing Pitfalls at the APRO 2001 Convention, 1-2 p.m. and 2:15-3:15 p.m., August 9, in the Versailles 1 and 2 rooms.

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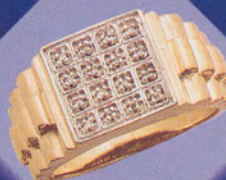
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Lately, I've spent time with assistant attorneys general in a couple of different states. These are career civil servants doing their view of the Lord's work by stomping out whatever consumer abuse comes their way. As I sat across the table from these guys as a representative of rental companies, I noticed the world-weary glint in their eyes. Assistant attorneys general are used to people trying to pull fast ones. That experience has caused them to assume that everybody is trying to pull a fast one and they see it as their job to pull everybody up short. They assumed that my rental company clients were bad

and their conduct can veer over into unethical behavior or even illegal behavior. If customers are going to cheat you out of your merchandise and your money at every turn, better to strike first and get the upper hand to keep from being taken advantage of. That is the attitude that can quickly develop in a rental store.

The problem is that this perception is faulty. It is wrong when attorneys general have it and it is wrong when rental store employees have it. It is also a part of the business and it is a difficult attitude to dispel when it takes hold in a store.

I think that the assistant attorneys general should go to some chamber of commerce meetings to restore some balance in their thinking about business people. Store employees

might need to review some good accounts—the 80 percent or 90 percent of customers who play by the rules and do exactly what they have promised to do. Store managers need to be alert to employees who have run one too many routes and have developed a bad attitude about their customers. It is human nature, after all, to generalize from the specific, and if one customer successfully hides out to escape a pick up, it can feel like everybody who doesn't answer the phone is running some scam. That attitude will quickly make you not want to go to work, and if not, the temptation will be to start "thinking like a crook to catch a crook."

That attitude, finally, is bad for business. It takes time. It takes energy. It goes against human nature and it pisses off the mostly honest customers who are doing their best to keep commitments to you and everybody else with resources that, week in and week out, are just too limited.

So, what to do? First, recognize the attitude in yourself or in others when it creeps into your store. Next, acknowledge the feeling and then do something to restore some balance in your thinking about your fellow human beings, which group includes most of your customers. Most of them are, after all, doing the best they can with what they've got. Make sure that you are doing no less. ■

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"If one customer successfully hides out to escape a pick up, it can feel like everybody who doesn't answer the phone is running some scam."

Attitudes and perceptions

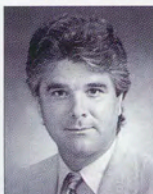
guys, guilty of the charges and then some and that I was little better for representing them.

Now, I don't pull fast ones myself, or even try. It is how my momma raised me, I guess. Some lawyers do; some rental dealers probably do. I don't—and insofar as I know, my clients don't. I knew better than to be offended by these lawyers' attitudes toward me and my clients, but those attitudes colored the discussions and got me thinking.

The job had jaundiced these assistant attorneys generals, both of them. It had set their jaws and given them the belief that all businesses on the other side of the table are just plain bad and in need of punishment which the might of the good offices of the attorney general's office could and should visit upon anybody who fell in the net, almost regardless of the facts of the matter.

Rental store employees can develop the same attitude toward customers. Lose a few televisions and suddenly everybody who walks in the door looks like a thief. When this attitude is at play in a store, deliveries go down. You can find an excuse not to rent to just about anybody, especially a thief. At the other end, the

risk of sharp practices goes up. If the perception is that all those customers out there don't want to pay and aren't going to pay unless you get the upper hand, somehow, then employees can be tempted to push too hard



By ED WINN III



Ed Winn III is APRO's general counsel.

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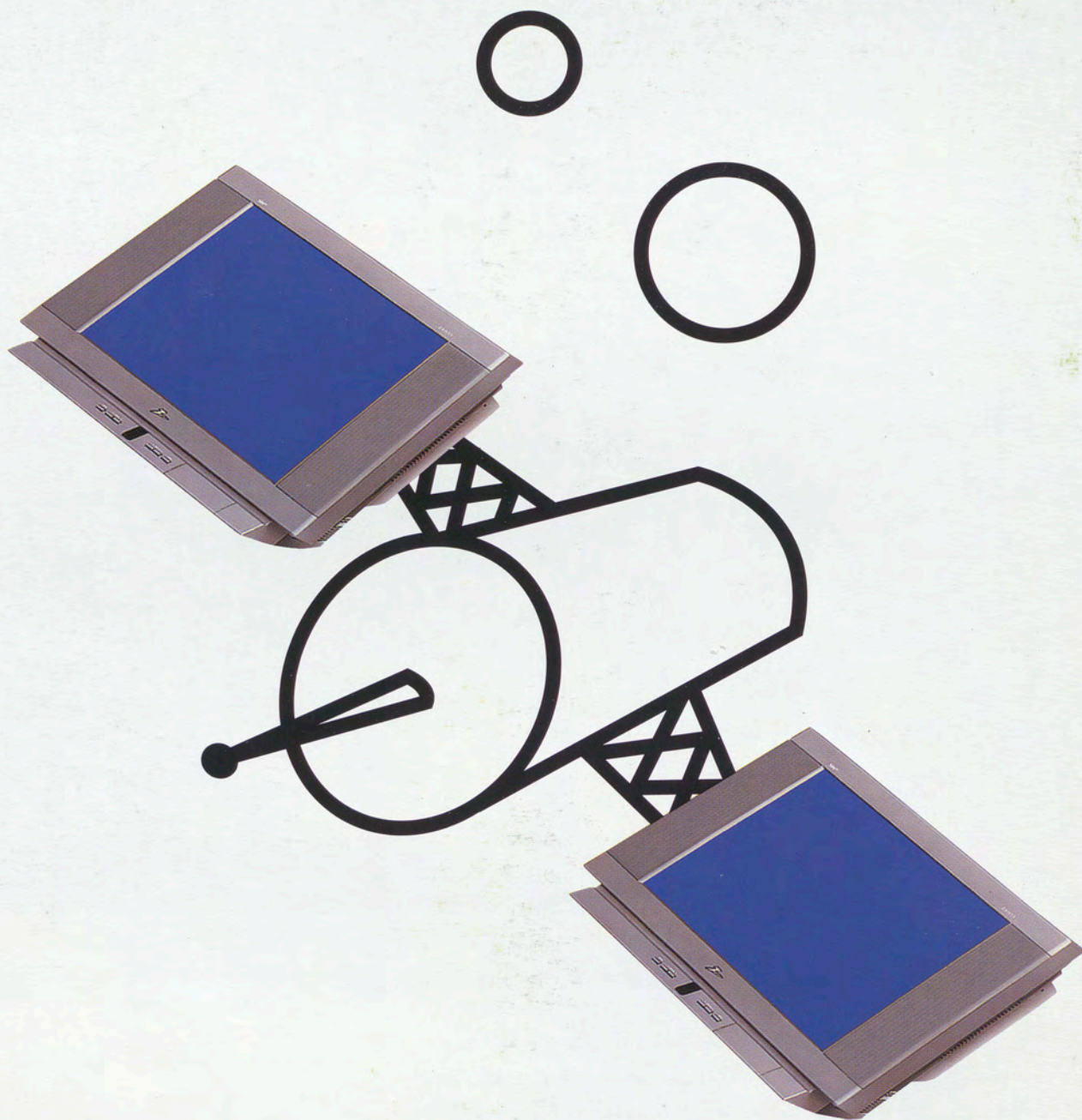
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