

PROGRESSIVE

# Rentals

THE VOICE OF THE RENTAL-PURCHASE INDUSTRY  
MARCH-APRIL 2001

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APRofile: National TV Sales & Rental's family approach

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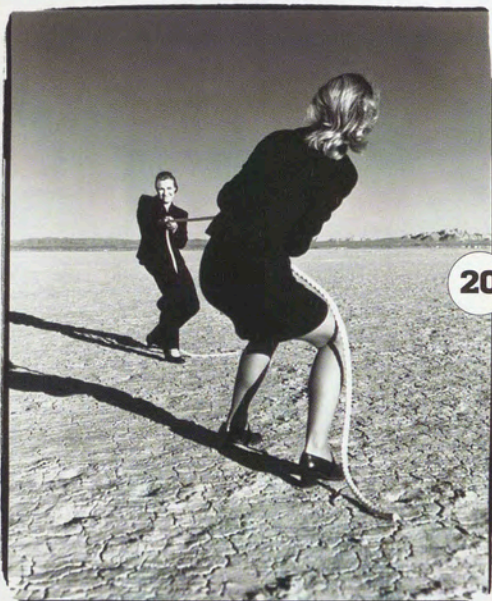
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# march april



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## Arbitration

Arbitration is gaining favor among financial institutions and other retail industries as a cheaper and quicker means of resolving disputes with consumers than litigation. How arbitration will impact the rental-purchase industry—and exactly how arbitration clauses should be worded in rental agreements—is open for discussion.

> BY ED WINN III

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## Creating print ads that work

Learn how to make your advertising survive and entice consumers to do business in your store(s). Some quick tips on how to make your print advertising more effective, along with checklists and sample ads that work and don't work.

> BY SID DAVIS

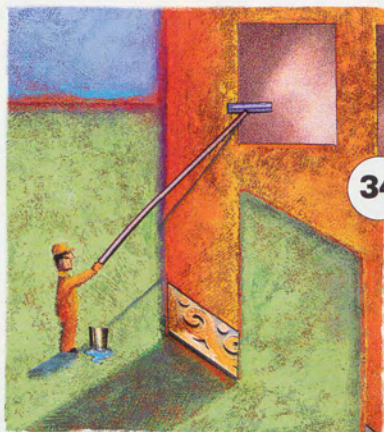


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## Are we there yet?

It's been nearly eight years since APRO members first mentioned the words "public relations." Where does rent-to-own stand today in its search for greater public acceptance? Has the industry really made any progress? The answers may surprise you.

> BY RICHARD MAY



ALETIA ST. ROMAN

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## APROfile: National TV Sales & Rental

Find out how sound business principles contribute to the success of a family business where almost 20 percent of its 60 employees are related. A combination of fresh inventory, centralized buying and a heavy emphasis on training make the Windsor family business a solid one.

> BY THOMAS G. DOLAN



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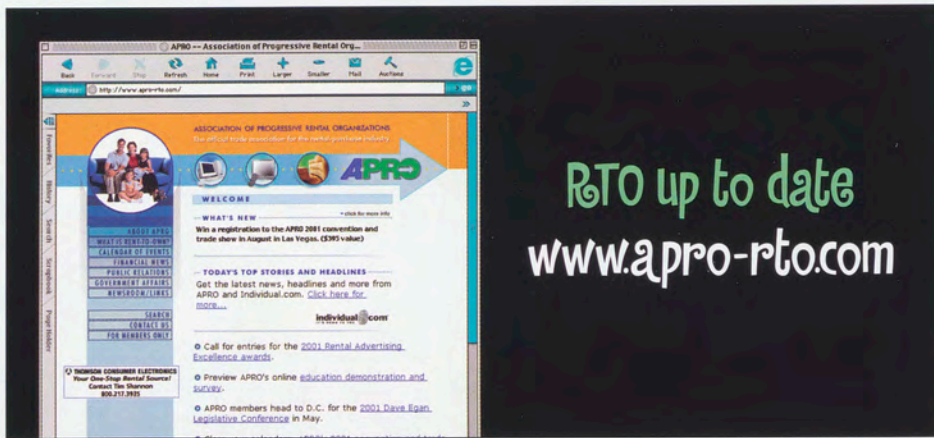
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COVER ILLUSTRATION BY CHUCK RANCORN



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ColorTyme, Inc. ranked 8<sup>th</sup> in Success Magazine's Gold 100 for 1999 and is a subsidiary of Rent-A-Center, Inc (Nasdaq: RCL). Check out our website at [www.colortyme.com](http://www.colortyme.com).

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ORGANIZATIONS

**EDITOR**

Julie Stephen Sherrier

**ART DIRECTOR**

Neil Ferguson

**DIRECTOR OF MARKETING**

[ADVERTISING]

Cindy Ferguson

**EXECUTIVE EDITOR**

Ed Winn III

**EXECUTIVE DIRECTOR**

Bill Keese

**COLUMNISTS**

"Tiger" John Cleek, Bill Keese,  
Gary McDougal and Ed Winn III

**CONTRIBUTORS**

Sid Davis, Thomas G. Dolan,  
Richard May and Ed Winn III

**DIRECTOR OF CIRCULATION**

Laurie Hill

**EDITORIAL/ADVERTISING OFFICES**

1504 Robin Hood Trail  
Austin, Texas 78703  
512/794-0095; fax 512/794-0097  
E-mail [jsherrier@apro-rto.com](mailto:jsherrier@apro-rto.com)  
[www.apro-rto.com](http://www.apro-rto.com)

**APRO OFFICERS AND DIRECTORS**

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**FIRST VICE PRESIDENT**

Ronald DeMoss

**SECOND VICE PRESIDENT**

Gary Romine

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Mamie Harper

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Larry Carrico, David P. David,  
Brad Denison, Gary Ferriman,  
Lyn Leach, Ernie Lewallen, Kim L. Slatton,  
James Strong, Shannon Strunk, Michael  
Viveiros, Al Zagorniak and Amy Zeller

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# news

**B R E A K**

COMPILED BY  
JULIE SHERRIER

## Is fairer reporting on the rise?

**T**he rental-purchase industry is certainly due some fair, unbiased reporting after suffering years of inaccurate and sensationalistic articles. Perhaps it is time to do some celebrating. APRO contracts with Burrelle's Information Services, a clipping service that searches daily newspapers countrywide for articles about rent-to-own. In February 2000, two newspaper articles were printed that actually gave the industry a fair shake.

"Rent-to-own stores are a multitude of things to consumers. Yet, misconceptions are prevalent in the industry, says managers and an owner of three local rent-to-own stores," began a February 20 article in *The Skagit County Herald* in Washington state. Washington rental dealers Don Cummins of Budget Rent-To-Own, Don Hylton of Quality Rentals and Steve Thorsen of Rent-A-Center were interviewed for the piece.

What was unusual about this story was that the reporter actually presented facts about the industry and the transaction as opposed to trying to lure in readers with biased reporting. It's another option, said Cummins. "...no credit checks, no down payments, no interest rates and no long-term obligations," wrote the reporter.

On the other side of the country, an article appeared in the *Scranton Times* (Pennsylvania) on February





## Rental dealers planning for Paris

**P**aris—Las Vegas, that is. The Paris Resort is the host hotel for the 2001 APRO convention and trade show, scheduled to be held August 6–9. “APRO in Paris” will feature four exciting days of seminars, networking, entertainment and camaraderie.

The Paris Resort is the newest addition to the Las Vegas Strip. It is designed to bring the spirit, excitement and *savoir faire* of Paris, France, to Las Vegas, including a 50-story replica of the Eiffel Tower. Complete with an 85,000-square-foot casino, guests are invited to take in famous French landmarks such as the Arc de Triomphe and Hotel de Ville, as well as facades of the Paris Opera House and The Louvre.

The agenda for the 2001 APRO convention will feature many industry-savvy speakers with direct experience in the rental-purchase industry, addressing issues such as online education, the new work environment, human resource issues, customer service, as well as dealer roundtables. Employee Day, which was introduced last year, will also be offered again this year. And, as always, social events galore, including special theme parties and a golf tournament.

Stay tuned for more information in the next issue of *Progressive Rentals* and on the APRO Web site at [www.apro-rto.com/](http://www.apro-rto.com/).

24 that began, “They [rent-to-own customers] range from the ‘credit challenged’ to military personnel to the affluent.” The article interviewed Brad Denison of Rent-A-Center and APRO. The piece covered all the positive reasons why people rent to own, as well as mentioning the Federal Trade Commission’s favorable report on the industry and how the transaction works.

Denison gave rather a matter-of-fact rundown of how rent-to-own works, what customers can expect and the laws addressing the transaction. “We deliver to your house, set it up, walk you through how to use it for no additional charge... At the end of the week, you can call and say ‘I don’t want it anymore’ and we come and pick it up and there is no charge for that,” said Denison in the article.

While these types of stories may not sell more newspapers, they at least portray the industry in a much more favorable light. To find out how the industry’s efforts at improving its image are faring, check out “Are We There Yet” on page 34.

## Progressive Furniture adds Eagan to team

Pete Eagan has filled the shoes of Larry Resnick as senior vice president of sales at Pro-

2001

## MAY

9-10  
 APRO 2001 Legislative  
 Conference, Washington, D.C.,  
 800/204-2776,  
 www.apro-rto.com

22-23  
 Arkansas Rental Dealers  
 Association meeting, Little  
 Rock, 573/442-2963

## JUNE

13-16  
 TRIB Group Convention,  
 New Orleans Hilton,  
 770/451-4302,  
 www.tribgroup.com

## JULY

16-18  
 Midwest Rental Dealers  
 Association Convention,  
 Adams Mark, Indianapolis, IN,  
 765/477-6000, ext. 304

20-24  
 San Francisco Furniture Mart,  
 514/552-2311

## AUGUST

6-9  
 APRO 2001 Convention,  
 Paris Resort, Las Vegas,  
 800/204-2776,  
 www.apro-rto.com

16-19  
 Tupelo Furniture Market,  
 662/844-1473

## SEPTEMBER

18-19  
 Missouri Rental Dealers  
 Association meeting,  
 Osage Beach  
 573/442-2963

gressive Furniture. Former president of Lifestyle Enterprises importers and president of Hyundai, Eagan has held positions with Cal-Style, Universal, Futorian and Bassett.

Resnick was promoted to a newly created position, senior vice president of strategic sales and marketing. He continues to have responsibility for sales initiatives in the rent-to-own market.

## ColorTyme awards new agency with biz

In an effort to bring a more cohesive brand identity to ColorTyme, the 350-store franchised chain based in Plano, TX, has consolidated its advertising with Gleason/Calise/Associates in Dallas.

"In the past, we parceled out assignments from agency to agency with mixed results," says Lisa Meissner, client director of marketing. "Gleason/Calise can be a true marketing partner by servicing all of our needs in one location."

The business is estimated at \$3 million to \$5 million.

The new agency is likely to build upon ColorTyme's current tagline of "outrageous service." "That's really the mission of the company—'outrageous service.' Clearly we see it as an opportunity to leverage on a go-forward



## RTO federal bill now HR 1545

**F**ederal legislation to regulate the rental-purchase transaction that is supported by the industry has a new name: HR 1545. Rep. Walter Jones (R-NC) and Rep. James Maloney (D-Conn.) are the bill's co-authors. More co-sponsors are expected to sign on to HR 1545 during the 2001 APRO Dave Egan Legislative Conference May 9-10, when more than 100 rental dealers from across the country descend upon Washington, D.C. to talk to their elected officials.

HR 1545 is almost identical to the Jones bill from two years ago, but has been rewritten in language similar to that crafted in the rental-purchase statutes that have been adopted by 47 state legislatures. As of this writing, the bill is currently in the drafting process and has not been officially introduced and assigned to any committees. It is anticipated that HR 1545 will be assigned to the House Financial Services Committee, chaired by Ohio Congressman Mike Oxley.

"We continue to seek regulatory language that is consumer-friendly and informs customers of their rights when it comes to rental-purchase," says APRO Executive Director Bill Keese. "Our goal is to secure a majority of the House Financial Services Committee as bill co-sponsors and to ask for a public hearing and bill markup later this year."



## APRO gauges the rent-to-own work force

**S**outhwest Airlines values its employees more than their customers and claims that's the reason the company is No. 1 in customer service within the airline industry. It costs a company \$15,000 every time an employee is lost. It takes 20 percent of your employees to be dissatisfied to kill a company. Employees are your company. So what's the status of RTO employees? Are they satisfied? Are they paid well enough? Trained well enough?

To answer these questions, APRO commissioned America's Research Group to gauge the satisfaction level of the rental-purchase work force. The study was commissioned to help dealers better understand, recruit and retain good employees.

The random telephone interview of APRO member companies throughout the United States ranged from one store to 100-plus stores. Pollsters interviewed employees at the store level—from delivery reps to store managers—and the interview consisted of 40 questions ranging from satisfaction levels to the quality of training provided.

From the study, 54 percent of employees feel the turnover in their stores are "very high" or "quite high"—a percentage that matches how owners feel regarding the turnover of their employees as well. Rental-purchase employees work an average of less than three years for their company and the average rental-purchase employee has worked 3.6 years for the industry. Rent-to-own employees work an average of 44 hours per week.

Overall, the report, written and presented by market researcher and author, Britt Beemer, proved positive for the rent-to-own industry. Ninety-five percent of the rental-purchase work force feels appreciated at work. Seven out of 10 feel they "work as a team" and 91 percent said they have a good working relationship with

the store manager.

However, one of the significant discoveries was the difference of satisfaction levels between more established positions versus entry-level positions. Delivery people feel the least

appreciated at work and were more likely to feel that they do not have a good, trusting relationship with the corporate office. Delivery and sales people were also the most negative when asked whether rent-to-own offers their customers the best service.

**BY RICHARD MAY**

Beemer indicated that if delivery and salespeople have the most contact with customers, but are the most disenfranchised with the industry, then there is an obvious vacuum to fill. "Companies need to ensure that every employee understands his or her role, the products and the image of the company they represent. Proper training is key to preparing new employees," says Beemer.

Seventy percent of the work force learned the ropes through "on-the-job" training. Beemer indicated that according to his experience, "On the job training basically means no training."

Some of Beemer's many recommendations to the industry include focusing on training and concentrating more on entry-level employees. Overall, Beemer feels the rent-to-own industry has a good work force and, with some attention to training and pay, rent-to-own could have a great work force.

Every APRO member will receive the executive summary and recommendations being mailed out in April. Beemer will present the study at the 2001 APRO convention and trade show in Las Vegas in August.



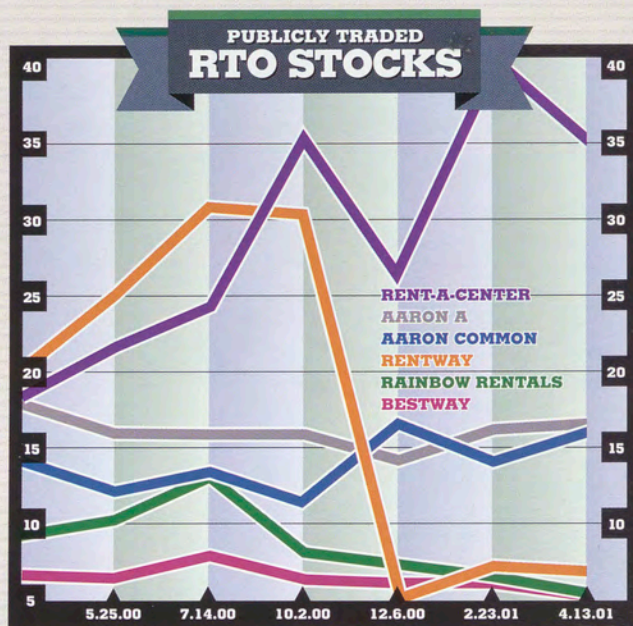
## NEWS BREAK

dors will return to Dallas for the May 6-8 event, held at the Omni Park West Hotel. The program lineup will feature notable speakers such as Dr. Lawrence Helms, who will present "Managing at the Speed of Change: Understanding Tomorrow Today," and Glenn Gelabert, who will provide "Twelve Powerful Principles," a step-by-step program to raise your employees' level of performance. In addition, APRO General Counsel Ed Winn III, APRO Executive Director Bill Keese and APRO

Government Relations Director Ron Waters will discuss legal and legislative updates.

The 18th Annual TARA Golf Classic should start the show off right and is being held at the Riverchase Golf Club of Texas on May 6. Sponsored by O'Rourke Distributing and Ashley Furniture, some of the prizes are outstanding. For example, there is a \$10,000 cash prize and/or a trip for two to the Master's Golf Tournament or round-trip airfare to Germany!

Also, TARA is contin-



uing its commitment to provide rental-purchase employee training with several valuable training sessions offered during the convention. To find

out more about the TARA convention and trade show or to get a registration form, contact Lynn Clark at TARA at 940/497-1150.

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## APRO's membership drive nears the home stretch

**M**embership in the rental-purchase national trade association is an investment all rental-purchase dealers should make. However, APRO membership currently represents only 50 percent of all rental dealers nationwide. To help boost our membership, APRO is kicking off a "Member get a member" campaign. Those members who recruit new members will be eligible to win a full registration (including a guest) to the 2001 APRO Convention and Trade Show in Las Vegas and four nights at the beautiful Paris Las Vegas resort.

The campaign runs until June 30, 2001. The grand prize of the convention registration and hotel stay for two will go to the member who recruits the most new members. To win, members must bring in a minimum of three new members. A random drawing will also be held for all members who recruit at least one new member. This winner will win a one-carat diamond heart-shaped pendant with a 14K 18-inch box chain, generously donated by Jerry Bogo Co.

If you're interested in participating in this campaign or would like marketing materials, potential member phone

numbers and/or addresses, or have any questions, call Carolyn May or Laurie Hill at APRO, 800/204-2776. The mem-

bership form below can be filled out and faxed to APRO at 512/794-0097. In order to qualify for the competition, please

include the signing-on member name in the space provided on the form ("APRO Member Sponsor").

### APRO MEMBERSHIP APPLICATION

**APRO REGULAR MEMBERSHIP IS OPEN TO THOSE WHO OFFER PRODUCTS ON A RENTAL-PURCHASE PLAN**

**REGULAR MEMBER DUES:** APRO's annual membership dues are as follows:

1-100 stores.....\$375 per store	301-1,000 stores.....\$250 per store
101-300 stores.....\$300 per store	1,001 or more stores.....\$225 per store

**OWNER INFORMATION:** A complete listing of your stores, including address, zip code and area telephone number must accompany your application and dues payment before your membership can be approved. Allow a minimum of three weeks for processing and approval.

Company name \_\_\_\_\_

DBA \_\_\_\_\_

Owner's name \_\_\_\_\_

Home office address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone [ \_\_\_\_\_ ] \_\_\_\_\_ Fax [ \_\_\_\_\_ ] \_\_\_\_\_

E-mail address \_\_\_\_\_ Web site URL \_\_\_\_\_

APRO member sponsor \_\_\_\_\_

Number of stores \_\_\_\_\_

Dues amount [number of stores x appropriate dollar amount listed above] \$ \_\_\_\_\_

I hereby make application for membership in the Association of Progressive Rental Organizations. I understand all memberships are for a term of one year, renewable annually upon the anniversary of the date of joining. I hereby acknowledge the APRO Code of Ethics and agree to uphold its principals.

Signature \_\_\_\_\_ Date \_\_\_\_\_

PLEASE MAKE CHECK PAYABLE TO APRO AND MAIL TO:



1504 Robin Hood Trail, Austin, Texas 78703  
800/204-2776, 512/794-0095, fax 512/794-0097, www.apro-rto.com

*Dues payments are deductible by members as an ordinary and business expense. Contributions or gifts to APRO are not deductible as charitable contributions for federal income tax purposes. Payment must be made in U.S. dollars. One dollar per location of due payment goes toward Progressive Rentals subscription. This amount is not refundable should you choose not to receive Progressive Rentals magazine.*

# Do you know of a first-rate customer o

**L**ast year marked the first annual Rental Employee and Customer of the Year contest. APRO was bombarded with entries sharing heartwarming stories of customers who felt like part of the family and employees who devoted their spare time helping others in

the community. The outpouring of affection between the industry's customers and employees was very evident.

To continue this camaraderie, APRO is making a call for entries for the 2001 Rental Employee and Customer of the Year contest. This is a wonderful opportunity to reward,

recognize and showcase your employees, customers and your store nationally.

If you have an employee who goes above and beyond the call of duty and who helps to perpetuate a positive image of the rental purchase industry, now is time to nominate him or her for the 2001 Rental-Purchase Employee of the Year. The Rental-Purchase Employee of the Year competition was devised to recognize an employee who serves as a role model for all rental-purchase employees nationwide.

As for that special customer, you may want to nominate him or her for the 2001 Rental-Purchase Customer of the Year. Last year, El Paso's Fiesta Rent To Own customer Maria Magdalena Estrada was honored as the 2000 Rental-Purchase Customer of the Year. Estrada wrote in her letter of application for the award that, "I rely on the employees of Fiesta Rent To Own to provide me with the quality products and service I need." Estrada is a single mother of four boys who has relied on the service and convenience of her local store for many years. "I have acquired home furnishings, appliances and electronics to create a warm and stable environment for all of my boys..." wrote Estrada.

Both the rental-purchase employee and customer will win a free trip for two to Las Vegas for the APRO 2001 convention and trade show August 6-9, including a four-night stay at the Paris Resort. Winners will also be honored in APRO publications and during the convention.

APRO is interested in finding the best stories showing how rent-to-own has helped improve the life of a customer or how the

**ENTRY FORM**

**2001 APRO RENTAL-PURCHASE EMPLOYEE/CUSTOMER OF THE YEAR**

Nomination for \_\_\_\_\_  
 Company (if applicable) \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip code \_\_\_\_\_  
 Telephone ( \_\_\_\_\_ ) \_\_\_\_\_ Fax ( \_\_\_\_\_ ) \_\_\_\_\_

E-mail \_\_\_\_\_  
 Your name, (if other than nominee) \_\_\_\_\_  
 Company (if applicable) \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip code \_\_\_\_\_  
 Daytime telephone ( \_\_\_\_\_ ) \_\_\_\_\_

This is a nomination for (check one):  
 Employee of the Year or  Customer of the Year

In 100 words or less, tell us why you think your nominee deserves to be named the 2001 Rental-Purchase Employee or Customer of the Year (attach a separate sheet if necessary):

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

I certify that the information provided is correct and true and can I can attest and stand judgment pending possible further inquiry.  
 Signature \_\_\_\_\_ Date \_\_\_\_\_

Mail this form to APRO Contest, 1504 Robin Hood Trail, Austin, TX 78703; or fax to 512/794-0095; or nominate on the APRO Web site at [www.apro-rto.com/](http://www.apro-rto.com/).

# Employee?

Industry has changed the life of an employee or how that employee has made a difference in the lives of those he or she has touched.

Here are the entry details:

1. Your store must be an APRO member to enter.

2. The nominated employee must be a full-time, store-level employee.

3. Company owners, employees or customers may make nominations. APRO encourages self-nominations as well. The company may choose to have employees or customers write their own stories and submit them to the company's home office. In addition, APRO encourages member companies to have their own contest. Your company may choose to award its own prizes and then award the winner(s) to the APRO contest.

4. Write 100 words or less why your nominee should be recognized at the "Rental-Purchase Industry's Employee of the Year" or "Rental-Purchase Industry Customer of the Year."

5. Make sure you include your name, company, address, telephone number and employee or customer name on each entry.

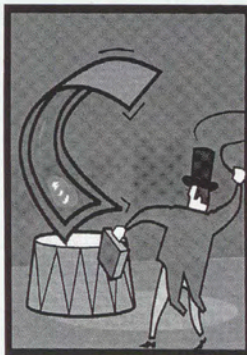
6. You may enter as many employees or customers as you like.

Entry forms can be mailed to APRO at 4 Robin Hood Trail, Austin, TX 78703, or read out on the APRO web site at [www.apro.com/](http://www.apro.com/). Deadline for submission is May 15, 2000.

1. Names and store names will be removed during the judging process. Questions? Call Shelley Martinek or Richard May at the APRO office at 800/204-2776. Winners will be contacted by June 30, 2000.

# Making Your Money Work

In today's business world, it's pretty hard to make your purchasing dollars work for you. That's why we at TRIB Group go out of our way to help our members make the most of every single dollar. We are America's largest rental industry buying group, and since 1983, we've gotten pretty good at taming the wild dollar. And now, ladies and gentlemen, kindly direct your attention to the center ring!



With lots of great volume discounts, as well as exclusive vendor rebate programs, we're able to get you the same product that you're already purchasing — for less money! In fact, you'll be amazed at how much we can simplify some of your company's business, which we know can seem like a three-ring circus.

\* Come on, come all,  
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**A**s we all know, the current state of the U.S. economy has caused some major problems for companies big and small. Slowdowns in home building, for example, affect the rental-purchase business as fewer consumers look to the industry to furnish their new homes. Massive layoffs also slow us down and cause rental dealers to tighten their belts. Due to the competitive nature of the industry, we have to change our advertising strategies and adjust our business plans on a continual basis. I challenge any politician to tell me that running a rent-to-own business is an easy

## When the going gets tough

way to make a living. We know, as rental dealers, that a politician's job is a heck of a lot easier than ours, especially since we have to cover a payroll and they don't!

As we protect our customer base and hold on during these tough times, we must take a closer look at our daily operations to prevent any unnecessary losses. We must also do our best to keep our employees and customers positive that these things will eventually work themselves out.

Speaking of being positive, the 2001 APRO convention and trade show is only a few months away. "APRO in Paris" is scheduled for August 6-9 at the Paris Resort in Las Vegas. Seeing as Las Vegas is a favorite venue for APRO members, it seems only natural that we all would want to check out the Strip's newest addition! The Employee Day (a half-day of seminars geared specifically toward rental store employees) will be repeated this year as last year's program was met with rave reviews. The second annual Rental Employee and Customer of the Year award will also be presented during the convention. For entry forms, please go to the APRO Web site at [www.apro-rto.com/](http://www.apro-rto.com/). The next issue of *Progressive Rentals* will feature more information on the upcoming convention and trade show. Stay tuned!

The Mid-Year Conference, held at Paradise Island in the Bahamas last month, was a huge suc-

cess. More than 70 rental dealers and vendors attended. Brit Beemer of America's Research Group presented the results of a study on RTO employees at the conference. The study was commissioned by APRO to find out how we can better meet the needs of our employees. Some interesting statistics were revealed. To find out more about the study results, turn to "PR Watch" on page 6 in this issue of *Progressive Rentals*. The study itself is available free to APRO members.

Also making a presentation at the Mid-Year Conference was The Washington Group, APRO's lobbying firm in Washington, D.C. The industry's legislative agenda was laid out before attendees. The industry has the best window of opportunity this year to press forward with its federal legislative efforts, as there are more industry-friendly representatives in Congress now than ever before. Previously, we have had to play "inside baseball" where the rental-purchase industry language was part and parcel of other, more comprehensive bills.

APRO is in the process of re-energizing its grassroots efforts to heighten awareness of industry issues before Congress and before the public. We want our customers to help us tell our story, as well as form coalitions with other organizations with similar goals, like music rental dealers. Overall, I think we have the best and most organized plan to achieve the results we have all been working toward. I commend The Washington Group for leading us in the right direction. ■

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

**"As we protect our customer base and hold on during these tough times, we must take a closer look at our daily operations so as to prevent any unnecessary losses."**



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



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One day not too long ago as I was working at my desk when several APRO members started calling into the office telling me of a story on the Internet about rent-to-own. This was one of those typical negative stories that inaccurately tried to describe our industry. We haven't seen this kind of story in several years.

After carefully examining the article, the issue that disturbed me the most was the writer's alleged conversation with an unnamed rental store employee. The writer asked the store manager about the high interest charged by rent-to-

statement to the press or even to his or her own family members. We simply must do a better job of training our employees if this industry is to thrive.

I hope everyone takes this issue to heart. Just one uninformed rental employee has the ability to cast a serious doubt about the facts of rent-to-own if a member of the media finds him or her.

Most multi-store rental dealers tell their store employees to refer all press calls to the home office. This is a good policy that, when in place, must be enforced. Reporters, however, are under no legal or ethical obligation to reveal that he or she is indeed a reporter. For

the past 30 years, with Watergate as the benchmark, journalism students have been taught the "gotcha" style of reporting.

It makes no difference to a reporter if he or she uncovers one rental employee out of thousands who doesn't understand there is no interest in the rental transaction. It makes no difference that the industry has always maintained this position or that 40-plus state laws are in harmony with this position. You can bet the story will highlight the uninformed position.

It is a simple matter to incorporate in all training materials that the rent-to-own transaction is a lease, not a sale and that a customer is never charged interest. It is much more difficult to ensure that all rental employees always acknowledge this to everyone who calls or visits a store.

Whatever you do this year in your efforts to improve the image of rent-to-own, stress this simple fact with everyone in your company, "There is no interest in the rent-to-own transaction." ■

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

.....  
 "Just one uninformed rental employee has the ability to cast a serious doubt about the facts of rent-to-own if a member of the media finds him or her."  
 .....

## Interested in the truth?

own. The manager replied, "you will have to come in to our store and talk with a sales representative about the interest."

This—if it was an accurate quote—is simply outrageous. I would hope by now we have trained everyone in this industry to be more knowledgeable than this.

First of all, by not answering this simple question, the store manager implied there was something to hide. We don't have anything to hide. Our transaction is very straightforward. This response shouts out, "I'm not going to give you the facts, you have to come in so we can lie to you!"

Everyone in every store should know *there is no interest* in the rent-to-own transaction. There

is no debt, our customers are not borrowing money and there is no commitment to make any more than one payment in the rent-to-own transaction. As Ross Perot used to say, "It's simple!" *We charge no interest. Period!*

This response also implies we sell products in our stores. We are a rental industry that offers an ownership option.

The real aggravation about this article is that it points out we have a long way to go in properly training our employees. I know this is a difficult task given the turnover rate in the industry, but there is no excuse for anyone to make this kind of



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

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“In a good store swap, both dealers are better off after the swap than before. Both dealers have gotten out from underneath a store that is never going to work and both have boosted BOR in another store in the chain.”

**L**et's say you opened a store in a sweet little market about two years ago with the highest of hopes. At the time, you were certain you had a home run—good location, reasonable rent, carefully groomed store manager and all of the other ingredients that make up a dynamite rental store.

Two years later, you are looking at frayed carpets, chipped paint and dirty front windows. What's worse is that store is stuck at 380 BOR. You've tried free hot dogs in the parking lot on the weekends, first week giveaway specials, prizes, raffles and every other promotion you've ever

heard of. Still, you cannot get revenues over \$30,000, no matter what you do. Your store manager is discouraged—he's not getting those

big performance bonuses he had envisioned—and so are you.

The store is not really costing you money every month, but it sure isn't making you any money, either. Your fear, and it is a real one, is that eventually the store will start to go down and then things will get ugly. What is a savvy, creative rental dealer to do?

Think about a store swap. Look around at your competitors in this market and do an analysis of the competitors in all of your markets. What you are looking for is a competitor with a store like yours in some other market where you have a store. If you don't know the BOR and revenues in your competitors' stores, ask your store managers. They know, and they know with great accuracy.

You aren't necessarily looking for a perfect match. You are looking for a competitor's store that, like yours, isn't making any money.

You are looking for a store that has quit growing and for a competitor who will admit it. Dealers with new stores will still be persuaded that they have done everything right and are on the way to growing an 800 BOR store or bigger.

Then, call the competitor and offer a store swap—weak store for weak store. You move the accounts from his weak store into your good store and he takes yours. As part of the deal, you agree on a common way to count all of the accounts,

say using a percentage of remaining rental revenues, counting nothing more than 30 days past due, or some other way. Just be sure to count the same way on both sides. It won't be a perfect swap and a little money will move one way or the other at closing.

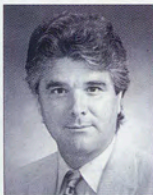
Remember, you are only swapping accounts. At the end of the day, there will be two stores where there were once four. You and your competitor will both have real estate lease, idle inventory, vehicle and people issues to deal with. But, leases can be bought out, idle inventory and trucks moved around to other stores or sold and people can be promoted or laid off.

In a good store swap, both dealers are better off after the swap than before. Both dealers have gotten out from underneath a store that is never going to work and both have boosted BOR in another store in the chain.

Store swaps won't always work. It is tough to find a good match. Some dealers won't ever admit that they have a bad store even when the store is in a slow death spiral. It is worth investigating, however. None of us likes to admit to a bad decision, but if you open enough stores, you will make some bad choices and as wise dealer once said, "No matter how many stores you've got, you've always got the bottom 20 percent." Sometimes it makes sense to swap those stores away for the promise of something better. ■

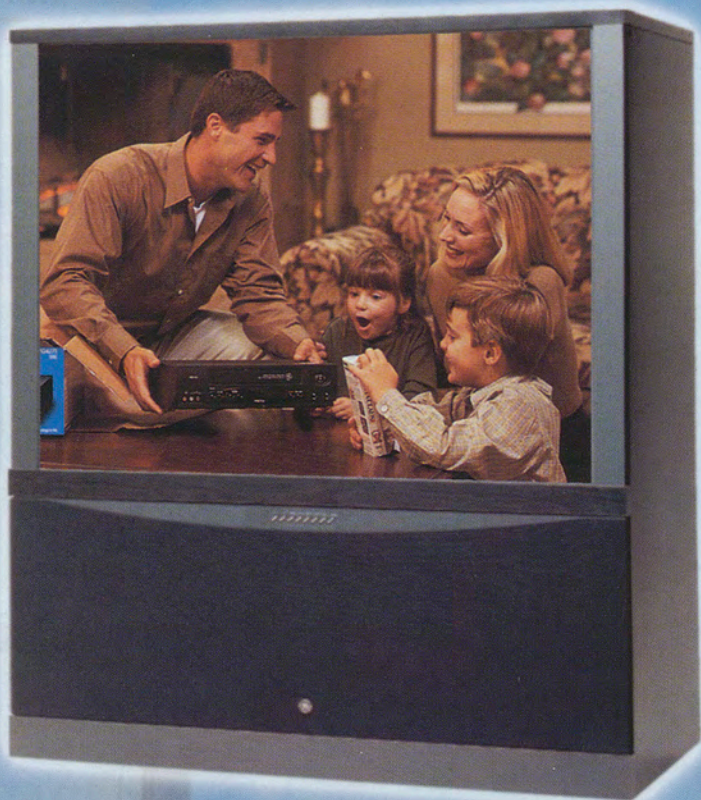
*Ed Winn's e-mail address is [edwinn@e-bylaw.com](mailto:edwinn@e-bylaw.com).*

## Store swaps



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

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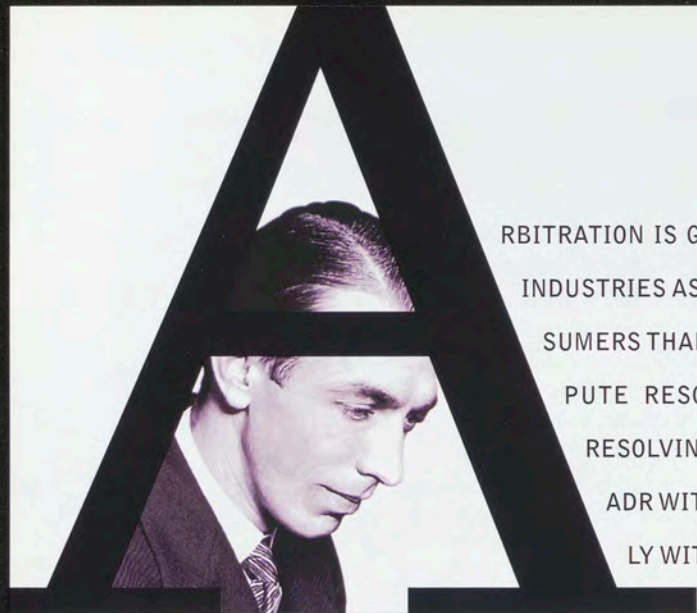
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**I**F RENTAL DEALERS CANNOT RECOVER THEIR MONEY OR THEIR PROPERTY THROUGH PATIENT PERSISTENCE, THE CHOICE FINALLY IS TO SUE THE CUSTOMER OR TAKE THE LOSS (AND MAYBE SUE THE CUSTOMER, THEN TAKE THE LOSS, ANYWAY). LIKEWISE, WHEN A CUSTOMER HAS A BEEF WITH A RENTAL COMPANY, THE CHOICE FINALLY IS TO SUE THE COMPANY OR GET OVER IT. THERE IS ANOTHER WAY: ARBITRATION.



arbitration

BY ED WINN III



ARBITRATION IS GAINING FAVOR AMONG FINANCIAL INSTITUTIONS AND OTHER RETAIL INDUSTRIES AS A CHEAPER AND QUICKER MEANS OF RESOLVING DISPUTES WITH CONSUMERS THAN LITIGATION. RENTAL DEALERS HAVE CONSIDERED ALTERNATIVE DISPUTE RESOLUTION (ADR) MECHANISMS, MEDIATION AND ARBITRATION, FOR RESOLVING DISPUTES WITH EMPLOYEES FOR SOME TIME. THE NOTION OF USING ADR WITH CONSUMERS IS FAIRLY NEW, BUT IT IS GAINING ACCEPTANCE RAPIDLY WITH BUSINESSES AND CONSUMERS ALIKE.

Last December, the U.S. Supreme Court handed down its first decision involving consumer financial services arbitration, *Green Tree Financial Corp. v. Randolph*. Some consumer advocates were hoping that the Supreme Court would limit the ability of companies to mandate arbitration in consumer transactions. But, rather than stifling consumer arbitration, the Supreme Court ruled that arbitration was appropriate in Truth-In-Lending cases. However, the Court did so with the caveat that some arbitration agreements might not be enforceable if the fees consumers have to pay in order to arbitrate were "prohibitive" and, further, that the consumer has the burden of proving the fees are excessive.

The Supreme Court could have stifled further development of the use of arbitration involving consumers, but instead, gave businesses a green light to move forward toward this mechanism for resolving disputes. The expectation is that arbitration will soon gain widespread acceptance in some industries in which consumer disputes frequently arise.

There is federal statute, the Federal Arbitration Act, which establishes a presumption in favor of arbitration as a lawful means of resolving disputes and which authorizes arbitration rulings to be enforced by the courts. A number of states have their own statutes authorizing arbitrations and establishing guidelines to insure that the process is fair and unbiased.

Over the years, both non-profit and for-profit organizations have arisen to offer arbitration services. The American Arbitration Association (AAA) is the largest and best known with written rules for different kinds of disputes and a nationwide pool of arbitrators with expertise in a variety of fields.

#### WHAT IS ARBITRATION?

In a nutshell, it is a nonjudicial mechanism for resolving disputes. It is fundamentally a matter of contract. What the parties agree to may vary widely, depending upon the parties. Arbitration may be optional or mandatory. The parties may agree by contract in advance to arbitrate in the future if a dispute arises (mandatory) or they may agree to arbitrate after a dispute actually does arise (optional). Arbitration may be binding or nonbinding. The parties may agree to abide by whatever ruling the arbitrator gives or they may reserve the right to sue no matter how the arbitrator rules.

Arbitration provides a mechanism for the disputants to choose one or more independent, unbiased arbitrators who will act as judge and jury in the dispute and who will listen to both sides and make a decision about how the matter is to be resolved. The arbitration decision may be a sentence awarding money to one party or the other or it may contain a lengthy explanation of the reasons for the decision, depending upon what the parties want and can agree to.

If the arbitration is binding, the ruling can be entered as a judgment in court and enforced with all of the powers available to the judiciary branch of the government. Discovery, when one party can examine the other side's evidence prior to the arbitration hearing, if there is one, is usually limited, and the rules of evidence and procedure are looser than they are in court. Some arbitrations are conducted entirely by telephone, others have face-to-face hearings with witnesses testifying under oath and subject to cross-examination.

Legal oversight of the process is limited. Without evidence of fraud or some fundamental unfairness in the process, e.g. a biased arbitrator, the courts will enforce arbitration decisions as rendered and there is no right of appeal.

Arbitration arose originally between merchants needing to resolve certain kinds of recurring commercial disputes without the time and expense of full-blown litigation. It has proven successful in the business world and, in recent years, has begun to enter consumer transactions, although the practice of arbitrating consumer disputes is not yet widespread.

#### WHY ARBITRATE?

Arbitration is an alternative to litigation. It is generally quicker and less expensive. For some kinds of arbitration, the disputants need not hire attorneys. Discovery is limited. Arbitration is private. Arbitration hearings are not open to the public, as are trials, nor are arbitration results generally publicized.

While the rules vary from state to state, arbitrators may not be able to award punitive damages, nor can they hear cases involving more than

one plaintiff at a time (no class-action arbitrations). Arbitrators are not as tightly bound to follow the letter of the law as are judges and juries. Instead, they are able to fashion relief based upon what they deem to be fair and just under the circumstances. Judicial review of arbitration decisions is very limited.

Initially skeptical, the judicial system today looks upon arbitration with approval. Arbitration has helped relieve case backlogs in courts. Repeat users have deemed the process fundamentally fair. The result is that arbitration continues to expand as an alternative to the courtroom.

#### WHY SOME CONSUMER ADVOCATES DON'T LIKE ARBITRATION

Agreeing to arbitrate involves giving up some constitutional rights, namely the Seventh Amendment right to a trial by jury in all civil disputes when the amount in controversy is more than \$20. Consumer advocates do not like for con-



sumers to waive any rights, certainly not constitutional rights. The standard for waiving such a right is that it must be done "knowingly, intelligently, and voluntarily."

Consumer advocates complain that mandatory arbitration clauses are often

buried in lengthy loan documents or, worse, sent in flyers from credit card companies along with the monthly statement. Consumer advocates suspect, but cannot prove, that consumers fare worse in arbitrations than they do in court.

Consumer advocates have an instinctive aversion to all terms in "contracts of adhesion," which are contracts offered by a superior party to a weaker party on a "take-it-or-leave-it" basis. Most consumer contracts, including rental-purchase agreements, could be so categorized.

If the arbitration process is a fundamentally fair one, no more so or less so than the judicial system, then consumer advocates should not care if consumer disputes are resolved by arbitrators instead of judges and juries. One might expect the same result, more or less, in either forum.

However, consumer advocates fear that repeat users of the arbitration process will learn the system better and achieve better results in it than one-time users. Of course, the same argument can be made of the judicial system. Some advocates fear that repeat users may even be able to bias the system in their favor by preferring one arbitration group or company over another with the very promise of more business in the future. Consumer advocates especially do not like consumers' inability to file class action claims or recover punitive damages in arbitration.

Finally, consumer advocates do not think that arbitration serves the ends of justice and social policy as decided by legislatures when the process resolves privately what are really public disputes.

For example, the Truth-In-Lending Act was designed to curb certain lender abuses. The Federal Reserve Board was appointed to oversee and regulate the lending industry under this Act. One way for the FRB to measure lender conduct and compliance with the law is by reviewing the litigation that arises between lenders and borrowers.

If all TIL disputes were to be resolved by arbitration, the FRB, and for that matter, Congress and state legislatures, would be deprived of a

*Arbitration has helped to relieve case backlogs in courts. Repeat users have deemed the process fundamentally fair. The result is that arbitration continues to expand as a courtroom alternative.*

valuable source of information about the nature of the debtor-creditor relationship. Consumer advocates argue that this lack of information because of arbitration risks making regulators less able to do their jobs.

The converse of all of the consumer advocate complaints, of course, is why businesses are motivated to arbitrate consumer disputes. If that is the case, one might fairly ask why the rental industry has not moved toward arbitration with the same zeal and speed as some other industries? It may be because customers do not often sue rental dealers, nor do dealers invoke the judicial system all that often to recover property. If dealers were unable to recover most property on their own without having to sue customers, the business would not work. At best, arbitration is only an alternative to litigation. If you don't litigate, you don't need to arbitrate.

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## WILL ARBITRATION WORK FOR RENTAL DEALERS?

As with most things, there are pros and cons to arbitrating consumer disputes. First, the system is untried in the rental industry and no one knows how consumers and judges will react. Initially, mandatory arbitration clauses might hurt deliveries. Consumers confronted with having to waive the right to a trial by jury in order to rent a television in one store might choose a store down the street without an arbitration clause. In any case, the arbitration clause will have to be highlighted and explained in the store; objections will have to be overcome. This in addition to explaining the basics of the rental agreement.

If rental dealers want to arbitrate, they will have to be careful not to waive rights themselves that they need to run their businesses. Many arbitration agreements require the parties to arbitrate "all claims and controversies" that may arise between them. Rental dealers will not want to arbitrate before they attempt to pick up merchandise. Dealers will need to carve out

self-help repossession and perhaps extraordinary judicial relief as well from arbitration if they resort to writs and other pre-trial judicial mechanisms for recovering property on a regular basis.

At the same time, dealers will have to be careful how they draft arbitration clauses, because the more one-sided the arbitration agreement, the greater the risk that a court will refuse to enforce it.

Rental dealers would like to be able to require consumers to arbitrate their disputes while preserving the right of rental dealers to go to court. Dealers would like to require that the arbitrator be a rental dealer. Dealers might like all arbitrations to have to occur close to the home office. Dealers would like for consumers to have to pay for the arbitration, at least if the consumer initiates the action. None of these clauses are likely to withstand judicial scrutiny, because arbitration statutes require that the arbitration process be fundamentally fair to both sides.

Courts are quite sensitive to economic and procedural barriers to arbitration. The Supreme Court just ruled that arbitration fees in consumer arbitrations can't be excessively high, without explaining how much is too much. Dealers might look at the fees for filing claims in small claims court as a guide and not require consumers to pay more than this amount to arbitrate a claim.

Because of the increasing use of arbitration in the consumer setting, a number of arbitration and consumer protection groups conferred together and issued a Consumer Due Process Protocol for arbitration. (For a copy, go to [www.adv.org/education/education/consumer\\_protocol.html](http://www.adv.org/education/education/consumer_protocol.html).) The protocol sets forth in some detail recommendations for achieving fundamental fairness in consumer arbitrations, how to provide adequate information to consumers about arbitration, how to

choose neutral arbitrators, the relationship between arbitration and small claims court and other matters.

The decision to arbitrate with consumers will be made in the rental industry, as in other industries, company by company. Some will see the benefits of cost and time savings and limited liability as far exceeding any burdens to implementing the system into their rental programs. Other companies will remain content with the status quo.

Companies wishing to pursue the matter further must be attentive to the rules that exist, which vary considerably from state to state, and the developing case law. It is not the case that a simple arbitration paragraph borrowed from another industry or other source will necessarily work for a rental company and may even have the unintended result of impeding collection efforts and costing the company money. As companies begin to experiment with consumer arbitration, APRO will attempt to keep its membership informed about how arbitrating consumer disputes is working for dealers. ■

*Ed Winn III is APRO's general counsel. His e-mail address is [edwinn@e-bylaw.com](mailto:edwinn@e-bylaw.com).*



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BY SID DAVIS

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- 3> Scan the ad or brochure, find it interesting and keep it for future action.
- 4> Scan the piece and throw it away because of lack of interest.

How do you keep your advertising from suffering the fate of options No. 1 and No. 4? You must make your ad or brochure appeal to the self-interest of the potential customer. It must zero in on a problem or need the recipient has and show him or her how to get rid of it or solve it as easy and as fast as possible.

For example, the Super Bowl is a week away and there's a customer who doesn't have the credit or cash to buy that 50-inch digital wide-screen television he would love to have to entertain his buddies in style for the big game. If you can show him how to fit low weekly payments into his budget, you'll most likely have a new customer.

The key here is to zero in on the fun he will have with his buddies watching the big screen, not the features of the television itself or the total cost. You create a good first

a nagging problem.

So, step No. 1 to creating your first line is look at your message carefully. What is the most important thing the reader can get excited about? Is it a discount this week only on your hottest item? Could it be a new appliance that will solve a real or perceived problem? Or is your store offering a

where the consumer will pick up the phone and call you or come visit your store! How do you do that? Begin by listing benefits in order of their importance to the customer. Do not, however, confuse product benefits with product features.

Benefits are what the customer derives from the product. The fea-

**USE THE WORDS YOU, YOUR OR YOURS. AVOID I, ME, WE AND OUR. BEGINNINGS LIKE: 'I WOULD LIKE TO...', 'WE AT ACME RENTAL CO....,' 'OUR SHELVES ARE OVERSTOCKED...' LAND WITH A DULL THUD! YOUR READER IS LOOKING FOR SOMETHING THAT INTERESTS HIM OR HER AND REALLY DOESN'T CARE ABOUT WHAT YOU WANT.**

special payment plan or credit terms that no one else is doing?

Write this benefit in two lines or less using the words you, your or yours. Avoid I, me, we and our. Beginnings like: I would like to..., We at Acme Rental Co...., Our shelves are overstocked... land with a dull thud!

Your reader is looking for something that interests him or her and really doesn't care about what you want.

For example, if you have special terms available for a washer/dryer combo, you might write: "Rent New Washer and Dryer...Get Dryer FREE

for 3 Months!" Since it's critical to grab the reader's attention immediately, bold type works well. Small capitals, font changes and enclosing the heading in a box also gets attention. But, using all caps in a heading often makes it harder to read.

## KEEP THE INTEREST BALL ROLLING

Once the reader's interest is piqued, you must keep building to a point

tures are the product's nuts and bolts. All too often, writers list all the features they can think of, hoping to dazzle their readers into submission, but that tactic often results in only more landfill. What your product offer will do for the customer should come first. What makes that possible comes later.

For instance, the benefits you could use in the washer/dryer combo example could be:

- No more expensive, time-consuming trips to the laundromat;
- The security of washing at home. No more late night trips;
- No more searching for quarters.

Separate benefit paragraphs with at least two spaces, as you don't want to crowd the copy. Lots of white space makes the brochure or ad easier to read. Too much copy, small type, long sentences and paragraphs discourage the reader. Short sentences and paragraphs create excitement and move the copy along.

It's also effective to use bullets such as: ★ ☆ ✱ ✦ ✓ ☞ ☜ ♥ □ or ☺ to set off paragraphs. This creates visual interest and lets the reader quickly

**It's so easy!**

Rent a Gateway™ computer at RentWay... **\$19.99\*** a week

Including unlimited Gateway.net® Internet access!

It's the fast and simple way to get connected.

RENTWAY  
The Right Way. Right Now.

impression by appealing to the self-interest of the customer up front.

## CREATE IMMEDIATE ATTENTION

The first line is the most important part of your ad, brochure or flyer. It must catch the reader's attention by appealing boldly to something they are interested in, something they want to have in their home or how to solve

1

consider this...  
more service  
more options  
no debt!

It's **Better**  
to **RENT**

4 piece bedroom \$199  
3 piece sectional \$199  
52" big screen

12<sup>to</sup>Own **RENT ONE**

2

**2001** Sale & Lease-out  
a sale odyssey

5 Piece Dining \$1499

Get All Three Rooms of Furniture for only **\$2995**

4 Piece Bedroom \$1499

50% off Your First Payment **COUPON**

Get It Today! **NATIONAL** Rent-to-Own

3

Save **BIG** with our **Lowest Rates Ever!**

**HOTPOINT** GE Washer & Dryer \$1499

GE Refrigerator \$1499

Worry-Free Changing The Way America Saves!

RENT-WAY

4

BestWay \*\*\* \$50.00 \*\*\*

11/14 & 00/100

Dear Sirs,

This is the opportunity you've been waiting for...  
The \$50 Check in your opportunity to stop waiting and start enjoying the benefits of quality convenience and selection at Best Way! Don't find everything for your home from elsewhere to check, turn elsewhere to be disappointed, plus items brands you can trust.

With this \$50 Check, you'll get \$50 off your first monthly rental payment on any item in the store! It's an opportunity you can't afford to miss!

It's always easy to get what you want at Best Way, call or stop by today!

Sincerely,  
Richard S. Pines, President

ASHLEY  
RCA  
JVC  
Gibson

BestWay  
RENT • TO • OWN

Ad No. 1 appeals to the attractiveness of renting vs. owning. Ad No. 2 offers a 50 percent off coupon. Ad No. 3 is less cluttered and focuses directly on household appliances at low prices. Ad No. 4 attracts attention right away with the sample check, brand logos and short and simple text.

pick up the important points. Try different bullets to get the right look for the impression you want to create.

Other attention-getting devices are boxes that enclose important points or related graphics and photos. Pull-quotes are also an attention-getter that can be used successfully. You see these boxes in newsmagazines sitting in the page of text enclosing a pertinent quote in a larger typeface. *USA Today* is a master at using pull-quotes to capture the attention of quick scanning readers. Likewise, you can use this powerful tool to emphasize important points.

Perry VanSchelt, a graphic designer with many years of sales savvy, says, "My first choice for boxes or graphics would be to place them in the center and slightly high on the page. The

human eye is drawn to the center of the page the way you would notice a picture centered on a wall with patterned wallpaper. The purpose of layout and graphic devices is to get attention and leave the reader with a good impression about you. Too many people get carried away with the devices and forget that they are supposed to support the sales message."

VanSchelt also suggests experimenting until the layout looks right to you. If you feel the overall impression is good, then chances are your reader will also. Surrounding important points with white space or enclosing them in a box would make it hard to miss. The reader should be able to grasp the important points of your offer from just your headings and pull-quotes.

Pull-quotes can be enclosed with a single line, thick line or shadow box and fonts can be changed to a point size or two larger than surrounding text. Also, a graphic or photo with text works well. Try different combinations to get the look that fits your offer.

#### HOW LONG IS TOO LONG?

Contrary to popular dogma, one-page flyers, letters and brochures are not necessarily better. Many successful mailers are two or more pages. Look at the promotional mail you get from successful companies. Their material often runs from three to five pages.

Daniel Kennedy in his book, *The Ultimate Sales Letter*, writes, "In some cases, we have started a campaign

## CHECKLIST FOR CRAFTING EFFECTIVE PRINT ADVERTISING

- Does the lead sentence contain your most important benefit?
- Do you use pronouns you, your, yours and avoid I, me, our, we, etc.?
- Is your message easy to read with generous amounts of white space?
- Have you used graphics or bullets to make your benefits stand out?
- Are there photos or graphics you can use to create interest?
- Can you use boxes or pull-quotes to make sure important points are remembered?
- Have you included testimonials, lists of satisfied users or guarantees?
- If you're doing a mailer, the return address on the envelope should be from an individual rather than a company. You don't want your mailer prejudged and trashed unopened.
- Can you follow up on your mailing within 48 hours by phone, e-mail or fax?
- Do you know what your competitors are doing and therefore planned something different?

with a one- or two-page letter and got encouraging results; added a page or two and got better results; then added another page or two and got even better results!”

The best length is the length it takes to present your message to your particular audience. If you can do it with one page, great. But, if your offer is good enough to get your readers

problem. It's important not to get locked into the mindset that only half or one-page flyers work and you shouldn't go longer.

#### EFFECTIVE FOLLOW-UP INCREASES RESULTS

**A**bout 80 percent of your recipients are not going to be interested or

**THE BEST LENGTH IS THE LENGTH IT TAKES TO PRESENT YOUR MESSAGE TO YOUR PARTICULAR AUDIENCE. IF YOU CAN DO IT WITH ONE PAGE, GREAT. BUT, IF YOUR OFFER IS GOOD ENOUGH TO GET YOUR READERS INTERESTED, THEY'LL READ THREE OR FOUR PAGES TO SEE IF YOU CAN SOLVE THEIR PROBLEM.**

interested, they'll read three or four pages to see if you can solve their

#### WHAT'S THE PROBLEM?

CAN YOU SPOT WHY THIS AD DOESN'T WORK?

- Is there a compelling reason to visit this store rather than the competition?
- Does the ad offer an inducement to sign up today?
- Does the ad appeal to a specific need or want and show the customer how to get it?
- Does the ad offer something no other store is offering?

motivated enough to pursue your offer no matter how good it is. Most of the remaining 20 percent will set your flyer aside with the intention of following through, but won't ever get to it.

To get this 20 percent to act, you need to follow up within a day or two from when the prospect gets the flyer or ad. As a rule, effectiveness falls off about 30 percent per day after that. So, after three days your message is a rapidly fading memory.

So, if you're sending out a mailer and can follow up with a phone call or additional mailer within a few days, your results should increase.

It's important to remember that consistent follow-up equals a consistent flow of customers which equals a constant cash flow—and that's what effective ads and flyers are all about! ■

*Sid Davis is a free-lance writer.*

**JEFF SMITH'S**  
Ohio's Largest Selection of Rent-to-Own

**FURNITURE**     **APPLIANCES**

1st Week FREE Rent on anything!  
See Store For Details  
90 Days Same As Cash  
\*call today for details

**Now Offering Rent To Own**

36Wk & UP  
25 Different Styles

18Wk & UP  
15 Different Models

36Wk & UP  
10 Styles

LOS Precision  
Perk Aquatic Park  
Camping

18Wk & UP  
7 Different Sizes

60Wk & UP  
50 Styles

1234 Fifth Street  
555-1234  
5678 Ninth Street  
555-2776  
MON-SAT 10-8

## JUST HOW GOOD ARE YOUR ADS?

**O**ver the years, APRO has come to recognize the vast approaches in advertising through its annual Rental Advertising Excellence award program. Everyone has their own style and their own ideas, but not everyone has access to their own advertising agency to put their work into progress.

This year you have the opportunity to compete with your peers—rental dealers who develop their advertising in the same manner that you do. While we kept the same advertising categories, we did change the manner in which your ads will be judged.

Beginning this year, RTO dealers working with ad agencies will be judged separately from RTO dealers who produce their ads in-house. It's that simple. All you have to do is indicate on the entry form in which category you wish to be judged.

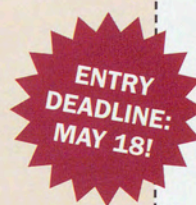
Fees are \$50 per entry for non-APRO members and \$25 per entry for APRO members. All entries must have been created and used between May 1, 2000 and April 30, 2001. Only ads written in English will be judged.

All winning entries will be displayed at the 2001 APRO convention, scheduled for August 6-9 in Las Vegas, Nevada, at the Paris Resort. Print winners will be professionally matted, while television/radio spots will be available on VHS. Winners will be responsible for shipping their displays home from convention.

All entries must be received by 5 p.m., May 18, at the APRO office in Austin. Entry forms can also be downloaded from the APRO Web site at [www.apro-rto.com/](http://www.apro-rto.com/).

Send your entries to: APRO, 1504 Robin Hood Trail, Austin, TX 78703. For more information, contact Laurie Hill at 512/794-0095; fax 512/794-0097.

# 2001 RAE AWARDS ENTRY FORM



PLEASE CHECK ONE:  IN-HOUSE CATEGORY  AD AGENCY CATEGORY

## PARTICIPANT INFORMATION

Owner/president \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Business telephone ( \_\_\_\_\_ ) \_\_\_\_\_  
Signature \_\_\_\_\_ E-mail address \_\_\_\_\_

## ADVERTISING AGENCY (Entering this information automatically enters you in the advertising agency category.)

Contact \_\_\_\_\_  
Agency \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone ( \_\_\_\_\_ ) \_\_\_\_\_ E-mail address \_\_\_\_\_

- Print.** Submit two tear sheets or samples of advertising. Do not send photocopies or original artwork.
- Radio.** Submit entries on audio cassettes. Only one entry per cassette.
- Television.** Submit entries on half-inch VHS videotape. Only one entry per tape.
- Outdoor.** Submit a 5x7 or larger color photograph of entry.
- Ad specialties.** If possible, submit the actual product. Otherwise, send a 5x7 color photograph.
- Community relations.** Submit video footage, news articles and/or photos, along with a description of the program and its impact.

## CATEGORIES

### Print materials

- 1-A Brochure or free-standing insert, one page, front and back
- 1-B Catalog/brochure, four pages or more
- 1-C In-store point-of-rent signs, posters and/or banners
- 1-D Other—door hangers, coupons, contests, etc.

### Direct marketing

- 2-A Order solicitation/direct-mail pieces or campaign designed to produce a direct response

### Newspaper

- 3-A Black-and-white, half-page or more
- 3-B Color, half-page or more

### Radio

- 4-A 30-second spot
- 4-B 60-second spot

### Television

- 5-A Spent less than \$1,000 to produce
- 5-B Spent more than \$1,000 to produce

### Specialty items advertising

- 6-A Specialty item/giveaway as a referral item, bonus gift with rentals, etc.

### Billboard/outdoor

- 7-A Outdoor billboard, any size

### Campaign

- 8-A Creative campaign design, more than 30 days but less than 90 days; single-themed campaign using print, television and/or radio; designed to get a direct response.

### Community relations program

- 9-A Food drive, donations, volunteering at homeless shelters, Toys for Tots, etc.

### Store display/layout

- 10-A Spatial relationships, lighting, complimentary accessories. Please include photographs or videos showing off your unique store.

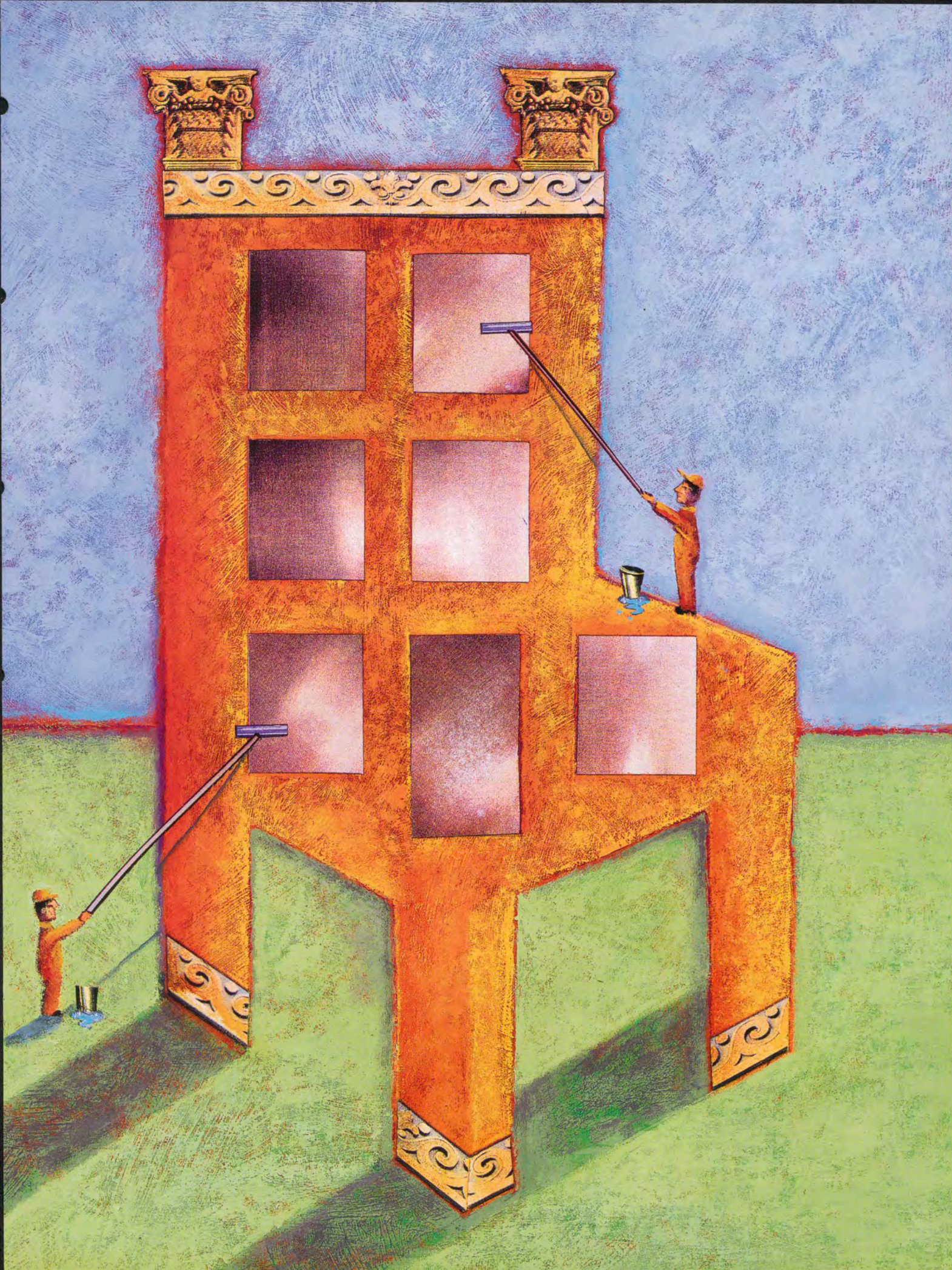
**SEND ENTRIES AND COMPLETED FORMS TO:  
APRO, 1504 ROBIN HOOD TRAIL, AUSTIN, TX 78703**

# Are we There Yet?

A PROGRESS REPORT:  
IMPROVING THE INDUSTRY'S IMAGE

BY RICHARD MAY

It's been nearly eight years since members of the Association of Progressive Rental Organizations first mentioned the words "public relations." Where does rent-to-own stand today in its search for greater public acceptance?



**O**N MARCH 31, 1993, CONGRESSMAN JOE KENNEDY JR. turned to APRO executive director Bill Keese and told him, "you boys have an image problem." It was then that APRO's public relations program was born. After an excruciating hearing where U.S. Representatives tossed out accusations and recounted horror stories of rent-to-own, APRO hired its first public relations firm. The firm was charged with trying to stop rent-to-own bashing and teach the Association the fundamentals and importance of proactive public relations. Now, eight years later, can we measure our public relations progress? Does the industry relate better to the public? Is there a greater public acceptance? How do we know?

#### THE MEDIA AND RTO

LET'S BEGIN WITH the area that has had the most impact on the industry's public image: the media. From 1993 to 1996, the industry averaged 1,200 negative news stories per year. The Association knows that figure because we track stories through various clipping and wire services. Beginning in 1996, negative news stories began to taper off considerably with fewer each year. In 2000, APRO received less than 100 negative news stories.

Many factors have contributed to the industry's much-improved media status. One reason is that the industry has grown substantially. The introduction of rent-to-own on Wall Street and the investment community has given much needed credibility to the industry. The rent-to-own industry continually appears in the business section of newspapers instead of the consumer sections these days and in relatively significant numbers. APRO receives an average of 10 business articles a month regarding rent-to-own.

Even the media has wised up a little. Every time reporters think they've received a hot consumer tip, they begin to do their research and quickly learn the pros and cons of rent-to-own and their fervor dissipates. The most recent arrow in our quiver has been the FTC report on rent-to-own consumer satisfaction. This report, from a government agency that tends to be very pro-consumer, declares "rent-to-own customers are satisfied with their experience with rent-to-own and the industry provides a service that meets and satisfies the demands of most of its customers."

One of the biggest factors in getting across a more positive image through the press, though, is Association members embracing media relations as a fundamental component of running their rent-to-own businesses. APRO has spent years reshaping the rent-to-own story and developing its messages, and it has worked. Members generally present themselves well and are knowledgeable about their industry. They know what to say when the

press comes calling. They pay attention to business practices that keep the industry out of the news.

One of the primary objectives of public relations was to defend the industry to the media and turn the story around. After eight years, it appears that the strategy has worked. The industry still averages 1,200 articles a year, but now the majority of them are positive or neutral largely due to APRO's media placement campaign through the North American Precis Syndicate (NAPS)—a paid media placement company.

NAPS, the APRO Web site, a media-savvy membership and a concerted media relations campaign has educated reporters and America to understand better what rent to own is and why it exists. As a consequence, rent-to-own has benefited with rent-to-own news reports that focus on store openings, stock values and participation with charities such as Habitat For Humanity International.

#### THE VALUE OF RESEARCH

ANOTHER SIGNIFICANT component of the industry's public relations campaign has been the amount and level of research APRO members have asked their Association to spend on research on image, customer satisfaction and the transaction. In the early days of public relations, the board member with the strongest opinion and best argument defined PR strategies. Today, we guide our activities through research and from a statistical base.

The first survey commissioned by APRO in 1994 was to gauge customer satisfaction within the industry. Those survey results and a follow-up study done in 1999 helped answer questions such as why the industry is successful and, more importantly, where the industry needs to improve in regards to customer satisfaction. Secondly, the study results established the industry's first statistical analysis to measure future trends and research, thereby lending more credibility to the industry and the Association.

The second study was the 1997 public perception study

gauging Americans who fit the rent-to-own demographics, but who did not rent to own. This invaluable study set the tone for a five-year public relations strategy with the lofty goal of improving the public's image of rent-to-own. The study verified some dealers' worst fears that, "negative images of rent-to-own outweigh positives 2-1."

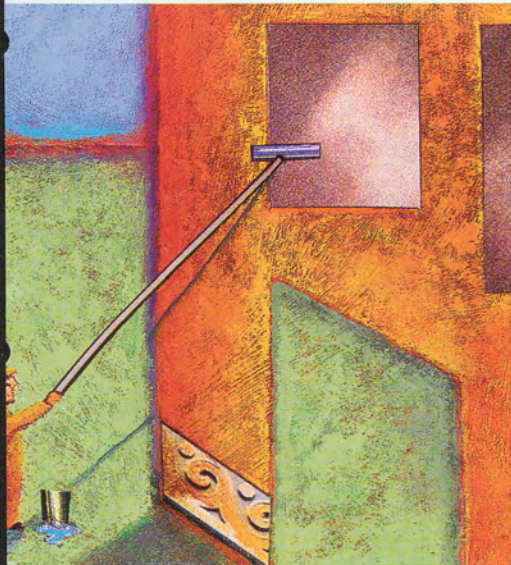
The study confirmed the assumptions of some, but surprised almost all to discover that the No. 1 source of the industry's negative perception is generated by its television advertisements. That conclusion led the industry to create a series of television and radio ads for members to either tag or customize at their own discretion. Today, APRO members can choose from 11 produced commercials and 30 minutes of footage to create their own quality television advertising spots.

Another study APRO is following is the empirical analysis of the RTO transaction measuring the worth of

became a priority for this industry, consumer groups, the media and industry advertising had already defined it. Therefore, the public relations campaign efforts centered on re-defining the rent-to-own industry, which is more difficult than creating an image from nothing.

To create more goodwill, the industry affiliated itself with Habitat For Humanity International. Associating rent-to-own with a well-known charity is a standard public relations tactic but means nothing if the commitment is not real. Now, four years into this partnership, the industry has contributed nearly \$1 million in time, money and labor with 11 state rental-purchase dealer associations and countless rental companies participating. As the commitment continues through the years, the character of the rental-purchase industry begins to create substance.

Ultimately, the industry image must originate from



**FROM 1993 TO 1996, THE INDUSTRY AVERAGED 1,200 NEGATIVE NEWS STORIES PER YEAR. THE ASSOCIATION KNOWS THAT FIGURE BECAUSE WE TRACK STORIES THROUGH VARIOUS CLIPPING AND WIRE SERVICES. BEGINNING IN 1996, NEGATIVE NEWS STORIES BEGAN TO TAPER OFF CONSIDERABLY WITH FEWER EACH YEAR. IN 2000, APRO RECEIVED LESS THAN 100 NEGATIVE NEWS STORIES.**

"no-obligation" in rental-purchase transactions. Two UMASS Finance Professors are currently pouring through an enormous database of information to draw an empirical conclusion.

A recent draft of the article by Drs. Ray Jackson and Michael Anderson states, "from a public policy standpoint, efforts to educate consumers about the 'pitfalls' of RTO are bound to be unsuccessful since these agreements provide a necessary alternative in the marketplace for those who cannot, or wisely feel they should not, secure traditional installment or credit card financing."

A series of customer satisfaction studies, a public perception study, the FTC report and an academic financial analysis of the transaction add up to enormous credibility the industry did not have eight years ago.

those who represent the industry—employees and customers. The public relations campaign has concentrated on those areas as well. Seminars, training videos, break room posters, customer pamphlets, studies, articles and customer and employee of the year contests are all a part of a greater campaign to create rent-to-own ambassadors at the store level and, hopefully, to improve employee retention.

Media relations, advertising, research, Habitat For Humanity International and an employee and customer focus encompass the framework from which the industry's public relations campaign has unfolded during the past eight years. Every APRO member and RTO dealer must acknowledge and embrace these ideas as a function of their business.

So, are we there yet? Probably not, but sometimes power comes not from reaching a particular destination, but from the journey itself. ■

*Richard May is APRO's director of public affairs. His e-mail address is [rmay@apro-rto.com](mailto:rmay@apro-rto.com).*

#### REDEFINING AN INDUSTRY

THE BIGGEST LESSON the industry learned through public relations is that if you do not define yourself, then others will. Unfortunately, however, when public relations

APR 2001



*All in the Family*

## NATIONAL TV SALES & RENTAL

# THE ULTIMATE FAMILY BUSINESS

**T**HERE ARE FAMILY BUSINESSES AND THERE ARE FAMILY BUSINESSES. And then there is the Lebanon, MO-based National TV Sales & Rental, a third-generation business in which almost 20 percent of its 60 employees are family. What makes this particular venture so successful is not simply that it is run by the family, but that it is also based on sound business principles.

National TV Sales President and CEO Mark Windsor got his start in the industry by working as an accounts manager for a rental company in Texas. He worked his way up to the point where he was managing six stores of which one was his own. But he decided he wanted to go back to his hometown of Lebanon, so he left Texas and returned to Missouri to start his business anew. This was 1986.

His wife, Executive Vice President Kathy Windsor, meanwhile, had seven years experience working as a manager for a neighborhood 7-11 store while in Texas, where, she recalls, she learned a lot about business, especially standardi-

zation of policies and procedures, employee training and customer service. "I learned how customers' eyes light up when you call them by name," she says. "People like to be recognized."

That first store opened in 1986 was the start of the family business. Since then, the family has grown and so has the business. "I wish I had known 20 years ago that I would be in this situation," says Mark. "I would have had more kids and nieces and nephews." Currently, Mark and Kathy's three children are all involved in the business, which "is a father's dream come true." Joining them are two of the Windsor's nieces (Brook and Nicole Weddle), along with their mother (Mark's sister Margaret), Rick Windsor (Mark's brother) and Kathy's mother, Eunice Jeffries, and Mark's dad, Dick Windsor.

AN A PROFILE BY THOMAS G. DOLAN

**T**HE WINDSORS NOW HAVE 13 STORES, with plans to open two more. All of the stores are in Missouri. Whenever the couple looks to open a new store, they look for a small town. "We've opened a couple of city stores, but they don't thrive as well as our small town stores," Kathy says. "The nature of our business is more suited toward small towns."

This is especially true in terms of the personal service the Windsor's offer. Personal service, of course, is important in any store, no matter where the location. But it's got a special connotation in a small town where word of mouth, good or bad, travels fast.

"We're required to respond to a customer complaint within 24 hours, to at least make contact," Kathy says. "Most of the time we take care of the problem the same day. Everything we offer is not covered by warranty, but we do our best to fix the unit, replace it with something of equal value, or provide a loaner. You won't find service like this from a Sears or Wal-Mart. But we feel it's important. If we expect customers to pay on time, we have to make sure that what we provide them is in good working order. If it breaks down, we fix it immediately."

The store offers a wide variety of payment plans to make it easy for the customer to pay on time. Kathy's favorite is the 90-day cash program in which the unit is paid for in full within 90 days. "This gives the customer a very good value, for it allows us to lower the cost of the merchandise. A lot of customers start planning their 90-day purchases right after Christmas, so that when income tax refunds come in, they have the money. They also have the satisfaction of owning the product."

The plan also helps the store, Kathy says, because there are more products sold and a faster turnaround, requiring less maintenance. This is especially true of more inexpensive products. "Renting something for \$2 a week for 52 weeks is a chore for both sides," she says. "And the customer may get tired of it."

#### AN UNCONVENTIONAL APPROACH

**K**athy doesn't want her customers to get tired of anything in her store. For

this reason, she offers a wide variety of merchandise. "There's only so many televisions or VCRs that any home can have," she says. "And, if you're in a small town, there's a limited population, so you have to keep offering something new to bring people back."

For this reason, Kathy is always on the lookout for a wide variety of odds and ends and curios, including little pub tables, "pie faces," rough pine hutches, jewelry cabinets, magazine racks and microwave stands. "We recently purchased some video games comparable to the pinball machines in the old arcades," Kathy says. "We put these out on a five-week agreement and rented 200 within a month. Bringing in new items also causes excitement with

is the \$20 referral fee.

Whenever someone brings in a new customer, at the time the customer makes the first payment on a rental, the person who made the referral gets \$20, either in cash or as a credit toward a rental. "One customer paid off his entire VCR with referrals," Kathy says. "Some hand out our business cards with their name on it to their friends and colleagues. That says something about the way we do business when our customers are willing to make those kinds of referrals."

#### A STREAMLINED OPERATION

**I**n projecting the location for a new store, the Windsor's, in addition to choosing a small town with a good market potential, also want one along their shipping route. The company purchases via a full semi-truck load. The goods are then all shipped to their 200,000-square-foot distribution center, which the company then delivers to the various stores in three trucks. "Not very many rent-to-own businesses do it this way," Kathy says. "But if you order on an individual store basis, you can wait six to eight weeks for delivery.

### THE ORIGINAL FOUR

Mark Windsor, Margaret Bauer,  
Rick Windsor and Kathy Windsor



the employees and keeps their enthusiasm up for the rest of the business."

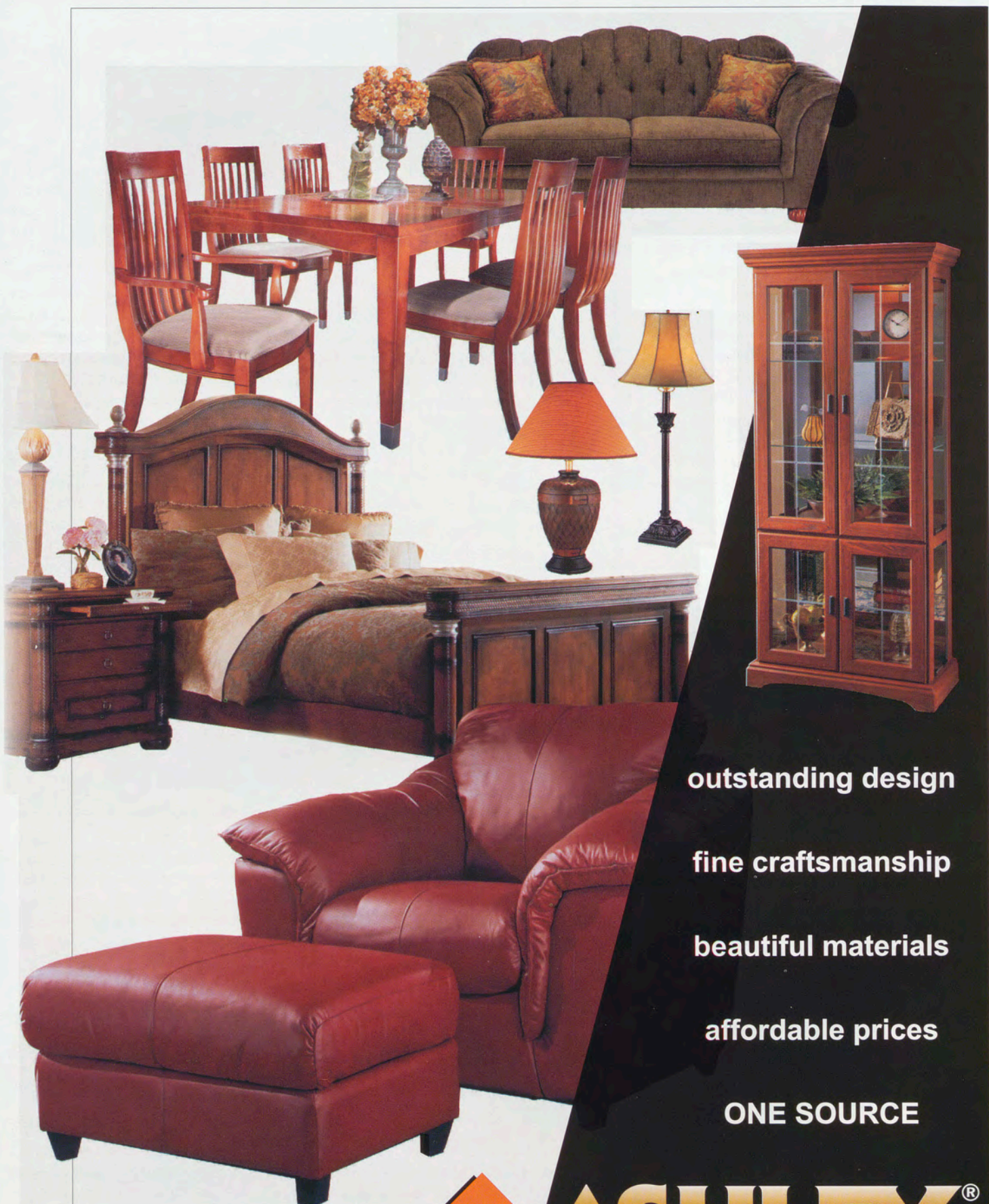
The business breaks down roughly into 30 percent of white good appliances, about 25 percent furniture, about 20 percent electronics, 10 percent computers and the rest miscellaneous.

The company does a lot of conventional advertising including extensive radio, some cable TV and four to five direct mail fliers per year. Her most effective form of advertising, however,

Inventory needs can change drastically during this time."

This way, Kathy says, the company gets price discounts through volume buying. Also, the company's trucks can easily make adjustments from store to store, picking up, say, extra refrigerators from one location to take to another that needs them right away.

"We feel we're never out of product," Kathy says. The corporate office is computerized so management knows



outstanding design

fine craftsmanship

beautiful materials

affordable prices

ONE SOURCE

[www.ashleyfurniture.com](http://www.ashleyfurniture.com)

**ASHLEY**<sup>®</sup>  
FURNITURE INDUSTRIES, INC.

exactly what is available and needed in each of the stores. "If each store did its own buying, it would take fewer employees and less planning," Kathy says. "But I wouldn't change it. For we deliver more efficiently and we always get those volume discounts."

In addition, the company has its own service departments for both appliances and electronics. If something cannot be fixed in the home or at the store level, the trucks can bring it to a central location and get the unit fixed much faster than sending it to an outside service.

Centralized buying implies a level of standardization and, in fact, standardization is the norm throughout all of the stores. "Sometimes our customers travel or move to a different town or have relatives and friends someplace else. We want them to be able to go into any of our stores and find basically the same products at the same price," Kathy says. "Account goals also are standardized and all employees wear light-colored dresses or shirts and ties. We dress for success and fully believe in that."

#### PLANTING THE PROPER ROOTS

**T**raining is also standardized. There are three basic stages. The beginning employee has three days of training in a classroom environment. Goals are established and reviewed each week. The second stage comes about six months later. It involves a formal two-day training period. This prepares the employee to be an assistant manager or assume a comparable position on the management support team.

Promotions are not automatic if there are no openings, but the employee is prepared and in line when an opportunity does present itself. The third stage of training at National TV Sales & Rentals occurs after about a year. This is called managers in-waiting. Employees learn how to handle the duties of a manager and are qualified to manage a store when the manager is absent due to vacation, sickness or other reasons. These managers in-waiting are then prepared to step into an opening for manager when it opens up.

A new program the company has been working on for nine months is

## ALL IN THE FAMILY

**N**ational TV Sales & Rental EVP Kathy Windsor, along with two younger generation members of the National TV team—Anthony Windsor and Brooke Weddle [see family tree sidebar]—discuss the family side of the business and how they make it work.

**PROGRESSIVE RENTALS: What do you think attracts younger generations to the business?**

**KATHY:** They all grew up in the business and with so many family members involved, the business naturally bleeds over into our personal lives. They have been around since the start and have seen how far we have come and together nothing is going to stop us. One of my boys was renting items in our home on a play phone when he was five years old...he even pretended to rent his sister.

**ANTHONY:** Knowing the security of the job and I already knew the business.

**BROOKE:** I grew up in the business so I was familiar with it and comfortable.

**PR: What makes your family business unique?**

**KATHY:** We all have the same goals and are not looking for another job like so many employees are today. We are here to stay. Even if you are not a family member, you pick up on the commitment and are treated like family. I think our other employees also see that everyone is treated the same and everyone has the same chances for advancement.

**ANTHONY:** We have family members working at all levels of the business.

**BROOKE:** Almost all of our immediate family works for National TV.

**PR: What is the glue that keeps you all together when friction arises?**

**ANTHONY:** Knowing that it takes the whole family working together to keep the business going and we are all committed.

**BROOKE:** Commitment.

**PR: How do you handle conflict when it arises?**

**KATHY:** Like any other business, you get the facts and proceed from there. Some members have a harder time keeping in mind it is nothing personal, that it's business. Some members bull up and get the "mother bear" syndrome that so-and-so wouldn't do that. And there are some who are harder on family members because they expect more from them and assume they always know the right things to do. Feelings get hurt. The hardest thing is remembering they are employees not family when it comes to National. But, since you know them so well personally, you sometime have insights on problems and can handle them better. You know when their personal life is affecting their performance without asking.

**ANTHONY:** Deal with it or start climbing the ladder until you get an answer.

**BROOKE:** Deal with it.

**PR: How do you assign responsibilities and titles to members of the next generation?**

**KATHY:** Everyone is treated the same at National TV whether they are relatives or not. They all go through the same training. The only difference is my kids and nieces were raised in this business so they have an advantage.

**PR: How do you view women in the rent-to-own business? What do they bring to the business?**

**KATHY:** I believe women are a great asset to rent-to-own and are one of the main reasons the business is changing for the better. As a norm, we have nurturing natures that improves relationships with customers and employees alike. We have an eye for detail, which helps in the merchandising of stores and purchasing of product. We also are less threatening in customer confirmations, which results in better customer relations.

**ANTHONY:** The customers seem to like them better, they make good account managers.

**BROOKE:** Women in rent to own are better account managers.

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## THE FAMILY BUSINESS TREE

- ✎ Mark Windsor, president, and Kathy Windsor, executive vice president, have been married for 23 years, and have three children. Mark runs the overall business, and Kathy does the buying and merchandise distribution and is head of the corporate office staff.
- ✎ Margaret Bauer (Mark's sister and mother of Brooke and Nicole) has been with the company since its beginning, and is now visual merchandising specialist.
- ✎ Rick Windsor (Mark's brother) started with the company in 1987 as an account representative and is currently manager of the Sedalia store.
- ✎ Aaron Windsor (Mark and Kathy's son), 22, has been in the business since he was 16 years old. He was recently married, and will soon graduate from college to become an account manager trainee.
- ✎ Anthony Windsor (Mark and Kathy's son), almost 20, has worked for the company for two years, and is currently in customer service at the store in Springfield, where he is also attending college.
- ✎ Michelle Windsor (Mark and Kathy's daughter), just turned 16, is a junior in high school and works part time in the Lebanon store.
- ✎ Nicole Weddle (Mark's niece and Margaret's daughter), almost 21, has been with the company under a year and is managing the Buffalo store.
- ✎ Brooke Weddle (identical twin to Nicole) has been with the company more than a year and is managing the Springfield store.
- ✎ Eunice Jeffries (Kathy's mother) has been with the company five years and is head of human resources.
- ✎ Dick Windsor (Mark's dad), an original investor, retired, still works for the company in an advisory capacity for site development.

called MIT or manager in training. Although the company has traditionally promoted from within, Kathy says, "Sometimes you need new blood or need to bring in a qualified person from the outside. Maybe someone has managed a convenience store or has college qualifications. This person is not going to start out at \$7 an hour. So this program brings an experienced person like this up to speed on the business and offers accelerated management training."

### KEEPING THAT "FAMILY" FEEL

Even though this is a family business, National TV Sales faces many of the same challenges as all rental stores, including the ongoing challenge of attracting and retaining good employees. "This industry is famous for its turnover rate," Kathy says. "The work ethic isn't there as much as it once was and people aren't as loyal. We offer a very good profit sharing and insurance plan so that they will think of themselves as a part of our family. After a year of employment, however, the turnover rate drops significantly."

Kathy goes far beyond simply offering good benefit packages to her employees. "I guess you could say Kathy is the director of warm fuzzy feelings," says Mark. "She is the one who sends out personal handwritten notes for all occasions, gives handmade receiving

blankets for all births, plans Christmas parties, cooks at company picnics and personally cooks and serves lunch to all new employees in classroom training. I take care of the nuts and bolts of the company. She takes care of the rest, including the scholarship program, community and charity affairs and playing mom where needed."

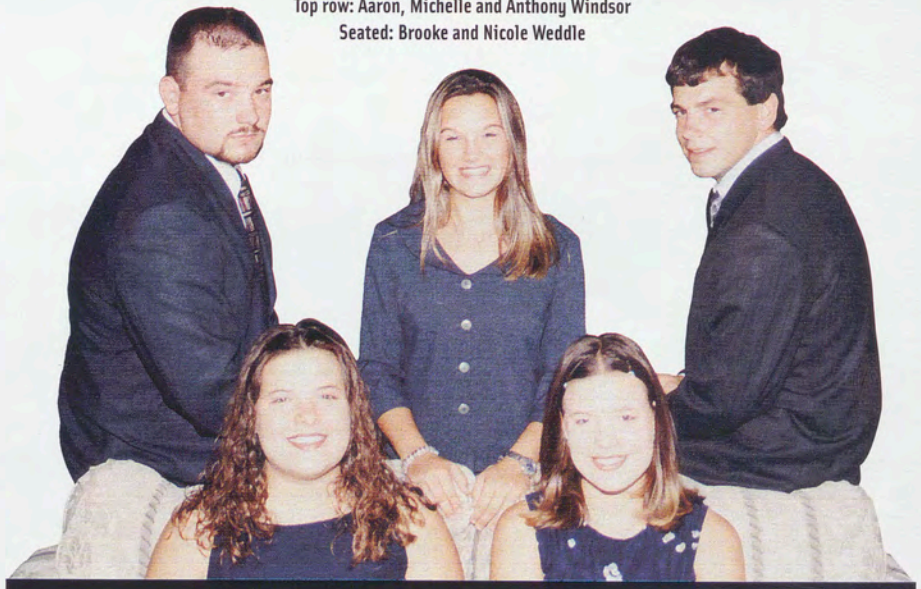
The Windsor's sense of family extends into the community as well. Scholarships of \$1,000 are offered to high school graduates in every town where the couple has a store. Mark runs a beef farm on the side and is very active in Future Farmers of America. The couple donates generously to charities and are on many church lists as resources to turn to when families are struck by tragedies such as a burned down home or domestic violence. They will gather up and donate whatever might be needed, furniture, clothing or cash. For a long time, for customers whose health was in decline, the Windsor's have provided items such as a lift chair, water heaters, log splitters, "whatever," Kathy says, "is needed."

"This business has been very good to us. We've found that if we treat people the way we would like to be treated, whatever you give eventually comes back," says Kathy. ■

*Thomas G. Dolan is a free-lance writer living in Anacortes, WA.*

## THE NEXT GENERATION

Top row: Aaron, Michelle and Anthony Windsor  
Seated: Brooke and Nicole Weddle





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"Introducing Gus" television spot—25 second award-winning concept spot with five-second local tag

"Sisters" radio ad—55-second award-winning concept spot

# Furniture and furniture accessories

The following list of furniture and furniture accessory providers cater to the rental-purchase industry. All are either APRO associate members (\*), advertisers (+) in APRO publications or APRO convention exhibitors (^).

## FURNITURE SUPPLIERS

### APA Marketing ^\*

Contact: Al Scherwin  
6725 8th St.  
Buena Park, CA 90620  
714/739-1291  
Fax 714/739-2271

### Action Lane ^

Contact: Bart Neal  
Hwy. 1455, Box 1627  
Tupelo, MS 38802-1627  
662/566-7211  
Fax 662/566-3374

### Addison Industries ^\*

Contact: Brett Whigham  
6143 Brookville Rd.  
Indianapolis, IN 46219  
317/322-7967  
Fax 317/322-7968

### Aleco Furniture Mfg. Inc. ^

Contact: Harry Diramarian  
4770 E. 50th St.  
Vernon, CA 90058-2708  
213/581-3551  
Fax 213/589-3567

### Armen Art Inc. ^

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8277 Lankershim Blvd.  
N. Hollywood, CA 91605  
818/767-6626, ext. 106  
Fax 818/767-7360

### Ashley Furniture Industries ^\*\*

Contact: Kerry Lebensburger  
1 Ashley Way  
Arcadia, WI 54612-1218  
608/323-3377  
Fax 800/274-3375

### Astro-Lounger/Davis ^\*

Contact: Thomas J. Schutte Jr.  
P.O. Box 336  
Houlka, MS 38850-0336  
662/568-3385  
Fax 662/568-3384

### Avanti International Inc. ^

Contact: Ed Goldstein  
319 Queen Anne Rd.  
Teaneck, NJ 07666  
201/801-0875  
Fax 201/801-0507

### Benchcraft Inc. ^\*\*

Contact: Dick Barrett  
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38610-0086  
662/685-4711  
Fax 800/424-1309

### Berklene Furniture Corp. \*

Contact: Kevin Thompson  
1 Berklene Dr.  
Morristown, TN 37813-5700  
423/585-1500  
Fax 423/585-4420

### Bernards Inc. ^\*

Contact: Alan Ferguson  
P.O. Box 1489  
High Point, NC 27261-1489  
800/861-6130  
Fax 800/348-6738

### Bradlin & Associates ^\*

Contact: Bob Bradlin  
924 11th St., Unit D  
Santa Monica, CA 90403  
310/395-1356  
Fax 310/395-2965

### Brooks Furniture Mfg. Inc. ^

Contact: Gene Gathagan  
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423/626-1111  
Fax 423/626-8346

### Bushline Inc. ^

Contact: Hollis Bush  
P.O. Box 527  
New Tazewell, TN 37824  
423/626-5246  
Fax 423/626-7237

### Capitol Sales Co. ^\*

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

### Coaster Co. of America ^\*

Contact: Charlie Nobile  
12928 Sandoval St.  
Santa Fe Springs, CA  
90670-4061  
562/944-7899 ext. 113  
Fax 800/221-9813

### Comfort Furniture UFI ^

Contact: Jim Tackett  
P.O. Box 308  
Okolona, MS 38860  
800/458-7212  
Fax 662/447-3663

### Dinettes Unlimited ^

Contact: Allen Goddard  
P.O. Box 696  
Haleyville, AL 35565  
205/486-9676  
Fax 205/486-9676

### Douglas Furniture of California LLC ^\*

Contact: Tom Gates  
4000 Redondo Beach Ave.  
Redondo Beach, CA 90278  
310/643-7200, ext. 212  
Fax 310/536-0626

### Dover Furniture Mfg. ^

Contact: James Sargent  
P.O. Box 167  
Arley, AL 35541-0167  
205/384-3251  
Fax 205/384-3265

### Emerald Home Furnishings \*

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3025 Pioneer Way E.  
Tacoma, WA 98443-1602  
253/922-1400  
Fax 253/922-3747

### England-Corsair ^\*

Contact: Dennis Valkanoff  
402 Old Knoxville Hwy.  
New Tazewell, TN 37825  
800/251-9125  
Fax 800/356-4518

### Essex Street Products ^

Contact: Gene Rosenberg  
433 Essex St.  
Hackensack, NJ 07601  
201/441-9500  
Fax 201/441-9399

### Fraenkel Co. ^\*

Contact: Ed Logan  
P.O. Box 88  
Olive Branch, MS 38654  
662/895-3800  
Fax 662/895-1202

### Home Line Industries ^\*

Contact: Kevin Wolfe  
141 E. Hunting Park Ave.  
Philadelphia, PA 19124  
800/523-3310  
Fax 800/648-2316

### Innovations Inc. ^

Contact: Mike Ricci  
P.O. Box 2079  
Hartford, CT 06145  
860/246-1656  
Fax 860/246-1672

### Klaussner Furniture ^\*

Contact: Steve Robbins  
405 Lewallen St.  
Asheboro, NC 27203  
336/625-6175, ext. 8494  
Fax 336/633-1766

### McKeehan Chair Co. Inc. ^

Contact: Heath McKeehan  
P.O. Box 528  
Athens, TN 37371-0528  
423/745-8843  
Fax 423/745-8589

### Michels & Co. ^

Contact: Tobe Kramer  
2828 Butler Ave.  
Lynwood, CA 90262-4006  
323/235-2828  
Fax 323/235-5784

### Pilliod Furniture Inc. ^\*

Contact: Mike France  
4620 Grandover Pkwy.  
Greensboro, NC 27407-8202  
336/315-4187  
Fax 336/315-4376

### Progressive Furniture Inc. ^\*

Contact: Larry Resnick  
P.O. Box 729, 2555 Penny Rd.  
Claremont, NC 28610-0729  
828/459-0114 ext. 206  
Fax 828/459-1232

### RES Marketing Inc. ^\*\*

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

### River Oaks Furniture ^\*

Contact: Danny Bozof  
5503 Walnut Grove Rd.  
Memphis, TN 38120-1955  
901/763-0004  
Fax 901/763-2707

### Rose Hill Furniture ^\*

Contact: George Ramel  
13005 Twin Meadows Ct.  
Creve Coeur, MO 63146  
314/542-2274  
Fax 314/542-6064

### Ross Alan Design ^

Contact: David Urbanick  
County Line Rd.  
Bean Station, TN 37708  
423/993-3433  
Fax 423/993-3438

### Simmons Co. ^\*

Contact: Curtis Beavers  
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Oklahoma City, OK 73170  
405/378-8101  
Fax 405/378-8104

### Southern Styles ^

Contact: Robert Benton  
P.O. Box 517  
Haleyville, AL 35565  
205/486-7402  
Fax 205/486-8734

### Spring Air ^\*

Contact: Dennis FitzGerald  
9350 Martins Lake Dr.  
Roswell, GA 30076  
770/552-1612  
Fax 770/552-0292

### Standard Furniture ^\*

Contact: Todd Evans  
P.O. Drawer 1089, Hwy. 31  
Bay Minette, AL 36507-1089  
800/827-7866  
Fax 800/827-7868

### Stratford International ^\*

Contact: Darrell Sigman  
1201 W. Bankhead St.  
New Albany, MS 38652  
662/534-4762

### The Relax-R Corp. ^+

Contact: Butch McCracken  
159 Catamount Dr.  
Milton, VT 05468  
800/850-2909  
Fax 800/820-9206

### The Wilder Group LLC, dba Heatherbrook ^\*\*

Contact: Matt Wilder  
P.O. Box 6130  
1665 Stamey Livestock Rd  
Sumter, SC 29150  
803/494-4468  
Fax 803/494-4470

### Ther.A.Pedic International ^

Contact: Karen Greenwald  
601 Bound Brook Rd.  
Middlesex, NJ 08846  
800/314-4433  
Fax 732/968-7568

### Vaughan-Bassett Furniture Co. Inc. ^\*\*

Contact: George Ramel  
13005 Twin Meadows Ct.  
St. Louis, MO 63146  
314/542-2274  
Fax 314/542-6064

### Welton Sound Systems USA

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11625 Columbia Ctr. Dr.,  
Ste. 100  
Dallas, TX 75229  
972/243-5602  
Fax 972/243-5958

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Fax 219/262-0545

### Carlisle Lighting ^

Contact: Herbert Kosser  
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Cunningham, KY 42035  
901/642-7581  
Fax 270/628-3590

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Fax 606/679-1845

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Palo Alto, CA 92083-8312  
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### west Tropical Inc. \*\*^

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Fax 847/679-6669

### or Dynamics Ltd. Inc. \*\*

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### A Collections Inc. \*\*

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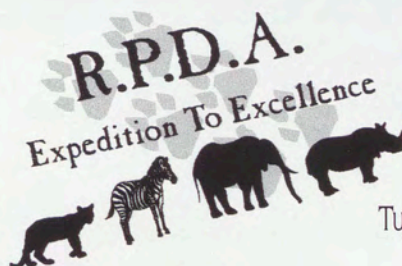
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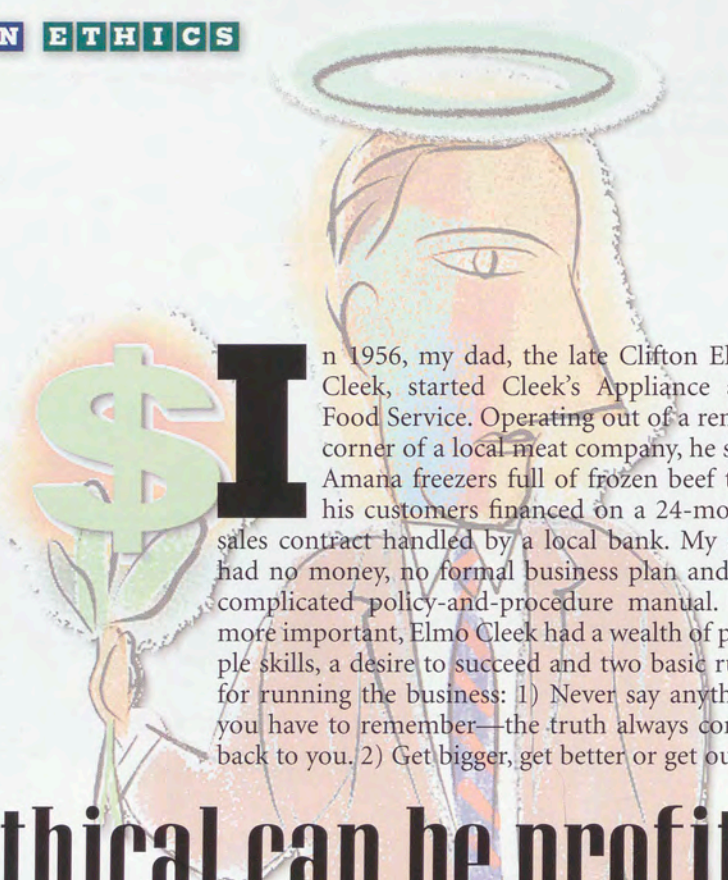
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**I**n 1956, my dad, the late Clifton Elmo Cleek, started Cleek's Appliance and Food Service. Operating out of a rented corner of a local meat company, he sold Amana freezers full of frozen beef that his customers financed on a 24-month sales contract handled by a local bank. My dad had no money, no formal business plan and no complicated policy-and-procedure manual. Far more important, Elmo Cleek had a wealth of people skills, a desire to succeed and two basic rules for running the business: 1) Never say anything you have to remember—the truth always comes back to you. 2) Get bigger, get better or get out!

## Ethical can be profitable

My dad came from a large family that was very poor. Probably because they weren't always treated with respect, he taught me the importance of treating everyone the way you want to be treated. I learned to approach every customer as a valuable asset to our business regardless of how he or she dressed or how much money they had.

Long before the APRO Code of Ethics, my ethical standards were set by the man I loved and admired the most. I have known for a long time that although I have a degree from the University of Missouri, I got an education from Elmo Cleek. My dad died in an airplane crash in 1973, three years before we got in the rent-to-own business. And now, as Cleek's has grown to seven stores, a lot has changed. We formalized our training, procedures and policy manual. But, my dad's two basic rules on running a business and his philosophy on how to treat people remain the heart and soul of our company.



By **"TIGER" JOHN CLEEK**

Like most of you, I feel an ethical obligation to provide customers with quality products and a package of benefits that makes RTO a true value. We have always had zero tolerance for threats, violence or profanity toward any customer regardless of their actions. But I did change my mind and company policies about card closes and their importance on profitability.

In 1996, I was frustrated with the roller coaster our business seemed to be riding. In the fourth quarter of every year, we would gain a ton of

accounts only to lose most of them in the first six months of the following year. Finally, I drew a line in the sand and said that from this point on, we will "get bigger and better" because we are not "getting out."

Until then, our account managers earned bonuses by getting really low card closes. As you know, the easiest way to do that is to pick up from all your good customers who are only a day or two late and hope they'll forget and come back for your next promotion. All of our incentive programs changed to reward growth only! Managers set revenue levels with the only criteria being that revenue couldn't decrease. Account management goals changed as well:

1. Grow your route with paying accounts.
2. Achieve your store's revenue goals.

3. Have less than 10 percent past due accounts and less than 6 percent past due dollars at Saturday close.

4. Accounts managers are responsible for 10 sales, assistant managers 25 sales and managers the rest of what it takes to grow.

All my employees know that if they have a situation that they aren't sure how to handle, to always err in favor of the customer and write down what was done on their exceptions report. If handled well, we share these ideas with the rest of our co-workers.

Even though our customers never have equity in rented merchandise until they own it, there comes a time when we can no longer justify repossessing it. Thus, if over 80 percent of an agreement is paid, we will not pick it up.

I did my homework before I made all of these changes and was confident they were the right and the ethical way to run our business. However, I had some anxiety about the long-term financial impact.

For the past five years, Cleek's has averaged a 15 percent per year increase in same store revenue! These major increases in a 45-year-old company are very rewarding. In 2000, Cleek's had its most profitable year ever! Our employees reap rewards as well as bonuses that are tied to growth. Being profitable has enabled us to add additional employee benefits, as they are the reason for our success. Them and adhering to the standards set by our founder back in 1956. ■

*"Tiger" John Cleek is owner/operator of Cleek's Rent To Own in Columbia, MO.*

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*We bring good things to life.*

\*Source: Louis Harris Poll-2000. GE is the appliance brand most often mentioned among the brands rated as offering the the best products and services in America.

Television is a trip.  
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Zenith is the top down.



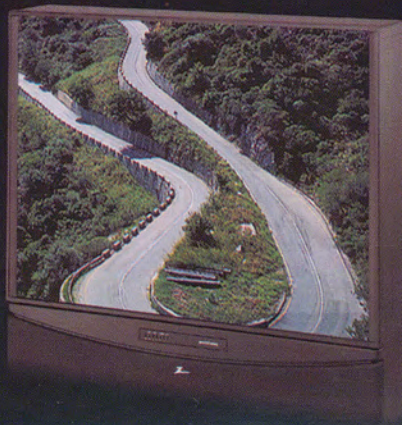
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