

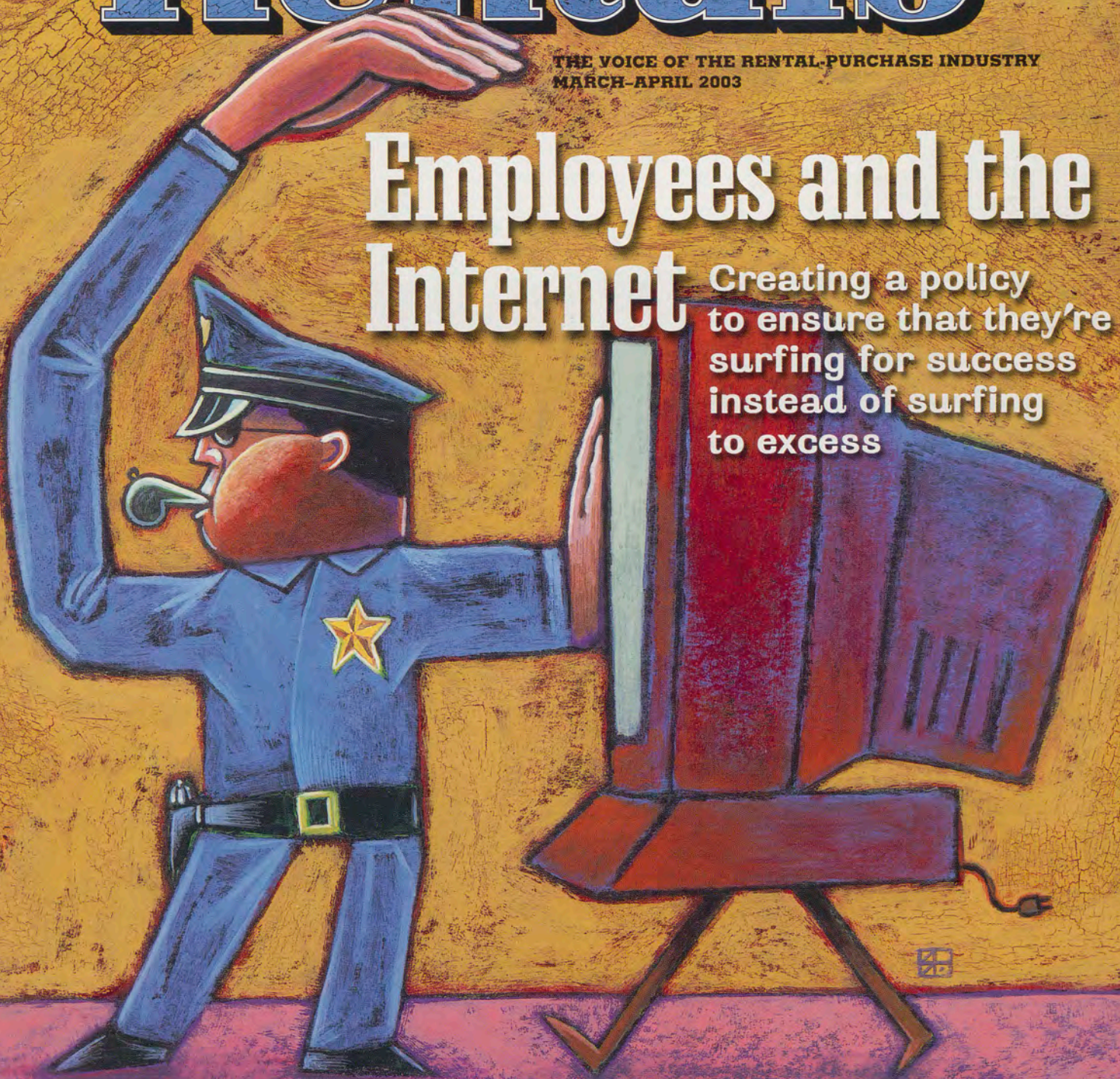
IDENTITY THEFT ★ HIGH-TECH HIRED HELP ★ A PROFILE: MORRIE AND RANDY OTANDER

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MARCH-APRIL 2003

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MARCH-APRIL 2003

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BY ED WINN III

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Identity theft today is much more than losing your wallet. You could lose your entire savings. You could get stuck paying false loans and huge credit card debt. By taking just a few simple actions, you could make it much more difficult for identity thieves to take you to the cleaners.

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When Randy and Morrie Otander opened their first rent-to-own store in Jamestown, NY, in the late 1970s, there weren't any businesses like it in the area and business boomed. Today, the Otanders run 15 stores in the Northeast and have done it all without being highly leveraged.

BY KATIE GARZA

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Association

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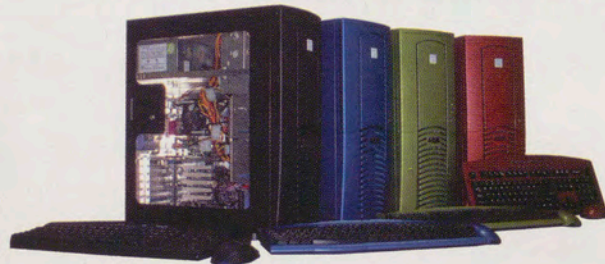
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news

B R E A K

COMPILED BY
JULIE SHERRIER

Rental dealers head for August "Show Down" in Reno

Dust off your gold pans! Gold fever is high at John Ascuaga's Nugget, site of the 2003 APRO Convention and Trade Show, August 12-15. Located in Reno, NV, this year's convention will once again combine the luxury of a first-class resort with the opportunity to network and learn from hundreds of rental-purchase dealers across the country.



of this once-a-year opportunity to learn and network with colleagues against a backdrop of exciting social activities.

Before or after the show, you may want to take a day or two to make some side trips. Lake Tahoe is just 45 minutes away and offers many summer activities. Or hang out at the hotel pool, relax with a rub-down in the spa, dance

the night away in one of the lounges or win a few dollars in the casino.

Stay tuned for more information in the next issue of *Progressive Rentals* and on the APRO Web site at www.aprovision.org/.

more information in the next issue of *Progressive Rentals* and on the APRO Web site at www.aprovision.org/.



Although it's impossible to enjoy fully all of Reno's attractions in four days, APRO has lined up a string of exciting adventures to make "APRO 2003: Riding High in Reno" an unforgettable business trip. And APRO's host hotel, John Ascuaga's Nugget, is well-

known for its beautiful accommodations, tasteful dining and resort luxury.

In addition to special events, APRO offers the most comprehensive year-in-review of the rental-purchase industry as well as projections for the future. Industry updates with the latest market research and legal issues, educational seminars led by nationally recognized experts and the annual trade show exhibiting the industry's newest products and services—these are just part

RTO Employee and RTO Customer of the Year call for entries

The search is on for the best RTO employee and RTO customer for the 2003 Rental-Purchase Employee and Rental-Purchase Customer of the Year contest. As in previous years, this contest is a wonderful vehicle that can extend beyond APRO and can be customized for your stores to find your best employee and your best

NEWS BREAK

customer.

Entrants get a chance for an all-expense paid vacation to Reno if selected as the Employee of the Year or a similar package tailored to the winner's choice if select-

ed as the Customer of Year. By participating in this year's competition, dealers will indirectly encourage their employees to stop and reflect on what they do and how they positively impact

the lives of their customers on a daily basis.

And before you send off your entry forms to APRO, you may want to select your own winners.

The Rental-Purchase Employee of the Year and

the Customer of the Year contest is not just a contest, but a rallying point around a little-known industry that is filled with human interest stories in every store in every community.

"We're putting a face and a story to the industry with this annual competition," says APRO President Gary Romine.

For the past three years, APRO has received some of the best stories around the nation on how and why rent-to-own is more than just a place where people go to lease appliances, furniture or electronics. RTO fills a unique niche in the marketplace that helps individuals become better parents, civic leaders and human beings.

Each rental

ENTRY FORM

2003 APRO Rental-Purchase Employee of the Year and Customer of the Year competition

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 2003 Rental-Purchase Employee of the Year 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 512/794-0097; or nominate on the APRO Web site at www.APROVision.org.



company may nominate as many employees and customers as they see fit. Only APRO member companies are eligible to enter the competition. Anyone can nominate an employee or customer—you can even nominate yourself. The nominees are narrowed down to five finalists in each contest and then one from each is selected by an impartial panel of judges. Entries are now being accepted. The entry deadline is June 1. To enter, just fill out the entry form at left. Feel free to make multiple copies of this form or customize your own entry form if your store is sponsoring its own contest. A blank entry form in PDF format can also be downloaded from the APRO Web site at www.APROVision.org. If you have any questions, contact Richard May at APRO at 800/204-2776, ext. 104.

Rent-A-Center to close acquired RentWay stores

Rent-A-Center announced in February that the company will close 60 percent (approximately 177 locations) of the 295 stores it acquired from RentWay.

Rent-A-Center completed the acquisition February 10 and reported that the company paid \$100.4 million in

cash, which is about 10 times the acquired stores' monthly revenue

RAC Chairman and CEO Mark Speese says that the remaining 40 percent of stores will allow the company to enter some new markets and solidify its presence in others. By consolidating the remaining 60 percent, the company can boost revenues with little increase in costs, he says.

"These stores are scat-

tered throughout the country from the West Coast to the East," Speese says. "Because of this, the added stores and consolidation won't be a strain on management."

The deal will add about \$95 million in revenue in 2003 and should add 15 cents per share to earnings, Speese says. Including only the acquired units to remain open, Rent-A-Center will have about 2,600 stores.



Rental dealers meet at Tupelo show

Rental dealers attending the 2003 Tupelo Furniture Market in February gathered at the Ashley Furniture hospitality suite on February 20. Pictured above are (standing, from left to right): Dennis Shields of TRIB Group, Harvey Whitehead, Shannon Strunk and Bob White of Baber's Leasing, "Tiger" John Cleek of Cleek's Rent-To-Own, Joe Gazzo of Buddy Bi-Rite (seated), Dan Cole of National Rent To Own, Jamie Slatton of Buddy Bi-Rite, Brian McElroy of Showplace and John Cleek Jr.; (sitting) Cynthia Baber-Strunk of Baber's Leasing, Cindy Ferguson and Shelley Martinek of APRO, Ernie Lewallen of UHR Rents, Heather Buchanan and Mike Tissot of Countryside Rentals.

Benchcraft also held a hospitality suite during the Tupelo show on February 21.

2003

APRIL

3-9
High Point Furniture Market, APRO/Progressive Furniture Hospitality 5-7 p.m., April 4, Furniture Plaza, 4th floor, 336/888-3700, www.ihfc.com

27-29
RSSS Users Group, Corpus Christi, TX, 800/334-5224, sales@rsss.com

MAY

7-10
TRIB Group Annual Meeting, Atlanta, 770/451-4302, www.tribgroup.com

20-22
APRO Legislative Conference, APRO Board meeting and Vendor Advisory Committee meeting, Washington, D.C., 800/204-2776, www.APROVision.org

JUNE

25-29
ColorTyme Convention, Biloxi, MS, 800/411-8963, www.colortyme.com

JULY

7-9
Midwest RPDA Convention, Adams Mark Hotel, Indianapolis, IN, 765/477-6000, ext. 301, www.rpda.org

18-21
San Francisco Furniture Mart, 415/552-2311, www.sfmart.com

AUGUST

12-15
APRO 2003 Convention and Trade Show: "Ridin' High in Reno," John Ascuaga's Nugget, Reno, NV, 800/204-2776, www.APROVision.org

21-24
Tupelo Furniture Market, 662/844-1473, www.tupelomarket.com



2003 Legislative Conference to push forward industry bill

The Consumer Rental Purchase Agreement Act HR 996 has replaced HR 1701—the industry-supported federal bill designed to regulate the industry while providing numerous consumer protections—and will be the focus of the 2003 APRO Legislative Conference, scheduled for May 20–22 in Washington, D.C.

With a Republican majority, featuring newly appointed Senate Banking Committee Chairman Richard Shelby (a former sponsor of the industry's Senate legislation), there is renewed excitement for the successful passage of the industry's federal legislation. Combined with the exuberant Democratic sponsor Mary Landrieu, our legislation has great bi-partisan support in the Senate. All of these elements may change the industry's focus and energy with the Senate.

The annual Dave Egan Legislative Conference is the perfect venue for the grassroots lobbying of our elected officials on the benefits of rental-purchase to consumers. With the industry's federal effort so close to passage, you cannot afford to pass up this opportunity to come on board and help see it through.

Here's a rundown of some of the highlights of this year's conference:

FIRST-TIME ATTENDEE SEMINAR 2–4 p.m., May 20

Learn what to expect and how to conduct a meeting with an elected official. Specific talking points will be covered as well as allaying any fears or concerns about how to approach an elected official's office.

OUR MESSAGE TO CONGRESS 4–5 p.m., May 20

This is an educational session on current issues facing rental-purchase dealers across the country, along with an update on the status of the industry-supported federal bill and what needs to be done to secure its passage. Enter to win one free APRO 2003 convention registration in a drawing during attendance at this session.

APRO PAC EVENT 5:30–10:30 p.m., May 21

The Odyssey cruise on the Potomac offers a combination of nautical breezes, sumptuous cuisine, monumental views and a memorable setting only a true luxury vessel can provide. After dinner, dance to the sounds of the band Chane Link. There is no registration fee for the 2003 APRO Legislative Conference. However, if you attend this special event, APRO PAC requests a minimum \$200 donation (personal checks or personal credit cards only) for each person in your party attending. *Attire:* Jackets are strongly recommended for men and cocktail attire for women.

U.S. FLAG CONTEST

The individual(s) with the highest number of meetings with his or her own members of Congress will be honored with a U.S. flag that will be flown over the nation's Capitol. This flag will be presented to the winners at the 2003 APRO Convention in Reno, NV, in August.

REGISTER TODAY!

To register or for more information, contact Laurie Hill at APRO at 800/204-2776 or 512/794-0095 or visit APRO's Web site at www.APROvision.org on the Legal Channel. For hotel reservations, contact Jurys Washington Hotel, 1500 New Hampshire Ave., NW, Washington, D.C., 20036, 800/423-6953 or 202/483-6000. The hotel deadline is April 14.

Pennsylvania amends state RTO statute

In the waning hours of the 2002 session, the Pennsylvania Legislature enacted a small but important amendment to the state rental-purchase agreement act, which was originally passed in 1996. The amendment changed a few words in the definition of a "rental-purchase agreement" to clarify that a rental-purchase agreement "shall not be construed to be...a retail installment

sale." The language that the amendment changed had said that a rental-purchase agreement "does not include nor is subject to laws governing," among other things, a retail installment sale.

In the eyes of at least one trial court judge, this is not a distinction without a difference. Last May, a Philadelphia judge, looking at the original language, ruled that a rental company's rental-purchase agreements, otherwise in complete compliance with the state rental-purchase statute, were nonetheless retail

installment sales. The court's reasoning would be laughable if it did not have the force of law.

The judge decided that the words "does not include" must mean that rental-purchase transactions are still retail installment sales because otherwise he could find no meaning for these words and, under the rules of statutory construction, every word in a statute must be given effect. The court ignored the fact that its ruling would render the entire rental-purchase statute as null and void, as there are

no transactions that can plausibly be constructed that would ever fall under that rental-purchase statute definition.

While this case was on appeal, plaintiff lawyers filed another suit against another rental company in the same court during the summer. This second case was still in the discovery process when the Legislature stepped in late in November to clarify for everyone, including the Philadelphia judge, of its original intent in 1996 when it passed the rental-purchase statute.

One might suppose

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NEWS BREAK

that this most recent pronouncement from the Legislature will lay the litigation against rental dealers in the state to rest and require the legal aid lawyers representing the plaintiffs in both cases to chase other prey.

Copies of the trial court opinion are available to APRO members by contacting Ed Winn III at 512/476-0750.

Jewelry catalog goes online

The Bryce Co. announces the launching

of the first and only on-line jewelry catalog specifically designed for the RTO industry. The site was designed for the ease of use for the RTO dealer as well as RTO customers. The



wide selection of merchandise is set up by category and priced by rate and term.

The Bryce Co. has had great reviews from its current RTO customers on the selection and ease of ordering. All jewelry

on the Web site is available for immediate shipment and most merchandise is shipped the same day it is ordered.

"The Bryce Co. is constantly bringing out new styles. This Web site allows our customers to have access to all our items 24/7. This is a proven sales tool that increases the accessible inventory to our customers," says Bryan Collins, president of the Bryce Co.

To view the company's new online catalog, visit www.brycejewelry.com.

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DúoCard offers cash and convenience

DúoCard, a company with headquarters in Tampa, FL, recently joined APRO as an associate member. DúoCard is the international distributor for the DúoCard stored value debit card and long-distance phone card. The customer profile for DúoCard and the RTO customer profile are almost identical. A stored value debit card differs from a regular debit card in that there is no bank account associated with it. The money value is stored on the card and it is also a rechargeable long-distance phone card. The DúoCard can be used at most ATMs worldwide, as well as with most merchants who accept debit and credit cards.

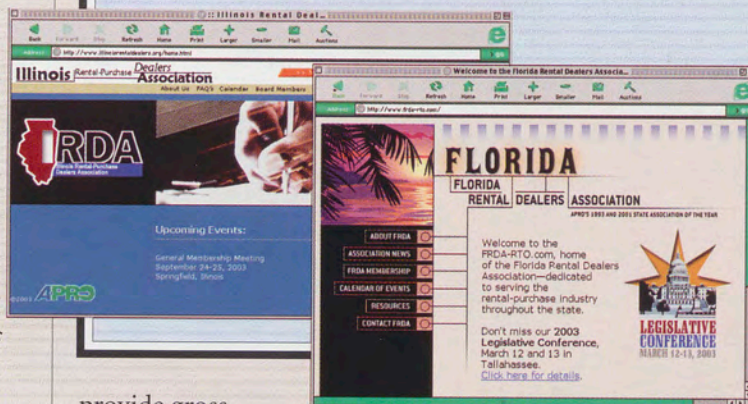
DúoCard cardholders are totally anonymous. There is no approval process and no identifica-

tion or personal information required, making DúoCard the perfect vehicle for the one-third of the U.S. population who is "non-banked." On the front of the card is a 19-digit account number only, the cardholder's name does not appear. A personal identification number activates the card at a POS or ATM.

What's in it for the rental dealer? A DúoCard Twin Pak (two cards, one account) will sell to the merchant for approximately \$5 with a suggested retail price of \$14.95. The dealer realizes three times its turn on investment for the initial sale, as well as a portion of the recurring fees charged to the DúoCard cardholder every time the card is used. The recurring fees the merchant receives should average approximately \$5 per card, per month. An original \$15 sale can

APRO designs state association Web sites

Both the Illinois and the Florida Rental Dealers Associations are taking advantage of the free Web site design opportunities available from APRO. If your state rental dealer association is currently without a presence on the Web, feel free to contact Julie Sherrier at APRO at 800/204-2776, ext. 105, to get your site up and running. The two new sites can be viewed at www.illinoisrentaldealers.org and www.florida-rto.com/.



provide gross profits to the merchant of approximately \$70 the first year for a \$5 investment.

With the commonality of customer base, DúoCards should become a common sight in all RTO stores in the very near future. Also, for those companies with multiple locations that can place a minimum order of 5,000 DúoCard Twin Paks, DúoCard will custom design a private label DúoCard with the color scheme and logo of the merchant prominent on the front of the card. Every time the cardholder uses a private label DúoCard, the issuing merchant's business will be advertised and more recurring revenue will be earned.

For more informa-

tion, contact Dick Furlong at DúoCard at 813/287-9996.

Kuluva elected MRDA president

Columbia, MO, was once again the meeting point for the Missouri Rental Dealer Association's annual general membership meeting and seminar. More than 110 people in the rental business attended the meeting on February 11.

MRDA members met to elect new officers for the coming year. Chuck Kuluva was elected president, John Cleek Jr. was elected vice-president and Scott Mitchell is the new secretary/treasurer.

The day-long event began with a breakfast

for vendors who show at Missouri's annual trade show in September to discuss improvements to the show. After breakfast, Bill Keese, APRO's executive director, gave a brief talk on the future of rent-to-own. Keese was followed by MRDA General Counsel Wayne Schirmer and MRDA's legislative lobbyist John Britton. Both men talked about establishing a state political action committee for the Missouri rental dealers, as well as events taking place in Jefferson City, the state capital, that might affect rental dealers in the state.

Dan Cole, outgoing MRDA president, introduced Frank Matthews—the day's featured speaker. Matthews has been a featured speaker at the past two APRO conventions, has addressed rental dealers at Texas Association of Rental Agents' meetings and in Colorado. His presentation, *Greater Sales Through Super Customer Service*, was both informative and a big crowd pleaser designed to give RTO businesses the tools necessary to build a customer service culture that virtually demands greater selling efforts from all store personnel.

With this meeting, Missouri continues a proud heritage of providing a free meeting for all members of MRDA, a free lunch and a free seminar.

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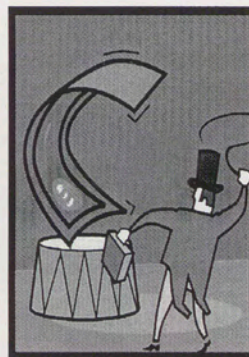
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NEWS BREAK

**Hall to manage
Teletrack's RTO
accounts**

Teletrack appointed Jeff Hall as Teletrack's Rent To Own Industry Manager. Hall brings a lot of Teletrack sales experience to focus and will be committed completely to the RTO industry. He has been busy getting to know his 1,600 customers and also contacting prospects to help RTO stores prevent skips and charge offs. Hall also is emphasizing Teletrack's skip tracing service that gets address and employment information back to customers of past charge offs. Hall can be reached at 800/729-6981, ext. 1709, or via e-mail at jhall@teletrack.com.

**Aaron Rents
names new
director and
vice president**

Kevin E. Leary joined Aaron Rents on February 11 as director of operations of the company's 25 Sight & Sound stores in Oklahoma and Kansas, which were acquired by Aaron's last August.

"We are very pleased to bring on board an individual with the retailing experience that Kevin possesses," says R. Charles Loudermilk Sr., chairman and CEO of Aaron Rents Inc. "His retailing knowledge will

greatly assist in improving the performance of the Sight & Sound stores. The Sight & Sound acquisition has been an experiment for us to see if we can successfully offer our Aaron's Sales & Lease Ownership transaction in a traditional retail store. Although retail sales to date have been disappointing, we are encouraged by the increasing number of customers that are taking the lease option."

Leary began his career with Circuit City in 1974 and held various management, sales and opera-

tional positions during his 28 years with the company. His most recent position was regional vice president, southeast region, where he was responsible for the sales and operations of 48 stores in eight southeastern states. He resides in the Atlanta area.

In other Aaron news, Bert L. Hanson assumed the post of vice president of Mid-American Operations for Aaron's Sales & Lease Ownership division on February 12. In this newly created position, Hanson is now responsible for overseeing the

operations of more than 75 stores in 10 states in the central United States.

"The rapid growth of stores within the Aaron's Sales & Lease Ownership division has made it necessary for the addition of this new vice president position, bringing to four our number of regional vice presidents across the country," says Loudermilk. "Bert has proven to be an exceptional operations manager and this promotion with its increased responsibilities is in recognition of his contributions to the success of

Aaron's Sales & Lease Ownership."

Hanson joined Aaron's Sales & Lease Ownership in 1996 as a store manager. He was promoted to district manager in 1997 over the Fort Worth area and regional manager over the division's south central region in 1998. He was named Regional Manager of the Year in 2000. Hanson attended Texas Tech University and the Edwin L. Cox School of Business at Southern Methodist University and resides in the Dallas, TX, area. ■

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It looks like winter is almost over for another year. Spring is one of my favorite times of the year. I can spend more time outdoors with my family, the sunshine on my face is refreshing and the Earth is renewed at last. It's now time to do those things we dreamed of during the long, cold winter.

APRO's Mid-Year Conference was a big success. I, for one, enjoyed the bright sun and the blue skies of Miami Beach. It was a great way to shake those winter blues. If you weren't able to make it this year, I urge you to make a special effort next year. It's always a real treat.

Spring is in the air

The next big event for APRO is our annual Dave Egan Legislative Conference in Washington, D.C., May 20-22. There is a hard-core group of about 80 to 90 rental dealers who convene every year and lobby hard for the rent-to-own industry and our businesses. For me, this is one of the most essential events of the whole year for rental dealers. Our future depends on the success of our collective efforts with decision makers who have much to say about our future. I urge every rental dealer to make a special effort to attend this year.

We have the summer approaching quickly and that means APRO's Convention and Trade Show is getting closer. Every rental dealer I know is excited about returning to Reno. Our last show in Reno was a great success and this one is shaping up to be even better. Don't forget to make your reservations as soon as you can.



By **GARY ROMINE**
APRO's President

Some of the seeds we, as your board, planted this past winter will be most important to future generations of rental dealers. APRO's governing body approved the creation of a charitable, non-profit entity for this and future RTO generations to invest in. This 501(c)(3) organization will provide a unique vehicle to channel all our future charitable efforts for the benefit of our communities.

Two groups under the APRO umbrella are coming together to be the first to use this charitable vehicle. Mamie Harper of Fiesta Rent-To-

Own started the Women of Rent-to-Own a few months ago. This group is made up of both women and men and is organized to encourage more women to get involved in our industry. It also seeks to endorse charitable causes in which this energized group can do good things in the name of our industry.

Shannon Strunk of Baber's Leasing is formulating a plan to create an educational foundation within the rent-to-own community that will provide educational scholarships for young people within our communities. This is a grand and noble inspiration for APRO members to get involved. Shannon will write about this more in future issues of this magazine.

The organizational framework has now been created to administer responsibly these types of activities. I'm sure as these first two get started and mature, more opportunities will arise that will be administered by APRO's charitable organization. By the way, take the time to refresh yourself. It will be good for you and those around you. Enjoy the spring. ■

Gary Romine is owner of Show-Me Rent-to-Own in Farmington, MO.

.....
"Some of the seeds we, as your board, planted this past winter will be most important to future generations of rental dealers."



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Whatever your position is on the United States war with Iraq, I know we can all agree that we support the men and women in all branches of military service who have

been called upon to fight.

While Iraq is halfway around the world, we can't say that we aren't affected. It will continue to be the lead story in all the media until it's over. We also have customers and employees who will be or already have been called to serve American interests.

I saw a news report recently that upset me

troops by not merely adhering to the letter of the law, but by going a step further. I know of some rental dealers who are the most caring people with whom I have ever been associated. Year after year you have shown your generosity to charitable

organizations, such as Habitat for Humanity, Battered Women's shelters, homeless organizations and more. You should do no less and, dare I say, even more, for our fighting men and women.

.....
"I hope that every rental dealer in America will 'belly up to the table' and show loyalty to our troops by not merely adhering to the letter of the law, but by going a step further."

Be a hero on the homefront

greatly. I guess my naïveté about such matters blinded me from reflecting upon this issue before. I discovered that reservists, when called, face quite an economic hardship.

Military pay is substantially less than most civilian pay. When our customers and our employees are activated, they face a substantial reduction in family income. The U.S. government, rightfully so, has enacted laws that are designed to "enable [military service members] to devote their entire energy to the defense needs of the nation..."

How does this apply to rent-to-own? The Soldiers and Sailors Civil Relief Act basically says that rental customers can continue to make their rental payments, but if they don't, a rental dealer cannot collect the product or take any legal action to collect from the military-activated service member.

The Employment and Reemployment Rights of Members of the Uniformed Services Act applies to RTO by stating that if you have an employee who is activated, you must keep his or her job open for five years. This is just a very short and non-legal description of

both acts and you should consult with your attorney or Ed Winn III, APRO's general counsel, for more information.

I hope that every rental dealer in America will "belly up to the table" and show loyalty to our

the ways rental dealers are choosing to stand up for our troops. Some of you have committed to digging into your own pockets and are supplementing the military pay of your employees who serve in the reserve and are activated. If you were called to war, how would such a sizable reduction in your income affect your family?

Some rental dealers have already started contributing to a fund that, it is hoped, will never be needed. What happens to your employee who gets wounded or, worse yet, killed in action? Wouldn't such a fund help that employee or his or her family in such an event? Maybe it will never be needed, but if it is, you could be a hero, too!

Some rental dealers are already planning on the day when reservists return from active duty by planning a memorable welcome home. Banners, special commendations, heroic stories in your company's newsletter, recognition at your annual meetings—the list is endless of how you, too, can be a great American when our service people come home.

We have much to be thankful for. We also have a proud history of doing the right thing. Don't be content with saying what a great American you are. Prove it! Start planning today to be a hero for those who go off to a foreign land, risk their lives and return to more than a handshake. ■



By BILL KEESE
 APRO's Executive Director

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

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There has been some industry talk lately questioning the wisdom of continuing to push for federal legislation. The industry is no more monolithic than the country; questioning the federal effort is not necessarily any more heretical than challenging the president's policy vis-a-vis Iraq. We live in a free country. We get to ask these kinds of questions.

One would hope that the questioners are thoughtful about the issues being questioned and seek to add positively to the debate. Some anti-war protesters, for example, are not thoughtful

Making a federal effort

and are merely "anti" whatever the majority in power wants to do. This may be a natural instinct among those out of power. Within the rental industry, however, no one is or need be out of power unless one argues that all rental dealers outside the Rent-A-Center family are out of power. And that has never been the case. Rent-A-Center does not have hegemony politically within the industry, despite its size and dominant market share here and there.

The other 15 Association board members can and do feel free to disagree with Rent-A-Center whenever they have felt like it. The fact remains that during the past 20-plus years board members have all regularly supported the continued federal effort, which must mean that there is something in it for everyone.



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

The reasons for pursuing fair and balanced federal legislation have been well catalogued. The reasons for abandoning the effort include the expense and energy on what, to date, has not been finally a successful effort. While there is no federal law in place today, there is widespread knowledge about the industry among members of Congress and the media who would otherwise know nothing about us, at least nothing good, but for the industry's federal effort.

This base of information—the facts of how the business really works, how customers use the

transaction, even how much money rental dealers make—becomes an important storehouse for the collective Congressional memory. Far from increasing the odds of something bad happening to the industry as some have erroneously argued lately, this constant educational process by the industry (which is what lobbying is), finally, virtually guarantees that nothing bad will ever happen to the industry at the federal level. The time and money rental dealers have spent on the federal effort has resulted in friendships, both old and new, with those who hold positions of power in this country and who, if they are not always as aggressive as we might wish in pressing our agenda, would certainly rise up and fight if industry opponents tried to put us out of business.

Yes, it is expensive. Yes, it takes a lot of time and energy. And no, it has not finally achieved the goal of getting a federal law enacted. But the effort itself sharpens the debate about the business, converts a few antagonists along the way, makes everyone more knowledgeable about the realities of the industry and, most of us believe, will one day be ultimately successful. We think that the very effort makes the industry better by pressuring those dealers who might not otherwise be inclined to act in the industry's best interests or on their own by taking the "dirty window" approach to the business to do better. Most of us believe that the whole industry is better for shining a spotlight on it, which is what the federal effort has done.

If you do not think that and want to carp, make sure that you advance arguments that are cogent and add to the debate. Otherwise, you resemble those students in the streets lately, who do not really care whether there is a war or not in Iraq. They just want an excuse to cut class. ■

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

.....
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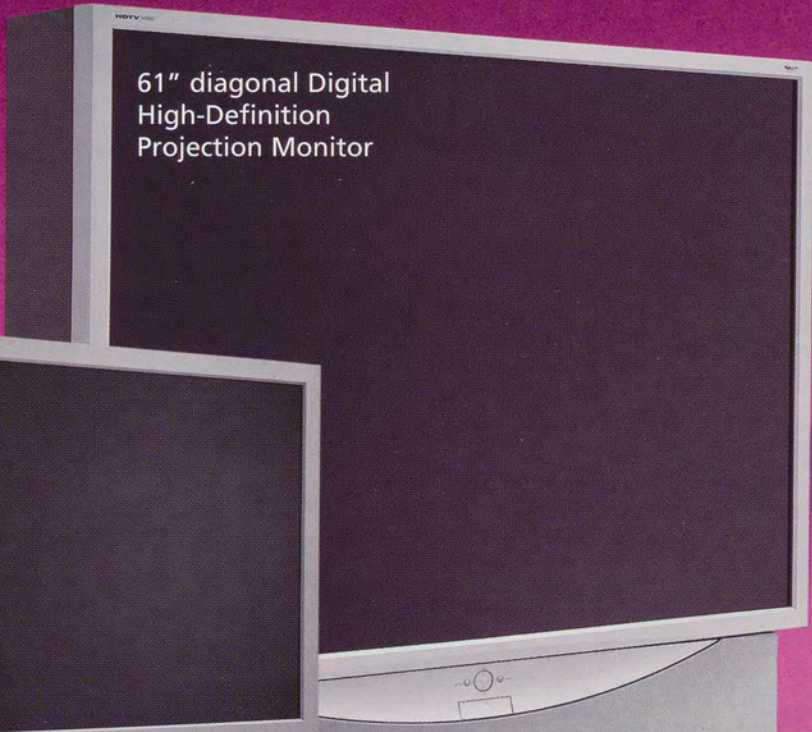
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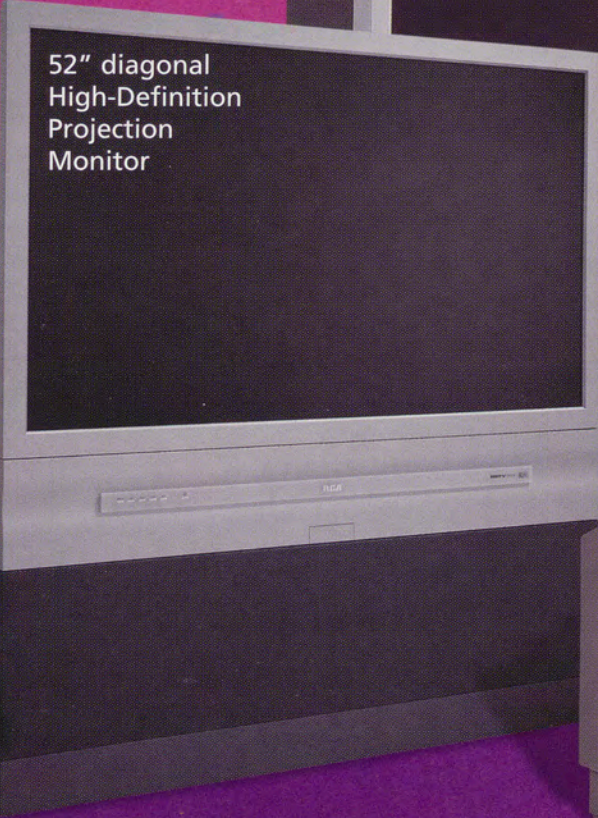
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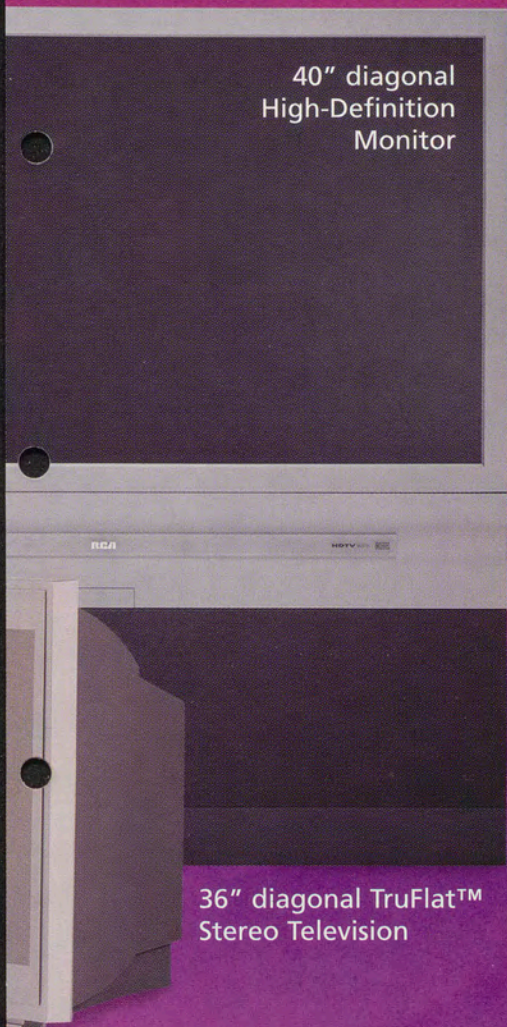
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Rental employees and the Internet?

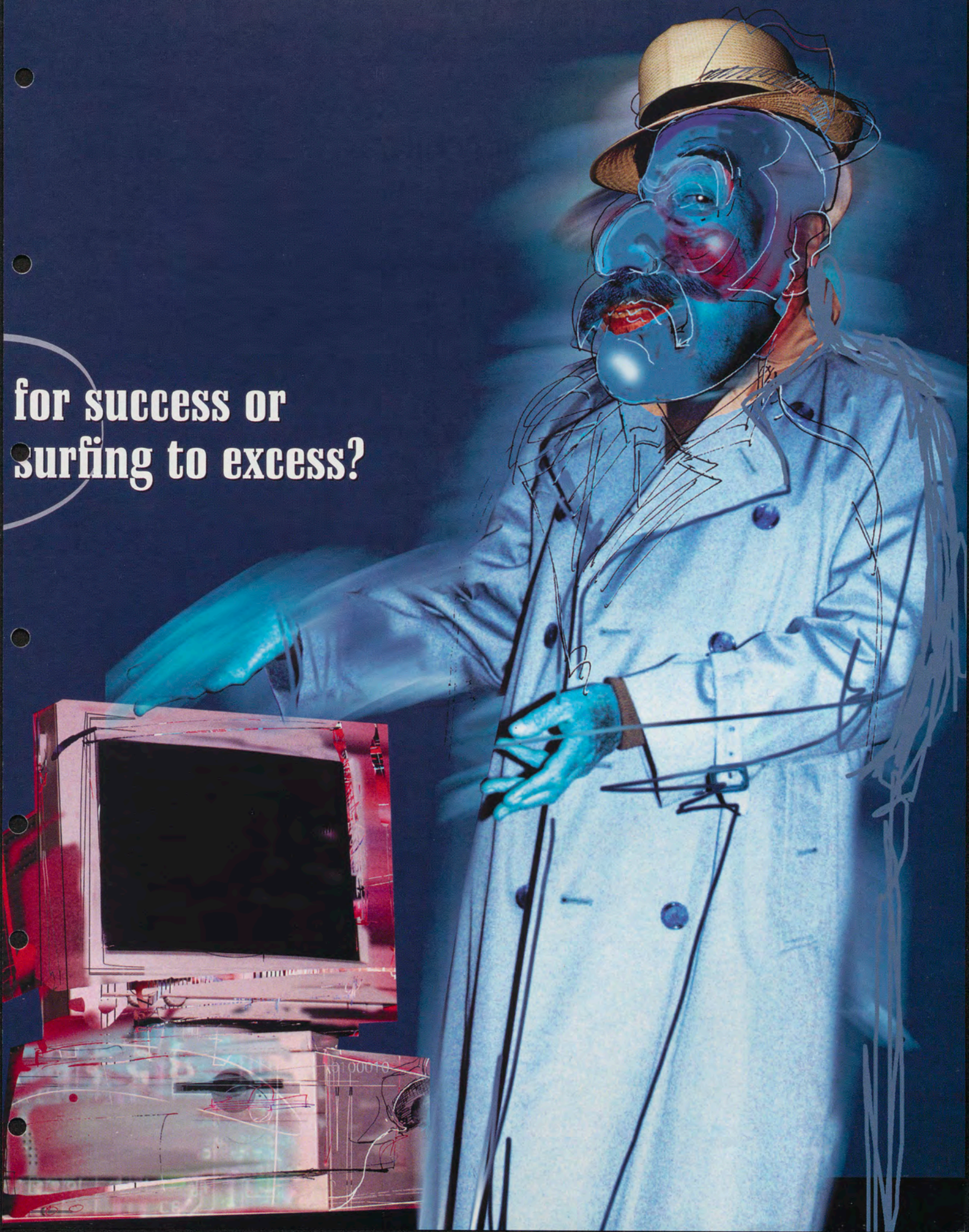
Surfing

Nearly every rental store is online by now and being connected has the potential of making employees more productive. It is not yet the case where all new hires are given laptops with wireless connections to use in and around the store, but that day may not be far off. Rental store employees can and already do use the Internet to communicate with the home office, other stores in the system, customers, vendors and other employees on an increasingly regular basis.

Employees can shop the local competition on the Internet. They can download product features, troubleshooting tips, extra copies of operations manuals and other information about products in the store. They can e-mail reminder notices to customers. They can trace skips and stolens. They can communicate with regional managers and other home office personnel about issues of the day. Employees who are fluent on the Internet can usually rent computers better than employees who are not.

BY ED WINN III

for success or
surfing to excess?



Having the Internet

in the store can also allow employees to waste a lot of time. It can be like a coffee break that goes on for hours. Instead of furthering the work of the store, employees can shop online, gamble, view porn of every variety, check sports stores, buy and sell personal items on EBay, play interactive games, download family photos, movies and music and engage in a host of other compelling activities that have little or nothing to do with the business of renting televisions or collecting money.

There has never been anything quite like the Internet before. Companies around the world now have to deal with its pervasiveness in the workplace. Employers know that employees have always handled a certain amount of personal business at work. The middle of the week can be pretty slow in a rental store as employees wait to see if customer commitments come through and whether the weekend's specials will drive any new business through the front door. Employees used to spend this time watching soaps on the company TVs. Now they may be spending that time surfing the Web on the company's computers.

A new guidance policy

The challenge for rental dealers is to develop a company policy that acknowledges the realities of the rental store and, at the same time, maximizes employee productivity for the company. Happily, rental dealers do not have to start from scratch. There already exists Internet Acceptable Use Policies (IAUPs or just AUPs) to govern the use of company hardware, software, bandwidth and employee time on the Internet.

Rental dealers need to give some careful thought to what goes into such policies. This is especially true if employees have had no guidance previously and may have developed a sense of entitlement to surfing during down times in the store. It will not help store growth if the fancy new Internet policy destroys morale on the way to implementation. Many employees will not see anything wrong with checking personal e-mail during the day when they have a free moment. A recent survey by Vault.com of 670 employers found that 25 percent of Internet use by employees during business hours was for personal reasons (up to three hours per week).

And so, the first step for rental dealers is to acknowledge the issue and to begin formulating an IAUP for employees. At the end of the exercise, the rental dealer should have a short (usually one or two pages) written policy governing Internet use in the store which all current and future employees must sign.

Rental dealers can, of course, grab an IAUP from the Internet and hand it down, but an effective policy, one that is

going to work, will reflect the culture of the company. It might be a good idea to spend some time informally learning exactly what it is that employees are doing on the Internet during store hours. It might also be a good idea to solicit employee input when developing the policy. The IAUP will achieve the company's goals better if it has the support and acceptance of most employees.

Here are some of the issues that will affect an IAUP in a rental store:

1. Privacy

COMPANY AND EMPLOYEE. Employees should not have an expectation of privacy on the company's computers, although they may have to be reminded of this fact. The company should already have policies in place concerning customer records and other proprietary information that the company wants to keep private. The Internet makes this kind of information dangerously easy to disseminate and some new rules may be needed.

MONITORING. Some companies have begun using monitoring software in order to have access to everything that an employee does on a company computer. Some of this software will copy every e-mail and every response, log every site visited and every activity of every employee and deliver the information in real time to the dealer or merely provide periodic summaries. Go to www.websense.com, www.netrics.com or www.surfcontrol.com for more information about monitoring software and services. If rental dealers intend to start monitoring Internet usage by employees, they should tell employees in advance to avoid embarrassment, hurt feelings or worse.

In a survey conducted by *Informationweek*, one-third of the companies surveyed currently monitor employee usage of the Internet.

FILTERING. Some of the same software that monitors employee use of the Internet will also filter information that employees can access. Web sites, e-mail, newsgroups, discussion groups and other Internet activity can be limited with these filtering devices, some of which have begun to use artificial intelligence principles to avoid being overly restrictive.

2. Legal issues

COPYRIGHT ISSUES. If employees are allowed to download copyrighted material onto company-owned servers and computers, the company may be liable, especially if there is no policy against such activity in place.

SEXUAL HARASSMENT. If employees are given free access to the Internet during business hours, some will visit porn sites, which are prevalent and easy to find, even hard to avoid, on the Internet. Not everyone is interested in such sites and if there are no rules, access to these sites may give rise to allegations of sexual harassment due to a hostile work environment.

3. Productivity

A good IAUP will balance the interests of both employee and employer over Internet use. Employees may be more productive if they can check e-mail or ball scores or stock prices during the day. Some companies have different rules during lunch hours and breaks than they do for the rest of the day. Some companies allow employees to use the company's broadband access before and after work.

Even if the employees feel that they are not wasting company time, or at least no more than usual, there still may be a loss of productivity if employees are downloading bandwidth-hogging music and videos and slowing the network during business hours.

4. Incoming

Anything coming into a company's computer system can bring with it the risk of infection via viruses, worms and other debilitating computer programs. The company must protect itself against such attacks and can do so, but the means for self-protection may have some impact on employee freedom of movement on the Internet or privacy.

5. Illegal activity

An IAUP probably should have a brief statement outlawing employees from participating in any illegal activities using company equipment. The statement can be broad and simply refer to "illegal activity" or it may be more specific and list out some of the more likely illegal activities for a particular store.

6. E-mail

An IAUP will have to adopt a policy concerning an employee's e-mail account(s). Employees need to be cautioned that e-mail, even after the sender and the recipient have deleted it, can be retrieved and that employees need to be circumspect in what they say in any e-mails sent out on company machines.

7. Deletion of e-mail

An IAUP will need to address how long e-mails are to be kept by employees before being deleted. There may even be a hard policy that all e-mails will be deleted by the system administrator after some period of time, say 30 days or 60 days, and that if information in an e-mail needs to be kept

longer than that, then the employee needs to make a hard copy or save it to the server or to a disk for storage.

8. Surfing

Regarding surfing the Net, newsgroups, message boards, discussion groups, e-learning, etc., consider making some rules with some examples of permitted and forbidden activities. Be sure to include all of the various elements of the Internet and be aware that those elements are likely to change over time.

9. Administration

A company policy is useless unless there is a mechanism in place for implementing it. An IAUP needs to have instructions for reporting violations with an explanation of the penalties for violations of the policy.

10. Communication of the policy

Beyond getting the policy in written form and signed by all employees, the company will need procedures for orienting new employees about the policy as well as making the policy a part of the company's ongoing training. That way, employees are reminded from time to time of what the rules are concerning Internet usage.

Rental companies without acceptable IAUPs are not getting the most out of their employees. The Internet can help business and most employees merely want to know what the rules are so that they can do their best for their employer. It is unfair not to think through what those rules should be and to publish them within the company.

Rental companies with IAUPs willing to share with other rental companies can send them to Julie Sherrier at APRO at jsherrier@apro-rto.com or via mail at 1504 Robin Hood Trail, Austin, TX 78703. Then APRO members can access those policies by accessing the member's only section at www.APROvision.org. ■

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



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HIGH TECH HIRED HELP

By Phillip M. Perry

How to get the right guru for your business

If your business is like most others, your profit depends largely on your computer. How can you operate efficiently without a system that tracks your customer contact information, revenues, inventory and profit and loss? ✂ No wonder you want your computer fixed fast when something goes wrong. That means bringing in outside help. And that's where you face a risky decision: Who do you hire? ✂ Pick the wrong consultant and your bottom line will take a hit. At the very least, delays in getting your system running will anger your customers. And a consultant with poor communication skills will frustrate your staff.



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Even worse, the consultant may mis-use your sensitive business data. Your profit figures and customer lists, if they fall into competitive hands, can compromise your entire operation. Finally, switching consultants can be very costly, especially if the replacement does not know much about the software program that's already in place.

How can you minimize your risk? Follow what the experts say about getting the right guru:

1: Ask other businesses for leads

What computer consultants are used by other businesses in your region? And are the relationships happy ones? Those are perhaps the most important questions you can ask when seeking out a computer consultant. Indeed, you can draw up a great "short list" of prospects just by conversing with other business owners.

Larger companies can be good sources of leads because they often have more experience dealing with computer consultants. Try to find out the names of computer consultants used by the most successful, fastest growing businesses in your region. Then call them. Even those consultants who will work only for large companies may give you valuable referrals to qualified assistance.

2: Ask consultants for references

"A lot of people don't ask for references," says Gloria Metrick, owner of

GeoMetrick Enterprises, a computer consultancy in Okemos, MI. "They figure the consultant will provide only the best references, so why bother? But the fact is that you can learn a lot from current clients by asking the right questions."

Suppose you ask a reference if the consultant can perform a certain task well. The individual answers in the affirmative, but cannot elaborate with

consultant. "On the other hand if the reference goes into great detail, it would indicate that the consultant has, in fact, performed the task you asked about," says Metrick.

It's also very important to compare rates, according to Metrick. "If a consultant's fee falls well outside the range of others, find out why," she says. There can be good reasons for a price discrepancy. "The consultant who comes

What to ask about a potential computer consultant

Look before you leap. Prior to hiring a computer consultant, ask for a list of clients. Call those clients and ask if the consultant:

- talks in plain English?
- takes an interest in helping your staff?
- understands business?
- has expertise in the area you need?
- responds quickly when you call?
- has been in business for a long time?
- held relationships with some clients for a long time?
- is willing to work in small pieces, using check points with clearly defined goals? Is cooperative?
- listens to needs before offering solutions?
- is up front about any vested interest in a product?
- has a back up, in terms of a colleague, who can take over if the consultant is not available?
- brings the job in on time?

specific examples. That can be a clue that the reference is just saying nice things because of a friendship with the

in on the high side may have more experience in the industry. The person who is low may just want to work

Categories of computer consultants

Systems integrator	Specializes in getting off-the-shelf software to work together on your hardware. Writes only modest customization.
Contract programmer	Creates a custom system from scratch. Used when there is no off-the-shelf software that can get your job done.
On-site consultant	Writes programs at your location, with extensive testing on your computers.
Vertically oriented specialist	Concentrates on a software category such as accounting, inventory control or manufacturing.
Horizontal specialist	Concentrates on a platform such as Windows XP or UNIX, but works with a variety of software categories.

locally. The important thing is to find out the reason.”

3: Select a consultant who knows business as well as computers

Whoever helps you improve your data processing system must be capable of understanding why you are in business. “Many technical folks want to avoid business issues,” says Nik Johnson, president of Computer Advisors, Prospect, KY. “I wish I had a nickel for every programmer who thought the reason the client was in business was to support his game.” The consultant should know why you want to collect your receivables, not just that you need the code that will do so.

It’s very important that you have someone you can talk to. “If you can discuss a business situation with a computer consultant in normal English words you will benefit two ways,” says Johnson. “On the business side, you will get a good idea of whether the prospect understands profit and loss. On the technical side, the consultant who can explain a complex issue to an intelligent person with straightforward English words probably understands the data processing field.”

4: Look for good people skills

Your computer consultant must have skills that go beyond the technical, into the realm of communications and training. In your interviews with consultants, find out which ones exhibit a real interest in solving the problems of your staff. Good consultants build systems that lend themselves to how human beings are already working. They don’t expect your staff to change their ways of working to meet the needs of the computer system.

Avoid the consultant who shows resentment at speaking with your personnel. You’ll have problems down the road when your staff needs technical assistance. Consultants with an attitude can create havoc with your business. They will try to control how you run your business or they will do something and not

tell you what they have done. Then when something goes wrong, you are forced to run them down and find them.

5: Go with integrity

“It’s difficult to assess integrity,” says Bob Avallone, president of Metapro Systems, Lexington, MA. “But the effects of hiring the wrong person can be devastating. In one case we heard about, people had hired a consultant who walked out on the job and took the software and disks. In other cases, consultants take software and sell it without the client’s permission or don’t abide by the confidentiality agreement.”

Vested interests can also be costly for the client. When a California business started having problems closing its books, the owner called in a new consultant to look at a spreadsheet

The seven biggest computer consultant traps

- 1 Overlooking experience reports from other businesses.
- 2 Selecting a consultant who knows a lot about computers but nothing about business.
- 3 Selecting a consultant without people skills.
- 4 Selecting a consultant without the required expertise.
- 5 Not ferreting out hidden vested interests.
- 6 Letting the consultant take control of the project.
- 7 Agreeing to a big project without a second opinion.

What happens when your consultant disappears?

Suppose your computer consultant writes you a lot of custom code that works just great...then leaves your state or goes into another line of business. Who will take care of maintaining and improving your computer program?

Consultants who disappear, or who are fired, often leave behind indecipherable code. You can be stuck with a big bill when you have to hire another programmer to spend time figuring out what the previous person did. Not to mention expensive down time that occurs until the new consultant can get things back up to speed.

How can you avoid this problem?

If you are signing up with a consulting firm that has many consultants, ask the top executives what steps they take to make sure that another consultant can pick up the torch that someone else throws down. Also, make sure you grill them on their techniques for controlling the quality of their personnel, and for assuring continuity when a consultant departs. Ask if they require that their programmers use a common set of templates so other consultants can easily pick up your code.

If you are hiring an independent consultant, make sure the person is agreeable to sharing code, and can give you the names of other individuals who can understand their programming style.

In either case, all code should be documented thoroughly.

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program that had been designed for them. As it turned out, the first consultant had been a sales person for the spreadsheet vendor and had been determined to solve the business' accounting problem with that tool. The result was the business had paid the consultant \$12,000 to create a general ledger, payroll and accounts receivable program that did a poor imitation of a shrink-wrapped package that would have cost \$150 off the shelf.

Ask if your intended consultant has a vested interest such as a percentage of every sale made by a vendor or draws a steady salary from the company. But balance this cautionary statement against a counterweight: Vendor ties often mean that the consultant has better access to the technical support needed to complete projects. Some vendors offer extra training and technical support to consultants with whom they have an ongoing relationship. But the important thing is that such relationships are disclosed, make sense and do not hinder the selection of the best solution for your business problems.

One independent source of consultants is the Independent Computer Consultants Association in St. Louis. This organization has a code of ethics that requires its 1,500 members to reveal any potential conflicts of interest with clients.

"Our members are required to

explain any partnership they may have with vendors," says executive director Joyce Burkard. You will especially want to know if the consultant is getting a commission for recommending a certain software program or hardware item. (This is in contrast with certification, a term which refers to a certain level of proven knowledge on the part of a consultant in a specific program such as Microsoft Access. To be certified, the consultant must pass a rigorous exam. Certification does not imply financial reward for recommending a program.)

You can reach the ICCA at 800/774-4222 or 314/892-1675. You can also search for consultants in your region at the ICCA's Web page. Tune your browser to www.icca.org.

Following the advice in this column will mean more time spent up front in selecting the right outside help. But the investment required to assess the quality of a prospect will pay rich dividends in terms of company health. The wrong consultant will tie up your operations in ineffective and inappropriate programs. The right one will be a critical resource that will employ your data like a springboard to bounce your company onto a higher plateau of profits. ■

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

Who owns the program your consultant writes?

You own the program that has been written by your computer consultant, right? Maybe not. If an independent consultant writes customized code for you, the code belongs to the creator unless you have specific written contract stating that you own the code. And this contract should be reviewed by an attorney cognizant of intellectual property law.

Make sure you get a copy of the source code—the program written by the consultant. This can be a big help to another consultant who needs to work on your system.

Your contract with the consultant should answer the following questions:

- Who owns the custom program?
- May the consultant sell the same program to your competitors?
- If the consultant is using a third party software as the basis for customization, do you retain the license to use that software if the consultant leaves?

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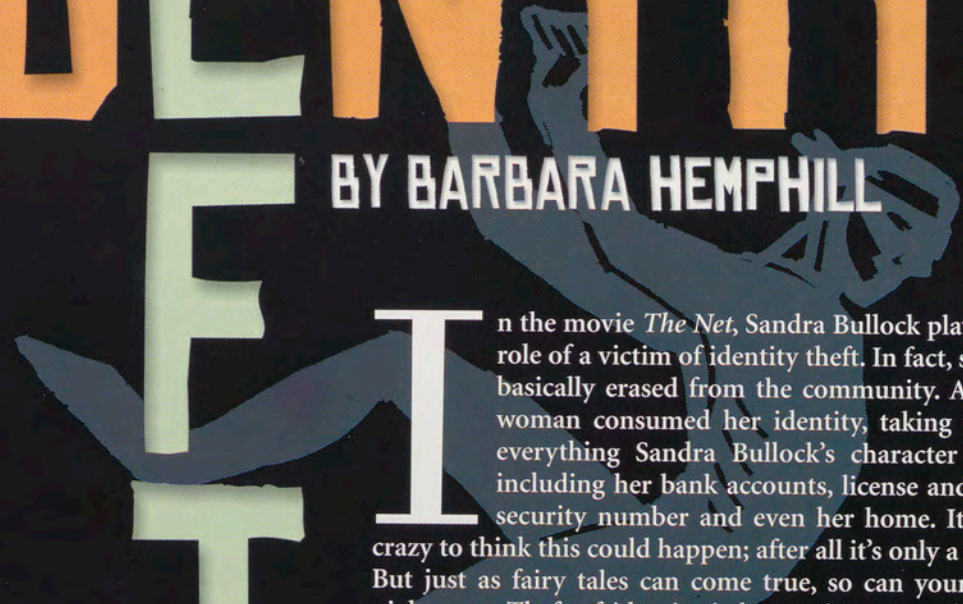
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8

PREVENTING

THEFT OF IDENTITY

BY BARBARA HEMPHILL



In the movie *The Net*, Sandra Bullock played the role of a victim of identity theft. In fact, she was basically erased from the community. Another woman consumed her identity, taking with it everything Sandra Bullock's character had—including her bank accounts, license and social security number and even her home. It seems crazy to think this could happen; after all it's only a movie. But just as fairy tales can come true, so can your worst nightmare. Theft of identity is happening at an alarming rate. More than 100,000 identity theft complaints are filed each year. Identity thieves work in various ways. One of the most common is to open up a new credit card in your name, using your date of birth and social security number. They rack up charges, don't pay the bill and the delinquent account is reported on your credit report. They can also change the mailing address so that your credit card will be sent to a false address, giving them more time to make purchases until you realize there is a problem. They may also establish cellular phone services and bank accounts in your name, making costly phone calls and writing bad checks.

Identity theft today is much more than losing your wallet full of cash. You could lose your entire savings account. Some victims are stuck paying false loans and huge credit card debt. At the very least, victims will lose their good credit rating. Most people spend endless hours trying to clear up security and financial problems that arise. This can be costly, time consuming and causes enormous stress to victims and their families.

Don't wait to take actions to prevent identity theft. You can be proactive in reducing your chances of becoming a victim by using some simple strategies. Don't put this off—you can do it a little at a time and it's easier than you think—and the irony is that other areas of managing your life will be more organized as well!



YOU CAN BE PROACTIVE IN REDUCING YOUR CHANCES OF BECOMING A VICTIM. DON'T PUT THIS OFF. YOU CAN DO IT A LITTLE AT A TIME AND IT'S EASIER THAN YOU THINK. AND THE IRONY IS THAT OTHER AREAS OF MANAGING YOUR LIFE WILL BE MORE ORGANIZED AS WELL!

Here are some tips you can do right away.

- Never give out your social security number to anyone unless the agency requesting it can guarantee confidentiality.
- Take your social security number off your driver's license and checks.
- Cancel and cut up unused or "extra" credit cards.
- Check your credit card statements for any purchases that seem odd to you; keep track of what you buy!
- Watch your phone bill, cable bill, internet bill, etc., for any increase in charges.
- If your credit card bill is late or you suspect it is lost, call the credit card issuer immediately.
- Check with your creditors on their policy for stolen cards or fraudulently accessed accounts. You could be liable.
- Mail bills from the post office or official postal box instead of your home.
- Keep important documents—passport, birth certificate, stocks, savings accounts—locked in a safe or file drawer.
- Shred old bank and credit card statements, making sure account numbers, passwords and addresses are unreadable before discarding.
- Think about what you are throwing in the trash. Assume anyone can and will go through it after it leaves your home!
- Keep a written record or photo copy (locked away) of the contents of your wallet or purse. Don't carry your wallet with you when it is not necessary.
- Create passwords that make sense to you but are not the usual birth date, anniversary, pet or maiden name.

- Use only Web sites that are encrypted and secure and have a privacy policy before you type in your credit card number.

It is helpful to check your credit report annually as well. You should request this information from all three credit agencies (TransUnion 800/888-4213; Experian 888/397-3742; Equifax 800/685-1111) and verify that the information they give you is correct.

Unfortunately, even with extra effort, identity theft can still happen. We trust total strangers with our personal information everyday when applying for a car loan or mortgage, writing a check, patient care at a hospital and even stamped on our children's back pack. It would be ludicrous for us not to give out this information from time to time, but knowing where we give it out and to

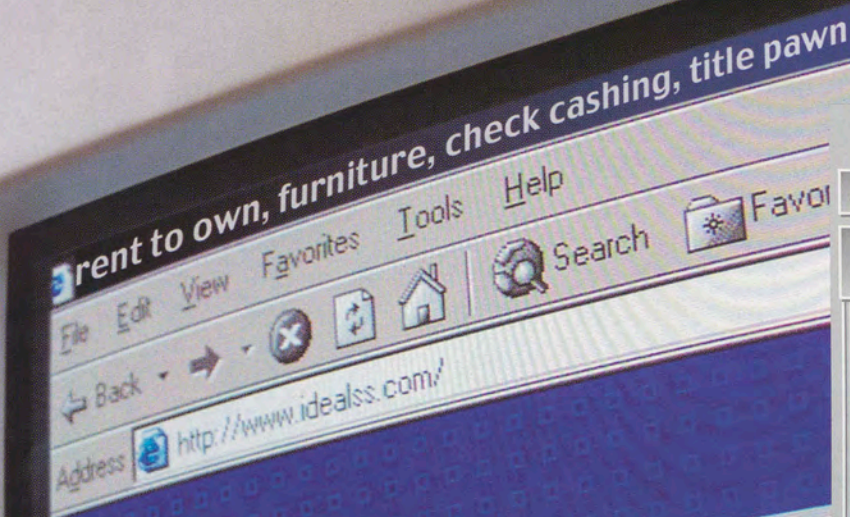
whom is helpful. The key to quick recovery from such a disaster is to notice it quickly and take immediate action. Here's what to do if you think you may be a victim of this crime:

- Contact the fraud department of all three credit agencies (listed above) and report your findings.
- Call your financial institutions or creditors for any accounts that have been fraudulently accessed or opened and close these accounts.
- Report the identity theft to the police. Get a copy of the police report to give to your creditors for proof of the crime.
- File a complaint with the Federal Trade Commission 877/ID-THEFT, (www.consumer.gov/idtheft.com).

Staying proactive and organized will pay off in the long run, for life in general and particularly in trying to avert identify theft. Keeping accurate accounting records, personal files and paper management is the key to a calmer, safer existence. If you find it difficult to do on your own, consider hiring a professional organizer who specializes in this expertise. Regardless of the stage of life you are in, get your affairs in order. You are a unique individual with your own identity. No one should be able to take that away from you! ■

Barbara Hemphill is the author of Kiplinger's Taming the Paper Tiger series and co-author of the new book Love It or Lose It: Living Clutter-Free Forever. Her company, located in Raleigh, NC, assists individuals, families, and organizations to create and sustain a productive environment so they can accomplish their work and enjoy their lives. She can be reached at 800/427-0237 or at www.ProductiveEnvironment.com.

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


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A man with grey hair, wearing a white dress shirt and a patterned tie, stands smiling. He is holding a large purple ring in his left hand. The background is a light blue and white architectural drawing of a house with a gabled roof and a door. The text 'THE HOUSE OF' is written in large, bold, purple letters to the right of the man.

THE HOUSE OF

Hoop-shooting brothers Morrie and Randy Otander team up to score points in the rental-purchase business



**AN APROFILE
BY KATIE GARZA**

otander

G

rowing up, Randy Otander and his little brother Morrie enjoyed playing sports; their game of choice was basketball. By the time they reached their teens, both brothers were shooting hoops for their high school. ✱ “We had a basketball coach who was very instrumental in instilling competitiveness within us,” says Morrie. “His philosophy was, ‘A winner never quits and quitters never win.’ He had a unique ability to bring out the best in a person who had the desire.



e often stated, "Give me a person with natural talent and a person with limited talent but the desire, and I'll take the guy with desire every time,

because I can make something of him," Morrie says. "I think Randy and I both followed those philosophies in sports and we do now in business. It's very similar."

Randy and Morrie Otander are the president and vice president/secretary-treasurer, respectively, of House of Television Rentals Inc., based in Jamestown, N.Y., where the corporate office, warehouse and service center are located. They have 15 stores spread throughout Western New York and Northwest Pennsylvania, seven of which operate under the House of Television name and eight that operate under the Champion Rent to Own name. Contrary to the company's name, House of Television Rentals offers everything from dining sets to refrigerators to personal computers.

"We're very conservative with growth," says Randy. "We're debt free. That's the way we've always done it. Our philosophy is that we don't open another store until the last one we opened is profitable. We've never had to borrow large sums of money. It's just worked out well. We focus on slow, controlled growth."

The brothers also share a belief in hard work and dedication. "Morrie and I used to work side by side seven days a week when we first started in rental," Randy says. "Saturdays, Sundays, nights... We really couldn't afford to hire a lot of people back then, so we did the work ourselves. That's all we've ever known really. Growing up we worked hard. We had paper routes and we worked side jobs through high school and college."

The Otander brothers' determination and cautious approach to business have paid off, both in time and money. Randy and Morrie readily admit that, although they hold the two highest positions within the company, they now can afford a crew of loyal, hard-working employees who make their lives much easier.

"Some of these people have been with us for 10

years, 12 years, even 16 years," Randy says. "Al [Nalbone, general operations manager] pretty much runs this company today. He also has two assistants who have about 15 years' experience between them.

"So, yes, there were trying times years ago, but more recently, a lot of the pressure gets put on these gentlemen's shoulders—and Morrie and I, we kinda just sit back and manage the company now," he says.

Yet House of Television Rentals Inc. wasn't always such a turnkey, streamlined operation for the brothers. When they decided to open a rent-to-own store in Jamestown back in the late 1970s, there weren't any businesses like it in the area. Their uniqueness to the marketplace proved challenging because they had no precedents to follow or examples from which to learn. However, their market monopoly also insured their immediate success.

"Our growth in the beginning was phenomenal," says Morrie. "We were the only act in town. In our first two years of business, we opened a second and third location in a couple of towns about an hour's drive from here. Back then, you were nothing more than an order taker."

Randy and Morrie met the strong demand for rent-to-own services by working around the clock to educate themselves about the rental business, a concept introduced to them while working in television sales. Prior to rent-to-own, Randy owned a Zenith dealership and Morrie handled the dealership's outside services, installing antennas and televisions. Randy had purchased the Zenith dealership from his first cousin after working for him for several years. The idea to start renting their merchandise was raised when the proprietors of a nearby seasonal cultural institution approached the brothers about renting product to them during their

summer session. The brothers agreed to rent their merchandise to the Chautauqua Institution, nestled on the banks of New York's Lake Chautauqua, and every year the order list grew. The problem, however, was what to do with the merchandise once the season ended.

"At the end of each season we'd bring all this stuff back and not know what to do with it," says Randy. "We were selling it as used at one point, but then we realized something: If these people at



**"APRO
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ONE ANOTHER.
IN A WAY, WE'VE
ALL GROWN UP
AND LEARNED
TOGETHER."**





PHOTOGRAPHS BY PATSY OTANDER

the Chautauqua Institution would rent it, then maybe the local people (in Jamestown) would be interested in renting it too."

About that same time, according to Morrie, credit had tightened up considerably. "We were used to writing regular bank installments on contracts on TVs and they set a minimum limit of about \$1,500," he says. "At that point, televisions didn't cost anywhere near that. So, what we were attempting to do through our distributorship was obtain in-house financing. Basically Zenith counteracted by sending a representative from their company along with a rep from BorgWarner, who sold us on the rent-to-own concept."

In those days, BorgWarner was one of the primary lenders in the rent-to-own industry. The representative explained to the Otanders how rent-to-own worked and what would be needed to get started—namely a tremendous amount of money to buy merchandise. Randy and Morrie liked the concept of rent-to-own and agreed to forge ahead with the idea. BorgWarner gave the brothers a \$500,000 line of credit to help launch the business.

Not long after starting out, the Otanders discovered the Association of Progressive Rental Or-

The Jamestown Champion store.

Front row: Kane Brink, west market manager; Andy Melice, account manager; and Al Nalbene, general operations manager.

Back row: Randy, co-owner; John Munson, assistant store manager; Luke Griffin, account manager; Mike Melice, inside sales; Mat Barron, store manager; and Morrie, co-owner.

ganizations and became members. According to Morrie, because the brothers were the only rental act in town at the time, APRO was a tremendous help in connecting them with other professionals in the industry.

"APRO probably has been one of the most significant influences to anybody in this business," he says. "Through this organization, rental dealers can communicate their business practices to one another. In a way, we've all grown up and learned together."

During their early years in business, the Otanders regularly took advantage of APRO's networking opportunities and read everything the organization published on industry trends and practices. Today, they still look to APRO for guidance in employee training and customer relations.

"We've never had any kind of formal training for our employees," Morrie says, "but we do use APRO's online training and that has helped us out quite a bit. Primarily for us, however, it boils down to on-the-job, hands-on training."

"And treating people the way that you want to be treated," says Randy.

"Yes," Morrie says. "That's another one of our big philosophies. We try to keep it like a family-orient-



ed operation. Everyone gets cross-trained; everyone can do each other's jobs, from entry level to management."

One might assume that two brothers who grew up together and now work together might suffer from burnout occasionally and need some time apart. Yet Randy and Morrie insist their blood ties never have proven to be an issue in their business dealings.

"Do we ever get burned out?" Randy asks. "I suppose we've been close a couple of times."

"We've been there over the years many times," Morrie says. "But that's just the nature of the business. It's an exciting business. We strongly believe in it because we've seen over the years what it has allowed our customer base to have in their homes."

"We just put our noses to the grindstone and lived meagerly for many years, because we don't believe in being heavily leveraged," he says. "Like Randy said, we wait until one store is profitable be-

Morrie, Randy and Al Nalbone.

"Some of these people have been with us for 10 years, 12 years, even 16 years," says Randy. "Al pretty much runs this company today."

fore we move on to the next. Maybe we were a little conservative back then—maybe we weren't. But I do know that we are debt free today and everything we own is ours."

While Morrie attributes his brother's business sense to their company's success,

Randy says his younger brother's dedication, loyalty and hard work have served the business tremendously.

"It's no secret really," Randy says. "It's taken a lot of hard work and dedication. A lot of trial and error."

"Yes, a lot of trial and error," Morrie agrees.

"We grew up together, played sports together and now we do business together," Randy says. "We really don't know anything differently. We get along very well." ■

Katie Garza is a free-lance writer.



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

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forearmforklift@hotmail.com
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Acme Furniture ^^

Contact: Rod Caufield
1764 Santa Cruz St.
Laguna Beach, CA 92651
949/494-1102; fax 949/494-4762
r.caufield@verizon.net

Ashley Furniture Industries ^^+

Contact: Kerry Lebensburger
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Arcadia, WI 54612-1218
608/323-3377; fax 800/274-3375

Ashley Furniture Industries Inc. ^^+

Contact: Bill Meadors
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Maumelle, AR 72113
501/803-9640; fax 501/803-9641
billmeadors@aol.com

Benchcraft/Berkline LLC ^^+

Contact: Brian Einhorn
One Berkline Dr.
Morristown, TN 37813
423/585-1500; fax 800/424-1309
beinhorn@berkline.com
www.berkline.com

Bernards Inc. ^^

Contact: Alan Ferguson
P.O. Box 1489
High Point, NC 27261-1489
800/861-6130; fax 800/348-6738
alanf@bernardsinc.com
www.bernards-furniture.com

Bradlin & Associates ^^

Contact: Bob Bradlin
924 11th St., Unit D
Santa Monica, CA 90403
310/395-1356; fax 310/395-2965
bobbradlin@hotmail.com

Capitol Sales Co. *

Contact: Stephen Konsor Sr.
3110 Neil Armstrong Blvd.
Eagan, MN 55121-2234
800/467-8255, ext. 116;
fax 800/440-4077
skonsor@capitolsales.com
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Claude Gable Co. Inc. ^^

Contact: Mark Templeton
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High Point, NC 27264
336/883-1351; fax 336/883-4500

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Home Line Industries ^^

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Innovex Home Products Corp. ^^

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United Furniture Industries ^^

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STATE ASSOCIATIONS

By Julie Sherrier

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What makes the Illinois Rental Dealers Association unique, says IRDA Treasurer Larry Carrico of Rent One, is that it doesn't have a lot of meetings. "We only have a couple of meetings every year, but our main focus is our political action committee fund," says Carrico. "Our PAC has allowed us to make a lot of friends. We save up for the elections—the most recent election was the first time in more than 100 years that the largest number of seats came up for a vote. IRDA makes sure we have equal representation in the Illinois Legislature. We recently spent more than \$20,000 on campaign contributions."

The end result of these generous donations and political involvement is a fairly friendly atmosphere for rental dealers in the state. "In Illinois, I think we do a very good job in that our rental-purchase stores disclose the complete price of each rental item and all associated fees, so that consumers know exactly what each item costs from the beginning to the end of transaction," says Carrico.

Things weren't always so easy for rental dealers in Illinois. At one point in time in the late 1980s, the industry in the state faced a lot of anti-RTO sentiment. Herman Bodewes was hired as the group's lobbyist and successfully managed to drive through the state RTO statute in 1987. "It was well received by legislators and created a win-win for rental dealers and consumers"

Progressive Rentals is profiling each state rental dealers association. Without these organizations and grassroots activities on the state level, the industry would not be as successful as it is today. You may find ideas here that can be applied to your state association. We want to hear from you. Contact Julie Sherrier at APRO at 800/204-2776 or e-mail jsherrier@apro-rto.com.

says Carrico.

"Several years after we passed the Illinois RTO statute, a state representative by the name of Burke, who was chairman of the consumer relations committee, had a big issue with our rates. He then appointed Jay Hoffman, a Democrat, to head the committee since Burke couldn't sponsor his bill and be committee chairman at the same time. The bill wanted annual percentage rate disclosures, which the industry felt were not applicable to the RTO transaction. Ron DeMoss, who then had just started with Rent-A-Center as legal counsel, and Bodewes testified before the committee."

"We did make a couple of concessions," says Carrico. "Every price tag and advertisement contains pricing disclosures. We were able to defeat the bill in committee and today Hoffman is the right-hand man to the governor."

"We got the respect we deserved and have not been bothered since," says Carrico.

IRDA founders included its charter president, Henry Baird, and several dealers including Lou Merservy. Baird continues to be involved with IRDA and currently serves as the association's vice president.

In 1998, IRDA was voted as the State Rental Dealer Association of the Year. Also that year, IRDA member Larry Carrico was voted as Rental Dealer of the Year.

STATS:

President: James Sobieralski, National Rent To Own
(e-mail: jsobie3040@aol.com)
Vice President: Henry Baird,
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