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Rentals

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MAY-JUNE 2003



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Find out what's on the agenda for rental dealers and employees at the 2003 APRO Convention and Trade Show, August 12-15 at John Ascuaga's Nugget in Reno.

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Good security is great to have, but store owners need to find a balance between safety and cost. What may work for one store may be wrong for another. Find out about the latest in security systems, what they may cost and what will work for your store.

BY PHILLIP M. PERRY

44 | STATES VS. FEDS: PREEMPTION DEMYSTIFIED

Rental dealers have a duty to protect their businesses by understanding how the preemption issue affects movement of rental-purchase legislation at the federal level and to be able to discuss the issue persuasively with their representatives.

BY ED WINN III

48 | SOMEWHERE OVER AT RAINBOW

Meet Wayland Russell, the man behind Rainbow Rentals. Today, Rainbow Rentals is one of five publicly traded rent-to-own companies in the world, leading the market in personal computer rentals. Learn about the man who led the way in leasing technology to a previously underserved market.

A PROFILE BY KATIE GARZA

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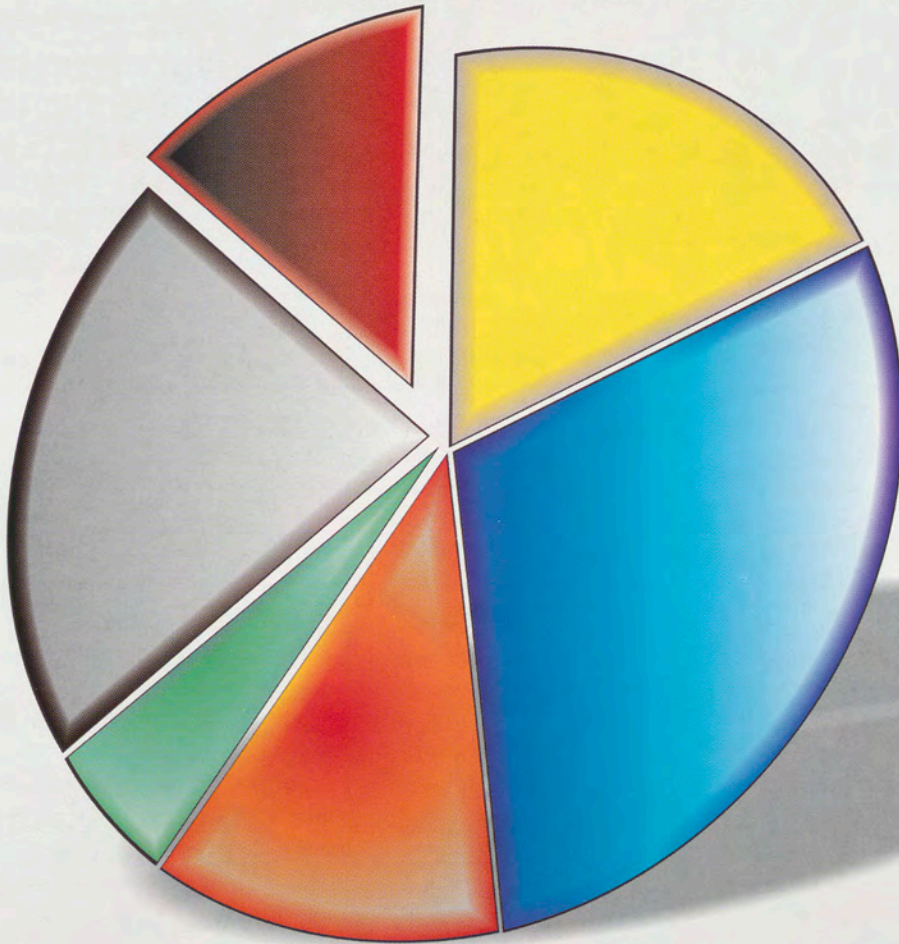
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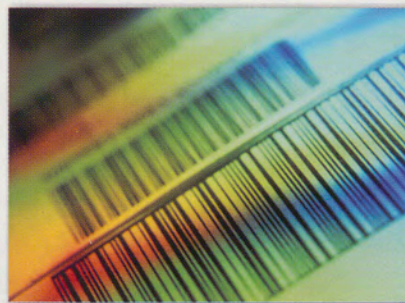
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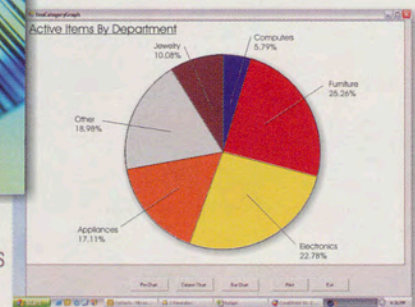
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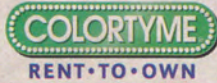
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APRO HOSPITALITY ROOM

2~6 p.m., August 12, and 9 a.m.~5 p.m., August 13 and 14



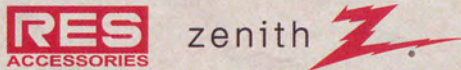
WELCOME COCKTAIL RECEPTION

6~8 p.m., Tuesday, August 12



TOM KITCHENS/JOE EASON GOLF TOURNAMENT

7:30 a.m.~12:30 p.m., Wednesday, August 13



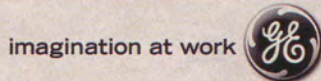
SEMINAR REFRESHMENT BREAKS

Wednesday, August 13 (RES) and Friday, August 15 (Zenith)



GALA COCKTAIL RECEPTION: RIDIN', ROPIN' AND RENTIN'

6~11 p.m., Wednesday, August 13



GENERAL SESSION, BUSINESS MEETING AND KEYNOTE SPEAKER

9~11 a.m., Thursday, August 14



EXHIBIT HALL CHAMPAGNE WELCOME

11 a.m., Thursday, August 14



COMPLIMENTARY ICE CREAM IN EXHIBIT HALL

3~4 p.m., Thursday, August 14



APRO PRESIDENT'S RECEPTION

6~7:30 p.m., Thursday, August 14



CONTINENTAL BREAKFAST

8:30~9:30 a.m., Friday, August 15



AWARDS RECEPTION

7~8 p.m., Friday, August 15



AWARDS DINNER, FEATURING RICH LITTLE

8~10 p.m., Friday, August 15



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CD - 52X24X52 CDRW DRIVE

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news

BREAK

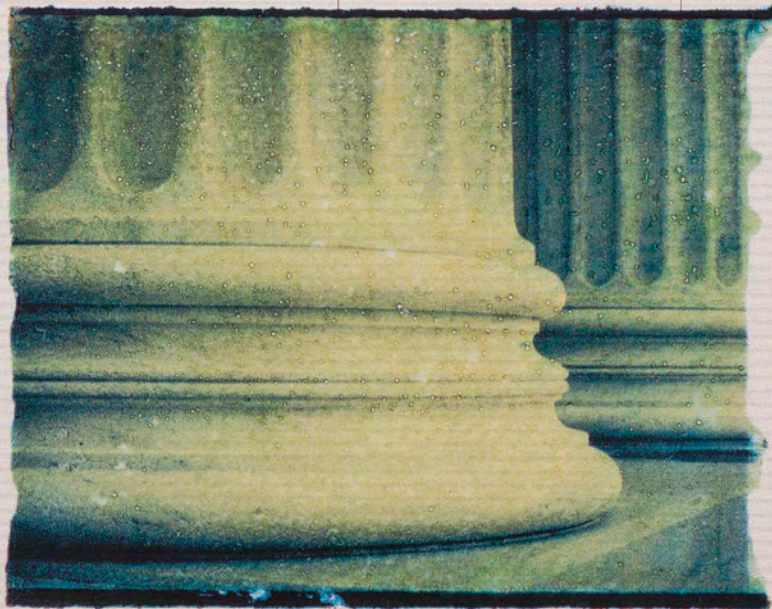
COMPILED BY
JULIE SHERRIER

Companion Senate bill introduced

U.S. Senator Mary Landrieu (D-LA), along with seven other senators, introduced Senate Bill 884 on April 10. The bill has been referred to the Senate Banking, Housing and Urban Affairs Committee where Senator Richard Shelby is chairman. Shelby is also an original sponsor of S. 884 and was the former sponsor for senate legislation in sessions past.

S. 884 is the companion legislation—i.e. identical legislation—to the

House version, H.R. 996, introduced by Rep. Walter Jones, and referred to the House Financial Institutions Committee. The House version currently has 35 co-sponsors. Both bills define the rental-purchase transaction and provide for meaningful consumer disclosures. For a full text of the bill and a complete list of co-sponsors for both pieces of legislation, refer to the



Library of Congress official legislative Web site:
<http://thomas.loc.gov/>

RTO Enterprises approves name change

Canada's largest rental-purchase company—and the fourth largest in North America—will officially  be known as “easyhome Ltd.” before the end of June. The name change was approved at a May 1 annual shareholder's meeting. RTO Enterprises Inc. announced on January 24 that the company was going to consolidate its six retail banners into the easyhome brand. The introduction of easyhome is an important step in the company's development, marking the beginning of its transition from a local, fragmented business to a dominant national brand.

“The change to easyhome is more than a name and a new look,” says David Ingram, president and CEO of RTO Enterprises. “It is a promise to customers that reflects our understanding of their needs. We are committed to surpassing their expectations by giving them a better shopping environment, better product selection and better-trained staff who can help our customers to an

NEWS BREAK

improved purchasing experience.”

“We are confident that the strategy behind easy-home will enhance shareholder value as it positions RTO to significantly grow its business, capitalizing on the under-penetration of the Canadian rent-to-own industry.”

The easyhome re-branding is the largest

and most visible of several initiatives that have been implemented since RTO's new management team was put in place two years ago. Improvements to management systems and controls, employee training, merchandise and marketing programs have already impacted key financial measures. In two years, the company has

improved its performance from a pre-tax loss of \$9.1 million in fiscal 2000, to a pre-tax profit of \$2.7 million for the nine months ended September 30, 2002. RTO has achieved 14 months of comparable revenue growth, seven consecutive comparable quarters of improved income before income taxes, and a 36 percent reduction in

past due accounts.

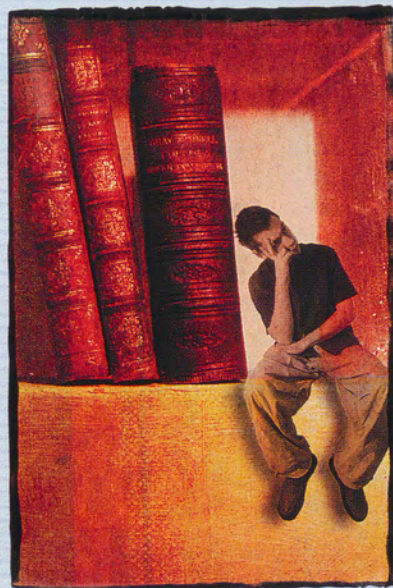
As part of the re-branding initiative, the company will transform the physical appearance of all 136 stores with a combination of remodeling and upgrading, new fixtures and interior signage. Stores will be brighter, with more modern fixtures that are designed to better showcase key technology products. Signage will focus on people and lifestyles, featuring the new core colors of pumpkin, blue, green and white.

APRO solicits donations for education foundation auction

APRO is launching a scholarship foundation to raise sufficient funds to create a permanent endowment to award annual college scholarships by drawing upon the fund's annual interest. By raising enough money to draw upon the interest from a permanent fund, APRO and the rent-to-own industry will secure its future in America

by offering annual scholarships to those in the rental-purchase industry and to students who express an strong desire to pursue a future in this industry.

To kick off the foundation, an auction will be held during the 2003 APRO Convention and Trade Show this August in Reno. Currently, the Association is searching for a rent-to-own participant who has access to and is willing to share a unique vacation destination, among other items, that will be included in the auction. Auction items must be unique and unusual enough to entice significant bids to help raise money for this new educational scholarship foundation. If you or someone you know who would be willing to donate a unique vacation resort or any other item, please contact APRO's Auction Committee Chairman Mark Peter-



son at 509/453-2561, APRO Public Relations Chairman Shannon Strunk at 228/769-3782, ext. 880, or Richard May (rmay@apro-rto.com) at APRO, 800/204-2776, ext. 104.

Rainbow founder Hendricks leaves post

On May 7, Rainbow Rentals made public the news that chief operating officer, director and founding member Larry Hendricks is leaving the company to pursue other personal and business interests.

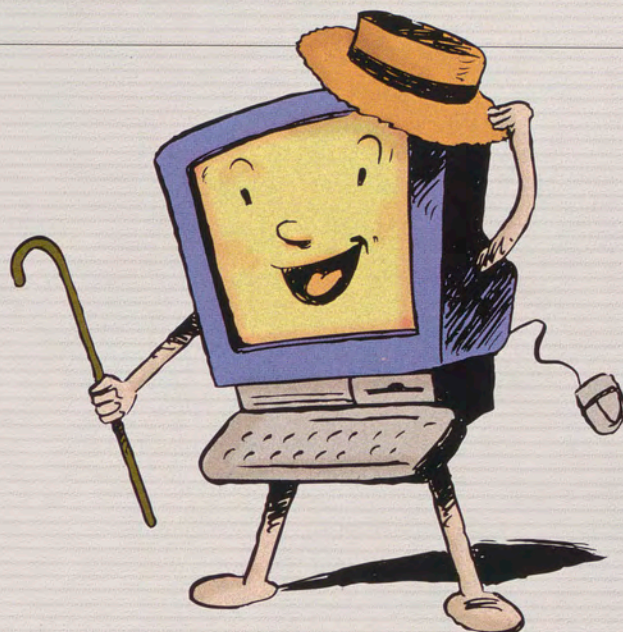
“This is a good time for a transition at Rainbow,” says Hendricks. “We have successfully implemented major changes in the past year that have begun to generate more favorable results in the past four months and the company is in good hands. I believe the management team is positioned very well for success and they have my full support. I’m looking forward to some new

business opportunities, as well as spending more time with some of the ministries I've supported and pursuing my lifelong dream of coaching."

S. Robert Harris has been promoted to fill Hendrick's shoes as chief operating officer. Harris brings more than 20 years of RTO experience to Rainbow, having begun his career as a manager trainee at Remco in 1975. He was promoted to positions of increased responsibility at Remco, including regional manager and vice president of human resources, until he became chief operating officer. After serving in that position for nearly 10 years, Remco was sold to Thorn Americas in 1995. Harris remained with Thorn for approximately a year. From 1996 through 2002, he served as chairman and chief executive officer of Texas Shamrock Homes, a retailer of manufactured housing, which he sold prior to joining Rainbow in January 2003 as regional supervisor.

Mississippi and Alabama rental dealers meet, merge

Shannon Strunk, APRO board member and president of Baber's Inc., a southeastern rental chain based in Pascagoula, MS, listened



Teletrack's RTO Pro software now fully integrated

Teletrack Inc. announced on April 14 that RTO Pro Software is now fully integrated with Teletrack's pre-screening and skip-tracing service. The integration will make it easier for RTO Pro users to access Teletrack's comprehensive data on high-risk consumers for use in risk assessment and skip-tracing.

Fully integrated Teletrack access is currently available with RTO Pro's latest software revision, version 4.9.13. The benefits to Teletrack's and RTO Pro's mutual customers include the elimination of double data entry and allow faster data access through the seamless integration.

For more information, go to www.teletrack.com or www.rtopro.com or contact Jeff Hall at 800/729-6981, ext. 1709.

to the urgings of fellow APRO board member "Tiger" John Cleek about the importance of viable state associations and took it upon himself to reorganize both the Mississippi and Alabama Rental Dealer Associations. Both state associations were active in the past, but had lost leadership and energy due to consolidation in the industry. Strunk sent out notices to dealers in the two states and invited

them to a meeting in Choctaw, MS, on April 22. He then followed up with telephone calls, urging them to attend.

Twenty-four people showed up, representing 11 companies. It was Strunk's idea to create a new association representing the two states rather than to try to resurrect two tired old associations. With leadership pulled from two important rent-to-own states, the new association

CALENDAR OF EVENTS

2003

JUNE

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

JULY

9-10
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
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Reno," John Ascuaga's Nugget,
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www.APROvision.org

21-24

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

SEPTEMBER

9-10

Missouri Rental Dealers
Fall Show, 573-442-2963,
Ken Steiner

12

Florida Rental Dealers
Association Slatton
Golf Tournament, 813-623-5461

17-18

Florida Rental Dealers
Association annual meeting,
Orlando, 813-623-5461

OCTOBER

16-22

High Point Furniture Market,
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NOVEMBER

21

Oregon Rental Dealers
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NEWS BREAK

Women of RTO-sponsored Mexico clinic building purchased

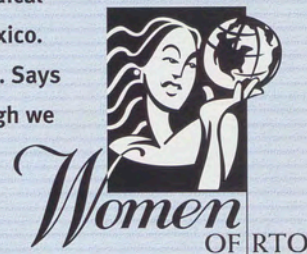
National TV Sales and Rental's Anthony Windsor and The Christian Campus House and Workers for Mexico Mission would like to express its deepest thanks to APRO members for their support through

Women of RTO donations for a project to provide a medical facility for the disadvantaged people of Monclova, Mexico.

Windsor and friends traveled to Monclova in March. Says Windsor, "Together we have accomplished a lot! Though we did not receive the funding that was needed to build the medical building that was originally planned, Christian Campus House was able to work out a deal

with a local church that will enable medical care to begin soon. The church wanted a medical facility as much or more than we did, so they were willing to sacrifice one of their buildings for a medical clinic.

"This building has been used as a Sunday school facility, but they graciously accepted the money that was raised and designated this building as the Rent-to-



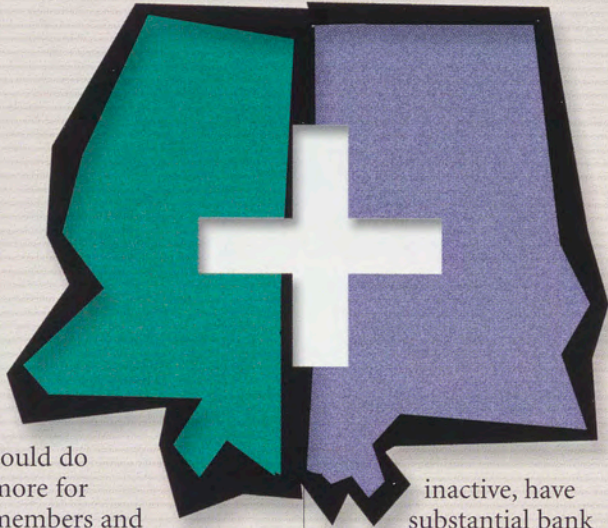
Own Medical Facility, with medical-specific modifications soon to be underway. The church has located a doctor who is willing to provide care at that location, so medical care should be beginning very soon.

"Christian Campus House has volunteered to build a new Sunday school facility in the upcoming



years as well. The \$6,700 that was raised will not cover the construction costs of the Sunday school building, nor does it help provide any medical supplies. The church took a loss for this project, but all in all, it is still a gain in services for the community.

For more information on how to get involved, contact Mamie Harper, founder of Women of RTO, at 915/775-1155, or Shelley Martinek at APRO at 800/204-2776, ext. 109, or via e-mail at smartinek@apro-rto.com.



could do more for members and draw larger crowds to meetings.

Strunk furnished draft bylaws for the group, covering the issues of dues, leadership and voting rights among members. Both state associations, even though

inactive, have substantial bank balances. Strunk was able to suggest a modest dues structure of \$50 for the first store and \$15 for each additional store. He proposed that the association be run by four rental dealers elected by the members with the

leadership role alternating between the two states every year.

When polled, no one at the meeting had any objection to forming a two-state association and several dealers looked forward to having more training sessions for employees and other valuable state association services. Strunk had the dates and times ready for the first such meeting for July 8-9.

Strunk explained the advantages of having an active state association and was followed by a dynamic presentation by

Ernie Lewallen of UHR Rents and APRO General Counsel Ed Winn III. The new state association officers are: Shannon Strunk, president; Vonda Jones, vice president; Russ Wilson, treasurer; and Paul Shutt, secretary.

Florida dealers association hold legislative conference

The Florida Rental Dealers Association held its fourth annual legislative conference March 12

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NEWS BREAK

and 13 in the state capital, Tallahassee. Twelve FRDA members, led by state President Terry Beville and the event's sponsor Alliance Computing Technologies

Inc.'s representative Jim O'Malley, gathered in the office of the association's lobbyist Juhon Mixon on March 12 to assign and discuss the afternoon's legislative visits and

review PAC fund activity for 2002. That afternoon and the morning of the March 13, 34 visits were made with senators, representatives and their legislative aides to discuss the rent-to-own industry and key business issues.

FRDA's Bill Hurley brought everyone up-to-date on major issues facing the legislature during this year's session: worker's compensation rising costs, establishing a cap on medical malpractice cases and loss of state sales tax revenues to Internet sales to name

the more important ones.

A reception was held at Mixon's office for the legislators visited that afternoon and their aides.

Three Florida rental dealers met with a local state attorney and one of his division chiefs to establish a dialog regarding his circuit's current policy *not* to prosecute under Florida Statute 812.155(3) "Failure to Redeliver Hired or Leased Property." In layman's terms, this statute affects Florida dealers when their customers

Correction

Strategic Marketing Associates was inadvertently left out of the APRO associate member alphabetical listing in the 2003 Rental-Purchase Almanac. APRO regrets the error. The listing is as follows: Strategic Marketing Associates Inc., Alan Stein and David Kay, 2801 N. University Dr., Suite 306, Coral Springs, FL 33065-5054, 954/344-7900; fax 954/344-7990, club4you@aol.com.

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NEWS BREAK

decide to steal rented merchandise.

"It did not take us long to confirm our fears that our argument fell on deaf ears as we listened to their total disregard for our efforts to have

this statute amended two years ago that excluded rent-to-own agreements from being prosecuted under 812.155," says Beville. "At the moment, this is the only judicial circuit in our state that

has taken this position. Once again, we are forced to deal with an unfair exclusion of our industry. We have already started the process to address the issue."

2003 RTO Employee and RTO Customer of the Year competition heats up

Last year, an unsuspecting Ronnie D. Williams and Norma Burgenger were awarded with free trips to Las Vegas to be honored at the 2002 APRO Convention and Trade Show as that year's Rental-Purchase Employee and Rental-Purchase Customer of the Year.



Williams and Burgenger are exemplary individuals who give back to the communities in which they live and serve as examples for their peers, friends and families. They each deserved this special recognition for not only their contributions to the industry, but also for their humanitarian deeds that had nothing to do with rent-to-own.

Williams, who is a RentWay account manager, was nominated by his store manager for organizing food drives and managing the Harvest Deliverance Center, a homeless shelter. This on top of maintaining a top-notch card close and for being reliable, dedicated and working well with the store's customers.

Burgenger is a customer of Stanley's Rent

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.

To Own in Vinita, OK. She was nominated by Bobby Pierce, the store manager, for opening her home to boarders in times of need. Burgenger lives on a fixed income, but still manages to find the resources to help others get on their feet again and often turns to Stanley's to help accommodate her boarders.

These are last year's winners—who stands out in *your* stores this year? Who deserves that special recognition for going above and beyond the normal call of duty? We're ready to hear your stories. Just fill out the entry form at left or download it at www.aprovision.org/convention/empcustyear.pdf.

ACT adds IBM brands to its product line

Strengthening its position as one of the leading providers of computer products and services to the rent-to-own industry, ACT formed a partnership with IBM and announced on March 25 its status as an authorized reseller of IBM into the RTO market.

"Adding IBM computers to our existing product line of Dell, Hewlett Packard and Compaq brands arms us with a complete offering of systems in the marketplace," says Vice President of Sales Jim O'Malley. ACT's

It's all about vision



The main difference between businesses that succeed and businesses that don't is an ability to see what you need before you need it. That ability to look down the road and anticipate the changes in our industry have kept TRIB Group in continuous service to the rental-purchase industry for 17 years. We help our members stay current in an ever-changing workplace and look for ways to save them even more money in the future. That's the reason we're America's largest rental industry buying group. We invite you to see for yourself.

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IBM NetVista model was specifically configured with the RTO market in mind, including a built-in recovery process. In addition to features that set it apart from other brands, the NetVista model is not sold in retail stores, making it all the more attractive to RTO dealers and customers.

This is not the first time that Alliance Computing has brought a new manufacturer into the marketplace. ACT was the first to bring Hewlett Packard products to RTO in 1999. Then again in 2002, ACT was the first authorized reseller in RTO for the Dell Dimension series.

"We want rent-to-own customers to have the same access to advancing products as those consumers who shop direct or in retail stores and outlets," says O'Malley. ACT brings different manufacturers into the RTO marketplace with a system in place that allows them to introduce and support new products seamlessly.

For more information, contact Sharon Beville at 888/615-5228 or via e-mail at sbeville@actsmart.com

**RTO/Arts
launches art
service for
RTO industry**

A new wall art and mirror solution company

hit the RTO market in May. RTO/Arts offers a diverse selection of images, service manuals and sales training specifically targeting the RTO market. Dealers can view and make selections from the company's Web site at www.rtoarts.com or through an in-store catalog.

"Our staff has worked tirelessly so rent-to-own stores can meet their customer's art needs. We have thousands of images available to suit everyone's tastes. Once ordered, our products are attractively framed and

matted," says RTO/Arts CEO Stefan Rollins.

The company also offers repair kits to help stores return a product to the floor easily, as well as selling points for each product coupled with a training manual to help employees," says Rollins.

Rent-n-Roll expands into North Carolina

Rent-n-Roll President Larry Sutton announced the completion of a multi-store license agreement for the Greensboro

and Charlotte, NC, areas with John Miller of Hometown Rentals, which currently operates 16 traditional RTO stores in Virginia and North Carolina. The new company, JB & JM Enterprises, will be developing stand-alone Custom Wheel and Tire Rent To Own stores under the license agreement with Rent-n-Roll.

Rent-n-Roll also announced the completion of its co-brand unit beta-site, which is a franchise that operates inside a traditional RTO store. Basically, the co-brand

unit was designed to service the smaller markets that could not provide the volume necessary to support a stand-alone Custom Wheel and Tire Store, says Sutton.

"We took our time with the developmental process as we wanted to be 100 percent certain that the two completely different types of produce could co-exist without disrupting the core business," says Sutton.

For more information, contact Vince Ficorotta at 888/466-7655, ext. 13, or via e-mail at vince@rentnroll.com.

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A collection of various household and office items including tools, electronics, and cleaning supplies. Items shown include a Panasonic power drill, a computer mouse, a game controller, a keyboard, a remote control, a ladder, a first aid kit, a level, a tape measure, a power strip, a vacuum cleaner, a spray bottle, a game controller, a keyboard, a remote control, a ladder, a first aid kit, a level, a tape measure, a power strip, a vacuum cleaner, a spray bottle, a game controller, a keyboard, a remote control, a ladder, a first aid kit, a level, a tape measure, a power strip, a vacuum cleaner, a spray bottle.

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I have stared at enough campfires in my time to realize a universal truth. An ember by itself just glows. Put another ember next to it and fire happens. According to Einstein, all mass is energy, so the same truth applies to humans. Put two people or more together with a vision and the energy to see it through and fire happens. That's what teamwork is. That's what I witnessed it at our 10th legislative conference held in Washington, D.C., May 20–22.

Ten years. That's how many times I and a host of rental dealers have traveled to D.C. to represent our industry before the U.S. Congress. That's how

.....
**“Today, we have
 50 House sponsors
 and 12 Senate
 sponsors—the most
 ever at this point
 during a Congressional
 session.”**

difficult, but the strategy is easy: Deliver our message effectively and diligently to all 535 offices. Chris Korst and Ron Waters have done an excellent job traveling to D.C. to deliver our message, but the most powerful message comes from back home. Please contact your legislators. You can do so through APRO's Web site at www.aprovision.org by clicking “Contact Your Legislator” or contact the APRO office at 800/204-2776.

We have spent the past six months crafting a very specific message that has been delivered as a presentation before several congressional offices or one-on-one. Federal legislation is good for business, consumers and the economy. We do not preempt any state law; we change court rulings. This legislation improves consumer protections in 34 states.

Today, we have 50 House sponsors and 12 Senate sponsors—the most ever at this point during a Congressional session. We have both chairmen's commitments to move this legislation and commitments of sponsorship from at least 30 more House members and 10 senators. That's 10 years of diligence, hard work and, most of all, teamwork.

It has been a tremendous honor to be a part of such an energetic group. The fire we started when we put our energies together still burns with the same desire to achieve our goal of preservation and prosperity. ■

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

The fire still burns

long it takes an industry that was on the brink of being put out of business to devising legislation that will carry our businesses safely into the future.

Oh, how things have changed. Because I had already secured the sponsorship of my congresswoman, Rep. Jo Ann Emerson, and my senator, Sen. Jim Talent, I had the honor of being a “floater” on the Senate side of our campaign. A “floater” is the political person assigned to help conference attendees communicate the industry's message if needed, but more important, a “floater” should be able to answer any political or technical questions as well as take the temperature of that office, so to speak, that may help with our campaign.

I sat in 16 meetings with senators representing the gamut of America. Each senator was distinctively different and clearly represents the region from which he or she was elected. What was different this year from the past nine was that each office had done its homework and was familiar with our issues, our industry and our legislation.



By GARY ROMINE
 APRO's President

The opposition has done a good job of exaggerating the preemption issue (see Ed Winn's article on page 44) and/or the consumer issues of the legislation. That actually helps our strategy in dealing with Congress as we have the opportunity to clarify these issues.

Our strategy is simple. The task is still very dif-

Answers :) to Important Rent to Own FAQ's...



Q: Our BOR and APU have steadily increased, but our delinquent accounts have skyrocketed! How can my account managers regain tighter control?

A:) **The Ideal Rental Manager's (TIRM's) interactive collection system will COLLECT MORE OF WHAT YOUR OWED!**

"By allowing a customer to go past due every week, we send a bad signal...when you run a lax credit program, all you do is hurt yourself, and cause an eventual pickup anyway. Once you really understand credit, you can run a tighter ship and still keep it afloat."

Brian Mohammed

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The most powerful management tool in The Ideal Rental Manager system is the Collector's Workstation. It easily pays for your entire software investment.

TIRM sets rental rates, terms, due dates, and grace periods, accesses late fees, prints billing statements...plus more.

The interactive Collector's Workstation sorts delinquent accounts by collection routes and number of days late, and increases efficiency by prompting account managers which customers need to be called.

At collectors' fingertips is detailed account information, payment histories, and product specifics about the items rented. Information that allows callers to evaluate past collection efforts including notes, customers' responses and broken commitments; assisting account managers to make sound decisions and intelligently negotiate with customers!

Most importantly, from the same screen, account managers can **take credit card phone payments**, make collection notes, or schedule commitments for future payments!

With such a wealth of available account information and tight structure, it's easy to maintain over 90% collected!

"Anyone who wants it...gets it! Anyone who pays for it...keeps it! Don't be scared to rent it! Don't be scared to COLLECT IT!" Brian Mohammed • RTOnline.

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As odd as it might seem in today's economy, there are people who are projecting an impending crisis in skilled labor in the near future. Indeed, the United States Department of Labor is projecting that there will be more than 10 million more jobs available in the United States than there will be skilled workers to fill them by 2010.

When I first read this, I was confused. Over the past two to three years, we have seen a complete reversal from the job market just a few years ago during the big boom of the 1990s. But history

A stable workforce

shows us that our economy grows in spurts and then it recedes. There is little evidence that the current downturn will carry on to become a long-term deflationary economy.

If you accept the assumptions put forth by the United States Department of Labor, everyone in our industry should include the proper role of human relations in their company's strategic planning.

According to the authors of *Impending Crisis, Too Many Jobs Too Few People*, there are five principal reasons people leave their jobs. Those reasons are: 1) It doesn't feel good around here; 2) They wouldn't miss me if I were gone; 3) I don't get the support I need to get my job done; 4) There's no opportunity for growth; and 5) my compensation package isn't what I want.



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

It is interesting to me that the No. 1 reason for people to leave their employment is the workplace culture. Either the culture needs improving or the employee needs a different office culture in order to be happy and grow. Not all people fit in all cultures.

During the past 14 years of my involvement with this industry, the most talked about issue has been the employee turnover rate. In general, the industry has been able to retain more good people than was the case just a few years ago, but it still remains a problem for us to overcome, especially in light of this apparent em-

ployee shortage with the next upswing in the economy.

There is such a thing as preferential treatment in the workforce. In fact, in *Impending Crisis*, the authors stress: "you cannot treat your best performers the same as your average performers...unless you want your best performers to leave. Equitable business practices drive away the highest performing talent."

The authors of *Impending Crisis* argue that "if recruiting is viewed as a 'strategic investment,' rather than a 'tactical expense,' and the process and outcomes are measured and tracked, the result can be a terrific return on investment."

The rent-to-own business model is based on the treatment of our customers. This is not understood by most self-appointed consumer advocates. People are amazed at the industry's rate of repeat customers. We are now, in some areas, experiencing third-generational support. Does anyone out there not like a repeat customer? That leads to a certain amount of stability in BOR.


Likewise, the smart rental company strives for a stable workforce. Hiring top performers in an organization and keeping them will make your business strong and these people will be a magnet to attract others of equal caliber.

There is one last vital message I got out of reading *Impending Crisis*. I wish to share it with all my readers:

"If your people are such a vital asset, you need to be sure that your human capital support process is strong. Very strong. Attracting and hiring top talent will differentiate your organization from all those who would compete with you—for business or for people." ■

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

.....
"Hiring top performers in an organization and keeping them will make your business strong and these people will be a magnet to attract others of equal caliber."



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I had the good fortune to listen to two rental dealers talk about their businesses over the past few weeks. The talks themselves were chock full of food for thought and so was the fact that two experienced operators were sharing information with other rental dealers. Mark Speese, who is in charge of 2,520 Rent-A-Center stores, talked to rental dealers at the TARA meeting in Fort Worth in March. Ernie Lewallen, owner and operator of UHR Rents, a nine-store chain based in Cincinnati, gave a seminar at the Mississippi/Alabama rental dealer meeting in Choctaw, MS, in April.

how he does things to give him a call.

This willingness to share ideas and information among rental dealers at every level is a rare and continually joyous thing for this industry. This attribute has done much to forge a solid place in the American economy for RTO. Early on, rental deal-

.....
 "The willingness to share ideas and information among rental dealers is a rare and continually joyous thing for this industry. This attribute has done much to forge a solid place in the American economy for RTO."

Share what you've learned

Both are veteran rental dealers with more than 40 years' experience combined. Both grew up in the business and have run routes and managed stores. Speese talked more about macro issues: how big can the rental industry get in the United States (15,000 stores in the next few years), the interplay of the federal legislative effort, possible new entrants into the RTO market like Sears or Wal-Mart, and public and private financing in the industry.

Lewallen talked more about micro issues: how to structure a pay plan for store managers that builds loyalty and revenue growth (20 percent internal store growth over each of the past three years), the importance of the rental agreement and how to use it in the store, how to move inventory in a rental store effectively and profitably, and some store marketing and merchandising tips.

Both men are gifted public speakers and are insightful, savvy rental dealers, albeit at different levels of the game.

Neither, obviously, was under any compulsion to take time out from running their businesses to go talk to a roomful of competitors. Speese, incidentally, fielded questions from the audience for a couple of hours and did not duck a single one. He told the group, for example, the ideal store size in the RAC system. Lewallen was equally candid and invited dealers who had more questions about

the entrepreneurial spirit, rental dealers with companies to run and, indeed, empires to build, took time out to share what they know with fellow rental dealers.

For all of you not on the RTO podiums when rental dealers gather, you should at least make sure you are in the audience. No dealer can be so busy guiding their rental ships that they cannot take time to listen to other rental dealers share tips. Ideas from outside can inspire fresh thinking, motivate and inspire. There is a convocation of rental dealers somewhere almost every month. If you think that you are too busy, or worse, already know it all, be advised that you aren't and you don't.

I want to thank Messieurs Speese and Lewallen for giving something back to the industry. I also want to thank every rental dealer who has ever volunteered to give a talk at an APRO meeting or a state association meeting or a TRIB meeting or other meeting of rental dealers. The industry thanks you and is beholden to you for helping create better companies, better employees and better customer relations in an industry of which we are all, today, very proud. ■

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



By ED WINN III
 APRO's General Counsel

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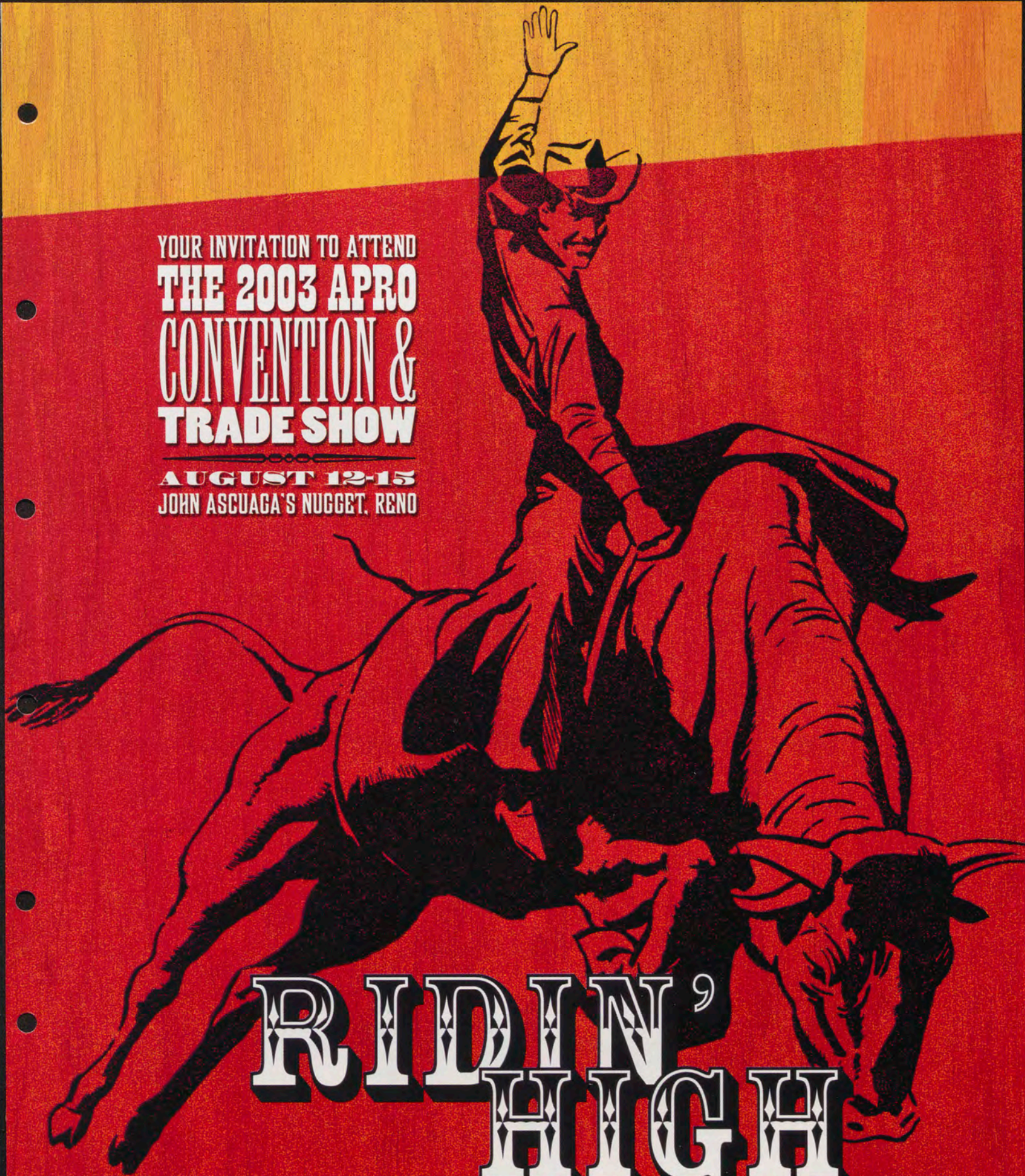
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**RIDIN'
HIGH**

IN RENO

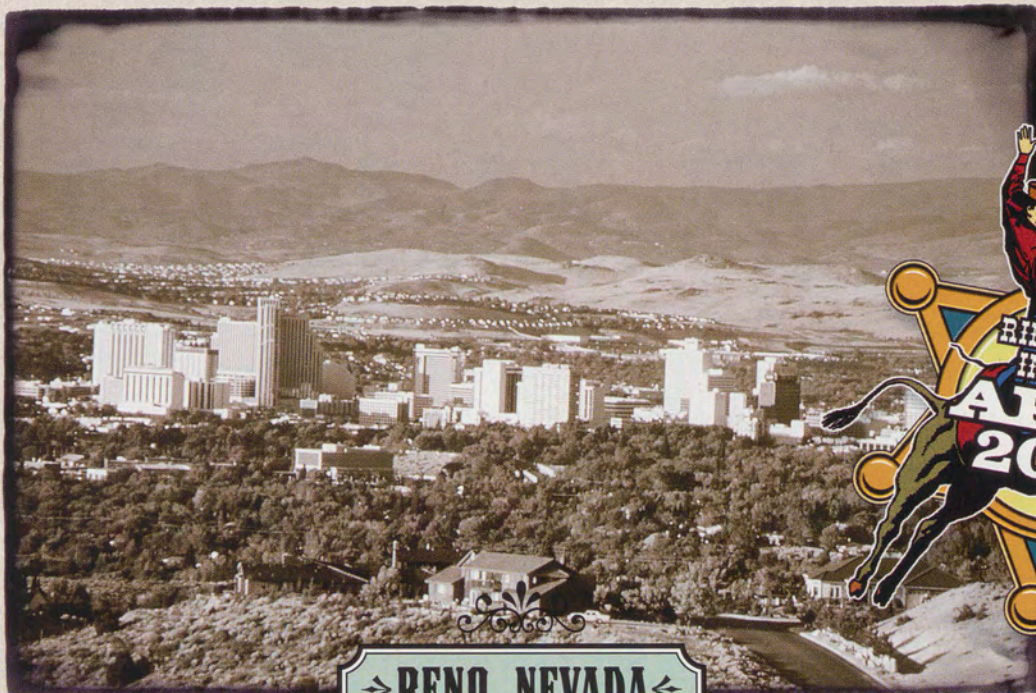


RIDIN' HIGH

IN RENO

YOUR INVITATION TO ATTEND
**THE 2003 APRO
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AUGUST 12-15
JOHN ASCUAGA'S NUGGET, RENO

RENTAL DEALERS WILL ONCE AGAIN BE RIDING HIGH IN RENO THIS SUMMER AS THEY TRAVEL FROM FAR AND WIDE TO ATTEND THE 2003 APRO CONVENTION AND TRADE SHOW. GEARED SPECIFICALLY TO THE RENTAL-PURCHASE INDUSTRY, MORE THAN 100 VENDORS WILL FILL THE EXHIBIT HALL AND EDUCATIONAL SEMINARS COVERING TOPICS FROM MARKETING TO HISPANICS TO HOW TO SPOT A LIAR, WILL GUARANTEE A PROFITABLE JOURNEY FOR ALL WHO ATTEND. THE ASSOCIATION OF PROGRESSIVE RENTAL ORGANIZATIONS IS THE NATIONAL TRADE ASSOCIATION DEVOTED TO THE RENTAL-PURCHASE INDUSTRY, WHICH IS COMPOSED OF BUSINESSES THAT RENT FURNITURE, APPLIANCES, COMPUTERS, JEWELRY AND OTHER HOME PRODUCTS WITH AN OPTION OF OWNERSHIP. ALSO KNOWN AS RENT-TO-OWN, THIS IS A \$5.7 BILLION-A-YEAR INDUSTRY SERVING APPROXIMATELY 2.8 MILLION CUSTOMERS A YEAR.



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It's no wonder that more than 5 million people visit Reno every year. A chain of high mountain peaks surround the region in every direction. The Truckee River flows through the heart of the city and among an eclectic mix of stately manors, quaint churches, sleek high rises, city parks and casinos. In addition to the area's spectacular beauty, Reno/Lake Tahoe offers an extraordinary mix of history and culture, world-class ski and golf resorts and 24-hour gaming and entertainment. APRO's 2003 host hotel, John Ascuaga's Nugget, is well-known for its beautiful accommodations, tasteful dining and resort luxury. And it's all there for you when you attend APRO's 2003 convention and trade show!

HIGHLIGHTS OF THE CONVENTION INCLUDE:

- FOURTH ANNUAL EMPLOYEE DAY** 🌞 **2003 RTO CUSTOMER OF THE YEAR AND EMPLOYEE OF THE YEAR AWARDS**
- INDUSTRY UPDATES AND RTO SURVEY RESULTS** 🌞 **EDUCATIONAL SEMINARS** 🌞 **NETWORKING OPPORTUNITIES**
- SOCIAL EVENTS WITH GREAT ENTERTAINMENT** 🌞 **GOLF TOURNAMENT** 🌞 **EXCITING LOCATION**
- FIRST-CLASS ACCOMMODATIONS** 🌞 **FREE TRADE SHOW**

WHO ATTENDS THE APRO TRADE SHOW?

Large and small rental-purchase companies and their owners, managers and employees will be represented. More than 1,000 people attended the 2002 APRO show, including:

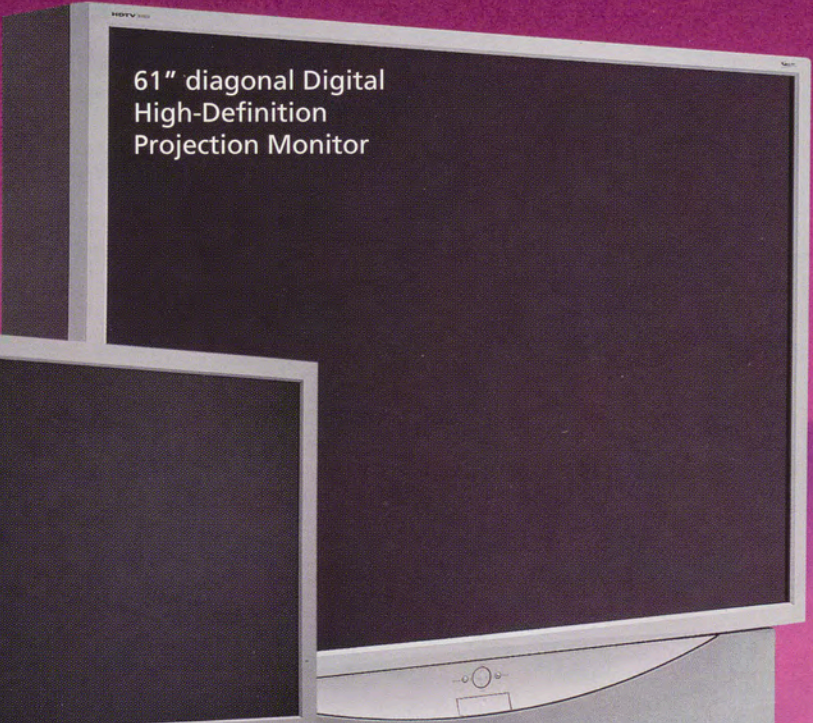
- ☞ Chief executives
- ☞ Chief financial officers
- ☞ Chief operating officers
- ☞ Corporate buyers
- ☞ Rental store owners
- ☞ Rental store senior-level executives
- ☞ Rental store managers
- ☞ Rental store management trainees
- ☞ Department executives
- ☞ Rental store employees

WHO EXHIBITS THE APRO TRADE SHOW?

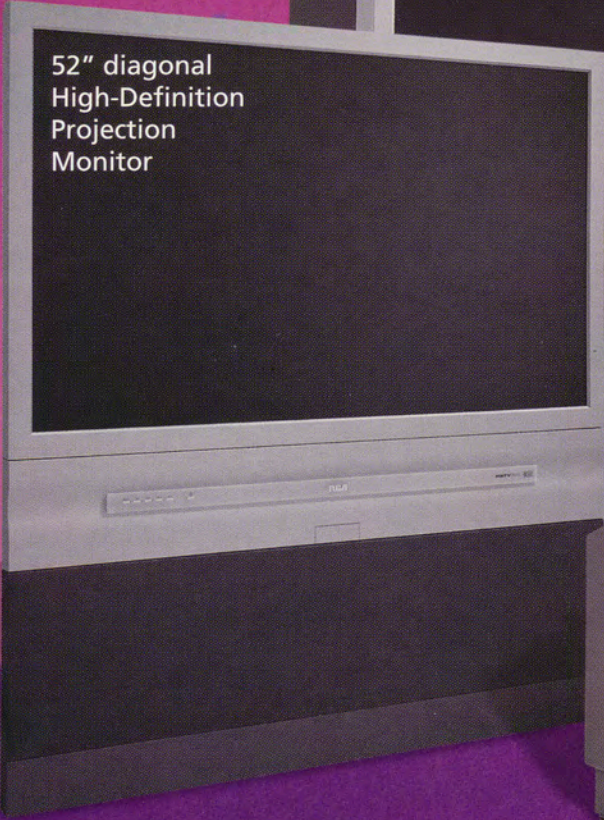
At the 2002 annual convention and trade show, more than 100 companies exhibited products and services in more than 200 booths. The following are a few of the products and services categories already registered for the 2003 convention:

- ☞ Advertising/promotional
- ☞ Appliances
- ☞ Communications
- ☞ Computers/software
- ☞ Electronics
- ☞ Financial and special services
- ☞ Furniture and furniture accessories
- ☞ Jewelry
- ☞ Trucks


CAT



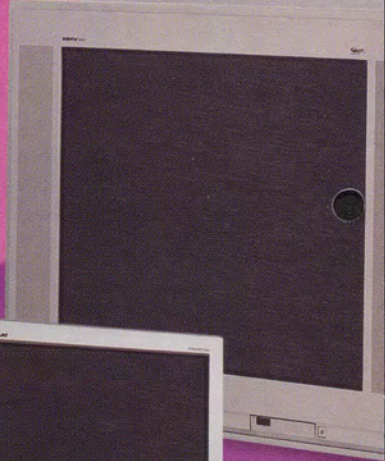
61" diagonal Digital
High-Definition
Projection Monitor




52" diagonal
High-Definition
Projection Monitor




32" diagonal TruFlat™
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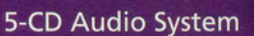
20" diagonal
Stereo Telev



5-CD Changer with
MP3 Playback



10-Watt Portable
CD Player with
MP3 Playback



5-CD Audio System

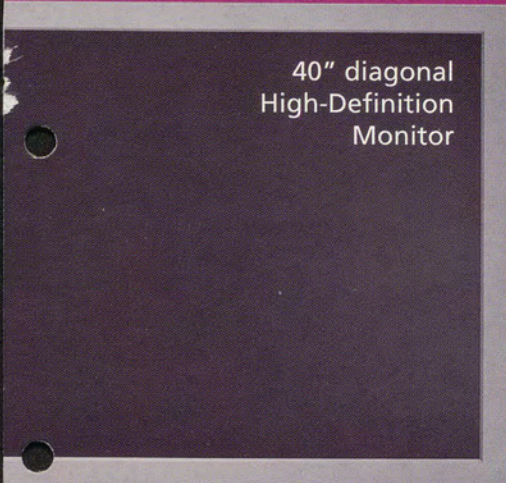
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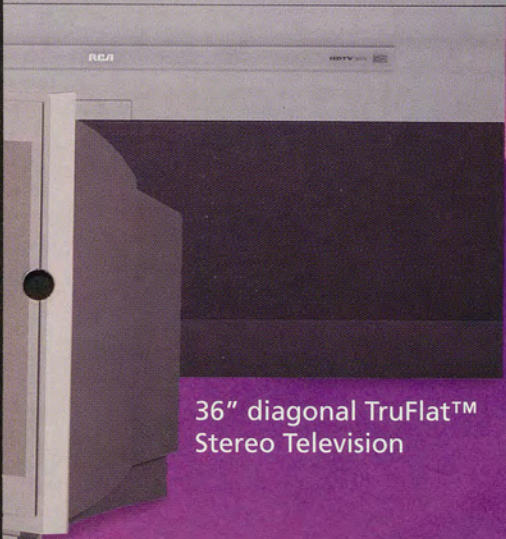
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CH THE SILVER RUSH




40" diagonal
High-Definition
Monitor



36" diagonal TruFlat™
Stereo Television



4-Head Hi-Fi
Stereo VCR



650-Watt Home Theatre System

Need to cause a rush?

Search no further. You've found silver.

When your customers enter your showroom they will immediately notice the traditional black boxes they have come to rent have been replaced with something new and now. The lustrous metallic silver color will speak to their senses even before they turn them on. Their mind will race and their heart will pound. But you can reassure them. They are attainable.

Of course, you can also tell them how RCA designs high performance, high-quality electronics products that provide seismic entertainment stimulation. From our state-of-the-art High Definition Monitors and TruFlat™ Series televisions to our innovative stereo systems, DVD Players and home theatre systems—you know you're giving your rental customers the technology they want, too.

Start a rush. Rent RCA brand electronics products.

APRS Charter Associate Member

For more information contact:
Timothy Shannon National Sales Manager—Special Markets
800.217.3935 voice 800.688.1115 fax shannont@tce.com

RCA

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**TOM KITCHENS/
JOE EASON GOLF
TOURNAMENT**

**WEDNESDAY, AUGUST 13,
THE LAKES COURSE
AT RED HAWK GOLF CLUB**

The Lakes Course winds through the springs and wetlands of Red Hawk at Wingfield, an Audubon International Signature Sanctuary. This is a true risk-and-reward track in the Robert Trent Jones Jr. tradition. Miss your target and the penalty is severe, strike it true and the birdies will fly. The signature 17th is an all-water carry into the prevailing wind.

This tournament begins with a shotgun start at 7:30 a.m. It is always an early sellout, so be sure to register right away, as space is available on a first-come, first-served basis. Your space in the tournament cannot be reserved until payment has been received by APRO. The registration deadline is July 18 or when all tournament slots are filled, whichever comes first. The cost is \$100 per person. *Sponsored by Whirlpool Corp.*

WELCOME RECEPTION

TUESDAY, AUGUST 12

Get together with old friends and get acquainted with new ones. This reception is open to all APRO convention attendees. Special recognition will be given to new APRO members (since July 2002) and first-time APRO convention attendees. Light hors d'oeuvres and cash bar. Casual attire. *Sponsored by TRIB Group.*

**GALA COCKTAIL RECEPTION:
RIDIN', ROPIN' AND RENTIN'**

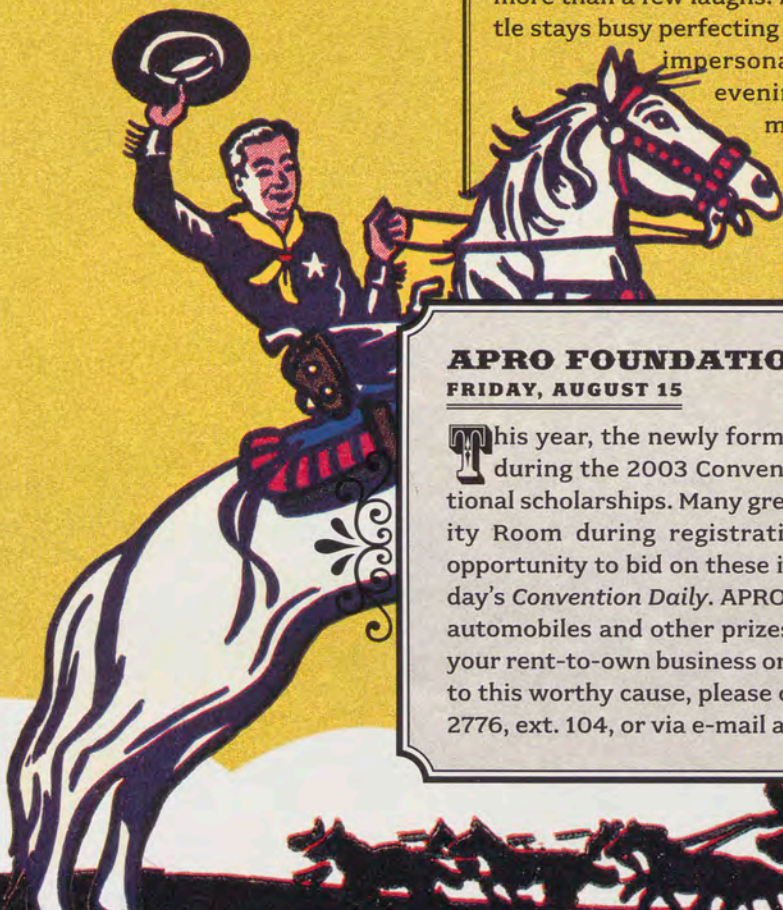
WEDNESDAY, AUGUST 13, PONDEROSA RANCH

What would a trip to Reno be without an excursion up to the beautiful Lake Tahoe area? By popular demand, APRO will again take its gala cocktail party to the mountains and return to the Ponderosa Ranch of Bonanza fame. Tour the ranch house, Hop Sing's kitchen, Ben Cartwright's library, the barns and the collections of antique farm equipment as well as the Optical Illusion Mine. Soak up the cowboy atmosphere at the Silver Dollar Saloon and watch out for the motley crew of Old West gunfighters. Complimentary Western barbeque and open bar. Western or casual attire. And bring a jacket—it gets chilly up in the mountains in the evening! *Co-sponsored by Alliance Computing Technologies, Florida State Games, Foresight, Philips Consumer Electronics, Rental Information Systems and Ther-A-Pedic.*

ANNUAL AWARDS RECEPTION AND BANQUET

FRIDAY, AUGUST 15

Comedian Rich Little will be on hand to lighten up the 2003 APRO Awards Reception and Banquet. Having amassed an impressive collection of 200 character impersonations, Little is guaranteed to generate more than a few laughs. From Frank Sinatra to Bill Clinton, Little stays busy perfecting his acts and adding new characters to impersonate. Join your peers for a fun-filled evening and for the presentation of the most coveted awards in the industry. Complimentary cocktails during reception. Cash bar during dinner. Semi-formal attire. *Reception sponsored by Thomson. Banquet sponsored by High Touch.*



APRO FOUNDATION SILENT AUCTION

FRIDAY, AUGUST 15

This year, the newly formed APRO Foundation will offer a silent auction during the 2003 Convention and Trade Show to raise funds for educational scholarships. Many great items will be on display in the APRO Hospitality Room during registration hours. All APRO members will have the opportunity to bid on these items, with the winners being announced in Friday's *Convention Daily*. APRO is soliciting items such as travel and vacations, automobiles and other prizes that wouldn't normally be obtainable through your rent-to-own business or vendors. If you have an item you wish to donate to this worthy cause, please call Richard May at the APRO office at 800/204-2776, ext. 104, or via e-mail at rmay@apro-rto.com.

2003 KEYNOTE ADDRESS, GENERAL SESSION AND BUSINESS MEETING

THURSDAY, AUGUST 14

You will walk away from APRO's 2003 keynote address featuring Frank Maguire with "Maguire's Absolutes"—the immutable truths and practical skills that contributed to the success of Kentucky Fried Chicken and Federal Express.

"Maguire's Absolutes" is about the passion, ambition, imagination, skill and obstacles faced by a 70-year-old



Kentucky Colonel in a white suit selling chicken in a cardboard box and a 28-year-old Marine seeking his fortune after serving in Vietnam.

One of corporate America's proven achievers and innovators, Maguire was a founding senior executive at Federal Express and served in a variety of senior executive positions with Kentucky Fried Chicken, ABC and American Airlines during benchmark years in the history of each.

In the 1960s, Maguire served in the executive offices of Presidents Kennedy and Johnson. He was one of five invited to the table to initiate Project Headstart.

Today, Maguire is head of Maguire Communications, a global communications and consulting firm in Westlake Village, CA.

In addition to the keynote address, an overview of Association activities and the election of APRO board members will be included in this meeting.

Winners of the 2003 Rental-Purchase Employee of the Year and Customer of the Year contest will be announced. Following the meeting, Maguire will assist in the ribbon cutting and champagne welcome ceremony to open the 2003 APRO trade show.

Keynote speaker sponsored by G.E. Appliances. Champagne welcome sponsored by Imagery Marketing Consultants.

SCHEDULE



TUESDAY, AUGUST 12

- 2-6 p.m. Early registration
- 2-6 p.m. APRO hospitality room open—APRO members only (sponsored by Colortyme)
- 5-6 p.m. APRO board meeting
- 6-8 p.m. Welcome reception (sponsored by TRIB Group)

WEDNESDAY, AUGUST 13

- 7:30 a.m.—12:30 p.m. Golf tournament at Red Hawk (sponsored by Whirlpool)
- 9 a.m.—5 p.m. Registration
- 9 a.m.—10 p.m. Exhibitor set-up
- 9 a.m.—5 p.m. APRO hospitality room—APRO members only (sponsored by Colortyme)
- 2:15-5:30 p.m. Educational seminars (refreshment break sponsored by RES Accessories)
- 6-11 p.m. Gala cocktail reception: Ridin', Ropin' and Rentin', Ponderosa Ranch (co-sponsored by Alliance Computing Technologies, Florida State Games, Foresight, Philips Consumer Electronics, Rental Information Systems and Ther-A-Pedic)

THURSDAY, AUGUST 14

- 7:30-10 a.m. Exhibitor breakfast/training session
- 8:30 a.m.—5 p.m. Registration
- 8:30 a.m.—5 p.m. APRO hospitality room—APRO members only
- 9-11 a.m. General session and business meeting (keynote address sponsored by G.E. Appliances)
- 11 a.m. Exhibit hall ribbon-cutting ceremony and champagne welcome (sponsored by Imagery Marketing Consultants)
- 11 a.m.—6 p.m. Exhibit hall open
- 12:30-2:30 p.m. Spouse/guest program
- 3-4 p.m. Ice cream break in exhibit hall (sponsored by Ashley Furniture)
- 3-6 p.m. Employee Day workshop (complimentary to store-level employees of registered companies)
- 6-7:30 p.m. APRO president's reception honoring state presidents, congressional leadership and political action committee contributors (sponsored by Strategic Marketing Associates)

FRIDAY, AUGUST 15

- 8:30 a.m.—1 p.m. Registration
- 8:30 a.m.—1 p.m. Exhibit hall open
- 8:30-9:30 a.m. Complimentary continental breakfast in exhibit hall (sponsored by Klaussner)
- 9-10 a.m. APRO board meeting and election of officers
- 1-6 p.m. Educational seminars (refreshment breaks sponsored by Zenith)
- 1-6 p.m. Exhibitor tear-down
- 7-8 p.m. Awards reception (sponsored by Thomson)
- 8-10 p.m. Awards banquet, featuring Rich Little (sponsored by High Touch)

OTHER SPONSORS: complimentary massage station by TRIB Group; APRO Convention Daily and badge neck cords by BDI-Laguna; registration computers by Alliance Computing Technologies; Internet Café by Alliance Computing Technologies and RSSS; registration electronics by Philips Consumer Electronics and registration bags by Inform Business Services and Strategic Marketing Associates.



2003 APRO CONVENTION & TRADE SHOW



EMPLOYEE DAY

To show appreciation to one of our industry's most important assets, the fourth annual "Rent-To-Own Employee Day" will be held on Thursday, August 14. From 3 to 6 p.m., an employee workshop will be offered on a complimentary basis to all store-level employees of companies that have at least one paid full registrant attending the convention. Store-level RTO employees are invited to attend the following:

WEDNESDAY, AUGUST 13

6–8 p.m. Welcome reception (*sponsored by TRIB Group*)

THURSDAY, AUGUST 14

9–11 a.m. APRO general session and business meeting (*keynote sponsored by G.E. Appliances*)

11 a.m.–6 p.m. APRO exhibit hall grand opening and champagne welcome

3–6 p.m. Employee workshop: *Where are You Headed?*
Keith Carrico, Innovative Insights

Zig Ziglar, one of the top experts in the country on attitude and motivation wrote, "Your attitude determines your altitude." Using this basic insight from Ziglar, APRO's Employee Day provides some tools you can use to take control as you climb to new heights in your RTO career.

- ☞ Learn to take charge of your body to immediately improve your attitude.
- ☞ Learn how to control the "triggers" that cause attitude nose-dives.
- ☞ Learn how to develop positive alternatives to those attitude crutches we sometime use.
- ☞ Build your own "Attitude Improvement Kit" for use in an attitude emergency.
- ☞ Learn how a positive attitude powers your success.

**IF YOU CHOOSE TO HAVE
YOUR EMPLOYEES ATTEND
THE REMAINDER OF THE
CONVENTION, A SPECIAL
REGISTRATION FORM
WITH A SPECIAL PRICE IS
INCLUDED IN THIS PACKET
ON PAGE 10.**

RENTAL INDUSTRY TRADE SHOW

 PRO's exhibit hall is dedicated specifically to the rent-to-own industry and John Ascuaga's Nugget again plays host to this premier industry event. You will be able to view more than 200 booths displaying products targeted to our industry: appliances, electronics, furniture, jewelry, special services



and more. APRO encourages you and your company to "Buy APRO" by taking advantage of vendor specials during the show.

Admission to the trade show is complimentary for those involved in the rental industry. Proper business identification is required to receive an entrance badge.



2003 RTO EMPLOYEE OF THE YEAR AND RTO CUSTOMER OF THE YEAR

This popular contest enters its fourth year and the search is on for the best in the industry. APRO's annual Rental Employee of the Year and Customer of the Year Contest will be recognized with presentations at the general session. This year's entries again show the warm relationship between your customers, employees, company and the RTO industry. Many companies are holding their own contests as well as entering their employees and customers in APRO's national contest. Look around—you may have the winner! Winners receive a complimentary trip to this year's convention. Call APRO or visit www.APROVision.org for contest entry information.

RENTAL ADVERTISING EXCELLENCE AWARDS

Winners of the prestigious RAE awards will be on display during the APRO convention. The winning print, television and radio advertisement entries set new stan-

dards every year. Entries developed by rental dealers and entries developed by advertising agencies were judged separately. Check out this year's winners in the exhibit hall.

SEMINARS

WEDNESDAY, AUGUST 13	CENTRAL PACIFIC ABC	SOUTHERN PACIFIC ABG	SOUTHERN PACIFIC C	SOUTHERN PACIFIC D	SOUTHERN PACIFIC EF
2:15–3:45 p.m.	Anatomy of a Rental Store Frank Matthews, Decision Maker	Rental Round Table: Hot Topics in Rent-to-Own Today Amy Zeller-Fankhauser, City Rentals	2003 RTO Legal Update Ed Winn III APRO's General Counsel	Driving for Profit and Safety Jim Kaelin, Texas Department of Public Safety, retired	Exciting Times in RTO Ernie Lewallen, United Household Rentals
4–5:30 p.m.	Anatomy of a Rental Store Frank Matthews, Decision Maker	The Employees' Return on Investment Frank Maguire, Maguire Communications	State Presidents' Workshop "Tiger" John Cleek, Cleek's Rent-To-Own	Driving for Profit and Safety Jim Kaelin, Texas Department of Public Safety, retired	2003 RTO Statistical Survey Results Thomas Noon and Mark Peterson
FRIDAY, AUGUST 15	CENTRAL PACIFIC ABC	SOUTHERN PACIFIC ABG	SOUTHERN PACIFIC C	SOUTHERN PACIFIC D	SOUTHERN PACIFIC EF
1–2:30 p.m.	The Pinocchio Response: How to Spot a Liar Larry Helms, PhD	U.S. Latinos: A Marketer's Dream Kelly McDonald, McDonald Marketing	A Sense of Purpose Larry Sutton, Rent N Roll	Setting the Standard for RTO Cary McPherson, Power Basics	Rental Round Table: How to Grow Your Store Count Shannon Strunk Baber's Inc.
2:45–4:15 p.m.	Leadership in Uncertain Times Elly Valas, NARDA	U.S. Latinos: A Marketer's Dream Kelly McDonald, McDonald Marketing	All in the Family Business Steve Raymond, Raymond Institute	Setting the Standard for RTO Cary McPherson, Power Basics	Rental Round Table: How to Grow Your Store Revenue Kevin Quinn, Quality Rentals
4:30–6 p.m.	Leadership in Uncertain Times Elly Valas, NARDA	The Pinocchio Response: How to Spot a Liar Larry Helms, PhD	All in the Family Business Steve Raymond, Raymond Institute	Exciting Times in RTO Ernie Lewallen, United Household Rentals	HDTV: How to Maneuver the Maze of New Products Panel discussion

SEMINAR BREAKS SPONSORED BY RES ACCESSORIES AND ZENITH



REGISTRATION IN THREE EASY STEPS

HOTEL RESERVATIONS. The deadline is July 7 to guarantee the special APRO rate of \$93 single/double at John Ascuaga's Nugget. Call 800/648-1177 and ask for the APRO room rate. **PLEASE NOTE:** it is very important that all APRO attendees book their hotel room through the APRO room block by calling John Ascuaga's Nugget. Online reservations will not be credited to the APRO room block. To encourage reservations through the APRO block, there will be a drawing of those who book through the APRO block. The winner will receive a room free of charge for four nights during the convention.

AIRLINE/CAR RENTAL RESERVATIONS. You can find discount travel Web sites on the APRO Web site at www.APROVision.org. Simply go to "Travel Channel" and click on "Travel Center" for links to all major airlines and discount travel sites. Remember to book your flights early, as each airline offers a limited number of discounted seats. Once those are taken, you may have to book at a higher price.

APRO CONVENTION REGISTRATION. To receive the discounted registration rate, your registration form must be received by July 7. The final pre-registration deadline is July 18. After July 18, registrations will be accepted on-site only at the convention. Call 800/204-2776 for additional registration forms or visit www.APROVision.org to register on APRO's Web site.

IMPORTANT DATES

JULY 7: LAST DAY TO MAKE HOTEL RESERVATIONS.

THE APRO ROOM BLOCK WILL BE RELEASED AFTER THIS DATE. JULY 7 IS ALSO THE LAST DAY FOR THE EARLY REGISTRATION DISCOUNT.

JULY 18: FINAL DEADLINE FOR CONVENTION PRE-REGISTRATION (ON-SITE REGISTRATIONS WILL BE TAKEN AT THE CONVENTION). JULY 18 IS ALSO THE FINAL DAY APRO WILL ACCEPT REGISTRATION CANCELLATIONS.



FOR ADDITIONAL INFORMATION ONLINE

JOHN
ASCUAGA'S
NUGGET:
WWW.JANUGGET.COM

RENO:
WWW.RENO.COM

RENO/
LAKE TAHOE:
WWW.RENOLAKETAHOE.COM/
[ABOUT/RLT/HISTORY/](#)

APRO:
WWW.APROVISION.ORG



APRO'S 2003 TRADE SHOW EXHIBITORS

[AS OF APRIL 28, 2003]

ABS Artistic Jewelry
Acme Furniture
Alliance Computing Technologies
Almo Corp.
Ashley Furniture Industries
BDI-Laguna
BenchCraft/Berklene LLC
Benefit Marketing Solutions
Bernards
Jerry Bogo Co.
Bonnie The Flyer Specialist/
America On Hold
Botanical Silk Accents
Bowman Displays Digital Imaging
Bradlin & Associates
Bryce Co.
Budget Phone
Cal Lighting
Candidate
Cat Communications International
Central File
Claude Gable Co.
Coaster Co. of America
ColorTyme
Commander Computers/
TEG Micro
Continental Jewelry Express
Crosley Corp.
DPI Teleconnect
Dell Computer Corp.
DuoCard
FLX-Industries
Fashion Craft Jewelry

Florida State Games
Foresight
Fouts Bros. Isuzu-GMC Truck
G&G Graphics and Promotions
GE Appliances
General Furniture Design
Global Trading
Good Companies
Hart Furniture
High Touch
Home Line Industries
The Hoover Co.
Ideal Software Systems
Imagery Marketing.
Inform Business Services
Innovative Insights
Innovex Home Products Corp.
Ital Art Design
JVC Corp.
Kelley Commercial Trucks
Klaussner Furniture
Kodiak Furniture
Legends Furniture
Mail South
Maytag Appliances
Michels & Co.
Mirror Dynamics Ltd.
Motivated Marketing
Next Dimension Studios
Nova Lighting
Office Star Products
Philips Consumer Electronics
Pioneer Furniture
Practical Promotions
Primo International
Progressive Furniture

Protect.A.Bed
RES Accessories
RSSS
RTO Insurance
RTO PRO Software
RTO/Arts
Rent 'N' Roll
Rental Information Systems
Republic Bank & Trust Co.
River City Bank Dollar\$\$ Direct
Sealy Mattress Co.
Sears Contract Sales
Shoppers View
Simmons Co.
South Shore Industries
Southern Dreams
Southern Rings
Sportworx
Standard Furniture
Steve Silver Co.
Strategic Marketing Associates
TRIB Group
Tech of California
Tele-Track
Ther-A-Pedic International
Thomson multimedia
United Distributors
United Furniture Industries
United Sleep Products
Vaughan-Bassett Furniture
Welton Sound Systems USA
Whirlpool Corp.
Zenith Electronics Corp.

FOR MORE INFORMATION

CALL SHELLEY MARTINEK AT 800/204-2776, EXT. 109.
SEND E-MAIL INQUIRIES TO SMARTINEK@APRO-RTO.COM.
FAX REGISTRATION FORMS TO 512/794-0097 OR REGISTER
ONLINE AT WWW.APROVISION.ORG. FOR INFORMATION
ON EXHIBITING, CONTACT CINDY FERGUSON
[CFERGUSON@APRO-RTO.COM] OR CAROLYN MAY
[CMAY@APRO-RTO.COM] AT 800/204-2776.

APRO 2003 EMPLOYEE DAY REGISTRATION

AVAILABLE TO STORE-LEVEL EMPLOYEES ONLY WHOSE COMPANY HAS AT LEAST
ONE FULL-PAID REGISTRATION TO THE APRO 2003 CONVENTION

Name _____
Company _____
Address _____
City _____ State _____ Zip code _____
Telephone (_____) _____ Fax (_____) _____
Name of full-paid registrant from your company _____

COMPLIMENTARY EMPLOYEE DAY REGISTRATION INCLUDES ENTRANCE INTO THE EMPLOYEE DAY WORKSHOP LISTED ON PAGE 6 OF THIS BROCHURE, AS WELL AS ENTRANCE TO THE WELCOME RECEPTION, APRO GENERAL SESSION AND THE EXHIBIT HALL. THE FOLLOWING OPTIONAL EVENTS ARE ALSO AVAILABLE A LA CARTE:

OPTIONAL EVENTS

Check additional events you will attend and enclose payment information:

- Gala Reception: "Ridin', Ropin' and Rentin'," Reception and Awards Banquet, featuring Rich Little,
Ponderosa Ranch, August 13: \$85 August 15: \$100
 Regular seminar sessions, August 13 and 15: \$295 Employee full registration (all paid events listed above): \$425

PAYMENT METHOD (FOR OPTIONAL EVENTS ONLY)

- My check is enclosed and made payable to APRO
 Charge my credit card: American Express MasterCard Visa

Credit card number _____ Expiration date _____

Signature _____ Name on card _____

**PLEASE MAIL OR FAX THIS FORM BY JULY 7 TO:
ASSOCIATION OF PROGRESSIVE RENTAL ORGANIZATIONS, 1504 ROBIN HOOD TRAIL, AUSTIN, TEXAS 78703
FAX 512/794-0097**

APRO 2003 TOM KITCHENS/JOE EASON GOLF TOURNAMENT REGISTRATION

7:30 A.M., AUGUST 13, RED HAWK GOLF CLUB (BUSES DEPART FROM JOHN ASCUAGA'S NUGGET AT 6:30 A.M.)
REGISTRATION DEADLINE IS JULY 7. SPACE IS LIMITED AND ASSIGNED ON A FIRST-COME, FIRST-SERVED BASIS. SPACE IN THE
TOURNAMENT CANNOT BE RESERVED UNTIL PAYMENT IS RECEIVED BY APRO. PLEASE SUBMIT THIS FORM WITH THE
CONVENTION REGISTRATION FORM AT RIGHT. A SEPARATE FORM IS REQUIRED FOR EACH PLAYER.
THIS FORM MAY BE PHOTOCOPIED.

Name _____ Handicap or average score _____

Requested team (if possible) _____

Note: If a specific team is desired, make sure that every member of the team completes the line above, indicating the same participants.

Convention attendee affiliation: vendor rental dealer guest/spouse

Shirt size: S M L XL XXL

Rental clubs will be the responsibility of the golfer and will be paid directly to the golf course on the day of tournament. Please indicate if you would like to reserve clubs: Rental clubs: \$40 Right-handed Left-handed

SPONSORED BY WHIRLPOOL CORP.

APRO 2003 CONVENTION AND TRADE SHOW ATTENDEE REGISTRATION

REGISTER ONLINE AT
WWW.APROVISION.ORG.
HOTEL RESERVATIONS AT
JOHN ASCUAGA'S NUGGET MUST
BE MADE BY CALLING THE
HOTEL IN ORDER TO GET THE
APRO GROUP RATE.

- ☛ PLEASE USE THE SEPARATE "EMPLOYEE DAY" REGISTRATION FORM IN THIS BROCHURE FOR STORE-LEVEL EMPLOYEES.
- ☛ EXHIBITORS SHOULD NOT USE THIS FORM AS THEY WILL RECEIVE A SPECIAL BADGE FORM WITH EXHIBITOR INFORMATION.
- ☛ PRINT OR TYPE, ONE FORM PER REGISTRANT AND SPOUSE/GUEST. (PERSONAL GUEST IS DEFINED AS "SIGNIFICANT OTHER" OR IMMEDIATE FAMILY MEMBER NOT EMPLOYED BY YOUR COMPANY.) A CONFIRMATION WILL BE SENT TO YOU FROM THE APRO OFFICE ONE WEEK PRIOR TO THE CONVENTION.
- ☛ IF YOUR REGISTRATION IS RECEIVED IN OUR OFFICE AFTER JULY 18, IT WILL BE TREATED AS AN ON-SITE REGISTRATION AND NO CONFIRMATION WILL BE SENT.

Last name _____ First name (for badge) _____

Company name _____

Company mailing address _____

City _____ State _____ Zip code _____

Business phone (_____) _____ Fax (_____) _____ E-mail _____

Special needs? _____

Is your company a member of APRO? Yes No Is this the first APRO Convention you will have attended? Yes No

Attendee type: Rental dealer Non-exhibiting vendor Other _____

Job title: Owner Executive officer District manager Store manager Account manager Other _____

What is the size of your company? 1 to 2 stores 3 to 12 stores 13 to 25 stores 26 to 100 stores 101 + stores

Spouse/guest last name _____ First name (for badge) _____

Child (12 and under) last name _____ First name (for badge) _____

FULL REGISTRATION INCLUDES:

- ☛ Welcome Reception, August 12
- ☛ Gala Cocktail Reception, August 13
- ☛ Awards Reception and Banquet, August 15
- ☛ All educational seminars, August 13 and 15
- ☛ General session and keynote, August 14
- ☛ Entrance to exhibit hall, August 14 and 15

FULL REGISTRATION DOES NOT INCLUDE:

- ☛ APRO Golf Tournament
- ☛ Guest program is included in spouse/guest registration only

SPECIAL SAVINGS

APRO offers discounts for multiple attendees from the same company. To qualify for discounts, multiple registrations must be sent to the address on this form, along with full payment. If registrations are not sent together, they will be charged at the higher rate. Please—no exceptions!

CONVENTION ATTENDEE	FULL REGISTRATION (AFTER JULY 7)	DISCOUNT RATE FOR REGISTERING BEFORE JULY 7
<input type="checkbox"/> First through third APRO member from same company	\$450	\$425
<input type="checkbox"/> Fourth APRO member and over from same company	\$425	\$395
<input type="checkbox"/> Non-member	\$625	\$595
<input type="checkbox"/> Spouse/guest. Includes spouse program August 14 You must indicate in advance if you plan to attend the guest program: <input type="checkbox"/> Will attend <input type="checkbox"/> Will not attend	\$325	\$295
<input type="checkbox"/> Child (12 and under only)	\$95	\$75

A LA CARTE (FOR THOSE WHO DO NOT PURCHASE FULL REGISTRATION)

A la carte prices allow entrance only to individual functions as listed: _____ APRO member Non-member

<input type="checkbox"/> Exhibit hall only (will not allow entrance to seminars or social functions)	FREE	FREE
<input type="checkbox"/> Seminars, August 13 and 15	\$295	\$450
<input type="checkbox"/> Gala Cocktail Reception, August 13	\$85	\$85
<input type="checkbox"/> Reception and Annual Awards Banquet, August 15	\$100	\$100
<input type="checkbox"/> Guest/Spouse Luncheon, August 14	\$25	\$25

OPTIONAL EVENT

GOLF TOURNAMENT: I will be attending the 2003 APRO Tom Kitchens/Joe Eason Golf Tournament. (Complete the separate Golf Tournament registration form at left and include it with this form. Cost is \$100 per player.) \$ _____

ADD ALL FEES DUE AND ENTER TOTAL HERE

➤ TOTAL \$ _____

My check is enclosed and made payable to APRO. Charge my credit card: American Express MasterCard Visa

Credit card number _____ Expiration date _____

Signature _____ Name as it appears on card _____

PLEASE MAIL OR FAX THIS FORM, WITH PAYMENT INFORMATION, TO:

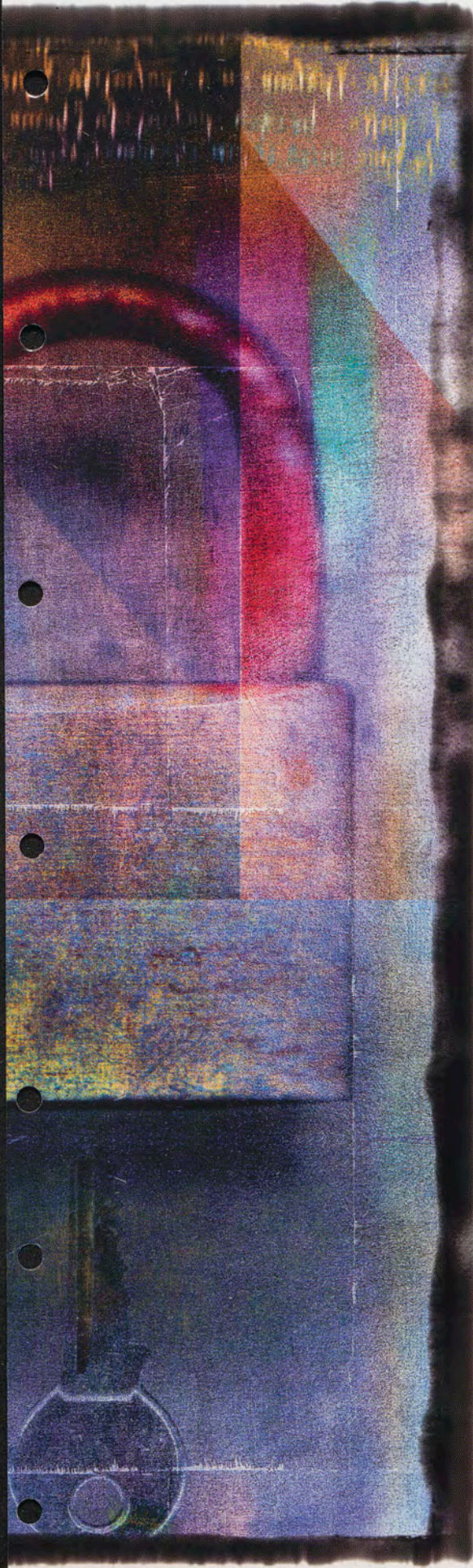


ASSOCIATION OF PROGRESSIVE RENTAL ORGANIZATIONS
1504 ROBIN HOOD TRAIL, AUSTIN, TEXAS 78703
800/204-2776; FAX 512/794-0097; WWW.APROVISION.ORG

CANCELLATIONS WITH A \$25 SERVICE CHARGE ACCEPTED BEFORE JULY 18. NO REFUNDS WILL BE ISSUED AFTER JULY 18.

THIS FORM MAY BE PHOTOCOPIED. YOU CAN ALSO REGISTER ONLINE AT WWW.APROVISION.ORG





How to select a security system

When a Southern California store owner needed a new security system, the owner asked for advice from a neighboring store that had taken the plunge a year earlier. It turned out that the neighbor was very enthusiastic about his equipment, which seemed to operate without problems and had recently done a great job sounding the alarm when a vandal broke the front window.

Every store in every town has different security needs. Make sure you find the proper equipment for your store — and the proper company to install it.

✽ { BY PHILLIP M. PERRY } ✽

Presented with such a glowing endorsement, the store owner installed the same system, which consisted of microwave motion detection devices linked to a remote reporting station. Disaster followed. One false alarm after another summoned police. Adding injury to this insult were some steep monetary fines, thanks to a town ordinance that penalized false alarms.

What went wrong? The store owner's sensors were being set off by ceiling-mounted displays which started bouncing around when the building's ventila-

tion of doors and windows, the positioning of ventilation ducts and neighborhood crime statistics and patterns.

More store owners are studying these issues as security takes a higher profile. A downturn in the economy often causes an increase in burglary and robbery. And everyone has started thinking security since the tragic events of 9/11. "We are all going through an assessment phase," says David Saddler, associate executive director of the Security Industry Association in Alexandria, VA. "While we are all pretty confident that most of

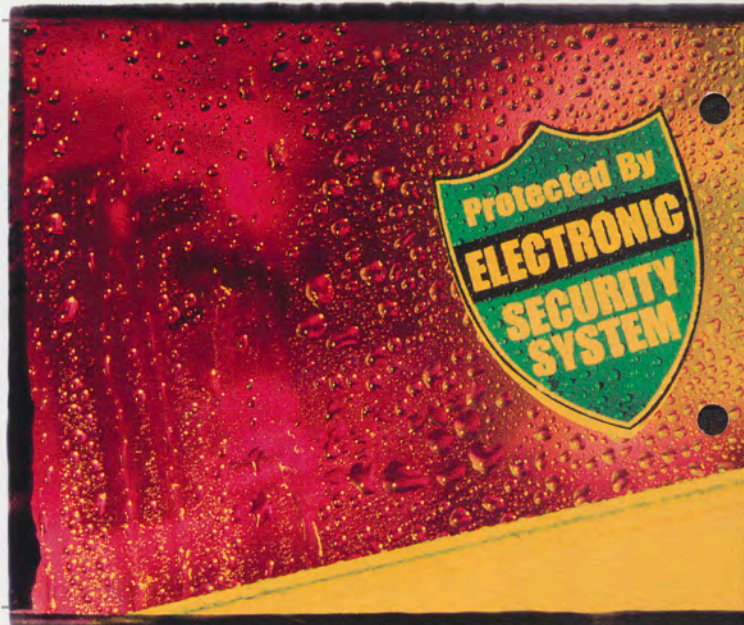
camera pay off in terms of increased knowledge about customer response to advertising campaigns?" The answer is often "yes."

THREE LINES OF DEFENSE

Stores owners design security systems at three levels of protection: perimeter, interior and dedicated. Let's consider each of these in turn.

The first line of defense for a store lies in perimeter security, which consists of a technology that has been around for decades: An electrical wire is

"We are all going through an assessment phase. While we are all pretty confident that most of us are not targets of terrorism, the events have caused people to ask, 'have we created environments as safe as they can be for ourselves, our employees and our customers?' People want to know they are coming to a secure environment."



tion system kicked in after hours. Faced with the prospect of removing attractive displays with lots of customer appeal, the store owner ended up replacing her microwave system with a motion-friendly infrared one.

KNOW YOUR STORE

Our opening story drives home an important point: A security system that's right for one store may be wrong for another. "Every store has different security needs," says Robert A. Gardner, a Ventura, CA-based security consultant who was called in to solve the store owner's problem. "When you buy a system, you have to consider a number of environmental factors," says Gardner. These include the types of merchandise and displays, the configu-

us are not targets of terrorism, the events have caused people to ask, 'have we created environments as safe as they can be for ourselves, our employees and our customers?' People want to know they are coming to a secure environment."

To temper the expense required for a system, store owners are starting to strategize their security investments. For example, they are checking their insurance companies to see how better equipment may help reduce premiums. If planned well, security expenses can be partly offset by marketing gains. "Consider a camera positioned at the front of the store for security purposes, for example," says Saddler. "Then think of the data a store owner needs to make marketing decisions: Can customer counts gathered by the security

linked to magnetic contacts mounted on points of entry such as exterior doors, windows and skylights. "The perimeter security system is pretty standard today," says Merlin Guilbeau, vice president of the National Burglar and Fire Alarm Association and president of his own security firm, Browns Security Systems in Natchitoches, LA. "When a burglar breaks the circuit by entering through a protected door or window, an alarm sounds." (For a rundown on costs of such systems, see the sidebar on "How much does Security Cost?")

The second level of defense consists of a system of interior traps that detect motions made by burglars who move around the store at night. This system not only backs up the perimeter defense, but also helps catch burglars who manage to hide themselves in clos-

ets or stock rooms prior to closing time.

Of the available technologies that trap interior motion, says Guilbeau, the most popular are passive infrared and microwave. When the former detects body heat from a person who moves around a cooler room, an alarm is triggered. Microwave, in contrast, detects the motion of the burglar.

Unfortunately, both technologies can trigger costly false alarms. Passive infrared can be triggered by a building's heater coming on at night or by the front window heating up when struck by rays from the morning sun.

Microwave can be triggered by ceiling-hung decorations that are too close to air vents or by a passing cat or rodent.

You can avoid most false alarms, however, if the installation is planned properly. "One common way to reduce false alarms is to combine passive infrared for thermal with microwave for movement," says Guilbeau. Each system's detectors are carefully positioned to maximize the chances of detecting a burglar while reducing the risk of false readings. For example, microwave but not infrared detectors will be placed near heating

vents. Infrared but not microwave will cover the area where hanging ceiling displays bounce around.

SPECIAL DEVICES

Yet a third level of security is provided by dedicated devices. Here are some examples:

✦ **GLASS BREAK SENSORS.** These come in the form of audio sensors that are usually installed in the ceiling and activate only at the sound frequency of glass breaking. "We personally like these devices in retail applications because quite often glass will break without someone entering and rain and wind can come in and damage merchandise," says Guilbeau. "Also, it's nice to have an alarm go off before the burglar actually enters the premises

How much does security cost?

Good security is great to have, but store owners need to reach an accommodation between safety and cost. Just how expensive is it to keep burglars and robbers from stealing you blind?

"The cost of a system depends not so much on square footage as on configuration of doors and windows," says Merlin Guilbeau, vice president of the National Burglar and Fire Alarm Association and president of his own security firm, Browns Security Systems in Natchitoches, LA. At the simplest level, a store with magnetic contacts on a front and back door, a glass break sensor or two and a microwave motion detection sensor will typically pay from \$600-\$800 for an installation that includes a local alarm and a control panel. Adding a panic button for robbery will mean an additional \$75-\$95 investment. Smoke detectors wired into the system may cost another \$100. Finally, four black-and-white cameras with supporting integration software and control panel will cost \$2,500-\$3,500.

With your hardware and software installed, you will also pay between \$20 and \$30 monthly for the monitoring of your premises by a remote central station which maintains a connection to your security system over telephone lines. When they receive a signal from your store, the personnel at the monitoring company call the police.

You may also install a radio or cellular back-up system. This will activate if the burglar cuts the telephone lines in an attempt to keep the alarm from going through to the central monitoring station. This may cost an additional \$300-\$500 and \$15 monthly.

Consultants advise obtaining competitive bids from a number of reputable and knowledgeable local alarm companies. But comparing apples to apples can be a challenge. "Some companies will discount the installation costs and increase the monthly monitoring fee," says Guilbeau. "They want the recurring revenue for the seven to eight years that is the average life expectancy of a customer right now." Larger companies will most likely offer such deals; smaller local companies may require more upfront investment, but be more responsive to questions and more knowledgeable about local ordinances.

Also, leasing is a popular option because of the 100 percent tax write-off. You may be able to lease an alarm system over a five-year period for around \$50 a month. "Leasing is a great way to get what you need without breaking the bank," says Guilbeau, who cautions making sure you understand how to terminate the lease properly come renewal time to avoid getting stuck with another five-year lease on an old system.

and activates the interior sensors as it gives the police more time to respond.”

⌘ **PHOTOELECTRIC BEAM DEVICES** can protect large stock room areas where microwave and passive infrared are not practical. They are also installed to broadcast beams along the inside of store walls that are thin and can be easily breached by a burglar with the right tools.

⌘ **PANIC BUTTONS**, when pressed, send a signal to the police station or private reporting service and come in many forms. Some are mounted just under the counter. “Dollar bill traps” activate a signal when the last dollar bill is pulled out of the drawer. Or the store owner can use “wireless pendants” that send electronic signals to a central station. These can be worn anywhere, including parking lots where help can be summoned.

Confer with your local police before installing panic buttons, as some designs have caused too many false alarms. “Police don’t like sending in crews with guns drawn because a store owner made a mistake,” says Howard Levinson, president of Howard Services, Franklin, MA. “One solution is to install only devices that have protected triggers: for example, the store owner must press buttons on two sides of a box or reach down inside a box to reach a panic button.”

⌘ **“WATER BUGS”** are small devices that are installed around boilers and other water sources and sound alarms if they detect water. “I’ve seen more damage from water than from fire in my career,” says Levinson.

⌘ **“ACCESS CONTROL” SYSTEMS** restrict certain areas of your premises to designated individuals. To gain entrance through protected doors, the individual must use a device such as a proximity card, which is keyed with a code

on a magnetic strip or keypads that are only activated with the entry of a string of numbers. “These access control systems are very flexible,” says Guilbeau. “They can allow access to certain areas only during designated hours, for example. And different employees can have access to different areas. Finally, the systems also serve to keep customers from wandering into sensitive areas.”

Using traditional keys, when an individual left employment it was often necessary to re-key all of the locks. With access control systems, the manager need only log onto the controlling computer and limit the access of the departing card holder.

PUTTING IT TOGETHER

Over the past two years there has been a drive to integrate all of the devices in a security system into a single functioning network with the aid of closed circuit television (CCTV) cameras. With integrated systems, cameras are activated only when a sensor or panic button indicates that a break-in or other problem is occurring. “These cameras work well with access control systems,” says Saddler. “The camera can be programmed to come on when someone uses the system to access a restricted area. The image tells you who is trying to gain entrance. You call the police if it’s an outsider.” The cameras can also be programmed at checkout to activate when a cashier presses a special key.

“Today you can also view what your cameras see remotely,” says Saddler. “You give each camera an IP (Internet protocol) address, then call up that address on your Web browser from home or a laptop computer when you are traveling.” This is a great way to make sure every-

thing is all right at your store while you are attending trade shows.

PICK THE RIGHT COMPANY

Because you are revealing your retail operation’s hidden vulnerabilities, finding a reputable and knowledgeable security company is the most important battle in the security war. “Once you have decided on a reputable alarm company that you can trust to give you good advice and to provide good equipment, you are 99 percent there,” says Gardner. Find out if the company has the required state and local licenses such as an alarm company license, a contractor’s license to install electrical wiring and a local business license.

The firm must also be knowledgeable and in more areas than just the various technologies available. “Make sure the alarm company knows about your local ordinances,” says Gardner. Some towns now require permits to install an alarm system and many have instituted fines for false alarms. “Alarms in general are a wonderful thing, but a major headache for law enforcement,” says Gardner. “More than 90 percent of alarms are false. It can cost you a lot of money if you screw up.”

Lack of knowledge can be a particular problem, says Gardner, if you are located in a smaller suburb. An alarm company in a nearby big city may not be familiar with your local ordinances. “Call your local police department for advice,” says Gardner.

Both Gardner and Levinson advise conferring with a consultant who does not sell alarms. “An independent consultant has no interest in selling you a particular product,” says Levinson. “He just sells advice.”

Above all, remember that a successful security system needs to be tailored to the needs of your store. “There is not a cookie cutter solution for all store owners,” says Saddler. “What needs to be done is a process. Work with a professional who will talk about every aspect of your business and determine what technologies will secure your points of vulnerability.” ■

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

Web resources

To find a local alarm company, go to the National Burglar and Fire Alarm Association online at www.alarm.org and click on “Member Directory.”

To find a consultant not affiliated with any equipment maker, visit the International Association of Professional Security Consultants at www.iapsc.org and click on “Referral Services” or “Directory of Experts.”

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STATES

Preemption **demy**stified

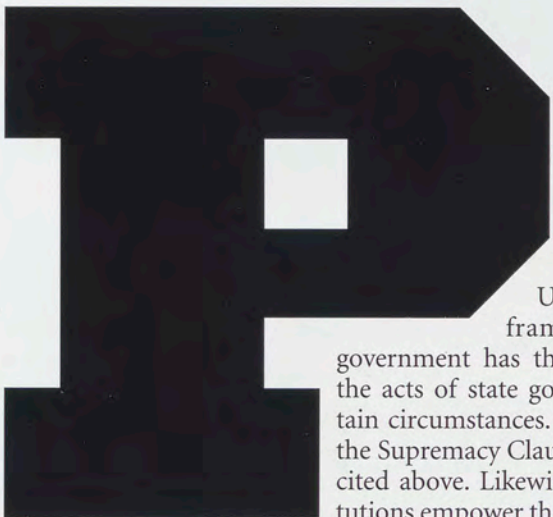
By Ed Winn III

vs

FEDS

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any thing in the constitution or Laws of any State to the Contrary notwithstanding. — UNITED STATES CONSTITUTION, ARTICLE VI, CLAUSE 2

The debate over federal regulation of rental-purchase transactions in the last Congress devolved from a debate over how best to regulate the industry at the federal level to debates over preemption, the doctrine of federalism and states' rights. Most rental dealers are conversant by now with their industry's disclosure and consumer protection issues. Their eyes may glaze over, however, when the discussion turns to constitutional issues, particularly preemption. This article will summarize the debate to date and explain why the issue persists at the federal level.



reemption as a legal doctrine allows a superior legislative body to override the otherwise lawful enactments of inferior legislative bodies.

Under the U.S. political framework, the federal government has the power to preempt the acts of state government under certain circumstances. This is so because of the Supremacy Clause in the constitution cited above. Likewise, most state constitutions empower their state executive and legislative branches to preempt local governments.

When the country was founded, it was not at all clear what the relationship would be between the new federal government and the sovereign states. The constitution acknowledges the final supremacy of federal over state law in order to create a cohesive union of states, but it also acknowledges the integrity and independence of the states in the 10th Amendment:

"...the powers not delegated to the United States by the Constitution, not prohibited by it to the states, are reserved to the states respectively, or to the people."

And so, the federal government cannot preempt the states in all things, much as it might like to do so. The U.S. Congress can only exercise the powers granted it in the Constitution. Only the federal government can, for example, make treaties with foreign nations. For the purpose of legislating controls on rental-purchase transactions, Congress looks to its powers granted under the commerce clause which gives Congress authority to regulate interstate commerce, generally. That means highways, train tracks, air space and, over the years, the commerce clause has been very broadly interpreted to include most kinds of businesses that Congress has seen fit to regulate. With the size and breadth of the rental-purchase industry today, no serious argument can be made that the rental-purchase industry is beyond the reach of Congressional power.

As the size of the federal government grew during the 20th century, preemption became an increasingly important issue in the courts. According to the U.S. Advisory Commission on Intergovernmental Relations, as of 1992, 50 percent of all federal preemptions were enacted since 1970. The trend has continued since then as the federal government has inserted itself into most areas of American life.

Insofar as the rental-purchase bills are concerned, the federal Truth In Lending Act has a limited preemption standard for disclosures in consumer credit transactions. Passed in the 1970s, TILA was an attempt to standardize how interest rates are disclosed to consumers, since prior to its enactment there were several inconsistent ways of doing so,

which some lenders used to take advantage of consumers. Under TILA, state consumer credit laws are preempted if they are "inconsistent with the federal law, and then only to the extent of the inconsistency."

Previous versions of proposed rental-purchase legislation going all the way back to 1981 adopted this language with the intent of allowing the states to continue regulating rental-purchase transactions as they saw fit with a federal "floor" of disclosures that rental dealers must make to ensure adequate consumer protections.

In the late 1990s, court decisions in Minnesota and Wisconsin and the attorney general's rule in Vermont called into question whether the TILA "inconsistency" preemption standard would work to keep states from re-characterizing rental-purchase transactions as credit sales, which is what the industry has always wanted from a federal law. The Minnesota Supreme Court ruled that in spite of a comprehensive rental-purchase statute, arguably the most restrictive such statute in the country at the time, the transactions were still credit sales and therefore subject to the state usury law limit of 8 percent.

Wisconsin courts of appeal have ruled that there is no way to structure a rental-purchase transaction in that state that will not be considered to be a consumer credit transaction under the Wisconsin Consumer Act. The Vermont attorney general has decreed that even though the state legislature enacted a law declaring rental-purchase transactions to be leases and not credit sales, state rental dealers must nonetheless disclose an "effective annual percentage rate" by pretending that the difference between the cash price of the rental property and the total rental-purchase price is all interest.

In the face of these kinds of aberrant rulings in the states, the industry has sought language in more recent federal bills that would ensure consistent treatment of the transaction everywhere. Here is the language in H.R. 996 and S.B. 884 that has been added to the TILA "inconsistency" language:

"...this title shall supersede any State law, to the extent that such law (1) regulates a rental-purchase agreement as a security interest, credit sale, retail installment sale, conditional sale, or any other form of consumer credit, or that imputes to a rental-purchase agreement the creation of a debt or extension of credit; or (2) requires the disclosure of a percentage rate calculation, including time-price differential, an annual percentage rate, or an effective annual percentage rate." (S.B. 884, sec. 1018(b))

While the issue is debated as being federal preemption of state law, in fact, this language would not overrule any state legislative enactments concerning rental-purchase transactions. This language would overrule state court decisions in Minnesota, Wisconsin, New Jersey and the attorney general's rule in Vermont. This is a distinction with a difference. State legislatures are political entities far more sensi-



To some extent, the merits of the rental-purchase bills have become hostage to the larger political issue of preemption. Rental dealers have a duty to protect their businesses by understanding how the preemption issue affects movement of rental-purchase legislation at the federal level and to be able to discuss the issue persuasively with their representatives.

tive to the will of the people in the state than are state judges, who are not supposed to try to implement political agendas from the bench, but often do. It should cause members of Congress, even those with strong states' rights beliefs, less concern to "preempt" a state judge's ruling in the interest of national consistency than to overrule the enactments of a state legislature, subject as those enactments are to the tug and pull of state politics.

Last fall, in the previous Congress, it was no particular surprise to industry watchers when most of the House members from Minnesota, Wisconsin, New Jersey and Vermont voted against the Jones bill, not on its merits as consumer protection legislation, but because they were championing their own state's rights—in this case to be able to regulate rental-purchase transactions any way they wanted. What was surprising was that a number of other Republican House members who generally would have supported the bill since the industry supported it, also voted "nay" on states' rights grounds.

If the rental-purchase bills in the Congress today are preemptive, they are barely so. State legislatures remain specifically free to continue to regulate rental-purchase transactions as they see fit. They can regulate disclosures and they can regulate the economics of the transaction if they so choose. They can limit fees. They can set cash prices. They can limit the total rental-purchase price. They can dictate early-purchase option formulas. They can regulate anything about the relationship between the rental dealer and the consumer, except that they cannot call the transaction a credit sale or impose interest rate disclosures or limitations on the transaction.

Beyond the rental-purchase bills, preemption is currently a hot issue in Washington. The doctrine is at play in local smoking ordinances, gun control, environmental laws at every level, local zoning and building code laws, Internet taxation, workplace and employment rules, consumer credit, payday lending, and the list goes on and on. To some extent, the merits of the rental-purchase bills have become hostage to the larger political issue of preemption. Rental dealers have a duty to protect their businesses by understanding how the preemption issue affects movement of rental-purchase legislation at the federal level and to be able to discuss the issue persuasively with their representatives. It is important that the true merits of the proposed legislation, which are significant for all concerned, not get lost in the brouhaha over preemption. ■


Ed Winn III is APRO's general counsel.



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**WAYLAND RUSSELL
AND RAINBOW RENTALS:
A CUSTOMER-FRIENDLY
BUSINESS OFFERING
USER-FRIENDLY
PRODUCTS**



**AN APROFILE BY
KATIE GARZA**

In 1996, Wayland Russell was reading the newspaper when he came across an article about personal computers. According to the article, the “PC frenzy” was over because only 60 percent of households had personal computers. Russell cracked a smile and shared the news with his associates at Rainbow Rentals, a rent-to-own company based in Youngstown, OH. ☘ “We laughed because we knew the other 40 percent were our customers and every one of them would like to have a computer,” he says. “So that’s what we did. We focused in on computers and they’ve become a staple product for us.”

rainbow

Today, Rainbow Rentals, one of five publicly traded rent-to-own companies in the world, leads the market in personal computer rentals. From laptops to desktops, Rainbow's 120 stores carry a wide variety of cutting-edge, flat-screen computers, in addition to the standard offerings of furniture, appliances and other electronics. ♣ According to Russell, Rainbow jumped headlong into computer rentals about five years before the rest of the industry made the leap. The company launched a \$2 million campaign to acquire the inventory and transform its employees into tech-savvy consultants.

"Each of our account managers had to take a computer home and perform certain functions on it, like sending e-mails and e-faxes and so forth," says Russell. "They had to learn all of it and fully understand it."

The employee computer training included learning several user-friendly software applications, to which Rainbow bought the licenses and installed on their computers. "Back then, they didn't have bundled software to



make it interesting to our clientele," he says. "We wanted to give our clientele computers that they could really use and enjoy, instead of just playing solitaire until they got bored."

Rainbow's employees weren't the only benefactors of the company's impromptu computer training; the customers also reaped the rewards. "We actually teach our clientele how to use the computers they rent from us—things like how to get on the Internet," he says.

A Rainbow in cyberspace

According to Russell, teaching customers how to surf the Internet was "part and parcel" to launching a Rainbow Rentals store in cyberspace at www.rainbowrentals.com. Shoppers can browse through virtual showrooms, hunt for specific name

brands, learn about the latest money-saving deals, place orders or locate the nearest store.

"Today, about 2 percent of all our orders are coming from the Internet; we're getting a minimum of 400 orders a month," says Russell. "That's pretty material. I mean, how many companies out there would like to increase their top line by 2 percent?"

The multi-million-dollar campaign to bring personal computers into Rainbow customer households has paid off. Company financial reports have shown that the core stores are bringing in more than \$250,000 per location in computers alone.

Such an ambitious campaign to utilize Rainbow employees as ambassadors of technology could not have been achieved with a "revolving-door staff," says Russell, who attributes Rainbow's strong employee loyalty to solid internal communications initiatives. The average manager has worked at Rainbow for more than six years and most regional managers hold 10 years or more with the company.

"It's not farming in different talent with different ideas all the time," Russell says. "We want those different ideas, but we want continuity. I can tell you that the low turnover rate that we've enjoyed at Rainbow Rentals for many years was instrumental in us introducing a sophisticated product like computers five years before the industry ever thought it would be a viable product."

Technically speaking

Ironically, Rainbow senior management relies strongly on the same computer technology it brought to its customers to cultivate a dedicated company culture.

"Communication is technology's great reward," Russell says. "I can turn on my BlackBerry, type a message with complete security to every human being in the company and hit 'enter.' Within a very short period of time, everyone in the company is reading that e-mail."

Rainbow Rentals also utilizes computer programs to stay on top of the company's bottom line. "We have a very sophisticated POS computer system that tracks



RUSSELL WITH RAINBOW VICE PRESIDENT JOSEPH FISCHER (SEATED) AND CONTROLLER DAVE PECCHIA.

every single account,” says Russell. “It’s not an average of the averages. It knows how much is due on every single account every single day to the penny. It’s all Windows-based proprietary software on an Intranet system.”

Furthermore, every Monday the company releases the *RINO* [Rainbow Is Number One] Report via e-mail, which lists every stores’ gains and collectible dollars versus actual dollars collected for the week. Keeping employees informed of how their stores figure into the company’s bigger financial picture can be a great motivator, says Russell.

“We’re paying on a performance base and these guys make more money than the average store manager in the industry makes,” he says. “Our average core stores are right at \$1 million in sales per year, which eclipses the industry average. We close under 3.5 percent, week in, week out, all the time. Nobody I know in the industry does that.”

Yet financial stats and projections aren’t the only topics communicated through cyberspace to Rainbow’s 120 store locations. The company also disseminates employee news, such as family birth and death announcements, and posts information about upcoming charity events, a

germane interest to Rainbow Rentals’ company culture.

“Rainbow Rentals generally does not tell people about the philanthropic work we do, but we’re a publicly traded company and everybody knows that we give 10 percent of our trailing earnings to good works every year,” says Russell. “It suffices to say that we plug in local-

jm _____ *ms*

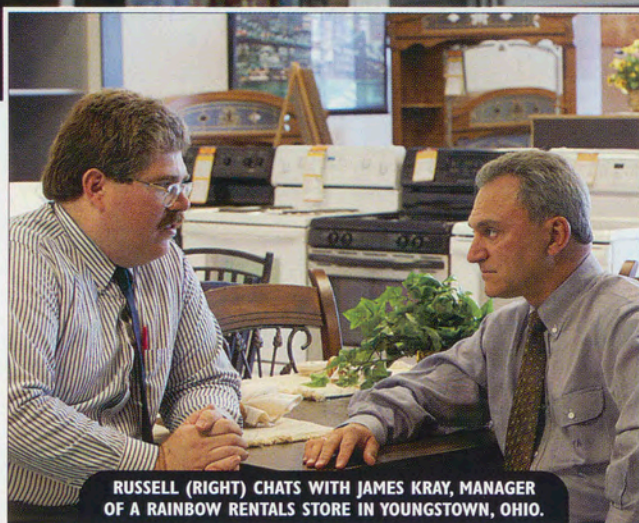
“WE WANT THOSE DIFFERENT IDEAS, BUT WE WANT CONTINUITY. I CAN TELL YOU THAT THE LOW TURNOVER RATE THAT WE’VE ENJOYED AT RAINBOW RENTALS FOR MANY YEARS WAS INSTRUMENTAL IN US INTRODUCING A SOPHISTICATED PRODUCT LIKE COMPUTERS FIVE YEARS BEFORE THE INDUSTRY EVER THOUGHT IT WOULD BE A VIABLE PRODUCT.”

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ly and personally to everything that we give to. We find local ministries and charities and watch their financial statements and stay involved. We take that responsibility so we know exactly where our money is going.”

Heartreach Ministries, an outreach program for

Rainbow Rentals



RUSSELL (RIGHT) CHATS WITH JAMES KRAY, MANAGER OF A RAINBOW RENTALS STORE IN YOUNGSTOWN, OHIO.

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inner-city youth, is a long-standing, favorite cause for Rainbow Rentals. The recreational complex was established with the assistance of several Youngstown businesses and churches, including the church Russell and his family attends. Many Rainbow Rentals employees have continued to support Heartreach through donated time and money.

Serving the community as a company can foster a sense of community among Rainbow employees, yet Russell says his company encourages more than a team environment. Rainbow Rentals promotes ownership among its employees.

"Taking ownership of their stores is critical to making our business model work," he says. "We refer to our associates as associates, not employees. We believe employees

are hired hands—that you buy their loyalty one hour at a time. We don't believe that's what our associates are about."

To facilitate ownership, all managers were given stock options when Rainbow Rentals went public. The company also pays 100 percent of employee health benefits and associates can buy products at cost from the stores. Rainbow's top store managers are recruited to participate in MAC, or the Manager Advisory Committee, which meets up to three times a year to discuss the company's future and the industry's future. When Russell attends furniture or electronics shows to scope potential inventory, store managers are invited to accompany him.

"Managers can tell us what's going to move and what customers want," he says. "There's communication up and through the ranks at all times."

Through the Rainbow Rentals Account Manager Program, a training method developed by Russell over his 26 years in the industry, supervisors communicate the company's core values to new recruits before they ever interact with the customers. The orientation involves an intense two-week training period about customer relations.

"New account managers have to understand that the cornerstone of what we're doing here is founded on respect and dignity," Russell says. "Rainbow Rentals was a

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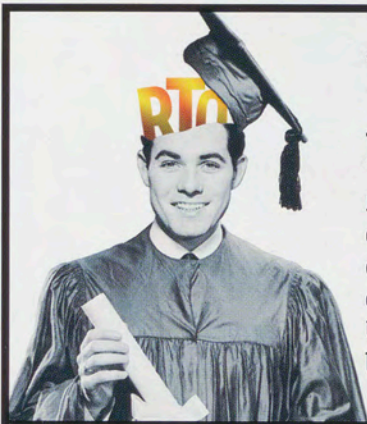
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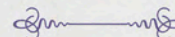
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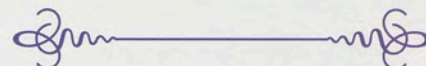
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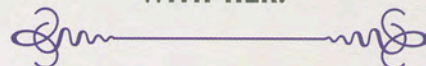
company founded on Judeo Christian principles. Simply stated, we treat everybody the way we'd expect to be treated given the same circumstances. If you're going to write an article about Rainbow Rentals, you can't be correct without making that statement."



Consistently communicating the company's founding principles and business methodologies leads to high keep rates, says Russell. "It



"IT'S ABOUT ANSWERING THE PHONE ON THE FIRST RING AND GREETING THE CUSTOMER BEFORE SHE HITS THE THIRD TILE ON THE FLOOR TO LET HER KNOW THAT YOU RECOGNIZE A HUMAN BEING HAS ENTERED THE STORE AND YOU WANT TO DO BUSINESS WITH HER."



all starts from the very beginning—having a very strong representation, explanation, demonstration and reassurance sale," he says. "Before that, it's about answering the phone on the first ring and greeting the customer before she hits the third tile on the floor to let her know that you recognize a human being has just entered the store and you want to do business with her.

"We believe you can get all you want in this world by just helping enough people get what they want," he says. "Our credit program isn't about credit, it's about sales; selling the customers on the advantages of having their accounts up and current with Rainbow Rentals at all times. That's what we do."

Katie Garza is a free-lance writer living in Austin, TX.

Electronics

The following list of electronics 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 (~).

Almo Corp. **

Contact: Warren Chaiken
2709 Commerce Way
Philadelphia, PA 19154
215/698-4071; fax 215/698-4095
wchaiken@almo.com
www.almo.com

BDI-Laguna **+

Contact: Jay Nardone
3655 Atlanta Industrial Dr., Ste. 100
Atlanta, GA 30331
404/696-9996, ext. 137; fax 404/696-4870
jnardone@esend.com
www.bdilaguna.com/rto

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
www.capitolsales.com

DSI Systems Inc. *

Contact: Dave Robison
11101 Aurora Ave.
Des Moines, IA 50322
515/276-9181; fax 515/276-9407
drobison@dsinps.com
www.dsisystemsinc.com

Florida State Games **+

Contact: Denis Rosen
6601 Lyons Rd., Ste. L-9, Lyons Bus. Park
Coconut Creek, FL 33073
954/973-9100; fax 954/973-9102
denis@floridastategames.net

HH Scott,

A division of The Emerson Radio Corp. **

Contact: Kevin Saracinello
9 Entin Rd.
Parsippany, NJ 07628
973/428-2121; fax 973/428-2102
ksaracinello@emersonradio.com

HK Global Trading ^

Contact: Juan Salinas
13109 Spivey
Laredo, TX 78045
956/724-6885

Jack of All Games **

Contact: Thomas Rosenbaum
8800 Global Way
West Chester, OH 45069
513/326-2804; fax 513/326-2809
bbelknap@jackoffallgames.com

JVC Corp. **

Contact: Keith Ido
1700 Valley Rd.
Wayne, NJ 7470
973/315-5000; fax 973/315-5011
kido@jvc.com, www.jvc.com

Motivated Marketing **

Contact: Tom Murphy
10612 Cape Hatteras Dr.
Tampa, FL 33615
813/925-8808; fax 813/925-1410
motivated@mindspring.com
www.renttheroom.com

Philips Consumer Electronics **

Contact: Mike Neighbours
64 Perimeter Ctr. E.
Atlanta, GA 30346
770/821-2672; fax 865/540-8065
mike.neighbours@philips.com
www.philipsusa.com

RES Marketing Inc. **+

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

RTI Distributing *

Contact: Tom Kolar
13529 I Circle
Omaha, NE 68137-1147
402/330-3013; fax 402/330-1771
tkolar@rtionline.com
www.rtionline.com

The Crosley Corp. Inc. **+

Contact: Bert Miley
675 N. Main St., P.O. Box 2111
Winston Salem, NC 27102-2111
336/761-1212; fax 336/721-0685
crosley-sales@crosley.com
www.crosley.com

Thomson Inc. **+

Contact: Tim Shannon
10330 N. Meridian St., Mail Stop INH 320
Indianapolis, IN 46290
800/217-3935; fax 800/688-1115
tim.shannon@thomson.net
www.rca.com, www.ge-electronics.com

Tritronics Inc. *

Contact: Kim Wagner V.P.
1306 Continental Dr.
Abingdon, MD 21009
800/638-3328, ext. 1211; fax 800/888-3293
kwagner@tritronicsinc.com
www.tritronicsinc.com

Vance Baldwin Inc. *

Contact: Robert Coolidge
7060 State Rd. 84, #12
Davie, FL 33317
954/723-9191, ext. 131; fax 800/552-1431
robertc@vancebaldwin.com

Welton Sound Systems USA **

Contact: Steve Sherman
11625 Columbia Ctr. Dr., Ste. 100
Dallas, TX 75229
972/243-5602, ext. 102; fax 972/243-5958
www.weltonusa.com

Zenith Electronics Corp. **+

Contact: Don Julson
2000 Millbrook Dr.
Lincolnshire, IL 60069
847/941-8734; fax 847/941-8401
don.julson@zenith.com
www.zenith.com

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What is the state of your state association?

Over the past few years, rent-to-own legislation has occurred in at least 10 states that has not boded well for business. These states are Wisconsin, New Jersey, New York, Oklahoma, Kentucky, Florida, Illinois, Indiana, Texas and California. Legislation requiring interest disclosures, the exclusion of rent-to-own from rental theft statutes, incorrect property tax treatment and cash price restrictions are just a few examples of what can happen in the halls of state capitols across the country during legislative sessions.

However, in those states where the industry has an active, ongoing organization—Illinois, Indiana, Oklahoma and Florida—anti-RTO bills were easily defeated without much additional cost to members. In states without an active organization, such as Kentucky and New York, the additional cost to dealers to fight the legislation was in the six-figure range.

Some active state associations have even created working relationships with their state regulatory agencies in order to ward off adverse attacks and to protect the rights of RTO customers.

By holding regular state association meetings, not only RTO dealers but also employees are informed about legal attacks on the industry, employment issues, new products to rent and new services to customers.

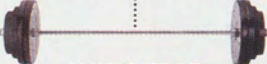
By combining everyone's economic power to build and protect their investments through a state rental dealer association, rental dealer companies appreciate in value. For example, member companies have better trained employees, which translates to better customer service. Better customer service builds stronger loyalty and customer base.

The industry has been strengthened as a whole with the active involvement and participation of strong state rental dealer associations. Lately, several state associations have been revived and the response from rental dealers in those states has been very positive. Recently, rental dealers in Alabama and Mississippi have combined forces to

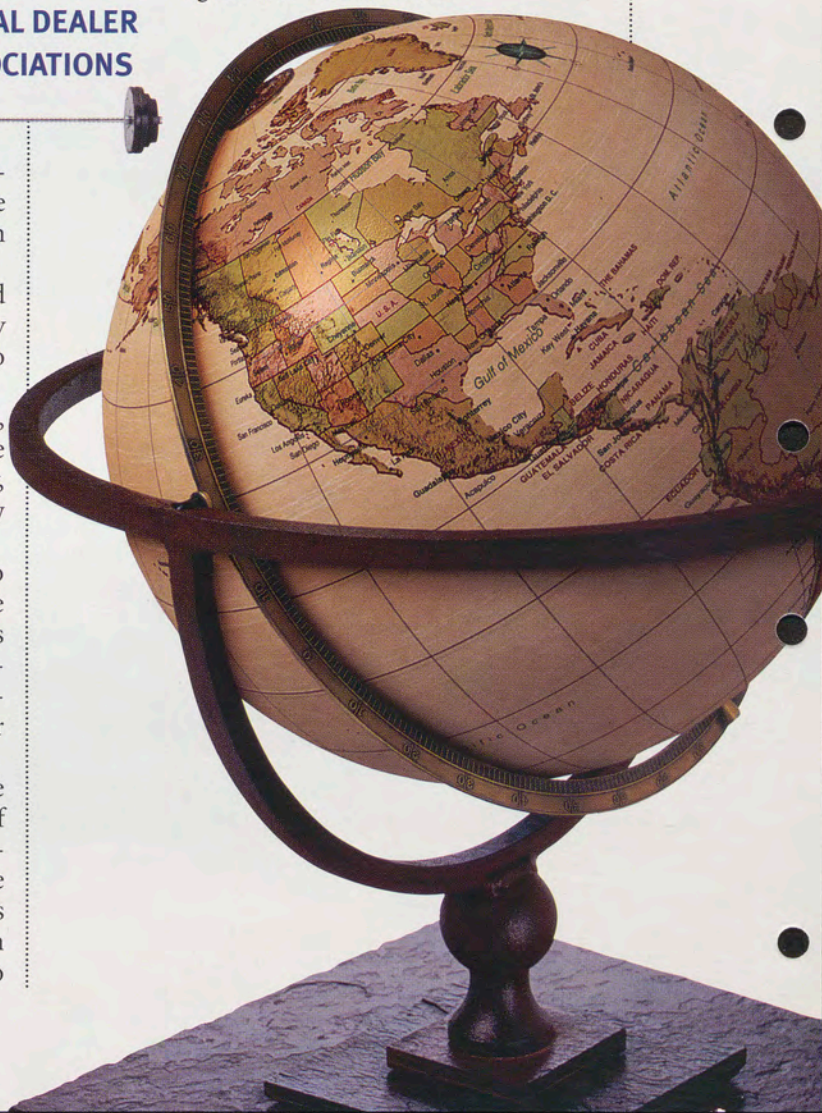
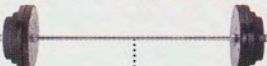
form the Alabama/Mississippi Rental Dealers Association.

APRO and members of the State Association Coordinating Committee are here to help. Everything from pulling a mailing list to devising meeting postcards to setting up speakers can be provided at no cost to a state association wanting to reorganize.

For more information on how to start up or strengthen your state's rental dealer association, please contact "Tiger" John Cleek, chairman of the State Association Coordinating Committee at 573/449-1010 or via e-mail at tigercleek@cleeksrto.com.



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ORGANIZE AND
MAINTAIN
STRONG STATE
RENTAL DEALER
ASSOCIATIONS**



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