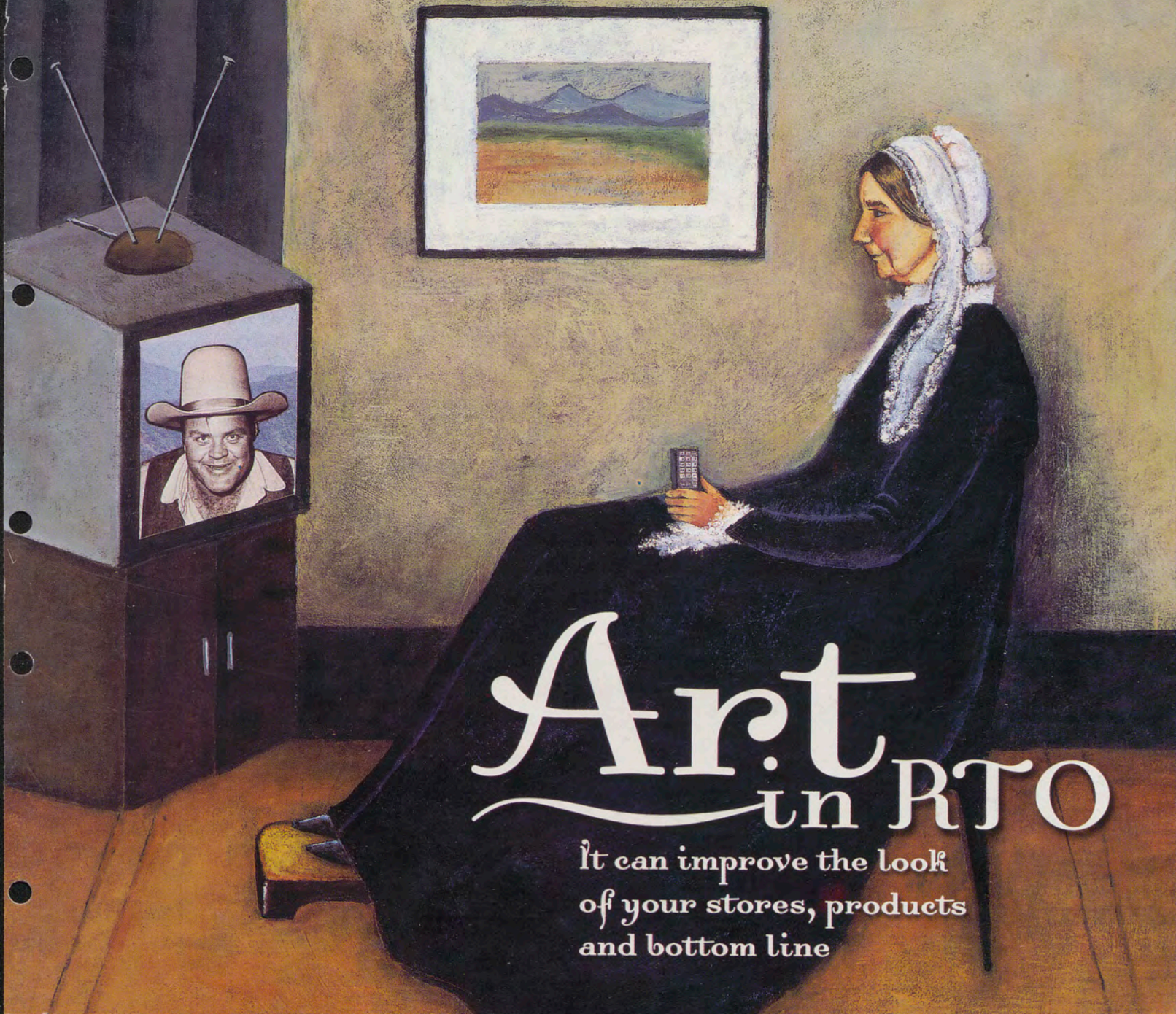


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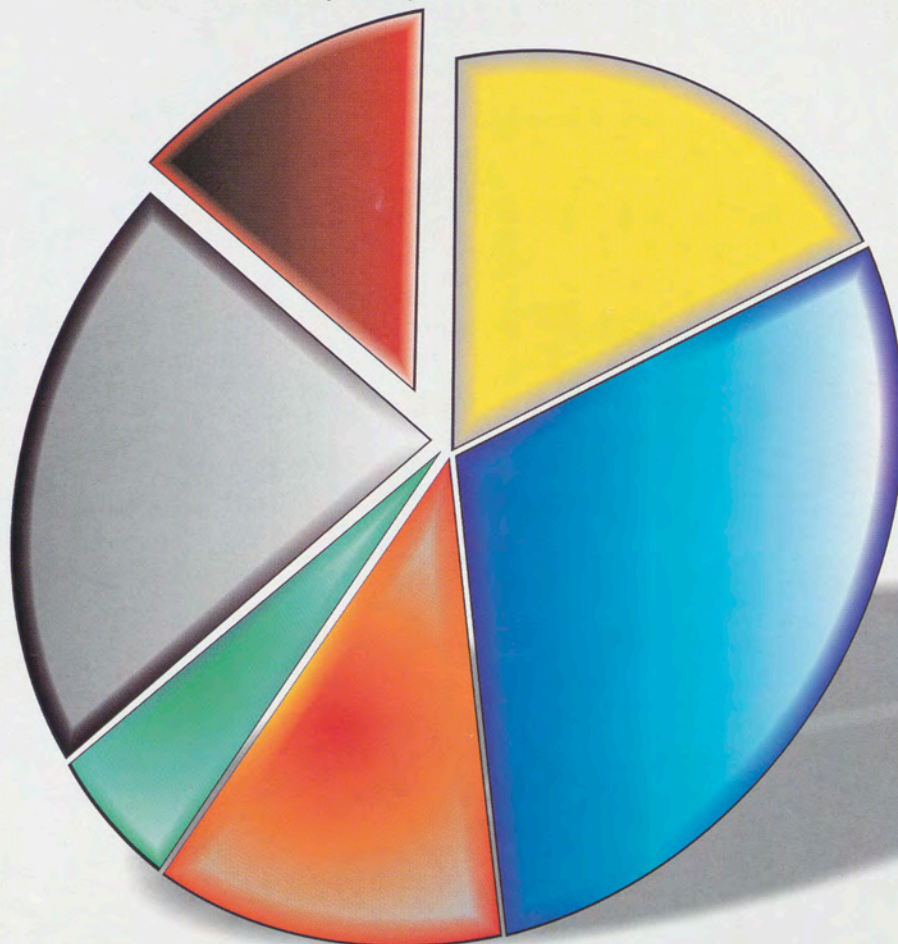
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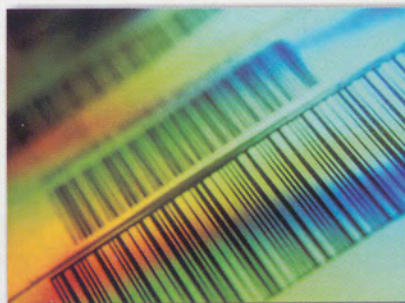
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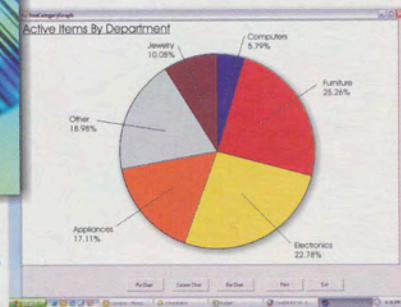
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NOVEMBER-DECEMBER 2003

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The relationship between art and RTO is not an obvious one. As the industry has grown and expanded its product mix, art has gone from mere decoration to an incremental part of a store's BOR.

BY STEPHEN SCHENCK

34 | A PLAN FOR APRO'S FUTURE

In October, the APRO Board of Directors met over a three-day period to assess the strengths and weaknesses of the Association and to plot a proactive and comprehensive plan for the future. Find out what was discussed and what you can look forward to in terms of a better, stronger national trade association.

BY ED WINN III

38 | PARTNERS IN THE BEST-WAY: AN APROFILE OF JEFF LOEB AND RICHARD ROSE

Partnership was the element that proved to be a career catalyst for Richard Rose and Jeff Loeb, operators of the 20-year-old, Virginia-based Best-Way Rent-to-Own chain of 17 thriving rent-to-own stores. Learn how a New Yorker and a Virginian combine their personalities and talents.

BY KRISTEN CARD

44 | THE AUTOBIOGRAPHY OF A RENT-TO-OWN DEALER

RTO pioneer Tom Devlin has produced the first autobiography of a rent-to-own dealer. In it, he recounts his early years in the industry in an amiable, folksy manner and reveals how he forged a rental empire (Rent-A-Center) in the 1970s and 1980s that was unrivaled then as it is today.

BY ED WINN III

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VOLUME 22, NO. 6

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news

BREAK

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Academic study on RTO to be published

The *Journal of Applied Business Research* has accepted for future publication a paper entitled "Rent-To-Own Agreements: Purchase or Rentals?" written by University of Massachusetts professors Mike Anderson and Ray Jackson.

This is the second academic article to be published by Anderson; the first one, "A Reconsideration of Rent-To-Own" was published in the

winter 2001 issue of the *Journal of Consumer Affairs*. After three years of statistical research, the professors are beginning to be able to formulate behavioral economic deductions, one of which is that RTO teaches financially unreliable and unstable population groups the discipline to become financially stable, contributing members of the economy and society. "That deduction and depiction of the RTO industry is drastically different than an industry that has been said to 'gouge' helpless consumers," says

APRO Executive Director Bill Keese. "And coming from a professor of finance and a professor of economics from independent research that is being accepted and published in academic journals brings great credibility to the industry."

The research has helped significantly the industry's public relations and government relations efforts. The professors, who were looking for an untapped, unstudied industry to pioneer academic, financial research in the fields of finance and economics, also have two more papers in the works that they hope will be accepted in similar publications. The professors have derived much of their statistical information through APRO associate member High Touch.

A copy of the article can be downloaded from the APRO Web site at www.aprovision.org/PDFs/JABR_paper.pdf

Rent-A-Center purchases Southern Home Rentals; participates in Food Bank drive

Southern Home Rentals, based in Chattanooga, TN, sold 22 stores in Tennessee and Georgia to Rent-A-Center on October 28. All of the 22 locations will be



operating as Rent-A-Center stores, but Southern Home Rentals is retaining its name and has plans to begin opening new stores in the Southeast in the near future, says Southern Home Rentals Vice President of Finance Jeff Mowery. Southern Home Rentals is owned and operated by Randy McCoy. Terms of the deal

were not disclosed.

In other Rent-A-Center news, the company and its 275 home office co-workers in Plano, TX, donated a total of \$5,616 to the North Texas Food Bank, which serves 13 Texas counties and southern Oklahoma. Additionally, co-workers brought in 5,951 canned goods during the three-week food drive. Rent-A-Cen-

ter President Mitch Fadel presented a check to a representative of the food bank on November 13.

Parsons of ABC Rent-to-Own dies

ABC Rent-to-Own founder and co-owner George M. Parsons, 73, of Wichita, KS, died



October 22. Parsons had been ill with Parkinson's disease. In addition to being a rent-to-own dealer, he was very active politically and held various positions, including delegate for the National Republican Party, Fourth District delegate to the State Republican Party, representative for former Senator Robert Dole for the Executive Committee State Republican Party, chairman of the local Housing Authority in Wichita, committeeman for the Republican precinct and was a Sedgewick County Republican chairman.

Parsons' business partner, Jim Brown, says that it was Parsons who took him to Washington and persuaded him to get involved in APRO's legislative conferences. "I met all of our representatives and senators through George. They are all co-sponsors of our federal bills now," says Brown. Brown says that there was a full house at Parsons' memorial service on November 1. "Tom Devlin was there and former Senator Dole sent flowers. He knew so many people. Just being his partner has opened so many doors," says Brown. Memorials have been established with The Michael J. Fox Founda-

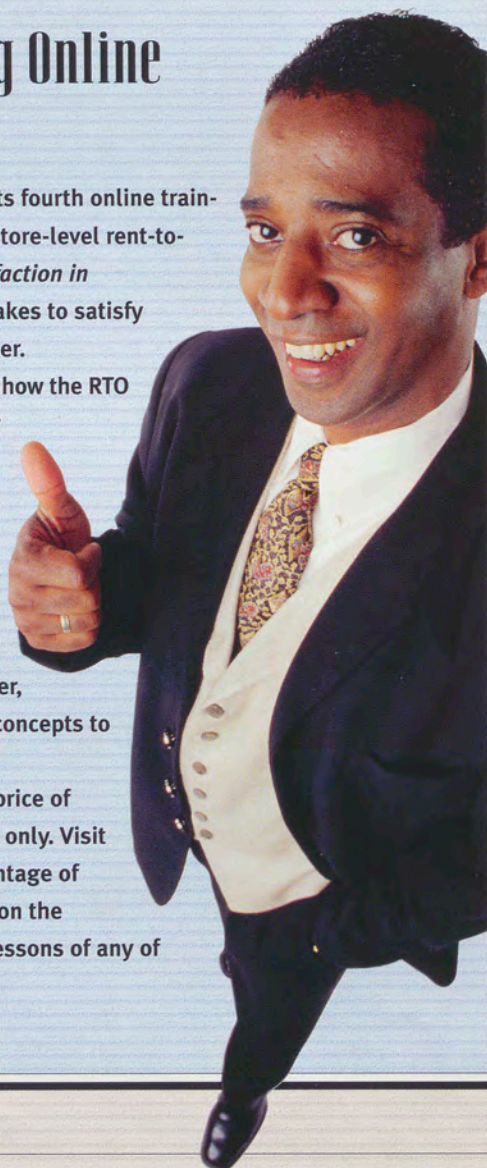
APRO's Rental Training Online offers new course

A PRO's Virtual University launched its fourth online training course created specifically for store-level rent-to-own professionals. *Customer Satisfaction in Rent-To-Own* will help students learn what it takes to satisfy the rental needs of today's rent-to-own customer.

APRO's newest online training course shows how the RTO customer service professional is called on every day to match products, services, programs and policies with the needs of the customer. This module is designed to help the student do that in a way that satisfies the goals of the customer, the company and the employee.

The course primarily focuses on the "sales" part of the rental-purchase transaction; however, the student is shown how to apply the course concepts to the delivery and collection stages.

APRO is still offering the unbelievable low price of \$9.95 per student per course for a limited time only. Visit APRO's Virtual University today and take advantage of this great new course at www.APROvision.org on the Learning Channel. Students can take sample lessons of any of APRO's Rental Training Online courses.



tion for Parkinson's Research, Grand Central Station, P.O. Box 4777, New York, NY, 10163 and Hospice Care of Kansas, 3241 E. Victor, Wichita, KS, 67208.

ColorTyme poised for more growth here and abroad

ColorTyme Inc., the largest RTO franchiser in the country and a wholly owned subsidiary of Rent-A-Center Inc., secured a new \$50 million credit facility with Wells Fargo Foothill for new ColorTyme franchises and existing ColorTyme franchises. This should fuel strong growth, opening 40-plus new stores a year through 2006. This brings the total credit facility available through ColorTyme Inc. up to \$65 million, including a \$15 million facility at Texas Capital Bank.

"RTO financing has always been a big key to the success of a small business or franchise owner and as others struggle to secure and or maintain their financing, ColorTyme Inc. continues to provide 100 percent inventory financing through a quality third-party lender like Wells Fargo Foothill," says Pat Sumner, ColorTyme's director of franchise development and finance.



2004 APRO Convention dates changed; trade show now a buying show

The dates for the 2004 APRO Convention and Buying Show have changed to August 4-7. Previously scheduled for August 3-6, the dates were altered to accommodate those whose travel plans require a Saturday night stay for airfare discounts. The show will be held in Tampa, FL, at the Tampa Marriott Waterside and the Tampa Convention Center.

Also new in 2004 will be a shift of the trade show toward a buying show. The APRO Convention and Buying Show promises more purchasing on the exhibit floor than in years' past, complete with buyer incentives to place orders during the show. APRO attendees will be encouraged to buy at this show for their fourth quarter inventory, as well as searching out new products for the future.

More will be published about the new APRO buying show in future issues of *Progressive Rentals*, so stay tuned!

Additionally, the ColorTyme System has opened 28 new stores through October 16, 2003, with 10 more to be opened this year.

ColorTyme Inc. also is currently considering the possibility of taking its franchise system to Aus-

tralia and New Zealand. The reasoning behind Australia versus other countries is it is English speaking, franchises are very well accepted there and they comprise a large segment of the retail outlets in that country.

2004

JANUARY

8-11
CES Las Vegas, 703/907-7600, www.cesweb.org; APRO Hospitality, 6-7:30 p.m., January 9, Caesar's Palace, sponsored by BDI-Laguna

14
CAL-APRO meeting, Burbank, 909/697-9275, www.cal-apro.com

23-27
ColorTyme winter operations meeting, Dallas, TX, 972/403-4905

28-31
San Francisco Furniture Market, San Francisco Furniture Mart, 415/552-2311, www.sfmart.com

FEBRUARY

4-6
IFAM—First Annual International Furniture and Accessories Marketplace, Las Vegas, www.internationalfurnitureexpo.com

11
Missouri Rental Dealers annual business meeting and seminar, Columbia, 573/442-2963

19-22
Tupelo Furniture Market, APRO Booth Lobby Hall B, Mississippi Market Complex, 662/844-1473, www.tupelomarket.com; APRO Hospitality February 19 (sponsored by Ashley Furniture) and February 20 (sponsored by Benchcraft)

MARCH

3-4
Florida Rental Dealers Association Fifth Legislative Conference, Tallahassee, 813/623-5461

6-9
Texas Association of Rental Agencies annual convention and trade show, San Antonio, TX, 940/497-1150, www.taraontheweb.com

Rent-n-Roll co-brand unit opens in Louisiana

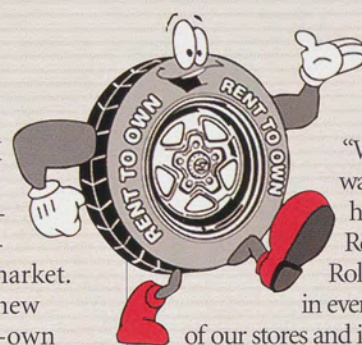
Rent-n-Roll Custom Wheels And Tires, based in Tampa, FL, has marched into Louisiana with its first co-brand franchise unit in the state.

BDK Rentals Inc., dba

Premier Rental Purchase, opened its first co-brand unit on October 1 in Alexandria, LA. BDK's principals are Bart Stamper, Doug Burnette and Kraig Fussell. They plan to develop several Premier Rental Purchase and Rent-n-Roll units over the next few years.

Larry Sutton, president of Rent-n-Roll, says: "I am delighted at the

prospect of BDK carrying the Rent-n-Roll banner in the north-west Louisiana market. BDK is a brand new player in rent-to-own and has a very aggressive growth plan. Bart, Doug and Kraig are just the kind of folks this industry needs; we are proud to be a part of their growth plans."



"We want to have a Rent-n-Roll unit in every one

of our stores and in every market we have a presence," says BDK's Fussell.

According to Vince Ficarrotta, vice president of franchising for Rent-n-Roll, BDK already has plans to add another co-brand unit to its recently opened Leesville, LA, location and hopes to open a free-standing location in one of the larger Louisiana markets soon.

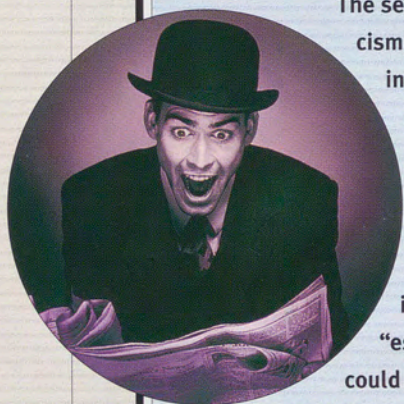
RTO industry featured in The Wall Street Journal

Two articles on the rent-to-own industry appeared in separate issues of *The Wall Street Journal* in October. The first one, entitled "Tales of the Tape: Rent-to-Owns Seek Definition in Law" by John Seward, appeared October 17 and focused on the strong upswing of RTO public company sales. However, the author noted that the industry's growth has not been impeded by years' long controversy of classifying the transaction as a lease not a credit sale on the state level and in pending federal legislation.

The second article, "Rent-to-Own Segment Thrives Despite Criticism," also by John Seward, is very similar to the original, but includes interviews with APRO staff and R. Charles Loudermilk, CEO of Aaron Rents.

Seward chronicles the industry's decades-long battle to define the RTO transaction as a lease. Morgan Keegan analyst Laura Champine says in the first article of the definitions controversy that, "Since 1993, the climate is moving in the other direction." Seward says that Champine "estimates that passing a bill favoring rent-to-own companies could add 5 percent to the 20 percent annual growth rate of her particular favorite in the business, Aaron Rents."

According to Rent-A-Center's Chief Financial Officer Robert D. Davis, "Proposed legislation would have only modest effects on the industry's growth rate...but might 'add another layer of certainty that the industry is valuable to the people we serve.'"



Rent One opens 35th location, fifth Radio Shack

Illinois-based Rent One opened its 35th location in Sparta, IL, in October. Inside the store, Rent One opened another Radio Shack franchise, the fifth one in the Rent One system.

Seven hundred square feet of the new 6,150-square-foot store is devoted to an impressive Radio Shack dealership.

Rent One opened its first Radio Shack dealer location a year ago inside its existing Anna, IL, store. "At that time," says Larry Carrico, Rent One president, "we had a plan for five additional Radio Shacks to open within a year, give-or-take." The company hit its mark

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

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
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(Coming soon: November issue)

Q: RTO is a very specialized industry. Can I use *The Ideal Rental Manager* to create custom reports specific to my store?

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early with the Sparta location. "Radio Shack creates a lot of synergy between us," says Carri-co. "Customers need batteries and patch cords

and many times are looking for electronics, while we are able to rent them furniture and appliances. We have seen substantial growth in all

the five stores where we have incorporated Radio Shacks."

Murray Beck will be the regional manager for the new location,

with Frank Spicer as manager, Dawn Miers as assistant manager for both Rent One and Radio Shack operations and Brook Vordtriede and Ishmael Harris as delivery technicians.

Credit card debt skyrockets

According to a recent report from Demos, a non-partisan public policy organization based in New York City, the average American family has increased its credit card debt by 53 percent in the 1990s.

The report, *Borrowing to Make Ends Meet*, by Tamara Draut and Javier Silva, says that in 2001, the average credit card debt an American family carried is \$4,126. Low-income families saw the largest increase—a 184 percent rise in debt—but even very high-income families had 28 percent more credit card debt in 2001 than they did in 1989.

While one of the more frequent criticisms of the rent-to-own industry has been "unregulated pricing," with more than one attorney general wanting to subject the RTO transaction to

annual percentage rate caps, it appears from this report that consumers stand to benefit more from renting to own than charging to own.

For example, according to the Demos report, a consumer who has a credit card balance of \$5,000 with an 18 percent interest rate and who pays just the monthly minimum rate would be doing so for 45 years, with a cumulative interest payment of \$13,531. If the balance rises to \$10,000 at 18 percent, making the minimum payment would take 56 years to pay off, with a whopping interest cost of \$28,079.

Fifty-six years is nothing to sneeze at compared to the standard 18-month RTO agreement to ownership.

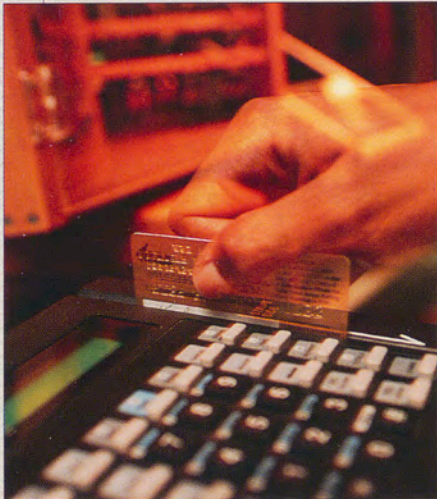
"Since the late 1970s, America's credit card industry has enjoyed a period of steady deregulation," the report says.

"Two Supreme Court rulings...effectively hobbled state usury laws that protected consumers from excessively high interest rates and fees."

For example, minimum payment requirements dropped from 5 percent to only 2 percent or 3 percent, making it easier for consumers to carry more debt. With skyrocketing late fees and penalties and relentless credit extensions, American consumers are being sucker punched every time they open the mail.

Policy recommendations by the authors include addressing industry practices, such as enacting a national usury law, regulating late payment policies, increasing the minimum payment requirement and improving the disclosures of card member terms.

For a full copy of the report, visit www.demos-usa.org/.



Rent City purchases eight Lease To Own stores

Jack McCarter of Lease To Own, based in Waxahachie, TX, sold his eight RTO stores to Robert Briley of Rent City on November 7. McCarter has been in the RTO business and an APRO member since 1981, the same year Briley entered the industry. McCarter sold his stores in order to focus on his mini-warehouse business. He also owns and manages 60 rental properties.

With this acquisition, Rent City now operates 16 RTO stores, all in Texas. Briley's new stores are located in Bryan, Temple, Waco (two), San Angelo, Copperas Cove and Waxahachie.

Moon joins Sears Contract Sales

Sears Contract Sales announced the appointment of Craig R. Moon as its new national account manager, with responsibilities for selling

and servicing the appliance needs of national rent-to-own accounts.

"Craig brings a wealth of knowledge and talent to this position," says Zach Elkin, national sales manager for Sears Contract Sales. "He is well known and respected throughout the rent-to-own industry."

Moon has more than 19 years of combined sales management and marketing experience in the major appliance industry. Formerly with Whirlpool, he served as national account executive-rental and as senior

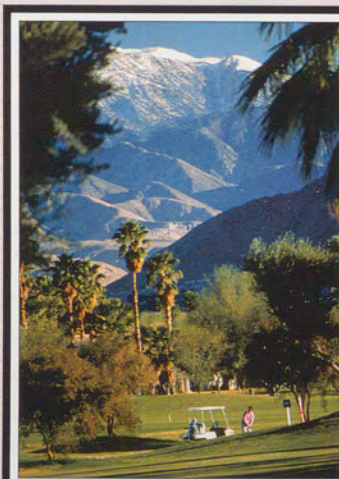
builder account manager, Great Lakes region.

"I'm excited about this opportunity to work

with Sears Contract Sales and the Kenmore brand.

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product. I think the Kenmore brand fits perfectly with the RTO demographics. I am looking



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forward to expanding the brand into this industry," says Moon.

In his new position at Sears, Moon will be the primary company contact with APRO and its membership. "I look forward to becoming re-involved with APRO committees and vendor activities," he says.

Moon is working at Sears national headquarters in Hoffman Estates, IL, and can be reached at 630/579-8661.

RentWay's DeMoss re-joins APRO board

RentWay Vice President and General Counsel Ron DeMoss recently



was elected to serve on the APRO board of directors to replace an open board position vacated by Kelly Sayre of Alliance Rental Center in Denton, TX. DeMoss previously served two terms on the APRO board of directors and on the APRO executive committee, having served the Association as its first vice president. He has chaired the government relations and the communications committees.

DeMoss became involved with the industry in 1990, when he accepted a position with

Rent Rite makes Inc. 500 Top 10 list of fastest-growing companies

On October 15, *Inc.* magazine hit the newsstands with the release of its annual Inc. 500 ranking of the fastest-growing private companies in the country. No. 4 on this year's list is the industry's own Rent Rite, a 90-store rent-to-own company based in Boca Raton, FL, run by Ed Stanko, president and CEO.

"To be named to the Top 10 list of this prestigious magazine is an honor to be shared by all of us who have contributed to the success of this company," says Stanko. "From our dedicated home office support team, to our industry leading management team, to each and every hard-working co-worker who services our customers daily, I want to express my thanks and gratitude. I am very proud of this accomplishment."

To be a candidate for the *Inc.* 500 list, companies must have been in business for the past five years, posting an average five-year sales growth of 1,312 percent. Rent Rite's five-year sales growth of 12,359 percent (with \$41.5 million in 2002 revenue) was narrowly beaten by Aegis Assisted Living (No. 3 with 12,449 percent growth) and Under Armour Performance Apparel (No. 2 with 12,753 percent growth). The No. 1 company was American Biophysics, the developer of Mosquito Magnet, with 25,612 percent sales growth over five years.

Rent Rite opened its first store just five years ago and has grown considerably, opening new stores and/or purchasing small chains such as the 15-store Rarick's Easy Pay Indiana chain this past July. When asked if Rent Rite would be going public anytime soon, Stanko says that he is happy with the way things are going now, but is poised to go public if the decision to do so is made. "We continue to be in a good position to grow the company with either new store openings or purchases," says Stanko.

Thorn Americas' legal department after practicing law in Wichita, KS, for 10 years. He later became interested in legislative affairs and was instrumental in the passage of 12 states' rental-purchase acts. He joined RentWay in 1996.

An active APRO member, DeMoss has also served on the ethics

committee. He was the 1995 recipient of the APRO President's Award of Excellence.

New mattress solution hits RTO market

A memory-foam mattress product company called Thurmo-pudic has

entered the RTO market with a selection of mattress and other sleep accessory products. Exhibiting at High Point in October, Thurmo-pudic's Rod Whitney spoke to APRO about his company's recent entry into rent-to-own.

"The company is only 18 months old and based out of High Point, NC.

We produce a 100 percent American-made product. While on the high-end side, we offer some extremely attractive price points and are marketing directly to RTO and mom-and-pop shops only," says Whitney. Thurmo-pudic is endorsed by NASCAR racer Richard Petty. Point-of-sale items such as banners and a life-size cut-out of Petty are available to rental dealers who choose to market the product.

"Our bedding products come with a 60 percent/40 percent poly/cotton cover with a breathable interior moisture barrier. This cover completely protects the foam and can be removed and washed for re-renting and conforms to all bedding standards," he says.

RTO veterans Curtis Spain and Glen Davis will be the RTO reps for Thurmo-pudic. For more information, call Curtis Spain at 972/222-0395.

Show-Me Rent-To-Own sells 11 stores to Rent-A-Center

In a deal that closed on September 25, Gary Romine of Show-Me Rent-To-Own, based in Farmington, MO, sold 11 of his 20 stores to Rent-A-Center.

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NOVEMBER-DECEMBER 2003 13

Romine says he was approached by Rent-A-Center to sell the stores and "it was just such an excellent deal, I couldn't refuse."

"This presents us with an opportunity to back up and regroup with our remaining stores, allowing us to reevaluate and revamp our image and presentation," says Romine. "And when we become No. 1 in the remaining nine markets, we'll reconsider our growth plans again."

Rent-A-Center has made a commitment to acclimate (and retain)



Are you going to CES?

All rental-purchase dealers attending the Consumer Electronics Show in Las Vegas, January 8-11, are urged to join fellow dealers for complimentary drinks and hors d'oeuvres—generously sponsored by BDI-Laguna—from 6 to 7:30 p.m., Friday, January 9, Caesar's Palace in Roman Ballroom 1. See your APRO representative at booth L-11 in the Las Vegas Convention Center lobby for more information; or call 800/204-2776. For more information on CES, call 703/907-7600 or visit www.cesweb.org.

the Show-Me Rent-To-Own employees in the acquired stores to the

"RAC way of doing business," says Romine. "We had indications

that Rent-A-Center was negotiating leases near a number of the acquired

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stores, so it was a choice of whether to compete or sell," says Romine. "The offer was very reasonable. The deal was a win-win for everyone involved."

The acquired stores are all located in Missouri in the cities of Cape Girardeau, Caruthersville, House Springs, Jackson, Kennet, Malden, Pacific, Poplar Bluff, Thayer, Washington and West Plains. The remaining Show-Me stores are located in Dexter, Farmington, Festus, Fredericktown, Park Hills, Perryville, Potosi and Sikeston.

ColorTyme legal counsel covers murder trial

Industry veteran and ColorTyme legal counsel Woody Webb reported on a high-profile murder case in North Carolina as a Court TV legal commentary from July until the case settled in October. The case, *State of North Carolina v. Michael Peterson*, centered on the murder of Kathleen Atwater, a Nortel Networks employee. Her husband, Michael Peterson, a writer, was convicted and found



Court TV correspondent Jean Casarez with ColorTyme's general counsel Woody Webb, who offered commentary in a high-profile murder case.

guilty of first-degree murder.

According to William W. Webb, Jr., Woody

Webb's son, his father provided morning trial updates onsite at the Durham County Court-



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house daily for four months. On several occasions, Webb also offered commentary from the New York network studios. Webb has worked as general counsel for ColorTyme for approximately 20 years.

Benchcraft's Barrett moves to Advantage Furniture

Dick Barrett, former vice president for rental-

purchase at Benchcraft, announced that he will now be associated with an upholstery manufacturer in Baldwyn, MS, called Advantage Furniture.

"I am very excited about my new opportunity at Advantage Furniture," says Barrett. "It's a great company with fine people and offers a wonderful product for the rental industry."

To reach Barrett at Advantage, call 662/255-2728.

Thomson Inc. to merge with China's TCL

In a move that would provide a new state-of-the-art and feature-laden line of TV and DVD products to both the rental and retail markets, Thomson Inc. has signed a "memorandum of understanding" with TCL, the largest television manufacturer in China. The proposed new company, to be called TCL-Thomson Electronics, will be among the world's largest in TV and DVD development and manufacturing. TCL-Thomson Electronics will benefit from leading market positions in the United States, Europe and China through the RCA, Thomson and TCL brands.

"This is an extremely exciting opportunity and new phase for Thomson as we move into the future. The new company further strengthens Thomson's resolve to continue to grow its position as a key player in the color TV and DVD business in Europe, China and the Americas," says Tim Shannon, national sales manager special markets at Thomson Inc.



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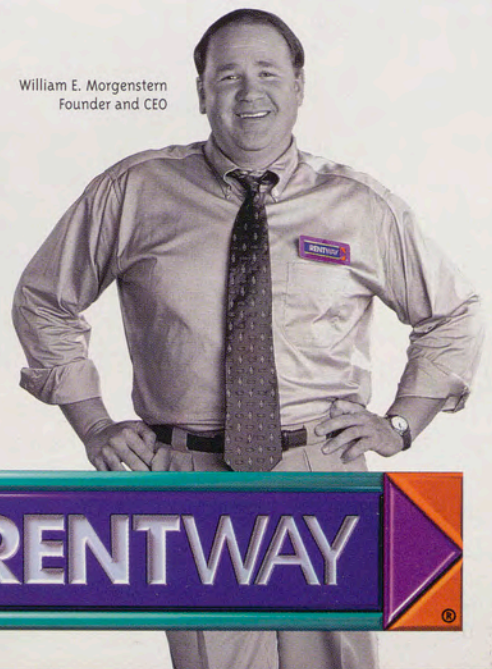
It's all part of the enduring RentWay culture of making our customers and fellow associates feel Welcome, Wanted and Important day after day after day. In fact, it's the key ingredient that clearly differentiates us from everyone else.

Since our entire field and corporate staff has just completed a banner year, we want to say "Thank You" for an extraordinary performance in 2003! And what better way to be recognized than by sharing our pride with everyone we know.

RentWay PRIDE ... it just keeps growing!



William E. Morgenstern
Founder and CEO



RENTWAY

Pickup lines

In the past 90 days, I've had the opportunity to meet and talk with many rental-purchase store owners and employees. Throughout these conversations, I have noticed one common complaint and that is that pickups, returns, repossessions—whatever you choose to call them—are up. It seems that while new rentals are decent, closed accounts, due to getting the rented inventory back, are at an all-time high.

There are several causes for this, but we create most of our own problems. It is not at all uncommon to hear a rental-purchase employee say, "If you don't come in on Friday, I will be out Saturday

to pick up my stuff." Relations between rental-purchase employees and customers are not unlike relations between marriage part-

ners. Imagine if every time you got into a disagreement with your spouse, you threatened him or her with divorce. No one likes to be threatened.

If you threaten to pick up rented inventory when a customer has pledged a payment, fairly soon the customer will invite you to come out and pick up the goods and will then go and rent from another company. When a customer is repeatedly threatened with pick up, it becomes painfully obvious to them that their business is not considered important. They then will choose to shop elsewhere with a company that values them. Over the years, APRO surveys show that customers must feel their business is important. In fact, the No. 1 complaint of rent-to-own customers today is that they don't feel appreciated.



By **LYN LEACH**
APRO's President

One of the ways to make customers feel more important is to stop threatening them with closure of their account. It is far better to say, "I am really counting on you to keep your commitment because the last thing we want is to run the risk of losing you as a customer."

Customers must be told that they are very important to your company. If you want to lower your pickup percentage, start by forbidding any mention of picking up inventory during any collection activity. Instead, talk about how losing a customer is simply not an option.

Collection activity, in and of itself, can some-

times rub customers the wrong way. Whenever customers complain about the frequency of collection calls, having references phoned, visits to their home or any other collection com-

plaint, have a common response. Explain to the customer that the purpose for every collection call is to make certain he or she will walk away with something to show for their money. The statement might go something like this, "If we lose you as a customer and you don't have something nice to show for your investment, then we have failed you. It is our goal to make sure that you end up with ownership of the goods. If we lose you as a client, then we have failed you and, around here, we don't take kindly to failure."

It is very important to make sure customers do not feel harassed by collection activity and understand that the goal of your company is not just to get a payment, but rather to help them acquire nice products. An account that ends up with a pickup is a failure. The likelihood of you ever seeing that client at one of your stores again is not good.

In our company, our slogan is "we make friends." It is incredibly important that customers never see the dollar signs in your eyes. They must trust you to look out for their best interest. This is what keeps them coming back to your store. This is what creates incredible loyalty. The next time they need something, they don't even think about shopping around. They know that your company cares about them, helps them have a better quality of life and treats them with respect. No one threatens someone they respect. If you want long-term good relations with your customers, stop threatening them, watch your pickup percentage decrease and your bottom line grow. ■

Lyn Leach is the owner of Ace Furniture and TV in Malcom, NE.

.....
"An account that ends up with a pickup is a failure. The likelihood of you ever seeing that client at one of your stores again is not good."



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On a mission

The APRO Board of Directors revised the APRO mission statement at the Association's recent strategic planning session in October. The last major revision to the mission statement occurred at a strategic planning session in early 1989. Previous boards had reviewed the mission statement, but made no changes.

A mission statement isn't just a bunch of words created to hang on a wall and show everyone how "cool" and "in" you are by having one. On the contrary! A mission statement should be

carefully thought out and be as concise as possible while establishing the tone, direction and purpose of an organization. It should

be the foundation of your organization's goals and purpose for existence.

The new mission statement reads: "APRO is committed to being *the* national rental-purchase trade association by providing valuable member benefits, maintaining a benevolent business climate, promoting professionalism in the industry with responsibility and integrity."

All action items in the 2003 strategic plan were developed by your board as a direct consequence of the various tenets of this mission statement.

In November, we surveyed all our members and former members to see what you would like your Association to be and to offer. We mailed all member home offices a copy of the survey and also posted it on www.APROVision.org. From this information, we plan to review our current

offerings of services and products and add those things you tell us you want. Your board of directors and your staff want you to have great value in your APRO membership.

Maintaining a benevolent business climate involves many things. First, we will continue to pursue federal legislation. This is top priority. We also will continue to explain to the press the benefits of the rent-to-own transaction. We will continue to provide critical information about the industry, the transaction and the characteristics of our customer base to those specialists who study our industry. Scholastic papers are being

written about our industry that are vital to achieving a benevolent business climate. These studies influence investors and bankers. They also provide independent values on the rent-to-own transaction to those who are critical of our industry.

We plan to commission studies about our customer base and our potential customer base. This information will help every rental dealer to know better and service those who choose to rent-to-own and to influence new customers to give us a try. These studies will help all of us to become more professional, ethical and responsible.

We have come a long way in our pursuit of professionalism when dealing with our customers and among ourselves. We must continue to improve and better ourselves, our stores, our employees and our relationships with our customers. It is good for business and, more important, it is the right thing to do. We must treat each other ethically and professionally. No longer should any of us "raid" a competitor's employees because we have needs of our own. There is a professional and ethical way of staffing our stores and we should all abide by it. APRO's Code of Ethics speaks to this and we should mutually enforce it among ourselves.

There is much in our new mission statement. It will take years to fulfill our mission, but we have gotten off to a fast start. As I close, I ask you to review your company's mission statement. Some of you don't have one. Get one! Others, like APRO, have one that needs updating. Do it!

We will all be better for it. ■

.....
"There is much in our new mission statement. It will take years to fulfill our mission, but we have gotten off to a fast start."



By BILL KEESE
APRO's Executive Director

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

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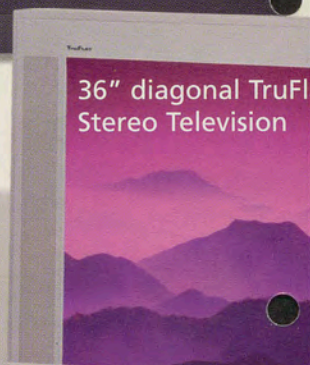
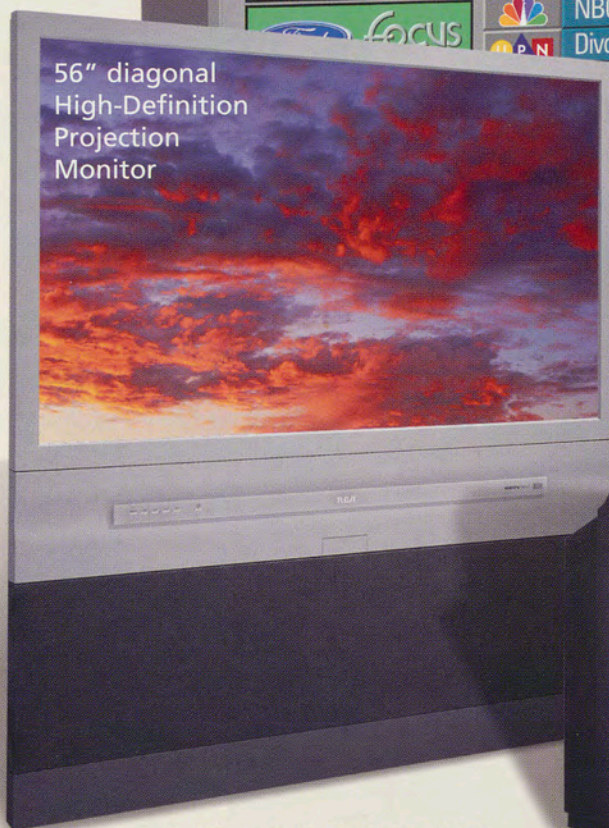
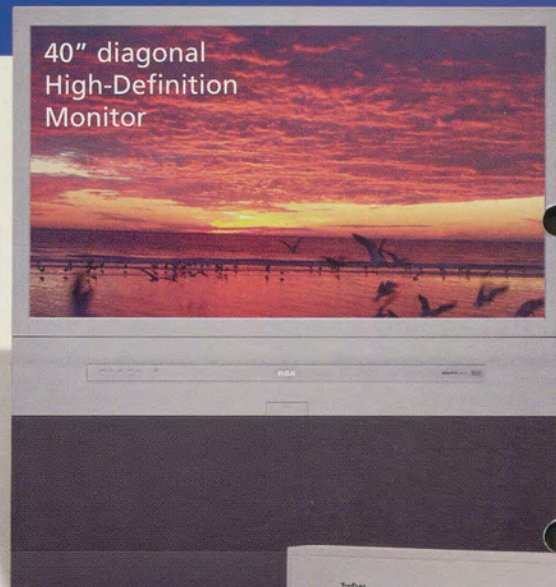
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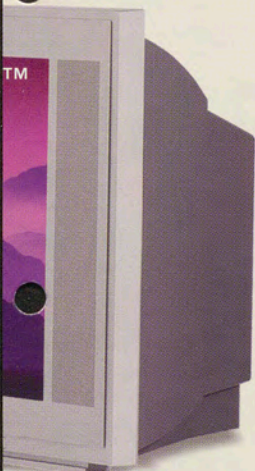
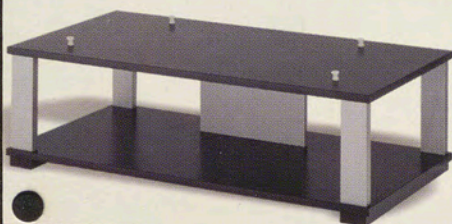
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APRS Charter Associate Member

Sixteen or seventeen rental dealers met recently to talk, among other things, about how to increase the value of membership in the Association. The discussion was part of a three-day strategic planning meeting. The dealers talked about what the existing benefits were, how they are perceived by rental dealers, how to quantify the benefits, what else the Association might offer and what other associations offer. This conversation lasted several hours.

A comment was made by a thoughtful dealer who told the group that the reason he belonged to APRO was not for insurance programs, industry news, seminars or trade shows, but for something he termed "intangible."

He said that the rental business was his life—it was what he thought about most of the time and what consumed most of his energy and creativity. APRO gave him the chance to spend time with other people for whom the rental business was also everything—kindred spirits with whom he could share his life concerns at meetings, on trips, on the phone and via e-mail. Other people in the dealer's circle of friends and acquaintances may not know about rent-to-own, but another rental dealer knows. Rental dealers can sometimes share things at a deeper level with other rental dealers than with anyone else.

APRO facilitates opportunities for kindred rental spirits to share life's experiences with one another. Those experiences may be cause for laughter; they may be cause for tears. But one thing is certain. Another rental dealer will understand, better than anyone else on earth.

The conclusion of the discussion was that such camaraderie is priceless, intangible and hard to explain, but priceless in terms of human fulfillment.

So why aren't rental dealers standing in line to join and get this priceless, intangible value? Maybe some rental dealers just aren't sharing kinds of people. They do not feel the need to emote with rental dealers or anyone else. They are self-sufficient people who lead fairly isolated lives.

I would only hope that as their lives progress,

these insular, isolated rental dealers will one day understand the richness and depth that true friendship brings. If so, then they will realize quickly that fellow embattled rental dealers can make great lifelong companions and confidants.

There are also rental dealers who either are ashamed of or who simply do not like what they do for a living. If they do not feel good about the rental business, it is no surprise that they do not want to hang around with other rental dealers.

While I have seen this attitude toward the business change and diminish over time, it still exists, and to those dealers so afflicted, I would merely point out to them that the market is up and now might be a good time to sell.

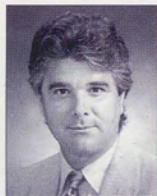
Finally, there appears to be a group of rental dealers who are so absorbed in what they do day-to-day that they simply have not seriously considered the pro's and con's of joining APRO. They are trying to make a payroll every two weeks and are scrambling to rent and collect enough to keep their struggling businesses afloat. (Some of the dealers who quit have said that the reason is that they cannot afford to be a member of APRO.)

If the intangible is real, however difficult it might be to explain to busy, distracted rental dealers, then one day we will get these men and women to join. They are passing up a priceless value because they are lost in the minutia of daily living. Some of the most important things in life are intangible: family, religion, personal integrity, etc. For many bright and intelligent rental dealers, fellowship with their rental peers is on that list. We are grateful that so many of you feel that way. ■

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

.....
"Some of the most important things in life are intangible: family, religion, personal integrity, etc. For many bright and intelligent rental dealers, fellowship with their rental peers is on that list."

Priceless



By ED WINN III
APRO's General Counsel

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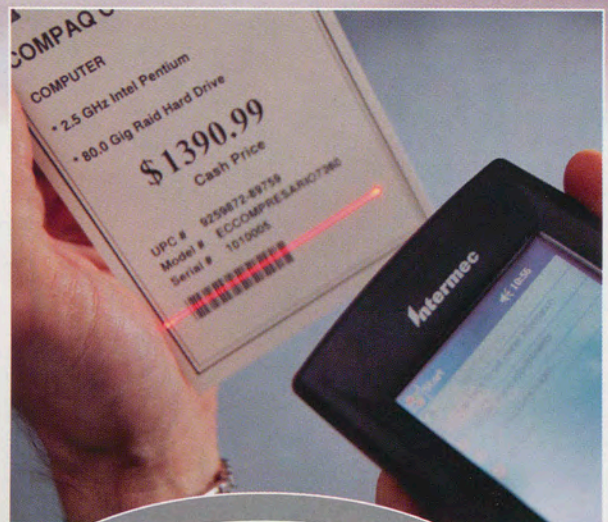
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Art IN RTO

or those outside the RTO industry, the relationship between art and RTO is not an obvious one. Ask an average American to give his or her impression of a typical RTO store and you might hear a description of the industry as it existed 20 years ago—stores with tile floors and bare walls, filled with furniture and appliances “priced to move.” Today, that description is especially outdated because over the past decade, many RTO owners have abandoned the old school of store design and embraced current trends by putting fine art on their walls and in the homes of RTO customers. “Back then, RTO was strictly a meat and potatoes business,” says Mark Peterson, owner of four H&H Furniture stores near Yakima, WA.

By Stephen Schenck





In the beginning...

Peterson, who converted his family-owned retail stores to RTO in the mid-1980s, says he immediately understood the importance of art to RTO. His stores, as evidenced by the 2003 RAE Award for store display, have been at the forefront of store design and the RTO art market.

"We came at RTO from a retail and furniture perspective, where art was already big business," Peterson says. "The reality is that you need art to distinguish your stores. I use art with displays to create a mood for customers and paint a picture for their home."

To make that distinction and capture just the right mood for his customers, Peterson orders art from a few of the art suppliers that have popped up to serve the industry, two of which are Next Dimension Studios and RTO/Arts.

Next Dimension Studios in Erlanger, KY, is the largest of the three main art suppliers for the rent-to-own market and has served RTO since 1995. Before that, its president, Eric Moore, had served as president of Laurel Street Art Club, a company that also supplied art to both the retail and RTO industries. "At the time, there was no real wall art

program in the industry. We felt the RTO market was perfect for our products," says Moore.

It was the same market that also convinced Will Yankus and Fritz Rollins to start up RTO/Arts, a subsidiary of Cannonball Fine Arts, in April 2003. "We saw that RTO was a rapidly growing industry that was getting more and more mainstream," says Yankus. At the time, Cannonball had 30 years of experience supplying art to retail chains such as Williams Sonoma and Pottery Barn, but it had yet to reach out to rent-to-own.

That all changed, however, when RTO/Arts President Rollins began to recognize the potential of the RTO industry and became very active in APRO, even representing the California state rental dealer association at its legislative conference in May.

"Before, art was treated more like a decoration in the store," Rollins says. "You could tell customers that they could rent the art for their home, but more than likely they didn't even know it was for rent. RTO/Arts wanted to give rent-to-own customers a complete vision for their home."

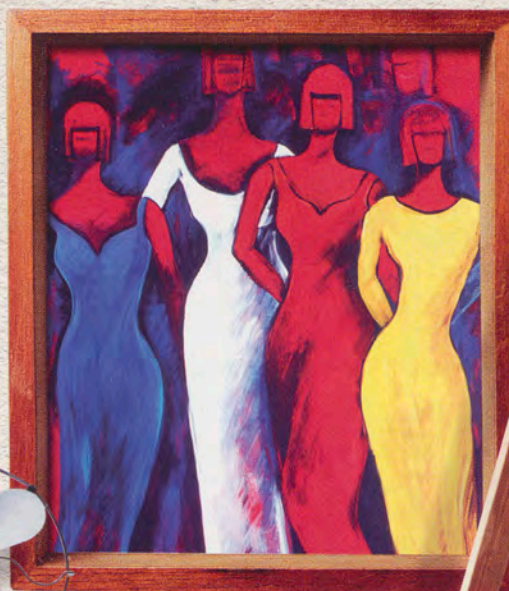
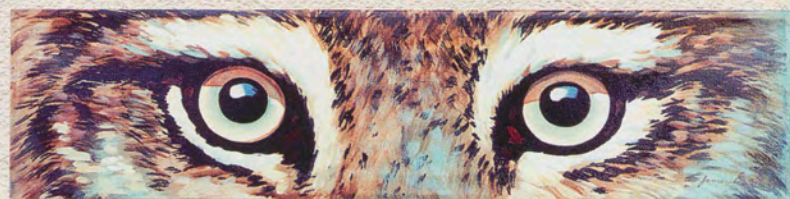
Another supplier that has been rapidly entering the rent-to-own market is Mirror Dynamics, based in Newark, NJ. Mirror Dynamics began supplying the

RTO industry in the mid-1990s, but Abraham Kalina (now deceased) established the business in the 1970s, supplying bar mirrors exclusively for the liquor industry. After suffering a stroke in 1993, he couldn't keep the business afloat and ended up losing many of his previous customers. So when he returned to the business, he knew he would need to find a new market. According to his son Daniel, they began a furniture line for retail outlets. A few years later, they discovered the RTO industry and never looked back.

"I had no idea the industry even existed, now I'm pretty much an expert on RTO," says Daniel Kalina. "It's a fantastic, very lucrative business. If I didn't have this mirror business, I'd be in RTO. It's just a genius idea that keeps customers coming back. RTO brings products to people they normally couldn't afford. It says, 'If you want it, I can give it to you.' Who else can do that?"

The real picture

With so many fine art dealers flocking to RTO, has it been transformed into a hip, chic art gallery for the masses? Well, not exactly. Televisions and couches are still the meat and potatoes of the customer's RTO diet. In fact, at around 2



ART COURTESY OF NEXT DIMENSIONS STUDIO (PAGE 30) AND RTO/ARTS (PAGE 31). ARTWORK ABOVE IS NOT TO SCALE.

percent, art rentals and sales are still a small part of the industry's overall BOR.

The experience of Chad Peterson (unrelated to Mark) of USA Rental in Biloxi, MS, is probably typical of the industry as a whole. Peterson's father, Neal, opened the store just over 10 years ago in February of 1993. Peterson joined the family business in 2000.

"I'm not sure if I'm the best person

RTO store specifically for wall art," says Moore. "It just doesn't happen. Art in RTO is like a candy bar in a grocery store. Grocery stores sell more candy bars than anywhere else, but nobody goes into a grocery store just for a candy bar. Instead, stores place them at eye level and it's an impulse buy."

Daniel Kalina was equally realistic about art and RTO. "Who walks into a

might be a best seller in another.

The demographics of Mark Peterson's four stores in the Yakima, WA, area, for instance, could not be more different from one another. One store serves the more urban Yakima market, one the rural mountain country, another serves mostly Hispanic customers and the last is located on a Native American Indian reservation. As you might expect, the difference in taste is huge.

"I suppose, in general, the larger pictures sell better because they fill up the wall. Many of our male customers, no matter what their background, seem to have the same ideas about decorating their home—just slap a big picture up on the wall to fill up the space," says Peterson says, jokingly. Other than size, however, he says there are few similarities in taste and he doesn't see any specific trends as far as what rents and what doesn't. Instead, he believes success lies in knowing and serving your specific customer base.

"You know, people don't want seascapes if they live in the desert. The most important key to success, that I think will continue to improve, is the way manufacturers have segmented and narrowed each individual market to make it more ethnically and culturally focused."

"When you add art, you add life—you add a touch of yourself. A bed is a bed, a TV is a TV, but with art the customer can say, 'This is me.'"

to talk to about art because art really isn't a major part of my business," says Peterson. "Initially, we brought in art simply to dress up the walls. However, since we started using art in our stores, profits have gone up because when customers rent the bedroom set, they say 'Let me rent the picture, too.'"

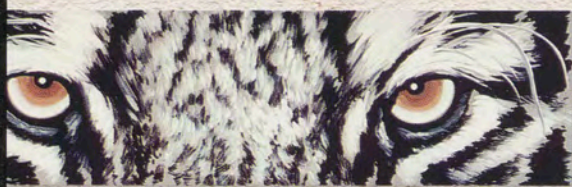
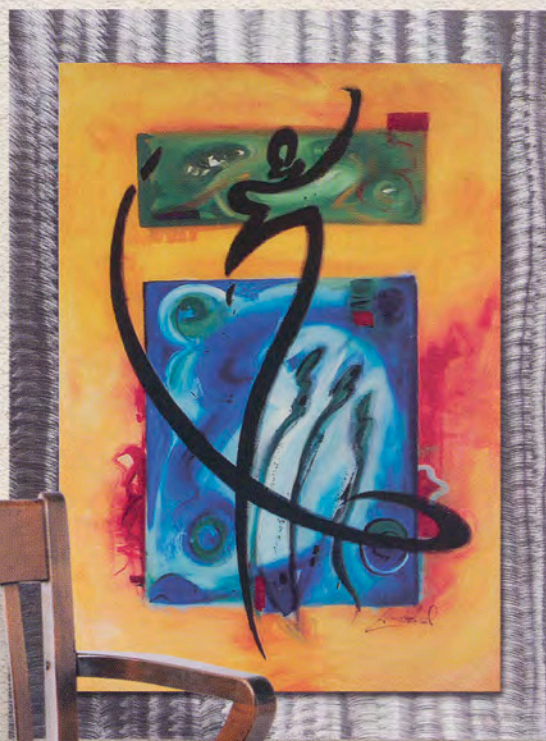
Back at Next Dimension Studios in California, Eric Moore is the first to admit that art will never rent enough to carry a store on its own, but he says it can make the difference between a store struggling to break even and a profitable one.

"Look, no one ever walks into an

furniture store and rents art? Nobody. RTO is a good start though because art can make any room complete. When you add art, you add life—you add a touch of yourself," says Kalina. "A bed is a bed, a TV is a TV, but with art the customer can say, 'This is me.'"

What rents?

If increasing profits really is as easy as hanging a few pictures on the wall, then what kind of artwork should RTO owners keep in their stores? The answer, of course, lies in customer demographics—what doesn't rent in one store



ART COURTESY OF NEXT DIMENSIONS STUDIO (MUSICIANS AND ABSTRACT) AND RTO/ARTS (ANIMAL EYES). ARTWORK ABOVE IS NOT TO SCALE.

Maintaining success and customer satisfaction

In order to meet the varied needs of various groups of RTO customers, all of the industry art suppliers are prepared to help owners select the best artwork for their respective stores. At RTO/Arts' Web site (www.rtoarts.com), clients can browse a product line that includes more than 800 images in a variety of styles ranging from landscape and still life, to abstract and impressionist.

In addition to its extensive catalog of framed and matted lithograph prints, RTO/Arts also offers original artwork from 14 countries around the world. Carrying such a rich and diverse line of art, according to Rollins, is absolutely crucial in order to succeed in the art business.

"Artwork is like music, everyone has different tastes," says Rollins, "so we have to provide a wide range of art to satisfy those various tastes. Also, art is constantly changing styles and trends, like music, and it is our job to keep up with it all."

Much like RTO/Arts and Next Dimension Studios, Mirror Dynamics offers paintings, lithographs and silk screens, while also expanding the market by offering a unique line of mirrors.

"We have a unique process where we silver the glass then remove some of the silver and silk screen over the space to create images on top of the mirror," says Daniel Kalina.

Although many RTO store owners see market segmentation as the main trend in the industry concerning art, Paul Davis, owner of two Nations RTO stores in California, believes that philosophy wouldn't work with his customers. Unlike some other RTO stores that seem to serve specific cultural groups, Davis says his customers represent all walks of life and ethnicities.

"I do think what you rent depends on where you live. There are some stores that may serve just one group, but in California the population is so diverse, you have to appeal to every group. Personal taste is so fickle that you have to appeal to everyone. For example, I have African-American customers who buy Italian art and Italians who buy African-American art. I have to carry a wide range," says Davis.

Convincing customers to rent art, Davis says, involves the same simple strategy the RTO industry has utilized since its inception—give customers what they want. For Nations RTO, this means keeping up with current fashions and allowing repeat customers the abil-

ity to request specific pieces of art.

"I started from day one knowing that people like to mimic what they see on television, so from time to time I'll watch some of the shows for ideas," says Davis. "They want familiarity and to feel at home, so I try to create that hominess in my store and it keeps my long-term customers coming back."

As for the future of art in the RTO industry, most believe it is here to stay and will only grow as more and more owners search for better ways to increase profits. "There will always be stores that survive and succeed without any focus on art," says Eric Moore of Next Dimension Studios. "But as the market becomes increasingly competitive, more stores will recognize the advantage and dramatic improvement that art can bring."

Will Yankus at RTO/Arts agrees and believes art can create an "across the board" improvement in rentals in a store. "Now, in 2003, we're seeing the art market help the industry increase and create profit margin. It's not art rentals alone that impact profits, but also the way artwork can create a mood for the customer and lead to other rentals throughout the store." ■

Stephen Schenck is a free-lance writer.

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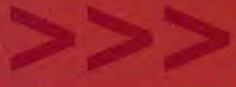


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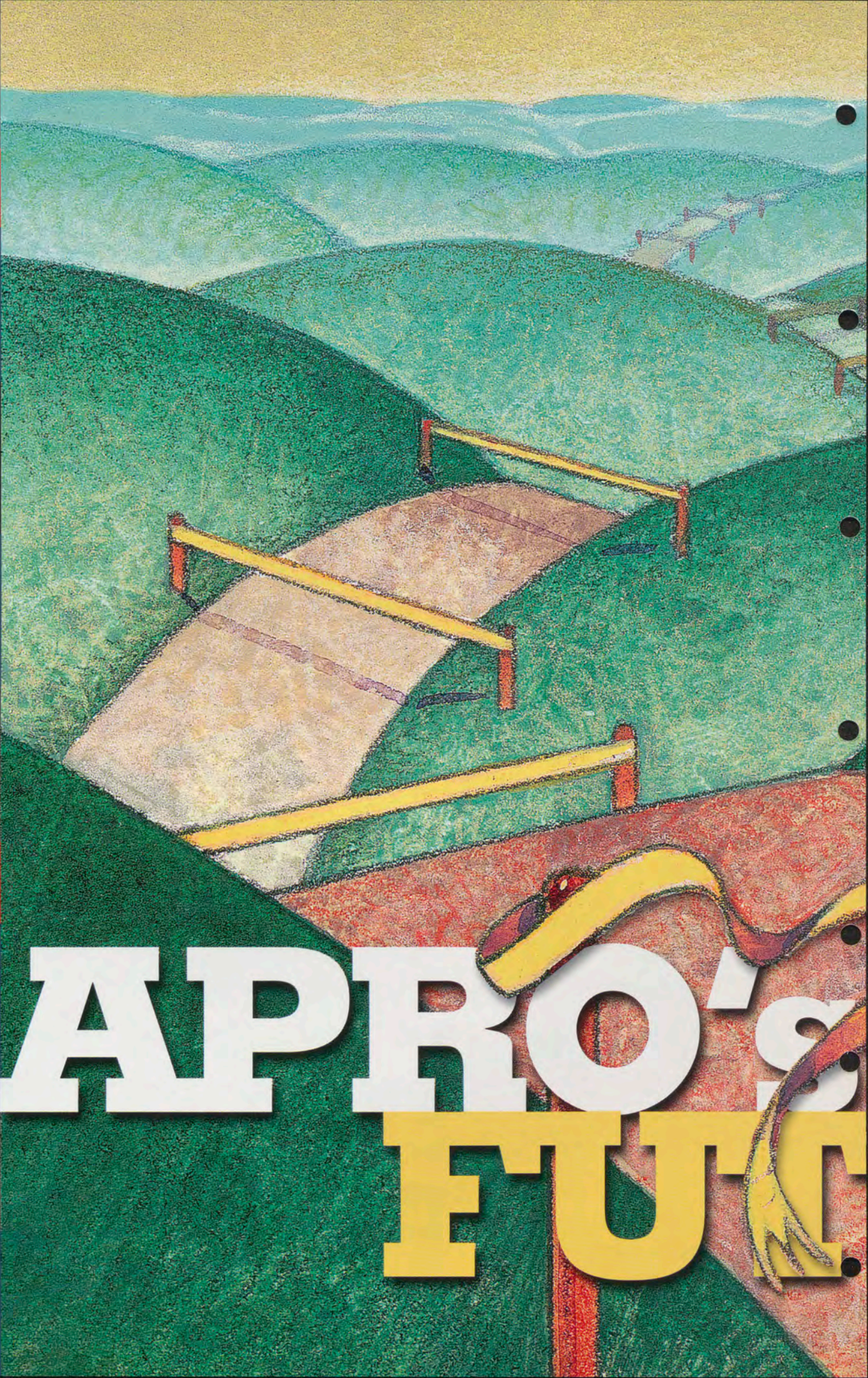
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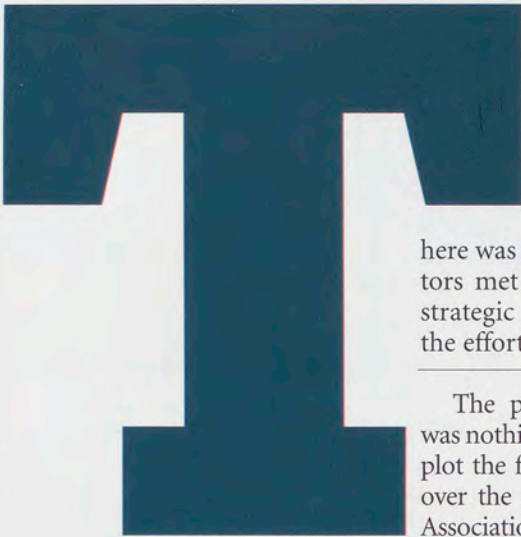
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he very first seminar ever hosted by the Association of Progressive Rental Organizations was held back in 1981. The seminar was hosted by Chuck Sims, then owner of Remco, who led a two-day event entitled, "Planning, the Process of Control." Sims considered it to be of overriding importance to the success of rental companies that rental dealers learn how to do strategic planning. Actually, he conducted that same seminar three times in quick succession, in Carmel, CA, Dallas and Atlanta in an effort to get this important message out to as many dealers as possible in those early days. The message of the importance of strategic planning was as vital then as it is today.

THE PROCESS AND RESULTS OF APRO'S STRATEGIC PLANNING

BY ED WINN III

URE



here was certain symmetry then, in the affairs of the Association when the APRO board of directors met in October in Aspen, CO—at each board member's own expense—for a three-day strategic planning session with Sims acting as the facilitator. Sims graciously donated his time to the effort because of the importance of the work.

The purpose of the meeting was nothing less audacious than to plot the future of the Association over the next three to five years. Association leaders have long recognized the need to do strategic planning for the Association and have held sessions in 1989, 1993, 1998 and, now, most recently, this fall. The results of the previous planning meetings were not widely publicized and should have been. This board wants the membership to know that the board has been planning and what the results of those plans are.

A number of the current board members had never been through a formal strategic planning session with an outside facilitator, either with APRO or in their own companies, and so the process was new for them. The board spent roughly 20 hours together over two and a half days, coming up with the new strategic plan for APRO—and this does not include the time since spent in committees drafting action plans. Importantly, the board was not planning for the industry or for some idealized rental company. Board members made a plan for the trade association and reached important conclusions about the continued vitality and future growth of this 22-year-old organization.

On the last day of planning, the APRO staff attended during various planning discussions, since the staff will be primarily responsible for executing many aspects of the plan. It is important that staff members be personally invested in the plan details instead of having the plan handed down to them from on high.

While previous plans were not kept secret, they were not communicated effectively to the APRO general membership. Since it is the membership to whom the Association is ultimately beholden, this group of planners decided to do a better job of getting the membership involved with the plan than has been the case previously.

ACCESSING THE PRESENT >

The goal of strategic planning is to shape the future of an organization through an orderly process. Overall, the process assesses where the organization is today, in terms of its mission, where it wants to go in the next few years and how it plans to get there. At the meeting, Sims stressed that effective strategic planning requires more than one meeting during which the plan is created. It requires follow-up assessments and refinements at least quarterly and then every year the planning begins anew, pushing the plan out another year.

To determine where APRO is today, the board examined the world in which it exists from economic, political, tech-

nological and social points of view. The dealers examined the competition and the products that the Association offers its members as well as the markets that it is in. Board members assessed the key performance factors for success as a trade association and the strengths and weaknesses of APRO as it exists today. As part of the analysis of where the Association is today, the board reviewed the strategic plan developed in 1998 and measured how well that plan had been implemented over the past five years.

As part of the internal analysis of the Association, the board examined the organizational structure of APRO, the management style within the Association and the relationship between the board of directors and management and staff. An important aspect of the internal analysis was to identify the major problems facing the Association. Once those major problems had been identified and refined, the board identified the major opportunities that exist for the Association.

PLOTTING THE FUTURE >

Discussions were candid and spirited thanks in no small part to the open atmosphere that Sims created as facilitator. The APRO board is diverse and a lot of points of view were expressed in the room. It is the task of the planning facilitator to create an environment where participants are free to speak their minds. Initial thoughts on a topic are uncensored and all comments are welcomed. As the discussion progresses, the ideas are distilled by the group as the facilitator listens for and focuses the group on areas of common assent. Sometimes there is quick agreement about what is important or which ideas are better or more reasonable. Sometimes, there is no agreement.

Once the group had thoroughly conducted an external and internal analysis of where the Association is today, it began to look at where it wants to go during the next three years. The board reviewed the current Mission Statement to see if it would still fit in three years. After some discussion, the board modified the APRO's Mission Statement, which now reads:

"APRO is committed to being *the* national rental-purchase trade association by providing valuable member benefits, maintaining a benevolent business climate, and promoting professionalism in the industry with responsibility and integrity."

When assessing where the Association is today, the group sought objective data about the Association and, secondarily, the industry. When deciding where to go with APRO, the board left the comfortable world of facts and analysis and had to start making choices among a potentially infinite selection. Deciding where to go was harder thinking than analyzing

where it is. Figuring out how to get there required harder thinking still.

APRO'S STRATEGIC OBJECTIVES >

The end result of strategic planning is a series of strategic objectives coupled with action plans that are to be implemented to achieve the objectives. The APRO board developed a dozen specific objectives to be achieved by the end of 2006. They are:

1. Increase the member attendance at the annual convention/meeting to 800 attendees; increase the number of vendor companies at the show to 160; increase the number of booths sold to 300 by achieving increases in member attendance to 600 in 2004, 700 in 2005 and 800 in 2006.

2. Secure the enactment of satisfactory federal legislation before the current Congress adjourns.

3. Increase the number of member companies in the Association by a total of 25 net members for each of the years, 2004, 2005 and 2006.

4. Reduce the member dropout rate other than through acquisitions or leaving the industry altogether to 9 percent in 2004, 7 percent in 2005 and 5 percent in 2006.

5. Develop a weekly Internet newsletter publication that is sent to 6,000 e-mail addresses in 2004, 12,000 e-mail addresses in 2005 and 18,000 e-mail addresses in 2006.

6. Increase the number of Association-sponsored training courses on the Internet by two in 2004, another two in 2005 and by another course in 2006 for a total of 10 courses with 4,000 student users in 2004, 8,000 student users in 2005 and 10,000 student users in 2006.

7. Produce \$50,000 in advertising revenues from the Internet publications in 2004, \$75,000 in 2005 and \$100,000 in 2006.

8. Develop and test an e-mail server service for the Association by June 2004 and introduce the service at the 2004 Convention.

9. Develop a baseline of member satisfaction in 2004 and increase the level of member satisfaction to 90 percent by 2006. For the baseline analysis, ask the current members whether they are getting their money's worth from their APRO membership.

10. Increase the number of active state as-



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THE RESULTS OF THE PREVIOUS PLANNING MEETINGS WERE NOT WIDELY PUBLICIZED AND SHOULD HAVE BEEN. THIS BOARD WANTS THE MEMBERSHIP TO KNOW THAT THE BOARD HAS BEEN PLANNING AND WHAT THE RESULTS OF THOSE PLANS ARE.

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sociations from the current 23 to 40 and create six to eight regions for hosting educational seminars and vendor expositions by the end of 2006.

11. Increase the attendance at the Mid-Year Conference by 20 per year for each of the next three years.

12. Develop the APRO brand that is featured in all member stores and is available for use in advertising by the end of 2006.

Once the strategic objectives have been developed, the next phase in strategic planning is to write action plans for each objective. Action plans have individual steps necessary to achieve the objective. Each step must have a responsible party, a start date, a completion date, a cost estimate and sufficient detail in the step so that it can be measured and checked off once it is completed.

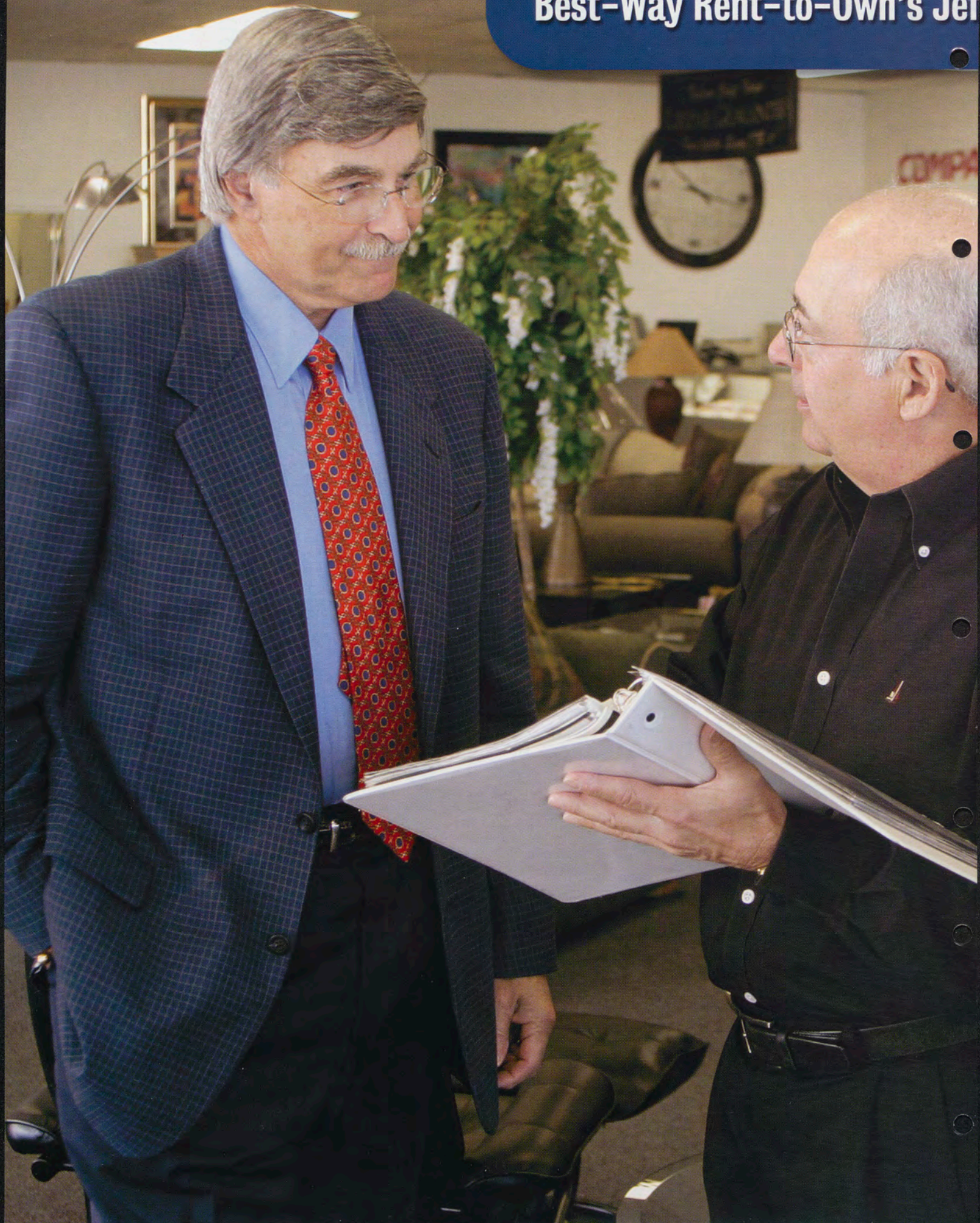
Due to the depth of the analysis during the planning session, the board did not have time in Aspen to write action plans for each of these strategic objectives. Since the meeting in Aspen, various Association committees have met to draft action plans. As of this writing, one set of action plans remains to be written. Staff and board members have already started working on a number of action plans. Several steps have already been completed. Others are well underway.

While each aspect of the plan has a responsible party, there is a lot of work to be done. If any member readers of this article see a project of particular interest or one that could benefit from the members' talents or resources, they are invited to volunteer by calling the APRO office for more information at 800/204-2776. The APRO board and staff are looking for increased member participation in the life of the Association. This is an excellent opportunity to get involved.


Once all of the action plans have been completed, copies of the full 2003 strategic plan will be made available to APRO members upon request. ■

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

Best-Way Rent-to-Own's Jef



APROfile by Kristen Card



partners
in the
Best
Way

Teamwork is the fuel that allows common people to attain uncommon results. Nobody knows who first said it, but chances are, he had a partner. • Partnership was the element that proved to be a career catalyst for Richard Rose and Jeff Loeb. Each was traveling a moderately successful professional path on his own—Rose as an appliance, electronics and furniture retailer and Loeb as a corporate controller. They didn't hit their strides until a mutual colleague and friend brought them together and directed them toward the rental-purchase industry.

T

he link between the two of us was Ed Jaffee," Rose begins the story of his long-time partnership with Loeb. "Ed grew up down the street from me. Then, as adults, we played golf together. Eventually I joined him in his appliance and electronics business. About a year later, he was presented with a new rent-to-own opportunity and wanted me to go with him. Jeff was at Circuit City at the time and Ed asked him in, too. He

thought the two of us would be a good combination to develop and manage a business like this."

Jaffee, who has since passed away, was right on target. Rose and Loeb teamed up to create Best-Way Rent-to-Own (www.rtobestway.com), as CEO/president and CFO/treasurer-secretary, respectively. Next spring, they'll celebrate the Virginia-based company's 20th anniversary.

"We put the business together in Jeff's backyard, at a picnic table with a piece of paper and a pencil," says Rose.

"A pencil with an eraser," says Loeb, chuckling.

"Right. With an eraser," says Rose.

Mistakes are an unavoidable part of building a business, but it doesn't seem Loeb and Rose have made too many of them. They opened their first store (then called Rent-to-Own Home Center) in Norfolk, VA, in 1984. Today, the pair has 50/50 ownership of 17 thriving locations and a plan to almost double that number of stores within the next five years. Clearly, their partnership of complements is working.

"Even though we, of course, started with one, we always had the mentality we'd have a lot of stores," says Rose. "Ed's big-company background was instrumental in how we set things up and Jeff had enormous experience in the financial side of the business. Because of my background in retailing and merchandising, my forte is operations—advertising, merchandising and sales."

Richard Rose is the twosome's convivial, mannerly Virginian. Reared in Richmond and a graduate of the University of Richmond, Rose's first post-college position was in the trust department of Wachovia Bank. He left banking for furniture retailing, originally as a store manager and then as owner of a three-store Richmond-based operation. When his friend Ed Jaffee

retired from Circuit City to open up his own electronics and appliance company in the state's southeast, or Tidewater, region, he persuaded Rose to open and manage a similar operation in Richmond. That's where Rose was when Jaffee introduced him to Loeb and the rental-purchase industry.

An un-stereotypically reserved native New Yorker, Jeff Loeb was born and raised on Long Island. Following his graduation from Penn State University, Loeb spent 10 years working for Ernst & Young (then Ernst & Ernst) before becoming a corporate controller—first for a New York client, then for Circuit City in Richmond, VA. It was there that he worked with and got to know Ed Jaffee, his eventual connection to Rose.

Partway through our conversation, Rose pauses. "Jeff's not saying much."

Loeb instantly protests. "No, you just talk. That's fine. That's the way it's always been."

"I do the talking and he makes the corrections," says Rose. "I'm a sales guy; he's a detail guy. Counts every



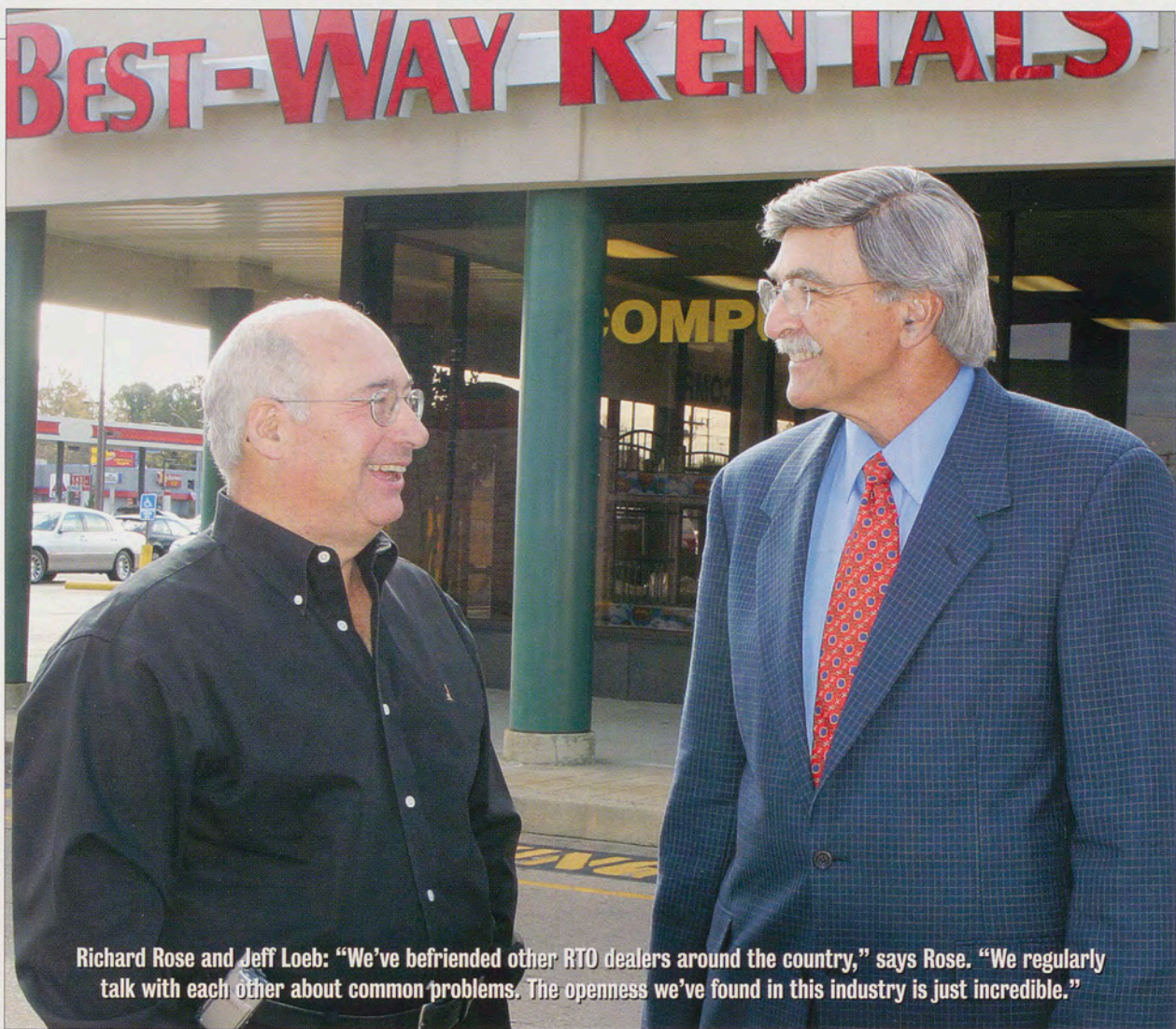
Jeff Loeb, center, and Richard Rose, right, meet with store manager Ron Russell.

bean. And if they're not all the same size, then he wants to know why."

The long-term success of Best-Way Rent-to-Own is largely attributable to the right combinations. Rose and Loeb's partnership was the right one to begin and run the company and through the right blend of internal financing and careful acquisition, they've grown it into 14 Virginia stores and three North Carolina locations. According to the duo, they've also developed the right recipe of business philosophies for ultimately producing profits.

"First and foremost, we've always preached and

It is probably not love that makes the world go around, but rather those mutually supportive alliances through which partners recognize their dependence upon each other for the achievement of shared and private goals.—Fred Allen



Richard Rose and Jeff Loeb: "We've befriended other RTO dealers around the country," says Rose. "We regularly talk with each other about common problems. The openness we've found in this industry is just incredible."

PHOTOGRAPHS BY KEITH FORREST

practiced customer friendliness," says Rose. "It's a written policy for us. You make sure the customer is taken care of properly, even if it costs us—I don't care. Businesses are built by customer relationships.

"Secondly, we take care of our people," says Rose. "We've been extremely fortunate to have a lot of wonderful people working with us, for us. Many of our employees have been with us for 15 or 20 years—practically our whole existence. They've chosen to cast their fortunes with us. I think they're happy they have.

"For example, all our stores had to close for a couple of days during Hurricane Isabel this past September, but our employees got paid anyway. We treat our employees well and they treat our customers well."

Rose also credits strong vendor relations, strategic locations and relentless advertising with Best-Way's longevity.

"We're always advertising all the time in various media. I've seen different competitors back off of advertising whenever times got tough and budgets got tight. We never have," says Rose.

"In fact, we tend to spend more money on advertising in tough times," says Loeb.

Rose sums up, "We want to be the first-est with the

most-est."

For Loeb and Rose, teamwork has been an essential, everyday part of their professional lives—not only their own collaboration, but also their interaction with other members of the rent-to-own industry.

"We've befriended other RTO dealers around the country," says Rose. "In Florida, Mississippi, Missouri, North Carolina, Ohio, Texas, Washington state. And we regularly talk with each other about common problems. The openness we've found in this industry is just incredible."

"Incredible!" says Loeb.

"Incredible," says Rose. "It's been important for us and has served us all very, very well. It makes business life easier, simple and more successful. At the national level, APRO and TRIB [The Rental Industry Buying] Group have helped us a great deal with all kinds of things. They're helping make our business bigger, better and more profitable."

Loeb and Rose have been APRO members as long as Best-Way's been around. Their involvement in the organization began when Loeb went to his first APRO convention in Orlando in 1984 and came home more than a little impressed.

“APRO meets the needs of its members—because the members are the organization. The rental dealers actively participate and, thanks to that, the organization enables our business to flourish in many ways via education, training and legislation.”

“I went to that convention not knowing what to expect,” says Loeb. “The level of cooperation between competitors from across the country just blew me away. They were wide open with each other. This year, I’ve just completed 20 years of APRO conventions and wouldn’t miss it for the world.”

The pair’s involvement in APRO activities has been steady, but subtle. Last spring, they went to Washington, D.C.—just a hop, skip and a jump from their headquar-

ter. They contribute to a broad spectrum of Tidewater-area charities and civic organizations, from churches to schools to police officers and firefighters.

“We do our share because it’s important to support the causes you think are good for our society, whether you have a business or not,” says Rose.

One of the twosome’s favorite charities is a locally based organization called “An Achievable Dream” (www.achievabledream.com), a character development-based education program intended especially for disadvantaged kids. Virginia women’s clothing retailer Walter Segaloff sold his stores to launch the program just over a decade ago.

“What’s important about what they do at the Achievable Dream school is teach the values so often missing in the society of impoverished children—kids who don’t have the mentors or even the parents to teach those things to them,” says Rose. “We’re contributing to that organization and have recommended to APRO to get involved in it, too.”

“And who knows?” says Loeb, “The children who may be helped by us today may be our employees down the road.”

If “down the road” looks anything like the road traveled since their paths crossed 20 years ago, then Loeb and Rose have little to worry about. Their split-down-the-middle, words-and-numbers partnership has built a booming business. They are also busily grooming the next generation of RTO industry success stories. While Loeb’s two sons have gone their own ways, Rose’s son Ron is the company’s buyer of appliances, electronics and furniture, while son Jonathan serves as COO and third-in-command of the firm.

As they consider which words of wisdom to pass along to up-and-comers, the duo reflects upon insightful gems given to them along their journey: Follow the Golden Rule. Always be ready for opportunity. Prepare for the worst and anything better will be O.K. for you. And one more piece of advice, perhaps the most important nugget of all:

“A long time ago, when I was trying to gather enough money to start up a business,” says Rose, “I was borrowing from an uncle of mine who was rather wealthy. He said, ‘Be careful who you choose as your partner.’” Rose and Loeb both break out into riotous laughter, a sure sign of counsel well-heeded. ■

Kristen Card is an independent business writer in Austin, TX.



ters—for APRO’s annual legislative conference and talked with legislators for the first time. Now, they plan to participate in the program every spring.

“I’ve been in other business organizations,” says Rose. “APRO is very well-run, very well-organized and meets the needs of its members—because the members are the organization. The rental dealers actively participate and, thanks to that, the organization enables our business to flourish in many ways via education, training and legislation.”

Loeb agrees. “They’re just excellent people doing an excellent job.”

At the state level, Loeb serves as president of the Virginia Rental Dealers Association, a group that’s been basically dormant since it helped pass Virginia’s RTO statute—which became the model for state legislation nationwide—way back in 1987. Loeb says the Virginia law has proven satisfactory for all stakeholders, so there simply hasn’t been an active legislative issue for the group to rally around since its passage.

Beyond making sure their partnership continues to help Best-Way Rent-to-Own profit and progress, Rose and Loeb want their firm to be a dependable commu-



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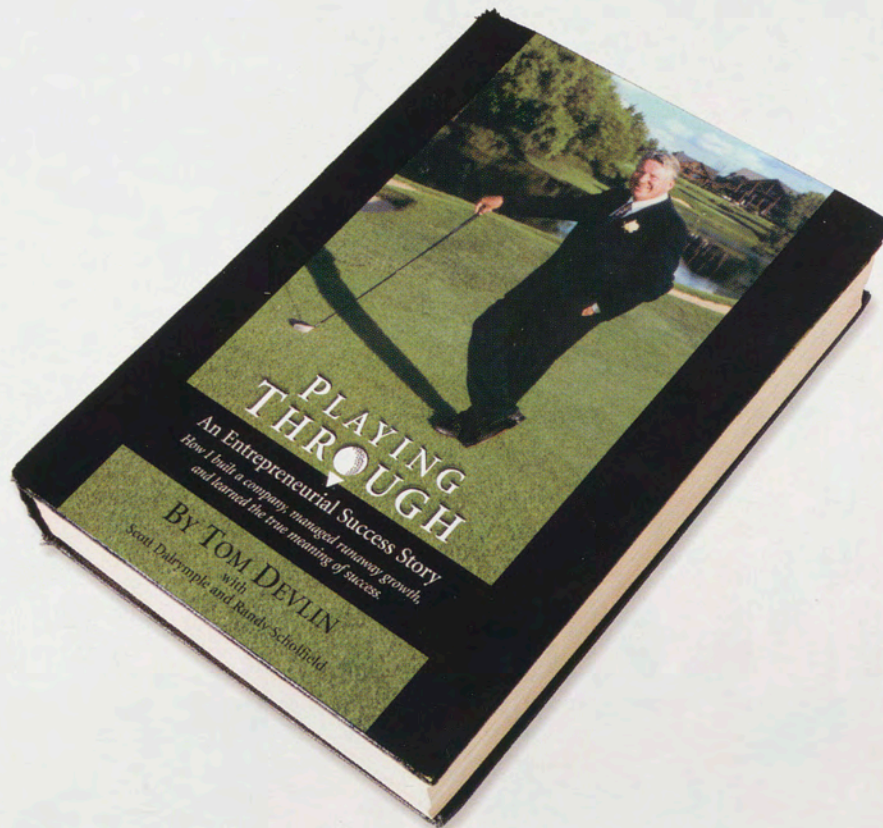
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The Autobiography of a

"I CAN IMAGINE THE BANKER'S LINE OF THINKING: 'Let's see now...You're asking me to loan \$4,000 on a widow's house so her son can go start a business renting TV sets? Mrs. Devlin,' he said, 'I just can't make this loan...'" ≠ "Sir," she said, "Nobody in our family has ever been successful. Tom has a good idea for a business and is a hard worker...Now, you either loan him the \$4,000," she said, her voice rising, "Or I will go to another bank."

Thus begins the first autobiography ever to be written by a rental dealer...

By Ed Winn III



Rent-A-Center
founder Tom Devlin's
"Playing Through:
An Entrepreneurial
Success Story" provides
insight into the
industry's early days
and offers keen advice
for dealers today.

Rent-to-Own Dealer

It is Tom Devlin's story,

Playing Through: An Entrepreneurial Success Story, recently published by the Wichita State University Center for Entrepreneurship. The book was co-authored by Scott Dalrymple and Randy Scholfield. It is the story of how he started Rent-A-Center and grew it into the largest chain of rental stores in the country. He tells his story in an amiable, folksy manner, without pretension and with much charm. He readily confesses, early on, that he was not a good student, but he took life's lessons in hand quickly and forged a rental empire in the 1970s and 1980s that was unrivaled then as it is today. He tells of how he first learned the business working for Ernie Talley, who respected Devlin's talents and ambitions and paid him well. Destiny, however, pushed Devlin out on his own with the borrowed \$4,000, which he turned into a \$200 million enterprise.

Devlin tells readers about how the rental business was in those early days and how he developed innovations to separate his Sight and Sound stores, which later became Rent-A-Center stores, from everybody else. His was the first rent-to-own chain to go public in 1983. Before that, according to Devlin, Rent-A-Center was the first company to advertise competitive pricing for name-brand merchandise, much to the consternation of his competitors who did not advertise prices at all. Devlin tells how he was one of the first rental dealers to secure bank financing instead of having to borrow from finance companies in what was considered a very risky business in the 1970s. Rent-A-Center was also one of the first companies to start buying directly from manufacturers instead of through distributors.

Devlin's book, with the subtitle, "How I Built a Company, Managed Runaway Growth and Learned the True Meaning of Success," chronicles his life from early childhood to the present. For the most part, though, it is the story of Rent-A-Center and how he grew the company from one store in 1973 to 550 stores in 1987 when he sold the company to Thorn EMI for \$600 million or 34 times monthly revenues.

No one has matched that record of growth or that kind of sales multiple and no one is likely to match it. It is, therefore, fitting that the first rental dealer autobiography be from Devlin. It makes for a great read, especially for fellow rental dealers. The book does not end in 1987 with the sale of Rent-A-Center as Devlin tells how he has gone on to pursue a number of other

endeavors including real estate, restaurants, car dealerships and golf course development. The meat of the book, however, is about rent-to-own and how Devlin was able to distance his company from the competition so effectively at a time when the market was literally wide open.

Peppered throughout the story of Devlin and Rent-A-Center are 16 "Bottom Line Lessons in Business," street-wise truths about business, generally, that Devlin learned both the hard way and the easy way and which he shares with his readers. For example, in a section on "Competition," Devlin advises, in part:

"If you spend all of your time worrying about what the competition is doing, you are going to be a follower. My philosophy is to make the competition worry about me. I do that by making sure that our company is the market leader. My constant goal in business has been to figure what the market wants. There is always a need out there and a price needed for delivery [of that need]. Give the customer what he wants and do it with better prices and better service than anybody else. Do that and your profit will take care of itself."

With so much written about the rental business by industry critics, it is refreshing to have a thoughtful, entertaining book written by one of the industry's own; a book that shines a bright, happy, cheerful light on the business. Devlin is justifiably proud of the role he

played in the development of the rent-to-own concept in the early days and of the successes of Rent-A-Center under his leadership. Devlin's pride in his accomplishments is visible through on every page. Readers of this autobiography will not get a business plan for a successful rental company. They will get a candid, in-depth picture of the man who built one of the most successful rental companies ever.

There are not many books about rent-to-own out there. Here is one that is all about rent-to-own told from a very personal point of view and it is a good one. Rental dealers cannot all achieve what Devlin has achieved, but rental dealers can all read his story, applaud his accomplishments, and, after the reading, feel more confident about the hopes and dreams they have for their own businesses.

Copies of the book can be purchased for \$19.95 by contacting the Wichita State University Center for Entrepreneurship at 316/978-3000. ■

Ed Winn III is APRO's general counsel.

Here is a book that is all about rent-to-own told from a very personal point of view and it is a good one. Rental dealers cannot all achieve what Devlin has achieved, but rental dealers can all read his story, applaud his accomplishments, and, after the reading, feel more confident about the hopes and dreams they have for their own businesses.

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

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STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

Title of publication: Progressive Rentals. Publication number 8750-6106. Date of filing: 9/30/03. Frequency of issue: bimonthly: 6. Annual subscription price: \$30. Complete mailing address of known office of publication: 1504 Robin Hood Trail, Austin, Texas, 78703-2624. Contact person: Laurie Hill. Telephone: 512/794-0095. Full names and complete mailing addresses of publisher and owner: Bill Keese, Association of Progressive Rental Organizations, 1504 Robin Hood Trail, Austin, Texas, 78703-2624. Known bondholders, mortgagees and other security holders: none. Tax status has not changed during preceding 12 months. Publication title: Progressive Rentals. Issue date for circulation date below: July/August 2003. Extent and nature of circulation (average no. of copies each issue during preceding 12 months and to actual no. nearest to filing date, respectively): total no. of copies 6733, 6250; paid/requested outside-county mail subscriptions: 5349, 5484; paid in-county subscriptions: 0, 0; sales through dealers and carriers, street vendors, counter sales, and other non-USPS paid distribution: 0, 0; other classes mailed through the USPS: 0, 0; total paid and/or requested circulation: 5349, 5484; free distribution by mail outside-county: 1031, 120; free distribution by mail in-county: 0, 0; free distribution by mail other classes mailed through the USPS: 93, 77; free distribution outside the mail: 111, 450; total free distribution: 1235, 647; total distribution: 6584, 6131; copies not distributed: 149, 119; total: 6733, 6250; percent paid and/or requested circulation: 81%, 89%. Signed, Bill Keese, publisher.

Arkansas dealers conclude Fall Conference

The Arkansas Rental Dealers Association's Fall Conference was held October 7 and 8 at the beautiful Lindsey's Rainbow Resort in Heber Springs, AR. The conference was sponsored by BDI Laguna, Jerry Bogo Co., C&L Supply, Dreamline, Fraenkel, High Touch, Welton-Techwood, Woodson & Bozeman and Zenith.

The event kicked off with a Trout Fishing Tournament that netted a first, second and third-place trophy. The first-place prize was split between ARDA President Alan Frazier and Mark Penn of Furniture and Appliances Now.

A reception for 75 attendees was held Tuesday evening at the Little Red River Lodge. Meetings were held on Wednesday, with APRO President Lyn Leach as guest speaker. Gary Jones of Ashley Furniture then gave a presentation on refurbishing damaged furniture.

ARDA's 2004 Spring Convention and Trade Show will be held April 27 and 28 in Hot Springs, AR. For more information, contact ARDA Executive Director Jill Crews at 870/910-0058, ext. 305

Missouri Rental Dealers Association boasts record trade show

The Missouri Rental Dealers Association held another successful annual meeting and trade show at Tan-Tar-A Resort on the Lake of the Ozarks in early September. A total of 257 rental dealers, spouses, employees and exhibiting vendors enjoyed this two-day event.

The first evening, MRDA President Chuck Kuluva and the entire MRDA board welcomed all the early attendees to a great reception on the deck of the main lodge. On

September 9, the annual bass tournament and golf tournament were held. That afternoon, attendees gathered at the largest trade show in Missouri's history, boasting 72 booths and 91 vendors. Refreshments were served in the hall and door prizes were presented.

Later that evening, the annual banquet was held with a lavish buffet. Kuluva welcomed all attendees with his opening statements and introduced APRO Executive Director Bill Keese. Keese gave a brief presentation on APRO activities. Kuluva next introduced Lyn Leach, APRO's newly elected president, who gave a fiery talk on the industry's efforts to achieve federal legislation.

On September 10, attendees met in the ballroom for an enlightened seminar on building profit in your company presented by APRO Past President and current APRO board member Ernie Lewallen.

Texas rental dealers meet in Austin

The Texas Association of Rental Agencies held an educational seminar on September 15 at the Omni Hotel in Austin, TX. Approximately 70 people attended.

TARA President Kelly Sayre welcomed everyone to the meeting. TARA Lobbyist William Yarnell gave a presentation on TARA's legislative activities and successes for the previous legislative session.

The morning session covered two important areas in managing a rent-to-own store. Shonna King of Rent 2 Own, Bert Lopez of Rent America and Scott Lunsford of Rent City talked about unique rental programs implemented in their stores. After a short break, Pam Niederhofer of Rent 2 Own and Terry Billbrey of Rent City gave tips on in-store merchandising.

During lunch, Dennis Willich of

Brand Direct Southwest, Neal Norris of Michels Furniture, Oki Givillance of Budget Phone and Rick Linton of Imagery Marketing Consultants gave presentations on their company's role in rent-to-own.

After lunch, Jimmie Dan Spruill of Rent America of Plainview and Edgar Jackson led a discussion on proper collection techniques.

The attendees finished the day by walking to the Texas Governor's Mansion for a tour.

Florida Rental Dealers initiate Economic Crime Council meeting

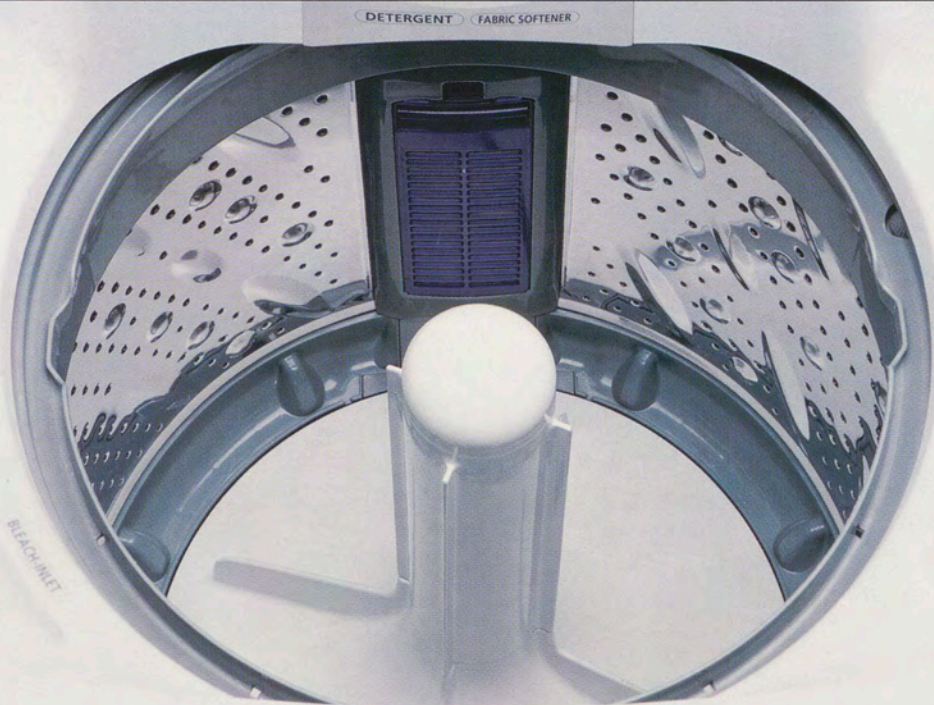
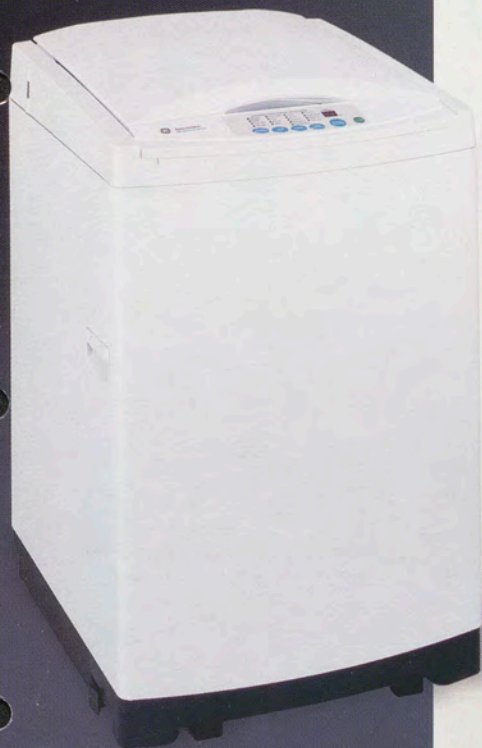
On November 6, FRDA held its inaugural 18th Judicial Circuit Economic Crime Council in Orange Park, FL. RTO companies represented on the crime council are Buddy's Home Furnishings, Rent-A-Center, RentWay, Rent Rite, Z-Best Rental Purchase, Zoom Rent To Own and Rent King. Mike Mortis of Z-Best was elected chairman.

This pilot program will unite the RTO industry in the tri-county area of Duval, Clay and Nassau counties addressing the issues of theft, organized schemes to defraud and governmental accountability. Additionally, an exchange of intelligence regarding charge off accounts, skip/stolen accounts, schemes to defraud and criminal charges filed is expected to be the impetus of an "early warning" system to help reduce losses of the member companies.

FRDA President Terry Beville stated that all rental-purchase dealers can successfully compete while still cooperating in the exchange of information and lobbying together for statutory rights. The success of this pilot program will determine whether or not the FRDA will implement similar programs throughout the state. ■

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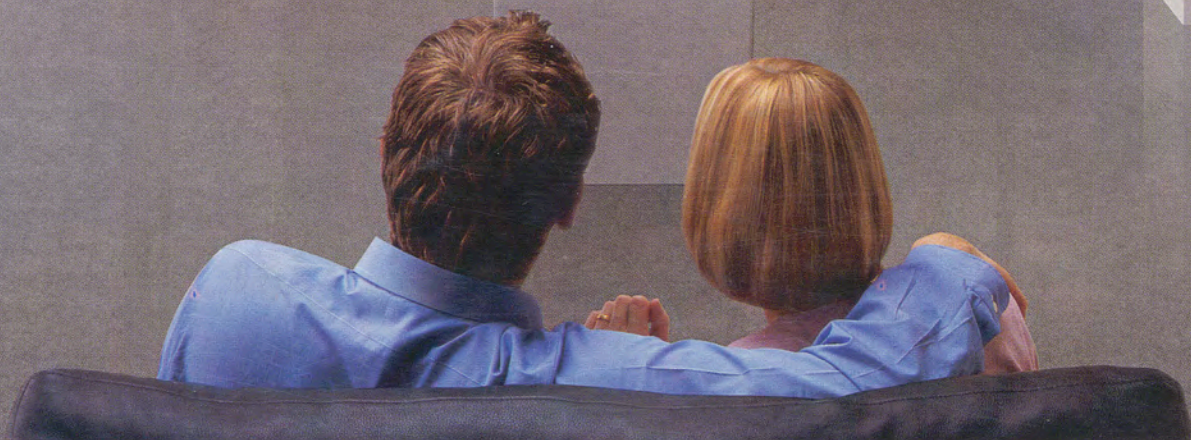
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