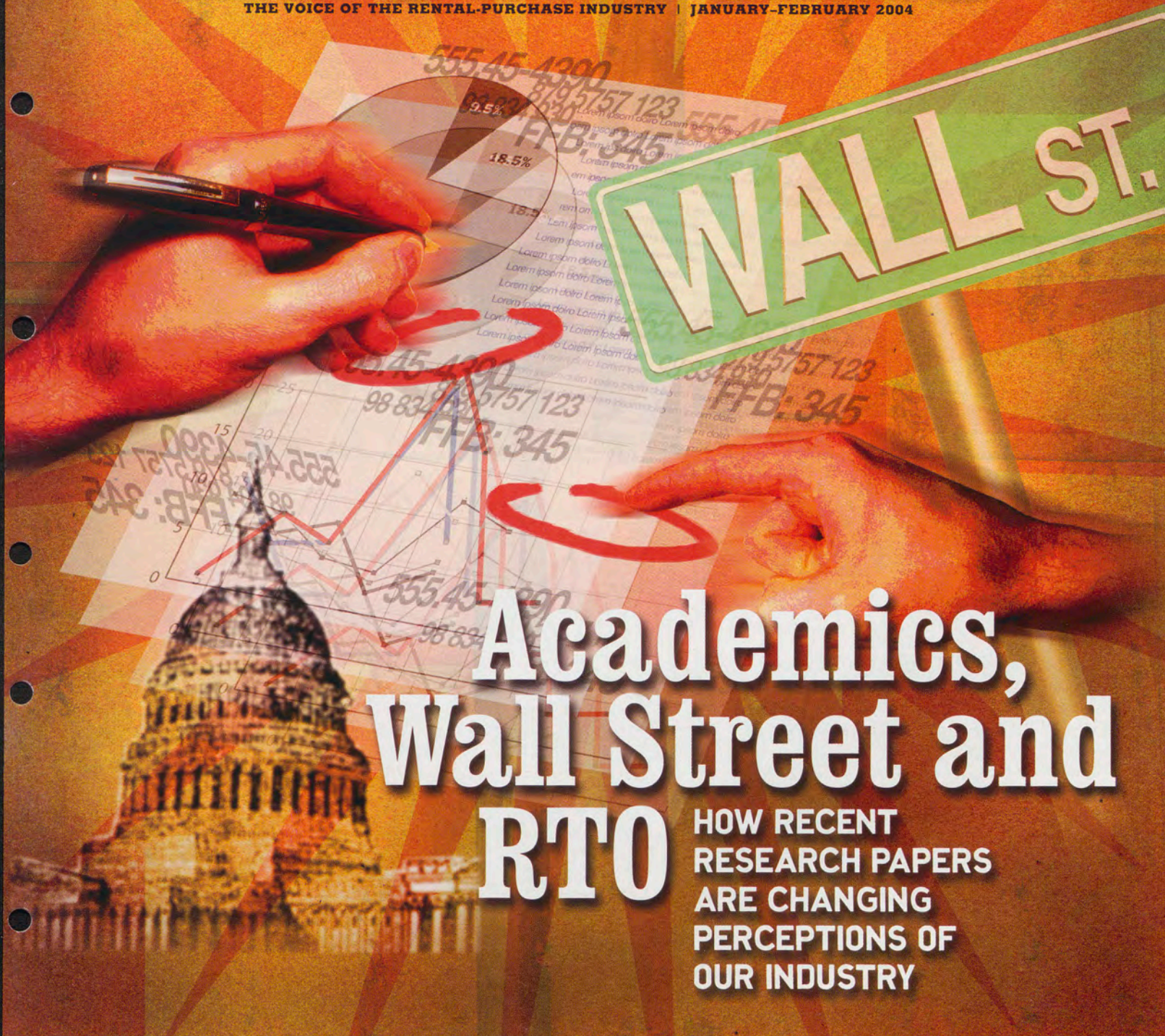


DO NOT CALL...AGAIN | BATTLING INDIFFERENCE | THE ABC'S OF JIM BROWN

PROGRESSIVE

# Rentals

THE VOICE OF THE RENTAL-PURCHASE INDUSTRY | JANUARY-FEBRUARY 2004



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RESEARCH PAPERS  
ARE CHANGING  
PERCEPTIONS OF  
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# PROGRESSIVE Rentals

JANUARY-FEBRUARY 2004

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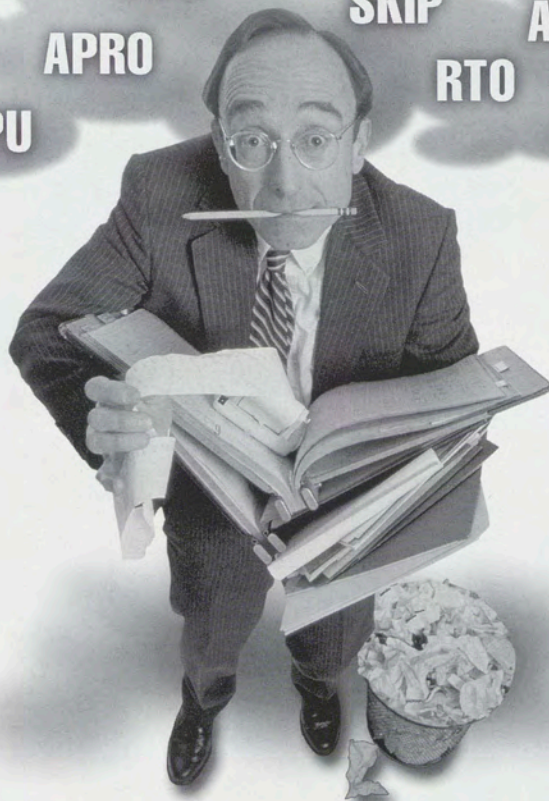
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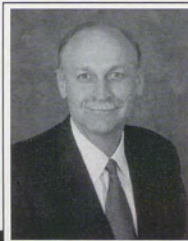
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 ASSOCIATION OF PROGRESSIVE RENTAL  
 ORGANIZATIONS

**EDITOR**

Julie Stephen Sherrier

**ART DIRECTOR**

Neil Ferguson

**DIRECTOR OF MARKETING  
 [ADVERTISING]**

Cindy Ferguson, CEM

**EXECUTIVE EDITOR**

Ed Winn III

**EXECUTIVE DIRECTOR**

Bill Keese

**COLUMNISTS**

Bill Keese, Lyn Leach  
 and Ed Winn III

**CONTRIBUTORS**

Kristen Card, Linda Keefe,  
 Stephen Schenck and Ed Winn III

**DIRECTOR OF CIRCULATION**

Laurie Hill

**EDITORIAL/ADVERTISING OFFICES**

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

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# news

## BREAK

COMPILED BY  
JULIE SHERRIER

## Rent-A-Center to acquire Rainbow Rentals

**P**roviding that negotiations go as planned, 124 Rainbow Rentals stores will be transferred to Rent-A-Center by June 2004. The acquisition was announced on February 4 and is expected to be completed by the end of the second quarter. The purchase price of \$94 million will include all of the 124 Rainbow Rentals stores that are located in 15 states. Rent-A-Center agreed to pay \$16 per share in cash, with the holders of Rainbow options to receive the difference between \$16 and the options' exercise price.



Aaron Rents currently owns 8 percent of Rainbow Rentals stock, which means that the company, while having lost out on a potential acquisition, stands to profit handsomely from the deal as the stock price nearly doubled in the 24-hour period after the announcement.

“Wayland Russell and his management team have built a successful rent-to-own operation for which we have a great deal of respect,” says Mark E. Speese, Rent-A-

Center chairman and CEO, of Rainbow Rentals. “The operating philosophies of Rent-A-Center and Rainbow are similar and, given our track record of successfully integrating acquisitions and our proven business mode, we believe that this transaction will create additional value for our stockholders... Furthermore, we expect to realize cost savings in advertising, purchasing of rental merchandise and overhead.”

Rent-A-Center intends to fund the acquisition primarily with cash on hand, as well as availability under its senior credit facility.

“We have a high regard for Rent-A-Center and its strong senior management team,” says Rainbow’s Chairman and CEO Russell. “We believe that our customers will be well served by this transaction and that it will provide growth opportunities for our nearly 900 talented associates. As a co-founder of Rainbow 18 years ago, I have great pride in our collective accomplishments, which have now culminated with the sale of our business to a first-class industry leader.”

The acquisition is conditional upon customary closing conditions, which includes the receipt of requisite regulatory approval and approval of Rainbow’s shareholders.

## 2004 Mid-Year Conference reinvents itself

**G**et ready for some surprises as there are several exciting developments set to occur at the 2004 APRO Mid-Year Conference, March 22-24, at the Hyatt Grand Champions Resort in Indian Wells, CA, just outside of Palm Springs.

To begin with, vendors will be showing their wares with tabletop displays in the first Mid-Year Conference exhibit hall. Complimentary hors d'oeuvres and drinks will be served 4-7 p.m. on March 22. Vendors interested in participating in this inaugural event

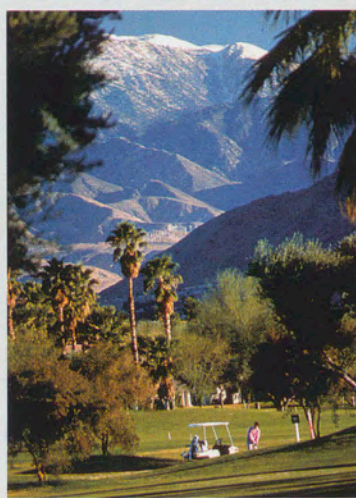
should contact Cindy Ferguson at APRO at 800/204-2776, ext. 107.

Industry legend, author and Rent-A-Center founder Tom Devlin will make a rare appearance as keynote speaker on March 23. Devlin will provide insight into the industry's early days and offer keen advice for dealers today.

The first-ever APRO Education Foundation Golf Tournament will be held at The Golf Resort at Indian Wells. This event will benefit APRO's new Education Foundation, which was established last year to promote educational opportunities for those seeking careers in the industry.

With some thought-provoking seminars, exhibits and charitable works—all scheduled in the beautiful Palm Springs area—the 2004 Mid-Year Conference will be one of the best opportunities you'll have this year to review, renew and recharge your business.

Register online today at [www.APROvision.org](http://www.APROvision.org).



### CES report: DLP TVs are the wave of the future

The buzz at this year's Consumer Electronics Show in Las Vegas was all about thinner, brighter and lighter televisions with the innovation of flat panel TVs using new technology called Digital Light Processing. DLP TV technology uses an optical semiconductor to recreate source material with a clarity that analog systems cannot match. Gone are the days of such simple terms as "lines of resolution" and "stereo sound."

It was clear to this observer that the future is now and it all points to high-definition TV and the great benefits HDTV will bring. I wouldn't want to guess how many electronic companies exhibited at this year's CES, but one thing is for certain, they all had flat panel TVs, big and small.

It was exciting to think about how many millions of new TVs will be sold (or rented) in the United States between now and 2007—the date the federal government has mandated the switch to be thrown making analog television a thing of the past. It is also



#### MONDAY, MARCH 22

1-4 p.m.

Current and Potential Customer Survey results

4-7 p.m.

Exhibit hall open, reception with open bar

#### TUESDAY, MARCH 23

9-10 a.m.

Keynote speaker Tom Devlin

10 a.m.-12 p.m.

Annual legal and accounting update

1-5 p.m.

APRO Education Foundation Golf Tournament

#### WEDNESDAY, MARCH 24

8 a.m.

APRO Political Action Committee breakfast

9 a.m.-12 p.m.

APRO State of the Industry and networking session

2004

## MARCH

3-4  
Florida Rental Dealers  
Association Fifth Legislative  
Conference, Tallahassee,  
813/623-5461,  
[www.frdar-to.com](http://www.frdar-to.com)

6-9  
Texas Association of Rental  
Agencies annual convention and  
trade show, San Antonio,  
940/497-1150,  
[www.taraontheweb.com](http://www.taraontheweb.com)

9-10  
TRIB Group Board of Directors  
meeting, Atlanta, GA,  
770/451-4302,  
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10-11  
TRIB Group Meeting  
of the Minds, Atlanta, GA,  
770/451-4302,  
[www.tribgroup.com](http://www.tribgroup.com)

16-17  
Ohio Rental Dealers  
Association meeting,  
513/528-8364,  
[www.ordaontheweb.com](http://www.ordaontheweb.com)

22-23  
APRO Mid-Year Conference,  
Palm Springs, CA,  
800/204-2776,  
[www.APROvision.org](http://www.APROvision.org)

## APRIL

22-28  
High Point Furniture Market,  
High Point, NC, 336/888-3700,  
[www.ihfc.com](http://www.ihfc.com)

27-29  
Arkansas Rental Dealers  
Convention and Trade Show,  
Hot Springs, 870/910-0058,  
ext. 305

## MAY

4-5  
APRO Legislative Conference,  
Washington, D.C.,  
800/204-2776,  
[www.APROvision.org](http://www.APROvision.org)

exciting to see that these technological changes—occurring faster than one can blink an eye—will usher in an era where the bigger they can make these sets, the lighter they will also become due to this new process called DLP.

We have gone from projection to high definition to plasma to liquid crystal display and now to DLP all in the short period of two or three years. This entire development has left many of us very confused with just which technology will be the choice in RTO in the coming years. However, it seems to shake out something like this: projection TVs and table-top models that receive analog pictures are a thing of the past.

If you can even find these dated models from your suppliers, they will be at bargain basement prices and short-lived at best. We learned last year that LCD and plasma were on our immediate horizons. We also learned that plasma was very expensive because of the nature of the gases used in the devices and they were difficult to install and quite delicate. LCD—the same technology we have used for years to make small displays in watches and telephones—was then being produced on larger tele-



## ColorTyme boasts record attendance at meeting

**T**he annual ColorTyme Winter Operations meeting was held January 21-25 at the Hyatt in Dallas. The well-attended show of 390 was coined "Yesterday, Today, Tomorrow." ColorTyme is celebrating its 25th anniversary this year and is also celebrating renewed growth for the ColorTyme system. In 2003, the company added 37 new stores and a net unit increase of 11 stores and has carried that momentum into 2004 with three new store openings this month, says ColorTyme President and CEO Steven M. Arendt.

The three-day event featured education seminars and sessions, the debut of "ColorTyme exCEL" (ColorTyme's new electronic training program), an exhibit hall, food, entertainment, cocktails and a general session. Awards were also presented to top performers. "We were very pleased with the increased attendance this year. We

were also very gratified by the positive feedback we got from the new ColorTyme exCEL training program, the seminars and our special events," says Sam Lowe, vice president of operations.

visions, but was still very costly. We left the show last year with hopes to see these new innovations come down in price

so that we could all afford to buy them for rental and before we had the chance to see if this ever happened, here



## NEWS BREAK

comes DLP.

The science behind DLP is complicated. What is not complicated is that it provides maybe the brightest picture yet. It has the opportunity to be brought to market at prices near what we pay today for conventional projection TVs in the very near future. The best is saved for last. Because DLP skips the electronics used in the sets of the past, it is so slim and so lightweight that



one person will be able to make a delivery. It also has a tube inside that can be changed by the customer if it goes out.

It is mind-bending to say the least to see one of these models on display. The 50-inch models are so thin (less than 7 inches deep) that many homes that don't have room for a projection set will now be able to enjoy a large set without the clutter.

[Reported by APRO Board member Ernie Lewallen, UHR Rents.]

## Missouri's Romine makes a run for state representative

APRO Past President Gary Romine has thrown his hat into the state ring



as a candidate for Missouri state representative of the 106th

House District. On January 29, Romine publicly announced his candidacy at Farmington High School where he started his professional career as

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a marketing education teacher. As a former teacher, Romine plans to place education as one of his highest priorities once elected.

As a rent-to-own small business owner, Romine plans to draw upon his small business credentials and experience to focus on small business issues such as tort reform and the ris-

ing cost of health care for employers and employees. According to Romine, his APRO political experiences for the past decade will also play a valuable role in his campaign.

"All those years dealing with the state legislature and Congress has helped me understand the intricacies of passing legislation and dealing

with elected officials. Taking action guided by diplomacy is one of the biggest lessons I have learned as an active APRO member and as past president of the APRO board," says Romine.

Romine's district covers three southeastern counties including the towns of Farmington and Perryville. He would

serve a two-year term if elected and would be governed by a four-term limit if he continued to serve. As of now, Romine is the only aspirant to formally announce his candidacy, but he already knows of a Republican contender he must deal with in the August primary and knows the Democrats are currently cultivating an opponent for the general election in November.

"I have been blessed to have been a part of great organizations such as my church, the Farmington community and, of course, the rent-to-own industry. I would like to thank every APRO member, Missouri Rental Dealers Association members and rental dealers in the nation for being so supportive in the past," says Romine.

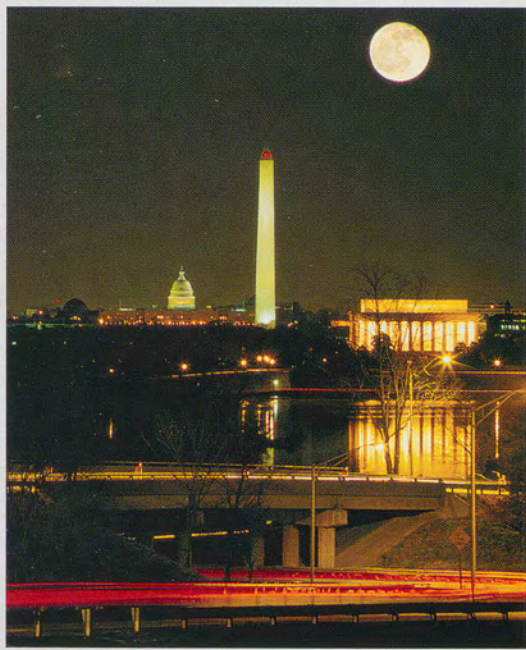
## APRO's 2004 Legislative Conference dates set

**T**he 2004 APRO Legislative Conference—an annual gathering of rental dealers who are interested in meeting and lobbying their elected representatives on behalf of the rental-purchase industry—is scheduled for May 4-5 at the Wyndham City Center, 1143 New Hampshire Ave., N.W., in Washington, D.C., 202/775-0800. The room rate is \$149 single/double (ask for the APRO rate).

Conference and registration information will be mailed in March. The sched-

ule for the conference is as follows: Tuesday, May 4, will include a general session (10 a.m.-12 p.m.), meetings on the Hill (1-5 p.m.) and an APRO PAC social event (6-10 p.m.). Wednesday, May 5, will include a buffet breakfast (8:30-9:30 a.m.), meetings on the Hill (10 a.m.-4 p.m.) and a debriefing cocktail reception (5-6 p.m.).

Rental dealers who wish to stay for an extra day of meetings are welcome to do so. The hotel registration deadline is March 31. The conference registration deadline is April 9. For more information, contact Laurie Hill at APRO at 800/204-2776, ext. 103, or via e-mail at [lhill@apro-rto.com](mailto:lhill@apro-rto.com).



## Ohio dealers to host new Midwest RTO Expo

A new industry regional trade show will be held September 21-22 for Midwest store managers, employees and vendors. The show will be hosted by the Ohio Rental Dealers Association. The brainchild of Ohio rental dealer Ernie Lewallen of UHR Rents, the new show will be promoted to dealers from Ohio, Indiana, Kentucky, Michigan, Illinois, Western Pennsylva-

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**NEWS BREAK**

nia and West Virginia.

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to lead the industry with the first gathering of this size and proportion," says Lewallen. "Our board has

## Online training program kicks off new pricing structure

**T**he APRO online education program has hit its two-year mark. A new registration and discount process has been implemented for 2004 that is sure to lure everyone to take at least one course, if not all of them. The new pricing structure—effective January 1—is as follows:

- \$29.95 per course for non-APRO members
- \$14.95 per course for APRO members
- \$19.95 per course for State Association and TRIB Group sponsors

These prices apply for all of the Rental Training Online courses except *Introduction to Rent-to-Own*, which is offered at the low price of \$9.95 regardless of membership. Compared to other customized, industry-specific online courses—which run several hundred dollars per course—rental-purchase professionals will not have to break the bank to learn more about the industry in which they work. It is APRO's goal to keep this invaluable educational benefit affordable and available to all rental employees.

Current store-level courses available now include: *Introduction to Rent-to-Own*, *Rental Delivery and Safety*, *Account Management in Rent-to-Own* and *Customer Satisfaction in Rent-to-Own*. Coming soon: *Communications in the RTO Workplace*.

Upon completion of all the above courses, students will be qualified to test for certification. The "Certified Rental Associate Review Course and Final Exam" will be offered in 2004, ushering in a new era of professionalism in the rental-purchase industry.

Encourage your state association to participate as a sponsor in this worthy industry program. Contact APRO Education Director Shelley Martinek ([smartinek@apro-rto.com](mailto:smartinek@apro-rto.com)) or call 800/204-2776, ext. 109 for details. To preview courses, visit APRO's Learning Channel at [www.APROvision.org/](http://www.APROvision.org/).

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To request a fax of the article, call APRO's Julie Sherrier at 800/204-2776, ext. 105.

**OBITUARY:**

**Longtime RTO vendor Weirich dies**

Tom Weirich, 62, of Central File Marketing—a marketing and promotion firm that caters to the rent-to-own industry—passed away on February 5, from glioblastoma, a severe form of brain cancer.

"We will miss Tom here at Central File and, as I am sure many of you know, he served the rental industry with a passion and dedication that will always be admired," says Al Benson of Central File. Prior to joining Central File in 1997, Weirich worked for ColorTyme and Curtis Mathes.

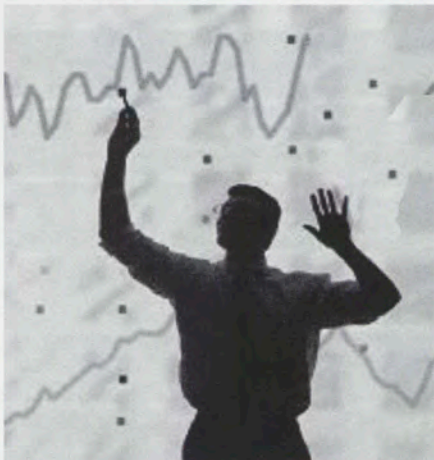
Services were held in February 8 in Port Washington, WI.

**Rent One buys two Arkansas stores**

Larry Carrico of Rent One purchased two Station's Rental Purchase stores in Blytheville and Osceola, AR, in early December.

Rent One's acquisition

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**NEWS BREAK**

brings the total number of Rent One locations to 37, after opening two new stores, acquiring two others and opening five Radio Shack centers within some of these locations.

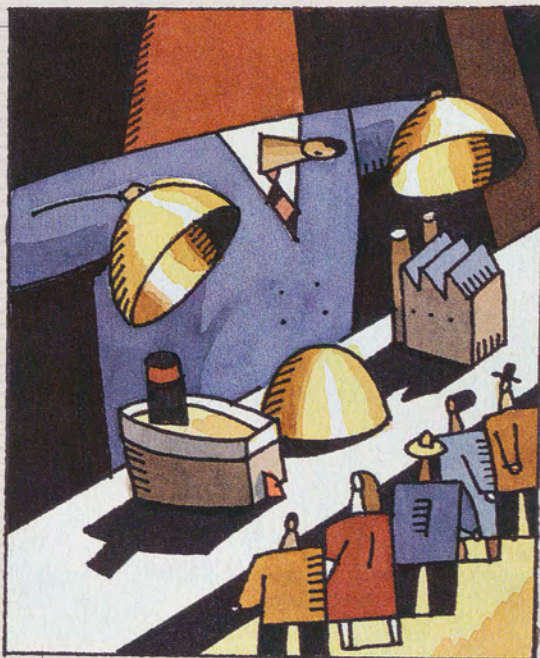
"We plan on opening three more Radio Shack centers and four more stores in 2004," says Carrico.

"We just basically consolidated our market," says Ed Staton of Staton's Rental Purchase. "This was the only market we were competing in and it was either I buy his stores or he buys

mine." Staton's Rental Purchase now has 16 stores in operation.

**Census Bureau changes RTO classification**

The North American Industry Classification System (NAICS—pronounced "nakes") is a unique, all-new system for classifying business establishments. Adopted in 1997 to replace the old Standard Industrial Classification (SIC) system, it is the industry classifica-



Rental and Leasing," under the subcategory of "Consumer Goods Rental" as "Consumer Electronics and Appliances Rental"

tion system used by the statistical agencies of the United States.

Instead of the previous SIC No. 7359 for rent-to-own stores, the industry is now classified under "Real Estate,

(NAICS No. 532210) The definition of the industry is as follows: This industry comprises establishments primarily engaged in renting consumer electronics equipment and appliances, such as



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NAICS identifies hundreds of new, emerging, and advanced technology industries and reorganizes industries into more meaningful sectors—especially in the service-producing segments of the economy.

The first glimpse of data based on NAICS 2002 will be published in early 2004 in the *2002 Economic Census: Advance Report*. That report will provide information on employment, payroll, receipts and number of establishments using both NAICS 2002 and NAICS 1997 at the sector and subsector (two- and three-digit NAICS) levels. For more information, visit [www.census.gov/epcd/](http://www.census.gov/epcd/) [www.naicsdev.htm/](http://www.naicsdev.htm/).

## RTO/Arts now a TRIB Group vendor

RTO/Arts, a distributor of a highly diverse product line of original acrylic paintings and fine art lithographs for the rent-to-own market, has been added to The Rental Industry Buying Group's vendor list.

"We are extremely excited to be chosen to offer our high-quality original paintings and lithographs to the 1,650 stores owned by TRIB Group members," says

Fritz Rollins, RTO/Arts' president.

Visit the RTO/Arts Web site at [www.rtoarts.com](http://www.rtoarts.com) to view the latest in RTO art selections for your store.

## APRO's Cindy Ferguson elected IAEM chairman

APRO Marketing Director Cindy Ferguson was elected chairman of



the International Association of Exposition Managers/Central Texas Chapter on December 10. The IAEM/Central Texas Chapter membership area includes Austin, San Antonio, Houston, New Orleans, South Padre Island and points between. IAEM is an association for individuals with business interests in the exhibition industry.

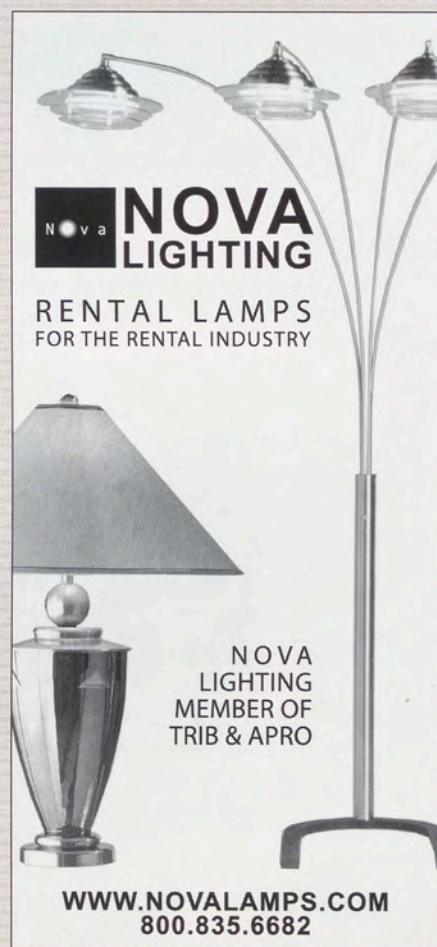
Ferguson achieved her certification in exhibition management in 2002. The CEM is a professional designation for those in the exhibition industry and was formed to raise professional standards. There are currently 187 CEMs in the world. The IAEM/CTC chapter boasts 18 CEMs in its membership, which is the largest percentage in any one chapter.

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One of the most exciting changes ever to occur at APRO is underway. Tampa, FL, will be the site for the new APRO Convention and Buying Show, August 4-7. In the past, we have referred to the convention as a trade show, rather than a buying show. Because of an increasing number of members wanting a buying show, it has become a reality. There are several big changes that will add up to this new format being successful.

First, there is a big difference in registration fees. Each member will be able to send whoever is in charge of product purchasing to the convention at no charge.

## Hello, good buy

While in many small companies the buyer may also be the company president, there is a buyer in most medium to large companies who may exclusively handle inventory purchasing. This individual can attend the convention without a registration fee. Additional members of each company can attend at a cost of \$200 per person. This will significantly increase the number of member companies attending this year's convention. Because the convention is a very important member benefit, this will enable all companies, big and small, to attend this year's convention and get the most out of their APRO membership.

Secondly, the vendors are coming to the convention with show specials. Each vendor company will be asked to provide the details of their Buying Show specials two weeks in advance, so this information can be sent to the membership and be included in the packets distributed at the registration desk at the convention.



By **LYN LEACH**  
APRO's President

These specials must be true specials—something that the buyers cannot get outside of the convention. The pricing and incentives must be so good that the members cannot afford not to come to the Buying Show. In fact, it is our goal to make the specials so good that a member will be able to cover the cost of travel and lodging by placing some purchase orders at the show. This is going to require a genuine commitment on the part of the vendors to offer the best show specials they can come up with and, conse-

quently, write a considerable amount of business at the convention instead of focusing strictly on building and strengthening business relationships.

Thirdly, there are going to be APRO purchase orders distributed to the vendors at the convention to be used in drawing up orders. Only the vendors who sent in their show specials will receive the blank purchase orders. These purchase orders will be very important. Incentive money is being given away this year and to be eligible for this money, members must place orders at the show. In other words, the more orders each member places, the better chance he or she has of receiving the incentive money. This will create a buying frenzy. The more you buy, the more you save and the potential windfall of incentive cash becomes more and more likely.

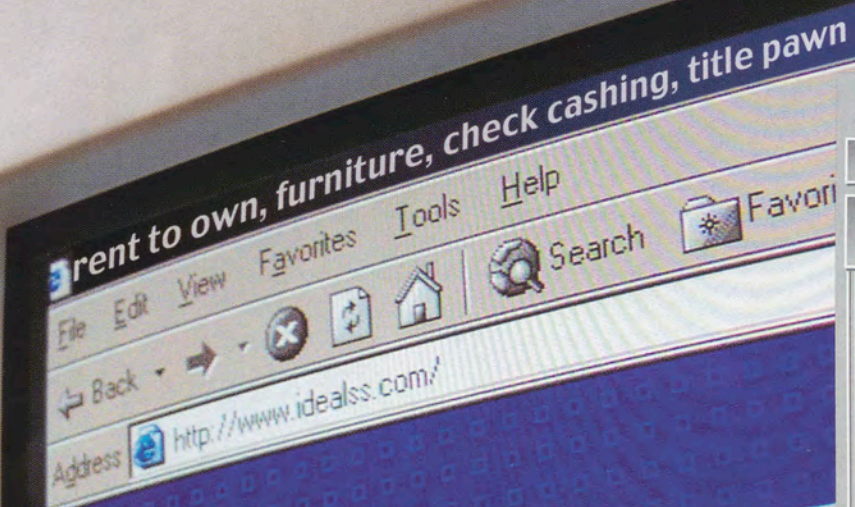
Last year at the convention, I attempted to place a couple of purchase orders I had brought with me. I was actually told to call after the show to place those orders due to the fact that there was no advantage to buying during the convention. This type of attitude is dangerous and must change. Vendors must do their part by coming to the convention with specials that are so good they can't be passed up. We dealers must do our part by coming ready to place orders deliverable during what, for most of us, is our busiest time of the year—the third and fourth quarters. Both vendor and dealer members will profit.

APRO has always been about profiting from partnerships such as this. The convention has always been terrific. The educational, networking and communication opportunities alone have made the convention worth attending in the past. Now, with the actual cash dollars you are going to save by placing orders, combined with the new registration costs, this year's convention will be one that you can't afford to miss. Make sure you are not caught saying, "I really should have gone to that convention." Come be a part of this history-making event. ■

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

There are several big changes that will add up to make APRO's Convention and Buying Show a big success this year.

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



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*Q: Can TIRM secure my store from employee theft?*

**A:)** TIRM owners have complete control to allow or restrict over 98 different employee-specific functions  
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*Q: Can switching to TIRM be painless?*

**A:)** We'll hold your hand through the entire hassle-free process! Certified installers and qualified trainers are available. Conversions from most other RTO software programs are a snap!  
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**Q: Inventory audits at our stores can be a nightmare. Can TIRM make it any easier?**

**A:)** At dealers request, IDEAL now introduces barcode technology.

Ideal Software's latest release of The Ideal Rental Manager (TIRM) v11.3 includes significant inventory control enhancements.

Barcode printing and scanning capabilities have been added to make inventory control more efficient. The new integral bar code support prints computer-generated bar code labels when new merchandise is received.

Real-time audit reports can be generated to compare your scanned items against your database to determine missing inventory.

In addition to audits, new agreements can be written by simply scanning the merchandise on the floor.

*"Rock solid inventory control in a Rent-to-Own environment is critical. Implementing a bar-code system will eliminate human error, insure an accurate transaction history, and reduce inventory audit time by a factor of 10"*

David Goldman • President, Ideal Software

**Bar code scanners and APEX II data-collection devices are available for sale through the Ideal Sales Department: 1 800-964-3325, ext 153.**

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**Answers :) to more of your important questions are available from an Ideal Representative. Call today: 1-800-964-3325, ext. 153.**

One of the more interesting stories to come out of the recent Consumer Electronics Show in Las Vegas is the fact that women are now spending more on technology than men. In this \$96 billion industry, women spent \$55 billion last year. Women are involved in almost 75 percent of all electronics purchases. Yet the study, commissioned by the Consumer Electronics Association, goes on to say that nearly 75 percent of women surveyed complained about being ignored, patronized or offended by sales people when shopping for electronics.

## Women and electronics

A growing number of companies plan to rethink their merchandising plans and are tailoring them to make their products more attractive to the female buyer. Companies are beginning to recognize that female buyers are consistently being ignored in the market place and the smart companies are choosing to correct this problem.

The rapid expansion of women as consumer electronics customers is causing major changes in the industry. In a recent Associated Press article by May Wong, it was reported that Radio Shack's customer base has changed substantially in the past seven years. In 1996, 20 percent of this company's customer base was female. Since then, that number has doubled to 40 percent. In response to this change, the 7,000-store chain has focused on recruiting female store managers and now one in seven store managers are women.



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

In the same Associated Press article, Wong describes a change in retail electronic companies in response to the impact of women customers. She illustrates the shift by describing a high-end audio-video store in North Carolina that installed a children's area and replaced the stark look of the store with a homier layout. The store reports sales have been

"climbing" since the introduction of these changes.

Our industry has been on the cutting edge of many innovations over the past few decades. With the decline of the neighborhood mom-and-pop stores, no one has done a better job of providing

electronics, appliances and furniture to our traditional customer

base. We have never been an industry to stagnate and rest on our laurels. Historically, we have been one of the most innovative and flexible industries in the country.

We need to recognize the growing influence and buying power of women in America. Many of our companies provide outstanding opportunities for women in their stores and in executive management positions. But as an industry, we can do better. We can do better in our hiring and promoting practices, our advertising and our store design.

I recently learned that Sharp, a company that claims more than 50 percent of the LCD flat-panel TV market, named their product line of flat-panel televisions to connote more fluidity and a softer touch. The company has expanded its advertising beyond sports to prime time slots on Lifetime, the Food Network and the Learning Channel designed to appeal more to women.

Whatever marketing trends apply to retail will usually end up in rent-to-own. By examining your store layout and design, advertising, product mix and hiring and promotion strategies, you might find ways to improve your stores' appeal to this growing consumer market.

On another matter, don't forget to make plans to attend our Mid-Year Conference in Palm Springs, CA, March 22-24. This year's venue is much improved. We added a golf tournament to benefit APRO's Educational Foundation. Tom Devlin, founder of Rent-A-Center, will be our special guest and will be reliving the early days of our industry. He will discuss his autobiography, *Playing Through: An Entrepreneurial Success Story*. We will also unveil the results of two studies APRO has commissioned on the attitudes of our customers and how to motivate non-customers to try RTO.

Don't miss this once-in-a-lifetime opportunity. I guarantee you will enjoy the Hyatt Grand Champions Resort and Spa. ■

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

.....  
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of women."

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**R**ental dealers often fret over the best way to deliver unpleasant news to customers or employees. They may need to tell a rental applicant that her references did not check out and that the big screen will not get delivered after all. A customer may need to be told that the company has run out of patience with broken commitments and that the store needs to schedule a pick-up that day. Or an employee needs to be told that things are not working out and that today is his last day on the job.

These are not fun conversations, but they arise

cise than chronic tardiness. Maybe it is because of a sullen attitude. Maybe it is because of a perceived lack of effort. There is some real reason for letting this employee go. Go ahead and tell him what it is. It might help him in his next endeavor and, even if not, it keeps the air clear between him and the company.

This plea is made for reasons large and small. In the big picture, it is how we all want to be treated. Most of us would finally rather know the truth, even when it is unpleasant. It allows us to conduct our affairs more practically and more economically than if we were operating under a delusion. And, by the way, there is no law against telling the truth in these situations.

Nor, however, does the law require the truth. You can mumble something about the company's scoring system, product recalls, downsizing or any number of other less-than-candid, but clever and perhaps even persuasive, evasions as explanations. But these tales are not making the world or your rental store better places.

Rental dealers have not cornered the market potential on confrontational conversations with customers or employees, even if it seems that way some days. Every business has opportunities for them to arise. That they may occur more frequently in the rental business than in some others is no excuse for not taking the high road with such talks. It happens to be the right thing to do. ■

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

.....  
**"In the big picture,  
 it is how we all  
 want to be treated.  
 Most of us would  
 rather know the  
 truth, even when it  
 is unpleasant."**

# To be honest with you...

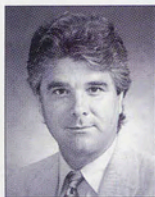
every day in the rental business. Dealers who have these kinds of conversations may get inured to the pain involved, but no one wakes up looking forward to such talks. The temptation is often to sugar-coat the news and avoid giving the real reason for what is going on. Dissimulation can seem to make the confrontation go more smoothly and rental dealers can justify the guile—why do I owe a would-be rental thief the truth?

This is a plea for honesty in relations with customers and employees, as it is still the best policy in almost every case. I am advocating candor without cruelty, veracity without villainy.

For example, the rental applicant who lives on a dangerous street where the company has had real trouble and where it won't deliver anymore will

not be surprised or offended to hear confirmed that she lives in a dangerous neighborhood. You can tell her all that. You can also tell her that when she moves she can reapply, if that is the truth. Or consider the customer who has finally run out of excuses. This person does not need some tale of out-of-town home office pressure. He needs to know that he is losing his unit and when and why—too

many broken promises, no more chances with this company. The soon-to-be-terminated employee, one hopes, has a file full of reprimands and other documentation of sub-par performance. But maybe the termination is for something less pre-



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

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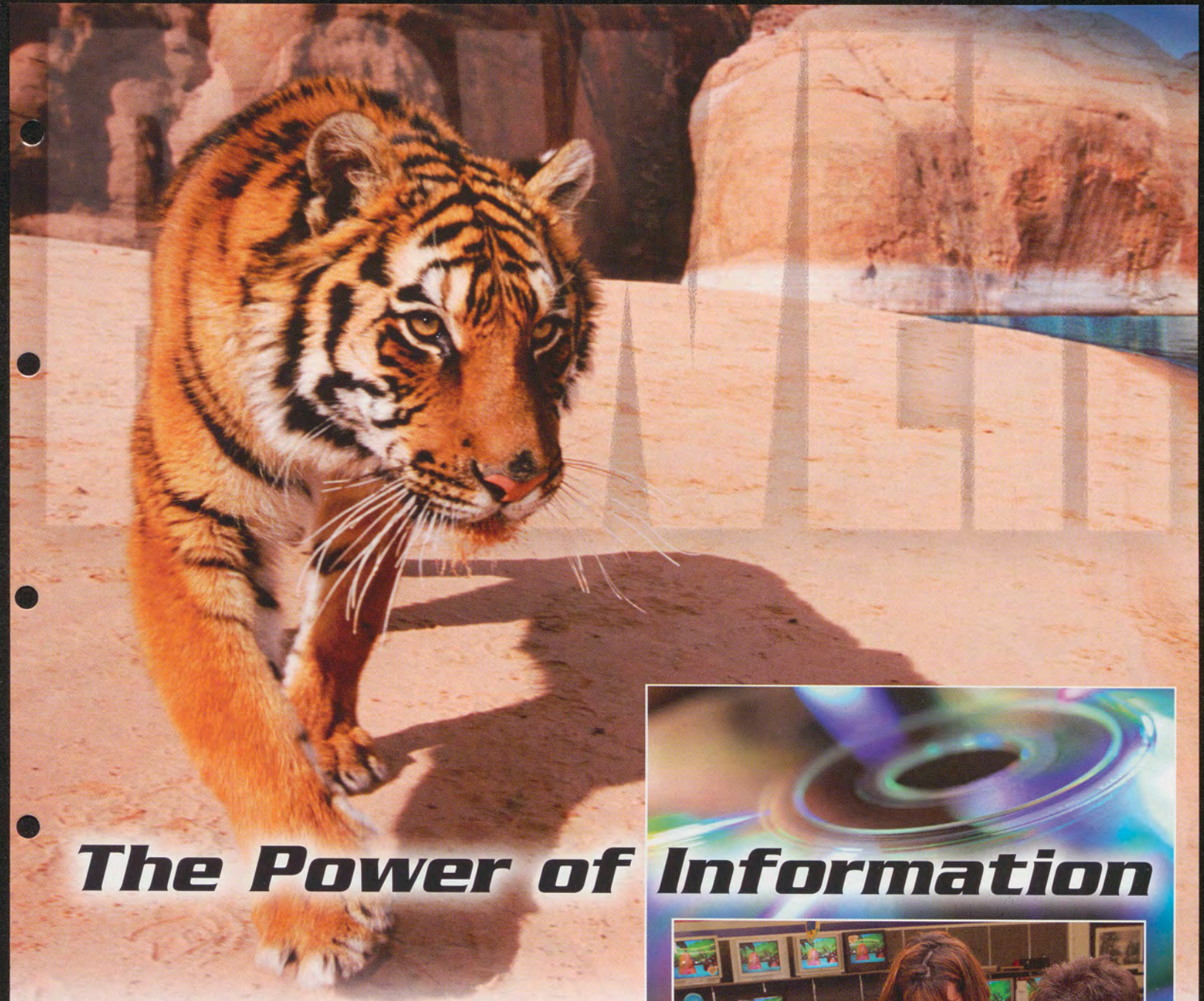
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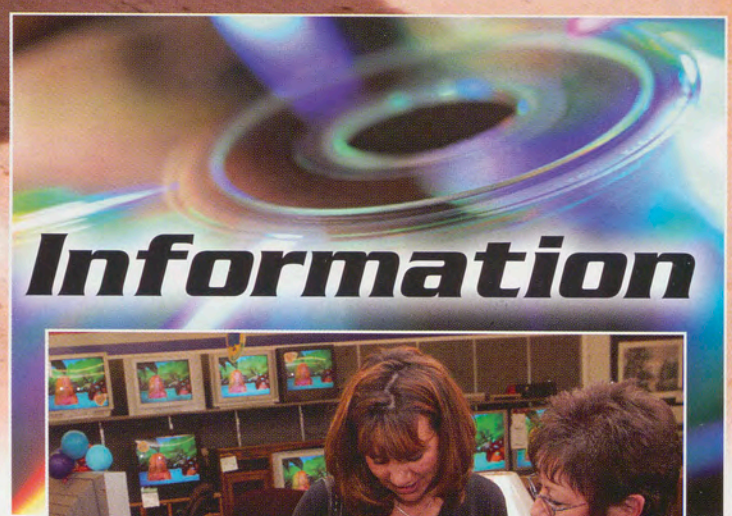


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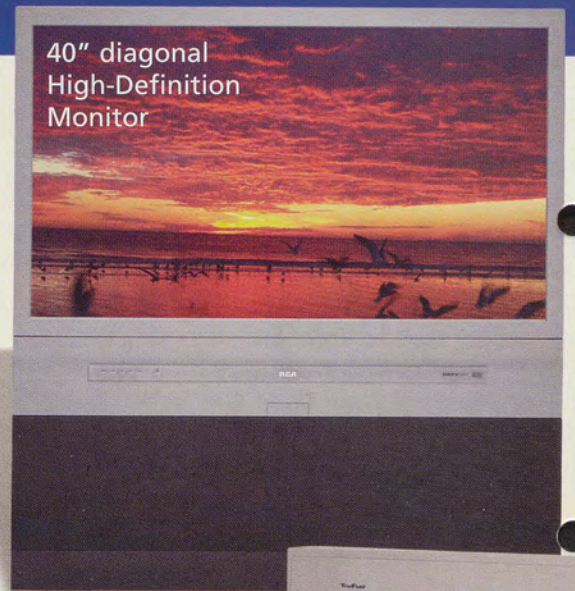
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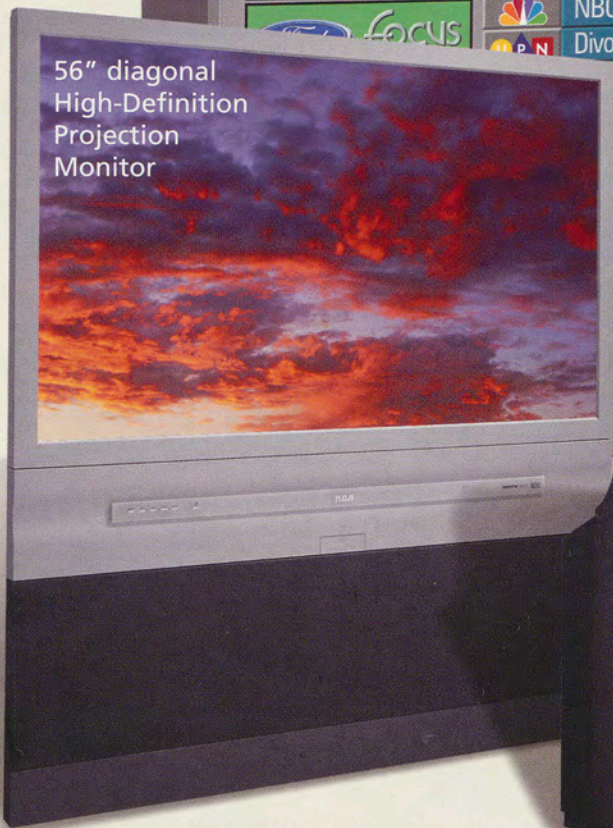
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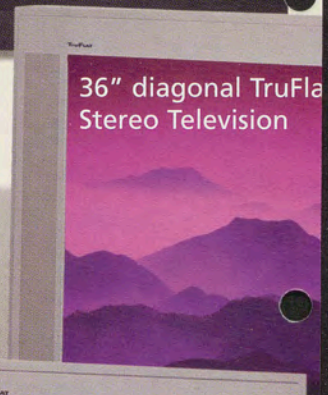
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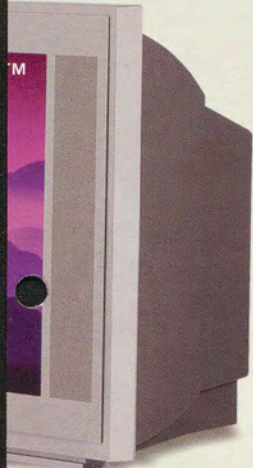
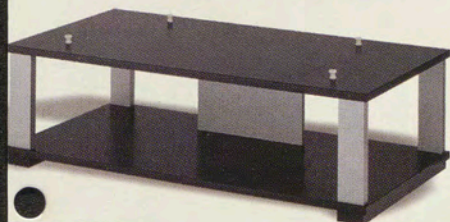
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RCA is dedicated to bringing the Rental-Purchase Industry electronic products that are designed for the future—now. So think of our products as a capital investment that will effect your Balance-On-Rent for years to come. RCA is sure you'll soon discover, the future has never been clearer for your rental business.

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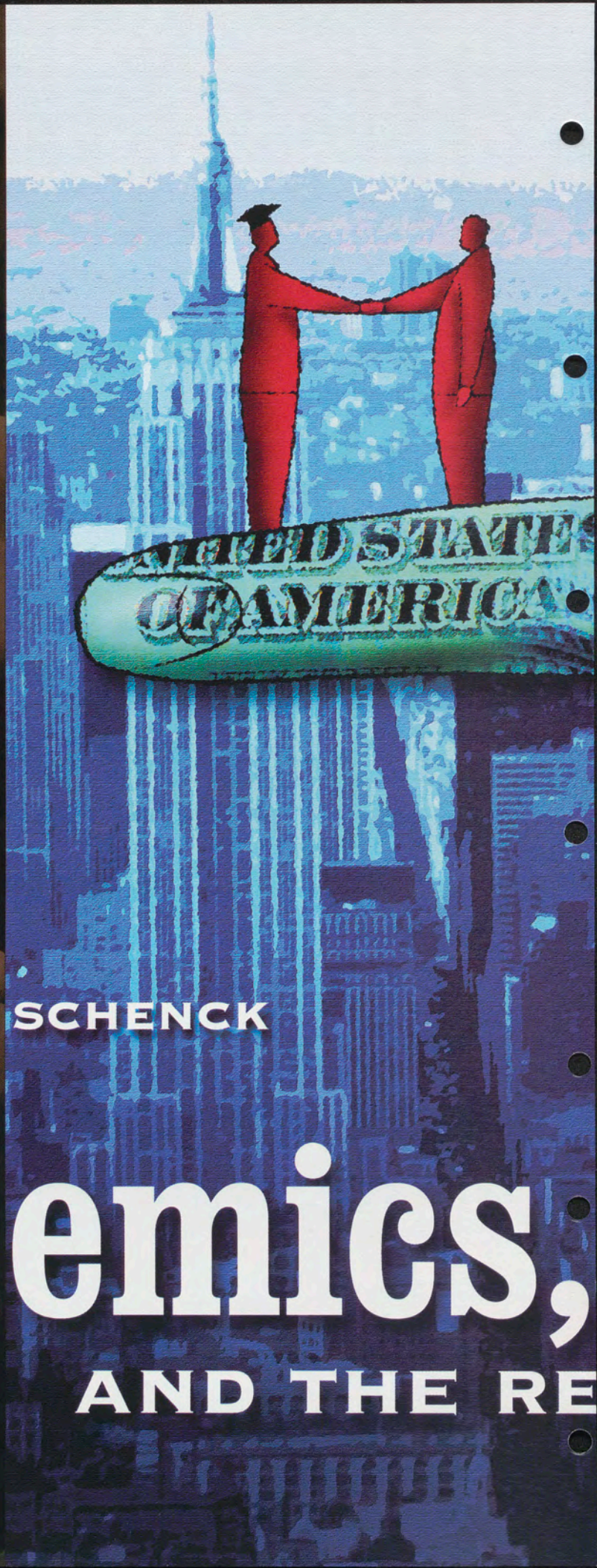
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**APRO** Charter Associate Member

What started as purely academic research on a relatively unstudied industry by two New England economic professors is slowly igniting a fire with the fuel to change perceptions on the widely misunderstood rent-to-own industry

BY STEPHEN SCHENCK

# Academics, AND THE RE





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# Wall Street

NOT-TO-OWN TRANSACTION

# M

ost recently, a small group of Wall Street analysts and Michael Anderson, an assistant professor of finance at the University of Massachusetts-Dartmouth, met in New York to discuss the rent-to-own industry on December 12, 2003. The meeting centered on academic research Anderson and Sanjiv Jaggia, a professor of economics at Boston's Suffolk University, have been conducting on the RTO transaction, including the results of two papers that have been published in *The Journal of Consumer Affairs* and *The Journal of Applied Business Research*.

"Periodically, analysts for research firms that follow the RTO industry for various institutional clients invite industry executives to talk about their company and their prospects," Anderson says. "They thought it would be interesting to hear a presentation from someone outside the industry this time."

The professors' research is particularly interesting because it largely contradicts previous studies, which have tended to view RTO contracts as "disguised installment agreements." Central to this debate is the question of whether RTO is used by customers as a means to purchase or rent household items.

Past studies, most notably the Federal Trade Commission report of 2000, relied on customer interviews and found that 60 percent to 70 percent of rental-purchase agreements resulted in the item being purchased. However, by examining transactional records over a two-year time period, Anderson and Jaggia found purchases comprise less than 40 percent.

"I was told my audience was mutual fund managers and analysts interested in getting additional insight into what is kind of an under-analyzed sector," Anderson says.

The Association of Progressive Rental Organizations believes the new research is not only valuable information, but also provides a powerful tool in the industry's public relations and lobbying efforts. "For the past 20 years, our opponents have cited many studies citing the high costs of RTO and the victimization of our customers," says APRO Public Affairs Director Richard May. "Now we have an independent economic analysis that reflects a different view of the industry and is available to anybody, whether it's an investor, judge or legislator."

"Michael's work," says Robert Strauss, a consumer and retail senior analyst with Independent Research Group, "brings additional visibility to a segment of retail that continues to be underserved." Strauss and Independent Research Group organized and hosted the meeting with Anderson in New York City.

## WHY RTO?

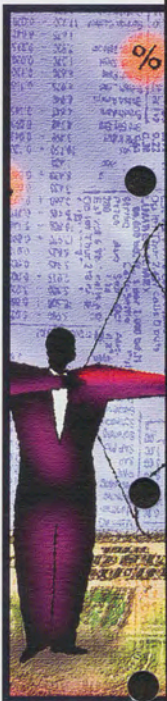
**A**lthough much of the attention paid to these two studies has been recent, Anderson's plunge into rent-to-own data actually began several years ago when another professor suggested he look into the industry for future research. "It was actually very serendipitous," Anderson says about the beginning of his research. "Raymond Jackson, a colleague in the department, had this idea to look at the rent-to-own industry. He had read some literature and noticed that no prior researcher had put it into an economic framework."

Once the professors decided to focus their economic research on RTO, what they needed next was to acquire reliable data on which to base their study.

Anderson and Jackson contacted APRO, hoping the Association would be interested in providing some research funding. However, in order to avoid any impression of the research being industry-funded and keeping it independent, APRO put the professors in touch with High Touch, a company that provides RTO stores software to track transactions. "We were able to get a bunch of data, so what really started as a modest, little project, turned into a really major one," says Anderson.

Based in Wichita, KS, High Touch's Director of Sales John Rogers says that he was interested in the possibilities of Anderson's research when he first learned about the project four years ago. "Regardless of how the results turned out, I was excited to see that a university was looking at RTO. At that time, there had been no formal academic research into the industry."

After poring over data from 100 rental-purchase stores across the country covering a 10-year time period between 1991 and 2001, the professors decided to base



their research on 352,646 transactional records, 95 percent of which originated between 1998 and 2001. "There is so much information there that is so fascinating not just in terms of RTO, but economics in general," says Anderson. "There aren't many data sets that are this detailed about consumer behaviors, so there are many questions into which we can hopefully gain some insight."

#### OLD QUESTIONS, NEW ANSWERS

**T**he result of Anderson's initial analysis of the data turned out to be quite surprising and would later form the basis for his paper, "A Reconsideration of Rent-to-Own," which was published in the winter 2001 issue of *The Journal of Consumer Affairs*. Although the paper confirmed some of the previous research by other entities, which had found the majority of RTO customers to be low income and female, it contradicted the negative view that RTO took advantage of its customers.

"One thing that was interesting was seeing how little work had been done on an important industry that

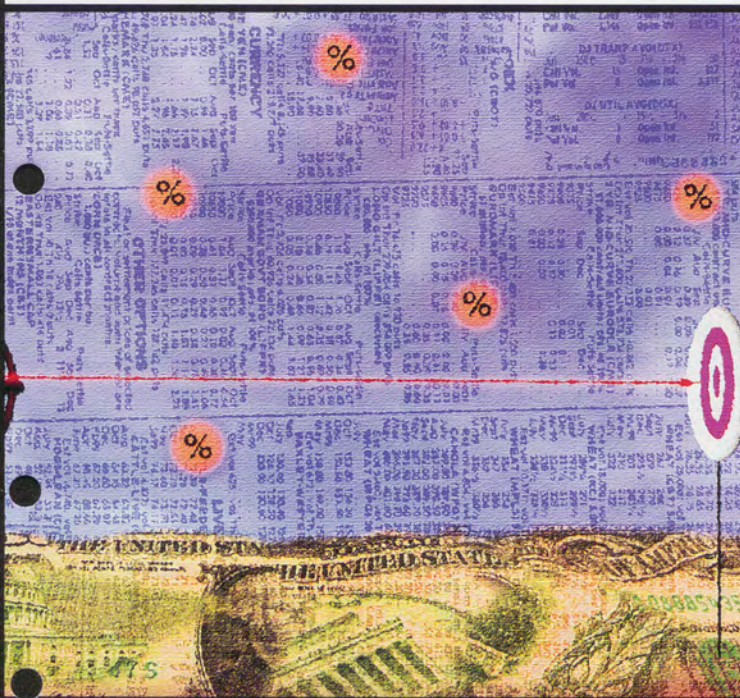
ous options outside the traditional methods of credit cards and layaway to obtain goods for their homes.

The article suggests that a straightforward casting of the rent-to-own agreement into a mold of an installment sales contract obscures the actual benefits and costs to the consumer and yields misleading public policy recommendations. In reality, a rent-to-own agreement offers consumers a series of valuable services and options unavailable in the installment purchase contract.

#### A RECONSIDERATION OF RENT-TO-OWN

**S**o what could be the reason behind such significant differences in conclusions between Anderson's study and earlier research? The answer lay in whether RTO agreements were classified as rentals or purchases, which was also the topic of Anderson's second paper, "Rent-to-Own Agreements: Purchases or Rentals?" published in *The Journal of Applied Business Research*.

If most customers carried their RTO contracts to term, then they could be classified as purchases, as was the finding in the FTC telephone study, then the agree-



**"What existing research that was out there was all particularly one-sided. It seemed that the only viewpoint that had been expressed was one that consumers were being exploited by these agreements. As far as we know, we published one of the first articles out there that said, wait a minute, there are other economic reasons why consumers would be interested in RTO."**

offers what is really a unique arrangement," says Anderson. "What existing research that was out there was all particularly one-sided. It seemed that the only viewpoint that had been expressed was one that consumers were being exploited by these agreements. As far as we know, we published one of the first articles out there that said, wait a minute, there are other economic reasons why consumers would be interested in RTO."

The paper seemed to support what RTO owners had been saying for years, that RTO offered customers vari-

ments could be viewed as installment contracts, resulting in customers paying extremely high annual percentage rates. In his second paper, however, Anderson's research proved otherwise.

"Our main result, derived from an analysis of disposition and duration, is that RTO agreements are more frequently used for short-term needs rather than as a method of acquisition. Legislative and legal efforts to classify RTO agreements as primary installment contracts cannot be justified by their pattern of use in the

marketplace,” says Anderson.

The second paper was significant from an RTO perspective because it revealed how customer surveys, as helpful as they were in determining demographic information, were severely limited in other ways. Primarily, studies based upon customer interviews seemed to be unable to predict accurately whether items would be returned or rented to term and purchased.

“The FTC report is based on survey data and ours is based on transactional data,” says Sanjiv Jaggia. “They both have their own appeal in some ways, but there is no doubt, in any academic’s mind, that transactional data is more reliable. In a survey you ask somebody, ‘Are you going to return the item or purchase it?’ The person will say ‘yes’ or ‘no’ based on what they are feeling at the time, but we don’t know what that person will really do.”

This criticism of customer survey data, now that it has been accepted into reputable academic journals, could be helpful in lobbying for the RTO industry, says APRO’s Richard May. “The second study goes at certain lengths to question the validity of the conclusions of the FTC report, which we have had difficulty explaining on Capitol Hill,” says May. “Before we had the FTC report saying the RTO customers’ ownership ratio is 70 percent, which we have always questioned because that is just not how it is in this business.”

#### FUTURE RESEARCH AND ARTICLES

**A**fter the publication of the first two papers, detailing the work he did with Raymond Jackson, Anderson has continued his RTO industry research with Jaggia, who he met in graduate school at Indiana University. The pair has co-authored two more papers, which are currently in the peer review process, awaiting publication. “Rent-to-Own Agreements: Customer Characteristics and Contract Outcomes” and “A Multiple Destinations Analysis of Rent-to-Own Transactions” delve more deeply into statistical analysis and economic theory.

“Michael contacted me two-and-a-half years ago with a proposal to work on a few projects concerning rent-to-own,” says Jaggia. “I didn’t know much about the industry, but he told me about the data he had, which was really a fabulous data set. My specialization is statistics and econometrics, so we discussed some things and discovered we had many ideas that we could pursue,” he says.

Econometrics is the application of mathematical and statistical methods to economics.

“We are trying to explore these things with cutting-edge statistical methods and being as careful as we can to make transactional data more solid and reliable,” says Anderson. “At the same time, we’re trying to understand

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**“Having this independent data will be eye-opening and could improve a company’s records and annual report.”**

some consumer behaviors, such as how does one pay [weekly or monthly] and how long the agreement is and how these factors contribute to the actual outcome of transactions.”

For their part, Anderson and Jaggia believe the future of their research into the economics of the rent-to-own industry and its transaction is very bright. Both expect their partnership to continue to grow and additional papers could be inevitable.

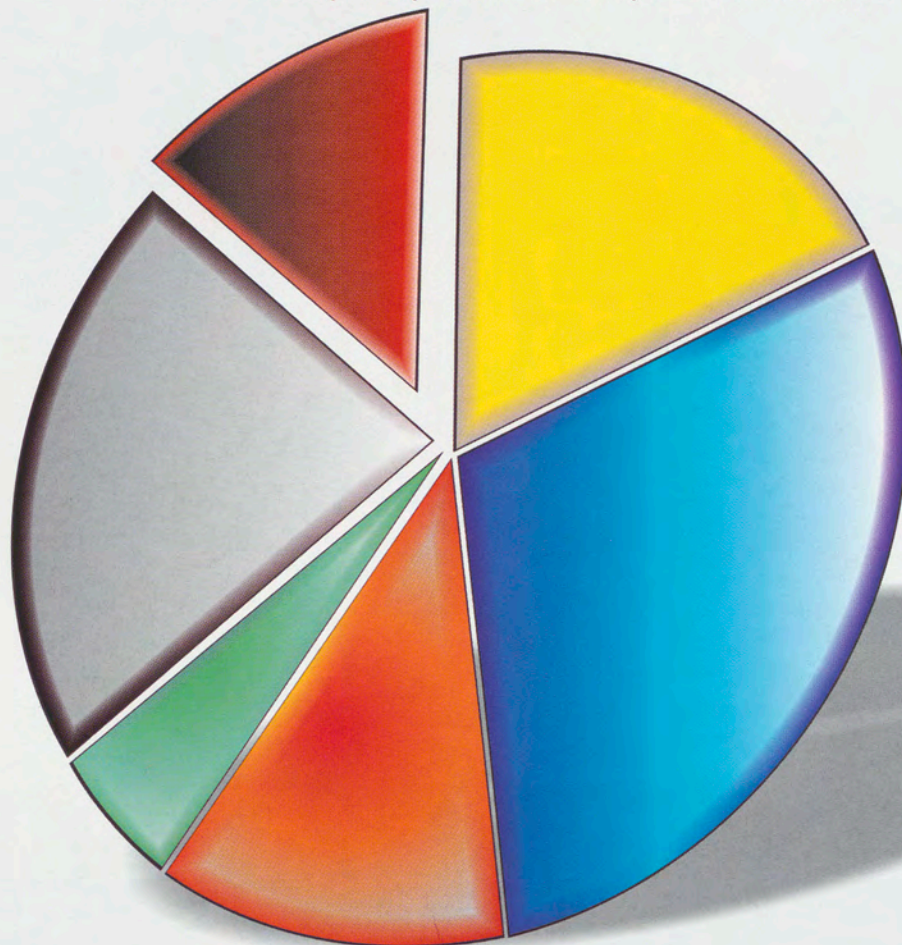
High Touch’s Rogers is also looking forward to future research by the professors because he thinks the more detailed data will provide a deeper analysis of the RTO transaction, which will be invaluable to RTO store owners. “I don’t believe that most dealers manage their business using industry benchmark data,” he says. “Though the industry has done well regardless, having this independent data will be eye-opening and could improve a company’s records and annual report.”

“We are very optimistic about this research because it also gives insight into areas outside of the rental-purchase industry,” says Jaggia. “For example, we are finding that whether it is a weekly or a monthly rental has a big impact on whether the item will be returned or not and there should be absolutely no reason in pure economic terms why that should make a difference. This, I think, should have interest for any economist, not just one studying rent-to-own stores.”

To download a copy of “A Reconsideration of Rent-to-Own” or “Rent-to-Own Agreements: Purchases or Rentals?,” go to [www.APROVision.org/legalchannel.html](http://www.APROVision.org/legalchannel.html). ■

*Stephen Schenck is a free-lance writer.*

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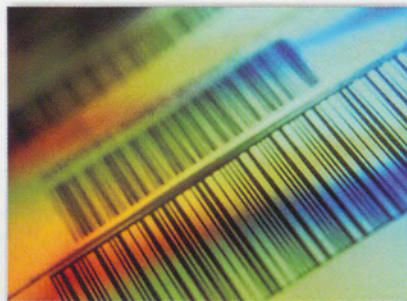
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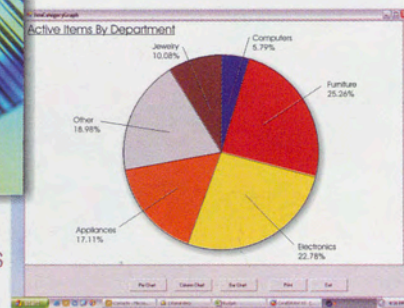
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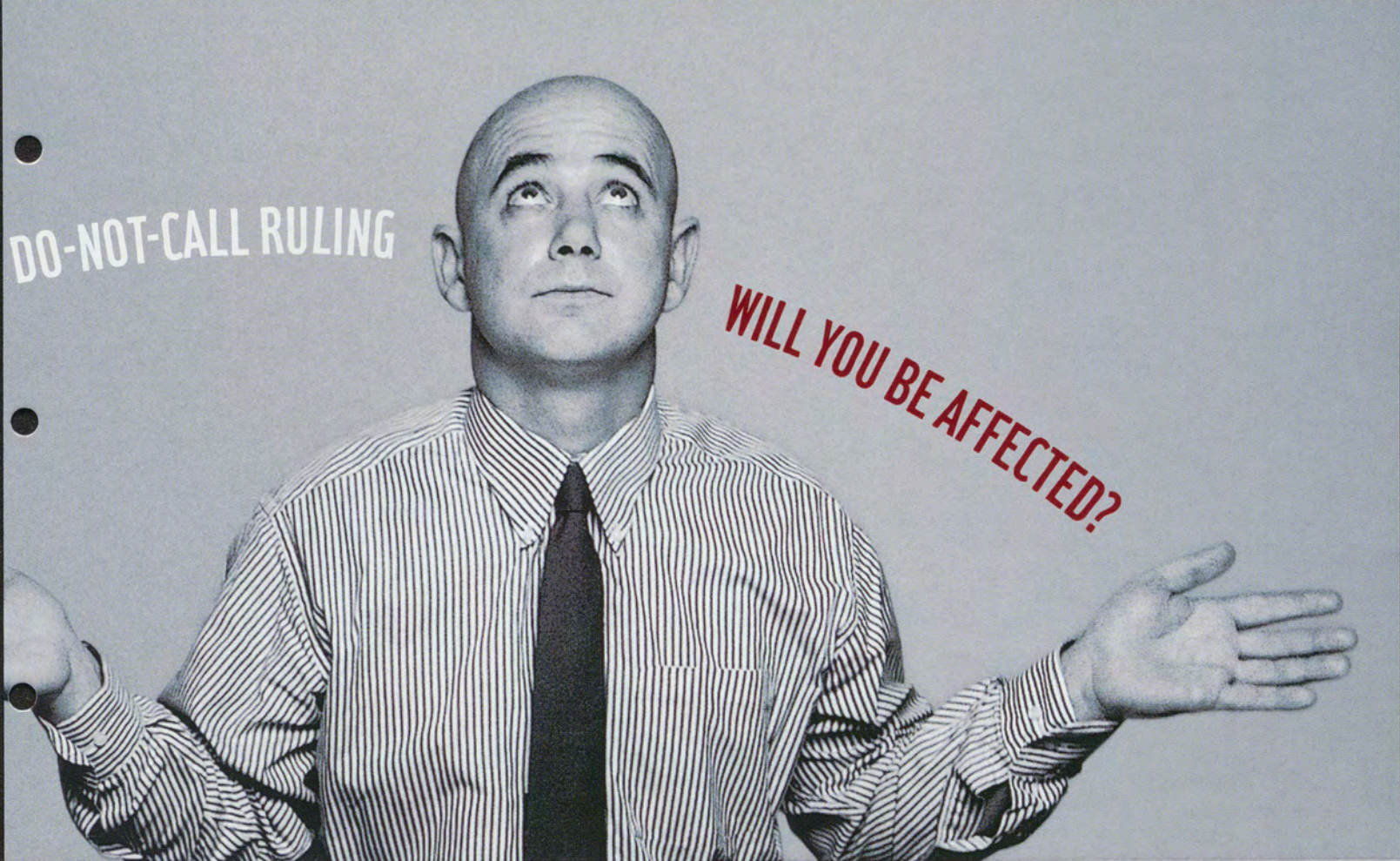
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THE FCC TAKES ANOTHER STAB AT THE CONTROVERSIAL



**DO NOT CALL:**



DO-NOT-CALL RULING

WILL YOU BE AFFECTED?

BY ED WINN III

**F**or some time, the American public made it clear that it was tired of being interrupted at home by unsolicited sales calls coming at odd times during the day, but most often during the dinner hour. The public outcry culminated with the U.S. Congress enacting the Do-Not-Call Implementation Act (2003) and a Federal Communications Commission rule that went into effect October 1, 2003. FCC Chairman Michael Powell called the new rule “the most sweeping consumer protection measure ever adopted by the FCC.” Since consumers began listing home telephone numbers on the federal do-not-call list last summer, more than 50 million numbers have been accumulated. ☎ Rental dealers are not primarily telemarketers—the specific group at which the rule was aimed—but some rental dealer marketing activities will fall within the coverage of the new rule. This article will summarize how the new rule will impact rental dealers. Dealers wanting more specific information can find the full text of the FCC’s 164-page report and order at [www.fcc.gov/cgb/donotcall/](http://www.fcc.gov/cgb/donotcall/).

**ONCE AND FOR ALL?**

**W**hile the new rule has decimated the telemarketing industry, it should only have a minor impact on rental industry practices. It will, however, have some impact as the rule specifically covers telephone calls made to consumers "for the purpose of encouraging the purchase or rental of...goods or services."

#### RENTAL DEALERS AND THE FCC RULE

The new rule will affect rental dealers in at least three areas:

1. There are a few rental dealers who conduct true telemarketing. They purchase lists of consumers, use telephone directories and otherwise make cold calls to consumers at their homes and attempt either to rent them something on the phone or get them to come down to the store to rent something or at least look around.

2. Some rental dealers regularly revisit old customer files and make telephone calls to former customers and perhaps their references as well to see if they are interested in coming back in to rent something.

3. Some rental dealers, when they are calling references on an account, add a rental pitch to the verification process. This practice is becoming increasingly frequent in the industry.

Each of these activities is covered by the broad language in the new rule and qualifies the dealers as a telemarketer.

#### EXCLUSIONS TO THE FCC RULE

What is not covered under the rule are regular conversations with existing customers and telephone collection efforts by rental dealers. Some customers might wish that placing their home phone number on the federal do-not-call register would keep rental dealers from being able to call them about their past due accounts, but that was never the intent of Congress or the rule makers and that is not how the rule reads. The do-not-call rule has no applicability to rental dealers' collection efforts.

Cold calls to potential customers, however, are covered by the rule. Telephone calls to former customers are not covered by the rule as long as they are made within 18 months of the last transaction with that customer. Fairly read, the rule allows rental dealers to make solicitation calls to former

customers within 18 months of the expiration of the last paid rental period on an agreement with that customer.

The rule also excludes calls made to prospective customers within 90 days of the customer's last contact with the store. Rental dealers can call consumers who fill out a rental order/application for 90 days without having to comply with the rule. The commentary suggests that a consumer who calls the store merely inquiring about pricing or availability may not fit within the 90-day exclusion, although there is consumer conduct contemplated by the rule short of filling out a rental order/application that would be included within the 90-day exclusion.

The 18-month and 90-day exclusions are the most important exclusions for rental dealers. The FCC considered and rejected a small business exception. Other exclusions that dealers may use from time to time include the following:

1. **Business to business calls.** Only consumer home phone and cell phone numbers can be put on the federal do-not-call list. There are no restrictions on rental dealers soliciting commercial

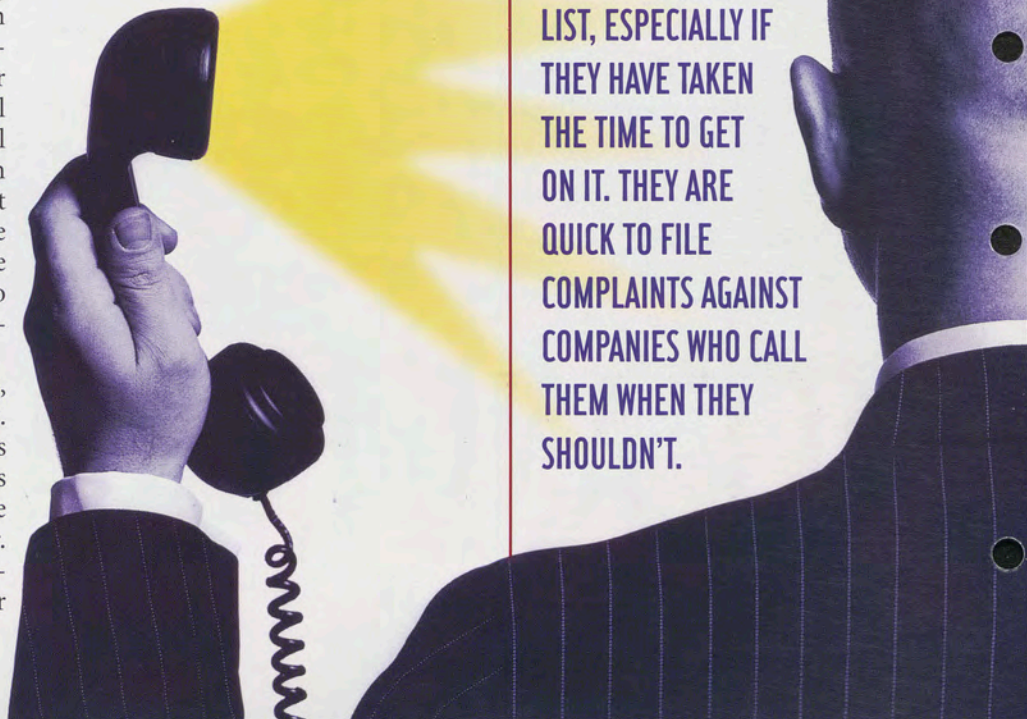
accounts on the phone.

2. **Signed written consent.** Rental dealers may call consumers who have given the dealer a signed written consent to do so, even if their telephone number is on the federal list. The consent will be valid until the consumer revokes it in writing.

3. **Family and friends.** Rental dealers and their employees may make unsolicited telephone solicitations to people with whom they have a personal relationship without checking the federal list. A personal relationship means a family member, friend or acquaintance.

Unless a rental dealer can fit the telephone call into one of these exclusions, then the call is covered by the rule and the dealer must comply with it. Dealers should note that the rule purports to regulate both interstate and intrastate calls. It remains to be seen whether the FCC has the constitutional authority to

**RENTAL DEALERS SHOULD BE AWARE THAT THE ISSUE AND THE RULE HAVE GOTTEN A LOT OF PUBLICITY AND THAT CONSUMERS ARE GENERALLY AWARE OF THE DO-NOT-CALL LIST, ESPECIALLY IF THEY HAVE TAKEN THE TIME TO GET ON IT. THEY ARE QUICK TO FILE COMPLAINTS AGAINST COMPANIES WHO CALL THEM WHEN THEY SHOULDN'T.**



regulate calls made entirely within a state, but the FCC has concluded that it does have that authority since having one national do-not-call database is the most efficient and economical way to regulate unsolicited sales to consumers in their homes.

Telemarketing companies immediately challenged the rule last October on First Amendment freedom of speech grounds and a federal district court initially determined that the rule was unconstitutional. However, the 10th Circuit quickly overruled the district court and allowed the rule to become effective. In theory, the federal government only has the power to regulate interstate commerce under the Constitution. The authority of the FCC to regulate purely intrastate telephone calls has not yet been challenged, but surely will be. Until then, the rule is in effect and will apply to a one-store dealer who makes unsolicited telephone calls with customers only in that state.

#### STATE DO-NOT-CALL STATUTES AND THE FCC RULE

Today, there are 36 states with their own do-not-call statutes and databases of telephone numbers. Some state statutes offer more consumer protection than the federal rule; some less. The FCC has announced its intention to harmonize the state and federal do-not-call lists and rule as much as possible and toward that end has adopted an 18-month transition period to allow states to download their lists into the federal lists.

Some states are currently prohibited from doing just that by their own state enactments. There is an ongoing debate as to the future of the various state do-not-call statutes. State attorneys general, for example, do not want to lose their ability to sue telemarketers in state court using their state's statutes. The FCC has declared that the federal rule is merely a floor and that the states can enact more rigorous consumer protections relating to telephone solicitations. At the same time, however, the Commission has announced its decided preference for one list and one rule to ease the compliance burden.

It is too early to tell whether the states will fall in line and allow the one-

list, one-rule notion to prevail. In the meantime, rental dealers will have to check in their own states to see if theirs is a more restrictive do-not-call statute than the FCC rule. For example, Louisiana, Missouri, Pennsylvania, Tennessee and Texas all have established business relationship exclusions shorter than the FCC's 18-month period. Presumably, those shorter state periods will prevail in those states unless those states adopt the legislation to conform their laws to the FCC rule.

#### COMPLIANCE ISSUES WITH THE FCC RULE

What does it mean to be covered by the FCC rule? It means that rental dealers will have to compare the telephone numbers that they want to call in any one of the three categories listed above against the numbers on the national do-not-call list and then refrain from calling any of the numbers on the federal list. Rental dealers can download up to five area codes on the list for free. After the first five, dealers will have to pay \$25 per area code. The entire national list with all area codes will cost \$7,350. The lists can be downloaded from [www.telemarketing.donotcall.gov](http://www.telemarketing.donotcall.gov).

Rental dealers will have to update their lists quarterly. There is not yet software generally available that will compare telephone numbers automatically, but there soon will be. In the meantime, dealers must compare lists manually before making any calls covered by the rule.

#### COMPANY-SPECIFIC DO-NOT-CALL LISTS

In addition, the rule requires that rental dealers who make telephone solicitations covered by the FCC rule must also maintain an internal company-specific do-not-call list. Consumers can request that the dealers put their number on the company list and not call it. Dealers must keep numbers on the list for five years. The rule also requires dealers to have written policies in place concerning the company list. A dealer must make the policy available to a consumer upon request. The rule specifically allows consumers who would otherwise fall under an exception to the rule, e.g. a former customer

within the past 18 months, to get on the company do-not-call list, in which case, the company cannot call. The rule requires dealers to process requests to be put on a company-specific list within 30 days of the request.

#### SAFE HARBOR UNDER THE FCC RULE

There is a safe harbor defense to allegations that the dealer has violated the rule by calling someone whose number is on the federal list. There is no liability for a dealer who, as a part of its routine business practices, has 1) established and implemented written procedures to comply with the do-not-call rules, 2) trained employees in the procedures established pursuant to the do-not-call rules, 3) maintained and recorded a list of telephone numbers that may not be contacted, 4) uses a process to prevent telemarketing to any telephone number on any list established pursuant to the do-not-call rules using a version of the federal list dated not more than three months prior to the call and maintains records documenting this process, and 5) any subsequent call otherwise violating the do-not-call rules is the result of error.

There are separate rules for telemarketers using prerecorded messages, autodialers, fax machine solicitations and ID blocking devices on their phones that are beyond the scope of this article.

If dealers find the FCC rule too cumbersome, they can, of course, make the decision not to make the kinds of telephone calls that trigger coverage under the regulations. Otherwise, rental dealers should be aware that the issue and the rule have gotten a lot of publicity and that consumers are generally aware of the do-not-call list, especially if they have taken the time to get on it. They are quick to file complaints against companies who call them when they shouldn't. There have already been some six-figure fines assessed under the rule.

APRO member dealers wanting more information about how the rule works or information about state laws should contact the APRO office at 800/204-2776 or e-mail Ed Winn at [edwinn@e-bylaw.com](mailto:edwinn@e-bylaw.com).

*Ed Winn III is APRO's legal counsel.*



OVERCOMING

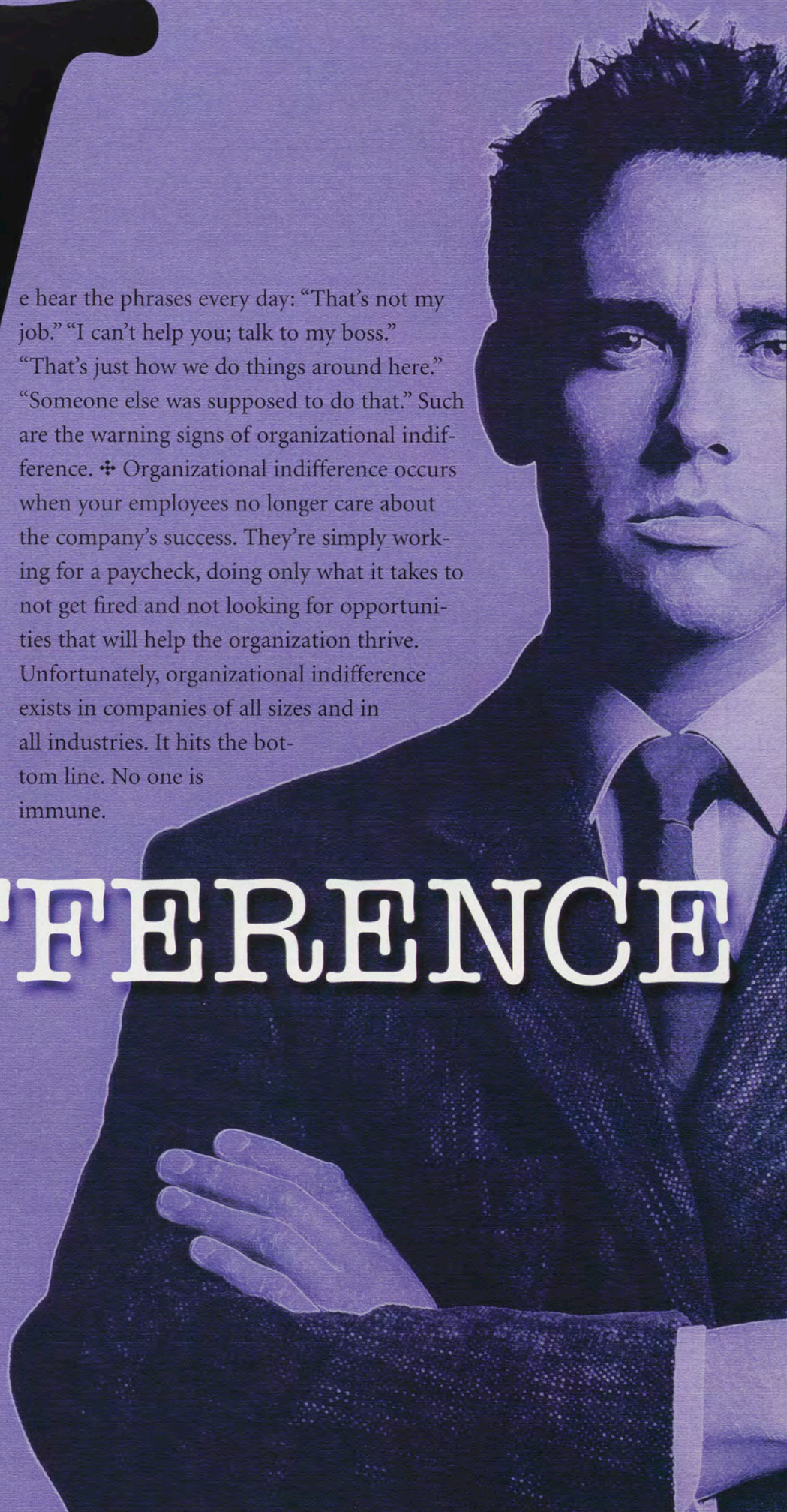
ORGANIZATIONAL

# W

*How much do  
you care when your  
employees don't?  
By Linda Keefe*

We hear the phrases every day: "That's not my job." "I can't help you; talk to my boss." "That's just how we do things around here." "Someone else was supposed to do that." Such are the warning signs of organizational indifference. ❖ Organizational indifference occurs when your employees no longer care about the company's success. They're simply working for a paycheck, doing only what it takes to not get fired and not looking for opportunities that will help the organization thrive. Unfortunately, organizational indifference exists in companies of all sizes and in all industries. It hits the bottom line. No one is immune.

# INDIFFERENCE



**H**ow much organizational indifference is in your company? What percent of your employees come to work just to get a paycheck or to add the organization to their résumé? Ten percent? Twenty-five percent? Maybe 75 percent? Realize that no matter what percent you perceive, the reality is usually much greater. When you consider all the labor costs involved in recruiting, hiring, training and paying benefits, do you really want even one organizationally indifferent person on your team?

When you rid your team of organizational indifference, your employees are eager to express new ideas and genuinely want to help clients. They are excited to come to work because they know their contributions matter and they have a definite purpose in the organization. As a result, customers enjoy doing business with the company, thus increasing your revenue and profitability. Additionally, your operating expenses and turnover decrease as employees take a more active role in the company. Productivity soars as each employee strives to make a positive impact on the bottom-line.

Think the above scenario couldn't possibly come true in your organization? Think again. It is possible to overcome organizational indifference and transform your team into a unified workforce with an entrepreneurial spirit that sustains focused effort, flexibility and the willingness to seize new opportunities. To analyze where your team is on the indifference scale and begin to fill any gaps that exist, rate how well your employees perform each of the following tasks.

#### 1. COMMUNICATE THE ORGANIZATION'S VISION

The company's vision is more than words on paper. It's a lofty goal of where you want the company to be and how you want the community to perceive the organization. While the business owners and senior level executives usually know and strive to uphold the company's vision, front line employees typically have only a

vague idea of the vision and cannot fully grasp its importance. This is unfortunate, because if you want a unified, entrepreneurial spirit to take hold in your organization, your team must understand and believe the vision you set forth. Your employees can only operate at their best when they have a reason to do so.

When your employees know and embrace the vision, they'll have a newfound purpose for their everyday activities. They'll have a sense of the "big picture" and will be able to understand how their actions, routine as they may be, contribute to the greater goal. Studies show that people want to do their best; they want to excel, to be involved and to take an active leadership role in their job. However, they can only do that when they believe that their contributions matter and they see value in their actions.

Walk around your organization and ask your employees if they know 1) the company's vision, 2) what it means, and 3) how their actions contribute to it. If they are unable to answer all three parts of the question, it's time to explain the vision in detail and exemplify it with your actions.



**WALK AROUND YOUR ORGANIZATION AND ASK YOUR EMPLOYEES IF THEY KNOW THE COMPANY'S VISION, WHAT IT MEANS AND HOW THEIR ACTIONS CONTRIBUTE TO IT. IF THEY ARE UNABLE TO ANSWER ALL THREE PARTS OF THE QUESTION, IT'S TIME TO EXPLAIN THE VISION IN DETAIL AND EXEMPLIFY IT WITH YOUR ACTIONS.**

little understanding of the skills that would increase their productivity and make their documents better.

To accurately uncover the truth behind the technology in your office and your employees' skill level, have an outside consultant track your team's productivity and downtime. Also, have the consultant question your employees about their comfort level with various technologies so your team can tell you where they want additional training. The more proficient your employees are with the technology tools available, the more capable they'll be able to serve clients and create results.

#### 2. USE THE TECHNOLOGY TOOLS THEY HAVE AVAILABLE IN AN EFFECTIVE MANNER

Most employees know how to "get around" in various computer programs and they know how to create a sales piece, a spreadsheet or a brochure; however, many of those people could reduce the amount of time they spend on their tasks if they simply knew the productivity skills for the given technology. The fact is that no matter how much you invest in technology and no matter how many training sessions you send your people to, you'll never know if your employees are using the technology effectively unless you measure their performance. You must know where your people are in terms of their technological skills as well as where you want them to be.

Ask yourself, "How effective is the technology training we've done?" "Do my employees really get their tasks done in the shortest amount of time?" and "How much downtime do my employees have as a result of equipment malfunctions?" Most company leaders find that their employees actually have very

### 3. ROUTINELY GIVE PRAISE AND RECOGNITION

For an organization to thrive and for employees to feel valued, there must be a company-wide environment of praise and recognition. An ideal environment is one where not only does management praise and recognize employees, but also employees praise and recognize each other and the management team. Why is this so important for dispelling organizational indifference? Because any kind of team endeavor is going to be enhanced when the team members approve, praise and encourage each other's efforts. Conversely, when team members have a negative view towards each other, then the team typically falls apart.

In order to create an environment of praise and recognition, CEOs and senior managers must lead by example. Answer this: Have you given praise and/or recognition to your employees in the past seven days? Do your employees know what is expected of them? Do you give your employees opportunities to learn and grow? If you answered "no" to any question, then you need to give greater focus to your praise and recognition efforts. Establish avenues where employees can receive recognition, such as in company newsletters, postings on bulletin boards or even with handwritten thank-you notes from the management team. Show your employees that they're valued and they in turn will value the company.

### 4. KNOW WHEN THEY HAVE THE AUTHORITY TO TAKE ACTION ON BEHALF OF THE ORGANIZATION—AND DO IT

Many company leaders talk about empowering their employees, but when it comes time for employees to exert their authority in a situation, they quickly learn that empowerment does not exist. That's because too many company executives fail to realize that empowerment is more than assigning authority; rather, empowerment is a three-fold process that builds trust between the employees and the corporation.

First, when employees are empowered, they know precisely how much latitude they have in any given situation. They don't have to second-guess themselves when they make decisions because managers have detailed what each person can do. Second, when empowered employees have reached the limit of their authority, they know the steps to take to find out additional information or to make suggestions. Finally, empowered employees are not afraid to think outside the box or offer ideas because they know they have management's support and that the senior executives want their input. They feel that the company values their ideas and strive to devise new ways to help the organization perform better.

As you strive to empower your workforce, take the time to detail the latitude each person has, the processes in which to channel new ideas and ways for managers to show their support. And remember that empowerment is a two-way street. It's a shared responsibility between employees and managers that instills trust and responsibility in every team member.

### ORGANIZATIONAL INDIFFERENCE QUIZ

To learn how much organizational indifference exists in your company, have your employees anonymously answer the following questions.

On a scale of 1-10 (10 high), rate how well you:

1. Understand the organization's mission, vision and goals. \_\_\_\_\_
2. Understand the organization's competitive advantage. \_\_\_\_\_
3. Know and support the organization's core values. \_\_\_\_\_
4. Initiate actions that could benefit the organization. \_\_\_\_\_
5. Respond to customer needs in an exemplary way. \_\_\_\_\_
6. Know when you have authority to take action on behalf of the organization—and do it. \_\_\_\_\_
7. Use the technology tools you have available in an effective manner. \_\_\_\_\_
8. Feel and act as if your opinions count. \_\_\_\_\_
9. Routinely give and receive praise and recognition. \_\_\_\_\_
10. Enjoy what you are doing. \_\_\_\_\_

Total score: \_\_\_\_\_

Scoring guide:

- 90-100: Vibrant workforce
- 75-89: Positive environment
- 40-74: Complacency reigns
- 1-39: Serious problems

### PROVEN RESULTS

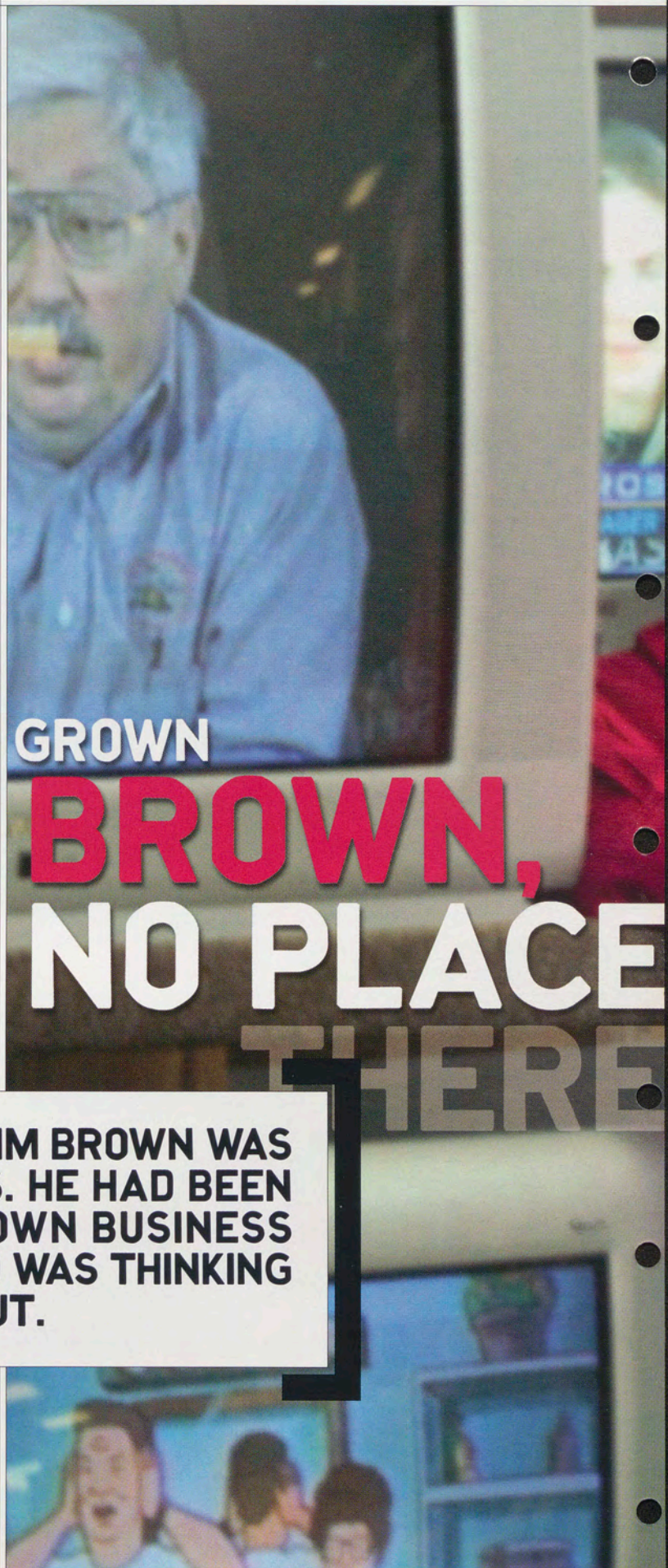
When your employees know what the organization is about, how to use their technology effectively, how to instill team motivation and what their empowerment processes are, you lay the groundwork for eliminating organizational indifference. And when your employees care about the organization and are excited about their work, they'll solve more problems, serve customers better and contribute to the company's success significantly, thus increasing bottom-line profits. It's the combination of these four elements that moves the organization forward and unifies people with the entrepreneurial spirit that leads to long-lasting results. ■

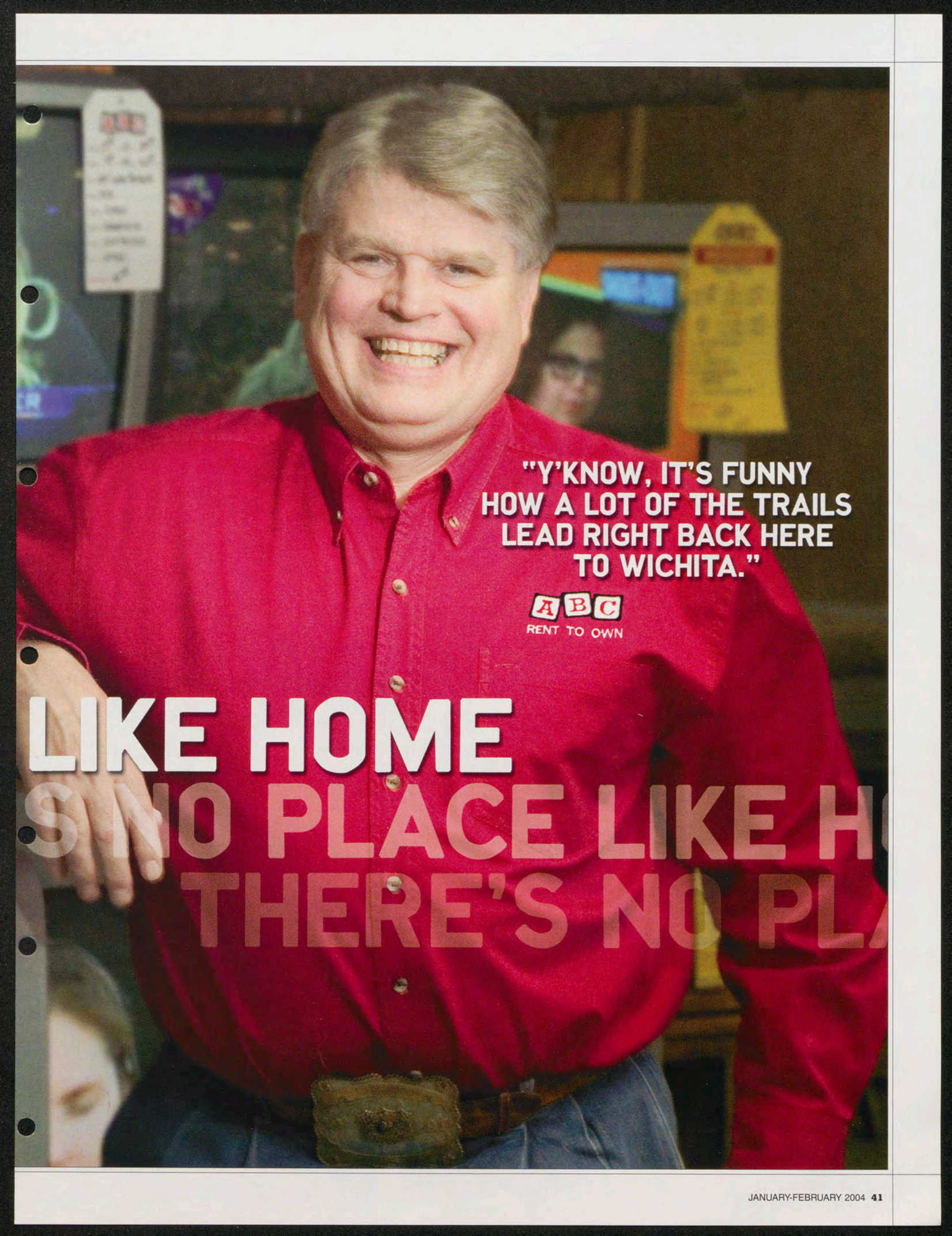
*Linda Keefe is a speaker, consultant and CEO of Shared Results International, a business focused on helping companies achieve faster growth and higher productivity. She provides solutions to companies which allow them to overcome organizational indifference, communication problems and technological skill deficiencies. She can be reached at 888/689-8077 or [lindaakeefe@sharedresults.com](mailto:lindaakeefe@sharedresults.com).*

**AN APROFILE**  
**BY KRISTEN CARD**

**I** FOR KANSAS-**GROWN**  
**JIM BROWN,**  
**THERE'S NO PLACE**  
**THERE**

**IT WAS 1975 AND JIM BROWN WAS AT A CROSSROADS. HE HAD BEEN IN THE RENT-TO-OWN BUSINESS FOR A DECADE AND WAS THINKING ABOUT GETTING OUT.**



A man with grey hair, wearing a bright red button-down shirt and blue jeans with a large, worn, square belt buckle, is smiling broadly. He is standing in what appears to be a store or office, with various signs and a person in the background. The lighting is warm and indoor.

**"Y'KNOW, IT'S FUNNY  
HOW A LOT OF THE TRAILS  
LEAD RIGHT BACK HERE  
TO WICHITA."**

**ABC**  
RENT TO OWN

**LIKE HOME**

**NO PLACE LIKE HOME  
THERE'S NO PLACE LIKE HOME**

**T**here came a time when we were trying to grow ABC [Rent-to-Own], and we just couldn't seem to get it up and going like we wanted," says Brown. "And it just wasn't a real pretty business back then. We were mostly dealing with welfare people and that sort of thing. We were at 90 percent of our marketing effort, but getting only 10 percent of the potential business.

"So I went down to Houston, Texas, and spent a week with Chuck Sims at his Remco stores," says Brown. "I saw what he was doing—he was targeting his business more toward a middle-class population, upgrading his merchandise to brand-name and adjusting his prices some. He was doing a lot of business and becoming very successful. And I saw where we probably could do that, too.

"So I came back and started implementing some of that stuff and just right off, we started drawing, too. We became very successful doing it that way," says Brown. "I've always thought Chuck Sims was the first one to really revolutionize the rent-to-own business. He's one of the main reasons I'm so successful today. I can't thank him enough."

"Y'know," says Brown, "he's from Kansas, too. It's funny

Born and bred in this south-central Kansas city, 57-year-old Brown has simply never seen a reason to leave. If he ever experienced Dorothy Gale's feeling of not being in Kansas anymore, Jim Brown clearly didn't care for it.

Brown was a 19-year-old Wichita State University student when he began working part-time at Mr. T's in 1965.

"I was pretty young," says Brown, "and I thought it was a fun job. We went out and delivered and a lot of people we dealt with didn't even have telephones yet, so we did a lot of collecting in peoples' homes. I just thought it was fun. It wasn't hard."

Within a year of Brown's hire, Talley decided to move out of Wichita and on to bigger markets. He sold Mr. T's rental accounts to brothers John and George Parsons, the owners of competitor ABC Rental. Brown began working full-time for the Parsons brothers, managing the Wichita store and, when they opened up an Oklahoma City location, Brown oversaw it, too.

In 1972, the brothers decided to dissolve their partnership. George Parsons teamed up with Brown to run ABC's two Wichita stores; they also bought a Kansas City location. Brown and Parsons eventually sold the Kansas City store and opened up a third Wichita location. And those



**"I ALWAYS THINK WE CAN DO BETTER IN OUR MARKET HERE, EXPANDING INTO DIFFERENT PRODUCTS, DIFFERENT AREAS. I'M SATISFIED BEING IN THIS MARKET, BUT WE WANT TO EXPAND OUR STORES AND THE BUSINESS WE DO HERE."**

how a lot of the trails lead right back here to Wichita."

And that's how Jim Brown stayed in the rental-purchase industry—and stayed and stayed. Today, with almost 40 years under his belt, Brown is a tried-and-true RTO veteran, one of the few remaining charter members of the Association of Progressive Rental Organizations.

And he's right—it does seem a little more than coincidental how many RTO legends not only hail from the Sunflower State, but also happened to cut their professional teeth at Mr. T's Rental in Wichita. Ernie Talley, an industry pioneer and former CEO of Rent-A-Center, owned the business. Among his notable hires were Rent-A-Center founder Tom Devlin, Chuck Sims and Bud Holladay.

But while his RTO peers blazed trails away from Wichita, Brown is the one who stayed on the home front.

three Wichita-based stores make up the ABC Rent-to-Own chain today.

"When I was traveling back and forth, I didn't like being gone from home too much," says Brown. "I guess I kind of made the decision back then that I wasn't all that interested in going into markets outside of Wichita. I always think we can do better in our market here, expanding into different products, different areas. I'm satisfied being in this market, but we want to expand our stores and the business we do here."

Brown's heartland stick-to-itiveness and hometown devotion may well be what gives ABC Rent-to-Own its competitive advantage.

"We've offered better products and better service for a longer period of time than anybody else," says Brown.



STORE MANAGERS DAVID GAGE AND JOE BARTON WITH BROWN AND GENERAL MANAGER JORG ROGALSKI

PHOTOGRAPHS BY CRAIG HACKER

“There’s nobody else in this market who can say they’ve been in business close to 40 years, so that says something for itself.

“And that shows up in our repeating business,” he says. “Once we get a customer, we usually keep him. I think if you offer your customers good service, good products at competitive prices, and always put your customers first—along with your employees—then you can’t go wrong. Rent -to-own customers are not any different than regular retail customers. Their situation may be a little different from time to time, but they want good products, they want good service and they want to be treated fairly, friendly and with respect. It’s just pretty simple, really.”

Brown says he sees plenty of opportunity for expansion in the consumer/residential product area, in high-tech electronics, computers and higher-end furniture.

“We were the first Wichita store to rent color televisions and everybody thought we were nuts,” says Brown. “But when we started to do that, we saw growth. The same thing happened when we got into renting furniture. I’ve always thought you have to find out what people want, find out where the need is. Then just meet it and you’re there.”

Despite his longtime partnership with George Parsons, Brown might sound like he’s used to running his business alone. But that’s only partially right.

Parsons was actively involved in the company at the

beginning of their partnership, but for the past 20 years or so, Brown has been directing the day-to-day activity of ABC Rent-to-Own while Parsons developed a real estate business, became politically active and consulted from the sidelines.

So when Parsons, 73, succumbed to advanced Parkinson’s disease last October, Brown knew how to keep the business running smoothly. What he didn’t know was how to fill the hole where Parsons’ invaluable insight and camaraderie had been.

“We officed together, saw one another every day,” says Brown in understated brevity. “We were together over 37 years. It’s a sad thing. I really miss him.”

Part of the legacy Parsons left behind is Brown’s continuing participation in APRO—particularly in the organization’s government relations and legislative efforts.

“In the late ’70s and early ’80s, [George] began to get more involved in politics at the local level, the state level and, finally, the national level,” says Brown. “Then, about 10 years ago, he went with me to Washington for the APRO legislative trip and really opened some doors for me.

“Together, we developed good relationships with all our congressmen, our senators and everybody in their offices. We were able to persuade all four Kansas congressmen and both of our senators to co-sponsor the [rental-purchase industry’s] federal legislation. I’m really proud of that—



it's very important and a very big achievement for me and for our trade organization."

Through his individual efforts, Brown has illustrated his strong belief in APRO's work to secure HR 996/S 884, the Consumer Rental-Purchase Agreement Act. But he also realizes the power of strength in numbers and hopes APRO's aspirations to grow its membership come to fruition.

"As far as industries go, we're still probably sort of young," says Brown. "But any industry, any business, cannot operate to its full potential without a good trade organization like APRO. As you look across the country, every successful industry has a successful trade organization supporting it. You've got to band together if you're going to get anything done and have a good quality organization. I'd put APRO up against anybody."

As a charter member of the organization, says Brown he's definitely satisfied with APRO's current direction, leadership and priorities, which include approval of the federal bill, addressing health insurance issues and enhancing industry ethics standards.

"Well, I said it before, but early on, the rent-to-own business wasn't really well-respected," says Brown. "Chuck Sims figured it out and helped me and was instrumental in helping the trade organization do something about it. One of the things I'm proudest of professionally is the way the industry, and even ABC [Rent-to-Own], has turned the business around to where it's a valued, well-respected business and how now we all can be proud to be in the rent-to-own business."

Yep, Jim Brown sticks around—and not just professionally. A committed family man, he's been married for 36 years; he and his family have lived on the same acreage just outside Wichita for more than two decades; and, while he enjoys fishing and hunting, he's typically spent his weekends rodeoing—team and calf roping—since he was 21.

So what about all those new-age gurus who insist you've got to smash the molds, break the patterns and take risks to make progress? Plainly put, Brown isn't buying.

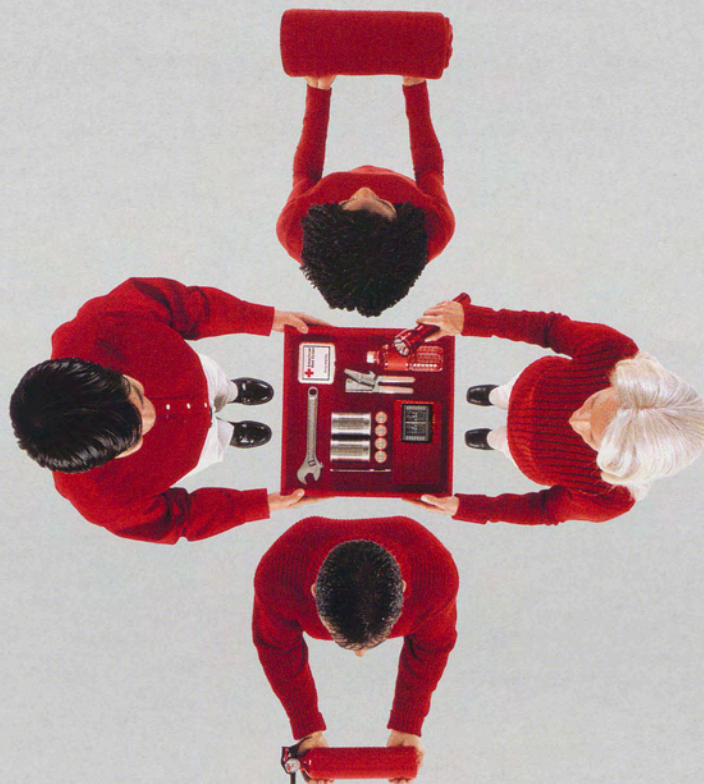
"People have asked me through the years, 'How have you been able to be successful?'" says Brown. "And my answer is that it's really not all that difficult. If you show up every day and you honestly do your job, well, that's about 75 percent of it right there. And then you always watch for new ways to improve things."

Brown might consider adding one more essential element to that simple formula: When you find something you like, stay with it. Sometimes, it's gets even better.

"There was a time in our industry—and a lot of people won't admit this—but sometimes, when people asked you what you did for a living, you'd mumble it under your breath," says Brown. "But nowadays, everybody can hold their head high and I think it's just fantastic."

"I've always liked the rent-to-own business. Still do. That's really about it." ■

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



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

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316/685-1411  
Fax 316/685-4575

### White & Associates LLC \*

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Fax 678/947-8688

### Imagery Marketing Consultants \*\*

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St. Louis, MO 63021  
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Fax 314/835-1650

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386/252-5766  
Fax 800/550-1554

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228/872-9828  
Fax 413/677-7601

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Fax 972/563-5965

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### Premier Rental-Purchase Inc. +

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Fax 757/258-9262

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910/864-5778

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Fax 972/288-4313

### Foresight Inc. \*\*

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800/733-0811  
Fax 972/343-2077

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### RTO Insurance LLC— a subsidiary of Integrated Insurance & Risk Management \*\*

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Peoria, IL 61604  
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Fax 309/686-3771

### RTO Systems Inc./ Walter Clark & Associates \*\*

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Porterville, CA 93257  
559/781-3466  
Fax 559/781-4956

### Strategic Marketing Associates Inc. \*\*

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Fax 512/476-0753

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## Michigan dealers rejuvenate state association

**M**ichigan rental dealers gathered for their first meeting in over a decade on January 21 in Mt. Pleasant, MI. The group's reorganization proved very successful, according to Sidney Burton, owner of Hometown Rent To Own, who took the helm in getting the group together with the assistance of Ohio rental dealer and APRO State Coordinating Committee member Amy Zeller.

"Amy was instrumental in getting this meeting organized," says Burton. "We couldn't have done it without her."

Twenty Michigan rental dealers attended the meeting, representing 11 companies scattered throughout the state. Burton was especially grateful to the former Michigan board members who all attended and agreed to serve on the new board. "Their desire is to see the Michigan association regain its vitality. They want to do their part to ensure that this state will always be a good place to do business for consumers and rental dealers alike," says Burton. The meeting was sponsored by industry suppliers Welton Sound Systems USA and DSI. Other vendors attending included Hugh Dalton from Cat Communications.

Opening the program was the former Michigan Rental Dealers Association President Jim Patterson, who introduced his CPA Tim Quast. Quast summarized Patterson's 10-year battle with varied tax authorities in the state. The most pressing unresolved tax issue for Michigan rental dealers is whether reinstatement fees are taxable. The state argues that these fees are subject to use tax, although few, if any, dealers have been charging that tax.

APRO President Lyn Leach gave

a rousing seminar about the value of RTO and how he runs his stores in Nebraska. APRO General Counsel Ed Winn summarized legal news at the state and federal levels.

The dealers also elected the following officers: Sidney Burton, president; James Patterson of Continental Rental, vice president; Timothy Quast of Quast, Janke & Co., secretary/treasurer; Barry Neumeyer of Northern Rental Center, board member; Chris Noordyke of Quality Rent-To-Own, board member; and Mark Taylor of Michigan Rent To Own, board member.

## California dealers discuss tax issues at annual meeting

**M**embers of the California Rental Dealers Association met January 14 for their annual meeting. The group discussed proposed changes to the state workers' compensation laws and also personal property tax issues. Several county assessing offices recently attempted to assess personal property taxes on rental dealers.

The dealers then heard an update on the federal legislative effort from APRO General Counsel Ed Winn. Cal-APRO President Paul Davis made a personal plea to California rental dealers to get involved with this effort and, in particular, to attend the APRO Legislative Conference in May.

The dealers discussed having a legislative day in Sacramento similar to the state legislative conferences held in Florida and Texas. Next, the dealers discussed ways to increase membership and plans for store-level employee seminars later this year. Finally, attendees reviewed and approved bylaws and a code of ethics for the California association.

## Iowa dealers gather for annual meeting

**F**ifteen Iowa rental-purchase dealers met January 23 in Boise for the Iowa Rental Dealers Association annual meeting. A full agenda included a presentation by the state association's lobbyist, Jim Carney, who briefed the group about state budget concerns and how, in the governor's efforts to reduce the deficit, decisions may impact rental dealers in the state. Carney also explained to the group how he monitors state legislation that may affect the Iowa RTO industry.

APRO Government Affairs Director Ron Waters then addressed the group about the national association's push for federal RTO legislation in Washington, D.C.

"There are things we can do as an association and as individual dealers to help with the industry's federal effort. We have several legislators who would probably support the legislation and we need to get them fully on board," says IRDA President Ron Smith.

Lyn Leach, APRO president, then spoke to the group about achieving and maintaining success in this industry.

The dealers then met for a short board meeting where it was decided that the next IRDA gathering will be held September 17. The IRDA board also was re-elected. The IRDA slate of officers is as follows: Ron Smith of Rent-A-Center, president; Mike Smith of Home Zone, vice president; Brian Luksetich of First State Rentals, treasurer/secretary; and board members Ed Spuzello of Furniture Source, Chris Gebeke of Rod Kush Rent-To-Own and Ray Sexton and Jim Luksetich of First State Rentals.

"It was a very successful meeting," says Smith. "We hope to get more people involved in the future."

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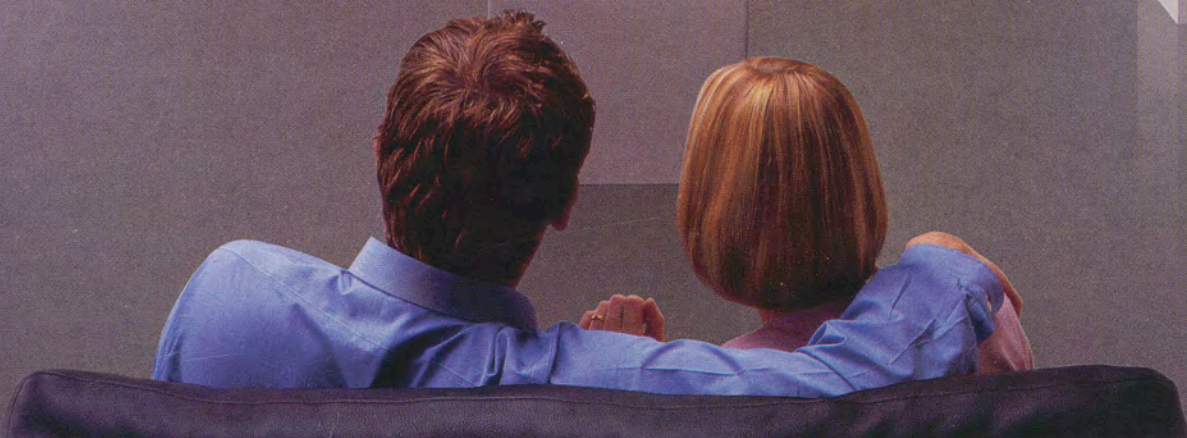
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