

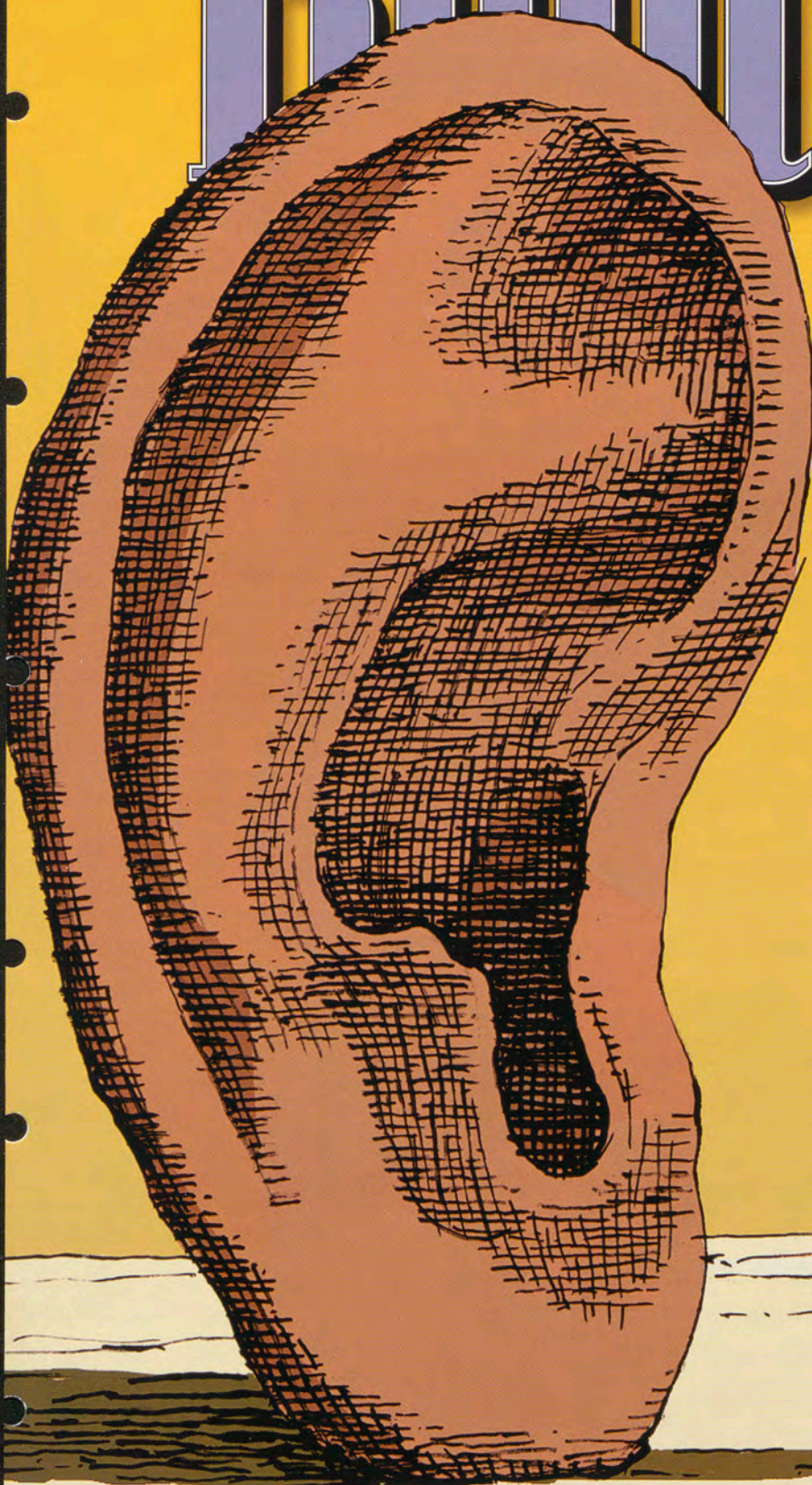
PROGRESSIVE
Rentals

THE VOICE OF THE RENTAL-PURCHASE INDUSTRY
JULY-AUGUST 2004

S 884 UPDATE:

OUR HEARING ON THE HILL

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| | |
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| Average Pre-Tax Earnings | \$160,586 |
| Average Pre-Tax Cash Flow | \$153,218 |

The above averages are based on the actual results of the company-operated stores from January 1, 2003 to December 31, 2003. Of these 231 stores, 97 (42.0%) stores had higher average total revenue, 115 (49.8%) stores had higher average pre-tax earnings, 118 (51.1%) had higher average pre-tax cash flow, and 81 (35.1%) had higher average total revenue, average pre-tax earnings, and average pre-tax cash flow. As a serious investor, wouldn't you be interested in learning more?

Even though the above figures are actual results, the FTC requires us to include the following statement. CAUTION: "The figures are only estimates; there is no assurance that you'll do as well. If you rely on our figures, you must accept the risk of not doing as well."

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PROGRESSIVE Rentals

JULY-AUGUST 2004

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For the first time in more than 20 years, the U.S. Senate actively considered RTO legislation in a hearing held on June 22, which included testimony for and against S 884, the pending Consumer Rental-Purchase Act of 2003.

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RTO professionals heading to Tampa, FL, for the 2004 APRO Convention and Buying Show in August may want to check out some of the local flavor and entertainment this Gulf Coast city has to offer.

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A financial analyst covering the RTO industry offers his insight into future growth opportunities both here and abroad, as well as reviews how the top three publicly traded companies offer different investment strategies for investors.

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Bobbie Floyd, owner of Kelly Rentals, based in Danville, VA, never pushed her two sons to join the family business. Yet, after receiving their respective college degrees, Chad and Derek did just that. Their involvement in the company has resulted in an accelerated growth pattern for the company and a continuation of their father's legacy.

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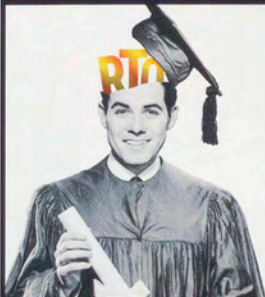
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COMMUNICATIONS IN THE RTO WORKPLACE



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PROGRESSIVE Rentals

VOLUME 23, NO. 4

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news

B R E A K

COMPILED BY
JULIE SHERRIER

Fiesta Rent-To-Own lends helping hand to military trainees

The Fort Bliss Army Installation in El Paso, TX, conducts the only International Sergeant Majors Academy in the country. Forty-five military soldiers from all over the world—from countries such as Argentina, Italy, Japan, Korea, Poland, Macedonia and Hungary—attend nine months of classes to receive their Sergeant Major certification.



To help these students with all the comforts of home, Fiesta Furniture Leasing's Mamie Salazar-Harper of El Paso offers turnkey corporate housing, which includes furniture, appliances, electronics, linens, kitchen items, etc. She also provides wireless Internet service and telephone service to the students. The original class arrived in November 2003 and the Salazar-Harpers opened their

home to these international students and hosted a traditional American Thanksgiving dinner. Now those students are graduating and Salazar-Harper is preparing for the next wave of students.

"Every Fiesta employee was empowered to become a 'goodwill ambassador' to these students by providing excellent customer service, friendship and genuine Texas hospitality," says Salazar-Harper. "We forged many lasting friendships over the past nine months and, on one hand, are sad to see them go. On the other hand, we are happy that they will soon be reunited with their families. These students take back with them the experience of living in the United States and the unique experience of being immersed in the cultural diversity found on the United States-Mexico border. We are thrilled that Fiesta will continue to play an ongoing role in this important international effort," says Salazar-Harper.

SENATE COMMITTEE HEARING NEWS
For a full report on the Senate Banking Committee hearing regarding S 884, the rental-purchase bill, see Ed Winn's feature article on page 30.

Rent King expands store count

CPL Group Inc., dba Rent King, announced

on June 17 that the company would open a new store located near the University of South Florida in Tampa. The latest opening brings the

total number of the Tampa-based Rent King stores to 15. The stores are located throughout central Florida and along the central west coast of

the state. Rent King's franchise partner, Double Diamond, is also opening its second location this summer in north Florida.

Rent King is co-owned by Chris Kale, Larry Pividal and Paul Schaller.



Rent One's golf outing brings charity into focus

Ronald McDonald was on hand to entertain the crowds attending the 10th annual Rent One Vendor Appreciation Golf Outing on June 24 at the Green Hills Country Club in Mt. Vernon, IL.

Over the past nine years, the Rent One golf outing has raised more than \$50,000 for local charities, including Habitat For Humanity, United Way and KARE (Kids At Risk Educationally). This year, however, Rent One owner/operator Larry Carrico and staff decided to raise funds for the Ronald McDonald House Charities of St. Louis, as well.

"The Ronald McDonald House is a great fit for Rent One," says Carrico. "My stores are located throughout southern Illinois, southeastern Missouri and Arkansas and this allows our customers and local residents in these communities to use the St. Louis RMDH housing if a child has an accident and must be airlifted to one of the St. Louis hospitals."

"The event went very well and our vendors gave until it hurt," says Carrico. Two checks were presented: one for \$10,000 to RMDH of St. Louis and \$1,000 to KARE. "Everyone wins because this event brings together managers and vendors and the charities receive monetary assistance to enable them to provide services to the community," he says.

Bloom succeeds Arendt as president/CEO of ColorTyme

After serving ColorTyme, a subsidiary of Rent-A-Center, for 13 years, Steve Arendt resigned as president and CEO of the company to pursue other business endeavors. Replacing Arendt is Bob Bloom, who most recently served as vice president of operations/administration and senior vice president of operations for EZCorp, a leading operator of pawnshops.

Prior to his stint at EZCorp, Bloom was the Metromedia Restaurant Group regional vice president of franchise operations for the Family Steakhouse division from January 1999 to April 2000. Prior to 1999, he was the vice president of the rural division for Thorn Americas, vice president and general manager-Thorn Leasing Concepts and vice president operations management.

ColorTyme Inc. has

307 franchise locations operating under the store name ColorTyme Rent-To-Own in various states across the United States. Rent-A-Center operates approximately 2,844 stores in the United States, Puerto Rico and Canada.

Aaron Rents acquires Easy Way stores

Former APRO board member Jimmy Strong sold his 26 Easy Way Inc. stores to Aaron Rents on June 15. Easy Way, based in Delhi, LA, operated 19 stores in Louisiana, four in Mississippi and three in Arkansas. The stores will be immediately converted to Aarons Sales & Lease Ownership stores and the accounts of two of the acquired stores will be merged with other stores. It is anticipated that in coming months several other stores will be merged together. The annual revenue of the Easy Way stores was approximately \$8.5 million.

"This transaction increases our presence in these three states, which we see as excellent growth markets for us," says Aaron Rents Chairman and CEO R. Charles Loudermilk Sr. "With these acquired stores, we are confident we will have a total of over 1,000 company-operated and franchise stores open by



Online registration now available for inaugural RTO Midwest Expo

The first RTO Midwest Expo is coming to Columbus, OH, September 21 and 22. Be on hand to experience a regional trade show geared just for you and your employees at the Columbus Convention Center. Play golf, socialize, visit the trade show and learn some new tricks of the trade from industry experts for just the cost of a hotel room. There is no registration fee.

Hotel accommodations are available for \$100 (single/double) at the Drury Inn, 614/221-7008, or the Hampton Inn, 614/559-2000. Call the hotel for reservations. A credit card will be required.

There will be a \$30 charge for golf tournament participants, which will be collected at the Expo.

Dealers and/or vendors who are interested in participating can visit the APRO Web site at www.aprovision.org to register online and view the schedule of events.

Vendors who are interested in exhibiting and/or sponsorship opportunities should contact Ernie Lewallen at 513/528-8364.



2004

AUGUST

4-7
APRO 2004 Convention and Buying Show, Tampa, FL, 800/204-2776
www.aprovision.org

19-22
Tupelo Furniture Market, Tupelo, MS, 662/844-1473
www.tupelomarket.com

24-25
Alabama-Mississippi Rental Dealers Association educational conference, Choctaw, MS, 228/769-3795.

29-September 1
Brand Source National Convention/Buyfair, Las Vegas, NV, 734/368-2283
www.brand-source.com

SEPTEMBER

13-15
Missouri Rental Dealers Association annual meeting/trade show, Osage Beach, MO 573/442-2963
www.missourirentaldealers.org

21-22
Inaugural Midwest RTO Trade Exposition, Columbus, OH, 513/528-8364

OCTOBER

5-7
TRIB Group board meeting, Atlanta, GA, 770/451-4302
www.tribgroup.com

11-15
APRO fall board meeting, Austin, TX, 800/204-2776

14-20
High Point Furniture Market, High Point, NC, 336/888-3700
www.ihfc.com

20-24
Premier Rental-Purchase Dealer Retreat, Pine Island, NC, 757/258-8947
www.premierrents.net

NEWS BREAK



the end of this year." Strong, 60, will be retiring. An

APRO member for 16 years, Strong served on the APRO board for six years and was the Association's treasurer in 1999-2000. "I've served on bank boards, church boards—boards of all kinds of organizations—and the APRO board is the most active I've ever witnessed. Everybody has had something to contribute. APRO is a real good organization," says Strong.

"The Aaron's offer came by at the right time and it's a real good fit," says Strong. "Our stores were large, like Aaron Rents, our way of doing business was similar as we also do monthly rentals and our people are very similar." Aaron Rents will also be opening a distribution center near the newly acquired stores.

"I may see you all in Washington next year," says the politically active Strong. "But I figured that as long as I am still healthy, I can take full advantage of retirement."

Premier Rental-Purchase opens new store concept

Premier Rental-Purchase, one of the nation's fastest-growing licensing companies, proudly announces the opening of its newest store and new store concept in Clinton, IA.

Premier Home Furnishings is the latest licensing brand from Premier that offers customers a full line of home furnishings needs for their homes, offering everything from fine fur-

nishings, bedding and accessories to major appliances, computers, sound systems, televisions, lighting, art, sculptures and plants. Customers can opt to establish RTO agreements or buy items outright at attractive retail pricing and financing options.

"Our goal is to handle all types of transactions, from straight retail to rent-to-own," says owner Jim Schebler. "However, we want to balance retail sales with in-house rental-purchase programs on a 50-50 basis." All Pre-

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- Opening 19th BestWay Location in 2004
- Flourishing Refund Anticipation Loan (Tax) Business
- Successful Federally Licensed Home Telephone Service Provider (BestWay Phones)
- 40 Years in Home Furnishings Profession
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mier store locations are independently owned and operated by experienced RTO professionals.

Premier's national office is located in Williamsburg, VA, and plans are underway to open eight additional store locations in 2004 in Texas, Louisiana, South Carolina, Indiana, Michigan and Pennsylvania, with several additional locations still pending, says Premier's President and CEO Trooper Earle.

Aaron Rents appoints new vice president, Western operations

Kevin J. Hrvatin has been promoted to vice president, Western operations of Aaron's Sales & Lease Ownership, which is a newly created region as a result of company expansion. Hrvatin will be responsible for overseeing 53 operations located in Southern California, Arizona, Nevada, New Mexico, El Paso, Texas, Colorado and Kansas. The current Western operations will be renamed southwestern operations and David L. Buck will continue as vice president over this region.

"Due to the rapid growth of Aaron's Sales & Lease Ownership, we have added this new vice president position, bringing

Re-elect Jeff Lebakken to the APRO Board of Directors

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NEWS BREAK

our number of regional vice presidents to six," says Aaron Rents Chairman and CEO R. Charles Loudermilk Sr. "Kevin has a proven record of exceptional operational expertise and has steadily advanced through his years with the company."

Hrvatín joined the company in 1993 as a store manager in Jacksonville, FL, and was promoted to district manager in Jacksonville the following year. After six years as district manager, he was promoted to regional manager overseeing stores in the

northeastern and southeastern states.

Wayne Sutton to open Rent-n-Roll franchise

Industry veteran Wayne Sutton of Rent USA, based Hammond, LA, signed an agreement with Rent-n-Roll to open stores in three new markets, according to Rent-n-Roll Vice President of Operations Vince Ficarrotta. The market development agreement covers the Gulf Coast of Mississippi, Baton Rouge and



New Orleans. This multi-store agreement will allow Sutton the rights to open numerous Rent-n-Roll stores over the next several years.

"I've known Wayne Sutton for almost 20 years and his business acumen is unsurpassed," says Rent-n-Roll President Larry Sutton (no relation). "In the mid-1980s and early '90s, I watched him grow one Instant Rent to Own store into a chain of 13. Wayne is not only one of

my closest friends, but also has one of the brightest minds in the industry. We served on the APRO board together and several years later worked as divisional vice presidents for Home Choice. Having him join our team is a major move for us and for all of our franchisees. We are building a team of some of the best minds in the industry and are not done yet as we expect to finalize several more agreements over the next few months."

This agreement brings the total number of

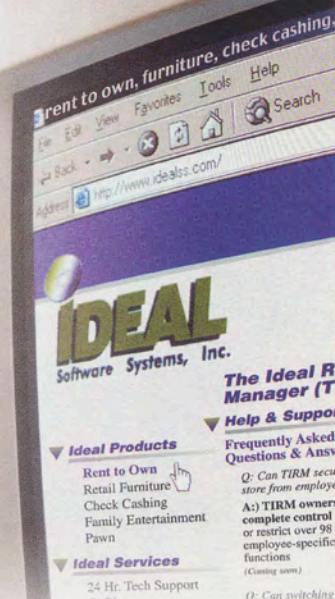
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Robert Briley ■ RENT CITY / ABILENE, TX



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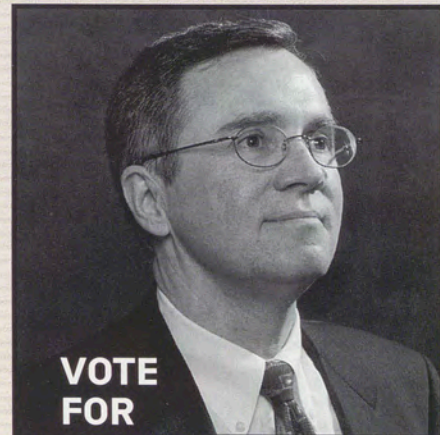


Budget Phone reaches milestone

A PRO Associate Member Budget Phone Inc. has reached a milestone, saying it is now by far the "largest pre-paid home phone service in the United States" serving more than 100,000 customers nationwide. Budget Phone resells home phone service and long-distance plans for customers who pre-pay their service. The company provides Budget Phone products to "agents" who then sell and distribute these products to their customers. For example, a complete package of local home phone service, unlimited long distance and a full range of features can run as low as \$29.99 in some states.

Based in Shreveport, LA, Budget Phone received accolades from Governor Kathleen Blanco on the company's success. "I congratulate the many employees, managers and company executives who have worked diligently to help Budget Phone Inc. reach this significant milestone," says Blanco. "Their presence in Louisiana is truly valued."

The company has steadily grown with customers in 43 states with gross sales topping \$63 million in 2003 and forecasts significant growth in 2004 with several new product rollouts as well as expansion into new markets. According to Budget Phone Owner R.D. "Smokey" Hyde, "It takes a lot to do it right, but we are successful because we work harder, put in more effort and spend more money on support than others do. We don't take short cuts. That's one more reason why we succeed where others fail."



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- Six years on the APRO Board of Directors
- Five years on the APRO Executive Committee
- Committed to our industry's future

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Burton

APRO Board of Directors

NEWS BREAK

Rent-n-Roll stores open or under contract to 53 in seven states. Sutton also shared that his first franchisee, Kent Enterprises, is scheduled to open its third and fourth stores in south Florida in early August.

Full-O-Pep Appliances expands south with American Rentals purchase

David P. David, general manager of the 37-

store chain Full-O-Pep Appliances, dba American Rental, and based in Bloomington, IN, purchased four American Rentals stores from Gary McDougal on June 1. The four stores are located in Tennessee and Georgia.

"I spoke with Gary years ago saying that when he was ready to retire, it would be a nice acquisition seeing as we have very similar company names," says David. "Plus, we were able to keep all of his employees and offer them a lot of benefits that they didn't



have. We're headed down there this week with a semi loaded with new merchandise and to remove any old inventory.

"With this acquisition, we have greatly accelerated our expansion plans further south," says David.

Says McDougal, "David and I have known each other for many years. He runs a good and gracious company and promised to take real good care of my employees, which has

always been a major concern of mine when Mary and I decided to retire." McDougal will be focusing his energies on developing his rental properties and home building and has left the door open for a possible return to the industry later on.

Three weeks later, David also announced that he purchased the fifth American Rentals store, located in Athens, TX, from David H. Matthews. This latest acquisition brings the total count of the American Rental chain to 42.

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Greg Yurevich, Director of Merchandising, Aaron Rents, Inc.

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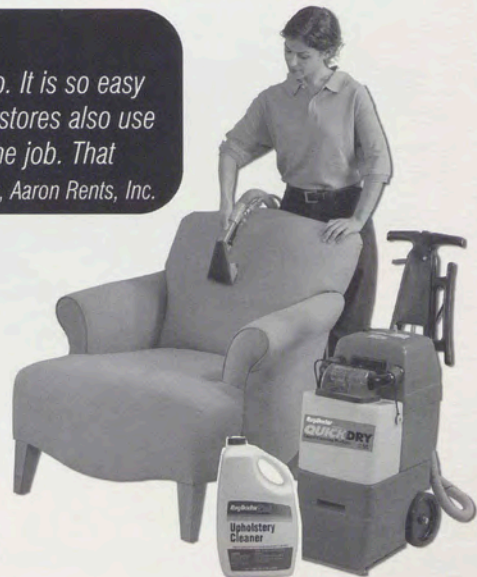
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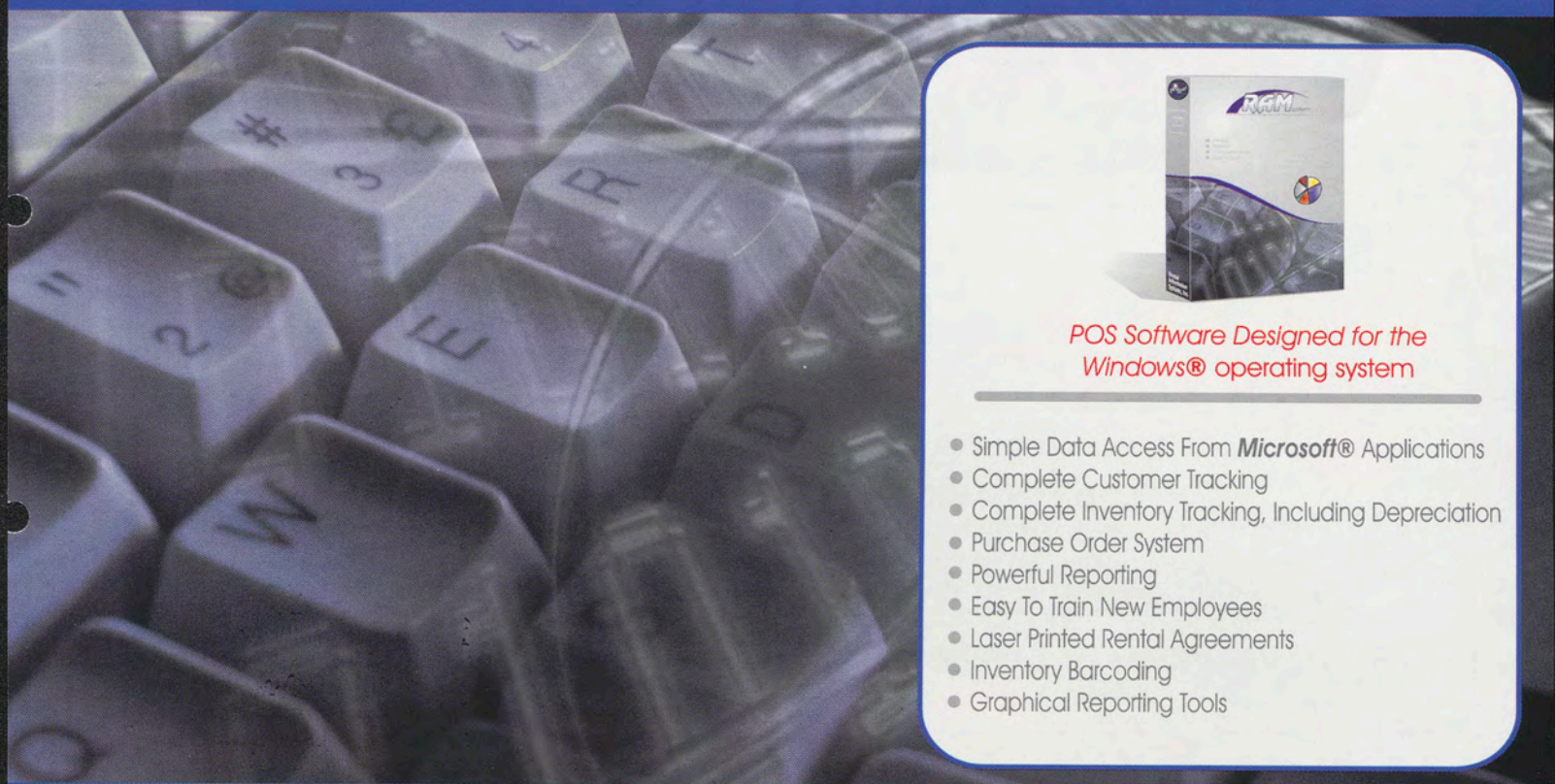
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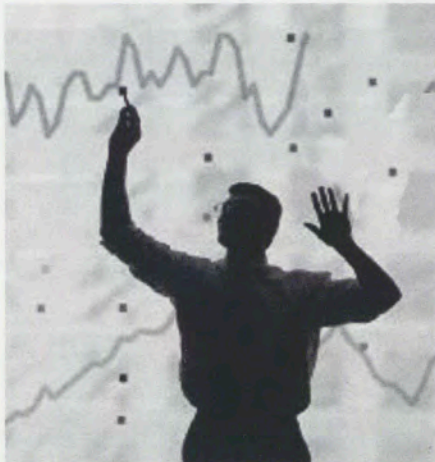
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* As of July 2003

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NEWS BREAK

Davis joins Townhouse Furniture

After working eight years for United Furni-



ture, industry vendor Glenn Davis joined Townhouse

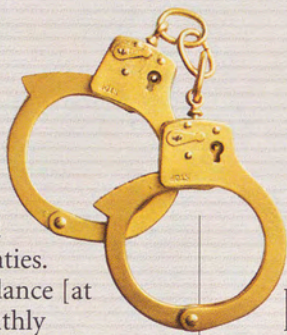
Furniture as vice president of rental sales.

Townhouse Furniture is based in Mississippi. "I am very excited about the change," says Davis. "You can place an order on Monday and have it in your store by Friday. We'll be showing at the APRO Buying Show and dealers will be impressed with the quality of the products."

Davis can be reached at 800/362-0507.

Florida rental dealers continue Economic Crime Council meetings

The Florida Rental Dealers Association's Economic Crime Council of the Fourth Judicial Circuit met in Jacksonville on April 12 for its sixth monthly meeting. The Economic Crime Council was formed in order to discuss current problems and share intelligence relative to the prevention and/or reduction of theft of rental merchandise in



Duval and Clay Counties.

"Attendance [at these monthly meetings] is steadily improving," says FRDA President Terry Beville of Buddy's Home Furnishings. Stores represented at the April 12 meeting included Buddy's Home Furnishings, Z-Best Rentals, Rent King, Rent Rite, RentWay and Zoom Rent-To-Own.

The guest speaker was Detective Rick Herron, the pawn detail detective for Duval County. Herron stated that pawn detail can't be checked

Arkansas and Texas RTO association members qualify for discounted training

ARDA and TARA members can now qualify for discounted Rental Training Online courses. This program offers the discounted price of \$19.95 per course for state association members who are not APRO members. The regular price per course is \$29.95, so this savings translates to \$10 per student per course. For more information or to set up an account for your company, contact Shelley Martinek, 800/204-2776, ext. 109.

without first filing a complaint with law enforcement and was very understanding of the need for the RTO industry to be able to check for merchandise in pawn shops. However, the poli-

cy of the police department is that a complaint must be filed. Herron suggested further meetings with Lt. Koffman of Duval County and Larry Pritchard, legal advisor for the pawn detail

department. Mike Mortis of Z-Best Rentals will attempt to set up meeting with Koffman and Pritchard with the hopes of changing the current policy so that RTO stores do not have to file com-

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| | |
|--|--|
| | <p>APRO HOSPITALITY ROOM 2-5 p.m., August 4, and 9 a.m.-1 p.m., August 5 and 6, 9 a.m.-1 p.m., August 7</p> |
| | <p>WELCOME COCKTAIL RECEPTION 6-7:30 p.m., Wednesday, August 4</p> |
| | <p>TOM KITCHENS/JOE EASON GOLF TOURNAMENT 8 a.m., Wednesday, August 4</p> |
| | <p>SEMINAR REFRESHMENT BREAKS Friday, August 6 (RES) and Saturday, August 7 (Zenith)</p> |
| | <p>GALA COCKTAIL RECEPTION: "SPLITSVILLE" 6-9 p.m., Thursday, August 5</p> |
| | <p>GENERAL SESSION, BUSINESS MEETING AND KEYNOTE SPEAKER 10 a.m.-12 p.m., Thursday, August 5</p> |
| | <p>EXHIBIT HALL CHAMPAGNE WELCOME 12 p.m., Thursday, August 5</p> |
| | <p>COMPLIMENTARY ICE CREAM IN EXHIBIT HALL 3-4 p.m., Thursday, August 5 (Ashley) and Friday, August 6 (RentSmart)</p> |
| | <p>APRO PRESIDENT'S RECEPTION 5:30-7 p.m., Friday, August 6</p> |
| | <p>CONTINENTAL BREAKFAST 9-10:30 a.m., Saturday, August 7</p> |
| | <p>AWARDS RECEPTION 7-8 p.m., Saturday, August 7</p> |
| | <p>AWARDS DINNER: "HAVANA NIGHTS" 8-10 p.m., Saturday, August 7</p> |
| | <p>COMPLIMENTARY RELAXATION STATION</p> |
| | <p>CONVENTION DAILY NEWSLETTERS/BADGES AND NECK STRAPS</p> |
| | <p>REGISTRATION COMPUTERS</p> |
| | <p>REGISTRATION ELECTRONICS</p> |
| | <p>INTERNET CAFÉ</p> |
| | <p>CONVENTION TOTE BAGS</p> |
| | <p>POCKET SHOW GUIDE</p> |

plaints with law enforcement in order to have their merchandise checked with pawn detail.

NARDA announces new education director

Bill Sobel, former director of sales and distribution training and performance services at Whirlpool Inc., has joined the North American Retail Dealers Association as



director of education. Sobel was the original director of Whirlpool's Performance Solutions Center, which developed and implemented performance improvement solutions to help Whirlpool achieve cor-

porate objectives.

Prior to working at Whirlpool, Sobel was employed at Unisys Corp. and also ran his own training and development organization in Indiana.

"Bill is a first-rate

educator with a goal-oriented, people-centered method for developing creative solutions that increase performance," says NARDA President/CEO Tom Drake. "We are very pleased to have him on our team."

E-MAIL ALERT

The APRO staff has changed e-mail addresses. Please update your address books!

- Executive Director Bill Keese: bkeese@aprovision.org
- Office Manager Tulisha Carson: tcarson@aprovision.org
- Marketing Director Cindy Ferguson: cferguson@aprovision.org
- Art Director Neil Ferguson: nferguson@aprovision.org
- Membership Director Laurie Hill: lhill@aprovision.org
- Administrative Manager Jeannie Hutchison: jhutchison@aprovision.org
- Education Director Shelley Martinek: smartinek@aprovision.org
- Public Affairs Director Richard May: rmay@aprovision.org
- Communications Director Julie Sherrier: jsherrier@aprovision.org
- Government Relations Director Ron Waters: rwaters@aprovision.org

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2004 RAE Awards competition winners

There were 144 entries in this year's Rental Advertising Excellence contest, which was judged by Matt Belew of GSD&M, a nationally recognized advertising agency. The winning entries will be on display in the exhibit hall at the APRO 2004 Convention and Buying Show. The entries were divided into two categories and judged separately. The first category included entries that were created in-house. The second category included entries that were created by an advertising agency.

In-house category winners

Print materials—brochure or free-standing insert— one page, front and back

| | |
|--------|--|
| Gold | Shannon and Cynthia Strunk, Baber's Inc. |
| Silver | Lois Slatton, Buddy's Home Furnishings |
| Bronze | Larry Tinney, Royal Crown Leasing Inc., dba Rent America |

Print materials—catalog/brochure, four pages or more

| | |
|--------|-----------------------------|
| Gold | David Ingram, easyhome Ltd. |
| Silver | David Ingram, easyhome Ltd. |
| Bronze | David Ingram, easyhome Ltd. |

Print materials—in-store point-of-rent signs, posters, banners

| | |
|--------|-----------------------------|
| Silver | David Ingram, easyhome Ltd. |
|--------|-----------------------------|

Print materials—other (door hangers, coupons, contests, etc.)

| | |
|--------|---|
| Gold | Amy McKinney, ColorTyme Inc. |
| Silver | Darenda Smith, ColorTyme Inc. |
| Bronze | David Ingram, easyhome Ltd. |
| Bronze | Larry Sutton, Rent-n-Roll Custom Wheels and Tires |

Order solicitation—direct mail pieces or campaign for direct response

| | |
|--------|---|
| Gold | Craig Bloomquist, ColorTyme Inc. |
| Silver | David Ingram, easyhome Ltd. |
| Silver | Larry Carrico, SKC Enterprises Inc., dba Rent One |
| Bronze | David Ingram, easyhome Ltd. |
| Bronze | Lois Slatton, Buddy's Home Furnishings |

Newspaper—color, half page or more

| | |
|--------|-----------------------------|
| Bronze | David Ingram, easyhome Ltd. |
|--------|-----------------------------|

Radio—60-second spot

| | |
|------|---|
| Gold | Larry Sutton, Rent-n-Roll Custom Wheels and Tires |
|------|---|

Television—less than \$1,000 to produce

| | |
|--------|---|
| Gold | Larry Sutton, Rent-n-Roll Custom Wheels and Tires |
| Silver | Larry Carrico, SKC Enterprises Inc., dba Rent One |

Television—more than \$1,000 to produce

| | |
|--------|---|
| Gold | Larry Carrico, SKC Enterprises Inc., dba Rent One |
| Silver | Lois Slatton, Buddy's Home Furnishings |

Specialty item—giveaway as a referral item, bonus gift with rentals

| | |
|--------|--|
| Gold | Lois Slatton, Buddy's Home Furnishings |
| Silver | David Ingram, easyhome Ltd. |
| Bronze | Lois Slatton, Buddy's Home Furnishings |

Billboard/outdoor—any size

| | |
|--------|---|
| Gold | Lois Slatton, Buddy's Home Furnishings |
| Silver | Larry Sutton, Rent-n-Roll Custom Wheels and Tires |
| Bronze | Shannon and Cynthia Strunk, Baber's Inc. |

Creative campaign design—using print, TV and/or radio

| | |
|------|---|
| Gold | Larry Sutton, Rent-n-Roll Custom Wheels and Tires |
|------|---|

Community relations program

| | |
|--------|---|
| Gold | David Ingram, easyhome Ltd. |
| Silver | Larry Carrico, SKC Enterprises Inc., dba Rent One |

Store display/layout—spatial relationships, lighting, etc.

| | |
|------|-----------------------------|
| Gold | David Ingram, easyhome Ltd. |
|------|-----------------------------|

Web site or online presence

| | |
|--------|---|
| Gold | David Ingram, easyhome Ltd. |
| Silver | Larry Carrico, SKC Enterprises Inc., dba Rent One |
| Bronze | Lois Slatton, Buddy's Home Furnishings |

Ad agency category winners

Print materials—brochure or free-standing insert— one page, front and back

| | |
|--------|--|
| Gold | Bill Morgenstern, RentWay Inc.; ad agency: Kip Botirius, Hitchcock Fleming & Associates Inc. |
| Silver | Craig Bloomquist, ColorTyme Inc.; ad agency: Mitch Brazell, C3 Premedia |
| Bronze | Mike Tissot, Countryside Rentals; ad agency: Marty Smith, Imagery Marketing Consultants |

Print materials—catalog/brochure, four pages or more

| | |
|--------|--|
| Gold | Shannon and Cynthia Strunk, Baber's Inc.; ad agency: Countryside Rentals Art Dept. |
| Silver | Bill Morgenstern, RentWay Inc.; ad agency: Kip Botirius, Hitchcock Fleming & Associates Inc. |
| Bronze | Craig Bloomquist, ColorTyme Inc.; ad agency: Mitch Brazell, C3 Premedia |

Print materials—in-store point-of-rent signs, posters, banners

| | |
|--------|--|
| Gold | David David, Full-O-Pep Appliances; ad agency: Greg Batt, Ad Design Inc. |
| Silver | Bill Morgenstern, RentWay Inc.; ad agency: Kip Botirius, Hitchcock Fleming & Associates Inc. |
| Bronze | Craig Bloomquist, ColorTyme Inc.; ad agency: Mitch Brazell, C3 Premedia |

Print materials—other (door hangers, coupons, contests, etc.)

| | |
|--------|--|
| Silver | Bill Morgenstern, RentWay Inc.; ad agency: Kip Botirius, Hitchcock Fleming & Associates Inc. |
| Bronze | David David, Full-O-Pep Appliances; ad agency: Greg Batt, Ad Design Inc. |

Order solicitation—direct mail pieces or campaign for direct response

| | |
|--------|---|
| Gold | Dan Chaudoir, Central File Inc. |
| Silver | Dan Chaudoir, Central File Inc. |
| Bronze | David David, Full-O-Pep Appliances; ad agency: Greg Batt, Ad Design Inc. |

Newspaper—black and white, half page or more

| | |
|--------|--|
| Silver | Mark Speese, Rent-A-Center; ad agency: Jill Jennings, EURO RSCG |
|--------|--|

Newspaper—color, half page or more

| | |
|--------|---|
| Silver | Mark Speese, Rent-A-Center; ad agency: Jill Jennings, EURO RSCG |
| Bronze | Robert Briley, Rent City Inc.; ad agency: Marty Smith, Imagery Marketing Consultants |

Radio—60-second spot

| | |
|--------|---|
| Gold | Craig Bloomquist, ColorTyme Inc.; ad agency: Dale Sindt, AMS |
| Silver | Craig Bloomquist, ColorTyme Inc.; ad agency: Dale Sindt, AMS |
| Bronze | Craig Bloomquist, ColorTyme Inc.; ad agency: Dale Sindt, AMS |

Television—less than \$1,000 to produce

| | |
|------|--|
| Gold | Dorothy Lebakken, Lebakken's Inc.; ad agency: Jeff Palmer, Axxess Group |
|------|--|

Television—more than \$1,000 to produce

| | |
|--------|---|
| Gold | Craig Bloomquist, ColorTyme Inc.; ad agency: Dale Sindt, AMS |
| Silver | Craig Bloomquist, ColorTyme Inc.; ad agency: Dale Sindt, AMS |
| Bronze | Craig Bloomquist, ColorTyme Inc.; ad agency: Dale Sindt, AMS |

**Specialty item—
giveaway as a referral item, bonus gift with rentals**

| | |
|--------|--|
| Gold | Mark Speese, Rent-A-Center; ad agency: Jill Jennings, EURO RSCG |
| Silver | Mark Speese, Rent-A-Center; ad agency: Jill Jennings, EURO RSCG |
| Bronze | Bill Morgenstern, RentWay Inc.; ad agency: Kip Botirius, Hitchcock Fleming & Associates Inc. |

Creative campaign design—using print, TV and/or radio

| | |
|--------|---|
| Gold | Mark Speese, Rent-A-Center; ad agency: Jill Jennings, EURO RSCG |
| Silver | Robert Briley, Rent City Inc.; ad agency: Marty Smith, Imagery Marketing Consultants |
| Bronze | Mark Speese, Rent-A-Center; ad agency: Jill Jennings, EURO RSCG |

Community relations program

| | |
|--------|--|
| Gold | Bill Morgenstern, RentWay Inc.; ad agency: Kip Botirius, Hitchcock Fleming & Associates Inc. |
| Silver | Mark Speese, Rent-A-Center; ad agency: Jill Jennings, EURO RSCG |
| Bronze | David David, Full-O-Pep Appliances; ad agency: Greg Batt, Ad Design Inc. |

Store display/layout—spatial relationships, lighting, etc.

| | |
|--------|--|
| Bronze | Bill Morgenstern, RentWay Inc.; ad agency: Kip Botirius, Hitchcock Fleming & Associates Inc. |
|--------|--|

On-hold advertising

| | |
|--------|---|
| Gold | Mark Speese, Rent-A-Center; ad agency: Jill Jennings, EURO RSCG |
| Silver | Bill Morgenstern, RentWay Inc.; ad agency: Kip Botirius, Hitchcock Fleming & Associates Inc. |
| Bronze | Craig Bloomquist, ColorTyme Inc.; ad agency: Dale Sindt, AMS |

Web site or online presence

| | |
|--------|---|
| Gold | Bill Morgenstern, RentWay Inc.; ad agency: Kip Botirius, Hitchcock Fleming & Associates Inc. |
| Silver | David David, Full-O-Pep Appliances; ad agency: Greg Batt, Ad Design Inc. |
| Bronze | Darren Tinney, Rent America; ad agency Tracy Lucas, High Touch Inc. |

I recently traveled to Washington, D.C., for the Senate Banking Committee hearing on June 22. It was one of the most significant experiences I have ever had. I had the opportunity to listen to Louisiana Senator Mary Landrieu testify on behalf of S 884—the bill that impacts our businesses—and describe the positive impact rent-to-own has in her home state. She cited some examples of how rent-to-own improves the quality of life for many of her constituents, including providing air conditioners for people who, if were not for the rental-purchase system, might otherwise have to suffer through the unbearable sum-

Newfound respect

mer heat in Louisiana. Landrieu did a terrific job describing the industry and the necessity for federal legislation. The senators listened to their colleague and seemed genuinely interested in our industry and what this legislation would do to help us as business people and as consumers. It was a proud day for the rent-to-own industry.

June 22 marked an important turn of events for the rental-purchase business and for APRO. It was apparent that we are no longer fighting an uphill battle. We are no longer the underdog. Senators and congressmen in Washington no longer need to be educated about our industry. They know what we do and see our industry as valuable in the business world of today. We have been going to Washington for 11 years, fighting to protect our customers and our businesses, and the day has finally arrived when the popular thought has changed to one of support for rent-to-own.



By LYN LEACH
APRO's President

We have all had to endure television news programs that made claims that we were ripping off poor people. We have all heard people tell us that our industry charges twice what the product is worth. But ladies and gentlemen, I am here to tell you, America knows better than to listen to that tired old rhetoric anymore. Politicians in Washington have studied our industry and found that it is an important part of the American landscape.

University of Massachusetts professors have

studied our industry and determined that rent-to-own actually helps make Americans a more valuable part of the American economy. Our businesses help to teach better payment habits to good people who otherwise may not have the opportunity to have nice household goods. The FTC has studied our industry and concluded that we have a higher customer satisfaction rate than the average retail business. In fact, any person, agency or organization that has taken the time to really study our industry and examine it without prejudice has determined that we are hard-working Americans serving hard-working Americans.

This is terrific news for those of us who have had to endure unfair attacks on our industry. It was a marvelous experience to see the tables finally turned and know that we have 27 Senate cosponsors—more than one-quarter of the United States Senate—who have looked at the facts and found the truth. We improve the quality of life for hundreds of thousands of people of every socioeconomic level by offering quality products and services. We provide home computers to families whose children would otherwise not be able to compete on a scholastic level with children from more affluent families. We cater to families that need a comfortable bed for their children. We help people acquire a living room set that gives them pride in their home. We do all this without an obligation. We put people in the driver's seat, allowing them to make decisions that impact their families in a positive way every day.

It has, indeed, been a long time coming. We are far from finished with our quest to get the legislation that we need. Because of the efforts of a great number of quality people, we are knocking on the door of federal rent-to-own law. We have come a long way and on June 22, we turned the corner and got noticed by the right people in a very positive way. I still have a button that APRO provided us many years ago. It reads, "I'm in rent-to-own and proud of it." When I got home from that Senate hearing, I dusted off that button and took the time to enjoy just how proud and fortunate we are to be in this industry. I hope you will take the time to enjoy the incredible progress we have made. ■

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

"It's apparent that we are no longer fighting an uphill battle."

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Watch for the grand opening of the World Market Center in Las Vegas in July '05... we will be there with a great showroom!

Many years ago, when I lived in the small town of Somerville, TX (population 1,250) I became friends with the owners of one of the largest companies in the region, Blue Bell Ice Cream Co. Those of you who live in Texas, Louisiana and Oklahoma probably know the name and eat Blue Bell ice cream. It is one of the nation's premium ice cream brands. If you have ever tasted "cookies and cream" ice cream, you should know that Howard Kruse, one of the owners of Blue Bell, created the flavor. It's a fact!

The value of trust

The company hit the big time several years ago with a series of television commercials about how the contented cows in Brenham—the home of Blue Bell—produce better milk, which, in turn, is the basis of Blue Bell's superior ice cream. This was an innovative series of commercials and, by Madison Avenue standards, truly effective in establishing Blue Bell as a premium brand.

Now, you need to know a little more about Howard and his brother Ed. Both are outstanding individuals—real pillars in their community in Brenham. They inherited an obscure little creamery known in only a few counties in southeastern rural Texas. Through hard work, innovation, the ability to hire good people and the foresight to establish a business culture based on the needs of human beings instead of Harvard MBA case studies, the brothers have prospered, as have their employees. Blue Bell is a very rich privately owned company with very happy and productive employees.



By BILL KEESE
APRO's Executive Director

Here is an example of a company and an advertising campaign merging to reflect a new axiom in business theory: contented cows giving better milk establishes a compelling link between an organization's leadership and employment practices and its bottom line.

The Kruse brothers, back in my day, were good conservative Democrats. However, over the past 25 years, all conservative Democrats became good Republicans. Ed and Howard are wise men

and carried their political beliefs over to their business practices. They have always believed strongly that the government—whether local, state or federal—ought to get off the backs of people and business. They also believe their role in managing their company is to get and keep "the system" off the backs of their employees so they can do their jobs better. This may be another reason their employees are so happy. Consistency is usually viewed as a virtue.

The people at Blue Bell, like all high-performance organizations, enable their employees to do their best work by providing them with the right tools, good systems, policies and procedures. They also make sure everyone is well trained. More important, they let their employees know that they are trusted!

Trust—what an important concept! Ken Burns, the great American documentary producer, has said that the greatness of America lies in that our founding fathers created a governmental system called democracy, based on an individual's ability to trust his fellow man and, more important, his ability to trust in himself. Mutual trust, therefore, can be said to be a main premise upon which our American culture is based.

On my last trip to Washington, D.C., to witness the Senate Banking Committee hearing, I had the opportunity to ride the Amtrak train from the Baltimore airport to D.C.—saving money for APRO. I read with interest an article in Amtrak's magazine about conflict and anger management written by Samuel Greengard. He notes the primary reason that organizations falter in achieving their goals and mission is mistrust within an organization.

As I get older and experience more situations, I am more convinced than ever that my friends at Blue Bell Creamery are very wise men. For an organization to succeed, management trusting workers and workers trusting management is the fundamental foundation that all is built on. Without trust, success is not an option. ■

Bill Keese's e-mail address is bkeese@aprovision.org.

"The people at Blue Bell make sure everyone is well trained. More important, they let their employees know that they are trusted!"

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Beef up your profits with reliable rent-to-own software from High Touch. Coupled with a superior operating system, **PRO/STORE** does its job day in and day out . . . with unsurpassed uptime.

The High Touch system is rock solid and offers users these benefits:

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- **Exceptional virus immunity;** no additional software needed
- **Secure data;** automatic restart capabilities protects data during power interruption
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"We've used High Touch products for almost 15 years and consider their software and operating system the most reliable for the RTD industry. They're the best out there, that's why we choose them. To be productive and profitable, we have to be able to depend totally on our computer systems; we've had virtually no downtime with High Touch's superior PRO/Store software and their solid operating system."

Chad Mitchell
Kelly Rentals



High Touch
REACH HIGHER



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A financial analyst following the public RTO companies called to talk about the business the other day. He wanted to know why the RTO customer base of 3 million households, more or less, had been stagnant over the past few years. An excellent question. If I knew the answer, I would bottle it and sell it for a very high price to rental dealers. I told him that I didn't know the answer and rental dealers don't know the answer either, else the question would not persist.

It is a bit platitudinous simply to declare, "Well, there are some people who just will never rent."

The big question

You will read elsewhere in this magazine that the industry's target "sweet spot" is some 44 million households (annual income \$15,000–\$50,000). Forty million households are too many to write off as "non-renters."

It is not as if we are not trying to find an answer to this question. APRO is currently sifting through the results of recent telephone surveys and focus groups of non-rental customers looking for some insight into the question and, no doubt, the big companies are regularly doing the same thing. At the same time, there is now academic interest in the how's and why's of RTO demand. Bright people with Ph.D.'s in economics are examining records of RTO transactions to determine better their place in the economy. Maybe more such study is needed.



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

Behavioral economics studies how people spend their money and why. Maybe the industry needs to probe behavioral economics more deeply.

That it is a persistent question indicates that it is a complicated one. That the industry still bears taint in the eyes of consumers seems to be at play, but among how many? And how grievous is the taint? Can it be overcome or is it intractable?

That RTO pricing for electronics when compared with big box retail pricing seems high is still at play. It is the quarrel that consumer advocates have with the industry, not that they are shaping public opinion. The industry does not parry the

price comparison deftly and our explanation is long and cumbersome. When I want to remind myself of the old Curtis Mathes ads about "the most expensive TV sets in America and darn well worth it," I am reminded that Curtis Mathes went out of business selling those expensive TVs.

If pricing is at play, does the door to new customers open if RTO pricing is lowered? One large company seems to be lowering RTO pricing and yet that company's move has not expanded the 3 million household customer base number, at least not yet.

Are macro economic factors at play? The economy has been both down and up during the industry's plateau at 3 million households. The lament of the party out of power in this year's elections is that the rich are getting richer and the poor are getting poorer—Senator Edwards' "Two Americas" stump speech. If he's right, more low-income consumers ought to mean more rental customers.

Can public relations effect public perception? A whole industry of PR professionals would insist that it can and, indeed, the industry's public relations efforts have been somewhat dormant lately, taking a back seat to the full-bore federal legislative effort.

If the industry threw a million dollars at some well-crafted public relations campaign, could it expand the customer base by half a million or so customers? That would be a good investment, but the fact is that no one knows for sure if such a campaign would have any impact at all.

We had a pleasant visit about the business, the financial analyst and I, and then hung up without getting a good answer to his question. If the answer is ever found, hold onto your hats. The industry does not have to attract the whole potential customer base to change the entire calculus of the business. Going from 3 million to 6 million customers—14 percent of 44 million—doubles the existing business.

We've proven to be very good at servicing the customers we have. They like us for the most part and come back. They won't all tell their friends about us, but some do. Without intending to sound greedy, we do want more of that sweet spot. If you are reading this and have some ideas about how to expand the customer base, send them in and we'll spread the word. ■

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

**"If I knew the answer,
I would bottle it
and sell it for a very
high price to rental
dealers."**

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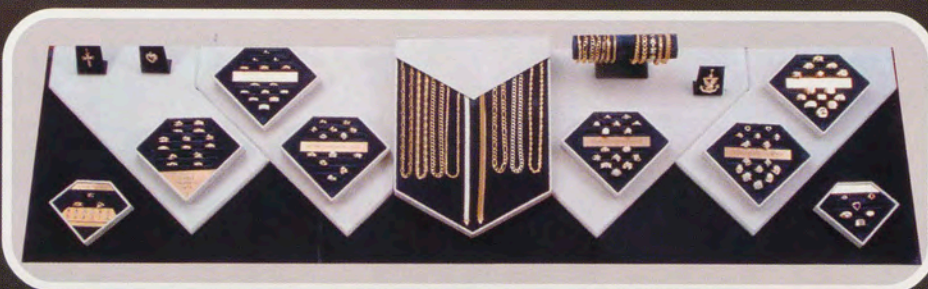
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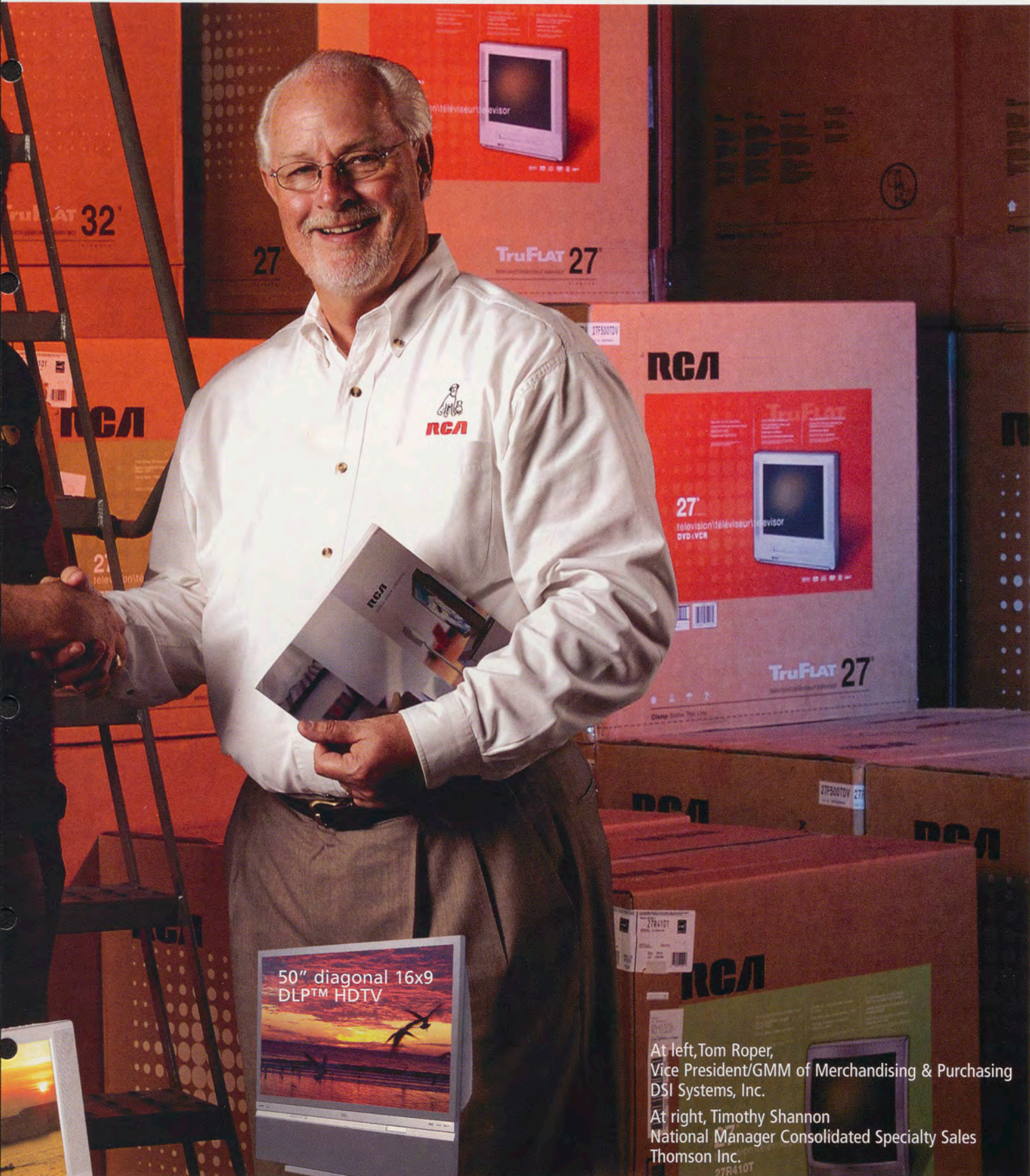
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At right, Timothy Shannon National Manager Consolidated Specialty Sales Thomson Inc.

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FOR THE FIRST TIME IN 20 YEARS, THE U.S.



senate considers rent-TO-OWN LEGISLATION

Capitolsteps

The Senate Banking Committee recently held a hearing on financial services reform, aka deregulation, which included testimony for and against S 884, the pending "Consumer Rental-Purchase Act of 2003." It is the first time in more than 20 years that the world's greatest deliberative body, the U.S. Senate, has actively considered RTO legislation. The first time the Senate looked at the industry was in 1983. It has taken this long to get RTO back on the table.

BY ED WINN III

PHOTOGRAPHS BY ERNIE LEWALLEN
AND BILL KEESE

A HISTORICAL PERSPECTIVE

The first RTO bill in the Senate was sent by the Federal Reserve Board as part of a package to simplify the Consumer Leasing Act, much as the Truth In Lending Act had been simplified by the previous Congress. Senate Bill 1152 was described as a bill "to amend the Consumer Credit Protection Act with respect to consumer leases and rental-purchase agreements."

At the hearing in 1983, a National Consumer Law Center attorney testified with tales of expensive TVs and consumer abuse in Connecticut, Ohio, Pennsylvania and South Carolina. At the time, whether the industry should have to disclose the total RTO price in the rental agreement was still actively being debated. This disclosure, one of six, was in the bill in 1983. The NCLC wanted the law to prevent "whispered options," where the written agreement was for a

had read her RTO agreement, she did not understand it. Interestingly, the legal aid attorney testified that RTO agreements have their place in the economy:

"Quite often we have a situation where a consumer will lose a job and there's no extra money, there's no savings account to tide them over until they find another job, so in some cases, they might prefer a rental agreement that they would not be obligated for the total of payments that they would be obligated to make under a retail installment contract. It's an alternative financing method that might be valuable to some."

At the time, the furniture rental industry dwarfed RTO and representatives from that industry also testified. They explained that furniture rental dealers would not be able to make an accurate cash price or fair market value disclosure in a rental agreement because they literally never made cash sales and

might be new or it might be used. There was no way of knowing at the time the agreement was executed. The furniture rental industry opposed the pending bill as unnecessary and urged Congress not to disrupt "an already smoothly functioning industry."

Also appearing on the RTO issue in 1983 was a representative from the American Rental Association, which is the trade association for rental yards. The ARA testimony was that the fledgling RTO industry threatened to ruin the good name of "rental" and that the law and everything related to RTO should be changed to "lease."

After this hearing in the subcommittee on consumer affairs, the full Senate Banking Committee voted the bill out of committee to the full Senate on a straight party-line vote. In the full Senate, the leasing/RTO bill was made part of the Omnibus Bank Deregulation bill, which was passed by the Senate during the waning days of the 98th Congress by a vote of 94-0. The Omnibus bill with the RTO language intact was sent to the House where no action was taken before Congress adjourned and so the bill died.



APRO ATTENDS THE HEARING, JUNE 22: JON ROSE, DOUG WILLS, LYN LEACH, JOHN RAFFAELLI, CYNTHIA BABER STRUNK, SHANNON STRUNK, ERNIE LEWALLEN, ED WINN III, JIM BUTERA, RON WATERS, TONYA SAUNDERS AND CHRIS KORST. PHOTOGRAPH BY BILL KEESE.

rent-to-rent transaction and the purchase option was "whispered" to the consumer. The level of mistrust of industry practices was considerably higher then than now.

There were also RTO customer witnesses, two from Miami, appearing with their legal aid attorney, one of whom testified that she paid \$2,109 for a TV set worth \$638 and, further, that while she

did not think that their rental consumers would be interested in such a disclosure. Nor could the industry accurately disclose whether the rental property was new or used. This was because furniture rental customers signed agreements for, usually, apartments full of furniture, 12 to 20 items, which would later be chosen from the merchandise available in a warehouse somewhere. The red sofa

MAKING GAINS

Bits and pieces of the Omnibus bill were reintroduced in subsequent sessions of Congress. Some parts were passed, but the U.S. Senate has paid little official attention to RTO until lately. In 1993, Senator Metzenbaum introduced a companion bill to Representative Gonzalez's efforts to regulate RTO out of business, but no action was ever taken on the Metzenbaum bill and Gonzalez's bill died in his own committee.

In the next Congress, in 1994, Senator Shelby introduced a companion bill to Representative LaRocco's RTO bill, which the industry supported, but once again, both bills died in committee with no action being taken at all in the Senate.

The industry continued to make friends in the Senate and has not been without Senate supporters over the past decade. However, in the absence of any



meaningful action in the House on RTO legislation, the Senate has taken a more passive roll on the RTO issue, preferring to get a bill sent over from the House before taking the issue up seriously.

The House finally voted on RTO in 2002, this time as a stand-alone bill. There were contentious hearings, multiple mark-up sessions at the committee level and, finally, a full floor vote in the House and a close one at that. The bill passed 215–201 and was sent to the Senate in the closing days of the 107th Congress. The Congress adjourned before the Senate considered the bill.

A NEW ERA OF SUPPORT

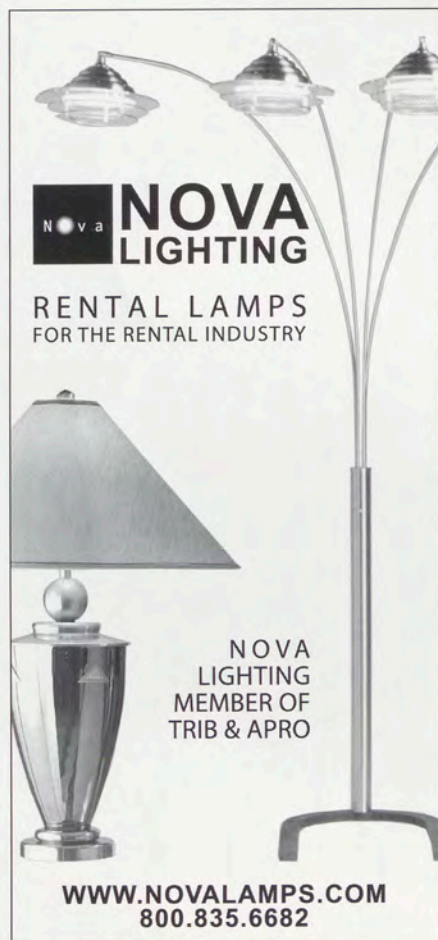
In this new Congress, the 108th, the House leadership told RTO industry leaders that there would have to be action in the Senate before the House would reconsider the RTO issue. It was, therefore, with a sense of history and guarded optimism that the industry watched the Senate Banking Committee convene for a hearing on June 22. The title of the hearing was “Consideration of

THE HEARING WAS A SMOOTH, NON-CONFLICTED AFFAIR. THE WITNESSES TESTIFIED WITH FEW INTERRUPTIONS AND FEW QUESTIONS. SENATOR LANDRIEU WAS THE FIRST WITNESS TO TESTIFY AND HER UNDERSTANDING OF AND SUPPORT FOR THE RTO INDUSTRY AND HER BILL WAS MUCH APPRECIATED BY THE COMMITTEE.

Regulatory Reform Proposals.” Importantly, the committee did not meet to consider any particular piece of pending legislation. Instead the committee met to hear testimony on a variety of issues of which RTO was one.

In all, 19 witnesses testified and, in general, the testimony was about the relationships among and the powers of the different kinds of financial institutions in the country—large banks, small banks, state banks, federal banks, savings and loans, credit unions and industrial loan companies. The issues before the committee were many and complex. Here is a sampling of those issues:

- whether to allow interest to be earned on business checking accounts;
- whether to allow interest on Federal Reserve Bank depository institution accounts;
- whether to increase the flexibility of the FRB to set reserve accounts for national banks;
- whether to eliminate barriers to de novo branch interstate banking;
- whether to reduce cross-marketing restrictions of depository institutions controlled by one financial holding company;
- whether to extend the bank exemptions from investment adviser and



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- broker-dealer registration requirements to savings and loans;
- whether to allow auto loans by savings and loans;
- whether to expand savings and loans' authority to own credit card savings associations;
- whether to reduce the audit levels of community banks;
- whether to increase the commercial lending limits for savings and loans;
- whether to simplify dividend calculations for national banks;
- whether to enact more efficient reporting requirements under the Bank Secrecy Act and the U.S. Patriot Act;
- whether to expand federal court jurisdiction for suits involving national banks and savings and loans;
- whether to expand the powers of industrial loan companies; and
- whether to recognize and regulate RTO transactions at the federal level.

In 1996, Congress enacted the Economic Growth and Regulatory Paperwork Reduction Act. That statute requires several federal agencies that regulate financial institutions to review all regulations every 10 years to identify "outdated, unnecessary regulatory requirements." The first review period under this law ends in September 2006. Review has already been underway and many of the reforms called for by witnesses during this hearing stem from reviews instigated under this Act.

Of the 19 witnesses called before the committee in June, two were U.S. Senators—one of whom, Senator Landrieu, testified solely in support of the RTO issue and S 884, of which the senator is the primary sponsor—seven were from federal or state government agencies with oversight over financial institutions, eight were from the financial services industry and two witnesses represented consumer interests on behalf of six different consumer organizations.

One of the consumer advocates, the U.S. Public Interest Research Group executive director, mentioned the RTO issue in passing and offered the traditional criticism of the industry—that of too high prices for ownership, with nothing new. The consumer advocates were against nearly every proposal advanced in the name of regulatory relief. Their task to identify and criticize every pro-

posed change with any perceived anti-consumer impact was so daunting that the legal aid witness felt compelled to declare to the committee that just because she did not actively condemn a proposal, her silence was not to be taken as an implied approval by the consumer advocate groups that she represented.

The hearing was a smooth, non-conflicted affair. The witnesses testified with few interruptions and few questions. Landrieu was the first witness to testify and her understanding of and support for the RTO industry and her bill was much appreciated by the committee. The only negative comments about RTO came several hours later when the U.S. PIRG witness gave the issue 30 seconds of his time.

THE NEXT CAPITOL STEP

With the Senate hearing over, the industry will look to the House to take up the RTO issue again. The House can streamline the legislative process if it wants to since the pros and cons of the pending RTO bill were so thoroughly ventilated in the last Congress. And it is a good thing that the House can move swiftly, because in a presidential election year, there are not many days left when Congress is convened for business.

There is always much work awaiting a Congress toward the end of a legislative session, as now. Late night deals get struck and bills move when the pressure to get things done disturbs the natural inertia that is a built-in part of the legislative process.

Rental dealers as citizens have done a Herculean job in recent years heating up the level of congressional attention to the truths of the RTO industry. Passage of a stand-alone RTO bill by the House showed Congress the seriousness and resoluteness of purpose of the supporters of RTO legislation. Now, with action in both the House and the Senate, Congress may be ripe for passage of an RTO statute at long last. It has been long time coming. ■

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

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TAMPA





TIMEY!

It's that time of year again, when company executives, store owners and their employees converge at the annual APRO Convention and Buying Show to find out the latest and greatest in the world of RTO. Now that the 2004 show is ready to go and choc full of insightful guest speakers and endless exhibits, *Progressive Rentals* set out to discover more about our

host city, Tampa Bay, and all it has to offer. ☀ What we found were rich histories, vibrant cities, eclectic communities, lazy beaches, kid-friendly parks, colorful museums, happening night spots, good eats and much more. ☀ Terry Beville, vice president and CFO of Buddy's Home Furnishings, as well as the current president of the Florida Rental Dealers Association, has lived in Tampa for 55 years. "Tampa is a great place because there's so much to do in and around the city," he says. "You have Busch Gardens, the Florida Aquarium and the beaches are a short drive from the hotel. Then you have places like Disney World just a couple hours away." (See sidebar on the following page.) ☀ So, whether you're planning a vacation around the convention or are here only for business, take some time to learn about Tampa and the hot spots you shouldn't miss!

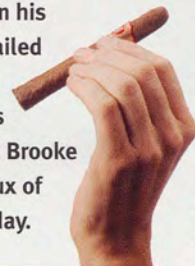
APRO's 2004 Convention and Buying Show is set in one of the country's most exciting cities. Stephen Schenck talks to Tampa locals who offer a wealth of possibilities for Floridian fun.

* TAMPA BAY HISTORY *

Although our hotel, the Tampa Marriott Waterside, is technically located in the heart of Tampa (population 300,000), the city of Tampa actually lies within a much larger metropolitan area, known as Tampa Bay. No longer just a body of water on Florida's west coast, Tampa Bay is home to more than two million people and encompasses Tampa, St. Petersburg, Clearwater, Tarpon Springs and all the stops in between. It is the most populous metropolitan area in Florida and also the state's largest television market.

The history of Tampa Bay can be traced back to Native Americans who settled in the area hundreds of years ago, naming their village "Tanpa," meaning "sticks of fire." The spelling became "Tampa" on the maps of early explorers, two of which were Ponce de Leon, who began his search for the fountain of youth south of Tampa in 1521 and Hernando de Soto, who sailed into the bay to search for gold in 1539.

Despite these early visits, the western coast of Florida wasn't the focus for settlers until the United States purchased Florida from Spain in 1821 and promptly set up Fort Brooke in what is now downtown Tampa. Over the next century, Tampa Bay would see an influx of industry and new settlements, eventually creating the metropolitan area we know today.



* LOCAL CULTURE *

Ybor City (pronounced EE-bore) played a significant role in the development of Tampa Bay. The city takes its name from Don Vicenté Martinez Ybor, a cigar manufacturer and Cuban exile who brought his cigar business to the area from Key West in 1885. After the first

cigar factory opened a year later, more Spanish cigar manufacturers followed, transplanting their factories and workers to Tampa.

At its peak, the cigar industry employed nearly 12,000 Spanish, Italian, German and Cuban workers and produced 700 million cigars a year. After being revitalized in the early 1990s, Ybor City is now des-

ignated as one of three National Historic Landmark districts in Florida and is a center for nightlife in Tampa. Ybor's cobblestone streets also feature upscale



dining, shopping, Cuban sandwiches, traditional hand-rolled cigars and museums.

"A perfect day for someone new to Tampa would probably include a visit to Busch Gardens in the morning, then in the afternoon I'd take the trolley to the historic district of Ybor City," says Melissa Sulsberger, director of marketing at Buddy's Home Furnishings. "Ybor City has a bunch of Spanish restaurants. My favorite is Columbia. It's 80 years old and has flamenco dancers and really captures the flavor of old Tampa."

Founded in 1905, Columbia Restaurant (812/248-4961) is Ybor City's most famous attraction and is impossible to miss. The restaurant has a Mediterranean style and is enormous—stretching a full city block and holding up to 1,600 people. Columbia offers authentic Spanish-Cuban cuisine, such as paella and empanadas, as well as a wide selection of seafood and meat entrées, tapas and sandwiches. The restaurant is also well known for its lively atmosphere, complete with flamenco dancers. In fact, the *Tampa Tribune* listed Columbia as one of the 10 best Tampa Bay attractions.



* FAMILY FUN *

Busch Gardens (813/987-5000), Tampa's No. 1 attraction, is one of the many reasons why Tampa is a favorite destination for families and children. The park



More Tampa Bay sites and stops

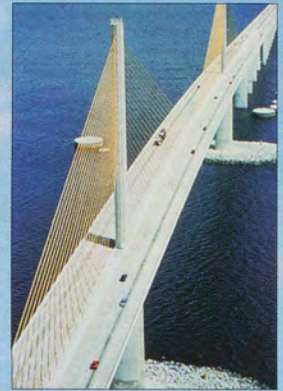
Bern's Steakhouse
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813/251-2421

For anyone seeking the ultimate fine dining experience, Bern's Steakhouse is renowned. Though steaks are the restaurant's specialty, the diverse menu offers a variety of other meat and seafood choices to satisfy any craving. Additionally, Bern's features its own live fish tank, bakery, coffee roaster, upstairs dessert parlor and organic garden. It also boasts "the largest wine cellar of any restaurant in the world," which includes more than 6,900 unique wine labels. "Bern's is just a fantastic place," says Beville. "I think it's the best steakhouse in the world." Reservations are required.



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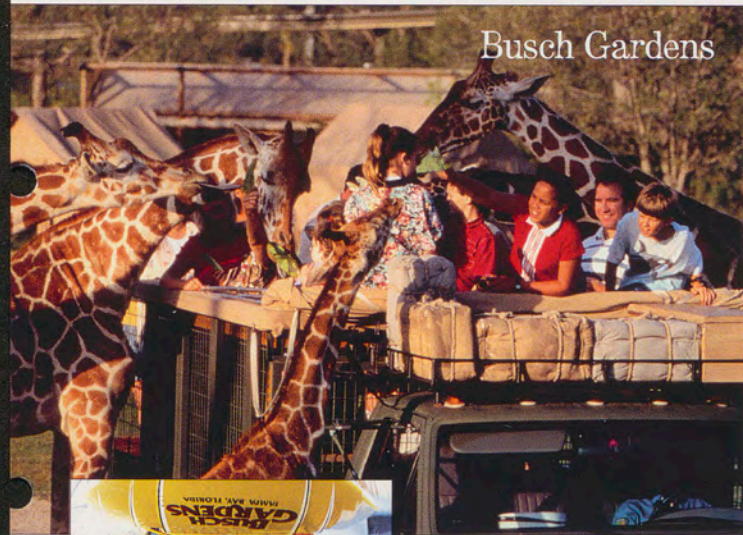
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contains adventure rides, shows, shops and restaurants, spread out over 300 acres of various "African lands," such as Egypt, Timbuktu and Morocco and is guaranteed to wow kids and adults alike. More than 2,700 exotic animals from around the world wander

freely as rides allow you to pass over and around them. The park also features roller coasters and a raging river ride. Adult admission is \$49.95; for children ages 3 to 9, admission is \$40.95.

Adventure Island (813/987-5600), located next door to Busch Gardens, is also owned by Busch and is considered one of Florida's best water parks. Attractions include the Tampa Typhoon, the



dinner, you can cut loose on the dance club floor or check out one of the bands playing onstage.

*** THE GREAT OUTDOORS ***

As awesome as its commercial attractions may be, for many it is Tampa's natural beauty that will always be its top selling point. From its tropical weather and near constant sunshine to its white sand beaches and deep-sea fishing, Tampa Bay was made for people who love to get outside and leave the city behind.

"One of the best parts of living here is definitely the weather because the sun is always shining and the winters are really mild," says Joe

"One of the best parts of living here is definitely the weather because the sun is always shining."

Endless Surf Pool, the Splash Attack Maze and the Caribbean Corkscrew. Admission is \$27.95 for adults and \$25.95 for children 3 to 9 (plus tax). Both Busch Gardens and Adventure Island are located in northeast Tampa,

Miles and miles of Florida fun

From Tampa, you're not too far from other Florida hot spots:

- Orlando: 85 miles
- Clearwater: 20 miles
- Ft. Lauderdale: 234 miles
- Miami: 245 miles
- St. Petersburg: 19 miles
- Daytona Beach: 139 miles

about 30 minutes from the hotel.

For family entertainment within walking distance or a short trolley ride from the convention center, the Channel District, along Channelside Drive, has much to offer. While walking along the waterfront, you can watch cruise ships dock in the Port of Tampa, stop in for a movie at the IMAX theater or relax at the many restaurants, dance clubs, piano bars and unique shops along the way.

The Florida Aquarium (813/273-4000) is the focal point of the district and is part of the Garrison Seaport Center. With more than 152,000 square feet tucked beneath a seashell-shaped

dome, exhibits recreate various water environments inhabited by sharks, angelfish, jellyfish and octopi. Popular features are a tank that holds sharks and rays that are safe to pet and the daily shark feeding shows. Admission for adults is \$15, while seniors pay \$12 and children \$10.

Stump's Supper Club (813/226-2261) is also located in the new Channelside complex downtown and features "Southern cooking and deep-fried dancing." The menu offers traditional Southern fare, from cornbread and black-eyed peas to barbecue ribs and meatloaf, as well as a variety of steaks and seafood. After

Gazzo, president of Buddy's Home Furnishings. "Of course, in August it's hot and the humidity is going to be 100 percent, but Tampa culture is very outdoorsy. People are always out rollerblading or jogging, especially along Bayshore Boulevard." Known as the world's longest sidewalk, Bayshore Boulevard borders Tampa Bay for 4.5 miles without a break and is frequented by joggers, skaters, walkers and bikers.

"Tampa was much smaller when I first arrived 23 years ago," says Melissa Sulsberger. "It has boomed during the past several years, but probably the first thing that made an impression on me was the beaches,

which are great.” Ben T. Davis Municipal Beach (813/274-7719) is Tampa’s lone saltwater beach, which lies on the Courtney Campbell Causeway, in northwest Tampa, but for the serious beach bum, St. Pete Beach and Clearwater are the places to be.

St. Pete Beach is located on Long Key, a 7.5-mile island just west of St. Petersburg, and is famous for its interesting history, as well as its beaches. The pink, 70-year-old Don CeSar Resort was once a stomping ground for 1920s celebrities such as Al Capone and F. Scott Fitzgerald.

Clearwater Beach, though not as well known as St. Petersburg or St. Pete Beach, has beaches that rival any beach along Florida’s western coast. About a 30-

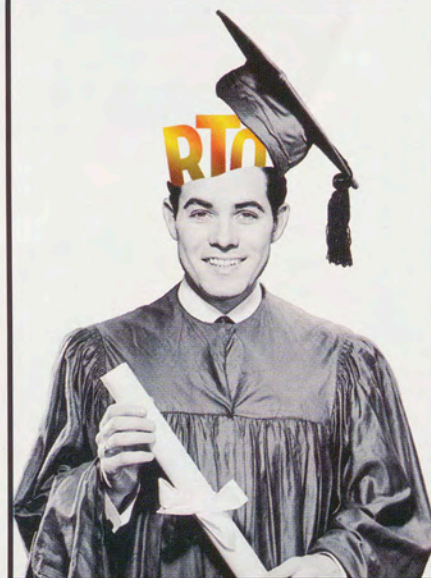
minute drive from Tampa, Clearwater also is abundant with other recreational activities. Boat tours, like the ones offered at Sea Screamer (727/447-7200) take families on hour-long trips visiting dolphins, beaches and the Gulf.

In addition to tours, scuba diving, snorkeling, parasailing and fishing charters are available along Clearwater Marina. “I like fishing, so if it was up to me I’d charter a boat in Clearwater and do some deep sea fishing,” says Gazzo. Gypsy (727/461-4882), also located along Clearwater Marina, offers fishing charters for six people or less at a rate of \$75 per hour. ■

Stephen Schenck is a free-lance writer based in Austin, TX.



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BY ROBERT STRAUS

MAPPING OUT RENT-TO-OWN ON

Wall Street

**EDITOR'S NOTE:
FINANCIAL ANALYST
ROBERT STRAUS WILL
PRESENT A SEMINAR,
"WHAT WALL STREET
ANALYSTS ARE
SAYING ABOUT RTO,"
DURING THE 2004
APRO CONVENTION
AND BUYING SHOW,
9-10:30 A.M.,
AUGUST 6 AT THE
TAMPA CONVENTION
CENTER.**

Rent-to-own operators are benefiting from strong fundamentals in the rental industry. The industry generates annual revenue of approximately \$6 billion and has grown 5 percent, on average, over the past five years. RTO operators are becoming a more visible group as indicated by a 23 percent increase in the Association of Progressive Rental Organizations' member stores in 2003 versus 2002. (This percentage excludes the stores of Aaron Rents, the industry's second-largest operator, which only joined APRO in November 2003.) ✧ RTO continues to provide opportunities that are especially attractive for entrepreneurs. Unlike many traditional retail businesses, RTO operators tend to generate comparatively strong cash flow, which has resulted in a fragmented industry composed of profitable small operators.





As a senior equity analyst covering the consumer and retail sectors for Independent Research Group—a wholly owned subsidiary of TheStreet.com—there are certain responsibilities required to represent an industry. In my research of the RTO industry, I would like to share an overview of the industry, as well as discuss the industry's leading operators—Aaron Rents, Rent-A-Center and RentWay—and the overall industry outlook. Independent Research Group maintains research coverage of all three stocks, with Buy ratings.

My job is to search for compelling investment ideas that I consider under- or over-valued—often because a company or industry is misunderstood or less visible. To build an investment case, I conduct in-depth industry interviews, read up on my subject company and its competitors, aggregate industry data and seek stock-specific catalysts.

In general, I favor companies with strong competitive positions and solid management that operate in niche markets. As a screening tool in the search for investment opportunities, I use a proprietary database with more than 900 consumer and retail companies. Also, I emphasize the analysis of cash flows and valuation parameters—how is my subject company valued on various financial measures, on an absolute basis and relative to its publicly traded peers.

PLENTY OF ROOM FOR GROWTH

Based on my discussions with public and private RTO operators, I believe industry growth trends remain solid. My industry checks suggest that the number of RTO operators is on the rise, which is an encouraging sign. Independent operators appear to be attracted to RTO's cash flow potential and the industry's view that customers can be served better by a smaller-scale operation. At present, the RTO industry has 3 million U.S. clients. By my estimate, this represents only 7 percent of the industry's addressable market—based on the most recent U.S. Census indicating that there are roughly 44.5 million U.S. households that generate annual income of \$15,000 to \$50,000, the RTO-opportunity sweet spot. These strong macro industry fundamentals should support the efforts of large and small operators.

The RTO industry serves the needs of a specific consumer segment that is not met by traditional retailers. It's a niche segment of retail. The RTO operator provides an alternative for consumers who lack the credit or available cash to purchase goods such as major appliances, furniture and electronics.

There are three types of RTO customer: 1) con-

sumers who lack credit or the available cash to purchase goods at typical retailers; 2) consumers and businesses that have temporary needs; and 3) customers who have the credit or cash availability, but have an interest in trying out a particular brand or model before making a final purchase. In my estimation, more than 90 percent of RTO customers are those who lack credit or the available cash to purchase merchandise at traditional retail stores. These customers are drawn to the flexibility of RTO agreements, which

offer an option to purchase merchandise, yet allow the customer to be free from obligation beyond a weekly or monthly commitment.

THE RTO GROWTH, CASH FLOW AND TURNAROUND STORIES

The top-three publicly traded companies offer three distinct investment opportunities: Aaron Rents as the growth play, Rent-A-Center as the cash flow story and RentWay as the turnaround story. As a result of these different perspectives, there is opportunity in the RTO sector for many different types of investors. Risks that may affect these companies include uncertainty regarding federal regulation, pressure from consumer advocacy groups, acquisition-related integration risk and failure to implement key strategies and growth plans.

Aaron Rents is an industry leader that is generating record growth. Aaron's primary business is the operation of RTO stores in its Sales and Lease Ownership division. If we apply the "same-store sales" metric to SLO (same-store sales is used to measure the growth of existing operations), we find that Aaron stores are currently increasing at a low double-digit pace year-over-year.

The company reported outstanding financial results in the first quarter ending March 2004. Its rental agreement growth drove a first-quarter same-store sales increase of 13.7 percent, especially impressive following year-ago growth of 14.1 percent. The company's store-expansion plans appear to be on track. In 2004, Aaron's primary growth driver will be roughly 70 new company-owned and 70 new franchise locations. Further, its franchisee success has resulted in strong demand for its franchise license rights and has allowed the company to raise its initial franchise fee and franchise royalty fee. The company purchased approximately 25 stores year-to-date and could acquire a total of 50 stores by year-end. In my view, execution of new-store openings will be the key to this story.

Rent-A-Center is the largest RTO operator with approximately 3,000 locations. The company generates significant free cash flow (cash flow from operations minus purchases of property assets), which has been used to fund new store openings, acquisitions and share repurchases over the past three years.

Rent-A-Center's new store operations are outpacing the company's internal expectations. The company is expected to continue to increase its store base through a combination of acquisitions and new store openings. In 2004, I expect Rent-A-Center to open approximately 100 new locations. The company has made two sizeable acquisitions already this year: Rainbow Rentals, which operated 124 stores in 15 states, and Rent-Rite, which operated 90 stores in 11 states. The key to success for RAC will be to reinvigorate revenue growth.

Last but not least, RentWay is a turnaround story returning to rental basics. The company emerged from financial and legal troubles approximately 12 months ago and has not looked back. In June 2003, a refinancing significantly strengthened RentWay's balance sheet. Management has been able to return its focus to store operations. The company has restored rental revenue momentum with a same-stores sales increase of 2.5 percent in the fourth quarter of its fiscal 2003 (the fiscal period ended September 2003), 6.6 percent in the first quarter of its fiscal 2004 (ended December 2003) and 6.9 percent in the second quarter of fiscal 2004 (ended March 2004).

RentWay's rental collections also are showing improvement, with on-time receipts increasing to slightly over 92 percent as of its fiscal second quarter ended March 2004; this compares to 91 percent in the year-ago period and 89.7 percent in the first quarter ending December 2003. RentWay remains well positioned in the RTO market and look for the company to start expanding its store base—something it has not done in about four years.

EXPANSION OPPORTUNITIES IN THE WEST, CANADA AND MEXICO

In 2003, Rent-A-Center Chairman and CEO Mark Speese said he believed "the industry can add another 6,000-plus stores before it is saturated"—to 14,000 locations from the current 8,000. My discussions with industry contacts suggest that expansion throughout the western United States is likely to be a focus over the next several years. International markets—specifi-

cally Canada and Mexico—should provide additional growth opportunities for RTO operators. Other international markets may be of interest to U.S. RTO operators on a franchise basis, including New Zealand and Australia.

Canada is a promising near-term market for U.S. RTO operators. In 2003, Aaron Rents became the first U.S. operator to enter Canada with six franchise stores in southwestern Ontario. In March 2004, Rent-A-Center entered Canada with the purchase of five stores in Edmonton and Calgary. Our industry checks suggest that there are about

200 RTO stores in Canada at present. Easyhome is Canada's largest RTO operator, with 133 locations. Rent Cash, whose primary business is payday loans, is currently the second-largest Canadian RTO operator, with five locations.

The Canadian RTO industry shares several similarities with the U.S. industry, including: merchandise remains in the system for approximately two years, the average rental length is about 18 months and the total cost of merchandise ownership for the client is roughly four times the RTO operator's cost to buy it. I believe RTO in Canada is in the early stage of its development and in some ways is similar to the U.S. market 20 years ago. For example, there are currently no laws regulating RTO in Canada.

Canada also has a more rural topography. To date, this has translated into solid profits for RTO stores despite lower volumes.

Don a final note, investment interest in the RTO community is strong due to its positive outlook and continued growth potential, both here and abroad. I look for the industry to continue to garner investment interest in the coming years, especially in light of the possibility of the passage of federal legislation. ■

Robert D. Straus has eight years of Wall Street experience and covers the consumer and retail sector as a senior analyst for Independent Research Group. He has appeared on CNBC and Bloomberg Television. Straus also has been interviewed by The Wall Street Transcript and national publications, including The Wall Street Journal, Business Week, Investor's Business Daily and The New York Times. IRG Research is a registered broker-dealer providing hedge funds and institutional money managers with unbiased and differentiated equity research. IRG Research is headquartered in New York City.

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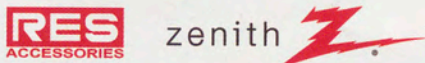
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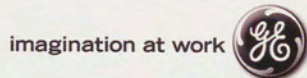
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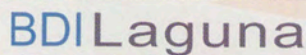
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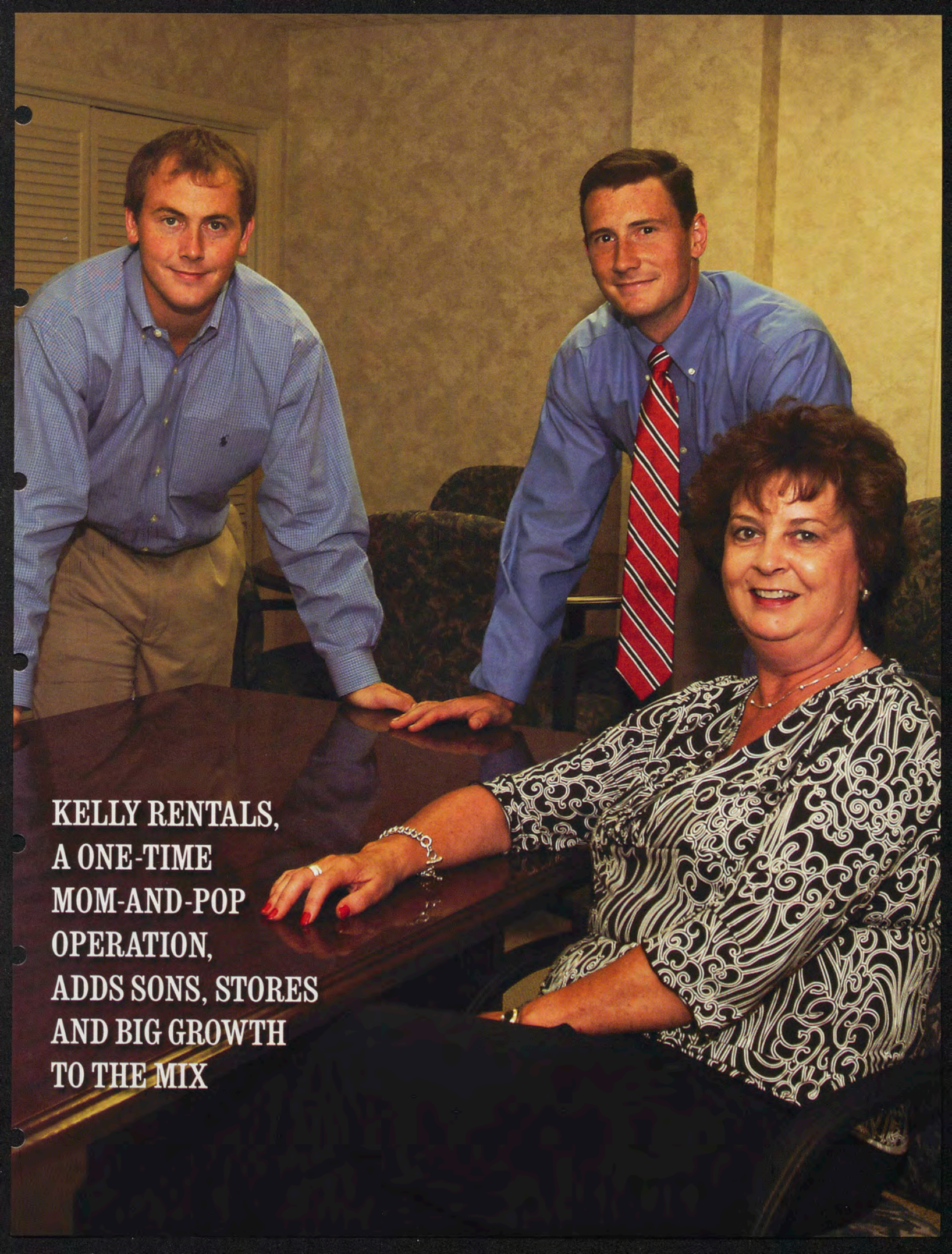
PHOTOGRAPHS

BY WILLIAM GARRETT

THE next GENERATION

W

hen Bobbie Mitchell moved with her husband, Grady, and their two young sons, Chad and Derek, from Winston Salem, NC, to Danville, VA, in 1981, she thought her involvement in her husband's new retail appliance and electronics store was going to be temporary. Just a few months, they decided, until the store was up and running. Then she'd stay at home with the boys.



**KELLY RENTALS,
A ONE-TIME
MOM-AND-POP
OPERATION,
ADDS SONS, STORES
AND BIG GROWTH
TO THE MIX**

Twenty-plus years later, things have turned out differently. Very differently. Bobbie never did quit working at their store, which quickly evolved into a booming rent-to-own business. Rather than staying at home with Chad and Derek, she simply brought the boys to work—and then put them to work. And when Grady died unexpectedly in 1995, Bobbie became owner and president of Kelly Rentals (www.kellyrentals.com), feeling rather lucky to have missed stay-at-home-momhood.

“One thing I was thankful for was that I had been involved in the business from the very beginning,” Bobbie—now remarried, with the new surname Floyd—says. “If I hadn’t been, then I’d have been at a total loss. But I was prepared to run the business.”

A TWO-WOMAN SHOW

And run it Bobbie Floyd has—like a marathon. Today, Kelly Rentals has 18 stores and 150 employees throughout Virginia and North Carolina. But Bobbie definitely hasn’t done it alone. Jo Ann Grainger, Bobbie’s right-hand woman and a kind of second mother to her sons, is the company’s general manager and secretary. As the

ing care of business just as if I were here. She’s an exceptional employee and a great friend.”

And so the mom-and-pop shop turned into a two-woman business until 1997, when Chad Mitchell, freshly graduated from the University of Virginia with his degrees in economics and government, stunned his mother and their family friend by announcing his intentions to join the family business.

“I never had any pressure from my parents at all to go into the rent-to-own business,” Chad says. “They sent me off to college, paid for it, and left it up to me to decide what career I wanted to choose.

“My last year in college, I decided I had a great opportunity to come home and try to grow the business,” he says. “It was left in good hands with my mom and Jo Ann. I wanted to come home and continue what my dad had started. That’s how I saw it.”

Three years later, younger brother Derek—following his graduation from Virginia Tech with a history degree—followed suit.

“I went to school and changed my major a lot and stuck with history because I thought teaching was what I wanted to do. Somehow—it didn’t have to be in a classroom, but some sort of teaching,” Derek says. “And the

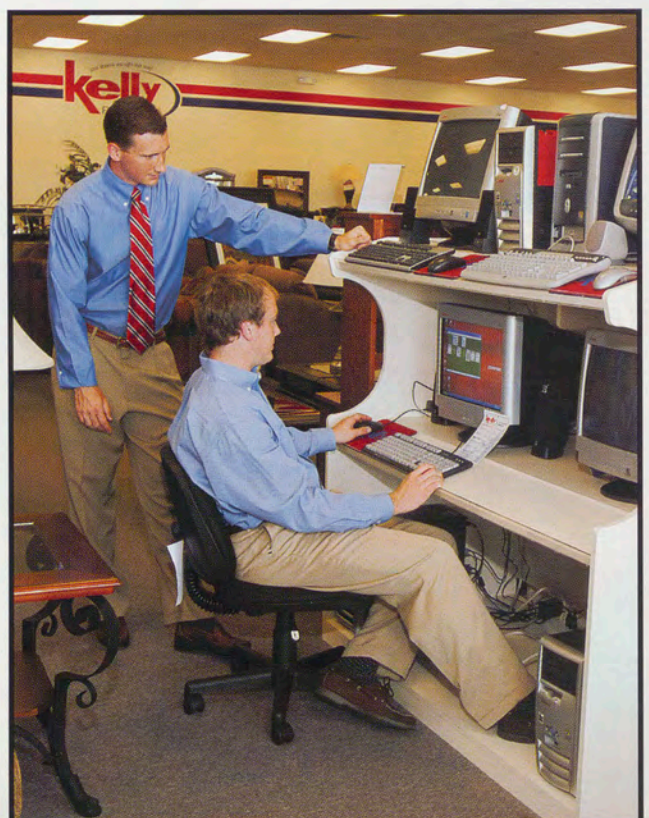
“THE MAIN THING ALLOWING US TO ACCELERATE OUR GROWTH IS THESE TWO YOUNG MEN COMING INTO OUR COMPANY, TAKING A LOT OF THE LOAD AND GIVING US A NEW VISION. I THINK ALL COMPANIES CAN USE THE VISION OF YOUTH.” —JO ANN GRAINGER

Mitchells’ first-ever employee, Jo Ann marked 20 years with the company just as the company itself celebrated its 20th anniversary last January.

“We hired Jo Ann when we decided to have rentals at the back of our retail store,” says Bobbie. “It wasn’t even a separate section; she had a cordless telephone and a file cabinet.” Despite her sparse setup, Jo Ann worked industriously and, before long, it became clear rentals were a much more profitable path. The retail portion of the Mitchell’s business faded away to make room for Kelly Rentals.

“Before I came to the rent-to-own business, I never had a job that kept me busy,” Jo Ann says. “This is a business where you never have a dull day—it’s been so many years since I’ve seen the light at the end of the tunnel, I can’t remember what it looks like. But it’s exciting; it’s a challenge every single day. I wanted a job that I wouldn’t be bored with and wanted job security. It’s really been the answer to the things I was searching for in a career.”

The appreciation is mutual. “Jo Ann has been a god-send,” Bobbie says. “I depend upon her 100 percent as far as making the right decisions for the business. Whenever I have to be gone, I know she’s going to be right here, tak-





DEREK, JO ANN, BOBBIE AND CHAD

more I thought about it, the more I thought about coming to Kelly Rentals and working in the human resources department, training new associates, teaching them.”

“[The boys] really spent a lot of time during their younger years at the store,” says Bobbie. “They worked at the warehouse and just did odd jobs here and there. But they hadn’t given me much of an inkling that they wanted to come into the family business. I was really proud they wanted to do that. I was thrilled.”

THE KELLY RENTALS MANAGEMENT QUARTET

The breakdown of duties among Kelly Rentals’ leadership quartet seems fairly clear-cut: Bobbie and Jo Ann are responsible for keeping operations running smoothly; Chad and Derek—as director of merchandising and marketing and director of development and growth, respectively—are in charge of expanding the company.

“Grady’s dream was to grow the company,” says Jo Ann. “We’ve tried to open one or two stores a year, get them on their feet, then move on to a couple more. We’ve tried to do a steady, healthy growth that we could keep up with and manage as we grew.”

Bobbie adds with pride that every single Kelly Rentals

store was “made” from scratch—no acquisitions or mergers here. “We just grow as we can afford to grow,” she says.

But with two twenty-somethings stepping in, Kelly Rentals’ expansion rate is stepping up. According to the brothers, the company now intends to launch two or three stores annually, with the ultimate goal of having 40 stores active within the next nine years.

“The main thing allowing us to accelerate our growth is these two young men coming into our company, taking a lot of the load and giving us a new vision,” Jo Ann says. “I think all companies can use the vision of youth. We feel like Kelly Rentals’ future is brighter than ever.”

While the company’s growth pattern may be accelerating, its core values are intact. The keys to Kelly Rentals’ success are as down-to-earth and straightforward as the tight-knit extended family that serves as the example for them: Treat customers with the utmost respect. Offer a fine quality product. Train your associates comprehensively. Take care of your employees and they will take care of your customers.

“What do I think makes the difference?” Bobbie says. “Being honest with your customers and fair with everyone. And just treating everyone like you want to be treated.”



“MY LAST YEAR IN COLLEGE, I DECIDED I HAD A GREAT OPPORTUNITY TO COME HOME AND TRY TO GROW THE BUSINESS...I WANTED TO COME HOME AND CONTINUE WHAT DAD HAD STARTED.” —CHAD MITCHELL

PROTECTING THE KELLY INTERESTS

Something else the foursome agrees makes a real difference—not just for their business, but for the rental-purchase industry overall—is political participation. Kelly Rentals has been a member of the Association of Progressive Rental Organizations since 1987; Derek has been the company’s key attendee at APRO’s annual legislative conference for the past four years.

“When I first came to the company, I was wet behind the ears,” Derek says. “I really didn’t have much knowledge of our government and how it works. When I went to the APRO Legislative Conference the first year, I learned real quick how it all works.”

Derek and his Kelly Rentals colleagues picked up the ways of Washington, D.C., so quickly, in fact, that they held more meetings with lawmakers to urge support for federal RTO legislation than any other APRO member company for two consecutive years. Derek is powerfully motivated by the fact that while Virginia has its own state law to safeguard rental-purchase businesses, North Carolina—where Kelly Rentals’ growth is currently centered—doesn’t.

“APRO is our voice,” says Derek. “It gets our message across, it gets the rent-to-own industry out there in a good light. There are people out there who are against our business and might get their message across better

than us and we could be on the street. That’s always the fear at the back of my mind; I’m going to do what I can to make sure that doesn’t happen.”

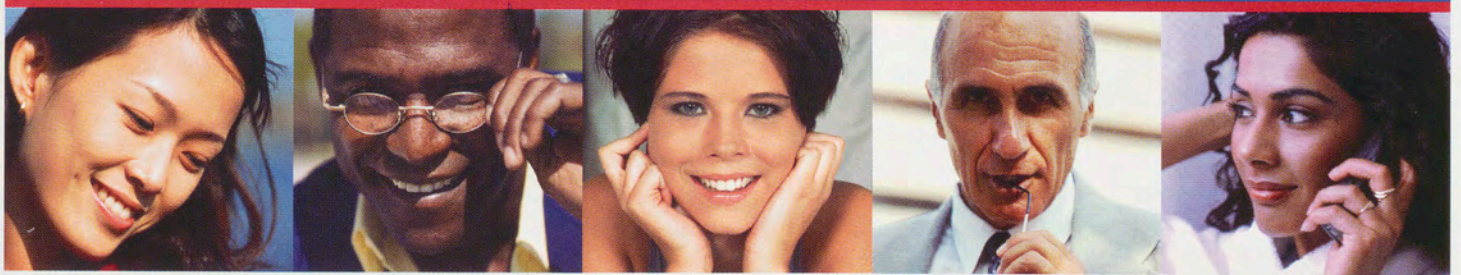
CARVING OUT A LEGACY

The Kelly Rentals team has its self-directed work cut out for it, with high expectations for themselves, their company and their industry. And though their quiet Southern accents and genteel manners might make you wonder whether they possess the drive to deliver, don’t—this quartet is a well-oiled business machine, ready to carve out a strong rent-to-own legacy that can proudly be passed down from parent to child.

Which is exactly what Bobbie Floyd envisions. With both Chad and Derek married and Chad’s second son due this autumn, Bobbie’s working to make sure Kelly Rentals is something worthy of keeping within her family for generations to come.

“Hopefully, this business will be left to the boys someday,” she says. “They’re going to need to continue to work hard, because I don’t want to see our business bought out by somebody, like so many smaller companies are doing nowadays. I don’t want to see that happen to Kelly Rentals.” ■

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



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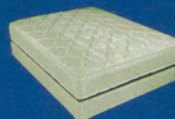
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