

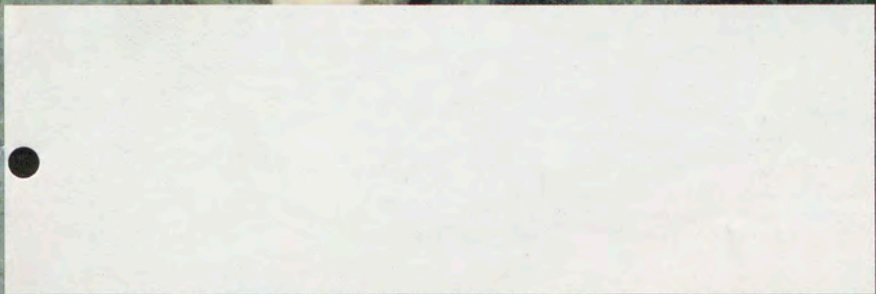
PROGRESSIVE

Rentals

THE VOICE OF THE RENTAL-PURCHASE INDUSTRY
NOVEMBER-DECEMBER 2004

2005 Economic FORECAST

How retail performance in the coming year could impact the rent-to-own market



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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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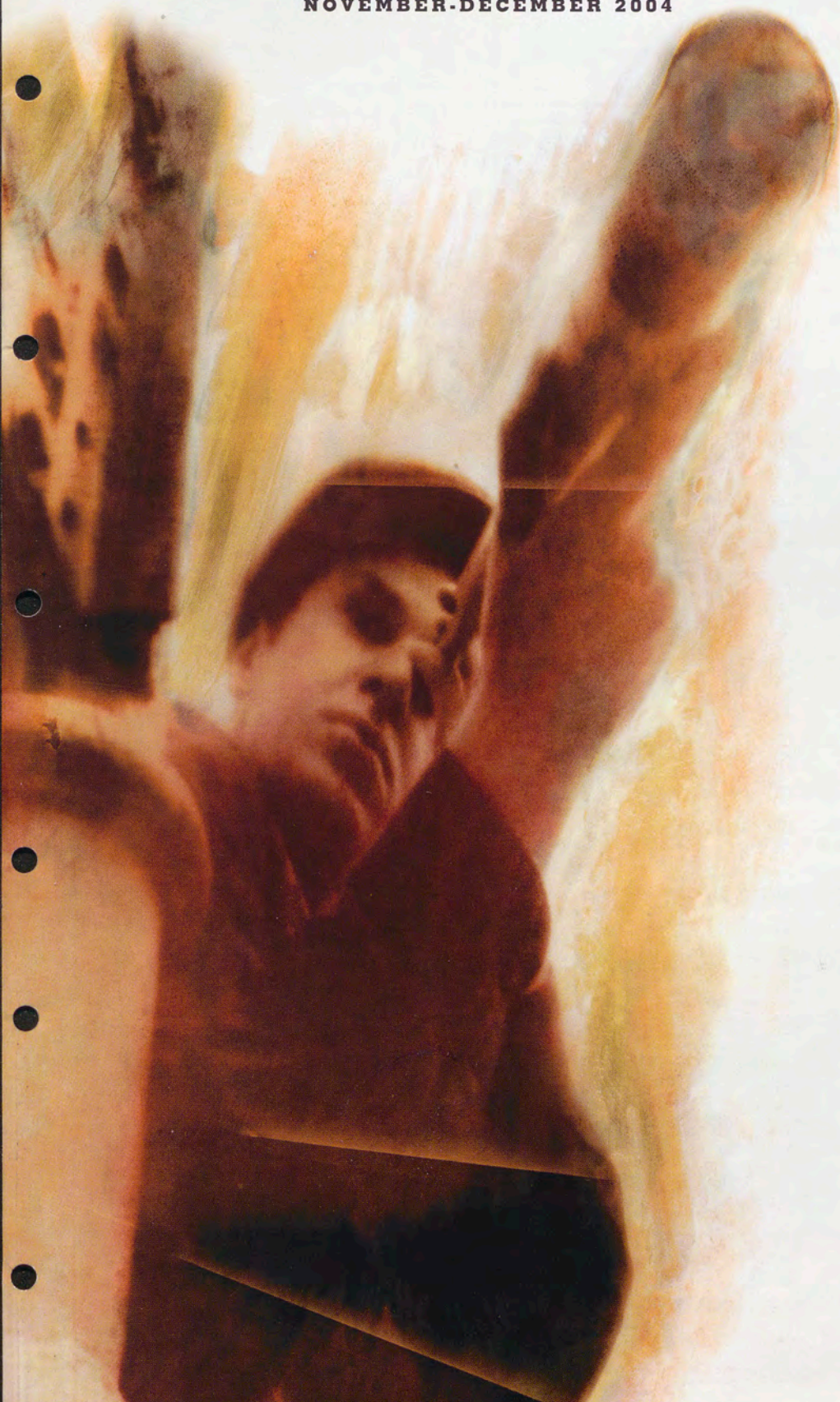
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PROGRESSIVE Rentals

NOVEMBER-DECEMBER 2004



18 | DOES MY APRO MEMBERSHIP HAVE VALUE?

APRO's Membership Committee chairman discusses how being an APRO member has improved his company's bottom line, his employee and customer relations and his professional career.

BY KEVIN QUINN

30 | 2005 ECONOMIC FORECAST

While there are no economists who traditionally evaluate the RTO market, what we can do is take a snapshot of the retail forecast in order to determine how those industry predictions could impact the RTO market in the coming year.

BY PHILLIP M. PERRY AND
JULIE SHERRIER

34 | THE ISLES OF RTO

Courts PLC is an international specialist retailer of home furnishings and electronics with more than 350 stores in 21 countries. The most profitable arm of the company is its Caribbean RTO operation, where there is not a lot of regulation and the company enjoys a good reputation among the locals. Sound heavenly? It just might be the right market to open up shop!

BY ED WINN III

38 | SOUPED-UP CYBER

A few months ago, Rent One customers got their first glimpse of the chain's newest product line and it was like nothing they had ever seen before. On display next to the fridges, sofas and electronics were custom-built gaming machines—superfast computers tricked out with the latest and greatest in audio and video components.

BY STEPHEN SCHENCK

43 | RENT-TO-OWN RENAISSANCE MAN: A PROFILE OF PAUL DAVIS

Meet Paul Davis, president and CEO of Nations Rent-to-Own and president of the California Rental Dealers Association. His life so far has blended into a fascinating collage involving three distinct careers.

BY KRISTEN CARD

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For sale A small/medium-sized Midwestern rent-to-own store, 281 BOR. This store—located in Enid, Oklahoma—has been in operation since June 1996. Customer relations and retention are a high priority as evidenced by this store being awarded Enid's best rent-to-own store for 2004. The store sale price of \$175,000 includes store fixtures, equipment and delivery vehicle. Call (405) 410-5823 for more information.



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PROGRESSIVE Rentals

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ORGANIZATIONS

EDITOR

Julie Stephen Sherrier

ART DIRECTOR

Neil Ferguson

**DIRECTOR OF MARKETING
[ADVERTISING]**

Cindy Ferguson, CEM

EXECUTIVE EDITOR

Ed Winn III

EXECUTIVE DIRECTOR

Bill Keese

COLUMNISTS

Bill Keese, Shannon Strunk
and Ed Winn III

CONTRIBUTORS

Kristen Card, Phillip M. Perry,
Stephen Schenck and Ed Winn III

DIRECTOR OF CIRCULATION

Laurie Hill

EDITORIAL/ADVERTISING OFFICES

1504 Robin Hood Trail
Austin, Texas 78703

512/794-0095; fax 512/794-0097

E-mail: jsherrier@aprovision.org

www.APROvision.org

APRO OFFICERS AND DIRECTORS

PRESIDENT

Shannon Strunk

FIRST VICE PRESIDENT

"Tiger" John Cleek

SECOND VICE PRESIDENT

Larry Carrico

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Kevin Quinn

TREASURER

David P. David

IMMEDIATE PAST PRESIDENT

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Rich Bartel, Terry Beville,
Robert Briley, Sidney Burton,
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APRO

news

B R E A K

COMPILED BY
JULIE SHERRIER

Federal RTO legislation dies in lame-duck session

The much-anticipated lame-duck session of the 108th Congress failed to pass the long sought after rent-to-own legislation. “In the 15 years of attempting to secure federal legislation for the RTO industry, once again Congress stifled the efforts of rental dealers from across the country,” says APRO Executive Director Bill Keese.



Both the House and Senate versions of the bill—HR 996 and S 884—had impressive lists of co-sponsors. Through the hard fought efforts of rental dealers and vendors from coast to coast, coordinated by APRO and utilizing a grassroots strategy, HR 996 attracted 96 co-sponsors and S 884 had 27 U.S. senators supporting the bill publicly.

“I want to thank the many rental dealers who worked so hard to get us so close to a legislative victory,” says APRO President Shannon Strunk. “The list of rental dealers and vendors who gave

their time and dollars to support this effort is certainly impressive.”

We would like to thank the fine people at the Washington Group, including John Raffaelli and Tonya Saunders, who have worked on behalf of APRO and the industry for the past 14 years.

APRO wishes to thank all the men and women in this industry who have been attending the annual Dave Egan Legislative Conference, who have met with their House and Senate members, both in Washington and in their home districts and who have supported the election and re-election of members of Congress who understand the importance of rent-to-own in the lives of millions of Americans.

APRO addresses membership changes

APRO recently lost two of its members, Rent-A-Center and RentWay, which brings the number of member companies from 348 to 346. The 346 members represent 2,077 stores. While Rent-A-Center and RentWay were two of the largest members, the composition of APRO membership has not changed as 90 percent of our members represent one to 10 stores. In other words, the core of the APRO

The importance of making the annual trek to Washington, D.C.

BY DEREK MITCHELL, KELLY RENTALS, DANVILLE, VA

Washington, D.C., has always fascinated me. As a student of history, the city offers tons of monuments, artwork, architecture and memorials. Escaping to the fast-pace world of our nation's capitol from rural southside Virginia has always been an enjoyment.

Five years ago, while skimming through APRO's magazine, *Progressive Rentals*, I read an article about the annual legislative conference. At the time, I was a new commodity to my family's business, Kelly Rentals. However, the article sparked my attention. I began talking to our veteran staffers and realized how important federal legislation is to our industry. I was startled to learn that RTO was put out of business in Wisconsin and other states. I was amazed at how misinformed people were about our business. The icing on the cake came when I found out North Carolina, a state we have stores in, did not have a state RTO law. Getting involved in our legislative process was no longer an option for me, it was mandatory.

I participated in the past four legislative conferences and look forward to making my fifth trip to D.C. for our cause. I feel all my efforts were worthwhile. I would encourage every dealer to make the trek to Washington, D.C. If you cannot make it, send an associate from your company. The more constituents we have from each representative's district, the better the chances of getting our message across. It must be everyone's goal for our government to pass a fair and beneficial federal law for our industry. The more we explain our business to our legislators, the better chances we have of educating them in our favor. Everyone in Washington may be aware of RTO, but it is our job to make sure they know the real facts about the industry.

Imagine waking up one morning and finding out that your government will not let you operate your stores as a lease-purchase transaction. Instead, you will have to operate under specific usury limits. Many business owners think this scenario will never happen. Unfortunately, this thinking can have a detrimental effect upon our industry. You can simply look to the check-cashing business and RTO in Wisconsin and Minnesota to realize that this scenario really can come true.

APRO does a first-class job putting on the conference. Experienced attendees are more than willing to help newcomers learn the ropes. It is a great time to meet your fellow dealers, but meeting your elected representatives is the most exciting experience. And for all you history buffs, you will gain a better understanding of how the best government in the world works. I hope to see you there!

membership has been and continues to remain the same.

While APRO hates to lose these two fine companies as members, the board of directors has always been well aware of what the impact would be if any of its larger members chose not to renew membership. The plan to reinvent APRO—as witnessed in numerous initiatives in the past

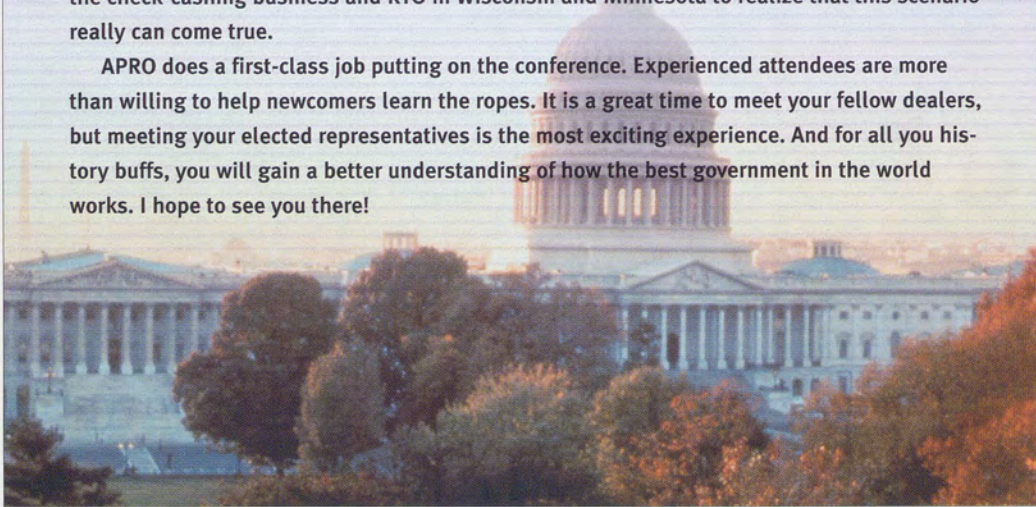
12 months—has not been interrupted as we continue to serve hundreds of upstanding members. We will continue to grow our membership, build the size and excitement for our convention and buying show,

increase the scope of our many educational opportunities, expand our dealer networking and continue to protect the RTO industry from adverse conditions.

Of course, the loss of revenue from these two members has had an impact on the APRO budget. The board reviewed carefully the Association's expenses and voted to cut its lobbyist, The Washington Group, and APRO's Government Relations Director, Ron Waters. APRO Executive Director Bill Keese will assume Waters' role for the immediate future.

So while APRO may have been hit by a rough

THE 2005 APRO LEGISLATIVE CONFERENCE WILL BE HELD MAY 17-18 AT THE LOEWS L'ENFANT PLAZA HOTEL. STAY TUNED FOR MORE INFORMATION.



wind, it sails on calm waters today. We look forward to continuing to serve our members with new ideas, events, educational opportunities and networking. If you have any questions or comments, please e-mail Bill Keese at bkeese@aprovision.org.

RTO industry pioneer Kent dies

RTO industry pioneer Mike Kent, 64, died October 10 from complications of lung cancer in Boca Raton, FL. He is survived by his wife, Joy, sister Judy, daughters Julie, Jamie, Michelle and Karrie and his son, Michael. Kent also has eight grandchildren.

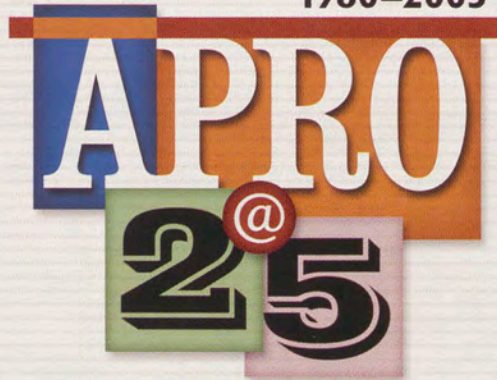
Kent began his career in the television and appliance industry in 1966 with Mr. T's, where he achieved the position of vice president of retail operations. He then became one of the pioneers in the rental industry as he developed Mr. T's rental operations in Wichita, KS, as vice president of rental operations.

In 1975, Kent started his own rental company in Baltimore, MD. The company grew rapidly under his direction and was sold in 1979. At that time, Kent relocated to Florida and started rental operations in the Miami area under the name of ColorTyme TV Rentals. The company successfully

grew to approximately 20 stores located throughout Florida. The business was sold in 1997 to RTO Inc.

In 2001, Kent and his son began developing a tire and wheel rental operation in southeast Florida under the licensed name of Rent-N-Roll. This business has grown rapidly and successfully. There are currently four store locations. In June 2004, Kent was presented with

1980-2005



YESTERDAY | TODAY | TOMORROW
CELEBRATING APRO'S SILVER ANNIVERSARY

APRO 2005 Buying Show dates moved to August 8-11

Due to a schedule conflict with the Las Vegas Furniture Mart, the dates for the 2005 APRO Convention and Buying Show have been changed to August 8-11. The 2005 show, originally scheduled to be held in July, had to be moved as the International Furniture and Accessories Marketplace also reserved those dates. Both shows will be held in Las Vegas. The 2005 APRO Convention and Buying Show will be held at Mandalay Bay. Please visit the APRO Web site for an updated schedule at www.aprovision.org/.

the Pioneer Award by Rent-N-Roll for his important contributions to the development of this relatively new concept in the rent-to-own industry.

Kent was a 50 percent owner and consultant since 1980 to Rental Corporation of America, which operates three stores in California. He also served on the board of directors of ColorTyme Inc., including a

CALENDAR OF EVENTS

2005

JANUARY

6-9
Consumer Electronics Show, Las Vegas, NV, 703/907-7600, www.cesweb.org

21-25
ColorTyme 2005 Winter Operations meeting, Dallas, TX, 972/403-4945, www.colortyme.com

25-26
Texas Association of Rental Agencies 2005 Legislative Conference, 940/497-1150, www.taraontheweb.com

26-29
San Francisco Furniture Mart, San Francisco, CA, 415/522-2311, www.sfmart.com

FEBRUARY

17-20
Tupelo Furniture Mart, Tupelo, MS, 662/844-1473, www.tupelomarket.com

24
Alabama-Mississippi Rental Dealers Association general membership meeting, Choctaw, MS, 228/769-3795

MARCH

9-10
TRIB Group "Meeting of the Minds," Atlanta, GA, 770/751-4302, www.tribgroup.com

14-16
APRO 2005 Mid-Year Conference, Key West, FL, 800/204-2776, www.aprovision.org

19-22
Texas Association of Rental Agencies 2005 convention, San Antonio, TX, 940/497-1150, www.taraontheweb.com

APRIL

12-13
Alabama-Mississippi Rental Dealers Association spring educational conference, Choctaw, MS, 228/769-3795

NEWS BREAK

period as chairman of the board.

As a pioneer, advocate and business operator, Kent was one of the most well-respected and admired leaders in the rent-to-own industry. His wit and wisdom will be sorely missed.

Florida's annual meeting draws more than 200 attendees

On October 27 and 28, more than 175 Florida rental dealers and 43

Make plans now to head to Key West for the 2005 APRO Mid-Year Conference

Education | Networking | Tabletop exhibits
RTO industry updates | And more...
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in sunny Key West, FL
Online registration will be available at
www.APROvision.org in January!

vendors spent a jam-packed two days in Tampa, FL, for the annual meeting of the Florida Rental Dealers Associa-

tion. Activities included a golf tournament, a vendor appreciation dinner, a "vendor mingle," panel discussions—including

how to deal with customers after being hit by four hurricanes—and a legal update.

Other presenters

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included Rent-A-Center President Mitch Fadel, who discussed how customers should be treated and the difference the right employee makes in the success of a store and or a company and APRO President Shannon Strunk, who spoke about the importance of belonging to the national association.

"A special thanks to every member company who brought so many of their managers and to the wonderful vendors whose support and enthusiastic attendance and participation in the golf tournament, the dinner and the mingle show made both days so great," says FRDA President Terry Beville.

RTO customer charged with possessing child pornography

This is yet another reminder to RTO dealers and managers to check the hard drives on rented computers. In a recent *The Star Press* story, criminal charges were filed against an RTO customer in Muncie, IN, after he took his computer in for repairs and downloaded child pornography files were discovered on his hard drive. A computer technician for Aaron's Rental and Purchase found the images and contacted police. The 50-year-old male customer



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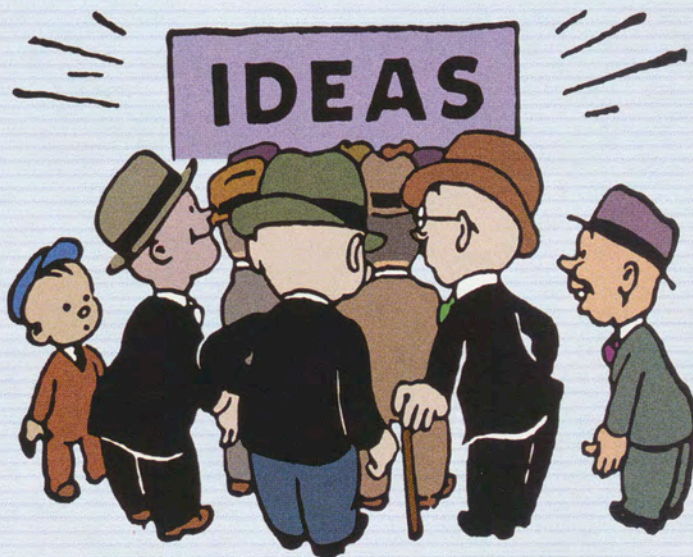
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NEWS BREAK



Network with your peers while attending the 2005 winter markets

Take advantage of the networking opportunities available during the 2005 winter furniture and electronics shows. APRO would like to invite all rental dealers to join us at the Consumer Electronics Show (www.cesweb.org) in Las Vegas, January 6-9. BDI-Laguna will sponsor a rental dealer's hospitality suite 6-7:30 p.m., January 7, at Mandalay Bay. The APRO booth, always a popular gathering place for rental dealers, will be located in the lobby of the Las Vegas Convention Center (booth #L11). For more information on the Winter CES Show, call 703/907-7600.

APRO also will be participating in the Tupelo Furniture Market (www.tupelomarket.com), which is being held February 17-20. The APRO booth will be in its usual location in the lobby of Hall B of the Mississippi Market Complex. Rental dealers are invited for complimentary hors d'oeuvres and drinks 5-7 p.m., February 17, sponsored by Ashley Furniture in Tupelo Building No. 4. More information on the market can be obtained by calling 662/844-1473.

Another market you may want to add to your calendar is the High Point Furniture Market (www.ihfc.com), April 14-20. Although APRO will not be present at that market, you can get more information on High Point by calling 336/888-2700.

was charged with six counts of possession of child pornography, which are all class D felonies carrying maximum three-year prison terms.

Oklahoma dealer elected United Way president

Oklahoma Rental Dealers Association President Craig Stanley was elected president of the Rogers County United Way agency, Tri-County CASA Inc. Stanley is

owner of Stanley's Rent-To-Own, a five-store RTO chain based in Claremore, OK.

"His compassion for children and his business acumen make him a perfect match for the job of president," says Tri-County CASA Program Director Angela Henderson. Stanley, who is very active in his community, has served as a Claremore City Councilman, as chairman of the Claremore Area Chamber of Commerce and president of the Oklahoma Consumer Finance Association. He also actively

supports the March of Dimes and the American Heart Association.

RentWay announces additional store openings

RentWay announced on November 11 that it has opened 10 new stores in the following cities over the past 60 days: Albuquerque, NM; Clarksville, IN; Flagstaff, AZ; Philadelphia, PA; Winslow, AZ; Bridgeport, CT; Harrison, AR; Lawrence, MS; Lex-

ington, TN; and New Bedford, MS. The company expects to open four to six additional stores by December 31, 2004. "We have accelerated our store opening plans for 2005," says William Morgenstern, CEO of RentWay. "At this time we expect to open approximately 30 to 40 additional stores over the next 12 months."

"We have put together a first-rate new store opening plan that includes a rigorous challenge process for site location, staffing and financial expectations," says Todd Homberger, vice president



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NEWS BREAK

of new stores. "Each site undergoes very intense demographic and competitive research before our senior management team approves its opening. I am excited about what we see in the pipeline for 2005."

RTO concept extends to automobiles...

"The prepaid and RTO program has worked for furniture and electronics with tremendous success, so then why not automobiles?" asks

Hampden Group CEO Michael Raburn. Hampden Group recently announced that it will be investing in the sub-prime automotive finance arena, including dealerships, independent used car dealerships, buy-here pay-here dealerships, specialty finance companies including sub-prime lenders and car title loan companies and



premium finance companies that finance commercial auto insurance premiums. An interesting twist to renting to own a car or truck is the company's implementation of GPS tracking technology in every vehicle. The GPS technology will allow lessors the ability to repossess unpaid vehicles easily as well as being able to disable the vehicle if payment is due, thus the company's Web site name: www.prepaidmo-

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Robert Briley ■ RENT CITY / ABILENE, TX



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According to the company, the markup on each vehicle is 100 percent and financing is 29 percent per year for a 36-month loan, providing a 200 percent return. Hampden Group will be using the infrastructure of already existing dealerships to sell and finance cars, trucks and SUVs.

...and golf clubs

According to the *Minneapolis Star Tribune*, a local company claims to have 100 clients who are paying \$25 to \$60 a month to rent the latest golf clubs. TopSwing Leasing was founded in September and offers Callaway, Cleveland, Mizuno, Ping and Taylor Made brand clubs. With the costs associated with new clubs running upwards of \$2,000 and technology changing "faster than you say 'trampoline-faced bi-metal,'" this arrangement allows golfers to upgrade their gear easily, says TopSwing founder Damian Novak.

The clubs can be leased only through the company's Web site [www.topswingleasing.com] for now. Twelve- and 18-month leases are available with monthly charges of 6 percent of the retail price for 12

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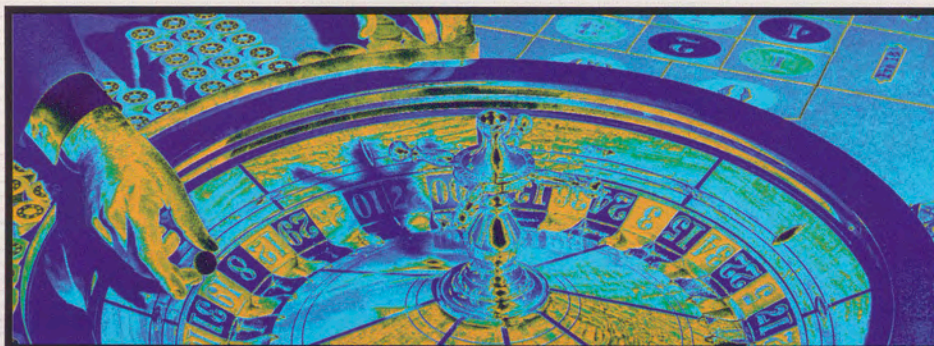


* If, after 90 days, you do not perceive significant benefits from membership, we will refund your joining fee in full. You must be in good standing at the time of the refund.



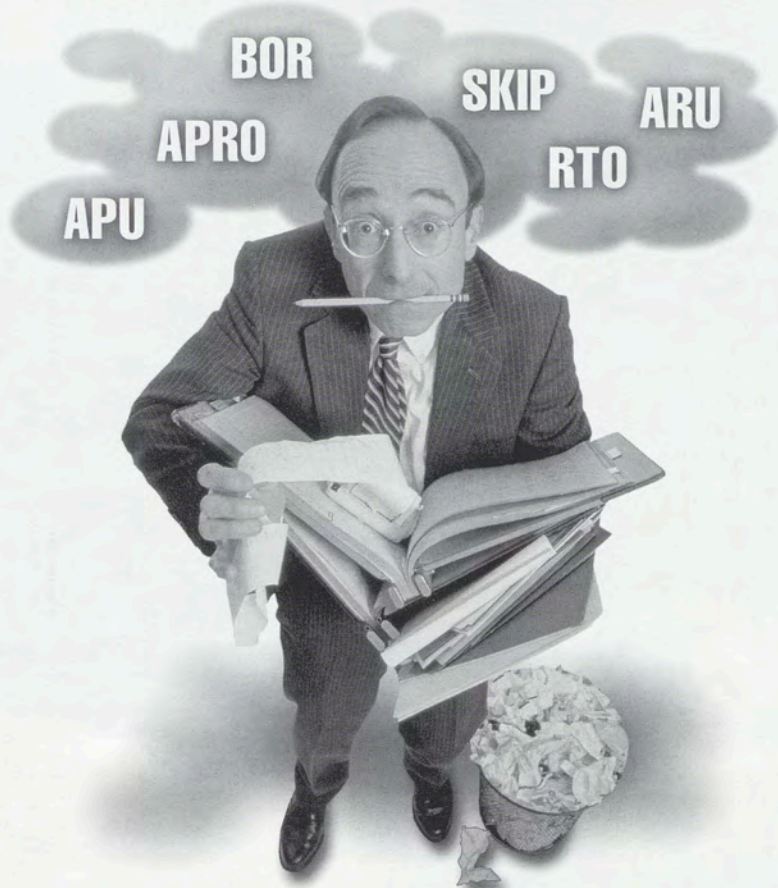
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Mike Talley - Talley Rents, Inc.

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Associate Member APRO

NEWS BREAK

months and 4.5 percent of retail for 18 months. The clubs are shipped directly to the customer from the manufacturer.

"A lot of golfers who hold on to their clubs for five to 10 years will now have the means to switch out their clubs more often," says Novak.

Michels & Co. to close Pilliod factory

For those who follow the furniture industry, it should be no surprise that U.S.-based retailers and manufacturers have experienced significant change. Michels South Carolina, the parent company of Pilliod Furniture, like many others, has experienced adverse results from the changing marketplace.

Effective November 3, the company will cease all major operations at the Nichols, SC, facility. Pilliod has experienced significant change in the recent past and the decision to close the business at this time is driven by difficulties in obtaining raw materials as well as a significant and unexpected downturn in business. Pilliod had been actively exploring new business models, revised product offerings, changes to the sales organization and new financing that would allow the company to continue. Unfortunately, those efforts have

been unsuccessful.

"Michels & Co. will continue to ship APRO accounts from their Lynwood, CA, facility as in the past and intends to open a distribution facility in the eastern United States," says Michels' Vice President of Sales Robe Kramer.

Yamaha home theater systems now available to RTO market

RTO consumer electronics supplier

O'Rourke Sales Co. will now offer a variety of Yamaha home theater products to its growing base of RTO dealers.

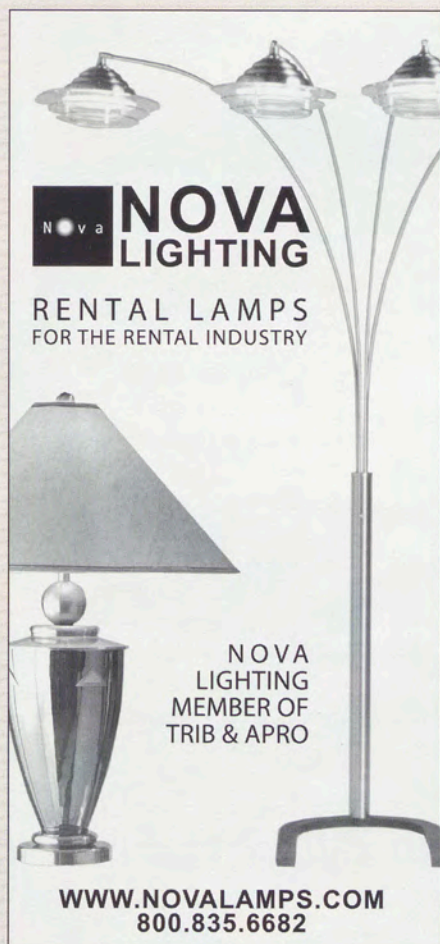
"Yamaha and the O'Rourke Sales Co. are joining forces behind decades of consumer electronics industry experience to provide a variety of rent-to-own home theater solutions," says Bob Goedken of Yamaha. O'Rourke RTO customers can now enjoy Yamaha home-theater-in-a-box systems, each combining performance matched components to meet a variety of needs.

Rent-A-Center reaches tentative settlement in California case

Rent-A-Center reported in its third quarter 2004 results that it has reached a tentative settlement in the class action lawsuits it has been defending in California. Plaintiffs Grigio and Carillo filed two separate actions in state court in California in early 2002. The suits alleged numerous violations of the California Rental-Purchase

Statute, including violations of type size requirements, violations concerning the derivation and disclosure of the cash price, violations of various statutes through the company's club program and an assortment of other claims. The suits claimed as a class all customers of the company going back to 1999 and the potential number of plaintiffs was in the hundreds of thousands.

The proposed settlement will require RAC to pay \$37.5 million in cash into a fund against which



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individual class members can make claims, plus an additional amount for plaintiffs' attorneys fees and costs. In addition, the company will issue vouchers for two weeks free rent to qualified class members. The proposed settlement will allow the company to reclaim up to \$8 million from the settlement fund after a period of time if claims from consumers do not empty the fund. Rent-A-Center reported that it is taking a \$47 million charge in the third quarter of 2004 to pay for all of the costs and expenses related to this litigation.

The proposed settlement still awaits a definitive agreement among the parties and court approval before it will become final, but ordinarily, courts will approve settlements reached in arm's length negotiations between plaintiffs and defendants in these kinds of cases.

APRO marketing director named "Show Manager of the Year"

The Expo Group, a national company representing exposition managers, recently named APRO Marketing Director Cindy Ferguson "Show Manager of the Year." She was selected as the "Show Manager of the Year" in Tier II, a cat-



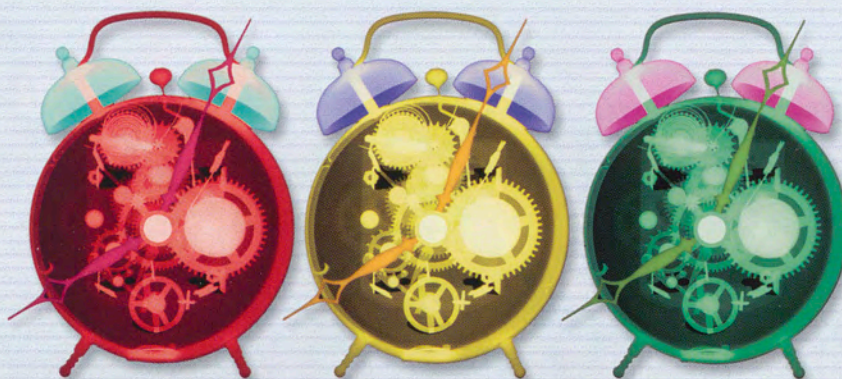
egory representing 151-300 booth shows.

As part of receiving this honor, The Expo Group will make a \$1,000 donation in her name to the charitable or

educational institution of her choice. "This is our way of honoring show managers who exhibit characteristics we value at The Expo Group, such as attention to detail, creativity, discipline and innovativeness," says The Expo Group President

and CEO Ray Pekowski.

The Expo Group received more nominations this year than in the award program's history. Nominations were submitted by co-workers, vendors, exhibitors, board members and individuals. ■



Overtime rules update

The new overtime rules have become a political football this election year [see related article in the September-October 2004 issue of *Progressive Rentals*]. In mid-September, the House and Senate attached measures blocking the new overtime rules to the 2005 Department of Labor Funding bill. Most observers expect the attachments to be pulled from the final bill during conference negotiations. In late September, a stopgap spending bill was passed, which put off consideration of the DOL funding bill until after the election. The stopgap bill funds DOL and other departments at current levels without substantive restrictions until replaced by an appropriations bill to be considered after the elections.

The conference negotiations have not taken place as of November 11. With the advance of the Republican control of Congress in the recent election, it is felt that the chances are even greater that the attachments will be pulled when such negotiations occur. "Most observers expect the restrictions to be stripped from the DOL appropriations bill, at the insistence of the House leadership backed up by a veto threat from the White House if the bill contains the restrictions," says attorney Harkins. "The same thing happened to last year's [2003] appropriations bill." — *Phillip M. Perry*

Since assuming the chairmanship of the APRO membership committee, I have been asking myself if APRO provides a real value to its members. The APRO board and staff also have asked this question. We have done surveys and talked to members face to face during the past year. The resounding answer has been *yes*.

I have been an APRO member for almost 25 years. In that time, I have been an upstart franchisee, a parent raising two children inside our first store, a Washington State Rental Dealer Association president, an APRO board member for six years in the 1990s and APRO president for two years. During my presidency, I began my term fighting off the industry attacks by Henry Gonzalez, Congress and the IRS. I am now serving on the board for a second time.

During all those years, the one constant value of being an APRO member was—and is—its members. The shar-

Convention and Buying Show, the Mid-Year Conference and the Legislative Conference. Also, you need to use all the tools that APRO supplies. Some of these tools are *Progressive Rentals* magazine, Rental Training Online, APRO's *RTO Almanac*, legal advice and *Rental Viewpoint*. If you would just make the effort to read and attend as many of these meetings as you can, you will get a lot more out of your APRO membership than doing nothing at all. In the words of George Zimmer, I guarantee it!

Recently, APRO lost two of its largest dealers. This was a loss of a lot of revenue to APRO and the coverage of a lot of stores. However, I want to remind you that these are only two members and they were only involved in one part of APRO—passage of federal legislation.

As stated earlier, I was APRO president when the whole federal mess started. The attacks by the government may not have ever happened if one of these members had not sued so many of their customers in Minnesota. This prompted a legal aide attorney named

DOES MY APRO MEMBERSHIP HAVE VALUE?

By Kevin Quinn,
APRO's Membership Committee
chairman

ing of information between dealers is irreplaceable. In no other industry will you find this sharing of information between people in the same business as you do in the RTO industry. We also share the same concerns about the treatment of our customers and how poor customer service can affect the image of our industry.

As an APRO member, I have tried not to miss any opportunities to talk to other dealers about their businesses and share my thoughts about mine. At my first APRO meeting in 1982, I learned about damage waivers from one dealer and how to build a business foundation by having your employees help you build your business plan for growth. The knowledge I gained in that meeting alone made our company 100 times more money than the cost of the airplane ticket to the meeting and the money I spent on APRO dues all these years. Just this past year, I borrowed an advertising idea from another APRO member that will bring our company a 14 percent growth in revenue in 2005. I could go on and on about what I have gained personally from my APRO membership, but I think you get the picture.

APRO membership value is there for the taking. All you have to do is get involved in as many APRO functions as possible—functions such as the APRO

David Ramp to file class-action lawsuits against this member. Ramp was a friend of a consumer activist who was the niece of Congressman Gonzalez. She brought this to her uncle's attention. Ramp was also the friend of an IRS agent who wrote a tax memorandum decision against the RTO industry in the lease versus sale issue. This member quit because it claimed that there was no value in APRO.

I find it ironic that if this company would have listened to one of APRO General Counsel Ed Winn's seminars where he warned us not to sue our customers the industry may not have had a federal mess. Or maybe this company found no value in the money, time, sweat and fears that the grassroots movement of all the smaller dealers—who comprise the majority of APRO membership—did during this time. A membership value is not only worth what you receive at the time you need it, but it is also what you might learn and receive in the future. I am sorry to lose any member; but remember, APRO membership gives you value if you want to use it and you only get one vote no matter how much money you spend. This is what makes all APRO members equal.

APRO will still have a solid framework of legislative protection on the federal and state level. We must never



forget the lessons we learned in the 1990s. We must also never forget the power our members have in this arena. It is our members who stopped the attacks in the past and today; it was not one or two large dealers with lots of money. I hope one day that they can see the true value of an APRO membership.

APRO members are what give this Association its true value. We are growing in the number of member companies every day. We still have the second largest RTO company as a member. We also are getting more and more members from all the franchise groups. They must see sharing ideas with more dealers as good for business. They also are independent dealers. Small dealers around the country are seeing that this Association is not here for or run by the big guys. We can all learn something from each other. The two members we lost did not share any ideas about this business; they only wanted to tell us what we must do.

I want to leave with one thought: When you stop listening to other people's ideas you stop learning. When you stop learning, you stop growing.

I think we all want to keep growing! Remember that the time and money you spend at an APRO function or the money you spend on dues may make your company grow, but you will never know if you don't go and talk to other dealers or try the tools your membership offers. Those who have are still members today.

Thanks for being a member and an asset to APRO. ■

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We are all limited by what we don't understand. As an owner, if you don't understand the complexities and details of the tax code, you are limited in what advantages you may be able to take in your tax planning strategies. As a store manager or district manager, if you don't understand that the company or owner has entrusted an asset to you to grow—the store or stores—you are limited in your ability to increase the value of that asset and truly perform your job. As an account manager, if you don't understand that customers have a choice in what

Are you limited?

payments they make and don't make, you are limited in your ability to collect the most money for the accounts for which you are responsible.

In this industry, we should not limit ourselves. There are too many resources available to everyone in this industry through your national association for anyone involved not to understand anything. Where else can you go sit in a seminar and listen to your competitor explain in great detail—with charts, forms and written instructions—on how to grow your business? Where else can you go to listen in on an educational conference to find out how to maximize your bottom line by learning about the different ways and advantages of treating your rental merchandise?



By **SHANNON STRUNK**
APRO's President

The people in this industry have an unprecedented history of sharing information with each other. They share everything: how to, how not to and even when to. I was fortunate enough to attend the Alabama-Mississippi Educational Conference this fall and enjoyed a seminar on customer service by Fred Pearson. Fred followed the chronological activity of his most loyal customers, Sherry and Earl, very precisely. While being absolutely entertaining, Fred made me aware that once again it was time for my company to refocus our employee's attention on customer service. While we pride ourselves on providing the best customer service in our markets, it invariably becomes a thought and not necessarily an action. Fred, an APRO member,

brought it back home for us and shared his experiences for our benefit.

Every time one of us in this great industry gets exposed to another industry, we quickly become aware of how much RTO dealers share information compared to other industries. It is even more apparent to outsiders; when someone from another industry is exposed to this industry, it is even more remarkable to them how much we share, even though many of us are competitors. I believe that by sharing information with our competitors, they get better and make us better, because we are all competitive by nature. If a new competitor comes into our markets, we instinctively figure out how to improve our appearance, customer service or even pricing. In a big picture sense, we should encourage competition simply to improve our stores and our employees.

As an APRO member, you have several opportunities every year to experience the sharing of information, education and networking that we offer. Events such as the Legislative Conference encourage us to develop relationships with our congressmen and senators so that they might better understand our business and consider it while making decisions in Washington. The Mid-Year Conference, while providing more time to enjoy a great destination, allows us the opportunity to participate in round-table discussions with fellow rental dealers to discuss everyday operational issues, as well as great speakers. Every one of us should take the opportunity to attend APRO-sponsored state association meetings, APRO-sponsored regional expos and, of course, APRO's national Convention and Buying Show.

Speaking for myself, I have always received more than I gave. I encourage every one of you to attend as many meetings as possible and ask as many questions as you can muster whenever you have the opportunity. I encourage every owner to send employees to as many APRO-sponsored educational conferences and APRO-sponsored seminars as possible. We need to increase the education of our employees so that they will not only perform better, but also increase the bottom lines of our stores and companies. ■

.....
"The people in this industry have an unprecedented history of sharing information with each other."

Shannon Strunk is the president of Baber's Inc. in Pascagoula, MS.

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The one constant in our industry over the past 25 years has been your trade association, APRO. Companies have come and gone, individuals have come and gone, but APRO has always been there.

Allow me to explore APRO's role in the development of this industry.

When a few entrepreneurs created the concept of renting consumer products to people and to allow for eventual ownership of these products, the concept proved to be viable. Some of these companies started growing and prospering. It

occurred to some that to build their companies, they needed to help develop the industry. There were rental dealers who decided that a viable industry was good

for their companies. These founding fathers met in Dallas to discuss the possibility of forming a trade association, giving all rent-to-own entrepreneurs a vehicle to promote the industry.

As some of you no doubt remember, one of the first issues facing these early companies was product development. There were manufacturers who didn't want their products to be "rented" and were not selling to these early RTO companies. At the same time, the legal status of a transaction that provided a way of renting consumer products and providing ownership was uncertain. No single company had the resources to lobby state legislatures to create a legal, protective environment for such a unique transaction nor did any single company have the economic clout to approach and convince manufacturers of consumer products that this new industry could be a profitable market for their goods.

However, by joining together to pursue common goals through a trade association, these entrepreneurs believed, and rightfully so, that there was strength in unity and, hence, APRO was born.

During the intervening years, this commonality proved to be highly successful and led to prosperity for all in the industry. In the 1980s, a common program of establishing favorable state laws was initiated. Today, 46 states have such legislation that creates a safe harbor for companies operating in those states. The 1990s was a pivotal decade for the health of

RTO. The three major finance companies, Chrysler First, McDonnell Douglas and Transamerica withdrew their financing of the industry. APRO led the way in devel-

oping common terminologies that new lending institutions could understand that allowed them to measure their risks in providing capital for our industry. APRO led the way in collecting valuable financial data that these lenders could use to evaluate their investments.

Then the Internal Revenue Service concluded that the RTO transaction was a disguised installment sale and not a lease and set out to audit companies across the United States to prove its case. Fortunately, APRO was prepared to prove them wrong and rental dealers across the country united behind this effort to reverse the IRS's initial belief. It is interesting to note that the big companies, at that time, paid little attention to this threat and didn't directly participate in this effort. The small- and medium-sized companies fought this battle and the result was savings of an estimated \$1 billion in unfair taxes.

At the same time, the industry was forced to fight a more egregious battle of a negative public perception. The Wall Street Journal ran a long, damaging diatribe about one company that affected all RTO companies. Again, rental dealers banded together under the APRO umbrella to reverse the damage done by this public relations disaster. Today, we all benefit from the efforts to become a more professional industry.

These are but a few of the problems we have been able to overcome by working together. But what, or who, is APRO, you ask?

APRO is *you*—rental dealers who a commonality of goals.

We will miss those who have left APRO. They say they didn't get value for their dues, but there will be future problems facing our industry. Federal legislation will not be the last hurdle for RTO. I pose the proposition that, even after 25 years, no company is strong enough to meet the challenges of the future alone. Regardless, RTO will continue and so will APRO. ■

.....
"Federal legislation will not be the last hurdle for RTO. Even after 25 years, no company is strong enough to meet the challenges of the future alone."

Why APRO?



By BILL KEESE
 APRO's Executive Director

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

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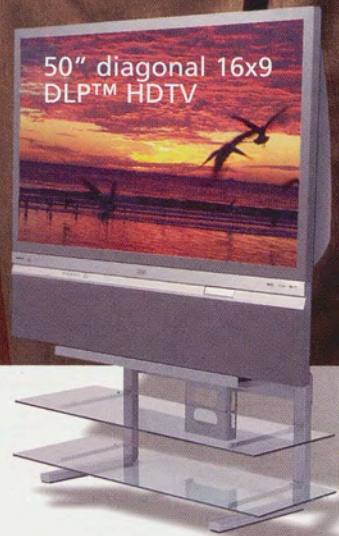
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At right, Timothy Shannon National Manager Consolidated Specialty Sales Thomson Inc.

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With the recent and sudden withdrawal of two of its largest members, the Association of Progressive Rental Organizations may be called upon to reinvent itself. It is not the first time that the “big guys” and the “little guys” have not seen eye to eye on Association and industry matters. This struggle between large dealers and small dealers has existed for as long as APRO has been around and probably longer. Small dealers are instinctively threatened by the large dealers with superior competitive resources and the large dealers have never

Large and small

suffered small dealers gladly, since they are small and therefore of less note.

Early on, the larger dealers (Remco with 50 stores was the largest) wanted to clean up the business, raise the profile of the industry and create a safe legal environment for RTO. Some of the smaller dealers at the time were less ambitious, content with life and, in their words, “under the rock and out of view.” They were unsupportive of efforts to rock the small and as yet unnoticed boat they were all in. Quarrels at that time centered on whether the business could survive if rental dealers were to disclose the total RTO price to customers instead of just the weekly rental rate. Some small dealers were genuinely terrified at such a prospect. Larger dealers took a longer view and knew that proper disclosures to consumers would finally help the industry, not hurt it. Dealers also quarreled at the time over the role of the Association and whether it ought to be a vehicle for helping people get into this delicious new business or whether it ought merely to assist existing dealers in keeping out of trouble.



By ED WINN III
APRO's General Counsel

Quarrels have broken out periodically since then over any number of issues, including the value of the federal effort, with larger dealers generally championing the cause consistently and some smaller dealers questioning the cause and its value.

.....
 “That quarrels
 persist among
 competitors
 is no surprise.
 Nonetheless,
 competitors in all
 kinds of industries
 co-exist in trade
 associations.”

As the industry has evolved, the topics that have separated rental dealers along the large-versus-small divide have changed. Today, if I understand the debate and set aside the personality conflicts that always occur in rooms full of competitors with healthy self images, it seems to be about money. It is still, as I suspect it ever will be, a quarrel between the big guys and the small guys. The smaller dealers think that all companies ought to pay their fair share, which is based on a per store assessment. The large dealers are willing to pay their fair share, to be sure, but they view fairness differently and want to pay less per store than the current rules demand. How much less remains to be seen.

That quarrels persist among competitors is no surprise. Nonetheless, competitors in all kinds of industries co-exist in trade associations—there are 30,000 or so such organizations in the United States—presumably for their mutual benefit and protection. We in RTO are finally no different. The more companies and stores that APRO has as its members, the stronger the association. The numbers give us credibility and the dues give us the revenue to perform our good works on behalf of the members.

And so, we miss those two large non-members already. We want them back for the industry's sake and, we hope, for their own sakes as well.

In the meantime, we are tightening our collective belts, retooling our resolve and recommitting to the members that we still will strive to be the very best trade association that we can possibly be. ■

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

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Mike Talley, Partner
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APRO Associate Member since 1984

In September 2003, the APRO board of directors asked the ethics committee to write a philosophy statement for our Association. The ethics committee welcomes any suggestion to this work-in-progress. Once we have finalized our philosophy statement, the full board will approve and provide it to our members, staff and vendors. Your ethics committee for 2004–05 includes Robert O. Briley, chairman, Rich Bartel, Sydney Burton, Kevin Quinn, Richard Rose, Mark Windsor and APRO President Shannon Strunk. If you have any ethics issues, please contact the APRO office or any of these committee members.

APRO's philosophy

Our members: We recognize that the association with our members is our single most important relationship. We value each individual relationship and will treat each member with respect, integrity and honesty. We are committed to creating value for our members. We will serve our members and respond to their needs in a cheerful and enthusiastic manner.

Our staff: We recognize that each staff member is an integral part of our existence and success and participates by choice. This choice means each staff member is responsible for integrity in the organization, open and truthful communications, producing positive results, acknowledging the contributions of others to the Association and understanding and being supportive of the purpose, philosophy and code of ethics of the Association.



By ROBERT O. BRILEY

Our vendors: We view our vendor and member relationships as a vital part of our success. We expect vendor dealings with Association members to be characterized with respect, integrity, honesty, professionalism and mutual profitability.

Our business: We are in business for the long term. We will always give greater consideration to long-range goals as opposed to short-term benefits. We believe that we must continue to be innovative, unique and distinctive in the things we do. We will emphasize these characteristics so that we may be a leader in the industry in

which we operate. We will be responsible citizens to the communities in which we operate while being sensitive and responsible in our relationship with others.

.....
 "We recognize that the association with our members is our single most important relationship."

APRO's Code of Ethics:

The following represents a guide for our conduct and behavior that we believe best serves the needs of our customers and our co-workers:

- If at all possible, do it now with the best possible quality.
- Be open and receptive to ideas, opinions and change.
- Constantly strive to improve upon all that we do and to direct our energy toward creating solutions and making things possible.
- Keep a positive attitude.
- Be forthright and honest in all our communications, dealings and relationships.
- Keep all commitments.
- Acknowledge others for their contributions.
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Robert O. Briley is APRO's Ethics Committee chairman. He can be contacted at 325/698-1501 or via e-mail at rbriley@rctx.com.

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A graphic featuring a large, stylized number '1' in the background. The number is white with a blue shadow. Overlaid on the '1' is the text 'ECONOMIC FORECAST' in large, bold, black letters. The year '2005' is written in blue, curved text across the middle of the '1'. A yellow line graph with a green line is overlaid on the graphic, showing a fluctuating trend. The background is a light blue and white gradient.

ECONOMIC FORECAST

2005

A new year is upon us and it's time to look into our crystal ball for a view of the next 12 months. How will the economy affect consumer spending and what will the impact be on traditional retailers and RTO dealers? Several factors come into consideration when trying to determine whether future economic conditions will positively impact RTO transactions and/or traditional sales. And when one thrives, will the other suffer? While there are no economists who traditionally evaluate the RTO market, what we can do is take a snapshot of the retail forecast in order to determine how those industry predictions could impact the RTO market in the coming year. ✦ To find the answer, we spoke with a number of experts around the country. Their comments share one common characteristic: a more subdued outlook than the hopeful optimism of 12 months back when many were predicting a robust 2004. For most parts of the country, the past year has simply not brought a rebound in cash register activity to the extent anticipated. When evaluating the performance of RTO industry over the past nine years, however, the business has witnessed revenue growth at a compounded rate of 6 percent without a single down year.



AST

**WHAT LIES AHEAD
FOR RENTAL DEALERS
AND RETAILERS?
BY PHILLIP M. PERRY
AND JULIE SHERRIER**

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ost forecasters believe that the more subdued sales environment for retailers will continue well into 2005. There is an important bright spot, however. Consumer confidence continues

to stay relatively high. Nimble retailers and RTO dealers can capitalize by learning more about their customers and meeting their needs through new offerings of merchandise and services. On the flip side, according to a recent industry analysis report on RTO by Legg Mason Wood Walker Inc., "The RTO industry is healthy, growing, very profitable and, we believe, relatively impervious to swings in the economic cycle. For example, industry revenue grew 5.7 percent in 2001 despite a recession."

SALES GROWTH SLIPS

"The beginning of 2004 was very strong, but retail sales started to ease off in the summer," says Rosalind Wells, chief economist for the National Retail Federation in Washington, D.C. That softening trend is expected to continue as most organizations join the NRF in forecasting a moderation in the growth of spending. "It's very clear we had a boom in retail sales in the first five months of the year," says Scott Hoyt, director of consumer economics at Economy.com, an independent research organization based in West Chester, PA. "We are looking at a 2005 retail sales growth that is somewhat slower than the past 12 months."

The RTO public companies also performed well in 2004, posting gains for the past three quarters ranging from 3.6 percent to 23 percent.

Independents will continue to face special challenges. "The past 12 months have been a rocky ride for smaller business owners," says Jim Dion, president of Dionco Inc., a Chicago-based retail consulting firm. "The power of the major chains continues to increase as the big get bigger and stronger. That puts tremendous pressure on independents."

That is also true for RTO. While thousands of "mom-and-pop" RTO operators still exist, there is a dearth of meaningfully sized RTO companies that remain independent, resulting in increased competition and rising acquisition valuations, reports Legg Mason.

SOFT EMPLOYMENT

Jobs—and the lack of enough good ones—is the No. 1 restraint on consumers. Employment growth began to taper off in the summer of 2004

after a strong start earlier in the year. Stubbornly low employment not only dampens consumer confidence, but also reduces spending power. "Retail sales are really driven by income growth," says Wells. "And income growth depends on employment growth. That's been disappointing."

In a robust economy, Legg Mason expects a slight lift to the RTO industry. Likewise, in a recession with high blue-collar unemployment, there would be some dampening demand. So while the RTO industry is not counter-cyclical, it is recession resistant.

Furthermore, forecasters are concerned about the quality of the jobs being created. "My concern is that even if the employment rate picks up,



"THE RENT-TO-OWN INDUSTRY IS HEALTHY, GROWING, VERY PROFITABLE AND, WE BELIEVE, RELATIVELY IMPERVIOUS TO SWINGS IN THE ECONOMIC CYCLE. FOR EXAMPLE, INDUSTRY REVENUE GREW 5.7 PERCENT IN 2001 DESPITE A RECESSION."

are the new jobs the ones people need for their required income and benefits?" says Deborah Fowler, director of the Center for Retailing, a research and educational resource at the University of South Carolina, Columbia, SC. "I am hearing about a lot of people losing well-paying jobs only to discover there are no new jobs similar to the ones they left. People who have lost \$100,000 jobs are taking \$30,000 ones. As companies and families downsize, they lose discretionary income and so they cannot buy the things they want." This argument would tend to fuel the potential for attracting new and existing RTO customers to stores. Unfortunately, the RTO industry has been unsuccessful for several years in boosting its customer count.

Is there hope for a turnaround? Some observers are still waiting for the hiring pick-up that most were anticipating a year ago. One enthusiast is Scott of Economy.com. "We are expecting a gradual pickup in employment growth. Businesses seem well positioned and demand is strong enough that we expect some hiring." A long-overdue rebound in hiring would certainly be a welcome phenomenon and might turn the coming year into a major win for business owners.

For the time being, though, employers are holding their ground because of an ability to wring more revenue out of the same investment in workers and assets. "Productivity is still growing strongly, if not as fast as before," says Scott. "That's good for the long run, but in the short term businesses can get by with fewer employees." And taking on new hires is costly: "Employers are cautious because of high benefits costs."

STIMULI DISAPPEAR

Retailers are affected by more than a weak employment picture. "We are seeing the disappearance of a number of economic stimuli that were important factors supporting sales in 2004," says Wells. Perhaps the most effective of these were the tax cuts of late 2003 and the ongoing rounds of mortgage refinancing. Consumers have mostly spent the cash gained from both phenomena, neither of which is expected to play a role on the economic stage in 2005.

Indeed, with interest rates gradually rising, some market observers are worried about the prevalence of adjustable rate mortgages. "We have not yet seen the effect of adjustable rate mortgages. But I have started hearing people say their rates are about to go up and that causes some negative anticipation. If you have to spend more money on a house, that affects your discretionary spending," says Fowler. This can also have a negative impact on RTO dealers across the country.

Dion also sees a potential danger. "There are a record number of adjustable rate mortgages," says Dion. "And they are ticking time bombs. If any of the regional housing markets burst, there will be a couple of million people with houses worth less than their mortgages."

CONSUMER DEBT

Historically, when consumer debt tightens, the number of RTO agreements increase. And while some mortgage refinancing money has gone toward paying down charge cards, consumer credit still continues at record levels. "A lot of people have been delving into the lines of credit on their equity," says Dion, speaking of individuals who have refinanced their mortgages.

At the very least, high leverage is a risk for big-ticket sales. "Clearly, consumers are leveraged and debt burdens are high," says Scott. "As interest rates creep up, it will be difficult for consumers to borrow and spend. So we are back to a key conclusion: Labor income will be the most important

determinant of spending growth next year."

Speaking of debt, many observers are leery about the national deficit. "Consumers have to start getting concerned about the deficit we are building," says Dion. "They read about it in the paper, but it has not yet hit home. We have had a tax cut in a time of war—that is the first time the nation has done that." Knowing that the deficit will lead to either higher taxes or increased interest rates is bound to have a depressing effect on shoppers. "At some point, people will start looking at the numbers and saying, 'Whoa! I have to start watching my pennies more.'"

Add to this litany of misery a number of other factors such as higher energy and gasoline costs, the continuing threat of terrorism and bad news from Iraq. No wonder people call economics "the dismal science."

WHAT YOU CAN DO NOW

Perhaps these aren't the best times for retailers, but the RTO industry appears to be holding its own. The good news so far is that both inflation and interest rates seem to be largely under control. Most important of all, consumer confidence remains high despite a modest dip early in the fall. That provides retailers and RTO dealers with an important opening wedge: Thanks to the public's willingness to spend, smaller organizations can finesse the larger economic issues by smart maneuvering.

Fowler advises sharpening marketing skills by redefining your own customers and taking special pains to meet their needs. "Talk with shoppers and your associates to get a sense of who your customer is. Then base your policies and pricing and customer service upon the answer."

There are now two distinct consumer groups in the United States, says Fowler. One seeks good value; the other efficiency. "If your customer is price oriented, then discounted or everyday low prices are positive attractions. Time conscious customers are looking for shopping convenience, customer service and quality merchandise." Know which group you serve.

Success, then, is customer driven—far more so in 2005 than ever before in recent history. "In 2005, there will be some great independents who continue to do good business because they understand fundamentals and treat their customers well," says Dion. "No retailer or RTO dealer can control the global stage. But everyone can manage their businesses as best they can and be what they should be for their customers." ■

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

HOW TO KEEP TABS ON THE ECONOMY

Major economic trends have a profound impact on your cash registers. How do you keep tabs on the vital factors spotlighted in the accompanying article?

Check out these relevant Internet sites:

- The Dismal Scientist, sponsored by Economy.com, is an Internet site that reports trends in the national and international economy. Analysis is presented in terms understandable by non-specialists. www.economy.com/dismal.
- The White House maintains an economic statistics briefing room for easy access to current Federal economic indicators. www.whitehouse.gov/fsbr/esbr.html.
- The U.S. Department of Labor capsulizes many vital economic statistics maintained by the Bureau of Labor Statistics. www.bls.gov.
- The Conference Board tracks consumer confidence. www.conference-board.org.

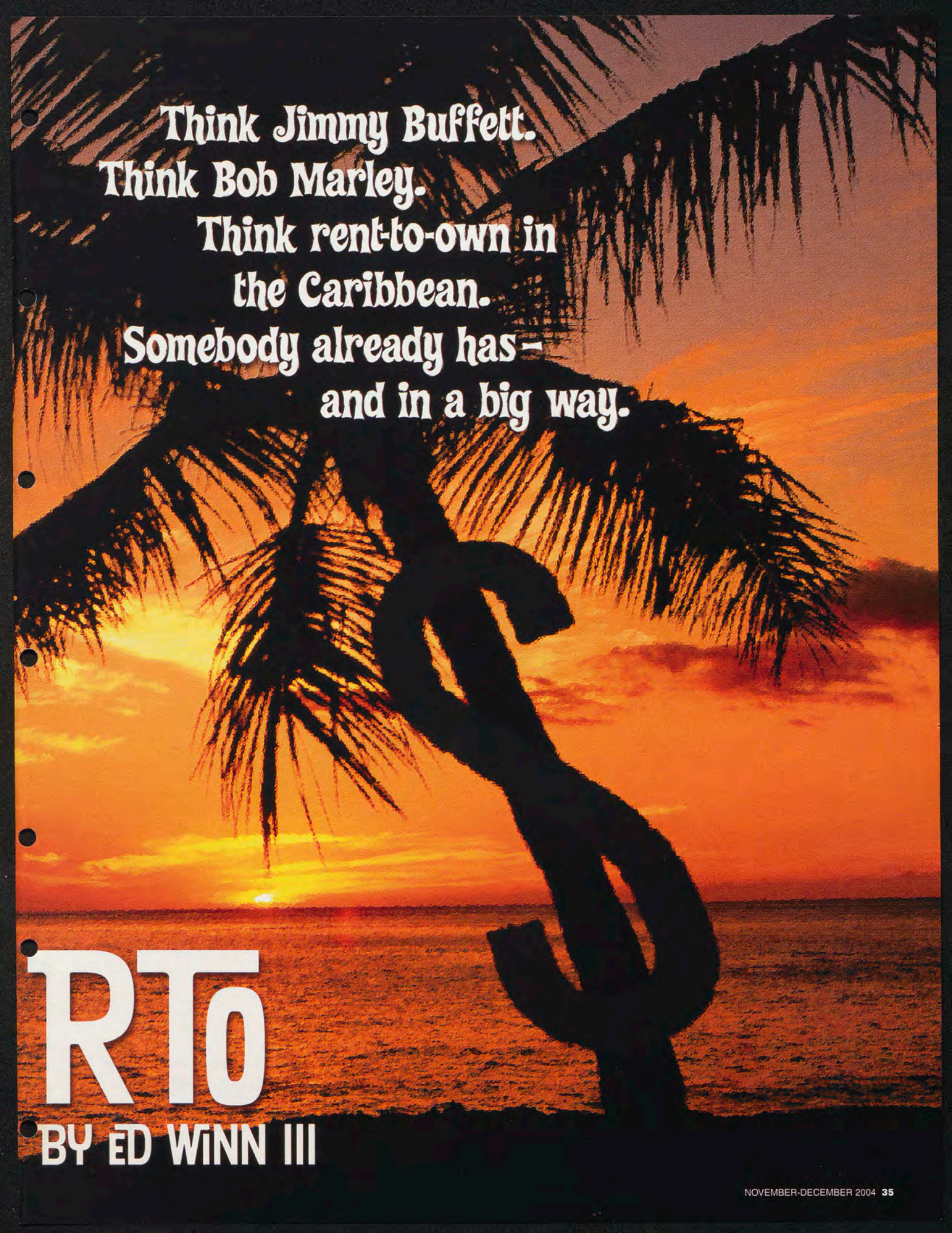
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et
Courts PLC, an international specialist retailer of home furnishings and electronic products. According to the company's 2003 annual report (the company is publicly traded on the London stock exchange), the company has more than 350 stores in 21 countries and did £640 million in sales (£1=\$1.80).

The company began in 1850 in Canterbury, Kent, when Henry Court began a repair service for kettles and pans. When the father died and the son took over the 1860s, the company moved into bicycles, paints and furniture. The Cohen family purchased the Canterbury store in 1946, kept the name and proceeded over the next 50-plus years to grow the company into the 352-store international chain that it is today.

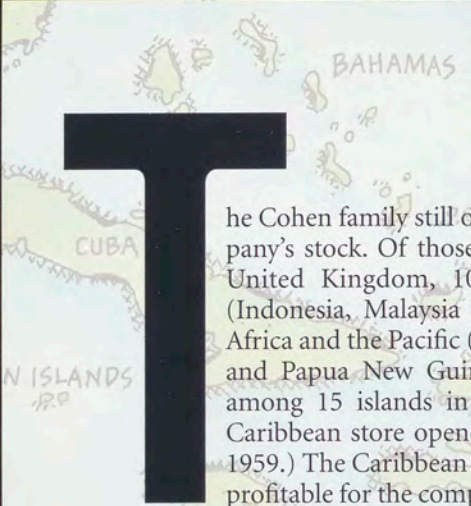
THE ISLES OF



Think Jimmy Buffett.
Think Bob Marley.
Think rent-to-own in
the Caribbean.
Somebody already has —
and in a big way.

RTO

BY ED WINN III



The Cohen family still owns 51 percent of the company's stock. Of those 352 stores, 103 are in the United Kingdom, 106 are in Southeast Asia (Indonesia, Malaysia and Singapore), 50 are in Africa and the Pacific (Fiji, Madagascar, Mauritius and Papua New Guinea) and 93 are sprinkled among 15 islands in the Caribbean. (The first Caribbean store opened in Kingston, Jamaica, in 1959.) The Caribbean operation is by far the most profitable for the company. In 2003, it contributed 28 percent of the company's revenues and 88 percent of the company's profits (£32.5 million in 2003).

Despite the success of the Caribbean stores, the company has fallen on hard times in recent years. The stores in the United Kingdom have been a drag on the company. Revenues have fallen since 2000 and the company has recently warned of a £24 million loss for 2004. The company had shown profits of £32.5 million in 2003 and £30.9 million in 2002. There were efforts last spring to sell the company, but after being on the block for a few months without any offers, the company withdrew its offer to sell.

Whatever the company's overall problems, life is good for the most part in the islands. There is not a lot of regulation and the company enjoys a good reputation among the locals.

Here is how one reported his shopping experience on the Internet:

"Courts furniture is all reasonably priced and depending on which time of year you go there, they can have some excellent offers on where a lot of items are reduced below half-price. Even the items that are not reduced this low still have a considerable saving to be made.

"Delivery times are usually quite quick and they charge only £20 regardless of the size of your order, even if they have to deliver all the items separately on different occasions, you will only ever be charged once. All items that I have had have been handled with care and there has never been a fault with them.

"I have spent mega bucks in Courts so they are obviously doing something right, as I am usually quite a hard person to please. Although they are not the cheapest store on a lot of items, you can always be assured of quality, modern design furniture and accessories..."

Customers can pay cash, use in-store credit or use a hire-purchase transaction (the British equivalent of rent-to-own). Good customers can qualify for the company's own "Ready Finance" card with a \$10,000 credit limit and with interest rates running around 22 percent. Or they can rent. And they can rent literally anything in the store. A recent catalogue had a 42-inch plasma TV for \$235 per week and a hair dryer or an iron for \$2 per week

and everything else in between. Keep rates are reported to be high and skips are few (where can you go on an island?). Returns are mostly due to customers moving away rather than because of non-payment. Part of the reason for this may be that when customers do have merchandise picked up, they cannot rent again for one year. And on a number of islands, Courts is just about the only furniture, appliance and electronics game in town. Stores in the Caribbean average nearly \$£2 million per year in average retail space of 6,000 square feet. However, it is not possible to break out rental revenues from sales revenues from the annual report.

Part of the challenge to doing business on the islands has been finding a steady source of quality furniture for customers to rent. Courts has involved itself in local initiatives on several islands to train and hire islanders to make assembly-line furniture locally. Although Courts does not manufacture any products itself, it has lent its expertise and credit line to local start-up furniture manufacturers. On the island of Guyana, for example, Court guarantees orders to local firms which turn out solid wood pre-assembled furniture using company specifications. There are 50 furniture makers on Guyana involved in this project, which has resulted in 750 new jobs on the island.

As good as business is on the islands, it is not *all* good. In September, the company issued a press release noting that Hurricane Ivan had just devastated the island of Grenada where the company has three stores. Jamaica was

also hard hit. The company reported that there was not a loss of life among store employees or customers, but that the storm and flooding would cause a loss of \$£4 to \$£7 million in profits from the region for the year.

Courts is the main rental company in the islands, but not the only one. Rental veteran Bob O'Connor, who currently resides on St. Thomas, Virgin Islands, has opened up a few traditional U.S.-style Dial Rent To Own stores and sees the potential for huge growth in the Caribbean. O'Connor also has stores in Guam and Saipan in the Pacific. He does take his hat off to his chief rival, Courts, and acknowledges that as a competitor they do a lot of things very well.

The next time rental dealers are on vacation in the Caribbean, they may want to take a look around the nearest Courts store to see how the rental business looks in the islands. For a flavor of stores in the Dominican Republic, complete with island music, go to www.courts.co.dm. ■

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

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FUN, GAMES and RENT

BY STEPHEN SCHENCK

ONE'S COMPUTER REPAIR BUSINESS SOUPED-UP CYBER

few months ago, Rent One customers got their first glimpse of the rent-to-own chain's newest product line and it was like nothing they had ever seen before in the store. On display next to the fridges and sofas, televisions and home computers, were custom built gaming machines. These super-fast computers were tricked out with flashing lights, fresh paint jobs and the latest and greatest in audio and video components.

"People are accustomed to computers that look like an ugly gray box that you stick in a cupboard and hide away," says Bruce Venters, who customizes the computers for Rent One. Rent One is a 34-store chain based in Mt. Vernon, IL, and owned Larry Carrico. "When the gaming industry started taking off, the look of the computers started changing because high school kids wanted to modify them the same way they like to add flash and speed to their cars."



Carrico remembers the impact the new computers made the first time he saw them in Venters' shop. "When Bruce started working on these gaming machines,

I saw these boxes on the floor that were flashing and thought they looked like boom boxes from the old days," says Carrico. "Well, Bruce is able to create that same kind of excitement with computers and the gaming guys love it."

"We take the computer CPUs and put on a nice, shiny coat of paint that ranges anywhere from bright yellow to dark black, with a high gloss," says Venters. "Then we take off the side panels and

and a \$2,000 computer system," says Venters. "He said, 'Mom, write me a check,' and she did."

Chris Hartman, manager of a Rent One store in Chester, IL, also purchased one of Venters systems and is a serious gamer. He plays graphics intense games on the Internet and participates in competitive videogame leagues. "I will not buy a name brand computer because they're junk—they just don't do what I want them to do," Hartman says. "My computer needs to have the best video card, sound card, memory...everything."

Sentiments like Hartman's are common among gamers because the newest games, with their attention to detail and high definition, are like interactive movies that require more power than basic home computers have to offer. "I bought a game for my old computer

what sells," says Carrico. "When you get a system like that hooked up to a 50-inch big screen TV with Surround Sound and you're showing awesome graphics, it's going to make a big difference in the eye of the customer."

As testimony to the powerful impression the displays make on customers, Venters enjoys telling the story of a photo album he kept in the store. "We had a book full of pictures of 'Mod Cases' (modified computers) that we put together for people to flip through, but somebody actually stole it out of the sales room, believe it or not," says Venters. "The only thing we can figure is that they wanted to brag that they could build them."

BASEMENT BEGINNINGS

Custom-built gaming machines

"PEOPLE ARE ACCUSTOMED TO COMPUTERS THAT LOOK LIKE AN UGLY GRAY BOX THAT YOU STICK IN A CUPBOARD AND HIDE AWAY. WHEN THE GAMING INDUSTRY STARTED TAKING OFF, THE LOOK OF THE COMPUTERS STARTED CHANGING BECAUSE HIGH SCHOOL KIDS WANTED TO MODIFY THEM THE SAME WAY THEY LIKE TO ADD FLASH AND SPEED TO THEIR CARS."

replace them with Plexiglas so you can see the magic that goes on inside."

Instead of the standard green cards and black processors, inside there are flashing lights, chrome fans and glowing cables. Though there are mechanical reasons for the stylish components, much is purely aesthetic.

"The fans help cool down the high-speed processors, but they're also there for show, so that everyone can see them," says Venters.

Buying expensive systems like these, with prices that can reach upwards of \$2,500, and keeping them as the centerpiece of a home is probably a strange concept to most computer users. So, who exactly is buying the dazzling computers?

The answer is young people and other videogame enthusiasts. "Recently, I had a young man, probably 12 or 13 years old, who bought a \$500 monitor

that I thought would be fun," says Hartman. "Guess what? My computer wouldn't play it!"

Although gamers will always be the driving force behind the sales of these machines, Hartman believes it is important for every customer to understand that these computers can do much more than play games.

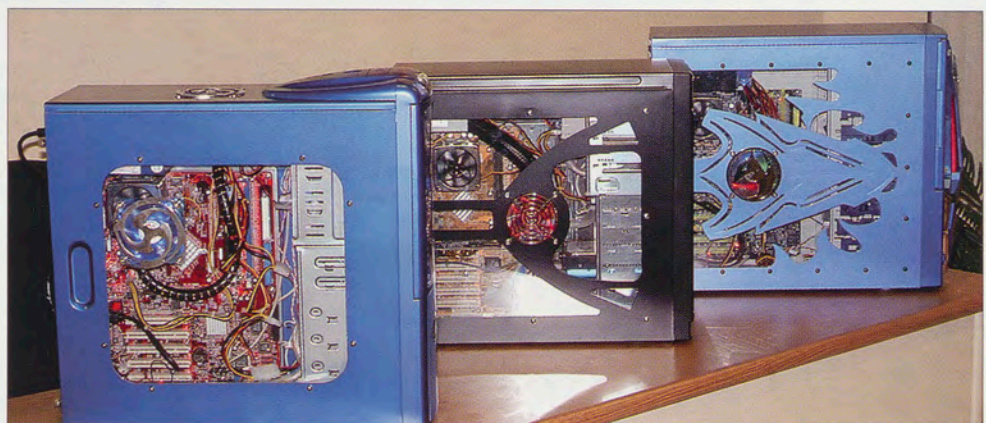
"Advertising these computers as a gaming machine is good for gamers, but you are also missing out on sales from other customers," says Hartman. "They look at it and think this is an Xbox and say, 'Oh, we don't want that.' So we need to market it as a high-end, high-performance computer that can run every program, better."

For Rent One, the best way to make sure the super systems don't go unnoticed by a single customer is to display their stunning power in the middle of the store. "At the store level, that flash is

might seem a world apart from the standard fare of the RTO industry. Yet, they landed on the shelves of Rent One because of two questions common to every RTO store. How can we reduce computer repair costs and shorten turnaround times? For Rent One, much of the key to answering those questions lies in the story of Bruce Venters, who came to the company 13 years ago.

Rent One was growing quickly and Venters used the opportunity to work his way to the store management level. Along the way, Rent One began renting personal computers and Venters took a keen interest. "He did really well managing, but he liked the computers and gadgets so much, he went in that direction," says Carrico.

In those days, computers were slow, expensive and a luxury item. They were also very difficult to clean, upgrade and



repair. According to Venters, in lieu of repairing them, the stores usually just ordered new ones, which left mountains of used PCs lying around the stores.

"This stockpile of computers was a disaster, so I started learning about them and doing my best to clean 'em up," says Venters. "I was running the Fairfield location four years ago and fixing computers in my spare time, but that's when computers went from being in one of every five households, to now, when people have two or three in the house."

For Venters, refurbishing computers quickly became a full-time job and could no longer be done in the back room. When a space opened up in Carrico's shopping center in Mount Vernon, IL, Venters moved in. "Once a week all the stores would send me their returned, broken computers and I'd

clean them up and try to get them back the following week."

Venters' dedication to service is precisely why Larry Carrico considers him such an asset to his company. He says its one of the most difficult values to teach someone new to the RTO industry. "The furniture or appliance repair shops usually know this, but the computer shop people don't always understand the need for fast turnaround," he says. "If our customer brings a computer in and it's not repaired in a timely fashion, they won't pay us and we have to give them a loaner. Then, if we give them a loaner and it takes three weeks or a month to get it back, well...we've lost a month of revenue on both units."

That's why Rent One's policy is a one-week turnaround on computer repairs. Though it doesn't always happen, says Carrico, if a computer gets to Venters on a Tuesday, it is returned to

the store the following Tuesday 80 percent of the time.

"Store managers have different levels of expertise on computers, so some guys may send Bruce only three computers per month, whereas someone else might send all of them," says Carrico. "If it gets sent to Bruce, though, we know everything has been fixed right."

After taking over Rent One's computer repair center, Venters' expertise and business sense continued to grow. Early on, he discovered that sending computers off to their manufacturers took too much time for the fast-paced world of RTO. Venters took the initiative to become certified to repair warranty issues on Compaq and Hewlett-Packard computers. That way, Rent One could save time and money by repairing everything in-house rather than sending units off to a third party.

Soon thereafter, the high volume of computers coming into Venters' shop necessitated the hiring of additional staff. "When I first started this, we averaged maybe six computers per week coming in from the outside to about six per day," Venters says. "That's in addition to the 50 computers coming in and out from the Rent One stores."

Today, Venters has hired a staff of five to assist with repairs and the day-to-day operation of the store and he's considering hiring more. "He basically started [the repair business] in the basement," Carrico says, "and he hired more help until, before we knew it, we had PC Rescue and Sales."

PC RESCUE AND SALES

PC Rescue and Sales is owned by Carrico and managed by Venters, but it

says PC Rescue and Sales still finds a way to benefit Rent One stores. "At PC Rescue we're just selling computers, not renting, but Bruce helps out the rental side because he can sell some of our previously rented, reconditioned units for \$199, \$299 and \$399—or he'll also get some back to the Rent One stores to rent."

In addition to the two or three gaming machines that are always on display at PC Rescue, Venters keeps a regular inventory of Compaq, Hewlett-Packard and Dell computers. However, Carrico and Venters both admit that they sell few of the basic computer systems.

"Home PCs are so competitive—customers will see a \$599 package from Dell and they won't know anything about them," says Carrico, "so they'll come in and talk to Bruce for half an

FUTURE SUCCESS?

Down the road, Carrico hopes the gaming machine craze will extend into all of his Rent One stores, but, he cautions, a lot of important work goes into making a venture like that work. Currently, four Rent One stores have started renting the machines.

"The real trick is if you've got a manager that's a gamer himself," Carrico says. "A manager like that is going to sell substantially more than a typical manager because he can talk to the gamers on their level."

"We're looking to bring gaming machines to all of the stores, but I think there are two things we have to do—one is experience and the knowledge of our managers. They may know about basic computers, but they would be in over their heads talking to a gamer. Our

"OUR MANAGERS MAY KNOW ABOUT BASIC COMPUTERS, BUT THEY WOULD BE IN OVER THEIR HEADS TALKING TO A GAMER. OUR MANAGER IN CHESTER IS A GAMER HIMSELF. HE ENLIGHTENED ME ON THE GAMING MACHINES. WHAT I WANT TO DO IS DUPLICATE THAT KIND OF KNOWLEDGE IN ALL OF OUR STORES."

is a separate entity from Rent One. "Bruce wanted to do PC Rescue because I think he thought he would be more valuable to the company—now he's running a business," says Carrico. "He's been in the business a long time and his mentality was that you had to make a profit and that's a neat thing because most service centers are not profitable."

That quest for profit is what turned a Rent One repair center into a sales floor and ultimately what convinced Venters to get into the business of building gaming machines. "Larry set PC Rescue up so that we don't do any rentals, but we are close enough to a Rent One store—just three store fronts down—that if a customer can't afford to buy one of our systems outright, we can send them straight to Rent One," Venters says.

Despite focusing on retail, Carrico

hour and then go over to Wal-Mart. That's just the way it is."

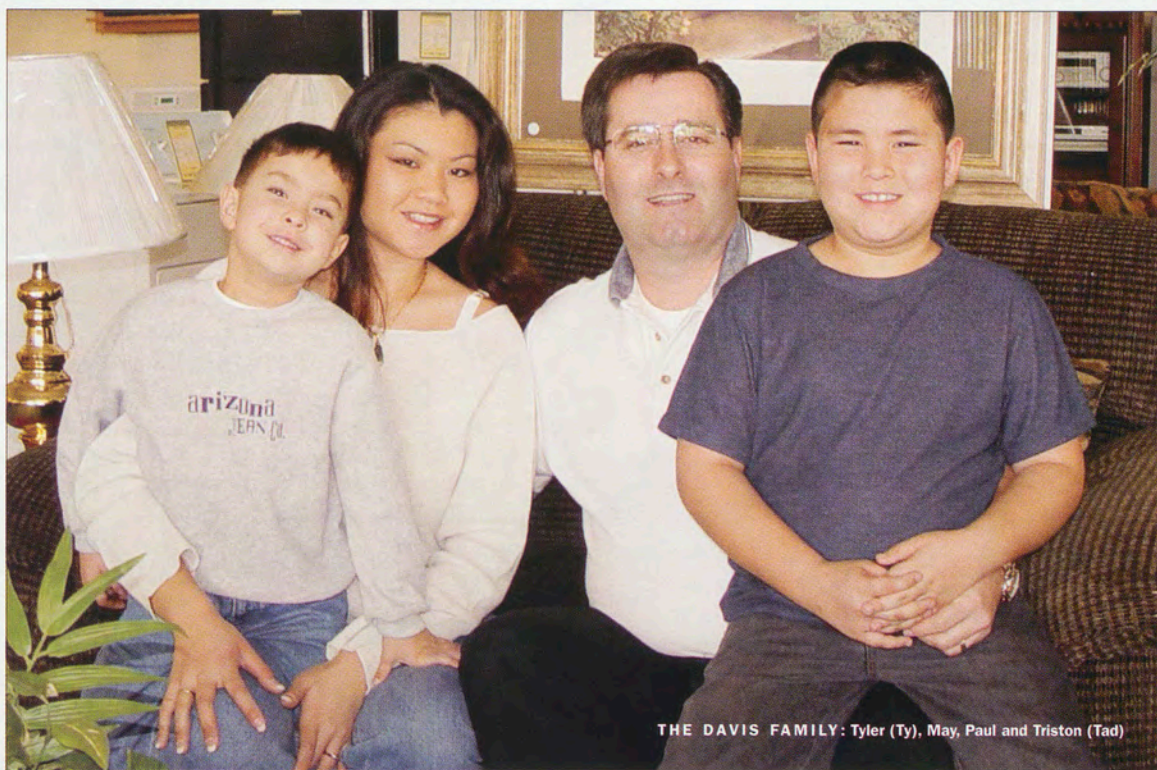
Instead, Venters says most of the profit that comes into the store is from the sale of custom gaming machines and component sales for those who upgrade computers themselves.

"I have a gentleman at retirement age—he does computer modifications as a hobby—and he comes in and buys components from me," says Venters. "He is not typical of the people usually doing this kind of work because he's older, but he spends many hours fine-tuning cabinets and painting them. Obviously, most guys doing their own modifications and upgrades don't buy the big systems from us; however, they do buy our components. Gaming machine sales are probably close to 50 percent of our sales, but I would say 90 percent of our component sales would be for modification stuff."

manager in Chester, IL, Chris, is a gamer himself. He enlightened me on the gaming machines—what I want to do is duplicate that kind of knowledge in all of our stores," says Carrico.

Another big question that needs to be answered before Carrico will feel confident rolling "mod cases" out to all the stores is whether or not the machines, once rented, will be returned. At this early stage in Rent One's gaming adventure, the answer appears to be no. "So far, only one has been rented and returned in the stores," says Carrico. "The people who are buying these know the internal workings of computers and there isn't as much tech support after the sale as there sometimes is with other shoppers." ■

Stephen Schenck is a free-lance business writer.



THE DAVIS FAMILY: Tyler (Ty), May, Paul and Triston (Tad)

» RENT-TO-OWN «

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*When it comes to careers, the third time's a charm
for diverse and daring Paul Davis*

Paul Davis. Judging by his name alone, he sounds like just your ordinary, garden-variety kinda fella, nothing too exotic here. But talk to Paul Davis—president and CEO of Nations Rent-to-Own (www.nationsrto.com) and president of Cal-APRO (the California Association of Progressive Rental Organizations)—about more than the Southern California heat or the new Lakers line-up and you'll discover a man who, while not exactly exotic, is definitely leading an extraordinary life. ♦ Examples? How about putting himself through college one night-school course at a time while working full-time until, 13 years later, he finally earned his bachelor's degree in business management and economics (with a minor in information technologies)? Or opening up his own rent-to-own business, financed mainly through credit cards after only having worked in the industry for less than a year? Or carving out and venturing into a new, highly successful niche of rental-purchase? ♦ No, Paul Davis is not someone who blends into a beige-colored background. His life is developing as a vibrant mural—a fascinating collage involving three distinct careers, the realization and subsequent destruction of a lifelong dream, a successful marriage/business partnership, politics and the latest Japanese card game called “Yu-Gi-Oh.”

A PROFILE *by* KRISTEN CARD



Born in Phoenix, AZ, Davis moved as an adolescent with his family to the Golden State and has been a Southern Californian since 1980. He took classes at the University of Phoenix while working at various financial institutions, ultimately earning his way up from teller to senior assistant manager at California's Morris Plan Thrift & Loan.

The world of finance seemed to be working out fine, but at 21, Davis suddenly opted to abandon his budding banking career in order to follow his childhood dream of becoming a law enforcement officer.

"I was one of those kids who grew up watching *Adam-12* and stuff like that and said, 'I want to be a police officer when I grow up,'" says Davis. "Even when I was in elementary and middle school, I wrote papers about how I was going to be a police officer. And I did it. The proudest moment I ever had was when I graduated from the police academy."

Davis spent more than five years with the Riverside County sheriff's department and the Riverside Police Department. Then, during the Los Angeles riots of 1992, Davis' dream shattered when he suffered a severe back injury and was forced to accept retirement from the force. Ten years later, he's reticent to talk about it and when he does, it's with an unmistakable sense of regret.

"It was a great job," says Davis. "You've got everything in that particular job: the adrenaline rush, the sadness, the happiness and the comfort that you, on occasion, were able to help somebody. It's a job where you can get satisfaction all around."

Today, despite continuous discomfort from spinal trauma and a bulging disk, Davis rejects the option of surgery, as well as prescription medication. He manages his back pain mostly through stretching and strengthening exercises, as well as extreme care to avoid re-injury.

"It was really difficult to accept the injury and its consequences," says Davis. "But I guess it was a blessing in disguise." A blessing that led him to his wife, and—eventually—to rent-to-own.

Directly following his departure from his second career, Davis returned to the first. He was a district manager for Fidelity Financial Corp. when he met May, a collections manager for the company and his future bride-to-be.

"She didn't like me at first," says Davis. "But once she got to know me, she thought I was a nice guy and one thing led to another." They married in 1995.

Davis moved on to work as a vice president and regional manager for Nations Bank. But when Nations Bank underwent a merger, he was offered either a position in Buffalo, NY, or a separation package. Davis took the package and some time off.

A few weeks into his compulsory "vacation," Davis received a call and a job offer from the operating company of Rent-A-Center. Davis accepted, even though he "wasn't completely sure what the position was. I was assigned to one of their regional folks out in California. I toured with him to begin to understand the business and what exactly rent-to-own was," says Davis. "Prior to that, I really didn't have a clue."

Not surprisingly, it didn't take too long for Davis to understand the business and just in time for Rent-A-Center to be acquired by industry veteran Ernie Tally and his Vista Rent to Own. But rather than being discouraged by the turnover, Davis was stimulated by the industry overall.

"Once I grasped what the business was—a relationship business based upon economics—I persuaded the 'powers that be' to put me in a store," says Davis. "They put me in a store in Long Beach, CA, a really rough area. It was like a company joke: 'Hey, let's put



SAFETY FIRST: Davis educates the staff on proper safety techniques, as well as wrapping, moving, loading and unloading of merchandise to prevent damages to the staff or products.





the new guy out in Long Beach.' The store had all sorts of problems. Well, I kept the same people who were there and within two months we turned it around and made it a profitable store."

Davis had spent only nine months in the rental-purchase industry when May urged him to put together a business plan for his own store. Initially hesitant, Davis decided to go for it.

"I thought, 'I can do this thing better, on a smaller scale, renting properly to the right folks,'" says Davis. "I wrote a business plan, submitted it to a few banks and they said, 'You're going to go up against Rent-A-Center? You're crazy. There's no way you're going to compete with them.' And I said, 'OK, fine.' With my financial industry background, I mustered up a couple of hundred-thousand dollars, principally on credit cards, and opened up my company."

Nations Rent-to-Own in Riverside opened in

sofa and loveseat with all the swatches and all the frames to select from. We'll have it custom-made to coordinate with their wall treatment, flooring style, the whole thing."

"Our return ratio is very, very low," says Davis. "More than 50 percent of our clients are homeowners; we have a high volume of 90-day payoffs. The people who come to us trying to get these things have a strong desire to keep them. These folks want nice stuff, not the cookie-cutter 'what's on the floor is what you get.'"

"What we're doing is creating an opportunity to change the traditional rent-to-own business model. We're not reinventing the wheel; we're just adding a few new spokes to it."

It's this personalized attention and commitment to the utmost in quality, along with the Davis' hands-on approach to the business, that put Nations into a league of its own. Davis and his wife, May—who serves

“WHAT WE’RE DOING [AT NATIONS RENT-TO-OWN] IS CREATING AN OPPORTUNITY TO CHANGE THE TRADITIONAL RENT-TO-OWN BUSINESS MODEL. WE’RE NOT REINVENTING THE WHEEL; WE’RE JUST ADDING A FEW NEW SPOKES TO IT.”

March 1999. A second store in Moreno Valley launched in August 2002 and the company is currently preparing for a third store in Corona, potentially opening in late 2005.

"All that debt is paid off," says Davis. "We own our company free and clear."

The Nations niche

Despite his rapid, rhythmic speech, Davis is no fast-talking used-goods hawker. And despite his natural ambition, he has no interest in erecting a colossal rent-to-own empire or in vanquishing Rent-A-Center or other big-time competitors. Rather, Davis has crafted a new and different path for his RTO business and it's getting him exactly where he wants to go.

"Our stores are customized," he says. "We custom-order sofas or just about anything else. Our clientele can come through our stores and, just like a regular retail furniture store, sit down with us and design a

as the company's executive vice president and secretary/treasurer—spend time in their stores daily, as well as in the company's aptly named "home office," an addition attached to the side of their house. Both have taken a series of interior-design courses, so they can assist customers in making smart decorative selections. May produces all of Nations' advertising, from concept through publication, while Paul designs the stores and showrooms, ensuring the foot-traffic flow, product display and absolute lack of clutter he demands.

Davis believes the store environment plays an essential role in winning over the right customers. Nations Rent-to-Own stores have a deliberately "homey" atmosphere, warm and inviting: soft music plays, aromatic candles burn, everything is sparkling clean and all products are fully installed, so that customers can get a real feel of what it will be like to have them in their homes.

"If the product is represented and displayed properly, then it will sell itself," says Davis. "People know what they want; they've just got questions about



design, warranties, what-have-you.”

The Davis’ work alongside their employees every day, helping answer questions, write contracts and otherwise “fill in the gaps,” says Davis. “It’s great for our working environment. Everyone sees I’m not just a shirt and tie sitting behind a desk giving directions and

care of them due to their distance from our stores, then we’re going to tell them so and refer them to someone else. We don’t want to stretch ourselves thin, because we want to make sure we always have the resources to take care of the clientele we already have.

“Likewise, we want to give people what they want, but we rent what’s right for them,” says Davis. “In this industry, stores often will rent too-pricey merchandise to folks who clearly can’t afford it. I don’t agree with that philosophy. We just flat-out ask them, ‘Can you comfortably afford to make this payment?’ When you have these conversations and you develop these kind of relationships, then the customer believes you really care.”

And that, says Davis, is key to rental-purchase success: building trusting relationships. “This is a relationship business,” says Davis.

“Building strong relationships is just the basics of doing business—being approachable, being respectful and paying attention to detail. One person can be worth up to a half-million dollars to you in repeat and referral business. When you take care of that one

person, then they appreciate it and they will talk about it with other people.”

The California connection

Connecting with people is clearly one of Paul Davis’ fortes and definitely part of why, with only six years in the rent-to-own industry, he’s personally responsible for having revitalized California’s statewide trade association for rental dealers.

“A couple of years ago, [former Association of Progressive Rental Organizations president] Lyn Leach called me up,” says Davis. “I’d never met him, but he invited me up to Washington, D.C., to talk with my senators and congressmen about the industry’s legislative priorities. I went because no one from California was going. I began asking around about why California didn’t have an association and the answer I kept getting was, ‘Well, nobody wants to put it together, no one wants to run it.’”



NATIONS’ TEAM: Phillip Randolph, account manager trainee; Sherman Burns, store manager; Paul and May Davis; Carlos Robles, account manager; and Isidoro Calles, delivery/installation technician. Not pictured: Richard Martinez, delivery/installation technician; and Fred Albright, account manager.



not doing much. I need to know everything there is to know about my business and be willing to do what the lowest-level employee does, without hesitation.”

Davis says the hardest part of running Nations Rent-to-Own may be recruiting and retaining exceptional employees to serve as account managers or “concierges,” as Davis calls them.

“To do business the way we do it, you really need to have five stores or fewer,” he says. “Doing it on a large scale would be extremely difficult, especially finding the right people.”

Which is why, unlike most of his competitors, Davis isn’t terribly concerned about growing his business. With an ultimate goal of only three to five Southern California-based stores, Davis stresses quality over quantity and isn’t afraid to let customers know whenever their needs don’t seem to be a “fit” with the company.

“We are extremely honest with the customer,” says Davis. “If we haven’t got the resources to properly take



So in 2001, Davis decided to do it himself. Serving as the organization's president, with May as executive director, Davis re-launched Cal-APRO, with a realistically limited objective: providing a vehicle through which California rental dealers could improve communication, both among themselves and with state policy-makers.

"There wasn't a legislative cause for us to rally around and, honestly, it's been difficult for us to get people involved," says Davis. "California's such a big state; we're all so spread out. Also, we've got a lot of small mom-and-pop shops, so it's hard for folks to get away from their businesses for meetings or events.

"But we're all doing the same type of work," says Davis, "and yes, we're here to compete, but we can compete in an environment where everybody is communicating, we know what's happening with each other and if someone has issues, then they've got

Trade-offs and payoffs

When Davis isn't doing company or association work, he enjoys spending time with May and their sons, Triston, 8, and Tyler, 6. Both boys help out in the Nations stores, polishing, greeting and helping entertain customers' kids. When the stores are closed—Sundays and Wednesdays—the Davis family is off adventuring or haunting local amusement parks to challenge each other at video games (to stay competitive, Davis has even learned how to play the complex Japanese card-dueling game, Yu-Gi-Oh).

As for other pastimes, you name it, Davis is probably up for it. "I'll do anything," he says. Travel, water sports, snow sports—Davis is partial to adventure and activity and is currently working on complying with the weight requirements for solo skydiving.

"AN ASSOCIATION AS A GROUP OF INDIVIDUALS TOGETHER, BE IT LARGE OR SMALL, CAN BE EXTREMELY IMPORTANT. WHEN YOU COME TOGETHER AS A GROUP AND YOU'RE ALL GOING FOR THE SAME GOAL, IT REALLY SPEAKS TO PEOPLE."

somewhere to go to talk about it. Sharing information helps us all be more successful."

Cal-APRO does hold a couple of meetings annually, but the main means of communication come directly from Davis in the form of a quarterly newsletter and regular personal calls just to check in and see what's going on with rent-to-own stores around the state.

Industry issues currently being monitored by Cal-APRO include establishing fair, consistent standards for assessing personal property taxes on rent-to-own stores, clarifying language contained in the state's Rental-Purchase Act and curbing skyrocketing workers' compensation costs for California businesses.

"An association as a group of individuals together, be it large or small, can be extremely important," says Davis. "We all have the same common desires and hurdles and associations provide the forum for us to go as a group and address our issues with legislators. And when you come together as a group and you're all going for the same goal, it really speaks to people; they tend to pay more attention."

Additionally, he keeps up his shooting skills with regular target practice for what one assumes must be rather intense games of paintball with his friends still on the force.

While missing the intrinsic thrill of police work is an unresolvable reality of Davis' life, he has discovered other avenues of self-fulfillment and other ways to make his life complete and meaningful.

"My other proudest moment was when we opened up our first store and we made our first dollar of profit," says Davis. "I've still got that dollar to this day and will keep it forever. It means I've achieved the American Dream—owning my own business, doing my own thing. And my family is part of it, too. I mean, I've got an eight-year-old little boy who can accept payments on the computer; he does it and the customers love it. Y'know, it's really a family business and that's a great feeling. I don't want to lose that." ■

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

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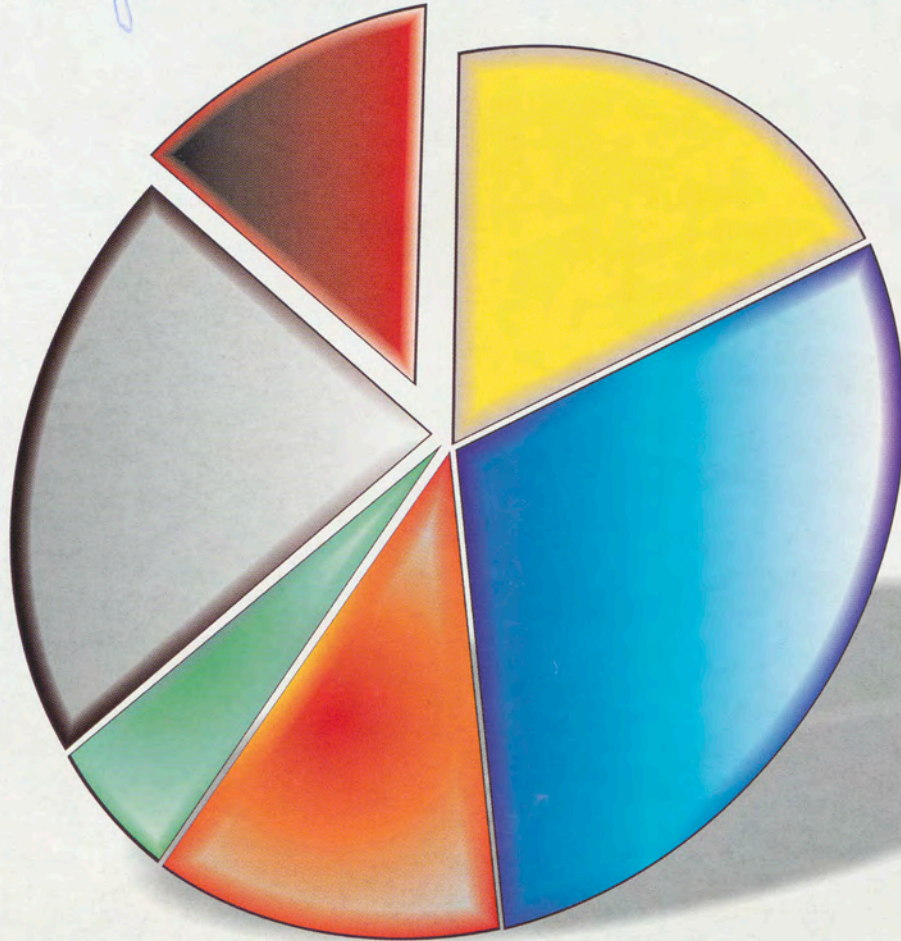
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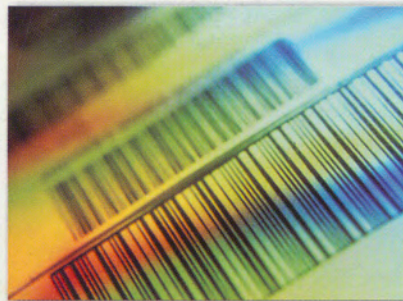
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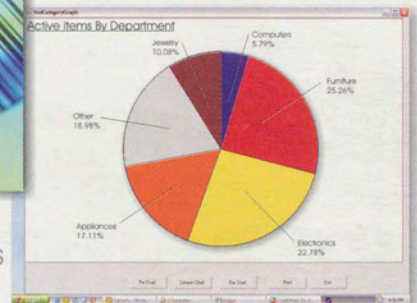
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