

ED WINN'S RENTAL MEMORIES ★ A PROFILE: CHARLIE LOUDERMILK
PAYING DAMAGES FOR DISTRESS

PROGRESSIVE

Rentals

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MAY-JUNE 2005

29 | **APRO @ 25: THE 2005 CONVENTION AND BUYING SHOW PREVIEW**

Find out what's in store for rental dealers, employees and exhibitors at the 2005 APRO Convention and Buying Show, August 8-11, at Mandalay Bay in Las Vegas.

BY JULIE SHERRIER

42 | **RENTAL MEMORIES**

Twenty-five years ago, hardly anyone in RTO could have predicted the business' landscape today. In 1980, there were maybe 400 stores total in the United States, there wasn't much competition and the prevailing view was that there was an endless supply of rental customers in the marketplace. My, how times have changed! APRO General Counsel Ed Winn reflects on the industry's highs and lows over the past quarter century.

BY ED WINN III

48 | **PAYING DAMAGES FOR EMOTIONAL DISTRESS: WHAT'S THE RISK FOR YOUR BUSINESS?**

Lessons for rental dealers from recent cases where "emotional distress" manifests as a physical injury are that dealers must take customers and possible plaintiffs in a lawsuit against them as they find them. Some customers handle life's blows with aplomb. Others, however, react more strongly to setbacks. Dealing with such customers must be above reproach.

BY ED WINN III

54 | **HE'S GOLDEN: AN APROFILE OF CHARLIE LOUDERMILK**

R. Charles Loudermilk launched his company in 1955 with a partner, an answering machine and an inventory of 300 well-used Army-surplus folding chairs available for rent for 10 cents a day. Today, Loudermilk is busy growing his 1,100-plus Aaron Rents chain and giving back to the those people and institutions that have touched his life.

BY KRISTEN CARD

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COVER BY MAGIC MOSAICS

PROGRESSIVE
Rentals
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When You DO THE MATH, How Do We Compare?

AARON'S SALES AND LEASE OWNERSHIP AVERAGE PER STORE

| | |
|---------------------------|--------------------|
| Average Total Revenue | \$1,362,808 |
| Average Pre-Tax Earnings | \$162,346 |
| Average Pre-Tax Cash Flow | \$156,980 |

To qualify a candidate must have a minimum net worth of \$450,000 of which \$300,000 is in liquid capital.

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visit us on the Web at www.aaronrents.com

The above averages are based on the actual results of the company-stores operated for two full years before January 1, 2004. Of these 302 stores, 139 (46.0%) stores had higher average total revenue, 151 (50.0%) stores had higher average pre-tax earnings, 146 (48.3%) had higher average pre-tax cash flow, and 107 (35.4%) had higher total revenues, pre-tax earnings, & pre-tax cash flow. As a serious investor, wouldn't you be interested in learning more?



Aaron Rents, Inc. is traded on NYSE (RNT) ©2005 Aaron Rents, Inc.

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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ORGANIZATIONS

EDITOR

Julie Stephen Sherrier

ART DIRECTOR

Neil Ferguson

DIRECTOR OF MARKETING (ADVERTISING)

Cindy Ferguson, CEM

EXECUTIVE EDITOR

Ed Winn III

EXECUTIVE DIRECTOR

Bill Keese

COLUMNISTS

Bill Keese, Lyn Leach,
Shannon Strunk and Ed Winn III

CONTRIBUTORS

Kristen Card, Julie Sherrier
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

SECRETARY

Kevin Quinn

TREASURER

David P. David

IMMEDIATE PAST PRESIDENT

Lyn Leach

DIRECTORS

Rich Bartel, Terry Beville,
Robert Briley, Sidney Burton,
Ernie Lewallen, John Raines,
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Wayne Sutton, Mike Talley,
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news

BREAK

COMPILED BY
JULIE SHERRIER

RTO dealers solicit co-sponsors for federal legislation during 2005 Legislative Conference

Jamie Slatton of Buddy's Home Furnishings made his first trip to Washington, D.C., May 17-18, to attend the annual APRO Legislative Conference. He was one of 48 rental dealers who convened for the two-day event in order to hold meetings with their elected officials. What made Slatton's story to his congressmen unique was that he was in high school when his late father, Norm Slatton, had come to Washington to lobby for federal legislation. Now 40 years old, Slatton pronounced that it was high time for Congress to get busy and pass the RTO law.



Attendees held numerous meetings on the Hill to urge members of Congress to co-sign HR 1651 and SB 603, the pending rental-purchase bills in the House and the Senate. APRO President Shannon Strunk gave opening remarks to the group about the



importance of gaining co-sponsors to the existing bills, as well as explaining to the group that the industry was exploring other avenues for passage of federal legislation outside the traditional paths of getting the bills passed through the Senate Banking Committee and the House Financial Services Committee.

The group also heard from APRO's lobbyist Mark Schnabel, APRO Executive Director Bill Keese and Coalition lobbyist John Rafaelli. The mood was upbeat and the dealers were genuinely enthusiastic.

After two days of meetings in the House and Senate, APRO expects to add dozens of co-sponsors for the pending legislation.

The next step will be for the Senate to consider RTO legislation as the House has indicated that it will not act on the industry's behalf again (the House Banking Committee passed RTO legislation several years ago) until it sees something from the Senate.

Copies of the bills can be viewed online at thomas.loc.gov.

Missouri dealers host Heartland of America trade show/seminar

The Missouri Rental

Dealers Association is kicking off its inaugural Heartland of America regional trade show September 12-14 at the Lodge of Four Seasons Resort in Lake Ozark,

MO. Currently, rental dealers from Illinois, Kansas, Iowa and Arkansas will be invited. Other rental dealer state associations may join MRDA's effort in the

coming weeks.

A buying show similar to the APRO Buying Show format will be held during the event, with vendors offering show specials and \$3,500 in cash prizes for buyers who place orders. A golf tournament, as well as an educational seminar, will also be highlights of the new show.

"We realized that by inviting dealers from neighboring states, vendors could reduce their costs by reducing the number of shows they attend, as well as increasing the number of attendees coming to show to network and to buy," says MRDA President Chuck Kuluva.

For information on exhibit space, contact Ken Steiner at 573/442-2963. Stay tuned for more information!

TRIB Group buying show nets close to \$18 million

For 22 years, TRIB Group has been serving the rent-to-own industry as the industry's premier buying group. The TRIB Group annual meeting, held May 3-7 in Grapevine, TX, was a great success where 93 member companies were present and buying products from the

APRO staffer Martinek reflects on 17 years of service

As I approach my 18th convention with APRO, I'm looking back at old convention pictures and reminiscing about all the wonderful events, people, places and things that APRO has brought to my life.

I remember back in 1988 when I decided to look for a part-time job. Since the youngest of my four children was entering second grade, I figured I would have some extra time on my hands. And I have always liked to keep busy! A friend who worked for a state association told me that I would be perfect for association work because of my personality. But I didn't really know what an association did. And then one day, I stumbled onto an ad for a part-time position with hours that fit my schedule and applied. It was for APRO. The executive director at that time, Charles Stuckey, interviewed me. He asked me if I could start the next week and go to Las Vegas the following month. It all sounded great to me!

The other APRO staffers were warning me about the hard work and long hours at convention, but from the first APRO convention I worked (at Bally's in Las Vegas), I knew I had found the job that fit me perfectly.

I have loved working for APRO. I love planning the million and one details that it takes to make a successful meeting work. I love seeing our members come together to learn, work and play. I love having the closeness of a wonderful staff who respects one another. I have enjoyed all the great board members I've worked with over these many years.

The atmosphere that Bill Keese has created here at the APRO office has encouraged growth and development in our jobs. Bill has also encouraged a philosophy of family first, which is very important to me. It's hard to believe that my kids are all grown now and I've graduated from super mom to super grandma! This year my husband, Tom, and I will celebrate our 35th wedding anniversary. I could never have taken on all the travel and other necessities of my job without his support.

Thanks to all the wonderful people in the rental industry who are the heart and soul of this Association. I am honored to celebrate my seventeenth anniversary with APRO this month and look forward to many more great years with all of you.

—Shelley Martinek, CMP, APRO Education Director



approved vendors. This is a remarkable number of attending member companies. Last year, 63 member companies were present.

TRIB President John Spangle announced at the awards banquet that the membership had purchased almost \$18 million in products during the two buying days of the meeting. The camaraderie, dedication and loyalty within the membership are a unique and special relationship that reflects the finest of the ideals, leadership and staff of the group.

Congratulations to everyone at TRIB Group for another quality show.

Tennessee dealers association re-energized

The newly reorganized Tennessee Rental Dealers Association, under the astute leadership of Larry Goad of Zion's Television Showrooms, met May 10 and 11 at the Hilton Hotel in Nashville, TN. Approximately 20 companies were represented at the two-day meeting. The group discussed local politics with Tennessee powerbrokers on the first evening.

APRO President Shannon Strunk addressed the group



Satellite radio tunes into RTO

After holding several planning meetings with district managers, satellite radio was brought up as a future product line at American Rentals, based in Bloomington, IN. And then during a trip to the Consumer Electronics Show in January, General Manager David P. David researched satellite radio and just knew it would be a hit with his customers. Just a few months later, after working out agreements with XM Satellite Radio and CVS Systems in Marion, IN, (a satellite provider and new APRO associate member), American Rentals has become one of the first, if not *the* first, rental dealer offering satellite radio service for less than the rental rate of a portable TV.

"A rental program was revised several times with XM Radio, beginning with the company's regional and district managers as test subjects," says David. The program was officially launched April 1. David reports that he had about 100 units out on rent within the first two weeks of the roll-out.

"Once you listen to satellite radio, you'll never go back to standard radio," says David. There are about 70 music channels, in addition to news, sports, NASCAR, talk radio, entertainment stations and local news to areas all over the country. There is minimal installation required. And once the customer pays off the receiver, then he or she can just continue to pay for the airtime. "Renting these units is really no different than renting cell phones or pagers. I think it's an exciting new product for the industry," says David.

CVS Systems will be ready to roll out the program to other rental dealers at the 2005 APRO Convention and Buying Show in Las Vegas in August. [CONTINUED ON PAGE 19]

2005

JUNE

22-26

ColorTyme summer convention, Myrtle Beach, SC, 972/403-4945, www.colortyme.com

JULY

19-21

Missouri Rental Dealers Association summer training programs, St. Louis (July 21), Columbia (July 20) and Springfield (July 19), 913/371-2400, www.missourirentaldealers.org

22-25

San Francisco Furniture Mart, San Francisco, CA, 415/552-2311, www.sfmart.com

25-29

Las Vegas Furniture Market, Las Vegas, NV, 888/380-0919, www.lasvegasmarket.com

AUGUST

7-10

RentSmart by Nationwide Buying Show, Dallas, 972/650-0770, www.gorentsmart.com

8-11

2005 APRO convention and buying show, Las Vegas, NV, 800/204-2776, www.aprovision.org

18-21

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

23-24

2005 Midwest RTO Expo, Columbus, OH, 740/383-6020

SEPTEMBER

12-14

Heartland of America trade show and seminar, Osage Beach, MO, 573/442-2963, www.missourirentaldealers.org/

21-23

High Touch User's Conference, Wichita, KS, 316/831-8132, www.hightouchinc.com



Hello, my name is **Larry Goad**, and I would like to serve you on the APRO Board. I've worked in this industry for 17 years in a small five-store family-operated chain. Small RTO companies have different needs than large ones, so I want to make sure that the voice of all small companies is heard in Austin. I'm also the president of the Tennessee Rental Dealers Association, so I know what working hard for others in our industry is all about! I would consider it an honor to have your vote of confidence. I welcome any questions, so feel free to call me at 423/626-8025.

LARRY GOAD
APRO Board of Directors



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NEWS BREAK

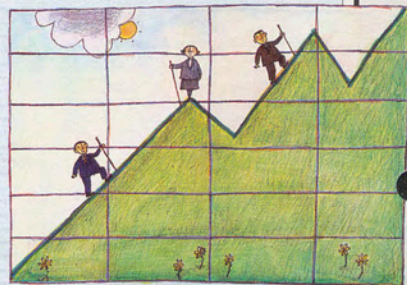
Members urged to participate in 2005 Rental-Purchase survey

As a rental dealer, participating in the annual *Rental-Purchase Industry Survey* is the single most important thing to do to assure that your industry continues to provide a meaningful "benchmark" from which you can measure the financial management and success of your store against those of your peers.

The survey, which was mailed to every home office in May, is compiled by Industry Insights and provides invaluable statistical analysis that reveals where the industry is today and where it is headed in the years to come.

Here are some compelling reasons why you should take the 30 minutes or so to complete the survey:

- ▶ Participants receive a free copy of the survey results.
 - ▶ It takes less than 30 minutes to complete.
 - ▶ Participation is confidential. No one at APRO or any other industry-related organization will have access to your company's financial data.
 - ▶ The survey is the only meaningful compilation of financial statistics for all types of rental-purchase stores and is updated annually, which makes it current, timely and pertinent.
 - ▶ It provides vital statistics and ratios on profitability, liquidity and sales performance, making it one of the most useful tools available to rental dealers and their advisors.
 - ▶ The survey is a great tool for bankers to help you get that loan. Bankers often try to compare RTO to traditional retailers, which can be very misleading.
 - ▶ It is a vitally important data resource for professionals engaged in determining the dollar value of a particular business.
 - ▶ It's a great measurement device to assist your suppliers' credit manager when granting and extending credit.
 - ▶ The survey is the only true benchmark available to measure how you are performing financially compared to your peer rental dealers, as well as how the RTO industry is financially performing as a whole.
- Don't let another year go by with the health of your business unchecked. If you need any help with the participation process or have not received your copy of the survey, please contact Laurie Hill at APRO at 800/204-2776, ext. 103.



about employee compensation plans, motivating employees and growing same store sales. Ernie Lewallen of UHR Rents then discussed competition and developing a company's story. APRO General Counsel Ed Winn III reviewed contemporary legal issues and discussed the costs of settling collection abuse lawsuits, the new bankruptcy statute and dealing with rental customers in the military. Fred Pearson of Pay-Less Rentals gave a com-

elling talk about building strong customer relationships in the RTO business.

Dealers genuinely were pleased with the revitalized association



Tennessee meeting: APRO President Shannon Strunk (far left) and TRDA President Larry Goad (left) address attendees.



**VOTE FOR
John
Raines**

**APRO BOARD OF
DIRECTORS**

"I would appreciate your vote and the opportunity to represent you on the board."

John Raines

LEADERSHIP AND ACCOMPLISHMENTS

- ▶ 10 years in the rental industry
- ▶ Aaron's franchisee (eight stores)
- ▶ Successful defense of class action litigation as dealer and attorney
- ▶ Working hard in Washington, D.C., and winning new friends for the industry
- ▶ Vice president of Arkansas Rental Dealers Association
- ▶ APRO Government Relations Committee
- ▶ APRO Membership Committee
- ▶ APRO Board of Directors

RE-ELECT



DAVID P. DAVID
FOR A NINTH TERM ON
APRO's Board of Directors

- 25 years in the rental industry
- General manager and vice president for 42-store chain
- President Indiana Rental Dealers Association for 12 years
- Received the APRO Leadership Award for State Association 1991
- Rental-Purchase Dealer of the Year 2000
- Chairman of the Education Committee 1996-97
- Fundraiser chairman for Team APRO 1996-97
- Executive Committee Secretary 1998-99
- Executive Committee Treasurer 2004-05
- Attended the Washington D.C. Legislative Conferences for nine years
- Raised more than \$200,000 for the Children's Miracle Network

DAVID P. DAVID

A VOTE FOR SOLID LEADERSHIP

NEWS BREAK

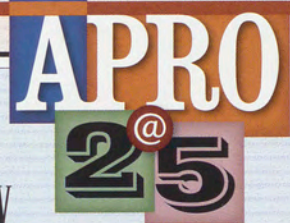
under Goad's leadership and are looking forward to more opportunities for interacting with one another in the state.

Who's running for the APRO board?

Every year at the APRO convention,

APRO members elect eight of the 17 board positions to serve a two-

1980-2005



Register online for APRO's 2005 Convention and Buying Show

Online registration for the 2005 APRO Convention and Buying Show is now available through APRO's interactive Web site. New this year is that APRO members who register online will be required to have a log-in and password, which was e-mailed to members in May. A postcard has also been mailed to APRO members with their specific log-in and password. Non-members wishing to register must contact Laurie Hill at APRO at 800/204-2776, ext. 103, lhill@aprovision.org, for log-in instructions.

year term. Board members serve two-year terms and half of the board is elected or re-elected by the membership each year. APRO members who are running for election or re-election are as follows:

- ▶ Larry Amati
*Prime Sales & Rentals
Belle Vernon, PA*
- ▶ Paul Davis
*Nations Rent-To-Own
Riverside, CA*
- ▶ David P. David
*Full-O-Pep Appliances
Bloomington, IN*
- ▶ Larry Carrico
*SKC Enterprises
Mt. Vernon, IL*

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Robert Briley ■ RENT CITY / ABILENE, TX

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*KLQ Enterprises
Tacoma, WA*
- ▶ John Raines
*Aaron's
Ashburn, GA*
- ▶ Shannon Strunk
*Baber's
Pascagoula, MS*
- ▶ Mark Windsor
*National TV Sales and
Rentals
Lebanon, MO*

To find out more about each candidate, go to the APRO Web site at www.aprovision.org to read their profiles. Voting will take place during the general session at the APRO Convention and Buying Show at 10 a.m. on August 9. For those not attending the convention, proxy voting will be accepted. Contact the APRO office at 800/204-2776 for a proxy vote ballot. We thank you for your continued participation in APRO and look forward to seeing you in Las Vegas.

Rent-n-Roll screeches into California, Indiana and Washington

Rent-n-Roll Custom Wheels and Tires announced that a market development agreement

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NEWS BREAK

was signed with RTO veteran Bruce Foster on May 9. Foster will be opening Rent-n-Roll Custom Wheels and Tires stores in and around the San Diego area. The first store was scheduled to open in Vista, CA, around June 1.

"This is our first store in the California market and I couldn't ask for a better guy to carry the Rent-n-Roll banner into the Golden State," says Rent-n-Roll President Larry Sutton.

And in Indiana, American Rentals' David P. David is also opening Rent-n-Roll Custom Wheels and Tires franchise stores. Rent-n-Roll Vice President Vince Ficarrotta announced the agreement on April 25. David is an APRO board member and veteran RTO dealer. The first store, which will be located in Evansville, was scheduled to open in late May or early June.

"It is a privilege to be a part of the Rent-n-Roll family and to be working with Larry [Sutton], Vince and their team," says David. "In 1982, after we opened our first [rent-to-own] store in Indiana, I was in Florida on vacation and stopped in to visit a Champion Rent to Own store. I was so impressed with the store design, the advertising and professionalism of that store that when I returned home, our company implemented a lot of

those ideas. I found out later that Larry Sutton owned that store. Having visited several Rent-n-Roll stores, they reminded me of that visit. I am very honored and excited to bring the Rent-n-Roll message to the Indiana area and look forward to working with Larry to help make Rent-n-Roll the largest and the best custom wheel and performance tire chain in America."

In Washington, APRO board member Kevin Quinn of Quality Rentals based in Tacoma will open several Rent-n-Roll stores throughout the state.

Type size in rental agreements: A cautionary tale

The recent class-action settlement in California is a reminder that dealers need to verify the type size of the disclosures in their



rental agreements. Various states impose type size requirements ranging from 8-point type to

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NEWS BREAK

12-point type. Some states want the disclosures to be made in bold-face type to distinguish them from the other terms in the agreement.

When converting from inkjet printers to laser printers, changing consumer software or amending rental agreements, type size is an easy detail to overlook. In some cases, changes in type size are not visible to the naked eye. Most word processing software measures type size and there are rulers that will measure type size. No rental dealer can afford to issue rental agreements without being certain that the size of the type is at least the minimum required by the state statutes. For questions, contact APRO General Counsel Ed Winn at 512/476-0750 or check your state statutes at www.aprovision.org.

Buddy's comes to the aid of 9-year-old cancer patient

After Sarah McElveen, office manager of the Monticello, FL, Buddy's Home Furnishings store, received news that local 9-year-old Hayley Grantham had a brain tumor, McElveen knew who to go to for help. She approached Buddy's marketing guru Jody Katz about Grantham's plight.

In three weeks, Katz pulled off a car show featuring 100 spruced-up, souped-up classic cars in the parking lot of Buddy's Monticello store parking lot and raised more than \$15,000 for the Grantham family. Hundreds of car collectors, enthusiasts, Buddy's customers and concerned citizens showed up in force on April 30 in support of Grantham.

"With the car admissions, raffles, food donations, silent auctions and working together with area businesses, Buddy's helped give a little girl

more of a chance in this world," says Katz.

Grantham's stem cell cancer forced her to ICU for immediate treatment in mid-April. Her condition worsened as she suffered from pneumonia and a partially collapsed lung during her treatments.

However, despite the odds, Grantham was released to a rehabilitation center in Jacksonville, FL, on May 18 and, hopefully, looks forward to going home within the next couple of months.

"Hayley's story is one

that started in despair that now has hope. I'm just glad that Buddy's and rent-to-own helped where they could," says Katz.

Ohio dealers elect Tissot as ORDA president

Approximately 60 Ohio rental dealers met for ORDA's spring organizational meeting and elections on April 20 in Columbus. The morning session was presided by outgoing ORDA President Ernie Lewallen.

Countryside Rentals' Mike Tissot was elected president for the coming year, with Ron Wilson as vice president, Mark Kohler as treasurer and Tony Craig as secretary.

APRO President Shannon Strunk was on hand to talk about the dual industry federal efforts being pushed in Washington and the importance of getting federal legislation passed after 23 years of attempts. He explained the differences between the RTO definition bill and the consumer disclosure bill.



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NEWS BREAK

Bill Keese, executive director of APRO, spoke to the group about the community of families in the rent-to-own industry and how by working together under the APRO banner, the industry has accomplished much that other industries haven't.

APRO General Counsel Ed Winn then conducted a seminar on collection practices and warned of the dangers of not monitoring collections closely.

The last speaker was Michael Bertolani, SED International's national

accounts manager. Bertolani gave an informative overview of developing technologies for RTO companies and customers.

Aaron Rents makes *Business Week* Top 100 list

In a special report on the top 100 hottest growing companies in the United States, *Business Week* included Atlanta-based Aaron Rents in the 100th slot. The June 6 issue of the weekly magazine listed 100 "super-

achievers"—publicly traded companies that were ranked by sales and earnings growth as well as return on capital over the past three years. More than 2,200 companies, with revenues of \$50 million to \$1.5 million, were sifted through and analyzed.

Aaron Rents was one of 13 retail companies that made the top 100. The company narrowly joined the ranks of such top companies as Pixar (No. 32), Cogent (No. 1) and Chico's (No. 15).

"What these companies prove is that talent,

teamwork and creativity often win out, even against tough foes like a struggling economy and fierce competition," says *BusinessWeek* writer Arlene Weintraub. "Most of this year's top performers have hit on innovative ideas or tapped into economic trends that continue to fuel their growth. Some are famous names. But many have toiled in obscurity for years—even decades—tweaking their business models multiple times before finally hitting on winning formulas."

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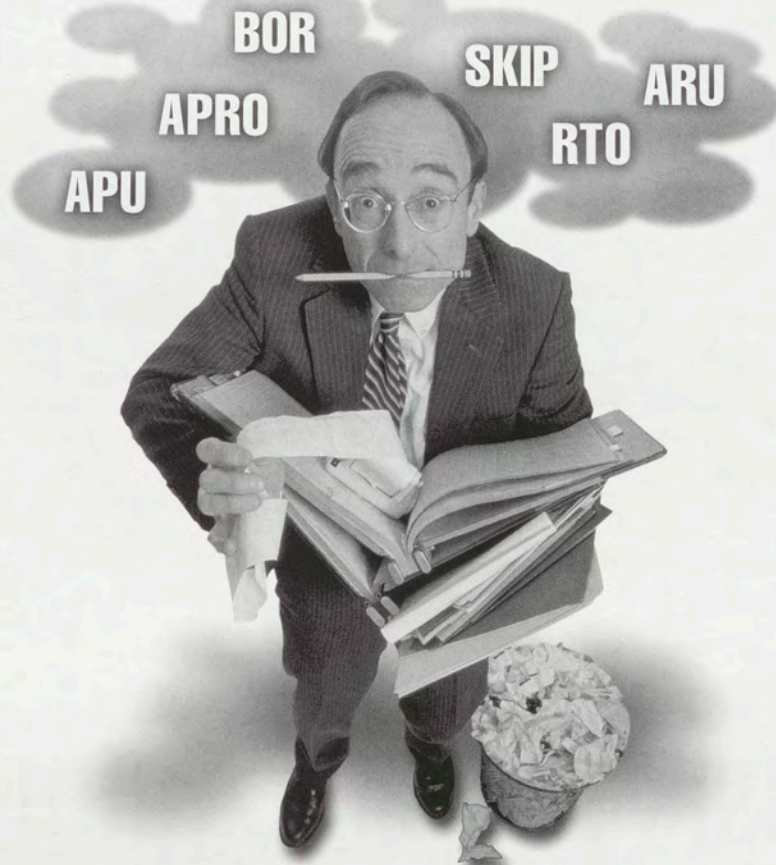
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SATELLITE RADIO
CONTINUED FROM PAGE 9

However, CVS Systems does not offer the service across the country, so APRO is providing a list of affiliated satellite radio providers and the states that they cover:

- ▶ CVS Systems
(Tim Beach, 800/825-1100, ext. 146): Indiana, Ohio, Michigan, Illinois, Kentucky, Missouri and Kansas.
- ▶ Dow Electronics
(Kenneth McAvoy, 800/627-2900): Florida, Georgia, Alabama, Mississippi, North Carolina, South Carolina, Tennessee and Arkansas.
- ▶ All Systems Satellite
(Larry Peischl, 302/456-9631): Pennsylvania, New York, New Jersey, Maine, Vermont, Connecticut, New Hampshire, Maryland, Rhode Island, Virginia and West Virginia.
- ▶ RS&I Inc.
(Mike Wilke, 208/523-5721): Washington, Oregon, California, Idaho, Nevada, Montana, Wyoming, Utah, Arizona, New Mexico, Colorado, Oklahoma and Texas.

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has been at the heart of the industry's efforts to standardize and improve accounting practices. They've represented RTO interests before tax and regulatory agencies. They've worked side-by-side with RTO clients of every size, offering

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As we prepare to celebrate the beginning of APRO's next 25 years at the 2005 Convention and Buying Show in August, it is important to review and acknowledge the successes of the past and to be mindful of our past failures. More important, however, is the fact that we must look to the future to ensure that our national trade association offers our members an even better value for the next quarter century.

I was not involved in rent-to-own or APRO 25 years ago, but I have been actively involved for many years and am very familiar with our early

ity of rental terminology, recruiting and educating lenders to provide the needed capital for the growth of rental businesses, gathering and publishing annually the only legitimate statistics about the industry, commissioning and disseminating customer and non-customer studies to provide insights on how to better service and grow the RTO customer base, studying the impact of advertising and store décor on existing and prospective customers, and more. These are just a few of our past and current projects.

Our industry and APRO will continue to evolve and prosper during the next 25 years. Looking back at all the changes that have occurred since the founding of APRO, we must surely expect an ever-increasing amount of change during the next quarter of a century. One of the truths that I am certain about is that we will grow and improve our industry that we have all worked so hard to build. We will succeed at getting federal legislation that defines our transaction as a lease and not a sale. We will provide better education for employees in the industry. We will grant scholarships to our employees and customers. We will reach more customers. We will provide them with better and more useful products. We will expand our customer service. We will expand the knowledge of and the communications between rental dealers. The list goes on and on.

I wish I had the space in this column to name all the wonderful people who have built this industry and APRO, but I don't. The list would go on for pages. But you know who you are. And as I have traveled around the country this year as your president, I have been pleasantly surprised at all the new faces in our industry. I hope this message rings true to you—*get involved!* You are the future of rent-to-own and you have a rich heritage to uphold. Become a part of the next 25 years. ■

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

“Looking back at all the changes that have occurred since the founding of APRO, we must surely expect an ever-increasing amount of change during the next quarter century.”

Past...present...future

successes. Fortunately for all of us, the founders of APRO had a clear vision for the Association and the industry and that has allowed us to be here today.

To me, the most important visionary from those formative days of rent-to-own and APRO was Chuck Sims. Chuck was relentless in his belief that the best way to build his company, Remco, was to build an industry. He was generous with his knowledge and shared it with all who cared to learn about RTO. He traveled around the country sharing his knowledge and experiences with rental dealers and promoted the universal theme of unity that became APRO. Chuck's vision has been APRO's mission ever since. Together, we built a great industry and a great association.

For 25 years and from all parts of the country, APRO has successfully sponsored and promoted the gathering of rental dealers to meet, network and share ideas. We have worked together to protect and promote the transaction known as rent-to-own in order to provide tens of millions of customers products and services not previously available to them through retail. APRO has successfully garnered the interest and support of

manufacturers so our customers can have the best of the best.

Among the many projects undertaken by APRO, which has led to the success of building an industry, are as follows: establishing a common-



By SHANNON STRUNK
APRO's President

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The 2005 APRO Convention and Buying Show will be my seventeenth consecutive APRO convention. I can say from experience and certainty that there are hundreds of reasons you should attend this year's show in Las Vegas at the Mandalay Bay Hotel and Resort.

This will be the largest gathering of rental dealers in the country. Networking is and has always been an invaluable source of improving your business. Nowhere else will you have the opportunity to network with as many rental deal-

APRO's silver celebration

ers with diverse business practices that can lead to new ideas for your companies as you can at the annual APRO Convention and Buying Show! And as we all know, rental dealers like to talk about their businesses and there will be a couple of hundred there with whom to visit.

If there were no other reasons for you to attend the show this year, then you would get more than your money's worth just from the networking you will do. However, there are hundreds of other reasons to be present in Vegas. This is the second year of APRO's Buying Show. Last year, rental dealers bought \$13 million worth of products. All the vendors will come armed with great show specials on hundreds of products. This is the perfect time of the year to place your orders for your fourth quarter and save money at the same time!



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

The dollars you save on the show specials will pay for your attendance many times over.

Each purchase order you make and submit will be entered in a cash drawing that has a total lure of \$25,000. That's \$1,000 for each of APRO's 25 years. There will be 10 winners starting at \$1,000 as well as a single cash drawing for \$6,000!

The educational seminars this year are tremendous. They are designed by your Education Committee members to bring you the best minds in RTO and talk about the most relevant topics for today's rental world. If you are a golfer, then you

won't want to miss this opportunity to play at the Paiute Sun Mountain Golf Course, the home of this year's Tom Kitchens/Joe Eason APRO Golf Tournament.

I can name even more reasons for you to come to the desert in August! If this is your first time to attend, we host a fabulous first-time attendee orientation and then a welcome reception where you will be introduced to your colleagues and who will become some of your best friends.

Tuesday night's social event features Rain in the Desert. APRO has rented the hottest night club in Vegas, Rain, for an exclusive rental dealer party. This is the hot spot where Hollywood's famous come to party on the weekends. And you won't want to miss the annual awards reception and banquet on Thursday night. This will be your chance to be on the "Jay Leno" stage and be entertained like never before. The fans and the paparazzi will be there to "see" you enter the auditorium.

This year's show marks the kickoff of APRO's 25th year serving the rent-to-own industry and rental dealers, employees and customers all across the United States and several countries. It is a very special occasion to celebrate the industry that has provided so much for so many. If you have never been to an APRO convention before, this is the time to attend. If you haven't been in a while, you will profit by attending this year. If you are a regular, then you know the importance, value and enjoyment of APRO's annual gathering.

Register today and be there to kick off the next 25 years of rental opportunities! It will be an event to remember. ■

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

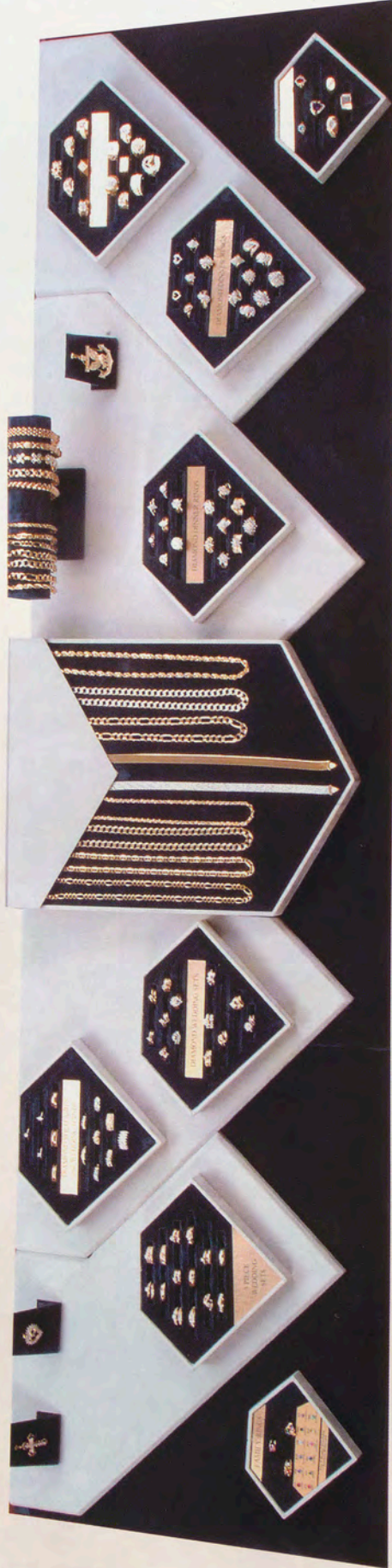
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In a business full of paradoxes and conundrums, here is another. The act underlying the insight are still developing, but here is what we know so far. The customer was a good one, a timely payer over a number of years. Some stuff pays off; some stuff comes back. The customer and her husband run a small business on the side—something to do with antennas.

The family moved away for a while and when they moved, they were quits with the rental store. They recently moved back and started renting stuff again.

Within the past three months, she rented an LCD big-screen TV and three computers for a total of 10 agreements outstanding and a monthly RTO nut of more than \$800.

A conundrum

The store manager, I guess like the shepherd tending his flock, had occasion to drive by her house after work. She was not past due on any accounts. Maybe it was his gut. Anyway, he was surprised and then dismayed to see a U-Haul truck in the front yard and all of her stuff, including the RTO store's stuff, being loaded inside.

When the store manager went up to see what was going on, the customer tearfully told him that she had filed bankruptcy because of the business (which she had although the rental store had not gotten notice). She then said that her lawyer insisted that all inquiries be directed to him. The store manager called the owner and the owner called the lawyer. The lawyer was not impolite, but stubborn. He insisted that his client was not doing anything improper as far as he knew. He stated that the bankruptcy stay protects everything that his client has, no matter who "owns" it and there is a bankruptcy court and a legal procedure for sorting out all such disputes as this. He also said that the store manager needs to leave the house immediately so that the lawyer does not have to file contempt charges against him.



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

The owner and store manager both, meanwhile, are thinking, "There goes my/our stuff, a quite a lot of it for that matter, in a U-Haul for points unknown."

No matter how high-minded and philosophical a rental dealer might be, it is hard to watch 10

agreements-worth of rental merchandise being loaded into a U-Haul without feelings of panic, anger and despair erupting.

And, for the moment, at least, those are all of the facts we have.

The conundrum is when does a good customer become too good? When should the store just say "no" to a good customer? There is no easy answer.

Creditors have credit report scores and complicated computer models to tell them that a customer can have a certain amount of credit and no more. Rental dealers, for the most part, have their instincts to tell them how much to rent to someone. They can look at a customer's situation and decide to rent her a TV and, if she pays on time for a while, maybe then she can get a sofa and after she makes some more timely payments, maybe she can get a washer/dryer. And so it goes. But somewhere out there, there is a "tipping point." This good customer rents one too many items and her whole fragile-to-begin-with financial castle crumbles and she loses it all.

What is the rental dealer's role in helping a good customer remain a good customer without letting her "wants" get too big than her pocketbook? This is a drama that gets played out every day in rental stores with different results. Some dealers will delight in loading up a customer with everything that her heart desires and more, collect payments for a while and then go pick it all up and look to repeat the cycle with the next customer. Some dealers will insert themselves more forcefully into their customer's financial lives and tell her, as politely as possible, "No, ma'am, you can't rent that sofa, yet. I want you to be able to keep the stuff you've got and I don't want you getting overextended."

Maybe she will listen to this advice or maybe she will leave and go rent a sofa down the street.

The situation does allow for artistic interpretation. Some store managers have or develop a gift for intuitively knowing where that "tipping point" lies and are adept at keeping customers just short of it. All of these competing economic, moral and ethical views come into play in such situations and there is no one right answer. Hell, it if were easy, everybody would be doing it, and not everybody is in the rental business, yet, even if it sometimes seems that way. ■

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

.....
 "When does a good customer become too good? When should the store just say 'no'?"

Thank you!

APRO @ 25

APRO would like to thank the following companies for their generous sponsorships at the 2005 Convention and Buying Show, August 8-11, in Las Vegas

APRO membership is one of the key reasons I love the rental-purchase industry. I have been a member for nearly 25 years and cannot think of anything that has had a greater overall impact on my business. Years ago, when the rent-to-own industry was in its infantile stages, APRO legitimized the industry. The Association bonded us all together and helped us improve our businesses. We cleaned up our stores, made them look nicer, improved our advertising and changed the image of our industry because APRO provided the information and the ability

profits considerably.

For many years, I was a quiet APRO member who attended conventions and interacted with other members, but didn't get involved in the inner workings of

APRO. Because of a speech Mamie Harper gave at the 1999 convention, I became motivated to get more involved. I first served as a member of the PAC committee and now serve as your immediate past president. I learned more than I ever imagined possible. By becoming more involved, I met and became acquainted with so many people. Now, many of my closest friends are fellow rental dealers and vendors; people I know that if I was struggling in some way, either personally or professionally, would come to Nebraska to lend me some assistance. I became friends with the congressmen and senators from Nebraska and Iowa because I traveled to Washington, D.C., to educate them about our industry and asked for their help in passing federal legislation. There's no way any of us could have pursued federal legislation were it not for APRO.

At last year's APRO buying show debut, I saved more than \$14,000 by taking advantage of show specials. I have always gained a new idea or program that made my company better by attending convention seminars and networking with other dealers. If I have a client who skips to another part of the country, my stores can call a fellow APRO dealer and ask for help in getting my merchandise back. APRO General Counsel Ed Winn has helped me a number of times. He has answered questions regarding the industry that have saved me money. As the foremost authority regarding rental-purchase law, he has helped me with bankruptcies, rental agreements and even offered me sound advice with regard to day-to-day decisions. Over the years, I have saved or made hundreds of thousands of dollars because of my APRO membership.

Because of APRO, I love what I do. I love the industry we work in and am enthusiastic about continuing to make my business better and the industry even more respected. Thank you APRO, both staff and membership, for helping me in so many ways every day. ■

.....
 "I have been an
 APRO member for
 nearly 25 years and
 cannot think of
 anything that has
 had a greater
 overall impact on
 my business."

The virtues of APRO

to communicate with other dealers who decided together what needed to be accomplished.

We then embarked upon a mission to secure state legislation to protect our businesses and our customers. We marched together as dealers, with APRO's help, and one by one we worked with lawmakers and achieved our goal of passing legislation in my home state of Nebraska and almost every other state. APRO provided the resources and knowledge to help us get this job finished. When the industry was in jeopardy of being treated unfairly by the IRS with regard to depreciating our inventory, APRO, under the leadership of Kevin Quinn, stepped up and helped us get a fair revenue proclamation. Without this, most of us, including myself, would have gone out of business. Today, APRO is helping us secure federal legislation to define further our transaction and protect our livelihood.

Because of APRO, I had the opportunity to meet my rent-to-own heroes. As a young man, I met people like Bud Holladay, Chuck Sims, Larry Tinney, Barry Gambini, Darrell Tissot, Dick Eichlin, Ed Winn, Bill Keese, Norm Slatton and many more. These individuals had a positive influence on me and because of conversations I had with them and ideas they shared with me, I became a better businessman and stronger RTO dealer. There is no way to put a price on the information they shared with me, but I can tell you it saved me a bundle of money and increased my

profits considerably.



By LYN LEACH
 APRO board member

Lyn Leach is the owner of Ace Furniture and TV in Lincoln, NE. He was APRO's 2003-04 president and currently serves on the APRO board of directors.

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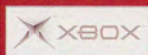
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One-Stop Source for all the Connected Home Categories

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D&H



To your health!

Take advantage of APRO's health insurance program—offering you the opportunity to custom design a health insurance plan to fit your company's needs.

CHOICE OF PLANS:

- Preferred Provider Organization (PPO)
- Health Maintenance Organization (HMO)
- Health Savings Account (HSA)
(*minimum deductible is \$1,000*)

OPTIONS INCLUDE:

- Doctors office visit co-pay (*not subject to deductible*)
- Prescription drug card
- Deductibles: none, \$250, \$500, \$1,000, \$2,000, \$2,500, \$3,000, \$4,000 or \$5,000
- Co-insurance:
 - PPO plan: 90% in-network/70% out-of-network or 80% in-network/60% out-of-network
 - HMO plan: 80% or 100%
 - HSA plan: 80% or 100%
- Participation: owner(s) only or all eligible employees
- Optional benefits include (*may not be available for firms with one employee*):
 - Maternity (*paid the same as any illness*)
 - Life/AD&D
 - Dental

**DISCOVER
APRO'S HEALTH
INSURANCE PLAN:
CUSTOM-DESIGNED
TO FIT YOUR
COMPANY!**

GET THE DETAILS AND NO-OBLIGATION INFORMATION ON APRO'S HEALTH PLAN BEFORE YOUR NEXT RENEWAL AND COMPARE IT TO YOUR CURRENT PLAN!

CONTACT YOUR APRO INSURANCE PROGRAM REPRESENTATIVE TODAY:

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PLEASE SEND ME FREE INFORMATION REGARDING THE APRO HEALTH PLAN.
I UNDERSTAND THAT THERE IS NO OBLIGATION TO PURCHASE THE PROGRAM.

Name _____

Address _____

City _____ State _____ Zip code _____

Telephone _____ Fax _____

Send coupon to:

APRO Health Insurance Program, P.O. Box 95, Orland Park, IL 60462
Or for a faster reply, fax to 708/349-0105.

11 reasons to attend this year's
Rent-to-Own Convention and Buying Show...

- 1} **Free buyer registration**
- 2} **APRO show specials**
- 3} **Cash prizes**
- 4} **RTO Employee Day**
- 5} **RTO Customer and Employee of the Year**
- 6} **Educational seminars**
- 7} **Networking opportunities**
- 8} **Golf tournament**
- 9} **RAE Awards**
- 10} **Exciting location**
- 11} **First-class accommodations**

...and 25 more

APRO
25[@]

**APRO's 2005 Rent-to-Own
Convention and Buying Show**

Mandalay Bay Resort and Casino

Las Vegas | August 8-11



T

**Come help
us celebrate
our silver
anniversary at
APRO's 2005
Convention and
Buying Show
August 8-11
Las Vegas**

wenty-five years ago in July, two Texas rental dealers scoured the Yellow Pages to send out invitations to various rent-to-own businesses across the country for a meeting in Dallas to discuss issues facing what was then a little-known industry. At this meeting, it was decided that perhaps these business owners needed to band together and form a trade association of their own. In November 1980, representatives from 40 RTO companies met and voted to form what is now the Association of Progressive Rental Organizations, to be based in Austin, Texas. This year, APRO will take a look back and celebrate its quarter-century mark at the 2005 Convention and Buying Show. We would like you to join us in our celebration. Today, the Association of Progressive Rental Organizations represents more than 2,000 rent-to-own stores throughout the United States and abroad. These companies rent furniture, electronics, appliances and other products with an option for ownership. The APRO Convention and Buying Show is the premier event in the rent-to-own industry. Approximately 1,000 people involved in the RTO industry will attend.

Free buyer registration APRO is offering one free full registration per member company for your principal buyer. Other full member registrations are only \$200 per person for those who book their room in the APRO room block at Mandalay Bay.

APRO show specials More than 100 vendors exhibiting products specifically for the RTO industry, including furniture, appliances, electronics and jewelry will offer APRO show specials that you will not be able to get anywhere else.

Cash prizes In honor of APRO's 25th anniversary, \$25,000 in cash will be given away to lucky winners who place orders on the exhibit floor. Each purchase order written at the APRO Buying Show will go into a hopper for a drawing. This offer is valid for APRO members only.

RTO Employee Day This is a low-cost opportunity for your store-level employees to be more involved in the industry and they will leave with the knowledge they need to succeed in their RTO careers.

RTO Customer and Employee of the Year Awards Meet the "best of the best" in the rental industry when APRO honors the winners of the 2005 Rental-Purchase Customer of the Year and 2005 Rental-Purchase Employee of the Year contest.

Educational seminars Seminars focusing on your business will be offered by top speakers and RTO experts from across the country.

Networking opportunities Social events with great food and entertainment are always a highlight of the APRO Convention. This year's parties include "Rain in the Desert" at the glamorous Palms Hotel and "The Tonight Show: Spotlight on APRO's 25th Anniversary Awards Banquet."

Golf tournament Always a popular event, this year's Joe Eason/Tom Kitchens Golf Tournament will be held at the beautiful Paiute Golf Course.

RAE Awards APRO's annual Rental Advertising Excellence Awards competition is designed specifically to recognize the creative advertising efforts of the rent-to-own industry in a variety of categories that are created either in-house or by an advertising agency. Winners will be on display during exhibit hall hours.

Exciting location Vegas! Back by popular demand, the exciting and ever-changing Las Vegas is always a winner with APRO attendees. Don't miss this chance to return to one of APRO's favorite convention spots.

First-class accommodations Mandalay Bay Resort and Casino is undoubtedly one of the most beautiful hotels on the Strip. It also offers some of the most attractive and extensive exhibit space in Las Vegas. You'll enjoy the luxurious surroundings while doing business and renewing acquaintances.

Who attends the APRO Convention and Buying Show?

Large and small rental-purchase companies and their owners, managers and employees will be represented. More than 1,000 people attended the 2004 show, including

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

Who exhibits at the APRO Buying Show?

At the 2004 APRO show, more than 100 companies exhibited products and services in more than 200 booths. The following are a few of the products and services already registered for the 2005 Buying Show:

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

1980-2005

APRO
@
25

Nationwide coverage you can count on.

RCA and DSI are teaming-up to bring the RPI quick reliable nationwide delivery.

Sometimes, we can't always predict which of our products are going to be the next rental "wow-factor" product. So when your demand spikes for that RCA 61" diagonal 16x9 HDTV Monitor, you can breathe easy knowing RCA and DSI have you covered.

Our enhanced relationship is designed to take advantage of the 30 DSI distribution locations around the country to keep your rental business supplied through greater product availability, easier ordering and streamlined delivery.

The goal is simple: deliver the RCA products you need when your customers want them with DSI.

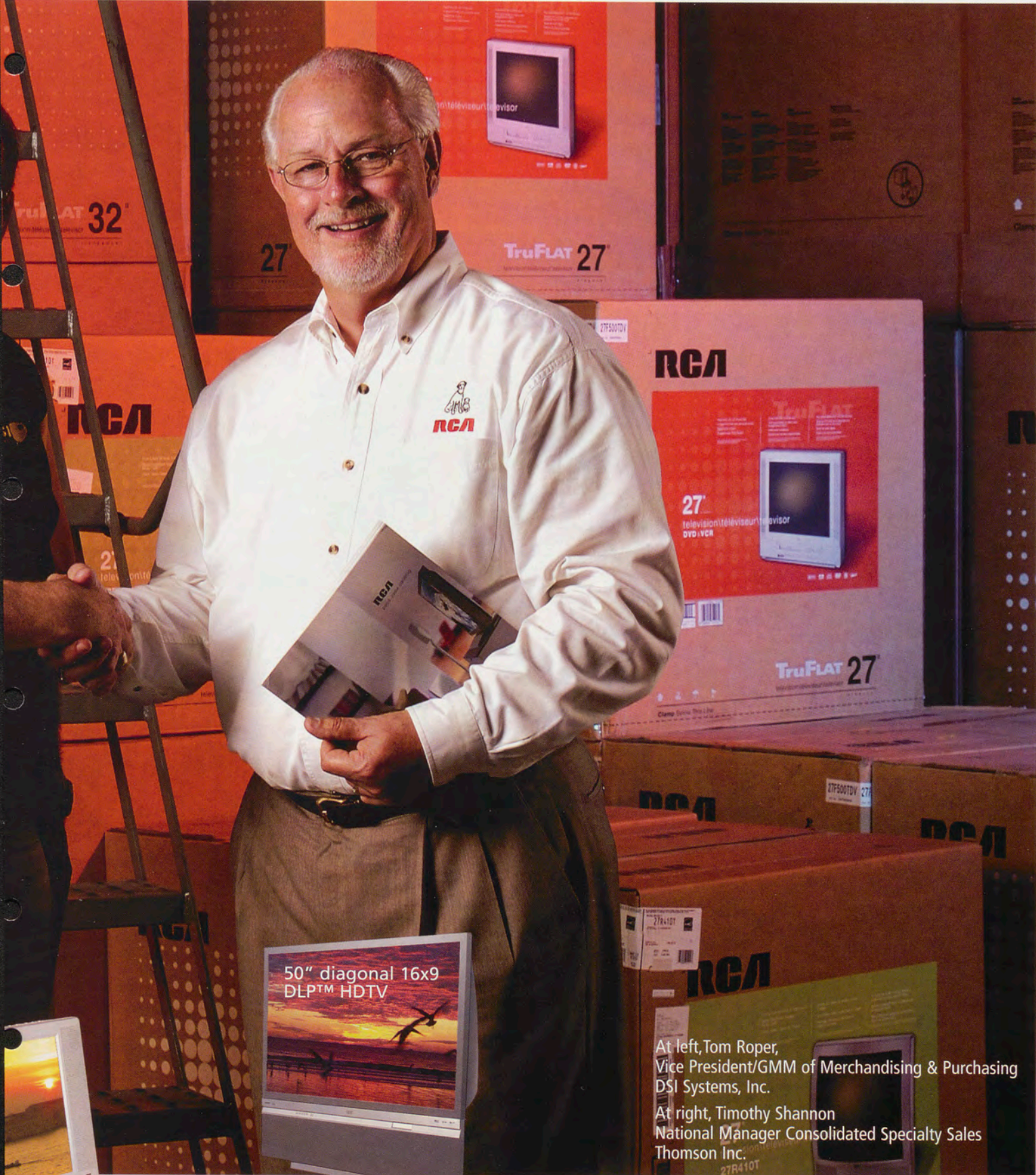
Team up with RCA and DSI.

For information on RCA, GE and RCA Scenium brand electronic products and services contact:

Timothy Shannon
National Manager Consolidated Specialty Sales
800.217.3935 voice
tim.shannon@thomson.net

For the DSI location nearest you go online to:
www.dsisystemsinc.com
password=2save





50" diagonal 16x9
DLP™ HDTV

15" diagonal LCD
TV/DVD Combo

At left, Tom Roper,
Vice President/GMM of Merchandising & Purchasing
DSI Systems, Inc.

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

APRS Associate Charter Member



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Schedule

SUNDAY, AUGUST 7

- 2-6 p.m. Early registration
- 4-6 p.m. APRO board of directors meeting

MONDAY, AUGUST 8

- 8 a.m. Golf tournament, Paiute Sun Mountain Golf Course (*sponsored by Whirlpool*)
- 9 a.m.-5 p.m. Registration open
- 12-10 p.m. Exhibitor set-up
- 4-6 p.m. State Association Workshop
- 5:30-6 p.m. First-time attendee orientation
- 6-7:30 p.m. Welcome reception honoring new members and first-time attendees (*sponsored by TRIB Group*)

TUESDAY, AUGUST 9

- 7-11 a.m. Exhibitor set-up
- 9 a.m.-5 p.m. Registration
- 9-10 a.m. Pick up ballots for board election
- 10 a.m.-12 p.m. General session, business meeting and keynote speaker (*sponsored by GE Appliances*)
- 12 p.m. Exhibit hall grand opening, champagne welcome (*sponsored by Imagery Marketing*)
- 12-5:30 p.m. Exhibit hall open
- 12-1:30 p.m. Complimentary lunch in exhibit hall
- 3-4 p.m. Ice cream break in exhibit hall (*sponsored by Ashley Furniture*)
- 3:30-5:30 p.m. Employee Day workshop
- 6-9 p.m. Gala Cocktail Party: Rain In the Desert (*sponsored by Alliance Computing Technologies, ColorTyme, DPI Teleconnect, Florida State Games, Progressive Furniture, Rental Information Systems, RentSmart by Nationwide and Ther-A-Pedic*)

WEDNESDAY, AUGUST 10

- 9 a.m.-5 p.m. Registration
- 9-10:30 a.m. Exhibitor breakfast, buyers panel and election
- 9 a.m.-12:15 p.m. Educational seminars (*breaks sponsored by RES Accessories*)
- 12-5:30 p.m. Exhibit hall open
- 12-1:30 p.m. Complimentary lunch in exhibit hall
- 1:30-3 p.m. Spouse/guest social
- 3-4 p.m. Ice cream break in exhibit hall (*sponsored by RentSmart by Nationwide*)
- 5:30-7 p.m. APRO president's reception honoring state presidents, congressional leadership and political action committee contributors (*sponsored by Nationwide Club Administrators*)

THURSDAY, AUGUST 11

- 9 a.m.-1 p.m. Registration
- 9 a.m.-1 p.m. Exhibit hall open
- 9-10:30 a.m. Continental breakfast in exhibit hall (*sponsored by Klaussner Furniture*)
- 9:30-10:30 a.m. APRO board meeting and election of officers
- 1-6 p.m. Educational seminars (*breaks sponsored by Zenith Electronics*)
- 1-7 p.m. Exhibitor tear-down
- 7-8 p.m. Awards reception (*sponsored by Thomson Inc.*)
- 8-10 p.m. Silver Anniversary Awards Banquet: APRO's "Tonight Show" (*sponsored by High Touch*)

ADDITIONAL SPONSORSHIPS:

Convention Daily: RentSmart by Nationwide; badges: BDI-Laguna; *Pocket Show Guide:* Sears Contract Sales; Relaxation Station: Benefit Marketing Solutions; registration computers: SED International; Internet Café: RSSS and SED International; registration and RAE Awards electronics: O'Rourke Sales Co.; registration bags: Inform Print & Promotions and Nationwide Club Administrators; *Buying Show Specials* book: Central File; seminar speakers: Bryce Co., Innovex and Maytag

Special

Events

2005 Tom Kitchens/ Joe Eason Golf Tournament

Monday, August 8
Paiute Sun Mountain
Golf Course

Resting in the undisturbed beauty of the southern Nevada desert at the base of the picturesque Spring Mountains lies a golfing experience like no other—the Las Vegas Paiute Golf Resort (www.lvpautegolf.com). The 2005 tournament begins with a shotgun start at 8 a.m. It is always an early sell-out, so be sure to register right away as space is available on a first-come, first-served basis. Your space in the tournament cannot be reserved until payment has been received by APRO. The registration deadline is July 20 or when all tournament slots are filled, whichever comes first. The cost is \$90 per person, which includes a \$25 donation to APRO Scholarship Foundation. *Sponsored by Whirlpool.*

Welcome Reception

Monday, August 8

Get together with old friends and get acquainted with new. This reception is open to all APRO convention attendees. Special recognition will be given to new APRO members (since July 2004) and first-time APRO convention attendees. Light hors d'oeuvres and two complimentary drink tickets provided. Casual attire. *Sponsored by TRIB Group.*

Gala Cocktail Reception: "Rain in the Desert"

Tuesday, August 9

Club Rain at The Palms offers the ultimate Las Vegas nightclub experience. Its lavish special effects include intelligent lighting and an electrifying play of water, fire and fog. Always crowded with beautiful people, Rain enjoys its popularity as the hottest club in Vegas. And the "beautiful people" on this night will all be in the RTO industry! This is the club where MTV's *Real World* was filmed. Complimentary beer, wine and soda. Delicious buffet and hors d'oeuvres. Wear your "hottest" nightclub attire and plan to dance the night away. Sponsored by Alliance Computing Technologies, ColorTyme, DPI Teleconnect, Florida State Games, Progressive Furniture, Rental Information Systems, Rent Smart by Nationwide and Ther-A-Pedic.

APRO's Silver Anniversary Reception and Awards Banquet: APRO's "Tonight Show"

Thursday, August 11

Unwind at the cocktail reception before entering the exciting world of "The Tonight Show." APRO will take you for a walk down memory lane for the past 25 years in the rent-to-own industry. Enjoy lively entertainment, a delicious banquet and some fond reminiscing, which will then be followed with the annual awards presentation. Complimentary cocktails during reception. Cash bar during dinner. Semi-formal attire. Free entrance into Mandalay Bay's Rum Jungle Nightclub after the banquet with your APRO badge (limited to first 75 people)! Reception sponsored by Thomson Inc. Banquet sponsored by High Touch.

2005 keynote address, general session and business meeting

Tuesday, August 9

The 2005 general session will kick off with an overview of Association activities and the election of APRO board members. Winners of the 2005 Rental-Purchase Employee of the Year and Customer of the Year will be announced, followed by a keynote address from the "pit-bull of personal development," Larry Winget, author of *Shut Up, Stop Whining and Get a Life*. Winget's entertaining presentation will stress the simple principles of success and will make you think and laugh all at the same time. His principles work for everyone, in any business at any time. At the conclusion of the keynote, a ribbon-cutting and champagne welcome ceremony will open the 2005 APRO Buying Show. Keynote address sponsored by GE Appliances.

Spouse/guest social

Wednesday August 10

Enjoy tea and crumpets while learning the secrets of "The Male Brain." No, men are not from Mars and women are not from Venus, but sometimes it appears as if the gender differences place the two sexes worlds apart. The fact is most men are left-brain dominant and women tend to be right-brain dominant and that means there is a big difference in how certain types of information are processed and communicated. You'll learn, among other things, why most men do not like to ask directions, why men listen better side-by-side (not face-to-face) and even why men and women put toilet paper on the roll differently. Dr. Lawrence Helms will present this fascinating seminar on how the male/female brains process information differently.



1980...

The Polish revolution | Americans held hostage in Iran | Ronald Reagan elected president | John Lennon murdered | Who shot J.R.? | American hockey teams wins Olympic gold | Mount St. Helens erupts | 3M's Post-It notes hit the market | *The Empire Strikes Back* is the top-grossing movie



And the winners are...

2005 RTO Employee of the Year and RTO Customer of the Year

This popular contest is entering its sixth year and the search is on for the best in the industry. APRO's annual Rental-Purchase Employee of the Year and Rental-Purchase Customer of the Year contest will culminate with presentations at the general session. This year's entries again show the warm relationships between many of your customers, your employees, your company and the RTO industry as a whole. Many companies are holding their own contests as well as entering their employees and customers in APRO's national contest.

Rental Advertising Excellence Awards

Winners of the prestigious RAE Awards will be on display during the APRO convention. The winning print, television, electronic and radio entries set new standards every year. Entries developed by rental dealers and entries developed by advertising agencies are judged separately. Check out this year's winners in the exhibit hall.

Hello,

Good buys!

The first APRO Buying Show in Tampa in 2004 was a resounding success! Exhibitors wrote more than \$13 million in orders on the show floor. Cash giveaways to dealers equaled \$24,000. This event has already proven to be a major force in the RTO industry. APRO will continue this success with the 2005 Buying Show.

APRO show specials

More than 200 booths representing over 100

vendors will be offering show specials that you will find only at the APRO show. Vendors are working hard to offer unbeatable specials for you to stock up for your fourth quarter and save, save, save.

Free purchase-order giveaways

Each purchase order written will go into a drawing in which \$25,000 in cash will be given away, \$1,000 for every year APRO has been in existence. The more orders you

write, the better the chances that you will walk away with \$1,000, \$2,000, \$3,000, \$4,000, \$5,000 or even \$6,000 cash! Winning purchase orders must equal or exceed the amount of the prize being drawn. For example, if your order is drawn for the \$6,000 prize, but was only written for \$3,000, the award will be \$3,000. So plan on writ-

ing your holiday business at the APRO show. You must be an APRO member to be eligible for the drawing.

Buying Show admission

Admission to the Buying Show is included in all full registrations or available separately for \$25. Proper business identification is required to receive an entrance badge.

Exhibit hall hours

Tuesday, August 9: 12 – 5:30 p.m.
 Wednesday, August 10: 12 – 5:30 p.m.
 Thursday, August 11: 9 a.m. – 1 p.m.

Seminars

WEDNESDAY, AUGUST 10

| | PALM A | PALM B | PALM C | PALM D | PALM H |
|-----------------------|--|---|---|--|--|
| 9–10:30 a.m. | Why 94 Percent of Your Market is Not Renting Sidney Burton, Hometown Ventures, and Richard May, APRO | Management Magic: Getting Your People to Produce Kerry Johnson, International Productivity Systems <i>Sponsored by Innovex</i> | TV Intelligence: What You Need to Know About Today's Digital Displays Mike Wood and Robin Peck, LG Electronics | Getting the Lead Out: Curing Procrastination Larry Helms, Trainergy <i>Sponsored by Bryce Co.</i> | Leading to Profit: Developing a High Performance RTO Organization Wayne Outlaw, The Outlaw Group, <i>Sponsored by Maytag</i> |
| 10:45 a.m.–12:15 p.m. | Online Shopping: Are You Selling and Growing Your AOR? Larry Carrico, Rent One | Management Magic: Getting Your People to Produce Kerry Johnson, International Productivity Systems <i>Sponsored by Innovex</i> | RTO Collections: What Does That Mean in This Day and Age? PANEL: Mark Windsor, Nat'l. TV, Ed Winn, APRO, Wayne Sutton, Rent USA | Getting the Lead Out: Curing Procrastination Larry Helms, Trainergy <i>Sponsored by Bryce Co.</i> | Leading to Profit: Developing a High Performance RTO Organization Wayne Outlaw, The Outlaw Group, <i>Sponsored by Maytag</i> |

THURSDAY, AUGUST 11

| | PALM A | PALM B | PALM C | PALM D | PALM H |
|----------------|--|---|--|--|--|
| 1–2:30 p.m. | Make it Ring, Make It Swing: Generating RTO Store Traffic Mike Tissot, Countryside Rentals | 2005 RTO Statistical Survey Results Thomas Noon, Industry Insights, and Terry Beville, Buddy's Home Furnishings | Every Customer, Every Day! George Whalin, Retail Management Consultants | Growing with Traditional Bank Financing Reed Allton, Greg Heggemeier and Marlon King | 2005 RTO Legal Update, Part I Ed Winn III, APRO |
| 2:45–4:15 p.m. | Make it Ring, Make It Swing: Generating RTO Store Traffic Mike Tissot, Countryside Rentals | Enthusiasm: The Lifeblood of Your RTO Business Jess Fisher, Home Town Rental Purchase | Every Customer, Every Day! George Whalin, Retail Management Consultants | Growing with Traditional Bank Financing Reed Allton, Greg Heggemeier and Marlon King | 2005 RTO Legal Update, Part II Ed Winn III, APRO |
| 4:30–6 p.m. | Rental Round Table 1–2 stores MODERATOR: Sidney Burton, Hometown Rentals | Rental Round Table 3–12 stores MODERATOR: Kevin Quinn, Quality Rentals | Rental Round Table 13 or more stores MODERATOR: David David, Full-O-Pep Appliances | <i>Seminar breaks sponsored by RES Accessories and Zenith</i> | |

August 9

Employee Day

Available to any store-level employee whose company has at least one full-paid registrant to this year's convention

In APRO's effort to show appreciation for one of our industry's most important assets—the people who deal the most with your customers—the sixth annual Rent-To-Own Employee Day will be held once again during this year's convention. For a \$25 registration fee, store-level RTO employees will be entitled to attend the following:

APRO general session and business meeting

10 a.m.–12 p.m.,
Thursday, August 9

This annual session includes updates on what is going on in RTO as well as an exciting keynote address by Larry Winget, the “pitbull of personal development” and author of *Shut Up, Stop Whining and Get a Life*. Winget's entertaining presentation will stress the simple principles of success and will make you think and laugh all at the same time. Let your employees see how they are an integral part of the rental-purchase industry. *Keynote address sponsored by GE Appliances.*

APRO exhibit hall grand opening and champagne welcome

12 p.m., Thursday, August 9

APRO vendors have expressed an interest in meeting those on the “front lines” of the RTO business. Your employees are the ones who ultimately talk to your customers and RTO vendors are delighted to have the opportunity to meet and visit with them. A complimentary lunch will be available in the hall. *Sponsored by Imagery Marketing.*

Employee workshop: What Every Employer Wants Their Employees to Know!

Presented by
Larry Helms, Ph.D.

3:30–5:30 p.m.,
Thursday, August 9

Helms' session will help your employees deliver a peak performance. This seminar is based on a 20,000-person interview study interpreted by Helms for the National Chamber of Commerce. It focuses on 15 traits that make employees valuable and promotable to an employer—covering such topics as punctuality, appropriate dress, loyalty, self-initiative, sense of humor and nonverbal communication. Management and supervisors may want to sit in on this session as it also includes a section on what employees want their employers to know. Don't miss this opportunity to show your star employees that you value them by offering this workshop to your top performers.

Helms is an entertaining, nationally known expert in the areas of organizational change, psychology and personal development.

Important deadlines...

July 1: Last day to make hotel reservations at Mandalay Bay Hotel. The APRO room block will be released after this date.

July 20: Deadline for APRO convention pre-registration. On-site registrations will be taken at the convention. July 20 is also the final day APRO will accept convention registration cancellations with a \$25 refund charge. Cancellations received after July 20 will not be refundable.

Remember to book your flights early, as each airline offers a limited number of discounted seats. Once those are taken, you may have to book at a higher price. Links to popular travel sites are listed in the “Travel Center” section of the APRO Web site. You may complete your APRO convention registration online at www.aprovision.org. Discounted hotel reservations at Mandalay Bay can be made directly through the APRO Web site or by calling the hotel at 877/632-7000 and mentioning APRO.



APRO
25

1980...

We lived without: personal home computers | home video games | *USA Today* | camcorders | compact discs | lights at Chicago's Wrigley Field | Prozac | fax machines | Viagra | *Seinfeld* | the space shuttle | MTV | ...and it was the year CNN—and APRO—were launched.

If you choose to have your employees attend other events at the convention, they may register with a full registration.

Registration

Back by popular demand!

A PRO members who book their room in the APRO room block will receive a deeply discounted *full registration* to the entire APRO Convention, including educational seminars, social events, meals and Buying Show for the unbelievably low price of only \$200.

The non-APRO member "book-in-the-block" rate is \$500 for a full registration. In addition to this great offer, APRO is once again offering one complimentary full registration to the principle buyer for each attending APRO member company! This offer is good for APRO members only as long as the person registering has booked a

room at our convention hotel in the APRO room block. This is an offer you can't afford to pass up! The only requirement is that each person *must* book in the APRO room block at Mandalay Bay at the special low APRO rate by the July 1 deadline. That's it! Register today!

Why should I "book in the APRO block"?

In recent years, Internet booking has enabled hotels to "dump" excess rooms at cut-rates if it looks like there will be an excess inventory over certain dates. This is similar to what airlines do with excess seats. It is very important that all APRO

APRO registration rate summary

APRO members who book in the APRO room block at Mandalay Bay by the July 1 deadline will receive:

- One complimentary full buyer registration per member company
- \$200 full registration for all others, including spouse registrations
- APRO members who do not book in the APRO room block must pay the full \$400 registration

Non-APRO members who book in the APRO room block at Mandalay Bay by July 1 deadline will receive:

- \$500 full registration, including spouse registrations
- Non-members who do not book in the APRO room block must pay the full \$600 registration

attendees book their hotel rooms through the APRO room block as APRO must guarantee a certain number of rooms years in advance in order to procure the lowest rates for our attendees. If we book too few rooms, our attendees may not be able to get a room at our convention hotel or have to pay much higher rates. If we book too many rooms, APRO is responsible for paying for unused rooms. Every effort is made to procure the number of

rooms needed at the lowest rates possible, but we need the help of our attendees in order to keep convention costs down and the quality of the convention high. That is why we have cut registration rates again for 2005—to make sure that our attendees get the best possible value for this convention

and to help assure that the APRO room block is filled.

IMPORTANT: You must have your confirmation number from Mandalay Bay to verify that you have booked your room in the APRO block in order to receive the complimentary buyer registration and the discounted registration rates of \$200 for APRO members and \$500 for non-members *before* you register for the convention with APRO. Be sure to list the names of all people staying in a room when registering with the hotel so they will receive the proper discounted convention registration rate.

Exhibit Hall Only badges are offered for \$25 to all those in the RTO industry. Exhibit Hall Only badges do not allow admittance into any function or event other than the APRO Exhibit Hall. Proper business identification required.

Call the APRO office at 800/204-2776 if you have any questions regarding registration rates or procedures.

1980...

In 1980, the Association of Progressive Rental Organizations was comprised of only 40 members. The first APRO convention was held in July 1981, in Dallas, Texas. There were 300 in attendance and 25 booths at the trade show.



Registration is as easy as 1, 2, 3

STEP 1:

Airline and car rental reservations

Access discount travel sites at www.aprovision.org. Simply click on "Travel Channel" for links to all major airlines, car rental and discount travel sites. Book early for the best rates.

STEP 2:

Hotel reservations

The deadline is July 1 to guarantee the special APRO rate of \$158 single/double at Mandalay Bay. There are also a limited number of rooms blocked at THEhotel at Mandalay Bay, an upscale, all-suite tower, for \$208, if you prefer. Book online through the APRO Web site at www.aprovision.org or call the hotel at 877/632-7000 and be sure to mention you are attending the APRO Convention. **IMPORTANT!** You must have your hotel confirmation number in order to receive the discounted \$200 full registration rate (or complimentary buyer badge) when you register for the convention with APRO. Book your hotel before registering.

STEP 3:

APRO Convention and Buying Show registration

Register online, by mail or by fax. You must have booked a room in the APRO room block at Mandalay Bay in order to qualify for the discounted \$200 member full registration rate and/or for the complimentary buyer registration. Registrations without a valid confirmation number from Mandalay Bay will be charged the non-discounted rate of \$400 for APRO members/\$600 for non-members. Confirmation numbers will be verified. APRO Buying Show exhibitors must register with a different registration form included in their exhibitor kit or online under "Exhibitor Registration." The final pre-registration deadline with APRO is July 20. After that date, registrations will be accepted on-site only at the convention. Call 800/204-2776 for additional registration forms or visit www.aprovision.org to register on APRO's secure Web site.



Exhibitors

As of June 3

A.B.S. Artistic Jewelry
ADPRO-Ads
Alliance Computing Technologies
Alliance Laundry/Speed Queen
Almo Corp.
Ashley Furniture Industries
BDI Laguna
BenchCraft
Benefit Marketing Solutions
Bernards
Brooke Distributors
Bryce Co.
Central File
Chromcraft Furniture
Claude Gable Co.
Coaster Co. of America
ColorTyme
Comfort Furniture
D&H Distributing
Dell
DPI Teleconnect
Florida State Games
FLX-Industries
Fouts Bros. Truck Center
Fraenkel Co./Englander Bedding
G&G Graphics and Promotions
GE Consumer & Industrial
General Furniture Design
Good Companies
Grandrich
Hart Furniture Co.
High Touch
Home Line Industries
Ideal Software Systems
Imagery Marketing Consultants
Inform Print & Promotions
Innovex
Kelley Commercial Trucks—
formerly McNamara Isuzu
Klaussner Furniture
LABS

Legends Furniture
Let's Print Ink/America On Hold
LG/Zenith Electronics Corp.
M&B Jewelry—*formerly Jerry Bogo Co.*
M&D Wireless
Maytag Appliances
MBIWorldwide.com
Member Trust
Motivated Marketing
National Mail-It
Nationwide Club Administrators
Park Place Mattress
Pastol Furniture
Philips Consumer Electronics
Progressive Furniture
Protect.A.Bed
Rent Smart By Nationwide
Rental Information Systems
RES Accessories
RSSS
RTO Insurance
Rug Doctor Pro
Sandberg Furniture
Sears Contract Sales
S.E.D. International
Simmons Co.
Step2 Co.
Steve Silver Co.
Strachan & Associates
Suzuki Corp.
Tax Pro of America
Teletrack
Ther.A.Pedic International
Thomson (RCA/GE)
Townhouse
TRIB Group
United Furniture Industries
United Weavers of America
Welton USA Ltd.
Whirlpool
Yamaha Electronics Corp.
Yamaha Music

Registration

REGISTER ONLINE AT WWW.APROVISION.ORG. HOTEL RESERVATIONS AT MANDALAY BAY CAN ALSO BE MADE ON THE APROVISION WEB SITE.

- Please use the separate "Employee Day" registration form on the facing page of this brochure for store-level employees.
- Exhibitors should not use this form as they will receive a special badge form with exhibitor information.
- Print or type one form per registrant and spouse/guest. Personal guest is defined as "significant other" or immediate family member not employed by your company. A confirmation will be sent to you from the APRO office one week prior to the convention.
- If your registration is received in our office after July 20, it will be treated as an on-site registration and no confirmation will be sent.

Mandalay Bay confirmation number _____

You must have booked in the APRO room block at the Mandalay Bay Resort and you **must** have your confirmation number in order to get the complimentary APRO-member buyer registration and the discounted \$200 member/\$500 non-member full registration rate. Confirmation numbers will be verified.

Last name _____ First name (for badge) _____

Company name _____

Company mailing address _____

City _____ State _____ Zip code _____

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

Special needs? _____

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

Attendee type: Rental dealer Non-exhibiting vendor Other _____

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

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

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

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

FULL REGISTRATION INCLUDES:

- Welcome Reception, August 8
- Gala Cocktail Reception, August 9
- Awards Reception and Banquet, August 11
- All educational seminars, August 10 and 11
- General session and keynote, August 9
- Entrance to exhibit hall, August 9, 10 and 11

FULL REGISTRATION DOES NOT INCLUDE:

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

| CONVENTION ATTENDEE | FULL REGISTRATION WITH VALID CONFIRMATION NUMBER FROM THE MANDALAY BAY RESORT* | FULL REGISTRATION WITHOUT CONFIRMATION FROM THE MANDALAY BAY RESORT |
|---|--|---|
| <input type="checkbox"/> APRO member | \$200 | \$400 |
| <input type="checkbox"/> Buyer's badge (see page 38—regular members only) | FREE | \$400 |
| <input type="checkbox"/> Non-member | \$500 | \$600 |
| <input type="checkbox"/> Spouse/guest. Includes spouse program August 10 You must indicate in advance if you plan to attend the guest program: <input type="checkbox"/> Will attend <input type="checkbox"/> Will not attend | \$200 | \$400 |
| <input type="checkbox"/> Child (12 and under only) | \$75 | \$75 |

* Deadline to reserve a room at the Mandalay Bay Resort in the APRO room block is July 1.

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

| A LA CARTE PRICES ALLOW ENTRANCE ONLY TO INDIVIDUAL FUNCTIONS AS LISTED: | ALL ATTENDEES |
|--|---------------|
| <input type="checkbox"/> Exhibit hall only (will not allow entrance to seminars or social functions) | \$25 |
| <input type="checkbox"/> Gala Cocktail Reception, August 9 | \$95 |
| <input type="checkbox"/> Reception and Annual Awards Banquet, August 11 | \$105 |
| <input type="checkbox"/> Guest/Spouse Social, August 10 (included in spouse/guest registration) | \$25 |

GOLF TOURNAMENT (OPTIONAL): I will be attending the APRO Tom Kitchens/Joe Eason Golf Tournament. Complete the separate Golf Tournament registration on the facing page and include it with this form. Cost is \$90 per player, \$25 of which goes to the APRO Scholarship Foundation. \$ _____

ADD ALL FEES DUE AND ENTER TOTAL HERE

TOTAL \$ _____

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

Credit card number _____ Expiration date _____

Signature _____ Name as it appears on card _____

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



Association of Progressive Rental Organizations
1504 Robin Hood Trail, Austin, Texas 78703
800/204-2776; fax 512/794-0097; www.aprovision.org

CANCELLATIONS WILL BE ACCEPTED BEFORE JULY 20 WITH A \$25 SERVICE CHARGE. NO REFUNDS WILL BE ISSUED AFTER JULY 20.

THIS FORM MAY BE PHOTOCOPIED. YOU CAN ALSO REGISTER ONLINE AND BOOK YOUR HOTEL AND AIRLINE AT WWW.APROVISION.ORG

APRO 2005 Employee Day Registration

AVAILABLE TO ANY STORE-LEVEL EMPLOYEE WHOSE COMPANY HAS AT LEAST
ONE FULL-PAID REGISTRANT TO THE APRO 2005 CONVENTION

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

Employee Day registration is \$25 and includes entrance into the Employee Day Workshop described in this brochure, as well as entrance to the APRO general session and the exhibit hall. The following optional events are also available a la carte:

OPTIONAL EVENTS

Check additional events you will attend and enclose payment information:

- Employee full registration (all paid events): \$200 Awards Reception and Banquet, August 11: \$105
 Gala Cocktail Reception, August 9: \$95

PAYMENT METHOD

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

Credit card number _____ Expiration date _____
Signature _____ Name on card _____

PLEASE MAIL OR FAX THIS FORM, WITH PAYMENT, BY JULY 20 TO:
ASSOCIATION OF PROGRESSIVE RENTAL ORGANIZATIONS, 1504 ROBIN HOOD TRAIL, AUSTIN, TEXAS 78703
FAX 512/794-0097—OR REGISTER ONLINE AT WWW.APROVISION.ORG

APRO 2005 Tom Kitchens/Joe Eason Golf Tournament Registration

8 a.m., August 8, Paiute Sun Mountain Golf Course (www.lupaiute.golf.com). Buses depart at 7 a.m. from Mandalay Bay.

Registration fee is \$90 per player—\$25 of every registration goes to the APRO Scholarship Foundation.

Registration deadline is July 20. Space is limited and assigned on a first-come, first-served basis. Space in the tournament cannot be reserved until payment is received by APRO. Please submit this form with the convention registration form on the facing page.

A separate form is required for each player. This form may be photocopied.

Name _____ Handicap or average score _____

Requested team (if possible) _____

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

Convention attendee affiliation: vendor rental dealer guest/spouse

Shirt size: S M L XL XXL

Rental clubs will be the responsibility of the golfer and will be paid directly to the golf course on the day of tournament.

Please indicate if you would like to reserve clubs (\$40 for the steel set; \$50 for the graphite set):

Rental clubs—steel or Rental clubs—graphite: Right-handed Left-handed

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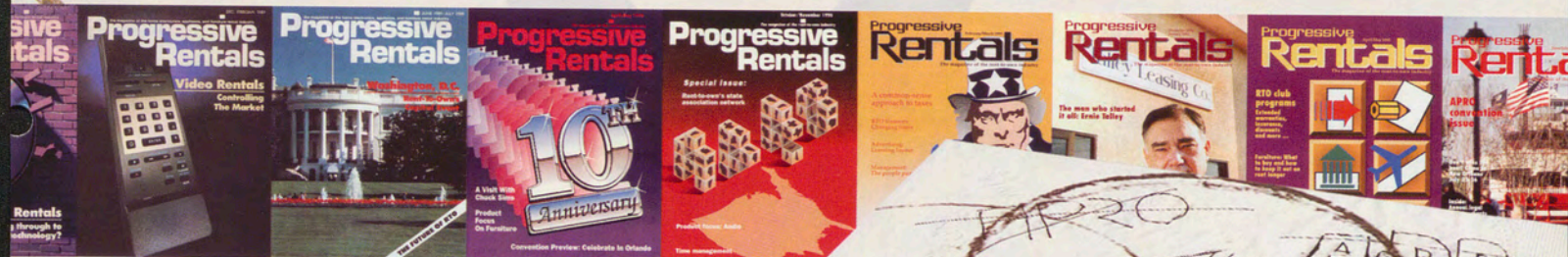
The battles that
marked the beginning
of the Association

Rental



Memories

Twenty-five years ago, I do not think that anybody in RTO could have predicted the business' landscape today. There were maybe 400 stores total in the United States and the biggest company in that era was Remco. Chuck Sims, while he had visions of empire, did not think that you could put a rental store in a town with fewer than 250,000 people. That was the prevailing wisdom back then. Little did he or anyone else imagine that you could put rental stores in towns of 5,000 people, sometimes fewer, and that you could even have your own stores across the street from one another, each with 600 BOR and each one making a buck. ✧ We just rented TVs back then and a few white goods, but mainly TVs—19-inch, click tune portables and a few 25-inch consoles. Remotes were just coming along and rental dealers didn't know how to keep customers from losing them. The insurance guys wanted dealers to offer leased property insurance or maybe damage waivers, but rental dealers feared that if they offered such options, losses would skyrocket and they would go out of business. It took several years before a few intrepid dealers were willing to experiment with the idea of letting customers off the hook if the unit got lost, stolen or destroyed.



By Ed Winn



VCRs came along and rental dealers thought they had died and gone to heaven. The cost for the first VCRs, which were mechanical and must have weighed 40 pounds, was more than \$500. They were new, they were hot and everybody in the world wanted one. They were instantly an almost perfect rental item. They were of a size and complexity that would warrant a delivery and installation, but they could also be stuck in a customer's trunk if you were in a hurry. They went out and came back and went out and came back. What a product! There has been nothing quite that electric in rental stores before or since.

There was a throbbing rent-to-rent furniture industry operating alongside RTO in those early days, which was far larger at the time than RTO. RTO guys thought that the RTR industry was a little soft. RTR rented apartments full of furniture to executives. No one caught on immediately to the potential of RTO furniture. It was a revelation slow to emerge, but when it did come to life, RTO furniture quickly dwarfed the RTR business, which barely exists today. RTO came into furniture with a vengeance and rented furniture to its standard base of RTO customers and grabbed the executive business, too. The RTR furniture business may be a tenth the size of RTO today.

Prying open a closed-door industry

We had fights with various elements of the rental industry in those early days. The rental yard owners thought that

environment that attracted fast money and faster entrepreneurs. Rental companies were subject to harsh attack and quite a few of the early dealers were in the business to make a quick killing and then get out. They figured they would run a few stores for as long as the law let them and then move on to the next thing.

That kind of thinking was not universal, but it was prevalent. When you think that short-term, you are less concerned with fostering good customer relations than if you are building a business you intend to pass down to your kids.

Most of the apocryphal stories of collection debacles came from this era. The rental business was rougher then than it is today. There were no laws and dealers ran their businesses accordingly.

No competition = no accountability

There wasn't much competition in those early days, either. Dealers had whole cities to themselves. The prevailing view was that there was an endless supply of rental customers in the marketplace. For every disgruntled customer who didn't like how the store did business, there were several more potential customers who wanted that TV. So, you didn't have to work with customers back then like you do today.

Competition has taught us all that there is no endless supply of customers. Today, we value every one we can get and work harder than ever to keep customers on the books. Twenty-five years ago, we didn't.

Rental dealers were particularly fond of the lack of compe-



we were stinking up the good name of rental with our RTO programs and they barged into our meetings and told us to quit using the word "rental" in our business. The RTR industry took shots at us and wished us all the bad luck in the world, but were finally helpless in the face of the RTO onslaught. Bankers who were newly in the leasing business, mainly vehicles, urged us to stick with the "rental" moniker to keep distance between their business and ours, but they were polite about it.

Rental dealer pioneers of 25 years ago were somewhat different from rental dealers of today. The early guys were plowing new ground and few of them were certain that what they were doing was even legal, much less that the business would be around forever. The business was new and unproven legally. It was a high-risk, high-reward envi-

tion and wanted very much to keep it that way. It was a logical instinct, but a doomed strategy for a business no more complicated than RTO. Early fights among rental dealers concerned this issue: whether the fledgling trade association was going to be able to do trade association kinds of things such as promote the industry and solicit new members—or whether it was just going to work on the legal issues and make the business safe for the rental dealers already in it.

I had a personal point of view in this controversy. It was that you couldn't ultimately hide a good idea and that is the view that has prevailed. But it was touch and go 25 years ago. It was a fierce battle between the "under-the-rock" rental dealers and the "we've-got-nothing-to-hide, let-the-sunshine-in" rental dealers and the camps were pretty evenly split in those early days.

This split colored everything the Association did or tried to do. The first group, while desiring a safer business legally, did not want a trade association that was going to help outsiders get into the business. Membership was closely monitored. There were fights about whether APRO could attend CES, High Point and other vendor shows out of a fear that retailers would stumble onto the Association's booth and decide to start up an RTO store or counter.

Tom Devlin, founder of Rent-A-Center, supported APRO's legislative efforts, but didn't want APRO holding seminars. He told me once in Las Vegas that Wendy's and McDonald's don't sit around talking about how to make hamburgers and he'd be damned if he was going to tell anybody how to rent TVs. Bud Holladay and Chuck Sims, APRO rental dealer founders, disagreed and argued that if rental dealers were going to rent TVs anyway, they needed to know how to do it properly and there was plenty of evidence that some of them didn't. Plus, the industry was young and fragile and the bad acts in one company could have serious repercussions for everyone. These guys both put on lots of early training seminars that taught some of today's rental dealers how to run the business. The industry today is more ethical and bigger because of that early training.

There were, of course, rental dealers then, as now, who wanted no laws, no seminars, no magazines and no groups of any kind. They were hardscrabble entrepreneurs—some good, some bad—who saw no need or use for

are really ripping off their customers. They don't really believe that RTO is anything more than a means to make a lot of money for themselves and have rationalized taking advantage of customers, employees, vendors, anyone, really, in order to achieve selfish financial goals. They have no respect

for their customers; instead they have only disdain. They think of their customers as "those people" and their only interest in them is how deeply they can pilage their pockets. It may not be immediately apparent from the storefront into which camp a dealer falls, but it doesn't take long if you talk to the guy or watch the operation.

It would be convenient to argue that the good rental dealers are all APRO members and the bad ones are not. But APRO has some selfish dealers as members and always has had them and there are some rental saints who have never been members of the Association.

I used to think that the nature of the business tended to attract a certain kind of less-than-ethical

entrepreneur. Rental customers, many of them, are downtrodden to begin with and it is not so hard to intimidate them and

Competition has taught us all that there is no endless supply of customers. Today, we value every one we can get and work harder than ever to keep customers on the books. Twenty-five years ago, we didn't.



any kind of organization beyond their own companies. They were not members of the Association then and are not members today.

The rise of customer service

There was another dividing line between types of rental dealers then that still exists today. It has to do with how the dealer feels about rental customers. There are dealers who have genuine appreciation for their customers, affection even. They tend to be more humble, generally, and recognize that but for the grace of God Almighty, they might be rental customers themselves instead of rental dealers.

At the other end, there were and are rental dealers who in the dead of the night cannot escape the conviction that they

otherwise to take advantage of their necessitous circumstances. I thought that I saw rapacious entrepreneurs swooping into an industry that did business with low-income consumers because it was easy turf on which to ply their less-than-noble business skills and make a quick buck. I've learned over the years that all businesses have their fair share of disreputable merchants. RTO, finally, today at least, has its fair share, but only its fair share. You can find these guys selling jet airplanes to rich people or CAT scans to charitable hospitals or anywhere else you look, really.

Disclosure battles

Twenty-five years ago, there were other internal fights very different from the fights than the ones that exist among rental

dealers today. One example concerns disclosing the total RTO price to customers. As quaint as it may sound, 25 years ago, almost no rental dealers did this. They disclosed the weekly rate and the number of weeks for ownership, but they did not “do the math” for the customer. Consumer advocates and the Federal Reserve Board thought the total price was an appropriate and necessary disclosure that rental dealers ought to

honestly believe that there would be no RTO industry today and certainly not a \$6.23 billion industry, at any rate.

Putting differences aside

On a personal note, I’ve never made a distinction between APRO and the RTO industry, although there is



make and so we debated the issue at rental meetings.

The non-disclosure crowd argued that if customers saw up front how much they would end up paying to own a TV, nobody would ever rent another one. A more refined argument from this side was that customers didn’t really “need” this information, because what finally influenced their decision to do the deal or not was not the total price but rather how much it cost per week. These were fervent debates that lasted for years. Remembering them today makes the early ’80s seem long ago, indeed.

We also fought over the “new” versus “used” disclosure. Once again, one side argued that customers didn’t really care about this information—what they wanted was a TV that worked and, moreover, dealers delivering from a remote warehouse might not always know what was being delivered (this was before computers). Wisdom and enlightenment and openness prevailed in these and other debates during these early years as the industry struggled to find its way.

Lease vs. sale victories

What 21st-century rental dealers might not fully appreciate is how legally at risk the industry was in those early days. In 1980, when I first encountered RTO as an outsider, I looked at the transaction from a lawyer’s point of view and concluded that RTO was really a lease. But laws get made by politicians. There is no constitutional right to rent TVs anywhere. Politicians could easily have voted that RTO is a sale and that is what it would have been. We had nasty legal and political fights in Connecticut, Maine and North Carolina in those early days over this issue.

I can remember a Maine politician scoffing at us during a committee hearing, “The next thing you know, they’ll be renting ‘those people’ Lincoln Continentals.”

We won the fights in those three states—in the Maine Supreme Court, in the North Carolina Legislature and in the courts and legislature in Connecticut—barely. If we had lost those legal/political battles, which we certainly could have, I

one, I guess. I’ve always wanted all rental dealers to belong to APRO from a selfish point of view, perhaps, because I wanted and still want maximum credibility when I am out telling the RTO story to whatever audience I happen to have, hostile or friendly, and I still talk to both.

Over the years, I have learned that trade associations are curious entities. They are confederations of competitors who, as often as not, have little use for one another. Members, however, manage to look for common ground in order to come together and sometimes they have to look really hard for that common ground. Rental dealers who are in the Association look at those who are not in different ways. Some look out and see free-loaders—dealers willing to profit from the Association’s efforts without making a contribution. They view them as cheap, irresponsible and selfish. Others look out and say, “good riddance.” Sometimes they are right. It is certainly true that over the years the noblest, most giving and most generous rental dealers in the industry have been members of APRO. Generosity and unselfishness may not rank high on the rental business scale where you only count profits and earnings per share, but those qualities rank high on the human being scale. I have cherished knowing most of the rental dealers who gave their time, talent and treasure to the group.

I have made some lifelong friends along the way in this trade association over the past 25 years, some old, some new. I’ve married one and now I have begun to bury a few.

The art of growing an industry

We cannot really hang a “mission accomplished” banner over the APRO headquarters here at the end of the first 25 years. It is true that the industry thrives in a safe legal environment and has for a long time now. That is no small feat for an association with a modest budget despite the nagging absence of a federal law. Trade associations, generally, do not like too many “missions accomplished.” That kind of self-congratulation can erode membership. If the job is

done, why bother paying dues? Instead, stopping every now and then at notable anniversaries, for example, is a useful exercise to observe a milestone in a long and fruitful, even if occasionally turbulent, existence.

I think that the RTO industry is bigger, more ethical, and better than it would have been had APRO not helped lead the way toward making RTO a truly respectable business,

ent today. If you didn't live it, it may be that you cannot fully appreciate the high place that the RTO industry has forged for itself in the American economy. There were numerous turning points along the way. The industry could have faltered at any one of them and RTO would still be the suspicious, disreputable, unseemly business that most people once thought it was.



which is was not in those early days. A lot of the Association's effort came from rental dealers themselves who wanted a business and an industry of which they could be proud. Looking back, things could easily have gone another way. The "dark side" could have prevailed and most of you reading this article would be doing something differ-

At 25 years, we celebrate both the past and the future, as it is APRO's intention to be "Always There" for its members. Thanks for the memories. ■

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

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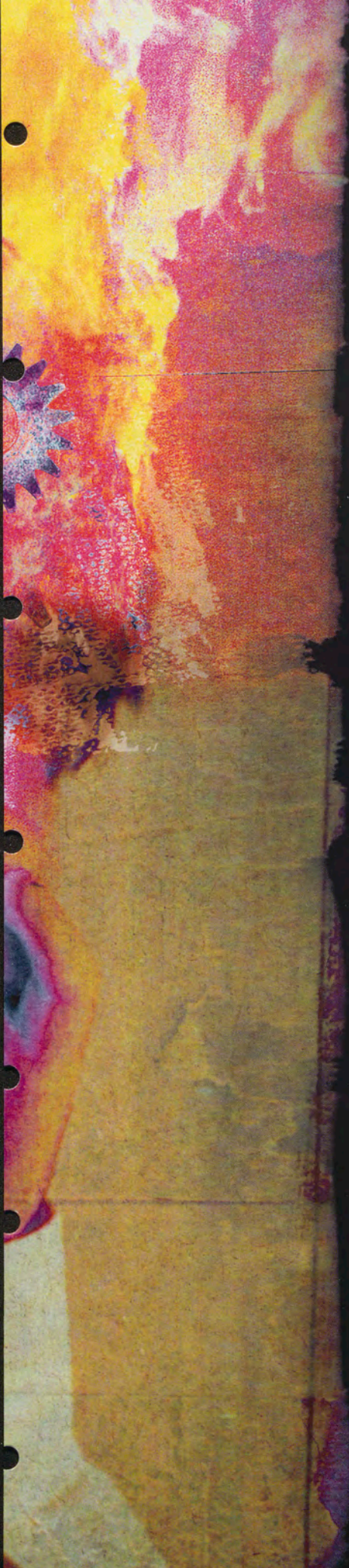


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WHAT'S
THE
RISK
TO YOUR
BUSINESS?

It was a case of the needle, not in the haystack, but in the sofa. And nobody was looking for it. She rented the sofa. The price and the color were right and it didn't look very used. To hear the customer tell the tale, as soon as she sat on her new-to-her sofa, the very day it got delivered, she felt something sharp stick her in the buttocks. When she pried the cushions apart, she found a used hypodermic needle. Her first reaction was one of terror. She feared it was a "shared" needle and had been left in the sofa by drug addicts and the rental store failed to find it before re-renting the sofa to her.

BY
ED NINTA

The facts aren't in yet. Nobody knows, yet, where the needle came from or what it was used for. But the facts so far offer a useful platform

for a brief overview of the law of damages as it relates to the torts of Intentional Infliction of Mental Distress (IIMD) and Negligent Infliction of Mental Distress (NIMD). As torts go, these are fairly new. Before the science of medicine fully understood the power of the mind, the law insisted that a plaintiff suffer a physical injury before awarding damages for the plaintiff's pain. The law was unwilling to compensate victims

for purely psychic suffering. Early on and still today, the difficulties with damages for emotional harm are how can it be proven and how much is it worth?

The law is much more comfortable with broken arms and legs because then the law can compensate the victim for the medical expenses and time lost from work. Juries can generally value the pain and suffering surrounding such an injury because they have been there or know someone who has suffered similarly. That is less the case with severe mental suffering all by itself. The culture still tends to look at people who seek psychiatric help as somehow "weaker" or less stable than the norm. How then to compensate someone who claims that the defendant was responsible for his or her mental breakdown?

PROVING SEVERE MENTAL STRESS

A couple of real cases will show the wide gulf that exists in such cases and the uncertain state of the law regarding the assessment of damages for severe mental distress.

A recent case from California involved Macy's department store and a needle in the pocket of a woman's jacket that had been returned and was on the rack. The plaintiff put her hand in the pocket and pricked her finger. Here is what she said:

"I can't sleep at night. I have panic attacks. I cry all of the time. I am very sharp with my family. I worry constantly about putting my family through a terrible ordeal and what they may experience by being related to a victim of HIV. I experience night sweats and nightmares concerning my future and the future of my family. If I dwell on the situation, I throw up. I get very angry about being victimized. I focus on this situation so often that I am unable to give adequate attention to my children. I feel helpless. I went through a period of deep mourning."

In the Macy's case, a California Court of Appeals held that the woman could not sue the department store because she could not prove that the needle stick caused "detrimental physical changes to her body," the threshold

level of harm required in an NIMD case. Nor was the plaintiff able to prove that she was more likely than not to contract the diseases she feared. The woman has never tested positive for HIV or hepatitis A, B or C. Macy's offered expert testimony that even if the needle were contaminated, the odds of contracting HIV from it were 1 in 200,000.

And so, at one end of the spectrum, a plaintiff who clearly had severe mental suffering took nothing because there was no physical injury to accompany the mental pain.

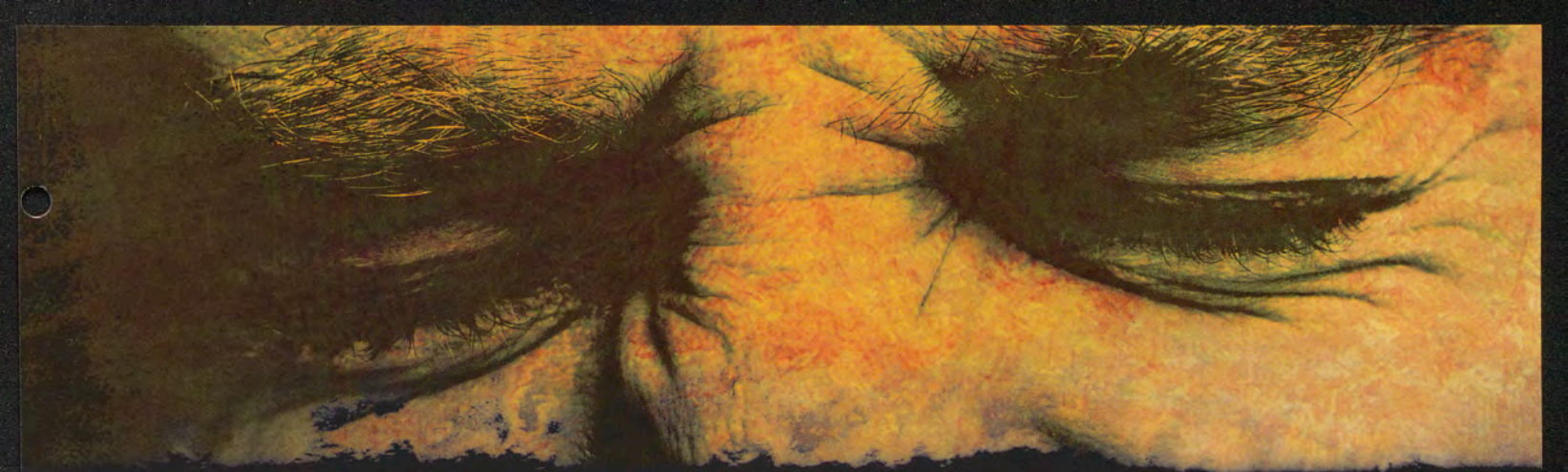
WHEN STRESS MANIFESTS AS PHYSICAL INJURIES

At the other end of the spectrum comes a case from Texas in which the jury gave the plaintiff \$5 million for her severe mental distress due to a company's abusive collection practices (*Greenpoint Credit Corp. v. Perez*, 75 SW3d 40 (TX. Ct. of App. 2002)). A finance company employee called Perez several times and threatened that if she didn't make the payments due on her mobile home, she would be put in jail. The problem was that Perez didn't own a mobile home. Nor did she speak much English.

Perez, 72, had a medical history of anxiety disorders. When the mystifying calls persisted, Perez had her daughter drive her to the sheriff's office so that she could turn herself in. The sheriff called the finance company himself to explain that they were dunning the wrong person, but the calls continued. Two weeks later, a finance company employee went to Perez' house and got a signed affidavit stating that Perez did not own and had never owned a mobile home, nor had she ever consented to anyone using her name or credit to buy a mobile home.

Despite evidence that they had the wrong person, the finance company sued Perez anyway. During discovery, everybody learned that the daughter had forged Perez' signature on the loan documents for the mobile home. The company dropped its collection suit against Perez, but she continued with her counterclaims against the company for violations of the state debt collections statute and "intentionally and knowingly causing mental deficiency, impairment or injury to an elderly person." The jury awarded Perez \$3 million for damages in the past and \$2 million for damages in the future. The jury also awarded her \$10 million in punitive damages. The court of appeals upheld the actual damages award of \$5 million, but threw out the punitive damages award.

In tort law, a fundamental principle is that the defendant takes the plaintiff as it finds him, the "egg-shell skull" doctrine. A plaintiff who suffers more than an ordinary person because of some deficiency or malady is entitled to compensation for the amount of actual injury, not for some stylized injury suffered by some "average" person. In this case, Perez was "handicapped by advancing age, a demonstrable history of anxiety and nervousness, an inability to understand the language and cultural insulation," and she therefore did not have "protective



THE CULTURE STILL TENDS TO LOOK AT PEOPLE WHO SEEK PSYCHIATRIC HELP AS SOMEHOW "WEAKER" OR LESS STABLE THAN THE NORM. HOW THEN TO COMPENSATE SOMEONE WHO CLAIMS THAT THE DEFENDANT WAS RESPONSIBLE FOR HIS OR HER MENTAL BREAKDOWN?

mechanisms available to counter the unexpected threats." The jury saw and heard evidence of physical injuries: "eruptions of her skin, disfiguring, angry running sores were evidence of the turmoil within."

The legal distinction between these two cases is primarily one of physical injury. The sleeplessness, night sweats, nightmares, etc., suffered by the Macy's shopper are all psychic injuries. Perez got shingles and had other skin ailments. Those physical injuries got her case in front of a jury. In the Macy's case, the judge was aware of what juries can do with exciting facts and applied the law of physical injury quite strictly. As a result, the judge dismissed the case and it never went to trial. No jury ever heard the facts..

EVIDENCE VS. NEGLIGENCE

If a jury gets facts relating to a plaintiff's severe mental distress, there is little legal guidance as to how much to award for such suffering. Here is a typical jury instruction:

If you find that a plaintiff is entitled to a verdict against the defendant, you must then award the plaintiff damages in an amount that will reasonably compensate the plaintiff for all loss or harm, provided that you find that loss and harm was suffered by the plaintiff and was caused by the defendant's conduct. The amount of such award shall include:

Reasonable compensation for any fears, anxiety and other emotional distress suffered by the plaintiff and for similar suffering reasonably certain to be experienced in the future from the same cause. This is non-economic damage.

There is no definite standard or method of calcula-

tion as prescribed by law by which to fix reasonable compensation for emotional distress. Nor is the opinion of any witness required as to the amount of such reasonable compensation. In making an award for emotional distress, you shall exercise your authority with calm and reasonable judgment and the damages you fix shall be just and reasonable in light of the evidence.

In the sofa-prick case, all of the evidence is not yet in. The customer may yet contract HIV or hepatitis, in which case she will be able to get to the jury with her request for damages. There is no evidence in, yet, as to any other damages, like those that showed up in the *Perez* case. There may never be any more damages than a prick in the buttocks and a moment of terror.

At worst, the rental store is guilty of negligence by not refurbishing the sofa before re-renting it. In *Perez*, the finance company willfully threatened an old woman with jail and continued with an aggressive pattern of collection efforts against her even after the evidence pointed somewhere else. It should not matter that it was Macy's on the one hand and a consumer finance company on the other, but it might have. If the nature of the business was at play in these cases, then rental dealers should know that their business may be viewed negatively by a jury.

The nature of the threats mattered in *Perez*. The court of appeals noted that "the threat of being put in jail is calculated to put fear and anxiety into every citizen's heart. It is the very tool used by our justice system to control bad behavior in our society. Even a hardened criminal may think twice before doing something that will cause him to be locked away from society. If a criminal may be frightened by jail, how much more mental and physical anguish would be suffered by a woman in the position of Mrs. Perez?"

CUSTOMERS SUFFER MENTAL STRESS DIFFERENTLY

Lessons for rental dealers from these cases are first of all that dealers must take customers and possible plaintiffs in a lawsuit against them as they find them. Some customers handle life's blows with aplomb. Others react more strongly to setbacks. Rental dealers, because of the ongoing and intimate nature of their relationship with their customers, must acknowledge those customers who handle the pressures of daily existence poorly and react accordingly. Dealings with such customers need to be above reproach lest a rental company inadvertently abuse a weak sister like Perez.

The good news is that the law has not evolved to where plaintiffs can sue for hurt feelings. That is why the requirement for physical injury persists. In the coarsened culture of today, the law acknowledges that people must be hardened to a certain amount of rough language and to occasional acts that are definitely inconsiderate and unkind.

However, the context will matter and the nature of the business of collecting on expired accounts and repossession

ing TVs will, from time to time, necessarily test where that line is drawn. There are few companies today that could survive a \$5 million judgment against them.

There may always be a needle hidden away somewhere that nobody can find. Rental dealers probably won't have to pay for those kinds of negligent mistakes unless the

RENTAL DEALERS, BECAUSE OF THE ONGOING AND INTIMATE NATURE OF THEIR RELATIONSHIP WITH THEIR CUSTOMERS, MUST ACKNOWLEDGE THOSE CUSTOMERS WHO HANDLE THE PRESSURES OF DAILY EXISTENCE POORLY AND REACT ACCORDINGLY.

customer really gets hurt and more than in the head. But collection abuse that rises to the level of being extreme or outrageous coupled with a delicate customer who "just can't take it" could cost a dealer everything he has worked to gain. ■

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

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CEO Charlie Loudermilk
basks in the glow of 50 successful
years as Aaron Rents continues
to go gangbusters

He's golden

C

Charlie Loudermilk is having a good day. On this particular morning in late April, the chairman and CEO of Aaron Rents has arrived at his Atlanta office to phenomenal news. In the wake of the prior day's announcement of record revenues and earnings for the first quarter of 2005, the company's stock has risen from about \$18 a share to more than \$20 just this morning. In fact, the call for Aaron Rents stock was so great that the New York Stock Exchange stopped trading on it for about 15 minutes to try to balance out supply and demand. "So you're having a good day," someone surmises. "We're having a great day," he says.

A PROFILE *by*
KRISTEN CARD
PHOTOGRAPHS *by*
FRED GERLICH



The fact is, Charlie Loudermilk is living a great life. At 77, Loudermilk is celebrating the 50th anniversary of the billion-dollar rental-purchase empire he built with his own hands, brains and almost-palpable determination. And his 6,500-plus employees throughout the United States, Canada and Puerto Rico—along with his family, friends and all the lucky Aaron Rents shareholders—are celebrating him because his success has been theirs, too.

But make no mistake. Loudermilk's half-century hootenanny in no way connotes a conclusion to his career or to his aspirations—and expectations—for Aaron's. This isn't a retirement party. As a matter of fact, at its recent annual meeting in New Orleans (they don't call him Good-Time Charlie for nothing), the company announced its intentions to double its number of stores within the next five years, from more than 1,000 to over 2,000.

And Charlie Loudermilk has no intention of missing that party.

WHO IS AARON?

R. Charles Loudermilk Sr. launched his company in 1955 with a partner, an answering machine and an inventory of 300 well-used Army-surplus folding chairs available for rent for 10 cents a day. Today, Aaron Rents says it is the nation's leader in the sales-and-lease ownership, specialty retailing and rental of residential and office furniture, consumer electronics and home appliances and accessories. But what got Aaron's from point A to point B really began in a blue-collar Atlanta, GA, neighborhood in 1927.

Loudermilk was born the youngest of two sons to Jake and Addie Loudermilk. Jake, a lineman with Georgia Power, had a fourth-grade education and never saw the need for more than a high-school diploma. Addie, a dietician and career woman before her time, wanted her boys to go to college. By working three jobs simultaneously, she made sure it happened as her sons were the only two college graduates to come from their working-class neighborhood.

Loudermilk went to Georgia Tech for two quarters, joined the Navy for a year and finally graduated from the University of North Carolina in 1950 with a bachelor of science degree in commerce. His first job was as a

“What I like is winning. I’m competitive, always have been. I think I inherited my drive from my mother. I believe entrepreneurs are born; I don’t know whether you can make an entrepreneur of someone who doesn’t have the genes that drive that. I just love to see something happen.”



traveling salesman for PET Milk, which lasted less than a year. His stint as a district manager for Pfizer Pharmaceuticals kept him busy for about three-and-a-half years more.

Then his mother made her son an offer he couldn't refuse—well, he could, but not to her. Addie had been running an extremely successful little tearoom and when a restaurant up the street was about to go under, the owner offered it to Addie. She said she would take it, but only if her son, Charlie, would come home and help her run it.

Being a dutiful son, Loudermilk returned to Atlanta and opened the restaurant with his mother. But he quickly found himself with a wandering professional eye.

“I had seen a small rent-to-rent company in Greensboro, NC,” Loudermilk says. “I didn't particularly like the restaurant business, even though I was my mother's partner for 15 years. So I started a little rental company. I got a partner and borrowed \$500 and he had \$500. So I put an answering machine in my apartment and the first order came in for 300 folding chairs for an estate auction.

“It was the middle of the summer,” he says. “We rented a truck and bought 300 very used Army-surplus chairs and delivered them and put them under this tent. With all that work in the hot sunshine and everything, my partner decided he wanted out of the business, so I had to scrape up another \$500 to pay him off. He went around town for years saying he used to own half of Aaron Rents,” Loudermilk says.

With a contrived name guaranteed to give him top listing in the Yellow Pages (no, Virginia, there is no Aaron), Loudermilk's first rental inventories were centered on parties and healthcare. But once he discovered the lucrative opportunities waiting within the office rental market, Loudermilk abandoned the hosts and the healing and honed in on doing business with business.

“We grew to about 185 stores in rent-to-rent, then I saw it going down quickly,” says Loudermilk. “I saw rent-to-own flourishing and decided to go into rent-to-own. Y'know, rental is rental.”

Rental may be rental, but combined with Loudermilk's insight, rental has turned remarkable. Today, Aaron Rents seems to have a life force all its own. Stores continue to open every week, pushing the company's almost 1,100-store count—which will be markedly higher by publication time—up and up and up. About two-thirds of the stores are company-owned, with one-third owned

by franchisees.

"We couldn't open in my lifetime—and maybe not even my son's lifetime—all the stores we could open in the United States," he says. "So, in order to get market share and national recognition, I decided we needed to get help opening these stores."

The result is about 365 operating franchise stores, with another 325 already sold and scheduled to open within the next three years. "We continue to sell them and our backlogs continue to go up," Loudermilk says.

Within the next few years, Aaron's will also begin to debut stores in freestanding buildings. "The business warrants it, so we're building a lot of stores right now," Loudermilk says. "We feel our funds can be better spent in inventory than in real estate, though, so we'll build them, sell them and then lease them back."

Certainly, Loudermilk's vision has had to continually stretch to accommodate the ballooning size and success of his business.

"At one time, when this company first started, I thought that if it did a million dollars' worth of business a year, then I'd be the biggest success in Atlanta," says Loudermilk. "Now, last year, we did over a billion dollars. How do you put that into your brain? I have a hard time trying to understand that."

Yet, whatever grand plateau he reaches, Loudermilk always seems to have a clear picture of what the next level looks like.

"People ask us, 'How many stores can you have?'" he says, "and we say, 'How many Super Wal-Marts are there?' We ought to be close [in number] to the Super Wal-Marts; that's our customer base. There are about 3,600 of them right now, so we've got a long way to grow."

THE AARON'S DISTINCTION

So many things about Charlie Loudermilk have contributed to his success and that of his business, it's difficult to pinpoint a single key. A self-confessed project junkie, he has a yellow writing pad wherever he goes, filled with a perpetual list of his next hundred or so to-do items waiting to be gratifyingly marked off. His dogged, down-to-the-penny frugality and tough-as-nails negotiating skills are legendary among his colleagues and employees. And stories abound about his willingness—almost insistence—to do grunt work. From building shelving to sweeping the warehouse to chauffeuring Aaron's personnel from the airport via the family station wagon,

Loudermilk may be the company's chief, but that means he's also a member of the tribe.

According to Charlie, the key to his success is his competitive nature. "What I like is winning," he says. "I'm competitive, always have been. I think I inherited my drive from my mother. She was a really dynamic person, the hardest working person I've ever known. I believe entrepreneurs are born. I don't know whether you can make an entrepreneur of someone who doesn't have the genes that drive that. I just love to see something happen."

Especially if that something happens his way. From the beginning, Aaron Rents has marched to the beat of Loudermilk's drum, by distinguish-



Above: Loudermilk at age 2.
Left: In 1980. Below: with grandchildren Katherine, Coley, Charlie (III), Chappell and Robert.



ing and distancing itself, its products and its services from traditional rent-to-own businesses.

"We studied a lot of other businesses and just didn't like the way some of the people were operating," says Loudermilk. "So for years, we've been fine-tuning our business to where it's quite different than the other rent-to-own operators. We just feel we've developed a much better mousetrap. We're not simply in the rent-to-own business. We're somewhat different."

The difference begins, Loudermilk says, with Aaron's customer base. "We're not in the weekly-pay rent-to-own business and we don't want the weekly business," Loudermilk



says. "We're in the monthly-pay rent-to-own business. Our customer base is much more stable and has more discipline and a better pay habit than the weekly base.

"A lot of our customers aren't credit-constrained," he says. "About 40 percent use credit cards or checks to make their payments. They like getting first-rate merchandise and having to sign only a one-month contract, so they have the option of using the product to see whether they like it. Our keep rate is much higher than the industry average and it's because of the customer base we serve."

Secondly, at Aaron's, size matters—in terms of both space and selection. "Our stores are about twice the size of the average rent-to-own store. They're about 8,000 to 10,000 square feet," says Loudermilk. "Customers like a wide variety of choices, especially in furniture and we can show them a lot more furniture. Other companies can't do that; they don't have the space."

Furniture, Loudermilk clarifies, is Aaron Rents' main business. The company's own MacTavish Furniture Industries manufactures almost half of the firm's furniture, as well as mattresses and home accessories, at 10 facilities located within four states. Additionally, Aaron's has 13 major distribution centers all over the country, so that merchandise is always available to stores next-day—so Aaron Rents' customers never have to wait longer than a single day for the product they want.

A third and critical distinction between

"I can't imagine not having a national organization to watch over the industry's best interests. From the legislative standpoint, if nothing else, you just must have a national organization. You need a voice in Washington."



Aaron's and its competitors, says Loudermilk, is how it deals with customers. The company operates under a strict policy of no credit checks, no security deposits, no delivery charges, no-cost repairs and no balloon payments at the close of a contract. Additionally, it offers several purchasing options designed to let customers own their merchandise with-in as little as 12 months.

"We treat the customer very, very well," Loudermilk says. "People skills is No. 1. It's not how much accounting you know or how much business law you know, it's how you treat people and how they feel about you. That's what I think has carried this company to where we are—people know we will be fair. The success of the business depends upon the quality of the people skills of its leaders."

An active APRO member, Loudermilk testifies to the value of belonging to a national association. "I can't imagine not having a national organization to watch over the industry's best interests," he says. "From the legislative standpoint, if nothing else, you just must have a national organization. You need a voice in Washington."

The culture Loudermilk has created at Aaron's is all about fairness, plain and simple. Plain and simple, but not always easy.

"Our culture is, we're going to do what's fair." Loudermilk hits the last word hard with his deep Georgia accent. "We want the customer to own the merchandise. We work with our customers a lot of different ways to do that. We just look at what's fair—not what's on the paper—just what's fair and that's served us very, very well."

DOING WHAT'S FAIR

Not surprisingly, this credo of fairness above all is a direct reflection of Loudermilk himself—who he is and how he's hard-wired.

"Charlie is a straight arrow," says Loudermilk's friend of more than 30 years, Andrew Young. Young—who is a minister, former Congressman, former U.S. Ambassador to the United Nations and a liberal black Democrat—had been a business acquaintance of Loudermilk's for almost a decade when Young decided to run for mayor of Atlanta in 1981. The city had become polarized, both politically and racially, with a black City Hall

Loudermilk (right) with former U.N. Ambassador Andrew Young in 1980 announcing Loudermilk's decision to serve as Young's campaign manager in his bid for mayor of Atlanta.





on one side and a white business community on the other.

"The business community had decided not to support another black mayor," Young says. "They were really serious about needing somebody from their number as mayor of the city. I went to Charlie and asked him if he would break ranks with everybody else and work on my campaign. I said I thought I could win the election without the support of the business community, but if I won, there ought to be somebody from the business community on my team, because you can't build a city with a split like that. He agreed and paid quite a price for that. He went against what seemed to be his short-term financial interests for the long-term good of our city. We became really close during that time and I won the election.

"I think the fact that he grew up in a family that was relatively poor gave Charlie a sense of fairness about him," Young says. "He's conservative, but it was very important to him to

be fair. We agreed the city could be a great city, but only if business and politics worked together and only if blacks and whites worked together. No partisan politics, no racial politics. He just wants to do what is right."

More than 20 years later, Loudermilk has boiled that sticky situation and his longtime friendship with Young down to a solitary witticism: "He's a black liberal Democrat and I'm a white conservative Republican. People say, 'Well, how does that work?' and we say, 'Well, that's how we do it in Atlanta.'"

"Charlie has a way of reducing everything to its simplest terms," says another old friend of Loudermilk's. John C. Portman Jr. is the chairman of Portman Holdings and a renowned architectural and development pioneer—he's credited with bringing the atrium-centered hotel design into the mainstream and has had a hand in developing most of downtown Atlanta.

"Charlie is a straight-up, straight-out sort of fella," Portman says. "I've never seen

Loudermilk meets with members of the Aaron's marketing team: Bryon Palmer, graphic designer; Mike Virok, director of marketing and advertising (Sales and Lease Ownership); Fonda Williams, new store marketing coordinator, Loudermilk and Lauren Caimano, broadcast media coordinator.

Charlie without an opinion. He'll tell you what he thinks, and he doesn't worry much whether you're going to like what he has to say. He has no guile about him whatsoever. Charlie's just Charlie."

A CHARITABLE PHILOSOPHY

"The way I see it, life is divided into three segments," Charlie Loudermilk says in his Southern-gentleman drawl, with all the r's pronounced as "ah" and every word sounding like it contains an extra syllable.

"The first segment, you're getting yourself prepared in school and your first jobs and so forth and you're acquiring skills. The second is, you have a run—hopefully of being a success and acquiring money. Then, you get to a point where it's time to give back. I'm there right now. Anything that's touched my life, I'm giving back, mostly in bricks and mortar."

An exact listing of what Loudermilk has contributed over the years as a benefactor is impossible to compile, but suffice it to say the University of North Carolina has a building named Loudermilk Hall, downtown Atlanta has a conference and events facility named Loudermilk Center, Loudermilk's picture hangs somewhere over at the Georgia Dome and his church hosts a magnificent \$2 million organ that would have been a \$1 million organ without him. From kids' baseball fields to schools for handicapped children, Loudermilk is fulfilling the third stage of his life amply.

"I've never been able to keep a business going, so I really admire someone who can start a business, keep a payroll going for 50 years and keep families working," says Young. "Charlie's working on something all the time and working on something good all the time. He's also supported his city and his country through his businesses.

"Jesus said it's harder for a rich man to get into the kingdom of heaven than it is for a camel to go through the eye of a needle," the minister continues. "Charlie is one who has become wealthy, but who has never forgotten the poor and the dispossessed, regardless of their race or color. If I had to bet on his getting through the eye of that needle, I'd bet on it."

A FAMILY AFFAIR

Yes, life is good for Charlie Loudermilk and he knows it. At the New Orleans gathering, having been lauded in a 45-minute this-is-your-life-type video retrospective and presented with a 1955 Chevrolet classic car by NASCAR driver and company spokesperson

"Our culture is, we're going to do what's fair. We want the customer to own the merchandise, and we work with our customers a lot of different ways to do that. We just look at what's fair—not what's on the paper—just what's fair, and that's served us very, very well."



Michael Waltrip, Charlie brought the most important people in the room together to join him up on stage: his family.

"Family first is something we've always preached at Aaron's," he says. "Mine is my proudest achievement."

Charlie's son, Robert C. Loudermilk Jr., nicknamed Robin, works side by side with his namesake as president of the company, overseeing the rent-to-rent and manufacturing divisions and co-leading investor relations with CFO Gilbert Danielson. Thirty-one-year Aaron's veteran and "surrogate son" Ken Butler runs the firm's sales and lease ownership division.

Charlie's youngest, daughter Linda Loudermilk, is a successful haute couture fashion designer whose work has been featured on the runways in Paris and is about to be showcased in her own store on Hollywood's Melrose Place. And his eldest, daughter Lisa DeGolian, is an interior designer by training, currently working as a full-time mom.

"I've always said, 'If you out-sire yourself, if your children are better than you are, then you're a success,'" Loudermilk says. "It doesn't matter about the business world or your profession or whatever else about your career. I think I've done that: my kids are bright, they behave themselves well and love to get things done like I do. I'm very, very proud of them."

Along with his three children, Charlie enjoys the company of five grandchildren, two stepchildren and his wife, Courtney. They like to visit Woodhaven, his 5,000-acre south-Georgia quail-hunting plantation, which features its own golf course, 22 separate ponds for fishing, a 20,000-square-foot house, a big barn full of horses, mules and wagons, about 20 hunting dogs and a full-time staff of eight just to maintain it all. They also spend time at their home in Sea Island, GA, out on the coast, and at their summer house located in the mountains northward.

With three homes all located within about an hour's flight from Atlanta, it's clear Charlie Loudermilk likes to stay close to home. Sure, he says, he and Courtney travel some, "but about three days away is all I can stand, I've got to get back," he says. "This business gets in your blood. I'm 77 and I'm still working every day. It's a fun business, changing all the time.

If it weren't fun, if we weren't really winning, going full-blast, I wouldn't be here."

And that, it turns out, is the real secret of Charlie Loudermilk's success. In the words of his eldest daughter, Lisa, his work is not his work. So if it's not really work, then how can you really retire, anyway? That's Charlie's point, exactly.

want to do and not have to worry about money. But where I want to be Monday morning is my office and that's where I'm going to be.' Well, he didn't understand that at all. I think the problem is, he never had a job he enjoyed.

"I'm livin' a dream, I really am livin' a dream right now." For a lifelong "hard charg-



"I was on a plane not long ago and the guy sitting next to me recognized me. We started talking and he said, 'Why don't you retire?' And he got kind of mad—he said, 'I'm retired and live out on Hilton Head and play golf and I thisthatandtheother. Why don't you retire?' I said, 'Well wait a minute. I'm fortunate I can be anywhere in the world doing anything I

er," this notion seems to leave him a little awestruck. "Everybody seems to be happy and healthy, my health is reasonably good and the business is going gangbusters. Really, what else could I want?" ■

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

Electronics

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

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Daewoo Electronics

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Hoss Power ^

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LG/Zenith

Electronics Corp. *^+

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fax 847/941-8401
don.julson@lgeusa.net
www.zenith.com

Motivated Marketing *^+

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O'Rourke Custom Solutions ^

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Philips Consumer Electronics *^+

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ssherman@weltonusa.com
www.weltonusa.com

Yamaha Electronics Corp. USA ^

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CVS Systems *

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Idaho Falls, ID 83401-1727
208/523-5721;
fax 208/523-0313
mike.wilkie@rsiinc.com
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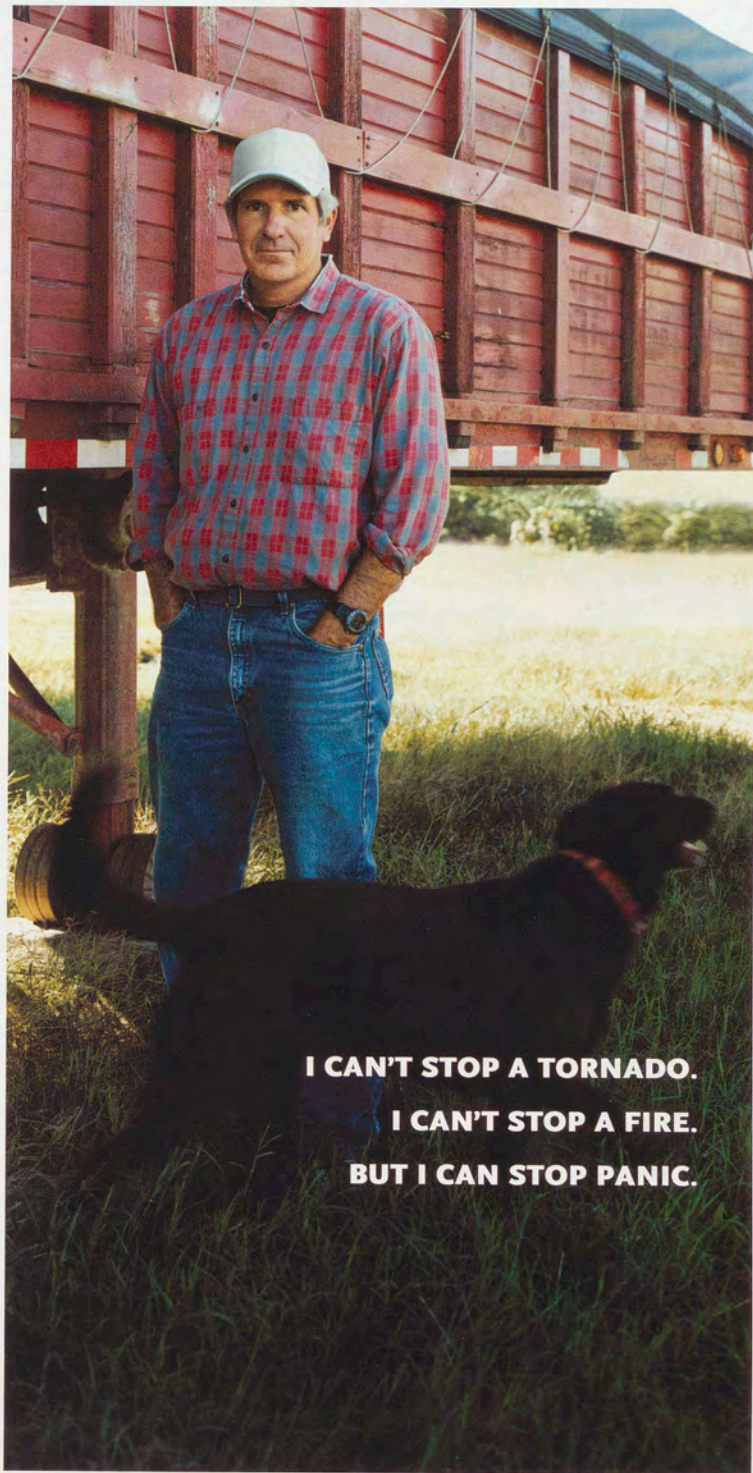
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How do you treat your competitor? Over the years, we have read articles on how we should treat our customers and employees, but how should we treat our competitors? With the benefits we have reaped by treating our customers and employees with dignity and respect, I believe it naturally follows that we should apply similar strategies in dealing with our competitors.

I believe the better our competitors become, the better we make ourselves, our companies and our industry. A "must survive and win attitude" is

our business concept. In the end, I would argue, both companies and our industry's image were damaged.

I believe new customers are developed primarily by word of mouth and by the spread of our positive interaction with current customers and not through the mass media with our advertising. The customers who witnessed the "company B" truck in the "company A" parking lot may well have assumed the employees of that company were customers of the other company!

When we treat our competition as the "enemy," we are damaging ourselves as a competitor in the

marketplace and the industry's image as a whole. The fallacy of allowing ourselves and our employees to view the competition as an "enemy" just means that we have common problems that we must work together to overcome. When we need help getting something done in our community, city, state or even in the nation, we will be depending on our "enemies" for help.

The reality is that if we treat our competitor as a "friendly competitor," who is worthy of being treated with dignity and respect, we will learn to compete with them for customers and work with them to accomplish common goals. Remember, we as competitors support the transaction and the industry in the courthouses, state capitals and in the halls of Congress seeking favorable verdicts and legislation for our industry!

If we use the Golden Rule as a guide for our own companies and our competitors in the market place, then we set a great example of how to treat our customers and employees at the same time. ■

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

Respecting competitors

at the core of my soul; I respect others with similar beliefs. In my markets, as my competitors grow and become stronger, my strategy is to make my stores even better. Let me be clear, however; I am absolutely against tearing competitors down to make my stores look better. I believe in the reverse.

How do we do this? We can start by teaching our employees tactful and creative ways of differentiating our businesses and business practices from our competition. By doing so, we build our business by focusing and building on our strengths. Not only do we build our business, but we also build our industry. We should teach our employees that to criticize our competition damages our business and our industry as a whole.

I recently read a letter that was sent to the APRO office from an employee from "company A" complaining about one of his competitors from "company B." Employees from "company B" were parking their truck in front of the "company A" stores for hours at a time. It seems to me that the golden rule would work wonderfully in this area.

What was gained by this feuding? By the time the employees of both companies work through this and similar problems, customers and potential customers in the area will have witnessed and, perhaps, experienced a non-productive waste of time and energy and degradation of

.....
 "When we treat our competition as the 'enemy,' we are damaging ourselves as a competitor in the marketplace and the industry's image as a whole."



By SHANNON STRUNK
 APRO's President

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