

PROGRESSIVE

Rentals

**SENATE BILL 4037:
THE LATEST FEDERAL ATTACK
ON THE RENT-TO-OWN INDUSTRY**

APRO's new president sees communication, technology and unity as the keys to the industry's success and growth

**THE OFFICIAL VOICE OF
THE RENT-TO-OWN INDUSTRY
DECEMBER 2006-
JANUARY 2007**

A portrait of Larry Carrico, a man with a goatee and mustache, wearing a dark suit, white shirt, and patterned tie. He is smiling and looking towards the camera.

Larry Carrico

AND THE INFORMATION AGE

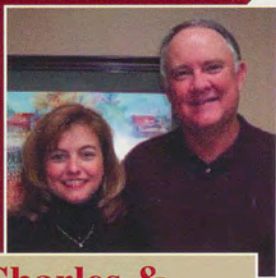
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As former accountants, my wife Holley and I know a good deal when we see one. In 1991, we left thriving accounting practices to begin again in RTO. And what began as a casual conversation with a friend at a fish fry grew to eight independent RTO stores in five years.



Charles & Holley Hobbs

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more inventory to keep up with our customers' needs and wanted the support of a national ad campaign and brand name to compete in the competitive RTO climate.

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Charles & Holley Hobbs, Franchisees

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In my 20 years in RTO I have learned that finding the right company

Bruce Emory

and people that believe in you is as important as determination and hard work.

My career in RTO started in 1986, by way of a temporary job when I was just 20 years old. Dedication to my work lead to quick success and opportunity. But in 1992, when I approached my company to become a franchisee, the door of opportunity closed – I wasn't taken seriously.

So I did it on my own, with the help of my family, and built a solid business over the next 10 years. For a time, we had eight stores but were limited financially – unable to carry the big ticket items my customers wanted. In the summer of 2005, I decided to streamline the business down to our top three performing stores and in November of 2005, converted to ColorTyme.

Now we have access to Rent-A-Center's financial power and product pricing and ColorTyme's training programs – which are some of the most intensive in the industry. We have seen a dramatic turn in our stores and staff and can plan for significant growth which used to be beyond our reach.

Sales are up 5.3% and revenue is up over 10% since the conversion. Equally as important, we have the continued, hands-on support from Bob Bloom, Pat Sumner and all the folks at ColorTyme who made the transition easy and the inventory available for our customers.

People, financing, product and training – four reasons I know I have found the right company – for myself, my family and my team.

Bruce Emory, Franchisee

Like so many of us in the RTO industry, I've been in this business a long time – working in many roles with several companies since 1988. I guess you could say that



Joe Huck

RTO is in my blood. I love what I do—I love our customers and always wanted to have my own store. So in 2002, I opened up Big House Rentals and watched our independent store grow. By October 2005, I needed more inventory but didn't have near enough capital to get the job done.

I considered several franchises, but ultimately was drawn to ColorTyme for their 100 percent inventory financing program – including a nice discount on my franchise fee based on my RTO experience. Almost overnight, I had access to the inventory I needed and complete support from the ColorTyme team.

Today, my business is thriving! I count my decision to convert my store to ColorTyme as one of the best choices I've made. And while change is good, some things have changed very little. I still run my store like a family business and I intend to keep it that way.

Joe Huck, Franchisee

RAISE YOUR BUSINESS IQ

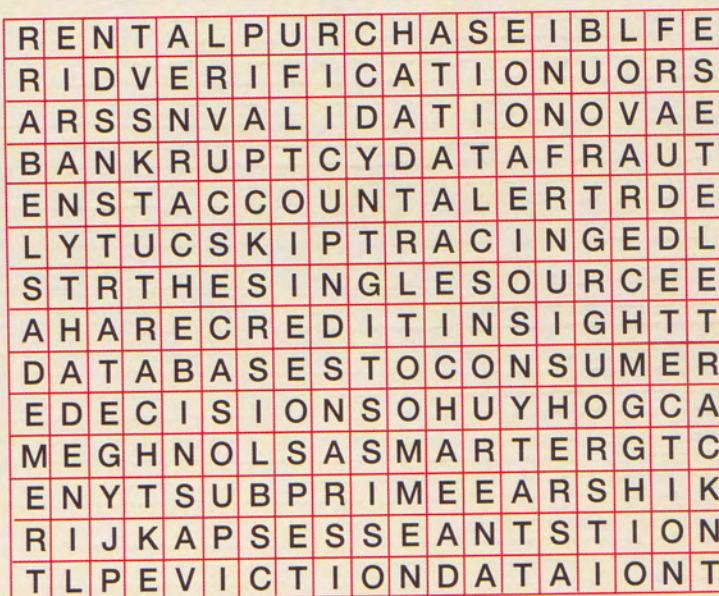
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PROGRESSIVE RENTALS

DECEMBER 2006-JANUARY 2007

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APRO's new president sees communication, technology and unity as the keys to the rent-to-own industry's success and growth. In this interview, Larry Carrico reflects on his past—and America's favorite pastime—and looks forward to leading the association.

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COVER PHOTO BY
DAVID TORRENCE



APRO now offers an exclusive health insurance program to members

The Association of Progressive Rental Organizations has partnered with Trustmark Affinity Markets and Integrated Insurance to provide an exclusive health insurance program for its members. The program offers discounted rates, group buying power, more than 40 networks of participating doctors and the advantage of a claims-stabilization fund. Any profit from the program will go into this fund and can be used to help stabilize rates in the future. Member companies can choose from a variety of plans, with deductibles ranging from \$500 to \$2,000. Another key benefit is the exceptional service and association experience for which Trustmark is known. Trustmark has been in the association business for more than 50 years and APRO member companies who participate in this program will have dedicated teams to serve them. Member companies with more than 50 employees also will be able to take advantage of customized reporting—a feature that is typically available only to companies with more than 200 employees. APRO members can contact Bob Scott or Kent Miller at 309/686-3737 for more information.

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APRO

news

BREAK

COMPILED BY
DEE DEE YELVERTON
AND RICHARD MAY

Pennsylvania Rental Dealers Association to meet in January to reorganize

Rent-to-own dealers in Pennsylvania will meet January 25 at the Hilton Hotel in Harrisburg, Pennsylvania, to reorganize the state association and to protect the right of the rent-to-own industry to do business within the state.

Ed Winn III, APRO's general counsel, will speak to the Pennsylvania Rental Dealers Association about legislative issues. He also will discuss what makes an effective association and why today's legislative climate necessitates that everyone be involved.

Sandi Whited, acting president of PRDA, encourages all Pennsylvania rental dealers to attend this important meeting. "It will take all of us to protect our industry," she says. "We will get out of it what we put into it." On behalf of PRDA, Whited would like to recognize and

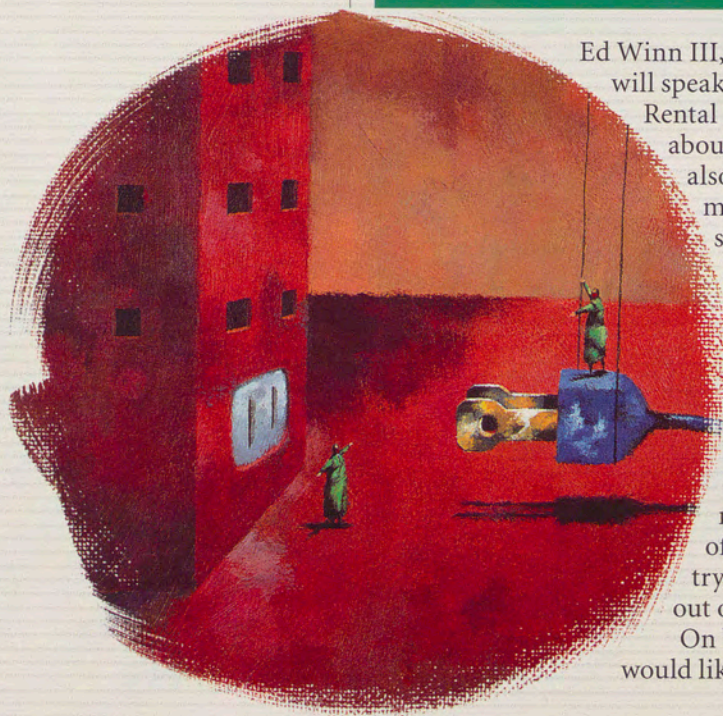
thank RentDirect Nationwide for sponsoring the meeting lunch, O'Rourke Sales Co., RES Accessories and TRIB Group for sponsoring meeting expenses and breaks.

For more information, contact Whited at 814/949-2300.

American Rental buys Giant Rentals; keeps focus on customers

American Rental, a rent-to-own company based in Bloomington, Indiana, purchased the five stores of Giant Rentals in September. Richard, Kathleen and Michael Doty founded the family owned Giant Rentals in Lafayette, Indiana, in 1981. The chain eventually expanded to include locations in Lafayette, Attica, Monticello, Rensselaer and Frankfort.

"When my parents made the decision to retire and leave the rental business," says Michael Doty, "we went to American Rental to see if they were interested in the purchase. Both companies have similar mission and business practices. In addition, we have known the vice president and general manager of American Rental for more than 20 years and we knew that they would take



care of our customers and employees. Unlike other industries where competition can be fierce, the rental industry is a close-knit organization, especially among the smaller independently owned companies," says Doty.

American Rental Vice President and General Manager David P. David agrees. "Both companies offer great customer

service, fast, free delivery with set up and a positive attitude and willingness to work with our customers—that's why our customers never need credit," says David. "We want to see those things continue under the new name."

Advantages to the customers include a newly remodeled store and a larger selection of merchandise. "Being a part of a larger buying group

allows us to offer new merchandise and keep up with our customers' ever-changing technological needs," says Doty. "We also will be able to offer a better buyout plan—a 120-days-same-as-cash early buyout option that offers the convenience of trying a product before buying it. Most importantly, this larger buying power also means better prices for our customers."

The new American Rental stores have seen up to 35 percent growth in business since the ownership change and have relocated two stores to better serve customers.

"More changes are in the plans, but one thing will never change—our dedication to our customers," says David.

ColorTyme expands in Georgia and New York

The future looks bright for Pat Hunt as he opens his sixth Color-



Tyme store in Eastman, Georgia, a town 40 miles southeast

of Macon. Hunt started with ColorTyme in 1999 with a store conversion in Thomasville, Georgia. He expanded from there, opening stores across southern Georgia in Valdosta, Moultrie, Bainbridge, Camilla, Albany and now Eastman. He later sold his Bainbridge store to a partner.

His new ColorTyme franchise in Eastman is located at 970 Indian Drive in the Wal-Mart shopping center. Hunt says rentals have been brisk since his store's grand opening in October.

"We're successful because we don't just provide LCD and plasma

APRO's annual industry survey shows growth despite challenges

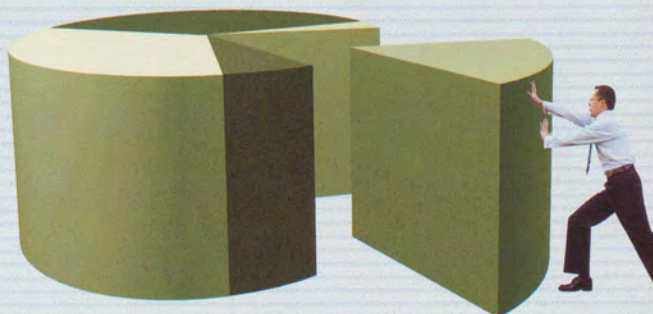
Hurricanes Katrina, Rita and Wilma made 2005 a particularly difficult year for many rent-to-own companies—damaging or demolishing RTO stores along the coast. Despite the significant losses, rent-to-own grew to a \$6.7 billion industry, serving 2.8 million customers, according to the 2006 APRO Annual Industry Statistical Survey and Trend Analysis.

Both revenue and number of customers rose slightly. The number of customers rose for the first time in seven years—a result of ongoing initiatives by APRO and its members to improve the industry's image.

Other notable discoveries in the survey show electronics and computer rentals increasing in popularity. The three percent jump in computer rentals represents the first significant increase in that category in the past five years.

Every year, APRO commissions Industry Insights to conduct a benchmark study on the financial state and economic impact of the rent-to-own industry. The

survey results are provided free to those APRO members who participate in that year's survey.



2007

JANUARY

8-11
Consumer Electronics Show
2007, Las Vegas, Nevada.
For more information, contact
703/907-7600 or www.cesweb.org.

10-13
Tupelo Furniture Mart Winter
Market, Tupelo, Mississippi.
For more information, contact
662/844-1473 or www.tupelomarket.com. APRO/Ashley
Hospitality Suite, January 11 in
the Ashley Furniture Showroom,
Tupelo IV. For more information,
contact Shelley Martinek,
800/204-2776, ext. 109.

15-18
Premier Rental-Purchase Annual
Dealer Convention, Coconut
Grove (Miami), Florida. For more
information, contact Nancy
Kravitz, 757/592-8945 or
www.premierrents.net.

19-23
ColorTyme Winter Operations
Meeting, DFW Hyatt Regency,
Dallas, Texas. For more
information, contact Rhonda
Davis, 972/403-4945 or
www.colortyme.com.

24
Florida Rental Dealers
Association Board of Directors
Meeting, Tampa. For more
information, contact Sharon
Tomaszewski, 813/241-0607 or
www.frda-rto.com.

25
Pennsylvania Rental Dealers
Association Reorganization
Meeting, Harrisburg. For more
information, contact Sandi
Whited, 814/949-2300

29-February 2
Las Vegas Market Winter
Furniture Market, Las Vegas,
Nevada. For more information,
contact 888/416-8600 or
www.lasvegasmarket.com.

FEBRUARY

4-5
Texas Association of Rental
Agencies 2007 Legislative
Conference, Stephen F. Austin
Hotel, Austin, Texas. For more
information, contact Vicky Hale,
817/539-0500.



What's new on RTOHQ.ORG

- **RENT-TO-OWN PRICES:** For years, critics have targeted the rent-to-own industry's prices, but have failed to understand fully the value and service provided to consumers. APRO's new Rent-to-Own Prices Web page addresses some of the common misperceptions about the RTO transaction.

Whitesboro's people and be part of the community again. It's nice to be back where I started."

Nationwide's Weisner receives humanitarian award

Robert Weisner, executive vice president of Nationwide Marketing



Group, parent company to RentDirect Nationwide, has been selected to receive the S. David Feir Humanitarian Award by the National Consumer Technology Division of the Anti-

Defamation League. The ADL presented the award to Weisner at a black-tie awards tribute dinner and dance at the Grand Hyatt Hotel in New York City on November 11.

Weisner was selected because of his commitment to the humanitarian goals of civil rights and justice and his dedication to community and his industry.

"I'm humbled by this recognition and truly honored that the ADL has selected me as an honoree," says Weisner. "I want to express my personal gratitude to the League for making such a positive impact on our society and the world we live in today."

TVs," says Hunt. "We build long-term relationships. Our customers love our wide selection of computers and brand name electronics, but it's also the fact that we work with them on their payment plans, something that separates us from our competitors."

Tom Karrat promises to special order anything his customers want at his new 6,400 square-foot ColorTyme store that opened in Whitesboro, New York, in early November. "Other furniture stores will try to sell you something that closely matches what you want," says Karrat. "At ColorTyme, we'll special order anything you don't see in our store or items that aren't normally available for rent, including go-carts, foosball, aquariums and even boats. The sky's the limit."

This is the third ColorTyme store for Karrat. He has been a partner in two other stores. Karrat says he has thrived in the rent-to-own industry primarily because he loves helping those customers who would normally be turned away because of financial challenges. He also is happy that he can open a ColorTyme in the town where he grew up.

"It feels kind of nostalgic to be back in town," says Karrat. "I'm also excited to be working with customers on a very personal level. It gives me the opportunity to know

Sieverding brothers open Premier Home Furnishings in Iowa

Jamie Sieverding had been in the rent-to-own business for 10 years when "one day, out of the blue" his brother-in-law, Jim Schebler, called and asked him to manage his new Premier Home Furnishings store in Clinton, Iowa. That was three years ago. In October, Jamie became the owner of that store along with his two brothers Dean



Jamie and Rick Sieverding

and Rick Sieverding. "It's nice to be your own boss eventually," says 29-year-old Jamie. "It would have been a lot to do it by myself," he says referring to the im-

portance of his on-the-job experience in managing the store and learning all that business ownership entails. He felt Premier Rental-Purchase played a big role in his learning curve and in supporting what both he and Jim

wanted to bring to the home furnishings market. "Premier has been very helpful. They make it easy for individuals to open up and operate and they offer good advice,"

he says. "I'm real happy with the whole Premier group."

According to Jamie, Premier has continued to help them long after their opening. Jamie and Jim, a former Rent-A-Center marketing manager, enjoyed immediate success with the Clinton store, and Jim opened his second store in Maquoketa, Iowa, earlier this year. Last year Jim became president and chief executive officer of Premier Home Furnishings, helping Premier branch out from traditional rent-to-own.

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APRO Vendor of the Year-2006

Rent-n-Roll vaults to top 25 dealerships in America

Florida based Rent-n-Roll Custom Wheels and Tires is one of the top 25 dealerships in America, as rated by *Tire Business*, a leading tire industry publication. In its "Top Retail Dealerships of 2006," SPF Management LLC, dba Rent-n-Roll Custom Wheels and Tires, moved



into a tie for 21st position in number of retail outlets in the tire industry. Booming growth helped the company move up 36 positions in just one year.

Larry Sutton, Rent-n-Roll president and longtime member of the Association of Progressive Rental Organizations says, "It is an honor to be ranked in the top 25 retail outlets in this industry. Just like the rent-to-own industry, tire dealers in America are honest, hard-working folks who provide a valuable service to the rest of us. We are

proud to represent the rent-to-own industry in a new sector and we are fortunate to have some of the top operators from the RTO world as members of our franchise program. We anticipate expanding very rapidly over the next 36 months and hope to crack the top ten by 2008."

Rent-n-Roll opened its first store in October 2000. As of October 31, 2006, it operates seven company-owned stores and 43 franchised locations in the United States and Canada. There are currently 29 new stores

planned for 2007.

According to the Specialty Equipment Market Association, custom wheels accounted for \$3.9 billion in after-market sales in 2005 with another \$3.2 billion coming from performance tires.

Rent City becomes Aaron's franchisee

Rent City, based in Abilene, Texas, has signed on to become an Aaron's franchisee. Rent City owner and APRO board member Robert



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Briley has been operating 15 Texas-based Rent City stores, four of which he will now trade to Aaron's corporate: Bryan, Copperas Cove, Gatesville and Georgetown. Ten Rent City stores will become Aaron's franchises owned by Briley and he will have the Aaron's franchise rights in Abilene

and Lubbock. Briley has negotiated five area-development agreements with Aaron's, giving him rights to open additional franchises in various Texas locations until the end of 2009.

"I did this for several reasons," says Briley. "First, the name recognition associated with Aaron's and my opportunity to use the company's national advertising resources. Also, Aaron's

has fulfillment centers across the nation, allowing me to receive product on one truck each week." Briley also cited Aaron's daily revenue comparisons for all franchisees, allowing him to track his stores' performance against other franchisees. Briley says he also had the maxim "If you can't beat 'em, join 'em" in mind. "It's an unconventional way to take out a competitor," he says.

"Aaron's President Ken Butler and Aaron's Vice President of Franchising Todd Evans were determined to help facilitate the agreement," says Briley.

Geography was another plus for becoming an Aaron's franchisee, according to Briley, as all of his stores will now be located within a two-and-a-half-hour drive from his Abilene base—as opposed to the four-hour drives necessary to reach the Rent City stores he's trading to Aaron's corporate.

Rent-to-own dealers reach out to former layaway customers

Wal-Mart announced in September that it would be phasing out its layaway program. Rent-to-own dealers are in a unique position to talk about the value of rent-to-own—a value the RTO industry has been providing for years.

"The advantage of rent-to-own is that the customer can have and enjoy the use of an item immediately, take advantage of the services rent-to-own offers and still make affordable payments," says Marty Smith, partner and vice president of sales for Imagery Marketing Consultants.

Mark Williams, vice president of sales and marketing for Rent One, agrees. "We can be a source for those customers," says Williams.

Stores should make sure they are getting the value message out to potential customers. "I think it would be advantageous to post a comparison of rent-to-own versus layaway in the stores," says Smith. "Why would a customer want to layaway anything when he or she could be enjoying the product now, not put a strain on the budget, have affordable weekly or monthly payments and have access to the services rent-to-own stores offer?"

In addition, Smith believes that it is crucial to educate employees so they can speak to the advantages of rent-to-own versus layaway.

RentDirect marks one-year anniversary with growth, plans for expanded programs

RentDirect Nationwide celebrates its one-year anniversary with



plans for expanded services, including free media marketing

training and an in-store high-definition feed for its rent-to-own members. Executive Director James MacAlpine is excited about the continued relationship with the RTO industry and attributes the company's recent growth to its full array of options, including pricing, programs, distribution and market-

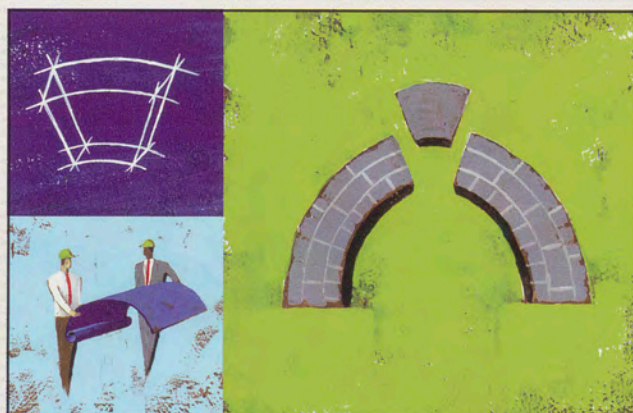


ing initiatives.

As the group begins its second year, he says the focus will be on expanding rent-to-own specific product offerings and programs and improving communication. "We are working to educate the vendors about the rent-to-own industry and how it differs from retail so that we can continue to expand product options for our members," he says. "We are going to continue to work to find the best products and the best way to distribute those products to our RTO members."

New policies and procedures manual available for APRO members

The Association of Progressive Rental Organizations has released a sample *Policies and Procedures Manual*. "Thanks to member feedback and input from one of our member stores, we have developed this sample policies and procedures manual," says Bill Keese, APRO executive director. "This will be a helpful tool for new rental-store owners or



those new to the industry."

Included in the sample guidelines are topics that cover: the company vision, equal opportunity, employment at will, community service initiatives, work schedules, holidays, sick leave, benefits, non-compete issues, insurance, attendance and much more.

"We've had a number of requests for this," says Laurie Hill, APRO membership director, "and we're happy to put this in the hands of members who want and need it." APRO members may download a free copy of the manual by logging in to the E-Communities section of RTOHQ.org.



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Buddy's helps community send more than 70,000 postcards from home

Florida rent-to-own company Buddy's Home Furnishings helped Tampa-area residents send more than 70,000 postcards in October and November to loved ones serving in the military overseas. Local radio

we're still sending them. We're going to make sure they get every postcard."

Aaron's helps Warrick Dunn Foundation make dreams come true for Atlanta families

Aaron Rents, Inc. has donated four homes' worth of merchandise to families via the War-

rick Dunn Foundation's Homes for the Holidays campaign. Thanks to the work of the Foundation, four Atlanta families spent Thanksgiving in their new homes fully furnished with everything from furniture to appliances and electronics—even a fully-stocked pantry complete with a holiday turkey. Atlanta Falcon Warrick Dunn established his charitable program called Homes for the Holidays in 1997, in honor of his mother, Betty Smothers, a police officer and security guard, killed during a robbery attempt while working as an off-duty police officer in Baton Rouge. Since then, the foundation has helped 64 families and 164 children receive new homes. As part of the program, Warrick surprises every mother with a \$5,000 check to help make the down payment on the home and, unbeknownst to the family, arranges with Aaron's to fill that home with the mother's favorite style of furniture.

According to Aaron's Sales & Lease Ownership President Ken Butler, Homes for the Holidays is one of the company's favorite annual charities. "We have worked with Warrick every year since 2002 and we can't begin to describe the inspiring stories of courage and perseverance we have heard from these mothers," he says. "And the look on the families' faces when they realize

what is happening is such a joy to see. While these families know they are being presented with the keys to the homes they have worked so hard to earn, they have no idea that everything they need to furnish their homes is being provided to them, as well. Aaron's associates are very, very proud of our involvement with Homes for the Holidays."

This year's presentations in Atlanta were made in the course of a single day. To read more about the deserving families, visit the news archive section of APRO's Web site at RTOHQ.org.

RENT-TO-OWN HELPS THE COMMUNITY

celebrity Skip Mahaffey from US 103.5 organized the Postcards from Home event. Buddy's was one of several area businesses



Katz (left) with the crew from US 103.5 radio: Skip, Bradden, Jenny and Lester.

that served as a drop off location. The event concluded on November 3, but postcards are still coming in. Jody Katz, Buddy's Home Furnishings sales coordinator, says he will make sure the service men and women get every one. "We're still getting postcards," says Katz. "And

rick Dunn Foundation's Homes for the Holidays campaign. Thanks to the work of the Foundation, four Atlanta families spent Thanksgiving in their new homes fully furnished with everything from furniture to appliances and electronics—even a fully-stocked pantry complete with a holiday turkey.

Atlanta Falcon Warrick Dunn established his charitable program called Homes for the Holidays in 1997, in hon-



Bestway Rent-To-Own child safety event a success; store plans for annual occurrence

Bestway Rent-To-Own stores teamed with McGruff the Crime Dog and the National Crime Prevention Council to bring a free child safety event to local communities on October 7 at each of the Bestway store locations nationwide.

The event was so successful that officials at Bestway plan to make this an annual occurrence. "This is such a great cause," said Curtis Cannon, Bestway marketing manager. "We had a fantastic turnout at all of our stores



House for Medically Fragile Children of Lilburn, Georgia. This unique children's charity provides care for seriously ill children who have been abandoned

and we plan to make this an annual event. We will probably do this in the summer next year so that even more families will be able to attend."

McGruff the Crime Dog and local police officers took photos with families and children. Officials also distributed more than 8,000 free identification kits and provided free fingerprinting, refreshments and prizes.

Beth Durrett, Bestway chief financial officer, said, "We are pleased to be able to contribute this event to the many communities we serve and we are thrilled at the overwhelming level of support for this event from so many communities."

Aaron's donates computers and printers to Georgia Dream House for Children

Aaron Rents Inc. has donated 10 computers and printers to Dream

by their families. Laura Moore, Dream House founder and chief executive officer, says the computers are a needed addition to the organization's offices.

"Our 11 staff members have been using systems that have been donated in bits and pieces and we sometimes have trouble communicating because not all programs run on all of our computers. We are so grateful for this donation from Aaron's because it will allow all the staff members to communicate quickly and effectively so that we can help our children and our families that much faster."

Aaron's Sales and Lease Ownership President Ken Butler says Aaron's is humbled to assist such a worthy cause. "It was frankly a shock to learn that there are seriously ill children who are abandoned in hospitals by their own families," says Butler. "The work that Dream House does to find these children foster or permanent adoptive homes with people who can care for the kids'

unique medical needs is so important that I challenge other business leaders in Georgia and beyond to find ways to contribute desperately needed resources to groups like Dream House."

Moore says most people are surprised to learn of the phenomenon, which she witnessed firsthand as a career nurse. "I have seen parents walk out of the hospital and never come back. At one time, the hospital where I worked had 12 children who had been abandoned in the hospital for two, three or four years each. It seems like it couldn't happen, but it does. And new medical advancements extending the lives of premature babies and children with other illnesses are causing this situation to happen more frequently. Parents aren't always prepared to provide the amount of care a medically fragile child needs. That is why we have created the first-ever program to not only find permanent homes for these children, but to help families learn the skills they need to support their children."

Dream House for Medically Fragile Children Inc. provides education, skills training and assistance with healthcare equipment acquisition and resource referrals, so that kinship, foster and adoptive families can care for medically fragile children in their own "dream home."

Nations Rent-To-Own sponsors Spark of Love toy drive for California community

Nations Rent-to-Own sponsored a "Spark of Love" toy drive on December 2 for the Inland Riverside, California, county area. Nations' owner Paul Davis says they had tremendous support from the community. "It's the first of its kind in the community," Davis says. "We have rallied a great deal of support and participation. This is the first time we've had this level of involvement by businesses and the community."

The event was held at the Nations store on Alessandro Blvd. and included free child fingerprinting, refreshments and balloons. Children had the opportunity to get their pictures taken with Santa and everyone was encouraged to bring a new, unwrapped toy to be given to deserving children in the community who otherwise might not have a toy to open on Christmas.

Additional sponsors of the event included the Moreno Valley Fire Department, the Community Foundation, the Moreno Valley Black Chamber of Commerce, Atlas Storage Centers, the Moreno Valley Police Department and the Moreno Valley Chamber of Commerce.

There is no doubt that I am energized and motivated about the coming year. I appreciate your vote of confidence in me to serve as your new president and I am committed to doing my best for you and the rent-to-own industry. I am excited about this opportunity because it is a chance for me to give back to an organization, an industry and many individuals who frequently have given to me for many years.

I know of no other trade association that so values the sharing of resources. Where else could I have gone as a new rent-to-own dealer all those years ago to find buying resources, legislative

incredible tools for us all to use, including educational programs written for our industry and surveys that let rent-to-own business owners compare their company to others—all of this for less than the cost of the time it takes to fill out one survey.

If you haven't experienced the always-informative round tables hosted by APRO, you are missing a huge benefit of membership. There is much to learn by sitting in a room full of people with specific skills and interests in RTO as they discuss topics ranging from employee and owner relations and anti-tipping problems to how much insurance to carry. All of these are examples of real stories from dealers who are willing to share so that others may benefit.

If saving your business money and gaining valuable information are not enough to inspire you to get involved, then consider the friendships. We all work hard and sometimes play harder, but I guarantee the friendships we have made will never be broken. Even those who have left the industry frequently return to share a story, present a strategic planning session or simply be an inspiration from the past.

These are just some of the reasons why I am such an avid believer in the power of this organization and why I urge you to get more involved. It's easy to do; just post a question or reply on E-Communities, share information with a fellow RTO dealer or pick up the phone and invite someone new to join APRO.

It is my sincerest hope that you will take the opportunity this year, with me, to return your time, treasure and talent to an organization that does so much for our industry. We are going to have a great year! ■

Larry Carrico is president of SKC Enterprises in Mount Vernon, Illinois.

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“APRO members give each other real solutions to real problems that each of us encounters daily. That is why I am a believer in APRO.”

RTO resources abound!

support and people willing to disclose their business experiences? No seminar, speaker or outside resource could possibly give so much.

APRO members give each other real solutions to real problems that each of us encounter daily. That is why I am a believer in APRO—and why I want to work hard to maintain and grow our service to the industry, improve our image to the public and strengthen our presence in Washington. With more than 5,000 member stores, APRO has never been more united and we are in a great position to meet the goals we have set for ourselves.

Our grassroots efforts, lead by the government relations committee, rival those of larger industries. We know how to make our voices heard. We have created an effective process for delivering the RTO message to politicians who understand and appreciate the importance of our industry. I encourage everyone to participate in this important area.



By LARRY CARRICO
APRO's president

APRO E-Communities is a simple but valuable online tool that provides a forum for rent-to-own dealers, employees and vendors to ask questions specific to our industry and receive an answer in minutes. Individual dealers also can build their own company-specific communities within this portal and use it to share information among employees. This tool is a sure winner for anyone who uses it.

The membership committee has created some

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Not since the Republican revolution of 1994 have the Democrats had control of Congress. After the November elections, they have a majority in both the House and the Senate. How does this change affect the rent-to-own industry and your business?

A few days after the November election, your APRO Government Relations Committee held a conference call to discuss the ramifications of the new Congress. We learned that Senator Christopher J. Dodd of Connecticut will be the new chairman of the Senate Banking, Housing and Urban Affairs Committee. Senator Charles E. Schumer

change and that change is not limited to our efforts in the Iraq war.

The Democrats are calling for a change in "leadership." This call is not only for a change in personnel and style, but also in substance. Whenever a government is seated on the platform of change, every issue is

on the table. We should not be so smug as to believe that this wind cannot blow on us—even with all the work we have done in Washington and in 47 state legislatures.

The federal political gaze has been focused on other issues and other industries for a long time now. The past several years have been relatively neutral to the rent-to-own industry and to individual rental companies. I am personally afraid those days are coming to an end.

There once was a time in the 1990s when every rental dealer in this country joined together to defend and protect this industry. Large and small companies worked in harmony and the industry accomplished more than anyone at the time could have predicted.

I believe today is another such time in the development and expansion of our industry. Our strength is not in money and influence—our strength is in unity and everyone coming together to speak with one loud voice. And I include rent-to-own vendors in this call to arms, too. Complacency will not serve us well in these times.

It is obvious to me that 2007 is a critical year for the future prosperity of our industry. APRO's annual Dave Egan Legislative Conference will be held April 16–18 in Washington, D.C. It is imperative that rental dealers from all across America join together to tell our story to members of Congress. Put this date on your calendar and be sure to attend. Your elected congressmen or congresswomen and your United States senators need to hear your voice. This is the most important three-day effort on behalf of your business and your industry in more than a decade. Be there! ■

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

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 "The past several years have been relatively neutral to the rent-to-own industry and to individual rental companies. I am afraid those days are coming to an end."

The winds of change in D.C.

of New York is a member of this committee and is expected to re-introduce federal legislation that would override all current state laws and have the federal government regulate our transaction as a sale and not a lease. Senator Tim Johnson of South Dakota is also a member of this committee and, thanks to the efforts of John Anderson and Marty Auble, is very knowledgeable about our industry and familiar with the services we provide to consumers and the benefits of rent-to-own.

Congressman Barney Frank of Massachusetts will be the new chairman of the House Financial Services Committee. Congresswoman Maxine Waters ranks very high in seniority on this committee and will be the chair of either the Housing and Community Opportunity or the Financial Institutions and Consumer Credit subcommittee (look for updates on the APRO Web site at www.rtohq.org). Waters has been a very vocal opponent of our industry for her entire congressional career.



By BILL KEESE
 APRO's executive director

Many rent-to-own dealers have been religiously attending APRO's annual legislative conference and many have developed personal relationships with their federally elected officials. The industry is certainly in a better political position than we were in 1993, but there is a new wind blowing in Washington these days. Political pundits are interpreting the recent elections as a mandate for a



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Rent-A-Center has lately rejoined the Association of Progressive Rental Organizations and the reconnection is good news for the health, safety and welfare of the rent-to-own industry. The industry needs a voice to speak on its behalf against the criticism of its foes. APRO is that voice. The association's voice is louder and has more influence when it is speaking for more than 5,000 rental stores versus 2,000. That voice is still needed 25 years after the association's founding because criticism of the industry has not abated. Nor can it be expected to—ever.

It can be difficult to balance the interests of a

Welcome back, RAC

rental dealer with one store and the interests of a dealer with 3,000. Companies with sizes so disparate do not have a lot in common, even when they are in the very same business. What they do have in common, obviously, is that they *are* in the same business. If the government ever declares RTO to be illegal, large and small dealers alike will suffer similar consequences.

For more than 20 years, Rent-A-Center was a model member of the association. A lot of great and important achievements—mainly all those state statutes—were realized with Rent-A-Center resources and APRO legwork. As Rent-A-Center grew from six stores to 2,500, there were clashes within the association—growing pains as it were. Internal association politics can be every bit as bruising in their own way as state and national politics, even if the schisms are not regularly reported in the press. There is tension that has always existed between larger and smaller rental companies inside the association, and the dealers themselves have had to lay aside this natural animosity among competitors for the greater good—the survival and safety of the industry itself.

When Rent-A-Center left in 2004, the association had to regroup. In retrospect, the withdrawal worked to the association's benefit because it focused attention as never before on member services. If Rent-A-Center left because the price

being paid for membership was not worth it, then the association had to make sure that there was real value being offered to all of the members who were left. It has been instructive and useful for the association's board to look inward at what rental dealers are really getting for their dues and to add to the list of association benefits and services.

True self-examination often yields painful surprises, and the association's introspection was no exception. There is nothing quite like a serious shake-up to, well, shake things up. Rent-A-Center's departure was a very serious shake-up and the APRO staff and board have learned a lot over the past two years. Rental dealer members will see the results of that education on the new Web site, RTOHQ.org, and in the several new member benefits that have come about lately: the group health insurance program and the Moneris credit and debit card processing program, to name a couple.

There are rental dealers who are members of the association for altruistic reasons. They want to give back to an industry that has been good to them. And there are rental dealers who join the association for purely self-interested reasons. The association, of course, welcomes them all, whatever their reasons for joining. Public companies are beholden to their shareholders and cannot spend corporate funds just because it makes somebody feel good. Rent-A-Center rejoined APRO because it understands as well as any company the seriousness of the continuing threat that the rent-to-own industry faces from the well-organized and well-funded consumer advocate lobby. Rent-A-Center might be big enough to beat back this lobby's attacks by itself, but it understands that there truly is safety in numbers.

The rent-to-own industry has a better story to tell and is more persuasive when it presents a united front against its detractors. This is true even though the industry is not as monolithic as it once was. There are any number of variations on the traditional RTO model on display in the marketplace. The wider the divergence in business practices, the greater the challenges for the association to present a united front in the legal

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“APRO welcomes Rent-A-Center back. There are many smart and capable people in the Rent-A-Center organization. They did not stumble into a 3,000-store empire by accident.”



By ED WINN III
APRO's general counsel

Association of Progressive Rental Organizations

RTO EMPLOYEE DISASTER

Rent-to-own families helping
families of rent-to-own

RELIEF FUND

In 2005, members of the Association of Progressive Rental Organizations contributed more than \$190,000 to help rent-to-own employees get back on their feet after the devastation caused by hurricanes Katrina and Rita. The rent-to-own community helped 159 employees recover from these natural disasters. Unfortunately, natural disasters have become all too common. The rent-to-own industry must be ready to help whenever a natural disaster occurs that affects our family of employees.

To address such needs, APRO has established a permanent disaster relief fund: RTO [Relief To Our] Employees Disaster Relief Fund. Every dollar raised will go directly to rent-to-own employees in need. RTO Employees Disaster Relief Fund organizers are asking every rent-to-own company owner to implement a voluntary payroll-deduction plan within his/her company—suggesting a small donation per month from each employee. We ask that each company match its employees' monthly contributions. APRO can provide you with a template for paycheck stuffers to encourage your employees to participate.

Rent-to-own has always been a family of generosity. Please contribute to the RTO Employees Disaster Relief Fund and encourage your employees to do the same. A small contribution will make a big difference.

For more information, contact Bill Keese at bkeese@aprovision.org or by calling 800/204-2776, ext. 101.



and political arenas.


But challenges abound for the association in other areas, as well. The industry is suddenly awash in meetings. The new Las Vegas Furniture Mart shows will soon start to attract rental dealers and the two large buying groups that have begun courting the rental industry each have two shows per year. Add CES, High Point and Tupelo, along with all of the state and regional RTO specific shows, and rental dealers are inundated with meetings they could or should attend every month. Somebody has to stay home and do some renting and collecting.

The challenges that the association faces are real and mounting. Life does not get easier in the RTO business, not for dealers, not for the association. APRO welcomes Rent-A-Center back to help face those challenges head-on. There are many smart and capable people in the Rent-A-Center organization. They did not stumble into a 3,000-store empire by accident. They know what they are doing. APRO welcomes the expertise and resources of Rent-A-Center. In exchange, APRO will continue to use its best efforts to make the industry as safe and prosperous as possible. We cannot promise always to do things exactly as Rent-A-Center might wish. We can and do promise always to listen to what Rent-A-Center has to say. ■

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

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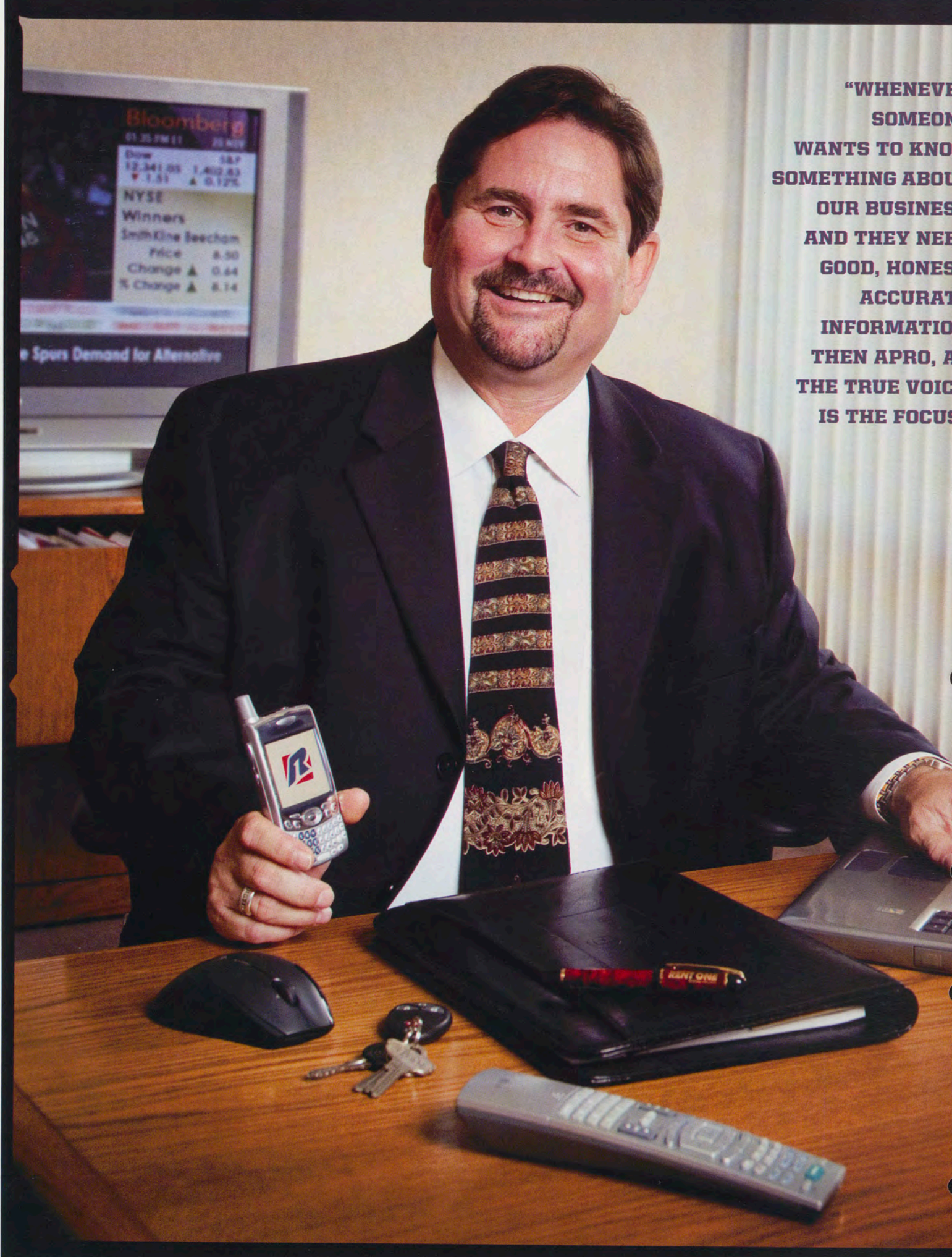
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AND THEY NEED
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INFORMATION
THEN APRO, A
THE TRUE VOIC
IS THE FOCUS**



LARRY CARRICO AND THE INFORMATION AGE

**APRO's new president
sees communication,
technology and unity
as the keys to the
industry's success
and growth**

By KRISTEN CARD

PHOTOGRAPHS by DAVID TORRENCE

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arry Carrico, owner of SKC Enterprises, is no stranger to hard work. He has been a hard-working guy since he was old enough to ride his own paper route in his hometown of east St. Louis. As a kid, Carrico spent his time shuttling between his Catholic school (three doors from home in one direction) and his Catholic church (three doors from home in another direction), playing sports and, yes, working—delivering newspapers, cutting grass, in a liquor store and on a farm. He describes himself as a “fairly self-sufficient” youth. At 16, he had earned and saved enough money from his paper route job to buy his first car. He graduated early from high school and, by the age of 18, was promoted to manager of a \$400,000 Florsheim Shoes store. Eventually, Florsheim transferred him to San José, California, as a regional manager for eight stores. At 23, he found himself back in St. Louis, starting over again—this time, as a \$4-an-hour manager-in-training for Christa Rentals.

Twenty-five years later, Carrico is a husband, father and the owner of three successful companies based in the St. Louis area and he is widely recognized as an entrepreneur and innovator. His reputation has secured him a spot among rent-to-own leadership—on the board of directors for the national association representing the rent-to-own industry and, most recently, as APRO's president. *Progressive Rentals* talks with Carrico about the keys to his success, his past relationship with and future vision for APRO and who really is important in the industry.

APRO: *You have built your rent-to-own business, Rent One, into one of the nation's largest independently owned rent-to-own companies, with 43 stores within four states and it is still growing. You also have created and developed two other companies—Imagery Marketing Consultants and Convergence Communications. A common theme here seems to be communication. Is this one of the keys to your professional success?*

CARRICO: Absolutely. Communication is what makes the difference in a company's ability to stay ahead of the game. What drives peoples' success is knowing how to get accurate information quickly, disseminate it and use it to their advantage. If your company has a central source to go to for information, then you have created efficiency. That's what we've got in our intranet solution. Of course, we've also applied that philosophy—of using technology to improve things—to serving our customers.

APRO: *Your business sounds like it's extremely advanced in terms of information technology.*

CARRICO: It is; we're definitely ahead of the curve. Our business is completely paperless; all record-keeping is done electronically—though, of course, paper copies can be printed as necessary. And just as Rent One employees benefit from technology and information, so do our customers. Not only can they shop and rent products through our Web site (www.shoprentone.com), but soon, they'll also be able to check their account status and make their payments online. It will be an industry-wide first, and it's an excellent example of the sort of blend of information and technology I think is vital to the continued growth of our business and the rent-to-own industry as a whole.

APRO: *Your wife, Sharon, has been actively involved in your business since day one and continues to be a real partner for you professionally as well as personally, doesn't she?*



CARRICO: Oh, yes. Sharon started as our accountant and bookkeeper and now she has her own business, Imagery Marketing Consultants. When we first started out, we knew early on that marketing was going to be a critical component for success. We bought an ad agency owned by Rick Lenton and he and Sharon became partners. Then Marty Smith came in as a third partner; he helped take what the firm was al-



“COMMUNICATION IS WHAT MAKES THE DIFFERENCE IN A COMPANY’S ABILITY TO STAY AHEAD OF THE GAME.”

ready doing for Rent One and customize and reproduce it for rent-to-own businesses nationally. So now, the three of them have created this marketing company that has about 70 percent RTO clients (www.imageryadv.com). They’ve done an amazing job.

And of course, Sharon and I have three terrific kids. Steven is a student here at the University of Missouri–St. Louis; he works part-time at our Rent-n-Roll store. Nicki is a sophomore at New York University’s Gallatin School of Individualized Study, which is an innovative program where the students design their own curriculum to meet their needs and fit their interests. She has created her own marketing and business major, called International Creative Management. She worked for us this summer as an accessories buyer. Kelly, our youngest, has just started

business school at the University of Miami. We’re incredibly proud of all of them.

APRO: While we’re on your personal life, tell me about your intense interest in the great American pastime.

CARRICO: I’ve always been a baseball fan; I used to take the bus to games as a kid. Nowadays, I collect—I’ve got a huge baseball card collection, which actually got started from a trade I made: a refrigerator for a Ted Williams card. I have a lot of Hall of Famers—Harold “Pee Wee” Reese, an Ozzie Smith rookie card and a lot of Hall of Fame photos, autographs, balls and bats. As a matter of fact, I have about 20 or 30 autographed baseball bats from most of the guys who have hit 500 or more home runs: Babe Ruth, Lou Gehrig, Hank Aaron, Willie Mays, Barry



Carrico with his regional managers/vice presidents: Murray Beck, Trent Agin and Mark Williams

“MY FAVORITE THING ABOUT THE RTO INDUSTRY IS THAT YOU CAN SIT DOWN WITH YOUR PEERS AND THEY ARE OPEN AND HONEST WITH YOU.”

Bonds, Mark McGuire, Albert Pujols.

I also play baseball. I've been playing in a men's hardball league for about three years. We play two or three games a week. I've also been to the St. Louis Cardinals Legends Camp down in Jupiter, Florida, where the Cardinals have their spring training fields. All the coaches are former Cards and a lot of Hall of Fame players are there. Andy Benes actually pitched against me. You are playing against professionals who are throwing 90-mph fastballs and have only been out of the pros for a year. It's a lot of fun and part of the money from the camp goes to charity.

APRO: Returning to RTO, you've been active in trade association work for many years. What was your introduction to APRO and what various roles have you played within the organization?

CARRICO: When I launched my business in 1985, I became involved in the Illinois Rental-Purchase Dealers Association, because Rent One is headquartered in Mount Vernon, which is in southern Illinois. I'm still active with IRDA and am currently serving as its treasurer. It was through IRDA that I was introduced to APRO a couple of years later. I saw APRO's interest in my ability to do business, and in protecting rent-to-own in Illinois, and I was impressed with its concern. I appreciated

all APRO brought to the table and I joined.

Over the years, I have tried to bring what I can to that table and my involvement in APRO has progressively deepened. Education was my first passion and my first APRO committee chair was on the Education Committee. We developed several online courses; [APRO Education Director] Shelley Martinek and I worked together to find authors, then we worked together with another company to produce and animate them. We wanted to make it fun, so that people who took the courses would find the courses interesting.

Then I ran for the APRO board's second vice president spot because it traditionally chairs the Communications Committee. I think our greatest accomplishment during my time as chairman of the Communications Committee was working with [APRO Membership Director] Laurie Hill to help establish the APRO Web site's E-Communi-

ties function, which lets our members interact online in real-time peer discussion groups.

My favorite thing about the RTO industry is that you can sit down with your peers and they are open and honest with you. I've belonged to a variety of different organizations and many times people are protective. In the rental industry, one unique thing that we have is we are all willing to share information so that everyone can better himself or herself. You can be confident that when people tell you how they achieved success or dealt with adversity, they are telling you the truth.

Most recently, I have been working with APRO's Public Relations Committee.

APRO: You are no stranger to being in a position of leadership at APRO. How do you see the role of APRO's president as being different?

CARRICO: I appreciate having the confidence of the membership and the board. It's a tough position requiring unbelievable time and resources. But we all go through stages in our lives and I think people are put into positions of leadership based upon the need at the time. The need was there this year and the time was right—all of my kids are now in college—and the board said, 'You're the one.' A lot of times, the person picks the position, but I think this time, the position picked me. It's destiny or fate, just a lot of things all coming together at the same time.

APRO: What is your vision for APRO? What goals do you intend to achieve during your presidency?

CARRICO: I want to continue to unite rental dealers throughout the country so that we are strong and we stand together. Trade organizations bring people to a common platform. You've got to have some sort of glue to keep an industry together. There is only one official voice of the rent-to-own industry and that voice must continue to grow stronger and stronger. One of my goals as president is to keep that voice as the focus so that whenever someone wants to know something about our business, and he or she needs good, honest, accurate information, then APRO, as the true voice, is the focus.

I also want to continue to promote the value of APRO membership, not only within our industry, but also among the public—with customers and political leaders alike. Whether we are talking about membership growth or federal legislation, we must keep educating people about the real value of APRO's work and the fairness of our position. Education, communication, public relations and government affairs—these are always going to be the core of membership value. When we rent furniture, electronics or appliances, we are providing comfort,

entertainment, convenience and a very valuable service to the customer. The fact is, if we weren't offering a good deal of value, then we wouldn't have millions of customers.

APRO: You definitely seem to know how to make sure your customers stay satisfied. How do you plan to translate that skill into your new position as APRO president?

CARRICO: I'll tell you, my proudest professional moment was being named APRO Rental Dealer of the Year in 1998. Professionally, first and foremost, I'm an owner and dealer. I believe staying in touch with the 330-plus rental dealers who make up APRO's membership is essential to the organization's continued success. I want to keep their enthusiasm going, so that they want to get up, share, lead and direct. It is really the people who contribute information and participate in our E-Communities who are the important ones. I happen to have the time and the energy,



Carrico among a sampling of his baseball memorabilia

but it's really the guys in the field making the decisions, keeping the image of the industry up. It's the folks out there, the owners and dealers who belong to APRO, who are making the difference—and helping make my job and the board's job a whole lot easier. ■

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

HOW THE LATEST RENT-TO-OWN REFORM BILL COULD





DESTROY THE INDUSTRY

BY ED WINN III

THE LATEST FEDERAL ATTACK ON RTO

T

he rent-to-own industry has faced hostility from members of Congress on and off for almost as long as the industry has been around. In 1979, before there was a trade association to represent the industry's interests, Illinois Democratic Congressman Frank Annunzio offered a brief amendment to the *Truth In Lending Simplification Act* bill that redefined RTO transactions as credit sales for all purposes. In order to work, the Annunzio language added the legal presumption that, for the purposes of calculating interest rates and making TILA disclosures, every consumer would make all rental payments called for in the rent-to-own agreement and become the owner of the property. ¶ To some extent, the industry was lucky in 1979. It offered no resistance to the Annunzio bill, which nonetheless died in committee, although the *TILA Simplification Act* bill was enacted the next year. ¶ In 1984, Democratic Representative Bruce Morrison of Connecticut reintroduced the Annunzio language. Morrison had been head of the New Haven Legal Services office before running for Congress and was a devoted champion of consumer interests during his tenure in Washington. He reintroduced anti-rent-to-own legislation in several Congresses in the 1980s, but none bore any fruit. The industry, with its own legislative champions—Democratic Representative Doug Barnard of Georgia, Democratic Representative Larry LaRocco of Idaho and Republican Representative J.C. Watts of Oklahoma—and consumer advocates fought to a draw during those years. Neither side was able to advance legislation much beyond getting a bill introduced and gathering a handful of co-sponsors.



In 1993, Democratic Representative Henry B. Gonzalez from Texas held public hearings on the RTO industry, "Rent-to-Own: Providing Opportunities or Gouging Consumers?" Gonzalez concluded that the latter description was more apt and introduced an anti-RTO bill in the fall of 1993. Democratic Senator Howard Metzenbaum of Ohio introduced a companion bill in the Senate.

The Gonzalez/Metzenbaum bills differed from previous anti-RTO iterations. By 1993, more than half of the states had enacted RTO statutes that distinguished rent-to-own transactions from credit or installment sales under state law. Merely to declare RTO transactions to be credit sales under federal law would have overruled dozens of state enactments, made the federal government look heavy-handed and been difficult to accomplish politically. Instead, the Gonzalez/Metzenbaum bills proposed to regulate RTO transactions as unique transactions distinct from credit sales, but to regulate them out of existence. To do this, the bills fixed prices rental dealers could charge at unprofitable levels. When the Republicans gained control of both houses in 1994 for the first time in 50 years, the Gonzalez/Metzenbaum bills died quiet deaths.

Since then, the industry has soldiered on supporting fair and balanced RTO legislation introduced most recently by Republican Representative Walter Jones of North Carolina and Democratic Senator Mary Landrieu of Louisiana. But such legislation has been met with stiff, unyielding resistance from Democratic Senator Paul Sarbanes from Maryland who has repeatedly refused to negotiate with the industry over federal legislation for rent-to-own.

It is not true that a single senator, passionately devoted to a cause, can always stop legislation to which he or she is opposed, but in this case, it has been true. If not for Sarbanes' efforts, the industry would have had a federal law years ago.

When Sarbanes, recent recipient of the Consumer Federation of America's Lifetime Consumer Hero Award, announced his retirement from the Senate at the end of this Congress, there was hope that the removal of this impenetrable barricade to a federal law for rent-to-own would signal a chance for progress for the industry in Washington, D.C.

With the introduction of his Senate Bill 4037, the *Rent-to-Own Reform Act of 2006*, it now appears that New York Democratic Senator Charles Schumer has chosen to adorn himself with the consumer advocate mantle that Sarbanes is leaving behind. Whether Schumer proves to be as intractable as Sarbanes on the RTO remains to be seen. It is too early to tell what Schumer really wants; however, if his bill were to pass as introduced, the rent-to-own industry would shortly disappear.

Here is a summary of the most unworkable features of the Schumer bill:

CASH PRICE. The definition of cash price is set at the "fair market price" as defined by retail sellers, not other rental dealers, in the trade area. "Fair market price" is not further defined. The problem with the fair market value of anything is that it is an after-the-fact determination. There is no way to know what the fair market value of an item is until a jury finally comes back and declares, as a matter of fact, what the fair market value was on some date in the past. Fair market price may well work the same way. There is no publication listing the fair market price of televisions, appliances or furniture. There is no exchange where these items are traded with the prices of actual sales published. And "fair," after all, is much like beauty—it is in the eyes of the beholder. If the Wal-Mart price is the fair market price, does that make the higher

IT APPEARS THAT NEW YORK DEMOCRATIC SENATOR CHARLES SCHUMER HAS CHOSEN TO ADORN HIMSELF WITH THE CONSUMER ADVOCATE MANTLE THAT SARBANES IS LEAVING BEHIND. WHETHER SCHUMER PROVES TO BE AS INTRACTABLE AS SARBANES ON THE RTO ISSUE REMAINS TO BE SEEN. HOWEVER, IF HIS BILL WERE TO PASS AS INTRODUCED, THE RENT-TO-OWN INDUSTRY WOULD SHORTLY DISAPPEAR.

price for the same item at Bloomingdale's "unfair"?

It might be a lovely thought to some to require rental dealers to offer to sell their products for the same prices as retailers, but there is no way to make it work. Retailers change their cash prices often, sometimes several times a week. There is no way for rental dealers to track the prices offered by retailers in their trade area with any certainty or reliability, nor can they know that the prices being offered or even at which items are actually being bought and sold are "fair market prices." Consumers are surely buying TVs, appliances and furniture at prices above and below the mythical "fair market price" everyday.

Nor is there any guidance in the bill about how to price used goods, often two-thirds or more of a rental dealer's inventory. The bill makes no distinction between new and used goods. Rental dealers would have the obligation of locating "the same or similar" property for sale in the trade area and set the cash prices of used property accordingly. They would really only know after the fact whether they got it right.

Every price that a dealer misses subjects him to a statutory penalty of \$2,500 plus court costs and attorney fees.

CREDIT. The term credit is redefined to include what a rental dealer gives to a customer in a no-obligation rent-to-own agreement. Then the term is further defined as everything between the fair market price and the total RTO price except fees allowed under state retail installment sales laws and an additional 5-percent-of-the-cash-price termination fee that the bill allows.

In 1993, some consumer advocates decided that a fair price for allowing consumers to walk away from a retail installment sale with no penalty and no further obligation was 5 percent of the cash price. This notion was first unveiled in the Gonzalez/Metzenbaum bills and has been picked up in all of the federal anti-RTO bills since.

The termination fee is most closely akin to retailers' restocking fees. Not all retailers give refunds. Increasingly those who do allow returns charge a restocking fee, which can vary from 10 percent to 30 percent of the purchase price. Most retail refund policies, with or without restocking fees, have time limits—the right to return something usually lasts for 20 to 30 days after the purchase. The Schumer bill would require rental dealers to continue to offer the customer the right to terminate the RTO agreement at any time for which the dealer can add 5 percent of the cash price of the goods to the cost of the transaction.

In addition, the total rent-to-own price is limited to the cash price plus any limit, state by state, placed on "interest, fees or finance charges" if the state caps the amount that may be charged "in connection with a credit sale or retail installment sale for the same or similar item." Twenty-one states have no caps on finance charges in retail installment sales contracts, other than as may be agreed upon between the buyer and the seller. The Minnesota Supreme Court has declared that the state's 8 percent usury cap applies to RTO transactions. The New Jersey Supreme Court has declared that its state 30 percent criminal usury cap applies to rent-to-own transactions. The other 27 states that have finance charge limits fall somewhere between these two percentages.

The five percent termination fee can be added on top of the finance charge limit, although this amount would have to be added into the annual percentage rate calculation for TILA disclosure purposes.

OTHER FEES. Rental dealers would be further limited to charging only those "other fees" that are specifically permitted under a credit sale or a retail installment sale under state law. That provision would do away with processing fees, liability damage waiver fees, in-home collection fees, club fees and late fees greater than five percent of the missed payment, and then only if the payment is more than 10 days late. That would be the case in most states.

The bill would allow rental dealers to contract for collection fees "reasonable in relation to the cash price" for the recovery of property when the customer refuses to return an item voluntarily. However, it may not be reason-

able to hire an attorney to sue for the return of a television worth \$500.

OTHER LAWS. The bill declares that the *Truth in Lending Act*, the *Equal Credit Opportunity Act*, the *Fair Debt Collection Practices Act* and the *Fair Credit Reporting Act* all will apply to RTO transactions. Today, none does.

DISCLOSURES. Disclosures under the Schumer bill are minimal. They are in essence the TILA disclosures required for credit sales, although these are added to whatever disclosures are already required by any state RTO statute.

PROHIBITIONS. Rental dealers cannot file criminal charges against customers who steal their merchandise unless (1) there is "clear and convincing evidence" of the customer's intent to defraud the dealer and (2) the goods "are being held by the consumer." Customers who pawn merchandise or abandon it or simply give it away cannot be prosecuted because they are no longer holding the goods.


The bill prohibits use of the word "free" in any advertising by rental dealers if there is a charge for the product or service "collected by inclusion in the amount required to be paid under the contract." Since there is, finally, no free lunch, rental dealers, singled out for this prohibition in the marketplace nationwide, would not be able to advertise anything as free without risking class action litigation and a war of the cost accountants, which the dealer would likely lose.

EXEMPTIONS. The bill exempts vehicle leasing to the extent that those transactions are covered by the *Consumer Leasing Act*, but otherwise, the bill would cover every other rental transaction with any opportunity for ownership. The bill specifically provides that the *Consumer Leasing Act* will only apply to vehicles, so that rental dealers would not be able to write agreements with lengthy initial terms and escape coverage under the Schumer bill.

The burdens on rental dealers in Schumer's bill are crippling and the bill would, upon passage, mark the end of the rent-to-own industry as it currently exists today. The struggle over regulation of RTO at the federal level has been ongoing for the past 27 years. The Schumer bill is the latest shot at the industry. It is not the first time that a prominent U.S. senator has attacked the industry with a legislative proposal that would do away with the business. It probably will not be the last. If Schumer wants fair and meaningful regulation of the RTO industry at the federal level, the industry will work with him to get it. If, instead, he wants to get rent-to-own out of the marketplace, he will have a fight on his hands. ■

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





**WHEN SKILLED
EMPLOYEES
SHARE THEIR
KNOWLEDGE, YOUR
BUSINESS WINS**

Smart mentoring

If you are like most employers, you spend a lot of time training people in product knowledge and customer service skills. And why not? A talented staff can boost sales and improve the bottom line. Sooner or later, though, even your best employees can walk out the door—carrying with them all of their hard-won expertise.

BY PHILLIP M. PERRY

But hold on—you *can* stem that loss. Keep your valuable intellectual assets in house through a mentoring program that transfers skills among employees.

“Capturing knowledge in the workplace is especially critical today, given the nation’s demographic shift,” says Linda Phillips-Jones, principal consultant at The Mentoring Group, Grass Valley, California. “Thousands of baby boomers are about to retire. By having mentoring in place, your more skilled people can pass on their knowledge in a structured way.”

Mentoring is essentially the pairing of two individuals,

START SMALL. Avoid getting in over your head with a large formal mentoring program. Getting too ambitious may backfire when bungled efforts disappoint employees. “Start with just a few people who are enthusiastic about the idea,” says Phillips-Jones. “Then the program will be easier to sell to others.”

Phillips-Jones suggests launching the effort with several brown-bag lunches during which you talk about mentoring and how it helps both parties and encourage individuals to volunteer.

Starting small will also obviate knee-jerk reactions from those cynical employees who might view the effort as just the latest management fad to come down the road. Seeing real results will help everyone accept mentoring as a viable process.



“THE UNBREAKABLE CRITERION FOR A MENTOR IS PROFOUND LISTENING SKILLS. IT’S NOT JUST LISTENING FOR WHAT A PERSON SAYS BUT ALSO FOR WHAT THE PERSON DOESN’T SAY.”

LEAD THE WAY. Employees tend to take their cues from top management. That truism applies no less to mentoring than to daily work habits. “If top leadership sets an example it will have a tendency to filter down,” says Thomas W. Morris III, president of the consulting firm Morris Associates based in Washington, D.C. “So if you want to get a successful mentoring

one of whom needs to acquire the expertise possessed by the other. While the process is similar to coaching, mentoring usually targets more subtle skills requisite to the enhancement of career potential. Examples are: dealing with customers in productive and sensitive ways that encourage loyalty; cultivating a creative mind-set that produces profitable ideas for the organization; and applying oneself in ways that go beyond the job description into the area of power performance.

BOTH SIDES WIN

Smart mentoring does more than lock in profitable talent—it also motivates participants. Mentors enjoy ego boosts when they make a difference in other people’s lives. After all, everyone appreciates recognition for hard-won talents. Mentees, for their part, enjoy greater control of their careers. Indeed, mentoring can be a valuable recruitment tool. “Employers are saying, ‘If you join us we will match you up with a mentor,’” says Phillips-Jones. And students are starting to ask potential employers what mentoring programs they have in place.”

Given all these benefits, it’s no wonder mentoring is quickly growing. “It’s amazing how fast interest is increasing,” says Phillips-Jones. “Today most companies have some sort of mentoring going on.”

STARTING A PROGRAM

So how about you? Do you have your own mentoring program? Here’s some advice on how to start a program that really works, from pros who know:

program going, find your own mentoring teammate and start doing by example. If you do it, others will see it.”

The worst way to launch a mentoring initiative, says Morris, is to dictate its formation in your work place and bow out. Employees will not invest in a program that has received only lip service from the organization’s leadership. On the contrary, they will view mentoring as a gimmick and its requisite meetings and reporting mechanisms as irritating chores.

Whom can you select as a mentor? The trick is to remember that successful mentoring is a two-way street, and the ability of the mentors and mentees to switch roles is particularly critical when a top manager is involved.

“While a president or CEO often has no one on a peer level, a good leader should be able to learn from subor-

Get more information

Log in to APRO’s E-Communities and join the discussion in progress about mentoring—<http://login.rtohq.org> or www.rtohq.org

“Creating a Mentoring Culture: The Organization’s Guide” by Lois J. Zachary; published in April 2005 by Jossey-Bass; \$45

A two-hour online training course for mentors and mentees is offered by Media Pro, Bothell, Washington. (www.mediapro.com.) The typical fee of \$50 per student varies by number of individuals participating.

dinates,” says Morris. Consider teaming up with your organization’s technical, legal or human resources person. Any of these individuals can mentor you on some aspects of your operation about which you may have less than complete knowledge. Conversely, you can mentor these individuals on leadership and communication skills that will help them grow beyond their narrow specialties.

Once you have established a successful mentoring relationship, start talking about how mentoring has helped your own career. Your enthusiasm will show. Then put your resources behind it. Let everyone know that you will provide guidance on best practices and will modify job descriptions to coordinate the activity.

PICK GREAT MENTORS. Not everyone makes a good mentor. Throughout your organization’s mentoring adventure, but especially in its early stages, you need to identify mentors who will energize the program with enthusiasm and drive. Ask if each prospective mentor has:

- ▶ The expertise required by the mentee;
- ▶ The time requisite for a successful relationship; and
- ▶ The ability to help others succeed—and an interest in doing so.

“The unbreakable criterion for a mentor is profound listening skills,” says Michael Shenkman, a mentoring consultant based in Albuquerque, New Mexico. “What I mean by that is not just listening for what a person says but also for what the person doesn’t say.” Good mentors, says Shenkman, understand the subtleties present in what people say and the way they say it. “Picking up all the subtleties is the stock in trade of a mentor.”

Mentors should have a certain worldliness as well, says Shenkman. “I look for people who have been out in the world and have traveled,” he says. “And they should be widely read beyond what is required in their fields. I look for people who have an ability to pursue their own internally driven interests.”

Underlying all of these criteria, says Shenkman, should be enthusiasm for the mission at hand: “Mentors have to really care about whether there are leaders in the world; it has to matter to them intensely.”

BUILD TO LAST

The mentoring movement is one element of a larger environment in which people are reaching out to others. When a program clicks the right way, people enjoy participating. “Mentors give glowing testimonials about how they are thrilled to help others,” says Phillips-Jones. “And mentees learn new skills more quickly than they could from formal training.”

It all sounds like a win-win situation, not only for the individuals involved but also for their employer. “When effective mentoring is in place, people feel more valued, and that builds employee loyalty,” says Phillips-Jones. ■

Phillip Perry is a freelance business writer based in New York City.

Mentoring in the RTO industry

By DEE DEE YELVERTON

Longtime rent-to-own veteran and APRO 2006 Lifetime Achievement Award winner Larry Sutton knows how valuable mentoring can be—and the unique role it has played in the rent-to-own industry. “Mentoring made a huge difference in my life,” says Sutton. “Basically, the reason I’m where I’m at is because ‘Slats’ [Norman Slatton] mentored me. He did more than train me; he took me under his wing. Had it not been for that, I wouldn’t be where I am today.”

Mentoring is not new to the rent-to-own industry, although formal programs may be. “You see a lot of informal mentoring in our industry,” says Sutton. “What you see are sons and fathers working together, but it goes beyond that. You see co-workers, friends and individuals mentoring others, too.”

Showplace Inc. in Marion, Ohio, started a formal program a few years ago. “We constructed a formal program approximately three years ago,” says Ron Wilson, vice president of human resources for Showplace. “We believe it is a win/win for both the employee and the company. The program is designed to provide a personalized career development plan for an employee who has exhibited consistent quality performance and expressed a desire for growth. It also provides a pool of high quality individuals who can potentially serve as future managers. The result has been enhanced retention and motivation, as well as a tool for succession planning.”

If you have a training program in place, you may be wondering what difference—if any—there is between that and mentoring. “Mentoring is about belief systems and cultures,” Sutton says. “A leader has to care enough to go beyond just giving someone a job. Probably the most successful RTO companies are the ones that mentor and promote from within.” Wilson agrees. “There’s nothing more important to the success of a company than growing from within,” he says.

Mentoring is a win-win situation. Mentees benefit from the knowledge they learn; companies benefit by developing new leaders and mentors enjoy the sense of personal fulfillment that comes with knowing they have helped someone else reach his or her potential.

T CREDIT & DEBIT CARD PROCESSING G

The average consumer in the United States loves to use plastic. Recent studies have shown that the average American now carries only \$9 in cash in his or her wallet. For the first time

in 2005, consumers used debit/check cards more

often than traditional credit cards. These statistics demonstrate the importance of credit and debit card acceptance for all merchants and the rent to own industry is no different.

By AMIR ATTAIE



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Some rent-to-own companies are already reporting debit/credit card usage as high as 12 percent to 15 percent of their total sales volume and growing significantly each year. Debit cards comprise an average of 70 percent of all card types presented for payment at RTO stores. But, the complex array of fees associated with both credit and debit/check card acceptance can be confusing and the cost of processing these electronic transactions can be high if not managed properly.

The Visa and MasterCard associations have decided to price debit and check cards differently than traditional credit cards due to a variety of factors, including reduced risk of fraud and a lower frequency of consumer chargebacks. But many card processors charge their merchants the same way for all card types and as a result, merchants are not given the opportunity to take advantage of the lower rates associated with credit and debit card acceptance.

For example, a processor should provide rent-to-own merchants with the opportunity to receive a specific rate for “off-line debit” transactions. These types of transactions occur when a personal identification number (PIN) has not been entered by the consumer and the point-of-sale machine recognizes the card as a debit/check card. The merchant is automatically charged the lower rate set by the card associations—approximately 50 basis points lower. The savings can add up for RTO merchants, making electronic payments an expense that can be effectively managed while still extending the “open-to-buy” service that comes with the acceptance of credit/debit cards.

Other ways to manage card acceptance fees:

- ▶ Make sure that your point-of-sale machines or integrated POS terminals close out all stored transactions at the end of the business day so that you can qualify for the best rates by the card associations. It is always best to “batch out” all of your transactions at the close of business with machines that have auto-batch capabilities.
- ▶ Watch out for too many reoccurring monthly fees or annual fees on your current statement. Contact me if you would like to get a full review of your current processing statement so that you can be alerted to any of these “hidden” fees.
- ▶ Depending on the average sale in your store, it may be wise to have your point-of-sale machine prompt consumers for both debit and credit cards. Then, en-

courage your customers to use the debit function so that you can take advantage of the lower fees associated with this card type. This option is available with proper programming of your terminal and with the proper training of your in-store personnel.

- ▶ Make sure your merchant program has the Address Verification System (AVS) feature enabled. If enabled, your POS machine or integrated point-of-sale equipment will automatically prompt your employees

THE VISA AND MASTERCARD ASSOCIATIONS HAVE DECIDED TO PRICE DEBIT AND CHECK CARDS DIFFERENTLY THAN TRADITIONAL CREDIT CARDS DUE TO A VARIETY OF FACTORS, INCLUDING REDUCED RISK OF FRAUD AND A LOWER FREQUENCY OF CONSUMER CHARGEBACKS. BUT MANY CARD PROCESSORS CHARGE THEIR MERCHANTS THE SAME WAY FOR ALL CARD TYPES AND AS A RESULT, MERCHANTS ARE NOT GIVEN THE OPPORTUNITY TO TAKE ADVANTAGE OF THE LOWER RATES ASSOCIATED WITH CREDIT AND DEBIT CARD ACCEPTANCE.



to key in the consumer’s billing address during the course of the transaction. By doing so, you will be able to take advantage of lower card association fees.

- ▶ Be sure to review your merchant statement each month and use the online reporting provided by your processor to understand exactly what you are paying your processor.

Offering your customers more payment options and accepting credit and debit/check cards has a positive affect on sales and can be a key component to staying competitive in today’s marketplace. Partnering with a processor that cares about the rent-to-own industry can also help to manage your card acceptance costs and save you money—a savings you can reinvest in growing your business. ■

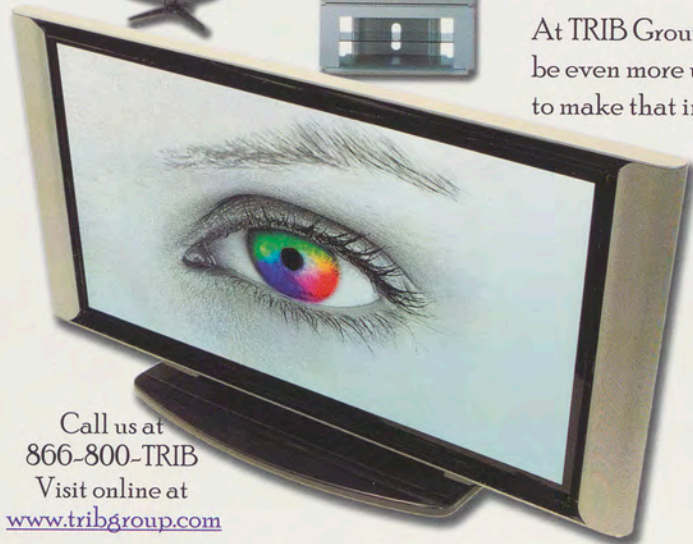
Amir Attaie is the central U.S. national sales manager for Moneris Solutions. If you have questions or you would like more information, contact Attaie at amir.attaie@monerisusa.com or 847/520-6655.



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WHO'S WHO IN

Appliances

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

Alliance Laundry/Speed Queen * ^

Contact: Chuck Melton
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920/748-4231
Fax 920/748-1664
chuck.melton@alliancels.com
www.speedqueen.com

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800/340-1007
Fax 717/255-7812
jalifano@dandh.com
www.dandh.com

EHP Direct South *

Contact: Gilly Bailey
1001 Pinnacle Point Dr.
Columbia, SC 29223-5727
803/765-2595, ext. 205
Fax 803/765-2725
gbailey@climaticcorp.com
www.climatic.com

GE Consumer & Industrial * ^

Contact: Paul Eichberger
Appliance Park, Bldg. 4, Rm. 200, A18
Louisville, KY 40225-0001
800/782-8097
Fax 866/238-6595
Paul.Eichberger@ge.com
www.geappliances.com

Meridian Appliances * ^

Contact: Atul Vir
2801 W. Sam Houston Pkwy., #135
Houston, TX 77043
713/490-7450
Fax 713/490-7451
atul@equatorappliances.com
www.meridianappliances.com

RES Accessories * ^

Contact: Michael E. Gerwe Jr.
4909 W. Nassau St.
Tampa, FL 33607-3813
800/444-7304, ext. 210
Fax 800/444-7312
mjgr@resacc.com
www.resacc.com

Rug Doctor Pro * ^

Contact: Robert Payne
4701 Old Shepard Pl.
Plano, TX 75093-5218
972/673-1492
Fax 972/673-1419
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