

Rent-to-own and behavioral economics | APRO's Reno redux | APROfile: Joe Recla

PROGRESSIVE

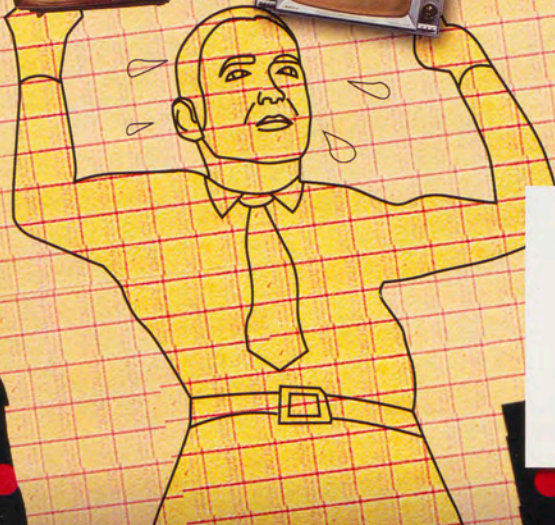
Rentals

THE OFFICIAL VOICE OF
THE RENT-TO-OWN INDUSTRY
OCTOBER-NOVEMBER 2007



WHAT I WISH I KNEW THEN...

Rent-to-own veterans look back on
their humble beginnings in the business
and the lessons they learned



Need Money To

You may have a wonderful independent RTO store that you have invested an enormous amount of sweat equity into to make it what it is today...but you continually come up short with the necessary time and money to build revenue and grow your business. That's where ColorTyme excels. We empower the independent operator looking to grow, an experienced multi-unit manager ready to put that knowledge to work for themselves, or an investor looking for a great return on investment.

Not only is ColorTyme the 3rd largest rent-to-own chain in the country, but 100% of our focus is on our franchise community to share best business practices, and provide the right systems, marketing and training models to help them succeed. That's why our motto is "People Helping People".

ColorTyme has a network of more than 80 franchise owners. Since 2005, we have converted 10 rent to own stores to a ColorTyme franchise.



Partners Steve Dami and Zach Routh, former Rent-A-Center (RAC) district managers, bring more than 26 years combined experience in rent-to-own to their franchise. The partners signed a deal with ColorTyme because of their familiarity with ColorTyme's business model and the low start-up costs associated with ColorTyme stores.

"ColorTyme offers a phenomenal deal for franchisees," Dami said. "We have the freedom now to get the products our customers request, whether it's a lawn mower or a flat screen TV. It's such a reward to see a customer pay for a piece of merchandise they couldn't otherwise afford. That responsibility and success rolls over into other areas of their lives and I'm thrilled to provide that kind of opportunity for our customers."

The partners both achieved top performer status with RAC before leaving the company, and plan to use their same motto for success in their ColorTyme franchise: "Customer service is everything. If we say we're going to do it, we're going to get it done no matter what it takes," Routh says.

"We want our customers to know how much we care for and respect them," he explains. "We look forward to building relationships with our customers, rather than having a quick 30-second visit with a hello and goodbye. When we see them once a week for their payments, we want to know when their son wins a ball game, and when their daughter has a ballet recital."

Zach Routh & Steve Dami, Franchisees

Here are just some of the ways we can help you:

- ✓ **Top name brand product purchasing power**
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- ✓ **State-of-the-art training programs for owners, store managers and support staff**
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- ✓ **Access to a large RTO skip database**

Grow... And Still Keep Your Independence?



"After working in the RTO industry for more than 20 years, I knew I wanted to be in business for myself. Partnering with successful ColorTyme franchisee Mike Houseworth was a great experience which opened a door for me to go solo. However, I wasn't completely sure if rent-to-own was the type of business

I wanted. So, I took a break to explore other opportunities. This is how I learned that when rent-to-own is in your blood, it stays in your blood. After my wife, Lisa, and I carefully investigated other RTO franchise opportunities, we came to the conclusion that ColorTyme is head and shoulders above the rest. The ColorTyme system gives you an opportunity to become a partner and paves the way for you to go out on your own. With Pat Sumner and Bob Bloom, there are no hoops to jump through, no red tape. Pat is never far away. Even during my break, he checked in with me regularly to address any questions or concerns I may have had. ColorTyme provided the vehicle necessary for me to get going. In July, my wife came with me to the ColorTyme National Convention, she loved the fact that we were welcomed like family and that the ColorTyme family is supportive of each of the franchisees. That was the icing on the cake."

- Mike Gavida, Franchisee



"When I started in rent-to-own in October of 1986, I had no prior experience, but my family has always been in retail furniture. I'm a fourth generation furniture retailer so moving into rent-to-own was a natural fit. Because I wanted to grow the business and include more stores, I converted

my original rent-to-own business to ColorTyme knowing that the national recognition that the ColorTyme name held would help me be able to do just that. Not many rent-to-own companies offer franchising options and of the ones that do, I knew ColorTyme was the best deal. They have the best program for franchising. We're very conscious of customer service here, and ColorTyme is a great name. If our customers need something, we'll find a way to do it."

- Don Hinton, Franchisee



"I was a store manager for Rent-A-Center, but I really wanted to work for myself. With ColorTyme's franchising opportunities, you don't have to be a millionaire to be a franchisee. The support and the interest from ColorTyme was phenomenal and they've done everything they said they

were going to do in a timely manner. They've supported me every step of the way. I even went and talked with a ColorTyme franchisee in a nearby town and he listed the mistakes he made when he first opened - that has helped me a lot. With my first store opening, I'm looking forward to being able to help our customers by providing quality products and great service. I can hold my head up high about that. Each time someone walks in the door, the owner - me - will be there to say hi."

- James Stephens, Franchisee

For more information or testimonials, please visit franchise.colortyme.com or call Bob Bloom today at (800) 608-8963.

(All calls are confidential.)



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Some rent-to-own veterans reflect on their humble beginnings in the business and the lessons they have learned.

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There could be profound repercussions for rent-to-own as well as any number of other industries in America as new behavioral economic theories emerge that more clearly define how and why consumers behave the way they do.

BY ED WINN III

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Joe Recla launched Central Ren To Own 21 years ago in the Northwest and is the only independent rent-to-own chain in the 50-mile run between Boise, Idaho, and Ontario, Oregon—an independence Recla believes helps keep customers coming back to his stores rather than “The Big Guys.”

BY KRISTEN CARD

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A look back at APRO's 2007 Convention and Buying Show in Reno, Nevada, which featured a record \$18 million in buying show orders, an enlightening keynote address, seminars, parties, a visit from H.R. 1767 sponsor Representative William Lacy Clay and more!

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THE MOMENTUM IS BUILDING ON CAPITOL HILL...

APRO's 2007 Dave Egan Legislative Conference drew a record 200 attendees and APRO is expecting another record-breaking crowd for 2008. Senator Charles Schumer's bill is still on the table! We need you to come to Washington, D.C., to defend your right to do business. APRO's 2008 Legislative Conference is scheduled for February 11-13, so before the holiday scramble hits, take a few minutes now to reserve your hotel room and register online. The deadline to reserve your hotel room at the L'Enfant Plaza Hotel is January 4. Call the hotel at 202/484-1000 for the APRO room rate of \$219. Register online for the conference through APRO's Web site (www.rtohq.org). For more information, contact Jeannie Hutchison at 800/204-2776, ext. 108. Now is the time to build on the momentum—and the industry needs *your* help to do so!



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PROGRESSIVE Rentals

VOLUME 26, NO. 5

PUBLISHED BY THE ASSOCIATION OF
PROGRESSIVE RENTAL ORGANIZATIONS—
THE OFFICIAL VOICE OF THE
RENT-TO-OWN INDUSTRY

EDITOR

Julie Sherrier

EXECUTIVE EDITOR

Ed Winn III

ART DIRECTOR

Neil Ferguson

DIRECTOR OF MARKETING [ADVERTISING]

Cindy Ferguson, CEM

EXECUTIVE DIRECTOR

Bill Keese

COLUMNISTS

Ernie Lewallen and Ed Winn III

CONTRIBUTORS

Kristen Card, Geoff Williams
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.RTOHQ.org

APRO OFFICERS AND DIRECTORS

PRESIDENT

Larry Carrico

FIRST VICE PRESIDENT

John Raines

SECOND VICE PRESIDENT

"Tiger" John Cleek

SECRETARY

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John Darden, David P. David, Ron DeMoss,
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PROGRESSIVE RENTALS is published bimonthly—in February, April, June, August, October and December—by the Association of Progressive Rental Organizations (APRO) at 1504 Robin Hood Trail, Austin, Texas 78703; 512/794-0095.

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APRO

note

WORTHY

COMPILED BY
JULIE SHERRIER,
BILL KEESE AND
RICHARD MAY

TRIB Group and AVB agree to merge buying shows in March 2008

TRIB Group Executive Director Dennis Shields and AVB BrandSource CEO Bob Lawrence announced on October 24 that the two groups will combine their buying shows and convention beginning in March 2008 in Dallas, Texas.

The goal of the single buying fair will be to create efficiencies for both vendors and members of the two groups. The joint show will allow the manufacturers to attend fewer shows while allowing TRIB Group and AVB members access to what will be the largest buying show for their members, reports TRIB Group.

The primary benefit to TRIB Group mem-

bers will be access to the BrandSource family of products—several of which offer immediate cash back programs. AVB members will have access to several vendors they do not currently do business with. Both member groups will benefit from the AVB guarantee that it will match or beat any programs offered at other buying shows.

“I think this is the single, greatest moment in TRIB history,” says TRIB Group President Ernie Lewallen of UHR Rents in Cincinnati, Ohio. “In no time in TRIB Group’s 25-year history will we be able to give our members greater benefits than we will with this alignment. Beginning

next year, at the TRIB Group/AVB convention, TRIB Group members will have the opportunity to buy better than ever before while TRIB Group maintains total autonomy as a group.”

APRO President Larry Carrico of Rent One in Mt. Vernon, Illinois, concurs. “I think this joint venture is great for the industry as a whole as both the vendors and members will benefit. This idea is more efficient and will save everyone more time and money.”

TRIB Group members and vendors will have their own buying area at the joint buying fair and will enjoy all of their current programs, such as the annual golf outing, the welcome reception and Hot Show, membership meeting and the gala closing awards dinner. Members of both buying groups will have access to the whole buying show. This show allows TRIB Group members to share best practices with each other and AVB members.

All members will be contacted in the near future with details outlining how they will share in the savings from this joint meeting.

Texas rent-to-own dealers change name and dates for annual show

The Texas Association of Rental Agencies announced that its an-



**BRAND
SOURCE**

nual convention has been renamed the Southwest Convention and Buying Show Sponsored by TARA. The TARA

convention, which was typically held in the spring, will now be held in October 2008 when smaller dealers normally

do their buying.

The new show format will include TARA members as well as dealers from neighboring states

and any other states who may want attend. "TARA has always had great vendors and hopes to show its support of the vendors by having a large increase in attendance and buying at future shows," says TARA Chairman Robert Briley. "I am excited about the new leadership and participation taking over at TARA."

The slate of 2007-08 TARA officers includes President Dan Matthews of Rent Plus, First Vice President William McCrae of Buzz's Rental Purchase and Secretary/Treasurer Dan Sharff of Home Store Rent To Own.

TARA is making a commitment as a group not only to continue to serve its members, but to also step up legislative efforts, provide greater communication, have a quality convention/trade show and to increase the value of being part of the association.

Pennsylvania dealers hold lively meeting

More than 20 rent-to-own dealers from the Pennsylvania Association of Rental Dealers met on October 9 in Harrisburg, Pennsylvania. The meeting was called by PARD President Sandi Frye.

APRO Executive Director Bill Keese was on hand to share the history behind the industry's federal legislative effort. Keese also answered

APRO board elects 2007-08 slate of officers

At the 2007 APRO Rent-to-Own Convention and Buying Show in Reno, Nevada, eight new members were elected to the APRO board of directors. Also elected were the 2007-08 officers. The new officers are:

- ▶ **President:** Larry Carrico, SKC Enterprises, dba Rent One, Mt. Vernon, Illinois
- ▶ **First Vice President:** John Raines, Natural State Leasing Corp., dba Aaron's Sales & Lease Ownership, Ashburn, Georgia
- ▶ **Second Vice President:** "Tiger" John Cleek, Cleek's Lease or Own, Columbia, Missouri
- ▶ **Treasurer:** Robert Briley, Briley Investment Inc., dba Aaron's Sales & Lease Ownership, Abilene, Texas
- ▶ **Secretary:** Larry Goad, Zion's Television Showroom, Harrogate, Tennessee

The following rental dealers will fill vacant seats left by outgoing members or were re-elected for another term:

- ▶ Larry Carrico, SKC Enterprises Inc., dba Rent One, Mt. Vernon, Illinois
- ▶ John Darden, Premier Rental-Purchase/Eklesia, Charlottesville, Virginia
- ▶ David P. David, Full-O-Pep Appliances Inc., Bloomington, Indiana
- ▶ Dave Edwards, SEI/Aaron's Inc., East Hartford, Connecticut
- ▶ Larry Goad, Zion's Television Showroom, Harrogate, Tennessee
- ▶ Gloria Homeier-Schwieh, A Full House, Russell, Kansas
- ▶ David Kraemer, Bestway Rental Inc., dba Bestway Rent To Own, Dallas, Texas
- ▶ John Raines, Natural State Leasing Corp., dba Aaron's Sales & Lease Ownership, Ashburn, Georgia

The outgoing board members are:

- ▶ Terry Beville, Buddy's Home Furnishings, Tampa, Florida
- ▶ Ernie Lewallen, UHR Rents, Cincinnati, Ohio
- ▶ Shannon Strunk, Baber's, Pascagoula, Mississippi
- ▶ Kevin Quinn, KLQ Enterprises, Tacoma, Washington
- ▶ Mark Windsor, National TV and Sales, Lebanon, Missouri



Carrico



Raines



Cleek



Briley



Goad

NOVEMBER 2007

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Oklahoma Rental Dealers Association Annual Meeting, Best Western Trade Winds Central, Tulsa, Oklahoma. For more information, contact Randy Braucher, 918/283-1300.

19-20

TRIB Group Appliance and Jewelry Committee Meeting. For more information, contact Dennis Shields, 770/451-4302, www.tribgroup.com.

27-29

TRIB Group Specialty Committee Meeting. For more information, contact Dennis Shields, 770/451-4302, www.tribgroup.com.

JANUARY 2008

7-10

CES 2008, Consumer Electronics Show, Las Vegas, Nevada, 703/907-7600, www.cesweb.org

13-16

ColorTyme 2008 Convention, Embassy Suites/Frisco Convention Center, Frisco, Texas. For more information, contact Rhonda Davis, 972/403-4945, www.colortyme.com.

21-24

The Premier Companies 2008 National Convention, La Mansion del Rio, San Antonio, Texas. For more information, contact Clyde Stutzman, 214/733-6639, www.premierrents.net.

January 28-February 1
Las Vegas Furniture Market,
888/416-8600,
www.lasvegasmarket.com

FEBRUARY 2008

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Northwest Rental Dealers Association Meeting. For more information, contact Joe Recla, 208/739-3410.

11-13

APRO's 2008 Dave Egan Legislative Conference, L'Enfant Plaza Hotel, Washington, D.C. For more information, contact Jeannie Hutchison, 800/204-2776, www.rtohq.org.

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Missouri Rental Dealers Association Annual Meeting, Holiday Inn Select, Columbia, Missouri. For more information, contact Ken Steiner, 573/442-2963, www.missourirentaldealers.org.

For a complete list of all rent-to-own industry events, visit RTOHQ's calendar at www.rtohq.org.

questions on how to approach your congressional representative when lobbying on behalf of your business.

Attorney Larry Rosen talked to the group about both civil and criminal methods of recovering stolen property. PARD lobbyist Doug Rickards provided an overview of the legislative environment in the state.

In closing the meeting, Keese talked about the success of the 2007 Legislative Conference and encouraged attendees to travel to Washington, D.C., next February for the 2008 conference.

PARD would like to thank Bryce Jewelry and DSI Systems for their generous sponsorship of the meeting and for Bryce Jewelry's donation of a door prize.

Rent'N Go launches RTO wheels and tires franchising

After years of perfecting the Rent'N Go custom wheels and tires retail concept, RNG President Bob Catino announced the official launch of the company's franchising program. "While I always felt our expansion would be through franchising, it has happened a bit faster than I thought it would. The system is ready and the results from operations indicate the time

is right to launch our franchising initiative," says Catino.

Rent'N Go started coming together for Catino after he met Jim Taylor, a veteran of the wheels and tires business as well as a seasoned pro in the rent-to-own field. They became fast friends working on developing the first Rent'N Go store in Tamarac, Florida. Taylor is the company's vice president of operations.

"From the very beginning, we incorporated the tried-and-tested RTO qualities, with which I became so familiar over the years, with the growing appeal of the custom wheels and tires business," says Taylor. "We opened the Tamarac store in August 2003 and quickly learned customers liked the offering. Our initial advertising generated substantial traffic to check out the



Midwest Training Expo fulfills promise of training

The fourth annual RTO Midwest Training Expo, sponsored by the Ohio Rental Dealers Association, fulfilled ORDA President Mike Tissot's promise of providing invaluable training for attendees September 11 and 12 at the Concourse Hotel & Conference Center in Columbus, Ohio.

Tissot reported that 32 vendors and 120 attendees representing 16 companies from six states were on hand for the event. "Everything went off without a hitch," says Tissot. "It was one of the best training events we've had yet. The vendors provided store personnel with great, useful information on their products and services to prepare everyone for the industry's busy fourth quarter."

The vendor companies providing the training were Ashley Furniture, BDI Laguna, Coaster, Florida State Games, LG Electronics and Whirlpool.

New York dealers make dreams come true

In the heart of Brooklyn, New York, sits a five-story brick building that fulfills parents' dreams of providing an exceptional education for 405 underserved children. The Trey Whitfield School, run by former Dallas Cowboys player A.B. Whitfield and founder Janie C. Whitney, was the gracious recipient of four computers donated by members of the New York State Rental Dealers Association on September 17.

"Those were the first new computers our school has received in 25 years," says Whitfield. "In order to keep our tuition costs down, we don't have a lot of resources for new technology, so the computers were a big deal for us," he says.



New York State Rental Dealers Association members with New Grace Center staff and APRO President Larry Carrico (far right)

NYSRDA President Dave Edwards of Aaron's and APRO President Larry Carrico were among a group of New York rent-to-own dealers who were treated to a day-long tour of the Whitfield School as well as the Brownsville Recreation Center and the New Grace Center—all of which are outstanding community institutions

supported by Congressman Edolphus Towns and his mother, Versie B. Towns, who Congressman Towns says always put education first.

"Towns' energy and dedication to his constituents is incredible. He is very respected in his district and tries to help out in any way that he can. I was proud and honored to be a part of this charitable effort," says Carrico.

The group of rental dealers was incredibly impressed with the professionalism, respect and discipline of the students from both schools, who greeted the visitors with warmth and kindness. "I was so impressed by the teachers and the children," says Edwards. "It was a tremendous experience."

Twelve computers were donated in all—four to the Whitfield School, four to the Brownsville Recreation Center and four to the Grace Baptist School. Edwards noted that the computer users at the recreation center served both children and adults.

"There is still so much more we as an industry can do to help the underserved," says Carrico. "This experience only inspires me to do more."



Nicki Carrico and Congressman Towns with Whitfield students

merchandise and virtually all who visited left with their sparkling new wheels and tires and a rent-to-own relationship."

The business' first year results far exceeded expectations. Rent'N Go opened its second store a little over a year later just outside Miami with similar success.

"As time passed, we received inquiries from entrepreneurs from all over the country about the possibility of duplicating Rent'N Go locally. Now we are ready to expand by offering Rent'N Go franchises in selected markets," says Catino.

For additional information about Rent'N Go's franchise program visit www.rent-n-go.com.

Aaron Rents acquires Prime Time Rentals

On October 2, Aaron Rents announced that it had acquired the

33-store Prime Time Rentals chain. Prime Time Rentals has stores located in Virginia, North Carolina, Maryland and West Virginia. Approximately half of the stores will be operated as Aaron's Sales &

Lease Ownership stores. The lease agreements of the other stores will be merged into existing Aaron's stores.

Congressman Hensarling joins RTO dealers for breakfast

Rent-A-Center's Chris Korst hosted a fundraising breakfast for Representative Jeb Hensarling (R-Texas) at the Original Pancake House in Dallas on August 23. Twenty small rent-to-own business owners, mid-size companies and Rent-A-



Hensarling and Korst

Center executives were invited to meet and provide a show of support for the two-term Republican seeking his third term in the U.S. Congress.

Hensarling spoke about the upcoming September session where he expected Congress to deal with the subprime mortgage fallout and the Iraq war.

Many rent-to-own dealers and the congressman talked about the repercussions of the subprime lending crisis. Many consumers are projected to feel the impact of this crisis, which will likely increase the value and need for rent-to-own products and services, particularly since the transaction does not incur debt. The subprime

Association of Progressive Rental Organizations

RTO EMPLOYEE DISASTER RELIEF FUND

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

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.

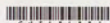
Rent-to-own has always been a family of generosity. Please contribute to the RTO Employees Disaster Relief Fund and encourage your employees to do the same. A small contribution will make a big difference.

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



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crisis may also create congressional pressure to pass consumer-type legislation such as H.R. 1767 and S. 1012—the *Consumer Rental-Purchase Agreement Act*.

Hensarling is a co-sponsor of H.R. 1767. He is a member of the committee and subcommittee of jurisdiction to H.R. 1767 and spoke about his thoughts on the possibility of consumer bills such as H.R. 1767 being heard in the remaining congressional session.

New York dealers proactive in telling their story

Members of the New York State Rental Dealers Association held their second meeting of the year on October 9, at the Turning Stone Casino in Verona, New York. Attendance at the second meeting was much higher than the newly reorganized state association's first meeting, which was held in June.

“What also struck me at this meeting was the camaraderie among the dealers,” says NYSRDA President Dave Edwards. “There was quite a bit of interaction going on, which was great.” Edwards also noted that after nearly the full-day meeting was over, the association had reversed its initial stance from that of being defensive to legislative attacks to one

Quality Rentals' golf tournament raises thousands for scholarships

For the past three years, the extended Quinn family of KLQ Enterprises, dba Quality Rentals, has organized and hosted an incredibly successful golf tournament and auction to raise money for the KLQ Education Foundation. The 2007 Dan Quinn/James Weber Memorial Golf Outing and auction, held August 23 in Lacey, Washington, drew 147 golfers—many of whom flew in from around the country to show their support.



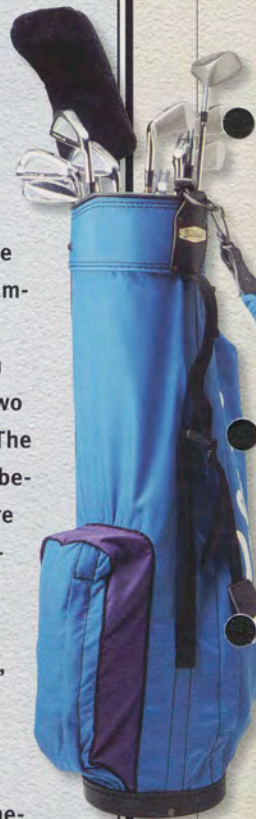
The tournament is named after Dan Quinn, who was an APRO board member and Quality Rentals owner Kevin Quinn's brother and business partner. Dan Quinn died at the early age of 55. James Weber was a longtime company employee and manager who died of colon cancer when he was just 37. The KLQ Education Foundation was Dan Quinn's brainchild and Kevin and his wife, Angie, made his dream a reality.

To date, the foundation has awarded \$42,000 in college scholarships—committing \$1,000 a year to seven deserving students for four years. The golf tournament generates anywhere between \$69,000 to \$72,000 in gross proceeds of which \$38,000 to \$42,000 in net proceeds goes to the Foundation, says Quinn.

What makes this golf tournament unique is the participants. Rent-to-own dealers and vendors fly in from as far away as Florida and everywhere in between to spend some time playing golf and visiting with the Quinn family, their employees and members of the Tacoma/Seattle community.

“I have actually recruited vendors to attend,” says John Rogers of High Touch. Rogers has flown in from Kansas to attend the event for the past two years even though his company does no business with Quality Rentals. “The Quinns open their house to those of us who come from afar for a huge barbecue the evening before the tournament. I know so many of the people there and really enjoy the industry camaraderie. Last year, some of the testimonials from the students who received the scholarships were very moving. This is definitely something that I enjoy supporting,” says Rogers.

Angie Quinn is president of the foundation and her brother, Bryan Hoff, is chairman of the board (as well as vice president of Quality Rentals). “We want to thank everyone for all of their support. In the few years that we've been doing this, we continue to be amazed at the community and industry support from all over the country. Angie has done an absolute phenomenally wonderful job in recruiting support,” says Kevin Quinn.



of being proactive. "In the four months since we reorganized, I am very proud that we have learned how to tell our story to the public and to the media. It's a good story, too," says Edwards.

NYSRDA members also nominated and elected committee chairs. The new committees and their chairs are:

- ▶ Public/media relations committee: Kathy Skula of Rent-A-Center
- ▶ Government affairs/legislative committee: Joe Romano of Rent-A-Center
- ▶ Membership/finance



Art Troisi and Bill Monnat of Rent-A-Center, Todd Montanye of easyhome at NYSRDA's meeting held in October

committee: Rick Vadnais of Premier Rental-Purchase

- ▶ Ethics committee: Bill Monnat of Rent-A-Center

Skula and Romano gave a presentation to the group on how to recruit employees, including where and how to find

them. Earl Wells talked at length on how to handle the media and representatives from the Special Olympics

and Habitat for Humanity made presentations as NYSRDA members are exploring possible partnerships with one or both charities.

NYSRDA would also like to thank RentDirect Nationwide for its generous sponsorship of this meeting.

ColorTyme franchisees tap Shreveport and Gainesville markets

Mike and Lisa Gavidia opened their first ColorTyme franchise in Gainesville, Florida, on September 15, and James Stephens opened his Shreveport, Louisiana, franchise on October 1. While both markets couldn't be more different—Gainesville is a college town and Shreveport is primarily rural—both new franchisees are ex-

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cited about their future.

A 20-year rent-to-own veteran, Mike Gavidia and his wife, Lisa, credit ColorTyme franchisee Mike Houseworth for helping them achieve their professional goals. The Gainesville store will specialize in high-end items, such as flat-screen televisions and computers to help them service their town's demographic of students.

As for Stephens, he was a former Rent-A-Center store manager. After working in the industry for only three years, he applied to become a

ColorTyme franchisee. His decision to open the store in Shreveport was a "no-brainer," as he and his wife are from the area and know it well. "This area is prime," says Stephens. "It's a rural area and there's a huge market for rent-to-own."

Rent-n-Roll to re-brand, expand concept

On September 24, Rent-n-Roll President Larry Sutton unveiled the company's plans to re-brand Rent-n-Roll Custom

Wheels and Tires to RNR Custom Wheels and Tires. "For some time, we have realized that to gain a stronger foothold in the \$35-billion automotive aftermarket, we must find a way to position ourselves as a wheel-and-tire store that offers several payment options and attractive cash prices as opposed to a rent-to-own store with wheels and tires," says Sutton.

"In existing ADI markets where we have invested a lot of marketing funds in the Rent-n-Roll brand, we will be evol-

ving over a two to three year period by adding RNR, POS, advertising, store fixtures, store design elements, jingle, etc. As existing customers get more exposure to RNR branding, we believe they will come to know and refer to us as RNR Custom Wheels and Tires. In new markets with no previous Rent-n-Roll exposure, we will be opening with the RNR branding package. Even within the RNR branding package, Rent-n-Roll will still have a presence, as it will be the name of our rent-to-own program

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Coast to Coast.*

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RNR

RENT-N-ROLL

Custom Wheels & Tires

instead of the name of the store," continues Sutton.

When asked if RNR Custom Wheels and Tires is abandoning the rent-to-own concept, Sutton says, "On the contrary; we believe this new branding model will in fact bring more customers into our store, providing us more opportunities to introduce a whole new customer to the concept of rent to own.

Our demographic already tell us that at least 50 percent to 60 percent of our current RTO customers have never used the rent-to-own agreement before."

Florida rental dealers continue with strength and innovation

The Florida Rental Dealers Association continued its tradition of strength and innovation as it hosted its 2007 "Fun in the Sun" vendor mingle and annual meet-

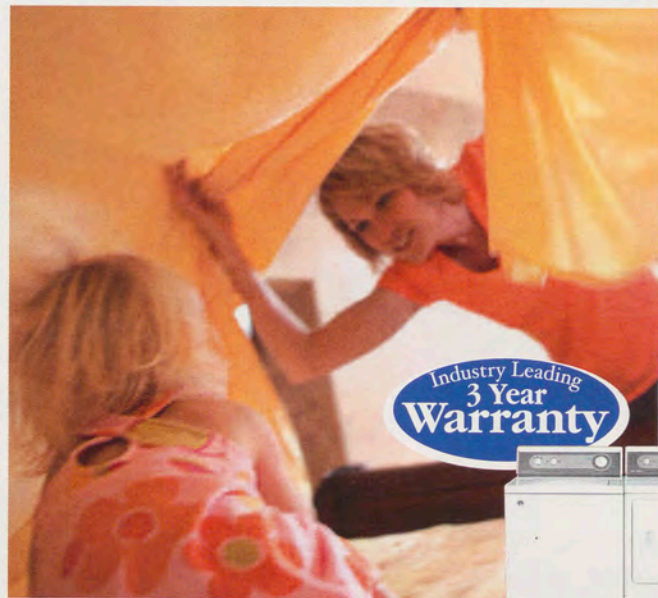
ing in Tampa, Florida, September 10 and 11.

This year's annual convention kicked off with 64 golfers in a tournament held at Temple Terrace Golf and Country Club on September 10. That night, FRDA hosted its vendor appreciation dinner. FRDA President Chris Kale and Executive Director Sharon Tomaszewski moderated the appreciation dinner.

The next morning, FRDA held its vendor mingle with 33 tabletop exhibits. The afternoon had a full schedule with nine speakers on the

program. Dave Pagano, a ColorTyme dealer, talked about passion in RTO. Dan Companion of Home Now talked about opportunities in the industry today. Terry Beville of Buddy's Home Furnishings reviewed highlights from the APRO statistical survey. Larry Sutton of Rent-n-Roll asked the dealers whether their customers are fully engaged. And Ed Winn III, APRO general counsel, gave a brief legal update for attendees.

The highlight of the afternoon was keynote speaker Ken Butler, presi-



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dent of Aaron's Sales and Lease Ownership, who discussed the RTO industry's prospects for the future and Aaron's place in it.

Illinois dealers gather for annual meeting

The Illinois state rent-to-own association held its annual gathering in Springfield September 19, to discuss rent-to-own state, federal legislative and tax issues. The meeting featured longtime and respected

Illinois lobbyist Herman Bodewes who reported to the group about the various tax issues and legislative climate of the Illinois Legislature. Bodewes has been representing IRDA for more than a decade.

The group of nearly 40 rent-to-own dealers, managers, vendors and employees also heard legal and legislative updates from APRO General Counsel Ed Winn, APRO Public Affairs Director Richard May and Rent One owner and APRO President Larry

Carrico, who discussed options to help small business save money on tax issues and credit/debit card processing fees.

The group elected its annual board of directors and officers. The new IRDA President is Steve Braning from National Rent-to-Own. IRDA Vice President is Kevin Milliron from Aaron's. IRDA Secretary is Henry Baird and Larry Carrico remains treasurer. Rent-Direct Nationwide generously sponsored breakfast and lunch.

After the meeting, a small group of Aaron's dealers hosted May, Winn and Carrico on the two new Aaron's franchise stores of Gopal Reddy and Kevin Milliron that are set to have their grand openings on Saturday, September 22. Reddy and Milliron's Aaron's franchise has grown to 10 stores over the past 10 years.

Nationwide Club's Kaye joins Benefit Marketing Solutions

David Kaye accepted a position with Benefit Marketing Solutions, assisting Executive Vice President Susan Matthews in the management of the company's rental-purchase accounts.

For the past 17 years, Kaye worked for Nationwide Club Administrators. Kaye is a certified life, health, and property and casualty insurance agent and is a Certified Insurance Counselor.

"We are delighted to have David as part of our team," says Matthews. His experience and knowledge of our business and the rental industry in general will help us greatly in managing the growth we have experienced over the past several years."

Kaye will serve as vice president of account development.

Iowa dealers celebrate 20th anniversary

Members of the Association of Iowa Rental Dealers held their annual meeting and celebrated AIRD's 20th anniversary on September 18. The Des Moines meeting was led by AIRD President Brian Luksetich, with APRO Executive Director Bill Keese and lobbyist James Carney invited to speak to the 23 rental dealers who attended. Keese spoke about state and federal legislative issues while longtime AIRD lobbyist Carney talked about the changing state legislative environment with the upcoming Iowa elections. For the first time in 40 years, it looks like Iowa residents will be represented by a Democratic governor and a Democratic House and Senate.

Carney advised attendees to get to know their representatives by inviting them to their stores and getting to know them better so that if any issues arise during the legislative session that could affect rent to own, then dealers would be in a better position to have their voices heard.

On the federal level, former APRO President Lyn Leach has volunteered to coordinate a challenge made to all Iowa rental dealers to get every Iowa congressman signed on as co-sponsors to the industry's federal bills, H.R. 1767 and S. 1012.

AIRD also re-elected Brian Luksetich to serve another year as AIRD president and secretary/treasurer and Mark Connelly was re-elected as AIRD's vice president. Chris Nickas gave a presentation of the benefits to rental dealers to join the Mega Buying Group, one of the largest furniture buying groups in the country.

ColorTyme's Sumner transitions to franchisee

ColorTyme's Director of Franchise Development Pat Sumner will leave his current position to open his own ColorTyme store in the Dallas/Ft. Worth area.

"For some time, I've entertained the idea of opening my own ColorTyme store, now my family and I have reached the point where we're ready to take that step. I want to thank everyone I have

worked with through the years that has made this opportunity available to me," says Sumner.

Sumner's accomplishments with ColorTyme were instrumental in moving the company's growth initiatives forward. He participated in approximately 300 new store openings involving as many as 100 new franchisees. He helped establish inventory and capital lending programs to expand the financing options available to potential franchisees. Sumner spearheaded the effort to incorporate ColorTyme's

capital loan program into the inventory financing program, allowing the company to bring in qualified rent-to-own operators who otherwise would not have had all of the required capital needed to open their own store.

"We feel extraordinarily fortunate to have had Mr. Sumner lead our franchise development efforts," ColorTyme President and CEO Bob Bloom says. "His work has elevated our business and though we're going to miss him at the corporate level, we are thrilled that he will stay on with us a franchisee."

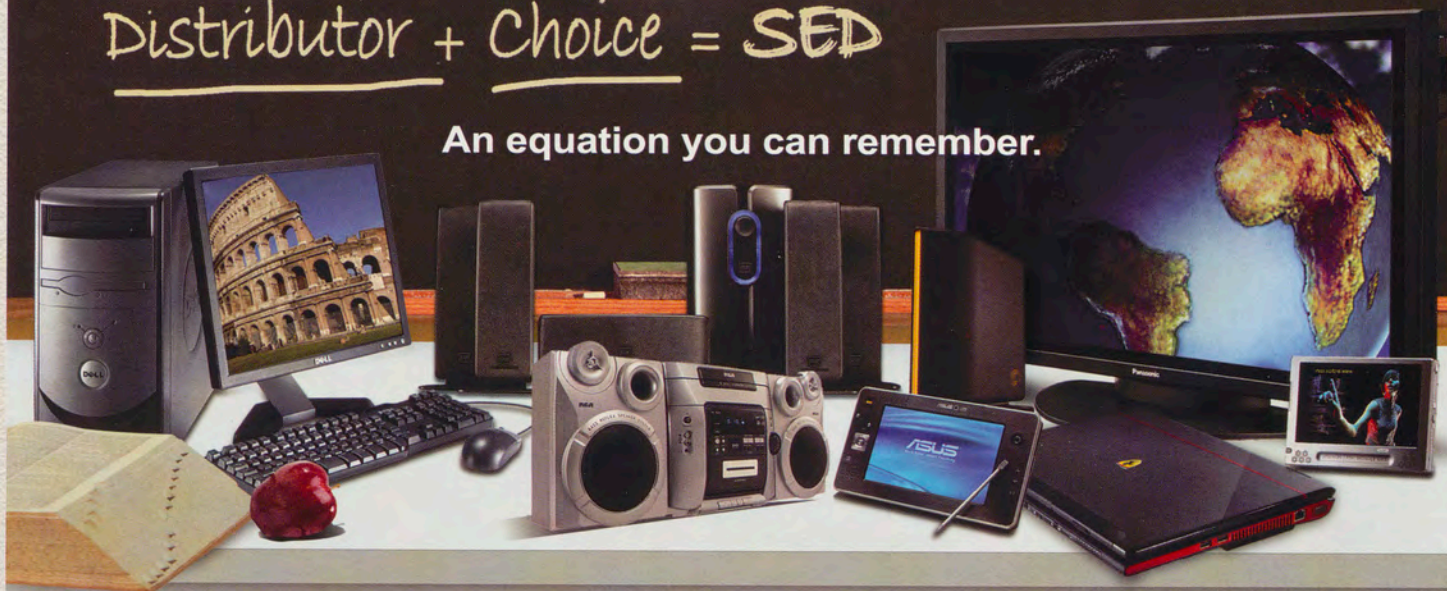
easyhome opens 200th store

On August 18, Canada's leading RTO company easyhome Ltd. opened its 200th store in Trenton, Ontario. The town's mayor, John R. Williams, easyhome's Senior Vice President of Operations Randy Robertson and other easyhome team members were on hand to cut the 200th Grand Opening ribbon and officially open the doors to Trenton and surrounding communities.

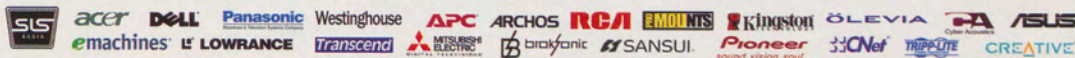
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have contributed to reach this company milestone. Reaching our 200th store is a true measure of the continued success of our business formula that offers top-quality brand name products, excellent customer service and a fresh, modern store design and layout," says easyhome President and CEO David Ingram.

"We are thrilled to have reached this goal and will continue with our aggressive plan to expand our presence in communities across Canada and the United States," says Ingram.

Badcock's tests Home Now concept

Badcock Home Furniture opened its fourth rent-to-own Home Now store in Largo, Florida, on August 3. What makes this one different is its location—right next to a Badcock store in the same shopping center. The two-store concept is an effort to accommodate shoppers who do not qualify for Badcock's traditional in-house financing and can then shop at the Home Now store for RTO furnishings and appliances.

"This is the first time we've combined forces," says Home Now's Director of Operations Dan Companion. "Badcock's has been upgrading its stores to be even more traditional and competitive, but the risk of doing that is losing our more marginal customers. We decided to incorporate the rent-to-own business next door to capture that demographic."

Companion also says that the Home Now rent-to-own concept offers only semi-monthly and monthly payment options. The merchandise available

in the Home Now stores is a select part of the Badcock product mix, providing customers with a large merchandise selection, in-stock product availability and fast delivery from Badcock's regional distribution center.

Home Now stores also feature a retail environment unique to rent-to-own stores. The stores display products similar to a retail store with accessorized room groupings and offers a credit-building program called "Credit Builder," which helps customers establish credit.

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Over the past several years, Premier has grown rapidly. In fact, just about five years ago, Premier only had four dealers. But, by the end of 2007, we will have more than 50. In addition to increasing our store dealer count, Premier has expanded into the more retail-based concept of Home Furnishings, in addition to Wheel Rentals and Cash Services. Today, we offer more services and benefits than any of our industry competitors. How did we do it so quickly? The answer lies in our unique franchising program that allows our franchisees to be entrepreneurs. We encourage their entrepreneurial spirit and allow them to try new approaches and, sometimes, they even find a better way of doing things. Premier is different from most franchises because we think like entrepreneurs, not like corporate managers. We are different because we believe our franchisees are our partners. We focus first on what is best for their success, not ours. Our philosophy is this: If we can continue to help our dealers be more successful, the franchise system will also be more successful. Through our unique approach to franchising, we have formed a wonderful partnership with our dealers and have avoided the "them against us" conflicts that so many franchises have. *Just read some of the testimonials from our current franchisees.*



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JIM FORKER: It was time to venture out on my own and secure a future that I could control, not leave it up to someone else. I want to make my own millions instead of making millions for other people. Premier has made being an entrepreneur very easy.



JOHN SPRAYBERRY: I wanted to treat customers a little differently than I could as an employee with my former company. I wanted to make my own decisions. Premier helped a lot with our business plan and pointed us in the right direction.



CANDIE GUSTAFSON: The only way I could establish myself in a comfortable work environment, doing what I love and giving the service and respect that my customers deserve, was to start my own company.



TOM GOULD: I feel that it is the right time for wheel rentals and that the product is right. Even though the wheel rental business is fairly new to Premier, the steps involved in opening a successful franchise carry over as does Premier's commitment to continued support.



JOHN EIBL: I knew that going from a strict rent-to-own operation to more of a retail environment [with Premier Home Furnishings] that also offered a lease option would be different and new. As an organization, Premier was extremely helpful. They were very responsive to all start-up questions and needs.



JENNIFER BARRON: Premier has a lot to offer. Being backed by their vast experience in rent-to-own franchising helped me get through the SBA loan process. It was Trooper's experience and knowledge of the industry that impressed my lender.



JOHN REICHENBACH: I saw how much money I was making for my former corporate store and how little of it I got to keep. I always wanted to own my own business. Premier provides you with solutions for everything you haven't had to deal with as a corporate store manager or multi-unit manager.



JIM RATNER: I decided to go with Premier rather than being completely independent because of Premier's plan to assist dealers with such things as bank financing and forming a business plan. Premier is an SBA-approved franchisor, which streamlines the loan process and makes one look impressive with a well thought-out business plan that makes banks comfortable. The bottom line is that Premier helps you get your doors open.



DAVID LOCKWOOD: This is not a cookie-cutter operation. I have flexibility as an owner and don't have to deal with a lot of someone else's structure. I can be an entrepreneur.



JOHN GEORGE: What drew me to Premier was that I knew people in the business who were successful as Premier dealers. Premier guides you through the process and helps you look at the business in a totally different way.



WILLIAM CUTHBERTSON: Other Premier dealers have just been great with their advice. They have opened their arms, helped me and let me in.



BEN PIOR: I like Premier's benefits program. The payroll services are awesome, too. It's invaluable to have that in place and not have to keep up with it. I can focus on what I need to focus on.



RICH BAGOLY: Customer care has always been my No. 1 priority. We treat customers like we want to be treated. And you get rewarded by the way you take care of your customers.



DAVE JONES: As business owners, we have the freedom to offer new products and product lines (like wheels) and that is a component of customer care. Premier has played a role in our success. They laid the groundwork for us and made it easier going forward from the beginning.



ERIC FRIEDLAND: I am actually surprised at the growth of the wheel rental activity—that it took off as

quickly as it did. I had looked at it as an extra, but it has become a full department. Scott Savell has been very helpful. I absolutely needed his knowledge and experience. And Trooper Earle has been accessible any time of day, seven days a week. He is extremely attentive to his business to help dealers in any way necessary.



JIM SCHEBLER: After the performance of my home furnishings store in Clinton, Iowa, proved so positive, Premier Home Furnishings was born and I agreed to be president of this new Premier company. I wanted to market a unique recipe for success for this hybrid opportunity and roll out something that was more than a one-store wonder. I wanted to enable others to achieve the same success.



ROSE TOMILLOSOS: If I could do it for them [employers], why couldn't I do it on my own? Rent to own is very lucrative. There are many opportunities.



SCOTT KINNEAR: Revenues are increasing still after two years. U Getcha Cash came about because I've always had a little bit of an interest in the payday loan business and how it works. U Getcha President Tom Wurm has a lot of different insight into the cash services industry. He has a different take on things and he's been a big help in getting me up to speed on how to run a store with cash services and how to make it profitable.



SCOTT SAVELL: When you start a new business, you want the best resources in place to give you the edge to make you successful. You want to be backed by experience, especially if your business revolves around a new concept that few others understand or do well. That sums up what rent-to-own dealers are finding as they look to expand their operations to include wheel and tire rentals. And at Premier Wheel Rentals, we offer that edge with a variety of resources and invaluable experience.



JACK ROWLAND: Trying to open a store by yourself is tough with banks who like systems in place with existing

franchising. It was a giant wall. That is why I looked into franchising in the first place. I went through a lot of bumps, but with Trooper's help, I developed a business plan that worked. If I had listened to the banks, I would never have opened.



MATT BAKER: Premier dealers can pick or choose what they want to do as an operator and not have to take a whole package of services they may not want. Premier did a phenomenal job getting information to me. Compared to competitors, they have a better program in place. I wanted to own my own business and Premier has given me the opportunity to do that.



BRIAN CLARKE: After being turned down by five banks, I called Trooper Earle to inform him I was giving up on my dream. He gave me the encouragement to continue. Two days later, I talked to the bank that financed my dream. Premier's leasing consultant is incredible. I saved over \$50,000 on my store opening with his help, which cost me nothing!



TOM WURM: We [U Getcha Cash] are a new company with the predictable Premier commitment of listening to and working with the franchise dealer.



MITCH ROADS: I had always wanted to do this—ever since I was in the business. I wanted to own a store. We now are looking to have multiple stores. Once the first one gets launched, we'll start working on the second one within the year.



MIKE GORDON: Despite my concerns that I didn't know what I needed to in order to run a business, Trooper said, "You already can rent and collect. I can show you the business side of it."



JOSHUA GOSS: I have looked at other franchises—even those not in rent to own. Premier is the best as far as getting hold of a real person. They were a big help and were the deciding factor on whether or not I wanted to do this. They were there every step of the way—and still are.



RUBEN FLORES: I wanted to start a business. I had run a multi-unit operation and had gotten a sense of what it would be like to run my own business by myself. I knew others who were doing it. Josh Goss and I started talking one day and we said, "Let's do it!" And here we are.



KEITH SLATER: Premier Wheel Rentals' Scott Savell is straightforward and knows what he is doing. He has been doing it a long time. He provides the expertise to help someone new to the industry overcome a huge learning curve. I was comfortable with him. I also talked with Trooper Earle and he was certainly dedicated to getting my plans underway.



JAMIE SIEVERDING: It's nice to be your own boss. It would have taken a lot to do it by myself. Premier has been very helpful. They make it easy for individuals to open and operate a store and offer good advice.



MIKE LEWIS: While Premier dealers are typically all very experienced rent-to-own operators and have achieved a level of success, my role as vice president of operations is to be there for them as they tackle the new challenge of opening a store. I want to support their growth along the way. At Premier, we have systems in place to make starting up straightforward and easy. It is one thing to be successful working for a rent-to-own company and doing things their way, but it's another to create your own business. I help new dealers get through that challenge and not lose the day-to-day focus on the numbers.



BART STAMPER: I like Trooper and because we got involved with him early in Premier's history, I've been involved in a lot of the maturation process with Premier. Trooper has given me a lot of personal time and we've shared many ideas back and forth.

TED KRYGOSKE: We knew we should absolutely go with Premier instead of any other option. The fees were too high



to make joining a large company appealing. And while some people out there may think about doing it by themselves, I think that's a huge mistake. If we had tried to do it by ourselves, it would have taken us years to get done what we've been able to get done in months with Premier's help.



PAUL BOTTOMLEY: The guidance Premier has provided has been tremendous. We looked at everything. We did a lot of research before deciding on Premier. Not only did we find it so expensive elsewhere, we wanted the ability to make our own decisions and not be driven by franchise agreements. We have our own pricing program and select our own products. The financing is also a lot better.



MANUEL GARCIA: Premier had some amazing resources to help us get started. Premier helped with the business plan on up to the financing plan. They also provided human resources and payroll processing. These kinds of resources made our lives easier so that we didn't have to take care of a lot of the administrative functions. If we had done this by ourselves, it may have taken 12-18 months. With Premier, we had things put together in just 90 days.



STEVE FOX: Probably the No. 1 reason Premier was our choice was the flexibility it offered us as entrepreneurs in our selection of products and pricing. We didn't want to be stuck in a lock-step operation. That's not for us.



RICK VADNAIS: The only way to control your own destiny is to own your own store. I've been thinking

about this for many years, like others in the business. I've found that the corporate structure is not for me. There are too many limits now.



DAN OPOKA: I had always done the workhorse and in-store jobs. Premier gave me a perspective from the other side of the desk, financially speaking. In preparing for a successful business of your own, Premier makes you graduate through different requirements before you get to the bank, so in the end you know what you are doing. You don't typically find that in franchising.



BRIAN FERRARI: I find great satisfaction in being part of the Premier team in that it supports my enthusiasm for being my own boss and has enabled me to make the move to ownership with low licensing fees and a friendly business structure.



SANDI FRYE: Premier gives it all to you. I could go to the Premier book guidelines and get great help.



CHUCK BOTTS: Financing seemed to me like an impossibility. Trooper Earle helped me put together a plan that banks couldn't say "no" to. I walked into one bank and, 20 minutes later, had a "yes." It proved to be the easiest part.



TRINI RUBIO: I am an operator. I don't know payroll. I don't know collecting. I don't know some of the aspects of human resources. With all the services provided by Premier, I can concentrate on my business and am not tied down to all the other things that are important, but that I don't have time to deal with right now. ■



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This is a message for multi-store owners and operators: How certain are you that customer complaints are being handled properly in all of your stores? Of course, you want such matters handled at the store level. That is what store managers are paid for, after all—to manage store personnel and solve problems or, in the HR vernacular, meet challenges as they occur. And if you have hired well and your systems work, customer complaints should be handled at the store level to everyone’s satisfaction.

But, if for any reason they are not, things can go spectacularly and painfully bad. Customers

The BBB and the AG

with unresolved complaints can and do file their grievances with the Better Business Bureau and with the consumer protection divisions of their state attorneys general’s offices. Both groups offer merchants an opportunity to explain their side of the story and to resolve the complaint again (after efforts at the store level have failed, resulting in the complaint being filed).

The real question and the intent of this column, however, is to ask whether you are certain that you are getting copies of all complaints that are filed with these or other government agencies. It is not unheard of for store personnel to get emotionally involved in a customer situation. Then, when the complaint comes from the attorney general’s office or the BBB, out of embarrassment or



By **ED WINN III**
APRO’s general counsel

anger, whoever opens the letter hides its contents and you, as multi-store owner or manager, never hear about it. If those unanswered complaints accumulate, it may propel the attorney general’s office into action against the company. The attorney general’s office is typically reluctant to forward complaints to home offices, so by the time complaints accumulate enough to warrant an investigation, home office personnel is more often than not unaware of a problem.

Attorney generals’ offices have hundreds—sometimes thousands—of staff attorneys on the payroll. Once an investigation is launched, the

attorney general’s office usually likes to get some money and some agreements from the company under investigation about its business practices. You will get notice of an attorney general investigation. That notice will be

sent to the owner of the company and to the company’s registered agent. If you cooperate at this level of the inquiry by opening your doors and records, you may get away with an Assurance of Voluntary Compliance. An AVC is an agreement between you and the attorney general’s office, overseen by a court and for violations of which you can be held in contempt. AVCs occur before the attorney general actually sues the company.

Then, you are going to pay the attorney general’s office for its time and trouble of conducting an investigation of your company. You may make some refunds to aggrieved customers and you may pay a fine, depending on what your employees did. And you are going to agree to change certain business practices to bring them into alignment with the attorney general’s view of the law, which may not be your view at all.

Over the years, attorney generals have not picked on rent-to-own companies unnecessarily. As an industry, we have been pretty good at resolving customer disputes before they have risen to the level of an attorney general investigation. But from time to time, RTO companies have run afoul of attorneys general and every time it has happened, it has hurt.

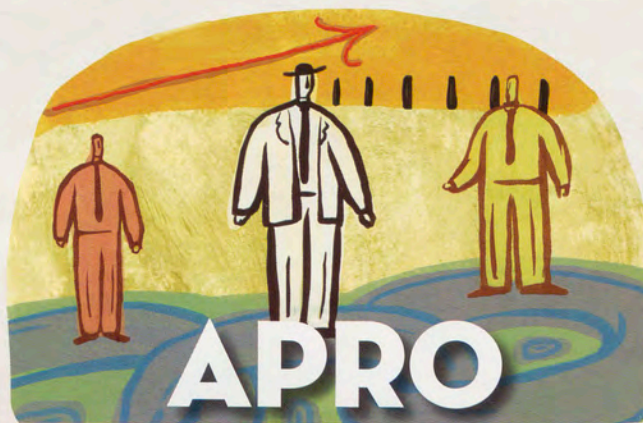
How would you like to live with the following policy for the rest of your company’s existence? This provision comes from an AVC recently agreed to by a rent-to-own company:

“[It will be an intentional violation of this AVC if the company] makes more than one additional telephone call to a person after that person has represented [to the company] that he or she is not willing to pay on [an RTO agreement] or after that person has made an express statement that [the RTO company] is not permitted to call that person again.”

Do you think that policy might cramp collections efforts in your company? This was one of 24 separate agreements that the attorney gener-

.....
“Make sure your employees understand that getting a complaint from the attorney general’s office or the BBB is not a firing offense. Hiding it is.”

APRO: THE VALUE OF ASSOCIATION



EXCLUSIVE MEMBER SERVICES

al's office exacted from the rental company in this instance. Remember, this investigation began because store personnel allowed unresolved customer complaints to accumulate in the attorney general's office.

So, what to do? First, make sure your employees understand that getting a complaint from the attorney general's office or the BBB is not a firing offense. Hiding it is. Rent-to-own from time to time can be a rough-and-tumble business. Feelings can and do get hurt. All we can do is to try to fix problems when they arise. We cannot, even the very best among us, keep problems from arising in RTO stores. Rent-to-own employees need to be able to report customer complaints safely inside the company without fear of retribution even if the situation is entirely the employee's fault. Customer complaints can almost always be fixed unless they are simply ignored.

Second, you must make periodic contact with your state attorney general's office and local BBB for each store location to see if the company has any unresolved customer complaints on file. It is not too late to clear those complaints as long as the attorney general has not officially launched an investigation. You can call most offices and they will answer your questions on the phone. A few offices require such requests to be made in writing. I keep mentioning the BBB because some of those offices funnel unresolved customer complaints to the attorney general's offices. You can go to www.consumeraction.gov for a list of state, county and city consumer protection offices as well as a list of all of the Better Business Bureaus around the country. Put this on your to-do list and make it happen. You will sleep better at night if you do. ■

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

APRO GENERAL COUNSEL: Ed Winn III, APRO's general counsel, provides limited free legal advice to APRO members. *Contact him at 512/476-0750, edwinn@mwwmlaw.com.*

RENT-TO-OWN CONVENTION AND BUYING SHOW: APRO's annual event brings more than 100 companies catering to the rent-to-own industry together with rental dealers from all over the country. There are educational sessions presented by respected experts in addition to networking opportunities and social events.

PUBLIC RELATIONS: Studio-produced television and radio advertising are available free to members. APRO also represents member companies when media crises arise. The public relations campaign includes image-building advertising materials and coordination of the industry's commitment to charitable causes. *Contact Richard May at 800/204-2776, ext. 104, rmay@aprovision.org.*

GOVERNMENT RELATIONS: APRO has spearheaded the national safe-harbor legislative effort and implemented passage of state safe-harbor laws in 47 states. It maintains a grassroots network of members supporting federal and state legislative efforts and provides direct financial support to candidates who are advocates of our industry. *Contact Richard May at 800/207-2776, ext. 104, rmay@aprovision.org.*

RENTAL TRAINING ONLINE: Rental Training Online is an online education program designed specifically for the rent-to-own industry. *Contact Shelley Martinek at 512/225-1041, smartinek@aprovision.org.*

WAGE-AND-HOUR CONSULTATION: The law offices of Brian T. Farrington provide limited free wage-and-hour consultation to APRO members. *Contact Brian Farrington, 817/429-8011.*

GROUP HEALTH INSURANCE: Trustmark Affinity Markets and Integrated Insurance provide an exclusive health insurance program for APRO members, featuring discounted rates, group buying power, more than 40 networks and a claims-stabilization fund. *Contact Robert Scott, RTO Insurance, 309/686-3737, or George Michelic, Trustmark Affinity Markets, 847/283-2041.*

COMMERCIAL INSURANCE: APRO-endorsed commercial insurance offers property, liability, auto and workers' compensation programs customized to fit RTO's needs. *Contact Barry L. Gambini or Jeanette Beardsley, RTO Systems/Walter Clark & Associates, 559/592-5777 or 559/781-3466, jeanetteb@wlcins.com.*

CLUB PROGRAM: Nationwide Club Administrators provides a package of services and benefits for one unit price, including leased property insurance, accidental death and dismemberment insurance and a variety of discounts. *Contact Alan Stein, Nationwide Club Administrators, 954/344-7900, alans@nationwideclub.com.*

CREDIT/DEBIT CARD PROGRAM: Moneris Solutions provides a credit/debit card program with premium service and exclusive rates. *Contact Amir Attaie, 847/240-7555, amir.attaie@monerisusa.com, or Jim Van Tighem, 425/557-4774, james.vantighem@monerisusa.com.*

INDUSTRY RESEARCH: APRO offers a wide range of exclusive statistics and survey results for RTO dealers and those on Wall Street wishing to invest in our industry. *Contact Laurie Hill at 512/225-1045, lhill@aprovision.org.*

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Commitment is a requirement you need to make when you choose to run for an APRO director's seat. You never know what may be asked of you. I will never forget the day Bill Keese called and asked me to ride the elephant. He explained that I needed to take one for the team and that the membership would get a big kick out of seeing me up on Bertha. He said we would all have a real good time. What he really meant was all of you would have a good time and I would be out of my mind with fear wondering what it was going to feel like if Bertha decided to pitch me off like some unwanted pest.

Reflections of a former board member

I suppose I shouldn't complain. The pay of a director isn't the best, but the perks are great. I mean how many of you out there actually have had your own elephant to ride?

If nothing else, the photograph on the facing page should serve to prove at one time I was actually APRO's Grand Poobah. I have served nine different APRO presidents since 1993 and none of them had an elephant ride, so I guess I should be considered lucky.

For a number of years I have maintained the desire to be committed to this industry. That commitment inside me is alive today. For me, the convention, wherever and whenever it is held, is APRO time. From my point of view, if you are in rent-to-own there is no event more important on your calendar than being at the convention.



By **ERNIE LEWALLEN**
APRO member

Commitment is something that all APRO directors know well. In my years serving this association, I can tell you I have witnessed incredible contributions by the more than 100 directors who have come and gone since I was first elected.

I first ran for the board out of fear. I was afraid Congress would effectively regulate us out of business and I wanted to have my chance to contribute

to a cause for which I had so much passion.

Seeing that elephant reminds me how far we've come. Since that photo was taken (at the APRO 1999 Convention and Trade Show in Reno, Nevada) there has been a growing number of dealers who were not in the business back then. If you have entered the industry since then, it is likely you have a completely different perspective of our struggles.

Once I was elected APRO president, I became the first of many to serve who didn't spend every day in the office worrying about being embroiled in industry-altering moments.

As I reflect on APRO's history, I remember Presidents Chambers and Quinn as they faced down the Internal Revenue Service.

During the early 1990s, it would not have been unusual to learn that scores of APRO members were being intensely audited by the IRS each year. Many were hit by enormous income tax burdens because the IRS did not know how the industry should calculate depreciation. As a direct result of those audits, many of those people did not survive the process and are no longer in the industry.

Presidents Quinn and White were hit head on with the venom being spewed by members of Congress and their attempts to write legislation that would have regulated us out of business. Names such as Kennedy and Gonzalez were in the forefront of our collective conscious in those worrisome days. There was no guarantee that rent-to-own dealers would survive the negative campaigns directed at the industry.

Presidents White and Tissot spent much of their time confronting truly outrageous attacks on this industry by the media. Local and national reporters thought nothing about exaggerating facts to make headlines at our expense, concluding it was our plan to "rip off the poor." Had the media had its way, they might have run us out of business with their words.

Since I was elected to the APRO board in 1993, we have all witnessed change in a very positive fash-

.....
"Seeing that elephant reminds me how far we've come. If you have entered the industry since then, it is likely you have a completely different perspective of our struggles."

ion that to some might have just been a dream.

We worked through our issues with the IRS to provide for fair and predictable depreciation methods.

We made our presence known in Washington, D.C. In 1993, it would not have been very likely that we would hold a reception for a U.S. Congressman at our annual convention as we did in Reno in September of this year. The fact is that we have real friends today on Capitol Hill. Fourteen years ago, we didn't even have a guest pass.

APRO and rent-to-own dealers in general display a much healthier image today than we did before we mobilized. Through efforts such as media training, public relations awareness, detailed research and statistical analysis by professionals, as well as involvement in charities such as Habitat for Humanity and experienced lobbying efforts both at home and in Washington, have all helped to create our new image.

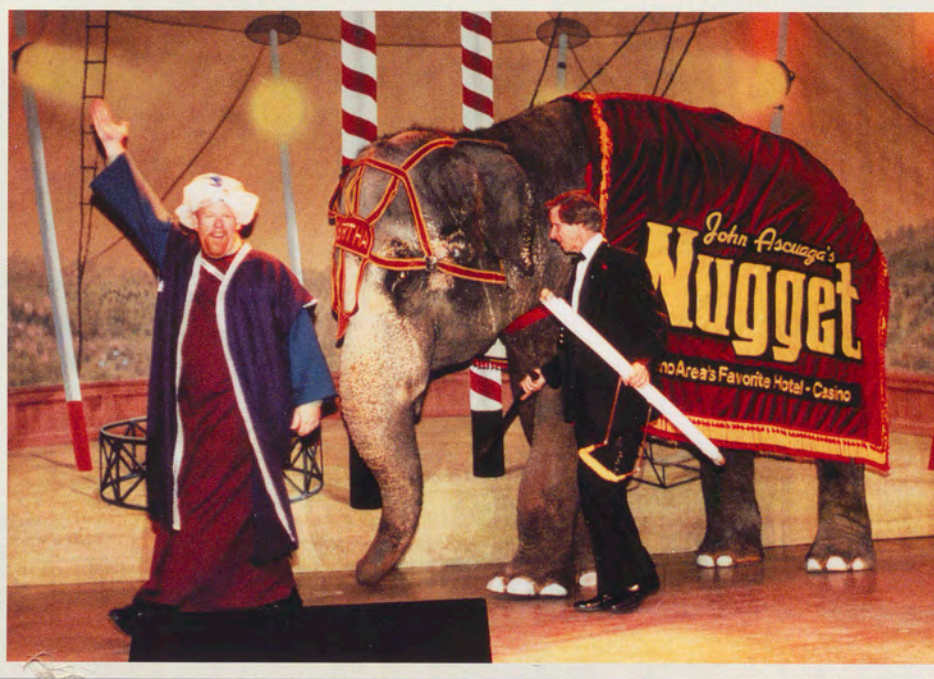
Our good fortune has come as the direct result of the commitment of the APRO board of directors. On balance, all the directors have been very proud of the output of their work and their contributions. They realize their commitments have paid off for this industry.

All those presidents who have served after me have been able to manage the association as I did by focusing effort and energy on a positive front to make APRO better rather than having to spend their time fighting fires in the trenches.

This is important history to know if you were not involved in APRO back then. It is important to tell our history, as we all know history can repeat itself. As an industry, we cannot afford to let this happen. We are here today enjoying who we are and understanding where we are in large part because of the efforts and the commitment of the people who have shared time with me at the directors' table both past and present. That commitment continues to pay APRO dividends.

Each year we move forward as we elect new directors. Those of you who are in business today and have never had to experience the worries that many of us once shared need to know our history so you too can show us your commit-

ment to make sure we never sail in waters that rough again. Those of you who have joined since I served as president can never truly appreciate the feelings we had going to sleep at night back then and wondering if tomorrow we might be taxed,



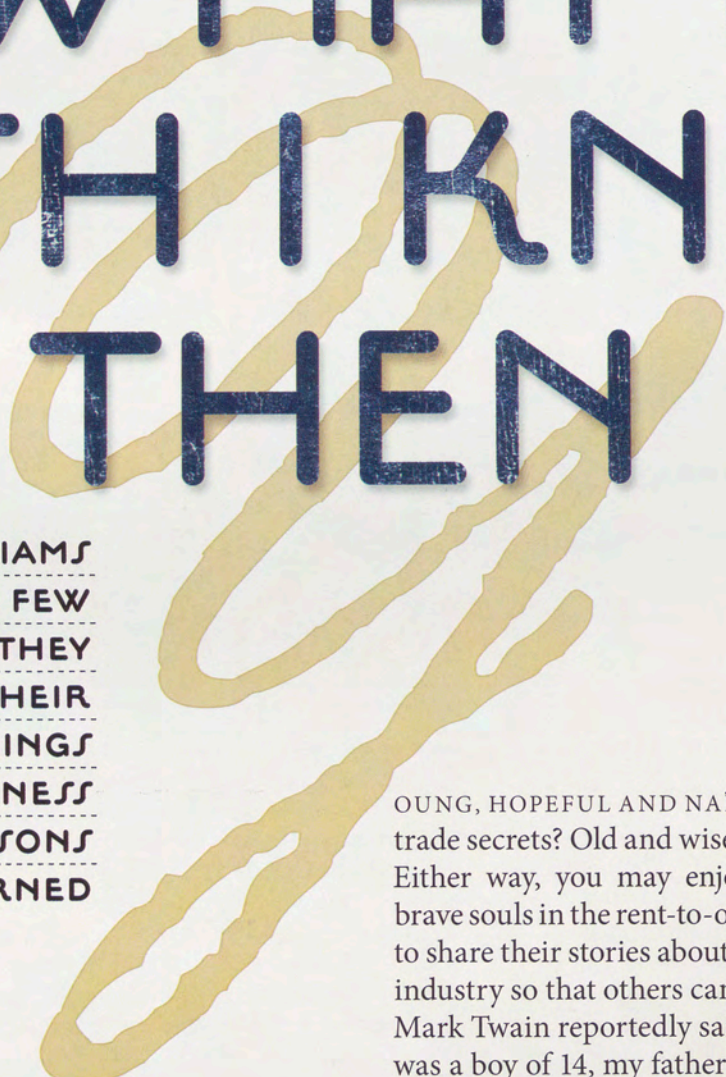
regulated or written out of business.

I wrote earlier that I first ran for the board because I was afraid. You should also know that after being elected, I stayed on because I was inspired. It is my hope that in our future you will continue to inspire me with your commitment to APRO by seeking election for an APRO board seat. The association wants and needs the best and brightest that the industry can offer. I did what I could and challenge each dealer reading this to give something back to this industry that has been so good to you. I promise that you will not regret the effort. I am better and so is my business for having given what I did. ■

Ernie Lewallen served on the APRO Board of Directors from 1993 to 2007. He served as APRO's president during the 1998-99 term. He owns UHR Rents in Cincinnati, Ohio.

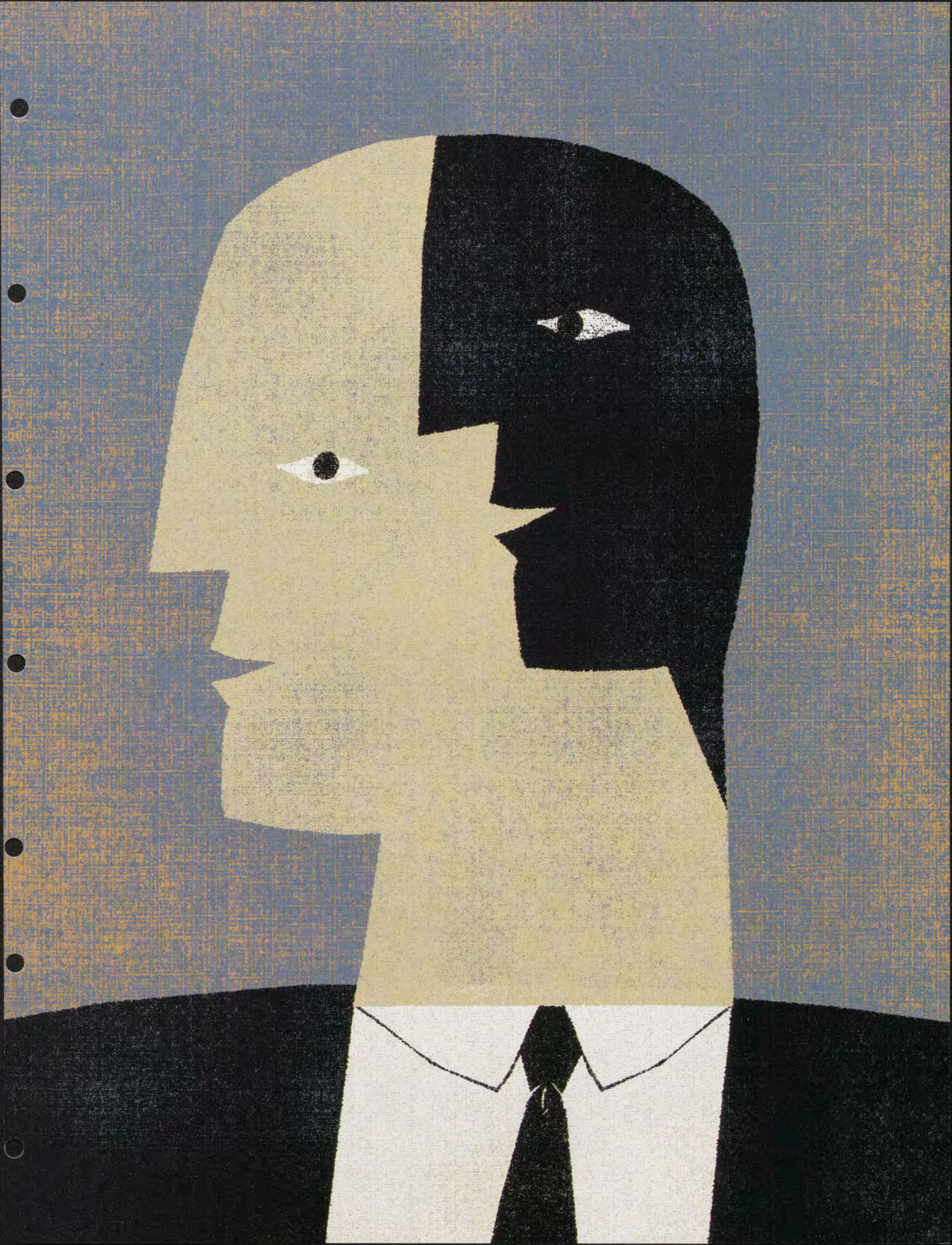
Former APRO President Ernie Lewallen prepares to climb aboard Bertha the elephant during APRO's 1999 Convention and Trade Show in Reno, Nevada.

WHAT I WISH I KNEW. THEN



**GEOFF WILLIAMS
VISITS WITH A FEW
RTO VETERANS AS THEY
LOOK BACK ON THEIR
HUMBLE BEGINNINGS
IN THE BUSINESS
AND THE LESSONS
THEY'VE LEARNED**

OUNG, HOPEFUL AND NAÏVE, but hoping for some trade secrets? Old and wise, but want to reminisce? Either way, you may enjoy reading about some brave souls in the rent-to-own industry who agreed to share their stories about their beginnings in this industry so that others can learn from them. ☪ As Mark Twain reportedly said in the 1800s, “When I was a boy of 14, my father was so ignorant I could hardly stand to have the old man around. But when I got to be 21, I was astonished by how much he’d learned in seven years.” ☪ Little has changed not quite two centuries later. In other words, we all get smarter as we age. Or, at least, it’s supposed to work that way, which is why we caught up with a handful of industry veterans and asked: What do they wish they had known when they first got into the rent-to-own industry?



It was 1974 when Les Pearsey and his brother Barry opened their first rent-to-own store. President Nixon was in the White House and *The Towering Inferno* was burning up the big screen.

In Los Angeles, these two young brothers made the decision to convert their father's television service business into a TV rent-to-own store. Les recalls that as a 19-year-old, he and his 26-year-old brother were borrowing money from his bank at 19 percent interest—a lousy deal for an entrepreneur now and not exactly the best deal he could have been getting back then.



LES PEARSEY

LESSON 1:

TALK TO YOUR LENDERS

“We didn't care. We were just glad to be getting the money. The hard part was getting it,” Les says. But, he also freely admits, “I wasn't that sharp at understanding finances when I was 19.” Barry, even being older and wiser, apparently didn't have an acute financial background either, which is understandable.

For Les, now 51, he wishes that he “had known how to communicate with my lending institutions. I would have been a lot better off.” For starters, Pearsey had a problem getting proper financing because the rent-to-own industry was still a very new, largely unproven and misunderstood market. The largest rent-to-own operators, like Rent-A-Center and ColorTyme, didn't yet exist and so even if Les and Barry had had more gravitas when sitting down with bank officials, they probably wouldn't have gotten very far.

As it was, they not only didn't know how to negotiate an interest rate, they also didn't really understand cash flow or that maybe all of their money shouldn't go into inventory. “Back then, we were lent \$10,000. With that money, we bought 33 television sets,” recalls Les, “and within five days, the TVs were gone.”

Their banker wouldn't lend them any more money and so the two were stuck for a time, just waiting around to collect payments. Once they were able to sock a little more income away, they bought more televisions, not considering at first that they might want to put some money away to pay rent or utilities.

Still, it all eventually worked out. After years of buying and selling stores. Les and Barry now own Pearsey Enterprises Inc., which has four stores in central California, and both co-owners can be as involved—or uninvolved—in the business as they want. When asked where Barry might be, Les says good-naturedly of his older brother, “He's probably sailing a boat around the world right now.”

John Darden, 53, also has his share of regrets, despite having eked out a successful spot for himself in the rent-to-own industry. Darden has owned numerous RTO stores, although now he's scaled back to one Premier Rental-Purchase in Charlottesville, Virginia. He doesn't mince words: “From a personal standpoint, I



JOHN DARDEN

LESSON 2:

YOU DON'T HAVE ALL THE ANSWERS

wish I had had a relationship with the Lord like I have today. It would have given me a different perspective than I had in those days. And it might have helped me make better decisions and recognized that I don't have all the answers.”

What type of different decisions might Darden have made? “I wish I had been more open-minded; I wish I had listened to my employees more,” says Darden, an audible sigh in his voice as he recalls how he managed a Remco from 1976 until 1980, when he opened his own rent-to-own store. “In those days, I felt like I had all the answers. I was the rental guy, you know. I was going to teach you. I wasn't going to let you teach me. Well, I had the knowledge of the rental business, more than most people, but I didn't have business knowledge.”

There are other regrets. Darden says that he didn't have a good understanding of how different his roles would be going from manager to owner. “When you're a manager, you don't have total responsibility of the company, like paying taxes—it's a different world. It also helps to understand that companies like Rent-a-Center and Aaron's are successful because either they know what they're doing from a business standpoint or they've already made mistakes. When you first become a new owner, it's easy to say, ‘I'm not going to charge processing fees or I'm not going to have weekly payments,’ but you've got to stop and recognize that there are financial reasons for what goes on in a successful company or there should be reasons. And so you can't think you can come out of the box and do something different than a proven formula.”

And it isn't that Darden wants to kill anyone's innovative spirit. He just means that, “There's a reason for how they do it the way they do it. I would look at *why* companies are doing what they're doing and realize that a lot of thought goes into these decisions.”

Kevin Quinn, who owns KLQ Enterprises in Tacoma, Washington, admits that he learned that lesson years ago—and the hard way. Of course, the rent-to-own industry was younger in the 1980s when he was starting out, but he says, “I wish I had known to stay with the basics of the business: furniture, appliances, electronics. I wish I had stayed away from the newer small products that don't really make up much of your revenue, such as Nintendo games and pagers and movies.” Movies? Wow, they were ahead of the curve.



KEVIN QUINN

LESSON 3:

STICK TO THE BASICS

But when Quinn got into the rent-to-own industry in 1982, when President Reagan awed Washington and Michael Jackson was considered, well, cool, there is something else that he wishes he had known: that what would irk him back then would still be grating on his nerves a quarter of a century later.

“Everyone in the industry knows I feel this way, but I wish

"I WISH I HAD KNOWN EARLIER TO GIVE SOME OF MY TOP KEY PERFORMERS SOME OWNERSHIP IN THE BUSINESS IN ORDER TO KEEP THEM, RATHER THAN SEE THEM START OUT ON THEIR OWN. I STILL HAVE GREAT PEOPLE, BUT I WISH I HAD DONE THAT 25 OR 30 YEARS AGO. MAYBE SOME OF MY TOP PERFORMERS WOULD STILL BE WORKING WITH ME, INSTEAD OF COMPETING AGAINST ME."

our industry would quit making some of the same mistakes as it did in the 1980s. There are a lot of dealers out there who take it personally when payments aren't made and take legal action and sue people for not making their payments. It's the Achilles' heel of our industry; I wish I had realized that it's not going away. Maybe I would have thicker skin about it or maybe I would have defended the industry even more years ago. But I don't see it ever going away. We're going to continue to be lumped in with other occupations that have a questionable reputation, such as attorneys and car salesmen."

But Quinn isn't feeling dismal about things. "A lot of people seem to like us; I just mean that we'll never be anywhere near 100 percent," he says, adding with a chuckle, perhaps because he's not really joking: "But on the bright side, in today's world, I think it's fair to say that we have a better approval rating than Congress."

In fact, it could be argued that having regrets helps make entrepreneurs in the rent-to-own industry more optimistic, because people with some experience behind them know that they aren't likely to repeat the same mistakes twice. "I wish I had known to join a buying group like TRIB Group (The Rental Industry Buying Group)," says Les Pearsey. "I should have joined years and years ago. I was buying on my own, thinking I had local distributors who were doing me good, staying with them because they were nice guys. But the minute I joined TRIB, I was saving \$50 to \$75 per washer. That put more money in our pockets than I ever could. But, of course, it costs money to join a buying group, so at the beginning, I saw it as a hindrance."

LESSON 4:

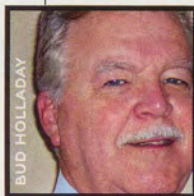
FORGE PARTNERSHIPS

Pearsey has another regret. "I wish I had known earlier to give some of my top key performers some ownership in the business in order to keep them, rather than see them start out on their own," he says. "I still have great people, but I wish I had done that 25 or 30 years ago. Maybe some of my top performers would still be working with me, instead of competing against me."

Pearsey admits that when you're in your 20s and you've thrown a lot of time and money into your business, you simply don't want to give any ownership away. It's understandable, but what he now realizes, "If they're really good people,

I want them on my side. And the ownership of the company is an investment for me and them. If they're working and doing a great job, I should do what I can to keep them."

But maybe Bud Holladay says it best. One of the founders of APRO and engaged in the rent-to-own industry since the tumultuous year of 1968, when race riots, assassinations and political discourse ruled the day, Holladay has been immersed in the rent-to-own industry ever since. His wife, Cathy, in fact, opened the first RTO store in Moscow. He is arguably as successful as anyone out there. Rent-to-own veteran Richard Bartel in Vancouver, Washington, calls Holladay "an icon." And, of course, Holladay has plenty of things that he wishes he had known when he got started, things "that I only *think* I know now," he says.



LESSONS 5-9: BUD HOLLADAY

REGRETS, I'VE HAD A FEW

Holladay lists his top five regrets that all new and novice rent-to-own entrepreneurs would do well to heed:

1. I wish I'd known that you can make a lot of money in small markets.
2. I wish I'd known how to treat my friends and colleagues better, especially some who are not around today.
3. I wish I'd known that I didn't know everything—or even *much* of it, for that matter.
4. I wish I'd known the positive impact that large developed companies like Rent-A-Center or Aaron's would have on small companies in forcing them to change and be better.
5. I wish I'd known that someone would be asking questions like these 30 years later.

There you go. You've been warned. If you're new to the rent-to-own game, see you in 2037 when we come around asking you what you wish you had known way back in 2007. Hopefully, you'll have more than a few regrets to share. Ironically, if you don't, you're probably doing something wrong. ■

Geoff Williams is a freelance writer based in Ohio. His e-mail address is gwilliams1@cinci.rr.com.

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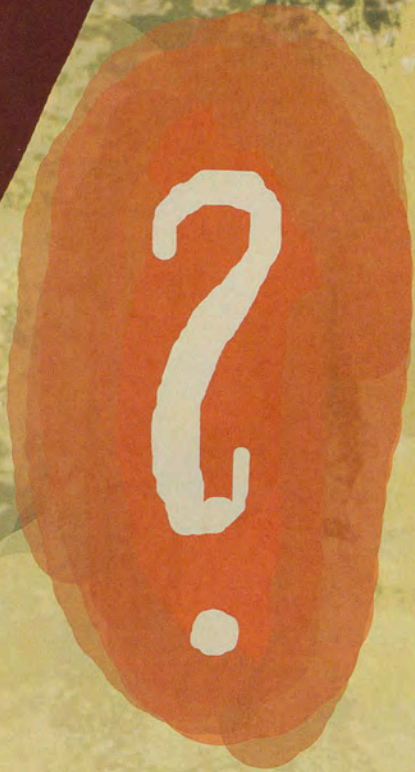
- Group Centralized Purchasing System - enormous buying power from our vast line-up of vendors.
- National Network of 40 Warehouses - flexible ordering, mix products, delivered within 48 hours.
- On-Line Training Programs - take part in and grow through focused learning opportunities.
- MemberNet TV - customized in-store video feed with member's own commercials & movie trailers.
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Rent-to-own



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here is a new movement in microeconomic theory that challenges the assumptions underlying neoclassical economic thought. If this new movement continues to gain adherents as it has been doing of late and finally becomes the preferred, accepted theory for modeling economic behavior, there could be profound repercussions for rent-to-own as well as any number of other industries in America. • The most complete analysis of behavioral economic theory as it applies to RTO to date can be found in a recently published article by Jim Hawkins, "Renting the Good Life" (www.utexas.edu/law/academics/centers/clbe/papers.html). • While Hawkins does, indeed, conclude that some paternalistic intervention vis-à-vis RTO would improve the marketplace, he argues for a milder form of paternalism than hard-core consumer advocate critics demand. He eschews APR disclosures for the industry, for example, for many of the same reasons that the Federal Trade Commission found the disclosure to be largely irrelevant and possibly even misleading for the transaction in its 2000 study of rent-to-own.

By Ed Winn III



and behavioral economics

Hawkins would allow price controls as long as they are set high enough not to drive RTO dealers out of the market. He notes that the four states that have price controls on both cash prices and total RTO prices seem to have competitive rent-to-own markets. He favors government-mandated lifetime reinstatement rights as a feasible provision in all RTO agreements, since many companies offer such rights voluntarily already, and it would be a definite boon to consumers who suffer procrastination and other biases that keep them from taking full advantage of the ownership provisions of the transaction.

He recommends caps on all "other charges," ideally at the level of the cost to the company for the service provided. (This is already the law in Illinois, New York, Texas and California.)

He favors a three-day cool-off period on all RTO transactions to prevent stores from taking advantage of the close personal relationship that often develops between customers and store personnel and loading up customers with too much merchandise.

He favors requiring rent-to-own dealers to offer monthly transactions first to customers as opposed to weekly agreements, and would like to see monthly RTO transactions as the default and predominant transactions in the industry.

Finally, again like the FTC, he recommends government regulation to require price tags on all merchandise in the stores disclosing the rental rate, the length of the agreement and the total rent-to-own price.

Many of Hawkins' recommendations can be traced to the application of this new school of behavioral economic thought.

A LESSON IN TRADITIONAL MICROECONOMIC THOUGHT

For more than 100 years, neoclassical microeconomic theory has maintained that rational self-interest does and should dominate the marketplace. The premise is that both buyers and sellers apply reason in order to achieve their own maximum personal satisfaction from the marketplace. The theory goes on to postulate that this rational self-interest not only benefits the party who is looking out for himself, but the public interest as well by facilitating the most efficient allocation of scarce re-

sources possible. This is Adam Smith's "invisible hand" at work: "He [the actor in the marketplace, either buyer or seller] generally neither intends to promote the public interest, nor knows how much he is promoting it...[H]e intends only his own gain and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention." (A. Smith, *The Wealth of Nations*)

In its purest form, this is classical free-market economics, the foundation of our capitalist economy. Proponents have always known that individuals are not, in fact, always perfectly rational actors in the marketplace, but the working hypothesis of rational self-interest has allowed for remarkably accurate predictions and explanations of human economic behavior. Milton Friedman, one of the chief economists promoting this classical view, acknowledged that perfect rationality was an unrealistic assumption and descriptively inaccurate, but endorsed it anyway as a useful tool for economic analysis, because the predictions derived from the theory are more accurate than predictions from other theories. (M. Friedman, *Essays in Positive Economics*, 1953)

This economic view has prevailed in America and has been responsible for the country's phenomenal growth. It favors leaving market decisions to the individuals involved and rejects the view that any kind of collectivist policies would produce superior results. The other end of the economic theory spectrum maintains that the best way to allocate finite resources is for a central authority to take control and ownership of all resources—"from each according to his abilities"—and to parcel them out—"to each according to his needs"—i.e., communism.

This classical view of microeconomics has been taken to task in recent years, due in part to advances in psychology and the study of human behavior. The new school of thought is generally known as behavioral law and economics and rejects the classical view and particularly the rational behavior assumption upon which the classical view is founded.

The behavioral movement maintains that all individuals, in fact, act irrationally in the marketplace and elsewhere, but that they do so consistently, systematically, predictably, pervasively and uniformly to such an extent that the irrationality can be put into behavioral models and used for economic predictions and policies that are more accurate than those derived from the classical view with its false assumptions concerning how humans behave.

HEURISTICS: THE DECISION-MAKING PROCESS

This new view was identified in the 1950s, began to take root in academic circles in the early 1980s and has gained ground ever since. The movement seeks to apply psychological insights to economics. The theory rests on cognitive experiments, field data, computer simulations and, lately, even brain scans that demonstrate that an individual's decisions are not made unemotionally and rationally, but rather are made by using mental shortcuts or rules of thumb—heuristics in the literature—that can lead to faulty conclusions. Heuristics are both good and bad. A good heuristic offers fast, reasonably accurate answers to situations. But a heuristic also violates logical principles and can lead to serious judgment errors.

For example, you might think that Dell makes the best computers or that the cheapest gas is at the Texaco down the street. You persist with these opinions even though further analysis and research might



prove you wrong. If you were entirely rational about where to buy gas, you would study the issue, find the cheapest gas stations, compute whether the distance to such stations would, in fact, save you money and, if so, how much and then go get gas. So, your trip down the street to the Texaco is an example of a heuristic at work and possibly a cognitive error that decreases the efficiency of the marketplace.

Behavioral economics maintains that all individuals are subject to “bounded rationality.” For example, consumers typically spend only a limited amount of time and effort to educate themselves about a future purchase. The theory suggests that they accumulate a “satisfactory” amount of information about their choices and then make a decision. This is a time-saving strategy adopted to avoid sensory overload and to simplify complex decision-making. How many cars did you research before you bought your last one? Some looked at a few; some looked at many. None looked at all of the choices because the result would have resulted in information overload.

The phenomenon of cognitive heuristics can lead to biases, errors and illusions, i.e., deviations from the normative conclusion that would be reached through pure reason. They are different from motivational biases, which individuals use intentionally to protect self-image, standing, existing beliefs or goals. According to this theory, individuals make economic decisions based on these cognitive biases without necessarily being aware of them. Individuals are aware of motivational biases.

NEW ECONOMIC THEORIES AND HOW THEY APPLY TO RENT-TO-OWN

The conclusion of behavioral economists is that because the irrationality of everyone is predictable, clever sellers and marketers can and do take advantage of buyers’ cognitive errors and biases, thus rendering the marketplace inefficient and unfair. The only solution is for the government to step in to keep the playing field level. While a few behavioral economists favor an aggressive form of intervention, most argue for weak, minimalist intervention. The government must step in, so the argument goes, to help individuals make better decisions and come closer to behaving in their own best interests because such conduct is good for the individuals and for everyone else.

These cognitive biases or errors in reasoning have been labeled and characterized by behavioral economic theorists. Several are pertinent to decision-making in the RTO context are discussed below. While the labels may be useful, it should be noted that the various types

of biases that have been identified are not discrete separate behaviors. They overlap and several may apply to any one economic decision. They represent attempts by economists to apply principles from psychological experiments to explain and predict human economic behavior. This branch of economics is fairly new and is still in its developmental stages. However, in the world of economics, long known as the dismal science, it is new and exciting, and it is challenging assumptions that have been the bedrock of economic theory for decades.

Rental dealers will want at least passing familiarity with the concepts of behavioral economics because some of the theories may be used against the industry by critics and legislators and because some of the insights concerning individuals' economic behaviors may influence how dealers position and run their businesses.

FRAMING AND THE ENDOWMENT EFFECT

Individuals can have different responses to the same choices depending upon how the choices are presented. In a well-known experiment involving a coffee mug, the subjects were divided into two groups. One group was given a mug and asked how much they would charge to give it up. The other group was shown the same mug and asked how much they would pay for it. The first group consistently priced the mug higher—over two times higher in repeated experiments—than the second due to how the issue was framed and also to an “endowment effect.” The value of a good seems to change when it becomes part of one's possessions or endowment. Psychology shows that people react to losses more strongly than gains and so advertising meat as being 80 percent lean is more powerful and preferred over advertising that it is 20 percent fat.

“Everyday low pricing” is not perceived by consumers to be as valuable as sales events, because “everyday low pricing” presents price as an expenditure, while a sales event frames the transaction as saving the consumer money.

The endowment effect in behavioral science means that an individual values goods that he owns more than the goods of others. This is so because people feel the pain of loss more acute-

ly than the joy of gain. The endowment effect is a reaction to loss aversion and regret avoidance.

ANCHORING

This is the tendency of individuals to focus on an obvious, convenient number or event. It is why retail prices are set at \$3.99, \$44.99 or \$999.99. The mind anchors on \$3, when in fact the price is really \$4.

Researchers assert that branding makes use of this phenomenon. When branding succeeds, consumers anchor their attention on the brand without further inquiry. In the rent-to-own context, rental dealers have long maintained that customers are most interested in the rental rate per week or per month—the convenient number—and base their decision to rent or not on that number, without becoming overly concerned with the other financial aspects of the transaction.

THE OPTIMISM BIAS

When polled, 82 percent of college students asserted that they were above average. This bias means that people are overly and unrealistically overconfident about their own economic futures. They overestimate how much they will earn in the future and they underestimate the likelihood of bad things happening to them—job loss, extended illness, divorce, etc. Health club members overestimate their future use of the facility by more than 100 percent.

The recent debacle in the sub-prime housing market is proof of the existence of this bias as work. Consumers purchased homes far more expensive than they could have afforded with traditional financing and in accordance with traditional underwriting guidelines. They paid little or nothing down and got interest-only loans with payback amounts scheduled to rise in the future. Consumers overestimated their future incomes and underestimated the risk of rising interest rates. Purely rational consumers would not have bought those houses.

In the RTO context, customers may take on more products over time than they can realistically afford to rent. This can result in breakdowns far more serious than merely picking up merchandise and losing a customer. The facts in recent New Jersey litigation

showed the optimism bias at work and resulted in that state's Supreme Court ruling that rent-to-own transactions, however formulated, are credit sales for all purposes and subject to the criminal usury statute's interest rate cap of 30 percent. Over a period of 14 months, the plaintiff in the case, a part-time cook, entered into five separate RTO agreements calling for total payments of \$172 per week and a total RTO price of more than \$18,000. The results of this customer's optimism bias were ruinous for the entire industry in the state.

THE BIAS AGAINST DELAYED GRATIFICATION

A perfectly rational consumer would carefully balance present consumption against future well-being when making current purchase decisions. The difference in value between get-

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ting it now and waiting for it until later is the consumer's discount rate. Classical economic theory assumes a constant discount rate for decision-making. In fact, most consumers do not make such a rigorous analysis and are far more likely to seek immediate gratification by any means available and often at almost any cost. Rather than behaving rationally, individuals are impatient and myopic in the marketplace. Consumers demonstrate several biases in order to achieve immediate gratification, including hyperbolic discounting. No one can calculate present values in his head with much accuracy and an individual's instinctive calculation of the discount rate varies with time and with the size of the amount in question. The shorter the time, the higher the discount rate and the higher the reward, the lower the rate.

When individuals were asked what the equivalent value of \$15 would be for them at different intervals in the future—in one month, in one year and in 10 years, the responses were \$20, \$50 and \$100, yielding discount rates of 345 percent, 120 percent and 9 percent. (R. Thaler, "Some Empirical Evidence on Dynamic Inconsistency", *Economics Letters*, Volume 8, Issue 3, 1981). This phenomenon may be why consumers are willing to take out payday loans with APRs of 400 percent—because the loan amounts are relatively small and the loan period short, usually two weeks.

SUNK-COSTS BIAS

Individuals have been shown to be slow to walk away from sunk costs in a possession, even when the rational economic response would dictate that they do so. This bias manifests itself in the car business. Consumers who are far into a car deal tend to hang onto the car when, rationally, the consumer should default on the contract and let the car go. Large numbers of consumers have been shown to hang onto their homes right into bankruptcy when the rational economic decision would be to sell the house, pay off the debts and acquire a smaller house and avoid bankruptcy altogether.

In the rent-to-own context, industry critics argue that the sunk-cost bias keeps people in their rental agreements far longer than the other variables in their economic situations would dictate.

OTHER BIASES

These are by no means the only cognitive errors and biases that behavioral researchers have identified. There is also the procrastination bias. Individuals with money in the bank will often delay paying bills until late charges accrue, when the rational bill payer would pay the bills on time and avoid the extra expense. There is the bias of "miswanting," which is the irrational desire to obtain goods that will not, in fact, add to the individual's quality of life, but rather is merely the object of an obsession, fetish, desire for status, etc. There is the biased assimilation of new evidence or the status quo bias. People prefer "dancing with who brung 'em." They resist accepting new information that would cause them to change their minds even when doing so would improve their circumstances and the cost of change is minimal.

There is also the explanation bias, the self-serving bias, hindsight bias and the cumulative-cost-neglect bias that have all been identified in psychological experiments with test subjects. There are new biases and cognitive errors being identified and written about all the time that parse the economic decision-making process into smaller and smaller increments. The stated goal of all of this psychological experimentation is to yield more accurate behavioral models that describe and predict human actions in the marketplace.

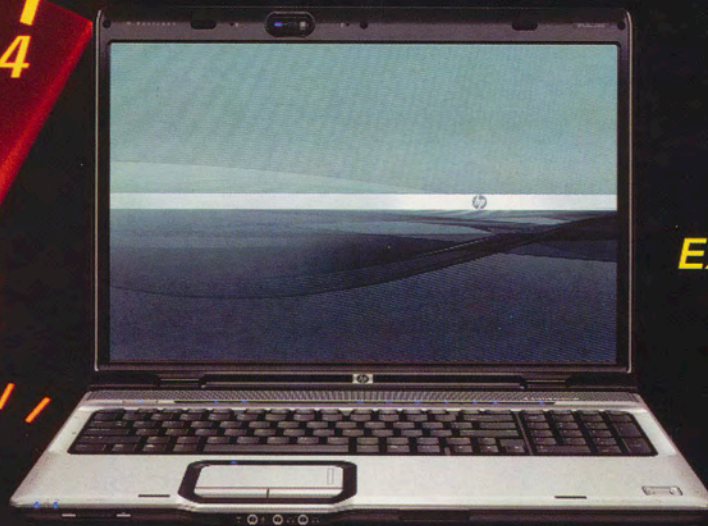
The implications for the RTO industry are significant. If individuals act irrationally when spending their money, then the decisions they are making may not be yielding the greatest benefit either for themselves or for others. Finite resources, if they are being allocated irrationally, are not being allocated in the most efficient manner possible and, if that is the case, then the government may have an interest in helping people avoid their own inconsistencies and even in forcing them to make better decisions, not just for themselves, but for the society as a whole. Taken to its extreme, some critics have argued that RTO is never a good idea for consumers and the transaction should simply be banned. This is not far from the approach Senator Charles Schumer of New York has taken with his bill that is currently pending in Congress.

The Hawkins' recommendations attempt to strike some middle regulatory ground for rent to own. However, rental dealers may argue against some of these proposals because they find them cumbersome or impractical for their businesses. A more complete understanding of behavioral economics—why people do what they do in the marketplace—may help dealers frame these arguments. It may also give them insights into consumer behavior and help them rent more TVs. ■

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

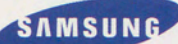
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Joe Recla's

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"I did about 20 years in retail; I'd much rather be in rent-to-own,"

says Joe Recla, president of Central Rent To Own (www.crto.net). "It's much more relationship-oriented. Retail is a one-time interaction; rent-to-own is getting to know the customer over time. And it can be hard to make a retail customer really happy. I find the people we deal with in rent-to-own, if you take care of them, give them the respect everyone would like to have, then they're very appreciative. They come back." ★ And come back they do, to the seven stores owned by Recla and his now-semi-retired partner, Curtis Knight, in the Northwest's Treasure Valley. Launched 21 years ago, Central Rent To Own today remains the only independent rent-to-own chain in the 50-mile run between Boise, Idaho, and Ontario, Oregon—an independence Recla believes helps keep customers coming back to his stores rather than "The Big Guys."

AN APROFILE
OF CENTRAL
RENT TO OWN'S
JOE RECLA
BY KRISTEN CARD
PHOTOGRAPHS
BY KYLIE BANKS



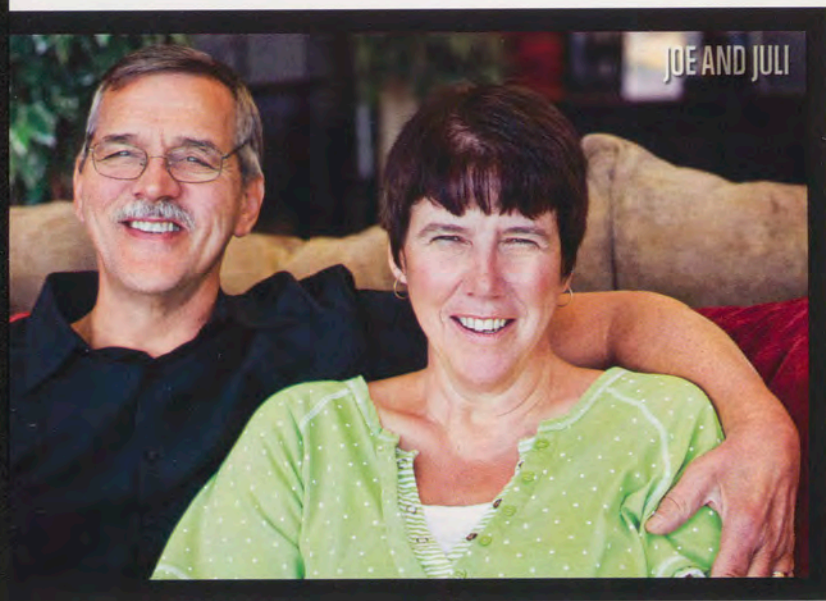
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People don't rent from Central Rent To Own or Rent-A-Center or Aaron's," says Recla. "They rent from Bob or Dave the salesperson; they rent from individuals. We work really hard at building relationships with our customers over time. I've got people here in Ontario who have been renting from us for almost 20 years and now we rent to their kids. So, yeah, I guess it's working pretty well."

Of course, it probably doesn't hurt to have been born and raised in the estimated 11,200-person town where you now base your headquarters. Recla, 57, is a native of Ontario, Oregon, and has lived there his entire life, save for a brief stint in Salt Lake City. Ontario lies about halfway between Salt Lake City and Portland, sidled up against the Snake River, right at the Idaho border, and springs from rural roots—as does Recla.

"I grew up on a farm," says Recla, his unassuming voice trailing off toward sentence end. "We grew mint, raised dairy cows, that sort of thing. We were a family of seven kids: four brothers and two sisters; I was fifth. My first year of school, I went to Valley View Elementary, which was, at the time, a rural two-room schoolhouse, just like you imagine a country schoolhouse to be. My second year, they built a regular school." He sounds a little disappointed.

Still, satisfied enough in the town "Where Oregon Be-



gins," Recla graduated from Ontario High School, attended Treasure Valley Community College for two years, then ventured off—but not too far off—to Boise State University to be a member of the school's first graduating class following Boise State's classification as a university.

Having earned his political science degree along with a teaching certificate and having wed his first girlfriend, Juli (who had secured a teaching job of her own), Recla pursued a position teaching high school history, government and sociology. He thought he had found the right fit, but was informed that the school offering the job also required

him to coach, which he had no interest in doing. So, freshly graduated and just a few years into a marriage, Recla found himself searching for work.

He meandered into a local music store, a familiar spot. Recla had been playing bass guitar with rock 'n' roll bands for several years—first in high school with the Charlie Brown All-Stars, then in college with a group calling themselves Tulgey Wood (a reference from Lewis Carroll's nonsensical poem "Jabberwocky")—and he and his bandmates had often bought instruments and other musical accoutrements from the store. The store's owner hired Recla and the retail portion of Recla's career was somewhat accidentally launched.

"I got into the retail business and liked it," says Recla. "About six months into it, the store was bought by Alta Distributing; their stores were called Eli's. I worked for them for about 10 years—first, running a music store, then acting as district manager over four states, which is about 10 stores. I began to burn out, so I moved to Salt Lake City to run the company's warehouse. The company got bought by Hastings and I stayed with them only a little while before coming home to Ontario."

Unsure about his next career move, Recla happened to meet a man searching for a partner for his television repair business, which he was looking to expand and transition into an electronics service company. Curtis Knight and Recla hit it off and a partnership was born. It was January 1986.

"Curtis had gone to a seminar about a year before and someone had made a presentation about rent-to-own," remembers Recla. "Curtis had a four-page pamphlet about it. I read through it and said, 'Hey, I think we could do this.' And that's essentially how Central Rent To Own came to be."

Initially, Recla and Knight simply added rental-purchase to their retail operations. But eventually, it became clear that rent-to-own was so much more profitable than retail, it just made sense to evolve into a complete RTO company—a move that increased the business by about 30 percent. Still, Recla says financing was a significant struggle for the first few years.

"You've got to understand going into this business that it's going to take more money than you think," says Recla. "It just takes a lot of money to get a rent-to-own store going. It's tough. We were lucky—we had a friend of my father-in-law who was well-to-do, whom I'd borrowed money from and successfully repaid it. Around 1989, I went to him to see whether I might borrow about \$70,000. I told him I could pay off all of our high-interest loans, make a monthly payment to him and we'd have enough cash flow to begin buying our own stuff. We talked and I showed him the numbers and, finally, he said, 'Well, that sounds like a good idea' and just wrote me a personal check and I handed him an IOU. We paid off our debts and repaid him ahead of schedule. But it was one of those milestone events that happen in your professional life that help get you to the next level. Rent-to-own has been extremely good to me and my partner; we would never have been able to do this well in



“**PEOPLE** don't rent from Central Rent To Own or Rent-A-Center or Aaron's. They rent from Bob or Dave the salesperson; they rent from individuals. We work really hard at building relationships with our customers over time.”

retail. But it takes time to build a store. You've got to be patient, and diligent with the details.”

Today, attention to detail seems to be paying off for Recla, as Central Rent To Own has seven stores—in Ontario and in the Idaho towns of Caldwell, Nampa and Twin Falls, as well as a regular store, a corporate rental store and a Rent-n-Roll Custom Wheels and Tires franchise, all in Boise.

Recla laughs about Central's current fleet of stores, “We'd be twice as big if we hadn't closed as many stores.” He refers to the company's growth pattern, which really hasn't had much of a pattern to it; it's basically been a somewhat unsystematic series of openings, closings, buying, moving and refinancing. The latest addition is the Twin Falls store, which happened when ColorTyme sold to Rent-A-Center.

“A group of ColorTyme employees actually came and talked with us about opening up a Twin Falls store,” says

Recla. “We were instantly interested; good locations are hard to come across, but good people are harder to find.”

And according to Recla, good people are the cornerstone of Central Rent To Own's success.

“What we offer that's different from the big chains is a highly trained sales staff,” he says. “The long-term relationship is what builds business. The whole rental process is to establish relationships. I go to the same coffee shop every day here in town because everybody knows my name. I can put my coffees on an account and make a monthly payment. I know the people who go there and the people who work there and they know me. That's

what we're trying to do at our stores.”

Additionally, Recla says Central's stores tend to be a little larger than his competitors'. Also, Central Rent To Own is more sensitive to matching each store's inventory to the taste tendencies of its community. Boise customers, for example, have more metropolitan tastes, while Ontario customers tend toward more rural fare.

Another distinction Central claims is the uncommonly calm overall working environment Recla and Knight have tried to nurture for their customers, their employees and themselves.

“We try to provide a family atmosphere, with family-friendly hours,” asserts Recla, a father of three and grandfather to three more. “Working retail is all 60- to 80-hour weeks and every day you absolutely must make the sale. Rent-to-own has that to a degree, but it is generally much



RECLA WITH HIS GRANDDAUGHTER LILLY

more steady and evenly paced than retail. If you have a bad month, then it's not going to kill you, so it has a different intensity. We have expectations, but not the intensity of a lot of other places. And that attitude and feeling are reflected in how we deal with customers. It's a more relaxed place to be and people like that."

It's this more relaxed environment within his workplace that has allowed Joe Recla to do what he considers some of his most important work—beyond his store's double doors. "Owning Central has given me some great opportunities to be involved in our community," says Recla. "I've been the chairman of the school board. My wife and I are extremely active at our church. Recently, we've been involved in helping a medical clinic previously run by a private charity make the transition to a free public clinic. I sit on the board and we're working to gather support and contributions from the community. Our company has donated money. I personally have given money and volunteer my time, sometimes during workdays. My professional position has provided me with that chance to give back to my hometown. I'm really grateful."

Recla also spends a good amount of time and energy serving the rent-to-own industry through his leadership with state associations and his participation with the Association of Progressive Rental Organizations. A longtime leader at the regional level, Recla played a key role this past June in the creation of the new Northwest Rental Dealers

Association, a merging of the Oregon, Washington and Idaho state organizations.

"I've served as president of both the Oregon and Idaho associations," he says. "Many people have stores in multiple states and it's been difficult to get things going with a single state, so we decided to launch a Northwest association. I'll be serving as a board member; we're currently developing new bylaws for the membership to approve and will elect officers. We're also looking for lobbyists for each state to cover the capitals and coordinate their efforts for mutual protection."

At the national level, Central Rent To Own is a 15-year member of APRO, a group Recla says is valuable because of the community it creates within the RTO industry.

"Curtis and I have consistently supported APRO because, for the small amount of money we put into it, it's a really good return on our investment," says Recla. "Membership is sort of like the United Nations—we're all competing against each other, but APRO gives us the venue to all get together and establish relationships and work through issues that are *all* our issues. Through APRO, we focus on the things common to all of us, set aside the stuff we differ on and work toward a common good."



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- 5-7 p.m.: Welcome reception

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- 6-8 p.m.: Networking reception

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- 9 a.m.-4 p.m.: Meetings on the Hill
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“APRO gives us the venue to all get together and establish relationships and work through issues that are all our issues. Through APRO, we focus on the things common to all of us, set aside the stuff we differ on and work toward a common good.”

In his rare spare time, Joe Recla is all about reading, riding and riffing—pastimes he frequently employs to strengthen his family relationships. This would-be high-school history teacher remains an avid reader, but of exclusively historical or political tomes (“If I’m not reading history, then I’m wasting my time,” Recla chuckles). He earnestly enjoys motorcycles—BMW’s, to be exact—and owns three of the bikes so that family members can join him out on the open road. Recla’s wife of 36 years, Juli, prefers a sidecar ride, but sons Matt (a writer and teacher working toward his Ph.D. in history) and Ben (who works with his dad at Central Rent To Own) both like cruising around town family-style.

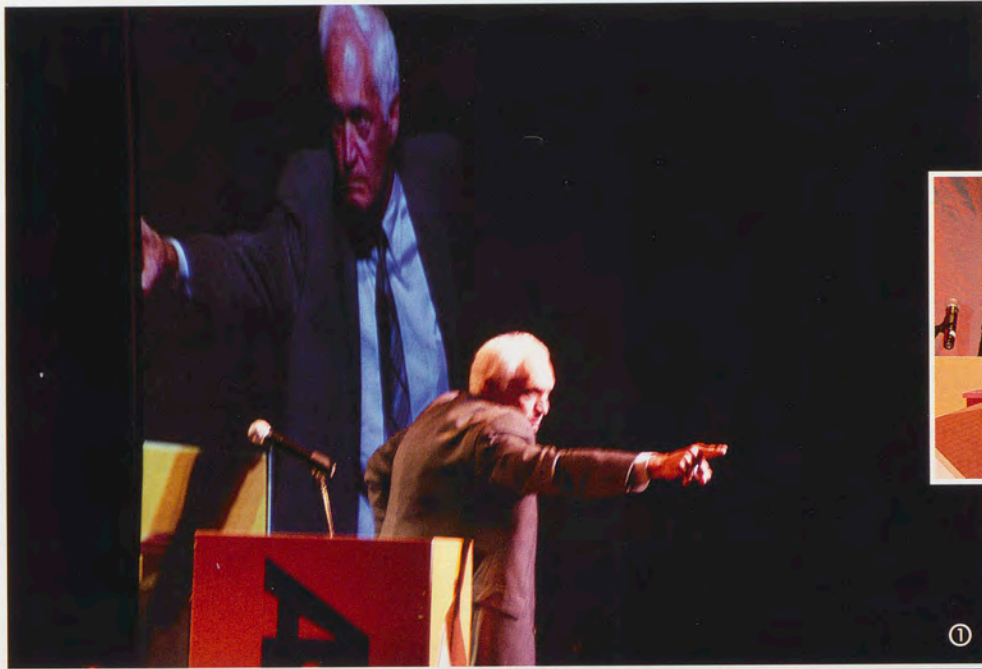
And though long, long ago, he exchanged his regional gigs for the security of a day job, Recla has never lost touch with his rock ‘n’ roll roots. For the past 20 years, he’s played bass with the band at his Christian Life Fellowship Church; and since Matt plays guitar and Recla’s middle child and only daughter, Kylie (a photographer), sings, music has also evolved into a family bonding experience.

Yes, Recla has deftly orchestrated a life with strong relationships as its foundation; the relationships he shares with his family, his community, his industry, his customers and his business partner are all lasting, all solid, all working beautifully.

“The important part of rent-to-own and being in business is having good relationships and fostering a sense of community,” says Recla. “Like Curtis and I, we’ve been partners for more than 20 years. Part-

nerships are like marriages: most don’t last. We’ve definitely had our issues and disagreements, we see things quite differently sometimes, but that’s the value of the partnership. Whenever a partner or organization you’re involved with doesn’t do what you want, I think our first reaction is to split. But I think the best thing to do is to look for the value of the relationship and try to get through it together. Just don’t give up, because good relationships are well worth the work.” ■

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



1: KEYNOTE SPEAKER LOWELL CATLETT 2: GARY McDOUGAL HONORS LIFETIME ACHIEVEMENT AWARD RECIPIENT DAVE EGAN 3: LARRY SUTTON ROCKS AT THE BOWLING PARTY 4: APRO'S FIRST ALL-INDUSTRY ROUNDTABLE 5: O'ROURKE'S BILL FRENCH IN THE EXHIBIT HALL 6: "TIGER" JOHN CLEEK JR. VISITS WITH DAVIE KAYE AND SUSAN MATTHEWS AT THE BENEFIT MARKETING BOOTH 7: HIGH TOUCH'S DONNA DITRANI, TRACY LUCAS, JASON MOCK, THERESA LAU (RSSS) AND WAYNE CHAMBERS 8: THE NATIONAL BOWLING STADIUM





RENO



RENT TO OWN CONVENTION AND BUYING SHOW



Rental dealers and vendors from across the country had a rockin' good time during the 2007 APRO Rent-to-Own Convention and Buying Show, held September 24–27 at the Silver Legacy Resort and Reno Convention Center in Reno, Nevada. More than 1,000 attendees from 129 companies attended this year's event and 98 companies exhibited in 187 booths. A record \$18.7 million in product was sold on the show floor—up from \$14.2 million in 2006! Here's a recap of the highlights from this year's show.

A LOOK BACK AT APRO'S 2007 CONVENTION AND BUYING SHOW





MISSOURI RENTAL DEALERS LARRY CARRICO, GARY ROMINE, DAN COLE AND "TIGER" JOHN CLEEK SR. VISIT WITH CONGRESSMAN CLAY (CENTER), A CO-SPONSOR OF H.R. 1767.

AN EVENING WITH CONGRESSMAN CLAY

Kicking off the festivities was a reception honoring Congressman William Lacy Clay. Clay (D-Missouri) is the author of *The Consumer Rental-Purchase Agreement Act*, H.R. 1767, which currently has 61 co-sponsors in the House of Representatives at press time. Clay flew in to Reno specifically to visit with rental dealers during the industry's annual convention. Rent-to-own dealers from Clay's home state of Missouri were on hand to welcome him, along with 40 rental dealers and vendors from across the country. The Missouri dealers were "Tiger" John Cleek Sr., "Tiger" John Cleek Jr., Dan Cole, APRO President Larry Carrico, Mark Windsor and Gary Romine.

"You couldn't ask for a better representative from Missouri," says Cleek Sr. "Congressman Clay is in tune with his constituency and is a tremendous talent and a bundle of energy." Clay addressed the crowd, saying he was "so pleased with the substantial number of co-sponsors the industry has garnered. Our goal is to clearly define the industry's terms and services and eliminate the bad apples in the industry. I truly believe that we will be successful in the passage of this bill next year in the 110th session of Congress."

STATE LEGISLATIVE FORUM

More than 100 rent-to-own dealers attended the State Legislative Forum on September 24. The meeting was led by State Association Coordinating Committee Chairman "Tiger" John Cleek. A panel of state



1: RENO EVENTS CENTER 2: ALL-INDUSTRY ROUNDTABLE 3: TERRY BEVILLE MODERATED THE INDUSTRY SURVEY PORTION OF THE ROUNDTABLE 4: RTO DEALER LYN LEACH (RIGHT) VISITS THE SEARS BOOTH 5: LOU AND ROBERT BRILEY CELEBRATED THEIR ANNIVERSARY DURING THE WELCOME RECEPTION, AS DID ERNIE LEWALLEN AND HIS WIFE, DEBBIE (NOT PICTURED).



association presidents were on hand to discuss their involvement and success in leading organized state rental dealer associations. Following the panelist session, attendees were educated in the fine art of dealing with the media. Media training experts Ronele Klingensmith and Jennifer Burton of RKPR were on hand to lead attendees through role-playing exercises.

ALL-INDUSTRY ROUNDTABLE

More than 200 rental dealers representing small, medium and large companies attended the new All-Industry Roundtable on September 26. Discussions centered on the most top-of-mind issues facing rent-to-own businesses today in an open forum format. Led by moderator and APRO board member Kevin Quinn, rental dealers sat in a horseshoe-shaped seating arrangement to discuss whether business was up or down, what types of advertising are or are not working, whether the subprime lending debacle is helping or hurting business, how dealers feel about lifetime reinstatement fees and more. New for the annual roundtable discussion this year was instant electronic keypad polling, with results appearing on large screens for all attendees to see.

GENERAL SESSION

The 2007 General Session highlighted the past, the present and the future. APRO Executive Director Bill Keese opened the morning meeting September 25 to a crowded room of industry professionals. After thanking the show's generous sponsors—whose support exceeded all previous years—Keese opened the floor to APRO President Larry Carrico. Carrico recapped what has been a tumultuous year in regards to negative press attacks, as well as fighting off potentially harmful legislation. He cited the unity and strength of not only the national association, but also the state associations, as the reasons why the industry has prevailed in most scenarios. He also focused on good news from the past



EMPLOYEE OF THE YEAR: JONATHAN BROWN

Twenty-three-year-old Jonathan Andrew Brown of Haynesville, Virginia, is APRO's 2007 Rent-to-Own Employee of the Year. A relatively new employee of BestWay Rent to Own—having worked there for a little more than a year—Brown's people skills and savvy have already set him apart.

What makes this young man so special is not only his dedication to his job, but also to his family and to less fortunate youths. He lives with his grandparents and two brothers: PJ, 16, and Tony, 3. His 19-year-old brother Andy is currently attending Brown University and his sister, Harmony, lives in Atlanta with her mother.

"Brown is extremely family-oriented and is the center point for them," says Danny Jordan of BestWay Rent to Own in Tappahannock, where Brown works as a customer service manager. Jordan is responsible for nominating Brown for this year's award. "Brown provides any support he can to his younger brothers and grandparents by looking after them and ensuring that his brother PJ successfully attends high school and hopefully beyond. His leadership, love and support have been instrumental in establishing the foundation that helped his brother Andy achieve such lofty academic success, propelling him into an Ivy League school," says Jordan.

In addition to family, Brown served as a volunteer tutor for Upward Bound for more than four years. Upward Bound serves students from low-income families by helping them succeed academically with the ultimate goal of being prepared for college.

At work, Brown has excelled by increasing his customer count 25 percent and is the only "Top 3" performer for the each of the five months that BestWay started its monthly company-wide ranking system for all of its 46 collections specialists. "In every sense of the word, Jonathan Brown is a winner: he demonstrates extraordinary character, commitment to his family and his company," says Jordan.



BESTWAY'S RICHARD AND RON ROSE, SHELLEY AND JEFF LOEB, ELSA SHAPIRO-ROSE, JONATHAN BROWN'S GRANDPARENTS JOHN AND SARAH BROWN (SEATED), JONATHAN BROWN, BESTWAY'S JONATHAN ROSE AND APRO PUBLIC RELATIONS COMMITTEE CHAIRMAN SIDNEY BURTON



KEYNOTE SPEAKER LOWELL CATLETT



year, including: flat-screen TVs have boosted yields-per-unit in most stores; Rent-A-Center and RentWay rejoined APRO; new RTO concepts like Rent-n-Roll and Premier gained strength and offered former rent-to-own employees the chance to own a family-run business; new state associations were reorganized in Louisiana, New York State, Pennsylvania, the Northwest and West Virginia; and, finally, the industry enjoyed its largest attendance ever at the 2007 Dave Egan Legislative Conference in Washington, D.C.

KEYNOTE ADDRESS BY LOWELL CATLETT

Once the general session adjourned, Carrico introduced keynote speaker Lowell Catlett, world-renowned futurist, economist and raconteur. Catlett regaled the membership with an optimistic picture of economic trends of the past, present and future. One of his themes was that when the market delivers what you want, when you want it and where you want it—price is not the issue. Also, “people afford what they want.” He drew distinctions between the various generations—baby boomers, Generation X, Generation Y and the World War II generation—and how each of those groups behaves in the marketplace. Catlett made his points about economic trends with humorous anecdotes from his life as an insightful baby boomer. He was met with a standing ovation from the audience.

“ROCK-N-RENO” BOWLING PARTY

APRO’s Rock-n-Reno 1950s Bowling Party was held the National Bowling Stadium in Reno. Rent-to-own dealers, vendors and guests were impressed with the size of the stadium, which the *Los Angeles Times* dubs “the Taj Mahal of Tenpins.” And indeed, the lanes were plentiful, allowing all partiers to give the sport their best shot. When the last pin went down, the highest score—a striking 192—and a bowling trophy went to Benny Cheek with Bestway Rent-to-Own in Dallas, Texas.

PRESIDENT’S RECEPTION

State rent-to-own associations, their leadership and legislative grassroots efforts were recognized during the APRO President’s Reception, led by APRO President Larry Carrico:

- ▶ 2007 Legislative Achievement Award: Texas
- ▶ 2007 Continued Excellence Award: California, Illinois, Indiana, Kansas, Michigan, Ohio and Tennessee
- ▶ 2007 Emerging Excellence Award: Louisiana, Northwest (formerly Idaho, Oregon and Washington), Pennsylvania and West Virginia State Association Coordinating Committee Chairman “Tiger” John Cleek then presented gavels to the following new state rental dealer association presidents:

[CONTINUED ON PAGE 54]

Thanks!

APRO WOULD LIKE TO THANK THE FOLLOWING COMPANIES FOR THEIR GENEROUS SPONSORSHIPS AT THE 2007 CONVENTION AND BUYING SHOW, SEPTEMBER 24-27 IN RENO, NEVADA



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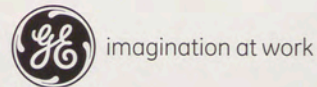
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APRO'S 2007 BUDDY AWARDS

THE APRO BUDDY AWARDS ARE PRESENTED AT THE CONVENTION EVERY YEAR TO OUTSTANDING INDIVIDUALS WHO HAVE RAISED THE LEVEL OF WHAT CAN BE DONE TO BETTER THE INDUSTRY FOR EVERYONE. APRO PRESIDENT LARRY CARRICO PRESENTED THIS YEAR'S AWARDS DURING THE FINAL EVENING BANQUET. IN ADDITION TO THE BUDDY AWARDS, THE MISSOURI RENTAL DEALERS ASSOCIATION WAS ALSO HONORED AS THE 2007 STATE ASSOCIATION OF YEAR.



ERNIE TALLEY LIFETIME ACHIEVEMENT AWARD: DAVE EGAN

The 2007 Ernie Talley Lifetime Achievement Award is presented to those individuals in rent-to-own who have dedicated a lifetime to the industry and have served as a role model for others. This year's recipient is Dave Egan. Egan was instrumental in creating the state legislative safe harbor strategy for the rent-to-own industry across the country while serving as Rent-A-Center's general counsel.

An old school chum of Rent-A-Center's Tom Devlin, Egan was hired as the company's first in-house general counsel to help build Devlin's empire. Egan deftly and admirably steered Rent-A-Center and APRO through a number of state legislative battles with incredibly successful results. He served as chairman of APRO's government relations committee as he guided state after state to relative safety and security with its network of state rental-purchase statutes.

Were it not for Egan's tireless efforts on behalf of the industry, the whole issue of rent vs. lease could have gone the other way and there might well not be a rent-to-own industry today. He forged a new industry in legal and political circles. To honor his achievements, APRO

named its annual legislative conference after Dave Egan. Today, Egan is retired and living in Wichita, Kansas.

PRESIDENT'S AWARD OF EXCELLENCE: GARY McDUGAL

One of the highest honors an APRO member can receive is the President's Award of Excellence, which is presented to the person who exemplifies the best in the industry through involvement and support of industry goals. Gary McDougal, former APRO president and former owner of the American Rentals chain of rent-to-own stores, was the recipient of the 2007 APRO President's Award of Excellence.

Although McDougal sold his business a couple of years ago, his accomplishments on behalf of the industry—both while a rental dealer and in the past year—are symbolic of what this award represents. Previously named APRO's Rental Dealer of the Year, McDougal's chief accomplishment has been to drive the



association's political presence in Washington to its highest level ever. While APRO president, he forged an alliance between the association and the Congressional Black Caucus by attending CBC events and raising thousands of dollars in donated products and money for its charitable projects.

Even now, in retirement, McDougal and his wife, Mary, have been gracious enough to don their lobbying mantles and travel to Washington for the annual legislative conference and to attend CBC activities, always

talking up the rent-to-own industry to anyone who will listen, gaining the industry friends and prestige everywhere he goes.

There is not a dealer among us who has worked harder and given more to the RTO political cause, which is why McDougal was honored with this award.

**RENTAL DEALER OF THE YEAR:
JOHN DARDEN**

The APRO Rental Dealer of the Year award is presented to an individual who has contributed in



a positive and outstanding manner to the rent-to-own industry and to APRO. This year, the award was presented to John Darden of Premier Rental-Purchase.

A 30-year industry veteran, Darden began his career with Remco, then moved to ColorTyme where he expanded his ColorTyme chain to 16 stores. Then he sold his stores and left the industry for five years. Upon his return, Darden opened a Premier store with his son, Christopher, and friend and fellow RTO veteran Mike Hubbard, and with his daughter Jamison, who is his banker.

Today, Darden has three stores in Virginia and is very active in local politics. He manages local and state political campaigns and serves as a political strategist and chief of staff for a Republican challenger to the state senate seat for his district.

Because of his long and successful history in rent-to-own and his



involvement in politics for the “love of the game” rather than any specific business goal, Darden was honored as the recipient of the 2007 Rental Dealer of the Year.

**HERITAGE AWARD:
DAVID P. DAVID AND STEVE KRUSE**

The APRO Heritage Award was initiated in 2005 to recognize the unsung heroes in the industry—those individuals who contribute much, but who avoid the spotlight. This year, the two men who exemplify the finest of these characteristics through their hard work and dedication and were thereby honored with the Heritage Award are David P. David of Full-O-Pep Appliances in Bloomington, Indiana, and Steve Kruse of Bestway Rent-to-Own in Dallas.

David has served on the APRO board for 18 years—longer than any other rental dealer in the history of APRO. He is a strong proponent of “the more you give, the more you get”—and he gives a lot. He is a frequent fundraiser for the Children’s Miracle Network and Riley’s Children’s Hospital. He gives to his company, his five children and two grandchildren, his employees, his customers, the industry and APRO. It is because of his constant presence and support that he is honored with the 2007 Heritage Award.

Steve Kruse has been called the most organized man in rent-to-own.



The notebook he prepared for his first legislative

conference this past spring was the envy of all the attendees and several congressional offices as well. Especially

important to the overall lobbying effort by the industry was his analysis of the profitability of RTO companies compared with other industries, information that he culled and compiled from public company information. Kruse truly proved that information is power.

Kruse is a 30-year veteran of the industry and serves Bestway as the company’s operations analyst. He is responsible for Internet technology, acquisitions, bankruptcies throughout the system, corporate financing and inventory pricing. He is known for his frugality and inventiveness and his contributions to the industry have been invaluable—all of which contributed to his being honored with the 2007 Heritage Award.



**NORM SMITH VENDOR
OF THE YEAR: BILL FRENCH**

This award is given to an outstanding associate member who has supported APRO and its activities.

This year, APRO recognized Bill French of O’Rourke Distributing as its 2007 Norm Smith Vendor of the Year. French is vice president of sales and has been with O’Rourke for 10 years. Prior to working for O’Rourke, French was employed by LG Electronics.

French was presented with the award for his sincere affection for rent-to-own dealer customers. He always has a joke at the ready and makes his customers laugh. His smile lights up the room and his generosity is unsurpassed. For these reasons, French was presented with the 2007 Vendor of the Year award.

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TOP: APRO PAC/TEAM APRO CONTRIBUTORS AT THE PRESIDENT'S RECEPTION.
ABOVE: MISSOURI WON THE STATE RENTAL DEALER ASSOCIATION OF THE YEAR AWARD. RECIPIENTS INCLUDED TRENT AGIN, JERRY PINKLEY, MARK WINDSOR, MARTY SMITH, J.C. COX, DAN COLE, GARY ROMINE, MRDA PRESIDENT "TIGER" JOHN CLEEK JR. AND "TIGER" JOHN CLEEK SR.

[RENO REDUX CONTINUED FROM PAGE 50]

- ▶ Alan Frazier: Arkansas
- ▶ Steve Braning: Illinois
- ▶ Brian Luksetich: Iowa
- ▶ Jeff White: Louisiana
- ▶ Mark Wilford: Maryland
- ▶ "Tiger" John Cleek Jr.: Missouri
- ▶ Dave Edwards: New York
- ▶ Sandi Frye: Pennsylvania
- ▶ Dan Matthews: Texas
- ▶ Shawn DiLeo: West Virginia

Cleek reported that currently there are 33 state rental dealer association presidents and expressed sincere gratitude on behalf of the industry for their voluntary dedication and involvement.

APRO Political Action Committee Chairman Robert Briley recognized Team APRO contributors and their generous donations. The total amount raised for APRO PAC and Team APRO for 2006-07 totaled a whopping \$185,450, with \$13,250 raised for Team APRO and \$172,200 for APRO's Political Action Committee.

GOLF TOURNAMENT WINNERS

Winners braved a chilly morning at APRO's 2007 Joe Eason/Tom Kitchens Golf Tournament held at the Lakes Course at Red Hawk in Reno. Here are the winners:

- ▶ *First-place team:* John Cox, Jason Mock, Ron Reeves and Eric Saxon
- ▶ *Second-place team:* Jody Coleman, David Dorwart, Darren Tinney and Larry Tinney
- ▶ *Third-place team:* Dave Edwards, Dennis Shields and Charles Smithgall III
- ▶ *Fourth-place team:* Ann Cleek, "Tiger" John Cleek Jr., Brett Wimberly and Scott Young
- ▶ *Fifth-place team:* Jewel Dalton, Bill Kelly, Bill Milby and Doug Robison
- ▶ *Closest to the hole:* Dave Edwards
- ▶ *Longest drive, male:* Jeff Lebakken
- ▶ *Longest drive, female:* Becky Reaves

APRO would like to thank APRO board member Gary Romine for coordinating this year's tournament. ■

Computer hardware and software

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

COMPUTER HARDWARE

BDI Laguna * ^ +

Contact: Jay Nardone
3960 Royal Dr. NW
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www.bdilaguna.com

D&H Distributing * ^ +

Contact: John Alifano
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800/340-1007; fax 717/255-7812
rto@dandh.com
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Dell Inc. * ^ +

Contact: Linda Mosley
One Dell Way, MS RR3-44
Round Rock, TX 78682-0001
512/724-3382; fax 512/283-9568
linda_mosley@dell.com
www.dell.com

EParts Barn LLC * ^

Contact: Ronald Reaves
1250 W. Ohio Pike, Ste. 261
Amelia, OH 45102-1239
513/200-6980; fax 800/652-1505
info@epartsbarn.com
www.epartsbarn.com

High Touch Inc. * ^ +

Contact: John Rogers
2020 N. Amidon Ave.
Wichita, KS 67203-3366
316/832-1611; fax 316/831-5555
johnr@hightouchinc.com
www.hightouchinc.com

Ideal Software Systems Inc. * ^

Contact: Steve Lenhart
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Meridian, MS 39303-3065
601/693-1673, ext. 153;
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slenhart@idealss.com
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Petra Industries * ^ +

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PlanITROI Inc. * ^

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jmcloskey@planitroi.com
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mbertolani@sedintl.com
www.sedonline.com

SVA Group USA Inc. * ^

Contact: Christopher Li
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Brea, CA 92821-6233
714/646-7024; fax 714/993-3371
christopher.l@sva-usa.com
www.sva-usa.com

Vance Baldwin Inc. *

Contact: Robert Coolidge
7060 W. State Rd. 84, Ste. 12
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954/723-9191, ext. 131;
fax 800/552-1431
robertc@vancebaldwin.com
www.vancebaldwin.com

COMPUTER SOFTWARE

DesignerWare LLC * ^

Contact: Ron Koller
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North East, PA 16428-1710
407/575-3192; fax 407/386-6366
Ron.Koller@DesignerWare.com
www.DesignerWare.com

High Touch Inc. * ^ +

Contact: John Rogers
2020 N. Amidon Ave.
Wichita, KS 67203-3366
316/832-1611; fax 316/831-5555
johnr@hightouchinc.com
www.hightouchinc.com

Ideal Software Systems Inc. * ^

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Meridian, MS 39303-3065
601/693-1673, ext. 153;
fax 601/693-2302
slenhart@idealss.com
www.idealss.com

Petz Enterprises Inc * ^

Contact: Leroy E. Petz, Sr.
P.O. Box 611
Tracy, CA 95378-0611
209/835-2720; fax 209/835-2758
leroy@petzent.com
www.petzent.com

Rental Information

Systems Inc. * +

Contact: Larry Burns
P.O. Box 1165
Magnolia, AR 71754-1165
800/863-7394; fax 870/234-3797
sales@rentinfo.com
www.rentinfo.com

RSSS L.P. * ^ +

Contact: Ellison Crider
711 N. Carancahua St., Ste. 1500
Corpus Christi, TX 78475-0031
361/993-1790, ext. 2119;
fax 361/993-1731
ellison@rsss.com
www.rsss.com

RTO PRO Software * +

Contact: Ron Ganus
2503 Gables Dr.
Eustis, FL 32726-2085
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sales@rtoopro.com
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Thank you!

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APRO would like to recognize the following individuals for their active involvement in promoting the rent-to-own industry's legislative initiative during the past year. Contributions as of October 25, 2007.

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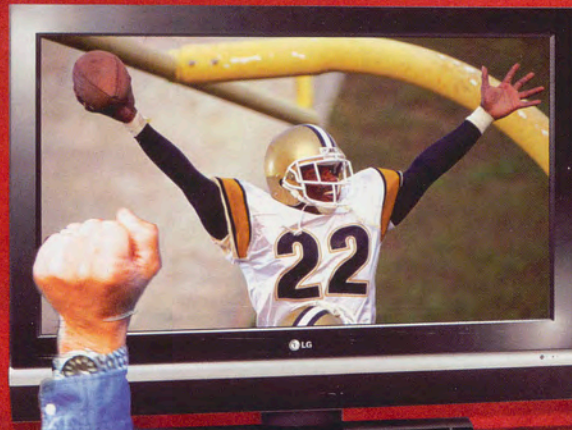
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