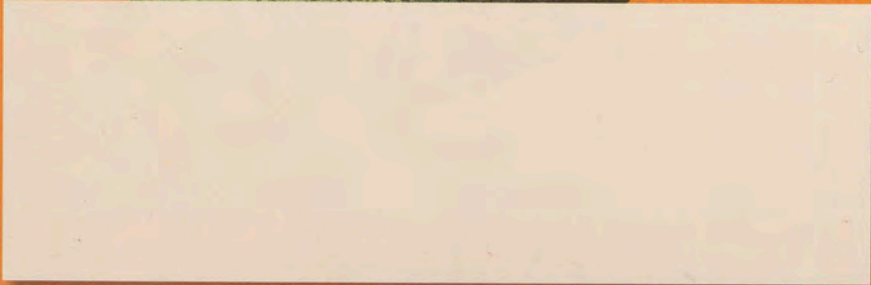


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Rent-to-Own's Titans: Two Paths to Doing Business

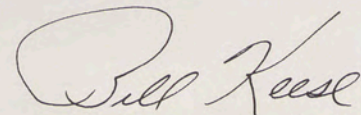
When APRO's inaugural issue of RTOHQ: *The Magazine* was mailed out to all members' home offices and stores—and to hundreds of other subscribers as well—it was met with rave reviews. Readers liked its fresh format and informative articles from the *real* voice of the industry: APRO—the national rent-to-own trade association. For an encore to “The Connectors” theme of our debut edition, in this issue we take a look at “The Titans” of the rent-to-own industry, Aaron Rents and Rent-A-Center—the two publicly traded companies and the men who run them. I want to thank Mark Speese, Mitch Fadel and Bob Bloom of Rent-A-Center and ColorTyme and Charlie Loudermilk, Ken Butler and Todd Evans of Aaron Rents for taking the time to visit with us and share their stories, insights and visions. We think you'll find their perspectives and distinct approaches to doing business useful, even if you're a one-store rental dealer. After all, the rent-to-own *modus operandi* defined by these titans pretty much defines the way the rest of the industry does its business as well.

Also in this issue, we introduce a man who needs no introduction, APRO's new president, Tiger John Cleek. Tiger has been the driving force in organizing and/or re-organizing state rental dealer associations across the nation. Since helping create APRO's State Association Coordinating Committee many years ago, he has continually strived to keep state associations up to speed on all legal and legislative issues. He has nurtured educational opportunities on the state level as well. In our profile, the new president shares his game plan for the coming year—one that calls for inclusion and participation from everyone to keep APRO at the forefront of the rent-to-own world.

Robby Tyson and John Blair, two men who are best friends and have dedicated their professional lives to rent-to-own, discuss their current gem of a business, CM Jewelry, and how the company is helping turn profits for RTO businesses.

We reflect on APRO's recent highly successful Convention and Buying Show, held August 11–14 in St. Louis. For all of you who were there, you know the excitement and enthusiasm generated by the year's largest gathering of rental dealers. For those who were unable to attend, you missed—among other things—the Honorable William Lacy Clay presenting the most arousing political overview and direction for the industry's legislative initiatives in the 28-year history of the association. Finally, Washington has a congressman who knows what we do and who we are.

Last but not least, we remember a most wonderful man who gave much to all of us in the rent-to-own industry, whether we knew him or not. Lindsey Semon, we will miss you!



APRO's executive director
bkeese@rtohq.org





See page 296 in 2009 Catalog



See page 85 in 2009 Catalog



See page 162 in 2009 Catalog

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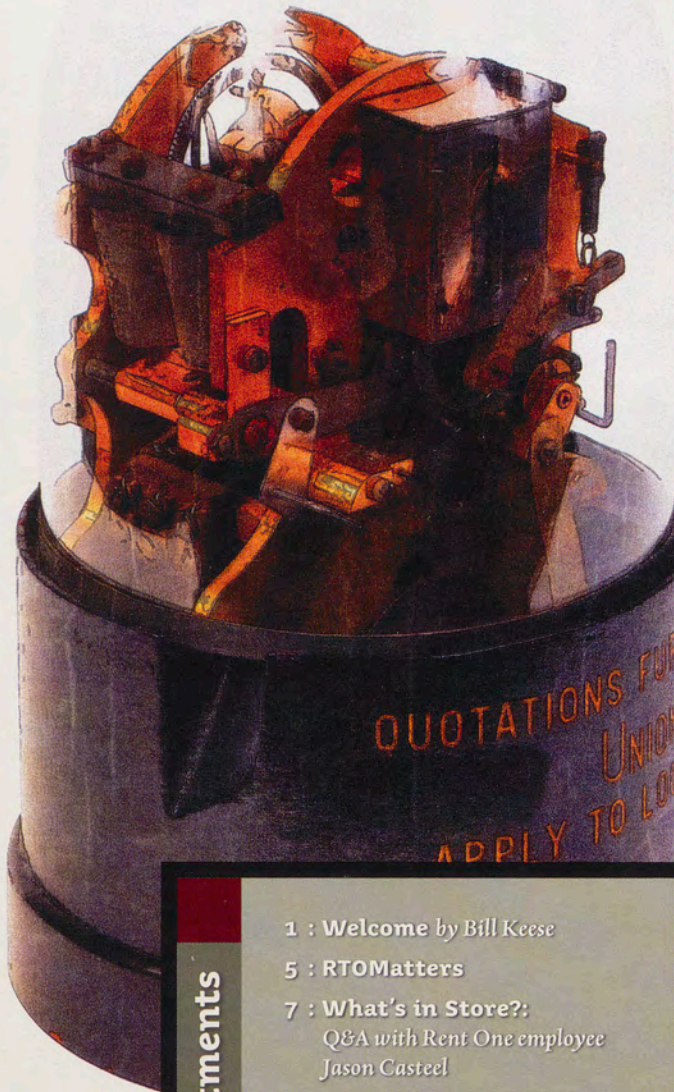
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Cover illustration by Adam Niklewicz

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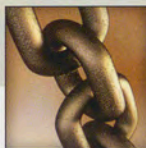


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RTO Matters

How you can cultivate RTO's influence in the elections

Elections are the one time when politicians need you—so take full advantage by helping candidates in the coming weeks leading up to November 4:

Contact your state or local Republican and Democratic campaign of-

state representative or a U.S. senator. Offer to furnish their campaign offices. If you can help politicians when they are at the beginning of their career, you can create a relationship that can be powerful should those candidates continue to win and move up the political ladder.

Ask campaign staffers about election-night parties, where candidates and their supporters gather to watch returns. It can't hurt

to have your big-screen television—with your company logo mounted above it—being watched by candidates on election night. Plan to attend some of those election-night gatherings and network with party insiders.

Volunteer and contribute. Attend a local fundraiser in the name of small business and rent-to-own. If you like a candidate, sponsor or host a fundraiser for him or her.

Vote. On average, only 50 percent of an elected official's constituency know if you've done so. They don't know *who* you voted for, but they do know what party you voted in during the primaries. Elected officials generally do not

waste their time or energy on those who do not vote.

Communicate. Only 15 percent to 20 percent of an elected official's constituency communicate with that official through e-mails, telephone calls and/or letters. You have a say in how your officials legislate—and, generally, they respect and honor that privilege.

Seek face time. On average, only 5 percent of an elected official's constituency meet with him or her. This is why APRO's annual Legislative Conference is such a successful strategy—the face-to-face meetings greatly enhance our industry's influence. Use this election season as an opportunity to meet with and talk to those who might be legislating rent-to-own down the line.—Richard May

British rent-to-own company looks to U.S. for industry insight

No matter how good you are, there's always room for improvement. That's the philosophy that guided leaders of the United Kingdom's largest rent-to-own company, BrightHouse, to



meet with APRO officials in June as part of their transatlantic mission to get a better understanding of rent-to-own in the U.S.

BrightHouse CEO Leo McKee and Business Developer Hamish Paton met with APRO Executive Director Bill Keese and Legal Counsel



ices. Tell them you want to help their candidates in the upcoming races and are wondering who best to assist. Tightly contested races are where the energy and money are focused. Offer to donate furniture, televisions and/or refrigerators to campaign headquarters. It's a unique asset of rent-to-own that's readily available to you; so make it readily available to the candidates.

Look for open seats—whether it's your local

Membership video

In the association's new membership video, APRO Membership Committee Chairman Larry Goad explains why APRO's work to protect the rent-to-own industry is important to him and his business and why APRO should be important to you and yours: "The powers that be in Congress who do not understand our industry want to put us out of business," Goad says. "That is a real threat. Without the APRO membership, rent-to-own could have been easily eliminated. That's why I'm an APRO member." Check it out at www.rtohq.org—and forward the link to colleagues!



Ed Winn III to discuss rent-to-own software, public perception, staffing and contract issues that impact rental dealers.

The visit topped off a week's worth of meetings and networking with top U.S. RTO company heads aimed at gaining a broader

view of the industry to better meet market demands in England.

"We've come to learn from the best practitioners," McKee says, noting that he and Paton had met with company heads from Easyhome, Rent-A-Center and RSSS, among others.

Formerly known as "Crazy George," BrightHouse was founded in 1996. McKee and Paton, along with a team of gung-ho executives, came on board in 2005, infusing the then-flailing company with new life, increasing store count from 135 to 167 and making BrightHouse the \$300-million-per-year company it is today. In just



Employee Q&A: What's in store?

In each issue of *RTOHQ: The Magazine*, we're asking a rent-to-own employee to give us a taste of the in-the-store, on-the-floor experience. Jason Casteel is a store manager for Rent One.

A number of rent-to-own stores have endured floods, hurricanes and the like over the past few years. Your store was one of them. Tell us about that experience and how you dealt with the situation. Did it affect your customer base?

Yes, it definitely affected our customer base. Our store received some of the worst flooding in town. Neither we nor our customers could get to our store for almost a week because of standing water. When we finally were allowed back into the store, we realized the damage was far worse than expected. Since we could be out of business for quite some time, we opened a satellite payment office at Marion, Illinois. This allowed us to receive rental installments and access to merchandise for sales and service. Eventually we had about 10 feet of counter space near the front door [of the damaged store] where we could see our customers without putting them in harm's way during the remodeling. As the weeks passed, we juggled sales, service and clean up of the store. This was one of the most challenging events of my life; I got through it taking one day at a time and just giving it all I had each day.

How has the RTO business changed since you first became involved? Any emerging trends?

We definitely have evolved from the beginning of my career. When I started in 1994, I was 19 years old and began my career as a delivery technician and eventually made manager that same year. I remember in those early years defending my career decision on more than one occasion to my family and friends. A lot of people didn't understand the rental-purchase transaction. There was a lot of negative publicity and it seemed every few months we were taking a shot by the press. We do owe the

negative publicity gratitude because it has helped us evolve in the best way possible. The companies I have worked for have improved by educating their employees. We explain the transaction, as well as the benefits of rent-to-own vs. buying. Today, fewer people are stereotyping our business and customers. I know what we do for the community and how we compare to other businesses that sell the same product—and I am proud to work in the industry and for Rent One.

How did you get started in RTO?

I heard of the business from a co-worker at the McDonald's where I was working. He was working at both places and let me know there was an opening for a delivery position. When I was hired, I remember thinking it was the easiest job ever. You clock in, throw some stuff in a truck and take off driving until lunch; then you do it again in the afternoon and go home. I have always felt that this business gives you a lot of freedom. The companies I have worked for have allowed me to make the best decisions for our customers and the business. Also we have freedom to spend a few extra minutes talking to our customers—getting to know them and their families.

What do you like best about your job?

Setting new goals and accomplishing them. Holding people accountable and celebrating the wins together. At the end of the week, feeling like we satisfied the company's goals and our customers.

With the economy in a downturn, have you noticed an effect on your store?

Our clients, like most people, are doing more shopping for the best price. I feel like we have an advantage because folks aren't obligated to keep making payments they might not be able to afford. All in all I am satisfied with the activity in our store and I see this as an opportunity to help more people.

What items are most popular in your store? Has that changed over time or remained fairly consistent?

Some of the most successful items for my stores have been appliances. They typically stay out with fewer defaults. I remember just a few years ago when most

stores had only a handful of computers on rent and now they are one of the most popular rentals.

How do you keep up with the latest products—styles, technologies, etc.?

I learn from my employees. I have several employees who are great with computers and others who are handy with appliances. Also, I talk with customers and see what they are interested in.



Jason Casteel
Rent One, Harrisburg, Illinois

Are there any products you think should be added to the rent-to-own mix that currently aren't being offered?

Scooters might be a good renter; or possibly soft-side hot tubs.

What questions do your customers ask most often about the products you offer?

Lately, the confusion regarding digital tuners has solicited the most-asked questions. Another common question is how long the pre-owned items have been out on rent.

What is it about your store that brings customers in. In other words, why do they go with Rent One over the competition?

First, we try to make our store inviting by keeping it clean and organized. Second, I want it marketed to sell itself. Third, we keep our promises with customers.

What interests or hobbies do you have outside of rent-to-own?

I recently have been teaching guitar to my daughter. I also enjoy hanging out with my wife and friends.

Where do you see yourself in 10 years? What will you be doing?

I see myself relocating and possibly supervising a team of managers.

—Neil Ferguson

over two years, BrightHouse's customer base expanded from 94,000 to 132,000.

McKee credits attention to retail price as one of many factors contributing to the success of the company. "In the U.K., we focus on retail price and we must keep it competitive," McKee says. "If you address retail price, it's a proactive way to take the criticism away from the [rent-to-own] industry."

BrightHouse stores are smaller than their typical U.S. counterparts, averaging 1,600 square feet, and are primarily located in high-traffic urban areas. But the company makes the most of that space—McKee describes his stores' homey room settings as on par with the typical Easyhome design. "Our philosophy is the product is the hero," McKee says. "We present a clean, well-lighted, retail-like environment."

First and foremost on the company's to-do list is to enlist a U.S. software company to design a system for BrightHouse's in-store RTO operations. McKee and Paton are currently discussing system demands with top rent-to-own software providers.

BrightHouse plans to open 30 new stores this year and eventually expand into Eastern Europe.

Like U.S. rent-to-own dealers, BrightHouse has

taken steps to improve the public perception of the industry through its commitment to the community, customer service and marketing of the many benefits rent-to-own offers credit-strapped customers.

"We have changed our philosophy about how we deal with the media," Paton says. "We now can deliver a very positive message about what we do."

No credit checks, flexible payment plans and rein-

In memoriam: Lindsey Semon, RTO's "jack of all trades"

The rent-to-own industry lost one of its most valiant supporters and beloved pioneers June 18 with the death of Lindsey Semon, 54, who most recently served as special projects manager for FlexiCompras.

It seemed as if he was everywhere within rent-to-own over the past 30 years and he affected, at almost every level, the transformation of the industry from a rag-tag group of mom-and-pop dealers in the 1970s into the professional entrepreneurs of today. Semon exhibited an enviable dedication not only to the rent-to-own industry, but to the people who comprised it.

He started out in the industry as an assistant branch manager at Borg Warner, where he helped finance many fledgling rent-to-own companies in the late 1970s. In 1982, Semon, along with partner Wilson Dixon, opened three Piedmont Furniture Rentals stores in Charlotte, North Carolina. Within 10 months of opening their first store, the duo had 1,000 BOR on the street and 63 percent of it was furniture. The duo's gamble that furniture would be a successful addition to the rent-to-own product line paid off and set the stage for a new era of renting industry-wide.

With \$80,000 from Piedmont Furniture and a line of credit from Borg Warner, Semon opened Magic Rentals in 1985 in Mooresville, North Carolina. He added four additional stores to the business before he sold it in 1994.

His experience as a rent-to-own dealer in the 1980s qualified him for dispensing sound business advice in the 1990s as head of RTO Consulting and, most recently, helped facilitate the rapid growth of industry innovator FlexiCompras.

A vigilant supporter of the industry, Semon was a member of APRO since 1983 and served on the APRO Board of Directors from 1991 to 1993. He was a member of the North Carolina Rental Dealers Association from 1985 to 1994.



When the wear and tear of extended business travel took its toll, Semon left RTO Consulting in 2004 to take a year off, spend time with his family and assess his next adventure. A former rent-to-own client, Alan Hunt, now CEO of FlexiCompras, hired Semon to work for his company, which features a novel "kiosk" business model. Semon knew the company would be a success and signed up as a "jack of all trades," managing

special projects, new stores and the company's rapidly growing fleet. He retired from FlexiCompras in May 2008 as a longtime battle with chronic leukemia took its toll. Semon died in his sleep at his Dallas home a month later.

At his memorial service, Semon displayed his selfless concern for others in a posthumous address. During the service, the minister opened a sealed envelope and read a letter Semon wrote for the occasion—words of assurance to his surviving family.

"It was vintage Lindsey," says Larry Tinney, Semon's friend of almost 30 years and himself a rent-to-own veteran. "He got the last word."

Semon is survived by his wife of 34 years, Carol Semon, son Wesley, 25, and daughter Kimberly Semon Gushee, 23.—Murlin Evans

statement options, along with the fact that customers walk away debt-free if they are unable to make payments, are just a few of the benefits BrightHouse uses to expand its customer base. "We are customer obsessed," McKee says.

—Murlin Evans

APRO elects new board members and officers

At the 2008 Rent-to-Own Convention and Buying Show, held August 11-14 in St. Louis, APRO members filled eight available seats on the Board of Directors, re-electing six members and electing two new members.

New board members are Bill Kelly, New Avenues Your Lease-To-Own & Retail Source, Alpharetta, Georgia; and Scott Kinneer, Premier Rental-Purchase, Dayton, Ohio.

Re-elected to the board are Robert Briley, Aaron's Sales and Lease Ownership, Abilene, Texas; Sidney Burton, RTO Ventures, Sault Sainte Marie, Michigan; Tiger John Cleek, Cleek's Lease or Own, Columbia, Missouri; Ron DeMoss, Rent-A-Center,

Dallas, Texas; Richard Rose, BestWay Rent To Own, Norfolk, Virginia; and James Slatton, Buddy's Home Furnishings, Tampa, Florida.

These rental dealers will serve a two-year term on the APRO board.

The new board's first duty at its inaugural meeting in St. Louis was to elect a new slate of officers to the Executive Committee. Tiger John Cleek was elected president. He has been in the business for the past 35 years and has been on the APRO board for 10 years, where he has served as treasurer, second vice president and first vice president.

A driving force behind the Missouri Rental Dealers Association, Cleek helped implement APRO's State Association Committee 10 years ago. He is also active in representing the industry at the federal level and has attended APRO's annual Dave Egan Legislative Conference for the past 15 years.

See page 18 for a profile of Cleek.

Other officers elected in August were: Robert Briley, first vice president; John Raines, second vice president; Larry Goad, secretary; and David P. David, treasurer. Larry Carrico will also serve on the Executive Committee as immediate past president.

All officers elected to the Executive Committee serve one-year terms in those elected positions.



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BRILEY



RAINES



GOAD



DAVID



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Pennsylvania Association of Rental Dealers meeting, Harrisburg Hilton, Harrisburg, Pennsylvania. For more information, contact Sandi Frye 814/949-2300, sandifrye@premierrents.com.

October 12-13

Texas Association of Rental Agencies Southwest Convention and Tradeshow, Sheraton Grand Hotel at the DFW Airport, Irving, Texas. For more information, contact Scott Pospisil at 512/477-1991, scott@association-mgt.com; or visit www.taraontheweb.com.

October 20-26

High Point Furniture Market Fall 2008, High Point, North Carolina. For more information, call 336/869-1000; or visit www.ihfc.com.

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ColorTyme 2009 National Meeting, Embassy Suites and Frisco Convention Center, Frisco, Texas. For more information, contact Rhonda Davis at 972/403-4945, rdavis@colortyme.com; or visit www.colortyme.com.

February 9-13

Las Vegas Furniture Market, Las Vegas, Nevada. For more information, call 888/416-8600; or visit www.lasvegasmarket.com.

February 19-22

Tupelo Furniture Market, Tupelo, Mississippi. For more information, call 662/842-4442 or visit www.tupelomarket.com.

March 22-25

AVB/BrandSource 2009 Summit, Hilton Anatole, Dallas, Texas. For more information, contact Wendy Johnson at wendy@tvplnrs.com; or visit www.brandsource.com.

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A First Advantage Company

eBuzz: RTOHQ's E-Communities

Two years ago, APRO launched E-Communities, an online forum for rental dealers and vendors to exchange ideas and opinions about all things rent-to-own. We urge you to visit the E-Communities at www.rtohq.org; you're bound to find some tips to help you run a better business. Here's a sampling of recent posts:

Has anyone set up their stores as payment centers for local bills—e.g., gas, cable, electric, etc.? We're trying to get more potential customers through the door. What are the pros and cons of setting up a payment center?

REPLY 1: We have had some of our stores set up to take Cricket cell phone payments and are now taking payments for other utilities in all of our stores. We have gotten rentals from customers who come in to pay bills. They see the product every time they pay; so if they have a need, they usually think of us first. One drawback is that customers expect you to be able to solve their problems [specific billing issues] and you have no tools with which to do that. Also, some payments may not process immediately; processing may take a day or two. This needs to be communicated to the customers; let them know that if they are about to lose their power, for example, they should pay in person [directly to the utility company]. Our system requires us to collect a fee, from which we get a percentage, but the payment is not the reason to start doing it. Some companies in town charge nothing—it can be hard to compete if that is the case.

REPLY 2: A lot customers who come into our store to pay their bills do not have checking accounts; they are cash-only customers and, therefore, it does put a lot of cash into the store. There are many different bill-pay companies out there. A way to find out if there is one in your area is to call the gas or electric company and ask where their nearest bill-pay center is; get the phone number from the utility company. Our processing machines do same-day credit if the customer calls a toll-free line and provides the transaction receipt number. If they have questions on their bill, we let them use our phone and call the toll-free number. I believe that payment centers help generate sales. We get a lot of individuals who come in to pay their gas bill, look around and end up getting merchandise. It increases the workload of the store, but it's a great way to get potential customers through the door.

REPLY 3: I have had a bill-pay station in my store for the past two years and, while it brings foot traffic, the

cost is not worth it. It is an accounting nightmare. Plus, there's the time my employees spend taking payments, wasting time on the phone with customer service because of errors in posting and not crediting accounts correctly. Never again!

REPLY 4: I use Budget Prepay. It offers pre-paid home phone service, cell phones, pre-paid cell phone minutes and a bill-pay station. I have been doing it for a couple of years. Customers love that they can pay their bills and make a rental payment at the same time—especially since gas prices are up. It only takes a few minutes to process each payment and we earn money doing it. My rep's name is Richard Hollinger, 717/629-6277, rhollinger@budgetprepay.com. He is available if you have questions or need help.

We offer direct deposit to our employees, but it is not mandatory. We have a relatively high amount of participation, but still have a number of employees who prefer to receive a paper paycheck. Are there some pre-paid debit cards that you are having success with or would recommend to those who are reluctant to establish a bank account?

REPLY 1: I have required all employee checks to be automatically deposited for the past four years. Most payroll companies offer debit-card payment or any check-cashing company can establish a debit card for automatic deposits for those employees who can't open a bank account.

REPLY 2: We make it mandatory. We have a deal set up with all banks and credit unions; an employee can go there at any time and get 100 percent of his money. It saves the spouses coming in for the checks, employees going home or to a bank to cash or deposit a check, etc. The payroll company *does* offer a debit-card system, but we elect not to use it.

EDITOR'S NOTE: While direct deposit is permitted in most states, a few require an opt-out feature, whereby employees can continue to receive payment via paper: California, Delaware, Massachusetts, Oregon, Wisconsin and Wyoming. *



A Day at the Diamond

More than 100 vendors from 30 companies were honored at Rent One's vendor appreciation event June 19 at Rent One Park in Marion, Illinois. "A Day at the Diamond" participants played ball and a silent auction was held to benefit Ronald McDonald House of St. Louis and Big Brothers Big Sisters of Southern Illinois.

1. Rent One owner Larry Carrico presents a \$10,000 check to the Ronald McDonald House of St. Louis.
2. The Imagery Marketing Group team: Phil Brown, Angela Willfond, Terry McLean, Rick Linton, Marty Smith, Brian Beck and Rich Calhoun
3. Going...going...gone!

American Rental gathering is Full-O-Pep

Full-O-Pep/American Rental held its 18th annual gathering July 19 in Nashville, Indiana. Hundreds of employees from the company's 54 stores attended a gala picnic—complete with a mechanical bull, hot-air balloon rides and a multitude of other activities—after a two-day trade show that featured 36 vendors and 60 company managers.

1. Rent-to-own vendors Bill French (O'Rourke Sales), Don Julson (LG Electronics) and Bob Saunders (United Furniture)
2. David and Jennifer Price and Melissa and Jamie Clark
3. Full-O-Pep General Manager—and APRO's current treasurer—rides the bull.
4. American Rental's Kelly Ireland, Les Krinsky (Catnapper Furniture) and Sy Krinsky (Jackson Furniture)
5. Damon Sutherland climbs the velcro wall.



For expanded news coverage and additional photographs of rent-to-own events, visit www.rtohq.org.



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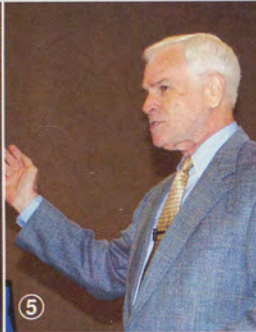
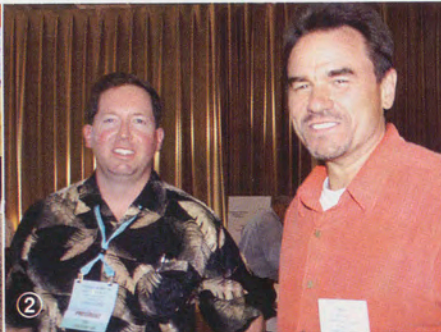
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Heartland of America Regional Trade Show and Seminar

RTO professionals from seven states traveled to Missouri's Lake of the Ozarks June 16-18 for the Heartland of America Regional Trade Show and Seminar. More than 145 dealers met with 66 vendor companies, including 13 companies new to this year's show. Purchases totaled \$1.2 million, doubling last year's record. The event also included fishing and golf tournaments, an awards banquet and seminar speaker Mike Frank.

1. The trade show floor
2. Missouri Rental Dealers Association President Tiger John Cleek Jr. and Trey Payne (Acer America)
3. Mike Cunningham (Rent One)
4. APRO Executive Director Bill Keese and APRO's 2006-08 President Larry Carrico (center) with rental dealer association presidents Tiger John Cleek Jr. (Missouri), Chris Bolin (Kentucky), Steve Braning (Illinois) and Jess Fisher (Kansas)
5. Seminar speaker Mike Frank
6. Bass fishing participants
7. Chris Bolin and Tiger John Cleek Sr.

Rent-A-Center donates \$12,000 to nursing students

In August, Rent-A-Center employees from New York and the company's home office donated \$100 in textbook credits to each of the 120 students majoring in nursing at Clinton Community College in Plattsburgh—a donation totaling \$12,000. Students and Rent-A-Center employees are pictured at right.



Reporting and photographs by Murlin Evans
For expanded news coverage and additional photographs of rent-to-own events, visit www.rtohq.org.

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Midwest RTO Expo

More than 300 attended the fifth annual Midwest RTO Training Expo September 9 and 10 in Columbus, Ohio. Twenty-nine companies were represented from nine states: Indiana, Kentucky, Michigan, Missouri, New York, Ohio, Pennsylvania, Tennessee and West Virginia. The Ohio Rental Dealers Association hosted the event and is sharing booth and registration revenue with other participating state associations.



1. The Expo floor
2. Ohio State Representative Joe Uecker with ORDA President Mike Tissot
3. LG Electronics Don Julson demonstrates the latest television technology.
4. Scott Kinneer at the bowling tournament
5. Dancing, RTO-style

Dan Quinn and James Webber Memorial Golf Outing and Auction

More than 150 golfers participated in the fourth annual Dan Quinn and James Webber Memorial Golf Outing and Auction in Lacey, Washington, on August 21. Proceeds will benefit the non-profit KLQ Education Foundation, which awards scholarships to deserving students. So far, the foundation, created by Quality Rentals' Kevin and Angie Quinn, has given \$70,000 in scholarships.

1. Ted Wilson, Mark Windsor, Dick Eichlin and Kevin Quinn
2. Co-host and chef Kevin Quinn
3. David P. David, Dennis Shields, John Rogers and Bill French
4. Kevin and Angie Quinn host the auction



Reporting and photographs by Murlin Evans

For expanded news coverage and additional photographs of rent-to-own events, visit www.rtohq.org.

Thanks!

APRO would like to thank the following companies for their generous sponsorships at the 2008 Convention and Buying Show, August 11-14 in St. Louis

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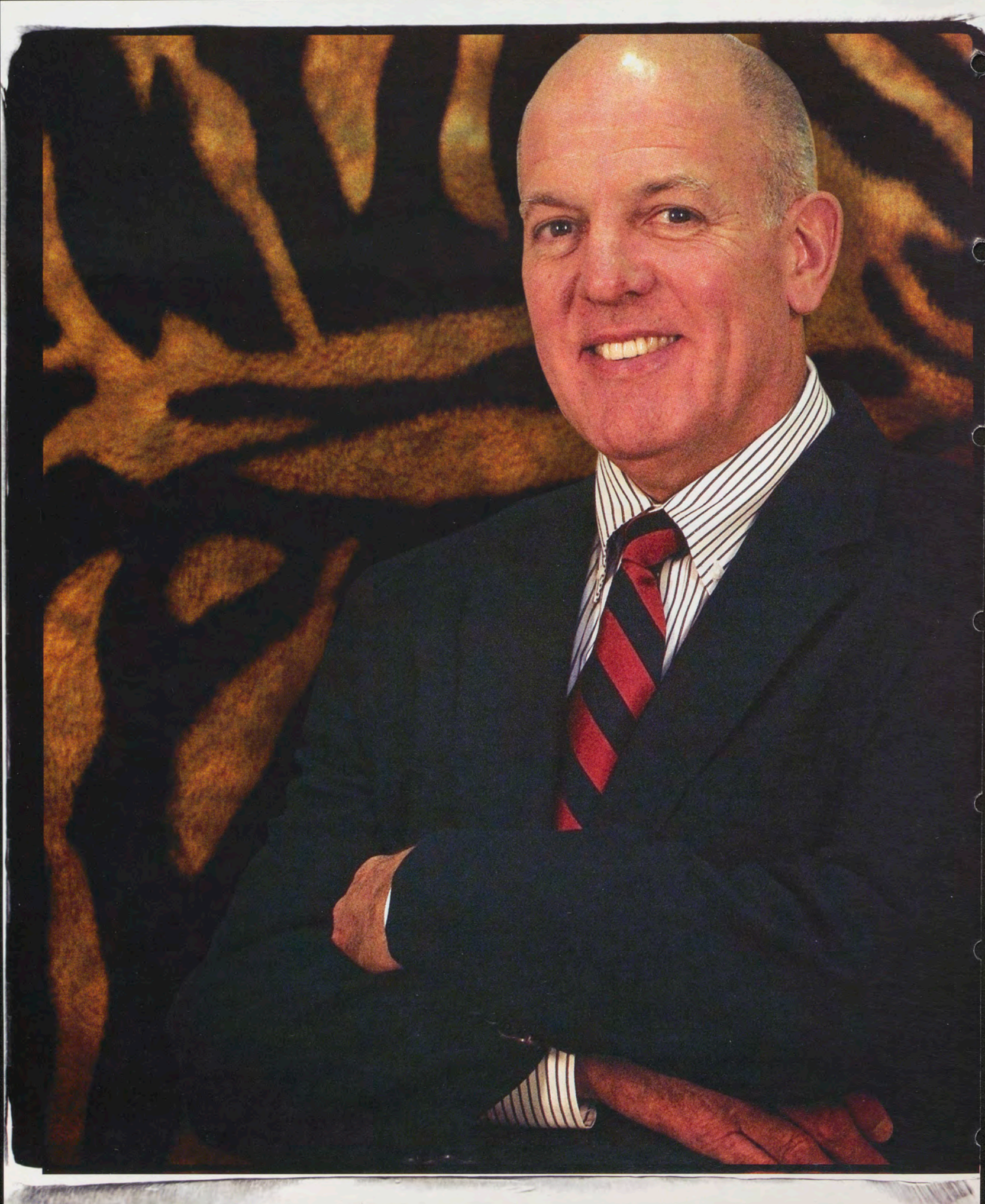
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MEET THE PRESIDENT

A Tiger at the Goal Line

**APRO President
Tiger John Cleek
always picks Mizzou
to win. And this year,
he's betting on a
winning season for
APRO as well.**

By Neil Ferguson

APRO's new president, Tiger John Cleek, has fostered a winning attitude for a very long time. Since 1973, he has projected the scores of his hometown college football team and, without exception, he's forecasted the University of Missouri Tigers to win. Sometimes, the seasons have been bleak, but Cleek has never stopped thinking about winning. Cleek's enthusiasm for Mizzou football is so fierce that it has given him his moniker—and he's passed it on to his son, Tiger Jr., as well.

This August, Cleek was elected president by the APRO Board of Directors at the Rent-to-Own Convention and Buying Show in St. Louis and, just as he's always set his sites high for Mizzou football, he also wants to help APRO score a winning season. He plans to do so with four plays: incorporate the "new guys," keep the "old-timers" active, continue to nurture APRO's grassroots approach in Washington and make the most of the association's communications.

FIRST DOWN: "I want to give new members ownership in APRO," Cleek says. "We can never have too much brainpower." He notes that the APRO Board of Directors is a talented team with committees headed by top-notch talent. But Cleek wants to expand committee participation beyond members of the board and he's pushing to enlist other association members—perhaps those new to APRO or those who haven't considered participating before—to tackle industry issues on various committees: membership, communications, government relations, public relations and state associations, among others. If you're thinking, "Well, maybe I want

to get involved on an APRO committee," visit the association's Web site at www.rtohq.org/apro-committees.html, where you'll find a complete list of committees, contact information for the chairman of each committee, APRO members currently participating and how you, too, can get involved.

SECOND DOWN: Recognize those who have been longtime participants in the game. "We need to let our past board members and officers know that we haven't forgotten them," Cleek says. "There is a wealth of talent—people who have served APRO well over the years—who are still willing to help out." He notes former President Gary McDougal as a shining example. McDougal retired from the industry four years ago, but subsequently was enlisted to nurture RTO's legislative connections. To that end, McDougal helped forge a relationship between the rent-to-own industry and the Congressional Black Caucus, an alliance that has developed to the point where, this year, for the first time, APRO and a number of its member companies were a \$50,000 sponsor of the CBC's scholarship efforts. "Without the support of the CBC, our mission in Washington would fail," Cleek says. "Gary McDougal opened that door." Cleek also cites Kevin Quinn and Wayne Chambers as other APRO legends who continue to aid the industry. "Let's not forget the knowledge and connections of the old-timers," Cleek admonishes, adding, "I can call them that because I *am* one, too!"

THIRD DOWN: Grassroots. "The November 4 election is crucial to our country and to this industry," Cleek says. "We've worked hard with Congressman William Lacy Clay on H.R. 1767 [the Consumer Rental Purchase

“Networking with fellow APRO members is more important than ever. Our members’ willingness to share ideas is beyond anything you’ll see in any other industry—and you can share those ideas without fear of retaliation.”

Agreement Act]. All 99 of that bill’s co-sponsors are up for re-election this year and we need to make sure our friends remain in office.” Cleek is planning a state association conference call in late September to devise an action plan for the fall elections. The call to all state presidents will include an update from APRO’s lobbyists and key strategists. “We’ve learned over the past 15 to 20 years of grassroots efforts that a few people *can* make a big difference—and we want to have a big impact on the November 4 elections.”

TOUCHDOWN: Spread the word. Cleek wants to use communications tools to help with the other three goals listed above: enlist the “new guys” via APRO’s daily e-newsletter, *RTO Today*, keep the “old-timers” in the loop by publishing the *Legends* e-newsletter to inform past board members of the association’s latest activities and, as always, lubricate the lines of legislative communication to keep the grassroots efforts healthy.

Beyond that, he also envisions communication on an even broader scale. Cleek, APRO Executive Director Bill Keese and APRO’s Legal Counsel Ed Winn III have been invited by ColorTyme CEO Bob Bloom to offer a presentation at that company’s January meeting. Keese will talk about the benefits of APRO; Winn will give a preview of the 2009 Legislative Conference; and Cleek will talk about his lifeblood, state rental-dealer associations. “This presentation at the ColorTyme show gives us a great opportunity to spread the word about APRO,” Cleek says. “It’s a great source for acquiring new members.”

Cleek observes that communication within the rent-to-own industry has a unique slant: “Networking with fellow APRO members is more important than ever. Our members’ willingness to share ideas is beyond anything you’ll see in any other industry—and you can share those ideas without fear of retaliation.”

What Cleek wants for APRO echoes themes to which he’s been committed for a long time. He’s lived his entire life in the heart of Missouri, Columbia (population: 100,000), and is an avid supporter of that

community—and, of course, its football team. He’s a major donor to the University of Missouri’s Tiger Scholarship Fund and Extra-Point Club, supports the Central Missouri Food Bank, sponsors three Little League teams and has implemented Tiger John’s Family Land, a program where 50 disadvantaged youth are able to attend each Mizzou men’s basketball home game. In the wake of Hurricane Katrina, Cleek furnished 40 homes in central Missouri for displaced victims of that disaster.

Cleek, who operates nine stores in eight central Missouri communities, is something of a celebrity in that part of the state, due to his charitable contributions and the plentiful television advertising that features him, his son (and business partner) Tiger Jr. and, twice a year, his grandchildren—the fourth generation of Cleeks in the business.

Cleek worked for his father—whose given name was Clifton Elmo, but everyone knew him as “Missouri Mo”—in the family’s mostly retail store until tragedy struck in 1973, when Elmo died in a plane crash returning from a Missouri vs. Iowa State football game. His father meant the world to Cleek; he was Tiger’s mentor and inspiration. In addition to the business acumen he acquired from Elmo, Cleek also inherited his father’s love of football. He attended Mizzou games with his dad regularly starting in 1958 and, over the past 50 years, he’s missed only three home games. Cleek’s father so loved the sport that, on game days, the store was closed for the duration of the game. Elmo also publicized his predictions for each game with the precision of the most avid sports enthusiast. His weekly prescient passion was deemed “Missouri Mo Says...”

Upon his father’s passing, Tiger picked up the tradition and continues it to this day with his “Tiger John Says...” column, which runs in the local newspaper and is posted on Cleek’s Lease or Own storefront window. Good season or bad, Cleek always predicts a Tigers victory. He’s predicting a winning season for APRO, as well. Membership in the association is the highest it’s been in a decade and the new president hopes to energize *all* who care about the rent-to-own industry. He’s definitely a team player. ✱

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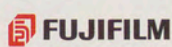


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Aaron's

Ed Winn III takes a look down the roads traveled by rent-to-own's publicly traded companies, Aaron's Sales and Lease Ownership and Rent-A-Center—the titans of the industry with two distinct paths for doing business.



R E N T - T O - O W N ' S T I T A N S

Two roads diverged in a yellow wood
and sorry I could not travel both
And be one traveller, long I stood
and looked down one as far as I could
to where it bent in the undergrowth;

I shall be telling this with a sigh
Somewhere ages and ages hence:
Two roads diverged in a wood, and I—
I took the one less traveled by,
And that has made all the difference.

Robert Frost

Two Rent-to-Own Roads Diverged...

The two giants of rent-to-own, Aaron's Sales and Lease Ownership and Rent-A-Center, have both cut huge swaths through the RTO forest and one would be hard-pressed to choose which of their paths to follow if one were seeking a formidable business model and profits. Both paths are heavily traveled; both companies are multi-billion-dollar conglomerates that have each served millions of customers. Both offer heady success stories of entrepreneurial daring and far-sighted business vision. After all, a lot of smart and resourceful people have divined the business possibilities of rent-to-own; only these two companies have executed on their particular visions to dwarf all other competitors. Today, Rent-A-Center has some 3,500 stores; Aaron's has some 1,500. The next largest competitor does not yet have 100 stores. These two behemoths control as much as two-thirds of the rent-to-own market by any measure: store count, revenues, BOR or customer count. The particulars of these two public companies are readily available in their annual reports.

My, how they've grown

While these two companies are both in the rental business, they have, indeed, taken different paths. Both have been renting things for a long time. Aaron's has been in the rental business since 1955; Rent-A-Center since 1973. Aaron's has followed one charismatic leader for more than 50 years, R. Charles Loudermilk. Rent-A-Center has had a number of powerful and accomplished leaders over its history, beginning with Tom Devlin in the 1970s. Devlin sold his company to Thorn EMI, a British conglomerate. Ernie Talley and Mark Speese started a rental company in the late 1980s, Vista, later to become Renter's Choice, and that company later bought Rent-A-Center back from the Brits. Notable leaders in those companies over the years include Devlin, Talley, Speese and Bud Gates.

Detailed histories of these two companies have been chronicled elsewhere (visit www.fundinguniverse.com/company-histories). Each has enjoyed scintillating highs and suffered debilitating lows over the decades. They arrived at their respective summits in the rent-to-own industry by very different routes. Rent-A-Center grew in large part by acquisitions. Looking back, Rent-A-Center was the chief consolidator of a fragmented industry during the '80s and '90s. In less than four years, for example, Rent-A-Center purchased 910 RTO stores in 43 separate transactions (1995: 207 stores, 1996: 408 stores, 1997: 81 stores and 1998: 219 stores).

And while it has been quick to take advantage of attractive acquisition opportunities itself, Aaron's, on the other hand, has grown mainly through opening company stores and franchising. Aaron's has aggressively marketed its franchise program through a variety of avenues, including bold earnings claims ads in *The Wall Street Journal*. Rent-A-Center has a franchising arm, ColorTyme (a wholly owned subsidiary) and that has contributed to the Rent-A-Center store count. ColorTyme franchisees are more independent than Aaron's franchisees and ColorTyme is less integrated into the Rent-A-Center system; it was, after all, independently owned and operated as a franchise system from the 1970s until 1996, when Rent-A-Center acquired the chain.

Different roads to success

Rent-A-Center's rent-to-own business is the traditional one, originated by the Talley brothers in Wichita, Kansas, back in the 1960s. Tom Devlin worked for Ernie Talley and adopted the original version of rent-to-own with only slight modifications in product quality and customer service. Eighty percent or more of Rent-A-Center customers pay weekly, with rent-to-own terms of 78 to 104 weeks. Store size runs, ideally, around 4,500 square feet and store revenues average

Both Aaron's and Rent-A-Center have to take into account the success of the other when developing long-range strategic plans. They have occasionally butted heads over advertising claims and other issues. However, that competition has surely made these two companies better and the industry as a whole has also benefited. Competition makes for innovation and even the more traditional Rent-A-Center keeps improving on the weekly business model to challenge that segment of the industry.



\$70,000–\$80,000 per month, managed by five to six employees per store. The Rent-A-Center business model is the very definition of rent-to-own. When the business is described by friend or foe alike, the description is, most often, how Rent-A-Center runs its business.

The Aaron's model was not developed until 1989. Before then, Aaron's focused on the rent-to-rent business—residential and office furniture primarily—but the undeniable success of the rent-to-own concept pushed Aaron's inexorably in that direction. Aaron's may be in the rent-to-own business from a strictly legal point of view, but from a marketing point of view—which is how it presents itself to the public—it is in the sales-and-lease-ownership business.

For decades, the rent-to-own industry struggled to differentiate itself from retail, refuting the claims of consumer advocates that there was really no difference and that RTO should be regulated just like retail. Aaron's developed and began to exploit its lease-ownership concept when the rent-to-own versus retail legal battle had largely been won. The rent-to-own industry had persuaded regulators, at the state level anyway, that RTO and retail were fundamentally distinct ways of doing business and that RTO needed to be regulated differently from retail—and thereafter it was. The safe legal harbor that the industry so painstakingly dug for itself, state by state, all during the 1980s and early 1990s created a new environment for the industry, allowing Aaron's to come out with a program that rubbed right up against retail notions and gave its rent-to-own business a different look and feel.

Aaron's stores are larger than traditional RTO stores—9,000 square feet or so. Average monthly revenues regularly run into six figures with five to six employees per store. The reason that Aaron's stores can generate more revenues with the same number of employees is that 80 percent of the Aaron's business is monthly.

Weekly or monthly?

Chuck Sims, founder of Remco and one of rent-to-own's pioneers, championed collecting payments from customers monthly—having tried both weekly and monthly plans. He argued that if you only have one-quarter as many encounters with the customer each month that involve getting your payment, then you have one-quarter as many chances for something to go awry with the relationship. You can expand to bigger stores and you have an easier business to run.

The traditional rent-to-own philosophy concerning payments has always been that the transaction appeals most strongly to customers who are credit-constrained for one reason or another. They may be too new to the market to have established credit. They may have ruined their credit through improvident life choices or bad luck. They may have used up

all of their available credit on other purchases. Some customers do not manage their finances responsibly and the sentiment was that, if certain customers were unable to come up with \$100 to make a monthly payment, the industry would accommodate them by its willingness to accept \$25 every week—figuring that is an amount customers *can* come up with, since that is how they are getting paid. The industry responded to customer demand for weekly payments and today collects \$4 billion to \$5 billion per year in weekly payments.

The Aaron's philosophy is this: since people have to pay some bills by the month, no matter what—rent, utilities, and the like—they can be persuaded to make monthly *rental* payments for their televisions and furniture. The difference in store traffic, among other things, between weekly and monthly businesses is huge. In a store with 500 customers, it is the difference between having employees collect and process 500 payments versus 2,150 payments. The carpets wear out more quickly in a weekly store. So do the collectors.

While some people can be persuaded to pay monthly, not everybody can—thus, the continued staying power of the weekly business that still makes up two-thirds or more of the rent-to-own industry, overall.

Aaron's has also tinkered with the RTO term, showcasing its “12-to-own” program, which rippled through the industry that historically had only offered 18-month or 24-month deals for 30 years.

Competitive fire

Make no mistake, these two companies are vigorous competitors. Each has to take into account the success of the other when developing long-range strategic plans. They have occasionally butted heads over advertising claims and other issues. However, that competition has surely made these two companies better and the industry as a whole has also benefited. Competition makes for innovation and even the more traditional Rent-A-Center keeps improving on the weekly business model to challenge that segment of the industry. Both companies are beginning to diversify. Rent-A-Center is adding payday loans to some of its rent-to-own stores and Aaron's has opened a fledgling chain of wheel-and-tire rental stores called Rimco. It may be the size and shape of the rent-to-own industry itself that is allowing both of these giants to grab and hold such significant shares of their markets. They are both very good at what they do. If the next 10 years in any way parallel the past 10 years, both Rent-A-Center and Aaron's are poised to become modern American success stories, even beyond the levels that they enjoy today. *

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





RENT-TO-OWN'S TITANS

Rent-A-Center: Flexible and Flourishing

**America's largest
rent-to-own company
is going strong,
thanks to flexibility
and community
connections.**

**By Kristen Card
Photographs by
Sean McGinty**

Rent-A-Center has been all about flexibility from the get-go. Even the company's rather complex history illustrates its ability to not just survive, but thrive in the face of continual changes in ownership and leadership—and some gigantic growth spurts.

See whether you can keep up: The Rent-A-Center brand name was originally launched in 1973 in Wichita, Kansas, by Tom Devlin, who sold the business to British conglomerate Thorn EMI in 1987. Just a year earlier, in 1986, Mark Speese left his job with the original Rent-A-Center to launch his own rent-to-own venture, Vista Rent-To-Own. Three years later, in 1989, Ernie Talley bought a controlling interest in Vista.

Here's what followed:

1993: Acquisition and merger of 84-store Renters Choice, which became the new company name;

1995: \$25-million going-public fundraiser and the acquisitions of 72-store Crown Leasing and 135-store Pro Rental;

1996: Acquisitions of 320-store Color-Tyme and 88 other stores through 20 separate transactions, as well as the opening of 13 new stores;

1997: Acquisitions of 71 stores through 18 separate transactions and the opening of 10 new stores;

1998: Quantum leap made possible by the acquisitions of 176-store west coast Central Rents and the 1,400-store Rent-A-Center chain Thorn had been developing for more than a decade. The business adopted the Rent-A-Center name and became the largest rent-to-own chain in the industry.

In 1999, Speese semi-retired from his position as president and chief operating

officer of the company, staying connected to Rent-A-Center as a board member and shareholder only; Mitch Fadel took the reins as company president. Six months later, Speese returned to work part-time as vice chairman; 18 months later, he re-semi-retired. But when Talley chose to really retire due to health issues in late 2001, Speese accepted the more-than-full-time job of board chairman and chief executive officer, with Fadel continuing to serve as president and chief operating officer.

Today, Rent-A-Center's leadership and ownership have settled into a successful groove. With Speese and Fadel still at the helm, the company is America's biggest rent-to-own chain, with more than 3,050 stores located in every U.S. state, Washington, D.C., Puerto Rico and Canada. And the one key component that has been completely consistent since the company's inception is still its defining characteristic: its business model.

Considered by most within the industry to be the quintessential rent-to-own archetype, Rent-A-Center's business model is straightforward. "It is the model most followed in RTO," explains Fadel. "We offer flexible payment plans—either weekly, semi-monthly or monthly—for high-quality furniture, electronics, computers and appliances. There are no down payments or deposit, no obligation, no credit hassles and no extra charges for delivery or service. All the options are with the customer: they can buy it for a competitive price through our 90-days-same-as-cash program; they can exercise an early-purchase option anytime after that; or they can simply fulfill their contract and own the merchandise that way. It's a quick and easy way to get the things you want, with



lots of options for the customer as the basis of the program.”

This flexibility for customers is what both Fadel and Speese see as one of the main differences between Rent-A-Center and industry rival Aaron’s Sales and Lease Ownership.


“They don’t have as much payment flexibility,” Fadel says. “Our weekly and monthly prices are very competitive with theirs, though the term may be a little longer on brand-new product at RAC. Over the life of the agreement, you might pay a little more at RAC, but your options are much greater.”

“I think the biggest differences between [Rent-A-Center and Aaron’s] are the flexibility of our payment plans, the size of our stores—their footprint is about twice the size of ours—and, to some extent, our consumer base,” Speese adds. “Because we offer the weekly pay option, by default we’re at-

tracting a little different type of customer. We’ve got a lot of overlap of customers and locations, but I think Aaron’s is pursuing a higher-end consumer. I’d say the upper 30 percent of our customer base is their lower 30 percent.”

Flexibility makes an undeniable difference for franchisees, too, according to Bob Bloom, president and CEO of ColorTyme Rent-to-Own, Rent-A-Center’s franchise arm. Today, there are 215 ColorTyme stores nationwide, with another eight expected to debut by year’s end. They’re owned by 77 franchisees; 51 of them have no more than two stores.

“ColorTyme is the entryway for one- to two-store operators to realize their dream of building 15 to 20 stores,” Bloom says. “We let them have all the benefits of having a large corporation behind them—with Rent-A-Center’s pur-



chasing power, product service and financial guarantees—while keeping the entrepreneurial spirit. We do all we can to let franchisees operate within the brand's framework, while giving them the independence to be locally owned and operated. ColorTyme exists to help small-businesspeople realize their dreams."

Bloom says operating under the ColorTyme name, rather than the Rent-A-Center banner, gives franchisees more freedom, beginning with store location. New franchisees' selection of where to set up shop is limited by only the 215 other ColorTyme stores; they're welcome to build in the same service area as a Rent-A-Center and frequently do. While

"Our business is very much about relationships," Speese says. "Retail is extremely transactional; you might go into the store and buy an appliance maybe once a decade. But especially with our weekly payment plan, we see the same customers over and over again, and we develop relationships with them. As corporate citizens, we have a responsibility to give back to the communities who give us their business."

Rent-A-Center is deeply involved with five national non-profits: America's Second Harvest, Big Brothers Big Sisters of America, Boys and Girls Clubs of America, Junior Achievement and the Make a Difference

Speese: "We see the same customers over and over again and we develop relationships with them. As corporate citizens, we have a responsibility to give back to the communities who give us their business."

Mitch Fadel

ColorTyme franchisees can leverage Rent-A-Center's billion-dollar purchasing power, they're also free to carry merchandise unique to their own stores and to set their own pricing. And ColorTyme franchisees can also use as much or as little of ColorTyme's corporate marketing support as they like.

"Our Web site is an excellent example of the flexibility we provide our franchisees," Bloom continues. "If you go to www.ColorTyme.com, you're encouraged to enter your ZIP code to find the store closest to you, then you can click through to that store's individual site. Each piece of merchandise that store carries is right there with the weekly price, as well as its own marketing materials. We pay for the development and maintenance of the Web site, which requires a level of sophistication the average small-business owner can't accomplish on his own. Our franchisees enjoy the independence and flexibility we offer each individual; it's why we call it 'Your Hometown ColorTyme.'"

Preserving the mom-and-pop feeling of a neighborhood store by nurturing the connection between company and community is another integral element in Rent-A-Center's identity.





Bob Bloom

Scholarship. Rent-A-Center is also currently auditioning a new giving program, Random Acts of Caring (using the company monogram RAC), in which the company performs a sizeable yet anonymous good deed. For example, during Nurses' Week, Rent-A-Center retrofitted the whole nurses' lounge at a Harlem hospital.

ColorTyme supports its own national nonprofit, Kids Across America, while urging franchisees to find a need they can help meet within their locations' communities, too. This concentration on community connection through charitable contribution is a significant strength for Rent-A-Center and ColorTyme, Bloom notes. And, he adds, bring on the competition.

"The real test is time. ColorTyme has been franchising rent-to-own stores for 29 years; nobody else can say that," Bloom asserts. "We've built more than 130 new franchise stores over the past five years; nobody's attracted more new franchisees into the industry. We've been far and away the innovators and leaders in bringing small-business owners to RTO."

A couple of the company's latest innovations and paths of growth are wheel-and-tire rent-to-own via RimTyme—stand-alone stores under the ColorTyme umbrella—and payday loan services. Almost 40 ColorTymes have payday loan services up and running within their stores.

"Payday loans are a good product," Bloom says. "It gives our franchisees another revenue stream and lets them serve the same communities and the same customers, while further helping the cash- and credit-constrained consumer."

Expanding their offerings toward financial services—including short-term loans, check-cashing, money transfers and other conveniences—is one way Speese and Fadel are also seeking to extend Rent-A-Center's reach.

"We've got about 325 financial services kiosks already in stores, with another 100 expected to be operational by year's end," Fadel forecasts. "As for continuing growth, according to our estimates, we can open up about another 500 U.S. stores before we hit full market penetration here in the states. We're considering growing our Canadian presence and we're analyzing the markets elsewhere, but in the meantime, we'll continue to open 25 to 50 new stores a year here in the U.S."

"People see us as a giant," Fadel adds, "but we're not a sleeping giant. We're as excited about the industry and its future as we've ever been." ✱

Kristen Card is a freelance business writer based in Austin, Texas.

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R E N T - T O - O W N ' S T I T A N S

Aaron Rents: Different by Design

For more than half a century, Charlie Loudermilk has guided the Aaron's business model—and throughout all those years, his company has never stopped reaching beyond the conventional.

**By Kristen Card
Photographs by
Tom Wallace**

It was August in St. Louis and Aaron Rents Chairman R. Charles Loudermilk stood before almost 500 of his professional colleagues to receive the industry's greatest honor, the Association of Progressive Rental Organizations' 2008 Lifetime Achievement Award. Having begun his rental career 53 years ago with an answering machine and 300 folding chairs, Loudermilk definitely qualifies for the "lifetime" part. And having built a \$1.4-billion rent-to-own empire with more than 1,550 stores in 48 states and Canada that have served over a million customers, he's got the "achievement" part pretty well covered, too.

Loudermilk's leadership has, without a doubt, been instrumental in the unique direction Aaron's has developed since its 1955 inception. If Aaron's follows the beat of a different drummer, then that drummer is Charlie Loudermilk—and he plays a heck of a rhythm. He took his one-man rent-to-rent operation from party and health-care rentals to an extremely successful office rentals business, which went public in 1982. Five years later, as the rent-to-own industry began to blossom, Loudermilk thought Aaron's should give it a go.

"Charlie asked me to launch this new concept and I figured he was trying to get rid of me," remembers now-Chief Operating Officer Ken Butler, who has been with Aaron's since 1974. "Charlie told us just to copy Rent-A-Center at first, so we developed a comparable program with a weekly payment schedule. As we tested the market, we found everybody in rent-to-own was doing it the same way, which shocked me. So we opened up a store and we were like 12 other RTO stores up and down the street, with the

customers just going from one to the next, with little to no loyalty."

To both Butler and Loudermilk, it seemed that diverging from the accepted model might yield better results. They began to transform the paradigm, beginning with the payment schedule.

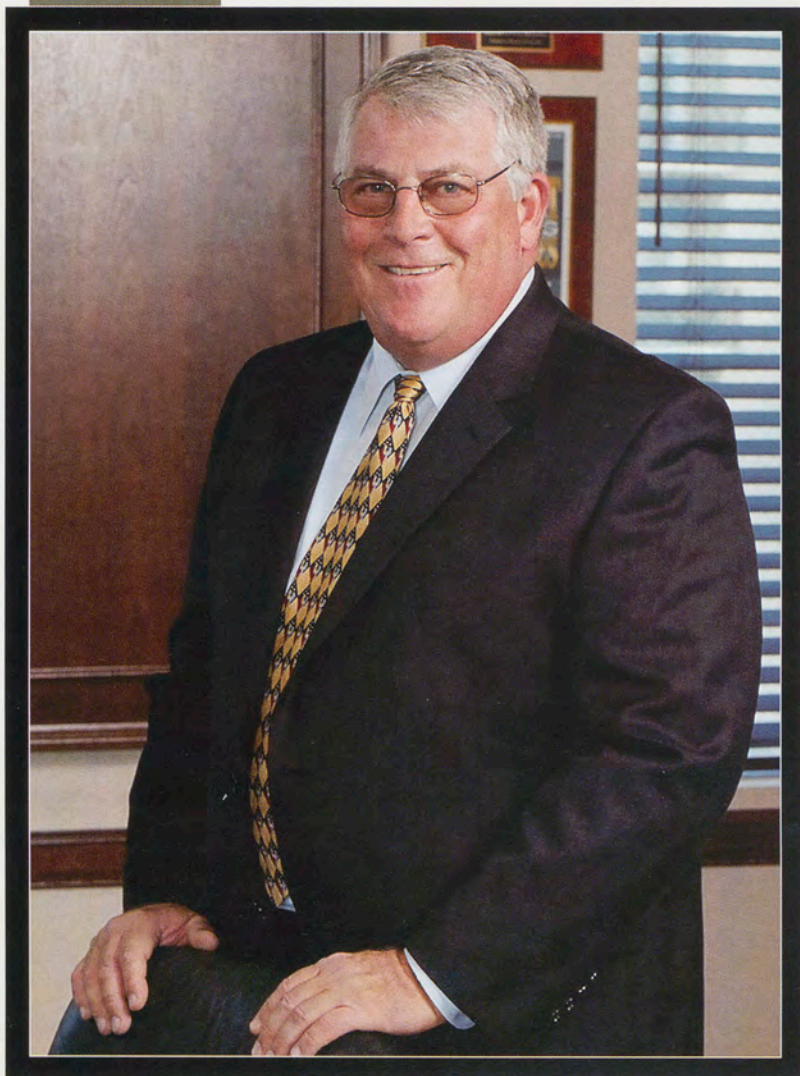
"I came from monthly-pay rental roots," Butler notes. "Customers were paying all of their other bills by the month, but had to pay for their TV by the week? It just made no sense, so we switched to a monthly program. But the biggest change happened a few years later. Charlie came to me and said, 'Why don't we try to do something with a 12-month program, rather than 18 or 24 months?' Well, we experimented with it in a few stores and every one of them, within six months, began to airlift—our deliveries were more, our returns were less and it was a payment plan customers really loved. We called it "Twelve-To-Own."

And so Aaron Rents began to separate from the traditional rent-to-own model and, in many ways, has been distinguishing and distancing itself, its products and services from the rest of the industry ever since. Among the main motivators for differentiating Aaron's within the marketplace has been less-than-glowing public perception of the industry in the past.

"When I first encountered the rental-purchase concept, I said, 'This is the wave of the future,'" Loudermilk remembers. "People who don't have credit still need a refrigerator; they're going to get it somewhere and I think we can do that. But we have to do it legitimately, so all of us can sleep at night knowing we have helped people, rather than duped them out of all the money we can grab."

"We had customers who asked us to park our trucks down the street so the neighbors couldn't see them; they were embarrassed to have people think they were renting-to-own," Butler affirms. "For whatever reason, it's still more socially acceptable to lease something than to rent-to-own it. So in our company culture, we try not to even say the word 'rent.' We changed the name of our rental-purchase division to Aaron's Sales and Lease Ownership and no one asked us to hide our trucks from the neighbors anymore. We moved away from the traditional model and tried to focus on what was fair to the customer and a fair deal for Aaron's—it's our responsibility to find a way to make money in-between."

Ken Butler



Today, rival Rent-A-Center sustains as the epitome of the traditional rent-to-own business model, while Aaron Rents stands in strong contrast—a difference that's most apparent within three areas. One: Aaron's offers primarily monthly payments, rather than weekly; two: Aaron's has much larger stores (8,000–10,000 square feet vs. 4,000–5,000 square feet) and therefore, a much larger product selection; and three: Aaron's provides customers with a lowest-price guarantee.

"We own nine manufacturing facilities under MacTavish Furniture Industries, making about one-half of our furniture, plus mattresses and home accessories for us," Loudermilk says. "We also have 19 distribution centers, delivering merchandise quickly to our stores. So running one of our stores is easier—you've got only one collection a month, rather than four, and readily available inventory."

The numbers tell the story: while Rent-A-Center has about double the number of stores as Aaron's, Aaron's total net income for last year was \$80 million, while Rent-A-Center netted \$76 million total.

Numbers also make a difference when it comes to the two giants' franchise programs. Aaron Rents' Vice President of Franchising Todd Evans adopts a rather philosophical attitude about Aaron's competition in ColorTyme Rent-to-Own, Rent-A-Center's franchising arm, but notes that when it comes to the bottom line, Aaron's stores are simpler and more profitable to run.

"The ColorTyme business model is a good model. It works; it's profitable," Evans says. "Aaron's business model is just a different successful model. The best analogy is McDonald's—when you go into a McDonald's, you don't know whether it's a company store or a franchise; there should be no discernible difference. That's the mark of a good franchise. Consumer expectations are consistently fulfilled. Because ColorTyme is its own brand, they might offer a little more flexibility for franchisees in their system than we do in ours. But their average store



Loudermilk:

“People who don’t have credit still need a refrigerator; they’re going to get it somewhere and I think we can do that. But we have to do it legitimately, so all of us can sleep at night knowing we have helped people, rather than duped them out of all the money we can grab.”

nets about half of the net revenue of our average store.”

Another difference between the pair of programs is what type of businesspeople they pursue to become franchisees. While almost half of ColorTyme franchisees own only one or two stores, Aaron’s courts higher net-worth individuals with the drive to deliver the “Aaron’s six-pack”—six stores, initially. Again, the data’s in the digits: Aaron’s, which began franchising in 1992, currently has almost 500 franchises, with another 285

slated to be up and running within the next three years; ColorTyme, acquired by Rent-A-Center in 1996 with 320 stores, now has 215, with eight more expected by year’s end.

As many within the rent-to-own industry search for new products and services with which to build their business, Loudermilk largely dismisses the need for diversification. Aaron Rents’ innovation within the industry is already evident, he says—witness the company’s retail/rental-hybrid business model, manufacturing arm and an astutely

lucrative relationship with NASCAR racing. “Frankly,” he says, “we’re busy enough with what we’re doing that we don’t need to continually get into something else.”

The company is sampling the wheels-and-tires lease-purchase business through its Rimco stores. Currently, there are 30 company stores and eight franchises open, with another 10 franchises committed to opening over the next few years.

That’s a dainty dewdrop in the behemoth bucket that is Aaron Rents. According to Loudermilk, 2008 might look like a slow-growth year for the company; but, he says, it’s all part of the company’s growth/profit cycle.

“Last year, we set a goal of opening up 300 stores, which we met,” notes Loudermilk. “But by the end of it, we had outgrown our management and our ability to run some stores profitably. So at the beginning of this year, I made the decision for us to slow down and concentrate on profit. We’re doing it and it’s paying off. Next year, we’ll focus on new store openings again and cycle around.”

Butler believes sustaining substantial growth is definitely possible, not just for Aaron’s, but for the rent-to-own industry

Butler: “If you shop the competition across the country today, it looks 10 times better than it did 15 years ago and we like to think Aaron’s had something to do with that.”

overall—as long as it continues to work as a whole toward improving its public image.

“I see more and more operators trying to emulate what Aaron’s has done, some maybe doing it better,” acknowledges Butler. “If we create competition to make each other better, then that’s good. And if you shop the competition across the country today, it looks 10 times better than it did 15 years ago and we like to think Aaron’s had something to do with that.”

“If we, as an industry, do a good job, then I believe our market is fully 50 percent of the American population,” he asserts. “I be-



Todd Evans

lieve there are many more people out there to serve who right now won’t come into an RTO store for a variety of reasons. The more attractive we can make our proposition, the more we can extend the market and the more we may be able to prosper.”

As Aaron Rents looks forward to a future of continuing success, the obvious question still comes up: With their trailblazing pragmatist of a leader now 81 years old, what will life after Charlie look like at Aaron’s? The answer is as straightforward as the man himself.

“My son [Robert Charles Loudermilk Jr., nicknamed Robin] is now our CEO,” Charlie Sr. says. “I’m shifting pieces of the business over to him and we’ve got one of the best, most well-established management teams in the country. We’re making a smooth transition. But the doc says I’m in good shape for the shape I’m in; I’ve got no interest in retiring.” ✱

Kristen Card is a freelance business writer based in Austin, Texas.

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John Blair and Robby Tyson



CM Jewelry Sparkles

Robby Tyson and John Blair have created a gem of a business with affordable, profitable and ready-to-run jewelry programs for rent-to-own.

By Kristen Card

Robby Tyson and John Blair make an unlikely pair of business partners. Tyson is a career jewelry guy with a slow Southern drawl and a talent for turning ideas into realities. Blair is a fast-talking former Marine with an executive background and a talent for teaching others how to sell.

They share one essential quality: decades of experience in rent-to-own. Together, they're leading the industry's largest jewelry supplier. Atlanta-based Classic Models Jewelry Manufacturing, or CM Jewelry (www.cmjmf.com), currently services more than 1,000 rent-to-own stores nationwide and Tyson and Blair are aggressively expanding the company.

"We're a single source to meet all your jewelry needs," company President Tyson says. "We go into your store and set up a complete, turnkey jewelry department. And we're a true manufacturer; we specialize in creating classic models, award jewelry and custom pieces."

Tyson has done everything in the jewelry business, from diamond sorting and grading to sales and marketing. He launched CM Jewelry last year with sisters Susan McKinnon and Sherron Shaw of ABS Artistic Jewelry, with whom he had a working history; the women now do CM's design and manufacturing. Blair, the firm's vice president, spent a total of 25-plus years as an executive with Broyhill Furniture Rentals and as executive director of TRIB Group, the country's largest rent-to-own buying cooperative. He and Tyson met while Blair was with TRIB Group and Tyson was vice president of sales and marketing with jewelry manufacturer and supplier Jerry Bogo Co. They find their jewelry expertise and rent-to-own experience make a valuable combination.

"We understand jewelry is an add-on product in the RTO industry," Blair says. "But it's also extremely profitable merchandise, because no matter how long it may be in your case or how long it's rented out, it doesn't depreciate. It also requires no additional personnel, not much showroom space and no delivery charge." Additionally, CM Jewelry has a return-for-credit policy—75 percent of original value for the first year and 65 percent the second year—for items that have been rented or sized. The dealer can return the piece and put the credit toward the purchase of another piece of jewelry—the only product in the industry dealers can return for credit.

As jewelry's popularity as a rent-to-own product develops, Blair and Tyson believe CM Jewelry programs are exceptionally effective due to their unique understanding of their customers, their customization of programs and products and the ease and support they provide to dealers.

"We offer live and non-live programs," Tyson explains. "A store can launch a non-live program for less than \$1,000. We conduct demographic studies around the store's location, so we can make sure we've got the right product mix for that store. And the dealer chooses what the showcase looks like."

"We provide all the sales training you need," Blair adds. "We help store personnel understand the importance of making sure the jewelry display is clean, neat and professional—but that they must take items out and put them on the customer, so that they can see it; that's 90 percent of your sale, done. Dealers who put themselves fully behind the product and are successful can add up to 12 percent to their revenue."

Continued on page 52



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APRO'S 2008
RENT-TO-OWN CONVENTION
AND BUYING SHOW

St. Louis Connections

It was an APRO Convention and Buying Show filled with surprises: U.S. Ambassador Andrew Young secretly flew in from Atlanta to honor his longtime friend, and this year's Lifetime Achievement recipient, Charlie Loudermilk; former APRO President Darrell Tissot travelled from Ohio to surprise his son Mike with the President's Award of Excellence; the Buying Show saw record-breaking purchases—in a year that's seen a considerable economic downturn; the cocktail party at St. Louis' City Museum had surprises around every corner (some were surprised they didn't get lost in there forever!); and Benefit Marketing's Susan Matthews was pleasantly caught off-guard when her name was announced as Vendor of the Year—thus her delightfully startled expression on the facing page.

What wasn't a surprise at this year's big event was this: we learned, we networked, we dined well, many of us bought some inventory—and all of us laughed. It was a blast; no surprise there. APRO's Convention and Buying Show has long been considered the must-attend happening of the year. Here are some highlights for those who attended; and for those who did not, an enticement to mark next year's show on the calendar now.



RECAP AND PHOTOS
BY NEIL FERGUSON AND
MURLIN EVANS



1. Susan Matthews. 2. The lead singer for the band My Own Medicine, which performed at the Gala Cocktail Party held at St. Louis' City Museum. 3. Ellison and Lauren Crider. 4. Congressman William Lacy Clay. 5. Awards Banquet emcee Guy Phillips queries Cynthia Baber-Strunk. 6. Dan Helton. 7. Phillips with trivia contestant Richard Bergman. 8. Keynote Ross Shafer. 9. Charlie Loudermilk, Gopal and Tulasi Reddy and U.S. Ambassador Andrew Young. 10. Darrell and Mike Tissot.



Golf



Above left: The winning team at the Joe Eason/Tom Kitchens Golf Tournament: Mark Windsor, Dick Eichlin, John Spangle and Ernie Lewallen. Above right: Congressman William Lacy Clay and APRO's outgoing President Larry Carrico at the tournament.

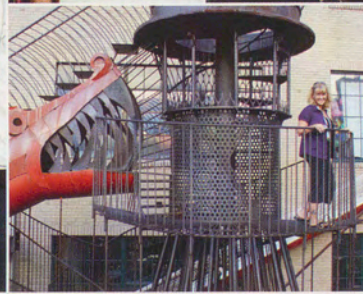
APRO 2008: Highlights

- ▶ **U.S. Representative William Lacy Clay**—lead sponsor of H.R. 1767, the *Consumer Rental Purchase Agreement Act*—addressed attendees during the general session. “One of the things I am most proud of is our success in advancing the vital interest of the rent-to-own industry,” said Clay, who represents St. Louis and surrounding areas in Congress. “Your decades of hard work are paying off. I’ll always do my best to protect what really matters to you.” He reported that he is working with Representative Barney Frank, chairman of the House Financial Services Committee, on 1767, which now boasts 99 co-sponsors from both sides of the aisle. “The rent-to-own transaction is the most commonly used consumer transaction that lacks definition,” Clay said. “It will become even more important in the population during this economic downturn.” Clay also participated in the Joe Eason/Tom Kitchens Golf Tournament, held at Quail Creek, where he and his teammates Larry Carrico, Dwight Dumler and Gary Romine, did well as fifth-place team.
- ▶ The **RTO All-Industry Roundtable** featured a wide range of discussions: community involvement, industry trends, legislative issues and APRO’s 2009 Convention and Buying Show co-location with AVB BrandSource’s Convention and Buying Fair, to name a few. The majority of the 300 participants were independent owners with three to 12 stores and had been in business more than 20 years. Check APRO’s E-Communities at www.rtohq.org to download a PDF of all the topics discussed and the responses recorded.
- ▶ APRO hosted a spectacular gathering at **St. Louis’ City Museum** during the convention. The building itself is a work of art, built from objects “found” within the city’s borders. It was easy to get lost while networking, playing, dancing and exploring within the 600,000-square-foot facility, which was formerly the International Shoe Co.

“The rent-to-own industry really plays a valuable part in our country. You make it possible for people to rent and own the American way of life. It’s a testimony that we have made free enterprise and democracy not only work for the rich and middle class, but for poor people as well. Thank you for your industry.”

—U.S. Ambassador
Andrew Young

City Museum Party



1. Sharon and Larry Carrico with Dave Phillips. 2. Jamie Slatton, Susan Matthews, Dan Matthews, Robby Tyson and Mike Tissot. 3. Rent One's Kris Lowe, Lori McGovern, Mike Thompson, Lori Glidewell, Rhonda Ray, Murray Beck, Donna Fally and Elvis Riley. 4. Jeff and Shelley Loeb. 5. Stainton McArthur, Kathy Carlson, Ted Jarnagin, Jessica and Mike Martin. 6. Christi Smith and Al Benson. 7. Brad Denison with Debby and Bill Keese.



All-Industry Roundtable



Above: Tiger John Cleek Jr. and Tiger John Cleek offer some insight at the Roundtable. Right: Roundtable moderator Tom Krapu.





General Session



1. Keynote Ross Shafer.
2. Congressman William Lacy Clay.
3. RTO Customer of the Year (not present) went to Mike Tissot's customer, Kimberly Royal. Sidney Burton presented the award to Countryside's Tissot and Greg Martin.
4. APRO's first scholarship recipient, Penny Wyatt, center, was congratulated by Larry Carrico and her employer, Gary Romine.
5. Tiger John Cleek presented the Most-Improved State Association award to Illinois, represented by IRDA President Steve Braning.
6. RTO Employee of the Year Bill Tennison, right, with his employer, Cindy Boyers, and APRO Public Relations Committee Chairman Sidney Burton.



President's Reception

Among those recognized at the President's Reception were attendees of APRO's 2008 Legislative Conference held this past February.

Buying Show



“This is a record-breaking year. We certainly appreciate all the dealers who came out to purchase for their fourth quarter and all the vendors who brought out such great deals to the show floor. Dealers and vendors alike report this to be one of the best shows in APRO history.”

—APRO Executive Director Bill Keese

APRO 2008: Highlights

- ▶ Buoyed by exclusive specials and the highest attendance in two years, rent-to-own dealers purchased more than \$19 million worth of products over the two-day **APRO Buying Show**. The total, which exceeds last year's record-setter by almost \$1 million, was achieved despite cutting a day off the annual buying show.
- ▶ **Rental Advertising Excellence Awards** recipients were announced at the convention and the winning entries were on display in the exhibit hall during the buying show. RAE Awards represent the finest rent-to-own advertising and marketing over the past year. For a complete list of winners, visit www.rtohq.org.
- ▶ Bill Tennison of Heartland Furniture and Appliance in Doniphan, Missouri, was named APRO's **2008 RTO Employee of the Year**. The **2008 RTO Customer of the Year** went to Kimberly Royal, a loyal patron at Mike Tissot's Rent-2-Own store in Ironton, Ohio. The first **APRO Scholarship** was awarded to Penny Wyatt, who works for Gary Romine's Show-Me Rent-to-Own in Farmington, Missouri.
- ▶ Comedian Ross Shafer gave a light-hearted, yet thought-provoking **key-note address** during the general session. Using an impressive array of videos and visuals, he urged the gathering to take motivational “gurus” with a grain of salt, observing that each individual is the *real* expert regarding his or her life. For those who want to dig deeper into Shafer's unique approach to motivation, he offers several free publications available for downloading from his Web site, www.rossshafer.com.
- ▶ APRO's 2006–08 President Larry Carrico passed the gavel to another Missouri rental dealer, Tiger John Cleek, at the conclusion of the APRO Convention and Buying Show. For more on the **Board of Directors and Executive Committee elections** held in St. Louis during the show, see page 5.

Rent-to-own trailblazer and philanthropist Charles Loudermilk, founder of Atlanta-based Aaron Rents, received the Lifetime Achievement Award during APRO's 2008 Awards Banquet. Loudermilk was presented the award by longtime friend and distinguished guest Andrew Young, the renowned civil rights leader, former Atlanta mayor and the first African-American U.S. ambassador to the United Nations.

"A good churchman works as hard as he can to make as much money as he can to give it away as fast as he can," Young said in his tribute to Loudermilk. "I think Charlie and his family emulate that." Young noted the numerous charitable and community causes championed by his friend. Loudermilk has donated millions of dollars to charitable endeavors and educational institutions. "I don't believe anyone but Coca-Cola has given more money away than Charlie Loudermilk," Young said.

Young praised not only Loudermilk's early efforts to work cooperatively with Atlanta's emerging black business community, but the rent-to-own transaction as well, crediting it as key in bridging the gap between rich and poor. "The rent-to-own industry really plays a valuable part in our country," Young said. "You make it possible for poor people to rent and own the American way of life. It's a testimony that we have made free enterprise and democracy not only work for the rich and middle class, but for poor people as well. Thank you for your industry."

"When you're honored by your colleagues and people in your industry, it means the most because they know you the best," Loudermilk said. "APRO has helped make our industry a very good and ethical industry and that's what we're all working for."

Mike Tissot of Countryside Rentals in Ohio was honored with the President's Award of Excellence, which was presented to him by his father, Darrell, a former APRO president and himself a recipient of the award in 2000. Mike Tissot was cited for his RTO workshops, dedication to legislative efforts and pursuit in making the Midwest Expo one of the most successful regional trade shows in the country.

The Rental Dealer of the Year honor went to Chris Bolin of Bolin Rental Purchase in Tennessee; he has been instrumental in strengthening rental dealer associations in Tennessee and Kentucky. Susan Matthews of Benefit Marketing Solutions was named Vendor of the Year for her avid support of the industry; read a profile of Matthews and her company in the June-July issue of this magazine. The Heritage Award went to Jeff Lebakken for his continued dedication to rent-to-own in Wisconsin. Herman Bodewes was awarded APRO's first-ever State Lobbyist of the Year for his work with Illinois rental dealers. The New York State Rental Dealers Association was named APRO's 2008 Association of the Year.

For more on the 2008 award recipients, please visit www.rtohq.org. ✧

"When you're honored by your colleagues and people in your industry, it means the most because they know you the best. I have to thank APRO; it has helped make our industry a very good and ethical industry and that's what we're all working for."

—Charlie Loudermilk

Awards Banquet



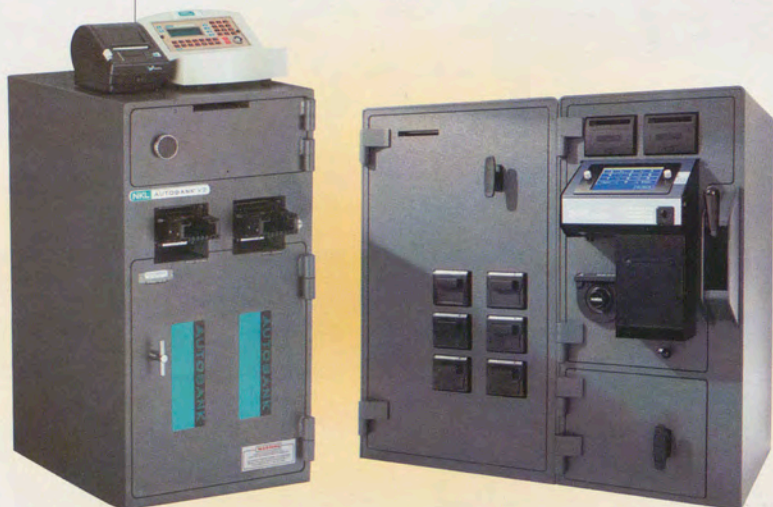
1. President's Award of Excellence recipient Mike Tissot, right, with his father, Darrell Tissot, and APRO President Larry Carrico. 2. Benefit Marketing Solutions' Susan Matthews (with trophy) was awarded the Vendor of the Year. Her team includes Brandon Vining, Brett Wimberley, David Kaye, Brad Denison, Matthews, Bob Hoeffner, Dan Matthews, John Simonelli, Lanai Williams, Mark Kidd, David Huguélet, Tom Kiser, Danny Wright, Larry Gerdes and Bob Garcis. 3. Carrico presented the Heritage Award to Jeff Lebakken. 4. U.S. Ambassador Andrew Young, right, presented the Lifetime Achievement Award to Charlie Loudermilk. 5. Chris Bolin won the Rental Dealer of the Year Award. 6. Lobbyist of the Year went to Herman Bodewes for his help with rental dealers in Illinois. 7. Dave Edwards, left, represented the New York State Rental Dealers Association in accepting the State Association of the Year award from Tiger John Cleek. 8. As APRO's Awards Banquet emcee, popular St. Louis radio personality Guy Phillips quizzed a handful of rental dealers on their sports trivia prowess.

Cash handling in rent-to-own

EDITOR'S NOTE: "Vendor Tipsheet" offers a variety of APRO's vendors the opportunity to highlight the features of their rent-to-own products and services. In this issue, we've asked John Rhoads with Loomis to fill us in on proper in-store money-handling systems.

Because most rent-to-own transactions are cash-based, the risks and liabilities that accompany cash handling are significant. As with retail, the RTO industry must consider progressive measures to prevent employee theft, robbery and inefficient operating procedures associated with a poor cash-handling strategy.

Securing and optimizing every step of the cash-handling process is increasingly vital as the rent-to-own industry undergoes its continued expansion. But a lack of knowledge—as well as misinformation—regarding how severely inefficient cash handling actually costs



some rent-to-own businesses is a legitimate concern. Consider how many times a piece of currency is handled and counted once it is registered at the point-of-sale, dropped into a safe, then counted, verified and processed for deposit. That translates into a great deal of managerial time as well as increased risk.

An in-store "smart safe" reduces the time and risks involved in getting that currency from the point-of-sale to the bank—and there are a number of options for a dependable system. A rent-to-own business can choose from a basic solution focused on reducing risk or go with

an advanced automated cash-management solution customized according to a company's specific needs. Each option can include armored transportation, a "smart safe" (including installation, maintenance and warranty), along with designated levels of cash-management services—all for one monthly price.

The more robust "smart safe" systems offer remote report capabilities, allowing multiple-location rent-to-own operators the opportunity to review multiple-store deposits and more from one centralized, secure computer. This online option streamlines accounting procedures and provides an additional level of verification of daily receipts. Once a store deposits currency and checks into the safe, user information, including a time-and-date stamp, is captured electronically. A receipt is printed with each deposit and reports can be generated for all deposits at the end of each day. Using the automated process offered with advanced systems, managers are able to stay on-site and in the front of the store. Counting and depositing times can be reduced in many cases to less than 15 minutes a day.




Such automated cash-management systems are widespread in segments of retail that process cash in large volumes, such as convenience stores and fast-food operations. Rent-to-own businesses can adopt the same strategies and safety measures. The question isn't whether rent-to-own stores *should* invest in an automated, digitally based "smart safe" for cash management, but rather, *which one?*

When in the market for a reliable cash-handling system, here are a few features to consider:

Does the system provide bulk validation (single-bill validators are slow and cumbersome)? Does it offer the ability to receive provisional credit, which allows rental dealers to manage cash flow? Is there counterfeit detection capability? Check the system's reporting features and guarantee on deposited funds. Make sure it provides rapid processing. Consider your return on investment, too—the transport liability will be significantly reduced along with the cash-handling labor at each till/shift change. ✦

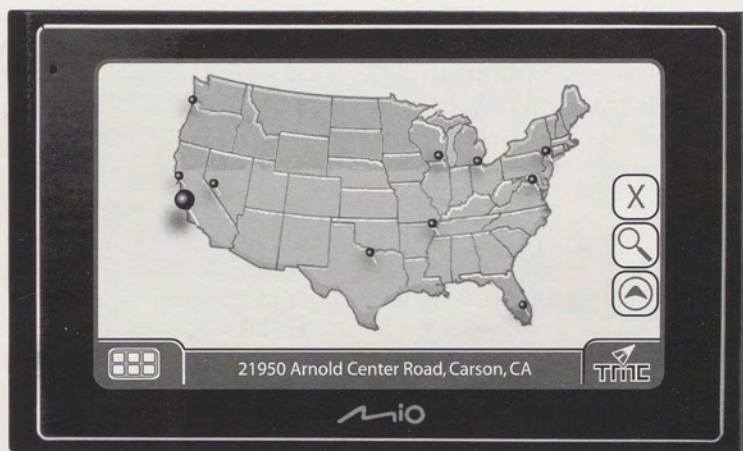


John Rhoads is vice president of business and product development for Loomis, based in Houston, Texas. Contact him at John.Rhoads@us.loomis.com.

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CM Jewelry from page 39

“We do our best to make everything as easy as possible for the dealers,” Blair continues. “Initial sizing and refurbishing are free; we furnish FedEx labels and boxes, so they can send products for resizing or service; we provide point-of-purchase and other promotional materials; we custom-tag each piece with their information; and we give stores a comprehensive binder containing all the info they need to know about our company, the products and the pricing. Additionally, we offer a stock-balance program, so it’s simple for the dealers to swap out pieces not moving in their stores.”

The jewelry business is jumping and Blair and Tyson say the best part is being part of the rent-to-own realm.

“John and I are passionate about rent-to-own,” Tyson says. “I love the people—they’re genuine, they’re nice, they’re fun. We’ve got a lot of friends in this business and working with them is great.”

“We’re here to support the RTO industry,” Blair concurs. “It’s come a long way since I got involved in it in 1984, and whatever changes, we want to be included in it. It’s good for the consumer and it’s good for us.” ✦

Kristen Card is a freelance business writer based in Austin, Texas.

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Who's Who in Rent-to-Own Jewelry

The following rent-to-own jewelry vendors are APRO associate members (*), APRO advertisers (+) and/or APRO Buying Show exhibitors (^).

ABS Artistic Jewelry Inc. *

Contact: Susan McKinnon
2936 N. Druid Hills Rd. N.E., Ste. B
Atlanta, GA 30329-3920
404/636-6143; fax 404/320-1490
absartistic@bellsouth.net

Bryce Co. * ^ +

Contact: Bryan Collins
1612 2nd Ave. S.W., Ste. 232
Cullman, AL 35055-5313
800/880-9434; fax 800/881-0194
bryan@brycejewelry.com
www.brycejewelry.com

CM Jewelry Manufacturing Co. * ^

Contact: Robby Tyson
Sales and marketing:
5512 Ringgold Rd., Ste. 101
East Ridge, TN 37412
Factory and distribution:
2936 N. Druid Hills Rd. N.E., Ste. B
Atlanta, GA 30329-3920
888/995-5579; fax 423/648-1105
robbytyson@aol.com
www.cmjmf.com

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 or call Trooper Earle at (800) 2-Premier.

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Profiled in this issue

Listed below is the contact information for the rental dealers and vendors profiled in this issue.



Charlie Loudermilk,
Ken Butler and Todd Evans,
Aaron's Sales & Lease Ownership

Atlanta, Georgia
 407/273-4016
www.aaronrents.com

[PAGE 32]



Tiger John Cleek,
Cleek's Lease or Own

Columbia, Missouri
 573/449-1010

[PAGE 19]



Robby Tyson and John Blair,
CM Jewelry Manufacturing

East Ridge, Tennessee
 888/995-5579
www.cmjmf.com

[PAGE 38]



Bob Bloom, ColorTyme

Plano, Texas
 972.403.4950
www.colortyme.com

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Mark Speese and
Mitch Fadel, Rent-A-Center

Plano, Texas
 972/801-1100
www.rentacenter.com

[PAGE 26]



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Blodgett Supply Company
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Cunningham Distributing
915-533-6993 or 505-247-8838
Doolittle Distributing
913-888-7820 or 800-829-7820

E.A. Holsten, Inc.
804-359-3511
Hamburg Brothers
412-488-4428
Kimball Electronics, Inc.
801-466-0569 or 303-893-1423
Northern Plains Distributing
701-293-6868
O'Rourke Bros., Inc.
210-333-1311; 972-245-0006;

O'Rourke Bros., Inc. continued
407-522-5600; 800-226-0272;
404-346-9863 or 800-282-5282
Persinger Supply Company
304-706-2223
Potter Distributing, Inc.
616-531-6860 or 800-748-0568
R&B Wholesale Distributors, Inc.
510-782-7200; 909-230-5420 or
602-272-1200

S&S Distribution, Inc.
615-848-2830
Tri-State Distributors
509-455-8300; 503-283-3297;
253-872-2900 or 800-473-0002
Universal Supply Group, Inc.
973-427-3320
Woodson & Bozeman, Inc.
901-362-1500

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Why are you in the business?

It is never difficult to tell which world a rental dealer inhabits. Having been surrounded by this industry for the past 30 years, give me five minutes with a rental dealer and I will tell you unerringly how he views his business deep down inside.

APRO's new publication, *RTOHQ: The Magazine*, wants to get at the soul of the rent-to-own industry. Here is some soul. The political world is resolutely bifurcated these days—red states versus blue states—and so is the rent-to-own world. The RTO world splits along the greed line. On one side are dealers whose primary, and, indeed, *only* goal is to make as much money as is humanly possible renting televisions—employees and customers be damned. There is no love for the business on this side of the world. There is only the love of money, although this love is often masked under other virtues.

Dealers on the other side of the RTO world actually *like* what they do. They enjoy their customers; they are grateful to, and for, their employees. Maybe they just love the game of business and its challenges. It is nice for these dealers that they can earn a living from their store or stores—otherwise, they could not keep doing it. But, what they like the most is seeing people get things—nicer things than they are used to getting—and the happiness the business gives to these people, if not every time, at least a lot of the time.

It is never difficult to tell which world a rental dealer inhabits. Having been surrounded by this industry for the past 30 years, give me five minutes with a rental dealer and I will tell you unerringly how he views his business deep down inside.

The recognition of the truth of these two worlds is nothing more than that—a recognition. There is no attempt to preach or convert in this piece. Obamaniacs are not going to vote for McCain, no matter what. Lovers of money are not going to start loving their customers or the game instead of cash because of some article in a magazine. Human nature is not so malleable.

Interestingly, some dealers will read this and insist they are on the cusp between these two

worlds. They will claim to love both their money and their customers. There is not a cusp between these two worlds. Every dealer loves one or the other more.

APRO really does not make moral judgments about dealers in either world. The association's job is to keep America safe for the rent-to-own industry and its dealers, regardless of what may lurk in their hearts. And, for the most part, so far so good. We are content to let the marketplace sort out the ultimate winners and losers among rental dealers—and within the confines of the law and a handful of ethical considerations, we are not competent to declare winners and losers. An awful lot of money-lovers have made their fortunes renting televisions over the years. They are firmly persuaded that they won. We have members from both worlds in the association, by the way. Always have had both; always will.

Loving money does not necessarily make one evil, St. Timothy's imprecations to the contrary notwithstanding. Loving customers does not necessarily make one a good or successful business person.

By way of disclaimer, this author does not love money. This is true, despite his profession of attorney—as in “money grubbing...” After all, if he had loved money, he would have dumped the law long ago and started renting televisions for a living. *

Ed Winn III is APRO's general counsel and has been involved with the association since its inception in 1980. His e-mail address is edwinn@mwvmlaw.com.

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