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ColorTyme turns 30



Thirty years is a long time—and the world has changed considerably since 1979. That year, the price of a first-class postage stamp was 15 cents; today, it is 42 cents (and, in May, will increase to 44 cents). The median household income 30 years ago was \$16,461; today, it is more than \$50,000. The national debt was \$829.5 billion in 1979 and today it is \$3.2 trillion—a 286 percent increase. Over the past 30 years, six presidents have occupied the White House: Carter, Reagan, Bush 41, Clinton, Bush 43 and now Obama. Jon Voight won the Oscar for best actor in 1979 for his role in *Coming Home*, the heart-breaking story about a returning Vietnam veteran. This year, his daughter, Angelina Jolie, was nominated for an Oscar for best actress for her role in *The Changeling*.

Nineteen seventy-nine was the year Curtis Mathes created ColorTyme in Athens, Texas—the first franchise company in our industry. Today, ColorTyme is a vibrant, growing enterprise. Thirty years is a long time and those years have been very good to the company, its employees, franchisees and customers. In this issue's cover story, we celebrate the heritage and people who have made, and continue to make, this a remarkable company. How did it all begin and what was ColorTyme—and the fledgling rent-to-own industry—like three decades ago? Kristen Card examines the personalities, philosophy, culture and promise of ColorTyme that, although now based in Plano, Texas, has roots extending back into deep East Texas and the “Black-Eyed Pea Capital of the World.” I want to thank the people who worked with us in developing this feature. It was obviously a labor of love on behalf of all those current and past ColorTyme employees who contributed. I hope you enjoy the story.

Next, Ed Winn III once again shares with us his usual witty and insightful perspective on rent-to-own—this time exploring one of the newest and fastest-growing business segments of our industry: custom wheels and tires.

Speaking of emerging business segments, we report on a new opportunity for rent-to-own: home staging. Only a handful of rental dealers are pursuing this niche, but perhaps our article might trigger others to consider getting involved with staging.

General Electric has been an APRO member since the founding of the association. GE Consumer and Industrial's Paul Eichberger and Paula Allison are known by many as two of the finest, most knowledgeable people serving rent-to-own. We profile these devoted vendors who work at Appliance Park in Louisville, Kentucky.

Enjoy the magazine and all its information. Also, remember to support the vendors who advertise in this publication, because they are supporting all of us.

Bill Keese
 APRO's executive director
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RTOHQ

The Magazine



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by Kristen Card

As ColorTyme celebrates its 30th anniversary this year, current and former company icons look back on this industry giant's role in the roots of rent-to-own. It's the longest-running franchise opportunity in rent-to-own, but ColorTyme also is forging ahead toward many anniversaries to come.

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Remember when the latest models from Detroit rolled off the line with abundant personality? Those were days when what you drove said a lot about who you were. Thanks to some rent-to-own visionaries, personality is back on the road again.

32 : **Rent-to-Own: Enter Stage Right**

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In these tough economic times, rental dealers might do well to investigate under-tapped markets. The burgeoning home staging industry is one such concern and some in rent-to-own are getting into the act.

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General Electric has been a part of the rent-to-own world from the start—and its two RTO reps have been with the Louisville-based company almost as long. Find out what keeps their motors running.

Cover illustration by Brian Raszka

Brian Raszka is a freelance illustrator and graphic designer based in Reno, Nevada (www.brianraszka.com).

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RTOHQ

The Magazine

Volume 1, Number 5

Published by the Association of
Progressive Rental Organizations—the official
voice of the rent-to-own industry

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RTOHQ: The Magazine is published
bimonthly—in February, April, June, August,
October and December—by the Association
of Progressive Rental Organizations at
1504 Robin Hood Trail, Austin, Texas 78703;
512.794.0095; www.rtohq.org.

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not be reproduced in whole or in part without
prior written permission. Back issues \$5 each,
subject to availability. For subscription, change
of address, back issues, write to the above
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orders. Allow six to eight weeks for the first
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RTO Matters

New York: the legislature that never sleeps

Just a few months into 2009, state legislative activity aimed at rent-to-own is in full gear, with 15 bills introduced thus far from Montana to New York. The most pressing legislative activity is in New York, where five bills have been introduced that, if passed into law, will have a negative impact on the rent-to-own industry. The significance of the legislative activity in New York has both state and national implications—the whole of the industry should be cognizant of the Empire State's issues.

Four of the New York bills attempt price controls on the rent-to-own transaction, similar to the rental-purchase regulations in California. These bills have been introduced in the past four sessions in New York and have had some traction in the New York Assembly—the House side of that state's legislature. In the past, however, those bills have been ignored in the Senate due to a Republican majority whose pro-business policies tended to avert over-regulation of businesses.

The recent New York state elections have changed

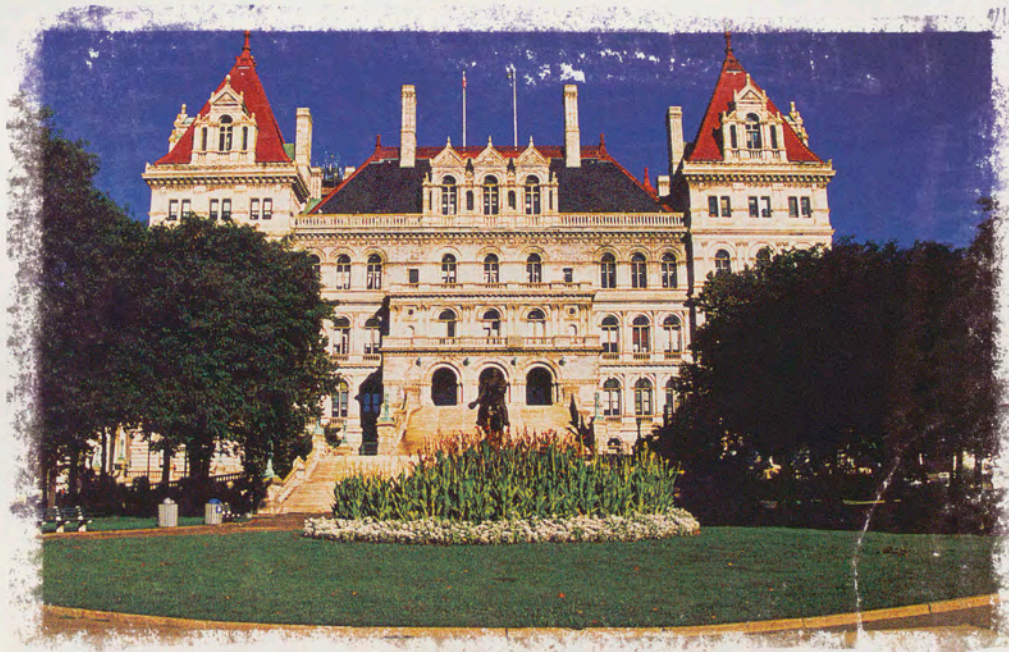
the political dynamics drastically. The New York Senate majority has shifted from Republican to Democrat, with a 32/29 split. Subsequently, three bills that could negatively impact rent-to-own have been introduced in the Senate.

Compounding the anti-RTO environment, the New York City Council has presented a resolution urg-

ing public protests late in 2008 over the industry's "gouging" of low-income consumers. Some of those protests involved the well-known Reverend Al Sharpton, and that has fanned the media flame even higher, adding pressure on state lawmakers to act.

In recent media coverage of the rent-to-own industry, New York City

each bill failed to become law. Because none of her bills passed, New York City Council members have charged Pheffer with failing to push hard enough for passage. Additional allegations charge that she's being bought by the rent-to-own industry through its political action committee donations. Now, Pheffer is attempting to counter



ing state lawmakers to pass price-control legislation that would be detrimental to the rent-to-own industry. This resolution has generated significant press criticizing the rent-to-own industry, which was preceded by negative press and

Council members have publicly criticized New York Assemblywoman Audrey Pheffer, calling her a pawn to the rent-to-own industry. Pheffer has been the chief sponsor of negative RTO legislation in the past three sessions, but

the charges against her and will perhaps be more vigilant in her efforts to seek rent-to-own regulation in New York.

Continuous attacks against rent-to-own in New York have increased public awareness of the issue—

attention that will no doubt bolster the anti-RTO positions held by one of the state's key federal legislators, U.S. Senator Charles Schumer. Schumer, who is adept at garnering the media spotlight, will use the negative coverage yet again to generate national media attention against the industry. Anti-rent-to-own sentiments give him the motivation and ammunition to continue his price-control agenda on Capitol Hill, legislation that will affect the entire RTO industry.

While some RTO-industry political strategists contend that a California-type bill would be a sound compromise, many national rent-to-own leaders fear the dangerous precedent

that such laws would set—especially from states as populated as New York and California. A domino effect could influence legislation in all other states currently holding “safe legal harbor” status. The issues in New York could very well multiply to actions by the U.S. Congress or in your backyard.

New York's neighbor is threatening the rent-to-own industry, as well. New Jersey is one of the few states where the legislative session overlaps an election year. Two New Jersey rent-to-own bills introduced last year are still in play. Both the Assembly and Senate bills in the state are California-type price-control legislation.

The proposed New Jersey bills by Senator Ronald Rice and Assemblywoman Grace Spencer are pending in their respective committees, but Rice's leadership position could give the bill legislative traction.

New Jersey's proposed rent-to-own legislation is similar to that in New York, but with a twist. The legal climate created by the New Jersey Supreme Court declares rent-to-own as a credit sale; therefore, RTO prices are governed by interest-rate caps. The New Jersey legal landscape is one of the worst in the country for rent-to-own dealers. This presents a quandary for the RTO industry: Is a New Jersey price-control bill *better* than the current

legal climate? If so, should the rent-to-own industry support its passage? If the price-control bill is passed and New Jersey joins California—and potentially New York—in this type of regulation, three of the country's most populated states will have reshaped rent-to-own, which sets a precedence that other states might soon be forced to follow.

Actions in New York and New Jersey, along with Schumer's objectives at the federal level, are being monitored closely within the industry. Should it develop into an “as goes California, so goes the nation” scenario, it's ominous to note that in California the rent-to-own store count has been reduced by 22—from 335 to 313 stores—since price-control legislation was enacted there in 2006. Price-control laws are not only stopping growth there, but are choking the rent-to-own business in California.

Elsewhere, the Indiana state legislature has passed a law removing the option for rent-to-own reserve accounts. The option, which some rent-to-own companies promote and others do not, was eliminated because the Indiana Department of Financial Institutions (DFI) couldn't devise a way to account for such a transaction during its annual audits of rent-to-own stores. The DFI pressed the state legislature to remove the option from rent-to-own agreements.

In Georgia, the state legislature is recommending

Bolin replaces Goad on APRO's Board

On February 20, the APRO Board of Directors elected Chris Bolin of Bolin Rental Purchase as its newest board member. Bolin was elected during a teleconference board meeting and will fill the vacancy left by Larry Goad, who resigned from the board recently and is in the process of selling his Zion's Television Showrooms stores.

“I am honored to have been selected by the APRO leadership to fill this seat vacated by my friend Larry Goad,” Bolin says. “I know there were several very qualified and talented operators being considered. In this period of uncertainty, I will do everything I can to promote unity in our trade association so that we speak clearly with one voice for all members.”



BOLIN

Bolin operates rent-to-own stores in Tennessee and Kentucky and is based in Clarksville, Tennessee. He is the president of the Kentucky Rental Dealers Association and also serves as vice president of the Tennessee Rental Dealers Association.



GOAD

Last August during the 2008 Rent-to-Own Convention and Buying Show held in St. Louis, APRO honored Bolin for his achievements in the industry by naming him the APRO Rental Dealer of the Year.

Also during the APRO board teleconference, board member Bill Kelly of Georgia-based New Avenues Lease Ownership was elected APRO's secretary and membership committee chairman, positions previously held by Goad.

Employee Q&A: What's in store?

We've asked a rent-to-own employee to give us a taste of the in-the-store, on-the-floor experience. Davian Hughley is a store manager for RNR Custom Wheels and Performance Tires in Longwood, Florida.

How long have you worked in rent-to-own and how did you get started in the business?

RNR is my first job in the rent-to-own industry and I've been with the company for four years; I started out as a wheel tech at our Orlando location.

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

It's actually changing more now with the economic situation—more people are turning to rent-to-own. We're seeing some of our retail customers choosing RTO [instead] because—with the unstable economy—nobody wants to shell out a lot of money and they're not buying new cars. Instead, they're choosing simply to change the appearance of their existing vehicle.

What do you like best about your job?

Providing outstanding customer service. We like to let the customers know that we want their business.

How is the wheel-and-tire business evolving—what are the latest developments, trends, styles?

The wheel business is constantly evolving from big wheels to bigger wheels to programmable wheels; sometimes it's tough to keep up with it! We do a lot of reading to keep on top of [trends] and we listen to our customers' requests.

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

We are testing a few projects—window tinting and audio systems—in some of our locations.

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

"Does nitrogen really help with gas mileage?" The answer is "yes"; and it helps with the tread wear on tires, too.

Have there been some outrageous cars that have come in for custom wheels?

Yeah, there are plenty of outrageous custom jobs and I encourage everyone to check out the "Customer

Showcase" photo gallery on the RNR Web site [www.rnrwheels.com] to view some of our customers' rides from across the country.

How many different wheel designs does RNR offer?

Hundreds. We deal with wheel-and-tire vendors from across the country.

What is the typical amount of time it takes to install custom wheels?

About an hour.



Davian Hughley

RNR Custom Wheels and Performance Tires

What is the ratio of men to women who come in to purchase or rent?

It's about a 50/50 mix. *Everyone* likes to look good!

What is it about your store that brings customers in? Why do they go with your company over the competition?

Word of mouth and the outstanding customer service—two of the best marketing tools around. Our customers know that they get the best service and product available when they visit any RNR location.

Has the RNR Web site helped business?

Tremendously. It gives customers the chance to see their options before coming into the store; it's very interactive and user-friendly.

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

Watching sports and spending time with my family.

Where do you see yourself in 10 years?

Hopefully, I'll be helping RNR become number 1 in the rent-to-own industry.

What is your motto in life?

Everyone deserves the respect you command.

—Neil Ferguson

further regulations regarding Web-based rent-to-own transactions. The bill is already moving on the Senate side and RTO dealers are trying to persuade

state legislators to prevent its passage.

In Maine, legislation has been introduced to “impose interest-rate caps on rent-to-own products.” A

bill number, LR 1786, has been assigned, but the specific language hasn’t been drafted, so its effects on the industry are yet to be assessed; however, the

bill’s objective raises concern among RTO dealers.

Recently, Hawaii State Senator Rosalyn Baker drafted a resolution to warn consumers about

Rent-A-Center settles lawsuit in West Virginia

Rent-A-Center has settled a class-action lawsuit over rent-to-own pricing issues that had been pending against the company in West Virginia federal district court since October 2006. In the settlement, Rent-A-Center agreed to pay \$3.5 million into a fund to be administered by a third party under court supervision. Plaintiff’s attorneys will get about one-third of the settlement and the remainder will be used to pay claims filed by any of the more than 61,000 potential class members. The parties to the settlement estimate that will average \$41.23 per eligible rental agreement, depending upon the details and outcome of the agreement.

Rent-A-Center has denied any wrongdoing in the settlement and insists that all of its prices were fair, reasonable and in accordance with applicable West Virginia laws. According to Wayne Bost, Rent-A-Center’s lead defense counsel:

“Rent-A-Center provides great products at competitive prices and has long valued its wonderful relationship with West Virginia consumers. The allegations made in this case were groundless and the case should not have been filed. Rent-A-Center settled the case to avoid the costs of defense and obtain peace of mind and certainty with regard to use of a pricing model for used merchandise that was approved by the court. We are pleased to have successfully put this matter behind us.”

West Virginia’s rent-to-own law, which was enacted in 1993 after several years of intense lobbying and negotiations, is easily the longest, most complicated rental-purchase statute in the country. The issue in the lawsuit that Rent-A-Center settled centered primarily on the pricing of used merchandise. Among other allegations, plaintiffs in the lawsuit alleged that the company’s retail values were “too high,” in violation of the state’s rental-purchase statute. Further, they alleged that an attorney general rule provided the exclusive methods for establishing retail values and that use of any other methods violated the statute. Rent-A-Center insisted that its prices were in full compliance with

the statute and that the attorney general rule permitted other methods to be used to establish retail values compliant with the statute.

Going forward, Rent-A-Center agrees to set retail values for used property for the next two years according to a pricing matrix it negotiated with the court as a part of the settlement. The matrix segregates all used property into four categories: like-new condition, good condition, fair condition and poor condition.

The West Virginia lawsuit is similar to a California suit that was settled a few years ago and that ultimately resulted in new legislation there establishing a pricing formula for rental dealers in that state. Both suits occurred because the definition of cash price in California and retail value in West Virginia were arguably pegged to what retailers were actually doing in the relevant markets, instead of how goods were priced in the rent-to-own market. Since rental dealers, for the most part, have a different cost structure and are not competing over cash price with retailers, rent-to-own pricing may not mimic retail pricing at all times in all places in all categories of goods. When it can be argued that the law says that it must—and California and West Virginia are the only two states in which such arguments recently have been made—there is exposure that plaintiffs’ lawyers have exploited.

Other rental dealers in West Virginia who voluntarily set their prices in accordance with the Rent-A-Center settlement, particularly the matrix for used-goods pricing, should not have to worry about liability for having the wrong prices. The unique nature of this statute, in all of its Byzantine complexity, makes it unlikely that other states will seek to emulate the rent-to-own regulatory experience of the Mountaineer State. —Ed Winn III

For Ed Winn’s complete analysis of the details of the settlement, visit www.rtohq.org/02086apro-analysis-rent-a-center-settlement-in-west-virginia.html.





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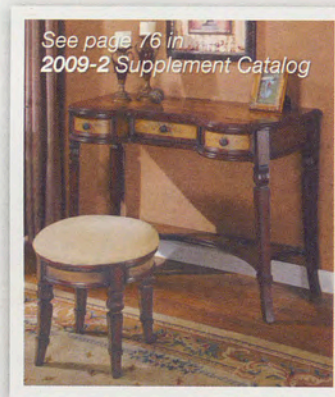
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See page 76 in 2009-2 Supplement Catalog



rent-to-own. While it is only a resolution with no legislative teeth, nonetheless it exemplifies the image problems rent-to-own continues to carry.

—Richard May

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tacting APRO Membership Director Laurie Hill at lhill@rtohq.org.



APRO's Legislative Conference deadline March 23

APRO's 2009 Dave Egan Legislative Conference will be held April 21-23 at the L'Enfant Plaza Hotel in Washington, D.C. Attendees are responsible for their own hotel reservations. Contact the hotel at 202/484-1000 and ask for the APRO room rate of \$269 per night. The hotel reservation deadline is March 23.

The conference will begin at 2 p.m., April 21, with a briefing session, followed at 5 p.m. by a welcome reception. Meetings on Capitol Hill will commence at 9 a.m. on April 22 and participants are urged to attend a networking dinner at 7 that evening. On April 23, more meetings with members of Congress and their staffs will be held from 9 a.m. to 4 p.m., followed by a wrap-up session.

For more information, contact Jeannie Hutchison at 800/204-2776, ext. 108.

RTOCalendar

March 22-25

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

March 23-29

High Point Furniture Market Spring 2009, High Point, North Carolina. For more information, call 336/869-1000; or visit www.ihfc.com.

March 25

Delaware-New Jersey Rental Dealers Association Reorganization Meeting (rescheduled), Marriott Trenton, Trenton, New Jersey. For more information, contact Jeannie Hutchison at 800/204-2776, ext. 108; jhutchison@rtohq.org.

March 26

New York State Rental Dealers Association Annual Meeting, Turning Stone Casino, Verona, New York. For more information, contact Dave Edwards at 860/895-1640; dave.edwards@aaronrents.com; or visit www.nyrentaldealers.org.

April 13-15

Aaron's Sales & Lease Ownership Manager's Meeting, Gaylord National Resort & Convention Center, Washington, D.C. For more information, contact Kim Hegerberg at Kim.Hegerberg@aaronrents.com.

April 21-23

APRO's 2009 Dave Egan Legislative Conference, L'Enfant Plaza Hotel, Washington, D.C. For information, contact Jeannie Hutchison at 800/204-2776, ext. 108, jhutchison@rtohq.org; or visit www.rtohq.org.

April 25-30

High Point Furniture Market Spring 2009, High Point, North Carolina. For more information, call 336/869-1000; or visit www.ihfc.com.

May 13

West Virginia Rental Dealers Association Meeting, Grand Pointe Conference & Reception Center, Vienna, West Virginia. For more information, contact Shawn DiLeo at 304/210-8169; shawndileo@yahoo.com

May 19-20

Georgia Rental Dealers Association Annual Meeting, Atlanta, Georgia. For more information, contact Andrea Bozeman at 229/225-1885; andrea-bozeman@hotmail.com.



RNR celebrates wheel progress

On January 21 in Tampa, Florida, RNR Custom Wheels and Performance Tires celebrated its success, honoring 22 managers for leading the stores to \$1 million in revenue in 2008. Currently, the RNR system has 67 total stores—59 franchise locations and eight corporate. RNR's 2008 Franchisee of the Year Award was presented to Tony Raffo, Rims USA (photo 1, Chris Raffo and Ken Mashburn, center, accept on Tony Raffo's behalf from RNR CEO Larry Sutton, left, and Vice President of Franchising Vince Ficarotta, right). RNR's 2008 top prize, the Mike Kent Sr. Pioneer Award, went to Darren Salmone (photo 2, center). RNR's Manager of the Year Award was presented to James Steffen of UHR Rents in Covington, Kentucky (photo 3, center). The 2008 RNR Vendor of the Year Award recipient was Myers Tire Supply.

Rent One honored by United Way

On February 20, United Way of South Central Illinois honored Rent One owners Larry and Sharon Carrico and the entire company for their support over the past 20 years. Rent One pledged more than \$25,000 to United Way for the 2009 campaign. Larry Carrico estimates that the 42-store company has contributed close to half a million dollars to the cause over the past two decades. Pictured below: United Way's Lane Harvey and Brett Hall present honors to the Carricos and Rent One Manager Donna Fally.



Southwest organizes state association

RTO dealers from Arizona, Nevada and Utah assembled in Las Vegas on February 3 to form the Southwest Rental Dealers Association with the goal of unifying the industry in the region and addressing pending legislation. Left: Ernie Lewallen was elected president and Mark McDougal was elected vice president.



PHOTO BY SUZANNE LEMERY

Countryside Rent-2-Own honors its best

More than 200 Rent-2-Own employees assembled on February 11 in Bainbridge, Ohio, for Countryside Rentals' annual meeting. At the honors ceremony, R2O's Ironton location was awarded Store of the Year. Ironton employee Anthony Shipkosky was awarded Employee of the Year. Heather Buchanan won the Lifetime Achievement honor, which is named for Diane Smalley, who celebrates her 21st year with the company. Pictured at left, standing: Jennifer Smith, Michelle Mitchell, Heather Buchanan, Lewie Stephens, Cristel Exline and Rebecca Johnson; kneeling: Tommy Hagerman, Anthony Shipkosky and Jeremiah Guisinger—named R2O's Rookie of the Year.

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PHOTOS BY ERNIE LEWALLEN



Leadership changes mark high-energy Kentucky meeting

On February 25, more than 30 rental dealers representing 15 companies gathered in Louisville for the Kentucky Rental Dealers Association annual meeting. At the event, KYRDA President Chris Bolin passed the baton to Mike Martin; recently, Bolin was elected to the APRO Board of Directors (see page 6 for details) and will be KYRDA's vice president, as well. Coleman Eldridge (photo 2, left, with Bolin), executive assistant to Kentucky governor Steve Beshear, spoke to the group regarding the state's economic and political climate. Photo 1, KYRDA's Board: Secretary/Treasurer Todd Wilkins, Jeff Madrid, Jesse Fraley, Vice President Chris Bolin, Chris Caprio, President Mike Martin and Bill Howard.



Missouri dealers gather for annual meeting

More than 100 rent-to-own professionals attended the Missouri Rental Dealers Association's annual meeting held in Columbia, Missouri, on February 18. On the agenda were discussions of enhancing the already-successful Heartland of America show by offering vendor training opportunities. The Heartland show is held each summer. Also, the group participated in leadership training sessions, received legislative updates from MRDA's lobbyist, Jim Durham, and elected board members and officers. Re-elected to continue their office positions (pictured in photo 1) were President Tiger John Cleek Jr. (right), Vice President J.C. Cox (left) and Secretary-Treasurer Trent Agin (center). Macy and Scott Mitchell also were elected to the board.

Rental dealers give high marks to Vegas Market at APRO reception

On February 10, more than 20 rent-to-own professionals from across the country attended APRO's Hospitality Reception, which was sponsored by Ashley Furniture and held in conjunction with the Las Vegas Winter Market, February 9-13. RTO dealers attending the reception reported that, unlike other retail sectors, the rent-to-own business was holding steady and, in many cases, thriving as more consumers find themselves locked out of traditional financing means and seek alternative methods to acquire furniture, electronics and other household goods.



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

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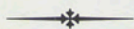


**Thirty years on,
America's oldest rent-to-
own franchising success
story is still unfolding.**

Once Upon a ColorTyme

CHAPTER 1

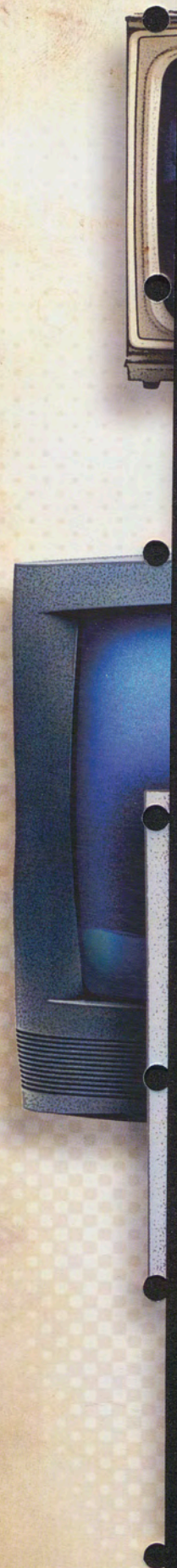
Once upon a time, there was a sleepy little town. One day, a kindly red-haired giant came to the town. He brought leadership, opportunity and prosperity, based on the integrity of his word and the faith of his handshake. People began to follow the giant. The giant let them be themselves and he took good care of them. The people closest to the giant felt like they had found a family, while others reveled in the good fortune the giant had brought to the little town.

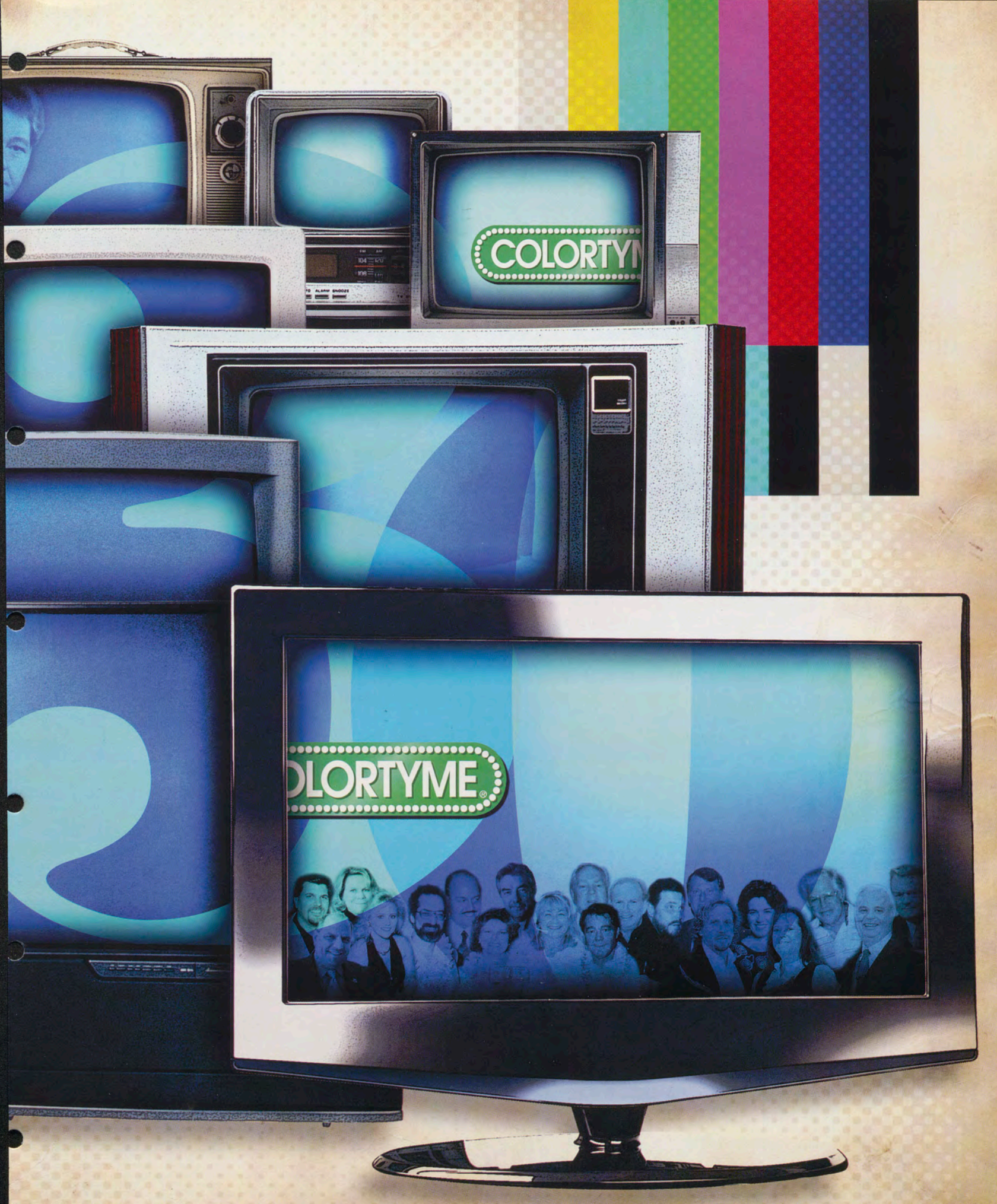


It all began in the self-dubbed Black-Eyed Pea Capital of the World—the small East Texas town of Athens, estimated population 10,000. And, fittingly, the locale—just like the favorite New Year's dish—turned out to be full of good luck for many, particularly the many who belonged to a rent-to-own start-up called ColorTyme. “It really began with [television retailer] Curtis Mathes,” recalls Wayne Atchison, who worked at ColorTyme from 1979 to 1990 and was the company’s vice president of development and franchising. “Curtis Mathes was headquartered in Athens, Texas, and Willie Talley was a sales manager for them. Well, the company had a great deal of excess black-and-white television sets they had to move, because color TV was becoming more available and affordable. Willie and his brother, Ernie Talley, had experimented with the rent-to-own concept in Kansas, so Curtis Mathes launched a rental division, named it ColorTyme Rent-to-Own and Willie embarked upon his ColorTyme career.”

BY KRISTEN CARD

PHOTOGRAPHS PROVIDED *by* COLORTYME *and* WAYNE ATCHISON





COLORTYME

COLORTYME





ONCE UPON A COLORTYME

ColorTyme debuted in 1979 as a separate-store option available exclusively to Curtis Mathes dealers. But within a year, Curtis Mathes decided against pursuing the rental side of the business. Talley gathered five friends who all put in a percentage, and together, they bought the company.

"The other guys put up the money because Willie didn't have any money," chuckles Jim Thompson, who worked with ColorTyme from 1979 to 1990, and was the company's vice president of purchasing and sales. "Willie had the ideas."

Possibly Talley's biggest business idea—building up the ColorTyme system, eventually by franchising—came in 1982. It was a huge turning point for the company and a perfect fit for Willie Talley, the quintessential people person. "ColorTyme was started by a man who cared about people," Thompson attests. "And he was going to do whatever he could to help his franchisees."



"[ColorTyme back in the day] had a small-town feel about it, but it made a big impact on the industry."

RHONDA DAVIS

"All Willie cared about was the franchisees being successful," says Mitch Fadel, who was ColorTyme's CEO from 1992 to 2000 and today serves as the president and chief operating officer for ColorTyme's parent company, Rent-A-Center. "He cared a little about ColorTyme making money, but he understood that if the franchisees made money, then he'd be successful as a franchisor. He just woke up every morning

thinking about what he could do to make the franchisees more successful and happier."

"Our philosophy was that we made money only if we grew the company and the only way to grow the company was to have successful franchisees," Atchison confirms. "So I told Willie, 'Look, if you will quadruple the training budget, then we can literally double the size of the company'—and Willie said, 'OK.' So we provided every type of training we could, at our expense, to help our franchisees develop their businesses, and it worked. We opened 14 locations in a single month."

Such hands-off management style was a trademark of Talley's—one readily remembered and greatly appreciated by his staff. "Willie was an excellent manager because he hired good, professional people and he let them do what they knew how to do," Atchison says. "And honestly, we didn't need any management. Everybody showed up and did their jobs like professionals. I could be as creative as

I wanted to be, do whatever I wanted to do, make whatever decision I wanted to make, as long as I was willing to take responsibility for it."

Willie Talley, by all accounts, was much more than an exceptional businessman; he was an extraordinary man. He cut a larger-than-life figure that incited a fierce loyalty in his employees—and that bubbles to the surface without hesitation, even 30 years later.

"Willie was a remarkable human being," says Sandi Blackwell, who worked with ColorTyme from 1979 to 1997 and was the company's franchise compliance officer for 15 years. "His word was his bond and his handshake was a deal. He was the strong, silent type—humble but well respected. He didn't have much to say, but when he did, boy, everybody listened."

Quietly charismatic, Talley sported a full head of wavy auburn hair and could figure numbers in his head faster than a calculator, despite a lack of much formal education. He could also be trusting to a fault.

"Willie was just a salt-of-the-earth, genuine person," Thompson notes. "He was naïve about many things. I think that's what was so attractive about him to other people. We had to be careful of people trying to take advantage of him. We had to watch out for him as best we could, and everyone would. Everybody loved Willie—I've never known anyone who didn't like Willie Talley. I mean, no one. Without a doubt, he always had everybody's loyalties."

Talley loved horses almost as much as he loved people. He owned 110 race-ready quarterhorses and frequented races around the country—not necessarily winning, but loving every minute of it. "I remember walking into the office one extremely cold winter's morning," Blackwell says. "And my office was absolutely freezing. Several of us had space heaters we shared



Mid-1980s grand openings in Kentucky and Alabama

A color portrait photograph of Willie Talley, a middle-aged man with short, light brown hair, wearing a dark blue suit jacket, a white dress shirt, and a diagonally striped tie. He is seated at a dark wooden desk, looking directly at the camera with a neutral expression. His right hand rests on the desk, and his left hand is positioned near a stack of papers. The background consists of dark wood paneling. The photograph has three hole-punch marks on the left edge.

WILLIE TALLEY



and moved around, but I couldn't find one anywhere. A little later, Willie came in and, as he walked by my office, he stuck his head in and said, 'I took your heater...out to the barn.' Well, I laughed and said, 'Now I know where I stand in the pecking order—just beneath the horses.' He laughed with me, but I knew it didn't mean I was going to get my heater back."



"It was a fabulous gig. We were building something that was worthwhile, and that has lasted; I feel very privileged to have been part of that."

SANDI BLACKWELL

wasn't just a job; we were there working for the company. And we were totally loyal to Willie. Was he a pied piper? I don't know. We just believed in him and in the business, and he took good care of us."

The working atmosphere at the Athens office was anything but cold during ColorTyme's early years. In fact, ColorTyme veterans consistently employ the same word to describe the feel of the workplace: family. "We were a family," Atchison says. "A small family of professional people who loved to come to work. We cooked and ate in the office; we had parties. It was fun."

"We used to laugh and say if a cold front came through, then it was cause for celebration," Blackwell adds. "We'd all bring in something for a chili lunch. It was family—and families might fuss at each other, but when push came to shove, we pulled together."

"We weren't just co-workers; we were friends," says Rhonda Davis, a ColorTyme employee of 27 years and the company's current director of purchasing. "During the week, we worked together and on weekends we played together. It was very much a family environment. Everybody helped everybody and we all took care of each other. It

While the ColorTyme staff created a sort of familial coziness at the office, their colleagues afield—ColorTyme's franchisees—were living a much bigger, much bolder professional lifestyle. Many of the company's initial franchisees were Athens locals who saw what a rare and lucrative opportunity ColorTyme presented for a tiny town in the Piney Woods of East Texas.

"Working at the ColorTyme office was the best job in town. Period. And no one ever left—ever," Thompson emphasizes. "But working as a ColorTyme franchisee was a rough-and-ready kind of affair. It was a wild time, but many of the early guys turned out to be really good business people."

"They were a colorful bunch," Davis says, carefully. "They lived fast and they lived hard. Barely any competition existed at all at the time, so they were all really successful—the money was definitely there. They'd roll into town with their diamond-studded Rolexes and Rolls Royces. It made quite the impression on a town like Athens, let me tell you."

CHAPTER 2

THE PEOPLE CLOSEST to the giant found new ways to spread the word about the good fortune he had delivered—and the giant's circle of friends grew bigger and faster than ever. But alas, the ways of the world began to change, the giant began to grow weary and the circle began to weaken. One sad day, the kindly red-haired giant died. New leaders stepped in to help hold the circle together and the friends found that, by being there for each other, they kept the giant's legacy alive.



Unbridled growth—not to mention unbridled franchisees—were gradually reined in as ColorTyme began to find its way. People with plans and processes helped the company

ColorTymeline

1959: Mr. T's, an appliance store in Wichita, Kansas, begins advertising appliance rentals. The response is so impressive that the company, owned by Ernie and Willie Talley, specializes in rentals thereafter.

1966: Mr. T's, by this time a 14-store chain, is sold to Remco. Willie Talley joins Curtis Mathes.

1979: Curtis Mathes initiates a rental division called ColorTyme and opens its first store in Athens, Texas.

1980: Willie Talley purchases the ColorTyme Distributing Co. from Curtis Mathes.

1982: ColorTyme begins offering franchises.

1985: Jerry Linaweaver is named ColorTyme's first Franchisee of the Year



Above: Gary and Jutta Hughes. Left: James Stephens, ColorTyme's 2008 New Franchisee of the Year, with Bob Bloom.

first years. "Wayne Atchison was really an unsung hero of the early days," Sandi Blackwell says. "He brought the first consistency and method to what had previously been a bit of madness. He put systems into place, he targeted the company's future growth and he introduced training and support programs for the franchisees."

This newfound structure served to harness and channel the energy of the franchisees, producing exponentially greater growth for the company and even greater success for those who were truly dedicated to the business.

get a grip and grow up a little from its free-for-all

"The rent-to-own system is a system that works; it's a profitable system," Atchison says. "The franchisees who have had longevity with ColorTyme, they're the ones who got a good foundation, built on it and continued to utilize it. They've grown as businessmen and, by staying with the system, believing in it and following it, the system—along with their hard work and perseverance—has worked for them and they've been successful.

"Seeing the system work is one of my favorite things about this business," he continues. "Seeing a person come into ColorTyme with a minimum amount of money and no experience whatsoever in rent-to-own and then one day getting the call that they've bought their first airplane—that's satisfying."

By the time ColorTyme turned ten in the late 1980s, the company had more than 500 stores nationwide and was poised to expand up to 3,000 locations. Then, things began to change. Talley—unknowingly ill and some say influenced by other sources—shifted ColorTyme's direction from becoming a master franchisor to being more profit-driven. Franchise growth stalled, so that by the time Willie Talley died in 1995, ColorTyme was down to around 300 stores.

Within a year after Talley's death, ColorTyme was bought by Renters Choice and, two years later, when Rent-



"Rent-to-own is all about helping people—helping them get a refrigerator, a computer, helping them improve their quality of life. Likewise, at ColorTyme, we help our franchisees and our network of franchisees all help each other. It really is all about people helping people."

BOB BLOOM

1987: Mike Harwood is named ColorTyme Franchisee of the Year for the first time.



1992: Mitch Fadel joins ColorTyme.

1993: Mike Harwood introduces "Kids Across America" as ColorTyme's corporate charity.

1995: Willie Talley dies.

1996: Renters Choice buys ColorTyme.

2000: ColorTyme franchisee Intranet goes online.

2001: ColorTyme University for Owners expands.

2004: ColorTyme's computer-based franchisee, store manager and employee training introduced.

2004: Bob Bloom joins ColorTyme.

2006: ColorTyme Circle of Excellence recognition is inaugurated.



ers Choice acquired Rent-A-Center and adopted that company's name, ColorTyme became an independent, wholly owned subsidiary of the world's largest rent-to-own concern.

Meanwhile, a new breed of franchisee had emerged—more educated, more family-oriented, more community-centric and more business-savvy. Gary Hughes, who in 2008, along with his wife Jutta, was awarded the ColorTyme Circle of Excellence—the company's lifetime achievement award—is one such franchisee. Hughes opened up his first ColorTyme store in 1990, grew the franchise to 33 stores, sold 27 of them back to Rent-A-Center in 2005 and has expanded his business back up to 12 stores in Washington state, Hawaii, California and Idaho. Over the years, he has produced more than 100 television commercials (some used nationally by corporate), been a key sponsor for local Boys & Girls Clubs and helped fund the construction of a community college nursing training facility, which now bears his name. Cameras, contributions and kudos aside, Hughes says his favorite thing about his ColorTyme career has been all about the people.



“I don’t know whether I was captured by the town, the man, the company, or all of the above—but I consider myself exceedingly lucky to have worked at a place like that.”

JIM THOMPSON

helping many people become owners or part-owners of their own business. And because ColorTyme franchisees can't be in direct competition with each other—because we have controlled territories—we can open up and share ideas freely without fear that it will come back to bite us in the behind.

“I’m good at hiring, training, motivating and retaining high-quality people,” Hughes says. “So the best part for me is growing people; I’ve thoroughly enjoyed

In 1997, for example, I shared with my fellow franchisees that we had added financial services—we were the first rent-to-own company to do that—and I was perfectly happy to share information about it with all the ColorTyme franchisees.”

Recently, Mark Childers and his wife, Tracy, earned ColorTyme's top annual honor, the Eagle Award, and were ranked as the company's number-one franchise for revenue achievement. Originally, Childers went to work for the company in 1985 as a summer delivery driver; he rose through the ranks to become the district manager of four stores before being hired over to the corporate side by Talley to serve as a field trainer. Childers eventually realized he wanted to become a franchisee and, in 1993, partnered with Gary Hughes until the sell-back of 27 of their stores to Rent-A-Center in 2005. After the sell-back, Childers chose to continue with ColorTyme, opening up his first solo store the same year in Sunnyside, Washington. Today, the Childers own five franchises in Washington state and Alaska.

“Starting out where I did—in the delivery truck, going to peoples' homes—I got to see how this industry really helps people,” Childers says. “There's this misconception about our business, that we prey upon less fortunate people—and it's just not true. From my perspective, we provide people with the means to enjoy things they simply couldn't afford otherwise. So that has kept me in this industry almost 25 years. What's kept me with this company so long is, hands down, the other franchisees who make up the ColorTyme community. Being able to draw upon the many, many success stories within ColorTyme continually inspires me. There are so many people I can call any time I've got a question or concern, so much business wisdom we can all tap into. It's an invaluable resource.”

James Stephens also began his rent-to-own career on a delivery truck, employed by Rent-A-Center in Natchitoches, Louisiana, just six years ago. Stephens worked his way up to

Eagle recipients

ColorTyme's prestigious Eagle Award is presented to the company's finest franchisees.

1985: Jerry Linaweaver
1987: Mike Harwood
1990: John Prothro
1994: Gary Hughes
1998: Steve Gopoyan
2000: Gary Hughes
2002: Gary Hughes
2004: Gary Hughes

2003: Richard and Frank Pannell
2005: Mark Martin
2006: Ken Schimpf
2007: Mike Harwood
2008: Mark and Tracy Childers



store manager status, then in late 2007, opened up his first ColorTyme store, in Shreveport. Recently, he was awarded the company's New Franchisee of the Year for 2008.

"Rent-to-own was really challenging for me at first," Stephens confesses. "Growing a store is an art form—balancing sales with collections, managing my time and especially learning the back end of the business. I found ColorTyme University for Owners extremely beneficial and I also appreciate the flexibility the company gives us with our programs. Somebody in Washington, D.C., will run a store differently than someone with a rural East Texas store. ColorTyme gives us the freedom to do what's best for our business in our own town."

"ColorTyme lets franchisees be entrepreneurs," Hughes concurs. "They don't treat us like schoolchildren; they don't micromanage like some other companies do. We can buy the type of furniture that fits best with our market and not the furniture some national purchasing manager says we have to have."

Lifetime-achiever Hughes says rent-to-own in general and ColorTyme in particular have been very good to him—he owns several race horses, his favorite pastime is world travel and he's given back substantially to the communities that have supported his stores. Hughes says his best advice to newcomers such as Stephens is that the business can be just as good to anyone who comes to ColorTyme and works hard.

Right: Rhonda Davis with Captain ColorTyme, the company's advertising icon, in the mid-1980s. Below: The Captain with Anne Prothro in 1999. Anne, along with her husband, John, have been franchisees since 1980. Bottom: Willie Talley in the 1980s.



"Go to work," Hughes orders. "Being an owner is not a vacation. If you want to succeed, you had better be the store manager, be there 12 hours a day, six days a week. Once you get the business built up and it can support itself, then take some time off. Rent-to-own isn't rocket science. All you need are the basic abilities to run a business: understanding people, knowing how to market the merchandise and developing compensation programs to reward people for positive performance. What gets rewarded gets done."

CHAPTER 3

OVER THE YEARS, the circle of friends the giant had created grew larger and then smaller. People came and went, but the circle lived on, still bringing much satisfaction and wealth to many who came into it. Eventually, a new leader appeared. He brought new people with him, with new ideas about how to expand and improve the circle. But the new leader also reminded the people that the strength of the circle came from within them and from the connections between them. And as long as they remembered that, the circle would continue to strengthen and grow.



"ColorTyme absolutely offers the opportunity to take you to the next level; and I think the franchise community now is the strongest I've seen as far as franchisees wanting to succeed and wanting ColorTyme to succeed. It's a slightly smaller community, but stronger; it's tighter."

MARK CHILDERS

For almost five years, ColorTyme president and chief executive officer Bob Bloom has been getting stuff done; yet the reward—simply put, more stores—remains somewhat elusive. Since receiving the ColorTyme reins in the summer of 2004, Bloom has overseen:

FRANCHISEE GROWTH: 45 new franchisees have signed on—some opening multiple ColorTyme stores within their first year;

NEW REVENUE SOURCES: RimTyme Custom Wheels and Tires has 21 stand-alone stores in eight states, as well as several operations within ColorTyme stores; more than 40 ColorTyme stores offer payday loans; and the company intends to identify another new revenue source this year for its franchisees;



ROBUST FINANCING PROGRAM: ColorTyme is an SBA-preferred lender and offers a 401K franchising program, or traditional financing through Wells Fargo or Texas Capital;

EXTENDED TRAINING OPPORTUNITIES: the company launched ColorTyme University for Owners, a four-day course covering people skills, situational leadership, financial management and marketing; a regional manager training program is also under development to debut later in the year;



“Seeing the system work is one of my favorite things about this business. Seeing a person come into ColorTyme with a minimum amount of money and no experience whatsoever in rent-to-own and then one day getting the call that they’ve bought their first airplane—that’s satisfying.”

WAYNE ATCHISON

is a tremendous positive when you’re recruiting new franchisees, but when you’re trying to grow the overall number of stores, it can work against you. As fast as ColorTyme grows—which has been about 10 new franchisees and 30 to 40 stores a year—it’s losing veterans and their stores because they’re utilizing our excellent—and often lucrative—exit strategy. So even though the number of stores has stayed right around the 200-to-250 range for the past five years, the turnover has been significant.”

Both Fadel and Bloom believe that this period of turnover is slowing down and readying to turn around—that

most of the longtime franchisees likely to use the exit strategy have already done so and that fresh, new franchisees will continue to join ColorTyme and expand their businesses with the company for the next several decades.

“ColorTyme’s value package for someone who wants to invest in a rent-to-own franchise is fabulous and far superior to anyone else,” Bloom declares unequivocally. “I expect us to continue to attract double-digit new franchisees every year, with the number accelerating each year. Of course, this isn’t the best economic environment to grow in, but at the same time, rent-to-own is uniquely positioned for this economy. As we get five to 10 years out, I think we’ll be at 15 to 20 new franchisees a year, with each opening at least one store.” Additionally, Bloom says that while RimTyme is still ramping up as a business opportunity, he thinks its growth will take off in the next few years.

And so the next chapter of the ColorTyme chronicles is still being written, confirmation that the company’s 30-year story-in-progress hasn’t always been fairy-tale fodder. But whether reviewing past chapters or imagining future ones, it’s clear that the cast of characters determines the outcome of each plot point—and the happiest ending to wish for is no ending at all.

“It’s all about the people,” Fadel concludes. “Willie was a big part of the company’s success—he was as good as anyone I’ve ever seen at building relationships. He wasn’t necessarily the best industry expert you ever sat and talked to, but he was the best at building relationships. I felt that I continued that during my time at ColorTyme and [now] Bob has that all-important relationship with the franchisees, like I feel Willie had. I believe the leadership at ColorTyme and especially the relationships built by Willie, myself and now Bob with the franchisees have been, and will continue to be, the core and the strength of the company.”

“It’s a wonderful company,” Davis, ColorTyme’s 27-year veteran, effuses. “Our longevity speaks for itself; we’ve outlasted everybody. Our franchisees are the key—without them, we don’t have a company, we’ve got nothing. The people who are here, who have been here, stay with ColorTyme through thick and thin because we believe in it. And if you’ve ever been connected with ColorTyme, you never lose that connection completely. I’m not sure why; there’s just something about it. It’s just how it is.”

☞ CHAPTER 4 ☞

To be continued... ✧

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

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RTO CUSTOM WHEELS AND PERFORMANCE TIRES | THANKS TO RENT-TO-OWN | PERSONALITY IS ON THE ROAD AGAIN,

There is a new kind of rent-to-own dealership that is hitting the streets all over the country. These stores rent wheels and tires, of all things. Americans love their cars and they love them even more when those cars are sporting shiny new custom rims and sleek, low-profile performance tires, most often acquired from the relatively new-in-town wheel-and-tire rental stores. When pondering the current crop of cars on the road, you might subscribe to the axiom, “They don’t make ‘em like they used to”—and you might be right. But a growing number of RTO dealers are bringing cool back and providing personality to cars, like in the good old days.



BY ED WINN III



In the 1950s and 1960s, the heyday for U.S. car manufacturers, Detroit retooled its assembly lines every year or so and came out with distinctive designs for their automobiles. Often, people were known by the cars they drove and they traded them in for newer models frequently. Cars and personalities overlapped. Then gas prices shot from 25 cents a gallon to more than \$1 per gallon overnight in the early 1970s; driving and car ownership changed. Cars got smaller. The federal government mandated new safety features and better gas mileage—and cars also got more expensive. Detroit retooled models less often, changing body styles every three to five years, and the changes were modest, less dramatic than in the past. Automobiles lost style in the interests of aerodynamics and good gas mileage. Car notes went from three-year to six- and seven-year terms and drivers had to keep their cars longer.

Eventually, the dictates of the marketplace caused all cars except those at the very high end to look like the Toyota Camry. Personalities and cars got disassociated because cars were all so bland. However, automobiles still represented freedom in America and much of the American ego was still bound up in the kind of car one drove.

How, then, to distinguish one's "ride"? By the late 1990s, the resolve was to "pimp it." For many, it became the thing to do and even spawned a successful MTV program, *Pimp My Ride*, which first began airing in 2004.

According to the Specialty Equipment Market Association (SEMA), sales of automobile after-market products doubled from 1996 (\$18 billion) to 2006 (\$36 billion), as car drivers sought to make an impression behind the wheel. A healthy chunk of the automotive after-market business—\$2 billion in 1996 and \$4.5 billion in 2006—was in custom wheels and performance tires. One of the quickest and easiest ways to make a ride distinctive is to dress it up with fancy, often larger, shiny chrome wheels and, perforce, thinner performance tires.

Until relatively recently, after-market wheels and tires were not marketed with much flair. When passenger tires wore out, car owners simply replaced them at one of the national chains—Sears, Firestone or Pep Boys, for example. These stores might have carried a handful of wheel choices, but only as an afterthought and most often more as a means of displaying the tires for sale than as a product for customers. There were never more than a half-dozen wheel styles lying around or nailed to a wall in the back of the store

somewhere. The pitch was to sell good tires, ideally four at a time, not to replace the existing wheels with anything different, or God forbid, a different size.

Auto-supply houses, catering to the weekend car-repair crowd, might have had a few custom wheels lying around, but no retail stores were focused on selling wheels as a targeted product. Car owners who were after high-end, high-quality wheels had to go to the car magazines or the Internet to find what they wanted. They had to make a significant purchase

Rent-to-own dealers married their unique rental/ownership transaction with an under-marketed product category and built a new industry seemingly overnight. In 2003, APRO could locate only 15 RTO wheel-and-tire stores nationwide. Today, there are nearly 200 such businesses up and running.

decision based on a tiny picture in a magazine or on a Web site. Then, when the product arrived via UPS, there was the hassle of finding someone to install them.

Custom wheels might never have taken off like they have but for some visionary rent-to-own entrepreneurs who saw the opportunity for a new product niche and launched RTO businesses specializing in wheels and tires in the early part of this decade. Rent-to-own dealers married their unique rental/ownership transaction with an under-marketed product category and built a new industry seemingly overnight. In 2003, the Association of Progressive Rental Organizations could locate only 15 rent-to-own wheel-and-tire stores nationwide. Today, there are nearly 200 such businesses up and running. Early on, rent-to-own entrepreneurs experimented with wheel-and-tire kiosks in traditional RTO stores, but the consensus today is that the product is so specialized that it needs its own space, employees and installation facilities—and that is the direction in which the business is moving.

With the emergence of RTO wheel-and-tire stores, now, for the first time, car owners have a place where they can shop for fancy wheels and tires in their local market. Since its development within the industry, these rent-to-own stores have had computers where a customer can view a picture of his car (down to the year, model and color), scroll through different on-screen wheel-and-tire configurations as they would look on that car, and then finesse the configuration to get a precisely desired look. Often the store will have the product on hand for immediate installation or can get the wheels and tires shipped in a day or two. Incredibly, SEMA reports that more than 25 percent of new car buyers



are swapping out their factory-installed wheels with custom wheels, evidence that the personalizing trend in automobiles is significant.

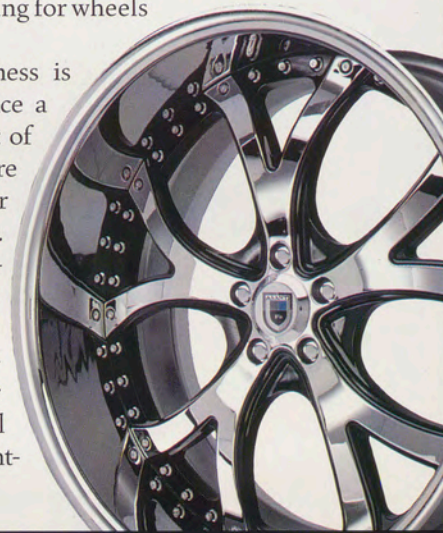
Growth in rent-to-own wheel-and-tire stores has been nothing short of phenomenal and seems to be holding steady even during the current economic downturn. Rent-to-own stores have raised the bar for marketing custom wheels and tires and retail buyers are learning that the best availability for these products is in RTO stores. Rent-to-own transactions may make up only half of a dealer's revenues—the other half coming from cash customers who want the selection that they can only find in RTO stores. A large rent-to-own showroom, for example, may have 250 different wheels on display; a medium-size RTO showroom will have half that number. That contrasts with retail tire stores that may have only a dozen or fewer styles in stock. The retail automotive aftermarket is slow to catch on to the trend of specializing in custom wheels and, until it does, rent-to-own dealers intend to take full advantage of their leadership in the business segment. One chain, Rent-n-Roll, is changing its name in new markets to RNR Custom Wheels and Performance Tires so that it can continue to attract its rent-to-own customer base and also draw in more of the retail trade.

Custom wheels do not come cheap and if the customer is changing the size of the

wheels, which is most often the point of the exercise in stylization, there will have to be new tires in the deal, as well. A set of four wheels and tires can run from \$2,000 to \$5,000—and even higher for really big wheels.

Logically, one might suppose that most of the wheel-and-tire business comes from testosterone-drenched young males, ages 18 to 25. This demographic constitutes a fair percentage of the market, but the customer base is far broader than that. Women make up a third or more of the buyers and renters for custom wheels. Some might be getting the wheels as presents for boyfriends and husbands, but many are “tricking out” their own rides, opting for wheels that better suit their personality.

One issue confronting the business is keeping customers on the books. Once a customer has acquired that dream set of wheels and tires, it may be years before that car gets traded in or the customer comes back for a different set of rims. RTO wheel-and-tire dealers are looking at other automotive accessories to keep customers coming back to the store—custom grills, GPS devices, window tinting, car stereos and regular passenger tires are all being tested, all for sale or rent. But the focus in all rent-



HOW TO TALK IN THE WHEEL WORLD

In the custom-wheel-and-performance-tire business, you've got to speak the lingo:

- It is all about having **street cred** and personalizing your ride.
- The goal is a **smokin' ride** with **shiny shoes**.
- They aren't wheels; they are **rims, spokes, shoes, blades** or **dubs** (which, in fact, is also the name of a magazine for the customized car trade).
- Rims can go on any kind of vehicle, including stodgy sedans—**donks, boxes** or **bubbles**—that, with their new look, are transformed into **hi-risers**.
- There is a wide variety—and growing wider—of rim styles: **moonies, spinners, floaters** and **blades**.
- This **bling** is for show more than performance. Fancy rims can show up on the most modest of cars—**beaters**—whose value may be less than the **shoes** on them.
- The market is for big—the bigger the rim, the better. Most cars come with rims from 14 inches to 16 inches in diameter. Custom rims can be that small, but most often are larger, 20 inches to 22 inches, and lately, all the way up to 30 inches.
- Of necessity, the bigger the wheel, the thinner the tire so as not to have to modify the wheel well and suspension and possibly void the manufacturer's warranty.
- No matter what terms you care to use, it is a statement that the driver is making and, if you look around these days, you will see it is being made on almost every street.

to-own custom-wheel-and-tire stores is on the wheels and it is that product, in its ever-increasing variety, that drives customers to the stores in the first place.

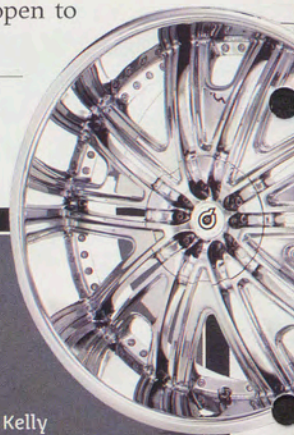
Traditional rent-to-own dealers might wonder how the wheels dealers get their stuff back when a customer defaults. It has happened that a customer's car gets left up on blocks, shorn of the dealer's merchandise by the collection crew—it can be done in less than 15 minutes—but such events are rare. Most customers need their cars and know that if they do not make their wheel payments, they run the risk of not having a drivable vehicle. Most of the time, customers who cannot keep up with their rental payments bring their cars back into the store and have their old wheels and tires put back on so that they can at least continue to drive. Collections in the wheel-and-tire business have not proven to be any more problematic than in the traditional rent-to-own business. There is some "hide and seek" to be sure, but not so much that it is affecting the growth of the business. When custom wheels and/or tires come back to the store, they are cleaned up and put back in inventory at discounted rates, just like used televisions, appliances and furniture.

One detail unique to the wheel-and-tire business is that often, there is a lien on the car, giving the lien-holder the right to repossess the vehicle if the customer defaults on the car note. If that happened, the bank or the car lot would be getting a

windfall if the law allowed it to keep the new custom wheels and tires—add-ons that increase the value of the vehicle by hundreds, sometimes thousands, of dollars—that were not on the car when the loan was made. But, in fact, the law recognizes the rights of the rent-to-own dealer to recover his merchandise, even from the bank or car lot that has repossessed a car. Article 2A of the *Uniform Commercial Code*, which has been enacted in every state since 1993, allows a dealer to recover his property without any obligation to replace the property taken. If the bank refuses to relinquish the wheels to the dealer, the bank is liable to the dealer for the fair-market value of the wheels and tires.

Since the rent-to-own industry began, dealers have been quick to discover and develop new business segments as they came along. Stores that were originally just in the TV-rental business added appliances, then furniture, then jewelry (although the industry did pass up the CB-radio craze back in the day.) This latest foray into the custom-wheel-and-tire business is proof that the entrepreneurial spirit in rent-to-own is alive and well and ever open to new opportunities as they arise. ✧

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



WHO'S WHO IN RENT-TO-OWN WHEELS AND TIRES

Discover Rims To Rent Inc.

Contact: Doug McDougal
Salt Lake City, Utah
801/532-5108
www.discoverrimsfranchise.com

EZ Wheels

APRO member
Contact: Ben Fields
Baton Rouge, Louisiana
225/273-9931

Premier Wheel Workz (a division of The Premier Companies)

APRO member
Contact: Tommy Crenshaw
Memphis, Tennessee
800/779-3639, ext. 401
www.wheelworkz.com

Rent A Wheel

Contact: John C. Bowlin
Van Nuys, California
818/786-7907
www.rentawheel.com

Rent 'N Go Custom Wheels and Tires

APRO member
Contact: Patrick Terhune
Tamarac, Florida
888/440-0050
www.rent-n-go.com

Rent-n-Roll, dba RNR Custom Wheels and Performance Tires

APRO member
Contact: Larry Sutton
Tampa, Florida
813/977-9800
www.rnrwheels.com

Rent To Cruise

APRO member
Contact: Ann Marie Kelly
Myrtle Beach, South Carolina
843/839-5888
www.renttocruise.com

Rimco (a division of Aaron's)

APRO member
Contact: John Allevalo
Atlanta, Georgia
678/402-3703
www.rimcofranchise.com

RimTyme Custom Wheels & Tires (a division of ColorTyme)

APRO member
Contact: Jim Deering
Plano, Texas
972/403-4905
www.rimtyme.com



BE A PART OF THE VOICE OF THE RENT-TO-OWN INDUSTRY ON CAPITOL HILL

In January, the political landscape on Capitol Hill changed dramatically. It is vital for those in the rent-to-own industry—dealers and vendors alike—to nurture the legislative relationships that have been established over the years through APRO's grassroots efforts. It's also imperative to establish communications with those newly elected so that they understand our industry. That's why we need for you to attend **APRO's 2009 Dave Egan Legislative Conference**, April 21–23 in Washington, D.C. The congressional meetings held during APRO's Legislative Conference play an integral part in protecting our right to do business. Since 1980, the Association of Progressive Rental Organizations has been the voice for rent-to-own—APRO and its members have been the source for defending against attacks by powerful opponents in Congress and the IRS.

Register for the conference online in APRO's E-Communities section of www.rtohq.org; click on "Register Online" after you log in to your profile page. Or contact Jeannie Hutchison at 800.204.2776, ext. 108, jhutchison@rtohq.org.



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L'Enfant Plaza Hotel: 202.484.1000 | APRO room rate: \$269 | Reservation deadline: March 23



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SETTING THE SCENE
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AND THE HOME STAGING
INDUSTRY PERFORM
TOGETHER

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RENT-TO-OWN:

Enter Stage Right



ven in the current economic climate, Seattle-based Quality Rentals is busy putting some pretty sweet icing on an already substantial rent-to-own cake. Thanks to a successful sideline business in home staging, the company looks forward to additional revenue each month, as well as the satisfaction of expanding the company and rent-to-own beyond the typical consumer. But if the term “home staging” gives you stage fright, relax. While Quality Rentals’ owner Kevin Quinn acknowledges that it’s not for everyone, rent-to-own dealers around the country only need perform some research to determine if they have an untapped niche waiting in the wings.

Developed by Barb Schwarz in the 1970s, home staging* is the practice of using accessories and home furnishings—especially living, dining and bedroom furniture—to maximize the appeal of a piece of real estate. Schwarz, a former real estate agent with a background in theater, began by asking her clients to allow her to “set the scene.” “One day, I asked a lady, ‘Do you like the theater?’” Schwarz says. “And she replied, ‘I love the theater, but what does that have to do with selling my house?’” Schwarz explained to her that real estate and theater have a lot in common: each house is like a play, the buyers are the audience and it’s either a sell-out or a flop. “So I said to her, ‘I’d like to be your director and your set is your house.’”

As Schwarz explains, most buyers cannot visualize their own belongings in a space, especially if it’s cluttered with personal belongings or left completely vacant. “No matter what it is, whether it’s a home, apartment or condo, it becomes a product,” she says. “When it is vacant, people cannot imagine the vacant space—and we want the person mentally to move in. When you set the scene, people come in and visualize how the space can be used and they can imagine living there.” Schwarz has a motto to reinforce this point: “Buyers only know what they see, not the way it’s going to be.”

In order to aid the buyers with the process of mentally moving in before they buy, stagers create warm, welcoming arrangements with well-chosen pieces of furniture, artwork and accessories. However, Schwarz cautions, it’s not the same as decorating. “Decorating is more about personalizing, about the decorator’s taste. Staging depersonalizes,” she says. “It’s not about the stager or the item, it’s about the space.”

Staging opportunities for rent-to-own dealers arise from the need that stagers have for furnishings. Indeed, initially it was stagers who sought out Kevin Quinn’s Quality Rentals instead of the other way around. A group of stagers had been working with rent-to-rent companies, but discovered that the rent-to-own structure gave them a distinct advantage. “Most rent-to-rent companies want a minimum of three months on a rental,” Quinn says. “In rent-to-own, we’re used to renting items for a week, two weeks, whatever. With stagers, we’re a one-month minimum.”

By satisfying his staging customers, business spread by word of mouth and pretty soon Quality Rentals had a bustling sideline business. Devin Quinn, a store manager for Quality Rentals and Kevin’s nephew, agrees that making one stager very happy can really pay off: “One of our big-

gest clients—who, over the past two years, has paid us almost \$102,000 on her own—came to us [having dealt with another] rent-to-own organization for months; she was just disgusted with how they kept falling through.” He adds that most stagers are expert networkers, which can help expand your business. “If you make one of them profitable and successful, [other stagers] are going to model her business and say, ‘Hey, I want to come deal with you, too.’”

Beyond the attractive rental terms, stagers are looking for a particular aesthetic, which poses a unique challenge to rent-to-own dealers trying to break into the staging market. “You have to understand that stagers do not want your rental return rent-to-own furniture,” Kevin says. “If you’re not willing to change some of your purchasing to cater to that business, you probably shouldn’t think about getting into it.”

Schwarz confirms that stagers’ needs are not the needs of the typical rent-to-own customer. In her experience, rent-to-own dealers sometimes try renting out-of-date items or furnishings that are worn or damaged. However, she does offer guidance about what to look for: “The Pottery Barn look is a really good one that crosses all styles and prices. Just pick up a Pottery Barn catalog [www.potterybarn.com] and you can’t lose by investing in something like that.”

Devin laughs when asked about the “Pottery Barn look.” “That’s a classic statement. It’s the low-back furniture, the square arms. A modern, streamlined look.” But after several years as lead contact for his store’s staging accounts, he offers advice before investing in a line of furniture that may not cross over to the typical rent-to-own customer: Don’t go it alone. “The key to being successful—if you’re going to attempt to boost your revenues by \$20,000 or \$30,000 a month in the staging market—is to try to find that stager who wants to rent, who is looking for the best option,” he says. “Convince them that you’re that [type of business] and then sit them down and ask, ‘What kind of stuff do you need? What are you looking for?’ That’s what we did and it spoke worlds to these women”—and it is a female-dominated business—“because sometimes they get shunned [by rent-to-own]. We came to them and said, ‘Tell us what you need to be more successful in your business.’ We opened up our book and watched them pick stuff out.”

Kevin, a 28-year rent-to-own industry veteran, has encouraged his nephew and is enjoying the staging success. In fact, his company even helped stage the home of Seattle Mariners baseball star Ichiro Suzuki. However, he knows where his bread is buttered and wants intrigued RTO dealers to remember their foundation. “The biggest pitfall for a rent-to-own dealer is to try to be everything to every stager—you can’t do that,” Kevin says. “The challenge of moving previously rented or numerous rented staging furniture into

* EDITOR’S NOTE: Barb Schwarz holds the federal trademarks for “Home Staging” and “Stager” as used throughout this article.

your rent-to-own stores and then selling it or putting it on another rental term is a pretty difficult cross-over. We get it done, but you have to make it very palatable price-wise for the rent-to-own customer to want that product."

Of course, the realities of today's real estate market have not spared the staging industry. "The staging business will follow the cycle of real estate," Kevin says. While he admits that business from staging has fallen off lately, he adds: "I still think that the future is bright. I think it's good for both sides. I think strong stagers who are in the business and have been in the business will survive and will have plenty of business to supply to rent-to-own companies."

But he offers a strongly worded caveat to anyone who thinks staging will be the ticket out of the economic downturn. The revenues for Quinn's staging business, he says, amount to 3 percent to 4 percent of total revenue for the company. "Remember, rent-to-own is your lifeblood," he says. "Don't think that staging is going to replace a major part of your RTO business that possibly you've lost over the years. That's not going to happen."

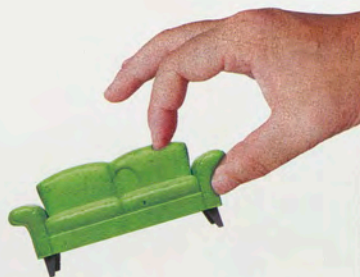
Let's say you've considered the caveats and are still aspiring to enter the staging business. How on earth do you get started? The Quinns have plenty of practical advice.

Devin suggests first determining if you're even in a staging market: "Are there active stagers in your area? If there are, where are they doing business? You've got to determine if you have the potential to grow the business."

Kevin agrees, but adds that, particularly in this economy, it is wise to go after the more experienced stagers. "Find stagers in your market who have been doing business for more than three years," he says. "And then service them like you've never serviced anyone before."

So where can you find these experienced stagers? Devin suggests starting with an Internet search, including the terms "staging" and your business location on sites such as Google and the real-estate network Activerain.com. "It'll take you 30 minutes to see if you have any [stagers] in your area," he says. "Just call them and ask a couple of questions; you can't count on them finding you."

As a key developer of staging, Schwarz has created a professional certification program and an international associa-



"THE STAGING BUSINESS WILL FOLLOW THE CYCLE OF REAL ESTATE," KEVIN QUINN SAYS. WHILE HE ADMITS THAT BUSINESS FROM STAGING HAS FALLEN OFF LATELY, HE ADDS: "I STILL THINK THAT THE FUTURE IS BRIGHT. I THINK IT'S GOOD FOR BOTH SIDES. I THINK STRONG STAGERS WHO ARE IN THE BUSINESS AND HAVE BEEN IN THE BUSINESS WILL SURVIVE AND WILL HAVE PLENTY OF BUSINESS TO SUPPLY TO RENT-TO-OWN COMPANIES."

tion to support the profession. Another way to find an accredited staging professional (ASP) is to locate the closest regional ASP chapter of the International Association of Home Staging Professionals at www.iahsp.com. You can also perform a search at www.stagedhomes.com.

Devin also advocates getting to know the real estate agents in your area, since many agents are also stagers. While some stagers own their own furniture, he says that most agents he's met want nothing to do with owning and are eager to rent all the furniture they need.

Scrimping on storing and delivery are not an option, Kevin says. The furniture has to be pristine and the delivery has to be on time and professional, emphasizing, "Always put your best foot forward in a stager's home."

Common themes emerge when talking to the Quinns about this business: It's not for everyone. It takes a high level of professionalism and attention to detail. It demands extra space and manpower. It can be risky.

Of course, sometimes risk comes with unexpected rewards. "The other advantage to this business [is that] some people who come into the home—or the sellers who come into the home—want to know if they can buy that furniture and want to know where it was acquired," Kevin says. "It is an opportunity to expand the company and the name of rent-to-own." He admits that this isn't a huge revenue source, "but it's business I never would have had, because they never would have come into my store."

While there are economic and logistical challenges for rent-to-own in staging, Devin relishes the ride. "In my first couple of months after getting involved in the staging industry, it was so new to us and we didn't really know what to expect," he says. "Truthfully, we didn't know why no one had figured out this market. Why was it so untapped? Why are people not all over this right now? We did our research and we did our calling around to a lot of local rent-to-own companies and they said it was a very labor-intensive job, very tough, very needy, really demanding of your time and your crew." He pauses and takes a breath. "And that's true—but at a certain point, when you start getting it right, it becomes the most beautiful icing on the cake." *

Tiffany Hamburger is a freelance writer based in Austin, Texas.



GE Consumer and Industrial

PAUL EICHBERGER AND PAULA ALLISON

General Electric has been a part of the rent-to-own world from the start—and its two RTO reps have been with the Louisville-based company almost as long.

By Neil Ferguson

General Electric's appliances have kept food frozen, cold, warm, hot and boiling for more than a century. They've helped households wash and dry clothes and dishes for generations and, since rent-to-own's inception, GE products have been on RTO delivery trucks. GE has been an APRO associate member since the association was founded in 1980. In short, the company is no "Johnny come lately"—nor are two of its key rent-to-own representatives, Paul and Paula. Paul Eichberger started at GE in 1988 and has worked for the rental sales division in Louisville, Kentucky, for the past 15 years. Paula Allison celebrates her 26th anniversary with the company this month and has worked with Paul to accommodate the rent-to-own industry for well over a decade.

"Because Paula and I have worked for so long in rent-to-own, we know many of the rental dealers on a personal as well as business basis," Paul says. "Even many dealers who do not currently buy GE products." It's the kind of vendor/dealer relationship that is nurtured over time, yet these two GE reps initially didn't visualize such enduring careers with the hometown business giant and its rent-to-own division. When Paula was first prompted by her manager to consider working with GE's rent-to-own customers, she almost declined because she didn't know much at all about the RTO industry and wasn't sure she wanted to switch gears to the rental niche. "But now I'm so glad I didn't decline the offer," Paula says. "I'm very fond of this group of customers—I'm growing old with them!"

Paul and Paula are among the thousands who toil at Appliance Park in Louisville, home to GE's Consumer and Industrial headquar-

ters. Paul likes to point out that—as Louisville natives—both Paula and he are in the minority among those in sales and marketing at GE; most began life somewhere else. For Paul and Paula, roots and stability have been the thread of life. Paula lives in a home a mere three blocks from the one in which she was raised and now, along with her husband Mike, she is raising two girls, Kaelin, 18, and Sydney, 14. Paula's parents live next door. Paul has a son, Michael (age 19), at nearby Georgetown College in Georgetown, Kentucky.

While GE has a legacy stretching back to the days and numerous inventions of Thomas Edison, the company doesn't rest on its impressive longevity, nor does it stop seeking new ways to keep things hot, cold, frozen or clean. While the GE logo is blue, the company's appliances are decidedly green—with GE developing an ever-widening array of more energy-efficient and eco-friendly products under the company's banner of "Ecomagination." It's a direction that makes Paul and Paula proud. "We have a very strong brand, the only factory service network and a world-class logistics operation," Paul says. And how do they stay competitive in these tough economic times? "It's important that we emphasize GE's strengths," he says, "one of which is our customer service. It is important to handle customers' issues in a timely fashion. Problems will arise, no matter which brand you carry. The key is how you handle those problems. We always strive to let our customers and *their* customer know that we care."

Paul enhances GE's customer-service strategies with his own personalized credo:



"Effort and attitude [are] a few of the things that we, as individuals, have in our own control." So, in spite of current economic concerns, his efforts remain diligent and his attitude upbeat—and he lauds the work ethic and cheerful nature of his rent-to-own sales partner, too. "Paula is the face of GE for the rent-to-own industry," Paul says. Paula works directly with the independent dealers while Paul manages the Aaron's account and is overall team leader. He organizes GE's product displays and processes for the buying group shows, as well.

"Paul and I have worked together long enough so that we both know what each of us needs to do to accomplish

Paula attributes her customer-service approach to "what I have learned specifically from my rent-to-own customers and the RTO industry in general. Working in rent-to-own has enriched my life. I have never worked with a group of individuals more dedicated to—and focused on—customer service. It is the core of every rent-to-own business and I aspire to provide my customers with the same excellent service that RTO dealers give their customers."

our goals," Paula says. "Paul is a good friend and a great business partner. He has become a strong advocate for the rent-to-own industry and he truly cares about the business—we both do! It might sound somewhat flippant, but we get 'er done!"

Paula attributes her customer-service approach to "what I have learned specifically from my rent-to-own customers and the RTO industry in general. Working in rent-to-own has enriched my life," she says. "I have never worked with a group of individuals more dedicated to—and focused on—customer service. It is the core of every rent-to-own business and I aspire to provide my customers with the same excellent service that RTO dealers give their customers."

The relationships she's forged with rent-to-own dealers through the years inspires Paula to grow and maintain a positive attitude. She cites longtime RTO businessman and former Furniture and Appliances Now co-owner Fred Pearson as a model for positive thinking. "Whenever you'd speak to Fred and ask him how he was doing, he'd always tell you, 'I'm having some of my best days.'

Fred never failed to give the same response with the same enthusiasm, no matter what was happening around him. He's given me faith in myself and helps me to remember how fortunate I am every day."

Paula and Paul's good fortunes stem, in part, from working for a hometown enterprise that, like them, knows how to get 'er done. The first product came off the line at GE's Appliance Park in 1953 and now the sprawling complex manufactures refrigerators, freezers, ranges, dishwashers, washing machines, dryers, microwave ovens and room air conditioners—

more than 10 million appliances a year. Appliance Park is like a small city, with its own Zip code, volunteer fire department, EMS, power plant and police department. Within the 140-acre grounds, there are more than 20 miles of railroad track and 12 miles of paved road. Manufacturing space occupies 5.5 million square feet and office space takes up an additional 600,000 square feet. GE's product warehouse—one of the largest in the world—occupies 47 acres, large enough to hold 650,000 appliances ready for shipping.

Along with such grand manufacturing capabilities comes an equally impressive national customer-support operation, based elsewhere in Louisville. It includes

a vast network of field sales managers, state-of-the-art distribution and order processing, and GE's Answer Center, which offers product information and answers to repair questions to 3 million callers a year.

Within this massive operation, Paul and Paula tend to the concerns of rental dealers from coast to coast. When not in the office at Appliance Park, traveling to rent-to-own buying shows or visiting an Aaron's account, Paul strives to perfect his golf game; as a child, he aspired to be a professional athlete. Paula is an avid movie watcher—Ed Harris, Meryl Streep and *Funny Girl* are cinematic favorites. However, both concede that their work keeps them plenty busy and allows little time for leisurely pursuits. That's fine with them, though, because they like GE, the products they sell and the rent-to-own dealers to whom they sell them. While Appliance Park is an omnipresent force in Louisville, neither Paul nor Paula grew up with the dream of working there; it just worked out that way—to their benefit and the benefit of rent-to-own dealers, too. ✧



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Employment practice liability and rent-to-own

Employment practice liability (EPL) coverage is an often under-valued portion of a company's insurance plan. Companies small and large—as well as franchisees—need this coverage and need to understand how it helps prevent employment-related disasters. In a struggling economy, some store owners may be tempted to forgo such coverage as a means of cutting costs, but a savings in the short term could come at a tremendous cost down the road.

EPL coverage protects rent-to-own dealers against damages for workforce events such as wrongful termina-



tion, allegations of harassment, discrimination, defamation and unfair hiring/firing practices. A single allegation could cost a dealer anywhere from \$100,000 to several million dollars. Defense costs alone can reach into the triple digits and are enough to put a company out of business. Commercial general liability insurance policies *exclude* employment-related practices; that's why EPL coverage is essential.

Some of the actions covered by typical EPL coverage include allegations of: race-, age- and sex-discrimination; violations of equal employment opportunity, fair-labor standards, family medical leave, disabilities and equal pay regulations; and violations against customers and consumer groups. Here are a few case studies to demonstrate the broad range of employment-based lawsuits that can ruin a business: A group of female truckers alleged pay disparity and charged that male drivers were assigned more desirable routes; the lawsuit settled for \$400,000. Another employee was fired after volunteering that he had a previous substance-abuse problem; he was awarded \$850,000. One employee made complaints regarding a fellow employee's sexual advances and alleged that the supervisor initiated a campaign to force him to resign; \$210,000 was awarded for mental anguish, \$330,600 for lost income and \$1.9 million for attorney fees.

Compliance with ever-changing federal and state laws that regulate the workplace is becoming more difficult, requiring significant expertise and monitoring. The language required in employment applications,

employee handbooks and other written procedures is increasingly complicated and alleged violations of these regulations poses another scenario in which a rent-to-own dealer might have to pay dearly to defend his business practices in court.

Smaller rent-to-own companies that do not have a trained human resource manager are vulnerable; they lack the time and resources to monitor all of the EPL hurdles. Franchisees need to be responsible for this coverage, too; most often, a franchise management group does not offer such coverage at the store level. Larger rent-to-own companies are susceptible, as well, because high-level management is often not as active in its employment practices. A high turnover rate adds to the risk of legal actions, with entry-level employees being the most likely to want a quick financial fix that alleging EPL violations might achieve.

There are several types of EPL coverage, with different limits and deductibles available: defense-only, defense and indemnification, and third-party coverage. Typical coverage includes: free legal assistance to refine hiring process; assessment of personnel policies, employee handbooks and evaluations; proper disciplinary, termination and lay-off procedures; assistance with regulatory compliance; and how best to avoid incidents that could lead to lawsuits. Most of these policy benefits are provided via a telephone hotline and through online training. The hotline assistance alone is often enough to justify the expense of the policy.

For approximately \$2,000 a year, a typical rent-to-own store with five employees can purchase EPL insurance that includes a \$1-million coverage limit for indemnification, defense coverage and hotline service (with a \$3,500 deductible). No dealer would consider operating a store without fire insurance; however, according to recent statistics, an EPL claim is more likely to occur than is a fire—and the result could ruin your business. ✧

Jeanette Beardsley, is a certified professional insurance agent for Walter L. Clark & Associates, APRO's endorsed commercial insurance provider.



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Who's Who in Rent-to-Own Services

These vendors and distributors provide a variety of services to the rent-to-own industry—APRO associate members (*), APRO advertisers (+) and/or APRO Buying Show exhibitors (^).

Accounting Services

High Touch Inc. *^+
Contact: John Rogers
316/832-1611
johnr@hightouchinc.com
www.hightouchinc.com

Kirkpatrick, Sprecker & Co. *
Contact: Jim Hubbard CPA
316/685-1411
jim@kscca.com
www.kscca.com

White & Soward *
Contact: Michael S. White
316/265-4877
MWhite@wacpa1.com

Whitsell and Company PC *
Contact: Daniel G. Whitsell
817/461-0041
cpa@whitsellandcompany.com
www.whitsellandcompany.com

Advertising and Promotional

Ad Design Inc. *
Contact: Greg Batt
260/359-2068
greg@addesignonline.com
www.addesignonline.com

Adpro Advertising *^
Contact: Rick Delcamp
479/331-2526, ext. 26
rick@adpro-ads.com
www.adpro-ads.com

Banner Retail Marketing Group *
Contact: Shirley Griffiths
509/922-7828
lena@bannerretail.com
www.bannerretail.com

Central File Inc. *^+
Contact: Alan Benson
414/365-9000
al@centralfileinc.com
www.centralfileinc.com

DBD Communications *^
Contact: Jeffrey M. Rath
614/588-0237
jrath@rroho.com
www.DBDCommunications.com

G&G Graphics and Promotions *^
Contact: Gene Pharis
678/947-3700
gene@gggraphics.com
www.gggraphics.com

I.C.E. ^
Contact: Michael Garceau
603/347-3005
mgarceau@icesigns.com
www.icesigns.com

Imagery Marketing Group *^+
Contact: Marty Smith
314/835-0004, ext. 302
martys@
imagerymarketinggroup.com
www.imagerymarketinggroup.com

Imagine Advertising *
Contact: Gregg Stopher
770/734-0966
gregg@imagineadv.com
www.imagineadv.com

Promobiz.Com *^
Contact: John Howard
817/923-1368
jhoward@promobiz.com
www.promobiz.com

RTO TV *^+
Contact: Rick Linton
314/835-0004, ext. 302
rickl@imageryadv.com
www.rtotv.com

The Niche Connection. *^
Contact: Tom Nitzsche
513/777-0123
tnitzsche@cinci.rr.com

Why Not Rent It *
Contact: Joseph J. Mello
978/828-9996
joejmello@aol.com
www.whynotrentit.com

Automobiles

South East Auto Dealers Rental Association *
Contact: Michael J. Garner Sr.
504/241-0211
mikeesq@hotmail.com

Buying Groups

RentDirect Nationwide *
Contact: James MacAlpine
336/722-4681
jamesm@nationwidegroup.org
www.gorentdirect.com

TRIB Group *^+
Contact: Dennis Shields
770/451-4302, ext. 1#
dennis@tribgroup.com
www.tribgroup.com

Financial Services

Lynnray Financial Corp. *
Contact: Bill Lassiter
800/535-4138, ext. 101
blassiter@lynnrayfinancial.com
www.lynnrayfinancial.com

Moneris Solutions Corp. *^~
Contact: Peggy Smith
847/240-7546
peggy.smith@moneris.com
www.monerisusa.com

Progressive Finance *
Contact: Brent Wilson
801/685-7999, ext. 301
jake@progfinance.com

RTO Funding *
Contact: Brian Kennedy
866/604-8160, ext. 108
bkennedy@rtofunding.com
www.rtofunding.com

Whiteco Commercial Funding *
Contact: Bill White
972/288-4344
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Franchise Opportunities

Aaron's Sales & Lease Ownership *+
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todd.evans@aaronrents.com
www.aaronrents.com

ColorTyme Inc. *^+
Contact: James P. Deering CFE
972/403-4905
jdeering@colortyme.com

easyhome Ltd. *
Contact: David Ingram
905/272-2788
ingrada@easyhome.ca
www.easyhome.ca

Home Express, dba Home Express Sales & Lease
Contact: Chris Caprio
502/802-5200
ccaprio@ashleyky.com
www.myhomeexpress.com

J.D. Byrider Systems Inc. *
Contact: Steve Wedding
317/249-3040
stevew@jdbyrider.com
www.jdbyrider.com

The Premier Companies *+
Contact: Trooper Earle
757/645-0884
troop@premierrents.com
www.premierrents.net

Rent 'N Go Custom Wheels and Tires *
Contact: Bob Catino
954/735-0900
bob@rent-n-go.com
www.rent-n-go.com

Rent-n-Roll, dba RNR Custom Wheels and Tires *
Contact: Larry Sutton
813/977-9800
lsutton@rnrrwheels.com
www.rnrrwheels.com

RIMCO Custom Wheels and Tires *
Contact: John Allevato
678/402-3703
john.allevato@aaronrents.com

Insurance

Benefit Marketing Solutions *^+
Contact: Susan Matthews
972/285-1355
smatthews@
benefitmarketingsolutions.com
www.benefitmarketingsolutions.com

RTO Insurance, a subsidiary of Integrated Insurance & Risk Management *^~
Contact: Robert P. Scott
309/686-3737
roberts@iirm.com
www.iirm.com

RTO Systems Inc./ Walter Clark & Associates *^~
Contact: Jeanette Beardsley
CPIW AIS
559/781-3466
jeanetteb@wlcins.com

Legal Services

Martinec, Winn, Vickers and McElroy ~
Contact: Ed Winn III
512/476-0750
edwinn@mwwmlaw.com
www.mwwmlaw.com

Mail Services

Adpro Advertising *^
Contact: Rick Delcamp
479/331-2526, ext. 26
rick@adpro-ads.com
www.adpro-ads.com

Central File Inc. *^+
Contact: Alan Benson
414/365-9000
al@centralfileinc.com
www.centralfileinc.com

Musical Instruments

DBL Distributing Inc. *
Contact: David B. Lorsch
480/596-8636
breusing@dbldistributing.com
www.dbldistributing.com

National Educational Music Co. *
Contact: Ken Maehl
908/232-6700, ext. 230
www.nemc.com

On-Hold Messaging

Adpro Advertising *^
Contact: Rick Delcamp
479/331-2526, ext. 26
rick@adpro-ads.com
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The Niche Connection *^
Contact: Tom Nitzsche
513/777-0123
tnitzsche@cinci.rr.com

Security Services

Stealth Security Services *
Contact: Celeste Simmons
877/WE WATCH
celeste@
stealthsecurityservices.com
www.stealthsecurityservices.com

Skip/Trace and Consumer Information

Teletrack Inc. *^+
800/729-6981, ext. 3
webinfo@teletrack.com
www.teletrack.com

Store Fixtures and Displays

DAC Products Inc. *^
Contact: Chris A. Hodges
336/699-2900, ext. 1827
chodges@dacproducts.com
www.dacproducts.com

Tax-Refund Services

Petz Enterprises Inc. *
Contact: Leroy E. Petz Sr.
209/835-2720
leroy@petzent.com
www.petzent.com

**Tax Refund Xpress,
dba TRX Alliance** *^
Contact: Chad Moore
615/494-1221
chad@trxalliance.com
www.trxalliance.com

Trucks

**Asbury Automotive Atlanta,
dba Nalley Motor Trucks** *^
Contact: Michelle Dunning
404/886-1793; fax 678/212-7991
micki777@aol.com

FLX Industries Inc. *^
Contact: Alan H. Peters
423/447-2187, ext. 23
flxadmin_1@bledsoe.net
www.flxtrucks.com

Wage-and-Hour Consulting

Harry Weisbrod Associates ~
Contact: Brian Farrington
817/429-8011
btfjd@aol.com

Warehouse and Delivery Supplies

LP International +
Contact: Judy LeeAllen
519/759-3292
info@powermate.info
www.powermate.info

RES Accessories *^
Contact: Michael E. Gerwe Jr.
800/444-7304, ext. 210
mgjr@resacc.com
www.resacc.com

Web Site Design and Development

High Touch Inc. *^+
Contact: John Rogers
316/832-1611
johnr@hightouchinc.com
www.hightouchinc.com

Profiled in this Issue

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



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972/403-4950
bbloom@colortyme.com
www.colortyme.com

[PAGE 16]



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KLQ Enterprises/
Quality Rentals**
10215 Portland Avenue E, Suite B
Tacoma, Washington 98445
253/539-0518
kevinq@quality-rentals.com
www.qualityrentals-rto.com

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**Paul Eichberger
and Paula Allison,
GE Consumer and Industrial**
Appliance Park,
Building 4, Room 200, A18
Louisville, Kentucky 40225
800/782-8097
Paul.Eichberger@ge.com
Paula.Allison@ge.com
www.geappliances.com

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Also see Who's Who in
Rent-to-Own Wheels and Tires

[PAGE 30]

Is the travel to exhibitions and events worth it?



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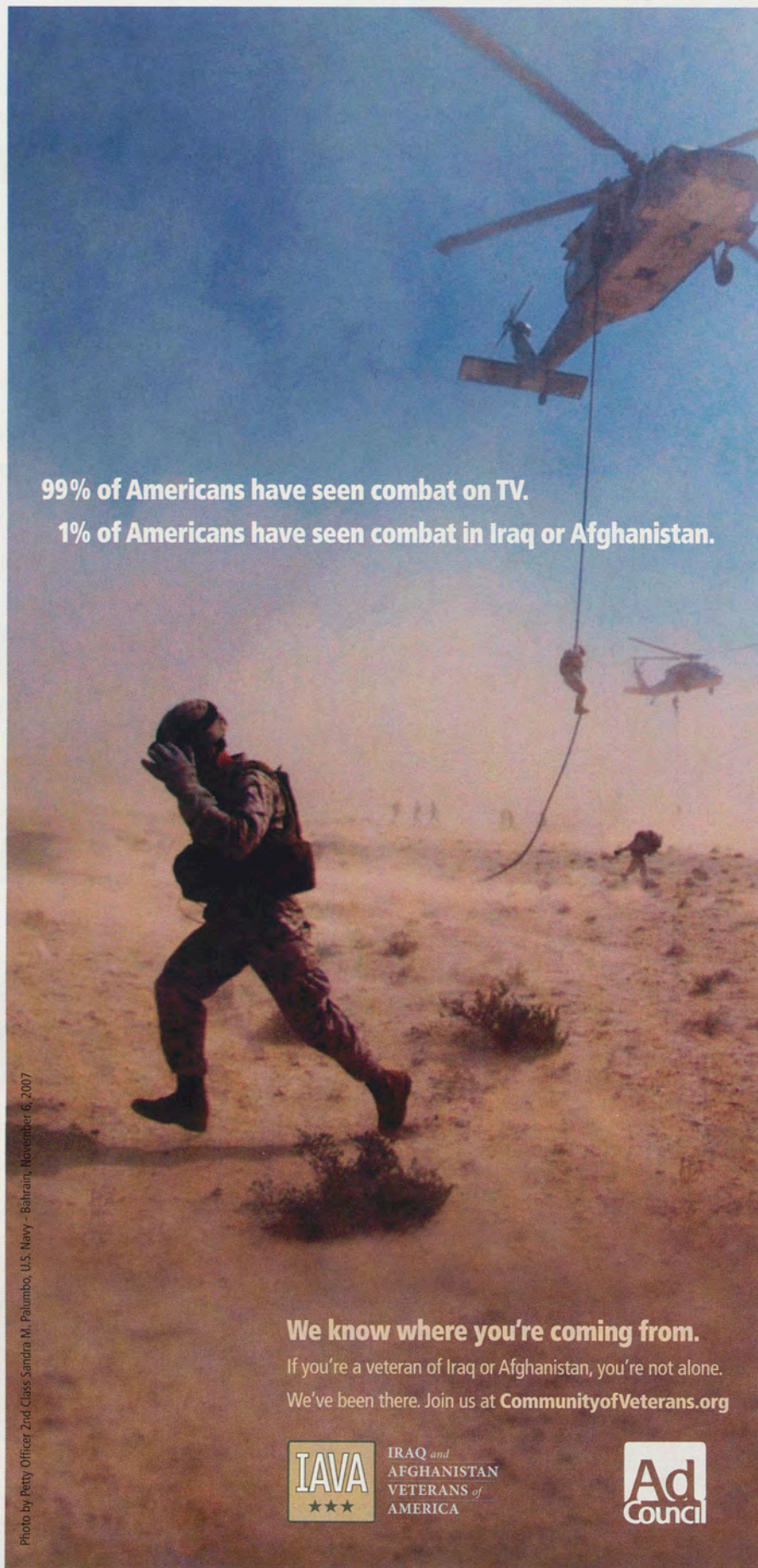


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The success of APRO's seminar program rests largely on the talents of volunteer speakers from the rent-to-own industry. Seminar evaluations submitted by attendees indicate that "industry insider" seminars are often the most valuable, thought-provoking and educational of the nearly dozen sessions held each year at the convention. APRO is seeking RTO professionals to participate as speakers at the association's 2009 seminar program during APRO's Rent-to-Own Convention and Buying Show, August 30-September 2 in Las Vegas. If you don't like the solo spotlight, consider participating on one of the panels held as part of the seminar program. You don't have to commit fully at this time, but if you're interested in volunteering—or you have a topic that you think others would like to learn about—contact Shelley Martinek at 800/204-2776, ext. 109, smartinek@rtohq.org. You will be contacted well in advance of the 2009 Convention to discuss how you can help others in the rent-to-own industry by sharing your brain power.



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A defining moment for rent-to-own

Once upon a time, the consumers' world was divided into two parts: those with credit and those without. Having credit allowed one to buy things on time; not having credit restricted consuming choices considerably. Whether one had credit was dependent upon one's history. The reasoning was that people who had a history of paying their bills on time were likely to keep paying their bills on time in the future. Those too young to have a history of paying bills, or who came from far away without a traceable history, or those whose histories showed a lack of financial responsibility did not have credit. Retail embraced those with credit and shunned those without.

One drawback to this uncomplicated world was that as many as 40 percent of the U.S. population functionally had no credit at any one time. That is a lot of customers and the supply of goods just kept growing: VCRs, televisions, cell phones, computers, video games, DVDs—the list is endless. As these products pushed their way into the marketplace, that put pressure on the market to move them.

In the time before sub-prime, rent-to-own was one of the first industries to blur the line between credit and no-credit, doing serious business with the no-credit crowd. It was the nature of the relationship created between the store and the customer, the RTO transaction itself, that allowed the industry to do business with customers who, heretofore, were deemed too risky.

Then computers came along, allowing consumer behavior to be parsed into different levels of un-credit-worthiness. At the same time, more or less, many states deregulated interest rates and banks started offering credit cards to many of the people in the newly identified sub-prime world. The credit card companies calculated that they could dip into this fertile market and offset whatever losses would ensue from the people who didn't pay by the people who did because of high interest rates and fees.

Then the government got involved and declared that, as public policy, it would be good for the country if more citizens owned their own homes. And so the federal government pushed banks and other financial institutions to loan mortgage money to people without credit. Lenders were willing to do this

to keep the government off their backs and because home prices were rising and thus the investments were viewed as safe.

The problem with loaning money to people without credit is that often they don't pay it back. Finally, so much money had been loaned to these once-shunned sub-prime consumers that when home prices started falling, our financial system was threatened with a catastrophic meltdown.

So, now the government is going to act again to stave off an economic depression. The regulatory pendulum is going to swing back in ways not yet entirely understood or foreseen. Some of the bad sub-prime debt is going to be forgiven and the taxpayers are going to have to pay that money back. There is a move afoot to re-establish the line of credit worthiness and to stop banks from continuing to loan money to people without good credit. Already there is a bill in the Congress, introduced by Senator Durbin, that would cap all consumer lending, including all fees, at 36 percent.

Amid the economic hysteria that grips Congress, the danger to rent-to-own dealers is that their transaction will get caught up in the frenzy to re-regulate everything in sight. Even though RTO is not a credit transaction and can exist without undue risk either to the consumer or to the dealer, not everyone will strive to make that distinction in the current panicky climate. Two state supreme courts—Minnesota and New Jersey—were unwilling to make such a distinction and held that RTO transactions are credit sales.

Rental dealers need to gird their loins for the coming battle—and battle it will be. Loaning all that money to people without credit really never had anything to do with RTO, but those who were elected recently to fashion a remedy to the economic crisis may not understand that RTO is different from credit and exists comfortably and conveniently in the sub-prime world, providing mutual benefits to dealers and customers alike. Rental dealers are going to be called upon to explain what they do, and the survival of the industry as we know it may depend upon the quality of those explanations. *

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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