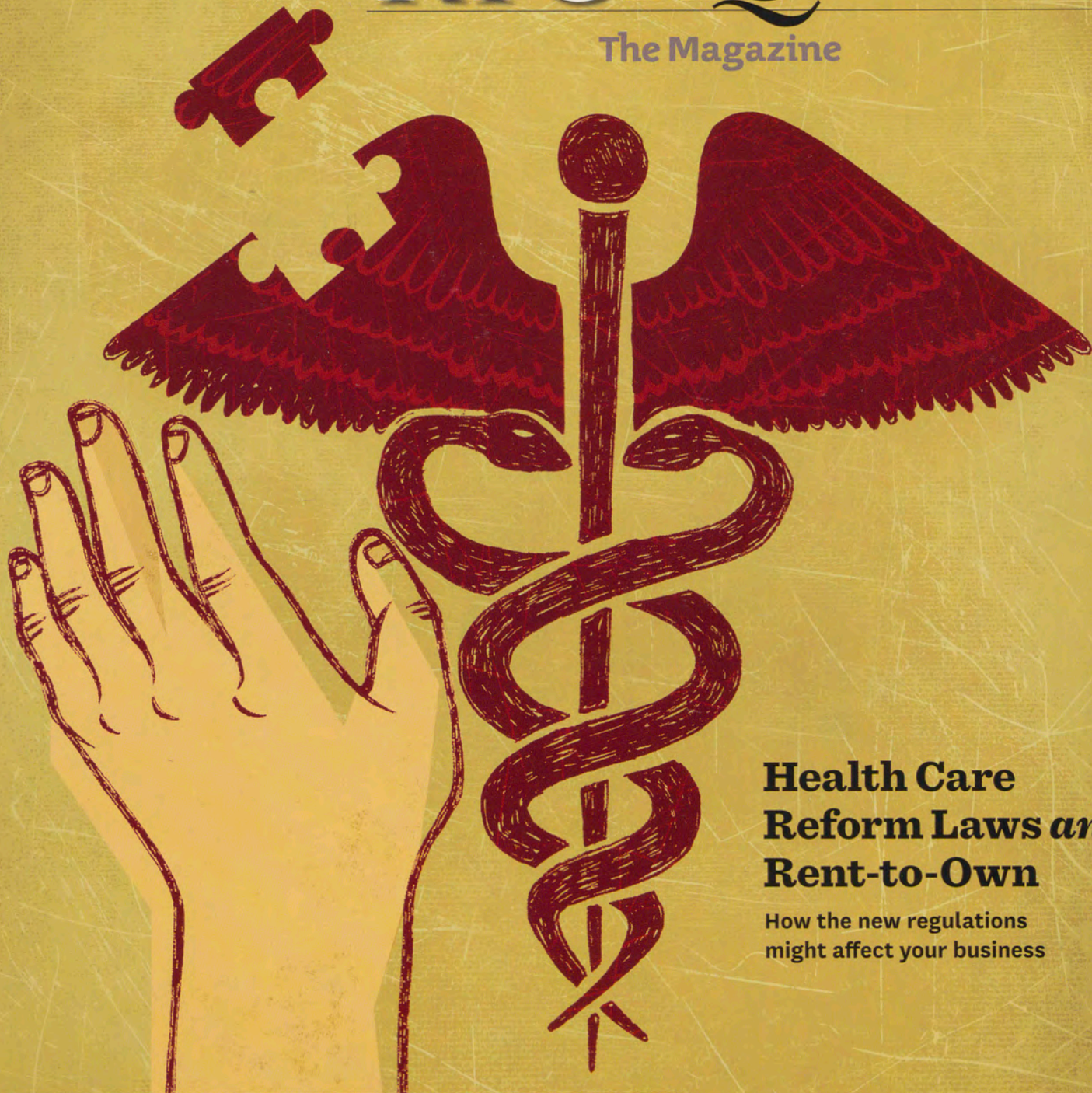


RTOHQ

The Magazine



Health Care Reform Laws *and* Rent-to-Own

How the new regulations
might affect your business

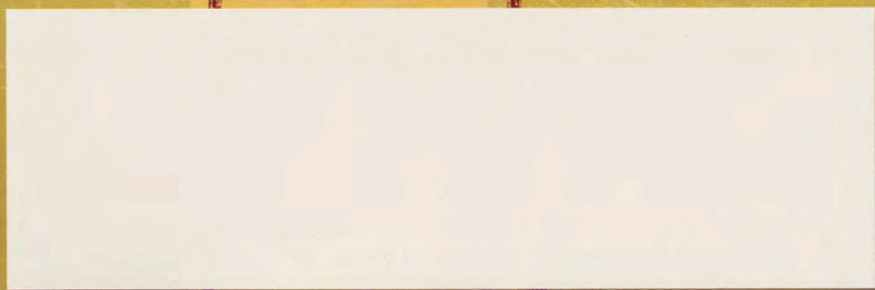


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Making Plans for the New Year

Many people use the last few weeks of the year to mark their calendar for next year, penciling in major events, such as birthdays, vacations, anniversaries, etc. Whether or not you are one of these organized types, please ink in two dates on your 2011 calendar now: APRO's Dave Egan Legislative Conference, May 3-5 in Washington, D.C., and APRO's Convention and Trade Show—our “Family Reunion”—July 11-14 in Little Rock, Arkansas.

With the new Republican-controlled House and Democratic-controlled Senate, we must promote rent-to-own's interests and concerns anew to our nation's lawmakers. APRO's Legislative Conference will be held in May 2011 in order to give Congress a chance to organize its committees, elect its chairs and begin the process of introducing legislation and assigning bill numbers. The conference is a great opportunity for every rental dealer and vendor to travel to D.C., meet new members of Congress and present our case for balanced rent-to-own legislation. Conference information is on the front page of our website, www.rtohq.org, and you can register now.

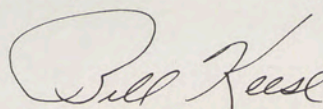
Speaking of the Legislative Conference, recently I received a call from Dave Egan, former general counsel for Rent-A-Center and the namesake for APRO's event in Washington, D.C. Dave retired many years ago, but still is very interested in our industry. He called to praise this magazine's recent profiles of the APRO staff and Ed Winn. Dave was the architect of this industry's legislative efforts, both on the state and national level. We all owe him our gratitude for his insight, which led to 47 state laws and APRO's continued presence in Washington, D.C.

Regarding our other major event for 2011, we are in the process of selecting keynote speakers for APRO's Convention in July and we'll announce them in the next issue of *RTOHQ: The Magazine*. In the meantime, rest assured that they will be the finest APRO has ever brought to you. Shelley Martinek and APRO's education committee are finalizing decisions on all of the speakers, topics and education resources for our Little Rock extravaganza.

We're excited about another feature of APRO's upcoming family reunion: we have selected the finest golf course in Little Rock for our annual tournament. The Chenal Golf Course is impeccable and the amenities afforded our golfers will be unmatched by any other rent-to-own golf tournament. Chenal offers two courses designed by Robert Trent Jones Jr. APRO golfers will be provided with breakfast, hot lunch and complimentary beverages at every other hole. You'll be amazed at the low-cost registration fees for this impressive event.

Regarding this issue of *RTOHQ: The Magazine*, Ed Winn provides an enlightening take on the new health care law. He consulted with numerous experts in the health care field to give you an overview of the law's provisions and how they might impact your company. Also, we profile the software companies that provide the tools to run your rent-to-own businesses better. And do you have a public relations policy in place to face image challenges that might come your way? Richard May, APRO's public affairs director, addresses the need for PR preparedness.

I want to thank our members for a great year in 2010—one in which we reflected on three decades of APRO. Over the past year, our membership peaked with the highest number in more than 22 years and the industry came together as never before. Merry Christmas and a happy, prosperous new year!

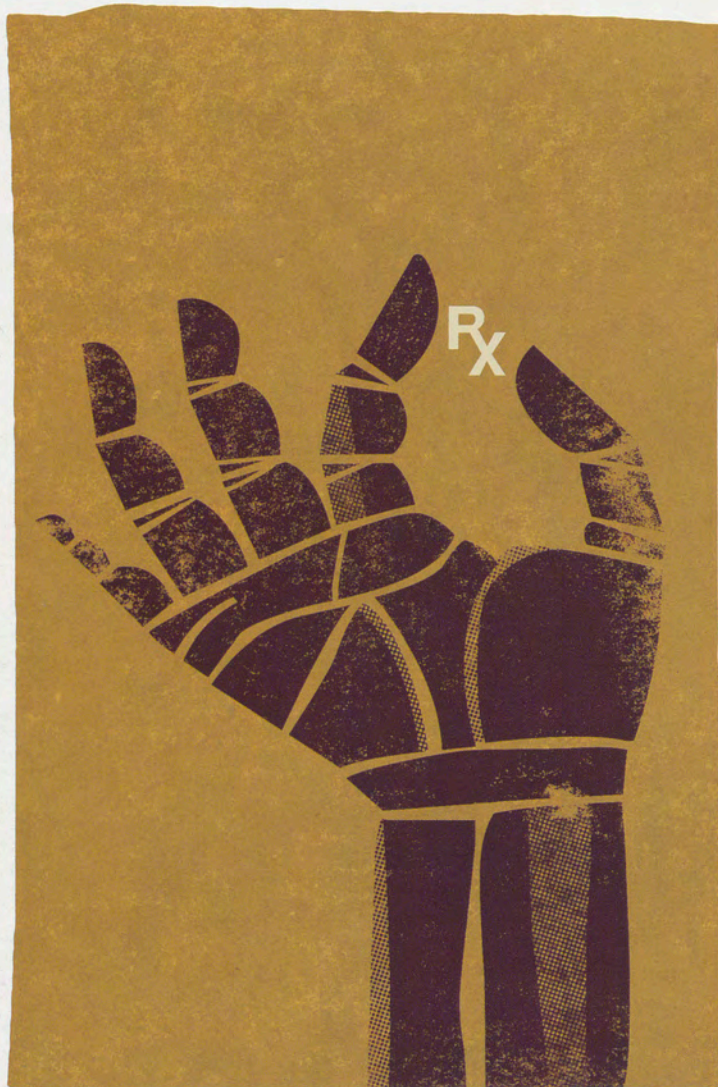


APRO's executive director
bkeese@rtohq.org



RTOHQ

The Magazine



November–December 2010

16 : How the New Health Care Laws Might Affect Your Rent-to-Own Business by Ed Winn III

Regardless of their opinions of the law or their current business practices, rental dealers must comply with the 2,400-page *Patient Protection and Affordable Care Act*. APRO's general counsel offers a few observations on specific regulations within the law that might impact rent-to-own businesses most.

22 : Rent-to-Own Software: Profiles in High Tech by Kristen Card

Almost all rent-to-own companies use software programs custom designed to suit the specific needs of our industry. Meet the men and women who connect rent-to-own and computers, high-tech professionals from RTO Pro Software, High Touch Technology Solutions, RSSS, Ideal Software Systems and Rental Information Systems.

34 : Are You PR Prepared? by Richard May

APRO's public affairs director cites some highly publicized PR case studies—the good, the bad and the *really* ugly, including some of the rent-to-own industry's PR follies of the past—and stresses the importance of developing a solid public relations policy.

Cover illustration by Image Zoo

Departments

1 : Welcome by Bill Keese

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from rent-to-own events

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Rent-to-Own Computers

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44 : For Your Consideration
by Ed Winn III

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RTOHQ

The Magazine

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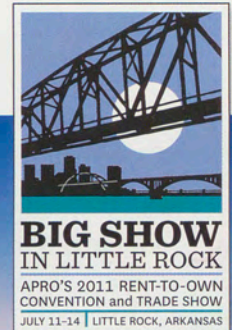
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RTO Matters



Get ready for a Family Reunion at the Big Show in Little Rock

Even though it's the dead of winter right now, it is not too early to start thinking about the hottest event this coming summer:

APRO's 2011 Rent-to-Own

Convention and Trade Show, July 11-14 in Little Rock, Arkansas. We're calling it the "Big Show in Little Rock," but we'll also be touting it as a "Family Reunion."

If you've spent any time at an APRO event, you have undoubtedly observed the family-like camaraderie and compassion rental dealers and vendors share with each other. In addition to the proverbial family that is APRO, the association literally is comprised of many families, as well. From Windsors to Tissots, Slattons to Carricos and Quinns to Baber-Strunks, the rent-to-own world is one big [mostly] happy family with many family-run businesses helping to forge the industry's success. So when you head to Little Rock next July, you'll be part of our "family reunion," mingling among folks with whom you love to associate—not some weird second cousins you haven't seen since you were five years old.

As for the "Big Show in Little Rock" angle, let's entice you with a few highlights about APRO's 2011 host city:



- Little Rock is Arkansas' state capital and boasts the oldest surviving state capitol building west of the Mississippi. For more information on Little Rock, visit www.littlerock.com.
- The city is home to the William J. Clinton Presidential Library and Museum. No matter which way you lean politically, you'll marvel at this magnificent modern structure—and you'll get a close look at it because APRO will be hosting its Gala Cocktail Reception there. For more about the library, visit www.clintonlibrary.gov.
- Speaking of museums, Little Rock has lots of them, and art galleries, too. There's

the Arkansas Inland Maritime Museum, the Historic Arkansas Museum, Heifer Village (dedicated to increasing awareness about world hunger and poverty) and the Little Rock Central High School National Historic Site, where, in 1957, the nation focused its attention during a key event of the civil rights movement when this high school was desegregated. Learn more at www.nps.gov/chsc.

- APRO's host hotel for the 2011 Convention and Trade Show will be The Peabody (www.peabodylittlerock.com) located in the heart of downtown Little Rock on the banks of the Arkansas River.

It's a beautiful, world-class hotel situated within walking distance of many of the city's key attractions, including the Clinton Library and Museum and the River Market District, which offers more than 40 places to shop and dine. And speaking of close proximity, the APRO Trade Show will be held at the Statehouse Convention Center, which is conveniently connected to The Peabody. When you're walking around the hotel, though, try to avoid stepping on The Peabody's famous marching ducks. If you don't know what we're talking about, well, you'll just have to come to Little Rock and find out!

Of course APRO's 2011 Rent-to-Own Convention and Trade Show will offer all of the features you've come to expect from the industry's key event: a golf tournament, awards banquet, great deals on RTO inventory available only during the trade show and educational seminars

on all the hottest topics to help your business thrive. It's our "Big Show in Little Rock," our "Family Reunion"—and *your* must-attend event for 2011. Visit APRO's website, www.rtohq.org, where we'll be posting updates and registration information in the coming months.

Oklahoma rental dealer goes over the edge for Special Olympics

On October 16, newly re-elected Oklahoma Rental Dealer Association President



Randy Braucher took the elevator to the 19th floor of the Hard Rock Hotel & Casino

in Tulsa to participate in a fundraising effort on behalf of Special Olympics Oklahoma. But that was the easy part.

The real adventure—one that has raised almost \$6,000—involved Braucher's descent from the Hard Rock and included neither stairs nor elevators. "That's the tricky part," Braucher says. "That's when I go over the edge."

Braucher rappelled down the casino tower to raise money in support of athletes participating in any of the 120 Special Olympics events being held year round in Oklahoma. Special Olympics Oklahoma hosted this unique fundraising event for the first time this year to raise awareness of—and money for—more than 9,500 Special Olympics participants in the state.

Braucher has served as the chairman of the Rogers County Special Olympics of Oklahoma for the past seven years and, in his "younger years," he did a great deal of rappelling.

To donate to Braucher's worthy cause, visit www.firstgiving.com/randybraucher.

For whom the victory bell tolls: Blue Ribbon is Ohio's rent-to-own champ

On November 29, Blue Ribbon Rentals eclipsed Countryside Rentals in the nation's only independent rent-to-own company face-off for new customers. The "RTO Super Bowl" capped two weeks of heated competition between Ohio's four largest independent rent-to-own companies: Blue Ribbon Rentals, Countryside Rentals, Showplace and UHR Rents. Participants agree that the event was a win for all involved.

The race to add customers and pull in a larger share of Ohio's \$285 million rent-to-own pie was highly competitive, according to Cuyahoga Falls-based Blue Ribbon Rentals owner Bill Wendell. The four companies added close to 1,000 customers during the event, a competition inspired by mutual respect between some of the industry's most influential players.

Wendell says that it brought out the best in his associates and kept them focused on what's most important. "The purpose of a business is to gain and keep customers and if you are not focusing on that, you are not focusing on the right thing," Wendell says. "This was really a testimony to what our managers and associates can do if they focus on customers. The gains we made were exceptional. We gained more in five business days [in November] than we gained in 17 weeks from May to August."

In the final week of competition, Blue Ribbon edged out Bainbridge-based Countryside Rentals by attracting an average of 14.1 new customers per store to Countryside's 13.08 per store. Only stores open for more than one year were eligible to compete, which boiled down to around 60 stores total between the four companies. Blue Ribbon defeated Cincinnati-based UHR Rents and Countryside triumphed over Marion-based Showplace in the opening round of playoffs earlier in November.



"This was a great growth period for us," says Countryside owner Mike Tissot, who, along with Showplace owner Gary Ferriman, began a "customer-gain" contest three years ago. "It proves that when you focus on the right things, you can move the dial on the right things. We just need to do more of the right things every week in 2011—just like we did for this contest."

To the winner go the spoils, which in this case is a large oak-mounted bell and a 40-inch Toshiba flat-panel television, courtesy of DSI. Blue Ribbon will raffle the television to its employees and put the bell on display.

"Beyond the gains we made as companies, this was a great showing for the independents of our industry," says George Schorsten, Blue Ribbon's operations manager. "There is a bond of camaraderie—win, lose or draw, it was a positive showing for everybody."

Rent One employees help spearhead new mentoring program

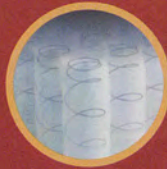
When the local chapter of Big Brothers Big Sisters ceased operations in Jefferson County, Illinois, Rent One's David Keen and Mark Williams went to work organizing another mentoring



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program—Mentors 4 Kids—for the community. “Mark had been on the Big Brothers Big Sisters board of directors and I’ve been involved as a mentor for the past seven years, so we both saw the importance of keeping a mentorship program in southern Illinois,” Keen says.

The effort paid off and in 2009 Mentors 4 Kids (M4K) opened to serve Mt. Vernon, Illinois, and the Jefferson County area. Keen assembled a regional advisory board to promote M4K within the community. His goal was not only to provide a leadership core for local operations, but also a network for fundraising efforts. Already the group has raised enough money through various events to hire a full-time program coordinator.

“It’s a great opportunity to build a sustainable community for the kids who come through the program,” says Keen.

2011 Legislative Conference set for May

The association’s annual Dave Egan Legislative Conference will be held May 3–5, 2011, on Capitol



Hill and at the L’Enfant Plaza Hotel in Washington, D.C. For the 19th consecutive year, rental dealers, employees and industry vendors will unite on the Hill to tell the rent-to-own story to members of Congress and their staffs. We encourage all APRO members to be a part of the lawmaking tradition.

The congressional meetings held during the conference play a major role in protecting the industry. As those who have attended this event in previous years can attest, many lawmakers simply don’t know about or understand the unique rent-to-own transaction and the importance of the RTO industry in the American economy. In many cases, they’re not *against* rent-to-own—they just aren’t *aware* of it. APRO’s Dave Egan Legislative Conference is your opportunity to meet face to face with legislators and tell the RTO story. And comparisons to watching sausage in the making aside, it’s fascinating to observe the lawmaking process in action on Capitol Hill.

We look forward to seeing you in Washington, D.C. this May. Check www.rtohq.org

in the coming months for details and registration information.

RTOCalendar

January 17–19

The Premier Companies’ 2011 Annual Convention, Wild Horse Pass Resort, Phoenix, Arizona. For more information, contact John Darden at 434/566-3652, JohnDarden@premierrents.com; or visit www.thepremiercompanies.net.

January 23–26

ColorTyme 2011 National Meeting, Embassy Suites and Frisco Convention Center, Frisco, Texas. For more information, contact Rhonda Davis at 972/403-4945, rdavis@colortyme.com.

January 24–28

Las Vegas Furniture Market, Winter 2011, Las Vegas, Nevada. For more information, call 888/416-8600; or visit www.lasvegasmarket.com. APRO Hospitality Suite, sponsored by Ashley Furniture, 5:30–6:30 p.m., January 25 in the Ashley Suite at the World Market Center, building B, 15th floor.

February 16

Missouri Rental Dealers Association Annual Meeting, Hampton Inn & Suites, Columbia, Missouri. For more information, contact Ken Steiner at 573/442-2963, steineraa@aol.com; or visit missourirentaldealers.org.

February 20–23

RentDirect Nationwide PrimeTime! Vendor Show, Venetian Resort, Las Vegas, Nevada. For more information, contact James MacAlpine at 336/714-8802, jamesm@nationwidegroup.org; or visit www.gorentdirect.com/primetime.html.

February 20–23

TRIB Group/BrandSource Summit, Mariott World Center, Orlando, Florida. For more information, contact Dennis Shields at 770/451-4302, ext. 1, Dennis@tribgroup.com.

April 2–7

High Point Furniture Market, Spring 2011, High Point, North Carolina. For more information, call 336/869-1000; or visit www.ihfc.com.

April 19

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

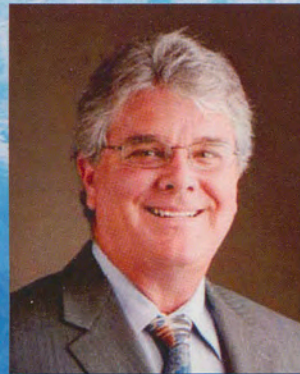
May 3–5

APRO’s 2011 Dave Egan Legislative Conference, L’Enfant Plaza Hotel, Washington, D.C. For more information, contact Jeannie Hutchison, 800/204-2776, jhutchison@rtohq.org; or visit www.rtohq.org.

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Texas Association of Rental Agencies' Convention and Southwest Buying Show

Rental dealers from across Texas traveled to Dallas October 10 for the Texas Association of Rental Agencies' 27th Annual Convention and Southwest Buying Show—a two-day event featuring networking opportunities, state and national legislative updates, and a trade show with top industry exhibitors.

1: TARA President (and APRO board member) William McCrae presents APRO's 2010 Most-Improved State Association Award to TARA Executive Director Scott Pospisil. 2: APRO's Cindy Ferguson, RSSS' Doug Funk and Hughes Rent to Own's Kori Hughes 3: O'Rourke Sales' Bill French, Bestway's Kris Swift and LG Electronics' Mike Wood 4: RentDirect Nationwide's James MacAlpine, Dan Matthews, and Regina and Jeff White 5: Nationwide RentDirect's Dennis Willich and James MacAlpine with Mamie Salazar (center)

2010 Midwest Rent-to-Own Training Expo

The seventh annual Midwest RTO Training Expo—hosted by the Ohio Rental Dealers Association—was held September 21 and 22 at the Concourse Hotel and Conference Center in Columbus, Ohio, where rent-to-own managers and sales representatives from multiple states gained valuable product information.

1: Restonic's Scott Wilson and Jeff Hayes with Showplace Rent-to-Own's Gary Ferriman 2: The Ohio Rental Dealers Association officers: Vice President Mark Kohler, Secretary Doug Higgins, President Scott Kinnear and Treasurer Joel Ehrlich 3: Kelly Geradis, marketing director for PTS Tax Services, and UHR Rents' Roy Pollitt 4: Traci Gallagher and Countryside Rental's David Moore



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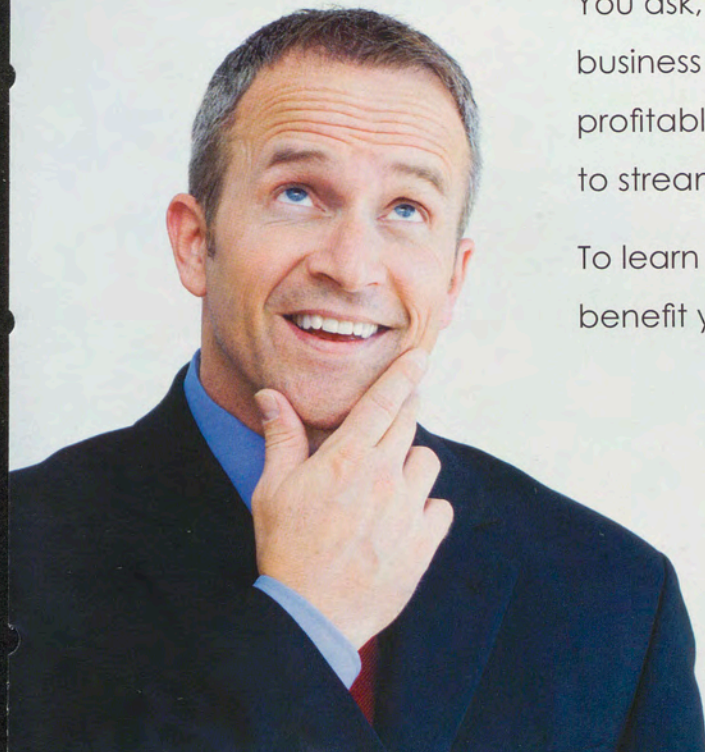
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Florida Rental Dealers Association 2010 Annual Meeting

More than 100 dealers from 17 rent-to-own companies, along with representatives from 32 vendor companies, attended the Florida Rental Dealers Association annual meeting, October 4 and 5 in Tampa. The event included the annual "Slats" Golf Tournament, a Casino Night and guest speakers former pro football player and current sports commentator P.T. Willis and Bill Keese, APRO's executive director.

1: Buddy's Terry Beville, Jason Mance, David Whitbeck and Sal Mochia 2: Beville and APRO Executive Director Bill Keese 3: FRDA Executive Director Susan Tomaszewski, Rent King's Director of Marketing Kristina Smallwood and Rent King's Director of Human Resources Laura Trevino 4: FRDA "Slats" Golf Tournament winning team: Danny Swafford, Robert Swafford, Jamie Slatton and Kenny Roop 5: Coastal Bedding's Jim Pfeil with Buddy's Charlie Buff and Frank Piccolo 6: Casino Night participants Simmons' Benjamin Crowder, RNR's Larry Sutton and Easy Rentals' Dan Kriesly, who also is president of the Georgia Rental Dealers Association 7: FRDA President Chris Kale, FRDA 2010 Employee of the Year Henry Zenteno (Rent King), Rent King's Paul Schaller and Larry Pividal



Florida dealers donate televisions to Ronald McDonald House

On October 14, representatives from Aaron's Southeastern Operations team and the Florida Rental Dealers Association delivered 11 42-inch televisions to a Ronald McDonald House in Tampa, Florida. Pictured are Aaron's Kris Chudzic and Neil Salvador, FRDA's Executive Director Sharon Tomaszewski, Ronald McDonald Charities of Tampa Bay's Executive Director and CEO Janice Davis and Aaron's Luis Delgado.

Photographs and reporting by Murlin Evans.

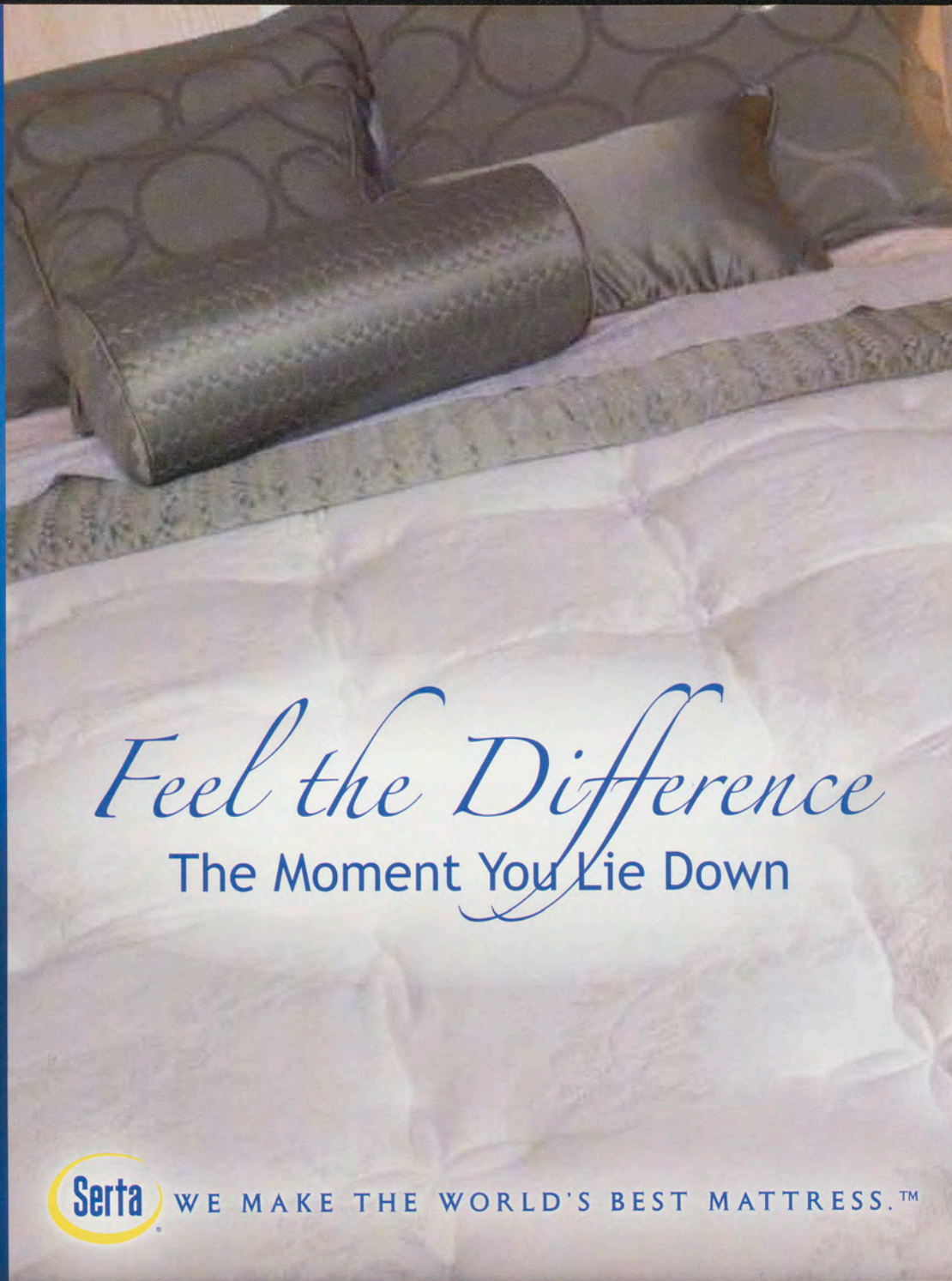
For expanded news coverage and additional photographs of rent-to-own events, visit www.rtohq.org.





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- **Dave Edwards**
President/COO
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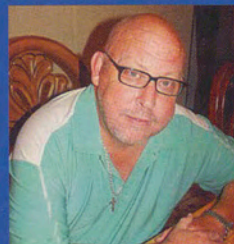
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A FEW
OBSERVATIONS
ABOUT
THE NEW

HEALTH CARE

LAW AND
HOW IT MIGHT
AFFECT
YOUR RTO
BUSINESS
BY ED WINN III

Last March, President Obama signed into law the 2,400-page *Patient Protection and Affordable Care Act*. The elections this past November will affect the timing and implementation of the new law, but the chances of repeal remain remote. There are several court cases pending, brought by groups of state attorneys general challenging on constitutional grounds the law's mandate that people buy insurance. If any of those suits ultimately are successful, such decisions would undermine the economic foundation of the law. In the meantime, there is a new law on the books with which rental dealers, primarily as employers, must comply, regardless of their opinions of the law or their current business practices.

There is a long phase-in period for the law, with some provisions not coming into play until 2018. However, initial aspects of the law went into effect in September 2010. Most of the provisions affecting employers will come into effect in 2014 and thereafter. The statute itself, as lengthy as it is, is not the final word about how health care in America is going to change. There are new agencies created by the law, both state and federal, that must come into existence, all requiring staffs and budgets—117 agencies in all when the law is fully in place—and then those new agencies, as well as several existing ones, must write regulations to flesh out how the law is to work. By some estimates, the regulations, when fully implemented, will run to another 100,000 pages of health care rules.

Much has been written about the new law, both pro and con. Some argue that the law is so bad that it must be repealed and the effort to improve the U.S. health care system must begin anew. Others argue that if the new law is not perfect, it is nonetheless an important first step toward making health care fairer, more available and more affordable. A detailed analysis of this new law—one that will change 16 percent of the U.S. economy, the amount Americans spend on health care each year—is far beyond the scope of this article. There are credible synopses of the law as it currently stands at www.healthreform.kff.org and www.healthcare.gov.

This article highlights a few provisions of the law that may have a direct impact on many rent-to-own dealers' business practices. The RTO industry is not singled out in the new health care law, but according to APRO's statistical survey, most rent-to-own dealers offer some type of health insurance program to their employees and pay an average of 79 percent of the employees' premiums, not including premiums for dependent coverage.

WHO'S COVERED? First of all, and importantly, employers, including rental dealers, with fewer than 50 employees are *not* covered by the most far-ranging of the new law's provisions. Even so, there are important aspects of the law that will cover even the smallest of businesses. For example, all health insurance policies written or renewed in 2011 cannot exclude coverage of dependents under the age of 19 for pre-existing conditions. All policies will have to allow dependent coverage up to age 26, if dependent coverage is offered. There can be no annual benefit or lifetime benefit limits in policies after 2010. Estimates


are that health insurance premiums will rise by 9 percent or more in 2011 for most companies. The general exclusion that applies to small businesses will apply to 85 percent of APRO corporate members.

More exemptions may be forthcoming as the repercussions of the new law begin to be felt. In September, McDonald's and 32 other companies were given a one-year exemption from the law lest those companies drop their "mini-med" coverage on certain part-time and low-wage employees. Because of the high turnover in the fast-food industry, employers offer fairly low-cost, low-coverage insurance to employees through insurance companies with necessarily high administrative costs because of the type of coverages offered and the rapid change in the employee base. McDonald's announced that it intended to drop the coverage altogether in light of the new law, because these mini-med policies would have been in violation of new regulations issued by the Department of Health and Human Services relating to administrative costs. The government granted a waiver to induce McDonald's and other companies to keep their insurance and not dump another nearly one million people into the ranks of the uninsured.

More recently, the government granted waivers to another 110 companies and labor unions for much the same reason. New regulations require insurance companies to spend 80 percent to 85 percent of revenues on health care (not yet defined in the regulations) and only 15 percent to 20 percent on administrative costs. Once again, the government granted waivers to keep these companies from dropping health insurance coverage on their employees.

The best advice for rental dealers, for the moment, regardless of size, is to take counsel from competent health care consultants who are spending their time deciphering the details and impact of the new law on businesses of all sizes.

THE SMALL BUSINESS TAX CREDIT. Starting in 2010, small businesses (with no more than 25 employees) that pay for some portion of their employees' health insurance are eligible for a tax credit equal to a percentage of the premiums paid. Companies with no more than 10 full-time employees and who pay at least 50 percent of the employees' health insurance premiums, and whose employees are paid an average annual wage of \$25,000 or less per employee, qualify for the full credit of 35 percent of premiums paid. A full-time employee is one who works



THERE ARE NEW AGENCIES CREATED BY THE LAW, BOTH STATE AND FEDERAL, THAT MUST COME INTO EXISTENCE, ALL REQUIRING STAFFS AND BUDGETS—117 AGENCIES IN ALL WHEN THE LAW IS FULLY IN PLACE—AND THEN THOSE NEW AGENCIES, AS WELL AS SEVERAL EXISTING ONES, MUST WRITE REGULATIONS TO FLESH OUT HOW THE LAW IS TO WORK. BY SOME ESTIMATES, THE REGULATIONS, WHEN FULLY IMPLEMENTED, WILL RUN TO ANOTHER 100,000 PAGES OF HEALTH CARE RULES.

30 hours per week or more. Dealers with part-time employees can use IRS guidelines for determining the number of full-time employees in the company. Larger companies, those with 11 to 25 full-time employees, get a smaller percentage tax credit. Companies with average payrolls of more than \$25,000 per employee get a declining percentage tax credit up to an average payroll of \$50,000 per employee, when the credit goes away. Likewise, companies with more than 25 full-time employees get no tax credit. Companies can claim the credit for four years, beginning in 2010 and then for another two years until 2016 under Phase II.

Employer premiums eligible for the tax credit calculation are capped at the average cost of health insurance for the small-group market in the dealer's

home state. Those averages for 2010 have been calculated by the IRS and are available at www.smallbusinessmajority.org/hc-reform.faq/2010.irs.average_state_premiums.pdf. Excluded from the credit calculation are premiums paid for the owner's insurance and that of family members who are employed by the company. An owner does not count as an employee if he or she is a sole proprietor, partner in a partnership, or shareholder owning more than 2 percent of an S corporation or more than 5 percent of any other type entity.

By way of example, assume a two-store dealer has nine full-time employees, not counting himself and his wife. His average annual wages for the nine are \$24,000. The company is paying 70 percent of the employees' health insurance premium, which is \$4,000 per employee, or \$36,000 in total annual premiums paid during 2010. The premiums do not exceed the state's average where the company is located, so the company is eligible for the credit. The amount of the credit for 2010 is 35 percent of \$36,000, or \$12,600, which is a dollar-for-dollar credit against any taxes that the company owes.

Phase II of the tax credit begins in 2014 when Phase I expires. Employers must have fewer than 50 employees and must purchase their health care coverage through

one of the new-in-2014 state exchanges. Then they can get up to a 50 percent tax credit on the premiums that the employer pays for employee health care, as long as the employer pays 50 percent or more of the employees' premiums. Phase II will last for two years. Employers with 10 or fewer employees and an average payroll of \$25,000 per employee or less will be eligible for the full tax credit. The credit decreases as the number of employees and the average salary increases.

SURPRISE! MORE TAXES. The government estimates that the new law will cost nearly \$1 trillion. It intends to raise \$600 billion in fines, penalties and taxes that are in the new law. The other \$400 billion is intended to come from cuts in Medicare, although previously legislated cuts in that program have never been implemented, since ultimately it means cutting doctors' and hospitals' fees.

The government estimates that there are somewhere between 30 million and 50 million Americans without health insurance. One of the goals of the new law is to insure as many of these people as possible. When the law becomes fully implemented, the government estimates that there will be 20 million uninsured. In order to pay for this additional coverage, taxes are going to rise. High-income wage earners—with an income of more than \$200,000; \$250,000 for joint filers, which includes a fair number of rental dealers—will see their Medicare tax increase by 0.9 percent (from 1.45 percent to 2.35 percent) beginning in 2013. That same year, those same taxpayers will begin paying a 3.8 percent tax on unearned income—for example, capital gains, rents, interest, annuities, royalties and dividends; tax-exempt interest and income from retirement accounts are not unearned income.

OPTING OUT? Beginning in 2014, employers with more than 50 employees must offer government-approved health insurance to their employees or pay a penalty of \$2,000 per employee. One of the calculations that dealers will have to make is the cost of providing insurance versus the cost of paying the fine. Tennessee Governor Phil Bredesen, a Democrat, reported his calculation for Tennessee's 40,000 state employees in an op-ed piece for *The Wall Street Journal* (October 21, 2010, page A17). In that article, Bredesen explained that his staff estimated that dropping health insurance coverage for the state's 40,000 direct employees, while at the same time increasing their salaries to a level sufficient to allow them to purchase equivalent health insurance through the yet-to-be-created state exchange, would



save the state \$146 million in 2014, even after paying the \$80 million penalty to the federal government (\$2,000 x 40,000).

Fortune magazine reported that large companies such as AT&T, Verizon and others have done similar calculations, although no company in the report indicated that it was seriously considering dropping health insurance coverage for its employees. “AT&T revealed that it spends \$2.4 billion a year on coverage for its almost 300,000 active employees, a number that would fall to \$600 million if AT&T stopped providing health coverage and paid the penalty option instead.” (money.cnn.com/2010/05/05/news/companies/dropping_benefits.fortune) That is an annual savings of \$1.8 billion, or some \$6,000 per employee.

On a smaller scale, let’s consider a company with 100 employees and an average annual payroll of \$40,000 per employee. Assume that the company provides insurance for its employees at an annual cost of \$10,000 per employee with the employee paying \$2,500 of the cost and the company paying the other \$7,500. Annual health care costs for the company are \$750,000. If the company drops coverage, an employee can purchase health insurance through state exchanges at subsidized rates as long as the employee’s salary is less than four times the poverty rate (salary cannot exceed \$88,000 under current law). With a salary level of \$40,000, current estimates are that an employee would pay about \$1,500 for the same \$10,000 worth of coverage that he had with the company, with the government picking up the rest.

The company would have to pay the penalty of \$2,000 per employee—after the first 30—and so the fine would be \$140,000, saving the company \$610,000 per year, or \$6,100 per employee. If the company gives each employee a raise equal to the cost of acquiring insurance through the exchange, at a cost of \$150,000, the company will still save \$460,000 per year—real money to a company with 100 employees, even a rental company. The law of unintended consequences in action.

No one knows whether companies can drop paying for health insurance coverage for their employees—a standard practice in most industries for the past 70 years—and keep those employees. There is the “human capital” element that will have to be factored into the equation, but you can bet that the big companies are

IF EMPLOYERS DO, INDEED, CHOOSE TO DROP EMPLOYEE HEALTH CARE COVERAGE ON A LARGE SCALE AND ELECT TO PAY THE PENALTY INSTEAD, THIS CHANGE IN THE DELIVERY OF HEALTH CARE SERVICES WILL PUT ENORMOUS PRESSURE ON THE NEW STATE EXCHANGES AND INSURANCE COMPANIES, AS WELL. IT WOULD BE LOGICAL, EVEN NECESSARY, SOME ARGUE, FOR THE GOVERNMENT TO STEP IN TO OFFER HEALTH CARE IF EMPLOYERS GET OUT OF THAT BUSINESS.

doing just that, and the human factor will, of course, vary company to company, industry to industry. Some critics of the law have suggested that this provision is really a back-door attempt to push the country toward a single-payer health care system. If employers do, indeed, choose to drop employee health care coverage on a large scale and elect to pay the penalty instead, this change in the delivery of health care services will put enormous pressure on the new state exchanges and insurance companies, as well. It would be logical, even necessary, some argue, for the government to step in to offer health care if employers get out of that business.

THERE’S MORE. There is more in the new law—thousands of pages more. There are new taxes on drug manufacturers, medical devices and health insurance companies, taxes that will be passed along to consumers and raise premiums. For example, beginning in 2011, drug manufacturers and importers of brand-name drugs must pay a

new tax of \$2.5 billion in 2011; \$3.0 billion per year in 2012 through 2016; \$3.5 billion in 2017; \$4.2 billion in 2018; and \$2.8 billion in 2019 and the years thereafter. There is the individual mandate, under attack in the courts, that will require everyone earning more than the official poverty level to have health insurance or else pay a penalty equal to the greater of 2.5 percent of income or \$700.

The Democratic Congress and the president have created a brave new world of health care for Americans. Excoriated by its critics, the new law is repeatedly and insistently championed by its advocates who remain fiercely proud of what they have done. It may be too early to determine who is right and who is wrong in this debate over changes to health care. It is not too early for rental dealers to get familiar with the law as it stands and pay attention to future changes as they occur. As employers and as citizens, the new law will affect businesses of all sizes everywhere. The prudent path is to make sure you have a good idea exactly how. *

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@mwmvmlaw.com.

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SOFTWARE

Rent-to-own and computers are like brothers. Both industries were adolescent in the 1970s and both blossomed in the 1980s. Since then, as the rent-to-own industry has changed—expanding locations, consolidating businesses and broadening product lines—computer software has changed with it. Today, almost all RTO companies use software programs custom designed to suit the specific needs of our industry. Unlike other industries, where some off-the-shelf program bought at Best Buy will suffice for many small-office needs, rental businesses require software with a more precise fit for the RTO transaction and product inventory. We're very lucky to have longtime experts out there ready, willing and able to accommodate all types of custom needs. On the next several pages, meet the men and women who forge that bond of brotherhood between rent-to-own and the computer, the high-tech professionals from RTO Pro Software, High Touch Technology Solutions, RSSS, Ideal Software Systems and Rental Information Systems.





RON GANUS



RENT-TO-OWN SOFTWARE

RTO Pro Software

EUSTIS, FLORIDA | WWW.RTOPRO.COM

**With an
extensive
Windows history,
leading features
and e-support,
this ain't no
amateur hour**

By Kristen Card

RTO Pro Software has been developing software for the rental industry for 20 years and was the first company to offer commercially a 32-bit Windows-based software package for rental dealers. While other companies continued producing DOS or Unix/XENIX-based software, Florida-based RTO Pro went 100 percent Windows-based way back in 1995. Well, you don't get called "pro" for nothing.

"The fact that our product has been operating in Windows for the longest time gives us two distinct competitive advantages," says Steve Lenhart, RTO Pro's sales manager. "It means that 1: we offer the most stable Windows-based software, because we've had 15 years to work out every little kink; and 2: we offer the most inexpensive software, because Windows development is across-the-board cheaper. Other software companies have always had issues securing DOS programmers and we've never had that concern."

RTO Pro Software, founded in 1990 by now-president Ron Ganus, incorporated in 1994 as FutureWare Enterprises Inc. and acquired its own Curtis Mathes Home Entertainment Center in Zephyrhills, Florida. The store was sold a decade later, but the benefits of a hands-on honing of the software in a real-life business environment have proven invaluable for the company. "Our expertise in the rental business, combined with our experience of using and testing the software in our own store, has resulted in the most advanced, yet easy-to-use software on the market for rental companies," Ganus says.

Today, RTO Pro is being used in more than 1,000 stores in the U.S. and Canada, including some chains with more than

20 stores. Ganus says that while the software's low price-point makes it affordable for smaller, independent dealers, high-end features added to its multi-store software package over the past few years—along with a new central-server version—attract a broad spectrum of rental companies to RTO Pro.

RTO Pro and RTO Pro Corporate Office—the company's two key offerings—are point-of-sale software packages not only for rent-to-own, but also the associated rental, retail, check-cashing and cash-advance-loans industries. The latest version of the software, available for sale or lease by individuals or networks, offers more advanced functions than ever before, including:

- ▶ *multi-store inventory*: stores can view master company-wide inventory;
- ▶ *inventory transfers*: corporate can conduct instant inventory transfers via Internet FTP;
- ▶ *purchase orders*: corporate and store-level complete inventory purchase order system;
- ▶ *multi-store payments*: stores can accept and process payments for other company locations;
- ▶ *ACH payment*: stores can process payments through automatic clearinghouse (ACH) electronic draft from customer checking or savings;
- ▶ *recurring payments*: stores can establish automated recurring payments via ACH or credit card;
- ▶ *online payments*: Web@Pay lets customers view their accounts and make payments online with ACH or credit card; and
- ▶ *SMS texting services*: allows rental dealers to send SMS text messages to customers

CONTINUED ON PAGE 38



High Touch

WAYNE CHAMBERS



RENT-TO-OWN SOFTWARE

High Touch Technology Solutions

WICHITA, KANSAS | WWW.HIGHTOUCHINC.COM

**High Touch
branches out
technologically
while reaching its
rent-to-own roots
ever deeper**

By Kristen Card

Wayne Chambers, president and CEO of High Touch Inc., wants one thing to be crystal clear: whatever other technology enterprises this company might venture into, High Touch has its roots deeply grounded in rent-to-own. “Our genesis was in rent-to-own,” Chambers says. “That’s where we come from, that’s the industry we’ve built our business on and invested in for the past 26 years. We’re extremely devoted to RTO and our intention is to continue to be deeply involved in, and supportive of, the rental-purchase industry for the next 25-plus years.”

Wichita-based High Touch began in 1984 in rent-to-own software development, and even up until five years ago, when Chambers came to lead the company, High Touch’s key offering was its point-of-sale software system. Today, High Touch Technology Solutions has expanded into other industries—like retail, real estate and health care—and other tech-related services—such as website development, network security, and PC, server and IT systems management.

But High Touch’s PRO/Store software package remains its core product for about 300 rent-to-own operators—including industry giant Rent-A-Center. PRO/Store is designed to simplify the daily tasks of running a rent-to-own business—receiving and renting merchandise, pursuing and collecting payments, and managing customers, inventory and rental agreements. The software features a print-manager function for either on-demand or scheduled printing and facilitates data mining for reports tailored to the client’s business strategies. Other notable PRO/Store features include on-screen col-

lections, employee timekeeping and sales/marketing features, as well as AutoQue automated voice messaging.

Chambers is proud of having moved High Touch forward in providing rent-to-own clients with a greater diversity of products and programs. And he is equally as proud of continuing the company’s strong connection to rent-to-own. “We have an enormous bench-depth in rental-purchase knowledge,” Chambers says. “We’ve probably programmed, seen, worked on and experienced every sort of issue you can imagine in RTO. Many of our people have been with us for years and several of them have come from rent-to-own stores. So when our clients call with an issue, we can completely understand it and we’re quick to resolve it for them.”

High Touch’s rent-to-own clientele tends toward multi-unit operators, but includes a number of single-store companies, as well. Chambers emphasizes High Touch’s flexibility in dealing with system conversion, training and support, and how they’re priced, structured and used—“whatever works best for the client is what we try to do,” he asserts.

Regardless of how a High Touch system ultimately is configured, the bottom line for the company—and what it may be best known for—is reliability. “Our clients know when they walk into their store and push the ‘go’ button, it will start, run and keep running all day and all night, processing rental agreements, taking payments—it just runs,” Chambers affirms. “It will get you from point A to point B and it’ll get you there with little maintenance and lots of reliability.”

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ELLISON CRIDER



RENT-TO-OWN SOFTWARE

Rental & Sales Software Systems

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After 27 years of offering the real deal in real time, RSSS readies for real, good change

By Kristen Card

A long, long time ago, in a small Texas beach town, some rent-to-own operators began writing software for their business. It was 1979, computers were mainframe monoliths and the Internet was still in its relative infancy. Yet even then, the folks developing the software—the same people who would eventually form the firm Rental & Sales Software Systems, or RSSS—already envisioned a system where information could be shared among all divisions of a rent-to-own company, instantaneously.

Today, this online/real-time quality is highly prized among RSSS clients. The company's rental software may be known for its system stability, data accuracy and impressive features, but according to RSSS General Manager Ellison Crider, clients mention the system's online networking capabilities as their favorite thing about it time and time again.

"Our software was designed from the beginning to be online and real-time," Crider says. "As soon as a transaction happens, the server is updated and everything is up-to-the-minute company-wide—all locations, warehouse/distribution centers, service centers and corporate offices. So each store can search for merchandise system-wide, check the current status of product orders or requisition inventory and a company with any number of stores can know exactly where it is in terms of rentals, revenues, collections, etc., all up to the second. It's been unique to RSSS since day one."

Among the more than 1,000 rent-to-own stores currently using RSSS' rental software, Crider says a close second-favorite facet is its Summary System, which highlights the software's depth, accuracy and flexibility.

"The Summary System collects more than a thousand pieces of information every day on every store," Crider explains. "We go much deeper than other software products in the level of detail we gather, because you just never know when you might need to drill down for more information.

"But because nobody wants to wade through all the nitty-gritty on a daily basis, the system automatically generates a snapshot of the day's activities every night," he continues. "And the snapshot can be customized—we've got dozens of different companies with their own daily summary reports that we created exclusively for them with the information they deem important and in the format they prefer. The client can then use that valuable information not only to see exactly where they are today, but also, over time, to track trends, adjust budgets or adapt advertising. It's pretty slick and quite concise."

That type of tailor-fitting is reflective of RSSS' overall approach. The Corpus Christi-based company, officially operating since 1983, works closely with rent-to-own clients to provide a product that is relevant and effective in meeting their particular business needs. In other words, the client is in control—from system conversions/installations to software support.

"Typically, we work with the company to write an electronic conversion from their old system to ours," Crider says. "Once the conversion is complete, we offer a video training system online at no charge, which employees can do on their own time and at their own pace. We sometimes use WebEx [online conferencing] for training, too. We used to spend three to five days out in a store to train, but

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DAVID GOLDMAN



RENT-TO-OWN SOFTWARE

Ideal Software Systems

MERIDIAN, MISSISSIPPI | IDEALFINANCIALSOFTWARE.COM

This veteran company hopes to take 'ideal' to the next level with its powerful new RTO-specific product

By Kristen Card

The question is, once you call something “ideal,” how do you improve on it? The answer is, you just keep doing what you’ve been doing for more than 25 years, only better. It’s working for Ideal Software Systems. The company has been developing software and hardware for the rental, retail, check-cashing, payday-advance, title-loan and family-entertainment-center industries—and preaching continuous improvement—since 1985. Today, Ideal has put its sermons into practice with an adventurous new product, designed exclusively for rent-to-own: VersiRent (versirent.com), “the world’s most versatile RTO software,” according to Ideal leader David Goldman.

“[VersiRent] is an opportunity for us not just to move to a Windows-based system, but to start over and build a system that does everything the original did, plus all the little things we hadn’t been able to do before, as well some brand-new things,” company founder and president Goldman effuses. “Now it has all the great features of the original product and some things others don’t—and won’t—have for a few years.”

Fully scalable, VersiRent replaces the company’s point-of-sale software packages: The Ideal Rental Manager for single rent-to-own stores and the The Ideal Home Office System for multi-store rent-to-own businesses. While Ideal’s older software featured flexible package options, ready expandability and a wide variety of add-on modules, VersiRent is designed to kick it up a notch, tailor-fitting to the client’s business model.

“VersiRent has lots of practical functionalities that make it easier to deal with real-life situations,” Goldman says. “For example,

while creating a rental agreement, VersiRent lets you special order or pre-sell items you don’t have yet, even accept deposits. The program links the customer with the purchase order; you can even add images and notes to customer or inventory records.

“VersiRent also gives our clients the ability to undo buy-outs and charge-offs,” Goldman continues. “If you make a mistake, you don’t have to start all over again, losing all the history on the item or agreement. VersiRent has a button that lets you undo several types of transactions. Clients have told us they’ve been wanting that for years.”

Additionally, Goldman highlights the benefits of the new software’s data accessibility. While some rent-to-own software holds information in a proprietary database, VersiRent is built on a SQL database, which opens up information access. “People want their data housed with them in a way that gives them more access to their own information than just canned reports,” Goldman says. “They want to be able to mine their data, format it, export it, use it to spot trends. VersiRent lets clients use commonly available tools on any and all information within their database.”

While the point-and-click software is easy to learn, Ideal still recommends on-site training. The company’s certified installers not only teach clients how to make the most of VersiRent, but also customize each application to how the client does business.

“All conversions are work, but they don’t have to be painful,” Goldman says. “We facilitate and perform the conversion of data from the old system and the installation of the software to the new system; we make

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DOUG RUBY, SANDI AND LARRY BURNS



RENT-TO-OWN SOFTWARE

Rental Information Systems

MAGNOLIA, ARKANSAS | WWW.RENTINFO.COM

**RIS software
succeeds for 25
years by focusing
on rent-to-own,
hyper-flexibility
and vocal support**

By Kristen Card

You can't last a quarter-century as a software company and be a stick-in-the-mud. Likewise, you can't last a quarter-century as a successful business without recognizing what works and sticking with it. It can be a delicate and difficult balance, and it's one Rental Information Systems—or RIS—executes brilliantly.

Since 1985, Arkansas-based RIS has been developing software exclusively for the rent-to-own industry, designed to help dealers improve operations, increase productivity and decrease costs. The company began when an independent rental dealer—David Pyle—and a computer-programming college student—now-RIS-president Larry Burns—got together and came up with a DOS-based product called Rental Manager. Pyle used it to run a successful rent-to-own business. Burns used it to launch his software company. Today, the product is known as RAM System and it has been Windows-based for almost a decade. But one thing remains the same—it's still intended for rent-to-own and rent-to-own alone.

"Rent-to-own is what we do, it's who we are," says Doug Ruby, RIS director of sales and marketing. "We're laser-focused on this industry. It's utterly unique, so you have to have a deep understanding of this business, especially on the development side. Larry is still our lead developer and he really knows our clients' needs and wants. But it's not only our programming staff—our support staff also has a firm hold on what our clients face on a day-to-day basis."

While RIS is monogamously dedicated to rent-to-own, Ruby says the name of the game with RAM System is flexibility. "The Windows environment is the most inexpensive and flexible platform available," Ruby

explains. "But the software itself is extremely flexible, too, in the way it can provide different features based on multiple business models, different operating styles, different product mixes—it's very flexible in how it can be configured.

"In fact," Ruby continues, "the bulk of our clients are in the three- to four-store category, which gives us a very diverse mix of operating configurations. We support almost 120 individual companies and every one of them runs its business a little differently. That offers us a prime opportunity to create the most flexible software available."

RIS offers RAM System point-of-sale software, RAM System Corporate Edition for multi-store companies and a series of add-on web-based tools. Both RAM System packages include real-time transaction tracking and powerful reporting capabilities, among other features. And while RAM System represents RIS' formidable yet flexible foundation, RAM add-on products spotlight some of the company's innovative forward-thinking:

- ▶ RAMonline lets clients give employees secure access to company-wide inventory and customer-research resources, while providing customers with online payment options;
- ▶ RAMscan reduces clients' inventory audit time with a wireless barcode system; and
- ▶ RAMvoice offers clients the ability to send automated voice messages to targeted groups of customers, either for collection or promotional purposes.

"We've partnered with Vontoo, a leader in automated voice messaging," Ruby says. "Our system integrates directly with the Vontoo application. This tool is fairly new for us and

CONTINUED ON PAGE 38

RENT-TO-OWN'S IMAGE: PART II

BY RICHARD MAY

ARE YOU



PREPARED?

Prior to the 1980s, most businesses and industries didn't bother much with public relations; they didn't feel the need to employ professionals to deal with public relations concerns. Or, if they did worry about public relations, typically it was an afterthought delegated to the back office—a lone employee who poked his head out of his cubicle to warn his company's leaders that their business practices might produce irreparable negative consequences. In many such instances, the warnings were muffled—the business owner simply closed the door so that the whining was minimized.

From such behavior, one might have questioned the validity of public relations and observed that the “public relations industry” had an image problem. Sound familiar? Today, public relations plays—or at least *should* play—a significant role in every company of any size. To underscore the importance of public relations to your business, let's review some real-world examples.

In 1982, a number of deaths occurred in the Chicago area caused by Tylenol pain-relief tablets that were poisoned by a person who had no affiliation with the medication's manufacturer, Johnson & Johnson. The perpetrator randomly selected supermarkets, grabbed Tylenol bottles off the shelf, added Cyanide to the tablets and then replaced the bottles on the shelves. Seven people who consumed the tainted Tylenol died shortly thereafter. Their deaths dominated the headlines for weeks and, almost instantly, Tylenol declined from being a company with 32 percent

of the market share to one with a tepid 7 percent share. The company teetered on the verge of collapse.

Immediately, Johnson & Johnson distributed warnings to every hospital in the country. It bought national advertising warning consumers not to ingest or buy Tylenol. It removed 31 million bottles from the market, costing Johnson & Johnson \$100 million. When the Tylenol bottles were placed back on the shelves, they featured a triple-sealed package that every over-the-counter drug manufacturer now uses. Johnson & Johnson held press conferences and seminars throughout the country to help assuage fears about its product. It pressured law enforcement officials to pursue the criminal with vigor and vowed to help catch him. The company created the sealed “caplet” to further protect its product from being tampered with and helped lobby the U.S. Congress to make product tampering a federal crime.



NO COMMENT



As a result of Johnson & Johnson's quick, decisive actions, its sales rebounded the very next year. Thanks to its sincere and long-term commitment to public relations, Tylenol remains the most profitable and popular over-the-counter analgesic on the market today. Johnson & Johnson's PR campaign—which the company actually had instituted in the 1950s—built an abundance of public goodwill that saved its existence and enhanced its prosperity.

In the aftermath of the Tylenol debacle, the *Washington Post* reported that, "Johnson & Johnson has effectively demonstrated how a major business ought to handle a disaster. This is no Three Mile Island [disaster], in which the company's response did more damage than the original incident."

The public relations response by Johnson & Johnson is a textbook case on the value and importance of a sincere, dedicated and long-term public relations effort. And it's the kind of PR preparedness that every company—including rent-to-own businesses—should implement at some level. To ignore the value of a solid PR strategy is to risk losing one's business or—worst-case scenario—an entire industry that's long been hit with unfair, unbalanced criticism. Does anyone within our industry doubt that rent-to-own has an image problem, that there is room for improvement? That's why public relations should be an essential part of your business plan.

Here's another real-world example, this time conveying a clear lack of public relations preparedness. In the early 1990s, a local television reporter in the Northeast barged into a rent-to-own store with cameras whirring and questions flying. Repeatedly, the reporter asked the store clerk how his rent-to-own store could justify charging high prices that "rip off" low-income customers while treating them with outrageous disrespect. The employee responded by holding a clipboard in front of the camera. That clipboard sent a message to viewers of the news report that the rent-to-own store was guilty as charged—that they do, in fact, rip off the poor.

Think of public relations as a philosophy that prepares one to provide the most positive response to negative incidents and promotes the most positive image possible for a company, industry or individual. The rent-to-own customer who complained enough to prompt the local media to barge into a rent-to-own store only to have that RTO employee shove a clipboard in front of the camera reflected one of two responses: the rent-to-own store either had no pre-determined public relations philosophy to prepare for this occurrence or they actually *had* a policy of ripping off their customer base.

Neither lack of preparedness nor lack of compassion bode well in the eyes of the media. If a company does not have a pre-determined public relations policy to respond to

a negative with a positive, it demonstrates that it is either ignorant or arrogant or both. Such businesses warrant public scolding and repercussions. The clipboard maneuver, with its clear ignorance of proper public relations, led to subsequent investigations, including a highly damaging one by *The Wall Street Journal*.

The Wall Street Journal took full advantage of rent-to-own's lack of a public relations savvy and featured a front-page exposé charging that the RTO industry "ripped off" poor people, using a "\$5,000 VCR" headline to prove its point. The *Journal's* exposé led to hundreds of similar news stories across the country, all reporting that rent-to-own is a "rip-off." To make matters worse, rent-to-own business owners, lacking a public relations strategy, compounded the damage by responding with a "no comment." A "no comment" response is a response nonetheless—one that, in the minds of most consumers, means you're guilty as charged.

With all the negative publicity spawned first by a clipboard, then *The Wall Street Journal*, then a rash of no comments, the rent-to-own industry was falling down a "rip-off" rabbit hole. It didn't matter that rent-to-own serves a valuable niche for consumers. It didn't matter that innocent, albeit unprepared, RTO business owners were simply caught off guard with no public relations plan in place to help them quit digging. Local and national media successfully branded the rent-to-own industry as a "rip off." Repercussions for the rent-to-own industry still resonate today.

This series of PR missteps led to the U.S. Congress hearing on the rent-to-own industry in 1994. Media covering the hearing reported that rent-to-own is a "rip off"—an industry that needs to be regulated out of business.

Johnson & Johnson's public relations philosophy was to "protect people first, then property next." Even though Johnson & Johnson had no responsibility in the deaths that occurred from the tainted Tylenol, its response posed a raging river of PR challenges. By comparison, rent-to-own's PR challenges were looking more like an ocean of tidal waves, which worsened when the Public Interest Research Group held a national press conference to promote its report "RTO = Ripping Them Off."

During the nightmare of congressional madness in 1994, APRO and its members were like chickens with their heads about to be cut off. Due to the lack of a pre-determined public relations policy and the low-priority status of public relations measures by member companies and the trade association, the RTO industry finally was made aware of the importance of public relations. If legislation introduced by Henry B. Gonzalez, chairman of U.S. House Banking Committee, had been passed by Congress, the rent-to-own industry would have been run out of business—a \$6-billion lesson on the importance of public relations.

Before we reveal rent-to-own's PR savior of 1994, let's examine one more public relations nightmare. On April 20, 2010, a British Petroleum oil well exploded, killing 11 workers and releasing 5,000 barrels of oil per day into the Gulf of Mexico. Ten days after the explosion, BP Chairman Tony Hayword took full responsibility for the spill—his admission demonstrated sincerity. On

reported on the findings of APRO's most recent *Potential Rent-to-Own Customer Survey*, which revealed that rent-to-own's image problem persists. In 1997, 2004 and 2010, APRO commissioned Trenholm Research Group to gauge the image of the industry in the minds of consumers who fit the rent-to-own demographic, but chose not to do business with us. The most common depiction in every survey was that rent-to-own is—

NEITHER LACK OF PREPAREDNESS NOR LACK OF COMPASSION BODE WELL IN THE EYES OF THE MEDIA. IF A COMPANY DOES NOT HAVE A PRE-DETERMINED PUBLIC RELATIONS POLICY TO RESPOND TO A NEGATIVE WITH A POSITIVE, IT DEMONSTRATES THAT THEY ARE EITHER IGNORANT OR ARROGANT OR BOTH.

May 6, though, Hayword recanted BP's responsibility and threw blame on the company that built the blow-out-prevention mechanism. In the public's perception, BP's shifting of the blame now appeared insincere. The company's public relations dominos began to fall. On May 11, Congress held an investigative hearing, with three drilling companies pointing fingers at each other. In the hearings, it was revealed that BP ignored safety warnings before the explosion. With each revelation—and subsequent poorly executed public relations responses—BP's credibility and image sank.

Soon, the Obama administration and members of Congress began admonishing BP for its faulty business and safety practices. Further congressional hearings followed and national headlines vilified BP. To make matters worse, BP's Hayword publicly stated, "I want my life back," sealing BP's insincere and arrogant image. BP's PR bumbles brought criminal investigations, a moratorium on off-shore drilling, public boycotts and a continued series of Capitol Hill hearings. This is only the tip of the iceberg that has cost BP \$23 billion so far and will no doubt cost it more. The BP disaster is a textbook case for "The Wrong Approach to Public Relations."

Ironically, the public relations life raft that saved the rent-to-own industry was a group of the very people that the U.S. Congress and media thought they were protecting: RTO's customers. A simple, but very effective, petition drive summoned tens of thousands of RTO customers to tell Congress that they love rent-to-own and, they implored, leave it alone. Congress received the message loud and clear.

Although the petition drive staved off elimination of the entire industry, long-term damage had been done. While hundreds of Congress members and their staffs were converted to understanding that rent-to-own is a valuable service, many consumers continue to view rent-to-own as a "rip off." In the September–October 2010 issue of RTOHQ: *The Magazine*, we

you guessed it—a "rip-off." That nasty image remains, 17 years after a rent-to-own employee shoved a clipboard in front of a local television reporter's camera.

The outlook is not entirely bleak. Since 1993, APRO members have made tremendous gains in public relations—accomplishments that will be featured in the next issue of this magazine. But, unfortunately, the rent-to-own industry still has room to improve. In the most recent *Potential Rent-to-Own Customer Survey*, Trenholm observes that "it's a positive that the more recent the user, the more positive of an image [they have] about rent-to-own. As the target population matures, the younger customers do not remember the more unsettled days of rent-to-own and, with that, the negative energy about this industry may be dissipating with each year."

Will it take generations to undue the "rip-off" image? Many observe that the industry's legislative headaches are symptoms of the problem, which begs the question: If the rent-to-own industry made public relations a priority from the get-go, would it be perceived more like Tylenol and less like BP?

Look at it this way: When you wake up with a headache, worrying about the future of your business due to unwarranted attacks on rent-to-own and continued legislative debates on the industry, take a Tylenol. If, on your drive to work, you're low on gas, bypass the BP station and choose Texaco instead. When you get to your office and see an e-mail from APRO soliciting a contribution to the APRO Educational Scholarship Fund or APRO's Computers for Kidz program, think about the goodwill your donation will demonstrate. Before you hit the "delete" key on APRO's e-mail soliciting you to be a part of rent-to-own's public relations efforts, remember why you woke up with that headache in the first place. ✱

Richard May is APRO's public affairs director.

or to any mobile phone number—and receive texts, as well.

RTO Pro's automated voice collections/promotions module and delivery scheduling are two of the most popular features among the company's clients, according to Lenhart.

For new RTO Pro users, the software package comes with a free utility designed to help load existing contract and payment history information into the new system—or the company offers a data-conversion service from most other software for a fee.

While the company also offers either in-house or on-site training, Ganus says RTO Pro's familiar, user-friendly Windows interface means most clients just don't need it. "We've had very few companies ever take us up on [our training services]," Ganus says. "The system is just so easy to use, Windows users can pick it up within an hour or two. It has a built-in, on-screen help feature, just like MS Office, and with the rest of our available support, 99 per-

cent of what you might need help with, we can help you with over the Internet."

RTO Pro's online support is extensive, providing updates and upgrades, an e-manual, a bevy of instructional videos, a bulletin-board-type forum, e-mail access and live chat. Additional toll-free telephone help is available 24/7. Software purchasers receive their first three months of support free with an option to extend by buying a support program; lessees automatically receive complimentary continuous support.

Looking forward, RTO Pro is working toward capabilities especially for auto rental dealers, as well as enhancing the new central-database version of the software package, which was released this month. After all, a pro can't be satisfied by the status quo.

"We pride ourselves on being ahead of the curve in terms of new features and Windows makes it easier than ever," Ganus concludes. "We're continually adding capabilities to our software, mostly based on requests from current users. Our clients are our best source of new ideas." ✧

The next point of arrival for High Touch is a software system offering not only dependability, but also a web-based structure, real-time data access and enterprise-wide views. By mid-2011, High Touch and its wholly owned subsidiary, RSSS, plan to modernize and unify into a single company and debut a single rent-to-own "super-technology"—a software system called Cynergi. "We're combining the very best of both [High Touch and RSSS] technologies and creating a better product for our clients overall," Chambers reveals. "Our goal is simply to better serve our clients."

While the details about Cynergi are still under wraps as product development wraps up, Chambers confirms the new software will operate on a more contemporary platform, use a central server, be more 'hardware agnostic,' include a graphical user interface and offer many advanced features and benefits—all integrated as part of the system.

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“We are transitioning from being a software developer to being a solutions provider. But our motivation isn’t to grow the business; it’s to serve the business. Our whole focus is how we can better serve our RTO clients and better serve the rent-to-own industry, so they can be more successful.”

As anticipation about the new super-software swells, Chambers will likely be super-focused in the short term on its successful debut next summer. In the long run and in the broader vision of the company as a whole, Chambers concedes that High Touch is no longer all about software—but insists part of it will forever be all about rent-to-own.

“We’re transitioning from being a software developer to being a solutions provider,” says Chambers. “But our motivation isn’t to grow the business; it’s to serve the business. Our whole focus is how we can better serve our RTO clients and better serve the rent-to-own industry, so they can be more successful.” *

Ideal Software FROM PAGE 31

sure everything is working right. Understanding what the client’s needs are and making sure the client understands how the software meets their needs is essential to a successful transition.”

Should issues arise following the transition, Ideal provides strong IT support, including a 24/7 support center—where over 90 percent of all calls are answered by a live expert—live online chat and a sizeable team of certified technicians and other service staff. VersiRent support is offered as a flat-rate plan to help clients avoid a financial shockwave in the wake of any technical difficulties.

“Some companies charge you every time you make a call,” Goldman says. “We establish a reasonable set rate for you, so there are no surprises. You can call us as often as you want or need to; whatever it takes, we will fix it and you won’t be charged any extra.”

While several hundred rent-to-own stores are current Ideal clients, only a few dozen of them are using the new and improved VersiRent. Goldman says his company’s top priority for now is expanding that population.

“Over the years, [Ideal has] continually improved our software for ultimate versatility and power,” Goldman concludes. “That’s VersiRent. While other companies are still at the planning stage, we’ve been fine-tuning VersiRent in stores, on the job, for two years. Today, it’s ready for prime time.” *

Rental Information Systems FROM PAGE 33

our clients; for the ones who have implemented it, they’re experiencing terrific success with it. Today’s rental dealers are investing in new avenues and it seems to be giving a great return.”

Looking further forward, Ruby notes RAM System Version 5.0 is currently in development, and more—and more sophisticated—Internet-based options are definitely in RIS’ future.

“I see e-resources as a key growth area for us and for our clients,” Ruby affirms. “Providing their customers access with online ordering in addition to payment, setting up rental agreements online—that’s what will be the next big thing for our company and rental-industry software.”

And again, there’s balance. While RIS moves toward the www world in some arenas, in others, the company is content to stand by old-school ways. For example, while RIS offers online support for its clients—downloads, updates, online manuals, e-mail access—its support mainstay is a 24/7 toll-free telephone line. All calls are guaranteed returned the same day by a live tech and RIS claims 95 percent of support issues are resolved with the first phone call.

“Our support is the best in the business, simply because it’s human,” Ruby says. “Our technicians give our clients a live person to talk to—a helping hand with a deeper level of IT support and a broader understanding of their business.”

High-tech with a human touch. The RIS balance at work. *

RSSS FROM PAGE 29

now, clients can get started much more quickly and inexpensively.”

RSSS provides prompt, 24/7 support for rent-to-own clients via e-mail, online log, telephone and even fax. Regardless of how support is requested, it’s responded to by support engineers who come specifically from rent-to-own backgrounds. “So when someone calls with a question, they’re not speaking Greek to us,” Crider notes. “We understand just what they’re talking about, because our guys have worked in the RTO business. They’re familiar with the language and how things

are done and the issues that come up because they’ve been there, done that themselves.”

Looking forward, RSSS—a wholly owned subsidiary of High Touch Inc., since 2002—is working toward a process of modernization and unification with High Touch, culminating in the mid-2011 debut of a new software system showcasing the best both companies have to offer—and then some.

“With High Touch and RSSS combining, we’ve got more than 50 years of great software features and functionality to put into the next generation—a system we’re

calling Cynergi,” Crider says. “We have a lot of incredible clients who have given us great ideas over the years that we’ve implemented in our current offerings, and some that we’re incorporating into this new technology for the first time. For example, Cynergi will feature a graphical user interface that we believe will be the best in the industry.

“It’s going to be extremely exciting,” Crider concludes, “and all-inclusive—including an integrated accounting system. And in the end, we think it’s going to deliver us to a whole new level of serving our clients and the rent-to-own industry.” *

Become a Successful RTO Dealer

IT'S NO SECRET. WE'LL HELP YOU AT PREMIER!

By Trooper Earle, President/CEO, The Premier Companies



Trooper Earle
President/CEO,
The Premier Companies

IN THE END – OR MORE ACCURATELY, FROM THE BEGINNING – SUCCESS DEPENDS ON THE INDIVIDUAL.



While he or she may need help along the road to any endeavor, that person has to have what it takes to cross the finish line. I see that over and over as I work with new Premier franchisees. When I am asked who Premier has been able to help become Premier owners, my response is this: Everyone has had challenges. The people Premier has been able to help are those who have more desire than they have had challenges. These individuals look at their challenges and have the desire to overcome them. That's being an ENTREPRENEUR! That's being a Premier dealer – and a success.

One of the major differences at Premier is that we help new dealers understand that PROFIT is no longer the most important figure for them to monitor. It is CASHFLOW! When they have worked for someone else, their job has been to create the profit, and it is the owner's job to provide the CASH to make the profit. So when new Premier dealers come on board, we have to change their mindset from thinking about HOW TO CREATE PROFIT to HOW TO CREATE CASH FLOW. It may not seem like a huge distinction, but it is the difference between super success and bankruptcy.

Another novel concept to new dealers is that MONEY IS MADE ON THE BUY, NOT THE SELL. Most first-time dealers have only *ordered* merchandise for their store from a preselected price list of products where

pricing for an item is pre-determined by someone else. A successful owner finds that buying quickly and effectively become the key solution to CREATING CASH FLOW and the profitability of a business. The old days of taking the cost, multiplying by 4, dividing by 18 are gone! To be successful, you have to become a good buyer and not an *orderer* of merchandise.

When future dealers start with Premier, they understand that while they may be going out on their own, they are never out there alone. There are either things they don't know or areas of their business with which they don't have experience. Whether their challenge is money, location or past credit history, Premier has the support team they need, offering help with financing, payroll, legal, accounting, human resources, purchasing and marketing. This array of Premier services helps them get started and keeps them going.

Premier dealers also have opportunities to expand their market through multiple stores and in several related industries. Plus they have available to them a broad network of fellow dealers, each of whom is available as a very willing resource.

A Premier dealer has the freedom to enjoy the risks, reap the profits, rely on both experience and innovation, and grow. These individuals are driven by an entrepreneurial spirit that must be tested. In the end they'll turn doubt to decision and mediocrity

to brilliance. Together with Premier, they can round out their total package for success.

FROM PROVEN PREMIER DEALERS

Moodys Celebrate Anniversary of Premier Rental-Purchase Store in Tuscaloosa

Brothers Chad and Jeffery Moody are celebrating the first anniversary of their second Premier Rental-Purchase in Tuscaloosa, Al. It was always part of the plan to open another store since they debuted in Columbus, Miss. in mid 2008, and according to Jeffery it happened faster than they had anticipated and proved to be the right decision, despite a tricky economy.

"We always intended to open a second store because we knew we wouldn't be satisfied with just one. When the opportunity arose in Tuscaloosa last year, we got really excited about it. Tuscaloosa is a lot bigger and there is a lot of potential there. Despite the economy, the financing went well and the process went smoothly. We were of course familiar with what to do having opened our first store not too long ago. And we certainly felt supported by Premier as



Chad Moody



Jeffery Moody

a franchisor. You can't compare our experience with other dealers who are out there trying to open up as independents."

Fast Track

Chad's whole RTO career has been on the fast track. "When I was starting out, I heard about a new RTO store opening up in town and went by and talked to them. They offered me a job on the spot. I went in as accounts manager, quickly became sales manager and then store manager – all within just eight months of my getting into the industry. My store grew nicely. My secret has always been a commitment to customer service."

When his little brother Jeffery came to work for him, they began talking about opening an RTO store together as 50/50 partners.

"I filled in on and off for my brother in the store he managed and learned about the RTO industry," says Jeffery. "I knew all along that Chad and I would one day own an RTO business."

Finding Premier

Chad and Jeffery researched several different RTO franchising companies, both large and small. They specifically wanted a company that provided guidelines to help them out and get them open rather than a set of corporate rules. And they wanted help getting set up with an SBA loan. They found Premier through a colleague and decided Premier offered the type of support they were looking for. "As I had thought about different companies and options," says Chad, "Premier was the best fit."

Jeffery adds, "We have so much leeway in what we can do as owner of a Premier business. We can run it the

way we want to, buy products we want to, work with our customers the way we want. We know what works for us and our business. No one is pointing a finger to tell us what to do."

With two stores open and running, the Moodys have discovered that even as entrepreneurs they appreciate the on-going services Premier is providing.

Chad cites human resources, insurance, payroll and marketing as important to their individual operation. "When we get a new employee, we can get him in the Premier system and Premier takes care of everything through a paperless "green" system. I like the convenient advertising resources and promotions that come out of Premier Marketing like our recent Holiday Cash Giveaway program."

RTO Veterans Bring Choices and Customer Care to Nebraska Tri-Cities Area

With 26 years of combined service to the Central Nebraska rental market, Mike Shuler and Heath Peters agree that opening a second store was inevitable and may be followed by a third down the road. "The first one wasn't enough," said Shuler, referring to their location in Kearney. Their new store in Hastings has done "incredibly well" according to Shuler.

Reflecting on early feelings about owning his own business, Peters says



Mike Shuler and Heath Peters

"I knew a lot about the business, but I didn't know how to start a business. I was scared to start out on my own. Mike was thinking the same thing and approached me to see if I was interested. I had read about Premier Rental-Purchase, and they seemed like a place to start for the support we needed."

Peters adds, "I made the decision after speaking with Premier's President/CEO Trooper Earle that this was my calling – to be an entrepreneur. Trooper explained all of the benefits provided by Premier such as the human resource services, legal counsel, accounting support, and the lending assistance that is available. I spoke to numerous Premier dealers who had walked down the road with Trooper, and I was convinced. The common statement throughout was 'you will love being on your own. So we signed on.'"

Shuler says. "Here I had been doing rental-purchase for 20 years, and I finally broke off on my own. I have had a great partner to go forward with, and it clearly has been the right decision. I enjoy getting up every day and being able to have a positive impact on the lives of others around me. I love the industry and most importantly I love seeing people grow. I have the opportunity to impact the lives of many around me on a daily basis, both customers and employees, and there is no greater experience."

The national office of Premier Rental-Purchase is located in Williamsburg, Virginia. All Premier stores are independently owned and operated. Visit Premier's website at www.premierrents.net or call (800) 2-Premier and ask for Trooper Earle.

Who's Who in Rent-to-Own Computers

These computer vendors and distributors are APRO associate members (*), APRO advertisers (+) and/or APRO Trade Show exhibitors (^).

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Repetition is the Mother of Learning

The headline above is a message that comes courtesy of a rental dealer friend of mine who was kind enough to send me a copy of some memos he sent around to all of the team members in his stores. “Repetition is the mother of learning” was hand written on a note to me that was attached to the memos. The missive reminded me of why I am not a manager of any more people than is absolutely necessary for me to live my life and do my job. I manage one secretary and my kids. My wife is not managed; she is in the boat rowing with me, usually in the same direction.



At any given moment, I always know what it is that I am supposed to be doing, whether I am doing it or not. Nobody needs to tell me. Nobody needs to remind me. I never sit around and wonder what it is that I ought to be doing. I may feel guilty that I am not doing it, but it is never the case that I do not know what needs doing. That sense is in my bones.

It simply does not occur to me, unless I am reminded, that not everybody is this way. Many people, maybe most, apparently, benefit from being managed—being told, politely, impolitely or somewhere in between—what to do. There are, after all, many more managers than managers, most likely because of some quirk of human nature. Capitalism is not the cause of this imbalance. It is the same, even worse, under communism, in all of its iterations to date, and totalitarianism. The utopian ideal of everybody being equal and nobody having a boss or being bossed belies human nature. The history of human beings on earth is the proof.

My friend’s memo happened to have been about installing anti-tip devices on stoves. My friend is a great champion of children and does not want them being hurt on his watch. That sentiment is in the

memos in heartfelt fashion. Nor is he fond of being sued. So he told his folks in 2005—when the issue first arose in the rent-to-own industry and measures were taken to prevent it—to make it company policy to install the devices on every stove installed, no exceptions. He ran a contest with money prizes to see which store could retrofit all of the stoves already out on rent. He made the process as easy as possible by showing his employees several places where they could get more anti-tip devices, brand by brand, if more were needed.

In 2006, he sent out several follow-up memos reminding everyone of the company’s policy. One might suppose that memos from the owner were on the agenda of store meetings.

He sent out a reminder memo to his stores last spring. Last week, because, indeed, “repetition is the mother of learning,” he reminded everyone once again of the policy and why the company has the policy.

I think it’s fair to say that store employees do not know exactly what it is that they are supposed to be doing at every instant. It is why they have managers—why they are managed. Also, in this business, employees come and go. Those who might have known what to do, go; others come. The newbies need to be told and then reminded what to do.

The lesson I learned from my friend is that you cannot tell people things once and expect them to stick. You have got to tell them more than once, and for the really important stuff—however you define that stuff in your company—you probably cannot tell them too often. I guess I am really writing to those of you who have moved recently from the ranks of manager to manager. Those of you who are instinctively good at managing and practiced in its arts have already mastered this lesson. But, even for you, a little repetition cannot hurt. ✧

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@mwwmlaw.com.

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