



# RTOHQ

The Magazine

## **In Pursuit of Rent-to-Own's Potential Customers**

APRO's latest image survey results  
reveal a diversity of perceptions  
and realities



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## A Family Reunion in Little Rock

**R**ecently, the 2010–11 APRO board of directors met in Little Rock, Arkansas, for its annual fall meeting. The meeting was held at the Peabody, our host hotel for APRO's 2011 Convention and Trade Show. It is a magnificent hotel and will be a memorable location. Never before have we had a location that is so convenient for our attendees and exhibiting companies. You'll enter the exhibit hall from the lobby of the hotel—it's *that* convenient. The Peabody and the Statehouse Convention Center are right on the Arkansas River in downtown Little Rock. The surrounding area offers 40 restaurants and clubs within walking distance, so everyone will have a great selection of places to visit in between all the convention activities.

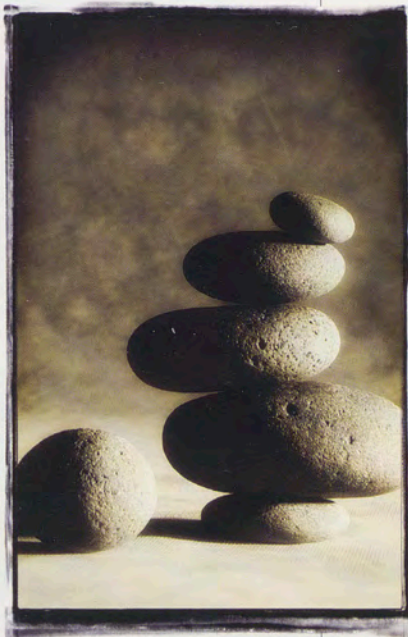
I want to thank members of the Arkansas Rental Dealers Association, who met recently to discuss their plans and express enthusiasm for the rent-to-own industry's national convention coming to their beautiful state. As an organization, they have offered to help rental dealers from all across the country to ensure that they enjoy this wonderful part of the world. APRO is honored to bring the largest and best meeting of rental dealers in the United States to Arkansas next year. Be sure to mark July 11–14, 2011, on your calendar today. We consider it the industry's "Family Reunion"—and you won't want to miss it!

To commemorate APRO's 30th anniversary, over the past year *RTOHQ: The Magazine* focused on highlights of the past three decades in each issue. It was fun to research and report on the past while promoting APRO's 30th anniversary. For 2011, we shift our focus to the rent-to-own family. Each issue of this magazine in 2011 will highlight three or four RTO companies that have generations of families running them. Our industry is blessed to have so many companies with two or more generations working together and we want to share their stories.

In this issue, APRO's Public Affairs Director Richard May reports on the initial results of our latest *Potential Rent-to-Own Customer Survey*, conducted this past summer by Trenholm Research Group. You'll be surprised by the wide gap of perceptions between our customers and non-customers—what they understand, and don't understand, about rent-to-own.

May also pays tribute to three entrepreneurs who have made significant contributions to our legislative efforts—rental dealers from Maine, Montana and Colorado. In our feature "Energy from the Outskirts," we meet Jim Ratner, Tony Longin and Mike Gordon, RTO business owners who have committed their energy and drive to making this a better industry.

Finally, I have received more comments on our recent profiles of the APRO staff than on any other story we have ever published. With almost 175 years of collective rent-to-own experience, many of you were fascinated to learn who the staff members really are. Thanks to the APRO board of directors for making this happen.

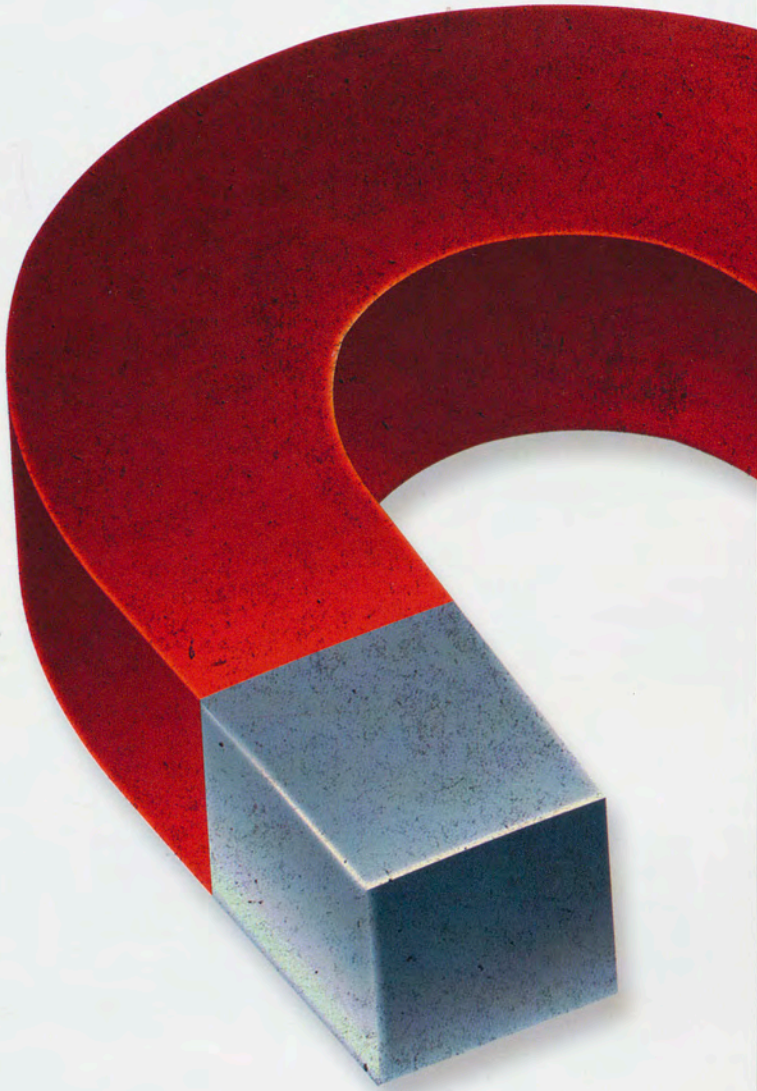


*Bill Keese*

APRO's executive director  
bkeese@rtohq.org

# RTOHQ

The Magazine



**September–October 2010**

**16 : Attracting the Unattracted:  
Are We Making Any Progress?**

by Richard May

Results of APRO's latest *Potential Rent-to-Own Customer Survey*, conducted by Trenholm Research Group, are in. Find out how the non-customer's image of the RTO industry compares to similar surveys conducted in 1997 and 2004. Equally important, how do attitudes about rent-to-own differ between customers and non-customers? APRO's public affairs director examines the perceptions and the realities.

**20 : The Empire State Strikes Again**

The New York State Assembly recently passed rent-to-own legislation that's the most restrictive in the country. Here's a summary of the new regulations and the circumstances that led to them.

**24 : Energy from the Outskirts:  
Profiles of Mike Gordon, Tony Longin  
and Jim Ratner**

by Richard May

Strong support for the rent-to-own industry comes from APRO members across the nation, including political movers-and-shakers in Colorado, Montana and Maine. Here, we introduce you to a former football player, a Wild West outdoorsman and a Deadhead.

**34 : The Lighter Side of Rent-to-Own  
by Bud Holladay**

One of APRO's founders has heard some crazy stuff in this business over the past 30 years. Sometimes, you just gotta laugh.

Cover illustration by Image Zoo

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from rent-to-own events

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Rent-to-Own Appliances

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44 : For Your Consideration  
by Ed Winn III

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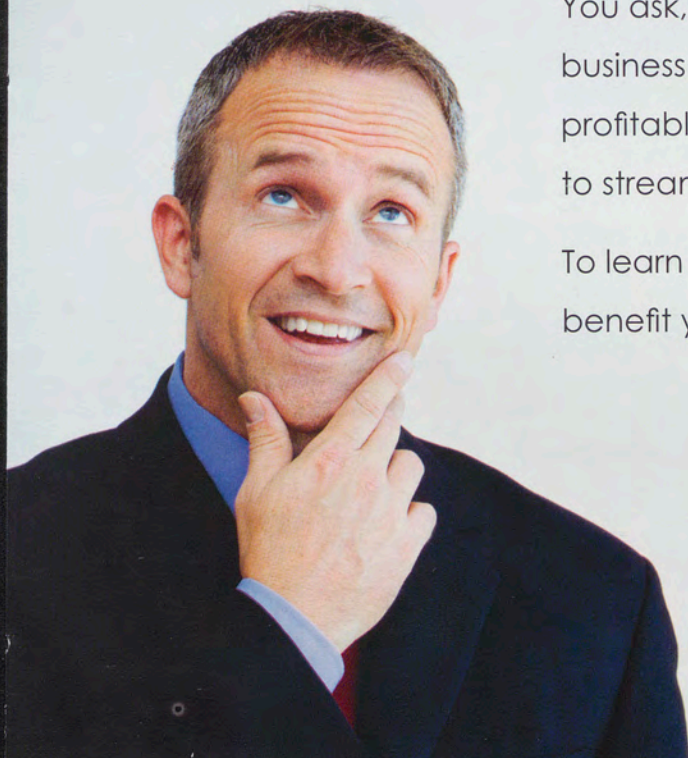
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# RTO Matters

## The year of the bed bug

Online news site *The Daily Beast* recently published its list of America's top 10 "Most Bed-Bug-Infested Cities," with Ohio garnering three spots:

1. Cincinnati, Ohio
2. Columbus, Ohio
3. Chicago, Illinois
4. Denver, Colorado
5. Detroit, Michigan
6. Washington, D.C.
7. New York, New York
8. Philadelphia, Pennsylvania
9. Dayton, Ohio
10. Baltimore, Maryland

*The Daily Beast* compiled the list based on the number of treatments performed by Orkin, a leading pest-control company, over the past 30 months.

The website ([www.thedailybeast.com](http://www.thedailybeast.com)) also reports that "a survey Orkin commissioned with the Building Owners and Managers Association International earlier this year produced staggering results: one in 10 respondents reported bed bug incidents on commercial property. Orkin's commercial business tripled last year, while its residential business 'merely' doubled.

"David Ralph Hoffman, owner of Merlin's Pest Control, says if you don't know someone who has had a bed bug problem, you don't live in Cincinnati," *The Daily Beast* reports. "At Merlin's they rate their horror



stories on a scale of 1 to 10. The worst was an apartment occupied by someone who bragged about the last time he'd had a bath (not recently). The apartment was also occupied by about 100,000 bed bugs, Hoffman says, kept in check only by an equal number of German cockroaches."

According to the Associated Press, the Environmental Protection Agency has issued a warning regarding the use of certain chemicals to fight the increasing bed bug problem. Infestations have not been this high since the 1950s. Many states where bed bug infestations have become a serious

problem have petitioned the EPA to approve the indoor use of the pesticide Propoxur, but the EPA has rejected its use because the agency considers it to be a carcinogen and had banned it for indoor use in 2007. —Murlin Evans

## Let's hear it for William! Beltone honors McCrae

William McCrae, an APRO board member and president of Buzz's Lease Purchase and Sales, received Beltone's prestigious President's

Cup Award at the company's annual convention in Chicago this summer.

Chicago-based Beltone is one of the largest manufacturers of hearing aids. McCrae has been a Beltone hearing-care practitioner since 1989 and operates nine audiology and hearing-aid clinics in south central Texas. He currently serves as president of the Texas Association of Rental Agencies, is president of the Texas Hearing Aid Association and a member of the International Hearing Society.

The Beltone President's Cup is awarded annually to hearing-care practitioners who demonstrate exceptional patient care, community involvement and professional business practices.

"I'm proud to receive the President's Cup Award and appreciate that Beltone recognizes the value we place in our patients and the integrity of our practice," McCrae says.

"This award recognizes those practitioners whose professionalism and care go well beyond their office and into



the community," Beltone President Todd Murray says. "William's leadership and dedi-

cation to local hearing-care associations and community organizations are great examples of his efforts to support the community."

McCrae was awarded the Texas Hearing Aid Association's Texas Dispenser of the Year in 2009 and is a two-time recipient of the Beltone Southwest Regional Excellence Award. He is active in his community as a supporter of the San Antonio

Symphony and the San Antonio Senior Olympics. He and his partners started Buzz's Lease Purchase and Sales in 2001. The company currently has stores in Houston, Austin, San Antonio and Louisiana. —Murlin Evans

## Rent One's Rodeo stirs friendly competition

In August, Rent One technicians participated in the company's inaugural Delivery

Technician Rodeo, honing installation skills and team building across Rent One's seven regions—and making the front page of the *Paragould Daily Press* in the process.

Delivery technicians competed in seven events: range cord hook-up, removal and reinstallation of refrigerator/freezer doors, installing anti-tip brackets on ranges, computer memory installation, television hook-up with Blu-ray DVD, dolly/lifting techniques and backing up a delivery vehicle.

Winners received trophies and Rent One's techs also competed in a team workout, written testing and training. Rent One Manager Tim Daugherty says the competition was a great way to combine training and recognition.

"We spend a great deal of money training the delivery techs and we have some really skilled technicians here," Daugherty told the *Paragould Daily Press*.

Regional competition continued through September and one store was chosen as the best overall store. That store now will compete against other stores in Illinois and Kentucky with the overall best store winning cash and prizes. —Murlin Evans

## David Kraemer: Doing business the Bestway

David Kraemer is not the type of CEO who yells "Jump!" and then expects others to ask "How high?" Instead, he engages his managers and associates in the kind of verbal swordplay meant to leave the



best idea standing—whether the topic be sports, politics or customer service. He puts this philosophy into practice every day as the head of Dallas-

based Bestway Rent To Own. If an idea is better than his, he'll likely use it—that is, unless his rent-to-own intuition tells him differently.

"I don't care who is right, just as long as we got it right," Kraemer says. "When my people walk into a meeting, it's nameless and rankless. I want their input; that's why I hire good people and give them the support they need to become great. By the same token, sometimes I've had all my people urging me to carry this or that product that they think will be a big hit, but if I don't feel it, it's not going to happen. That's one thing about being the CEO—it's your job to make those tough calls; that doesn't mean I won't take their idea the next time and run with it"

Since coming to Bestway in 2002, Kraemer—who has worked colorful stints as a coal miner, sporting-goods store salesman and executive vice president of Rent-A-Center—strives to cultivate a culture of confident ambition among his colleagues.

"My co-workers are my customers—and no one cares how much you know until they know how much you care," Kraemer says. "There's nothing harder than building culture and noth-

ing easier than destroying it. We've made that investment and that's what makes our people want to stay and be the best they can."

That investment is nowhere more evident than at Bestway's Annual Managers Meeting, which was held September 19–22 in Hilton Head, South Carolina. Approximately 100 district and store managers gathered to talk shop, trade ideas and take part in high-profile business lectures and product training.

Kraemer is a former APRO board member and his reputation as an effective and enthusiastic company leader and industry spokesman is widely recognized. Bestway attracts notable industry names with long résumés, but Kraemer is just as proud of Bestway's ability to draw, retain and groom people new to the industry.

Given the fact that Bestway has exceeded revenue and profit standards for the second year in a row, it appears that Kraemer's approach is working. The company, with stores in seven states, opened its 79th store in Lewisville, Texas, in mid-October. Bestway is the industry's largest independent rent-to-own company with corporate stores. The ever-deferential Kraemer credits Bestway's success less to his leadership than to an "indirect" consequence of melding a back-to-basics approach with superior customer service and employee support.

"It's the simple business model that's the most difficult to execute," Kraemer says. "If you're not a people person, you will not make it in this business. So it's all indirect. Through a combination of [providing] customer service and quality products at a good price/value proposition, we win and keep customers. The result is profit." —Murlin Evans

## Baber's wins Tupelo's National Buyer Appreciation Award

In late August, Pascagoula, Mississippi-based rent-to-own company Baber's was named the Tupelo Furniture Market's 2010 National Buyer Appreciation Award winner.

Prior to this year, only two of the previous 42 winners hailed from Mississippi.

Baber's Inc. was founded in 1959 and now has 51 stores in five Southeastern states. The company has sent buyers to the Tupelo Furniture Market since the market was launched in 1988 and Baber's officials say it has been an important part of their growth and success.

"Baber's has been very good to us," says Tupelo Furniture Market owner and CEO V.M. Cleveland. "We've grown together and it was really a no-brainer to select them as the award winner."

"The Tupelo Furniture Market has been a partner," Baber's President Shannon Strunk told the *Northeast Mississippi Journal*. "We've developed a relationship with many of the companies here and we got a lot of our ideas in the beginning from people at the market."

Baber's also has other business operations, including nine RNR Custom Wheels and Performance Tire stores and two Furnish 1-2-3 furniture stores, but the bread-and-butter of the company is its namesake stores, which have acquired much of their inventory through the years at the Tupelo Furniture Market.

"Tupelo has grown with us," says Baber's CEO Cynthia Baber-Strunk. "We are a Mississippi company and we're just very honored to be here." Currently, Baber-Strunk is a member of the APRO board of directors.

"We've been coming [to Tupelo] for 22 years and it's a very easy market to work," says Sheldon Strunk, chief buyer for Baber's.

In other Baber's Inc. news, the Strunks are committed to economic development

close to home and are spearheading development of a 413,000-square-foot mixed-use development, Strunk Centre, in Pascagoula that will provide 140 temporary and 400 permanent jobs in the retail, restaurant and commercial sectors. The center was proposed to help revitalize Pascagoula in the wake of Hurricane Katrina, which caused major devastation to the area, and will provide Pascagoula



and Jackson County with a much-needed expansion of industrial office space, commercial office space, retail and residential areas. —Murlin Evans

## Aaron's furniture plants renamed Woodhaven Furniture Industries

**A**aron's announced in late July that it is changing the name of its 11 furniture and bedding manufacturing plants. Out: MacTavish Furniture Industries; in: Woodhaven Furniture Industries. The name change is synonymous with the Woodhaven brand of products that the company manufactures and it accompanies a move toward more "green" practices within the manufacturing process. A full rebranding effort,

## RTOCalendar

### November 2-5

Specialty Equipment Market Association (SEMA) Show, Las Vegas Convention Center, Las Vegas, Nevada. For more information, contact Gary Vigil at 909/396-0289, semashow@sema.org; or visit [www.semashow.com](http://www.semashow.com).

### November 3-4

The Premier Companies' Premier Wheel Workz, Las Vegas, Nevada. For more information, contact John Darden at 434/566-3652, [JohnDarden@premierrents.com](mailto:JohnDarden@premierrents.com); or visit [www.thepremiercompanies.net](http://www.thepremiercompanies.net).

### November 10

The Premier Companies' Field Training Seminar, Denver, Colorado. For more information, contact John Darden at 434/566-3652, [JohnDarden@premierrents.com](mailto:JohnDarden@premierrents.com); or visit [www.thepremiercompanies.net](http://www.thepremiercompanies.net).

### 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](mailto:JohnDarden@premierrents.com); or visit [www.thepremiercompanies.net](http://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](mailto: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](http://www.lasvegasmarket.com).

### 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](mailto:steineraa@aol.com); or visit [missourirentaldealers.org](http://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](mailto:jamesm@nationwidegroup.org); or visit [www.gorentdirect.com/primetime.html](http://www.gorentdirect.com/primetime.html).

### February 20-23

TRIB Group/BrandSource Summit, Marriott World Center, Orlando, Florida. For more information, contact Dennis Shields at 770/451-4302, ext. 1, [Dennis@tribgroup.com](mailto:Dennis@tribgroup.com).

including a new logo, supports the name change.

"Our manufacturing operations have undergone substantial changes over the past few years, namely a movement toward greener practices," says Aaron's President and CEO Robert C. Loudermilk Jr. "We also recognized our plants are best known for the Woodhaven product brand, so we believe this is the perfect time to rebrand accordingly. Our new logo of a green tree not only represents our commitment to the environment, but signifies what Aaron's is all about: strength, stability, growth and community responsibility."

Aaron's has implemented a number of "going green" actions at its manufacturing plants, including the recycling of all scrap materials, the use of sustainable wood products in furniture, raw materials containing at least 25 percent post-consumer content, skylight panels to reduce the need for light fixtures and energy consumption, wood waste for heating and the implementation of electronic documentation processes to reduce the amount of paper needed. With these efforts in place, Aaron's reduced landfill waste at its Coolidge and Cairo, Georgia, locations by approximately 8 million pounds and generated a cost savings of nearly \$250,000 in 2009.

"We're at the forefront of the green movement in the furniture manufacturing industry," says Mike Jarnigan, Aaron's vice president of manufacturing. "Aaron's is proud to make its furniture, upholstery and bedding right here in the U.S. and it's important that we do everything in our power to protect the environment in our own backyard. As we like to say at Woodhaven, we're saving the world, one sofa at a time."

The Woodhaven Furniture Industries division operates 11 facilities in five states, with another facility scheduled to open in Phoenix later this year.

—Murlin Evans

### Caprio heads ambitious Kentucky agenda

**C**hris Caprio is a 20-year rent-to-own veteran who hopes to turn his experience into proactive leadership. In July, he was elected president of the Kentucky Rental Dealers Association during APRO's Convention and Trade Show in Louisville, Kentucky.



"Kentucky is a pretty rent-to-own-friendly state right now," Caprio says. "We hope that continues, but one thing is for sure,

the best time to prepare and organize is when things are calm, so that we'll be ready when and if things ever should heat up."

Caprio, CEO and president of Home Express Sales and Lease and Ashley Home Stores, will lead KYRDA along with Vice President Chris Bolin of Bolin Rental Purchase and Treasurer Todd Wilkins, an Aaron's franchisee. KYRDA board members include Caprio, Bolin, Wilkins, Past President Mike Martin, Bill Milby, Bill Esenbock and Bill Howard.

As president, Caprio says he hopes to bring several pertinent issues to the fore, including researching and implementing a standard procedure for dealing with the bed bug problem and exploring options for retrieving pawned or stolen rent-to-own merchandise.

Membership recruitment also is high on Caprio's to-do list. "Growing our membership base is always a priority," Caprio says. "It makes the association stronger and better able to represent the industry when it counts."

Caprio operates six Home Express Sales and Lease stores in Kentucky and three in Indiana. —Murlin Evans

### Iowa dealers hold 23rd annual meeting

**A**pproximately 20 rent-to-own professionals attended the annual meeting of the Association of Iowa Rental Dealers, held on September 9 in Johnston, Iowa.

The group represented nine Iowa rent-to-own companies. Current AIRD President Brian



Luksetich of Super Rent Corp. was re-elected to another term along with Vice President Mark Connelley, who manages an Aaron's franchise. Attendees received a state legislative update from lobbyist James Carney on the current climate for rent-to-own in Iowa and the importance of grassroots organization. Also, APRO board member Chris Bolin of Bolin's Rental Purchase headed a discussion about rent-to-own store-level operations.

"I had given this meeting the theme of 'In uncertain times, it pays to be educated and up-to-speed on the issues,'" says Luksetich, who was first elected AIRD's president 2007. "One of the goals of this association early on was to provide a forum for educating members and have a pool of resources to deal with issues as they came up. I'm proud of the gains the Association of Iowa Rental Dealers has made." —Murlin Evans

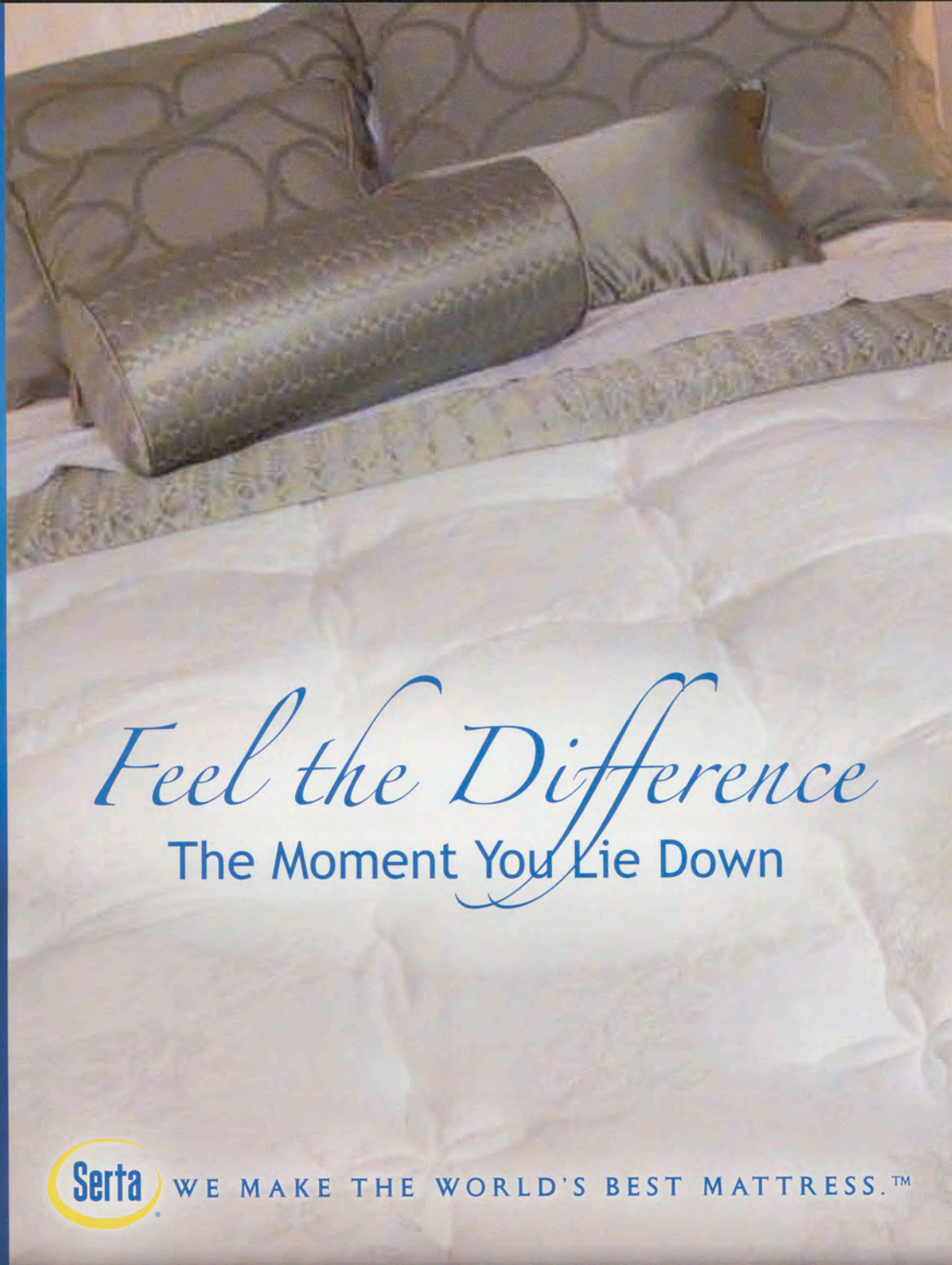
### South Carolina raises rent-to-own late fees

**I**n August, the South Carolina Department of Consumer Affairs raised the amount of late/delinquency charges in rental-purchase agreements in the state from \$9.20 to \$9.60 on monthly accounts and from \$5 to \$5.20 for accounts that pay more frequently than monthly. The new regulations are effective as of July 1, 2010. Dealers can bump late fees on rental agreements entered into on or after July 1.



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**2010 KLQ Education Foundation Golf Tournament**

Nearly 150 golfers from the rent-to-own industry traveled to Tacoma, Washington, August 19 and 20 for the KLQ Golf Tournament and Auction. Created by Quality Rentals' Kevin and Angela Quinn six years ago, the foundation will award scholarships to eight students this year. Since its inception, the golf tournament and auction have raised more than \$320,000.

1: Bill French, Mark Windsor and Angela Quinn  
 2: Kathy and Mark Windsor with Jim Thompson displaying the quilt Kathy made and Thompson won at auction  
 3: Kevin Quinn and Richard Rose  
 4: Courtney Conder and Angela Quinn  
 5: Chef Quinn bastes the salmon.

**Bestway Rent-to-Own's 2010 Managers Meeting**

Approximately 100 district and store managers from Bestway Rent-to-Own's 78 locations gathered in Hilton Head, South Carolina, September 19-22 for the company's annual managers' meeting. Attendees received a dose of motivation, networking opportunities and intensive product training to prime them for the fourth quarter. This year's Knowledge Bowl—the company's district-on-district trivia game spotlighting management and training policies—marked the second win in a row for district three.

1: And the winners are...numerous, as the Bestway trophies attest. 2: As a member of district three, which won this year's Knowledge Bowl, Kim Ross, center, performed her victory dance. 3: Bestway's 2010 Knowledge Bowl winners in district three: Taurus Carruth, Chris Nicoulin, Marion Parnell, Jackie Halbert, Greg Green, Kim Ross, C.D. Bell, Jackie Crockan and Glinda Gomillia; Bestway's CEO David Kraemer is pictured far right. 4: Brandon Mabry, Kane Henson, Jonathan McDonald and LaToya Henderson 5: Kraemer congratulates district three winner Taurus Carruth.



Photographs and reporting by Murlin Evans

For expanded news coverage and additional photographs of rent-to-own events, visit [www.rtohq.org](http://www.rtohq.org).



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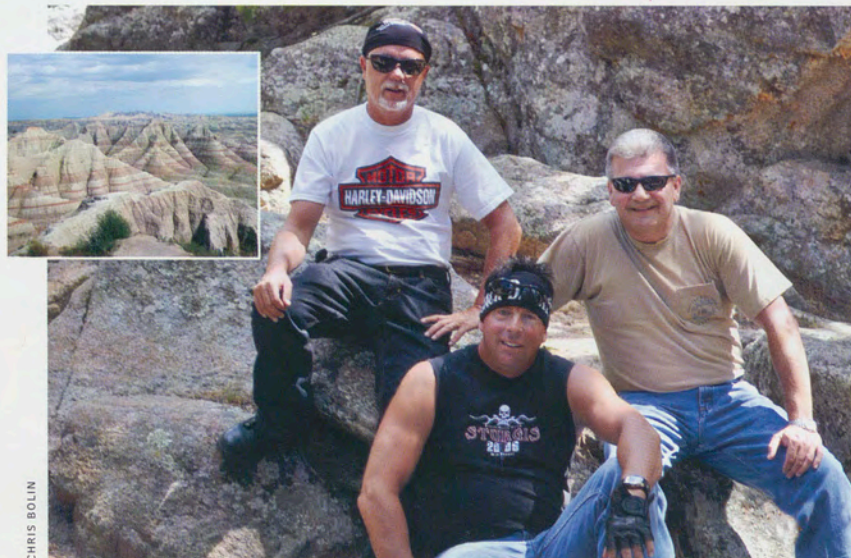
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PrimeTime! by Nationwide Marketing Group held its Fall Conference and Buying Show August 15-18 in National Harbor, Maryland. More than 2,900 manufacturers and independent retail and rent-to-own dealers from across the country representing over 800 companies attended the event; RentDirect Nationwide's attendees numbered 186, representing 86 companies. Attendees also participated in 38 PrimeTime! University courses offering a wide range of topics.

1: Nationwide RentDirect's Executive Director James MacAlpine with Full-O-Pep's Donna Hinshaw 2: The Serta sheep plays hide-and-seek with a future rental dealer. 3: Full-O-Pep's Hinshaw and David P. David with DSI's Tracy Lock 4: Premier Rental-Purchase franchisee Sandi Frye with Premier Companies President and CEO Trooper Earle 5: MacAlpine visits with buying show attendees. 6: Buddy's Home Furnishing's Terry Beville with APRO President and Aaron's franchisee Robert Briley



CHRIS BOLIN

**Chopper chums take to the Black Hills**

Rental dealers Gary Ferriman (Showplace Inc., Marion, Ohio), Lyn Leach (Ace Rent-to-Own, Lincoln, Nebraska) and Chris Bolin (Bolin Rental Purchase, Clarksville, Tennessee—also currently serving as APRO's treasurer) logged some serious miles touring the Black Hills of South Dakota during the 70th-annual Sturgis Motorcycle Rally held August 6-15.

Photographs and reporting by Murlin Evans, except where otherwise noted

For expanded news coverage and additional photographs of rent-to-own events, visit [www.rtohq.org](http://www.rtohq.org).

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**All aboard the S.S. Buddy's!**

Approximately 350 Buddy's Home Furnishings employees and vendor partners cast off in mid-September for a luxury Royal Caribbean cruise to the Bahamas. Buddy's President Joe Gazzo launched the cruise by announcing that the company now has 100 stores—thanks to the recent conversion of Rent Max's four locations. "This is big for us," Gazzo says, "100 stores in 50 years and we've done it the right way, with the right people."

1: Buddy's President of Franchising Todd Homberger, Karen Slatton-McCormack, Buddy's Owner Jamie Slatton, Buddy's CFO Terry Beville, Amy Slatton and Buddy's President Joe Gazzo  
2: Keeley Rhodes (the headlocker) and Ben Crowder (the headlocked)  
3: RSSS' Doug and Michal Funk

**TRIB Group's Meeting of the Minds**

This year's "Meeting of the Minds" was TRIB Group's largest ever, attracting some 200 attendees representing 73 rental companies—a 60 percent member company increase and a 90 percent attendee increase over last year's attendance figures. The event, held August 29–September 2 in Las Vegas, focused on leadership training and recruiting, followed by a buying show co-located with retail buying group BrandSource.

1: CybertronPC's Sherry Workman and Gloria Homeier (A Full House) 2: Curt Banigan (Whirlpool) with Frantz Coulanges, Joanne Zanioni, Aubre Sadler and Dan Singh of Dial Rent to Own 3: Brothers Lynn and Chuck Kuluva of Kansas City-based Rental City 4: TRIB Group's Hot Show auctioneer and TRIB Group President Lyn Leach, right, with participants Chris Bolin (Bolin's Rental Purchase) and Shannon Strunk (Baber's Inc.) 5: Strunk, Tony Bazzaglia (Blue Ribbon Rentals) and Waldemar "Wally" Landmesser (Premier Rental-Purchase) bidding at the Hot Show



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**ATTRACTING THE UNATTRACTED**

**R**ent-to-own's market penetration—or, more appropriately, the lack thereof—has baffled rental dealers and policy makers for decades. According to the 2000 U.S. Census, 40 million Americans fit the typical rent-to-own customer demographic; some analysts put the number at 50 million, due to undocumented residents. Yet currently, rent-to-own serves only 4 million Americans—that's a mere 10 percent of those who fit the industry's customer profile.

Defining a marketing strategy to reach the potential customer—the other 90 percent who don't rent-to-own—is not easy. Recently, APRO commissioned an independent research firm to conduct its third *Potential Rent-to-Own Customer Survey*. We wanted to uncover new and/or improved ways to market the business and reach those who have, for any number of reasons, said “no” to rent-to-own. APRO is using the results of this research to give members better marketing guidelines so that they might reach those millions of customers who should be theirs.

APRO has spent 16 years analyzing the rent-to-own market, its image and ways to enhance both. Many companies, public and private, have spent millions of dollars in the past 20 years to find the “holy grail” of reaching the potential customer. In those two decades, the rent-to-own customer base has increased by 1.5 million. Some would say “only 1.5 million” and say it with frustration. Others would say that the 1.5 million is just the beginning, with millions more just around the corner.

## ARE WE MAKING ANY PROGRESS?

**APRO's latest *Potential Rent-to-Own Customer Survey* results are in. How does the non-customer's image of the RTO industry compare to similar surveys conducted in 1997 and 2004? Richard May examines the perceptions and the realities.**

**T**he Association of Progressive Rental Organizations' efforts to reach the potential customer are not new. Since its founding 30 years ago, APRO members have had two primary goals for their trade association: promote fair rent-to-own legislation and enhance the industry's image—from both a customer marketing angle and a broader industry-as-a-whole perspective. The industry image reflects how legislators, policy makers, the media and the general community view rent-to-own. Our marketing image reflects how customers and potential customers perceive the business.

In 1994, APRO's industry image campaign became a priority when rent-to-own was featured on the national news and in front of the U.S. Congress. The industry was accused of preying on the poor. In the midst of legislative mayhem, then-Representative Joseph Patrick Kennedy II told Bill Keese, APRO's executive director, "you have an image problem." Kennedy went on to sponsor legislation emphasizing the industry's less-than-favorable image and aimed at putting rent-to-own out of business. Amidst these attacks, APRO board member Bob Simons lobbied the association to commission a *Rent-to-Own Customer Satisfaction Survey*. America's Research Group, led by Britt Beemer, was hired to conduct the research, which built a framework for the industry to address its marketing image.

It's one thing to know your customers, but another to define them statistically. America's Research Group's findings helped form that definition. The statistically defined demographic allowed APRO to conduct an accurate potential customer survey and Trenholm Research Group

**Current customers give the industry an A for customer service. When rent-to-own's image is graded by the potential customer, however, the industry receives a D+.**

was commissioned to find out what the industry's image was in the eyes of that group of non-customers. The process consisted of two parts: a telephone survey and focus group surveys. The first was conducted in 1997, the second in 2004 and the latest this past September.

The *Potential Rent-to-Own Customer Survey* starts with a random-digit-dial telephone survey, contacting 600 Americans who fit rent-to-own's customer demographics, but who have chosen not to use RTO. These participants answer a series of questions regarding rent-to-own stores,

products, pricing, etc. The telephone survey methodology guarantees accuracy within 5 percent.

The focus groups consist of eight to 12 people per group who, like the telephone participants, fit RTO's demographic, but do not use rent-to-own. The group sits in a room while Trenholm Research Group's Linda Trenholm asks a series of questions, soliciting opinions. During these sessions, rental dealers, APRO executives and rent-to-own marketers watch the proceedings through a one-way window, viewing and hearing first-hand the emotions from non-customers as they explain why they do not rent-to-own. The participants are told in advance that they will be observed and, thankfully, this does not curb their zeal to express opinions and exhibit real emotion.

The reason for both components of the survey is that the telephone segment provides the statistical framework, while the focus groups provide an emotional context. Both are crucial to building an advertising and marketing campaign. The telephone survey results show *what* information a rent-to-own company needs to market, while the focus group results show *how* to market that information.

**A**PRO conducted its most recent focus group in St. Louis on September 8, 2010. An APRO member group of 10 attended to watch potential customers talk about why they do not rent-to-own. There were two sessions conducted in one evening. The first was comprised of those who fit the rent-to-own demographics, but do not use RTO. The second group was comprised primarily of non-RTO users, but with a few current rent-to-own customers added as well. The reasoning behind adding a few rent-to-own customers in the second group is that marketers want to see if satisfied customers will defend and promote their choice to use the transaction. If they do, then word-of-mouth advertising shows its value. If current customers *do not* defend their choice among peers to use rent-to-own, this suggests that the marketing image is a more serious and complex problem to address. Dealers would need to spend marketing dollars to make customers proud of their choice to shop at rent-to-own stores in addition to spending marketing dollars recruiting the non-customer. APRO members who attended the focus group session were pleased to observe that current customers in the focus group supported the business.

Adding current rent-to-own customers to the focus group revealed a clear disconnect between the perceptions of people who are rent-to-own customers compared to those who are not and never have been. The focus group responses began as expected, with opinions expressing that rent-to-own was a "rip-off." After a few

minutes, a woman at the end of the table, a current rent-to-own customer, disagreed with the complaints and mischaracterizations. She defended her use of rent-to-own without hesitation and that quickly changed the tone of the group. Soon, another participant admitted that he, too, used rent-to-own and was happy with the experience.

"We have seen that when someone slips into the group who has had positive experiences with rent-to-own, they can shift the mood of the group," says Trenholm.

"The whole experience was eye-opening, to say the least," says Steve Branning, vice president at National Rent-to-Own based in Bridgeton, Missouri. Other rent-to-own dealers remarked that the focus group's responses were "painful" to watch and hear, while some APRO-member onlookers who had attended previous focus group sessions felt that "it was a great improvement from last time." Despite the differences of opinion, all agreed that the dynamic was helpful when a current rent-to-own customer was added to the mix.

National TV Sales & Rental's Mark Windsor observed, "People who have shopped with us, love us. The people who don't do rent-to-own business still think that we have used products, high prices and no warranty."

The difference in rent-to-own's image between customers and potential customers is supported by comparing the results of the *Rent-to-Own Customer Satisfaction Survey*, conducted last year by America's Research Group, alongside the *Potential Rent-to-Own Customer Survey* just completed. Without question, APRO's customer satisfaction survey consistently found that the rent-to-own customer is a satisfied customer.

Last year's study of current customers indicates that, if the rent-to-own industry received a grade for customer service, it would be an "A." According to America's Research Group's Britt Beemer, to be successful and profitable in the retail market, your customer satisfaction grade needs to be at least a "B." Rent-to-own owners should be very proud of this high mark given by existing customers. When rent-to-own and its image were graded by the potential customer, however, the industry received a "D+." In 1997, the potential customer image grade was an "F." The recent survey reflects an improvement of sorts, but still reveals that our industry has plenty of work to do if it hopes to recruit new customers.

As Trenholm's survey reported in 1997, "There was a strong negative energy toward rent-to-own, with absolutely no trust from potential consumers...with a stated image of preying on the poor and disadvantaged." In 2010, Trenholm reports that, "Although negative images continue to outweigh positive perceptions, the intensity of the negativity and energy behind it seems to have lessened. In addition, it appears that there is greater acknowledgement that rent-to-own serves a purpose."

The obvious question to rental dealers is: Why do rent-to-own customers have such a stellar image of rent-to-own, yet

potential customers have such a negative one? According to the potential customer survey, the majority of Americans do not have any experience with or knowledge about rent-to-own. The recent survey shows that 29 percent of potential customers do not even know that rent-to-own exists. Thirty-five percent of the potential customers know that rent-to-own exists, but they have never had any experience with it.

During the telephone survey, respondents who did not know what rent-to-own was, or did not have any experience with it, were read a description of rent-to-own. When respondents understood rent-to-own, they were asked to describe their impressions: 35 percent of the responses were general comments; 34 percent were negative and 9 percent were positive. Respondents would offer three or four general or negative comments before mentioning anything positive.

Compared to past surveys, though, "a more positive than negative shift was reported," according to Trenholm. To what extent has there been a shift toward the positive? When asked if their impressions of rent-to-own have changed over the past five or six years, 17 percent said they had a more positive impression, 10 percent said a more negative one and the remaining 73 percent said they had no shift at all in their feelings about rent-to-own. Much of the positive shift has been a product of today's economic times. Twenty-five percent of the respondents indicated that "hard economic times" give them a more positive impression of rent-to-own. In that regard, the recent economic struggles also have helped with the industry's image in the media. With the recent economic collapse, rising unemployment and uncertain times, the no-debt, no-obligation rent-to-own transaction has received more positive press than at any other time in its 30-plus-year history.

**A**fter 16 years of addressing the marketing potential of should-be rent-to-own customers, the results from this latest research are a mixed bag. Many participants thought that rent-to-own stores offered "no-name, used" merchandise that is over-priced, products the customer is stuck with once an agreement is signed. Other participants said that rent-to-own makes good sense, especially if you use the transaction wisely.

Trenholm's initial analysis of the differences in image perception between 1997 and 2010 is that: "There is not as strong a preconceived, rigid negative as we have heard in the past. The improvement in more positive, upscale advertising seems to have been a powerful factor in the shift in image and acceptance of rent-to-own. When respondents hear the benefits, have [a better] understanding of the fees and can weigh the pros and cons depending on their needs, they can see that there could be circumstances where rent-to-own would make sense. But [when they don't understand] those benefits, they tend to dismiss rent-to-own as a rip-off."

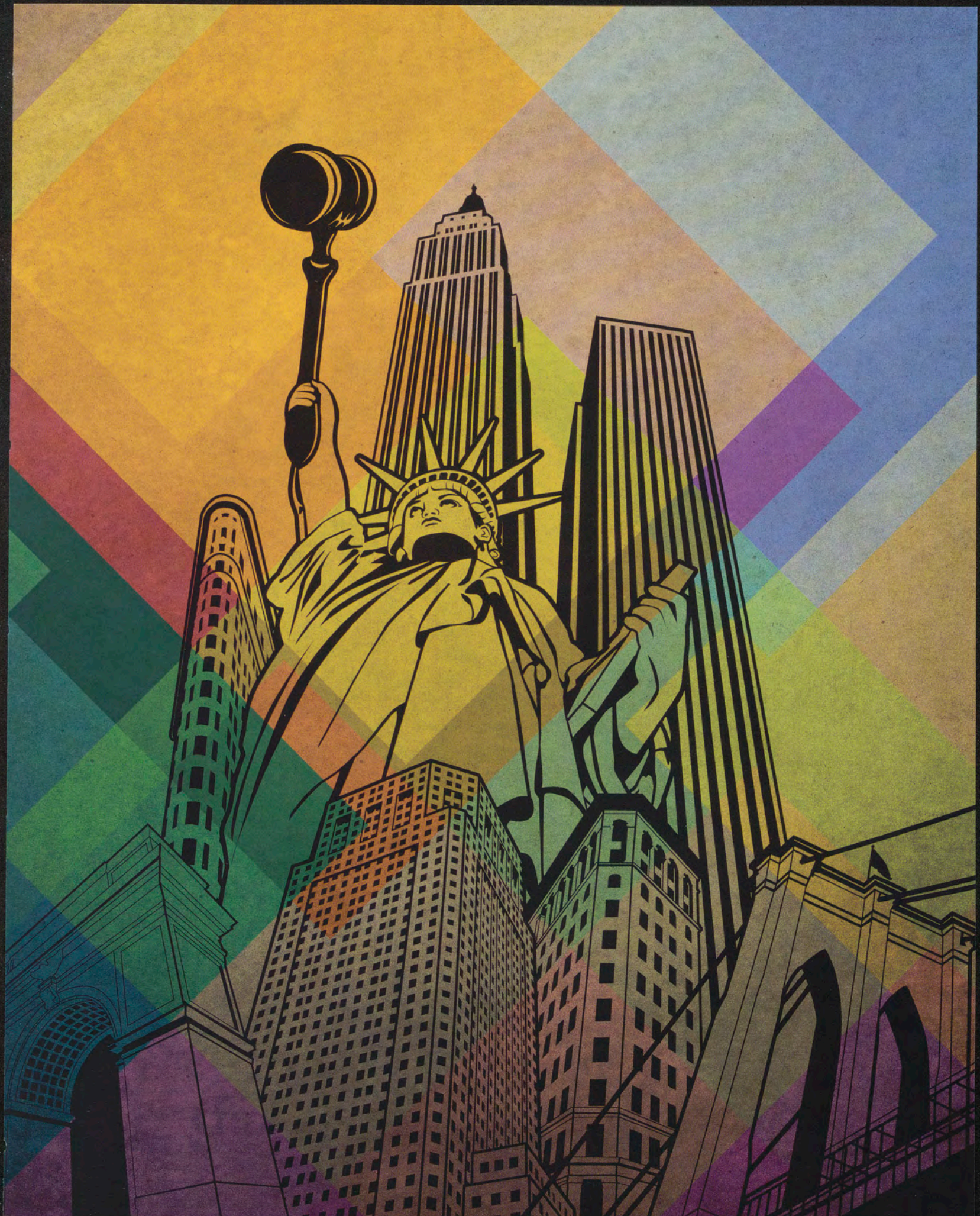
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# THE EMPIRE STATE STRIKES AGAIN

**The New York State Assembly recently passed rent-to-own legislation that's the most restrictive in the country. Here is a summary of the new regulations and the circumstances that led to them.**

# N

ew York state rental dealers have been facing political adversity during the whole of the 21st century and for several years during the 20th. This summer, Governor David Paterson signed into law a total remake of the 1986 *Rent to Own Program Law*. Without question, it is the most restrictive and onerous rental-purchase statute in the country. ✨ The original 1986 legislative debate in Albany was acrimonious and the result was a rent-to-own price cap at two times the cash price, the first state in the country to limit RTO pricing. The statute did not set cash prices, leaving those to the discretion of rental dealers, and that situation has ever since bedeviled some of the state's advocacy groups. There were sporadic efforts on and off during the 1990s to move the transaction toward being regulated as a credit and to impose onerous price controls, while continuing to require merchants to offer the ability to terminate without further obligation.



**A**nti-rent-to-own legislative efforts in New York heated up considerably, beginning in 2000. New York rental dealers awoke in early 2000 to find that a negative rent-to-own bill with a dozen original co-sponsors was moving rapidly through the New York State Assembly. The issue—then, as always—and purpose of the bill was to eliminate rent-to-own by severely limiting prices. One problem for the industry in 2000 was that, by then, dealers had already submitted to limits on cash prices in three states: California, Hawaii and West Virginia.

In late 2006, negative press created a controversy that drug into the 2007–08 legislative session, which culminated in a committee hearing in June 2008. An industry grassroots effort narrowly averted a disastrous bill passing out of the committee.

During the 2009–10 legislature, there were seven separate anti-RTO bills pending in the New York statehouse and New York dealers understood only too well that ultimately the pressure on the legislature from the press and advocacy groups would force that body to act.

With all of the commotion surrounding rent-to-own, New York state legislators looked to other states to see how rent-to-own was being dealt with elsewhere. Legislative staffers in Albany contacted rental dealers in California and West Virginia to see what effect the price caps in rental-purchase statutes in those two states were having on the business. There was also the example of New Jersey right next door, where that state's supreme court recently had declared rent-to-own transactions to be credit sales for all purposes and subject to New Jersey's 30 percent criminal usury statute.

What finally came out of the statehouse in Albany this past summer was the most restrictive rent-to-own statute yet enacted. The New York Legislature imposed California-style restrictions, limiting the cash price to specific multiples of the dealer's cost, capping total cost to a multiple of the maximum statutory cash price and tying the early-purchase option to the cash price. New price controls, however, aren't the only changes that the amendments will force on dealers. The law also establishes a host of rigid new rules for rental dealers' business practices.

Here are some of the details of the new rent-to-own legislation in New York, which becomes effective in January 2011:

**ECONOMICS.** Several changes in the law affect the economics of RTO. Most notably, cash prices in RTO stores are limited by product category to a function of the dealer's wholesale cost, net of any vested and calculable discounts, rebates, or incentives:

*Appliances:* 1.75 times the wholesale cost

*Electronics costing less than \$150:* 1.75 times the wholesale cost

*Electronics costing more than \$150:* 2.0 times the wholesale cost

*Furniture:* 2.15 times wholesale cost

*Auto, jewelry and music:* 2.0 times the wholesale cost

*Other:* 1.75 times the wholesale cost

Then, the total rent-to-own price, regardless of how long the product may be rented, is capped at 2.25 times the statutory cash price.

Dealers must maintain records and be able to prove that their pricing is in accordance with the statute. If a dealer violates the pricing rules, he or she must refund all money paid by the consumer on the account and the consumer gets to keep the product. The dealer must keep records for two years after an agreement has terminated.

**F**or used product there is a pricing matrix that requires dealers to assess all returned products and put them into one of four categories, depending upon the quality of the used product after it has been refurbished in the store: excellent, good, fair or poor. There are statutory definitions for each of these categories. Then, the dealer must shorten the term on the next rental agreement by subtracting anywhere from one to 20 weeks from the rental term depending upon the quality of the product, as determined by the dealer and the original term on the rental agreement when the product first went out. Alternatively, the dealer can lower the cash price, the total rent-to-own price and the periodic rental rate by a *pro rata* amount if the dealer does not wish to shorten the rental term. The dealer must maintain records of an item's condition and pricing as determined by the matrix from each time the item is rented for as long as the dealer owns the item.

There is a statutory income interruption provision that requires a dealer to allow a customer to cut rental

payments by as much as one half if the customer has paid at least one half of the total rent-to-own price and suffers an income reduction of 25 percent or more. The customer does not obtain ownership by paying a lower price than originally agreed upon, but does get a longer time to pay. The customer need only present "some evidence" of income reduction to get the extended pay-

**What finally came out of the statehouse in Albany this past summer was the most restrictive rent-to-own statute yet enacted. New price controls, however, aren't the only changes that the amendments will force on dealers. The law also establishes a host of rigid new rules for rental dealers' business practices.**

ment schedule. Dealers must disclose the consumer's income-interruption rights in the rental agreement.

The new statute gives the rental dealer the duty to keep the rental product in good repair during the rental term. The dealer must repair or replace the product within two business days after being notified of the problem or else provide the customer with a loaner unit of comparable quality and condition. The customer may not be charged rent for any period of time greater than one day during which the product is not in good working order and before the customer gets a loaner. If the dealer cannot repair the product within 30 days, he/she must provide the customer with a permanent replacement product that is the same brand, quality, age, is in the same condition and offers the same warranty coverage. If the dealer cannot get such a product, he/she must furnish the customer with a substitute product that satisfies the customer—such satisfaction not to be unreasonably withheld.

The new statute extends the mandatory reinstatement period from 30 days to one year.

**DISCLOSURES AND NOTICES.** The New York statute requires that certain financial disclosures be placed in a box immediately above the space for the customer's signature on the rental agreement. This provision was picked up from the California rental purchase statute, which in turn borrowed the notion of uniform boxed disclosures from the *Truth in Lending Act*.

The statute adds a new "Cost of Rental" disclosure, the difference between the cash price and the total rent-to-own price, which must appear in the box.

There are several statutory notices that accompany the financial disclosures. Dealers must attach a chart

to the rental agreement showing the early-purchase option amount after each payment. The early-purchase option calculation is dictated by the statute and requires dealers to multiply the cash price by a fraction, the numerator of which is the total number of payments remaining on the account and the denominator being the total number of

payments necessary for ownership. So, after six months on an 18-month agreement, the early-purchase option would be calculated as the cash price times two-thirds.

The statute prohibits mandatory arbitration of disputes with rent-to-own consumers, except as permitted by federal law.

The statute requires that dealers, upon request, give the customer a completed copy of a rental agreement that is valid for the next 48 hours. Presumably, dealers must hold the product listed in the agreement during this period, at least unless they clearly disclose to the consumer that they will not do so. Finally, the dealer must give a customer a written receipt for every payment. Every receipt must compare the remaining rent-to-own price with the current early-purchase option price.

Looking forward, New York rental dealers have a new rent-to-own statute with which they must soon comply. But New York dealers also can look back with pride at their organizational, political and public relations skills honed ever more sharply over the past few years. They withstood withering scrutiny and public criticism. They made their case forcefully and forthrightly in Albany, Buffalo, New York City and everywhere else they were attacked. Most importantly, they saw enacted a law that salvaged their hard-fought right to continue doing the business that they all love. \*

## ENERGY FROM THE OUTSKIRTS

**M**ontana has only 20 rent-to-own businesses, Maine 51 and Colorado 126—not exactly what you’d call RTO hot spots, considering that Texas boasts 973 stores and Ohio has 388. Still, there’s rental business to be done from coast to coast and dedicated entrepreneurs in even the most remote regions to do it. Let’s meet a few dealers from rent-to-own’s so-called “outskirts.” Beyond the day-to-day services these businessmen provide, Colorado’s Mike Gordon, Montana’s Tony Longin and Maine’s Jim Ratner also invest their time and energy on behalf of the industry as a whole, working with their legislators to assure a better future for rent-to-own. Without these dedicated APRO members and others like them—rental dealers who serve the industry and, unfortunately, garner little attention for their efforts—rent-to-own might be on shakier grounds. These men have worked hard to attain industry support from members of Congress, such as Olympia Snowe, Michael Bennet, Jon Tester, Max Baucus and Denny Rehberg. They’ve met with lawmakers in Denver, Helena and Augusta—their states’ capitals—as well. They’re just the type of energy this business needs in order to thrive and endure.

**Strong support for the rent-to-own industry comes from APRO members across the nation, including political movers-and-shakers in Colorado, Montana and Maine. Introducing a former football player, a Wild West outdoorsman and a Deadhead.**







ENERGY from the OUTSKIRTS

# Mike Gordon

PREMIER RENTAL-PURCHASE, LAKEWOOD, COLORADO

**Friends and associates call him “Big Mike,” not just because he cuts an imposing figure, but because he’s got a big heart as well. He also possesses a hefty passion for the rent-to-own industry.**

**By Richard May**

**R**ent-to-own and football have been a part of Premier Rental-Purchase owner Mike Gordon’s entire life. As a high school and college football defensive tackle, he grew up eating nails for breakfast, razors for lunch, running backs for dinner and quarterbacks for dessert. He is a formidable fellow, towering close to 10 feet—or at least it seems that way. Friends and associates call him “Big Mike” and when you meet him, you thank the heavens that he is a gentle and giving soul. He’s the type of guy who, when you offer to buy him a beer, hands you the beer he’s just bought for you.

Big Mike, along with other Colorado rent-to-own dealers, recently visited with their U.S. senator, Michael Bennet. Bennet is a Democrat who serves on the Senate Banking Committee, which had direct jurisdiction over the creation of the Consumer Financial Protection Bureau. So when Gordon and his colleagues went to call on their senator on behalf of the rent-to-own industry, they were in conversation with a legislator who had their businesses’ future in his hands. Bennet came out of that meeting impressed not by Gordon’s physical stature, but by his clear, heart-felt and personal explanation of rent-to-own’s benefits. As APRO member Chuck Green tells it, you could see the change in Bennet’s face immediately after Big Mike’s story.

Rent-to-own came into Gordon’s life one Christmas when he was a boy. He received a bicycle from his grandmother, the woman who raised him in a comfortable, stable home. Gordon’s grandmother was able to provide that stable home—and the

much-desired bicycle—thanks, in part, to the many household goods she acquired from a local rent-to-own business. Now the circle is complete as Gordon helps families acquire the same at his Premier store in Lakewood, Colorado, a Denver suburb located at the bottom of the Rocky Mountains. He’s been on both sides of the RTO counter and his personal take on the transaction—not unlike thousands of other rent-to-own customers—helped Senator Bennet better understand the industry.

“It was a very relaxed atmosphere and Bennet had a chance to listen to us as individuals,” Gordon remembers. “We hoped that he would realize that the rent-to-own industry is not taking advantage of people, but is, instead, providing a service for people from all walks of life.”

Earlier this year, Bennet faced serious competition in his party’s primary, where a more liberal challenger for his Senate seat accused him of being too soft on consumer regulations. He also was being pressured by consumer groups—as were all Senate Democrats running for re-election—to enact stricter consumer regulations. To win the primary, Bennet needed the support of his Democratic base and felt tremendous pressure to push for an aggressive, liberal version of the *Consumer Financial Protection Act*. Rent-to-own is one of the industries that could have been adversely affected by the CFPA had certain parts of the proposed legislation been enacted. Bennet had a key role in shaping the bill and, not being all that aware of the benefits of rent-to-own, the RTO industry could easily have become a political target in Bennet’s re-election bid.

CONTINUED ON PAGE 38





# Tony Longin

B&B LOAN AND RENTAL, GREAT FALLS, MONTANA

**There may not be as many rent-to-own stores in the Wild West as there are in other regions of the U.S., but Tony Longin and his posse fight to keep RTO laws and order in check for Montana—and the rest of the country.**

**By Richard May**

**M**ontana represents one of the last unspoiled bastions of America's Wild West. There, in Great Falls, rent-to-own cowboy Tony Longin decrees the law of the land—that local residents should have comfortable homes, with furniture, electronics and appliances to fill them. Longin, his wife, Collette, and their four children—Olivia, Amelia, Gabriel and Raphael—nurture a long-standing American tradition: the family-owned small business, B&B Loan and Rental, by name.

Perhaps Longin is not so much an RTO cowboy as he is the rent-to-own sheriff in that part of the country. After all, he was a political science major at the University of Montana and has a background as a detective for Montana law enforcement. Since becoming a rental dealer, Longin has honed his Wild West sheriff skills, effectively assuring that Montana's RTO laws and order are in sync for helping both customers and the businesses who serve them succeed.

Longin and his Montana rent-to-own colleagues David Lyons and Rohnn Lampi have turned Senator Jon Tester, Senator Max Baucus and Representative Denny Rehberg into rent-to-own political supporters. Recently, Senate Banking Committee Democrat Tester signed on as co-sponsor of the RTO-industry-supported bill, S 738. Baucus has been a co-sponsor of the bill for the past three sessions. He hasn't signed on to the current version yet, but Longin and company are pursuing his support now that the health care bill isn't stealing the spotlight. Rehberg has pledged his co-sponsorship and already has shown his support of the industry, vot-

ing for the rent-to-own bill on the House floor in 2002.

Montana's political posse doggedly pursues favorable rent-to-own federal legislation, but are even more diligent on the state level. Several years ago, they helped move a rental tax relief bill through the state legislature, saving Montana rent-to-own business owners thousands of dollars. Longin also was the industry's torch bearer in passage of his state's rental-purchase statute in 2000.

"I need to do my part in delivering the industry's message to those who need to hear it: the politicians," Longin says. "So I am very happy to contact lawmakers—whether in D.C. or Helena—to get the true rent-to-own story out."

**I**n 1998, Longin started working in rent-to-own at his wife's family's business. The couple bought B&B Loan and Rental in 2000 and have enjoyed running a successful business ever since. "Having our own small business is great!" Longin enthuses. "It's a lot of hard work, long hours and responsibility, but our staff is great. Knowing that we are responsible for our own success is the best thing about small business for me. Hard work does pay off." Longin considers B&B's staff his "family of five." They help him run a 15,000-square-foot store that was built recently; four years ago, the previous location in downtown Great Falls was consumed by fire.

Longin has endured not just fire, but ice as well. He helps Great Falls residents through those famously tough Montana winters with the help of fireplaces—one of the

CONTINUED ON PAGE 38





ENERGY from the OUTSKIRTS

# Jim Ratner

PREMIER RENTAL-PURCHASE, AUBURN, MAINE

**How a Deadhead from Maine helped procure support for the rent-to-own industry from a key U.S. senator deliberating the future of small businesses.**

**By Richard May**

“**T**oo bleep-ing long” is how Jim Ratner sums up the 28 years he’s been in the rent-to-own business. He says it in jest, of course. This Maine-based Premier Rental-Purchase owner loves his work—and APRO members should be thankful that he’s stayed in business as “bleep-ing” long as he has, because recently he played a significant role in thwarting potential disaster for the rent-to-own industry.

Ratner has spent plenty of time pursuing the rights of rent-to-own in the legislature, both at the state level and down in D.C. and his efforts have paid off. One key legislator in the fight to protect RTO businesses this past year is Ratner’s Republican U.S. senator in Maine, Olympia Snowe. Recently, she helped the rent-to-own industry during the seemingly endless finessing of the *Consumer Financial Protection Act*—and we have Jim Ratner to thank for getting her involved. He deserves the gratitude of the industry for helping stave off potentially threatening small-business regulations buried deep within that consumer protection legislation.

During the most recent session of Congress, Ratner secured Senator Snowe as a co-sponsor for the RTO-industry supported bill, S 738. Snowe’s co-sponsorship of that bill opened the door for a real challenge to potentially damaging parts of the *Consumer Financial Protection Act*, a bill that was on the top of a pile of priorities in Washington.

Once he helped secure Snowe’s co-sponsorship for S 738, Ratner and his colleague in Louisiana, Jeff White, played political tag team with Senators Snowe and Mary Landrieu (D-Louisiana) in an effort to amend the 1,000-page Senate version of

the *Consumer Financial Protection Act*, which was moving at lightning speed through the U.S. Capitol. Ratner and White were players in one of the most important amendments crafted for that bill.

Landrieu, as chair of the Senate’s Small Business Committee, and Snowe, the ranking Republican on that committee, were responsible for the small-business exclusion definition within the consumer protection bill. In order to get the 60 votes required to pass the bill, the Democrats desperately needed Snowe—a moderate Republican known for crossing the aisle in an era when most in either political party won’t consider doing so. Therefore, Democrats had to listen to Snowe—and Snowe had to listen to her small-business constituents, Maine entrepreneur Jim Ratner being one of them.

Ratner played the frantic, ever-changing Capitol Hill chess game, working with APRO and Snowe staffer Matthew Berger to persuade the senator to make sure that the consumer bill was safe for small business. All eyes in Congress and across the country were focused on Snowe and what she would do with the bill’s amendment. “I received almost daily updates from APRO regarding the progress of this bill,” Ratner says. “I even had to duck out of my wife’s knee surgery to talk to APRO and Senator Snowe’s office regarding the amendment in question.”

Snowe and her staff had every business lobbyist in the country clamoring for their time. Staffer Berger took calls only from Maine small-business owners, including Ratner. Ultimately, the chess game paid off and the key amendment in the bill was worded to protect small business.

The exemption for small business in the *Consumer Financial Protection Act* was a win for the rent-to-own industry. "This exemption is a huge victory," Ratner stresses. "We owe Senator Snowe much thanks for her advocacy of small business regarding [her input into] this far-reaching bill."

In addition to persuading Snowe to support RTO industry efforts, Ratner also has gone to battle on the Maine legislative front. Last year, he and his colleagues helped defeat a Maine legislative effort that would have mandated a complicated rent-to-own pricing formula. "It would have required calculus to figure it out," Ratner says. Instead of learning calculus, Ratner summoned his political savvy and was victorious in helping defeat the proposal. "I give the credit to my partner, John Reichenbach, and ColorTyme franchisee Dave Colizzi for their persuasive testimony at the hearing."

**R**atner and Reichenbach run two successful Premier stores in Maine, one in Auburn, the other in Westbrook. Ratner began his rent-to-own career in 1983 as a route manager for Rent-A-Center, became an owner in 1986 as a Rent America franchisee, then weaved his way through building rent-to-own companies, eventually selling them to concentrate on his and Reichenbach's two Premier locations. Aside from running his business and addressing the legislative challenges to that business, Ratner spends time with his family: his wife of 26 years, Cindy, son Eli, daughter Delaney and their five agility-competition dogs.

He also attends as many live concerts as he can. He's attended more than 100 Grateful Dead shows and has all of their recordings (according to one online source, that's more than 90 records and counting).

This Deadhead cites his accomplishments as being the result of patience, persistence and commitment to his business and the industry. "I feel very strongly about being proactive regarding any legislative initiative that affects the rent-to-own industry, both at the state and federal levels," Ratner says. "I am dismayed by the apathy of [some] rental dealers." To any rent-to-own armchair quarterbacks out there—complaining a lot about government interference, but doing nothing to make things better—he warns: "If something negative ever comes down the pike, there's going to be a lot of finger pointing, but they can just point the finger back at themselves. How much does it cost to go to the APRO Legislative Conference? With airfare, hotel, meals and dry cleaning the business suit, it's less than \$1,000! How much would it cost a rental dealer if a Schumer-type bill were to be passed into law nationwide? It would cost the dealer his livelihood and future."

To promote participation in next year's Dave Egan Legislative Conference, APRO might just send Jim Ratner out on a road tour as proof positive that one small-business owner's political savvy—in a state not often cited as one of RTO's legislative hot seats—can make a big difference to a burgeoning industry. ✧

*Richard May is APRO's public affairs director.*



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# The Lighter Side of Rent-to-Own

There was a time when rent-to-own humor had its own running department in APRO's publications. Some believe that section still exists today—it's just called something else (a few months ago, for example, I read a piece about bank financing for rent-to-own start-ups). If laughter is good for us, as many maintain, surely a good sense of humor can lift spirits and promote teamwork in any rent-to-own operation. Is there a better punchline than a 3.99 percent close after losing 23 customers? And what can you do except laugh it off when you realize that, while you're shelling out thousands of dollars on a direct-mail campaign, shiny buttons and television ads, your local police force has more business than it can handle without spending a dime on advertising?

The truth is, humor plays a much larger role in the rent-to-own industry than most folks realize. Do a little research and you may be surprised to learn that two route managers working collections one night in Atlanta came up with the original "knock-knock" joke. There are even those who say that improvisational comedy sprang from watching a manager trainee explain how the early-pay-out option differs from 90-days-same-as-cash. So, for the next few minutes, lighten up and enjoy 10 of the funniest things I have heard and seen in the rent-to-own business—or, at least, 10 funny things that we can publish in a family-friendly magazine.

**By Bud Holladay**



### **Well, at least it brought in SOME traffic**

Before regulation defined and deified customer rights and benefits, a young store manager in San Antonio had a great idea for getting back blue-chip customers. He sifted through the inactive files and sent a carefully crafted bulletin to the hottest prospects. Realizing that time was of the essence and having learned that an effective ad must include an urgent call to action, his new mailer proclaimed in bold red type: "YOU HAVE 10 DAYS TO RERENT." It took only a few days for a frail and bespectacled senior citizen to trudge through the front door, mailer in hand. The old fellow cautiously approached the young man at the sales counter: "Excuse me sir, but I got this in my mail. It says I have 10 days to repent. Is that true?"

### **Maybe we should rethink our product training**

The store was in the middle of a prolonged sales slump. The only order forms flying around were in the shape of paper airplanes and the only end in sight belonged to the truck backing up to unload more pick-ups. So this Ohio dealer called on his vendors for help in fighting a competitor who had just opened down the street and was flooding the airwaves with slick commercials. Dealer Dan (not his real name) figured that if his people could just develop a bit more product knowledge they would be better armed to overcome the other guy's lower prices, newer goods and higher quality. Dan was wrong. After three days of group and one-on-one product training, he overheard this from an assistant manager speaking to a phone shopper: "Well, we just got some new French Prudential-style furniture; it's made out of killed and dried hard wood. Also, we have some really cool stereos with psychiatric lights that match the beat of the music."

### **Another reason why advertising doesn't pay**

This rent-to-own dealer in a major Southwest city kept hearing about "use the user" and "internal marketing," so he decided to look into stocking some promotional hand-outs. After all, even the post office was giving away free ballpoints (since the freeze on spending, employees had taken to bringing their own pens). After three creative meetings down at the local tavern and a couple of lunches with some of the area's top matchbook and pen executives, each store was shipped a case of ballpoint pens bearing the company logo and a nifty slogan. When the owner visited one of the stores a few weeks later, he asked the manager if he'd received his promotional pens, since none were in sight. The manager gave a conspiratorial wink and explained that the pens were stored under lock and key in the back room: "Otherwise, customers keep taking them! I must have gone through a couple dozen of them the first week. But don't worry, we stopped that."

### **Never underestimate the value of research**

A Denver ad executive working for what then was one of the country's largest rental chains—which meant more than 10 stores and a home office not in a trailer—came up with a marketing idea that wowed everybody at the monthly manager's meeting. It was cost-efficient, innovative and a no-brainer when it came to in-store execution. With a big flourish, the ad man thereupon whipped out a bright, day-glow bumper sticker bearing the company's tag line and telephone number. Thousands were ready to ship. And they did. However, it was soon discovered that the plan contained a flaw: almost no customer owned a car; the city-owned bus line went everywhere, 24 hours a day, seven days a week. A

frantic attempt to salvage things was thwarted by suddenly efficient city workers who managed to peel the bumper stickers off transit buses, signs and benches almost as fast as store employees could run around slapping them on. When the supply on hand dwindled to less than a year's worth, the company abandoned the plan and went back to radio. The ad exec is thought to be still raising emus in Idaho.

### **Speaking of cars...**

Company officials tried everything to generate sales in a weak market until finally someone hit on the idea of the biggest give-away ever. Some lucky customer would win a brand-new gold Mustang sports car—at that time, the stuff of dreams for every guy over the age of 12. The promotion was masterful in planning. The company figured it couldn't lose. Spread over all the stores, the car's cost amounted to little more than a blip on the budget. And what customer could possibly pass up a free shot at winning a brand-new Ford Mustang? The lucky winner came from New Orleans. On the appointed day, the gold Mustang was parked in front of the store, the newspaper was there, the radio station was there, even the TV station was there; top company officials including the owner and all district managers were there. Even a few politicians showed up. With the presentation set for 2 p.m. that Saturday, the group was a little anxious when 20 minutes passed with no sign of the winning customer. Then an hour. Then an hour and a half. Now it was near-panic. Finally, after the media people were gone, after the employees had returned to work and the district managers had driven back to their own territories and the owner was mulling things over in the front seat of the Mustang he apparently still owned, the lucky winner strolled into the store with this explanation: "Hey! Sorry I'm late. I missed the bus."

## Not all the characters were in the business

Oscar hung around the store for years without anyone knowing much about him. He was a man of indeterminate age owing to the ancient overalls that had never seen a washing machine and a beard that seemed to start in his ears and end at his waist, which was about a meter and half in front of the rest of him. Oscar was never a problem, just an ol' boy who'd trade odd jobs for wine money and a place out of the rain. He would break down cartons or sweep the sidewalk and the manager would let him eat in a cool spot inside, in the back room. Then Oscar would pull from the same worn paper bag a sandwich consisting of a half inch of lard between two slices of white bread, a pickle and a jar of something that looked like a failed lab test. When asked why he ate lard sandwiches, Oscar replied that he'd run out of peanut butter a few years ago and just never went back.

## Violence in the workplace is never funny—unless a banana is involved

In southern California—where else?—in the late 1980s, Banana Man and Bush Man provided comic relief for workers in the office of a local rental company. Banana Man and Bush Man were the most mysterious and interesting residents of Los Angeles who were never on anyone's tour map. Every afternoon around 3, the two could be seen fighting like wolverines in the green space outside the offices. For no apparent reason, Bush Man would leap from his paper-lined seat under the shrubbery, strip off a large switch from the hibiscus and commence to flailing on Banana Man, who would pull out a big thick banana and mount a spirited, if messy, counterattack. They would do battle until the hibiscus branch broke or the banana turned to mush. Then

**When the owner visited one of the stores a few weeks later, he asked the manager if he'd received his promotional pens, since none were in sight. The manager gave a conspiratorial wink and explained that the pens were stored under lock and key in the back room: "Otherwise, customers keep taking them! I must have gone through a couple dozen of them the first week. But don't worry, we stopped that."**

the yard mates would lay down their weapons and meander down to watch the ocean. One day they just weren't there.

## We've come a long way, baby

The company was looking to open stores in one of the region's largest cities. Knowing little about the local real estate market, the principals made an afternoon appointment with a big wheel at the city's top commercial real estate firm. After a few minutes of warm and engaging chit-chat about all things local—football, the economy and the economy of football—the realtor cut to the chase: "So exactly what kind of business are you boys in?" As the veep and his sidekick laid out their version of RTO 101, the realtor sat speechless behind his desk, smile frozen and eyes growing narrower with every word. When the rent-to-own guy was finished, the broker glanced out the big picture window opposite his desk, shot his French cuffs and checked his \$10,000 Rolex. He leaned forward in his chair and offered this heartfelt suggestion: "You know, if you boys leave now you can probably beat the traffic."

## Reasons why my payment is late

If airline passengers can pile up points for taking flights, surely at least one rent-to-own company will see the value in awarding its own customers points for not taking flight. Here are a few candidates for M.O.L.E.—Most Original Late Excuse—points:

- ▶ I tried to put my payment in the door but somebody moved the mail slot.
- ▶ My girlfriend said she was taking care of it, but her husband lost his ride.
- ▶ My money order came back so you guys must have changed your address without telling me and that's against the agreement.
- ▶ The guy who delivered my TV said that if I couldn't pay, I should let him know. So I told him then that I wouldn't be able to.
- ▶ We came down here Sunday afternoon, but the place looked like it was closed down. It's the third or fourth time in a row this has happened.
- ▶ I thought semi-monthly meant every two months.
- ▶ My car was stolen and I didn't get it back until after you were closed.

## Dream big. It can't hurt.

Buck and Barry had just opened their first store after toiling for years for one of the "Big Boys." Every dime they had, all their savings and every dollar they could beg or borrow from family members had gone into the new venture. After booking their first account and slamming the cash drawer shut, Barry turned to his partner and said, "Do you realize we are now just 2,000 stores behind Rent-A-Center?" \*

*Bud Holladay is one of APRO's founding members and was the association's first president. His e-mail address is [budholladaysells@yahoo.com](mailto:budholladaysells@yahoo.com).*

Gordon FROM PAGE 27

When members of the Colorado Rental Dealers Association met with Bennet, the senator understood the RTO industry's position. CRDA President Chuck Green and his colleagues quarterbacked the offense and "Big Mike" Gordon dominated the defense. The saying goes that it's the defense that wins Super Bowls. After visiting with Gordon and his fellow Colorado rental dealers, Bennet had an entirely different view of rent-to-own. He dismissed political pressure from consumer groups and rent-to-own avoided a sack. Just another strategy—not unlike those played out from Maine to Montana—where a small-business owner and his state association gained some serious yardage for rent-to-own and achieved an underdog victory in the Super Bowl of consumer regulatory reform.

While RTO dealers can breathe a sigh of relief for this season, there's the challenge of next season, when the Consumer Financial Protection Bureau begins writing actual regulations. In the meantime, Gordon is happy back at his Lakewood store with his six employees. He's keeping his story in the playbook for the defensive line on behalf of the rent-to-own industry. \*

Richard May is APRO's public affairs director.

Longin FROM PAGE 29

items he rents as part of a diverse product line that also includes snow blowers and ice augers. When not holding down the fort at B&B, Longin is a coach for his children's basketball and soccer teams, a school board member and a local-business advocate. As a former college football player and track star, Longin enjoys his rugged Montana lifestyle to the hilt—white-water rafting, skiing and hiking. "I have a great family, great friends, live in a great place and enjoy a great business," he says. "I am truly blessed to live the life I do."

Although Montana might be a tad removed, geographically speaking, from rent-to-own's more hearty regions (the "Big Sky Country" state has 20 RTO stores compared to the "Lone Star" state's 973), Longin doesn't feel isolated. He—along with Lyons and Lampi—are doing their part to protect rent-to-own. "The industry's been very good to me, so I'm glad to help out," Longin says. Keeping in contact with lawmakers on Capitol Hill and in Helena, making sure legislators learn about rent-to-own from the small-business point of view, helps keep order in the Wild West and beyond. \*

Richard May is APRO's public affairs director.



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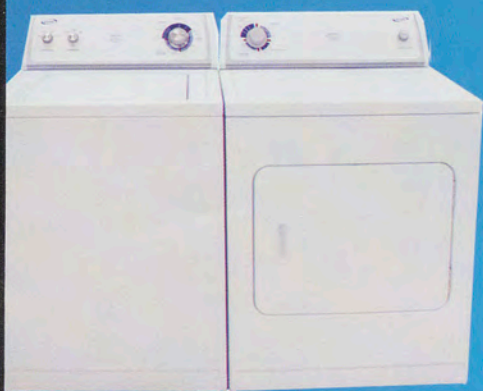
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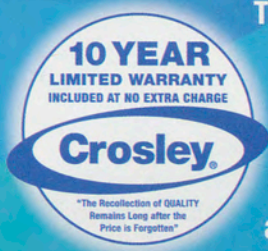


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# Beginning, Middle, Ongoing

## ALL THE WAY WITH THE PREMIER COMPANIES

By Trooper Earle, President/CEO, The Premier Companies

Many people in business these days no longer talk about getting ahead or staying on top but rather just staying afloat in a tough economy.

For so many it isn't just their future livelihood that is at stake, but their dream as well. This is why The Premier Companies makes a three-part investment in every dealer: before they open, during their launch, with ongoing support long after their doors are open. Across all of our brands – rental-purchase, home furnishings, automotive and cash services, we have a proven strategy for helping qualified entrepreneurs get their businesses underway and keep them growing.

The steps to a store opening are clearly spelled out and supported, from ordering store supplies to opening the doors and making the first delivery in the Premier store truck. Premier's VP of Operations spends three days with a new dealer prior to opening, to help put into play the dealer's carefully crafted business plan. While we have extensive store opening guides and new dealer manuals, Premier is dedicated to providing personal support and training each step

front lines of knowing what will positively affect their growth. The array of services can save dealers time and money and often enables them to put their talents to use more efficiently for bottom line results, instead of swinging in the dark where they are less interested or experienced.



**Trooper Earle**  
President/CEO,  
The Premier Companies

*While we have extensive store opening guides and new dealer manuals, Premier is dedicated to providing personal support and training each step of the way. And we don't stop there.*

We invest time heavily at the front end of a potential franchisee relationship to make sure each new business owner knows what lies ahead and how to plan for it. Often even experienced operators are not aware of what it takes to own a business. And we don't push them while they make that discovery. We can't create someone else's dream. They have to be ready and strong to make it a reality. So we support them, discussing in detail an individual business plan and helping them find loan and real estate connections – connections that are hard to come by independently.

of the way. And we don't stop there.

Premier believes in making each dollar spent on franchising to be money well spent. Marketing, human relations, website support, payroll, legal advice, a host of financial and business workshops and summits, accounting and much more are services available to every dealer. However each Premier franchisee's participation in any of these programs is by choice, not requirement. These programs have been designed from dealer input and they are continually evaluated and tweaked by dealers who are on the

The support – the commitment – is ongoing through semi-annual dealer events, employee training, regular intra- and inter-company communication and access by everyone to everyone for support and inspiration. We have become a well-oiled and experienced team of entrepreneurs with a determination to succeed.

Sure, it has been a rocky economic time. And RTO dealers, like any other people in business today, have been hit. But by nature of the industry, business owners in RTO are poised to succeed and be of service to customers. Premier's system offers dealers the support not only to survive but thrive!

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Here is what dealers are saying.

### Premier Altoona Celebrates Five Years in Business

Sandi Frye recently celebrated her fifth year as a Premier Rental-Purchase dealer in Altoona, Pa. Her RTO career spans nearly two decades, beginning with Rainbow Rentals where she worked up to award-winning management before opening her Premier store.

Like many Premier dealers, she turned from being an employee to starting and running a family business. Husband Mike, son Matt and daughter Nicole share her passion for both independence and the rental-purchase industry.



Mike and Sani Frye

"It is great to see my family working together for the success of the store. Even my mom, who is retired, does filing and store shopping," said Frye.

Included as part of her business mission is serving her community. This past year, the Premier Altoona store supported a local Cub Scout troop and missionaries from Frye's church.

For Frye, being part of the Premier network of fellow dealers has been an important factor in her success. She has enjoyed payroll, legal and purchasing services that have enabled her to focus more on her customers and growing her business to meet their needs.

"Opening Premier was the best thing I could have done for myself and my family. I find it very rewarding to be able to meet the needs of our customers and give them good customer service."

### Top Premier Dealer Launches Fifth Location

This year has been a big one for Premier Rental-Purchase partners Roy Soto, Brian Clussman and Trinidad Rubio. They announced the opening of their fifth store this fall in San Antonio, Texas following their collectively being named Dealer of the Year at the annual convention of The Premier Companies in Orlando, Florida last February. They were selected for outstanding business performance across their four San Antonio, Texas locations as well as for their service to community, industry and Premier.



Roy Soto

Soto said, "We have amazing and caring employees who have been part of our team for several years. The award truly is their award, their achievement and we wish to recognize that. Building a strong team in our four stores in addition to a successful model that is working for us has given us the confidence to launch a fifth location. It's been a tough year for everyone in business, but we have been able to weather it unlike other small businesses around the country. We hope to stand as proof that it is possible to stay strong in a bad economy, and we credit a good industry, a valuable partnership with Premier and our employees for making it happen for us."

Looking back on the past several years of success since launching their business as Premier franchisees, Soto noted that their number one goal and reason for going into business has been to provide the best possible customer service, quality products and flexible payment options.

"We put customer care above all else," said Soto who came out of a corporate background to find greater

satisfaction in being the local owner/operator who can build lasting relationships with his customers. "We treat them right and make sure we provide the right choices in furniture, electronics and appliances. And we also meet their needs with our flexible payment plans and same-day free delivery."

Rubio added, "This is a relationship business. That is one of the reasons I left a big corporation as well, and became a local franchisee here in San Antonio. That is the only way to be in this business as far as I am concerned. It's one of the reasons I like the Premier model and why all Premier dealers have adopted the motto of "The People You Know and Trust."

Rubio was the first of the three partners to sign on with Premier in 2005 when the young company was just beginning to franchise. Since then, Premier has opened almost 80 franchised locations and become the fifth fastest growing young franchisor in the U.S. – largely, it claims, because of its commitment to dealer satisfaction and value that is passed on to store customers.

"It's an exciting time to be in this industry," said 20-year rental-purchase veteran Clussman. "We are continually challenged by our customers to provide greater value, higher quality products along with genuine customer service. By rising to this challenge, we have developed a loyal and satisfied customer base and been able to weather, and help our customers weather, tough economic times."

---

*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](http://www.premierrents.net) or call (800) 2-Premier and ask for Trooper Earle.*

## Who's Who in Rent-to-Own Appliances

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

### Appliances

#### Alliance Laundry/Speed Queen \*\*^

Contact: Reid Meisner  
920/748-1657  
reid.meisner@alliancels.com  
www.speedqueen.com

#### Appliance Parts Depot \*

Contact: Shawn Connely  
214/962-5621  
sconnely@apdepot.com  
www.apdepot.com

#### Crosley Corp. \*\*^+

Contact: Camron Mitchell  
336/761-1212  
cmitchell@crosley.com  
www.crosley.com

#### D&H Distributing \*\*^+

Contact: John Alifano  
800/340-1007  
JAlifano@dandh.com  
www.dandh.com

#### EHP Direct South \*

Contact: Gilly Bailey  
803/765-2595, ext. 205  
gbailey@ehpdirectsouth.com  
www.ehpdirectsouth.com

#### Fisher & Paykel Appliances \*\*^

Contact: Peter Blackwell  
847/258-7300  
peter.blackwell@fisherpaykel.com  
www.fisherpaykel.com

#### GE Appliances & Lighting \*\*^+

Contact: Paul Eichberger  
800/782-8097  
Paul.Eichberger@ge.com  
www.geappliances.com

#### Marcone Supply \*\*^+

Contact: Orlando Moya  
888/785-0298  
orlando.moya@marcone.com  
www.marcone.com

#### O'Rourke Sales Co. \*\*^+

Contact: Joe O'Rourke  
972/245-0006  
joejr@ourourkesales.com  
www.ourourkesales.com

#### RES Accessories \*\*^

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

#### Sears Commercial \*\*^

Contact: Dave Bradlaw  
800/735-6000  
Dave.Bradlaw@Searshc.com  
www.searscommercial.com

#### Whirlpool Corp. \*\*^+

Contact: Donald F. Wilson  
269/923-2479  
donald\_f\_wilson@whirlpool.com  
www.whirlpool.com

### Tools

#### RES Accessories \*\*^

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

#### Sears Commercial \*\*^

Contact: Dave Bradlaw  
800/735-6000  
Dave.Bradlaw@Searshc.com  
www.searscommercial.com

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## For Sale

### Cliff's Rent To Own Inc.

#### Cape Girardeau, Missouri

- ▶ Cape Girardeau is the largest city between Memphis and St. Louis—located 115 miles south of St. Louis.
- ▶ Cape Girardeau's area population is approximately 50,000.
- ▶ Cliff's is located four blocks from the Mississippi River.
- ▶ Approximately 315 BOR.
- ▶ Cliff's Rent To Own closes every Saturday night at 97 percent to 99 percent paid.
- ▶ Cliff Simmons would like to remain as the manager for the new company. He is 55 years old and remains enthusiastic about the rent-to-own industry.
- ▶ Cliff Simmons owns the building and two company vehicles.

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Since 1997, the industry's image with potential customers has "improved" from an "F" to a "D+"—a "C" after those surveyed received some education about the transaction. Trenholm believes the most significant advancement has been an improved environment in which to recruit the potential customer. Current economic hard times have helped. Also, individuals who are now in their 20s and 30s did not grow up with RTO's nascent-era reputation for being a rip-off.

"I think it's a positive that the more recent the user, the more positive the image of rent-to-own," Trenholm says. "This could be due to their financial situation or that they are more informed and [better] understand the advantages that rent-to-own offers. It may be that, as the population matures, the younger person does not remember the really negative days of rent-to-own and, with that, the negative energy about the industry may be dissipating with each year. For example, the 30-year-olds in the group were teenagers in 1997 and have grown up with rent-to-own stores presenting themselves more appropriately in their advertising and service."

The recent focus group in St. Louis should remind rent-to-own professionals and marketers about the power of listening to their current customers and potential customers. Several who attended

the St. Louis sessions started making changes to their advertising and marketing campaigns as soon as they returned to their stores. Discussions are currently underway to conduct focus groups across the U.S. so that APRO members in all regions of the country can view first-hand the image and marketing changes that are necessary in order to attract new customers to rent-to-own.

These studies show a slow improvement of rent-to-own's marketing image. Results also show that rent-to-own's improved image stems from APRO members applying recommendations generated from the *Potential Rent-to-Own Customer Survey* results in 1997 and 2004. We've come a long way in the minds of some consumers—but, the industry still has a mountain to climb. Thirteen years ago, the mountain was far off in the distance. Now the rent-to-own industry stands at the foot of the mountain and should be blazing the trail to reach the 30-plus million non-customers who could be renting to own. ✧

*Richard May is APRO's public affairs director. The Potential Rent-to-Own Customer Survey results, available only to APRO members, are offered as a PDF or in hard-copy format. DVDs of the focus groups are also available. Call 800/204-2776, ext. 104, for more information or to request a copy of the survey and/or DVD.*

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## Six Times a Week

**A**nd the answer is: “Actually *speaking* with a customer—by telephone or in person—no more than six times per week for the purpose of discussing a past-due account.”

The question being: “How often can a rental dealer call a customer on the telephone before the number of calls rises to the level of ‘annoyance, abuse or oppression,’ thus violating some state debt-collection statute, rent-to-own statute or common-law tort?”

Rental dealers have long pondered this question and some have desisted from calling customers as often as they really needed to for fear that they would get a complaint. Language in debt collection statutes is vague as to exactly how many calls constitute abuse. The answer of more than six actual contacts per week comes from the Washington State attorney general’s office by way of a written settlement with a rental company there over collection issues.

Keep in mind that the answer refers to actual contacts with the customer. Attempted contacts do not count. No more than six *actual* contacts per week—that’s once a day, Monday through Saturday, or, in theory, six times on a single Friday. Busy signals, voice mails and door hangers do not count. The limit of six is on actual contacts, where the rental dealer and the customer actually talk or at least have the opportunity to talk. (Is a customer hanging up as soon as he hears your voice a contact?)

The rental company argued persuasively—and ultimately successfully—that it needed to be able to have contacts with customers who fall behind on their rental renewal payments in order to conduct their business successfully. Six times per week. That may not always be enough, but most of the time, that will be a gracious plenty of times either to get the customer back on track

with the account or make arrangements to pick up the television.

This settlement is really only binding in Washington State and only against the rental company involved, but it is good evidence everywhere of what one state attorney general’s office deems to be a reasonable collection practice in the rent-to-own business and provides some degree of clarity to an area of the law that has been foggy at best.

Of course, the usual problems of actually contacting customers persist: caller ID, refusals to come to the door and all of the other dodges used by customers to avoid confronting the fact that they are watching a television that does not belong to them. And the same rules apply that have always applied when it comes to what a dealer can *say* during those six contacts. Dealers have to remain civil, professional and patiently persistent, no matter how ill-tempered or evasive their customers might become. Dealers have either gotten good at biting tongues or they are doubtless reading a trade magazine from another industry by now.

Six times per week. Who knew? Keep smiling. Keep collecting. ✱

---

*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](mailto:edwinn@mwvmlaw.com).*



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