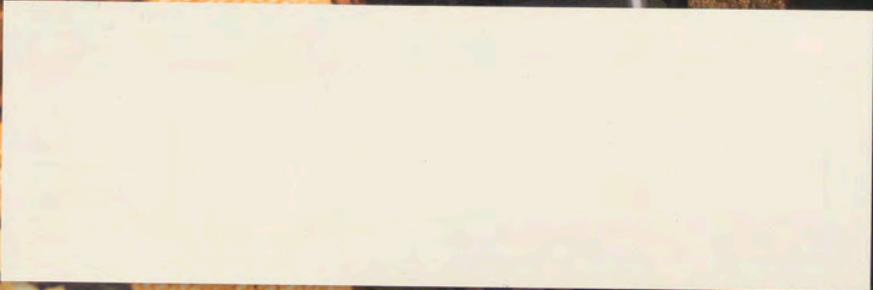


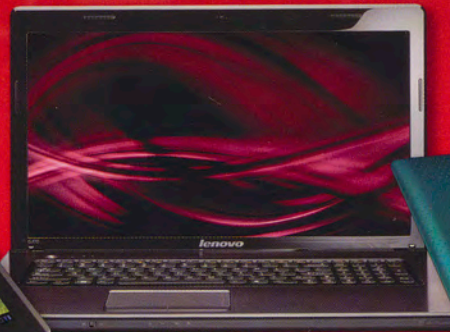
RTOHQ

The Magazine

The Brileys

APRO's president and his family ride the West Texas winds of challenge and change to achieve success and significance





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Reunited We Stand

The 2011 APRO Family Reunion in Little Rock is now history and was enjoyed by all. I want to congratulate all this year's award recipients for the many long hours and dedication of spirit they have exhibited throughout the years. President Robert O. Briley, his lovely wife, Lou, and their son Parker presented APRO's top awards to Sherry Workman (Vendor of the Year), Sidney Burton (Heritage), Richard Rose (Rental Dealer of the Year), Cynthia Baber-Strunk (President's Award of Excellence) and Mark Speese (Lifetime Achievement). This issue of *RTOHQ: The Magazine* features a pictorial recap of all our convention events.

I also want to thank all the sponsors and exhibitors who made the show possible. Without our vendor partners, this would be a very different industry. I hope every buyer reading this will thank vendor reps for providing us with services and products so that we may provide millions of customers with a little taste of the American Dream.

Through the generosity of many rental dealers from coast to coast, the APRO Scholarship Foundation was able to award \$30,000 in scholarships to 17 worthy college students. Thanks to Larry Carrico for raising and distributing scholarship dollars in the name of Faye Sutton to three more students. This is one of the many great things that rental dealers do to give back to America. If you want information on how to contribute to this fund, please contact me.

A very special thanks to Vivian Saunders, APRO's 2011 RTO Customer of the Year. This fine lady is doing great work in North Carolina for young men who have been forgotten by many and she has a very special story. To say that she won the hearts of every rental dealer at the convention would be an understatement. Her story is so inspiring that Jamie Slatton and David P. David—in a moment unplanned and totally spontaneous—urged those in attendance at our Awards Banquet to pledge financial support for Saunders' community efforts. Within minutes, they raised \$28,000 for Vivian Saunders' cause, The Hive. Thank you, Vivian, for your remarkable story and generosity; and thank you, rental dealers, for contributing to this woman's fine cause.

I want to thank Robin Loudermilk, president of Aaron's. I had never spent any time with Robin, but was able to sit by him at our Awards Banquet and I got to know him on a personal level. I also want to thank a longtime former board member, Chris Korst, for attending this year's convention. It was great to catch up on our families and all the things going on in our lives.

Another sentimental attendee this year was Roger Sharp. When I was first hired at APRO, the staff told me that Roger brought more new members into APRO that year than anyone else. During the eight months APRO was without an executive director, Roger was always a phone call away from any one on the staff and helped out mightily. Because of all he did that year, we created the Rental Dealer of the Year award and he was its first recipient. Roger, it was great having you come home!

Another convention is past. Yet we have already started planning next year's show in Memphis. We will tell you more about the show over the next several months. Mark your calendars for July 24-26. You won't want to miss it!



APRO's executive director
bkeese@rtohq.org

RTOHQ

The Magazine



July–August 2011

12 : Rent-to-Own Families, Part IV

by Kristen Card

APRO's "Family Reunion" in Little Rock was a big hit—a real kinship of colleagues from across the country. We continue in the kindred spirit with profiles of three family-run rent-to-own businesses: The Brileys of Abilene, Texas; the Fishers of Arkansas City, Kansas; and Ron Zimmerman and Reta Bailey of north Texas, brother-and-sister business partners who honor their father's legacy. Also, newly re-elected APRO President Robert O. Briley shares his thoughts on the past year, the year ahead and beyond.

22 : Resolving Rent-to-Own Disputes

by Ed Winn III

Recent developments are changing the landscape of dispute resolution for rental dealers. The change involves pre-dispute arbitration provisions in contracts. It's not the most riveting topic, but it is an important one nonetheless and can save rental dealers time and money.

30 : Rent-to-Own Family Reunion:

A Recap of APRO's 2011 Convention

by Murlin Evans, Neil Ferguson
and Shelley Martinek

APRO's big event this summer in Little Rock brought rental dealers and vendors together to learn, purchase, socialize, honor the industry's finest and—perhaps most important—celebrate rent-to-own's family-style *esprit de corps*. This issue's photo album tells the story. Plus, we profile APRO's 2011 RTO Customer of the Year, Vivian Saunders, and RTO Employee of the Year, Donna Fally.

Cover photograph by Hughes Photography

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Rent-to-Own Jewelry

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by Ed Winn III



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RTO Matters

House subcommittee holds hearing regarding RTO legislation

On July 26, the U.S. House of Representatives Subcommittee on Financial Institutions and Consumer Credit held a hearing in Washington, D.C., to address *The Consumer Rental Purchase Agreement Act*.

During the two-hour hearing, committee members heard statements from two panels, including San Antonio Premier dealer Roy Soto; rent-to-own researcher Jim Hawkins, who is an assistant professor of law at the University of Houston; and APRO's 2011 Rent-to-Own Customer of the Year, Vivian Saunders.

The hearing is good news for APRO members and the entire rent-to-own industry as it represents the first step toward passing much-needed legislation that would help both the industry and its customers. *The Consumer Rental Purchase Agreement Act*—HR 1588—is sponsored by Representative Francisco “Quico” Canseco (Republican-Texas). The bipartisan bill has 91 co-sponsors in the House as of July 28 and was made possible by the diligence of APRO members over many years, as well as congressmen



Top left: Congressman William Lacy Clay greets Roy Soto; top right: Congressman Francisco “Quico” Canseco; above: Jim Hawkins, Roy Soto, Vivian Saunders and Margot Freeman Saunders

such as Canseco and William Lacy Clay (Democrat-Missouri) who have supported the industry's efforts on Capitol Hill.

“The hearing went tremendously well,” says APRO Public Affairs Director Richard May, “and that’s a reflection of all the hard work APRO members have done for more than 20 years. It was great to see the level of understanding about the rent-to-own industry that we saw on the panels and the committee.”

Panelists and committee members batted around the

reasons rental transactions fit most appropriately under the lease definition, as well as the transparent disclosure strategies, pricing, service and reinstatement provisions contained in HR 1588, many of which are already in place in 47 states.

Even the chief critic of rent-to-own on the panel, Margot Freeman Saunders of the National Consumer Law Center, said that the industry has improved over the past 20 years in its service and collection practices. However, she did

urge the lawmakers not to pass the bill under consideration.

The next step toward federal legislation for the rent-to-own industry will occur if the subcommittee decides to take a vote—called a mark-up—on the bill. However, any further action on the bill probably will not occur until September as Congress will not be in session in August.

A video of the recent hearing is available online at www.rtohq.org/video-RTO_Hearing_072611.html.

—Murlin Evans

American Rental makes dream come true for Indiana family

What began as a vision for American Rental General Manager David P. David became a brick-and-mortar reality for one Nashville, Indiana, family July 29 with the dedication of a new home American Rental helped fund and build.

"This is not a gift from American Rental or Brown County Habitat for Humanity," David told new homeowners Tyria McKain and her son, Devin, "this is a gift from God. I hope you will think of this not as an ending, but as a new beginning."

David was inspired to sponsor a Habitat for Humanity

American Rental raised \$38,000 for the project through in-store fundraising, which included selling of candy bars, soliciting customer donations and \$1-per-delivery company donations, in addition to applying purchase-order discounts from Ashley, United Furniture, Welton and other vendors. Company employees also dedicated 440 of the 2,200 volunteer hours to the construction effort.

The McKains were living in an apartment subject to frequent flooding and mold problems. Now, they are proud owners of a two-bedroom/two-bathroom home on a wooded lot outfitted with new appliances and a flat-screen television, also furnished by American Rental.

Dennis Adams, American Rental district manager, who oversaw American Rental's volunteer effort, says the McKains



American Rental's Dennis Adams and David P. David with Devin and Tyria McKain (center)

project after an industry-wide APRO Habitat build in Austin, Texas, years ago and he launched the fundraising for this project in his home state last year after winning \$1,000 at the APRO Convention in Louisville, Kentucky.

were not the only ones to benefit from this project. "It was really a tremendous experience having the family there every day thanking us for what we were doing. I don't know who got more out of it, but we were proud to be a part of it."

RTOCalendar

September 8

Association of Iowa Rental Dealers Annual Meeting, Hilton Garden Inn, Johnston, Iowa. For more information, contact Brian Luksetich, 515/244-2224, ext. 213; bluksetich@qwest.net.

September 13 and 14

Midwest RTO Training Expo, Roberts Conference Centre, Wilmington, Ohio. For more information, contact Mike Tissot, 740/634-2666; mtissot@rto.com.

September 14 and 15

The Premier Companies Premier Financial Workshop, Williamsburg, Virginia. For more information, contact John Darden, 434/566-3652; JohnDarden@premierrents.com.

September 20 and 21

Missouri Rental Dealers Association's Fall Seminars, Holiday Inn North, Springfield, Missouri (September 20) and Holiday Inn South County, St. Louis, Missouri (September 21). For more information, contact Ken Steiner, 573/442-2963; steineraa@aol.com.

September 26 and 27

Florida Rental Dealers Association Annual Norman "Slats" Slatton Golf Memorial, Temple Terrace Golf and Country Club, followed by a reception and Texas Hold 'em tournament, Sheraton Suites Tampa Airport Westshore, Tampa, Florida (September 26). Annual Vendor Mingle and Meeting (September 27), Sheraton Suites Tampa Airport Westshore, Tampa, Florida. For more information, contact Sharon Tomaszewski, 813/241-0607, ext. 11; sharon.rentking@verizon.net.

September 27 and 28

Oklahoma Rental Dealers Association Annual Meeting, Renaissance Hotel & Convention Center, Tulsa, Oklahoma. For more information, contact Randy Braucher, 918/280-0300; randy@stanleystoday.com.

October 9 and 10

Texas Association of Rental Agencies 28th Annual Convention and Southwest Buying Trade Show, Marriott Quorum, Dallas, Texas. For more information, contact Scott Pospisil, 512/477-1991; scott@association-mgt.com.

October 22-27

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



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Elections held during APRO Convention

On July 13, the APRO membership elected eight candidates to serve two-year

terms on the association's board of directors. The election was held during APRO's Rent-to-Own Convention and Trade Show in Little Rock, Arkansas. New or newly re-elected members to the APRO board of directors are: Dennis

Adams, Full-O-Pep/American Rental, Bloomington, Indiana; Cynthia Baber-Strunk, Baber's Inc., Pascagoula, Mississippi; Dan Cole, National Rent-To-Own, Bridgeton, Missouri; Dave Edwards, SEI/Aaron's, East Hartford, Connecticut; Gary

Ferriman, Showplace Inc., Marion, Ohio; Sandi Frye, Premier Rental-Purchase/White Rose Enterprises, Altoona, Pennsylvania; William McCrae, Buzz's Lease Purchase and Sales, San Antonio, Texas; and Gopal Reddy, Action Development Corp., dba Aaron's Sales and Lease Ownership, Springfield, Illinois.

On July 14 in Little Rock, the new board met to elect APRO's executive committee. Aaron's franchisee Robert O. Briley was elected to a second year as the association's president; Cynthia Baber-Strunk of Baber's Inc. was re-elected as APRO's first vice president; David P. David of American Rental was re-elected APRO's second vice president; Richard Rose of BestWay Rent to Own was re-elected APRO's secretary; and Mike Tissot of Country-side Rentals/Rent-2-Own was elected as the association's treasurer.

During the Convention, APRO's associate members elected or re-elected seven vendors to serve two-year terms on the association's vendor advisory committee. Newly elected to the committee was Don Julson, BriteLite Enterprises. Re-elected to the committee were Al Benson, Central File Marketing; John Blair, PTS Tax Service; Ellison Crider, RSSS; Larry Furiani, Coaster Co. of America; Mike Gerwe Jr., RES Accessories; and Gary Jones, Ashley Furniture.

The APRO board of directors and vendor advisory committee will hold its next meeting September 7-9 at the Marriott Memphis Downtown in Memphis, Tennessee—the site of APRO's 2012 Rent-to-Own Convention and Trade Show next July. —Murlin Evans

THANK YOU!

2010-11 APRO PAC and Team APRO contributors

APRO recognizes the following individuals for their active involvement in promoting the RTO industry's legislative initiatives during the past year (as of August 1, 2011).

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- ▶ Shannon Strunk and Cynthia Baber-Strunk

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- ▶ Chris Kaley
- ▶ William McCrae and Paul Cowan

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- ▶ Jeannie Mendell, Serta

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- ▶ William Wendell

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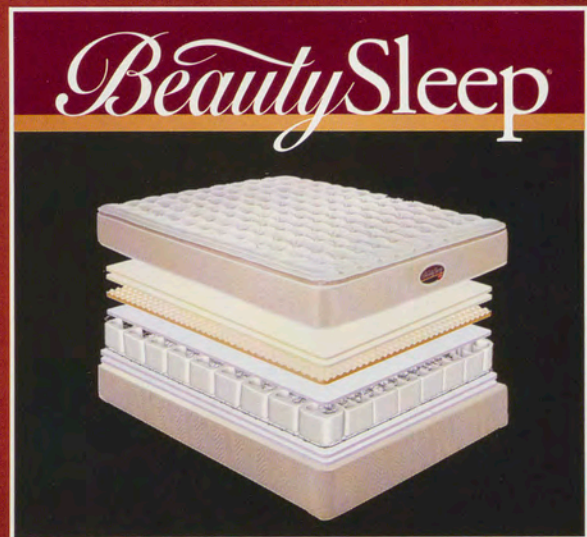
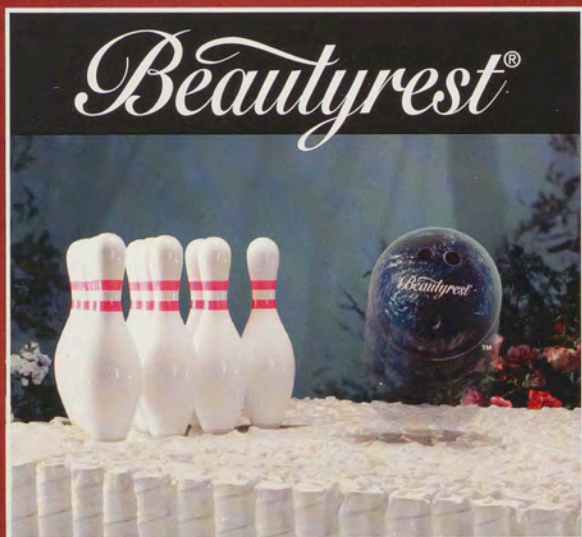
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American Rental celebrates its 30th anniversary with a bang

Full-O-Pep/American Rental held its 21st-annual gathering July 29 and 30 in Nashville, Indiana. This year marks the company's pearl anniversary. With the theme "Celebrating 30 Years and Beyond," the company presented an Innovation Expo, which showcased the latest furniture, electronics and appliances from 35 vendor companies. The following day, American Rental representatives participated in dedicating a Habitat for Humanity home that the company helped build and for which it raised \$38,000 (see page 6). A company picnic capped the two-day event, with dozens of games, rides and amusements for more than 300 employees and their families.

- 1: American Rental's ever-popular bungee-jumping
- 2: The band Train Wreck performing
- 3: Vice president and general manager David P. David
- 4: Regional manager Dennis Adams and his daughter, Maddie
- 5: Protect-A-Bed's Rita Haney and Rauff Bishay
- 6: Ivan Evans
- 7: Bull-riding and ballooning
- 8: Marcus Haney won the whiffle ball contest for his division

Heartland of America's 2011 Regional Trade Show and Seminar

Rent-to-own dealers and vendors from more than a half dozen states across the Midwest traveled to The Lodge of Four Seasons Resort in Lake Ozark, Missouri, for the seventh-annual Heartland of America Regional Trade Show and Seminar, June 14-16.

- 1: APRO Executive Director Bill Keese addresses attendees.
- 2: Mark Windsor and his grandson, Ezekiel Jackson, visit Don Julson at the BriteLite booth.
- 3: Golf tournament players Bill Korn, Kelly Carrico and Shawn Oligschlaeger
- 4: Bass fishing participants; Gib Collins hooked the single largest catch, a 4.3-pound bass
- 5: First-place golf team: John Mays, Ron Reyerling (accepting the trophy for his wife, D-Ann Reyerling), T.J. Swafford and Ron Baum



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



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**Family rides
the West Texas
winds of challenge
and change to
achieve success,
significance**

By Kristen Card

Once upon a time—circa 1974—Robert O. Briley was a brand-new graduate of Texas Tech University, with a political science degree in his hand and his eye on law school. Things change. Briley's professional path took an unexpected turn, leading him from a men's clothing store to a truck-stop restaurant to a Curtis Mathes franchise. Eventually—circa 1990—he did hang up his own shingle, but rather than reading “Esq.,” it read “RTO.”

Briley grew his Texas-based Rent City business to 16 stores over the next 16 years. And then he decided it was time for things to change again. “We had grown the business by opening up a store, achieving success with it and buying out our competition,” Briley says. “But we found ourselves coming up against Aaron's more and more, and buying out an 1,800-store national chain wasn't an option.”

So Briley, with the support of his wife, Lou, decided if he couldn't beat 'em, then he might as well join 'em. Once Rent City's conversion to Aaron's was complete in late 2006, the Brileys' company consisted of seven West Texas stores, with one more Lubbock location in the works.

“We're extremely happy with our decision to join Aaron's,” Briley says. “The investment per store is much greater—in bigger buildings, a higher volume of inventory and about twice as many associates, but the supporting infrastructure is incredible. Aaron's system streamlines everything from ordering and tracking inventory to advertising and direct-mail marketing. They reduce the time you spend in those areas, so you can dedicate that time to leasing and collecting.”

The Brileys' business is thriving under the power of the Aaron's name; for two of the past three years, Briley Investments has won both Aaron's Franchise of the Year and Store of the Year awards.

With the company going strong, Robert has been loosening his hands-on involvement in the business in order to serve elsewhere. Just re-elected as APRO president, he also was recently re-elected to the Abilene City Council and contributes to many area non-profit organizations.

“We want to be more than successful—we want to be significant,” Robert affirms. “Doing for other people is what our industry does.”

The company's daily operations are managed mainly by vice president of operations Terry Bilbrey, CFO Craig Shewmake, office manager Tracy Martin and accounts manager Berta Fernandez, as well as regional managers Penn Mallery, Scott Lunsford and Robert and Lou's younger son, Parker.

The couple's older son, Zach, has also been involved in the family business over the years. Born with spina bifida and hydrocephalus, Zach suffered a stroke at the age of two, has undergone 46 surgeries, is paralyzed from the waist down and requires medical attention every three hours. Yet many days, he accompanies his mother to the Brileys' impressive home office to work for the company and boost morale with his strong spirit.

“Our business has evolved and so has our family,” Lou says. “Our children are now at a point where they want to be involved in our company and they offer newer, fresher ideas to benefit us. We are truly a family business in the business of helping families.” ✧

Q&A

APRO President Robert O. Briley

At APRO's Convention and Trade Show in Little Rock, Robert O. Briley was elected by the board of directors to serve a second term as the association's president. Briley operates seven Aaron's Sales & Lease Ownership locations in West Texas and lives in Abilene. We asked him about the past year as president, the coming year and beyond.

Congratulations on your re-election as APRO's president. Tell us about the past year and your first term. What were the highlights and what were the primary challenges?

Most important, I am very humbled by the opportunity to serve our membership again this year. I am



motivated to follow in the footsteps of our past presidents, who provided solid leadership, commitment, integrity, courage, persistence and optimism. I continue to be amazed by the high quality of performance, professionalism, promptness and attitude of our APRO staff led by Bill Keese. I'm ex-

cited about the years to come and the opportunities we have to strengthen our industry by working together.

The highlights are obvious. I'm proud of our industry for coming together again for another successful APRO Legislative Conference in Washington, D.C. The evening at the Folger Shakespeare Library was absolutely perfect. Our "Family Reunion" Convention in Little Rock was very successful—the ideal opportunity to network with one another and learn new ways to provide better services and products for our customers. The potential customer focus-group studies revealed a need to adopt changes to help promote our industry to the non-RTO customer base. I'm grateful to APRO and the state associations that hosted the focus groups—Florida, Ohio, New York and Texas—for their vision and leadership in implementing them. I'm proud of the association for providing aid through the RTO Disaster Relief fund, which was much needed this past year with severe tornados in several areas of the country. And speaking of the spirit of charity, APRO's Scholarship Foundation had an incredible year, with so many members making generous contributions. As a result, we provided 17 scholarships this year—a record number.

What do you want to see happen for APRO and the industry during your second term?

I want to have our entire industry work together and develop a strategy to expand our customer

base and then implement that plan over the next few years. Our industry provides important services and products to our customers. Sometimes, we underestimate the impact we have on entry-level customers who are establishing credit, repairing credit and/or are unable or unwilling to make a long-term commitment to purchase.

Equally important, we want to pay close attention to the potential actions of the Consumer Financial Protection Bureau. I urge all association members, non-members and vendors to become even more persistent in helping to sign additional co-sponsors to the *Consumer Rental Purchase Agreement Act* (HR 1588 and S 881). Passage of this legislation will stabilize our potential to borrow money from banks and expand our customer base.

How do you view the state of the rent-to-own industry? What's changed since you started?

Our industry is very strong! We continue to have tremendous support from the APRO membership. Our state associations are improving year after year. The trust between small dealers, large chains, franchisees and the publicly held companies has improved. The cooperation of all members has improved dramatically, creating a powerful team. Participation in APRO's Legislative Conference and the annual Convention and Trade Show reflects the commitment of our members to our customers.

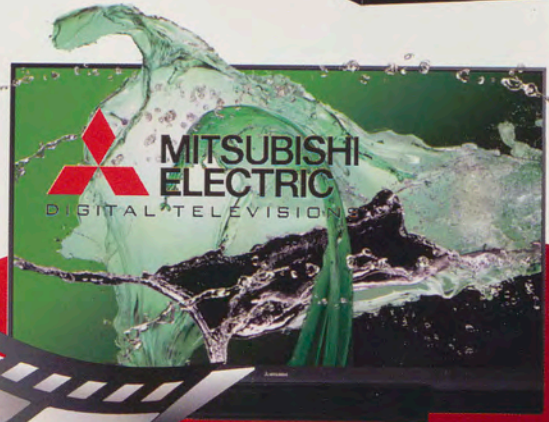
[CONTINUED ON PAGE 46]

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The Fishers

MUSTANG ENTERPRISES, DBA HOME TOWN RENTAL PURCHASE | ARKANSAS CITY, KANSAS

**Heartland
company extends
concept of family
far beyond blood
for business
success**

By Kristen Card

Jess Fisher believes in birth order. He readily recognizes that had he not been the eldest of eight growing up in southern Kansas, he probably would not be where he is today—leading his family business, Home Town Rental Purchase (www.hometownsaleslease.com).

“You learn at a young age to begin watching over your younger siblings,” Jess says. “Because of that, I grew up being a more responsible and, I think, more compassionate, person. So at the company—with family and with other associates—I’m still the overseer, the teacher. I’m still the big brother.”

Jess already had over a dozen years of retail experience when he accepted a position in 1992 with ColorTyme in Arkansas (*pronounced not like the state name, but as “R-Kansas”*) City, Kansas, under a store manager named Gayla. Eventually, Jess left ColorTyme to return to retail appliance sales, but Gayla—now his new bride—and rent-to-own had both taken hold.

“I approached the owner of the appliance store about letting me open a rental department in the store,” Jess recalls. “He agreed and within two years, Gayla was helping me run the rental section and we were making more money for the store than the retail side.”

By 1999, the couple was ready for a change. Approached by an investor about owning their own business, the Fishers took the plunge and opened up the first Home Town in their own hometown that May. “My dad and my brother—John Fisher Sr., and John Fisher Jr.—started working with us part-time,” Jess says. “In 2000, our daughter and son came on board.”

The following years were filled with new store openings and new family hires. Today,

there are five Home Town locations in southern Kansas and northern Oklahoma and of the company’s 25 employees, nine are family members: Jess, co-owner; Gayla, co-owner and—according to Jess—still his boss; John Sr., company-wide maintenance; John Jr., district manager; daughter Kristy Crane, office manager; another daughter, Michelle Beach, marketing and training; sister Mary Folk, assistant store manager; and nephews Josh Kendrick and Kyle Russell, accounts and deliveries.

“I was never a big fan of working with family until I actually began doing it,” Jess admits. “Now, we encourage an environment that is family-oriented through and through. Our motto is, ‘We’re helping local families as only a local family can.’ Treating other families—associates and customers alike—as part of our own family has definitely been key to our continuing success.”

Serving smaller communities—all five of the towns where the company has a location have a population of 30,000 or fewer—helps magnify that family feeling through tighter-knit clientele and has helped insulate the company from the besieged economy. With more new-store plans underway and a new generation beginning to express interest in the family business, Home Town continues to grow toward its current goal of 10 stores—and potentially beyond.

“Many people don’t like being around us after-hours, because the shop talk never stops,” Jess chuckles. “Our family never stops talking about the business because we still have such excitement about it. Rent-to-own is like no other industry and it’s not just our livelihood; it’s a way of life.” ✧





Ron Zimmerman and Reta Bailey

ENTERTAINMENT PRODUCTS, DBA AL'S RENT TO OWN | IRVING AND PARIS, TEXAS

Siblings work together—yet apart—to fulfill their father's vision of a family business

By Kristen Card

“My dad was raised during the Depression, so he knew what a dollar meant,” begins Ron Zimmerman, owner-manager of Al’s Rent To Own in Irving, Texas. “He was a talented salesman and a great teacher, and he definitely had the vision for his children to be involved in the business, to give his children a means he hadn’t had.”

Al Zimmerman—the Al behind Al’s—had five children who grew up mostly in California with their mom while he grew a business, slowly but steadily, on Main Street in Irving, just west of Dallas.

“He opened Al’s Stereo & TV in 1967,” his son, Ron, relates. “Around 1971, color televisions became the trend. Curtis Mathes was on Young Street here in Dallas, so my dad would go over there and buy one color set, bring it back to his store and when he eventually sold it, he would go back and buy another. He built his business just like that—sell two, buy three.”

Ron had spent summers with his dad and in 1973, came to help with the business and never left. The company converted completely to rent-to-own in 1979 and by 1989 had grown to seven locations.

Al decided it was time to pass the business along to the next generation and offered a store to each of his children—four now, as one had passed on. Two opted out, but Al’s daughter, Reta Zimmerman Bailey, relocated for the opportunity to run the company’s Paris, Texas, location, about 200 miles northeast of Dallas.

“The cost of living in California was skyrocketing,” Reta says. “So I came to Paris

mainly because it was cheaper. And I just love this business. I love the people and I love what I do.”

Sadly, Al died unexpectedly the same year. Once company matters were settled, Ron’s Irving location and Reta’s Paris store were what was left—and 22 years later, they’re still going strong. Though they operate their stores wholly independently, the two talk several times a day about everything from effective marketing efforts to product popularity to customer challenges.

“We’ve got a lot in common because we’re living the same professional life,” Reta explains. “We have a deeper understanding, a different sort of bond, and I think it makes us closer as siblings.”

Both Ron and Reta are in their stores every day, each working alongside three employees. When asked separately about the secret of their longtime success, they both provide the same answer: fairness and service.

“I buy only things I would put in my own house; if it’s not good enough for me, it’s not good enough for my customers,” Reta affirms. “And we never take care of it tomorrow. If someone calls, it’s because they need help now, not later.”

“It is not necessarily about the merchandise; it’s about what we can do for our customers,” Ron says. “And for me, it’s not necessarily how much money we make; it’s what I enjoy doing. If you have fun with the customer and they know you’re going to do what you say—come heck or high water—then why should they go anywhere else?” ✱

Opposite page: Reta Zimmerman Bailey and Ron Zimmerman—with a photograph of their father, Al, between them

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Disputes



R

ental dealers are confronted daily with their fair share of disputes with other people. Management consultants may call these situations “opportunities.” They are disputes. They arise with employees, customers, vendors and, if it is a really bad day, with the government—maybe the state attorney general’s office, the BBB or the IRS. Most disputes get talked out and resolve themselves. Since we live in allegedly civilized times, instead of reaching for dueling pistols, the disputants reach for their cell phones and call their lawyers. § Recent developments are changing the landscape of dispute resolution for rental dealers and all other merchants. The change involves the less-than-spellbinding topic of pre-dispute arbitration provisions in contracts—certain to numb the senses of all but the most attentive legal geeks. Here goes, anyway, because it is an important topic and can save rental dealers time and money. § Last April, the U.S. Supreme Court decided a case, *Concepcion v. AT&T Mobility*. In the 5-4 decision, the court ruled that AT&T’s mandatory arbitration provision in its cell phone consumer contract—which included a class-action waiver—was enforceable despite decisions to the contrary by state supreme courts and U.S. Ninth Circuit Court of Appeals.

By ED WINN III

Some Background

Consumer advocates have long lamented the very possibility of any mechanism, such as arbitration, that deprives consumers of their day in court and, more importantly, prevents them from participating in class-action lawsuits, the only way, they claim, to keep businesses honest, which is not their natural inclination. The right to go to court is, after all, enshrined in the Seventh Amendment to the Constitution: "In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved..."

Likewise, consumer advocates maintain that the ability to sue as a member of a class is vital to protecting consumer rights in the marketplace when the damages for any one consumer may be small, but the damages to fairness in the marketplace and ultimately to the society are large, because many people are damaged without recourse unless they can participate in class-action suits. In agreeing to arbitration in a contract, consumers must waive both their constitutional right to their day in court and also their common-law right to participate in class actions. Consumer advocates are always wary when consumers are asked to waive their rights to anything.

Businesses counter that allowing class actions skews the judicial playing field, which fundamental justice demands be level, in favor of consumers and plaintiffs' attorneys. Plaintiffs with marginal or even bogus claims can file class-action suits with thousands or even millions of class members and extort settlements from defendant companies, because the companies cannot afford the costs of defending such suits. Often, settlements in class actions involve consumers getting coupons for discounts from the defendant company while the consumers' attorneys get millions of dollars in legal fees.

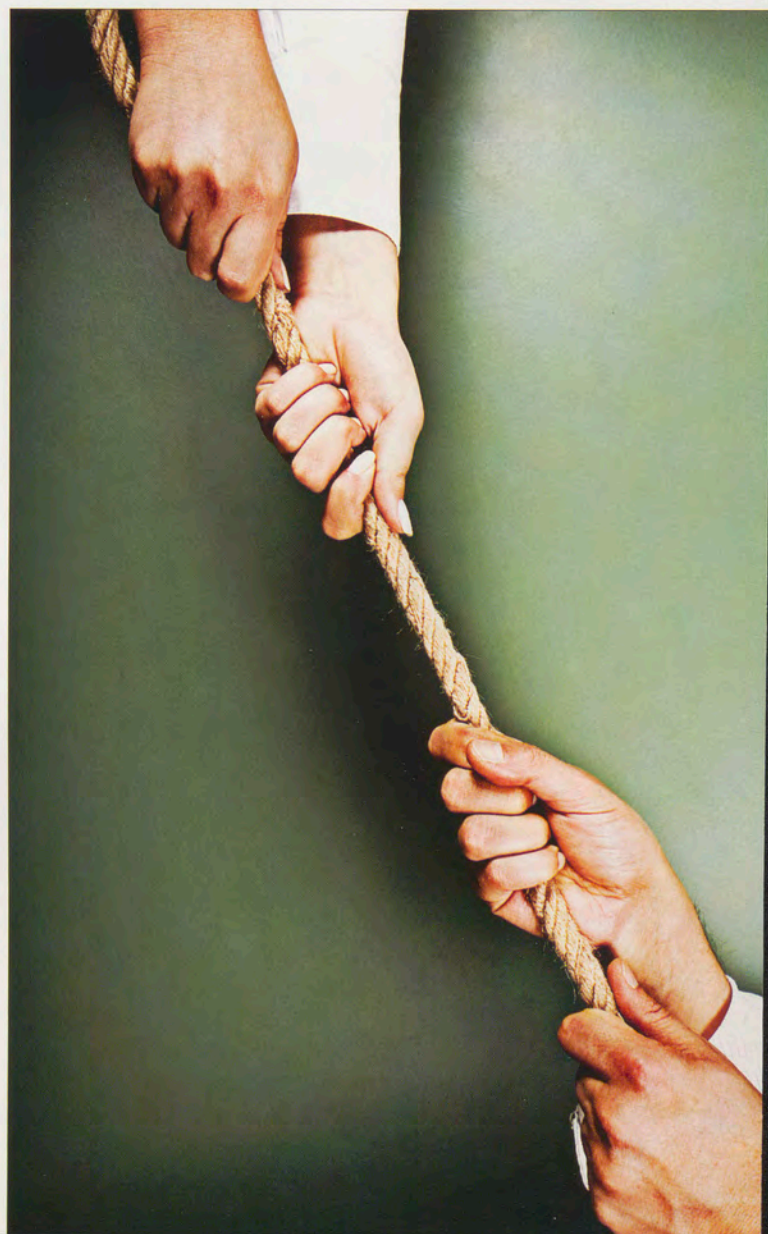
Businesses have long used arbitration provisions in employment contracts and, to a lesser extent, in their contracts with consumers. Courts in a number of states have struck down these provisions as unconscionable, insisting that the parties take their disputes to court. With or without getting a class-action waiver, many businesses deem arbitration to be a fair, efficient and relatively inexpensive process for resolving disputes.

Consumer advocates are suspicious of arbitration in any guise, because, among other reasons, the role of arbitrator is a paying job and most of the business in a merchant-versus-consumer dispute will come from the merchant. That means there is a bias built into the system that cannot be overcome even with the best of intentions—the repeat-player bias.

The NAF Settlement

Evidence of this kind of bias reached an apex in 2009 when the Minnesota attorney general exacted a settlement from the National Arbitration Forum (NAF), one of the three national arbitration companies at the time. In the settlement, NAF agreed to get out of consumer arbitration altogether forevermore. The attorney general had sued NAF alleging bias and deception.

NAF, a for-profit company, had been one of the largest consumer arbitration groups in the country with arbitrators available in every state. The attorney general alleged that in 2006 and 2007, a family of hedge funds bought controlling interest in NAF and also a controlling interest in a national debt-collection agency, Mann Bracken. Evi-



dence showed that in 2006, NAF handled 214,000 consumer-debt-collection arbitrations, 125,000 of which had been filed by Mann Bracken. The evidence of bias was overwhelming, which is why three days after the attorney general filed suit, NAF settled and got out of the consumer arbitration business completely (see <http://domesticpolicy.oversight.house.gov/documents/20090721154944.pdf>).

In the aftermath of this NAF scandal, the American Arbitration Association (AAA), a non-profit company and the largest arbitration group in the country, announced that it would not hear any more consumer-collection arbitrations pending the adoption of adequate standards for the process. Shortly thereafter, Bank of America announced that it would no longer seek to use arbitration to resolve collection disputes with its banking customers despite the mandatory arbitration language in all of the

unconscionable and therefore unenforceable when three factors exist: 1) the contract is one of “adhesion,” meaning that the stronger party presents the contract on a “take-it-or-leave-it” basis to the weaker party who has no ability to negotiate the terms. (As a practical matter, several jurists have noted that all consumer contracts these days are contracts of adhesion.); 2) the amount of damages the consumer can recover is small; and 3) the weaker party alleges a deliberate scheme to defraud by the superior party.

AT&T argued that the *Federal Arbitration Act* (FAA), enacted in 1925 to counter judicial hostility to arbitration at the time, controlled and overruled state law. The stated goal of the FAA is to “ensure the enforceability of arbitration proceedings...to facilitate informal, streamlined proceedings.” The FAA provides that parties to a contract can agree to arbitrate disputes before or after the dispute

The Concepcions sued AT&T in California’s federal court for false advertising and fraud on behalf of all consumers who had been charged sales tax on their phones. Eventually, the Supreme Court held that the AT&T arbitration provision was, indeed, enforceable and the only avenue available to the Concepcions to resolve their \$30 dispute.

bank contracts. Understandably, mandatory consumer arbitration fell into disfavor after the NAF settlement and rent-to-own dealers and other merchants abandoned arbitration with consumers.

Concepcion

The vitality and usefulness of mandatory consumer arbitration provisions continued to wane—and then along came the Supreme Court’s ruling last April in *Concepcion v. AT&T Mobility*. AT&T advertised “free” cell phones for customers who signed up for the company’s cell phone service. However, AT&T billed consumers sales tax on the full retail price of the phone in the first bill. For the Concepcions, the tax was \$30. The Concepcions sued AT&T in California’s federal court for false advertising and fraud on behalf of all consumers who had been charged sales tax on their phones. AT&T countered that as per the cell phone service contract, the parties had to arbitrate the dispute and no class action was permitted.

The California Supreme Court had previously ruled that mandatory consumer arbitrations provisions were

arises. An arbitration provision must be treated like any other contractual provision. It can be invalidated under any legal theory that exists to challenge any other kind of contract—e.g., fraud, duress, unconscionability, etc.—but it cannot be singled out for special treatment that makes an arbitration provision harder or easier to enforce than any other kind of contract.

The district court in *Concepcion* held that the AT&T arbitration provision was unconscionable and unenforceable because it was a fraudulent scheme to bilk small amounts of money out of a large number of consumers. The Ninth Circuit Court of Appeals agreed. The Supreme Court reversed the lower courts, overruling the California Supreme Court, holding that the AT&T arbitration provision was, indeed, enforceable and the only avenue available to the Concepcions to resolve their \$30 dispute with AT&T.

The AT&T Arbitration Provision

Arbitration is a matter of contract law. That means the language in the arbitration agreement will determine its enforceability. The AT&T arbitration agreement contained several

provisions that the court noted where AT&T bent over backwards to make the process a fair one for aggrieved customers.

AT&T made it easy to file a complaint against the company and initiate arbitration proceedings with short, one-page forms on its website (see www.ATT.com/disputeresolution).

AT&T agreed to pay all costs associated with a non-frivolous filing by the customer. Ordinarily, anyone filing a lawsuit must pay the filing fees, which can be a few hundred dollars. One of the criticisms in the past about arbitration was that it costs more to start an arbitration than it does to start a lawsuit and thus was an unfair burden on consumers with a dispute against a company.

AT&T agreed that the arbitration would occur in the county where the customer is billed. One reason cited by courts for throwing out arbitration clauses is that the forum is an inconvenience. Some companies liked to require arbitration near the company's home office for the ease of administration. Courts have ruled over the years that for consumer arbitration to be fair, the locales must not be inconvenient for the consumer. Courts have reasoned that it is unfair to make the consumer travel long distances to enforce a claim when the company is better able to shoulder that burden. This is a different rule from the general jurisdictional rule for the legal system that a plaintiff must sue a defendant where he lives.

In the AT&T arbitration provision, if the customer's claim was for less than \$10,000, the consumer can elect to have the arbitration conducted by telephone, in person at a face-to-face hearing before the arbitrator or by the submission of documents only.

The AT&T arbitration provision allowed either party to sue in small-claims court instead of going to arbitration. Small-claims courts have jurisdictional limits of anywhere from \$2,500 to \$15,000, which means that a claim for more than that amount cannot be brought in that court and, in any case, that court does not have the authority to award damages greater than its jurisdictional limits. This provision allowed AT&T to sue customers on small balances due on their accounts without invoking arbitration. Such a provision would allow rental dealers to seek recovery of their merchandise through the courts instead of having to arbitrate.

The AT&T provision permitted the arbitrator to give any kind of individual relief that a court could award, including damages awards, injunctive relief and punitive damages. This provision ensured that an individual claimant has the right to the same relief available in a court.

The AT&T provision provided that if it was successful in the arbitration and the customer lost, the company would not seek reimbursement of its own attorneys' fees, even if state law would permit such a recovery.

Finally, the AT&T provision provided that if the customer receives an award from the arbitrator that is greater than AT&T's last written settlement offer, AT&T will pay

Is Arbitration Really Unfair to Consumers?

Consumer advocates instinctively think arbitration is unfair to consumers and have condemned the *Concepcion* decision as a legal disgrace. However, empirical studies of the results of arbitration proceedings belie the emotional outbursts of these advocates and call into question their sentiments. Ernst & Young published a report in December 2004, *Outcomes of Arbitration: An Empirical Study of Consumer Lending Cases*. Based on four years of data, the findings included one that consumers prevailed in 55 percent of the cases decided by arbitration, the same win rate as in state courts (http://adrinstitute.com/edit/Feb_05/022105EYPressReleaseADR.htm).

In 2009, the Searle Civil Justice Institute of Northwestern University School of Law published a study of the American Arbitration Association's consumer arbitrations (www.searlearbitration.org/report). Among the findings, the study found that up-front costs for arbitration were low—\$96 for claims less than \$10,000 and \$219 for claims between \$10,000 and \$75,000. Arbitration was a quick way to resolve disputes with an average resolution time of 6.9 months. Consumers won 53.3 percent of the cases filed with an average recovery of nearly \$20,000—52 percent of the amount claimed.

The facts seem to be on the side of arbitration. Conducted properly, arbitration has as good a chance of getting the right answer in a dispute as a judge and jury.



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the award granted or \$7,500, whichever amount is greater plus two times the claimant's attorneys' fees.

This last provision caused the district court judge to note that "plaintiffs were better off under their arbitration agreement with AT&T than if they had been participants in a class action that could take months, if not years, and that may merely yield an opportunity to submit a claim for recovery of a small percentage of a few dollars."

Arbitration in RTO Agreements

The upshot of the *Concepcion* ruling is that mandatory consumer arbitration has been fully rehabilitated in the aftermath of the NAF scandal in 2009. The law in the U.S. favors the arbitration of disputes. Rental dealers should already have arbitration provisions in their employment agreements and they

There are other suggestions for ensuring that mandatory consumer arbitration provisions are fair to the consumer. Dealers should scrutinize the *Consumer Due Process Protocols* that have been developed for consumer arbitrations and incorporate as many of those provisions as possible in their agreements (see www.adr.org/education/education/consumer_protocol.html).

It Is Never Over

As gratifying to the business community, generally, as the *Concepcion* decision is, the battle, alas, is not over. Already, there have been two bills introduced in Congress that would overturn *Concepcion* and essentially outlaw mandatory consumer arbitration (*The Arbitration Fairness Act of 2011, HR 1873 and S 987*). Moreover, Section 1028 of the *Dodd-Frank*



The law in the U.S. favors the arbitration of disputes. Rental dealers should already have arbitration provisions in their employment agreements and they should consider adding them to their rental agreements.

should consider adding them to their rental agreements. A separate arbitration addendum or another clause in the rental agreement itself—either will work—will add to the length of the agreement and may make closing occasionally more difficult. The advantages, however—including the elimination of the threat of a class-action and that arbitrations generally are quicker, easier and cheaper than going to court—outweigh the disadvantages to the process of including such a clause.

Dealers should consider having an opt-out provision in the arbitration agreement, allowing the customer an opportunity to send in written notice that he does not want to arbitrate disputes with the company and would prefer going to court in such an event. Put a reasonable time limit on the customer's ability to opt out; companies in other industries offer a time limit of between two weeks and two months.

Act instructs the newly created Consumer Financial Protection Bureau to study mandatory consumer arbitration provisions to determine if they are anti-consumer. The bureau has been granted the authority to ban consumer arbitrations altogether or to regulate them as the bureau may see fit if, through its study, it determines that such a ban or regulation is in the public interest and for the protection of consumers.

Despite these future challenges, for the moment mandatory consumer arbitration has the imprimatur of the highest court in the land. Dealers would be well advised to investigate this issue thoroughly to determine if it makes sense to add such provisions to their agreements with their customers. ✧

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

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A photograph of a ColorTyme Rent-to-Own storefront at night. The building is illuminated, and the sign above the entrance reads "COLORTYME RENT-TO-OWN" in large, glowing letters. The interior of the store is visible through the large glass windows, showing various electronics and appliances.

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Clockwise from top left: Samantha and Dave Edwards; Rental Dealer of the Year Richard Rose (center) with his wife, Elsa, APRO's first Rental Dealer of the Year, Roger Sharp, and APRO President Robert Briley; Elton John enthusiasts Kathy Windsor, Angie Quinn and John Spangle; Robin Loudermilk and Tiger John Cleek; Lifetime Achievement Award recipient Mark Speese with his wife, Carolyn, and daughters Jessica and Allison; father and daughter Jim and Jamee Thompson; Kristin and Parker Pugh; state association presidents (top row): Larry Tinney, Lyn Leach, Ernie Lewallen, Jeff Lebakken, Kevin Milliron and Dennis Adams; (bottom row): Chris Bolin, Marty Auble, Mike Tissot and Tim Daughterity; facing page: Cher and Jeff Lebakken with "Sir Elton"



**A RECAP OF APRO'S 2011
CONVENTION AND TRADE SHOW
IN LITTLE ROCK**



A RENT-TO-OWN

Family Reunion

This July in Little Rock, APRO held its annual convention. Yes, there was a trade show, too. But it was really a rent-to-own family reunion, where dealers and vendors from all parts of the country gathered to celebrate the kinship of colleagues. As we have reported all this year—and will continue to profile through 2012—family-run businesses are a cornerstone of rent-to-own, with plenty of mom-and-pop companies also employing sons, daughters, brothers, sisters, cousins and other DNA-sharing personnel. At Little Rock's duck-friendly Peabody, we all became one big, happy family during APRO's 2011 Rent-to-Own Convention and Trade Show, July 11-14.

During the annual Awards Banquet, Mark Speese was accompanied on stage by his wife and daughters—as well as his Rent-A-Center brethren—to accept the Ernie Talley Lifetime Achievement Award. Cynthia Baber-Strunk, Richard Rose and Sidney Burton also brought family members to the party where the industry's highest honors were bestowed upon them. To do the honors of presenting honors, APRO President Robert Briley was joined on stage by his wife, Lou, and son Parker, as well as Roger Sharp, APRO's first Rental Dealer of the Year recipient. During the general session, RNR's Larry Sutton took the stage to promote APRO's Scholarship Foundation and was joined by his sister, Judy Garrison, and cousin, Jamie Slatton. In short, rent-to-own families were in abundance—and, perhaps a bit unusual for a family gathering of this size, everyone got along!

On the following pages, check out our family photo album, see who was honored and learn what was taught by business experts at APRO's big show in Little Rock—where relativity was more than just a theory.



By Murlin Evans, Neil Ferguson and Shelley Martinek

PHOTOGRAPHS BY MURLIN EVANS, NEIL FERGUSON AND BOB OCKEN



FAMILY REUNION RECAP
APRO'S 2011 CONVENTION & TRADE SHOW



1: Karena White, national sales manager at The Peabody (APRO's host hotel), sang a beautiful rendition of the "Star-Spangled Banner" to open the General Session.
 2: Larry Sutton, along with his sister, Judy Garrison, and cousin, Jamie Slatton, addressed attendees on the importance of APRO's Scholarship Foundation.
 3: The 2011 Rent-to-Own Customer of the Year, Vivian Saunders (with Tameika Jordan) upon learning that APRO members were donating \$28,000 to her Hive project (see page 38)
 4: Keynote speaker William Taylor
 5: Brenda and Larry Tinney welcomed attendees to the city in which they were married 46 years ago
 6: APRO President Robert Briley
 7: The APRO Golf Classic's first-place team was Robert Briley, Parker Briley and John McClure.
 8: Professional golfer and rent-to-own vendor Gene Bone (ProGuard) with Kevin Quinn



APRO's Family Reunion provided four primary attractions: a trade show, education, recognition of industry achievers and, perhaps most important, socializing. This year's **Gala** at the Clinton Presidential Center was one classy event, where networking combined with reviewing an abundance of historic memorabilia.

APRO held its **President's Welcome Reception** on the opening night of the convention. APRO President Robert Briley honored distinguished state rental dealer associations and those members who have gone the extra mile over the past year to protect and nurture our industry's legislative pursuits. In addition to the honors pictured in this scrapbook, Continued Excellence recognition was given to state associations representing Delaware-New Jersey, Florida, Indiana, Iowa, Kentucky, Missouri, New York, Ohio, Pennsylvania, Tennessee and Wisconsin.

The annual **Awards Banquet and Reception** was the evening for honoring the industry's finest with "Buddy" awards for Lifetime Achievement, Rental Dealer of the Year, President's Award of Excellence, Heritage Award, Vendor of the Year and State Association of the Year (see page 36 for details). Attendees also hit the dance floor for some "Crocodile Rock" and other hits by a superb Elton John impersonator, Jeffery Allen. Elton-esque glittering sunglasses were provided to enhance the prevailing spirit of the 1970s.

In addition to individuals and groups receiving due recognition in Little Rock, advertising got its props as well. APRO's **Rental Advertising Excellence Awards** were on display in the exhibit hall, showcasing the finest rent-to-own advertising, marketing and community relations over the past year. "Best of Show" honors went to Countryside Rentals/Rent-2-Own (in-house division) and Razor (agency division for Rent-A-Center). For a complete list of the 2011 RAE Award winners, visit www.rtohq.org/pdfs/RAE2011winners.pdf.



1: Samantha and Dave Edwards 2: Tiger John and Ann Cleek 3: Dwight Dumler, Robert Davis and Andy Bowers 4: Rosemary Rector and Herb Weisblatt 5: Lou and Robert Briley 6: Brent Hufstедler, Trent Agin, Mark Williams and Tim Daughterity 7: Debby Keese 8: Awards Banquet entertainment was provided by Elton John impersonator Jeffery Allen. 9: Dave Edwards presented the Most-Improved State Association award to Kansas, represented here by Jess Fisher and Richard Cross. 10: Dave Edwards presented the Legislative Achievement Award to Illinois; pictured are Edwards, Larry Carrico, David Stephens, Stan Davis, Kevin Milliron, Dan Cole, Casey Pristou, Steve Branning and Ken Steiner. 11: During the exhibitor meeting, past recipients of APRO's Vendor of the Year award gathered; pictured are Bryan Collins, John Blair, Ellison Crider, Bob Saunders, Dennis Shields, Danny Wright, Susan Matthews, Bill French and Gary Jones.



FAMILY REUNION RECAP
 APRO'S 2011 CONVENTION & TRADE SHOW

APRO's 2011 Rent-to-Own Trade Show showcased the latest in consumer electronics, software, asset management systems, furniture, appliances, jewelry, marketing and more at Little Rock's Statehouse Convention Center. When not on the trade show floor or socializing and networking, rental dealers likely were getting smarter. A new Innovation Marketing Session offered attendees an industry-specific plan to attract new customers. A motivating keynote address and an afternoon of seminars provided rental dealers in Little Rock with tools to help their businesses. William Taylor's keynote, "Practically Radical: Unleashing Big Changes in Tough Times," urged attendees to break the mold, go for the gusto and forge a more daring path for future success. APRO's popular Rental Roundtables gave colleagues from comparatively sized companies the opportunity to share information and business tips that they could take home to their stores.



1: Ron DeMoss, Mark Speese and Shannon Strunk in the exhibit hall 2: Little Rock's Statehouse Convention Center exhibit hall 3: Josh Hogg, Mike Strong, Lee Linske and Angela Strong-McCool 4: Living Well's Terry McCollum, Elizabeth Reynolds and Dylan VanDyne 5: Dennis Shields, Mary Ann and Gary Ferriman 6: Martin Roberts presented a seminar on store design and makeovers. 7: Jill Adams McDonough presented APRO's Innovation Marketing Session designed to "Grab that New Customer." 8: Protect-A-Bed's Rita Haney 9: Truck Skin's Joe Lapekas and Jordan White 10: Mitchell Andrews presented a seminar on issues pertaining to recent health care legislation.





1: Rental dealers Ernie Lewallen, Roger Sharp and Richard Eichlin all started in the rent-to-own business together in the early 1980s, working for Universal TV Rentals. They formed a foundation of general managers who moved on to ownership of their own businesses and have remained friends ever since. 2: The Peabody Little Rock's daily march of the ducks through the hotel's lobby 3: During the Awards Banquet, APRO's 2011 Rent-to-Own Customer of the Year, Vivian Saunders, was honored. Her Hive project nurtures at-risk young men in Bertie County, North Carolina (see page 38). Upon learning that the Hive has fallen on hard times, rental dealers (pictured) spontaneously pledged more than \$28,000 for Saunders and her community efforts. 4 and 5: Bestway's David Kraemer and Buddy's Home Furnishing's Jamie Slatton vie for store-count bragging rights, tussling—jokingly, of course—over a button that reads, "I own more stores than you." 6: Tulasi and Gopal Reddy, George Ramel and Ed Winn III 7: A ribbon cutting opened the trade show; pictured are keynote speaker William Taylor, APRO's Executive Director Bill Keese and APRO's President Robert Briley.



FAMILY REUNION RECAP
APRO'S 2011 CONVENTION & TRADE SHOW

VIEW VIDEO HIGHLIGHTS OF APRO'S
2011 AWARDS BANQUET AT WWW.RTOHQ.COM
RTO-VIDEO-MAIN.PHP

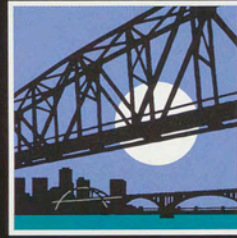
The annual **Awards Banquet** celebrated the industry's finest, inducting into the Rent-to-Own Hall of Honor the 2011 recipients of the Lifetime Achievement Award, President's Award of Excellence, Rental Dealer of the Year, Heritage Award, Vendor of the Year and State Association of the Year. In keeping with the Family Reunion theme, many recipients brought their kin on stage with them to accept their awards and APRO President Robert Briley presented the awards with the help of his wife, Lou, and son Parker.



1: Rent-A-Center's Mark Speese (left) won the 2011 Lifetime Achievement Award; he is pictured with his wife, Carolyn, and daughters Jessica and Allison. APRO President Robert Briley (right) and members of his family (son Parker in the middle and wife, Lou, second from right) presented the award to Speese. 2: Cynthia Baber-Strunk, (holding trophy) received the President's Award of Excellence; pictured is the Baber-Strunk family: Sheldon and Lisa Strunk, Parker and Kristin Pugh, Paul (holding daughter Hailey) and Lauren Wood (holding son Brayden), Kaitlyn Wood, Shannon Strunk, Cynthia Baber-Strunk, Shane Baber and Jenna Baber (holding daughter Addison) and Christopher Strunk. 3: APRO's Tulisha Carson, center, was recognized for 20 years of service to the association by APRO President Robert Briley and APRO's Executive Director Bill Keese. 4: APRO's Rent-to-Own Employee of the Year was awarded to Donna Fally (center) by her employer, Larry Carrico, and APRO President Robert Briley (see page 40). 5: Richard Rose and Bill Keese presented the Rent-to-Own Customer of the Year award to Vivian Saunders (see page 38). 6: Sidney Burton, pictured with his wife, Grace, won the Heritage Award. 7: BestWay Rent to Own's Richard Rose, center, was presented with the Rental Dealer of the Year award from the first recipient of that honor, Roger Sharp. Rose's wife, Elsa, is at left. 8: The Texas Association of Rental Agencies was awarded State Association of the Year; pictured are TARA members accepting the honor from Dave Edwards, APRO's state association coordination committee chairman (left): TARA's Executive Director Scott Pospisil, William McCrae, Dan Matthews, Herb Weisblatt, Rick Yarbrough and Brian Clussman. 9: Sherry Workman was awarded APRO's Vendor of the Year by Lou Briley.

THANKS!

APRO WOULD LIKE TO ACKNOWLEDGE THESE COMPANIES FOR THEIR GENEROUS SPONSORSHIPS OF THE 2011 RENT-TO-OWN CONVENTION AND TRADE SHOW IN LITTLE ROCK



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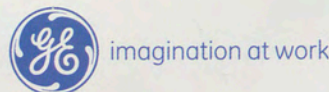
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THE INDUSTRY'S FINEST

RTO Customer of the Year

VIVIAN SAUNDERS, BESTWAY RENT TO OWN, AHOSKIE, NORTH CAROLINA

A North Carolina RTO customer contributes substantially to her community and testifies in Washington, D.C., on behalf of the industry

By Richard May, Murlin Evans and Neil Ferguson

BestWay Rent To Own customer Vivian Sanders of Ahoskie, North Carolina, has been named APRO's 2011 Rent-to-Own Customer of the Year. The association awards this honor to an RTO patron who inspires and sacrifices to improve his or her family and community. Saunders does so with relentless energy and enthusiasm.

She is executive director of The Hive—an alternative charter school she founded in rural Bertie County, North Carolina—and she also serves as the director of two community centers that provide everything from a food pantry to a computer lab, job training and drug-rehabilitation counseling.

The Hive—a much-needed program in a county where 46 percent of those who enter high school do not graduate—opened in 2009 in partnership with the Bertie County School System and One Economy, a non-profit organization that provides vital information through technology to under-served communities. The school enrolls approximately 50 at-risk sixth- through 12th-grade male students, providing an all-day safe haven that prepares them not only for graduation, but also helps them to be effective in the workforce, offering technical, life and study-skills training.

Unfortunately, the school has fallen on hard times due to cuts in the state's education budget. The Hive is short \$250,000 to continue operating for the upcoming school year, Saunders says. During the association's Awards Banquet in Little Rock, APRO members spontaneously pledged \$28,000 toward Saunders' cause, which will allow the program to proceed, even if temporarily.

"I want this school to be a turning point," Saunders says, "a place where I would provide everything they need in terms of food and shelter and would offer something that

no dollar amount can: the love and support of a mom."

Saunders operates The Hive from dawn to dusk, cooking meals and providing after-school and weekend instruction for the students and other community residents. Her school is the subject of a soon-to-be-released feature film, *The Discarded Boys*, produced by acclaimed filmmaker Robert Townsend.

In addition to inspiring her community, the rent-to-own industry and filmmakers, Saunders traveled to Washington, D.C., recently to inspire lawmakers. Just a few days after being honored in Little Rock, she spoke before the House Subcommittee on Financial Institutions and Consumer Credit during a hearing on the *Consumer Rental Purchase Agreement Act*, a bill that would regulate the rent-to-own industry (see page 5). House members wanted to hear directly from a rent-to-own customer about her RTO experience.

During the hearing, Saunders expressed gratitude for rent-to-own, detailing how it helped furnish her home when no other retail outlet would consider doing business with her. She told the committee how rent-to-own came to the rescue this past spring after a number of homes in Bertie County were destroyed by devastating tornadoes. Many families were displaced, their homes in ruins, and they used rent-to-own for short-term needs until their homes could be rebuilt, Saunders testified.

Saunders' substantial good deeds in Bertie County clearly are cause for due recognition. "What she is doing for the community sends chills up your spine," says BestWay co-owner Jonathan Rose. "There are a few angels out there among us and she is one of them." ✱

To view Saunders' speech at the APRO Convention, visit www.rtohq.org/video-Vivian_Saunders.html.





THE INDUSTRY'S FINEST

RTO Employee of the Year

DONNA FALLY, RENT ONE, MT. VERNON, ILLINOIS

**Rent One's
Donna Fally
demonstrates a
tireless devotion to
her community,
helping educate,
build, provide
shelter and nurture
compassion
for others**

By Murlin Evans

Donna Fally is not the kind of person content to leave her job for the day as Rent One's corporate financial manager, head home and spend quiet evenings on the couch. In fact, it is Fally's tireless concern for her Mt. Vernon, Illinois, community—and her numerous activities in many organizations—that have earned her APRO's 2011 Rent-to-Own Employee of the Year award, the first woman ever to win this prestigious recognition.

"I usually have a lot to say, but right now I'm speechless," Fally said upon learning that she had won the honor. "[Rent One] is a wonderful organization that really gives its employees the opportunity to be out there doing things."

Fally won an all-expenses-paid trip to APRO's Rent-to-Own Convention and Trade Show held July 11-14 in Little Rock, Arkansas, where she was presented the award during the association's General Session. "If there is one thing I can say up here," Fally told the audience of rent-to-own professionals, "it's to remind you to be grateful for what you have and remember to try to give a little bit back."

Fally has been giving back for years. She is a 16-year member of the Rome Community Consolidated School Board. In that position, Fally has participated in implementing a number of instructional and technological advancements in the district. Currently, she serves as the board's vice president and previously served two terms as president, overseeing extensive school district building renovation projects.

She is a longtime volunteer for the United Way of South Central Illinois, serving in half a dozen positions there, including seven

years on the United Way board of directors. Fally is an officer with the Jefferson County Habitat for Humanity, where she has been treasurer for seven years and has helped build 13 homes. She enjoys cooking meals for the Habitat crews when a home is being built.

Also, she has served on an organizing committee that is developing a homeless shelter for Mt. Vernon. It is one of her proudest accomplishments. "People are finally beginning to realize that many are facing tough times," Fally says. "There is no reason for a family to be living in a car. This shelter will provide them with the dignity and security of a roof over their heads and something to eat [and they] can take advantage of some of the other tools we'll offer to help them get a job."

"Donna likes to keep a low profile, but we're going to blow her cover and recognize what a tremendous impact she has on her community," says Rent One owner Larry Carrico. "These are the stories we really want to tell about our industry to encourage others to do more. Donna doesn't just talk the talk, she walks the walk and is usually the first one there to do it. She's also a great cook and nary a person goes hungry at our events."

"You can always count on Donna for a smile, a hug and that warm heart that's wanting to change lives," says Tyler Brown, assistant superintendent for Mt. Vernon city schools. "She is definitely looking out for the interests of our kids and our parents and is trying to make a change in their lives through education."

During APRO's General Session in Little Rock, a video tribute featuring Fally's colleagues and friends was presented. It can be viewed by visiting www.rtohq.org/video-Donna_Fally.html. *

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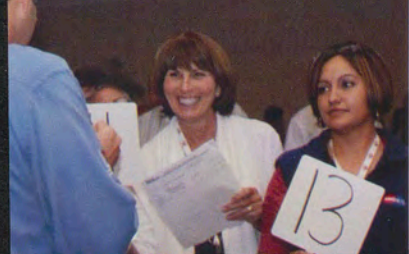
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TROOPER EARLE
President/CEO
The Premier Companies

As many of you may know, or may not know, The Premier Companies have been franchising since 2006. That's when we decided there was a terrific opportunity for the Rent-to-Own industry and independent owners to follow a well-developed model. Since then, we have more than 80 stores representing four of The Premier Companies' brands.



Scott Kinnear
Premier Rental-
Purchase Franchisee

Technology: Where Green meets Virtual
One of The Premier Companies goals is to grow greener each year. Meaning using less trees and more technology of course! The Premier Companies takes pride in being a paperless organization, company wide, taking advantage of today's technology and the ability to reduce administration personnel. We are able to keep our royalty fees low yet increase services and support to our dealers utilizing technology.

Dealers receive a daily report directly in their email in-box every morning. This daily report details each store's basic fundamental operations, as well as every other dealer, based on the company average in all store operations categories. Top leaders can be contacted by a click of a button! This allows dealers to reach out to those who

shine, find out how/why they are being so successful, and share ideas among each other. **Scott Kinnear**, Premier Rental-Purchase franchisee in Dayton, Ohio, uses the daily reports to chart where his stores are excelling and where they need improvement. "I like that I can see how the other dealers are doing and when I have a bad day versus a good day, I can see that I'm not alone in the world!" says Scott.

The franchisee royalty report is completely automated as well. Dealers can accurately and quickly determine their monthly fee. At the end of the report is a survey soliciting comments and suggestions about the Premier organization. Additionally, our dealers are able to rate the organization. Questions are asked in regards to marketing, operations, human resources, etc. We want to know how our dealers feel about our company. We want our dealers to always have the opportunity to express themselves and share with us what we're doing right, but also we'd like to know where we can improve.



Tom Gould
Premier Wheel
Workz Franchisee

Online HR
Premier Rental-Purchase Management Group—PRPMG, was created in 2004 to help alleviate the burdens of Human Resources for our dealers. Our dealers are able to focus on growing their business and leave the human resource aspect of the business to the PRPMG experts. Human Resource is a part of any business that maintains employees. It includes management practices (laws, rules, and regulations), benefits and compensation,

CORE VALUES

- ★ **Respect, Listen and Respond**
- ★ **Compassion With Accountability**
- ★ **Integrity Above All**
- ★ **Together We Succeed**
- ★ **Freedom of Choice**

training and development, employee relations, selection and placement, as well as health, safety and security! All of these areas are important to our business. That is why PRPMG stays up-to-date on these programs and current laws. In addition to the HR aspect of PRPMG, we've added integrated payroll features, employee self-service portals, training platforms, employee evaluations and much more. Once an employee's hours have been entered, the payroll system becomes completely virtual. **Tom Gould**, Premier Wheel Workz franchisee in Greensboro, North Carolina, is taking advantage of the PRPMG services. "They make my life easy! For payroll, all I have to do is enter the employee's hours into the system and press a button. The employee has their paycheck direct deposited and then they can print their check stub if necessary. The payroll system is completely paperless," says Tom. PRPMG



Trini Rubio
Premier Rental-
Purchase Franchisee

is another service that The Premier Companies offers its dealers. They have the option to use this HR service or not. **Trini Rubio**, one of three partners in San Antonio, says he is an operator and does not want to be

burdened by the administrative tasks. "I want to be hands-on with customer service and spearhead the training for my employees. I also want the freedom to implement the vision I have for my company. Premier's support allows me this privilege and I believe is one of the reasons for my success."

Communications and Marketing

Dealers can access just about anything through the intranet from reports to marketing materials to sending a mass email blast to customers and contacting all Premier vendors with a click of a button! Dealers can review all submitted advertising materials from each dealer by searching the month, brand, holiday, media, as well as many other search options. This catalog of print, TV, radio, etc. gives dealers the



John Martin
Premier Rental-
Purchase Franchisee



James Martin
Premier Rental-
Purchase Franchisee

opportunity to see what other dealers are doing to market their business.

James Martin, store manager and son of **John Martin**, Valdosta Premier Rental-Purchase franchisee, loves having such easy access to all Premier marketing materials. "It's easy to search for ideas that other dealers have done. Then all I do is send the file to a designer and make the ad my own with a few changes." Premier dealers have the flexibility of building their own

marketing campaigns. The designers simply upload the dealer approved materials to our marketing site. The Director of Marketing receives an automated message noting that an ad was uploaded and to please log into the system for review and approval. Once the ad is approved, the materials are automatically posted to the marketing site.

Co-Op Buying Works and Saves Money!

What's the best way to get the best prices on your merchandise purchases? Become a member of the Premier Purchasing Co-op! (PPC) The PPC was formed with the purpose of negotiating with vendors on pricing for product and to use the power of bulk buying to get further great deals.

The PPC membership is represented by a vast majority of our dealers. Corey Dunn serves as Executive Director for the PPC. The board is comprised of seven dealers who volunteer their time to serve. All members of the PPC are members of the Nationwide Buying Group, which results in greater savings to our members.



Mike Shuler
Premier Rental-
Purchase Franchisee

The PPC meets regularly via conference calls. They meet in person during the buying shows, such as Nationwide's PrimeTime!, prior to walking the showroom floor. They discuss what each of their buying interests are and work together as a team to find the best prices. Each member will approach a vendor for pricing. They then meet back after show hours to discuss and compare their findings allowing them to find the best deal for their members. They meet that evening, or the next day, with the vendor who had the best pricing. It is during this second meeting that the deal is agreed to and the purchase is made. The PPC Board works as a liaison between the dealer and vendors. They're more likely to be able to get quick resolution with issues with vendors compared to a dealer handling it on his own. "Corey does an awesome job managing the purchasing power and following up on rebates to be sure the dollars are going to the appropriate dealers," says **Mike Shuler**, PPC Board Member and Rental-Purchase franchisee of two stores in Nebraska. "We have so much buying power as a group; this is a terrific benefit to Premier dealers."



Chris Mueller
Premier Home Fur-
nishings Franchisee

Another benefit of the PPC is our rebate program. Rebates are negotiated with our vendors and are based on the volume of business done though out the year. Rebates are awarded to dealers once per year during The Premier Companies Annual Convention. Training is also another benefit of the PPC. Our members work together to mentor new members to teach them to be savvy when talking to vendors. "Being a PPC member is a great opportunity to build a relationship with vendors", says

Chris Mueller, Premier Home Furnishings franchisee in Tampa, Florida. "Then at the end of the year when you receive that rebate money, its Vegas here I come!" says Chris with a chuckle. Chris believes it makes sense to be part of the PPC. "You're not only able to work together as a group having buying power, but you also learn how to buy right. In order to be competitive with your product pricing, you must be a smart buyer and the PPC helps me with that."

QR Codes: A Popular Marketing Tool

The Premier Companies is keeping up with today's marketing technology. We have our own internal QR (quick response) codes that dealers can build themselves to use on their advertising materials to direct their customers to their website or other special promotions. Automated email birthday wishes are sent to all customers on their birthday. Dealers receive a report every Friday listing the customers who will receive birthday wishes for the following week. This also allows the dealers the opportunity to easily give their customer a phone call as well. Ever sold anything on Craig's List? Dealers can now put products for sale on Craig's List to drive more traffic and sales to their business. It's all automated and done through the dealer's site manager.

The "going green" or implementing environmentally friendly technology, offers benefits to small businesses and companies. In addition to the financial benefits, companies can use green technology to create an image of green responsibility and appeal to environmentally conscious consumer groups and their local communities. That is good for business! ★



The national office of The Premier Companies is located in Williamsburg, Virginia. Premier Brands consist of Premier Rental-Purchase, Premier Home Furnishings, Premier Wheel Workz, Premier Auto by Rent. All Premier stores are independently owned and operated. Visit Premier's website at www.premierrents.net or call 800/2-Premier and ask for Trooper Earle.

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Who's Who in RTO Jewelry

These rent-to-own vendors and distributors of electronics are APRO associate members (*), APRO advertisers (+) and/or APRO Trade Show exhibitors (^).

Bryce Co. *^

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Briley CONTINUED FROM PAGE 14

As Henry Ford said: "Coming together is a beginning; keeping together is progress; working together is success."

As for changes in the way we do rent-to-own business, of course computers have become an integral part of our daily operations in so many ways. Credit card machines make it easy to process the automatic draft for rental payments. The variety and quality of merchandise is better. I'm most proud of our lifetime reinstatement policy, which reflects the integrity of rent-to-own dealers and their fairness to our customers.

What have you learned serving as APRO's president and also serving on the Abilene City Council?

I've learned a lot: 1) listen to constituents and members before making decisions; 2) be careful with your words; 3) be respectful to those with opposing views; 4) appreciate the journey; and 5) service to your community and industry is important. I like to remind myself that we are all successful in different ways, but we cannot become significant in the eyes of our Lord until we do something for someone else.

Why do you think rent-to-own has so many family-run businesses?

Most small businesses get started on a shoe-string capital investment. For most of us, all we have to offer in our early years is our willingness to work long hard hours. The cheapest labor pool is our family members—low pay and long hours. Seriously, we can count on family members to care more about the business, risks, consequences of failure and rewards of success. The family unit is already an established

team and teamwork is the key to success. In reading the RTOHQ: *The Magazine* profiles this year, I've noticed that the family dynamics are all different, but all successful.

Regarding federal legislation pursuits, what do you tell non-participants in the legislative process to get them inspired to be involved?

We need your participation to protect our right to do business throughout the United States. You never know what industry member might be the contact who secures our future. You don't have to understand politics, but just tell legislators your rent-to-own story and your desire to serve a customer who just needs a chance to get started.

Who inspired and/or inspires you in our industry and why?

The people in our industry: customers, associates, vendors, founding fathers and owners. People coming together as a team and focusing on our customer service.

How do you find time to balance all of your responsibilities as APRO president and a city council member while maintaining a sense of family?

Balance is my life goal. Support for our associates at work, service to our industry and to APRO, service to the community that I have lived in for more than 50 years, service and giving to my church, service and donating to United Way and other non-profits and, most important, time with my family. All of this can't be accomplished every day, but each day is a new opportunity to attain the goal of balance. ✧

Robert O. Briley can be contacted at 325/660-4309, robert.briley@aaronrents.com.

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Stepping Stone Rentals

A few years ago, Steve Malanga wrote an article entitled, “The Myth of the Working Poor.” In it, he took to task several liberal poverty writers who misrepresent the plight of the poor by insisting that the \$10 trillion the government has spent on the War on Poverty over the past 40 years is simply not enough. The poverty writers describe our economic system as “carnivorous capitalism” and proclaim that there is nothing ennobling about being forced to work for a living—that welfare’s true purpose should be “to permit certain groups to opt out of work.” These writers portray the poor as an unwashed, uneducated, unchanging group of 30 million or so who ever teeter on the brink of homelessness and starvation, subsisting without hope or change.

The facts are far different from this inflammatory and unflattering portrait. Low-income consumers are constantly moving up and down the economic ladder; mostly up—until recently at least. However, there is a wide gulf between the common understanding of poverty, how it

is portrayed in the media and how most of these 30 million actually live.

What Malanga points out is that while there may be a core of entrenched poor people in this country, it is tiny. Most people, including those with lower incomes, are striving to climb the economic ladder and make their lives more successful. Not all succeed, but most do and those who fail do so primarily from dysfunctional, self-destructive behavior.

The *Residential Energy Consumption Survey* reports that in 2005—the most recent year the survey is available—the typical household defined as poor by the government had a car, air conditioning, two color televisions, cable or satellite TV, DVD player, VCR, game system, refrigerator, oven and stove, microwave, washer, dryer, ceiling fans, cordless phone and coffee maker. Moreover, according to the survey, they were well housed, had an adequate and reasonably steady supply of food and met other basic needs, including

medical care (see heritage.org/research/reports/2011/07/what-is-poverty).

Rent-to-own legitimately can take a bow for providing some of the amenities enjoyed by the country’s poor. Rental dealers carry most of the items listed in the survey. But if the RTO industry serves 3 million or even 4 million—not all of whom are poor by any definition—the industry is still not reaching its potential.

APRO’s recent focus-group studies demonstrate that a lot of potential customers are still put off by the thought of doing business with us. Marketing expert Jill McDonough probed the data and offered some strategies to attract these reluctant lessees by addressing their objections to RTO. She suggested that new customers could be attracted to rent-to-own by showing the transaction’s short-term benefits, with the stress on *rental*—the big-screen TV for the weekend or the extra bed for when the in-laws invade. This approach gets new customers into the store and, once there, we have a chance to prove up the value of RTO.

McDonough also suggested that the industry present itself as a stepping stone to greater things. Can the industry persuade previously financially irresponsible people who have vowed to change their ways to use rent-to-own as a means of helping them rehabilitate their credit? The big-three credit reporting agencies do not seem all that interested in tracking rent-to-own payments to include them as part of a consumer’s credit report. There are, nonetheless, a number of sub-prime credit-reporting agencies, such as Teletrak and DataTrue, that do track such payments.

APRO’s public relations committee is working on an industry-wide program that would allow good customers to tout their successful transactions with RTO businesses. There are ways for the industry to help good customers show the business world that they have become responsible payers. Look for something soon.

Opportunities persist for rent-to-own. We may have to tweak the message, fine-tune it for different kinds of customers. Some bright minds in marketing surely will show us some innovative techniques for adding to the customer base. ✧

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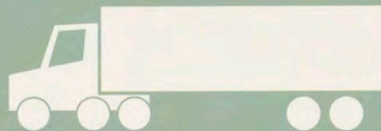
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