



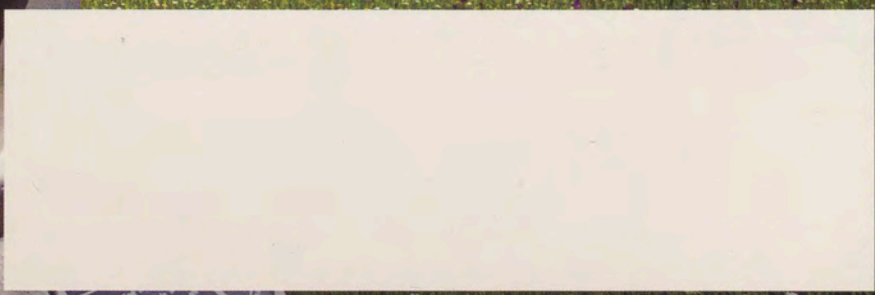
RTOHQ

The Magazine

Rent-to-Own Collections in the 21st Century

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Hearts. Souls. Families.

Our profiles of rent-to-own families have become the most popular and widely read series we've ever published. It's great to see so many families working together in business. Originally, we intended to run this series for a year, but we know that there are more families than we can cover in just six issues. So, we will continue this look into the American family business through 2012. We don't want to overlook anyone, so please send me an email and let me know of your family business. Also, once again, I want to thank Kathy Windsor for the concept.

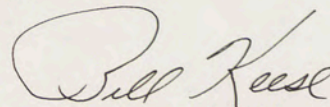
As we set about the task of producing each issue of the magazine, we face challenges bringing these family profiles to fruition. Many of you are shy about taking part in this series. I can understand this, but just so you know, most of our participants initially have been reluctant to be in the spotlight. We are very appreciative of those who have agreed to the process. I hope shyness won't prevent any of you from participating. Talk to those who have been interviewed and you will find that it is a painless, yet valuable, way of highlighting your family's participation in the rent-to-own industry. After all, this industry is all about sharing information.

From a production standpoint, I want to thank Kristen Card, our hard-working, very talented freelance writer who has written every family profile for APRO. Kristen is a jewel to work with and always brings out a unique trait in every family story. She probably knows more about what I call the "heart and soul" of our industry than anyone else in the country.

The right photograph is a key element in portraying each family. We don't have in-house photographers who can travel the country capturing images of our membership. And not just any photographer can capture the types of images that we aspire to publish. The art of finding the right photographer rests solely with Neil Ferguson, our editor and art director. He spends many hours researching photographers in each area and negotiates with them to convey his mind's image of what style to use that best portrays each family. This can be a difficult and frustrating task, especially given the tight photography budget I give him. When you see Neil, thank him for his long hours. He is the key to making this concept work.

We have many more families to locate, interview, photograph and thank for adding this personal touch to the history of our industry. As with any history, we have plenty of dates, events and anecdotes, but what makes a lasting and memorable history are the people and their struggles, victories and dreams. More than anything we have published, this family series not only puts a personal touch to what we do, but also helps us fulfill our dream of portraying the "heart and soul" of rent-to-own.

You will receive this issue of *RTOHQ: The Magazine* just before leaving your hometown to attend APRO's 2011 Rent-to-Own Convention, Trade Show and Family Reunion. We look forward to seeing all of you in Little Rock. In the unlikelyhood that you're reading this and haven't made plans to attend the Big Show in Little Rock, hop on a plane or get in your car and come on over. You will never enjoy a show as much or get a better value. Come, participate, enjoy and—in the process—make your company and our industry better!



APRO's executive director
bkeese@rtohq.org



RTOHQ

The Magazine



May-June 2011

12 : 21st-Century Rent-to-Own Collections

by Ed Winn III

When the laws relating to rent-to-own collections, debt collections and repossession were written in the 1970s and 1980s, there was no Internet, no email, no Facebook, no text messaging, no Twitter. But now, there's potential for using these high-tech tools for collections. APRO's general counsel explores options for doing it legally and effectively.

22 : What's the Big Idea?

by Shelley Martinek and Neil Ferguson

APRO's Education Day at the 2011 Rent-to-Own Convention and Trade Show in Little Rock will offer a headful of ideas to improve your business—from a cutting-edge marketing plan designed specifically for our industry to the latest strategies for managing staff, health care reform concerns and legal challenges that confront your business. Plus, some of APRO's 2011 seminar speakers offer our readers their big ideas in advance of this summer's big event.

42 : Rent-to-Own Families, Part III

by Kristen Card

To celebrate APRO's Family Reunion this summer in Little Rock, we present another helping of profiles that spotlight family-run businesses in rent-to-own. In this issue, meet the Babers and Strunks of Mississippi, the Pannells of Florida, the Roses of Virginia and—from the vendor side of the industry—the O's, known more formally as the O'Rourkes, from Iowa.

Cover illustration by Rickmers

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from rent-to-own events**

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- ▶ **Courses are only \$10.** APRO has lowered prices to give all employees in the industry an opportunity to receive proper training.
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To register for a free account, visit www.rtohq.org, click on the "RTO Education Resources" tab, then "Enter APRO's New Virtual University." To set up a corporate account for APRO's Rental Training Online, contact Nicole Tosie at 314/835-0004, ext. 304. For questions regarding the Rental Training Online program, contact Shelley Martinek at smartinek@rtohq.org, 800/204-2776, ext. 109.





RTOMatters

High Touch and RSSS launch Cynergi Suite

For the past 18 months, High Touch and RSSS have been developing Cynergi Suite, a modernized, web-based rent-to-own store-management software package with a bevy of ancillary products to fit the industry's expanding needs. Cynergi blends the best features and functionality of High Touch and RSSS systems. The companies will unveil their product in June and showcase it during APRO's 2011 Rent-to-Own Convention and Trade Show in Little Rock, July 11-14.

"Cynergi Suite is a wonderful collaborative effort to create an unparalleled store management system for the rent-to-own industry that is better than the two individual systems it's replacing," says Wayne Chambers, president and CEO of High Touch Inc.

More than 35 streamlined features are being introduced with Cynergi to create what Chambers describes as "a uniquely robust management system." The web-based system offers a graphical user interface for store employee functions. Chambers reports that Cynergi Suite significantly enhances inventory- and customer-management processes and offers improved sales func-

tions. The suite's inventory program can search enterprise-wide and, once located, an item can easily be attached to a customer's rental agreement. Product can be transferred or ordered in real time.

Customer information also can be accessed instantly through multiple search fields, including payment information and rental transaction history. Payments and account transfers can be done at any location within the company.

"One very important customer management enhancement is the ability to search for an applicant's history across all enterprise locations and

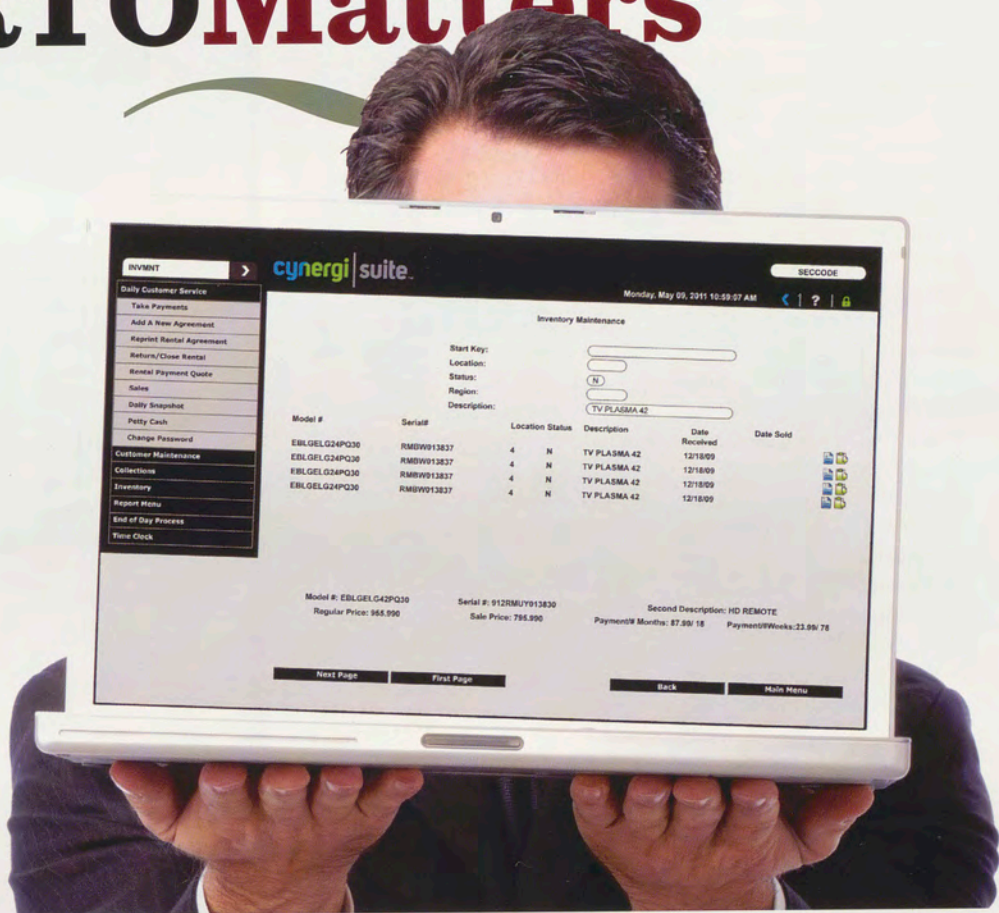
be able to pre-screen the customer against Cynergi Suite's charge-off or delinquent-payment history database," says Ellison Crider, general manager of RSSS. "This feature alone can significantly increase the bottom line by decreasing the number of customers who have an unreliable payment history."

Cynergi Suite's reportal feature offers PDF and text-based reporting, which runs automatically according to any schedule desired by the user. As an option, daily reporting can be sent to the reportal to give the client a paperless reporting system. Reports can also be run on an ad-hoc basis and

printed or sent to the reportal. Audit reports are available for fees, sales tax, deposits and an employee audit trail.

Cynergi Suite is a Linux-based system and can be accessed at the home office or store level with a Macintosh, Windows-based PC, iPad or other web-enabled device. The latest technology makes this system more flexible and less dependent on hardware requirements and it will accommodate many types of additional hardware.

Accounting functionality also has been improved, with additional tools that calculate book and tax depreciation, as



well as the ability to interface directly with the built-in accounting system. It includes a standard integrated payroll package and will interface with third-party payroll programs.

A revamped sales and marketing component is incorporated into Cynergi, allowing the user to launch customized marketing programs to active, inactive and prospective customers. Marketing programs can be set to deploy daily, weekly or monthly. Marketing data can be viewed in common formats, such as a PDF, or easily exported as CSV files.

Cynergi Suite also provides an offline solution. If an Internet connection is interrupted, users will be able to continue performing enhanced core business functions, such as adding agreements and taking payments. Any offline work is automatically updated to the

central server once connectivity is restored.

Another significant feature is the online employee training component that can take place wherever there is a computer and Internet connection. Employees master each lesson at a self-directed pace and as they proceed through tutorials, they receive instant feedback confirming the choice or directing them to the appropriate response. All training documentation is stored online and updated as changes are needed. Once the training is complete and an employee has been tested for proficiency, certification is awarded and notification is sent to the appropriate personnel.

“The online training component of Cynergi Suite is cutting-edge and easy to operate,” says Jeff Lucas, High Touch’s director of client services. “It

RTOCalendar

July 11-14

APRO’s 2011 Rent-to-Own Convention and Trade Show, The Peabody Little Rock Hotel and Statehouse Convention Center, Little Rock, Arkansas. For more information, contact Shelley Martinek, 800/204-2776, ext. 109, smartinek@rtohq.org; or visit www.rtohq.org.

July 20 and 21

Rent One’s Day on the Diamond, Rent One Park, Marion, Illinois. For more information, contact Kris Lowe at 618/242-8448, ext. 218, klowe@shoprentone.com; or visit www.rtohq.org/pdfs/Day_Diamond_2011.pdf.

July 22 and 23

Full-O-Pep’s Innovation Expo: Celebrating 30 Years and Beyond—featuring managers’ golf tournament, vendor show and company-wide hog roast and picnic, Nashville, Indiana. For more information, contact David P. David at 812/333-7496, david@americanrentals.com.

August 1-5

Las Vegas Market: Summer 2011, Las Vegas, Nevada. For more information, call 888/416-8600 or visit www.lasvegasmarket.com.

August 18

KLQ Education Foundation’s Dan Quinn and James Webber Memorial Golf Outing and Auction, The Golf Club at Hawks Prairie, Lacey, Washington. For more information, contact Bryan Huff, 253/539-0516, Bryanh@quality-rentals.com.

August 20-22

The Premier Companies Dealer Retreat, Grapevine, Texas. For more information, contact John Darden at 434/566-3652, JohnDarden@premierrents.com.

August 21-23

RentDirect Nationwide PrimeTime! Vendor Show, Gaylord Texan, Dallas, Texas. For more information, contact James MacAlpine, 336/714-8802, jamesm@nationwidegroup.org; or visit www.nationwideprimetime.com.

August 24 and 25

The Premier Companies Premier Home Furnishings Summit, Fort Worth, Texas. For more information, contact John Darden at 434/566-3652, JohnDarden@premierrents.com.

August 29-31

TRIB Group’s 2011 Meeting of the Minds & Buy Fair (with BrandSource Convention), Caesars Palace, Las Vegas, Nevada. For more information, contact Dennis Shields, 770/451-4302, dennis@tribgroup.com; or visit www.tribgroup.com.

Cynergi Suite’s Inventory Maintenance and Customer Look-Up screens

Model #	Serial#	Location	Description	Date Received	Date Sold
E8L0EL024P030	R08W913837	4 N	TV PLASMA 42	12/18/09	
E8L0EL024P030	R08W913837	4 N	TV PLASMA 42	12/18/09	
E8L0EL024P030	R08W913837	4 N	TV PLASMA 42	12/18/09	
E8L0EL024P030	R08W913837	4 N	TV PLASMA 42	12/18/09	

Model #: E8L0EL024P030 Serial #: R123RW7Y13830 Second Description: HD REMOTE
 Regular Price: \$55.990 Sale Price: 755.990 Payment# Months: 07/30/13 Payment# Weeks: 21/30/78

Active	Account #	Customer	Last Name	First Name	Address	City
1	1008881	2	HOWARD	AMY	213 W A STREET	ANYTOWN
1	1007431	1	HOWARD	AUGREY	201 N 2ND STREET	ANYTOWN
1	1007364	1	HOWARD	CHRIS	3719 23 STREET	ANYTOWN
1	1007339	2	HOWARD	DAN	213 W WILLOW STREET	ANYTOWN
12	1008396	1	HOWARD	SHEN	100 S TURKEY CREEK	ANYTOWN
12	1008394	2	HOWARD	JIMMY	100 S TURKEY CREEK	ANYTOWN
2	1008744	1	HOWARD	LYNEE	313 SUMMER AVE	ANYTOWN
1	1007339	1	HOWARD	PRIMROSE	2813 82ND N	ANYTOWN
1	1004140	1	HOWARD	SAM	187 BAY RD, APT C	ANYTOWN
2	1008744	2	HOWARD	SEAN	307 CENTRAL AVE, APT 4	ANYTOWN
1	1005478	1	HOWARD	STYLIANA	7908 SIERRA PL	ANYTOWN
1	1007386	1	HOWARD	TAMMY	433 TERRA LANE	ANYTOWN

Customer Name or Number: HOWARD Search

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will definitely reduce labor and materials costs to the bottom line.”

Upon its general release, Cynergi Suite will include electronic delivery of purchase orders, further integration with mobile devices, a comprehensive performance management business intelligence tool and options to migrate to additional paperless solutions.

Both High Touch and RSSS have provided high-tech solutions to the rent-to-own industry for more than 25 years. The

two companies joined forces nearly 10 years ago to better serve their clients and the industry.

“There has been a great deal of time and effort devoted to this project by a large number of people to produce a store-management system for rent-to-own that combines the best of both systems,” Chambers says. “The end result offers greater flexibility, ease of use, speed to market and a number of additional overall options for the user.”

Martinek and Hill take new positions on APRO’s staff

The APRO staff is known for its longevity of service; most staff members have been on the job for more than a decade. But that doesn’t mean job duties don’t get tweaked every once in awhile. In May, APRO Executive Director Bill Keese announced that, in addition to her duties coordinating the

association’s annual convention, education and training programs, Shelley Martinek now will also be APRO’s director of member services. Laurie Hill, who formerly held that post, will now be APRO’s IT/Web director, coordinating all of the high-tech needs at the office and maintaining the association’s website, www.RTOHQ.org.

Martinek, who has been an APRO staffer for 23 years, says: “I look forward to talking more to



our members and focusing on giving them the most benefit for their APRO membership

as possible. The APRO staff is strongly invested in the success of the rental industry and we want to hear from you on how we can better serve our members.”

Hill, who has been with APRO for 19 years, will help develop a greater cyber presence for the



association, as well as continue to maintain APRO’s database, publication circulation and

event registration. “I am really excited to step into a new role and see APRO from a completely different angle,” Hill says. “I always enjoy a new challenge and as I grow in my new position, I am confident that APRO will grow as well.” Hill’s objectives include developing APRO’s social media exposure and exploring new technologies to streamline daily operations.

“Although APRO staff members each have specific duties within the office, one of their strengths is that they work together extremely well as a team,” Keese says.

Feel free to contact Martinek (ext. 109, smartinek@rtohq.org) or Hill (ext. 103, lhill@rtohq.org) at 800/204-2776 with your questions or comments.

APRO’s RTO Employees Disaster Relief Fund available for storm and flood victims

Violent weather across the Midwest and South over the past few months has produced a record number of tornado reports and left a trail of death and destruction that is still being tallied. Fierce tornadoes careened through downtown Tuscaloosa, Alabama, in April and Joplin, Missouri, in May, causing massive devastation and hundreds of lost lives. The tornadoes wiped out homes and businesses, forced a nuclear power plant to use back-up generators and prompted the evacuation of a National Weather Service office. In addition, flooding around the Mississippi River has caused significant damage along its banks in Iowa, Missouri, Illinois, Arkansas, Tennessee, Mississippi and Louisiana.

Unfortunately, natural disasters have become all too common. While we don’t know when or where the next one will occur, we have learned that a quick response with aid is essential. To address these needs, APRO established the RTO [Relief To Our] Employees Disaster Relief Fund in 2005. It is administered through APRO’s charitable foundation and the proceeds go directly to rent-to-own employees in need.

If you are an APRO member in good standing and your company or employees have been affected by these recent natural disasters, contact Shelley Martinek, APRO’s director of member services, at 800/204-2776, ext. 109, smartinek@rtohq.org to apply for disaster-relief assistance.

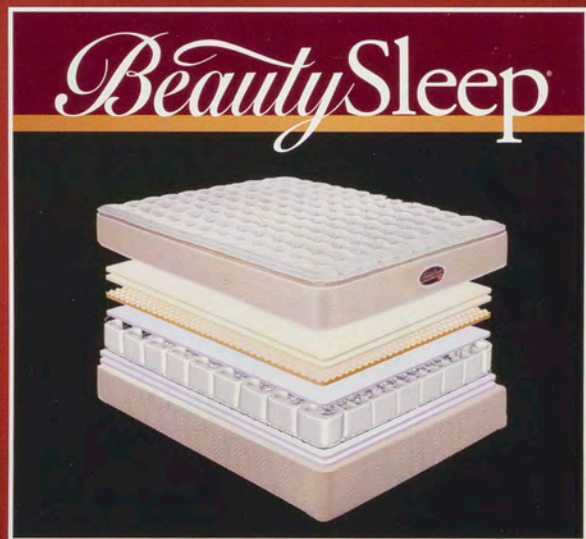
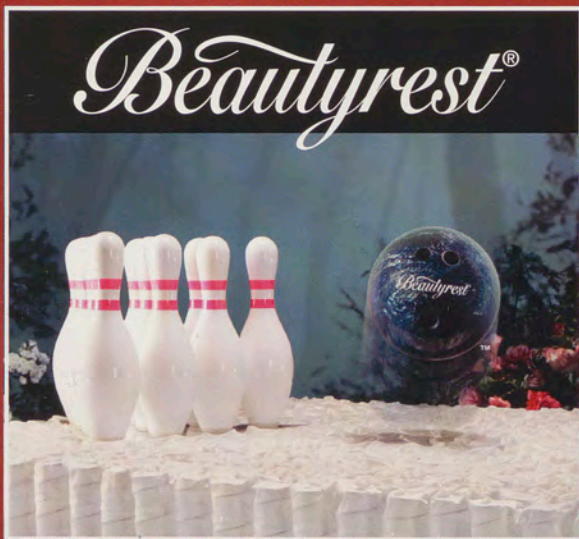
Rent-to-own has always been a family of generosity. Please contribute to the RTO Employees Disaster Relief Fund and encourage your employees to do the same. A small contribution will make a big difference and prove, once again, that the rent-to-own industry strives to help those in need. For more information, visit www.rtohq.org/apro-rto-relief-to-our-employees-disaster-relief-fund.html.





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**APRO's 2011
Legislative Conference**

More than 120 rent-to-own dealers, vendors and other industry professionals met on Capitol Hill May 3-5 for APRO's 2011 Dave Egan Legislative Conference. They came to enlist support for the Consumer Rental Purchase Agreement Act (HR 1588 and S 881). More than 30 additional co-sponsors have agreed to sign on to the bill as the result of meetings held during the conference, bringing the current total of co-sponsors to 59 in the House of Representatives.



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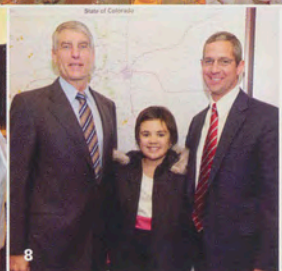
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For expanded news coverage and additional photographs of rent-to-own events, visit www.rtohq.org.




13

1: Jon Gazzo, Jim and Sharon Tomaszewski, Jamie Slatton, Florida Congresswoman Frederica Wilson, Adam Sutton, Joe Gazzo, Vince Nicholson and Brent Sutton 2: Lead sponsor of HR 1588, Texas Congressman Francisco Canseco, addresses conference attendees, including Shannon Strunk, Tiger John Cleek and Bill French. Former lead sponsor Representative William Lacy Clay is next to Canseco. 3: Pennsylvania Congressman Todd Platts (left) meets with rental dealers Dan Fisher and Farzad Irani. Seated next to the congressman is Fisher's daughter, Maria, who also attended APRO's Legislative Conference. 4: During the Legislative Conference dinner, an auction was held to raise funds for APRO's education scholarship program. 5: Hilary C. West, legislative counsel to North Carolina Congressman Melvin L. Watt, meets with rental dealers Larry, Brenda and Darren Tinney, lobbyist Tonya Speed and Jonathan Rose. 6: APRO Executive Director Bill Keese addresses attendees at the Legislative Conference dinner at the Folger Shakespeare Library. 7: Brent Sutton and Florida Congressman Tom Rooney 8: Spencer Smith (right) and his daughter, Abigail, meet with Colorado Senator Mark Udall. 9: Pennsylvania Senator Robert Casey Jr.'s legislative aid meets with Maria and Dan Fisher and Farzad, Khodi and Jerroo Irani. 10: Legislative Conference attendees 11: James MacAlpine with North Carolina Representative Virginia Foxx 12: Courtney Birch, Larry Carrico, Congressman Aaron Schock, Congressman Bobby Schilling, Gopal Reddy, Mark Connelly, Kevin Milliron, Congressman Adam Kinzinger, Brent Gregurek and David Keen 13: Florida rental dealers meet with Massachusetts Representative Edward Mackey on the Capitol steps—Vince Nicholson, Jim Tomaszewski, Jamie Slatton, Brent Sutton, Jon Gazzo, Congressman Mackey, Joe Gazzo, Adam Sutton and Sharon Tomaszewski.



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Using voice mail,
text messaging, email and
social media legally
and effectively
By Ed Winn III

21ST-CENTURY RENT-TO-OWN COLLECTIONS

WW

When the laws relating to rent-to-own collections, debt collections and repossession were written, there was no Internet, no email, no Facebook, no text messaging, no Twitter. These laws were established in the 1970s and 1980s, when rental dealers called customers on land lines, wrote them snail-mail letters, ran past-due cards in their trucks and parked themselves on front porches when the phone and the U.S. mail communications did not get the desired results. Communication with customers was primarily on the telephone or face-to-face in the store or at the house. Today, communication between people has changed dramatically, once and forevermore, with the Internet and its progeny. The rules relating to debt-collection efforts have been slow to catch up. Courts, lawyers, collectors, consumer advocates and government agencies are adapting the existing collection laws to this new world of communication. Rent-to-own dealers need to be aware of the interplay of collections laws and the new communication technologies as they go about the business of renting and collecting.





Debt-collection agencies have different, stricter rules than those applied to companies collecting debts or repossessing merchandise on their own accounts. This is because debt-collection agencies, unlike rent-to-own dealers and other merchants, have no history or ongoing relationship with the customer. They are unlikely to have any relationship in the future after the debt issue is resolved. That relative anonymity and indifference to a good business reputation with the customer or in the community can lead to harsher conduct; thus the stricter rules. For debt-collection agencies, getting the money is 100 percent of the job. For rent-to-own dealers, collecting is only part of the job, the other part being renting.

The federal *Fair Debt Collection Practices Act*, which applies to debt-collection agencies but does not apply to RTO dealers or other merchants collecting their own accounts, generally prohibits “abusive, deceptive and unfair” debt-collection practices. The law then catalogs numerous practices that rise to this level. This general language—the same three words, in fact—appears in roughly half of the state debt-collection statutes that do apply to rent-to-own dealers. Moreover, every state has its own deceptive trade practices statute that generally prohibits “unfair or deceptive” conduct toward consumers, including collection efforts. The test is not what is unfair to a sophisticated participant in the marketplace. Rather the test is what would be unfair or deceptive to an unsophisticated, credulous consumer.

Among the specific prohibitions in these state laws are the following activities:

- ▶ Using obscene or profane language;
- ▶ Using threats of violence;
- ▶ Contacting consumers at unusual times or places;
- ▶ Misrepresenting a consumer’s legal rights;
- ▶ Disclosing a consumer’s personal financial information to friends, neighbors or an employer;
- ▶ Obtaining information through false pretenses;
- ▶ Impersonating public officials; and
- ▶ Simulating legal process.

Within these guidelines, dealers must get in contact with customers in default and either arrange to get paid or get their property back. Rent-to-own customers often do not want to communicate with rental dealers because they are embarrassed and ashamed of their situation—and also because as long as they can avoid communication, they get to watch their dealer’s television for free. The good news is that most people, although certainly not all, are honest and want to do the right thing. Otherwise, rent-to-own would long ago have ceased to be a viable business.

How many contacts is too many? Regardless of the technology used, there is some limit to the number of times that a dealer can contact or try to contact a consumer about the account, after which the conduct becomes harassment and is illegal. Unfortunately, nowhere is that number precisely defined. As with most things, it will vary with the circumstances. However, a dealer can quickly find himself on the defensive if a consumer claims that he or she is being harassed and the dealer has to defend and justify the number of calls made in one day or over some other period of time to a jury. Jury panels are populated with other consumers, not other rental dealers, and they will tell you if you have called too many times, based upon how often they would want to be called.

Happily, there has begun to be some guidance. The Washington State attorney general settled a complaint with a rental company last summer. In that settlement, the attorney general agreed that the rental company could contact a customer up to six times per week without running afoul of any debt-collection rules in the state. The settlement indicated actual contacts and not merely attempts. That is to say that rental dealers in that state can have actual contacts with customers six times per week and can, presumably, make additional attempts in order to have that many contacts. In Massachusetts, there is an attorney general administrative rule indicating that more than two contacts per week may be harassment. So, the rule regarding the number of contacts may depend upon where the dealer is doing business. And, of course, it may depend upon the mode of communication.

VOICE MAIL. One technological advance, caller ID, immediately became the bane of rent-to-own dealers everywhere, as well as all other businesses with past-due customers on the books. It has made collections infinitely more difficult. Consumer advocates insist that consumers are not obligated to answer the telephone every time it rings. Business people argue that consumers are obligated to pay their debts, or, in the rent-to-own world, return the merchandise if they are not going to keep paying rent. RTO dealers and others insist that what they want to do is to have contact with past-due customers to find out what has gone wrong and work toward a solution satisfactory to both sides. Consumer advocates, because they tend only to hear the horror stories, are persuaded that the only reason creditors want to contact past-due consumers is to harass them into paying, which is illegal.

Rent-to-own dealers want to get the account current; if they can do so, they can keep the customer on

the books. If they cannot do that, then they want their stuff back. And, yes, they do want to talk to the customer about the account to learn what is going on. With caller ID on all cellphones and any number of land lines, when the store's telephone number shows up on caller ID, dealers are often shunted off into voice mail instead of getting to talk to the customer. When that happens, what kind of message should they leave?

First of all, while dealers can use technology that masks the telephone number from showing up on a customer's phone screen, the dealer cannot use technology that will cause a fictitious or misrepresented number to appear. Such a ploy would be considered a deceptive trade practice in every state because the dealer or dealer's employee is deceiving the customer about the identity of the caller. The software to accomplish this exists, but it is illegal to use it everywhere.

While dealers can use technology that masks the telephone number from showing up on a customer's phone screen, the dealer cannot use technology that will cause a fictitious or misrepresented number to appear. The software to accomplish this exists, but it is illegal to use it everywhere.

Merely masking the store's telephone number is legal, but may or may not work, since many people will not answer a call when the caller ID shows that the caller is "unknown." There is nothing wrong with store employees using cellphones to call customers about their accounts. If a number that the customer does not recognize shows up on the caller ID, the customer may answer to find out who it is—the first time, anyway.

Interestingly, the Federal Trade Commission's *Telemarketing Sales Rule* requires telemarketers to transmit their telephone number and, if possible, the company name to the caller-ID screen. Consumer advocates argue that the same rule should apply to all debt collectors, but there is no such rule for rent-to-own dealers and other primary debt collectors, at least not yet.

So, if the customer will not answer the telephone, leaving a voice-mail message is all that the dealer can do on the phone. Leaving voice-mail messages raises the privacy issue—the consumer's right not to have private financial information aired to third parties. Dealers cannot be sure who will listen to a voice-mail message.



Dealers cannot misrepresent who they are and so the safest message to leave is simply, "This is Joe Smith at Acme RTO. I am calling for Carol Customer. I am sorry I missed you. Please call me at your earliest convenience at 555-4567." Dealers will note that this is basically the same information that they can safely leave on door hangers for exactly the same legal reason—privacy.

Third-party debt collectors have an additional burden because of requirements in *Fair Debt Collection Practices Act*. Here is how the collection agency trade association recommends leaving voice mails in the aftermath of court rulings over such messages: "This is a message for Mary Smith. If you are not Mary Smith, please hang up or disconnect. If you are Mary Smith, please continue to listen to this message. Ms. Smith, you should not listen to this message so that other people can hear as it contains personal and private information. There will be a three-second pause in this message to allow you to listen in private. [Pause] By continuing to listen, you acknowledge that you are Mary Smith. This is Bob Jones from ABC Collection Agency. This is an attempt to collect a debt and any information obtained will be used for that purpose. Please contact me about an important business matter at 555-1234."

Rent-to-own dealers are not bound by the same rules as third-party debt collectors, but some dealers may want to style their voice-mail messages along these lines.

Dealers should be aware that several state debt-collection statutes that apply to primary debt collectors, including rent-to-own dealers, list as an automatic violation of the law the threat of criminal prosecution.

Generally, these statutes prohibit threatening criminal prosecution for failure to pay a debt and dealers, when they threaten, are threatening prosecution for violation of their state's theft of rental property statute—stealing the TV—not merely refusing to pay a debt. This is a valid legal distinction, but can get lost when a jury hears of a dealer's generally harassing conduct. In a recent Oregon case, a rental store employee telephoned and threatened jail time for a customer and for the customer's mother, who allegedly had the television. Those conversations, taped by the customer and played back to the jury, resulted in a jury verdict against the company for \$180,000. (When presented with the two tape-recorded conversations, the company knew that it had a problem and tried to settle for \$50,000 before trial, but to no avail.)

CELLPHONES. With the proliferation of cellphones in American life—as of June 2008, 84 percent of the U.S. population owned cellphones—dealers are not surprised when customers list their cellphone numbers on

rental applications. Consumer advocates have nonetheless argued that debt collectors should not be able to call consumers on their cellphones when they are in default. They argue that such calls may impose costs on the consumer, especially if the plan charges the user by the minute. They also argue that calls to cellphones may embarrass, inconvenience or endanger consumers if they are called while driving, at work or, generally, when others can hear the conversation. The *Telephone Protection Act* and its FCC regulations do prohibit the use of auto-dialed and prerecorded calls to mobile phones. However, for the moment at least, few if any rental dealers are using these technologies. Even this law is subject to an exception if the customer has given prior express consent and the FTC has concluded that if a consumer lists a cellphone number on an application, that is consent for the merchant to make contact via that number. The best advice for rental dealers is to get as many telephone numbers as possible from the customer on the rental application and then add language that the customer agrees that the dealer can use any of the numbers listed when calling about the account.

TEXTING. Similarly, dealers should get consent in the rental application to send text messages to the cellphone number if the dealer wants to use this communication option. Dealers have to exercise caution with the wording of text messages in order to safeguard the customer's privacy. To be safe, dealers should not text any information other than what they would put on a door hanger. The rental application should get the customer's consent to allow the dealer to send text messages.

EMAIL. Some dealers want to communicate with past-due customers via email and some customers prefer this mode of communication, also. To do so, dealers must, of course, get the customer's email address or addresses. The best time to do this is up front while relations are cordial. Dealers can ask for the email address(es) as part of the application process and then get the customer to agree that the dealer can contact the customer via email regarding the account. Email can be a useful tool for communicating with customers. It is easy, convenient, non-confrontational and there is accountability on both sides, because there is a record of everything that is written in an email exchange that can be printed out if need be. On the other hand, emails are informal and that informality can lead store personnel to send inappropriate messages in an email when angered or challenged by a customer. Dealers need a written policy agreed upon by all employees concerning the use and content of emails to customers.

The rules tighten for customers who fall past due. Dealers cannot guarantee that an ordinary email containing information about the customer's account or a demand for payment or return of the merchandise will not be read by others. This is more likely if the customer's email address is a work address and the employer can monitor employee emails. Sending past-due account information and demanding payment via regular email may subject a dealer to deceptive trade practice and invasion of privacy allegations in every state. However, just as technology has created a potential hazard, technology has also developed a solution. Dealers can send demand letters and other collection-oriented emails to customers using encryption technology. Any type of document—a letter saved as a Microsoft Word file or a PDF, for example—can be sent encrypted, which means that the email attachment can only be opened with a key that the recipient types to open the email. The dealer can send the customer the key—say the last four digits of the customer's Social Security number—in a separate email. Then, only the customer can open the file attached to the email and read it. Encryption software is readily available and is cheap or free.

Once again, this process, including the key, can be set up in the rental application, or later as needs require. Dealers may not be able to require customers to open encrypted emails, but they can send them securely without raising privacy issues.

Much like the collection letters that dealers mail to customers, the information in even encrypted emails should be approved by the company and be generally uniform. The rules regarding the content of debt-collection communications to consumers is the same regardless of the mode of communication. See the list of illegal conduct on the preceding page.

Rental dealers cannot leave store employees free to send emails to customers whenever and however they see fit. Dealers must control the content of email messages going to customers and if the email is going to a past-due customer, the dealer must make sure that only the customer will see its contents.

SOCIAL MEDIA. This area of collections law is so new that there is no agreed-upon legal definition, yet, of the term. Most people recognize social media as referring to a website or smart-phone app that allows interactive social networking among individuals. The most popular social media sites at the moment are Facebook, Twitter, LinkedIn, Myspace, mylife and Foursquare. There has not been much law developed concerning these sites and the potential for debt collection on them. In the first case of its kind, a judge in St. Petersburg, Florida, issued an injunction against a



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debt-collection agency last month forbidding the agency from contacting the debtor or her family or friends on Facebook or any other social media site. The debtor, Melanie Beacham, owed \$362 on a car loan. According to the debtor, she had already been in touch with the agency and made arrangements to pay the balance due when an employee of the collection agency, using the name Jeff Happenstance, posted messages on the debtor's Facebook "wall" and the walls of two friends, asking that the debtor contact him at a telephone number listed in the message. There was no mention of any debt or the name of the collection agency in the messages. The judge ruled that these messages were likely a violation of the debtor's right to privacy and state debt-collection law as well.

There are public and private areas on Facebook pages. Some users make all of their information available to anyone who visits the site. Other users make

Social media websites are a way to reach for one's 15 minutes of fame and it is certainly true that when people publish information on these sites, they are not likely thinking about rental store collectors or their creditors.

their information only available to their "friends"—people to whom they have given permission to visit their pages. Everyone agrees that public information on social media sites can be viewed by anyone without getting permission. That would include rent-to-own dealers and debt collectors. Searching social media sites for public information may assist dealers in locating skips and stolens. A customer may change physical addresses while keeping his or her identity intact on Facebook pages or other social media sites. Consumer advocates lament the fact that too many people are far too public with what the advocates think should be private information, but part of the attraction of social media sites is that they are forums for people to publicize themselves in a way that has never before been possible. It is a way to reach for one's 15 minutes of fame and it is certainly true that when people publish information on social media websites, they are not likely thinking about rental store collectors or their creditors.

Public information often includes a "wall" of pictures. Scrutinizing a customer's pictures on Facebook may show that person using the laptop that he claimed was stolen.

However, dealers will have to exercise control over how much time employees spend trolling social media sites on the off chance of turning up a skip or stolen or a rental thief. Very quickly, time on the computer could be better spent out on the floor renting more televisions.

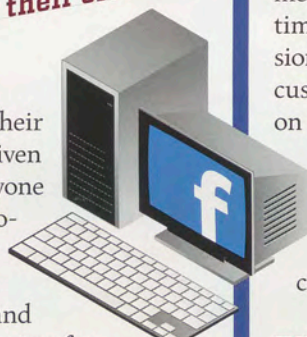
It is one step to glean information that is available to the general public from these sites. It is another, more complicated step to access information from private sites. To do so on Facebook, one must become a "friend" and that can only occur if the customer with a page on Facebook gives permission. A customer in default on a rental agreement is not likely to want to be friends with an account manager from the rental store trying to get a television back.

Collection laws prevent dealers or other collectors from misrepresenting who they are when trying to collect a debt or recover merchandise. An employee could use his or her real name without identifying the employer initially to set up a Facebook account and ask to be friends with customers. If the customers accept the employee as a friend, the employee can then access private data. Once a friend, an employee can send private messages to the customer, but once again, the same rules apply to this communication as to all other communications relating to collection efforts.

Dealers can ask about Facebook pages and other social media sites during the customer's application process. The time when a customer is getting that new big-screen television is a good time to make a "friend" request. Later on, if a customer becomes disenchanted with the dealer's messages on Facebook, the customer can "unfriend" the store and cut off access to private data. This is in keeping with general thrust of collection laws that allow consumers to notify a debt collector in writing either to make further inquiries through the consumer's lawyer or to cease further communication with the debtor.

THE FUTURE. Communications technology will continue to evolve. Already, people can talk face-to-face on their smart phones. Three-D technology and holograms will not be far behind. The day will come when a realistic, holographic image of an account manager will magically appear in the customer's living room pointing to the television and demanding its return or payment for it. It will be scary and very effective. A few years after that, we will have hologram collection laws. In the meantime, dealers must use the technologies that exist today and they must use them prudently and legally. Doing so can only make rent-to-own businesses more efficient and ultimately more profitable. ✧

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



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BIG SHOW IN LITTLE ROCK

APRO'S 2011 RENT-TO-OWN CONVENTION AND TRADE SHOW

What's the Big Idea?

FIND OUT THIS SUMMER IN LITTLE ROCK

This year, one of the big ideas is marketing. During Education Day on July 12 at APRO's Rent-to-Own Convention and Trade Show in Little Rock, we'll offer you some cutting-edge marketing ideas. For years, the rent-to-own industry has struggled with its image as it attempts to attract new customers. Marketing is a key component of enhancing our industry's image and communicating to nearly 40 million non-customers that rent-to-own is a viable option they should consider.

Education Day at APRO's annual event will begin with a really big idea: an *Innovation Marketing Session* presented by Jill Adams McDonough. Over the past several months, McDonough—a nationally known marketing consultant and founder of Prevail! Strategic Marketing & Communications—has been compiling rent-to-own research gathered in focus groups and from industry surveys and analyses. With 13 years worth of data at hand, McDonough will unveil a rent-to-own marketing plan available only to those who attend APRO's summer event. Also during this marketing session, rental dealers who attended recent rent-to-own focus groups will reveal what they learned from potential customers surveyed in the studies.

Returning again this year, APRO's popular roundtables will be chock-full of ideas offered by your colleagues—valuable information that you can take back to your company to improve and expand your business. You're encouraged to bring your ideas to the table, as well.

Education Day will culminate in the afternoon with sessions presented by industry insiders and experts offering a wide array of useful tools to help you succeed. We'll take a close look at in-store design and prove what a crucial element it is to your customers' satisfaction. Human resources will be addressed in a number of seminars designed to help you create an extraordinary team for your company. APRO's general counsel will update attendees on all of the latest legal and legislative issues that concern the rent-to-own industry and we'll also examine the year-old health care reform legislation that is affecting every business in the country.

After you've perused the seminar descriptions on the next few pages, take a closer look at some of the fresh ideas that will be presented this summer in articles written by a few of this year's seminar speakers, as well as a feature by William Taylor, who will present a keynote address on July 13. Screw in your light bulb, flip the switch and let these bright ideas light up your business!



ALL EDUCATION DAY SESSIONS WILL BE HELD JULY 12 AT THE PEABODY LITTLE ROCK CONFERENCE CENTER LECTURE HALL, LEVEL 2

**Innovation Marketing Session:
Grab That New Customer**

Jill Adams McDonough,
Prevail! Strategic Marketing &
Communications
8-9:30 a.m., Conway Room

Imagine 40 million prospects who could be converted into customers. Now imagine a nationally known professional marketing consultant tapping recent qualitative and quantitative research to formulate a potential marketing plan specifically for the rent-to-own industry. Attend this session and you won't have to imagine anymore. You'll have access to insights compiled from recent APRO focus groups, national surveys and analyses—the culmination of 13 years of rent-to-own market research.

APRO members who witnessed four recent rent-to-own focus group studies first-hand are already implementing new marketing initiatives they learned at those events and they'll be on-hand during this session to offer their insights to attendees. This *Innovation Marketing Session* will unveil how to implement these research results, which could help bring some of those 40 million potential new customers into your stores.

Marketing expert Jill McDonough founded Prevail! Strategic Marketing & Communications to



provide analytical, ethical and creative business-building and business-protection solutions to organizations. She is committed to building brands and categories through research-driven public relations strategies and has provided analytical and effective integrated marketing counsel for many clients.

This session is sponsored by Imagery Marketing Group.

**Innovation Roundtables
for Small, Medium and Large
Rent-to-Own Companies**

Moderated by Casey Pristou, Aaron's Sales & Lease Ownership; Mike Tissot, Countryside Rentals; and Dennis Adams, Full-O-Pep Appliances
9:45-11 a.m., Harris Brake, Conway and White Oak Rooms

Rental dealers assembling to share information is one of the best ways to get new ideas for business and find solutions to work-related challenges. Tap into the insights your colleagues are willing to share and elevate your rent-to-own business to new heights. APRO's popular roundtable sessions will be divided into three groups, based on the size of companies; this will assure that you acquire the insights that best suit *your* business.

Casey Pristou is president of Watershed Development Corp., which owns and operates eight Aaron's stores in Illinois and Iowa. He is on the Illinois Rental Dealers Association board of directors and is actively involved in the IRDA and APRO annual legislative conferences. He is a CPA, having received his undergraduate degree from Boston University and an MBA from Northwestern University.



Mike Tissot grew up in the rent-to-own business; his father is former APRO President Darrell Tissot.



After receiving a BA in economics from Denison University, Tissot spent five years at one of the largest marketing agencies in the country. Currently, he owns and operates 27 Rent-2-Own stores in Ohio and Kentucky. He is president of the Ohio Rental Dealers Association, a current APRO board

member, TRIB Group board member and was recipient of APRO's 2008 President's Award of Excellence.

Dennis Adams has worked for Full-O-Pep Appliances/American Rentals for more than 30 years and, as district manager, now oversees 10 of the company's central Indiana stores. He serves on the APRO board of directors and is president of the Rental-Purchase Dealers Association of Indiana. Adams has worked diligently for many years on RTO-related legislative issues in his home state and on the national level.



**Developing Future
Rent-to-Own Leaders**

Lyn Leach, Ace Rent-To-Own
12:30-2 p.m., Harris Brake Room

This seminar will unveil a five-part program that will help set you on the path toward creating a superstar staff for your company. First, learn how to attract talented prospective employees to your company. Second, delve into how to train them to be highly successful. Third, gain insight into how to keep your staff properly motivated. Fourth, examine the importance of rewarding employees and how you can encourage them to want to succeed. Finally, learn how to retain your superstars so that they will help your company expand and prosper for years to come.

Lyn Leach owns and operates 16 stores in Nebraska and Iowa. He is the current president of TRIB



Group, the Nebraska State Rental Dealers Association's president, a former APRO president, recipient of APRO's Rental Dealer of the Year award and has 30 years of experience in the rent-to-own industry.

Store Makeovers for Increased Rentals

Martin Roberts, Martin Roberts Design
12:30–2 p.m., Conway Room

It's time to shake up your store décor! Get new ideas for the most effective use of your square footage in this revealing seminar designed specifically for the rent-to-own industry. "Same-old, same-old" doesn't do it for your customers anymore and it certainly doesn't appeal to po-

tential new customers. Roberts will critique actual rent-to-own store examples and evaluate what works, what doesn't and why. You'll get cutting-edge ideas to help you move your company into a successful new marketing and merchandising realm.

Martin Roberts has more than 40 years of retail design experience around the world. His mission is to help companies influence their consumers to buy more and more often. Roberts' company, Connecticut-



based Martin Roberts Design, includes an award-winning team of retail consultants, architects and interior and graphic designers that helps clients in every consumer segment maximize profits through innovative design solutions. It is responsible for the branding, merchandising and store design for five of the top 10 home-furnishing retailers. Roberts' clients also include Barnes & Noble,

APRO 2011 Seminars at a Glance

7:30–8 a.m.	Innovation Sessions Continental Breakfast, Pre-Assembly Area, Level 2 (sponsored by Coaster Fine Furniture)		
	CONWAY ROOM		
8–9:30 a.m.	Innovation Marketing Session: Grab That New Customer Jill Adams McDonough, Prevail! Strategic Marketing and Communications (sponsored by Imagery Marketing Group)		
9:30–9:45 a.m.	Break (all seminar breaks sponsored by RES Accessories)		
	HARRIS BRAKE ROOM	CONWAY ROOM	WHITE OAK ROOM
9:45–11 a.m.	Innovation Roundtable for Small Companies Moderated by Casey Pristou, Aaron's Sales & Lease Ownership	Innovation Roundtable for Medium Companies Moderated by Mike Tissot, Countryside Rentals	Innovation Roundtable for Large Companies Moderated by Dennis Adams, Full-O-Pep Appliances
11 a.m.–12:30 p.m.	Lunch on your own		
	HARRIS BRAKE ROOM	CONWAY ROOM	WHITE OAK ROOM
12:30–2 p.m.	Developing Future Rent-to-Own Leaders Lyn Leach, Ace Rent-to-Own	Store Makeovers for Increased Rentals Martin Roberts, Martin Roberts Design	Health Care in America: Separating the Reality from the Hype Mitchell Andrews, The Plexus Groupe
2:15–3:45 p.m.	2011 Rent-to-Own Legal and Legislative Update for Owners Ed Winn III, APRO's General Counsel	Stand Out! Differentiate or Disappear: Branding Your Company for Success Larry Mersereau, PromoPower	Tips for Hiring Top Performers in Rent-to-Own Wayne Outlaw, The Outlaw Group
4–5:30 p.m.	What Every Rent-to-Own Manager Needs to Know: Laws That Affect Your Daily Operations Ed Winn III, APRO's General Counsel	The Media Conundrum: Using Marketing Dollars Wisely in Today's Economy Larry Mersereau, PromoPower	Everyone Wins: Training Rent-to-Own Employees for Success Wayne Outlaw, The Outlaw Group



Walmart, American Leather, Cartier and Procter & Gamble.

Health Care in America: Separating the Reality from the Hype

Mitchell Andrews, The Plexus Groupe
12:30–2 p.m., White Oak Room

A year after passage of comprehensive health care reform in the United States, details of the legislation are unfolding and the first effects are being felt. Businesses are focused on implementing the necessary changes, but despite a consensus of

actions, there is no consensus of mind set. From federal lawsuits challenging key provisions to calls for outright appeal of the bill, many are questioning whether these reforms can do what they were designed to accomplish. Can the reforms bring valid improvements to access, cost and quality—the hallmarks of true health care reform? In doing so, will the nation be able to stay financially solvent? Andrews will share his insights from the frontline of health care reform implementation and give you a real-world view of what's to come.

Mitchell Andrews is a partner and managing director of The Plexus Groupe and has more than 24 years of



experience in the health care industry. He provides consulting services to help clients attract and retain their employees while maintaining financially sustainable benefit programs, including strategies to promote employee wellness and appropriate plan utilization. The Plexus Groupe is a full-service commercial insurance broker headquartered near Chicago.

APRO'S 2011 KEYNOTE ADDRESS:

Practically Radical: Unleashing Big Change in Tough Times

William Taylor, founding editor *Fast Company* magazine and co-author of *Mavericks at Work*
APRO General Session, 10 a.m.–12 p.m., July 13,
The Peabody Grand Ballroom

Hard economic times can be a great time to separate your business from the pack and build advantages for years to come—if you can summon the leadership nerve to take risks. Over the past two years, Taylor has been given in-depth access to 25 organizations that are masters at making change, businesses that are unleashing innovations and driving transformations in trying circumstances. Using lessons set in a variety of fields—from health care to software, from automobiles to financial services, from hotels to hospitals—Taylor teaches his audience members how to shake up their industry, transform their company and recharge themselves.

William Taylor is a best-selling author, celebrated entrepreneur and ground-breaking thinker on leadership and innovation. His first book, *Mavericks at Work: Why the Most Original Minds in Business Win*, was a *New York Times* bestseller and received widespread media accolades. He made his name as a hugely successful editor and entrepreneur, having taken *Fast Company*—the award-winning magazine he co-founded—from a start-up to a \$340-million sale in less than six years. Taylor advocates a people-centric leadership model, a network approach to cultivating ideas and a relentless focus on being extraordinary as the keys to achieving market dominance. Provocative and inspiring, Taylor will offer accounts of how game-changing companies abandoned ineffectual business-as-usual practices and transformed their industries by adopting these radical approaches. Find out how you can do the same for your business.

General Session Continental Breakfast sponsored by Crosley and TRIB Group; General Session sponsored by GE Appliances & Lighting, Protect-A-Bed and Simmons.



was a *New York Times* bestseller and received widespread media accolades. He made his name as a hugely successful editor and entrepreneur, having taken *Fast Company*—the award-winning magazine he co-founded—from a start-up to a \$340-million sale in less than six years. Taylor advocates a people-centric leadership model, a network approach to cultivating ideas and a relentless focus on being extraordinary as the keys to achieving market dominance. Provocative and inspiring, Taylor will offer accounts of how game-changing companies abandoned ineffectual business-as-usual practices and transformed their industries by adopting these radical approaches. Find out how you can do the same for your business.

2011 RTO Legal and Legislative Update for Owners

Ed Winn III, APRO's General Counsel
2:15–3:45 p.m., Harris Brake Room

On a day-to-day basis, rental dealers prefer to focus on work-related issues other than the legal environment of rent-to-own, but they ignore this important aspect of the business at their peril. Rent-to-own remains a legally challenged industry on many fronts. Winn will detail for owners and operators the latest issues in the RTO legal world, focusing on legislative developments, court rulings and consumer-advocate strategies for attacking rent-to-own businesses. As APRO's general counsel, Winn talks to rental dealers every day and is aware of the many concerns that continue to plague rental dealers. Attendees are urged to bring their issues to the seminar and listen to what Winn and fellow dealers have to say about legal and legislative challenges that are affecting RTO businesses.

Ed Winn III is a partner at the law firm of Martinec, Winn, Vickers and McElroy in Austin, Texas. He



helped found the Association of Progressive Rental Organizations in 1980 and his knowledge of the

rent-to-own industry is unsurpassed. Winn is a regular contributor to RTOHQ: *The Magazine* and offers legal advice to APRO members.

Stand Out! Differentiate or Disappear: Branding Your Company for Success

Larry Mersereau, CTC, PromoPower
2:15-3:45 p.m., Conway Room

As a customer, why should I choose you? Why should I even consider the rent-to-own option? Every prospective and existing customer, at every point of contact, needs to be convinced that your business is designed around his or her needs and that you are the only option this customer should even consider. In this lively session, Mersereau will unveil his "brand ladder" and teach you how to walk people up that ladder step-by-step—from total stranger to loyal customer and all the way to evangelist, a customer who will blog, tweet, text and tell their friends and followers about you. Every point of contact—from your marketing to the front desk to the showroom floor to delivery and installation—must be aligned to position you as the only provider your prime prospects would even want to consider.

Larry Mersereau speaks to, and writes for, business leaders, marketers and sales professionals who seek simple, doable and effective sales growth strategies to expand and improve their organizations. For more information, visit www.promopower.com.



Tips for Hiring Top Performers in Rent-to-Own

Wayne Outlaw, The Outlaw Group
2:15-3:45 p.m., White Oak Room

Have you ever hired someone you thought would be great, but then found out that the only



MONDAY, JULY 11

- 9 a.m. Joe Eason/Tom Kitchens Golf Classic at Chenal (sponsored by Whirlpool)
- 2-5 p.m. Early registration
- 6-7:30 p.m. APRO President's Welcome Reception (sponsored by Serta)

TUESDAY, JULY 12

- 7:30-8 a.m. Innovation Marketing Session continental breakfast (sponsored by Coaster Fine Furniture)
- 8-11 a.m. Innovation Marketing Session and Information Exchange Roundtables (sponsored by Imagery Marketing Group)
- 8 a.m.-5 p.m. Registration
- 11 a.m.-12 p.m. Exhibitor lunch and Vendor Advisory Committee election
- 11 a.m.-12:30 p.m. Lunch on your own
- 9 a.m.-5 p.m. Spouse/Guest Luncheon and Tour: Hot Springs' Historic Bath House Row
- 12:30-5:30 p.m. Educational seminars (breaks sponsored by RES Accessories)
- 7-9 p.m. Gala at the Clinton Presidential Center (sponsored by High Touch/RSSS)

WEDNESDAY, JULY 13

- 9 a.m.-5 p.m. Registration
- 9 a.m. Pick up ballots for Board of Directors election
- 9-10 a.m. General Session continental breakfast (sponsored by Crosley and TRIB Group)
- 10 a.m.-12 p.m. General Session and Keynote Address (sponsored by GE Appliances and Lighting, Protect-A-Bed and Simmons)
- 12-5:30 p.m. Exhibit hall open (ice cream break sponsored by Ashley Furniture)
- 12-1:30 p.m. Complimentary lunch in exhibit hall (sponsored by LG Electronics)
- 4:30-5:30 p.m. Exhibit Hall Cocktail Party (sponsored by TRIB Group)
- 6:30-7 p.m. Awards Banquet Cocktail Reception (sponsored by RentDirect Nationwide and Nationwide Southwest)
- 7-10 p.m. Awards Banquet: "A Tribute To Sir Elton John" (sponsored by RentDirect Nationwide and Nationwide Southwest)

THURSDAY, JULY 14

- 8-9 a.m. APRO Vendor Advisory Committee meeting
- 9-10 a.m. APRO Board of Directors meeting and election of officers
- 9 a.m.-2:30 p.m. Registration
- 9 a.m.-2:30 p.m. Exhibit hall open
- 9:30-11:30 a.m. Brunch in exhibit hall
- 12:30 p.m. Deadline for submitting APRO purchase orders for cash drawings
- 1:30-2:30 p.m. Cash drawings (need not be present to win)

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“great” thing about him or her was your great level of disappointment in that person? Being short-staffed or having an unproductive staff drains hundreds of thousands of dollars from the bottom line each year. What can you do to stop this drain now? Learn innovative methods for hiring top performers and discover how to go far beyond simple screening, interviewing and reference techniques to ensure that you weed out problem applicants. Acquire the tools to identify top-notch applicants while protecting your business from the liability of negligent hiring.

Wayne Outlaw is president of the Outlaw Group (www.outlawgroup.com) and is the author of the critically



acclaimed *Smart Staffing: How To Hire, Reward And Keep Top Employees For Your Growing Company*, which has been pub-

lished in the People's Republic of China and is used as college curriculum in schools such as UCLA. Outlaw's organization provides staffing, training and consulting to help companies grow and increase profits.

What Every Rent-to-Own Manager Needs to Know: Laws That Affect Your Daily Operations

Ed Winn III, APRO's General Counsel
4-5:30 p.m., Harris Brake Room

A lot is expected of rent-to-own store managers. If you want to excel as a manager, you must know the legal issues that affect daily operations in the rental business. Information covered in this seminar will include a working knowledge of the laws of customer privacy, collections, theft of rental property, bankruptcy, what to do when a pawnshop acquires your store's merchandise, how to combat bullying in the workplace and how to deal with difficult

customers—all this in addition to managing employees, inventory, accounts and vehicles.

For more than 30 years, Ed Winn III has listened to store managers who contact him with problems that have arisen in the store and require swift, accurate legal guidance. He will share the insights that he has acquired as an RTO-industry lawyer. You are invited to bring your questions to the seminar; Winn will make time to answer them.

The Media Conundrum: Using Marketing Dollars Wisely in Today's Economy

Larry Mersereau, CTC, PromoPower
4-5:30 p.m., Conway Room

Where should you be putting your marketing dollars and efforts in today's economy? Is everyone glued only to blogs and social media, or are you better off paying for print or broadcast advertising? Maybe all you really need to do is put up a website and wait for prospects to find you—but don't bet on it! In this program, you will see what's working and what's not, according to recent research. Print, email, online, social media, direct mail—Mersereau will look at all of the options and discuss those that are likely to be most effective for your business and your market.

Larry Mersereau speaks to, and writes for, business leaders, marketers and sales professionals who seek simple, doable and effective sales growth strategies to improve their organizations. For more information, visit www.promopower.com.

Everyone Wins: Training Rent-to-Own Employees for Success

Wayne Outlaw, The Outlaw Group
4-5:30 p.m., White Oak Room

Perhaps you are worried that if you train employees too well,

they might leave—but a greater concern should be what happens if you don't train them properly and they stay? Rent-to-own companies spend a significant portion of the budget each month to attract new customers. If these potential customers are handled by unskilled employees, it can waste the advertising dollars it took to attract them and make it harder to attract new customers down the line.

If you think training is expensive, consider the cost of a poorly trained staff or the lack of an effective training program. Having an employee simply learn from the person he or she is replacing, having someone tell them what to do or using a rudimentary training checklist doesn't constitute an effective program that produces knowledgeable, skilled and productive employees needed for a profitable rent-to-own company.

Learn the best practices of top companies compiled from the Outlaw Group's 25-plus years of experience. Identify the skills and knowledge needed to be successful in key positions in the store. Discover what a manager must learn in addition to store operations to be successful. Take advantage of easy-to-use, cost-effective resources, such as APRO's Virtual University or inexpensive off-the-shelf courses, to supplement your own training. And most important, embrace the concept that training is not an expense, it is an investment.

Wayne Outlaw is president of the Outlaw Group (www.outlawgroup.com) and is the author of the critically acclaimed *Smart Staffing: How To Hire, Reward And Keep Top Employees For Your Growing Company*. Outlaw's organization provides staffing, training and consulting to help companies grow and increase profits. ✦

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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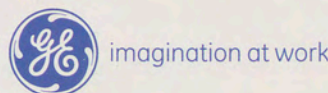
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Why Should I Do Business With You?

FIVE QUESTIONS FOR LEADERS IN THE RENT-TO-OWN BUSINESS | BY WILLIAM C. TAYLOR



William Taylor will present the keynote address at APRO's 2011 Rent-to-Own Convention and Trade Show. He will speak during the General Session, 10 a.m.–12 p.m., July 13, at The Peabody in Little Rock.

I spend much of my time speaking to business audiences, but I learn the most when I listen to the audience. Consider, for example, what I learned at a gathering of retail bankers from across the country—a lesson that applies to the rent-to-own business just as much as to the financial business.

The event was in a cheerful setting, but the mood was somber. Most of the talk emphasized how brutally competitive the business had become. Market forces were wreaking havoc with profit margins; mergers and acquisitions were reshaping the competitive landscape; customers were becoming tough, demanding, fickle. Sound familiar?

It was enough to make me, as an outsider, feel sorry for the group—until one industry expert explained the real source of the problems. This consultant, whose firm has conducted thousands of “mystery shops” and interviews with front-line employees at retail banks, told the gathering that during their visits, his researchers always ask employees a simple question: “As a customer, why should I choose your bank over the competition?” And two-thirds of the time, he said, front-line employees have no answer to that question—they either stay silent or make something up on the fly.

The business leaders in the audience weren't all that surprised. I was stunned. How can *any* company of *any* size expect to outperform the competition when its own employees can't explain—simply and convincingly—what makes them different from the competition and better than they've ever been? Think about it: If that consultant's researchers walked into one of your locations and started tapping your people on the shoulder, would they have something clear and convincing to say about what makes *you* different and better? Would what they say stand out from what employees at your competitors' businesses would say? And would most of your people say more or less the

same thing—is there a shared mindset about what makes you special? What do you promise that no one else can promise? What do you deliver that no one else can deliver?

Here's why those questions matter. We are living today through the age of disruption. You can't do big things if you are content with doing things a little better than everybody else or a little different from how you did them before. In an era of hyper-competition and non-stop reinvention, the only way to stand out from the crowd is to stand for something special. Originality has become the acid test of strategy.

The term I use is *strategy as advocacy*. In any field, winning organizations don't just offer competitive products and services. They stand for important ideas—ideas that help to shape the competitive landscape for their industry, ideas that reshape the sense of what's possible for customers, employees and investors.

For so long, we lived in a world where the strong took from the weak. If you had the most locations, the deepest pockets, the leading market share, you won—almost automatically. But the *new* logic of business is that the smart take from the strong. The most successful organizations don't just out-compete their rivals. They redefine the terms of competition by embracing one-of-a-kind ideas in a world filled with “me-too” thinking.

Consider, for example, the unique business strategy and retail experience being created by Luxottica, the global eyewear company with annual sales of \$6.6 billion. A report in *The New York Times* described Luxottica's “unusual and risky” effort to rethink and reimagine the customer experience of buying eyeglasses by creating memorable retail environments that feature a concierge, wind machines and treadmills—to allow shoppers to try on glasses in conditions that resemble real-world usage—and touch screens that operate as both mirrors and cameras. Imagine





It is about emotion, passion, identity—sharing your values. Ultimately, the real separation in business is making our people and organizations more memorable to encounter. If your customers can live without you, eventually they will.

being able to try on glasses, upload photos to Facebook and ask friends and family to email their reactions while you're still shopping.

There was something of a raised-eyebrow tone to *The New York Times* report and who knows if Luxottica's plans to build 10 to 15 of these stores in Australia, the United States, China and Britain will turn out to be a flash of insight or a flawed vision. What's clear, though, is that in an industry ravaged by a bad economy (new glasses are a pretty postponable purchase) and the cheaper-is-better pressures of the Internet, the route to long-term prosperity does not come by staying in the middle of the road.

Andrea Guerra, Luxottica's CEO, put it about as well as anyone: "Crises are not only about negative things," he said. "Where the world is changing and changing fast, your thoughts have to be bold."

Here's the simple lesson: It's not good enough anymore to be pretty good at everything. Your operation, and this industry, has to become the *most* of something—the most affordable, the most convenient, the most colorful, the most obsessed with service. For so long, companies and their leaders were comfortable operating in the middle of the road. In theory, that's where the customers were, that's what felt safe and secure. But today, with so much change, so much pressure, so many new ways to do just about everything, the middle of the road has become the road to nowhere. What are you the *most* of—and how do you become even more of that?

So set aside the products and services around which you've built your business. What are the *ideas* that define how you do business, the ideas that distinguish you from how everyone else in your field does business?

This is not, I should hasten to add, just a matter of goods and services and dollars and sense. Success today is about so much more than just price, performance and quality—pure economic value. It is about emotion, passion, identity—sharing your values. Obviously we all have to work on making our products and services more functional, more reliable, more affordable. But ultimately, the real separation in business is making our people and organizations more memorable

to encounter. If your customers can live without you, eventually they will.

As a leader, even as you try to make everything you do more productive, efficient and cost-effective, the question you have to ask is: How do we make it more memorable? How do you encourage your people to go beyond satisfying customers rationally to engaging them emotionally? How do you conduct yourself as a leader to rally colleagues around the power of emotional bonds, not just rational deals?

As you think about the future of your company and the trajectory of this whole industry, think through your answers to these five questions:

1. *What ideas does this company stand for?* There are plenty of organizations with cool technology or hot products, but for me, the most admirable companies don't just sell competitive products and services. They stand for important ideas—ideas that separate them from the crowd and rally customers to their cause.

2. *Does this company work as distinctively as it competes?* You can't do something compelling, distinctive and original in the marketplace unless you do something compelling, distinctive and original in the workplace. Strategy is culture; culture is strategy.

3. *Has this company created an emotional and psychological contract with its customers?* The companies that I admire aren't just efficient and productive, they are memorable to encounter. And remember, small gestures can send big signals. You don't have to create an environment as dramatic as Luxottica's to make a dramatic impression on your customers.

4. *Is this company a leader in creating leaders up and down its ranks?* The organizations I admire don't just lead their industries in terms of innovation or financial performance or market share. They also understand that the only sustainable form of long-term business leadership is the capacity to create grassroots leaders at every level of the organization.

5. *Is this company as consistent as it is creative?* What strikes me about so many of the great companies I've gotten to know is that even in a world of constant change and fast-moving markets, they don't change their strategies and practices in response to outside forces. They are confident about the ideas in which

they believe, the culture they have created, their connections with customers—and are willing to stick to their strategies even as the world around them is in turmoil. As Jim Collins, the great management guru, has argued, “The signature of mediocrity is not an unwillingness to change. The signature of mediocrity is chronic inconsistency.”

Here’s hoping that you can be both cre-

ative and consistent—and build an organization capable of creating long-lasting value in these fast-changing times. ✧

William C. Taylor is the co-founder of Fast Company magazine and the author of *Practically Radical: Not-So-Crazy Ways to Transform Your Company, Shake Up Your Industry and Challenge Yourself* (William Morrow, 2011).

A Tome Taylor-Made for Business Success

BOOK REPORT BY MIKE TISSOT

I discovered one perk of being an APRO board member this spring. APRO sent me a copy of *Practically Radical: Not-So-Crazy Ways to Transform Your Company, Shake Up Your Industry and Challenge Yourself*, the most recent book by this year’s convention keynote speaker, William Taylor. As a business-book junkie with spring break on the calendar, I was excited to get an advanced peak at what we could expect to learn in Little Rock this summer. Let me tell you, if Taylor’s keynote address is filled with as many nuggets as this quick read, we are all in for a treat this July.

Right off the bat, Taylor addresses the importance of change if you want your business to improve quickly—it’s all about how to find ideas and gain fresh perspectives. Will we really get the next big rent-to-own idea from the competitor across the street? Or while driving? Or in the shower? Doubtful. He provides examples of businesses that have had success in changing and gaining new perspectives—from a Rhode Island police department to Pedigree Dog Food to the Girl Scouts to perhaps the most interesting example, Magazine Luiza.

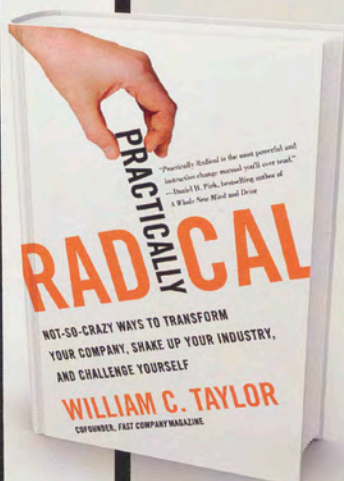
Don’t worry, I didn’t know what Magazine Luiza was either until I read the book, but it’s one of the most successful retailers in Brazil. Magazine Luiza makes its living by meeting the needs of Brazil’s poorest shoppers and provides them with durable goods, such as refrigerators, washers, dryers and computers. Sound familiar? Taylor writes: “More than 70 percent of Magazine Luiza’s customers are low-income shoppers and the business of the company is about more than just commercial transactions. ‘For a poor Brazilian family to buy a refrigerator, for a woman who works every day to buy her first washing machine, this is not merely a purchase,’ [according to Magazine Luiza’s executive director of sales and marketing]. ‘It changes and improves the quality of life.’” Again, sound familiar?

Taylor writes about how Henry Ford got the idea for the assembly line when he saw meat on hooks in a monorail system in Chicago in 1912. He encourages all business people to enlist some “R&D”—rip-off and duplicate—from all places. I really could relate to his insight that most leaders see things the same way everyone else sees them, because they look in the same places everyone else looks. Taylor does a great job of encouraging you to challenge your company’s rules of contracts, fees and such. Do you have a company that wants customers to break rules because you profit from them when they do so?

Perhaps the best quote in the book, in my opinion, addresses the experience that you are providing to your customers. Taylor asks if that experience is remarkable. Are you the best at something? If you were not in business, would anyone miss you? The quote reads, “Marketing is the tax you pay for being unremarkable.” Hmm—I am a marketing guy. That hurts.

It’s a great book. You all should read it. Also, make sure you come to Little Rock and sit up front during the keynote, because the investment APRO has made in a top-notch speaker will be well worth it to you. And what have I done since I read the book? Well, I needed new in-store and window signage, so I looked in different places for ideas. Soon we will have signs in our stores that are pretty much a direct rip-off of signage in Advance Auto Parts. So thanks, Mr. Taylor!

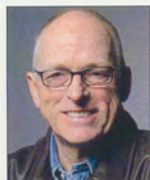
APRO board member Mike Tissot operates the 27-store Countryside Rentals, dba Rent-2-Own, in Ohio and Kentucky.





Signs of the Times

A MODERN APPROACH TO IN-STORE DESIGN | BY MARTIN ROBERTS



Martin Roberts will present his seminar, "Store Makeovers for Increased Rentals," at APRO's 2011 Rent-to-Own Convention and Trade Show in Little Rock.

There has been an enormous shift in the way people shop once they're inside the store. It's all about clearing obstacles for the customer. Recent research shows that easing shopper frustration is the most promising path to higher sales. That's why Walmart is replacing its 15-foot-high shelves with lower-profile displays, to give shoppers a clear view of the entire store. At the same time, successful chains such as Walgreens are reducing SKUs to make it easier for shoppers to find the top-selling items.

In the new stores we design, you'll see "emotive" signs near the entrances, which welcome customers and provide a comfortable atmosphere. Directional signs are also placed at every entrance because today's shoppers are almost always mission-focused—their goal is to find a desired item quickly. The feedback I get from retailers who have installed new signage is that consumers are happier when they are self-directed and don't have to spend time searching or asking for assistance.

Contrast this approach with the practice of just a few years ago when retailers deliberately tried to keep customers in a store for as long as possible. For example, many grocery stores still put top sellers such as milk as far from the check-out area as possible, which forces shoppers to walk past other temptations. It's a practice that endures in supermarkets, even as competitors like Dollar General and CVS capture ever-increasing revenue from food products—including milk—by giving time-starved shoppers a faster, more convenient alternative (with dairy cases near the front of the store).

Shoppers who strolled through a mall in an earlier era now want to be directed to the entrance of the store at which they plan to shop. Much of my work these days is focused on developing new, separate entrances for large furniture stores to highlight key departments for mission-focused shoppers. In many cases, for example, large furniture retailers are setting up stand-alone buildings to sell mat-

tresses, just as Internet retailers offer stand-alone specialty stores to demonstrate expertise in a product line and provide a one-stop solution to consumers.

In brick-and-mortar stores, technology is making it far easier and less expensive for retailers to convey a more cohesive set of messages inside the store. Now there are large-format message panels that can be hung from a store ceiling to help define a display area, without the need to build walls. Large-panel frames—extending up to 10 feet by 8 feet—can either display a message or serve as an architectural backdrop, with images of windows or doors. These fabric panels are inexpensive and can be moved or updated with new messages quickly, which makes it easy to provide a new look to a specific department or the entire store.

Once a shopper's immediate need is met, they'll often scan the store for other interests, such as children's furniture or sofas. Clear signage helps shoppers discover—and be inspired by—other products. This process of self-discovery and inspiration is far more effective than having the customer receive suggestions from store associates.

It's clear that the shopping experience can be improved with signage created to ease shopper confusion. In many cases, we find that furniture retailers are barely aware of just how many signs have been added to their stores—or the conflicting signals that are sent by separate retailer and manufacturer messages.

A comprehensive signage makeover inside a store is not a major expense. It makes shoppers much more comfortable by reflecting the Internet's drill-down shopping process, which has become deeply ingrained and is preferred by many consumers, particularly younger ones. ✱

Martin Roberts is principal of the visual merchandising and retail store design firm Martin Roberts Design at www.mrobertsdesign.com. Contact him at martin@mrobertsdesign.com.





Smart Staffing

HIRING AND TRAINING ISN'T AN EXPENSE, IT'S AN INVESTMENT | BY WAYNE OUTLAW



Wayne Outlaw will present two seminars at APRO's 2011 Rent-to-Own Convention and Trade Show: "Tips for Hiring Top Performers in Rent-to-Own" and "Everyone Wins: Training Rent-to-Own Employees for Success."

Owners of rent-to-own companies want every position in the store to be filled with highly productive employees. Anything less costs money. Have you calculated what low-productivity, unskilled employees, turnover and unfilled positions cost each month?

Look at what happens when a productive store manager in a profitable store is replaced with a poor, ineffective manager due to a poor hiring decision or lack of crucial development. It may take 60 days or more to discover the mistake and cause a drop of 50–100 BOR before replacing a weak manager with a top performer. Since it may take longer to correct the problem than to cause it, this staffing mistake can cause a drop of \$50,000 to \$100,000 in revenue in just six months—a significant profit loss.

Too many owners focus on replacing an employee as inexpensively as possible. They place or post a classified ad, screen those who apply, interview the best and pick one to hire, every step of the way keeping the costs low. However, if the person hired doesn't possess the values, attributes and behavior necessary for success, your time invested in hiring—and, very importantly, training, coaching and directing—will be lost. Then the staffing cycle starts over. It's far less costly to put the time, effort and resources into hiring the *right* person the first time than continually replacing employees.

The cost of low-productivity employees in a store is the difference between a store's actual operating profit and its potential operating profit. It costs stores a lot when they don't operate at their potential; the cost of finding and training more productive employees pales by comparison. When you consider the cost of hiring mistakes and the pain of working with a low-performing employee because you didn't make the effort to hire a more talented person, it just makes sense to invest in improving your staffing.

Hiring candidates who have the appropriate attributes to be successful—and ensuring they are fully trained and prepared to assume their assignment—is not only a wise investment, it's one that increases profits. But how do you do that? Here are four keys to increasing your staffing success.

Can the person do the job? Does he or she have the ability to learn as quickly as needed and possess the appropriate behaviors needed: drive, motivation, a strong work ethic, reliability and integrity? The good news is that there are reliable, accurate tools that can easily and accurately measure an applicant's attributes and benchmark them against top performers in the rent-to-own industry and your company.

Does this person want to do the job? Even potential employees who have the attributes and skills necessary may not perform up to their potential due to outside factors. Carefully verifying past performance—not just in one position with one person, but over an applicant's entire work background—will give you an excellent picture of what the individual will be like once he or she reports to work for you. Past performance is the best indication of future performance. And yes, you *can* uncover past performance.

Is this person a risk? Even a prospective employee with impressive past job performance can represent a risk. Since this employee will drive company vehicles, have significant contact with other employees and customers and especially because he or she will enter customers' homes, it is incumbent upon you to do your due diligence to ensure that the individual hired does not pose a potential threat. Failure to do background checks, check references, check motor vehicle history and conduct drug screening may not only cost thousands of dollars in damages, but can also risk your entire company.

Does this person have the skills? Once a hiring decision is made, the job of ensuring that the assignment is filled with a productive person



has only just begun. Even the most talented individual must learn about the rent-to-own industry, become familiar with the products and how to sell, rent and collect them. Managers and employees will fail to achieve their potential—and your stores' potential—if they do not get the necessary training.

Developing skills of employees is not an expense, it's an investment. Many worry about the cost of training, but a bigger concern is the profit drain from untrained, unskilled employees and managers. If you consider only the cost per hire, you're looking only at the tip of the "staffing iceberg." Innovative rent-to-own companies continually look for better ways to staff, which will

increase employees' productivity and their profits. The greatest cost is not being fully staffed with productive employees and managers. At the APRO Convention in July, we will share best practices and offer more ways to efficiently and effectively staff and develop employees. ✧

Wayne Outlaw is president of the Outlaw Group Inc. (www.outlawgroup.com). He is the author of the book *Smart Staffing: How to Hire, Reward and Keep Top Employees to Grow Your Company*. His organization provides staffing, training and consulting to help companies grow and increase profits. Contact him at 800/347-9361 or wayne@outlawgroup.com.

Participate in APRO's Staffing and Development Survey

Help us identify the staffing and development challenges rent-to-own dealers face and the best practices used to address these issues. Please complete our online confidential survey at www.OutlawGroup.com/APROSurvey.htm. The results will be shared only in summary form at Outlaw's APRO Convention seminars. The first five organizations to complete the survey will receive a free copy of Outlaw's book, *Smart Staffing: How to Hire, Reward and Keep Employees to Grow Your Business*.



It's About More Than Price

CREATING A BUSINESS PERSONALITY | BY LARRY MERSEREAU, CTC



Larry Mersereau will present two seminars at APRO's 2011 Rent-to-Own Convention and Trade Show: "Stand Out! Differentiate or Disappear: Branding Your Company for Success" and "The Media Conundrum: Using Marketing Dollars Wisely in Today's Economy."

As a customer, why should I choose you? Half a dozen other places offer rent-to-own deals in my town, some for a lower monthly payment than what you want for similar stuff. So what makes *you* so special? In a business where payment amount is such an influential factor, you can still stand out from the crowd of competing options. You do so by positioning your business consistently in your market and constantly reminding your target customer why you're different.

So the real question is: Why are you different? If you can't answer that in a few succinct words, you must be thinking the customer will come up with something on his or her own. Left to do that, a customer will always choose the store that's offering the lowest payment, even if it's a short-term introductory deal. If you don't position yourself, the renter or buyer will assume that your position is price-based. If you don't have the lowest price, you're not in the game.

Positioning is a two-part project. You have to understand your target customer and you have to understand your competition.

Why—other than price—are your typical customers coming to you now? Surely you have some degree of relationship with your repeat customers. It may be because you offer superior selection or the fastest delivery.

It may just be because they like your store's personality. Yes, personality is worth a lot. Most businesses don't give it much thought, but everyone who walks into your store immediately experiences a personality, an attitude. If they're comfortable with it, they'll stick around. If they don't like you, they'll turn on their heels and leave. Your signage, décor, color scheme, layout, how people are greeted—every aspect of your store should ooze a consistent personality. A little time spent planning and working with your staff can make a huge difference in the impression people get when they approach

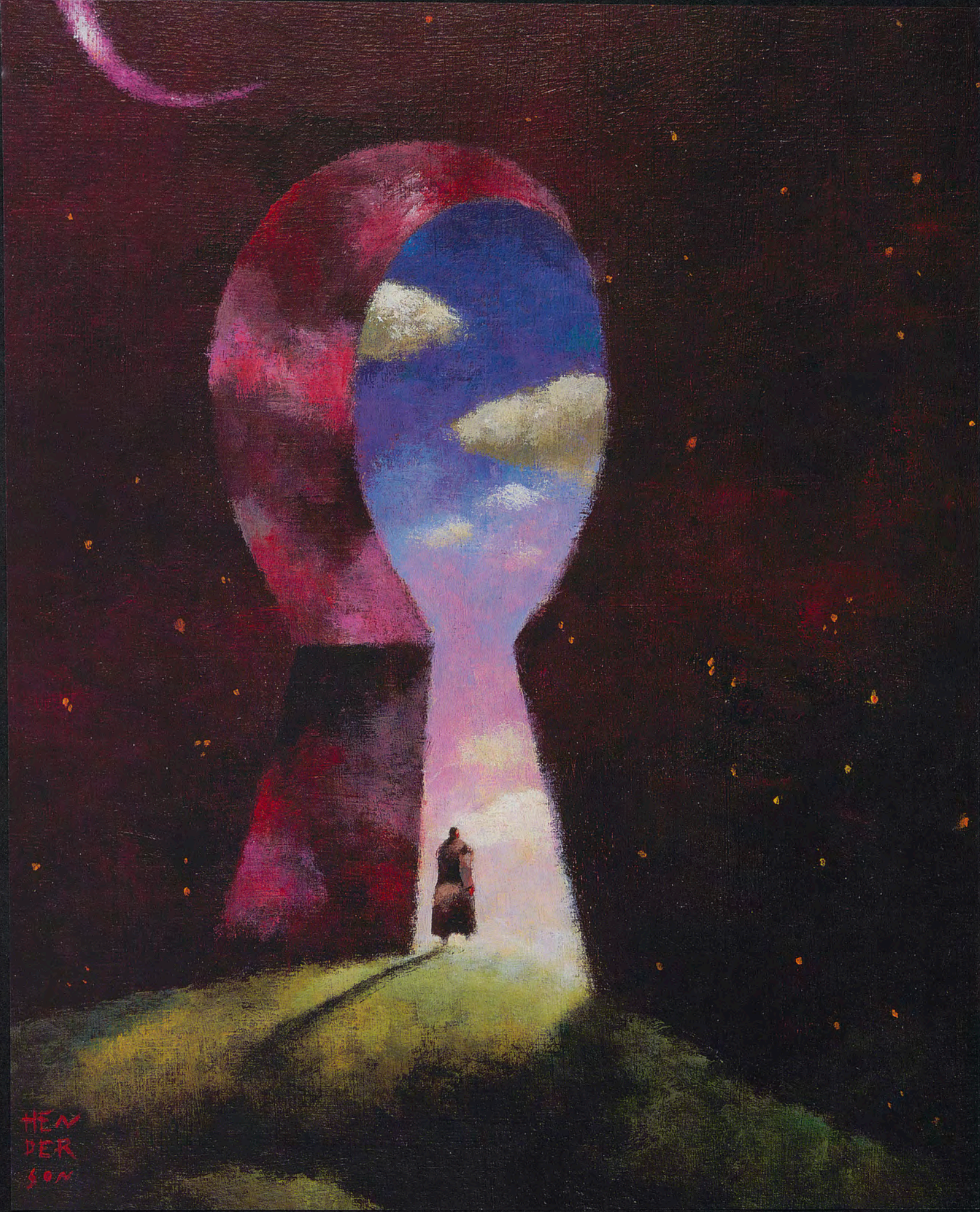
and enter your store. By the way, your website should reflect the same personality that your customers experience in the store. Continuity across platforms is important.

You also have to look at your competition. Most independent businesses don't do much to position themselves. That's why they compete on price. It's all that they have to lead with. But not you! You're going to look at all of your competitors closely and see what they're doing right and what they're doing wrong. Look from the prospect's point of view. If you were a prospect, what is it about each store that might attract or repel you? You don't have to beat competitors on every front—you just have to pick one where you can stand out from the crowd and make a big deal about it.

Let's say that you have the best selection in town. That translates into multiple options (and prices), faster delivery, saved shopping time and the ability to create bundles. Let's call it "whole-house service." What if you positioned yourself as the "Whole-House Rent-to-Own Store"? If you're the first in your market to use the term, you own it. You have now positioned yourself as something different from the other rent-to-own businesses in your market. They may have furniture and appliances for every room in the house, but they're going to have to convince every prospect that they are equal to the "Whole-House Rent-to-Own Store"—that's you—down the street.

You might be "First With The Newest Technology" or have "Shortest Contract Terms." Whatever it is, say it loud, say it proud and you'll stand out from the crowd. Otherwise, price is the only thing that's different—and it's hard to stay profitable playing that game. ✧

Larry Mersereau speaks to, and writes for, business leaders, marketers and sales professionals who want to expand and improve their organizations. For more information, visit www.PromoPower.com.



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The Babers and Strunks

BABER'S INC., PASCAGOULA, MISSISSIPPI, WWW.BABERS.COM

Blended personalities and families, laced with laughter, result in a recipe for rent-to-own success

By Kristen Card

Collectively, Shannon Strunk and his wife Cynthia Baber-Strunk have survived: the tragic death of a spouse; raising a four-child blended family; the devastation of their home and hometown by Hurricane Katrina; almost 10 years teaching high school biology; and almost 50 years of combined service in the rent-to-own industry. And they are still laughing.

Honestly, it's difficult not to chuckle along during a conversation with the couple. With the juxtaposition of Shannon's rapid-fire speech and Cynthia's deep-South drawl, and their convivial back-and-forth, it's hard not to smile—and easy to see how their partnership has succeeded and sustained.

The two came into rent-to-own only a year apart: Cynthia, a teacher by training, joined her father-in-law's company, Baber's Inc., in 1986 to help her then-husband, Barry, the firm's executive vice president. Shannon came to Baber's in 1987 in response to a newspaper ad seeking an account manager.

In 1989, an airplane accident ended Barry's life and began Cynthia's ascension within the company to co-presidency with her brother-in-law, both of them still under the guidance of Barry's father, James Baber. "Barry always said if anything happened, I needed to help run the business," Cynthia remembers. "Because I had the chance to learn from him, I was able to step in and fulfill many of his duties."

Meanwhile, Shannon was promoted to work at the Pascagoula home office and something clicked between him and Cynthia—at first, professionally, and eventually, personally. The two wed in 1993, joining her three children and his son into a Baber-Strunk half-dozen.

"We're opposites in many ways, it's amazing we work so well together," Cynthia says. "He's the great visionary; I'm the voice of reality. But even though publicly Shannon is more aggressive and I'm more subdued, when we're alone, we seem to think almost exactly alike."

Today, Baber's Inc.—bought by the pair following James Baber's death in 1999—boasts 52 stores in Mississippi, Alabama, Florida and Louisiana, as well as 11 Rent-n-Roll locations, two Furnish 123 stores, 16 check-advance locales, a collection agency and some developing commercial real estate.

Cynthia's eldest daughter, Lauren Baber Wood, serves as the company's comptroller, while her husband, Paul, oversees several of the Rent-n-Roll stores. Cynthia's son, Shane Baber, oversees the other Rent-n-Rolls, while his twin sister, Kristin Baber Pugh, acts as the firm's public-relations person and event planner, as well as assistant to Cynthia and Shannon. Kristin's husband, Parker Pugh, is developing the Furnish 123 concept for the family business, while Shannon's son, Christopher Strunk, recently joined Baber's as an account manager (just like Dad did almost a quarter-century ago). Additionally, Shannon's brother, Sheldon Strunk, has been the firm's vice president of purchasing for more than a decade.

At the heart of it all are Shannon and Cynthia, who have been working side-by-side for more than 20 years. "We work together in the same office," Shannon says. Then adds, half-joking, "She has to get up from her desk to throw a shoe at me, but she can do it." Yet, judging from their jovial banter, it's doubtful much footwear gets flung. "We're a working team," Shannon concludes. "We work all the time and we love it. It's our passion." *

Opposite page: front row: Hailey Wood, Lauren and Brayden Wood, Kaitlyn Wood, Christopher Strunk; middle row: Jenna and Addison Baber, Kristin Pugh, Cynthia Baber-Strunk and Shannon Strunk; back row: Shane Baber, Sheldon Strunk, Paul Wood and Parker Pugh



Man on the left: Dark blue suit, light blue shirt, brown shoes. He is leaning against the washing machine.

Man in the middle: Dark blue suit, light blue shirt, tan trousers, dark shoes. He is sitting on the dryer.

Man on the right: Light grey suit, light blue shirt, dark trousers, dark shoes. He is standing next to the dryer.

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The O'Rourke

O'ROURKE SALES CO., DAVENPORT, IOWA, WWW.OROURKESALES.COM

Tight-knit brothers bond in tragedy to build a family legacy in the distribution business

By Kristen Card

“Leo and Theresa O'Rourke had six sons: Jim, John, Joe, Jerry, Jeff and Jay,” begins one of the mentioned sons, Joe O'Rourke Sr. “We learned our work ethic growing up on a farm in south-central Iowa—it was family-centered, hands-on and no days off.”

It was 1963 when tragedy changed the O'Rourke household—and eventually, the family business—for good. Eldest son Jim was helping unload giant pipes off of a truck for a natural gas pipeline being built when he was critically injured. Following 18 months of hospitalization, Jim was a quadriplegic requiring constant care.

“We brought him home and knew we needed to generate some assets in order to give Jim lifelong care,” Joe Sr. remembers. “So three of us started up a little partnership called O'Rourke Bros. and we began selling CB radios—which Jim liked—at retail, installing and repairing them.”

Over the years, each of the six brothers worked within the company at some point. When their father died unexpectedly in 1972, its success became even more crucial as they undertook supporting their mother as well. The following year, O'Rourke Bros. incorporated as a distribution company, led by Jeff, Jim, Joe Sr. and Jay; another brother chose to continue the family farm, while yet another opted to open a car dealership.

Business boomed and the “O's” made a national name for themselves in wholesale big-dish satellite systems, expanding to 25 warehouses and opening their own finance company. By the early 1990s, they had evolved into small-dish satellites, televisions, appliances, computers and furniture—and the

firm was ripe for some fresh perspective. Serendipitously, Joe O'Rourke Jr., was graduating from college and seeking his career path.

“I had it in my mind that I wanted to work for a large organization, in a skyscraper with a corner office, the whole deal,” Joe Jr. recalls. “But during interviews, I found myself gravitating toward family businesses, because that's where I felt I could make a real difference.”

Finding no better family business than his own, Joe Jr. joined his father and uncles, forging his own professional identity by spearheading the company's entrée into rent-to-own.

Today, O'Rourke Sales Co. is a TRIB-Group-approved vendor and the country's largest rent-to-own supplier, providing HDTVs, computers, appliances, furniture and yes, CBs, to rental dealers nationwide and in Puerto Rico. The family leadership currently consists of Jeff, Joe Sr. and Joe Jr.; Jay was bought out of the business in 1997 and Jim died two years ago at the age of 67—a full life, especially considering that doctors gave him two years to live when he was paralyzed at the age of 22.

“No matter what was happening, either personally or professionally, Jim was always taken care of by his brothers,” Joe Jr. says. “He gave us all such inspiration in going above and beyond—the brothers' efforts to help him are an example, but also it's just who we are and what we're about as a family and as a business. I really feel that resonates with our customers.”

“Jim's motto was ‘Never, ever give up,’ and he never did,” brother Jeff affirms. “And we never did with the business, either. We had plenty of challenges, but we never gave up.” *

Opposite page: Joe Jr., Jeff and Joe O'Rourke Sr.





The Pannells

EBRO INTERNATIONAL INC., DBA COLORTYME, DEFUNIAK SPRINGS, FLORIDA

Tight tribal ties and close community connections keep this ColorTyme franchise family flourishing

By Kristen Card

Frank Pannell was making a good living with his Goodyear Tires business in his Florida-panhandle hometown. But when a fellow dealer revealed how he had replaced the tires in his showroom with rent-to-own appliances and televisions as a profitable sideline, Pannell's interest was piqued.

He tried it. He liked it. And within about a year, Pannell had connected with ColorTyme and was opening up his first store there in Defuniak Springs (population: less than 5,000). It was 1989; by 1991, Pannell had left the blimp behind and—with himself as president, his wife Georgia as treasurer and their son Richard as vice president—EBRO International Inc., dba ColorTyme, was underway.

Originally, Frank chose to franchise with ColorTyme because of the company's nuts-and-bolts: financing options, promotional support, product variety. But in the 22 years since, the Pannells have found greater reasons to stay with ColorTyme—such as the company's family-centered culture. "ColorTyme has always been a family-franchise system," Richard says. "It's not only a family-friendly company, but it's also structured to support a family feeling throughout the business."

Today, Frank and Georgia are spending their retirement raising cattle while Richard runs the family business—six stores in Florida, Mississippi and Alabama, and almost 40 employees. Five years ago, brother Ronald joined the firm as director of payday loans and his son Kevin manages the Opp, Alabama, location.

"The best thing about working with family is, partnerships come and go, but family is always family," Richard attests. "You can depend on each other to be honest and to be

looking out for the family, not just the business or just themselves."

The Pannells are a tight-knit pack, and they maintain the same sort of close connection throughout the company—extending from employees to customers and out into the smaller communities where they operate.

"Our associates appreciate that this is a family-run business and we tend to treat them like extended family," Richard says. "Whatever trials and tribulations people might face, we work with them to get through it. They understand that what they think and how they feel matters to us and that they're not just employees. They're part of us.

"And they treat our customers as part of that local store family," he continues. "We all genuinely care about our customers, because they're more than that. You grow up with them, you grow older with them, you know who they are and they know who you are. It goes beyond just a store/customer relationship; it's really much more like a dear friendship."

As the Pannell family continues to strengthen these now-multigenerational community bonds, Richard Pannell holds hope his own adolescent children will eventually want to get involved in the family legacy begun by their father and grandfather.

"For now, I want my kids to enjoy their childhoods. They'll have time enough to work the rest of their lives," Richard says. "I'm not going to force them into the business, but if they're interested once they're of age, there will be room for them. ColorTyme for us is going to be something that will carry on from generation to generation." *





The Roses

RTO INC., DBA BESTWAY RENT-TO-OWN, NORFOLK, VIRGINIA, WWW.RTOBESTWAY.COM

**Hearty roots
and breaths of
fresh air produce
rent-to-own Roses
with serious
lasting power**
By Kristen Card

“In today’s world, everyone’s got his or her own full schedule of activities,” muses Richard Rose, president and CEO of BestWay Rent-to-Own. “And when you put them all together, there’s very little time to spend with the people you care about that isn’t a planned function. So it’s a wonderful thing to get up every day and come to work knowing that I’m going to see my sons, eat lunch together and commiserate about mutual concerns. For me, it’s a big part of why I’m still interested in being here.”

Still interested after 27 years. Rose founded BestWay with friends Ed Jaffee and Jeff Loeb, opening their first store in 1984 in Norfolk. With Rose overseeing operations and Loeb dealing with the financial side of the business, the pair spent two decades raising a thriving, multi-state rent-to-own company.

Meanwhile, back in 1984, Rose’s sons Ron and Jonathan had just graduated from college and high school respectively. Ron, the elder, went to work for another firm for the next six years, while Jonathan went to college in Richmond, working at BestWay during breaks and summers. But ultimately, both sons returned home—to Norfolk and to BestWay. Today, Ron acts as vice president and Jonathan is COO. While Jeff Loeb continues as BestWay’s secretary/treasurer, he has retired from daily activities. Dad Richard is still in charge, but now plays a more strategic role, working on banking, insurance and leasing issues.

“We have the best of both worlds,” Jonathan says of his and his brother’s professional positions. “We have the underpinning, the structure and organization that Richard and Jeff built here and we get to modernize it for today’s work force.”

Indeed, in addition to the firm’s 19 rent-to-own stores, the brothers have helped diversify the business with three Rent-n-Roll locations, an auto-leasing dealership and a tax-preparation service. BestWay employs about 150 people (doubled during tax season), a number of whom have been with the company almost since the beginning. “There are definitely some key people who have been vital to our success and are a vital part of why we’re able to do what we do,” Richard affirms.

“We truly care about people and their families here,” Ron concurs. “It’s not contrived, it’s not fake. It’s real—and they know it.”

“It may be cliché, but it’s all one family here,” Jonathan adds. “Our longtime employees validate that.”

Richard believes that familial feeling is not unique to BestWay in particular, but is really an industry-wide phenomenon. “While rent-to-own deals with many high-tech products, it’s a low-tech business,” Richard explains. “It lends itself to people being known. We know our employees and they know our customers across generations. So the whole industry feels like it’s one family to another.”

For the Roses, it will remain all in the family for years to come. While the transition from father to sons is underway, none are rushing Richard’s retirement. They’re too busy—and too happy—sharing wisdom, ideas, an apparently inherited wry sense of humor and lunch.

“In the big picture, the development of our business and [the boys’] involvement in it has progressed in a good way,” Richard says. “They’ve become mature men with great capabilities and I have all confidence they’ll continue to move this company forward—maybe better than Jeff and I did.” He smiles. “Maybe.” ✱

Opposite page: Ron, Richard and Jonathan Rose

Who's Who in Rent-to-Own Electronics

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

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BY TROOPER EARLE, President/CEO
The Premier Companies

THE PREMIER® COMPANIES

Discover The Premier Companies—
Why We're Different!

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 proven model. Since then, we have more than 80 stores representing three of The Premier Companies' brands.

Why Franchising?

Many small business owners find it difficult to keep their doors open during tough economic conditions like we've experienced over the past few years. Franchising accounts for more than 825,000 businesses, nearly 18 million jobs, and generates over \$2.1 trillion to the U.S. economy!*

According to previous research conducted by the International Franchise Association (IFA) Educational Foundation, more than 90 percent of franchisees renew their agreements at the end of their contracts. On an annualized basis, 9% are not renewed due to termination or transfer to another owner due to a multitude of factors, such as retirement or death – neither of which has to do with the success of the businesses.

Clearly, franchise termination and transfer rates would be much higher if operating a franchise was not a prosperous way to make a living. Given that most franchise

contracts have a term of seven to ten years, the data indicates there is a much higher business continuation, or survival rate, among franchises than other small businesses.** One of the more appealing ways to get into franchising is to convert your existing Rent-to-Own business so you can take advantage of a proven concept and its systems, such as ours!

At Premier, we have "stacked the deck" to create a franchise environment that includes a top notch talented executive team with industry experience, a one-of-a-kind online training program for all dealers and employees, and renowned, ongoing on site field training and seminars. And finally, we have our annual Dealer Convention and Mid-Year Dealer Retreat!

Marketing & Technology Together

One important tool that The Premier Companies have created (in-house) focuses on our dealer's ability to track their marketing programs and their effectiveness. Being able to provide our owners with timely information on the results of their marketing dollars and advertising campaigns is key, especially in today's economy. Premier has the technology to not only allow dealers to enter their marketing plan online and track the dates that they run, but it also shows up on their online calendar as soon as they log in on their computer! We're in the process of adding the technology to also track the number of deliveries during a particular marketing promotion or advertising campaign whether it is traditional or non-traditional marketing. The results will increase the effectiveness of informing dealers on what is working and what is not, allowing them to build their marketing plans more effectively and efficiently.

CORE VALUES

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



Jim Ratner
Premier Franchisee

Human Resource & Payroll Services

Finding the right health and medical insurance provider has been a challenge in the franchise industry. A program that will allow owners and their employees to take advantage of a shared

benefits program is rare. The Premier Companies is different by providing its dealers another unique and rare full service Human Resources Company that provides all the elements within a Human Resources Department under one roof!

PRPMG (a Premier affiliate) manages the owner's payroll, their health benefits and our online training program. This allows our dealers the ability to focus on running their business while PRPMG takes care of the rest! Jim Ratner, co-owner of three Premier Rental-Purchase stores in Maine, has this to say about PRPMG: "PRPMG takes the HR headache away from the dealer so they can focus on the core tasks of our business; renting, collecting and servicing our customers. They have added a new feature, pre-employment physicals, which will help us avoid costly workers

compensation claims. The program will make sure prospective employees are physically capable of doing the job."

Most small business owners are not large enough to afford this type of opportunity for themselves and their employees. The Premier Companies is very proud to be able to offer such a program to its dealers!

Training

Continuing to "stack the deck," The Premier Companies offers its owners a unique online training system, Premier University. With training modules for each and every job position within a Premier store, including owner's modules, these training sessions are broken down by job title. Each owner has the ability to customize his stores training requirements for every position and monitor the progress of their employees throughout the certification process.

Sales Training is one of the modules frequently used by dealers. These modules will take the employee through different sales situations and test their scores in the end. Our owners are very happy with the results and the opportunity to have such a valuable resource available to them! Their employees get the appropriate training to improve their skills, while the owner gets the benefit of more sales, satisfied customers and better success! "The

support and resources Premier has to offer today is phenomenal!" says Matt Baker, Premier Rental-Purchase owner in Covington, GA. His store employees have been taking advantage of the training modules in Premier University since its inception. All

his employees completed the initial training and they are currently being set up with monthly required training programs. "The employees find this a great tool especially compared to the training text manual I had. The online training and videos are more interesting while assisting the staff to earn their Premier Degree."



Matt Baker
Premier Franchisee



Calvin Cooksey
Premier Franchisee

Operations

Most franchise systems offer the typical operations support. At The Premier Companies, we have an Operations Field Support Team to assist dealers with their day to day operations.

We consider ourselves to be quite different from the rest as we also provide dealers the opportunity to meet one-on-one with myself, John Darden (Franchise Operations) and Jim Upchurch (Financial Operations) for a Financial Workshop in our Williamsburg, Virginia corporate office. We review and discuss not just how the dealer is running their business, but strategize how to put more money in the dealer's pocket. Calvin Cooksey, Premier Rental-Purchase owner in Sarasota Florida, recently attended the Financial Workshop. "Anyone thinking they might attend a Financial Workshop should go and probably should have attended one already!" states Calvin after walking out of the workshop with a new plan built according to his goals. He will also have coaching from a Franchise Support Consultant and Franchisee Liason to be sure he's staying on track with the plan that he and the team developed.



Shawn Newman
Premier Franchisee

There are various reasons that a dealer may want to meet with this talented team. Maybe a dealer is struggling in their business and wants to turn it around to be more profitable. Or, they may possibly be looking to open multiple locations and wants to be sure their current store is on track prior to doing so. Shawn Newman, Premier Rental-Purchase owner in Harrisburg, PA, made the trip to Williamsburg because he wanted to gain insight on how his store is doing in comparison to others in the industry. "I was able to not only have them review my business as a whole but I got ideas to streamline my marketing. I plan to spend more marketing dollars to be more efficient and reach markets I'm currently not getting" says Newman. "The

entire experience of having these industry experts review my business with me was enlightening". The Premier Companies is very proud to offer this kind of assistance to its dealers.



John Darden
Premier Operations

Please Join Us

There is no better time than now to learn about The Premier Companies' franchise concepts and how we differ within the industry! The Premier Companies invites serious prospects to attend a

day long informational Open House to learn about Premier Rental-Purchase, Premier Home Furnishings, Premier Wheel Workz and Premier Auto by Rent. We're excited to offer this opportunity for franchise prospects to hear from each brand's presidents. This allows prospects to learn about The Premier Companies and ask questions of these top executives. Premier offers its dealers the flexibility to run their own business while providing a wide variety of support and resources such as those mentioned above. Premier currently has 80 franchise locations throughout the United States and is currently seeking to grow the Premier Family in key markets.

This unique opportunity to learn more will be held on August 19th at the Gaylord Texan Hotel in Grapevine, Texas one day prior to Premier's Dealer Retreat. Interested prospects must pre-register for this free event. Contact Nancy Kravitz at NancyK@premierrents.com for more information.

Discover how ownership with The Premier Companies can work for you! ★



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.

*Source: IFA's Economic Impact Study (2005)

**Source: IFA Education Foundation Research Study

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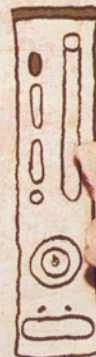
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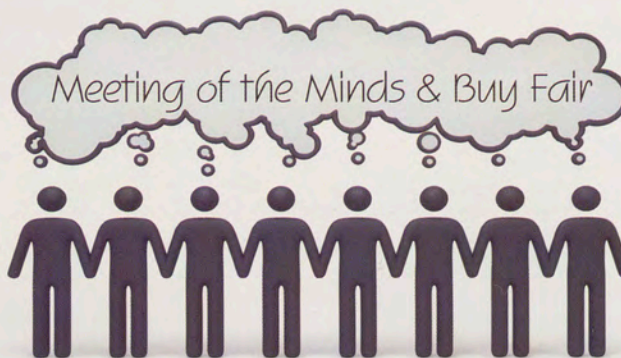
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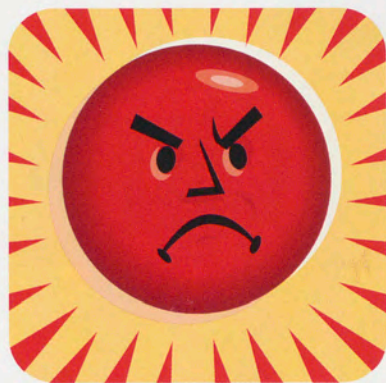
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Was It Really Worth It?

She had never been in a rent-to-own store and, if you had asked, she would have said, "I won't go there. Their prices are too high." But, as it happens, she decided that she needed a 32-inch flat-screen for the bedroom, was in the neighborhood and had seen a flyer in the paper the day before, so she did go in to check the place out. It was close to the grocery store and not far from where she lived.



The store manager noticed her in passing when she came in and thought privately, "She looks a little cocky. I hope she's not going to be trouble down the line." She perused the wall of televisions, which was well laid out, and talked to a salesperson who was reasonably knowledgeable about the features and benefits of the various models on display. The customer was particularly interested in the 90-days-same-as-cash offer

prominently displayed on banners throughout the store. The salesperson agreed that the 90-day deal "makes a lot of sense."

She filled out an application and signed an RTO agreement for a used flat-screen with terms of \$62.50 every two weeks for 24 weeks. The cash price for the television was \$750 and the total rent-to-own price was \$1,500.

She made payments as regularly as clockwork—five of them, anyway. "Every time it was my payment date, the store would call me twice on the day that was my due date and ask, 'Are you going to come and do the payment?' and I'd say 'Yes.'" She says that when she came in to make her fifth payment, she asked specifically when the 90 days was up and people in the store told her the 25th, although the company disputes that anyone ever said that.

In any case, she came back in on the 25th with the balance of the cash price, \$438, intending to pay off the account on the TV. When she walked up to the counter, she was confronted by a couple of store employees who laughingly told her that the 90 days had expired the day before, on the 24th. In truth, the rental agreement clearly sets forth

the expiration date of the 90-day deal as the 24th. Store employees told her that now she would have to pay another \$281 on top of the \$438 to exercise her early-purchase option to own the television.

Understandably upset, she fumed for a moment and then left, telling the people in the store to come collect the television. That might have been the end of it—one more unhappy, disappointed, dissatisfied customer—but it wasn't. The store picked up the television that afternoon and then called her the next day to inform her that the TV had been scratched while she was renting it and that she owed the company \$200 for damages and repairs. She insists, by the way, that the television was used when she got it, that it already had some scratches and that any additional scratches were attributable to normal wear and tear.

The demand for more money sent her through the roof and off to the newspaper and the local TV station. Now the story is on the Internet, along with a news report on television, and nobody can calculate how much negative PR the store has generated.

Sometimes rent-to-own draws the black bean and gets negative press through no fault of its own. The damage here—and there is some, to be sure—seems to have been self-inflicted. It is certainly true that the store had every right to stand by the terms of its agreement and it is certainly true that the 90-day deal did in fact expire on the 24th and the customer either knew or should have known it. What the store did was perfectly legal. It is also true that now this store is on the Internet and not in a positive way, nor does the report enhance the image of rent-to-own in general. The store lost one sale and \$438 in revenue that day, for sure. We may never know whether that store or others lost additional revenue because of what people have read on the Internet or seen on the TV news.

Read this story at your next managers' meeting and ask your employees what they would have done. Cross your fingers when listening to the answers. *

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

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