

Talley Leasing Co.



In Italy, it is said that all roads lead to Rome. In rent-to-own, all roads go back to

Ernie Talley

IT'S BEEN SAID THAT IN ITALY, ALL ROADS LEAD TO ROME. IN RENT-TO-OWN, IT SEEMS, ALL ROADS LEAD BACK TO ERNIE TALLEY.

OTHERS HAVE CLAIMED THEIR SHARE OF THE CREDIT FOR SHAPING RTO INTO THE FAIRLY SOPHISTICATED INDUSTRY THAT IT IS TODAY. CHUCK SIMS HAS BEEN CALLED A GREAT INNOVATOR WITH REMCO'S EMPHASIS ON QUALITY PRODUCTS AND PEOPLE. TOM DEVLIN, WITH THE COMPANY STOCK OFFERING AND THEN NEARLY \$600 MILLION SALE OF RENT-A-CENTER, PUT RTO ON THE MAP FOR GOOD. AND THERE ARE OTHERS WHO MADE IMPORTANT CONTRIBUTIONS TO THE INDUSTRY ALONG THE WAY.

.....

BY

JOHN GORMLEY

All seem to have one thing, or rather one person, in common: J. Ernest Talley. The 56-year-old Arkansas native is the proverbial fountainhead of rent-to-own. He began building the first chain of RTO stores in the 1960s, sold them and got out of the business by the mid-'70s, and re-entered rent-to-own as the 1990s began.

Nearly every major dealer who has contributed to furthering the rent-to-own industry sprang forth from Talley's employ. This elite group includes Devlin and Sims as the most recognizable members — and also names like Bob Hardesty, Bud Holladay, Mike Kent, Gene Ash, Dan Rudden and Bill Klopp.

They all served their apprenticeships under Talley and later became either owners or members of top management for other RTO companies.

"You could legitimately call him the godfather of the business," said Rudden, a former Ernie Talley disciple who today oversees ColorTyme's 50-plus corporate stores. "Mr. Talley gave me the opportunity to get started and I've always appreciated that. I'm sure a lot of people feel the

same way.

"What happened after we left was always up to us," Rudden added.

The foundation has remained solid for those who graduated from the Mr. T's school of hard knocks.

"Ernie created a ton of entrepreneurs," Sims said. "He had either the ability to attract or develop, I'm not sure which, but he spawned a bunch of successful entrepreneurs — probably more than anybody I know."

Talley's first business was a retail appliance shop in Wichita, Kan. Although it is unclear just who first tried rent-to-own, Talley is responsible for the first widespread use of RTO in the late 1960s. It was out of necessity, since creditors had stopped the practice of making small loans to Talley's customers for the purchase of washers and dryers. Talley found RTO to be viable, and expanded that part of his business outside Kansas. The first stand-alone RTO store was in Tulsa, Okla., and it didn't take long before his Mr. T's stores were opening in parts of the Midwest

CONTINUED ON NEXT PAGE

Career chronology: J. Ernest "Ernie" Talley

1950s

- J. Ernest "Ernie" Talley and his brother Willie, who is 15 months younger, graduate from Western Grove High School near Harrison, Ark.
- The older Talley brother goes to Wichita, Kan., where he has relatives. Ernie attends Wichita State University and works part-time for Boeing aircraft.
- He becomes a small partner with a cousin in a retail appliance shop. After a year or so, Talley starts his own appliance and television business.

1960s

- Talley is responsible for opening the first RTO store — in Tulsa, Okla. Chuck Sims, Talley's young general manager, oversees the expansion of the Mr. T's chain of rental stores.
- Talley hires winners. Besides Sims, people like Tom Devlin, Bob Hardesty and Gene Ash join the Mr. T's operation. Others, including Dan Rudden, Mike Kent, Bill Klopp and Bud Holladay, come on board as well.

1970s

- By this time, the rent-to-own concept is established as viable. Talley's RTO stores have expanded into the Midwest and, even more widely, the South.
- Talley's organization is the precursor to modern-day RTO companies. The corporate hub remains Wichita. A sophisticated company newsletter keeps store personnel in touch with what's happening throughout the Mr. T's network.
- 1974. At the height of Mr. T's success, Talley decides to sell the chain of 14 stores to his former GM, Sims, who uses them to form the foundation for his Remco empire. Meanwhile, Talley invests in real estate — mostly apartment complexes.
- In 1976, Talley is elected to the first of two consecutive terms in the Kansas House of Representatives. He believes that business people are some of the best candidates for providing voices of reason within government.

1980s

- Circa 1980. Talley is a guest speaker before a meeting in Dallas of RTO dealers who are organizing a national trade association. As someone with experience as an elected politician, he tells APRO's founders — which include former employees Holladay and Sims — about the need for business owners to organize politically.
- After Talley's stint in Kansas politics is over, and since much of his real estate holdings are in Texas, Talley and his family move to Dallas. Younger brother Willie, who has built a successful RTO career of his own, is in nearby Athens, running ColorTyme.

1990s

- As the new decade begins, Ernie Talley has returned to rent-to-own — in two different ventures. He is a partner of the Vista rent-to-own chain, with stores in New Jersey and Puerto Rico. He's also co-owner, along with son Mike, of Talley Leasing. Talley Leasing provides appliances to apartment owners and, in some cases, directly to their tenants under an RTO plan.

and the South.

"Through trial and error he came up with a lot of practices that started an industry," said Devlin. "It (rent-to-own) would never have been there if it wasn't for Ernie Talley in the beginning. And he had the hardest part. It is much easier to take something and refine it and make it better than it is to start it."

Talley clearly has a mind for business. He is remembered as a good salesman and numbers man who also had a knack for effective advertising, but his people skills have been questioned by a few former employees. Some say he could be cold. Others disagree, saying he was merely business-like at all times.

One thing all agree on: Performance was the bottom line. Consistently poor performance meant you didn't work for Ernie Talley very long.

Holladay recounts the legend of the totem pole, which apparently struck fear in the hearts of Mr. T's workers. "Sales meetings for Ernie's rental managers went much like the meetings for the retail guys," said Holladay. "He used to have a little wooden 'totem pole' with wood likenesses of managers stacked on it, totem-fashion. The manager who was last that month was literally on the bottom of the totem pole, which occupied a prominent place right on the table throughout the entire meetings. They said the bottom guy was automatically fired, but I never witnessed that."

However, if you did produce under Talley you got relatively little interference from the boss. "You could ... grow dramatically because he gave you so much freedom and latitude," Devlin said. "If you were any good at all you really could flourish and do very well in his organization."

But don't get the idea that Talley left his employees to sink or swim without some kind of buoy. According to Sims: "One place where Ernie didn't short-change things was training. He invested a ton of energy in training and developing people." Mr. T's also had a fairly sophisticated company newsletter, which was rather progressive at the time.

"He was real open as far as he gave

you the tools to work with and he let you do it," Rudden confirmed. "He was of course profit-conscious, but he'd always give us the P&L statements. You always knew how you were doing. Ernie didn't hold anything back. And he believed in creating change ..."

In 1974, Talley underwent a big change. He sold his Mr. T's chain of 14 rental stores to Sims, his general manager. Sims went on to build his Remco empire. Talley got out of RTO and invested in real estate, mostly apartment complexes.

During this interim, Talley also got involved in politics. In 1976, he won election to the Kansas House of Representatives, where he served two terms. He even spoke at the first real APRO meeting in Dallas, circa 1980. As someone with experience as an elected politician, he advised APRO's founders on the importance of organization in political and legislative affairs.

In this way, Talley had an influence on the early focus of rent-to-own's national trade association. It didn't hurt that he could relate to APRO's founding dealers. After all, he was once one of them. More than that, he was the former boss for a few, like Holladay and Sims.

It's been 18 years since Talley sold Mr. T's. So what is Ernie Talley doing these days? He is involved in the rent-to-own business again — interestingly, in two different ventures. Talley is a partner in the 18-store Vista RTO chain, with locations in New Jersey and Puerto Rico. He is also co-owner with son Mike of Talley Leasing, a service company in six major cities: Atlanta, Dallas, Denver, Houston, Phoenix and Tampa. Talley Leasing provides appliances to apartment owners and, in some cases, directly to their tenants under an RTO plan.

While Sims' Remco developed televisions as the product mainstay and Devlin's Rent-A-Center took the risk to make furniture a profitable RTO addition, forerunner Talley made a name for himself in the '60s and '70s with appliances.

Now that it's the 1990s, Talley is staying with an old staple. He maintains a Dallas warehouse full of high-quality white goods — the inventory for his apartment service business,

Talley Leasing.

Since he has gotten back into rent-to-own during the last couple of years, Talley has considered the differences and similarities of modern RTO compared to the old days. Surprisingly, he says he doesn't see "a lot of changes. It's been dressed up some."

The basics of rent-to-own remain the same as they were 10 and even 20 years ago, Talley believes, although there's one key area that he realizes is different today. Financing.

"I don't think the lenders will ever

(again) give the kind of loans, the big loans, that some of them have over the past 10 years," he said. "So dealers are going to have to get their debt down. I'd suggest that they try to get their debt down to no higher than depreciated assets."

Clearly, Talley has remained conservative. That's true in business as well as politics, where his stint as a state legislator yielded some interesting insights. Based on his experiences, he thinks the business world

CONTINUED ON NEXT PAGE

Ernie Talley

Developed the first rent-to-own chain, Mr. T's. In 1974, sold the company to his general manager, Chuck Sims. Talley recently got back into the RTO business.

Tom Devlin

Talley's most successful former pupil. The cofounder of industry giant Rent-A-Center, Devlin helped make rent-to-own a legitimate part of the business world.

Chuck Sims

Sims used the 14 stores he acquired with the purchase of Mr. T's as the foundation for building his Remco empire. Sims made great contributions to the development of RTO.

Bud Holladay

Formerly a dealer and now a vice president for Alreco, Holladay has made a difference. He rallied RTO dealers to form their own national trade association, APRO, in 1980.

Bob Hardesty

Today he's the largest independent rent-to-own dealer in the United States, with close to 100 stores. He started his career as a delivery man for Ernie Talley back in the '60s.

Dan Rudden

Rudden currently oversees ColorTyme's corporate stores, which number between 50 and 60. He was a member of the Mr. T's management team during the early 1970s.

Mike Kent

Kent served as a vice president and regional manager in Talley's Mr. T's organization back in 1972. In 1992, Kent runs his own 11-store chain of rent-to-own stores in Florida.

Gene Ash

Ash currently resides in Virginia Beach, Va. He was one of the first to leave the Mr. T's nest, opening his own New Orleans store in 1967. He and Kent later became partners.

Ernie Talley's 'family tree.' A number of former pupils branched out on their own.

Graphic by Joel Matthews

Continued from previous page

attracts smarter people in general than the political world. Still, he acknowledges that it can be tougher to break into politics. He uses this analogy: Few businesses ever achieve 50 percent market share, but to get elected to public office you've got to get 51 percent of the vote.

"If a lot of business people would get involved (in politics) it would make a difference," Talley said. "There's a great need for people with business backgrounds. A lot of them (politicians) just don't quite have the mentality to understand the circumstances of their actions."

Talley's actions have caused good results, at least for the once-fledgling business that has evolved into a full-fledged industry. He will probably best be remembered for the people he once tutored: the Devlins and the Sims and the Hardestys. These people developed modern-day RTO.

Ironically, they have ended up teaching their former master. Because Talley, after an almost 18-year hiatus, has returned to rent-to-own. Perhaps all roads lead back after all.

PR

John Gormley is APRO's director of communications and editor of Progressive Rentals.

Ernie Talley started an industry 30 years ago. How did rent-to-own begin? Where has Talley's path led him? What are his beliefs? We'll let him provide the answers.

Uncle Ern

BY NOW, YOU'VE ALREADY READ SOMETHING ABOUT J. ERNEST "ERNE" TALLEY. BUT THE PICTURE YOU'VE BEGUN TO FORM OF HIM HAS BEEN FILTERED THROUGH THE INTERPRETATIONS AND WORDS OF OTHERS.

LET'S GIVE HIM THE OPPORTUNITY TO TELL HIS OWN STORY IN THIS EXCLUSIVE, ONE-ON-ONE INTERVIEW WITH *PROGRESSIVE RENTALS* ...

PROGRESSIVE RENTALS: *Tom Devlin, Chuck Sims, Bud Holladay, you know, guys like that, say the original rent-to-own concept came from Ernie Talley. There is a rumor that Mike Kent sold an appliance to a customer and after the appliance was delivered, it was discovered that the customer's credit was denied. So you tried to figure a way out of this dilemma.*

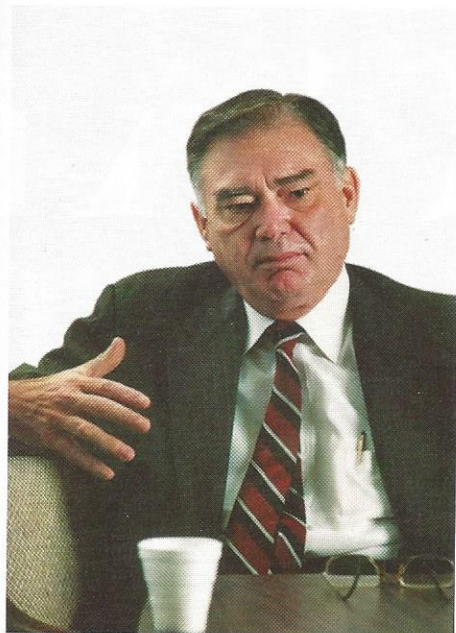
TALLEY: I don't really think we started

like that. In that business we sold the paper to Borg Warner and General Electric. We had a high percent of turn-downs. But I wanted to do something for those people, so we would take them to our used department and say, "Suzie, we have this and we can let you have it for a down payment of \$20." We tried to figure out a way to get those people some merchandise since the lenders wouldn't approve their credit. All we had to do is figure out a way to collect and handle the account and

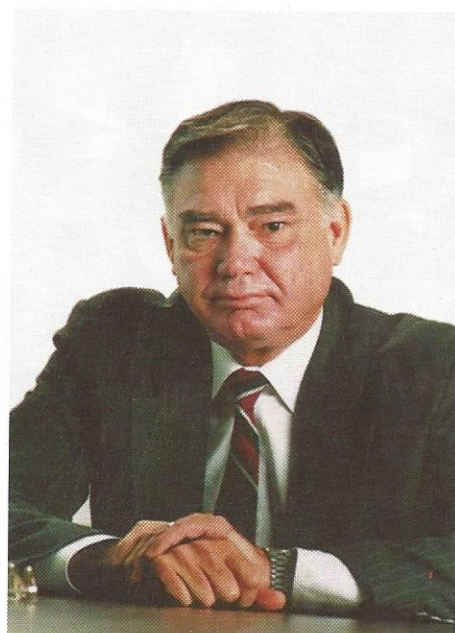


Photo by Tony R. Bennett

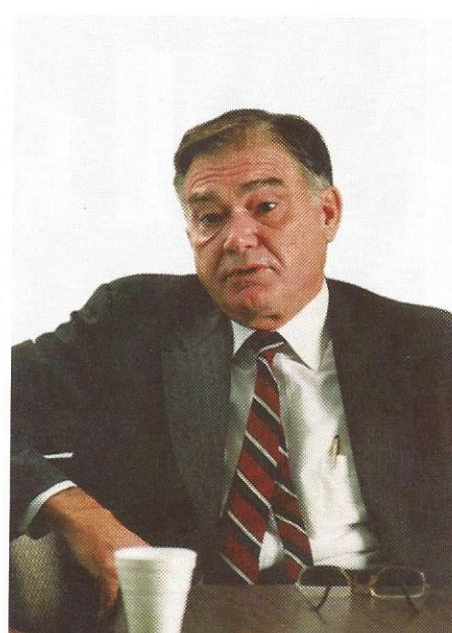
Ernie Talley found success in appliances, after opening up his first retail shop in the 1960s and later discovering the RTO option.



"We set up a department in the back room of the appliance store. From there on, we referred our customers who couldn't get financing to that department."



"I think you ought to have an independent person shop Sears for an appliance or any rent-to-own product ... we found ours to be only 15 percent higher."



"If there's something that isn't working, you've got to change it. You can't wait around. I never waited, and Tom (Devlin) probably didn't either."

we could go ahead and give them merchandise.

We set up a department in the back room of the appliance store. From there on, we referred our customers who couldn't get financing to that department.

Then one day I said to Chuck, "You know, we might be able to make some money. Why don't you go to Tulsa and open up a rental store?" Since Chuck was one of my best salesmen, I knew he could handle the business. He did and business was pretty good. From there, we took it to Oklahoma City and it worked there, too.

PROGRESSIVE RENTALS: *When you started expanding your chain of stores, it was with the RTO concept?*

TALLEY: We didn't know what the word RTO meant, for sure. But yes, when we expanded out of Wichita, it was not as a retail appliance store, but as a rental appliance store.

PROGRESSIVE RENTALS: *Look what rent-to-own has become today. It's a \$3.5 billion-a-year business. RTO has certainly filled a void in the marketplace.*

TALLEY: Yeah, it's a terrific deal for our customers. If it wasn't for rent-to-own,

they wouldn't have much, would they?

PROGRESSIVE RENTALS: *Consumer advocates charge that rent-to-own prices are much too high. How would you answer their charges?*

TALLEY: I think you ought to have an independent person shop Sears for an appliance or any other rent-to-own product. Recently, we compared our prices to Sears and found ours to be only 15 percent higher than theirs. If a Sears customer has to let the appliance go back, it's going to ruin their credit. There's a hell of a lot of difference there, and I don't mean the dollar amount.

PROGRESSIVE RENTALS: *Tom Devlin told me that it is easier for someone to build on a concept than it is to create a totally new concept, like rent-to-own.*

TALLEY: We created it and Tom, Chuck and some of the others dressed it up. Legally it was a nightmare, but marketing really wasn't that tough. There really weren't that many big hurdles. We just took one step at a time, took what we learned, and immediately made whatever changes were necessary, and then we'd start doing that. You know, we'd say this isn't working and then we would say,

"Okay, let's do it this way." I could be out riding in a truck with an area manager in Houston and get an idea, and say, "Boy this will work." So I'd call my secretary and have her send a memo out to all my people. New ideas were developed like that and the information was conveyed to the entire management team. And we would roll on.

PROGRESSIVE RENTALS: *Sounds like shifting on the fly.*

TALLEY: Yeah, we could make a little change and have it out there working real fast. And, usually, we had all the guys back in the office on Saturday mornings and we would meet and get everything rolling to take off with the next week.

PROGRESSIVE RENTALS: *Successful businesses are those that can react quickly to any change in the market.*

TALLEY: Yeah, you've got to. If there's something that isn't working, you've got to change it. You can't wait around. I never waited, and Tom probably didn't either. If you think a new way will work better than the old way, go out and try it or have one of your people go out, and roll.

CONTINUED ON PAGE 30

Life with Ernie in the '60s, '70s

Photo courtesy of J. Ernest Talley



This photo of the Mr. T's management team was taken in the summer of 1972. Notables include Tom Devlin, bottom row left; Ernie Talley himself, two over from Devlin; Bud Holladay, middle row directly above Talley; Mike Kent, to the immediate right of Holladay; Bob Hardesty, top row far left; and Dan Rudden, top row far right.

ERNIE'S RETAIL APPLIANCE STORE IN WICHITA, KAN., IN THE EARLY 1960S WAS KNOWN FOR AGGRESSIVE PRICING AND A WILD CREW OF SALES PEOPLE. WHEN ERNIE WOULD NOTICE A SALESMAN NOT HUSTLING, HE'D GIVE HIM A HANDFUL OF NICKELS AND TELL HIM TO "GO NEXT DOOR AND PLAY PINBALL — YOU'RE IN THE WAY HERE."

.....

Usually, Ernie just transferred bad managers to some backwater hole where they couldn't do any worse than the previous manager. It was so hard to lose money in rental in those days that just showing up took care of 90 percent of the problems.

An oft-repeated tale of how rent-to-own really got started in the Midwest involved Ernie's retail sales manager, Mike Kent (now operating National TV Rentals in Florida). When Ernie was on a vacation, Mike allegedly sold a washer to a person who didn't qualify for financing, but nobody found out until the machine was already in the customer's house.

So Mike set him up on a "rent-to-buy" deal that he invented on the spot

BY

BUD HOLLADAY

and they took off from there. This may be pure fiction, but it makes a terrific story (sort of like RTO itself).

Ernie's managers used to convene in Wichita and compare numbers. He only wanted profit and units on rent. Nobody called it BOR then, I believe. He was one of the first to provide managers with monthly P&Ls and pay them on profit. If you didn't make profit, you didn't make money.

Ernie had a knack for letting good people run with the reins and they always produced. Others complained he was too demanding. At every meeting, at least one manager would get mad and quit in front of everybody; the rest would just get a fresh cup of coffee and go on with the meeting. It was no big deal. And the stores always seemed to run as usual.

Mr. T's ad agency once came up with a great idea. This was about 1970 or so. They printed up tens of thousands of beautiful bumper stickers advertising MR. T's. However, nobody told them none of our customers had cars. So we put the stickers on buses, telephone poles and even on the backs of merchandise. In

CONTINUED ON PAGE 46

Continued from page 27

PROGRESSIVE RENTALS: *You were always big with TV ads and had an emphasis on your products, right?*

TALLEY: Yeah, we started with TV in Baton Rouge. That was always a good little market. Tom (Devlin) was the store manager and Bud (Holladay) was his boss. At first we were doing mostly radio. As we got larger, Bud convinced me that we should have an agency do our commercials featuring the quality of the products. Then, as now, the production quality of TV commercials was very important.

PROGRESSIVE RENTALS: *Did you spend much time out in the field in those early days?*

TALLEY: Yeah, I did a lot of what I call "curbstone evaluating." I'd go work with a guy for half a day, stop for a sandwich and say, "You know, you did this good, you didn't do this right; here's how you do it." And, I always felt like I was being real helpful. It always worked for me.

PROGRESSIVE RENTALS: *Tell me about the "totem pole" sales meetings.*

TALLEY: Rankings have always been a big deal with me. I think having a rankings system is a big motivator. It started back in the appliance business. During the summer we would have a lot of salesmen and in the fall I had to cut back. My program was pretty simple; I mean, I said, you know, the three low men go. I don't place as much emphasis on lows now as I do the highs. Obviously, the low person may not be around next year, but you've got to put a lot of praise on the top.

PROGRESSIVE RENTALS: *Chuck Sims has said that you've had the best graduating class to come out of any rent-to-own dealer's organization. Chuck believes you must have some innate ability to attract and develop excellent entrepreneurs.*

TALLEY: Well, I tested all prospective employees and only hired quality people. Then I gave them the best training I could provide.

PROGRESSIVE RENTALS: *Fascinating. You were really good at hiring people.*

TALLEY: Well I put all of my people through a personnel test before we hired them. Once they passed it, then I went to work on training them.

PROGRESSIVE RENTALS: *What skills*

did you test for?

TALLEY: The test I used, and still do, was developed by Associated Personnel. The test was developed by taking a profile from actual presidents of a number of large companies. So in using this test, you can set criteria of how close prospective employees come to that profile. Their test results give me a good idea about their management abilities. You can talk to a guy for a half a day and you still don't know much about him. But my test tells me, you know, real fast. It works. We've introduced that system at Vista and it's turned our profit around.

PROGRESSIVE RENTALS: *Does the test tell you anything about their ability to solve problems?*

TALLEY: Oh, yeah, it rates their ability to use logic. It must have 10 or 12 categories. Obviously, to get a decent score, they have to do pretty well in all categories ... helps you cut out all the real dumb and far-out guys, who aren't going to learn.

PROGRESSIVE RENTALS: *Interesting, very interesting.*

TALLEY: Devlin took it, well everybody took it. Tom did good on it, by the way. Obviously.

PROGRESSIVE RENTALS: *You grew up in Arkansas. What attracted you to Wichita, Kan.?*

TALLEY: I left Arkansas when I graduated from high school and moved to Wichita. I had relatives there and wanted to attend Wichita State University. Also, back in those days, aviation was the booming industry, and Boeing Aircraft employed 30,000 people in Wichita. And that also attracted me to Wichita.

PROGRESSIVE RENTALS: *So that's where you started?*

TALLEY: I was working for Boeing when my cousin moved to Wichita and opened an appliance business. I went in with him as a minor partner and a salesman. I was with him a couple of years before going into business for myself. During those eight years I had my retail appliance store, we developed a good business with rentals. I sold the appliance business and crossed over to the rental business.

PROGRESSIVE RENTALS: *I understand that today, you own several apartment*

CONTINUED ON NEXT PAGE

Hardesty's one of more successful Mr. T's grads

BY

JOHN GORMLEY

HE'S AT HIS DESK, FEET PROPPED UP, PORING OVER THE LATEST NUMBERS. HE IS DRESSED IN A JOGGING SUIT INSTEAD OF A BUSINESS SUIT. THE CHOICE OF ATTIRE IS EXPLAINED BY A STAFF "ACTIVITY DAY" SET ASIDE FOR OUTDOOR RECREATION — AN AFTERNOON SOFTBALL GAME AT NEW ORLEANS' CITY PARK.

.....

Bob Hardesty is a hands-on dealer and he does it all, even though he probably doesn't have to. After all, he started out in the ranks of front-line workers. Hardesty has been manager at virtually every level of a rent-to-own operation. And he knows an RTO company is something that can quickly slip away, if you're not careful.

Hardesty's ritual of going over the reports is interrupted when his secretary ushers me in and reminds him of the scheduled interview. He doesn't remember the appointment, but stops what he's doing anyway and begins telling his (RTO, at least) life story.

Hardesty is a product of the Mr. T's school of hard knocks. Hardesty worked for Ernie Talley during the late 1960s and early '70s — formative years for RTO.

"There was a lot of respect," replied Hardesty when asked about his relationship with Talley. "One thing he allowed me to do was present my thoughts and ideas about what could happen in the rental business."

Starting as a delivery man in the 1960s, Hardesty made his way up the ranks in Talley's organization and, by the mid-'70s, was a dealer working for himself. He is part of a distinguished Mr. T's graduating class that boasts alumni like Chuck Sims, Tom Devlin and Bud Holladay.



Bob Hardesty started out as a delivery man for Ernie Talley. Today, he's his own boss with nearly 100 stores.

Today, Hardesty is the largest independent RTO dealer in the United States, with 96 stores in 13 states comprising his Renters Choice chain. Along the way he forged a business relationship with another Talley, Willie, the head of Athens, Texas-based ColorTyme and Ernie's brother. Hardesty was the largest ColorTyme franchisee, reportedly accounting for more than 30 percent of the company's franchise income, but broke away last summer. He was also a stockholder in ColorTyme Company Stores.

"I became a franchisee as well as a stockholder at ColorTyme, with the expectations of doing something profitable on that end," Hardesty said. "It doesn't work for multiple-store owners — the franchise doesn't. It is not beneficial for the major player because you're doubling so much of your expense."

A classic case study on the making of an entrepreneur, Bob Hardesty's

CONTINUED ON PAGE 46

Continued from previous page

complexes and lease appliances to your renters? That seems like a terrific off-shoot.

TALLEY: The name of the company is Talley Leasing. Really, my son runs it. It's mainly leasing washers and dryers to apartment owners. It's not rent-to-own; it's a service business much like the rental of furniture is to apartment owners. It's really not rent-to-own. We service apartment complexes in six cities.

PROGRESSIVE RENTALS: *Talley Leasing is a larger enterprise than I thought.*

TALLEY: Yeah, I mean it's kind of interesting. You start doing business with a guy that owns apartments in Dallas and then he wants you to service his apartments in Houston and so you go there. Then he says he's got some apartments in Phoenix and wants you to go there. The business kind of builds itself because our customers in one market want us to service them in their other markets.

PROGRESSIVE RENTALS: *How did you get started in this business?*

TALLEY: Well, since I owned apartments and did rent-to-own, it is an idea that has worked pretty well. At one time, I owned 4,000 units.

Another off-shoot that we're testing now is leasing washers/dryers to owners of apartments, where they have hookups. We've found some owners were saying it's too much trouble. So we came up with the idea of advertising to the residents in these apartments to call us about our rent-to-own program. We expanded our test marketing to a larger area in September. But it's too early to tell if we will open this up to a broader program.

PROGRESSIVE RENTALS: *Are you only leasing appliances, or are you considering leasing other traditional rent-to-own products?*

TALLEY: Oh, no, we're testing TVs, stereos and refrigerators to see how it goes. It will be a while before we can determine the success or failure of this.

PROGRESSIVE RENTALS: *In addition*

to Talley Leasing, you're involved with another chain of RTO stores?

TALLEY: Yeah. When I got out of the real estate business, I looked around for something else to do. I made contact with a rent-to-own firm in Wichita by the name of Vista and decided to buy in as a silent partner. You know, I didn't want to be very active in the business. As it turned out, after about 90 days, I decided that either the partner should go or I should go. So I wound up buying out the partner. The home office is next door and I get reports daily on the operations. I probably visit the stores every six months. We have 18 stores in New Jersey and Puerto Rico.

PROGRESSIVE RENTALS: *When you sold Mr. T's to Chuck, you entered politics. Tell me how that happened and what motivated you.*

TALLEY: Well, when I got out of rent-to-own, I was paying 70 percent taxes and was pretty frustrated with the government. So, I asked myself what can I do about that. Well, what I could do about that was to run for office, get elected, and do what I could. I went to see my state representative and asked him to let me know if he ever decided not to run for reelection. Within a few months he called me and said he was going to run for the Senate, and asked me if I wanted to run for the House. And I did. The principals of getting elected to office work pretty much like business. The only difference is, on election day, you've got to get 51 percent of the market. Forty-nine percent is no good.

I served two terms as state representative in Kansas. It is pretty frustrating once you're there. Government just doesn't have enough business people. It's a slow process. During my second term, though, I served on the Ways and Means Committee, so I had more input on the state's budget, as well as the universities. I had more fun that term, trying to hold down the state's total budget. More business people should get involved in elective offices ... It's not that complicated, you've just got to make the effort. I served two terms, beginning in 1976. After two terms, I came back home. Once again, I got frustrated, this time with my school district. So I ran for the school board and got elected. At least I didn't have to travel very far on that one (laughs).

But you really can make difference if you get involved. If a lot of business people would get involved it would make a difference. There's a great need for people with business backgrounds (in government).

TRIB

The Rental Industry Buying Group Now over 750 Stores

TRIB stands for "The Rental Industry Buying" Group. With over 750 stores nationwide, TRIB provides its members with chain store buying power, enabling us to combine lower prices with personal service. This means better quality merchandise and more value for our preferred customer.

"In a rapidly growing, highly competitive market, dealers need all the savings they can get. The TRIB Group gives us the buying clout to successfully compete with the larger rent-to-own chains."

— Ron Sowers

Discount Rental, Kansas City, Missouri

For more information, contact:

John Blair

TRIB Group

3180 Presidential Drive, Suite F

Atlanta, Georgia 30340

(404) 451-4302 FAX (404) 451-4312



"TRIB + YOU = PROFITS"

APRO Associate Member since 1983

PROGRESSIVE RENTALS: *I bet serving in elected offices provided a real education of a different sort.*

TALLEY: Yeah, probably the biggest misstatement ever made is when someone says all politicians are alike. There are a lot of very good people in politics and a lot of smart people in politics. But there are a lot of dumb politicians and there are some that are not so good. It's very hard for a voter to tell back home.

PROGRESSIVE RENTALS: *Did you know that APRO's executive director, Bill Keese, and our director of government affairs, Ron Waters, are both former Texas legislators?*

TALLEY: Well that's why they're so active. That's good. That experience is great for the association because they understand politics and that's important for our industry.

PROGRESSIVE RENTALS: *The major problem in the rent-to-own industry today is financing. What do you think RTO dealers can do to help themselves in this environment?*

Spectacular Offer!

NOT 1, NOT 2, BUT...
A SET OF THREE
BRASS LAMPS
FOR

\$59⁹⁵



SAVE \$

BUY DIRECT! #36011 3-Pack

DANIEL LAMP CO.

3611 W. Cermak Road
CHICAGO, ILLINOIS 60623 U.S.A.
Tel. (312) 521-1000
FAX (312) 521-1008

TALLEY: The best thing they can do is work hard in improving their financial statement, and start cultivating new banking relationships.

This financing problem is going to last a while. The fact is, in my opinion, a lot of the rent-to-own stores are over-financed. They have too much debt and it was given to them, I think, based on what rent-to-own stores sold for a few years ago. This debt thing has to get back down to earth. This means to grind it out with the stores and work on getting debt down rather than working on putting in new stores.

PROGRESSIVE RENTALS: *Several dealers I've talked with have credited you with giving them the confidence to get in there and start developing themselves.*

TALLEY: I'm one who believes in giving all the numbers to all the personnel and getting them involved from the ground up as far as budgets, overhead and everything else. That tends to help them later in life, for sure. But it also helps me in the meantime because they understand the how's and the why's of producing good statements. I suppose that after they did that for awhile, all they needed was to go out, get the money and go into business, knowing everything I know.

PROGRESSIVE RENTALS: *These same dealers told me that once you had a certain comfort level with them, you would let them go and do their job the way they thought they should.*

TALLEY: After all, if they could produce a good bottom line, why should I be in there messing with them that much? I could go and spend my time on something else.

PROGRESSIVE RENTALS: *Chuck told me that Ernie Talley would chip away the ice for you and let you jump in.*

TALLEY: (Laughs) Yeah, I believe in leadership ... When I sold to Chuck, I knew that here's the one guy that can take this and run it with it and make these payments. People can do a lot more than they think they can do, if they are encouraged, you know.

PROGRESSIVE RENTALS: *How do you feel about being the fountainhead of this whole industry?*

TALLEY: Oh, I've never really thought about it one way or another. I think it's great that the industry has grown like it has.

PR

LOW-COST RENTAL AGREEMENT FORMS

APRO now has low-cost rental agreements that comply with all state laws for regulated and unregulated states as well as computerized and non-computerized stores. These forms are three-part, NCR, 8 1/2 x 11 and may be used on continuous-feed printers and are available to members and non-members alike.

To order forms for your store, simply fill out the form below or call Hilde Parker at 512-794-0095. Please specify the state(s) you need.

The cost per form is 15¢ for members and 20¢ for non-members. Min. order: 500. ✂

Yes, I would like to order _____ forms.

The total amount for this order is \$ _____

Name _____

Phone () _____

Company _____

APRO Member? _____

Address _____

City _____

State _____ Zip _____

☐ My Check is Enclosed

☐ Or Charge My:

☐ MasterCard

☐ American Express

☐ Visa

Account Number _____

Exp. Date _____

Signature _____

Clip Out and Mail To:

APRO

Association of Progressive
Rental Organizations

6300 Bridgepoint Pky. #305

Austin, TX 78730-5016

(512) 794-0095

FAX (512) 794-0097