

Rent-to-own franchises



Rent-n-Roll LLC, dba Rent-n-Roll Custom Wheels and Tires
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Tampa, FL 33613-1420
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Type of rent-to-own business: Wheels and tires

Company-owned stores: 7

Franchise-owned stores: 51 are in the works

Expansion plans: Seventy locations will be in place by the end of the year. The goal is to be at 175 operating units by the end of the decade.

Type of franchise owner they're looking for: Larry Sutton, the founder of Rent-n-Roll Custom Wheels and Tires, believes he has found the “cream of the crop” of the people who have RTO experience. He’s been actively pursuing top performers in the traditional franchise world—those interested in developing markets and those who are “single store guys.”

Why they're different: “We didn’t invent the business obviously, but we kind of originated the franchise part of it,” says Sutton. “We beta site test everything in our own stores before we roll it out to franchisees. We’re very into the business—by owning the business ourselves, we try a lot of innovative things and the things that work, we bring to the franchisees. The things that don’t, we don’t.” He also cites his team’s history in RTO and that they are always working “tirelessly to improve our services. Our marketing department is creative—always coming up with new ideas—and we listen to our franchisees and focus on doing more of what they want.”

What they'll do for you: Everything you’d hope they would do. “Franchisees can focus on their business and not have to worry about vendor and business relationships,” says Sutton. “We’ve already established those on their behalf. We also have a media buying service. We can take of planning and promoting their business, so they can focus on renting and selling, and we can take care of the rest.”

License master franchise rights: Yes—occasionally

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: Yes

Active franchisee advisory board: Not currently

Net worth of candidate: \$250,000

Franchise fees: \$25,000

Royalties: 4 percent

Advertising co-op: 1 percent



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Aaron's Sales and Lease Ownership
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Type of rent-to-own business: Furniture, electronics, appliances, computers

Company-owned stores: 865

Franchise-owned stores: 450

Expansion plans: Approximately 250 stores in the pipeline to open in the next three years; they're averaging selling 50 stores every three months.

Type of franchise owner they're looking for: A team player

Why they're different: This is a major-sized operation. It's arguably what every small competitor eventually aims to be. As Aaron's CEO Ken Butler says, stressing that he's not trying to sound arrogant, one of the benefits of an independent changing their operation into an Aaron's is that "you keep one less competitor out—and you have a lot of name brand recognition."

What they'll do for you: "We think we bring a lot to the party," says Butler. "Our system is tight. Ten years ago, when we got into franchising, I would have said that I could tell the difference between a franchised store and a company store. Now, I can't."

License master franchise rights: Yes

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: No

Active franchisee advisory board: Yes. It's called the Aaron's Management Team. Butler says that there are 16 people on the board. Eight of them franchise owners, who rotate on and off the board.

Net worth of candidate: In excess of \$250,000

Franchise fees: \$20,000–\$150,000, depending on what type of store you're looking for

Royalties: 6 percent

Advertising co-op: No. "We have the right to do a co-op, but that leads to a lot of malcontent," says Butler, whose company nonetheless gets national advertising out there for Aaron's.



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Type of rent-to-own business: Home furnishings

Company-owned stores: None, though in late 2007 or 2008, company-owned stores will begin opening

Franchise-owned stores: 48, but 60 expected by the end of the year

Expansion plans: In the next two years, Premier expects to exceed 100 stores. Plans are eventually to be everywhere throughout the United States and, within a few years, Canada.

Type of franchise owner they're looking for: Seasoned operators.

Why they're different: For financing, they'll negotiate with your bank, rather than hooking you up to their bank. They feel that they tailor their franchise program more to the individual, rather than fitting a square pegged individual into their rounded hole.

What they'll do for you: Tailoring everything so that the individual shifts the focus from "I'm paying you to take care of my business and if it fails, it's your fault" to you participating in the decisions and are responsible. Our dealers have choices," says CEO Trooper Earle.

License master franchise rights: Yes

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: No

Active franchisee advisory board: No. There is a marketing advisory board and a purchasing board.

Net worth of candidate: It theoretically can be zero, because they use SBA funding and guidelines.

Franchise fees: \$20,000

Royalties: 3 percent

Advertising co-op: \$100 per month per location



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Type of rent-to-own business: Furniture, appliances, electronics

Company-owned stores: 0

Franchise-owned stores: 275

Expansion plans: “We are always looking to grow,” says Pat Sumner, director of franchise development and financing. “We have no stores yet in the states of Iowa or Nebraska. I have a lot of openings in Tennessee.” And yet, ColorTyme is represented in the far-flung states of Hawaii and Alaska. As Sumner says, “We go where people want to go.”

Type of franchise owner they’re looking for: No slackers need apply, but other than that, Sumner seems pretty open-minded. Ideally, he says the right candidate will have experience as a multi-unit manager.

Why they’re different: There are great arguments for having company stores, but Sumner makes a compelling case for not having them. “Usually, with franchises, it’s the tail wagging the dog, but we strictly focus on the franchisees.”

What they’ll do for you: A lot, according to Sumner, citing things that the company can help with, such as accounting, payroll processing and human resources. They’ll help out with 100 percent of the inventory financing and store opening assistance, including the installation of everything. They’ll do extensive training. And because Rent-A-Center is the parent company, ColorTyme has a lot of buying power. “We have combined buying power along with 3,500 stores,” says Sumner, who notes that if you don’t have enough inventory, “you’re dead in the water.”

License master franchise rights: Yes

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: Yes

Active franchisee advisory board: Yes. It has 10 members; six are franchise members with two stores or less. People are elected for two-year cycles, and there is never the same 10 people every year.

Net worth of candidate: At least \$100,000, but the company will try to match you with a partner program who will invest in the franchise if you don’t have the capital needed.

Franchise fees: \$25,000, though you can get up to a \$10,000 discount if you have 10 years’ experience. The discount is based on the number of years the candidate has been in the rent-to-own business.

Royalties: 5 percent

Advertising co-op: \$250 flat fee per store. An actual co-op is up to the stores, depending on the region. ColorTyme will help set it up if the franchise owners want one.



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Type of rent-to-own business: Furniture

Company-owned stores: 195

Franchise-owned stores: 1

Expansion plans: The sky is really the limit. The company, based in Toronto, opened 28 new corporate stores across Canada in 2006 and is planning on adding 21–24 corporate stores as well as an undetermined number of franchise locations in both Canada and the United States in 2007. Total corporate expansion in 2008 is anticipated to be 20–25 new locations.

Type of franchise owner they're looking for: "Someone who has RTO experience would be welcome and definitely someone who has an entrepreneurial spirit," says President and CEO David Ingram. Ingram is looking for franchise owners ready to build a multi-store territory as opposed to building it one location at a time.

Why they're different: Ingram's company is loaded with experience, but it's new at the franchising game and he likes that. "When you're younger and not the biggest company; you can have the sense of urgency and speed to try to be as big as the biggest. I think you can be more nimble and adapt and change without it being a huge expense," says Ingram. But while the franchising part is new, Ingram stresses, "We are going to be bringing the marketing expertise and creativity, retail background, a rent-to-own background and we have a management team with a history of bringing in double-digit revenue growth and disciplined P&L management." In addition, the company's master franchisor in the United States, Bud Gates, has an extensive background both as the former CEO of Rent-A-Center and THORN Americas and as a RTO franchisee. This provides potential franchisees with a wealth of experience to draw upon as well as a potential source of financing.

What they'll do for you: Training, training and training—in Toronto. And then support, support, support. "We're really looking for them to execute the business we've already built," says Ingram. "They'll use our IT system, our HR system, supplier base, marketing tools—we'll give them pretty much everything to open and be on track from day one."

License master franchise rights: Yes, Bud Gates has these in the United States

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: No, but they will

Active franchisee advisory board: No, but they will

Net worth of candidate: As we are doing territorial franchises, we will look for a reasonable combined net worth of any group, but the amount will depend on the size and location of the market as well as the development schedule to build out the market. By the time someone nears completion of their development, their first stores will be providing substantial cash flow to help fund development.

Franchise fees: \$30,000

Royalties: 3 percent of gross revenue in year one and 5 percent of gross revenue thereafter

Advertising co-op: To be set up



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www.premierhomefurnishings.net



Type of rent-to-own business: Furniture

Company-owned stores: 0

Franchise-owned stores: 5

Expansion plans: The eventual goal is to be licensed or have the ability to franchise in all 50 states.

Type of franchise owner they're looking for: Someone who thinks innovatively, with a strong background in either RTO or the retail furniture market.

Why they're different: Being new, the company is hungry and eager to work with potential franchisees. Being part of an experienced team of the Premier family, these are people you want to have in your corner.

What they'll do for you: Everything—but only if you want them to. President Jim Schebler offers an example: “We have advertising people for your store, but you don't have to use them. If you want to use somebody else for your advertising, then you have got the opportunity to use them.” Schebler says that “there's only one way to make a McDonald's burger,” but at Premier, “we offer a little bit more freedom while giving good guidelines to follow and quality control guidelines, which is key for us. These are guidelines, but each operator still has the right, the opportunity and the freedom to run the business as they see fit.”

License master franchise rights: Yes

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: Yes

Active franchisee advisory board: No. There is a marketing advisory board and a purchasing board.

Net worth of candidate: Like Premier Rental-Purchase, it theoretically can be zero, because they use SBA funding and guidelines.

Franchise fees: \$35,000

Royalties: 3 percent

Advertising co-op: \$100 per month per location



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866/629-7467 or 801/532-5108
www.discoverrimsfranchise.com



Type of rent-to-own business: Rims and tires

Company-owned stores: 2

Franchise-owned stores: 6, although stores 7 and 8 will be opening soon

Expansion plans: "Our company philosophy is to grow the program as quickly as we can and not lose focus and sight of the most important thing, which is to ensure the profitability of the franchisee," says Tyner Reeves, national operations director.

Type of franchise owner they're looking for: Failing amazing wealth and years of RTO and franchising experience, you at least need to bring one of the above to the table.

Why they're different: They're especially pleased with the company's automotive training.

What they'll do for you: Among other things, they work closely with some major vendors, like American Tire Distributors, which has about 80 warehouses nationwide. "Our franchise owners can have product delivered twice a day to the store, if they want," says Reeves. Reeves also stresses that there are no hidden charges and no profit taking when the franchise owners buy through their distributors. "Our goal is to make the franchisee as successful as possible," he says.

License master franchise rights: Yes

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: Yes

Active franchisee advisory board: Not yet, but down the road

Net worth of candidate: \$300,000–\$500,000

Franchise fees: \$35,000

Royalties: 5 percent

Advertising co-op: 1 percent. As the franchise matures, that may go up.



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 FRANCHISING**

Type of rent-to-own business: Wheels and tires

Company-owned stores: 19

Franchise-owned stores: Two opening up any day now.

Expansion plans: "I'll answer that question to you, the same as I tell Ken Butler, my boss," says Todd Evans, vice president of franchising for Rimco, who is referring to the CEO of Aaron's. "I can't tell you how many franchises we'll have three to four years from now, but everyone that we do have, will be successful."

Type of franchise owner they're looking for: A self-starter with some experience and maybe a few battle scars.

Why they're different: All the benefits of a giant corporation and all the freedom and flexibility of a franchise that's just getting started.

What they'll do for you: "We're taking the same successful business model that we're using at Aaron's and applying it to Rimco," says Evans. "Franchising work is parallel to all others in the industry. Whether you're changing oil at Jiffy Lube or squeezing out yogurt at TCBY or flipping burgers at McDonald's, the business of franchising your business is the same."

License master franchise rights: No

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: Yes

Active franchisee advisory board: Not yet, but for now, they can rely on Aaron's advisory board

Net worth of candidate: Minimum of personal tangible worth of no less than \$450,000

Franchise fees: \$35,000

Royalties: 6 percent

Advertising co-op: Not yet, but eventually it'll be one half of 1 percent for ad product and 2 percent for actual advertising



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www.premierwheels.net



Type of rent-to-own business: Wheels and tire rims

Company-owned stores: No

Franchise-owned stores: 10 co-branded stores

Expansion plans: Five a year for at least the next five years

Type of franchise owner they're looking for: President Scott Savell has an open mind, sharing how he's dealing with an investor in Florida who "has no rent-to-own experience or tire experience, but he's excited about the concept and after looking at everything out there, he chose us." And so Savell has made it work. "We get the whole gamut from rental guys to wheel guys who don't have RTO experience to guys who have their own automotive service business and this is simply a good supplement to what they're doing. They already have the equipment, so this is much like a Subway sandwich shop going into a convenience store. It adds to what they're already doing." And thus, says Savell, "We go after the guys who have an entrepreneurial spirit about them."

Why they're different: Don't let the fact that there is no company-owned store fool you. With the parent company being the Premier Companies, the management team knows what it is doing. What is also unusual is that while the franchise can be a stand-alone store, it can also co-brand with already existing RTO stores. So, if you want to add another revenue stream to your business, you can do that without leaving the building.

What they'll do for you: They'll teach you everything they know and, according to Savell, that's a lot.

License master franchise rights: Yes

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: Yes

Active franchisee advisory board: Not yet. For now, they rely on the expertise of the parent company's board of directors, a group of people swelling with franchise and RTO experience.

Net worth of candidate: \$100,000, which might include your house or investments, says Savell. You don't have to be Bill Gates, but clearly, no deadbeats need apply.

Franchise fees: \$25,000

Royalties: 5 percent

Advertising co-op: flat rate of \$100 a month



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www.wheelworkz.com



Company-owned stores: 1

Franchise-owned stores: 2

Expansion plans: Wheel Workz just signed a contract with a new company, now called Southern Wheel Workz LLC, which has an area agreement to open up 25 stores over the next five years throughout Florida, Brazil, Panama and throughout the Caribbean; also, a third franchise-owned store will be opening in Nashville, Tennessee, soon.

The type of franchise owner they're looking for: Someone who loves cars, has the financial backing to buy into the franchise and who has a lot of enthusiasm for the business.

Why they're different: "I think we have more of an all-inclusive system that contains sales, service, repair and rent to own," says Ingram. "If you compared us to other rent-to-own stores that sell a few tires and wheels, we're probably a tire-and-wheel store, which is complete with sales, service, repair and that also does rent to own." In fact, a typical Wheel Workz store sells product 75 percent of the time and rents the rest. The concept also aims for wealthy and affluent customers as much as anyone else, points out Crenshaw, saying, "We're a destination for high-performance vehicles." Ingram notes that the company slogan is: "Where athletes and stars bring their cars."

What they'll do for you: It runs the gamut, from sales to shipping. "We take a lot of the guesswork out of it," says Ingram. "We take away the learning curve." Crenshaw elaborates: "Anyone can learn this business in two or three years, but through us, you can be an expert in two or three months."

License master franchise rights: Yes

Selling primary multiple store location agreements: Yes

Selling franchise agreements for just one store: Yes

Active franchisee advisory board: "No, but we will have," promises Dale. "That's very important to us."

Net worth of candidate: \$500,000

Franchise fees: \$30,000

Royalties: 5 percent

Advertising co-op: 2 percent



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Type of rent-to-own business: Custom wheels and performance tires – rent-to-own and retail

Company-owned stores: Two

Franchise-owned stores: Three will be open by the end of 2007

Expansion plans: Our plan is to build our franchisee community in selected markets throughout the United States through individual location and territory licenses.

Type of franchise owner they are looking for: Ideally, our franchise candidates will have successful direct RTO management experience or a clear understanding of the dynamics of RTO. They will possess an entrepreneurial spirit, will appreciate the franchisor-franchisee business relationship and have the financial wherewithal to start and build a successful Rent 'N Go business.

Why they're different: Simply stated, we strive to be the very best at everything we do and are committed to the concept of continuous improvement. Our franchisees will be overwhelmed with the service and support they receive from company personnel and suppliers.

What they will do for you: Everything we ever promise to do and when we say we will do it, starting with the very first contact with our candidates through our continuing relationship.

License master franchise rights: Yes, we will consider territory development contracts with qualified candidates.

Selling primary multiple store location agreements: Yes.

Selling franchise agreements for just one store: Yes.

Active franchisee advisory board: Not yet, but one is planned.

Net worth of candidate: This amount varies depending on a number of considerations.

Franchise fees: \$35,000, initial fee.

Royalties: 6 percent of sales.

Advertising co-op: 1 percent of sales for the development of marketing materials and for system marketing support.



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