

Closing the Agreement

Renters Choice Training Video # 7

MUSIC up

GRAPHIC: Renters Choice -- An Opportunity as Good as You Are

MONTAGE: Production outs :30

GRAPHIC: Closing the Agreement

MUSIC out

DISSOLVE to

IN-STUDIO: Two-shot Bob & Lety -- Bob is dressed in a three-piece pin-stripped suit and his side of the set is decorated with an American flag on a stanchion and a framed and autographed photograph of Lance Ito.

Lety

Hi! Welcome to Closing the Agreement. Today, we're going to talk about how to take the last step in the rental sales process and sign the customer to a rental agreement. But before we get into it, I've got to find out why Bob is dressed like this.

(To Bob)

Bob, you scrub up pretty nice, but why? Why the suit?

Bob

Well, Lety, whereas a duly executed and legally binding compact and/or the writing or document embodying said same does constitute, ipso facto, a state of concord between the party of the first part, herein and forthwith referred to as the lessor, and the party of the second part, herein and forthwith...

Lety

Hold it! Hold it right there! I think you lost me and everybody else along about the ipso part. What are you trying to go for, Bob?

Bob

Oh, about \$400 an hour is considered reasonable and customary.

Lety

Ok, I get it. You figured that closing the agreement was all about provisions and clauses and fine-print legalese, right?

Bob

That is, a priori, a reasonable representation of the position...

Lety

And so you thought you would emphasize the legal-eagle attitude you figured it takes to be effective at closing agreements by posing as a lawyer, right?

Bob

Well, for the record, I must emphatically and with due diligence remit that I am not, de jure or in any material sense, presenting or representing myself in any way to be...

Lety

Bob?

Bob

Yes?

Lety

What do you call a thousand lawyers chained together at the bottom of the ocean?

Bob

What?

Lety

A good start. Closing agreements is not about trying to be F. Lee Bailey. In fact, it's the very opposite; it's about explaining the agreement to the customer in the clearest, simplest language possible. A lawyer wouldn't have a clue how to do that.

Bob

You sure I couldn't talk you into a nice habeas corpus clause?

Lety

Not even a Santa clause! Now why don't you loosen your tie before you lose any more blood flow to your head and join me in telling everybody what closing the agreement is really about?

Bob

(loosening his tie)

Well, ok, I was getting a little light-headed. Ah! That's better. Now then, now that we're talking plainly, let me ask you a question, Lety. In the tape on The Rental Order, we said that the reason we don't close agreements in customers' homes is because we want to make sure they're able to make it into the store to make renewal payments. But is that the only reason?

Lety

No. In fact, there are other reasons that are equally important. Experience has taught us that closing in the store, removed from all the distractions of the customer's

home, results in a much clearer understanding of the agreement and many fewer problems down the line. And fewer problems means longer rentals.

GRAPHIC: Closing in store:

- Clearer understanding
- Fewer problems
- Longer rentals

Bob

And longer rentals mean a higher return on your rental selling efforts. So explaining the agreement clearly enough to prevent misunderstandings is very important. Let's break it down: First, of course, you need make sure the customer understands the rental program options under the agreement. Make sure that the customer understands what it means to rent to the full term, how to exercise the early purchase option and how the straight rental option works.

GRAPHIC: Explaining the

- Rental Program Options

Lety

Next, make sure the customer understands the payment amounts, due dates and term of his or her agreement.

GRAPHIC: Explaining the

- Payment amounts
- Due dates
- Term

You must also make sure the customer understands

- that renewal payments are due in advance
- that late payments are NOT acceptable
- that the agreement expires unless renewal payments are made on time

- and that a reinstatement fee will be required to re-activate an expired agreement.

It is vitally important that the customer understands these items clearly. This is where misunderstandings are most likely to occur, and misunderstandings in these areas are the ones most likely to result in customer dissatisfaction. So go slow -- and make sure the customer understands completely.

GRAPHIC: Explaining the

- Pay in advance
- NO late payment
- Agreement expiration
- Agreement reinstatement

Bob

The customer also needs to understand what our responsibilities are under the agreement and what his or her responsibilities are. Our responsibilities are the responsibilities of ownership. We are responsible for keeping the product functioning, by providing no-cost service and no-cost loaner units, and for paying the taxes on the unit.

GRAPHIC: Explaining the

- Keep the product functioning
- No-cost service
- No-cost loaners
- Pay the taxes

The customer's responsibilities are to:

- pay the renewal fees in advance,
- keep the unit secure,
- perform any routine maintenance that might be required, such as cleaning the heads on a VCR or the coils on a refrigerator,

- and to notify us of any changes in their address, place of work or phone number, in advance if possible.

GRAPHIC: Explaining the

- Pay in advance
- Keep it secure
- Perform maintenance
- Notify us of changes

Lety

After you have explained these things, ask the customer if he or she has any questions. Don't ask if he or she understands. Nobody likes to admit they don't understand. Asking for questions is much more effective at uncovering misunderstandings.

GRAPHIC: Explaining the

- Ask for questions

Then, to confirm that the customer understands, we always ask the customer to verbalize his or her understanding of the agreement. Ask the customer to tell you his or her understanding of each item specifically. Don't just ask, "Can you tell me your understanding of what we've agreed to?" Ask: "Can you tell me the amount of the renewal payment?" "Can you tell me when payments are due?" "Can you tell me the term of the agreement?" This is done in an effort to pre-empt misunderstandings and reinforce the customer's sense of commitment. The time taken to do this right will pay big dividends in how easy the account is to manage later on.

GRAPHIC: Explaining the

- Confirm understanding

Bob

If you're renting to a couple, you must get both of them to sign the agreement. This maximizes accountability and gives us more recourse in the event of non-payment. And each customer must present a picture ID to us in order to close the agreement.

GRAPHIC: Explaining the

- All parties sign
- Picture ID

Lety

As an integral part of explaining the agreement, even if you do it after all parties have signed, is to encourage the customer to freely communicate any operational questions or service requests they might have down the road. Good customer service is critical to maintaining customer satisfaction, but if we don't know when the customer needs service, we can't provide it. So encourage this enthusiastically.

GRAPHIC: Explaining the

- Encourage service questions

Bob

One of the keys to success at Renters Choice is to never pass up an opportunity to ask for referrals, and closing the agreement is no exception. Remind the customer of the program and ask for a name and phone number. Consistency in asking for referrals really pays off.

GRAPHIC: Explaining the

- Ask for referrals

Lety

Also as part of your closing process, you must schedule a time to deliver the product to the customer's home. We schedule our deliveries in two-hour time windows. An installation rarely takes that long, but we don't want to be rushed for time. Taking the time to not only demonstrate the operation of the product but to tutor the customer as he or she operates it is part of the delivery process -- and some of the best insurance we have against customer dissatisfaction.

GRAPHIC: Explaining the

- Schedule delivery

Bob

To ensure the smoothest delivery possible, this is the time to ask the customer about the physical circumstances of the delivery. Are there stairs to be climbed? How many flights? Does the customer have cable for the new TV or will an antenna be required? Is there a vent for the dryer? How much vent hose will you need? Asking these questions now will often save you from embarrassing yourself and having to make a costly trip back to the store for whatever you forgot -- and one of the most often forgotten items is the instruction book. Forgetting that one guarantees problems. And if the customer lives out of town, get him or her to draw you a map of how to get there. That takes whole lot less time than getting lost.

GRAPHIC: Explaining the

- Determine delivery circumstances
- Get a map

Lety

Those are the basic steps in closing an agreement. Now let's take a few moments to review them.

MUSIC up

GRAPHIC: Brain Strain

Test Questions: (answer time 1:30)

Q. What are the rental program options in the agreement? -- :15

A. Full term rental, early purchase, straight rental

Q. If a customer does not make a renewal payment on the date due, what happens to the agreement? -- :05

A. It expires

Q. If an agreement expires, what must the customer do to re-activate it? -- :10

A. Pay a reinstatement fee

Q. What are our responsibilities under the agreement? -- :30

A. •Keep the product functioning, •provide no-cost service, •provide no-cost loaners, •pay taxes

Q. What are the customer's responsibilities under the agreement? -- :30

A. • Pay in advance, •keep unit secure, •perform maintenance, •notify of changes

Lety

Well, that's all there is to it -- except for the part we left out.

Bob

Left out? Uh, oh. Negligence by omission. That's an actionable tort, Lety, a civil litigation vulnerability if ever I saw one.

Lety

Don't get your torts in a wad, counselor, we're not done yet. I was just saving this part for last because it needs special emphasis.

Bob

Please enumerate.

Lety

I think I'll just tell everybody about it instead. As part of explaining the agreement, you must tell the customer what the total of all payments will be when the agreement is completed.

Bob

I think you should emphasize that the full disclosure of this amount is legally required by civil and criminal statutes in all 50 states, the District of Columbia and all U.S. territories and possessions.

Lety

Are we opening a store on Guam, counselor?

Bob

Just being thorough, Ms. Magana. That's why I get \$400 an hour.

Lety

In your dreams!

(into camera)

The reason this part is tricky is because once you disclose this amount to the customer, the customer often experiences a "sticker shock" that brings the closing process to a halt. One objection a customer may have is an objection to the terms of the agreement. But the terms of the agreement are non-negotiable. Just tell the customer you are not empowered to make any changes to the terms. The other, more common objection is to the total cost. But this objection, like any other objection, can be overcome -- all it takes is some patience and some mathematics.

Bob

Ah! Perhaps I can be of assistance here. My Rolex has a calculator built into it.

Lety

Rolex?

Bob

Hey, you can buy a lot of nifty stuff on \$400 and hour!

Lety

Ok, you keep up with the totals and I'll run through the reasoning. Now, our customers don't have enough cash to purchase the product they want outright or they wouldn't be in the store. Most of them aren't able to get credit, either. But let's assume they could get credit and compare rent-to-own with purchasing on credit. Say the retail purchase price of an item is \$500. The total cost of a rent-to-own agreement on that item would be \$____. Now, if that same item were purchased on a credit card with a minimum payment of \$__ a month and an interest rate of __%, and the customer makes the minimum payment each month, the total cost of the item would be \$_____ by the time it was paid off. Now add to that the cost of a service contract for the __ months it would take the customer to pay it off, which would be around \$____, the cost of an insurance policy to protect against loss, which would cost around \$__, the cost of a replacement rental during service periods, say about \$____ and the cost of delivery and installation, which is usually around \$__ - - all of which is included in the rent-to-own cost. Now what's our total, counselor?

Bob

Your total is...\$_____!

Lety

Once a customer sees the result of this comparison, they see very clearly what a good value rent-to-own really is. That usually takes care of the objection.

Bob

In other words, it constitutes valuable consideration which provides solid precedence for favorable adjudication.

Lety

Well, I was going to suggest that you demonstrate closing an agreement for everybody now, but clearly that suit is making you talk funny. So you play the customer.

Lety and Bob move close enough together so that they can both see a copy of an agreement that Lety has brought into the frame from off-camera.

Lety

Now then, Mr. Hess, let me go over your agreement with you.

Bob

Ok.

Lety

First, I'd like to point out that the agreement offers you three rental program options: full-term rental, early purchase and straight rental. You have chosen the full-term rental.

Bob

But I can still exercise the early purchase option if I should win the lottery or something, right?

Lety

Absolutely. Now, for the television you've picked out, the agreement calls for payments of \$__ to be made every Saturday for __ weeks. Each payment extends the agreement for another week. If a payment is not made before closing on Saturday, the agreement expires and is

no longer in effect. If the agreement should expire, a reinstatement fee of five dollars is required to re-activate it. Do you have any questions about that?

Bob

Well what if something unavoidable happens, like a car wreck or something. Are you going to come pick my television up five minutes after closing on Saturday?

Lety

If something like that happens, just call us. In emergency situations like that, we can make arrangements to accept your payment on another day that week -- if you call us.

Bob

Ok, that sounds all right.

Lety

Now, after all __ payments have been made, you own the television. When that is done, the total of the payments will be \$_____.

Bob

Whoa! I didn't realize it would be so much! I could buy two televisions for that if I had the cash. Maybe I better think about this some more.

Lety

I understand. It is a lot of money. But let's compare it to your other options. You've told me that paying cash is not an option for you right now, so let's look at what it might cost you to buy this unit on credit. Let's say you used a credit card that charged __% interest...

DISSOLVE to

...so as you can see, when look at what it would cost to get the same product and services, rent-to-own compares quite favorably to buying on credit.

Bob

Well, ok, I feel better about it now.

Lety

Good. Now, our obligations under the agreement are to pay the taxes on the unit and keep it functioning, by providing you with no-cost service and no-cost loaners in the event of any problems. And please let me to encourage you as strongly as I can to call us the minute you feel the unit is not operating as it should. We'll pick it up and have another unit installed within 24 hours.

Bob

Ok.

Lety

Your responsibilities under the agreement are to pay the agreement renewal fee in advance each week, to keep the unit secure and to perform any routine maintenance it might require (although your television won't require any). You are also responsible for letting us know if you intend to move, change jobs or telephone numbers. Do you have any questions about that?

Bob

No.

Lety

Good. Now to make sure I've explained the agreement to you properly, I'd like to ask you to tell me what your rental payment amount is, please.

Bob

Ok, it's \$__.

Lety

And when is it due?

Bob

Every Saturday.

Lety

And what is the term of your agreement?

Bob

It's __ weeks.

Lety

Now, Mr. Hess, our referral program is also a part of our agreement. If you refer someone to us and they rent something, we can give you a free week's rental. Do you have any names for me today?

Bob

Hmmm. No, not today, but I'll keep that in mind.

Lety

Ok, Mr. Hess, if you'll sign right here and show me a picture ID, we'll have an agreement.

Bob

Alright.

Bob signs the agreement.

Lety

Now, let's schedule your delivery. Would 2:00 tomorrow afternoon be ok?

Bob

2:00 would be fine.

Lety

2:00 it is. Do you have cable service?

Bob

Yes.

Lety

Ok, then we won't need to bring an antenna. Are we likely to have any difficulties in getting the unit into your apartment? Any stairs, sharp corners or other circumstances we should be aware of?

Bob

No, I'm on the ground floor.

Lety

Great. Now all I have to do is get the first week's rent from you and we're all set.

Lety holds out her hand for the money. Bob looks at her hand with dismay.

Bob

Well I guess that's enough of that demonstration.

Lety

I thought you might react that way. That's why I waited to ask for the money until last. Cheapskate.

Bob

What? What was that you said?

(into camera)

You all heard it! You're all witnesses. She called me a cheapskate! That's slander, defamation of character and abusive language!

(Using his watch as calculator)

Let's see, there'll be compensatory damages, court costs,
pain and suffering...

Lety

Did I mention that my lawyer is Johnny Cochran?

Bob

Johnny Cochran?!! Hey, Lety, just kidding! You know
me! Just foolin' around. Had you going though. Right?
Right, Lety?

Lety

I can't talk to you any more until we're in court. See you
next time everybody!

DISSOLVE

Bob

Hey! Hey, you're kidding, right? Right?!! Look, Lety,
I'm taking off the coat...

MUSIC up

CLOSING MONTAGE :30

GRAPHIC: Renters Choice -- An
Opportunity as Good as You Are

MUSIC out

Reading time	15:00
Questions	2:00
Open/Close	1:00
Total	18:00