

# THE STORY OF A DELTA SIG CEO'S RISE TO THE TOP

▶ BOB BLOOM, HARTWICK '73

Leading a company is not an easy thing. Leading one of the oldest companies in a particular industry puts even more on someone's shoulders. For Bob Bloom, *Hartwick '73*, the opportunity to lead an established company and help it grow were important aspects of him taking the President and CEO job with ColorTyme, Inc. five years ago.

ColorTyme is celebrating its 30th year in 2009, and is one of the oldest companies in the rent-to-own (RTO) industry. With over 200 franchised stores in 33 states across the US, located in towns large and small, urban and rural, it has a wide reach providing customers with items from refrigerators to car rims. It's an interesting business – one that Bloom is excited that he is a part of.

However, before he could get to ColorTyme to lead its day-to-day operations, he had an interesting journey that started by him working his way up the ladder at Ponderosa Steakhouse. Immediately after graduating from college, Bloom took a position with the company in its infancy, and spent the first 17 years of his career helping it become a large company.

"When I started, there were three stores in New York State. When I left, I was managing over 100 stores and probably 35 of them were in New York State," he said.

He started as an assistant manager, working his way up through the company, and 17 years later, he left as a Regional Vice President, responsible for the restaurants in several states. However, it was a position earlier in his career that really was a big break for him – that showed him how a major corporation worked from the inside.

He spent five years serving as the manager of concept and product development, a position in which he led the team that tested and introduced new products. In that position Bloom was involved with every department. From marketing, to market research, to food technology, to financing and franchising, Bloom got a tremendous sneak peek into how a corporation works. And that franchising experience would do well for him when it came time to work for ColorTyme.



After his 17th year with the company, it was acquired, and he was ready for new challenges. So, he began networking. He talked to former colleagues, former acquaintances, and people who he had met in different phases of his career.

Through his networking, and after three months of being off work, he had four job offers on the same day. Three were in the restaurant industry and the fourth was with the rent-to-own giant Rent-a-Center (RAC). He had made contact with a former marketing director during his networking who was at RAC at the time, and saw a tremendous opportunity for growth with the company. So, he accepted their offer to serve as a market manager trainee leading six stores.

It turns out Bloom was right about the opportunities for growth with the company. After six months, he was leading 75 stores, and after 18 months, he was a corporate vice president of operations support. He said, "It was the right place, at the right time, with the right skill set."

After three years in the operations support role, Bloom was given the opportunity to start a new business within RAC – the Rent to Rent business. After a few years putting a team in place and making it successful, Bloom moved on to head a division of the company called Rural Stores, which grew from 50 to over 300 stores under his leadership.

After what he called a fun experience, once again, the company where he worked was acquired, leading Bloom back to networking. This led him to go back to Ponderosa Steakhouse as the vice president for franchise operations, a position in which he led 400 franchise stores. However, he found that he wasn't growing personally or professionally within that position, and felt that the company wasn't progressing where it needed to. Now, five years later, it's in bankruptcy, so Bloom was right yet again.

He then spent four years as the senior vice president of operations at EZ Corp., the second largest operator of pawn shops in the US. During his time there, he was part of a team that consolidated operations, improved the store economics and entered the payday loan segment. Profits went from significant losses to profitability and the stock price quadrupled. Not a bad four years.

The last stop on his journey was when in 2004, he became President and CEO of ColorTyme, a subsidiary company of RAC. When RAC was bought by Renter's Choice five years earlier, they also brought their franchise arm, ColorTyme, with them.

Bloom was brought on board to lead ColorTyme's operations, which he had gotten quite good at during his other stops along his journey. While a subsidiary company of RAC, ColorTyme is a large company in its own right. It is the third largest RTO company in the United States. It would be even



bigger than its current 200 stores, but RAC has bought 130 of ColorTyme's stores over the last five years.

Due to it being 100% franchise owned, ColorTyme is in a unique position to foster and reward innovation, and Bloom encourages that regularly. Franchisees have developed ideas for the stores to include financial services operations, and even custom rims and wheels.

"We got into the rim business when a longtime ColorTyme franchisee, Jim Moore, called me and said that there was a new business model out there that used the same core competencies that we have at ColorTyme, and that he'd like to do it. We helped fund his new effort 3 ½ years ago, and today there are 24 RimTyme stores, 14 franchised and 10 company-owned," Bloom said.

The rent-to-own business is a unique one, especially with a 100% franchise-owned company. Bloom is responsible for ensuring that all of the franchisees are on board with the company's efforts, and that they are representing the company well. It comes down to trusting franchisees, developing relationships with them, developing credibility that you know what you're doing, and listening to them. Franchising also requires much stronger communication among the corporate office staff and the franchisees according to Bloom.

Regularly, he is the keynote speaker at state level conferences on rent-to-own, and spends two-three weeks per year doing work with the International Franchising Association. He works with his boss, the president of RAC, as well as his staff on developing long-term goals for the company, talks with legislators about RTO legislation, and works hard to foster an environment where best practices are identified and easily implemented.

According to Bloom, what's hot right now in the world is also hot for the company and his franchisees in terms of best practices. The use of social networking sites, as well as Craigslist, have been extremely important to the company's

## About Rent-to-Own

- Gives customers access to brand name merchandise, typically furniture, appliances, televisions and other electronics, without them worrying about going into debt.
- Customers make weekly, bi-weekly or monthly payments and they have the option to own the merchandise after as little as 12 months
- There are cash sales and early purchase options that allow customers not to use a credit card and go into debt.
- Ability to return your merchandise with no penalties at any time.
- Statistics according to RTOhq.org:
  - The industry as a whole is a \$6.3 billion industry
  - 52% of customers are home owners, 48% are renters
  - Largest age demographic is the 35-44 range, with 34% of customers being in this age range
  - 69% of customers are Caucasian, 22% are African American, 6% are Hispanic
  - 60% are high school graduates, another 24% have completed some college, and only 8% are college graduates
  - 63% of customers are females, 37% are males

franchisees, and are great places for them to sell used merchandise that is returned to the store. They're also great places to find good employees. The company is also planning to incorporate webinars to help train their many franchisees all over the country at once.

In addition, to help foster that innovation and the best practices, the company holds two events each year. The first is an event in Dallas in January where store managers, regional directors, and owners attend and where a lot of the company's recognition, training, and a vendor tradeshow take place for them to potentially expand their offerings in their stores. In the summer, the company goes to a resort with mostly owners and their families to provide an industry update, information from RAC, and some additional sharing of best practices.

So what's next for the company? There are a number of new avenues that the company is embarking upon. One of the hotter new items for ColorTyme has been flat screen televisions, according to Bloom, but the question continues coming back to how the company can communicate the company's value proposition so more people fall into that proposition. There are currently 3 million RTO customers, but a lot more people fall into the demographics that don't use RTO, so it's a matter of figuring out how to get them to do business with ColorTyme. That will be the next big thing.

With all of the turmoil that has been going on this year, and the fact that people are losing patience with debt and credit cards, Bloom and ColorTyme might just get their wish.

***Bob Bloom is a 1971 initiate of the Fraternity's Beta Rho Chapter at Hartwick College. He is a native of Cambridge, New York, and currently resides in a Dallas suburb with his wife of 33 years. He has two adult daughters – Ginny who is a manager for Nickelodeon and Kelly who is a manager at the Smithsonian Air and Space Museum.***