

# Renting a bit has turned into a lot

■ For Tom LaFree, the idea of renting computers was only a start. Helping businesses manage the "soft costs" has become the hard drive of his service

By JAN O. SPALDING  
Tribune Business Weekly

**OSCEOLA** — There was no market survey. No research. No proverbial "drawing board." There was never a business plan and there probably never will be.

Rent-A-Bit was programmed by the most basic chip of motivation — a need in the marketplace. Today, says founder Tom LaFree, Rent-A-Bit is powered by the service that accompanies that now-established need.

"We revolve around the equipment we rent, but our business is the serving, the availability and the support of the equipment," LaFree said.

It was in 1983 when South Bend Controller Mike Vance wanted to rent a personal computer for a short-term city project — a notion simply unheard of at this early stage of the PC industry.

LaFree, who worked in computer servicing, knew of no options, but said he would be willing to rent his home computer to Vance. Then, when Vance needed a second PC, LaFree called Ed Levy, a business acquaintance, and convinced him to rent his home computer to Vance.

"So that was our first inventory of products, mine and Ed's," LaFree said.

As a side business, renting popularity grew quickly and by 1985 LaFree and Levy were ready to take their business full-time. LaFree serves as president and primary manager of the business. Levy, an equal partner and secretary/treasurer of Rent-A-Bit, is also the owner of Freeman-Spicer Finance and Leasing. He stays involved in the marketing and financial issues of Rent-A-Bit, while LaFree takes over the day-to-day managing.

At first, the business lived on the life of its cash flow, LaFree said. More simply, the purchase of new equipment was based by what cash would allow.

"Eventually we were able to shift from keeping up with cash flow into a profitable situation," LaFree said.

Today, among its three offices, Rent-A-Bit owns 800 PCs, including notebooks and desktop computers, and 300



Ed Levy, left, and Tom LaFree, equal partners of Osceola's Rent-A-Bit, discuss one of the newest audio visual computer panels they rent to businesses to use for presentations.

The photo by SUZI SUERTH

projection units, an area of their business that is growing rapidly. LaFree and Levy estimate that, on average, nearly 90 percent of that equipment is rented out at any given time.

LaFree and Levy are quite aware that their "go with the flow" business strategy is somewhat against the grain of other entrepreneurs. Still, they have created a prospering business one step at a time.

In the beginning, LaFree would take the time to drive to Fort Wayne for deliveries, sometimes it was for nothing more than to deliver a printer for which he charged only \$35. In 1985, as the miles added and Fort Wayne businesses became increasingly more interested in Rent-A-Bit's service, a second office was opened to serve that market. The Indianapolis office opening grew out of the same need.

For LaFree, providing support for the computers he rented seemed a natural. It wasn't until he was driving to Chicago one day to help out a customer that he realized Rent-A-Bit was offering much more than part-time hardware, they were offering a bona-fide service and should be charging as such.

As LaFree and Levy began to form this new idea of their company as a service provider, the company continued to grow. It is on what the industry has come to know as the "soft costs" that the partners make their

appeal to the market.

"You think your money goes into hardware, it doesn't. It goes into everything else. How to use, how to fix — those are the soft costs. Purchasing departments often don't see the soft costs, they see the cost of the hardware," LaFree said. "There are a lot of places where you can buy a computer real cheap, but those places aren't set up to give you the soft costs. That's what we do."

LaFree said that while some of the big players, like General Electric and AT&T, have since acquired inventories for leasing purposes, support for their products is not part of the package.

For Rent-A-Bit, the core business is still in computer rentals. But another part of the business has turned out to be amazingly complementary and has been growing rapidly.

"You've got the audio-visual world and you've got the computer world. The AV world has always rented; the computer world never rented. Right now what you are seeing is computers becoming AV monsters and AV equipment becoming computer monsters. The two areas are merging together and we call it CVA for computer, visual and audio services," LaFree said.

For the past few years, Rent-A-Bit has been making it their business to show businesses the new world of CVA and the

many presentation benefits it offers. Despite "the gadgetry of it all," LaFree maintains that the bottom line is still service.

Businesses must see the projection equipment and software for what it is — "an enhancement of their communication skills," he said. Still, Levy and LaFree believe that for making an impact, the group that has the communicative edge in a presentation may determine who's going to be remembered.

It used to be a company would take months preparing a general presentation. Rent-A-Bit recognizes today's "drive-through" mentality of "personalizing on the run" — that is, of tailoring a presentation to a particular client or group and having it ready by tomorrow.

"We are coming in and taking over the CVA department, which is everybody's short-term needs for computer presentation equipment and the support to make it go."

Their selling concept is that it is more cost- and time-efficient to hire Rent-A-Bit than to invest in technology that not only requires maintenance and in-house coordination, but also changes by the year.

Ultimately, Levy and LaFree want to continue to educate businesses to what is available audio visually through open houses and seminars.

"We want to be a company's CVA department and we see ourselves going more and more

## PORTRAIT TOM LAFREE RENT-A-BIT

toward that.

LaFree tracks each Rent-A-Bit customer through follow-up surveys. He makes sure the majority of check marks end up in the "excellent" range, allowing a few "goods" here and there. When the rare dissatisfied comment shows up, you can bet LaFree is on the phone, talking with that customer to discover exactly what could have been done differently.

"We know we have to stay alive with service," he said.

As for growth, LaFree says he and Levy will continue building their inventory as long as cash-flow allows, which this year meant more than \$300,000 worth of new equipment purchases.

You can't miss the Rent-A-Bit office on Third Street in Osceola — just turn left at the red, yellow and blue jungle gym.

One of the true advantages of having his own company has been being able to have his two children, Jessie and Patrick, along with his wife, Lynn, by his side daily. LaFree and the employees who have children chip in for a full-time babysitter, who watches the children on-site, in an area designed specifically as a play suite.

For LaFree, having to be away from his children all week was simply not the way he wanted to raise his family.

So, his day is spent with the people he cares most about, and that is important to him, especially since much of that day is also spent in a wheelchair. About 10 years ago LaFree was diagnosed with muscular dystrophy and it is only in the past year or so he began relying more on his wheelchair.

Yes, he said, people are sometimes taken aback when they meet him in person after knowing him only through telephone conversations. And yes, he said, sometimes people can even be rude. But LaFree refers to his disability candidly, "to help break the ice."

Still, there are times when the situation calls for a little extra clever candor. One time, when LaFree wheeled into a seminar he was hosting, a participant looked at him and skeptically asked, "What is your position at Rent-A-Bit?"

Quite coolly, LaFree replied, "Why, I'm the chair-man."