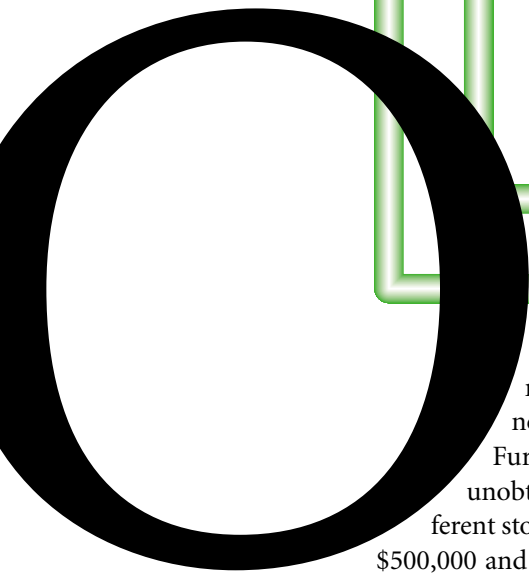
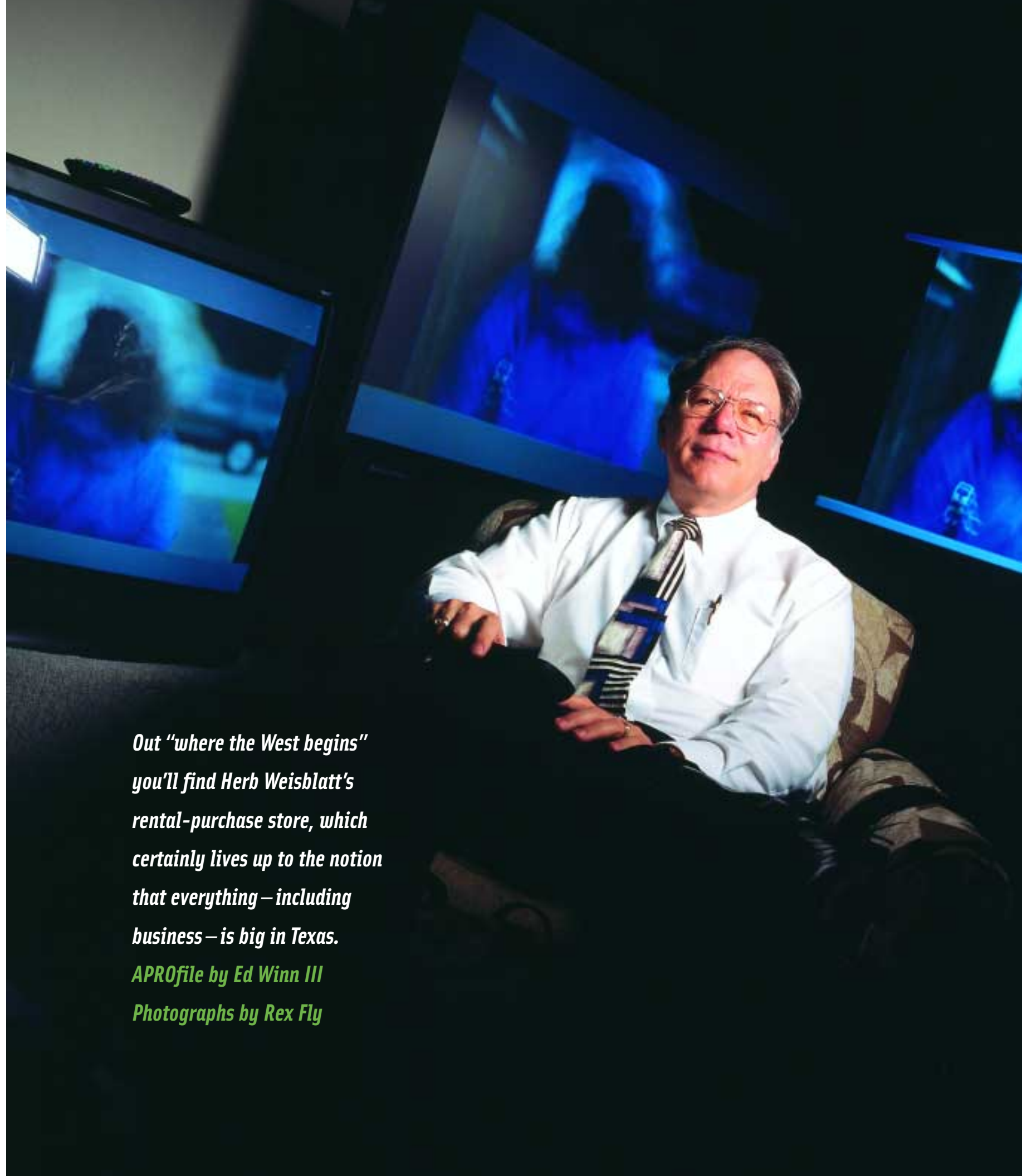


# THE BIGGEST BOOR IN THE BUSINESS



In the north side of East Belknap, in the northeast section of Fort Worth, Texas, Sam's Furniture and Appliance has stood quietly and unobtrusively since 1959. Inside, however, is a different story. The store boasts rental revenues of nearly \$500,000 and another \$200,000 in sales each month. The store has more than 3,000 lease customers on the books with over 11,000 units out on rent. The quiet exterior belies the hum of activity inside with store personnel hustling to service all types of accounts in what must be the largest rental store in the country. There are retail shops selling more, but no other rental store delivers as much product month in and month out as Sam's. Owner Herb Weisblatt is justifiably proud of his family's accomplishments as the story of Sam's success began more than 50 years ago.

Fort Worth is "where the West begins," no more improbable a place for America's largest rental store than any other medium size city. Dallas-Fort Worth is called the Metroplex, but the two cities are separate and distinctly different. Dallas is a modern metropolis; Fort Worth still resembles a town and continues to carry with it traditional values of two generations ago.



*Out "where the West begins" you'll find Herb Weisblatt's rental-purchase store, which certainly lives up to the notion that everything – including business – is big in Texas.*

*APROfile by Ed Winn III*

*Photographs by Rex Fly*

Sam Weisblatt, Herb Weisblatt's father and company namesake, was born and raised in Fort Worth. He raised his family there. He started out working in an airplane factory during World War II. In February 1946, he and his wife, Florence, with \$500 in savings and \$500 borrowed from the bank, opened Sam's Stop and Shop on East Rosedale. One month later, Florence gave birth to their second son, Herb, the boy who would ultimately transform their fledgling store into the behemoth rental store that is Sam's today. Those were hardly father Weisblatt's ambitions at the time. He wanted to be his own boss and provide for his family and so he opened a grocery store. From the beginning, Weisblatt managed the floor and did the selling; Florence kept the books for the operation and raised the boys. But even then, Sam's was a concept on the move.

#### *Setting the stage for success*

In the late '40s, because of wartime rationing, appliances were on allocation in that part of the world. Televisions hadn't become a household item yet. Sam Weisblatt managed to get a few stoves and refrigerators allocated to him and started selling them out of the small grocery. A few years later, when TVs did begin appearing, he got some shipped and started selling them, too. The first televisions came from the manufacturer in three boxes — one for the cabinet, one for the picture tube and one for the chassis. In those early days of TV, there were no technicians — not in Fort Worth, at least — and Weisblatt had to assemble his televisions before he could sell them and had to teach himself how to fix them when they broke.

Herb Weisblatt and his older brother, Paul, grew up in this "mom-and-pop" business. As soon as they were old enough, they both had jobs in the store sweeping and cleaning, riding shotgun in the delivery truck and learning to make themselves useful, all the while absorbing their parents' entrepreneurial spirit and drive.

The business grew steadily along with the boys. TVs and appliances drove the groceries out after a time. Weisblatt added furniture when the boys were in high school. Herb Weisblatt remembers that his father, in the 1950s, in that first store, saw a lot of soldiers coming home from the Korean War with lots of needs, little credit and less cash. Sam Weisblatt started refurbishing traded-in televisions and appliances and selling them to the soldiers "by the week." His son, Herb, wonders if this early memory contributed to his own love of leasing later on.

Texas was thriving in the 1950s. Military bases had sprung up during World War II and after the war; Texas was the country's second largest defense contractor. The petrochemical industry exploded. Fort Worth dominated the cattle trade. Sam's and Florence's ambitions kept pace with the growth of the region and the city and, in 1959,

they bought out a competitor, Frank Carrie Furniture on East Belknap and turned it into the second Sam's. "Two sons, two stores," Weisblatt reasoned. Paul Weisblatt, the older brother, found the furniture business to his liking and Herb Weisblatt drifted toward electronics.

After high school, both boys enrolled in Texas Christian University in Fort Worth to stay close to home and to the business that was now dependent on their efforts. Herb managed the original store — which by the mid-1960s was a full-fledged TV and appliance store — all the way through TCU. Paul ran the East Belknap store, which carried mostly furniture and a few appliances.

One of the smartest decisions the Weisblatt clan made was to get involved with the creation of a furniture buying group, "SafBi," in the mid-1960s. Sam's is still a member today. Twice a week, Sam's fills a 52-foot truck from the SafBi Warehouse 80 miles away to keep Sam's showroom well stocked.

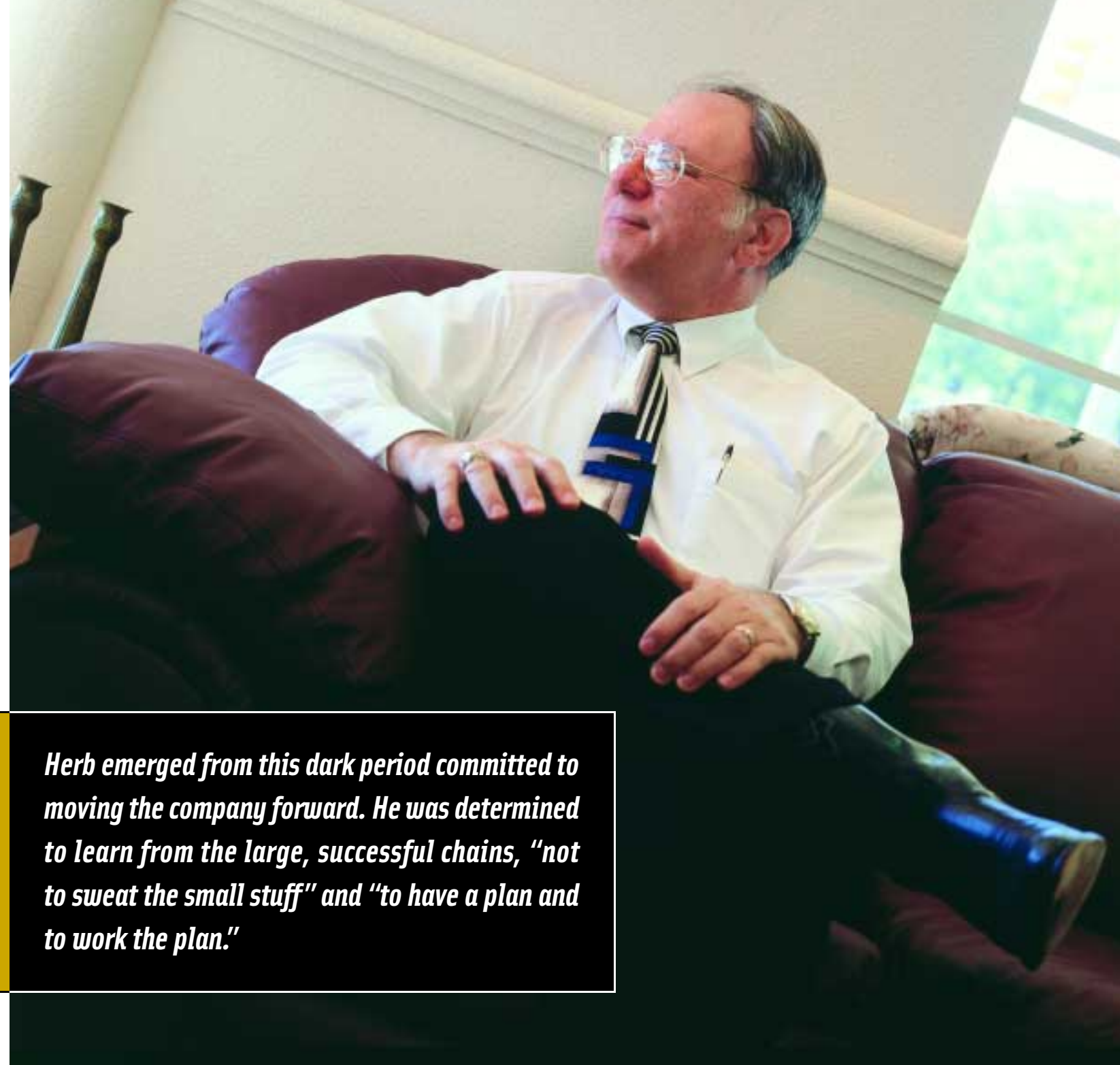
#### *Change in leadership*

In the early 1970s, the power retailers in both electronics and furniture came to Fort Worth and threatened all the mom-and-pop shops in town, even the well-established ones, like Sam's. The Weisblatt response, once again, was to join an electronics buying group called MARTA. It proved to be a well-timed, fortuitous move. Between 1976 and 1986, Sam's saw 90 percent of the local furniture and appliance independents in Fort Worth go out of business. It was also in 1976, the beginning of this turbulent period, that Sam Weisblatt, the founding father, died.

Faced with a changing market and the loss of the head of the clan and the company's driving force and inspiration, the late '70s were a time of soul searching for Weisblatt's widow and sons. The business and the family had relied on the patriarch's vision for 30 years. Herb emerged from this dark period committed to moving the company forward. He was determined to learn from the large, successful chains, "not to sweat the small stuff" and "to have a plan and to work the plan."

#### *Changing course*

It was at one of the MARTA meetings during this period (Herb made a point of attending them all), that he first heard about the new concept of TV rental. The notion instantly intrigued him and he began investigating it about the same time APRO was forming. Sam's became one of the first APRO members and Weisblatt went to all the APRO meetings. Weisblatt says that listening to rental dealers talk at those early meetings gave him the confidence to jump into the rental business. Ironically, one of the more heated issues at those early APRO meetings was



CHANGE

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whether retailers like Weisblatt should be allowed to participate in APRO functions at all lest the trade association be used as a springboard for retailers to jump to rental. APRO attracted a few retailers like Weisblatt, but never in the numbers feared by some of the APRO founders.

In the early 1980s, Weisblatt opened three rental-purchase stores in Fort Worth in quick succession, Sam's TV and Appliance Rental, while continuing to supervise the two retail stores.

Paul Weisblatt took a different path and began opening Sam's Video Stores. The Sam's empire prospered in all aspects — retail, rental-purchase and video — until 1986.

That was the year of the Texas oil and real estate bust and almost overnight the Sam's stores saw volume decline by 40 percent. Historically, when the retail business got soft, Weisblatt had been able to trim margins or increase advertising and solve the problem. This time, though, Sam's did both and nothing worked.

Sam's had been a fixture in Fort Worth for 40 years by now and, for the very first time, the company began losing money. It became apparent that the company could no longer support both brothers as well as Florence, so Weisblatt and his brother flipped a coin for the business. History does not record Weisblatt's call or how the coin



## SERVICE

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fell, but Herb says he lost the toss and had to stay in the business and buy his brother out.

Weisblatt needed cash for his brother and for the business, and one of his first decisions was whether to sell the ailing retail chain or the more stable and successful fledgling rental chain. Perhaps out of a sense of tradition, perhaps in memory of his father, perhaps out of a sense that the rental-purchase business as it existed then was not perfectly to his liking, Weisblatt decided to sell the rental stores and keep the retail. He sold his three stores to a competitor, Bill White's Action chain, in 1987. At the

same time, he closed the original retail store to consolidate his energies into the larger store on East Belknap.

### *The rental bug bites*

Despite the sale of the rental stores, Weisblatt soon realized that the rental bug had bitten him. He felt as if he understood the rental business and its customers and pondered variations on the rental theme as they might apply to retail. He knew the demand for rental was strong; he saw it every day in his retail store. Customers

came in wanting the products he carried, but they were without the cash or credit to buy them. They were leaving Sam's Furniture and Appliance store with nothing and presumably finding their way to a rental store or doing without. Weisblatt determined to change all that in his corner of the world.

He began studying the rental concept in earnest, its strengths and weaknesses, and determined that the leasing concept had fewer negatives and more positives than traditional rental-purchase. He decided to launch furniture and appliance leasing in order to "satisfy the wants and needs of our customers, whether they had credit or not." His program as it evolved was to lease only new products, to lease them only on a monthly basis, to collect two month's lease payments in advance, to have an initial lease term of six months and to give ownership in 17 months. Having run three traditional rental-purchase stores for a time, he knew how labor intensive the weekly business was and figured that he could not adequately service the weekly business out of his retail store.

A part of that decision also involved another customer service angle. Many lease customers had bad or no credit and wanted to repair their credit histories. They wanted Sam's to report their payment histories to the credit reporting agencies; those agencies would only accept monthly payment reports. Weisblatt worked on a transaction that took into account all of the objections to traditional rental-purchase from both the owner's and the customer's point of view. For example, he refused to rent used products. When units came back, Weisblatt refurbished them and sold them off the retail floor to his "cash-paying, bargain-hunting customers."

The plan, once implemented, began working immediately. Sam's started pulling in the "cream of the crop" from traditional rental-purchase stores in the market and also attracted a lot of "leasing" customers who had never considered rental-purchase as an option. With a tweak here and there, Sam's lease program continues today.

### *The WalMart of leasing*

Weisblatt says that he has tried to position Sam's as both the Neiman Marcus and the WalMart of consumer furniture and appliance leasing in Fort Worth. Being so many

different things to customers out of a 15,000-square-foot showroom is no mean feat. Sam's is high end because the store offers new merchandise, great selection and truly lavish service. It also offers lease rates 30 percent to 50 percent lower than his rental competitors and the best early-purchase option in the business, according to Weisblatt. He maintains that the cash prices in Sam's are as low as anyone's in town, thanks in part to the company's continued active involvement with the two buying groups.

Weisblatt remembers that the biggest internal change to Sam's came four years ago when he assembled the troops and gave what his wife calls his Nikita Kruschev speech, complete with shoe pounding on the table. Weisblatt understood the value and growth potential of his leasing concept, but his employees didn't. They still thought they were in retail. Weisblatt says that speech, all about his passion for and the potential of leasing, converted 90 percent of the employees to his way of thinking and the other 10 percent quit. Since then, leasing revenues have grown at over 20 percent a year.

Four years ago, there were 30 employees; today the store runs with about 45. Weisblatt predicts another 20 percent growth in 2000.

### *Pleasing the customer*

When asked how he does it, Weisblatt responds that Sam's offers its customers what they want at prices they are willing to pay. He says that he is very successful in converting former weekly rental customers into monthly leasing customers at Sam's. He estimates that store activity is only one-fifth or one-sixth of what it would be if he carried weekly accounts. The rule is inviolate. Customers who insist on paying weekly must go somewhere else.

Nearly half of the business is "take-with" as opposed to requiring delivery, even the furniture business, and roughly half of lease revenues are from mailed-in payments. That means the showroom must stay full and the company is purchasing more than \$2 million in inventory a year.

Thanks to the SafBi warehouse, Weisblatt says he can get name brand furniture twice a week at about what he would pay if he bought directly from the manufacturers and waited 13 weeks.

Weisblatt says his lease customer demographic is nearly two-thirds female with a high percentage of single women. He also targeted the Hispanic market, which is large and growing and is under served in Fort Worth. Weisblatt thinks his leasing customers may be a little older than traditional rental-purchase customers, with the 35-50 age group being the largest. A lot of customers did rental-purchase when they were younger and now prefer to lease. Weisblatt describes the Sam's customers as being unusually loyal.

“Our customers often pay us first. We are giving them a better deal and they know it,” says Weisblatt. In his rental-purchase stores, it was not unusual for customers to come in and rent several units just before declaring bankruptcy. In Sam’s, as often as not, customers who are going to file will come in and pay off their units before filing.

“They know they are going to need us after the bankruptcy and that we are going to be there for them,” says Weisblatt.

### ***On keeping employees***

Weisblatt is quick to credit his employees with Sam’s successes. His key staff members have been with the company more than 10 years. There is very little turnover after an employee has been with the company for two years. Weisblatt attributes employee tenure to the work atmosphere, the benefits package and the fact that his employees are genuinely appreciated by Weisblatt and Sam’s customers. Weisblatt’s mother, Florence, is the employee of longest standing. Fifty-four years later, she still writes the checks and counts the money for the company. Behind the scenes, her nickname is “Cash Flo.”

In keeping with its Fort Worth heritage, Weisblatt says Sam’s has retained a small-town look and feel to it. “We pull proudly from our roots in the ’50s and combine that

with modern service and high-tech systems,” he says.

Plans for the future include computer leasing, which Weisblatt has moved toward slowly. There is incredible demand and, therefore, great potential. Weisblatt continues to consider taking his concept multi-store. “I think this concept would work in every major city in America,” he says. Whether he decides to go big or bigger, the future looks promising. He is confident Sam’s will grow to a \$10–\$12 million business in the one location, not counting what he can do with computers.

Weisblatt and his wife, Rosemary, spend as much time as possible on their ranch west of Fort Worth, although he is still in the store four days a week. They have three children. Jon is an executive at Dell in Austin, Shari is an oncology nurse in Dallas and Seth is a computer guru in Washington, D.C. Weisblatt describes himself as a “gentleman rancher.” He just doesn’t know yet whether to open stores and continue with the “gentleman” moniker or whether he wants to get serious about his cattle and donkeys. Either way, the drive and insight that have propelled this West Texan for the past 40 years should keep him at the top of whatever game he chooses well into the future. ■

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