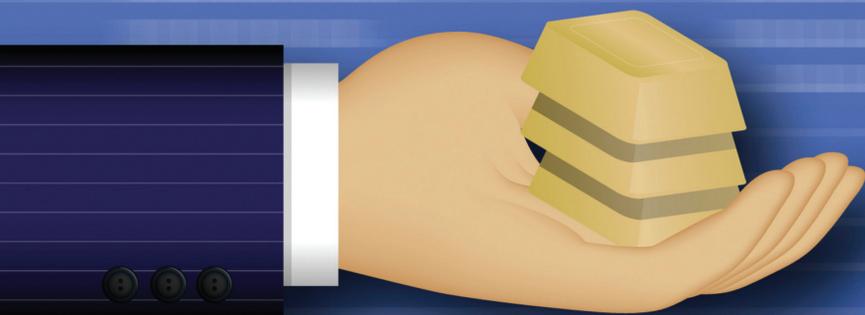
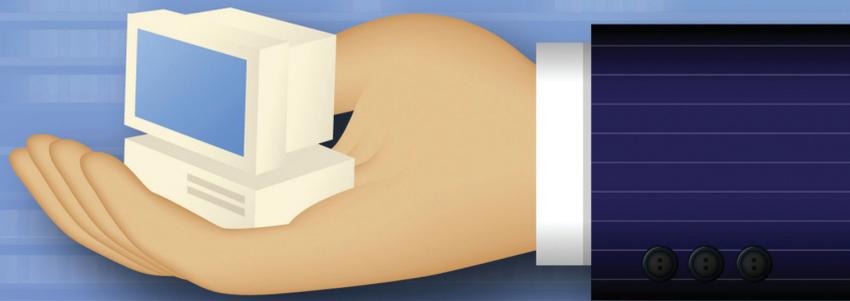
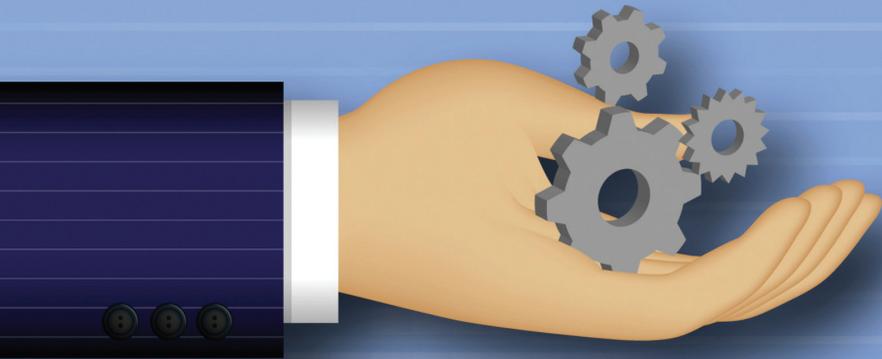


Long-time friend of MANA Bob Reiss has graciously allowed *Agency Sales* magazine to serialize his book *Bootstrapping 101: Tips to Build Your Business with Limited Cash and Free Outside Help*, available now on Amazon.com. The book looks at surprisingly effective low-cost and no-cost ways to acquire the resources you need to run your company. Whether your company is an existing enterprise or a start up, a manufacturers' representative company or a manufacturer, this book will introduce you to innovative ways to cut your costs and drive more of your income into bottom line profits.

Use Bartering To Get Your Business Off The Ground

BY BOB REISS

In prehistoric times, the tribe that controlled the hides
traded with the tribe that controlled the fish.
This probably continues today in many of the
underdeveloped regions of the world.



Advantages of Barter

- ▶ You receive goods or services your business needs without giving up any of your precious cash — an ultimate Bootstrapping weapon.
- ▶ If you are in a product business, you can dispose of excess or dead inventory at your full retail value. You need not take a markdown on your balance sheet. (This should please your banker, accountant, and shareholders if you are a public company.)
- ▶ Utilize your excess capacity if you manufacture a product or if you have excess time in a service business. There are many other businesses and people in the same boat as you. Both parties benefit, and that is why bartering is growing.
- ▶ Bartering can help you get new customers two ways. The person you barter with is pleased with your product or service. When he wants more but has nothing to offer in trade, he will pay cash. Even better, that same pleased customer will recommend you to their friends and associates who will pay you cash when they buy. Word of mouth is still the most effective advertising tool there is. Barter exposes you to more mouths. However, do remember those mouths can also generate negative comments. Quality and reliability on your part will create the positive effect you want.
- ▶ If you have a seasonal business, barter may be your answer in the slow cycles.
- ▶ You get full value for your product or service. There is no discounting. You also can control where your product is sold.

In today's modern world, barter has taken on different forms and has become a big business (estimated at \$8-12 billion in the United States). It is essentially unchanged in that *barter is the exchange of goods or services for other goods and services*. Usually, no cash is involved.

Barter today is being utilized by both large and small companies. Almost every imaginable product or service is bartered, including all types of media, clothing, toys, real estate, legal services, medical services, bakeries, hotels, restaurants, balloon rides, etc. The list goes on forever.

While most industries' business recedes in poor economic times, bartering prospers with significant increases.

How Barter Works

The most effective barter works through exchanges. You sell your product to members of the exchange at full retail. In return, you get trade dollars which can be exchanged for other products' or services' value points with other participants of the exchange at any time.

In some exchanges, values over a certain amount are purchased through a blend of trade dollars and cash.

There are fees paid to the exchange for bringing the barter protagonists together. Usually, the fees are about 12 percent and are borne equally between the two parties — 6 percent each. In some exchanges, the full fee is borne by the buyer, and the seller pays nothing. Some exchanges charge a one-time fee to join, and some are free.

Dealing with expensive merchandise, the exchange may hold money for the goods until the buyer receives the product and is satisfied with the representations.

There are also many barter transactions occurring without exchanges on a one-on-one basis.

Be aware that all bartering transactions are taxable and must be reported to the IRS. You should consult with your accountant on this.

To locate the barter exchange that best fits your needs, just go on the Internet and type in Business Bartering. There is also a trade association called IRTA (International Reciprocal Trade Association). Their address is:

524 Middle Street, Portsmouth, VA 23704
Phone: (757) 393-2292, E-mail: ron@irta.com
Website: www.irta.com

Word of mouth is still the most effective advertising tool there is. Barter exposes you to more mouths.

She was so pleased with her barter experience that she has continued to barter for as many things as she can, including travel, dining, etc.

Real-Life Barter Stories

Lisa Medland founded New Management Solutions in 2002 and currently has seven employees. They are located in Coral Springs, Florida, and specialize in human resource (HR) consulting and recruitment. She started her business in a shared office. As the company grew, they opted for their own offices. To furnish the offices and install a phone system, she tried barter for the first time and saved her company more than \$15,000 in cash. The services she used to pay for her new office furnishings were HR audits, verifying employment files, creating employee handbooks, training, job descriptions, etc.

She was so pleased with her barter experience that she has continued to barter for as many things as she can, including travel, dining, etc. Lisa says that many of her barter transactions have led to cash paying customers.

All her barter is done through the Nubarter Exchange in Boca Raton, Florida, managed by Karen Roumay.

Going to the other end of the country, let's listen to Alan Zimmelman, the Director of Corporate Communications for ITEX, a large barter exchange, located in Bellevue, Washington, with offices in 100 cities in the United States and Canada.

As Alan tells it, "A carpet cleaner went to a large home to complete a job; both the owner and the carpet cleaner were members of the same trade exchange. When the two-day job was completed, the homeowner asked the carpet cleaner (who did a sensational job) if he would like his pay in airline tickets? In the planning stages of his wedding, the carpet cleaner *jumped* at the chance to be able to fly to his honeymoon without laying out a ton of cash. The deal was made — clean carpets in exchange for two round-trip tickets to Europe."

The exchange put the two parties together, and the homeowner offered the carpet cleaner the tickets from his accumulated frequent flyer miles. A win-win with no cash exchanged.

Here is another exchange story as told by Alan: "A new restaurant was about to open in the Los Angeles, California, area, and the staff had just been hired and trained.

The restaurant was approached by a barter exchange to join. With a limited budget for advertising, the owner of the restaurant said 'sure.' Within days of opening the new establishment, trade exchange members were filling the empty tables. Most of the trade exchange members came with friends (who were not members). The food and ambiance were good — the friends returned (with more friends), and the restaurant was bustling with both trade and cash customers! The restaurant used their trade dollars to advertise in local newspapers and on the radio."

The trade exchange members who went to the restaurant paid with their exchange dollars. ITEX, through their local office, informed all their members about the restaurant's opening. Another win-win.

Alan told me a lot of charities get substantial contributions of trade dollars from people who want to support a charity but also want to conserve their cash.

He also told me that banks use barter. He threw me with that one. I could see how the banks could use barter but could not comprehend what they could give in return to earn ITEX dollars. I would have bet my house they wouldn't give cash. Yes, I was right about that. What they offered was repossessed cars.

I think you can see barter can be employed in every imaginable way. It's only limited by your imagination. 🧠

Bob Reiss was a national manufacturers' representative for 14 years before changing his business model and becoming a manufacturer who sold through manufacturers' reps. He has been involved in 16 start-ups and one of his companies was named to the *Inc.* 500 list of America's fastest-growing companies for three years in a row. A native of Brooklyn, New York, he is a graduate of Columbia University and Harvard Business School. An army veteran, he is the author of *Bootstrapping 101 — Tips to Build Your Business With Limited Cash and Free Outside Help*, available now on Amazon.com.

