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"Retail" Barter Secrets

Michael Senoff Interviews Retail Barter Expert

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Dear Student,

I'm Michael Senoff, founder and CEO of HardToFindSeminars.com.

For the last five years, I've interviewed the world's best business and marketing minds.

And along the way, I've created a successful home-based publishing business all from my two-car garage.

When my first child was born, he was very sick, and it was then that I knew I had to have a business that I could operate from home.

Now, my challenge is to build the world's largest free resource for online, downloadable audio business interviews.

I knew that I needed a site that contained strategies, solutions, and inside information to help you operate more efficiently

I've learned a lot in the last five years, and today I'm going to show you the skills that you need to survive.

It is my mission, to assist those that are very busy with their careers

And to really make my site different from every other audio content site on the web, I have decided to give you access to this information in a downloadable format.

Now, let's get going.

Michael Senoff

Michael Senoff

Founder & CEO: www.hardtofindseminars.com

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Advice and Insight on Retail Barter From A Man Who Has Sold Over 3000 Businesses On The Concept

Have you ever been curious about the organized barter industry and how it can help your business make more money, save more money, get more customers, and get more referrals? If so, then it would behoove you to listen to this exciting interview that I did with a gentleman named Art. Art is an expert in the organized barter industry and actually introduced me to barter more than ten years ago. He is currently a Membership Director of one of the largest barter organizations in the United States and, believe me, Art knows what he’s talking about!

In this two-part interview with Art, we discuss such things as:

- The definition of organized barter and how it is actually a government-recognized legal currency between business owners.
- Reasons why a business should consider joining a barter exchange.
- Which types of businesses excel most with barter versus businesses that may not do as well with barter. Here, Art explains how even businesses that might have a harder time with barter can get creative using barter to obtain new customers and utilize excess goods and services in trade.
- What a trade bank is and how it is much more advantageous to use one instead of doing one-on-one trades.
- What the most popular goods and services that members of barter exchanges like to use their trade dollars for.
- Ways you can convert your trade dollars back into cash.
- How to choose the best barter exchange for you and your business as well as where to look for online for barter exchanges and what the best ones are in Art’s opinion.
- Tax consequences for members of barter exchanges.
- What “script” is and how you can use it in your business to get lots of new customers.

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- ...and so any more details about barter that you will learn in this interview!

When discussing each topic, Art gives easy-to-understand examples, explains the rules, and tells how barter organizations work with their members. This is an interview that you will want to listen to more than once because it contains such a goldmine of information that could potentially save you thousands of dollars!

If you wish to contact Art on your own to ask him more specific questions, Art will welcome your inquiries when you call him at (760) 613-6412 or (619) 472-2929 ext. 107. Explore, learn, and enjoy!

Hi, this is Michael Senoff with Michael Senoff's HardToFindSemionars.com. I've got another exciting interview for you and it's related to the trade industry or the barter industry. I've been involved with barter for over 10 years now and I'm going to introduce to you an expert in how to use barter to help your business make more money, save more money, get more customers and get more referrals. We're going to cover a lot in this interview with an expert. Art was a gentleman who signed me up into my very first barter organization almost 11 years ago. I was living down in Pacific Beach in a one-bedroom apartment when I learned about trade, Art came over and got me involved and boy am I glad he did. I reconnected with him almost 11 years later so what you're going to hear in the next 80 minutes is information about the trade industry. Art has been instrumental in getting over 3,000 businesses in the southern California area involved in trade and he knows what he's talking about. You're going to learn in this recording four reasons why you and every company should consider barter. You're going to learn if you have anything of value to trade. You're going to learn how to figure your bartering cost and how much money you can make transacting trade. You're going to learn about tens of thousands of items available for your trade that you can spend your trade dollars on. You're going to learn the ins and outs of direct trading. We're going to talk about a few options for indirect trading. We're going to cover tax consequences and we're going to talk about how to use trade dollars to market and advertise your business through barter. We'll also talk about a little known thing called scrip and how to use scrip within your business to get lots of new customers. We have a lot to cover. This is the kind of interview you'll want to listen to three or four times and I hope you enjoy. Let's get going.

Michael: I've got a web site where I do interviews with experts on all kinds of subjects and I try to do interviews on things that I'm interested in that I know are valuable to my web site visitors. So I figured, look, you've been out there selling barter services and you've been doing it pretty successfully I would assume or you still wouldn't be in it, and you know what the benefits and features are that turn businesses on. In my opinion it's a hard concept to get your head wrapped around, especially for someone who's never heard of it, and I'm sure you've got a simplistic way of explaining it and I thought it would be good for my people to learn more about it. So tell me, Art, how are you and how did you get involved in all this trade. How did it all start? You've certainly been involved in the trade industry quite some time. Tell me about yourself.

Art: In 1977 my wife and I moved down here from Los Angeles and I was looking for employment so I went to work for a heavy equipment operator 14 years and after 14 years I got laid off and decided that I wasn't going to get laid off anymore so I went into sales. Sales was always in my blood anyway. I got into a printing company and after a year he would take us out on hot air balloon rides and all these great dinners. I asked him how are you doing this and he told me that he was with a company called BXI. I asked what's it about? He says it's barter, and I'd never even heard the word barter let alone know how to spell it. And then I wasn't too interested after

that and he said well you know, you ought to get into this. You ought to start getting into the barter system. So I looked at it awhile longer and awhile longer. And then I had a networking group called Friends of Business and I started accepting barter dollars as a way to capture more clients.

Michael: Now this was your network group that you started?

Art: My network group that the printing company helped me start. And it helped bring in new clients that I'd never get. And so it made it look that much bigger. And then I started getting into it more and more. Well, I'd get my printing on trade and my catering done on trade and my movie tickets on promotion on trade and I started getting into it more and more. And that's how I got into it. And then it just became a boom. It was just about that time a couple years after I got into it that the printer sold the business and I was looking for more work so I started working for BXI in 1994 and I've been with BWI / ITEX ever since.

Michael: What was your job with them?

Art: Membership Director.

Michael: And what does that mean?

Art: That means my job is to find out what the members want. And what the members want could be any type of client. It could be a massage therapist, it could be the restaurant and it could be the auto mechanic. It could be anything. But in a barter system you have to find out what the members want. You can't just take a guess and think what they want. Because I did that at the beginning. I would sign up a restaurant and think I did the greatest thing since sliced bread, and nobody would go to it. Well, it was either too far away or nobody liked that kind of food, or the hours weren't right, or nobody liked the owner. It could be all kinds of things. You have to make sure that at least one member wants that kind of food. You have to have a kind of sense about it. You have to know that everybody likes pizza but not everybody is going to eat Hungarian food. So you have to go into the mainstream sometimes and go after things that normally people would use. But I have signed up some wild stuff and the wild stuff has worked. But I wouldn't normally go after a lot of things that you'd never hear of in the main business community.

Michael: Right, so you're getting your wish list from your members and you're working off that.

Art: Exactly, the wish list is what you have to go after. And when you get the wish list, you get it from 10 different people and usually seven of them

wants the same thing. Everybody wants a roofer, everybody wants an electrician; they want dry cleaners and they want restaurants near their house. But you break it down; you call these individuals and ask them which restaurants you want near your house. Because I've done that before. I've signed up restaurants near somebody's house. Oh, we don't like that restaurant. It didn't really do me any good to sign them up. So I at least need one referral from somebody they want to eat at. If it's a Hungarian Goulash restaurant then I have to figure out, well, if I'm signing it up just for this one member and he's the only one going to eat there, and I'm going to spend 800 dollars a year, it's not really a good viable thing for the exchange because I'm putting a lot of work promoting for just one member to eat at one restaurant. We have to have people that have to have a thing like, I'll call other people and say would you eat at this restaurant and if I get a good positive response then I'll go and try to sign up that restaurant. But I'm not going to sign up just one restaurant for one guy. It has to be something that people eat at normally and all the time, or at least once or twice or three times a year.

Michael: So over the years, have you signed up hundreds and hundreds and hundreds of businesses?

Art: I have signed up I would say probably 3,000 businesses in my tenure with ITEX and BXI Systems. I started with ECE which is a small barter exchange in 1992 and then I moved to BXI and ITEX bought BXI out last year.

Michael: When someone calls and says, "Hey, Art I heard about this barter thing. I'm a new business in San Diego, what is this all about?" What's your simple definition that you give them over the phone before you come out and visit them for a more detailed look?

Art: Well, a definition of organized barter is a currency between business owners. Business owners trade with each other to save each other money. And the reason why they'd use a barter system is they don't have to use a one-on-one trade with each other. So therefore it becomes a currency between business owners. It works exactly like a regular checking account; it spends like a regular checking account. You get a statement just like you would on the mail, statements from the bank. You get mail statements or email statements from the barter organization which is ITEX, the one I represent. ITEX means International Trade Exchange and ITEX is the leader in organized barter. ITEX started 1992 but in serious started 1960 because BXI started an organized retail barter system in 1960. From 1960-1981, it was one of the few if not the only barter system of any major substance in existence. In 1982 the Tempa Act became law making all barter systems legal currency. It's on your tax forms. That's when the

barter industry took off and you can look it up on-line at www.barternews.com.

Michael: Okay, well you say trade. Let's say I'm a book store. I'm a book store just opened up in downtown San Diego. I've got employees. I'm a book store. You say trade. What do you mean by trade, I don't understand?

Art: When you say trade, it's just another form of currency, meaning that you use a checkbook. When you use a checkbook instead of me paying you with hard US dollars, I'm paying you with a currency that's between business owners. Meaning that whatever excess inventory they have becomes an excess inventory in a hard currency that you can turn around and spend with other business owners. For instance, you have 800 movie theater seats. Only 600 of them are being used on a normal basis. That means you have 200 left every day that go unused, that is unused capacity so that becomes part of the barter system and business owners use these trade dollars within the system to purchase those unused seats. Now, since it's not a one-on-one trade, it becomes a trade bank. So in theory it's actually a currency between business owners.

Michael: First of all, give me an example of a one-on-one trade that a business could relate to or a person could relate to and then give me a difference between a trade with a trade bank.

Art: A one-on-one trade is when I say I'm an ice cream shop and say I'll give you 10 gallons of ice cream equal to a set of tires. So say 10 gallons of ice cream is equal to \$100 or 20 gallons of ice cream would be \$400. That would be equal to a set of retail premium tires. That would be a one-on-one trade. I'd get 20 gallons of ice cream, you'd get the set of tires and that would be a one-on-one trade.

Michael: Is there some advantages to one-on-one trades?

Art: Well, the advantages to one-on-one trades are really to one buyer or the other. One guy is getting a better deal than the other. It's not really an advantage too much because the one guy who sells the tires knows what his tires cost him and the one guy who sells the ice cream knows what his ice cream cost him. So in theory, some guy's getting a better deal than the other.

Michael: But if both are doing the deal, maybe one's getting a better deal than the other, but isn't it a win/win for both?

Art: It's a win/win for both and they're both happy with making that kind of a trade.

Michael: Well, how far back does a one-on-one trade go?

Art: It goes back to the beginning of time. When the Phoenicians started the barter industry, they would trade their pigs for a bushel of wheat. That would be considered a one-on-one trade, a barter system the Phoenicians actually invented in those terms.

Michael: How long ago was that, do you know?

Art: I would say three or four thousand years ago. When the venue of money came into existence, I'm not really sure, but all I know is that barter has been around since the beginning of time. Somebody had to trade something to get something else.

Michael: Okay, so that's a one-on-one trade. Trading this for that with one other party. What are some disadvantages of a one-on-one trade?

Art: Well, like I said before, it's not always what you want. I don't always want your tires or porcelain dolls or hotel stays, so there's a lot of disadvantages to one-on-one trades because you might not have the commodity the other person wants. Service-based industries are pretty easy to trade. Chiropractors are service-based; lawyers are service-based industries. A lot of other industries are mostly service-based industries. When I say service-based, there is little product in the actual business. For instance, a painting contractor, his product is mostly labor. He takes a 10 gallon paint can and he has to charge five, six, seven times the value of that paint can in labor in order to make a living. He just doesn't turn around, buy paint at \$10 a gallon, and turns around and takes the same \$10 a gallon back. He has to mark it up because he's a service-based industry. He's painted a house, so a house in theory costs \$3,000 in paint. The paint in theory could cost maybe \$400-500, so he's actually in the labor business as opposed to the paint business.

Michael: Okay, so we're talking the disadvantages of the one-on-one trade.

Art: Right, well the disadvantages of the one-on-one trade are many. There's not enough things to trade for that people need in bulk. People don't need 10 cases of beer or 10 sets of tires. They don't need 10 bags of fertilizer or 10 cases of car wax. But in a barter system, it's a currency between businesses so you can buy for as little as a dollar and turn around and save your other trade dollars for things that you need.

Michael: Alright, so why don't you give me an example of a trade bank. Give me an example of BXI, which is now ITEX, that describes what it is and how many members are involved and why the trade bank offers a business an

advantage with more choices. So describe it for someone who has no idea, and has never heard of it.

Art: Well, somebody who has never heard of organized barter would look at this a little foreign. First of all, it's a different concept, a paradigm shift in the way you have to think. In easy terms, it's just another form of currency. For instance, if you said you would accept Peso's in this country, well anybody could accept any kind of foreign currency they want. The problem is where are you going to spend it. So this is kind of the same thing. Well, you can accept ITEX trade dollars but now you have 22,000 members you can spend it with, that's the difference. As the pool of members grows and grows and grows, you have more things to spend it with. Now, there are 22,000 members, however, some members have more than one thing, so now it becomes more than 22,000 products and services. It could be as much as 100,000 products and services a day because one guy owns a restaurant but he also has three time shares he's willing to trade out and he owns two restaurants that he's willing to trade out, so there could be more and more things in the pie for one member as opposed to just one thing. So it's not just 22,000 members, it's well, what else do you have. So one member could bring as many as 100 different things to the pot. So that's kind of the way it works. And once you get into the barter system, you'll figure out that those excess inventories that are sitting in your garage become an asset. So if you were to rent out your jet ski to one of the members for \$300 a day and it was just sitting there doing nothing, that's new found money. So after awhile people figure out that it's not just about their business, it's about anything.

Michael: What are some reasons why anyone listening and any company should consider bartering?

Art: First thing the reason why you want to do it is you want new business. Everybody wants new business and they don't want existing business that's already paying them cash. So basically it drives new business to your door. The second thing is, it conserves cash so every time you use a trade dollar as opposed to a cash dollar, you're saving your checkbook so you don't have to use your cash checkbook to go out to dinner or go to the dry cleaner or go get your car fixed; you use your trade checkbook. It also protects you from business expenses because lots of people don't have a lot of cash in their pockets all the time so they use their trade dollars because now they can go out to the movies and they can go out to the dry cleaners and they can go to the sporting events that they get with the trade dollars that they normally wouldn't have. So it helps fight recession. And unused capacity is a tradable asset, so everything that's unused in America today is being lost every day. A movie theater has empty seats, the hotel has empty rooms, the restaurant has empty tables, the printer's presses are down, so everybody's kind of moving excess inventory. When you're moving excess inventory

without using a US cash dollar, you're actually saving yourself cash by using another form of currency. And that's why you want to use it. Now, there's also a way to take your trade dollars and move it back into cash. Because a lot of members will buy things on trade dollars and turn around and sell them for US dollars. For instance, they might buy a grandfather clock they get at the antique store that's an ITEX member and they buy it for \$500 in trade and they could put the same grandfather clock in the newspaper and turn around and sell it for \$1,000 if they wanted to. Whatever the market will bear. So there's a price for everything and there's plenty of room to maneuver when you're using the trade dollars. When you're using the trade dollars, you want to turn it back into cash. Basically a barter system's about leverage. It's not about trading. Actually in theory you trade with anybody one-on-one, you don't really need ITEX for that. This is about leveraging; turn around and taking your trade dollars that you normally spend cash on and using those trade dollars for things. You just want to use your trade dollars as much as possible. Now often times, you can't get everything you want. You can't get those first class airline tickets to go to Europe and you can't get that Rolls Royce as brand new off the show room because it's not everything and that's something that you're going to have to live with. It's just part of the barter system. It's just excess and sometimes there are some great things there and sometimes there isn't. You can get some great deals on furniture 100% trade and sometimes you just can't get what you want. It's kind of like the old Rolling Stones song, *you can't always get what you want, you get what you need*. Well, the same thing applies here at barter. You have to kind of settle sometimes for what's only available. If you wanted a first class airline ticket on Northwest Airlines and it's not there, you'd probably have to settle for the first class airline ticket on American Airlines that goes to a different location. It might not suit you for that particular time. It'll suit somebody else but it won't suit yourself. So I would say in the rule of currency, it's the 80/20 rule. 80% of the time cash works really well and 20% of the time barter works really well. And if you're in that mode of thinking then you'll have a better understanding of how it works. It just doesn't work all the time; you can't get everything.

Michael: You mentioned that service businesses do pretty well so if I'm listening to this and there's all kinds of businesses out there, from your experience, what businesses do you find succeed in barter or excel in barter that are more predisposed to lend itself to barter compared to what kind of businesses should really think hard before they consider it because of the nature of the business they're in?

Art: Well, let's see. The number one commodity of barter today in my opinion is advertising. Advertising, being a necessary evil. People don't like to spend money on advertising. They say it doesn't work because they don't have a budget for it. But if you use a trade dollar, it doesn't hurt as much.

Advertising is definitely necessary in any business arena. But you have to use your advertising budget very carefully so it doesn't put you out of business. So if you use \$200 in ITEX trade dollars to advertise as opposed to \$200 in cash, it works. In cash, you probably don't feel so good. If it doesn't work in trade it doesn't hurt so bad because you know what your product and service cost and so actually you're buying in major discount. So if I took \$100 of my ITEX trade dollars with one of the magazines that took ITEX and I was a restaurant owner, in theory that \$100 that I spent really cost me about \$25 because that's what the cost of food is. So in theory I bought at \$25, it didn't work. I'd rather use \$25 than \$200 so basically you're buying at major discount because I know what it cost and he knows what his thing costs, so everybody's happy. But I'd much rather use the trade dollar than cash dollar. The second most popular thing in barter is printing or restaurants. That could be a tie so let's just say restaurants is number two. Everybody likes to eat out; everybody uses food as a necessary commodity to live. Everybody would rather use their trade dollars for food rather than use their cash dollars. So when they use their trade dollars for food, that saves a lot of money. So usually people like to eat out in the business world, in the business community, so when you can go to a restaurant and use your trade dollars, you're saving yourself money. Now you're not going to be able to go to every restaurant. You'll have to patronize the members that are in the system, but those members are patronizing you, too. So they're all going out of their way to do business with each other and it becomes funny money currency between businesses. And once you get used to it, you'll think only of barter dollars to spend on your food or on your printing or on your advertising or on your dry cleaning or whatever you usually spend your cash dollars; you'll use your trade dollars first.

- Michael: Right, so these are good examples of if I become a member of a trade exchange, the most popular things that people are looking for are food, printing, advertising, travel . . .
- Art: Resorts, car repairs, dentist, furniture, it's about everything you can think of in organized barter except gasoline. Gasoline is a very low profit margin industry and it's hard to trade gasoline.
- Michael: Alright, so that brings a point. Anyone who's a dentist or in the advertising business, these are good businesses to sign up with trade because there's a high demand for these items and you can predictably earn a lot of trade dollars. But what businesses are going to have a hard time, or struggle, earning trade dollars from the members? Which ones would you advise not to get involved?
- Art: Industries that are hard to trade are insurance companies. Insurance companies actually are corporate entities, so corporate entities are very hard

to put a finger on because you're not just dealing with corporate, you're dealing with the individual agents. Now, some individual agents have joined barter systems, but they're actually taking premium in trade and buying the services from corporate. So in order to capture a new client, that works sometimes but you can't do it all the time. Because you might say I'll take the first two years of your life insurance premium in trade and I'll turn around and take the premium and pay it in cash. I still get a commodity I can spend but in theory I'm not taking cash. So there could be a limit on the duration of the trade dollars you're taking. So if you take the first two years of the premium in trade and hoping they'll stick with the program, then you're capturing a new client. That's **IF** they stick with the program. In my case, I did buy insurance policy and the first two years I paid with my ITEX trade dollars, or BXI at the time, and then after the first two years, my option whether I wanted to continue with cash, and I stuck with it. So the savings for me from the standpoint I got my first two years of the premium on trade and the insurance agent was taking a gamble hopefully I would stick with it, and I did. So that will help. But you have to have an insurance agent with an open mind on that. You really have to have a pretty aggressive insurance agent to actually do those things. Not too many insurance agents will grasp that idea.

Michael: Alright, that's insurance. What other businesses don't lend itself well to barter?

Art: Well, the gasoline industry for one. Gasoline stations have zero profit margins, that's why they sell hot dogs and hamburgers to make ends meet. Taxes are so high in gasoline that the profit margin isn't there. I would say it's 10% at the best.

Michael: Is that why service businesses are good because their profit margins are enormous compared to someone selling a commodity product with a low profit margin?

Art: Right. There's high profit margin industries and you can imagine what a box of popcorn, if it's \$5 inside the movies, how much it really costs. It really costs probably 25 cents, maybe 30 cents. But that's what the market will bear. The market knows that a box of \$5 popcorn inside a movie theater is a normal, fair trade price. It might pay \$6, might pay \$7, it's not going to pay much more than that. So I'd say the fair trade price in a movie theater for a box of large popcorn is between \$4 and \$8.

Michael: But what if I'm a computer store and I'm selling computers and monitors and I work off of a 7% margin, and let's say I don't have really any excess inventory?

Art: It's probably not a good deal unless you want to capture a certain client and you're using it as a lost leader. For instance, you offer computers at 100% trade. Well, that's good, but you might have to put a limit on it. You say I'm only going to offer 15 computers a year at 100% trade and my profit margin is 7%. Hoping that people when they walk into your computer store will buy something else and they'll pay cash, and so that could be another marketing technique. For instance, some hotels that barter will take in 100% trade but their restaurants on the same premises will not. They're different entities and they don't take trade. But you have to eat someplace, so chances are pretty good you're going to eat at that same property. So there could be a lot of back door advantages to organized barter. In theory, hotels in Las Vegas, if they take it, obviously the slot machines don't. So they want you to stay in their hotels and you drop your real money in their slot machines. So Las Vegas or any gambling resorts are pretty famous for bartering being part of the package somewhere down the line.

Michael: So this is before they consider joining. They've got to figure out what is a customer worth over the lifetime with that business.

Art: Right.

Michael: If they're a repeat customer and they know they've got a customer that buys \$1,000 from them every year consistently, in 10 years they're worth \$10,000. So if they can get them in as a free customer and take a loss, they could actually lose a few thousand dollars as long as they know and they have the ability to keep that customer over ten years, they're going to come ahead in the cash flow.

Art: Yes, it's also a great networking currency in itself. Because if I take one of my business associates with me to dinner and I use a trade dollar and it's \$50, that business associate probably would have never been there ever without me using my trade dollars. Now it exposes him to a new restaurant and he'll come back and use his cash dollars because he's not part of ITEX. So it's a great way to network your business and back door business for cash dollars. Because a lot of people don't belong to the ITEX barter system. Just like the chimney sweep guy. He belongs to the barter system and he cleans my chimney and I pay him \$100 to clean it. Well, he asked me to tell everybody on the street about him and I'm more than happy to tell everybody on the street because I just got my chimney cleaned with trade dollars. And now I'm telling everybody on the street this guy's a good guy and they're going to pay him cash dollars. So it's a good networking currency.

Michael: So it can bring in referral business.

Art: Yes, it brings in a lot of referrals. It's a 10 to 1 ratio in my opinion. Every trade dollar that you take in equals \$10 cash dollars because basically when people start using these trade dollars they're saving each other cash and they're also referring new cash customers to the system. So I buy an ice cream cone and I take my friend to the ice cream parlor and he takes his family back there and they pay cash and he tells other people about it and they pay cash, so it could be a domino effect on one ice cream cone for cash. So most people were introduced to businesses with the trade dollar that might not be able to be introduced before.

Michael: Okay, now look, when you go into businesses and people are considering signing up with a conventional trading organization, you're analyzing as you're talking to that business. You're trying to determine, okay, does this guy have the capacity to do trade. So you want people to come into the organization who do have the capacity to do trade. So when you're looking at a business, if you're talking to the business owner what would you tell him and how do you sum up if this guy really has something to trade that's going to bring in trade volume to your exchange? How do businesses analyze what they have to trade?

Art: If you look at every business, every business has certain slow periods. For instance, the hotel has slow periods in an off season, like in the winter time. If you're in southern California, in the wintertime, things slow up after Labor Day; they pick up after spring break. So I would say their slow time is October through February. That's definitely a slow period so they have to look at those slow periods as being a time as not so much business. Then that's a great way to talk to hotels about taking another form of currency. Now, on the flip side of that, from March to September their capacity is 95%. So they probably wouldn't take a trade dollar as much as they would a cash dollar. And sometimes they won't join for that simple reason. Because they don't want to look at trade dollars; they want the real green stuff. So talking to certain entities at certain times of the year are more appropriate for a barter system because people understand it because they're obviously slow and they want the business. When they're obviously running almost full capacity, unless they're looking to bring in an extra 5% when they're at 95%, it's marginal. So you have to find something that they want in their season and then they'll sign up. So usually everybody in the hotel industry is looking for advertising. Advertising is probably their number one expense. They're always looking for that extra edge to get more clients in the door. So advertising is something that is probably the number one commodity in barter. If you don't have advertising in barter you're really not a barter exchange. So advertising is probably the number one commodity in my opinion. So members are all the time looking for some way to get people in their door. Word of mouth advertising is probably the best, but word of mouth doesn't really get a lot of venues back to them. So if they want to get the national client, they're going to have to

use the radio or the TV or the national publications. And those publications are expensive. If they use all or part of it on trade, they're going to do it.

Michael: How much advertising is available on trade through ITEX? Is there a good selection for people who want to advertise?

Art: I would say it's a great selection. However, it has to be a selection that's going to work for you. A radio station in St. Louis is not going to work for the client in San Diego. However, it might work for the client in San Diego if he's trying to market a certain product in St. Louis. For instance, Branson, Missouri is a notorious resort in Missouri. And so maybe the client that's trying to hit the San Diego market, if that radio station reaches far enough to San Diego, then they'll use their trade dollars. But if it only reaches into the greater Branson area, then it's really not worth it. So you have to find advertising venues that are national for people to use all the time. Now, some of them don't need it. They're only looking for like the direct mail and you have a direct mail company that hits a certain zip code and that zip code hits like 10,000 homes and it's a window washer, then it doesn't make sense for him to advertise with a radio station in St. Louis. It only makes sense to advertise where he wants to service. It also depends on where the advertising is and how far the circulation is and what the capacity of the market is.

Michael: Earlier you were giving an example of what it cost for a restaurant to trade. How does someone listening to this who has a all kinds of different businesses determine what their barter cost is?

Art: Well, it's kind of on a relative nature. If a restaurant sells a hamburger for \$5, the cost of that hamburger to the restaurant is not only the cost of the hamburger; it's the cost of labor, it's the cost of advertising, it's the cost of help. There's all kinds of things that are involved in that cost; that's the reason why it costs \$5. Now, if you excluded half of those things like advertising or labor, then it might not cost so much. So there is definitely a cost basis to that \$5 hamburger. However, if you look at it from the standpoint that it's bringing you new business that you'd never get, then in theory, it's the cost of the food as opposed to what it would cost anyway because everybody to pay those costs anyway. You have to pay labor, no matter if I'm in there or not; you have to pay food whether I'm in that restaurant or not. So it's not really something extra that's coming out of your pocket. We're just adding new business in your system. So if you look at it from that standpoint then it is a big advantage for a restaurant to take in a trade dollar. Because now there's new business walking in the door. Plus they have perishable inventory. Some restaurants throw out 15-20% of their food a year because it's not always being used. Now, naturally some of it is cans, but some of it is salads and some of it is things that are perishable that don't last for long. So just throwing it away, and they know

that they're going to throw it away, is a barter takes up some of that capacity that they would normally throw it away, then there's an extra profit for them.

Michael: Okay, now let's say that someone's considering signing up with some barter organization. Once I know I have the capacity to earn trade dollars, how do I know what I want? What can I get on trade and how do I know if I can use those items? What's a simple technique that I can do?

Art: When I approach somebody that I need, for instance, I need an electrician. Now electricians are very high in demand. In trade, all the business owners, something's breaking in their restaurant or something's breaking in their house, or whatever. So they're always looking for electricians. So I'll approach electricians and ask him if he would be considering joining an exchange. He'll say to me, well what can I trade for, and I'll ask him what do you normally use cash for? And I have a list of about 50 different things that people use all the time. They always get their car fixed, they always go to the dentist, they always go to the dry cleaner, they go to the lawyer. But on a normal basis, they're looking for things they use every day or approximately at least once a week. So you're looking for things they normally use their every day cash dollars on. When you find those things and you identify what those things are, then you're ahead of the ball game because now it's a service for them because they're actually buying at the cost of their labor. Now some of these guys will say, well I don't buy anything. I never go shopping and I never go to the dry cleaner, I have my own dentist, I have my own restaurant. I don't want to go all the way across town to get a taco. So those people are a little more difficult to get the concept. But you still keep fishing. They're not thinking about things off the top of their head. Sure, right now if I ask you 10 things what you normally spend your money on, you could probably name more than 10. So you go through your checkbook and you look for all the things you normally spend cash on. Well, I could save you money there, I could save you money there. Now, obviously people who have an open mind to accepting a new form of currency are a little bit better candidate. And sometimes it takes them awhile. I tell you, when I first joined organized barter years ago, this guy approached me about it and I said, oh no, no, I don't want anything to do with that. First of all, I told him that's illegal. He said, oh no it's not illegal. I said yes it is, it's illegal and I don't want to have anything to do with it. Come to find out, it's not illegal at all. It's governed by the United States Government. Legal currencies are on your tax form. The Tempira Act of 1982 made all barter exchanges legal currency. So now it's not only legal, but it's recognized by the US Government as legal tender. And when it's recognized as legal tender now, it's a strong currency in itself. Now there are some people that do direct trade underneath the table and what they do underneath the table like that, that's a little fishy, you have to be careful there. So all the organized barter exchanges we have to report to the IRS.

We have to send in a 1099. So everybody who does organized barter, it is a legal arena. If you're in the legal arena, and you take 200 seats out of your movie theater advertised, then you're buying at the cost of the percentage of cost of foreign exchange.

Michael: So that kind of brings us to this question. How does one choose the trade exchange to work with? What should I be looking for? How many trade exchanges are out there? And what criteria should I look for before choosing one to do business with?

Art: Well, the one thing you should always look for is to see the credibility and visibility of the barter exchange. A great avenue to look for is www.barternews.com.

Michael: For more interviews like this, go to www.HardToFindSeminars.com

Art: The one thing you should always look for is to see the credibility and visibility of the barter exchange. A great avenue to look for is www.barternews.com. And the barter system has several hundred barter organizations in the world today and they're recognized by the National Association of Trade Exchanges, which is called www.nate.org or IRCA, International Reciprocal Trade Association, www.irca.org and they're two entities which recognize all the major trade exchanges. And if you look under both categories you'll find major trade exchanges. The major trade exchanges are doing in the millions in volume. And I happen to be prejudiced but the big boys are ITEX are the biggest one in North America. Barter Card, which is pretty big outside of North America. And there's another one called WIR in Switzerland. Actually the very first barter exchanges in the world was WIR in Switzerland.

Michael: How big are they?

Art: I'm not really sure but I know they were probably one of the first, if not THE first, barter exchange and they're still in existence in Europe. But I'm not sure how they technically operate. I know it is in existence. Barter Card was actually started in Australia from the BXI network, which they purchased from, I believe. And they are gang busters in Australia. In North America they tried but they weren't as successful, but they still tried. I think that the largest barter exchanges in my opinion right now are ITEX and Continental and a couple others. I don't really follow them that closely. Because ITEX is the biggest one, I really follow what the ITEX system is.

Michael: What are the typical commissions that are charged by trade exchanges and barter brokers?

Art: Okay, let's start with joining exchanges. I've heard that some exchanges are charging \$1,995 to join their exchange. Then their commissions could be up to 20% of the actual barter trade. So if I was to buy a \$100 gift certificate from one of their restaurants, I would have to pay \$20 in cash for the commissions that I would have to pay the barter exchange. Normally, they're probably hovering between 5-15%. At ITEX, it is 5% on each transaction. In theory it's 10% but the buyer/seller is paying for half the transaction. The normal everyday association fees at ITX are \$20 in cash and \$10 in trade. That gives you \$10,000 a year coop advertising expense. That means if you do advertising with one of the members we'll give you back \$10,000 a year, half of what it costs. And 5% of each transaction. So if you do a deal and it's \$6 for a sandwich, we charge the restaurant 30 cents and we charge you 30 cents. That's the way it works. The \$2,500 credit line is used in the ITEX system. That means we loan everybody a \$2,500 credit line. It's a misnomer. People think it's free money but it's really just a loan that we're giving you to get started in case you have a transmission that needs to be fixed and you have \$800 in your account. Instead you really have \$3,300. You have \$800 in the black and \$2,500 in the red, so you use your credit line but you still have to pay that back with your trade dollars.

Michael: Am I charged interest on that?

Art: You're charged 1 1/2% but usually it's a good idea to use this credit line only as an overdraft. Don't get too far in the hole with your credit line because the IRS and the Exchange considers this cash. And if you don't pay it back, you owe the Exchange cash. So it's not too advisable to get into your credit line unless you know you're going to pay it back in trade dollars. Don't think it's free money to go out and spend on ice cream cones and hot air balloon rides and all of a sudden you're \$800 in the hole. You still have to pay that back with trade dollars. So it's not a good idea to use the credit line unless you know your trade dollars are coming in at a steady pace and that's what barter exchanges are looking for. They're looking for the trader. They're looking for the guy who knows how to spend his incoming and spend it outgoing. Once you start doing it, it becomes another currency that you use all the time. And you use it first before you use your tax dollars. If you do that, then you're saving your checkbook, your other cash checkbook. So in theory, you can't pay your mortgage with it, but in theory you can pay your mortgage with it because every trade dollar you take saves more cash dollars for you to spend on your mortgage. So you'd have to spend \$1,500 on your transmission that would come out of that mortgage fund. And now you have \$1,500 to spend on that transmission job and you use your trade checkbook. So it is a great advantage if you know how to use your trade dollar and you get used to it. It does take a little while to get used to it. It's not something you pick up overnight. I know on our exchange, we have five brokers in the office and they make sure they hold your hand. We

haven an orientation period for six months. It's just not sign you up along the way. We don't sell memberships, we sell partnerships. We're a partner together in this. And we make sure that our members try to stay happy. Now, obviously you can't make everybody happy. But we try. And we have a wish list and we tell them to send 10 things every 30 days that they're looking for and I tend to believe that we hit about three out of 10. Can't get everything. Can't get Starbucks. Well, we might get Starbucks coffee, but we can't get Starbucks as the company. Or we might get IHop but we can't get Domino's. Sometimes you can get these things, sometimes you can't. Some areas of the country work with exchanges a lot and some of them don't. It just depends on what's available in the system and basically it's how aggressive the Exchange is. If the Exchange is real aggressive, then there's a lot of things in that market. The New York Exchange, the biggest trade exchange in North America, is doing I think probably twice as much as any other Exchange in North America. But they're also in the largest commerce area in the world. So naturally you could expect them to be there. The second largest, I believe, is Orlando; the third largest is San Diego. And I think we're pretty proud of that fact that San Diego is the third largest barter exchange in North America.

Michael: So when I sign up, how am I going to find all the different things that are available in trade? I know I have the capacity to earn the trade dollars, how is the barter exchange going to show me?

Art: It used to be in print, from 1960-1995 all the barter exchanges had everything in print and then the Internet came along. And now all the Exchanges have moved totally on-line. There's very few Exchanges that actually print directly anymore. Although there is some printed materials, it's mostly on-line. So the way I tend to work is you have a password, which is a password that you and your broker know, and you have an account number which you and your broker know, and you have a checkbook. And you just write checks against your balance. So in theory, if I went to a restaurant, sat down and had a sandwich, I'd write him a check for \$6. Now I still have to pay the tax and tip in cash. So that's another entity that has to be considered when you're going to use your trade dollars. Sometimes it's not always trade; sometimes there's a cash component. And the taxes and tip are usually a cash component. Some members will take the whole thing, but normally 95% of the members will use a cash component someplace. Now there's also a cash component if you have to ship it, or if I buy a piece of furniture in New York, I'm going to have pay the shipping. So there could be tax and shipping as well. Tips are paid in cash to the restaurants normally, to the hairdressers get it in cash, and a few other entities. And they're usually between 10 and 20%. If I tip, we try to tell our members to pay in percent because that's what they're for. I mean it used to be 15 but now it's a tendency to be 18%. So those are some of the things that you have to watch out for when you use the trade dollars. You have to

be aware of the rules. The rules have to be understood before you go out. Even though you sign up for the trade club, that's why we have an orientation. So you can understand the rules because the rules have to be followed. Everybody has to play by the rules. There can't be any 50/50 trade deals because that destroys the system. People have a tendency to think they can make up their own rules. If they make up their own rules, well if they make up their own rules, then it hurts the whole system. So we have what is called Barter Police and we make sure that the members are playing by the rules or we'll call them up and say what's going on here. You have to play by the rules. Everybody has to play on the same level playing ground as everybody else. And if everybody does that it's great. And it works most of the time, but I'm not going to say it's the perfect world.

Michael: Is it possible to get a contracting worked out in trade? If so, what would be some suggestions to follow for that success?

Art: There is possible to get contracting jobs. At ITEX, we have a \$5,000 limit per transaction. So if it's somebody that's coming over to pour concrete for a hotel and the transaction is \$28,000, well anything past \$5,000 is between the buyer and the seller as far as the negotiation of the transaction. So it could be \$23,000 cash and \$5,000 in trade. Well, the guy who wants to trade, he's probably going to ask and see if he can do it for \$8,000 or \$9,000 or \$10,000 and make it a whole thing. So anything past \$5,000 in trade is negotiable between the buyer and the seller.

Michael: If the guy wants \$20,000 in trade, will ITEX let him do it?

Art: ITEX will encourage him to take the whole thing in trade. However, in some instances, it's not feasible and it's not practical. If you hire a contractor to put on two new rooms in your house and he says it's \$30,000, well he still has to pay his health and he still has to pay all these other entities, and so it's pretty negotiable after \$5,000. You're not going to get anybody to do two new rooms anyway for \$5,000. So I imagine it's going to be somewhere between a 60/40 split or something like that. But that's fair as long as it's past \$5,000. Now, where it gets a little bit shady is where the guy takes \$2,000 in trade and the rest in cash. Well, that's not fair because that's not the rules. So we have to watch people and we have to know what's going on in the marketplace. And we want the brokers to call them to see if this makes sense. Or if it doesn't make sense, we want to get the parties together and make sure they're on the same page.

Michael: Well, let me ask this. Let's say I'm new in the exchange and I want to buy something, let's say it's an auto mechanic, and he says okay to fix your transmission, it's going to be \$1,000 in trade and \$1,000 in cash. What

would you tell me as a new trade member to do, to encounter a situation like that?

Art: I would say call us up and say that's not allowed. If that's the case, then he's not playing by the rules. The rules are that you have to take the first \$5,000 on trade. Now, the currency cash component in there below \$5,000, for instance, you go to the auto mechanic and he only fixes brakes, does belts and some of the light stuff like that; things that are normally between \$200-500, and he says well, you need a new transmission and I have to order it from Chrysler. And Chrysler says it's \$1,900 in cash and it's only going to cost you \$200 in trade to put it in. I don't think that's pretty fair that it's out of the norm I pay the \$1,900 in cash to Chrysler. Because it wouldn't be fair for the auto mechanic to take the \$1,900 out of his pocket. So that would be the situation. Now, that's not normally the situation. You're going to try to find somebody in the barter system that does transmissions 100% trade all the way. Because that's what he does. He buys transmissions in bulk. It's like going to a restaurant, a pancake house, and saying well, I don't like anything on here, I want lobster. Well, I don't have lobster. I'm a pancake house. Well, I'll go out and buy a lobster but you have to pay in cash because I don't normally stock lobster. You have to play fair here. That's one big thing about the barter system; you have to play fair. And everybody knows what everything else costs and if you get a fair barter deal and everybody's happy, it's fair. It's 100% trade. But it has to be fair and it has to be between the buyer and the seller. Now, back to your original question . . . it's \$1,000 in trade and \$1,000 in cash. Well, if the guy is happy paying \$1,000 in trade and \$1,000 in cash and he doesn't normally do that kind of work, then it could be considered fair trade. But if he doesn't normally do that. But it can't be a brake job where it's half trade and half cash. I mean, it's just not fair. Everybody has to play on the same page.

Michael: Okay, give me an idea, how do the trade exchanges make money?

Art: Most of us, we make money on transaction fees. Ten percent is a normal everyday charge for most trade exchanges. Some are at 12%, some are at 15. But on a general, more of them is 10%. BXI years ago used to do it 10% on the buy. That means when I went and spent the trade dollar, and I spent \$15 at the dry cleaner, BXI would charge me \$1.50 in cash which they would send me a bill and I'd have to pay \$1.50 in cash. Now most trade exchanges have split the transaction fees between the buyer and the seller. The reason why they did that is because the cash flow issues; some of the members would hoard all their trade dollars and they weren't making any money. So now they had to split the fees down the middle. Now in the same transaction, 75 cents goes to trade fees for the buyer and 75 cents goes to the trade fees of the seller. The buyer and seller are paying for half the trade now. And that's the way most barter exchanges work today. Now,

there could be an incentive or either reduce your trade fees and some of the exchanges have incentives. ITEX has an incentive. You can trade at 15% and get a mailed statement, or you can trade at 10% and go on auto pay. That means they charge your checking account or your electronic transfer from your credit card. They charge those entities every time you do a transaction and that's the way most barter exchanges are going these days, with what they call auto pay. So there's a cashless currency. In the ITEX network, their monitor, it is a cashless transaction. We are the largest cashless marketplace in the United States with 22,000 members.

Michael: Okay, great. Let's talk a little bit about taxes. And I know you're not an accountant. I'll give you a disclaimer; this is not meant to be legal accounting advice and anyone listening needs to contact their own accountants for that kind of answers. But explain a little bit about the tax consequences and what someone should consider or they need to know before they get involved.

Art: Barter exchanges are considered legal currency. The United States recognizes all barter exchanges as legal currency. When you do a transaction, you have to realize that the United States Government is going to recognize this as an income. Now, the benefit is that when you turn around and spend it, it's usually in the tax write-off arena. When you spend a cash dollar in advertising, it's a tax write-off. When you spend a cash dollar for office supplies, it's a tax write-off. Same thing applies here in the barter arena. It's a tax write-off. There are certain marginal things that you're going to have to call your tax accountant about, but it's the same thing. It's considered just like a regular earned cash dollar.

Michael: So if I get signed up with an exchange in January, and I earn \$100,000 in trade dollars, then come December 31st, if I'm sitting on that hundred grand and I haven't spent it and expensed it out, I'm going to be liable for tax on \$100,000 of income even though it's barter.

Art: Exactly. So you want to usually spend it out to zero or as close to zero, by December 31st so when it shows up on the statement, you can itemize what is deductible and what is not. That's determined between you and your accountant. But it's usually, if it's normally everyday stuff that you would be able to itemize in the cash world, the same thing applies in the trade world. It's all relative.

Michael: Can you talk a little bit about what scrip is; about marketing with scrip and how one can use it as a tool to generate business?

Art: Scrip is a form of controlled currency that some of the entities in the barter network have to use. For instance, restaurants use it a lot. For instance, if I buy \$100 worth of Domino's gift certificates. The reason Domino's does it

that way for the most part is because the drivers don't have time to fool around with checks and get an authorization on the transaction at the door. The scrip in itself is a gift certificate good for incremental amounts of \$10, 20, 30, 50 as much as \$100. And a reason why a lot of these entities in barter use scrip is because it's also a great way to advertise. If I buy \$100 worth of Domino's scrip, I might use \$20 of it, then I give it away as a door prize or give it away as a present. It becomes naturally a currency with blinders on. It only goes back to the one spot. So that's an advertising currency in itself. It's a great way to advertise because business owners will buy it and just give it away as promotions or give it away as presents. So it works as two sides to the marketing arena. It works as promotion and works as advertising.

Michael: Can you explain the concept of breakage. So if I'm a restaurant owner and I'm offering scrip out there to the voter community, explain what breakage is and how I come out.

Art: Breakage is, people will buy \$100 worth of gift certificates and the breakage could be worth 15-30%. When we say the word "breakage" that means 15-30% of it is never used. People get it, they put it in a drawer, they forget about it. They lose it, and it's gone, it's never used. So that's a big boon for the merchant because they already have it in their account and they've already spent it. Also, the gift certificate is not always used immediately. So sometimes they'll be used 3, 4, 5, 6 months later. And in the state of California it is against the law to put expiration dates on gift certificates. So it is considered legal currency. Now, on the gift certificate and when you use it with barter, they will usually say "no change given" and it will also say on there "taxes and tips must be paid in cash". So there are stipulations on the gift certificate. But it is considered US currency and it is considered a viable way to do business.

Michael: You're listening to an exclusive interview found on Michael Senoff's www.HardToFindSeminars.com

Michael: So let's say I'm listening to this and I have a business that I think would fit within your organization. What's it going to cost me to get signed up with you?

Art: The sign-up fee in ITEX is \$595. That gives you \$10,000 in coop advertising and a \$2,500 credit line. The Association Fee is billed every 28 days is \$20 in cash and \$10 in trade. And 5% is billed on transactions in cash.

Michael: Okay, great. And I get my own checks and my checkbook and all that.

Art: Yes, unlimited check writing and we print the checks absolutely free for you, as many as you want. And we have mixers once a month for all the members to get together, and we have trade fairs twice a year. And we also have trade fairs all over the United States. The ITEX dollar is good anywhere in North America, including Canada, so it is a pretty fast network. There are larger pockets, actually, in the bigger commerce areas, but there are some smaller areas at ITEX that you can spend it on like Dude Ranches and Resorts. You can get all the transactions done on-line as long as both parties agree that the account number is the form of currency that you are using. So for instance, if I wanted to buy a fur jacket in Chicago, I could say well, can you just get in my account and I give you my account number. It's usually better, though, to follow up with a hard trade check, but you can do it both ways.

Michael: Can you fax a check?

Art: You can fax the check, definitely.

Michael: So on-line, can you search every single member of the entire network?

Art: Yes, and that's an advantage and a disadvantage. Because once you start searching, believe me, you can get lost. You can be on there 10 days and not see 1%. It's just like mammoth. There's just so much inventory coming into the system on a daily basis that originally you were looking for the skateboard and all of a sudden you wanted to buy furniture and tires. So it's a good thing and a bad thing at the same time. You kind of forget sometimes what you're looking for and all of a sudden you need \$30,000 worth when you only needed \$300.

Michael: Art, can you give me some examples over the years of businesses you've signed up as some good case studies, as some success stories that you can share with the listeners so they can identify what being involved in trade can do for them?

Art: Well, one of my very best members is a movie theater and he uses his empty seats to purchase his maid service. Now that's something that you normally would have to pay cash for, but now he uses his dead seats that he's not using on every movie and he turns around and uses his trade dollars on his maid service and it's a big savings for him right then and there.

Michael: This is in San Diego?

Art: This is in Carlsbad. It's a movie theater called Movie Max. There's also a member using an attorney services, and he uses it all the time. That's a big savings for him. There are members that use it just for like one or two things. And one of the two things is advertising. Probably the biggest

expense you can possibly do. One of our members is a furniture store and he advertises like crazy and when he uses his advertising dollars, if he puts the ITEX logo in the corner, we give him back \$10,000 a year in advertising cost. That's a big benefit for him right there. He can use his advertising dollars with ITEX and we'll give him half of it back, up to \$10,000 a year.

Michael: As long as he uses the little logo, his advertising is cut in half.

Art: Exactly. And there's also other entities you can use it with. You can use it with a radio station and you can use it with TV. You have to follow the guidelines in the ITEX system but they give you back \$10,000 a year. It's a benefit to you. That's why you pay the \$30 a month, because it goes into that pool. So it helps out tremendously on your advertising cost.

Michael: Any other of those items you can think of?

Art: Well, there's guys who use it for employee perks. It's hard to keep your employees happy so a lot of the entities will give it to them for medical costs. If they didn't have dental care, now they do. If they didn't have optometric care, now they do. So they pass it on to their employees. Sometimes they make the employees pay the 10% as the co-payment and so the employee will get \$1,000 of dental work for \$100. That's a big benefit because most insurances are co-pay anyway. So that's a big benefit right there, the employee perks. Especially at Christmas time when it comes time to give Christmas trees and Christmas presents. The employer will give trade dollars out as employee perks for a job well done during the year.

Michael: Take me through the process. Let's say someone calls you and I leave a message and you call me back. Take me through the process of what exactly is going to happen. Are you going to come out to my business? Give me your system of what's going to happen and what I can expect.

Art: Well, when someone calls me on the phone and they're inquiring about the organized barter system, first I'll ask them have they ever been associated with any other barter exchange before. That's also something I have to find out because if they're familiar with barter, it takes half of the subject line I don't have to talk about.

Michael: The education.

Art: Yes, the education; I don't have to talk about a lot of it. But if they say they know about it, they always think it's just a one-on-one trade. So I explain it to them, this is how it works. It's a currency between businesses. It looks like a checking account. It looks like a regular bank statement once a month and this is the way it works. And I'll come out and show you how it works. I have to keep it simple on the phone. Can't really get into any definition

because they can't really see what I'm talking about unless I show it to them in person. I do it on their computer because it's much easier.

Michael: Let's say you come out to my place. What are you going to show me?

Art: Basically, when people call me up, I'm going to tell them how it works. I go out to their shops and show them at their computer. So if I show them at their computer, it's much easier for them to learn because they're going to be doing it at their computer. And we go into the system with my account number and my password and I tell them how it works from the standpoint of how to get to the member directory, how to get to all the listings, how to search for all the products and services they're looking for, and where all the meetings are or if there's a background they want to know on how I got started, and different information on the company.

Michael: Alright, we've covered all the information here and I think it's really been valuable. I've really enjoyed picking your brain about barter. So anyone interested in learning more, I advise them to give you a call so you can take them through the process and show them more. I appreciate it.

Art: Thanks, Mike. I really appreciate your time.

Michael: Okay, Art.
