

# BARTER SECRETS

FREE  
MONEY  
INSIDE

How To Use A Secret "Crack" In The World Economic System  
To Buy Almost Anything You Want For Your  
Business, Your Family And Yourself ... At 20 Cents On The Dollar Or Less!

"It's like going back in time and buying products and services at  
last century's prices...with today's money." - *Michael Senoff, Author*

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- Landscapers
- Interior designers
- And much, much more!

*This is just a small taste of what's available to you with this incredible secret at your fingertips  
Get it all for as little 20, 15 even 10 cents on the dollar with the information inside!*



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# Table of Contents

Introduction .....	1
The Loophole: How to Buy Trade Dollars for Up to 90% off Retail Cost.....	3
Case Studies: How to Negotiate a Winning Barter Deal Every Time .....	25
Direct Mail Letters to Buy and Negotiate Trade Dollars .....	41
<b>Letter #1 to Solicit Trade Dollars for Cash</b> .....	42
<b>Letter #2 to Solicit Trade Dollars for Cash</b> .....	43
Direct Mail Letters to Back-end Sell Products and Services to Your Customers that You Buy on Barter .....	45
<b>Sample Letter #1 to Back-End Sell Products and Services to Your Current Customers</b> .....	46
<b>Sample Letter #2 to Back-End Sell Products and Services to Your Current Customers</b> .....	47
<b>Sample Letter #3 to Back-End Sell Products and Services to Your Current Customers</b> .....	48
<b>Sample Letter #4 to Back-End Sell Products and Services to Your Current Customers</b> .....	49
<b>Sample Letter #5 to Back-End Sell Products and Services to Your Current Customers</b> .....	50
<b>Sample Letter #6 to Back-End Sell Products and Services to Your Current Customers</b> .....	51
<b>Sample Phone Script to Back-End Sell Products and Services to Your Customers</b> .....	52
How to Cash Convert Your Trade Dollars for Higher Margins .....	53
The Concept: How to Buy Most Anything You Want for 20 Cents on the Dollar .....	71
An Inside Look: How a Retail Trade Exchange Makes Money .....	77
Indian Trader: How Indian Casino Advertising Can Make You Rich .....	113
13 Roadblocks That Can STOP You from Buying Trade Dollars.....	127
7 Inside Secrets: How to Close Seven Deals in Seven Days .....	141
The Grilling: Detailed Q&A from Barter Students.....	155
Joint Ventures: How to Find Partners to Sell Your Product .....	181

Barter and Taxes: Tax Consequences, Benefits and Write-Offs..... 211

How to Negotiate the Best Price for Your Trade Dollars..... 219

How to Make Telephone Calls Without Painful Rejection ..... 237

**FREE REPORTS:..... 263**

**Thousand-Year-Old Money-Making Secret Works Even Better Today With the Internet..... 263**

**Become A High Paid Marketing Consultant in 45-Days or Less...Without Any Prior Marketing, Business Or Consulting Experience ..... 277**

**How to Buy Your Own Million-Dollar Business...Without Needing Banks, Credit, or Prior Experience ..... 295**

# Introduction

Congratulations on your order of the Barter Secrets System! This course is the companion piece to the Barter Secrets System CDs. By reading the transcripts while listening to the CDs, many people have found that the concepts of barter and barter exchanges are not as complicated as they once thought.

Just some of the concepts that you will learn are:

- How the barter, or trade industry operates
- How using trade dollars can not only save your business tons of money but can attract new customers to your business
- What types of goods and services you can purchase with trade dollars...and for only 20 cents on the dollar!
- How to become a member of a barter exchange
- Several great ideas to help you start your barter business or incorporate barter into your existing business
- Advice on the “do’s” and “don’ts” of retail barter
- Valuable income tax facts and figures
- ...and so much more!

The chapters that follow also provide valuable resources to learn even more about the barter industry or answer any other questions about barter that you may have. This course, along with your audio CDs, is the most comprehensive sets of information that you will find about organized barter in the United States today. So, let’s get started and I know that you will discover so many secrets and little-known facts that you can start taking advantage of organized barter’s loophole today. Enjoy!





## **The Loophole: How to Buy Trade Dollars for Up to 90% off Retail Cost**

If you learn what I am about to teach you about the trade industry, you can make extra money for you and your business. It is about a little known industry called the barter or trade industry. You will be astounded by this conversation! Rob, a plumber out of Washington D.C. had called me with questions about this huge worldwide barter and trade industry. Rob wanted to know the best way to learn about it and to become a part of it in order to turn it into a cash income stream for himself. What transpired was an unprecedented 45-minute training class explaining how the major trade organizations operate, inside secrets of how their members obtain and use their trade dollars, the problems these members may experience, as well as the myriad of products and services traded by the members of these organizations. It is unbelievable! More important, I teach Rob how to buy top-of-the-line goods and services in the trade industry for twenty cents or less on the dollar using my personal technique. I also reveal the best types of products and services to purchase trade dollars. After purchasing these goods and services at a low price, a person either can take advantage for his or her own lifestyle or business or can actually sell what was purchased for, perhaps, fifty cents on the dollar thus netting thirty cents or more on each dollar sold. Get ready and enjoy.

Michael: I was incorporated through trade. All the tables we rented for my wedding were on trade. All the food we used, the French Gourmet, which was a wonderful bakery, catered our entire wedding on trade. My honeymoon when I went up to Oregon was where the main ITEX office was, was on trade. I had my fence in my house done on trade. I had a gorgeous black wrought iron gate all done on trade. I had a beautiful wrought iron table custom made on trade. I had stained glass windows sitting in the entryway of my house that was custom made and done all on trade. I have some beautiful hand-carved statues that were made from chainsaw carvings that I purchased on trade. I had these antique library card catalogue bookcases all refinished on trade. I mean, if I told you how much opportunity for things in your home, your lifestyle, your business – if you have a business, it is unlimited.

[Music]

*Hi, this is Michael Senoff here with HardtoFindSeminars.com Here's a very interesting recording. I promise you have never heard anything like this, and it is particularly important for you as a business owner. Now, it is about the trade industry, and I am going to give you an edge like you've never heard. I'm going to show you how to buy products and services for businesses at eighty percent off the normal retail value. Listen very closely. This is one recording you're going to want to hear over and over again because, it can save you a tremendous amount of money for your own business,*

*especially when it comes to advertising and marketing services and direct mail services, and it can save you a ton of money as well if you implement some of these strategies. That's money in your pocket. So, listen closely to this.*

Now, the purpose of this recording is to teach you several different things. This gentleman, Rob, called me interested in more information about barter. The barter industry is a fascinating industry. It is a multi-billion dollar industry also called the trade industry, which I have been involved in for a long time. This consultation will show you specifically how to buy any product and service at eighty percent off the retail price, or how to buy it at twenty cents on the dollar. Now, I have bought all kinds of things as you will hear in the beginning of this interview on trade, and it is a fascinating world and it is something if you have a business especially that you can really leverage your spending power, advertising power, buying power by getting into this.

*Therefore, this gentleman, Rob, wanted to know more about this. Therefore, you are going to hear me take this gentleman through a consultation session teaching him about the trade industry and how to buy trade dollars and how to buy products and services at twenty cents on the dollar. I assure you I have done this myself. I assure you this works. I assure you this is easy, and we are going to have a series of recordings that are going to help take you through this process. So, enjoy learning how to buy products and services at twenty cents on the dollar through a little loophole or a creative thinking strategy that I came up with over all the years of being in the trade industry. It is fascinating. Enjoy!*

Michael: I know I'm crazy.

Rob: You're not crazy. You're just good.

Michael: All right.

Rob: And, being that you're good, I have a question for you.

Michael: Go ahead.

Rob: Now, I was looking at your barter, and I would like to know if it's something that's very prevalent and can you be able to start a \$200,000 business owner.

Michael: On barter?

Rob: Yes.

Michael: Yes, you can.

Rob: Do you have a system on how to do that or can you explain to me how to do that?

Michael: What is your first name?

Rob: My name is Rob.

Michael: Okay, Rob, I can do consulting. I can teach you a way, I can teach you in about thirty to forty minutes on how to be able to buy anything you want within the barter industry which is a multi-billion dollar industry for anywhere from ten to twenty cents on the dollar.

Rob: And, then just take that and sell it for more than that.

Michael: Well, if you want to buy it for yourself – let us say you want to buy a house that is on the market and it is \$300,000, and you can buy it on trade. I can show you how to get it for \$60,000.

Rob: A \$300,000, but it would have to be listed for barter.

Michael: Yeah, it would have to be listed for barter. That is correct.

Rob: Is that prevalent?

Michael: Yeah, there is real estate, there's all kinds of things sold on barter, absolutely – cruise ships, lawyers, legal fees. Anything you can think of that is bought and sold you can get on trade. Some things are easier to get than others are, but absolutely. It is very real.

Michael: I'm going to show you exactly what you need to do. I'm going to tell you how to do it. I'm going to provide you the recording. All you need is the road map of exactly how to do it and I think I can do it for you in forty-five minutes. I'm going to explain it all to you.

Rob: I have a vague understanding of how to turn it into cash, and how to turn it into an income stream. Now, is that what you are going to tell me how to do?

Michael: Absolutely, I can show you how to turn it into a cash income stream for yourself or I can show you how to be able to purchase anything for yourself or for your business. See, if I can show you how to buy something for twenty cents on the dollar that you would ordinarily pay one hundred percent on the dollar, I have made you eighty percent. Does that make sense?

Rob: That makes a lot of sense.

Michael: So, if I could save you eighty percent, I have made you eighty percent if it is something that you want or you could use for your business, or whatever. So, it shows you how to operate a business at eighty percent less than what your competitors would operate on.

- Rob: Let me ask you a question. Now, would this be ideal, if I don't need – say if I don't need to go out and buy something to save me eighty cents on a dollar. In this half an hour, whatever it takes us to go through, I'm quite sure you're going to set it up, will be able to go down the street to somebody who needs this and say, "Look, I can charge you X amount of dollars to get you fifty cents on a dollar" or whatever it is that you learn?
- Michael: Yeah, once I show you how to do this, you understand that you have a list of all these products and services that you can buy at eighty cents on the dollars. Once you acquire them and own them, okay, and I'll show you how to lock that up without even taking actual possession, then you can take it down the street, resell it at fifty cents on the dollar and keep the thirty percent in the middle.
- Rob: Right, and that's very prevalent.
- Michael: I do not know of anyone doing it the way I am doing it. The way I'm doing it is one hundred percent opposite than what everyone does and it's a hundred percent easier, but most people would never think of it, the way I've done it.
- Rob: Do you understand what I'm trying to do? I'm trying to create an income stream out of it. I'm not trying to go out and get a bunch of stuff I need because I really don't need a lot of stuff.
- Michael: I will tell you what I'll do. I will do the recording with you. You will only pay me if you are happy with the information I have provided you. Would that be fair?
- Rob: That is more than fair.
- Michael: I can do it right now with you if you want. Are you ready?
- Rob: Yes.
- Michael: All right. So, Rob, I want to get right to the heart of the matter. Why are we talking about barter right now?
- Rob: I would like to create a nice income stream with a low overhead into work is not giving me enough money. I work overtime. I am taxed.
- Michael: Where are you working right now?
- Rob: I work at a plumbing company right now.
- Michael: How long have you been there?
- Rob: I have been there two years, and another company before this for seven year
- Michael: And, are you married with a family?

Rob: No, I have a girlfriend with a family.

Michael: Okay, and are you getting sick of the plumbing?

Rob: Yeah, I'm pretty much sick of it. You know what? I enjoy it, but I'm not sick of it. It is just time to move on.

Michael: Are you out there in the truck doing plumbing, or are you in the company working?

Rob: Yeah, I'm out in the truck.

Michael: So, you are a plumber by trade.

Rob: I'm a plumber by trade.

Michael: Okay, good. Well, the barter industry, it is fantastic. Let me just give you an example of what barter is. Do you have an idea that there are hundreds of barter companies all over the country who have businesses? Barter trade is used in the same way. Barter goes way back to the Venetians, thousands and thousands of years ago before there was even money. People would go to a town square because they did not have coins or currency, they would trade product for product. So, if you needed bread or something, let us say you were a farmer, you may say, "I'm going to trade you two chickens for ten loaves of bread for my family." Therefore, people would trade and they would give their different items, different value, but it was very difficult. So, when money came along, money kind of solved that trade problem. So, money acted as an intermediary that would allow anybody to buy anything they wanted without having to trade hard good product, without having to do inventory. Do you know what I am saying?

Rob: Yes.

Michael: Okay, so, there are two very big players in the barter industry. Now, you don't have to write this down, but you can go visit their websites and you can learn more. Now, the first one is called Business Exchange, and it is BXI, Business Exchange, I think the "I" stands for International. I'm not sure, but if you searched and went to Google and typed in BXI, you will find BXI offices in all the major cities.

There is another one called ITex.com. Now these companies sell business opportunities. They sell franchises to people who are looking to get into the barter industry. The barter industry is a billion dollar industry. It is huge. It's so big, in 99.99 percent of the people out in the marketplace don't even know about it and what it is, and that's because it's kind of difficult for people to understand when they've been so used to buying things with cash. Do you

know what I am saying?

Rob: Right.

Michael: So, if you become a member, let us say you are in California and for instance, one of the largest BXI offices is right here in California in San Diego. It's owned by a guy named Duncan Banner. So, this guy, Duncan Banner, pays a franchise fee to buy the rights for the BXI office in California, and he may pay – I don't know – let's say he's pays \$100,000 for the franchise. So, anyone who becomes a BXI member in San Diego, it is his company, he makes money off that.

Now, what he does to get his business going is he is almost like a bank. Therefore, what he does is he has salespeople go out and try to recruit small businesses to come into this barter organization. So, he'll go get a plumber who's having a hard time getting customers, and what he'll tell the plumber is, "Hey, join this barter exchange, join this group of all these business who are willing to do business with each other, and it will help you get more business." So, the plumber joins. The printer joins. The attorney joins. The gift store joins. The drug store joins. The pharmacy, the people who do website design, the graphic artists – there's every kind of product and service you can imagine if you've got a good sales force, will become members of this barter organization, okay, BXI.

Now, it works the same whether it is ITEX or any of the companies, the Crump Barter, there are all kinds of different names, but they all work the same, okay?

So, let's say you're this guy named Duncan Banner, and you're the owner of this franchise, right, and let's say you have a hundred businesses who have joined up with you to say they want to be a member of this trading club, okay. So, you have a hundred businesses and each business gets a list of all the other businesses who are members of this club. So, they're predisposed to do trading with you, to do business with you, right, because you're members of a club. You are a buying club.

Now, every time you buy something, let us say you are the plumber and then you buy something from a printer, okay? You are not using cash. You are using trade dollars, which is really the same thing as cash, but its cash that can only be spent within the club. So, look at it as a BXI dollar. A US Dollar you can spend anywhere in the world, right?

Rob: Right.

Michael: That makes for a very strong currency because you can take these greenbacks anywhere in the world and almost everyone will accept a US dollar as good currency, right?

Rob: Right.

Michael: That makes it very valuable, right. Well, look at a Monopoly game. You can spend Monopoly money, but you can only spend it with the players who you are playing with right there. That may be four players.

Rob: Right.

Michael: It may be valuable if you want to win in the game, right, but if you take that Monopoly money out to the grocery store, it ain't going to work. Is it?

Rob: Right.

Michael: On a scale between one and ten, that would be the less valuable. Now why is it less valuable? It is less valuable because you can only spend it with up to four players in a game or six players, or how many players can play the Monopoly game, right?

Rob: Right.

Michael: So, your buying power is limited. It is only limited to six other players. Are you with me? Now, the barter company in San Diego, let us say he's got a hundred members. Well, you have this currency, but you can spend it with a hundred different businesses. Is that more valuable than what you can do with the Monopoly people? Why is that?

Rob: You have more people, number one.

Michael: More people, more choices.

Rob: Yeah.

Michael: So, your dollar gives you more choices. It has more, what?

Rob: Power.

Michael: More power, that is right. Does it have as much power as a US dollar?

Rob: No.

Michael: Not near as much. Therefore, you see how the value of the dollar is directly proportionate to the amount of things you can buy with it.

Rob: Right.

Michael: So, when you are looking for a strong barter company, you want to look for a barter company who has the most members. When I say members, you want



to be careful with this because a lot of these barter companies are buying up other barter companies, and some may have a lot of members on the book, but they may not be that active. In addition, many people who are members of these barter organizations, for instance, some of them will be members of multiple organizations, okay.

Now, when this Duncan guy signs up all these businesses, let's say he has a sales person who signs up a hundred businesses every two months. Well, a lot of them are going to come in and out of it. A lot of them will be signed up but they do not really take on to understanding the industry, and they will kind of flake out, but the point is they are signed up and they also have to pay a registration fee. They can pay anywhere from \$375 to \$600 to become a member, okay. So, they have the ability and the power to become a member and to be able to buy and sell within this group of barter people in this organization, right?

Rob: Right.

Michael: Now, that upfront money, a sales rep who signed up the account, he gets a large percentage of that. Some of it goes to administrative fees, and some of it goes to the owner of the company. So, it is necessary, but where is the real money made for the guy who owns the BXI office? Let us say you and I are both members of this organization, okay. You are the plumber and let us say I do website design. You say, "Mike, I'm a member of BXI, too. I see that you're a member because I have the directory of all the members in San Diego." Then, when I go online to the website, it gives me the members of every one in every other city in the country.

Some barter organizations are worldwide. Barter in some countries is even bigger than here in the United States. Did you know that?

Rob: Yeah, I did know that.

Michael: Okay, good. So, you're a plumber. You want a website done. So, you say, "Mike, I want a website done. I've got \$1,000 worth of BXI money." And, I say, "Okay, I'll do your website for \$1,000." So, you pay me \$1,000. You fax me a trade draft. It is like you mail me a check, just like you mailed me a check out of your checking account, or you just fax me an order. You can give me the order over the phone. It can work just like a credit card because we each have accounts within that organization. We have our own little barter account, or our own little bank account.

So, let us say I charge you \$1,000 for that website. So, you send me the \$1,000. Well, automatically, the guy who owns the barter company for San Diego, he's going to make ten percent on that transaction meaning for every \$1,000 you spend, you have to pay \$100 to Duncan, the owner of the organization.



So, it's just like a bank. When the bank gets people to invest their money or save their money in their bank accounts, they can use other people's money to go get loans and earn interest. So, a bank makes its money by earning interest. A barter organization makes its money by taking a percentage of the transaction. Some companies, it can be up to fifteen percent.

So, this is really important. You have to know that for every \$1,000 that you buy something, you are going to have to pay that ten percent in cash out of your pocket to Duncan, to the owner of the company. That is the cost of doing business within the barter organization, and that's how the organizations make their money, right?

Some people do five and five. You pay five percent cash when you buy something and you pay percent cash when you sell. Some companies don't charge you anything when you buy something, but they charge you ten percent when you sell. Am I confusing you or does that make sense?

Rob: No, I'm with you.

Michael: Now, here is my thing. To earn barter dollars, you have to do what? You have to sell something, right?

Rob: Right.

Michael: You have to sell a product. Now, since a barter organization has a limited amount of things that you can spend money on, it takes more effort to find something you want to spend your money on, right?

Rob: Right.

Michael: With the US dollar, you know you can go out and buy anything you want at any store. So, let us say you want to go shopping. You are limited to just a hundred stores. It is not going to be as easy for you to spend that money, is it?

Rob: Right.

Michael: It may take more phone calls. It may take more work, and many people, who are signed up in the barter industry, do not really understand how difficult it can be to spend the money, but some people do not have access to the Internet. Some of these barter companies may not send out the directory on time.

So, the key thing you need to know is you need to have a list of all the members who are members of the BXL office and the ITEX office, and when you become a member of these organizations, you know have the most important thing. You have all the members who would have the products and services that are available for sale. Are you with me?

Rob: Yeah.

Michael: Now, when you sign up for these organizations, do not pay any of the upfront fees. For example, let us say you wanted to sell your plumbing services and you wanted to do your plumbing on your own, or let us say you have any product. What you do is by just asking and negotiating, you can say, "I'd like to be a member of your BXI office, but I'm not paying any upfront fees. I can sell my services to your customers and you can generate money on a percentage of me buying and selling, but I'm not willing to pay any fees." In addition, there are franchises all over the country. So, you can call ten of them and tell them you want to sign up, but you're not paying any upfront fees. "Will you sign me up?" And, you're going to get three or four of them that will say yes, okay?

Rob: Okay.

Michael: So, that is first. I just saved you between four and six hundred dollars. You should be able to do that with any of the brokers. These brokers still have to go get businesses to come into their organizations because once they get the businesses in the organization; they have to help facilitate trade – buys and sells - because how do they make their money?

Rob: When you do business.

Michael: That is right. So, they do have to get businesses in there so they would rather have a business in there that could potentially do business so they can make money, right?

Rob: Right.

Michael: That is very important. Now, here is the thing I learned. I was buying and selling for years on trade, but I realized I do not even have to be a member of the organization to get what I want. All I need is what? To know who all the members are, right?

Rob: The list.

Michael: Right, I need the list. So, I got out of BXI. I'm no longer with BXI, but I still have my directory of all the people who are still with BXI. Now, here is the thing, because it is harder to spend money with trade, I learned over the years that many people were sitting on all these trade dollars and they would complain that there is nothing to spend it on. Do you see?

Therefore, they had a big account. Some will have \$50,000 of trade dollars. When you are a member of the trade organization, let us say you are selling plumbing services, and they send out an email to the list that we have a new plumber, any kind of plumbing services you need you can get it on trade.

People have all this money in their account, and they are really looking for good things to spend it on. Are you with me?

Rob: Yeah.

Michael: Because, remember it is not as easy to spend as a dollar. So, you're going to get all this business, and you're going to do all this plumbing, and you're plumbing company is going to have ten, twenty, thirty thousand dollars in these barter dollars sitting in your account, right?

Rob: Right.

Michael: And, what most people do because most people are lazy and they do not take the time and make the effort to find good things to spend it on. They will have it sitting in their account and they will be all frustrated, and they will whine and say, "Well, there's nothing to spend it on." You see?

Rob: Yeah.

Michael: So, that is your advantage. Therefore, I am going to show you who to go to who are sitting on all the money in their account, and here it is. It is the people who sell advertising and publishing, or people who sell email promotions or fax blasting or magazine advertising, newspaper advertising, penny saver advertising. If you go into the sites, you can search every company in the BXI list who sells advertising, and you find that list and you print them all out, and you get on the phone and you call and you say, "Hello, this is Michael Senoff. I know you're a member with BXI, and I was wondering if you'd be interested in selling some of your trade dollars." If they say, "Well, hold on." Then, you want to find out how many trade dollars do they have.

Now, I did this with a girl. I had a telemarketer call up publishers. We uncovered about half a million dollars in trade sitting in accounts. As a matter of fact, one of the people who called me was Dave Waggonvord. I still have his phone number. He called me back. I knew who he was. I did not call him back, but I knew who he was and I knew if I ever needed trade, I could go to him.

Now, you can bypass calling all these advertisers and publishers, and you call him and say, "Dave, my name is Rob. I am out in DC. I know a lot about the trade industry. Do you have any clients who are sitting ten, fifteen, twenty thousand dollars in trade? I'd be willing to pay cash."

Now, there is a going market for trade dollars. Everything has a value. US currency has a value that goes up and down. The Australian Dollar has a currency that goes up and down. Well, so do trade dollars, and the value depends on the power of the dollar, and the power of the trade dollar depends on how good the business is going. How many businesses are active in trading, you see?

Rob: Yeah.

Michael: So, you could call Dave or you could call any broker, introduce yourself, and say, "I'm looking for \$20,000 in trade." Moreover, you can be a member of the BXI establishment by getting a free account, getting one of the trade organizations in one of the states to set you up an account. You just have to do some paperwork, and that is all set up.

So, he would say, "Hold on, I'll get back up with you." And, he will have someone that he knows. They are connected. The brokers know what is going on in the business. They know who is sitting on all the money, okay, and sometimes they will help you. As a matter of fact, when I needed trade, I would solicit the members and the broker, Duncan of the San Diego office called me back and said, "Mike, you know what? Don't mail this out to the members. Just call me if you need some trade." They know where the money is. All you have to do is ask for it, and once you are in the know and you know how the game works, they'll get you the trade. And, they can get it for you for, depending on the market, it could be for fifteen cents on the dollar, twenty cents on the dollar, twenty-five cents on the dollar.

So, let me give you a couple real life examples, okay?

Rob: Okay.

Michael: Last year, I was in some litigation with somebody, a company out of Phoenix. I had a lawsuit going on, and I was suing them, but do you think I want to go spend \$350 an hour on an attorney? There are all kinds of attorneys on trade. So, I went into my ITEX database. I searched attorneys. I found an attorney that handled contract law in the state of Arizona where I needed him, he was a member of this trade organization, and I purchased attorney fees at thirty cents on the dollar. So, I spent \$15,000 in attorney fees that cost me \$4,500.

Now, I guarantee you the guy who I was in the lawsuit with paid full price. Did that give me an advantage in fighting lawsuit?

Rob: Yeah, it gave you an advantage.

Michael: Here is another example. I needed CD Rom duplications. I found a guy on the ITEX page that was selling due bills. A due bill is like a gift certificate. A due bill is a promise. So, he was selling \$6,000 in due bills for CD Rom duplication, and he was selling it for trade, \$6,000 in trade. I found someone who had \$6,000 in trade, and I bought that \$6,000 in trade dollars in ITEX for twenty cents on the dollar. I paid \$1,200 in cash for that \$6,000 in trade for CD Rom duplication.

So, my CD Rom's cost me eighty percent less than what someone would pay

retail. Now, did I make eighty cents on the dollar because I saved it right because I was going to spend it anyway?

Now, how did I find those trade dollars? Well, I found it with my telemarketer. We uncovered, and I have a list of all these people who have all this trade. So, now when I need money for trade, I just go to my list. I say, "Do you have any more BXI you want to sell?"

Now, here is the thing. This is important. When the guys wants to sell it to you, remember every time it comes out of his account, he's got to pay a cash fee? Well, what you do is you take yourself out of the picture. You have him buy the item for you. So, for instance, I need CD Rom duplication up at a place called Act One Video. They are here in San Diego. I get all my CDs printed and video duplication there. I just put a thousand bucks in the account whenever I need it.

So, I call my contacts I say, "Do you have any BXI dollars?" And, I have them fax the check. They just buy it for me. Okay? And, then I pay them the twenty cents on the dollar or the thirty cents on the dollar. Are you with me so far?

Rob: I am with you.

Michael: Is this all-making sense?

Rob: You took yourself out of the equation so you would not owe any cash.

Michael: I took myself out of the equation. I am not even on the account for books or taxes or anything like that. You do have to report it on your income tax, but really, you do not even have to be a member of the trade organization. All you have to do is find out who offers trade.

So, how can you take these items and turn them into money. Well, everything has to be sold, right?

Rob: Yeah.

Michael: If you could sell something for fifty percent what people are paying a hundred percent for, you do have a pretty good chance, right? So, for instance, I had a guy whose got \$50,000 in ITEX, okay? Now, I bet if I said, "I'll give you twenty cents on the dollar for that \$50,000 in ITEX", that would cost me \$10,000 for his \$50,000 in trade, okay.

Now, I would have to find products and services that I would like to buy on trade that have the same value as if I had to pay cash for it. So, what kind of items are those going to be? Those are going to be things with large margins like advertising, email marketing, lawyers, trusts and wills, legal stuff, stuff that there is high margins. There is no way that a guy in a retail store selling candy

can make margins. For him to be in the business of barter, there are not enough margins for him to make it, nor can a plumber because of the cost of your supplies and your labor. It does not work. There is not enough margins in the plumbing business, the grocery store business, the retail trade business; anything-hard goods are not good for trade.

You need to sell something with margins like when you're selling air, like advertising, legal fees, things like that – cruise ships, travel, vacation hotels, things that are going to expire that the company can't make anything off because it's on a time limit. You see?

Rob: Yeah.

Michael: Okay, so when you are buying something, you are looking for companies that sell things with high margins. That is how you are going to find the money. You will find so much trade sitting in the accounts of these people; it is not even funny. Then it just comes to finding your source for your trade dollars, coming to an agreement that they are happy with, and then you deciding what you want to sell.

Say you wanted to sell legal services in your area where you have a crackerjack lawyer who you made a deal with and said, "Look, if I buy \$50,000 worth of legal services, will you give me what's called scrip." Have you ever heard that, scrip?

Rob: Yeah.

Michael: Scrip is like a coupon right?

Rob: Yeah.

Michael: So, he may give you fifty \$1,000 scrip of legal services that you can go legally resell and transfer. So, let us say you are holding these fifty gift certificates or gift cards like you see in all the grocery stores. Do you see them in the grocery store? The plastic gift cards, the same thing with the phone cards?

Rob: Yeah.

Michael: Now, in the state of California scrip – they used to be able to put a limit on how long you had to spend it, meaning they would say, "This scrip expires in a year." However, now that is illegal. When you buy scrip, there is no expiration date on it in the state of California. You may want to check the other states.

So, for instance, let's say you went to this attorney. You knew he was going to be in business for a long time. He has been in business for a long time. He has a great reputation. He is a crackerjack lawyer. He wins cases. You can say, "I've got \$50,000 in trade. I want to buy \$50,000 worth of your services, but I'm

not going to take ownership of all your services. I want you to write me scrip. Fifty pieces of paper worth \$1,000 apiece that I can resell to potential clients that they can come and redeem with you for legal services. Okay?"

Rob: Yeah.

Michael: You can do the same thing with anything – a candy store, advertising, anything that you can buy, you can resell on the open market. You are buying it at twenty cents on the dollar. You can resell it fifty cents on the dollar. You can save your customer fifty cents on the dollar and you can make yourself thirty cents on the dollar.

Rob: Right.

Michael: That is basically the concept there. Are you confused on anything?

Rob: I'm not confused on anything. It seems to me with the high margins stuff may not be where the everyday needs may be or a business might need.

Michael: Whom do you see yourself selling to?

Rob: I see myself selling to whoever has the money.

Michael: Okay, so why not just pick something? Let me give you an example. Let us say you found a publication that sells advertising on trade, and you bought \$50,000 worth of advertising for \$10,000, but before you did that, you went to some of the advertisers in the publication who already paying cash and probably 99 percent of them are, and said, "I know you're advertising with this publication. If I could get you an additional ad in this publication for half of what you're paying, would you be interested." You could pre-sell the advertising before you even made the deal.

Rob: Before you even locked it up.

Michael: Yeah, you could have it all sold. They may have been advertising. If you have a couple of issues of the magazine and saw the people who were advertising month after month, and they are happy with it, you can pre-sell it.

Rob: Right. So, it's just a matter of when you peep into this warehouse of barter scrip and you look and see lawyers, or you look and see advertisers, it actually tells you where this advertising is.

Michael: Yeah, it tells you the company names that are selling it because they're members of the trade organization. They are in the directory. They have the topics of the members who are here.

Every business needs accounting service. If you approach someone and said,



“How would you like accounting services for half of what you’re paying right now?” There are accountants all over the country. Advertising, there are advertising agencies. There are advertising coupon people. There are people who do direct mail, who do printing, who make directories, hard deck advertising, magazine advertising, national advertising, newspaper advertising. There is outdoor advertising that you can get on trade. There is radio advertising all over the country. There are artists, people who sell artwork. There are attorneys. There are business services like people who rent lists, who help people get out of debt, who help people incorporate, who do answering services. There are payroll services, people who make signs for people. People who do tax preparation, trademark attorneys. There is business equipment like copy machines, mailing, rugs. Tradeshow exhibits are big in trade. There is software development. Software, do you know the margins on software? It is tremendous.

Rob: Yeah.

Michael: It is tremendous. It costs nothing but a CD. There are many upfront costs, but software can be a great thing to buy and sell. There is entertainment from bands to music. There are florists all over the country. Food, gift baskets are big. Cookies, there are bakeries. Salsa, there is wine. Wine is a very high margin product and a very high demand product if you could find a good wine. Restaurant scrip is prevalent all over the country. There is formal wear – tuxedo rental that is very high profit because it’s rental. There is photography, which is very high profit. Graphic design, website design, limousine services, and recording studios – these are all high margin things, and you can pick and make a business out of any one of them, any one nice. Bed and Breakfast, hotels and motels, country inns, healthcare products, herbal supplements is huge – any of these, you know, and now have the power that you can buy any of these items with a little work on your part between ten and twenty-five cents on the dollar, and you can also sell them for fifty percent than what the open market sells them for.

Rob: Yeah. Let me ask you a question. For example, when you tack something up and sell it, let us pick the florists. Maybe you sell, just for a round number, a thousand dollars to go get this scrip for a hundred dollars. You turn around and you sell it for whatever, three or four hundred dollars. You giving the end user a discount, but you are not actually going to do it. You are going to direct the person in the exchange to do it for you.

Michael: Bring me back to that example. Give me a specific example and walk me through it.

Rob: Okay, you are getting ready to buy a thousand dollars or ten thousand dollars worth of floral services, next week.

Michael: Okay, I am going to buy it from the florist. So, it’s ten thousand dollars and let’s



say I buy it for twenty cents on the dollar. So, I pay her two thousand dollars. She gives me in paper, ten pieces of paper each worth a thousand dollars of scrip. So, I have ten – one thousand dollar pieces of scrip for floral services.

Rob: Right – wait a minute, we are on a different page. I am saying, I found this stuff located in the barter exchange, people that are sitting on the credit.

Michael: Yeah, yeah that is right. You found, let's say a florist that has all these trade dollars sitting in their account.

Rob: Right, I found somebody who wants to buy some floral arrangements or whatever.

Michael: Yeah, okay.

Rob: I negotiate with them. I say, "Well, what do you want to spend?" They say, "Well, ten grand." Supposing I say, "I can get that for you for say five grand."

Michael: There you go.

Rob: Well, would you want to do it? They say, "Yes." Now, I go, and I go inside this exchange where I already know it's sitting there, but I don't take possession of it. I get the person inside the exchange to do the whole transaction for me. So, we can bypass and not have to pay anything to the exchange?

Michael: You can do one or two things. If you really want the control, if you knew for sure that this person committed and they wrote down on paper that said, "Rob, if you can get me \$10,000 worth of floral services." In addition, you have them write up a letter of agreement that "I'll pay you \$5,000." You can just go ahead and buy the scrip from the floral service because you do not want them going around you.

Rob: Right, okay.

Michael: But, if you had them sign a simple non-disclosure agreement that you are going to bring the two parties together and you have the agreement from the person who sells the floral services that they are going to sell you the trade at twenty cents on the dollar, then you are locked up. You just have a letter of agreement before you bring the two parties. You are kind of acting as a broker in a way.

Or, you could just buy the scrip from the florist. If you know that your buyer wants it at fifty percent off, you can buy the scrip from the florist and have her write on the scrip that this is transferable. It is worth \$1,000 worth of my floral services at any time for anyone, and you just take possession and then pass that money. It is like a coupon. You pass that gift certificate, that scrip, that money over to your buyer, but she pays you for it.

Rob: Okay.

Michael: You can do the deal without being the exchange. The only benefit of being a member of the exchange is having access to all the members. Once you have access to all the members in the exchange, you do not really need them.

Rob: Okay.

Michael: You just need to know where all the BXI members are, and you are only going to get that once you become a member. You don't have to remain a member. The exchange, they are not going to like you doing this, but there is nothing they can do as long as you are not a member.

Rob: I don't want to be a member then.

Michael: Yeah, if you are a member, you have to sign a rules and regulation. They don't like their members knowing that the value of a trade dollar can be bought at that amount.

Rob: Okay.

Michael: Yeah, they are not going to like that, but if you are not a member, there is nothing they can do.

Rob: But, the only way to get the list of the members is to be a member a short time or something.

Michael: That is correct.

Rob: And, then just quit, but if you don't pay anything to become a member, then you don't have to officially quit.

Michael: Well, you can become a member, fill out all the paperwork, and agree to everything, but the broker is going to let you be a member for nothing. But, you're bound by the agreement when you become a member whether you pay or not. But, the whole idea is become a member, find out all the products and services and the companies that have the extra trade dollars, you see?

Rob: Yeah.

Michael: And, just know where those contacts are. So, whenever you need to buy trade dollars, you've got a go to person to get it for what you want at twenty cents on the dollar.

Rob: Okay.

Michael: And, you have the list of people you can buy things from.

Rob: Now, question, to be a member and to get the list, you are going to have to fill out some paperwork?

Michael: Yeah.

Rob: And, when you fill out the paperwork, you are going to pretty much say you are not going to do what I am about to do.

Michael: No, no, there's nothing, there's nothing in there.

Rob: Okay.

Michael: There is nothing like that.

Rob: Okay. So, the ideal thing is to take the list and see what's appealing and find something, and then actually go try and find an end user.

Michael: Yeah, find your buyers and your sellers.

Rob: Okay.

Michael: You instantly have access to every kind of product and service you can think of, and you are going to know the ones with high margins like publishers, advertising, and even the brokers. Going to the brokers and just introducing yourself saying, "Look, I'm very familiar with the trade dollars. I have a deal I'm working on. I'm looking for \$20,000 in trade or \$10,000 in trade. I'm willing to pay twenty cents on the dollar. Do you have any members who are sitting on a lot of trade?"

The brokers know who is sitting on a lot of trade. They would like to help these businesses alleviate that trade especially if they have been whining and complaining, "I can't spend it. This is not fair." "I know you're sitting on a lot of trade. I've got someone who may be interest in buying it from you at a discount if you're interested." They will help you out.

Rob: Okay, so in essence, you could actually pick up maybe the Wall Street Journal and see who is advertising in that, and contact them and say, "I see you spend a lot of money. Would you like to pay fifty percent?"

Michael: If the Wall Street Journal is a member of a trade organization. Now, I don't know if they are or not. I doubt if they are, but Entrepreneur magazine is.

Rob: Okay.

Michael: So, when you become a member of ITEX and you talk to some of the brokers,

the brokers know where the big players are. So, if you want to get into the bigger dollar things, you say, "Well, who are the national advertisers who are doing trade, and they sell advertising and due bills?" Like I was telling you. That is kind of like scrip. They sell them in lots of \$10,000, but the brokers can get you anything and everything. There are big players in the trade industry that you will not even find in the local directories, but your brokers will know all about tha

Rob: Okay.

Michael: Now, this is really powerful. You really have probably a thousand different trade organizations all over the country, but the two big ones are BXI and ITEX. Now, every trade organization is basically going to have the same type of people – accountants, lawyers, tax prepares, some of the things I read you. They are just going to be in different geographical locations, but there is something called reciprocal trading meaning all the trade companies belong to this international trade organization group. They want to help make trade and barter even more attractive.

So, they have agreed to help each other out. So, let us say you are a member of BXI, then I'm a member of ITEX, and you want to buy something from me on ITEX. Well, there are ways of doing it even though I'm not a BXI member that you can use your BXI dollars to buy my ITEX item even though they're different currencies, you see?

Rob: Yeah.

Michael: You may pay a little bit more, but I wanted you to be aware of that. So, no matter what trade organization you find, there are ways to do deals no matter what the currency is. There's another great trade organization called Intigio. My accountant has been on Intigio for the last five years.

I was incorporated through trade. All the tables we rented for my wedding were on trade. All the food we used, the French Gourmet, which was a wonderful bakery, catered our entire wedding on trade. My honeymoon when I went up to Oregon was where the main ITEX's office was, was on trade. I had my fence in my house done on trade. I had a gorgeous black wrought iron gate all done on trade. I had a beautiful wrought iron table custom made on trade. I had stained glass windows sitting in the entryway of my house that was custom made and done all on trade. I have some beautiful hand-carved statues that were made from chainsaw carvings that I purchased on trade. I had these antique library card catalogue book cases all refinished on trade. I mean, if I told you how much opportunity for things in your home, your lifestyle, your business – if you have a business, it is unlimited.

Rob: It is unbelievable.

Michael: Yes.

Rob: When you mentioned all that stuff, and you say, "I had it done on trade." That means you located it and you purchased it for-

Michael: Yeah, twenty cents on the dollar, twenty to twenty-five cents on the dollar.

Rob: Okay.

Michael: Than what I would ordinarily pay.

Rob: Well, it is almost phenomenal what you can do once you see what is available in the trade bank. It has called the trade bank.

Michael: That is correct.

Rob: And, you just walk around – I mean in casual conversation or if you wanted to do it as a business and say, "What is that you want me buying next month or next week?"

Michael: That is right.

Rob: I almost pay people whatever you can pay them.

Michael: That is right.

Rob: And, take the difference in the margin.

Michael: That is right. Does that make sense?

Rob: Yeah, it makes sense and according to the notes I have been taking, the important thing is the list and to see what is available.

Michael: That is correct.

Rob: And, work it almost backwards from there.

Michael: That is right. Has this been helpful?

Rob: It has been very helpful. It has been very helpful.

Michael: Do you feel like you got your money's worth?

Rob: Yeah, I got my money's worth

Michael: All right, buddy.

*Hi, this is Michael Senoff with HardToFindSeminars.com. That is the end of our two-part recording with Rob on barter, how to get barter at twenty cents on the dollar. Please, we went through a lot of information. I know I talked very fast. This was a difficult concept for me to catch on to when I first got started. So, re-listen to it several times, go to the transcripts, read through them, and if you have any questions at all, please call me. I can be reached at 858-274-7851.*

## **Case Studies: How to Negotiate a Winning Barter Deal Every Time**

**This CD transcript is a compilation of real-life case studies of me getting on the phone and buying and negotiating...for \$18,000 trade dollars, at 20 cents on the dollar. You will hear exactly what I say and how I say it.**

Jamie: Hi, Michael. This is Jamie returning your voicemail regarding the Intagio trade. I would be interested in providing you with some trade dollars. If you just want to give me a call back. You had mentioned \$3,000 for 25 cents on the dollar for \$750 cash. That sounds good to me.

*[Music]*

*Hi this is Michael Senoff with [HardtoFindSeminars.com](http://HardtoFindSeminars.com) and The Secret Loophole Audio Training. In this recording, you have a collection, a series of live case studies of me negotiating, buying, acquiring, and paying cash for trade dollars. If you add up all the dollars in this next twenty-minute section, you are going to see me locate, acquire, and buy over \$18,000 in trade. You are going to hear exactly how I negotiate. You are going to hear the questions I ask. You are going to hear how I set it up. You are going to hear everything. Therefore, I want you to use this recording to gain the confidence that this is absolutely doable. Part of the recording is me doing nothing but telemarketing about five or six potential clients to buy trade, and in fifteen minutes, you will notice that I accomplish my objective. That was to locate about \$3,000 in Intagio trade for a bill I had with my accountant from my year-end taxes and yearly bookkeeping.*

*This is a very simple business. There is nothing magical about it. It is simply locating the dollars, asking for them, doing a simple negotiation, and paying for them. This recording is something you should listen to a couple of times so you have a good understanding. I hope this provides you absolute proof and the confidence that you need to go out there and do this yourself.*

*So, I wish you all the luck, and enjoy! Contact me if you need anything.*

Michael: It is Michael Senoff in San Diego about the BXI.

Jamie: All right.

Michael: How are you doing?

Jamie: I'm doing good. Thank you.

Michael: Good. What can I help you with?

Jamie: Well, you wanted to buy some BXI.

Michael: Okay.

Jamie: So, I have 5,000 available now.

Michael: You do?

Jamie: Yes.

Michael: All right, and can you do it at the 15 cents on the dollar.

Jamie: No, no, this is for ITEX.

Michael: Oh, for ITEX.

Jamie: The BXI is going for 33 cents.

Michael: Do you have any Intagio?

Jamie: I do not have now, but if you need, tell me how much and I will see if I can generate them for you.

Michael: Okay, 33 cents.

Jamie: That is for the BX.

Michael: Okay, all right. I can do that. I can take a couple thousand from you, but I am going to have you pay my service provider direct. If I just send you all the details, can you do that?

Jamie: I absolutely could.

Michael: And, you have a PayPal account?

Jamie: Yes.

Michael: You are going to sell me \$2,000 worth of BXI for 33 cents on the dollar.

Jamie: That is right.

Michael: So, that is going to cost me \$660.

Jamie: Right.

Michael: And, I am going to PayPal you this \$660.



Jamie: It is coming from my reciprocal account. So, this will be done directly.

Michael: But, I will send you all the details.

Jamie: Fine, give me the account name and number. That is all I need, and then when it is done, I will give the authorization number and that is it.

Michael: I will take care of this today.

Jamie: All right.

Michael: It has been a pleasure.

Jamie: All right, thank you.

Michael: Bye.

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Jamie: Yes, Mike?

Michael: I just wanted to confirm, it is done. I have sent you the PayPal \$660 with the account number and all that.

Jamie: Okay, cool. I will do it now. I will email it to him, and maybe it will be done quicker.

Michael: So, when my customer looks on their account, what are they going to be looking for?

Jamie: I will tell exactly where it's coming from.

Michael: Okay.

Jamie: It will be coming from International.

Michael: They are out of New York?

Jamie: They will see \$660. They will know.

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Michael: Hey, is this Stuart?

Stuart: It is.

Michael: Hey Stuart. My name is Mike Senoff. I'm calling from out of San Diego, and I've found you on the Intagio Network and the reason I'm calling is, I'm just, let me run this by you. I am looking to buy some trade dollars from someone who is sitting on a bunch of Intagio, and I am willing to pay cash for it, but I do not pay the full amount. I pay a percentage. In addition, what I wanted to know, are you sitting any Intagio that you would be willing to sell for cash at about 25 cents on the dollars? If you are, I can do it immediately.

Stuart: Twenty-five cents on the dollar?

Michael: Yes, so for every thousand, it would be \$250. I need \$3,000.

Stuart: Oh, you need \$3,000 worth of trade dollars.

Michael: Yes, Intagio.

Stuart: The 25 cents on the dollar thing, that is a little low. I am saying that it is just that I do for photography stuff for them, and I did pretty much my right price, my dollar price. And, truthfully, I'm looking to get out of Intagio because I haven't been able to spend the dollars that I've gotten.

Michael: Just tell me this. How much trade are you sitting on? You did a big job for someone?

Stuart: I have about four grand.

Michael: You have four grand. You and I both know it is not easy to spend. It is not as valuable as a US dollar.

Stuart: Absolutely not.

Michael: I know you would like to get more. I know you would.

Stuart: I mean--

Michael: I have other names under you. I promise you that. I have five or six people, and I am absolutely confident I will find it. You were just next on my list.

Stuart: Now, wait. Let me think about it.

Michael: Think about it. My name is Michael Senoff.

Stuart: What is your number?

Michael: It is 858-274-7851.

Stuart: So, you are just going down the list.

Michael: I have a list of some people to call and I am just going down the list, and I just got on the phone literally about three minutes ago.

Stuart: Well, trust me. I will think it over.

Michael: Think it over. Do you have a PayPal account?

Stuart: I do.

Michael: I could PayPal you immediately. As long as you are in good standing with them and you do have the money, I could have one of the Intagio brokers do it for me. I have an accountant that I have on trade, I just did my corporate taxes, and I need to pay him some money. This is how I usually do it.

Stuart: Okay, I will get back to you if I am interested.

Michael: If you are interested, call me.

Stuart: All right. Bye.

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Michael: Is this Robert?

Joe: No, he is not in right now.

Michael: Okay, I will call back. Does he have voice mail?

Joe: No, he does not.

Michael: I will call back.

\*\*\*\*\*

Marly: Corporate, this is Marly. How may I direct your call?

Michael: Is Kim in?

Marly: Is who?

Michael: Russell Kim?

Marly: Russell Kim. No, he is not. He is out of the office today. Can I take a message, and I can have him call you back?

Michael: Oh, I can call him back.

\*\*\*\*\*

Joe: (Message machine) Our office hours are 8:30 to 4:30 Monday through Friday. Kindly leave a message as we do return all calls.

Michael: My name is Michael Senoff. I am calling from San Diego, and the reason I am calling is I am looking to buy some trade dollars. I am looking to see if you have any excess trade dollars that you may want to liquidate for a cash price, kind of like your liquidation business. If you are interested, I can act immediately. You can call me back at 858-274-7851, and my name is Michael Senoff. Thank you.

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Randall: (Message machine) I am not in right now, but if you leave your name and your number, I will get back to you as soon as possible. Thank you.

Michael: Hey Randall, my name is Michael Senoff. I am calling from San Diego. I can be reached at 858-274-7851. The reason for my call is I am an Intagio member, and I am looking for someone who has some extra trade dollars that they would be willing to sell for cash. In other words, if you have a bunch of Intagio trade, I am looking for \$3,000 in Intagio that I need to get immediately. I would be willing to pay cash for that. If you have any questions, please call me. I can act immediately. I am at 858-274-7851. Thanks a lot.

*Now, I want you to notice on the call, I did not tell him how much I was going to be willing to pay because the first thing in his mind is, "Well, how much is he going to pay?" I did not say I would pay \$3,000. I want to get him to call me back. So, I want that curiosity factor.*

\*\*\*\*\*

Jay: (Message machine) Hi, you have reached Jay. I am unable to take your call right now. Leave me a message and I will get back to you. Thanks.

Michael: Hey Jay. My name is Michael Senoff. I am calling from San Diego, California. I got you on the Intagio board, and I am calling because I am looking for some trade dollars. In essence, I am looking for someone who is having a hard time spending their Intagio trade dollars and that would be willing to sell them for cash. I am looking for \$3,000 Intagio. I would be willing to pay 25 cents on the dollar. That would be \$750 cash. I can pay immediately even if you have a PayPal account, and that is in essence the reason for my call. If you are interested, please give me a call back and I can answer any questions for you. I am at 858-274-7851. My name is Michael Senoff. Thank you.

\*\*\*\*\*

Michael: Hey Derrick. My name is Mike Senoff. I am calling from San Diego, and I wanted to know if you would be willing to sell any of your Intagio trade dollars. I can be reached at 858-274-7851. If you are interested, I can act immediately. Thanks.

\*\*\*\*\*

Derrick: Yeah, hi Mike, this is Derrick. You called about the cash for Intagio deal. Give me a call. You can reach me at 555-1212.

\*\*\*\*\*

Jay: Hi Michael. This is Jay returning your voice mail regarding the Intagio trade. Yes, we would be interested in providing you with some trade dollars. If you just want to give me a call back. You had mentioned \$3,000 for 25 cents on the dollar for \$750 cash. That sounds good to me. If you have any other needs, for instance if you needed more trade dollars or whatever, we would be able to provide you with that as well. If you just want to leave me your email address, I could get this transaction going on PayPal and we can move ahead. So, my phone number is 555-1212. Okay, thanks a lot Michael, bye.

\*\*\*\*\*

Michael: Hey Jay. It is Michael Senoff here. Thanks for the call back. I appreciate it. I am going to be tied up on the phone, but what you can do – why do not you do this? I want you to email me. Just send me an email with your Intagio account number, and then I am going to send you back all the details of where you are going to deposit the funds. I will send you the company name and the Intagio account number, but first I will go ahead and pay you by PayPal. So, you can invoice me by PayPal, and my invoice for PayPal, my email address is [Freepen@aol.com](mailto:Freepen@aol.com). If you email me and give me your PayPal email address, I will put all the details of where the \$3,000 in Intagio is going to be deposited. I will send you the PayPal funds. You take care of it, and then also, shoot me an email, let me know how much more you have available, but this is my immediate need, and I really appreciate you getting back with me, fantastic. So, I'll be tied up on the phone, but email me [freepen@aol.com](mailto:freepen@aol.com). That is also my PayPal email address, and we will talk to you later. Bye.

\*\*\*\*\*

Michael: Hey Jay. This is Michael Senoff. I am the guy out in San Diego with the Intagio.

Jay: Hi Michael. How are you?

Michael: Good. How are you doing? So, you've got additional trade.

Jay: Yes, correct.

Michael: What are you sitting on twenty grand?

Jay: Yeah, give or take, a little bit, yeah.

Michael: Okay, what do you do? Are you media publication?

Jay: Yeah, right.

Michael: If you were to sell all 20,000, how low could you go? It is not like I need it, but if you really entice me, I have some cash.

Jay: Right, and I actually looked at our account again. Actually, it is more like 13,000 I would have available.

Michael: So, you've got 13,000 total?

Jay: Right. That is correct.

Michael: Would you do it all for a thousand bucks if I PayPal you right now?

Jay: Yes, that would be fine.

Michael: You would?

Jay: Yes.

Michael: Okay. Let me sit on this just for a couple of hours. I will take my kids to school, and let me see how I want to work this, and we'll maybe just go ahead and do that.

Jay: Okay.

Michael: So, you have 13,000 and you will do it all for a thousand bucks cash, and then we are done.

Jay: Right.

Michael: I will give you all the details.

Jay: Okay.

Michael: Okay, that sounds like a good deal. Let me just touch base with you later. I will confirm for sure, but I think I will definitely do it.

Jay: You bet.

Michael: Bye.

\*\*\*\*\*

Michael: Hey Jay. Mike Senoff here. We talked this morning.

Jay: Hi Mike.

Michael: How you doing?

Jay: Pretty good.

Michael: Good. I went ahead and I PayPal'd you the thousand bucks.

Jay: Okay.

Michael: So, if you go online you will see I sent confirmation of that. I will get all my stuff together and I will email you and I will carbon copy to that girl, and she will take care of it.

Jay: Okay.

Michael: So, I did it for \$1,000 for 13,000 in trade.

Jay: Yes, that is correct.

Michael: Okay, I will get that to you either later today or tomorrow morning.

Jay: Okay.

Michael: Thanks, very much. Bye.

*Hi, this is Michael Senoff with [HardtoFindSeminars.com](http://HardtoFindSeminars.com) and Barter Secrets. I hope this recording has blown you away because what I have done in the last fifteen minutes is presented you absolute proof of saving \$4,890. Let us recap. In the first example, I needed CD Rom duplication with my CD Rom duplicator out here in San Diego. They are BXL members. I located \$2,000 in BXL at 33 cents on the dollar. My cost for \$2,000 in BXL trade was \$660. I saved \$1,340. Now, let us put that into CD Duplication so you can look at the savings here. Normally, to duplicate and print a CD from this company, it would be \$1.50. That is whether I pay trade or whether I paid cash. Because I was able to buy these trade dollars at 33 cents on the dollar, I brought my cost for CD Rom duplication down to 49 cents. Now, let us look at the other example. I had a bill from my accountant for my corporate taxes and bookkeeping for the year of 2004. It was \$3,000. If you break that down into a monthly fee, that would be \$250 a month. I was able to get my monthly tax service for \$62.50 because I purchased \$3,000 in trade, Intagio trade, for 25 cents on the dollar. \$3,000 in trade cost me only \$750, therefore saving me \$2,550. If you add the \$2,550 and the \$1,340, you are looking at \$4,890 that I saved in cash by doing this system. After I did the initial deal buying the \$3,000 in trade at 25 cents on the dollar, you heard him leaving a message that he had additional trade. I called him back and negotiated a deal to buy \$13,000 in Intagio trade dollars for a thousand dollars. That is buying the trade dollars at 7.6 cents on the dollar. You heard the confirmation of me*

*confirming that I paid that, and just in that one deal, I saved over \$12,000. I hope this encourages you to fall ahead and forge ahead, and if you have any questions, please call me at 858-274-7851. Now go get 'em!*

*Hi, this is Michael Senoff with [HardtoFindSeminars.com](http://www.hardtofindseminars.com) and the Secret Loophole Audio Series. Here is a short four-minute training call demonstrating another one of my currency buy. This is with a gentleman where I purchased \$3,000 worth of trade at 14 cents on the dollar, meaning I paid \$140 cash for \$1,000 worth of trade. You will hear it as it happened. You will hear me negotiate the price. You will hear me instruct on where to deposit the funds, and you will hear exactly how easy it is to do this. So, I hope you enjoy!*

*[Music]*

Joe: You said you wanted 2,000 in Itex.

Michael: Yeah.

Joe: Yeah, I can just email my broker and take that 2,000, here, and it is done. That is no problem.

Michael: Okay, what rate?

Joe: I am sorry?

Michael: How much?

Joe: Ninety-seven cents.

Michael: You are funny, 97 cents. Maybe three cents on the dollar.

Joe: No, I am getting 14 cents on the dollar on Itex. I tell everybody the same thing. You know that Itex bought BXI, but I am just letting you – I don't want you yelling at me in three months because I say I can't honor the 14 cents. That is all.

Michael: No, that is fine. You can do 14 cents on the dollar. So, you have Itex. You can just have it deposited in my customer account?

Joe: Absolutely.

Michael: Okay, great.

Joe: No problem.

Michael: Can I pay you by PayPal?



Joe: Sure.

Michael: Okay, why don't I do this? Are you in front of your email?

Joe: I am.

Michael: Okay, I'm going to order – I think I'm just going to have you put it in my account, just directly into my Itex account.

Joe: Okay.

Michael: Okay, I'm going to have you put 2,000 directly in my account, and then I'm going to have you put another thousand somewhere else. So, let me give you my Itex account number.

Joe: I'm actually emailing my broker as we speak.

Michael: Okay, it is 619-000.

Joe: 619\*\*\*.

Michael: That is right. So, in my account – yeah, go ahead and put two thousand in my account.

Joe: Yep.

Michael: I am going to have you put another thousand into this account, okay? Hold on.

Joe: No problem.

Michael: BXI account number.

Joe: I see, okay.

Michael: You are going to just send the trade draft. You can fax it or have your broker do it. The BXI account number is 103\*\*\*\*.

Joe: Yep.

Michael: So, \$2,000 in my account there, and a thousand in Act One.

Joe: Yep.

Michael: All right, great. Give me your phone number.

Joe: 555-1212.

Michael: So, tell me, how available are you going to have this in the future, and how much at what amounts?

Joe: Are you talking about Itex?

Michael: Yeah, or all of it. Give me a rundown on all the stuff you are doing.

Joe: Itex – I do a lot of Itex. I can keep this rate unless people start breaking down my door and offering me a quarter.

Michael: You have tens and tens of thousands of dollars?

Joe: Yes, I do.

Michael: A hundred thousand?

Joe: I could probably get that many.

Michael: Okay, how can I pay you? Would you like me to pay you through PayPal? Do you want me to send you a check? What is good for you?

Joe: Let us do PayPal.

Michael: Okay.

Joe: I will give you my email address right now.

Michael: Okay, I want you to do this. I want you to send me a receipt by email.

Joe: I will tell you what – why don't I just CC you?

Michael: CC me. That is fine.

Joe: I will BCC you what I just sent my broker. What is your email?

Michael: Send it to [freepen@aol.com](mailto:freepen@aol.com).

Joe: Knowing my broker, this will be done within the next hour or two.

Michael: Okay.

Joe: When I get back to the office and I see that it's been taken out of my account, I will shoot you an email.

Michael: So, \$3,000 times .14 – 140 times three.

Joe: \$420.

Michael: Okay, great.

Joe: And, my PayPal email is [Joe@Yahoo.com](mailto:Joe@Yahoo.com).

Michael: Excellent.

Joe: Yeah, absolutely. I know you work with Intagio. I don't remember what else you work with.

Michael: Okay, you CC me, and I will get you some money once I hear from you.

Joe: It has already been sent out.

Michael: Good job. Thanks so much.

Joe: What is the best number to reach you?

Michael: The phone number you just called. I just had it forwarded it to my assistant. Just always, leave a message with my assistant. If it goes to her, it means I am on the other line, but I get the message instantly.

Joe: You got it.

Michael: Okay, take care.

Joe: Thanks Mike.

Michael: Good luck with your marriage and everything.

Joe: I appreciate it.

Michael: All right, bye.

*Hi, it is Michael Senoff. In this short section, this is a lesson I want to kind of warn you about and give you a heads-up about. As you start acquiring trade dollars, you may find a company with a product or service that you know you will use a lot of within the next year. Now, there is always a chance that the company could stop using trade. Many companies who get excess trade will hold their accounts and stop accepting trade.*

*Now, you have an advantage, this is a technique that I have used, and this is the perfect example to show you how this works. This company is a company in San Diego who I use for CD Rom and video duplication and video production, and I had loaded up on trade. Therefore, even though I did not need the products or services at that very time, I knew that within the next year or year and a half that I would be using them without a doubt. So, I would acquire the trade and have it deposited directly into their account, and*

*then on their books, I would have a credit memo.*

*Now, in this case, this is exactly what I did. So, as I made the deposit anticipating my use for these trade dollars over the next several months, I would confirm with their accounting department that I had a certain credit on the books. So, I would ask them to send me a credit memo. That credit memo confirms that I have a credit with the account.*

*Now, this particular company decided that they are not going to be accepting trade anymore, and that they would only take cash, but because of my proper planning, I have a credit of a couple thousand dollars on the books. So, you want to anticipate companies that you're going to be dealing with over the next year or year and a half, because you're able to buy these trade dollar so inexpensively, it's probably a pretty good strategy to go ahead and do your spending for these services all up front while you can, and establish credits with these companies. You want to do this before a company decides that they want to stop accepting trade.*

*So, this is something that can come up, and it came up for me, and it's something that I wanted you to be aware of, and it's a technique to get the products that you want, but you just prepay for these services, and get in return a piece of paper stating that you have a credit.*

Jane: Act One has decided that they're going to close their BXI account, and you have quite a bit of credit on here. So, I had to either call you and see if you'd take it back, or honor it, whichever. It is your choice.

Michael: I cannot take it back because I had someone who owed me money, and who just bought it for me. So, we'll just have to use it up, and you'll have to honor it, and we'll just have to use it up.

Jane: No problem. I was pretty sure that is what we were going to have to do.

Michael: What am I at?

Jane: You are at quite a bit.

Michael: Twenty-five hundred or fifteen hundred?

Jane: Twenty-five, \$2,548.50.

Michael: All right. You know there is going to be a couple of jobs. We will use it up. It is all going to be duplicating. Just keep it on the books. It may take – I do not know when I'm going to use it up, but we'll use it up eventually, and we won't do anymore trade. I will be now a cash customer after I use this up.

Jane: That will perfect.

Michael: All right? Can you fax me a credit memo? Would you do that for me?

Jane: Yeah.

Michael: Okay, you are great.

Jane: Thanks now, bye.



## **Direct Mail Letters to Buy and Negotiate Trade Dollars**

***Send to people who sell either high priced services or low overhead products with high margins. Such as people selling advertising, legal services, and accountants. Alternatively, to companies that sell things that are going to expire and have a time limit, such as cruise ships, travel, vacation hotels, etc.***

## ***Letter #1 to Solicit Trade Dollars for Cash***

Bob Jones, President  
Acme, Inc.  
1234 Barter Road.  
Anytown, USA

Dear Mr. Smith,

My name is Bob Jones and I am a member of ABC barter exchange here in Anytown.

**I am writing to you because I understand you may have excess ABC trade dollars, and I am wondering if you would be interested in selling those excess trade dollars - that you are not using anyway - to me for real cash?**

If so, I am willing to pay you as much as 20 cents on the dollar for your trade.

In other words, if you have \$5,000 in trade sitting dormant in your account, I am willing to pay you \$1,000 cash for it.

If you are interested, call me at 555-555-5555 and we can make arrangements.

Sincerely,

Bob Jones

P.S. I am prepared to pay you cash for your excess trade dollars immediately, assuming we can come to a mutually beneficial agreement.



## ***Letter #2 to Solicit Trade Dollars for Cash***

**(Attach a Real Dollar Bill to Top of the Letter)**

Bob Jones, President  
Acme, Inc.  
1234 Barter Road.  
Anytown, USA

Dear Mr. Smith,

As you can see, I have attached a dollar to the top of this letter. Why did I do this? Well, there are two reasons:

1.) I have something very important to tell you and I needed some way to make sure this letter would catch your attention.

2.) And secondly, since what I have to tell you concerns money - lots of money, pouring into your account very fast - I felt that some sort of financial eye-catcher was appropriate.

Anyway, here is what this is about: My name is Bob Jones and I am a member of ABC barter exchange here in Anytown.

**I am writing to you because I understand you may have excess ABC trade dollars, and I am wondering if you would be interested in selling those excess trade dollars - that you are not using anyway - to me for real cash?**

If so, I am willing to pay you as much as \$200 for every \$1,000 of excess trade you are willing to sell.

In other words, if you have \$25,000 in trade sitting dormant in your account, I am willing to pay you \$5,000 cash for it.

If you are interested, call me at 555-555-5555 and we can make arrangements.

Sincerely,

Bob Jones

P.S. I am prepared to pay cash for your excess trade dollars immediately, assuming we can come to a mutually beneficial

agreement .

## **Direct Mail Letters to Back-end Sell Products and Services to Your Customers that You Buy on Barter**

***Use these letters as “templates” and idea-starters for whatever you are selling to your customers and clients. Simply adapt and change things around as needed – then mail to your current clients and customers.***

## ***Sample Letter #1 to Back-End Sell Products and Services to Your Current Customers***

FINALLY - YOU ARE A SWEEPSTAKES WINNER!

Dear Mr. Smith,

I am writing to tell you that your name was entered into a drawing here at my store...and you have won a valuable prize:

A Full-Page Ad in the  
Anytown USA Times For 50% Off!

Normally, this full-page ad would cost you \$5,000. But I have just secured a deal with the owner of the paper to give you this same full-page ad space for just \$2,500.

This will give you a rare opportunity to make a huge difference in your bottom line profits and give you an instant advantage over your competition...without spending a fortune.

Anyway, you are one of the winners - and all you have to do to get this full-page ad at 50% off is call my office, or drop in, anytime before 5:00 PM on Friday.

Sincerely,

Bob Jones, President  
Acme Instant Fixes, Inc.  
555-555-5555

P.S. After 5:00 PM Friday, I reserve the right to give your prize to someone else. Thank you.

## ***Sample Letter #2 to Back-End Sell Products and Services to Your Current Customers***

Get Your Taxes Done For 50% Off!

Dear Mr. Smith,

If you are sick of paying through the nose to get your taxes done every year, then this letter will be like a dream come true.

Here is why: I have just made a deal with Albert Accountant here in town. In addition, as a special favor, he is agreeing to do the taxes for a small handful of my customers at 50% off. As a business owner, this will come out to hundreds - perhaps even thousands - of dollars in savings for you.

However, he is only able to do this for 10 of my customers. So in order to take advantage of this unprecedented offer, I must hear from you right away. Pick up the phone and call me at 555-555-5555 to secure your spot today.

Sincerely,

Bob Jones, President  
Acme Instant Fixes, Inc.  
555-555-5555

P.S. Since this offer is going out to my entire customer list, these 10 spots will not be open long. Therefore, you must hurry. Call 555-555-5555 now...while this is still hot in your mind.

## ***Sample Letter #3 to Back-End Sell Products and Services to Your Current Customers***

**(Picture of product enclosed with letter)**

Dear Mr. Smith,

Please take a look at the photograph attached to this letter.

What you are looking at is a picture of a refurbished color copy machine, with (list key features) that normally sells for \$1,200...and that I can give you for just \$400.

Here is how: I recently struck a deal with Kyle Copyman here in town, and he said if I would buy several of his refurbished copiers in "bulk", he would let me have them at a substantial discount. In addition, I am willing to pass on these savings to you, as one of my best customers.

Which means, if your copy machine is always breaking down and giving you problems - costing you a small fortune to get fixed each time - then this is a once-in-a-life-time deal you simply cannot afford to pass up.

However, there is one small "catch": I only have five of these wonderful deals left, and they will not last long!

So please call me as soon as you get this letter. These copiers will not last forever, and it may be a long time before I can offer you a deal like this again.

My number is 555-555-5555

Sincerely,

Bob Jones, President  
Acme Instant Fixes, Inc.  
555-555-5555

**P.S. These refurbished copy machines come with a 5-year warranty, and are unconditionally guaranteed to work for you. Call 555-555-5555 and get your hands on one of these bargains today.**

## ***Sample Letter #4 to Back-End Sell Products and Services to Your Current Customers***

### **Romantic Bed And Breakfast...Just \$50 Per Day!**

Dear Mr. Smith,

If you've ever wanted to take your wife to a nice, romantic bed and breakfast - where you can enjoy yourselves and rekindle all the fire and passion you once had before "real life" set in after you got married...and do it for less than the cost of a cheap hotel...then this will be the most important letter you ever read!

Here is why: I have recently made a deal with ABC Bed and Breakfast on lake Acme, and they are letting me give away five discount passes to my customers.

These passes are good at any time, whether it be tomorrow, or five years from now, and let you stay for as many nights (in a row) as you want...for just \$50 per night - less than the cost of a Motel 6.

However, I only have five of these passes left, so if you want one, you must contact me immediately.

My number is 555-555-5555

Sincerely,  
Bob Jones, President  
Acme Instant Fixes, Inc.  
555-555-5555

**P.S. This bed and breakfast is right on lake Acme, one of the most romantic and secluded places in the entire Midwest. This is a once-in-a-lifetime opportunity to reclaim those "honeymoon" years with your wife, and relive all the passion and romance that naturally dwindles away over time. Get your discount pass today by calling 555-555-5555.**

## ***Sample Letter #5 to Back-End Sell Products and Services to Your Current Customers***

### **Get Paid For Getting Married!**

Dear Mr. Smith,

If you would like to walk away from your wedding with money in your pocket, instead of broke and in debt, then this letter will shock and delight you!

Here's why: I have some special "contacts" in town and I can get your entire wedding - from the floral services, videographers, band and wedding planners...to the tables, chairs, gourmet caterers, limo services, tuxedo rental and even your honeymoon - for a price so low...you'll hardly believe it!

How low? Well, that depends on what you need and want. However, it will be at least 50% less than what you would pay retail.

And when you combine these savings with the cash gifts you will almost certainly get from your guests, you could very well walk away from your wedding...

With Money in Your Pocket!

For more information, call me at 555-555-5555.

Sincerely,

Bob Jones, President  
Acme Instant Fixes, Inc.  
555-555-5555

**P.S. If you own a home, or plan to buy one some day, I can also get you home improvement services such as landscaping and even a professional interior design team...for as low as 50% off. Call 555-555-5555 and we can discuss it in more detail.**



## ***Sample Letter #6 to Back-End Sell Products and Services to Your Current Customers***

### **Get LASIK Surgery For 50% Off!**

Dear Mr. Smith,

If you would like to have LASIK vision correction surgery done for 50% off, then here is exciting news:

I have just made a special deal with Dr. Acme over at Acme Eye Care, where he is allowing a small handful of my customers to get LASIK eye correction surgery...for 50% off.

You will not find a deal this good anywhere else in the world. Moreover, I am only allowed to give this deal to five of my customers.

So if you're getting sick and tired of wearing your glasses and contacts and squinting to see the alarm clock in the morning, then all you have to do is be one of the first five people to call my office at 555-555-5555 and you'll get LASIK vision correction for 50% off.

Sincerely,

Bob Jones, President  
Acme Instant Fixes, Inc.  
555-555-5555

**P.S. This offer is going out to my entire customer list, many of who wear glasses or contacts, and this deal will be over very soon. So do not put this off or file away to think over. Call my office now at 555-555-5555.**

## ***Sample Phone Script to Back-End Sell Products and Services to Your Customers***

***Use this script yourself, or hand it to a telemarketer and have him/her do it for you***

Any of the direct mail letters above can be easily “converted” into a phone script. Here is an example that you can apply to anything you are selling:

**Bob Jones:** Hello, is Mr. Smith in?

**Mr. Smith:** this is Mr. Smith.

**Bob Jones:** Yes, this is Bob Jones, from Acme Instant Fixes, you’ve bought a lot of my widgets in the past, and to return the favor, I wanted to offer you a chance to get LASIK vision correction surgery done...for you or a loved one...for 50% off,

**Mr. Smith will either say, “no thanks” or “okay, tell me more”**

**If he says he wants to know more, you say:**

**Bob Jones:** I have just made a special deal with Dr. Acme over at Acme Eye Care, where he is allowing a small handful of my customers to get LASIK eye correction surgery...for 50% off. You will not find a deal this good anywhere else in the world. In addition, I am only allowed to give this deal to five of my customers.

In addition, that is it. If he says he wants to think about it or something like that, you simply say:

***Bob Jones: I understand. That is completely okay. However, just know this offer is about to be mailed out to my entire customer list, many of who wear glasses or contacts, and this deal will be over very soon. So make sure you let me know as soon as possible, or this deal will not be available.***

# How to Cash Convert Your Trade Dollars for Higher Margins

## *I Promise You Have Never Heard Anything Like This*

How in the world can this man have made \$3000 profit selling a ball? What is this all about? If you learn what this enterprising Florida man has to teach you about eBay and the barter or retail trade industry, you can make and save you and your family boodles of money for the rest of your life. You will be astounded by this interview about the worldwide barter and trade industry. You will learn the best way to turn your time into an ongoing cash income stream. What transpired was an unprecedented 40-minute training class explaining how the major trade organizations operate, inside secrets of how their members obtain and use their trade dollars, the problems these members may experience, as well as the myriad of products and services traded by the members of these organizations. It is unbelievable! More important, you will learn how to buy top-of-the-line goods and services in the trade industry for twenty cents or less on the dollar using my personal technique. I also reveal the best types of products and services to purchase trade dollars. After purchasing these goods and services at a low price, a person can either take advantage for his or her own lifestyle or business or can actually sell what was purchased for, perhaps, fifty cents on the dollar thus netting thirty cents or more on each dollar sold. You will also learn about a great way to be signed up with these retail trade companies for free.

Michael: It costs you ten cents on the dollar for those trade dollars. That ball will cost you \$500 in cash to buy. You sold it on eBay for?

Mark: \$3,500.

Michael: You made three grand on that deal. Beautiful.

Music

Michael: We can talk a little bit about your experience with trade. Many of these people do not understand what trade is. You do. I do, and it is a hard subject to get wrapped around your head until you're in it for a little bit.

People order my course, The Barter Secrets course on how to buy trade dollars at ten to twenty cents on the dollar, and I would love to do a little interview with someone who has some experience in trade just to prove to them that this is a great opportunity for someone who is willing to take advantage of it. Would that be all right?

Mark: Sure. I was talking about barter.

Michael: I will record it, and I will stick it up there on the site for people. I think that would be very valuable.

How long have you been involved in barter or trade?

Mark: I have bartered most of my life, since I was kid. I started small trading baseball cards, coins, and stamps. Then, I get into when I was living in California in the '80s; I kind of got involved in barter there.

I was somewhat independent, by myself, and there was a guy that was trading. He was out here in Tennessee. I was trading with him most times because I was not aware of all the organized barter sites that were out there.

Michael: What were you trading? When you first got in, did you have a business?

Mark: I did not have a business, per say. I was just trading general stuff that I had, mostly collectibles. I like artwork, coins, and jewelry, stuff that had a decent mark-up. I could buy it low, and if it was good quality stuff, I could buy low and mark it up in barter.

Michael: When you started, were you a member of an organized retail.

Mark: No, I was just like an independent trader. I was just trading one on one.

Michael: So, you were a straight trade, no commission, went to the barter companies.

Mark: Right.

Michael: That is great. That is the way to do it.

Mark: As a matter of fact, it was not until I left California and moved to Florida that I found more of the organized barter companies out there pretty much like BX and ITEX, and all those.

I am here in central Florida. It seems to be more barter oriented than they were in California, at least where I was. I could not find them there. I am sure they were. As a matter of fact, it was a small group, just an independent group called Trade Mate that this guy and his wife started in the area.

After about two years, he was well enough known that ITEX was expanding, and bought him out. Whatever trade credits anybody had in there, they gave us one-for-one for them. It was great. We had reached a completely new level of trading. We can go nationwide instead of just being stuck in one area like a county or a couple of counties. Now, we were nationwide. That was the way to go.

Michael: Tell me. How are you using trade for yourself personally or for a business?

Mark: I look for stuff like collectibles mostly. I like artwork. In fact, I just completed a trade now. I bought a piece of artwork off eBay, a good quality antique painting, and I just traded it a couple of days ago to a member for \$2,500.

Michael: What did you buy it for off eBay?

Mark: I bought it for; my total cost was probably \$170.

Michael: How did you know it was a decent piece of artwork?

Mark: Because I recognized the artist that was there. There is a site you can look them up for free. You can look up these artists.

Michael: What has that site called?

Mark: It is called FindArtInfo.com.

Michael: All you need is the artist's name.

Mark: You need the artist's name. You go to the search engine right on the main page. Just plug in the artist's name and it will pop up. There will be pages. Many artists have the same last name, so you have to know both the first and last name.

Michael: It will tell you the history on the artist?

Mark: If he is listed, if he has an auction record, you can click on that name, and it will tell you where he last sold something and what it was sold for. Even sometimes if they have a signature of that artist on file, it will have it there, and you can see the actual signature.

Michael: Wow, how comprehensive is that site?

Mark: It is pretty good. They have quite a lot of listings. There was one only one called AskArt.com, and they charged you for looking that stuff up. Then, I found out about FindArtInfo.com, which was totally free. That was a great resource because anytime I wanted to look something up or know they had a piece on eBay or whoever had a listed place, to know that that place was online with the real value. I could go to the site and look it up.

Michael: The person selling on eBay, they had no idea, right?

Mark: He either had no idea or he just – many dealers in art collectibles are just estate sales. They are selling for somebody else, or they acquire quite a few pieces, and they will just start it out at a price with no reserve. Whatever it goes for-

Michael: Are you looking for art that you like or you are looking for art that you can do some research on and find out that has value?

Mark: I look for art that I like and I look for art mainly from the financial end. It has a history that is a listed artist that I can show has an auction history and a value.

Michael: So, by the time you want to sell it, you want to prove its value.

Mark: Right, I can show somebody that, "Hey, this guy's listed. I am not making him up. Here's how you find out what his last piece sold for." Usually, I sell under that. I will look for a range. Like this one here, I just sold; this guy last sold a painting for just under \$3,000.

I place mine at about \$2,500, and as soon as I put it out there, within a couple of days, I got a buyer.

Michael: Now, how did you put it out? Did you sell it for trade dollars or for cash?

Mark: Trade dollars for Itex dollars first.

Michael: So, you put it up on the Itex site and you proved its value with its history. So, you bought it for a hundred and what?

Mark: About \$170 all together.

Michael: Then, you ended up selling it for what on Itex?

Mark: \$2,500. That is what, seven cents on a dollar?

Michael: Seven cents on the dollar, plus you are going to take ten points on your cash fees. By the time you buy and sell your trade dollars, you have paid \$250 on your \$2,500.

Mark: On this case, I got lucky because I did not have to pay any trade fees. I paid it to a third party. I already knew what I wanted to buy on Itex.

Michael: So, you bypass the fees by doing it a triangulation.

Mark: By just getting the guy to make out the draft to the third party guy.

Michael: There you go. Isn't that beautiful?

Mark: Isn't that great?

Michael: No one wants to pay the fees, but you know you are still responsible for your taxes. You deal with that with your accountant. That is beautiful. I love that. So,

what did you end up buying with your trade dollars?

Mark: As a matter of fact, it was another Itex member who deals in some antiques and collectibles, a guy in Hawaii. He loves trade. He loves Itex. I must have bought about \$10,000 worth of stuff from this guy. I was able to resell it for cash on eBay and other places.

Michael: What was he selling?

Mark: He was selling some old Hawaiian cultural antiques like Hawaiian pottery, and old bowls from 18th, 19th century, Hawaiian native stuff.

Michael: Did you try to identify the value of that too before you sold it on eBay, or you just knew?

Mark: Based on what he had on his site, I guess that was part of his business and what he had there. I would look it up either – some of it was unusual. You would not find it on eBay. Some of it was, and some of it I could tell from other research I did on the internet about what it goes for.

My cost, remember, my cost in trade was low enough.

Michael: Seven cents on the dollar.

Mark: I could sell that, and still make a good profit.

Michael: Right, so, you have \$2,500 worth of trade that you picked up at seven cents on the dollar. So, your cost \$2,500 times .07, it cost you \$170 cash that you needed to make back before you were in the black. How much did you buy from the guy in Hawaii?

Mark: In this particular trade, I will buy an antique lamp from him that he is probably charging me just under \$1,400 for, but I will be able to sell it for \$800-\$900 cash.

Michael: So, is he inflating his trade price?

Mark: He was not really inflating because I seen another marketer out there, another gallery actually that was selling that same thing for about twice that.

Michael: Explain why it is important before you buy something with your trade dollars to make sure that the seller is not inflating the price. Why do you see that sometimes?

Mark: It is important to know because you have a fixed price of what you know of what you are going to pay. You know what your costs are, and when you are going to go to resell something especially on eBay, nobody wants to pay full

price for anything.

You have to be able to find out what it is really worth at eBay and other sites that are out there that can get you the true market value of something, at least the cash value of something out there.

Michael: So, you had a \$1,400 lamp that cost you \$90 cash at seven cents on the dollar. Have you put the lamp up on eBay yet?

Mark: I have not gotten to yet. Like I said, I just did this a couple days ago. The guy will ship it to me. I will probably have it in a week or so, and then I will make sure I get it and everything's all right.

Michael: You will be able to sell it for six or seven hundred bucks?

Mark: Sure.

Michael: So, what you did, that is called cash converting. You are buying items at inventory to convert to cash. You took your \$90 cost on a \$1,400 lamp. You are going to sell it, and you are going to cash convert and turn that \$98 into maybe \$700. Therefore, you make \$600. That ain't bad.

Tell me about another deal you have done like that.

Mark: I bought jewelry rings on eBay, great sources of wholesale jewelry, good quality stuff, no junk that I've bought for as little as eight to ten cents on the dollar. I can get an appraisal of like \$2,000 a ring and I will pick it up for maybe \$100-\$150. Then, I will turn around and sell it for just about – it will come with an appraised value, so I will sell it for below that.

I will place it on Itex or another barter exchange for like \$1,500. I will get a buyer for it. I just picked up \$1,500 trade dollars for ten cents on the dollar. I will turn around, go back to that same guy – in fact, I went back to him to buy some other Hawaiian antiques. I picked up something for \$1,500 that he charged, and I was able to sell it for about \$1,100 cash.

Michael: So, you made yourself.

Mark: I made about \$950 cash on that deal.

Michael: Do you have a full time job? What do you do?

Mark: I do have a regular job. I work at a university in town. It is a lucrative side business. Barter, the way you and I know it and the way you are promoting your course is a perfect one-man operation, or a husband and wife. It is a perfect business to have because you have virtually no overhead.



The stuff that everybody currently has now in their home, computer with an internet access, a fax machine, a mailbox, that is all you need. You can do this with – the context that you have in your course, people will be able to do it right out of their own home pretty much from day one.

Michael: It is like a candy store. So, in the things you're describing in some of your deals, you're talking art. You are talking antiques. You are talking jewelry. I notice a pattern here that all of the items here that you go after, you can evaluate to establish a value before you sell it. You can offer proof of the value, and they are all items that are subjective in value – artwork, antiques, jewelry, and things like that, also all with tremendous mark-ups.

If you were to explain to someone what types of products to look for and to look for and to resell it, tell them why you're choosing these types of products rather than commodity type products like computers or things that are commodities.

Mark: The reason I like collectibles like artwork, antiques jewelry is that in the trade business, there is not a whole lot of that stuff out there. It is in demand. People cannot get it on barter like they want. Usually, that stuff has to go for cash. Cash is always king, but in barter, the idea is to save as much cash as you can.

Those types of things do not come up on the barter industries that often. So, when they do, they get snapped up quick because there's a large demand for that stuff and very few of them out there of comparable value. They are easy especially with jewelry. It is easy to get an appraisal on a good piece of jewelry.

You show somebody what its worth. In the barter industry, like anything else, people want to know that something is worth what you are saying it is.

Michael: So, tell me your process if you bought a piece of jewelry off eBay or whatever. Tell me the process of what you do. How do you get it appraised? Who do you call? How long does it take? How much does it cost? What do you get for what you pay to get the appraisal? I have never done an appraisal?

Mark: On eBay, what the good thing about eBay for jewelry, there are certain eBay sellers out there with very high reputations. They have been there for years, and a couple in particular that a deal with already have the jewelry already appraised. It has retail.

Michael: Is it when it was auctioned on eBay, you saw the appraisal right there?

Mark: Right, they had it right there. They have what they call a Gem ID card from an independent third grade laboratory that guarantees that the gemstones are real, if it's diamonds or rubies, that they are indeed real, that they weight a

certain carat, the gold is a certain percentage of purity.

Then, they will have a comparable retail value of something. They will say, "This is worth \$2,200." Maybe the starting bid might be \$100. You can bid from there. Sometimes you will get it at the price. I do not think I have ever paid more than ten or fifteen cents on the dollar for any jewelry.

Michael: So, this is when you are buying it on eBay. So, if it ten or fifteen cents on the dollar compared to the retail value, correct?

Mark: Correct.

Michael: So, if you see a ring that retails value on the appraisal card for \$1,000, you are never going to pay over \$150.

Mark: Right.

Michael: Then, you take your ring that you paid \$150 cash for. Then, you go to the Itex or the trade marketplace, and offer it for sale for trade and since you are dealing in retail trade exchange, you are selling it for that retail value, correct?

Mark: Correct.

Michael: Are you able to get the full value in trade dollars for what it appraises out to?

Mark: I can about 75% of the time. Other times, I usually will discount it maybe ten or twenty percent just to give people a deal, so they will see they are getting a bargain. They will usually snap it up. Most times, many people have many excess trade dollars that, like we talked about, they do not otherwise know how to use it. They cannot sell it or cannot buy anything with it, but do not want to take the time to do it.

So, they see something like jewelry that everybody likes and they can use, and they'll snap it up.

Michael: So, you are able to earn up to 85-90% on your money on trade, on products and services in trade dollars.

Mark: Right, you can do that consistently.

Michael: It is the same thing that I did. When I started in trade, I was doing exactly what you were doing. I was selling very high-end margin stuff. I would not sell anything that I could not make five times my money. I used to sell blank video tapes. I used to sell rolls of Velcro. I used to sell memberships to a computer-learning club. I used to sell squeeze balloons, but everything I sold I would make at least five times my money.

By the time I did the transaction, I was earning at least 80% on my transaction. My cost on my trade dollars was always 20%, and that included my 10% fee that I would pay by the time the dollars came into my account and went out of my account.

Then, I had learned about - someone said, "Hey, you can buy trade dollars." I said, "What?" I remember talking to this girl, and she told me, "Yeah, you can buy trade dollars." What was great about that is it bypassed all the commerce and the transactions.

I could get to the same point that you are doing – you are probably having a lot more fun because it is fun to buy and sell and look for items, but I can eliminate all that by just bypassing and buying the trade dollars at a discount. That is what I thought was so beautiful about that.

Mark: I saw that, too. I thought that was a good deal when I could not come across something that I could get better margins on. I knew many people that would do that, especially if they need to complete a deal quick.

There is real estate on Itex for members. Many times, they will not trade for the whole thing, but they will get a down payment. So, if the guy needs to raise maybe \$20,000 Itex quickly, and he may not have enough equipment of stuff to sell for that much, he'll go into somebody and buy the trade dollars. He will say, "Hey, I need \$20,000 trade dollars." It will be a company that will have it. They will over him \$4,000, twenty cents on the dollar, and they will do it.

That way, he just saved himself \$16,000 cash for a down payment.

Michael: Why don't you explain for anyone listening why this is possible? You could never buy cash money at twenty cents on the dollar, but why is it you can do it in the trade industry? What do you think it is?

Mark: In the trade industry, barter exchanges are like their own banks. They have an unlimited amount of currency out there. They can create their own currency, so there is no lack of it. Many businesses will join a barter exchange and they will have many sales on the end. They have something that is in demand, a product or a service that's in demand – a restaurant, an auto shop, repair shop, a dentist, a surgeon.

They will acquire many trade dollars. The problem is he is so busy in his business that he makes many sales, but he does not take the time to look to see what is out there.

Michael: Does it take time to spend your trade dollars?

Mark: It does not take a lot of time, but it does take time to look around and see what you want and see what is out there. Some of these – they're not all big

business, some are smaller businesses, but they're so busy in their business, they don't have time to look around to see what they can spend it out. Before you know it, it has come around to tax time and they say, "Hey, you're going to pay the taxes on all these dollars. It is going to cost you X amount of cash, and sometimes they will just say, I cannot find anything to buy. I just want to move these trade dollars.

So, somebody will make them an offer and say, "I'll buy your trade dollars for twenty cents on the dollar." The guy will say, "Fine."

Michael: So, for example, let's say a salesman from a local barter company signs up a restaurant which is a popular restaurant. He wants to give it a try. His script is presented to the members of the trade organization, and let's say he sells \$50,000 worth of script, and he's got \$50,000 worth of earned income that he's going to have to pay hard green US currency in income tax on. That is \$50,000 in trade dollars because the government looks at as you earned \$50,000 cash, and you are responsible for paying taxes just like if you earned \$50,000 in real cash.

So, he can't spend those trade dollars, and his accountant lets him know that December's coming around, and you're sitting on \$50,000 in trade, and you're going to have to pay income tax on it. You either need to expense it out and spend it on your business, you need to dump it, or you are going to have a big tax liability.

Therefore, this is the perfect opportunity to approach businesses who are sitting on a bunch of trade to buy it out from them.

Mark: That is correct. As a matter of fact, when we first started out here, there is not a whole lot of restaurants in our area. There should be, but there is not. In the beginning when we would sign up a restaurant, the members would like attack the place.

The guy was getting so overloaded, within a couple of months, he had so much trade, he had to go on hold because he couldn't spend it down fast enough. Sometimes, the trade director does not educate them enough about what you could buy or just was not there at the time.

So, he went on hold. Now, he has these – like you say – he might have \$50,000 in trade dollars, and he is looking around to see what he can buy. He says, "Geez I can't buy anything quick enough that I need to."

So, he'll get approached. He is a prime candidate for somebody to pay off money. He figures he already earned the trade dollars. He has already paid the commission on them. He has earned them. He is stuck with them basically.

So, now if somebody comes along and says, "Hey, I'll give you \$10,000 for

those trade dollars,” he’ll jump on that because he’s got nothing else to spend it on. He will say, “Hey, I need the cash. I need to pay down my taxes or other things. I’ll do it.” There is a prime candidate.

Now, somebody can go in and say, “Hey, I just got \$50,000 trade for \$10,000.” It is like buying \$50,000 worth of anything you want for \$10,000 wholesale. That is the idea behind barter is to buy everything at wholesale. It is at your cost of doing business or less.

Michael: What would you tell someone if they said, “There’s just nothing you can buy on trade?” What would you say to them?

Mark: I would say to them that that is not true. It takes a little looking, but there’s just about anything you can get in the cash world that you’re paying cash for, you can get on barter if you look hard enough.

Most of the websites, now the bigger ones Itex and other ones, it is all electronic. They have huge websites up there with thousands of listings up there of people wanting to sell what they have – anything from A to Z. The barter trade brokers, most of them will bend over backwards to find what you want.

A lot of the stuff is sold that is not even listed on the websites for people to see because it is done behind the scenes. The brokers will work with the people and find what you want. They want you to spend those trade dollars. That is how they make their commission recycling those trade dollars around.

Michael: What is the best deal that you have ever done, the most exciting trade deal that stands out in your mind that you can think of?

Mark: The best one I did was when I sold some jewelry – I acquired about \$8,000 in jewelry.

Michael: Where did you get it?

Mark: Off of eBay.

Michael: How much did you pay?

Mark: My cost was probably less than \$800.

Michael: Eight hundred bucks, was it like an estate sale?

Mark: It was like an estate sale. One dealer I guess that is all the deal with is estate jewelry or other jewelry manufacturers that they have. It was appraised out at that. I went and sold it.

Michael: It was appraised out at \$8,000?

Mark: It was appraised out at \$8,000. It was probably a total of about three things, mostly women's rings, and beautiful jewelry. I never had a complaint from anybody I have traded to that I have dealt with. They have never come back and said to me they did not like the quality of what they had.

Michael: So, it cost you \$800, appraised out at ten times.

Mark: I took those Itex dollars and went back to this man in Hawaii who has the-

Michael: So, you bought it. It appraised out at \$8,000 from the appraiser on eBay. You bought it for \$800. Then, did you put it up on Itex?

Mark: I put it up on Itex.

Michael: Describe to me, how do you put it up on Itex?

Mark: Itex allows you to put a description up there once you log into your account. You log-in. You give a full description, and you can download photos. The photos were already there from eBay, the photos I had. So, I just basically click and save them into your file, and you can upload them to the site.

Michael: So, you uploaded the same photos that you used to buy the jewelry off eBay.

Mark: I loaded the photos of the jewelry.

Michael: And, the description.

Mark: The gem ID card and the photos of the appraisal so people could exactly see exactly what I had, what it was, and what it was worth.

Michael: How long did it take once you clicked that upload?

Mark: It took about – within a week to ten days to sell it all.

Michael: So, were you piece-mealing it out?

Mark: I would put the three of them as an individual listing at the same time. Sometimes one person bought two of them. Another person bought one.

Michael: So, were you triangulating the deal or having the funds go into your account?

Mark: I was triangulating a deal with a third party. I already knew what I wanted.

Michael: So, let's talk about it. Before you sell something, let us say I tell the students for the Barter Secrets course that before – what is important is finding

someone who has trade dollars to sell. It doesn't mean you have to take possession of it, does it?

Mark: No, it does not.

Michael: All you have to do is know where it is and have an agreement that they are willing to sell it at X amount, right?

Mark: Right.

Michael: Then, the next step is to do what? Is to find out what you want to buy?

Mark: Find out what you want to buy, and it is easy enough to do because there is enough things there to you want to buy. Once you find something you want to buy, then it is just a matter of acquiring the trade dollars when you buy them at 20 cents on the dollars. You sell something to acquire them.

Once you've got it, and once you've got the ready buyer – in my case I had the ready buyers of jewelry, I just told them to make the trade draft out to the third party who I was buying from.

Michael: So, you knew what you wanted from this guy in Hawaii?

Mark: Right, I already knew what I wanted.

Michael: So, what did you buy from him?

Mark: He had what they call an ancient Kohuna potion bowl. It was very rare. It was probably 17th century stuff that the native Hawaiians when Captain Cooke discovered the islands. This is probably during that same time period.

Michael: How much was it?

Mark: It was very rare. It was about five grand ITEX for that.

Michael: All right, so first of all, how much did you sell? Did you get \$10,000 in trade for all this stuff that you sold on ITEX?

Mark: I got about \$8,000 in trade for the jewelry. My cost on that was like \$800. I went and bought the bowl from him for \$5,000 in ITEX. I turned around and sold it on eBay for \$3,500.

Michael: So, let's figure it out. The numbers are – it cost you ten cents on the dollar for those trade dollars. So, that bowl cost you \$500 in cash to buy. You sold it on eBay for \$3,500. You made three grand on that deal.

Mark: Correct.



Michael: Beautiful.

Mark: That can be done consistently. There are plenty of people like that and others. It is just not with those things. You can do it with cars, with real estate. Even if you did not want to make a business of it, just the fact that you could save money on anything you wanted to buy – vacations.

Right now, we have a resort in Saint Petersburg, Florida right on the beach. They have got about \$200,000 in trade that they are willing to trade out in room reservations and food and beverages. So, if you've got a family of four, you could go down there. It would normally cost somebody two grand cash. If they could buy the two grand at twenty cents on the dollar, they could take a \$2,000 vacation for \$400.

Michael: That is right. People do not believe it, but it is like a candy store out there, anything you want.

Mark: Barter is the most lucrative way to save and make money. There is an old saying in barter is that people do not really want money. They just want the things that money can buy.

Currency itself is worthless unless you can buy things with it. That's what barter enables you to do.

Michael: That is right. Hey, Mark, this has been great. This has been great. I really appreciate you taking the time to do this. I need more recordings from people in the industry. There are lots of them out there, but I'm glad you emailed me about it.

I will clean this up. I will stick it up on the site for people to hear because it is a great story.

Mark: I think if more people who aren't in the industry who like you and I are familiar with how it works, and what goes on, but there's plenty of people who don't. It is a mystery to them. Once they see how easy it is to do it, it will become very natural to them. It sounds easy when they read the thing, it sounds like, "What's he talking about?"

Once they see how easy it is to do, they will fall right into it.

Michael: That is great. I really appreciate it. Thank you. I am glad you contacted me. I will stick this up there. Let me edit it, maybe about a week. I will shoot you an email, or just get back with me. Email me and say, "Mike, did you get that edited." I will send you a link to it.

Mark: I appreciate it.



Michael: Is there anything else I can do for you?

Mark: There may be. I will go on there and see what you have because you are always constantly putting up new material. I appreciate that, and I am sure other people do too that helps us out.

Michael: I like to sell stuff, too. Are you a Jay Abraham student? Do you study marketing?

Mark: I do study marketing. I love all that stuff that I can get about internet marketing or online marketing from guys like him and the new guys that are out there too that are doing it.

Michael: I think Jay Abraham learned a lot of his stuff that he teaches. He was very big into barter, too. He had a course called The Barter Barons where he interviewed Dave Wagondwarf. Have you ever heard of him?

Mark: No.

Michael: He is a big time barter player. As a matter of fact, when I was looking to buy trade dollars at one time, I had sent out an email to a list and Dave Wagondwarf called me. I did not talk to him, but this guy – I mean. You can approach the trade brokers. They know who is sitting on trade dollars. They will hook you up.

Mark: I remember when I lived in California at the time when Abraham and those guys were doing all those marketing courses and putting those seminars on. Like you said, you could not afford at the time the two grand to get into his seminars, but in the '80s when I was there, real estate was the big thing. California was this big – it was during the Regan area. Inflation was high, and real estate was going through the roof.

All those big seminars were about how to make money in real estate – no money down, whatever. They had many of those seminars. I would go to them because they were free, but I never really could afford to buy their courses. What I'd do – you probably did the same thing – is you wait about a week or two, and then in the paper there'd be a bunch of classified ads of people who bought these courses selling them. "I paid \$1,000 for this course. I'll sell it for \$150." Some would not have even opened the damn thing.

Michael: Oh, yeah.

Mark: If you were there and you wanted the course, you could just wait about a week, get a classified ad, and buy it for like 20% of what they were selling it for.

Michael: That is true. The whole idea with buying trade dollars or buying seminars at discount prices is you are catching people when they are out of heat. When people buy something, they are excited. It is new. It has more value to them, but as time goes by, the moving parade, as time goes by, the value of it becomes less and less.

You can approach anyone or any business that's sitting on items that they were very excited, but for whatever reason, the changes of life, divorce, moving – those things that they once really valued have become less and less value. You can pick stuff up for almost nothing that has a high value to someone else in a different area in their life.

It is somewhat weird. You're trading – when you're buying and selling stuff, the thing that makes it work is time, the time in someone's life, or the position in their life because depending where they are in life, things have more value compared to the position where the person is sold it is in their life.

Mark: A lot of businesses – they come and go. If a guy has a lot of trade dollar sin a business, if he had an auto repair shop – say he sold that business and he's sitting on \$20,000. Well, the new owner may not want to know or have anything to do with barter. So, the guy's got to get rid of the trade dollars. He is more susceptible to discount cash deal.

Michael: The thing people have to understand is life is a moving parade. There are always things happening in one's life, and in one's business. It is never going to stay the same. So, it's just a matter of catching them when – not when they're down, but at the point when you can pick something up.

Mark: There is a publisher in New York. He is an Itex member, and I wanted to buy some ads from him on trade, but he says, I have got too much. I don't know why he couldn't – he's just not taking the time to do it because he's saying he's out there in New York City and that's a big market out there. You are a publisher. There is something you can buy. You just have not taken the time to do it.

Michael: You can offer him, say, "I'll help you sell off. The reason you don't want to take it is because you don't know what to spend it on." Tell him you will show him how to spend it if you take your trade.

Mark: Yeah, I will make him a deal. I said, "Geez, there's a lot of stuff on the website. Have you been there lately looking around? Tell me what you're looking for and I'll help you spend it down."

Michael: All right, well let me let you run. I appreciate it. I sent you an email. Thank you very much, and I will shoot you this recording when we get it down. I really appreciate it.

Mark: Good talking to you.

Michael: Take care.



## **The Concept: How to Buy Most Anything You Want for 20 Cents on the Dollar**

Many barter exchanges charge anywhere from \$300 to \$600 to join. However, in this recording you will learn a fast way to join one for free. You will hear me explaining how to buy trade dollars at 20 cents on the dollar to a student named Michelle.

Michael : If I told you all the money I have saved and made by manipulating a gaping whole in the billion dollar trade industry, you would not believe your ears. I am talking about buying services like legal, accounting, consulting, direct mail, and advertising for 20 cents on the dollar. I have been buying, selling, and using trade dollars for years to pay for services like web site hosting, transcription services, web design and development, legal services, and my wedding reception (including food, table rentals, entertainment, honeymoon, lodging, and car rental

Michael: Well, I can direct you to some places where you can really educate yourself. It was hard for me to pick up the concept when I first got into it, but I'm a member of several barter organizations. The bigger barter organizations, there are two of them, one is called BXI. If you go search the internet, or [www.google.com](http://www.google.com), or one of the search engines, and search "BXI Trade", you'll end up in a website. There are many, many trade exchanges. For instance, there is a BXI trading organization probably in every state in the country, and each one of them have their own website. And they're like brokers. What these trade organizations do, they are a group of businesses that are all members, and they trade with each other. It is different, because what you used to is the U.S. dollar as our trade currency. You can take a dollar and spend it almost anywhere in the world, right?

Michelle: Right.

Michael: It is probably the most recognized and most solid currency in the world. However, a dollar is nothing but a piece of paper that you give to somebody, in trade for a product, a good, or a service, correct?

Michelle: Right.

Michael: A barter organization is only group members trading with each other. You have a little checkbook but you can write checks to other people in the trade group.

Michelle: Oh.

Michael: All the people in the group are involved for a common reason: They want to get more business. They are looking for things to buy, but they can only buy

within the group. You are an expert copywriter, right?

Michelle: Right.

Michael: If you put yourself out there on the website, or as a member of that specific trade organization, as "Expert copywriter" we will write copy for your business to double and triple your sales. Your phone will ring off the hook, I will promise you that.

Michelle: Right.

Michael: But the hard thing with being in a trade group is spending the money. You are limited. With a dollar, you can spend it anywhere in the world. With a trade organization, you can only spend it within the group, and it does take some work to spend that currency within the group. You have to find something that you want - that you could use for you personally or that you could use for your business. I would encourage you to do this; it is a way for you to generate an incredible amount of business in trade dollars.

In addition, with trade organizations, you can charge a lot more than you would cash. So, if you normally charge a client \$500 for a good sales letter, with a trade organization, you can charge \$1000. The currency is not as valuable, because you can only spend it within the group, so you can charge more. Each time you write a sales letter or some ads for a company, and you get another thousand dollars in your trade group bank account. You can spend them on anything with anyone in the group. What can you spend it on? You can spend it on printing. You can get a massage. There are probably restaurants within the group. You can take those trade dollars and go out to eat. You spend it on things you would ordinarily spend your cash money on.

So you would look in your real checkbook and say, "Okay, what am I writing checks for? Am I writing checks for web hosting?" You can absolutely get web hosting in trade. "Am I writing checks for fax broadcasting? E-mail promotion? Internet service? Do I need a lawyer? Do I need someone to draft me a living will?" All of these things are available in trade. So you've got that money there, in your trade account, to spend on those services. There is probably something that you need, that you may not have the cash to do, but you can do it on trade.

Michelle: So, do you assign a dollar value to it then?

Michael: It is a dollar for dollar. And the tax laws look at it as the same. Now you have to watch out for this. You could probably generate a ton of business. So let us say you earn \$10,000 in trade dollars; it is just like you earning \$10,000 in cash, you have to claim that as income. If that \$10,000 is profit at the end of the year, you are going to have to pay taxes on it. So you don't want to get into the trap where you're generating all this trade currency and you don't spend it,

or expense it out, before the end of the year. You are going to be stuck with taxes, and you will have to pay those taxes in hard cash. Does that make sense?

Michelle: Yes, it does. What sort of requirements do they have to become a member of this organization?

Michael: You can negotiate with them. BXI has offices all over the country, probably at least one in each state. Each broker has a certain area, so there is a broker for southern California or there is a broker here for San Diego. The brokers make money by you becoming a member and paying an upfront fee, a cash fee to become a member - anywhere from two hundred dollars to three hundred and fifty dollars for the year to become a member and establish an account. Sometimes this can be negotiated a percentage of all the money that comes through your account. So if you sold ten thousand dollars worth of your copywriting services, you're going to pay five percent on what you sell - in cash. If you sold ten thousand dollars worth in trade, you will pay five hundred dollars cash to the trade broker.

That is how they make their money. They are like a bank. When you open up a bank account and you deposit your money with the bank and the bank pays you a certain amount of interest. The bank is actually taking your money, investing it, making six percent, and only paying you three. It is the same thing, the broker takes a piece of the action on all your business - it is usually anywhere between seven and ten percent. What most people do not know is that you can go to a broker and negotiate the fees. Let us say you are a copywriter, you could potentially generate that broker a lot of business, so you go to the broker and say, "look, I'm a hot copywriter and I'm sure I can pull a lot of business through my trade account. I want to be a member of your organization but I don't want to pay any fees coming in cash - want my trade fees to be paid in trade." If you negotiate it right and stand your ground, you can get in for absolutely free. They will set you up an account and every month you will not have to pay cash fees. You can only pay your fees in trade dollars, so you are not spending any cash.

Michelle: Oh, wow.

Michael: Now you said you were looking for a car. Well you can put yourself out there, become a member BXI. If you negotiate it right with the broker, you can become a member for nothing. You can put your services out there or you can call on other members in the Trade Organization and say "hey, I'm a new member, I'm a copywriter, what do you need done?" They are going to be more than willing to work with you because many of these people are sitting on their trade dollars, doing nothing with them, because they have been too lazy or do not know what to spend them on.

Michelle: Right.

Michael: You see? BXI is a national organization. You are not limited to spending those trade dollars just in your local area. You can spend it anywhere in the country. BXI has a website where you can see every single business in the United States who is a member of BXI. You can find something to spend your trade dollars on and you can sell your services to any member in the country as well.

Michelle: Oh, wow.

Michael: It is very simple to do. BXI used to use what is called a trade draft. Let us say you are going to write a sales letter for me and I am going to pay you a thousand dollars. I am going to send you what looks like a check, I am going to make it out to Michelle Nightingale, I am going to fill it out for one thousand dollars for copywriting services, and I am going to fax it to you. You will have the fax and then you enter my account number, your account number and the dollar amount into a phone system and it instantly goes into your account, just like a credit card.

Michelle: Okay.

Michael: Boom, so you have the money. You need a car? You can buy a car on trade. I just got two e-mails yesterday from my local BXI office of two cars being sold in trade. One was for three thousand dollars. Three thousand dollars in cash may be a lot - but three thousand dollars in trade can be one or two projects for you.

Michelle: That is true.

Michael: Some of the members will want half cash half trade. Since it is ten times easier to earn trade dollars than it is cash dollars, you will be able to make ten times the money. Then you just have to look for what you want to buy.

Michelle: Oh, wow.

Michael: There are auto mechanics who will work on trade, if your car breaks down. I know there is a place here in San Diego, when my parents come into town, that I go to and rent a car on trade.

Michelle: Wow.

Michael: So you can maybe lease a car on trade, maybe rent a car by the month on trade. If it costs you a thousand trade dollars a month, and it is just one or two jobs of for your work, it is worth it - just as long as you have a car.

Michelle: Do they limit the number of vendors in a particular industry that can join the organization?



Michael: No, they are not going to limit that. In your expertise, Michelle, you are a damn good writer.

Michelle: Well, thank you.

Michael: You have skills that people are dying for, if they only knew you existed and how good you really are. Now here comes the good part, I am going to teach you exactly how to buy trade dollars for twenty cents on the dollars. I have explained to you that a trade dollar is something you can spend within the trade organization. These trade dollars are more difficult to spend than a normal U.S. dollar it requires a little more effort to spend them. Many people are lazy and they get into the trade organization very excited, they sell tons of their products and tons of their services to other members within the organization and then they sit on all these trade dollars. Guess what, they say, "I can't spend them on anything." The problem is they are usually too lazy to call the broker or they do not know what they want to spend it on or for whatever reason. Many times, it is because it is so simple to earn these trade dollars and they find it difficult to spend.

This is where you can really take advantage of a great situation. When you sign up with one of these trade organizations or when you do a search on [www.bxinsider.com](http://www.bxinsider.com), [www.itex.com](http://www.itex.com), [www.crumppbarter.com](http://www.crumppbarter.com) or [www.google.com](http://www.google.com), you'll find a number of barter exchanges. Now you do not even need to sign up with the barter exchange, you can actually find businesses that seem like they may have a lot of trade dollars that they are sitting on. This may take some telemarketing work on the front end. For instance, you may want to find a company that sells legal services or dental services. Dentists get tons of trade dollars. Let us say you call all the dentists in BXL, and I personally know a dentist here in San Diego who had over twenty thousand dollars in trade. He did not know what to do with it and he was blowing it on all kinds of stuff. Many times, they will take cash for those trade dollars. So, first you want to identify a business that may have a lot of trade dollars and you simply call them up and say, "Are you interested in selling any of your trade dollars?" They are either going to say "yes" or "no." If they are sitting on a pile of trade dollars, you are definitely going to get their attention and they are going to say, "Yes I am." You would ask how many trade dollars they are interested in selling, and they say, "I have twenty thousand dollars in trade." You can offer to buy them at 20 cents on the dollar. Sometimes you can even negotiate ten cents on the dollars. For ten thousand trade dollars, you can pay a thousand in US currency. You can get it at ten cents on the dollar.

Now, you do not take possession of the trade dollars. You make an agreement with them, a simple letter of agreement, or a contract that says, "I'm willing to buy ten thousand dollars of your trade dollars." You either pay them or give them a deposit for the trade dollars and then they become legally yours. They are your trade dollars. What you negotiate into is, you do the shopping and

have him buy the items for you. You're going to want to talk to a tax attorney about this, but what it does is it allows you to have access to trade dollars for ten cents or twenty cents on the dollar without even being a member of a trade exchange. You then you ask for this person to send you the members of his trade exchange and you look through all the members who are selling products and services. It is as simple as that. I guarantee you it will work.

Thank you again for listening; this is Michael Senoff with [www.hardtofindseminars.com](http://www.hardtofindseminars.com). If you want to get in touch with any of the people in the interviews, please e-mail me at [Michael@michaelsenoff.com](mailto:Michael@michaelsenoff.com).

## **An Inside Look: How a Retail Trade Exchange Makes Money**

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 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 business 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 on-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 online for barter exchanges and what the best ones are in Art's opinion.
- Tax consequences for members of barter exchanges.
- What "scrip" is and how you can use it in your business to get lots of new customers.
- ...and so many 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!

START: Hi, this is Michael Senoff with Michael Senoff's HardToFindSemionars.com. I have another exciting interview for you and it is related to the trade industry or the barter industry. I have been involved with barter for over 10 years now and I am 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 are 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 are going to learn in this recording four reasons why you and every company should consider barter. You are going to learn if you have anything of value to trade. You are going to learn how to figure your bartering cost and how much money you can make transacting trade. You are going to learn about tens of thousands of items available for your trade that you can spend your trade dollars on. You are going to learn the ins and outs of direct trading. We are going to talk about a few options for indirect trading. We are going to cover tax consequences and we are going to talk about how to use trade dollars to market and advertise your business through barter.

We will also talk about a little known thing called scrip and how to use scrip within your business to get many new customers. We have a lot to cover. This is the kind of interview you will want to listen to three or four times and I hope you enjoy. Let's get going.

Michael: I have a web site where I do interviews with experts on all kinds of subjects and I try to do interviews on things that I am 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 have 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 it is about. He says it's barter, and I had never even heard the word barter let alone know how to spell it. Then I was not 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. 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. In addition, it helped bring in new clients that I would never get. Therefore, it made it look that much bigger. Then I started getting into it more and more. Well, I would get my printing on trade and my catering done on trade, my movie tickets on promotion on trade, and I started getting into it more and more. That is how I got into it. 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 BXI / 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. 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. However, in a barter system you have to find out what the members want. You cannot 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 were not 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. However, I have signed up some wild stuff and the wild stuff has worked. However, I would not normally go after many things that you would never hear of in the main business community.

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

Art: Exactly, the wish list is what you have to go after. 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. However, you break it down; you call these individuals and ask them which restaurants you want near your house. Because I have done that before. I have signed up restaurants near somebody's house. Oh, we do not like that restaurant. It did not really do me any good to sign them up. Therefore, 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 will call other people and say would you eat at this restaurant and if I get a good positive response then I will 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 is 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. The reason why they would use a barter system is they do not 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 is on your tax forms. That is when the barter industry took off and you can look it up on-line at [www.barternews.com](http://www.barternews.com).

Michael: Okay, well you say trade. Let us say I am a bookstore. I am a bookstore just opened up in downtown San Diego. I have employees. I am a bookstore. You say trade. What do you mean by trade? I do not understand.

Art: When you say trade, it is 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 am paying you with a currency that is 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 is not a one-on-one trade, it becomes a trade bank. Therefore, in theory it is 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 am an ice cream shop and say I will 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 would get 20 gallons of ice cream, you would 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 is 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. Therefore, in theory, some guy's getting a better deal than the other.

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

Art: It is a win/win for both and they are 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 am 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 is 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 is not always what you want. I do not always want your tires or porcelain dolls or hotel stays, so there are many 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. Many 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 does not 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 is a service-based industry. He has painted a house, so a house in theory costs \$3,000 in paint. The paint in theory could cost maybe \$400-500, so he is actually in the labor business as opposed to the paint business.

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

Art: Right, well the disadvantages of the one-on-one trade are many. There are not enough things to trade for that people need in bulk. People do not need 10 cases of beer or 10 sets of tires. They do not need 10 bags of fertilizer or 10 cases of car wax. However, in a barter system, it is a currency between businesses so you can buy for as little as a dollar, 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 is a different concept, a paradigm shift in the way you have to think. In easy terms, it is 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 you are going to spend it. Therefore, 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 is 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. Once you get into the barter system, you will 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 do not want existing business that is 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. In addition, unused capacity is a tradable asset, so everything that is 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 is kind of moving excess inventory. When you are moving excess inventory without using a US cash dollar, you are actually saving yourself cash by using another form of currency. That is why you want to use it. Now, there is also a way to take your trade dollars and move it back into cash. Because many members will buy things on trade dollars, turn around, and sell them for US dollars. For instance, they might buy a grandfather clock they get at the

antique store that is an ITEX member, they buy it for \$500 in trade, and they could put the same grandfather clock in the newspaper, 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 are using the trade dollars, you want to turn it back into cash. Basically, a barter system is about leverage. It is not about trading. Actually, in theory you trade with anybody one-on-one, you do not 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 cannot get everything you want. You cannot get those first class airline tickets to go to Europe and you cannot get that Rolls Royce as brand new off the show room because it is not everything and that is something that you are going to have to live with. It is just part of the barter system. It is just excess and sometimes there are some great things there and sometimes there is not. You can get some great deals on furniture 100% trade and sometimes you just cannot get what you want. It is 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 is not there, you would 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 will suit somebody else but it will not suit you. So I would say in the rule of currency, it is the 80/20 rule. 80% of the time cash works really well and 20% of the time barter works really well. In addition, if you are in that mode of thinking then you will have a better understanding of how it works. It just does not work all the time; you cannot 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 do not like to spend money on advertising. They say it does not work because they do not have a budget for it. However, if you use a trade dollar, it does not 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 do not feel so good. If it does not work in trade, it does not hurt so badly because you know what your product and service cost and so actually you are 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

is what the cost of food is. So in theory I bought at \$25, it didn't work. I would rather use \$25 than \$200 so basically, you are buying at major discount because I know what it cost, and he knows what his thing costs, so everybody is happy. However, I had 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 us 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, which 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 are saving yourself money. Now you are not going to be able to go to every restaurant. You will 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. Once you get used to it, you will 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 will use your trade dollars first.

Michael: Right, so these are good examples 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 is about everything you can think of in organized barter except gasoline. Gasoline is a very low profit margin industry and it is 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 are not just dealing with corporate, you're dealing with the individual agents. Now, some individual agents have joined barter systems, but they are actually taking premium in trade and buying the services from corporate. So in order to capture a new client, that works sometimes but you cannot do it all the time. Because you might say, I will take the first two years of your life insurance premium in trade and I will turn around, take the premium, and pay it in cash. I still get a commodity I can spend but in theory, I am not taking cash. So there could be a limit on the duration of the trade dollars you're taking. If you take the first two years of the premium in trade and hoping they will stick with the program, then you are

capturing a new client. That is 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. Therefore, that will help. Nevertheless, 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 themselves well to barter?

Art: Well, the gasoline industry for one. Gasoline stations have zero profit margins, which is why they sell hot dogs and hamburgers to make ends meet. Taxes are so high in gasoline that the profit margin is not there. I would say it is 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 are high profit margin industries and you can imagine what a box of popcorn, if it is \$5 inside the movies, how much it really costs. It really costs probably 25 cents, maybe 30 cents. However, that is 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 is 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 is probably not a good deal unless you want to capture a certain client and you are using it as a lost leader. For instance, you offer computers at 100% trade. Well, that is good, but you might have to put a limit on it. You say I am 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 will 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 are different entities and they do not take trade. However, you have to eat somewhere, so chances are pretty good you are 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 do not. 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 have to figure out what is a customer worth over the lifetime with that business.

Art: Right.

Michael: If they are a repeat customer and they know they have a customer that buys \$1,000 from them every year consistently, in 10 years they are 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 is 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 its \$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 will come back and use his cash dollars because he is not part of ITEX. So it's a great way to network your business and back door business for cash dollars. Because many people do not belong to the ITEX barter system. Just like the chimney sweep guy. He belongs to the barter system, 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 am more than happy to tell everybody on the street because I just got my chimney cleaned with trade dollars. Now I am telling everybody on the street this guy's a good guy and they're going to pay him cash dollars. Therefore, it is a good networking currency.

Michael: So it can bring in referral business.

Art: Yes, it brings in many referrals. It is a 10-to1 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 are analyzing as you are talking to that business. You are 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 wintertime. If you are in southern California, in the wintertime, things slow up after Labor Day; they pick up after spring break. Therefore, I would say their slow time is October through February. That is definitely a slow period so they have to look at those slow periods as being a time as not so much business. Then that is 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. In addition, sometimes they will not join for that simple reason. Because they do not 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 are obviously slow and they want the business. When they are obviously running almost full capacity, unless they are looking to bring in an extra 5% when they are at 95%, it is marginal. Therefore, you have to find something that they want in their season and then they will sign up. So usually, everybody in the hotel industry is looking for advertising. Advertising is probably their number one expense. They are 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 do not have advertising in barter, you are really not a barter exchange. Therefore, advertising is probably the number one commodity in my opinion. Therefore, 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 does not really get many venues back to them. Therefore, if they want to get the national client, they are going to have to use the radio, the TV, or the national publications. Moreover, those publications are expensive. If they use all or part of it on trade, they are 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 is a great selection. However, it has to be a selection that is 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 is 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. However, if it only reaches into the greater Branson area, then it is really not worth it. Therefore, you have to find advertising venues that are national for people to use all the time. Now, some of them do not need it. They are 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 is a window washer, then it does not 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, 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 all kinds of different businesses determine what their barter cost is?

Art: Well, it is 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 is the cost of labor, it is the cost of advertising, it is the cost of help. There are all kinds of things that are involved in that cost; that is 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 is bringing you new business that you would never get, then in theory, it is 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 am in there or not; you have to pay food whether I am in that restaurant or not. So it's not really something extra that's coming out of your pocket. We are just adding new business in your system. Therefore, 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 is new business walking in the door. Moreover, they have perishable inventory. Some restaurants throw out 15-20% of their food a year because it is 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 do not 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 us 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 is 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 is breaking in their restaurant or something is 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 will say to me, well what can I trade for, and I will ask him what do you normally use cash for? In addition, 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, and they go to the lawyer. However, on a normal basis, they are looking for things they use every day or approximately at least once a week. Therefore, you are 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 are ahead of the ball game because now it is a service for them because they are 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 do not want to go all the way across town to get a taco. Therefore, those people are a little more difficult to get the concept. However, you still keep fishing. They are 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. Sometimes it takes them a while. 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 is illegal. He said, oh no it is not illegal. I said yes it is, it is illegal, and I do not want to have anything to do with it. Come to find out, it is not illegal at all. It is 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 is not only legal, but it is recognized by the US Government as legal tender. In addition, when it is recognized as legal tender now, it is 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 is 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 are in the legal arena, and you take 200 seats out of your movie theater advertised, then you are 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? In addition, 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](http://www.barternews.com) .

Michael: For more interviews like this, go to [www.HardToFindSeminars.com](http://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](http://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](http://www.nate.org) or IRCA, International Reciprocal Trade Association, [www.irca.org](http://www.irca.org) and they're two entities which recognize all the



major trade exchanges. In addition, if you look under both categories you will 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 am not really sure but I know they were probably one of the first, if not THE first, barter exchange and they are still in existence in Europe. However, I am 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 were not as successful, but they still tried. I think that the largest barter exchanges in my opinion right now are ITEX, Continental, and a couple others. I do not 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 us start with joining exchanges. I have 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. Therefore, if I were 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 are probably hovering between 5-15%. At ITEX, it is 5% on each transaction. In theory, it is 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 will give you back \$10,000 a year, half of what it costs. In addition, 5% of each transaction. Therefore, if you do a deal and it is \$6 for a sandwich, we charge the restaurant 30 cents and we charge you 30 cents. That is 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 is a misnomer. People think it is free money but it is really just a loan that we are 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 are charged 1 ½% but usually it is a good idea to use this credit line only as an overdraft. Do not get too far in the hole with your credit line because the IRS and the Exchange considers this cash. In addition, if you do not pay it

back, you owe the Exchange cash. Therefore, it is not too advisable to get into your credit line unless you know you are 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. Therefore, it is not a good idea to use the credit line unless you know your trade dollars are coming in at a steady pace and that is what barter exchanges are looking for. They are looking for the trader. They are 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 are saving your checkbook, your other cash checkbook. Therefore, in theory, you cannot 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. Therefore, you would have to spend \$1,500 on your transmission that would come out of that mortgage fund. Now you have \$1,500 to spend on that transmission job and you use your trade checkbook. Therefore, 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 is 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 do not sell memberships. We sell partnerships. We are partners together in this. In addition, we make sure that our members try to stay happy. Now, obviously you cannot make everybody happy. But we try. Moreover, we have a wish list, we tell them to send 10 things every 30 days that they are 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 cannot get Starbucks as the company. On the other hand, we might get IHop but we cannot 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 do not. It just depends on what is available in the system and basically, it is how aggressive the Exchange is. If the Exchange is very aggressive, then there are 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. In addition, I think we are 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. Now all the Exchanges have moved totally on-line. There are very few Exchanges that actually print directly

anymore. Although there is some printed materials, it is 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. Therefore, in theory, if I went to a restaurant, sat down, and had a sandwich, I would 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 is not always trade; sometimes there is a cash component. 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 somewhere. Now there is also a cash component if you have to ship it, or if I buy a piece of furniture in New York, I am going to have pay the shipping. Therefore, 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. In addition, they are usually between 10 and 20%. If I tip, we try to tell our members to pay in percent because that is what they are for. I mean it used to be 15 but now it is a tendency to be 18%. 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, which is why we have an orientation. Therefore, you can understand the rules because the rules have to be followed. Everybody has to play by the rules. There cannot 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. We have what is called Barter Police and we make sure that the members are playing by the rules or we will call them up and say what is going on here. You have to play by the rules. Everybody has to play on the same level playing ground as everybody else. If everybody does, then that is great. It works most of the time, but I am not going to say it is 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 is somebody that is 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 is not feasible and it is 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 are 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. However, that is fair as long as it is 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 is not fair because that is not the rules. Therefore, we have to watch people and we have to know what is going on in the marketplace. In addition, we want the brokers to call them to see if this makes sense. Alternatively, if it does not make sense, we want to get the parties together and make sure they are on the same page.

Michael: Well, let me ask this. Let us say I am new in the exchange and I want to buy something, let us say it is an auto mechanic, and he says okay to fix your transmission, it is 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 is not allowed. If that is the case, then he is 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 its \$1,900 in cash and it's only going to cost you \$200 in trade to put it in. I do not think that is pretty fair that it is out of the norm I pay the \$1,900 in cash to Chrysler. Because it would not be fair for the auto mechanic to take the \$1,900 out of his pocket. That would be the situation. Now, that is not normally the situation. You are going to try to find somebody in the barter system that does transmissions 100% trade all the way. Because that is what he does. He buys transmissions in bulk. It is like going to a restaurant, a pancake house, and saying well, I do not like anything on here, I want lobster. Well, I do not have lobster. I am a pancake house. Well, I will go out and buy a lobster but you have to pay in cash because I do not normally stock lobster. You have to play fair here. That is one big thing about the barter system; you have to play fair. Everybody knows what everything else costs and if you get a fair barter deal and everyone is happy, it is fair. It is 100% trade. However, it has to be fair and it has to be between the buyer and the seller. Now, back to your original question . . . its \$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, than 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 is 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 would 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 were not 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. That is 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 is the way most barter exchanges are going these days, with what they call auto pay. Therefore, there is 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. I know you are not an accountant. I will 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. However, 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 is usually in the tax write-off arena. When you spend a cash dollar in advertising, it is a tax write-off. When you spend a cash dollar for office supplies, it is a tax write-off. Same thing applies here in the barter arena. It is a tax write-off. There are certain marginal things that you are going to have to call your tax accountant about, but it is the same thing. It is 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 is determined between you and your accountant. However, it is usually, if it is normally everyday stuff that you



would be able to itemize in the cash world, the same thing applies in the trade world. It is 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. A reason why many of these entities in barter use scrip is that it is also a great way to advertise. If I buy \$100 worth of Domino's scrip, I might use \$20 of it, and 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 is 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 am a restaurant owner and I am 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 is gone, it is 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. In addition, the gift certificate is not always used immediately. So sometimes, they will be used 3, 4, 5, 6 months later. In addition, 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 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. However, it is considered US currency and it is considered a viable way to do business.

Michael: So let us say I am listening to this and I have a business that I think would fit within your organization. What is it going to cost me to be 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. In addition, 5% is billed on transactions in cash.

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

Art: Yes, unlimited check writing and we print the checks absolutely free for you, as many as you want. We have mixers once a month for all the members to get together and we have trade fairs twice a year. 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 is 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 is 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 is just like mammoth. There is 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 is a movie theater called Movie Max. There is also a member using an attorney services, and he uses it all the time. That is a big savings for him. There are members that use it just for like one or two things. One of the two things is advertising. Probably the biggest expense you can possibly do. One of our members is a furniture store, 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 is a big benefit for him right there. He can use his advertising dollars with ITEX and we will 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. There are 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 is a benefit to you. That is 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 are guys who use it for employee perks. It is hard to keep your employees happy so many of the entities will give it to them for medical costs. If they did not have dental care, now they do. If they did not 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 is a big benefit because most insurances are co-pay anyway. So, that is 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? Tell me what I can expect with your system.

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

Michael: The education.

Art: Yes, the education; I do not 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 is 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. I will 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 is much easier.



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

Art: Basically, when people call me up, I am going to tell them how it works. I go out to their shops and show them at their computer. Therefore, if I show them at their computer, it is much easier for them to learn because they are 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 have covered all the information here and I think it has really been valuable. I have 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.

This is Michael Senoff with Michael Senoff's [www.HardToFindSeminars.com](http://www.HardToFindSeminars.com). That is the end of my interview with Art.

The next transcript is truly a treasure that deserves uncovering. I had the great privilege of talking with a barter genius Michael Jackman about how, specifically; one becomes a successful business using the help of a barter organization. Mike is a broker for one of the busiest and most respected barter organizations in North America. He has more than 10 years of practical experience and know-how in business. He is a marketing consultant and is constantly training and coaching businesses on how to grow effectively. Michael claims he can grow your business 5-15% per year using nothing more than barter. In this interview, Michael provides numerous, detailed examples of exactly what barter can do for you and how it can generate new business. Michael describes in detail how get involved with barter, what it is going to cost you and the tax implications. Never before had I extracted such detailed, meticulous, and systematic barter fundamentals. Listen now and use these ideas to trade your way to more business starting today.

Michael S: How would you explain to a layperson what barter is?

Michael J: That is a good question. The simplest way that I can phrase it is it helps you take what you have as a business owner and turn it into something that you need without taking cash out of your business.

[Music]

Michael J: I have been involved with the barter network for a couple of years now. I just fell in love with the concept and what it did for my business. They actually were a client of mine and they still are. I have an online consulting and marketing firm. They were an actual client of mine and I ended up getting to know the owner of the network. Literally launched my business to 1,100 people. That is one of the great benefits about joining a barter network.

Michael S: What was your business before you joined it?

Michael J: I am a marketing consultant. I do a lot on online web development. Basically, what I do, Michael, is I find a brick and mortar small business owner, people who really don't have time to spend any time online and I help them design marketing campaigns, web sites and that kind of thing. Set up auto responders for them. I was doing some online marketing work for them, as well, doing email, stationary—simple things.

Michael S: So, this barter network was one of your customers.

Michael J: Exactly. I ended up talking about growing their business and some of the things that they can do and some of the products that I have developed for the brick and mortar businesses. We have a real nice partnership now where I am helping them grow barter in their business. They are launching a lot of my online marketing products to their clientele. So, it's a real nice partnership. I am a firm believer in what it can do for you just from an exposure standpoint.

Michael S: What is barter in simple terms? If I didn't know anything about it, how would you explain to a layperson what barter is?

Michael J: That's a good question. The simplest way that I can phrase it is it helps you to take what you have as a business owner and turn it into something that you need without taking cash out of your business. For example, every business usually has some type of excess capacity or excess inventory. If we were all operating at 100%, everybody would be retired and in the Bahamas somewhere. But for the garage mechanic who has an open bay on a Tuesday afternoon, or if a restaurant has open tables on a Thursday night, it's a great way to take that excess capacity and buy something that you need for yourself or for your business. So, everyone is familiar with one-on-one barter usually. Let's say I'm a web developer and you're an accountant and I trade a web page for your accounting services; you do my taxes. That is an even one-on-one trade and most people are familiar with that type of concept.

Michael S: It is like trading and that's another term used within the barter. Barter is the same thing as trading.

Michael J: Exactly.

Michael S: I think the Phoenicians, back thousands of years ago; this is how people transacted business isn't it?

Michael J: Absolutely. There is no doubt in my mind that it even started back with the caveman. The caveman came back with some meat and he traded the meat to the women, not to be chauvinistic, but I think was pretty much the role way back when.

Michael S: So, was this a replacement for currency?

Michael J: Exactly. Now that the advent of high tech computer systems and the Internet, it is really catching on again because you do not really need to have the currency. The currency is just a symbol for value. We can now trade the value that we each have in our own business with each other. So, it's really catching on now that the Internet has reached like a critical mass.

Michael S: Give me an example. Let us say I am a florist and I have a brick and mortar business. I have a flower shop. I have regular customers who come in and its summer time and generally, business is kind of slow at this time of year. Then you come into my store and you introduce yourself with this trade organization. In addition, you want to explain to me that barter maybe a good consideration for my florist business. What are you going to tell me and can you give me some examples, some specific examples, of how your trade organization will benefit me and give me the ability to, in the bottom line, profit from your organization?

Michael J: Absolutely. Certainly the florist, if she or he does have any downtime, as I mentioned before, we can help fill that excess capacity. Now, the way we do that is by supplementing incremental customers to your business outside your normal cash geography. So, let's say you're picking a town—I'll just use my town for example in PA and the flowers are sitting here in my flower shop. He or she has a certain geographical concept. Most people will travel five miles in their geography. However, I am going to introduce new clientele to her company because she is now a member of the barter network that will supplement her cash business and increase her revenue. For example, if I were a member of the barter network and I saw that a florist was also a member of the barter network and she is 20 miles away, well, now I'm not going to call my local florist and pay cash for flowers when I can take my barter dollars and trade them to the florist in another town.

Michael S: So, barter network is a group of like-minded businesses who have this barter currency to spend within their own group.

Michael J: Right. It is a captive market. It is like a club almost. Moreover, we each trade with each other; it is like a round robin. Just because you don't need my

products or services, I can still purchase yours because you can now take those barter dollars and spend them with any other member within the network. So, the first real advantage is that it's going to help her grow her business. We often say with BNI that if we cannot grow your business 5 to 15% every year with extra income, extra businesses, then we are not really doing our job. So, that would be the first real advantage that I would try to sell on. We are going to expose your business to 1,100 business owners that would not normally hear about you or decide to do business with you.

Michael S: So, that extra spending money I am going to get in the form of barter dollars or trade credits is going to come from business I would never have had originally in the first place.

Michael J: Correct.

Michael S: And because all these members of your barter exchange group are members of the same exchange group, they are more predispositions to buy from someone within the group.

Michael J: Exactly, you got it.

Michael S: Let us talk about your example. You were outside of the barter industry, you were working for this barter company, and you became a member. What happened to your business once you became a member and specifically how did the start of new customers from the barter exchange happen? What kinds of promotion happen? What did the barter exchange do for you that got these barter members to call you and spend money with you?

Michael J: Well, I was actually exposed to a lot of things that I needed. For example, I did work for a couple of major magazines in the area. And the one thing that I will say about barter is that not only are you going to be exposed to people that are going to barter business with you, but it also leads to cash referrals. For example, I was exposed to the magazine that I did business with on barter but then they introduced me to some people that I did cash business with.

Michael S: So, you do not have to do barter if you do not want to and you do not have to use all barter. If you have a business that takes cash, you can do part cash and part trade?

Michael J: Absolutely. We have a threshold we prefer and we are just one specific exchange. There are a lot of different barter networks out there. However, we prefer 100% trade under \$2,000 and if it is \$2,000 and above, then we allow elements of cash to be inserted in there. But let's go back to the example where you can get cash referral business. For example, we just signed up a seal coater who does driveways. He did a job on barter. He drove his truck, did the driveway, put a sign in the yard, and then did a cash referral from the

next-door neighbor who wanted their driveway done, as well. So, it's not only a great way to grow barter business, but also to get cash referrals because now your trucks are out on the street, your guys are out and you're getting exposed to different markets that you normally would not get exposed to.

Michael S: Exactly. It is the same thing as referral if you had a cash-paying customer. You're going to get referrals just because you do business with one customer, you and I both know, it can ultimately lead to new business down the road, which you would have never had if you didn't have that initial exposure.

Michael J: Right. If you do a good job and the people talk about you, word of mouth is still the best advertising. Barter is just a way to come and give that a little bit of inertia.

Michael S: How many members are in this barter exchange group that you belong to?

Michael J: Well, it has been around for about ten years. They done about \$40 million in trade and have about 1,100 active members.

Michael S: They have done \$40 million in trade. For how many years?

Michael J: For the last ten years.

Michael S: For the last ten years, they conducted over \$40 million worth of transactions.

Michael J: That is correct. Now, what is great about barter is that you have, as a business owner, the full control over whether you need to barter or not. For example, often it will be companies that are seasonal. They will be real busy with their cash business and they can suspend their account because it just doesn't make sense for them at that particular moment in time to barter when they have all this cash business coming in and they are at capacity. So, it's very much an ebb and a flow, depending on where you are as a business owner and how mature your business is and things of this nature. So, we constantly have people coming in and coming out of the network all the time.

Michael S: Are some businesses better for barter than other businesses?

Michael J: Well, yes and no. Typically, any business can use barter across the board. We have magazines, computer services, travel agents. However, if your margins are under 25%, barter money is not as attractive for you. The reason being that since you are trading your products or services, your gross margin is essentially your buying discount. For example, I will use the Italian restaurant again. Let us just say pizzas. The Italian restaurant sells pizzas for \$10. However, what does it really cost him to make that pizza, the dough, and the time—maybe \$3-\$3.50. So, essentially if you're purchasing things at \$0.30 on the dollar, that is your buying discount. You have a 70% buying

discount in the market place. Therefore, the larger your margins, the better barter will work for you.

Michael S: Let us do a simple formula. Anyone listening and they are a business. You are going to first ask them to calculate their margins, their net profit on their product or service that they are offering, correct?

Michael J: Correct.

Michael S: So, the example you gave, a pizzeria. He makes the pizza for \$3. He sells it for \$10. So his margin is 70%. And if he gets \$10 selling a pizza to someone within the barter exchange, he basically gets a 70% discount on whatever he buys through the barter network.

Michael J: You got it.

Michael S: That is a good explanation. Now, here is something that is really important. Are the prices within the barter network the same as what the prices would be if I went out to the general population?

Michael J: That is an excellent question. As a matter of fact, we demand that your retail pricing for cash be exactly the same as you would for a barter; retail to retail, dollar for dollar. That is one of the real good advantages of why a third party barter network, such as our self, works because we keep people honest. The industry term is called puffing prices. Usually a group of guys will try to get together something on the barter network but they don't have an independent third party outside objective entity watching the market place and watching what people are doing with their pricing. It usually falls apart because the next thing you know they will ask you if he is trying to jack up his price to get more barter dollars than he normally would get and the deal falls through. However, with our barter network, we actually have the right to kick you out if we find you puffing your prices or over exaggerating your prices.

Michael S: So, this is and has been problem within the barter industry that depending on the barter organization can be problematic or not.

Michael J: Well, in the past it was a problem and is something that thank goodness due to the Internet and the systems keeping track of the pricing, we have a trade floor that all deals have to be approved through. Therefore, you just cannot go out and do a deal on your own. You have to get a trade number and have to put it into the system and we see what the pricing is compared to the pricing on the street. Our guys are very well experienced after ten years. They kind of know when someone is not playing fair. Typically, what we will do is we will sit down and have a conversation with that person or we might even, as I said before, they can be removed from the network.

Michael S: What are some of the items that you have purchased on trade?



Michael J: Advertising. I have purchased a lot of advertising. Advertising can be very expensive. I can do that. Printing materials. The list can go on and on. However, I tend to like to use it for advertising because to me word of mouth is still the best way to promote your business. But sometimes it tends to make sense to go out and do some outside advertising. I feel like I am getting a real nice discount when I purchase magazine ads and things of this nature.

Michael S: This advertising brings you cash customers also.

Michael J: Absolutely. Things I have set my barter dollars up for, quite honestly, is a trip to Disney World. I have three small boys and you can get an entire trip to Disney World or to the islands. One of the nice things about barter is that you can ratch up your life style with it. I know there's a lot of business owners listening to this, they know they work really hard; they spend a lot of long hours, such as yourself and myself. You can kind of treat yourself and your family to some of the nicer things in life.

Michael S: Well, let's talk about that. Tell me about some of the products and services that are more widely offered within your barter organization and other barter organizations for that matter?

Michael J: I mentioned media advertising. Our network has about 40% of our clientele in some type of media advertising whether it be radio advertising, magazine, newspaper, and a Chamber of Commerce. It goes on. Then you can have some pleasurable things like jewelry, computer services. We have a barter client who just went to Cancun, Mexico for a week. Travel, printing, brochures; that kind of stuff.

Michael S: How about dentists?

Michael J: I do believe we have some dentists in the barter network.

Michael S: How about attorneys?

Michael J: Yes, we do have attorneys in the barter network. You can get services like that. Certainly accountants. Chiropractors, I know we have a number of them. Massage therapists.

Michael S: Optometrists?

Michael J: Yes. There is no reason optometrists could not belong to the network. We have an eyewear and sunglasses place. But I'm not sure if we have optometrists.

Michael S: Do you do any thing with reciprocal trading? Can you explain to the listeners

and me what reciprocal trading is and how it can expand the network of products and services for someone who came into your barter organization?

Michael J: Well, reciprocal trading with another exchange?

Michael S: Yes.

Michael J: Well, we belong to something called the International Reciprocal Trade Association.

Michael S: What is that?

Michael J: That is basically an organization that oversees all the barter networks in the country. We have a relationship, which they govern our trading dollars with other exchanges. So, for example, if you really needed something, and that is another benefit of joining a network, is that if you come to me, our fees are based on us performing two levels for you. First of all, we are going to bring in new business via the barter trade exchange. The second thing is that we need to find something that you want to spend your barter dollars on. Only when you spend your barter dollars do we charge a commission and that commission is 12.5%.

Michael S: Well, get into the pricing in a minute.

Michael J: So, the benefit would be let's say that you were looking for that trip to Cancun, Mexico and we didn't have it within our own exchange. A reciprocal trade would be that we would go out to another trade exchange and find that for you.

Michael S: Even though I may not see it within your organization?

Michael J: Right. Even though that is not within our particular exchange, we can go out and make that deal with another exchange to get you the trip that you want.

Michael S: I can spend my barter dollars or credits that I earned through your exchange on that?

Michael J: Exactly.

Michael S: So, you are out there as a broker. You are working for me. Your job is to help me spend my trade credits and help me find the products and services that I need. Is that correct?

Michael J: Absolutely. Your motive to do that is bringing in new customers because without those customers, you cannot accumulate the barter dollars and you cannot spend them.



Michael S: What is in it for you and what is in it for the barter organization? When is this going to cost me in terms of cash to get started?

Michael J: Well, we have a one-time initiation fee of \$250. That has only charged one time to set you up within the system. It is going to cost you \$100 in trade right off the bat. The reason we have that fee is to fund the economy, basically. Every economy needs liquidity.

Michael S: Where am I going to get the trade?

Michael J: It is like a credit card. Everything is credit.

Michael S: So, I am going to start off with a debit of \$100?

Michael J: Exactly. But typically we can get you a line of credit, as well, if we think you're going to be a good trader. But the only fees other than that are \$10 a month account fee. That is used to maintain your account, keep you current, and then that 12.5% performance fee. Those are the only other fees that are involved.

Michael S: So, let me use an example. I am a florist. You come in. You explain to me the benefits of your organization and barter and how it can bring me new customers. It is going to cost me \$250 right off the bat and then I will be paying \$10 cash every month. You can offer me a line of credit if I have good credit worthiness and it looks like I am going to bring your organization transactions. So, let us say I started off with a \$500 credit. I could either spend those barter dollars on anything within the organization or anything that you can find for me through a reciprocal. Then let us say I purchase some services from an attorney with my \$500 on trade that I needed and he drafts some letters. So, I have, let's say, \$500 in my account. Now, when I spent that \$500, I am going to pay your barter organization 12.5% of that \$500?

Michael J: That is correct.

Michael S: And that is going to come in a form of an invoice at the end of the month and I pay that in cash?

Michael J: Correct.

Michael S: So, that is going to be ... what is 12.5% of \$500?

Michael J: I do not have my calculator on me.

Michael S: Whatever it is ... I don't have mine in front of me. I am going to pay that plus my \$10 fee at the end of the month.

Michael J: Correct.

Michael S: How does the barter exchange profit from this?

Michael J: Well, you have to remember that is one simple transaction. But with 1,100 clients doing deals on a daily basis—some of them—those little dollars add up. So, it's not really a large fee for somebody who is just doing it for their own business, but when you have 1,100 clients, that's how we make our money.

Michael S: What about tax implications?

Michael J: In the past, it was looked at kind as kind of a tax dodge. But the IRS has passed laws and it's looked at just like any other cash transaction deal; seeing you, your account and God. Basically, that is how they view it.

Michael S: So, at the end of the year, if I transact barter for a whole year and let us say I create \$50,000 in sales or revenue through the barter exchange, that \$50,000 is reported as earned income just like my other business transactions?

Michael J: Well, yes, if you have not spent anything for your own business to off set that, yes.

Michael S: Let us say at the end of the year my net, and I have that sitting in my account, by the end of the year \$50,000 in trade credits. I am going to pay cash tax dollars on this \$50,000?

Michael J: Right.

Michael S: Now, let's talk about that. That probably is not a very good strategy for someone getting into barter. What advice would you give to them when someone is a member of a trade exchange and why you should not let that happen and what you can do to off set that?

Michael J: The one thing that I would suggest is that every barter dollar that you spend on your business or that you accumulate for yourself, you find a way to buy something for your business to spend it on and off set it; just like a normal expense.

Michael S: So, the goal is to get as many dollars as you can. Before you have a way to spend them, you should research and find out what you can spend them on within your own business or for your own pleasure because it is that easy to earn trade credits if you have a good service or product.

Michael J: That is correct. And one of the things that we pride ourselves on, we have brokers that are constantly in contact with our members finding out what they

need for their business; where they need to spend their dollar, where the marketing is going. We will align things up rather quickly on things that they can spend those dollars on to off set that tax hit.

Michael S: I see. How long does it take to get within the system? If I came to you and said this sounds good, how long would it take for you to have me up and trading?

Michael J: Probably a couple of days.

Michael S: You are in Pennsylvania, correct? I am in San Diego. Could I realistically, if I sell a product or service that has no geographic boundaries, be a member of your exchange?

Michael J: There is really no reason why not. It would marry you to some of the things that we have in this geography. Like restaurants, you would not really be able to partake in that unless you travel to the East Coast, but certainly things like travel and other Internet services; printing, marketing and that sort of thing. What I would suggest, though, is to try to find a good barter exchange within your geography. All politics is local. If you want to take advantage of a barter network, find one within your own geography. Now, BNI just happens to be the largest one in the Mid-Atlantic States. But there are a number of different exchanges out there.

Michael S: Can you refer or name a few that you think or have learned that have a good reputation?

Michael J: Well, certainly, if someone sent me an email or something like that, I would be able to help them out.

Michael S: Can you think of anything else that would important to know about barter in your exchange?

Michael J: I think we have pretty much covered all the bases, Michael.

Michael S: Can you think of any specific examples or stories that stick out in your mind, whether from your organization or any other barter exchange, good stories that have really propelled businesses into the next level?

Michael J: There is a small printing outfit in Delaware—they were there before I was—called BZB and they are a multi-million dollar company. The guy started in his house; almost like a virtual type of company. He grew the business into a multi-million dollar company. So, I think that would be a phenomenal story to tell. And that just happened within ten years.

Michael S: How am I going to find a listing of all the members with your organization so I can do some shopping once I become a member?

Michael J: We have a printed directory and, of course, you can always use your broker who will find things that you need and recommend different companies that you are looking at.

Michael S: This has been very interesting and I think informative. I think with barter, when I first started in trade, was really hard for me to grasp the concept. I do not know if it was like that for you. Do you experience other people who are interested just have a hard time understanding what it is and how it works?

Michael J: It is interesting that you say that because some people will get it right away and then some people do struggle with the concept. The best way to explain it to somebody is just to try to break it down in the simplest terms that you can, like I did with the pizza. People understand that a pizza really does not cost \$10. It is only \$3.50.

Michael S: I think that a good question for anyone listening to ask themselves. What is your net profit on your product or service? In addition, if it is pretty high, you can expect that to be your discount on whatever you want to buy through the trade organization.

Michael J: I do not know if we really touched on this strongly enough, but the second real benefit is preserving your cash flow. Most business owners know that it takes money to make money; be it some big lawyer from one of your customers for like \$10,000. You might have to go out and buy \$5,000 worth of material just to make that deal happen. You have to come up with that \$5,000 before you receive your receivable. And what barter will allow you to do is to purchase the things that you need to make that deal happen—some of the things, not all of them—and allow you keep the cash within your business to spend it on the things you need to spend the cash on.

Michael S: You say you send out a printed directory. Do you have an online presence?

Michael J: Yes we do.

Michael S: So, there is web site that I can look at all the members there?

Michael J: You are not a member yet.

Michael S: But once I become a member, I can go in and see all the members within your organization?

Michael J: Correct. Most of the members; some of the members want to remain private and just deal through brokers. We are revamping the whole system. We are upgrading our system, so after the middle of September, every member should be able to go in and see who is trading what and what available, etc is.

Michael S: So, will the web site make it easy for me to contact other members via email?

Michael J: Yes, absolutely.

Michael S: When you send out your monthly printed directory, do you offer any kind of promotions, let's say I do web site design and I want to get the word out to all my members? You, as a broker, are going to promote me to generate business. But what other services does your barter organization offer to help get the word out besides just putting a listing in the directory and besides just you knowing that I'm a new member and when a caller calls in, they refer me?

Michael J: We put together an email newsletter called the Buzz. If you are a member and have excess inventory on your shelf—clothing, tickets, or whatever—we will promote that to the other members. We will let them know that this has become available and you can get it for so many barter dollars.

Michael S: What is the owner's name?

Michael J: Ron Whitney.

Michael S: How long has he been in the industry?

Michael J: Over ten years. BNI has been around for ten years, but he has been doing this type of bartering in the media and with other companies for over ten years. That is all I can tell you. I am not quite sure how long he has been there.

Michael S: Thanks, Mike. I appreciate it.

I want to thank you for listening to [www.hardtofindseminars.com](http://www.hardtofindseminars.com) . If you want to get in touch with any of the people we interview, please contact Michael at [www.hardtofindseminars.com](http://www.hardtofindseminars.com) by email. You can email Contact by Email or you can call (858) 274-7851.



## **Indian Trader: How Indian Casino Advertising Can Make You Rich**

Dennis Klase was a person who was very interested in Barter. He is a Native American living on a reservation in northern New York. He had been working as an ironworker in New York City but left the job because it did not pay well. Dennis just knew that there had to be a better way to make more money!

He moved back to his reservation and began working for a friend of the family whose business was in web sites. Dennis learned so much from this man about how he was able to use Barter in his business to make huge profits.

Dennis explained to me that the concepts of trade and barter are not new to the Native American community. It is a common way of life for Indians that goes back hundreds, if not thousands of years.

When Dennis came across my Barter Secrets course, he knew that he had to have it. He had not been making much money at the time and actually saved his salary for several weeks in order to buy the course.

I must tell you that Dennis absolutely loves the course. He contacted me to bounce some new ways to use Barter. I do not know who learned more in this consultation – Dennis or me!

Listen as Dennis explains how selling items from the reservation saves buyers from having to pay state sales taxes. Additionally, in most cases Native Americans living on a reservation can purchase items off the reservation without having to pay state sales taxes. You will also learn very interesting things about the Native American way of life on the reservation and how, when things are taken away by the United States government, Indians have the ingenuity to work around these problems by finding better solutions.

We discussed a possible barter-based business in advertising for the multitude of Indian casinos across the country. The objective would be for Dennis to buy advertising trade dollars at 20 cents or less on the dollar then sell advertising to the casinos at a profit – and the casino would still realize a huge savings in advertising.

What Dennis needs to do is to research where Indian casinos are buying their advertising from and how much they are paying for it. Once he has obtained that information, he can contact some of the many nationwide barter organizations to determine if advertising trade dollars are available for purchase. In this audio, I give Dennis just a few of the barter organization names and web links to use in his research.

Armed with the knowledge of what a casino is paying for advertising and advertising trade dollars, Dennis would have the ability to meet with the casino's advertising department and make them a deal that would save them tons of advertising dollars.

I hope that this consultation gives you some ideas about how you could begin a barter-based business. I also hope that we can keep track of Dennis' progress to comprise a great case study in Barter.

Dennis: Hello Michael. This is Dennis Clause. I emailed you. I'm from Niagara Falls. I am the Native American. I ordered your book on Barter Exchange and I love it.

[MUSIC]

Michael: Hi, it is Michael Senoff with [hardtofindseminars.com](http://www.hardtofindseminars.com) and Barter Secrets. Here is another recoding with one of our new secret loophole students. His name is Dennis Clause. Dennis Clause is a Native American who lives on an Indian reservation and he called me with a unique idea and some ways to the Barter Secrets course to make money. I hope you enjoy this consultation. It is about 25 minutes long and I think you will benefit and learn some new ways to use barter. Enjoy.

Michael: So, you told me you saved up six months to invest in something like this. Tell me about that.

Dennis: Well, actually, I was formally a union ironworker and I used to live in New York City. I made \$43.80 an hour and I gave that up because I was working way too hard for somebody to make a lot more money than me. Its real hard work, its outdoors, its seasonal. In addition, when it is raining, you cannot work and then you have to pay for motels. I moved home so I could get smarter and learn. I use my mind instead of my body.

Michael: How old are you?

Dennis: I am 32 now.

Michael: Great.

Dennis: So, I moved up North to another reservation where there is a multi-multi millionaire who grew up with my father. I asked him to teach me how to make money. So, I spent one year working for him learning how to make money and I now I'm out on my own. I am trying. I saved up money. I lost it. I want and made more money. I lost it. Still working.

Michael: How did you keep losing it?

Dennis: Well, I would invest everything I had for Internet. When I would get a website, I would pour everything back in there because he would take everything he had and put it back in and then the money would come back to him. In addition, I watched him do it over and over. He would bring his business right to the edge



and it would come right back and it would just triple where nobody else would do that, he was the only one out there doing it.

Michael: What kind of business did he have?

Dennis: He has a cigarette factory, online service, he does concert promotions; he does all kinds of things.

Michael: That must have been a great learning experience.

Dennis: It was really exciting just to watch him. He made money with never owning things sometimes. People knew that he worth so much money. He could buy a building, before he took possession of it, he would sell it and be in the middle collecting.

Michael: Very similar to the barter stuff, isn't it?

Dennis: Yes.

Michael: Is that what caught your eye?

Dennis: Yes.

Michael: Very good. So, you got the course. Have you gone through everything, all the audios?

Dennis: Yes.

Michael: Were you surprised that there was more than promise?

Dennis: Actually not coming from you, but yeah it was really nice to get, but when I get something from you, you always over deliver so I always like that.

Michael: Like I said in there, I had a really hard time grasping the whole concept and I think some other people either get it or you don't. Are you confused about anything or do you have a good understanding of how everything works?

Dennis: I am an Indian on a reservation, so we trade amongst each other. Ever since I was little, I have always traded.

Michael: Did you grow up on a reservation your whole life?

Dennis: Yes. I am on the reservation right now.

Michael: What reservation is it called?

Dennis: It is the Tuscarora Indian Reservation in Niagara Falls, New York.

Michael: How many Native Americans live there?

Dennis: About 2,000 people in this reservation.

Michael: Do you like living there?

Dennis: I love living here.

Michael: Great. So, tell me, was trading part of your upbringing?

Dennis: Yes, all the time. My dad would sometimes not have enough money growing up because it was seasonal. He was an ironworker, too, like his father. So, when he needed wood or whatever, he could trade off somebody else's land and get wood and cut wood, but he had to trade them when we cut down the wood and got it cut up and everything. We had to give the owner of the property some wood, but we got some wood for free. So, they got wood for free, we got wood for free because we did not own the land. Everybody made out.

Michael: Do all Native Americans understand this concept of trade?

Dennis: I think a lot of them do, but a lot of them are not into it as much anymore.

Michael: Yes, but you remember it from your dad.

Dennis: Yes.

Michael: Have you heard about the barter industry at all before you learned about my stuff?

Dennis: I saw it on TV on time, but I really didn't think it was that big because they were talking on TV -- there was like a small town, amongst a small town where the community was getting involved in it. Like here, on the reservation, when some of the elders need help, somebody will go and help them. In addition, knowing that they helped them, never asked for help, well when they need help, a lot of the community members go and help them. It is like a barter system.

Michael: It is absolutely tremendous. I mean I was even doing some more research on my own last night. It is bigger than I even anticipated. I sent you to a link. It is a great resource about all these barter resources. So, when you get back online, go to this resource. It was called [entrepreneurialconnection.com](http://entrepreneurialconnection.com). But I sent you the link and there's some very key industries all around barter. One is called the IRTA, International Reciprocal Trade Association. This thing is worldwide. I mean they have developed a universal world currency where you can trade anywhere in the world on a standardized currency within the barter industry. There is also another association called the National Association of

Trade Exchanges. In addition, barter organization, people who start their own barter clubs, become members of these. So, you can go on either of these websites and search all the barter groups all over the world. They are all over the world. There's also an industry publication, a newspaper, called Barter News, that's at [www.barternews.com](http://www.barternews.com) . It is the leading barter business journal. At the site, you will also have a worldwide list of all the barter organizations, email address, company names, phone numbers, everything. Then there are other barter services that are starting, kind of like Ebay, but there is one called [barteritonline.com](http://barteritonline.com), [barternet.com](http://barternet.com), there is [ibarter.com](http://ibarter.com). Have you been to the [itex.com](http://itex.com) website?

Dennis: Yes, I have.

Michael: Did you see how you could search all the members there?

Dennis: Yes I did.

Michael: So, you can see all the different things that are available to purchase and buy and then it comes to your question and I want to read the email that you sent to me for sake of this recording.

"Michael, I had to thank you from the bottom of my heart. The book and the CDs on barter are more than I could have asked for. I want to know if you had any ideas that could be used to make more money than I could come up with alone. You see, I am an Indian in New York State and I live on a reservation. I do not have to pay tax and I can sell things from the reservation, in the mail, tax free, to non-native people. Do you have any ideas for us to partner up with me? I like getting your info by email and I feel that we are a lot alike. I love to learn and I want to make more money only when it is a win-win deal. In addition, I really liked that you said I will not sell cigarettes like all my family and friends do. I know I can make more with my mind to help others."

Does that bother you that everyone is trying to make money selling cigarettes?

Dennis: Well, yes. I don't smoke and I understand people are trying to save money on cigarettes and everything, but I don't agree with that, trying to make money hurting somebody else. It should be something that everybody else can grow on and help each other, not hurt each other.

Michael: How big is the cigarette business with the Indian reservations?

Dennis: There are 2,000 people on my reservation. There are 17 millionaires and 1 billionaire on my reservation.

Michael: And they live on the reservation. Is this all from selling cigarettes?

Dennis: Cigarettes and gasoline.

Michael: Because of the tax advantage, right?

Dennis: Yes. No casino.

Michael: There is no casino?

Dennis: No, we have no casino on the reservation.

Michael: But are Indian reservations all over the country, in Canada, selling cigarettes?

Dennis: A lot are, yes.

Michael: So, the public can buy them for less?

Dennis: Yes.

Michael: How much less can they buy them?

Dennis: In New York State, it is about \$50 a carton off the reservation. On the reservation for a major brand like Marlborough, on the reservation they are \$23.

Michael: \$23?

Dennis: Yes.

Michael: That is incredible. So, there's a huge buying public buying cigarettes directly from reservations.

Dennis: Yes.

Michael: Interesting. So, when you say you don't have to pay tax, I did a little research online. What you mean is you are still required to pay income tax, federal income tax even though you live on a reservation. Is that correct?

Dennis: Yes, that is correct.

Michael: You just do not pay state tax. Let us say I sold you something. Let us say I am in New York, you bought something, you live on a reservation, and I charge sales tax. Are you exempt to pay that sales tax?

Dennis: Say that one more time.

Michael: Let us say I am a store outside of the reservation, you come and buy a product from me, and its \$10 and its \$7 tax, are you exempt from paying the state sales tax?

Dennis: It depends on the company, but yes, we have forms we can bring with us. Everybody has them on the reservation. You bring the forms. It is just like a church or a non-profit organization could be tax exempt. They have the same paperwork as a church would so they can buy tax free, too.

Michael: So, can you buy an automobile off the reservation and not have to pay tax?

Dennis: Yes, as long as you live on the reservation.

Michael: You have to live on the reservation and work on the reservation?

Dennis: No, you don't have to work on the reservation. You have to live on the reservation. You can work off the reservation. If I buy a car, as long as I am living on the reservation, I get it tax-free. However, if I live off the reservation, then I have to pay tax on it.

Michael: Okay, I see. So, let us say that you had a warehouse and you could fill it with all different items that you are able to buy on trade at 20-cents on the dollar. You would have the advantage of buying all these items without having to pay the sales tax as long as you submitted your forms, correct.

Dennis: Correct.

Michael: Now, that is going to be a big savings right there. I mean, obviously, there is going to be savings there. You wanted to know what kind of ideas that I have. I was just browsing on ITEX and some of these other trade exchanges. You just have to look. There are so many different items. So many things you can buy. The way you are going to make your money is just reselling it. You have to pick it up at 20-cents on the dollar or 10-cents on the dollar. You have to buy it, you have to take possession of it, and then you have to resell it at a profit.

Dennis: Did you get my second email?

Michael: Let me see here.

I just had a thought. The Indian is the first to be picked to do any work or any contract bids. If the person with the lowest bid is the one to be picked and the Indian is within 10% of the lowest bid, the bid will go to the Indian. Eighty percent of all Indian casinos have a clause that lets Indians from any tribe bid with. A way to let them have a chance to win the bids and I can start a company to sell advertising spots for casinos all over the U.S. and Canada. There are over 350 Indian casinos in the U.S. You can see the numbers at [indiangaming.com](http://indiangaming.com).

Great idea. You could sell advertising and you had better believe they are

spending money on advertising.

Dennis: I imagine their budget is pretty big.

Michael: Dennis, that a perfect idea. That is perfect. It is perfect, perfect. You could do that. You could get control. There is so much advertising for sale on trade that you could buy. When you're getting into the serious stuff and you're dealing with brokers who know their way around the advertising and there are people, if you go to the main newspaper, you called the publisher up of the barter newspaper who's been in it a long time and tell him you want some very reliable sources for due bills on advertising, media advertising, radio especially. You find some reputable people who have the resources of all the radio stations. In addition, I'm sure they're there. The trade industry is very big. There is someone doing this. Then what you do is locate trade dollars. So, let's say there was \$50,000 worth of advertising in a local market and you buy it for \$5,000 or \$7,000 and then you go right to the Indian reservations and resell it at a discount. That is absolutely doable because you could pre-pay for the advertising in the form of what are called due bills. They are almost like promises or promissory notes. Once you own them and control them, then you can go resell those and you make sure you are able to reassign them. I mean if you just picked up the phone maybe on your time off just for fun, called up a couple of the casino and talked to their advertising department and find out who does all the media buying and get in touch with them and say would you be open to the possibility of purchasing radio advertising in the local market for 50% off rate card. Then talk to them and see if they are open to it. Of course, they want to save money on advertising and you have a way to purchase and control that advertising for less than 50-cents on the dollar. You can get all day long at 20-cents on the dollar. Maybe even for less. Do you see what I'm saying?

Dennis: Yes.

Michael: So, yes, that is a fantastic idea. It is a fantastic niche. You could start a whole business just based on selling Indian casino advertising. You could be the expert in that industry. That would be fantastic. I like that idea a lot. What you are going to need to do is you are going to need to learn about it. Learn about all the available advertising in the different markets of the different Indian gaming casinos. So, where is the nearest casino? Where is an Indian gaming casino that you are familiar with in what market?

Dennis: There is one about seven miles from my reservation.

Michael: They are doing billboard, they are doing radio, I am sure they are doing TV.

Dennis: Everything.

Michael: So, who are the major media outlets? What you need to do first is act like you are a customer that you want some rate cards on radio advertising. You need to find out where this casino is advertising. You can simply call the casino and say hey where are your ads running? I love those ads. Where can I see you casino ads running? What TV stations do you all run them all? What radio stations, what newspapers are you advertising in? Therefore, you need to get a spreadsheet of all their advertising and then you go call the advertising managers of the newspaper, of the radio, of the TV, of the billboard and get actual rates on what this advertising is costing so you know what they are paying. So, you're armed. By the time you approach the media for the casino, you say I know you are advertising in the New York Star. Rate for the ad you are running costs you this much. In addition, you can guesstimate. You can guess that they are giving a discount because they are buying more than one month at a time or whatever. Talk to them. Just talk to the buyers. Ask them, are you able to purchase advertising at huge discounts. Maybe they are. Maybe they have some kind angle with the media. You just need to do your research. Nevertheless, certainly, it is a great idea and I think it is worth investigating. My advice would be go talk to the experts, talk to a few of the buyers at the casino. Even if you give yourself away, you still got 300 other ones around the country. There is also a resource, remnant advertising. I have to find the source. They are people who broker remnant advertising. This is outside of the trade industry, but hugely discounted advertising. It is available and I think that is a great idea Dennis.

Dennis: Thank you.

Michael: Great, fantastic idea. I think you should do it. The ideas are there. You just have to get moving on it and I think your first step is to do some research on it.

Dennis: I could do that in the morning. I have my mornings off so I can take of whatever business I'm trying and trying to learn or whatever I'm on in the morning and the second half of the day I work, so I can make sure I get things done in the morning.

Michael: Go on ITEX. See if ITEX is pretty strong in New York. Do a search on the ITEX thing and see what you have for advertising in your geographical area. You may find some of those media outlets who offer trade for those stations. You can start off small, but first find out where the reservation seven miles away is running their ads and make a little spreadsheet. Look in your local paper; look in the paper at the reservation. See if you see their ads. See who has heard it on the radio. What has the casino called?

Dennis: Seneca Niagara Casino.

Michael: Call them. You could talk to the girls who work there and say hey where are you guys advertising. Where did I hear that commercial? Find out. You just go ask the employees there and then make a spreadsheet and then get an idea, a



guesstimate of what it is costing and maybe pick up the phone and call the media buyer. If she asks why you want to know, you say well I have access to advertising in this local market for this station, for this newspaper, for this for about this much. Would you be interested in that?

Dennis: Okay.

Michael: And then if she says yes, it is just a matter of doing the deal -- buying and controlling or tying up the advertising. See, you may be able to take control. Let us say this casino is running \$50,000 worth of advertising a month. You can take control of \$50,000 worth of advertising without having to pay for it just by a letter of intent or an option to purchase. You can maybe put \$100 down and have an option to purchase. Then you can go back to the casino that is doing the advertising, have them pay you, and then you pay them on what your agreement was for and then you deliver that advertising. It's all three-way deals just like you explained with the guy you work for. What is the most important thing? The most important thing is finding the trade dollars available or finding the product you need. Just knowing where it is, is the most important thing. In addition, the finding your buyer without taking possession of the product that you know where it is. Then once you have your buyer, you have your demand. Once you have your supply, which is your product or your trade dollars or your media, you know where it is. Then that's all there is. Demand, supply, and then you just take care of the details.

Dennis: Sounds great to me.

Michael: Very doable. Any other questions on the trade stuff? Was anything confusing or anything else you want to talk about?

Dennis: No. I love it and listened to it like three times already and every time I listen to it, I get so excited and thinking about everything. We are not actually a reservation. It is a sovereign nation -- different than reservation. Therefore, it is settlement, reservation, and then nation. Nations, like mine, do not accept any outside money. We get no public money. It is like a third world country. There are no phone lines out here. Everything is cellular.

Michael: Oh really.

Dennis: Whoever has electricity has electricity. There is no new electricity being put up. Therefore, there are generators.

Michael: The stereotype that I automatically think of is the reservations are very poor. Is that not true where you are?

Dennis: Not where I am from. We adapt. We find ways to make money. Any time we learn one way and they take it away, the government puts in a clause or puts in a certain way that we cannot do anything, we find new ways.



Michael: So, what have they taken away? What opportunities were really great?

Dennis: Gambling, for the nation, we have to give up the right as a nation.

Michael: To do gambling.

Dennis: To do gambling. A lot of casinos they lose their rights as a native. They gain a lot more, but they lose the rights as a native. If they ever turned over the casino and they could not operate the casino, they would lose all their rights as a Native America for their whole tribe.

Michael: Oh really.

Dennis: Yes.

Michael: Are there any other opportunities that looked good that did not work out?

Dennis: There are all kinds. We do process and make our own gasoline. We do make our own cigarettes on the reservation. We have a factory here. We make our own gasoline here on the reservation. We do a lot. We have a small reservation, like two miles by three miles. It is tiny considering it is a reservation. Some reservations are almost a state big like the Navaho Nation. Ours is tiny, but we find the ways to make money. When they took away the phones, nobody complained. We just found a way. We went to cellular. When they stopped the electricity, we went to generators. We found in the long run it's cheaper to run generators.

Michael: So, you are really running independent outside of the U.S. government?

Dennis: Pretty much, yes.

Michael: What about Internet access? How are you hooked up the Internet?

Dennis: I am not able to hook up on the Internet. I have to go to the library off the reservation to use it. However, everybody is using satellites.

Michael: Do people have satellite Internet access there?

Dennis: Yes, a lot of people do.

Michael: What about cable?

Dennis: No cable on the reservation.

Michael: No cable at all?

Dennis: No.

Michael: So, it is all satellite. So, how often are you checking your email? Are you running over to the library every time?

Dennis: Every day. Every morning.

Michael: If you need me, I have your cell number, this 298-5324.

Dennis: That is my number at work here.

Michael: Okay.

Dennis: It was either buy the package with bartering or pay my phone bill on time. I said I would rather invest in my future than being able to use the phone.

Michael: Can I leave you a message at this work number or no?

Dennis: No.

Michael: That is fine. Just communicate by email. That is fine. Very good. Well, it has been very nice talking to you. I am glad you like and I think you have a great idea. You have a good head on your shoulders. Now, just go do it. Get off your ass and just do it and make it happen. It is doable. In addition, if you need any help along the way, let me know. I would be glad to help you out if I can.

Dennis: Yes, I would love to partner up just to get me going, just to start with because I imagine I can barter with a good enough website so the casinos can see it. I wanted to partner up for us to be \_\_\_\_\_ or whatever it's called.

Michael: Well, don't worry about the website. You do not need a website. Go do your research. Do some of the things I suggested. Do you have an MP3 player?

Dennis: Yes.

Michael: If I upload this audio recording, you can download it and re-listen to it.

Dennis: Yes.

Michael: Go listen to the stuff we talked about what you need to do. Start with that casino seven miles from you. Call up. Get a spreadsheet. Find out where they are doing all their advertising. Call the media buyer. Find out who is in charge of all their advertising. Tell them you are Dennis, you are doing a report for school, and you are doing a report on Indian casino advertising. Would you be willing to let me interview you? Get some intelligence on them and find out what is going on. And then once you know what they're paying and where they're advertising, go back to ITEX or some of the trade exchanges and see if

you can determine if there are advertising outlets in that same market who offer advertising on trade. Once you know that, then you go find the trade dollars in the manner that I showed you. Just like I said, you want to find someone who is willing to save money on advertising. If you can determine what the casino is paying on advertising and then if you can buy it at 20-cents on the dollar and resell it at 50 and keep the 30%. Advertising is an ongoing thing. You set up one of these deals -- if you have a casino doing \$50,000 in advertising a month and you can make \$20,000 a month. It is every month because the advertising never stops. Do you see?

Dennis: Yes.

Michael: It is a residual thing.

Dennis: And 350 casinos.

Michael: And if you get ten of them -- even if you get ten of them and you're making \$5,000 a month, it's \$50,000 a month. Therefore, I think your idea -- it is a big idea. It is doable. Even if you get 1% of 350, you will still be doing fine.

Dennis: Yes.

Michael: So, make it happen. It is there for you. It is a great idea. I would go for it. In addition, you are going to find other opportunities as you explore this; things we have not even talked about and thought of. It is just the nature of the game.

Dennis: Yes.

Michael: Okay.

Dennis: Okay, thanks a lot Michael.

Michael: All right buddy. Take care and keep in touch please.

Dennis: Okay.

Michael: Bye.



## **13 Roadblocks That Can STOP You from Buying Trade Dollars**

This consultation is with a gentleman named Marcello had purchased the Secret Loophole package and called me for clarification. This was a wonderful opportunity create this update with clear explanations of dealing with trade organizations using easy-to-understand examples.

Using Marcello's own business need for radio advertising as an example, listen as I explain how he can buy that radio advertising time at, for example, 20 cents on the dollar. He first needs to find a member of a trade organization such as ITEX who is sitting on many trade dollars that he is willing to sell at 20 cents on the dollar.

Before closing the deal with the trade dollar seller, Marcello would need to find another ITEX member who sells radio advertising time. Let's say that the radio advertiser sells radio spots at \$100 each. One hundred radio spots would cost Marcello \$10,000.

Now that Marcello has found what he wants to buy (radio spots), he would contact the seller of the trade dollars again and arrange to purchase \$10,000 worth of trade dollars for \$2,000 – which is 20 cents on the dollar. He would arrange to have the seller of the trade dollars deposit those trade dollars into the ITEX account of the radio advertiser on his behalf. Voila! Marcello can now advertise his product one hundred times through the radio advertiser.

Marcello and I also discuss purchasing trade dollars at a discount and then re-selling those trade dollars to private parties for profit. Marcello could find a company selling radio spots willing to sell \$10,000 worth of trade dollars for \$2,000. Then, doing a little research, find a company (not in the trade organization) and sell them the \$10,000 worth of trade dollars for, say, \$5,000. The buyer could beat his competition at half the price that his competitor is paying. The key here is to have the buyer pay Marcello first, before he buys the trade dollars so that he does not have to use a dime of his own money.

You'll also get some tips on how the IRS considers these types of transactions and how you can write off anything that the IRS considers income. I hope that this audio will clarify any questions that you may have. Enjoy

[MUSIC]

Marcello: First of all, I want to ask you to just clarify how this works because so far I understand I can get into a barter exchange program or association group. There are no costs and like you instructed in the program, contact one of the companies and offer to buy their trade dollars--10-cents or whatever I can negotiate on a dollar and I have a credit with them. Then I \_\_\_\_\_ another company, either within the organization or outside, to buy that product of

theirs.

Michael: There are a couple different ways you can go about it. Like I said in the course, I'm a member right now of two different trade organizations. It was three. You know how I talked about the two big ones, ITEX and BXI.

Marcello: Yes.

Michael: ITEX and BXI, about two months ago, the one bought out the other. It used to be two competing trade organizations. They were the largest in the United States. One was called Business Exchange and the other one is called ITEX.

Marcello: I noticed that. I looked up on the site and the two...they are together now.

Michael: They are now together, so ITEX bought all of BXI. Therefore, now you have one trade exchange, the largest in the US. It is called ITEX now. They own all the BIX now. So, it's all one. That just happened. That is even better because it gives you all the trade organizations under one roof. Now, if you notice, if you go to ITEX.com--did you go to ITEX.com?

Marcello: Yes.

Michael: Did you search around and look at all the different things available for sale?

Marcello: Yes. I saw too many. I looked around and browsed just a little bit.

Michael: There are thousands and thousands. Did you see all the different things? In addition, they let you search. You can even get the customer's names right there from the site.

Marcello: I noticed that. That was pretty interesting.

Michael: Can you believe that? I did not even realize it when I put the course together, but I was just playing around there and you have the entire database with the contact information without even being a member.

Marcello: So, basically without even going to join to get the book for all the...

Michael: Yes, it is all right there online.

Marcello: Just get it online, now.

Michael: Yes, you do not even have to join.

Marcello: I just noticed that accidentally when I looked on there.

Michael: Now, I do not know how long that is going to last. I do not know if they realize

that that is a mistake or what. I guess it is a double-edged sword. What I am teaching there is no one else teaching this. Therefore, first of all, there aren't that many people doing this, number one. They want to do it because they want to get people to join their trade exchange and they want their people to see all of the different available products and services that are available through this group. The whole idea is signing people up and having them pay the up front fee and become a member. It is in their benefit to do that. So, I don't think that's going to change, but what you can do now, like I said in the course, the people who are sitting all the trade dollars are the services like publishing companies, companies who sell advertising. So, if you go to IITEX.com and search advertising and you look at all the different listings who sell classified ads or TV ads or the VAL PAK. Do you know what the VAL PAK is?

Marcello: VAL PAK, no.

Michael: VAL PAK, you get them in your mail. Do you live in a home?

Marcello: Oh yes, like a little packet of business...they are almost like cards.

Michael: Yes, there are VAL PAK members who are members of trade because they are selling advertising. So, these guys...a lot of them are loaded up because they're a member of ITEX, they're loaded up on all kinds of trade dollars. Because they are lazy, they do not know what to spend it on, so you could approach them. You have their email addresses and their phone numbers. You may want to just call and say my name's Marcello. I saw you on the ITEX site and are you guys still with ITEX and then you want to find out are you guys sitting on any trade dollars you may be willing to sell for cash. You heard my calls, right.

Marcello: Right.

Michael: It was not brain surgery. So, let us say you find someone who says yes. Marcello, yes, I have a bunch of trade. I would be willing to sell it to you for 15-cents on the dollar or 20-cents on the dollar or 25-cents on the dollar. Then you say, okay, great. You don't have to commit right there that second. What is the most important thing? The most important thing is locating a guy willing to sell you the trade dollars.

Marcello: Yes.

Michael: So, now you know you've got a guy who's willing to sell to you and he's agreed and everything sounds good. Now, you go shopping. Go search on ITEX for the things you want. Do you have a business right now?

Marcello: Yes.

Michael: What is your business?

Marcello: I market health programs; the things that you see advertised on TV and also videos, how to protect yourself videos. I make it online and through TV infomercials. I have a little stock I want to get rid of.

Michael: Do you have a website?

Marcello: Yes, it's called [www.howtoprotectyourselfvideos.com](http://www.howtoprotectyourselfvideos.com) .

Michael: Are you selling that stuff through TV?

Marcello: No, not this product. I had another product I was about eight and a half years ago called Dr. Morters's Dynamic Health and snoring, which was hot about a couple of years ago.

Michael: So, you were selling this stuff through direct response?

Marcello: Yes, direct response. That Morter program was on TV. I bought advertising through media that way and the snoring product was radio direct response.

Michael: How many of those things did you sell, the snoring? Is that to stop snoring?

Marcello: Yes. It was hot, but now it is available retail so the timing is off already to do that.

Michael: So, were you selling that stuff through radio?

Marcello: Yes, radio. I would call and negotiate.

Michael: And how did that go? How many were you selling of that stuff?

Marcello: I forgot how many years. It was a couple hundred.

Michael: Just a couple hundred?

Marcello: Yes, I didn't do it on mass scale because it was just me and I had one assistant.

Michael: How many stations did it take to move a couple hundred?

Marcello: Less than ten.

Michael: Ten stations and how often were they running the spots?

Marcello: They were running just whenever they had available time and randomly throughout the day.



Michael: And you split it with them or something?

Marcello: Yes, only based on sales, I gave them a percentage of the sales.

Michael: And what else were selling? What was the thing you were selling through TV?

Marcello: Before that product, I was doing the Dr. Morder's Dynamic Health, which was airing about five years ago--Dr. Morder being interviewed by \_\_\_\_\_ on TV. So, I had a couple of infomercials on that. I did well with that. I did several thousands of dollars just in one day just on product, but my downfall was the organization. I had to do the accounting, all that myself. My thing...I was good at getting it aired. I wanted to go talk to the station and get it on the air. But with sales coming, I had to be there for the phone calls and I took care of that, too. The shipping, the fulfillment. So, a lot of time consuming with a full time job, too.

Michael: Very interesting. Therefore, all those things, I guarantee there is fulfillment on trade, there is radio time on trade, and there is probably TV in some markets on trade. Now, on that ITEX thing what you have to understand is there are more things available. When you are talking media and stuff, which is when you want to get in touch with a good brokers. You do not have to do that at first, but there are some benefits by becoming a member. If you can get into an ITEX office or an old BIX office without any up front costs or very little cost, having the availability to a broker is a good idea. However, you could also contact some brokers outside of being a member, too.

Marcello: To do trades, right. To get their service.

Michael: Well, the brokers have big listings. Brokers are in the business to know what is available. There are large media trade deals done all the time at the corporate level that you are not going to see on that ITEX exchange.

Marcello: Okay.

Michael: The whole idea is once you locate your person who is willing to sell you the trade dollars you just go shopping for whatever you want.

Marcello: Without paying them yet money?

Michael: Yes. You go shopping first and confirm that the person you are buying from has the product you want and make sure you are getting it at the price they are advertising and they don't jack it up on you. You confirm that they are a willing seller. Then you have your willing buyer. Then you ask your buyer just to pay for the product in your behalf and just deposit it into the sellers account and you just tell the selling I've got a friend who owes me some money and I'm going to have them just deposit it into your account. It will be coming from this

account number. They don't care. They don't care where it's coming from.

Marcello: Do you mean the seller of the trade dollars?

Michael: The seller of the product. Let's say you're buying media time. You found your buyers. He has \$10,000 trade dollars. You want to buy \$10,000 in media. He says I will sell it to you at 20-cents on the dollar. Therefore, you are going to pay him \$2,000 cash and you are going to have him pay the ITEX dollars to the seller of the media. He is going to be the buyer in your behalf.

Marcello: So, the media person I found, they are willing to sell their trade dollars...

Michael: The media person is already a member of the exchange.

Marcello: Yes.

Michael: And the seller that you found the trade dollars is a member of the exchange. So, they're going to do the deal, but the product is going to go to you in your name.

Marcello: Which one is the example you are talking about that I am getting the trade dollars and the customer I found to buy the product?

Michael: I will start over. Let us say you found a guy willing to sell trade dollars.

Marcello: Yes.

Michael: Let us say he was a guy who sold display advertising in the newspaper and he says okay Marcello, I'll sell you \$10,000 worth of my trade dollars for \$2,000 cash. So, then you go look for something you want to buy for your business to help grow your business. So, you find a guy whose selling radio spots and you want to sell your snore excess. So, you negotiate with the radio spot and you say I'd like to buy X amount of time on your radio and then he says okay and he gives you a price and you confirm that it's a trade price. Then you go back to your advertising guy and say I'm going to send you \$2,000 for your \$10,000 in trade. I want you to deposit the \$10,000 in trade directly into this account and you give him the account number of the radio guy.

Marcello: I see.

Michael: You see?

Marcello: Yes.

Michael: Now, I want to say something that is very important because there was something people misunderstood and it has to do with the taxes. It is not a tax loophole. Now, when this transaction occurs, some people could think that well

I am not even on the books and because I was out of the deal, I kind of brokered the deal, I don't have to claim. However, you do have to claim. See, what you just did is according to the government because you have to file, that was a barter deal. Since you bought \$10,000 in trade for \$2,000, you just earned \$8,000. Do you see what I'm saying as far as your taxes?

Marcello: Okay.

Michael: But, if you use that radio time within a year, you have already written it off. You have expensed it out. So, just so you know. I wanted to bring that point up.

Marcello: So, this example, like if I found a radio company that I want to buy advertising in, where did the \$2,000 come from to pay the first...

Michael: You found a radio company who wants to sell you spots. He is a member of the ITEX. Now, remember the guy who you found the trade dollars who has \$10,000 trade dollars, he's a member of ITEX, too. He wants to get rid of his trade dollars. You are going to pay him \$2,000 in cash for his \$10,000 trade dollars.

Marcello: Okay.

Michael: Are you with me?

Marcello: So, I pay the \$2,000 first and get the \$10,000.

Michael: Yes, you are buying his trade dollars at a discount. You have bought his \$10,000 of trade for 20-cents on the dollar.

Marcello: Right.

Michael: I want to make sure you totally understand this.

Marcello: This part, yes.

Michael: This is the whole thing. Therefore, you just bought \$10,000 at 20-cents on the dollar. Now, when you go buy that radio time, you have bought the radio at 20-cents on the dollar. Do you see?

Marcello: So, the \$10,000 in trade dollars goes where?

Michael: It goes directly to your radio guy because you've already agreed to buy \$10,000 in radio spots from the radio guy.

Marcello: Okay, I have it. I kind of wasn't clear, but yes, okay, I've got it.

Michael: So, let me give you an example. Let's say before you even found the trade

dollars let's say you went to your radio guy. He is selling radio spots. They are \$100 trade per spot. That is what he charges to anyone else in the ITEX organization. Well, when you go buy that \$10,000 in trade, you are going to get 100 spots;  $100 \times 100$  is \$10,000.

Marcello: Yes.

Michael: But you are getting it 20-cents on the dollar. Therefore, your \$100 spot that used to be \$100 on ITEX is only \$20.00.

Marcello: Yes, I get it.

Michael: Are you with me?

Marcello: When I tell the radio station this example, where it comes from, I just tell them to contact this other company where I have credit.

Michael: No, you are going to handle everything. Let us say you agree to purchase the trade. You made a deal and say okay, send me a purchase order. Send me an agreement that you will sell me X amount of spots for X amount of dollars. Fax it to me. So, once he faxes that to you and you have a written agreement, then you just take care of the details, you take care of the payment. You call the advertising guy who's going to sell you the \$10,000 in trade and you do a purchase with him. I am buying your \$10,000 in trade for \$2,000 cash. I am going to pay you the \$2,000 in cash. You are going to deposit the \$10,000 in trade into this IDEX account. Now, you are going to get the ITEX account from the radio guy. You just say what your ITEX account number is.

Marcello: Who is using the account number I ask for, for the first--the second party I am going to...

Michael: It is just like a bank account. You need his ITEX account number. It all works like a credit card. It works through the phone.

Marcello: You don't need to know what the account number, the name...

Michael: No, they don't care. You just say deposit it into this account.

Marcello: Okay.

Michael: And then you confirm with your radio guy because he can go online and confirm that the payment's been made.

Marcello: They do these payments on the trade online.

Michael: What will happen is the advertising guy will fax a trade draft, it's like a check, to his broker and the broker does it or you can just have the advertising guy fax

his trade draft, which is a copy of the check written out for \$10,000. They don't even have to say what it's for. Then the radio guy, he gets it into his account by doing an authorization through his keypad on the phone. Just like if you ran a credit card through with a keypad, it is all set up through the phone.

Marcello: It is called trade draft.

Michael: Yes, it has called a trade draft, which is right. See, when you sign up as a member of ITEX, you get a checkbook and it has your account number just like a regular checkbook. In addition, you can write checks for things you want to buy and you fax them.

Marcello: Can I ask you a question, another thing before we through is that is an example of how if I want to get something for myself at a discount. However, how do I do it if I want to earn extra money on the side. This was my main reason.

Michael: Well, if you want to earn extra money on the side, whatever you can buy at a discount, you can resell at a discount.

Marcello: And they don't have to be trade members.

Michael: No, it could be to anyone. If there is a member selling radio spots to trade members, he would be willing to sell it to cash members, too, wouldn't he.

Marcello: Yes.

Michael: Any member of the trade exchange is also selling to the general public, as well. They are only a member of the trade exchange to enhance their business. It does not mean that is their only business. They are selling to the public just as any other business.

Marcello: So, if I find that example of this advertising agency that has these trade dollars and want to sell me \$10,000 for \$2,000...

Michael: You could go to a cash buyer. You could find someone who is advertising with that station or find someone who is looking for potential advertising and say how would you like advertising at 50% off the normal rate card.

Marcello: Now, the easiest way to find out is like through the other members there or besides going door to door. I do not want to go door-to-door.

Michael: How to find your buyers?

Marcello: Yes.

Michael: You have thousands of different products and services. If you were selling

radio advertising, I would find out a little information on the radio company and I would find out whom some of their customers are. Let us say you found a local pizza restaurant in that market. I would maybe call their competitor and say your competitor Domino's is advertising on WKBC and they are also spending full price on their advertising. How would you like to compete with them on the same radio station within the same market, but pay only half the amount of money for advertising?

Marcello: Yes.

Michael: And then you go sell them the advertising. That is one idea. I mean radio stations have all kinds of clients advertising. Just go to their competition and say how would you like to compete on radio with your number one competitor and be able to out advertise them for the same cost.

Marcello: So, then in this example, let's say I would go into a place that wants to do that. Have them pay cash directly to the person I secure...

Michael: No, let's say you have the guy sitting there with the \$10,000 in trade. In addition, you know he is willing to sell it. No one else is going to come to him, I assure you. You go sell your advertising and get paid for it before you buy it from him.

Marcello: Okay.

Michael: So, let's say you approach me and I'm that other pizza guy and I say yes I'll take advertising at 50% off.

Marcello: Cut me a check for that amount.

Michael: Yes, you get paid first. Then you go to him and do the deal.

Marcello: Okay.

Michael: Does that make sense?

Marcello: Yes, that does.

Michael: This is not hard. It is a pretty unique concept and it's very powerful.

Marcello: Now, as far as unloading some of my inventory, the product I do have, these videos, I could just be a member and pretty much you say I can get easily someone to buy my product once I'm a member.

Michael: Yes, you probably could. I don't know for sure. I don't know what your product is and all the benefits of it, but there's a good chance you'd have an easier time of selling it on trade. That's very possible. You may want to search on

ITEX health products and maybe just call some of these people direct and say I know you are a member of the trade exchange, I am not, but I am sitting on a bunch of trade dollars. You may be able to get them to buy those things for you and just have them maintain a credit of trade dollars without you even signing up for the organization. Alternatively, just say, look, if I sell you 10 cases of this Snorex, will you buy me something on ITEX under your account.

Marcello: Oh, I see.

Michael: So, you could do that, too, without signing.

Marcello: Use their account to buy something I want.

Michael: Yes, you just make a deal with them. Say, I am going to send you this Snorex; you are going to give me a credit of trade dollars and buy me some stuff that I want. Is that fair?

Marcello: Right. Yes, that is good. The video I am selling is how to protect yourself videos for normally \$40, so I could increase it a little bit more, you are saying...

Michael: Many people do inflate stuff. It's frowned upon, but it is a reality that it happens. Therefore, it is up to you. You can do it.

Marcello: I was just thinking maybe to raise it to \$50 rather than \$40.

Michael: Yes, try it. How many of those videos do you have?

Marcello: One hundred.

Michael: I don't want you to become disillusioned because there are a lot of people on trade who inflate stuff where you're going to see stuff really jacked up, but don't let that discourage you because they are a lot of people who do that. However, there are still a large amount who do not inflate items. So, only focus on the items that are not inflated.

Marcello: Things I want to buy myself, right.

Michael: Yes, things you want to buy yourself. You can tell what is inflated and what is not.

Marcello: Yes, I think I can get an idea.

Michael: But I am talking about legal services. Legal services are rarely inflated. Things you are going to find inflated are hard products.

Marcello: I just remembered. You mentioned you said you incorporated through trade, is that right.

Michael: That is right.

Marcello: I would like to do that myself. I haven't yet and now I'd like to do that.

Michael: When I did that, my accountant, who's a member of Intagio, you'll hear the interview, he got everything set up for me for my corporation.

Marcello: I mentioned the listing and that's one of the things I looked at on ITEX like incorporating service.

Michael: Did you find anything?

Marcello: No, I did not.

Michael: I have your email. I will email you my accountant's number. Now, he is a member of Intagio, which is a different trade organization.

Marcello: Okay.

Michael: But see if you can find an attorney to help you do that. That is possible. I can send you my guy's name, but he's a member of Intagio.

Marcello: He is willing to accept a trade?

Michael: Yes, he accepts trade.

Marcello: Okay.

Michael: But Intagio is a different organization, I-n-t-a-g-i-o. They are another trade organization.

Marcello: Would that be available for the members to list to buy trade off, too?

Michael: Yes. I have done deals on Intagio, as well. That is right. Now, I am a member of them, but I have been a member for a long time.

Marcello: Would I have to be a member to go in there?

Michael: Yes, on that one, unfortunately, they do not have the database open to everybody.

Marcello: Okay.

Michael: Go in there and check it out. Go see what you can find.

Marcello: Yes, I will. Could you send me that, by the way, for backup in case I do not find



any?

Michael: Yes. Intagio, I-n-t-a-g-i-o. Yes, I will send you that.

Marcello: Thanks. I might use that especially if you've worked with them before.

Michael: Yes, I can send you his name. Sure.

Marcello: Thank you.

Michael: Okay.

Marcello: Yes, I appreciate the information and stuff.

Michael: Call me back if you have any other questions and I will walk you through it. Enjoy and good luck with it. Call me if you need anything.

Marcello: Okay, thanks.

Michael: Bye.

Marcello: Take care. Bye.

Michael: That is the end of this consult with Marcello on the Secret Loophole. I hope this has been helpful. By all means, please contact me if you have any specific questions that we have not covered in this short session. Thank you.



## **7 Inside Secrets: How to Close Seven Deals in Seven Days**

Dan had called me to get some detail about how he could become involved with a barter organization – mainly to get enough cash for a fabulous tropical vacation with his wife to celebrate their tenth wedding anniversary.

In this audio, you will first hear how we get off on a few tangents that have to do with starting a business which would be a secondary income for Dan initially but that he could subsequently build to be his primary income. I know that you will find this conversation with Dan about barter to be very enlightening – and you may even discover some new barter secrets that you were unaware of.

I told Dan that my ITEX broker would sign up people that I referred for no up front money. Dan would only need to pay the \$20 per month membership fee – a small price to pay for all of the information about other ITEX members with products and services that he could buy at 20 cents on the dollar.

You will hear me give Dan some tips on finding ITEX members who may be very, very interested in selling trade dollars at a low price. The key is to be creative in what you buy and in reselling the items that you have bought with your trade dollars.

I help Dan to navigate through the ITEX website for his geographic area to see the multitude of ITEX members and what they sell. I give Dan reasons why some organizations might want to quickly sell products or services for trade dollars before year-end.

The way I explain it to Dan, there are two ways that you can make money with trade dollars. The first is simple: Buy trade dollars for a product or service that you, yourself, might need at 20 cents on dollar. When you actually use those trade dollars, you are making money by saving money.

The second way to make money requires you to be creative and resourceful. Buy trade dollars at 20 cents on the dollar and then resell them to another party for profit. Listen to some interesting examples that I give to Dan about how a person could make tons of money by buying and reselling trade dollars.

One important thing to remember is that you must make sure that sellers are not artificially inflating the price of their products or services. I give an example of a seller who had increased the price of his services by an incredibly unreasonable amount. I confronted him about it and we eventually negotiated what I thought was a fair price.

There are no rules – you can always negotiate Another way to buy trade dollars and then resell them for profit is to “pre-buy” a product or service from an ITEX member and then negotiate that you will buy in units that can be turned into scripts that you can sell to anyone you want and they can redeem them. This would be similar to the gift certificate

cards that you see for sale at grocery store checkouts Dan was convinced to sign up with ITEX and give it a try for a few months. I reminded him that he would need to put effort into it while being creative and honest.

Michael: Hi, it's Michael Senoff with [www.hardtofindseminars.com](http://www.hardtofindseminars.com) and Barter Secrets. Here's a consult I did with one of our new Barter Secrets course buyers. His name is Dan. Dan called me just looking for some ways that he could make a profit using this Barter Secrets course. We talk a little bit about information products. We also talk a little bit about the HMA consulting opportunity. Then we get into some real meat. We talked about how he can get signed up in a barter company without paying the high upfront fees and we also talked about ideas and case studies that I have used personally over the years in acquiring trade dollars at a discount and being able to buy and resell items for a profit. I hope you find these case studies helpful and enjoy.

Dan: My big issue Michael is I am working now at a big bank and I do fine. I make \$50,000 a year and my wife works and she makes a little bit of money, but I would like to do a little bit more. I have a very conservative wife, so my whole issue is I need to start out doing something as a secondary type income as opposed to my primary income and I thought you might have some ideas of what might be a good way to do it. It has to be not risky and so forth. However, I am looking for something to provide me with a secondary source of income that I can rely on and possibly build on and get out of the bank.

Michael: I understand.

Dan: There are certainly plenty of advantages to it, but there are certainly many things I don't like about it, too.

Michael: Do you mind if I do a recording of our talk?

Dan: No. I notice you do that on all your deals.

Michael: It is the ultimate leverage because if we talk about something that's valuable and then I have your permission to be able to use it, this is how I create information products.

Dan: I have noticed that.

Michael: I am talking to you anyway and just turning on the recorder and this is a good example for you. The first thing I would tell you...we can talk about the Barter Secret stuff. There are some opportunities there, but really, what I know best and do best is create and develop information products. Information is nothing but paper and ink. You have unlimited supply. If you create something or acquire something you're interested in and it's fun to do, there's a market for

anything. I would say create and develop some kind of information product, something that you can sell and make yourself \$1,000 a pop. It is doable, too. It just depends on what market you are going to. There are people buying stuff every day. There are people buying cars for \$30,000, \$40,000, \$50,000, \$60,000 every day. It just depends on the market you are going to. I don't know how much of the audio you've seen on my.

Dan: I have listened to a fair amount, obviously not all of it, but I peruse your site quite a bit.

Michael: Well, page G is good. All those are all related just about to information product development. There are some great recordings on there that by the time you go through most of them, you are going to have a good concept of how I feel about that.

Dan: That is actually something that I wanted to get further into. The next step is setting that up either delivering that electronically or direct mail or probably you would want a little bit of a combination of both.

Michael: You want a combination of both. When you are selling it digitally, you want to worry about your refunds. Generally, if you deliver a great, great product, whether it is digital or a hardcopy product...I had digital products that I did almost no returns. In addition, I think the return issue for the most part is really that you have not done your job in delivery the products. If I am getting a lot of returns, it's tell you maybe your price is a little too high or you haven't delivered on what you've promised. I am just thinking of a couple products that are totally digital. I've got a product called [www.claudehopkinsadvertising.com](http://www.claudehopkinsadvertising.com) . It is only a \$100 product, but I almost get no returns on that and it is all digital. In addition, I have talked to Yanik Silver. You have heard of him. He has sold millions of dollars worth of digital products and he says his returns are no more on the digital than they are on the hard stuff. If you deliver the goods, most people are honest and if they believe they have gotten a fair shake, they're not going to return it.

You can do a combination of both. I certainly do. I have my HMA system, which is an opportunity on how to become a marketing consultant. I send a big box of heavy stuff, some videos, DVDs, but the minute they order it, they get access to the HMA University. It is all digital stuff exclusive for the HMA people. So, it's a combination of both.

Dan: Right. I've seen that.

Michael: If you have a high end product that really provides a lot of value, having it all digital, there are a lot of advantages to that. No inventory. You can deliver it anywhere in the world, anytime. Ideally, I've said to myself, all the products I want to do I just want digital because it's so much easier. You are not dealing with video duplication, CD duplication, artwork...none of that stuff. Therefore, I

would tell you go with a digital product that you could sell and make at least \$500 or \$600 or \$700 or even \$300 or \$400 because when it is all digital and someone orders it, all you've got to do is send a link. There is no labor involved. All your work is done upfront and then you have the decision do you create your own and develop it yourself, which is what I recommend you do. Alternatively, you can sometimes acquire...like with my HMA stuff with the marketing consulting, I did a combination. Richard, the guy I'm working with on this, had already created the whole training; all the manuals and the videos and I didn't have to create that. So, I'm positioning him as the expert. He already had that all created. I could have just started marketing it right there just from what he had, but I increased the value by adding audio interviews and digitizing some of the stuff.

Dan: He had something in a Power Point presentation too, did he not?

Michael: He had his own Power Point presentation, but I took it a whole other level. Did you see that...

Dan: I think I did.

Michael: He took his Power Point and we put it into what's called articulate...that presentation you saw and I did a couple of things to it just to enhance it.

Dan: Let me ask you this. We all know people in businesses. Like you, I studied Jay Abraham for quite a while and I read a lot of Dan Kennedy's books and so forth. I feel like I can go into pretty much any retail shop out there and say you need to work on this, this, and that. You know what it is. It is all these people...a lot of them are clueless. They don't know anything about customer service, the life time value of a customer, and so forth. I have a cousin who runs an auto shop. It's a muffler place and one of the things I'd love to try to do too is ultimately get into consulting, but I wanted to maybe start out by approaching him and say let's talk about what you're doing and kind of go from there. How has that been going?

Michael: That is all in the HMA system. As a matter of fact, before you even invest in the system, I have the exact questionnaire form. Its call an opportunity analysis. I have four hours of recordings all free. You could listen to me take businesses through this opportunity analysis the same as you would be taking your cousin who has the muffler shop. So, you have all the training and the tool to go approach a business and to take them through that questionnaire process and to be able to close them. Really, if you do your job in the presentation, you are not going to have to do any kind of hard core close.

Dan: Right.

Michael: You are going to ask for the order, but you are going to ask to take them through the HMA system and you use the credibility of the system to sell it. So,

I'll send you to the link, which is called Consulting Secrets. All that stuff is right there for you free. Then if you think you can do that and get a client, you charge per project. You can charge anywhere from \$1,500 to \$2,500 a project.

Dan: I could work on that on my own time, too.

Michael: Yes, you can do that on your own time. But no matter what, if you get into that consulting business, either do face-to-face presentations or the reason I created that Power Point presentation, that's a tool to leverage your time. So, let's that cousin of yours is somewhat interested and you say, look, here's how you work. I need you to go to this link and watch this presentation. Then the HMA consultants get a customized presentation. You get your photo on there, your email, your special report. It all leads back to you. He can watch that presentation before you meeting with him. You can make it a requirement and it just qualifies people. If they watch it, it just means they are serious enough for me to go spend my hour and a half meeting with them. That is the hardest thing. You're fishing through people who are serious enough, who want to grow their business, who are in pain enough, who know they have a problem and are willing to do something about it. There is a lot of opportunity in consulting. Absolutely.

Dan: That is what I have seen. I have done telemarketing in the past. I was a mortgage broker for a while, too, and I have thought about getting back into that, but I am not sure if that is the direction I want to do. I am comfortable on the phone. I don't have any issues with that or calling people up and talking with them. In addition, obviously, people I know it would be a lot easier. For setting up your website, are there people you typically recommend and I have no Web presence period.

Michael: Your website for the consulting thing?

Dan: Yes.

Michael: I have a page that is a generic page. All you need is a URL. So, you come up with a www. You can order that. I can show you how to do that. You can go to [www.godaddy.com](http://www.godaddy.com). You can get that within a day or so. As long as you have front page extensions, I can get that presentation page set up. Nevertheless, you can get a web designer to help you with that, either locally or through Elance. I have a whole training on how to go to Elance and do that in the HMA system. But you can go on there and find Web designers who will work with you on that. There are other sites. One way is to model other websites. I have a couple HMA consultants who have their sites set up I'll send you to and you can just model and copy and modify. That is no big deal for someone who knows how to set up a Web page. It could be set up within a day. That is not an issue and it is not expensive. If you are not Internet savvy, you need someone who you can work with to help you out. But you don't need a complex website. Certainly nothing like what I have.

Dan: Yours is pretty good and you have a few of them don't you? Let's quickly chat about the Barter deal. First just one thing before I forget to ask. I am going to be celebrating 10 years next October with my wife, so you said you could pretty much get anything. I would love to go to some place like Hawaii or something like that.

Michael: Travel is huge. Absolutely. Now, I will be honest with you. I have mainly used barter over all these years really for business. However, travel in the barter industry...absolutely. There are all kinds of stuff. Now, I haven't investigated it personally, but I was talking to my ITEX broker yesterday. The thing that fills the whole barter system is travel and advertising.

Dan: That is amazing.

Michael: There is a lot of opportunity in it. You have to work at it. Like I say in the letter, it is not as strong as a green dollar, but there is 20,000 ITEX members. That is one of the largest trade exchanges in the U.S. You can go to [www.itex.com](http://www.itex.com) and look at all of the categories and all of the things available on trade. As a matter of fact, I was talking to my broker yesterday. Remember how I talk about how most broker charge you \$400 or \$500 to get into the thing? My broker told me...and I was surprised about this because there is kind of a new shift in the thinking of the barter industry since ITEX took over the BXL. If I refer you, he will sign you up without you paying anything. I can give you his number and you say Mike Senoff told me about ITEX. I am interested in being signed up. He will sign you up. You pay no upfront money. Its \$20 a month to stay a member, but you will have access to everything, to be a member of the trade exchange.

Dan: Okay.

Michael: Now, don't tell him you're going to be looking for trade dollars at a discount. Once you get in there, I can help you with that.

Dan: You just tell him you want to become a member.

Michael: Yes. There are advantages of becoming a member legitimately, too.

Dan: Well, I've listened to, I think, most of those CDs you sent. It is pretty interesting. It is not a regular greenback, but there is still a huge opportunity.

Michael: Oh absolutely.

Dan: That is something I could look at, too.

Michael: You can look at that. I will just give you an example. I was just playing around on the site and you want to search for new members because new members,



they are fresh. They are excited about everything. There was a lady...she was in a small town and she made beaded jewelry. It caught my eye because I have two sisters who are in the beaded jewelry business, they go set up at trade shows, and they go to these big beading trade shows and buy thousands of dollars worth of beads. So, about the lady...she's new to ITEX and she makes this beaded jewelry. Now, I have a bunch of ITEX dollars sitting in my account, about \$7,000. Now, with barter, you do not want to sit on all that money before the end of the year. I want to get rid of it and expense it out before the end of the year, so I have another couple of months. So, I start thinking at this time, well how can I convert those trade dollars into cash? She had these beautiful bracelets and earrings and she let me record the call. I have a whole recording about how she would go set up trade shows and she would sell...she did not tell me exactly how much, but she would sell tons of these things at \$20 retail. So, I go how much for 175 sets of these things and she gave me a price, \$30 a set. These trade dollars cost me about 15-cents on the dollar. So, \$30 times point 15 is \$4.50 a set. She probably cannot buy the beads and make them for \$4.50 a set. So, I'm thinking how can I liquidate these trade dollars and I could and I may do it. I am not sure. I may just go ahead, buy the 175 sets, and go get a display case and then I can go put these in a couple stores around town on consignment and put a price tag of \$45 each. Over time I can get my money back out. That is one idea. It is like having a beading business, beautiful beads that you can sell at any craft show or any fair or find someone who is already selling a fair and just hand them the display case and work out a deal and convert those dollars. That is a little sideline business.

Dan: Yes. The beauty is that most of those things...those people put in so much into making those.

Michael: You are buying her labor, absolutely, going to the shows. I know how labor intensive it is from my sisters.

Dan: I just pulled up ITEX in Minnesota and believe it or not it's about five minutes from my house.

Michael: Really.

Dan: Yes.

Michael: So, you can search the member directory and then type in your zip code and see who is available in your zip code there on trade.

Dan: One of the questions...like you said, it is kind of an interesting concept and one that takes a while to get used to. How are these people acquiring all of their trade dollars?

Michael: They are all selling something.

Dan: Something to another member, right?

Michael: Yes, other members. Look at all the categories on the left. They are selling advertising or clothing or computer services. They are all businesses selling a product or a service for trade dollars to the other trade members.

Dan: And so, they just have built so much that they just have this built up.

Michael: Well, not all of them, but remember the ones advertising are selling air. It is just like cruise ship rooms. It is air. It is sitting there. So, things like travel and advertising, which are very popular commodities, the owners of the businesses acquire a lot of trade dollars and at the same time there's also an incentive for them to dump some of their trade dollars before the end of the year or they're going to have a tax consequence. So, at this time of the year that's another reason why they may want to consider selling out some of their trade dollars for cash so they can write it off.

Dan: Right.

Michael: When I had my telemarketer call on all the advertising companies, we found tons of trade. I am going to be doing an interview with one of the guys who bought this Barter Secrets course and this is before I knew my broker would allow you to come in without any fees. Within four calls, he had an ITEX broker who let him sign up with no upfront fees and then he found trade dollars already. First, he found someone who was willing to sell at 25-cents on the dollar. I said that is pretty good, but keep looking. Then he found someone to do it at 20-cents on the dollar. So, he already found available trade dollars, up to \$50,000 trade dollars a month if he needed it.

Dan: Okay.

Michael: Now, I can turn you on to this same source, as well because he called me wanting to know about this guy and I have bought trade dollars from him before. So, you can look at your travel stuff. You are just going to have to do some work. You just want to check it out as carefully as you would any kind of vacation plan or whatever. I don't know personally much about it. I know there are tons of it, but I have never taken a travel on trade except on my honeymoon, we stayed at a bed and breakfast, but there are all kinds of stuff. You just have to look around.

Dan: I will check it out.

Michael: Now, you are in Minnesota? Let's see here. View all members. What is your zip code?

Dan: \_\_\_\_\_.

Michael: You have all kinds of stuff...air conditioning supply and parts, filters, healthcare products, lubricants. There are 50 pages of Minnesota stuff. Well, first of all, anything you save you make. So, look at some of these services and think what you can use that you are spending cash money on already. That's number one. Now, to make money, you would have to look for these different products and say well what can I buy from any of these ITEX members at 20-cents on the dollar and resell for a profit? Go to page 5. I will give you a couple of concepts that are pretty interesting.

Dan: Okay.

Michael: Click on the fourth one down, attorneys. It says contact a broker, but you have some attorneys here. Listen to this concept. If you can buy legal services at 20-cents on the dollar, what if you ran an ad in your Sunday paper or something under the legal section that said something like financing available for legal help. Let's say you found someone who was in a legal situation who got screwed and they'd like to take the case to an attorney, but they just didn't have the money to fight it. In addition, let's say the case could go either way. Let's say I had a situation where I wanted to sue someone. I just didn't have the money, but you and I went in as partners and you financed all my legal fees to fight whatever I wanted to fight. In addition, let's say the case could go either way. So, all my legal fees are paid in trade at 20-cents on the dollar. So, an attorney that charges \$300 an hour ends up being \$60 an hour. Then let's say that we fight this thing and we win and it's a nice judgment and the attorney does his research and finds that the person you are suing has assets or whatever. Let's say you win the case. You could work out a deal if you win the case...and ITEX sellers that settlement is for cash. You could invest in people's legal cases and if the outcome is positive and there is a settlement, you could split or negotiate a percentage of the case. You could be financing people's lawsuits. Think about it.

Dan: That is interesting.

Michael: What is the upside? If there is a legitimate case, someone has really been screwed, and you can find the people who need legal help...so many people will not fight it because they cannot afford it. However, with your ability to buy legal services at such a price, you can afford to do that. That is just one crazy idea I had.

Dan: Right.

Michael: But if you win a case...if you are talking about the right types of cases, you can make yourself some nice money that way.

Dan: Right.

Michael: That is just one idea I wanted to throw in there. You have to think creatively.

Dan: That is the whole thing. You have to think about it a little bit.

Michael: Here are restaurant and cocktail lounges, St. Paul, Minnesota. It is not showing them. I think you have to be signed in. I would recommend you call my broker and get signed in so you have full access to everything here.

Dental labs...I'll give you a perfect example. My father-in-law is over here eating dinner and his tooth came out. He had a post and one of his teeth came out. His expenses for his oral surgery is \$4,000 with his dentist. I go ouch. Let me go on to ITEX and see if I can find an oral surgeon. I search right in my zip code. I found a new member, an oral surgeon. The guy's got three offices and he's only an hour drive. That would be the only negative. The guy can go do his oral surgery...I was going to pay for it because he's been real good to my kids and stuff. We could have done his oral surgery for 20-cents on the dollar. But he's real conservative. He was paranoid and he felt like, well I don't know if this guy is good. He gave it up. But something like. Anything that comes up in life, just go to your ITEX thing, see if you can find a service.

I'm on that same page...attorneys, wills, and trust estates. Do you have your...

Dan: I am all set.

Michael: You are?

Dan: I already paid for that.

Michael: How much did that cost you?

Dan: Actually, I have a few friends that are attorneys...about \$400.

Michael: I did all mine on trade. When my kids were born, I had not updated it. It was a thousand dollars on trade that would have cost me \$200. So, that's money I made...

Dan: By saving it.

Michael: Yes. I was searching here last night. There is a new member who is a Russian artist and I emailed her. She is literally ten minutes from me. Gorgeous paintings. These things are beautiful. She was only selling them for \$250 cash from her website and also \$250 trade. There were some jungle themes I was thinking for my kids and I emailed her. The ones she had on her site were sold, but gorgeous, gorgeous work. Beautiful oil paintings and stuff like that. Art is so subjective. With some good marketing, those things could be sold for \$2,500 if they are marketed right.

Dan: That is interesting.

Michael: There is a lot of opportunity. You have to work at it and think creatively. I am trying to give you as many ideas as I can. I am looking at a newspaper. I don't know which one it is because I don't have full access...I do have full access, but you won't. For some reason, a week ago we had full access. It would show you everything...the names of all the people and I don't know if they've just changed it in the last week or so, but we were real surprised that without being signed in you could see all the contact information. They may have just changed it back. If you get signed up, get in there and you'll have full access to everything.

Dan: I think maybe I will do that.

Michael: I am just looking...luggage, bicycle sales. You want to make sure that the sellers are not inflating the price of the thing. There are sellers...probably 20%, 30%...will try to jack up the price on these things, but it is negotiable. I will give you an example. There is a national publication called Money Makers Monthly. It is huge...about 200,000 subscribers and they cater to the multi-level marketing industry. I was considering running an ad in there using my ITEX dollars for one of my products, my joint venture products. I called them up. I go I am interesting in doing ITEX and so they sent me this special ITEX rate and they jacked the prices up four times compared to the normal cash price. You are not supposed to do that. I mean my broker said that if he found out what the guy was doing, he'd just kick them out. We don't need them. But I negotiated with the guy. I said, look, you've got this thing jacked up and I got him down to about two times, which is still a pretty good deal on advertising for me, for a publication like that. But you can negotiate with any of these people. Everything is negotiable especially trade.

Dan: Did you do that yourself?

Michael: Well, I was going to use it for myself. I was going to advertise one of my joint venture products and the way I would make the money was through the sales of the ad.

Dan: Right.

Michael: You can use advertising to convert an ad into cash or being able to advertise so inexpensively as long as you make sure you're not getting railed on the price, you can convert your advertising dollars into leads that generate cash sales for something.

Here is banquet rooms and facilities in your area. Lilydale, Minnesota, is that by you, Lilydale?

Dan: Lilydale, yes.

Michael: What if you looked in the paper and found all the marriage announcements? Anyone who is getting married or engaged, if you contacted them and say, look, when you have your wedding...I know in our wedding, we rented the tables, we rented all kinds of stuff. Our whole thing was catered. That was one of the examples in the sales letter. You can approach a new bride, maybe who does not have a ton of money for a wedding, and you can just introduce yourself and say you are a wedding facilitator, broker, or whatever. When it is time for you to get married and you need your rentals and everything, I am telling you I can get them for you at half of what you would normally pay. What if you did a postcard out to people? There are all kinds of things. Anything on there that you can buy and sell, you will know what you will be able to get it for.

Dan: Right.

Michael: Does that give you an idea?

Dan: It does. That is really good. Glad I was able to get on this website and check it out.

Michael: Like I said, what you can do...instead of taking possession of these things, you can work deals out...let's see here...entertainers...I mean you can pre-buy stuff. Just work out a deal with the ITEX member and say I'd like to buy...I'm just giving an example...\$10,000 worth of nutritional counseling script. Script is like a gift certificate. Just like when you go to the store, you see all the little cards for all the shops. They look like little credit cards where you have a gift certificate for Block Busters or whatever. That is like script right there. That little piece of plastic is worth \$50, redeemable at any store. Well, you could do your own thing like that with any of these products or services...wedding planning, decorating...you can approach these businesses and say I'd like to buy your services, but I'd like to buy them in \$50 units. I would like to create what we call scripts or gift certificates. You pay them the ITEX money and they give you a certified document. You writing out an agreement, a contract that they're selling you \$50 worth of services and you're able to resell them to whoever you want and that they will honor and redeem them for \$50 worth of services for whatever you're dealing with.

Dan: Right.

Michael: So, you can take those services and turn them into little gift certificates and that is a currency right there for that product or service provider. That is legal to do and it is called script. It is no different than a gift certificate. In California, they passed a law for script. The trade organizations...let's say there's a restaurant who signs up with ITEX and they're in San Diego. What they will do is they will say I want to be a member of ITEX. I'm going to submit \$20,000 worth of script and they're in the form of these gift certificates and then they'll put them out on the market to the San Diego members and say we have

restaurant script for Charles' Mexican food or whatever restaurant. Those pieces of paper are sold for ITEX dollars and then I can take that \$20 gift certificate, go in, and eat worth \$20. Well, you could set that same deal up with any provider who is a member of ITEX.

Dan: That gives me some good ideas.

Michael: There are a lot of members right where you are. You have office space rental.

Dan: Our company just bought office space. It is quite a bit of office space.

Michael: Did it really?

Dan: Yes.

Michael: You can explore. What kind of inventory do they have sitting empty? What if you did a little more marketing than that office space rental company that probably isn't doing shit?

Dan: Right.

Michael: And you are able to rent the office space at half the square footage. That is better than owning real estate because you are buying a position in the office space for a period of time. You get the rights to sublet it out and then you are making a monthly payment. That is interesting. Office space rental...there are all kinds of people who need office space. You have to be the one that does the marketing and gets people in there. With a little bit of hustle, that is doable. That is an interesting concept right there.

Dan: That is, yes. I will check it out. Let you said, you have got to kind of play around with it.

Michael: You have to put some effort into it and be creative. There are no rules as long as they are legal and ethical. It is doable.

Dan: Is there kind of an unwritten rule that I should stay in my own state?

Michael: Ask Kevin. He told me if I referred anyone, he would take care of it. Tell him even though you're in Minnesota, Mike Senoff referred me, you do marketing consulting, so you're not really a geographical business. You sell your consulting services nationally. Just tell him you're a friend of Michael Senoff and we talked yesterday and that you wanted to become a member of ITEX and Mike had mentioned there's no upfront fee.

Dan: Now, can you pay that monthly fee, too, with trade?

Michael: No, unfortunately you can't. That is going to cost you \$20 a month. However,



you know, try if for a month. You can always cancel. You are not committed to anything. He will take care of you. He will send you some paperwork and just get it back to him. You will be set up. You will have full access to the exchange and then I will give you access to my go to guy if you are ready to buy trade dollars.

Dan: Okay.

Michael: All right?

Dan: Okay.

Michael: You will be good to go.

Dan: Well, let me do some of that.

Michael: Once you get into the system, you will see all the stuff available. Find something you want to buy first. Determine its value, that you're really getting the value and just keep in mind that you can get the trade at 20-cents on the dollar, so you'll know what your price will be before you acquire the trade dollars.

Dan: Right.

Michael: You make sure that the seller is willing to sell on trade. You do all your homework before you even do the deal. Get everything in writing, then do your deal, then get work, and resell it. He is really smart with travel. Tell him...once you get some trade dollars, you want to do a trip. He can help you out, too.

Dan: Yes, that would be great.

Michael: Has this been helpful?

Dan: It has. I appreciate your time very much.

Michael: No problem at all.

Dan: Thanks, Mike.

Michael: You are very welcome. Bye, bye.



## **The Grilling: Detailed Q&A from Barter Students**

Do you consider yourself to be cautious and sometimes skeptical about concepts and programs that may appear to be too good to be true? If so, you have come to the right place!

This is an audio consisting of telephone calls that I had with a gentleman named Ken. Ken is looking to get started buying trade dollars. He had done a great deal of research looking into many opportunities. Now, I'm not calling Ken the "king" of skeptics but you will hear him ask me very pointed, candid questions about the Secret Loophole System. After all, of Ken's skepticism and nitpicking, I came away from this conversation confident that all of the System would come together for Ken as he completes his training. Moreover, of course, I will assist him with any questions or difficulties he experiences as he moves forward.

Hi, this is Michael Senoff with HardtoFindSeminars.com and Barter Secrets. Here is an intensive question and answer session from one of our new secret loophole product customers. He had many questions for me and I took them one by one. By the end of this conversation, I was pretty burned out, but I am sure his questions will be some of your same questions and concerns in relation to the secret loophole package. So, listen in and I hope this helps. Enjoy!

Ken: I think first off ITEX, do they have contact information?

Michael: For a while, they had it up there. See they just did a merge. They just bought out BXI.

Ken: Yeah.

Michael: And it was up there. In addition, I was really surprised that you could go there and search everything. However, I think, since then they have removed it. However, I can get you into ITEX if you call my broker and I will give you his name. I will email it to you, his name and number. In addition, he will let you sign up without any upfront fee. Now, we were just talking and he does not know anything about my border secret scores, and you are not going to mention anything about that, but if you want to be signed up as a trade member, tell him you are a friend of mine. He is going to ask you what you sell. You could sell advertising, consulting, or whatever. However, to be able to get access into the site, you will pay 20 bucks a month cash fee to be a member if you choose, but you will have full access to all the ITEX numbers and the BXI numbers.

Ken: Wow, wow. Okay. You just probably eliminated a number of my questions.

Michael: That is okay. Let's take care of them at least one at a time. Now, he had told me about this because he was talking about the new philosophy. He wants BXI and ITEX joined together and they want to put any barriers. They want traders to come in there and transact business because that is how they really make their money. The brokers take a piece of all the business that is transacted. This barrier to entry, this upfront fee, is what is keeping a lot of people from coming in. So, that's his personal philosophy and he told me that if refer anyone, he'll get them in for free and just pay the 20 dollar fee and he will take care of that. I will set you up that.

Ken: Wow. Wonderful start here. Alright. Well, I was just going through history. When you did join, I understand that you probably jumped in to be a trader.

Michael: Absolutely. I had no idea about this concept. I joined just like every other business joins. I jumped in to sell items. I think I first originally started thinking that I could sell my penning products; my invisible ink pens, my red eye pens, my counterfeit money detector pens. These were items that only cost me about 17 cents to manufacture.

So, if I was to sell them, even at my wholesale, a dollar fifty a pen or two dollars, I'd still make huge margins to work with and selling them on trade was quite easy. As a matter of fact, now that I'm talking about it, I do remember when I signed up with BXI. I called the brokers office and asked them to send me a national list of all the photographic labs, the one-hour photos, who were members of trade and I telemarketed that list and sold thousands of dollars worth of my red eye remover pens to businesses who were members of the BXI trade exchange. I think I did the same thing for ITEX.

Therefore, that was one of the main reasons I joined, to earn trade dollars. I started earning trade dollars and slowly I started learning about the system and I started created and selling different trade products, as well. I sold a membership to rent information from. At that time, I had access to the CDs that taught people how to learn different software programs. In addition, I did a rental membership. I was selling Velcro, large rolls of Velcro, that I found a source to buy very inexpensively.

So, anything I sold, I made it a rule to sell it at five times mark up. So, if I bought something for ten dollars, I would sell it for 50 on ITEX and BXI trade exchange. I was able to do that. So, I ended up with very similar outcomes since I was making five times my money, my trade dollars were still very powerful. It is the same exact math as if I am buying the trade dollars at 20 cents on the dollar. It works the same. It is just the reverse. However, by buying, I eliminate all the commerce, the selling, the inventory, and all that stuff.

Ken: Right. Well, I see the [unclear]. So, just the way it's intended is fabulous. Then when you do it, it is just a shorter version of the whole [unclear]. I do not

understand what you said. You started out with your initial selling pens and then you kind of broadened and joined different fast starts or did you add on to your...?

Michael: I just added different products. I looked for products that had nice margins.

Ken: Right. What barter exchanges are worldwide? Have you experienced those or have you only dealt with the United States?

Michael: I have only dealt mainly in the United States, BXI and ITEX. There is one called Barter Card, which is worldwide. They are all over the world. But when you sign up, like if you sign up within the UK, I think it's only good within the UK. But there is ITEX International. I think in Egypt, there is an ITEX office. So, there's something called reciprocal trade, which you've heard me talk about. So, reciprocal trade makes it possible to use your trade dollars, that you earn here in the US, worldwide. There are ways of doing it and it is called reciprocal trade.

Ken: As a member or a non-member, how many barter company member lists have you had access to or at the present time?

Michael: Well, as a member of BXI, I have access to the entire list of BXI. I have entire access to the list of ITEX. I am a member of Intagio, which I have had the entire list, which I am a paying member of that. There have been some smaller trade organizations that have been operated here locally. One, including was Barter Card, which I was a member, that local office is not doing well and I am no longer a member of them. Then, there has been a couple here locally that have come and gone, which I have had access to. But you have more than enough with ITEX and now with ITEX owning BXI. You have tens of thousands of companies.

Ken: Right.

Michael: And you only need a handful to make something work.

Ken: Right. In addition, you operate in, what I call it from outside, the non-members for the last what, how many?

Michael: No. I operate those plenty. I mean, I operate as a member and doing my buying the trade dollars. So, I do it both ways. I mean, just recently, I had someone purchase 2500 dollars worth of Jay Abraham products for me. I just had it go right into my account because I still have an ITEX account where I have funds in there. When you are a member, you have an ITEX account. It is easier to do the transaction. You have to look at your margins.

So, if I sold 2500 dollars worth of trade of my Jay Abraham product, you know I am going to have made a good margin because I'll buy the stuff cheap cheap.

So, it's almost like free money. The only thing I have to take into consideration is when 2500 dollars worth of trade goes into my account, by the time I sell it I'm paying 10 cents on the dollar cash. You see? So, I know by accepting that trade that cost me 250 dollars by the time I sell that trade or get it out of my account. Does that make sense?

Ken: Sure.

Michael: You pay five percent in cash when it goes in your account and when you spend it, you pay five percent cash. So, that's ten percent total. Remember, that is how the brokers make their money, the money coming in the account and going out. However, I am paying 10 cents on the dollar in cash even though my costs for that transaction was 250 dollars. So, I had 2500. So, I really had trade dollars at 90 percent margin because the stuff I sold, basically, didn't cost me anything.

Ken: And when you say that, I guess, that's where I get a little confused and hear all these different exchanges. You pay if you sell it or if it goes out of your account. So, what you just said, is that true with all barter exchanges?

Michael: All barter exchanges have to make money to stay in business and they make money just like the bank makes money. You deposit money in your bank; they are taking your money, lending it out and making more percentage points in whatever investments. You see?

Ken: [Unclear]

Michael: Some barter exchanges have it set up different ways. Some will do ten percent when you take it into your account and nothing when you sell it. Some will do five and five. Some will do six and six. Some is seven and seven. Some are as high as 15 cents on the dollar. Some are even lower. You just have to look and see what their rates are.

Ken: ITEX at this point will be the...?

Michael: I think ITEX is ten percent, five and five.

Ken: If you were in an exchange, why would you drop out?

Michael: The only reason you would drop out is if you don't want to pay the measly 20 dollars a month.

Ken: Other than that?

Michael: Get in there. Get the list of advertisers. Shoot them an email. Do you, buy any chance, have any extra trade dollars you would be willing to sell for cash? Just

simple as that.

Ken: Just don't do the whole bunch like you kind of did.

Michael: Exactly. I am an ITEX member. You are in advertising. Do you, by any chance, know of anyone who may have extra trade dollars that they would be willing to sell for cash?

Ken: So, you had your telemarketer, the gal, do this calling. Where you calling everybody at that point?

Michael: Not everyone. We were calling more than just the publishers. We were calling the air conditioning... I started with the list and I think advertising was first and it went down to air conditioning and maintenance. We didn't even touch the whole list. But we found that there was so much money in the publishers selling advertising that it made sense because they're selling air and we're selling space. So, it's easy for them to sell when they sit on a big dollar volume to trade dollars. A lot of them. But all you need to do is find one or two.

Ken: If you just [unclear], I think it was two thousand and something that I saw listed in advertising. Like, did you call a dozen of them?

Michael: No. We called more than a dozen. We called over a hundred or more.

Ken: And they were nationwide?

Michael: Nationwide. It did not matter.

Ken: And is there any kind of advertising [unclear] have access? Is there some way to really load up on it, do you think?

Michael: No. You just have to make the call. Radio advertising is generally much more expensive than someone who advertises classified ads. You know, you just have to run the gamut. It is not going to take you long to find the dollars. That is for sure.

Ken: The idea of joining and this reciprocation. Is it advisable to join, let's say, a free exchange and they can give you some out of the ones you pay for? Do you know what I'm saying? They can [unclear] and locate what they're looking for.

Michael: You can do that. I mean, and there are free exchanges. You can do that. If you want to go that route that's fine.

Ken: [Unclear] is free to join. I don't know if you've seen that.

Michael: Yeah. Yeah, I've seen that. Yeah, you can join them. That's fine.

Ken: Did you say you were a member of five of them or involved with?

Michael: I'm involved with two. Well, there are three -- BXI, ITEX and Impagio. BXI now is owned by ITEX. I'm just with the ITEX and Impagio.

Ken: That sounds good to me. [Unclear]

Michael: All you need is ITEX. There are plenty. They want you to do business within the exchange. They look at you. You are an asset if you have a viable product or service that their members want. Because if their members want it, then there is going to be business transacted. In any business, every hundred dollars that exchange is going to make cash on all that business transacted. They want activity in the exchange. They have brokers working in the office to help facilitate deals. If you had a commodity, something that was really needed, you are going to be pounded with business. People in the exchange will end up buying your product or service. In addition, all the number of dollars that transacts, the exchange makes money. That is why they want you.

Ken: They do not really give a hoot about meeting you or...

Michael: Not even. Nope. They could care less.

Ken: I guess I am looking at it from both ends. If I was to pursue and look for a company to work for me, it is up to me to discover what their reputation is or whatever. Correct?

Michael: If you were to look for a company to work for? You mean in the exchange?

Ken: Let's say I want somebody to do a job on my house for me, a roofing job, and they're listed in the barter exchange. It's up to me to find out how reputable they are.

Michael: Oh, yeah, yeah, yeah. It is up to you. Because they are a lot of members of the trade exchange that are flakes. You know, you have to do your due diligence on any business you're doing. The trade exchange doesn't screen all their members. Absolutely not. So, you know, on EBay, it is buyer beware. You need to do your due diligence on the company and check them out before you use them.

Ken: I'm just giddy. I can't remember being this giddy. From what you just told me, I'm looking over my questions and I'm like, oops, we already [unclear] the needs to that one. As far as this guy [unclear], you can give me his email and I can set it up for 20 dollars. That sounds like the way to go because I've been concerned about, you say, you just call somebody else that they won't waive the initial fee. Here, in Iowa, I don't have as many [unclear] as you do.

Michael: Yeah.

Ken: I have two in Nebraska and one in Iowa. So I was little concerned about that. Okay. If I sign up as a local service provider, why would I call a California broker? So...

Michael: Well, he is going to ask you what you do. What kind of business do you plan to be in?

Ken: That is exactly where I'm not too sure how I legitimately can say [unclear] this judgment recovery I mentioned to you. I talk to a guy. I had a quite lengthy discussion last night with him. I want to kind of cover some bases. I'm not too sure if that's something I could say. I'm in the process of starting... I almost considered having him join it and we do it together.

Michael: You can say that you're getting into the judgment recovery business. That's perfect. That's a great business and it's national. I wonder if there's anything on the exchange of people doing that. When I saw that, it did remind me of something. In addition, that was there is collection agencies, a lot of them, on trade. You know, you could go to any business, sell a collection agency service, hire the collection agency, and pay them 20 cents on the dollar.

Ken: It would seem like a natural fit. The guy I talked to last night, I say, "Now, what would you do if you were, yourself, starting over. What would you find that you made a mistake?" He says, "I tried to do business for individuals. They would change their mind. They would sue somebody and then decide they were a friend. You want to focus on businesses." So, here I'm thinking, here's this barter network full of businesses that probably have challenges that this guy can address or we can address as a judgment recovery specialist. So that kind of seems like it might be in demand in a specialized somewhat new field. So, anyway, that's what I'm kind of leaning towards, you know, to honestly say this is what I'm doing. Instead of trying to come up with something, half way fabrication, you know, like...

Michael: You know, if you feel comfortable with something, you know, you tell them. Maybe get involved with that a little bit and then that could be what you are doing. They are not going to check you. They are going to take your word for it. You are going to fill out an application. It is not going to be that detailed. You will be good to go.

Ken: Well, I want to be a member. I need to a tax ID number. That seems like a basic need in what you are dealing with.

Michael: Well, if you are doing it under your person, a sole proprietor, all you need is your social security number.



Ken: Okay.

Michael: Just use your social security number because if you earn money in the trade exchange, let's say, you're selling the judgment recovery service and let's say you're using your account to deposit the funds, they're going to report that as earned income. Just like if you worked for somebody. So, all you need is your social security number. I am incorporated so I use a federal ID number for my corporation. So, it's a little different.

Ken: I have a need for an attorney. I have mentioned to you, I believe, for a tax lien put on my house. Should I have the... For example, can I possibly call up on this initial, or maybe your individual you were talking about can assist me with this. Can I get on the phone and, either now or as I am about to join, just to try to accomplish two things; tell them my situation and that I'm considering joining and could I get an idea of what your barter does offer? Do you have attorneys that I am in need of? Would he give me the list of and say here you can contact these people and see how it works for you? Or maybe do a cash due or barter due?

Michael: You know, I don't know. I think what I would do is, you do the due diligence on your attorney. I would get joined up first.

Ken: And then he will reveal basically, who is in the barter exchange?

Michael: He is going to give you a username and password to log into the site. You will have all access to all that online. I wouldn't mix the two. Keep it separate. Get signed up first.

Ken: I was concerned about doing this in a timely manner, from what you told me, in my mind, cut that down to a short amount of time. I've been so concerned about how to do this process. For a home remodeling job, I read from Bob Myers, does that mean anything to you? Fast startup program. I read it in the Barter News.

Michael: It doesn't ring a bell. I have subscribed to the Barter News. I haven't read that specific article. But, what did you read?

Ken: It's for sale. You know, it's a year's [unclear] of video and gives you an idea of how a couple or a man or whatever has a house remodeled and have all these contractors involved and how to go about it. I just thought you might have [unclear] on that.

Michael: Certainly. I can tell you specific things that I've done to my home on trade. I've had a whole entire fence put on trade, a wood fence. I paid for the wood. The labor was all in trade. I had a \$3,000 job, my entire ceilings. I had the popcorn taken off. That was all on trade. I had my house painted on trade. I paid for the



paint and supplies, but I had it painted about eight years ago on trade.

Ken: So, you actually traded for it when you were...

Michael: Well, this was when I had trade dollars, but it's irrelevant whether I sold the products to earn the money or even, I could do the same thing. Buy the trade dollars and pay my vendors.

Ken: Right. For example, in my situation, let's say, somebody with access points, I call them points in stead of trade dollars. Okay. From an advertising company. And I buy \$20,000 worth of points from them for \$1000. That way I could use the \$20,000 to pay for the laborers, correct? I find, let's say the total that I need in the way of work, contractors, let's say it's ten different contractors, 2,000 a piece, just to make it easy. So, I buy \$20,000 dollars worth of points from an advertising company.

Michael: Right.

Ken: And it cost me 4,000 [unclear]

Michael: Yes, yes, that's right.

Ken: So, I approach the contractors first?

Michael: What you are going to do, you are going to be signed up with a number. You are going to have free access to call these contractors to verify and make sure that they can provide the services that you want. You're going to negotiate a price. You're going to have a firm price. Have them, maybe, send you an estimate in writing. Make sure you understand what you're paying in cash if they have half cash and half trade or whatever you do is get it in writing so that you have your vendors. They have agreed to do the work. They have seen your home or whatever and they want it done for X amount of trade dollars. Now you know how many trade dollars you need. Now, you go find the trade dollars and execute the deal.

Ken: And you approach them initially stating that I'm going to use trade dollars.

Michael: You say you are an ITEX member.

Ken: I thought you might want to keep them honest by saying how much will this be. Just like, you know, an off the street person.

Michael: Sometimes a good technique is just to call them and say I'm interested in having my house painted. Can you give me a quote? You're going to have to let them know you're an ITEX member anyway.

Ken: Right.

Michael: Either way. Some may try to employ the price on you and if they really jack it up and it doesn't make sense financially, you're not getting good value, you move on to someone else.

Ken: And I believe I've made way too much of this in my email to you before. I believe I've already asked you this. You have however many trade dollars, Mike. You have 10,000 trade dollars.

Michael: Right.

Ken: You can use them for anything as long as their in that red exchange. Is that ITEX?

Michael: That's right. Let's say you approach me and I'm an advertiser and you say, "Mike, I want to buy 10,000 trade dollars for \$2,000." I say, "That's fine, Tim. You give me the \$2,000 cash and then just tell me what you want me to buy for you. Where do you want me to deposit the money?"

Ken: Excellent.

Michael: It's an agreement between you and him, you and me. You're giving me cash. You're going to say, "Mike, I'm going to buy these with cash, but I need you to just make the purchases for me out of your own account." I would say, "That's fine. Tell me where you want them." All I need is the seller's ITEX account number. So, if you want me to buy the services to get rid of popcorn off of your ceiling, just give me that guy's ITEX number and the deal can be done. Just by doing it online or faxing him a check at Faxdraft.

Ken: Are you aware of any nationally know fast food, Burger King, McDonald's or whatever, involved with script or...?

Michael: Burger King or McDonald's?

Ken: Yeah.

Michael: Not that I know of. No. It doesn't mean they don't exist.

Ken: Okay. I am sure the broker would know.

Michael: Yeah. The brokers really know all that stuff.

Ken: Yeah. Does the expiration date vary from a different state?

Michael: You're going to have to do your own research? When you find script, you have to have what the terms are? Does it have an expiration date? In California,

there is a law where you cannot put an expiration date on script.

Ken: If I was to look for an interest I have imprinting on t-shirts, how do I find something like that?

Michael: Once you get into an ITEX exchange, you will search specialty advertising. Everything is categorized. Advertising, lawyers, heating and air. You have all the different categories on the website broken down. You'll be able to find anything you want easily.

Ken: When you find a member, I'm sure you'll know this with all your hunting and that, what do you see when you run across Joe Schmoe's painting service? Address, contact number or...

Michael: Yeah. Sometimes you have links to their website too. Name, phone number, address, websites, descriptions sometimes.

Ken: Okay. How about, is alcohol something you can get like a lounge? Is there some reason you can't deal with that?

Michael: Are you saying are their restaurants that serve alcohol where you can pay by trade?

Ken: Right. I guess. I am asking you...

Michael: Every restaurant on it, you can check. You know the script may have restrictions. The script is good for food and drinks only, not including alcoholic beverages and your tax and tip must be in cash. However, I will give you an example. There's a restaurant right here in Pacific Beach, I just went to three weeks ago, called the French Gourmet. You can pay for your wine on trade. So, wine by the glass is available on trade. So, every restaurant, you'll have to look and see what they're restrictions are. Some may offer it, but you are going to have to see.

Ken: I was looking at it as an example of being the middle man and buying trade dollars. For example, I would pay for the advertising or whatever, 2,000 to 10,000 points and I would get from that lounge, I would say, "I would like to buy 100 scripts, piece of script from you at 100 dollars each." Okay. That is \$10,000 dollars, which I have, and the lounge customers who buy \$65 dollars of whatever or \$55.

Michael: Yeah. Absolutely. You can do that. But when you negotiate that with the business, it's just you and him and you're negotiating a deal. You say, "I'm going to give you \$10,000 in trade for your lounge and I need script." But you set the terms with them. You're the boss. Say, "Look. Here's the deal. I want this script to include drinks by the glass plus food. The tip has to be paid in

cash." So, you negotiate it. It's your deal.

Ken: I have three more ideas of [unclear]. Can a person buy a car, but there are no dealers in my area, could I buy from dealer with 100 percent trade dollars, would they deliver to my area or an area?

Michael: There are cars available on trade, used cars mainly. Yes, you can buy used car on trade, but you would have to make the arrangements of having it delivered. I don't know if there's any transportation services that transfers cars on trade. But if you could get a car at such a deal and you just pay for the transportation in cash and make it worth your while.

Ken: [Unclear] more than likely though, you're saying.

Michael: Dealers?

Ken: Yeah, dealers?

Michael: I haven't seen, like, dealers up on the trade exchange offering cars, you know new or used cars. There are cars for sale on trade. Most likely, they are used cars, but it does not mean you cannot strike a deal. You know you could approach a car dealer and say, "Hey. How would you like to lease a car to me and I'll trade you for advertising?" You can find a radio advertiser in their local market to buy the trade dollars in script or what they call G-bills and you can buy that at 20 cents on the dollar and you can trade the car dealer the advertising for a car for a lease. That can be done. Radio stations do that all the time. Radio station managers who have car dealers as clients are always driving the car dealer's car. They're leasing it because they're doing trades.

Ken: My small town here, I don't know if I ever mentioned this to you, is wanting a community swimming pool. Okay. And it's 1.2 million dollars is the estimate for that pool. [Unclear] You think there would be a chance of a company or a builder of pools that can do this on trade?

Michael: You know, you are not going to get the whole thing on trade, but you might be able to find a local builder who is not a member of the trade exchange but maybe has a pretty good business, a good presence, and you could use the same advertising. What could you offer him to trade that you could buy from the exchange? Advertising may be a good thing. You are talking a million. That is a pretty big trade deal. You are going to need some cash outlay to secure the advertising. So, that's a big project and I think you're going to have a real hard time with that.

Ken: Would it be possible to get some sort of referral fee [unclear] if I helped bring in the business...?

Michael: No. They are not set up as affiliates and they are not going to give you a

referral fee.

Ken: Do you want to establish a relationship with a broker like you do a bank loan officer for example or do you pretty much bounce around with whoever is available?

Michael: You know it depends on how active you are. I have known my broker for a long time, but I only call him when I am looking for something. Anything I am looking for usually can be found on the website. They have done a great job. All the members are listed right there. You have tens of thousands of them. Therefore, I have not too much reason to call him. You know, I had a question. I was looking for some [unclear] magazine advertising. He could look into that. It is available, but only the broker knows about it.

Ken: Right.

Michael: So, those are the type things. Pretty much everything is on the website. You know, when you're looking for something, the brokers are there to help you and they have offices with people that are there to do nothing but help facilitate and do these trade transactions. I'm very adept to the computers. I'm used to online. However, there are many people who do not have computers. Before computers, that's how an office had to rely on their support, their staff, where a member of the trade exchange would call in and say, "Hey. I'm looking for a printer in my area." Or I'm looking for this. I'm looking for that. And the offices hooked into all their members.

So, that's why the exchange, they exchange information from their members to their contacts between the members. They came out before computers. Now, it's all online. Still those offices are set up to support you, the member of the trade exchange. They want to help you. They're there to help you facilitate trade because when they facilitate trade, what does it do? Makes them money. That's their entire goal.

Ken: And then if, for some reason, I'm sure there's somebody at that office that's not just a broker you need to speak to. Just like the realtor unions, there is one broker and the rest are realtors.

Michael: Yeah. That's right. Or some offices, just maybe one or two man offices, some may have three or four. It just depends.

Ken: Okay. When you're a member of ITEX and when you talk to them, do you get an ID or number?

Michael: Yeah. You'll have an account number. But you'll use your name. You'll say, you know, you just introduce yourself to the broker and tell him you are. The brokers know who everyone is pretty much.

Ken: I If I was to go through your man in your area.

Michael: Yep.

Ken: I would still have no problem talking to any...

Michael: You know, generally brokers do it by area. You'll have to talk to my guy, you know, to see if he can get you signed up through California even though you're not in California. But you can just explain that Michael Senoff referred you and you're a national business so your geographic area really isn't related. But you'll use him. You'll go through him. He'll be assigned to you because he wants your business because he got you. If he earned you and he got you, you are going to have to transact business through him. Or if you transacting business through the website or whatever, those commissions go to his broker office.

Ken: Okay. Well, let's say I joined your man. What is name?

Michael: I'm going to email that to you.

Ken: I'll call him Joe. If I work with Joe and yet I want to buy services for my own personal use would I contact...?

Michael: Once you're set up and you're signed up, you don't have to worry about that because your number is in the system and ITEX knows that you're Joes' guy.

Ken: I don't have to go through and make sure that...

Michael: No, no, no. Even if you went through another broker and you asked to help facilitate something, Joe is going to get the credit. It is like an affiliate thing.

Ken: Let's say I do join up. I'm a new member. And I want to buy and trade credit with an advertising company, then have them on hand to pay a painter for my home. I'm not really doing the traditional barter system on their books. How do I do that?

Michael: You're going to find someone who wants to sell you the trade dollars and let's say that person was me. I'm an advertiser. You'd say, you know, "Mike, you got any extra trade dollars you'd be willing to sell for cash?" I'd say, "Yes, I do. How much do you need?" You say, "I need 10,000." I would say, "Alright. I'll sell them to you for \$2,000." You are going to get me \$2,000 and we are going to agree that I am going to buy on your behalf \$10,000 worth of painting services. Broker Joe will make something on it, but he will have no idea it has anything to do with you. Because I as the ITEX advertiser wants the \$10,000 come out of my ITEX account. Broker Joe makes a percentage on that. You see?

Ken: What you said makes a lot of sense and sounds great. You just tell the seller to pay the...

Michael: Yeah. You just say, "Do me a favor? I don't have any trade dollars right now. If we did this, would you be willing to just buy my painting services on my behalf. Will you just put the trade dollars in the painter guys' account?" And he'll say yes or no.

Ken: And the minute that you do it, there will be a commission?

Michael: And the advertiser, once it comes out of my account, Broker Joe makes that five percent on the sale.

Ken: So, the [unclear] bad trying to dodge a commission. I understand that there is a charge no matter what I do.

Michael: Well, you are dodging the commission. The result is he is still getting a commission on it. You are the one who really facilitated that deal. You are dodging a commission because ordinarily, the advertiser would... Let's say you're set up with an account, that if I didn't want to do it. I would say, "Well, if you want to buy the trade dollars I'm going to have to put in your account." So, once the \$10,000 goes in your account, you're going to pay 500 because it just went into your account. Then you are going to pay another 500. Then let's say it's in your account, you go ahead and buy the services from the painter. You're paying an extra ten percent if you do it that way. If I am okay paying it for you, then you are bypassing that ten percent cash fee that you are going to pay, those ten points.

Ken: So, I am not paying anything.

Michael: Yeah. You're not paying anything. That's right. Your cash fee is when you negotiated that you'll pay him 20 cents on the dollar.

Ken: So it is costing who for that transaction?

Michael: If you are buying \$10,000 from me and you are just going to pay me \$2,000, it is costing you the \$2,000, 20 cents on the dollar for my \$10,000 trade, if I am going to deposit the money into the painter's account.

Ken: Okay.

Michael: So, who does it cost? It costs me the advertiser, once it comes out of my account. I'm paying that five percent fee to my broker. But it's in my account anyway, whether I spend it on the painter or whether I spend it on myself, it's still going to cost me money once it comes out of my account.

Ken: Are you going to look at it as though you are doing Tim a favor or putting that



into my money and you do not want to charge me? That is what I would think.

Michael: I'm looking at it as I want to sell these dollars and I want to get them out of my account. I know it's going to cost me five percent to get this out of my account, but you're giving me 20 percent. So, really, yeah, you've got to understand, if someone has the money in their account, it's going to cost them five percent to sell it to you. You're paying them 20 cents on the dollar.

So, really they're getting 15 cents on the dollar by the time they sell it. Or you can approach it this way. If you want the money in your account, let's say you find someone who has trade dollars, you can say I'll buy it for 10 cents on the dollar. And then you can say, well, it really cost me 20 cents on the dollar because when you put in my account, by the time I sell it, it's costing me another 10 cents on the dollar. So, in essence it ends up costing you 20 cents on the dollar.

Ken: You can paint a picture that I'm doing you a favor. I'm paying for these fees anyway for you.

Michael: You can do it that way. Is that clear?

Ken: Yes. Would it be good for me to know what their structure is, as far as when there are taxes or dues or pound a year or...?

Michael: Well, no. We have the end of the year coming up. Let's say I'm the advertiser and I'm sitting on \$50,000 in trade in my account. If I leave it in my account and December 31st comes around, I'm going to owe taxes on that \$50,000 that I earned.

Ken: Right.

Michael: You are not going to owe those taxes in trades. So, a lot of times, you'll see people soliciting to donate your trade dollars for good causes so you can get rid of those trade dollars and that tax consequence by the time the end of the year comes around and you can use it as a write off. So you may come out better by donating and dumping your trade dollars before the end of the year because you're going to pay cash on those taxes if you leave it in there.

Ken: Right. I'm looking at buying trade dollars from somebody. I'm going to do a favor here. Instead of you having a tax payoff on this \$50,000, I'm going to buy [inaudible] \$5,000 or whatever.

Michael: You can approach it. Absolutely. That could be a very good motivating factory for them to sell. Yes.

Ken: [Unclear] the fiscal year, they knew when they would be paying taxes or



whatever.

Michael: There's a link on the recording that takes you right to the IRS's rules or regulations on barter. It's just clear as a bell. So, go right to the IRS's website. There's no better authority than them. There are a lot of good accountants and shitty ones. If he doesn't know what barter, is he's not going to understand it.

Ken: Do you know if there's any way of sheltering trade dollars like you would cash in an IRA? Is that something you're familiar with?

Michael: I'm not familiar with any of that. Barter, in the 70s and stuff, used to be used as ways to avoid paying taxes and sheltering. And that's why, finally, the government legitimized the whole industry. You know, I don't condone any ways to use barter as a way to shelter or avoid taxes.

Ken: No, no. I'm trying to [unclear].

Michael: You need to talk to a good CPA. A good CPA could show you tricks that are legal and will let you write off as much as you can.

Ken: Now, I'm on the process of buying points. Get right down to it. You agree on the amount you're going to pay whomever, how do you do that to lock it up the process? Do you receive something from them, confirmation on what was agreed on?

Michael: You can. If you and I are talking and you approach me and I'm in advertising. And you say, "Mike, will you sell me \$10,000 in trade for 2,000?" And I say, "Yes." You say, "Well, let's do it. I need for you to put it in writing and go ahead and fax it to me." And so I'll put in writing that I agree to sell you \$10,000 dollars in trade. I'll deposit... You just write out what each party is going to do. Get it in a letter of agreement. Once you have that letter of agreement, you do the deal.

Ken: So, you are okay with faxing and emailing it or...

Michael: Fax. Email. It's a win-win situation. You should not have anyone who is going to try to screw you. But you know, you should be careful and do your due diligence and if anyone really wants to do the deal, you really want to get everything in writing. You don't need a contract, but you need a letter of understanding of what each party is going to be doing.

Ken: Everybody pretty much has PayPal, I assume.

Michael: Not everyone. If they do have PayPal, that makes it simple. Most people are honest. I've never been screwed doing this.

Ken: Now, what I want to do mostly would be the seller transferring it to the one I

want to buy it from anyway. So, it's pretty much between those two parties. Correct?

Michael: In the agreement, you know, you're buying \$10,000 worth of trade. Part of the agreement is that I'm going to purchase, on your behalf, the painting from Joes Painting Service and I will deposit X amount of dollars into Joe's Painting Service ITEX account number. You will provide me the ITEX number.

Ken: So, it's a direct trade draft within the account that they both have. And if I'm a non-member, it doesn't matter. They are both... Do they give a hoot about who they're talking with as far as...?

Michael: If you're non-member, as long as you've talked with the painting guy and said, "Hey. Are you an ITEX member, because the guy I'm borrowing the money from, he's an ITEX member too. He said all I need is some kind of an account number."

Ken: Okay.

Michael: That's all you need.

Ken: On Imtagio phone negotiation with a point seller. On Imtagio, you said as long as you're in good standing with them and you do have the money, I can have one of the Imtagio brokers do it for me.

Michael: Yeah.

Ken: Do you remember that conversation?

Michael: Yeah.

Ken: What do you mean by good standing?

Michael: Ok. There's some trade organizations... Let's say you signed up with a trade organization. Let's say your account is in the negative. You've spent more trade than you have. So, my account may be in the negative. And if it's in the negative, the barter company will freeze your account so you won't be able to sell me trade dollars. If you owe the barter organization money, your account is gonna be frozen. You won't be able to withdraw the money out of their account until they've paid their cash fees. You see?

Ken: [Unclear]

Michael: Well, some companies, there are some members of the barter exchange that owe cash fees. And if they're late on their cash fees, those are billed to them. Their accounts are frozen so they won't be able to get the money out of their

account.

Ken: Have you run across that?

Michael: I've never run across it that I'm aware of. You need to make sure that their account is good standing and it's not frozen. There are people who have maybe \$50,000 in their account but because they have not paid their cash fees, that money is frozen so they cannot get it out. So that is gonna be a no go.

Ken: How do you find that out?

Michael: Ask them. Say, "You got the money? Is your account in good standing? Is your account frozen? Do you owe them any money?" Because that's gonna be important if we do this deal because if your account is frozen, or you owe them cash fees, you are not gonna be able to get money out of your account. You need to bring it up and make sure they are in good standing.

Ken: When you send the money to them, you are gonna have it basically written up where this money is good as long as you are in good standing. When you negotiated buying the points on the audio, you seemed to offer an amount and they either said yes or no. Have you ever offered lower than what you...?

Michael: I have offered lower and I have gotten to know, you just have to make the offer.

Ken: I do not know. Because I am a little bit caught up on it. Sounds like you're saying it's kind of a going rate for trade dollars.

Michael: There is.

Ken: [Unclear] motivated more than the next time.

Michael: Yeah. There are no rules. I have had many people say I want 35 cents on the dollar, 40 cents on the dollar and I say no way. I can go out and get it for cheaper and I will just keep looking. So you may have to go through ten to find that one. You know, you decide what it's worth to you.

Ken: You have to make a few phone calls to make a couple hundred bucks is very much worth it.

Michael: Absolutely.

Ken: How do you learn about a company in the exchange is active?

Michael: Ask them. Call them. If they're in the directory, you say, "Are you guys still members of ITEX? Are y'all still accepting ITEX? Are you still in the trade

organization?" It's an important question because sometimes the trade exchanges will keep them on as members but they may not be active members. But if they've paid all their cash fees, then so what if they're not active. If their account is in good standing, and there is money in their account those can be ideal people because they just may not be interested in doing the trade. They have this money sitting in their account and they have may love to close their account out but they wanted to get something for the money they have.

Ken: Right. Let's say, Mike, I close it up and we agree on an amount and I hang up. I don't necessarily ask. Am I leaving myself open or you might sell to the next caller? Is there a way that I could give you a deposit to hold it?

Michael: If you're just shopping and they say, "Okay. I'll do it for 25 cents on the dollar." You say, "Okay. I appreciate that. Let me get back with you."

Ken: Am I risking the [unclear] on the seller?

Michael: No. Who's gonna be calling them? No one's gonna be calling them.

Ken: Hopefully.

Michael: No, no, no. Don't worry about that.

Ken: Are there certain places that you think gets a barrage of calls?

Michael: No. No one is getting a barrage of calls. No way.

Ken: I had the kind of negotiation tactics. I was somewhat concerned about [unclear] them all or whatever and them not liking me or not wanting to do business with me. And I'm sure, like you say, you've called somebody and they might have them at one point and they don't right now. Do you kind of establish a relationship for the future or do you ask them what do you think your [unclear]?

Michael: Yeah. I mean, you know, I had one of my guys who I bought from over a year ago, he emailed me last week and says, "Mike, I'm gonna have about \$6,000 in trade this Friday. If you're interested let me know." So, yeah, keep a relationship with them. All you need is one or two relationships like that.

Ken: Okay. You are really not fishing very often.

Michael: No, you are not. You are not.

Ken: Okay. Well, it must have blown your mind when you got [unclear].

Michael: Yeah. I was very happy.

Ken: I thought you contained yourself pretty well.

Michael: Very happy.

Ken: I didn't hear you smile, necessarily, in your voice.

Michael: No. I was very happy. This isn't some big master mind game or negotiating skill or tactic. You have to look at your providing of a service. Some people are gonna say no. However, all we need is a couple that say yes and you're good. It's really a lot simpler than I think you're making it out to be.

Ken: You're probably right. I just wish I had your experience. I feel as if I'm getting it by [unclear] phone call rate. Let's say I have something I purchased or I can get, let's say advertising for cheaper than my car dealer or whomever, how in the world do I present myself as a nautical person? They just know me as a guy off the street. How can they not question what I'm doing? How do you get this stuff? Is this stuff hot? How are you getting it this cheap? Or how do you do this? Do you know what I'm saying? How do I represent myself and have them have confidence in me?

Michael: You know, you're the guy with the merchandise. If you have an agreement from the person selling the advertising, a written agreement, that says that they'll sell you x amount of advertising dollars. It's like a purchase order. If I get a purchase order from a company to buy 20,000 pens from me, then they fax me that PO and I haven't delivered the product, I could take that purchase order and go get a loan on it. That paper is as good as the promise.

Ken: Right.

Michael: So, they don't care about you. They want the goods. I mean, you can show them proof. You can say, if I can get you this advertising at this price, would you be willing to trade me for a car lease for a year. Get their commitment and then get an agreement in writing from the advertiser that they're willing to sell you x amount of advertising for this amount of money. Get in writing and you take it and you show it to them. And then everything's still in agreement. You just do that deal.

Ken: Say, for an example, a friend of mine works at a car dealership in a neighboring town. And he told me whatever it is he spends on advertising in the newspaper, a huge amount. And I say, okay. And this paper's in the barter exchange.

Michael: You can sign a non-disclosure with your advertising sales rep and you can put them in touch with the advertising sales rep.

Ken: They won't say anything [unclear]

Michael: No. You just say, "Look. You're the advertising sales rep. I'm here to help you sell a lot of advertising to this car dealership. I'm setting up this deal." This is done all the time. Confidentiality is important. You just tell the rep. The rep wants to sell the advertising. They want to do the deal. The car dealer wants the advertising at a good price. It's a win-win for everyone. Nobody's got any reason to screw up the deal. Everyone wants the deal to go through. So, I think this credibility issue, don't worry about it. If you're worried about it, just put the advertising rep in contact with the dealer.

Ken: I just had a notion that they would somehow drop [unclear] and that's how it's done and then they [unclear]

Michael: No, no. Advertising, the radio stations and TV and car dealers, all are extremely familiar with barter. But you're gonna learn that most people are very nice, very honest and are willing to do it.

Ken: You mentioned Act One or any company that has decided that they're gonna close their account and use a credit memo. What does close their account mean?

Michael: Act One was a company that did video duplication, CD duplication and I used them for many, many years, almost eight years. And I was giving them so much business, I think I loaded up their account on so much trade they decided they didn't want to do any more trade. But I pre-bought... Let's say I knew I was gonna need duplication and I bought like \$3,000 worth of trade. I deposited it into their account even before I took possession of the product. So, I got a credit memo detailing that I had on the books a credit of, you know, \$3,000. So, they'd have to make good on that credit. Before that, they said, "Mike, we're no longer doing trade. So, for now on, after you use your credit up, you're going to have to pay cash." And that's what happened. But I was able to foresee and to pre-buy the duplication services to get in while it was good. Because you never know when someone's going to close their account or when they get too much trade and they want to hold off on doing trade for a while.

Ken: Might they return to barter in the future?

Michael: They may return to it in the future. Yeah. If they're closing their account, they may call ITEX and say, "Look. I don't want to pay monthly fees. I want to get out of this." They'd have to spend down their money first if they really wanted to close their account. Why wouldn't they? It means that they are just not accepting trade customers right now.

Ken: ITEX's policy or rule is that the businesses within the exchange must accept

trade dollars or is it up to that business?

Michael: They're a member of ITEX. No. Trade dollars is just if they choose to accept trade dollars. All the businesses in the trade exchange in the trade exchange are normal business that operate on cash as well.

Ken: Let's say, one of the businesses, like you mentioned, your CD person, they didn't want to do it anymore.

Michael: Yeah.

Ken: I mean, they're obviously are not dictated by ITEX.

Michael: No. If they don't want to do it, it's totally up to the member's choice. If they want to do it, they can do it. If not, they don't have to do it.

Ken: And they don't have to, let's say I'm a barter member, I can do a cash and barter deal if that's the deal?

Michael: Yes, you can.

Ken: You mentioned to Rob the plumber that plumbers don't make much in barter or something to that effect. It just makes you think why would there be plumbers listed on the [unclear].

Michael: Well, I talked about this on the recording, you can review that, about companies that are selling hard goods. If you're a roofer and you're selling your roof services all on trade, it isn't gonna work because you have all this money. You've got outlay for shingles and supplies and wood and nails and stuff like that, that you as a roofer have to pay cash for.

Ken: I thought I could, as a homeowner, I do want a roofing job done, buy this guy with trade dollars and I could take care of the supplies for them and they could provide...

Michael: You're not gonna find hard good products available on trade. The labor you can get on trade.

Ken: Okay. Well it says building materials and I dint' know. That's where I was curious.

Michael: You're gonna have to go to... Once you're in there, you'll see what's available. That's why you have to get in there. I go into detail with the Rob recording.

Ken: I f I sought a mortgage lender, how in the world will that work?



Michael: Call them up. I don't know.

Ken: [Unclear] that I would like to have work on my home. And I wanted to get, let's say I want it appraise at a certain value and the work isn't done at this point. As you said, you could pay in advance for your CD person and have a credit memo, would that work for the contractors for the appraiser's viewpoint. Okay this is what we're gonna have done? It's already locked up? Did I just make sense?

Michael: It's all negotiable. If you want to have your kitchen cabinets redone on trade, I think that's available on trade. To having them resurfaced or whatever and you have an agreement and they send you an estimate and it's writing. Can you pay with trade dollars? Yeah. They owe you kitchen cabinets. Then you could have already pre-ordered your service.

Ken: Does it go towards the value of the house? Is it basically a done deal in their mind?

Michael: You're gonna have to deal with your buyer of the home. Really, you need to have them done before the appraiser of your home... They're not going to give you a higher appraisal because you've got a promise to do your kitchen cabinets. The kitchen cabinets are gonna have to be done to get that extra value on your appraisal.

Ken: Anyway. That is it. You really, really made my day, Michael.

Michael: Well, you grilled me. This will be a good recording and I'm burned out.

Ken: Well, I was kind of hoping that maybe I'd come up with something you never thought of and maybe...

Michael: Well, you did. We covered a lot. That's great. Ken, you did great. Just do it. Get out and quite worrying. Do it. I'll email you my ITEX guy's name. What kind of business are you going to be? Just get that in your head.

Ken: If you were me, and you didn't have anybody in this country, you just happened to be talking to me like you are right now and they want to get into this, what business would you suggest that they start simply and easily and quickly nationwide? Because I'm not too sure I want to commit to this judgment recovery.

Michael: Tell him you do marketing consulting. You advise businesses on how to grow their business. Tell him you're starting a business but you don't want it publicized on the trade exchange yet until you really get going, but you want to get set up.



Ken: I am very much done and I appreciate you so much.



## **Joint Ventures: How to Find Partners to Sell Your Product**

If you could take a barter or trade transaction apart and look at it in it's most simplistic for, you would find that barter is about deal making. Another word for deal making is joint ventures. How much would you pay to learn the secrets of joint ventures from a high-paid marketing strategist? Here they are. Meet Bianco Nikki. Bianco is one of the best at explaining in simple terms exactly what a joint venture is and how you can benefit from this highly leveraged business strategy. I probe deep into his mind, his experiences, and knowledge of joint ventures in this exclusive 55-minute conversation. Bianco knows his craft. Listen-in as Bianco explains exactly how he recently set up two joint ventures. Follow along and use these same strategies to set up a joint venture of your own. I know you will learn valuable inside secrets in this intensive interview.

Bianco: I live in southern California, as well as you do, and you know southern California is probably one of the best places to live in the whole planet. It's just incredible the lifestyle here. I'm two minutes from the ocean.

Michael: Right.

Bianco: And I'm forty minutes from the mountains. So I can go skiing and surfing in the same day if I want to.

Michael: Yes.

Michael: For anyone who doesn't know much about business and doesn't even know what a joint venture is, let's talk in kindergarten terms. What is a joint venture?

Bianco: People out there, stuck in a nine-to-five job. They hate it and it's a rat race. The money comes in and the money goes out just as fast, and they can never get ahead. Joint venture marketing can allow you to break that cycle - to step away and leave all that behind and to start really living your dream. Basically, here's what a joint venture is: it's where you get some leverage off of the trust and the credibility of either other people, or other businesses. A great example of this is everyone has seen, and is right before their very eyes, is Oprah Winfrey.

Michael: Okay.

Bianco: She met up with Dr. Phil before he was on Oprah Winfrey. He was nobody. He was struggling doing counseling for people and little businesses and he was nobody. But, as soon as Oprah brought him on the show, she transferred her credibility and trust on to him; because when Oprah brings someone on her show and says this guy is trustworthy – "This guy is great, I use this guy, I love

this guy's stuff." Her audience, which is comprised of millions and millions and millions of unsold households, watch her religiously and want to be like Oprah. So when Oprah says "Dr. Phil is a guru. This guy can help anybody solve relationship problems. You need to listen to this guy," all of her audience immediately said, "Well if he's good enough for Oprah and she says he's great, and I trust her, then he must be great." Her ability and the trust that she has built with her audience was immediately transferred to Dr. Phil - and look what has happened with Dr. Phil.

Michael: That is exactly right.

Bianco: Now he has his own show and he is humongous. When Oprah does that and she taps him and says, "This guy is amazing and here's his book, by the way," what do people do? They run out, by the tens of thousands, and buy his book at the bookstore. This guy has become wealthy virtually overnight just because of his joint venture with Oprah. Guess what? Dr. Phil's Show, from what I understand is, an Oprah Production.

Michael: That's right, she produces it.

Bianco: So guess who gets paid on his show.

Michael: She does.

Bianco: She's a smart business woman. She brought him on, realized that got credibility from her, and his sales went through the roof. She immediately set up the deal with him to produce his own TV Show - which is humongous already because Oprah's audience, millions of people, were instantly leveraged to Dr. Phil's benefit.

Michael: I totally see. She lent her credibility, with all her TV viewing audience over ten years, to Dr. Phil. Without that credibility it wouldn't have worked would it?

Bianco: If Dr. Phil's Show came on the air without Oprah, or if he was never on Oprah, nobody would know who he was. Nobody would trust him or care much about him. But because, like you said, Oprah has built this loyal following because of what she does. She's spent hundreds of thousands of dollars and hundreds and thousands of man-hours putting together stories and information for her audience's benefit. She's spent years building that trust by giving so much value from her show that people just love her, and just everything she says is just like gold. When she taps you on the shoulder and says, "This guy is like gold too," all that trust is transferred immediately, without delay, right to you.

Michael: That's amazing. Now that's good for TV, let's take the same concept of joint venture and lets say someone wants to apply this in a business type setting to generate money. Can you make money doing something similar to that?

Bianco: Yes. Any business - and that's the best thing about joint ventures - any business, new or old, whether you have no money or no customers, or you're just starting up, or your some huge forty million dollar a year corporation, anyone can use joint venture marketing to get amazing results. You can use it to drive tons of sales. You can use it to get tons of new customers. Here's how they would do it: Let's say for example you started a new company and you're selling your book on CD-ROM, for example. You mentioned that you had a book you were creating.

Michael: So let's say I'm selling my CD Rom, my sixty-one hours of audio information from my [www.hardtofindseminars.com](http://www.hardtofindseminars.com) . I've got it all on a CD Rom.

Bianco: That is amazing. Anyone who listens to this is going to know it has amazing value. What you would do is this: you would think to yourself "Who has my prospect before they need me?" In other words, what is my prospect doing, what are they buying, what are they thinking about before they would need my CD, or before they would even want my CD? Then I have to figure out what companies actually have those prospects. For example, when people are at that level, or at the time that they want to get more information about marketing, where are they in their lives? Are they just getting into business? Are they in business? Some of them are just getting into business and they are trying to learn everything they can about marketing. Then you would say, "Who has those prospects already?"

Michael: Right, and I'm going to leverage off of this list because I don't have to mess with doing lead generating ,advertising, spending money on ads, spending money entering the names into a database. That's already been done. I'm leveraging off all the efforts of that other business, right?

Bianco: Exactly. There are other companies out there right now who have already spent maybe the last three or four years cultivating their customer list - and their customer list is your prospect list.

Michael: Right.

Bianco: What you need to do is find it. For example, anyone else who sells, let's say, computers, or anyone who sells office supplies. If someone is just getting into business, what are they going to do? They're going to run out and buy offices supplies. They need a desk, a computer, a multitude of things. Well, you can tap in to those resources. Here's a good example: People get an Internet connection. Most people who get an Internet connection - they're not just out there looking for cartoons and jokes of the day. They are likely a new business.

Michael: Right.

Bianco: So you can use leverage off of someone who sells Internet connectivity and

you could offer to do a joint venture with them - where you will get their customer names and you will e-mail a special offer to get your free CD.

Michael: Right.

Bianco: They would want to do that with you for a couple of reasons. One is that they could throw that free CD in as a bonus for someone signing up for their service. You don't have to pay them to be your joint venture partner - you can get them to give your CD away as a free bonus to anyone who signs up for their Internet access service.

Michael: That's right, what does it cost to make the CD? Fifty cents?

Bianco: Exactly. Now you're tapping into a constant stream of leads that don't cost you anything. What you could do, what I would recommend, is you would tell the company that is going to offer the CD as a bonus, that they need to pick up the dollar fifty cost, or the dollar cost, of producing the disk.

Michael: Right.

Bianco: That way you have zero marketing costs because you can have them contact your disk duplicating company directly to order disks so you never even have to talk to them.

Michael: Isn't that a lot easier than me screwing around building an entire customer list?

Bianco: Yes, what most businesses fall down on is lead generation. Without having a constant flow of leads to your business, you're out of business. You can't survive without a continual stream of leads coming into your business and the only way most people think about getting leads is to advertise – paid advertising. The problems with paid advertising are that it's very expensive and it's very risky. People also make mistakes when they do their advertising - and then it costs them their whole business. They spend too much money, don't bring back in enough money, and then they're out of business.

Michael: Let me ask you this, I mean tell me if you agree with me – most businesses automatically go into that frame of mind: lead generating through advertising. They don't even consider joint venturing do they?

Bianco: That's because maybe one in a thousand businesses even knows what joint venturing is. They only know the traditional stuff they learn in business school. You see, joint venture marketing is something you won't learn at Harvard Business School. Y you won't learn it at Yale or any of the other Ivy League Schools. They don't teach it.

Michael: Yes, you're right. Because when I think about it, I had no idea what it was until I started studying this Jay Abraham stuff.

Bianco: Exactly. People who have MBAs in marketing don't even know this stuff.

Michael: And it's such a simple thing, it's almost obvious. Why wouldn't you do it?

Bianco: Exactly. Here is another reason why it's the best way to go to start.

Michael: Yes.

Bianco: I was playing golf with a friend of mine one day and he was talking about a guy who was a world champion long driver record holder.

Michael: Okay.

Bianco: He's in the Guinness Book of World Records. He has the longest drive at tee level, and I'll tell you in a second why that's important, but he has the longest drive recorded at tee level... four hundred and twenty-six yards or something like that.

Michael: Okay.

Bianco: That is over four football fields.

Michael: Was he doing it when you guys were playing golf?

Bianco: When we were playing golf he hit a four hundred yard drive.

Michael: Then what?

Bianco: This guy has two records, and we were talking about his background and what he does. He mentioned that he developed a club that was called the Peace Missile Driver, and that the Peace Missile Driver was made from real decommissioned nuclear missile metal. I thought, "Hey that's pretty interesting, I'd like to see that club." So the next time we got together, he brought one and we checked it out. We played with it and I was pretty impressed with the club. Then he dropped the bombshell on me. He said, "You know what, Bianco? We actually had this thing tested against the top clubs - the biggest brand name." I won't mention the name, but it's one of the biggest brand names out there in golf.

Michael: Yes.

Bianco: "...And we tested it. We paid a company that does the testing. We put it on a machine called Iron Byron. The Iron Byron is a mechanical hitting device that is calibrated so you can set all of the adjustments to the swing speed and angles and so you can get exact scientific measurements on every performance. They tested it against the top brand name clubs and it equaled

them in distance, accuracy, and everything.” This club was amazing. They raised money, over three hundred thousand dollars to start this company to sell this club. Right away what did they do? They had all this money, too much money to spend, and they went out and starting running ads and doing different campaigns and marketing and blowing through their money faster then they even realized. They basically realized they were not getting results and they went out of business.

Michael: Really?

Bianco: They had six thousand clubs produced in inventory that they had paid for in cash.

Michael: Here in America?

Bianco: Here in America - and they went out of business.

Michael: Did he end up telling you that he’s sitting on six thousand clubs?

Bianco: They were sitting on six thousand clubs and I saw an opportunity there. I said, “You know, with the right kind of marketing - with joint venture marketing - I could sell those clubs and I could help make this thing fly.” Basically we tried to put a deal together right there and it turned out that he never finished paying the manufacturer for the clubs.

Michael: Right.

Bianco: So he didn’t really own them. Here’s what happened: I got him to send a letter to the manufacturer saying, “Dispose of the clubs however you want because I can’t pay you for the clubs.” Then, basically, the manufacturer got a hold of me and said, “Hey, can you help me unload these clubs because I’m a manufacturer. I don’t know how to sell clubs at retail and I don’t know what to do to get rid of these clubs. I have a huge expense with these clubs and they are taking up space and I need to get rid of them.” So I cut a deal with them. I took over that whole thing, then I set up a simple website, and then I went out and set up joint venture deals.

Michael: Give us the URL for that website.

Bianco: The URL is [www.peacemissilegolf.com](http://www.peacemissilegolf.com) and that is peace like peace on earth missile m-i-s-s-i-l-e golf dot com [www.peacemissilegolf.com](http://www.peacemissilegolf.com) .

Michael: I’ve been there It’s a nice website. I’ve seen it.

Bianco: What I did is this: I said, “I want to sell this club, it’s a great club, but I don’t want to take a lot of risk and I don’t want to spend a lot of money out of pocket. I think I can set up some joint venture deals with this because you can pretty



much put joint venture deals together for any kind of business no matter what." I went out on the Internet, I found about probably around two thousand other golf websites, and I said, "Okay, some of these are going to be good joint venture partners and some of them are not going to be worth my time." I went and I did my research and I found one that had about three hundred thousand subscribers to their golf newsletter and I said "Okay here's my joint venture partner."

Michael: All right.

Bianco: I spent the next three weeks phoning them, sending them letters, e-mails, FedExing them letters, trying to get a meeting set up with them where I could explain the joint venture marketing concept and why it would be to their advantage - and the money that could be made. It basically took me three, three and half weeks, before I finally could get a phone meeting with them. Then we got on the phone and I explained it all and the Vice-President. I was talking to him, and he said, "This sounds awesome, I love it, let me talk to the owner. I think we can go with it." Sure enough, he called me back the next day and said that I was a go. We went ahead and sent out the endorsement, an e-mail endorsement. They wrote some information up in the endorsement about the club, a little bit about the background, and there was a link in the e-mail to my website. Well they sent it out to about fifty thousand people on their list.

Michael: On an e-mail list.

Bianco: On an e-mail list. That was our test campaign.

Michael: Was it buried in a newsletter or an individual mailing?

Bianco: It was an individual mailing - a "solo mailing," it's called.

Michael: Did you have them write it?

Bianco: I sent them a club. I gave them a little guidance, but I basically said, "You go check out the product. You check it out. You write your own comments and let me know what you think about it."

Michael: Okay.

Bianco: Then they sent it out and within sixteen days, we generated - just from that one e-mail - within sixteen days, when it was all said and done, twenty-two thousand dollars plus in orders for that club. Please remember that didn't cost me a dime - I didn't have any upfront risks, no costs, nothing. I didn't even have to do the work, I just sat back and they did all the work.

Michael: That's flipping great Bianco. How much was the club retailing for?

Bianco: The club retailed for two - at that time we were actually price testing it - so we were selling it, we had two different offers going and it was going for two forty-nine and it was also going for two ninety-nine.

Michael: All right now, let's talk. Give up the goods. What kind of deal did you work out with the manufacturer? What were you paying for the club?

Bianco: Hang on, Michael. Here's the key: I managed to talk the manufacturer into drop shipping it.

Michael: Okay.

Bianco: Drop shipping it means that I get the order, I send the names to them, and they pack it and ship it to my customer. I never even touch the product.

Michael: Okay.

Bianco: I was paying a fraction of what they were selling it for. I don't want to tell you the exact number, but it was a fraction of that and we both know in direct marketing to make a successful business you need to make a two to three hundred percent mark up.

Michael: All right, okay, you don't have to give the exact number.

Bianco: There was a three hundred percent markup on it.

Michael: You were making three hundred percent markup?

Bianco: More than three hundred percent.

Michael: Now all right what kind of deal did you have to cut with the guy who sent the e-mail out?

Bianco: I told him I would pay him about twenty-five percent of the sales price.

Michael: So you made yourself at least a hundred and fifty bucks a club, profit in your pocket.

Bianco: In my pocket.

Michael: All right, let's talk about setting these joint ventures up. It's a lot of technical stuff that I always have questions about. Let me ask you this - you directed his subscribers to your website, they ordered through your website, the money came into your account, he probably had an accounting of what was going on and then did you cut him a check every week? Month? How did that work out?

Bianco: What you can do on the Internet now is this tracking software that you can use

to track all the sales so that every time there is a sale your partner, your joint venture partner gets a little e-mail saying "Here's another sale" so they can keep track themselves.

Michael: Give me the website that does the tracking software.

Bianco: There are hundreds of them. Some of them are good; some of them have their problems. One of the good ones is called Ground Break.

Michael: [www.groundbreak.com](http://www.groundbreak.com) ?

Bianco: [www.groundbreak.com](http://www.groundbreak.com) and they actually sell; they sell the software that you install on your own website. So that one is a little more technical, but you can use a service like [www.ibill.com](http://www.ibill.com) .

Michael: And they can do that for you?

Bianco: The sales will actually go through their server and you can specify how much comes to you and how much comes to your partner.

Michael: So specifically, that's kind of like software for affiliates, right?

Bianco: Exactly.

Michael: Okay, so you can use it for joint ventures too?

Bianco: Exactly. That's exactly what I use it for, because affiliate programs are all good and fine, but what you really want is a "super affiliate." What is a super affiliate? It's a joint venture partner.

Michael: Absolutely. Now let me ask you this, what does that software cost, if someone wants it.

Bianco: The Ground Break software, I think is like two hundred bucks a year for a license.

Michael: Okay.

Bianco: With Ibill, I think there is just some small set up charge like fifty to one hundred bucks.

Michael: All right.

Bianco: To get set up.

Michael: Now let me ask you this, did you have to sign a contract with the guy?

- Bianco: There are no rules in marketing and there are no rules in JV, you set them up yourself. Basically, the outline structure you want to use, is you want to negotiate between five to fifty percent of the gross sales price and you want just a simple letter form agreement. You don't want a contract. You don't want to have all this legalese in it. You just want a simple letter stating that you're going to do this, this, and this, and in exchange for it, I'm going to pay you this, this, and this.
- Michael: All right, let me ask you this. Why gross sales not net - and what's the difference.
- Bianco: That's a great question right there, because net profits - you can manipulate what the net profit is.
- Michael: Right.
- Bianco: And with gross sales you can do one calculation and there's no fooling around.
- Michael: Okay.
- Bianco: What you want to do is just set it up. If you're going to give fifty percent, you're not going to give fifty of gross - because obviously that's not your profit.
- Michael: Right.
- Bianco: But you want to give fifty percent of profits. You would calculate what fifty percent of profits would be and then you would calculate what that would be as a percentage of gross.
- Michael: So you would both get a uniform agreement on what the profit is per unit and then you would structure a percentage of that profit.
- Bianco: Exactly. There's a simple template format and I'll tell people in a few minutes where they can go to get something like that from my website. Basically, there's a little simple format you use to create a letter agreement and it's not a contract, it's not scary - because if you send someone a scary looking legal contract, you're never going to get any deal.
- Michael: Right.
- Bianco: That's the bottom line.
- Michael: Right.
- Bianco: You don't want to get into a deal with someone that you don't trust. If you don't trust them, if you don't like them, if you can't do a letter agreement and move forward comfortable, then you shouldn't even deal with them.

Michael: Because no matter what, if you have an iron clad contract and someone wants to screw you, they're going to screw you.

Bianco: Yes, exactly. I know personally myself. I have had fifteen page legal contracts and it still ended up costing me three hundred thousand dollars and more in bad deals that have gone south.

Michael: Right.

Bianco: And I've done deals where I have a simple handshake and have made hundreds of thousands off those deals.

Michael: And that is really important. I would say that anyone who does go and approach joint ventures, its very important, you just have to go with your gut. You know, listen to the pit of your stomach. If you like the guy, if you trust him. You have a good sense of someone for the most part after talking to them for a short time.

Bianco: Exactly.

Michael: And you want to meet them eyeball to eyeball and you just have to go with your gut, you also have to understand that not every joint venture deal is going to work and if you set up five of them and one works well, that is all you need.

Bianco: Exactly, one success in direct marketing, we always say, "one success makes up for seven or eight failures."

Michael: Right.

Bianco: And you have to understand that nobody can predict the success of anything because there are many variables in marketing. Just like, there are many variables in life. Your goal is to go out there and do the best you can. Set up the deals the best you can and not get bogged down with the analysis paralysis, where you're analyzing everything to the point where you're never doing anything.

Michael: Right.

Bianco: The key to success is action.

Michael: Right.

Bianco: Action is the key to success.

Michael: You have to put everything in motion. Let me ask you this. Let's say I am dead broke, I don't have ten bucks in my bank account... I don't even have a bank

account. I have ten bucks in quarters in my little piggy bank and if I understand the power of joint venture and I have a telephone, and not even a computer, but I have a telephone. Is it realistic that I can, with my education from what you're going to teach, or your information product, go out there, set up a joint venture, and make money from it?

Bianco: You can actually. That is a great question. You can actually not only go out and make money but you can change your life and you can get wealthy. One joint venture deal can literally make you wealthy. That's how amazing it is.

Michael: Give me another example. It could be your experience or another experience, kind of like the Oprah thing, of people who have been made wealthy through joint ventures.

Bianco: I could spend all day giving you all of the examples of all the stuff. So let me give you a couple good ones. One example is a high-end hotel. There is this high-end hotel down the street here and the people who go there are couples and it's a romantic getaway. It has Jacuzzis and everything. It has great views in the rooms. Couples getaway there to celebrate honeymoons and anniversaries, weddings, birthdays, whatever. This is not some cheesy hotel - this is expensive - three four hundred dollars a night for a room.

Michael: Where? Is it in LA?

Bianco: It's right here in Newport Beach, California.

Michael: Okay.

Bianco: You know we're both in beautiful sunny southern California.

Michael: Okay, it's kind of rainy today.

Bianco: Yes, unfortunately, but you know we have to live with a couple of rainy days.

Michael: Right.

Bianco: For all the good ones. The owner of this hotel - he has about fifty rooms - but he does good business and he makes great money but he's not leveraging what he has. What he has is a customer - a high-ticket purchasing customer, who has a lot of other needs, desires, and wants. So all you have to do is figure out what else his customers, his patrons, would they want? They're spending money to come and stay at this romantic getaway, what else do they want? Well I could tell you what else they may want. The husband or boyfriend, the fiancé, or whoever he is, may want to get his significant other some nice jewelry.

Michael: Right.

Bianco: So what do you do? You set up a joint venture between a jewelry store that sells high-end jewelry and this hotel. The ingenious way that I developed to come up with this one would be this: you know how you have the phone in the room and you have that little blinking light when there's a message? What we would get the owner of the hotel would do is record a little message. It's a welcome message and it says, "Hi, I'm Joe Schmoe, and I'm the owner of this hotel. I just wanted to welcome you to the hotel and I want to make sure your stay was as enjoyable as possible and I want to point out a few things so you can have the best time here. First of all, on the second floor is the gym, on the first floor is this restaurant and it features this, that, and the other. Oh, and by the way, if you're thinking of doing any shopping for jewelry, my good friend owns XYZ jewelry store two blocks down. If you go in there and tell him I sent you he is going to give you a ten or fifteen" -or whatever percentage you want – let's say fifteen percent, whatever deal you create. "Fifteen percent off any purchase you buy. So if your thinking about getting any jewelry, head down there, check it out, mention my name and you'll get an immediate fifteen percent discount on anything you buy."

Michael: Great idea.

Bianco: Okay, now, so every time a visitor shows up at the hotel, he goes ahead and he hits the voice-mail button to their phone. They checked in they see this message light blinking and they hit the message and hear the message. Now if they're thinking about – if that husband or boyfriend or whoever, is thinking about buying jewelry or even if the wife or fiancé or significant other is – where are they going to go first – to that jewelry store!

Michael: Right.

Bianco: Now not everyone is going to go to that jewelry store and buy. That's true, because not everyone is really interested in buying. But if he's able to send a hundred people a week to that jewelry store, and even if ten percent of them, which would be ten people, buy a two thousand dollar product...

Michael: Right.

Bianco: That's twenty thousand dollars in sales a week that the hotel is now able to drive to the jewelry store - and remember, those are customers that jewelry store would never otherwise have gotten without the help of that hotel owner.

Michael: Right and you take a piece. You do a triangulation deal. You take a piece, the hotel takes a piece, and the jewelry store obviously gets their markup.

Bianco: Exactly.

Michael: All right, that's exciting.

Bianco: So that is one way. Another is this: let's say you make that jewelry product. Let's say you don't even have a jewelry store. You make this great jewelry, let's say Australian Crystal bracelet that sell for three hundred bucks or more. You want to sell those but you don't have any money, you only have five of them that you can afford to make and you've got some great pictures of them and that's all you've got. So what you would do is either create a little brochure that has a one page sheet with a picture of it and a brief description of it and a way to order(a phone number a place to mail the money, what have you, or you just have a phone number to call where you go to them at the hotel and show it and sell it) and then you have the hotel owner put those in the packet with the room key so they can see it and make that special offer. You want to make a special offer.

Michael: Right.

Bianco: Because then it makes it look like you've cut a special deal. You're a special deal hunter for those patrons and it makes them appreciate the fact that they're there. You're adding more value.

Michael: Okay, let's do this. Let's get down to some serious stuff, talk a little about mailing lists, and let's talk about specifically the resource SRDS. You've taught me a lot about that. Also let's talk about how we can incorporate joint venture marketing by using the resources of the SRDS.

Bianco: That's a great one. I mean for people who don't know anything about the SRDS that is the Standard Data Rate Service or Standard Rate Data Service, which is basically a huge book, its four, or five inches thick, just the direct mail list one. There are actually five versions: one for advertising, one for media... We're going to focus on the SRDS that is for direct mailing lists.

Michael: Right.

Bianco: And there are over eighty thousand mailing lists in that book that are for rent.

Michael: How does that book get these lists?

Bianco: What happens is that companies who want to rent there lists will contact the SRDS and say, "I want to rent my list, and here is all the information on it." They'll put it in there - like a directory.

Michael: I mean, a year ago I didn't even know you could rent your lists. I never even heard of that until - anyone who has a business and who has a good amount of customers - renting your list is a whole additional source of income for your business - by renting out your name... but go on.

Bianco: Let me tell you - that's true, but you really need a list of at least thirty thousand



or more names to be able to rent it.

Michael: Okay.

Bianco: Fifty thousand is really the cut off. If you don't have more than fifty thousand names its not a good idea to put them on the rental market because you're not going to get much action from them.

Michael: Right if you're a rental, but if I'm a guy who wants to do joint ventures and I found a targeted list for my market that maybe only had three thousand names, I could still do something with that.

Bianco: You could still make a ton of money. I mean, I don't know how many people out there who are listening know Dan Kennedy, know who he is, but one of the things Dan Kennedy taught me is that you don't need a humongous list to become rich. Dan told me that he use to have four hundred thousand names on his list and he use to make a couple hundred grand a year from them. Then when his list got down to - he shaved it down, he niched it out even more - down to about four thousand names, and then he made about a million bucks a year.

Michael: Did he really have four hundred thousand names on a list?

Bianco: Yes, and when his list got down to four hundred names, when he shaved it down and niched it out to just four hundred names, he makes multi millions a year from that because he's selling those four hundred names high ticket items.

Michael: Wow.

Bianco: Four hundred names, it could make anyone of us wealthy, but you would never get it from him.

Michael: Right.

Bianco: But getting back to the SRDS and the lists that are in there. You can go through the SRDS in your niche category, find all the lists that are available for rent, and match your target prospect demographic. For example, your product sells for one hundred you want to try to find a list of people who have bought things for a hundred.

Michael: Why don't you use a specific example?

Bianco: Okay. Let's say you have a program on how to play better golf, you have a video, it sells for sixty-nine dollars, and you say, "Well I want to sell this, but I don't know how to sell it." You go to the SRDS book - and you can buy these from you - I know you sell them occasionally on your website, or you can order

it from SRDS for like six hundred bucks each. Sometimes you can get it at some of the bigger public libraries that carry it.

Michael: Right.

Bianco: go in there, you check it out, you go through the lists, and you look for golf lists that sell non-competitive products. Okay, obviously, if another company sells golf videos, their product is similar to yours and they're not going to let you rent their list.

Michael: Okay.

Bianco: So you might find a company that sells, let's say they sell pitching wedges. Obviously, you sell a golf video on how to play better golf and they sell a pitching wedge, so you guys are harmonious. You guys can work together and help each other. What you would do is this: You would then look at their list. Let's say their list says it has eight-five thousand names of people who have bought a pitching wedge in the past twenty-four months.

Michael: Okay.

Bianco: You could simply rent those names. A better way to go is to contact the owner of that list directly. You call the phone numbers that are listed in there, for either the list broker, or the list agent, or the company itself might have its direct number on there.

Michael: Okay.

Bianco: You ask them for what is called the data card.

Michael: What is a data card?

Bianco: It's like a sheet of information that has all the information on how they generated those names, whether it's from TV spots, print media, direct mail sales letters, what have you. It says where the names came from, how much the average ticket of purchase is, what dollar amount they bought, and then it says what their specific category is - like eighty percent male, thirty percent people have a college education - whatever information they've gathered - its all in there. Then you contact the owner of that list and propose a joint venture deal.

Michael: Okay can I interrupt? There's one more thing you can do which I just learned about - you can also ask them for a usage list. You can get a list of everyone they've rented that list out to over the last year and sometimes the last two years and you can see how many, and which companies, used the list and which companies repeated the list.

Bianco: Exactly that would give you a good indication and here's another little trick. You can ask the company with the list to send you a copy of the promotion they used to generate their sales.

Michael: Isn't that incredible.

Bianco: And when you can analyze their promotion and figure out how they got eight-five thousand sales. You can weave the same psychology, the same emotional psychology that they used to generate the sales, into whatever your selling piece is.

Michael: Right, why try to guess? If the company sold pitching wedges using a certain psychology, or sold only to credit card buyers, or sold to only higher income people, you would want to use that same set of demographics and psychology in your piece.

Bianco: Yes, you want to look at their sales proposition – what was their unique sales proposition. Were they selling on the best price? Were they selling on exclusivity? What was the main thrust of their selling proposition? You want to make sure that yours is in the same area as that.

Michael: And how did they order. Did they pay by credit card, was it a free offer where they tried the pitching wedge for thirty days and then pay, was it a three payment program, was it a one payment program, you want to try and match it up identically.

Bianco: Yes, there is no point in trying to reinvent the wheel. I mean, if people want a challenge out there, go have some kids.

Michael: Right.

Bianco: But in business, you want to make it as easy as shooting fish in a barrel. You don't need challenges in business and you shouldn't try to get into areas where you go, "Oh, this is a real challenge – I want this." What you want to do is go out there and find home runs and then hit them.

Michael: So look at this. We've got the companies direct mail piece, its generated them eighty thousand dollars in orders. We know how much it retailed for. We know how many sales they're producing every month. The only thing we don't know is how much their spending on advertising. If we could determine their exact cost on what they spend on mailing and promoting the direct mail piece, we could have all the necessary numbers to figure out everything about the business.

Bianco: Exactly. You can take the number of sales they make in a year and multiply it by the product cost and you can figure out, almost to the dollar, how much money that company is generating in sales every year.

Michael: Now let me ask you this. Do you have to beware with some of the information in the SRDS; can you trust everything in there?

Bianco: You can't trust everything in there and, obviously in this short time I'm on the phone here, we can't share years and years of experience in selecting the right list. There are some little tricks on tactics to make sure that you aren't burned because there are a lot of unscrupulous people in life and in business too, so you've got to watch out. There're definitely lists out there that are not worth renting - that you will get bogus information from - and so you need to learn how to pick the right list and there're a lot of ways. There are a lot of people who teach that out there you. You can go to seminars that will teach you how to do that. I have a product that contains a two and half hour video that teaches you how to find the right list but in a nutshell – yes you've got to be careful, you can't just trust everything that list brokers or companies trying to rent you their list tell you.

Michael: Right.

Bianco: You have to know how to weed out the winners from the losers.

Michael: Hey, Bianco, you really know your stuff. I mean, I've talked to you for many, many hours in the last couple of years. How did you learn all this stuff? Tell me about how you got educated and got excited about direct marketing and entrepreneurship and all this stuff?

Bianco: Okay, well I started out in business probably about seventeen years ago and I was in college and...

Michael: How old are you now?

Bianco: Wanted to make some extra money.

Michael: How old are you?

Bianco: I'm thirty-eight.

Michael: You're thirty-eight, okay.

Bianco: And I needed to make money for school. My education was being taken care of, but I needed some spending cash and I needed some money to do things, and buy stuff, and go places, and travel. So I started up a little company, my little company was a design company, and I designed logos, graphics, and brochures for corporations and small businesses.

Michael: Okay.

Bianco: And right away I realized no matter how great I was at designing and I was pretty good, not to toot my own horn, but I was pretty good. You know, I wasn't the best in the world, but I was pretty good and I realized pretty quickly that it doesn't matter how good you are at what you do it matters how good you are at marketing what you do.

Michael: Right.

Bianco: And so I learned really quickly that I was pretty good at getting sales and there was people I knew that were out there doing exactly what I was doing that were better than me but I was making a heck of a lot more money then them.

Michael: Right.

Bianco: And then I realized that there was something to this selling and marketing thing. So then, after a few years of being in business I realized, what I wanted was to become an expert at marketing, because when I'm an expert at marketing I can help any business including my own drive sales right through the roof.

Michael: Right.

Bianco: So I went out and I basically said "Okay" and I bought all the books in the bookstore – which, by the way, ninety-nine point nine percent of them are written by professional writers.

Michael: Right.

Bianco: Who know absolutely nothing about what they're talking about and all they do is go buy all the other books on the shelves, read them all, and then rehash it all out.

Michael: Just to sell a book.

Bianco: Just to sell a book. So what you get is every book out there is a rehash from a different writer's perspective of the same stuff that doesn't work.

Michael: Okay.

Bianco: So what I realized right away is that stuff doesn't work. I bought all the books in the book store, I've tried everything they said and none of it works, and so then I went out and I found somebody who had a kick butt company making tons of money. I said "How did you learn to market so great?" and they said this persons name and they threw out some names: Claude Hopkins -and go read this if you can find it - John E. Kennedy "Reason Why Advertising" and these are some of the great books from the twenties and thirties about how to write direct response copy, how to write direct response ads and sales letters.

Michael: Do you remember how you first were exposed to it? The good stuff – do you remember?

Bianco: That was how – someone told me they recommended that those are the books I go buy.

Michael: Oh.

Bianco: And when I went and bought those books and read them I was floored. This stuff was amazing. I tried it. I wrote some sales letters, I wrote some ads and they worked like crazy. I was shocked and surprised and I continued it and said “who else? – I want to learn more.... there has got to be people alive today. These guys are all deceased, but there has got to be people alive today that know this stuff.” So I went to a Tony Robbins Seminar and he had a gentleman by the name of Jay Abraham as a speaker.

Michael: You went to that Mastery Seminar?

Bianco: I went to a Mastery Seminar with Tony Robbins.

Michael: That’s funny.

Bianco: And Jay Abraham was one of his speakers. He came up there and started talking about business and marketing and he just blew me away. In the one hour that he spoke, I felt like this guy’s brain and mine were separated at birth.

Michael: Right.

Bianco: Everything he said to me, it just triggered in my own head that I knew that, but I didn’t have the ability to articulate it until he explained it to me. Then, once he did, it was like “I knew it!” and I used it and I made a ton of money and I went out and I said, “This is a guy who is going to be my mentor.” I contacted him by phone because he lives right here in California and I told him that I wanted to do barter with him. “I want to trade you one of the services that I do for one of the services you do - which is one of your upcoming protégé events. “

Michael: Right.

Bianco: And he said “well, put it in writing, let me know what you’re thinking, I’m a real busy guy, and I’ll look forward to your letter.” So I sat down, I spent about a week writing, and rewriting, and rewriting, and rewriting this letter because I felt like this was my only one shot, if I didn’t make it work here with this letter, it wasn’t going to happen.

Michael: And you didn’t really have the money to pay twenty grand for this seminar.

Bianco: Yes. I didn't have the money and I wanted to go. I knew this event would be a springboard to massive success for me.

Michael: Is this the protégé training?

Bianco: The protégé training.

Michael: In 1989 1990?

Bianco: In 1998.

Michael: Oh, 1998?

Bianco: Yes, 1998.

Michael: Oh, he did another protégé training?

Bianco: It might have been 1997. No, it was 97.

Michael: Okay.

Bianco: It was five years ago before my son was born.

Michael: Okay.

Bianco: My son was in the oven being cooked.

Michael: There you go - a bun in the oven.

Bianco: I wrote this letter and I basically explained that I wanted to trade him one of the services that I performed that really range from anywhere from the Fifteen thousand to thirty thousand dollar range.

Michael: And what were you doing then?

Bianco: I was doing these interactive marketing CD ROMs for corporations like Texaco, Coldwell Banker, Disney and these things were really complicated - interactive – this was before the Internet. This was when the Internet was nothing but black and white text and everyone thought the Internet was a joke and it's a bunch of computer geeks and it's never going anywhere.

Michael: Right.

Bianco: So everyone was really hot and everyone had a computer or was hot on CD ROM. We would get these companies who would [Contact Us](#) and say "Hey, we saw what you did for Texaco we want you to do that for us." Now we're talking huge projects fifty, sixty, eighty, ninety thousand dollar projects.

Michael: Right.

Bianco: And they would take three months to develop. We were doing that and I said, "You know what? Jay Abraham could have one of these for his seminars to promote his seminars."

Michael: Was this your business that you were doing?

Bianco: My business.

Michael: You were doing it all on your own?

Bianco: All on my own. Well, I had programmers.

Michael: That you'd outsource stuff.

Bianco: That I outsourced stuff, exactly, subcontractors - to do certain programming or production of the CD, producing the actual CD stamping it out packaging, printing.

Michael: Was it a labor intensive job doing these things?

Bianco: Yes, it was a real headache because the technology that we were using it had to work on both platforms Apple and PC so everything we did we had to do it twice.

Michael: Right.

Bianco: It's really labor intensive when you had to change something, a color or a graphic or a video, it was just super time consuming and I was working twelve hours a day.

Michael: Did you have to travel?

Bianco: And I had to travel, as well. They'd have meetings to show it and all this. It was very tedious, very labor intense, and pretty much after about a year and a half of doing that, it was pretty unrewarding.

Michael: Right.

Bianco: Sure, you were paid good money, but it was really unrewarding.

Michael: Right.

Bianco: You never have to put your name on the product because it was their corporate product.



Michael: Right.

Bianco: And they didn't want to promote you, they weren't going to pay you all that money to have you promote yourself.

Michael: It was almost like a job.

Bianco: It was a job that was going nowhere because you never got any self-promotion out of it.

Michael: Okay. I know your skills on the computer in graphic design were incredible.

Bianco: Well thank you.

Michael: You took that with you?

Bianco: Yes, I definitely took that with me on to my new ventures. So I basically contacted Jay and said, "I want to trade you this twenty-five thousand dollar interactive CD and you let me come to your one event."

Michael: Okay.

Bianco: I sent that letter out and I waited and about five six days went by and I thought, "Okay, I know he got the letter the day after I mailed it and it's probably a dud, he's probably not going to call me." The event was only two weeks away. I said to myself, "Whatever - I'm not going to be going." Then the phone rang and it was his assistant saying, "Jay got your letter, he's totally stoked, he wants to meet you and he wants to do this..."

Michael: Okay.

Bianco: "And he has some other ideas, he wants to do some things." and I could not believe it! So we set up the meeting, and I was to go out there to Jay's office. On the day before the meeting actually his assistant called me and said, "Do you mind going to Jay's house, he's not working tomorrow but he wants to meet with you still - so can you go to his house?" I thought, "Great no problem, go to his home..." This guy is making twenty million bucks a year and this is one of the top marketing guys in the world. That means that he makes thirty grand a day.

Michael: Were you really nervous?

Bianco: No, I wasn't really nervous because I know a lot of very wealthy people and celebrities and stuff, so I wasn't nervous. I was very excited.

Michael: Yes.

Bianco: I was excited. I was going to his home. It was going to be a lot more personal. I loved it. So I pull up to his beautiful home in Palisades – Palo Verde, California. I knocked on the door and his nanny opened the door. “Come on in” she said. This place was a palace... a mansion practically.

Michael: Yes.

Bianco: I go in there. Jay comes down - he’s in jeans and a t-shirt, he’s barefoot - “Hey, how you doing Bianco? It’s nice to meet you.”

Michael: Yes.

Bianco: It was about 11:30. He asked if I had eaten yet and I told him that I hadn’t. He said, “Hey, you want some lunch?” The next thing you know, we were sitting on his living room floor eating these salads – Jay’s really health conscious and I’m health conscious, too - so we’re eating salads and drinking this bottled water and we’re rapping out. He was asking me about my past and what I’m in to. Jay’s a real inquisitive guy.

Michael: Right.

Bianco: Real personable, real friendly. It was amazing. I’m just sitting there thinking, “Wow, this guy is nothing like I thought he would be.”

Michael: Right.

Bianco: I figured he would be all business – What do you want, here’s the deal, okay great thank you, good bye see ya.” But he wasn’t like that at all. We spent two hours talking about everything, going over everything, and we basically put a deal together on a handshake - and the next thing you know, I’m going to his event. One of the things that is great about Jay is that he said to me “Why do you only want to go to one of my events? Don’t you want to go to all of my events?”

Michael: Right.

Bianco: I was thought “Sure!” but I didn’t think it was going to happen. He said, “Well you know what? Here’s what I’m going to do. If you do the CD for me you can come to all of my events for the next two years.” I thought “Wow!!” I could not believe it.

Michael: Okay.

Bianco: “You pay,” he said, “I’m not going to fly you there, you’ve got to pay for the flights - and I have my events all over the country - but I’ll let you in for free... and none of my events are less than five thousand dollar fees. I usually have

three or four events per year and then I have one major event where it's fifteen, twenty, twenty-five grand. You're welcome to come to all of them." I said "WOW! You're the best Jay, thanks." So then basically, I went to the protégé thing and I got mind meld with Jay and I sucked up and absorbed everything and then he gave me a whole bunch of home study materials - like a lot of stuff he sells.

Michael: Right.

Bianco: I went through those tapes, listened to them day and night, pretty much for weeks and weeks and weeks and weeks. I read the books over and over and over, until I could use and implement anything without even having to reference the books again. I like do that stuff.

Michael: Right.

Bianco: And then I went out and started doing it. Using it for my clients and using it on my own businesses and just making tons of money - and to this day if I even use five or six of the strategies that I learned from Jay. I can make more money than a man could even need in his entire life, and that is what I do.

Michael: How do you like to learn best? Are you a reader, audio, video? What do you find is the most effective way for you in studying this marketing information?

Bianco: I like to read and listen to audio, that's the two ways for me. Video, most of the videos, unfortunately, that are out there are rather boring. It's someone standing on stage just standing there with no props, no diagrams, nothing.

Michael: Right.

Bianco: So the audio is pretty much the same - and I can listen to the audio while I am doing other things. I can be out cleaning my pool, or I can be out jogging, or riding my bike, or driving somewhere, and I can listen to it in my car.

Michael: Right, tell anyone listening a little bit about your family, how long have you been married?

Bianco: I've been married nine years, happily married for nine years. I have a beautiful wife and two beautiful children.

Michael: And how old are your kids?

Bianco: Two years old and four years old, and the four year old is almost five and he'll be starting kindergarten next September - so that's a big ordeal getting him trained and ready to head up to kindergarten, which is a pretty exciting time.

Michael: Is he in a pre-school part-time?

Bianco: Yes, exactly, pre-school - part-time.

Michael: Well that's good training for him.

Bianco: Yes, it's a lot of fun and that's one of the reasons why I wanted to be a master at marketing - because the way I make money is a bunch of different ways. I either consult or advise companies, and I have clients that I advise, to corporations who are doing as much as forty-five million dollars a year all the way down to companies that do three or four hundred thousand a year in revenue.

Michael: Right.

Bianco: And the marketing strategies including joint venture marketing it works like crazy in all of them.

Michael: Now, do you work out of a huge high rise office?

Bianco: No. I use to actually have a huge twelve hundred foot office that was my personal office. You know - big overhead, big expense, getting dressed up in a suit and tie everyday.

Michael: You don't need it do you?

Bianco: But I didn't like it, and I didn't need it, so basically I have a big home. I have an office in my home and I do all my computer consulting and advising now through phone, fax, Internet, and e-mail. I rarely will go to the customer's, or client's, office.

Michael: Yes.

Bianco: If they're local, I'll drive over there once and a while.

Michael: There's no doubt if anyone listening wants to become a joint venture expert like yourself, and has visions of going to a job or a regular office, like maybe your dad did, or what you think of when you have a job - it is absolutely the total opposite. You wake up you get out of bed, you don't have to shower, you don't even have to brush your teeth. You go sit down in your office and you can start doing business. You can do it on the phone, you can do it through e-mail, through a fax, through the Internet. It's absolutely incredible. You can be home with your kids, even though you and I both know they can be a royal pain. There are a lot of interruptions there... but the lifestyle. Talk about the lifestyle. If someone wanted to just get in to joint ventures and quit their normal jobs or start some joint ventures on the side. They could think about maybe quitting their normal job once their income got to a point where they felt secure enough. Let's talk about the lifestyle.

Bianco: Yes, I mean the key to true happiness really is lifestyle.

Bianco: I live in southern California, as well as you do, and southern California is probably one of the best places to live in the whole planet. I mean it's just incredible the lifestyle here. You have to have money to live in California; you have to have money to live in southern California. I mean... I'm two minutes from the ocean.

Michael: Right.

Bianco: And I'm forty minutes from the mountains. I can go skiing and surfing in the same day if I want to.

Michael: Yes.

Bianco: And the lifestyle... I have a beautiful home and I have a pool, like I said, go to my website and I have some of those pictures you can see the lifestyle that joint venture marketing has allowed me to live. The lifestyle, my dream, I am living my dream.

Michael: Yes.

Bianco: And most people out there are stuck in a nine-to-five job. They hate it and it's a rat race. The money comes in and the money goes out - just as fast - and they can never get ahead in life. Joint venture marketing, learning how to do joint venture marketing can allow you to break that cycle and to step away and leave all that behind and start really living your dream.

Michael: Okay, but it is easier said than done. Now let's say a guy's got two kids like yourself, and like myself, and he's been in a j-o-b a job working for a boss he can't stand, fighting traffic every day, up early out the door at six home at seven the kids. Maybe just went to sleep, so he's a weekend dad and he's scared to leave that job or he doesn't believe that this really can be done. How do you convince him, or if you had a magic pill that you could put in this guy's coffee in the morning, what do you need to do and think internally to get over that fear to just go for it. I mean do you have an answer?

Bianco: The reason that they have that fear is basically just lack of knowledge lack of know-how. They don't know how to do it. So, the first thing they need to do is they need to get educated on joint venture marketing, if that's the route they want to take.

Michael: Now, where can someone get some good marketing books and tapes from?

Bianco: Well that's a good question. In a lot of the book stores, there's nothing. Don't go to the bookstores. What you need to do is you need to go to your website at

[www.hardtofindseminars.com](http://www.hardtofindseminars.com) .

Michael: I want to stop right there let's talk about – this person who has a lack of knowledge. So if that person took the time to educate themselves on marketing, is that enough to set them over the edge to take the risk and try to put some of these deals together.

Bianco: It is. Because once you learn how easy it is, and you have template letters and things like that, to contact people, and information to educate the prospect - the people you want to do the joint venture with - you'll have the ammunition and the confidence to do it. Think about it. When you're learning something new, you don't know how to do it. How much confidence does someone have? Do you play a sport? Do you play tennis, golf, or anything like that?

Michael: No.

Bianco: Do you ride bikes? What do you do for a hobby?

Michael: I run – I do running for exercise. I run.

Bianco: Okay. So when you first started running, did you know how to run like an expert runner?

Michael: No.

Bianco: Did you know where to run and how fast to run. No. You went out and started running you took the first step.

Michael: Right.

Bianco: And the next step and the next step. Well it's the same as with getting educated to change careers and to start living your dream. You just take baby steps.

Michael: All right, okay. Let me ask you this – you mentioned letters- does that mean if I'm a shy person and the thought of getting on the phone and actually talking to someone scares the hell out of me - can I still do joint ventures and still be able to sit in front of my computer and still be able to use a letter to set these deals up?

Bianco: Yes, and you don't even really need a computer to do this. All you need is the will and the information - and like I said, in this program that I sell, there are template letters to contact the joint venture partners and that letter explains to them everything they need to know to make a decision that they want to do a joint venture, and so you can use letters so that you don't have to talk to anybody until they're ready to go ready to do the deal. So, yes, you don't have to pick up the phone and do all kinds of cold calling to companies and

stumbling over yourself to make sure you don't say the wrong thing. There's templates you can use – letters that do all the selling for you and you want to use the letters anyways, because how many phone calls can one guy make in a day - or one girl make in a day? Twenty, thirty, fifty a hundred if you hustle? How many letters can one person send out in a day? Hundreds!

Michael: Absolutely. You use the postman to do all your work.

Bianco: It's leveraging your time. So here's a snap shot of what can happen. You get the program, you learn how to do it, your ready to go, you see ten companies - ten businesses that are in your neighborhood you think would be good joint venture partners, you put their name and address on the letter and you drop those in the mail today and you go play golf all day. The next day your phone rings – five of them call you and say, "This is very interesting concept, I want to do this. Yes, your letter told me everything and I want to move forward." You'd say "Great." You'd put the two companies together, you have them do a hand shake agreement or a little agreement that says this company is going to recommend this other companies stuff they're going to split the profits this way. Then my client company, the company that is receiving the money, is going to pay me ten, fifteen, twenty percent. It doesn't matter what the percentage is. The key is just to get some joint ventures under your belt. Get the experience, and then going for the higher percentage amount of money.

Michael: Okay.

Bianco: Don't let that stop you from getting a deal. Even if you have to make no money on the first deal you do, get it done so you can have that success story to share with everyone else.

Michael: Right and start building your confidence and because it takes the same exact amount of time to do a joint venture for ten cents as it does for ten million dollars.

Bianco: Exactly. And right now, I am working on a humungous joint venture deal where my joint venture partner will introduce one of my products. The product sells for four ninety-seven and I will share half the profits. And they have to have a customer list that is a rapid buyer list. I mean these people buy stuff in the five hundred to five thousand dollar range – constantly - and we're going to do a mailing to a hundred and twenty-five thousand name list in the next thirty days and we expect to net five figures each.

Michael: Is this better then investing in the stock market?

Bianco: Yes, That's the thing many people will say what about real estate. What about the stock market? What about buying and selling notes and all these other like really complicated things? Well, the problem with all that stuff is you have no control over what happens once you put your money into that investment.

Whereas with direct marketing, and joint venture marketing, you can test on a very small scale. You can test something for a couple hundred dollars and see the results. You can see what is going to happen and if it doesn't work, you can tweak it, twist it, and test it again. And once you find that program that works, then you can roll it out to tens of hundreds of thousands of people that you can predict with very, very accurate predictions, what your results are going to be because you can just multiple them out.

Michael: Bianco, hey this has been an incredible, educational, informative conversation on joint ventures. It really has.

Bianco: I really enjoyed being here. It was a pleasure. Mike, you're always a great interviewer. I love listening to your interviews myself. I always learn a lot, I'm a constant and continually eternal student myself. I call myself an expert because other people do, because I have had some fantastic results in my consulting and in my advisory, but also I look at myself as an eternal student myself I am always learning, I never stop learning, I never want to stop learning.

Michael: That's great. Hey, listen, for my listeners only ...can you give them - and only for my listeners - your personal phone line, if they wanted to call you and just rap?

Bianco: Yes, I could give you that.

Michael: Okay.

Bianco: My personal phone line number is area code 949-690-6302. 949-690-6302.

Michael: And, as you said earlier, and we were discussing, if any of my listeners call Bianco, he graciously extended a thirty-minute consultation absolutely free.

Bianco: Yes. I'll talk to them and see what they are doing and where they want to go - and I'll give them some help and point them in the right direction.

Michael: All right, I really appreciate that.

Bianco: Okay, Mike.

Michael: All right.

Bianco: Thanks for giving me the opportunity to be interviewed here and I hope everything is going great for you in the future and I wish you the best.



## **Barter and Taxes: Tax Consequences, Benefits and Write-Offs**

Here's a recording with Sanjay. Sanjay has been active in the trade industry for a number of years, and he's actually my personal accountant. I've been paying Sanjay around \$3,000 a year for all my tax services, all my monthly bookkeeping and accounting services, and all my filings throughout the year for my corporation. I talked to Sanjay about some of the legal implications concerning trade and some of the tax consequences. We also talk about strategies that I teach you when you're trying to buy trade dollars at discounted pricing and how to set that up on a tax basis, and I think you'll find this helpful. It's also proof of the power of trade and I hope you enjoy!

Michael: As I said, I'm putting together a product called Barter Secrets, and it's information for people interested in barter and trade and how the whole game works. I'm trying to let people know some of the services and products available on trade, and you offer an exceptional service for any business who wants to get involved with trade. Why don't you just give me a description of who you are, your company name, and what services you provide for a small to medium to large business?

Sanjay: My name is Sanjay Asedia, CPA, and our firm is basically full service accounting and tax preparation firm, located in Schaumburg, which is a north suburb of Chicago. And, the range of services that we offer are monthly accounting services or quarterly for qualified business. We do the bookkeeping, do bank reconciliations, and make sure you're tax compliant as far as monthly or quarterly, whatever the requirement is.

Then, if there's any employees, we help them with the preparation of the quarterly tax return so that they can deposit their taxes. We do the quarterly estimated income taxes for individuals as well as businesses, and at the year-end, we come back and we finish the corporate year-end tax return.

We do a lot of other services besides accounting and taxes including business valuation. If somebody wants to buy or sell their business, we could do their business valuation. That's used in many transactions including divorces or estate planning that they have to come up with a business value, or they're gifting a portion of the business to their family members as part of the estate planning. So, they have to come up with a business valuation. So, we do a lot of valuation work.

Michael: Is that a specialized field?

Sanjay: Actually, it is because you have to know not only what their cash flow and profit and loss has been, but you have to also make a comparison with other industry benchmarks – comparable sales of other companies of similar

industries and similar enterprises and similar employees in the market. So, you have to access a lot of research and database information in order to come up with a valuation.

Michael: And, you have access to all that information?

Sanjay: We do subscribe to those services.

Michael: Do you ever go into an actual business and evaluate it in-house?

Sanjay: Yes, sometimes we do that, too. Usually, they're a little bit larger and there's a lot of assets involved, and a lot of employees who we may have to occasionally do an interview with an employee also to make sure, especially if they're a key or non-union employee and we'll have to maybe find out if they have non-compete or something other holding them in. Are they going to leave when the business sells? The business valuation maybe affected by that.

So, there may be certain instances where we have to go in to the clients and look at what's going on rather than just look at on the paper what the value of this thing is.

Michael: Now, let's move to barter. We met through an online barter system, and I've been having all my accounting and tax planning and income tax filings done by you probably for three or four years now. You've basically been my accountant. I have been able to do it all using trade dollars. How did you get involved and introduced to trade?

Sanjay: Initially, I was with a company called, I think, Big Line, and I was online and I ran into a company called Big Line, and I think that's how I think I found you initially, and I think eventually it ended up being Intagio, or Intagio bought them out or something like that.

Michael: How do you use your trade dollars when you earn trade dollars?

Sanjay: On a lot of things – we use it for within the office for employee bonuses. We use it for purchasing paper, ink toners, and I've used it to install telephone systems in my office, the cabling in the office, and we have used it for moving services when we moved the office. I've used it for computer networking services, and then on a personal level, I think I've used it a lot on vacations. I actually found somebody on Intagio that did my hair transplant surgery.

Michael: In San Francisco?

Sanjay: In San Francisco.

Michael: When did you do that?

Sanjay: Last month.

Michael: How did it go?

Sanjay: Excellent. The surgeon was a thirty-year veteran in that, and I was lucky to find him on Intagio.

Michael: How much was it for the whole surgery?

Sanjay: It was about fifteen.

Michael: Fifteen grand?

Sanjay: Yes. I flew in. I stayed at a hotel that was on trade. I was the only patient all day long, and there was one surgeon and four assistants and it was an eight-hour surgery.

Michael: Wow.

Sanjay: I think it was a very successful surgery. He did a wonderful, wonderful job, and with people if I tell them, they can't even make out.

Michael: And, you were able to pay for that whole transplant surgery on trade.

Sanjay: Yeah, I couldn't find anybody else who was as professional as him and especially to take full trade.

Michael: Wow.

Sanjay: So, it was worth going to San Francisco, and he has an extremely busy practice. I had to wait for a couple of months before I could get an appointment with him. It was worth the wait. I think it was the best money I ever spent.

Michael: Now, look, being an accountant and a CPA, does barter and doing trade, does it make sense for a business to get involved in this? Would you think?

Sanjay: Absolutely, I think barter is a wonderful tool, but people need to use it smartly rather than foolishly. Don't take on more than what you can spend. I've seen people who have taken on a whole lot more and it's still a cash expense. As an accountant, I have sometimes seen people have acquired so much in trade that they couldn't spend it for years at a time, and that there was this one client. And, we were doing all the different markdowns of other accounts because they couldn't spend it in the next ten years if they wanted to.

Michael: So, for example, this client had how many thousands of dollars in trade?

Sanjay: More than a couple hundred thousand. Yeah, because he had some real

estate, and so he sold real estate off and he just took in too much trade.

Michael: So, for a small business, let's say that I'm a small business and I have the ability to produce a lot of trade dollars, and I have twenty or thirty thousand dollars sitting in my account. Now, we're in September and then December comes around, how does the taxman look at that? That I've earned \$30,000?

Sanjay: Yes.

Michael: So, when I pay taxes, I'm paying income tax on \$30,000, and my taxes are big. Is that right?

Sanjay: Yes, when the IRS looks at it, they make no distinction between cash income and barter income. It's taxed as a taxable income whether it's cash or barter. The barter company will issue 1099-B to report that income that you've earned, and if you haven't been able to spend it for business expenses, then obviously, it is taxable income.

Michael: Okay, so if you're operating a business, and you want to use barter for a business purpose, and I've trained in this series a lot of people that it's very easy to generate barter dollars. You have to be careful and understand that whatever generate that goes into your barter account, you need to plan to spend it down on legitimate business expense so you don't have a tax liability.

Sanjay: Correct.

Michael: Okay, now, am I right? Have I heard that – I heard somewhere, and I don't know if I'm correct on all the barter laws, but can't you – I heard that if you earn \$100,000 in barter, you would only have to pay taxes on \$50,000 because it's a barter dollar because they look at the value of a barter dollar differently. Is that not correct?

Sanjay: No, that's not correct because the barter company will give you a 1099-B for \$100,000, and whether you spend that money or not, if you don't spend that money on business expenses, that is going to be the taxable income. There's no discount for income tax purposes on barter income. Whatever you afford as your income is what's taxable. You can not say that, "Here is \$100,000 and because it's barter money, funny money and that it's really only worth \$50,000 in cash, I'm going to have to pay taxes on \$50,000." That's not true.

There is no tax law, rule or regulation that I am aware of that gives you a discount factor on barter income.

Michael: Okay, now, one of the secrets we're teaching in the Barter Secrets section is we're showing them how to buy trade dollars at a discount. So, let me give you an example. Let's say I have an associate, who is sitting on \$50,000 worth of trade, and he sells me \$10,000 worth of his trade dollars on ten cents on the

dollar. So, let's say I pay him a thousand dollars cash, and then he does a direct deposit of \$10,000 trade into your account. What are my tax liabilities in that transaction personally?

Sanjay: Well, it depends whether you're treating it as an investment, you're treating it as an expense.

Michael: Let's say I'm treating it as an expense. I pay a thousand dollars cash, and let's say the \$10,000 goes into your account for accounting services for the next three years.

Sanjay: Well, if you're spending a thousand dollars cash, obviously that would count as an expense because that's what your actual cash expense has been.

Michael: Right.

Sanjay: But, if you in turn, spend \$10,000 on barter because that's what it converted to you.

Michael: No, I didn't spend the \$10,000 on barter. Remember, I bought my friend – it was in his account. He sold it to me for a thousand dollars, but he direct deposited into your account on my behalf. So, I have a credit with you for \$10,000 worth of services for accounting, but it cost me \$1,000.

Sanjay: Okay, so when you spent \$1,000, that would be your expense not the \$10,000 that he deposited. That would be your cash expense. So, your expenses will still be limited to \$1,000.

Michael: So, I have an expense of \$1,000, but what I, in essence, really did was I got a great deal on the services, correct?

Sanjay: Absolutely.

Michael: Just because I got a good deal, I'm not penalized on that, right?

Sanjay: Absolutely, you're not penalized for that. That's what you spent and how it's classified on your books. You only have \$1,000 wrote in.

Michael: Now, you're a numbers guy so, consider this possibility. If I was to show somebody, anybody in the trade industry or outside of the trade industry how to buy trade dollars for products or services for ten cents on the dollar, what does that do to the value of the trade dollar?

Sanjay: Well, if you record the income on your books, it could be conceived as a taxable income, or most specifically as a pre-paid expense and count as an asset. You have to look at the accounting rules whether how they're treating it for their accounting purposes.

If they're putting it as a pre-paid expense on the books, the effect on the actual cash flow is a thousand dollars, but the pre-paid expense came up to be \$10,000.

Michael: Would I have to list it as a pre-paid expense?

Sanjay: It could be listed as a pre-paid expense, if you send the money out within the next twelve months or whatever. But, the whole intention of buying barter is because you are somewhere else. So, you could be recording it as a pre-paid expense and then as you spend it, then it will be recorded as an expense – a balance sheet asset.

If you're trying to do the proper accounting, should you be reporting all assets that the company or person owns? Absolutely, and if that is not reported, then it's not proper accounting and could lead into some tax consequences.

Michael: In the context of the ability to buy a trade dollar for ten cents on the dollar, from your accounting experience, do you see that as a pretty powerful technique?

Sanjay: Well, if it's used properly, I would think that's a very powerful technique because it does reduce your expense, plus you could possibly be saving money on barter commissions because you're not taking the hit when you're taking it in, and you're not taking the hit of the expense of the commission when you're spending it. So, you may be spending another ten percent or fifteen percent on barter commissions going in and out of your account.

Michael: I don't know how much trade you spend. Let's say you had an appetite to spend \$50,000 in trade very month, for example, is there any way that you would set it up that would be advantageous knowing what you know about account? So, let's say anytime, Sanjay, you knew you could buy \$50,000 worth of trade for \$5,000 cash. How would you do it?

Sanjay: That's an interesting thought if I could buy – first of all, I don't know whether I could buy that kind of barter and spend it on a monthly basis.

Michael: Well, let's just say hypothetical. Let's say you were already spending it, but how would you set it up accounting wise?

Sanjay: What I would probably do is I'd just be writing off the expense, which is the \$5,000 cash expense as an expense on the books or as a pre-paid expense on the books depending on the level that you acquired services or you'll acquire them in the future.

But, I would probably not record the \$45,000 because that's just value of the services that I may be getting, but that's not what it's costing me cash. So, only my cash expense would be my expense on the books. I may be getting

services that maybe ten times worth more than my cash expense. That's perfectly fine. As long as I'm not earning those services or barter credits, and just purchasing them for a discount, my cash expense should only be the cash portion you're pulling out.

Michael: Okay, all right great. This has been helpful. Okay, Sanjay, thank you very much.

Sanjay: Thank you, Michael.

Michael: Take care.

*That's the end of this recording with Sanjay and Barter Secrets. If you have any questions, please contact [Michael@MichaelSenoff.com](mailto:Michael@MichaelSenoff.com), and if you need a good accountant, please contact Sanjay, and you'll be able to get his services for ten cents on the dollar just like I have for the last three years.*





## How to Negotiate the Best Price for Your Trade Dollars

When buying trade dollars and selling product for trade, price can be the determining factor that either makes you or breaks you. The price of your product or service is one of the most important decisions you'll make for your business and unfortunately, most people act like sheep when pricing their product. They instinctively look and copy what their competition is doing. In this interview, you'll learn why this is the worst thing you can do when determining price. You're going to hear from Larry, a strategic pricing expert. Larry specializes in sales and marketing training with a primary focus on selling at prices higher than your competitors and maintaining profitable margins for your company.

Larry is a Ph.D. and former professor who has become famous for his work in getting profitable results in business. His specialty is in the areas of how to successfully raise prices and maintain high profit margins. Larry has educated hundreds of thousands of businesspeople both public and private seminars and is considered one of the nation's foremost authorities in getting top dollar for one's products and services.

In this interview you'll learn.. How to stop racing your competitors to bankruptcy court and start selling at prices that actually earn you a profit. Why business is a game of margins, not volume. Why competing on price might be a surefire way to run your business into the ground. Why your problem isn't your competition, it's your thinking. The truth about why people buy, only one of which is price. You'll also learn other proven strategies for selling based on value rather than price, how to price products or services correctly in the first place, how to withstand pressure to cut prices.

Larry: Price buyers are the most expensive customers you sell to. They take all your sales time. They do all the complaining. They forget to pay you. They tell everybody else how little they pay you. They drive off your good customers.

Michael: Hi, this is Michael Senoff with Michael Senoff's [www.hardtofindseminars.com](http://www.hardtofindseminars.com). Get ready. Here's another one-hour audio interview with the Pricing Expert. The price of your product or service is one of the most important decisions you'll make for your business and unfortunately, most people just like you act like sheep when pricing their product. They instinctively look and copy what their competition is doing. In this interview you'll learn why this method is absolutely the worst thing you could do when determining price for your product or service. You're going to hear from Larry, a strategic pricing expert. Larry specializes in sales and marketing training with a primary focus on selling at prices higher than your competition and maintaining profitable margins for your company.

Larry is a PhD and a former professor who has become famous for his work in

getting profitable results in business. His specialty is in the area of how to successfully raise prices and maintain high profit margins. Larry has educated hundreds of thousands of businesses, both in public and in private seminars and is considered one of the nation's foremost authorities in getting top dollar for whatever you're selling. In this interview, you'll learn how to stop racing your competitors to bankruptcy court and start selling at prices that are actually earning you a profit. You'll learn why business is a game of margins, not volume. Why competing on price might be a sure fire way to run your business into the ground. Why your problem isn't your competition, it's your thinking. And you'll learn the truth about why people buy. Only one reason is based on price. You'll also learn other proven strategies for selling based on value rather than price. You'll learn how to price products and services correctly in the first place and how to withstand pressure to cut prices.

This interview is 58 minutes. It's something you want to listen to several times. We have a lot to cover and I know you're going to enjoy it, so let's get going.

Michael: Any idiot can give stuff away by cutting the other guy's price. Selling occurs when your prices are higher, but you are still able to close the deal. If you want to give stuff away, get a job at the Welfare Department. If you want to learn how to sell at high prices, learn some of your material given at your seminars. It's about making money by selling. Is that what selling at higher prices is?

Larry: Well, it is in my opinion. The interesting thing about the concept of selling at high prices, just about any sales rep you talk to thinks they sell at high prices, but very few of them do. Somebody has the highest price in the country, but most salespeople really feel that their prices are higher than anyone else's, which leads to another kind of conundrum for sales managers, if you will. Most pressure and most companies cut price comes from the sales force, not from the customer. And if you don't believe that, let me state it a little differently. Virtually all resistance to rise in price comes from the sales force. Sales reps start complaining about a price increase before they even talk to a customer about it. So, people think they're selling at high prices, but they really, for the most part, don't like to. Now, I shouldn't say maybe even the most--many salespeople feel their prices are a whole lot higher than their competitors when indeed they are not and they spend all their time beating up the boss trying to get the boss to let them cut the customer a deal. Good salespeople do sell at prices that are higher than their competitors and they are oblivious to their competition, but their competitor's lower prices certainly don't handicap them getting a sale.

Michael: If price were the only reason anybody bought anything, we wouldn't need salespeople. What do you mean by that?

Larry: Well, it's true. Just think it through logically. If price were the only reason anybody bought anything, only one seller would sell all there is that's sold,

whatever that stuff is, and that's whoever could survive the longest at the lowest price until everybody else went broke. And that doesn't happen. And then, of course, the second thing, if price were the only reason anybody bought anything, we don't need sales rep. In today's electronic world, we can handle all sales transactions electronically and I'm not really even talking about using a computer. I'm talking a fax machine. A computer can answer a phone. A fax machine--here comes an order if price were the only condition. And what I'm driving at there really is this. I mean this is for the mentality of the salesperson. The salespeople hear customers say things to them like price is the only thing we look at. Price is the only condition. It has to be the lowest price. Well, if that was true, how could anybody sell anything at a premium price and yet we see things being sold all the time at premium prices. And you don't have to look very far for any examples.

But the basic thing is that buyers make good liars. They are incredibly good at telling other people--that is salespeople--that they can get the same thing down the street for less money and they're not telling the truth. And we can talk a little later about how you can tell when somebody is lying other than their lips are moving, which is almost a certain indicator. But there's really some answers to that in terms of how can you tell when someone is lying about having a sweeter deal. But fundamentally, what they're trying to do is beat up the sales rep to get them to cut their own price. And price-cutting is a self-inflicted wound. Price-cutting is something the salesperson, the selling company organization does to itself. Competition does not cut your price. If you think your competitor is the one who is cutting your price or your competitor is the one who keeps you from raising price, why don't you just call up your competitor and ask them if it's all right with them if you raise your price. And I have a funny feeling they'll say go for it. So much of this game is salespeople just--I don't know, maybe they just don't want to work very hard at selling.

Michael: Do you think a lack of marketing and a lack of marketing understanding with most businesses out there only give businesses one option to sell and that's to sell on price because they don't know how to sell on anything else?

Larry: Sure. The easiest thing they can do is cut the price. But again, what you will find out...and this is predicated in tons of research that I've done and numerous other people...most businesses go broke in the United States. Let me give you some statistics. Sixteen out of 17 businesses that start in the US failed, most in the first couple of years of their existence. Average life expectation, all business in the United States, just at seven and a half years. In fact, one of the lines I use in another program...if your business is not eight years old the odds are it never will be. And that's a mathematical certainty. It's just as true if I say if your body is not 80 years old the odds are it never will be. Average life expectation for people in our society is not 80 years. For the ladies it's more like 79. For men it's more like 74/75. But statistically we'll all be boxed up and buried before we're 80 years old. And statistically a business is

dead and gone before it's eight.

Now, you have to analyze why do businesses go broke and they either do go broke or they just go out of business because they're not making any money. I mean when's the last time you heard somebody go out of business because they were making money like a bandit that they just couldn't hide all of the money they were making? When businesses quit, it's because it isn't any fun and it isn't any fun because they're not making any money. Most businesses that do go broke go broke cutting price. There are three things that almost always herald the failure of a business and I'm not talking small businesses. I'm talking large businesses. We'll get into that in a minute.

One thing is declining gross margin. Gross margin only goes down because your selling price is too low relative to your cost. The second condition is wages is a percentage of sales increasing. And the third condition, surprisingly, is sales volume increase.

Now, a lot of people say how can that be? Well, to put it simply, when a business gets into trouble, and let's talk about trouble in a business. Trouble comes when you can't pay your bills. When you can't pay your bills, you need some cash. Now, to get some cash, we have to sell something. How to sell something, let's cut the price. And invariably they cut the price, but they didn't cut your cost because when you cut prices, you don't cut the cost, you just cut the selling price. Your costs are still there. So, your gross margin has gone down. Now, when you cut price, did you cut payroll? No. If you cut price 2%, 10%--pick a number--do you cut wages of everyone that works there 2% or 10%? No. So, wages as a percentage of sales go up and consequently you will probably sell a little more and have some sales volume increase, but your margin hasn't gone down, your wages percent of sales has gone up, your sales volume is going up and your company almost assuredly is going broke. When those three conditions prevail in a business for two years and whoever is running that business doesn't get it turned around in another two years, almost assuredly someone in the head-shed of that business will get to know a bankruptcy judge on a first name basis. And people can't believe that. They say well big businesses don't go broke. Yes, big businesses do go broke.

Tom Watson is the guy who built IBM. He wrote a book called, *A Business and Its Beliefs*. In fact, this quotation is the first two paragraphs out of his book and I love to quote it. It's why I always have it handy, but let me just read it.

"Of the top 25 industrial corporations in the United States in 1900, only two remain in that select company today. One retains its original identity. The other is a merger of seven corporations on that original list. Two of those 25 failed. Three others merged and dropped behind. The remaining 12 have continued in business, but each has fallen substantially in its standing. Figures like these help to remind us that corporations are expendable and that success at best is an impermanent achievement, which can always slip out of hand."

Now, he wrote that book back in, I think it was 1963. I forget the exact date of it, but anyway let me update it to today because he was talking of the 25 largest industrial corporations in the United States in 1900. So, let me just re-read the first sentence, but I'll update it to the year 2006.

"Of the top 25 industrial corporations in the United States in 1900, only one remains in that select company today."

I mean the likelihood of a business being successful for an extensively long period of time is not very likely. It's an impermanent achievement. Let me also rattle off--a lot of people don't believe this, they don't think big companies go broke. This is from the national bankruptcy statistics that are published by the bankruptcy courts. These are companies that have more than \$100 million in assets, meaning that their sales should be sizably bigger than that, up to like a quarter of a billion or more. Let me just read off a few that filed for bankruptcy in early 2000: Air Traffic, NRG Energy, Solutia, Teletext Corporation, Consecro, Global Crossing, Adelphia Communications Corporation, Genuity, Inc., BioSystems, Consolidated Freightways, RoadHouse Grill, President Casinos, Archibald Candy Company, Florsheim Group, TransTexas Gas, Formica Corporation, Oakwood Homes, Global Star, Highlands Insurance, Farmland Industries, National Steel, Neenah Foundry, Magellan House Services, Congoleum, Eagle Food Centers, Cone Mills, and the list goes on and on and on.

People don't understand the failure rate of the world's largest transportation. Most people don't understand the world's largest retailer failed. And I might tease the audience into thinking about well now who was that. Well it was Campo. Wal-Mart is the largest now and they're in serious trouble when you really look at it. They're not nearly as profitable as they were and one of their big problems is pressure from their employees to unionize. In other words, pay us more money.

Michael: And that's their thing. They want to remain the low price leader, but their expenses are going up.

Larry: All right. Now, let me address that for you. History shows no long-term business successes that are discounters. And people's initial reaction to that is well what about Wal-Mart. Well, what about Wal-Mart? David Glass, President of Wal-Mart was the first employee at Wal-Mart. When Sam Walton started Wal-Mart, his childhood buddy, David Glass was his first employee and David Glass was with Sam Walton until his death. David Glass became President of Wal-Mart and in Fortune Magazine he's quoted as having said, and let me give you this quote. Recently he was looking at a list of the top ten discounters in 1962, which is the year K-mart, Wal-Mart, and Target started operating. Not one of the ten even exists today. Now notice, in the early 1960s, IBM was IBM and Wal-Mart was a gleam in Sam Walton's eye.



Now, Wal-Mart is the biggest corporation in sales really in the United States. But put a little bit different spin on that. Discounting is not new. There were discounters in the early 60s. Who were the major discounters then: FedMart, W.T. Grant, White Front, Corvet, Mad Man Munch, Crazy Eddy? What happened to them? They went broke. Well, why did they go broke? Price is too high, I guess. Hey, if selling at low price is a sure success for a company, companies could not go broke selling at low prices, yet historically they always do. So, who are you kidding when you think well I'm going to cut price and make it up in volume, which leads me, I might add, to what I consider the oldest joke in selling. It's the one about the guy that's buying watermelons at \$1 each and selling them for \$10 a dozen. The punch line is we need a bigger truck.

While doing my research, I ran across a book written by a name, Paul Nathan. He published a book called, How To Make Money in the Printing Business and the copyright date, 1900 even, and on page 114 in that book he told that same joke. It was about the old apple woman who was selling apples at a cent each and buying them at 12-cents a dozen. And the punch line again was well how can you make any money with that and her response is by doing a very large volume. Well, it's impossible to sell below cost and make it up in volume. And everybody giggles and laughs about that like they're so all-knowing about it, but most people don't understand enough about finance and accounting of a corporation or sole proprietorship to really appreciate the meaning of that and then they go broke. And then they wonder what happened. And they want to blame it on somebody else. The devil made me do it. It's a self-inflicted wound. That's your price.

Michael: So, all these companies that have gone bankrupt, do you think by raising prices and how much would they have to raise their prices to still be in existence today?

Larry: Pure and simple. Business is a game of margins and it is not a game of volume. If you maintain margins, you're going to be profitable. Now, the higher your selling price versus the cost, the more money you're going to make on any given sale. And this notion of making it up in volume is what will make less money on each sale, but will sell a lot of it. But keep this in mind. The word volume means more work in the same period of time. If you're going to cut price and make it up in volume, then you have just decided that you're going to have to sell one heck of a lot more product in the same period of time because if you string out the time period, then you're just making less money in any given time period because you've lowered your margins.

Michael: And haven't you increased your expenses because it takes more people to do all of the fulfillment?

Larry: Sure. And this is where that kicker of wage is a percentage of sales come in

because when you cut your prices, you probably start selling more and then what happens. Well then, customers start getting unhappy. They don't get any service. They don't get attended to. They don't get waited on, whatever it is. And as a consequence, everybody's yelling and screaming we need more help. You hire more people, so your wage's percent of sale goes up even higher and it's like pinchers that just come together, squeezing that margin between the selling price and the cost and pretty soon the profitability is gone. I mean the statistics are there. You can't argue with the statistics. Anybody that thinks differently should get a copy of the Robert Morris Associates Annual Statement studies. I actually think their website is [www.rmahq.org](http://www.rmahq.org). I think that's their website. It stands for Robert Morris Associates headquarters, is the way I keep that straight in my head. That's an organization that's put together by bankers for bankers to study margins and operating ratios of business. And I subscribed to it and every year I looked at the same numbers over and over again and you can just see where the disasters are brewing and it's there.

Michael: Can you give me some case studies of maybe some companies you've worked with that were about to go under and they implemented your pricing strategies and what that did for them? Any one or two that really stick out in your mind, anything.

Larry: There are a lot of stories. If we're talking about wages as a percentage of sales, one of the most notable examples was the air traffic controller strike in, what was it, the late 1980s. Ronald Reagan fired all the air traffic controllers and when he put them back to work, they put less than half of them back to work. Well, a similar story, I had a client in Minneapolis and he was a take-over specialist, if you will. And he took over a company. It was losing money. And he did every trick he knew to do to turn it around and he just couldn't get around profitable and said everyday I'd go in--and it was manufacturing operation. He said everybody is working or at least looks like they're working. Of course, when the boss is around, everybody looks like they're working or just coming off break and get busy. But he said he wasn't sure what anybody was doing, what really needed to be done, or what didn't. So, he pulled what I call a parking lot trick. He said all right I want everybody out in the parking lot and people said well the phone is ringing, the machines are running. I don't care. Let the phone ring. Just shut the machine off. And he had something like 200 employees or so and he takes them all out in the parking lot, got up in front of them, and said you're all fired. He says I don't know who's doing what and needs to be done, but we have to do something. Now, the phone is ringing. We do have product to try to get out the door, so I'm going to start hiring people back as I need them and when I call you if you want to come back to work that's fine. If you don't, that's fine, too. If you're so mad at me you don't want to come back, fine. But he says right now I'm terminating everybody. Nothing personal. I'm going to start calling back people when I have something for you to do. Well, the first day he hired back 30-40 people and the next day he hired back 20 or 30, maybe more. The next day, how many, and I forget what the numbers were, but the upshot of it was he turned

the company around, made it profitable in the first month of hiring back less than half the people that were working there. I have all kinds of stories like that.

Now, relative to raising prices, similar kinds of stories. I've had people tell me that they doubled their prices, tripled their prices, and nobody says anything. In fact, one time...this was a public seminar I was doing in Denver maybe five years ago, I guess. I had a guy and he was there representing his company and I was talking about when you raise prices, you don't necessarily lose customers. He said we had a customer, he said, that was the worst customer I ever had. He took all our sales time, did all the complaining, would forget to pay us, tell everybody else how little he paid, drive off our good customers, wouldn't buy from us, our prices were the lowest in town. He says just all the aggravating pricing buying type tricks that you've ever seen. And he said one day we just decided we had had it with him and he said we were afraid to refuse to sell to him for legal reasons, but we just decided okay we're just going to triple our prices to him. And I said well and what happened. He said he kept on buying. And I said well what are you going to do now? And he says well I'm thinking about raising the prices again. He says when we tripled the price he told us that was it and the next day he sends us another order. He says that tells us something. Our prices were a third the price that it should have been.

And I had executive councils for years and most of the people that attended them, this was just a group of presidents and owners of companies and we'd get together and there are a lot of groups like that. And one of the things I always advocated and we always talked about was can you get away with a higher price. And a lot of that is just screwing up your courage and asking the higher price. The basic trick to selling at premium prices--this is the first inviolate rule of selling at a premium price--the customer has to believe that you believe that you're going to get that price. If you don't believe you're going to get that price, the customer is not going to pay that price. We discovered that years ago. I mean back, I don't know 25 years ago. I was working with the Jeweler's Association of the US and they got to talking about why is it that a very small percentage of the retail jewelers sell almost all the really high priced jewelry sold in the United States. And that was an interesting question. And if you're looking at the price of jewelry, well first off, jewelry essentially is functionless. Jewelry doesn't do anything, but fundamentally look pretty. You can have a watch or a pin or a tie-tack or a cuff link or a hairpin or a scarf clip or something like that and it holds something together, but there isn't much other function to jewelry and they get some outrageously high price, I mean up in the millions of dollar for them. And you've got to raise the question, how is it and why is it that it's always the same jewelers and their people, their employees who could sell the high priced stuff because most jewelry stores don't sell very high priced stuff. But most people who work there think they do. I'll bet you I can find you another one real close by that has higher prices than you do. I've spent too much time on it.



So, we started analyzing and studying the people who seem to have this knack and the first thing we discovered was this inviolate rule that the customer has to believe that you believe that you're going to get that price.

The second inviolate rule is these people who sell at premium prices do not feel their prices are high. They know that their prices are higher than their competitors' prices, but they don't feel that their prices are high. Just because you're twice as high or three times as high or ten times as high priced as your competition does not mean that you're not giving the customer good value and that your price isn't worth it. It's just that your price is a bigger number than the other guy's price. It doesn't mean that your price is too high. So, that's the second inviolate rule. They don't think or feel that their prices are high.

And the third inviolate rule is they don't think their customer is stupid for paying that kind of money. I mean one of the things I do in public seminars that I have a lot of fun with, I've clipped all kinds of catalogs for high-priced items, one thing I like to talk about is high-price pen, and pencil sets. I mean let's start with the basics. You can go into a hotel or motel or an office building and mooch a pen or pencil off somebody if you want something to write with. You don't have to pay hardly any money for some kind of a writing instrument. So, how can they sell a Montblanc pen say for \$400 and people buy those pens and people sell those pens. And most people think well yeah that is pretty high priced. Waterman or any of the other designer pens, if you will. But then I start pulling out my clipping of pens for sale. I have a tear sheet from a Montblanc catalog that has a pen for \$2,100 and everybody goes oh my, that really is high. Oh, no, no, no. Then I pull out the one pen set for sale for \$30,000 and oh isn't that terrible. Well, oh no, no, no. Let's get serious here. Then I pull out one for a half million-dollar fountain pen. Well, who'd pay a half million dollars for a fountain pen, a flaming idiot? No. Bad answer. I'll tell you who'll pay a half million dollars for a fountain pen. Somebody that has a spare half million lying around, they don't mind spending on a fountain pen to give somebody as a gift. The same way as many bosses and companies spend \$100, \$150, \$200 on a Montblanc pen to give as a gift. The same as the husband or wife or whoever would give to a friend. The point is you can sell things at extremely high prices that you can get essentially for free if you wanted to. Now, would they be the same? No.

Michael: What are some examples of everyday items that people can relate to that they're paying high prices so that they can understand that they're already paying higher prices for items that they could get for a lot less?

Larry: I don't know. You might start with gasoline. Everybody's mad about the oil companies. I'm old enough to remember when you wanted lead in your gas you had to pay extra. Then when everybody decided they didn't want lead in their gas, then you had to pay extra. It's absurd the things that people will do. To me the classic one, everybody yelling and screaming about how much

gasoline costs and never do look at what that bottle of water they've got carrying around with them cost them. It's far more expensive than gasoline. It puts real meaning in this statement, Evian is naïve spelled backwards. You can get great water almost any place in the US and it's good water and what have you, but people go out and pay far more for water, \$1.50, for 12 ounces, 16 ounces of water. By golly, you covert that into gallons and see what you're paying and then compare that to gasoline and people can't get enough of that stuff. Again, you don't have to look far.

Michael: Let's say I'm company and I'm selling at pretty low prices currently and I'm having a hard time. I'm surviving, but I'm right on the edge and I take your advice and I double my prices for my items even if some of the products maybe commodity type products. What can I expect to see happen?

Larry: Well, you might see your sales go up. You have one of three things going to happen. Your sales go up, sales will stay the same, or your sales will go down. And every one of these optimistic sales reps will immediately think their sales will go down. Your sales won't necessarily go down. If you raise your price, what you might find out is your competition will raise their price, too. Come to find out you're the dummy was out there charging too low a price. And normally that's what happens and your sales volume will not only stay the same or go up, you will find your profitability will immensely increase. But most people don't have guts enough to try that. They're so terrified of losing sales and the first thing they think, if we raise prices, we'll lose all our sales. You're not going to lose all your sales. If you're going to lose all your sales, how's anybody gotten away with price increase in the past hundred years? You're not going to lose all your sales. What you have to do is have courage enough to raise your price and be convinced that you're going to get it. The way you handle your price will largely determine the probability that you'll get that price. If you go at it with well I don't guess you'd want to pay this much, you know what, you're right. They don't want to pay that much.

Michael: Can you give me some techniques to use with price buyers?

Larry: Sure. What do you say to a customer when he or she says your prices are too high? Well, I'll tell you what most salespeople do, which is bad and then we'll get to the good. So, keep me honest on this if we drift off.

The bad thing: the customer says your prices are too high. Invariably the salesperson cracks and what I mean by crack is when the salesperson tells the customer that they're willing to negotiate or make some kind of a price concession. So, the customer says your prices are too high and the salesperson says well you know I want to work with you. Well, now what does that say to the customer? You've just told the customer I realize you don't want to pay that and I really want to get the sales to come back at me, what will it take to get your business. What do I need to do to get the business? Tell me where I need to be.

We've studied actual sales presentations and I tape-recorded them, really the hidden microphone type things and I analyzed them. I did it for years. And what we find is that most salespeople when brought under pressure by a customer to cut them a deal or make some kind of concession cracked and signaled the customer that they're willing to negotiate the price. And cracking is you know I want to work with you...let me talk to the boss...see what I can do for you...let me sharpen my pencil on this deal...tell me where I need to be; those kinds of things. Those are stupid responses because you've just told the customer okay I'm willing to cut my price.

Michael: What should you do instead?

Larry: Flip-flop. What should you do? The customer says your prices are too high, you have to be capable of acknowledging the fact that your prices are higher and that you full expect to get the sale notwithstanding. Now, I not so eloquently refer to that as hanging in there baby, and there are several things and let me enumerate them that rather than crack, the sales rep should do to the customer. One technique is what I call the "so" technique. The customer says you're 10% higher than your competition. Your response to that is so, and then you shut up. And I mean you shut up. You don't say anything. And the reason you use that technique is because the customer will come back with so what makes you think I'd pay that kind of money. Well, I'm glad you asked. Let me tell you why we get a 10% premium. I'm glad you brought that up. You see, most salespeople will tell me I try to tell the customer we have a better service, better product, we give better turnaround time, this, that, and the other stuff, but they don't listen. All they want to talk about is price, price, price. Well, do you want to know how to get the customer to listen to you talk about your better quality service delivery? Use the "so" technique because I guarantee you if they say your prices are 10% too high and you response with "so" and you shut up, they will come back with so what makes you think I'd pay you that kind of money. Now, a lot of people say you can't say that. That's confrontational. No, that's not confrontational. I'll tell you what's confrontational. Dang right we're 10% higher than anybody else and I'm not going to do anything about it and what are you going to do about that. And don't forget that sniffing part. That's very important. See, that's confrontational.

Michael: And that hurts your chances right there.

Larry: Yeah, sure. So, what you say is "so," and if it were in writing three dots in printing is called ellipses, you don't need to remember that, but it means so shut up. The point is that you say so and those are the people who can't imagine saying so to a customer. Remember, what you're doing is acknowledging the correctness. They have accurately statement or at least think they've accurately stated that you're 10% higher than your competition and let's say that's fact. And you say, so. And the implication of the so is that's right and I'm not going to do anything about it. But you didn't say that. You just

said so and you waited until they came back a knee jerk reaction. Now, if you don't want to say so, any grunt will do it. How about "and" as in you're 10% higher anybody else. And? What makes you think I'd pay you that kind of money? Well, I'm glad you asked. Let me explain to you about our better quality, our better services.

Let me give you a bunch of other good ones. Yeah? Well, what makes you think I'd pay that kind of money? Uh...huh... Well, what makes you think I'd pay that kind of money? You bet. Yes sir. No doubt about it. Absolutely. Wouldn't have it any other way. Usually are. Really? I mean there are a zillion grunts of noise and you make that essentially one-word grunt response of acknowledgement and then you shut up and let them come back and say well what makes you think I'd pay that kind of money. Well, I'm glad you...that is a demand by the customer of you for a sales representation. That's one technique.

The second technique is what we call the "why not" technique. Customer says I'm not paying that kind of money. That's the stiff-arm technique and incidentally, they teach buyers to do that. I'm not paying that kind of money. A good sales rep will just say why not. And the customer is going to say why not. I'm going to tell you why not because your prices are too high. Unless you guys can get your prices down, we're not going to do any business. Well, now what the customer has done then is gone into the subjunctive mode of talk and as a consequence, he's telling you he's lying about having the better deal. One of the sure fire indicators of people lying about having a sweeter deal down the street is they will use the subjunctive mode of talking to insist on that. I mentioned this to you earlier when we were talking.

There are three ways to tell when a customer is lying. Number one, where is he looking? The customer has a very difficult time looking you in the eye when they're telling you a falsehood about having a sweeter deal down the street. They'll tend to look at your hand or if you're sitting across the desk from them they'll look down on their desk or they'll look to the ground of what have you. And that's not all that strong of an indicator that they're lying, but it's pretty good.

The second technique is they'll get personal and use opinion verbs. What I mean by that is the customer rather than say I can get the same thing and you say no. Let me tell you about the difference. Ours is higher quality. Ours is faster, longer, stronger, whatever it happens to be. They'll say well as far as I'm concerned, they're the same, I consider them the same, or I view them the same. And invariably they make it personal. There are two things that customers do to beat up sales reps on price. One is intimidation and the other is denigration. Intimidation they try to intimidate the salesperson into thinking they're just getting ready to go buy from the competition. They try to scare or frighten the salesperson. The second thing they do is denigrate. They try to put down the value, the relative perceived value of what it is the salesman is trying

to sell by saying well I can get the same thing down the street and the sales rep says well no ours is different, faster, longer, stronger. Yeah, well I consider them the sale. Now, what have they said? They've made it personal. I and then consider or I view them the same or I perceive them the same. They always use the opinion verb. They don't use the factual verb. The customer switches to making it personal and using opinions because you can't argue with their opinion without calling them a liar or that they're stupid. And salespeople are afraid to do that.

And the third thing, they'll use a subjunctive mode of talking and that is virtually infallible. When a customer goes to the subjunctive mode of talking and the way you identify the subjunctive mode of talking, customers will use the word "if," "unless," or the combination of two words "either/or." Let me say all three of them. If you don't cut your price, we're not doing any business. Unless you cut your price, we're not doing any business. Either you cut your price or we're not doing any business. All three of those statements say I don't have a sweeter deal. I'm just trying to beat you up. I'm trying to see if you're strong enough to hang in there on your higher price. And you have to understand the cycle dynamics of that relationship with your customer.

The "why not" technique, customer says I'm not paying that kind of money. Why not? Why not? Because your price is too high. Unless you get competitive, we can't do any business. That's the second oldest joke in selling. That's the one about the guy saying, look, I can get the same thing down the street for less money. Well, I'm sorry, sir, I can't let you have it at that price. I guess you'll just have to go down there and get it. Well, I would, but I can't. Well, why can't you? Well, they're out of it right now. Oh my. You come back when I'm out. Mine are free. I'll give you a heck of a deal when I'm out. And what the customer is telling you is he can get a sweeter deal. Well, if he has a sweeter deal down the street, why isn't he down there getting it? And the answer is, is because he can't get it or he doesn't want to get.

Those first two sounded similar, so let me elaborate on that first can't get it. He can't get it because the competitor is out of it. The second can't get it; he can't get it because the competitor won't sell it to him even though he does have it in stock to deliver it at a lower price. Well, why won't the competitor sell it to him? Well, let me think of one common reason. The customer hasn't paid for the last stuff he bought down there. And let me put a little philosophical thought on that one. You're not going to get paid for it either, you may as well charge more and if you charge enough too much more for it, you might not get the order, then you won't have to fill it and not get paid for it, and that will really improve your profitability, you'd be surprised.

And the third one is the customer who says he can get it down the street for less and they have it down the street and they're willing to sell it to him down the street, the customer nevertheless does not want to go down the street to get it because your competitor is a crook or a jerk or very difficult to do business with or has no reliable service, or whatever. So, when customers



constantly tell you that unless you're willing to cut them a deal, they're going to have to go down the street, why don't they just go down there and get it if they've got this sweeter deal stuck in their hip pocket like they claim. And the answer is because they can't get it, they can't get it, they don't want to get it and any sales rep that cuts his or her price under those conditions are flaming idiots.

Michael: If I raise my prices, how do I know that my higher price is actually to my advantage?

Larry: Well, what you'll probably find out--there are several things. Number one, your sales volume will probably go up. Number two; you'll lose the most expensive customers you've been selling to.

Michael: Have you found through your research that the low price buyers are the most expensive ones?

Larry: Let me tell you about a man. He's long dead now. His name was Marvin Shut. He was executive director of National Sporting Goods Association. This was years ago when I was first involved in selling with the National Sporting Goods Association in Chicago. And Marin Shut one time said the most expensive customer you ever sell to is a price buyer and I was so naïve I said why do you say that Marv. And he rattled this off and I memorized it because it proved to make me a ton of money. He says, Larry, you have a customer whose mentality, you the seller are not going to make any money off. The price buyer is the most expensive customer you sell to. They take all your sales time, they do all the complaining, they forget to pay you, they tell everybody else how little they pay, they drive off your good customers. They're not going to buy from you the next time unless you're priced to low then, only continue to buy from you so long as you're priced to low until such time as your company goes broke at which time they're going to say I knew they were going broke, priced to low, could have told them that. Run up your investment in inventory, land, building, machinery, equipment, trucks, warehouse space, people to supply their needs. They lie to you and steal from you. He said other than that, they're good accounts. Don't ever do business knowingly with a price buyer.

Michael: A business who is selling products, even if they're exclusive products, just by increasing their price, they can be dealing with better customers right off the bat.

Larry: Absolutely.

Michael: Give me the converse. What's the higher price buyer like? What kind of customers are they like?

Larry: Well, seldom do they make much of a to-do over price. I mean you have to handle price. You're going to make virtually no sales without somehow coming

to grips with price. But the higher price buyers are not nearly so concerned about the price. They're far more concerned about typically, first and foremost delivery and right up there real tight against it is quality and also service may be exclusive. By exclusive, I mean be even more important than delivery or quality and then they'll overlook just the sheer capability of salesmanship. I mean people buy from people.

The way I answered your question, Mike, is pretty simple. You asked me what does the business compete on. That's really what you asked me. One is price, one is quality, one is service, one is salesmanship, and one is the ability to delivery the product on time as promised. And what I did was simply go back and my answer was the higher price buyer isn't concerned about price. Price really isn't that important. Most people think price is the most important thing. And a lot of people genuinely believe that, but there are very few price buyers out there in reality.

Let me ask you a question. Are you wearing the cheapest shirt you can buy? Are you wearing the cheapest shoes you can buy? Do you live in the cheapest house you can live in? Do you drive the cheapest car you could drive? I learned that, again, thinking back to sporting goods days. One of the things Marvin Shut told me, he says, Larry, think of your favorite sport, hobby, or recreational activity. Surely you, everybody, engages in some sport, hobby, or recreation. Think of your very favorite one. You're probably pretty good at it. You probably really enjoy it. He says now think of the gear that you use for whatever that sport, hobby, or recreation is. I bet you've got pretty good gear. People don't buy for themselves things to engage in sport, hobby, and recreation when it's just cheap stuff. And oh by the way, if you get wind of the fact that dear one is planning for your birthday or something to buy you a new golf club or whatever it is, you probably feel a little need to at least educate dear one as to what a good club could be so that dear one doesn't go out and buy el-cheapo and then you have to throw the thing away or take it back or whatever it happens to be. I mean like Yogi Berra said, much can be observed by just watching. You can go out there and look around. People don't buy the cheapest things. They say they do, they think they do, but they don't.

Michael: Are there some strategies that you can give for online marketers who have set price on their products to test this?

Larry: You have to understand one thing. If the only thing you're pushing out there is price, then the only thing you're going to sell it on is price. So, you have to somehow or other communicate to the customer about quality, service, delivery--those kinds of things.

But again, let's take some examples, people buying airplane tickets. There are people who will buy the absolutely cheapest plane ticket available because it doesn't make any difference when they go to the airport or how many cities they have connect in to get to where they're trying to go because it's just

money. Most people, time is more important than money, so okay if they want the cheapest non-stop ticket. Then they realize oh well I'm a night person and I don't like to get up in the morning and today you've got a 6:00 a.m. flight departure and it's an hour to the airport and then you've got to be there about an hour for the security line and get out the gate and get checked in. So, let's see the flight is at six, so I have to get there about five and it's an hour to the airport. That means I have to leave about four and well I'm slob and I'll just get up and throw my clothes. I'm not even going to brush my teeth let alone take a shower and shave. But I still have to get up at 3:45 and man that sucks. I think I'll go on a flight that leaves at noon.

And again, most people are relatively knowledgeable. But make this point. If all you do is throw out there your price with no effort to sell it--I'm into collecting car or my assortment. I don't have a collection, but I have one from like every decade since the 20s and I try to keep them up nice and so forth. The other day I popped a hubcap off a '57 Pontiac that I have and where do you go looking to buy a hubcap? Well, there's Hub Cap Annie's, but if she doesn't have any, where are you going to get online. You go online and so what do you see? Some guy might have a hubcap for '57 Pontiac, he doesn't even describe it, and perhaps doesn't even show a picture of it. And then the picture might not be of any decent quality. I mean there are so many things and you don't trust those kinds of things. Are you going to buy the cheapest one? Well, as a buyer, you know what you're going to do? You're going to concern yourself about well is this (a) the hubcap that I need, meaning it'll match the other three that I've got, and (b) what kind of condition is it in Ideally it'd be new old stock, never taken out of the box, but those are few and far in between. Then you start communicating as the buyer because you have to know about the quality and you have to know about the availability, which translates into the delivery of it and so forth. So, don't kid yourself into thinking even if you're out there on the Internet just pumping stuff out there. I mean if you go out there and you think your low price is what's going to sell your junk, well you're going to find some price buyers that'll probably buy it, but you're going to have to do just as much work almost to sell that piece of junk as you do something in pristine condition. There maybe a little more effort taking a picture or communicating to the customer or something like that, but I'll pay off in significantly higher rewards. I mean people pay through the nose for collector-type items. And like I say, the only time I'm really buying stuff off the Internet is really car parts and things like that. And keep in mind, when I'm looking for car parts, I'm looking for something that is hard to come by and I'm wanting something that is as close to new or pristine condition that you can get. Frankly, low prices scare me.

Michael: Let me ask you this. Let's take for instance information products. Now, you have information products on all your pricing strategy and on your site you have products ranging anywhere from \$9.95, the second to the highest price is \$165, and then you have a CD or a DVD set for \$800. And I'm sure you've heard this before, well here's one for \$800, almost four or fives times higher



than the next highest one. Do you have people say, well why is this one \$800 and all these other ones--does it naturally create a curiosity?

Larry: Most people look at it and realize it's a DVD, which means it's video rather than a CD, which is audio. So, the big differentiation there, the \$165 product is an audio CD of the seminar that I'm doing or did live and then you get a copy of the book with it, which is a \$25 value. The DVD is me, live, of 13 hours of actual training, talking about all these techniques that we were talking about. We've been talking here for about an hour and that was 13 hours of stuff that I sat down and actually prepared for the camera, if you will, so it's not just audio. It's video and it's designed to really bore into all these kinds of subjects.

Michael: What do companies pay you to come to do a seminar like this?

Larry: That depends upon the length of the time of the presentation. Up to three hours is \$7,000 plus expenses. Up to four hours is \$9,000 plus expenses. And what I call a full day, which is usually about six hours of actual presentation time, is \$13,000 plus expenses.

Michael: Let's say that I was a company that brought you in for 13 hours. If a company paid you to come in and put this presentation on for me, relate it to the \$800 DVD set. What would that cost a company for you to do what you did on those DVDs?

Larry: Remember, on the DVD that's like 13 hours long, but on a DVD, you've got to have something for everybody, whereas when I do a presentation for like a private in-house company, what I do is I talk to various people in the company about what the situation is, what's going on, what kind of problems they're having, and I try to tailor and customize my remarks specifically to their company, their product, their industry, their service situation and what they're trying to do. So, usually when I work for a company, it's no more than a one-day type presentation, which would be about six, maybe seven-hour presentation, while the video is a prepared presentation that the playing time to get through it like about 13 hours.

Michael: So, could any business that is selling products or services benefit from this training?

Larry: I think so. I mean I can't think of anybody that doesn't charge a price unless you're truly giving it away. Take a lesson from the psychologists. They learned years ago, they don't like for patients to have all of their psychological health paid for by insurance because then the patient thinks it's worthless. The truth is if it has value, you will charge for it. There are very few things in this life that are free and you could hurt your sales by charging too low a price. There's no question about it. You can charge an incredibly low price and scare off customers.

Michael: Why does a low price scare off customers?

Larry: Well, price makes a credibility statement. Low price makes a negative, derogatory, diminutive statement about a product or service. High price makes a positive, salutary statement. Here's a simple example. Would you go out for a low price bid for your brain surgery? I doubt it.

Michael: That's true.

Larry: Probably what you're talking about is I've made brash statements, I suppose like you ought to just go home and quit selling to 20% of your customers and those are the price buyers. And how can you tell who the price buyers are? The simplest way to find out who a price buyer is, look at your accounts receivable. Anybody who does not like to pay high prices does not like to pay period. If you're selling on credit to customers, your accounts receivable will almost surely identify who your price buyers are because they're always slow payers. Remember that litany I went through that I said Marin Shut taught me about taking all your sales time, do all the complaining, forget to pay you, tell everybody else how little they pay you. It's easy to find out who your price buyers are and those are the people that do all the complaining and all the other aggravating things that customers can do. And so, you can make more money, be a whole lot happier, and give a whole lot better service in response and turnaround time to your better customers and everybody wins. Your customers are happy. You have fewer customers. You're making more money percentage wise. What's wrong with that?

Michael: That's the end of this interview with Larry. I hope this has been helpful and if you're interested in any of his public or private seminars, please contact [Michael@michaelsenoff.com](mailto:Michael@michaelsenoff.com) or call (858) 274-7851.

## How to Make Telephone Calls Without Painful Rejection

I have found the most efficient way to locate and acquire trade dollars is by using the phone. I've been using cold calling pretty effectively over the last 15 years for many of my selling activities. It has been one of my most effective methods for selling. But I hate it for the same reasons most people hate selling by phone. I am very fortunate to have just found a radically new honest sales approach based on integrity and common sense to get clients by phone. It challenges traditional sales thinking and will help you achieve better results. It's the missing link -- a new mindset and language that converts selling by phone into a natural conversation between you and your prospect. It offers you a new way of thinking about cold calling -- the most dreaded selling experience of all -- to the end of the sales process. You don't have to abandon the selling skills you already know - - This interview will give you a new approach and new tools to help you get better results. It's incredibly effective. Best of all, it's easy to learn and you can start instantly. In this interview, you'll learn how to make fewer calls - and get better results. --Rip up your sales script and easily get your message across-- Change from the "Dreaded Salesperson" to a trusted advisor in a matter of minutes--Get rid of your "Fear of Phone" finally--Stop chasing prospects and gain the respect you deserve.

### START

Let me tell you. Cold calling the old way can be psychologically traumatic because you're being personally rejected. You're doing what you've been told to do. You're playing the numbers game. Every call you're getting pushback, and you wonder why this feels so bad. It's literally inhumane, the issue is not the performance of the person who's calling, and it's not your product. The problem is the approach. The approach is outdated. Its old school and it triggers the wrong impression.

So, what I'm suggesting is that people can actually make calls in a comfortable manner as if calling a friend, and without being rejected.

[Music]

This is Michael Senoff with [HardtoFindSeminars.com](http://HardtoFindSeminars.com) and Consulting Secrets. The next 40 minutes is probably some of the best cold calling strategies I have heard to date. I know those of you who are using cold call prospecting are going to benefit from this recording immensely. Let's get started, cold calling techniques that will get you sales faster than ever. Let's go.

Michael: I did an interview with a guy, who had some experience with cold calling, and I have someone who edits all my audio recordings, and as she was editing it, she had heard of you. She said, "You may want to check this guy out", and she

sent me to your website, and that's how I originally heard about you.

As I was reading, I go, "This sounds really good." And, it's something that I think a lot of people who come to my site, [HardtoFindSeminars.com](http://www.hardtofindseminars.com), let's face it, there are a lot of people out there pounding the phone. With long distance service so inexpensive especially even internationally, it is an extremely effective and great way to sell, but so many people like you say have been programmed with the sales gurus, and it's painful. People don't like to do it because of a lot of the reasons you talk about on your site.

So, tell me, how do you get into all of this? Are you a speaker? Are you a sales trainer? Who is Arrie?

Arrie: Well, pretty much my whole career has been behind the scenes. I've been in charge of developing and designing sales training for very large companies.

Michael: Where did you all start? Were you in sales in high school?

Arrie: Well, I did sell in college a bit, but where it started is I actually have a Master's Degree in education and training. It's actually called "Instruction Design". It's a specialized field that has develop instruction and training information for people so they can best use and implement it on the job.

So, after getting that degree, I got a job in the sales training department of both UPS and Qualcomm.

Michael: Where were you located then?

Arrie: In San Diego and then Atlanta, and I was basically involved with designing and developing training programs for salespeople worldwide, and I was in charge of bringing in some of the gurus to speak. So, I got to sit in all of the sales training programs around the market.

Michael: Did you get that job because that was your major in college? Who hired you first Qualcomm or UPS?

Arrie: UPS.

Michael: So, UPS Hired you and they brought you into do what?

Arrie: To develop and design product and sales training for their worldwide sales force.

Michael: Wow.

Arrie: They had a small sales training department at the corporate office in Atlanta, and I was involved with rolling out many of the services. I actually would

literally write and create the selling materials and training for the sales people.

Michael: That's a pretty big responsibility for a company like UPS.

Arrie: It was, and the funny thing is I was never the trainer. I was the designer of training. I wrote and I thought through everything.

Michael: How many years were you with UPS?

Arrie: About four years.

Michael: And, did you like it?

Arrie: I loved it, great company, and very practical, very innovative, good people. I really loved it. I did really a lot of fun things there.

Michael: And, they were probably really kicking butt at that time.

Arrie: Oh yeah. I rolled out about twelve new products in about two years. I was in charge of the training wise. So, I was really involved with heavy sales training and new product development.

Michael: Could you see the results of your efforts? Could you see an increase in sales from some of the training stuff you developed?

Arrie: Here's the interesting thing – not only increase in sales, but people just thanked us for the appreciation of the program, of the materials. They were so concise. They were step by step. They were very customer oriented, and they had the psychology behind them in terms of how to connect to people.

Michael: Now, where were you doing your research to put it all together?

Arrie: It was just based upon our group's experience. I never really had a role model myself in terms of any kind of guru, just my aunts basically. It was just organic I guess I could say.

Michael: And, you were with them for four years, and then Qualcomm hired you away?

Arrie: Yeah, I had to come to San Diego where I grew up, and Qualcomm was in their hey day at the time. They were just hiring crazily there, and they were hiring a lot of sales people. So, they needed some more sales training thinking and development. So, I got hired there as a senior developer and there I developed a similar aspects in training and product development, briefings I would call them. So, I just spent a lot of time on how sales people best could talk to customers in a non-aggressive way. That's where I got a lot of my thinking from.

Michael: Did you know Irwin Jacobs personally over there?

Arrie: No, I met him a couple of times, but I didn't know him on a personal basis.

Michael: How many people were on your team for that department?

Arrie: I think there were maybe about four or five of us, small group, and then I got moved into one of the divisions called Omni Tracks where I was involved in training for their sales force. So, it was a really good experience.

From there, I actually left and cut my own teeth in direct selling with a company called Website Story. They actually offered online software services to track website user behavior, like the way people travel to websites and how they buy. So, I was involved with helping them grow and selling their products.

That job, I was actually managing 18 salespeople. I sold myself, and that's where I really began to form a lot of my ideas.

Michael: When you were at Qualcomm and UPS was the feedback from the sales force helpful in you finding out what was really working and what wasn't?

Arrie: Oh yeah, because I would go out in the field with them, and I'd go on sales calls with them, and we had this hotline right to the sales force. So, we were very much engaged the front lines. That's how we were able to piece it all together from their perspective.

Michael: So, this was like a big laboratory that you were involved with for almost seven or eight years.

Arrie: Yes, it was.

Michael: And, a lot of that feedback is a result of what you've put together now in your training?

Arrie: Yes, and also just a lot of my exposure of being with those big companies. I got exposed to a lot of training programs that a lot of these corporations bring in and pay for.

Michael: What was your thoughts on that? How much would a company pay for when they brought in training?

Arrie: I would say up to hundreds of thousands of dollars for company wide training for these large corporate types of training events. So, I was involved with the proposal process, bringing them in. I would actually get to sit in the back of the room, which is the greatest thing of all and take notes. When I was in that room and watching this training program, I noticed a big hole, a big hole in all these programs and that was that all these training programs taught people to

mentally focus on closing the sale.

What they did not teach you to do was how to build trust first, how to execute that and that was the missing piece that I realized help me uncover this whole idea.

Michael: Why does the trust issue have to come before closing the sale? Why was that a hole?

Arrie: Well, because if someone does not trust you first and is comfortable telling you the truth on where they stand, they're going to pull you down what I call a chasing game which is they may show interest. They may say it sounds great. Yes, we're interested. But, in reality, they may not be.

So, what happens a lot of times the sales people get very excited when they get a prospect that says they're interested, they assume that what they're hearing is absolutely accurate and true, and then when they call the person back and get their voicemail, and never get a callback, they wonder what happened, why they got stuck.

What I found in my experience is that salespeople in general, people who sell who've exposed the old way of selling, when they mentality only focus on the outcome, then what happens is all their words and phrases and all the momentum is driven by that, and people on the phone pick that up a mile away and this sets alarms off and they pushback on the sales person. That's where the whole conflict begins.

Michael: Okay, before we get into some of this, all this learning, all this learning, all your experience with UPS, with Qualcomm and being able to sit like a fly on the wall and watch these large dollar sales training programs, after you've designed and engineered your own unique program from learning all of this. What's the big promise that a listener maybe that comes to my site, how are they going to benefit from maybe listening and using any of your products or ideas or techniques that they're not going to find anywhere else?

Arrie: The major benefit is removing the fear and the mental reluctance of making the call. That is the biggest issue that everybody in sales has right now.

Michael: They can't stand it. They would rather eat glass.

Arrie: It's like a 10,000 pound weight. There's a mental block, and let me tell you cold calling the old way can be psychologically traumatic because you're being personally rejected. You're doing what you've been told to do. You're playing a numbers game, and every call you're getting pushback. You wonder why this feels so bad.

It's literally inhumane and the issue is not the performance of the person who's



calling and it's not your product. The problem is the approach. The approach is outdated. Its old school and it triggers the wrong impression.

So, what I'm suggesting is that people can actually make calls in a comfortable manner as if calling a friend and without being rejected.

Michael: But, I've pounded the phone, and isn't it true that if you're tough and you just let it roll off your shoulder and you pound the phone, you understand that if you do your numbers maybe one out of twenty may end up being good, and the ones who reject you, you just blow them off and just move on. Is that still somewhat valid?

Arrie: It's completely valid. It's your personal choice. You can choose that manner of being tough and getting beat up and feeling good about, and squeezing out a couple sales a day. Absolutely, that's been happening right now in hundreds of companies all over the world. The issue is that that's not the only way.

There's a much more efficient, much more humane way of calling people. It's simple a personal choice. Do you want to continue to be beat up like that, or do you want to make friends and build relationships and actually make sales the easy way?

Michael: Before we get into specifics, do you have some case studies or some stories of maybe some of the people of what they were experiencing before and after using your system? Can you talk about some of the success they've had?

Arrie: Sure, I'll be happy to tell you one story with a gentleman named Bruce who actually was a teacher. He got laid off from being a teacher, and he went into insurance sales. He called me in tears. He was so fearful of making that call, anticipating the rejection.

Michael: Had he started yet?

Arrie: No, he hadn't started. He just couldn't pick up the phone because his only mental experience of selling was the phone calls he gets at home every night. So, what he did not want to be and nobody wants to be is that stereotype that everybody hates so much, that negative selling stereotype.

So, he was afraid and fearful that if he would start making calls, he would sound like those people even though he wasn't like them. It's like this role reversal.

Michael: Yeah, that's true because I'm just thinking from my perspective I've made thousands of calls, but there are a lot of people out there who've never made a sales call and the only thing they can relate to are the terrible telemarketers calling you during dinner time.



Arrie: Therein lies the core blockage. See, people associate selling with that negative image. That's what scares everybody away. What they don't know – they're not aware that the whole different mindset is a different way of looking and thinking and doing this that's pleasant and productive.

Michael: So, he called you and you worked with him a little bit and he ordered some of your products.

Arrie: He bought the program. I worked with him personally, and what we did was we basically helped him sort of detox from his old way of thinking and provide him with actual tools and words and phrases and a new mindset to help him approach the call in a way where he's not selling.

Instead he becomes a problem solver, and that's the mental shift that's taught in the program to sort of shift mentally to that mode, and then to have a strategy to enter that call in a way where you're not pitching your solution. Instead, you're actually addressing the issue that your solution solves for the person you're calling. It's a different way of thinking.

Michael: So, how did that go when you started making calls with his insurance?

Arrie: I'll tell you, he actually was nice enough to leave me an audio message. It was radically amazing for him. He was able to make calls and get appointments with such ease, he was in complete shock. He even told his wife that he looked forward to making more calls. So, it's a complete transformation.

The funny thing is most people don't believe it's possible because they're so used to the negative mental effect of calling and the rejection, they just do not believe it's possible. But, if you change your mental mindset, and you have an approach that does not create sales alarms to go off in the person's mind you're calling, you're going to have pleasant conversations and be extremely effective without being aggressive.

Michael: Okay, that's great. Can you give me another story, any other case studies of any of your clients that really stick out?

Arrie: What's interesting is I've got case studies from almost every industry possible from software to selling furniture to coaches, and what's interesting about these case studies is that what people discover is that it's not about what they're selling. It's about how they're selling.

I'll give you an example. I had someone just a few weeks ago purchase the program, and it's a husband and wife who basically opened their own record label. He sells music, his own music actually, and he came from the old school way of selling – the numbers game, basically being aggressive on the phone, closing his eyes and hoping it works. He just absolutely hated the idea of doing this again.

Here he was, created a project for himself, and he wanted a much more comfortable way of approaching people. So, he bought the program, and he likens this to his creative way of making music in a way where you can actually connect to people in a natural way without a linear step by step script. He's actually having complete success because he's able to be himself, speak his own words, and not be scripty and still make the sale.

Michael: Can we do a case study? Can I give you a specific situation that I liked to get your help on?

Arrie: Yes.

Michael: For instance, I sell consulting services, and one method that I would teach somebody is to buy leads from Information USA, probably of manufacturing companies within a geographical area right around San Diego or wherever they're located, and the business is doing between a million and five million a year in gross, and I have the name of the owner.

So, what would you advise if I've got my list in front of me, I'm getting ready to pound the phone and the goal is to see if I can identify a prospect who'd like to grow their business, who is in pain and would like to grow their business through a new approach in marketing without having to spend more money on advertising.

Arrie: Well, there's a mental process that we have to go through first. Let me ask you a question. What would you say would be the major problem that you help probably with your solution? I'll ask that first.

Michael: The major problem would be to help them get growth with low-cost, inexpensive marketing methods.

Arrie: Growth means what?

Michael: Let's say more money for the business, more sales, more gross profit.

Arrie: What I should tell you right now because of the coaching classes, what I'm trying to do is help you articulate specifically at a tactical level what he gets for your solution.

So, sales in general would be a little abstract. What we talk about is more inbound leads, more phone calls, obviously more revenue. I'm trying to cover the right wording to really be much more tactical.

So, what you're saying is your marketing solves the problem of him being able to generate more sales and more revenue, right?

Michael: Yes, that is correct.

Arrie: Okay, so that's the problem that we solve for them. So, traditionally if I was coaching you and I was an old guru, I'd say to you, "Look, make a phone call, build some rapport, and give a pitch about what you do." Right?

Michael: Right.

Arrie: And, get their attention and hopefully it will keep going from that point.

Michael: Right, I may say, "This is Michael with Michael Senoff Consulting and the reason I'm calling is I'd like to know if you'd be interested in growing your business without having to spend more money on advertising."

Arrie: Right. Now, let me ask you a question. If someone calls you on the phone and says, "Hi, my name is Michael. I'm with XYZ Company. We do this." What goes through your mind in a couple of seconds?

Michael: I know it's a salesperson.

Arrie: That's right. So, we don't want to use that approach because the minute you say, "Hello, my name is", it's over. The minute it's in the mind, you're fighting a battle which is very difficult to win.

So, what we teach is a different way of thinking. We teach our goal that first call is to not get the appointment first. The first goal of that call is to diffuse the pressure from the call, remove the suspicion, built the trust.

The way you do that is you begin the call with – and it's all laid out step by step in the material – but, you begin the call with, "Hi, my name is Arrie. I'm with XYZ Company", and the first thing you say is, "We haven't met yet."

Michael: Okay, "We haven't met yet."

Arrie: Because what do you think that does to the conversation? What does it help the person do?

Michael: It helps them relax.

Arrie: It helps them relax, and you're big enough to let them know that you haven't met yet. You're removing some of the suspicion because they're probably wondering, "Who is this guy?" Right?

Michael: Yes, so you're answering their question.

Arrie: Yeah, there's a lot of psychology here. It's important to breakdown for it before you move forward. It's important to build that conversation the way that does

not trigger the wall.

Michael: I'm going to do this no matter who answers secretary, owner or whatever.

Arrie: That's really your contact, I mean your call-in contact, have the name of somebody. In respect for them, it's just normal conversation that we haven't met yet.

Michael: What if I get a gatekeeper?

Arrie: That's a separate scenario.

Michael: So, this is if I'm talking to my contact.

Arrie: Yeah, like you said, you have a name of someone to call, right? You would just basically say, "My name is Arrie. I'm with XYZ Marketing, and we haven't met yet." Let conversation sort of level out a little bit there.

Then we'd say, "Maybe you can help me out for a minute." That's what we say next, "Maybe you can help me out for a moment." Typically they'll say, "How can I help you?"

Now, the delivery is very important here. I'm not become aggressive. I'm not going to be excited. It's going to be a very relaxed entry point like this, "My name is Arrie. We haven't met yet, and I'm with XYZ Company. I'm hoping you can help me out for a moment."

Michael: Okay, how can I help you?

Arrie: Right, that's what happens almost every single time.

Michael: Wow, that's great.

Arrie: Because you're drawing them into you. You're not pushing back with, "Hi! My name is Arrie! Do you have a couple seconds?"

Michael: Yeah, exactly. That's good.

Arrie: It's over.

Michael: You're right. That's true.

Arrie: So, we're completely unaware of how we're being perceived and how we're being received by the person. Sixty seconds is broken down into a four hour program for a reason, because there's so many elements that we haven't thought of that would actually cause the rejection to happen.

So, anyway, we move on. He says, "How can I help you?" Then, we move directly into the problem statement. So, then I'm going to say, "I'm just giving you a call to see if you'd be open to some different ideas on how to bring in more sales into your business."

Michael: That's great.

Arrie: Now, what have I not done there?

Michael: You haven't pushed anything on me. You're asking his opinion, or you're asking if he's open. You're trying to identify his openness.

Arrie: I haven't made a pitch. I haven't told him what I do. I haven't pushed. I didn't even say, "If you'd be interested", did I?

Michael: Yeah.

Arrie: You never use sales words like, "would you be interested". They're all overused.

Michael: You got rid of that. So, you just said, "Would you be open?"

Arrie: Would you be open to some different – not new ideas. Why not new? Because every salesperson in the world says new and improved, right?

Michael: True.

Arrie: Every single word that I'm using now is chosen for a reason. It's designed to detach any wording that might associate you with a negative stereotypical salesperson image. And, that's what we breakdown. The program is a word for word way to approach people that's natural and engaging without a pitch. So, I'm doing the call here identifying the problem not the solution.

So, anyway, what typically happens is you get one of two responses. You get, "What do you mean?" Or you get, "Who's this?"

Michael: You get one or the other more than the other.

Arrie: Well, it depends how – if he delivers in a natural way, they might say, "Well what do you mean?" And, that gives you permission to move forward in terms of being more specific about what you do.

So, in your case you might say, "Well, what I mean specifically is looking at a different marketing strategy that's probably you a lot less than you pay now, and giving you much more sales."

Michael: Okay, tell me more.

Arrie: Okay, so this is what we're looking for. What we're looking for with this approach is "Tell me more." "Tell me more" "Tell me more", because you're slowly creating a conversation, not bombarding them with so much information in the pitch. And, you're giving them a chance to breath. That's the whole point. This is a two way dialogue, not a one way pitch. That's why this is a natural way of calling people.

Let's just say he says, "Who's this?" You simply just sort of say, "I'm sorry. My name is Arrie. I'm with XYZ Company, and I'm just giving you a call", and go right back to the same problem statement. You don't give him tips about what you do. You just go right into, "What we do is we help companies with different ideas to bring in more revenue and sales to the company."

You mentally stick on their issues, on their problems, because as premature as to offer a pitch about you until you first have acknowledgement to the issue they want to solve.

Michael: So, that's pretty much the rule. Make sure they acknowledge the issue that you're going to solve for them before you get into you.

Arrie: Exactly. That is the mindset. The mindset is to focus on them and not you.

Michael: That's important because they don't care about you. They want their problem solved. That's what you're there about.

Arrie: Exactly, but traditional thinking suggests the opposite. When we go to companies and we're hired, we're taught to do what? To be an expert on our product and then start talking about it. They have been taught to think from their point of view. That's the big conflict is that if you've been taught the traditional way, your confidence comes from your product knowledge not from the ability to generate the conversation from their point of view, and that's what we provide is an expansion of people's mindsets to help them generate the conversation in a natural way.

Michael: All right, and this strategy can be used for any product or service all across the board.

Arrie: Anything because what we don't do here is focus on what you're selling. We focus on how you're doing it, and then we design a problem statement around it. It's designed to test your solution.

So, there are two steps. There's a mindset. Then, there's the languaging or the words and the phrases that are targeted towards a problem you're supposed to solve.

Michael: Now, obviously it's not going to work a hundred percent of the time, but it's

certainly going to work a lot better than the old way. Give me the negative side. Where do you hear the rejection come up and how do you teach people to handle that?

Arrie: Well, I do have a whole section on objections, of course. There will be some resistance with some people. People are just so numb and so sensitized to these sales calls, no matter what you say there might be some pushback. There's no hundred percent perfect exact method that's going to work every single time. It reduces the likelihood of any objection and pushback on the phone because what was doing wouldn't trigger that.

So, I do have a whole methodology around how to diffuse objections that we can talk about if you like.

Michael: Yes, let's talk about it.

Arrie: Okay, so let's talk about some common ones that probably everyone can relate to. Say if someone says to you, "Michael, we already are using another marketing method." Would that be a comment?

Michael: Absolutely, yes.

Arrie: And, what would you say? Just in your opinion, how would most people respond to that typically?

Michael: Most people would probably just say, "That's great. Can you tell me how are they working for you?"

Arrie: That's right. Okay, so what we've been taught to do is to overcome the objection, right? That's what we've been taught to do is sort of cleverly overcome it to get passed it.

Michael: Right, by asking questions trying to get a hook in to overcome it.

Arrie: That's right, but what's the risk if the other person does not feel you're hearing what they're saying as to be true?

Michael: They're going to build resistance and they're going to be frustrated and they're going to stop listening to you.

Arrie: That's right. So, we're creating more pressure by overcoming what they're trying to say. That's the real problem. That creates more pressure on the situation.

We teach a whole different way of looking at objections. What we teach is to first diffuse the objection, and reopen the conversation again.

*How to use Richard's simple, risk-free, home-study system to...*

# **Become A High-Paid Marketing Consultant In 45 Days Or Less...Without Any Prior Marketing, Business Or Consulting Experience**

In this letter you will learn a simple, painless and inexpensive way to become a high-paid marketing consultant in the next 45 days -- complete with paying clients and a steady flow of income that comes in year after year.

Listen to the CD that came with this letter on how six others like you have gotten their first client using the system described below.

It doesn't matter what your current skills are now. And it doesn't matter if you have any "connections" or business experience.

In fact, all you really need are a few, simple (and 100% proven) secrets my friend Richard has developed over the years to become a high-paid, in-demand marketing consultant.

And the best part is, you do NOT have to shell out tens of thousands of dollars for these secrets...and you can even use them yourself...

**Almost Free, If You Choose.**

I'll explain the details of this incredible offer in a second.

But first, let me tell you what's in Richard's HMA system, why it really is an absolute "no brainer" for almost anyone (regardless of your experience) to use, and why you can realistically be up and running and making money in just a few days after getting it.

To begin with:

If you do your homework, you'll find that there are several competing marketing consulting opportunities in the marketplace. And I'll be the first to advise you to look into all of them before you invest into any of them, including Richard's HMA system.

I've interviewed countless people who have paid enormous fees to attend these trainings. I have received firsthand feedback on Y2 Marketing, Action International, Quantum, Topline, Peter Sun Consulting, and other opportunities and many of them are actually pretty good.



But what separates Richard's system from the other ones I've seen is that, with Richard's system, you don't need any previous marketing experience, any business connections or even a lot of money.

In fact, Richard will be the first person to tell you if he can do it...you can do it.

How can he be so sure?

Because when Richard started he was broke himself, and had very poor selling, speaking, marketing and presentation skills. And even today...

### **He's Just As Shy And "Introverted" As The Next Guy.**

In fact, the only difference between you and Richard -- the only reason he is making a fast and easy fortune as a marketing consultant and you aren't -- is because of a simple (very simple) system he invented after attending a Jay Abraham marketing consulting seminar over 15 years ago.

You see, Richard discovered that while Jay Abraham really is a marketing genius, his system (like most other marketing consultant programs today) was not geared toward "ordinary" people who don't have a lot of money or natural marketing talents.

Jay Abraham, in the early 1990s had credibility, contacts and millions of dollars. The training Jay taught consultants was taught from his own millionaire perspective.

But Richard was near broke. So broke he had to borrow money from his dad to attend Jay's training. Richard had no credibility and few contacts.

And when Richard went out in the field to test Jay's teachings, he failed.

Richard did not quit. After years of experimenting and organizing the marketing concepts into a workable system, Richard began to experience an almost instant success.

Richard had unlocked the code and discovered his own unique "system" to make money as a marketing consultant that is so easy to follow and simple to learn...almost anyone can use it to make money quickly, cheaply and even...

### **While Sleeping Like a Baby**

Richard had created a system that will work whether you are a millionaire like Jay Abraham or broke like Richard, struggling to make the rent.

It's taken Richard 15 years to perfect and tens of thousands of dollars working out the "bugs", and getting his system so you can approach virtually any kind of business to offer your

consulting services.

And since sharing his system to the public, Richard has created successful, highly paid marketing consultants in the US, the UK, Australia, Greece and even Holland (some who were totally new to marketing when they started) who are now making it big doing consulting.

Here's why...

With Richard's system all you do is use the tools he's created for you the exact way he says to use them...and within just a few weeks (maybe even a few days)...you can have a strong, secure and stable marketing consultant business with paying customers and large fees dwarfing anything you could make at your regular job.

And best of all:

You can do it all without pressure...without strain...and without the unbearable personal rejection most marketing consultants endure when getting started.

For example, most people getting into the consulting business believe making cold calls to get clients is the worst and most difficult way to get clients.

This method is usually reserved for the consultant who has no contacts whatsoever.

While other consulting trainings tell you to make prospecting calls yourself, Richard's system trains you to pay others to do your prospecting for you.

Take for instance, the telephone prospecting scripts in the system.

All you do is take these proven phone scripts, hand them to a part-time telemarketer with a copy of the Yellow Pages, and tell him or her to call businesses and read the scripts word for word.

This simple method for getting new clients works time and time again. You do none of the calling and you still generate clients.

This way you can be sleeping in, playing golf, or even taking a vacation...and have an endless stream of fresh, quality appointments coming in each and every day...

### **Without You Lifting A Finger.**

Plus...

In addition to these proven phone scripts, you'll get an audio training called "How To Get

Appointments” which takes your people step-by-step through the whole process on how to use the scripts.

That means, if you don't want to pay a lot of money for a professional telemarketer, just hire a student or a stay-at-home mom and give her the “How To Get Appointments” training and she'll be just as good (if not better) than anyone else at getting you appointments.

Of course, the phone is only one way to get clients.

- ✓ Your HMA system also has already-tested direct mail letters for selling your consulting services such as:
- ✓ An approach letter and a follow-up letter.
- ✓ A proven collection of postcards designed to generate leads.
- ✓ And even a sample brochure and professional audio presentation

All you do is fill them out, drop them in the mail and you'll have as many appointments as you can handle -- without rejection, stress or having to deal with any "gatekeepers."

Is it really that easy?

With Richard's system it is.

And with the simple tools he's created you'll be hitting your prospects from every conceivable angle, giving yourself the maximum chance of capturing those high-quality paying clients within days of starting your consulting business.

And if you're really ambitious, and want to make a LOT of money quickly, then you can also use Richard's system to create what's called "the podium effect."

What's the podium effect?

The podium effect is this phenomenon where people automatically respect, trust and believe people who talk at seminars or small workshops.

And since Richard also includes prewritten seminar and workshop flyers, you can fill a room, give your presentation, and watch as dozens of people scramble to hire you the second you step out from behind the podium.

Not sure how good you'll be at putting on a presentation?

No problem.

Because Richard has already created a powerful, professional seminar outline for you -- complete with a PowerPoint presentation and all the training you need to be up and running fast.

This is the same presentation Richard currently uses to capture clients today.

More on this later.

You won't have to try to figure anything out or structure your presentation. Just plug in Richard's "pre-made" seminar presentation, follow the word-for-word transcripts and you'll be delivering a powerful, proven presentation that gets clients fast.

### **Easy As 1-2-3.**

And here's something else to think about:

With Richard's system you won't have to worry about not having a reputation or a "track record" of helping business owners with their marketing.

If you've never done consulting before, I know what you may be thinking now. You're asking yourself -- why should these business owners believe anything I say?

You're afraid that they will ask you for proof that you can get results. You think they'll want referrals before they work with you.

You're thinking that you have no credibility. This is only an illusion in your imagination.

It's a FEAR not based on reality.

I am here to tell you this will not happen to you and here's why.

You must understand that your clients are not interested in you. They are only interested in the results you can bring to them.

Being a fully certified HMA marketing consultant means you'll be able to draw on the successful track record of the HMA system.

It's actually pretty simple:

Richard has discovered a proven way for you to use his testimonials, his stories, and his successes for your business. And by following Richard's simple instructions, you'll be able to "borrow" Richard's credibility for yourself.

Plus, you will also learn a secret way Richard has invented to "create" your own credibility within the first thirty seconds of meeting a potential client...

**Without Needing ANY Testimonials,  
Success Stories Or Past Success.**

This is one of Richard's "trade secrets."

And it works like gangbusters for everyone who uses it.

But here's the thing...

Getting the appointment or filling a room with prospects is only step one.

You can get all the appointments in the world...but if you can't close the sale, then it's all for nothing.

Richard knows this more than anyone.

And after spending hundreds of hours and tens of thousands of dollars on "trial and error" - he has created a truly foolproof system that lets almost anyone turn at least 25% (usually even more) of their appointments into cash sales.

And what makes this possible is Richard's proprietary "opportunity analysis worksheet".

With this simple piece of paper Richard has created, you can walk into any business, command immediate respect and attention, and literally become a marketing "miracle man."

Reason why is because this opportunity analysis worksheet lets you literally "make over" a business owner's marketing and show them exactly how you will create real cash profits right before their eyes.

And if the business owner you are talking with has any desire to grow his business at all...then he will have no choice but to be impressed by you and want to work with you.

In fact, the opportunity analysis worksheet makes converting appointments into paying clients so simple, easy and painless...

**You'll Almost Think  
You're Stealing Candy From A Baby**

But you're not.

And when you see how it works for yourself, you'll be shocked at how easy making money and getting clients can be.

Richard also shows you how to command large fees and even get paid on a portion of the

sales you make for your clients for years into the future.

This is called a "contingency" fee agreement.

This should only be used with a client after they have hired you and paid you to do project work.

Other expensive consulting opportunities teach you that contingency is the only and best way to sell consulting services.

And it works like this:

If you help your client make an extra \$100,000 a year (not uncommon for Richard's students), and you make a 15% "contingency" agreement with that client, you will pocket an extra \$15,000 on top of your regular fees per year.

If you do this for just five of your clients, you will make an extra \$75,000 a year. If you do this for just ten of your clients you will make an extra \$150,000 year.

And so on.

Again, this is in addition to your regular fees. You can typically charge a client anywhere from \$500 to \$5000 per project. And most clients will need at least four projects.

Quite frankly...

### **You Could Literally Get Rich Off Just a Handful of Deals like This.**

And it's so easy once you understand Richard's system.

Because Richard really has done 90% of the "work" for you already.

For example, his system includes...

### **Endorsed letter samples.**

All you do is find businesses that sell similar (but not competing) products and services as the business you are helping, and strike a simple deal with them where they send your offer to their customer list for a portion of the profits.

This way, you and your client make a bundle off the initial sales, and an even bigger windfall from additional sales later.

All from leads that didn't cost your client a penny to generate.

### **Client reactivating letter samples.**

This is your easiest way to make fast cash for you and your client because almost NOBODY goes after his or her inactive clients and customers.

And all you do is take one of your prewritten letters and mail it to your client's inactive customers.

Watch your clients shake their heads in disbelief as inactive customers (they thought would never buy again) come back to life -- spending their money with your clients again and again and again.

And remember, if you set up simple contingency deals with these clients (as Richard explains in his system)...

**You Will Get Paid On All  
This Action, Too.**

### **Letter templates.**

For things like special promotions, unique sales and other events. Each letter is proven to work and it's almost guaranteed money in your bank account every time you use them.

Anyway, these are just a few of the reasons why Richard's students report such fast and easy profits. To hear real stories from six existing HMA marketing consultants in their own words go to the link below.

<http://www.hardtofindseminars.com/AudioclipsH.htm>

Learn how they are able to get clients that pay cash so quickly.

This is why I have no problem saying nothing could be simpler than using Richard's system to make money quickly and easily as a marketing consultant.

And realize this:

Every time you make one of your client's money using Richard's "paint by numbers" pre-created tools...

**You'll Become Your City's Marketing  
And Business Guru.**

And you'll have the instant reputation as the guy who turns straw into gold.

You'll be the person your clients won't be able to help but rave about to their business friends who will also want to hire you.

And your whole consulting practice "snowballs" from there until you have an endless stream of clients and profits coming in so steadily you couldn't stop your money from coming in even if you wanted to.

As I said before, I have seen all the other marketing consultant programs out there. And I have not yet seen anything that even comes close to Richard's system.

But you certainly don't have to take my word for it. Because as you will see, you can try everything almost for free if you want to see for yourself.

But first, here is a quick breakdown of all your exclusive marketing training you will be getting in your HMA system:

### **HMA Resource # 1:**

This is the HMA "System".

You get all 10 HMA operation manuals showing you each step of the way how to capture clients and make them real profits. This collection represents the system. Each binder walks you through all steps of the system. You'll reference these materials as you take your client through the steps of the HMA system. Richard spent years creating and refining these modules. Each comes in their own three-ring binder. You'll use these manuals as you follow along in Resource #2 & #3.

### **HMA Resource # 2:**

1995 HMA Live Seminar Training

You'll own 25 hours of cutting edge HMA marketing training in downloadable audio.

Richard's first live marketing consulting seminar was conducted in early 1995.

Your 1995 training features Richard at the top of his game teaching a room packed with students his system for becoming a successful marketing consultant. Each student paid \$5000 to attend.

You'll be able to download, hear and learn everything you need about capturing clients and creating marketing systems for them. It's like having Richard right there with you showing you exactly what to do each step of the way.



### **HMA Resource # 3:**

2005 HMA Live Seminar Training.

You'll get Richard's most recent live training on DVD. This is the same training Richard did from 1995 but updated ten years later.

You'll see Richard in action in full color and live in front of a room full of students eager to learn Richard's secrets of his HMA consulting system.

Each DVD is professionally produced. The picture quality and sound is perfect. You can play your DVDs in your home, computer or portable DVD player.

I've also arranged to have your audio from each of your DVDs converted to downloadable mp3 audio files.

You'll not only be able to watch this newest training in video, but you'll have full access to download each audio as mp3 files. You can also burn CDs to play in your home or car CD player.

Anyway you choose, you'll sit from the comfort of your home, car or office and have Richard transform your mind into a human "Hidden Marketing Asset" detector."

After learning Richard's system, you'll be trained to sniff out and find money in virtually any business lucky enough to retain your services.

**Richard's students paid thousands of dollars to learn what you will get in these DVD training videos alone.**

### **HMA Resource # 4:**

HMA GROUP Training Video DVDs.

This is Richard's most recent training, conducting live group training for 15 business owners wanting to learn how to grow their businesses. The Group-training concept is another way for you to make money.

Richard discovered that many of the businesses he talked to wanted his consulting services but could not afford his one-on-one fees.

As a result, Richard started working with manufacturing associations and started doing group trainings with 10 to 20 business owners at a time.

Each group training would last for two hours twice a month for three months. You can

charge anywhere from \$500 to \$3000 per business.

If you were to do group training for 10 businesses -- and let's say you charge only \$1000 each -- you've just made \$10,000 for only 12 hour of work. That's \$830 per hour.

I have never seen an easier way to make money than this.

Imagine using one of your prewritten letters from your HMA system and sending it out as an e-mail to a list of your local Chamber members at no cost to you.

Then, imagine prospects attending your free seminar on how to grow a business without advertising.

Then imagine taking your guests through your pre-designed HMA PowerPoint presentation crafted to sell group trainings and one-on-one consulting services.

Remember the podium effect?

Then imagine having 10 people fighting their way to you with checkbooks in hand ready to pay you anywhere from \$500 to \$3000 each!

If you're the consultant who likes action in an exciting group atmosphere and who likes to make a lot of money fast, this presentation is for you.

Your set of Group training DVDs will show you exactly how to execute this training. You'll have access to pre-designed workbooks to provide each one of your paying clients.

### **HMA Resource # 5:**

You get lifetime access to exclusive online training and support in your HMA University -- including online audio, email, telephone backup and more.

You'll hear intensive interviews with marketing consultants making anywhere from \$500,000 to \$2,000,000 (two million dollars) a year doing marketing consulting. You'll learn their secret ways of making money and how they run their consulting businesses for maximum profits and minimum work.

These interviews and trainings are updated regularly and published in your HMA University. Which means you'll have all the support and feedback you need to make your consulting business fly right from the start.

### **HMA Resource # 6:**

You get my famous "Joint Venture Magic" course -- including audio training, joint venture sales letters and sample contracts and agreements. This course sells for \$597, but you get it as

part of your system for free.

And trust me, if you do nothing else but harness the enormous power of joint ventures -- as explained in this course -- you'll never worry about money again.

Plus, this joint venture course also includes a collection of contracts and letter of agreements for use in your consulting business.

You'll have agreements for Contingency Marketing, Copywriting, Intellectual Property Rights, Marketing Consultant Retainer Fees, Non-Disclosure Forms, Creating New Profit Centers, Referral Fees, and many more.

Without a doubt, you would have to pay tens of thousands of dollars in legal fees for a collection of agreements like these. But this entire collection is yours when you become an HMA consultant.

### **HMA Resource # 7:**

You get a gift certificate for \$1000 off my audio creation service.

This will pay for itself a hundred times over in your first year alone.

Here's why:

If your client can talk into a phone, I can create him an information product that can sell for anywhere between \$497-\$3900. I've done it myself. I've sold hundreds of thousands of dollars worth of information products using this very system.

And with your help, he can then sell that product, or use it to generate leads for his business. And, of course, if you set up a contingency agreement...

### **You Will Get Paid On These Sales Too.**

You'll also get a certificate worth \$500 off my audio infomercial service.

There's nothing better than a hard-hitting audio recording that features the benefits of your product or service, and there's no better deliveryman than the Internet.

Plus, you can also use these services for your own business.

When you have your own, unique audio infomercial, you'll literally ooze with the kind of ironclad credibility money can't buy. And even the most skeptical clients and customers will many times want to hire you right on the spot.

And perhaps the best part about your certificate is that it can be sold or transferred to your clients. There is no expiration date as long as you remain an active HMA consultant.

### **HMA Resource # 8:**

Free publicity and press training from the "Publicity Doctor".

This is HUGE.

Especially when you set up contingency and commission deals. Because every time you use free publicity, money will come back to you in buckets, without your client having to do anything but answer the phone and answer a few questions.

You'll learn the secret of getting millions of dollars in free publicity for your business and your clients' businesses in newspapers and magazines and on television and radio.

### **HMA Resource # 9:**

You also get the reprints and resale rights to 23 professionally written business reports including:

- ✓ **Insider Business Strategies: Five Ways to Increase Your Bottom Line Profits Without Spending an Extra Dime on Advertising**
- ✓ **Quick-Fix Marketing:** One-shot turnaround strategies for 50 different companies. (This gives you 50 marketing plans for 50 different businesses. Chances are, your clients will fall under one of these categories, and you can use these reports to make your job ten times easier.)
- ✓ **The Headline Bank: 100 top moneymaking headlines.**
- ✓ **How to Up Your Profit in a Down Economy: 114 Tips and Techniques and Tactics to Kick-Start Your Cash Flow.**
- ✓ **Yellow Page Success Secrets.**
- ✓ **How to Attract More New Businesses with a Riveting Ad that Captures Immediate Attention.**
- ✓ **How to Use Brochures to Grow Your Business.**

And more. (23 in all)

The great thing about having all these reports is not only the business changing information...but that you can also resell them.

You're going to have all the rights you need to put your own company name on them, and

resell them to your clients and make revenue.

This is a residual income opportunity built in to the HMA Marketing Consulting Training.

You'll own these reports in Microsoft Word and PDF files so that you can reproduce these for your clients and sell it to them directly.

### **HMA Resource # 10:**

The use rights ( not resale rights) to my collection of 117 hours of audio content and written transcripts from <http://www.hardtofindseminars.com>

You'll own the use rights to over 117 hours of downloadable audio interviews, marketing lessons and transcripts by Bob Bly, Mark Joyner, Gary Halbert, Jay Conrad Levinson, Brian Keith Voiles, Carl Galletti, Ted Nicholas, Joe Vitale, The PR Doctor, Millionaire Mr. X, Taylor Trump, Herschell Gordon Lewis, Mr. Arthur Hamel, and many other marketing experts.

You'll instantly have a mountain of new products you can:

- ✓ Use to get more customers, clients, subscribers and strategic business contacts.
- ✓ Use as free bonuses to sell consulting projects and services.
- ✓ Offer as special incentives to help your clients sell more of their existing products.
- ✓ Package and bundle together to make one-of-a-kind products to give away free to build good will.
- ✓ Educate and excite your clients.

Your options of what you can do with this content is endless.

This content has been a labor of love that has taken me years to build. I've invested tens of thousands of dollars and hundreds of hours to put this material together. And yet, I'm making this available to you as an HMA consultant at no cost whatsoever.

### **HMA Resource # 11:**

Lifetime membership to [www.hardtofindads.com](http://www.hardtofindads.com).

You'll get over 700 typed word-for-word transcripts from the world's largest digital swipe file of editorial style ads by the highest paid and most successful copywriters in the world like: Eugene Schwartz, Claude Hopkins, Gary Halbert, Brian Keith Voiles and John Carlton.

This is like having a team of the world's top copywriters on your desk telling you exactly

what to write to make a winning promotion. These ads have pulled in hundreds of millions of dollars in sales and are proven "templates" that will work for you and your clients.

In many cases, you can take what's already been done and "adapt" it to what you're selling.

Products with just half these profit-producing ads sell for **over \$5,000**. But they're all yours free as part of this super HMA consulting package.

## **HMA Resource # 12:**

24-7 "Remote Control Consulting Services" selling tool.

Selling consulting to people who don't want consulting can zap your motivation stone dead and eat hours of valuable time.

You should only be selling your services to QUALIFIED prospects.

And so you get a valuable time saving tool to "pre-sell" the HMA System for you. It's a PowerPoint Presentation outlining all the steps in the HMA system.

This presentation will let you send a link to any prospect in the world that has Internet access and have them learn about what you can do for their business as an HMA consultant.

In other words...it takes you out of the selling position UNTIL they have gone through the presentation.

If your prospect does this, they are uniquely qualified as a legitimate prospect and are worthy of your valuable time and expertise.

You'll get this presentation customized with your photo, your company logo, your website and your e-mail address branded throughout.

This one tool has saved me hundreds of hours by letting me pre-sell and educate prospects about the HMA system without my direct involvement.

You'd pay thousands to produce a selling tool on your own like this. But it's yours to use and brand the second you become an HMA Consultant.

## **HMA Resource # 13:**

You'll own 100% usage rights to all your marketing tools, sales letters, postcards, presentations, ads, press releases, client generation reports, client testimonials, manuals, my million dollar consultants list of service providers and more – everything you need.

### **What About Support?**

As an HMA marketing consultant, you will be in business for yourself, but not by yourself.

By that I mean, when you have a question you get Michael Senoff. Not some "customer service" rep that doesn't speak English.

You get me working directly with you. You get me returning your calls minutes after you leave a message. You get me returning your e-mail in hours not days. You even get marketing assets I've accumulated over the years -- like my knowledge on direct mail marketing, advertising and copywriting.

In other words...

**I'm Always Here  
For You.**

And I'm personally going to whatever I can to help you succeed.

If you need something, just ask and I will do whatever I have to do to get any answer you're looking for. Whether it's asking Richard or going to my network of millionaire marketing and business experts.

And if I don't have the answer...I will find someone who does.

And finally, as I said at the beginning of this letter, you get to try everything out -- use all the tools and learn all the secrets -- without having to risk a single penny of your own money.

Here's why:

If you follow this system step-by-step exactly the way Richard teaches, and you don't capture your first client in 45 days or less...I'll refund 100% of your purchase price.

With no questions asked, no hard feelings, and no trying to "talk you out of it."

All of which means you can...

**"Test Drive" This System Without  
Risking A Penny.**

And I mean that.

I want you to hold my feet to the fire for 45 days. Use the system. Play with it. Compare it with other systems. And see for yourself exactly what you have in your hands.

And if you aren't making money with this system in your first 45 days, then return it.

How much does it cost?

Well, I've done the math, and the tools, resources and personal help is easily \$22,000 worth of material.

Probably even a lot more.

And other popular marketing systems I've seen, with only a tiny fraction of the features in the HMA system, cost \$30,000 plus ongoing fees and even royalties on the money you make. In fact, that is standard practice -- to take a cut of the money you make with their systems.

But with Richard's HMA system you won't be paying any royalties or fees.

Nor will you be paying \$30,000, \$20,000 or even \$10,000.

No, you can claim your complete HMA marketing system with the tools, manuals, videos, audio, lifetime access to ongoing HMA university training and all the high powered marketing resources I've listed and more for just six payments of \$995 plus shipping and handling or one payment of \$5970, plus shipping and handling.

Note: The six pay payment plan is NOT a layaway plan where you don't get the product until all payments are made. You get everything starting with your first payment of \$995 plus shipping. Nothing described in this letter is held back.

Shipping if you live in the USA is \$43. If you live outside of the USA, your shipping will be anywhere between \$97 and \$250 depending on location. Your Investment for your HMA system is small compared to what you're getting.

Especially when compared to other marketing consulting courses -- with a lot less value and with all their fees and royalties.

### **However, There Are Two Small "Catches" To This...**

First of all...

Do you remember earlier in this letter when I said I was giving you my audio creation and infomercial at a huge discount?

Well, if you become an HMA consultant you are going to be dealing with a LOT of people who will want and need that service. And I am hoping you will send some of those people my way to get these audio services done when the time is right.



If you become an HMA consultant in the next thirty days from the date of this letter, I'll happily pay you a fat 20% "finder's fee" for any audio work you refer to me. (Yet another way you can make money with this system without so much as lifting a finger.)

But this is another of the main reasons why I'm giving you all this value away at this ridiculously low price. And I'd be lying if I said I wasn't offering this deal as much for me as I am for you.

And secondly...

Even though you're free to use your HMA system anywhere without restriction, I will limit the number of systems I sell within each geographical area.

Richard and I wants to make sure as an HMA consultant you have the maximum opportunity to profit without competition.

So being accepted as an HMA consultant is not guaranteed and I have the right to say no to you if I choose. The only way to be sure of claiming your system is to act now to see if you qualify.

All you have to do is call me personally at **858-274-7851** and together we'll determine if becoming an HMA consultant is right for you.

If we're both in agreement, I'll send you a payment agreement by e-mail in the form of a PDF document. You'll complete it and fax it back to me at **858-274-2579**.

I'll then process your payment and send you the membership details for the HMA online university and I'll rush your HMA system to you by courier.

You can start listening to your online audio immediately while you wait for the rest of your HMA system to arrive.

And that's it.

If you have any questions at all, call me at **858-274-7851**.

Yours sincerely,



Michael Senoff

**P.S.** Please keep in mind that while it really is easy and simple to make a lot of money with

Richard's system, it is NOT for everyone.

I say this because if you and I talk, and it looks like you are not a fit for this and I decide not to let you be a member, please do not take it personally.

Trust me, there are some people who just shouldn't be marketing consultants, especially with Richard's system.

It's like me and playing golf. I love playing golf, but I know I'll never be good at it.

And if someone was selling a product on how to improve my golf game, and they were qualifying people just as I have to qualify people for Richard's system -- I would most definitely not be a good fit. Because I just will never be good at it and it would be a waste of my money to buy the product.

And the same goes for the HMA marketing consulting system.

There are some people who just shouldn't do it. And if it's not right for you, then it's nothing personal. And if you want, I can even help you find another opportunity that will be better for your situation.

But the only way to find out is to give me a call at **858-274-7851**.

If you get my voice mail, please leave your name, area code and phone number. Say that you are calling about the HMA system and I'll call you back at once. Please do not e-mail. I get so much SPAM that your e-mail may never make it to me.

**PSS.** Still not sure? Need to hear more information? You can hear hours of audio interviews with other HMA consultants at the link below. You may also download and read the printed transcripts. All you have to do it go to

<http://www.hardtofindseminars.com/HowToConsulting.htm>