

THE Business OF Bartering

By Jack Schacht

MORE AND MORE, MEETING AND EVENT COMPANIES ARE TURNING TO BARTERING— and finding it can be good for business. Meeting planners and sites are using barter to turn their downtime into a way to accumulate trade dollars and attract new business.

In its simplest form, bartering involves an equal trade. One business swaps a good or service for another. A lawyer, for example, may swap a few hours of legal assistance for a stay at an out-of-town hotel.

Through professional barter exchanges, where members pay a commission for goods or services traded, more complicated trades are possible. Here's how it works: A business lists a good or service for trade through the exchange. In return, the business receives a trade credit based on the dollar value of the good or service offered. The business can then use its trade credits to "purchase" goods or services offered by other members. The added benefit is that the business is connected to a network of actively bartering businesses.

By bartering, businesses can acquire the goods or services they need without tapping into

their cash flow. Bartering also bolsters the bottom line by enabling businesses to trade away excess inventory or resources. A hotel, for example, can fill empty meeting rooms during its off season; a print shop can run jobs during what would normally be a slow time or a newspaper can fill up its advertising space.

Bartering also provides another way to advertise your business. By bringing together buyers and sellers who may not have used each other's services before, bartering can introduce your company to new customers. These may be one-time customers or people who came back once they've become acquainted with your business.

Before you barter, weigh the advantages and disadvantages. Bartering can turn your downtime into valuable commodities and increase your sales while enabling you to purchase goods or services you need without cash. However, bartering offers no guarantees. Some trades may happen quickly, others may take some time. A popular item, such as airline tickets, may be snapped up right away. And you can't always

count on getting what you want when you want it through barter. The quantity of goods and services may fluctuate during the year. Plus, there is no tax advantage to bartering. Barter and cash transactions are the same in the eyes of the Internal Revenue Service – both are taxed equally.

The upswing is: bartering need not be limited to business transactions. Bartering may be a great way for a busy business owner to take a vacation. You can trade those credits in for an out-of-town hotel stay – just for the fun of it!

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Founded in 1983, NTA Trade remains the largest independent retail barter organization in the United States.

