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CHRIS HILLER

Slip into the mind of an Expert Barter Insider and learn Trade Secrets that will have you putting money back in your pocket tomorrow!

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BARTER CAN FREE UP YOUR LIFE AND EXPENSES,
so why aren't YOU doing it?

by Chris Hiller

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"I am impressed with the insightful information Chris has provided with respect to Barter and Trade. I find his writing style to be articulate and easy to follow which definitely helps when coming to terms with new concepts. I am confident that I will be able to successfully enter into the world of Barter after reading this book."

Ray Dunn, CEO, Life Without Barriers

"Mr. Chris Hiller is a respected Member of the DollarMakers Joint Venture Broker Club and an acknowledged expert in Barter. He is a sought-after speaker at our Bootcamps, seminars, teleconferences, and presentations. What makes Chris an expert is not just his years of international experience, but, more importantly, his ability to apply that knowledge in the real world. There are a lot of academics who know a lot about the theory of business but never make any money; Chris is not one of them. Two things differentiate Chris from others who understand Barter: First, his creative ability. Chris is able to find solutions and apply the principles of Barter in many diverse situations and applications. Second, and most important of all, is his integrity. Chris' honesty and openness is beyond question, and he is a trusted and valued Joint Venture partner. He walks his talk, and he has the guts to live a congruent life. I am privileged to know Chris, and pleased to highly recommend him."

Robin J. Elliott President, Elliott Enterprises Inc.

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"Chris Hiller has made the world of bartering seem like a real possibility for our business. Because of talking with him and reading his book, we feel confident that we can start using barter to market our services all over the world, and purchase goods and services that we want and need using barter dollars. We have always been curious about bartering, but never found clear direction on how to actually use it in our own lives. Now, we plan to make barter a major part of our business."

Anthony and Crystal Obey
DollarMakers USA Directors,
www.DollarMakersUSA.com

"Chris Hiller's experience with barter is completely different and clearly superior to barter as it is practiced in Canada. Chris was previously employed at Bartercard in Australia. In Australia, barter customers can buy gas and food and other commodities-barter purchases that are unheard of in Canada. As a result, when Chris talks passionately about barter, widespread access and fair pricing are common sense to him. It is this superior experience that makes Chris an instant expert on barter"

Carmine Bello,
President and CEO, PermaCharts Inc,
www.permacharts.com

Dedicated to my son, Harrison
- everyday you inspire me in 2 ways:
adoration for what you are,
and respect for what you will become

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By Chris Hiller

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“If you have an apple and I have an apple and we exchange these apples then you and I will still each have one apple. But if you have an idea and I have an idea and we exchange these ideas, then each of us will have two ideas.”

George Bernard Shaw, Irish Literary Critic, Playwright and Essayist.
1925 Noble Prize for Literature,
1856-1950

Chapter 1

Quid pro quo (Latin for "something for something") indicates a more-or-less equal exchange or substitution of goods or services.

Wikipedia

Lets talk Win-Win

Sue is a hairdresser. She lives in a small town and has been cutting hair for 10 years. Sue has worked very hard to build a fairly comfortable business.

One day a customer walks through Sue's door. Sue is always happy to see new customers and always goes out of her way to make them feel at home. But today, this new customer proposes something that Sue considers a little odd initially. This customer asks Sue if she would be interested in trading her hairdressing services in exchange for some book-keeping services. This intrigues Sue a little, so she starts asking more questions about how exactly this might work and a blossoming strategic alliance is formed.

Michelle is a book-keeper and a very savvy business person. Michelle is just starting her book-keeping business as she has recently moved to the same town that Sue lives in. She knows that the most important thing about starting a business is to generate clients. So armed with the knowledge that if she can create some happy customers that will refer her to others, one day Michelle walks into a hairdressers and sets out to generate some momentum. By asking Sue the hairdresser a few simple questions Michelle identifies that Sue is currently spending \$200 per month on book-keeping. Michelle knows how important it is that she looks good to her clientele so she suggests to Sue that they trade their services - Michelle perform \$200 worth of book-keeping in a month for Sue, and Sue perform \$200 worth of hairdressing services for Michelle.

This becomes a truly win-win relationship. Sue no longer has to pay cash for book-keeping as she gets to trade her services for it. This is not a time issue for Sue, as she has open time-slots during the day.

Michelle also wins as not only does she get haircuts in exchange for her own services (which is obviously important as Michelle needs to look good!) but she is also gaining access to Sue's database as Sue

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will inevitably talk about Michelle. As Michelle is starting a new business in a new town without a large network, being referred and exposed to Sue's database will be hugely beneficial for Michelle.

Sue and Michelle are bartering their services with each other.

If they only knew how much better this could get!

Who am I? And why will you read this book?

My name is Chris Hiller.

I was born and raised in Australia in 1973 and then immigrated to Canada in 2005. My professional background is essentially sales and marketing. My professional career includes working for both large businesses (Australia's largest telecommunications company) as well as small (husband/wife operated) businesses. During this time I have regularly witnessed the successful implementation of Barter.

So what gives me the right to speak effectively about Barter?

Well, I have been trading in Barter Exchanges and privately for over 10 years on 2 different continents (Australia and North America). In addition to this, I spent over 2 years working inside the worlds largest trade exchange – Bartercard.

I am a currently an active member of and contributor to various Barter exchanges, including two of North Americas largest.

The examples and experience I talk about in this book are drawn from either my own personal experiences or those of my business and network contacts.

The intention of this book is for you to get a good, solid grounding of what Barter is and how you can practically implement it into your business and personal life. We will be covering topics such as what Barter is, how to trade, what sorts of things can be purchased with Barter, and also some advanced bartering techniques.

The reason I have written this book is because whenever I would speak to someone about Barter, they almost always had heard of it, but had never really dug very deep into where Barter could take them and how it can help them.

The reality is that many members of structured Barter exchanges simply have never learnt many of the techniques in this book or how to put them into practice. So it really doesn't matter if you are experienced with Barter or not, this book will open your eyes to the possibilities when it comes to bartering options.

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Throughout this book, I will be using some fairly basic examples to showcase certain points. The main thing to remember is that the concept of each example can be easily transferred to your own situation.

Now, you are going to be exposed to some new (and possibly wild) ideas here, depending on where you are coming from. To some these principles will seem logical and to some they will be alien.

My suggestion to the people in the latter group is to read and re-read as it will start to make more sense as you keep going.

Chapter 2

“Your mind is like a parachute. It only works when it is open.”

Anthony J. D'Angelo, Author and Visionary

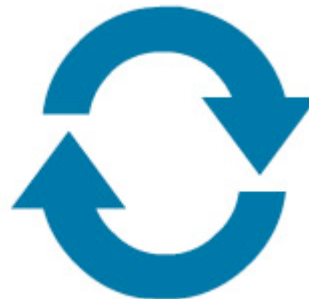
What is Barter (or the chicken for watermelon)?

Quite simply, Barter is the exchange of products, goods or services.

Barter can also be referred to as swap, contra, trade.

On a global level Barter occurs between nations.

On a more local level, Barter occurs between corporations and individuals.



Barter is a form of a Joint Venture. If you would like more information on joint ventures please visit www.makingjointventures.com

The concept of Barter has been around for hundreds of years as in it's purest form, Barter is simply an agreed transaction to swap things - Bill has eggs and swaps them with Mary who has watermelons. This is called direct bartering where two parties each have a good or service to swap with each other.

The challenge with this type of bartering is that it requires both parties to firstly need exactly what the other party has. Once they have decided that they each need what the other person has, both parties then need to agree on the value of the respective good or service. There is another obvious downfall with this.

Let's say in the example above that both Mary and Bill agree that 1 watermelon is worth 2 dozen eggs, well what happens if Bill wants a watermelon, but Mary only wants 1 dozen eggs?

This is where 3rd party companies, called Barter exchanges or Trade exchanges, come in. Quite simply, a Barter Exchange is a company that provides its member businesses a trading platform and bookkeeping system to allow its members to trade within their group.

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What this allows for is the ability for members to trade inside the membership group without the need for 2 members to do a direct trade with each other. One member can perform a sale to another member and “bank” the Barter dollars to spend at a later time anywhere within the membership base.

The Barter company also sets the base currency, called a trade dollar or T\$, which is equivalent to a cash dollar value in the members’ currency. For example, one trade dollar in the U.S. is equal to \$1 USD Cash.

Typically, the structured 3rd party Barter companies charge the members a monthly fee (usually somewhere in the range of \$20/month, which could be charged in cash and/or barter dollars) PLUS cash transaction fees on each transaction (anywhere from 10% to 15% of each transaction).

In addition to these fees, most Barter companies charge a one time membership fee when joining to cover your setup costs.

NEGOTIATE, NEGOTIATE, NEGOTIATE

As I always say, it doesn’t hurt to try to negotiate on all this. In my experience, some Barter companies are happier to waive the joining fee, while others are willing to drop the transaction fees down a bit (usually a percent or two) especially if you go onto direct billing with a credit card. Negotiating is especially effective if you have a business with a product or service that is in high demand within the group of members of the Barter company you are looking to join.

It is also good to note here, that as long as your account is in good standing (i.e. you are paying your monthly and transaction fees) your Barter dollars will never expire.

Chapter 3

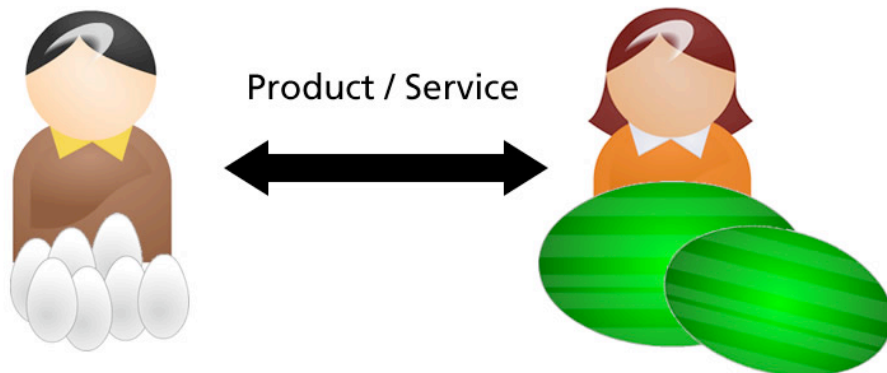
“When a person acts without knowledge of what he thinks, feels, needs or wants, he does not yet have the option of choosing to act differently.”

Clark Moustakas, Author

What Are My Options?

So now that we know what Barter is, just like a car, there are many options. Let's look at the difference between the 2 main bartering options:

Option 1: Direct trade



Advantages:

No fees for Mary and Bill to essentially swap their goods with each other.

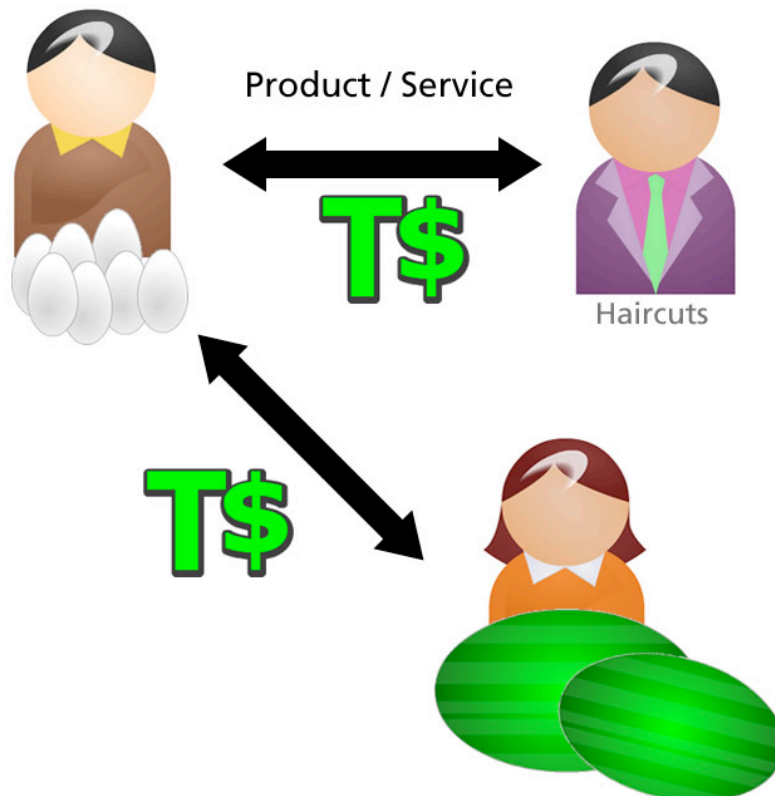
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Disadvantages

This type of transaction requires Bill and Mary to agree upon the value of each other's product or service (as I mentioned before, what if Mary only wants 1 dozen eggs but her watermelon is worth 2 dozen?). This transaction also requires Bill and Mary to WANT or NEED the other person's product or service at the same time. For example, Bill might not want watermelon this week, but would really like to use the services of a hairdresser, which Mary isn't. What will Bill do?

Obviously there are situations where direct trade works well as in the example on page 4 between Sue and Michelle.

Option 2: Utilizing a Barter Organization to facilitate this transaction



Advantages

This process allows unlimited trading opportunities within the member base. Members no longer need to trade back and forth directly with someone else - this would allow Bill to sell eggs to Mary and for him to buy hairdressing services from Jim.

The Barter exchange would withdraw from Bill's account the cost of the haircut, and deposit this amount into Jim's account. The Barter company would also withdraw from Mary's account the cost of the eggs and deposit this into Bill's account.

The Barter company acts as a 3rd party record keeper for ALL transactions. In this example Bill might sell his eggs to Mary for T\$20 and then pay for a haircut from Jim for T\$10. This would leave Bill a balance of T\$10 to spend elsewhere as he wishes.

Disadvantages:

The barter company charges CASH fees - often an ongoing monthly fee AND transaction fees on every single trade you make. Some Barter members perform a lot of sales and don't make purchases (ie they don't spend their Barter dollars) and end up with a high account balance that they don't know how to spend or even worse, won't spend.

It is, of course, possible to triangulate a barter deal without the use of a Barter exchange, however logically this could quite easily get out of hand and quite messy from a tracking and book-keeping perspective.

Chapter 4

“The propensity to truck, barter and exchange one thing for another is common to all men, and to be found in no other race of animals.”

Adam Smith, Philosopher and economist, 1723-1790

How could Barter help my business?



First of all it is important to note that almost all structured barter exchanges require their members to have a business. This means that an individual generally is unable to join unless they perform a business related service - individuals usually can't join a Barter exchange purely to sell their 2nd hand goods. That being said, almost ALL services can be considered a business in some shape or form. For example you may be able to teach people how to play the guitar. This is your business.

If you simply want to barter, trade or swap amongst your own network, then obviously you are free to do that.

The second thing to note here is that the key to Barter is to ensure that you are generating AND spending your barter dollars, either on existing cash expenses or on other things that you may have always wanted to do. Some examples are using Barter dollars to take care of your company's business printing, or using your Barter dollars to go to the nail salon every two weeks without paying out of pocket.

So here are the main reasons why yours and other businesses join a Barter exchange:

REASON #1: Help boost your sales

Each member of the exchange receives their very own personal Trade Broker, whose sole responsibility is to generate sales for their members and to help the members spend their trade dollars. Pretty great, right?

The principles of the Barter exchange is that because you are part of a member base, you will have access to customers that might not normally know that you exist, however with some promoting of your business by your personal Trade Broker, your exposure will increase dramatically.

Having a Trade Broker essentially gives you a sales force that works on commission for you! AND the Trade Broker also acts as your very own “personal shopper” when it comes to spending your trade dollars!

A business could also open up other sales avenues by using Barter dollars to generate cash sales. An example of this would be for a business to sell their products or services on trade and then use those trade dollars to create a new advertising campaign to attract more cash customers.

Everyone knows that word of mouth advertising (or referrals) are extremely important to every business, and by attracting and providing good service to a new Barter customer, you are inherently opening your business up to your new customer’s personal and professional (and cash paying!!) network.

When I was working as a Trade Broker in the world’s largest Barter exchange, I had one particular client who would openly admit to me that he used me to do his cold calls for him. He would tell me that he hated doing cold calls and he loved the idea of having me (his Barter sales force) doing whatever I could to get him new business.

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REASON #2: Geographically expand your customer base

Again the leverage here is that your Barter exchange may have a national and/or international member base in which you can be promoted. And as I said above, your broker's role is to promote you as much as possible, so it is really like have your own sales force inside the trade exchange organization, getting your services and products out there.



REASON #3: Barter moves excess inventory and fills idle inventory time

By using a barter program, a business can ensure that they are getting regular turnover of stock and maximizing employee down time which ultimately can enhance productivity and reduce seasonality issues. Think feast or famine without the famine.

A friend of mine works for a clothing manufacturer and they use a trade exchange to sell any excess seasonal stock that they have each year which obviously helps tremendously from a warehousing perspective alone.

REASON #4: Barter allows your business to offset current cash expenses

This is probably the number one use of Barter today. Every business has regular and one-off purchases that they spend cash on. The advantage of Barter is that a member can go to the member database and find a respective business that provides the product or service that they need and give their business to the barter member instead of paying cash. Two things happen when you do this: firstly when you offset a cash expense, naturally you are keeping cash in your pocket. Secondly you are regularly turning your barter dollars over. I will talk more about the advantages of this later in the book.

Some of the extremely common business expenses that might be available in any given Barter exchange are: accommodation, advertising, computer services, education, printing, accountant, lawyer, web design and hosting. This is a mere splattering of the huge array of business that are available to trade with.

REASON #5: Barter helps to build your employee and customer loyalty

A business can utilize a Barter program to provide incentives to both employees and customers to increase and solidify loyalty. I will talk about a couple of specific examples later in the book.

REASON #6: Trade exchanges often provide a Line of Credit

Most Barter exchanges know that the most important thing is to get (and to keep) their members spending their barter dollars. There are 2 main reasons for this.

Firstly, the Barter company is charging transaction fees, so the more transactions, the more money they make. The other reason is because if the members aren't spending their dollars regularly, they will end up with large account balance and get frustrated and disheartened with the process. We all know that bad word of mouth is never good advertising, and a disgruntled Barter member will make sure they tell everyone they know how bad Barter is.

So taking this into account, some Barter companies will provide their members a Line of Credit (some charge interest in trade dollars) which allows a member to hit the ground running and start spending barter dollars right away.

This can be useful as it may also take a bit of time for a new member to generate sales initially, and it can also help a seasoned member that needs a bit extra to make a certain purchase.

A typical Line of Credit could be anywhere from T\$100 to T\$1000.

Given all of the above, ultimately businesses use Barter to gain an advantage over their competition!!

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Chapter 5

“When you are asked if you can do a job, tell ‘em, “Certainly I can!”. Then get busy and find out how to do it.”
Theodore Roosevelt, US President

What do I look for in a Barter company?

The 3 most important things to look for in a Barter company are:

#1: The number of members in your local area.

It is true that being part of a national/international Barter company will give you the ability to spend your dollars anywhere. However, the reality is that there will invariably be things that you will want to purchase locally. While you can go across the country to get your website re-done, or to get some printing performed, it might be a bit hard to get a haircut from someone that isn't in your town. So the number of local members is important. Also, if your business is more location specific, you will want to make sure that there are sufficient local members so that you can generate barter dollars.

When we talk about members, we generally categorize them into active and inactive members.

Active members are simply members that are happy and willing to accept trade dollars from you.

Inactive members are those that have put their sales on “hold” until they can spend their account down a bit. This type of member usually has a high trade account balance.

That being said it is always possible to come across a member that isn't willing to trade with you for whatever reason - remember that the decision to trade or not on any given day or on any given product/service is the right of the seller (this obviously works both ways, as you are a seller within the exchange also, right?). I will go into more detail about this in the pages to come.

You also want to ask about the ACTIVE members, as there aren't many purchasing options with those members that are inactive. However bear in mind that you may have the exact product/service that an inactive member is looking for which will turn them into an active member.

Your Barter exchange will be able to guide you on this as they are not in the business of signing up new members who will eventually become unhappy. The exchange makes its money from the TRANSACTION FEES.

You should also ask about the total number of members available to trade with (not just locally). Generally the ratio of active to inactive members is the same throughout the Barter company, so knowing how many members there are in total can give you a good idea of your trading opportunities. A number of Barter companies are part of a reciprocal trade organization that can open up your trading opportunities to not just being within your own Barter company.

To put all of this into numbers, you want hundreds of local members and thousands of total members.

#2: The types of members businesses (both locally and nationally)

This is very important because you want to be able to access a broad range of products and services in order to continuously turn your barter dollars over. If you join a Barter company that predominantly has advertising opportunities, and you don't want or need advertising, then there really isn't much of a value proposition for you.

What you want to look for here is a good balance of products and services that will let you offset some of your existing regular cash expenses and also buy some products and services that will let you have some fun.

#3: The entry, monthly and transaction fees

Most Barter companies charge an entry fee, monthly fees and transaction fees. The more negotiating you can do here will ultimately reduce the amount of cash you will be paying, which in turns lowers your Cost-of-Trade-Dollar. I will talk more about the “Cost-of-Trade-Dollar” shortly as it is a great leverage tool.

Another great idea is to offer a trade with the Barter company for the entry fee. Let’s say you provide tickets to seminars, you could offer to give one to the Barter company as your entry fee, thereby performing a “trade”.

In addition, I would also highly recommend that you ask any prospective Barter company for the names and numbers of a couple of existing members so that you can call them and get their opinions on their experiences with spending their trade dollars.

You should ask a fellow member things like:

- Availability of basic services that you might be interested in
- Responsiveness from the Trade Broker
- Overall satisfaction with the Barter company

Another question to ask a Barter company is whether they are member of any industry bodies. There are 2 main ones to look for and they are:

National Association of Trade Exchanges (NATE), and
International Reciprocal Trade Association, IRTA

The main role of these organizations is to provide “Standards of Practice” within their Trade Exchange Members. This is intended to assist in progressing the Barter industry.

It is good to note here that membership from your Barter exchange is not compulsory and obviously with no real governing body, trade exchanges are ultimately free to set whatever standards they choose.

Most Barter exchanges, however, realize that they are in the service business and that essentially you are their paying customer. My advice as always is to do some research on a Barter exchange and make sure it is a fit for what you are ideally looking for.

Basically before you join any Barter company you need to weigh up all of these things to make sure that you are getting your value for money and that you are able to get everything that you want from the Barter company.

One of the Barter companies that I am personally involved in is called BarterMakers. You can check them out by clicking [HERE](#)

Chapter 6

“One of the secrets of life is to make stepping stones out of stumbling blocks”

Jack Penn, Author

Why would a Barter member not want to trade? And what can I do about it?

In any business, on any given day, market forces are constantly at play. The things that might make a Barter member not want to trade could be:

a) High trade account balance

You might call up a member and they tell you that they are not accepting Barter dollars as their account balance is too high. In this case, I would simply ask that member what sort of things they have been looking for and have been unable to find.

Often a member in this situation either hasn't conveyed this concern to their broker, or their broker hasn't really listened to them. Armed with an idea of what they are looking for (assuming that I don't already know how to solve the problem for them) I would call their (or my) trade broker and try to get them to help out.

Sometimes, with a bit of pro-activity on your part, the inactive member will trade with you. I have done this many times, and sometimes I haven't even been able to help the inactive member with what they were looking for. They were more impressed with my willingness to listen and to try to help that they have helped me out in return by allowing me to purchase from them on Barter. Here is the secret to getting what you want. If you show an inactive member one different way of thinking, or give them one alternative trade spending option, and turn them from inactive to active, they will want to trade with you.

b) The product that you are trying to purchase has a profit margin that is too low for the seller to be able to cover from a cash out (Cost-of-Trade-Dollar) perspective.

This is a tough one to work around. The main thing to know is that you are not always going to be able to get EVERYTHING you want WHEN you want.

One tactic I have successfully used in the past is to offer the seller some cash in the transaction and some trade dollars. Now it is important to note that almost ALL Barter companies have very strict policies on part trade, part cash transactions - they ALL say it is completely against their trading rules.

The thing to remember here, is that you as the purchaser can offer part of the transaction in cash - you just are not allowed to ASK for cash as the seller.

If you think about it this way, no seller is going to complain to the Barter company if you offer part cash part trade, however if you are the seller and you tell a prospective buyer that they need to pay some cash, they will mostly likely submit a complaint. Most Barter companies have very harsh penalties for asking for cash in a transaction that can lead to termination from the exchange. The ramifications of this could be forfeiture of your existing barter dollars or you being required to pay cash if your trade balance is negative.

The logic behind this approach is a simple profit margin calculation. If you are dealing with a member that has a product you want however the product has a very low profit margin, offering some cash in the transaction can cover the cash costs that the seller has to incur. As an example of this, I once purchased a farm generator for my father using cash and trade. The generator retail price was \$6000 so after talking with the owner of the store I was able to purchase the generator for T \$4000 and \$2000 cash.

c) Simple timing issues

The member that you are looking to purchase from may have recently performed other barter transactions. As with all these scenarios, I always suggest that you dig deeper into why they aren't trading. In this instance, it may just be that they will be happy to make a sale to you in a week - you won't know if you don't ask.



Chapter 7

“Dedicate yourself to the good you deserve and desire for yourself. Give yourself peace of mind. You deserve to be happy. You deserve delight”

Mark Victor Hansen, Motivational Speaker

How can I use Barter in my personal life? ... and yes, you deserve it!

In a nutshell, Barter can help you to “Live like a King or Queen”

So if Barter is generated by my business activities, how and why would I use it for personal use?

Before we go into the how, let’s look at the **why**.

The reason that people consider Barter for personal use is because ultimately when Barter members look at what they currently spend their cash on, they realize that often a large amount of the cash they spend in their lives is on personal things. So perhaps the biggest challenge that newcomers to Barter face, is getting comfortable with spending their barter dollars on personal items such as spas, vacations, hairdressing etc.

The reason that savvy Barter members do use Barter in this way is because they know that these expenses are ordinary day to day cash costs that can be offset by using Barter dollars. Basically, anything that you buy for cash that can be offset by using Barter dollars ultimately leaves cash in your pocket!

Invariably, whenever I talk to Barter members (especially those with a high barter account balance) about where they are spending their cash dollars I am amazed at the sheer volumes of cash they are spending unnecessarily. I am not talking about a judgment on where they are spending their money - this is purely about whether they are spending their cash or spending their Barter dollars.

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The key is to think Barter first.

Can I find this on trade? If not, then spend cash.

Before we go into some of the basic things that you can use your Barter dollars for, I would like to address one thing here, and that is your beliefs around money in general.

Let's face it. We all have a different perception of money. For most of us, this perspective comes from our upbringing. This is not a judgement, just the facts.

If you grew up in a house that had a surplus of money on a regular basis, you have a different view and perspective of money than someone that grew up in a household that had more "Month left at the end of the Money"

When I was growing up, the message wasn't that "money is evil" as much as it was that "money doesn't grow on trees". When I was about 9 or 10 years old, my parents would buy me shoes that were 3 or 4 sizes too big - on the theory that I would "grow into them". The obvious flaw in this concept was that I actually destroyed these shoes way before I could grow into them as they would be dragging on the ground when I walked, or the front of the shoes would get caught in the spokes of my bicycle tires when I rode. Basically I spent years walking around with Goofy feet. Now why do I tell you this story and what does it have to do with Barter?

Well quite simply, the programming that we have about money determines how we will spend it. I can hear you saying Huh? I thought I was reading a Barter book - well you are - stay with me.

Look here's the thing, unless you can accept the notion that any Barter dollars that you create are essentially dollars that you wouldn't have had, you will use Barter dollars in your day to day life as you do cash. So that means that if your current programming about money is that it all must be saved and that spending it on myself is a "waste" then logically you are likely to end up with a large balance of Barter dollars in your account. This is fine as long as you have a goal to spend them (i.e. a big vacation or large ticket item). However, if you stay in the "save at all cost" frame of mind, you won't be using Barter to its fullest potential.

Now I am not saying that you have to change your view on life or money, however for those people that REALLY want to use Barter to it's fullest potential, you will need to make a couple of minor mental shifts.

OK Chris you have lost me - mental shifts? Again I thought this was a book on Barter?

It is an instruction book on how to barter effectively. And one of the best uses of Barter for some people is to do some things that you might not normally do (or wouldn't do because you think you don't deserve it). Well guess what - YOU DO deserve it!!

Think about my own example above with the shoes. The reason that my parents bought shoes for me that were too big wasn't because they didn't love me - it was because shoes were expensive and they wanted to get the most bang out of their buck right? Well what if they had been able to purchase those shoes with Barter dollars generated from business that they wouldn't have otherwise had - my guess is that I would have had much better fitting footwear.

When it comes to using Barter dollars in your personal life, the opportunities are almost endless.

When I coach people on utilizing Barter to its fullest potential, the first thing I do is go through EVERYTHING in their life that they spend cash on. The more accurate you are with this process the better the results you will get. This list encompasses both personal and business related spending habits. For example we will drill down to how much people spend on things like: vacations, professional services (like accountant, lawyer etc), personal services (like hairdresser, spas, nail, massage, restaurants, concerts etc), and other business related expenses

This can be slightly overwhelming for some people however it is a very useful process.

After we find out where they currently are, I will then ask them if in an ideal world they would like to spend more on any of the above things. Almost always, people tell me that ideally they would like to increase the spending on the personal related items. So what we are then identifying is that if they had extra money, they might get a massage a bit more often or that they might go to a slightly more up-market hairdresser (or buy their kids shoes more often).

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For some it might be getting a house cleaning service, or a gym membership, or taking a limo to the airport instead of taxis. Or they may even go on a few more vacations or perhaps go on more expensive vacations. I recently saw an advertisement in one of my Barter exchanges for a 7 bedroom house in St Maarten (a beautiful island in the Caribbean) that you can rent on Barter for the week. Imagine taking your closest friends (and/or family) to a gorgeous tropical destination!!

In a later chapter I will explain how to share the cost with your friends and get them to pay you cash while you pay for it with your Barter dollars - this process is called cash converting.

Again, by performing a simple analysis of where you currently spend cash and working on offsetting this cash by spending Barter dollars instead, you not only leave more cash in your pocket, but it lets you start doing some things that you may not have thought you were able to do before you were exposed to Barter.

Before I explain to you how to unleash the real power behind Barter, I want to illustrate a simple example to emphasize the point I have made above.

Pretend for a moment, that you are a hairdresser and generally you are working very hard and don't really have the time (or the money) to do things that you want to do, such as take your partner/spouse for a massage at a spa. Well if we look at the barter aspect here, if you were able to perform just 2 more haircuts a week and that was enough for you to be able to give your spouse a massage, would that be valuable to you? Would you have the ability (ie time) to perform 2 more haircuts?

Now obviously the spa/massage might not be what interest you (and obviously you might not be a hairdresser) but the principle is the same. Barter is about you generating some extra business and then allowing you to use the Barter dollars to either offset existing cash expenses or to do things that you might not have normally been able to do.

Chapter 8

"I can make more Generals, but horses cost money"
Abraham Lincoln

How can I Unleash the Power of Barter?

The real power behind Barter is calculating what is called your Cost-of-Trade-Dollar. Or simply calculating how much it costs you in physical cash to generate 1 trade dollar.

If you can get your mind around this notion, you will see Barter from a completely different perspective.

Because it is your Cost-of-Trade-Dollar that is the backbone behind this advanced Barter logic I want to go over that right now:



Before we look at a couple of examples, there is a basic notion that needs to be understood and accepted: Generally Barter brings you business that you wouldn't have had. I have mentioned this before, however I want to make sure that you are fully in tune with this.

I say "generally" as it can happen that the odd existing cash customers could become a Barter customer. However this is fairly rare and you can of course control this by not accepting barter from existing cash customers.

So if every Barter dollar is generated from business that you wouldn't normally have, then calculating your Cost-of-Trade-Dollar really boils down to separating your Cost of Goods Sold (or the cost to produce, purchase, provide the product or service) from your Fixed Costs

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Let me go a bit deeper into this, as it is a very important concept. Ok now let's make a couple of generalizations and assumptions:

1. Let's assume that your business is doing OK. By this I mean that your business is generating sufficient sales for you to be able to cover most of the expenses and provide you with your current standard of living
2. Let's assume that your existing customers are providing your business with sufficient revenue to pay for basic expenses like rent, hydro or electricity, insurances, payroll etc

So here's a question for you - if all of these things are currently covered by your existing cash business, and you were able to add some extra business through Barter, which of the expenses above would increase?

For most businesses the answer is none.

Some people may say that their payroll would have to increase if extra business was brought in, and this may be true, however for most businesses they are already paying the staff so the payroll is essentially a fixed cost.

If you have ANY downtime in your employees then your payroll won't increase if you add a Barter component as long as you manage the process - remember that Barter is not going to replace your cash business. You need to keep looking at this as a "supplement" to your existing cash business. But even if your payroll did increase, it would generally only be a slight increase.

If you don't have employees, then your payroll component would be your own salary.

So back to the Cost-of-Trade-Dollar; If what I have said above makes sense, then logically if you were to generate T\$1000 from a transaction, the only real extra cost would be the amount of cash you have to take out of your pocket to pay for the product/service that you sold. In a moment, we will look at a couple of practical examples – let's take a hairdresser, a restaurant, a mechanic and a clothing store.

This represents a broad cross section of business types, but essentially it comes down to whether you provide a product or a service. It doesn't matter what your business does, as the calculation is identical for ALL businesses.

If you provide a product, your Cost-of-Trade-Dollar is derived from your actual cost to purchase (at wholesale price) your raw material/products, plus the transaction fees from the Barter company. If you provide a service, your Cost-of-Trade-Dollar comes down to your travel time and other associated DIRECT costs with providing that service, plus the transaction fees.

Where the power of the trade dollar comes in, is when we apply the same logic to spending your trade dollars as we do in generating them. What I am saying here is that when you work out your Cost-of-Trade-Dollar, you are also by default working out the amount of discount at which you can purchase things in your Barter system. I'll show you some specific examples to illustrate this point, so don't worry too much if this hasn't sunk in yet.

Now, back to our 4 businesses: hairdresser, restaurant, mechanic, and the clothing store.

Lets break down what each of these businesses would be looking at, as far as the Cost-of-Trade-Dollar - remember that we are not looking at the FIXED expenses of the business here as the existing cash customers should be covering that (if not, the business is in a bit of trouble and will need some seriously advanced barter techniques). I will use round numbers in all of these examples to outline the concept. Again, this is where you would input your own specific situation to work out YOUR Cost-of-Trade-Dollar

Business 1: Hairdresser:

A hairdresser typically has some time slots during the day that are available and could feasibly be filled with some barter customers right?

Sells a basic haircut for (revenue) T\$50

Cost of products to provide haircut (shampoo etc) \$5

Transaction fees \$7.50 (15% of \$50)
(lets assume a high number like 15%)

Total costs to generate T\$50 \$12.50 Cash

This equates to a Cost-of-Trade-Dollar for the hairdresser of 25 cents. This number is derived by dividing the cash costs in the transaction (\$12.50), by the total trade dollars created (T\$50) which gives you 0.25. So what this means is that in this example it costs the the hairdresser 25c to generate T\$1.

So lets now convert this into the equivalent purchasing discount aspect.

When this hairdresser takes that T\$50 that they made on the haircut, and they spend it on some printing services (for example) they are really buying \$50 worth of printing for \$12.50 cash as this is what it cost them to generate T\$50 by performing a haircut.

Business scenario 2: Restaurant

A restaurant often has vacant tables that they could fill with Barter customers

Dinner out (revenue)		T\$100
Cost (food etc - usually payroll is already covered)		\$40
Transaction fees (lets assume a high number like 15%)		<u>\$15 (15% of \$100)</u>
Total costs to generate	T\$100	\$55 Cash

This equates to a Cost-of-Trade-Dollar for the restaurant of 55c (dividing the cash required to generate the trade dollars, by the amount of trade generated) which gives them an equivalent purchasing discount of 45%

Business scenario 3: Mechanic

A mechanic type business is a mix of service and product. They invariably have open time slots during the day, however also have product costs involved in running their business

Mechanical services fee (revenue)		T\$350
Cost to provide service (parts, oils etc)		\$100
Transaction fees (lets assume a high number like 15%)		<u>\$52.50 (15% x \$350)</u>
Total costs to generate	T\$350	\$152.50 Cash

This is equal to 44c in cash to generate T\$1 (\$152.5 divided by \$350). This in turn means that every Barter purchase they make, they are receiving the equivalent of a 56% discount

Business scenario 4: Clothing Store

A retail store usually purchases things at wholesale price and then sells at retail price. In this example we have said that this retail clothing store has a 100% mark up on the goods

Clothing price (revenue)	T\$100
Cost to purchase this stock	\$50
Transaction fees (lets assume a high number like 15%)	<u>\$15 (15% of \$100)</u>
Total costs to generate	T\$100
	\$65 Cash

This equals to a Cost-of-Trade-Dollar of 65c or a 35% purchasing discount.

As you can see from these example above, those types of businesses that benefit the most from leveraging their Cost-of-Trade-Dollar are the ones with a really LOW cost of trade dollar. Usually businesses that provide services (or at least products with a high resale margin) have a lower Cost-of-Trade-Dollar which gives them a higher equivalent purchasing discount power.

Naturally, the reverse of this is also then true. If a business has a very low profit margin on a product, it will most likely be very difficult to buy on Barter. The best thing to do is to have and continuously update a “wish list” for your Trade Broker. I will talk more about your wish list later in the book, however quite simply it is a list of items that you are looking to spend your Barter dollars on.

Any business that has a Cost-of-Trade-Dollar that is under about 90c can still hugely benefit from Barter as long as they work it correctly. I will cover some specific strategies for either using barter dollars or converting them into cash later in the book.

As I mentioned before, the application of this process to ANY business will give you your Cost-of-Trade-Dollar and subsequently your respective purchasing discount.

Chapter 9

“The wise adapt themselves to circumstances, as water moulds itself to the pitcher”

Chinese Proverb

What are some Advanced Barter Techniques?

In previous chapters, I have given you the basic understanding on how it all works, so let's get into some of the more advanced Barter techniques and ways to put them into practice.

Firstly, here is a recap of what we have covered.

We have talked about how Barter can help increase sales into your business; we have spoken about how you can use barter to offset existing cash expenses and how to spend Barter dollars in your personal life; and we have just learnt how to work out our Cost-of-Trade-Dollar - so what's next?

We will now go into Resource Audits, Hot Buttons, and Barter Cash Conversion strategies (listed in Chapter 11).

Resource Audit

A Resource Audit is quite simply taking the time to sit down and find out what people have and what they have access to. You will be amazed at the types of things that can lie around dormant.

Resources can be both physical (or tangible) and intangible. You can ask specific questions about what people might have in their basement for example, or you could do some probing to see what sort of contacts someone might have.

As an example of common underutilized resources, a person might have financial resources (the ability to raise or secure funds), memberships to clubs and organizations, downtime in equipment or idle staff, inventory that isn't moving, reputations, brands etc.

Remember that the person you are speaking with doesn't have to have the resource themselves. They will have their own network of people who might have things that are useful. And of course, as this is a Barter book, you would be looking to perform a trade with them for their resource and give them something they need from your Barter membership base.

The best way to see if someone has what you are looking for is to ask. Just ASK.

I once performed a resource audit on some of my network and found someone that had a surplus of airline frequent flyer miles. I subsequently found out what that person wanted (their Hot Button – more detail on this below) and was able to make a trade with them to use the airline miles for flights.

And don't forget about the things that YOU have as a resource. Don't assume that something that is of no value to you, isn't of value to someone else. One person's trash is another person's treasure. You might have a stack of magazines in your basement, or a pile of cd's that you recorded that someone else might be interested in. You (or someone you know) might have timeshare points that they would be happy to offload and trade for something else. This is a great opportunity for you to be the broker here.

The advantage of using Barter in this instance is that you can list the items for sale through your Barter exchange whether you have physical possession of them or not.

Let me explain this point: As an example, you have a friend who has a cottage that he rents out and he needs his carpets at home to be shampooed. Well what if you were to rent out his cottage through your Barter exchange, thereby generating Barter dollars, and you then turn around and pay for your friend's carpet cleaning with trade dollars? You would of course need to make sure that you price his cottage rental (or whatever the item is) at a price that allowed you to make a profit taking into account the cost of the product/service you will be providing to your friend.

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Here is another example: I once performed a resource audit on myself (a great experience that I recommend EVERYONE do at least once a year, as it will clean out your old stuff!!) and found that my wife and I had a commercial grade stove in our basement. The reason we had stored it down there was because it really wasn't very safe for our 12 month old son as it got very hot on the outside of the oven (too hot for little hands...). So I did some investigating and found that the retail price for our stove was about \$2700.

If I wasn't a member of a Barter company, what would my options have been? I would have to list the stove for sale in the newspaper, maybe on free second-hand websites etc right? Then I would have to field calls and email enquiries as people would invariably have questions and want to know more. In addition to this I would probably have listed the stove for around \$1000 (it was about 4 years old) and may have been lucky to get that as someone would surely have negotiated me down.

Plus I would have had to make sure that I was home when someone wanted to come and look at it, at which time they might have said that they wanted to think about it and go away. If, and when, I did eventually find a buyer, they would probably want to give me a cheque which would make me a little hesitant (in case it bounced), so I would probably insist on cash, which would slow the transaction down further.....

Feasibly this process could have occurred 2, 3 or even more times and it could take weeks or longer (and it is obviously possible that I might have never sold it).

But luckily for me I am a member of a Barter exchange. Here's how the transaction went.

At 3 p.m. on Thursday I took a digital photo of my stove and I wrote a 6 line rundown of the specs/model etc and emailed the information and image to my Trade Broker. I priced the stove at T\$2000 (using the theory of start high and bargain down). By 10 am on Friday morning I received 1 phone call from a member that owned a catering business ad he asked me some specific questions which I was able to answer. This member then said that he wanted to purchase it (unseen) and that he would email his Trade Broker to finalize the transaction and that he would be at my house on Monday to pick it up.

So what just happened here? I sold my stove, that really wasn't of use to me anymore, for T\$2000 in less than 24 hours with me doing nothing more than taking a photo, sending 1 email and taking 1 phone call.

For those of you that are now saying, Yes, but what did you do with the T\$2000, go back and read the section on Using Trade in your Personal Life (Chapter 7). My wife and I use Barter constantly to do the everyday things and the extra special things that make our life as fantastic as it is!

So as you can see, when you perform a resource audit either on yourself or on others in your network, what you are actually uncovering is opportunities for you to generate Barter dollars with very little effort.

In fact approximately 70% of my entire Barter dollars generated comes from activities that are outside of my regular business practices that I perform on barter. I generate Barter dollars by performing resource audits and partnering up with other people to sell their goods and services through Barter and we share the profits.

Again, you will be amazed at what you can uncover if you ask!!!

Another great reason to perform resource audits is because it opens you up to people and opportunities within your network that you may have either forgotten about or didn't even know existed. One of my resource audits is a Joint Venture club called DollarMakers, This club was started by a brilliant man called Robin J Elliott, who has been a successful Joint Venture Broker for over 20 years. Robin J. Elliott started this club to bring like minded people together and to teach them about how to set up and maintain Joint Ventures. I have included a FREE e-book at the back of this book called Joint Adventures, that will give you some practical strategies and insight into the world of Joint Ventures.

Hot Buttons

A Hot Button is something that triggers an emotion in someone that causes that person to take action. From a sales perspective, it's a cue that causes a person to buy something you're selling. A hot button could also be described as an emotional pull. The bottom line is, when you know what someone's hot button is, you are in an ideal position to work very closely with that person. Look at this way: in today's society we are bombarded with literally thousands of advertising messages all day from so many different sources. Generally all of these advertising and marketing strategies are trying to either trigger a hot button or to get us to change how we think, believe, feel and do to the benefit of the advertiser. But wouldn't it simply be easier to ASK us what motivates us?

Obviously that isn't possible from a mass marketing perspective, but the problem is that most people take the mass marketing approach even when they are talking to one person. Instead of trying to get the person in front of you to change to fit your solution, why not find out a bit more about them and then provide them a solution to their current problems. Remember that people will always do more to avoid pain than gain pleasure!

And given that, it's much more effective to work *within* another person's mindset instead of trying to bend them to *your* will.

Here is a classic example: Why are you reading this book today?

My guess is that it is because you want to find out about Barter. Right? Well it could then be said that the notion of finding out about alternative strategies to eliminate negative cash flow in your business and personal life could be one of your hot buttons....

Basically when you find someone's hot button, you are essentially putting yourself on the same emotional playing field as that person. This is very powerful as subconsciously, you have created a connection that can be cemented in place by identifying and solving their problems.

The other real advantage of finding out someone's hot button is that it is much less expensive than traditional “throw as much crap against the wall and hope something sticks” approach. Think about it - what does it cost you to ask a few questions?

Their hot button could be money, it could be a trip or vacation; a toy or gadget; recognition or an award; a relationship or an introduction. It doesn't matter what the hot button is, what is important is that you **find out what it is** so that you can work with that information and help people to get where they want to go.

Ok so now I know you are asking yourself what this has to do with Barter right?

Well think about it this way - if you know what motivates someone to take action, it now no longer matters whether they are part of Barter exchange or not. So what I am saying here is that really you can trade with ANYONE.

How would I do this?

Let's say that you are a member of a Barter company, and the person that you are looking to trade with isn't a member.

If you can find out what the other person is looking for (again, their hot button), you could perform a trade with them by you sourcing what they want from your Barter members.

Here is a simple question you could ask someone if they are not a member of a trade exchange and you want to barter with them: If I could give you something of equivalent value to you, would you be open to doing a trade?

If the answer is Yes (or even “Maybe” or “Um”), this then opens the door for you to ask some slightly more probing questions about what they might be looking for. You could go straight to the point here and simply ask: What could I offer you of equivalent value, in return for what I am wanting here?

Or you could find out a bit more about the person to determine how to make the trade happen.

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If asking questions make you feel a bit uneasy, you could simply go over the basics of the types of member that your trade exchange has, which in turns shows the other person the type of resources you have to do a trade.

Think about it this way: If you are a business owner and you are looking to sell your product/services, let say as an example, some printing for \$200 and someone came up to you and said "Would you be interested in making a trade for the printing?" most people would automatically think something like this: "Why would I want to swap my valuable product/service for some stuff that I don't want and won't use". You see by default, the person you are looking to trade with is thinking that you are talking about swapping your old magazines, a pair of shoes, and maybe a used tea bag for their printing!!! This clearly is not the case as you are part of a Barter exchange that might have 10,000 members that have businesses looking to trade.

So that is why the "If I could give you something of equivalent value to you..." wording is so important here. This phrase makes it clear that you have things of value to trade with.

Once you have identified whether they are interested in trading or not, and you have asked a few questions to see what might interest them, you can then go into more detail giving some examples of your Barter exchange's member base. Remember, it could be business or personal related.

Don't assume that the person you are looking to trade with has the same concept of value as yourself.

They might think that a day at the spa or a day on the golf course for their significant other would be a fantastic trade!! Don't be afraid to ask!!

As I said before, people will always do more to avoid pain than to gain pleasure, so what you need to do by asking questions, is to find out what pains them. If you can find that out, they will trade with you all day long!!

Let's look at a another example and how finding out a person's hot button can be of benefit to Barter.

I once needed a board room which was going to cost me \$500 for the day to rent. I asked the owner of the office what sort of things he was into and what motivates him, and learned very quickly (because people like to talk about themselves) that he hadn't gone on vacation in 3 years and wanted to take his family away.

So I simply asked him if he would be willing to give me the meeting room for the day, if I was able to give him a 4 day weekend at a lovely Bed and Breakfast.

He obviously jumped at the idea because if you look at it from his point of view, he rents me a room for a day and he gets to go home to his wife and tell her that he is taking her away for a 4 day weekend at a lovely B&B. And what did it cost him? Nothing! He had the resource sitting there.

Talk about a Win-Win.

I immediately approached my Trade Broker and found that there was a member that ran a Bed and Breakfast that had a weekend package deal for T\$400.

Remember in the previous chapter when I talked about using your Barter dollars to buy things for yourself that you might not feel you deserve? Well, think about this logically. If you are the type of person who believes that maybe you don't deserve to pamper yourself, there is always a good chance that the person you are talking to thinks the same. By utilizing Barter as in the example above, you can solve 2 problems at the same time.

If you would like some further insight into hot buttons and different ways to communicate effectively, a friend of mine, Dr Robert Tracz has written a number of books and also has some cd's available on this and similar topics that I highly recommend you check out. I have included a couple of fantastic bonuses from Dr Tracz - a report and an audio mp3 download which are available from www.jvbarter.com/gifts

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Chapter 10

“Decide what you want, decide what you are willing to exchange for it. Establish your priorities and go to work.”

H L Hunt, Entrepreneur

How do I work the Barter system to my benefit?

Rule number 1 when it comes to maximizing a Barter exchange is to work closely with your Trade Broker.

Ultimately your broker is the gatekeeper to your sales and purchasing options.

All Barter exchanges make their income by charging transaction fees on every transaction.

Your Trade Brokers are there to help you, however remember that they may have 100+ clients so the closer you work with them, the harder they will work for you.

You also need to make sure that you are providing a product or service that is USEFUL to the Barter members. Otherwise, it really doesn't matter how well you get along with your broker, if no-one wants to buy your stuff, you will have issues generating Barter dollars.

Give your Trade Broker a “wish list” for things you want to buy or items that you need, and keep growing it. By consistently updating your “wish list”, it will show your broker that you are interested in turning over your Barter dollars, which is very important. You become a priority in their eyes. Your broker wants you to turn your Barter dollars over as they make a commission on every transaction. In essence you are doing them a favor by giving them a list of things that you want to buy with your Barter dollars.

As you get more and more experience with Barter, you will be able to take a more self directed approach, however in the early days with your barter exchange your best bet will be to stay close and listen to your broker. They will often give you some marketing suggestions as they know the member base better than anyone else.

There is another HUGE advantage to staying onside with your broker and that is that your broker ALWAYS gets to see new members and deals before they are distributed to the member base.

Typically most exchanges send out email blasts with deals and members looking to trade, which logically goes through the broker's office first.

Now if you are onside with your broker and you are helping each other out regularly, they are more likely to bring the deals and new member offers to you before they send it to the masses.

Remember the example I gave about my old stove? Well, my broker didn't email everyone straight away about my item for sale. What she did was contact a few select members first who might be interested. And sure enough, one of those members was the person who owned the catering company and he bought it on the spot the next day without even seeing it.

I have a friend who has such a good relationship with his trade broker that as soon as any member restaurant provides gift certificates for sale, his broker tells my friend so that he can buy them before anyone else gets a chance. My friend then often uses these restaurant gift certificates as a "thank you" to his best cash customers or as an incentive to increase his cash sales.

What Happens if I have a lot of Trade Dollars and can't get rid of them?

If you get yourself into the unenviable situation and you end up with an excess of Barter dollars and your broker wants you to perform another sale, tell your broker that before you do them a "favor", they need to do you a "favor" and find something for you. Most likely the main reason they called you is because another member wanted something from someone and the broker had to do a "favor".

Here's an example: Jane has a high trade dollar balance and she wants to buy, as an example, some jewelry. So the broker would then call you (a jeweler) who in this case also has a high trade dollar balance, and the broker would ask you to do the broker "a favor" and let Jane come and purchase something. Now instead of you giving in to the trade broker, you could say something like this to your trade broker:

"I can absolutely help you and this member out here but **FIRST (*this is the key*)** I need you to find me.....". This is where it pays to have a specific list of things that you are looking for. Now, before I go on, bear in mind that typically, items with a low profit margin (i.e. computers, electronics, TV's etc) are fairly rare, so you need to be somewhat realistic in your requests (remember the chapter about Cost-of-Trade-Dollar).

However, lets say for example you were looking for a specific type of printing and you knew that there was a printer member that does this, however they weren't providing this on trade right now, you could say to your trade broker: "I can absolutely help you and this member out here but **FIRST** I need you to get me the brochure printing done".

Quid pro quo!

Now your broker at first will buck this approach from you (partly because their life would be much easier if you just said "sure") as the broker would then be solving Jane's problem and keeping her happy - essentially you are creating more work for the broker as now they will have to go and approach Steve (the printer) and see if he will let you use your Barter dollars on printing and then you will let Jane buy some jewelry. As you can see this can be quite difficult to track but here's the really great thing: it is not your issue nor problem!!! This is your broker's job.

Let's summarize this process: your broker approached you and asked you to do them a favor, and you said sure as long as you do me a favor first.

As I said this is creating more work for your broker (and obviously you run the risk of losing the business if the broker decides it is too hard and goes to another jewelry member), and at first they might not be happy.

However, here is a great follow up line:

“Well Mr/Ms Broker, here’s the thing, lets say for example that I do you this favor without you helping me out first, all you will be doing is shifting some trade dollars from one member with a high balance to another member with a high balance, right? At least with my suggestion you are making even more sales and generating more trade dollar turnover”.

Remember that the sole purpose of your Trade Broker is to support your active trading needs. Basically they are there to help you spend your trade dollars and to generate sales as the Barter company gets paid a commission on EVERY sale.

So obviously if your broker can help out Jane (in the example above) AND you, they will be generating even more trade volume!

Again, as I said the real key here is to give your broker a list of a number of things that you want to spend your trade dollars on in order to do this “favor” - if you say “I’ll only do it if you can get me a 100 inch plasma TV”, your broker will likely tell you to stop smoking crack!

The more options you give your broker, the more chance they will have to be able to help you (and subsequently the other members) out.

Now what I have just said might be hard for some people to do, as you need to bear in mind that it is important to stay onside with your broker. If you completely alienate them, they won’t really be helpful, so make sure that whatever approach you take, you do it with tact.

Working closely with your Trade Broker will also help when it comes to generating more Barter dollars. We all know the old saying that the adage, if you keep doing what you have been doing, you will keep getting what you have been getting. Well the same applies to generating Barter dollars (and cash dollars too if you really think about it, but this is a Barter book right?).

So if what you are doing is not getting you the Barter sales that you want, the best thing you can do is to change what you are doing. Start offering the member base a different service, or product. Take a look at your resources again and see if there might be something else you can offer for sale. Again if you and your broker are a united front, they will offer different suggestions to you and help you to generate more sales.

For some FREE bonuses go to <http://www.jvbarter.com/gifts>

It may be something as simple as packaging a couple of products/ services together or re-wording the marketing material you are using within the network.

I know of a member who has a specific Barter website for the things that they have for sale through their exchange.

By continually providing something of value to your broker to promote, they in turn will want to continue to work closely with you which will keep you at the top of the list when it comes to deals. Your broker is there to help so just ask.

In one of my current Barter exchanges, on occasion a member will sell concert or show tickets, usually for an upcoming event on that or the next evening. Logically, this member may have tried to sell the ticket for cash but was unable or they may have just decided that it was easier to sell them on Barter (as in the example in an earlier chapter with my stove).

Now do you also recall me telling you about my friend who gets access to the restaurant vouchers before the broker offers them to the rest of the exchange?

Well obviously, each broker is going to have their list of members that they will first contact in order to try to sell the tickets. This is where you ask yourself if you want to be at the top of that list or not. If not, that is OK, but don't forget that just because you don't personally want something, doesn't mean someone else in your network doesn't want it.

Lateral thinking can come in very handy, as you may not personally want to go to a concert or sporting event, but do you know someone (perhaps a friend, relative, business contact or even a potential customer) that might see real value in this? This could be the differentiating factor that makes you stand out from your competition in business.

Staff Accounts

Staff accounts and gift cards are another GREAT way to use your barter dollars.

Nearly all barter exchanges offer a staff account and/or a gift card program whereby you can deposit Barter dollars from your account into a sub-account.

Here's an example: Mike owns a mechanical repair shop and he has 4 staff members.

Mike provides basic servicing on trade and gradually builds up a nice Barter dollar balance - Mike could then get 4 staff accounts (or use gift cards for a one off) and transfer whatever amount he wants onto these staff cards and use this as an incentive program, bonus, or just a "Thank You" to his staff.

Think of the goodwill Mike will be creating in his team. This is a fantastic Win-Win.

Chapter 11

“He who wants to barter, usually knows what is best for him”
African Proverb

How can I turn my Barter dollars into CASH?

Earlier in this book we talked about an example of how you might want to rent a house for a week in a beautiful Caribbean destination and pay for it on Barter and get your friends to pay cash. Well in this situation, the savvy Barter member would get together a group of people who want to go on a luxurious vacation and split the costs. You could get your friends to pay you cash for their portions of the trip and then you would purchase the trip on Barter. Or say it was a smaller vacation, you could get someone to pay for your flights on cash and you pick up the accommodation (on barter of course)

I have another friend that runs a promotional/branding business and he uses his Barter dollars as an incentive to close big deals. If he has a cash prospect that is on the fence, he finds out what their hot button is and then uses his Barter dollars to close a large cash deal. Brilliant!

Always keep in mind that if you are member of a Barter exchange (or more than 1), every other member is a resource for you. This allows you to become a solution provider to your entire network drawing from a huge resource base. So when you are at a BBQ or speaking with a friend or neighbor and they are talking about how they are thinking of getting some landscaping done, or going away, or unhappy about the car wash etc etc (again, remember that there are literally thousands of members..) what would be stopping you from sourcing a barter member to help them out with their problem or fulfilling their need, and your friend or neighbor giving you the cash?

Not only that, with the correct application of Barter you can essentially position yourself as the “go to” person for things if that is your desire, and have your friends and family literally beg you for stuff. How you ask? Well I’ll tell you:

Let's take this idea of helping out your friends, neighbors, family etc, one step further.

Let's say that your neighbor is doing some landscaping and you offer to help him out and contact a Barter member on his behalf. The Barter member (the landscaper) will come to see your neighbor and then quote on the job, right? Well, when the landscaper gives you the quote, all you have to do is know what your Cost-of-Trade-Dollar is (remember we did a whole chapter on this! Go back and read it again if it has escaped your memory as it is really important here) and you could then provide a discount to your neighbor.

Putting this into a simple example, it would look something like this: You have a Cost-of-Trade-Dollar of 50c (I am using a round number for ease of calculation) and the landscaper quotes your neighbor T\$1000 do the work he wants done. Remember that the cash that it cost you to generate the T\$1000 was 50c on the dollar, which is \$500 cash. Bearing all of this in mind, imagine how happy your neighbor will be if you were to go back to him and say that he could actually get his landscaping done for say \$750 cash (or \$850, or whatever you want to charge your neighbor). He gets a great deal on the landscaping, and you convert some of your trade dollars into cash taking into account what your Cost-of-Trade-Dollar is.

You, of course, don't need to provide a discount to people, however if your personality type is such that you really want people chasing you for things, then this is a great way to set yourself up for that.

As I have stated previously, the Cost-of-Trade-Dollar is the important component of any cash conversion. When you are looking at different things that you could provide, the options are huge. I used a landscaping example above, however what if you were to provide dental work for a friend/relative on barter and they give you cash. Or you could even provide business related services likes printing, accounting etc. Again you would receive cash for the product/service and your friend/relative would pay you cash!

Chapter 12

“Death and taxes and childbirth! There’s never any convenient time for any of them”

Margaret Mitchell, Author, 1900-1949

What are the Tax Implications of Barter?

All Government taxation agencies sees a Barter dollar as being equivalent to a dollar of the respective currency. The reporting and record keeping required is identical to that required for every cash business

Therefore all Barter revenue created needs to be treated in exactly the same way that cash revenue is treated. The advantage of this is that a structured Barter program allows you the opportunity to spend your Barter dollars on business expenses and claim these expenses accordingly.

Another great thing about Barter being seen as equivalent to a cash dollar is that as a business you may be able to borrow cash from a bank, against the Barter dollars in your account.

For those people who choose to use Barter dollars for personal use, it is also treated in the exact same way as cash. I am not an accountant, and obviously recommend that you seek the advice of one, however, in a nutshell the easiest way to manage this is to consider your personal barter usage as equivalent to cash “drawings”.

Just to make sure that your brain is working to it’s fullest, are you now asking yourself if your accountant accepts Barter? If they don’t perhaps you should be looking for one that does so that you can offset that cash expense...

Chapter 13

“When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened.”

John M. Richardson, Jr., Professor

So where to go from here?

Barter is a fantastic way to get exposure to markets and clients that you may never have accessed. By using Barter smartly, a business can offset a number of expenses thereby increasing the amount of cash that stays in the business. Another business related use of Barter dollars is to spend them in other areas to increase your cash business. Using different strategies on how to spend Barter dollars in your personal life and either, again offset existing cash expenses, or essentially “live like a King or Queen”.

Don't forget that the real POWER behind all of this was the calculation of your Cost-of-Trade-Dollar.

If used correctly, Barter can be a VERY POWERFUL business tool. As with everything, the key is to learn about the processes (and you are now well under way after reading this book) and then begin implementing them.

I once heard a quote that went like this:

Without knowledge, action is useless, and knowledge without action is futile

“He who fails to plan, plans to fail”

Proverb

So then, here is your action plan:

1. Perform a resource audit on yourself and your network if possible. You need to find out what you have (this is a bit like the old saying that goes “you can’t know where you are going if you don’t know where you are coming from”). Look at your existing business and also at other resources that you have access to - remember someone else may have the actual resource and you broker the deal.
2. After performing your resource audit, determine what is marketable - depending on what you find in your resource audit, you may be able to trade directly with people within your network, or your best bet might be to join an existing Barter company.
3. Contact a number of Barter organizations and talk to them about their member base and together you can determine if you think it will be a good match for you and your business - let me know if you need some assistance with getting this ball rolling and I will give you my best advice about where to start.
4. Have FUN - remember that there is no point doing anything in life if you are miserable all the time. Anybody that knows me and spends any time with me knows that what I cherish most is quality time with myself, my friends and family. We all know that true happiness comes from inside you, however we also realize that by creating a comfortable way of life for ourselves can often be the impetus to really live a satisfying life. Sometimes all we need are small changes today to help create massive changes down the road.

Albert Einstein says that definition of insanity is doing the same thing over and over and expecting a different result. Simply by reading this book and taking the initiative to do something different, you are automatically opening your world up to see things from a different perspective. My advice now is to go for it and put this new learning into action!

The following BONUSES are a free gift from me. I have collected from my friends a number of very valuable resources that I hope you enjoy. Please send me an email if you would like any further information from any of the accompanying authors/contributors.

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