

START YOUR OWN BARTERING CLUB

By Peter J. Fogel copywriter/consultant

Bartering is not negotiating! Bartering is "trading" for a service, or for the goods you want. In essence, bartering is simply buying or paying for goods or services using some thing other than money (coins or government printed paper dollars).

Thus defined, bartering has been around much longer than money as we know it today. Recent estimates indicate that at least 60 percent of companies on the New York Stock Exchange use the principles of bartering as a standard business practice.

And congressmen barter daily to gain support for their pet projects. U.S. aircraft manufacturers barter with foreign airlines in order to close sales on million dollar contracts. Perhaps you have experienced at one time or another in your life a friend saying, "Okay, that's one you owe me..." Basically, that's bartering.

Allows You To Effectively Control Your Cash Flow

The reason bartering enjoys renewed popularity in times of tight money is simply that it is the "bottom-line" method of survival with little or no cash. In times of high interest rates, cash in anyone's pocket is indeed a very precious commodity, and bartering is even more popular.

Bartering affords both the individual and the established business a way to hold onto cash while continuing to get needed goods and services.

In addition to saving a business borrowing costs, bartering can improve its cash flow and liquidity. For anyone trying to operate a successful business, this is vitally important, and for individual families in these times, it makes possible the saving of cash funds for those purchases where cash is necessary.

For Success You Must Think In Terms of A Banker

To start and successfully operate a bartering club, you must think in terms of a banker. After all, that's precisely the reason for your business - to receive and keep track of people's deposits while lending and bringing together other people wanting or needing these deposits.

So your first task is to round up depositors. As a one-man operation, you can start from your home with nothing more than your telephone and kitchen table, but until you get helpers you'll either be very small or very busy (probably both).

You can run a small display ad in your local newspaper. A good ad would include the following ideas:

NEW BARTERING CLUB!

Trade your expertise and/or time for the merchandise or services you need. We have the traders ready - merchandise, specialized skills, buyers too! Call now and register.
ABC BARTERING (123) 456-7890

When respondents to this ad call, you handle them just as a banker handles some one opening a new account. You explain how your club works: Everyone pays a membership fee of \$100 to \$300, and annual dues of \$50 to \$100.

The depositor tells you what he wants to deposit, perhaps \$150 worth of printing services, and what he's looking for in return - storage space for his boat over a three month period.

If you have a depositor with garage space for rent and needing printing services, you have a transaction.

But let's say you have no "perfect match" for this depositor. On your list of depositors you have a dentist who's offering \$500 worth of dental work for someone to paint his house.

- A woman with a garage to rent in exchange for dental work for her children.
- An unemployed painter willing to paint houses in exchange for a side of beef,
- A butcher who wants to trade a side of beef for advertising circulars.

A Bartering Club Where Everyone Wins!

Remember, when a new member joins your club, he makes a deposit and states his wants or needs. In the above example, you have a typical bartering club situation. Your service is to spend or line up those deposits to match the wants or needs of the club members.

An affinity for people and a good memory are vital to this kind of business, especially if you're running a "one-man show." Generally, when you have a buyer for one of your depositors, you notify him or her right away with a phone call.

You simply tell her that Club Member A wants to rent your garage. She tells you fine, but she doesn't want any printing services. You simply tell her to hang on because you are currently in the process of contacting the dentist who will do the work on her kids' teeth. And so it goes in the operation of a bartering club.

Some of the larger bartering clubs (with several thousand members), simply list the deposits and wants or needs on a computer, and then invite their members to come in and check out the availabilities for themselves.

Others maintain merchandise stores where the members come in to first look at the computer listing, and then to shop, using credit against their deposits. The smaller clubs usually publish a weekly "traders wanted" sheet and let it go at that.

Here's What You Should Charge Members...

These methods all work, but we've found that instead of leaving your members to fend for themselves or make their own trades, the most profitable system is to hire commission sales people to solicit (recruit if you will) new members, specifically with deposits to match the wants and needs of your present members.

These sales people should get 20% of the membership fee from each new member they sign, plus 3 to 5 percent of the total value of each trade they arrange and close. This percentage, of course, to be paid in club credits, spendable on merchandise or services offered by the club.

You'll need a club charter, a board of directors or officers, and in many areas, a city or county license. Check with your city or county clerk for more information on these requirements.

You should also have a membership contract, the original for your files and a duplicate for the member. In most cases you can write your own, using any organization membership contract as a guide, or you can have your attorney draw one up for you.

You'll also need a membership booklet, or at least an addenda sheet to your contract, explaining the rules and bylaws of your club. It's also suggested that you supply your members with consecutively numbered "club membership identification cards" for their wallets or purses.

Some clubs even give membership certificates suitable for framing. You can pick these up at any large stationery house or commercial print shop.

Two things are important to the make up of the membership package you exchange for membership fees:

1. It must be as impressive as you can make it!
2. It must be legal, while serving your needs almost exclusively!

Basically, you should have at least 100 members before you begin concentrating on arranging trades. As stated earlier in this report, the easiest way to recruit new members is to run an ad in your newspapers, and perhaps even on your local radio stations as well.

Follow up on these inquiries with a direct mail package, which would typically consist of a brochure explaining the beauty and benefits of being a member of your bartering club, a sales letter, and a return reply order form. After you've sent out the direct mail piece, be sure to follow up by phone, and if necessary, make a call in person as any other sales person would do.

Another way of recruiting new members is via the Amway Introduction Party Program. Allow a certain number of club credits for each party a club member arranges for you. Insist on at least 10 couples for each party, and then as the "Attraction of the Evening," you or one of your salespeople give a motivation-benefits available recruiting talk.

Insider tip: Be sure you get the names, addresses and phone numbers of everyone attending, and be sure that everyone leaves with your literature.

For Continuous Success You Must Do Follow-Up

If all those in attendance at these parties do not join, then follow up on them, first by phone and then with personal sales presentations. Once you've got them interested in your club, do not let go or give up on them until you have signed them as members.

Another thing - take a page from the Party Plan Merchandiser's Handbook, and look for those who would be most likely to want to promote a similar party for you. Offer them an item of merchandise they might be particularly interested in, and club credits if they'll not only join, but also stage a party for you.

A bit more expensive, but just as certain of success are free seminars. Rent a large meeting room, advertise in your local papers, and then put on a hard-sell recruiting show. Such a plan is very similar to the party plan idea, but on a larger scale.

An inside tip: Whenever you stage a recruiting party or seminar, always "pad the audience" with your own people, who will of course lead the way for those you're trying to recruit.

As stated earlier, you can start operations out of your home, but working out of your home has a number of growth inhibiting factors. After a certain period of time, the growth of almost any kind of business is retarded when it's operated out of a home.

Perception is Reality: Have An Image of Success

So just as soon as you possibly can afford to, move into an office of some sort. Keep your eyes open and consider the feasibility of sharing an office with an insurance agent or real estate broker. Check your newspaper classifieds for

businesses willing to share office space or to rent desk space or other office amenities.

This is the kind of business that demands an image of success. You just can't keep people from "dropping in" when you're operating strictly on a local basis. And when you attempt to hire sales people, a place of business to work out of is just as important to them as how much commission they're going to receive. Image is super important, so don't neglect it!

Ideally, you should have one salesman for every 50,000 people in your area. Run an ad in your local newspaper, and also list your needs with your state's employment service. Hire ONLY commission salespeople. Give them a percentage of the membership fee for each new member they sign, plus a small commission on each trade deal they close.

Encourage Creativity For Effective Results!

Assign each of your people specific territories, and insist that they call on potential commercial accounts ranging from the "hole in the wall" rubber stamp shop to magazine publishers and commuter airlines. There's plenty of business available in every city or metro area in the country.

Encourage your sales people to be creative and imaginative when calling on prospects. Then, be sure that you keep an open mind and listen to their wild trading proposals (some "wild" proposals have been known to be come "wildly" successful)!

Schedule "open discussion" sales meetings every morning before your salespeople "hit the bricks." Have each of them report on their selling efforts from the day before, and present to you a written list of prospects they plan to call on today.

Set up sales motivation workshops to be held at least once a month, and at least once a week schedule a motivational speaker or play one of the widely available success/inspirational tapes as a closing feature of your morning sales meetings. Stock sales success books and encourage your people to borrow them, take them home and read them.

Your sales people will make you rich, but only if you turn them on and keep them flying high with personal motivation.

Think It's Too Much To Start? Then Think Again

Should you or should you not accept installment payments from new members? Yes, by all means! But only when you've got their signature on a contract drawn up for your benefit and deemed legally binding by your attorney. What about bank cards? Yes indeed! In fact, you'll find that your capability of handling bank cards will double or even triple your sales.

Precisely how much are you going to need in actual start-up costs? We would estimate at least \$500 for your printing and legal fees, unless you can trade charter member ships in your club for these services. Timewise, you're going to be putting in 18-hour days, and 7-day weeks, until you get those first 100 people signed up.

And there won't be any money for salary or long-deserved vacations from these first 100 members you sign. You'll need it all for advertising, membership packets and office set-up. However, if you can really work at it, you should be home free in six weeks or less. Then you can set up your office, hire a couple of girls to handle the paperwork, and take on a salesperson or two.

Insider tip: Reputation and success in matching offers to wants will be just as important as image, so give it your all. Don't give up; stand behind the implied, as well as the real promises you make to your members.

A couple of final notes: Should you offer a guarantee of satisfaction? Only so long as it makes money for you, and you can back it up. There's not a person in business any where who enjoys refunding a customer's money. But don't forget that the existence of your business depends on service. The more you project an image of a "people pleaser," the greater success you're going to achieve.

This is definitely not a business for someone who doesn't enjoy "waiting on" people. You've got to like people, enjoy helping them, and want the inner satisfaction that comes from selling new ideas.

This is definitely a growth business. Bartering Clubs in metropolitan population areas of 300,000 or more are reporting incomes of over a million dollars. The average in cities of 100,000 population is about \$150,000 per year.

Actually, no experience or special training is required. The operation of a Bartering Club is equally suited to women or men. Both do equally well as salespeople. It's a business that fills a need, and a kind of membership program people will stand in line to be a part of, once they've been introduced to the benefits.

This is the plan. It's going to take your time and effort to get organized, but after your initial work to establish this business, you can become quite wealthy in a relatively short time.

Read over this plan again; determine if this is "the one" for you, and then go all out. It's up to you, and all it takes now is action on your part.

One of the best of all the available sources of ongoing help and knowledge about bartering is a quarterly publication entitled Bartering News. Write and ask for a sample copy. The address is:

Bartering News
PO Box 3024
Mission Viejo, CA 92690

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