

Trade Ya!

Some Westchester businesses are turning to B2B bartering to conserve their precious cash

Though she finds bartering nearly as satisfying as a sugar fix, Judy Willsey had no compunctions about leaving the prospect of trading with one potential partner on, um, the table. A customer at Willsey's Armonk store had inquired about the cost of framing a picture. "When I told him, he said, 'Wow; that's expensive.' So I said I barter and asked what he did professionally." Gynecologist, he responded. Not surprisingly, Willsey passed.

With the economy in near free fall over the past few years, however, a number of small local business owners, like Willsey, mimicking a nationwide trend, have increasingly used bartering to salt away cash to help ride out the "Cashless Economy."

"We're so cash poor, my husband and I took out our water machine," Willsey confides. "We almost went off a cliff." That was a couple of years ago, around the time she received a visit from a Hudson Barter Exchange representative. "I don't think he knew what hit him," quips Willsey, who'd hoped such a group would form in Westchester County. "I thought about joining a barter club in New York City, but it was too far away. So when the Hudson rep came into my store, I made his day and he made mine." Bartering makes the day of others, as well.

"The barter industry has seen a significant increase in barter transactions and new members in the last ten years," says Ron Whitney, executive director of the International Reciprocal Trade Association (IRTA). "The largest increase has taken place in the last three years with the downturn in the global economy."

About 400,000 U.S. businesses were involved in about 400 barter-exchange networks in 2005 (the year for which the most recent statistics are available) and traded \$8.25 billion worth of goods and services, according to the IRTA. The business is growing seven to 10 percent annually as customers sign up to utilize unused capacity, move excess inventory, break into new business markets, cultivate customers, save on capital expenditures, and obtain products and services they might not otherwise be able to afford.

"The engine that drives organized barter exchanges is the unused capacity that virtually any business owner has," Whitney says. "That could be the empty tables in a restaurant or the empty seats



on an airplane or the attorney who is only billing twenty five hours a week when they could bill sixty hours. In bad economic times, businesses have more unused capacity than in good times."

Though her business basically has no unused capacity (as, for example, a restaurant might), Lynda Fassa, co-owner of Green Babies of Nyack, New York, makers of 100-percent certified-organic cotton baby clothing, recognizes how bartering can help carry a business through daunting times. "Having one's own business often means being cash poor," Fassa says. "Barter affords us many luxuries we probably wouldn't otherwise indulge in."

"Bartering, substitute currencies, and the like tend to wax and wane," says economist Lawrence White, a professor of Economics at New York University Stern School of Business. "They're counter-cyclical: when the economy's down, there's more bartering. As the economy improves, the degree of bartering subsides. It's a regular pattern."

Ed Wechsler, owner of La Mer Seafood Company in Armonk, initially hesitated to barter. "The notion of giving out products or services made me wonder, 'Will I really find what I need and want through a network of members?'" But Wechsler gave it a shot two years ago, when he distributed a number of items during his first year of membership with Hudson Barter. "But I also used my share of services. I've used Hudson's tradesmen for repairs and improvements at my shop, while the organization's members have purchased seafood from my establishment," Wechsler reports.

While content with the barter process, Wechsler says, "I don't know that it's gotten me through these challenging times, but it's helped. I've made a few customers, who've referred friends, so, in that sense, it's worked." Not to mention the spending money he's saved by using barter-related vendors.

"Bartering is a way of expanding sales, finding new customers to be able to sample your products," White says. "Maybe when good times return, they'll continue as cash customers."

"Tradespeople all want to market themselves so they can use spare capacity to fund their marketing," says Kevin Brown, CEO of Hudson Barter Exchange in Elmsford. "If a plumber can squeeze in a couple of barter jobs for which he earns fifteen-hundred barter dollars, and that can fund three months of quarter pages in a publication in a given community where he wants to market. So he turned spare capacity into an asset that can bring him a fifty-thousand-dollar cash job. This happens to business owners who keep their companies front-and-center in consumer consciousness."

The exchange will bring them the incremental business that they reinvest in print, online and radio advertising to help them generate additional business, he continues. "And no one receives the benefit of word-of-mouth referrals more so than a fair, competent plumber, electrician or other tradesperson." Brown says his organization's members understand that this incremental business can fund their purchase of newspaper, magazine, radio, outdoor, place-based digital, and online advertising. "When less business is available for everyone in the marketplace, those that stay top-of-mind have the better chance of getting the phone call."

The unit of exchange is a barter dollar, trade credit, barter point—"it doesn't matter what you call it, but each is worth one US dollar," Brown says. "If a plumber does a fifteen-

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hundred-dollar job for which he's compensated fifteen-hundred barter dollars, he's entitled to fifteen-hundred dollars worth of goods and services. So when he prints his new brochures, folders, and business cards on barter, he's paying with fifteen-hundred barter dollars instead of fifteen-hundred-dollars cash. We've now turned a gap in the plumber's schedule into his new brochures, folders, and business cards."

Anthony Marmo, owner of Clover Comfort - The Green Home Pros, an HVAC contractor in Sleepy Hollow, has reaped some of those benefits. For instance, this year, "for the first time, I earned radio time," he says. "Without bartering, I wouldn't have been able to afford it. My spots might not have aired at peak times, but the exposure for my business has been very important. I've also done more print ads because of bartering." Marmo's first exposure to bartering didn't make a favorable impression, he says. He had tried one-to-one bartering first. "I typically felt as if I came out of the short end of transactions," Marmo says.

Similarly, in her early bartering days, Lucinda Cross, owner of Activate, a business coaching firm, felt her one-to-one partners essentially placed Cross's projects on the back burner, seemingly deeming them less urgent since they were part of a barter agreement. "You have to maintain constant communication with the person with whom you're bartering, so they know you're watching," says Cross, a member of Westchester Networking for Professionals in Mount Vernon. "I'd perform concierge services for my partners, but received virtually nothing in return. My time was wasted."

Whitney's organization deals primarily with third-party exchanges, as opposed to one-to-one. "The issue of disproportionate values is a problem. It's the main reason one-to-one barter transactions often break down." IRTA provides a Code of Ethics and Conduct for its member exchanges "to assure that the public receives the best possible service from IRTA-member barter exchanges," he says.

Since then, one-to-one bartering has clicked for Cross. "I've had my website and brand revamped, received transcription and administrative services, and even had my apartment cleaned, and in exchange, I've provided coaching support, says Cross, who wrote the book *Corporate Mom Dropouts*.

Besides meals and entertainment, Fassa, who's bartered for about two-and-a-half years, says her family's obtained extensive dental care through bartering—"which goes a long when you have three kids and are self-employed and lack dental insurance," she says.

Hudson Exchange member Robin Murphy, owner of Maid Brigade in Valhalla, briefly bartered several years ago, but "I felt it took time from services that my company was being paid for," she says. "We were so busy at the time and the economy was good, so taking a barter job almost felt like we weren't getting paid." However, economic doldrums wooed her back. "Bartering is like a marketing vehicle," says Murphy, who co-owns the company with husband Gary. "I might even use it for things I'd rather not allocate cash for, like a new roof for my office building. Maybe I'll put it off, or with the money in barter, why not do it now?" She also likes the fact barter companies vet their membership so that "it's almost like an endorsement."

The reeling economy also lured Neil Ricchiuti, owner of Irvington-based ANR Auto Repair, to bartering. "I just wish the range of services was wider. The more specialties involved, the easier it is to use your barter dollars." Still, Ricchiuti scored tickets to a New York Giants game with his son.

Wechsler concurs with Ricchiuti, to some degree. "I'd be delighted if Home Depot and Kmart, as well as a supermarket, bartered. There's always room for more variety. Still, I find little things through bartering, like catering and eyeglasses."

"It's important that business owners understand a barter exchange doesn't have everything all the time," Brown says. Among "minor" issues he's had with bartering, Wechsler says he wished he'd included "expiration dates with gift certificates for products I authorized a couple of years ago for fellow members. They're still coming in." ●

At one time, veteran freelance business writer Chuck Green would have bartered, without hesitation, Trump Tower of White Plains, lock, stock and glistening façade, for one Chicago Cubs World Series victory. Now that he's a bit older and, presumably, incrementally wiser, he'd barter, without hesitation, one Chicago Cubs World Series victory for one of The Donald's nice two-bedroom digs. Glistening façade optional.