



CENTRAL PENN BUSINESS JOURNAL

MIDSTATE BARTER NETWORK EXPANDING

By Tim Stuhldreher | May 13, 2011

When Christian Chappell's computer monitor failed and he needed a new one, he didn't go online or visit a big box retailer.

Instead, he called the Business Owners Trade Alliance, a membership organization that facilitates cashless exchanges of goods and services – a modern-day form of bartering.

Within 15 minutes, a BOTA staffer called him back with a lead on a new monitor, he said. Two days later, he had the new equipment, paid for with "trade dollars" credited to the Elizabethtown-based Internet services company he's a partner in, PA on the web. The company will be able to earn more trade dollars by providing services to other BOTA members.



Scott Martz, left, director of business development, and Maria Schlesinger, managing director, operate Business Owners Trade Alliance. The York-based trade exchange facilitates cashless exchanges of goods and services among its members. Photo/Amy Spangler

"The trade alliance works very well for us," Chappell said. "It opens up new doors and opportunities for people to work together."

Led by midstate businesswoman Maria Schlesinger as managing director, York-based BOTA began operations in August. It operates in nine counties in central and eastern Pennsylvania and is making a concerted push to build its Lancaster County membership, said Scott Martz, director of business development.

BOTA is scaling up rapidly and plans to have tens of thousands of members throughout the Mid-Atlantic region, plus an international component, Martz said.

Trade exchange membership allows companies to do business without expending their valuable cash, Martz said.

At the same time, by providing a way to obtain needed supplies, put idle resources into play and expand name recognition, barter helps firms grow their non-barter operations, they said.

"It truly is a catalyst for cash business," Martz said.

Trade exchanges have been around for decades. U.S. and Canadian commercial trade associations facilitated an estimated \$2.5 billion in deals in 2010, according to the International Reciprocal Trade Association, an industry group based in Portsmouth, Va. Schlesinger formerly was a co-owner of Properties America Network, a midstate firm that bought and rehabilitated inner-city real estate. She said she wanted to start a business that was recession-proof and would help other businesses through hard times.

Exchange members pay an enrollment fee and a monthly membership fee. Upon enrollment, they are eligible to receive a line of credit in trade dollars that they can use to purchase products and services from other members. They earn trade dollars – also referred to as trademark currency – on an ongoing basis by providing their products and services in turn.

The trade exchange earns a commission on each deal. Some exchanges split the commission between buyer and seller; but in BOTA's case, the commission is assessed solely on the buyer, Martz said.



The exchange keeps track of all transactions and account balances, and sends members monthly statements, Martz said.

Joining BOTA is about much more than a trade mechanism, Martz said. Companies gain access a network of self-selected enterprises eager to do business, and to BOTA's own sales staff, who are committed to finding synergies among clients and new prospects that complement them, he said.

When clients enroll, they tell BOTA their needs, both on the buying and selling side, he said. BOTA's sales staff then set about fulfilling those needs "in a systematic way," he said.

Offering trade dollars to businesses up front is essentially a form of immediate, no-interest financing, Martz and Schlesinger noted. Doing so gives BOTA a powerful incentive to find good deals for members to keep the trade dollars circulating and make those initial stakes pay off, he said.

"We truly let our members drive our target market," Martz said.

The Internal Revenue Service treats barter the same as exchanges for cash, and trade dollars as equivalent to U.S. currency.

For tax compliance, trade exchanges issue members a year-end Form 1099-B showing their trade activity, Martz said. The information normally goes on a Schedule C and is handled like any other revenue and expenditure, Martz said.

Companies can gain real-dollar tax advantages by donating trade dollars to charity. BOTA partners with Shalom Christian Missions, a York-based organization that assists children in Nigeria, and Wynnewood-based childhood cancer foundation Alex's Lemonade Stand. BOTA foregoes its commission on transactions involving a charity, Martz said.

PA on the web has secured four or five new clients through BOTA since joining about three months ago, Chappell said. The company had done trades and payment-in-kind deals before, but trade dollars make the process much easier, he said.

The BOTA staff does an excellent job pairing buyers and sellers, he said.

"It really takes the legwork out for the business owner," he said.

Businesses with cash-flow or finance issues often find themselves in "frozen mode," even as they need to expand marketing or acquire supplies to flourish, Schlesinger said.

The alliance is designed to give companies all the tools they need to get moving again, she said.

"I believe in taking care of business from soup to nuts," she said.



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