

Bartering makes business sense

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It can get a bit confusing, but try to follow the loop:

Stoney Creek Furniture needed its parking lot resealed and painted with lines.

Instead of reaching for its cheque book, the business held a one-day overstock furniture sale for fellow members in a trade platform based in Hamilton. It banked those sales and Hamilton's Barry Davidson Line Painting agreed to do the parking lot job.

Barry Davidson used the dollars from the Stoney Creek Furniture job to pay \$20,000 for a new hot tub for his back yard from a Regina dealer. That Saskatchewan hot tub dealer was able to sell a previous model year hot tub it had been warehousing and then used those proceeds to get a newly designed website and electrical work done on its shop.

What makes this unusual is that all those transactions were done without cash.

[Tradebank Canada \(https://thinktradefirst.ca\)](https://thinktradefirst.ca), a 15-year-old company based in a Stoney Creek office plaza, is a platform to bring together businesses with goods or services to trade.

McMaster University trades summer camp passes for sound equipment, signage and fireworks. The Tiger-Cats convert day and season tickets into maintenance work and tent rentals.

"It's all about leveraging your downtime or your overstock inventory and turning it into something of value," explained Tradebank president John Porter. "Every company out there has the capacity to barter. You can add to sales without adding to overhead."

But traditional bartering — the exchange of goods or services without using cash — meant you needed to find someone who needs exactly what you're offering who also has what you're looking for. So that furniture seller needed to find a paver who needed furniture.

Tradebank has created a platform which removes the one on one. Clients have accounts, complete with what looks like a debit card and monthly statements. They build up their Tradebank dollars by selling their own goods or services to other clients. Members then can spend their balances on items or work they need through the offerings of other members.

"You could make a hundred phone calls to find a roofer who needs a plumber or a dentist who needs a pool and is willing to trade for it," says Porter, a 36-year-old father of four boys.

Instead, the company's website has pages of offerings by members. The ads are custom built by Tradebank and new members are showcased in a weekly email.

Unlike the bartering on online classified sites, this system is under the glare of the taxman. The Tradebank dollars are counted as the equivalent of one Canadian dollar by the Canadian Revenue Agency and must be counted the same as a sale in cash. All applicable taxes must be charged in order for Tradebank to process the deal.

Porter says Tradebank brokers more than \$1 million a month in transactions, taking 13 per cent on every purchase. There are \$10 million Trade dollars in circulation now, he says.

The Hamilton Tradebank franchise has more than 1,500 members in Hamilton, Halton and Niagara. There are another seven franchises in Ontario, Saskatchewan and Alberta.

Members trade anywhere from \$5,000 to \$300,000 a year and Porter says every business — from independent direct sellers to industrial giants — can take advantage of trade.

Graeme Alderson, owner of repair shop ACT Automotive Services, figures he's done about \$100,000 worth of business on Tradebank in four years and that it's boosted his business 10 to 15 per cent.

He sells his repair services on Tradebank (he does the work himself on his own time so that he doesn't pay staff) and has redeemed for advertising and a new sign and website for his Upper James Street shop. He buys Hamilton Bulldogs tickets or other gift certificates to give out to loyal customers.

He's also traded a lot for personal indulgences, including high-end dinners with his wife, plane rides for him and his dad at the Warplane Heritage Museum, vacation hotel and condo rentals and work done on his new home.

He says Tradebank work has brought new customers to his door and allowed him to experience things he wouldn't be able to pay cash for.

"I would recommend it to anyone. It has really worked out well for me."

Tradebank offers a seminar to new clients and employs brokers who help members decide what products or services to offer on Tradebank, how to build promotions and to develop wish lists for their own spending. He said most business owners know exactly what they want to do on the selling side, but have difficulty coming up with what they would spend on.

"The trade world is different than the cash world. Cash is hard to obtain but easy to spend. You have to work to get it, but once you do, you can go anywhere to use it. Trade is easy to obtain but more difficult to spend."

He said a carpet store owner in St. Catharines was able to sell two Persian carpets he had been storing for five years on Tradebank. His broker talked him into buying a \$5,000 full-page ad in a Toronto home décor magazine.

"It's something he never would have done in cash but that ad brought in so many customers, he ended up signing a year's contract with the magazine. One of the best ways to spend trade dollars is in advertising because it converts into cash sales."

Porter ran the local franchise for several years before buying the rights for Canada from a U.S. company 11 years ago, at the age of 24. He runs the Canadian business independently from the U.S. operation.

In the early days, Porter, a graduate of Orchard Park high school who grew up on the Stoney Creek Mountain, knocked on doors to convince businesses to join. He usually targeted his direct selling based on the wish lists of other members.

"So if someone wanted a mattress, I would go to a mattress store and say, 'Look, you have a guaranteed sale here. What do you want? Maybe they said a Christmas party for staff. So they could do that at Walker's Fish Market in Burlington.'"

Porter still gets fired up by putting deals together. He has his hands in some high-value transactions, including a growing number of real estate deals where homebuilders trade model homes for construction materials.

He's also launched the Tradebank Foundation, which allows charities to buy from the network at half price. The foundation makes up the other half of the cost and contributed \$250,000 to charities in a year.

But primarily, Porter is focused on setting up franchises across Canada. His goal is to sell 25 franchises across the country, one in each major city centre, he says.

Porter says Tradebank expects its members to offer fair market value for goods and services but there is no requirement that a merchant offer all its products or services for trade.

"So if you're selling snowblowers, we're not going to tell you that you have to trade your snowblowers in November. In your busy times, you might not trade. This is meant to fill down times."

Of a typical member's wish list of 10 items, five might be obtainable through trade, he says. Cash will always be king; trade is simply another way a business can boost its bottom line, he says.

Shawn Evans, president and CEO of Golf North, which owns 18 golf courses in Ontario, including Scenic Woods in Binbrook and Mystic in Ancaster, says Tradebank allows his courses to fill up tee times through offering memberships and gift certificates.

"It fills downtime . . . once a tee time is gone, it's a lost opportunity."

Those golfers are often new to Golf North properties, he says, so it's great exposure. The company spends its Tradebank dollars on HVAC and security services, along with furniture.

Evans estimates the injection to the bottom line is about 5 per cent.

"That might not sound like a lot, but for a company the size of ours, that's a lot of dollars."

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