



## Increase Your Company's Cash flow, Try Bartering!

By Sylvia Browder

As business owners, we are always looking for unique ways to get the products or services we need without putting a strain on our cash flow. In challenging economic times such as what we are facing today, bartering is a great way for small business owners to cut down on operating expenses. By bartering, small businesses are able to trade professional products or services with their peers. There are always business owners who need your products or services, so it makes good sense to barter!

For example, when I owned a building maintenance company in San Diego, I needed repairs to my company's van. When I took the vehicle to a mechanic shop, I noticed how dirty the tiled floor was in the customer's lounge. I offered to 'strip and wax' the floor for credit towards the repair work. The manager said he had planned to get the floor cleaned for months and just didn't have the time to get bids. So, it worked out great because I got my van repaired in exchange for cleaning the shop's tiled floor.

**What is bartering?** Bartering can be defined as the exchange of products or services for other products or services. It is a transaction where no money changes hands. According to [Wikipedia](#), it is estimated that over 500,000 businesses in the U.S. are involved in a barter exchange activities and that approximately 500 commercial and corporate barter companies serve all parts of the world. There are two types of bartering:

1. Straight Bartering: bartering between two consumers, trading equal products and/or services
2. Business-to-Business Barter Exchange: barter exchanges allow companies to have access to more goods and services in a quicker fashion. There are literally hundreds of barter exchange groups that operate in America, offering a variety of services to small businesses who want to barter.

You may not realize it, but we have been bartering for years. Remember when you were a kid and you traded your yucky salami sandwich for a pack of Now or Later candy? I remember trading new pencils for yummy Snickers candy bars and other treats on a regular basis. My grandmother used to ask me if I was eating my pencils, she couldn't understand why I was out so often. If she knew that I was trading those pencils for goods with my classmates, I would have been in so much trouble!

Craigslist, a network of online classifieds, reports that bartering ads have doubled in the past year. Craigslist attributes the increase to the declining economy. It is possible for individuals to barter just about any item or service on Craigslist; but bartering isn't just for individuals. According to the International Reciprocal Trade Association, approximately 400,000 U.S. companies are doing business-to-business bartering, resulting in \$3 billion to \$4 billion in transactions annually.

**Well, have you considered bartering?** If not, did you know bartering can be a valuable way to ease your cash flow? Well, it can! Professionals are bartering all the time. For example:

- An accountant can trade expertise for a professional web page;
- A CPA can trade expertise for a janitorial company to clean his/her office;

- A web designer you can trade knowledge for services of a small business coach.

### 3 Quick Tips to Bartering Successfully

1. When bartering, you must consider taxable income which could be due to the IRS. The income that you receive from bartering is treated the same as any business income. The IRS offers no loophole for bartered transactions. According to the IRS code, the fair market value of bartered products and services must be included in income during the tax year it is received. On the other hand, the cost of producing the good or service given away in a bartered transaction can be included as an expense in the tax year it is incurred. For more information, go to [Tax Topics](#) or [IRS Topic 420](#)
2. If you are bartering independently, make sure you are dealing with reputable and honest businesses. The internet is full of scammers!

#### Here are a few things you can do to protect yourself:

- talk with the company you are considering trading with by phone
  - visit the trading company's website
  - go to the Better Business Bureau site and do a search for complaints against the business
  - ask for photos of the product
  - request references
  - Ask for a written contract or agreement between you and the trading company
  - Check the local Chamber of Commerce to see if the business owner is a member.
3. Watch the value of what you are offering. Make sure you are offering equivalent pricing of your products or services. Both parties involved should compare the exchange of products and services in a quantitative manner. If you are not following the rules of bartering, then your company can be liable for unfair practices and stiff penalties from the IRS.

#### Resources that offer Bartering Opportunities:

- National Trade Association: <http://www.imsbarter.com/corporate>
- International Reciprocal Trade Association: <http://www.irta.com/>
- Gigafree Network: <http://gigafree.com/barter.html>
- Craigslist: [www.Craigslist.org](http://www.Craigslist.org)
- SwapThing.com: [www.swapthing.com](http://www.swapthing.com)

**WANT TO USE THIS ARTICLE IN YOUR E-ZINE OR WEB SITE?** You can, as long as you include this complete blurb with it: Sylvia Browder is CEO of [Browder Consulting Group](#), a virtual small business consulting firm. In her role, she helps Women in Business grow and succeed. She is Founder of [National Association Women on the Rise](#), a virtual community for aspiring and established women entrepreneurs. The association's mission is to provide professional and personal resources while uplifting and empowering women entrepreneurs through collaboration, education, mentoring, spiritual and peer support, leadership and networking. She is employed as Project Director and business consultant for the [Women's Business Center](#), Inc, a non-profit economic development organization with a mission of empowering women to start and grow successful businesses. She has served as an online volunteer [SCORE](#) counselor since 2004. She also serves as a Technical Assistant Provider for [SBA's Community Express Loan Program](#). For FREE weekly articles go to Sylvia Browder's Blog for Women Entrepreneurs, [www.sylviabrowder.com](http://www.sylviabrowder.com). She can be contacted at [info@browderconsultinggroup.com](mailto:info@browderconsultinggroup.com).

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