



Barter bank

Local firm helps members trade their products and services, keep more cash

BY JOHN F. WALDRON

Mention bartering to most San Antonio business men and you will likely bring to mind visions of loud merchants in an exotic street bazaar busily trading chickens for gasoline.

But if a local firm has its way, those visitors will soon be replaced with organized bartering — a modern solution that enables firms to purchase goods and services, while increasing their cash flow and expanding their customer base.

Rachel Taylor, president of Alamo Barter Corp. says organized bartering improves upon the age-old concept of trading goods and services between businesses.

"In traditional bartering, business have to find goods of equal value to trade for their own. In organized bartering, firms become members of a bartering group and then sell their goods or services to members within that group," she explains. "Instead of receiving cash, they receive payment in the form of barter credits that are deposited in an electronic account that they can then use to purchase goods and services from other members."

Taylor says organized bartering which began 40 years ago in California is gaining ground in the Alamo City.

"Bartering is gaining in popularity because it provides a progressive way to pay for everything from airfare to landscaping without tapping into a firm's cash flow," she explains.

"At the same time, it generates new business because it gives a member access to clients through the bartering organization. The end result is that the cash that a company would have used to purchase goods and services can be used instead to invest in the company and expand their market share."

Taylor says Alamo Barter Corp. receives a significant amount of interest from new small- to medium-sized firms.

"The start up costs associated with a small to medium-sized firm tend to add up to a huge amount relatively quickly," she says. "Bartering through an organization like Alamo Barter helps those firms avoid tapping into cash reserves while at the same time matching them up with other companies who are interested in using their goods and services."

Case examples

Sanford Katz, owner of Signs to Go says he has used barter credits over the past 15 years to purchase everything from office supplies to orthodontics.

"When my daughter needed orthodontics, we did not have enough cash on hand at the time to pay," he recalls. "When we found an orthodontist who was a member of Alamo Barter, we used our barter credits to pay for the majority of her treatments."

Bartering, says Katz, is today a normal part of day-to-day affairs in his business.

"Whether we are looking for someone to do landscaping work or for hotels for a vacation, the first thing that I do is to check with Alamo Barter to determine if there is a local or national provider we can work with to buy what we need with barter credits," he adds.

In addition to allowing him to purchase such items with barter credits, Katz says working through Alamo Barter also helps him to weather slow-downs in the economy.

"When economy slows a bit," says Katz, "I can



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Rachel Taylor, president of Alamo Barter Corp., in the company's "barter showroom."

still count on work and referrals from other members of Alamo Barter to keep things going until business improves."

Amy Gwin, owner of the Gwin Group, says participating in organized bartering through Alamo Barter played an instrumental role in the early growth of her business coaching firm.

"Bartering is an excellent marketing tool," she says. "By introducing the other members of their organization to my services, Alamo Barter was effectively marketing my firm to new clients at a crucial time in its growth."

Gwin says the professional relationships she has built with the staff of Alamo Barter and the other members of the organization have provided her with a strong base of support.

"Recently we needed in have a great deal of landscaping work done on our rental property," she explains. "We ended up using a firm which agreed to do all the labor for barter credits. That is just one of many business and personal issues that have solved through contacts at Alamo Barter."

How it works

Victor Castaño, vice president of Alamo Barter Corp., says the over 800 members of their organization are selected based on the needs of the current membership.

"The type of business professional who are allowed to join in our organization depends on the demands of our current members," he explains. "For example because the four massage therapists that are currently in our organization are meeting the demand for that service, we limit the number of professionals that can have memberships in that category. On the other hand, printers are always in demand, so the number of printers who are allowed to join is greater."

Castaño says the current members of Alamo Barter pay a one time fee of \$350 to enter the organization. Each member is then charged a monthly fee of \$15. In addition, 15 barter credits are taken each month out of members' accounts. The funds and credits are used for a 'barter store' showroom which is stocked with inventory for members to purchase with their own barter credits. In addition, there is a 6 percent fee assessed to each barter transaction by Alamo Barter.

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Although there are no exact figures available on the amount of

money members save through organized bartering, he says the total can be significant.

"Depending on their profit margins, our members generally pay two to three times less for goods and services by using organized bartering," he says. "For example, when a member sells a product which cost \$500 to produce for \$1,000 in barter credits, they will experience double the increase in their buying power when they use those credits in the future."

The buying power of members of Alamo Barter, according to Castaño, does not end at the San Antonio city limits.

"If one of our members is looking to purchase goods or services in another city, we can transfer their credits through the National Association of Trade Exchanges and allow them to purchase what they need from another member firm in that city," he explains.

After recently investing over \$50,000 to develop an online bank where members can pull up their bartering accounts, Castaño says his firm is gearing up for a promising future.

The history of Alamo Barter Corp goes back to 1981 when Castaño and Taylor established separate bartering organizations to serve the San Antonio community. In 2000, the pair merged the two firms. Castaño's Alamo City Trade and Taylor's Barter System into the Alamo Barter Corp.

Castaño says the merger left the pair well-positioned for future growth and expansion.

"By the end of the fourth quarter of 2004, we will have expanded into Austin and by 2008 we hope to have offices open in Houston and Dallas," he says.

While such goals might seem overly optimistic members like Katz and Gwin believe the Alamo Barter Corporation will have little trouble selling the concept to firms in other Texas cities.

"Barter allows you to do things in your personal and professional life that you might not have done if you had to use cash from your firm to do it," Katz says. "And whether that is buying Christmas gifts for my employees or making preparations for my daughter's wedding, they are things that are well worth it."

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Castaño