

Barter up

Fish vendor Mack Chaffin joined a bartering group to subsidize the marketing services he needed to grow his business

Bartering is certainly a thrifty way to snag the products and services your young business needs. But what if the product you bring to the table is wild Alaska salmon, halibut and lingcod? How do you find a web designer who's willing to take payment in fish?

This was the issue faced by Mack Chaffin, co-owner with his wife, Diane, of The Elfish Company, a fish distributor. Although he does a decent business selling fish through his website, at farmers markets and to a handful of restaurants and grocery stores, Chaffin wants to expand.

But marketing requires capital that the Dewey, Ariz.-based businessman doesn't have. So at the end of 2011, when he discovered The Barter Group, a trade exchange of 450 small businesses in Greater Phoenix, he leapt at the chance to join. We cast a line to Chaffin to find out more.

—MICHELLE GOODMAN

WHY JOIN A BARTERING ORGANIZATION?

Until now, the farmers market in Phoenix has been my primary source of revenue. I've been looking for ways to expand, to get the word out that we're here. But we don't have the kind of capital needed for advertising. Most of our capital has been used to purchase the freezers where we store our fish and other items to get the business established.

With the current economy, we can't exactly go to a bank for a loan. They're looking for somebody who's been

in business a whole lot longer and has collateral. So when I learned about The Barter Group, it was perfect. You don't have to make a huge capital outlay every time you need services. You just swap something.

HOW DOES THE GROUP WORK?

When an individual wants to purchase some fish from us, what I get in return are "barter dollars," which are kept in my Barter Group "bank account." And then when I need to purchase a

product or service, that credit will be there for me to use. It's much easier to do this than having to purchase the fish and still come up with other capital to pay a marketing company for their services.

WHAT ARE THE FEES INVOLVED?

The Barter Group charges 6 percent cash on each transaction as well as a monthly maintenance fee of \$10 in cash and \$10 in trade. We were lucky enough to get a free membership last year due to a promotion going on when we joined.

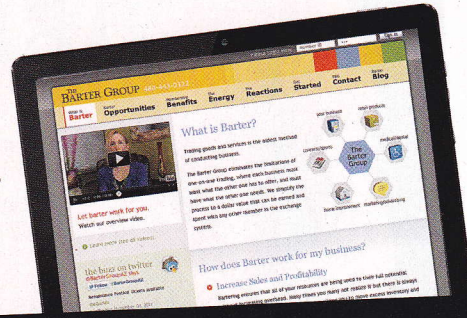
WHAT SERVICES DO YOU PLAN TO BARTER FOR?

In 2012, we plan to spend \$10,000 to \$12,000 in barter dollars. We're hoping to do web design, branding, printing, promotional items like T-shirts and hats, print and radio advertising and strategic marketing, and to expand our social media reach.

It's almost tripling what our marketing budget was before. All you're spending is inventory. If we were to spend \$12,000 on marketing, we'd be taking that in cash out of our pocket.

WHY NOT JUST BARTER WITH OTHER BUSINESSES ON YOUR OWN?

Going through The Barter Group is much easier than calling somebody out of the phone book and saying, "I need you to do this, and by the way, would you like to take some salmon as partial payment?" You don't know whether that would insult them, or they don't like fish, or they just don't want to barter.



SMART SWAPPING

To find a bartering organization, begin with the websites of the National Association of Trade Exchanges (NATE) and the International Reciprocal Trade Association—both hold their members to strict ethical standards. Then, try these tips from NATE president Gary Oshry:

Assess the members.

Are the goods and services you need well-represented? Are the businesses established, reputable and located somewhere that's convenient for you?

Check references.

What do current members of the barter organization have to say? How about their local chamber of commerce or Better Business Bureau? Look online to see if there have been complaints.

Crunch the numbers.

Most bartering groups charge a one-time membership fee of up to \$500 and a small monthly fee; some also charge an annual renewal. Many take 10 to 15 percent commission on transactions.