

Exposed: A business building technique so effective you'll swear it is illegal.  
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**Insider Secrets of a Trade Exchange Revealed.**

**Imagine this Scenario:**

A restaurant wishes to trade for \$5,000 worth of printing using meals and drinks for payment.

No printer would ever want \$5,000 in meals from one restaurant, however by selecting a printer that is in the same Trade Exchange, the restaurateur pays the printer with T\$5,000 (Trade Dollars). The printer's account is "credited" and the

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restaurateur's account "debited", so the restaurant now owes T\$5,000 in meals to the Trade Exchange network, NOT the printer. This is repaid as various Trade Exchange members come to the restaurant (new business) over the following months. The restaurant has paid for its' printing with meals, using an interest-free "line of credit" and at a cost of approximately 25 - 40 cents on the dollar, in food costs (hard costs).

If you like paying about half (or what ever your GROSS profit margin is) for stuff you want and need for your business and personal use, then a Trade Exchange is for you.

The printer can now use the Trade Dollars earned to buy office furniture, advertising, car repairs, carpet cleaning, plastic surgery, dentistry, accounting and legal services- even a family vacation. These are goods & services for which the printer would normally pay cash. By using their Trade Dollars, the printer conserves his cash and benefits from the extra business.

## **Is your business a member of a Trade Exchange?**

**If No- Why not?**

**If Yes- Are you fully taking advantage of the many benefits of a professional Trade Exchange?**

## **Uncle Sam actually helps you for a change- and the Federal Government is not typically known for making things easier for small businesses.**

Businesses got a huge benefit when President Reagan signed the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). Among other things TEFRA, legitimized the Trade Exchange industry, making your local Trade Exchange a 3<sup>rd</sup> Party Record Keeper, just like your bank or stockbroker. Trade Exchanges are required by law to report all sales of Trade Exchanges members on IRS Form 1099B annually and signed W-9's must be on file for all members.

Barter is taxable, there is no tax benefit to joining a Trade Exchange, however there are many *economic* benefits to membership in a Trade Exchange.

Official IRS recognition was the birth of the modern Professional Trade Exchange Industry. The Industry Watch Dog, the International Reciprocal Trade Association says that last year, IRTA Member Companies using the "Modern Trade and Barter" process, made it possible for over 400,000 companies World Wide to

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utilize their Excess Business Capacities and underperforming assets, to earn an estimated \$12 Billion dollars in previously lost and wasted revenues.

**Talk about sustainability! What would it mean to your company and your family if you could “cash in” on your excess (waste) capacity?**

## **Wasted Capacity- what does that mean?**

Excess or wasted capacity is simply the difference between what your business has available for selling and what you are actually selling. It may be goods gathering dust in your warehouse (excess inventory), your production line running at less than full capacity, empty hotel rooms, empty garage bays, dental chairs, empty restaurant seats or a professional billing less time than they have available.

If you have no excess capacity- **Congratulations!** If you are like the other 99% of business- don't worry- but realize that when you gain additional sales (filling the extra capacity) these sales are usually the most profitable sales you have since you have already covered your overhead costs.

Now you may already be “Direct Trading”. A direct trade is when a restaurant gives a free meal to the person who washes their windows. A direct trade relies on a “Coincident of Need”, that is both parties have to need what each other has.

## **A Trade Exchange solves this problem.**

A Trade Exchange allows the restaurant to get their windows cleaned, but the window cleaner is not stuck eating tacos for the 3 months. With a Trade Exchange the seller can use trade dollars earned and spend them with **any** member of the Exchange, and even better the Trade Exchange keeps detailed records and enforces the behavior of members, ensuring fair play.

***The mission of a Trade Exchange is to take the limited possibilities of a 1-to-1 trade and transforming it to a 1-to-many trade.***

A typical business works hard and spends money on advertising so customers come through their door. A business in a Trade Exchange has a big leg up- Trade Exchange members seek out fellow members to do business with- what a refreshing change!

***That's the power of a Trade Exchange- people are magnetically attracted to your business because you accept their trade dollars.***

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## **What are the advantages of Trade Exchange membership?**

Quite a few: new customers, cash conservation, marketing and more. One of the best advantages of Trade Exchange membership is intangible but priceless: the opportunity to network with fellow business owners.

In a nutshell- this is how a Trade Exchange gives your business a huge advantage: Members eager to conserve cash seek out fellow members who also accept trade dollars. In doing so buyers keep cash in their pocket and sellers get valuable new customers. It really is simple and this powerful.

## **Buy at your wholesale cost!**

Your cost of trading is simply your cost of goods sold (not your overhead costs). That means when you purchase items through the Trade Exchange you are really just paying your wholesale cost! It depends upon your margin- follow this quick example. A typical restaurant has food costs (or cost of goods sold) of 33%. Add the transaction fee charged to operate the Exchange (Local Trade Partners charges 5% on buys and sells making it a modest 10% "round trip" transaction charge). Add the numbers together and it is 43%- meaning that when you buy items through Local Trade Partners you are paying just 43 cents on the dollar compared to non-members paying full retail! Nice.

## **Are trade dollars as good as cash?**

The IRS recognizes trade dollars as being equal to the US Dollar in value. In a *practical* sense Trade Dollars are *almost* as good as real money. Here is a rule of thumb: In the cash world it is hard to get new sales but easy to spend the money (since you can spend cash everywhere). In the trade world the reverse is true, it is a lot easier to get the sale but a little harder to spend the money.

Looking at the big picture, a trade dollar is actually worth *more* than a cash dollar because you earned your trade dollars by trading items at your wholesale cost and when you spend your trade dollars, you get 100% of the purchasing power of a cash dollar. Not too shabby.

## **The savvy trader gets it.**

Every time a member spends money they conserves cash and at the same time they virtually guarantees herself a new customer from the Trade Exchange. You see, fellow members have to spend the trade dollars they earn back with fellow

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members. It is a closed loop system. *Like a boomerang or homing pigeon- the money has to come back since it has nowhere else to go.*

## **Too many Americans these days run from anything that looks like a little work.**

Membership in a Trade Exchange does require a little effort, but your rewards far out weigh your effort expended. A rule of thumb is to never "sit" on your trade dollars. You should always be looking for ways to spend your trade dollars. Most members take in trade income in smaller increments- and that is how trade dollars should be spent. Some members might not be ready to accept a large trade transaction. Exchange members that keep their spending pace in line with their income pace report the highest satisfaction with their membership.

## **Be Patient. Don't get stuck on a certain item.**

There are always products available through a trade exchange that can help your company, family, employees and marketing efforts. Don't get stuck on obtaining one certain item and don't hoard your trade dollars

Saving trade dollars in order to purchase a specific high demand item can lead to frustration. If the item you are looking for is hard to get- consider converting other personal and business purchases to trade, and use the cash you save on those items to obtain the hard to find trade item- the savings really add up if you get a little creative. Call your trade broker and brainstorm for ways to get what you need, a professional trade exchange is a powerful business tool.

Establish good trading relationships to ensure that you will always be able to receive the product and service when you need it the most. In time, you'll learn what kind of trade works best for you and your business. Be sure to let your broker know of your specific needs as well as your general needs. Don't wait until the last minute to arrange a trade purchase. Many businesses only trade at certain times or quantity, or if the cash business is overwhelming, trade business will be put on hold. Members are more willing to do barter business during their slow times. Plan ahead or you may be disappointed.

## **Get ready to make the switch 😊**

When you earn trade dollars, you'll find the fun part is getting to spend your trade dollars. Keep this in mind: fellow members *switched to you* from their previous cash vendor because you accept trade dollars (and you have a great product)

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That means that you will have to switch some vendors to spend your trade dollars. Odds are you will find a great trade Vet, Dentist, Mechanic, Exterminator etc. Look through your Trade Exchange Member Directory and imagine the world of possibilities. (Spending trade dollars can get pretty exciting when you add up all the cash you are saving!)

## **What is the best way to spend my trade dollars?**

Make a list of your needs. List everything you normally spend cash on. Do not limit yourself to one or two time item purchases. Use your checkbook and debit/credit card statements as a memory tool. Also, think of your personal needs. If you regularly take cash out of the business for personal living expenses or home improvements -- you should use your trade dollars for these purchases and save your cash for goods and services the barter network cannot easily acquire. Calling or emailing Local Trade Partners regularly lets your broker know what you need, as your needs can change over time.

## **I already trade on my own; why should I join Local Trade Partners?**

You already know the advantages of trade. You should expand the advantages that trade offers. One -to-one trading limits you to spend with only one business. With Local Trade Partners, you are able to spend your trade with any other trading member of the LTP, not just the one you sold to! LTP also helps you account for trade with our monthly detailed statements. We make it easy for you to see where you stand at all times.

## **What does the Trade Exchange actually do?**

Plenty. There are 3 critical jobs for the staff at a professional Trade Exchange. One is to grow the exchange; to sell memberships, second is to "stir the pot", to broker deals and get people buying and selling. The third is to keep detailed records of all trading activity and stay in compliance with tax laws. Sounds simple but these are complex duties that are interdependent and essential for the success of the Trade Exchange.

Make sure you keep current on your fees, a good relationship is a two way street and delinquent members never hear of the good stuff (limited availability items) offered for trade.

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## **Don't Cheat The System**

Members of Trade Exchanges always must trade within the system with fellow Trade Exchange members. The quickest way to be kicked out is to trade directly with other members. This cheats the exchange of funds and commissions rightfully earned and will cause the exchange to quit promoting suspect businesses. Members that are approached about trading directly with a rogue member risk losing their membership. Don't take the risk! Play fair and reap the benefits.

## **Is trade only good for the acquisition of services and not for goods?**

Trade is obviously ideal regarding higher-margin situations in the marketplace. However, trade can also be used to acquire goods at regular prices if margins are adequate, if your gross margin is in excess of 20%, trade may work for you.

Keep in Mind:

Every new customer you service after you have met your fixed expenses (payroll, rent, utilities, etc.) is very profitable. Providing your products and services for even a few new customers after basic expenses are met can make a big difference to your bottom line.

Trade is simply a mode of payment, just like Visa®, MasterCard®, American Express® or cash, but with many more advantages.

Members see the benefit of using trade first, purchasing by cash or credit card as a distant second choice. Using trade dollars, they are continually expanding their clientele and receiving new leads and referrals, as well as new cash-paying customers. Trade is also a simple way to obtain important assets or just plain old-fashioned perks for personal use, staff or clients that are not budgeted.

## **How much should I trade?**

Experts recommend that no more than 10-15% of your total sales volume be in trade. (Some industries may be able to absorb more, please consult with your CPA) Trade dollars will not pay your payroll or usually buy your inventory for you. It will allow you to convert unused capacity to trade dollars that you can spend for your business and personal use.

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## **Remember that “Cash is King and Trade is Queen”.**

Trade is great- but cash is better, period. The ethical Trade Exchange recognizes this fact. Sell for cash whenever possible and remember to spend trade dollars instead of cash whenever possible. Conserving cash is as important as ever in these uncertain times.

## **Authorization. Get approved & play by the rules.**

Trade dollars are valuable; treat them just like US Dollars. When you are the seller, make sure that the Trade Exchange authorizes the transaction. Trade Exchanges set credit limits for all members and it is important that you make sure that a purchaser has the funds available for a transaction. A top notch Trade Exchange will have a toll free number and a mobile phone option to facilitate and approve transactions. Make a quick phone call to avoid heartache and disappointment.

## **What makes Local Trade Partners Unique?**

We're local. Several out of town and out of state companies have attempted to build small networks in our area. Local Trade Partners was started by local businessman and former “Entrepreneur of the Year”, Rolf Wilkin, who discovered the void of a large trade exchange in Northwest Arkansas when he was seeking a trade organization for his local company, Eureka Pizza to join. Rolf teamed up with The Trade Alliance, a leading software supplier to the Trade Exchange industry. We're local, honest, and determined to aggressively build a top-flight organization for the benefit of our local members.

## **What does it cost to join Local Trade Partners?**

\$249 is the joining fee.

## **What do I get when I join?**

Members gain access to a network of other member businesses. Each member is issued an account number, a membership card, trade checks, an interest free line of credit and access to Local Trade Partners printed and online business directory.

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## How is Local Trade Partners funded?

There is cash transaction fee charged to the buyer and seller for each trade transaction (buys & sells) of 5% in cash. This charge is collected from your debit/credit card. We do not make any money until you trade. This fee is necessary to maintain the operating costs of the Local Trade Partners and pay our staff. There is no annual cash fee, there is an annual trade fee of T\$295 (in trade) that is debited from your account on the anniversary date of you joining each year. We do not "nickel and dime" our members. We seek a simple, equitable trade/barter that is always a win/win, therefore our fees are simple and few.

## What if I cannot spend my trade dollars on the things I need the most?

When Local Trade Partners does not have the goods or services a member needs, it becomes our job to find them for you. New businesses are sought to join the exchange on the basis of their ability to provide goods and services needed by our current membership. Your referrals are essential in helping us grow our trade group and you'll receive T\$100 for each referral that joins our organization. Referrals are the key to us growing our organization so that you have endless options to spend your trade dollars.

## Can I trade just for my time and not materials?

No. Local Trade Partners is dedicated to integrity and fairness. We follow the golden rule; we're strict about this simple principle: All trades are inclusive of all charges (Time and Material) All LTP members are treated with fairness and respect. Members must charge the normal cash price and must honor all specials and promotions with LTP members. This standard is strictly enforced and any members that are found in violation should expect their LTP membership to be promptly revoked. An easy rule of thumb is that you should treat trade customers no different than cash customers.

## How about part cash transactions?

Local Trade Partners is a 100% trade-Trade Exchange. On transactions over \$T1,500 sellers can ask for part cash. We strongly discourage this since experience has shown that Trade Exchange members want 100% trade and part cash, part trade is unappealing. If a member requests part trade under T\$1,500, please report this to the Local Trade Partners office immediately. **Consider getting a trade broker to help with larger transactions.** There is no additional charge for this handy service.

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## **How will other members find out about me?**

A vital part of your membership in LTP is that it is our job to promote your business to other members. Local Trade Partners will promote your goods or services to other members via email, our membership directory, mailings, newsletters and direct telephone contact, social media and in face-to-face meetings with our members. Much of the value of your LTP membership is the marketing that we'll do on your behalf and through networking opportunities with other members. Our goal is to profitably grow your business through trade.

## **Can I trade with non-members?**

It happens all the time with enlightened members. What if you see an item you want on Craig's List that is not available through the Trade Exchange? Offer to give the seller Trade Exchange Gift Certificates in payment instead of cash! You get the item you want by paying in trade and the seller gets gift certificates valid at hundreds of local businesses, talk about a win/win!

## **What if I need goods or services and I do not have enough trade dollars to purchase them?**

Trade credit lines can be set up for qualified members, just as a bank extends credit to its qualified customers. There is no interest charge associated with this service- it is just another benefit of your membership. Members that are willing to draw on their line of credit are essential for the success of the Trade Exchange. Lines of credit are the source of the money supply in a trade exchange. It's a balanced world- the positive balances net with the negative balances. An Exchange needs people willing to go into the deficit.

## **What if I have too many trade dollars?**

Spend them! But if you are in a position with too many dollars you can opt to go "On Hold" and where you temporarily stop accepting trade dollars. Ideally you will notify us of your situation and we will look for items that you need from existing or find new members. Members in the negative may not go "On Hold".

## **What if I need more trade dollars?**

Please let your trade broker know when you need additional trade dollars. Our job is to promote your business. If you need more trade dollars to spend, we will make sure that our membership knows that you are eager and willing to

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trade. We can quickly promote you and send eager members to you bearing trade dollars!

## **Let us collect your bad debt.**

Local Trade Partners can even use trade credit to help collect your past due accounts. A business that owes you is often willing to pay on their account with goods or services. If their goods or services are acceptable to the LTP, we will purchase them in the amount equal to your account- problem solved!

## **One man's junk is another mans treasure.**

If you have items that you no longer want around your office or home- Call your Trade Broker. An easy way to get top dollar and dispose unwanted items is to sell them for trade dollars. Call your Trade Broker and they will advise on how to proceed- it is quick and easy.

## **Frequently Asked Questions About Local Trade Partners**

Here are answers to the questions prospective members ask most often about Local Trade Partners:

### **Q: What are the primary benefits of trade?**

A: Acquiring new business, conserving cash, and liquidating excess time, inventory, or capacity. Companies consider it a win-win situation — trading what you have too much of (excess inventory) for what you really need and want.

### **Q: How can trade help me bring in new business?**

A: Your Company will be introduced to hundreds of new business contacts eager to spend their Trade Dollars.

### **Q: Are there tax advantages to trade?**

A: There are neither tax advantages nor disadvantages, as trade income is considered to be the same as cash income for tax purposes. Trading should be viewed as a marketing tool, not a tax tool. As with cash, trade purchases that are business related are also tax deductible.

### **Q: Can I barter for goods as well as services?**

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A: Absolutely. Members spend their Trade Dollars on office equipment and supplies, home appliances and electronics, even cars!

**Q: What if I need something now that I don't have enough Trade Dollars to purchase?**

A: Trade credit lines can be set up for clients the same way a bank gives credit lines to qualified customers.

**Q: Are there other uses for barter that I may not have known about?**

A: You can also use Trade Dollars to pay employee bonuses. It is likewise possible to pay some of your bills with trade credit, as well as negotiate purchases with non-member companies, or even clear up past due accounts receivable.

**Q: Which major corporations rely on barter?**

A: IBM, Xerox, Chrysler, Hilton Hotels, Shell Oil, General Electric, Mattel, National Semiconductor, Goodyear Tire, Spalding, and many more.

**Q: What's so revolutionary about a trade exchange?**

A: A barter exchange eliminates the drawback of traditional one-to-one trading. With an exchange, you can obtain goods or services from a member company even if they have no need for your goods or services.

There you go- a professional Trade Exchange can help you in many ways. Please call our office at **479-443-1977** if you have additional questions. We're here to help you get the most out of your membership.

## **Read What our members say about Local Trade Partners: (Real Life Testimonials!)**

*"I like the convenience of using the buy/sell system. I also like the immediate accounting and such. As well as the diverse businesses to use the trade with."*

*"Very easy to teach your employees how to enter the transactions on the website. Also the email follow ups and account statements are great."*

*"GREAT VARIETY OF SERVICES"*

*"The team that is running the show. We get to meet new people and their business."*

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*"Ability to find someone to trade in many categories."*

*"It's fun to go out to dinner on trade. We love it! It's also great to be able to cover cash expenses, like printer ink, on the trade."*

*"LTP has saved our business lots of cash on major business improvements."*

*"Great variety of categories of merchants & service providers"*

*"I like being able to trade without using cash!! Love it for the family too."*

*"It feels like I have a cash reserve. Trading donuts saves me money."*

*"Ease of using it"*

*"I get to buy at my cost - I make contacts with other business owners that I would not have made without LTP."*

*"The people, interacting with all the different personalities and business's."*

*"Opens up a whole new customer base, that i would have never seen."*

*"The opportunity to network"*

*"I have gained work that I never would have gotten, met new people, I appreciate the work Rolf, Rich and Tracy are doing to get new partners and keeping the organization on a high level of integrity, I like the wide variety of members"*

*"The ease of entering transactions on the internet and the high volume and variety of businesses in the group."*

*"Making new customer and friends!"*

*"It opens up my business to a whole new universe of small business owners who are aggressive and intentional about those with whom they trade."*

*"I have been part of many trade companies but, none of them had as many local business"*

*"Being able to trade at whatever place of business I choose or need."*

*"The impressive list of members who cover a wide range of categories and for the most part the members enjoy accepting trade dollars."*