Respected Industry Pioneer, Tradecorp’s Art Goehring, Presents Compelling Case For Change

Only a handful of people are still around who have been in the commercial barter industry for 27 years. None have been more involved in the industry’s milestones than Tradecorp’s founder Art Goehring.

In the ensuing interview he contends today’s industry is at an impasse. “There are no more deep-pocket venture capitalists around to invest. And going it alone, as has always been the case, is futile too, if our industry is to attain any level of prominence.”

It will only occur, Goehring suggests, by coming together to work as a unit, and then finding a major financial player with which to cooperatively joint venture.

Editor’s Note:
Beginning with this issue “Focus On Excellence” will appear in every issue of BarterNews. This new feature will better acquaint you with many of the fine barter companies in existence today.

Normally the “Focus On Excellence” feature will be about the trade exchange itself. In this first effort, however, Art Goehring willingly agreed to share his perspective with us on what is needed for the industry to move to the next level...in lieu of a more expansive look at Tradecorp, his fine 27-year-old organization.

Goehring has seen it all.

Goehring bought one of their first franchises, but within six months knew he was involved with the wrong gang. “They ran into some trouble with the law in their other business activities, and we split. I went out on my own and started Tradecorp.”

Back then there were no guideposts or rules to follow. “We looked around searching for others in the same fledgling business.” But distance, and the fact that no industry association existed, meant Goehring was at ground zero. “We spent two years trying to figure just what this business was all about.”

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FOCUS ON EXCELLENCE

Goehring Meets Donohue

After being called as an expert witness in a case against an exchange owner in Columbus (who was convicted of deficit spending and cash converting trade dollars), Goehring, along with some other forward thinkers, met and subsequently formed today’s International Reciprocal Trade Association (originally known as IATE, International Association of Trade Exchanges) in 1978.

Shortly thereafter, it was Goehring’s Tradecorp that the IRS first walked into unannounced... asking for all their client records. After two years of anxious efforts, with valuable assistance from IRTA, the IRS Barter Project was successfully concluded in the 6th District Court of Cincinnati.

(The outcome from this and other actions ultimately determined that trade exchanges were third-party record keepers, a predecessor to the TEFRA law enacted at a later date.)

Goehring and Suplizio wrote IRTA’s Regulation #1.

Then in 1980 Goehring met with Paul Suplizio, IRTA’s first executive director and an economist-educated graduate from West Point, to write IRTA’s Regulation #1. It took a balance sheet look at an exchange—how to account for the debits and credits, what ratios are needed to maintain an exchange, etc.

(The plan was to make it a requirement for all IRTA member trade exchanges to submit an annual “balance” report.)

Goehring suspects that even today, twenty-two years after it was written, the majority of exchanges would not be in compliance with Regulation #1.

“The long and short of it is that our industry desperately needs a much stronger association, with a hand in greater regulation, so the owners are accountable for what goes on.”

If such an association existed, he believes, everyone would be better off because of it.

What specifically does this industry pioneer suggest? We began our interview by asking him about the changes he’s seen over the years. Surprisingly, he replied...

Goehring: There hasn’t been much in the way of change to speak of. We’re still pushing the wagon the same way today as we did decades ago. Oh sure, communication and computer reporting are better, but that’s because of technology... not our farsightedness.

We’re still selling accounts and brokering in the same way. And once an exchange reaches a plateau of clients, the natural attrition makes growth difficult.

If we don’t change the industry’s infrastructure, and the way we do business, we’re doomed to mediocrity.

BarterNews: Why has the growth effort been so laborious?

Goehring: Because everyone in the U.S. has been raised with a cash mindset. Given our industry’s current method of operation, we only appeal to a small percentage of business owners who have a trading mindset.

We’re still pushing the wagon the same way today as we did decades ago.

We have to become like the rest of the business marketplace. Our major competitor is cash, so to really compete across the board we must use the same format and vehicles they do. That means working with branded credit-card swipe technology... as everything today works on it.

We did a company analysis revealing that over 90% of our physical...
transactions through the exchange are automatable. Branded swipe cards would make us look, walk, and talk like the cash marketplace.

BarterNews: And it would change our industry's perception.

Goehring: That's right. And changing that perception will only happen when we implement the necessary steps. Our industry is going down the same parallel road others before us have traversed.

Other businesses (such as car rental, real estate, time-shares, credit cards) all had shaky beginnings, but sound ideas. As they became better organized and regulated they became attractive investment opportunities for major corporations. Ownership by major companies, in turn, adds credibility to the industry. Additionally, needed factors like the implementation of standard procedures, systems, techniques, play an important part in that success.

When this occurs for us, today's risk aversion will disappear because mainstream businesses will feel safer and more comfortable in using our currencies, knowing there's something substantial backing those trade dollars.

BarterNews: What's the first step?

We have to become like the rest of the business marketplace...that means working with branded credit-card swipe technology.

The trade exchange industry must come together so we have a critical mass of clients, then put together a joint-venture-type relationship with a financial institution.

Goehring: The trade exchange industry must come together so we have a critical mass of clients. This, I believe, could best be done under the auspices of IRTA and NATE. Then it's a matter of going out and contacting various entities to put together a working joint-venture-type relationship.

We've never had a major player come in and take us on as a legitimate extension of their business, which would take us to the next level. The venture capitalists that recently came into our industry brought money, but that's just one piece to the puzzle.

What's needed is a financial institution—such as a Visa, American Express, Citigroup, or Bank of America—which sees the enormous opportunities possible by viewing the currencies we have as no different than the U.S. dollar.

Trade exchanges have a unique and legitimate position in the small to medium business marketplace. There are many products, in addition to the barter concept, that can be marketed to these companies. I think Amex saw the potential of the trade exchange industry, and had the right idea. But they chose the wrong player (BigVine) for the wrong reason—this isn't an internet play per se, it's a currency play.

BarterNews: What else is needed for success?

Goehring: As I said, a true cooperative effort between the new entity and the industry is a must, regardless of what form it would take...such as licensing or franchising.

As an industry we've established a fairly sizable client base that can be leveraged. A larger player with unique corporate assets (financial strength, systems, procedures) along with our assets (client base, knowledge, experience) would make this a real winner.

BarterNews: How long would this take, and what are the costs involved?

Goehring: A deal is possible right now with American Express. They have the infrastructure to take this effort worldwide.

It would cost approximately $4 million to implement, and based upon our projections it would amortize itself in three to four years. After that the charges would be pennies per transaction to process.

I believe it's achievable now because as an industry we're stuck, and just about everyone feels it. First we have to change our mindset to get moving, and then Amex saw the potential of the trade exchange industry, and had the right idea. But they chose the wrong player (BigVine) for the wrong reason.
realize the vast commercial aspects that are attainable. This is not pie-in-the-sky.

As you know there are some real solid people in this business. Now it’s a matter of getting these hard-working, legitimate operators together, so as to have good representation.

After amortizing the upfront investment the charges would be pennies per transaction to process.

Then we need to move forward with good leadership, and likely IRTA and NATE’s involvement. Since they have members in 33 countries around the world, and this is a global opportunity of immense magnitude.

After these preliminary steps are completed we’ll be ready to search for a large corporate partner...one which recognizes our potential and is willing to work cooperatively with us.

We have to change our mindset...this is not pie-in-the-sky...and whomever our ultimate partner is, their payoff would be immense, as would all of ours.

Whomever our ultimate partner is, they would have a toll-position that’s unique. No one could duplicate it, and their payoff would be immense...as would all of ours.

Tradecorp’s Spacious Headquarters

Housing the corporate and administrative staff, Tradecorp's headquarters also has an 18,000 square-foot showroom.

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The Tradecorp Team

Over 200 Years Of Cumulative Barter Industry Experience

Tradecorp's supporting cast as described by CEO Art Goehring...

**CFO—Ginny Goehring:**
As Vice-President of Finance, Ginny heads up all the financial and accounting for the company.

**Inventory and Administration—Dorothy Rentzsch:**
She's been with us 15 years, assisting Ginny in her efforts.

**COO—Barb Martin, CTB:**
Barb and her team are responsible for selling and retaining the quality companies that are in Columbus, Cincinnati and Dayton. As a team leader and player she specializes in advertising media, and has been with us for 17 years.

**General Legal Council and Member Accounts Director—Todd Goehring:**
He has been with the company 6 years, keeping the member accounts and systems on a solid straight path.

**VP Administration—Debbie Larrick:**
Debbie has been with us for 16 years, beginning with our credit union effort. Part of her responsibility includes inter-exchange accounting.

**Travel—Linda Jarrett, CTB:**
Linda has been with us for 27 years, since our inception, primarily handling travel and inter-exchange trading. Member service is her forte...she communicates in a polite and friendly manner in the running of the 18,000 square foot showroom.

**Entertainment—Susan Elech, CTB:**
Susan specializes in brokering the excitement side of the exchange. Her friendly professional manner serves the members well in providing the hundreds of fun activities that are available through the system. She has been on the team for 12 years.

**Marketing Services, Cincinnati—Charlie Lehman:**
Charlie is responsible for new accounts in the Greater Cincinnati marketplace.

**Trade Brokers—Laurie Bjorkgren and Patrick Pierce:**
They take care of our clients' needs. The key with these brokers is their ability to interact with people all day long, handling many diverse situations and always maintaining a cool, helpful demeanor. It takes a special personality to handle these daily interactions. In addition, Patrick created and updates the exchange web site.

**Marketing Sales, Cincinnati—Bob Hopkins:**
He has been with us over 20 years, working to help members in the Cincinnati and Dayton markets.

**Administrative Assistant—Amy Frank:**
As the newest member of the team, Amy is responsible for member account and transactional activity.