



ALLIANCE B A R T E R

25 Years in the Making

By Marcia Layton Turner

Stephen E. Webster, president and CEO of RTE, Corporate Barter Group, is a well-recognized name in the barter industry. An IRTA Hall of Fame inductee, he has held numerous leadership positions within the industry, including president of both the International Reciprocal Trade Association (IRTA) and the National Association of Trade Exchanges (NATE).

For nearly 25 years, Webster has demonstrated his own personal commitment to the industry, his employees, and his clients.

He accomplished this by taking an active role in industry associations, encouraging his staff to invest in their own professional development, such as earning Certified Trade Broker (CTB) status, and forming long-term relationships with clients.

As his company began an aggressive international expansion plan earlier this year, he felt it was time for a corporate name change. RTE had outgrown its roots and no longer reflected the company's future direction.

It was the company's new direction that prompted the name change. "Our company has grown

steadily through the years," Webster noted, "but the increase we've seen in new clients during the past year has driven us to update how we do business. One of those updates has been the name change."

Consequently on July 15, 2002, RTE officially became Alliance Barter, Inc. Along with the name change came the establishment of a new Canadian office in Toronto and an expanded sales staff charged with growing the client base in Upstate New York. Alliance is headquartered in Rochester and has offices in Buffalo and Syracuse, with plans for future expansion.

From Barter Pioneer *To* **BARTER POWERHOUSE**

Stephen Webster's foray into barter began in 1978 when he became one of the first members of International Trade Exchange (ITE), a franchise operating in Rochester. "In fact," he disclosed, "the entire barter industry started as a franchise opportunity."

The following year, after acquiring ITE, Webster changed the name to Rochester Trade Exchange and began operating as an independent. He subsequently became president and sole stockholder. By 1991, after solidifying the Rochester customer base, the company had expanded to Syracuse, Buffalo and the New York Southern Tier.

As the firm continued to grow under Webster's leadership, he took an ever-increasing role within the industry, forming partnerships and alliances with national barter companies, regional exchanges and corporate clients.

He also was an early participant in the



Stephen Webster, CEO of Alliance Barter.

formation of the International Reciprocal Trade Association (IRTA), and a founding member of the National Association of Trade Exchanges (NATE).

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Group...both for simplicity and to de-emphasize its Rochester connection which represented a smaller percentage of the company's total sales each year.

A Turning Point

A pivotal year for RTE was 1999 as that was when the company became a participant in an industry roll-up. More than \$150 million was raised by venture capitalists to consolidate the barter industry with the goal of moving online.

That multi-million dollar investment was used to develop proprietary software and technology to enable an online barter network, along with building the infrastructure for a major consolidation.

As the dot-com craze was in full swing, RTE along with nearly half of the barter industry were targeted for the roll-up effort. An initial public offering (IPO) was anticipated for 2001, once the infrastructure was in place and the

numerous trade exchanges had been acquired.

For various reasons the effort fell short. Those involved, along with RTE, were forced to turn their focus back to staying on track. Webster was unwilling to walk away from the failed venture without making some kind of change.

"I initially became involved in the consolidation venture as a way to encourage change industrywide—change that I saw as necessary and beneficial for all the participants," Webster recalled. "But if industrywide change was stalled, we were at least going to rejuvenate our own company."

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RTE management carefully analyzed its own situation and crafted a new business plan. As a result, three major decisions were made: change the company's name, expand geographic coverage, and redirect marketing efforts toward mid-sized and larger corporations.

The Reinvention Process

By leveraging its nearly 25-year association within the small business community, RTE's aim was to capture a piece of the growing amount of barter

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conducted with larger corporations.

But in order to service existing and larger clients, RTE needed to have a direct or indirect presence in the cities where the corporations were operating.

Webster elaborated, “We’re forming alliances with other companies, enabling us to create and service major accounts...many of which are located in major cities.”

Although regional history and locations were a strong base for its existing small to mid-sized business clientele, pursuing larger corporate business would require additional locations and increased staff.

As a result, RTE made the commitment to hire the experienced sales and marketing staff necessary to succeed in the targeted corporate market as well as to expand geographically. Hence, the new Canadian operations were formed from which international trading can be managed and encouraged.

Many of the senior brokers have been with the company for more than 15 years.

The Name Change

“As we considered what name would be right for the next phase of our company’s development, the word alliance seemed to keep coming up,” Webster reflected. “We felt it was an accurate description of how we do business on a daily basis, and how we want to work in the future.

“We want to create alliances with our clients, other barter companies, corporations, real estate ventures, and financial institutions. Throughout our

history, alliances have made our growth possible and we believe they will be the key to our future success as well.”

Secrets Of Success

One of the reasons Webster believes his trade exchange has been so successful through the years is the longevity of the staff. Many of the senior brokers have been with him for more than 15 years; the of head of the Syracuse branch, Trade Director Sandy Giannuzzi, has achieved the milestone of 25 years in the industry.

“We have brokers who have represented us for years, developing long-term relationships with our clients. Those relationships help generate more business for our clients because we really get to know them over the course of several years,” declared Webster.

Webster has recently handed over the responsibility for day-to-day operations and new business development to industry veterans Ralph Meranto and Robin Maini. By relying on the expertise and knowledge these managers bring to the table, Webster anticipates tremendous

growth potential for the company.

As vice president of operations, Meranto helps ensure that the business functions smoothly by overseeing the internal workings. During his more than 16 years with Alliance, Meranto has worked in most operational areas of the company from marketing and information technology to sales and planning.

He was most recently involved in upgrading the firm’s technology infrastructure, expanding staffing, and developing the business’ strategic plan. Despite the rapid new client growth, Meranto has expertly handled the transaction processing and resource management so that operations run seamlessly.

Robin Maini, newly appointed vice president of business development, has taken on the responsibility of cultivating corporate business, as well as continuing to expand the company’s retail base in Canada and the United States.

A Canadian citizen, Maini operated one of the largest exchanges in Canada and most recently held executive positions with a European-based barter company.

During his 15 years in the barter industry his expertise was honed in training and business development. One of his responsibilities at Alliance will include acquiring mid-sized clients, internationally.



Webster often deals with the press on behalf of Alliance Barter.



L-R: Ralph Meranto, Robin Maini, and Stephen Webster.

The Future

Alliance Barter currently has 1,500 clients and expects that number to quickly grow to 2,000 by the first quarter of 2003. Management is evaluating acquisition candidates in mid-sized and larger markets to enhance and complement its growth strategy.

Target companies that benefit most from joining a trade exchange include those with under-utilized capacity, such as printers, restaurants and airlines; those with excess inventory, such as manufacturers and distributors; or those with new product or service introductions.

“Our growth in 2002 will also be propelled by a major investment in new technology,” reported Webster. “We’re

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currently evaluating new software to better link our offices and clients as well as facilitate larger transactions.”

Information technology is

transforming Alliance, just as it is transforming the barter industry as a whole. Increased computing power and information flow is making trading quicker and easier.

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It is also heightening interest in the use of secondary capital...which includes non-traditional forms of money such as stocks, scrip, and notes.

While the economic doldrums continue, companies will be forced to explore new sources of revenue, with barter being one very viable option.

Webster sees this as a prime opportunity for clients of the barter industry. “Wherever you see capital constraints, excess inventory, or a need for market penetration, barter can be a valuable solution.”

Alliance is positioning itself to facilitate those transactions and is actively pursuing corporate deals that

involve real estate, stock, corporate assets of all types, as well as future rights. Moving beyond pure product and service trades is opening-up entirely new avenues of growth for the company.

“Our latest expansion plan is really a testament to the power of alliances,” affirmed Webster, “whether they’re with employees, clients, associates or suppliers. This is where our future lies.”

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<p>Corporate name: Alliance Barter, Inc. Year established: 1978 Number of clients: 1,500 Number of employees: 25 Web site: www.alliancebarter.com</p>
