

Competitive

Use Barter To **LEVERAGE** Your Cash Flow! Dollars Saved Go To Your **BOTTOM LINE**

Every month various entities are tugging at your sleeve for a cash payout: employees, suppliers, landlords, tax collectors...to name a few.

The fact is that if you don't have cash at a crucial point in the chain of demands, you're finished.

Therefore, your company's cash flow is most vital. It represents the every day reality of your business—the movement of money in and out of your company. Cash flow is your company's most valuable asset, because without it you're out of business.

The goal of good cash flow management ought to be obvious... to have enough cash on hand when you need it. It's a simple concept, yet in practice it really is not that simple.

The problem in analyzing your cash flow is that it involves tomorrow, which is uncertain. That's why it is so important to learn how to leverage cash flow, deftly playing one element

against another, harnessing other people's capital, and saving cash by trading whenever possible.

Cash flow is your company's most valuable asset, because without it you're out of business.

The cash flow fundamental leverage rule, as practiced through the centuries, is this: Get your customers to pay you as soon as possible... preferably in advance.

And at the same time attempt getting your vendors to let you take your time

paying them. Vendors, wishing to grow, often will be patient just to get your business.

Let's face it, added sales paid in advance and then paying vendors much later is not a piece-of-cake in today's competitive marketplace.

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Feeling Great About Your Company?

HOW ABOUT YOUR TRADE EXCHANGE? Then Pass It On!

Many years ago, David Ogilvy, the famed advertising guru, was lamenting the fact that his firm had grown to the incredible size of 350 people. At first, he thought that this was a huge problem.

When you pass on information about your exchange and others come aboard, you benefit.

Then it dawned on him that if each of those people were really excited to be at Ogilvy, and if each of them had ten friends, there could be 3,500 people broadcasting positive messages about his firm.

Those 3,500 people would create powerful word-of-mouth goodwill at cocktail parties and business meetings talking about Ogilvy.

The best way to make such connections, despite e-mail and cell phones, is through good old-fashioned physical contact.

The same applies to every member of a trade exchange.

When you pass on information about your exchange and others come aboard, you benefit—because the greater the products and services available, the more valuable your trade exchange becomes. **CE**

And You Thought Your Industry Was Tough!

Record companies are one of the most competitive businesses around. A major-label release must sell on average about 500,000 copies just to break even.

Last year, of the 6,455 new albums distributed in the U.S. by major labels, only 112 have sold at least that many, according to SoundScan which monitors music sales. **CE**

Reclaim Your Former Customers ...AND GET SOME QUICK PROFITS!



Marketing consultant George Walther says most businesses waste too much time trying to land new customers, when they could be making much more money reclaiming former ones.

“Customers who have walked out or fallen away are a major source of profits left untapped by most companies. The fact is former customers know who

you are, thought enough of you to buy, and could, without much effort, be induced to do so again.”

Incredibly, 68% of those customers who drop off do so simply because they sense indifference. Walther contends that most customers leave our conveyor belts because we don't show them how important they are.

His suggestion: Call them! **CE**

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Use Barter To LEVERAGE...

So Focus On The Other Side Of The Ledger

It's imperative today to seriously focus on saving dollars and getting control of your company's many costs (expenses and purchases), because that's where the really big payoff is.

Every time your company saves a cash dollar it goes directly to your bottom line. But your sales dollars must pass through many filters before reaching the bottom line.

Sales dollars first must be used to meet obligations such as rent, insurance, utilities, salaries, and taxes. But dollars saved aren't part of your income, so they go right to your bottom line.

Ways To Save Money

1) *Do more business* through your trade exchange. Every barter purchase, replacing a cash purchase, adds to your bottom line profits.

2) *Begin negotiating better* with your cash vendors. Ask a simple question: What else can you do for me?

3) *Focus on performing* to the utmost for existing clients. It only costs 20% as much to keep them happy, as it does to find new clients!

Whenever possible, harness other people's capital and save cash by trading.

4) *Introduce incentive programs* for greater productivity. Make them pay off daily, or weekly, using barter whenever possible to fund the incentive programs.

5) *Install an "idea box"* for your employees, then reward them for the best money saving idea. Make the reward commensurate to the savings their idea will avail.

Check with your trade broker for suggestions and available items to use as rewards...restaurant scrip, B&B get-a-ways, personal massages, etc.

By using these and other ideas, you can increase your cash flow which is so critical to your company's ongoing operations. **CE**

Are You New To Business?

Your Trade Exchange Provides Two Needed Ingredients For Success. . . Customers and Financing

Savvy business newcomers (new business owners) instinctively realize the importance of making immediate sales, so as to finance their fledgling operations.

For them, barter is a natural, because they understand the significance of maintaining their vital cache of capital—it could well mean the difference between success and failure.

P.S. If your business is already established, why not introduce someone you know, who is just starting out, to the trade exchange.

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Do You “Think” Like Tiger Woods And Other Pros?

Adopt A Professional Perspective For A Greater Payoff!

Professionalism is measured by a commitment to excellence. Yes, professional athletes compete, but the real joy they take comes from excelling...not from beating the competition.

In other words, for a professional the race is not between competitors but toward the perfect execution of an act. They continually compete against their best-ever efforts. To get the best from your efforts try thinking the same way.

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To Gain Trust. . .Be Yourself

People don't leave companies, they leave managers...so the saying goes. To start on the right foot with new employees, spend time with them individually.

Spell out what's important to you, why you do the things you do, and what you believe in. Tell them what

they can measure you by in the future.

In turn, they will begin to reveal themselves to you. In the process, you've established a basis for trust.

(From *Living the 7 Habits*, by Stephen R. Covey.)

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Remember...

If You Don't Get PAID

The Sale Is Worthless!

One of the most valuable and often overlooked services a trade exchange offers your company is that of a guaranteed payment on sales through members of the exchange.

Because purchases cannot be made without trade dollars, and authorizations are required which protect you, you need never worry.

Such protection from loss is a valuable safety net you just don't find in the cash world, where loss of money from non-payment and bust-up scams often bruise the business owner. Sometimes fatally.

Even mega-corporations are vulnerable to scams as evidenced by the recent claim of fraud brought against a Turkish company by Motorola and Nokia for over \$2 billion.

A scam operation is subtly designed to snare the unwary business owner. Typically, the new customer buys a small amount of merchandise then slowly increases the amount purchased. The operator pays his bills up front, so that the merchant will extend him more credit—30 days, possibly 60.

Finally the customer increases his order into the thousands-of-dollars. Even though that's a stretch for the business owner, it's considered a good bet because the customer has an impeccable history of paying on time.

Unfortunately, it's at this juncture

that the customer leaves town or files for bankruptcy, and the merchant never gets paid.

This decades-old practice is known as a bust-out, so named because the business seems to bust or disappear.

Work through your trade exchange for extra sales...ones that are guaranteed to be safe!

The moral of this story is two-fold. Protect your company when dealing in the cash world—check out the history of new businesses wanting credit extended, and be cautious in the amount extended.

In addition, work through your trade exchange for extra sales...ones that are guaranteed to be safe!



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Taking Responsibility

“Unless a person can say deeply and honestly, ‘I am what I am today because of the choices I made yesterday,’ that person cannot say, ‘I choose otherwise.’”

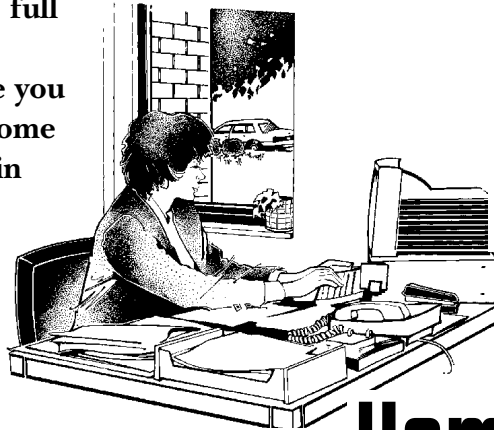
—Stephen Covey, motivational consultant

If you're self-employed or an employee working full or part-time at or from your owned or rented residence you may be entitled to liberalized home business tax deductions found in Internal Revenue Code 280A.

The requirement is an "exclusive business area," such as an office or inventory storage area in your residence which is not used for personal purposes.

Examples of deductible home business expenses include utilities, insurance, repairs, painting, property taxes, mortgage interest, and even depreciation. Qualified renters get to deduct part of their rent, plus other applicable expenses.

If you qualify, IRS Form 8829 (Expenses for Business Use of Your Home) is the place to claim home business tax deductions. It calculates partial deductions based on the square footage of your home used for business. The room count method can no longer be used.



Are You Capitalizing On Your Home-Business Deductions?

To illustrate, suppose you own or rent a 1,500-square-foot house or apartment. Your qualifying exclusive business area is 500 square feet.

The result is 33.3% of applicable home expenses are tax deductible. If you rent your residence 33.3% of your rent, plus the same percentage of other expenses, such as utilities and insurance, are deductible.

Consult with your CPA for more specific information on your home business deductions.

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Purpose of This Newsletter

The purpose of *The Competitive Edge* is to share with you information and news that reflects the importance (and reasons) for using the services of a commercial trade exchange.

Barter is a proven business tool — one your company can successfully use in its marketing, purchasing and financing efforts.

Every month we will bring you articles and ideas that show you how, through your trade exchange membership, you can gain that all important competitive edge in your marketplace.

I'm OK... You're Not

Do you judge other people's behavior more harshly than you judge your own? Here's one person's humorous take on the "I'm OK—you're not" phenomenon:

Isn't it funny that when someone else takes a long time to do something, she's slow. *When I take a long time, I'm thorough!*

When someone else skips a task, he's lazy. *When I skip one, I'm busy!*

When someone else takes on a duty without being told, she's overstepping her bounds. *When I go ahead and do something without being told, I have initiative!*

When someone else states his opinion strongly, he's bullheaded. *When I state my opinion strongly, I'm firm!*

When someone else overlooks a few rules, she's irresponsible. *When I let a few rules slide, I'm doing my own thing!*

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For a copy of the nation's only magazine devoted to the many ways barter is conducted and how you can use it for greater profits in your business, send \$10 for sample copy to:

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