



How to use Bartercard to grow your business

Increase your market share, gain a competitive advantage and achieve financial success.



Introduction

In this guide we explain the facts about Bartercard for small business owners and provide you with the information on the benefits and how to get the most out of Bartercard in order to grow your business.

Already a Bartercard member? We encourage you to keep reading. The following pages are full of practical advice that you can apply to your business.

About Bartercard

Bartercard provides business opportunities to members by converting unutilised trading capacity and excess inventory into business opportunities with new customers. Its world-leading, innovative trade exchange system allows over 24,000 member businesses in seven countries worldwide to benefit from the cashless economy of bartering.

Since its inception in New Zealand, Bartercard has grown to over 6,000 member businesses across the country and trades over \$200 million worth of goods and services outside the cash economy each year.



What IS Bartercard (and what is not)

What Bartercard **IS**...

Bartercard provides business opportunities to members by converting unutilised trading capacity and excess inventory into business opportunities with new customers. Bartercard aims to increase your business by 5 - 15% and increases net cash profit.

Simply put, Bartercard delivers new customers to fill a business's spare capacity, these new customers pay with Trade Dollars. The business utilises these Trade Dollars to offset cash expenses, therefore saving real cash.

One Trade Dollar is equivalent to one New Zealand Dollar for all accounting and taxation purposes.

Businesses can use or accept Trade Dollars if both parties in the transaction are Bartercard members. Let's say a Bartercard member sells \$1,000 worth of goods or services to another member using Trade Dollars, that \$1,000 will go into the Bartercard balance of the seller to use at any other Bartercard member business in the future. Trade Dollars accumulate in a Bartercard account as they would with normal cash sales.

Trade Dollars can be used to offset cash expenses in business. Many fixed costs e.g. lease, utilities, wages of producing products or services are covered through cash sales, so when Trade Dollars are used to purchase a product or service at market price, it is actually paid for through the buyer's own inventory – which is wholesale. In effect, each time a purchase is made between Bartercard members, they receive a discount equal to Gross Profit Margin.

Bartercard works like a normal bank account or credit card, except that it is an alternative, electronic currency (Trade Dollars) that is exchanged between members to pay for their goods and services, with sales representing an asset or cash received, and a purchase representing a liability or cash paid.

What Bartercard **IS NOT**...



Bartercard **IS NOT** a daily deals provider.



Bartercard **IS NOT** a rewards or loyalty programme



Bartercard **IS NOT** a pyramid scheme



Bartercard **IS NOT** a way for companies to avoid tax.





Benefits of Bartercard

Manage cashflow

Bartercard is just like a credit card or another bank account, but instead of cash, it is an electronic currency called Trade Dollars which can be transacted via EFTPOS, online, the Bartercard app, over the phone, or by transaction vouchers similar to those used with a credit card.

Interest-free line of credit

Bartercard offers an interest-free line of credit so members can continue to make purchases even during times when cashflow has slowed. This way, members can conserve cash while always having access to the goods and services available through the Bartercard system.

**SEE HOW “JUST WATER”
TRANSFORMED THEIR BUSINESS
USING BARTECARD**



**SEE HOW “THOMPSON + PARTNERS
LTD” TRANSFORMED THEIR
BUSINESS USING BARTECARD**



Utilise excess stock and increase occupancy

Bartercard helps companies put inventory, equipment and employees to good use, converting downtime and spare capacity (think: businesses who experience seasonal markets) into new revenue which would not have been available otherwise. It also provides a system to put that excess to use in profitable ways.

Sell excess stock without the need to discount heavily, which can result in reducing perceived value and risking a potential price war with competitors.



“The pre-Christmas trade shows have been a fantastic avenue to move on the seasonal stock changes from our fashion brands”.

- Bartercard member, Lusty Showcase Jewellery

By selling excess contra or slow moving inventory through the Bartercard community, members can receive Trade Dollars as payment and then in turn spend the Trade Dollars on goods and services for their business.



Generate new business

Bartercard's large referral network allows members to increase their customer base and expand their geographic reach. The new customers generated by Bartercard are on top of existing cash business, and therefore don't interfere with existing business.

Bartercard can increase business through the door by 5-15% and increase net cash profit.

One of the keys to sales success is referrals and word-of-mouth marketing. Bartercard members are more likely to spend with other members, providing an increased advantage over competitors.

In the case of traditional cash-paying exchanges, there's no guarantee the transaction will be anything more than one-off. However, with Bartercard transactions, each time a member spends, it will come back to them in the form of new business from another Bartercard member business.



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Reward staff

For most businesses, retention of good staff members is important but finding ways to reward staff that go the extra mile for the business without increasing wages or salaries can be tricky (and anything that goes through the payroll will incur PAYE).

Using Bartercard Trade Dollars as employee bonuses, incentive schemes or gifts is an excellent use of Bartercard.



For example, a small manufacturing company wants to reward their top sales person with an incentive, but budgets are tight. Working with the Bartercard trade exchange the business is able to gift that staff member by purchasing a reward (such as a dinner out) through the Bartercard network using accumulated Trade Dollars.

You can even use Trade Dollars as part of your employee's salary. Simply set up each employee with a staff card, and you could pay 10% (for example) of their salary in Trade Dollars.

Accounting for Bartercard

There are no special tax considerations when using Bartercard. If there are funds in a Bartercard account, tax will need to be paid as if it was a normal cash amount in a normal bank account.

The accounting treatment of assets bought on Bartercard is identical to assets bought in cash.

Depreciation rates and methods remain the same. If an asset is sold, the depreciation recovered becomes a taxable income for business.



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GST is payable on business purchases with a valid tax invoice and data for income/expenses should be recorded off these account statements for calculating TAX/GST implications.

Wages or drawings can also be paid to employees or directors using the staff card option.

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OUT MORE ABOUT BARTECARD?
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Implementing Bartercard into your business

Bartercard works supplementary to cash business, and at no point is any member obligated to take on Bartercard business over cash-paying business. All members have the flexibility to control which products and services they sell through the Bartercard network and they can adjust offers to the Bartercard community (scaling up or back) as it suits their business at any point in time.

When a business owner adds Bartercard exchange options to their business, it encourages other members to utilise their goods and services, which in turn will help them gain new business, create customer loyalty and increase profits. **And unlike loyalty programmes or daily deal sites, Bartercard Trade Dollars never expire.**

Bartercard members sign up to trading terms and the community is self-regulating, so it's important that members be transparent and promote services fairly to the network. However if a business decides to market and advertise their Bartercard services, they must make sure they're fair and transparent with their customers.



Spending your Trade Dollars

Upon joining you will be allocated a Trade Broker Team who will be available for you to discuss the many options that best suit your business and lifestyle needs.

Just like Google Maps, Bartercard Search allows members to search for other members regardless of where they are in New Zealand. Bartercard Search also allows members to rate other members so you always know what level of service you are going to receive.

The Bartercard online Marketplace allows you to buy products and services online. Simply click BUY NOW on anything from business spends to personal spends, and the funds are automatically transferred to the merchant.



Can you accumulate too many Trade Dollars?

A common misconception around Bartercard transactions is that they will overtake a vendor's cash business. But the reality is, all members can choose *when* they offer their products and services under the Bartercard exchange.

Additionally, if a member has an accumulation of Trade Dollars but is unsure where they can be spent, they can use their Trade Broker Team to source goods and services needed for their business. **Trade Brokers optimise the exchange of Trade Dollars between members** – this means they can help source Bartercard businesses to spend Trade Dollars as well as promote Bartercard businesses to other members.



5 top tips to get the most out of Bartercard



- 1.** Treat Bartercard business as a supplement to cash-paying business.
- 2.** Use Bartercard to move inventory/fill occupancy as business fluctuates to avoid discounting.
- 3.** Bartercard is an excellent staff retention/reward system that can be used within fringe benefit rules.
- 4.** Take advantage of Bartercard's vast member business network. Can't find a place to spend Trade Dollars? A Trade Broker Team can source suppliers, goods and services within the network.
- 5.** Use Bartercard to manage cash flow and make use of the interest-free line of credit so you can continue to make purchases even during times when cashflow has slowed.

**GROW YOUR SALES BY 10%
CONTACT US NOW**



In summary...

Bartercard can open up your business to new customer markets, improve cash flow, reduce business expenses and clear idle and excess stock without having to discount. It's easy to use and acts no differently to a normal bank account or line of credit.

We hope this guide has been helpful in outlining these benefits, and if you want to find out more about how Bartercard will integrate with your specific business, we would love to hear from you.

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