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Amanda Smith, the broker for the Temecula Valley ITEX chapter, facilitates trades of goods and services for the 144 area members. The service is one of many that allows businesses to barter with other businesses.

Trade group flourishing

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When the economy is bad, barter gets better

TEMECULA — Something old, something new. Something borrowed, something blue. Something bartered?

When it came time for Kelly and Chuck Fox to tie the knot in their Murrieta home last December, there were numerous tasks that needed to be completed in preparation for the big day.



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"We had our carpets cleaned, the windows done, some electrical work completed, ordered the catering company, and my girlfriends and I went to French Valley Cafe for a special lunch before the wedding," Kelly Fox recalled.

In total, the couple racked up

about \$3,000 in services. But instead of paying cash, the Foxes — Kelly, who operates a small salon named Kelly Cuts, and Chuck, who runs The Appraisal Group in Murrieta — traded for the goods they needed.

The two are members of ITEX of Temecula Valley, which is a modern-day barter service through which

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Company is one of 400 barter groups in U.S., Canada

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businesses can trade goods and services rather than paying for them. Members accumulate "ITEX dollars" by performing services for other members and then can redeem those "dollars" for goods or services they need.

"Without ITEX, we probably wouldn't have been able to have our wedding," Kelly said. "We even

used ITEX dollars to pay for the bed and breakfast where we spent the first night of our honeymoon."

According to Tom McDowell, executive director of the National Association of Trade Exchanges, ITEX is one of about 400 trade organizations in the United States and Canada.

"You can get anything from a pizza or earning a doctorate degree through barter," he said.

McDowell said that in times of economic slowdowns, trade groups tend to flourish.

"Businesses continue to have expenses and inventory when the economy is bad, but what they don't have are customers," he said. "Barter groups bring that new customer base to you."

McDowell said trade groups are primarily for businesses that have an ongoing supply of products or services. With the vast number of trade groups operating, he said, those interested in join-

ing a barter network should do their due diligence and research those groups — just like any business venture — before getting involved.

The Temecula Valley ITEX chapter, which has 144 members, was established 13 years ago. The directory of members includes businesses in dozens of fields including travel, automotive, entertainment, furniture, home repairs, legal services, education, real estate and advertising.

Amanda Smith, who has been the broker in charge of the chapter for two years, says the idea is not to decrease sales, but to add new clients with whom exchanges can be made.

"Cash is still king," Smith said. "We all need to make money. When times are good, businesses aren't always as concerned with spending money on the things they need."

"But when times are tough, you might not have

the cash on hand to go out to dinner, get your nails done or take the dog to the groomer. This is a way to still get those services without spending cash."

Smith said her job as the broker is to facilitate trades to build each client's account with credits. She said that while there are a number of industries that are a part of the network, not every business will be a successful trader.

Members of the barter group have their own "checks" that they exchange with each other. Just like with a credit card, there is an authorization system to make sure the line of credit is available for the purchases. Trade is not limited geographically as members can trade goods and services nationwide.

"It's like the best-kept secret in business," Smith said.

ITEX Corp., headquartered in Washington, was established in 1982. According to Alan Zimmelman, an official with the company, ITEX processed \$270 million worth of trade transactions from July 2006 to July 2007. The company has 24,000 active members in the United States and Canada.

Zimmelman said trade volume has remained consistent over the years, though he said that it should hypothetically increase as the economy slows.

"In good times people should barter, but in bad times they must barter," Zimmelman said. "How can an attorney turn down a client when their calendar is empty? ... When the economy is bad, more people tend to say 'yes' to trading."

Karin and Greg Cassidy of Impact Promotional Products, which creates marketing materials, in Lake Elsinore have been members of the local ITEX chapter since 1996.

"This is a totally different avenue to grow our businesses," Karin Cassidy said. "There are people who are doing business with you specifically because you are an ITEX member. And it's not just local businesses, it's members from across the country."

Cassidy said she tends to trade for marketing services, which helps build her company's regular cash business. While she trades for supplies and shredding services for her office, the Cassidys' home has benefited from remodeling jobs and other improvements that were bartered.

"It came in handy around Christmas time, too," she said. "There are trade fairs held around the holidays where you can use your ITEX dollars to do your Christmas shopping."

While each franchise is different, Smith said she has waived the membership fee for the Temecula Valley chapter. Members are charged association fees of \$20 cash and \$10 in ITEX dollars every four weeks. And a 5 percent broker fee is included on each transaction.

Just like a bank, the company keeps records of all trade activities, including an account of sales activity throughout the year. Although there is no cost for the goods or services that are traded, taxes and tips still must be paid in cash by the buyer when appropriate, Smith said. Barter is recognized as a form of revenue by the IRS and even has its own tax form: 1099-B.

Smith said the barter service also allows small businesses to offer "semi-benefits" to some of its employees, such as medical services or legal advice — things that are often too expensive to pay for in cash.

Joe Fox operates his natural health practice, Total Health, in La Cresta and has been a member of ITEX since 2001. He said he doesn't use the barter service for his business as much as he does for personal services.

"It's a great way for a self-employed person to have some dental work done or trade for improvements on your home," he said.

For more information on the ITEX of Temecula Valley, call (951) 308-1429 or go to www.itex.com.

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