

# Eight Ways to Use Trade Dollars For Employees

Regardless of a client's experience with trade, many are unaware of the many ways in which barter can stretch your personnel budget.

## 1. WAGES

There are two times during an employee's tenure that trade can be considered as a salary supplement: at the initial time of hiring, or at the time of a raise. Obviously one wouldn't ask a worker to replace a portion of his/her current salary with trade dollars, but adding to it in trade is an intriguing possibility for both parties. Consider including trade as a

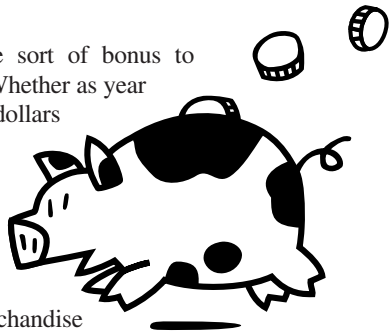


regular part of your compensation for any new hire. One MBE member has given an hourly worker a two dollar per hour raise; one dollar cash and one dollar trade. In another example a client paid workers overtime in trade dollars. In many cases, workers receive trade dollars for work done for other members.

The barter portion of the payroll is easily transacted by paying trade dollars into a personal account, called a 'sub-account' set up for each employee. The employee receives an individual account number and any transactions appear on his/her own monthly statement. The sub-account is exempt from paying MBE any commissions. The employer should include trade dollar wages in the employees pay and IRS form W-2 for tax purposes.

## 2. BONUSES

A good portion of businesses pay some sort of bonus to employees during the course of the year. Whether as year end or special occasion bonuses, trade dollars have been successfully paid to employees by many MBE clients. One restaurant reports being able to pay 'far greater' Christmas bonuses to employees because of barter than would have been possible for cash alone. An alternative to the trade dollar is to buy merchandise with trade dollars to give.



### 3. COMMISSIONS/FEE-FOR-SERVICE SPLIT

If your company employs commissioned sales people you may be overlooking an important way to use trade. When a sales person puts together a sale where the buyer pays in trade dollars, the seller would be wise to pay the sales person commission in trade dollars. This is accomplished easily by transferring the commission amount in trade to a sub-account set up for the sales person.



Some companies split fees for service between the house and the employee who performs the service. For example, a hair salon will typically split the fee a customer pays for a haircut 50/50, with half going to the house and half going to the one doing the haircut. Limo companies, delivery services and other industries would engage in a similar fee split. To maximize your barter profitability, pay your employee cut in trade dollars every time the customer pays in trade dollars.

### 4. DISCOUNT TO EMPLOYEES FOR BUYING TRADE DOLLARS

Your employees represent a tremendous amount of consumer buying power. Several clients have offered to sell trade dollars to employees for cash at a discount. The actual price you charge employees to purchase trade dollars must be determined by your cost in earning barter dollars. If, for instance, that cost is 50 cents per dollar, selling trade dollars to employees for 75 cents will both provide them with a valuable discount and give you sufficient profit on your trade business. Chances are your employees spend cash every day on items which can be purchased with barter, including restaurant meals, things for the home, car, travel, gift items, apartment rent, etc.

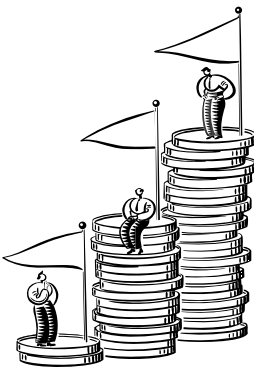
### 5. MEDICAL BENEFITS

Companies frequently strain to provide good medical benefits for employees and sometimes end up with 'bare bones' protection. Barter can significantly improve the affordability of added medical benefits in several ways. Dentists, orthodontists, chiropractors, eye care, massage therapy, outpatient surgery, pharmaceuticals, weight loss programs, stop smoking programs, health club memberships and other medical services can often be bartered. Some companies have allowed a set number of trade dollars, perhaps 500 or



1,000 per year per employee, to spend on bartered medical services. Another option would be to offer employees a substantial discount when purchasing trade dollars to be used this way. Such a plan would make dental and optical protection much more affordable for both employer and employee. Compared to the cost of an insurance policy which includes dental and eye care, the barter plan may be quite attractive.

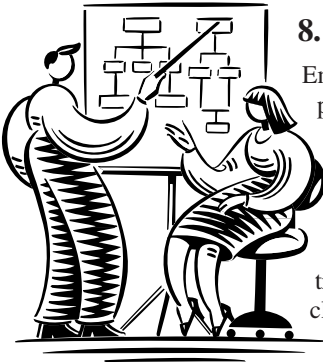
## 6. INCENTIVE PROGRAMS



Many management teams rely heavily on incentives to help motivate employees. As with bonuses, barter incentives for reaching sales goals, perfect punctuality, productivity enhancing ideas or any other admirable performance can be paid directly into an employee's sub-account, or used to purchase merchandise which can be awarded to deserving employees. An office rental firm has used charter fishing trips for incentives for real estate brokers who bring them business. Another company gave trips to sales people reaching a yearly quota. There are many other successful examples.

## 7. EVENTS

Company social events build team spirit and boost morale but can be expensive. Trade for them. It is very common to barter for a restaurant or caterer for the Christmas party, to take an employee group to a ball game, to buy trophies, awards, T-shirts and game prizes for the picnic, or to take a group to a concert. Reduce the cost with barter.



## 8. TRAINING

Employee training programs are something that you probably wish you could afford but don't quite have the budget. Not surprisingly, barter can help.

Several qualified training programs in motivation, sales, customer service, goal setting, time management or telephone skills are offered on trade, as well as production of video training tapes and training manuals. Also check into clients providing classes in computers, secretarial skills or word processing.