

THE DAILY RECORD

LAW, REAL ESTATE, FINANCE AND GENERAL INTELLIGENCE SINCE 1908

Worldwide Barter Helps Olympic Organizers Compete

BY STEPHEN E. WEBSTER
DAILY RECORD COLUMNIST

BARTER BASICS

These days my friends and colleagues are all glued to the nightly round-up of sports events at the Olympics. It's both mesmerizing and exciting to watch each competition come down to hundredths of a second separating winners and losers. But I'll bet most people watching these games half-way around the world don't realize the role that barter plays in getting and keeping that event on solid footing.

Barter first played a major role in the 1984 Olympics when organizer Peter Ueberroth started a new practice of allowing companies to provide in-kind services — products and services needed to stage the games — in addition to cash payments for sponsorship rights.

In this way, Ueberroth was able to get away with a substantial increase in sponsorship fees without complaints from traditional sponsors. Amazingly, Ueberroth managed to post a first-ever profit of \$223 million. As a basis of comparison, the previous Olympic games held in Moscow posted a \$9 billion loss.

In Atlanta, 10 centennial Olympic partners paid \$10 to \$20 million for the privilege of sponsorship — much of that involving barter. Nationsbank Corp. provided banking services and IBM put its products to work on the entire information system, including e-mail, news, weather and event results. SMH/Swatch became the official timekeeper of the games, AT&T provided telecommunications equipment and service and Delta Airlines became the official airline of the Olympics, providing transportation for thousands of athletes, coaches, trainers and fans from around the world.

Locally, Eastman Kodak, Xerox and Bausch & Lomb have traditionally been long-time sponsors of the games, bartering goods and services for the privilege of worldwide exposure. But the list of American companies bartering for sponsorship rights includes a veritable Who's Who, including General Motors, John Hancock Insurance, United Parcel Service, Avon Products, Visa International, *Sports Illustrated Magazine*, Coca-Cola, Motorola, Home Depot, Anheuser-Busch and many, many more.

Staging an Olympics is like running two Super Bowls a day for 17 days. Some 10,000 athletes compete in over 270

events at 27 venues with 15,000 reporters and 35 billion people watching. In short, the goods and services required to run such an event are enormous.

Today, the right to use the Olympic logo for event sponsors has skyrocketed in cost to almost 10 times what Ueberroth and his team were charging. And barter is bigger than ever at the Olympics in Athens.

For example, McDonald's Corp., an Olympic sponsor for nearly three decades, is delivering much of this year's \$50 million commitment in meals for the hundreds of thousands of volunteers and athletes.

These kinds of deals represent the win-win situations that businesses strive for. No wonder the same companies come back time and time again. Nike, an Olympic sponsor for almost 30 years, has already put together its deal to barter apparel, footwear and sports bags for medal

winners at both the 2006 winter Olympics in Torino, Italy and the 2010 summer Olympics in Beijing, China.

Worldwide barter occurs in some 10 to 15 percent of annual business transactions, and almost one-third of all international trade agreements contain some form of barter. Coca-Cola has traded everything from Korean toothpicks to Bulgarian forklifts to penetrate foreign markets. Pepsi has traded syrup and technology for Stolichnaya vodka from Russia. Venezuela bartered millions of dollars of oil. And McDonald Douglas bartered DC-9s and DC-10s to Yugoslavia for crystal glassware, cutting tools, leather coats and canned hams.

Anywhere there is an economic downturn, unbalanced trade activity, weak currency or lack of creditworthiness of a new, unproven nation, there is an opportunity for barter on a grand scale. And the Olympics give us just another chance to witness, up close, the power and performance of barter at its best.

Stephen E. Webster is president and CEO of Alliance Barter, a 25-year-old Rochester-based company with offices in Toronto, Buffalo and Syracuse. Webster is past president of the International Reciprocal Trade Association (IRTA) and presently serves on the board of governors of its universal currency. He is a lifelong resident of the area.



STEPHEN E. WEBSTER