



Bartercard NZ

JOHN SCOTT

IN 2013 BARTERCARD NEW ZEALAND CEO JOHN SCOTT EMBARKED ON A REMARKABLE TRANSFORMATION PROJECT; A TRANSFORMATION THAT CAN PROVIDE LESSONS FOR ALL SIZE BUSINESSES.

When John Scott took on the role of chief executive of Bartercard New Zealand in January 2013 he knew he had a challenge ahead. He also knew he held the ideal skillset, having spent the previous seven years as GM of credit information bureau Dun & Bradstreet, ten years as Auckland manager for Thomson Reuters, and time in his native UK working for a business and financial information services company.

"I come from an innovation background," he says. "My specialty is looking at relationships, identifying what needs to be changed, and getting buy-in."

"It's all about sharing the learnings and developing the talent that you have."

Bartercard celebrates its 24th anniversary here this year. It has 7,000 member businesses across New Zealand, 15,000 cardholders, 13 local branches, 125 staff and trades more than \$200 million worth of goods and services outside the cash economy annually. It's what Scott calls an "enigma brand" – but in many respects it was a mystery and due for an overhaul.

Scott was attracted by the prospect of utilising his skills in formulating and executing strategy – and by the calibre of Bartercard New Zealand's board at the time.

"I recall all my interview questions were around people. The brief was to develop the people, define the strategy and build it all around the culture."

Top priority was to simplify Bartercard's message and provide more transparency around such things as fees and marketing

services. Scott says the website and information about Bartercard wasn't transparent to non-members. "There was way too much confusing information. The site had to be simplified; we had to better explain what we're about."

"And rather than just be operationally efficient, we had to be more innovative," he says.

PEOPLE, PROCESS, PERFORMANCE

Under Scott's leadership there've been changes under the broad banners of people, process and performance.

Initially, he held a series of staff meetings around the country to allow everyone a say on the issues. "Out of that process we came away with three big binders of information, which we distilled down to what became our five-year strategy."

"It's all about unlocking talent; moving away from a hierarchical, vertical, silo-type culture to a faster, flatter, team-based partnership model," he explains. "Teaching people to be coaches and mentors rather than managers; moving from a competitive to an achievement-based culture, and looking at how we can all contribute to the wider success of the business."

Don't impose [your will] on your people, advises Scott. "Get them to see that there has to be change, and to buy into it because they believe in that change, and they've been listened to."

To prove just how people-focused the company has become, there have been 42 internal promotions over the past two years.

As for process – the key has been simplicity; moving away from completely bespoke internal development. The focus now is on SaaS (software-as-a-service) partnerships – for example Xero, Promapp and Office 365 – switching from a cap-ex model to an op-ex one.

"We've moved to far more nimble, agile, integrated solutions that you can literally plug and play into your business. In terms of process we've moved from an art, to a science," Scott explains.

Performance comes through encouraging an empowerment-based culture. To do that you must celebrate successes, he says. "Over 90 percent of our employees now have some form of bonus or 'at risk' element in their total [remuneration] package. So if the company is successful, they get rewarded."

SIMPLE MESSAGE

Scott's vision for Bartercard is for it to be the "sales growth network of choice for all New Zealand businesses". His simple message is "We bring you more sales."

"We want to grow small business sales by ten percent or more in the first 12 months within the Bartercard community," he says, adding that the ten percent figure is based on research into the company's historical data across all clients, which reveals average sales growth over the first 12 months of 9.8 percent, continuing through to 24 months.

That same data also revealed that 43 percent of new members' cashflow improved within 12 months because

they were able to offset some of their cash expenses, whilst 38 percent stayed the same as they were already paying to standard terms.

And, believes Scott, what's particularly interesting, especially to businesses with a high supplier churn rate, is the high loyalty factor of Bartercard's community network. "If you're two years in the network, 78 percent of the time you'll be dealing with the same people. At three years it's 73 percent and at four years it's 70 percent. I think that's quite amazing in terms of longevity of relationships."

"People do not understand the scale of the [Bartercard] business. We're actually a tool to help you grow your business."

Bartercard complements your cash business, he adds. The 'sweet-spot' is five to 15 percent of overall sales. It allows you to improve margins and expand, without the need for discounting. And it's particularly effective for generating income from where you would have idle capacity (think vacant motel rooms or café tables).

But it's no magic bullet – just like the cash economy, results are directly linked to time and effort put in. If you want to grow sales by say ten percent, you have to contribute ten percent of your time to make it work, suggests Scott. "You also have to commit to changing from some of your existing suppliers; and focus on promoting your goods and services within our network."

However, he stresses that the network does not offer as many unlimited choices when it comes to spending trade dollars (Bartercard's proprietary digital currency), unlike the cash economy. "So you have to be creative in how you utilise those dollars."

TECHNOLOGY BASED

Having been bought back by its Gold Coast parent company, Business Payment Solutions, 12 months ago, the plan is to evolve Bartercard into a technology-based organisation. "Our goal is to be number one in digital currencies," says Scott. "We want to move to digital payment solutions based on smartphone technology."

A number of platform updates are underway, including a more intuitive Bartercard Maps, which helps members locate each other more easily. There will also be a new B2C app, Bucqi – an everyday rewards programme to attract more sales for small business. Although strictly speaking a B2B2C solution, because it's based on trade dollars, Scott describes it as a "beautifully elegant solution; a way of bringing a whole new cash audience of consumers to your business".

It's Scott's wish to keep Bartercard heading down the innovation pathway. "The focus is on developing our people and investing in their futures, as they will always drive innovation."

As for his own personal highlight from his first three years in the job? "It was the day Bartercard handed over a cheque to Child Cancer for \$113,000. The proceeds from our 2015 one day fundraising appeal. That was a very special, and humbling, experience." **NZB**