



### “Commercial Debt Negotiation”

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In today’s economy, with the stock market hitting a twelve-year low, and with unprecedented layoff numbers making the news daily, it’s becoming clear that our economic troubles are unique and not short-term as with other downturns. Many businesses are under extreme pressure, and recent actions by the US government underscore this fact. Every day, it seems that President Obama is announcing yet another government bailout program—a trillion here, a trillion there, a trillion sprinkled everywhere.

But if you are the average business owner, these bailouts do not apply to you, and you will likely get nothing from this downpour of government currency. While other companies—heavy hitters like GM, Chrysler, and AIG—are getting drenched in this bailout money, your business is sinking into a vast sandy desert of decreasing revenues and increasing debt. Even if you eventually (and don’t hold your breath) receive a small pittance in the form of an insignificant tax break, it will hardly be enough to solve the fundamental problems you are faced with.

The good news is that most business owners are entrepreneurs, and as such, it is not in their nature to simply give up and go under. They survive; they get creative; they help themselves. They search for and find less-traditional strategies to cut expenses and increase revenues.

One viable—but nontraditional—strategy is to *negotiate with creditors to reduce the overall debt burden* of a business. In so doing, a business owner can free up capital for other uses. How do I know this is a viable strategy? I know it because I have been helping businesses do it for twenty years. During this time, I have developed a consistent, statistically proven method to reduce, on average, a company’s overall debt burden by more than 60%. And for many companies—especially during the cur-



rent downturn—these savings can be significant.

Since commercial debt negotiation is a nontraditional approach, most business owners are not even aware of it. To convince yourself of this, try searching the Book Section of Amazon.com with the following search words:

“COMMERCIAL DEBT NEGOTIATION”

If you sort the results by “relevance,” a quick review of the book titles reveals that hardly any books (if any at all) have been written on the subject of commercial debt negotiation. And this is a good indicator that hardly any businesses are taking advantage of this strategy. Why are there no books on the subject? Because almost no one knows how to do it, and those who do are not talking about it.

### **The Key Components of Commercial Debt Negotiation**

Below are some key components of commercial debt negotiation, followed by various factors associated with each. While you can employ these methods yourself, you may not have the time. If this is the case (or possibly you have other reasons), you may choose to seek the assistance of a professional commercial debt negotiator.

The key components of commercial debt negotiation are:

- Setting Debt Priorities
- Creditor Negotiation Methods
- Collection Agency Techniques
- Attorney Techniques
- Out-of-Court Settlement Techniques
- Settlement Proposal Techniques



### **Setting Debt Priorities**

If your list of creditors is large, before you begin, you will need to prioritize them based on such criteria as amount owed and how critical each creditor is to your business.

### **Creditor Negotiation Methods**

In some instances, you will be negotiating directly with a creditor (rather than through an attorney or collection agency). There are several factors to consider during the negotiations. For instance, it is critical to the process that you negotiate with the correct person. If you owe money to XYZ Company, you should try to negotiate directly with the owner of XYZ Company, or at a minimum, someone very high in the ranking there.

### **Collection Agency Techniques**

Collection agencies are governed by certain laws, and for the best results, you should be aware of these laws. They also follow certain communication protocols and will respond better when approached accordingly.

### **Out-of-Court Settlement Techniques**

When faced with an overwhelming debt burden, one common—and very natural—reaction is to ignore the problem. But sooner or later, the problem must be faced. All too often, this is only after a sheriff deputy with a court summons arrives at the door. At that point, you will need to settle if you want to avoid a very costly legal situation. The methods employed at this stage are, obviously, different than those used with a collection agency.

### **Settlement Proposal Techniques**

During the negotiation process, for best results, you will need to employ certain formal devices. One is the Settlement Proposal. This is a structured document that outlines your strategy for settling the debt.



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### **About The Author**

André Larabie, PhD, is distinguished for his expertise in teaching, coaching, business consulting, commercial debt resolution, training, consumer debt collection, mediation and arbitration. Dr. Larabie has owned and operated 2 collection agencies, a factoring organization and a business management consulting practice in both the USA and Canada. Email: [andre@andrelarabie.com](mailto:andre@andrelarabie.com), Website: [www.AndreLarabie.com](http://www.AndreLarabie.com)