



“Playing One Creditor Against Another When Negotiating Commercial Debt”

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If you are negotiating your overall commercial debt burden, and you have multiple creditors, you will be able to create a sense of urgency by playing them one against the other. If you only have one creditor, this approach might not be applicable.

Suppose you are dealing with numerous creditors, and you have given them all an initial offer of 15% of the outstanding debt amount (make sure to use exact dollar amounts in the actual offers because real numbers, with decimal points and odd cent values, makes your offer more credible). After you have waited a sufficient amount of time and they finally contact you, you may say something like, “I will be happy to revisit this matter again, after I have addressed the other members in the claimant group.”

Pause a moment here...and then continue:

“This assumes there are funds remaining to address the remaining claims.”

In saying this, you are, in effect, placing this creditor at the very end of the line of creditors. These creditors are also being advised that you may be able to speak again, but only after making payments to accepting creditors.

It should occur to this creditor that if they missed out on the 15% offer, and are now rejecting an offer of 12%, what chance do they have to collect more? Not much, probably. But at least you are leaving the door open for traditional negotiations in the future. And those cases still should be settled for 25% to 50% of the total debt.



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My records indicate that about 50% of the non-responsive creditors will accept the second offer of 12% of the amount owed. This leaves approximately 27.5% of the original creditors remaining. These remaining creditors will usually require a little more negotiating in the traditional manner by increasing the offer until agreement is reached.