



“Prioritizing Your Overall Commercial Debt Burden – Your Third Priority Creditors”

André Larabie

To gain a better understanding of your overall commercial debt load, you first need to understand the makeup of this debt. What I mean is this: do you own a large percentage to one creditor, or is your debt burden spread evenly across a large number of creditors.

Clearly, if you owe everything to one creditor, you are not in as good a position as if the debt were spread across many. This is simply because you must keep the relationship healthy with a single creditor and you have little or no room to negotiate. If you are familiar with commercial debt negotiation, you will already know that one of the key negotiating tactics is to play the creditors against each other. If you have one big creditor, you are going to have a very difficult time doing that.

In my 20 years of debt negotiation experience, I have discovered that it is a good idea to divide all of your creditors into 3 main groups:

- (1) The Top priority creditors
- (2) The second-priority creditors
- (3) The third-priority creditors

The top priority creditors are those that you absolutely MUST have a positive relationship with or your company will shut down. The second-priority creditors are all those that are critical to your business such that if you end your relationship, it will be a disruption to your daily operations, but it will not cause your company to shut down.

The Third-Priority Creditors

These priority 3 creditors are all the creditors that remain on the list after you have identified the number 1 creditors and the number 2 creditors. These can be described as follows:



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If you never do business with a number 3 creditor, it should not affect your ability to operate your business.

Once you have done the work to prioritize your creditors, you can then make more informed judgments about how to address the overall obligations.