



“Tips for Negotiating With Commercial Creditors”

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Here are several tips for negotiation with commercial creditors:

- Talk to the right person
- Use a formal proposal
- Use deadlines in your negotiations.

Suppose you are processing a prioritized list of those creditors you owe money to. If the first creditor you address is “XYZ Company,” and “Mr. Jones” is the president of XYZ Company. When you contact XYZ Company, you should say something like this:

“Listen, I have a problem with paying my debt, and I would like to put together a proposal. I would like for you to bear with me for a short time until I can resolve the problem. I am going to put together a proposal so that I can make you an offer to settle this account.”

And you should be saying this to Mr. Jones, the president of XYZ Company (or the owner), not a clerk or other low level person that you may deal with on a day-in-day-out basis. You need to go directly to the highest individual that you can reach, especially if they are not a public company.

You may have access to the controller; you may have access to the accountant; you may have access to the chief financial officer or the business owner himself. You need to speak with them directly to explain your situation, why you are behind with the accounts payable, and that you would like to send them a proposal by next week.

Let’s say Monday at 5 o’clock next week you would like to send them the proposal. Give yourself seven calendar days to put together your proposal. That does two things: first, it shows that you are serious about ad-



addressing the problem, and second, it gives you a deadline to do what you said you are going to do.

You have to meet this deadline. If you say you are going to call them back, call them back at the specified time. If you say you are going to send them a proposal, write the proposal and send it to them.

Also ask them how they would like to receive the proposal. You could offer to send it by fax. If you do, ask, "Can I have your fax number, please?" You can offer to send it by email. If you do, ask, "Can I have your email address, please?" You can offer to send it by mail. If you do, ask, "Can I have the mailing address you would like me to send it to, please?" Put an emphasis on being polite.

And finally, thank them and tell them they can expect a proposal in the next week.

This is how to establish a professional communication with a creditor.