



“Using a Formal Proposal to Facilitate the Debt Negotiation Process”

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Using a formal proposal to present your offers during a debt negotiation usually facilitates the debt negotiation process. A formal proposal is not only more professional than verbal communication, but it also creates a written record. Also it leaves a more professional impression of you. It also allows you to maintain the impression that you have a group of creditors to address rather than just one.

When you first tell a creditor that you would like to send a proposal to resolve the debt, sometimes they might ask, “Why do you need to give me an offer? You owe me the money, right? Why not just pay it?”

At this point you could say, “I understand that, but I do have many creditors right now, and I am trying to work out this situation.”

Since you are in a turnaround situation, you might be facing bankruptcy if the turnaround is not successful, and although you may be optimistic about the outcome, you don’t know for sure how the situation will unfold.

What you do know is that you will understand everything better next week, so you are going to send them a proposal.

Whatever they say, respond with something like this:

“What I would like to do at this time is put a proposal together. I have to meet with my financial advisers and accountant to see what can be done, and I will get back to you within a week.”

Also mention that if you are finished with the proposal before next week, you will contact them and let them know that you are sending it so they



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can expect it. Try to end the conversation there.

Don't go into more detail in the first conversation, but do get back to them by the deadline you specify. It is very important that they realize that you are going to do it and that you build the expectation that something is coming.