

TOUGH TIMES TACTICS

By Sam W Stearman

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LET'S MAKE A DEAL

A client of mine who owned a small industrial park was concerned that one of his tenants was six months in arrears on his rent. He took the initiative to learn the "whole story". His tenant's sales were down dramatically and the business was experiencing extremely tough times. He worked with his tenant to develop a cash flow projection and provided help by reducing the rent by 25 percent, retroactive to the first unpaid month. While the reduction resulted in a substantial decrease in his own income from the property, considering other commercial vacancies in the area, he believed that it was the best alternative available. The tenant responded to the helping hand. The landlord's initiative helped him get control of his costs and his destiny and gave him a new lease on life. In a short time the tenant was able to pay most of the past due rent and get his operations back in the black.

This example shows the benefits of taking the initiative - whether you are the creditor or the debtor. Nothing is resolved by avoidance. Landlords and tenants, customers and suppliers are all dependent on each other. If you take the initiative to learn the problem, sell your story and work together everyone can win. If you don't, everyone will most assuredly lose.

Here's a simple checklist I recommend:

IF YOU HAVE DEBT OUTSTANDING -

1. Don't settle for the standard excuses. Take the time and effort to learn the real story.
2. If the customer or tenant is worth salvaging, lend a helping hand. Work with the debtor to help solve their cash problem by offering your expertise and knowledge.
3. Work out a realistic repayment schedule which can be met. Don't be like the computer distributor who put a client on COD and demanded 200 percent payment for each order shipped. Since his markup was only 30-40%, the supplier demanded more money than the customer's income - a clearly unworkable arrangement.
4. MONITOR - MONITOR - MONITOR.

IF YOU ARE THE DEBTOR -

1. Take the initiative. Develop your cash flow projections and make it a point to talk with your suppliers, landlord and bank. Keep them advised and let them know you need their help.

2. Negotiate revised terms that you can live with. Your landlord, bank and creditors all have a vested interest in your survival. Actively seek their help.
3. Keep your promises and keep talking.

You have the power to turn a LOSE-LOSE situation into a WIN-WIN experience.

Next issue will be “**Grow Your Business in Bad Times**”.

*Mr. Stearman is a Principal Consultant at **Sino-Bridge China Consulting Ltd**, Hong Kong. He can be reached by email: samstearman@amdfk-sinobridge.com or by phone: (852) 6244-5166*

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Our China Investment Business Advisory Team

Hong Kong
Rm 803-4. 8/F., Seaview Commercial Bldg,
21-24 Connaught Road West, Hong Kong

Guangzhou
17H, East Tower, Fuxing Comm. Bldg.,
159-163 Huangpu Rd West, Tianhe Dist,
Guangzhou, PRC 510620

Shanghai
Unit03, 12B/F, 327 Wuding Road, Jingan Dist.
Shanghai, PRC 200041

Lyon Odiceo
115 Boulevard Stalingrad – BP52038
69616 Villeurbanne Cedex

Paris Odiceo
49 bis avenue Franklin Roosevelt
75008 PARIS

Company Website:

<http://www.amdfk-sinobridge.com>

General:

Tel: (852) 3579 8745

E-mail: info@amdfk-sinobridge.com

For any enquiries, please feel free to contact Ms. Nikita Yim, Marketing Executive: nikitayim@amdfk-sinobridge.com