

Managing Debt

Whether it's personal or business debt, the very word can inspire a sense of doom and hopelessness. But there are several strategies for small businesses with large debts or financial struggles.

Consumer Credit Counseling

One of the first steps a business can take is to find and connect with a reputable consumer credit counseling center. These organizations offer education, advice and credit management strategies. Some also offer debt consolidation and repayment programs.

It's critical, however, critical that you read all of the fine print and do a thorough background check on any organization that claims to help you with your finances. Don't be afraid to ask for references, check with a better business bureau or look into any legal records to see if the organization is less than trustworthy.



The most reputable organizations require an education component to any service they offer so that you or your business avoids falling into debt again in the future.

Collecting Debt Faster

Another strategy for managing your debt is to step up the collections process. Consider running credit checks on potential customers or offering profitable clients a discount for early or prompt payments. Also determine whether you need to hire an outside agency to collect on some of your most delinquent accounts. These agencies usually take a percentage of the accounts that they receive payment on.

Carefully Consider Before Selling Assets

Be careful when considering whether to sell unneeded assets. While excess property can be converted to cash, finding a buyer for specialized equipment can be difficult and it may be sold at a loss.

Weigh the Pros and Cons of Debt Consolidation Programs

Likewise, you need to carefully consider any loan consolidation program.

If you have few creditors or stand to benefit from much lower interest rates, it can be a good idea. However, consolidating numerous or widespread debts can be unattractive to potential lenders, and the process might reveal that a business has overextended itself.

Bankruptcy is the Last Resort

Liquidation and bankruptcy should be seen as the absolute last choice. For small businesses especially, bankruptcy can be the

ultimate death of a struggling business. While you may still be allowed to operate under court supervision, the process is expensive and time-consuming.

Solutions At A Glance...

In summary, this article deals with these issues:

- ☐ Consumer Credit Counseling
- ☐ Collecting Debt Faster
- ☐ Carefully Consider Before Selling Assets
- ☐ Bankruptcy is the Last Resort