



## how to handle debt recovery

**Most businesses, at one point or another, will have customers who don't pay their bills. This can have serious consequences for your business if you don't take appropriate and timely action. Here is our ten point debt recovery plan to help you protect your business:**

### 1. Credit Application Form

- You need to know who you are dealing with. Is the business a sole trader, partnership, limited company or limited liability partnership?
- Ensure that you obtain a copy of the business letterhead.
- Ask for bank details and trade references.

### 2. Credit Limit

- Decide on a limit and stick with it.
- Consider asking the business to pay up front.
- Decide on an agreed date for payment e.g. 7 days/30 days from invoice.

### 3. Monitor Accounts

- Regularly monitor accounts and swiftly chase up debts.
- Assign this task as an employee's responsibility. It is not something to be done as and when time permits.

### 4. Telephone, Email and Fax

- Consider using the above forms of communication as they are much quicker than the post.
- Keep accurate notes of telephone calls including who you spoke to and when.
- Obtain confirmation that the account is not disputed.
- Get an agreed date for payment or payments of instalments. Also agree that if an instalment

is not paid, then the entire balance becomes due.

- Confirm by fax and chase promptly if the payment does not arrive.

### 5. Queries

- Any queries should be sorted out quickly.
- Do not resort to the law if an alleged problem has not been investigated.

**Remember, a sale is not a sale unless the product/service has been paid for.**

### 6. Never Simply Threaten

- Inform the business of what will happen if payment is not received.
- If payment is not received take action, as you said you would.

### 7. Is the Business Worth Pursuing?

- There is no point obtaining a judgement only to discover that the debtor has no money or assets.

### 8. Is the Debt Worth Pursuing?

- How much of your time will it take to recover the debt? Is it worth it?

### 9. Use the Right Solicitor!

- Use a solicitor who specialises in debt collection. They will explain options and you can both agree on a strategy for the recovery of debts.

### 10. Never ever, ever...

- Grant more credit in total than you can afford to lose.

For further information and advice, please contact Mark Gardner.



## how to negotiate a commercial property lease

**Renting or leasing commercial property usually represents a major part of the operating costs involved in running a business so it is vital that the best possible terms and conditions are negotiated.**

Commercial leases tend to be much less standardised than residential ones and a lot is open to negotiation. Accepting terms that are very onerous or restrictive can saddle a business with premises which become a real liability if things go wrong or the economic climate changes.

A commercial tenant has far less protection than a residential tenant. The contract that is negotiated is binding on the tenant and not fulfilling all the obligations could cause serious financial consequences.

**Here is our list of concessions tenants should seek when negotiating a lease:-**

- Negotiate the longest possible rent-free period to cover the cost of decoration, fascia, carpets, equipment etc.
- Insist on a list of existing defects (with photographs) being added to the lease if there are even minor disrepairs which as tenant are not to be put right
- Check the landlord will meet any Disability Discrimination Act 1995 costs and check for the presence of asbestos
- Exclude your liability for original building or design defects
- Discuss free car park rights or credit against cost of public parking
- Is a covenant needed to prevent competing (or retain complementary) use of neighbouring or adjoining premises?
- Is the right to renew the lease satisfactory?
- Negotiate ample tenant-only unconditional termination rights (eg. any time on 3 months notice by tenant to landlord)
- Do not offer personal guarantees, rent deposits or bank guarantees unless absolutely necessary
- Watch out for any service charges
- Check the Energy Performance Certificate supplied by the landlord to ensure energy costs will not be excessive or prohibitive

This is not an exhaustive list and much depends on the particular circumstances as to what might be achieved by negotiation. However, taking advice and negotiating the best possible deal could save both time and money in the long term. Above all get the lease documents right. For further information or advice, please contact Mark Clayton.