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Dear Member

**Tailored negotiations with your debtors or creditors as legal mechanism**

**By: BARNARD INC.**

Businesses may require legal intervention if financially challenged, however, the owners may not wish to formally engage proceedings for business rescue or liquidation. A suitable and commercially sensible solution may exist.

Most businesses may have suffered a loss in productivity resultant from the lockdown, or, in turn, their clients may not meet their obligations which consequently adversely affect their suppliers or service providers. It can confidently be stated, however, that a very particular few businesses' financial positions will not be impacted by Covid-19.

Our firm assists clients with formal debt recovery, liquidation, statutory compromises, and business rescue proceedings, by appreciating client's commercial interests. However, we realise that various businesses require assistance with the management of their debtors and/or creditors in a more informal environment – albeit regulated by our tailored professional and legal processes – with the aim of protecting business relationships. Consequently, we have developed a tailor made solution for both businesses who are falling behind with their obligations towards creditors as well as businesses with ever-increasing debtors' books.

Our attorneys – skilled in assisting to resolve commercial legal disputes – assist clients in negotiating and developing structured payment plans with their creditors whilst considering the commercial importance of the prevailing business relationship and without compromising the professional circumstances within which it was founded. Similarly, clients being creditors in business relationships, wishing to collect monies required to fund cash flow shortfalls, could adopt an approach of professionally (and legally) negotiating debt recovery with the aim of ultimately protecting the business relationship.

Healthy business relationships, especially during the current economy, must be regarded as a priority by both the client and its legal team. The institution of formal litigation, liquidation, or business rescue proceedings, although sometimes warranted, may pose a risk to long-standing relationships and business networks, affecting the sustainability of businesses.

When entering into these alternative negotiations and arrangements, our attorneys remain conscious of the prerequisite that the negotiations should be conducted in a manner conducive of the client's commercial interests – whilst simultaneously obtaining the required result. If these negotiations are attempted without experienced legal representation, however, unforeseen risk may be attracted. Our attorneys are aware of the pitfalls of failed negotiations, which include committing acts of insolvency (giving rise to liquidations) or triggering certain boiler plate contractual clauses which could lead to immediate cancellations of contracts with concomitant damages claims due to companies seeking to reach compromises with their creditors. Should you require assistance with the management of either your creditors or debtors contact us:

Koos Benadie [Koos@barnardinc.co.za](mailto:Koos@barnardinc.co.za); 087 2555 502

Andries Stander [Andries@barnardinc.co.za](mailto:Andries@barnardinc.co.za); 087 2555 492 or website <https://www.barnardinc.co.za>