



Turning the ship around

Corporate Turnaround helps businesses pay off their debts

By Richard Deitsch

AS THE OWNER of a commercial collection agency in the 1990s, Jerry Silberman received an education about the psychology of debt.

"The mentality of collection agencies is that all debtors are deadbeats," says Silberman, whose New Jersey-based business, Corporate Turnaround, helps small businesses renegotiate with creditors and avoid bankruptcy. "Collection agencies will tell you how tough they are and how they collect everything; it's all about beating up the debtor. But what I realized is that these people weren't deadbeats. We were collecting from small businesses, and they were people with serious and legitimate financial

problems who would've paid their bills if they could.

"I said to myself, 'If I could get these people financing to get them out of debt, then I could get my collection client paid.'"

The 49-year-old Silberman founded his current business 12 years ago. He says Corporate Turnaround deals with all sorts of businesses, from chiropractors to lawyers. And business is up because of the current economic state. "Our average customer's debt level is just about the same as it was five years ago," he says. "But their ability to pay is less."

How does Corporate Turnaround work? "We go through and analyze with small-business owners who their creditors are, what they mean to them, and then we take only the creditors that you can negotiate against," Silberman explains. "Obviously, the more leverage a creditor has, the better the offers that we're going to make to them. Another term that I use for leverage is 'potential threat.' For each creditor in our program, we measure the potential threat that that creditor has against [the business], and that's how we base our offers to them."

While the name of his company suggests that he works with Fortune 500 companies, Silberman says the opposite is true. Most of the companies Corporate Turnaround works with have between \$100,000 and \$500,000 in revenue. At any particular time, Corporate Turnaround has about a thousand active customers. Silberman says most business owners finish their payments in about 25 months. Corporate Turnaround requires

Step by step to solvency

WHAT DOES JERRY SILBERMAN recommend as key actions for small businesses to take to stay out of trouble, or to take if they're already in trouble?

Don't panic. "Companies get one call from a collection agency and they think the world is collapsing around them," he says. "It's a business problem, and you have to treat it objectively, not subjectively."

Try to measure the potential threat that the creditor poses. "Is it a potential lawsuit? Are you personally liable? Can they repossess your equipment? Is the product or service vital to your survival or do you not need them anymore?" Silberman says. "You've got to put it in perspective. See things for what they are."

Come up with a budget. "You have to know what you can afford before you make any settlements with any creditors," says Silberman. "Let's say somebody gets a six-month payment plan, which is certainly a great settlement for a business owner who's in trouble. But it doesn't mean you can afford it. "Or, the credit-card companies will offer you a 30 to 35 percent lump-sum payment, which is fantastic—imagine being able to save 65 to 70 percent on your credit-card debt. But people take the first credit card and they do it with that, and then they don't have any money to settle with all their other creditors. So just because a settlement sounds good doesn't mean it is. It may not be within your budget."—RD

a monthly payment of at least 2 percent of the client's overall debt.

Gerry Tonner, the owner of The Hub Print & Copy Center in Fort Lee, New Jersey, a small business that sells printing and copying services, has worked with Corporate Turnaround for the past year: "They were not offering to make our debts go magically away," he says. "They were offering to help us restructure it and in some cases get people to accept less money rather than write the whole thing off."

Tonner says that he turned over a number of his accounts to Corporate Turnaround, which acted on his company's behalf with creditors. He says his company's debt load is now "considerably less" with those accounts, and he hopes to complete Corporate Turnaround's program within the next year.

"The phone calls from the creditors stopped," Tonner says. "I'm still a bit surprised, but they stopped. So I would do it again in a heartbeat."

Richard Deitsch has written for numerous magazines and is currently working on his first novel. He resides in New York City.

member profile

Company name:

Corporate Turnaround

Founder and CEO: Jerry Silberman

Employees: 65

Services: Financial advice, debt restructuring

Contact at: 1-800-411-1113; customer service@corporateturnaround.com

Member at: Hackensack, New Jersey, since 1998

Comments about Costco:

"We use [Costco] for office supplies. But I'm also a huge [New York] Giants fan, so we throw a lot of parties, and I use Costco to set up my home all the time."—Jerry Silberman

Note: Mr. Silberman mentions that most business owners finish their payments in 25 months. He is referring solely to averages for clients that complete Corporate Turnaround's program. The program may be cancelled at any time. There is no guarantee as to savings or any specific results except if you qualify for Corporate Turnaround's guarantee, your company will pay back less than it owes at the time of settlement, including Corporate Turnaround's fees. Until a debt is resolved, debts may increase and creditors may continue with their collection efforts, including phone calls and legal action.