

BUSINESS TIP 0004

NEGOTIATING PAYMENTS TO SUPPLIERS - A \$200 M EXAMPLE

Suppose that your business expects to pay \$200 Million for items it buys during the coming year.

Suppose that 50% of your suppliers will allow you to pay with bills of exchange that you can obtain through the BUSINESS CANNONS BUSINESS GROUP.

When you use BUSINESS GROUP bills of exchange to pay \$100 Million, once they are paid you will be required to repay them through negotiated work assignments.

For example, you might negotiate to repay through discounts on future orders placed with your business by Members of the GROUP.

“Thus, even while paying, you could be making a profit.”

But, what about the remaining \$100 Million you need from suppliers that will not negotiate to accept bills of exchange from you?

Well, you will have to pay them upfront - but you can use bills of exchange to recover those funds!

That is, you may obtain bills of exchange to make payment through the BUSINESS GROUP, hold them for collection yourself and pay your suppliers as you normally would.

Thus once the bills of exchange are paid to you, you would recover the funds that you paid!

To further encourage suppliers to accept the bills of exchange, you might ‘Wrap Them’ with a bank guarantee or with an insurance guarantee that you may obtain through the GROUP.

Or you might use a bill of exchange that you may obtain through the BUSINESS GROUP with a promise of a guarantee “wrap” to obtain a loan commitment from your bank.

Your bank might issue a ‘Bank Commitment Letter’ (BCL) offering you the loan conditioned upon receipt of an acceptable guarantee.

You might negotiate to obtain the guarantee through the GROUP.

The GROUP might offer you a bank guarantee in exchange for assignment of a bill of exchange plus a BCL.

In this case the GROUP would pay for the guarantee plus pay for items you need, with you repaying the value of those items through agreed upon future work assignments or discounts.

The GROUP might offer you an insurance guarantee so that your bank would release the funds to you for payment to your suppliers.

In this case you would have to pay the amount charged by the insurance company for the service of guaranteeing payment of a bill of exchange.

However, you might include amounts charged by insurance companies in amounts to be paid by bills of exchange (as items ordered) so that you could recover those charges as well.

To enjoy this process you would also have to pay 1% of the total value of bills of exchange you use to acquire the required "Mortgage Busting Team Memberships" ("MBTM").

But you could also include MBTM charges to be paid by the bills of exchange (as items ordered) so that you could recover those charges.

In addition to recovering amounts paid for MBTM through payment of bills of exchange, you might negotiate to pay for MBTM with promissory notes backed by collateral.

The GROUP might negotiate the promissory notes for immediate payment and you might extend payment of the promissory notes to beyond the payment time of the bills of exchange.

Thus, customizing to meet your specific needs you can transform payments to your suppliers to future work assignments by the GROUP and/or discounts on future sales to the GROUP!