



# Protect your business. Stay in control.

Cash flow issues. Surprise expenses. These are just a few of the reasons business owners fall behind on remittances. But it doesn't have to get that far.

With this guide, practical strategies to stay ahead through early action, smart tracking, and open communication with your funding partner.

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# Welcome

## Dear small business owners,

Running a business comes with risk, and sometimes, it's tight cash flow, surprise expenses, or a lack of planning that puts owners at risk of default. But most issues can be avoided with a simple habit: paying attention early.

In this guide, we share practical strategies to help you stay on track, like understanding your funding terms, staying on top of your cash flow, and knowing how to act fast if something doesn't go as planned.

And if you ever miss a remittance? Don't panic. It doesn't mean you're in trouble.

At Credibly, we believe you're more than your bank statement. You're the heart of your business. We're here to help you keep it beating strong.

**The Credibly team**

## INTRODUCTION

No one gets business financing expecting to default. The truth is, default doesn't happen overnight; it builds over time when minor missteps go unchecked.

That doesn't mean you shouldn't take risks. Growth takes guts. But the smartest business owners take calculated risks with a plan in place. Investing in a remodel or hiring top talent can pay off. If your cash flow can support it and you know how that funding fits into your bigger picture.

You're the strategist, the problem-solver, the one making it all happen. This guide is here to help you do just that.



## When you miss a remittance

Missing a remittance doesn't mean you're in default. But it does mean you need a plan.

**Don't panic.** One missed remittance doesn't mean you're in trouble.

**Stay consistent.** Make future payments on time to prevent things from snowballing.

**Reach out.** Contact your financier as soon as possible. Early communication makes a big difference.

## Why communication with your financier matters

Most business owners wait too long before asking for help. But the earlier you reach out, the more options you may have. Many financiers may offer solutions such as:

- ✓ Modified remittance schedules
- ✓ Temporary deferment
- ✓ Short-term relief or reduced plans

Skipping this step? That's when missed remittances can turn into a problem.

## Get ahead before you fall behind

Default doesn't start with a single missed remittance. It begins when you miss multiple and you ignore the situation.

Before you reach that point, there are steps you can take to regain control and protect your business.

**Keep tabs on your cash flow.** Know what's coming in and going out: daily, weekly, and monthly.

**Reach out to your funding provider early.** Don't wait until you've missed payments.

**Explore refinancing or alternative funding.** A better fit may be available.

**Build a short-term action plan.** Trim expenses, pause unnecessary spending, and stabilize operations.

**Once you're back on track, rebuild credit.** Consistency and transparency go a long way.

# What happens if you stop paying?

**Ignoring the problem won't make it go away.**

If you stop communicating and let the remittance go unpaid, your funding partner may take steps to recover what is owed. These can include:

Taking collateral  
(if your agreement includes it)

Enforcing personal  
guarantees

Legal action or  
collections

**The key takeaway:** You have options, right up until the moment you go silent. Talk to your funding provider. There may be more flexibility than you think.

## Ways to avoid default

Despite the risks of default, small business owners have more control than they think. By making a few smart decisions early, you can stabilize your finances and stay in the game, without stalling your growth.

### Bringing in a business partner can offer a fast cash infusion.

You may have to share decision-making power, but if your business has potential, a partnership can provide the capital you need to keep things moving forward without defaulting.

### Tap into your emergency fund.

If you've built one, now's the time to use it. Delays in customer payments or short-term drops in revenue don't need to throw you off course.

### Continuously review your expenses.

Track your fixed and variable costs. Know what's essential and what you can cut if needed. This builds confidence with your funding partner if you ever need to ask for help.

### Use a business credit card strategically.

Only go this route if you can pay the balance off quickly. Otherwise, high interest could worsen your financial situation.

The key is to ask for help early and tackle the issue fast. Once you're in serious default, it's much harder to resolve the situation.

Restructuring debt before you're in trouble is always easier than fixing it after.

# More proven strategies to avoid loan default

## Work with credit counseling pros.

Certified experts can help you sort through complex debt, prioritize payments, and map out realistic action plans. If you're not sure what step to take next, start here.

## Restructure your debt to ease the squeeze.

If your lender is flexible, ask about modified remittance plans. That could mean lowering your weekly obligations, switching from daily to weekly payments, or extending the term. Spreading payments out over time helps stabilize your cash flow without missing a beat.

### **Business tip:** Use zero-interest starter cards.

In a pinch, moving debt to a zero-interest credit card can give you fee-free breathing room for several months. Just be sure you can pay it off before the promo ends to avoid long-term costs.

## Start by identifying areas for optimization.

Focus on your most significant cost drivers. Look at spending compared to industry peers and ask: Are we getting enough return? In many cases, you can achieve the same outcomes for less with smarter vendors, better processes, or new technology.

## Consolidate high-interest debt.

Bundling multiple obligations into a single, lower-interest agreement simplifies your finances and protects your cash flow. No more juggling five due dates and surprise fees.

**Tip:**  
Thinking about debt consolidation? Talk to your financing provider first.

Debt consolidation might seem like a smart move, but it often comes with higher costs. Even if you qualify for a lower rate, longer terms and extra fees can make the new loan more expensive than your original ones. Plus, you could face penalties or contract issues.

## Cut what's not working. Invest in what is.

Avoiding default is also about improving the way your business spends and earns. Reassessing your budget helps uncover waste, redirect cash, and build long-term resilience.

## Shift your focus to growth, not just cuts.

You can only trim so much. Revenue has no ceiling. Raise prices where it makes sense. Add new customers. Cross-sell and upsell to your existing base. The more you earn, the more control you have over your cash flow.

# More proven strategies to avoid loan default

## Be strategic with new investments.

Before starting any new project, ask whether it's the right time. Stay conservative with ROI estimates. Stick to opportunities that align with your goals, not just trends.

## Stay flexible with your planning.

Set clear priorities based on today's needs, not last year's goals. Get your stakeholders involved and review your budget quarterly at a minimum. Use budget vs. actual reports to identify small problems before they escalate into larger issues.

## Ask about modified remittance options.

If your cash flow is under pressure, talk to your funding provider. You may be able to extend the term or lower the weekly cost to give yourself some breathing room.



# Explore other funding avenues to protect your cash flow

When cash flow gets tight, exploring other funding sources early can help you avoid default, cover short-term gaps, and protect long-term operations.

**Crowdfunding platforms offer quick access to capital.** These sites allow you to raise funds directly from your customers and supporters, without giving up equity or paying interest. They're best for product-based businesses or campaign-driven launches.

**Invoice factoring converts unpaid invoices into cash.** If you're waiting on customers to pay, factoring companies will buy your invoices at a discount, giving you fast working capital without taking on new debt.

**Peer-to-peer lending gives you flexible terms.** P2P platforms connect borrowers with individual investors, sometimes offering more favorable rates and fewer restrictions.

**Friends and family investments come with trust—use it wisely.** Borrowing from your personal network can be a lifeline. But treat it like any other funding source. Use written agreements, set clear expectations, and stay transparent about risks.

## Always check the terms.

Before accepting any funding—traditional or alternative—understand the repayment schedule, fees, and credit impact. Choosing the wrong option can create more pressure.

# If you're deep in debt, consider settling

For some business owners, the right solution may be restructuring or settling existing debt to regain control and rebuild stability.

## Explore settlement only if you've exhausted other options.

Debt settlement means negotiating with your creditors to accept a lower lump-sum payment in exchange for closing the balance. If you go this route, take the following steps:

- Be transparent with your creditors
- Offer a lump sum if possible
- Always get the agreement in writing
- Know the risks—settling will impact your credit

## Personal loans can help—if used wisely.

If your business has a weak credit profile or you've been turned down for traditional financing, a personal loan may be easier to secure. These often offer lower rates and longer terms. You can use the funds to restructure or pay off urgent business debts. Just know: this is a last-resort move, not a long-term solution.

### Tip:

Pay off the essentials first—key vendors, utilities, anything that keeps operations running.



## Struggling to meet payments? Don't go silent.

The most important thing you can do is talk to your lender.

Credibly's team is ready to help you explore options, adjust your terms, and keep your business moving forward.



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