

# Business Credit 101

Builder Program

## Business Credit 101



# A Step by Step Guide



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# Business Credit 101

## Builder Program



### **DISCLAIMER**

This ebook is designed for educational purposes and to be a guide for the users to build and improve their corporate. Every vendor has its own credit policies and they are subject to change at any time, for this reason please be advised that it is recommended that the users of this material consult a corporate credit expert as needed to ensure that they are building true business credit.

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# Business Credit 101

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EBS will show you how business credit can help your company obtain:

1. Equipment leases
2. Major credit cards
3. Office supply accounts
4. Lines of business Credit

Establishing and maintaining good business credit is one of the most important factors in ensuring small business growth. EBS will show you how to use solid business principles to build an excellent business credit score separate from your personal credit, even if you have poor personal credit!

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We will show you how to protect your personal assets from that of your business by establishing a full credit profile separate from your personal, limiting your personal liability.

Get better interest rates, credit terms and qualify for larger loan amounts from your bank and other lenders.

You will learn how to build business credit in the fastest possible way, apply for and receive the highest credit amounts by using our credit management techniques

This manual is an easy, step-by-step instruction that outlines how easy it is to establish corporate credit

Congratulations on taking the first steps as an entrepreneur in doing business smarter! EBS wish you the very best in building your very own business credit. This time next Year you should have more than 200k to grow your business.

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### What We Will Cover

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# Business Credit 101

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### Chapter one

# Understanding & Building Smart Business Credit

Source:  experian™

Understanding your business credit score is an important first step in successfully running and growing your business. This section is intended to help you understand your business credit score and [business credit report](#).

Experian<sup>®</sup>, an industry leader in business credit reporting and scoring, offers insight to more than 27 million credit-active public and private U.S. companies. Like personal credit scores, business credit scores provide a quick view of risk potential based on where the score falls on the scale — the higher the score, the lower the risk. However, business credit scores use a scale that ranges from 0 to 100.

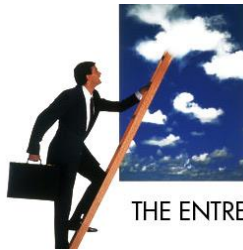
You can proactively manage your business credit score, ensure your vendors are reporting your payment history, and monitor your business credit report regularly.

# Business Credit 101

## Builder Program

### Chapter one

# Understanding & Building Smart Business Credit



THE ENTREPRENEUR LADDER

Source:  experian.

As an entrepreneur, you have a unique opportunity to build, maintain and acquire credit both individually *and* as a business owner? That's good news if you're trying to build and grow a company because you won't have to rely solely on your personal credit to do that.

Fewer than 10 percent of all entrepreneurs know about or truly understand how business credit is established and tracked-and how it affects their lives and businesses.

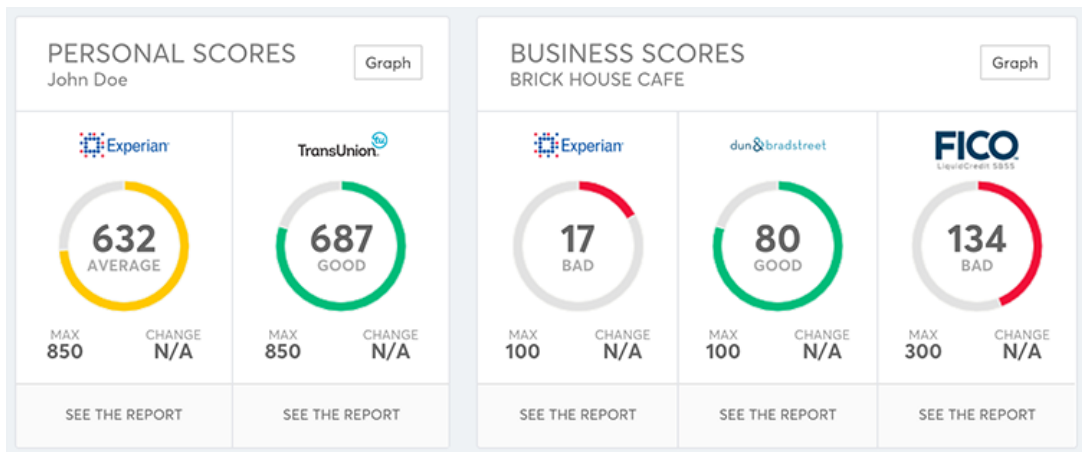
So let's first take a look at how personal credit differs from business credit. Then we'll discuss some steps you can take to build your business credit.

# Business Credit 101

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### Chapter one

# Understanding & Building Smart Business Credit



### Personal Vs. Business Credit

At the point an individual with a social security number accepts their first job or applies for their first credit card, a credit profile is started with the personal credit reporting agencies. This profile, otherwise known as a credit report, is added to with every credit inquiry, credit application submitted, change of address and job change. The information is typically reported to the credit bureaus by those who are issuing credit. Eventually, the credit report becomes a statement of an individual's ability to pay back a debt.



# Business Credit 101

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### Chapter one

# Understanding & Building Smart Business Credit

#### Trade Credit

- **Trade Credit refers to the credit extended by the suppliers of goods in normal course of business.**
- **Advantages:**
  1. **Easy and Convenient**
  2. **Flexible (Credit increases with growth of firm)**
  3. **Informal and Spontaneous source**

In some cases, the same is true for businesses. When a business issues another business credit, it's referred to as trade credit. Trade, or business, credit is the single largest source of lending in the world.

Information about trade credit transactions is gathered by the business credit bureaus to create your business credit report using your business name, address and federal tax identification number (FIN), also known as an employer identification number (EIN), which you get from the IRS. The business credit bureaus use this compiled data to generate a report about your company's business credit transactions. In many cases, those issuing credit to you will rely on your business credit report to determine if they want to grant you credit and how much credit they'll give.

Foreign Identification Number (FIN) Employer Identification Number (EIN)

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### Chapter two

The logo for 'The Business Credit Bureaus' features the words 'The Business' in a white, bold, sans-serif font on a blue rectangular background. Below this, the words 'Credit Bureaus' are written in a black, bold, sans-serif font on a white rectangular background.

## Credit Bureaus

The major business credit bureaus that compile and provide copies of the reports are:

- Dun & Bradstreet
- Experian Business
- Equifax Business

Unfortunately, because the information provided to the business credit bureaus is sent in voluntarily--no business is *required* to send it in--the credit bureaus may never receive all or even any information about your business credit transactions. In fact, you could go for years racking up business credit without any of it being reported to the credit bureaus.

#### Note:

It is **imperative** that when building business credit you verify that the creditors are reporting to the bureaus so your business profile is being built Accurately. **This is a major reason DIY'ers fail you can get expert help if needed.**

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Source:

**Dun & Bradstreet**  
CREDIBILITY CORP



Dun & Bradstreet is the leading provider of credit building and credibility solutions for emerging businesses. woven into the fiber of corporate America and a credit reporting industry dating back to 1837.

Dun & Bradstreet provides real business credit monitoring solution available to companies looking to monitor and impact their own business credit profile.

The D-U-N-S Number has become the standard for tracking more than 265 million businesses and is required to do business with hundreds of trade, government, and industry organizations around the globe. Banks and potential partners may use your D-U-N-S Number to access your business credit file, see your business credit history and help make decisions about your company.

**Apply for Duns number: <https://www.dandb.com/free-duns-number/>**

# Business Credit 101

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### Chapter two



Source: experian.

#### **Experian helps you manage your business credit.**

Your business credit score is essential to the financial health of your business. It impacts your business in numerous ways, such as the amount of credit suppliers will extend you and the interest rates you'll pay. Check your Experian business credit report to stay in control of your business credit.

Experian's scoring model, known as Scorex Plus (formerly the Intelliscore), is not as universally utilized by credit grantors as the Dun & Bradstreet Paydex scoring model. However just as important and you should register with them as well.

#### **To apply:**

<http://www.experian.com/small-business/business-credit-reports.jsp>

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Source: **EQUIFAX**

Equifax is a global information solutions company that uses trusted unique data, innovative analytics, technology and industry expertise to power organizations and individuals around the world by transforming knowledge into insights that help make more informed business and personal decisions. The company organizes, assimilates and analyzes data on more than 820 million consumers and more than 91 million businesses worldwide, and its database includes employee data contributed from more than 7,100 employers.

To register your business: <http://www.equifax.com/business/>

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## Credit Bureaus

It's important for you to get your company listed because it can make the process of establishing business credit and financing much easier but keep in mind that there is over 25 other **business credit bureaus** not listed here and some are even industry specific. You may want to look into some of these particular bureaus to get listed with in addition to the major 3 we covered early.

Seven more Business Credit Bureaus you should know.

- **FDInsight**
- **Credit.net**
- **AccurintTMBusiness**
- **Clientchecker**
- **Paynet**
- **Cortra**
- **ChexSystems**

These **business credit bureaus** allow your business to establish its own credit profile, scores, and payment history. As a business owner you should know who the major **business credit reporting agencies** are.

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### Chapter three

**How does  
business credit  
fit into lending  
decisions?**



Source:



The importance of building business credit, you don't really hear about business credit being an asset but it is. Business credit adds value to a company's financing ability and credit capacity.

By building business credit with all the National business credit bureaus a company increases its finance capacity. This creates an asset that can be used to acquire financing for the business based on its own creditworthiness rather than that of its owners.

# Business Credit 101

## Builder Program

### Chapter three

**How does  
business credit  
fit into lending  
decisions?**



Source:



**Here are three major benefits of building business credit:**

**Large Credit Capacity** – Businesses have 10 to 100 times greater credit capacity compared to personal credit. As a creditworthy business your company will be in a position to qualify for financing based on factors strictly related to the business.

**Increase Company Value** – A creditworthy business has a powerful advantage in financing ability. Because this asset is fully transferable with the business it makes it very attractive for a potential buyer or investor.

**Protect Personal Credit** – A business owner will be able to limit if not eliminate the use of personal credit checks since the company has its own credit ratings.



# Business Credit 101

## Builder Credit Program

### Chapter three

**How does  
business credit  
fit into lending  
decisions?**



Source:



Building business credit truly provides remarkable benefits for a business and gives unique financial advantages in the market place. With this asset a business can secure lines of credit, lease equipment, finance a company vehicle, and obtain business loans and credit cards without putting personal credit at risk.

Finally, it's important to remember, the greater the business credit, the greater the worth and potential return you will receive if you choose to sell the business in the future.

Note:

**With my experience in helping clients build business credit it's 5 to 10 times faster to build business credit than personal credit, with much larger credit limits granted.**

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