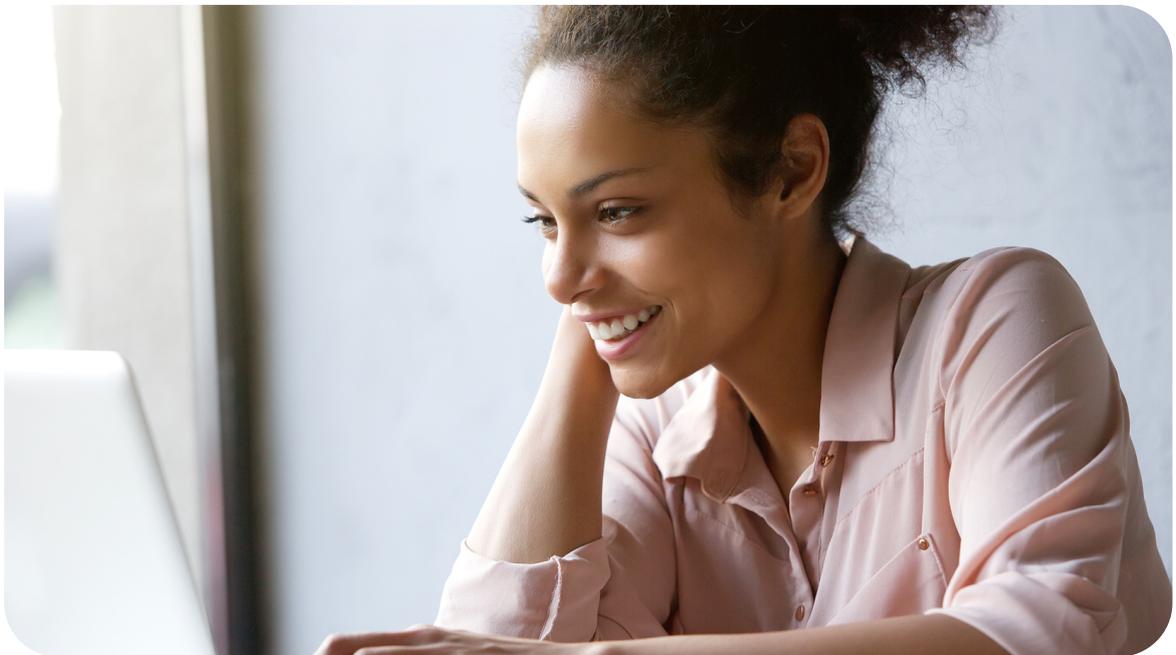


# THE *Complete* GUIDE TO BUSINESS CREDIT BASICS



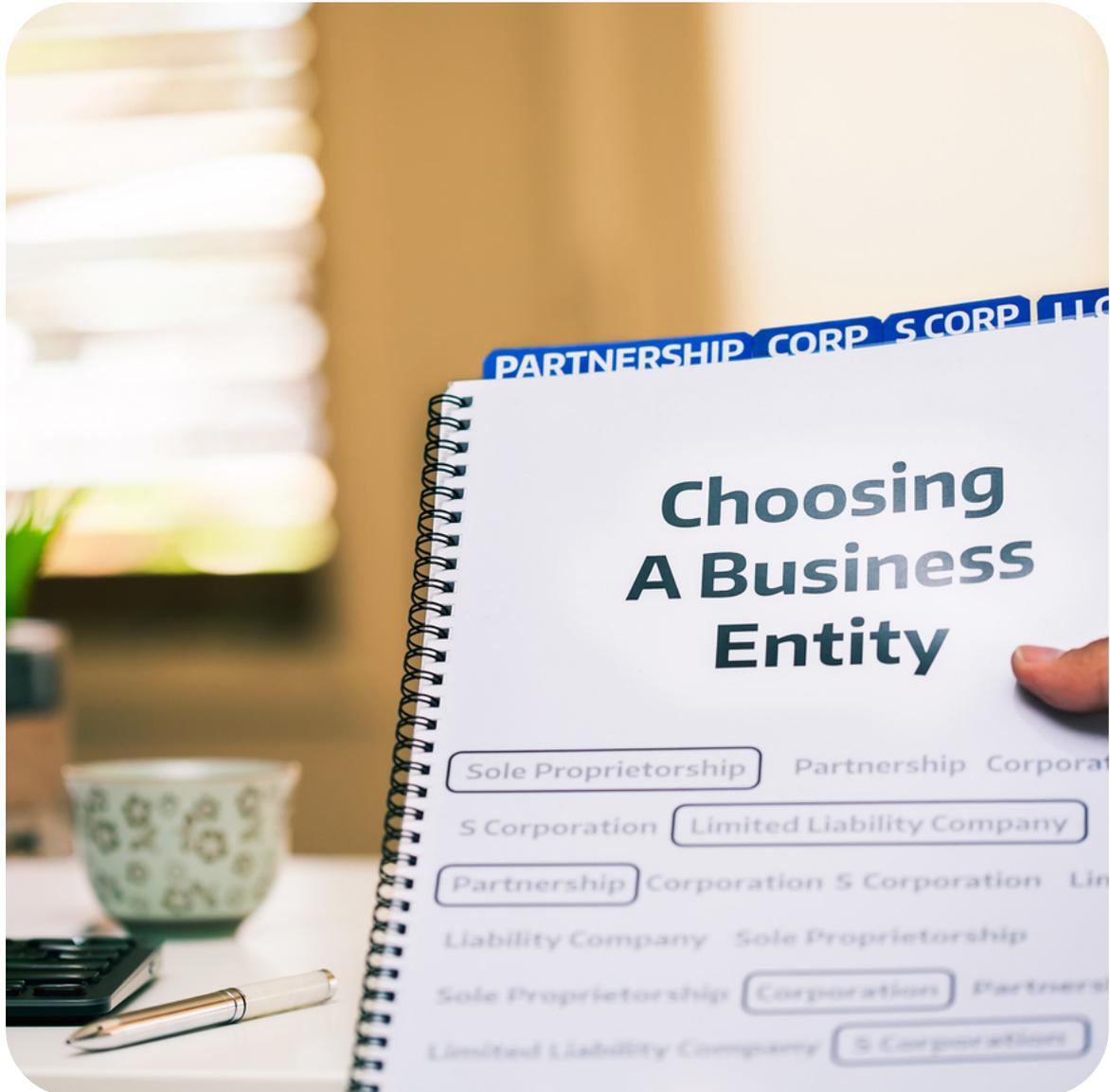
# OVERVIEW

If you are an entrepreneur or starting to build your business, there's a high chance that you might've come across this term: "Business Credit." Like your personal credit, business credit is also a significant parameter that showcases your financial well being. In this case, your company's well being. Simply put, it is the power of your business to do transactions. However, if you have zero ideas about what it is. This ebook will assist you in learning what Business credit is, why it's important and how you can leverage it.



# BUSINESS CREDIT EXPLAINED

Business credit is the ability of a brand or a business to purchase something right away but pay later. There's a numeric figure associated with every company that is termed as a business credit score. For enterprises to enjoy the benefit, they must have a high business credit score. When you establish a good credit score (or credit rating) as a business, it gets easier for you to borrow money during the times when you need it the most. As we discussed, it is an indicator for your business that exhibits its ability to handle finances, debt, and purchasing power. While calculating this business credit score, the authorities consider multiple parameters of a particular business that makes or breaks their game. We will even understand who these authorities are and how they function in the succeeding sections. Whenever a business borrows money, the credit score is something that becomes the deciding factor about how much interest you will pay and how much money you can borrow. For instance, if you have a good business score, you might be paying lower insurance premiums. Additionally, if you aim to borrow a small business loan with a higher credit score, you can get a good interest rate. So it's a win-win situation. Business credit comes in handy when you are negotiating with vendors, which helps you manage cash flow better.



## **ESTABLISH YOUR BUSINESS AS A SEPERATE LEGAL ENTITY**

As an entrepreneur, the most basic thing you should acknowledge is that personal credit score and business credit score are two different aspects of financial well being. So when you form an LLC or Corporation, basically a separate legal entity for your company, it becomes easier to generate a business credit file and ultimately qualify for business financing. Not only this, but you also gain some tax advantages that can secure you from personal liabilities you may face as a sole proprietor.

## Register your business

You will have to register your Business with your Secretary of State. (LLC or corporation) Moreover, you should always check all the essential requirements completed with the business registration process.

## Get an EIN(Employer Identification Number) from the IRS

Employer Identification Number abbreviated as EIN is just like a Social Security Number for your company. It is issued by the Internal Revenue Service (IRS), which is mainly responsible for collecting taxes and administering the Internal Revenue Code. Although, EIN can be used to identify your business while paying taxes to the IRS. It can also help you fill applications for business financing (Examples: Loans, Credit cards, Opening bank account under your company's name, etc.)

## Open a business bank account

When your business bank account and personal accounts are kept separate, this can showcase you as a more credible and authentic entrepreneur. This should always be one of your very first steps in the process. In the eyes of the lender, Your business is only as old as the day you open your Business Bank Account.

## Business Telephone number

The key to building business credit and obtaining large amounts of funding is to appear credible to lenders. One of the ways you do this is by having a dedicated Business Telephone Number. An area code number is great, However an 800 number is even better. We always want our Business to appear larger than life.

## Duns and Bradstreet number

This number is used for Business Credit Reporting. The Data Universal Numbering System, abbreviated as DUNS or D-U-N-S, is a proprietary system developed and managed by Dun & Bradstreet. In short this is your Businesses social security number and you cannot Build Business credit without this.

## Business Address

If you are a Business Owner with a Physical location Perfect! However most of us are able to work from home. If you are a Business Owner that does not require a physical location then you will need to obtain a virtual address. Using a P.o Box or Home address does not look favorable when building credibility

# TYPES OF BUSINESS CREDIT

As you develop the roadmap for your business, it is important to understand the different types of business credit. Even as a startup, you will have multiple options to open an account and establish your business credit profile. Let's look at the major types of business credit.



# TIPS AND TRICKS

- Stack your Net30 and Tier2 accounts strategically. Although it's ok to move on to tier2 as soon as your Net30 accounts report, There is still some strategy that you can utilize to better strengthen your file and increase your approval odds
- If you happen to have one of the Business Credit Cards that does not report to the credit bureaus such as Amex or Navy Federal there is an option to Self Report with Duns & Bradstreet or Ecredable (Keep in mind there is a fee for that). Self- Reporting just means you are showing proof that you do infact have these tradelines and you would like for them to be counted and reported on your Business Credit Report.
- The key to an 80 and up Paydex Score (Duns and Bradsteet) quickly is 2 Nav Accounts and 2 gas cards (Tier2). Yes gas cards are technically tier2, However many many people have applied and were approved while still in Tier1. If you are denied for a gas card, Move on to the next one.
- All Business Cards are backed by a bank. For example Amazon Net55 is backed by Synchrony Bank. Home Depot is backed by Citi Bank. There are even gas cards backed by Synchrony Bank. Find out which bank backs your gas card/retail card. This allows you to get other retail card approvals under that same umbrella. Don't let them tell you No especially if you were approved by another Citi Bank backed card.



**BUSINESS CREDIT CONSULTANT**

Remember the foundation and structure of your business will allow you to successfully build business credit in less than 90 days.

F O R M O R E V I S I T

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