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Building Corporate Business Credit and How to Establish Credit Profiles

Building Corporate Business Credit. Building true corporate Business Credit is an extremely challenging initiative for every company that starts their journey in the business world today. This challenging and sometimes frustrating and time consuming task must be done PROPERLY by experienced professionals or it could add several years to building and establishing a proper corporate business credit profile. We are going to address this issue in this article, and present you with a time tested and proven program to assist you in quickly building your own corporate business credit profile that will make your company stand alone all by itself. That is precisely what you want to do. This helps you to obtain true corporate business credit without a PG (personal guarantee), which should be the goal of all business owners. Global Software & Computer Solutions Centers, Inc. has developed its very own time tested and proven corporate business credit building program model that works directly with over six-hundred preferred lenders and the corporate credit reporting agencies that report on your business each month. We work directly with you and your new or existing business to prepare the proper documents for your corporate business credit profile that will rapidly place your business into the highest levels or teers of the credit industry.

We have taken the typical corporate business credit building path and procedures required to properly build true corporate business credit, and condensed it all down into a three to six month period, rather than ten to twenty-five years. Don't wait until your business needs true corporate business credit... creditors don't want to lend money to businesses in need of it, start building your corporate business credit profile today!

We have very carefully selected and prepared the most in-depth comprehensive and up to date researched information available for you on building business credit and corporate business credit. It's a very widely misunderstood and extremely complex journey to venture forth with, and WE MAKE IT EASY FOR YOU! Any small, medium or large business could use a little help from the experts in this field. Establishing an accurate, but true and separate corporate business credit profile for your business is a strong step in the right direction, something all business owners should consider doing right away. Trying to do this on your own without proper guidance can lead to potential problems, and may even lead to your company never being able to properly build, establish and maintain true corporate business credit. Global Software & Computer Solutions Centers, Inc. and their suppliers, vendors, lending institutions, bankers, affiliates, subsidiaries, agents and investors have helped thousands of small, medium and large businesses establish true corporate business credit and a corporate business credit profile in a very short amount of time. We prepare you and your company for the journey ahead, and we are there along with you, every step of the way.

Call us now to speak with a certified corporate business credit counselor and let us help you to reach your goals today.

Global Software & Computer Solutions Centers, Inc. is an industry LEADING Corporate Business Credit program provider for Small, medium and large Businesses! We offer a wide variety of programs, products and services that are specifically tailored to meet your needs.

3 Levels of Service to Choose From
Rush Service Available on Select Plans
Document Preparation
Separate Credit Profile Established
Access to Companies that Issue Credit
Business Credit Coaching
FREE Business Credit Assessment

Call us today for a FREE consultation on how to properly establish, build and maintain true corporate business credit without the need for PG's or personal guarantees. Our direct office number is: (775) 297-7250. Our toll free number is: (800) 922-5170. You may also visit us on the internet at: http://www.gscsc.net

Corporate Business Credit Building Programs

Global Software & Computer Solutions Centers, Inc. offers three very distinct levels of customized service with an option to rush our premier business credit building program to you. Every program is specifically designed to separate your personal credit from your corporate business credit and develop a NEW corporate business credit profile with all of the major business credit bureaus and their respective subreporting agencies. We can rapidly and professionally create a D&B business portfolio and account as well as the main corporate business credit reports that your business will need to use in order to establish, build and maintain a separate corporate business credit profile. Once these corporate business credit profiles are successfully created, we will then register your business with each business credit reporting agency, along with all of the subreporting agencies associated with them as well. Our programs range from personalized corporate business credit coaching services and access to all of our resources, all the way up to "hands-free" express corporate business credit building programs, where your company's preparation phase is rapidly accellerated and completed in ten to thirty business days. This is then followed by portfolio and account setup, obtaining corporate business credit scores and corporate business credit ratings for you and assistance with establishing legal and valid trade references for your business. We will then monitor several corporate business credit portfolios created for your business on a monthly basis and we'll even help you create or modify your company's website to reflect your line of business to expedite your corporate business credit building program. We will do all of the hard work for you. You just need to follow all of the steps in our proven programs and you will be on your way to reaching all of your business goals. What are you waiting for? This is an opportunity that you can take full advantage of right now! Call us today!

Corporate Business Credit Program Benefits

By establishing a separate corporate business credit profile, you immediately strengthen the corporate veil by separating personal and business credit profiles - liability. Asset protection is a huge reason to incorporate a business no matter how small or large that it might be. However, if you, the small business owner, leverage your personal credit on behalf of your business, you will immediately be liable for all of your business debt and will not have the liability shield that being incorporated offers with your creditors. You will want to stay as far away as possible from personally guaranteeing any debts on your company unless you have to, and we will show you how to determine if or when you will need to do this. Call today for a risk free, no obligation, consultation with a certified corporate business credit counselor - on how to establish true, separate, corporate business credit. There is no risk to start separating your personal and corporate business credit, and it is one of the smartest moves you can make today.

Global Software & Computer Solutions Centers, Inc. offers a one-hundred percent performance guarantee with every corporate business credit building program that we sell to our clients. You will receive a FULL REFUND if we fail at building your corporate business credit profile. The upside is favorable interest rates and borrowing terms, saving you money over the life of your new or existing business and your investment with our company. There's absolutely nothing to lose by talking to a certified corporate business credit specialist at Global Software & Computer Solutions Centers, Inc. Don't wait until you need corporate business credit or you are forced to borrow money personally. Call us today.

Global Software & Computer Solutions Centers, Inc. has direct access to an internal database with thousands of companies that issue credit to new companies without personal guarantees or personal credit checks. With our programs, our clients have access to these companies when their profiles are ready to report trade references. These companies report performance to the credit bureaus and you begin to develop business credit performance. Without access to these internal companies and our professional team of contracted credit coaches, you could take over five years to build a separate profile for your business, and this is only if you do it right the first time around. Many business owners don't do things right, and put themselves and their businesses at high risk each and every day. Do it right and do it legally, and you'll be sure to succeed. Let Global Software & Computer Solutions Centers, Inc. and our team of highly trained professionals assist you with the technical process and guide you to a high corporate credit score and a profile that lenders will be amazed with. Make the lenders come to you, not the other way around. The idea here is to make the lenders think you don't need them based on your profile, and this will then make them beg you for the opportunity to extend your business credit. Most importantly, do not falsify any information to lenders, creditors, credit bureaus, or the like, as this will damage you worse than paying bills late. Always tell the truth, and do not ever fudge up any information for your credit reports, as this will put you in a high risk category, and may prevent you from having any chances at all for obtaining corporate business credit. Honesty is the best policy here.

Corporate business Credit Basics

Let's cover here, some of the basic concepts about corporate business credit. You may be asking yourself one or two questions at this point. The first question that you may be asking right now is, “Is this legal?” The answer to this is yes. Unlike personal credit, corporate business credit establishment is completely legal, and is the only way to create a new credit profile in the credit industry. The second question that you may be asking right now is, “why Should I Establish corporate Business Credit?” The answer is simple if you think of it in this way. You don't want to take personal finances out of your pocket if you can help it for business expenses or growth, so how can you get around this seemingly large problem? The answer is corporate business credit. Understanding corporate business credit and how to get it is a vital key to your success with your new or existing company.

In order for your new or existing company to thrive in the ever changing business environment, and to maintain a sharp edge over your compeditors, it is most critical for you to establish a unique corporate business credit identity or corporate business credit profile separate from your personal credit identity or personal credit profile. Once that corporate business credit identity has been established with all the major business credit reporting agencies and it is successfully registered with them, the next step is to continue to build your corporate business credit rating. You can minimize your efforts by attempting to do this work yourself and make many mistakes along the way, which will mean that it will take quite a bit of time to improve your corporate business credit rating, or you can get a jump start on the process and maximize your efforts, which will ultimately result in much quicker results. By having a team of professionals do all the work for you and your company, you minimize the chances of making bad business decisions, making mistakes with your corporate business credit profile and your corporate business credit rating, and ruining your credit worthiness right from the start.

Similar to your personal credit profile, your corporate business credit profile is made up of many factors, including how long you have been in business, the size of your company assets, and the history of your payments. By consciously focusing on each of these key components and making smart and sound business decisions about how to improve each of them, you can rapidly and quickly improve your overall corporate business credit rating. It is important to remember once again to always tell the truth about yourself and your company. Falsifying information to hope to increase credit worthiness will catch up to you, and will ultimately put you and your company in a position where the company may never be able to apply for, and be granted any form of corporate business credit. One such form of falsifying information is found popping up on the Internet more and more every single day. This false data consists of programs that sell you fraudulent business tradelines, more commonly called business trade references, and credit line amounts that get reported to Dun & Bradstreet on your business credit reports. Dun & Bradstreet will investigate all trade references and information supplied on your business credit report, and when it is discovered that you never did business with those companies that you purchased trade references for on your corporate business credit reports, you are immediately damaged permanently by this false reporting of that information. At this point, your business is immediately red flagged by the business credit reporting agencies. Your company is placed into a high risk status category, with negative marks that can never be removed from your corporate business credit reports. At this point you may as well shut down and close your doors forever, because your chances of establishing, building and maintaining true corporate business credit are ruined forever.Never buy trade references from anyone on the Internet under any circumstances, no matter what a company out there may tell you. These corporate business credit building schemes will severely cripple any chances of your company ever being able to build or obtain corporate business credit.

Passive Credit Building

From week to week, month to month and year to year, as your company continues to operate and grow, you are positively and directly impacting your corporate business credit score and your corporate business credit rating, whether you know about it or not. Because many large companies (including financial institutions, credit card companies, utility companies, and some government agencies) report your payment history to Dun & Bradstreet and other business credit bureaus, you are building your corporate business credit profile just by paying your monthly obligations. This information cannot be kept hidden, and other companies may access the information in your corporate business credit profile by paying a fee to the credit reporting agencies.

In order to ensure that you are properly building a positive corporate business credit profile, it is extremely important to maintain on-time payments for loans, credit cards, payments to suppliers, utility bills, leases, rent, vehicle payments, commercial and private credit lines and all other bills, to maintain a sound accurate balance sheet, a sound accurate income statement and trial balance sheet, general ledger, and to avoid legal action against you at all cost. Each of these components directly reflects positively on your overall corporate business credit rating. Once again and we cannot stress this enough, always be truthful to everyone with respect to your business and your corporate business credit profile. Dishonesty will be certain to destroy you and your business before you get the chance to get started.

Active Credit Building

By utilizing certain time tested strategies that have been proven to positively impact your corporate business credit rating, you can improve your corporate business credit score much more quickly with the right help. Many people try to build true corporate business credit on their own, and fail right from the start because they do not know how to do this the right way on their own in the first place. Building true corporate business credit is not a get rich scheme, or a way to cover personal expenses that you just can't pay, or do not want to pay. This is why these types of services are not for the masses, but rather they are for the responsible person who understands what personal credit really is, what it means to have it, and who also understands what true corporate business credit really is, what it means to have it, and why and how to use it properly and effectively. The main things to remember here are complete honesty, persistance, and doing things right. Don't take and cut corners, or falsify business information, and do not ever fudge up financial statements, because that too, will cripple your chances of building true corporate business credit for your company. Always do things the right way the first time through.

Business Credit Building Blocks

No single aspect of a company's corporate business credit profile can determine or undermine that company's credit worthiness. Each of the following factors influences a company's overall corporate business credit score and corporate business credit rating:

Paying all monthly obligations on time or thirty days before the due date to maintain a solid credit history and rating.

Maintaining a solid balance sheet, income statement, trial balance statement and accurate financials.

Avoiding legal troubles and protecting your company's assets at all cost. This may include the direct use of insurance policies for your business, the use of offshore accounts, and self-directed IRA's, or asset protection programs and additional LLC or LLP companies.

Establishing and sustaining a strong and solid business identity by utilizing all of the factors listed here.

More emphasis may be placed on one of these factors or the other by potential lenders when they evaluate your credit history. For instance, whereas a potential vendor will be interested to see your payment history on your monthly obligations, when applying for a commercial loan, the lender will be most likely to emphasize the importance of a solid balance sheet. Finally, your litigation history is more likely to be an issue to any insurance companies that are attempting to rate your insurance policy. These are just examples to help you to understand some of the basic building blocks of your corporate business credit profile. All factors are considered, and there may even be some that are not listed here that may be taken into account. Just remember which factors will more heavily be looked at when you're building corporate business credit. Be certain to ask which factors are considered.

Corporate Business Credit - The Importance Of Borrowing

This information is provided to you to help you fully understand the importance of borrowing money from banks, investors, or other lending institutions. This too, is one of the best methods for building a sound and strong corporate business credit rating for your new or existing business. Benjamin Franklin once said, "To understand the value of money, go and try to borrow some." For most small businesses and corporations just getting started, this is all to often a very frustrating and difficult lesson to learn, as many of you have probably discovered. From the initial point of startup, you were probably turned down for your first business loan or your first business credit card. Nevertheless, business borrowing is a vital part of successfully running a company, and all business owners should, and need to learn this extremely valuable lesson in order to completely and fully understand how to borrow finances more effectively. Now let's explore this in more detail.

Even though your word may be your bond, a positive corporate business credit rating is extremely crucial to borrowing money from potential lenders on good terms. No business anywhere can ever build or begin to build true corporate business credit or secure needed funding from a potential lender or investor simply by promising to repay it. Business lending institutions will in most cases, evaluate certain standards in order to determine whether or not they will lend money of substantial amount to your business no matter how old that it might be. These are just the hard cold facts, and you might as well have the truth right from the start. This chapter will explain many of the reasons why you may need to borrow money from a potential lending institution as your business continually evolves and grows. Primarily it will discuss the credit analysis method of the Five C's which most commercial lenders and even some private investors will rely on to assess corporate credit worthiness. This chapter will also analyze the lending opportunities that most larger companies often take full advantage of and factor in the obstacles that often face almost all smaller companies.

Why Should You Borrow Money for Your Business?

The answer to this frequently asked question is very simple to answer. Keep it simple right? Yes. Unless you are lucky enough to have just won the lottery or you have an enormous private trust fund sitting around somewhere that a family member left you, it is very likely that you will need to look beyond your own private funds to finance the establishment and expansion of a brand new company, or an aged shelf company. No matter how new or old a company might be, more often than not, you will probably have to seek some sort of outside funding program to help you with your initial investment. This is where our company comes into play for you. Our company offers our clients a wide variety of products and services specifically tailored to meet your needs, no matter how big or small. This allows our clients to have the compeditive edge when it comes right down to serious financing. You could patiently wait to save enough funds required in order to support the growth of your business, but in most cases this will stall your business plans considerably. For instance, if you saved one-thousand dollars a month in an account that paid you five percent interest on those funds, it would take you nearly seven years to save a mere one-hundred thousand dollars of capital for your business. Or you could simply try to find investors to finance your business by becoming your partners. In situations where an individual will bring more than just money to the partnership, such as knowledge of the industry, contacts, or other important or vital characteristics may be helpful to the development and growth of the business. However, when your goal is simply securing needed funding for your business operation and growth only, and it is the only benefit to the deal, bringing in additional partners may not be so desirable at this point. When you're making a very important business decision like this, it is extremely important for you as the business owner to weigh the impact of diminished ownership and decision-making during the time that the investor has a vested interest in your new or existing company. Be very careful in your selection process, and don't bring in people just looking to take something for nothing. There are many people out there that want to swallow up your business, and take you down, and you must be extremely careful not to allow this to happen at any cost.

On the other hand, you can maintain autonomy and expedite the growth of your new or existing company if you don't wait to save money or add partners, subsidiaries, agents, or other outside influences into your company at such a critical stage. A rule of thumb here is, do not spend money foolishly, or where you don't absolutely have to. Always keep some money in reserve for rainy days, and always be sure to pay all of your company’s bills on or before the due dates, and try your very best to ensure that you never pay your bills late. When it comes right down to financing your new or existing business, there are many good reasons why borrowing money from lending institutions or private lending sources such as private investors makes perfect sense. Here's why:

Obtaining Assets -- This means purchasing needed equipment or real property in order for your business to run effectively. By securing an unsecured or secured business loan, instead of leasing needed items, you can buy them. You may also have the opportunity to purchase the facility that you operate from, for example an office/medical building, storefront, warehouse, or a factory. You won't be hit with high leasing fees, or other hidden fees, and if everything is paid properly, your company owns those assets outright. This adds value and equity to your business, and increases your credit worthiness.

Replacing Existing Financing -- This means upgrading the terms of any existing debt on your company by replacing it with improved financing options. For example, you may have taken out a loan when your business was just starting out and you had not yet established a positive corporate business credit profile and corporate business credit rating. However, once you build true corporate business credit, you are able to take full advantage of more favorable terms for your financing, including releasing any ties to collateral, reducing interest rates, or eliminating other terms of the loan by securing additional funding from a new lender, perhaps a private lending source such as an investor with a private trust fund. Many more options do become available if you properly build, establish, and maintain true corporate business credit.

Acquiring Equity -- This is important to you as a new or existing business owner. When a business has multiple owners, whenever one of the owners leaves the company, the remaining owners typically acquire the departing owner's "equity" or share of the company. Depending on the overall size of the company and the ownership interest at stake, commercial lending may be required to finance the purchase.

Working Capital -- This is another important subject to cover in this handbook. Many new or existing businesses face cash flow challenges,whether it be from seasonal highs and lows, unforeseen circumstances such as uninsured losses, or slow revenue from accounts payable. At times like these, if you establish corporate business credit then you will have access to needed funding to take care of any necessary financial obligations that you may have. Building corporate business credit can mean the difference between keeping your business open, or closing the doors forever. The main thing to remember here is to always pay your bills no matter what you have to do in order to get that done. Always be honest with your creditors at all times, and always remember to communicate with them no matter how bad the issues may be for you. Negotiations get you much further than ignoring the issues at hand. Never duck and hide from your creditors.

Business Size Matters

The size of a company is an important factor when it comes to applying for any form of business or corporate credit with commercial lending institutions. Large companies and corporations can access funding resources and large amounts of credit in many ways that are not typically available to smaller companies, including:

Public Offerings -- Public corporations can raise funds by offering ownership in their businesses through the sales of stocks and bonds. To see examples of this, take a good look at the stock markets, or your local news, and you will see examples of this topic.

Commercial Funding -- Most commercial financial institutions are more likely to loan money or extend corporate business credit to larger companies and corporations than to small companies. Since the process involved to loan a large amount of money is basically the same as what is required to lend a small amount of money, it is simply more profitable for a commercial lender to issue larger loan amounts than smaller ones. Because they are the most coveted borrowers, large companies and corporations also have much more flexibility when borrowing capital from a commercial lender when the economy is uncertain and other lending sources and lending opportunities become more stringent or disappear. At times like these, small businesses and corporations more often than not, have a very difficult time qualifying for commercial loans from these types of lenders. When this happens, smaller companies and corporations need to acquire funding from private sources if possible. Unfortunately, many smaller businesses and corporations do not have the slightest idea where to turn for this hidden form or type of funding. This is why our programs exist. We help smaller, medium, and even large businesses to acquire private source funding with favorable rates, thus bypassing commercial lending sources altogether. This type of funding does not require a personal guarantee either, and many businesses and corporations simply do not know about this funding resource. Call us today to discuss it in more detail.

Favorable Lending Terms -- Unlike small businesses with a sole proprietor, large businesses and corporations traditionally qualify for the most lenient loan programs from commercial lending sources and private lending sources, including those with the lowest interest rates available on the market today. According to the U.S. Small Business Administration (SBA), in November 2003 large corporate borrowers with the lowest risk factors were charged only five and one half percent interest rates on fixed rate commercial loans whereas small businesses with a sole proprietor (borrowing commercial microloans of less than one-hundred thousand dollars) were charged six point five three percent. In the end, small and medium-sized businesses and corporations have a more difficult time qualifying for commercial lending programs.

According to the November 2005 report from the Office of Advocacy of the SBA, in recent years access to small commercial loans (less than one million dollars) and commercial microloans (less than one-hundred thousand dollars) has continued to decline while the total dollars borrowed through larger commercial loans has continued to increase.
As a result of the difficulty in qualifying for traditional bank loans, smaller businesses and corporations often seek out alternative, more costly financing opportunities. Credit card borrowing, finance company loans, and private lender loans are all alternatives that small businesses and corporations usually resort to in order to secure needed funding when commercial loan programs are simply not available to them. But this does not mean that small companies and corporations have to rely solely on high-interest, costly funding opportunities alone. By simply increasing creditworthiness, by maintaining a positive credit rating, and continuing to keep all business credit reports clean and negative free, small business owners can benefit from even greater access to affordable financing options. Remember to protect your company at all costs, and most of all, keep your business credit reports and your business credit rating protected in this manner as well. By doing so, you will quickly climb the corporate ladder.

Benefits Of Borrowing - Summary

No matter what stage of growth your business is in, there are many reasons to consider borrowing funds that will help you achieve your business objectives. Your ability to qualify for lending opportunities with reasonable repayment terms depends on a variety of factors which will be reviewed by the lending institutions and will affect the amount and terms of your loan. Recognizing the differences between large corporate access to financing and small to mid-sized business access to financing is very important. Large companies and corporations have greater access to business credit and funding options with lower interest rates and more favorable loan terms. You should also understand the benefits of incorporating, and the tax laws for incorporating throughout the United States. Having a solid background into the reasons why you should incorporate, or form an LLC, and fully understanding your rights, the tax laws, and what you can do will give you the edge over your compeditors in the long run.

The Five C's Of Building Corporate Business Credit

In this chapter on building corporate business credit, we will cover the five C's of building business credit. It is extremely important that you understand these concepts before continuing any further in this handbook. Understanding these concepts will aid you in rapidly growing your business once you understand them.

Nearly all commercial lending institutions and many private lending sources that you will deal with during the life of your company want to lend you money because it's the way they make money. However, they only want to lend money to a borrower who is able to repay the loan on time and in full based on the terms and conditions of the loan agreement. When lending institutions are lending financing over a certain limit to small businesses,nearly all commercial and private lenders customarily analyze the worthiness of the borrower by using the Five C's of the corporate credit industry. These are: capacity, capital collateral, conditions, and character. Each of these criteria helps and assists the potential lender to determine the overall risk of the loan and it also helps to determine whether or not to do business with your company. While each of the five C's is evaluated, none of them on their own will prevent or ensure access to corporate financing. There is no automatic formula or guaranteed percentages that are used with the five C's. They are only a variety of factors that lenders evaluate to determine how much of a credit risk the potential borrower is for the financial institution or to the private funding source. Note: When lending small amounts of money usually under fifty-thousand dollars to a business or corporation or extending them certain types of secured and unsecured credit lines (small is a relative term to each lender) typically eligibility depends solely on personal and business credit scores. A credit analysis is not usually performed by the lending institution for smaller amounts of money or credit lines extended to the business or corporation. Depending on the personal and business credit scores, they either will or will not approve the loan or credit line your business applied for. You need to see things not only from a business perspective, but also from the perspective of the lending institution as well. You have to wear both pairs of shoes here.

Understanding Credit Analysis

In order to determine if you will be able to establish, build and maintain true corporate business credit for your new or existing company, very carefully consider each of the following C's to see how you would look to a potential lender looking at things from the lender's point of view. Here are the five C's of building corporate business credit:

Capacity -- This is an evaluation of your ability to repay the loan. The financial institution wants to know how you will repay the funds before it will approve your loan. Capacity is evaluated by several components, including the following:

Cash Flow -- Cash Flow refers to the income a business generates versus the expenses that it takes to run the business which is analyzed over a specific time period. For example, if a new or existing company regularly generates ten-thousand dollars a month of revenue, and that company has expenses of eight-thousand dollars a month, the lender would determine that there is two-thousand dollars a month in cash flow that could effectively be used to repay the loan. If a company has the same amount of expenses as income, that would mean the cash flow would be zero and the potential lender would have reason to be concerned about how the company plans to repay the debt from either the loan or the credit line being applied for by that company.

Payment History -- Payment history refers to the timeliness of the payments that have been made by a new or existing company on previous loans granted by that lending institution, or by others to which that company used prior to seeking additional funding. In the past, it was much more difficult for commercial institutions to accurately determine whether a small company or corporation had a good strong business credit report or a good solid payment history. However, today there are companies that specialize specifically in the evaluation of commercial credit ratings (such as Dun & Bradstreet) that are able to provide this kind of history to nearly all commercial and private lenders.

Contingent Sources -- Contingent sources for repayment are additional sources of income that can be used to repay a loan. These could include private trusts, personal assets, savings or checking accounts, and other resources that might be considered usable by your company to help secure a loan or credit line. Ultimately, capacity is the main requirement for lending and corporate business credit. The ability to receive regular payments generated by a company's cash flow is the easiest way a financial institution can be guaranteed to be repaid for lending to you and your company.

Business Capital-- Typically, a company's owner must have his own funds invested and at risk in the company before a financial institution will ever be willing to risk their own investment into your company. Business capital is an owner's personal investment in his or her business which could be lost if the business is a failure. There is no fixed dollar amount or percentage required by the potential lending institution that the owner must be vested in via his or her own company before he or she is eligible for a business loan. However, most lenders want to see at least twenty-five percent of a company's funding coming from the owner before they will step up to the plate.

Business Collateral -- Business colateral simply means heavy machinery, stocks and bonds, and other expensive business assets that can quickly be sold by the lending institution if a borrower fails to repay the loan back as agreed. These company assets are considered to be viewed as business collateral. Since small items such as computers and office furniture are not typically considered to be viewed as business collateral, in the case of most small business loans, the owner's personal assets (such as his home or automobile) are required in order for the loan to be approved by the lending institution or private lending source. When an owner of a small business uses his or her own personal assets as a guarantee on a business loan, that means that the lender can sell those personal items to satisfy any outstanding amount which may be due to them that is not repaid as agreed.

Conditions -- This is an overall evaluation of the conditions or specific terms surrounding the loan including general economic climate at the time the loan is requested and also includes the general purpose for the use of the loan by your business. Economic conditions specific to the industry of the business applying for the loan as well as the overall state of the country's economy also factor heavily into a lending institution's decision to approve a loan for a business.

Clearly, if a company is in a thriving industry during a time of solid economic growth, there is more of a chance that the loan will be granted to the business than if the industry is declining and the economy is uncertain. The purpose of the loan is also an important factor in the decision as well. If a company plans to invest the loan into the business by acquiring assets or improving its equity, there is more of a chance of approval than if it plans to use the funds for more risky expenses such as expanding into new markets. Most financial institutions require that the borrowed funds are to be used solely to increase income or decrease business expenses.

Character -- This is a highly subjective evaluation of a business owner's personal history and his or her business history. Lenders have to believe and proove that a business owner is a truthful, stable, reliable and strong individual who can be depended on to repay the loan that they approve for a business. Background characteristics such as personal credit history, education, and work experience are all factors in this business credit analysis. Note: When you are applying for a small business loan or lines of credit, don't forget the importance of personal relationships. Apply for a business loan or line of credit at a bank where you already have a positive business relationship. Also, make an attempt to meet with the person who will be evaluating your application, such as a bank's lending officer, rather than the teller who handles your day-to-day banking transactions. One important thing to remember, most banks today, replace people frequently to avoid favoritism from client to client, so be absolutely certain to maintain a positive relationship with all bank officials that you deal with.

Personal Credit Ratings

Now let’s cover another very important aspect of building true corporate business credit. This topic deals with personal credit ratings, and how they may or may not effect you and your new or existing business. On the personal side of things, it is much harder to get credit, loans, or the like due to changing standards in the credit industry and banking institutions are on the same page as the credit bureaus. So many people have abused the ability to have a compedetive edge with the use of their personal credit. The banking industry, mortgage companies, and other various types of loan providers have taken huge hits and losses due to irresponsible people who took advantage of credit repair techniques and secrets that the credit bureaus did not want you to know about, but that were very successfully used to strengthen a personal credit profile. Because of irresponsible people, we as business owners have to protect ourselves very critically in order to survive in the business world. We are a very unique group of people being business owners, and we will address that unique quality in a future EBook or article.

Nearly all major commercial lending institutions, and some public investors, and private investors may very often and frequently do say that past business performance is not necessarily a guarantee of future business performance; however this is not always the case. Your personal credit rating and your corporate business credit rating is a very clear indicator to potential lenders of past borrowing and repayment performance, and this is precisely why it is used to determine how likely it is that you can be expected to repay a new loan in full and on time. Your personal credit rating and your corporate business credit rating combined, which is a direct indication of your credit worthiness, helps a

potential lender anticipate how reliable you will be in repaying any borrowed financing that they may extend to you and your business. It is always best if you can get unsecured financing and without a PG or personal guarantee, but very often without the right contacts in the credit industry, or in the banking industry, it is very hard to get this type of financing. In fact, it is much harder now since September Eleventh Two Thousand and One. Try and do this yourself and see what we are talking about here. Nearly all lenders use your personal or "consumer" credit rating and your corporate business credit rating to determine their risk in loaning you money for a car, home, or other purchases, as well as what terms to impose on the financial transaction when it is granted to you and your business. For instance, if you want to purchase a home, depending on the economy, you could expect to pay anywhere between five percent and
ten percent depending on your personal credit score and your corporate business credit score combined, and the amount of your down payment. For hard money lenders, your percentages could be as high as twenty-two percent, depending on how you finance a deal and how much you actually offer as a down payment. Hard money lenders will be discussed in more detail in a future EBook or article.

Someone with a strong personal credit rating and corporate business credit rating and a solid payment history would only pay five percent, while a person with a lower personal credit rating and corporate business credit rating and a poor payment history would probably end up paying ten percent or more, simply because he or she is perceived as being a greater credit risk to the potential lender. Depending on the amount of the loan, this could greatly affect the total interest that ultimately is paid to the financial institution. As your personal credit scores and your corporate business credit scores begin to improve, financing is easier to qualify for, and the terms of the loan (including the interest rate) will improve dramatically. Always remember to keep your credit scores as high as possible to avoid paying higher interest rates.

Nearly all potential lenders today may use personal credit scores and corporate business credit scores combined to determine whether or not to loan money to small businesses and corporations. Even if the business itself has an excellent credit score and business rating, along with an outstanding payment history, many types of loans require the personal guarantee of the owner(s). Typically, a potential lender will analyze the personal credit scores of all owners with twenty percent or more interest in the company as well as require them to personally guarantee any business loans with personal assets. So in order to qualify for the optimum business loans, it is critical that business owners have excellent personal as well as business credit scores. The exception to this rule is funding programs and credit building strategies that do not require all of these intensive requirements. Global Software & Computer Solutions Centers, Inc. has programs that in most cases will allow you to bypass most of these requirements if the programs are followed as they've been designed. There are still rules to follow, and our programs are specifically designed to help new or existing businesses obtain corporate business credit without the need for personal guarantees. This should be your ultimate goal, and you should be fully prepared to go that extra mile to obtain that kind of status.

Personal credit scores are based on the independent standards of the three major credit rating bureaus: Experian, Equifax, and TransUnion. For businesses there are six major business credit reporting agencies, and twenty subreporting agencies, which effectively make up the entire personal credit system and the business credit systemin one way or another. In addition to this there are a few others that most people do not even know about: Chexsystems, CBC Innovis Data Solutions, and PRBC. Your personal credit reports are broken up into layers of data, and depending on the agency reporting your information, is where and how each bureau plays an important role in the dressing up and appearance of your personal credit reports. Potential lenders average the fixed score from each of these bureaus to quickly and accurately determine a borrower's eligibility and the terms of financing. The most common type of rating system is commonly known as the FICO Credit Scoring system. However, in recent years, there is also a new credit rating system that has been getting a lot of attention and use by potential lenders lately, and it is called the VantageScoreSM FICO Credit Scoring system. This credit rating system examines a variety of vital critical factors and assigns a point rating to each one. Each of these factors carries a different weight in the final credit score, and both positive and negative factors can affect that credit score. The listing as shown below shows these vital factors. Here they are as follows:

Payment History (35%) -- This takes into consideration your ability to pay your personal and business debts in a timely manner. It reflects the total number of past due items as well as how long they were delinquent. How Long the item has Been delinquint since these late payments were made as well as if any collection activity was initiated are also taken into account. Any public records such as bankruptcies, legal judgments, lawsuits, liens, and wage garnishment are also a major set of factors that get considered in the evaluation.

Current Total Debt (30%) -- This takes into consideration the total amount of your accounts owed, including the number of accounts and the balance owed on each one. Each of these factors can greatly influence your FICO credit score. In addition, the credit bureaus and potential lenders that you are working with will also look at the outstanding debt on your credit lines in proportion with the available credit that you may have. This includes all credit card accounts, and vendor accounts. Try to keep your balances at an even ten percent at all times to help build a positive and solid payment history. Also remember to try to do this with your personal credit as well, as it may or may not effect a decision to do business with your company.

Length of Credit History (15%) -- This takes into consideration how long each of your accounts have been opened and what type of activity that these accounts have experienced. Remember, the less that you actually use a credit card for example, shows potential creditors that you are wise with your credit. If you have excessive spending habbits, this will show potential lenders that you use credit foolishly, and you want to avoid this at all costs. Show your potential creditors that you are a safe candidate to do business with.

New Credit (10%) -- This takes into consideration the number of new accounts your company has established recently as well as any credit inquiries from other lenders indicating that you have attempted to secure new lines of credit. The differences for personal credit inquiries, and business credit inquiries is this, inquiries placed on a personal credit report drop your credit score. On your business credit report, inquiries do not effect your company's ability to obtain credit. On the personal credit report, if you are denied credit, this also drops your credit score. On the business credit report, this does not effect your company's ability to obtain credit. There is more flexibility here in terms of the two types of credit reports.

Types of Credit (10%) -- This is a smaller factor of course, but you need to know about it.This takes into consideration the total number of different types of credit that you have secured, including revolving debt on credit cards and retail accounts. Not all aspects of your personal life are considered when establishing your FICO credit score. Many personal factors, such as your age, race, ethnic background, religion, sex, and marital status, do not influence your personal credit rating or your business credit rating. Likewise, employment history, current employment, wages earned, and assets are NOT taken into consideration as part of your FICO credit score. However for businesses, these factors are factored in by potential lenders when they are evaluating your credit worthiness using your business credit rating. Public records are also looked at as well. So be extremely careful if you have a shady past, because it will be seriously considered in a decision to do business with your company. A personal FICO credit score for an individual can range anywhere from three-hundred points to nine-hundred points. The most qualified borrowers have a FICO rating of seven-hundred fifty points or better. Borrowers can obtain loans with a minimum score of six-hundred fifty points, but they will most likely pay more interest than they would if their credit score was higher. A person's FICO credit score can and very often does change on a monthly basis, reflecting any current changes to the criteria used to determine the credit score. For instance, if you pay down the balance of an outstanding loan, this may improve your credit score, while failing to make a required monthly payment will lower your credit score. A bankruptcy or judgment will also negatively impact your FICO credit score. Even applying for an additional credit card may in fact lower your overall credit score because of the inquiry about your credit. Again, remember that on your corporate business credit report, this does not effect your credit score. Several web sites, including BankRate.com: http://www.bankrate.com/brm/fico/calc.asp usually offer you easy-to-use tools designed to help you estimate your FICO credit score.

Monitoring Your FICO Credit Score

It is very strongly suggested that you monitor your personal FICO credit score and personal credit reports, and also your six corporate business credit scores and reportsas well. The strong recommendation here is to monitor all of your credit reports on a bi-monthly basis. This will assist you in making sure you are aware of any problems or errors that might come up so that you can correct them immediately. These types of errors can range from minor problems (someone elses credit card delinquency appearing on your credit report) to severe (criminal identity theft where someone else has used your credit to generate large sums of unpaid debt in your name). Be extremely careful with activity occurring on your corporate business credit reports, because certain items that affect your corporate business credit reports don't affect your personal credit reports and so on. Keep track of changes and get them fixed as quickly as possible. Corporate Business credit reports are much more difficult to repair, and in most cases they cannot be, so monitor those six reports heavily. We will address this issue later on in this handbook. Just remember to protect your personal credit and your corporate business credit with your life. Don't be foolish or irresponsible with your credit. positive credit in terms of personal credit, and in terms of corporate business credit is purchasing power.

Federal law provides every individual one free personal annual credit report that includes all the information being reported under your name and Social Security number. There are many web sites that can provide you with this free information, including AnnualCreditReport.com: https://www.annualcreditreport.com/cra/index.jsp. If you request a free credit report through a secure web site such as this one, you will be able to obtain your credit information almost immediately. However this process can take up to two weeks if you prefer not to use the Internet and instead call their toll-free phone number to make your request. Finally, you may want to consider using a commercial credit monitoring service in order to keep an eye on your personal FICO credit scores and credit reports. You may also want to do the same for your corporate business credit scores and reports as well. ScoreWatchTM from Equifax is one example of a company that provides a service to monitor your credit activity and notify you when any kind of change is made to your personal FICO credit score and credit reports. Dun & Bradstreet also has methods for monitoring your business credit rating or credit score, and for changes that have been made to your business credit reports. The annual cost for services such as this one are approximately eighty dollars, and for monitoring your Dun & Bradstreet business profile, the cost can be one-hundred dollars or more depending on how many reports that you pull, (one or all six reports).

VantageScore

In two-thousand and six, for the first time, the three predominant personal credit reporting agencies: TransUnion, Equifax, and Experian have come together to create an innovative rating system that is intended to make the credit rating process more objective and more simple. VantageScore is a rating system that generates personal credit scores or credit ratings from five-hundred one points to nine-hundred ninety points. The better your credit is, the higher your credit score will be. However, since VantageScore is still relatively a new system, it is much too early to accurately determine how most commercial lenders and private lenders will respond. To learn more about the VantageScore credit scoring system, go to the following web site: http://www.equifax.com/vantagescore/index.html. We will now move on to our next section of this handbook. This section will discuss the various concepts of corporate business credit ratings, and will help you to understand the differences between personal credit and corporate business credit. You need to understand these differences.

Corporate Business Credit Ratings

Similar to your personal credit profile, businesses and corporations also have a unique credit rating system completely independent of the personal credit rating system that potential lenders use to determine business credit worthiness. While there are several smaller companies that offer business credit rating services, Dun & Bradstreet (D&B) is the primary business credit bureau. Having your company's business credit ratings listed on Dun & Bradstreet alone will not give potential lenders an accurate determination of your overall credit worthiness. You must be registered with all six of the major business credit reporting agencies, and all twenty business credit subreporting agencies in order to effectively provide the clearest picture to a potential lender. As with personal credit reports, there are three of these, however, with corporate business credit reports, there are six, thus the reason for six major reporting agencies. See http://smallbusiness.dnb.com for more detailed information. For many years, D&B has offered a large variety of business credit ratings tools that can be used to determine whether to engage in business with a particular company and to determine specific loan terms or credit line amounts.

Unlike personal credit rating systems for personal credit, there is no designated or set standard established for determining corporate business credit worthiness. There are no federal or state laws implemented to protect the business either. For personal credit, there are the consumer credit laws, and the Fair Credit Reporting Act, but nothing for small businesses or corporations. However, the predominant tool that is used to determine corporate business credit ratings and credit worthiness is D&B's PAYDEX system. Where a personal FICO credit score is based only on a person's credit history that includes information on how much a person borrows and how well he or she repays their loans, a corporate business credit rating takes into consideration company size as determined by the company's assets and the number of employees the company has. Where a personal credit rating is based on financial information provided by credit card companies, retail establishments, and financial institutions, a corporate business credit rating is determined by information that is usually supplied by the business owner and gathered from your vendors, suppliers, and other trade reference accounts. It is extremely important to have established positive relationships with these trade references before adding them to a corporate business credit report. For this very reason, potential lenders and potential creditors may differ from one another in their evaluation of a business's credit history by emphasizing certain qualifications more than others. Now let's take a closer look at this as it relates to your corporate business credit profile.

The Corporate Business Credit Report and Its Terminology

Like most industries, there is a specialized language involved with corporate business credit ratings and corporate business credit reports. The following is a list of some of the most common concepts and terms as well as their definitions:

Average High Credit / Highest Credit -- In order to put a business's credit in perspective, these are based on the total amount of credit owed as compared to the industry as a whole.

Business in Good Standing -- Includes any problems with the business overall. Good standing also means filing of fees for your state in which you do business in, and obtaining a certificate of good standing to form qualify the business to operate in other territories.

Commercial Credit Score -- A D&B prediction regarding the chances of an account becoming severely delinquent within one year.

Comprehensive Report -- This is a combination of several D&B business credit reports that paints a more complete picture of the company's credit history. It includes the results of the PAYDEX analysis, a company's credit score and Financial Stress class, as well as any public filings or liens, the business's history and operations (including when it filed for incorporation, annual financial statements, facilities, affiliations, and number of employees).

Credit Score Class -- This is part of the D&B assessment that gauges payment habits to determine how likely it is that a potential account will be delinquent in the next 12 months. The scoring can range from one point up to five points with one point being the score assigned for the lowest credit risk and five points for the highest credit risk.

Financial Stress Score -- This is part of the D&B assessment that analyzes the Financial Stress that a business is experiencing in order to predict how likely it is that a business will fail in the next 12 months. This also is measured by a point system from one to five points. You should strive to keep this at one point.

PAYDEX -- This is D&B's primary assessment that analyzes how likely it is that a company will make it's future payments on time. Try to keep this factor at its best level as well. Never fall behind on your bills, and always try to pay them right on or before their due dates.

D&B Business Credit Ratings

For many years, Dun & Bradstreet has been the foremost business credit rating service available. Initially, D&B only provided credit analysis and background information on large corporations who did business with other large corporations. In order to properly prepare a company's business credit profile, D&B heavily relied on information that was reported to them by these large corporations. However, today D&B has expanded its services to include small and mid-sized business credit analysis and reporting programs. These services are now offered to smaller and medium sized businesses and corporations simply because D&B fully understands how important that it is for smaller businesses and corporations to be able to establish corporate business credit separate from the owners' personal credit profile in order to be successful in running their businesses. Without these integrated reporting services from D&B, along with the services of the other business credit reporting agencies, smaller businesses and corporations would not be able to separate their corporate business credit profiles from their personal credit profiles, and there would be no way for them to have the added benefit and layer of corporate protection and company asset protection that these services and other services provide to corporate business owners. Corporate business laws very from state to state, and there are also federal corporate business laws to consider, and these laws also aid in providing corporate protection to a company's business owners. Remember that the main goal here is to have a very unique and separate corporate business credit profile to shield you from having to use your personal credit profile. Most people simply do not know how to do this.

Interpreting D&B's Ratings

All D&B corporate business credit reports in a company's corporate business credit profile include an in-depth analysis of a company's financial strength. This is rapidly and accurately determined by computing a business's equity or net worth. As shown in the following tables, these ratings can range anywhere from (HH) for small businesses and corporations right on up to the range of (5A) for large businesses and corporations. The corporate business credit ratings are made up of a combination of very accurate and detailed financial statements that are provided to D&B by the business owner and detailed credit analysis information on the corporate business credit reports. Do not ever under any circumstances, provide fudged or inaccurate financial statements to Dun & Bradstreet. If you do this, you will place yourself into a high risk status and business fraud category, which will never be able to be removed from your corporate business credit reports. You will shut yourself down before you ever get started. All documents requested must be signed by a certified public accountant (CPA) or they will not be accepted as valid documents by D&B. There are only three D&B corporate business credit scores that you need to be concerned with. These corporate business credit scores or corporate business credit ratings are: "one" which indicates a high score, "two" which is a good score, and "three" which is a fair score. While a company's financial strength is in most cases, calculated exclusively by the size of the company, a company's credit analysis is more often than not, usually determined by its credit performance. For instance, a company with a net worth of seven-hundred thousand dollars will probably be ranked at (1A) but its corporate business credit score can be ranked at one, two, or three respectively. Here are the tables as shown below:

FINANCIAL STRENGTH CREDIT ANALYSIS Score Total Assets High Good Fair

5A More than $50,000,000 1 2 3
4A $10,000,000 to $49,999,999 1 2 3
3A $1,000,000 to $9,999,999 1 2 3
2A $750,000 to $999,999 1 2 3
1A $500,000 to $749,999 1 2 3
BA $300,000 to $499,999 1 2 3
BB $200,000 to $299,999 1 2 3
CB $125,000 to $199,999 1 2 3
CC $75,000 to $124,999 1 2 3
DC $50,000 to $74,999 1 2 3
DD $35,000 to $49,999 1 2 3

EE $20,000 to $34,999 1 2 3
FF $10,000 to $19,999 1 2 3
GG $5,000 to $9,999 1 2 3
HH Less than $5,000 1 2 3

The business credit rating classification score as shown here in this handbook, has only two categories that are directly determined by the number of employees a company currently has. A score factor value of 1R is usually assigned to companies with ten employees and up, and a score factor value of 2R is usually assigned to companies with one to nine employees. Be sure to study the charts here very carefully to get a solid understanding of how to read and interpret your corporate business credit reports. Knowing how to read these reports will aid you in detecting errors quickly so that you may get them fixed, provided that you monitor your corporate business credit reports on a regular basis.

Just like the analysis of a company's financial strength, as discussed previously in this handbook, a corporate business credit score rating factor value of High, Good, or Fair can be assigned in addition to the rating classification score value of 1R or 2R. The following table summarizes the possible alternative employee range scores that can be assigned on the company's corporate business credit reports:

Score Number of Employees

ER 11000 Plus Employees
ER 2500 to 999 Employees
ER 3100 to 499 Employees
ER 450 to 99 Employees
ER 520 to 49 Employees
ER 610 to 19 Employees
ER 75 to 9 Employees
ER 81 to 4 Employees
ER NN/A Not Applicable

The D&B PAYDEX Score

D&B's PAYDEX corporate business credit scoring system is probably one of the most integrated, sophysticated and most accurate predictors of a company's payment performance with respect to its vendors. By very carefully analyzing specific information about a company's payment experiences, the PAYDEX scale provides a wide range of scores that reflects a company's overall credit risk to a potential lender. A company that is good at making its payments on time or prior to the due date of a bill for example, is a lower credit risk to both the credit reporting agency and a potential lender, so it receives a higher credit score rating or factor value. A perfect PAYDEX score rating value of eighty points for a business is equivalent to a personal FICO credit score of seven-hundred fifty points for an individual. A majority of commercial and private lenders will very seriously consider financing most companies and corporations with a PAYDEX score value of eighty points or better.

A company's PAYDEX score in most cases, is usually calculated based on reported information to D&B representatives about a company's account histories. When undergoing a PAYDEX credit analysis through D&B, a company is asked to provide a minimum of five trade accounts or trade references so that D&B's investigators and reporting representatives can effectively solicit the necessary information that is required in order to develop a PAYDEX score for that business. Do not ever provide any inaccurate or false data to D&B with respect to your trade reference accounts, as these are seriously investigated by D&B for accuracy. Also do not ever buy trade references from anyone on the internet, as these are usually bogus, and D&B will flag them as fraudulent, thus damaging your business permenantly, and destroying your chances of ever establishing corporate business credit forever. The only way to avoid this problem is to maintain key relationships with your suppliers, and provide accurate reporting data to D&B.

The PAYDEX score rating value can reflect a twelve-month or three-month timeframe. With this information, it is possible to evaluate a company's performance within a very specific period of time. When calculating a company's PAYDEX score rating, D&B creates a weighted average by assigning greater importance to the trade accounts or trade reference accounts with higher dollar amounts. For example, if five accounts for fifty dollars each report that the company often pays its bills sixty days late, but one account for fifty-thousand dollars reports that the company pays its bills on time every month, the PAYDEX score factor value for that company will still be relatively high simply because the payment history with the fifty-thousand dollars account is weighed more heavily than the fifty dollars accounts with the late payments. The same logic is also applied when the larger account is late but the smaller accounts are paid on time; in this specific case, the company's PAYDEX score will be lower because the late payments on the larger account are weighed more heavily than the smaller accounts that are paid on time.

A high PAYDEX score rating that reflects a low credit risk is required in order to qualify for the most favorable financing terms from most potential commercial lenders. A company that makes its payments either on time or before they are thirty days late is considered to have a low risk of late payment to a potential lender. A company that makes its payments between thirty and fifty-nine days late is considered to have a medium risk of late payment to a potential lender. And a company that makes its payments over sixty days past the agreed date is considered to have a high risk of late payment to a potential lender. The following chart illustrates how a company's PAYDEX score is determined by the timeframe in which it pays its current monthly obligations to its creditors and lenders:

PAYDEX SCORE	PAYMENT HISTORY
100	30 days early
99	29 days early
98	28 days early
97	27 days early
96	26 days early
95	25 days early
94	24 days early
93	23 days early

92	22	days early
91	21	days early
90	20	days early
89	18	days early
88	16	days early
87	14	days early
86	12	days early
85	10	days early
84	8	days early
83	6	days early
82	4	days early
81	2	days early
80		Paid on time
79	2	days late
78	3	days late
77	5	days late
76	6	days late
75	8	days late
74	9	days late
73	11	days late
72	12	days late
71	14	days late
70	15	days late
69	16	days late
68	17	days late
67	18	days late
66	19	days late
65	19	days late
64	19	days late
63	20	days late
62	21	days late
61	22	days late
60	22	days late
59	23	days late
58	24	days late
57	25	days late
56	26	days late
55	26	days late
54	27	days late
53	28	days late
52	29	days late
51	29	days late
49	33	days late
48	36	days late
47	39	days late
46	42	days late
45	45	days late
44	48	days late
43	51	days late
42	54	days late
41	57	days late
40	60	days late
39	63	days late
38	66	days late

37 69 days late
36 72 days late
35 75 days late
34 78 days late
33 81 days late
32 84 days late
31 87 days late
30 90 days late
29 93 days late
28 96 days late
27 99 days late
26 102 days late
25 105 days late
24 108 days late
23 111 days late
21 117 days late
20 120 days late
1-19   Over 120 days late

The Financial Stress Score

Now let's talk in detail about your company's financial stress credit score rating factor value. A company's Financial Stress credit score rating factor value is simply an evaluation of the likelihood that a company will go out of business and stop paying its creditors in the next twelve months. The credit rating score factor values that are assigned to Financial Stress can range anywhere from one to five. Pay very close attention to the previous examples to see how this factor plays an important role in your overall corporate business credit rating on your corporate business credit reports. Here is the table to explain this in theory. The table is shown below:

Financial Stress Score Class Range of Financial Stress Scores Overall Percent of Financial Stress Predicted Financial Stress

1 1377-187521-100 0.49%
2 1353-137611-20 1.37%
3 1303-13525-10 3.73%
4 1225-13022-4 8.30%
5 1001-1224135 .80%

In the United States alone, the national average for all registered businesses in Dun & Bradstreet's database system is 1.4%. Typically, businesses in the lowest Financial Stress class category have been evaluated to be less likely to go out of business whereas businesses in the highest Financial Stress class category have been evaluated to be more likely to go out of business within the first twelve months, or thirty-six months. For example, a company with a Financial Stress score rating of four is predicted to experience moderate to high Financial Stress in the next year. A company that has gone out of business or that has filed for business bankruptcy is assigned a Financial Stress score rating factor value of "zero." Because D&B has such an extensive internal database of the businesses it has evaluated, it can also provide the average Financial Stress scores within a particular region for businesses in similar industries, with similar years doing business, and similar numbers of employees. This can be very helpful because it can help to reveal trends of success or failure for similar businesses located in the same region within a particular industry.

Just a quick note about filing for business bankruptcy is in order here. If you file for business bankruptcy on your new or existing business, and it ends up on your corporate business credit reports, you will want to prepare yourself for what will happen to your company or any others that you will ever open. If you file for business bankruptcy, that will stay on your D&B business record for twenty-five years. In addition, if you try to open any other businesses and register them with D&B, that business bankruptcy will follow you right into your new company. There is no way around this, and that record is not able to be removed from the D&B databases or your corporate business credit profiles. Your chances of obtaining corporate business credit will be absolutely ruined for up to twenty-five years or longer, and it doesn't matter what program you use, what kind of company you obtain, or what you do to try to remove that record from D&B. The bankruptcy stays with you and any business that you have until the twenty-five years is passed, and it still may show up even after that, so please, no matter how bad that things could ever be, do not file for business bankruptcy for any reason what so ever. That will cripple you no matter what you try to do with any business you open.

The Commercial Credit Score

This evaluation factor is another very accurate predictor of the likelihood that a new or existing company will make a late payment to a lender ninety days or more late in the next twelve months. A company's Commercial Credit score rating factor value can range anywhere from one-hundred one points up to six-hundred seventy points with each forty point decrease or increase halving or doubling the risk of a ninety day delinquency. For instance, a business with a Commercial Credit score rating factor value of three-hundred sixty points has twice the risk of a ninety day delinquency, as aposed to a company with a Commercial Credit score rating factor value of four-hundred points. Think of it in this way, ranging from one point to five points, the higher the Commercial Credit score class is, the more likely it is that a new or existing company will be ninety days delinquent. For example, a company with a credit score rating factor value of five points is considered to be a very poor credit risk to a potential lender due to the increased accurate prediction of ninety day delinquency. A company that has gone out of business or that has filed for business bankruptcy is assigned a Commercial Credit score factor value of "zero." Just remember as mentioned earlier, what happens when you file for business bankruptcy. Here is a table to illustrate this information as discussed here:

Commercial Credit Score Class Range of Commercial Credit Scores Overall Percent of Commercial Credit Predicted ninety Day Delinquency

1 536-67091-100 2.5%
2 493-53571-90 4.8%
3 423-49231-70 12.9%
4 376-42211-30 24.2%

5 101-3751-105 8.8%

D&B can also use the Incidence of Delinquent Payment Assignment Table factor values to assign a score to a business. In the United States alone, the average Delinquent Payment score factor value ranges anywhere from thirty-six to fourty-five points or seventeen point three percent. Here is a table to show how this works:

Min Delinquency Score Max Delinquency Score Predicted Percent of Delinquency

96 100 2.1%
91 95 2.9%
86 90 3.6%
81 85 4.4%
76 70 5.2%
71 75 6.1%
66 70 7.3%
61 65 8.7%
56 60 10.5%
51 55 12.2%
46 50 13.9%
41 45 15.5%
36 40 17.2%
31 35 18.4%
26 30 20.2%
21 25 22.5%
16 20 24.6%
11 15 29.6%
61 04 4.9%
15 7 2.7%

Other Corporate Business Credit Ratings

While Dun & Bradstreet has been the primary company used to evaluate corporate business credit for many years, there are several other companies that have begun to provide similar credit evaluation services and programs to small businesses and corporations based on their own independent database systems: Equifax Small Business Enterprise - Equifax, one of the three primary consumer credit rating bureaus or agencies, is now providing business credit evaluations for well over twenty-two million small businesses and corporations. Here is a link to their website: http://www.equifaxsmallbusiness.com In order to very quickly and accurately predict the likelihood that a new or existing small business or corporation will experience significant delinquency or file for business bankruptcy in the next twelve months, Equifax has developed the Small Business Financial Services Credit Risk Scoring Evaluation system. This evaluation system and the corporate business credit scores and corporate business credit reports that it generates is based on a combination of reported financial transactions, including banking, leases, trade accounts or trade references and public records, as well as the demographics of the business. The Financial Services Credit Risk Scoring Evaluation system assigns to its reports, a corporate business credit score factor value anywhere from one-hundred one points up to nine-hundred ninety two points with the highest score factor value indicating the lowest possible risk of delinquency and the lowest score factor value indicating the highest possible risk of delinquency. The Suppliers Financial Services Credit Risk Scoring Evaluation system also assigns to its reports, a corporate business credit score factor value anywhere from one-hundred one points up to eight-hundred sixteen points with the highest possible score factor value indicating the lowest possible risk of delinquency and the lowest possible score factor value indicating the highest possible risk of delinquency. These credit rating score factor values also include very detailed explanations of why a particular business earned that score based on a series of specific reason codes provided in the corporate business credit report.

Experian Smart Business Reports - Experian is another one of the three primary consumer credit rating bureaus or agencies who has begun to provide business credit evaluations to small businesses and corporations. Unlike D&B and Equifax, Experian's Smart Business Reports do not assign a separate numeric system of evaluation. Instead, it merely provides a very detailed report of the total percentage of all on time and late payments made by a company over a specific period of time. These payments are broken down directly into current payments, one to thirty days late, thirty-one to sixty days late, sixty-one to ninety days late, and finally, ninety-one Plus days late. For instance, a report might indicate that a particular company made seventy-five percent of its payments on time, fifteen percent of its payments one to thirty days late, six percent of its payments thirty-one to sixty days late, three percent of its payments sixty-one to ninety days late, and one percent of its payments ninety-one Plus days late. Given this type of detailed and accurate information, it would be up to the lender to interpret the risk associated with this type of payment history.

Credit.net - Credit.net is a division of InfoUSAR that generates very detailed and accurate corporate business credit reports on approximately fifteen million small businesses and corporations annually. Here is a link to their website: http://www.credit.net Six million of the business credit reports in their database have been completed on small businesses and corporations with four employees or less. The credit analysis provided by Credit.net relies heavily on four very important criteria: years in business, number of employees, public records, and stability within the industry (determined by the success and failure rate of similar businesses within that industry). Once this information is very carefully analyzed, an A through C grading system is awarded as an evaluation of the company's credit history. The grading system itself ranges anywhere from seventy points right up to one-hundred points with the better credit risk indicated by the higher numbers. For example, an A+ is awarded to a company with a score factor value of ninety-five points or higher, an A is awarded for ninety to ninety-four points, a B+ is awarded for eighty-five points up to eighty-nine points, a B is awarded for eighty points up to eighty-four points, a C+ is awarded for seventy-five to seventy-nine points, and a C is awarded for seventy points up to seventy-four points. If a company earns a corporate business credit score factor value of less than seventy points, this is a very clear indication that there is not enough credit history information currently available on the company to complete the evaluation.

Credit.net also provides a determined amount of credit it recommends as well as an overall company credit rating of one to five stars, with one star being the lowest and five stars being the highest scores possible. In its report, Credit.net also includes the number of employees a company has, its annual sales, its location, the number of years a company has been incorporated (if any), the number of Yellow Page advertisements the company has placed, business credit card acceptance policies of the company, and any additional corporate involvement. Credit.net also provides a complete list of the company management team, including the company's primary directors and officers, their titles, addresses if applicable, and their phone numbers.

Accurint Business - This is a new corporate business credit reporting agency that is a combination of combined forces between The Better Business Bureau (BBB) and LexisNexis, one of the leading providers of business services and information. Accurint(R) Business: http://www.accurintbusiness.com is much like Experian Business in that they provide public and business profile information, including credit history based on payment patterns of small, medium, and large companies. This company provides a payment history only with no unique corporate business credit scoring system to interpret the information that is provided to a potential lending institution.

Client Checker - This is a private corporate business credit reporting bureau or agency that started in two-thousand three and specifically targets small businesses and corporations, freelance professionals, and contractors seeking information to help them determine which other businesses that they should do business with. Rather than providing a fixed corporate business credit rating, ClientChecker: http://www.billingtracker.com/index.jsp compiles information based only on feedback that is gathered from its supporting members.

Corporate Business Credit Sources

Now it is time to cover a very important subject in this handbook and this is one subject that very few people know about – corporate business credit sources. If all business owners knew about this subject, and they knew exactly where and how to use this powerful resource, many smaller businesses and corporations would gain a mile stone in building their very own corporate business credit, and they would do it very quickly. This handbook is not designed to give you false information or to imply to you that this is a get rich scheme. In fact, it's not. It takes persistance, hard work, and dedication to establish, build and maintain true corporate business credit, and we are here to help you every step of the way. Don't try to build true corporate business credit on a business with the idea of paying off your personal debts, because that will come back to haunt you somewhere in the process. Remember, building true corporate business credit and using it for personal gain, is illegal and fraudulent. Don't enter any good corporate business credit building programs with the idea of getting your hands on fast money, because that just simply won't happen for you, and these programs are not designed to hand you something for nothing. In the real business world, it takes a little bit of risk and money along with your persistance and hard work to properly establish true corporate business credit, and a solid corporate business credit report and a solid corporate business credit rating.

For a variety of reasons, many businesses today find it necessary to borrow money at one time or another during the life of their business, and of course they go about doing it the wrong way, and at the wrong time in most cases. At times like these, it is very helpful to be in a situation to strengthen your company by borrowing money and raising funds that you need. Most people wait until their businesses are at a very critical point of severe financial risk, financial stress, or financial disaster or when they do not want to lose their personal belongings that they've put up as colateral. Some businesses will go as far as waiting until their doors are about to close before acting, and many times, this is already too late. If a business owner acts on financial issues well before it is too late, they can usually pull themselves and there businesses out of this kind of trouble. However, because nearly all commercial and private financial institutions and lenders are more likely to lend funds to you and your business when times are good, it is of crucial importance for you and your business to take full advantage of borrowing opportunities even if you don't have a dire need for the money at the time. This gives you the flexibility and the power that you need, and helps you in those difficult times when your business is running at a slow point during the year. Borrowing and repaying back business loans, lines of credit (LOC’s), and corporate credit cards is an important step in building true corporate business credit and improving your access to unsecured funds at times when you really do need them the most.

Even though you need good credit to qualify for most business loans, there are certain types of financing that you can qualify for even with very little or even poor personal credit. By taking advantage of opportunities like these to borrow and pay back a loan it will raise your credit rating and make it much easier for you to borrow money in the future with even better repayment terms from a potential lender. In order to acquire the appropriate business loan for your situation, it is very important to know about all of your financing options. Not every financing option will be appropriate for your situation or business type. One example of this is that only a large business or corporation that is registered and listed on the public exchanges can sell their stocks and bonds and effectively borrow money from the public. This chapter shows you exactly how to find both secured and unsecured financing when you need it. It covers the various types of loan programs that are available to you and your business as well as the various potential lenders to consider when you are seeking financing.

Once you have very carefully considered and determined the optimal loan that would be required for your situation, then you will want to try to acquire the best possible financing and repayment terms. This chapter breaks down the various options available to you and your business when it comes right down to loan terms and provides you with valuable information that will be helpful in securing these types of financing terms from a potential commercial lender or private investor. Business owners have many options at their disposal, ranging from personal resources to large financial institutions and private lending sources, when it comes right down to borrowing money for their new or existing company or corporation. When you are choosing a specific type of loan, it is very important to fully understand the interest rate included in the terms of the loan and how your credit history can be a determining factor on the quality of these terms. In certain situations, your personal credit may be a factor in some loan terms, and we show you how to avoid this issue, however, there will be times when you just can't avoid this at all. Seeking funding without a PG (personal guarantee) is the ultimate goal here, but there are instances where every business owner will have to guarantee the repayment of funds granted by a lender. These are the hard cold facts, and you should be prepared for anything. The best way to work towards qualifying for the best business loans possible in the future is to be a good credit risk to a lender that extended you a business loan or line of credit (LOC) by keeping your agreements, making payments on time or as early as possible before the due date, and repaying all loans or credit lines when they are due. Always make sure that you never pay a loan payment, credit card payment, or credit line payment late. This will quickly ruin your chances of gaining increased financing in the future, especially when you really need it.

Loan Types

When applying for financing for your business, you can either consider a personal loan or a business loan. When applying for a personal loan, your individual credit rating and personal assets are considered. When applying for a business loan, your company's business credit and resources are considered, as well as the personal credit of the owner when dealing with commercial lenders. This may also be the case for some private lenders as well. As your company grows, however, you will want to keep away from placing your personal assets or your credit history on any financing options, called a PG or "Personal Guarantee", because if your company fails because of a massive amount of bad debt, your personal assets could be lost and you really don't want that to happen to you. During the time that we are working with you, we show you exactly how to clearly reach this goal, and what to do to obtain it along with the important list of do's and don't's that you should know.

You may be asking yourself an important question at this point, and that question is, “how do I determine which type of loan, credit card, or credit line is best for me?” Sometimes this is a hard question to answer. It really depends on your business type, your financial needs at the time, and a variety of other important factors. The best possible business loan, business credit card, or business credit line to obtain is one that is based solely on the company's credit and assets only. In this situation, the lender that granted you this credit can only seek retribution from the business if the terms of the loan, credit card, or credit line are not met by the owner of the business as agreed. All of the owner's personal assets and personal credit rating are fully protected. However, these types of loan programs and credit programs are very rare, and only the most qualified companies are usually approved. This is where our company steps in to help you and your business. Our corporate business credit building programs are specifically designed to dramatically improve your chances of obtaining this kind of status, and in a relatively short period of time, rather than taking several years to accomplish this task on your own. These qualifications are normally hard to acquire, but we have streamlined the process and the procedures to assist you and your company in this regard.

A more common type of business loan takes into consideration both the company's credit and assets as well as the owner's personal credit and is usually personally guaranteed by the owner's personal assets. While this type of loan program does not protect the owner's assets, acquiring a loan like this is an important step in establishing and building corporate business credit. The main goal here is to show successful business borrowing and repayment history so that in the future, your corporate business credit and corporate business rating will be much stronger and may help you qualify for a loan that does not require your personal guarantee. With our unique programs, we help you every step of the way, and get you prepared for that qualification very quickly. Your waiting time is substantially reduced.

Personal Loans

When a business owner applies for a personal loan, he or she must qualify for the loan based soley on his or her own credit history and assets. The company's corporate business credit profile or corporate business credit rating and other resources are not evaluated as part of the loan process, and the owner receives the funds directly from the financial institution. Once the personal loan is approved, it is up to the owner to decide how to use those funds. He or she can make an equity contribution to his or her very own company or corporation or perhaps the business owner could even set up a loan between himself or herself and the company. However, personal loans like this that are financed by a potential lender based totally on the business owner's personal credit history are hardly ever used in business transactions today. Compared with other personal financing options, the interest rates on personal loans are usually much higher than those of business loans. Other personal borrowing venues, such as home equity lines of credit, for example, are a much smarter and better type of personal loan to consider for business purposes, but be extremely careful about doing this as well. Be sure that you know exactly what you are doing and why you are doing it. For this type of loan to be used within your business, there is no application process required, no waiting time for approval, and the funds are usually available instantly. Personal financing options to consider for business uses include any of the following as shown here:

Home Equity Loans -- Business owners who also own their own homes and have equity available to them may be able to acquire funds through a home equity loan. Borrowers can typically use funds from such a loan for any purpose. The financial institution backing the loan does not usually dictate how the borrower can spend the money being issued. The funds can very often be acquired in one large sum or as a line of credit that can be directly accessed similar to a checking account through ATM withdrawals or by writing checks against the credit line. If you own a business or corporation or you are considering starting a new one, it is an excellent idea to establish a home equity line of credit if possible, prior to opening the business or corporation so that you can easily and quickly use it whenever your business is in dire need of funds. Different than selling your home, which typically results in a taxable gain, borrowing from your home's equity is not taxable, no matter how much you paid for your home or how much that you initially borrow against its equity. Interest paid on personal borrowing can even potentially be tax deductible through your new or existing business. In addition, the interest that is paid on funds from any personal sources that are used to support the business (including a home equity line of credit or a personal credit card) can very often be written off as a business deduction. Always consult a business professional before making any of these types of deductions.

Personal Credit Cards -- Small business owners often finance their company's needs by using their personal credit cards as a means of obtaining cash or obtaining large purchases for their businesses. According to Arthur Andersen and the National Small Business Association, only six percent of all businesses are financed directly through SBA loans compared to over fifty percent that are financed through personal credit cards. Business owners use their personal credit cards to make needed purchases or obtain cash advances to pay for operating expenses for their businesses. With personal credit cards the access to needed money is instant; however, the interest rates on cash advances taken from personal credit cards are typically more than twenty percent. Therefore, it is very important to find a credit card with optimal interest rates before relying on them to pay for business expenses or to purchase business equipment.

Loans Against Retirement Plans -- Many various retirement plans, such as a four-o-one (k) plan will allow you to borrow against the money that you have contributed into the plan. The law restricts the amount of the loan to fifty percent of the balance or fifty-thousand dollars, whichever is less. To get a loan, just request information and an application from the plan administrator. Typically, you must repay the total amount borrowed in equal payments over five years. Since you are essentially borrowing the money from yourself, the interest rate is usually very low and is very often credited back to your account. In most cases, you can usually receive the funds in less than a week from the date of your initial request to the administrator.

Loans Against Life Insurance Plans -- If you have a permanent life insurance plan, such as universal life or whole life, for more than ten years, you may be able to borrow against the cash reserve that you have built up. The money is typically available to you within a few days of the date of your initial request. The interest rates which are usually charged on this type of loan are much lower than the interest rates which are charged for business loans. With life insurance plan loans, you have the flexibility to repay whichever amount of the loan that you choose when you choose to pay it, and you are not usually penalized for this. Some business owners out there just do not know about this handy little corporate business credit building secret.

Corporate Business Loans

Typically, with a corporate business loan, commercial and private financial institutions and investors will lend money directly to your company. While some of these loans do not require any additional personal guarantees, some loans may require personal collateral from the business's owners. It will be up to the lender to decide what they will accept as a valid form of colateral.

Commercial Loans -- These are the most common type of business loans which are usually granted to businesses and corporations. You can use these types of loans for general purposes, such as inventory purchase and marketing or developing a new product line. Or you can simply apply for what is more commonly known as a single purpose loan where the funds are used by your company for a particular need such as buying a new machine that your company needs for the office or for production purposes. Many companies and corporations use this type of loan for needed expansion or growth of the company, and its a popular loan type.

Lines of Credit -- This type of loan is similar to a revolving loan or corporate credit card in that there is usually a fixed cap on how much a person can borrow or spend. The difference with a line of credit is that once you begin to repay a portion of the funds borrowed, that repaid amount is available to be borrowed again, just like using a credit card if you think about it. In essence, a credit card is a revolving credit line, both in terms of personal credit and corporate business credit. Most people do not understand revolving credit terminology. We'll give you an example here. Just take for instance, if you have a fifty-thousand dollar line of credit, and you use it to borrow ten-thousand dollars against it, your borrowing capacity is now reduced to fourty-thousand dollars. However, once you actually repay the ten-thousand dollars back and any interest charged, your borrowing power is increased again to fifty-thousand dollars. Lines of credit are typically established for a fixed period of time (like two years). However, with continued good credit and on time payments, the line of credit can be renewed, and the limit can even be increased if need be.

Overdraft Protection -- This type of loan is similar to a line of credit in many ways except that in this case, the total credit limit is usually much lower and it is not secured with any real property. When you are approved for overdraft protection by a lending institution, you are typically issued a line of credit (usually one-thousand dollars up to ten-thousand dollars) that is much like an extension of your business checking account. If you write checks that go beyond the balance in your account, funds from the overdraft protection are automatically transferred into your account to cover the check when it is presented to your bank for payment. In order to obtain an overdraft line of credit, typically there is a one-page application that you can request from your bank. No supporting documentation is usually required. Approval is usually determined anywhere from several days to several weeks, depending on which financial institution you use.

Business Credit Cards -- Even though many small businesses and corporations are financed initially by the personal credit cards of the business owner(s), the main goal here is to eventually establish corporate business credit in the name of the business itself and qualify for corporate business credit cards with lines of credit that can be used for any number of business expenses without much spending restriction. This should be a priority goal for all business owners.

Factoring -- This borrowing technique is a well hidden and well kept method of borrowing money from a potential lender. This is a very unique method of borrowing needed money that is strictly based on the amount of accounts receivable (funds that your customers owe you based soely on purchases that they've already made from your business). Ultimately, factoring allows you to borrow using the funds that are owed to you as collateral. Funding of this type using this method is usually made available to your business within one to two business days. With this method, your Accounts Receivables accounts are what secures the funding for your business. As you can clearly see there are a number of options that are available to you.

Types of Lenders

Just as there are many different types of small business loans, business credit cards and business credit lines available to you and your new or existing business, there are equally as many different types of lenders that are also available to you and your business as well. One of the best parts about borrowing money from a commercial lender is the limited say that they will have in any specific decisions that you will make with respect to your business. This is a much different situation than when you are dealing with an investor, whose main focus is to build the business. Unless you find a very good investor to work with, you may very easily end up running into problems that you don't really need during a critical time like this when you are seeking unsecured financing. A commercial lender's only real concern is that you meet the terms of the loan agreement as agreed, or the terms of a corporate credit card agreement or credit line agreement that you are approved for, and repay them on time. They are not concerned with how you and your business will come up with the money to pay them or if the business is doing well; they just want their money back when you agreed to give it to them. So remember to pay your obligations as agreed.

Lending to Your Own Business

As the owner of a business, if you have the financing available, you can loan the funds needed to your business. The best part about this type of loan is that you can be totally flexible with the terms that you set up, including the interest rate and payment schedule, so that the business won't be unnecessarily burdened and you still make money on the interest. A very common type of arrangement to make here is to set up a balloon payment on the loan, typically set for some time in the future when a business is expecting to receive a large amount of income based on the completion of a project). A good example of a project is a large network installation, combined with a federal contract to install computer systems into some specific office locations in another state. Having no actual payments until the payoff can relieve a heavy burden from the company. There are also tax benefits associated with this type of loan. In many situations, the business can deduct the interest paid on the loan. However, be absolutely sure to always put the loan terms in writing, including the interest rate and the repayment schedule, in order to protect the integrity of the transaction. Always consult a business professional before making these types of deductions(???)

Loans from Family and Friends

Another very ideal source of financing can come from personal relationships with family members and friends. Often, it is more comfortable for a business to borrow money from these kinds of sources since the company's business credit rating is not usually an issue for these borrowing sources and repayment arrangements can be made that are much more flexible than those typically offered by commercial financial institutions. There are even companies such as Circle Lending (www.circlelending.com) that can help you set up the terms of an intrafamily loan, and they will even report the loan terms and payment history to the credit bureaus once the loan is fully repaid. While there are clearly many benefits to these types of loans and the private lending sources, but the down side is the potential to damage personal relationships if the terms of the loan are not kept as agreed. In order to avoid this problem altogether, you should always make sure that you have a written agreement or promissory note that includes all the terms that have been agreed upon. This way, if you default, the person you borrowed the money from can at least claim a bad debt deduction for the amount of the unpaid loan. Without a written agreement, the loan can be seen as a nondeductible gift which cannot be
written off. Always consult a business professional before making these types of business deductions(???)

Commercial Lending

There are many very large financial institutions, such as Wells Fargo, Wachovia Bank and Chase Bank, who regularly loan to large businesses and corporations and they will consider lending to smaller businesses as well. In the past, this was not the case. Small businesses that needed to borrow less than fifty-thousand dollars were often turned away by these types of lenders. However, with the growing interest in the small business market today, there are many more funding resources available to businesses and corporations.

Loans from the SBA

The Small Business Administration typically does not deal directly with small businesses. Instead, they encourage local community development organizations and smaller financial institutions to loan to small businesses and corporations by offering incentives through government guarantees and special financing opportunities. Check with your local government agencies, and your local Small Business Administration representatives, or local banks for more detailed information on this subject. They will usually be very willing to help you.

Government Loans

Many local government agencies have developed special loan programs for small businesses and corporations, especially those located in economically underserved areas that will
increase jobs in that area. Check with your local government agencies for more detailed information on this.

Angel Loans

On Broadway in New York City, the investors who back the theatrical shows are called investor angels. In the finance world, there are also the same types of individuals who agree to lend a small business or corporation money or invest in the equity of a company. Because they are willing to make loans that many formal financial institutions do not offer to small businesses or corporations, (i.e., loans of less than five-thousand dollars, Etc). they may charge higher interest rates than commercial lenders do, but you may often qualify for the loan regardless of what your credit looks like. There are several websites that can help you to locate an angel investor, including the VFinance Directory of Angel Investors located at: http://www.vfinance.com You can also check to see if your angel investor is a registered member of the International Angel Investors Institute at this website: http://www.angelinvestors.infopoint.com There are also several well known groups of private investors including Investors' Circle located at: http://www.investorscircle.net and Angel Capital located at: http://www.angelcapital.org and click on Angel Investor. These various types of investors are typically more likely to lend money to a small business or corporation than venture capital (VC) investors whose loans typically start at five-hundred thousand dollars or more.

Payment History Practice

It is now time to discuss the number one key item that is vital to you and your business when you are starting the process of building corporate business credit. Those dedicated and serious business owners that realize the potential power of having corporate business credit fully understand and apply these basic business principles to their every day business operations. Good practice makes perfect, or at least almost perfect if you apply yourself and really follow these steps to building a proper corporate business credit profile, and a solid corporate business credit rating. For the professional business owner, the single most important factor that affects your corporate business credit profile and your corporate business credit score rating is your payment history. If you owe money to one of your vendors and fail to make good on your promise to pay them, the vendor may cease doing business with you. And if they do continue to do business with you, it is very likely that the future credit terms of your business transactions will be less favorable for you and your business. For example, instead of granting you thirty days to pay your invoice amount due, the vendor may require payment up front, either in part or in full. The point being made in flat terminology here, PAY YOUR BILLS, AND PAY THEM ON TIME, OR AS EARLY AS POSSIBLE, AND NEVER EVER BE LATE WITH A SINGLE PAYMENT. If you don't have a choice in this situation because you are not making enough revenue from sales, or because you didn't plan ahead for a rainy day, or you don't have some cash in reserve to cover those bills, contact your vendors right away, and inform them about your situation, and negotiate a new set of terms, but never duck them because it will come back to haunt you later.

Even more important than the payments that you make to your vendors is the payments that you make to large financial institutions, like banks, credit card companies, investors, and utility companies. If you fail to make a required monthly payment on time, it will most likely be reported directly to a business credit bureau such as Dun & Bradstreet which will immediately have a negative impact on your corporate business credit reports and on your corporate business credit score rating. Clearly, this can have much farther reaching negative implications than not paying a bill to one of your vendors. Your corporate business credit reports are marked up permanently, your corporate business credit rating is lowered, and if liens, or judgments are placed against you, every business out there can find out by pulling your corporate business credit reports. It is simple to do this with a computer from your home or office.

In order to be considered as a business that is paying their bills on time with banks, vendors, Etc, a payment must be made as early as possible or within the terms of the agreement. Whether the payment is due on receipt of the invoice or within thirty to ninety days following receipt of the invoice, it is vital to you and your business that you make the payment in the agreed upon time without failure.

Paying all of your bills for your business as early as possible can also have a very positive affect on your corporate business credit report and on your corporate business credit score rating, for example, paying a bill in ten days that isn't actually due for ninety days. If you want the highest possible corporate business credit rating, pay your bills in the fashion just explained above. If you only care about a moderate corporate business credit rating, making a payment a few days late is not going to undermine an otherwise strong credit history. Unless the payment is more than thirty days late, most companies will not report the late payment to the business credit bureaus. However, a very distinct pattern of thirty day late payments or worse reported on your corporate business credit profile can very severely weaken a company's business credit history and business credit score rating.

Strategies for Paying on Time

Most businesses experience a cash flow problem at one time or another during the life of the business. We all know this, and we must be fully prepared to deal with this issue when it arises. For example, the customers of that business may be late making their payments, so this means that your ability to pay your obligations on time may be threatened. In order to avoid these kinds of situations from happening in your business, it is very important to develop company rules, regulations, policies and powerful strategies to ensure that you make your payments on time, regardless of any cash flow problems that you may encounter. The following are some suggestions for how to do this:

Overdraft Checking -- This is a feature that most financial institutions offer with business checking accounts to cover any negative items created by writing checks for more than the balance in the account. Even though there are interest fees associated with this type of protection, it is worth it if it protects your credit score by keeping a late payment off of your credit history.

Automated Payments -- Many times payments are made late simply through oversight. Establishing automated payments for regular obligations (like rent, tax payments, and insurance premiums) can ensure that these payments are made on time. Owners of small businesses and corporations can even set up payments on their estimated federal taxes up to twelve months in advance by using the Electronic Federal Tax Payment System, more commonly called (EFTPS) (http://www.eftps.gov).

Negotiating New Terms -- One of the most effective ways to avoid being late with a payment is to communicate directly with your lender as soon as you realize that your payment is going to be late. In many cases, lenders will be willing to give you an extension on your payment of up to thirty days. By renegotiating the terms of your payments, you can avoid having a late payment reported to D&B or other credit reporting bureaus. By simply renegotiating your due date to a timeframe that is more compatible with your Accounts Receivables accounts, you will be protecting your corporate business credit history and your corporate business credit score rating. For example, if you typically receive a large number of payments on your Accounts Receivables accounts on or around the tenth day of the month, you should try to arrange a due date for your payments on or around the twelth of the month. This way you will have two days to deposit the payments you received from your customers and send your payment to your creditor with plenty of time to spare before the due date of the bill, assuming that the supplier's bill is due on the twenty-fourth of the month. Another option to avoid making a payment late is to negotiate a new agreement with your lender to make a partial payment by the existing due date and get an extension to pay the remaining amount owed and keep your good name out of D&B collections, and from getting destroyed on the D&B business credit profile.

Prioritize Payments -- When you run into trouble making your required payments to your lenders, suppliers, utility companies and so on, and if you are unable to renegotiate the terms of payment with all of your creditors, make absolutely sure that you at least pay the accounts that will most likely be reported to D&B or the other business credit reporting bureaus in order to protect your business credit rating. Clearly this is not a business strategy that you want to employ on a monthly basis if you want to keep up the good business relationships that you have with your creditors. In addition, you want to always make absolutely sure to protect your relationships with all of your vendors who are critical to your business, even if they will not report your payments late to D&B or any of the other business credit bureaus.

Make Payments Over the Phone or Online -- Many companies such as credit card companies, utility companies, and insurance companies will accept your payment over the phone or online. By providing your checking account number and routing number or a credit card number, you can authorize a payment so that the funds will be electronically transferred from your account. While there is likely to be a small fee for this transaction, it is nothing compared to the damage that a late payment can cause to your permanent corporate business credit history and your corporate business credit score rating.

Creating a Solid Accurate Balance Sheet -- You will want to fully understand this concept before applying for corporate business credit. When you apply for any kind of business loan, business credit cards, or credit lines, one of the first things a potential lender will ask you for is a solid and accurate balance sheet. This is a summary of your company's current assets and liabilities, including equipment and property owned by the company, Accounts Receivables, other funds owed to you, as well as any mortgages, credit lines, outstanding loans, or Accounts Payables owed by you. By analyzing a company's balance sheet, a potential lender can get a feeling for the financial strength of a company. Be sure that you keep this balance sheet in check.

Building a More Impressive Balance Sheet -- Since your balance sheet is going to be a key component of every future loan you apply for, it is extremely important to make smart decisions throughout the year in regards to your assets and liabilities. Here are some critical strategies to use to further enhance your balance sheet:

Keep Your Cash -- When you anticipate that your balance sheet is going to be evaluated by a potential lender, try to keep your cash in your accounts rather than spending it on anything but assets that will be credited to the overall value of your company.

Delay Writing Off Bad Debts -- Since one of your business assets is your Accounts Receivables accounts, you should keep all accounts on your balance sheet, even the ones that have not had any payment activity. This way, all of your potential incoming funds strengthen your balance sheet by increasing your company's assets.

Raw Materials vs. Finished Goods -- If you manufacture goods, remember that raw materials are worth less than finished goods on your balance sheet. If possible, try to convert your raw materials into finished goods before presenting your balance sheet for evaluation.

Consider Leasing Expensive Business Equipment -- Since the fees to lease expensive business equipment are not included on your balance sheet as a liability, you gain an asset for your balance sheet if you lease equipment rather than enter into a lease-to-buy contract.

These are just some of the most inportant factors to consider in your overall strategy to building corporate business credit. Now we will move on to our next section of this information packed handbook.

Other Corporate Business Credit Factors

We will now explore in a little more detail some of the other corporate business credit factors that are considered when a business or corporation is seeking corporate business credit and corporate financing. A company's corporate business credit rating is influenced by many factors. Payment history, organizational structure, length of time in business, and several other critical aspects are taken into consideration when financial institutions are considering whether or not to approve a business credit application. Understanding these dynamics and taking proactive steps to enhance your company's standing can be the difference between building solid corporate business credit or not. Avoiding legal action and upgrading your company's current balance sheet appearance are the kinds of steps that successful businesses and business owners can take to strengthen their creditworthiness. Here are some of the key factors that are considered by a potential lender:

Number of Years in Business. Simply by staying in business, you will improve the creditworthiness of your company. Lenders are reassured by the fact that you are conducting a business that is sound enough to sustain itself when the reality is that many small businesses and corporations fail within the first year. The longer your company is successful enough to generate enough income to successfully pay its monthly obligations and satisfy its customers, the better it looks to potential lenders that will extend credit to your company.

While there is nothing you can do to increase the life of your business more quickly, it is extremely important to fully understand that as a start up company, the other components of corporate business credit will weigh more heavily until you've been in business for three to five years or more. This is why one of the programs that we offer to our clients, deals with aged shelf corporations, and seasoned corporate business credit.

Non-Financial Factors

Though there are financial factors that you need to be aware of when building corporate business credit, there are also several other equally important factors that are used to evaluate your company's credit worthiness and reassure potential lenders that you are a solid business. These factors include the following:

Federal Employer Identification Number -- For a variety of tax reasons, a business is required to have a separate tax ID number. Like a Social Security number for an individual, it is highly advisable for a business to have an Employer Identification Number (EIN).

Business Location -- While it is advantageous for a company to have its own location separate from the home of the owner, even a home-based business can build corporate business credit. Having a separate phone line and/or fax number will enable a business to have a presence in the yellow pages, which is something that many credit rating companies verify when conducting a credit analysis.

Required Business Licenses -- Every state and local municipality has specific requirements about the licenses and permits that companies doing business in their region are required to have. If the company is a sole proprietorship, it should establish the company name by filing a DBA ("Doing Business As") form. For example, if Steve Smith has a computer business that he operates under the name CompuService, from a legal perspective the person and the company are treated as the same entity. However, since the company's customers and vendors deal with the company through its DBA, other companies will report payments to the consumer credit bureaus under that person's name.

Formal Business Entities - When a company takes steps to establish itself as a corporation or limited liability company (LLC), potential lenders may consider them to be better credit risks than sole proprietorships and partnerships which are much less formal business entities. While sole proprietorships and partnerships are not prevented from applying for corporate business credit, the more fully established the company is, the more likely it is to receive corporate business credit from a potential lender. You need to be aware of the differences between the various business types, all the benefits of each, and the advantages and disadvantages of each business type.

Avoiding Legal Action

Now it is time to cover an extremely important subject that every small, medium and large business or corporation and their respective owners need to be aware of. One of the most frightening aspects of owning your own business or corporation is the fear of being sued by your potential or existing clients. Lawsuits happen all the time, and sometimes for no apparent reason. All it can take is a client that does not follow policies, procedures, or that simply can't be satisfied no matter what you do for them and based on this, they will try to bring you down because they don't get their way for one reason or another. Every business owner needs to protect their company to the maximum extent possible under the law. There are plenty of resources and ways to do this, including: having business insurance, and hiring a very powerful team of attorneys to represent your company in case of litigation against you. Pre-Paid Legal Services, Inc is another way to protect your personal assets, your home, and your family, and they also offer complete business coverage plans as well. Asset protection programs also exist that will allow you to further protect your business, and many of these needed programs can be purchased directly through our business devision. Contact us today to speak with someone regarding legal matters, and to discuss options for protecting your company and your company's assets.

According to recent research conducted by the National Federation of Independent Business (NFIB), in recent years, more and more frivolous lawsuits have been brought against smaller companies and corporations simply because they are more likely and willing to settle claims out of court than larger businesses and corporations are. Simply put, many small businesses and corporations cannot afford the astronomical legal costs that are associated with a potential lawsuit, often reaching more than one-hundred thousand dollars or more. The U.S. Chamber of Commerce through its in-depth study has concluded that many corporate business owners and smaller businesses spend more than one-hundred twenty-eight billion, eight-hundred million dollars per year on both lawsuits and liability insurance, and over half of these costs are paid out by the more than four-million small companies and corporations (with sales of up to one-million dollars to four-million nine-hundred thousand million dollars). The most shocking statistic of all is that almost fourty-five percent of these legal and settlement costs are paid by the companies themselves rather than through insurance policies. There has been some activity generated in Congress to try to limit damages claimed against small businesses and corporations for other than financial damages, but nothing has been passed to date based on our studies.

Because all lawsuits against you and your business are part of your public record, they also become part of your credit history as well both in terms of your personal credit, and in terms of your corporate business credit. A judgment that has been placed against you or your business will appear on your personal credit report or on your business credit report each and every time that you apply for credit, so it is in your best interest to do everything that you possibly can to avoid negative legal action of any kind against you or your business. This does not mean that you have to bend your company rules just to satisfy an unruley client, or that you have to take major losses due to a client not paying their obligations to you. Be absolutely firm with all clients, and make sure that they fully understand all of your company's procedures, regulations, rules, and policies for refunding products and services. Always be absolutely certain that all work being performed is clearly stated in a written contract, and always keep copies available at all times. Do not settle out of court if you know that you are in the right, and your customer is in the wrong. An important rule of thumb here is not to be pushed around by your clients. You are the owner of the business, and you control who you will work with, and you also have the right to turn away a client that you feel uncertain about. Always subject your clients to Client Checker, or a complete criminal background check if you feel the slightest reason for doing so. Load yourself and your company with the best tools in the industry for checking all employees, or clients. Do not ever waver, not even for the best of friends, or family, as problems often occur with friends and family that do not occur with respect to a complete stranger. In business, everyone is treated the same, no matter how long that you've known them. By protecting yourself in this way, you potentially avoid many legal issues right from the start. Remember, it's your company and you need to protect it with your life. Don't lose your business or corporation because of a client that feels that they should get something for nothing. You had to work for what you have, so all of your clients need to respect that, and do the same.

How to Reduce Your Exposure to Lawsuits

Even though there is nothing that you can do to ensure that you are never going to be a party to a potential lawsuit, there are many proven strategies that you can employ to make your company less of a target to money hungry clients, or to people that simply want to try to bring you down because of your success:

Be Aware of Safety -- Claims filed by employees, customers, and other persons that are visiting your business can be greatly reduced by ensuring that your business environment is a safe place to be working from. The Occupational Safety and Health Administration (OSHA) can work directly with you to make absolutely sure that all necessary safety enhancements are in place (www.osha.gov).

Minimize Employee Actions -- A large number of grievances filed by employees for inter-company conflicts such as sexual harassment, discrimination, workplace injuries, and wrongful termination have become a growing concern for many small businesses and corporations conducting business today. In order to minimize these types of claims against you or your business, it is absolutely crucial that you learn all that you can about appropriate work ethic and internal conduct in the workplace. Once again, very important to remember, always have the appropriate documents on hand such as employee manuals, insurance forms and literature, employment contracts, termination agreements, Etc. Never be without proper legal forms when they are necessary these days. Being without any required forms that you will probably need, will in essence cost you large somes of money, and will potentially ruin your corporate business credit history forever. To protect yourself from this problem, an excellent resource for this information is the U.S. Department of Labor http://www.dol.gov/dol/audience/aud-employers.htm

Consult an Attorney -- Even though the fees charged for a legal consultation seem high, the value of getting legal advice about a question you have is incomparable to the cost of a drawn out legal battle. One growing area of concern for potential litigation is claims related to intellectual property, so you should consult an attorney to fully ensure that you don't waste your time developing a product or service that may be someone else's intellectual property. Avoiding future lawsuits of this kind can save you a lot of money.

Reduce Your Exposure with an Insurance Agent -- By working with an insurance expert you can get an honest assessment of your risks and you can then take the necessary steps to reduce your exposure to liability by having sufficient insurance coverage for your business. Even if you do everything that you possibly can to avoid legal action, you may still find yourself facing a judgment or lien being filed against your company. In this case, it is best to settle the lien as fast as you can to reduce the time between filing and payment. These kinds of liens will stay on your public record and will always be part of your credit history for up to seven years on your personal credit reports, and they will remain permenantly on your corporate business credit reports, so the faster you settle them, the faster that they will fall off your personal credit reports. Don't ever let a lien or judgment roll over to your corporate business credit reports for any reason. Prevent this at all cost. These types of items will drop your corporate business credit rating faster than a late payment, so do whatever you have to do in order to prevent this from happening. Be wise, smart, and choose your employees, your customers, suppliers, vendors, and your creditors very carefully.

Corporate Business Credit Cards

Now we are going to talk about a very powerful tool for building corporate business credit, and this tool is corporate business credit cards. These credit cards differ in respect to their credit limits, and how they are to be used in comparison to personal credit cards. Business credit cards can be a very useful and powerful tool for your company. They can help you rapidly establish and build a solid business credit profile and they can also be a source of quick financing for needed expenses and purchases. Personal credit cards may be used, but eventually you will want to apply for corporate business credit cards that are attached directly to your company, and not you personally.

When you are considering which corporate business credit card to apply for, it is extremely important to fully and completely understand the terms and conditions of the corporate card, as well as any features associated with each corporate credit card that you apply for. If you do not initially qualify for an unsecured business credit card, it is a good idea to consider opening a secured business credit card account with a major banking institution for ashort amount of time. Despite the drawbacks, secured accounts are an excellent way to build corporate business credit and very quickly at that. After a short period of time with good payments reflected on the secured accounts that you establish, banking institutions will probably release the security of the account and issue an unsecured credit card to your company, and this is ultimately what you want. This type of account if paid properly and before the due date of the invoice, will raise your corporate business credit score rating, and this will add positive credit and payment history information to your business credit reports. Once you've done this a couple of times, you will begin to receive an enormous flood of preapproved offers from other potential lenders.

One of the first sources of business credit that a company can usually qualify for is a business credit card. While these cards can be very useful when it comes to charging travel and business meals, they can also be used to finance the purchase of needed equipment and even get cash advances when cash flow is tight. In addition to using business credit cards to finance the items and services that a business needs, they are also an excellent way to strengthen a company's business credit rating. Since most major credit card companies report spending and payment histories to D&B and the other credit rating bureaus, every purchase and payment increases the credit history of a company and its potential corporate business credit score rating factor value.

When you are qualifying your business for a business credit card, the process is very similar to qualifying for a bank loan. The credit card company may approve the credit based solely on the credit history of the business, or it may use a combination of the business credit history and the owner's personal credit history. Ultimately, the goal here is to have the business apply and qualify for credit cards without the use of the owner's personal guarantee. Once again, this can be accomplished by opening up secured credit card accounts right at the start of your business in order to help strengthen the company's ability to qualify for the unsecured high limit business credit cards that it will need later on, and this will also help the business to qualify for loans as well. Few people know how to work the system, but once you do know, you can do this over and over again.

Business vs. Personal Credit Cards

During the early stages of establishing a company or corporation, many business owners use their personal credit cards to finance needed purchases and payments. Statistics show that over sixty-five percent of all small businesses and corporations use credit cards on a regular basis; however, less than half of those credit cards issued are actually in the name of the business. The others continue to use the owner's personal credit cards for business transactions. Using personal credit cards for business purchases is fine early on, but once the business is established, it is extremely important to think about getting business credit cards in the name of the company. According to the two-thousand three U.S. Census Bureau statistics, over one third of businesses with twenty employees have company credit cards. There are many reasons why it is important to use business credit cards for business purposes and to stop using personal credit. Your goals are very clear at this point, and you need to focus on these as a business owner. Here are some obvious reasons why:

Building Corporate Business Credit: -- If a company continues to use the personal credit cards of the owner, it will not ever build separate corporate business credit for the company. Only by making purchases and payments on a corporate business credit card will a company strengthen its corporate business credit rating. One very important thing to remember here is that the use of personal credit from personal credit cards throughout the life of the business is going to ultimately be a certain kiss of death eventually. Get true corporate business credit cards. Only these types of credit cards will ensure that corporate business credit is separated from personal credit.

Increased Credit Limits: -- Often times the limits on personal credit cards are significantly lower than those of business credit cards. So if a business has to rely on the personal credit cards of the owner, it may not be able to finance the purchases that the business needs. For instance, if a business qualified for a credit card with a limit of twenty-five thousand dollars, the business owner would have much more spending power to finance purchases the company needs than if he or she had to use his or her personal credit card which may only have a high credit limit of ten-thousand dollars. Remember that corporate credit cards, or corporate business loans, and corporate credit lines offer you higher limits, and that is your ultimate goal to reach. Always strive to gain access to the fourth teer of the credit and banking industries when you are building corporate business credit.

Bookkeeping and Tax Issues: -- If a business uses the owner's personal credit cards for business purposes, it can potentially create accounting and tax problems. For example, you may be prevented from writing off the interest paid on personal credit cards if they are used to purchase items for the business. Personal tax deductions for interest expenses are considered miscellaneous itemized business expenses and can only be deducted if the total exceeds two percent of the adjusted gross income on the tax documents being filed.

When you acquire a business credit card, it is issued in the name of the company, but it may also include the name of the person that has been authorized to make charges on the account. For example: ABC Corporation John Smith. While there may or may not be a charge for each card issued, typically a credit card company will issue a separate credit card for each employee that is authorized to make charges on the account. Note: Be very careful of which employees, if any at all, will gain use of or access to your credit cards. Be sure that the employee has earned the right and respect of using your business credit cards, because this could potentially be dangerous to your business. Very often businesses separate their spending on different business credit cards for different purposes. For example, one credit card may be used solely for expenses related to travel and entertainment (T&E) whereas the other may be used for miscellaneous purchases more specifically related to the day-to-day operations of the company.

Often times the issuer of a company credit card will call them"corporate cards" regardless of the organizational structure of the company. Even if a business is set up as a sole proprietorship, partnership, or limited liability company (LLC), it can still take full advantage of a "corporate" credit card. In today's economic climate, it is very difficult to operate a company without business credit cards. In many situations, it is a convenient way to make purchases and payments (i.e. online payments on a business account). In summary, always remember to strive to separate your business expenses from your personal expenses, and your business credit from your personal credit. Be sure to quickly obtain corporate business credit cards in your company's name, rather than using your personal credit cards to finance your business expenses and business purchases.

Corporate Business Credit Card Uses

Now it is time to discuss the various ways to use corporate business credit cards with your business to build corporate business credit. Corporate business credit cards can be used to make any purchase that could otherwise be made using a personal credit card. Transactions such as paying for gasoline in a company car, buying needed supplies for the business, or taking a customer out to breakfast are all totally acceptable kinds of uses for corporate business credit cards. However, there are other uses for corporate business credit cards including:

Extended Financing: -- If a company needs to purchase equipment such as a telephone system or a number of computer systems, rather than using its cash reserves or waiting for approval on more structured financing through a bank, a company can use its business credit card to purchase the items immediately. By making monthly payments on the credit card instead of paying the balance in full, the company has the ultimate flexibility to decide how much the payments should be (as long as they are at least the minimum monthly payments required) and how long that it should take to pay the balance in full. Unfortunately, one of the major drawbacks to using business credit cards is that the interest rates on company credit cards in most cases, are usually much higher than that of traditional bank financing rates.

Cash Advances: -- If a company needs to have access to cash and is low on its cash reserves for one reason or another, it can use a business credit card to get a cash advance to cary the business through a difficult time. Typically the cash advance limit on a business credit card is lower than the total spending limit, and the interest rates may be even higher than those for actual purchases. However, the value of having access to cash on hand is often worth the expense.

Simplifying Accounting: -- Accounting is made much simpler when business and personal expenses are segregated by separate credit cards. When personal credit cards are used for personal expenses and business credit cards are used for business expenses, bookkeeping tasks like tax preparation are much easier for the business. Business credit cards will often issue year-end statements that categorize your annual expenses into familiar tax categories (such as postage, business publications, Etc.) that simplify tax preparation.

Expense Accounts for Employees: -- There are many beneficial tax advantages to using corporate business credit cards, including using them for pre-authorized expenses made by employees. Reimbursements by the company for substantiated business-related charges (such as business travel) are not taxed as long as they are included in an accountable plan. For more information on accountable plans, please see IRS Publication 463 at (http://www.irs.gov).

Medical Benefits for Employees: -- If a company provides health benefits for its employees, spouses, and dependents through Health Reimbursement Accounts (HRAs) or Flexible Spending Accounts (FSAs) on a tax advantaged basis, business credit or debit cards can be given to employees to pay for these types of services. For more information on medical plans, please see IRS Publication 969 at (http://www.irs.gov).

Additional Benefits: -- Corporate business credit cards often offer a wide array of fringe benefits that may benefit your company. Services such as travel assistance, purchase protection, and Value Added Tax (VAT) reclaim services where a business can reclaim any VAT it might have paid out to a vendor are all very useful valuable services that a business can take full advantage of when it has a company credit card. One thing that you do need to remember when establishing corporate business credit is that you want to seek out credit first, then unsecured cash credit. You build the corporate business credit reports, get corporate business credit from vendors and suppliers, and then move on to corporate credit cards, then unsecured cash funding and unsecured corporate credit lines after that. The order of corporate credit lines, and unsecured cash credit can be reversed, but you need to remember a few very important items here when you are building true corporate business credit in the early stages: 1. You will need financials. 2. You will need tax records. 3. You will need a fairly good personal credit score. 4. You will need some sort of cash reserves. If you look at all of this, and say that you don't have most of these, that's alright. You only need one of these items in order to qualify for and gain unsecured capital for your business. An example is in order here to provide funding sources what they need in order to provide funding to your business. Let's say that you want to obtain one-million dollars in unsecured working capital, and you don't have financials or tax records, and your credit score is below six-hundred seventy points. At this point, you have three choices: 1. Put up ten percent of the credit line you are seeking as colateral, even though the loan is an unsecured loan without a personal guarantee. 2. Use personal credit cards as a quick way to finance business expenses through a bank. 3. Use a hard money lender to procure the funds. Choices are always available, and some business owners will also use the credit of a good friend or family member to help procure business loans, corporate business credit cards, and corporate lines of credit. As long as the methods you decide to use, fall on the business directly, you will be doing what you need to be doing in order to build and establish corporate business credit. Now, we are going to move to our next topic, applying for corporate business credit cards. In today's ever changing economy, there is a lot of competition, and you need to make the right decisions for your new or existing business.

Applying for Corporate Business Credit Cards

This subject is a widely discussed topic. Many business owners jump on the first corporate business credit cards that are offered to their companies, and this can be a major mistake when you are building corporate business credit. Established business owners typically receive corporate business credit card offers in the mail on a regular basis. Some offers are even "pre-approved." Receiving these offers in the mail is usually an indication that your company should apply for a corporate business credit card. When this happens, you need to be extremely careful because at this point, these card offers can make or break your business. With most of these offers, your credit limit and interest rate are not determined until after you apply for the account.

In order to determine the credit limit on a corporate business credit card and the applicable interest rate, the credit card company will usually evaluate several characteristics of the business history as provided on the credit card application. In most cases, corporate business credit card applications can usually be completed through a credit card company's secure online website. It is a good idea to consider applying for a corporate business credit card at the bank that issued and maintains your business checking account. Since the bank already knows you as a customer, often the corporate business credit card application process is simplified, and the corporate business credit cards can be issued more quickly, sometimes even automatically. By establishing a business checking account and obtaining a corporate business credit card with your bank, it also enhances your business relationship with that bank, which may be useful in the future if you ever need to apply for a commercial loan or line of credit.

When authorizing corporate business credit cards, establishing interest rates, and setting cash advance and spending limits, the financial institution that issues the corporate business credit card will usually consider many valuable credit rating factors including:

Business Credit History: -- The single most important factor when applying for a corporate business credit card is the company's credit history as reported by D&B or one of the other business credit reporting bureaus. If your business does not have any business credit reported on its corporate business credit reports, or your company has a history of slow payments Etc., you may be denied. However, some business credit card companies will offer to approve the card if the owner is willing to give his or her personal guarantee on the credit card. Some business owners may have no choice in this regard until they've shown themselves as credit worthy to a financial institution.

Annual Business Revenue: -- Some business credit card companies will only approve a corporate business credit card for a company that demonstrates a certain predetermined minimum annual business revenue. In some cases, this minimum could be fifty-thousand dollars and in other cases it could be as high as one-million dollars. Before applying for a corporate business credit card, it is a good idea to find out what the finance company's minimum expectations are so that you don't waste your valuable time applying for an account that you will not qualify for. The point being made here is, be very selective.

Just like many people have more than one personal credit card, many companies and business owners also have more than one corporate business credit card for certain purposes. Some companies use one credit card for employee expense account charges, while another credit card may be used for business necessities. Either way, it is helpful to have two or three corporate business credit cards at your disposal. What you don't want to do is negatively impact your business credit rating by applying for too many corporate business credit cards in a short period of time or charging up high balances on the credit cards that you do have. Always remember the key word here, responsibility.

Credit Limits on Corporate Business Credit Cards

Every corporate business credit card has a different credit limit associated with it. While the financial institution may advertise a certain high-level credit limit, you may not qualify for the highest possible credit limit when you are issued your first corporate business credit card. Don't be disappointed by this. At least you got the corporate business credit card, and you are on your way to establishing corporate business credit for your business.

Lending Criteria

Potential lenders in most if not all cases, usually base your credit limit on a variety of important credit rating value factors when they review your credit applications. The line of credit that you are offered will depend on your business credit rating and your overall corporate business credit profile. When a lender establishes a credit limit on a corporate business credit card, it goes through almost the same process that is used for any commercial lending program. The financial institution usually reviews in detail, the company's business credit rating (if there is one), and often it will require that smaller business owners provide personal information as well as a PG or personal guarantee on the credit that is extended to the business. The biggest difference between applying for a corporate business credit card and applying for a formal line of corporate credit from a bank is that no business plan or financial statements are required.

Often, the financial institution issuing the corporate business credit card will establish an initial line of credit, such as twenty-thousand dollars based on a review of a businesses credit history. However, if a higher line of credit is requested, often additional documentation such as financial statements may be required and can add additional time to your credit approval timeline. Don't try to grab higher credit limits in the beginning unless you absolutely need them. Financial institutions will usually increase credit limits after they've determined that your payment history meets their standards.

How Much Credit Can You Get?

Most companies think that it is better to get as much credit as possible when they are first starting up, but it is extremely important to remember that you must be able to demonstrate your ability to successfully manage that credit in order to maintain your strong credit rating. Your combined corporate business credit profile, including your company assets, financial needs, and the overall state of your business finances should all contribute to the amount of credit that you request and will be considered when a potential lender decides what they will feel comfortable extending to you and your business. It is important to anticipate not only your financial needs, but what you can and cannot manage in terms of financial responsibility.

One way to help determine a manageable credit limit is to predict an amount that is small enough so that you can pay it off in full for at least one month during the year. This demonstrates solid business practice and shows that your finances are under control. If you cannot pay off your corporate business credit cards in full for at least one month during the year, it may be seen as a reflection by the potential lender that you have initially borrowed too much money in the past year, or that your income is not what you expected, or that some other form of financial trouble is affecting your business. Now we are going to talk about choosing the right corporate business credit card to meet your business needs.

Choosing a Business Credit Card

Choosing the appropriate corporate business credit card for your business is important. You need to make sure that you understand how the credit card hounds work, and how they make offers to your business. Most major financial institutions who offer personal credit cards offer business credit cards and true corporate business credit cards as well. When you are selecting a corporate business credit card for your business, it is important to consider the following items:

Credit Card Fees -- While some credit cards have no annual fee whatsoever, others come with an annual fee of up to one-hundred dollars. This fee should be very carefully considered when you are choosing a corporate business credit card, since it is a major component of the total financing fees that a company will ultimately pay by using that specific credit card.

Interest Rates -- Many credit cards today have a range of interest rates that are charged for the use of the credit line being provided. Some credit card companies offer an initial low "teaser rate" for a certain amount of time, an adjusted rate for monthly unpaid balances, a significantly higher rate for cash advances, and a usually much lower rate for balances transferred from other lines of credit. If a company plans to pay off the balance each month and use the credit card for convenience only, these interest rates are less important than that of a long-term payoff being planned for a major purchase in the future, or if the line of credit will be used for cash advances only.

Line of Credit -- If you plan to use your corporate business credit card more for a source of operating capital, you should take this into consideration when you are applying for a line of credit. Since there is no such thing as a "standard" line of credit, your company's corporate business credit profile will be the determining factor in the amount of credit you are offered.

Grace Period -- The grace period on a corporate business credit card is the window of time when the financial institution will not charge any interest as long as the balance is paid in full within that timeframe. Typically, the grace period on a corporate business credit card is anywhere from twenty to thirty business days.

Other Perks -- Many business credit card companies offer additional rewards to try to entice a borrower into choosing their product. Cash back incentives (one to -three percent for every dollar charged), frequent flyer miles on a variety of airlines, free gasoline (three to five percent for every purchase of gasoline you make), and other various product-related incentives are offered each time you use your corporate business credit card. However, in some cases, there may be a hidden fee for these types of reward programs, so make sure that you clearly understand the terms of the program before agreeing to participate in it, or before accepting the credit card from the issuer.

The best way to stay on top of your corporate business credit is to be informed. It is crucial that you read all of the small print in the initial application, as well as any additional information that is mailed to you from the credit card company. Remember, that an advertisement for a business credit card with no annual fee may only be available to certain customers who meet the designated criteria.

There are several excellent resources on the Internet to compare corporate business credit card options including:

CreditCards.com -- http://www.creditcards.com/business.php

CardRatings.com -- http://www.caradratings.com

LowCards.com – http://www.lowcards.com/businesscards.asp

MoneySearch.com --
http://www.moneysearch.com/creditcards/businesscreditcards.html

Secure vs. Unsecured Business Credit Cards

Ideally, it is always best to obtain an unsecured corporate business credit card whenever possible. However, if your company does not have any corporate business credit established, or if you have a poor credit history for one reason or another, you may want to consider applying for a secured corporate business credit card in order to establish or rebuild your corporate business credit profile.

With a secured corporate business credit card, the borrower deposits a certain amount of money into an account with the financial institution issuing the credit card, and this account is used as collateral for the credit card. Typically, one-hundred percent of the money deposited is reflected in the line of credit. For example, if a company deposited fifteen-thousand dollars into a collateral account, it will be issued a corporate business credit card with a fifteen-thousand dollar limit.

A secured corporate business credit card from Wells Fargo Business can provide a credit limit up to fifty-thousand dollars, as long as that dollar amount is maintained in a collateral deposit account. While you will earn interest on the funds deposited in the collateral account, this interest is significantly lower (two point five percent for the first year) than the interest charged on purchases made with the credit card (prime plus nine point nine percent APR for purchases and prime plus twelve percent APR for cash advances).

Secured corporate business credit cards are an excellent way to establish a solid business credit history, but only if you can afford to front the funds required to establish the
credit card in the first place. The high cost of borrowing combined with the lack of access to significant assets make secured corporate business credit cards a better short-term solution. After approximately one year, it is best to try to convert your secured corporate business credit cards into unsecured corporate business credit cards by applying for an unsecured credit card with the financial institution who issued your secured corporate business credit card.

Maintaining Corporate Business Credit

Once you've built your corporate business credit profile and your corporate business credit history to a respectible level, and you've attracted potential vendors and lenders, you need to maintain and completely protect that credit history, and guard it with your life. It is the key factor to your success when running and operating your business. Once you have established a positive business credit profile and positive credit history, you must make absolutely sure that your corporate business credit profile stays positive. If any errors appear on your credit report, it is extremely critical that you get them corrected right away so that nothing negative can prevent you from continuing to have access to needed credit opportunities. Many business owners do not monitor their business credit reports on a regular basis, and when credit has been denied, they check into it, and find that there are errors placed on the profile. Since the period for fixing any known errors has probably expired, the negative items remain on the corporate business credit reports, and cannot be removed.

In addition to the above information, you should also make absolutely sure that all of your current business practices are sound. Since your corporate business credit profile can be greatly affected by any unforeseen cash flow shortages, it is imperative that you monitor your bottom line and strive to work towards security protection. Be diligent in monitoring your corporate business credit reports and take immediate steps to correct detected errors. Consider purchasing a monitoring service to monitor your corporate business credit reports and allow the service to notify you of any changes that occur on your corporate business credit reports. D&B offers this Self Monitoring service.

Develop smart business practices to protect your corporate business credit profile, including close monitoring of your cash flow and safeguarding against business identity theft. All someone has to do is take control of any aspect of your business, and that person can destroy your business in a very short period of time. Remember that you are the business owner, and that you are and must always be in total control of your business regardless of who works for you.

Monitoring Your Corporate Business Credit Profile

Your corporate business credit profile is something that deserves your attention on an ongoing basis. The more vigilant you are about protecting your business and your attention to detail the more likely it is that you will catch any missing or misinformation on your corporate business credit reports. The two most important aspects of this monitoring process are shown below:

Examining your business credit report regularly to ensure that it is as accurate as possible. You should be familiar with your file and take the necessary steps to make any necessary changes if you notice any detected errors on the corporate business credit reports.

Avoiding future credit problems by using sound business practices. Your bank accounts and cash flow should be monitored very carefully in order to avoid any late payments that would negatively impact your corporate business credit rating. You should also take any necessary steps to completely protect and safeguard your personal and financial information to prevent any kind of identity theft that would surely damage your corporate business credit profile.

Paying Close Attention to Your Business Credit Report

The United States Congress ensures that every American citizin has the right and should be afforded the opportunity to review the information contained in his or her personal credit reports for accuracy and take steps to fix any errors contained in those credit reports. Once a year, consumers can obtain a free personal credit report from the three main credit bureaus; however, this opportunity has not been extended to business owners with corporate business credit reports.

Since the database of business credit information at D&B is updated approximately every four seconds, the business information contained in your corporate business credit report could potentially change over nine-hundred times an hour! Without vigilant attention paid to your corporate business credit reports, inaccurate information can appear on your corporate business credit reports without you knowing it. And since the companies you do business with can access your corporate business credit reports in order to determine if there are any recent changes or additions made to it, you will always want to make sure that this information is correct and up to date. Inaccurate data can hurt your business litterally overnight!

Reviewing Your Corporate Business Credit Reports

Probably one of the most important factors that many business owners neglect is the reviewing of the company's corporate business credit reports. Review your business credit reports from all of the business credit reporting agencies on a regular basis in order to ensure that the reported information about your business is current and accurate. Be absolutely sure to verify that none of the following problems appear on your corporate business credit reports that would negatively impact your corporate business credit report or corporate business credit rating:

Previous Information -- Make absolutely sure that your corporate business credit report does not contain any old account information that has since changed. This can have a negative impact on your corporate business credit rating.

Missing Information -- All of your pertinent information, such as accounts with your key vendors, should be included on your corporate business credit reports. If this information is missing or has not been updated or reported, take appropriate steps to ensure that the information is reported correctly on your reports.

Unauthorized Information -- Everything on your corporate business credit reports should be familiar to you. If anything appears on your corporate business credit reports that you have not personally authorized, you should act quickly to investigate it.

Repairing Your Corporate Business Credit Reports

If you discover that there are mistakes being reported on your corporate business credit reports, it is your responsibility to contact the appropriate business credit bureau and get the corrections made immediately. Send a certified or registered mail letter to one of the business reporting bureaus (including your company name, your D-U-N-S and/or Tax ID number, and your personal contact information) explaining the error and how it should be correctly reported. If you have any supporting documentation related to the correction you are requesting, make absolutely sure you include copies of those documents as well. If the error is the result of a company's mistake in reporting your information to one of the business credit bureaus, it is best to contact that company directly and request that they correct the information that they are reporting. For example, if a company is incorrectly reporting that you were more than sixty days late on a payment, when in fact you were given ninety days to pay, remind the company that they were paid within the timeframe established in the terms of your agreement, and ask that they report your timely payment correctly to one of the business credit reporting bureaus.

Updating Your Corporate Business Credit Reports

If you discover any incorrect information or problems in your corporate business credit reports, you should take immediate steps to resolve them. If old information appears on your corporate business credit reports, such as closed accounts or paid off loans, get the information updated right away. If there is information missing, such as newly opened accounts, get the information added to the reports as quickly as possible. Notify the financial institutions or companies you do business with and ask them to report your current payment performance history to one of the credit reporting bureaus.

Adding Information to Your Corporate Business Credit Reports

Often times, the information being reported to the business credit bureaus on behalf of your company is correct, but there might be information missing. You may have additional financial transactions that will improve your corporate business credit profile and your corporate business credit rating, so it is beneficial to notify the business credit bureau of this information. Important information to add to your corporate business credit profile includes:

Increases in Payroll -- Since your company's size is an important factor in your corporate business credit rating score, you should notify one of the business credit reporting bureaus if the number of employees on your staff increases.

Improvements to Financial Statements -- The only financial statements that the business credit reporting bureaus or agencies can access directly are those of publicly-traded companies. This is required by law for publicly traded companies. By providing copies of your company's current financial statements to one of the credit reporting bureaus, they can very quickly gain a more comprehensive understanding of your company's overall financial picture. Now that you have a good understanding of the corporate credit concepts that have been presented so far, we will now discuss another very important topic, maintaining credit worthiness. This is important because you will need to work hard to maintain your reputation, and what you've worked hard to build.

Maintaining Creditworthiness

In this section of this handbook, we will discuss the maintenance of the corporate business credit that you've worked so hard to build. Every business should have a solid plan that consists of safeguards that will protect you and that will help you to maintain and ultimately improve your corporate business credit rating. Some of these safeguards include the following: A strong legal team, certified public accountants, asset protection, and a professional team of experts within your company to help your company as it is growing.

Monitoring Cash Flow

The single most important factor in being able to pay your monthly obligations on time is your cash flow. Ensuring that you have the money when you need it the most can make a huge difference in the success of your company and the strength of your corporate business credit profile. Here are some helpful tips that will assist you in successfully managing your cash flow:

Use Accounting Software -- Managing your cash flow is much simpler when you take advantage of software designed especially for this purpose. Programs such as Microsoft's Office Small Business Accounting or QuickBooks Pro have many cash flow features that can help coordinate your accounts payable and receivables and can predict the periods of high and low cash flow in order to allow you time to make necessary adjustments, based on the calculations made by the software. In addition, Global Software & Computer Solutions Centers, Inc. also develops and distributes its own custom-designed accounting and database management, and Point Of Sale software applications in one software package. Everything that you need is included in this package. For more detailed information on our SIMS for Windows accounting software package, call us at this number: (800) 922-5170. This software package is distributed with every company that we sell to our potential clients.

Collection Policies -- If your business involves selling products and services to customers, and you give them certain payment terms and conditions or contracts, it is imperative that you collect the funds owed to you when they are due. Business trends have shown that the longer you wait to collect, the less likely it is that you will be paid. In order to keep your own cash flow on track, it is necessary to implement collection practices including monitoring your accounts receivables, calling on past due accounts, and enlisting the help from a collection agency if absolutely necessary. One example of the use of an outside collection agency is when you've had to issue a refund to a client, but you cannot get a refund of certain services or products from your suppliers. Your company is out those funds, and you need to be able to recover these funds. Make sure that this information is included in your contracts, and make sure that the collectors know of this as well to substantiate your claims against refunded clients.

Immediate Payment on Accounts Receivables -- Rather than running around chasing customers who are late on their payments, consider becoming an authorized merchant in order to accept credit card payments. While you will pay a fee to be able to accept credit card payments, it may be worth it to avoid the aggravation of collecting on past due accounts. There are also other immediate forms of payment, such as checks, money orders, and PayPal (http://www.paypal.com) which you can also use.

Increase Your Prices -- Often small businesses are hesitant to increase their prices on goods or services for fear of losing valuable customers. However, if you are under pricing these goods or services, it could have a significant impact on your earning potential. For instance, if fuel prices have gone up, and this has had an impact on the cost of producing your goods or providing your services, you should seriously consider increasing your prices in order to recover some of the increased costs from your customers.

Be Selective About Your Customers -- One of the most important decisions that you can make as a small business owner is who you choose to do business with. Working with clients who try to force you into dropping your prices, or that try to force their hand in your business operations are not good candidates. Clients should never try to force their hand, run your business, or make expectations of you that you wouldn't provide to all your existing clients. You will find some of these types of clients as you build your business, and if you do, stay away from them at all costs. These are the types of clients that become a business owner's biggest headache. Engaging in business with customers who will pay you in full and on time is very critical. In order to ensure a customer's credit worthiness, you may want to consider checking the credit history of any potential customer before doing business with them, or getting into a situation where they owe you money. In addition, many of the credit reporting agencies offer business credit monitoring services that will alert you if there are any significant changes to the credit profile of any customers you have requested credit reports for in the previous year. One such reporting bureau is D&B, loacated at: http://smallbusiness.dnb.com/credit-reports/browse-products.asp and another is Credit.net located at: http://www.credit.net and one more resource is Experian Business, located at: http://www.experian.com/b2b/?hs99=1954 which provide extensive corporate business credit reports on millions of companies and also includes email alerts with their services if required.

Reducing Expenses -- One of the most effective ways to increase cash flow is to steadily decrease expenses. By regularly scrutinizing expenditures and making cuts whenever possible, even small changes can add up to significant savings over the course of the year, which can have a positive impact on your overall cash flow.

Communicate with Your Creditors -- If your cash flow issues are making it difficult to meet the agreed upon terms with your creditors, it is imperative that you contact your creditors and either request an extension or renegotiate the terms of your payment agreement so that they line up better with the timing of your accounts receivables. For instance, if you agreed to net thirty days with one of your vendors but realize that you will not receive payment from one of your largest customers for forty-five days, try to negotiate net sixty days so that you have sufficient time to collect the payment from your customer and make the appropriate payment to your vendor.

Safeguard Against Business Identity Theft

While individual identity theft is more common, it is also a growing concern for businesses. In the past few years, there has been an increase in attacks on businesses in order to: Steal company documents such as stationary in order to request or divert products and supplies that the genuine company will ultimately be billed for. Access business bank account information in order to use company credit. The impact of business identity theft is wide reaching. Not only can it negatively impact your business credit report and overall profile, it can also have a potentially negative impact on your company's brand and/or reputation. You need to protect yourself at all times.

In order to avoid business identity theft, take steps to protect the information contained in your computer systems and guard the important documents kept on the premises. It is even important to safeguard your garbage if bank information and other sensitive information are being thrown away. A shredder is an excellent way to ensure that your company's sensitive information will not be accessible. The Better Business Bureau has more tips on avoiding business identity theft at the following website URL: http://www.bbbonline.org/idtheft/business.asp Be very wise, protective, and safeguard everything, because someone is likely to try to take it all away from you if they can. Do not give anyone that chance or opportunity. Someone out there always wants to take what is not rightfully theirs. Don't make the mistakes that so many people make out there. You need to realize that you are unique.

Restoring Corporate Business Credit

Now lets talk a little bit about restoring your corporate business credit. No matter how you try to avoid it, sometimes unforeseen circumstances can affect your business and can lead to financial decisions that result in late payments that have a negative impact on your corporate business credit profile. You might become disabled, sick, or lets face it, you will pass away. Some companies experience such severe financial distress that they are forced to file business bankruptcy. At all costs, try to avoid doing this. Business bankruptcy will remain on your corporate business credit profile for at least twenty-five years or more, and will show up in credit reporting agency databases, even if you open up a new business and try to build corporate business credit. If this happens to you, building corporate business credit is virtually impossible. Try your very best to keep yourself from having to file for business bankruptcy. Take care of your affairs, and be prepared at all times for unforeseen situations. Always have reserve cash at your disposal, and never ever ignore your creditors. That will cost you in the long run, and this will create a series of problems that you simply don't want.

Once you resolve the issues that caused the negative impact to your business, you can start down the path to repairing the damage to your company's corporate business credit profile. Even if you have a less than perfect corporate business credit report, you can still obtain corporate business credit while taking steps to strengthen your business; but it will just cost you more to get it.

The Effects of Negative Business Experiences on Your Personal Credit

When dealing with personal credit issues, negative items such as a judgment or lien remain on your personal credit report for seven years, and personal bankruptcies stay on for up to ten years. Even if the personal bankruptcy is discharged, it does not delete the personal bankruptcy or the negative payment history that led up to the personal bankruptcy from your credit report. Once a personal bankruptcy has been discharged, each discharged debt reports a balance of zero, but the history of delinquency remains on the credit report.

If you are the sole proprietor of a business, there is no separation from your personal credit history or your business credit history. As a result, when a sole proprietor has accumulated overwhelming business debt, he faces several choices when considering filing bankruptcy. Chapter seven bankruptcies can provide a fresh start by liquidating all personal and business assets to pay creditors as much of the money that is owed to them as possible and then discharging the remaining balances on all accounts. With Chapter thirteen bankruptcies, the business owner is given the opportunity to use both his future personal and business income to repay his outstanding debts in part or in full, over the next three to five years. There is even a Chapter twelve bankruptcy that provides a simplified repayment option designed especially for family farmers. Unfortunately, no matter what bankruptcy option you file, time is the only way to remove the negative credit history that caused the bankruptcy. Ten years is a long time to wait for this information to drop off your credit report, so very serious consideration should be given if you are considering declaring bankruptcy.

It is important to realize that re-establishing a positive corporate business credit profile is not an easy or quick process. You must be prepared to work diligently to recover from significant financial troubles, including repairing any damages to your corporate business credit report. Take advantage of opportunities to repay any existing debt through a business debt consolidation program if applicable. Analyze and make adjustments to any existing business-related issues that may have seriously contributed to the financial troubles in order to implement long term solutions. Finally, take the necessary steps to begin to re-establish your positive corporate business credit profile by establishing secured business credit cards, but be extremely careful when choosing these types of business credit cards.

Repairing Corporate Business Credit Problems

One of the most serious problems that often occurs with businesses that are establishing corporate business credit, is the reporting of negative items on the company's corporate business credit reports. Negative items on your corporate business credit reports can close you down quickly. Some of these problems are directly caused by the business itself, while others are not. Once a negative item is reported to your corporate business credit report, it has an immediate impact on your company's corporate business credit profile and corporate business credit rating. This will become a serious warning for anyone who requests a copy of your company's corporate business credit report and may cause some companies to refuse to do business with you.

A negative business credit report can make it very difficult to qualify for additional credit. If you do find a lender who is willing to do business with you, the increased interest rates and fees associated with the loan will make the cost of borrowing money much greater. You may even have difficulty obtaining business insurance if your credit problems are serious enough. The good news is that if you are committed to staying in business, there are steps you can take to turn your credit around. However, there is no instant solution. Often times it takes just as long, if not longer, to re-establish a positive credit rating than it did to establish one in the first place. Another misconception about credit repair is that you can pay someone else to either repair or re-establish your business credit profile. The reality is that you need to be prepared to spend quite a bit of time and your own efforts to repair your damaged corporate business credit profile.

Do not let anyone sell you business trade references. These once again are fraudulent, and will be investigated by D&B and the other business credit reporting agencies. Once it is found out that you never did business with these trade references, your company will be red flagged as a high risk business, and your chances of building corporate business credit are destroyed forever.

Resolving Financial Problems

As soon as you have re-established your company's finances, you can slowly and very carefully begin to re-establish your company's corporate business credit rating. Your efforts to repair your business credit should be divided in two ways: taking care of the debt that you have already accumulated and implementing smart business practices so that you can avoid similar financial difficulties in the future.

Negotiating Through a Business Debt Consultant

If you are trying to avoid declaring business bankruptcy but have significantly delinquent outstanding debt, you should very seriously consider enrolling in a business debt consolidation program. Similar to consumer credit consolidation programs, the focus of these types of business credit consolidation programs is to negotiate with your business creditors in order to get you reduced interest rates and payments over extended periods of time. However, while these types of business programs enable a company to re-establish a positive payment history with its current creditors once the terms have been renegotiated and an agreement has been reached, they do not provide a quick fix, pay off your debt, or remove any previously reported negative information from your company's corporate business credit report. But if the alternatives are facing going out of business or declaring business bankruptcy, a business credit consolidation program may be a far better option for your company. When dealing with a business credit consolidation company (also known as a debt-restructuring company) the first step is to provide them with all the information about your company's current outstanding debt.

Once your creditors have verified this information, your debt consultant will create a budget that takes into consideration what you can comfortably pay each month. Then you begin to make monthly payments to the debt consolidation company, and they, in turn, make payments to your creditors. You also can decide which of your creditors you want to include in your debt-restructuring. For example, if you have a critical supplier that you can afford to pay in full when that amount is due, you should keep them out of your debt consolidation plan.

Even though many consumer credit consolidation companies have popped up over the past few years, there remain only a few business consolidation firms nationwide. The largest is Corporate Turnaround which can be found at this URL: http://www.corporateturnaround.com The cost of the service is included in the payments you make as part of the plan, so you ultimately pay back less than you would have been required to pay if you would have continued making payments on your own and eventually paid your entire account balance in full with your creditor. The U.S. Department of Agriculture provides advice and credit counseling for ranchers and farmers at this URL: http://www.fsa.usda.gov/pas If you search for "credit counseling" on their website, you will be directed to local agency offices. There are many benefits to working with a business credit consolidation consultant including:

Communicating with Your Creditors on Your Behalf: Once you sign a contract with your credit consolidation company, you authorized the firm to deal with your creditors on your behalf. As a result, they can communicate directly with your lenders, collection agencies, or any attorneys who may have interest in your company's accounts. This can reduce your stress significantly, leaving you more time and energy to focus on running your business.

Avoiding Excessive Legal Fees and Bankruptcy: By working with a debt consolidation company, costly legal fees can be avoided. And as long as sincere efforts are being made to make payments to your creditors, they will usually be willing to work with you in order to help you avoid filing for business bankruptcy which will ruin you forever.

Beginning to Repair Your Corporate Business Credit Profile: By making the payments on time to your creditors that you have negotiated with your debt consolidation consultant, your company will once again begin to have a positive impact showing up on your corporate business credit report. It will take time, but be patient with it.

Identifying Corporate Business Credit Issues

Now we need to look at the identification of various corporate business credit issues. Understanding your strengths and weaknesses will help you obtain a better grasp of things that you should do, verses things that you do not want to do to maintain a positive corporate credit history. Negotiating a payment plan with your existing creditors is an excellent step in the right direction. However, unless you examine and specifically address the underlying business issues that got you into financial distress in the first place, the chances are you will find yourself right back in the same mess all over again if you do not take the appropriate steps to avoid these issues in the future.

Unfortunately, there are many issues than can negatively impact the success of your business that are beyond your direct control. Natural disasters, health issues with key employees, death, and unexplainable problems with suppliers can make it extremely challenging for you to achieve your desired level of sales. However, cash flow is typically the number one problem that causes businesses to run into financial trouble. Cash flow problems must be addressed if the overall health of the company is going to be restored. The three main causes for cash flow problems are shown here as follows:

Low Sales: No matter how hard you work, if you aren't bringing in enough revenue to pay your expenses, you are going to run into trouble. It is extremely critical and vital that you make absolutely sure you are selling enough of your product at a price that is high enough to cover your expenses and generate a profit.

Difficulty Collecting on Receivables: Making the sales is only the first part of a successful business. If you do not receive the payments from your customers on time, or if the payments you receive are less than what you agreed to, these issues can seriously impact your ability to pay your obligations in a timely manner.

Undercapitalization: Many small companies run into trouble when they accumulate too much debt and can no longer afford to make the required payments to their creditors. These companies usually go out of business quickly. Don't be listed in those statistics.

If any of these issues are contributing to your negative financial situation, you need to address them in an aggressive, thoughtful and thorough way. Like fixing problems with your corporate business credit, there is no quick solution. You may even want to consider hiring an outside firm to assist you in solving some of these problems. Working closely with a certified public accountant (CPA) who specializes in small companies can be very beneficial. Other types of consultants can also positively impact your business choices. Hiring a sales training consultant, for example, can result in significant improvements if you find that you or your staff lacks sales skills.

Corporate Business Credit Improvements

Now we will look at what you can do to improve your company's corporate business credit profile. Once you have taken steps to strengthen your company's business practices, you can immediately begin to strengthen your company's corporate business credit profile. Many of the steps that you took to initially establish your corporate business credit history will be applicable. There are no short-cuts to this lengthy procedure. Even though the negative information on your company's corporate business credit report will not be removed, by beginning to pay your obligations on time, you will start to tip the scales and begin to create a positive credit history that will only improve over time. After re-establishing a positive payment history, you can also request credit from vendors and secured business credit cards in order to begin to establish new corporate business credit.

Credit from Vendors

After you have had negative history with your vendors, they may not be willing to take the risk of extending you additional credit, but it doesn't hurt to ask. Some vendors may be willing to work with you, but do not burn bridges at this point. Once you have taken the necessary steps to remedy any big-picture business issues that caused your negative performance in the past, it is possible to regain a vendor's confidence in your business. Perhaps they might be willing to accept partial payment up front or lower your limit on advances. Either way, your best practice when negotiating with vendors is to use solid negotiation skills. Keep in mind that your vendors want your business and they may be willing to accommodate a reasonable request from you for credit. Start with small steps that demonstrate your renewed ability to meet the terms of your financial agreements, and then build a solid positive relationship from there. Don’t expect too much or put pressure on your vendors right from the start, because you will find that they will not work with you.

Secured Loans and Credit Cards

Once you are in a situation where you are forced to re-establish your corporate business credit, secured loans and credit cards are an excellent way to demonstrate your renewed positive credit worthiness and credit performance. Secured credit cards are indistinguishable from unsecured cards, and when you repay the amount owed on the card, you begin to establish a positive credit history. After demonstrating this positive pattern of payment for a reasonable amount of time, the financial institution that issued the card may even be willing to make the credit card only partially secured by increasing your credit limit without requiring an additional deposit on that credit card.

The primary value of establishing secured loans and credit cards is to enhance your corporate business credit profile. So it is important that you make absolutely sure the financial institutions backing these cards report your account information to the business credit reporting bureaus. When choosing which secured credit opportunity is right for you, be careful to watch out for scams that involve selling lists of secured credit opportunities. This information is something you can very easily search for by yourself for free on the Internet. Also be extremely careful of 900 phone numbers, hidden processing charges and fees (that are often deferred and billed to the credit card itself), and promises to repair or clean up your credit, which is something that cannot be purchased. You and only you can repair your company's corporate business credit profile, and it is not a quick and easy process. It takes time to repair corporate business credit, and it also takes just as much time to build that corporate business credit.

Corporate Business Credit -- Closing Statements

We hope that you've enjoyed reading this information packed handbook on building corporate business credit. We have spent a lot of time researching, testing, and using many of the techniques described in this writing. Credit building techniques are always changing, and when new techniques become available and are fully tested, we will present them in a revised handbook. Wishing you much success in business.

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Global Software & Computer Solutions Centers, Inc.

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