

THE DEFINITIVE GUIDE TO BUILDING YOUR BUSINESS CREDIT

How to Obtain Credit That's Linked to Your **EIN**
Not Your **SSN**...With No Personal Guarantee



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Having access to money and credit for your business ultimately determines your business's success or failure per the SBA. But per Entrepreneur.com, 90% of business owners know nothing about business credit. And ironically about 90% of businesses in the United States that open end up failing and closing their doors for good.

A good business credit profile and score can be the difference between having a prosperous business or being at the helm of a sinking ship. You need money and credit to grow, especially to grow into a highly successful business. This is one commonality ALL successful business have: established business credit.

Facebook, Microsoft, Apple, and every highly successful private and public company has business credit. The business can use its own credit profile to grow, without the owner or CEO providing personal credit or liability to secure that credit. Walmart gets 80% of their total cash injection from business credit alone. This is one of the reasons they have grown into one of the largest retailers in the world.

But what about you? Do you have business credit established now? Can you go out right now and get high-limit store and cash credit cards for your business? Can you do so without having to put your Social Security number on the application? If not, you need business credit. It may be the only thing holding you back from ultimate success.

But how do you get business credit? How do you become one of the exclusive and elite 10% of entrepreneurs who understands business credit? How do you get it for your company to help you

grow? In this Definitive Guide to Business Credit Building you're about to find out, even if you know nothing about business credit now.

Business Credit is credit gotten in a **Business Name**. With business credit the **Business** builds its own credit profile and credit score. With an established credit profile and score, the business will then qualify for credit. This credit is in the business name and based on the business's ability to pay, not the business owners. Since the business qualifies for the credit, in some cases there is no personal guarantee required from the business owner.

There are a ton of benefits that business credit provides. You can build a credit profile for a business that is completely separate from you the owner's personal guarantee. This gives business owners DOUBLE the borrowing power as they have both Personal and Business credit profiles.

Business credit scores are based only on whether the business pays its bills on time. A business owner can get credit much faster using their business credit profile versus their personal credit profile. Approval limits are much higher on business accounts versus personal accounts. Per SBA, credit limits on business cards are often 10 – 100 times higher than consumer credit.



When done right, you can build Business Credit without a personal guarantee. You can get business credit quickly, regardless of personal credit quality. Business credit doesn't report to the consumer credit reporting agencies and won't show up on your personal credit report. As you get new business credit and use it, your scores won't plummet as they will with consumer credit.

You can also get most business credit without the owner taking on personal liability, or a personal guarantee. This means in case of default; the business owner's personal assets can't be pursued.

Even though most don't know this, when a business owner applies for financing, their business credit IS reviewed. Not having business credit established will get an owner DECLINED for financing. There are no regulations making lenders notify the business owner of their reason for denial. So most never know.

Business Credit Building Step 1: Building Your Business Credibility

Building Your Business Credit

It's actually not hard to build business credit. You just need to know the proper steps to get started. Business credit building isn't that much different than consumer credit. You start off with no credit established. You then get approval for new credit that reports to the BUSINESS credit reporting agencies helping you establish and initial credit profile and score.

Once your profile and score are established, you can then use that profile to start getting more and more credit. As you grow your credit you will get access to more useful credit such as store credit cards and cash accounts such as Visa and MasterCard credit you can use anywhere. Your credit limits will also grow, so you'll have access to more and more credit as you continue to expand your credit profile.

Let's jump in a take a look at the actual business credit building steps.

The perception lenders, vendors, and creditors have of your business is critical to your ability to build strong business credit. Before applying for business credit, a business must ensure it meets or exceeds all lender credibility standards.



It is very important that you use your exact business legal name. Your full business name should include any recorded DBA filing you will be using. Ensure your business name is exactly the same on your corporation papers, licenses, and bank statements.

You can build business credit with almost any corporate entity type. If you truly want to separate business credit from personal credit your business **must** be a separate legal entity not a sole proprietor or partnership. You need to be a Corporation or an LLC to separate personal from business.

Whether you have employees or not, your business entity must have a Federal Tax ID number (EIN). Just like you have a Social Security Number, your business has an EIN. Your Tax ID number is used to open your bank account and to build your business credit profile. Take the time to verify that all agencies, banks, and trade credit vendors have your business listed with the **same** Tax ID number.

Business Address must be a real brick and mortar building, deliverable physical address, preferably not a home address. It cannot be a PO Box and cannot be a UPS address. Some lenders will not approve and fund unless these criteria are met.

You must have a dedicated business phone number that is listed with 411 directory assistance,

under the business name. Lenders, vendors, creditors, and even insurance providers will verify that your business is listed with 411. A toll-free number will give your business credibility, but you must have a LOCAL business number for the listing with 411 directory assistance.

Lenders perceive 800 Number or toll-free phone numbers as a sign of business credibility. Even if you're a single owner with a home-based business, a toll-free number provides the perception that you are an even bigger company. It's easy and inexpensive to set up a virtual local phone number or a toll free 800 number.

A cell or home phone number as your main business line could get you flagged as an un-established business that is too high of a risk. DON'T give a personal cell phone or residential phone as the business phone number. You can forward a virtual number to any cell or land line phone number.

Credit providers will research your company on the internet. It is best if they learned everything straight from your company website. Not having a company website will **cripple** your chances of getting business credit. There are many places online offering affordable business websites so you can have an internet presence that displays an overview of your company's services and contact information.

It is important to get a company email address for your business. It's not only professional, but greatly helps your chances of getting the thumbs up from a credit provider. Setting up a business email address is just too easy and inexpensive to neglect.

One of the most common mistakes when building credit for your company is nonmatching business addresses on your business licenses. This is for reporting. Plus, you need to have the required licenses for your type of business to operate legally. You will need to contact the

State, County, and City Government offices to see if there are any required licenses and permits to operate your type of business.

You must have correct listings for state business, county license and/or permit, city license and/or permit and IRS filings. Take the time to verify that main agencies (State, IRS, Bank, and 411 national directory) have your business listed the same way and with your **Exact Legal** Name. Also take the time to ensure **every bill** you get (power bill, phone bill, landlord, etc.) has the business name listed right and comes to the business

Business Credit Building Step 2: Getting Your Business Credit Reports

Experian, Dun & Bradstreet, and Equifax offer business credit reports. You will first want to get a copy of your business credit reports to see what is being reported before you start your business credit building.

We've made this easy for you by putting link for all business credit reporting agencies in one place. We even have affiliate relationships with them so they'll provide you with discounted pricing you won't normally find on your own.



You won't need to get reports with all three reporting agencies, but you should at least have monitoring set up with Dun & Bradstreet, and possibly Experian.

With these reports you can find out how many trade lines are reporting, see if you have a business credit score assigned, see if you have an active Experian Business Profile, and check on recent inquiries.

It can take more time to create a file with Equifax Small Business than D&B and Experian. This is because not a lot of vendors and creditors report to Equifax. Most report to Experian or D&B. This is also why it's important to apply with the credit providers who report to Equifax when you find them.

Dun & Bradstreet offer a CreditMonitor product where you can get unlimited access to your D&B reports and scores for a fee.

Business Credit Building Step 3: Getting Vendor Credit

When you started building your consumer credit report you probably did so with small limit credit cards, possibly even secure credit cards. A business credit report can be started much the same as a consumer report often is, with small credit cards, but in the business world these aren't secure credit cards, they just have set repayment terms

IMPORTANT NOTE, if you do get set up for this you might get a call from Dun & Bradstreet Credibility. Keep in mind this is not Dun & Bradstreet; it is a completely separate privately owned company.

Do NOT purchase their credit builder program no matter what they tell you. This is NOT something you need and NOT something you should pay for. This program only adds trade references to your report, but instead you should be building your business credit using real useable credit.

You can visit www.creditsuite.com/reports to access your business credit reports with Experian, Equifax, and Dun & Bradstreet.

versus being open ended revolving accounts. Your business can get approval for small credit cards to help you build an initial credit profile.

These types of initial cards in the business world are often called **vendor credit**.

You must start a business credit profile and score with starter vendors. Starter vendors are ones who will give you initial credit even if you have no credit, no score, or no tradelines



(or what's called payment experiences now). Most stores like Staples will NOT give you initial starter credit so DON'T even try applying. Most stores will NOT approve a business owner for business credit unless the owner has an established credit profile and score, just like in the consumer world. Vendor accounts must be used first to establish a profile and score, and then you can get store credit. It often takes 90 days or less to establish a score and profile with trade lines.

A vendor line of credit is when a company (vendor) extends a line of credit to your business on Net 15, 30, 60 or 90 day terms. This means that you can buy their products or services up to a maximum dollar amount and you have 15, 30, 60 or 90 days to pay the bill in full. If you're set up on Net 30 terms and buy \$300 worth of

goods today, then that \$300 is due within the next 30 days.

Always apply first without using your SSN. Some vendors will request it and some will even tell you on the phone they need to have it but submit first without it. Most credit issuers will approve you without your SSN if your EIN credit is strong enough. If your EIN credit is not good enough, you might be declined and they then might ask for your SSN. No matter what ANY credit representative tells you, you CAN get credit based on your EIN only.

In the consumer credit world, we call these types of

starter accounts as tradelines, but in the business world they are called payment experiences.

A payment experience is the reporting of an account to one credit reporting agency.

Some vendors require an initial prepaid order before they can approve your business for terms. Some companies like Uline might even require you buy from them 3 times for them to extend you credit, if you have no credit established now.

All starter vendors have different requirements to approve you, but they are great sources to help you build initial business credit when you have none.

Business Credit Building Step 4: Getting Revolving Credit

After getting 3 vendor accounts, you can get revolving credit. Revolving accounts are cards a business owner can use and not be required to pay the full balance owed each month.

Revolving account approvals will begin coming from stores. Get store revolving credit before getting Visa and MC type cards. Most stores will NOT approve a business owner for business credit unless the owner has an established credit profile and score just like in the consumer world. Starter vendor accounts must be used first to establish a profile and score, then you can get store credit. It usually takes only 90 days or less to establish a score and profile with trade lines.

Some of the most popular starter vendors including Uline, Grainger Industrial Supply, and Quill. All of these have different requirements to approve you, but they are great sources to help you build initial business credit when you have none.

Once 10 total accounts are on the credit, an owner can then start applying for Visa and MC type

credit. Approval amounts will equal the highest credit limit account on the business report. Try to have 10 accounts with at least one of them having a \$10,000 high limit. Keep using the credit and keep applying for more. Talk with credit providers to raise credit limits. Then business credit will keep growing until you get higher limit credit lines, within 6 – 12 months.

Building business credit is as easy as building consumer credit once you know the proper steps to take. Now you know the 4 essential steps to take to build business credit that's linked to your EIN and not your SSN. Now the next step is to act on the first step and make sure your business is set up credibly. As you do this get your business credit report access established. Then you can start building your vendor credit to establish your credit profile and score so you can start securing revolving credit accounts.

Congratulations!

If you have followed these steps you will have an established business credit profile and score that you can grow and continue to get more and more credit. Many people ask, "how long does it take to build business credit?" Like with your consumer credit this is a never-ending process. You will always be growing your business credit as your business grows because you'll need to access more and more credit.

If you pull a credit report for Walmart, you will find that their highest reported credit line has a limit of \$50,000,000! But they didn't start out with those high of credit limits. They grew their credit over the course of 40 years.

You may never need a credit line for \$50,000,000. But as your company grows you will have an



appetite for more and more credit. For this reason, building your business credit never stops.

You can start getting vendor credit right away. It will take about 30 – 90 days for that new credit to report. So, it's a great time to apply for revolving store credit cards. Keep going with growing your credit!

Get started today securing your first vendor accounts. This will net you a business credit profile and score you can then use to get real usable store credit. This leads to getting cash credit to help your business grow.

Good luck on building your business credit! Let us know if we can every help you in the process.