



Decide with Confidence



WHY

Why small businesses should manage their business credit

Small business owners are entrepreneurs. They are successful because of their ideas, their passion, their drive. But they generally aren't accountants, and as a result they are often unaware of just how important actively managing business credit is to their success.

Small business owners agree that cash flow management is one of their top concerns.

Actively managing their business credit can help small businesses ensure positive cash flow by:

Securing more financing at better terms

Good credit can ensure that small businesses get financing when they need it. According to the SBA, insufficient or delayed financing is the second most common reason for business failure. And, since *most loan decisions below \$100k are automated*, the business credit file will often dictate the amount and terms of a loan. For businesses with poor credit ratings, top national banks may increase credit card interest rates on average from 9% to 18% and loan interest rates on average from 8% to 12%. ▼

Ensuring you get needed supplies at affordable terms

Suppliers evaluate your credit and make decisions about how much credit to extend to you – *perhaps a \$30K credit line could have been \$60K* with a stronger business credit file. Good business credit can ensure that you get the supplies you need under the best possible terms, freeing up more money for your business.

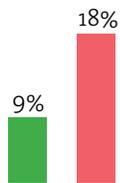
Making smarter credit decisions on your customers

Knowing the credit of customers enables small businesses to provide better terms to creditworthy customers and avoid doing business with customers who pay slowly – both of which can lead to improved cash flow.

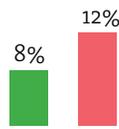
Protecting yourself against business identity theft

Actively managing your business credit file helps you ensure that fraudulent or incorrect information is not in the file. *15-30% of all commercial credit losses are due to fraudulent activity.* It's important that your business credit file truly reflects how good your credit is, and that you are aware of any inaccuracies and missing data so you can address them promptly.

Credit Card Interest Rates



Loan Interest Rates



Small Businesses with:

■ good credit ratings ■ poor credit ratings

5 practical steps that you can take to manage your business credit

Now that you understand why managing your business credit is key to your business success, what do you do about it? Here are 5 practical steps to get you started:

Determine whether or not you already have a business credit file

Small business owners should first know if they have a business credit file with D&B. You can find this out by calling D&B Customer Service at 1-866-785-0430 or visiting <http://www.dnb.com/sba/eupdate>.

If you don't have a business credit file, establish one by applying for a D-U-N-S® number. Small businesses should apply for a D-U-N-S® number, a unique business identification number, as soon as they start their enterprise to start the process of creating a business credit file.

If, when you call or visit the D&B web site, you determine that you already have a business credit file, *review it completely to understand what information it contains.* Add or modify the information as necessary to ensure that those looking at your business credit (such as vendors, suppliers and financial institutions) are making decisions based on complete and accurate information.

Establish a business credit history

When they are starting up, many small businesses use their personal credit and finances to get their business going. But they should establish a credit history by putting expenses (such as a business phone line) in their business name and using a commercial bank account to pay their bills.

5 practical steps (continued)

3 Pay bills on time – and understand other factors that influence your credit rating

In order to improve your commercial credit scores and build a positive payment history, the most important thing to do is pay your bills on time. Be very careful not to overextend your business, and use any line of credit judiciously. While payment behavior is important, credit ratings are based on multiple factors. D&B, for example, maintains 150 factors that go into a credit rating, such as industry, revenues and number of employees.

4 Monitor your business credit file and keep it up to date

According to D&B, the credit score of about one in three businesses declines over just a three-month period. By monitoring your business credit file, you will be aware of any change in your ratings before it affects your relationships with customers, suppliers and financial institutions. You should keep your credit file current and accurate, reflecting changes such as location, number of employees, outstanding suits/liens and revenues – all of which impact your credit rating.

5 Monitor your customers' and vendors' credit

Monitoring credit reports that provide a clear and complete picture of the credit standing of your customers can help you to determine how much credit, and on what terms, you should extend.



Success Story

Shortly after Telebyte started using D&B Credit reports, the company was able to minimize its bad credit decisions and Telebyte's bad debt write-offs are now at a historic low.

Michael Breneisen, President, Telebyte, Inc.:

“After having used D&B Small Business solutions for over 17 years, we have established that information in D&B databases is the most robust and reliable in the industry. The independent credit evaluation of our customers has helped us make decisions more confidently, reduce our credit risk and strengthen our cash flow.”

For More Information or to Order a D&B Business Credit Report:
Call: 1-877-528-2389

Or Visit the D&B Web Site at www.smallbusiness.dnb.com

When it comes to managing credit, you need good answers. SCORE “Counselors to America’s Small Business” can match you to a mentor who can help you answer your credit questions. Visit SCORE online at www.score.org or call 1-800-634-0245



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Managing Your Business Credit

Why it's important and 5 simple steps you should take

Did you know that your business credit can influence:

- Financing costs
- Credit card interest rates
- Insurance premiums
- Rental terms and conditions
- Amounts and terms from suppliers

Read on to learn more about why your business credit matters and how you can manage this important asset

A guide to improving cash flow from the D&B Small Business Credit team and the U.S. Small Business Administration

