

# How to Build Business Credit

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## What Business Owners Should Know

Business credit is different than consumer credit. Unlike consumer credit, business credit is also known as “net-30” credit that is obtained from suppliers and can be built by using your company’s EIN and not your personal SSN.

## What Business Owners Should Know

The primary benefits in building and managing business credit is to get access to revolving credit to use for working capital without the use of personal credit, or personal guarantees, and doing so protects your personal credit and assets.

## Top 10 Steps to Building Business Credibility

1. Business Formation Documents Match
2. Business Licenses
3. Federal Tax I.D. No. (EIN)
4. Physical Business Address
5. Separate Business Phone

## Top 10 Steps to Building Business Credibility

6. National 411 Business Directory
7. Business Fax Number
8. Business Website
9. Business Email Address and Domains, etc.
10. No Public Records i.e. Tax Liens, Judgments, etc.

## Start Your Business Credit Reports

- Get a DUNS Number from Dun & Bradstreet
- Get an Experian Business Credit Report
- Get an EquiFax Small Business Credit Report
- Get a Credit Report from [Tradecreditreport.com](https://www.tradecreditreport.com)

## Apply for Net-30 Credit Terms with Suppliers

- Apply for “net-30” credit terms with suppliers that will report on-time payments to business credit reporting agencies.
- Make purchases using credit accounts instead of prepaying by cash or credit card.
- Pay supplier’s invoices from (15) to (25) days after the invoice date and repeat as needed.

## Managing Net-30 Vendor Accounts

- Pay supplier's invoices from 15 to 25 days after the invoice date and repeat as needed to build a PAYDEX score of 80 or above.
- Generally, after 12 on-time "payment cycles" you may be able to request longer payment terms from your suppliers.
- Monitor your business credit reports.



## Apply for Business Credit Cards

- Some business credit cards offer 'Cash Back' Benefits or Longer Terms (Net-60 or Net-90).
- Business credit cards that feed data to business credit reports, not personal credit reports.
- Maintains liquidity for higher bank ratings.

## How Business Credit Can Affect Loan Approvals

- One major advantage to building business credit is to maintain at least a 'Low-5' Rating – an Average Daily Balance of \$10K+ over 90 days.
- Business credit PAYDEX scores above 85.
- Stabilizes cash balances by deferring payments for operating expenses i.e., inventory, equipment, materials, and supplies.

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**Thank You**