



**EVERYTHING  
YOU'VE ALWAYS  
WANTED TO  
KNOW ABOUT  
BUSINESS  
CREDIT**



# Contents



<b>Everything You've Always Wanted To Know About Business Credit</b>	<b>02</b>
<b>The Basics: Why Business Credit is Important</b>	<b>03</b>
<b>The Business Credit Bureaus</b>	<b>04</b>
<b>Your Paydex Score</b>	<b>05</b>
<b>The Basics of Business Credit</b>	<b>06</b>
On-time payments	<b>07</b>
Pay not only on time, but pay early	<b>07</b>
Higher invoices should be paid first	<b>08</b>
Number of reporting tradelines	<b>08</b>
Years in business	<b>08</b>
Outstanding debts	<b>09</b>
Public records, such as bankruptcies, liens, and judgments	<b>09</b>
Company size	<b>09</b>
General industry risk	<b>09</b>

<b>How To Get Reporting Tradelines To Build A Business Credit Score</b>	<b>10</b>
Make sure you register with Duns and Bradstreet	<b>11</b>
Business credit cards	<b>11</b>
Business credit builder loans	<b>12</b>
Tier 1 merchants	<b>13</b>
<b>How Do I Check My Business Credit?</b>	<b>15</b>
<b>The FICO SBSS Business Credit Score (Used For SBA Loans)</b>	<b>17</b>
What's a FICO SBSS score?	<b>18</b>
Which credit bureaus do they check?	<b>18</b>
How do I build a high SBSS score?	<b>18</b>
What if the business has many partners?	<b>19</b>
Where can I see my business SBSS score?	<b>19</b>
<b>Closing remarks</b>	<b>20</b>



# Everything You've Always Wanted To Know About Business Credit

For years, I've been tackling everything you need to know about personal credit. And thankfully, my readers have enough knowledge to get their personal credit to the top.

Recently, readers have been asking me for help building business credit. I decided to put together this guide by doing hours of research.

That's how I present to you The Guide For Business Credit: Everything You've Always Wanted To Know About Business Credit.



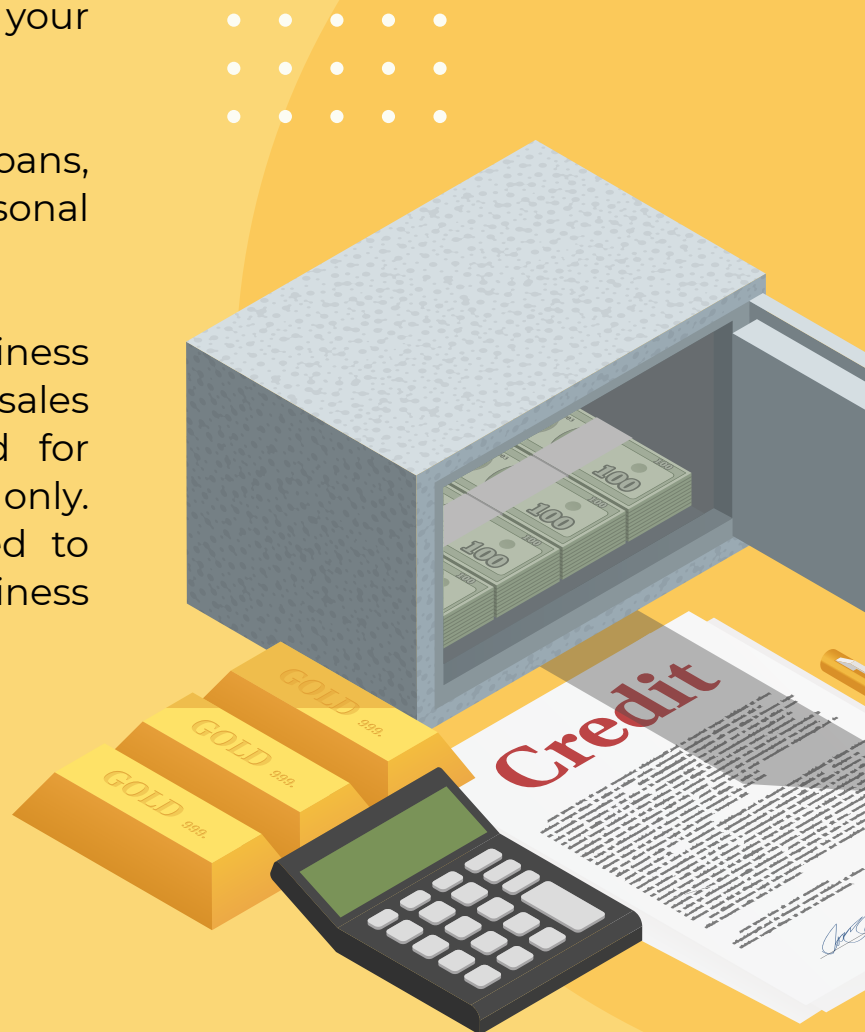
# The Basics: Why Business Credit is Important

In order to get loans for your business, you will need to have good business credit.

Business credit is not meant to replace personal credit. Business credit should be in addition to your personal credit.

In order to get better business loans, you must have both good personal and business credit.

That's in most cases. If a business makes millions of dollars in sales then they may get approved for loans on their business credit only. But most businesses will need to have strong credit for both business and personal.



# The Business Credit Bureaus



Just as there are three personal credit bureaus, there are also several business credit bureaus. They are:

- Dun & Bradstreet (D&B)
- Experian Business
- Equifax Business

Each credit bureau collects information independently. They collect information about your business based on banks or different loan types that report to them. Therefore, your score can be different by different credit bureaus, or you might not even have a score at all at one of the business credit bureaus.

Dun & Bradstreet (D&B) is the biggest and most commonly used business credit bureau.



# Your Paydex Score



With personal credit, you have a FICO score. With business credit, the most important score to look at is your Paydex score.

The Paydex score is a score generated by Dun & Bradstreet. The score ranges from 0-100, the higher the score, the better.



# The Basics Of Business Credit

The most important factors for business credit are:

- ✓ On-time and early payments to business loans and vendors
- ✓ Number of reporting tradelines
- ✓ Years in business
- ✓ Outstanding debts
- ✓ Public records, such as bankruptcies, liens, and judgments
- ✓ Company size
- ✓ General industry risk



Let's break down each one separately and talk about how you can build each factor to its best.

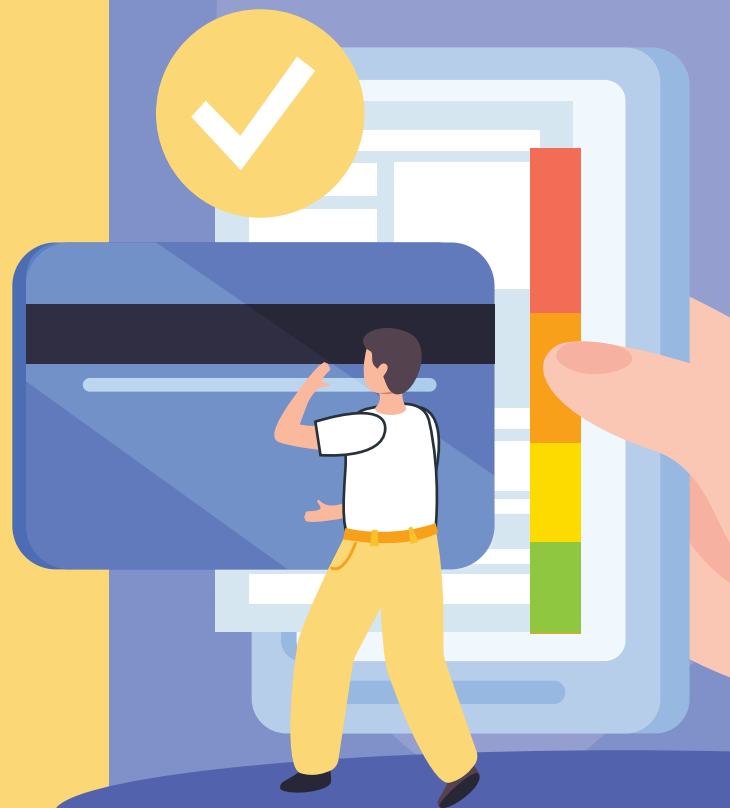
## ✓ *On-time payments*

The most important factor in your Paydex score is on-time payments. All loans need to be paid on time, and net 30 vendors etc., need to be paid on time.

## ✓ *Pay not only on time, but pay early.*

Different from personal credit, with business credit, not only do you need to pay on time but the earlier you pay the better. For example, for a net 30 invoice if you pay it the day you receive it, your Paydex score will be higher than if you pay it the 30th day. Even if the 29th day is still not late, Paydex likes to see you pay your bills early rather than waiting for the last day.

In order to generate a Paydex score higher than 80, you need to not only pay your bills on time, you need to pay them early.



## ✓ *Higher invoices should be paid first*

Another important thing to know is the higher the amount you owe and pay, the more of an impact it has on your Paydex score. So higher invoices should always be paid first.

## ✓ *Number of reporting tradelines*

In order to generate a solid Paydex score you need to have a minimum of 3-4 active reporting tradelines. We'll expand on this later on in the guide.

## ✓ *Years in business*

The longer your company is in business the better your score is. Unfortunately, new businesses are fighting a statistic that 90% of them fail. The longer your business is open the more stability it shows. If you're open for 20 years and were never late on any payment then, wow, that is a solid business and you deserve a solid Paydex score.



## ✓ *Outstanding debts*

This one is exactly the way it sounds. The more debt you owe the lower your Paydex score will be.

## ✓ *Public records, such as bankruptcies, liens, and judgments*

This is no good for personal credit and neither is it good for business credit!

## ✓ *Company size*

A small backyard business can expect to score lower than a large business with many employees.

## ✓ *General industry risk*

The industry you are operating in can have a significant effect on your Paydex score. If your business is operating in a high-risk category then your Paydex score will be lower due to that.



# How To Get Reporting Tradelines To Build A Business Credit Score



A bit earlier on we established that in order to build a good Paydex score, you need to have at least 3-4 active loans that report to the business credit bureaus.



Let's discuss how you can get those 4 tradelines.

## ***Make sure you register w/ Duns and Bradstreet***

The first step in building business credit is ensuring your business exists. It's not enough that you and your customers know about your business. You need to make sure Dun and Bradstreet know about it as well.

Make sure to register at Dun and Bradstreet to get a D-U-N-S Number.

You can register for free [here](#).

## ***Business credit cards***

One of the most common tradelines are business credit cards.

The following banks report their business credit card to D&B.

**Capital One**  
**Citi**  
**Chase**  
**US Bank**

Getting a business credit card at one of these banks will help you establish a Paydex score.



## ***Business credit builder loans***

Another type of tradeline you can get is a business credit builder loan. These are memberships you pay that report the on-time membership payment to the business credit bureaus. Here is an option I checked out:

### **Nav Business**

**Price:** \$49.99 monthly

**Number of Tradelines:** Two

**Reports on:** D&B Experian Business, Equifax Business

I saw another option called **CreditStrong** but since they do not report to the D&B, they are somewhat worthless.



## Tier 1 merchants

Our final step would be to get approved for some tier-one merchant accounts.

These are merchants that will approve you for net 30 payment terms and will report your payments to the business credit bureaus.

I would advise you to sign up to all three of them and buy something cheap every few months on payment terms. This will greatly help you achieve a great Paydex score which will result in better business loan terms – which can save you much more than the \$50 you spend at one of these merchants.

Here are a few merchants that are easy to get approved for a net 30 loan.

### Maverick

#### Apply here

Maverick sells office supplies. They have a lot of stuff that they will allow you to buy on a net 30 plan and report your on-time payment to the business credit bureaus.

You need to make purchases of \$80 or more in order for it to report to the business credit bureaus.



## Shirtsy

### Apply here

Shirtsy sells custom print products and you can easily get approved for a net 30 loan.

Make sure to order some promo stuff every so often. Buy it on your net 30 loan and pay it off right away.

Shirtsy has a \$99 annual fee.

## Uline

Uline sells shipping & office supplies. They offer 30-day payment terms and report on-time payments to D&B.

Here is how to do it:

- ✓ **Sign up online for an account**
- ✓ **Make one order**
- ✓ **Wait 30 days and call customer service to make another order and request 30 day payment terms**





# How Do I Check My Business Credit?

While building your business credit, you likely would like to track the progress.

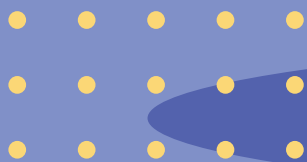
Let's discuss how you can view your business credit reports and track the progress.

## Nav

Nav provides you with your Experian business and Equifax business credit reports. They do not provide you with your D&B report.

They also provide your SBSS score (used for Small Business Administrations (SBA) loans) as an add-on.

**Price:** \$49.99 per month (SBBS score add-on is another \$10). You get a 25% discount if you pay annually.



## D&B report

You can get a copy of your D&B report for free by calling 1800-333-0505.

**Price:** Free

## Experian business report

You can order a copy of your Experian business report directly from Experian [online](#).

**Price:** 49.99 per report, or \$189 for an annual plan.



# The FICO SBSS Business Credit Score (Used For SBA Loans)

Up until now, we spoke mostly about the Paydex score. The Paydex score is the most common business score used by vendors, and by some lenders.

However, the Small Business Administrations (SBA) uses the FICO SBSS score. The SBA requires for many of their loans to have a minimum 155 SBSS score. Many SBA lenders will be even stricter and not approve applicants who don't score 180+. Each SBA lender makes their own guidelines since they also have skin in the game as the SBA only partially covers the loan.

If your score falls below the required FICO SBSS threshold then your loan application will go through a manual approval where other factors may be taken into account, making your approval more difficult.



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## *What's a FICO SBSS score?*

The FICO SBSS score is a business credit score created by our good old friend “ FICO”. It’s extremely comprehensive and it takes into account the business owner’s personal credit and business credit. It will also ask the lender to provide the business financials and the score will be based on the financials as well.

FICO SBSS scores range from 0-300, the higher the better.

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## *Which credit bureaus do they check?*

The SBSS score can be based on Experian, Equifax, Dun & Bradstreet, or all three.

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## *How do I build a high SBSS score?*

You may be able to get a passing SBSS score with personal credit only. But if you want a solid one you will need to build business credit as well.

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## You will also need:

- Healthy cash flow
  - Low business liability compared to your assets
  - Be in business for a few years
  - Not have any liens or judgments against your business
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## *What if the business has many partners?*

The FICO SBSS score will take into account the personal credit of all business owners who have a minimum of 20% share in the company.

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## *Where can I see my business SBSS score?*

You can view it on [Nav.com](https://www.nav.com) as an add-on to the Nav Prime membership. The total cost of Nav Prime plus the SBSS score add-on, is \$59.99 per month (you get a 25% discount if you pay annually).

Just keep in mind that the SBSS score found on Nav is not 100% accurate.

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## Closing remarks

I hope this guide covered Everything You've Always Wanted To Know About Business Credit.

Remember, good business credit should be in addition to good personal credit, and not instead of it.

Good luck building your credit!

