



We Know Small Business™



Unlimited Business Financing – Without A Personal Guarantee!

.....

Now YOU Can Have ALL The Business Credit You Need–
Faster Than You Thought Possible!
Finally a Business Credit Asset™ that will Rid You of Business Credit
Problems Once And For All

.....



E-Myth encourages every business owner and aspiring entrepreneur to make the development of a business credit asset a TOP PRIORITY. The reason is simple: it takes time and expertise to develop business credit and the sooner you start, the faster you will have a credit asset that enables you to obtain financing to grow your business while reducing your personally liability.

Most successful entrepreneurs develop a business credit asset by working with a certified business credit advisor and coach. The reasons are three fold:

1. Accessing professional support increases the likelihood that you will successfully complete the process.
2. Credit builder professionals insure that you develop your credit system to maximize your company's credit potential
3. Our professionals expedite the process from taking years to only a few months

Certainly there's no substitute for working closely with a friendly, helpful Business Credit Expert.

But, if you want to consider "going it alone," this information-packed report will point you in the right direction to do-it-yourself . . . as quickly, easily and painlessly as possible.

How to get the most out of this book

We highly recommend you start by reading this book in its entirety to get a better feel for the credit-building process from beginning to end. After you've read it completely, then simply follow the step-by-step checklist as you work your way along.

We've outlined all the necessary steps to successfully build your business credit. And because many variables can arise during your credit-building process that cannot possibly all be covered in a single book, we've included our contact information.

Please feel free to contact us if you need help in any way.

Happy Borrowing!

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What happens if they pull your business credit report and there's nothing there?

1. Why YOU Should Build Your Business Credit

Even though they've been in business for years, many people don't realize that business credit even exists . . . what it is . . . and how to establish a business credit file. And they may not understand why they should begin to build their business credit **now**.

Here are a few questions that every business owner should ask themselves:

- have I ever **been declined** for a business loan or financing?
- could I use a business **line of credit** for working capital?
- do I need, now or in the foreseeable future, to **lease equipment**?
- am I currently stuck having to **personally guarantee** every loan?
- would I like to obtain easy, fast approval on credit cards for my business?
- do I currently receive the most favorable credit terms from vendors?

There's an unfortunate lack of information available on how to build business credit that will allow you to finance, operate and expand . . . without putting your personal finances, or your family's future, in jeopardy. The reason is simple: financial lending institutions don't want you to know the secret of building a business credit asset.

When you apply for credit for a business, most creditors will pull your business credit report. This credit might have been used for anything in your business, from credit cards, to loans, to equipment. And what happens if they pull your business credit report and there's nothing there? They'll rely on your **personal credit** to guarantee your request, and that's the guarantee they're most interested in acquiring. If there's no business credit file, they're unlikely to lend credit to your business. One of the main reasons you need a business credit report is the ability to **receive more funding**.

Here's another reason that you need to build a business credit asset: to **save money!** This is the



Did you know that banks turn down over 97% of all business loan applications?

most important reason. By building a business credit asset, you can save yourself and your business money.

Building a strong business credit rating is vital to your success. Without it, you'll pay much higher interest rates for the money you borrow . . . **if** you can borrow at all. In fact, banks – which **say** they want to help small business owners – actually turn down **over 97%** of all business loan applications. They don't make it easy!

How does this work? Here's an example:

Let's suppose that you need \$50,000 for a piece of equipment for your business. Without a strong business credit rating, your bank will use your personal credit only. If you get approved, you'll have (in this example) an interest rate of 18%. With a D&B report, you can lower your rate - in some cases as much as 50% and you don't have to guarantee the loan with your personal assets.

Here's a quick comparison:

	Personal Loan	Business Loan (with strong credit rating)
Lease Amount	\$50,000	\$50,000
Interest Rate	18%	10%
Term of Lease	60 months	60 months
Monthly Payment	\$1,269.67	\$1,062.35
Total Payments	\$76,180.20	\$63,741.00
Total Savings		\$12,439.20



By simply building a business credit asset and setting up your business properly, you can literally save yourself tens of thousands of dollars! As a business owner, that should be a top priority.

The truth is ... you don't really **have** a business credit asset until you **start building one!**

2. Dealing with the Banks

It doesn't matter how long you've been in business ... one-year ... five-years ... twenty- years. As far as banks are concerned, if you don't have a business credit rating it's a personal loan (with personal guarantees) for you (or nothing at all)!

Every lender has approval guidelines they follow when considering your loan application ... with up to 20 key factors that they examine! (Do you know any of these factors?)

Here are a few of the key factors that can result in a rejected loan:

- no **411 directory assistance listing**? Then no loan, either!
- **bank account balance rating** of "low 5"? Likely no loan. (Do you even know what a "low 5" rating is? Don't worry - we explain further on. . .)
- if you have fewer than 5 **trade credit accounts** reporting to credit bureaus . . . again, you'll probably be turned down.
- not having a **credit file number** will mean not getting that loan!
- your banker may take a dim view of a **business credit score** below 70
- the lender may insist you have a **debt coverage ratio** of 5:1 or better
- . . . or you might be turned away due to any of a **host of other reasons!**

Worse yet, it might take only one key factor being unfavorable, to turn your banker against you!



The truth is . . . you don't really have a business credit rating until you start building one!

And how easily can any small business receive funding when they have to produce documentation such as the following?

- interim financial statements
- most-recent Federal Tax Returns for each principal owner
- accountant-prepared financial statements including Profit & Loss statement and Balance Sheet for the last 3 years
- personal financial statements for each principal owner
- organization compliance documents, such as incorporation papers, DBA papers, business licenses, etc.
- list of business and personal assets that can be used as collateral
- names and contact information for at least three credit references

These documents can be **very difficult** for a start-up business to supply . . . especially if they've just started their business. Many banks expect a business to be **already established** before they request financing . . . but **you can** get started without it!

3. The Business Credit Bureaus

For years, good companies have been declined by banks because of **incorrect information** on their business credit report . . . or, more commonly, because they **don't have** a business credit report at all.

There are three major companies that collect **business** information and publish it. These are: Dun & Bradstreet (D&B), Experian, and Business Equifax. D&B is by far the largest . . . but the other two are catching up quickly. Most lending institutions incorporate the information, and use the commercial scoring model that they retrieve from D&B's database.



Here's a brief introduction to the different business credit bureaus:

Dun & Bradstreet was started back in the 1800s and has been collecting business information for over 150 years. They compile the information that they gather and then sell it to other companies. The most important thing for you to know is that they are the **largest and most predominant** business bureau in the marketplace.

Recently, other companies have entered the business credit world as well. Experian, who you may know as a personal credit bureau, now has a business division called Corporate Experian. Several lenders now base their lending decisions on Corporate Experian instead of D&B.

Equifax is also entering the business credit world and they are offering an extensive business credit report.

There are a few others but they're not significant. These include PayNet, FDInsight, BusinessCreditUSA, and ClientChecker.

You may be wondering if you even **have** a business credit report. If you don't know, then you most likely you don't have one!

Business credit is not like your personal credit wherein, when you turned 18 and got your first credit card, you immediately acquired a credit history.

When you set up a file with Dun & Bradstreet, you'll be given a D&B number, or DUNS number. Lenders will ask you for this number . . . and they use it to access your credit rating.

Here's a very important fact that we cannot emphasize enough: You must **follow the steps** of setting up a compliant **business** structure before you establish your D&B file. We'll go into the details later,



Your business credit consultant will help you with every critical step in this process, to ensure that everything is done just as it should be.

but there are prerequisites that you need to meet before you begin to set up a business credit file. You must know what to do . . . the order to do these steps in . . . and then manually set up a D&B credit file to ensure that the information is completely accurate.

It's very important that each step of this system is followed precisely. If a step is skipped or you don't complete one step before moving on, then you'll hinder the ability of your business to build the optimum business credit asset and to borrow money without having your personal credit report attached.

Your business credit consultant will help you with **every critical step** in this process, to ensure that everything is done just as it should be.

4. Requirements for Building Business Credit

First, let us clarify one thing: Unless you are incorporated, or a limited liability company, then you might be "in business" . . . but you're not "a compliant business." You **must be** a corporation or an LLC in order to build a true business credit asset. If you aren't, you won't be able to separate your personal credit from your business credit.

After discussing your particular situation, we can help set up the business entity **you need**. The entire process can be done for you surprisingly quickly. In order to capitalize on any business financing available to you, and to separate your business and personal credit, you have to have a **real business entity**.

You'll need a minimum of one bank reference . . . and an average daily balance (ADB) of at least \$10,000 for the past three months. This yields a "Bank Rating" of Low-5 (meaning an ADB of \$5,000 to \$30,000). A lower rating . . . say a High-4, or balance of \$7,000 to \$9,999 . . . won't put a stop to your



application. But it **will** slow it down.

Do whatever you can to get this minimum figure in your account . . . knowing that **you don't USE this money!** It's only kept there to keep your Bank Rating up.

Also, make sure that your business bank accounts are reported **exactly** the way all your business records are . . . with the exact same physical address (no P.O. Box!) and phone number.

Make absolutely sure that **every** credit agency and trade credit vendor – in fact, every record-keeper (financial records, income tax, web addresses and e-mail addresses, directory assistance) – also lists you the same way. No lender is going to stop to consider all the ways you might be listed, when they look into your “creditworthiness”. If they can't find what they need – **easily!** – they'll simply turn you down.

Business credit cannot, and does not, exist for a sole proprietor. All that a sole proprietor has available are personal loans or lines of credit. This credit is tied to your personal social security number.

What type of entity do you need? You'll need to consult your CPA, tax attorney, or lawyer for advice on what type of entity will fit your business best. You can be either a corporation or limited liability company to build business credit.

5. Maintaining Your D&B Report

Once your business credit report is set up and you have a high PAYDEX score (see Section 8), you'll want to be sure you always **maintain your report**. Check your report periodically. You may want to consider purchasing the Monitoring Service that D&B offers. This service allows you to receive alerts, whether positive or negative, on your report. There are several areas that you will be notified of, if



Business credit cannot, and does not, exist for a sole proprietor.

they change, including:

- Credit Rating
- Suits, liens or judgments on your business
- PAYDEX score changes
- Changes to financial statements
- Other significant news involving your business

6. How To Raise Your PAYDEX Score

One of the most important sections of your D&B Business Credit Report is the payment summary section. There are two scores in this section that are critical to the report and can separate a good report from a bad one. While the two scores – the PAYDEX score and the PAYDEX score key – are related, they deal with separate issues that you need to know and understand.

Your PAYDEX score is a statistical measure of your **business creditworthiness** . . . your ability to pay your debts . . . similar to your personal creditworthiness FICO score. A PAYDEX score of 80 is similar to that of a 700 personal FICO score.

You'll need a PAYDEX score of 80 to obtain the most favorable financing . . . meaning you pay all your bills **on time**. To obtain a PAYDEX score, you need **at least five** trade accounts reporting to your file . . . but the score itself is calculated by using as many as 875 payments.

You will also want those accounts to **report favorable payment history**. If you pay your bills on time, they will. If you pay your bills late, your PAYDEX score will drop. Depending on how early or late you pay your bills, your PAYDEX score will adjust accordingly. If you pay early, then you can achieve a score that is over 80.



How timely you pay your bills (your PAYDEX score) is a good indicator to lenders of how likely you are to pay your bills in the future. Lenders look at this score carefully when deciding whether or not to give you a loan.

We've included a D&B PAYDEX score key chart below for your reference. Getting a PAYDEX score key of 80 means you have a perfect score. When you pay all your bills on time, meaning on or before the due date, you'll get a perfect score. Remember, to get this score, you need to have five trade references reporting to D&B on your company.

D&B PAYDEX Score Key	
100	Anticipate
90	Discount
80	Prompt
70	Slow to 15 Days
60	Slow to 22 Days
50	Slow to 30 Days
40	Slow to 60 Days
30	Slow to 90 Days
20	Slow to 120 Days

Admittedly, this can be one of the most difficult credit-building requirements to meet because you're at the mercy of your vendors to bother reporting. One of the best things you can do here is **ask** your suppliers for 30-day payment terms . . . and **ask them** to report your payment history to D&B.



WARNING!

There are “services” that promise to get this process done for you in one month. What they do is have their vendors report an excellent payment history even though you’ve just started with them.

Don’t do it! This is blatant fraud and they’ll charge you up to \$2,000 or more to provide this “service”.

Your business credit consultant will help you choose the right vendors, with the right products and services for your business, on credit terms that are right for you ... and who will report your payment history promptly and legally.

Here’s another important aspect of the PAYDEX system that most business owners don’t know about. PAYDEX is a “weighted average” score ... giving more weight to the trade accounts that report **higher amounts of credit extended** and less weight to trade accounts that are reporting lower dollar amounts of credit.

So what does that mean to you?

Here’s another quick tip: If you’re having trouble “meeting all your credit payback obligations” – in other words, if you’re going to have to let some of your bills “slide” this month – be sure to pay your “largest dollar” creditors first! This way, **their reporting** – which carries more weight in your Paydex score – will remain positive.

At any rate, always contact those creditors you’re not able to pay ... and let them know that you’re not “ignoring them”. You’ve simply hit a snag and will make it up to them as soon as possible. (Give them an actual date, if you can.) From a creditor’s point of view, the only thing worse than not being paid what’s owed to you ... is not even being **told** that you’re not being paid what’s owed to you!



Your business credit consultant will help you raise your credit score the right way.

7. Find Out Who is Reporting On Your Business

Many business owners discover, when they receive their Business Information Report from D&B, that they have a low PAYDEX score (see Section 8). They scratch their heads and wonder why - after all, they're paying their bills on time.

You won't be able to find out which companies are reporting negative information to your file because D&B doesn't provide businesses this information. You will, however, be able to obtain a list of **all the companies that are reporting** to your file. Upon request, you'll get an alphabetical list of all the companies reporting to the business credit bureau ... as well as the number of times they reported.

If you'd like to see this list, call your D&B representative and asked them for the list of companies reporting on your business. There must be at least five companies reporting before your Representative will be able to pull this list.

Once you get your report, turn to page 2. You'll find an overview of the companies that have reported the dollar-weighted payments ... and your PAYDEX score. The companies will be sorted by supplier industry.

If you have less than 20 companies on your list, your D&B representative might choose to simply read the list to you over the phone, or e-mail you the information. (If you don't receive the report, make sure you follow up with your representative and tell them you've already made a request.)

Other information you'll find on this report includes: the total dollar amount of all trades reported to your account ... the largest amount that any one trade has reported ... and the percentage of payments that have been made to the top 10 industries.



8. Correcting Information on Your D&B Report

Nearly every D&B report contains some errors, so don't be alarmed if you review your report and find an error or two. Most problems needing resolution will be dealt with through the eUpdate website; however, any **major issues** will need special attention. In those cases it's best to pay D&B to get an account representative to fix the problem quickly and efficiently so that it doesn't affect your file.

Always ensure your business credit file is accurate!

This tip is **extremely important**, as the Fair Credit Reporting Act (covering personal credit) does not apply to businesses. If there's an error on your business credit report, or if you skip a step in setting it up, you have no legal recourse to have that information removed. If your file was set-up incorrectly, there's a good chance your business credit file could be put in the "High Risk" category, making it nearly impossible to remove inaccuracies.

Make sure you follow each step and take no short cuts.

We can't emphasize this enough. This booklet – like any other you might read – is **only a guide**. Your own situation may very well require particular attention that no book can give you.

9. The Next Step

Now that you've reached this point, we know you're serious about building your business credit asset. But please understand, the purpose of this booklet is not to encourage you to "go it alone". The business credit arena can be more of a "garden of cesspits" for the unwary and the ill-prepared. You really need the help of a knowledgeable and friendly guide who knows the way around those pitfalls . . . and can take you in one side and out the other . . . safely . . . and profitably.

We've explained a lot, already, in this brief report . . . but there's **so much more** to building business



credit the right way. It can't be fully explained in a treatment this size. And even a full-scale book can't cover every contingency you might run up against.

So...

Does this sound like a lot of work? It is.

But it ***needs to be done if your business will result in a vehicle to achieve your vision!***

Why Not Let Our Business Credit Consultants Help YOU...

Our business credit consultants can assist you in every phase of building a business credit asset.

We can help you locate the vendors who will not only extend you the very best trade credit ... but who will report your payment history to the appropriate agencies.

You'll breeze through the D&B process with our help ... and you'll breathe easy, knowing you "got it right".

We'll help you obtain ***real business credit cards*** ... not just personally-guaranteed cards with your business name on them. There ***is*** a difference!

We'll make sure you fully understand PAYDEX ... and lay out for you, step-by-step, the best way to ensure ***your bank rating*** is the highest possible.

The business credit score you build with our help will open up ***more opportunities*** for funding your business than you can imagine!



... Without a personal guarantee from you.

... Without risking your family's financial future.

And you can achieve all this much sooner **with our help** than without. We've spent many years researching how to build strong business credit scores the fastest possible way with EquiFax, D&B and Experian.

We can help you build your business credit rating higher than you ever thought possible so you can get **the credit you need . . . when you need it.**

The Business Credit Builder System will:

- Show you how to secure lines of business credit for your business
- Help you separate your personal credit from your business credit
- Assist in upping your personal credit score
- Answer all of your questions through an initial FREE phone consultation, and offer continual phone support throughout the process.



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