

BUILD BUSINESS CREDIT FAST!

GET APPROVED FOR BUSINESS CREDIT W/ GUARANTEED ACCOUNTS

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YOU WILL LEARN 4 STEPS TO APPROVALS FOR BUSINESS CREDIT

- Step 1: Build Credibility
- Step 2: Get set up w/major reporting agencies
- Step 3: Establishing Vendor Credit
- Step 4: Obtaining major revolving credit

WHY DO I NEED BUSINESS CREDIT?

- Though it is possible to obtain loans and lines of credit under your personal credit history and SSN, upon utilizing those funds, your utilization is going to skyrocket, affecting your personal credit adversely
- Unlike personal lines and loans, business applications are generally approved for higher limits and spending amounts. Some are even liquid!
- Business credit allows you to increase brand equity by obtaining assets solely for your business, that can be used for tax purposes, or larger lending opportunities in the future.

BASIC BUSINESS ENTITY TERMS:

- Employer Identification Number (EIN #): This is a unique identifier assigned to your business by the IRS slightly similar to a “social security” but for business entity.
- DUNS #: (Dun & Bradstreet) is a unique identifier for the purpose of obtaining and reporting business credit to the bureaus. This unique code is visible worldwide! Go to www.dnb.com to obtain a DUNS number for free
- DBA (Doing Business As): This is the official name in which your business operates and should be consistent across the board regarding documentation.

DISCLAIMER:

- Employer Identification Number (EIN #): This is simply a unique identifier for IRS use to acknowledge your business, please be advised that you may still need to use your social on many personal & business credit applications.

*** Please be advised that the DUNS number is simply used to report to business credit bureaus and it is illegal to use this number and / or the EIN in place of a social security number when applying for consumer credit to conceal your consumer credit file. There is no such thing as a “alternative social security number” or an actual “Business social” Using ANY number besides your SSN when it is required for documentation is illegal and considered a federal offense.

*** Also be advised that Personal credit & business credit is a symbiotic relationship and, in many cases,, you still need to have strong personal credit to obtain loans and credit cards. Please beware of “gurus” stating that you can get loans with bad credit. Good Luck!!!

4 CORE TIERS OF BUSINESS CREDIT...

TIER I: BASIC TRADE CREDIT

- This is commonly found with NET accounts:

The largest source of capital in the world is business or trade credit. These are companies granting business credit without the need for a personal or business credit check and they rarely require a personal guarantee. Tier I is the most basic trade credit and when a corporation is rightly prepared, it will serve as a building block for establishing business credit for that corporation.

TIER 2 :ADVANCED TRADE CREDIT

- This is commonly found with revolving accounts & small lines of credit:

Like Tier 1, This is the capital extended by businesses to businesses.

The difference is that Tier 2 companies will conduct a business credit check before extending credit (and possibly personal credit check).

Tier 2 usually includes larger credit lines, longer terms and in some cases, can be used for equipment financing.

(commonly found with store credit accounts, etc...)

TIER 3 : BANK LENDING

- This is commonly found with Bank Lending:

This is the best-known type for business financing. Typically, banks offering unsecured business lines of credit, a personal and business credit check and personal guarantees are required. The most basic level of bank financing, for the most part is score and business history driven. For larger lines and loans, you need to be prepared with a good business plan and strong financials. Banks and credit cards are tier 3 lenders.

TIER 4 : INVESTORS

- This is commonly found with Angel investors, VCs, and beyond:

Tier 4 is a move outside of institutional lending and commercial credit to the world of venture capitalists, angel investors and other private investors and/ or equity firms. This level requires much more sophistication and a business that is out-performing or will outperform its industry peers. As a general rule, these investors want businesses that have been around a couple of years and can provide detailed financials and growth strategies.

**ONE OF THE BIGGEST REASONS
BUSINESSES ARE DENIED CREDIT...**

NO CREDIBILITY!!!

- Upon reviewing a lending application, banks and other lending firms will verify the business identity by performing searches in google, 411, etc...
- Needless to say, the deal is denied.
- If a corporation is unable to identify and establish the legitimacy of a business in a timely fashion... You will be DENIED!

BUILD CREDIBILITY... CAN THEY TRUST YOU?

- Lenders look for extensive information about your brand / business, which could determine their decision for funding
- The perception of lenders, vendors & creditors have of your brand is critical when establishing business credit and financing
- Before applying, ensure that you are meeting all lender standard guidelines.
- There are over 20 credibility points necessary to establish credit w/ lenders. Here are a few...

CRUCIAL CREDIBILITY POINTS:

YOUR BUSINESS NAME:

- When applying for credit, use your EXACT legal business name
- The name has to match all corresponding documentation (corporation filings, DBA, licenses, bank statements, etc...)
- Ensure that your branding and intellectual property is consistent across the board (Names, logos, titles, etc...)

BRANDING & VISUALS

- It is CRUCIAL to create an overall professional look for your business if you ever plan to obtain business credit or funding
- Always use professional emails, preferably with the “@businessname.com” at the end. If you are unable to pay for an official domain email, try using Businessname@gmail.com
- Avoid using personal emails for business purposes such as: hotchick24@gmail.com This reduces credibility, and scares lenders away!

BRANDING & VISUALS, CONT'D

- Ensure that all related social media platforms are clean, concise, and appropriate. *Including your own*
- A business with no website is trusted by no one! Before applying for funding, ensure that you have a functional working website.
- Optimize Google SEO features to ensure the brand appears in google search w/minimal effort. If the lender is unable to locate public information about your business, they are very unlikely to extend credit.

WEBSITE

- As stated previously, a business with no website is trusted by NO ONE!
- A legitimate website is one of the first things lenders search for when reviewing your business
- It's best that lenders learn everything about your business from YOUR website – This way, you control your own narrative, and what they learn and know about you.
- Put information online that you WANT lenders and future clients to see.

BUSINESS ADDRESS:

- In order to obtain funding, vendor accounts, and credit, most companies require that you have a **LEGITIMATE BRICK AND MORTAR ADDRESS**
- **CANNOT BE:**
 - Residential, P.O. Box, or USPS Address
- **MUST BE:**
 - A Deliverable physical Address (Brick & Mortar)
- **If you do not own a brick & mortar, please visit the next slides for resources!**

BUSINESS ADDRESS SOLUTIONS:

- **Corporate Address:**

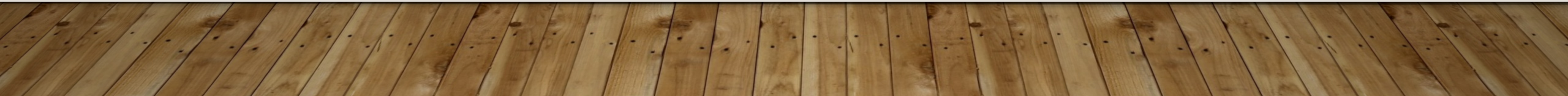
- Address only, most virtual offices offer this service w/package handling included.

- **Virtual Office:**

- Similar to a “coworking space”, the virtual office is a growing trend for emerging brands who occasionally need office space use, many of these services include package handling, business phone number, and a virtual assistant! (“Worksuites” is highly recommended)

- **True Office:**

- This is perfect for small to mid-size corporations who need a personal full-time office space to conduct daily operations and meetings. (Usually comes with all of the above listed)



BUSINESS PHONE NUMBER

- In order to obtain funding, credit, and (some) vendor accounts, your brand **MUST** have a dedicated business phone number, listed in the 411 directory. Go to “listyourself.net” to get listed for free.
- **CANNOT** be your personal number (It will be flagged as unestablished)
- **CANNOT** be a home or residential number
- Toll free numbers usually indicated the likes of a larger corporation
- **Google Voice is a great resource for obtaining a business number, at no cost!**

BUSINESS PHONE NUMBER (CONT'D)

It is unnecessary to purchase an additional phone or high tech equipment to satisfy the business phone requirement. Here are a few services that will make your business look and sound like a large corporation!

- Evoice: Evoice is a virtual phone number service that includes an auto attendant, complete with 24 / 7 customer support starting at \$14.99/mo
- Ring Central: This is perfect for multiple users; Up to 20 users includes team messaging w/ document sharing starting at \$19.00 / mo

EMPLOYER IDENTIFICATION NUMBER (EIN#)

- Whether you have employees or not, every business NEEDS to have a Federal Tax ID EIN#
- An EIN is a way for the federal government to acknowledge that you exist.
- Your tax ID number is used to open your bank accounts and build your business credit profile.
- Please be advised that you can only have 3 EINS per 1 social, so choose wisely.
- EINS are 100% FREE on [irs.gov](https://www.irs.gov) if a website is charging money for an EIN, it is likely a scam.

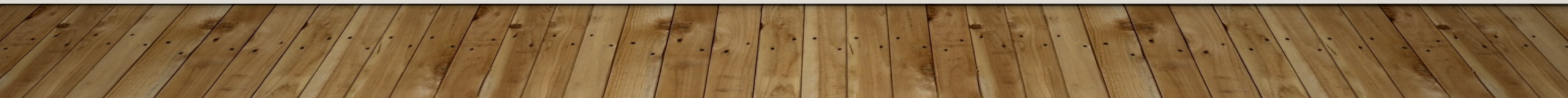
BANKING HISTORY

- Positive banking history is vital to not only business success, but future lending & finance opportunities. The longer your banking history, the better your borrowing potential.
- Many lenders consider the date that you opened your account as the date your corporation started. *** It is best to open a business relationship 60-90 days prior to applying for funding, no EARLIER than 30 days.
- Lenders will review how well you manage your business account. It is vital to keep a high balance at all times to obtain an excellent rating on a scale of “1 through 5” used for lending risk assessment.

BUSINESS BANKING

Common banking mistake entrepreneurs make when conducting business banking affairs:

Using their business bank account as a personal piggy bank

- Avoid Co-mingling personal and business banking funds. Though it may not be considered illegal (depending on the business structure), you will run into trouble in the long run.
 - Lenders like to see consistently high balances along with positive banking history, and the overall transaction history must “make sense”. (Ex: If you have \$10,000 coming in each month and \$5,000 is spent on trips to the supermarket, Nieman Marcus, etc... That raises a red flag to lenders that you mismanage funding.)
 - ALWAYS have a personal and SEPARATE business bank account. Never mix them. No legitimate business operates personal and business from their personal account. Ensure that your correct business name & proper mailing address is on the account.
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BUSINESS BANKING (CON'TD)

In Addition:

- When it comes to surprise and / or mandatory tax audits, its poor business practice for the CEO to get in the habit of misappropriating funding. Auditors do not like to see these poor practices, therefore it is important to consult a CPA on ways to distribute funds into payroll, along with "paying yourself" correctly.
- If you are a sole proprietor, this is often referred to as "Owners draw" and for LLC "member's distribution" it is advised to do this on a schedule such as monthly or quarterly to avoid draining the business of funding.
- For payroll, you may use organized systems such as: Quickbooks, Paycom & Paychex

LICENSING

- One of the most common mistakes that small business owners face, is inconsistent information on business licenses, opposed to other official docs (e.g. different addresses)
- Even worse, is not having the required license to operate in your scope of business legally.
- When in doubt, RESEARCH your specific realm of business! Contact your local secretary of state, county clerk, or an attorney to verify the specific licensing requirements needed to operate your type of business.

CORPORATE ENTITIES

- You can build business credit with any corporation entity type: (LLC, LLP, C-corp, S-corp, Partnership)
- If you truly want to establish business credit separate from your own, you **MUST** separate the entity from your personal affairs.
- Please note, that each corporation is handled differently regarding liability, taxes, and litigation.
- If you are solely doing business under a DBA, you are not considered an official business in many funding realms and jurisdictions.

SOLE PROPRIETOR & PARTNERSHIP W/BUSINESS CREDIT

- Should you decide to obtain business credit for a sole-prop or partnership, you then become liable for the loan & lending terms, should any detriment or defaults occur.
- In addition, you will be forced to pay taxes for that funding on the personal side.
- Bottom line, as a sole-prop or partnership, you will always be liable for your business in all facets of operation.

BEFORE APPLYING FOR CREDIT...

OBTAIN BUSINESS CREDIT REPORTS

- FUN FACT: 90% of Vendors do NOT report to business bureaus.
- Business credit reports are offered by: DUN & Bradstreet, Experian & Equifax
- Before applying for funding, you will first want to obtain a copy of your business credit reports, to see what specifically is reporting to your credit
- Visit: www.nav.com you can find out what tradelines are reporting to your business credit file. Start for free or pay \$29.99 for premium access. This offers an in-depth view at both business and consumer credit reports from Dun & Bradstreet, Equifax & Experian.

OBTAIN VENDOR ACCOUNTS

- Building business credit is similar to how personal credit is commonly established. It is ideal to have 5 vendor accounts reporting to your file.
- You may apply for initial business credit cards known as “vendor accounts.”
- Vendor accounts are commonly referred to as: “Net 30, 60, Or 90” accounts:
 - How it works:
 - You purchase product up to a certain dollar amount or limit, and you are given 30, 60, or even 90 days to pay off the full balance.
 - This is called “Net terms”
 - Some arrangements may require you to have a DUNS # or EIN#

OBTAIN REVOLVING ACCOUNTS

- Revolving accounts cards and lines of credit that do not require the full balance to be paid by the end of each month
- Initially, businesses are offered revolving accounts from actual merchants: (Amazon, Macy's, Lowes, Office Max, etc...)
- Once positive payment history is established, (usually 10 accts) businesses may be approved for major accounts: (Visa, Mastercard, Amex, etc...)
- You must first establish vendor accounts to obtain a "Business credit score". Without an established file, you will NOT be approved for business credit. (Typically takes about 90 days)

RECOMMENDED VENDORS

- Most merchants offer business credit, they simply do not advertise it! Here are some below:
- NET 30-90 merchants:
 - ULINE
 - Crown Office Supplies
 - Grainger
 - Quill
 - Amazon
- Revolving account merchants:
 - Office Max / Office Depot
 - Apple
 - And MANY more!
- Most major banks allow you to establish business credit with a secured credit card!