



LiftFund

DREAM IT. FUND IT.

Establishing Business Credit

Presented by: Bridget Ross, VP of Business Support

Wednesday, October 28, 2020 6:00 PM – 8:00 PM (CST)

Today's Webinar:



Introductions



Hands-on
Tools



Webinar
Presentation



Q & A



Continue to
Connect

LiftFund's Passion



Providing entrepreneurs a safe space to grow and learn



Providing accessible information so entrepreneurs are equipped with knowledge



Providing resources that are responsive to entrepreneurs needs



Championing small business victories

Our Work Across our Footprint

Source: 2019 Impact Survey



\$359.7 million in capital

As of June 20, 2020



6,400 technical assistance hours



500+ resource partners



Diverse Clients:

86% Minorities

36% WOB

10% Veterans

LiftFund Solutions

Business Lending

- Disaster Relief Loans and Grants
- SBA 7(a) loans
- SBA 504 loan packaging and servicing

Business and Financial Education

- Individual Consultations
- Credit and Financial Insight Sharing
- Group Seminars and Webinars

Resources

- Helpful Business Tools and Guides
- Refer Clients to Trusted Partners
- Share Steps to Prepare

LiftFund Online Tools for Entrepreneurs

LiftLearn.com

- 11 Topics with videos and templates

LiftFund.InitiateProsperity.org

- 100+ Resources on the topics of Money, Management & Marketing
- Plus COVID-19 Resources

Business Credit

- ❖ This credit is in the business name and based on the business's ability to pay, not the business owners.
- ❖ This credit is linked to the business EIN number not the owner's SSN
- ❖ Since the business qualifies for the credit, in most cases there is no personal credit check required from the business owner

Business Credit

- ❖ The business can use its credit to qualify for revolving store credit cards like Staples, Lowes, Sam's Club, Costco, BP, Walmart, Best Buy, even MasterCard, Visa and AMEX (cash credit)
- ❖ The business can also qualify for credit lines, loans, auto vehicle leasing, commercial real estate purchase, and much more

Business Credit Benefits

- ❖ Has no effect on your personal credit
 - ❖ Not based on consumer credit quality
 - ❖ No inquiries when applying
 - ❖ Utilization doesn't matter
- ❖ No personal guarantee/liability
- ❖ Anyone can see your business credit reports
- ❖ Go to WWW.NAV.COM to pull business credit profile for FREE

Business Credit Benefits

- ❖ Can be built fast because the main business credit scores are based on payment history only
- ❖ You can have both consumer, and business credit at the same places
- ❖ Credit limits are 10-100 times higher than with consumer limits...
- ❖ No collateral requirements
- ❖ No cash flow requirements

Business Credit Benefits

- ❖ Good credit isn't required
- ❖ No financials or bank statements are needed for approval
- ❖ Easier access to funding
- ❖ Better terms on funding

Business Credit Building

- ❖ A business starts building a brand new credit profile much the same as a consumer does
 - ❖ The business starts with no credit profile
 - ❖ The business gets approved for new credit that reports to the business credit reporting agencies
 - ❖ The business uses the credit and pays the bill timely
 - ❖ A positive business credit profile is established
 - ❖ As the business continues using the credit and pays bills timely it will qualify for more credit

Step 1: Business Credit Building

- ❖ When you start building business credit, you won't have any credit established yet...
 - ❖ ...And you won't be supplying your SSN
- ❖ So this means the only thing credit issuers can use to determine your approval is your credit *APPLICATION*
- ❖ Because of this, everything on your application must reflect you have a **creditable business**

Step 1: Building Business Credit

- ❖ You must first setup an entity for your company
- ❖ Many entities by default make you personally liable...because they are setup as you and the business being one-and-the-same
- ❖ So you want to avoid Sole Propriership and Partnerships
- ❖ Instead you want to choose a LLC or corporation

Step 1: Building Business Credit

- ❖ With a LLC or corporation, you and the business are separate from each other...and you liability can also be separated
- ❖ You can choose either a “S” or “C” corporation
- ❖ The main difference between these two is that for a S corporation the profits/loss roll-over to your personal taxes...so you aren't paying both personal and business taxes.
- ❖ With a “C” corporation no of it rolls over to your personal taxes...

“CONSULT with a CPA for which structure is best for your business”

Step 1: Building Business Credit

- ❖ You must setup and EIN number...which is free to get:
- ❖ <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

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- ❖ Setup a Business Bank Account
- ❖ Setup your business address
- ❖ It has to be a physical address...not a P.O. or UPS Box
- ❖ You can use a virtual address...Check out Regus as an example
- ❖ You can't use the address of another business or your home address because business credit is linked to an EIN number and business address

Step 1: Building Business Credit

- ❖ Setup a business phone number
- ❖ You cannot use a home or cell phone
- ❖ You can use a virtual phone number...example RingCentral
- ❖ Get a fax number setup as well
- ❖ Get a toll free number setup
- ❖ Must get your phone listed with 411 (there is a cost approx. \$300 annually List Yourself as an example)
- ❖ Setup your website (Do it yourself: GoDaddy or Pay to do it: www.Fiveer.com)
- ❖ Setup your professional email address
- ❖ Make sure you have your licensing that's required for your industry, county, and state
- ❖ Check and setup your business listings

Step 1: Building Business Credit

- ❖ One thing you must be sure of is that all company information you have out there is congruent This means that your business essentials should be the same no matter where someone looks
- ❖ Some items you should insure are congruent include...
 - ❖ You business name
 - ❖ Your business address
 - ❖ Your business phone and fax numbers
 - ❖ Your business website and email address
 - ❖ Licenses
 - ❖ EIN and DUNS number
 - ❖ Corporate documents

Step 1: Building Business Credit

- ❖ Make sure you exist, and that your name is listed in as many places as you can get it online:
 - ❖ 411
 - ❖ BBB
 - ❖ Super Pages, Yellow Book, YP.com, YellowBot
 - ❖ Google, Yahoo, Bing
 - ❖ Yelp, Manta, Merchant Circle
 - ❖ Express Update, DexKnows
 - ❖ D&B Verified (for Veterans it is FREE)

Step 2: Building Business Credit

- ❖ Get and review your business credit reports (www.nav.com)
- ❖ Dun & Bradstreet, Experian, Equifax Business

Step 3: Building Business Credit

- ❖ Now that you are credible in the credit issuers eyes...and that you have seen and corrected your reports...you can start building business credit
- ❖ **“NO”** you cannot just walk into stores and your bank and start getting credit
- ❖ You have to start with trade lines before getting “store or cash credit”

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Step 3: Building Business Credit

- ❖ So you'll need to establish a credit profile and score FIRST...then you can start applying for store credit
- ❖ You do this through *VENDOR accounts*
- ❖ These are creditors who will give you initial credit when you have none now
- ❖ Their terms are Net 15 - Net 60 typically.
- ❖ This means you must pay on what you charge within that time period

Step 3: Building Business Credit

- ❖ Some vendors include...
 - ❖ Quill
 - ❖ Uline
 - ❖ Monopolize Your Marketplace
 - ❖ Gemplers

Most trade vendors do not report to business credit. So you have to check to see who the vendor reports to.

Step 3: Building Business Credit

- ❖ You MUST have **5** vendor accounts reporting to move on to store credit
- ❖ It will take 30-90 days for those accounts to report...60 days on average
- ❖ Do NOT apply for store credit without having 5 accounts

Step 4: Building Business Credit

- ❖ After 5 accounts are reporting, then you can get store credit cards
- ❖ Almost all stores offer no PG business credit cards
 - ❖ Macys
 - ❖ ABC Supply Co Inc.
 - ❖ Sherwin Williams
 - ❖ AutoZone
 - ❖ Lowe's Hardware
 - ❖ Staples
 - ❖ Tiger Direct
 - ❖ Amazon.com
 - ❖ Chervron and Texaco Business Card
 - ❖ BP Small Business Fleet
 - ❖ Sears Commerical One
 - ❖ Dell
 - ❖ Amazon.com Revolving
 - ❖ Walmart
 - ❖ Home Depot Commercial Card
 - ❖ TSC Tractor Supply

Step 4: Building Business Credit

- ❖ Keep in mind this store credit has *MASSIVE value* to our business
- ❖ Getting \$10,000 at Apple and Dell, \$6,000 at Amazon and Walmart, \$12,000 at Staples and Office Depot...can really help you grow
- ❖ Allow **60 days** for those accounts to report
- ❖ You'll need **10** total account reported to move to the next step

Step 5: Building Business Credit

- ❖ With 10 accounts reporting you can start to get CASH credit
- ❖ This comes in the form of *VISA* and *MASTERCARD*
- ❖ You can also get AMEX... but they usually want lots of credit established or longer time-in-business
- ❖ Discover does offer business credit... but no longer with no PG
- ❖ Sam's Club and Home Depot offer these types of cards

Step 5: Building Business Credit

- ❖ If you are willing to supply a PG... and if you do not have good personal credit or have a partner who does...
- ❖ Then you might consider Unsecured Business Financing
- ❖ With this program they WILL look at your personal credit... and it must be good for approval
- ❖ But you can get \$25,000 - \$150,000 in only 3 weeks or less

Step 5: Building Business Credit

- ❖ If you follow these steps you can have an excellent business credit score within 60 days
- ❖ Then you'll start to get HIGH limit store credit
- ❖ And you can then get CASH credit within 120 days
- ❖ All without a personal guarantee... or a personal credit check
- ❖ And even as a startup... with no collateral... and no cash flow

RESOURCES

- ❖ www.nav.com
 - ❖ FREE business credit report
 - ❖ Help with building business credit
 - ❖ Access to advisors
 - ❖ Provide vendor, store, and cash credit sources
- ❖ www.creditsuite.com
 - ❖ Help with building business credit
 - ❖ Access to Business Advisors
 - ❖ Provide vendor, store, and cash credit sources
 - ❖ FREE D-U-N-S, Experian Smart Business, 411 listing

Connect with us!



Via appointment:
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www.LiftLearn.com



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