

NATIONWIDE CORPORATE CREDIT MANUAL

Establishing Business Credit

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Establishing Business Credit

Introduction

Have you ever purchased an intimidating piece of power equipment; and when you opened the box, there was a big, fat manual covered in warnings that told you how to use the equipment? If you're like most people, you were probably half-tempted to toss the manual because you were sure that you'd be able to figure the thing out on your own! After all, how hard can it be? You had to make a decision about whether you would ignore all the warning labels and tags (at the potential risk of life and limb) or exercise patience by slowing down and reading the manual. For those of you that typically ignore the manual and the warning tags, the scenario just outlined may have brought back memories of what you have experienced just before making yet another run to the emergency room.

When it comes to establishing business credit, this manual is one that you WILL want to read thoroughly and follow carefully. If you don't, you may slow yourself down and potentially harm your chances to obtain credit for your business in the future. Some mistakes are difficult to clean up and correct. Your effort to skip ahead and go faster could ultimately make the whole process come together MUCH more slowly for your business.

Follow the Steps

In this process, skipping a step or doing the steps out of order can sometimes be detrimental. I know you're excited, but take a deep breath and commit to being diligent, thorough, and patient. That doesn't mean that the process will necessarily have to be slow. It's just that you don't want to rush it too much. Sometimes you don't know what you don't know. Case in point: once you've established your LLC (or other business entity), your mailbox will likely be bombarded with credit card offers.

Now, you may be tempted to toss this manual (as described above) and start applying for every credit offer that you receive. A very serious piece of advice: DO NOT DO IT! That junk mail won't get you where you want to be. Shred those offers. You'll likely need to seek for lenders that are right for you, at this stage of your business development. Remember, NOT ALL LENDERS ARE CREATED EQUAL. For instance, with some lenders, you may be forced to co-sign for loans (personally guaranteeing them) while others won't require it. Some lenders won't report your *positive payment history* to the business credit reporting bureaus, while others will (we'll explain more about this later). For now, just make sure that you read this entire manual and follow it carefully.

Establishing business credit isn't going to be an *instant activity*. The process can be very technical and tedious, at times; however, it's certainly possible to establish the credit that you desire, and (if done right), it should be well worth your efforts! You're about to gain an education that few people are even exposed to because world of business credit is very different than the world of personal credit. Consequently, relatively few people understand it well or even know where to start.

And complicating the process is all the *misinformation* that it circulated by seemingly countless companies, which notoriously over-promise and under-deliver. For example, some claim that they'll do all the work for you; so, if you pay them large sums of money, they'll start dropping big credit lines in your lap. Do you know the saying about *things that sound too good to be true*? Well, they usually ARE too good to be true—to be real, that is.

Well, many people have paid enormous sums of money and received absolutely nothing in return from companies that *promise the moon* but don't deliver. Many people discover, often in a very short period of time after paying an exorbitant fee (often tens of thousands of dollars), that their "trusted" company has fallen off the face of the earth and cannot be reached. There are also many unscrupulous companies that claim to be able to "teach" people how to build business credit on their own. Be advised that most of these organizations will do nothing (or very little) to actually teach you and will often leave you with an empty wallet. They may provide you with volumes of information that talks in circles and ultimately leads you to nowhere. The vast majority of the time, little or no credit is obtained by people that purchase such programs.

By contrast, **this course has been designed to deliver the absolute no-nonsense information that you need to obtain business credit.** Our aim is to walk you through the process of building a solid business credit score and obtaining trade accounts and lines of credit in the most direct, inexpensive, and easy way possible.

Timing

Many people wonder how long it will take to establish the credit lines that they ultimately want to achieve. The most honest answer is this: *it depends*. How much funding do you want to obtain? How much time are you willing to put into the process? As mentioned previously, the process won't be instant. But having said that, with consistent effort put in the right areas, you may be surprised how quickly you should be able to obtain a solid credit score for your business.

Everyone's situation is different; but in general, roughly six months is a reasonable time to obtain an attractive credit score for your business and some early credit. Initial credit limits will be low, but they'll grow for you over time as you prove yourself trustworthy by paying on time—or earlier—every month. Building a respectable business credit score is a continual grooming process that you'll need to commit to. Yes, it will take time and effort; however, there's no time like the present to begin. And once you've established your score and have growing credit lines, you'll be glad you did!

We'll jump to the *how-tos* soon; but first, let's lay a quick foundation with some of the basics, so you'll more easily understand the concepts to be discussed later.

Why GOOD Business Credit is Important

Cash is the lifeblood of business. Many viable businesses die premature deaths because they simply run out of funding. Many new business owners do their best to *bootstrap* their business: they scrimp and plan while funding their business out of their own pockets or from personal credit cards; and they do their best to minimize expenses until the business can become profitable and support itself.

It's important to be frugal and to plan for expenditures; but unfortunately, many business owners with limited resources are forced to cut corners in areas like marketing that can doom their businesses to failure. Another huge issue is the liability that results when a business fails after an owner maxes out his or her personal lines of credit to keep it alive as long as possible. Unfortunately, without filing for bankruptcy, such owners are often left struggling to pay off their failed business debts years after the doors officially closed.

Establishing strong credit scores for a business and credit lines *in the name of the company* can help ease financial burdens of *seed capital* for the owners. Additionally, it can help to separate the liabilities of the business from the owner. As long as the owner of the company isn't personally guaranteeing any of the credit lines that it obtains, they won't be personally liable if the business fails and it isn't able to repay its creditors.

The same way that an excellent personal credit score will allow an individual to obtain better interest rates (terms) on borrowed funds, a strong business credit score can give a business access to better funding options at lower costs. Many vendors (like office supply companies) are willing to extend credit to companies by allowing them to take possession of their products now, and pay for them later (within some pre-determined timeframe).

Terms like "Net-30" that your company might be offered by a vendor, means that you can take their goods today, and pay for them within the next thirty days. This gives your business the opportunity to generate revenue in the interim, to help pay for the products. These credit terms can be a huge help, but it's a privilege you'll likely lose if you have a bad credit rating. With a bad score, you'll be stuck paying cash for all you buy, rather than getting the Net-7, -14, -30, -60, -90, etc. (which is like a free loan from suppliers) that you might have been extended if your company were more *credit worthy*.

The point simply is that the time and effort you put into understanding how credit works for your business and maintaining a strong score will likely be handsomely rewarded. On the other hand, those that are careless or negligent will likely end up paying a heavy price.

Business versus Personal Credit

Personal credit is measured and reported in terms of the Fair Isaac Corporation (FICO) Score, which is based on a scale ranging from 300 to 850. Business credit is primarily measured and reported in terms of a PAYDEX Score, which is based on a scale from 0 to 100. The PAYDEX is a *dollar-weighted average* that indicates how long you take to pay your creditors. Weighted means that owed larger balances will more *heavily* affect your score. For example, being 60 days past due on a \$25,000 payment will offset paying five \$5,000 bills that were paid on time

Data Universal Numbering System Number

Before your business can have a PAYDEX Score, you need to obtain a Data Universal Numbering System (DUNS) Number from Dun and Bradstreet (D&B). This is a unique, nine-digit number that serves as an identifier for your business.

If you have an existing company, and you're unsure if you have a DUNS Number for your business, call Dun and Bradstreet at 1-800-700-2733 to find out. A quick word of caution for those of you that call: any time you talk with D&B they're likely to try to sell you some product or service. They can be quite pushy and pretty convincing that you "need" their "premium" products to establish credit. Be prepared to just say no. You really don't need to spend several hundred dollars on any of their products to accomplish what you want; at this point, all you need is a DUNS Number, which is free! If you're solicited, insist that you don't want anything else.

If you don't have an existing DUNS Number, you can obtain one several different ways:

- › One way is to spend hundreds of dollars with D&B by buying their Credibility Package, which allows you to be assigned a DUNS Number right away.
- › Another way it to apply for a free DUNS Number for your business online at D&B's iUpdate website (<https://iupdate.dnb.com>). Go to this site and click on "Get a D-U-N-S number" (at the bottom of the main page); then, follow their directions to obtain your DUNS Number (the site will walk you through the process).
- › You can also call 1-866-705-5711 to request a free DUNS Number by phone. If you live outside the continental U.S., Puerto Rico, or the U.S. Virgin Islands, you won't be able to obtain a DUNS Number by phone, but will need to apply online. Be aware, that when you call to open your file, you'll likely be asked for a lot of information about your business. You'll of course need to give them the basic information like the name and address of your business, but you don't have to give them other information, such as detailed financials about your company.

The only downside for going the "free" route to obtain your DUNS Number is that you'll have to wait up to 30 days for your number to arrive (probably well worth the wait in light of the money you'll save). The route that you choose to obtain your number is up to you; but again, to be clear, you DO NOT need to purchase the Credibility Package (or anything else) from D&B, regardless of what they say.

Those of you that can't stand phone solicitations should also be aware that D&B may sell or share your information with marketing companies that will likely ring your phone off the hook, unless you opt out of their marketing program. To do this, call D&B at 1-866-705-5711, and ask them to remove you (your phone number) from their marketing list. The marketing blitz can be really overwhelming, so it's advised that you take the time to communicate that desire to them as soon as possible.

Once you have your DUNS Number (if you're an existing business with established credit lines), you'll need to contact your trade accounts and ask them to add your number to your credit profile. You need to do this so that their reporting is listed in the proper place—so it actually helps to build your score!

One final option to obtain a DUNS Number is to start obtaining *trade lines* through companies that offer terms like Net-30 or Net-60. This way, you can have a Duns Number created for you without ever contacting D&B. By simply obtaining the right kind of trade lines or credit from the right places, your creditors will simply report your payment history to D&B in the name of your business; and D&B will create a number for your business! This is why it was previously suggested that those with existing businesses call D&B to see if they already have a DUNS Number for their business, which was automatically created through the process just described. While this method is perfectly valid, it can take a little longer to obtain a number; therefore, you may want to use of the other methods mentioned above to obtain one quicker.

According to D&B, of the more than 500,000 companies that extend credit to businesses, only about 6,000 of them actually report information to the business credit bureaus. That's barely over 1%! Since even those vendors that do report to some bureaus may not report to all of them, it's important to select several vendors to cover as many of the credit agencies as possible.

Also, you want to choose vendors that report as frequently as possible. Of those vendors that do report to the bureaus, some may report positive payment history monthly, while others report quarterly or annually. The more frequently your credit is reported, the faster your credit score can increase!

Once you have at least four companies reporting your payment histories to D&B (your goal is to get to five as quickly as possible), you'll receive a PAYDEX Score (an official credit score). PAYDEX Scores range from 0 to 100. A score of 80 or higher is considered to be very attractive (similar to a 750 personal FICO score). The following is a PAYDEX Score Chart, which displays the score and the payment habits regarding how early or late payments shape a PAYDEX score (based upon the payment terms of the loans):

PAYDEX Score Chart	
Score	Payment Habit
100	Early: 30 Days Sooner than terms
90	Early: 20 Days Sooner than terms
80	Prompt: ON TERMS
70	Late: 15 days beyond terms
60	Late: 22 days beyond terms
50	Late: 30 days beyond terms
40	Late: 60 days beyond terms
30	Late: 90 days beyond terms
20	Late: 120 days beyond terms
UN	UNAVAILABLE

You become an *attractive borrower* with a score of 80 or higher. Essentially, a score above 80 means is that you pay your obligations on time and even earlier (you pay before the end of the grace period and aren't late). A score of 100 means that you pay your obligations immediately after they post!

Create a habit of mailing a check to your vendor (or paying online) immediately after making a purchase –even before an invoice is generated. It takes discipline, but you'll be well rewarded for it. Your early payments will help your score to climb even faster than it would by simply paying on time. Also, D&B only uses the most recent 875 reported payments to generate your PAYDEX credit score. This means that late payments will eventually fall off your report (though it may take a while). Therefore, if you have at least five trade accounts reporting, and have been paying balances off immediately after making purchases (even before invoices are generated), you'll likely have a PAYDEX Score of at least 80 by month six or seven!

While payment *timeliness* is the most important factor in calculating your PAYDEX Score, there are a number of other factors that can also affect your score. D&B may adjust your scoring based on your business's cash flow and general financial position, business filings, judgments against your business, etc. Some businesses proactively submit financial statements to D&B on a regular basis because proactive submissions (as long as they paint a favorable picture) could have a positive impact on their score.

D&B isn't the only credit reporting agency that will likely be tracking payment information for your business. Two other large players in the industry are Experian Small Business and Equifax Commercial Credit. In addition to the big three, there are many smaller reporting agencies that tend to specialize in "specific" industries.

Generally speaking, D&B is the largest and most used service. It's the most important system to understand and to cater to. Many of your vendors and lenders will report to more than one agency. As you work to build your PAYDEX Score, you'll likely build strong profiles with the other credit reporting bureaus at the same time, by default.

Personal Guarantees

A Personal Guarantee (PG) for your business means that you (as an individual) are co-signing for your business (just as a parent might have to co-sign for an 18 year old child that's seeking their first loan or credit line). There are both benefits and potential problems with signing a PG for you business. (Both sides of this issue will be discussed, so you can decide how you'd like to approach it as you seek credit.)

Personal Guarantees can be dangerous, in the sense that businesses often fail for a variety of reasons. The only thing worse than having a business die (which you've poured you time, hopes, and dreams into) is having a business die that leaves you personally saddled with a heavy load of debt. On the positive side, PGs for your business can help you to establish much bigger lines of credit sooner than you'd be able to otherwise. Of course a PG will only help you if your personal credit score is good (ideally higher than 700). There is not much point in applying with a PG if your score is in the 500s, which will likely do more harm to your application than good.

You may wonder, what's the point of applying for corporate credit if you have to personally guarantee the loans? Understand this: a PG is typically just a temporary stop or a means to an end. For example, if you PG a few accounts in the beginning, to establish a DUNS Number and to get your credit reporting started, you may soon find, with a new PAYDEX in place, that you're be able to gain approval for new credit lines WITHOUT a PG in the future. Also, once you have a sufficient number of companies reporting, you could go back and close those accounts that required a PG!

Another use for a PG is to establish large lines of credit for a new business. For instance, if your new business quickly needed \$10,000 to \$50,000 in credit, your only realistic option is to apply for a loan or credit line with a PG. Without a PG, a lender would NEVER make such a loan to a new business that has none to little business credit history. Therefore, if you have a strong personal credit score (700 or above), you might be able to secure a large line of credit for a new business with a PG. Note that in the past, 720+ was considered excellent, but lenders have become more selective since the recent economic downturn; and a score of 750+ would be considered excellent by most lenders today.

Now, if you decide that you're never going to PG for your business, you'll still be able to apply for and obtain credit; however, the process will very likely be SLOWER. On the issue of using PGs, some people choose to fall somewhere in the middle. They often refuse to PG any of the *initial* credit lines to establish their credit history (Rung 1 and 2 will be described later); however, they will often PG credit cards, cash lines, and loans, from which they can draw cash or at least use for payments.

Eventually, you should be able to obtain more attractive credit lines without a PG if you are patient in building your credit and establishing a sufficiently strong PAYDEX score and if you are selective with whom you apply. Also, be aware that you'll need to read the *fine print* on each application, to be sure that you aren't agreeing to a PG on the account. It's possible to have a PG element in the contract, even when you haven't supplied your social security number or similar personal information on the application.

When it comes to building business credit, it's best to have many options available to you. With such options, you should be able to generate a strong personal credit score. Even if you NEVER plan to sign a PG for your business, it's nice to have that option in case the unexpected happens and you need it. Also, discover the *drivers* that lead to a strong personal credit score and *groom* your credit upward. And as you apply for credit, you'll notice that applications sometimes ask for things that you don't have or for information don't want to share. For example, a new business loan application may ask for *trade references*. You should give them if you can, but if (as a new business) you don't have any references to give simply leave that section blank. If the application asks you for a PG on the credit line you again can leave the section blank, if it isn't something you're willing to do. However, sometimes incomplete application can be a deal breaker for the lender and you may not be accepted for the credit. On the other hand, you may find that they accept you anyway. So, just be aware of these types of situations.

Becoming Business Compliant

As you apply for various lines of credit, it's important to understand that your focus should be on making your company *business compliant*. This essentially means that you *groom* your business to put its best foot forward throughout the lending process. It also means that you *qualify* your business for credit.

With the steps that follow, you'll learn about some of the critical areas that lenders focus on when deciding to qualify your business for credit. As you ensure that your business is set up properly with each step, your business should become more *bankable*. In other words, your business will become more financially stable and secure; thus, making it a good credit risk. To the extent that you do not establish your business, as suggested with these steps, your business will likely appear uncommitted, temporary, and it may be deemed a bad risk.

The process of becoming business compliant will take time and money—it will not happen overnight! But remember, you're laying a foundation that will benefit your company for years to come. Later, you'll discover that your time and money were well invested and well rewarded.

Now, let's get into the step-by-step details of what you need to do to make your business compliant. It's critically important that you go about the process EXACTLY as you're instructed here. Trying to reinvent the wheel isn't your best use of time, and will ultimately leave you frustrated. With that said, let's begin.

Step 1: Establish a Business Entity (That Isn't Part of You)

With this step, you want to establish a business entity; however, you do NOT want to establish an entity that includes YOU. Simply put, you do NOT want a business where you are the sole proprietor, where you ARE the business. Such a business has no separation for legal and financial purposes. Also, other companies (and certainly lenders) may not

view your company as a serious business. For these reasons and many others, it's worth the added time and expense to structure your business as a Limited Liability Company (LLC) or as a Corporation (either C or S).

For purposes of building business credit, it doesn't really matter which type of entity you establish, as long as you are not a sole proprietor. When you structure your business as an LLC or as a Corporation, your business is *separate* and *distinct* from you; this achieves a separation that can protect you from your business and your business from you. Also, lenders (and credit bureaus) favor such businesses because they view them as being more serious and viable a venture than a sole proprietorship.

Now, consider well your business's name. Believe it or not, its name may actually be important to the process of establishing a business entity. Why? Because lenders tend to shy away from certain industries. However, those industries change from time to time, as they fall *under scrutiny* and fall *out of favor*. For example, real estate investing (or investing in general) is one such industry that falls out of favor. Why? Because there's a perception of risk involved with investing, and lenders are typically *risk averse*. However, this doesn't mean that if you have an investing-type business you won't be able to establish a credit score or trade lines—it simply means that you don't companies name to fully disclose what your company does.

For example, you might want to want to avoid naming a real estate business something like JDX Investments or JDX Real Estate Investors. You'd be better off choosing something more generic like JDX Enterprises or JDX Ventures. Notice how these words are not so investment-oriented, and notice how such words do not *overtly* give away the business as being part of the investment industry. Also, such words can allow you more flexibility with your business, which could also allow you to use your business entity for multiple businesses. It would be easy enough to operate several different types of businesses through a company that has a generic name; however, it could be more difficult to run different types of businesses out of a company named JDX Real Estate Investors.

Also, once you've established your business entity and chosen a name, consider having a logo and some company letterhead designed for your business, if you able.

Step 2: Secure Business Licenses and Permits

Check with your local government to see if you need a business license (or any permits) for your business. (Most of this information is readily available on your city, county, or state website.) Requirements often depend on your area and the nature of your business. For instance, several professions commonly have to be licensed, such as barbers, attorneys, doctors, dentists, contractors, insurance brokers, opticians, veterinarians, etc.

Step 3: Obtain an Employer Identification Number (EIN)

An EIN (sometimes also referred to as a Federal Tax Identification Number) is for your business what a social security number is for a U.S. citizen. It's a unique, nine-digit number (issued by the Internal Revenue Service) that identifies your business for banking, tax filing, and other business purposes. Most lenders, vendors, and various types of suppliers will insist on your EIN before doing business with your company. (If Nationwide Corporate Services creates a business entity for you, they'll obtain an EIN on your behalf.) If you formed your business entity on your own, or in some other way, and you don't yet have an EIN, you'll want to visit the IRS website (<http://www.irs.gov/businesses>), where you can complete an online application to be assigned a number.

Step 4: Obtain a Telephone Landline

Who has telephone landline anymore? A growing number of people are ditching their landlines and strictly using cell phones. A number of small businesses find cell phones cheaper and actually better—after all, your cell phone is with you all the time. Actually, having a landline telephone in your home or office, which is dedicated to your business, speaks volumes to potential lenders about your business. It tells them that—more likely than not—you have a real, legitimate business.

While cell phones are great, they can be changed and discarded quickly and frequently. Doing business only by cell phone can send the message that you may not be fully committed to your business. For instance, you typically wouldn't expect to call a big business and find that it rings to the owner's cell phone. Part of grooming your business for corporate credit is making your business *appear* to be well-established and professional. A landline is a big and important step towards creating that impression.

Consider also the following suggestions regarding landlines.

Answered Calls

As part of their due diligence process, lenders will often call your landline, business phone to see how their call is answered. If your four-year-old answers the phone and says, "My mommy's in bed and my Daddy's in the shower," your lender (and others) may wonder how serious you really are about your business! Your phone should be answered like any legitimate business. Your answer should be something like this: "Thanks for calling JDX Enterprises! This is Mike, how can I help you?"

And if your calls go to voicemail, make sure that the voicemail is setup specifically for your business. Again, if your voicemail states, "You've reached the Johnson Family, leave a message after the beep," your lenders (and others) know that your phone is not a dedicated business line, and you may not receive your funding. Also, as additional due diligence, some lenders will ask you to call them from your business line; then, they'll check to make sure that number on their Caller ID matches the number listed on your application. If you don't have a dedicated business line, it may be hard to pass this test.

Virtual Offices

If you have a virtual office space (described later), but want to have your business phone installed at your home instead of having calls sent to your "office," ask the phone company to remove your address from the directory assistance listing. That change will ensure that only the name of your business, and your number, will show up on the Caller ID of potential lenders (callers). And others won't know you're calling from your home.

Other Considerations

Aside from all the tell-tale signs based upon what lenders hear when they call, they also have ways of searching your number in a database to see if it's a business or residential line. Because of this, you really shouldn't repurpose your existing home phone to a business line. Obtain a business line that is only used by your business.

Also, please do not use Voice over Internet Protocol (VOIP) phone services, like Vonage (this is a phone service that goes through your internet connection). Yes, they are inexpensive, but there are issues with using VOIP Systems that can cause problems.

While not absolutely necessary, consider a business line through AT&T, Verizon, or Sprint. Today we tend to think of those companies as cell phone providers, but they do landline services for business as well. Also, these companies tend to report your payments to D&B, which will give you one more reporting trade line that will help you advance and grow your credit score.

When choosing a phone number, choose a local number unless you really need a toll-free number for other reasons. The cheapest phone package will do just fine; and a local phone number, with a local area code, will do fine—and in some ways, is actually better than a toll-free number.

Step 5: List Your Business with 411 Directory Assistance (and others)

Your business needs should be listed with 411 Directory Assistance (and others), so potential lenders can dial 411 and ask for your business by name and in return receive your company's phone number. Having your business phone number listed is further validation to lenders that your business legit. Also, 411 gathers much of its information from "other sources".

To ensure that your business is picked up by 411 Directory Assistance, as quickly as possible, you should list your business in as many directories as possible. These other directories could be some of the "other sources" that 411 pulls data from. Sign your business up with services like Google Places, White Pages Online, Yellow Pages Online, Super Pages Online, Localeze.com, Yahoo Local, List Yourself, and any other directories you can find. A list of free directories (including those just mentioned) can be found in the Appendix. Each listing in the Appendix has a URL to help quickly direct you to the proper webpage.

Be aware that it sometimes takes several months for businesses to show up with 411—it can feel like an eternity. However, listing your business with many directories (as described above) is the best way to ensure that your 411 listing occurs as soon as possible. While you wait, you can call 1-800-FREE411 (1-800-373-3411) to see if your business has been listed with 411 without incurring a charge for a directory assistance call. You can also search 411.com (www.411.com) to see if your business has been listed. Conversely, if you're paying for a dedicated business landline, you'll probably be listed with 411 almost immediately.

In addition, make it easier for lenders (and other) to find your business in multiple places online, if they search (which will help your business to look even more established and legit). You also increase the chances that customers will find you. It's a good marketing practice to make it easy for potential customers to learn about your business and to locate you as quickly as possible. You're essentially killing two birds with one stone (so to speak).

Step 6: Obtain a Mailing Address

To begin, you should NOT use a PO Box, or even a box at The UPS Store (formerly Mail Boxes Etcetera), as your business address. Even though The UPS Store will allow you to list your address as a street address (even with a suite number), lenders are on to that practice. They'll look up the address and quickly see that it's a UPS Store location. This may very well lead to a rejection of your credit application.

Ideally, you want to list an actual office address from which you operate your business. If you don't have an office space just yet, you might consider leasing a virtual office through a company like Regus.com or Davinci.com. Both of these companies have many locations across the country. They allow you to choose from a wide variety of services. They can simply be an address for your business to receive mail, or they can give you office space that you can come in and actually use for your business, several times a week, if desired.

Prices for such services tend to range from around \$50 per month to \$300 a month, depending on the kind of service you like and the length of the lease that you sign. Leases, as short as three months, are often available. Having a separate business address, in a "commercially zoned" area (yes, lenders will check zoning on the address, at times) will bode well for your business—again making you look like a legitimate business. Another option (for those that have a location nearby) is using an Aim Mail Center (<http://www.aimmailcenters.com>). With Aim, you typically don't have the same problems using a street address as you would with a UPS Store address.

Obtaining a business address other than your primary residence is always the best option; however, you won't be *closing the door* on your ability to obtain credit by using your home address. If money is really tight, this may be option for you until you can afford another option. Many businesses start from the home and have very good success with obtaining credit lines. If you use your home address, there may be some vendors and lenders that turn will down your application; but many others will still approve your applications.

Initially, working from home isn't ideal; however, it isn't a deal killer either. Here's a little tip if you live in an apartment and are planning to use your home address for your business: for business purposes, list your apartment number as a "suite number". For example, if your living address is 1127 Elm St, Apt 22B, list your business address (on all forms, applications, etc.) as 1127 Elm St, Ste 22B. By simply calling your apartment a "suite," you draw less attention to the fact that you're running the business out of your apartment. Also, once you have a business address that you like to use, make sure that your phone bills are mailed to that address.

Step 7: Obtain Your DUNS Number

This process was discussed earlier; however, you are reminded NOT to purchase the Credit Builder Service from D&B—insist that you ONLY want the free Duns Number!

Step 8: Create a Corporate Webpage

A *corporate webpage* is different than any storefront that you might have online for your business. It isn't a matter of simply showing that you have a website. What we're trying to do here is create an extremely simple, one- or two-page site that just talks about your business. It might contain your business address and phone number, along with a couple of paragraphs about your company. Having a separate corporate site, in addition to other sites you own, scores points with some lenders and helps you become more bankable!

For this site, there is no need to hire a fancy and expensive web designer. You can simply use a template service and build the page on your own. Many hosting companies (like HostGator.com) will allow you to build a site (free of charge) using their builder, if you host the site through them for a minimal monthly charge (often starting around \$4 a month).

You may worry that you don't know how to design websites, but the web builders available today make site building easy. You don't need to know any programming language. All you need is the ability to click your mouse to choose the design elements that you want to incorporate. And, if you had a pre-designed logo (discussed at the end of step 1), you should add it to your site design.

Step 9: Open a Bank Account

It's VERY important to treat your business like a business. You don't want to blur the lines between you (as an individual) and your company. Remember, *there's safety in separation*. You never, for example, want to co-mingle funds by depositing money from your business into your personal checking account or vice versa. Opening a business bank account for your company will (once again), legitimize your business. And frankly, it's something—as a business owner—you really should do.

Once you've chosen the bank that offers the services you want and has the pricing that interests you most, you'll need to visit the bank IN PERSON with certain documents to establish an account. For brand new businesses, you'll typically need to provide your company's EIN Number, the owners social security number, Articles of Incorporation (for C-Corporations or S-Corporations only) OR your Articles of Organization (for LLCs only), a business license (if required), a state-issued photo ID (such as a driver's license), and a secondary form of identification with your name and signature on it (like a credit card) to verify your identity. You'll also need money (cash, check, or money order) to make the minimal deposit required to open an account. (Refer to the Appendix for an *Opening a Business Bank Account Checklist*.)

If you're opening a new bank account for an existing business, you may also need to provide tax returns from the last couple of years (if the business was in operation and filed) and previous bank statements (if the company banked somewhere else).

Don't forget to ask your bank for a debit card with your business name on it. While it may take some time before you can obtain a credit card for your business, having a debit card will allow you to make purchases without using checks, which is becoming increasingly important as some businesses no longer accept checks (especially online).

The Bank Rating System

Before discussing the next step, let's take a moment and discuss the Bank Rating System, as this will help you to choose a bank (and/or lender) that is right for you and your business.

You want to groom your business to appear as strong and as bankable as possible. Doing so will require you to do some careful planning, when it comes to banking. Lenders use a standard bank rating system to evaluate how strong one's cash position is, in terms of one's Average Daily Balance. A business with high average daily balance is likely to be a business that will repay borrowed funds. Your "Bank Rating" is a reflection of your average daily minimum balance over the last three months. (This information is usually included on your monthly bank statement.)

It's ideal to have a bank account that's at least two years old. But more importantly, to place your business in a really good borrowing position, you should have an *average daily balance* of at least \$7,000 for the previous three months. This equates to what is referred to in the lending industry as a "High 4" rating.

The following table shows the Bank Rating Scale; thus, the higher the balance, the higher the ranking:

Bank Rating Scale	
Rating	Average Bank Balance
Low 4	\$1,000 to \$3,999
Mid 4	\$4,000 to \$6,999
High 4	\$7,000 to \$9,999
Low 5	\$10,000 to \$39,999
Mid 5	\$40,000 to \$69,999
High 5	\$70,000 to \$99,999
Low 6	\$100,000 to \$399,999

As mentioned previously, at least \$7,000 level is the ideal; however, if you are unable to reach that point immediately, it will not stop the process of building a favorable business credit profile—it will just mean that you may not immediately be able to apply for certain offers. Don't be discouraged if you find yourself in this situation. Be patient.

Or, if you don't have \$7,000 in your business, consider borrowing it from family or friends and DON'T USE IT. Let it act as your *baseline* in the business account, so that your balance never drops below that amount. Even better, \$10,000 (a "Low 5") can really change things. Just parking the cash in your business bank account for a few months will boost your company's bank rating without really costing anything! It requires discipline not to use those funds, but it's worth it if you want to establish a good credit history as quickly as possible.

Let's consider an example of how the rating system affects loan applications. Say you are applying for a five-year, \$100,000 loan at 10% interest. (The monthly payment for this loan would be \$2,125.) A lender will typically want you to have at least a "Low 5" bank rating to qualify for such a loan. In other words, they want to know that your average daily balance, for the past three months, has been at least \$10,000; therefore, they know that your ability to pay back the loan is good.

Your business banking reflects HOW you manage your cash flow. Lenders want to know that your business is generating enough cash flow to cover the loan payments and your regular operating expenses, on a consistent basis. Also, accounts that show bounced or any returned checks can be deal breakers! When writing checks, make sure that you have sufficient funds to cover your checks before you send them out. And, if you know that a check will bounce, it's better to call a vendor and work out payment arrangements ahead of time rather than to let the check bounce. Not only will this help with establishing your credit, it will go a long way to establish good relationships with your vendors.

You need to be extremely organized, and ensure that you avoid banking problems. Many potential lenders, with which you'll apply, will contact your bank for information and verification on your account. Make sure that your business bank account is reported

exactly as your legal business entity name and at the same physical address as your business—not a Mail or PO Box. This will ensure that potential lenders can gather details, such as the history/age of your account and/or the average daily balance.

Finally, make a special effort to get to know the banking staff and branch manager. Strong relationships with these people may prove very later on, as you apply for various credit products, such as credit cards, lines of credit, or loans. Your bank is often one of the best places to seek credit, in the early stages of your business.

Step 10: Secure a Merchant Account

A merchant account allows a business to accept credit cards as a form of payment. This IS NOT something that you have to have for your business, if you don't have the money to set it up or if you don't need to accept credit cards. However, it certainly is a great thing to have because it will allow you to sell more to more people by allowing them to pay with plastic; and, it will help to further strengthen your company's legitimacy to lenders.

As you apply for various lines of credit, your focus should be on making your company *business compliant*. The steps discussed will help you to groom your business into a bankable business. In other words, your business will become more financially stable and secure; thus, making it a good credit risk. Remember, the process of becoming compliant will take time and money, as you lay a solid financial foundation for your business.

Note: The Appendix has a quick checklist of these steps,

Applying for Credit

Once you've taken the steps previously discussed, you're ready to start applying for credit! This is a process where you'll need to exercise CAUTION and RESTRAINT. Think of the process of securing credit like climbing up rungs on a ladder. If you try to skip a rung, because you're impatient or in a hurry, you're going to get hurt! Take your time on this section. Remember, it's the slow and steady tortoise that ultimately wins the race.

And understand this: in the eyes a lender, your new business is like an 18-year-old kid with no credit history and unimpressive bank statements. For example, if such kids were to apply for American Express Black Cards (very hard to get), they would certainly be turned down cold; if they applied for a mortgage, they'll be turned down; all of the inquiries on their credit will make their already weak credit even weaker; and soon they wouldn't be able to get credit anywhere!

On the other hand, if you take the same 18-year-old kids and have them apply for something more realistic, like pre-paid credit cards or store cards with low limits, they might be able to get their first reporting credit line; and as time passes with positive payment histories, they'll likely be eligible for other credit cards with higher limits and better terms. Your business needs to apply the same logic, as you apply for credit. If you skip a rung and apply for credit lines that you aren't yet ready for, you'll likely be rejected, and it could negatively influence your business and leave you frustrated.

Now, with the following pages, let's discuss each rung of the application ladder.

Rung 1: Purchasing Products with Trade Lines (with Terms)

As previously discussed, trade lines (also called *vendor lines of credit* or *trade credit*) allow suppliers to ship products to you in advance of your payment for shipment. When a trade line is extended to your business, you're given a predetermined number of days to send payment for the shipment of the products. For example, a Net-7 means that the supplier requires your payment within 7 days. A Net-14 requires payment within 14 days. Ideally, you'd like Net-30 terms, or longer.

Also, when you place orders with these companies, it's helpful if your order is for \$65 or more. When you spend at least \$65, the purchase amount will likely be rounded up to \$100, when it's reported to D&B. It's fine to place smaller orders; however, \$100+ trade lines (that report) could be more impactful than smaller trade lines. So, as soon as possible, after placing an order, mail a check (or pay online) to pay the purchase amount IN FULL. Paying well before an invoice is even generated will go a long way towards laying the foundation for a good credit score. Follow the same process to place an order with four to five additional companies with trade lines.

Bear in mind that companies change their policies from time to time. Therefore, you'll want to verify trade line terms (and other information) before placing your orders. For example, if you call company "A," and they tell you that they need you to pre-pay for all your orders during the first 90 days (Net-90), you'll need to decide if that's acceptable to you; if you call company "B," you need to inquire about their policies; and so on. DO NOT assume that all companies have the same trade line policy. Also, when you ask about trade lines, verify that each company reports to D&B and if and how often they report to the credit bureaus. Your objective is to increase your PAYDEX score and your credit rating; therefore, you should avoid doing business with companies that don't report to D&B (or to the credit bureaus) because they won't advance your credit.

Also, try to order something from each of your trade lines as often as possible (at least every two to three months, if you can). You want the trade lines to show continued activity. The goal isn't to buy things you don't need, so hopefully you can find suppliers that have products that you'll need to order regularly (like office supplies or toilet paper).

NOW, wait until you have five reporting trade lines from Rung 1 before advancing to Rung 2. It's also strongly suggested that you wait one full week, after discovering your fifth reporting trade line on your report, before applying to any Rung 2 lenders. That extra week helps to ensure that reporting systems have been fully updated with your newly reporting information!

Note: A list of possible suppliers that you could consider for Rung 1 is included in the Appendix.

Rung 2: Store Accounts

Store accounts let you purchase on credit from a particular store (or vendor) with a *revolving line* of credit, which you can pay down and reuse repeatedly. Again, when you begin the credit process, do not expect these credit lines to be large.

Note: A list of store accounts that you may want to consider for Rung 2 is located in the Appendix.

Rung 3: Credit Cards

Once you're being approved for credit cards, you'll have credit lines that you can begin to use anywhere. The additional *flexibility* of being able to use the credit with a wide variety of businesses will make it easy for you to consistently use your credit, which is an important component of building your credit profile.

Many of the larger credit card companies will require a two-year business history. Therefore, if your business is less than two years old, you should consider one or both of the following options as an alternative:

- › First, apply at a small, local bank. Your personal bank, or the financial institution where your business banking account is located, is likely your best option.
- › Second, be willing to personally guarantee the card.

As you remember, personal guarantees (PG) were discussed in a previous section. If your business has a limited credit history, the bank is looking for you to stand behind your business and show your level of commitment. Using a PG is a personal decision you'll have to make. If you have a strong personal credit score, it may be the path of least resistance.

Then, once you have a credit card reporting on your credit report, it may be easier to get cards without a PG. Once you have several cards that don't have a PG tied to them, you can close the account that is personally guaranteed. If the bank absolutely won't give you a card without a PG, try to get a *secured card* instead, with an agreement to convert to a regular credit account after six months of perfect payment history.

Two months after obtaining your first card, apply for a second one. As an aside, it is important to understand that unlike personal credit, PAYDEX Scores are not negatively affected by adding more credit accounts or for inquiries where merchants check your business credit history.

Don't stress if your credit limits are initially low. Your limits will likely be raised, as you regularly use your cards and make early payments. After at least 90 days of good payment history with a Rung 2 lender, you can call them to request a credit limit increase. Once you've been around for two years, you'll be able to apply for major business credit cards.

Note: Visit the Appendix for a list of companies that you may want to consider for Credit Cards for Rung 3.

Rung 4: Lines of Credit and Vehicles Loans

Lines of credit (or "cash lines") provide a revolving credit line that you can often write checks against or pull cash out of, as needed.

Like any revolving line of credit, as you pay it down you'll be able to reuse it over and over. This is the point in the credit process (for most companies) where your credit lines become valuable and helpful. Access to cash provides the ultimate flexibility to handle unexpected needs, such as emergencies or new opportunities that may arise for your business.

To start, your credit lines will probably be modest amounts; however, they can grow into substantial sums, over time. This is also the point in your credit building process, where your business could be approved for a vehicle lease or loan—something you may want to consider as a business expense.

Note: A list of companies to consider, when you reach Rung 4, is in the Appendix.

Rung 5: Loans

Loans give you access to a lump sum of money that you can use to build and grow your business. The uses and benefits for the capital you'll be seeking, at this stage, are almost limitless. A loan can allow you to upgrade equipment or to move into a new office. A loan can also provide *buying power* to help you purchase inventory in larger quantities—thereby affording you better pricing. In many cases, the interest rate on a loan will actually be more favorable than if you were to simply use a credit card or other financing options.

If you've been in business for at least one year (maybe less in some circumstances), you should consider applying for a *small business loan* from a bank or other lending institution. As mentioned before, if you are willing to personally guarantee the loan, your chances of success are much higher. Even if you don't need the money immediately, you'll be building your credit standing, which could pay long-term dividends. Even a small initial loan of \$500 to \$1,000 would be a worthwhile starting point, in terms of building your profile and future borrowing power. As always, ensure that you pay the loan off in full—and not just on time but EARLY!

Then, just like your bottle of shampoo says: “rinse and repeat.” In other words, wait a few weeks then go through the loan process again. Building a history of several loans that were taken out and paid off early will paint a favorable picture for future lenders and set the stage for the next level of borrowing.

As your business grows and your needs change you will likely need larger loan amounts. This is always a very exciting time for any growing business. Generally, but not always, serious lenders are more likely to make larger loans (over \$100,000) to companies that have been in business at least three years. Additionally, they want you to demonstrate that your *leadership team* has significant industry experience, and that you can show that the business has the ability to repay the loan from cash flows. (Banks generally are looking for three to six months of operating capital on hand before they will issue such loans.)

In case a business is unable to repay the loan from cash flow, a bank will determine if the business has enough assets or collateral, which can be liquidated or sold to repay the loan. Not all collateral is considered “equal” by the banks. Banks prioritize different types of collateral in terms of their ability to liquidate those items. Of course, the easiest form of collateral for any bank to access cash; next would be tangible items like real estate, which will have value but is more difficult to liquidate (market and sell the property); following real estate are items like equipment; and then accounts receivable and inventory. Banks typically will not assign value to items like computers and software and other intangibles, like goodwill or patents.

Obtaining larger loans, to provide your business with necessary resources, is the ultimate goal of obtaining loans. Remember, be patient and diligent in maintaining your records and working with trusted advisors throughout this process.

Note: Refer to the Appendix for a list of companies for Rung 5.

Other Business Considerations

As you proceed through the process of establishing business credit, the following are few other items that you should consider.

Business Plans

When you start working with lenders at Rungs 4 and 5, you may be asked for a formal *business plan*. A business plan allows you to describe what your company does, who your customers are, where you will find them, and how much you hope to sell to them. It also demonstrates that you have a leadership team in place to accomplish your business's goals. Not only will you need a business plan as part of your loan packet, but it is also a good idea (particularly in the early stages of your business) to establish a *roadmap* of where you want to be in the future and how you will get there.

There are many resources available to help you put together your business plan; therefore, this manual not goes into great detail about business plans. However, it is important to have a basic understanding of what is included in a typical business plan. The four elements of a business plan include the following:

- › A Market Definition and Analysis
- › Financials (proforma documents projecting at least three years into the future)
- › A Leadership Team
- › An Executive Summary

The 5-3-2 Rule

A company's credit history is not considered fully established and solid until it has achieved what's often called the 5-3-2 Rule. This rule simply means that a company has:

- › 5 trade accounts,
- › 3+ credit cards,
- › and 2+ small loans—fully paid off.

This *mix* of reporting history gives you the kind of solid background that future lenders are more likely to trust and to make loans on. It takes a little while to get to this point, but it should be one of the major mile-markers that you should navigate toward.

Maintain Your Score

Once you've obtained a DUNS Number and PAYDEX Score, you'll want to keep a close eye on your report. You can enroll for an iUpdates account through D&B that will allow you to pull your report and score as often as you'd like, at no charge! Visit <https://iupdate.dnb.com/iUpdate/viewiUpdateHome.htm> to enroll. Make sure that you don't pull an updated credit report more often than once every two weeks. If you pull it more frequently, D&B may *flag* your account. You should also be aware that D&B updates their system (and your report) each week on Sunday.

When you pull your report, determine who's reporting (and who isn't, which should be), what your score is, and if all your displayed information is correct. If you notice any inaccuracies, you should challenge them immediately. The iUpdate service will allow you to challenge inaccurate information online. Be aware that it will likely take 30 days for the inaccurate information to drop off your report, once you've challenged it.

Also, be aware that it can be difficult at times to know which lenders are actually reporting your information. This is because the reporting agencies don't disclose which specific companies are reporting payment data. They simply list reporting companies in general categories like Office Supply, Computers, Commercial Card, etc. For example, if you opened trade lines at two similar furniture stores with Net-30 terms and then made similar sized purchases from each, you may have trouble telling which is which on your report. And if only one of the trade lines is reporting, it may take a few calls and a little effort to figure out which of the two accounts did not report; if so, press the issue with the lagging company to find out why their reporting hasn't happened. Keep in mind, when things like this come up, that reporting to D&B is voluntary. Each vendor will have their own guidelines for how often they report your payment history to the bureaus. Some may report monthly, while others only report quarterly.

A Final Word about Cutting Corners

Sometimes you have to cut a few corners to save desperately needed cash. That's understandable. But, hopefully you will recognize the necessity of grooming your business, as outlined in this manual.

Following the steps and completing the tasks described can make a huge difference with your company, and it can help you to reach your objectives faster. Having said that, if you simply can't afford to have a business phone-line installed in your home, for instance, you may decide that you have to use your cell phone for now. That's not ideal, but it's not the end of the world either. Go through the same process of registering your business information (and cell number) in the various directories as described earlier. It *is* possible to get your cell phone number listed with 411. Working from home and using your home address is a similar issue. If you simply can't afford one of the other options, then do the best you can with your home address.

Many people have established respectable credit scores and credit lines while cutting some of these same corners. They aren't deal-killers that will definitely keep you from establishing credit, but they may slow the process; and cutting particular corners will slow the process more than others. You'll probably be declined for credit as you cut corners; but again, with patience, you should be able to find other lenders that will work with you.

However, it's definitely best to follow the guidelines from this manual as closely as possible. Think of it this way. When you make a cake, you can substitute some ingredients for others without much impact on the cake; however, you would have certainly obtained a better result with the original recipe; but with one relatively minor ingredient changed, the finished product (your cake) can still be delicious. But, if you omit too many ingredients or change key ingredients, you soon see drastic changes in the quality of the cake, which probably aren't very good.

In Conclusion

During the weeks and months to come, and particularly during the early process of establishing your credit, read and reread this reference manual. Study it and learn it well, as it CAN help you. And don't be discouraged. The process will take time, effort, and money; but, it should be well worth it!

Appendix

Appendix

Credit Reporting Agencies for Businesses

The following are credit reporting agencies for businesses:

- › Dun and Bradstreet (at www.dnb.com)
- › Experian Small Business (at www.experian.com/small-business/small-business-credit.jsp)
- › Equifax for Small Business (at http://www.equifax.com/small-business/home/en_sb)

Directories to List with to Obtain 411 Listings

The following are directories you can use to list your business, in order to gain a 411 listing:

- › Google Places (at <https://accounts.google.com/ServiceLogin?service=lbc&continue=https://www.google.com/local/add%3Fservice%3Dlbc>)
- › Yellow Pages Online (at http://adsolutions.att.com/listings/Editorial/44/special_offers/jump-google.html?utm_campaign=LMC&utm_source=google&utm_medium=cpc&utm_content=National_Broad_Match&utm_term=free_yellow_pages_listing&ccategory=generic&gclid=CMeB66KFiK8CFSoGRQod_X3A_w)
- › SuperMedia (at http://www.supermedia.com/business-listings?tsrc=SP&campaignId=SP_header)
- › Localeze (at <http://webapp.localeze.com/directory/search.aspx>)
- › Yahoo Local (at <http://listings.local.yahoo.com>)
- › List Yourself (at <http://www.listyourself.net/listing.jsp?ID=new>)
- › Bing Business Portal (at <http://www.bing.com/businessportal>)
- › MapQuest (at <https://listings.mapquest.com/apps/listing>)
- › Express Update (at <https://expressupdateusa.com/home>)
- › Magic Yellow (at <http://www.magicyellow.com/add-your-business.cfm>)

Rung Considerations

The following are suggested companies, services, etc. that you may want use for each rung of the “Applying for Credit” ladder:

Rung 1: Purchasing Products with Trade Lines (with Terms)

Leases:

- › Office Space
 - Physical
 - Virtual

Supply Companies:

- › Grainger
- › Reliable
- › Global Industrial
- › Wearguard
- › Specialized Products
- › Jiffy Lube Fleet
- › Nebs
- › Quill
- › VeriPak
- › Corp Express
- › Tractor Supply
- › Viking
- › Gemplers
- › Uline
- › Mapsco
- › Orchard Supply

Courier Services:

- › DHL
- › Airborne
- › A1 Express
- › FedEx
- › UPS Store
- › USPS

Utilities:

- › Phone/Internet:
 - BellSouth
 - Sprint
 - AT&T
- › Cellular:
 - Nextel/Sprint
 - T-Mobile
- › Electricity
- › Water/Sewage
- › Gas
- Verizon
- Cox
- AT&T
- Verizon

Rung 2: Store Accounts**Office Supply:**

- › Office Depot
- › Tech Depot
- › Staples
- › OfficeMax

Retail:

- › Sam's Club
- › Tiffany's
- › Costco
- › BestBuy
- › Nordstrom
- › Men's Warehouse
- › Wal-Mart
- › Target
- › CompUSA
- › Neiman Marcus
- › Macy's
- › Radio Shack

Home Improvement and Décor:

- › Home Depot
 - › Lowes
 - › JCPenny's
 - › Expo
 - › Sears/Kmart
 - › IKEA
-

Equipment:

- › Sony
- › Gateway
- › Dell
- › CIT Tech

Gas:

- › Valero
- › Wright Express
- › Fleet
- › Exxon/Mobile
- › Citigo
- › Conoco
- › Marathon
- › Shell
- › QuikTrip
- › Shell
- › Chevron/Texico
- › Mac's Fleet Gas

Rung 3: Credit Cards**Credit Cards:**

- › Home Depot
- › Sam's Club
- › Meijer's Productivity
- › Dell
- › Amazon
- › BP
- › GM Business

Banks:

- › Keybank
- › Wells Fargo
- › American Express
- › Chase Business
- › Bank of America

Rung 4: Lines of Credit and Vehicles Loans**Vehicles:**

- › Ford
- › Nissan
- › GM
- › Mitsubishi

Lines of Credit:

- › Sam's Club
- › First Horizon
- › Local Credit Unions
- › Wells Fargo
- › Bank Of America
- › Any bank where your accounts are

Rung 5: Loans

- › Small Business Administration
 - › Local banks and Credit Unions
 - › Other
-

Business Bank Account Checklist

The following is a quick checklist of those things you should acquire (or do) to open a business bank account:

- Employer Identification Number (EIN)
- Owners' Social Security Numbers
- Articles of Incorporation (C-Corps or S-Corps)
- Articles of Organization (LLCs)
- Business License
- State issued ID (passport, drivers license, etc.)
- Secondary form of ID (credit card, voter registration, utility bill, etc.)
- Money for initial minimum deposit (cash, check, or money order)
- Bank statements (if transferring from another bank(s)—check with bank beforehand)
- Tax returns, if available (check with bank to see if these are necessary)

Business Compliance Checklist

The following is a quick checklist of those things you should do to make your company business compliant:

- Select (and work with) a good CPA or Attorney
 - Setup your LLC or Corporation
 - Obtain your EIN (Tax ID Number)
 - File your entity within the state you operate
 - Keep current on all of your filings
 - List your business phone number
 - List with 411 and other directories
 - Have a real physical address
 - Secure all business licenses
 - Obtain your DUNS number
 - Setup your bank account(s)
 - Get a debit card for your bank account
 - Setup a merchant account
 - Setup a business website
-

