

Do You Struggle to Get Business Credit without a Personal Guarantee?

Getting business credit can be a difficult thing to do. Lenders do not want to finance your venture if they don't believe you have a stake in the business. However, if you can overcome their doubts, you will be able to get separate credit in your business name. So, what do I have to offer?

I have started four businesses over the last 13 years. In that amount of time, you can learn a lot of lessons about business. One of the biggest is how to get credit for a business without my personal guarantee. From experience I know that having business debt on your personal record does make your debt to income ratio a sight to behold. Now, there is one thing I did learn about lenders.

Lenders want to lend money. It's the only way they make money for themselves. But, they don't want to give away money. For a lender to have enough confidence in an individual or business to lend money, they need some type of assurance that they are going to receive their payments. Where do lenders get their data to make a decision?

Lenders use credit reporting agencies to check on the reputation of a business or individual to see what is their history of credit. They can't see into the future so their only measure of success is the past. The problem is that most businesses do not have a separate credit history. That's why the lenders insist on having a personal guarantee for their loans. Do you know where a lender gets their information about you or your business?

There are different credit reporting agencies for business and personal information. We know there are at least three for personal history, but in the business realm, there is one main organization that most lenders use, Dun and Bradstreet. For you to be successful in obtaining independent business credit, you must have an excellent credit rating with Dun and Bradstreet. And what determines a great credit rating and D&B?

They have a rating system with a range of 0 to 100, with 100 being the best possible score. Their system is based on the number of days late that payments are reported from their participating lenders. The score of 80 means that every payment is made on time. A score higher than 80 means you pay everything earlier than the due date with 100 meaning that you pay everything before it is even invoiced. A score below 80 means you have a few late payments and it goes down from there. Can you guess what score you need?

To be able to get separate credit, you will need a score of 75 or higher or lenders won't even consider you for a non-guaranteed loan. But, how do you build credit for your business?

There are steps that you can follow to get an acceptable score with Dun and Bradstreet. It begins with getting listed with D&B and getting creditors to report their experience about you to them. With enough history for your company, you should be able to get the credit you need to succeed. All you need to know is which companies will help you as you build your company's credit.

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About the Author

Greg Walding has written a report containing names, contacts, websites and phone numbers with concise steps to building business credit without a personal guarantee. It can be found at <http://www.buildingmycredit.com/gettingcredit.htm>.