Build Credit

Establish a business credit history and monitor your credit file on a regular basis. Build a relationship with a banker early so you can access growth funds when you need them.

Why does building credit matter?

Business credit reflects the confidence that your company will make good on its commitments to pay its debts. It is a way to measure a business’s strength as an ongoing entity as well as its credibility. Business credit will allow suppliers to provide you payment terms on your purchases, will allow customers who rely on you to feel comfortable that you can provide products/services that you have promised, and will allow financiers to loan you money. You should think about establishing credit well before you need it so you can access credit quickly for emerging opportunities or to cover unexpected needs.

Key actions to take:

- **Understand business vs. personal credit:** Business and personal credit are similar in that they assess your ability to borrow money from lenders based on past actions. Personal credit is linked to your personal information which is tied to your name and Social Security number. Business credit is linked to the business and the business tax ID number. The benefit to keeping business and personal transactions separate is that an action or credit inquiry to one will not directly impact the other.

- **Build business credit:** The first measure of business credit that most businesses encounter is a business credit score. While there are several business credit agencies (and new ones emerging), Dun & Bradstreet is a long standing, credible provider of business credit information. You can apply for a Dun & Bradstreet D-U-N-S® Number and provide information to support Dun & Bradstreet’s assembly of your credit information. Some suppliers and customers — particularly the U.S. Government — have traditionally required a D-U-N-S® Number to do business. A strong business credit score can help you save money and access the capital needed to grow your business. In some cases, a strong score will help you qualify for the best interest rates on loans, negotiate better trade terms with your suppliers and decrease the need to prepay for products and services as you build your business credit. Building business credit will not happen overnight and requires time and coordination. Here are some things you can do to facilitate the process:
  - File the proper paperwork to make sure your business is a legal business
  - Obtain a separate business mailing address, phone and name as well as an employer identification number (EIN)

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**Business owners establish bank credit with:**

- Business credit cards: 52%
- Business loans/lines of credit: 30%
- Equipment/auto financing: 15%
- SBA loans: 14%

**Lenders’ reliance on credit scores:**

- Business score: 13%
- Owner’s personal score: 42%
- Both scores: 45%

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**Ability to access credit:**

Businesses say it is extremely/somewhat easy

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>2017</td>
<td>73%</td>
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<td>2015</td>
<td>50%</td>
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- Talk to Dun & Bradstreet about setting up or completing your D&B® business credit file
- Open credit cards and bank accounts in your business’s name
- Register your business with at least one credit reporting agency
- Pay your bills on time

- Develop relationships with lenders: While startup and many early-stage companies access nonbank financing options such as self-funding, angel funding, crowdfunding, loans from friends and family, or government grants, building a relationship with your banker, even in early stages of development, can put you in a better position to borrow money when you are ready. Relationships play a big part in financing decisions. The more your lender understands you and your business, the better your chances of success. When the right time for financing arrives, your banker will understand your business and its background and will have some experience working with you on your business accounts. Your banker will be able to come up-to-speed quickly on how you will use capital, how it will help your business grow and how you will pay it back. Securing capital with favorable terms can be time-consuming and challenging and a long-term relationship with your banker could help you through this process.

- Take steps to prepare for a successful loan application: An advantage to working with a banker is that you can get guidance about the steps you can take to prepare for a successful application. Business owners who understand the importance of stable or growing cash flow that demonstrates capacity to repay a loan, and well-documented financial statements will be in a stronger position to secure financing when the time is right.

Click below for additional resources:

**Top 10 Factors Affecting Small Business Financing**
Take control to improve your odds of getting financing.

**Build Relationships and Explore Financing Options to Access Capital**
Access capital and understand financing options when you build relationships with banks.

How SunTrust can help

SunTrust is ready to support you as you establish credit to grow your business.

A SunTrust Business Credit Card³ can be a great opportunity for a small business to extend payment of initial expenses while establishing credit in the business name. It is easy to use for point-of-sale purchases, and monthly billing improves cash flow. You can use our web-based tool, SunTrust Business Card Online, to manage employee spending limits, track card usage and add or replace employee cards. Additional reports will help you track and manage your business spending and provide valuable transaction history.

You might need additional funds to reach your goals, and financing from a bank might help. SunTrust Business Loans support a variety of financing needs including vehicle and equipment purchases and commercial building acquisition and more with the best loan structure for you, whether that is a term loan, an SBA loan, a line of credit or a commercial mortgage.

Start building the banking relationships you will need to grow your business.

- Drop by your SunTrust branch
- Call us at 800.752.2515
- Visit suntrust.com/bizbestpractices

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¹ SunTrust conducted research with 397 small business owners ranging from $100,000 to $2,000,000 in annual revenue in the first quarter of 2017. The high-growth segment was derived from the fastest growing twenty percent of those companies.
³ All business credit cards, loans, lines of credit, and other financing are subject to credit approval and other underwriting criteria.

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