

# Growing your business

Understanding credit to  
achieve business success



**VISA**

# Welcome

Small businesses are the backbone of the U.S. economy. There are approximately 28 million nationwide, accounting for 54% of all sales and almost half of all jobs.<sup>1</sup>

Visa recognizes the vital role small business owners play in the economy, and we've created this workbook to help you achieve business success. You'll find helpful information about credit: the basics, benefits and uses, as well as how to build good credit or repair bad credit.

## Let's get started.

<sup>1</sup>United States Census Bureau: Statistics of U.S. Businesses:  
<http://www.census.gov/econ/subb/>. February 12, 2014.



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These materials are provided for general information purposes only. As all consumers' situations differ, you should not rely on them for financial, legal, accounting or tax advice. You should consult a qualified financial advisor for individual guidance in these matters.

# Introduction to Credit

## What Is Credit?

Credit is a way to obtain goods or services now, by agreeing to pay the lender for them later. It also refers to an individual's or business's buying capacity and provides a quantifiable track record of someone's financial trustworthiness.



## Are you keeping track of your credit reports?

Regularly review your credit report to help identify fraudulent activity, errors and bad credit behavior before it damages your credit.

You can order one free credit report every 12 months from each of the three main credit bureaus (Experian, Equifax and TransUnion) at the government-authorized site [annualcreditreport.com](http://annualcreditreport.com). You can also order individual reports directly from the three bureaus for a nominal fee.

## Good Credit Benefits Your Business

A strong credit rating can help you grow and sustain your business in the following ways:

- Open your first store or lease space in a commercial facility
- Expand office or plant space
- Obtain loans to buy or lease large-capital items
- Pay for labor costs
- Limit personal liability
- Build a track record of trustworthiness for future creditors
- Gain access to better interest rates, loan terms and electronic payment acceptance costs
- Increase your credit capacity

According to the U.S. Small Business Administration, the second most common reason for business failure is insufficient or delayed financing.<sup>2</sup> With a history of good business credit, you may have a better chance of obtaining the money you need, when you need it.

<sup>2</sup> <http://www.sba.gov/content/what-are-major-reasons-small-business-failure>. April 3, 2014.

# Personal Credit 101

For a small business owner starting out, the ability to build credit for a business is reliant on personal credit history. If your business lacks sufficient credit history, lenders typically evaluate your personal credit to determine creditworthiness. Therefore, it's important to understand these key credit concepts.

## Credit Bureaus

The three major credit bureaus—Equifax, Experian and TransUnion—gather your credit information from creditors. This includes how much credit you use, your total available credit, what types of credit you use (credit cards, loans, etc.), how long your accounts have been open and whether you've paid your bills on time.

## Credit Reports

Upon request from you or a potential lender, the credit bureaus will put together a credit report summarizing your credit history. It will factor in open and closed accounts, outstanding balances due, recent inquiries and negative items like late or missed payments, bankruptcy and tax liens.

## Credit Scores

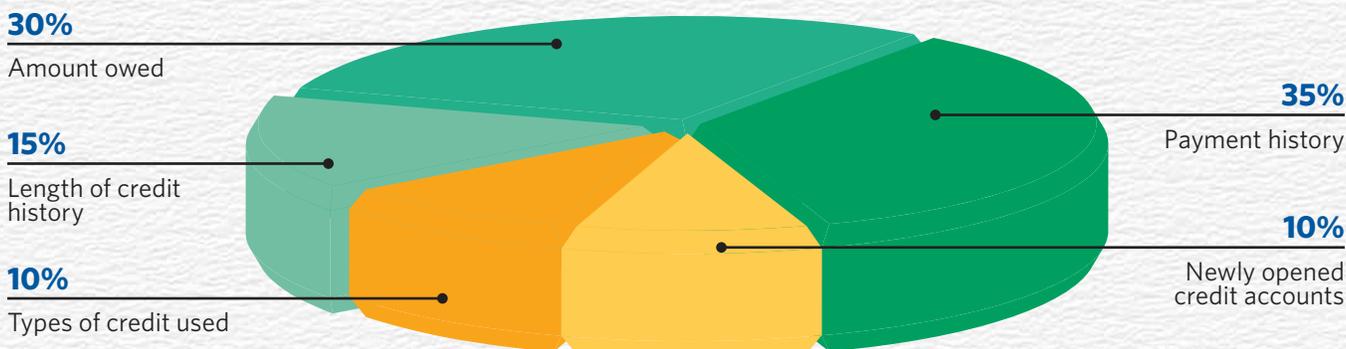
Based on your credit report you will get a credit score. This score represents your creditworthiness and is useful for lenders to supplement their own information to determine whether you are a credit risk. Many credit scores are calculated using software developed by FICO or Fair Isaac Co., although genuine FICO scores only come from myFICO.com.

Each credit bureau uses its own calculation method and relies on slightly different information, which is why scores may vary between credit bureaus.

## What is a good personal credit score?

FICO scores range from 300 to 850. Generally, scores over 700 are considered good and those over 760 are excellent. It would be difficult to secure business credit from a financial institution with a score of less than 660.<sup>3</sup>

## FICO's 5 factors that determine your score (myFICO.com)<sup>4</sup>



<sup>3</sup><http://www.myfico.com/CreditEducation/CreditScores.aspx>. April 3, 2014.

<sup>4</sup><http://www.myfico.com/crediteducation/whatsinyourscore.aspx>. April 3, 2014.

\*These five factors may be weighted differently depending on your individual circumstances.

# Getting Started

## The 5 C's of business credit

As your business grows you may need more credit. When you apply for credit, lenders will evaluate your personal financial history and your business's bill repayment performance using the following criteria:



### Capacity

*Are you able to repay the loan?*

To determine how you intend to repay the loan, lenders will consider household income, business revenue, cash flow, the repayment timetable, outstanding debt, unused credit lines and how much money you've personally invested in your business.



### Character

*Are you trustworthy and likely to repay credit?*

Lenders will determine whether you're financially trustworthy by examining your credentials, education, business experience, references, and reputation and the soundness of your business plan. Red flags include delinquent accounts, total debt and pending lawsuits.



### Collateral

*Do you have assets that can be used as security?*

They will also want to see if you have a personal stake in your business, which assures them that you're less likely to walk away from the business. Examples include business equipment, inventory, accounts receivable and personal assets like real estate.



### Capital

*What personal financial resources have you invested in the business?*

Your financial commitment to your business can be measured by resources or capital assets, which may include stocks, equipment and property. The loan amount you are seeking will determine how closely banks will analyze your capital—the larger the loan, the closer the inspection.



### Conditions

*What is the potential future of your business?*

The competitive landscape in which you operate will also be assessed, including the general economic, industry and environmental conditions, in order to identify any risks that you'll be unable to repay the loan.



## What you should do next

Though establishing credit is a gradual process, there are important steps you can take now to help establish your business identity.



### **INCORPORATE**

Establishing your business as a corporation or LLC will help separate personal finances from your business identity.



### **OBTAIN AN EMPLOYER IDENTIFICATION NUMBER (EIN)**

The IRS issues this means of identification, similar to your Social Security number.



### **GET A FREE D-U-N-S NUMBER**

Dun & Bradstreet is one of the main business credit bureaus that helps lenders determine your creditworthiness.



### **OPEN SEPARATE BUSINESS CHECKING AND CREDIT ACCOUNTS**

This will help separate your personal and business finances for tax and credit purposes.



### **INITIATE COMMERCIAL CREDIT HISTORY**

Whenever you open new accounts with vendors, open them in the name of the business.

# Types of Business Credit

When seeking credit for your business, you'll need to take a close look at your business needs. This section summarizes the main types of business credit to consider.

## Business Credit Cards

A business credit card is opened in your business's name and provides a revolving line of credit with a set limit so you can make purchases online or in stores and pay it back later. There are also charge cards available that require that businesses pay the balance in full at the end of each month.

While it may be tempting to use your personal credit card—especially when your business is just starting out—it is recommended that you use a business credit card to limit personal liability and make it easier to track business expenses and start building your business profile.

You can use your business credit card for everyday business supplies, recurring monthly expenses like cellular charges, cable and wireless needs and smaller capital expenditures you can pay off quickly or over a few payment cycles, allowing you to manage your cash flow. Also, ask key vendors you work with if they accept electronic payments for regular inventory purchases.

## Other Types of Credit

### REVOLVING LINE OF CREDIT

A revolving line of credit is a type of unsecured credit that lets you borrow money on an as-needed basis, up to a certain limit. Typically used for short-term needs like travel, computer equipment and supplies, it offers lower interest rates but requires proven positive cash flow.

### BUSINESS LOAN

There are two main types of business loans: secured (protected by an asset, like an auto loan) and unsecured (supported only by the borrower's creditworthiness, like credit cards). Business loans are best utilized for larger, more predictable expenses that can be amortized over time because they allow quick access to a lump sum amount.

### SBA LOAN

A loan from the Small Business Administration for small businesses that might not qualify for other loans. Because this type of loan is backed by the SBA, it is more trusted by lenders. There are many different types, offering flexibility to a variety of businesses.

## Why you should use a business credit card

- **Convenient, given broad acceptance by many merchants**
- **Separate personal and business finances to limit personal liability**
- **Build a positive business credit history for future loans**
- **Convenient monthly and quarterly expense tracking**
- **No collateral is necessary to qualify**
- **Earn rewards like cash back or airline miles for travel for your business or yourself**
- **Control employee spending by adding employee cards with preset spending limits**
- **Risk protection through no liability for fraudulent purchases**
- **Online alerts and reports to keep track of spending**
- **Maximize cash flow by utilizing credit card float—charging expenses you'll pay off with the money you'll get in the near future (from customers who have yet to pay)**

# Credit Comparison

	Benefits	Drawbacks	Uses
Business Credit Card	<ul style="list-style-type: none"> <li>Track business expenses distinct from personal expenses</li> <li>Reduce personal legal liability in your business</li> <li>Enable risk protection through no liability for fraudulent purchases and online warnings to stay alert</li> <li>Maximize cash flow with credit card float</li> </ul>	<ul style="list-style-type: none"> <li>Accumulate potentially high interest rates and fees if you don't pay off each month</li> <li>Requires personal liability for new businesses less than two years old</li> </ul>	<ul style="list-style-type: none"> <li>Purchase business-related items such as office supplies and fuel, and pay monthly recurring bills like cellular and cable</li> <li>Manage smaller capital expenditures like recurring monthly expenses and inventory purchases</li> </ul>
Revolving Line of Credit	<ul style="list-style-type: none"> <li>Obtain cash in advance</li> <li>Offers typically lower, more adjustable interest rates than loans or credit cards</li> <li>Owe zero interest unless you withdraw funds</li> </ul>	<ul style="list-style-type: none"> <li>Requires positive cash flow and interest on money used</li> <li>Unable to obtain lines of credit from banks and credit unions if your business is less than two years old</li> <li>May require initial processing and per-transaction fees</li> </ul>	<ul style="list-style-type: none"> <li>Short-term purchases, working capital needs</li> <li>Finance receivables</li> <li>Fund payroll</li> <li>Buy supplies</li> </ul>
Business Loan	<ul style="list-style-type: none"> <li>Access a lump sum amount quickly for large purchases to be repaid over time</li> <li>Offers fixed-rate interest</li> <li>Predict your budget with fixed monthly payments</li> </ul>	<ul style="list-style-type: none"> <li>Ties up cash in monthly loan payments you could use in other areas</li> <li>May have higher closing costs and fees than with line of credit</li> <li>Requires a sound business plan and other documentation</li> <li>Puts your assets at risk with secured loans</li> </ul>	<ul style="list-style-type: none"> <li>Pay larger, more predictable expenses that can be amortized over time</li> </ul>
SBA Loan	<ul style="list-style-type: none"> <li>Obtain a loan backed by the SBA and more trusted by lenders</li> <li>Qualify for a loan, whether you're a new or existing small business</li> <li>Choose from many different types</li> <li>Offers longer terms available than with other commercial loans</li> </ul>	<ul style="list-style-type: none"> <li>Requires higher interest rates and fees</li> <li>Often requires additional collateral</li> <li>Fill out more paperwork and documentation than you would with regular loans</li> </ul>	<ul style="list-style-type: none"> <li>Make big purchases like equipment, plant space and multiple retail locations</li> </ul>

# Understanding Your Business Credit Report

Once you've chosen the type of credit suitable for your business needs and have applied for it, the lender will request your business credit report to help assess your creditworthiness. Your business credit report holds key information about your business performance, payment history and predictions for risk. Much of your ability to obtain credit will depend on your credit report, so it is essential to ensure it contains positive information.

## Where to find it

To obtain your report, visit the website of one of the three main credit bureaus. You may request your report for a fee, and in most cases, you will receive the report instantly. It is recommended that you check your report at least once a year to make sure you're maintaining a good credit score and that your report hasn't been compromised by fraud or identity theft.



## What if you spot errors on your report?

Take action right away. Notify the credit bureaus and the company that provided the erroneous information by sending them the following via certified mail:

- ➔ **A letter containing: your name and address, the item you're disputing, the facts in support of your case and a request that the error be removed or corrected.**
- ➔ **Copies of the documents that support your position.**
- ➔ **A copy of your credit report with the error clearly labeled.**

They must investigate your claim, which usually is done within 30 days. You can also initiate the dispute resolution process online at the credit bureau's website.

If you encounter roadblocks when trying to correct mistakes, you may file a complaint with the Consumer Financial Protection Bureau, which will work as an intermediary on your behalf.

# How to read your business credit report

## 1 BUSINESS CREDIT SCORE

Your score is calculated based on your payment history and will be a number between 0 and 100. Typically, a score above 80 is considered a good score and tells lenders that you are low risk. If your score falls on or near the red, it will be difficult for you to obtain a loan.

## 2 PAYMENT SUMMARY

Lenders will want to know how you've paid your bills in the past. This section depicts that information in graphs and tables. If you typically pay your bills on time, you'll see a high percentage. Low percentages indicate that you've typically paid bills late, and lenders might think you won't pay them on time either.

## 3 INQUIRIES

This section details who has looked at your business credit report in the past nine months. Inquiries can come from banks with which you have a credit account and future lenders. Too many businesses or individuals listed in this section can lower your credit score.

## 4 JUDGMENT FILINGS

Information appears in this section when your company has been taken to court and a judge has made a ruling against you. If there is information here, it could count against you when trying to obtain credit.

## 5 TAX LIEN FILINGS

If you've paid your taxes, or haven't paid taxes at all, that information will appear in this section. Like judgment filings, tax lien filings are negative and can harm your ability to obtain credit.

<sup>5</sup> Sample Business Credit Report from Experian.com <http://sbcr.experian.com/pdp.aspx?pg=Sample-BCAI&hdr=report>. April 3, 2014.

**LaSalle Medical**

**Address:** 18 Fletcher Ave  
Androme, PA 15003  
United States

**Phone:** 610-655-1111

**Experian BIR:** 123456789

**Also is (or has been) operating as:**  
LaSalle Medical Solutions, Inc.  
LaSalle Oncology Rehab

**Family Linkage:**  
Ultimate Parent: [National Medical Center, Inc.](#)  
Parent / Headquarters: [Croker Medical, Inc.](#)  
Subsidiaries: [LaSalle Hospitals, Inc.](#)

**Branches / Alternative Locations:**  
LaSalle Patient Care  
123 Main Street  
McKinney, TX

**Key Personnel:**  
Treasurer: James Martin  
CEO: Susan Smihars  
8092 - Genl Medical & Surgical Hospital  
622110 - General Medical and Surgical Hospitals Corporation  
Before January 1977  
More than 33 Years  
97 Years  
100  
Total Employees:  
Sales: \$7,750,000  
Filing Data Provided by:  
Date of Incorporation: 01/09/1913

**Current Days Beyond Terms (DBT):** 41

**Predicted DBT for 08/11/2010:** 6

**Average Industry DBT:** 3

**Payment Trend Indicator:** Stable

**Lowest 6 Month Balance:** \$1,135,900

**Highest 6 Month Balance:** \$2,552,400

**Current Total Account Balance:** \$2,551,800

**Highest Credit Amount Extended:** \$9,025,200

**Median Credit Amount Extended:** \$18,000

**Payment Tradelines (see charts):** 41

**UCC Filings:** 6

**Banking/Insurance/Leasing (see detail):** 3

**Businesses Scoring Worse:** 69%

**Bankruptcies:** 0

**Liens (see detail):** 1

**Judgments Filed (see detail):** 2

**Collections (see detail, summary):** 3

**Credit Summary**

**Credit Ranking Score: 60**

High Risk  Low Risk

The objective of the Credit Ranking Score is to predict payment behavior. High Risk means that there is a significant probability of delinquent payment. Low Risk means that there is a good probability of on-time payment.

**Payment Summary**

**Monthly Payment Trends**

\*Percentage of on-time payments by month.

**Quarterly Payment Trends**

\*Percentage of on-time payments by quarter.

**Trade Payment Information**

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT	Comments
Acct Svcs	04/10	04/10	Varied	\$1,508,800	\$1,508,800	100%					
Adv Media	04/10	04/10	Net 30	\$96,500	\$96,500	100%					
Appliance	05/10		Other	\$201,200	\$100,600	100%					
Ceramics	04/10		Net30								
Dp Equip	05/10	09/07	Net 30	\$500							
Elct Distr	05/10		Net 30								Prompt

**Inquiries**

Summary of inquiries

Supplier Category	06/10	05/10	04/10	03/10	02/10	01/10	12/09	11/09	10/09
Med Equip	0	0	0	0	0	1	0	0	0
Med Supply	0	0	0	0	0	0	1	0	0
Trns Equip	0	1	0	0	0	0	0	1	0
Totals	0	1	0	0	0	1	1	1	0

**Collection Filings**

Date	Agency	Agency Phone	Status	Closed Date	Amt Disputed	Amt Collected	Comments
08/05	Receivable Management Services	000-000-0000	Closed, Uncollected	10/05	\$3,495	\$0	
03/05	Amalgamated Credit Services	800-555-1234	Closed, Uncollected	09/09	\$54	\$0	
03/09	Amalgamated Credit Services	800-555-1234	Closed, Uncollected	09/09	\$149	\$0	

**Collections Summary**

Status	Number of Items	Amt Disputed	Amt Collected
Closed, Uncollected	3	\$3,698	\$0

**Commercial Banking, Insurance, Leasing**

**Leasing**

Institution Name: Non-Disclosed  
Address: Burlington, NJ  
ZIP Code: 08016-0  
Phone: 610-556-1212  
Product Type: Equipment  
Commitment Date: 12/07  
Term: 24 Months  
Original Balance: \$11,518  
Remaining Balance: \$859  
Scheduled Amount Due: \$479  
Payments per Year: 12  
Payments Current: 21  
Payments Late: 1  
Payments Overdue: 0

**Judgment Filings**

Date: 11/04/2006  
Plaintiff: Robert Wilkinson  
Filing Location: Philadelphia County Mun Court  
Legal Type: Judgment  
Legal Action: Filed  
Document Number: 12345678  
Liability Amount: \$2,675

**Tax Lien Filings**

Date: 03/28/2003  
Filing Location: Montgomery County Co  
Legal Type: State Tax  
Legal Action: Lien  
Document Number: 6754321  
Liability Amount: \$253,995  
Description: Other Tax

**UCC Filings**

Date: 05/04/2010  
Filing Number: 12345678  
Jurisdiction: Spec Of State Pennsy  
Secured Party: WALTERS MEDI CORP NY WATERTOWN 81212 12 NORTH ROCK DR  
Activity: Filed

# Your Business Credit Score

## How is your score calculated?

Your business credit score is calculated differently than your personal credit score, with three main determining factors<sup>6</sup>:

### CREDIT HISTORY

A summary of your business's payment habits, outstanding debts and amount of credit used.

### PUBLIC RECORDS

Official documents noting your business's transactions, such as mortgages and leases, liens and bankruptcies.

### FIRMOGRAPHIC INFORMATION

Basic information about your business, such as years in business, size and Standard Industrial Classification (SIC) code.

## What is a good score?

Dun & Bradstreet's PAYDEX<sup>®</sup> index assigns a score of 0 to 100, with 0 representing high risk and 100 signifying low risk. Typically, scores above 80 are considered good and signify to a lender that your business has a low risk of late payments.<sup>7</sup>

As with personal credit, scoring methods may vary. Some credit bureaus use a numerical scale similar to a three-digit personal credit score, while others assign letter grades or follow a PAYDEX-type measurement.

<sup>6</sup><http://www.experian.com/small-business/business-credit-score.jsp>. April 3, 2014.

<sup>7</sup><http://mycredit.dnb.com/glossaries/paydex/>. April 3, 2014.

## What hurts your score?



### PAYING BILLS LATE

The more often you pay bills on time, the higher your score.



### MAINTAINING OUTSTANDING DEBTS

Too much debt shows lenders you may be unable to pay back what you owe.



### APPLYING FOR MULTIPLE SOURCES OF CREDIT

Opening several accounts within a short period of time can convey financial desperation.



### CLOSING ACCOUNTS

According to FICO, canceling credit cards can increase your debt-to-credit ratio and delete a good portion of your long-term credit history.<sup>8</sup>

<sup>8</sup><http://www.myfico.com/crediteducation/questions/credit-cards-and-score.aspx>. April 3, 2014.

# Improving Your Credit Score

## What if you have “bad” credit?

A poor credit score can make it difficult to secure a loan. But it's never too late to improve your score. Though it may take a few years to achieve, you can begin raising your score immediately by:

- ➔ **Paying missed or late payments**
- ➔ **Paying bills on time**
- ➔ **Making a schedule to pay off your debt**
- ➔ **Limiting credit card usage and maintaining a low debt-to-credit ratio**
- ➔ **Avoiding opening new credit accounts**
- ➔ **Keeping old accounts open**

## Evaluate business partners' credit

Just as it's important for lenders to evaluate your creditworthiness before extending you credit, it can be vital for you to check the credit of your vendors, customers or prospects. If they can't pay their bills, you may have difficulty paying your own.

Also, check your competitors' business performance in case it prompts necessary changes to your own business model.

You can order business credit reports of other companies from the three major credit bureaus, as well as Dun & Bradstreet.



# Using Credit Wisely

Once you have credit, it is essential to strategize your spending to ensure you have money to cover your current and future business needs. If you don't, your ability to secure new credit can be compromised.

## Healthy credit habits

### **MAKE A PLAN**

Create a budget for monthly income and all expenses, and monitor loans and credit lines.

### **BORROW ONLY WHAT YOU CAN AFFORD TO PAY BACK**

Too large of a loan can create significant debt that can accumulate interest and damage your credit rating.

### **MAKE PURCHASES THAT COULD EARN YOU MONEY**

Use your credit for purchases that have a potential to make or save you money in the future, like targeted advertising or energy-efficient appliances.

### **AVOID PERSONAL EXPENSES**

Use the money only for costs relating to your business.

### **PAY MORE THAN THE MINIMUM PAYMENT**

If you can't pay bills in full within the grace period (commonly 30 days), try to pay more than the minimum payment to avoid interest charges.

### **TAKE CAREFUL NOTE OF ALL YOUR TRANSACTIONS**

Pay attention to when deposits are credited to your accounts and payments are posted. Overdraft, bounced checks or credit limit overages come with costly fees and penalties.

### **MONITOR YOUR CREDIT UTILIZATION**

Using all of the credit available to you per month (your credit limit) could lower your credit score. Either make credit card payments more than once per month or use multiple credit cards for your purchases so that each has low credit utilization.



## Stay alert

As with personal credit, you need to pay constant attention to your business credit. Follow this checklist at least once a year to ensure you're maintaining healthy credit habits.



**Check your credit report**



**Review your available credit**



**Update your business plan to account for any product, market-place or personnel changes**



**Remind yourself of your credit limit**



**Revise your business budget**



**Maintain a relationship with your business banker(s) at the financial institutions where you use their services**

# Credit Card Perks

## Zero liability

Visa's Zero Liability<sup>9</sup> policy is a guarantee that you won't be held responsible for fraudulent charges made with your card or account information.

If your account is compromised, contact your card issuer immediately to initiate the recovery process. Visa and the financial institution that issued you the card will usually extend provisional credit for losses while they resolve this issue.

Refer to your card disclosure for terms and conditions.

For more information, visit:

[usa.visa.com/personal/security/visa\\_security\\_program/zero\\_liability.html](http://usa.visa.com/personal/security/visa_security_program/zero_liability.html)

<sup>9</sup> Covers U.S.-issued cards only. Does not apply to ATM transactions, certain commercial card transactions, PIN or other transactions not processed by Visa. You must notify your financial institution immediately of any unauthorized use. For specific restrictions, limitations and other details, please consult your issuer.

## The benefits of credit card float

Credit card float is when you pay expenses using a credit card and then pay back that credit with money you'll receive in the future.

If you can't afford an emergency plumbing repair, for example, you can use credit to pay for it. When your cash flow increases, you then pay back the credit you've used.

Just remember to pay your credit card bill on time to avoid interest, late fees and potential damages to your credit score.



# Credit and Debt

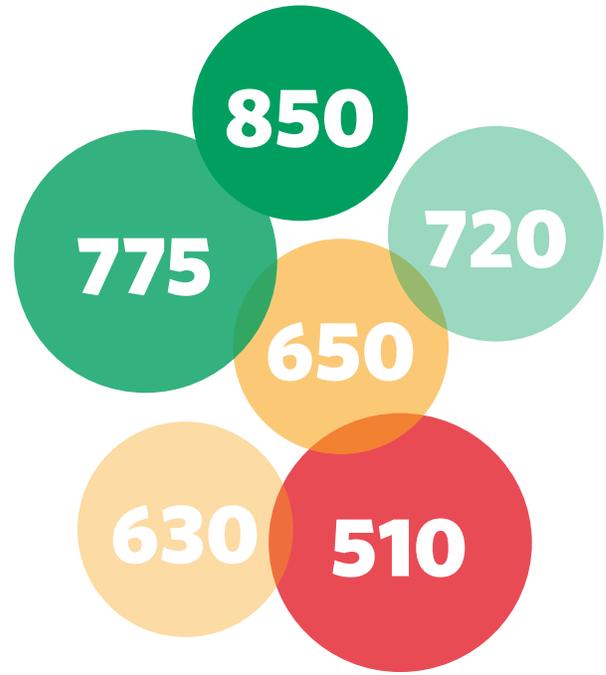
Debt can accumulate more quickly than you might think. The good news is that understanding debt will help you take immediate steps to limit long-term damage to your credit.

## How debt affects your credit

The amount of debt you have comprises about 30% of your personal credit score. The higher your debt, the lower your credit score and the harder it is to obtain a loan.<sup>9</sup>

How you handle your debt can also affect your credit score—paying it off quickly can raise your credit score, while paying it off slowly will lower your credit score.

Keep in mind that some debt can be beneficial. Using credit cards and paying your bills on time builds a good credit history, which shows creditors that you are financially responsible, and taking on additional debt to purchase new equipment or expand your business can pay off for the long term.



<sup>9</sup><http://www.myfico.com/CreditEducation/WhatsInYourScore.aspx>. April 3, 2014.



## Getting out of debt

- ✓ **KNOW WHAT YOU OWE**  
Be aware of exactly how much debt you have so you can make realistic choices.
- ✓ **MAKE A PLAN**  
Devote the most money you can each month to paying off your debt; it adds up over time.
- ✓ **KEEP BALANCES LOW**  
Avoid using your credit card and lines of credit to their limits.
- ✓ **SEEK CREDIT COUNSELING**  
Credit counseling agencies like the National Foundation for Credit Counseling's website can help you organize your finances in order to pay off debt.

# Credit and Identity Theft

Identity theft is a crime that occurs when someone uses your personal or financial information without your permission for his or her own financial benefit.

## How identity theft affects credit

Falling victim to identity theft can lower your credit score in several ways:

### **DEBT**

If an identity thief spends more than you can handle, you could be left with bills you can't pay.

### **LATE PAYMENTS**

If identity thieves withdraw large sums of money, you might not be able to pay your bills on time.

### **NEW ACCOUNTS**

Thieves can also open new accounts and spend in your name, causing your credit score to drop.

### **INQUIRIES**

When a new credit account is opened, the inquiry is recorded on your credit report; too many inquiries can lower your score.

## Protect your business

Take the following steps to ensure your business's financial information doesn't get into the wrong hands.

### **CHECK YOUR BANK STATEMENTS**

Review your account statements online for fraudulent charges and report any suspicious activity immediately.

### **BEWARE OF SCAMS**

Never give out sensitive personal or financial information by mail, email or phone unless you initiated the contact.

### **SHRED FINANCIAL DOCUMENTS**

Destroy papers detailing important information or keep them locked away.

### **SET SECURE PASSWORDS**

Use a more complex sequence of letters, numbers and characters and change passwords frequently.

### **USE SECURE WEBSITES**

Only conduct online transactions on secure websites—those with "https" in the URL.

## What to do if you've been victimized

It's important to act quickly and notify the following:

- **Credit bureaus** (Experian, Equifax and TransUnion) to request a credit freeze or an initial fraud alert.
- **Law enforcement** to file an Identity Theft Report.
- **The Federal Trade Commission (FTC)**, which can share your complaint with other law enforcement agencies.

Visit the FTC's ID Theft, Privacy and Security page, which contains extensive information about identity theft, privacy and information security.

# More Information on Financial Management

To learn more about case studies, examples and expert guidance on every aspect of small business finances, review the Financial Management Workbook produced by Visa in partnership with SCORE. You'll see that our goal is the same as yours—to make your business financially successful.

## Four keys to success

1

### MAXIMIZE YOUR INCOME AND THE SPEED WITH WHICH YOU GET PAID

Throughout this guide, we offer tips and checklists for maximizing income. We also concentrate on the biggest contributor to cash flow problems—late payments.

3

### BE PREPARED

You can never completely avoid cash flow problems—unpredictable and catastrophic events can overtake any small business owner. But our financial strategies can prepare you for economic downturns, faltering suppliers and sudden growth spurts.

2

### MINIMIZE YOUR EXPENSES

Can you lower expenses when costs—inventory, rent, insurance and employees—seem to keep rising? We'll show you how even the leanest business can shed a few pounds.

4

### KNOW YOUR FUNDING OPTIONS

Are you borrowing money because of temporary negative cash flow or because of a fundamental problem with your business? Learn the difference so you won't find yourself shoveling your way out of a mountain of debt.

## Connect with Us

For more tips and tools, follow Visa on Facebook and Twitter



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# You're on your way

Starting a business is an ambitious endeavor. Fortunately, there are many different resources available to help you:

## Resources roundup

### **U.S. Small Business Administration**

Answer Desk: 1.800.827.5722  
Disaster Loans: 1.800.659.2955  
[www.sba.gov](http://www.sba.gov)

### **Consumer Financial Protection Bureau**

Consumer Help: 1.855.411.2372  
Inquiries: 1.202.435.7000  
[www.consumerfinance.gov](http://www.consumerfinance.gov)

### **The Federal Trade Commission**

Headquarters: 1.202.326.2222  
[www.ftc.gov](http://www.ftc.gov)

### **Small Business Development Centers**

Business consulting and training services:  
[www.sba.gov/tools/local-assistance.sbdc](http://www.sba.gov/tools/local-assistance.sbdc)

### **National Foundation for Credit Counseling**

Main: 1.800.388.2227  
[www.nfcc.org](http://www.nfcc.org)

### **Equifax**

Report Order: 1.800.685.1111  
Fraud Hotline: 1.888.766.0008  
[www.equifax.com](http://www.equifax.com)

### **Experian**

Report Order: 1.888.397.3742  
Fraud Hotline: 1.888.397.3742  
[www.experian.com](http://www.experian.com)

### **TransUnion**

Report Order: 1.877.322.8228  
Fraud Hotline: 1.800.680.7289  
[www.tuc.com](http://www.tuc.com)

### **Dun & Bradstreet**

Sales: 1.877.652.8857  
Customer Assistance: 1.800.234.3867  
[www.dnb.com](http://www.dnb.com)





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