

## Your Business Credit : Dun & Bradstreet

Dun & Bradstreet operates the largest business database in the world, with information on over a hundred million businesses worldwide.\* This includes thirty-eight million in the US. Dun & Bradstreet is far and away the number one provider of business information concerning marketing, credit and purchasing decision-making. Currently, over a hundred and fifty thousand businesses of many sizes depend on D&B for the insight needed to build and maintain profitable business relationships.

The information found in the D&B database is compiled by gathering millions of bank and trade transactions, business owner info, public utilities, federal bankruptcy listings, and all the offices of the US Secretaries of State. They also go over hundreds of magazine, newspaper, trade publication, and electronic news to gather data. In addition, they conduct millions of interviews, with managers and businesspeople. They can attain up to as many as fifteen hundred data elements compiled on a particular company.

Overall, over two hundred million financial transactions are added to D&B's database annually. They update the information on a continual basis; one and a half million times each business day, to be sure the information is the most current available.

It's a good idea to manage your business' credit as this credit rating can either save or cost your business money.

Have you ever been denied a loan? Have you been required to pay a high insurance premium? Have you been required to pay cash on delivery to receive supplies?

If you're not exactly sure of what is in your credit profile, you can't really be sure if your company is being presented in a favorable way. A bad or absent credit profile can affect your bottom line directly. Having good credit is a lifeline to your business. This will let you find the funds to expand, make capital expenditures, create research and development, and hire staff. Your future growth is dependent on this rating, along with access to the cash needed to survive. Maintaining a good business credit rating also let you keep cash on hand to cover your costs, and this kind of liquidity will allow you quick response to situations that are time sensitive - without the need to wait or pause operations.

Business credit has become the main method of setting the terms of business loans, lease payments, and insurance rates. Maintaining excellent credit can help your business earn lower rates and improve cash flow. Your credit record is the main method which companies will determine if they want to do business with your company or not - and, on what terms. These companies will depend upon your creditworthiness in order to make important decisions. These decisions include whether or not to sell to your business, lend money, accept you as a partner, increase a line of credit, lease equipment, extend favorable rates of financing, and determine if you compare well against competitors in your field.

A number of business data points are included in business credit: date began, experience of executive leadership, annual sales figures, and the total number of employees. This info is listed with the credit profile, as well as ratings and scores which have been determined though the past behaviors of your business. For example, past willingness to pay bills is factored into determining the likelihood that you will pay bills in the future. The overall credit worthiness of a business is determined by the four Cs of credit: character, capital, capacity and conditions.

Character includes the total number of years operating in business, workforce size, willingness to share information, judgements or law suits, coverage in the media, stock market valuations, and comments from relevant references.

Capital determines if a business has the resources necessary to repay creditors. Generally, this part of the credit report is most important in the review of an analyst. Top importance is attributed to items including net worth, working capital amounts, and cash flow.

Capacity refers to a company's ability to satisfy its accounts payable. This also covers the debt of the company and how it is structured, including unused credit and defaults.

Conditions are the outside factors which surround the company. These include industry growth, market changes, political or legal factors, and currency valuations.

Loan officers and credit managers answer these sorts of questions by reviewing information supplied by customers, banking information, trading information, and requests for credit check information. The process is quite like that of gaining personal credit. If you've ever opened a banking account, financed an auto, or used a credit card, you have a personal credit file. This info intends to help you locate the funds to operate your household. Still, not all businesses have a credit profile; this is why some creditors check the personal credit of small business owners. If you want to reduce your personal liability and operate a business, it is preferable to establish credit for your business and use this to run it. Using personal credit to

obtain funds to operate your business could pose some problems.

The bottom line is that other businesses need to take note of your credit profile regardless of the size of your company. You too, need to understand your own business credit profile, to understand how creditworthy you appear there. All transactions affect your profile. On-time payments help keep the cost of borrowing low. The information about new and old companies are equally available, obtained from numerous sources and added into your compiled profile. Make sure this information is true, accurate and updated. A strong credit score can help you maintain favorable rates, and affect your overall cash flow, the lifeblood of a business.

\*The information provided in this article is strictly for informational purposes only. Please consult with your financial advisors regarding any aspects of your credit profile.

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