



Managing business credit

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Here's what we'll cover today

- Managing credit
- What potential lenders may look for
- Free educational resources

Managing credit

Financing opportunities

Don't guess about credit – manage it.

How your business can rely on credit

- Provide working capital
- Support business growth
- Take advantage of opportunities

How your banker can be a valuable resource

- Conduct a business financial review
- Review business situation
- Discuss future business goals

Take control of your credit profile

A credit profile is everything a lender sees about you and your business.

Create a sound financial footing

- Establish checking and savings accounts specifically for your business and separate from your personal accounts
- A strong payment history may strengthen your credit profile
- Review your personal credit profile yearly, and clear up any issues

Bank strategically

- Consolidate banking relationships
- A strong banking history may support your creditworthiness
- Demonstrate a consistent flow of funds

Cultivate the relationship

- Visit your banker regularly
- Be clear about your situation and goals



Get to know credit reporting

Lenders may look at both your personal and business credit history.

Credit reports

Aggregate information from many sources

- Payment history
- Credit usage
- Debt load

Credit scores

Use information from your credit records to generate a single number

- Payment history
- Outstanding debt
- How long your credit has been established



Know the Five C's of Credit

Each of the Five C's is important – assess your business in each area.

Credit history

How you've handled past credit obligations may help indicate what a lender may expect in the future.

Collateral

Personal and business assets that may offer a backup source of repayment.

Capital

Personal investment in the business and business assets that can be turned into cash.

Conditions

Everything that affects your ability to repay a loan, including internal and external factors.

Capacity

How your business will generate enough cash to repay the loan and any other commitments.

What potential lenders may look for

Planning for credit success

Be prepared to show a lender that your company has a steady cash flow and effective business plan.

1

Credit purpose

Explain how you will use the money and why the amount you're asking for is realistic.

2

Credit history

Describe your credit profile accurately to ensure there are no surprises.

3

Company finances

Provide cash flow projections to demonstrate your ability to repay the loan.

4

Application details

Ensure your sales and income numbers match what is on the most recent tax return.

Enhance your cash flow

Cash flow helps demonstrate your ability to repay a loan.

1. Accelerate your inflows

- Process invoices quickly
- Offer customers more payment options

2. Monitor your costs

- Track bills and inventory
- Know payroll obligations

3. Watch your outflows

- Manage cash flow with credit
- Take advantage of trade discounts or barter arrangements

4. Cover your taxes

- Set aside funds to cover all your taxes

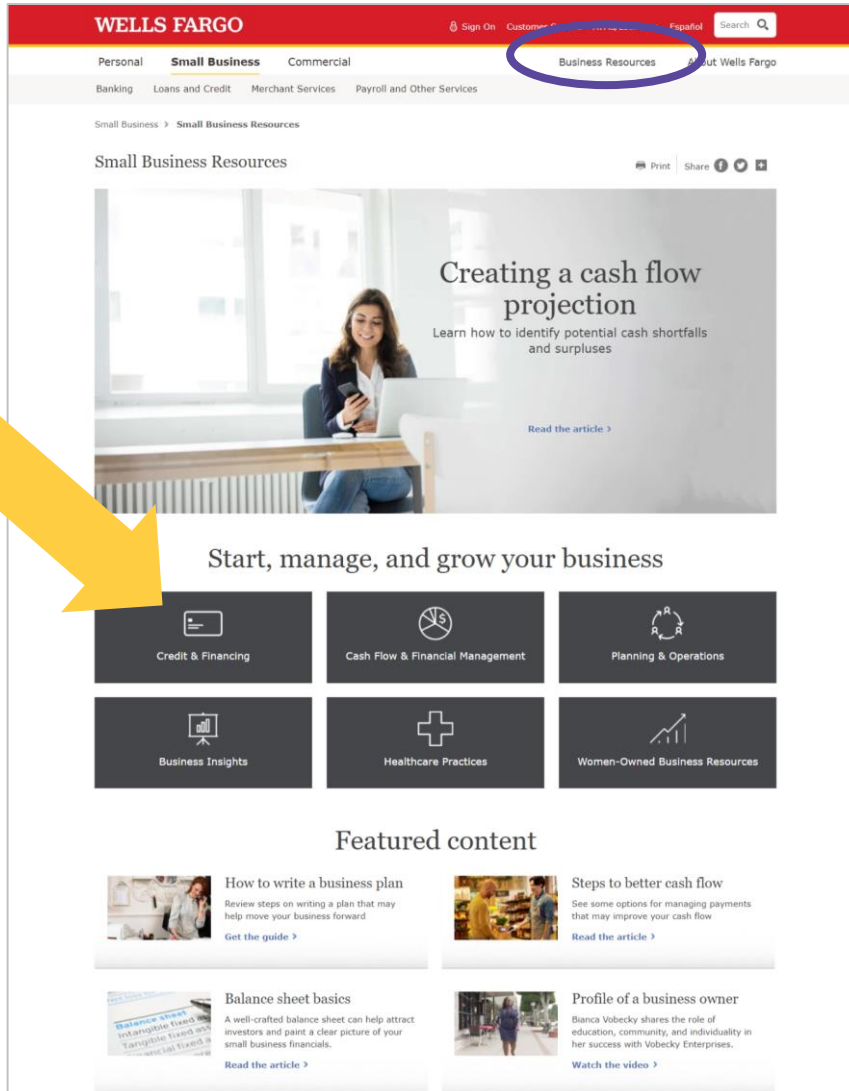
5. Challenge everything

- Are you getting value from every relationship?
- Can you cut expenses?

Free educational resources

Visit the Small Business Resources section on wellsfargo.com/business

Learn how to manage credit by accessing numerous articles and resources



Credit and financing

- Understanding credit
- Securing and using credit



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