



# Managing business credit

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# Here's what we'll cover today

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# 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 credit worthiness
- 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

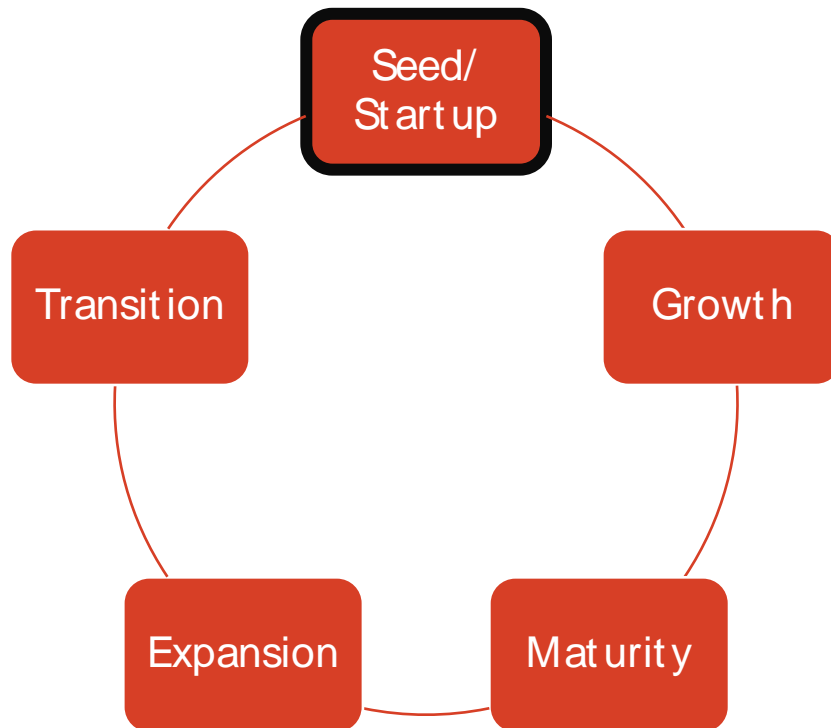
## 5. Challenge everything

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

# The business credit lifecycle

## Match your business and credit stages: Seed and Start up

Every business is unique, but there are common needs and characteristics when they are at similar stages.

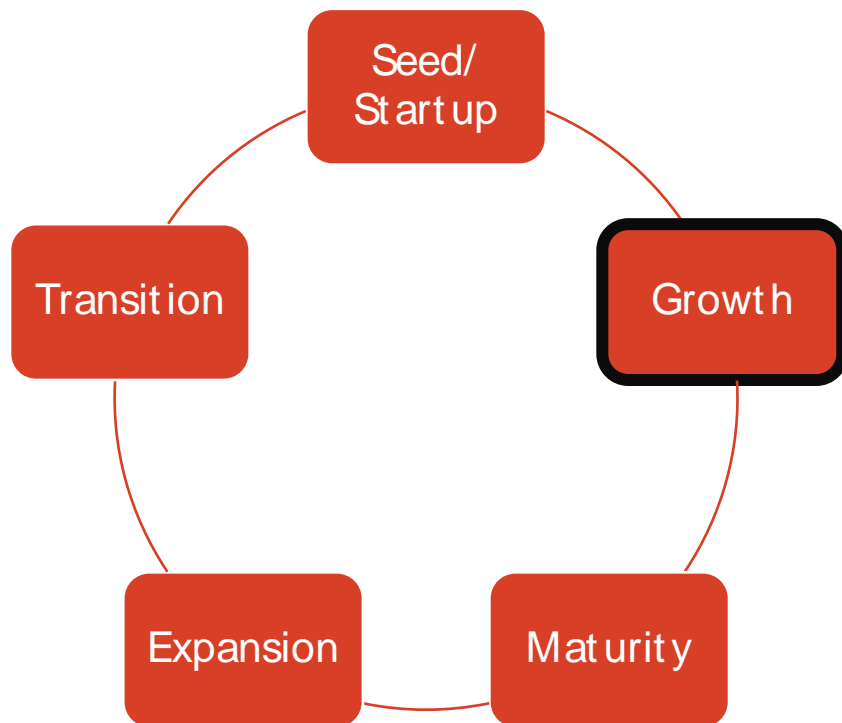


### Build a solid foundation for success

- Personal and family assets
- Business credit cards
- Business lines of credit
- Healthcare financing start-up loan
- Micro lenders

## Match your business and credit stages: Growth

Every business is unique, but there are common needs and characteristics when they are at similar stages.

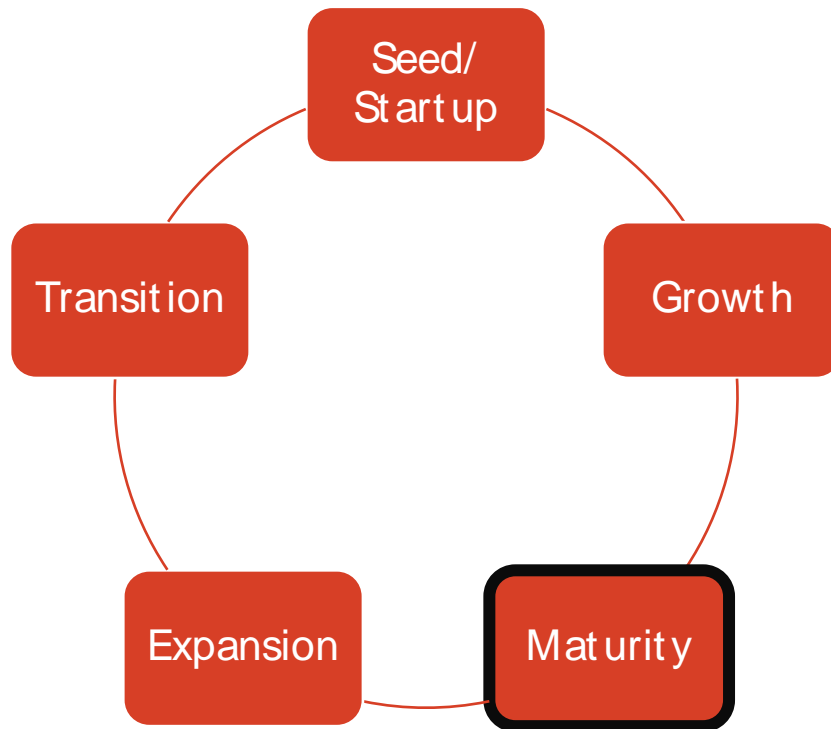


### Move a young company forward

- Business lines of credit
- SBA 7(a) and 504 loans
- Refinance and purchase loans secured by commercial real estate
- Commercial real estate equity loans and lines of credit
- Healthcare financing loans

## Match your business and credit stages: Maturity

Every business is unique, but there are common needs and characteristics when they are at similar stages.

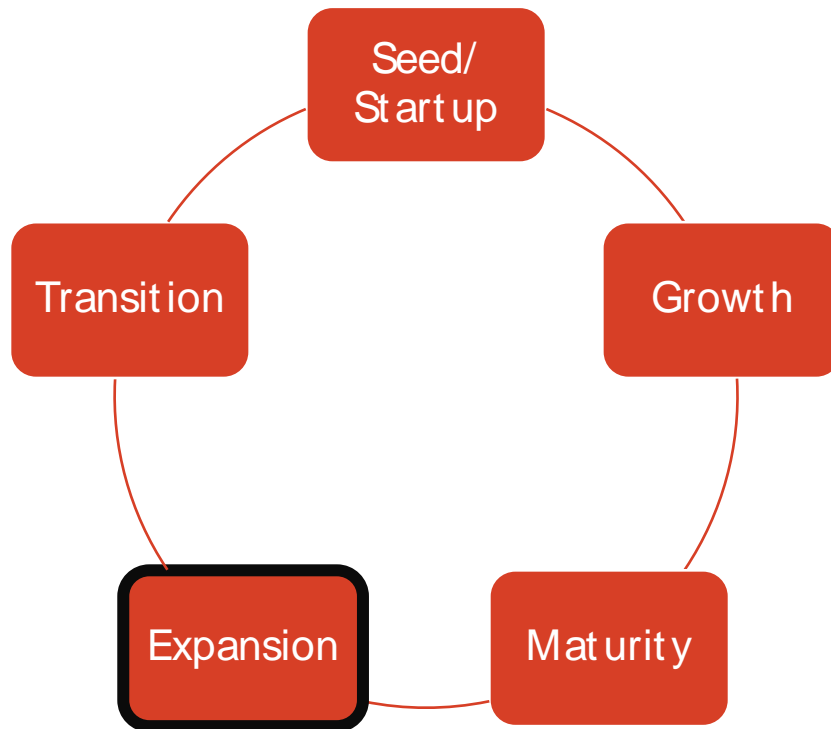


### Keep your edge as an established company

- Paying down debt
- Refinancing commercial real estate equity
- Opening a commercial equity line of credit or loan

## Match your business and credit stages: Expansion

Every business is unique, but there are common needs and characteristics when they are at similar stages.

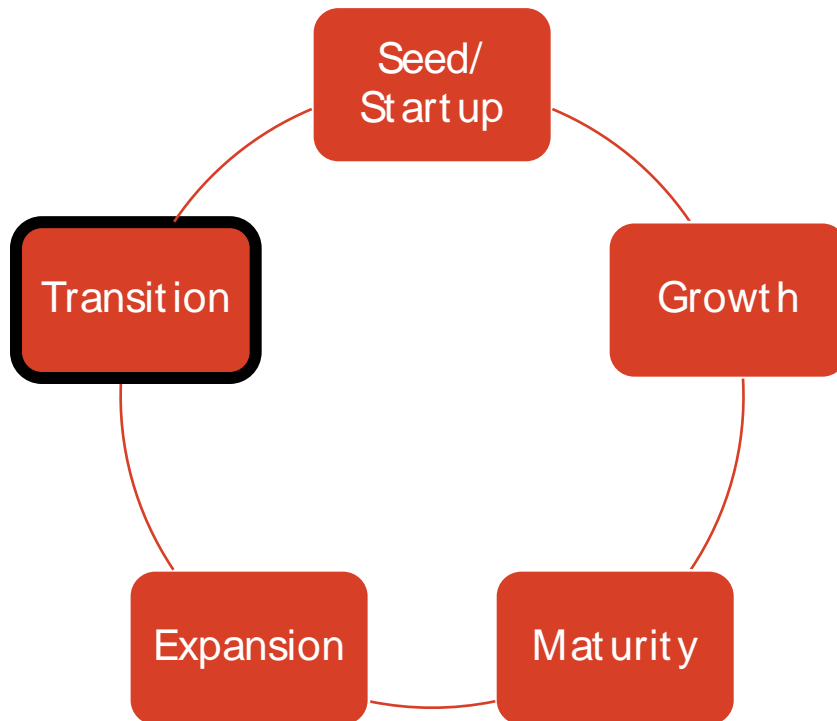


### Take a mature business to the next level

- Commercial real estate financing
- SBA 7(a) and 504 loans
- Healthcare financing loans

## Match your business and credit stages: Transition

Every business is unique, but there are common needs and characteristics when they are at similar stages.



### Plan beyond your involvement

- Paying down debt
- Refinancing commercial real estate equity



# Making sense of financing options

## Know the language

Understanding your options begins with knowing the language.

### Secured

Backed by collateral (cash, equipment, real estate, UCC lien, etc.)

Can be personal or business

### Unsecured

Requires no collateral

Depends entirely on your credit and strong cash flow

# Find the financing that's right for you

Understanding your options begins with knowing the language.

## Credit cards

- Conveniently manage everyday business expenses
- Establish or repair business credit with a business secured credit card

## Lines of credit

- Revolving source of funds
- Unsecured

## Commercial real estate financing

- Expand your business or purchase new commercial property
- Free up cash
- Borrow against your equity

## SBA loans and lines

- May be government-guaranteed
- Variety of purposes and terms
- Fixed or adjustable interest rates

## Healthcare financing

- Support for Dentists, Optometrists, Physicians, and Veterinarians
- Line of credit and fixed rate loans with a variety of repayment options

## Think creatively to find funding

Alternative lending options may provide funding when you're just getting started and help you build credit.



# Free educational resources

# Visit the Small Business Resources section on [wellsfargo.com/business](https://wellsfargo.com/business)

Learn how to manage credit by accessing numerous articles and resources

The screenshot shows the Wells Fargo website's Small Business Resources page. At the top, the Wells Fargo logo is on the left, and navigation links for 'Sign On', 'Customer Support', 'Español', and a search bar are on the right. Below this, a secondary navigation bar includes 'Personal', 'Small Business', 'Commercial', 'Business Resources' (circled in blue), and 'About Wells Fargo'. Underneath, there are links for 'Banking', 'Loans and Credit', 'Merchant Services', and 'Payroll and Other Services'. The main content area features a large article titled 'Creating a cash flow projection' with a sub-headline 'Learn how to identify potential cash shortfalls and surpluses' and a 'Read the article >' link. Below this is a section titled 'Start, manage, and grow your business' containing six dark grey buttons with icons and text: 'Credit & Financing', 'Cash Flow & Financial Management', 'Planning & Operations', 'Business Insights', 'Health-care Practices', and 'Women-Owned Business Resources'. A yellow arrow points to the 'Credit & Financing' button. The bottom section is titled 'Featured content' and includes four article cards: 'How to write a business plan', 'Steps to better cash flow', 'Balance sheet basics', and 'Profile of a business owner', each with a 'Read the article >' or 'Watch the video >' link.

## Credit and financing

- Understanding credit
- Securing and using credit



## How may we help?

### Call us

#### Telecommunications Relay Services calls accepted

- Customer service for existing accounts: 1-800-225-5935
- To apply for a new account call: 1-800-359-3557  
8:00 a.m. – 8:00 p.m. Central Time, Monday – Friday

### Go online

- [wellsfargo.com/business](https://wellsfargo.com/business)

# Thank you

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