

5 Reasons to Manage Your Business Credit

Pacific Crest Group (PCG) fully supports businesses in building their credit to fuel business growth. Establishing and maintaining business credit helps companies increase profits by financing growth and controlling costs. Below are five good reasons to take control of your business credit.

#1 – SEPARATION OF PERSONAL AND BUSINESS CREDIT

When owners and/or officers of a company use their own credit (i.e. – guarantee loans or credit cards), they risk the chance of being personally liable. If the business defaults, personal assets are at risk.

#2 – BORROWING POWER AND OPTIONS

Personal guarantees only go so far. If a business owner has a normal credit profile (i.e. – a mortgage or two, car payment(s), and a few credit cards), there is a ceiling to how much can be borrowed. Increased credibility in established business credit reduces risks for lenders and/or vendors resulting in more options at better terms and anywhere from 10 to 100 times the borrowing power.

#3 – ACCOUNTS AND TERMS WITH SUPPLIERS

Being able to purchase goods and services from suppliers on account with favorable terms is essential to effective cash flow management. Your business needs good credit in its own name to qualify for accounts and the most favorable terms.

#4 – INSURANCE PREMIUMS

Insurance is necessary for the security of your business. The cost of insurance is affected by many factors, including your business credit. Without good credit, the cost of insurance is higher, and you may be forced to seek coverage from less reputable providers.

#5 – EXIT STRATEGY EXECUTION

Established credit in the name of the business increases overall value, which results in a higher sale price. It can also ease the extrication of the business owner by not having personal credit tied to loans or vendor relationships.

The best time to create credibility in a business is before it is needed. Not being prepared can cost the company, and its owners, money.

The Pacific Crest Group (PCG) provides professional services that keep your business focused on your critical objectives. We create custom made financial and Human Resource (HR) systems based on creative strategies that are always delivered with exemplary customer service. A PCG professional is happy to meet with you to discuss solutions for your unique requirements designed specifically to maximize all of your business opportunities.

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Pacific Crest Group

Back Office Solutions for Bay Area Businesses

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