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1. Business Credit Scores are credit scores that are for a business, and are in the Business Name. With business credit the Business builds its own credit profile and credit score linked to its EIN not the owner's SSN. With an established credit profile and score, the business will then qualify for credit.

2. Business credit scores access a business's ability to pay, not the business owners. Since the business qualifies for the credit, in most cases there is no personal credit check required from the business owner.

3. Once a business has built its business credit profile and score, the business can use its credit scores to qualify for revolving store credit cards like Staples, Lowes, Sam's Club, Costco, BP, Wal-Mart, even MasterCard, Visa, and American Express. With business credit the business can also qualify for credit lines and loans.

4. A business credit score reflects the business's likelihood of defaulting on an obligation, not the business owner's. The business credit score is based on how the business obligations are being paid, not how the business owners pays their personal obligations.

5. Dun & Bradstreet is the biggest, and major business credit reporting agency. They were created in 1841.They are commonly known as D&B and they provide 5 separate business credit scores that evaluate different forms of risk.

6. D&B holds the largest supply of worldwide business information with over 206 million records. This is nearly 10 times more records than the next biggest business credit reporting agency Experian.

7. Obtaining a DUNS number is the first step towards getting a business credit score with D&B.The Data Universal Numbering System (DUNS) is a business identifier code provided by Dun and Bradstreet. This business identifier code was developed in 1963 to support Dun and Bradstreet's credit reporting practices.

8. The DUNS number is a nine-digit number issued by Dun & Bradstreet and assigned to each business location in the D&B database, each having a unique, separate, and distinct operation for the purpose.

9. Every business must first have a D.U.N.S number before Dun & Bradstreet will assign a Paydex business credit score. The DUNS number is the preferred method worldwide of identifying businesses. Unlike national Employment Identification Number (EIN), a DUNS number may be issued to any business worldwide.

It is used by many foreign governments including the US and Australia, European Commission, and even the United Nations. More than 50 global, industry, and trade associations recognize, recommend, or require DUNS.

10. Dun & Bradstreet's 5 credit scores and ratings showcase a company's strengths or weaknesses to vendors, suppliers, and lenders. A full D&B report contains 5 unique types of business credit scores and ratings. D&B also offers 3 types of Predictive Scores which predict how a business will perform over the next 12 months. There are 2 types of Performance Scores D&B based on a company's past performance.

11. Predictive Dun & Bradstreet scores predict a company's expected performance over the next year, or 12 month time period. D&B provides 3 Predictive scores which are The D&B Delinquency Predictor Score, The Financial Stress Score and The Supplier Evaluation Risk Rating.

12. The Dun & Bradstreet Delinquency Predictor Score predicts whether a business will pay its bills on time. The Financial Stress Score predicts the chance that a business will experience financial distress. The Supplier Evaluation Risk Rating predicts whether a business will stop delivering its goods and services.

13. Dun & Bradstreet's Performance Scores reflect a company's past performance using only information within the D&B database. D&B provides 2 core Performance Scores which are The Paydex Score and the D&B Rating,

14. The Dun & Bradstreet Rating- Indicates a company's net worth range based on company financial statements, as well as a company's overall condition. The Paydex Score- Indicates how a company has paid its bills over the last 24 months.

15. The Dun & Bradstreet Delinquency Predictor Score predicts whether a business will pay its bills on time. It actually predicts the likelihood that a business will make a severely delinquent payment. D&B defines "severely delinquent" as 91 days or more past terms, so basically someone is severely delinquent when they pay more than 90 days late. The true definition from D&B is… "Delinquency Predictor Score predicts the likelihood a business will pay severely delinquency within the next 12 months."

    The D&B Predictor Score ranges from 101-670. The higher the score the lower the risk. The D&B Delinquency Predictor Score is further broken down into 5 classes, Class 1 reflects a Low Risk of late payment, and Class 5 reflects a High Risk of late payment.

The D&B Predictor Score is influenced by D&B's data regarding past payment performance, demographic information, financial information and outstanding lawsuits & liens. The D&B Predictor Score is used by suppliers, customers, and banks. The score is used to make decisions about your company. For example lower risk Delinquency Predictor Scores means you have a better chance of securing credit with suppliers.

Suppliers, customers, and banks can not only pull this score, but monitor it ongoing.

16. Dun & Bradstreet's Financial Stress Score predicts whether a business will experience financial distress or failure. The true D&B definition is… "The Financial Stress Score is used to predict the likelihood that a company will obtain legal relief from creditors or cease operations without paying all creditors in full over the next 12 months"

    The score ranges from 1001-1875. The higher the score the lower the risk. The D&B financial stress score is broken into 5 different Classes. Class 1 reflects a Low Risk of late payment while class 5 reflects a High Risk of late payment.

    This score is influenced by details D&B has regarding your: past payment history, demographic information, financial information and outstanding lawsuits and liens.

    Potential business partners, banks, other lending institutions, and customers use the D&B Financial Stress Score to determine if you will have the financial resources to handle your expenses. For example, a company hires a consulting business for a 10 month project. A high financial stress score could be used to by the consulting business as justification to extend terms to the company instead of requiring upfront payment.

17. Dun & Bradstreet's Supplier Evaluation Risk Rating is known as the SER Rating**.** The SER rating also predicts the likelihood that a supplier will cease business operations or become inactive over the next 12 months. It predicts whether your company will deliver goods and services as promised.

    It predicts the likelihood that a business will stop delivering their goods and services. Scores range from 1-9, the higher the score HIGHER the risk. Your SER rating is influence by D&B data including: past payment performance, demographics, financial information and outstanding lawsuits and liens.

    Vendors, suppliers, and other business partners use the SER rating to reduce the cost and risk of choosing suppliers and to gain competitive advantage. For example, let's say a company is choosing a building supplier and needs to deliver their product quickly. While considering many suppliers, the company chooses the one with the best SER rating as they believe that company can deliver quickly and on short notice.

18. The Dun & Bradstreet Rating Indicates a company's net worth range based on company financial statements, as well as a company's overall financial condition. If a company's financial statements are not provided, the score is based on company size, industry, or other related factors.

    The D&B Rating is a performance score that's based on a company's net worth and overall credit assessment.

19. The Dun & Bradstreet Rating is broken into 3 distinct categories. Category is assigned based on the amount of information avalable on a company. The true definition from D&B is… "D&B Rating is a performance score based on a company's net worth from its financial statements as well as an overall credit assessment using information in D&B's database."

    Category 1 is the Traditional D&B Rating, category 2 is the Expanded Credit Appraisal and category 3 is the Alternative Ratings. Category 1 is the Traditional D&B Rating which reflects net worth or equity.

    D&B calculates this based on the company's financial statements **<u>and</u>** payment Experiences, or trade lines. Both must be in the report to qualify for the Traditional D&B Rating. Even if you have payment experiences, if no financials are present there will be no Traditional D&B Rating.

    This score also includes the Composite Credit Appraisal Score.The Composite Credit Appraisal Score reflects an overall assessment of creditworthiness based on company payments and financial stability.

    If financials are not available for a company, the company falls into the Expanded Credit Appraisal Category. This is based on the total number of employees for the business.

    If financials nor company size is available, D&B gives a score in the third category known as the Alternative Ratings Category. This is based on the amount of information available in the company's report.

20. Dun & Bradstreet's Paydex Credit Score is the most popular and well known business credit score. It indicates how quickly a company has paid its bills. The true definition from D&B is…" D&B Paydex is a dollar-weighted indicator of a business' payment performance based on payment experiences in a company's D&B's file".

21. An important aspect of the Dun & Bradstreet Paydex score system of which most business owners are not aware is a Paydex "weighted average" score. This score gives more weight

to the trade accounts that report higher amounts of credit extended and less weight to trade accounts that are reporting lower dollar amounts of credit.

The Paydex score is “weighted”, meaning the bigger the bill, the more “weight” it can have on the D&B score. This score gives more weight to the trade accounts that report higher amounts of credit extended and less weight to trade accounts that are reporting lower dollar amounts of credit.

22. The Dun & Bradstreet Paydex score ranges from 1-100. Higher scores are lower risk as they predict better payment performance. Any score of 70 and higher D&B defines as a “good” score. An 80 score reflects Prompt Payment. A score of 70 reflects payments are paid within 15 Days of terms. Scores 50 or lower represent payments being made 30 or more days past terms.

    Higher scores get new a business owner: better payment terms, lower insurance premiums, and higher credit limits. Due to these benefits, higher scores make it easier for a business to manage cash flow.

23. Be aware that banks DO pull the Dun & Bradstreet Paydex before lending, even though they won’t send you any disclosures letting you know they did pull your score, as they don’t’ have to.Having no Paydex score or limited credit will commonly lead to loan denial.

    For example, if a lender pulls an incomplete report, they typically will ***decline*** the application But if a lender pulls a high Paydex score, the chances of being approved for credit lines from suppliers and lenders greatly increases. Suppliers and lenders can also receive updates of score changes.