

HARVEST BUSINESS SOLUTIONS

## Credit & Costs

*Building Business Credit Using Current Business  
Expenses*

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# Introduction

Many business owners think that building business credit requires taking out loans or opening new lines of credit. However, you can actually build and strengthen your business credit by leveraging expenses your business is already paying. By strategically using everyday costs and making timely payments, you can enhance your business credit profile without taking on new debt. This guide will show you how to turn your current business expenses into credit-building tools.

# Understand the Power of Trade Credit

## *Understand the Power of Trade Credit*

### **S**tep 1: Work with Suppliers That Report to Credit Bureaus

Many businesses regularly purchase goods or services on credit from suppliers. This is known as **trade credit** and is a key tool in building business credit. Some suppliers report your payment activity to business credit bureaus, such as Dun & Bradstreet, Experian Business, or Equifax Business. This payment history can directly improve your business credit score.

### Step 2: Establish Trade Credit Accounts

If you don't already have trade credit accounts, start by asking your current suppliers if they offer credit terms, such as net-30 or net-60. Establishing trade credit allows you to pay for goods and services after receiving them, and timely payments to these accounts will positively affect your business credit.

### Step 3: Prioritize On-Time Payments

## UNDERSTAND THE POWER OF TRADE CREDIT

Always make payments on time, or even early when possible. Consistent, timely payments on trade credit accounts are one of the most powerful ways to build business credit using expenses you already have.

# 2

## Use Business Credit Cards for Regular Expenses

### *Use Business Credit Cards for Regular Expenses*

**S**tep 1: Apply for a Business Credit Card  
If you don't already have one, consider applying for a business credit card. Many business credit cards report payment activity to the major business credit bureaus, which means your responsible credit usage will help build your credit score. Look for a card that offers low fees, rewards, and reports to all three major credit bureaus.

Step 2: Charge Routine Expenses to the Business Credit Card  
Use your business credit card to pay for everyday expenses such as office supplies, utility bills, travel, and other operational costs. By paying for these recurring expenses with a business credit card, you're not taking on new debt—you're simply using credit to manage cash flow and build credit simultaneously.

Step 3: Pay the Balance in Full Each Month

To avoid interest charges, pay your business credit card

## USE BUSINESS CREDIT CARDS FOR REGULAR EXPENSES

balance in full each month. This ensures that your business isn't accumulating debt and helps maintain a low credit utilization ratio, which is an important factor in improving your credit score.

# 3

## Pay Business Utilities and Services Strategically

### *Pay Business Utilities and Services Strategically*

**S**tep 1: Set Up Vendor Accounts with Service Providers  
Many businesses rely on utilities such as electricity, internet, and phone services, as well as regular services like website hosting, accounting software, or cleaning services. Some service providers offer credit accounts or payment terms that allow you to pay after the service has been rendered. If possible, ask your service providers if they report payment activity to the credit bureaus.

Step 2: Use Vendor Accounts for Utility Payments  
If your utility providers offer credit accounts, use these accounts to pay for your regular utility expenses. Just as with trade credit, paying these bills on time or early will help build your business credit profile.

Step 3: Pay Service Providers on Time

Make sure you're consistently paying service providers on

## PAY BUSINESS UTILITIES AND SERVICES STRATEGICALLY

time. On-time payments for business utilities and other services show up as positive entries on your business credit report, which will gradually improve your score.

## Lease Business Equipment to Build Credit

### *Lease Business Equipment to Build Credit*

#### **S**tep 1: Consider Leasing Equipment Instead of Buying Outright

If your business needs equipment—such as computers, vehicles, or machinery—leasing it rather than buying it outright can help build credit. Many leasing companies report your payment history to the credit bureaus, allowing you to build credit through consistent, timely lease payments.

#### Step 2: Choose Leases That Report to Credit Bureaus

When leasing equipment, ask if the leasing company reports payment activity to the business credit bureaus. If they do, ensure that you always make your lease payments on time to improve your business credit.

#### Step 3: Manage Leases Responsibly

Paying your equipment leases on time is crucial. Leasing allows you to use necessary business equipment while spreading

## LEASE BUSINESS EQUIPMENT TO BUILD CREDIT

out the cost over time, and responsible leasing helps strengthen your credit score while preserving cash flow.

## Monitor and Build Credit with Existing Accounts

### *Monitor and Build Credit with Existing Accounts*

**S**tep 1: Track Payment History on All Credit Accounts  
Take stock of all your current accounts, including trade credit, business credit cards, utilities, and lease payments. Ensure that you're consistently making on-time payments, as payment history is the single most important factor in building business credit.

Step 2: Keep Credit Utilization Low  
For credit card accounts, aim to keep your credit utilization below 30%. This means using less than 30% of your available credit limit at any given time. High utilization can negatively affect your business credit score, even if you're paying on time.

Step 3: Monitor Your Business Credit Regularly  
Check your business credit reports with the major bureaus (Dun & Bradstreet, Experian Business, and Equifax Business) regularly to ensure that all your payments are being reported

## MONITOR AND BUILD CREDIT WITH EXISTING ACCOUNTS

correctly. Monitoring your reports also allows you to catch any errors or discrepancies and dispute them promptly.

# 6

## Build Positive Trade References

### *Build Positive Trade References*

#### **S**tep 1: Ask Vendors for Trade References

Trade references are a key component of your business credit profile. A trade reference is a report from a vendor that details your payment history and business dealings. Ask your vendors to provide trade references to the credit bureaus, as these can help build your business credit.

#### Step 2: Maintain Good Relationships with Vendors

Building strong, long-term relationships with vendors who report your payment history helps improve your overall creditworthiness. These relationships can also lead to better payment terms and increased trade credit limits over time.

Trade references are a critical aspect of your business credit profile, especially when it comes to establishing your company's reliability and credibility in the eyes of lenders and suppliers. A trade reference is a report provided by a vendor or supplier

## BUILD POSITIVE TRADE REFERENCES

detailing your payment behavior, the credit terms you've been offered, and the length of your relationship. These references play a key role in how business credit bureaus like Dun & Bradstreet calculate your business credit score, particularly your PAYDEX score, which is based on timely payments.

If you've been working with vendors or suppliers over time and consistently pay them on time, it's essential to ask them to report your payment history to the credit bureaus. Many smaller vendors may not automatically report payment activity, so it's your responsibility to request that they provide a trade reference. This proactive step can significantly improve your business credit score.

## Conclusion

**B**uilding business credit doesn't always require taking out loans or opening new credit lines. By leveraging the expenses you're already paying—such as trade credit, utilities, equipment leases, and business credit cards—you can strengthen your business credit profile with minimal risk. Focus on making timely payments, maintaining low credit utilization, and monitoring your credit reports to ensure your business is on the right track.

If you're looking for expert guidance on building business credit, consider reaching out to **Harvest Business Solutions**. Our team can help you navigate the complexities of business credit, manage your expenses strategically, and create a tailored plan to improve your credit profile. Contact us today to learn more about how we can support your business's financial growth.