

Title:

Entrepreneurs Don't Have Average Credit Scores

Word Count:

347

Summary:

Fair Isaac, the company that develops the formula to determine credit scores looks at the average statistics of consumers and factors that into your score, called a (FICO). According to Fair Isaac the average consumer will have:

- One inquiry on their personal credit report in a given year
- 54% of credit holders carry a balance of less then \$5,000 on all debts other then a mortgage
- Have access to \$12,190 on all credit cards combined

Keywords:

business credit,corporate credit,small business credit,business line of credit,new business credit

Article Body:

Fair Isaac, the company that develops the formula to determine credit scores looks at the average statistics of consumers and factors that into your score, called a (FICO). According to Fair Isaac the average consumer will have:

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"Now are entrepreneurs, like you, the typical consumer?" I asked one of my clients (J.G.). "No.", said J.G.. "You will see that as an entrepreneur, we have several more credit needs then the average consumer. So when the personal credit bureaus compare us to the average consumer, our credit consumption is not normal. Which is why your credit score lowered since starting your business." "That's not fair" said J.G. My reply, "If you don't understand how the system works, you're right."

Let's look at J.G.'s situation. He has applied several times with suppliers for various credit lines over the last year. Each inquiry will likely drop his credit score approximately 5-10 points. The credit bureaus as suppose to lump

three together and only drop 5-10 for the three, we'll see if it happens. He also has a \$60,000 line of credit available and carries a balance of \$42,000. Both the amount of credit and balance are more than the consumer average which can hurt his score as well. This is without looking at anything else in the business or his personal life.

If J.G. had just taken the time to develop a business credit profile and start establishing basic lines of credit in the business name and then slowly build the businesses credit over time, he may never have ended up without the ability to buy the home he and his family wanted.

This is why I have written books and developed products and services with our company, Business Credit Services, to provide an education to the entrepreneur on how to "become the typical consumer again" and "separate your personal and business life".