

The Write Plan, LLC Newsletter

- A Technical Writing Solutions Company

"Types Of Business Credit"

August 2010

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August already!!! Wow the summer is flying by so fast and school begins soon --- sorry.

On a happy note The Write Plan, LLC has recently expanded the services offered. Be sure to review our website in the next few months for more information or contact me directly.

Also, we have found that even though people are being laid off they are taking the opportunity to do the things they often wish they could while working for someone else. One of those things would be to start their own business. Be sure to contact The Write Plan, LLC for all the writing you may need moving forward with your concept.

Happy Networking!

Chad

"The NetworkKING of Pittsburah"

About Us

To encourage and promote the growth and success of other business owners. We offer the benefits of years of experience creating the solutions to the problems that are often roadblocks on the path to success.

Instead of enjoying their professions, many business owners are feeling overworked and understaffed. **The Write Plan, LLC** can help you reclaim your original vision by offering friendly, collaborative assistance on large and small projects.



NEED HELP PROMOTING A NETWORKING EVENT?

If your event would be of interest to entrepreneurs and small business owners please submit your event information for inclusion on the monthly networking events calendar by [clicking here](#).

HAVING TROUBLE TELLING OTHERS YOUR BUSINESS EXISTS?

If you would like **over 1,800** other businesses to find your business monthly, why not [advertise](#) within this newsletter.

HOW DO I SIGN-UP TO RECEIVE MY OWN COPY OF THE NEWSLETTER?

If you are looking to receive your very own copy of this newsletter each and every month please submit the form on our webpage http://www.thewriteplanllc.com/Monthly_Newsletter.html

FEEDBACK, QUESTIONS, OR COMMENTS?

Please submit feedback, questions, or comments on the Request Form webpage http://www.thewriteplanllc.com/Request_Form.html

GUESTBOOK

Tell us what you think of our services, newsletter and networking calendar by [clicking here](#).

Types Of Business Credit

Entrepreneurs that are seeking to finance their start-up, there are four (4) different types of business credit. Each of the types has its own features with some businesses only needed one (1) while still others could benefit from more than one (1). The following (detailed information) will help any business owner decide what is best for them:

Business or Trade Credit

Business or Trade Credit is extended from another business to an entrepreneur **without** a business or personal credit check. Common forms of Business or Trade Credit include "net 30" terms, which can be helpful for businesses who need to purchase physical products at a wholesale level. Business or Trade Credit generally is used for a business that has established a relationship with a supplier. **Business or Trade Credit features the greatest source of capital for businesses.**

Advanced Trade Credit

Advanced Trade Credit is similar to Business or Trade Credit in the fact it involves one (1) business extending a line of credit to another business. The difference in Advanced Trade Credit is an extensive business credit check shall be performed. Most of the time, Advanced Trade Credit is used to purchase very expensive supplies and/or equipment that have been produced by another business. A few Advanced Trade Credit relationships have been known to be developed through the parties caring very large lines of credit with lengthy payment terms too.

Bank Lending

Bank Lending is by far the most popular way to approach business financing. Banks and Credit Card companies both can perform this sort of lending. A personal and business check is often required first. Then, the financial institution will extend a line of credit (usually a limited amount in the beginning) to the owner of the business. The amount of made available is a direct result of the credit history. **If a large amount of financing is sought, a very detailed business plan is a must!**

Private Equity Investors

Private Equity Investors are not always considered **lenders** of lines of credit even though they help a significant amount of start-ups. Private Equity Investors are uncommitted to any bank or credit card company since they do not get paid back in the same way. Private Equity Financing does not require a monthly payment. (possible upcoming newsletter topic to discuss in more detail) Private Equity Investors are people such as: a private investor, venture capitalist, or an angel investor. **Private Equity Investments is one of the most complex options for financing.** Entrepreneurs with experience in the industry they are starting the business in and a superb high-growth idea are usually the businesses that stand the best chance of capturing Private Equity Financing.

Pro's and Con's for each type of Business Credit

Business or Trade Credit

Pro: Ideal for businesses that have already established a relationship with another company granting business credit.

Advanced Trade Credit

Pro: Ideal for a company who has a solid credit history and looking to engage in long-term relationships with other companies granting large business lines of credit.

Bank Lending

Pro: Best solution for a newer business that is just hitting the ground running and do not have a long credit history.
Con: The interest rates of the loans tend to be higher, lines of credit shorter and terms more restraining.

Private Equity Investments

Pro: Appropriate for cutting-edge ideas generating an interest from investors wanting to take risk with a potential high return.

Some of the types of financing are more practical for start-ups. Bank lending is the most popular choice for entrepreneurs. Keep in mind that a business owner can use a combination of different methods and solutions to finance their business venture.

Advertise here



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