



## THOMAS HAUCK COMMUNICATIONS SERVICES

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### *Ideas Into Words*

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## **SMALL BUSINESS CREDIT: D&B NUMBERS EXPLAINED**

When growing your small business, you'll face many operational challenges: a bigger space, more employees, higher revenue, and greater cash flow. You will also need business credit. When you apply to a bank or other lender for your first company credit card or loan, you'll be asked for your company's DUNS number.

**What's a DUNS number?** In 1963, the Dun & Bradstreet Corporation—today known as the D&B Corporation—introduced the Data Universal Numbering System, or D-U-N-S® Number, as a way to identify businesses numerically for data-processing purposes. A DUNS number is a unique nine-digit sequence that is recognized as the universal standard for identifying and evaluating the financial and credit performance of over 100 million businesses worldwide.

**What is the D&B Corporation?** The company was founded in New York City in 1841 as the Mercantile Agency. It was the world's first business information provider. The Mercantile Agency evolved into the R.G. Dun & Company, which merged with the rival John M. Bradstreet Company in 1933. The current D&B Corporation was formed upon the separation of Moody's Corporation on September 30, 2000.

D&B is the world's number one provider of business credit information. Other providers include Experian—whose databases hold information about the credit status of about 35 million businesses around the world—Equifax, and TransUnion. As it grows, your company will almost certainly be represented in their databases.

**Who uses DUNS numbers?** The number is how lenders identify your business and access your business credit profile. The U.S. government and many major corporations require their suppliers and contractors to have a DUNS number.

**How do you get a DUNS number?** It's free, and you get one by completing the online DUNS application. It takes approximately one week before the information is reflected in the D&B website. The information you provide to get your DUNS number includes:

- Organization name, address, and name of the CEO or owner.
- Legal structure of the organization (corporation, partnership, proprietorship).
- Year the organization was founded.
- Type of business.
- Total number of employees (full and part time).

**What type of credit ratings does D&B provide?** Once your company is on the D&B radar screen, it will be given a variety of ratings. They include:

- D&B Rating. This is a scale that assigns your company to a category based on revenues, and provides a “composite credit appraisal” number of one (high) to four (limited, meaning not good).
- D&B PAYDEX Score. This 100-point scale rates your company based on how quickly you pay your bills.
- Financial Stress Score. This score predicts the possibility that your company will cease business without paying all creditors in full, reorganize, or obtain relief from creditors under state/federal law during the next twelve months.
- U.S. Commercial Credit Score. This predicts the likelihood that your company will pay in a delinquent manner (over 90 days past terms) during the next twelve months. The highest score is 670, putting you in credit score class #1. The lowest score is 101, which is credit score class #5. D&B also provides the Incidence of Delinquent Payment, which shows the percentage of firms that paid in a delinquent manner (over 90 days past terms) over the past year.

**Can you check your D&B credit ratings?** Yes. You can manage your D&B profile online, and you should check your profile periodically. Your good credit is an asset to your business, and it’s important to challenge and correct any erroneous information as quickly as possible. It’s also important to make sure that your good credit activity—paying vendors and lenders on time—is included in your credit record.