



WEEK 3 — Credit, Capital & Cash Flow

HopeBuilds: Dynamic Business Development Program

Facilitator: Liz Lockett

Guest Speaker: Lender (TBD)

Session Overview

- This week focuses on financial readiness — understanding personal and business credit, how lenders evaluate businesses, and how to build a simple cash flow strategy.
- A lender typically joins this session to provide real-world insight into credit, banking, and capital access.

Participants Will:

- Understand personal credit scores & reports
- Learn how personal credit impacts business readiness
- Establish business credit profiles
- Learn how lenders evaluate businesses
- Identify capital pathways
- Build a simple cash flow strategy

Understanding Personal Credit Scores & Reports

- Your credit score is a three-digit number (typically 300–850) that summarizes how reliably you've repaid debt in the past — lenders use it to judge risk.
- Your credit report is the detailed record behind that score: accounts, payment history, balances, and inquiries. Everyone is entitled to a free copy from each major bureau (Equifax, Experian, TransUnion) once a year.
- Five factors shape your score: payment history, amounts owed, length of credit history, new credit, and credit mix.
- Reviewing your own report regularly helps you catch errors and understand exactly where you stand before you ever apply for financing.

How Personal Credit Impacts Business Readiness

- For a new or small business, lenders often look at the owner's personal credit — there isn't yet a long business credit history to evaluate.
- A strong personal credit score can mean better loan terms, lower interest rates, and access to more funding options.
- A weak personal credit score doesn't disqualify you — but it does mean you'll want a plan to address it before you apply for capital.

Establishing Business Credit Profiles

- Business credit is separate from your personal credit — it's tied to your business's own tax ID (EIN), not your Social Security number.
- Building it starts with the basics: register your business, get an EIN, open a business bank account, and get a D&B D-U-N-S Number.
- Establish credit accounts with vendors or suppliers who report to business credit bureaus, and pay on time — consistently.
- A strong business credit profile eventually lets you qualify for financing without relying on your personal credit alone.

How Lenders Evaluate Businesses

1

Character

Your credit history and track record of repaying what you owe.

2

Capacity

Your cash flow — can the business realistically repay the loan?

3

Capital

How much you've personally invested in the business.

4

Collateral

Assets that can secure the loan if things don't go as planned.

Identifying Capital Pathways

- Traditional bank loans and lines of credit
- Community Development Financial Institutions (CDFIs) — often more flexible for early-stage or underserved businesses
- Microloans and small-dollar lending programs
- Grants (no repayment required, but often competitive and restricted in use)
- Personal savings, friends and family, or crowdfunding

Building a Simple Cash Flow Strategy

- Cash flow is the money moving in and out of your business — being profitable on paper doesn't help if cash isn't there when bills are due.
- Track money in (sales, funding) and money out (expenses, payroll, debt payments) on a regular schedule — weekly or monthly.
- Build a cash reserve where possible, and know your slow seasons in advance so you're not caught off guard.
- Invoice promptly and follow up on late payments — revenue you haven't collected yet doesn't pay your bills.

Featured Tools & Activities

- Personal Credit Guide
- Business Credit Guide
- Credit Scores & Reports
- Raising Capital Overview
- Accounts Payable / Receivable Basics

Disclaimer

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