



## THE CREDIT COLLECTIVE

### WHY VENDORS REQUEST CREDIT SHEETS

(May 15, 2009) Whether your store or ecommerce website has been in business for five months or 25 years, when you ask a product vendor for payment terms, they will want to check your credit history. This practice is not only legal under the FCRA (Fair Credit Reporting Act) but it is a fair and usual practice. Suppliers must check credit because, for them, granting terms is no different than giving a business loan. Would you expect to get a mortgage without applying for it?

When it comes to checking the credit of individual specialty stores, finding credit information can be challenging for a vendor. Because while information about a store owners personal credit is available through credit bureaus, unless the individual gives permission, vendors are not legally permitted to review personal credit. And the truth is that finding reliable credit information about smaller businesses is not plentiful.

This is why “Credit Sheets” are important. When applying to a supplier for terms, the supplier will want to know as much information about the business as possible. In order to help them, vendors expect their customers to fill out a Credit Sheet and/or a Credit Application that lists at least the following information:

- # of years doing business
- Billing Address, telephone and fax numbers
- Shipping Address
- Email address
- Website
- Type of Entity (Corporation, LLC, Partnership, etc.)
- Years in business
- DUNS #
- Bank information (name, address, telephone, account number)
- Owner’s Information
- Trade References (specifically, other vendors with whom you have terms)

Vendors will send a form to the references you’ve provided asking specific questions. For the most part, here is the information they will ask for:

- # of years doing business
- Highest credit given
- Date of last invoice
- Terms given
- Does the customer pay within terms?
- Comments

Of all the information listed on the credit sheet, the most important information is how long you've been in business, your bank information and the trade references. In a recent survey conducted by The Credit Collective, LLC, a consortium of children's products vendors, over 80% of its members say they rely heavily on references provided by other vendors. Things that are most closely looked at are:

- Terms with other vendors
- Credit limits with other vendors
- Payment histories with other vendors
- Pre-Collections & Collections Histories

Rather than take the time to fill out a vendor's credit form, most retailers give pre-printed Credit Sheet to vendors along with their purchase orders. While this procedure is a great time saver, many retailers unknowingly hurt themselves by providing inaccurate, incomplete or outdated information. Credit Sheets should be reviewed periodically to ensure the correctness of information and that trade references are still pertinent.

In its continued goal of promoting the financial health of the children's products industries, The Credit Collective, LLC would like to encourage retailers to visit our booth at this year's ASTRA Marketplace for a FREE CREDIT SHEET EVALUATION.

For more information please stop by our booth at this year's ASTRA Marketplace. Or contact, The Credit Collective, LLC at [www.creditcollective.com](http://www.creditcollective.com) or call us at 303-670-5111.