

The Most Powerful Financial Tool Available to a Small Business

Working Capital Credit Card Lines are one of the most important yet often misunderstood aspects of the Seed Capital Program. This is primarily due to the stigma that credit cards carry in the consumer finance world. When an individual utilizes a credit card, it is to acquire consumer goods and services. Therefore, as an individual's credit card debt obligation rises and his/her income remains static, it creates a much greater likelihood of that individual overextending themselves. We have all heard the horror stories of people getting in over their heads with credit card usage. That is because credit cards used in this manner is indeed potentially problematic.

On the other hand, when a business utilizes a credit card, the consumer based paradigm described above is turned on its head, since a business is investing the money with the purpose of earning a return and not just accumulating "stuff". According to Inc. Magazine, a 2010 American Banker's Association study found "a correlation between start-ups' use of credit cards and a firm's revenue growth. Each one percent increase in credit card use is associated with an 11% increase in firm revenue. Translation: On average, an extra \$1,000 of credit card use would be associated with about a \$5,500 increase in a firm's revenue, says the report." The findings from this study simply cannot be ignored. The truth is that when used with business ROI in mind, credit cards offer value that is unmatched by any other form of financing. Understanding how to use this tool can give your business an incredible advantage in its initial growth stages. Below is a comprehensive outline explaining just why credit cards are the most powerful financing tool available to a Small Business:

- **Interest Free Period** – This is by far and away the primary reason credit cards (the "correct" credit cards, that is) create the most value over any other form of financing on the planet. Only with a credit card can the business owner utilize the funds and have an entire year to generate strong revenues and cash flows before worrying about paying a single cent in interest to the bank. It gives the business owner the breathing room and peace of mind needed to simply focus on making the business a success and not be distracted by financing issues.
- **Unsecured** – A credit card, at its core, is an unsecured line of credit. Banks merely give the borrower a plastic card to make accessing the funds easier. But most importantly is the "unsecured" aspect of a credit card. When a credit line, or any loan for that matter, is unsecured, it means that the bank can lay no claim to any collateral or assets of the borrower should the credit line go into default. This is the very reason many of the Seed Capital clients who do have savings, a home equity line of credit or retirement funds still take advantage of our program since it does not put any of their assets or home at risk.
- **Stated Income** – The applications utilized by Seed Capital do not require any financial statements or tax returns for the business or the business owner. Other "traditional" forms of financing have extremely burdensome documentation requirements. This is perhaps the main reason Seed Capital can assist clients in achieving their guaranteed funding levels in a matter of days, not weeks or months...or if at all.



We are sometimes asked, “If it’s just credit cards, then why do I need your help?” That’s an extremely fair question and from the outside looking in it seems like a reasonable assumption. However, Seed Capital relies on an exceptionally detailed and surgical approach to the bank application and underwriting process. With hundreds of banks and thousands of applications being monitored at any given time, the real-time feedback Seed Capital receives is invaluable and impossible to replicate. Here is an outline to consider when applying for credit and why Seed Capital’s expertise is priceless:

- **We know the EXACT underwriting criteria for each credit line** – When there are literally thousands of credit line products available, which line does a business owner apply for and why? Seed Capital knows the precise FICO, business age, revenue/income requirements, inquiry thresholds, etc. for hundreds of lines. We custom tailor a collection of credit lines that will ensure the greatest percentage of approvals, best rates and highest limits within a particular client’s lending region. Our tightly held proprietary understanding of each bank’s underwriting methodology is the result of years of examining thousands of applications and their respective outcomes.
- **Bank Selection** – With the sheer daunting number of lending institutions in this country how does one determine what banks have a preference lending to small businesses? Which of those banks offer 0% promotional period products? What banks, at this very moment, have a surplus of money to lend? Seed Capital has over 100 banks that we continually monitor and we know exactly what financial institutions are most aggressively funding in our clients’ regional lending footprints at any given time. Sure, everyone one has heard of big names like Chase and Citi, however, very few people have ever heard of banks such as Partners First or Pentagon Federal. Our clients are able to leverage our knowledge and underwriting expertise of smaller regional banks where the small business client is greatly appreciated and coveted.
- **Liquidation** – In order to draw cash off of credit lines and still enjoy the 0% promotional interest periods, there is a very specific and scientific tactic one must utilize. Over the years, Seed Capital has perfected this technique and our clients will typically experience interest savings of \$5k-10k the first year alone! The fees paid Seed Capital are scant compared to the interest savings realized in just the first year through our invaluable consulting.
- **Inquiry Management** – Seed Capital’s understanding of each individual bank’s underwriting is so in-depth, we even know what bank will pull which credit bureau based on a client’s geography. Unlike other companies that take a shotgun and hope approach, Seed Capital employs a highly surgical strategy to bank application submissions, ensuring that inquiries are evenly distributed over all three bureaus. This makes certain that our clients will never be declined for “excessive inquiries” (which is the most common decline code and is nearly impossible to overturn) and it guarantees the highest degree of protection to our clients’ credit. You only have one opportunity to apply for credit, and without such a surgical approach, you would have to wait 6-12 months before attempting to acquire credit again. Perhaps one of the most frustrating situations for us is when a client uses a competitor or goes out on their own to attempt to acquire credit before finding Seed Capital, resulting in few or no approvals and a high number of new inquiries. At that point we can only tell them the same thing the banks have been saying, “come back in 6 months and we’ll see if we can do something at that point”. We IMPLORE to not make this mistake.
- **Most importantly** - Only Seed Capital Guarantees our results with a 98% Success Rate. If we don’t perform as promised...you don’t pay a cent! PERIOD.

