

Effective Small Business Credit Card Management

Contributed by Webmaster

By Devlin Gilliland

The use of credit cards in small businesses is gaining popularity. An industry study conducted by a research group reports that more than two-thirds of small businesses are making use of credit cards to cover expenses. However, only two-fifths of these credit card using businesses employ business credit cards.

Since these small business owners are already using credit cards to provide financing for their businesses, they should consider converting to business credit cards instead. With prudent usage and wise management, the small business card could be an effective business tool to help small business owners grow their businesses.

Among other things, a business card allows you to separate business transactions from personal charges, thus avoiding potential problems in managing your funds and preparing your tax reports. A business card also conveys the message to third parties who take an interest in your financial transactions, such as the IRS and creditors, that you are managing your business and its financial accounts in a professional manner.

A significant benefit of having a credit card is the year-end statement summary that business issuers provide to their cardholders.

This detailed listing helps you to itemize and classify your business expenses.

The small business card is a good way of building your business credit. By being judicious in the management of your business credit card accounts, you will strengthen your credit standing. This will be an important factor when you need additional financing for growth or expansion purposes.

The responsible management and sensible use of your business credit card cannot be overemphasized. Some ways of achieving this include:

* Make use of your local bank. There is much to be said in favor of engaging with your existing bank when you need to apply for a small business credit card - especially if the difference is not overly significant between your banker and the other card issuers offerings. Your existing relationship will make the card approval process easier. It will also help with your other financing transactions.

* Avoid missed or late payments. You should be judicious about making your monthly payments on your card in a timely manner. Failure to make payment by due date, leaves you vulnerable to higher interest, costly fees and a blemish on your credit record.

* Capitalize on grace periods. Business credit cards give you a 21-day grace period before you need to pay your purchases. You can maximize this to improve your cash flow.

* Pay your bill online. Most of the card companies accept payments online. Their websites are secure, which means that that your online transactions will not be compromised. This will save time and avoid the extra costs normally incurred when making use of other modes of payment. It also ensures that your payments will not be subject to delays.

* Limit having multiple cards. There is some advantage to having a couple of business credit cards. If you sign up for too many cards though, your credit scores will suffer. It may also make management of your accounts more difficult.

Given the salient benefits of using a credit card as opposed to using a personal card, converting to a business account will be an astute move. Your business credit card is a worthwhile business enabler for as long as this credit line is dealt with responsibly and in a circumspect manner.

Richard Gilliland Provides Expert opinions and reviews to help you Compare and Apply for a Credit Card - Compare Credit Card Offers with Credit-Wisdom.com - Unraveling the best in Personal and Business Credit Cards.

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