

D&B Report: Everything You Need to Know About the Dun & Bradstreet Credit Report

By [Evan Tarver](#) on August 8, 2017 |

A [D&B report](#) compiles available business data to measure the creditworthiness of a company. D&B reports are like personal credit reports for businesses and are issued by the credit reporting agency Dun & Bradstreet. Companies typically check a D&B report when negotiating payment terms and lenders will also sometimes check when assessing a business borrower.

Dun & Bradstreet business credit reports are generated in one of two ways:

1. Self-generated
2. Generated by creditors

If your company has ever made late payments to a vendor, creditor, or lender, it's possible that they reported it to Dun & Bradstreet. If this is the case, you'll already have a D&B report which you can search for on the Dun & Bradstreet website. If not, you can also create your own company's D&B report for free by obtaining a [DUNS number](#) and fill out the necessary information.

We spoke with Tracy Becker, President of business credit experts [North Shore Advisory](#) and FICO-certified professional, who told us that:



"It's incredibly important to check for a D&B report even if you haven't created one yourself. If there's a file on you created by your creditors and you don't know about it, you'll want to see it and improve it."

The difference between personal credit and business credit is that there are a lot less regulations with business credit. For example, anyone can pull your business credit without permission. If you have an incomplete D&B file with only late payments reported by creditors it can hurt you. This is why you should always create your own D&B report and update it at least once a quarter."

The following types of information can be included in a company's [D&B report](#):

- General company information

- History of the business
- Business registration information
- Government activity summary
- Company operational data
- Industry data
- Three years of financial statements
- Public filings (liens, judgments, and [UCC filings](#))

Some of this information, such as financial statements, is voluntarily provided by the company. Other information, such as industry data and public filings, is taken from public records. Information such as late or delinquent invoice payments are reported by [credit reporting companies](#) and/or collection agencies.

Early or on-time payments are reported by vendors and creditors. Larger vendors like Home Depot do this automatically. Otherwise, you can ask them to report early or on-time payments or pay Dun & Bradstreet to collect the information themselves.

A company is never required to provide proprietary data to Dun & Bradstreet and can give as much data as they're comfortable. However, accurate and in-depth information is beneficial to a business's [D&B report](#), which can be used to a company's advantage. For example, this information is used to calculate three main [business credit scores](#) on your D&B report:

- **PAYDEX Score (1 – 100)** – A score that rates a company's ability to pay its debts over the past 2 years, with 100 being the best.
- **Credit score (101 – 670)** – A score that predicts the likelihood a company will default on its payments over the next 12 months, with 670 being the least likely.
- **Financial stress score (1,001 – 1,875)** – A score that predicts the likelihood that a business will fail over the next 12 months, with 1,875 being the least likely.

In addition to these three scores, a D&B report will also have such scores as the D&B rating and the D&B viability rating, both of which help indicate a company's financial position and current condition.

Why is a Dun & Bradstreet Report Important?

A [D&B report](#) is important because it's used by vendors and creditors to assess the creditworthiness of a company. D&B reports can be created by creditors and are available for purchase, allowing third-party companies to check your business credit. You can also get ahead and create your own D&B report with accurate information and use it as a bargaining chip.

For example, if a company can negotiate net-30 payment terms or better with their suppliers, they can float supplier payments until they're paid. To help with the payment term negotiations, you can use a [D&B report](#) to prove the reliability of your company.

Without a D&B report, your business might not be able to negotiate net-30 payment terms, potentially forcing you to rely on [invoice factoring](#) or some other short-term working capital loan. These short-term [financing](#) options such as invoice factoring can cost as much as 15% – 60% or more.

Using another example, if you're a vendor or supplier, you can look at a company's [D&B report](#) before extending net terms to them. If the D&B report has bad information and bad scores, you can require upfront payments. If the report is good, you can safely offer them net payment terms.



“Smart business people with good credit will often print out their D&B report and include it along with a bid to a potential account or partner. What this does is it causes the potential account or partner to pull the D&B reports of competing companies. If the business's credit is better than the rest it might win them the deal.

Further, a lot of business lenders actually check your business credit without telling you. All they need is permission for your personal credit which is why they ask about it upfront. While it isn't the biggest determining factor, it could very well decide whether your business is approved for a loan or not.”

— Tracy Becker of North Shore Advisory

[D&B reports](#) are important for businesses, but checking the report is especially important if your company is:

- Negotiating net payment terms
- Seeking a loan or other financing
- Signing / renewing a lease
- Bidding on contracts
- Thinking about investing in other companies
- And more.

This is why it's important to apply for a [DUNS number](#) and generate a D&B report for your company. It gives you an independent review of your business that you can use to your advantage. Further, it gives you a chance to ensure that your business information is accurate and it's free of charge.

Who Can See Your D&B Report?

Once a D&B report is generated, either by a creditor or by the company itself, anyone can [purchase](#) access to the report. This means that your vendors, lenders, or partners will all be able to see the Dun & Bradstreet independent review of your credit, including your company and industry information.

Third-party companies and lenders can look up your D&B report by searching for your [DUNS number](#) and purchasing access to your report. However, this isn't a [hard credit check nor a soft credit check](#) and isn't something you should shy away from. A [Dun & Bradstreet business credit report](#), like we just discussed, is advantageous and is something you should have.

Depending on the package purchased, you'll be able to see the following information on a [company's D&B report](#):

- D&B PAYDEX Score
- Risk of late payment indicator
- Payment history
- D&B credit limit recommendation
- D&B viability rating
- Industry trends
- Detailed company profile
- D&B rating
- Financial stress score
- Delinquency predictor score
- Supplier evaluation risk rating
- Company financial statements

However, as we mentioned, some of this information, such as company financial statements, is provided by the company itself. Businesses can choose not to provide this information when creating a DUNS number on the [Dun & Bradstreet website](#).

Although, it's important to keep your information updated and accurate, otherwise you might risk credit scores based on incomplete data. A good rule of thumb is to check your Dun & Bradstreet account at least once a quarter. Keep your information fresh so that creditors see an accurate picture of your company's creditworthiness.

For more information on building business credit, you can read our article on how to [build a business credit score](#).

In-Depth Look at a Dun & Bradstreet Business Credit Report

There are many different components of a [D&B report](#). Specifically, a Dun & Bradstreet business credit report can be broken down into the following sections:

1. **Executive Summary**
2. **Business Information**
3. **Business History**
4. **Business Registration**
5. **Government Activity Summary**
6. **Operations Data**
7. **Industry Data**
8. **Family Tree**
9. **Financial Statements**
10. **Public Filings**
11. **Commercial Credit Score**
12. **Financial Stress Score**
13. **Advanced PAYDEX Score**

Let's take a moment to review each one of these sections in-depth:

1. Executive Summary

The executive summary is the first section of a company's [D&B report](#). It provides a quick snapshot of a company and its creditworthiness and includes such high-level information as:

- **Basic company information** – Includes year founded, number of employees, working capital, sales data and net worth information.
- **D&B rating** – Provides information on the size of the company and its overall credit worthiness.
- **D&B PAYDEX score** – Rates the ability of the company to make payments over the past 2 years.
- **Predictive analytics** – Financial stress and credit scores that assess the future solvency of the company.
- **Credit limit recommendation** – Assesses the credit demands of a typical company of the same size and scope.
- **D&B viability ranking** – Compares predictive risk indicators to assess whether or not a company will be in business within 12 months.

The basic company information is collected by Dun & Bradstreet through the Secretary of State, direct investigations, trusted news services, and the SEC. Company information is automatically updated once a year.

The other scores and ratings in the executive summary are based on information collected by Dun & Bradstreet and provided by the company itself. This information includes overdue and

outstanding invoices, historical performance, industry data, and more. We discuss these scores and ratings in further detail in the sections below.

2. Business Information

The business information section on a [D&B report](#) takes a deeper dive into a company's high-level information. Included in the business information section are the following:

- Business summary
- Credit capacity summary
- D&B viability rating

The business summary includes such information as financial condition, [SIC industry code](#), [NAICS industry code](#), and a snapshot view of the company's history. This information, like the company information above, is compiled by Dun & Bradstreet through the Secretary of State, direct investigations, trusted news services, and the [SEC](#).

The credit capacity summary is used to gauge a company's ability to take on new debt. It assesses the size of a company (based on net worth) as well as its financial condition and payment capacity. Included in the summary is a snapshot of a company's payment activity, which is usually comprised of invoices owed to, or paid to, vendors.

Overdue invoices are reported by collection agencies and filing companies. Early or on-time payments are reported by vendors or creditors. However, companies can either ask them to report or pay Dun & Bradstreet a small fee to collect the information. The D&B report goes deeper into credit capacity in the sections below.

The D&B viability rating is used to assess the likelihood that a company will go out of business within 12 months. The D&B viability rating is comprised of four components:

- **Viability score** – High-level risk indicator that assesses future business solvency by comparing it to all U.S. businesses within the Dun & Bradstreet database.
- **Portfolio comparison** – A more in-depth risk indicator that assesses company viability based on similar businesses within the same Dun & Bradstreet model.
- **Data depth indicator** – Measures the amount of data available on the company, which assesses the preciseness of the viability rating.
- **Company profile** – Financial data, trade payments, company size, and years in business.

Company-specific information used in the D&B viability include such things as vendor payment history, working capital, net worth, and financial performance. Most of this information is provided by the company itself, while delinquent payments are reported by collection agencies. Comparable business information is provided by Dun & Bradstreet.

3. Business History

A company's business history includes information on its incorporation date, officers, directors, as well as the location of its headquarters. It's here that you'll find the birthdate, education, business background, control date, and more of the people who run the company.

It's also here that you'll see the past criminal proceedings and business failure of the business owners. Basic information is provided by the company. However, Dun & Bradstreet also compiles its own information using the Secretary of State, direct investigations, trusted news services, and the SEC.

4. Business Registration

The business registration section on a [D&B report](#) shows you the legal structure of a business as well as information regarding its incorporation and control. For example, the business registration section will typically have the registered name of the company, business type, incorporation type, incorporation date, as well as the location of incorporation.

This information is typically provided directly by the business and not by Dun & Bradstreet. For this reason, there is often a disclaimer on a D&B report's business registration section denoting that the information is not verified.

5. Government Activity Summary

The government activity summary of a [Dun & Bradstreet business credit report](#) highlights any business dealings between a company and the U.S. federal government. Specifically, the government activity summary can tell you if a company is:

- A recipient of government loan assistance, such as an [SBA loan](#)
- Indebted to the federal government as a result of fines or fees
- A recipient of government contracts or grants
- Excluded from contract work provided by the federal government
- A good candidate for special consideration in the granting of government contracts

This information is reported by Dun & Bradstreet and the details are provided by the federal government and other reputable sources. A company will therefore not have to provide this information itself.

6. Operations Data

The operations data section of a [D&B report](#) is typically used to provide additional background information on the business operations of a company. The data includes such things as:

- The identity of a parent company
- Number of business accounts
- Geographic scope of the business
- Typical selling terms
- Whether a company owns or leases its buildings

The information on a company's operations is provided by the company itself.

7. Industry Data

The industry data section of a [D&B report](#) simply displays a company's SIC code and NAICS code, both of which identify the industry that a company operates within. The information is provided directly by the company.

8. Family Tree

A [D&B report](#)'s family tree section is used to depict the linkage between different companies. For example, if your company has a subsidiary or is owned by a parent company, that relationship will be shown here. Included in the linkage information is such things as:

- Parent company
- Headquarters
- Branches
- Subsidiaries
- Divisions
- Affiliates

This is important because often times one company will have financial or legal responsibility for the other. Dun & Bradstreet collects this information within its database of companies and automatically links them together. This means that family trees are not always available.

9. Financial Statements

The financial statements section of the Dun & Bradstreet [business credit report](#) compiles the most recent three years income statement, balance sheet, and statement of cash flows. These financial statements are provided by the company and are used to assess the past, current, and future performance of the company.

The financial statement section will typically have the following:

- Snapshot of 3 years comparative financial statements
- Snapshot of most recent financial statements
- Key business ratios

While this information can be sensitive, it's necessary in order to generate such scores as the viability score, financial stress score, and predictive analytics. Omitting this information will hurt your data depth indicator score, meaning that your [D&B report](#) won't be reliable.

10. Public Filings

A company's public filings section on its [D&B report](#) is comprised of a public filings summary as well as a list of full findings. In the public filings summary area, you'll find the high-level numbers of judgments, liens, suits, or [UCC filing liens](#) against the company, including the most recent filing dates.

After this summary area comes a list of full findings, which includes:

- Judgements
- Liens
- UCC filings

For each of these judgments, liens, and filings, the D&B report will report on the status of each, who it's against, where it was filed, and who was ruled to be in favor.

11. Commercial Credit Score

The commercial [credit score](#) on a [D&B report](#) is used to predict whether or not a company will, over the next 12 months, commit the following:

- Pay its bills in a severely delinquent manner (91+ days late)
- Obtain legal relief from creditors
- Cease operations without paying creditors in full

If a company cannot do these things it's considered "severely delinquent" by Dun & Bradstreet. A severely delinquent firm is defined as a business with at least 25% of its payments late and at least 10% of its payments 91+ days overdue. The credit score is broken down into three separate scores:

- Commercial credit score: 101 – 670
- Commercial credit score class: 1 – 5
- Commercial credit score percentile: 1 – 100

These scores are used to determine how likely a company is to pay its future creditors, based on past company performance as well as the performance of similar companies and industry norms. Within the section are charts and graphs that compare the company to other industries, regions, as well as pools of comparable businesses.

Information for the commercial credit score is given to Dun & Bradstreet by the company via its historical financial statements. Early or on-time payments are also reported by the company and verified by the vendor or creditor. Delinquent payment information is obtained from debt collectors and debt filing companies.

12. Financial Stress Score

The financial stress score section is an in-depth breakdown of the financial stress score shown in the executive summary. The financial stress score tries to determine the likelihood that a company will become insolvent within the next 12 months. Like the commercial credit score, the financial stress score is broken down into three individual scores:

- Financial stress score: 1,001 – 1,875
- Financial stress risk class: 1 – 5
- Financial stress score percentile: 1 – 100

Together, these numbers measure the likelihood that a company will fail over the next 12 months, based on its historical performance as well based on the performance of similar companies. The analysis includes the probability of failure as well as the average failure rate using data within the Dun & Bradstreet database.

Historical performance information is obtained through a company's financial statements and late or delinquent payments reported to collection agencies or filing companies. Early or on-time payments are either reported by vendors or creditors or collected by Dun & Bradstreet for a fee.

13. Advanced PAYDEX + CLR

The advanced PAYDEX score section is an in-depth breakdown of the PAYDEX number displayed in the executive summary. The PAYDEX number is used to assess a company's ability to make creditor payments for the past two years. It's here that delinquent payments and late payments, as well as early or on-time payments, show up on a [D&B report](#).

The PAYDEX score ranges from 1 – 100 and is a dollar-weighted indicator of how well a company pays its bills. This means that late payments on high invoice amounts, for example, are weighted more heavily than late payments on small invoice amounts.

Late and delinquent payments are reported by vendors and creditors to collection agencies and credit reporting services, who pass on the information to Dun & Bradstreet. Creditors and vendors can also report the delinquent payment activity directly to Dun & Bradstreet.

On the other hand, early payments, payments made within a discount window, and on-time payments are reported by vendors or creditors. This makes it a huge deal to work with your vendors and creditors and have them report your payments in good standing.

Within this section you'll find the following information:

- 3-month PAYDEX score
- 24-month PAYDEX score
- Credit limit recommendation
- PAYDEX yearly trend
- Payment habits
- Payment summary
- Detailed payment history

The PAYDEX scores are based on the detailed payment history and the payment summary at the end of this section. Payment history includes early, on-time, or late payments to vendors, [credit card](#) companies, lenders, and other creditors.

The better the payment history the higher the PAYDEX score, and vice versa. Payment habits break down the percentage of payments made within certain credit limits. It's here that you'll turn to if you want to see how well a company has been able to pay its past creditors.

Bottom Line

A [D&B report](#) is a business credit report used to assess the creditworthiness of a company. A D&B report typically has three main scores that assess this business credit, which includes the PAYDEX score, the commercial credit score, and the financial stress score. Each of these scores provides information into the current and future performance of a company.

[Dun & Bradstreet business credit reports](#) are an independent assessment and can be used in many situations. For example, a good D&B report can be used to negotiate payment terms with suppliers or more favorable loan terms with lenders.

About the Author



[Evan Tarver](#) Evan Tarver is a staff writer at Fit Small Business, specializing in Small Business Finance. He is also a fiction author and screenwriter. His past experience includes investment banking, managerial finance, and technology. When he isn't busy scheming his next business idea, you'll find Evan holed up in a coffee shop in his hometown of San Francisco working on the next great American fiction story.

