



# Take control of your business debt: Your guide to smarter debt management

Discover practical steps to help you stay ahead of debt, free up cash flow, and keep your business on track. Learn how to organize what you owe, lower financial pressure, and use your capital more effectively.

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# Welcome

Dear small business owners,

Running a business takes hustle—from managing day-to-day operations to keeping your team and goals aligned. When debt starts to accrue, it can feel like an obstacle shifting your focus away from growth.

Debt can be a tool, but without structure, it can start to drain your cash flow and limit your options. That's why a clear plan is important.

This guide will give you the tools to assess what you owe, organize your strategy, and make a plan to get ahead of your debt. You'll learn how to prioritize payments, track progress, and keep your business moving forward.

At Credibly, we're here to help you take back control—so you can focus on growing your business, not just managing the stress of debt.

**The Credibly team**

## Understand your debt before you manage it

Not all debt can be treated the same—and not all of it works in your favor.

Some debt supports growth, like financing to renovate your space or expand your services. That kind of investment offers a long-term payoff.

Other debt covers everyday costs—expenses like rent, payroll, or vendor bills. If that kind of debt keeps growing without a clear action plan, it can push your business into cash flow trouble.



## STEP 1: IDENTIFY WHERE THE DEBT CAME FROM

Take a closer look at each account and ask yourself:

- What caused this debt?
- Was it tied to one-time costs or ongoing operations?
- Do those expenses still exist?
- If so, can you lower or cut those costs going forward?

Sorting your debt by purpose—growth vs. operations—helps you prioritize what to pay down first and make a plan to avoid future setbacks.

## STEP 2: TRACK WHAT YOU OWE AND WHO YOU OWE IT TO

When debt starts to pile up, organization is your best tool. One of the easiest ways to take control is to map it all out in one place. Seeing the full picture makes it easier to prioritize, plan, and pay down.

Start by listing each debt along with:

- Total amount still owed
- Monthly remittance
- Interest or factor rate
- Due date
- Who you're paying
- How you're paying it
- Why you took it on

Use a simple spreadsheet or debt tracking tool to keep your info up to date and always within reach. It's easier to make smart moves when you're organized.

[Free Credibly Debt Schedule Template](#)



## STEP 3: KNOW WHICH DEBT HELPS—AND WHICH HOLDS YOU BACK

Not all debt can be treated the same way. Some debt supports long-term growth while other types of debt can limit your flexibility and cash flow if not managed well.

**Productive debt** helps you scale your business—like funding for new equipment, bulk inventory, or property that adds value over time.

**Unhealthy debt** often fills short-term gaps without a clear return—like covering late vendor invoices or rolling over the same expenses month after month.

Focus on debt that moves your business forward and try to limit the kind that just helps you stay afloat.

## STEP 4: UNDERSTAND YOUR NUMBERS: DEBT-TO-INCOME (DTI) RATIO AND DEBT SERVICE COVERAGE RATIO (DSCR)

Lenders don't just look at your revenue—they want to know how well your business handles debt. Two key metrics are important to keep in mind:

**Debt-to-Income (DTI) ratio:** DTI compares how much your business owes each month to how much it brings in.

$$\text{Monthly debt obligations} \div \text{Monthly gross income} = \text{DTI}$$

**Debt Service Coverage Ratio (DSCR):** DSCR shows whether your business earns enough to cover its total debt payments.

$$\text{Net operating income} \div \text{Total debt service} = \text{DSCR}$$

A DTI under 30% and a DSCR above 1.25 can help you qualify for better rates and more flexible terms.

## STEP 5: PLAN BEFORE YOU TAKE ON NEW FINANCING

Borrowing without a clear plan can make your debt more difficult to manage. Before you apply, make sure your business is in a strong position to take on new obligations—and that the numbers add up. If you can't afford to make remittances while waiting for a return, it's time to rethink whether this is a good time to take on additional debt.

**What to do before you borrow:**

- **Check your credit** – Pull your business and personal credit reports. Fix any errors you find.
- **Prepare your paperwork** – Have your financials, debt summaries, and tax filings ready. Lenders use these to evaluate your business.
- **File your taxes correctly** – Clean, up-to-date filings signal a stable business.
- **Build a plan** – Know when you'll break even. Map out how the financing will help generate a return.

## STEP 6: CUT COSTS AND DRIVE MORE REVENUE

The more cash you free up, the faster you can tackle your debt. That means reducing what you spend and looking for ways to bring in more revenue—without waiting for the perfect market conditions.

### Ways to move the needle:

- **Cut nonessentials** – Pause perks, events, or services that don't directly fuel growth.
- **Review vendor contracts** – Renegotiate for better terms and look for cost savings without burning bridges.
- **Rethink your pricing** – If demand supports it, raise prices or introduce new offerings.
- **Follow your winners** – Focus on products or services with the strongest margins and highest demand.
- **Speed up invoicing** – Send bills quickly and use shorter terms to improve cash flow.

Stay flexible. You may need to adjust your strategy as conditions shift. The goal is simple: more cash in, less stress out.

## STEP 7: AVOID STACKING DEBT YOU CAN'T MANAGE

When cash is tight, more debt might seem like the fix—but it rarely is. Adding to what you already owe can bury your business instead of building it up. The goal is to climb out, not dig deeper.

### What to watch for:

- **Start small** – Only take on what your business can realistically manage.
- **Keep debt separate** – Mixing business and personal accounts makes things harder to track and can hurt your credit.
- **Stay in touch** – Talk to your lender about your situation before borrowing more.
- **Be flexible** – If your current plan isn't working, change it. Adjust how you operate instead of forcing yourself to make payments you can't sustain.

Debt without a strategy slows progress. Make sure each dollar you borrow has a clear return.



## STEP 8: START THE CONVERSATION BEFORE YOU FALL BEHIND

If your numbers are slipping or your debt is getting harder to manage, say something. The earlier you speak up, the more options you'll have.

**How to take action:**

- **Reach out before you miss a payment** – Lenders are more likely to help when you're proactive.
- **Ask about new terms** – You might qualify for lower rates or longer repayment periods.
- **Look into consolidation** – Combining multiple debts can simplify remittance and help with cash flow.

Most lenders have options to help keep your business afloat when times get tough. Give them the chance to work with you before it's too late.

## Move forward with flexible funding

When managing debt, timing matters. Whether you're navigating a cash flow gap or fueling your next phase of growth, Credibly offers fast, flexible capital to help you take action—not stall out.

**We offer:**

- ✓ **Quick decisions** so you can act fast
- ✓ **Flexible remittance options** to protect your cash flow
- ✓ **Dedicated U.S.-based support** from people who know what business owners need

We don't offer consolidation, but we do offer a better way to access capital—built on trust and tailored to your next move.

## Stay in touch

 (844) 501-8662

 [www.credibly.com](http://www.credibly.com)

 25200 Telegraph Rd # 350

Southfield, MI 48033