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Building Credit for Small Business Owners

A Case Study of the Get Ready Program

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Micro businesses play a critical role in the US economy. Employing 27 percent of all US employees,[1] very small businesses of fewer than 20 employees are important not just for the labor market but for the income and wealth of owners, local tax bases, and community connection, identity, and belonging (Fitzgerald and Muske 2016; Prince et al. 2021; Wade and Oldstone 2024). But many small business owners struggle with personal and business credit issues, which means their ability to access capital to sustain and grow their business can be a challenge.

In a 2024 survey of small businesses, 77 percent reported concern about their ability to access capital.[2] In 2024, only 41 percent of small firms were fully approved for the financing for which they applied, lower than prepandemic levels (Johnson et al. 2025). In general, credit access is harder for younger and smaller firms, for firms in industries with limited collateral, for businesses owned by lower-wealth individuals, and for women owners and owners of color (Conell-Price, Heck, and Tibbitts 2024; Lederer and Asante-Muhammad 2020; Lederer and Oros 2023).

Some of this struggle might be driven by the credit readiness of business owners themselves. High-net-worth owners can access lower-price small business loans (though often only still by personally guaranteeing the business debt), but low-net-worth owners have fewer options. They can become trapped in a cycle of high-cost loans, which can undermine the business's survival.

Community development financial institutions (CDFIs) help drive capital to small businesses that might otherwise be unable to access affordable financing (Theodos, McDaniel, and Hangen 2025). CDFI microloans typically range from $10,000 to $50,000. But even CDFI financing options are less available for truly small loans, especially for owners with credit challenges.

To explore how to bridge this credit gap for small business owners, we review the Get Ready loan, a unique credit-building product and financial coaching program for small business owners offered by

Ascendus, a New York–based CDFI. Ascendus designed the program to (1) expand credit access and financial health, particularly for historically underserved populations; (2) build a future cohort of credit-ready borrowers; and (3) create a credit-building model with the potential to be replicated by other financial institutions. The program's unique structure starts borrowers with a $500 line of credit and graduates them to $5,000 after demonstrated repayment behavior, offering a novel approach to underwriting for borrowers who are typically considered high risk. We find the following:

- The Get Ready Program has provided access to capital for borrowers who would not otherwise be considered for traditional loan products. The average credit score of an incoming Get Ready borrower was 571, lower than the threshold that CDFI lenders typically use.
- More than 75 percent of participating borrowers were in good standing as of March 2025, and 41 percent were able to graduate from the $500 line of credit to the $5,000 line of credit. Although this is somewhat below Ascendus's expectation of 50 percent graduation, it still demonstrates that a large portion of borrowers who would not traditionally be considered creditworthy can manage lines of credit. Several participants were also able to borrow additional capital outside the program. Borrowers appreciated the program's financial coaching, and many felt the program gave them tools to help them manage their credit.
- There is demand for the program. Ascendus staff members noted they have a pipeline of 150 potential borrowers in the application process.
- The time-intensive coaching and low-dollar credit lines mean that the program does not pay for itself; it requires a subsidy to run. In addition, the program is served by only one dedicated staff member, which has constrained growth. Additional support, including from the public and philanthropic sectors, will be key for expansion.
- More research is needed to determine how well the program helps borrowers build credit, particularly in terms of impacts on financial attributes such as credit scores.

BOX 1

Methodology

To better understand the Get Ready Program and its outcomes, we conducted a mixed-methods research study using interviews and data obtained from program and credit reports.

Qualitative data. We interviewed three program leaders and nine borrowers, including three borrowers at the initial loan level ($500), five at the first graduated level ($5,000), and one who further graduated to an Ascendus loan above $5,000. We sought to understand program goals, design, usage, and perceived effects. Interviews were semistructured, ranging from half an hour to an hour, and were conducted virtually.

Program and credit report data. We conducted a quantitative study of deidentified program and pre-loan credit report data, provided by Ascendus. Program data included information about 174 borrowers, their businesses, their line of credit, and their repayment performance, and pre-loan credit data included credit attributes for 161 borrowers.

The Get Ready Program: A Credit Building Model

The Get Ready Program was launched in 2023 by Ascendus, a New York City–based CDFI with a national reach. The program was launched in response to observations by Ascendus staff members during the CDFI's expansion into Jacksonville, Florida: Its traditional microloan products were not meeting the needs of small business owners in that market. Whereas Ascendus had previously developed microloan products for immigrant and other entrepreneurs with thin or nonexistent credit histories in New York, the CDFI encountered a different challenge in Jacksonville. In that market, Ascendus found entrepreneurs with promising business prospects but damaged credit histories, meaning their credit scores were below the requirements of most loan programs. The Get Ready Program, a credit-building loan product that also provides financial coaching, was designed to address this gap.

Ascendus leadership noted that pursuing this new model of credit-building product aligned well with the organization's mission of improving access to capital and financial education. This approach differs from conventional credit-building and microlending initiatives. First, many CDFIs and banks have programs designed to build individual consumer credit—such as secured credit cards or small-dollar loan products—but building credit for small business owners is not always a focus.[3] Second, existing initiatives that do focus on small business owners are often intended for owners with thin or nonexistent credit histories, rather than challenged credit histories. And finally, structuring the product as a revolving line of credit, rather than a more conventional term loan, allows for greater ability to build credit history even with a low dollar amount.

The Get Ready Program provides lines of credit that start with a $500 limit. Borrowers can graduate to a $5,000 line of credit after three months with on-time repayment and other good financial habits, such as no new delinquencies and timely repayments on any derogatory debt. By providing initial capital at a small dollar level, Ascendus limits its own exposure to risk while giving borrowers an opportunity to demonstrate consistent repayment habits and thereby build positive credit history. When borrowers successfully manage this low dollar amount, Ascendus gains the confidence it needs to underwrite larger loans or credit lines for borrowers and graduate them out of the program.

We're trying to help people ascend. We're trying to create mobilities, meet people where they're at, and actually graduate them or move them up.
—Ascendus leader

A pillar of the program is financial coaching. The coaching is one-on-one and tailored to each borrower's needs. But there are also common themes and topics for which entrepreneurs need support. Most notable are credit building and cash flow management. Program staff members check in with all borrowers at least once a quarter, but borrowers can also get in touch with program staff members for assistance at any time. Many do, with questions about how to apply for additional loans, how to make extra payments, and other topics, both about the program and about their financial health in general.

If I have an issue financially, I call [the Get Ready Program staff]. They give me all the information I want and assist me.
—Get Ready borrower

Who Is Borrowing via the Get Ready Program?

As of March 2025, the program had 174 borrowers take out a Get Ready loan since its inception in 2023. To be eligible, applicants and their businesses must meet certain requirements: Small businesses must have been operating for at least a year, and applicants must have less than $10,000 in derogatory debt, have a minimum of $300 in monthly business-related deposits, be in good standing with their rent or mortgage for the previous year, have no bankruptcies within the past year, and have no foreclosures within the past two years. Importantly, personal credit score is not in the mix of requirements. The program is designed to serve borrowers who might have scores that are too low to meet traditional loan requirements. Beyond financial attributes, Ascendus is looking for borrowers who are willing to learn and engage with the program.

Get Ready borrowers' businesses varied in terms of size and sector, but most were small, both in terms of cash flow and employment. More than 50 percent of businesses had only one employee (table 1). The average business had an annual revenue of nearly $136,000 (median of almost $80,000) at the time of their application. But 35 businesses had annual revenues above $150,000, and 7 had revenues above $500,000. Almost 70 percent of the businesses had been operating for less than 5 years, though 5 percent had been operating for 10 to 30 years before applying for the Get Ready Program.

TABLE 1

Business Age, Employment, and Revenue

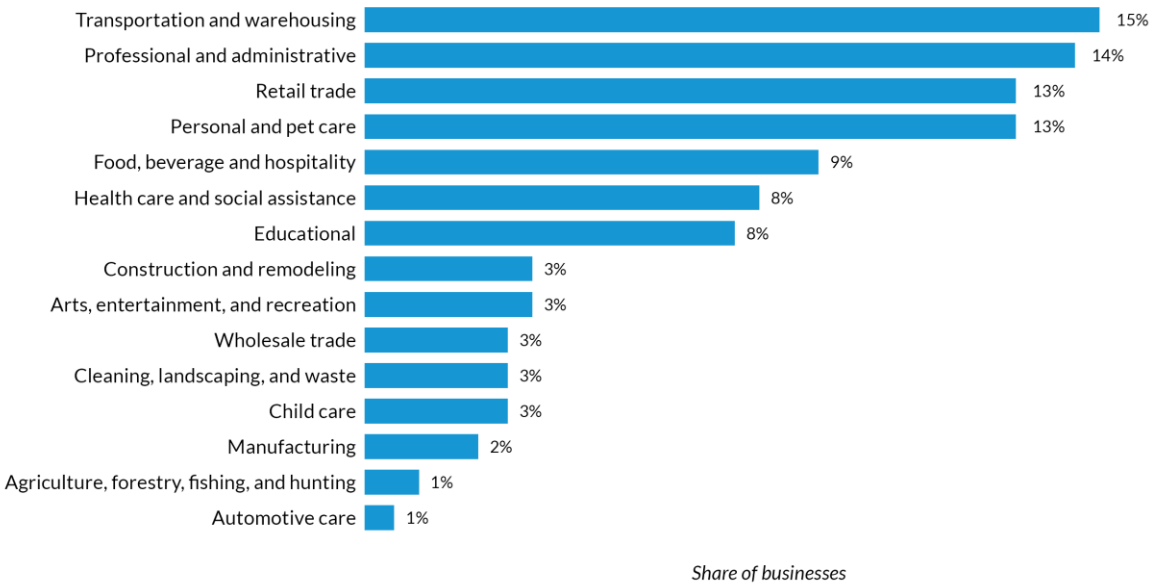
Business attributes	Number of businesses	Share of businesses
Business age		
1 to less than 3 years	39	22%
3 to less than 5 years	80	46%
5 to less than 10 years	46	26%
10 or more years	9	5%
Number of FTEs		
1	99	57%
More than 1, less than or equal to 2	36	21%
More than 2, less than or equal to 5	31	18%
More than 5	8	5%
Revenue		
$0 to $50,000	44	25%
$50,001 to $100,000	67	39%
$100,001 to $150,000	28	16%
More than $150,000	35	20%
Total	**174**	**100%**

Source: Authors' analysis of Get Ready Program data.

Notes: FTEs = full-time equivalent employees. Each part-time employee counts as half of one full-time equivalent employee. For business age, lower bounds are inclusive, but upper bounds are not.

Participating business owners spanned a wide range of sectors (figure 1). The most common industry was transportation and warehousing (including freight trucking and rideshare and passenger transportation), representing 15 percent of businesses. This is followed closely by professional and administrative services (e.g., management consulting and security services) at 14 percent of businesses. Personal and pet care services (e.g., beauty salons and barbershops) and retail trade (e.g., clothing, accessories, and other merchandise) both represented 13 percent of businesses. Other common industries include food, beverage, and hospitality; health care and social assistance; educational services; and construction and remodeling.

FIGURE 1
Business Industries



Source: Authors' analysis of Get Ready Program data.

After an initial pilot phase in New York City, the program has expanded, lending to borrowers across 20 states. Lending is concentrated in Ascendus's primary service areas, which include New York, Florida, New England, Georgia, and Michigan. Thirty-one percent of borrowers are from New York, while 20 percent are from Florida and 18 percent are from Georgia. Ascendus leadership has noted differences in the credit challenges borrowers are facing across geographies. For example, borrowers in Florida are more likely to struggle with mortgage debt, whereas borrowers in New York were more likely to be struggling with auto loans.

Although borrowers came into the program with a range of household incomes, they tended to be below the national average. The median annual household income for Get Ready borrowers was $53,556 (average of $87,271), compared with the national median of $78,538 in 2023 (average of $110,491).[4] About one third of borrowers (32 percent) had household incomes under $30,000, which is below the federal poverty level for a family of four in 2025.[5] Meanwhile 15 percent fell between $30,000 and $50,000, and another third (34 percent) were between $50,000 and $100,000. While nearly one-fifth of borrowers had household incomes above $100,000, only two borrowers had households earning above $500,000.

It's really a big thing because a lot of people won't give you that chance. [Ascendus] doesn't know your background. They don't know where you're coming from. And they're willing to work something out with you to help you one at a time. This program is very, very helpful, especially for minority women like me.
—Get Ready borrower

We also explored baseline borrower credit attributes (operationalized as the most recent credit pull within the first 90 days of joining the Get Ready Program). Unlike in other microloan programs, which might target borrowers with no credit history or thin credit history, 81 percent of the 174 Get Ready borrowers (or 141 borrowers) had visible credit histories before engaging the program, and only 6 percent (11 borrowers) had no visible credit history. (The remaining 22 borrowers joined the program either too early or too late to be included in a credit pull within their first 90 days.) But given the program's selection criteria, borrowers' baseline credit scores were quite low. Get Ready borrowers had an average credit score of 571 before getting approved for a Get Ready loan (table 2).

On average, borrowers had 9 existing open accounts (median of 8). Many Get Ready borrowers had been able to borrow previously, but that raised challenges. Nearly 55 percent of borrowers had an account with a balance that was past due in the 90 days before their Get Ready loan, and the balance on open revolving accounts was $8,591 at the mean and $3,070 at the median.

TABLE 2
Baseline Borrower Credit

Credit attribute	Mean	Median	Share with attribute
Credit score	571	570	92%
Number of open accounts	9	8	77%
Balance on open revolving accounts	$8,591	$3,070	80%
Total amount past due	$3,196	$2,400	55%

Source: Authors' analysis of borrower credit attributes.
Notes: Ascendus collected quarterly credit information for Get Ready borrowers from July 2023 to January 2025. Baseline attributes are based on credit pulls within 90 days after borrowers were approved for a Get Ready line of credit. Nine borrowers had joined the program more than 90 days before the first credit pull in July 2023, and 13 borrowers had joined the program too recently to be included in the latest pull in January 2025. This table is based on the remaining 152 borrowers. Means and medians are calculated for borrowers with the attribute. Credit score is FICO score 5.0. Balance on open revolving accounts is the sum of balances for all open revolving accounts on file with an update within the past three months. Total amount past due is the sum of the past-due amount for all accounts on file.

Borrower Experience and Coaching

Borrowers found out about Ascendus and the Get Ready Program in several ways. Many were referred to Ascendus by traditional banks when they did not qualify for those banks' traditional loans or were referred by public programs focused on assisting small businesses. Some learned about the program from friends who had previously participated.

The bank referred me to Ascendus once I was denied for a formal bank loan. I did some online research to see if it was something I was interested in, and then I reached out. I was really just looking for a small business loan that didn't have exorbitant interest rates.
—Get Ready borrower

Borrowers reported in interviews that the application process is straightforward. Applicants fill out an online application with information about themselves, their business, and their finances. Once enrolled, borrowers get access to their $500 line of credit, which they can then withdraw and use how they see fit. Some borrowers incorporated the line of credit into their overall business cash flow or used it to pay regular bills, while others used it to cover unexpected costs, such as vehicle repairs.

Simultaneously, borrowers begin financial coaching. Ascendus staff members work with each borrower to develop a personalized plan for how to graduate to the $5,000 level. The coaching sessions, which happen at least quarterly, focus on decreasing credit utilization, maintaining positive monthly balances, and reducing derogatory debt, and the sessions always tie the concepts back to real-world practice to help borrowers understand their significance. Borrowers note that the personalized plans give them clear goals and keep the process from becoming overwhelming. Ascendus staff members are also available in between coaching sessions to answer questions and troubleshoot challenges.

It felt like I got my syllabus, my study guide. I studied hard, I passed every checkpoint. If you give me a list of things to do, I'm just going to go one by one and attack them. It was helpful for me, having that extra support telling you what you need to do and when to get where you want to go.
—Get Ready borrower

Borrowers noted an increase in financial literacy since joining the program. Many reported that they were introduced to concepts such as credit utilization, credit scores, credit history, and derogatory debt. Borrowers also noted that the coaching was encouraging, which helped motivate borrowers when they were feeling frustrated or demoralized, or feeling like the program was too much work.

Ascendus staff members articulated that it takes a particular type of staff person to manage this program. The program is run by one dedicated program manager, and Ascendus attributes much of the program's success to that manager's ability to relate to and engage borrowers from various backgrounds, many of whom might distrust traditional financial institutions because of negative past experiences. Although the Ascendus team considers this staff involvement essential to the program's success, this level of dedicated outreach is also time and resources intensive. The program requires a subsidy to run, and the limited available staff time has constrained the program's growth.

I'm not an easy fish to catch. Even though it's for my own good, it's the time needed and getting papers together that's always an issue for me. [The Get Ready Program staff were] very patient, working one-on-one with me, and trying to help me get it together. [They] said, "You can do it."
—Get Ready borrower

Borrower Outcomes

A goal of the Get Ready Program is to graduate borrowers from the initial $500 credit limit to a $5,000 credit limit and then to additional credit and loan products beyond the program. After three months, borrowers are reviewed for good repayment behavior: on-time repayment of their $500 credit line, consistent repayments resumed on any existing negative derogatory debt, and no new delinquencies or reverse payments. If they are approved, borrowers move up to the $5,000 line of credit automatically.

Minimum payments are about $15 a month at the $500 level and $170 a month at the $5,000 level. (Actual minimum payments are defined based on the amount of debt outstanding.) Most borrowers set up automatic repayments deducted from their checking accounts. Existing personal accounts are acceptable, but program staff members encourage borrowers to set up business accounts. Borrowers reported the automatic payments made the payments easy to manage both financially and logistically—even more so because being even one day late on a repayment for the $500 line of credit disqualifies borrowers for the $5,000 graduation. Borrowers manage their accounts, including requesting draws or adjusting their repayment amounts, by calling or emailing Ascendus staff members or through a recently launched online client portal.

Graduation: Increased Borrowing Power

Of the borrowers who have been evaluated for an increase, 41 percent have been approved for the $5,000 line of credit or beyond (table 3). This share is lower than the 50 percent goal that Ascendus leadership set at the program's outset, but it still shows that a large portion of borrowers—most of whom would not traditionally be considered creditworthy—could manage lines of credit and move to a higher credit limit. Ascendus attributes borrowers' success to the program's financial coaching element, which helps borrowers understand why good financial habits matter and how they can expand access to larger loans.

TABLE 3
Program Levels

Line of credit	Number of borrowers	Share of all borrowers	Share among borrowers that were evaluated for increase
$500 (not yet evaluated for increase)	26	15%	-
$500 (increase declined)	87	50%	59%
$5,000	55	32%	37%
Over $5,000	6	3%	4%

Source: Authors' analysis of Get Ready Program data.
Notes: Borrowers who could have increased does not include those with $500 lines of credit who have not yet been evaluated.

In addition, six borrowers moved beyond the $5,000 Get Ready line of credit to larger, more traditional business loans with Ascendus, demonstrating that the program can move potential borrowers from outside a traditional "credit box"—the typical range of borrower characteristics that financial institutions consider creditworthy—to a place where they can receive traditional microloans.

Borrowers we interviewed who had not yet pursued additional financing beyond the Get Ready Program felt they were equipped to do so when they wanted. But one borrower noted that even after graduating from the Get Ready Program, Ascendus could not approve him for a larger loan, even though he could secure additional capital from a different CDFI.

Access to capital is really major, especially for someone who both manufactures and distributes their own products, because it is very cash intensive. The benefit of having access to funding when traditional resources aren't available to you or you don't have enough of a history to be able to even be eligible for certain things—that's probably the biggest benefit.
—Get Ready borrower

Some borrowers were frustrated with the small amount of the initial line of credit. Many had come into Ascendus seeking larger business loans of $20,000 to $50,000, so learning that they were eligible for only a $500 line of credit could be upsetting. But most Get Ready borrowers have already been declined for a traditional loan by the time they enrolled in the program, often more than once. The Get Ready Program considers these potential borrowers even when other financial institutions would not, and the program aims to meet them where they are.

Even if borrowers agreed that the program was useful for building credit, the program did not always help with their immediate cash flow issues. For example, one borrower was struggling with the loss of a warehouse and inventory after a fire, and she did not meet Ascendus's requirements for the $5,000 increase. She was forced to borrow money from family members to meet some immediate needs but continued to work toward the $5,000 line of credit in the Get Ready Program. Ascendus staff members acknowledge that the program is not necessarily equipped to solve immediate cash flow problems but intended to provide a stepping stone toward additional future credit.

Most borrower accounts were in good standing, as of March 2025. Nineteen accounts (11 percent) have been closed and written off over the program's history—better than Ascendus's initial expectations that 20 percent would be written off. Another 22 accounts (13 percent) were in active bad standing. The remaining 133 accounts (76 percent) were either in active good standing or had been closed with obligations met. This finding is striking, given that none of these borrowers were considered creditworthy when they enrolled in the program. It suggests that, at least on their Get Ready account, most of these borrowers have been able to manage a line of credit.

Borrowers have a 30-day grace period to make payments after their due date has passed, though making a payment even one day late on the $500 line of credit disqualifies borrowers from graduating to the $5,000 line of credit. Once a missed payment falls beyond the 30-day window, it is reported to credit bureaus as delinquent and is sent to Ascendus's internal payment support team. At that point, borrowers might be subject to late fees.

We examined which business attributes correlate with account status. Interestingly, there is no clear relationship between a firm's annual business revenue, age, or number of employees and whether accounts were in good standing or in bad or closed standing.

Credit Score

One of the program's primary goals is to help borrowers build a healthier relationship to credit so that they can access additional capital in the future. The Get Ready loan is set up as a revolving line of credit to help borrowers build consistent repayment habits, which then get reported to credit bureaus and with positive repayment history, build their credit standing.

More research is needed to determine whether this program had a direct impact on credit scores. Anecdotally, several borrowers confirmed they had seen their credit scores increase, while others noted that their credit scores remained steady during their time with the Get Ready Program. One borrower noted that when he came into the program, his score was around 580, but after just three months with Get Ready, his score had risen to around 710. As his score rose, he noticed that he started receiving offers from banks to apply for credit cards and other accounts that he had previously not been eligible for. “Of course, all the banks are offering that I can apply to them now,” he said. “Now they can give me all the money that I need. But no, now I don’t want it.”

They give you the chance no matter how bad your credit score is.… Instead of going to those apps that would charge me like 20 percent per day [I joined the Get Ready Program].
—Get Ready borrower

Looking Ahead

The Get Ready Program has provided an important entryway for accessing capital for small business owners who might otherwise struggle to access traditional loans. After two years, it has shown promise toward improving access to capital and financial health, developing new borrowers, and providing a replicable model. Some promising conclusions include the following:

- Several borrowers noted that the program took a chance on them when no other lender would. The average credit score of an incoming Get Ready borrower was 571, lower than the typical threshold traditional lenders use. In particular, the program appears to reach borrowers typically underserved by financial institutions.
- Despite coming into the program with credit challenges, roughly three-quarters of borrowers were in good standing as of March 2025, and 41 percent were able to graduate from the $500 line of credit to the $5,000 line of credit. Several participants were also able to access additional capital outside the program.
- Borrower impressions of the program were largely positive, particularly regarding financial coaching. Many noted increased financial literacy and felt the program gave them tools to help them manage their credit.
- There is demand for the program. Ascendus staff members noted that they have a pipeline of 150 potential borrowers in the application process. But the program requires a subsidy to run and will need additional staff support and additional capital to continue to expand its borrower base or find adoption in other contexts.
- Additional research is needed to better understand the program’s full impact. In particular, more analysis is needed to understand any direct outcomes of the program on its borrowers, including any impacts on financial attributes such as credit scores.

Some borrowers did have suggestions for improvements. Several borrowers mentioned that it would be useful to have a user-friendly mobile app for making payments and managing their accounts—a level of ease and access they are familiar with from other banks and financial technology services. It might also be beneficial to more directly connect the program to a borrower's business credit, in addition to personal credit. One borrower noted that although the personal credit building was helpful, it would have been more helpful for payments on her Get Ready line of credit to show up on her business credit report, given that she is using the program for business expenses.

Other borrowers struggled with the low dollar amount of the initial line of credit and noted that although the program might have helped them build credit, it did not alleviate their cash flow issues. (Ascendus leadership has acknowledged that the program is not designed to tackle cash flow.)

Room for Growth

One of Ascendus's goals with the Get Ready Program was to provide a credit-building model that other financial institutions could use or adapt. But there are challenges for widespread adoption. Ascendus staff members noted that the program's time-intensive nature and the low dollar amounts on the credit lines mean that the program does not pay for itself; it requires a subsidy to run. Ascendus has made this work with a mix of its own capital and philanthropic investment. Ascendus leadership believes the program is worth investing in to educate and invest in a future cohort of successful borrowers, seeing a social and economic impact beyond the bottom line.

Even so, Ascendus has just one full-time staff person administering the program, meaning the program can take on only as many borrowers as that staff person can manage. Given the program's promise, it is worth considering whether additional staff capacity might allow the program to support additional borrowers or to what extent the model can be expanded through replication at other financial institutions. Ascendus could consider taking a leadership role in replication, such as by providing templates or resources for the field. Public and philanthropic support will also be key for expanding the model.

The Get Ready Program offers a unique model and approach to underwriting that can offer important lessons for the broader CDFI field and its funders. By focusing on small dollar amounts, Ascendus limits its own risk while helping some credit-challenged borrowers manage a line of credit and demonstrate preparedness for larger loans. The approach differs from other credit-building initiatives by (1) focusing on small business owners, rather than consumers; (2) targeting borrowers with credit scores below the typical threshold accepted for traditional loans; and (3) offering a revolving line of credit, which provides greater opportunity to build credit history even at a low dollar amount. With public and philanthropic support, other CDFIs, banks, and business advisory service providers can take lessons from the Get Ready Program and develop their own credit-building products to help more small business owners succeed across the US.

Notes

[1] "Employment by Size of Establishment, Private Industry," US Bureau of Labor Statistics, accessed July 21, 2025, https://www.bls.gov/charts/county-employment-and-wages/employment-by-size.htm.

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