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Most people know they can hurt their personal credit by doing certain things, such as paying bills late. But businesses, too, can blunder when it comes to either protecting or building the credit needed to operate and grow a company. Here are four mistakes your business clients should avoid in managing business credit. By pointing out these potential blunders, you can bolster your role as an advisor to your business clients.

Failing to vet potential partners

Ronald Reagan made popular the catchphrase "Trust, but verify" regarding the former Soviet Union, but the maxim is a good one for businesses that are considering new business relationships, too, according to Sageworks analyst Samara Zippin. A customer's hand-picked credit references may vouch for a solid payment history, but if your client is extending credit, it's hard to know whether that positive track record is coming to an end without conducting due diligence on the customer's current financial condition, she said.

Similarly, checking a supplier's likelihood of default based on current finances could save you money and trouble. "If they go out of business, your client could be out of a key supplier, or if they do not make their payments on time to their suppliers, that could affect your client's entire supply chain," Zippin said. "It can slow down your client's day-to-day operations."

Granting credit or granting it for too long

Turnaround expert Ted Gavin, managing director of consulting firm Gavin/Solmonese LLC, said companies should guard against putting themselves in situations where they are paying more quickly than they can collect. "Extending too

resulting information to negotiate terms appropriate to the risk.

Accepting credit when you don't need it

In the same way that offering credit when it's unnecessary can be problematic, so can accepting business credit when a company doesn't need it, experts say.

"One of the most important credit blunders that businesses make is borrowing when they don't need it," Zippin said. Borrowing money can add a burden to your client's business and a stressor to their life, so urge them to consider carefully whether borrowing is the wisest choice. Banks are in the business of making money; it's up to your client to optimize their financial performance and to decide whether accessing credit will help their performance. You can help them on both fronts.

"If your client conducts financial due diligence on their own business, they won't be as likely to go seek credit from a bank when they don't need it, because they will have a good sense of how they're doing," Zippin said. Your client may identify and correct their company's weaknesses so that they can negotiate with potential creditors more effectively or avoid seeking credit altogether, she added.

Using personal credit for business

It may be tougher to get credit for a business than to get a credit card in your name or expand your personal line of credit, but experts warn against using personal credit cards for a business.

Mingling financial assets of a business and an owner is frequently cited by lawyers as one way to "pierce the corporate veil" that limits liability of shareholders or partners of a corporate entity. Using a personal card for a business can also affect the business owner's personal credit score if they're not careful, according to Zippin. In addition, using a personal card does nothing to build up a company's own business credit

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