Small Businesses Use Square Magic

Last week when I was mentoring a local small business owner, she said “I would really like to give my customers the option of using a credit card to pay me, but those machines are so expensive and I do most of my business in homes or at shows, how can I do that?” My technology toy juices started to flow (I have been labeled as an “early adopter”) and I said, have you heard of Square? She responded by saying no, did I miss that in your column? I had to confess that I hadn’t written about this relatively new business application that is completely mobile and a great tool for many small businesses.

This handy little device is known as “Square”. An example of its use would be this small business photographer who has just taken some pictures for a customer that wants to pay with a credit card. No problem! Take out your smart phone, insert the “Square” card reader into the headphone jack, swipe the card, have the customer sign with their finger on your phone display and you have charged their credit card and the payment goes into your business bank account. It’s magic! Business Magic!

The use of this tool is spreading quickly among small businesses hustling to thrive in tough economic times. Square, this young Internet payment service will give small businesses an edge. It is the brain child of Twitter co-founder Jack Dorsey. Barely one year old, it is used by over 750,000 merchants and will reportedly handle $2 billion in transactions annually. This San Francisco based startup is aiming to snag the 26 million American businesses that currently do not accept credit cards and is planning to expand outside the United States next year.

Square lets anyone take credit card payments using smartphones or iPad tablet computers. Its fee structure is simple: **2.75% per swipe** for all cards. Square does not require a contract upon signup or have any monthly minimums. It doesn't cost you anything if you don't use it. If you type in the card information manually, their fee is 3.5% + 15¢. Square works with any US-issued and most non-US issued credit, debit, pre-paid or gift cards with a Visa, MasterCard, American Express or Discover logo. I also found out that businesses such as licensed healthcare providers and pharmacies can process HSA cards with Square.

Square will provide you with a free Square card reader when you sign up. You will have to set up your account to direct you income collected into your bank account. The system runs on any Apple iOS device running 4.0 and up or Google Android device running 2.1 and up. They currently do not support any non-mobile device or other operating system.

This is a very viable option for many small business situations and is an example of using available technology to make your business more responsive to customer requests in a cost effective manner.

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Dean L. Swanson
Southeast Minnesota SCORE
c/o Rochester Area Chamber of Commerce
220 South Broadway, Suite 100
Rochester, MN 55904
*Dean is a volunteer SCORE Mentor