

# Credit & Mobile Payments



Housecall Pro

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# Cash is Dead: Why Mobile & Credit Card Payments are Critical for Field Service Businesses

Operating a business can be a grind, but getting paid makes it all worthwhile. Unless, that is, getting paid is one more hassle that gets added to your already-massive list of to-do's.

Getting paid means putting money into your pocket as quickly as possible. Once paid, the job is done and loose ends are tied up. Time to take care of bills, pay employees, purchase needed equipment, and even put a little away. For many field service businesses, the preferred payment method has been cash or checks. They seem convenient and easy to deal with. Many service providers have felt that credit cards are for big businesses and maybe even a little impersonal for their customers.

That is all changing.

Changes in customer preferences, improved technology innovation, and a new perspective on how to make payments work to your advantage - all have conspired to turn the tables on payments. Field service providers need to understand a new rule of successful business operations and growth:

**Cash is dead, and credit card and mobile payment transactions are now the key to meeting customer needs, improving your operations, and growing your business.**



“ *Non-cash payments have increased in volume due to the rise in adoption of digital payment services across all market segments...*

**Christophe Vergne, cards and payment practice leader at Capgemini**





## Section Two

# Cash Ain't What It Used To Be

Field services businesses have been fans of cash for a long time. Upon completion of a job, a customer could easily pay with a wad of bills or a check. The job was closed-out, payment was immediate, and there was easy access funds so owners could quickly pay out-of-pocket for supplies and other expenses.

Operating out of a petty cash system worked for many business owners until they realized they didn't have a handle on what was coming in and what was being spent. A big envelope of cash and checks on Tuesday could end up being nothing but a few bucks and a bunch of uncashed checks by Friday. With no time to run to the bank for a deposit, payment from the last job was put in the glove compartment and forgotten as soon as some more cash arrived from the next job. It seemed like it worked, but it really didn't. Cash involves many hassles, costs, and extra work that eats into time you could dedicate to other work.

# The Hidden Cost of Cash

Contracts with customers protect you and assure will be paid for your services. Your bank protects and stores your money so it's available when you need it. But getting the money from the customer to the bank and then making it usable for your business purposes is the key to being a solvent, sustainable business.



*Money often costs too much.*

**Ralph Waldo Emerson**

Cash is always seen as being more convenient, but let's consider the ways where it can actually hurt your ability to collect payment:

### **Short-pay customers**

You present your customer with the bill for \$214. He says he loves your work, but all he has on him is \$200. He could get you the remaining money later, but you'll have to come back for it, or follow up with emails, texts, and calls in order to actually see the cash. That \$14 may not seem like much, but it's 7% of the entire transaction. Keep doing that and you're going to find yourself in a hole soon.

### **The logistics of cash**

It's great to get the money, but you then have to make sure it gets to the bank. So, in the meantime, you have to store it safely, transport it, deposit it, and then wait at least 48 hours until it's available. Those trips add up; sending an employee costs you money, someone's not able to bill hours during that time, and there's a cost to the gas and wear/tear getting to and from the bank.

### **Pilferage**

A study by CBS News found that a typical business will lose 5% of its revenue to employee theft, and Forbes determined that US businesses lose \$60 billion a year at the hands of dishonest employees. You may love your team and trust them, but rather whenever cash is involved, there is always a greater potential some of it may wind up missing.

### **Cash deposit fees**

The reality is that banks don't love cash. In fact, they'll charge you to handle it. One of the largest global banks currently allows businesses to deposit \$5,000 per month. For every \$1,000 deposited after that they're charged \$2.50. May not seem like much, but why pay a bank to store your money, that they're going to be making interest on anyway.

### **Customer inconvenience**

When you ask a customer to pay in cash, you're asking them to go to some effort. They have to go to the bank, possibly even transfer funds between accounts. And for safety reasons, people don't love carrying around a wad of cash on them. Checks are also a hassle. As people use checks less frequently, they have to make sure they have some on hand, and then must go to the trouble of balancing their checkbooks. Either way, customers don't love the prospect of having to do work just to be able to pay you.

### **The challenge of security**

If you lose your cash through theft or just because you misplaced it, it's gone. It's not trackable and it's not insured. What's more, thieves leave you with other expenses like broken car windows and busted office doors that add to the injury and insult.

## Time is expensive. So is cash.

Market research firm, VendingMarketWatch, compiled statistics about the hidden costs associated with relying on cash. We've used some of those stats, along with others based on industry standards, to highlight what cash is costing you. Not all may be applicable to your operation, but these demonstrate the ways that cash can actually be more costly:

\*Based on \$500,000 in total revenue:

COST	ANNUAL EXPENSE	% OF SALES
CASH RECONCILIATION Collecting, organizing, tracking	\$650 (2 hours/week @ \$25/hour)	0.13%
CASH DEPOSIT CHARGES Bank fees for cash transactions	\$1,200 (based on average of rates from Bank of America, Wells Fargo, Chase)	0.24%
TRAVEL COSTS Trips to and from the bank	\$77 (weekly trips; 5 miles each way; gas at \$0.16/mile)	0.01%
LABOR COSTS You or employee managing cash and delivering to bank	\$2,080 (2 hours/week @ \$20/hour)	0.42%
SUPPLIES	\$800	0.16%
NET COST OF LOST CASH	\$8,300	1.66%
<b>TOTAL (one year)</b>	<b>\$13,107</b>	<b>2.62%</b>
<b>TOTAL (five years)</b>	<b>\$65,536</b>	—

## The Cash Payment Process: Idea vs. Reality

### IDEA

Job done. Tools and supplies back in truck. Customer pays, as per agreement, final installment in cash.

Like always, cash goes into envelope, labeled with customer name. Put into locked cash bag, taken back to office and put in locked safe.

Next morning, on way to new job, stop at bank and deposit. Treat yourself to an extra donut when you stop for coffee.

Cash is credited to your account and funds available to use 2 days later.

Use funds to pay employees. Purchase supplies. Bank account is flush. All is good.



### REALITY

Job done. Tools and supplies back in truck. Customer pays, as per agreement, final installment in cash.

You're late for an appointment. Cash goes into pocket. Will prepare it for deposit later.

Got hungry. Used \$11.64 of the cash for soup, sandwich, and Sprite. Delicious.

Stop at hardware store for supplies. Spend \$247.53 from cash.

Get busy with new job. Will deposit cash in bank tomorrow.

Got SUPER busy with new job. Deposit cash 11 days after you got it.

Arrive at bank. Go through glove compartment, coat pockets, back seats looking for cash. Realize you spent more than half of it on stuff, but you can't remember what stuff. Deposit remaining money.

While at bank, get text from employee who says he's walking off job unless he's paid tomorrow.

Decide not to deposit cash. It's needed to pay employees.

Getting low on funds in bank. Make agreement with new customer for a cash discount so you can get money immediately. Customer negotiates 20% discount. Ouch.



But the reliance on cash is rapidly changing in favor of credit cards for payment. While many stayed away from credit card payments because of surcharges and fees, business owners now recognize that credit card payments provide the fastest, most secure way to collect, spend, and track their revenue. It's also the preferred way for today's customer to pay for goods and services.

**You want to strengthen your business operations and satisfy customers? Let's turn conventional thinking on its head and look at why you need rethink your payment process.**

# The New Economics Of Getting Paid

The fact is, the days of huge wallets stuffed with cash are done. Today's consumers don't carry bills around like they used to, and it's now so easy to pay with credit cards or a variety of digital payment methods that it's easier to throw down the plastic than it is to run to the bank for more Washingtons, Hamiltons, and Jacksons.

Three key things are happening to change the dynamic of payments:

- **Technology is getting better.** There was a time not so long ago when it wasn't a guarantee that every store or business even took credit card payments. For them, it required installing and managing complicated Point of Sale (PoS) systems and it just wasn't worth it. But now people can pay with a credit card without actually even pulling out their card. Mobile phone apps connect seamlessly and securely with bank accounts so customers can buy a latte, a set of tires, or even your plumbing services with a swipe of an app on their phone.
- **The world is getting younger.** Let's face it, millennials are changing the world, and how we pay for stuff is changing because of it. This group has grown up obsessed with speed and technology, so their idea of buying has to do with clicking a virtual button, not counting out dollar bills.
- **People like free stuff.** Thirty years ago, ads for credit cards had to do with convenience; have it now, but pay later. It was a revolutionary concept. Now, however, credit cards fight for your business with perks, and this is encouraging more and more people to collect miles, cash rewards, and other benefits. Consumers want to pay for EVERYTHING with their credit cards now because they can rack up all kinds of free stuff that funds travel and additional purchases.

This is the reality of your customers' world, and people are moving faster towards this direction and away from outdated modes of using cash and checks. Non-cash payments are increasing at a yearly rate of roughly 11%, and last year accounted for over \$400 billion in spending.

# Credit Card & Mobile Payments: Giving Customers What They Want

As a business owner, you know that much of your success comes from delivering what customers want. You already provide excellent service and craftsmanship, but in a world where consumer expectations are high, it helps you create a competitive difference if you can cater to the needs of your customers.

The statistics make it clear that today's customer wants to pay for goods and services with credit cards.

## Changes In Customer Payment Preferences

- In a 2017 survey, 1,000 consumers were asked about the form of payment they most preferred using when paying for services:



**44%**

Debit cards



**33%**

Credit cards



**12%**

Cash

- More than half of all credit card holders now use their cards for all their spending.
- More than 60% of consumers use credit cards solely because of the rewards benefits they accrue.

# Why Plastic Beats Cash



## Convenience

Accepting a credit card payment takes about 90 seconds. Once the transaction is completed, you don't have to do a thing while the money is deposited into your account.

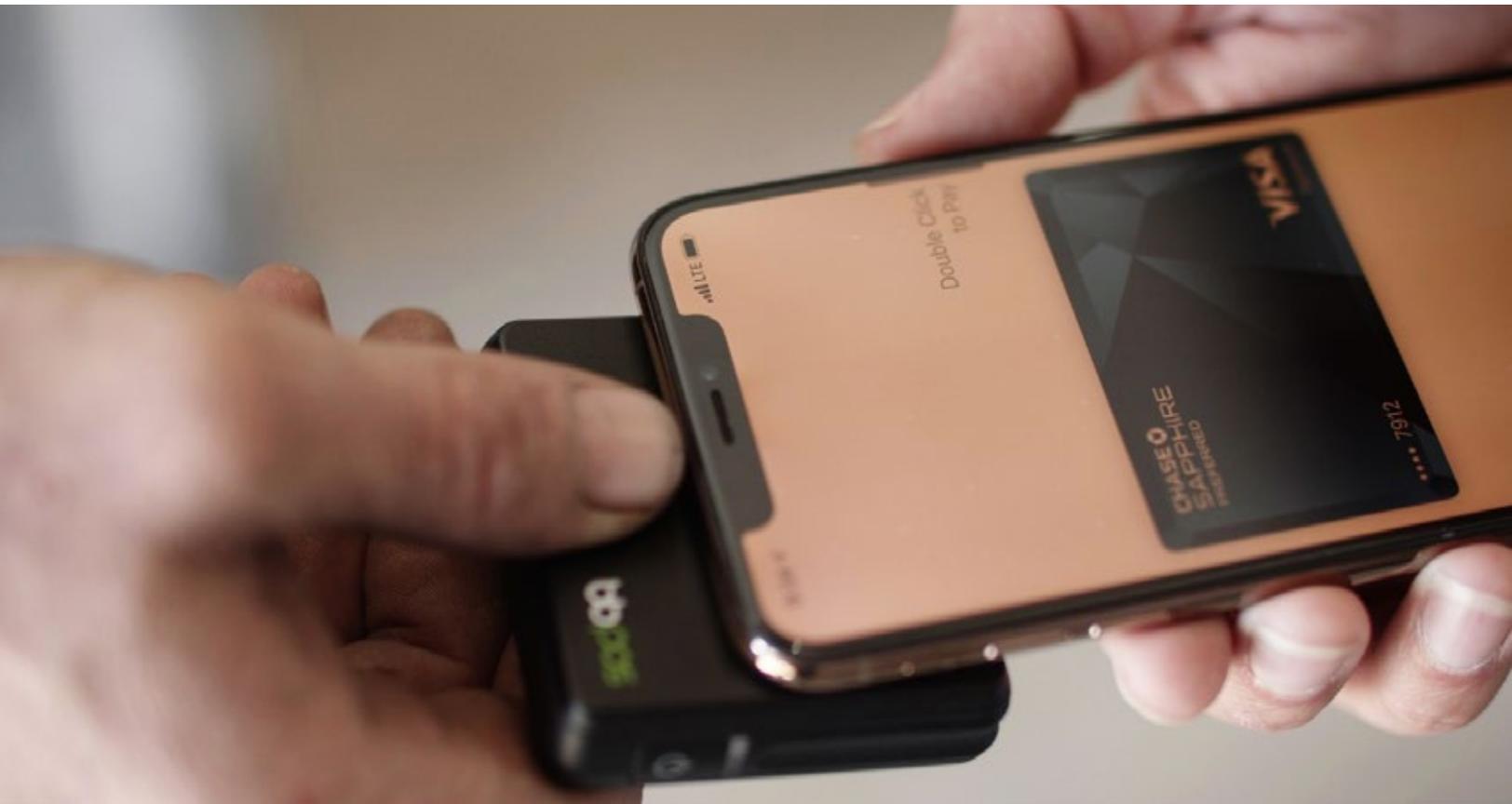
- **Payments anywhere and everywhere.** You can now use mobile apps that provide you with the functionality to accept payment wherever you're doing work. As soon as the job is done, you can run a credit card transaction directly from your phone.
- **No loose ends.** Once payment is made, you don't have to make a run to the bank, and the customer doesn't have to wait for you to cash a check. No follow up needed.
- **Tracking.** Payment apps provide a history and accounting of your transactions, as does your bank. All your records are kept neatly organized for you.



## Customer service

As we've seen, customers prefer paying with a credit card. They're far more likely to recommend you and do repeat business if you give 'em what they want.

- **Younger consumers.** 63% of millennials hardly ever use cash, and 76% actively seek better ways to pay for goods and services, with mobile app and credit card payments regularly being their preference.
- **Closure.** Customers hate waiting for you to cash their checks. Close out with a single transaction when you use a mobile app or credit card.



### Improved cash flow

Money is only useful if you have access to it. Mobile and credit card payments give you better access in a variety of ways:

- **No more waiting.** Almost everyone has a credit card on them. Most don't carry cash, or at least not enough to cover a big service expenditure. Make it easy to just scan or swipe and then you'll never have to track down a customer for payment.
- **Fast access.** Credit card payments are usually deposited into your account within 36 hours. Some mobile apps can do it within as little as 30 minutes. Make your money useful to you, and quickly.
- **Consistency.** Mobile and credit card payments give you better consistency because money is accessible shortly after it's paid. You can then do a better job of planning, paying bills, getting employees paid, and meeting your obligations.



### Better for business

The way you operate as a business is an important part of your brand. Accepting credit cards and mobile payments gives you some major advantages as a business:

- **Higher customer spend.** On average, customers are willing to spend as much as 18% more for services when paying with a credit card.
- **Preference.** According to the TSYS 2016 U.S. Consumer Payment Study, 75% of consumers prefer to pay with credit and debit cards.
- **Professional.** People simply feel like everything is on the up-and-up when you complete a job with a closed-out, trackable transaction. Walking out of a customer's house with a wad of cash in your pocket just doesn't give off the same feeling.

# Moving Forward with Credit Card Payments

Today's business environment is built on speed and convenience, and Housecall Pro delivers for vendors and customers with payment options like Instapay.

For service professionals, Instapay gives you the ability to collect payment from customers with a credit card, and then see that deposit hit your bank account instantly. You'll have access to those funds within 30 minutes of deposit, which means there's almost no delay in your ability to pay employees, purchase supplies, or handle any emergency or unexpected expenses that arise in the course of normal business operations. Your cash flow becomes something you can more effectively manage so you can make the most out of the money you've earned.

Customers get the benefit of a knowing their transaction closes quickly — no loose ends, and nothing to track. They see the payment on their credit card payment almost immediately, which provides them peace of mind and the knowledge that you operate a professional, trustworthy operation.

All that's required is for Housecall Pro users to assign a bank account, and turn on the Instapay feature when you want payments deposited instantly.

Stay focused on the task at hand — doing great work, and also exceeding the expectations of customers and consistently delivering customer-focused solutions. Housecall Pro partners with 100's of service professionals across the United States to be a trusted partner for payment, scheduling, booking, finance, and communication services.

**We invite you to try Housecall Pro today and see how easy it is to schedule, dispatch, estimate, invoice, accept credit cards and get booked online by customers. All from your phone.**

# Book Free Demo



*I love Instapay! Usually we have to wait to get paid from our Thursday and Friday jobs. Feels so good to have money for the weekend!*

**Jason Meyers, A Clean House by Suzann**