

## THE MYTH OF “FREE” EQUIPMENT

When was the last time you ever got something that was truly free? I’m not talking about a bottle of water, or a snack some major company was handing out on the street as a marketing promotion, but something that actually costs a few hundred dollars. The fundamental principles of economics work just as well for large processing companies as they do for your individual business; if you’re going to be profitable, revenue must exceed expenditures. When you read the fine print, the processor, or their sales agent, will recoup the cost of the equipment and more, and most often you’ll learn, after the fact, just how much it did cost.

Essentially this is a creative marketing ploy. You *will* be paying for the equipment, it’s not free; there are financial contingencies and obligations which anchor you to the processing company for years longer than a normal contract, preclude you from leaving under severe financial penalties, and give that processor the leeway to recover the cost they incurred in “buying” your account, by imposing annual fees and increasing rates. You never own the equipment; it’s a loan with the terms of repayment disguised. Basically you are held “hostage”, accountable to fulfill the inherent conditions because they “gave” you equipment. The price you pay is one of continuing liability.

If you’re new in business, and want to stay in business, it’s sound economic advice to steer clear of deals of this nature. If you gave away several hundred dollars of product or service to gain a customer, you now have that debt, in addition to your usual operating expenses, to overcome *before* you can be profitable. Why would starting out behind the eight ball work for them and not for you? Only unless that initial loss is being recouped in ways you have yet to discover.

If you’re a level headed business person, or want to become one, it is sensible to do business with a company selling a competitive product at a fair market price. Get direct honest communication with no surprises down the road. If on the other hand you believe you can get something for nothing, or you’re willing to buy now and pay later; then the “free” equipment deal is tailor made for you.

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