

URL: <https://stvp.stanford.edu/clips/the-idea-for-square>

"A recession is a great time to start a company," says Square CEO and Twitter Co-Founder Jack Dorsey. Dorsey explains the numerous reasons why this idea is true, and how the idea for Square came about over the last few years. Dorsey describes the idea jumping to life when he reconnected with an old colleague, who was struggling to accept credit card payments.



Transcript

In 2008 I stepped into the chairman role of Twitter.. There was an interesting thing that was happening.. The entire market was crushing.. So, all of these financial obstructions that we had built up were suddenly being swept away.. There is no better time to start a new company or a new idea than a depression or recession because a lot of the management teams were being asked to leave.. There is a lot of people who need to get really creative to create something new and there was an opening.. There was an opening particularly in payments.. At this time, I also reconnected with my first boss when I was 15 years old.. His name is Jim McKelvey.. He is a glass artist..

He makes these beautiful pieces of glass.. We reconnected over Christmas.. I normally go home for Christmas and visit my family.. We got to talking.. He wanted to build an electronic car company.. I said, "I have no idea how to do that but it's an interesting idea.. But let's keep talking.. We should definitely work together on something." Then, one day he called me up on his iPhone.. I picked up my iPhone.. He was frustrated because he just lost a sale of a \$2000 piece of glass that he had just made because the woman who wanted to pay him only had a credit card and he couldn't accept credit card..

We were both wondering, you have this general purpose computer next to your ear, why were you not able to make that sale? We decided that he would come out.. We would take a month.. We would hire one other programmer to work on the client's site and build a hardware out, I would build the server software and then answer that question.. In a month we built a very early prototype of what is now known as Square, which is a credit card reader that plugs into the audio jack of your iPhone or your android or your iPad or anything that has an audio jack.. We just need to write software for it.. The software and the hardware was really easy.. We got that done in about a month.. I could actually swipe a card and generate electronic receipt via email and then send it out to a person.. I love this because I would go around to all these angel investors and VCs and charge them \$5 or \$50 to show them my new idea.. I made \$600 from that, by the way..

It was awesome...