EVENTION

Top 10 Questions About Cash Operations Management and Cash Recycling

A White Paper from Evention, LLC

1. Do I still need my old cashier lock boxes/vaults?

No! Vaults in the wall are a thing of the past. Instead, all cashier banks will be issued and returned directly into the cash recycler. In fact, if the lockboxes can be removed, properties often recover back-office space to reallocate for other purposes. By including a cash machine into the cash operations process, the management team no longer needs to account for lost keys, vault issues, and bank auditing. In fact, with every till check-out and check-in, banks are automatically counted.

2. How can our property leverage the time savings and other operational efficiencies?

Implementing this cash recycling process guarantees that cashiers will end their shifts much faster. By eliminating the manual counting of banks and drops, this solution saves cashiers between 15-30 minutes each shift. This can amount to a savings of hundreds of hours per month!

However, in order to maximize the potential of this enormous opportunity for operational productivity increase, establishing clear guidelines for standard operating procedures is key. By instituting either one of the following measures as protocol, properties achieve the total efficiency benefits of this solution:
- **Employees spend more time with guests –** In a hospitality or retail environment, many would agree that guest-facing interaction is the most valued cashier employee contribution. If a cashier now has 30 minutes more per shift, the cashier can now spend this additional time with guests and patrons.
- **Shorten employees shifts –** When hourly employees clock out earlier, this can save significant labor costs. It is important to measure the time between the POS station, the drop area, and the time clock. In addition, setting protocol timeframe expectations for the "new" end of shift process is key.

3. What will change in regard to audits, risk reduction, and internal controls?

Automation replaces the human element involved in cash operations management and eliminates several of the steps required in the traditional audit process. Please note, it is important to review local SOPs with the audit and compliance teams to discuss each property's specific process. However, in general, *properties achieve the following new efficiencies*:
- Electronic drops and POS integration – This technology automatically provides the management team with the reports and forms needed to manage cash over/shorts.
- House float reduction – Maintaining significantly less cash on the floor greatly reduces risk for human error, fraud, and theft.
- Blind Drop Process – When cashiers initiate blind drops, they return all sales and original till amounts to the machine in a single drop transaction, enhancing cash accountability at the property.
- Increased control and separation of duties –
  - Eliminates physical keys and vault lock-boxes
  - Utilizes biometrics to check-out and return cash banks
  - Guarantees accountability with integration to POS and PMS data
  - Provides the balance inventory of all cash at the property at anytime

In addition, for most properties, the cash machine *eliminates*:
- Monthly "bank audits"
- Requirements for a "paper drop log" and an "end of shift" witness

- Daily bank deposit – Since the machine provides details of the daily collections by day and recycles the on-hand cash, in most cases, hotel properties no longer need to make daily bank deposits.
- Unrestricted access to cash – all cash can be tightly controlled while still allowing 24-hour access for change buying, bank processing, drops, and duebacks.

4. Do I still need a general cashier?

Automation will replace several of the traditional tasks of a general cashier. Specifically, the general cashier will no longer need to count drops, issue banks, or pay duebacks. Nevertheless, it is important to note that the property will need to assign one associate with the following machine-related tasks: extract deposits, manage non-cash drops, and regulate the cash amount in the machine. These tasks typically require, at most, a few hours per week. As such, many hotels now operate without a general cashier, as management or accounting can easily manage the cash in just minutes per day.

5. How should I establish cashier till mixes?

In a cash recycling environment, till mixes are typically less than what operations use "today". When defining your optimal till mixes for your cash recycling environment, it is important to consider the following aspects:
- The recycling component of a cash machine allows the management team to reduce the amount in each cashier's till.
- Cashiers will have 24/7 access to "Buy Change" from the machine.
- Manager banks are not needed for tips or change.
- Every cashier employee will receive a "fresh" till at the beginning of each shift, containing the specified mix of cash.

6. In a hotel or restaurant environment, can tips be paid out at the end of shift?

Many hospitality environments require management to provide cashiers with cash tips via "duebacks" at the shift's conclusion. With a cash recycling solution, the cashiers have access to self-service duebacks. This means the management team no longer needs to distribute cash tips at the end of the shift. Instead, cashier employees receive their accurately allocated tips directly from the machine at the end of their shift.

7. How will sending money to the bank work?

The "recycling" feature of a true cash recycling solution dramatically reduces the amount of bank deposits required. For cases in which *Tips Out* approximately equals the amount of *Cash In*, a bank deposit happens as little as every two weeks. Most properties currently using this solution typically complete one weekly deposit. However, the frequency of bank deposits depends on the volume of cash in circulation at the hotel or store.

When estimating the amount of bank deposits, please keep in mind the following aspects:
- **Courier Pick-ups** – Since typically the large denominations and "unfit" bills are flowing into a deposit cassette, the deposit builds in the machine, while the smaller bills ($20, $10, $5, $1) can be utilized for operations. Reducing the frequency of courier pick-ups dramatically cuts the associated monthly expenses.

- ○ **Deposit Fees** – Fewer bank deposits reduce the fees related to these deposits, such as the fees for inaccurate deposit counts, etc.
- ○ **Change Orders** – The machine's recycling feature reduces the number of change orders and keeps change in the hands of the operations team.

8. How much can I expect my house float to decrease?

In a recent installation, replacing the traditional "lock boxes" with the machine's recycling feature enabled this property to reduce its house float from $130,000 to just $30,000. In most cases, by reducing both house banks and the general cashier fund, hotels and stores can lower the house float by at least 50%.

9. Do I still need spreadsheets to reconcile against the POS?

With a complete cash recycling system, spreadsheet reconciliation is no longer needed. It is critical to ensure that the machine hardware selected maintains certified integration with SecureDrop. This integration allows for automatic reconciliation of POS and PMS data against the cash drops, with corresponding over/short workflows.

10. How do I calculate my ROI?

ROI calculations vary greatly depending on the property. The cash management costs and labor in the existing process are specific to each property. Nevertheless, most properties achieve a full ROI in just 10-24 months. See the typical ROI calculation:

- **Productivity Savings**
  - ○ **Operations –** The typical end of shift savings per cashier is approximately 30 minutes per cashier per shift. Hotels and stores save significant time in this regard, especially when you calculate the entire number of cashier employees on staff.
  - ○ **General Cashiering –** The machine's capabilities eliminate the time and labor associated with counting deposits, issuing banks, auditing banks, providing change, and paying duebacks.
  - ○ **Accounting / Income Audit –** The property or store no longer needs to spend hours generating manual spreadsheets to reconcile drops against POS/PMS, create cash journals, report on cash at month's end, or calculate over/shorts. The machine automates these tasks.
  - ○ **Manager Time –** The tasks of counting drops, auditing banks, and distributing change are accomplished in just minutes by the machine.
- **Direct Fee Reduction**
  - ○ **Courier Fees –** The machine's recycling feature oftentimes dramatically reduces the need for frequent courier pick-up, thus cutting courier fees. For cases in which the courier counts the "individual drop envelopes" off-site, the property achieves an even greater savings on these fees.
  - ○ **Bank Deposit Fees –** With fewer deposits to the bank, the deposit fees from the bank also decrease. In addition, as a result of the machine's automated counting capability, this solution generates the exact deposit and, therefore, eliminates the fees once charged for discrepancies.
  - ○ **Drop Supplies –** Given the machine's capabilities, the time and labor once associated with drop envelopes and maintenance of lock-boxes and other traditional drop supplies decreases.
- **Compliance**

- ○ **Audit Simplification –** Since several of the audit steps are eliminated, so too are the majority of the tasks that are traditionally performed to ensure compliance with cash management policies. The automation aspect guarantees accurate data throughout the entire process.
- ○ **Insurance and Risks –** By reducing the amount of cash on-hand and increasing the control, the costs of insurance premiums reflect the risk reduction accomplished by the automated process.

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