

Direct Deposit

Banking ties, technology help cut float, prep time for cash deposits

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While credit-card fees prompt retailer cries of woe, the other end of the game—cash management—remains an unsung burden of reconciliation, prep time for deposits and the dreaded exposed walk to the nearby bank.

Developing technologies and growing ties between cash-management providers and banks appear to be ushering in the day of automated deposits, in which putting cash into the store safe's bill acceptor replaces that back-office counting and that risky trip to the bank.

"We've partnered up with banks so that [retailers] can get credit for money in the safe, whether or not that money has been brought to the bank yet," says

Fred Purches, senior vice president of strategic solutions and project management for Brink's Inc., Dallas. "It's as if you moved the bank to the store."

Of course, cutting the time needed to reconcile shift drawers and physically make deposits, as well as the potential reduction of float time, are benefits any retailer would want. The concern becomes cost because, at least for Brink's, what the company calls "same-day credit" for cash is bundled into the larger package that includes armored-car service.

Cost can be an even greater issue for smaller chains or single-store owners, who need to watch operational costs, especially when gasoline mar-

gins get squeezed.

Still, Purches says workplace safety and cash-management efficiencies often transcend cost, even for smaller companies. "We have customers across the spectrum," Purches says, citing how some Brink's customers own one store and others have thousands. "The notion of using an armored-car service ends up being a philosophical decision for ... store [management]. Something will happen; maybe someone gets robbed. There's a financial exposure, cost and a psychological component."

Fast Food, Fast Money

C-stores hold more than 50% of the 6,000 safes currently installed with some portion of Brink's bundled offer. Same-day credit has been an option for about a year. While Purches could not say how many c-store retailers have moved to the same-day-credit functionality, he says customers have definitely started to add the service and others are considering it. One large chain that has publicly announced its use of the service is quick-serve hamburger chain Wendy's, Dublin, Ohio.

For Wendy's, the service is not quite "same day," with store safes getting polled at 3 a.m. and then the availability of funds coming hours later with the next business day. Brink's officials say it's an optional setup. Banks typically close out the day at 6 p.m., so for retailers who prefer a faster turnaround,

MONEY MAN: The armored-car service has evolved into a cash-management solution for many retailers.



Calculating ROI

Besides the key benefits of reducing float and increasing safety, retailers hoping to thoroughly investigate the options of armored-car service and same-day credit for cash deposited in store safes can evaluate savings on the cash-management end.

Ed McGunn, CEO of Corporate Safe Specialists, Posen, Ill., says playing with the numbers can give retailers a picture of how such an expense—which could range from \$500 to \$600 per month per store—could balance out in the end. The subtotal is calculated by taking into account the counting, preparing and delivering of cash deposits with a supervisor at \$11 per hour and a manager at \$9 per hour.

Balancing cash in the till:	1.75 hours
Preparing bank deposit:	+0.75 hours
Delivering deposit to bank:	+0.75 hours
Subtotal:	\$65
Average cash loss per day per store:	+5
Total average traditional cash-management cost per store per day:	\$70
Monthly tabulation:	\$70 x 30 days = \$2,100

a 5 p.m. poll could clear funds in the safe that very day. In any case, estimates are the service will save the fast-food chain \$3 million annually.

Chris Manning, director of loss prevention and security for Wendy's, says that on average, store employees previously spent 27 hours a week doing cash-

related activities, which included counting the till up to three times a day. He says managers who were better skilled at getting freshly made meals to customers cited counting and reconciling cash one of the most difficult parts of their jobs.

For Manning, the chain tested and implemented the service for myriad reasons, "but mainly to save on fees and costs associated with banking," he says. "Life safety and loss reduction were also instrumental in our ROI model."

Getting There

For the c-store industry, which runs the gamut in terms of electronic sophistication, the traditional cash-management process starts with a shift cashier clipping bills together and dropping them into a safe near the register. At the end of the day, a manager or supervisor opens the safe, takes the accumulated cash into the back office

and prepares the pile for deposit.

"Sometimes there are discrepancies and then arguments between the clerk and the manager, even if it's just \$20 is missing," Purches of Brink's says. "It's not a clean process."

The entire cycle takes a manager anywhere from two to four hours a day and ends with the manager walking or driving the deposit to the bank.

Over the years, safe manufacturers (which over a decade ago included Brink's) have developed computerized product lines that improved in terms of software year after year. Hardware also has evolved, with options including safes that accepted stacks of cash or ones that had two bill acceptors built into them, Purches says.

The drive to automate safes sprang from a desire among retailers to manage their equipment remotely, says Ed McGunn, CEO of Corporate Safe Specialists (CSS), Posen, Ill. Brink's uses CSS hardware as part of its solution. "For us, it started with customers wanting to change the alarm codes remotely," McGunn says. "But once you put a computer into the safe, you could do things like tabulate deposits."

Bill validation advanced as bill readers became more functional and robust. "Instead of manual deposits, with a bill validation [device], you could see every single note go—in real time—into the safe," McGunn says, citing how the advancements really began around the year 2000. "So now, all of a sudden, store owners had this power."

Banking Ties

Still, while technology advancements began to open the door to things such as same-day credit for cash deposits, a vital piece was missing. For Brink's, that



SAFE EVOLUTION: Computerized systems have made today's safes capable of remote applications, including same-day credit for cash deposits made at store safes.



SHIFTING RESPONSIBILITIES: For everyone from single-store operators to multistore retailers, corporate philosophy dictates the use of armored-car services.

critical link was a strong relationship with banks. It's something that began to open up when financial institutions in larger and larger numbers began outsourcing cash-management needs.

Because Brink's was already providing transportation services to banks, Purches says, processing money was a logical step. That part of cash routing entails a "cash vault," or a secured location where people actually count and reconcile paper money and coins.

Brink's developed a relationship with the top banks over time, which led to an in-house infrastructure designed for cash-vault services. That foundation allowed the company to then move to providing retailers with same-day credit.

Today, many banks allow Brink's to provide this service to retailers. "The bank needs to agree to do this as well," Purches says. "It's the bank's willingness to say, 'I'll give you the credit at the store [level].'"

Though Brink's cannot force a bank to participate, retailers can request that banks consider allowing the service or, in a more extreme case, the retailer can change banks. The second alternative sometimes is a valid choice because one of the benefits of the same-day credit service is the ability to consolidate bank accounts.

"If you think about it, in the old way [retailers] were picking banks based on proximity to their stores," Purches says. "With the armored service, you needed fewer and fewer banks."

Key Benefits

While many retailers may still be at the point where they're considering the larger service of armored-car delivery, the addition of same-day credit for cash deposits provides numerous benefits in and of itself, according to Purches of Brink's. Here are a few:

- ▶ Accelerates credit of funds. The service cuts the float time associated with cash deposits to about 12 hours.

- ▶ Consolidates banking relationships. Retailers no longer have to pick a bank based on how close a branch is to a store.

- ▶ Saves store-manager time. Counting cash at the store becomes a thing of the past.

- ▶ Limits risk of internal theft. The service reduces the amount of cash accessible to employees.

- ▶ Limits exposure and the time needed to go to the bank. The risk of walking or even driving to a nearby bank is eliminated.

As technology and trust between processors and banks develops, retailers may begin to see float on cash deposits evaporate entirely. McGunn of CSS says increased efficiency and accuracy also will follow.

In the long term, the same platform could extend to different parts of the store, he says; for instance, customers could pay for coffee right at the coffee maker—and have that cash collected and credited directly to a retailer's account.

"What if the c-store did not have a cashier?" McGunn asks. "I imagine increases in sale space and an employee that's there to help the customer vs. acting busy or completing transactions." ■