

LOOMIS

Increase Efficiency

Cut Labor Costs

Optimize Cash Flow

ULTIMATE CASH HANDLING GUIDE

FOR RESTAURANTS

Table Of Contents

Introduction	3
The Importance of Cash Today	4
The Cost of Overlooking Cash Handling	5
The Hidden Cost of Payments	7
Eight Steps to Handling Cash like a Pro	8
The Benefits of Automating Cash Handling	10
Time Savings Case Study	11
Leveraging Technology to Optimize Cash Handling	12





Introduction

COVID-19 Pandemic

Due to the current labor environment and industry-wide supply chain shortages brought on by the 2020 COVID-19 pandemic, restaurants are now focused on how to maintain or improve store operations through technology and automation. One area of operations that is often overlooked is cash handling. Most restaurants don't quantify the cost of cash handling for their business, but between counting, recounting, depositing, reconciling, and delivering cash to the bank to make a deposit or get change, there can be a huge time and labor commitment to cash.



This guide will help you identify your operation's cash needs, highlight opportunities for improvement, and other viable solutions that will increase efficiency, reduce costs, mitigate risk, and increase overall transparency into cash operations.



The Importance of Cash Today

A consumer's right to pay with cash was threatened during the pandemic as many restaurants attempted to ban cash transactions because of the fear that cash could transmit the COVID-19 virus. However, this was quickly debunked by scientists, and it is important to remember the role of cash in society today. In fact, the Diary of Consumer Payment Choice, an annual research report conducted by the Federal Reserve, has recently released findings of consumer payment behavior from 2021. Cash accounts for 36 percent of all in-person transaction payments, and the amount of cash carried by consumers has increased by $20 in 2021 with the average now at $74.

Removing cash as a viable payment method would have severe consequences for consumers and businesses alike because it not only disenfranchises a large group of the population that prefers cash as their payment method, but it limits the overall amount of consumers a business can sell to.

There are ***four*** main reasons that cash remains an integral part of society:

01 **Cash does not discriminate**
More than 26% of the U.S. population is unbanked, meaning they don't use banking services at all, or underbanked, meaning they might have a checking account, but they do not use any lending services. Cash is the primary form of payment for this group.

02 **Cash keeps costs low for businesses**
There are often equipment fees, processing fees, and interchange fees associated with card payments. There are no additional fees or costs to the business with cash payments.

03 **Cash protects consumer privacy**
The desire for privacy is a major contributing factor when it comes to the future of cash, and many consumers already have a significant amount of distrust when it comes to digital payment methods due to the increased risk of identity theft and fraud.

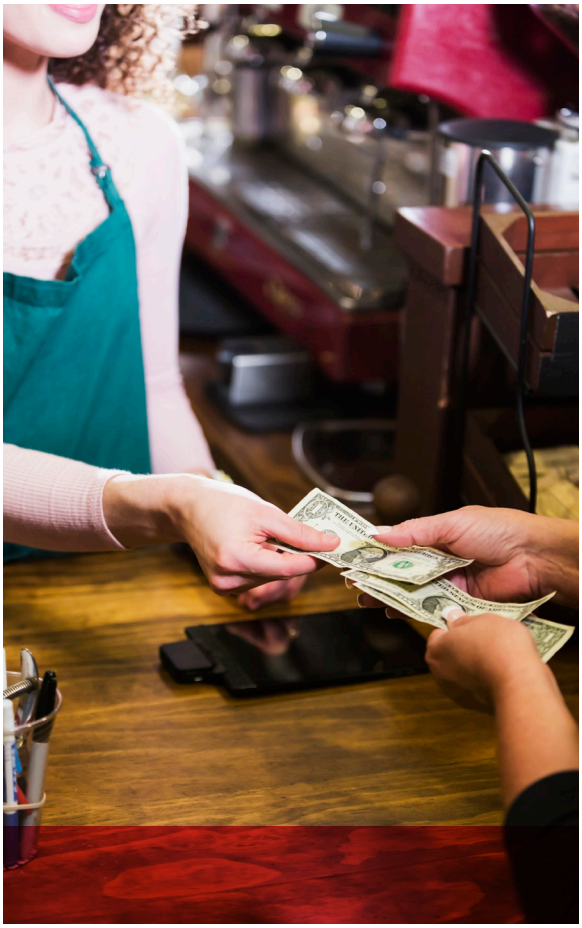
04 **Cash is reliable**
There are times when payment apps go down, the internet goes out, there's a loss of power, or even a natural disaster. In these moments, electronic payments are often useless, but cash is not.



The Cost of Overlooking Cash Handling

The COVID-19 pandemic has driven significant changes in the retail and restaurant industries as they evolve and adapt to meet challenges such as a tighter supply of labor, higher per hour wages, and consolidation of banking center locations.

Bank branch closures is one of the challenges with the most significant impact on restaurants and their cash. The topic of branch closures is not new and has been ongoing since 2011 as the rate of branch closures has been steadily increasing. However, the COVID-19 pandemic has rapidly accelerated the number of branch closures since 2020. According to S&P Global, 5,231 branches closed during the COVID-19 pandemic, with 2,927 branch closures in 2021 alone.



Why? Because COVID-19 drastically changed consumers' desire and willingness to have in-person interactions. This has led to a permanent shift in how people access financial services, but also how financial institutions choose to operate and conduct business with commercial customers. For restaurants, this means longer drives for deposits, change, and other banking services, an increase in banking relationships/providers, and an increased cost for banking services.

While these changes are here to stay, cash handling continues to be overlooked. Many restaurants will find that when cash handling is evaluated, the solution they put in place 5-10 years ago no longer fits the business's needs, or they are still handling cash manually, which can negatively impact overall retail operations in the following ways:



Increased Cash Discrepancies, Shortages, And Errors

Manual cash counting often requires two or more employees to verify totals. However, manual counting leads to increased cash discrepancies which cannot be easily rectified due to the lack of transparency into when the cash was counted and who handled it. In addition, there is an increased risk of missing counterfeit bills. According to the National Retail Federation, retail shrink, inclusive of theft, fraud, and other losses and shortages, totaled $61.7 billion in 2019 and has remained steady with the average percent of shrinkage being at 1.6 percent of total sales.

Increased Security Risk

When cash is openly handled and vulnerable, there is an increased risk of internal theft since it can't be tracked and individual employees can't be held accountable. In addition to internal theft, open cash handling makes your location a target for external robbery or burglary which puts both customers and employees at risk of injury. On average, a successful burglary attack can cost a business a minimum of $16,000 between cash in the store and damage done to the location. Even an attempted burglary could cost a business up to $10,000 in damages alone and put customers and employees in harm's way.

Increased Labor Cost

Manual cash handling leads to increased labor costs for restaurants. Restaurants need employees to arrive early and stay late for shifts for manual cash handling tasks such as till prepping, cash counting, preparing bank deposits, and even going to the bank to make the deposits or get change. Manual cash handling can cost up to an extra 60 minutes to 4 hours a day on labor depending on the size of the retail operation, and often takes time away from important tasks that add more value to the business.

Misallocated Resources

Staff often work additional hours to count the cash, prep tills, or visit the bank for change before their shift if necessary. Supervisors often oversee most cash handling tasks which take away from their other responsibilities as well. Manual cash handling ties up resources that could otherwise be applied to revenue-generating activities such as customer service. A positive customer experience is vital to building loyal clientele and if employees don't have time to create that experience, store sales will suffer.



The Hidden Cost of Payments

Many argue that digital payments are the future, and that cash will no longer need to be used. However, that is not the case and there are many additional costs associated with digital payments that are non-existent with cash payments. Outlined below are examples of payment-related costs restaurant operators must consider:

Accepting Checks

The most expensive form of payment for restaurants is accepting checks. The Wall Street Journal reports that a business can spend up to $25K on materials, labor, postage, and banking fees to cash checks. Checks also cause headaches for your Accounts Receivable department. If a deposited check bounces, there will be an additional returned check fee along with the pain of collecting the money you're due.

Chargebacks

Chargebacks are costly to restaurants. Not only do they lose money from disputed sales and incur chargeback fees, but credit card processors might drop a merchant for having too many chargebacks.

Credit Card Fees

While many voices are claiming that cash is more expensive than other payment methods, credit card transaction fees can cost a business 2.25-3.5 percent of each sale.

Data Breaches

According to Security Intelligence's 2021 Cost of a Data Breach Report, the average cost of a data breach in retail in 2021 is $3.27 million. However, there are also the unquantifiable costs of a data breach including the company's reputation and customer loyalty.



Eight Steps to Handling Cash like a Pro

Now that you understand the cost of cash and its importance, you are ready to begin investing in technology and automating your retail business's cash handling. Below is an eight-step plan to help you reach your cash goals based on industry-wide best practices:

01 Evaluate your store's cash needs.
Take the time to evaluate your current cash handling processes. Make sure to include how much time, money, and staff it takes to complete your current daily cash handling tasks. We recommend using the list of questions on the next page in the section titles "Important Questions to Ask Your Cash Management Team".

02 Review the results.
Once you've evaluated your store's cash needs, you'll be able to identify areas of improvement and look for solutions that can help optimize your cash handling. With the help of a cash management expert, you'll be able to see exact calculations on savings and operational improvements that are possible with cash management solutions like smart safes, recyclers, change order management, or an all-in-one-solution like Loomis's SafePoint. SafePoint is a cash handling solution comprised of smart safe technology, change order management, armored transportation, and a proprietary online reporting platform.

03 Invest in cash technology and find a reliable cash management partner.
The need for cash management services is growing, and many businesses are looking for a partner that can provide a more transparent and user-friendly experience. When considering a cash management partner, ensure the following is offered:

- Prompt answers your questions and concerns with a dedicated account representative and support center
- A customer portal that provides a way to stay on top of your business's cash flow from anywhere, at any time
- Minimized third-party involvement in daily operations to reduce timeline setbacks
- Easy to consume data that helps you make better business decisions and manage exceptions
- Flexibility in terms of the types, size, and costs of solutions based on how much cash a store deposits and manages
- Help analyzing store operations and guidance on operational best practices allowing maximized use of the technology

04 Standardize the cash handling process.
There's no one right way to handle cash. Every business is unique, and retail leaders need to work with their management to standardize the cash handling process.

Here are a few things to consider:
Who handles money and how much do they handle? Having one person manage and handle all the cash for a location leads to opportunities for error or internal theft. It is important to add a second person to the cash handling process to increase accountability and reduce human errors. But if you are using a cash management solution like a smart safe, you can feel confident

that everything inserted into the safe is properly counted, and each employee is provided a unique identifier so you can track who deposited cash and when.

How often should you make deposits based on location? Having too much cash on hand becomes a security risk, so it is important to make deposits when your store reaches a certain cash level. If you're not using a smart safe solution, this means potentially going to the bank multiple times a day.

05 **Focus on security.**
If you're using a cash management solution with smart safe technology, then you can easily deposit and verify large bills knowing your cash is protected. However, if you're not, it is recommended that the managers who are moving cash to the bank themselves leave at different times every day to not create a pattern and avoid potential theft.

06 **Emphasize training and re-training employees on the new cash handling process and technology.**
Your employees will always be a part of the cash handling process so training them is vital to minimizing errors and eliminating bad cash handling habits. It is just as important to re-train more tenured employees as well as new employees. This allows your management team to be aware of any bad cash handling habits such as depositing small denominations that could be used to make change. It is recommended you develop a regular training schedule for all employees to ensure your processes are being followed.

07 **Always have a paper trail.**
Manual processes mean more human errors, but the use of automated cash handling technology can greatly reduce errors and can help you quickly correct them. Smart safe and cash recycler solutions come with a customer reporting portal that allows management to view safe user activity such as who is inserting cash into the safe, how often, when, how much and by denomination. These same platforms also give management insight into each location's cash situation, provide a variety of exportable financial reports, request service, and manage support tickets. If you're not using cash handling technology, it is important to keep cash receipts and supporting documentation for each till count and deposit to create a paper trail.

08 **Evaluate (and re-evaluate) the process.**
The new cash handling process should be evaluated every 60-, 180-, and 360- days after implementation. During this time certain improvements should be evaluated such as time spent on cash handling tasks. Your selected cash management partner should have a dedicated account manager and support team to ensure everything is running smoothly and you are on your way to significant improvements. After the initial implementation, it is recommended to evaluate your cash handling solution every 3-5 years as cash needs and usage change over time.

Important Questions to ask your Cash Management Team

- Are there a standard set of cash handling processes for your stores?
- How much time is required to complete daily cash handling tasks such as building registers, closing registers, making intraday drops, creating end-of-day deposits, and driving to and from the bank?
- How much cash and coin is being held in your store's inventory?
- What percentage of your sales are cash?
- How often do you make deposits?
- Who is responsible for making intraday or end-of-day deposits?
- How are deposits made?
- What are your bank fees related to deposits?
- How many depository relationships do you have?
- How much time does it take to create, make, and reconcile deposits?
- How are cash discrepancies tracked and who is responsible for fixing them?
- What percentage of sales are in shortages or internal loss?
- How could more visibility into the cash supply chain help your business' operations?
- Has your business been targeted by criminals or located in a high crime area?
- If you're going to the bank daily, could you benefit from gaining access to your cash deposits overnight?



The Benefits of Automating Cash Handling

Increased Visibility

01 Enterprise-wide reporting

02 Gather real-time insights into each store's cash situation

03 Know exactly who and when cash was accessed or deposited

04 Quickly solve cash discrepancies

05 Access cash insights remotely anywhere, anytime

06 Make strategic business decisions

Enhanced Security

01 Eliminate bank trips to make deposits and change

02 Keep funds safe

03 Reduce opportunities for robbery, burglary, and internal theft

04 Reduce idle cash inventory on-hand

05 Reduce risk to employees and customers

Lowered Costs

01 Increase flexibility to better plan staffing resources

02 Reduce operating costs

03 Increase productivity through more efficient cash handling processes

04 Customize armored car schedule

05 Reduce change order frequency

06 Decrease bank fees

Increased Efficiency

01 Streamline cash flow

02 Accelerate deposit credit

03 Improve employee time management

04 Optimize best practices and training surrounding cash handling

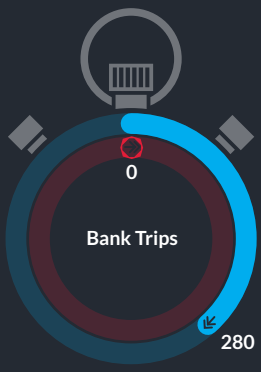
05 Spend less time on cash discrepancies and exceptions

06 Track your deposits and change orders

07 Less complicated deposit reconciliation

Time Savings Case Study

For the purpose of this time study, labor costs $20 per hour and we have divided daily cash handling into four different tasks: bank trips, deposit prep, drawer/till reconciliation, and store reconciliation at centralized treasury accounting.

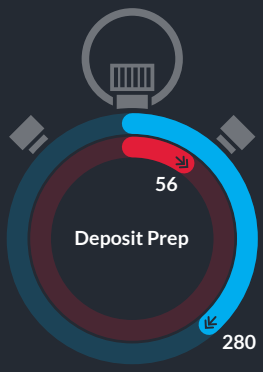


280 minutes spent before automation

0 minutes spent after automation

$93.33 cost value @ $20/hr

$0 cost value @ $20/hr

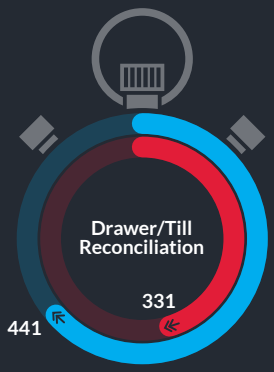


280 minutes spent before automation

56 minutes spent after automation

$93.33 cost value @ $20/hr

$18.67 cost value @ $20/hr



441 minutes spent before automation

331 minutes spent after automation

$147.00 cost value @ $20/hr

$110.25 cost value @ $20/hr



15 minutes spent before automation

3 minutes spent after automation

$147.00 cost value @ $20/hr

$1.00 cost value @ $20/hr

Save Time and Money with Automation

You can see that cash automation technology saves restaurants a significant amount of time associated with cash handling tasks. Based on our research, restaurants can save $10,000+ annually and more than 500+ hours in labor through the use of cash automation.

Disclaimer: Please note that this is not a comprehensive list of tasks because each individual business is unique and spends different amounts of time on cash handling tasks.

$10,000+
ANNUALLY

500+
HOURS



What's Next?

Leveraging Technology to Maximize Cash Handling

In today's climate with the labor shortage and rising wages, restaurants should be looking for ways to automate and optimize as much of their business as possible so they can continue to focus on revenue-generating activities. Cash handling is a time-consuming and low-value task at the end of the day. Therefore, it is more important than ever to find a reliable cash management partner that can offer extensive experience and industry knowledge to provide a tech-forward, configurable solution. Keep in mind that not every cash management provider is embracing new technology, but many of the advancements available today are centered around creating a more user-friendly experience for customers. This includes software that tracks armored car movement and cash delivery through barcode scanning to methods of monitoring and maintaining business accuracy in performance and accountability.

An automated cash management system can eliminate the unproductive, low-value tasks of counting and handling cash, opening and closing registers, creating end-of-day bank deposits, and making one or more trips to the bank. The right cash management solution helps you streamline the entire process and not only cut costs but also increase efficiency and improve your bottom line.

FOR MORE INFORMATION AND TO SPEAK WITH A REPRESENTATIVE, SCAN THE QR CODE

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