

Driving Change in Automotive Retail: Sonic Automotive and the Smart Safe Solution



Many retail businesses are streamlining cash handling, reducing risks and costs, and increasing profitability with the smart safe solution.

INTRODUCTION

An estimated 1.5 million retail locations in the US are exposed daily to the risks and costs associated with the handling of large amounts of cash. Managers and owners of quick service restaurants, convenience stores, and automotive dealerships often see profitability and productivity suffer due to a cash handling process susceptible to theft and in need of constant management. Many single and multiple location retailers are finding that the loss of valuable revenue due to inefficient cash handling processes demands a comprehensive solution to successfully address the problem.

The most effective cash handling solution utilizes an advanced smart safe integrated with armored transportation, and provides comprehensive online account management. Providing protection from cash shrinkage, the optimum smart safe solution allows managers and owners to spend less time on the cash handling process and more time optimizing their business.

The key to finding the best smart safe solution is partnering with a cash handling company that can deliver a streamlined cash handling solution that increases profitability as it decreases costs and mitigates risk.

Benefits of the Smart Safe Solution

Retail businesses that utilize a cash handling company with a strong smart safe solution see a reduction in the theft, loss, and shortages that drive cash shrinkage. With a smart safe, cash is fed into the safe and counted, eliminating errors, and the safe's sensors quickly identify and reject counterfeit money. All employee transactions are tracked by individual cashier or manager, taking the guesswork out of the error identification process. By providing a complete record of the cash flow process, the retailer's costs associated with cash

shrinkage are dramatically reduced.

By integrating the smart safe with strategically scheduled armored transportation, risk is mitigated at the retail location. Retailers who once used armored transportation to reduce the risk of robbery and injury to employees making bank deposits gain an additional benefit with the smart safe solution; once cash is verified in the smart safe, the cash is counted as provisional credit to the retailer's bank account. Because the smart safe can hold the cash securely for longer periods of time, the frequency of armored transportation decreases. The smart safe keeps the cash secure until a pickup is necessary.

With the right smart safe solution, the costs associated with managing the cash handling process are reduced, increasing profitability. The key to finding a successful smart safe solution is to identify the right provider dedicated to a partnership tailored specifically to the retailer's requirements.

LOOMIS US

To establish itself as a major player in providing smart safe solutions, Loomis US continues to innovate its line of SafePoint® smart safes. As the cash handling company in the US that serves as a single source for site assessment, installation, service, and support of its line of smart safes, Loomis US has demonstrated a commitment to the smart safe solution with its fully scalable cash management system that can be tailored to the retailer's specific cash handling requirements.

Retail customers can manage their Loomis SafePoint account with Loomis Direct, the innovative online dashboard that allows easy access to single and multiple locations, providing a window to all safe transactions in their network.



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Jeff King, Procurement Director, Sonic Automotive

The newest SafePoint smart safe, the innovative ‘Titan,’ offers 100% remote capabilities for software and configuration updates, which eliminates the need for on-site service visits. On-screen tutorials keep the smart safe running smoothly and walk the customer through the diagnostic process. If a service call is necessary, all SafePoint safes can be accessed by the Loomis service technician’s PDA device. No hardware key is necessary, which expedites servicing of the safe.

With all SafePoint safes, once cash is validated by the safe, the retailer’s funds are guaranteed against loss, robbery, or theft. Cash verified in the safe posts to the retailer’s bank as provisional credit through the Loomis US partnership with over 165 financial institutions, which decreases the frequency of armored transportation pickups.

With a focus on developing mutually beneficial and strategic partnerships with customers, Loomis US demonstrates a commitment to service and leadership in the marketplace.

SONIC AUTOMOTIVE

Headquartered in Charlotte, NC, Sonic Automotive is among America’s largest auto retailers, with more than 115 locations in 13 states. A Fortune 500 company, Sonic Automotive represents 20+ automotive brands, such as Lexus, Mercedes-Benz, BMW, Honda, Toyota, Chevrolet, and Ford. The company sells cars, light trucks, and replacement parts, and also offers vehicle maintenance, warranty, paint, and collision repair services.

Pitfalls of the Retail Cash Handling Process

Four years ago, Sonic Automotive was subject to the pitfalls of the retail cash handling process involving managing risks and costs. Employees were tasked with making bank deposits, which put the employee at risk of injury and robbery. Recognizing the lack of safety and security in this process, Sonic Automotive used several armored car services to handle pickups at its over 100 locations. While this approach mitigated the risk of robbery and injury, other problems arose requiring a dramatic solution.

With the armored car services, managers and supervisors struggled

to prepare the deposit at the predetermined time to accommodate a pickup. The paperwork and record associated with using multiple armored car services and banks created operational bottlenecks. In addition, armored cars stopping at over 100 stores every day for six days a week proved to be expensive. The assessment of late fees by the armored car companies when the stores were late in preparing the deposits were prohibitively expensive, and impacted Sonic Automotive’s profitability.

“The armored cars were safer than our previous model,” explained Jeff King, Sonic Automotive’s Procurement Director. “They were also costly and inconvenient. Plus, the system was hard to manage. We were utilizing several armored car services across all of our stores, which came with varying rate structures.” Managing the process was driving up Sonic Automotive’s overhead.

“After doing our homework, we decided to install smart safes instead,” said Rina Patel, Sonic Automotive’s Treasury Manager. “We compared units from several vendors. But the ‘Series 4’ smart safe which was an integral part of the Loomis SafePoint solution gave us everything we wanted and more.”

Establishing a Partnership

As a single source provider for site assessment, installation, and service, the Loomis SafePoint solution appealed to Sonic Automotive. Loomis US provided armored transportation, the real-time account management dashboard Loomis Direct, remote capabilities for software and configuration updates, and a guarantee that cash validated in the safe is protected against loss, robbery, and theft. A critical component of the equation was that with the SafePoint solution, cash verified in the safe posted to their financial institution as provisional credit to their bank account.

THE PARTNERSHIP

Loomis US and Sonic Automotive

Following a two-month pilot program, Loomis US began rolling out the SafePoint ‘Series 4’ smart safe to the 103 Sonic Automotive locations in November 2012. The smart safe featured dual bulk note validators, a standard cassette of 1,200 notes, and a storage vault at its base. The safe also featured a 7-inch color screen with enhanced



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Rina Patel, Treasury Manager, Sonic Automotive

touch screen capability, a validator maintenance door for clearing note jams, and a CPU and power supply easily accessible via the console, which made for faster, safer, and less costly services calls. Each store received one safe, but some stores added a second later on. The installation went smoothly, with everything going live in January 2013.

“With the smart safe solution, the deposited cash is almost irrelevant because we get provisional credit,” said King. “That, in turn, enabled us to cut back significantly on our armored car pickups. Instead of having them stop daily at each location, we now have them stop once every ten days or so, cutting expenses dramatically. Plus, we know exactly how much cash we have at a moment’s notice.”

The smart safes presented no major disruptions in store operations. For management, it eliminated the daily deposit, late fees, trips to the bank, and paperwork. With the Loomis Direct online dashboard, Sonic Automotive had a top-down view of all the safes, plus a daily view of each store’s deposit. For store associates, it simplified cash handling. Now, when a customer pays a bill, the Sonic Automotive employee and the customer go to the smart safe together. After the employee deposits the money, the safe generates two receipts. One goes to the customer, the other goes to Sonic Automotive.

“The smart safes had little impact on store routine,” said Patel. “Plus, the dealerships got added protection against counterfeit bills. So, no one has to worry about getting stuck with counterfeit bills. What’s more, by implementing this solution, we were able to consolidate our armored car and banking relationships from several partners to two. That was a huge expense reduction for us.”

By simplifying how Sonic Automotive handled cash, Loomis US closed the gaps in its cash handling process. In addition, it increased safety, increased the accuracy of cash counts, and eliminated the headaches involved in dealing with several armored car services and banks. More importantly, it cut the company’s expenses and boosted profitability.

“When we first looked into smart safes, I thought that there was no way the upfront cash investment would make financial sense,” said King. “I didn’t think we could save money with the price for 100-plus safes and transportation by armored car. But after crunching the

numbers, we realized that it was a no-brainer to deploy the safes at all our dealerships.”

Boosting Profitability

According to King, the numbers showed that the safes would not only pay for themselves within five years, but also cut the cost of using armored cars.

“I can’t imagine us going back to our previous model,” King said. “There’s no reason to do that. We don’t have to deal with multiple armored car services, banks, insurance coverages, liability terms, and rates. Everything is easier to manage with the current solution.” Patel added, “It’s also safer, more accurate, and more convenient for everyone.”

Today, with the ‘Series 4’ SafePoint smart safes, Sonic Automotive’s partnership with Loomis US is increasing safety, productivity, and profitably while reducing costs and streamlining cash management.

CONCLUSION

As retailers use smart safe solutions to mitigate risk, reduce costs, and streamline their cash handling at single and multiple locations, the increased utilization of smart safe solutions will continue to grow. The factors that drive increased usage will continue to be:

- A need to mitigate risks associated with robbery and injury
- A need for increased profitability by:
 - Reducing costs associated with inefficient cash handling processes
 - Reducing costs associated with cash shrinkage

While these factors drive smart safe usage, a strategic partnership of retail businesses and cash handling companies such as Loomis US will determine the level of success achieved. The successful outcome will depend on clear cost reductions, risk mitigation, and a need for increasing profitability.

For smart safe solutions, Loomis US is proving to be the right partner for retailers.