Cash Management Systems
Can you afford NOT to have one?

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In this short White Paper BCP's Richard Marshall takes a look at Cash Management Systems, what they can do for your business and what you need to look out for when choosing a system.

Cash Management – The issues

Believe it or not, cash is still big in retail with, on average, 50% of payments still being made in cash, particularly for smaller baskets/transactions of £20 or less. And the considered opinion is that cash will not disappear. Despite the growth of credit and debit cards and innovations like prepaid wallets, a large proportion of shopping will continue to be done with cash in the future.

Managing this cash can be not only one of the most important aspects of a retail operation, but also one of the most challenging – from the time payment is made at the till point to the time the cash is deposited safely in the bank, monies are at risk. At the same time, the handling and processing of the cash is resource hungry in terms of staff time, supplemented by complex processes to count, check, transport, secure and reconcile the takings.

Recent surveys indicate that UK retailers are losing £1.5billion year, derived from internal theft (49%), external theft (18%), genuine handling errors at till point (19%) and genuine errors during cashing up (14%).

It's estimated that cash shrinkage in retail environment can vary from 0.3% to 2% of cash turnover
And the problem is growing rather than diminishing. Longer opening hours, more open store design, self-checkout tills, the demand for 'cash back' ATM type services at the till, wide exits and fluid boundaries between different shops in shopping centres are all creating additional security demands and the need for different approaches. Yet in many cases, procedures for handling cash haven't changed much for decades.

The Solution – Cash Management Systems

A good Cash Management System will address these issues, allowing you to streamline the whole process, cut costs, improve security, traceability and efficiency and make better use of store staff, freeing them up for more customer facing tasks.

What are they and how do they work

In a nutshell, a Cash Management System - or CMS - is an IT solution which allows you to automate and control all activities related to processing your store takings. They offer an end-to-end solution designed to optimise cash logistics and security from the point of sale to deposit and reconciliation. Store takings are counted automatically and totals fed directly into the system for totalling, reconciliation and reporting.

Key benefits

Cash Management Systems are all about reducing the costs, resources, overheads and risks associated with managing retail cash transactions by simplifying the entire process, from payment through collection to reconciliation and deposit.

The main benefits are significantly *increased efficiency*, through *improved accuracy* and *productivity*, plus *better security* and *control of both cash and data.*

- By simplifying and automating cash processing operations, Cash Management Systems improve speed and reduce costs. Savings can be enormous as coin and note counters can count at a fraction of the time it takes a human being – *and* they can easily detect counterfeit notes or coins.

- Counting errors are 5 times less likely than with human counting – removing the need for double counting and recounting. Automatic input of data to the cash office PC also avoids the errors associated with paper based systems and the manual input of data, as well as saving time.

- A good CMS will also give improved security and control over the cash management process. Many provide a full audit trail for total traceability of transactions and data.

- Reduced shrinkage from staff theft, mistakes at the till or cash office and counterfeit currency is another benefit. The mobile nature of most counting equipment means it can be taken to the till or other cash point. This means that cashing up or spot checks can be done in situ rather than moving large amounts of money around the store.

- A key benefit for most retailers is that the systems free up staff for more customer orientated work and free up management to focus on retailing rather than cash management. By shortening end of day procedures from hours to minutes Cash Management Systems allow store managers to spend that time in the retail area, improving sales, store cleanliness, training cashiers, and overall, improving customer service

- The opportunity to earn more interest on cash banked by processing and banking takings faster, is an additional benefit

Requirements for implementing a Cash Management System

There are two key requirements – *hardware* - the coin and/or note counters and the *specialist software* to operate the system.

Hardware
There is a wide choice of counting machines available, ranging from compact, mobile systems for the smaller operator to large, static counters designed to handle the large volumes of cash taken by big organisations. New ideas and models are coming along all the time. For instance, intelligent cash drawers are now available, which can count the money in a cash drawer and immediately detect a discrepancy.

Software
The software you select needs to be able to work with both the counting hardware you choose and with your own till system. It must also be flexible enough to reflect the way your organisation processes takings and to handle all your requirements in terms of multi site operation, Head Office functionality etc. Here's a quick check list:

What to look out for when choosing CMS software:

The ability to handle non-cash items and other store activities such as kiddies' rides, etc

A good system will allow you to handle all store activities, not just standard till takings. Typically, this can include kiddies' rides, lottery, fuel/forecourt, café, tobacco, charity campaigns, special orders, etc. It should also be able to handle non-cash items such as coupons, EFT transactions, luncheon vouchers, car park refunds, gift tokens, etc.

Flexibility

Most Cash Management Systems are flexible enough to handle an infinite number of till lifts from an infinite number of payment points. They also can be configured to meet your own requirements in terms of floats and till replenishments. But double check the flexibility meets your preferred way of operating.

Reporting & Control

Ensure the system provides comprehensive reporting at the touch of a button and powerful control features to ensure integrity.

Interface to store system data

A good system should allow full reconciliation with data from your store system, including reconciliation at cashier, till and department level.

Retail chains and head office integration

A properly developed system should easily handle multiple outlets and integrate directly to head office systems. BCP's CMS, for example, provides centralised control for multi-site operations. It allows Head Office personnel to set up individual store cash management systems centrally. From Head Office they can collect, monitor and report on data from all stores in the estate, including full reconciliation and reporting by store and area.

The system is rather unique in its use of AIMS Internet Messaging for integration. This gives Head Office staff access to branch data within minutes of reconciliation. As well as delivering real-time financial control, this allows Head Office to detect and act upon any suspicious looking data promptly.

How much does it all cost and how quickly will it pay for itself?

It's not a one size fits all scenario. The cost largely depends on the size of your operation, the software and hardware you choose and the amount you require, but, in general, they are relatively low cost solutions.

Companies often quote an average ROI of 18 months, but, in reality, the savings generated by the systems are so significant that most can pay for themselves within less than 12 months and, generally, the more comprehensive the Cash Management solution, the faster the ROI. Research shows that most major store chains have found they are getting ROI payback in 7 months or less with cash shrinkage improving by over 1% of sales.