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Choosing the Perfect Solution

Macy's West improves **security and efficiency** while reducing costs associated with handling cash

BY MICHAEL HARTNETT

Presidents Day observances can be a not-so-subtle reminder of the problems that can arise when the Treasury notes bearing portraits of former chief executives accumulate in retailers' cash drawers.

All that cash can require a to-do list for those staffers charged with its security, creating a full and timely accounting, reconciling those cash totals with point-of-sale receipts and ensuring that sales associates can always make the proper change.

Certainly, hard cash is not a bad thing, but it does create another set of costs. There is the armored-car service that picks it up and drops it off, the bank fees

STACK THOSE GREENBACKS

The machine has a high-speed counter that sorts and counts up to six denominations for deposit and recycling at a rate of 600 notes per minute. Total capacity is 10,000 notes.



for daily transactions and the staff required to count, track and secure it each business day.

Macy's West tackled this good news/bad news scenario with Perfect Cash, a solution from New Albany, Ind.-based FKI Security Group. The heart of the system is a secure container with touch-screen technology, high-speed reader and counter, controlled access, and the ability to be integrated with a retailer's POS systems and backroom software programs.

The Perfect Cash container offers the security of a safe with the added benefit of being portable, so that cash-handling operations can be moved to create new work stations when and where they are needed.

"For us, it's nice that the machine is a user-friendly size, which means we can relocate it quickly to another area and establish a cash-processing center," says Cindy Pease, division control manager for San Francisco-based Macy's West. "And it's important that the machine is secure. Only designated users can get into it, and they need an identifier."

For Macy's West, operator of

CASH HANDLING

more than 100 department stores, the Perfect Cash system presents a multi-faceted cash-handling solution.

“The biggest benefits we are enjoying are the reduced [cash-] processing time — 50 percent less — and the elimination of human error” from basic computation, Pease says. “For me, the purpose of the machine is to reconcile a perfect mix, which is also a customer-service benefit because the perfect mix is right for making change for the customer, and it is also quick and easy for the associate.

“My cashiers are also my customers,” she says, and with the new system, “all they have to do is push a button to do the other reporting to the processing software. It’s almost fool-proof. The system is portable, secure, easy to use, and it is fast.”

Cuts bank fees

While bank fees for routine cash transactions are on the rise, Perfect Cash has generated reductions in those fees for Macy’s West. For example, change orders can be approximately 15 percent of total bank fee expenses, Pease says, but the new system cuts those fees in half. A significant part of that savings is derived from the ability to recycle cash in store, rather than have to order money from a bank and then send it back at the end of each business day.

“With Perfect Cash, I am replenishing from a denomination standpoint once or twice a day, and the rest of the cash is recycled [within each store],” she says.

Macy’s West was FKI Security Group’s first client when Perfect Cash was brought to market some 18 months ago, says Scott H. Meeker, senior vice president and COO for Fire King Security products.

“Traditionally, our clients have a cash room with a couple of doors and alarms and commercial safes, so actual robberies and burglaries are not a major concern,” Meeker says. “But employee theft is an issue, [and] the scope of the



Macy's new Perfect Cash solution reduces processing time and cuts costs in half.

problem is hard to measure because stores are reticent to talk about it: they tend to lump it in with shrink.

“We have anecdotal measurements that suggest we can cut into that,” he says. “We have evidence that our solutions will reduce theft.”

The Perfect Cash machine looks like a combination of a safe and an ATM. While it does provide safe and secure storage of cash, it allows several levels of PIN-based access.

The machine has a high-speed counter that sorts cash by denomination, and expedites the process of preparing cash drawers for associates by storing cash in a series of cassettes. It sorts and counts up to six denominations for deposit and recycling at a rate of 600 notes per minute, depending on which of eight components are configured. Total capacity is 10,000 notes.

Overs and shorts

Some retailers “have five to six staff people looking for ‘overs and shorts,’ but with Perfect Cash they are able to get some cost savings by reassigning people to other duties,” Meeker says. The more manpower they can put into their retail operations, the better off they are.”

Those labor savings, combined with reduced banking fees, can deliver a return on investment within 18 months, he says.

“We want to turn the retailer’s cash room into a processing room, rather than just a shipping and receiving operation,” says Meeker, offering the following example:

If a retailer has 10 registers, there will be 10 bags in the cash room, the contents of each having to be verified before the money can be deposited. After these individual bags are placed in one large bag, the bank has to open it and verify the amounts at a rate of approximately 75 cents per bag.

With the audit trail that Perfect Cash provides, “we are keeping an inventory of the money on hand,” Meeker says. “An audit trail can be pulled from the machine that tells the retailer if there is enough money on hand for the week-end, which helps eliminate a bank fee for delivering cash from the bank if it is not needed. Through this inventory management system [for cash], the retailer can build an accurate history of highs and lows and not have to rely on an educated guess.”

Perfect Cash will cost “mid-five figures” per cash room for a typical application, without special software, Meeker says. To date, retail clients have just one cash room per site, he says, and system training takes just one day. **STORES**

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