



# Can your hotel benefit from cash recycling?

A White Paper from Evention, LLC and Tidel Inc.



Cash management in hotels is a universal challenge, and the opportunities for improvement are vast. In a typical upscale or luxury hotel, at any one time cash is spread throughout the property. It can be found in employee tills, cashier bank vaults, a general cashier house bank, or in transit to or from the bank. In addition, many hotels also find themselves “owing” money back to cashiers for tips, petty cash or duebacks. With notes and coins constantly flowing among multiple employees and guests, proper management and oversight of the hotel’s cash is vital. Without proper controls, it can be extremely challenging to ensure that employees are held accountable or to have clear visibility where all cash resides. This predicament can be substantial, and few hotels manage it well.

## Is recycling right for your hotel?

Cash recycling systems are relatively new to the hospitality industry. Despite just having been introduced, cash recycling is already transforming the ways that hotels manage their currency. To decide if cash recycling makes sense for your hotel, it is important to fully analyze your hotel’s current cash operations, assess how a cash recycling system can automate these operations, and derive a quantifiable ROI in order to determine if investing in a cash recycling system makes sense for your property. If the predicted savings equate to, or exceed, your current operational costs, the added benefits of eliminating bank vaults, bank audits, counting cash, paying duebacks and preparing deposits can more than justify the investment in a cash recycling system.

## What is cash recycling?

Before you can derive a cost/benefit model, it is important to understand what cash recycling entails as the term is loosely applied to many applications.

A true cash recycling process for a hotel is defined as follows:

- Cashiers begin their shift by dispensing their house bank/till from the cash recycler
- At any time, the cashier can return to the machine to make change if needed
- The cashier completes their shift and drops their entire till, including cash sales, into the machine. In some cases, the cashier may withdraw a dueback from the machine.
- All notes/coins are recycled, so as one cashier deposits notes, the next cashier can dispense those same bills.
- Larger bills will automatically flow to a deposit cassette. The next day (or even after multiple days), the hotel can simply specify the amount to extract from the machine to deposit to the bank.

## What challenges can be solved with cash recycling?

- **Large “house floats”** – In many cases, hotels have “excessive” cash in the house fund and employee banks. By leveraging a cash recycling system, a hotel can essentially share its cash among all employee banks, thereby reducing the house float needed to run its business. Typically, house float reductions can amount to tens of thousands of dollars.
- **Duebacks** – If a hotel’s cashiers require duebacks at the front desk or for tips, the cash recycling system can pay these out immediately. This is an enormous benefit for the employees and also reduces the need for general cashing.

- **Petty Cash** – Similar to duebacks, cashiers may need to replenish their banks for petty cash, throughout their shift. The cash recycling system can pay this out without involvement from a general cashier.
- **Reconciliation against the POS/PMS** – In order to monitor over/shorts effectively, it is important to audit the drops in the cash recycling system against the POS/PMS systems. With a cash recycling system integrated with Evention SecureDrop, this is executed automatically along with over/short management and cash journaling.
- **Courier Fees** – In some cases, hotels will pay a courier to pick up the cashier drops/envelopes and to verify them. These fees can easily exceed \$1,000 per month and can be virtually eliminated with the use of a cash recycling system. In addition, if cash is recycled, fewer pickups for change orders are required from the courier, further reducing their fees.
- **General Cashiering role** – Over the last several years, the majority of hotels have reduced the general cashier role to a part-time position. By leveraging a cash recycling system, cashier time can be further reduced, as the system can handle many of the tasks previously relegated to this role.
- **House Banks Vaults and House Bank Audits** – By eliminating the need for cashiers to have house banks stored in lock boxes, those vaults can be removed and bank audits can be eliminated, as these tasks can be completed automatically by the cash recycling system.

## What data do I need to properly analyze my needs and savings?

With the challenges identified above, it is important to analyze your specific needs related to each topic. The following checklist will help your team gather the necessary data to make a proper decision on a cash solution for your hotel. If you review this information with a cash management expert, they can help provide specific guidance in terms of hardware, software, process changes, and other operational improvements, in order to drive maximum value for your business.

### House Float

- What is the total house float?
- How many house banks do the cashiers have?
  - At any one time, how many banks are out (maximum)?
  - What are the bank amounts?
  - What are the desired till mixes by cashier or outlet?

### Cash Deposits

- What is the average daily deposit amount?
- What is a maximum deposit amount during busy season?
- Does the “general cashier” prepare the deposit?
- How much time and or money (wages) is spent daily in general cashiering?
- What are the total net in/out by denomination (\$1, \$5, \$10, \$20, \$50, \$100) per day?

### Duebacks

- How many duebacks per day do you average?
- What is an average dueback amount?
- Is it a requirement that the cashiers receive their duebacks at end of shift?

### Courier/Bank

- Does the courier verify the envelopes?
- What is the monthly fee for the CIT?
- How many pickups per week do you have now?
- How many change orders per week do you have now? What is the typical change order size?
- What additional Bank Fees/Costs do you have related to cash?

### Reconciliation

- What POS and PMS systems do you currently utilize?
- Are cash journals and over/shorts managed in Excel?
- What is your process for managing cash over/short violations?

### Cash Management Opportunities

- What would you like to change about your current cash process?
- Would you consider issuing banks from the cash recycling system?
- Would you consider buying change from the cash recycling system?
- Are coins a critical component for a cash recycling system (along with notes)?

## What if cash recycling doesn't make sense for me?

It is important to note that there is not a “one-size fits all” solution for cash management, and a cash recycling system may not apply to every hotel. For select service properties as an example, having a cash machine that simply verifies and deposits notes may solve a critical need, while high volume, full service hotels may find the need for more than one cash recycler per property. In other situations, hardware might not be the solution. Rather, process changes along with improved reconciliation/control may be all that is required. It is important to evaluate your operation, define your cash management goals, and then apply the appropriate solution based on your analysis.

## Summing it up – It is time for change with hospitality cash management

The good news for the hospitality industry is that, with process improvements and new technologies, cash can now be managed with complete accuracy and accountability. By improving cash management through recycling or other means, the large volumes of cash moving constantly through a hotel can be tightly controlled, while reducing the resources required to manage it.

By leveraging the right processes and technologies, hotels have the ability to leverage their cash to their advantage, and focus on growing their business.

Take a detailed look at your cash management processes and decide if it is time for change at your hotel.



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