

Franchise Management Inc. Saves Over \$1 Million in Labor Costs & Improves Service by Using Tidel Smart Safes

The Challenge: Eliminate the Pain Points of Manual Cash Handling

As one of the largest Pizza Hut, KFC, and Taco Bell franchise operators in North America, Franchise Management Inc. (FMI) strives to offer an exceptional guest experience at its 340 locations, through a team of 6,500 employees. This growing enterprise serves more than 1 million customers annually across Canada and the US—generating a lot of cash that was causing major pain points for employees at the stores and support center.

FMI's manual cash handling process was designed to enhance security, but it was fraught with inefficiencies and risks. At the end of each shift, team members counted cash, signed off on the amount, and stored the cash in a back-office safe. At closing, they recounted the cash, prepared a bank deposit slip, and stored the cash and deposit slip in the safe overnight. The next day, they had to find time to take the deposit to the bank. If that didn't happen until after the bank closed, FMI required two team members to deposit the funds in the bank's night drop for their personal security and additional oversight. Often, a manager took on the responsibility for handling the bank runs.

Along with creating inefficiencies, the process hampered FMI's cash control. From their manual process, FMI often ran into the issue of deposits that were short or missing, requiring support center staff to reconcile discrepancies and track down deposits. If stores didn't make their deposits as expected, cash flow suffered. And with daily bank runs a necessity, the company had to maintain relationships with many different banks to ensure every store had a branch nearby. That meant the support team spent lots of time opening accounts with new banks in new markets and transferring cash from multiple institutions.

"We needed a cash management solution that made life easier for store managers and employees and gave them time to deliver an exceptional guest experience," said Arlene Dore, FMI's Chief Financial Officer. "We didn't want them spending any more time on administration than necessary." Nor did FMI want to continue sustaining the risks of cash handling errors and theft.



The Solution: Implement Tidel Smart Safes

FMI heard about Tidel smart safes for automated cash management and thought this could be the perfect solution to its challenges.

"The Tidel team explained the solution thoroughly and was very responsive to our questions," said Dore. "I valued the partnership from the start." Dore also appreciated that Tidel had strong relationships with other providers for critical cash management functions, including Deposita for reporting analytics and arranging provisional bank credit, and its partner Garda for picking up cash at each FMI store.

FMI Group

Convinced this was the right solution, FMI engaged with Tidel in late 2020 on a plan to roll out smart safes across the company's entire estate of stores. The implementation began with 60 US stores in 2021, then moved onto the Canadian locations in 2022. About two dozen stores are set for implementation in 2023, in conjunction with planned facility renovations.

Most of FMI's Pizza Hut, KFC, Taco Bell, and Panera Bread stores use the Series 3 Smart Safe, which provides a secure and reliable solution for depositing cash using simple touchscreen navigation with support of a single or bulk note validator. Some of FMI's highest volume locations use the Series 4, which offers the added advantages of a second note validator while supporting multiple bottom vault options.

Both models have proven to be effective at not only securing FMI's cash deposits, but also serving as valuable intelligent devices on FMI's network. "We always have visibility into the cash input into every machine at every location, since the transaction reports are delivered live," explained Dore. And the support center staff uses the robust reporting features to reconcile provisional credit vs actual deposits and track when change orders are delivered.

Employees were eager for the new automated cash management solution, but FMI recognized that even positive change needs to be managed successfully.

"We generated excitement by explaining what was coming and how it would make cash management easier," Dore explained. As the bulk of the implementations were completed, employees started telling their peers about the experience. And as the news spread, staff in the remaining stores began asking how soon they'd have the smart safes! As the rollout progressed, FMI found it was valuable to provide group online training sessions in the US to ensure store teams were 100% ready.

The Results: Lower Costs, Better Service

Tidel smart safes have transformed cash management for FMI, automating and streamlining what was once a cumbersome, time-consuming, and error-prone process. The company has realized significant advantages across the board.



Lower Labor Costs

"We manage our labor costs tightly and were confident this solution would make a big impact," said Dore. To prove the business case, FMI calculated the solution could save 1 hour of labor per day per store and adjusted its operations matrix accordingly. Those estimates proved spot-on.

"We're saving over \$1 million annually in labor at the store level alone," Dore explained, stating that figure may be conservative since it's based on an assumed hourly store wage and doesn't fully factor in the incremental cost of store managers handling cash. "It was clear from the beginning we would realize a substantial ROI," she added.

Better Cash Flow

“With provisional credit, there’s a higher level of predictability and consistency to our cash flow now,” Dore said. “We know, within a certain range, how much cash will be hitting our accounts every day.” And with Garda picking up deposits, FMI no longer has to worry about team members getting too preoccupied to bring cash to the bank.

Improved Efficiency

Throughout their shift, store employees simply deposit the cash into the safe and immediately receive a receipt—creating a reliable paper trail. With the reduction in deposit discrepancies, the support center staff is no longer bogged down with tedious reconciliation work. And with cash transactions at FMI back to pre-COVID levels, the sheer volume of cash makes improved efficiency a welcome benefit.

Fewer Bank Relationships

FMI closed accounts at several banks since close proximity to a branch was no longer a requirement. Besides streamlining account management for support center staff, fewer banks equate to fewer fees. “Reducing the number of banks helps pay for the smart safes and improves our ROI,” said Dore.

Enhanced Protection

FMI store employees feel better protected thanks to the smart safes that are now protecting their cash. “They don’t have to carry cash to the bank, and when they put cash into the safe, they get a receipt that proves it,” Dore explained. “The transparency gives them confidence in the cash handling procedures.”

More Time for Guests

Freed from making bank runs and spending significant time manually counting cash, store employees can redeploy their time in a way that adds value for FMI and its guests. “Our managers also have more time to coach their team members and, as importantly, they now have more time to spend with our guests,” explained Dore. “Their time is valuable, so we’d rather see it spent on value-add activities.”

FMI Group

Achieving these benefits required a strong relationship—and that’s exactly what FMI was able to count on with Tidel.

“I really appreciated the collaboration and partnership,” said Dore. “Tidel and its partners came together and helped us work through a process that initially looked daunting, especially when you’re considering a rollout across so many stores. It was clear they really cared about our experience, and they helped us craft a rollout plan that we were comfortable executing.”

Now, FMI has a cash management solution that supports its ongoing growth.

“As we continue to scale by acquiring more businesses in new markets, we know we can manage cash and staff more efficiently,” said Dore. “We could never imagine going back to the old process!”

