



Can your hotel benefit from cash recycling?

A White Paper from Evention, LLC



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, as well as to have clear visibility where all cash resides. The results of 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 having been recently introduced, cash recycling is already transforming the ways that hotels manage 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 either 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 investment in a cash recycling system.

What is cash recycling?

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

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

- Cashiers begin their shifts 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 his/her shift and drops his/her 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 multiple days after), 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. House float reductions often 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 immediately pay these out. This is an enormous benefit for the employees and also reduces the need for general cashiering.
- **Petty Cash** – Similar to duebacks, throughout their shifts, cashiers may need to replenish their banks for petty cash. The cash recycling system can pay this out without involving the general cashier.
- **Reconciliation Against the POS/PMS** – In order to effectively monitor overs/shorts, it is important to audit the drops in the cash recycling system against the POS/PMS systems. By integrating a cash recycling system with Evention SecureDrop, this is automatically executed, along with over/short management and cash journaling.
- **Courier Fees** – In some cases, hotels will pay couriers to pick up and verify the cashier drops/envelopes. These fees can easily exceed \$1,000 per month; a cash recycling system can virtually eliminate these fees. In addition, if cash is recycled, the courier is responsible for fewer change order pickups, further reducing 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, which can handle many of the tasks previously relegated to this role, hotels can further reduce cashier time.
- **House Bank Vaults and House Bank Audits** – By no longer requiring lock boxes to house banks, vaults can be removed and bank audits eliminated. Instead, the cash recycling system can automatically complete these tasks.

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 to gather the data necessary to make an informed decision for your hotel’s cash solution. If you review this information with a cash management expert, he/she can provide you with specific guidance on the hardware, software, process changes, and other operational improvements 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 daily total net ins/outs by denomination (\$1, \$5, \$10, \$20, \$50, \$100)?

Duebacks

- How many duebacks per day does your property average?
- What is an average dueback amount?
- Does your property require cashiers to 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 does your property currently process?
- How many change orders per week does your property currently process? What is the typical size of a change order?
- What additional cash-related Bank Fees/Costs does your property currently pay?

Reconciliation

- What POS and PMS systems does your property utilize?
- Are cash journals and overs/shorts managed in Excel?
- What is the 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 no “one-size fits all” solution exists for cash management; to this point, a cash recycling system may not apply to every hotel. For example, having a cash machine that simply verifies and deposits notes may solve a critical need for select service properties. On the other hand, higher volume, full service hotels may need more than one cash recycler per property. In other situations, hardware might not be the solution. Rather, for some properties process changes and improved reconciliation/control may be the only necessary solution. It is important to evaluate your operation, define your cash management goals, and then, based on your analysis, apply the appropriate solution.

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

The good news for the hospitality industry is with process improvements and new technologies, cash can now be managed with complete accuracy and accountability. Improving cash management by recycling or other means allows for tight control of the large volumes of cash constantly moving through a hotel, as well as reduction of the management resources required.

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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