

LP and Cash Handling

Smart Safes and the Closed-Loop Solution

By Van Carlisle, CEO of FKI Security Group

Usage of stored-value smart cards, gift cards, credit cards, and debit cards are always on the rise.

However, cash is still king, especially in the retail and food service environments.

It boils down to simple economics. Many products cannot be sold profitably except by cash or coin transactions, since the cost of processing such transactions destroys the profit margins on these items. In fact, in 2002 the Nilson Report (the leading publication covering consumer payment systems worldwide) predicted rising cash usage through 2005, saying that “currency and coins are still king.”

Wherever there is cash, there is risk associated with it, and none of the disparate elements of a loss prevention system, such as cash registers, safes, CCTV, and security guards, standing alone are sufficient for the task of properly managing this risk.

Some forward-thinking retailers and foodservice operators are starting to look at using a single integrated advanced system to mitigate the risk inherent in cash handling. The system concept is referred to as the “Closed-Loop” solution for cash handling, and it integrates three main elements:

- Digital CCTV,
- The POS device, and
- Electronic “Smart Safes.”

We use the term *Closed-Loop* because it refers to a method of designing a control system in which all three elements are linked in such a way as to operate continuously with feedback between the elements.

The first component of the Closed-Loop is to install a digital monitoring product that allows you to verify that the cash transaction was properly recorded

along with an investigative tool and reports to confirm that it’s recorded. This deals with internal theft, which is one of the biggest and most costly challenges faced by retailers. An IP-based (Internet Protocol) CCTV system that digitally records and stores images will be the best category of monitoring system for the task.

Then, after the transaction is completed, the next link in the chain deals with counting and verifying the cash. The risk factor here is the potential lost time and decreased efficiency.

The first job I ever had was in retail, and I recall counting out the cash drawer every night, taking it, preparing all the deposits, where it was counted again by management...a major drain on time and labor resources. And it’s not exactly an enjoyable task, not nearly as rewarding as helping customers. Customer satisfaction drives sales, while productivity drives profits.

The Closed-Loop concept deploys “Smart Safes” with bill validating and counting technology to reduce cash handling time by cashiers and managers.

Then, of course, there are life safety issues, because anytime you have cash around, you create a situation where bad actors may congregate, particularly if it’s highly visible.

In recognition of this, the trend is for retailers to seek a single integrated solution – one that enables retailers to monitor and control the cash all the way



up until the bank drop or the pickup by the cash transporting service.

The Closed-Loop integrated solution enhances operational efficiency, improves employee morale, decreases employee theft, and lessens the risk of robbery.

Smart retailers of all categories and sizes are always seeking new technologies to improve operational efficiencies and increase profits. The Closed-Loop solution represents a new context for retailers in understanding where cash handling and security meet. ■

Van Carlisle became President/CEO of Fire King, one of the premier security and loss prevention companies in the nation, in 1975 at age 24 and acquired controlling interest in the company a year later. Having studied criminal justice at the University of Louisville and served six years in the Air National Guard Security Police Force, Carlisle brings a unique level of security expertise to the company.