

# Eliminating Cash Shrinkage

By Ed Grondahl

**E**liminating cash shrinkage remains an elusive goal for most retailers. Manual cash management provides some accountability and safeguards, but due to the necessity of multiple employees handling the same cash, shrinkage is still a danger. Fortunately, technology can provide solid options.

Cash controllers generally include note and coin dispensers and note validators. Up-to-date systems can be linked into a store's LAN and will integrate with the store's POS system. When selecting a cash controller, functionality is a critical consideration. While there are a number of cash controllers available today, few can truly be integrated into a store's POS system and eliminate cash shrinkage.

Analysis of cash shrinkage reveals several high-risk activities where it often occurs. To reduce these risks, many retailers are moving away from low-tech safes and manual cash processes in favor of today's higher-tech machines. Selecting a cash controller that can be integrated with your POS system at the transaction level eliminates the highest risk activities.

Minimizing manual cash handling is key. Start-of-shift cash drawers that are filled by someone other than the cashier are a prime example of high-risk activity. Having multiple employees handling the cash not only increases the risk for shrink, it also causes work redundancy. Integrated cash controllers allow a cashier to log on with a unique PIN number and can be programmed to automatically dispense the proper amount of notes and coins for each cashier's start-of-shift balance and then update the POS. This eliminates all counting and prevents anyone other than the cashier from touching the money.

A traditional, manual cash control system cannot reconcile the coins and notes loaned during a shift for till replenishment. By integrating cash control at the transaction level, this reconciliation is done automatically.

The largest amount of shrinkage happens during the manual drop of currency into a safe when reducing the till balance. Totally eliminate the manual entry of an amount for the drop, just let the note validator count the cash and then tell the POS



how much money was dropped and locked into the safe. The note acceptor will also eliminate counterfeit notes.

End-of-shift manually counted cash presents issues similar to those found with start-of-shift. When using an integrated system, instant cash reconciliation with the POS system takes place by loading cash directly with the cash controller—no money counting, the cash controller handles it completely.

Traditional drop-safe systems require removing money to sort it, count it, and reconcile it with the transaction history prior to preparing a bank deposit. With a high-tech cash controller, notes are accepted directly into a cassette that can be removed by the manager or armored car service and taken directly to the bank. In addition, integrated controllers reconcile the balance with the transaction history automatically. There is no need to touch the cash, as it has already been counted, validated, and reconciled.

The ability to balance each transaction between POS and the safe provides complete accountability. While integrated machines may be slightly more expensive than traditional cash controllers, they provide a quick return on investment in reduced shrink and increased productivity. Every organization should have a plan to eliminate cash shrinkage and increase profits as part of their strategic operating plan. ■

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