



Speeding Up Cash Flow

Pilot Flying J streamlines cash management processes

by PAUL VACHON

Despite the growth of high-tech alternatives, cash remains a significant form of payment in the consumer economy. According to Statista.com, 15 percent of customers in 2017 used cash to pay for their purchases in gas stations and convenience stores. In an industry with over \$400 billion in annual revenue, it's not hard to imagine the quantity of currency that must be counted, reconciled and deposited on a daily (or even semi-daily) basis.

And because cashiers' jobs also include stocking shelves, helping customers and other duties, retailers and business partners all have an incentive to maximize efficiency in the total cash handling process. Cash recycling is a different approach to internal cash management that begins with a namesake machine.

For the uninitiated, a cash recycling machine is best described as "a giant ATM for cashiers," says Duane Mullett, vice president of sales for the Glory Group, a worldwide developer and distributor of the machines. Fifth Third Bank of Cincinnati, Ohio, teamed up with Glory to introduce the technology into the U.S. market.

The machine automates the flow of currency so the cashier only touches cash when setting up the till or distributing change. Simple to operate, it allows cashiers to directly and easily obtain their change funds. "Many of the machine's users are entry-level employees who often have limited accounting skills," Mullett says.

"In a non-automated environment, a cashier would go to a back office to

obtain cash to make change throughout the day, then return all funds at the end of shift. Someone in the back office would count the cash, reconcile it against sales and prepare the bank deposit," he says.

A cash recycling machine automates all these tasks, allowing the merchant to redeploy back office resources. And since fewer hands touch the cash, the opportunity for internal theft is reduced.

EASING STORE OPERATIONS

For retailers with a strong legacy of traditional cash handling using a hands-on approach, transitioning to an automated system can be disruptive. One merchant that took the leap is Pilot Flying J, a nationwide chain of travel centers. With over 750 stores, the company offers professional drivers an array of services,



so that legacy behavior doesn't creep back in." New priorities in hiring are an example: Using cash recycling allows merchants to base hiring candidates on sales and customer service skills rather than just point-of-sale proficiency.

It was therefore essential that all parties viewed the transition as the beginning of a three-way partnership between the retailer, the hardware provider and the financial institution. Since each application is highly specialized, all three must communicate effectively to achieve maximum benefits from the new system.

This customized approach has enabled Glory to develop scalable systems that make cash recycling practical for various types of retailers, not just users with high cash volumes. "We're getting into quick serve restaurants, grocery stores and the like," Mullet says. For very small applications, Glory has even developed a recycler that operates at the point of sale.

The new technology did present a challenge for Pilot Flying J at the store level.

"Putting these machines in and rethinking the way we do business with our cashiers and store managers was a huge change for our operations people, so early adoption was hard," Cole says. "Some store managers felt they were losing control over their cash flow, but cashiers loved it."

After the six-month trial, Pilot Flying J rolled out 500 machines over the subsequent 18 months. Expert coordination between Fifth Third, Fiserv and Glory made what could be a rocky transition reasonably smooth, to the delight of store employees.

"To them it's the greatest thing since sliced bread," Cole says.

Perhaps most important is the impact the technology has had on Pilot Flying J's customer satisfaction. Cole says the company also does check cashing for its customers; the machine allows cashiers to obtain the cash themselves, allowing for reduced wait times and improved scores on customer satisfaction surveys. **STORES**

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degree of engagement management could experience with customers," Cole says.

"When we first heard about it, Glory hadn't yet sold one of these devices in the United States for retail," says Robert Norman, senior product manager at Fifth Third. It was noticeably different from their prior experience with smart safes, which carried several drawbacks.

"What we saw wasn't working," he says. "There were challenges about servicing the equipment, and a lack of certainty as to who owns the solution. Is it the armored courier? Is it the bank? This underscored the need for a new, single managed approach."

The cash recycling machine also transmits data reported to the financial institution. Fiserv, a provider of financial services technology, serves as the essential link between the parties. "As the retailer's cashiers use the device, that data is sent to our platform, and we manage that data for Fifth Third," says Kurtis Johnson, senior project manager for Fiserv.

Fiserv's CorPoint software is the "secret sauce" that makes the integration possible. Johnson says the program is an "end-to-end intelligent solution that allows banks to offer stores a single platform for their cash management needs."

MODIFYING BUSINESS PROCESSES

For all parties involved, entry into cash recycling was more than simply installing a high-tech machine in a store. Mullet speaks of "change management," of which the machine is merely a part.

"We spend time explaining to the retailer that it's not just the technology that fixes things, it's really modifying your processes around the technology

including fuel, truck washes, showers and even mechanics that make roadside service calls.

"Fifth Third brought this idea to our finance department. As a leader in our industry, we're always looking to do things before our competitors while making store operations easier and more efficient," says Will Cole, project manager for Pilot Flying J. Immediately seeing the potential, the company's finance people then had to sell the idea to store operations — a process that usually works in reverse.

"Surprisingly, the bean counters had to sell it to the operations staff," Cole says.

The company started with a 15-store test, an experiment that soon revealed the system's benefits. "It allowed us to change our operational footprint, including our staffing levels, and the

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