

Tidel Series 4 Smart Safes Drive Cost Savings, Super-Charges Profitability at Sonic Automotive

Introduction

Cash is still king, and it's likely to stay that way for decades. That's great news for retail businesses, unless they manage cash poorly. Then it can be a costly nightmare.

But that can change. Investing in a Tidel smart safe can put the brakes on costs and super-charge profitability, as it did for Sonic Automotive.

Sonic Automotive is among America's largest auto retailers. Headquartered in Charlotte, NC, it has more than 115 locations in 13 states. A Fortune 500 company, Sonic represents 20+ automotive brands, such as Lexus, Mercedes-Benz, BMW, Honda, Toyota, Chevrolet, and Ford.

Sonic traces its roots to O. Bruton Smith. Mr. Smith loved cars and repairing them, so he opened a successful dealership in Charlotte. Later, he expanded to 20 dealerships, which served as the foundation for the present company. Sonic offers a wide range of services, including sales of cars, light trucks, and replacement parts. It also offers vehicle maintenance, warranty, paint, and collision repair services.

Costly and Inconvenient

Four years ago, Sonic's cash management process had gaps. While the stores had guidelines on handling cash, they lacked a standardized way of depositing it. Often, the daily deposits were given to a trusted employee to drop off at the bank. This system was neither safe nor efficient. To boost safety, Sonic switched to local armored car pickups. This approach improved security, but still had drawbacks for its stores.

First, there was the inconvenience of having to prepare the deposit in time for the armored car's arrival. Then, there was the associated paperwork, record keeping, and chaos that went along with the using of several armored car services and banks to meet the needs of 100+ stores.

The biggest drawback to this model, however, was cost. Having armored cars stop at 100+ stores daily, six days a week proved to be an expensive endeavor. Add to this total the late fees—charged by the minute—that armored car services assessed if the stores were late handing off the deposits, and you have a rather costly solution, one that put a serious dent in Sonic's profitability.

“The armored cars were safer than our previous model,” says Jeff King, Sonic's Procurement Director. “They were also costly and inconvenient. Plus, the system was hard to manage. We were utilizing several armored car services across all of our stores, which came with varying rate structures.”

“Keeping track of this was driving up our overhead. After doing our homework, we decided to install smart safes instead” says Rina Patel, Sonic's Treasury Manager. “We compared units from several vendors. But the Tidel Series 4 smart safe which was an integral part of the Loomis Safe Point Solution gave us everything we wanted and more.”



A Single Source

The Loomis SafePoint Solution is a single source for site assessment, installation, and service. It provides armored transportation, a real-time management control center (Loomis Direct), remote capabilities for software/configuration updates, and a guarantee that shields the deposits against loss, robbery, and theft. More importantly, it provides provisional credit posted at the bank for cash deposited in the safe.

Sonic rolled out the smart safes in 103 stores starting in November 2012. This initial rollout leveraged Tidel's Series 4 Smart Safe. It features dual bulk note validators, a standard cassette (1200 notes), and a storage vault at its base. The Series 4 also features a 7-inch color screen with enhanced touch screen capability, validator maintenance door for clearing note jams, and a main CPU and power supply accessible via the console, which makes services calls, faster, safer, and less costly.

The roll out followed closely on the heels of a two-month pilot program. Each store received one safe in the deployment but some stores ordered a second later on. The installation went smoothly, with everything going live in January 2013. And thanks to the Loomis Direct dashboard, Sonic now has a top-down view of all the safes plus a daily view of each store's deposit.



“With the smart safe solution, the deposited cash is almost irrelevant because we get provisional credit,” says King. “That, in turn, enabled us to cut back significantly on our armored car pickups. Instead of having them stop daily at each location, we now have them stop once every ten days or so, cutting expenses dramatically. Plus, we know exactly how much cash we have at a moment’s notice,” he adds.



No Major Disruptions

The smart safes presented no major disruptions in store operations. For management, it eliminated the daily deposit, late fees, trips to the bank, and paperwork. For store associates, it simplified cash handling. Now, when a customer pays a bill, the Sonic employee and the customer go to the smart safe together. After the employee deposits the money, the safe generates two receipts. One goes to the customer. The other goes to Sonic.

“The smart safes had little impact on store routine,” says Patel. “Plus, the dealerships got added protection against counterfeit bills. Loomis is so confident in the smart safe’s technology that it guarantees the money once it’s deposited. So no one has to worry about getting stuck with counterfeit bills. What’s more, by implementing this solution, we were able to consolidate our armored car and banking relationships from several partners, to two. That was a huge expense reduction for us.”

Made Financial Sense

Deploying the smart safes plugged the gaps in Sonic’s cash management system. In addition to simplifying how Sonic handled cash, it boosted safety, increased accuracy, and eliminated the headaches involved in dealing with several armored car services and banks. More importantly, it cut the company’s expenses and boosted profitability.

“When we first looked into smart safes, I thought that there was no way the upfront cash investment would make financial sense,” says King. “I didn’t think we could save money with the price for 100+ safes and transportation by armored car. But after crunching the numbers, we realized that it was a no-brainer to deploy the safes at all our dealerships.”



The numbers, says King, showed that the safes would not only pay for themselves within five years, but also also cut the cost of using armored cars by 35 percent. More importantly, it showed that the savings would rise even more after 5 years because the price of buying the safes would have been realized, creating a profitability stream that is hard to match.

Would Sonic ever go back to the the old way of handling cash? “I can’t imagine us going back to our previous model,” says King. “There’s no reason to do that. We don’t have to deal with multiple armored car services, banks, insurance coverages, liability terms, and rates. Everything is easier to manage with the current solution.” Patel added, “It’s also safer, more accurate, and more convenient for everyone.”

Today, Sonic’s cash management system is on cruise control thanks to Loomis and the Tidel Series 4 Smart Safes. They’ve boosted safety, productivity, and profitability—all while slashing costs and simplifying cash management. Put simply, the safes will keep Sonic in the driver’s seat as long as cash remains king.