

FINANCE

JOHN RHOADS & VAN CARLISLE



Cash Sales proper handling is essential

The term “cash sales” covers all income from services received and includes any ad hoc sales of items. The transactions can be represented by checks, debit and credit card payments, and as actual cash received.

Historically, in this country, many funerary transactions tend to not be cash-based, henceforth the risks and liabilities that accompany cash handling are not seen as significant, and the funeral service industry as a whole is not all that familiar with cash handling issues such as employee theft, robbery risk, and inefficient and costly operating procedures.

Changing Demographics

The reality is that securing and optimizing every step of the cash-handling process should entail a certain sense of urgency, as the funeral industry (along with the rest of the country as a whole) is beginning to undergo some pretty significant

demographic shifts in population. Based on data from the U.S. Census Department, the country’s Latino population has increased by almost 10 percent over the past decade, versus 2.5 percent growth for the entire U.S. population.

People of Mexican and Central American descent constitute more than 80 percent of immigrants. Obviously, it behooves all types of businesses to better understand critical aspects of the consumer behavior of Latinos.

According to a 2006 article in *The Arizona Republic*, “Funeral homes tailoring services to Hispanics,” some of the larger chains are converting funeral homes in regions with large

Latino populations to specifically “carry the Hispanic theme.”

Increase in Cash Usage

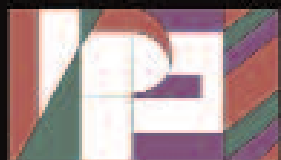
Latinos, both U.S.-born and immigrants, also claim a great deal of the percentage of consumers that are “unbanked” or “underbanked” – in other words, they do not use mainstream financial services and conduct most of their business transactions on a cash basis. Contributing factors include language barriers, lack of necessary identification documents and distrust of financial institutions.

Cultural Traditions Hold Sway

As any funeral professional can attest, the rites and traditions associated with different subcultures are very diverse. Latinos (who are overwhelmingly Catholic) hold long wakes, often

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with an open casket for viewing and a Catholic funeral Mass. Latino funerals in general are communal events. Social position and economic standing of the deceased and the family tend to be secondary factors in terms of size and scope of the funeral.

Since it can be very hard for a typical hardworking immigrant family to come up with the necessary funds

out of pocket, in many cases, extended family and members of the community will donate and raise whatever is necessary in order to provide the deceased a “proper” burial.

In some cases, repatriation of the deceased to the home country for burial is called for, and there are some funeral homes in Texas and other areas that market themselves as

specializing in repatriation of remains to other countries, mostly Mexico. Often in immigrant neighborhoods, one can see collection boxes for repatriation in local store windows, and holding carwashes is another popular way to raise funds for funerals in Latino areas.

All these aforementioned factors contribute to a situation where an increasing number of funeral directors are receiving payment for funeral services in the form of a large amount of cash – in mostly small bills.

What to Do With the Cash

The problem here is that this question is not seen as a problem. There is a lack of knowledge (as well as misinformation) out there with regards to how much inefficient currency processing handling actually costs some funeral directors as well as the safety risks that it poses.

Consider how many times a piece of currency is handled and counted once it is accepted, dropped into a safe, then counted, verified and processed for deposit? That translates into a great

What to look for in a cash-handling system:

1. Bulk Validation (single-bill validators are slow and cumbersome)
2. Ability to poll Smart Safe to receive provisional credit
3. Counterfeit detection capabilities
4. Cash provisioning and subsequent reporting
5. Guarantee on deposited funds
6. Rapid and significant reduction in security ROI (due to not having transport cash liability)
7. Rapid and significant reduction in cash-handling labor ROI at end of each day
8. Provisional credit that allows funeral directors to manage cash flow

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Funeral Director and Minister
Pastor and Webb Funeral Home
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deal of time devoted to a basic menial task – time that can be used in more productive ways. Not to mention the direct hit to the bottom line in the form of bank fees if there is an error. The presence of that cash also brings an increased risk of armed robbery to the business.

Automate the Process

Funeral directors can choose from a basic cash handling solution that focuses on reducing risk (i.e. a safe and armored car service) up to a full electronic cash management solution, customized according to a provider's specific needs. Each of the options can include armored transportation, a digitally networked Smart Safe; installation; maintenance and warranty; and designated levels of cash management services – all for one monthly price. The safe is equipped to actually count, sort and verify the cash as soon as it is deposited, and once it is deposited, some service providers are so confident of the accuracy that they will offer guaranteed instant credit.

The more robust cash-handling systems also offer safes with networked remote report capabilities, which affords funeral service chain operators the opportunity to review multiple location deposits in one centralized database. This online option streamlines accounting procedures while offering an additional level of verification of daily receipts.

Once the funeral directors deposit currency and checks into a Smart Safe, the user information, including a time and date stamp, is captured electronically.

A receipt is printed with each deposit, and reports can be generated for all bank deposits at the end of each day. After automating the process with advanced cash handling systems, the funeral director no longer has to make multiple bank runs, and he/she is able to stay on-site and in the front of the house where they belong. The time devoted to counting, sorting and depositing many thousands of dollars in cash can be reduced – in some

cases, to less than 15 minutes per day.

These types of automated cash management systems are already being used in segments of retail that have always processed cash in large volumes – for example, C-stores, grocery stores and fast food operations. The question isn't whether funeral homes should invest in an automated, digitally-based Smart Safe

setup for cash management, but rather, which one? •

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