

Last month I sent out an email about a *back and forth* conversation on Polygon.net with some jewelers about inventory. Gave some examples of a vending machine and how things should turn.

Many of you have asked for answers to "how to get rid of this stuff?"

Here you go.

I must emphasize again, you only have one year to make a profit and after a year just get what you can. After two years give up even selling it above your cost, just get out of it, get your money and try again with something else.

So here are 15 ways to get rid of old inventory. It's varied and you can easily find lots of ways to unload the old stuff. What is old again Charlie?

Over 1 year old.

What is cancer?

Two years old.

What is gangrene?

Three + years old.

What is death?

People who don't believe this.

(They go out of business, have lots of debt and pay themselves very little.)

15 ways to get rid of old inventory

1. DISCOUNT THOSE SUCKERS

Set aside one showcase just for things over 1 year old. Give it a name. Some jewelers have called their cases:

"Say good-bye to old friends" case

"Extreme Values" I like this one

Show nice signage, discount 25 to 75%. Discount with age. Believe me, female customers understand this, you just don't. When women shop for clothes and they know if they wait until the end of the season there are great discounts.

Suggested Discounts:

12-18 months old: 25% off

19-24 months old: 40% off

25-36 months old: 55% off

Over 3 years old: 75% off

Have the staff take customers to this case immediately if the customer wants to buy ANYTHING at a discount. This is where we discount. Try not to discount new, current merchandise. If you have to, 15%.

2. DOUBLE OR TRIPLE WHATEVER YOU PAY IN COMMISSION WHEN THE STAFF SELLS THE OLD DOGS. DON'T BE SO CHEAP!

Many jewelers pay 3-5% commission. Pay 6-10%, even triple (3 times 3% = 9%) your commission. Don't think about "that's even more money out of my pocket."

Think about this notion. If you paid to *advertise* a sale in the store, would you still pay commission? **Sure!**

If you paid cable TV to advertise the sale, would you still pay commission? **Sure you would.** It's a cost of business.

What if the T.V. station said "Hey lookey here. We're looking to charge you \$5000 to advertise but we've got a win/win deal for you. Don't pay us any fees unless something sells. Instead pay of 9% of sales rather than the \$5000. If you sell \$10,000, 9% would be \$900 rather than \$5000. You only pay for advertising that works."

Good deal, right? So instead of paying *advertising* pay the **sales staff 9%! You're already got the customer in the store, now reward them for selling. And don't whine about "selling at a loss", you wouldn't pay the advertising bill because you sold cheap, would you? Your purpose is to move product and accumulate cash!**

3. IF YOU'VE NEVER TRIED COMMISSION THIS IS THE TIME TO TRY IT:

Normal commission is on everything in the store. If you've not tried commission, pay 5-9% commission on **just the old items in the *Extreme Value* case.**

Again your purpose is to raise cash, reward the staff, they are the ones that have to convince customers to buy **your old dogs!** It's no different than advertising the sale and paying the advertiser to help move product, now is it?

4. SPLIT THE PROFIT ON OLD MERCHANDISE WITH SALES STAFF

This works great with jewelers whose commission system is not a sales percentage but giving the staff a portion of the gross profit of the sale. Typical is pay the staff 15% of the profit (100% commission pay). So if you sold a \$900 ring that cost \$500 and made \$400, staff would be paid \$60 (15% of the profit.) This is the same thing as paying 6% of the selling price by the way.

So with the "Extreme Value" case, you could say this:

"We want 10% above our cost. Anything you can sell it for above that, its yours!"

So a \$500 cost item (retails for \$999) you'd want \$550 and if they sold it for \$625, you get \$550 and they get \$75.

Move'm out!

5. GIVE THE SALES STAFF A PERCENTAGE OF ALL SALES FROM THE EXTREME VALUE CASE

It's a sharing commission system. Put 10% of all sales in a pot so to speak and diviey up that amount to all sales staff, no matter how much they sold. Divide it up based upon how many hours they work. If you have 2 people working 40 hours and 1 works 20 hours, then the split is:

40%; 40%, 20%

If you do this I'd give the highest seller of the Extreme Value Case an extra bonus as they highest sales sales-person. Its only fair.

6. LOOK AT REPORTS OF YOUR INVENTORY BY CATEGORY AND PRICE POINT AND MOVE THINGS INTO LOWER PRICE POINTS:

If in a category (lets use Gemstone Bracelets as an example) you need to buy more \$400-\$600 bracelets because you're low in stock but have a lot of old \$700-\$900 bracelets in stock, do this. Rather than discounting the \$700-\$900 bracelets and buying new ones in the \$400-\$600 range, take many of the higher price points and just retag them *down* into the \$400 to \$600 range.

Customers will think the price is a steal for the quality (they'd be right) and you won't have to lay out any cash to do this.

But remember, these are dogs you're doing this to. If these don't move in another 6 months, *dump'm!*

7. RETURN TO VENDOR

This actually should be #1 at the top. Vendors are our partners, they need us as much as we need them. Every time you buy from a vendor you should have the salesman and yourself sign on the invoice:

"If these items don't sell within 1 year, we may return them for exchange for other products in your line, at no restocking costs."

Now the vendor may ask you to buy twice as much (or even more) than you're returning and that's only fair. They can't make a living selling you and then you

pay them in old merchandise. Many companies will ask you to buy 2:1 but I have found some vendors doing 1:1 exchanges.

Besides, if you buy \$50,000 a year from them, sending back \$10,000 and buying \$20,000 in exchange is not a big deal.

10. TAKE THE JEWELRY APART AND REMAKE NEW STOCK PIECES

We're one of the few industries that **can do it!** What is a clothing store going to do with a poka-dot dress? Make oven mitts? I doubt it. If its slow or even if you can slide it in the workbox once a week, let the jeweler take old diamonds as an example, you order some die struck channel t bands and make anniversary bands. Pendants, earrings, etc.

When they do sell you'll recoup your diamonds and all you'll lose will be the original labor of the first piece.

There's a wholesaler near me here in Atlanta who'll take your old jewelry, take the diamonds and colored stones out, give you credit of 110% for your old metal against fresh new castings, make new pieces and set your stones in them for you. Most jewelers could do this themselves but find "it just never gets done" and sometimes their own labor is either too expensive or they haven't a clue what their costs are.

Jeff Unger of B&N Jewelry is the guy to call. Here's his stats:

- a. Makes mostly bread and butter type items for your case.
- b. Pays you 110% for your metal (not a typo).
- c. Tell him what to make or like a jeweler I know, he sends him his old stuff and says "Make me some new and exciting stuff."
- d. Costs? He pays you with a credit of 110% for metal as a credit towards your bill. About \$1 a stone to prong set, assuming you've taken out the stones. If not there's a charge for that. Even channel setting your stones in a new ring is about \$8 a stone, but that includes taking out your stones, resetting them, polishing & rhodium plating.
- e. Jeff told me this "typically the jeweler gets new jewelry, ends up paying us *a few bucks a pennyweights* plus labor for setting."

Now you have new exciting jewelry to start with and with his invoice you'll now know your costs.

Jeff's contact info:
B N Jewelry Manufacturing
Jeff Unger
Marietta GA 30007
jeff@bnjewelry.com
770-578-8745

11. TAKE THE JEWELRY APART, KEEP THE STONES FOR REPAIR AND CUSTOM WORK, SEND THE GOLD OFF TO A REFINER.

You can take these items apart and either sell the gold or get credit. But the loose diamonds can be held in house to be used for repairs and custom designing for customers. Jeff above will use your items for credit but you can always send your gold off for cash. But many jewelers have been sending their gold to findings houses and getting a credit against orders.

When I had my store we hardly ever paid cash for gold sizing stock and wire. We sent old gold and sweeps to Hoover and Strong who gave us a credit against future orders of stock.

There's probably others but if you have a shop you can get credit against findings, casting grain and stock from:

Hoover & Strong:	800-759-9997	http://www.hooverandstrong.com
Roseco Findings:	800-527-4490	http://www.roseco.com
Stuller:	800-877-7777	http://www.stuller.com

12. THERE ARE SOME COMPANIES THAT WILL BUY YOUR OLD DOGS OUTRIGHT.

You're not going to mostly likely recoup your original cost (unless its *really old*), but money is money. These folks will buy it; take the stones out and returned them to you; or buy just the stones, they'll work with you and nice folks to deal with too.

WORLDWIDE DIAMOND CO.

Bob Wiener

607 S. Hill St. #811

Los Angeles, California 90014

Phone: 800-764-4367 Fax: 213-622-2196

<http://www.wwdiamond.com>

They will buy the whole shoot'n match.

PAUL REISER AND ASSOCIATES

Paul Reiser

P.O. Box 1595

Green Bay, Wisconsin 54305

Phone: 877-475-4367 Fax: 920-432-5797

We purchase diamond melee set into mounted jewelry.

No need to break diamonds while trying to remove. Ask for our "BLUE SHEET". (Prices we pay for diamonds) .30 to 4.00 carats.

To Trade your scrap gold for 1 Ounce American Gold Eagles or a 1 ounce Canadian Gold Maple Leaf you will need: 53 DWT of 10K, 39 DWT of 14K, and/or 30 DWT of 18K gold scrap.

TULSA GOLD & GEMS
E.W.Fisher
2431 E. 51st St. #704
Tulsa, Oklahoma 74105
Phone: 800-222-0573 Fax: 918-742-5042

13. DIRECT MAIL WITH A SCRATCH OFF POSTCARD "YOU'RE A WINNER!"

Most people in business think email is the only way to go. But with Spam filters and people overwhelmed with email advertising, its not quite as effective as you'd think. My emails show 30% are opened and I'm told that's great!

Notice there's less direct mail today? That means you've got a great chance to be noticed and here's the ticket. Kim Kramer of Momentum Marketing has been designing direct mail for jewelers for years. He has recently made *just for old merchandise sales* a larger postcard that brings customers into your store to buy your old stuff and has a gold seal that they can *only scratch off in your store to win the prize!*

Kim's contact info:

kim@hbdra.com

Kim Kramer

California

(800) 474-9976

There is PDF file of the card and pricing listed on my website:

[Scratch Off Postcard](#)

<http://www.jewelerprofit.com/ScratchOffCard.html>

14. BARTER INVENTORY FOR THINGS YOUR STORE NEEDS

Lets go back 2000 years and exchange some corn for donkey. No money exchanged. But today bartering is serious business.

Try asking your advertiser, especially radio and T.V. advertisers if you can swap jewelry for air time. Radio stations are big on "Be the 10th caller and we'll give you a beautiful 10 carat Amethyst and Diamond ring!"

Many of the companies you deal with are individually owned and they might just exchange printing for a piece of jewelry for themselves or their wives.

Especially as everyone around the holidays!

There are also many sites around where you can list your jewelry on the site, people in other areas will buy your jewelry at **full retail** and you get *Barter Dollars*. You then use your barter dollars to buy things you want. It could be personal, company travel or things for the store, whatever is available when you're looking on their site.

I spoke to a jeweler who bartered jewelry and later used his dollars to:

- a. Get his airline ticket for the Vegas show
- b. Got a hotel off the strip
- c. Obtained a rental car as well.

I've tracked a few barter sites and the consistent one for years is www.itex.com

I'm told it's \$29.95 a month to join and when your items sells, you are a charged a 5% selling commission. How simple is that?

15. CHARITY AUCTION

This is my favorite for many reasons:

- a. It's a great way to get rid of old inventory.
- b. Its different than most customers have seen.
- c. It benefits a charity, good pr as well as the community.
- d. The store that gave me this idea does this every August, every year, and tells me they get rid of almost **all** of their old inventory this way.

This is a longer section but well worth the read.

Overall Thought Process:

Most folks have been to a charity event where you pay \$100 for chicken and rice, the money helps a charity. Usually in a side room the charity has assembled items for auctions: spa treatments, books, paintings, athlete's signed tee shirts, jewelry, furs, all kinds of things. You sign your name on a list and bid on it. At the end of the night you come back to see if you "won" any bids and pay. You might of won on 5 things and only buy one or two. The charity keeps usually all of the money. This is the premise.

Segregate the store. Have 1/2 of the showcases filled nicely with **just old inventory**. Yes you'll have to put some inventory away for this event. You place 3x5 cards that are printed up a receptor of bids and it has a "starting bid amount" on the card. Customers look at pieces and bid on the item for the week. Instead of putting their name there, they put a special bidding number they've obtained from you, so other customers can't tell who's bidding. At the end of the week, the highest bidder gets it. The jeweler also invited vendors to send in their old inventory to round out the selection and get extra profit dollars.

1. **The Charity Auction**
 - a. Close the store Wednesday
 - b. Auction is Thursday through Saturday, ending at 2pm. Sense of urgency. Another store did the auction for 2 weeks.

- c. Merchandise over a year old is on auction.
- d. Send out direct mail to customers, advertise to the public, hopefully paper & radio.
- e. Contact a charity to sponsor.
- f. Charity gets 10% of total sales as calculated on Saturday (hopefully they will advertise to their list too).
- g. A "Bid Card" is sold to each person at \$5 each, it's a right to bid. The charity also gets the \$5 for each bid card sold. Bid card has complete contact information for the store and is sequentially numbered, the customer uses this number to put on the bidding 3x5 cards in the cases. They also get \$5 for every "Bid Card" sold, see below.
- h. Contact vendors and get their old inventory, hopefully at their cost.
- i. Place in the case next to the jewelry small cards, maybe 3x5". It will have a place for:
 - Sku number
 - Description
 - Bidding area
 - Original selling price
 - Starting bid, which is 5% below your actual cost.
 - A line for bid Card # and the Bid amount

Might look like this:

Sku No:	123-87655	14kt Bl Sapphire rings, 4-.08 ct sapphires with 8 pear shaped diamonds, 1/2 ct t.w.
Retail:	\$1000	Starting bid: \$450.00
<u>Bid #</u>	<u>Bid Amount</u>	
_____	\$ _____	
_____	\$ _____	
_____	\$ _____	
_____	\$ _____	

- j. Get printed 2 copy NCR forms for the bid cards. Bid cards are for two purposes:
 - To keep just "anyone" from writing some dollar amount down.
 - Other customers can't see the **name** of who's bidding.
- k. Bid card is numerically numbers and might look like this


Bid Card # 12345	
Your Name	_____
Street:	_____
City, State, Zip	_____
Phones (H) _____ (O) _____ © _____	
When bidding, please use your bid number.	
Rules of the auction are: (on back of card)	

(back of card are the rules)

- Auction is Thurs-Sat, ending at 2pm. Store closes at 6pm Saturday.
- You have to be here between 2-5pm on Saturday to get the item you bid on if you are the highest bidder.
- If the highest bidder doesn't obtain the auctioned item on Saturday by 5pm, we will give second highest bidder from 5pm to 6pm to obtain the item they bid on.
- Items picked up must be paid for by cash/check/credit card.
- No refunds nor exchanges. No charge sizing up or down 1 size. Normal charges above that.
- Items not bought/picked up on Monday will be given to charity or melted and will not be available for purchase after the event is over.

Additional notes on the auction:

1. I visited a store who copies this and added a "twist". If you've ever looked at eBay, you know "**Buy It Now**" means "*I don't want to wait and take a chance it won't be here.*" So on the above example they added a starburst with "Buy it now" on it and used a number 1/2 way between cost and retail. So for a \$1000 retail item, cost is \$500 (beginning bid was \$450) they used **\$750-Buy It Now!** The first week sold a lot of stuff at the Buy It Now price.

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<u>Bid #</u>	<u>Bid Amount</u>	
_____	\$ _____	
_____	\$ _____	
_____	\$ _____	
_____	\$ _____	

2. The bidding stops on Saturday at 2pm and from 2pm until closing it is the single largest dollar day all year, including Christmas time.

3. Call people who were 2nd on the list to win the bid if #1 bidder didn't buy it and see if they want it on the following Monday.
You'll pick up extra sales.
4. This was a "buy it cheap now or forever lose your chance" sale.
You **cannot put it back into the case next week!** This stuff must be scrapped and taken out of the store. It must be, you'll lose your credibility. Customers could come back, see it for \$1000 and say "Hey it was \$450 last week, that's all I'll give you." Its old, this was the last ditch effort.
Unload it.

Do what successful retailers do across the country:

1. Buy by price points.
2. Give it "one season" to sell, if it doesn't, start the unloading process.
3. Clothing has a season of 3-4 months. Jewelry's "season" is one year.

David Geller
Director of Profit