

Can your jewelry store survive a downturn in sales now?

Kind of a “slam in the face” headline isn’t it? Don’t tell me you haven’t laid awake at night thinking about what the Corona Virus will do to your jewelry business.

Your sales for a period of time will for surely decrease. Are you prepared to make it to the other side? How about your employees who you keep talking about as “we are family here”?

There are two questions really, simple questions.

1. Do you have enough cash to take you through the lower traffic time?
2. How will your business run on the other side?

I’m not yelling “the sky is falling” as America always rebounds. As a 71-year-old I’ve seen many recessions, crashes, gas rationing and terrorists’ attacks. Warren Buffett says it best “never bet against America”.

Face it, people don’t need jewelry. You haven’t seen a run on rings like there has been on toilet paper. With what’s happening now any business that has to do with travel, entertainment, retail, restaurants and gatherings of large crowds will be affected. Maybe not for the long term but for those businesses to survive hours could be cut; their pay scale lowered or just let them go altogether. Your customer who buys big because her restaurant is flourishing or the car dealer who always buys something nice at his anniversary will be affected just like the commissioned salesman at any other store and probably delay purchases.

No, the sky is not falling but business will decrease. Do you have enough cash aside? Are you going to keep your staff on if business decreases and/or pay them so they can survive? You know they are as worried if not more so than you.

I do have a plan for you but wanted to add a note. I’m a multigenerational jeweler, both my father and grandfather were diamond setters in New York during the great depression. I was told they were busy and made money back then. Many people have and will always have money to spend. But that was almost 100 years ago! Today with “work from home” available it may not affect as many people. My daughter is an attorney and she’s working from home.

So, where do we start, from the cash flow problem generator? For years I’ve been preaching about the bad effects of inventory over a year old and you’d be amazed to know the number of store owners who I speak to just don’t get it.

So, if you agree with me that business will take a hit, read on and you’ll need cash.

So just how happy are you now with those diamonds, rings, bracelets that have been sitting in your showcase for YEARS rather than your bank account? Doesn’t do you much good now, does it? Did the people buying carts of toilet paper stop by your store and ask about “that ring over there?”

I'm going to help you right now **if you'll accept it**, plus give you some ideas how to prepare now for the other side on a following email.

I HAVE TWO PEOPLE WHO WILL PAY YOU CASH FOR YOUR OLD STALE INVENTORY. RIGHT NOW.

Most of you have been selling items you've bought off the street for years, along with selling scrap to a refiner, so you might have vendors to sell to now, so **dump that old stuff now!**

PLEASE! Take my heed, if it's over a year-old dump it! You'll still have plenty of stuff to sell when things return to normal-you need cash NOW to whether the storm and continue advertising; not the 2 and 5-year-old rings nor loose diamonds that are also old!

Diamonds are no different than a gold ring or earring. It's a product that was supposed to leave your store within one year and on its way out leave you a trail of cash (called gross profit). I don't know who told you that you're in the jewelry business. **You're not, you're in the banking business.**

A banker has inventory called **cash and if they don't get it out the door in the form of loans, they don't make any gross profit (called interest). They don't hoard cash/inventory and you shouldn't hoard inventory either.**

I've known these two men I'm recommending for a long time. Both men have a sterling reputation in our industry as impeccable and pay overnight. I recently asked them both if a flood of jewelers unload their stuff can they handle it (money wise) and they both said **YES-bring it on!**

They will buy everything. Gold scrap, loose diamonds (I assume fine gemstones as well) as well as all of the items that sit in your case. Both buy and sell tons of estate jewelry.

You know all the scrap you've been hiding in the safe? Gobs of it? **DUMP IT NOW.** I know you watch gold price and I also know some of you have been in the business when gold was \$600+ an ounce and watched it rise (I started when gold was \$65.00 an ounce). Have you noticed gold dropping in last 5 days? People are selling their stash-more sellers than buyers. It doesn't matter why it goes up or down, trade it for cash.

Have you wondered why when stock markets tanks and gold usually skyrockets and why it hasn't so far this past week? Because people are selling, looking to hoard cash. I will also recommend just a refiner if you need one.

If you're on many of the jewelers Facebook pages these men are highly regarded on those sites. (JHJ for an example).

You can trust these two men and they will give you quotes for your items before hand and if you want, they can wire the money. They are remaining open to help jewelers.

Hess Fine Art
Jeff Or Katrina Hess
1131 Fourth St. North
St. Petersburg, FL 33701
800-922-4377



Rick Kleinvehn Diamond Brokers
33 W Higgins Rd Suite 3060
South Barrington, IL 60010
847-997-8300



Although these men will buy your karat gold as well, most of you have a refiner. Last year Renie and I were on a Jewelers Helping Jewelers cruise for a few days and we all sat in on a presentation from Steve Hartz on how refining is actually done and measured. From looking at what he showed us looks like he just might pay you more for scrap but also **bench sweeps and polishing dust plus watch batteries.**

SHR Precious Metals, Inc.
8297 Champions Gate Blvd. Suite 312
Champions Gate, FL 33896
Steve@shrefining.com
407-413-3332



Remember what mom used to tell you:

1. Eat your vegetables.
2. Do your homework.
3. Say "please and thank you"
4. Save up for a rainy day.

This is the rainy day.

If you're open, send this stuff off to them. If you're closed, go back in with someone and package old stuff and send to them. Then go back home. Would suggest FedEx or UPS.

If you have a higher bank account, you can smooth out the rough sailing. Plus, you can help your staff especially if they are on commission. This might be the time to have a "guaranteed pay period" to help them out and you'll have dollars to advertise. Americans can't **not shop for long!**"

ONE BIG THING TO REMEMBER: With things getting tough people will be selling gold and jewelry like crazy. You're going to make more money buying off the street than few people buying jewelry in the case. You will need **gobs of cash! DO IT!**

If you close for the 2-week period can you easily pay the staff to stay home and cover your overhead? Same if it slows down. You should do this and having money in the bank will ease this time for you. I see many stores books and those who manage inventory very well have low debt have large amounts of cash in the bank. Is your bank account high enough now to pay salaries and overhead with **decreased traffic coming into the store? Get cash.**

What if I'm nuts and your business doesn't drop off? Golly gee-what would you do with that extra cash you just received? Pay down debt, ramp up advertising? Restock fast sellers? It's a win/win.

By the way I sent out 2 days ago a survey to see if stores were going to open or close. **Here's the overall results.**

1. Overall 80% of jewelers say they will stay open during this 2-week period. Most said business as usual, 20% said they might have less staff while they are open.
2. Of the 20% of stores closing about 40% said they will be **in the store** working with some staff people.

By the way if closing up, take 100% of jewelry out of the cases; sheets over the showcases invite thieves. Be smart! (In fact, no store should leave items in the case ever.) Broken glass windows and showcases always cost more than the low-end stuff you leave in the cases.

Look for my next email on some suggestions what to be doing now to plan ahead for the coming weeks. China and many Asian countries are coming back to normal after quarantine but "normal" is ability to go back to work and do other things. I have not heard how it affected their economy nor people's pocketbooks, but I can imagine. So we must keep looking forward and continue advertising and marketing just like before.

To print this as a PDF file or forward, click this link:

http://www.jewelerprofit.com/f/Can_your_jewelry_store_survive_this_coming_downturn.pdf

David Geller

