

FRESH IDEAS
TO BETTER YOUR
BUSINESS

TIPS
MANAGEMENT



UNCHAIN YOURSELF

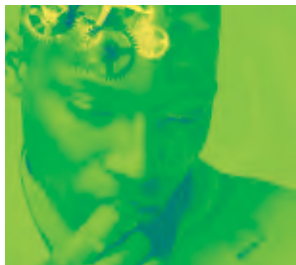
Indianapolis-based advertising agency The Heavyweights asks employees to move desks every six months to encourage people to review their status quo. "When you move, you unburden yourself with things you no longer need to drag around," founder John Luginbill explained to *The Wall Street Journal*.

FOLLOW YOUR BLISS

In the wake of the recession there's been a lot of soul searching among business owners. With the slow season approaching, it may be time to ask yourself what is it exactly that you like about what you do, suggests the E-Myth Business Coach. The answer will often hint at what gives you not only the most gratification, but also your best shot at all-round success.

TAKE THE HEADSHOT

Law-enforcement officials have a request: Tilt one or more of your surveillance cameras lower so the face of a suspect is visible and not just the top of his



or her head when the security tape is played back. Scott Kelly of Jems Jewels & Gold in North Wales, PA, picked up the tip at a GIA/Jewelers Mutual function that featured a talk by an FBI agent who specializes in jewelry-related crime.

SHANE

DECKER

ON MARGINS



Protect Your Margins

CAVING IN ON MARKUP UNDERMINES YOUR INTEGRITY AND PROFIT.

LET'S FACE IT: The last three years have been tough. More jewelers have contacted me during that time to ask about net and gross profits and markups on their merchandise than ever before. I decided it was time to address this in my column.

First, let me say that in many stores, net and gross profit margins are the lowest I've ever seen. This is primarily due to two mistakes:

- ❶ not marking goods high enough
- ❷ allowing your sales associates to negotiate too much on the price

There can be other problems, such as low closing ratios or having the wrong inventory, but these are the two most responsible for the pain many retailers are feeling.

Too many of you are taking short margins. You have to believe

in your prices again. After all, your integrity is in your price, and your price will reflect value and quality in your product, your expertise, and your level of service. It's not a sin to make money. (Everybody thinks you're rich anyway, so you might as well be!)

If your salespeople are apologizing for the price (or giving the impression they're ashamed of it), your clients will think the item is marked up too much. We both know there are a lot of salespeople who can't close if they can't negotiate the price; they need to be retrained. That's why I've emphasized over and over again the importance of sales meetings on romancing the value and worth of your products.

As for your markups, what I'm about to show you are figures I've compiled by studying reports from stores all across the country that sell with integrity. If your markups in these areas are more than these,

and there's no price resistance in your store, and your closing ratios are high, then *don't* lower your margins; stick with what's working. If not, here's where your markups should be:

JEWELRY MARKUPS

- \$0-300 → 3x
- \$300-800 → 2.75x
- \$801-1,500 → 2.5x
- \$1,501-3,000 → 2.25x
- \$3,001-5,000 → 2x
- \$5,001 and up → 1.5-1.75x

DIAMOND MARKUPS

- FIFTHS, QUARTERS AND THIRDS → 2.5x
- HALF-CARATS → 2.25x
- THREE-QUARTER CARATS → 2x
- ONE-CARATS → 1.5-1.65x (unless branded)
- CARAT AND A HALF → 1.5x
- TWO OR THREE CARATS → 1.3x
- FOUR CARATS AND UP → 1.5x
- NATURAL FANCY INTENSE COLORED DIAMONDS → 2x (regardless of size)

If you negotiate prices in your store, these markups are the bottom line. If you generally allow salespeople to negotiate 10 percent off the price, add 10 percent to the markups above.

Aim for 52 percent or more on gross profit and 8 to 12 percent on net. If your store sells a lot of high-end product (diamonds, brands, watches) that has lower margins, then the gross and net numbers may be harder to hit — that's OK.

One more important note: Re-price all gold, platinum and diamonds to current prices. If you haven't done this for a while, your inventory may go up several hundred thousands of dollars in value.

Happy selling! Go make money!

SHANE DECKER has provided sales training for more than 3,000 stores worldwide. Contact him at (317) 535-8676 or at ex-sell-ence.com.