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FALL 2021
Vol. XXI No. 2

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President's Message

Susan's Corner



Dear TJA members,

I am so thrilled to be able to spread the news about our new concept of sharing our annual convention with the Select Show in Dallas this coming September. Trying new initiatives, experimenting with new ideas and sharing them with others in our industry is something we all benefit from.

Getting together to socialize and exchange thoughts and ideas has been limited this year; however, joining us at AGTA and JCK for a drink after hours and sharing time together at the Select Show will help us make up for lost time. Every year we are able to meet new members and communicate the true value of TJA membership during these industry events.

I cannot stress enough the importance of our members attending many of our TJA functions. We will be leading the round table discussions at the Select Show featuring current topics and will showcase our Design Competition during the event. And besides being together, we will be able to enjoy buying from the quality vendors exhibiting at the Select Show at the Ritz Carlton.

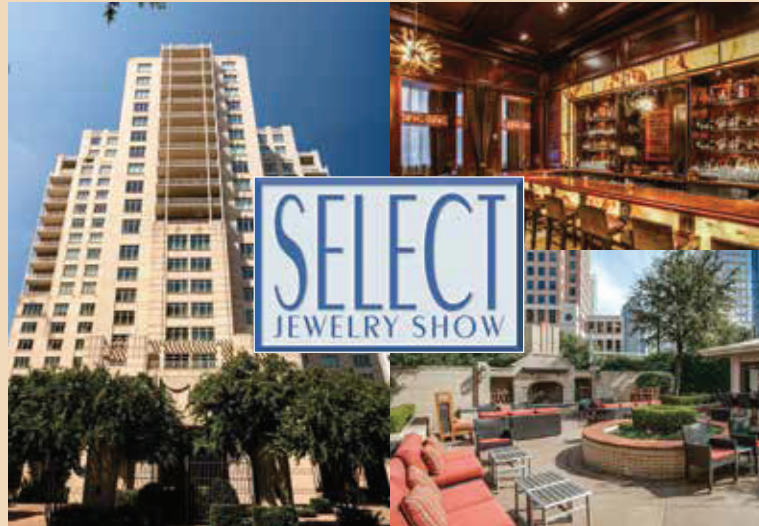
We will be sending you more information about the hotels available and the events planned so keep your eyes open for our newsletters that will be coming soon.

I want to thank all of our generous supporters and my wonderful board of directors for helping us reach this milestone.

Wishing you a fabulous summer and fall,

Susan Eisen, TJA President

Susan Eisen Fine Jewelry and Watches, El Paso, Texas



Ritz-Carlton Hotel

Dallas, TX Sept. 12-13, 2021

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Afarin	Earth Pebbles Estate, Vintage & Antique	KC Designs	Raymond Mazza
Aiya Designs	Erica Courtney	Kimberly Collins	Reko Settings
Ara collection	Evocateur	King Baby Studio	Roma Designs Inc.
Ara Collection	Facet Barcelona USA	Lika Behar	Roman + Jules
Artistry Ltd.	Frederic Sage	Luca by Henderson	Royal Chain
Asher Jewelry	Gem Platinum	Marina B	Royal Pearl
Ava Couture	Gem Star	Marika Desert Gold	Shefi Diamonds Inc
Beverly K	Gemveto	Mastoloni	Shieler Trading Corp
Chromia Jewels	Gumuchian	Mazza Co	Steven Royce Designs
Color Jewels/Cirari	Hari Jewels	MCE	Suna Bros Inc
Costar Imports	Heera Moti	Midas Chain	Suzy Landa
D.M. Kordansky	HJ Namdar	Milano/ Antonini	Vahan
David Connolly Inc/ Jabel	House of Baguettes	Ora Alexander Inc	William Levine
David Weisz	IJM	Paragon Couture Group	Zeghani
Dilamani	Jewels by Jacob	Peter Storm	

Register to attend: www.SelectJewelryShow.com • 844-285-1103

Inventory Management

by Bob Epstein



It seems simple enough – keep an adequate supply of the most popular items, but make sure you don't overstock -- yet inventory management should be more than keeping the appropriate selection on hand. Successful inventory management involves balancing the costs with

the benefits. Many jewelers fail to appreciate the true costs of carrying all of that inventory. These can include insurance, taxes, storage and the sheer cost of money. As these costs continue to rise, tight inventory control is still one of the best investments a jeweler can make for long-term success.

The key to successful inventory management is adherence to strict controls, and this requires an uncanny ability to anticipate customer demand so that sufficient stock is on hand to accommodate sales volume, all the while avoiding shortages. The best way to do this is to understand inventory turns and create an accurate sales forecast. Inventory turnover is the measure of how often, at the current rate of sales, you sell your entire inventory in one year. (To calculate inventory turnover, divide total annual sales by your average monthly inventory at retail, or annual cost of goods sold divided by average inventory at cost.) High profit stores generally have a 20 percent greater inventory turnover than their low profit counterparts. For this reason, it is important to understand exactly which inventory is moving and what part of inventory is collecting dust. Employing the simple strategies listed below can help improve inventory management.

- Computerize your inventory system to gain a better understanding of what your customers are buying and to simplify the buying process. Code your inventory with a purchase date to create an accurate aging report and take action on slow moving goods.

- Review the reports to identify the fastest sellers, and make sure to keep them in stock.
- Determine which products are the least profitable and consider reducing stock in those categories.
- Review your open orders and speak to vendors about canceling orders for products you don't have a great demand for.
- Review some of your long-term vendor lines and compare them to new vendors for similar, lower priced options.
- Look at purchasing inventory from jewelers going out of business, or manufacturer close-outs.
- Consider re-merchandising your store, and pair up older merchandise with newer goods. Price the older goods at great values to generate cash to use for newer, faster selling goods.
- Review your commission structure for your salespeople and offer additional incentives to move dated goods.

When reviewing your inventory and considering markdowns, it can be helpful to use this mantra: "Better a dollar in your pocket than gathering dust as unsold merchandise." A successful business knows how to move merchandise and understands that the price points may be different according to the type of inventory.

By using all of these strategies and your own judgment, you should be able to improve your cash flow and better manage your inventory for a new day and a more profitable new year.

Bob Epstein is CEO of Jewelry Advisors Group. Offering a legacy in sales strategies for jewelers, Jewelry Advisors provides guidance to store owners seeking to turn around a business, sell off unwanted inventory, or liquidate an entire store. For more information, visit www.jewelryadvisorsgroup.com or call Bob direct at 1-843-881-3383.

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5-Step Rooftop Burglary Procedure Criminals Use & What You Can Do to Stop Them



In 2019, the Jewelers Security Alliance received reports of 34 rooftop burglaries from 15 states, compared to 9 rooftop burglaries from seven states in 2018. In some cases, alarm systems, often without line security, were compromised. In others, when police responded to alarm signals, they were unable to detect any obvious signs of a break-in upon exterior inspection. Because they were unable to conduct an immediate internal search, it's likely the burglars had either left the scene, were still inside the building, or on the roof.

So, what can business owners do to keep jewelry store burglary attempts at bay?

The criminals behind these crimes are professionals and to help keep this trend from reversing, jewelers need to be proactive in making rooftop burglaries tough to execute. Believe it or not, extensive casing is a precursor before criminals commit a crime such as a rooftop burglary. In fact, casing sometimes takes place months in advance of a break-in.

Each moment of the heist is planned and coordinated around observed lapses in security, which is why breaking down the



criminals' rooftop burglary procedure into five steps can help you identify areas of improvement for your security.

CRIMINAL ACTION #1: Casing of the interior and exterior of the premises

Before doing anything, criminals need to assess the layout of your store. To do this, they will try to get as up close and personal as possible – even visiting your store and posing as a potential customer. They will do their research from afar too. Usually, the first thing any burglar will want to establish is an escape plan from a protected premise that they can execute should anything go wrong during the burglary.

YOUR RESPONSE: Keep note of odd or peculiar occurrences with a suspicious incident logbook. Make sure to review your surveillance footage for any patterns around the suspicious incidents. Share any information you have with your local police and ask them to increase their surveillance of your neighborhood. Continue sharing your experiences with crime prevention networks, as your colleagues and neighbors may have encountered and reported similar incidents.

CRIMINAL ACTION #2: Triggering false alarms and observing your response

Rooftop burglars will intentionally trigger alarm conditions at jewelry businesses to see who responds (if anyone) and how they respond. Remember, burglar alarms do not stop burglars — individuals responding to alarm signals and investigating the source of the alarm signal via a thorough search of both the exterior and interior of the protected premises stops burglars.

YOUR RESPONSE: Whether it's once, twice, or 10 times, always respond to every alarm signal with the utmost urgency.

To respond in the first place, be sure to have your alarm company inspect your system on an annual basis to ensure that all its components are working properly.

We know that false alarms can put stress on any security system and cost you time and additional expenses. Jewelers Mutual Group has joined with Securitas, a highly regarded global leader in protective services, to make the Alarm Response Program available to all jewelers at an affordable rate with no additional monthly retainer fee.

This program is a small investment in your future safety by taking comfort in knowing security officers are ready and able to respond to any type of security alarm breach, threat or concern.

Here are just a few advantages of the program:

- Reduction of costs associated with law enforcement responding to false alarms.
- The responding officer can frequently handle the routine case of the alarms themselves, saving you time, money and headaches.
- 24/7 alarm dispatch capabilities in serviceable locations

How Mobile Guarding Alarm Response Works:

- In the event that your alarm system sounds, a Securitas Mobile patrol officer in your area will be dispatched to your facility.
- The responding officer will investigate the area and enact the proper response:
 - If the area is clear, the officer can reset your alarm.
 - If an issue is found, the officer will contact the proper authorities.
- Real-time reporting instantly alerts you to any security issues.

Learn more about the Alarm Response program by visiting jewelersmutual.com/alarm-response-program.



CRIMINAL ACTION #3: Cut an entrance through the roof and wait out the determined alarm response time

These criminals look for a remote and unobservable points of entry. They are counting on the fact that law enforcement officers dispatched in response to alarms will check doors for signs of forcible entry and not suspect they are working on the roof. They have all night to execute their burglary, so they will wait out the predetermined alarm response time patiently.

YOUR RESPONSE: A response is critical every time an alarm is activated. Arrange to meet local law enforcement to unlock your store and have them conduct a thorough interior investigation for the source of the alarm signal. Don't arrive at your business unless local law enforcement or a guard dispatched from your alarm service company is already there.

CRIMINAL ACTION #4: Disable the alarm and video surveillance systems

If they've gotten this far, criminals don't want to leave a trail. An unexpected alarm going off could spoil their cover and getting captured on video could lead to their arrest later.

YOUR RESPONSE: Aside from having an alarm system that is UL-certified, you should make sure that your burglar alarm communication path is protected by line security. This guards against attempts to compromise the integrity of the communication path between your business and the monitoring facility. By installing additional motion detectors and video cameras above your ceiling tiles, you can detect would-be burglars who may be hiding there otherwise undetected during a basic search of the interior.

CRIMINAL ACTION #5: Get in and get out ... or stay all night

A burglar's objectives are made much easier when merchandise is left out of the safe and in plain sight. However, since criminals do their homework, they are prepared to spend hours in a jewelry business to compromise a safe. After monitoring response times or figuring out how to completely disable your alarm system, they will determine the level of security your safe or vault offers and what level of time and resources are needed to dismantle it.

YOUR RESPONSE: This brings everything full circle, because if you always follow a high standard of procedural security, criminals will know that there are probably easier targets out there. This begins with putting all your merchandise away at night in a safe or vault. Always opt for a safe rated highly by Underwriter's Laboratories, such as a TRTL – 30X6.

Learn more about the Alarm Response program by visiting jewelersmutual.com/alarm-response-program.

87th Texas Legislative Session Review

By: George Keleman – President Texas Retailers Association



The 87th Session of the Texas Legislature officially concluded and was gaveled Sine Die, on Monday, May 31st. This was a session like no other, given the overlay of the COVID-19 pandemic, a new House Speaker in Dade Phelan, as well as the unprecedented winter storm in February. Despite all of the associated challenges, the Texas Retailers Association (TRA) team went to work on your behalf in the halls of the Capitol building,

both virtually and in person, to deliver one of the most successful outcomes for retailers from any state legislative session in recent memory.

TRA fought very hard to pass good legislation, which included successful outcomes on many of our identified priority issues. On balance, TRA had a very good legislative session, getting most key TRA priorities passed into law, as well as playing effective defense on potentially harmful bills, and leaving only one major issue to continue to be worked on during the interim, most likely during a soon to be announced special session. More than 6,800 bills were filed during the 87th Texas Legislature and just over 1000 were sent to the Governor's desk. TRA actively tracked over 400 bills and hundreds more amendments directly impacting the retail industry.

Session highlights include successfully having bills filed on all our priority issues and defending our industry against bad legislation. Specifically, TRA supported business-friendly proposals, as TRA's members companies are already significantly regulated, licensed, inspected, and taxed by the State of Texas. TRA supported bills which allowed our members to continue to provide excellent customer service and top-quality products, while promoting continued business success. Each of these bills have now been signed into law by the Governor and will either be effective immediately, or later this fall.

- COVID-19 Response - TRA supported the state's actions during the pandemic and appreciated the broad impact and guidance given by our elected officials. During the 87th session, TRA supported measures to provide workable solutions to the retail community across Texas to enable our members to keep our customers and employees safe and healthy while continuing to provide our community with essential needs and services throughout the pandemic and into the future.

[SB 6](#) (passed and signed by the Governor; effective immediately) - Chief among TRA's COVID-19 related legislative efforts is support for liability protections for retailers against meritless legal claims due to the COVID-19 pandemic. SB 6 is the result of our efforts, along with those of our pro-business partners to pass protection that will allow retailers to continue to serve their communities and devote resources to those efforts rather than baseless lawsuits. TRA is pleased to have been a leader in the successful efforts to pass SB 6.

[HB 1195](#) (passed and signed by the Governor; effective immediately) – TRA was proud to help lead the successful effort to make sure that federal Paycheck Protection Program (PPP) loans to businesses during the COVID-19 pandemic, would be excluded from total revenue calculations for purposes of the Texas franchise tax.

- Taxes on Retail Businesses - TRA supports tax relief, as retailers across Texas are constantly subject to increasing taxes and/or fees. Texas business property taxes continue to serve as a significant disadvantage to the retail industry in our state. Tax relief is not selective; it benefits large and small businesses equally and attracts greater investment in the Texas economy.

[SB 153](#) (passed and signed by the Governor; effective October 1st) – TRA was proud to successfully lead the charge on this important bill for Texas retailers and work with Sen. Charles Perry to clarify that payment processing fees are not a taxable service under current Texas Tax Code. This important clarification in the law, which was a retailer initiative from start to finish, will benefit businesses across Texas.

TRA continues to support inventory property tax relief and will continue to work toward it during this interim, as well as next session. Retailers across Texas are subject to increasingly higher property taxes, not only on their retail space but also on the inventories on their shelves. Inventory property tax relief is not selective; it benefits large and small businesses equally and attracts greater investment in the Texas economy.

- Winter Storm Relief – TRA, along with many of our

member companies, immediately engaged on the response and recovery from the effects of the February winter storm. This included legislative efforts to protect and harden the Texas electrical grid so that it can much better withstand subsequent winter storms going forward.

[SB 3](#) (passed and signed by the Governor; effective immediately) – Requires preparing for, preventing, and responding to weather emergencies and power outages.

- General Business – TRA and our member companies also led on collective efforts regarding other major bills which directly relate to retailer’s abilities to operate in the least restrictive manner.

[HB 19](#) (passed and signed by the Governor; effective September 1st) – As a member of the Keep Texas Trucking coalition, TRA worked with our partners to successfully pass legislation which will help ensure the “rules of the road” for highway accident cases are applied in a uniform and fair manner in all Texas courtrooms. In turn, this will save retailers and businesses operating commercial vehicles in Texas from bankruptcies and closures by freeing up money currently spent paying sky-high insurance premiums for more productive purposes.

[HB 3746](#) (passed and signed by the Governor; effective September 1st) – TRA served as a member of the Data Privacy coalition, which worked to ensure that data privacy legislation introduced this session was not burdensome to business. Specifically, TRA worked with member companies engaged with the coalition to help shape HB 3746, which requires certain notifications following a breach of security of computerized data, to make sure the requirements are feasible for retailers.

[HB 1518](#) (passed and signed by the Governor; effective September 1st) – A significant win for TRA’s members who sell beer and wine. Retailers who sell beer & wine will now be allowed to begin selling product at 10:00AM on Sundays.

[SB 1668](#) (passed and signed by the Governor; effective September 1st) - Simplifies the licensing process for dispensing propane into a cylinder in Texas at retail establishments while maintaining the highest standards of safety and training set forth by the Propane Education and Research Council (PERC).

- Success in all Phases – In addition to our major success in passing the vast majority of our priority bills, TRA also lobbied against bills that would have created new burdensome requirements or were bad policy for businesses across Texas. Issues ranging from new labeling requirements of certain foods, to regulating how all knives are displayed for sale, to new and onerous recycling requirements, and arbitrary restrictions of foods that can be purchased through some state programs, are examples of the defense TRA played on behalf of our members this session.

Special thanks go to the TRA members whose help proved invaluable throughout the session, and since this was no ordinary session, it took a total team effort to achieve the great success we did this session. Contributions ranged from help from members who have government affairs staff in Austin, who lent their resources to work in collaboration with our team, to those who testified, wrote letters and emails, made calls, or met virtually with their Legislators. Another significant show of force by TRA this session was our Texas Retail Industry Lobby Day, which we turned into a great virtual event, and included usage of digital technology to geo-fence the State Capitol complex on Lobby Day to increase our presence. The bottom line is that we could not have done it without YOU, especially during this most unique of legislative sessions. Thanks for all your help and engagement in our legislative success this session.

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Jewelers of America update

from Chosen Payments and Jewelers Health Care. We have some great promotions for the show.

I hope to see you all at the Select Show in Dallas this September. For those who have not attended it is a great show with a diverse group of vendors.

JJA continues to support our state associations and is working to an enhanced partnership.

If you have any questions or suggestions, I can be contacted at rciartleglio@jewelers.org

Have you received our Supplier Member Directory? These were mailed out April 15th to all members. It is also available digitally at www.jewelers.org/supplierdirectory. Many suppliers have offered special incentives to our members so be sure to check this out.

We are constantly exploring new programs to benefit our members. Currently we are working with SHRM (Society for Human Resource Management) and a few digital providers. If you have any suggestions, please reach out to me at rciartleglio@jewelers.org

Although our convention is over, JA members can still access all the recorded content on our website. If you are not a member, you can enroll for our special rate of \$115 – to coincide with JA's 115th Anniversary.

We have also expanded our member benefits with enhanced discounts on courses from GIA, Diamond Council of America, DeBeers, National Association of Jewelry Appraisers, and the American Society of Appraisers.

Most exciting is JA certification. Jewelers of America Professional Certification can advance your career and distinguish your store from competition. Because our primary mission is to improve consumer confidence in the industry, effective July 1 we are making Level 1 Sales Professional Certification complimentary to you and all your store associates.

If you are traveling to the JCK show, please be sure to visit us in our new and expanded booth in the lower lobby, L25. In addition to the JA team, you can meet our benefit partners



TJA 2021 Convention update



Finally, a chance to get together again after a year break! We are so excited to have our convention join with the Select Show in Dallas September at the Ritz

We are trying something different this year by having two no-host dinners and sharing meals together with Select. We are having our board meeting and design competition during the show in a private room. Because we do not want to commit to a minimum at the hotels and the restaurants, we will be sending you a list of hotels you can choose to stay at that are close to the Ritz where the Select Show is being held.

For our TJA members, our convention includes two no host dinners, two cocktail parties, and lots of fun and conversation. Everyone is invited to attend the Select Show and see the many quality vendors that participate. There are two raffles during the show for lucky winners along with great food and drinks.

The Registration and design competition forms will be out soon, so please put them on your calendar and send in your forms so we can include you this year.

It's Back to the Shows! Let's Go!

David M Baker, G.G. C.G. - AGS, Katy, Texas



For the first time since Colorado Springs on March 1, 2020, I attended a jewelry industry event, the RJO Buying Show. The RJO Buying Show was held in the Cincinnati Convention Center in Cincinnati, Ohio. It was quite well attended. The inventory selection was refreshing, but more important than the fantastic inventory selection was seeing so many of our colleagues.

The smiles, hugs, and sincere greetings, brought a more “connected” human touch to the show. Everyone was thrilled to be at a show and genuinely ecstatic to be present at a jewelry trade show event.

All of the attendees I spoke to did seem absolutely thrilled to be at the show. A wonderful synergy was created by a combination of vendors proudly sharing their new items. The buyers listened, looked, and most importantly, bought.

It was obvious that everyone had experienced a challenging 2020. All of the participants expressed in their eyes a certain weariness from the year long event. Many acknowledged, “We made it!”

It is in the air that our industry is having a banner 2021. All were quite happy with the volume of business the retail stores are doing, which naturally filters down to the wholesale dealers. Many proclaimed they were experiencing their best years ever!



With all this positive occurring in the industry, it is all happening with a bit of caution. People are buying but the future still has a sense of uncertainty. As I type, the new delta variant has

started to explode in some cities and that has put the caution sign up. Will our customers continue to buy or will they start traveling, that is yet to be determined. Will this variant change the way our customers shop all together.

School time planning is around the corner and society as a whole can not and will not stand for another year like 2020, with home schooling, missed work time and home bound families.

Our industry is planning and hoping for the future to be bright. Will we have to invent a newer way to reach our customers? Will we have to redesign our strategies to keep jewelry prevalent? Who is really in charge here, the news media or our own judgement.

If you are feeling a bit tired of all of this, you are not alone. In house events are being planned again, a super holiday is in the works. Shows are starting up and positive vibes are from all around. Walking the city of Cincinnati, a feeling of the toughness felt by business were evident. There were many storefronts closed as been experienced in most major cities around the country. The feeling of time to reinvent came over me. THIS is the time to make changes, create new, and make magic happen in our businesses.

Paint the store a new color, get new displays, recreate your business cards or possibly you logo. Do you send out card to say happy birthday and give a special promotion to that customer, well this is the time to do it. Keep customers in the loop with what is happening in your store, the new products, and with that, try a new product. Step out of your box and make it happen. Get some fun wrapping paper, a cool give away, and don't forget to donate to your local charities. They are really hurting as well through this tough year and a half, they are very appreciative of anything that will help their purpose.

Let the local newspaper or social media know you are still there and in a big way. You are not only here but you are here to stay and still supporting your local charities.

Attend a show, get re-inspired. Meet up with your old friends, they need you too! Life will and has started to get back to normal, a new normal they say, but what really is normal anyway. Looking forward to seeing you soon!

SHOULD YOU GIVE OUT YOUR PROFIT & LOSS STATEMENT FOR YOUR EMPLOYEES TO SEE?

—David Geller—



Should you give out your Profit & Loss Statement for your employees to see? I did.

You probably know that most all your employees look at the weekly receipts coming in and think YOU ARE A MILLIONARE! “Just look at how much business this place does!”

In addition, employees think MORE about bringing in ANY AMOUNT OF DOLLARS over **profitable dollars**.

You see this by them discounting a lot.

“Why is he upset? I got the store a \$5000 sale for crying out loud. I helped to make payroll.”

But if you only made \$900 in profit, hard to pay:

- Rent
- Payroll
- Advertising
- Utilities

Of this small amount of money. The cost of \$4100 goes to pay for the merchandise (unless of course this item is an old as the hills).

Our goal is to build a team with a common goal and it's just not to increase sales. It's to bring in more **profitable sales**.

There are 3 ways to make money in a jewelry store:

- Sell inventory
- Sell Repairs & Custom
- Buy and sell scrap gold

“Typically” the buying/selling of scrap is handled by the owner or a formulae that the owner created and in addition sending it to the refiner often (increasing our turn) mean it's most often a no brainer to make money from scrap.

That leaves selling product and shop sales of which in my store shop sales were 75% of total sales. If you didn't know how much to charge or believed “giving a way repairs is good for business” then this could be a big losing proposition.

Selling inventory is another and discounting to make a sale to bring in money can be good today, but next week it affects accounts payable and bank account.

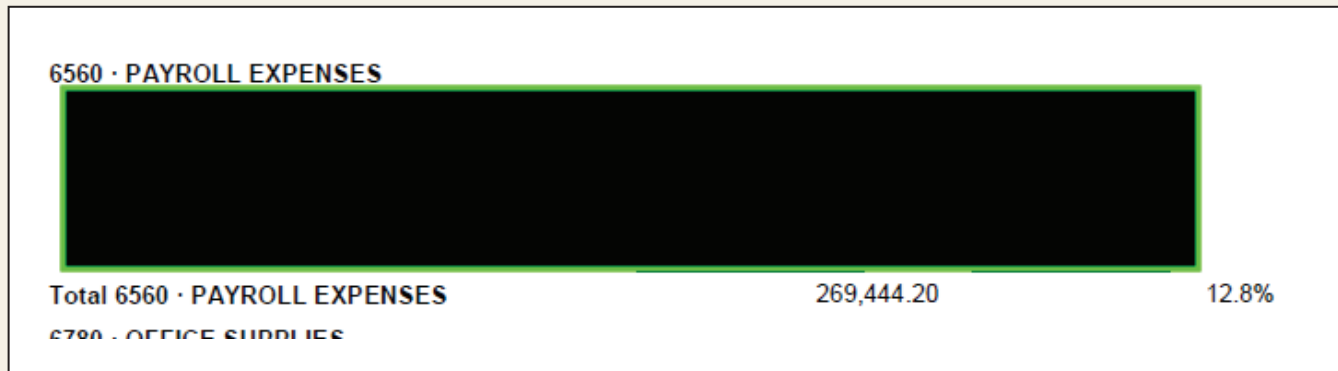
So how to combat the staff “giving away profits nonchalantly”?

I showed them the books! Once a year.

I printed from our QuickBooks the profit and loss for the year previous. The only thing I made hidden were the salaries. In QuickBooks you can hit “collapse” on a section, and it will only show total. So instead of showing payroll for

- Owner
- Admin
- Sales Staff

It just showed total payroll as one number and to the right was the percentage of sales (important). Like so:



6560 · PAYROLL EXPENSES		
Total 6560 · PAYROLL EXPENSES	269,444.20	12.8%
6700 · OFFICE SUPPLIES		

They could see the total but more importantly was the percentage. See where it says “12.8%”?

I explained that for every \$100 the store takes in you get \$12.80 of every sale! (More detail in a moment).

So then I prepared the profit & loss to look like the following ([see page 16](#)) :

Let me explain, it’s really easy to understand. In this store there are 3 income departments:

- Product Sales shown in red.
- Shop sales shown in green
- Scrap sales which I didn’t highlight because the staff has little to do with buying scrap now selling it, it’s the owner.

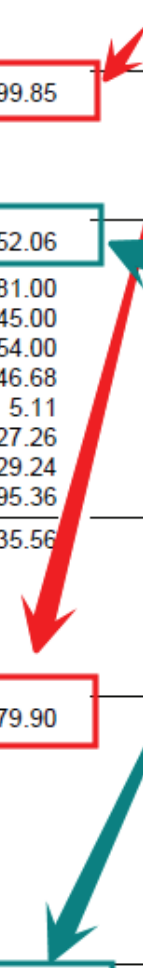
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June 2013 through May 2014

	Jun '13 - May 14	% of Income
Ordinary Income/Expense		
Income		
4000 · PRODUCT SALES		
4001 · Showcase Sales & Spec Order Sal	1,498,299.85	
4002 · Memo & Consignment Sales	19,500.00	
Total 4000 · PRODUCT SALES	1,517,799.85	
4003 · SHOP SALES		
4004 · Jewelry Repair	119,355.58	
4005 · Custom Design	187,496.48	8.9%
Total 4003 · SHOP SALES	306,852.06	14.6%
4009 · APPRAISALS	381.00	0.0%
4010 · Shipping Income	45.00	0.0%
4013 · Misc & Bulk Sales-Edge	1,454.00	
4015 · Fee Income (restocking)	32,746.68	
4020 · Purchase Discounts	5.11	
4025 · Bullion Sales	25,227.26	
4030 · Scrap & Diamond Buys Sales	62,329.24	
4035 · Trade-In Sales	161,595.36	
Total Income	2,108,435.56	
Cost of Goods Sold		
5000 · PRODUCT COST OF GOODS		
5001 · Showcase & Spec Ord COG's	869,679.90	41.2%
5002 · Memo & Consignment COG	15,200.00	0.7%
Total 5000 · PRODUCT COST OF GOODS	884,879.90	42.0%
5003 · SHOP COG's		
5004 · Jewelers Wages	59,915.45	2.8%
5005 · Taxes- Jewelers Wages	4,787.58	0.2%
5007 · Findings/Mtgs/Gold	46,802.54	2.2%
5008 · Small Stones	7,481.30	0.4%
5009 · Tools & Shop Supplies	8,378.68	0.4%
5010 · Outside Labor/Trade Shop	47,696.50	2.3%
Total 5003 · SHOP COG's	175,062.05	8.3%
5020 · APPRAISAL Costs	6,898.85	0.3%
5025 · Boullion COG's	20,839.40	1.0%
5040 · MASTER SCRAP GOLD COG		
5045 · Scrapped Inventory from Edge	53,975.19	2.6%
5050 · Scrap Gold & Dias COG's	59,738.00	2.8%
5055 · Trade-in COG's	73,085.00	3.5%
Total 5040 · MASTER SCRAP GOLD COG	186,798.19	8.9%
Total COGS	1,274,478.39	60.4%
Gross Profit	833,957.17	39.6%

Product Profits =41.6%

Shop Profits (green boxes) =42.9% (want closer to 50%)



QuickBooks won't give you gross profit per department, you have to subtract from sales your cost of goods and divide that profit number into sales to get the profit percentage. Notice product sales has a 41.6% gross profit and shop sales has a 42.9%. I handed this out to the staff and when we were done, **I took the paper back! Did not want them to be spread around.** Yes, I told them to keep this to themselves, but we took the copies after the meeting.

What I'm not showing here are the expenses (to keep this article short) but they'd see how much we spend on advertising, rent, all of the other items to keep the doors open.

At the bottom was the next profit=money left over to do as **The Owner Saw Fit**. This is what most don't see. They might see sales reports from POS programs but they don't get to see how the money is spent.

This is the bottom number for this store:

Georgia Jewelers, Inc.		
Profit & Loss		
Jun '13 through May 2014		
	Jun '13 - May 14	% of Income
Net Ordinary Income	15,479.11	0.7%
Net Income	15,479.11	0.7%

On total sales of \$2,108,435.00 we get to keep \$15,479.00. Just barely enough to buy a used car!

Then I explain to them the big number which is on the TOP P&L portion.

“So as you can see we did over 2 million dollars, that’s a lot, right? Seems to be but after taking in 2 million we have to pay for the inventory that was sold called ‘cost of goods’. Doesn’t count items not sold that we still owe on.

Then there are shop sales, which we did \$306,000 and our cost was \$175,000. We want and need to see a 50% margin and ours was only 42.9%. So staff, this means that our cost of \$175,000 (rounded to speak) should have brought in double! \$350,000. We missed the mark by \$44,000. Doesn’t see like a lot but that’s pure profit we gave away. That’s equal to someone’s salary, isn’t it?

So if we divide the \$44,000 in a year by 52 weeks and by 5 days in a week we gave away on the average \$170.00 each and every day. So here’s how to fix this shortfall:

If we take in just 10 repair jobs a day, divided into \$170 we just to increase our repair sale per envelope by only **\$17.00! that’s all.** (Then ask the staff ‘So anyone have suggestions on how to bring in \$17.00 more per envelope?’)”

Asking the staff gives them control-it’s their idea. You may need to plant some seeds here, but...

- Charge for rhodium plating when we have doing that for free.
- Charge the extra \$35.00 to check and tighten stones while we are working on the piece.
- Instead of tipping just ONE tip on a solitaire, charge to have us tip ALL 4 or 6. It will be safer and will look even

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Just some thoughts to help the staff do something positive and realize why our profits are off.

Let's talk inventory and discounting.

I'd start at the bottom.

“Our net profit, money left over after paying for product, your salaries, rent, advertising and such was only **\$15,479.00**. What you don't see is our debt, accounts payable. So if we sold 1000 rings last year, the sale itself paid for the cost of those 1000 rings we **SOLD**.

But we have in stock as example 2200 RINGS. How do you pay for 2200 rings if you only sold 1000? Two ways

- Reduce the number of rings we keep on hand, which is always an option, but also:
- Make more profit to pay staff, expenses and to pay for the investment of inventory that has not sold yet! Discounting hurts cash flow and besides your year-end bonuses and commissions comes directly out of remaining profits and \$15,479.00 is not a lot left over, **is it?**”

“So, to give you ladies and gents here in the store an easy recap. Let's simplify our profit and loss by moving the decimal point over a couple of digits. Last year we did **\$2,108,435.00**.

Let's look at it a single sale of (I'm just using first 4 digits to make it easier)

\$2108.00

The cost of goods is

\$1274.00

That leaves us **\$833.00** to pay ALL of our bills.

Right off the bat payroll takes **\$26.94 out of the \$833.00**.

In expenses of course is payroll but out of the **\$833.00** gross profit we have to pay our bills, overhead takes out

\$818.00 expenses out of the \$833.00

And that ladies and gentlemen leaves with a whopping fifteen bucks. Whoopde do!

Then we have the staff help answer the questions “what can we do to limit discounting so much? I know customer expect something, but you know if we always give 20%, could we try only 12% or 15% off? Think about how much more the company would take in plus your commissions and bonus could go up. Let's work these two areas together!”

I know this was long read but it's well worth it for the staff to see things in black and white but more importantly moving the decimal point over and show this as a single sale as I just did hits home. It helped us.

David Geller
Director of Finances



Texas Jewelers Association

611 Congress Avenue
Austin TX 78701
www.TexasJewelers.org

Business Information

New member Membership renewal Associate new member Associate renewal

Company Name: _____

Address: _____

City / State / Zip: _____

Business phone: _____ Business fax: _____

Email: _____ Website: _____

Contact name: _____ Title: _____

Type of Business (Please check all that apply)

Retail Jewelry Store Leased Department Traveling Sales Person
 Supplier Manufacturer Friend of the Industry Other _____

JBT # _____ OCCC PMR # _____

Total number of outlets _____ x \$50 = Subtotal \$ _____

(Attach a list of the outlets with complete addresses & phone numbers)

Year established: _____ Do you collect sales/use tax? _____ Tax ID Number: _____

List Two Industry References (names, addresses & phone numbers)

1) _____
_____ (_____) _____

2) _____
_____ (_____) _____

I will abide by the TJA Code of Ethics & Standards of Professional Conduct

Signature: _____ Date: _____

Annual Membership Dues for Associate

\$95 + \$ _____ = Total \$ _____

Annual Membership Dues

\$135 + \$ _____ = Total \$ _____

Would you like to pay by credit card

Name _____

Number _____

Expiration _____ CVV _____

Payment Information (Annual year starts on join date)

My check is enclosed, payable to Texas Jewelers Association
 Please invoice me by email at _____

Please mail this form and payment to:
Texas Jewelers Association - 611 Congress Ave. Austin, TX 78701

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