Data-driven jewelers

For top jewelers, databases and inventory management systems have taken much of the guesswork out of the business of selling jewelry.

BY BETH BRAVERMAN

When Daniel and Janice Niebauer bought Ralph Miller Jewelers & Gallery in Erie, Pa., 15 years ago, the former owner had been running the business with pen-and-paper ledgers and receipts collected in cigar boxes.

The system had worked for decades, supporting a successful store with a strong reputation for quality and service. But the Niebauers knew that in order to take the store into the 21st century, they would have to introduce computers and overhaul the shop's entire operational system, Daniel Niebauer says.

The company has since thrived using computers to handle back-end operations, while still maintaining the downtown vibe that has appealed to Erie customers for decades. Such foresight and focus has helped place Ralph Miller Jewelers & Gallery among the winners in the America's Best Jewelers (ABJ) Benchmarking Survey.

A reliance on data, documentation and discussion emerged as the key operational best practices among jewelers in the survey.

Winners who spoke with the NATIONAL JEWELER say they use a mixture of information technology (IT) and stringent documentation policies to ensure that their stores run smoothly on a day-to-day basis. They use data gleaned from in-house IT programs to make plans about future sales and purchasing strategies.

The top scorers in the survey also say they hold staff meetings on at least a weekly basis to discuss data and best practices and to get employee input on store performance.

In a struggling economy like the current one, they focus less on expansion and growth and more on using data to make their stores more profitable and more proficient.

Relying on data

Constant evaluation of data allows jewelers to move nimbly when they sense a problem or change in sales or customer behavior, top jewelers say.

"I couldn't live without my computer and that data that comes out of it," says Susan Eisen, chief executive officer of Susan Eisen Fine Jewelry & Watches in El Paso, Texas. "It's like having an MBA person in your store at all times."

Eisen mines her computer system for all types of information, ranging from best-selling products or salespeople to previous purchases by customers. She can determine sales for any given day or department at any time over the past five years.

In addition, the store's guard performs double duty, not only maintaining safety measures but also keeping track of the number of customers who walk out of the store, their sex and their language. (With the store located in El Paso, Texas, it's important for Eisen to know how much of her client base is coming from south of the border.)

Recently, Eisen changed her advertising and product mix to focus more on men, when she noticed that the store was attracting more male customers than in years' past.

"It's a real lesson for me to learn how one year is different from another," she says. "I am a data person. I believe in using data to project and evaluate your business. I am always evaluating what's working and what's not."

Eisen goes to trade shows armed with reams of information about which SKUs from suppliers are selling and how many of each item the store already has in stock.

"We all think we know what's going on, but when you have it down on paper in front of you, it's so much clearer," she says.

The floundering economy makes it ever more important to keep track of which brands and styles sell best, winners say. They especially look for branded products and exclusive items, which can set them apart from the local competition. Many say they aimed to keep delivery time from suppliers short, enabling them to enhance the breadth of their inventory without spending on the depth of the inventory.

Eisen also uses old-fashioned pen and paper to correspond with her employees. Each employee has a notebook in which Eisen will leave notes about performance or reminders about policies or practices. Employees also fill out daily forms that serve as checklists and help keep track of sales.

"It's a simple thing, but it works incredibly well to keep track of things," she adds.

While none of the winners who spoke with NATIONAL JEWELER identified specific process-improvement processes, many of their management philosophies seem to conform to the "lean thinking" philosophy of management, which aims to reduce wasted time, energy and money by focusing on those operational activities which add value to the store for its customers. Activities in the second category include customer service initiatives, store design improvements and proper merchandising. "Wasteful" activities include corporate red tape, overpaying for product and bloated receivable accounts.

Of the jewelers who took the ABJ survey, 36.8 percent implemented a lean thinking philosophy in their store and 32.1 percent had a formal continuous-improvement program.

Process improvements that were implemented in 2007 positively impacted sales for 60.6 percent of jewelers, while inventory management brought improvements for 49.3 percent of jewelers and customer service/support created positive results for 44.3 percent of those who took the survey.

Rely on industry organizations

In addition to focusing on data collected in-house, ABJ winners who spoke with NATIONAL JEWELER say