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AND THE CONDUCTOR TOOK A BOW!

The Care and Feeding of your Customers' Jewelry

By Robert G. Carroll, CIC

Dr. Phil Harmonic, the town's symphony conductor, took his valuable diamond ring to Jay Dyte Jewelry for cleaning and resizing. When Jay took the ring in, he asked the ring's value and Dr. Harmonic explained that it had been a personal gift from Prof. Harold Hill, the renowned Music Man of Gary, Indiana, and that it was priceless by his estimation.

Jay patiently explained that there was a need to establish at least an approximate value for insurance purposes and that sentimental value was neither replaceable nor insurable, and perhaps they might compare the ring to jewelry of similar quality. A value of \$8,000 was ultimately agreed to.

With that, Jay completed the form on the repair envelope, placed the ring inside, and handed Dr. Phil the numbered stub; "Please keep this stub and bring in with you to pick up the ring."

The following week, the job was completed and the conductor returned to Dyte Jewelry to pick up his ring; one of Jay's part-time employees assisted him. "Do you have the pick-up stub, Dr. Harmonic?"

"No, I'm sorry; I must have misplaced it."

"That's alright, I'm sure I can find the right envelope. Ah, here it is. How does it fit now?"

And Dr. Harmonic accepted the ring and paid for the service.

A few weeks after that, an enthusiastic violin virtuoso playing a Vivaldi Concerto with the

symphony lost control of his bow, and the horsehaired hardwood projectile arced through the air, over the Steinway, and directly onto the podium -- mortally wounding the magnificent maestro. The cultural loss to the town was tragic.

It was a year later that Mrs. Harmonic, while going through some of her deceased husband's files, came across the envelope stub from Jay Dyte Jewelry. "I've often wondered what happened to Phil's 'Professor Harold Hill' ring -- now I know." And with that she went directly to the jewelry store.

"Why is it that you never called me to say that you still have my husband's Harold Hill ring? It's worth over \$20,000!"

After a thorough search, Jay located the empty job envelope. "It looks as though it has already been picked up."

"By whom? I'm sure it wasn't by Dr. Harmonic or he would have told me. It's obvious that you either gave it to someone else -- or that someone here has stolen it! You'll be hearing from my attorneys, Dewey, Cheatham, and Howe!"

Taking in -- and returning -- customers' jewelry is one of the most critical aspects of the jewelry business. As an insurance agency dedicated to jewelers, we frequently receive calls from jewelers concerning loss or damage to customers' jewelry while it is in their care. Here are eight tips on securely and smartly handling this special task.

Tip #1 Insurance – do you have coverage for your customers' property? Standard business insurance has severe limitations on all forms of jewelry, including customers', but Jewelers Block generally provides such coverage under the same limit as a jeweler's own inventory.

Common mistake: some jewelers believe that the figure they put in the application for "the average daily amount of other people's property" provides this coverage. It does not. That figure only tells the company what the *exposure* is; it does not afford any *coverage* for the exposure.

Tip #2 Limit the responsibility. Taking in and returning customers' valuable jewelry is fraught with risks but at the same time is a service that, done well, affords many opportunities for new sales. Limit the associates in the store who are authorized to accept and return customers' property and give those who are the special training they need.

Tip #3 Checking the stone -- One seldom knows the complete history of an item of jewelry, so one step of accepting jewelry is "examination" of the piece. Check white stones for authenticity – at the take-in counter -- by testing for both CZ and Moissanite, then loupe any large stones and make note of significant scratches, chips, or inclusions. Discuss a stone's "character marks" with the customer. You don't want the customer later newly "discovering" damage that was already there.

Tip #4 Write a general description of the item along with the work that is to be done. Refrain from identifying stones that you are not absolutely certain of. Is a "ruby" really a ruby -- or could it be garnet, tourmaline, or spinel? Is another stone a sapphire, tourmaline, aquamarine, or alexandrite? Unless absolutely certain, better to describe a stone as simply "red," "blue," or "white" (diamond?).

Tip #5 Establishing a value – Often the response from the customer is, "What do you think it's worth, Mr. Jeweler?" What an

excellent opportunity for a skilled take-in specialist to explain your store's jewelry appraisal service! He or she might ask about original purchase price, previous appraisals, scheduled amount on insurance, comparative pieces, etc.; the key is simply to determine a reasonable figure that will help your insurance company treat your customer fairly. The figure may or may not be what is paid if there is a loss, but it gives an insurance adjuster a place to start.

Tip #6 The envelope – Envelopes with perforated stubs attached to the flaps work well only when part of the stub is torn off the envelope and stored separately – which many jewelers fail to do since it requires writing customer information twice. A convenient solution is a three-part job envelope that uses NCR paper ("*no carbon required*") to triplicate all of the information – a copy for the customer, a "security" copy, and a copy on the envelope itself. The store's security copy should be immediately removed from the envelope and stored separately. Consider that if a thief steals the repair box, he won't take time to leave you the envelopes so that you will know what you had.

Tip #7 Delivery – If the customer returns with his or her copy, use the number on it to first retrieve the security copy and then the job envelope. Have the customer examine the piece carefully (offer a loupe) and establish that the work was done properly and that the item is in good condition. This is the time to address any repair or damage issues. (And while the customer is admiring the work, a delivery specialist would surely not miss an opportunity to mention new merchandise in the store and discuss any upcoming gift occasions.)

Tip #8 Signature – Ask the customer to sign or initial the job envelope to assure that he has picked up his item *and is satisfied with both the work and condition*. Then place both the customer's copy and the store's copy inside the envelope – which is then saved for future reference. If the customer does not bring in his or her copy, just make a notation on the store's copy in case it turns up later. If

the customer is not known, ask for photo identification to be certain you are releasing the right item to the right person.

Beware of anyone other than the original customer picking up an item and take special precautions – including calling the customer to confirm. If the pick-up person resents your reluctance to relinquish the item, explain that your insurance company requires such procedures. Divorces, drug habits, and other factors have resulted in improper deliveries that have placed jewelers in the middle – and usually financially responsible for the error.

Insurance?

Who's responsible?

Some jewelers' insurance policies (Jewelers Block) are primary over any insurance held by the customer; some are not. Read your policy or ask your agent. If primary, take that into consideration when setting your limit ("on stock including customers' goods and memorandum merchandise"). If not primary, you may wish to consider a carrier who will treat your customers better.

If jewelry is sent to another jeweler for repair, establish with that jeweler a) does the shop carry Jewelers Block insurance – in limits sufficient to cover its exposure in terms of all of the work that is typically on premises; and b) who will be responsible for "damage on the bench" -- the shop or the retailer. A shop may be able to absorb small losses that result from workmanship but be unable or unwilling to accept responsibility for a large loss. Usually neither the retailer's insurance nor the shop policy covers workmanship, so it is wise to establish this as part of the working relationship. The retailer is first in line in the customer's mind and in the absence of a prior agreement with the shop, will usually end up with the financial responsibility.

Satisfying the customer by replacing a stone rather than paying for it, and taking the damaged stone as salvage and having it recut, sometimes make it possible for a jeweler hedge such a loss.

Other insurance? Jewelry that is specifically *scheduled* for coverage on the customer's homeowner policy or on a special jewelry policy is very broad and may cover damage that occurs while the item is being worked on.

Security

Always take special precautions with the "Job box." Put it into the safe at night; never leave customers' jewelry on a bench; and in the daytime keep repairs in a locked safe or in a secure area away from public view or accessibility. Armed robbers often take the customers' property along with inventory if a job box is left available, and a sneak thief may steal from a job box that is not secured or even take the entire box. (Consider how you would explain such a loss to your customers).

The theme of this column is this: *don't underestimate the importance of your role as bailee for your customers' property.* Losses involving customers' jewelry do occur, are often very difficult, and can adversely affect a jeweler's reputation in his community and ultimately his business success. The law requires ordinary and prudent care, and a professional jeweler should provide nothing less.

And the Prof. Harold Hill ring?

Only three months prior to his untimely demise, Dr. Phil Harmonic had embarked on a trip around the world in a hot air balloon with his friend Phineas Fogg. And whilst passing over the Andes and enjoying the view Dr. Phil leaned out of the basket and accidentally dropped the ring into Lake Titicaca. Too embarrassed to tell Mrs. H. of the loss, the Professor Harold Hill ring was a secret quite literally taken by Dr. Harmonic . . . to his grave.

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PRINTED SYSTEMS COMPANY
600-229-7200

DATE PROMISED _____

Received of
Name _____

Address _____

City & State _____

Phone _____

000400

Date Received _____

ZIP _____

ARTICLES & CUSTOMER ESTIMATED VALUE*
\$ _____
\$ _____
\$ _____

INSTRUCTIONS _____

ESTIMATE

The description and value of articles listed above is correct to the best of my knowledge. It is requested that you include it in your report that you submit to our headquarters for information on the purchase of these articles and for the purpose of determining the value of these articles. The value is not representative of the actual value of these articles. It is requested that you include it in your report that you submit to our headquarters for information on the purchase of these articles and for the purpose of determining the value of these articles. *When no value is listed it will be assumed that the value is less than \$50.00.

SALESPERSON _____

CHARGES _____

CUSTOMER SIGNATURE _____

CUSTOMER SIGNATURE
FORM 1527RE

DATE _____

DATE _____

DATE _____

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DATE _____

DATE _____