

BIG TIMES

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The Conversations Have to Change ... by Mary Galeski

It is no longer sufficient to talk about [how much](#) inventory we need. We must instead focus on [which merchandise](#) we need.

It is no longer effective to talk about what [terms](#) we can expect from our vendors. We must discuss how we can [collaborate](#) on solutions to our common problems.

It is no longer acceptable to assume [we know](#) what our customers want. We must examine what is working in the current environment and pay careful attention to what [they do want](#).

It is not relevant right now to discuss [our image](#). We must instead be consumed with what is [important to our customers](#).

It is no longer imperative to consider jewelry only an [aspirational purchase](#). The core of our business must become what is [meaningful to the customer](#) beyond bragging rights.

It is no longer tolerable to have dictated terms from the [brand](#). We must collectively alert the brands to what is in our [common interest](#).

Are we suggesting revolution? Or advocating throwing out generations of profitable business? Absolutely not! The best lessons come from history and the daily trials of execution. But somewhere between what has always worked and our current situation is a formula for the continued advancement of our industry.

We can no longer be a fragmented group of independents, chains, manufacturers and brands and buying groups. When times change drastically and there are significant shifts in consumer demand, we must re-examine everything about the way we conduct business. This means that the conversations have to change. The very phrase, "it's the way we have always done it" should alert us to potential need for alternatives.

There are billions of dollars of non-performing inventory in our stores. There are billions of dollars of uncollected receivables on the balance sheets of the banks, the manufacturers and the brands. In some cases, even in our stores we have excessive receivables. Billions!!

The burden of aged inventory is one that has been contributed to by all parties. In this age of information and communication it is imperative to develop new ways to harness data to create collaborative solutions. We currently have very little transparency in our operations. There is almost no universal information gathering and sharing. Many vendors plan their merchandise based on production of diamonds rather than demand trends within the stores. This is mostly because there is so little useful information being collected from all the variations in the retail trade.

Everyone is so busy keeping their data "confidential" that there are few vehicles for effectively

The Conversations Have to Change ... Continued

trading / selling / clearing out aged inventory except Ebay - even within our "performance groups" and "trade organizations."

Retailers must no longer be threatened into carrying merchandise that is neither relevant nor desired by your consumers just because the manufacturer made it! If you decide or are forced to discontinue a line of merchandise, there is little or no effort to preserve the integrity of that line, nor an effective exit strategy for the remnants of the line. This is destined to get worse unless stores cooperate together to help their fellow retailers clear out of lines that are not working. The manufacturers must, in turn, help facilitate this process rather than abandon non-performing stores.

We have to work diligently to overcome our mutual problem, but before we can truly implement solutions we must change the conversations. The solution is within our grasp. We are working with the vendors toward some very non-traditional approaches to dealing with inventory. Let's talk.

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