
August 11, 2023

The Repair Department

Did you know that the repair department is responsible for between 60% and 80% of an independent jeweler's transactions? Yet, all too often this area of the store is given the least attention. Repair business churns constant transactions (thousands per year) on a daily basis, each of which, if properly accounted for and priced, should produce healthy monthly profits.

If you are a jeweler who provides in-house repair services, you must stop looking at your repair department as just a necessary "add-on" to your business and see it for what it is (or should be): A highly profitable segment of your business that deserves your undivided attention. From a purely economic standpoint, every repair transaction has a "sunk cost" - committed labor for intake and processing, the time employees and jewelers must commit to the task (as opposed to performing other duties such as sales), and hard costs such as parts and cleaning. Therefore, if you increase your prices, every additional dollar that is generated per transaction is a net dollar profit in your pocket. You may shrug and think "What's a dollar here or there?" but when you are performing thousands of transactions per year, the extra dollars not only add up but represent a steady cash flow that covers expenses even in the leanest of times.

To maximize the profits on repairs, you need two main criteria: a well-developed intake process to guard against slippage and appropriate pricing. Intake involves assuring the employee responsible is well trained to scrutinize the piece to properly discern the work needed, to make suggestions to the customer, and to communicate to the jeweler. If the employee is unsure about the repair, simply tell the customer to expect a phone call to confirm the work to be performed and the price to be charged before work proceeds. You do not want to lose money because the job was not quoted properly. Remember, you are in a service industry and providing transparency to your customers is never bad.

As to the pricing issue, all too often you are simply not charging enough. Even the smallest of jobs requires the expenditure of resources. Also consider all the quality of the workmanship and other support services you provide. When we recommend raising repair prices the initial universal response from our clients is to push back because they have an ingrained fear that raising prices will result in a substantial loss of sales. In fact, data actually shows that a very small percentage of customers will balk at the raised prices, and the profit made from the increase in prices far outweighs those few customers who decide against the repair. Often, those who want to argue against paying the quoted price turn out to be the customers who are the biggest problem: they have numerous complaints, they consume inordinate amounts of time, and they are never satisfied. Sometimes, some business is not worth having.

We at PRIME specialize in assisting retailers in finding the path to achieving their goals and overall success in their business. We invite you to visit our website, www.NVPrimeConsulting.com, for an overall view of the services we provide. If you have questions as to how we may be able to assist you, please do not hesitate to call - 888-849-4978. Of course, all communications and information are strictly confidential.

Sincerely,

The PRIME Team - *Jim, Jeannie & Warren*

-----Professional Resources & Inventory Management Experts-----



Try email marketing for free today!